Proposed Staff Recommendation Consent Calendar for April 28, 2016

ADMINISTRATION AND FINANCE COMMITTEE
Note and file monthly Treasurer’s Report.

WATER PLANNING COMMITTEE
9- 2. Amendment to the Water Authority Annexation Policy.
Amend Water Authority Annexation Policy #12, entitled “Administrative Costs,” to address defense and indemnification.

ENGINEERING AND OPERATIONS COMMITTEE
9- 3. Notice of Completion for the San Vicente Bypass Pipeline project.
Authorize the General Manager to accept the San Vicente Bypass Pipeline project as complete, record the Notice of Completion, and release funds held in retention to Pulice Construction, Inc. following expiration of the retention period.

9- 4. Amendment 5 to the operations and maintenance contract with ProTrans USA LLC for the operations and maintenance for the Lake Hodges Pumped Storage Hydroelectric Facility.
Authorize the General Manager to execute Amendment 5 to the operations and maintenance contract with ProTrans USA LLC, for $2,500,000 increasing the authorized cumulative contract amount from $8,035,340 to $10,535,340.

IMPORTED WATER COMMITTEE
9- 5. Amend agreement for Consulting Services with SCN Strategies.
Amend the agreement with SCN Strategies for continued consulting services to the Water Authority through June 30, 2017 by $150,000, for a period of 12 additional months, and increasing total contract funding to an amount not to exceed $989,050.

9- 6. Amend agreement for Consulting Services with Southwest Strategies.
Amend the agreement with Southwest Strategies for continued consulting services to the Water Authority through June 30, 2017 by $72,000, for a period of 12 additional months, and increasing total contract funding to an amount not to exceed $399,000.

LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE
9- 7. Adopt positions on various state bills.

A) Adopt a position of Support if Amended on AB 1755 (Dodd), which would create a statewide water information system and water transfer information clearinghouse.
B) Adopt a position of Support on AB 1925 (Chang), which would establish a statewide goal for desalination water supply development.

C) Adopt a position of Support and Seek Amendments on AB 1989 (Jones), relating to grants and loans for water projects.

D) Adopt a position of Oppose Unless Amended on AB 2304 (Levine), which would establish the California Water Market Exchange.

E) Adopt a position of Oppose Unless Amended on AB 2583 (Frazier), relating to the California WaterFix project.

F) Adopt a position of Support on SB 1415 (Bates), which would provide a CEQA exemption for drought-related water projects.

G) Adopt a position of Support if Amended on SB 1416 (Stone), relating to funding for Salton Sea restoration.

9- 8. Adopt position on AB 2470 (Gonzalez).
Adopt a position of Support if Amended on AB 2470 (Gonzalez), relating to provision of water service to tribal lands.

Authorize the General Manager to execute Amendment 6 to the Professional Services contract with WaterWise Consulting, Inc. (WaterWise) for $1,383,150, increasing the authorized cumulative contract amount from $2,178,406 to a not-to-exceed amount of $3,561,556, and extend the term from its current end date of September 30, 2017 to June 30, 2019.
LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE

REVISED
AGENDA FOR

APRIL 28, 2016

Gary Croucher – Chair    Jim Madaffer
Christy Guerin – Vice Chair    Ron Morrison
Fern Steiner – Vice Chair    Mark Muir
David Barnum    Jose Preciado
Ed Gallo    Dave Roberts
Matt Hall    Elsa Saxod
Frank Hilliker    Yen Tu

1. Roll call – determination of quorum.

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

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

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

I. CONSENT CALENDAR

1. Adopt positions on various state bills.
   Staff recommendation:
   1-A Adopt a position of Support if Amended on AB 1755 (Dodd), which would create a statewide water information system and water transfer information clearinghouse.

   1-B Adopt a position of Support on AB 1925 (Chang), which would establish a statewide goal for desalination water supply development.

   1-C Adopt a position of Support and Seek Amendments on AB 1989 (Jones), relating to grants and loans for water projects.
1-D Adopt a position of Oppose Unless Amended on AB 2304 (Levine), which would establish the California Water Market Exchange.

1-E Adopt a position of Oppose Unless Amended on AB 2583 (Frazier), relating to the California WaterFix project.

1-F Adopt a position of Support on SB 1415 (Bates), which would provide a CEQA exemption for drought-related water projects.

1-G Adopt a position of Support if Amended on SB 1416 (Stone), relating to funding for Salton Sea restoration. (Action)

II. ACTION/DISCUSSION/PRESENTATION

1. Legislative issues.

   1-A Washington report by Ken Carpi. (Written report only) (Supplemental materials)


   1-C Adopt position on AB 2470 (Gonzalez). Staff recommendation: Adopt a position of Support if Amended on AB 2470 (Gonzalez), relating to provision of water service to tribal lands. (Action)

2. Amendment to professional services contract with WaterWise Consulting, Inc., for administration of sustainable landscape incentives. Staff recommendation: Authorize the General Manager to execute Amendment 6 to the Professional Services contract with WaterWise Consulting, Inc. (WaterWise) for $1,383,150, increasing the authorized cumulative contract amount from $2,178,406 to a not-to-exceed amount of $3,561,556, and extend the term from its current end date of September 30, 2017 to June 30, 2019. (Action)

III. INFORMATION

1. Drought Response Communications and Outreach Update. Jason Foster


3. Government Relations Update. Glenn Farrel
IV. CLOSED SESSION

V. ADJOURNMENT

NOTE: This meeting is called as a Legislation, Conservation, and Outreach Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.
April 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 Water Authority Delegates. The MWD committees and Board met on April 11 and 12, 2016, and will meet next on May 9 and 10.

Discussion
Key actions at this month’s MWD Board meetings included: 1) adopting the biennial budget, rates and charges, and determining suspension of the ad valorem tax rate (tax rate) limitation is “essential” to MWD’s “fiscal integrity” for 2017 and 2018; 2) adopting positions on four pieces of legislation;1 and 3) authorizing the negotiation of Palo Verde Irrigation District (PVID) land leases. Also, Chairman Record reported that MWD entered into a 60-day escrow to purchase the Delta Wetlands properties,2 and canceled a previously scheduled April 26 special Board meeting and deferred the “second” review of this purchase to the May 10 Board meeting. At MWD’s Board meeting, a speaker representing both Restore the Delta and the Environmental Justice Coalition for Water opposed MWD’s purchase of the Delta Wetlands properties based on its potential negative environmental and economic impacts on the Delta community.3

MWD’s Biennial Budget and Rate Adoption
The Board adopted MWD’s fiscal year 2017 and 2018 budget4 and associated rates and charges for calendar years 2017 and 2018.5 The day before adopting the budget and rates, MWD held its final “workshop” at its Finance and Insurance Committee meeting. During this meeting’s public comment, Water Authority Assistant General Manager Cushman testified on behalf of the Water Authority in opposition to MWD’s rates and charges (Attachment 1). At the next day’s Board meeting: 30 speakers provided public comment; 27 speakers expressed opposition to the proposed rates and charges, including Cushman, and 13 representatives from the San Diego region. Ultimately, the Board voted to continue the current volumetric treatment surcharge and did not adopt the fixed treated water charge6 recommended by staff, and directed the formation of a workgroup to continue

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1 More information on the MWD Board’s positions on these pieces of legislation is in the memo “Metropolitan Water District Program Report” found in the April 2016 Water Authority Board Packet on pages 178-179: http://www.sdcwa.org/sites/default/files/files/board/2016_Agendas/2016_04_28BoardPacketSECREV.pdf
2 MWD agreed to pay $175 million for the properties, including a $1.5 million non-refundable “inducement payment.”
3 Subsequent to MWD’s Board and committee meetings on April 14, Food & Water Watch, Planning and Conservation League, San Joaquin County, Contra Costa County, Central Delta Water Agency, and Contra Costa County Water Agency filed a lawsuit against MWD alleging that MWD bypassed the California Environmental Quality Act process.
4 More information on MWD’s biennial budget is in the memo “Metropolitan Water District’s Proposed Budget and Rates for 2017 and 2018” found in the February 2016 Water Authority Board Packet on pages 89-136: http://www.sdcwa.org/sites/default/files/files/board/2016_Agendas/2016_02_25FormalBoardSECURE.pdf
5 More information on MWD’s rates and is in the memo “Metropolitan Water District’s Adopted Rates and Charges” found in the April 2016 Water Authority Board Packet on pages 79-167: http://www.sdcwa.org/sites/default/files/files/board/2016_Agendas/2016_04_28BoardPacketSECREV.pdf
6 More information on MWD’s proposed fixed treated water charge is in the memo “Metropolitan Water District’s
exploring a fixed charge methodology for possible implementation in 2018. The Board approved: staff’s proposed biennial budget for fiscal years 2017 and 2018; a finding that suspending the tax rate limitation for fiscal years 2017 and 2018 is “essential” to MWD’s “fiscal integrity;” and calendar years 2017 and 2018 rates and charges. The Delegates opposed the action. Attachment 2 summarizes the Board’s discussion, including public comments, on MWD’s budget and rates.

**Palo Verde Irrigation District Land Lease**

The Water Planning and Stewardship committee received four public comments related to MWD’s PVID land leases. Representatives from two of the three farms that currently lease land from MWD, HayDay Farms and River Valley Ranches, requested that MWD consider renewing their leases. The other two speakers, a private investor and a Brawley olive farmer, requested MWD consider leasing land to farmers wishing to grow permanent crops. Following these comments and staff’s presentation, the committee, and later the Board authorized staff to negotiate new leases with HayDay Farms and River Valley Ranches to meet key lease objectives instead of staff’s original recommendation to issue requests for proposals. If new leases are not negotiated in 30 days then staff will issue requests for proposals. All lease agreements must return to the Board for approval.

**Water Surplus and Demand Management Report**

Staff provided an updated Water Surplus and Demand Management Report. Under the current State Water Project (SWP) allocation of 45 percent and assuming 2016 sales of about 1.46 million acre-feet, MWD projects it will be able to store water in 2016. However, how much water MWD ultimately stores will depend on several factors including demands, final SWP allocation, availability of transfers and exchanges, access to its Intentionally-Created Surplus account in Lake Mead, and agricultural adjustments on the Colorado River. Based on these factors, MWD projects that dry-year storage reserves will end the year between 900,000 acre-feet and 1.5 million acre-feet.

**Overview**

Overall, the Water Authority Delegation supported 14 of the 16 of the action items approved by the MWD Board. In addition to opposing MWD’s budget and rates action, the Delegates also opposed (Director Hogan abstained from) expressing support for ACA 8 (Bloom, D-Santa Monica) – Local government financing: water facilities and infrastructure: voter approval. The Communications and Legislation Committee, and later the Board, approved Director Lewinger’s motion to express support, if amended, on AB 2470 (Gonzalez, D-San Diego) – Municipal Water Districts: Water Service for Indian Tribes. Attachment 3 is a copy of MWD’s April 2016 committee and Board meeting agendas and summary report.

Prepared by: Liz Mendelson-Goossens, Water Resources Specialist
Reviewed by: Communications and Legislation Committee by Keith Lewinger and Yen Tu
Engineering and Operations Committee by Fern Steiner
Finance and Insurance Committee by Keith Lewinger
Integrated Resources Planning Committee by Keith Lewinger and Fern Steiner

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7 Lease objectives include: 1) reducing water use on leased lands; 2) resulting in income for MWD; 3) maintain a “vibrant agricultural economy;” 4) fostering community participation and acceptance; 5) minimizing administrative overhead; and 6) advancing “state-of-the-art farming techniques.”

8 Subsequent to this report, the Department of Water Resources increased the SWP allocation to 60 percent.

9 Staff’s original recommendation was oppose, unless amended, to AB 2470.
Attachment 1: Water Authority testimony on MWD’s proposed rates, changes, and suspension of the ad valorem tax rate limitation dated April 11, 2016
Attachment 2: Discussion Summary of MWD’s Rates and Charges
Attachment 3: MWD’s committee and Board meeting agendas and Board summary, dated April 11 and 12, 2016
Good morning, Chairman Barbre and members of the committee. I’m Dennis Cushman, assistant general manager of the San Diego County Water Authority. I would like to submit into today’s record, a letter of today’s date addressed to the Clerk of the Board, with attachments, including CDs numbered 8 and 9. My assistant Liz Mendelson is handing that in to the committee secretary.

The Water Authority opposes suspension of the tax rate limitation, because this action clearly is not necessary, let alone "essential," given the almost $850 million MWD has over-collected from ratepayers over the past four years. It is also improper when MWD is proposing to reduce its RTS and Capacity Charges -- the very tools the Legislature gave MWD in lieu of higher property taxes.

The Water Authority opposes the 2017 and 2018 water rates and charges on both procedural and substantive grounds.

First, MWD violated Administrative Code Section 4304 because it failed to provide a cost of service analysis and recommended rates at the Board's February meeting. Instead, the cost of service analysis was not released until March 16, more than one month late and eight days after the public hearing. The General Manager's rate recommendations were not presented until they were posted on the MWD website on March 30, almost two months later than required by the Admin Code and three weeks after the public hearing.

MWD also refused again to comply with Government Code Section 54999.7, which requires MWD to provide the data and methodology for establishing its rates in a timely fashion.

Finally, MWD has refused to make its rate model available to the Water Authority and the public. Without the rate model, MWD cannot show how its rates and charges tie to, or are based on its budgetary, accounting and operational data.

Turning to the substance of the proposed rates, we have provided reports by two consulting firms -- Municipal & Financial Services Group and Stratecon Inc. -- that detail why MWD's cost of service analysis is flawed and its recommended rates and charges for 2017 and 2018 are illegal:

- First, State Water Project costs continue to be improperly allocated to transportation rates, rather than supply rates.
• Second, the Water Stewardship Rate is an illegal tax that is not related to any service provided by MWD; rather, these revenues are collected from all member agencies and used by MWD to pay local water supply costs of only some member agencies. These costs, if they may be incurred by MWD at all, must be assigned to the member agencies that benefit from receipt of these funds.

• Third, while MWD's cost of service analysis states and demonstrates that the service characteristics and demand patterns of its 26 member agency customers vary significantly, it has not assigned its costs in a manner that recognizes this fact. It is missing entirely a required step in the industry standard practice of assigning costs to rates and charges.

As a result of these and other issues causing cross-subsidies, all of MWD's rates, including its supply rates, are illegal.

It is not correct to say that MWD need only show that its rates are "reasonable." MWD's rates are required to be based on cost-causation -- that is a real limit on the discretion this board has to allocate MWD's costs. The sooner MWD recognizes this fact, the better for all of MWD's 26 member agency customers and the almost 19 million people they serve.

Thank you.
Discussion Summary of MWD’s Rates and Charges

MWD held its fifth, and final, “workshop” for its 2017 and 2018 budget and rate setting process at its April 11 Finance and Insurance Committee (F&I Committee) meeting.¹ During the public comment at the committee, three speakers expressed concerns with MWD’s proposed rates and charges. Valley Center General Manager Arant and a representative from the city of Camarillo opposed staff’s recommended fixed treated water charge and urged MWD to postpone action on such a charge until additional analysis is conducted and other alternatives explored.² On behalf of the Water Authority, Assistant General Manager Cushman opposed MWD’s proposed rates and charges, and the suspension of MWD’s ad valorem tax limitation.³

Following public comment, staff presented MWD’s proposed budget, rates, charges, and rationales to suspend the ad valorem tax rate for 2017 and 2018. After the presentation, F&I Committee Chair Barbre (Municipal Water District of Orange County) took a “straw vote” to get a sense of the committee’s support for suspending the tax rate limitation⁴ and determined that “most” supported it. After expressing support for the tax rate limit suspension, which would add about $111 million of additional tax revenues to MWD’s coffers than the MWD Act would otherwise allow, Director Blois (Calleguas) moved the adoption of staff’s recommended action related to the budget, rates, and charges as well as a finding that the suspension of the tax rate limitation is “essential” to MWD’s “fiscal integrity.” Staff’s recommendation included a fixed treated water charge component that would recover “standby” treatment costs based on a rolling-ten-year average of treated water purchases and “demand” treatment costs based on peak day treated water purchases over the most recent three-year period. Blois’ motion included that MWD would revisit the impact of the fixed treated water charge in April 2017.

Staff’s recommended budget action also included adding about $60 million in unspent conservation program funds from the current budget to augment the 2017 conservation program funding.⁵ Director Dear (West Basin) made a substitute motion to approve staff’s recommendations except for the treated water charge. Instead, Dear’s motion called for MWD to form a workgroup to continue fixed treated water charge discussions with the intent to impose a fixed charge in 2018. Director Dake (Los Angeles), who said MWD needs more time to consider a fixed treated water charge, seconded Dear’s motion.

¹ More information on MWD’s biennial budget is in the memo “Metropolitan Water District’s Proposed Budget and Rates for 2017 and 2018” found in the February 2016 Water Authority Board Packet on pages 89-136:

² More information on MWD’s proposed fixed treated water charge is in the memo “Metropolitan Water District’s Fixed Treatment Charge Discussion” found in the March 2016 Water Authority Board packet on pages 341-346:


⁴ More information on the ad valorem tax rate limitation is in the memo “Metropolitan Water District Program Report” found in the March 2016 Water Authority Board packet on pages 355-357:

⁵ MWD projects that at the end of fiscal year 2016 it will have about $60 million left over from its modified fiscal years 2015 and 2016 Conservation Program budget. After adopting its fiscal years 2015 and 2016 biennial budget, MWD increased its adopted Conservation Program budget by $410 million using revenues that were over-collected previously.
Focusing on MWD’s planned expenditures, Director Lewinger suggested that MWD apply the projected $60 million of unspent conservation funds to help reduce the recommended rate increases. After Breaux confirmed that a 1 percent rate increase funds $15 million of MWD’s “ongoing year-in-year-out annual costs,” Lewinger reasoned that a $60 million infusion could negate MWD’s planned “overall” rate increase of 4 percent. However, Breaux said impact on rates from Lewinger’s suggestion would be “short-lived.” Lewinger pointed out the Board did not have a “meaningful discussion” about cutting costs and offered a “friendly amendment” to Dear’s motion to vote separately on the use of the unspent conservation funds from fiscal years 2015 and 2016. Director Faessel (Anaheim) expressed support for Lewinger’s amendment and Dear said he would allow it, but Dake, the motion’s seconder, would not agree to include the amendment. Barbre considered allowing the committee to vote on Lewinger’s amendment separately, but Chairman Record (Eastern) instructed the committee to consider the substitute motion first. In response to Lewinger’s suggestion, Director Kurtz (Pasadena) said any unspent conservation funds should be added to the coming year’s conservation program funding since MWD was “very public” with its “media push” related to spend $450 million on the program; and although she would “love to reduce” the rate increase, she felt Lewinger’s recommendation was “the wrong way to do it.” Kurtz did not offer other means of reducing the rate increases.

Although agreeing that MWD may be “somewhat rushed” and the adoption of a fixed treated water charge will not “appeal” to everyone, Director Wunderlich (Beverly Hills) felt that the Board’s discussion on the fixed treated water charge was sufficient and staff’s recommended fixed treated water charge would be a better way to manage treatment costs. Wunderlich also voiced his preference to vote on spending the unused conservation funds separately because it would impact MWD rates, but noted that he supported spending the funds as staff recommended. Pointing out the Lewinger’s amendment was not accepted by the motion’s seconder, De Jesus (Three Valleys) urged the committee to vote. Barbre called for the vote and the substitute motion failed with a six-to-eight vote.

In response to Lewinger’s cost-cutting comments, McKenney said he “appreciates” them but after mulling over the budget he is “comfortable” with staff’s proposed expenditures. The committee voted on Blois’ motion, which passed with eight committee members supporting and six opposing it.

At MWD’s Board meeting the following day, during public comment period, 30 speakers provided comments. Of these speakers, 27 opposed the adoption of MWD’s rates, charges, and/or tax rate limit suspension and some also expressed concern with the transparency of the budget and rate setting process. Two speakers representing Los Angeles County Business Federation and the Building Industry Association of Southern California, expressed support for MWD’s budget and rates. West Basin General Manager Nagel called MWD’s 2017 and 2018 budget and rate setting process the “most thoughtful, diligent, deliberative process to date,” but urged the Board to defer action on a fixed treated water charge. From the San Diego region, 14 speakers opposed MWD’s rates and charges, including Cushman who provided additional testimony. Some

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speakers questioned MWD’s transparency and the use of ad valorem tax revenue to fund the California WaterFix.

In response to some San Diego representatives’ comments that the proposed fixed treated water charge would increase the Water Authority’s 2017 treatment payments to MWD by 77 percent when compared to the status quo rate, Breaux expressed puzzlement and said that MWD’s recommended rates and charges would translate to a 2.2 percent increase to the Water Authority’s MWD water cost. Director Steiner disagreed with MWD’s analysis. MWD later released its calculations and it showed that MWD included the Water Authority’s MWD untreated water purchases and its transportation payments to MWD in its “average water rate” analysis. In addition, MWD did not account for the Water Authority’s reduction in MWD purchases due to the Claude “Bud” Lewis Desalination Plant production and in doing so, artificially increased the Water Authority’s treated MWD water purchases assumption and lowered the impact of staff’s recommended fixed charge on the Water Authority.

After public comment, Record said that since the “budget and rate adoption is a multi-faceted, complex decision” he did not want the Board to get “off-track” with substitute motions, so he would take one motion at a time for the Board’s vote. Noting the lack of consensus on a fixed treated water charge, Record said he supported staff’s recommendation. Barbre moved the F&I Committee’s recommendation and Blois seconded it. Dear said that the West Basin Delegation would oppose any rate action that included a fix treated water charge. Focusing on the action related to the tax rate, Dake equated not suspending the tax rate limitation to a 3 percent rate increase and sought clarification on future Board actions related to the tax rate. Breaux replied that in August, MWD would adopt the tax rate based on today’s finding. The motion to support the F&I Committee’s action failed, gaining only 39.01 percent support; the Water Authority Delegates opposed it.

Dear made a motion to form a workgroup to further discuss a fixed treated water rate with the intent to develop a charge that may be imposed in 2018, which was seconded by Director Vasquez (Central Basin). Barbre expressed concern that the workgroup may result in slowing- down MWD’s Local Resources Program. Kurtz questioned how the Board could consider voting on a workgroup when MWD has yet to adopt budget and rates. Following these comments, Dear modified his motion to include approval of the budget, finding of tax rate limit suspension is essential to MWD’s fiscal integrity, rates, and charges with the exclusion of a fixed treated water charge. Dake seconded Dear’s modified motion.

Director Peterson (Las Virgenes) praised staff for bringing forward a fixed treated water charge and said he was “very disappointed” with the Los Angeles Delegation for opposing the fixed treated water charge. Adding that Dear’s motion would cost his district $1.2 million to $1.3 million annually. Peterson said he felt a workgroup was not needed because MWD had worked on this issue for 25 years and consensus will never be reached. Dake assured that he was dedicated to working towards consensus in time to impose a fixed treated water charge in 2018.

In response to some of the public’s concerns related to MWD’s lack of transparency, Director Dick (Municipal Water District of Orange County) said that MWD held “five public workshops, [and produced] 700 pages of information, an untold number of charts, and [had] additional
conversation in sub-committees.” (Later, Director Touhey (Upper San Gabriel) echoed Dick’s comments.) Saying that the Board voted unanimously in support of MWD’s treatment facilities, Dick said it’s time to now “honor [that] commitment.” Pointing out that he has had “good, friendly conversations” with all the Water Authority Delegates, Dick said that “when it comes to having these types of conservations it’s just like the Cold War all over again” and that the Board needs to “find a way to work together.”

Suggesting that details on a workgroup can be decided later, Director Murray (Los Angeles) requested the Board vote on Dear’s motion. Noting that there will be “winners and losers” and “nothing is going to be fair to everybody,” Touhey expressed concern with postponing adoption of a fixed treated water charge. Noting there were no other directors that wished to speak, Record called for the vote. Dear’s motion was approved with 61.5 percent support; the Delegates opposed the motion.

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7 More information on MWD’s rates and is in the memo “Metropolitan Water District’s Adopted Rates and Charges” found in the April 2016 Water Authority Board Packet on pages 79-167: http://www.sdcwa.org/sites/default/files/files/board/2016_Agendas/2016_04_28BoardPacketSECREV.pdf
**Finance and Insurance Committee**

**Meeting with Board of Directors***

April 11, 2016

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

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**Meeting Schedule**

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<thead>
<tr>
<th>Time</th>
<th>Location</th>
<th>Activity</th>
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<tr>
<td>7:00-8:00 a.m.</td>
<td>Rm. 1-101</td>
<td>Dirs. Computer Training</td>
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<tr>
<td>9:00 a.m.</td>
<td>Rm. 2-145</td>
<td>F&amp;I</td>
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<tr>
<td>10:00 a.m.</td>
<td>Rm. 2-456</td>
<td>WP&amp;S</td>
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<td>12:30 p.m.</td>
<td>Rm. 2-145</td>
<td>E&amp;O</td>
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<tr>
<td>1:30 p.m.</td>
<td>Rm. 2-456</td>
<td>C&amp;L</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 meetings of the Finance and Insurance Committee held March 7 and 22, 2016**

3. **CONSENT CALENDAR ITEMS — ACTION**

   None

4. **OTHER BOARD ITEMS — ACTION**

   **8-1** Approve proposed biennial budget for fiscal years 2016/17 and 2017/18, proposed ten-year forecast, proposed revenue requirements for fiscal years 2016/17 and 2017/18, and recommended water rates and charges to be effective on January 1, 2017 and January 1, 2018; adopt resolutions fixing and adopting water rates and charges for 2017 and 2018; and adopt the resolution finding that continuing an ad valorem tax rate at the rate levied for fiscal year 2015/16 is essential to Metropolitan’s fiscal integrity. (F&I)

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Date of Notice: March 30, 2016
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

a. Approve the FY 2016/17 and FY 2017/18 biennial budget;

b. Appropriate $2,431.4 million for Metropolitan O&M and operating equipment, power costs on the Colorado River Aqueduct, SWP operations, maintenance, power and replacement costs and SWP capital charges; demand management programs including the local resources and conservation credits program; and costs associated with supply programs;

c. Appropriate as a continuing appropriation, $672.6 million for FY 2016/17 and FY 2017/18 debt service on Metropolitan general obligation and revenue bonds;

d. Authorize the use of $240 million in operating revenues to fund the Capital Investment Plan;

e. Determine that the revenue requirements to be paid from rates and charges are $1,575.0 million in FY 2016/17 and $1,574.3 million in FY 2017/18;

f. Approve water rates effective January 1, 2017, and January 1, 2018, as shown in Table 3, Option #1a above;

g. Adopt the Resolution Fixing and Adopting Water Rates To Be Effective January 1, 2017 and 2018, in the form of Attachment 4, using the rates shown in Section 1, Option #1a in the Resolution;

h. Adopt the Resolution Fixing and Adopting A Readiness-To-Serve Charge Effective January 1, 2017, in the form of Attachment 5, using the charge shown in Section 6 of the Resolution;

i. Adopt the Resolution Fixing and Adopting A Capacity Charge Effective January 1, 2017, in the form of Attachment 6, using the charge shown in Section 6 of the Resolution;

j. Adopt the Resolution Fixing and Adopting A Treated Water Charge Effective January 1, 2017, in the form of Attachment 7, using the charge shown under Option #1a in Section 6 of the Resolution;

k. Approve the Ten-Year Financial Forecast, as shown in the Proposed Biennial Budget FY 2016/17 and FY 2017/18 in Attachment 1;

l. Adopt the Resolution Finding that Continuing an Ad Valorem Property Tax Rate at the Rate Levied for FY 2015/16 is Essential to the Fiscal Integrity of the District and Suspending the Ad Valorem Tax Rate Restriction for FY 2016/17 and FY 2017/18, in the form of Attachment 8;

m. Authorize establishment and use of the Exchange Agreement Set-Aside Fund as set forth in this letter; and

n. Authorize use of unspent conservation funding, including extension of the Onsite Recycled Water Retrofit Program through the biennial budget period, as set forth in this letter.
8-8 Authorize the General Manager to enter into the Extension of Service Area Agreement with the Eastern Municipal Water District and Pechanga Band of Luiseño Mission Indians; and adopt final resolution extending the service area for the 106th Fringe Area to Eastern Municipal Water District and Metropolitan. (F&I)

Recommendation:

Option #1:

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

a. Authorize the General Manager to enter into the Extension of Service Area Agreement with Eastern Municipal Water District and Pechanga Band of Luiseño Mission Indians; and

b. Adopt the resolution granting approval for the 106th Fringe Area annexation concurrently to Eastern and Metropolitan and establish Metropolitan’s terms and conditions for the extension of service area agreement, conditioned upon approval by Riverside County’s Local Agency Formation Commission, and upon receipt of fees of $2,896,442.

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Oral report on investment activities

b. Quarterly Financial Report

7. MANAGEMENT REPORT

a. Chief Financial Officer’s report

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

Date of Notice: March 30, 2016
10. **ADJOURNMENT**

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Water Planning and Stewardship Committee

Meeting with Board of Directors*

April 11, 2016

10:00 a.m. – Room 2-456

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**Meeting Schedule**

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<tr>
<th>Time</th>
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<td>7:00-8:00 a.m.</td>
<td>Rm. 1-101</td>
<td>Dirs. Computer Training</td>
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<td>F&amp;I</td>
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<td>WP&amp;S</td>
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<td>12:30 p.m.</td>
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<td>E&amp;O</td>
</tr>
<tr>
<td>1:30 p.m.</td>
<td>Rm. 2-456</td>
<td>C&amp;L</td>
</tr>
</tbody>
</table>

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* 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.

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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 March 7, 2016**

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3. **PUBLIC HEARING**

Public hearing on the 2015 Urban Water Management Plan for The Metropolitan Water District of Southern California

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* Date of Notice: March 30, 2016
4. **CONSENT CALENDAR ITEMS — ACTION**

None

5. **OTHER BOARD ITEMS — ACTION**

**8-9** Authorize process for management of Metropolitan’s lands in the Palo Verde Irrigation District

**Recommendation:**

**Option #1:**

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

Authorize staff to pursue new leases on all Metropolitan-owned lands in the Palo Verde valley through a generalized request for proposals process, with lease terms to meet Metropolitan’s objectives for consumptive water use and positive revenues, and bring such leases back to the Board for final approval.

6. **BOARD INFORMATION ITEMS**

None

7. **COMMITTEE ITEMS**

a. Conservation update

b. Oral report on Water Supply and Drought Management

c. Update on 2016 water transfer activity

8. **MANAGEMENT REPORTS**

a. Bay-Delta Matters

b. Colorado River Matters

c. Water Resource Management Manager's report
9. FOLLOW-UP ITEMS

None

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

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Date of Notice: March 30, 2016
Engineering and Operations Committee

Meeting with Board of Directors*

April 11, 2016

12:30 p.m. -- Room 2-145

Date of Notice: March 30, 2016

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

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

2. Approval of the Minutes of the meeting of the Engineering and Operations Committee held March 7, 2016

3. CONSENT CALENDAR ITEMS — ACTION

7-1 Appropriate $1.28 million; certify the Final Program Environmental Impact Report for the Right-of-Way and Infrastructure Protection Program for the Orange County region; approve the program for the Orange County region for the purposes of the California Environmental Quality Act; and authorize: (1) environmental permitting and mitigation activities; and (2) increase of $150,000 to an agreement with Dudek, for a new not-to-exceed total of $3,525,000 (Approp. 15474). (E&O)
Recommendation:

Option #1:

Certify the Final Program Environmental Impact Report for the Right-of-Way and Infrastructure Protection Program for the Orange County region; adopt the Findings of Fact and the Mitigation Monitoring and Reporting Program; approve the program for the Orange County region for the purposes of CEQA, and

a. Appropriate $1.28 million;

b. Authorize environmental permitting and mitigation activities for the Orange County region; and

c. Authorize increase of $150,000 to an agreement with Dudek, for a new not-to-exceed total of $3,525,000.

7-2 Appropriate $330,000; and authorize design to replace valves at Service Connections CB-12 and CB-16 on the Rialto Pipeline (Approp. 15480). (E&O)

Recommendation:

Option #1:

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

a. Appropriate $330,000; and

b. Authorize design to replace calves at Service Connections CB-12 and CB-16 on the Rialto Pipeline.

7-3 Authorize increase in change order authority for the seismic retrofit of the Upper Feeder’s Santa Ana River Bridge (Approp. 15441). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action has been previously addressed in the approved 2013 Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program, and that no further environmental analysis or documentation is required, and that the fiscal aspect of a change order authority is not subject to CEQA, and

Authorize increase of $160,000 in change order authority for the seismic retrofit of the Upper Feeder’s Santa Ana Bridge, up to an aggregate amount not to exceed $410,000.
4. OTHER BOARD ITEMS — ACTION

8-2  Appropriate $1.37 million; and ratify the General Manager’s award of $634,425 contract to Fibrwrap Construction Services, Inc. (Approp. 15497). (E&O)  (Requires four-fifths vote of the Board)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action was previously determined to be statutorily exempt and that no further environmental analysis or documentation is required, and

a. Appropriate $1.37 million; and
b. Ratify the General Manager’s award of a $634,425 contract to Fibrwrap Construction Services, Inc. for emergency repairs on the Second Lower Feeder.

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Status on new 50-year contract for Hoover power

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

Date of Notice: March 30, 2016
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Date of Notice: March 30, 2016
REVISED AGENDA

Communications and Legislation Committee

Meeting with Board of Directors*

April 11, 2016

1:30 p.m. -- Room 2-456

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

2. Approval of the Minutes of the meeting of the Communications and Legislation Committee held March 7, 2016

3. CONSENT CALENDAR ITEMS — ACTION

   None

4. OTHER BOARD ITEMS — ACTION

   8-4 Authorize sponsorship of SB 1173 (Hertzberg, D-Van Nuys) – Water conserving plumbing fixtures. (C&L)

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* 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.

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

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REVISED: Date of Notice: April 6, 2016
Added Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project under CEQA, and
  Authorize the General Manager to sponsor SB 1173.

8-5 Express support, if amended, for AB 1755 (Dodd, D-Woodland) – The Open and Transparent Water Data Act; and express opposition, unless amended, to AB 2304 (Levine, D-Petaluma) – California Water Market Exchange. (C&L)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project under CEQA, and
  Authorize the General Manager to express support for AB 1755, if amended, and opposition to AB 2304, unless amended.

8-6 Express opposition to AB 2550 (Patterson, R-Fresno) – State Water Resources Control Board: instream flow curtailments: compensation. (C&L)

Added Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project under CEQA, and
  Authorize the General Manager to express opposition to AB 2550.

8-7 Express support for ACA 8 (Bloom, D-Santa Monica) – Local government financing: water facilities and infrastructure: voter approval. (C&L)

Added Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project under CEQA, and
  Authorize the General Manager to express support for ACA 8.
Express opposition, unless amended, to AB 2470 (Gonzalez, D-San Diego) – Municipal Water Districts: Water Service for Indian Tribes. (C&L)

Recommendation:

Option #1:

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

Express opposition unless amended to AB 2470.

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 Inspection Trip Program

7. MANAGEMENT REPORT

a. External Affairs Management report

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT
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Legal and Claims Committee
Meeting with Board of Directors*

April 12, 2016

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

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<tr>
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<tr>
<td>10:30 a.m.</td>
<td>Rm. 2-456</td>
<td>RP&amp;AM</td>
</tr>
<tr>
<td>12:00 p.m.</td>
<td>Board Room</td>
<td>Board Meeting</td>
</tr>
<tr>
<td>1:00 p.m.</td>
<td>Rm. 2-456</td>
<td>IRP</td>
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1. Opportunity for members of the public to address the committee on matters within the committee’s jurisdiction (As required by Gov. Code Section 54954.3(a))

2. Approval of the Minutes of the meeting of the Legal and Claims Committee held March 8, 2016

3. CONSENT CALENDAR ITEMS — ACTION

None

Date of Notice: March 30, 2016
4. OTHER BOARD ITEMS — ACTION

8-3 Report on State Water Resources Control Board activities and authorize an increase in the amount payable under contract with Duane Morris LLP by $100,000 to a maximum amount of $200,000 in connection with the Department of Water Resources and United States Bureau of Reclamation’s filing of a petition with the State Water Resources Control Board for an additional point of diversion on the Sacramento River as part of the California WaterFix/Bay Delta Conservation Plan. (L&C)

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

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Report on San Diego County Water Authority v. Metropolitan Water District of Southern California, et al., San Francisco County Superior Court Case Nos. CPF-10-510830 and CPF-12-512466, and CPF-14-514004 [Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)]

b. Report on Delta Stewardship Council Cases, Sacramento County Superior Court Case No. JCCP 4758 [Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)]

7. MANAGEMENT REPORTS

a. General Counsel’s report of monthly activities

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS
10. ADJOURNMENT

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Real Property and Asset Management Committee

Meeting with Board of Directors*

April 12, 2016

10:30 a.m. -- Room 2-456

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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.

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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 Real Property and Asset Management Committee held March 8, 2016

3. CONSENT CALENDAR ITEMS – ACTION

   **7-4** Authorize granting a permanent easement to county of Riverside on Metropolitan-owned property located in county of Riverside. (RP&AM)

   **Recommendation:**

   **Option #1:**

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

   Authorize the General Manager to grant a permanent easement to the county of Riverside.
Authorize granting a permanent easement to Southern California Edison on Metropolitan-owned property located in county of Orange. (RP&AM)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt, and
Authorize the General Manager to grant a permanent easement to SCE.

4. OTHER BOARD ITEMS – ACTION

None

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

None

7. MANAGEMENT REPORT

a. Real Property Development and Management Manager's Report

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT
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1. Call to Order
   
   (a) Invocation: Remus Arbouet, Jr., Senior Engineering Technician, Water System Operations Group

   (b) Pledge of Allegiance: Director Marsha Ramos

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 March 8, 2016. (A copy has been mailed to each Director)
   Any additions, corrections, or omissions
B. Report on Directors' events attended at Metropolitan expense for month of March

C. Induction of new Director Mark Gold, from City of Los Angeles
   (a) Receive credentials
   (b) Report on credentials by General Counsel
   (c) File credentials
   (d) Administer Oath of Office
   (e) File Oath

D. Approve committee assignments

E. Chairman's Monthly Activity Report

Added

F. Approve 30-day leave of absence for Director Richard Atwater, commencing April 28, 2016

6. DEPARTMENT HEADS’ REPORTS

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

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

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

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

7. CONSENT CALENDAR ITEMS — ACTION

7-1 Appropriate $1.28 million; certify the Final Program Environmental Impact Report for the Right-of-Way and Infrastructure Protection Program for the Orange County region; approve the program for the Orange County region for the purposes of the California Environmental Quality Act; and authorize: (1) environmental permitting and mitigation activities; and (2) increase of $150,000 to an agreement with Dudek, for a new not-to-exceed total of $3,525,000 (Approp. 15474). (E&O)
Recommendation:

Option #1:

Certify the Final Program Environmental Impact Report for the Right-of-Way and Infrastructure Protection Program for the Orange County region; adopt the Findings of Fact and the Mitigation Monitoring and Reporting Program; approve the program for the Orange County region for the purposes of CEQA, and

a. Appropriate $1.28 million;
b. Authorize environmental permitting and mitigation activities for the Orange County region; and
c. Authorize increase of $150,000 to an agreement with Dudek, for a new not-to-exceed total of $3,525,000.

7-2 Appropriate $330,000; and authorize design to replace valves at Service Connections CB-12 and CB-16 on the Rialto Pipeline (Approp. 15480). (E&O)

Recommendation:

Option #1:

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

a. Appropriate $330,000; and
b. Authorize design to replace calves at Service Connections CB-12 and CB-16 on the Rialto Pipeline.

7-3 Authorize increase in change order authority for the seismic retrofit of the Upper Feeder’s Santa Ana River Bridge (Approp. 15441). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action has been previously addressed in the approved 2013 Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program, and that no further environmental analysis or documentation is required, and that the fiscal aspect of a change order authority is not subject to CEQA, and

Authorize increase of $160,000 in change order authority for the seismic retrofit of the Upper Feeder’s Santa Ana Bridge, up to an aggregate amount not to exceed $410,000.
7-4 Authorize granting a permanent easement to county of Riverside on Metropolitan-owned property located in county of Riverside. (RP&AM)

Recommendation:

Option #1:

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

Authorize the General Manager to grant a permanent easement to the county of Riverside.

7-5 Authorize granting a permanent easement to Southern California Edison on Metropolitan-owned property located in county of Orange. (RP&AM)

Recommendation:

Option #1:

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

Authorize the General Manager to grant a permanent easement to SCE.

(END OF CONSENT CALENDAR)

8. OTHER BOARD ITEMS — ACTION

8-1 Approve biennial budget for fiscal years 2016/17 and 2017/18, proposed ten-year forecast, proposed revenue requirements for fiscal years 2016/17 and 2017/18, and recommended water rates and charges to be effective on January 1, 2017 and January 1, 2018; adopt resolutions fixing and adopting water rates and charges for 2017 and 2018; and adopt the resolution finding that continuing an ad valorem tax rate at the rate levied for fiscal year 2015/16 is essential to Metropolitan’s fiscal integrity. (F&I)
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

a. Approve the FY 2016/17 and FY 2017/18 biennial budget;

b. Appropriately $2,431.4 million for Metropolitan O&M and operating equipment, power costs on the Colorado River Aqueduct, SWP operations, maintenance, power and replacement costs and SWP capital charges; demand management programs including the local resources and conservation credits program; and costs associated with supply programs;

c. Appropriately as a continuing appropriation, $672.6 million for FY 2016/17 and FY 2017/18 debt service on Metropolitan general obligation and revenue bonds;

d. Authorize the use of $240 million in operating revenues to fund the Capital Investment Plan;

e. Determine that the revenue requirements to be paid from rates and charges are $1,575.0 million in FY 2016/17 and $1,574.3 million in FY 2017/18;

f. Approve water rates effective January 1, 2017, and January 1, 2018, as shown in Table 3, Option #1a above;

g. Adopt the Resolution Fixing and Adopting Water Rates To Be Effective January 1, 2017 and 2018, in the form of Attachment 4, using the rates shown in Section 1, Option #1a in the Resolution;

h. Adopt the Resolution Fixing and Adopting A Readiness-To-Serve Charge Effective January 1, 2017, in the form of Attachment 5, using the charge shown in Section 6 of the Resolution;

i. Adopt the Resolution Fixing and Adopting A Capacity Charge Effective January 1, 2017, in the form of Attachment 6, using the charge shown in Section 6 of the Resolution;

j. Adopt the Resolution Fixing and Adopting A Treated Water Charge Effective January 1, 2017, in the form of Attachment 7, using the charge shown under Option #1a in Section 6 of the Resolution;

k. Approve the Ten-Year Financial Forecast, as shown in the Proposed Biennial Budget FY 2016/17 and FY 2017/18 in Attachment 1;

l. Adopt the Resolution Finding that Continuing an Ad Valorem Property Tax Rate at the Rate Levied for FY 2015/16 is Essential to the Fiscal Integrity of the District and Suspending the Ad Valorem Tax Rate Restriction for FY 2016/17 and FY 2017/18, in the form of Attachment 8;

m. Authorize establishment and use of the Exchange Agreement Set-Aside Fund as set forth in this letter; and

n. Authorize use of unspent conservation funding, including extension of the Onsite Recycled Water Retrofit Program through the biennial budget period, as set forth in this letter.
8-2 Appropriate $1.37 million; and ratify the General Manager’s award of $634,425 contract to Fibrwrap Construction Services, Inc. (Approp. 15497). (E&O)  (Requires four-fifths vote of the Board)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action was previously determined to be statutorily exempt and that no further environmental analysis or documentation is required, and

a. Appropriate $1.37 million; and

b. Ratify the General Manager’s award of a $634,425 contract to Fibrwrap Construction Services, Inc. for emergency repairs on the Second Lower Feeder.

8-3 Report on State Water Resources Control Board activities and authorize an increase in amount payable under contract with Duane Morris LLP by $100,000 to a maximum amount of $200,000 in connection with the Department of Water Resources and United States Bureau of Reclamation filing of a petition with the State Water Resources Control Board for an additional point of diversion on the Sacramento River as part of the California WaterFix/Bay Delta Conservation Plan.  (L&C)  
[Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)]

8-4 Authorize sponsorship of SB 1173 (Hertzberg, D-Van Nuys) – Water conserving plumbing fixtures.  (C&L)

Added Recommendation:

Option #1:

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

Authorize the General Manager to sponsor SB 1173.

8-5 Express support, if amended, for AB 1755 (Dodd, D-Woodland) – The Open and Transparent Water Data Act; and express opposition, unless amended, to AB 2304 (Levine, D-Petaluma) – California Water Market Exchange.  (C&L)
Recommendation:

Option #1:

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

Authorize the General Manager to express support for AB 1755, if amended, and opposition to AB 2304, unless amended.

8-6 Express opposition to AB 2550 (Patterson, R-Fresno) – State Water Resources Control Board: instream flow curtailments: compensation. (C&L)

Added Recommendation:

Option #1:

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

Authorize the General Manager to express opposition to AB 2550.

8-7 Express support for ACA 8 (Bloom, D-Santa Monica) – Local government financing: water facilities and infrastructure: voter approval. (C&L)

Added Recommendation:

Option #1:

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

Authorize the General Manager to express support for ACA 8.

8-8 Authorize the General Manager to enter into the Extension of Service Area Agreement with the Eastern Municipal Water District and Pechanga Band of Luiseño Mission Indians; and adopt final resolution extending the service area for the 106th Fringe Area to Eastern Municipal Water District and Metropolitan. (F&I)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action was previously determined to be statutorily exempt and that no further environmental analysis or documentation is required, and

a. Authorize the General Manager to enter into the Extension of Service Area Agreement with Eastern Municipal Water District and Pechanga Band of Luiseño Mission Indians; and

b. Adopt the resolution granting approval for the 106th Fringe Area annexation concurrently to Eastern and Metropolitan and establish Metropolitan’s terms and conditions for the extension of service area agreement, conditioned upon approval by Riverside County’s Local Agency Formation Commission, and upon receipt of fees of $2,896,442.

8-9 Authorize process for management of Metropolitan’s lands in the Palo Verde Irrigation District. (WP&S)

Recommendation:

Option #1:

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

Authorize staff to pursue new leases on all Metropolitan-owned lands in the Palo Verde valley through a generalized request for proposals process, with lease terms to meet Metropolitan’s objectives for consumptive water use and positive revenues, and bring such leases back to the Board for final approval.

Added 8-10 Express opposition, unless amended, to AB 2470 (Gonzalez, D-San Diego) – Municipal Water Districts: Water Service for Indian Tribes. (C&L)

Recommendation:

Option #1:

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

Express opposition unless amended to AB 2470.
9. BOARD INFORMATION ITEMS

None

10. FOLLOW-UP ITEMS

11. FUTURE AGENDA ITEMS

12. ADJOURNMENT

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

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

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

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

Meeting with Board of Directors*

April 12, 2016

1:00 p.m. – Room 2-456

Tuesday, April 12, 2016
Meeting Schedule

<table>
<thead>
<tr>
<th>Time</th>
<th>Location</th>
<th>Agenda Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>7:00-8:00 a.m.</td>
<td>Rm. 1-101</td>
<td>Dirs. Computer Training</td>
</tr>
<tr>
<td>9:00 a.m.</td>
<td>Rm. 2-145</td>
<td>L&amp;C</td>
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<tr>
<td>10:30 a.m.</td>
<td>Rm. 2-456</td>
<td>RP&amp;AM</td>
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<tr>
<td>12:00 p.m.</td>
<td>Board Room</td>
<td>Board Meeting</td>
</tr>
<tr>
<td>1:00 p.m.</td>
<td>Rm. 2-456</td>
<td>IRP</td>
</tr>
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</table>

* 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 February 9, 2016

3. CHAIRMAN’S REPORT

4. CONSENT CALENDAR ITEMS – ACTION

None

5. OTHER BOARD ITEMS – ACTION

None

Date of Notice: March 30, 2016
6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

a. Review of Policy Discussion Input

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.

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Date of Notice: March 30, 2016
Summary Report for
The Metropolitan Water District of Southern California
Board Meeting
April 12, 2016

INDUCTION OF NEW DIRECTOR

Mark Gold was inducted to the Board representing the City of Los Angeles. (Agenda Item 5C)

COMMITTEE ASSIGNMENTS

None (Agenda Item 5D)

DIVERSITY AWARD

Chairman Record and Committee Chairs Murray and Kurtz recognized members of the staff of Human Resources and External Affairs for receiving the Diversity Heroes award from the national PR News Association, recognizing Metropolitan’s commitment to diversity in its workforce, business outreach, and public outreach and education programs. (Agenda Item 5E)

FINANCE AND INSURANCE COMMITTEE

Approved the FY 2016/17 and FY 2017/18 biennial budget and: appropriated $2,431.4 million for Metropolitan O&M and operating equipment, power costs on the Colorado River Aqueduct, SWP operations, maintenance, power and replacement costs and SWP capital charges; demand management programs including the local resources and conservation credits program; and costs associated with supply programs; appropriated as a continuing appropriation, $672.6 million for FY 2016/17 and FY 2017/18 debt service on Metropolitan general obligation and revenue bonds; authorized the use of $240 million in operating revenues to fund the Capital Investment Plan; determined that the revenue requirements to be paid from rates and charges are $1,575.0 million in FY 2016/17 and $1,574.3 million in FY 2017/18; approved water rates effective January 1, 2017, and January 1, 2018; adopted the Resolution Fixing and Adopting Water Rates To Be Effective January 1, 2017 and 2018, using the rates shown in Table 1, Option #2 in the Resolution attached as Attachment 4 to the board letter; adopted the Resolution Fixing and Adopting A Readiness-To-Serve Charge Effective January 1, 2017, using the charge shown in the Resolution attached as Attachment 5 to the board letter; adopted the Resolution Fixing and Adopting A Capacity Charge Effective January 1, 2017, using the charge shown in Section 6q in the Resolution attached as Attachment 6 to the board letter; approved the Ten-Year Financial Forecast, as shown in the Proposed Biennial Budget FY 2016/17 and FY 2017/18 in Attachment 1 to the board letter; adopted the Resolution Finding that Continuing an Ad Valorem Property Tax Rate at the Rate Levied for FY 2015/16 is Essential to the Fiscal Integrity of the District and Suspending the Ad Valorem Tax Rate Restriction for FY 2016/17 and FY 2017/18 in the form of Attachment 8 to the board letter; authorized establishment and use of the Exchange Agreement Set-Aside Fund as set forth in the board letter; and authorized use of unspent conservation funding, including the extension of the Onsite Recycled Water Retrofit Program through the biennial budget period, as set forth in the board letter. (Agenda Item 8-1)
Authorized the General Manager to enter into the Extension of Service Area Agreement with Eastern Municipal Water District and Pechanga Band of Luiseño Mission Indians; and adopted the resolution granting approval for the 106th Fringe Area annexation concurrently to Eastern and Metropolitan and establish Metropolitan’s terms and conditions for the extension of service area agreement, conditioned upon approval by Riverside County’s Local Agency Formation Commission, and upon receipt of fees of $2,896,442. (Agenda Item 8-8)

ENGINEERING AND OPERATIONS COMMITTEE

Appropriated $1.37 million; and ratified the General Manager’s award of a $634,425 contract to Fibrwrap Construction Services, Inc. for emergency repairs on the Second Lower Feeder. (Approp. 15497) (Agenda Item 8-2)

LEGAL AND CLAIMS COMMITTEE

Heard a report on State Water Resources Control Board activities and authorized an increase in amount payable under contract with Duane Morris LLP by $100,000 to a maximum amount of $200,000 in connection with the Department of Water Resources and United States Bureau of Reclamation filing of a petition with the State Water Resources Control Board for an additional point of diversion on the Sacramento River as part of the California WaterFix/Bay Delta Conservation Plan. (Report heard in closed session) (Agenda Item 8-3)

COMMUNICATIONS AND LEGISLATION COMMITTEE

Authorize sponsorship of SB 1173 (Hertzberg, D-Van Nuys) – Water conserving plumbing fixtures (Agenda Item 8-4 – WITHDRAWN)

By separate votes on each bill, authorized the General Manager to express support for AB 1755, if amended, and to express opposition to AB 2304, unless amended. (Agenda Item 8-5)

Express opposition to AB 2550 (Patterson, R-Fresno) – State Water Resources Control Board: instream flow curtailments: compensation. (Agenda Item 8-6 – WITHDRAWN)

Authorized the General Manager to express support for ACA 8. (Agenda Item 8-7)

Authorized the General Manager to express support for AB 2470, if amended. (Agenda Item 8-10)

WATER PLANNING AND STEWARDSHIP COMMITTEE

Authorized staff to negotiate new leases with HayDay Farms and River Valley Ranches, with lease terms to meet Metropolitan’s objectives set forth in the board letter, and pursue leasing on the remaining Metropolitan-owned lands in the Palo Verde valley through a generalized request for proposals process allowing for proposals, including permanent crops, and bring all such leases back to the Board for final approval. (Agenda Item 8-9)
CONSENT CALENDAR

In other action, the Board:

Certified the Final Program Environmental Impact Report for the Right-of-Way and Infrastructure Protection Program for the Orange County region; adopted the Findings of Fact and the Mitigation Monitoring and Reporting Program; approved the program for the Orange County region for the purposes of CEQA; and appropriated $1.28 million; authorized environmental permitting and mitigation activities for the Orange County region; and authorized increase of $150,000 to an agreement with Dudek, for a new not-to-exceed total of $3,525,000. (Approp. 15474). (Agenda Item 7-1)

Appropriated $330,000; and authorized design to replace valves at Service Connections CB-12 and CB-16 on the Rialto Pipeline. (Approp. 15480) (Agenda Item 7-2)

Authorized increase of $160,000 in change order authority for the seismic retrofit of the Upper Feeder’s Santa Ana Bridge, up to an aggregate amount not to exceed $410,000. (Approp. 15441) (Agenda Item 7-3)

Authorized the General Manager to grant a permanent easement to the county of Riverside. (Agenda Item 7-4)

Authorized the General Manager to grant a permanent easement to Southern California Edison. (Agenda Item 7-5)

OTHER MATTERS:

In other action, the Board:

Approved 30-day leave of absence for Director Richard Atwater commencing April 28, 2016. (Agenda Item 5F)

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.
Date: April 27, 2016  
To: San Diego County Water Authority Board Members  
From: Ken Carpi, Washington Representative  
Subject: Federal Legislative Update  

Although Congress is operating without a budget agreement, appropriators are moving forward at a quick pace on individual spending bills using December’s budget compromise with the White House as their guide. While bills are moving out of committee and some may even win passage in the Senate and/or the House, it is still likely that a Continuing Resolution will be needed to fund all or most government functions when the new fiscal year starts on October 1. Whether FY2017 bills can be passed in a lame duck session or if Congress punts a decision into 2018 relies very much on the outcome of November’s elections.

**Energy & Water Spending Bill Making Progress**

The Senate is poised to pass a $37.5 billion bill for FY2017 Energy & Water Development programs. If passed this month, it would be the earliest the Senate has passed a spending bill since enactment of the Budget Control Act of 1974. However, votes on several pending amendments related to energy programs and climate change policy could jeopardize final passage if adopted.

In the Senate, the bill would provide $1.14 billion for water programs in the U.S. Department of the Interior and the Bureau of Reclamation. This includes funding for the following programs:

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Western Drought Response</td>
<td>$100,000,000</td>
</tr>
<tr>
<td>Title XVI</td>
<td>$21,500,000</td>
</tr>
<tr>
<td>WaterSMART grants</td>
<td>$23,365,000</td>
</tr>
</tbody>
</table>

On Tuesday, the Senate will vote on an amendment by Minority Leader Harry Reid (D-NV) and Senator Dean Heller (R-NV) to provide an additional $50 million to support water supplies in Lake Mead. Earlier, by a vote of 56-42, the Senate rejected an amendment by Senator John Hoeven (R-ND) that would have blocked the Corps of Engineers from using federal funds to implement its “Waters of the U.S.” rule (WOTUS).
The amendment needed 60 votes for adoption. Speaking against the amendment, Senator Feinstein said the court system was the appropriate place to judge the merits of the rule.

The House is expected to take up its version of the bill later in May. Its bill includes similar funding for Reclamation, but it would boost funding for both WaterSMART and Title XVI to $24 million each. At this time, it does not include funding to match the Senate’s Western drought response program. The House bill includes report language calling on Reclamation to provide recommendations to appropriators for improving the Title XVI program. The bill would also block funding for the Corps to implement the WOTUS rule.

A key difference from the Senate bill, House appropriators included much of the language from the House-passed drought bill. Senator Feinstein criticized this approach and said it risked a veto of any final bill. House supporters countered that the bill contains funding to respond to the drought, therefore it was appropriate to also alleviate drought conditions in the state through operational and other changes by federal water managers.

**Senate WRDA Bill Would Authorize Funding for Water Systems**

Senate Committee on Environment & Public Works Chairman James Inhofe (R-OK) and Ranking Member Barbara Boxer introduced the Water Resource and Development Act of 2016 (WRRDA ’16). EPW will mark up the bill on April 28.

WRDA bills typically authorize navigation, flood risk reduction, and environmental mitigation programs administered by the Corps of Engineers. This year’s bill includes something different.

WRDA ’16, as introduced, includes a broad expansion of authorized funding for federal programs to assist states and communities’ response to drinking water contamination and to support water system construction and repair. It would also authorize additional assistance for health and monitoring programs to address lead contamination and to retrofit homes and schools.

While inclusion of provisions to respond to lead contamination was expected, it was unclear until now how far the EPW Committee would go to address water system needs via a WRDA bill. A full summary of the new proposal is attached to this report. It is important to note that Chairman Inhofe has identified an offset to pay for the new spending authorized in his bill, but it is not yet known how much support his approach will enjoy in the full Senate. Key members of the House have not had time to review the new provisions and have not offered any reaction yet.

Senate Democrats introduced last week their own comprehensive plan to address lead contamination and investment in water systems. Many of the provisions of that bill are included in the new WRDA ’16 bill, although not at the funding levels called for in the Democratic bill. It is very likely Democrats will try to amend WRDA in committee and on the Senate floor with additional programs and higher spending levels.
TITLE VII—SAFE DRINKING WATER AND CLEAN WATER INFRASTRUCTURE

SEC. 7001. DEFINITION OF ADMINISTRATOR.

Defines the term “Administrator” as the Administrator of the Environmental Protection Agency.

SEC. 7002. SENSE OF THE SENATE ON APPROPRIATIONS LEVELS AND FINDINGS ON ECONOMIC IMPACTS.

States the Sense of the Senate on robust funding levels for the Safe Drinking Water and Clean Water State Revolving Loan Funds and makes findings regarding the federal income tax revenue, jobs, and economic output resulting from state revolving loan fund capitalization grants, based on a study by Water Environment Federation and WaterReUse Association.

Subtitle A—Drinking Water

Sec. 7101. PRECONSTRUCTION WORK.

Amends the revolving loan program under the Safe Drinking Water Act to make planning, design, and associated preconstruction activities, replacement or rehabilitation of aging treatment, storage, or distribution facilities, and public water system security measures eligible for assistance.

Affirms the use of state revolving loan funds as security for state bonds.

Sec. 7102. PRIORITY SYSTEM REQUIREMENTS.

Adds sustainability to priorities under a State intended use plan, and gives greater weight to applications that include asset management plans and review of restructuring options, consistency with watershed plans, water conservation plans, and sustainability approaches.

Sec. 7103. ADMINISTRATION OF STATE LOAN FUNDS.

Authorizes the use of fees collected and the greatest of 4% of the capitalization grant, 1/5th of the valuation of the fund, or $400,000 to be used to administer a state fund.

Sec. 7104. OTHER AUTHORIZED ACTIVITIES.

Makes implementation of source water protection plans an eligible use of assistance from a state revolving loan fund.

Sec. 7105. NEGOTIATION OF CONTRACTS.

Applies the Brooks Act relating to negotiation of contracts for architectural or engineering services applicable to use of funds provided under the state revolving loan fund, if the assistance if for a community with a population of more than 10,000.

Sec. 7106. ASSISTANCE FOR SMALL AND DISADVANTAGED COMMUNITIES.

Authorizes a grant program to assist small and disadvantaged communities in complying with the requirements of the Safe Drinking Water Act. A priority is given to underserved communities without basic
drinking water or wastewater services. This section authorizes $230 million for fiscal year 2017, and $300 million for each of fiscal years 2018 through 2021, for a total of $1.4 billion over five years.

Provides $20 million in direct spending to carry out this program.

Sec. 7107. REDUCING LEAD IN DRINKING WATER.

Authorizes a grant program for replacement of lead service lines, testing, planning, corrosion control, and education. Excludes partial lead service line replacement from eligibility. Authorizes $60 million for each of fiscal years 2017 through 2021, for a total of $300 million over five years. Provides $20 million in direct spending to carry out this program.

Sec. 7108. REGIONAL LIAISONS FOR MINORITY, TRIBAL, AND LOW-INCOME COMMUNITIES.

Requires the Administrator to appoint liaisons for minority, tribal, and low-income communities in each EPA region.

Sec. 7109. NOTICE TO PERSONS SERVED.

Revises the notification requirements of the Safe Drinking Water Act to require notice to the persons served by the system of exceedances of lead action levels within 15 days. If there is a violation of the Act has the potential for serious health effects, notice is also required to the Center for Disease Control (CDC) and state and county health agencies. Authorizes the Administrator to provide notice of any lead monitoring results.

Sec. 7110. ELECTRONIC REPORTING OF DRINKING WATER DATA.

Requires electronic reporting of compliance monitoring data, where practicable.

Sec. 7111. LEAD TESTING IN SCHOOL AND CHILD CARE DRINKING WATER.

Authorizes $20 million a year for fiscal years 2017 through 2021, totaling $100 million, for grants to carry out a voluntary school and child care lead testing program.

Sec. 7112. WATERSENSE PROGRAM.

Authorizes EPA’s voluntary WaterSense program that allows water efficient products, buildings, landscapes, facilities, processes, and service to bear a “WaterSense” label.

Sec. 7113. WATER SUPPLY COST SAVINGS.

Establishes a drinking water technology clearinghouse to provide information on cost-effective, innovative, and alternative drinking water delivery systems, including systems that are supported by wells. Requires dissemination of information to systems serving 500 or fewer persons.

Subtitle B—Clean Water

Sec. 7201. SEWER OVERFLOW CONTROL GRANTS.

Reauthorizes section 221 of the Clean Water Act, which authorizes grants for addressing combined sewer overflows, sanitary sewer overflows, and stormwater discharges, totaling $1.8 billion over five years.

Sec. 7202. SMALL TREATMENT WORKS.
Establishes a technical assistance program for small treatment works, to be carried out by qualified nonprofit technical service providers. Authorizes $15 million a year for five years, totaling $75 million, to carry out this program.

Authorizes states to use up to 2 percent of a capitalization grant for the Clean Water State Revolving Loan Fund for technical assistance for small systems.

Sec. 7203. INTEGRATED PLANS.

Requires the Administrator to inform municipalities of the opportunity to prepare an integrated plan.

Authorizes permits to incorporate integrated plans, which may combine requirements related to a combined sewer overflow; a capacity, management, operation, and maintenance program for sanitary sewer collection systems; a municipal stormwater discharge; a municipal wastewater discharge; and a water quality-based effluent limitation to implement an applicable wasteload allocation in a total maximum daily load.

Authorizes compliance schedules in permits incorporating an integrated plan for any water quality standard, if authorized by a State in its water quality standards regulations. Authorizes effluent limitations to be met through the use of green infrastructure.

Establishes an Office of Municipal Ombudsman.

Directs EPA to notify communities of the opportunity to prepare integrated plans in the context of consent decrees or administrative orders. Establishes an integrated plan as a basis for a request to modify an administrative order or consent decree.

Sec. 7204. GREEN INFRASTRUCTURE PROMOTION.

Directs the Administrator to ensure that EPA offices promote the integration of green infrastructure into, permitting programs, planning efforts, research, technical assistance, and funding guidance.

Sec. 7205. FINANCIAL CAPABILITY GUIDANCE.

Defines affordability and financial capability. Prohibits the use of median household income as the sole indicator of affordability for a residential household. Requires EPA to update its 1997 Financial Capability guidance and 2014 Financial Capability Assessment Framework within one year of the completion of a National Academy of Public Administration study to establish a definition and framework for community affordability required by Senate Report 114–70.

Subtitle C—Innovative Financing and Additional Support

Sec. 7301. WATER INFRASTRUCTURE PUBLIC-PRIVATE PARTNERSHIP PILOT PROGRAM.

Amends the public private partnership program established by WRRDA 2014 to remove the requirement that it be authorized in an appropriations bill.

Sec. 7302. WATER INFRASTRUCTURE FINANCE AND INNOVATION.

Makes the following amendments to the WIFIA program established in WRRDA 2014:

- Clarifies the scope of projects eligible for assistance.
- Authorizes the financing of fees if the applicant is a small community.
- Clarifies that the 51 percent of project costs to be funded by sources other than a secured loan under WIFIA includes costs incurred and in-kind contributions made before receipt of the loan.
- Removes the designation of the program as a pilot.
Sec. 7303. WATER INFRASTRUCTURE INVESTMENT TRUST FUND.

Establishes a trust fund for water infrastructure, funded by fees collected for a voluntary labeling system, and to be used for capitalization grants for the Clean Water and Safe Drinking Water State Revolving Funds. Requires an EPA study on water pricing.

Sec. 7304. INNOVATIVE WATER TECHNOLOGY GRANT PROGRAM.

Authorizes $50 million a year for EPA to make grants to accelerate the development of innovative technologies to address pressing water challenges, with a priority for projects that provide substantial cost savings, significantly improve human health and the environment, or provide additional water supplies with minimal environmental impact. Provides $10 million in direct spending.

Sec. 7305. WATER RESOURCES RESEARCH ACT AMENDMENTS.

Reauthorizes the Water Resources Research Act at $1.5 million for each of fiscal years 2015 through 2020 for a total of $9 million.

Sec. 7306. REAUTHORIZATION OF WATER DESALINATION ACT OF 1996.

Reauthorizes the Water Desalination Act of 1986 at $8 million for each of fiscal years 2015 through 2020, for a total of $48 million.

Sec. 7307. NATIONAL DROUGHT RESILIENCE GUIDELINES.

Directs EPA, in conjunction with the Secretary of the Interior, the Secretary of Agriculture, the Director of NOAA, and other appropriate Federal agency heads along with State and local governments, to develop nonregulatory national drought resilience guidelines relating to drought preparedness planning and investments for communities, water utilities, and other water users and providers.

Sec. 7308. INNOVATION IN CLEAN WATER STATE REVOLVING FUNDS.

Encourages the use of innovative technologies to carry out projects available for additional subsidization

Authorizes technical assistance to facilitate financial assistance for the use of innovative water technologies and a report to Congress on such assistance and use.

Sec. 7309. INNOVATION IN DRINKING WATER STATE REVOLVING FUNDS.

Makes use of innovative technologies eligible for additional subsidization under the Safe Drinking Water State Revolving Fund.

Subtitle D—Drinking Water Disaster Relief and Infrastructure Investments

SEC. 7401. DRINKING WATER INFRASTRUCTURE.

(a) Definitions. Limits eligibility for emergency assistance to States and public drinking water systems that have been the subject of a Presidential declaration of emergency due to the presence of lead or other contaminants in a public drinking water supply system.

(b) State Revolving Loan Fund Assistance.

(1) Considers a community with a public water supply system that is the subject of an emergency declaration to be a disadvantaged community eligible for additional subsides
from Safe Drinking Water Act Revolving Funds, including forgiveness of the principal of a loan.

(2) Authorizes loans to eligible public water supply systems from the state drinking water revolving loan fund to address lead and other contaminants in drinking water, including repair and replacement of private as well as public drinking water infrastructure. This assistance may include principal forgiveness.

(3) Waives the 20% cap on use of funding for principal forgiveness.

(c) Water Infrastructure Financing.

(1) Authorizes EPA to use the new WIFIA authority to make secured loans. Under subparagraph (A) the funding is available for both emergency situations related to drinking water contaminants under clause (i) and generally for all infrastructure that is eligible for WIFIA loans from EPA under clause (ii).

Under subparagraph (B), for emergency projects only, a WIFIA loan may exceed 49% of project costs, but may not exceed 80% of reasonably anticipated project costs.

(2) Provides that any remaining costs for emergency projects (above the 80% covered by the secured loan) may be paid for with an SRF loan.

(d) Nonduplication of Work.—Prohibits use of the authorities under this section to duplicate work that is already going on, so it can fill gaps in emergency response measures, not displace them.

(e) Funding.

(1) SRF Funding

Provides $100 million to provide the assistance to states with emergency drinking water situations through the drinking water state revolving loan fund program. As a condition of receiving the additional funding, a state must supplement its intended use plan to describe how the additional funding will be used to address the emergency. Any funds not used after 18 months to address emergencies are to be used to increase funding for the drinking water SRFs of all states, under the allotment formula set in existing law.

(2) WIFIA Funding.

Provides $70,000,000 for credit subsidies to allow EPA to make secured loans for infrastructure investments under the WIFIA program. Because these secured loans are essentially accounts receivable, only the credit risks scores. If there is a 10% credit risk, $70,000,000 will support loans of up to $700,000,000. If the credit risk is less, more loans can be made. OMB has estimated a credit risk as low as 1.53%, which would allow this investment to subsidize up to $4.2 billion in loans.

Subparagraph (B) cross-references the uses of the WIFIA funding, for both emergencies and other eligible infrastructure.

(3) Applicability—this paragraph makes it clear that the requirements under the Safe Drinking Water Act and WIFIA apply to assistance under this Act, unless specifically waived.

(f) Health effects evaluation.
Directs ATSDR to use its current authorities to establish a lead exposure registry for communities with drinking water related emergencies and to provide health consultations for the citizens of such communities, if requested.

Sec. 7402. LOAN FORGIVENESS.

Lifts the cap on additional subsidies applicable to fiscal year 2016 funds if a federal or state emergency declaration has been issued due to a threat to public health from heightened exposure to lead in a municipal drinking water supply.

Sec. 7403. REGISTRY FOR LEAD EXPOSURE AND ADVISORY COMMITTEE.

Authorizes HHS to establish a voluntary lead exposure registry using ATSDR or another relevant agency, or through a grant or contract, applicable to any city whose citizens are exposed to lead contamination in drinking water. Provides $17,500,000 for this activity.

Authorizes an advisory committee coordinated through CDC or other relevant agencies to review federal programs that address lead exposure, and identify research needs, best practices, and effective services. Provides $2,500,000 for this activity.

Sec. 7404. ADDITIONAL FUNDING FOR CERTAIN CHILDHOOD HEALTH PROGRAMS.

Provides funding for the following authorized programs:

- $10,000,000 for the childhood lead poisoning prevention program authorized under section 317A of the Public Health Service Act (42 U.S.C. 247b-1).
- $10,000,000 to carry out the Healthy Homes Initiative of the Department of Housing and Urban Development.
- $10,000,000 to carry out the Healthy Start Initiative under section 330H of the Public Health Service Act (42 U.S.C. 254c-8).

Sec. 7405. REVIEW AND REPORT.

Requires a GAO report on the status of ongoing investigations into the Flint drinking water situation, and the response to that situation.

Subtitle E—Report on Groundwater Contamination

Requires the Navy to submit a report to Congress regarding groundwater contamination associated with a former Navy and contractor operated facility.

Subtitle F—Restoration

PART I—GREAT LAKES RESTORATION INITIATIVE (text of S. 1024)

Authorizes $300 million a year for each of fiscal years 2017 through 2021, for a total of $1.5 billion, for the Great Lakes Restoration Initiative, as described in S. Rept. 114-211.

PART II—LAKE TAHOE RESTORATION (text of S. 1724)

Reauthorizes the Lake Tahoe Restoration Act at $415 million over the next 10 years.

PART III—LONG ISLAND SOUND RESTORATION (text of S. 1674)
Reauthorizes the Long Island Sound Restoration program, authorizing a total of $65 million a year in grants for each of fiscal years 2016 through 2020, as described in S. Rept. 114-212.

Subtitle G—Offset

SEC. 7701. OFFSET.

Prohibits new loan commitments under the Advanced Technology Vehicles Manufacturing (ATVM) loan program after October 1, 2020.