Proposed Staff Recommendation Consent Calendar for June 23, 2016

ADMINISTRATION AND FINANCE COMMITTEE

   Note and file monthly Treasurer’s Report.

9- 2. Purchase of Water Authority Business Insurance.
   Authorize the General Manager to purchase property insurance from Travelers Property
   Casualty Company of America in the amount of $143,191, liability insurance from Alteris
   Allied World Assurance Company in the amount of $320,385, and workers’ compensation
   from Special District Risk Management Authority in the amount of $299,907 for a total
   amount of $763,483.

9- 3. Adopt the Water Authority’s rates and charges for calendar year 2017.
   Conduct the Public Hearing; Adopt Ordinance No. 2016-__ an ordinance of the Board of
   Directors of the San Diego County Water Authority setting rates and charges for the
   delivery and supply of water, use of facilities, and provision of services; Adopt Resolution
   No. 2016-__ a resolution of the Board of Directors of the San Diego County Water
   Authority continuing the Standby Availability Charge; Adopt Resolution No. 2016-__ a
   resolution of the Board of Directors of the San Diego County Water Authority setting the
   contract water rate for South Coast Water District water deliveries; and Find the actions
   exempt from CEQA pursuant to Public Resources Code § 21080(b)(8) and authorize the
   General Manager to file a notice of exemption.

9- 4. Consideration of the Fiscal Years 2016 and 2017 Mid-Term Budget Update.
   Adopt Resolution No. 2016-__ amending the bi-annual budget for fiscal years 2016 &
   2017.

WATER PLANNING COMMITTEE

   Adopt Resolution No. 2016-__ approving the Water Authority’s 2015 Urban Water
   Management Plan (2015 Plan) and submit the 2015 Plan to the State of California by July
   1, 2016, in compliance with the Urban Water Management Planning Act of the California
   Water Code.

ENGINEERING AND OPERATIONS COMMITTEE

9- 6. Procurement contract for a brush abatement tractor.
   Authorize the General Manager to award a contract to RDO Equipment Co. for the
   purchase of a four-wheel drive brush abatement tractor for a total not-to-exceed amount of
   $170,316.
9-7. Professional services contract with Michael Baker International, Inc. for design of the Pipeline Protection of Second Aqueduct at Moosa Canyon project. Authorize the General Manager to execute a professional services contract to Michael Baker International, Inc. for the design of the Pipeline Protection of Second Aqueduct at Moosa Canyon project in the amount of $279,630.

9-8. Professional services contract with LEE & RO, Inc. for design of the Hauck Mesa Storage Reservoir and Pipeline Surge Protection project. Authorize the General Manager to award a professional services contract with LEE & RO, Inc. for the design of the Hauck Mesa Storage Reservoir and Pipeline Surge Protection project in the amount of $1,023,404.

9-9. Notice of Completion for Amendment No. 3 with CH2M Hill Engineers, Inc., for capital improvements to the Twin Oaks Valley Water Treatment Plant related to the Carlsbad Desalination project. Authorize the General Manager to accept Amendment No. 3, for capital improvements to the Twin Oaks Valley Water Treatment Plant related to the Carlsbad Desalination project, as complete, record the Notice of Completion, and release all funds held in retention to CH2M Hill Engineers, Inc., following expiration of the retention period.

IMPORTED WATER COMMITTEE

9-10. Amend agreements with Brownstein Hyatt Farber Schreck, LLP, Gordon Hess and Associates, Inc., and Water Resource Consultants, Inc., for special counsel and consulting services related to the MWD rate litigation. Authorize the General Counsel to execute amendments to the agreements for MWD Program legal/professional services with: (1) Brownstein Hyatt Farber Schreck, LLP, for $570,000 increasing the authorized agreement amount from $500,000 to $1,070,000; (2) Gordon Hess and Associates, Inc., for $60,000, increasing the authorized cumulative agreement amount from $607,000 to $667,000; and (3) Water Resource Consultants, Inc., for $80,000, increasing the authorized cumulative agreement amount from $579,000 to $659,000. Terms of the agreements will be extended to June 30, 2017.

LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE

9-11. Adopt positions on various state bills.
A) Adopt a position of Oppose on SB 163 (Hertzberg), relating to ocean and bay discharges.
B) Adopt a position of Oppose on SB 885 (Wolk), relating to contract indemnification.
C) Adopt a position of Oppose on SB 1298 (Hertzberg), relating to the Proposition 218 Omnibus Implementation Act.

9-12. Small Contractor Outreach and Opportunities Program Committee recommendation for program goal. Adopt a SCOOP program goal of 20 percent for fiscal year 2017.
June 22, 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 June 13 and 14, 2016, and meet next on July 11 and 12.

Discussion
Key actions at this month’s MWD Board meetings included: 1) approving, and authorizing the distribution of MWD’s Appendix A to its bond offering statements to be used for future financings; 2) approving amendments to MWD’s Administrative Code; and 3) adopting legislative policy principles related to extending water service beyond service area boundaries and opposing, unless amended, legislation related to wastewater treatment. Additionally, the Board received reports on Colorado River drought contingency negotiations and the 2015 Integrated Water Resources Plan (IRP) update. In closed session, the Board also received reports related to the Bay-Delta, including litigation challenging MWD’s purchase of Delta Wetlands properties and a recent court decision on litigation related to the Delta Stewardship Council’s Delta Plan.

Appendix A to MWD’s Official Statement
Historically, MWD has sought Board review and approval of Appendix A to its Official Statement concurrently with seeking approval to remarket or sell bonds. However, this month staff requested approval and authorization to distribute Appendix A to MWD’s bond offering statements, on a biannual basis, for “future financing,” thus bifurcating Board review of Appendix A from bond issuance and refunding. The Delegates requested to table this item because the Board’s obligations to review and approve Appendix A in connection to bond sales cannot be alleviated through a change in MWD’s policy. MWD staff only made clear during the committee meeting that the Board’s approval for this Appendix A was needed to align with its plan to reposition some bonds later “this month.” The Delegates opposed this item because they disagreed with the change in review procedure and provided their detailed comments on the draft Appendix A later in the week. Attachment 1 summarizes MWD’s discussion of this item.

MWD’s Administrative Code Amendments
The Board approved changes to MWD’s Administrative Code related to the descriptions and operations of restricted funds, among other modifications. The Delegates opposed this item because the changes did not reference the management of the fund for the amount disputed in the rate litigation. Staff described the set-aside fund as a “Board directed fund,” which is not

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2 MWD recently created the “San Diego County Water Authority exchange agreement set-aside” fund as part of its 2017 and 2018 budget process.
described in MWD’s Administrative Code, is not a restricted fund, and remains within MWD’s unrestricted reserves.

**Colorado River Drought Contingency Negotiations**

MWD provided a report on negotiations under way among lower basin states to voluntarily reduce their Colorado River take to slow down the decline of Lake Mead. Previously staff reported that California may give up its senior water rights on the River in exchange for clarity on MWD’s ability to access water stored as Intentionally Created Surplus during a declared shortage on the River. Following staff’s presentation, the Water Planning and Stewardship Committee discussed the proposal, which is summarized in Attachment 2.

**IRP Follow-Up from Board Retreat**

At its April 2016 retreat, the MWD Board discussed IRP policy implementation issues. This month, staff provided a presentation summarizing the “key themes” it took from that discussion. These topics related to the California WaterFix and local supply development in regional and local water reliability, including the roles that MWD and local agencies should play in developing these supply sources. Staff indicated that the next step is a Board discussion on policies on how resources are implemented and managed. Attachment 3 summarizes the Board’s discussion on this item.

**Overview**

Overall, the Water Authority Delegation supported 10 of the 13 action items approved by the MWD Board. The Delegates abstained on an item to adopt policy principles related to annexation, service area consolidation, and extension of water service by contract. The Finance and Insurance Committee received a report on a proposed fixed treated water charge workgroup. The Board will continue discussions on the formation of the workgroup at the June Executive Committee meeting. In closed session, the Legal and Claims Committee received a report on the Water Authority’s rate litigation. Attachment 4 is a copy of MWD’s June 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
- *Legal and Claims Committee* by Fern Steiner and Yen Tu
- *Organization, Personnel and Technology Committee* by Michael Hogan
- *Water Planning and Stewardship Committee* by Keith Lewinger and Fern Steiner

Attachment 1: Discussion Summary of MWD’s Official Statement
Attachment 2: Discussion Summary of Colorado River Drought Contingency Planning
Attachment 3: Discussion Summary of MWD’s Integrated Water Resources Plan
Attachment 4: MWD’s committee and Board meeting agendas and Board summary, dated June 13 and 14, 2016
Discussion Summary of MWD’s Official Statement

At MWD’s June 13, 2016 Finance and Insurance Committee (F&I Committee) meeting, staff sought approval of Appendix A to MWD’s Official Statement and authorization to distribute it. Appendix A is the “disclosure document for MWD’s bond offerings,” describing MWD’s financial and water supply conditions as well as disclosures on its governance and management to potential investors. Staff’s memo described a new process under which the Board would review Appendix A on a biannual basis, rather than each time MWD seeks to remarket or sell bonds. MWD originally planned to issue up to $175 million of subordinate water revenue bonds this month to fund its Delta Wetlands purchase, but withdrew the item when it could not close the escrow because of an Appellate Court decision. The withdrawal of debt issuance seemed to render Board’s approval of Appendix A this month unnecessary. However, prior to staff’s presentation on this item, Chief Financial officer Breaux mentioned that staff planned to use the updated Appendix A in the refinancing and repositioning of MWD debt “this month,” even though this intent was not stated in the staff’s memo; MWD historically had sought the Board’s approval each time it went to market its bonds.

Responding to Director Lewinger’s questions regarding the change in MWD’s procedures for Board review of Appendix A, Breaux said the changes “are probably not significantly different,” but would allow MWD to be more “nimble” in its financing. Lewinger pointed out that the revised “procedures” could not alleviate the Board’s legal responsibilities to review Appendix A and made a standing request for a redline strikeout copy of Appendix A, with sufficient time to review it, each time MWD plans to issue or remarket bonds.

Following this discussion the F&I Committee approved the Appendix A with the Water Authority’s one committee member, Lewinger, opposing the action. As detailed in their letter to MWD regarding Appendix A,1 the Delegates opposed this item because MWD’s new procedure would reduce the opportunities and depth of the Board’s Appendix A review. The Delegates affirmed that they will continue to review and provide comments on the Appendix A that is distributed in connection with actual debt issuance. The day after its F&I Committee, Breaux sent a written response to the Delegates and disclosed that the updated Appendix A will be used in a bond refunding later that week.2 Additionally, MWD stated that “interim updates” in between biannual reviews of Appendix A would not require Board approval because, according to MWD, the Securities and Exchange Commission (SEC) “never suggested or required that the boards of issuers need to formally approve disclosure through their formal board meeting process.”

At MWD’s Board meeting, Lewinger commented that the Water Authority Delegates disagreed with comments made in Breaux’s letter, saying that the SEC has provided guidance on the role that boards of issuers have in reviewing bond disclosures. Lewinger reiterated the Delegates’ standing request for a copy of Appendix A prior to its distribution, and their intent to continue to

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review and provide comments on Appendix A as they are legally required to do. Lewinger also informed MWD that the Delegates will provide detailed comments on MWD’s Appendix A before June 16; a copy of which was emailed to MWD on June 15.³

Discussion Summary of Colorado River Drought Contingency Planning

In response to the Water Authority’s Delegates request, the MWD Board received a report on Colorado River shortage sharing negotiations at its June Water Planning and Stewardship Committee meeting. Staff described the key voluntary water reductions being explored by the lower basin states Section 5 contractors.

Following staff’s report, Director Steiner inquired whether the voluntary reductions would become mandatory following an agreement. General Manager Kightlinger said the reductions “would become a contractual obligation.” Responding to Steiner, Kightlinger said that Mexico is also separately discussing cutbacks with the International Boundary Water Commission, United States, and Colorado River Board, which is representing California in these talks. Kightlinger added that in the discussions among other states about voluntary reductions, only Section 5 contractors are at the table. Replying to Steiner’s question about the impacts of these discussions on the Quantification Settlement Agreement (QSA), Kightlinger said “there is no intention to have amendments to the QSA,” but once the reduction terms are agreed to, then there will be an assessment of the reductions’ needed environmental coverage and if this need can “fit within” the QSA’s existing coverage. Later, Kightlinger suggested that depending on the breadth of the discussions, amendments to the QSA may “potentially” be made.

Following Steiner’s comment that the Salton Sea may “be a major sticking point” in these negotiations, Director Lefevre (Torrance) expressed a desire to better understand what IID is seeking in relation to the Sea. Kightlinger reported that IID does not “expect to see a complete solution” with “specific milestones,” but wants “a path forward” involving the state and federal governments. Kightlinger added that both the Obama and Brown administrations are “looking at some sort of comprehensive MOU [memorandum of understanding].” Later, Director Peterson (Las Virgenes) appreciated “the out-of-box thinking” coming out of these negotiations but did not see the “nexus” between them and the Salton Sea, saying IID is “clever to try to pull out everything in the box that has anything to do with the Salton Sea.” Kightlinger agreed with Peterson and said that rather than using the term “nexus,” he would liken IID’s position to the difficulty MWD would have agreeing to these cuts without a Delta Fix. Peterson opined that the California WaterFix is different from the Salton Sea since it will have a Record of Decision soon.

Responding to Director Blois’ (Calleguas) inquiry about talks among the upper basin states, Kightlinger said those states “are looking at their own types of actions that they need to do” to meet their obligations to the lower basin states as required under the 1922 Colorado River Compact. Turning to staff’s analysis, Director Lewinger reflected that MWD described the amount of water California would give up and sought to understand quantifiable benefits it could expect from agreeing to reductions. Kightlinger responded that MWD had not done the analysis and access to water stored in ICS accounts would depend on hydrologic conditions; ultimately he said modeling could be done to assess MWD’s potential water benefits from the cutbacks. Later, Steiner asked rather than storing water in Lake Mead, if MWD could store water in Diamond

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1 In California, MWD, Imperial Irrigation District (IID), Coachella Valley Water District, and Palo Verde Irrigation District, among others, are those agencies with Section 5 contracts. However, MWD did not make clear which agencies are participating in the negotiations.
Valley Lake. Kightlinger said not “molecule-for-molecule” but that Lake Mead, currently, is MWD’s “least valuable bucket” and the “last place I’ll store water,” because of the ambiguity of if MWD will be have access to its ICS account when Lake Mead is at or below 1,075 feet.

In response to Director Tu, Kightlinger said that if reductions were agreed to, then the Secretary of the Department of the Interior would administer them, consist with the Secretary’s role in governing the Law of the River. Director Tu also questioned how Arizona would achieve its reductions since it lacks the facilities to extract its groundwater supplies. Kightlinger replied that Arizona is discussing among its agencies how it would reduce its Colorado River take and that it has “lots of tools” at its disposal.
Discussion Summary of MWD’s Integrated Water Resources Plan

During MWD’s June 2016 Integrated Resources Planning Committee (IRP Committee), staff summarized the Board’s discussion of the 2015 Integrated Water Resources Plan (IRP) that took place at its April 2016 retreat. Following the presentation, Director Steiner questioned the removal of language describing Phase 2 of the 2015 IRP update process from MWD’s Appendix A. General Manager Kightlinger said that staff “thought it was confusing” to reference Phase 2 when “the IRP is closed” and has been “adopted by the Board,” describing the update to Appendix A as “just terminology.” Reflecting on the Board’s recent discussions related to treatment cost recovery, Steiner called for MWD to complete a “case-by-case analysis” of each supply investment project and to seek firm financial commitments from its member agencies to pay for these projects before implementing them. IRP Committee Chair Atwater (Foothill) responded that instead of the analysis suggested by Steiner, that projects’ “financial feasibility” will be considered as part of their feasibility studies. Highlighting MWD’s potential significant investments in the California WaterFix and Los Angeles County Sanitation Districts recycled water program, Director Lewinger said the Board must discuss how MWD, or participating member agencies, will finance these projects before committing to implement them, which goes beyond completing feasibility studies. Lewinger suggested that MWD adopt a policy on how to pay for these projects, such as through contracts to buy their produced water, noting that such commitments will shape the scale of the projects. To develop this policy, Lewinger proposed the Board hold a half-day workshop. Atwater replied that MWD will be addressing this policy issue as part of the next steps and may choose to do so through a workshop. Responding to Steiner’s earlier comments, Director Kurtz (Pasadena) said that MWD’s dilemma with stranded treatment assets differs from supply investments because all MWD member agencies may roll-off and roll-on MWD’s supplies, but not all agencies are able to roll-off MWD’s treated water. Later in the discussion, Director Tu disagreed with Kurtz’s comments saying MWD’s raw water investments face the same concerns as its treatment assets.

Returning to the next steps, Director Hogan asked who will develop the policy principles related to implementing the IRP resource targets and what is the timeline for this development. Staff said that in July and August, it plans to present existing policies principles for the committee’s review and additional information to facilitate the Board discussion on potentially modifying existing principles. Hogan asked if the policy principles would include discussion about the “conflict” between the IRP’s resource development targets and member agencies propensity to roll-off MWD supplies, specifically addressing “who will pay” for these supplies. Atwater confirmed this issue would be part of the discussion in addition to others such as “equity among the member agencies, and cost impacts, cost-shifting.” Wrapping up the committee’s discussion, Chairman Record expressed interest in better understanding how the Carlsbad Desalination Plant was implemented and how the Water Authority’s long-term planning incorporates the city of San Diego’s efforts to curb ocean discharge.
*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 May 9, 2016**

3. **CONSENT CALENDAR ITEMS — ACTION**

   **7-1** Approve up to $1.153 million to purchase insurance for Metropolitan’s Property and Casualty Insurance Program. (F&I)

   **Recommendation:**

   **Option #1:**

   Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and
   Approve up to $1.153 million to renew all the expiring excess liability and specialty insurance policies, and maintain the same retentions and coverage limits.
4. OTHER BOARD ITEMS — ACTION

8-1 Annual approval of Metropolitan’s Statement of Investment Policy and delegation of authority to the Treasurer to invest Metropolitan’s funds. (F&I)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and
a. Approve the Statement of Investment Policy; and
b. Delegate authority to invest to the Treasurer for fiscal year 2016/2017.

8-2 Approve and authorize the distribution of Appendix A for use in the issuance and remarketing of Metropolitan’s bonds. (F&I)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and therefore is not subject to CEQA, and
a. Approve the draft of Appendix A (Attachment 1 to the board letter) substantially in the form attached to the board letter;
b. Authorize the General Manager, or other designee of the Ad Hoc Committee, to finalize, with changes approved by the General Manager and General Counsel, Appendix A; and
c. Authorize distribution of Appendix A in connection with the sale or remarketing of bonds.

8-3 Withdrawn

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Oral report on investment activities

b. Oral report on Treatment Fixed Charge Work Group
7. MANAGEMENT REPORT
   a. Chief Financial Officer’s report

8. FOLLOW-UP ITEMS
   None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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

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

Meeting with Board of Directors*

**June 13, 2016**

10:00 a.m. – Room 2-456

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**Meeting Schedule**

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<th>Time</th>
<th>Location</th>
<th>Item</th>
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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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<tr>
<td>12:00 p.m.</td>
<td>Rm. 2-145</td>
<td>E&amp;O</td>
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<td>1:00 p.m.</td>
<td>Rm. 2-456</td>
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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 May 9, 2016**

3. **CONSENT CALENDAR ITEMS — ACTION**

   None

4. **OTHER BOARD ITEMS — ACTION**

   **8-6** Authorize payment of $620,598 for support of the Colorado River Board and Colorado River Authority for fiscal year 2016/17. (WP&S) *(Two-thirds vote required)*

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Date of Notice: June 1, 2016
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA and, by a two-thirds vote, Authorize the General Manager to make payment of up to $620,598 for the CRB/Six Agency Committee and Authority for FY 2016/17.

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

   a. Conservation update
   b. Update on States Surface Storage Reservoir Planning and Related Efforts

7. MANAGEMENT REPORTS

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

8. FOLLOW-UP ITEMS

   None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT
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**Engineering and Operations Committee**

Meeting with Board of Directors*

**June 13, 2016**

**12:00 p.m. -- Room 2-145**

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**Meeting Schedule**

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<th>Time</th>
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* 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 May 9, 2016**

3. **CONSENT CALENDAR ITEMS — ACTION**

   **7-2** Appropriate $310,000; and authorize design and valve procurement to relocate piping for Service Connection OC-76 on the Allen-McColloch Pipeline (Approp. 15480). (E&O)

   **Recommendation:**

   **Option #1:**

   Adopt the CEQA determination that the proposed action is categorically exempt from CEQA, and
   a. Appropriate $310,000; and
   b. Authorize design and valve procurement to relocate piping for Service Connection OC-76 on the Allen-McColloch Pipeline.

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Date of Notice: June 1, 2016
7-3 Appropriate $700,000; and award $343,625 contract to Environmental Construction, Inc. to replace blow-off valves on the Middle Feeder (Approp. 15480). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt, and
a. Appropriate $700,000; and
b. Award $343,625 contract to Environmental Construction, Inc. to replace blow-off valves on the Middle Feeder.

4. OTHER BOARD ITEMS — ACTION

8-4 Appropriate $10 million; and authorize capital program for projects costing less than $250,000 for fiscal years 2016/17 and 2017/18 (Approp. 15498). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed actions are not defined as a project or are categorically exempt from CEQA, and
a. Appropriate $10 million for capital projects costing less than $250,000 for fiscal years 2016/17 and 2017/18;
b. Authorize the General Manager to initiate capital projects costing less than $250,000 and perform all required work including the preparation of necessary environmental documentation; and
c. Designate the General Manager as the decision-making body for purposes of reviewing, approving, and certifying any environmental documentation which may be required for such projects.

8-5 Appropriate $2.7 million; and award $1,885,150 contract to Abhe & Svoboda, Inc. to replace fish screens on the Inlet/Outlet Tower at Diamond Valley Lake (Approp. 15441). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action was previously addressed in the 2014 categorical exemptions and that no further environmental analyses or documentation are required, and
a. Appropriate $2.7 million; and
b. Award $1,885,150 contract to Abhe & Svoboda, Inc. to replace the fish screens on the Inlet/Outlet Tower at Diamond Valley Lake.
5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Status of Thermalito Pumping-Generating Plant Refurbishment

7. MANAGEMENT REPORTS

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

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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REVISED AGENDA

Communications and Legislation Committee

Meeting with Board of Directors*

June 13, 2016

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

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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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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 May 9, 2016

3. CONSENT CALENDAR ITEMS — ACTION

None
4. OTHER BOARD ITEMS — ACTION

Added 8-7  Adopt Policy Principles on Annexation, Service Area Consolidation, or Extension of Water Service by Contract. (C&L)

Recommendation:
Option #1:
Adopt the CEQA determination that the proposed action is not defined as a project under CEQA, and
Adopt the Policy Principles on Annexation, Service Area Consolidation, or Extension of Water Service by Contract.

Added 8-8  Express support for AB 2348 (Levine, D-San Rafael) – Infrastructure investment. (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 2348.

Added 8-9  Express opposition, unless amended, to SB 163 (Hertzberg, D-Van Nuys) -- Wastewater treatment: recycled water. (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 opposition to SB 163, unless amended.

5. BOARD INFORMATION ITEMS

None
6. COMMITTEE ITEMS
   a. Report on activities from Washington, D.C.
   b. Report on activities from Sacramento

7. MANAGEMENT REPORT
   a. External Affairs Management report

8. FOLLOW-UP ITEMS
   None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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REVISED AGENDA

Legal and Claims Committee

Meeting with Board of Directors*

June 14, 2016

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

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

2. **Approval of the Minutes of the meeting of the Legal and Claims Committee held May 10, 2016**

3. **CONSENT CALENDAR ITEMS — ACTION**

   7-4 Approve amendments to the Metropolitan Water District Administrative Code to conform to current laws, practices and regulations. (L&C)

   **Recommendation:**

   **Option #1:**

   Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and
   Approve amendments to the Administrative Code set forth in Attachment 2 to the board letter to reflect the changes recommended in the letter.

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

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**REVISED:** Date of Notice: June 9, 2016
4. OTHER BOARD ITEMS — ACTION

None

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

Revised  

a. Report on existing and potential litigation challenging the purchase of property from Delta Wetlands Properties in Contra Costa, San Joaquin, and Solano Counties, including County of San Joaquin v. Metropolitan Water District of Southern California, et al., San Joaquin County Superior Court Case No. STK-CV-UWM-2016-3597 and the appeal of this action, Court of Appeal for the Third Appellate District Case No. C082154; North Coast Rivers Alliance v. Metropolitan Water District of Southern California, et al., Contra Costa County Superior Court Case No. MSN16-0629; Pacific Coast Federation of Fishermen’s Associations v. Metropolitan Water District of Southern California, et al., Solano County Superior Court Case No. FCS046934; and Central Delta Water Agency, et al. v. Delta Wetlands Properties, et al., Contra Costa County Superior Court Case No. C16-01022.
[Conference with legal counsel—existing and anticipated litigation; to be heard in closed session pursuant to Gov. Code Sections 54956.9(d)(1) & (d)(2)]

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)]

c. Report on Bradley Wayne Nutt v. Metropolitan Water District of Southern California, Los Angeles County Superior Court Case No. BC550863.
[Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)]

Added  

d. Report on Shimmick Construction Company, Inc./Obayashi Corporation, a Joint Venture v. Metropolitan Water District of Southern California, Los Angeles County Superior Court Case No. BC559603.
[Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)]

REVISED: Date of Notice: June 9, 2016
Report on San Diego County Water Authority v. Metropolitan Water District of Southern California, et al., San Francisco County Superior Court Case Nos. CPF-10-510380, CPF-12-512466 and CPF-14-514004; and appeal of the 2010 and 2012 actions, Court of Appeal for the First Appellate District Case Nos. A146901 and A148266; and San Diego County Water Authority v. Metropolitan Water District of Southern California, Los Angeles County Superior Court Case No. BS161729.

[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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REVISED AGENDA

Organization, Personnel and Technology Committee

Meeting with Board of Directors*

June 14, 2016

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

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

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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 Organization, Personnel and Technology Committee held May 10, 2016**

3. **CHAIRMAN’S REPORT**

4. **CONSENT CALENDAR ITEMS -- ACTION**

   None

5. **OTHER BOARD ITEMS – ACTION**

   None

**REVISED**: Date of Notice: June 9, 2016
6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS


b. Update on Metropolitan’s Workforce Planning

c. Information Technology Strategic Plan Quarterly Update – Period ending March 2016

d. Business Outreach Program Overview

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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REVISED: Date of Notice: June 9, 2016
REVISED AGENDA

Integrated Resources Planning Committee
Meeting with Board of Directors*

June 14, 2016

11:00 a.m. – Room 2-145

REVISED: Date of Notice: June 9, 2016

* 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 meetings of the Integrated Resources Planning Committee held February 9 and April 12, 2016

3. CHAIRMAN’S REPORT

4. CONSENT CALENDAR ITEMS – ACTION

None
5. OTHER BOARD ITEMS – ACTION

None

6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

a. Board Retreat Follow-up

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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REVIEWSED AGENDA

Regular Board Meeting

June 14, 2016

12:00 p.m. – Board Room

<table>
<thead>
<tr>
<th>Meeting Schedule</th>
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<tbody>
<tr>
<td>8:30 a.m.</td>
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<tr>
<td>Rm. 2-145</td>
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<tr>
<td>L&amp;C</td>
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<tr>
<td>10:00 a.m.</td>
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<td>Rm. 2-456</td>
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<td>OP&amp;T</td>
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<tr>
<td>11:00 a.m.</td>
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<td>Rm. 2-145</td>
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<td>IRP</td>
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<tr>
<td>12:00 p.m.</td>
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<td>Board Room</td>
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<td>Board Meeting</td>
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1. Call to Order
   (a) Invocation: Ronald Shute, Administrative Assistant I, Business Technology Group
   (b) Pledge of Allegiance: Director Glen Peterson

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 May 10, 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 May
C. Approve committee assignments

D. Chairman’s Monthly Activity Report

Added

E. Approve 30-day leave of absence for Director Robert Apodaca, effective June 9, 2016

6. DEPARTMENT HEADS’ REPORTS

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

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

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

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

7. CONSENT CALENDAR ITEMS — ACTION

7-1 Approve up to $1.153 million to purchase insurance for Metropolitan’s Property and Casualty Insurance Program. (F&I)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and
Approve up to $1.153 million to renew all the expiring excess liability and specialty insurance policies, and maintain the same retentions and coverage limits.
7-2 Appropriate $310,000; and authorize design and valve procurement to relocate piping for Service Connection OC-76 on the Allen-McColloch Pipeline (Approp. 15480). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt from CEQA, and
a. Appropriate $310,000; and
b. Authorize design and valve procurement to relocate piping for Service Connection OC-76 on the Allen-McColloch Pipeline.

7-3 Appropriate $700,000; and award $343,625 contract to Environmental Construction, Inc. to replace blow-off valves on the Middle Feeder (Approp. 15480). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt, and
a. Appropriate $700,000; and
b. Award $343,625 contract to Environmental Construction, Inc. to replace blow-off valves on the Middle Feeder.

7-4 Approve amendments to the Metropolitan Water District Administrative Code to conform to current laws, practices and regulations. (L&C)

Recommendation:

Option #1:

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

Approve amendments to the Administrative Code set forth in Attachment 2 to the board letter to reflect the changes recommended in the letter.

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

8-1 Annual approval of Metropolitan’s Statement of Investment Policy and delegation of authority to the Treasurer to invest Metropolitan’s funds. (F&I)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and
a. Approve the Statement of Investment Policy; and
b. Delegate authority to invest to the Treasurer for fiscal year 2016/2017.

8-2 Approve and authorize the distribution of Appendix A for use in the issuance and remarketing of Metropolitan’s bonds. (F&I)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and therefore is not subject to CEQA, and
a. Approve the draft of Appendix A (Attachment 1 to the board letter) substantially in the form attached to the board letter;
b. Authorize the General Manager, or other designee of the Ad Hoc Committee, to finalize, with changes approved by the General Manager and General Counsel, Appendix A; and
c. Authorize distribution of Appendix A in connection with the sale or remarketing of bonds.

8-3 Withdrawn

8-4 Appropriate $10 million; and authorize capital program for projects costing less than $250,000 for fiscal years 2016/17 and 2017/18 (Approp. 15498). (E&O)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed actions are not defined as a project or are categorically exempt from CEQA, and

a. Appropriate $10 million for capital projects costing less than $250,000 for fiscal years 2016/17 and 2017/18;

b. Authorize the General Manager to initiate capital projects costing less than $250,000 and perform all required work including the preparation of necessary environmental documentation; and

c. Designate the General Manager as the decision-making body for purposes of reviewing, approving, and certifying any environmental documentation which may be required for such projects.

8-5  Appropriate $2.7 million; and award $1,885,150 contract to Abhe & Svoboda, Inc. to replace fish screens on the Inlet/Outlet Tower at Diamond Valley Lake (Approp. 15441). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action was previously addressed in the 2014 categorical exemptions and that no further environmental analyses or documentation are required, and

a. Appropriate $2.7 million; and

b. Award $1,885,150 contract to Abhe & Svoboda, Inc. to replace the fish screens on the Inlet/Outlet Tower at Diamond Valley Lake.

8-6  Authorize payment of $620,638 for support of the Colorado River Board and Colorado River Authority for fiscal year 2016/17. (WP&S) **Two-thirds vote required**

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA and, by a two-thirds vote, 

Authorize the General Manager to make payment of up to $620,598 for the CRB/Six Agency Committee and Authority for FY 2016/17.
Added 8-7  Adopt Policy Principles on Annexation, Service Area Consolidation, or Extension of Water Service by Contract. (C&L)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project under CEQA, and
Adopt the Policy Principles on Annexation, Service Area Consolidation, or Extension of Water Service by Contract.

Added 8-8  Express support for AB 2348 (Levine, D-San Rafael) – Infrastructure investment. (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 2348.

Added 8-9  Express opposition, unless amended, to SB 163 (Hertzberg, D-Van Nuys) -- Wastewater treatment: recycled water. (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 opposition to SB 163, unless amended.

9. BOARD INFORMATION ITEMS

9-1  Department Head Performance Evaluation Process and Schedule
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.

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COMMITTEE ASSIGNMENTS

None  (Agenda Item 5C)

FINANCE AND INSURANCE COMMITTEE

Approved Metropolitan’s Statement of Investment Policy; and delegated authority to invest to the Treasurer for fiscal year 2016/2017.  (Agenda Item 8-1)

Approved the draft of Appendix A to Metropolitan’s bond offering statements for future financings; authorized the General Manager, or other designee of the Ad Hoc Committee organized pursuant to the bond resolution, to finalize, with changes approved by the General Manager and General Counsel, Appendix A; and authorized distribution of Appendix A in connection with the sale or remarketing of bonds.  (Agenda Item 8-2)

(WITHDRAWN - Agenda Item 8-3)

ENGINEERING AND OPERATIONS COMMITTEE

Appropriated $10 million for capital projects costing less than $250,000 for fiscal years 2016/17 and 2017/18; authorized the General Manager to initiate capital projects costing less than $250,000 and perform all required work including the preparation of necessary environmental documentation; and designated the General Manager as the decision-making body for purposes of reviewing, approving, and certifying any environmental documentation which may be required for such projects.  (Approp. 15498)  (Agenda Item 8-4)

Appropriated $2.7 million; and awarded $1,885,150 contract to Abhe & Svoboda, Inc. to replace the fish screens on the Inlet/Outlet Tower at Diamond Valley Lake.  (Approp. 15441)  (Agenda Item 8-5)

WATER PLANNING AND STEWARDSHIP COMMITTEE

Authorized the General Manager to make payment of up to $620,598 for the Colorado River Board, Six Agency Committee, and Colorado River Authority for FY 2016/17.  (Agenda Item 8-6)

COMMUNICATIONS AND LEGISLATION COMMITTEE

Adopted Policy Principles on Annexation, Service Area Consolidation, or Extension of Water Service by Contract.  (Agenda Item 8-7)

Authorized the General Manager to take a watch position on AB 2348 related to infrastructure investments by CalPERS.  (Agenda Item 8-8)
Authorized the General Manager to express opposition, unless amended, to SB 163, related to wastewater treatment and use of recycled water. *(Agenda Item 8-9)*

**CONSENT CALENDAR**

In other action, the Board:

Approved up to $1.153 million to renew all the expiring excess liability and specialty insurance policies, and maintain the same retentions and coverage limits. *(Agenda Item 7-1)*

Appropriated $310,000; and authorized design and valve procurement to relocate piping for Service Connection OC-76 on the Allen-McColloch Pipeline. *(Approp. 15480) (Agenda Item 7-2)*

Appropriated $700,000; and awarded $343,625 contract to Environmental Construction, Inc. to replace blow-off valves on the Middle Feeder. *(Approp. 15480) (Agenda Item 7-3)*

Approved amendments to the Metropolitan Water District Administrative Code to conform to current laws, practices and regulations. *(Agenda Item 7-4)*

**OTHER MATTERS:**

In other action, the Board:

Approved 30-day leave of absence for Director Robert Apodaca commencing June 9, 2016. *(Agenda Item 5E)*

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

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

Basin States and Colorado River hydrology update. (Information)

Purpose
This report provides an update on recent Basin States activities, current hydrologic conditions, and updated shortage predictions on the Colorado River.

Background
Prolonged drought conditions in the Colorado River Basin recently caused Lake Mead to drop to a record low elevation. Shortages on the river are declared under procedures set in the “2007 Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations for Lake Powell and Lake Mead” (Interim Guidelines), which define cutbacks at three distinct Lake Mead elevations. A shortage declaration under the Interim Guidelines would result in reduced allocations to Arizona and Nevada as well as restrict the ability to take water from Intentionally Created Surplus (ICS) storage accounts in Lake Mead for all Lower Basin States. In addition to the shortage criteria established in the Interim Guidelines, in 2010 an amendment to the 1944 Treaty between the United States and the Republic of Mexico (Minute 319), authorized a period in which Mexico also agreed to share in cutbacks to its annual Colorado River apportionment from 2013 - 2017. Under the current “law of the river,” while California’s access to storage in Lake Mead would be curtailed by a technical shortage declaration, it would not reduce California’s 4.4 million acre-foot (MAF) Colorado River entitlement.

With an “official” shortage on the river seemingly imminent within the next five years, efforts to create “system water” and “build elevation” have emerged as the preferred alternative to the Secretary of the Interior’s requirement to curtail deliveries to junior water rights holders once Lake Mead reaches elevation 1,075 feet. What began in 2014 as an open and shared effort amongst stakeholders has recently converted into closed-door negotiations involving a new agreement among the Lower Basin States and the Bureau of Reclamation (Reclamation) to establish additional “voluntary” cutbacks to Colorado River entitlements that would be in addition to those specified in the Interim Guidelines. While no agreement has been executed, implications that California would now voluntarily share in the cutbacks on the Colorado River could have far-reaching impacts on State water rights, the Salton Sea, and a direct impact on the Water Authority’s Quantification Settlement Agreement (QSA) supplies through stipulations in the Imperial Irrigation District (IID) Water Transfer Agreement.

Discussion
Hydrology and Reservoir Operations
The combination of hydrology projections, existing storage conditions, and reservoir operational decisions feed into the determination of a Lower Basin shortage, which is ultimately triggered by Lake Mead elevation projections falling below specified trigger levels. The Interim Guidelines incorporate criteria for equalizing flows between Lake Powell and Lake Mead based on annual runoff projections to balance the storage levels between these two major reservoirs. Reservoir releases from Lake Powell (which supplies Lake Mead) and Lake Mead (which supplies California, Arizona, Nevada and Mexico) are determined based on hydrology modeling performed by Reclamation in August for the upcoming year. Similarly, a shortage condition is
also determined by these August projections of lake elevations and not necessarily the actual lake level itself.

Total system storage has been on a downward trend for the past fifteen years and is currently at 50 percent of capacity. In mid-May Lake Mead fell to its lowest elevation since filling and dropped below elevation 1,075 feet, which is a critical elevation in regards to shortages. While there is no hydrologic restriction to reservoir operations at 1,075 feet, the elevation represents a demarcation point as the first shortage trigger elevation in Lake Mead based on the projected elevation of the lake on January 1 of the upcoming year. Reclamation’s most recent modeling from June 2016 indicates that Lake Mead’s elevation will continue to drop through the end of this month to 1,072 feet but will recover to 1,079 feet by the end of the calendar year, which is above the 1,075 feet shortage trigger elevation. Table 1 represents the most recent five-year shortage projection from Reclamation.

<table>
<thead>
<tr>
<th>Table 1. Five-Year Outlook of Projected Shortage Probabilities</th>
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</thead>
<tbody>
<tr>
<td>2017</td>
</tr>
<tr>
<td>10%</td>
</tr>
</tbody>
</table>

**Shortage Allocations**

In addition to defining reservoir operations and how a shortage is declared, the Interim Guidelines (and Minute 319 for the period 2013-2017) establish the rules for shortage allocations on the Colorado River. The elevation triggers mark the degree of shortage and determine the reductions in water apportioned to California, Arizona, Nevada, and Mexico. While Arizona, Nevada, and Mexico would face reduced allocations in a declared shortage, California’s allocation is not affected due to its senior water rights on the river. California’s annual allocation remains at 4.4 MAF in any level of shortage defined in the Interim Guidelines (Table 2).

<table>
<thead>
<tr>
<th>Table 2. Interim Guidelines and Minute 319</th>
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<tbody>
<tr>
<td>Shortage Reductions for Lower Basin States and Mexico</td>
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<table>
<thead>
<tr>
<th>Colorado River Entitlement Water (acre-feet)</th>
<th>Lake Mead Elevation (feet)</th>
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<td>1,075</td>
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<tr>
<td>California</td>
<td>4,400,000</td>
</tr>
<tr>
<td>Arizona</td>
<td>2,800,000</td>
</tr>
<tr>
<td>Nevada</td>
<td>300,000</td>
</tr>
<tr>
<td>Mexico</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Total</td>
<td>9,000,000</td>
</tr>
</tbody>
</table>

**Drought Contingency Planning**

To date, an official shortage has never been declared in the Lower Basin, however should such a declaration become necessary, the Interim Guidelines and Minute 319 are the guiding policies for shortage operations. In recent years Reclamation and principal representatives from California, Arizona, and Nevada began meeting to discuss options to prevent or delay a shortage declaration by the Secretary of the Interior. These drought contingency planning meetings tiered-off previous Interim Guidelines sentiments of staving off “mandatory reductions” through voluntary conservation. As such, Reclamation and large municipal water agencies including the Metropolitan District of Southern California (MWD), the Central Arizona Water Conservation
District (CAWCD), Denver Water, and the Southern Nevada Water Authority (SNWA) entered into an agreement to fund a Pilot System Conservation Program for the creation of Colorado River “system water” through voluntary water use efficiency measures. That program (“Phase 1”) created 65,000 AF of water conserved through land falling, farmland irrigation improvements, deficit irrigation, turf removal, and other water use reduction projects at a cost of $9 million. In March 2016, Reclamation announced a second phase of the Pilot System Conservation Program aimed at the Lower Basin. In May 2016, the Colorado River Board of California (CRB) was asked to participate in project funding at a $500,000 level. Although supportive of efforts to help the Colorado River Basin water management, the Water Authority voted against the funding based on the recent developments as described in what follows.

In concert with the Pilot System Conservation Program efforts, there have been recent closed door discussions to expand the idea of elevation building and creating system water through negotiations that involve potential “voluntary” cutbacks to Lower Basin water users. These reductions would be in addition to the contractual reductions laid out in the Interim Guidelines and ostensibly would mean an amendment to the 1944 U.S./Mexico Treaty. Details on the potential plan developed during these discussions were released to the public at a CAWCD Board of Directors meeting on May 5, 2016 and corroborated at a MWD Member Agency Managers meeting the following week. Updates to the CRB have only recently followed suit, during which the Water Authority has consistently voiced concerns with the dubious closed-door process and the direct involvement of the CRB in negotiations. Under these Lower Basin Drought Contingency Planning (LBDCP) reductions, new trigger elevations are being proposed with California potentially agreeing to take a 200,000-350,000 AF cut to its annual apportionment starting at elevation 1,045 feet (Attachment 1).

Recall that under the Interim Guidelines, California is not required to make any reductions to its annual apportionment under any of the three established shortage levels due to its senior priority water rights on the river. Through the negotiations that authorized the Central Arizona Project (CAP), which is Arizona’s municipal Colorado River delivery aqueduct, Arizona agreed that the CAP would maintain a junior status on the Colorado River relative to California’s 4.4 million AF allocation; meaning that when a shortage is declared in the Lower Basin, CAP would be cut before California. Nevada similarly maintains lower priority rights on the river to California and will experience shortages as Lake Mead elevation drops below 1,075 feet.

The current status of these new negotiations is unclear but no agreement has been executed. If California did agree to take a voluntary cutback to its senior Colorado River allocation, it is unknown which users would take the cuts and in what proportions, or what California would receive in return for giving its water away to other states. While MWD has the lowest priority water rights among California’s users, it is anticipated that the agricultural districts with large annual apportionments such as IID would likely bear the majority of the reductions if administered on a basis that is proportional to an agency’s water rights. As such, a reduction to IID supplies may directly impact the Water Authority’s QSA supplies. Per the terms of the IID/Water Authority Water Transfer Agreement, the Water Authority would be required to take a pro-rata reduction in its water transfer supplies if the Secretary of the Interior declares an “official” shortage in the Lower Colorado River Basin. While discussions are being framed as “voluntary” in nature, should these discussions mature into a signed agreement that is endorsed by the Secretary of the Interior, as has been stated publically by CAP and MWD, the Water Authority’s transfer water may be at risk. Although the Water Authority fully supports reasonable efforts to work with the California parties, the Lower Basin states, and the federal
government to develop long term solutions on the Colorado River, the Water Authority has not been afforded the opportunity to participate in recent drought contingency planning discussions. This is despite the potential impacts to the San Diego region’s QSA supplies and with disregard for the Water Authority’s unique status on the river as the only non-Section 5 Contractor under the Boulder Canyon Project Act\(^1\) that holds a Delivery Agreement for water with the Secretary of the Interior.

As to the reasoning behind California negotiating away some portion of its senior Colorado River water rights, it appears that the motivation involves the potential for expansion of existing ICS storage for IID and access to ICS at lower Lake Mead elevations for MWD – all occurring under the auspices that a “structural deficit” exists on the Colorado River and that California should once again reduce its Colorado River water diversions as it did in the California Colorado River Water Use Plan (“4.4 Plan”) and the framework established in the 2003 QSA.

*Structural Deficit on the Colorado River*
For the past several years drought has intensified the conversation that the Colorado River is over-allocated each year by approximately 1.2 MAF based on the hydrologic inflows being outweighed by water use and system losses. This structural deficit is said to be based on the Colorado River water rights being established during a time when the river was experiencing a very wet period, which in-turn created a built-in deficit into river operations. In dry years the deficit is intensified, causing a further decline in total storage. It is important to note, however that the Lower Basin State annual allocations were set back in 1928 through the Boulder Canyon Project Act and that the current drought period, to which the “structural deficit” is most readily identifiable, began in the year 2000. From 1928 to 2000 Lake Mead has been operated in a manner allowing full allocations to all users. As previously mentioned, even during the current period of prolonged drought –the post 2000 era, a shortage has yet to be declared. Further, the Interim Guidelines were established in 2007, halfway through the current drought –a time when Colorado River hydrology was well-known and the monumental water use reductions to agricultural and urban supplies via the 2003 QSA were firmly in place for California.

California water users should be particularly receptive to this piece of history, especially as water users statewide attempt to simultaneously live within existing drought conditions and recover from the gubernatorial water use restrictions imposed over the past couple of years. With changes to senior Colorado River water rights at stake, Californians who have already experienced decades of multiple dry years, spent billions on local water supply development, and invested unmatched ratepayer money on storage—all to reduce California’s Colorado River diversions—are now being asked to give away California’s higher priority water. It is unclear why California, which fought so hard over many decades to ensure the high priority of its 4.4 MAF Colorado River entitlement, and which has required its residents to significantly reduce water use, would now voluntarily surrender such valuable water, particularly when other states expressly agreed to take the first reductions in a declared shortage in return for concessions previously granted by California.

The shortage criteria and reservoir balancing procedures outlined in the 2007 Interim Guidelines were developed and agreed to by all of the Lower Basin parties with the specter of drought firmly in mind. As such, the resulting guidelines were determined to be the best alternative by all parties, which consequently meant that some users would face reductions first. It is only now that

\(^1\) See: [http://www.usbr.gov/lc/region/g4000/contracts/whatcontract.html](http://www.usbr.gov/lc/region/g4000/contracts/whatcontract.html) for further information regarding Lower Colorado River Water Delivery Contracts.
a shortage is probable and parties are facing imminent cutbacks and other restrictions that a new
deal is being suddenly negotiated, as if to say a river shortage, or a “structural deficit” was never
contemplated in 2007.

**Intentionally Created Surplus (ICS) Storage**
ICS storage accounts are the mechanism for the creation, accounting, and delivery of conserved
water with the goals of encouraging conservation programs, and promoting storage in the lake
rather than curtailments to users. Under the ICS storage program, water users are allowed to
store conserved water in Lake Mead through approved conservation programs according to set
criteria for annual and cumulative storage and delivery limitations. While the Interim Guidelines
are silent on the ability to take ICS deliveries in a shortage, it is understood that there is the
moratorium on ICS deliveries during a declared shortage condition on the river.

As the Lower Basin rapidly moves towards a shortage declaration, the restriction on ICS
deliveries has emerged as a critical component of the Interim Guidelines and LBDCP
discussions. While under normal circumstances use of the ICS program serves to help build
elevation in Lake Mead and help prevent shortage, because the Interim Guidelines are silent on
ICS take restrictions during shortage, a paradox has been created where users are discouraged
from expanding their storage accounts with the looming threat of stranded supplies during
shortage. This has resulted in the LBDCP efforts that create system water to build elevation with
funding by Reclamation and water agencies, rather than water users funding their own ICS
storage with their name on the water for later use.

Apparently, the key California “asks” in any re-negotiation of Interim Guidelines would be for
MWD’s to have access to ICS during shortage and expansion of IID’s relatively small amount of
authorized capacity in the reservoir. MWD currently has the greatest access to ICS with a total
storage capacity of 1.45 MAF. The remaining 50,000 AF of California’s 1.5 MAF of ICS
potential belongs to IID. Annual storage limits for MWD and IID are 375,000 AF and 25,000
AF, respectively. In the current drought MWD has stored a cumulative 700,000 AF from the
period 2006 to 2015, and delivered or faced evaporative losses of the majority of that ICS water
throughout that time period. Through Minute 319, Mexico can create Intentionally Created
Mexican Allocation (ICMA) in Lake Mead with the ability to store 250,000 AF or delivery
200,000 AF per year through the terms of the Minute. Current ICS and ICMA volumes are
depicted in Table 3 for the Lower Basin and Mexico.

<table>
<thead>
<tr>
<th>Volume (acre-feet)</th>
<th>Cumulative Storage Limit</th>
<th>Annual Storage Limit</th>
<th>Annual Delivery Limit</th>
<th>Current Account Balance²</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>California</strong></td>
<td>1,500,000</td>
<td>400,000</td>
<td>400,000</td>
<td>97,791</td>
</tr>
<tr>
<td><strong>MWD</strong></td>
<td>1,450,000</td>
<td>375,000¹</td>
<td>350,000¹</td>
<td>80,405</td>
</tr>
<tr>
<td><strong>IID</strong></td>
<td>50,000</td>
<td>25,000</td>
<td>50,000</td>
<td>17,386</td>
</tr>
<tr>
<td><strong>Arizona</strong></td>
<td>300,000</td>
<td>100,000</td>
<td>300,000</td>
<td>103,050</td>
</tr>
<tr>
<td><strong>Nevada</strong></td>
<td>300,000</td>
<td>125,000</td>
<td>300,000</td>
<td>511,023</td>
</tr>
<tr>
<td><strong>Mexico</strong></td>
<td>1,250,000³</td>
<td>250,000</td>
<td>200,000</td>
<td>230,528</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,350,000</td>
<td>875,000</td>
<td>1,200,000</td>
<td>942,392</td>
</tr>
</tbody>
</table>

¹If IID doesn’t use its full storage or delivery capacity, MWD is allowed to use the difference for that year, up to the California limit.
²Account Balance as of the end of calendar year 2015 per the 2015 Reclamation Decree Accounting Report.
³Mexico’s annual storage limit is 250,000 acre-feet, for the 5 year duration of Minute 319.
Since the Interim Guidelines were approved in 2007, the Water Authority has been working on the establishment of an ICS account in Lake Mead for the ability to store conserved Colorado River water supplies. While not a Section 5 Contractor, the Water Authority has the ability to participate in the ICS program via its Delivery Agreement with the Secretary of the Interior. In addition, all of the Water Authority’s annual 277,700 AF worth of annual QSA supplies has been deemed eligible for inclusion in the ICS program via “forbearance agreements” with the other California contractors. While eligible as a participating entity with approved supplies, the Water Authority does not have an ICS account. In 2007, the Water Authority and MWD signed a Memorandum of Agreement (MOA) to work towards establishing a sub account to MWD’s 1.45 MAF capacity in Lake Mead. The concept was to take advantage of a portion of what has been one MAF of unused California (MWD) capacity in Lake Mead. The MOA term expired in July 2015 without the execution of a Water Authority ICS subaccount.

Impacts on the QSA Contracts, Environmental Coverage, and Next Steps
Consideration must be given to the unique jurisdictional requirements that span the entire Lower Basin. In California, this most certainly involves the State Water Resources Control Board (State Water Board) and compliance with the California Environmental Quality Act. Under the Interim Guidelines, plans to create additional water through ICS are subject to environmental compliance. This includes “documentation regarding any state or federal permits or other regulatory approvals that have already been obtained by the Contractor or that need to be obtained prior to the creation of ICS.” The guidelines therefore do not preempt State Water Board jurisdiction. In addition, Section 8 of the Reclamation Act ensures that state law governs the “control, appropriation, use or distribution of water used in irrigation, or any vested right acquired thereunder.” If water is “voluntarily” left in the river, similar restrictions apply to IID, which holds a consumptive use permit issued by the State Water Board that requires approval to store water in Lake Mead.

To date the Governor’s Office and the State as a whole have not been involved in LBDCP discussions, nor has the State Water Board been approached with regard to environmental compliance and approvals needed for “change in point of diversion” requirements that would place water in Lake Mead as opposed to it remaining in the IID service area. This last point is a notable omission in the LBDCP process, which appears to have turned a blind eye towards the environmental impacts the proposed actions could have on the Salton Sea. As previously noted, it has been proposed that California provide up to 350,000 AF to boost Lake Mead elevation. Setting aside the utility of the proposed action and the positive impact it will create for the Lower Basin as a whole, the unmitigated impacts this action will have on the Salton Sea is absent from the conversation. IID currently has an entitlement to 3.1 MAF of California’s 4.4 MAF, or 70 percent. Suppose California’s share of the proposed 350,000 AF is proportional to an agency’s entitlement, thus requiring IID contribute 247,000 AF to Lake Mead. If created through efficiency conservation, the reduced inflows to the Salton Sea would be one-for-one, nearly matching the 300,000 AF impact IID’s current QSA conservation programs with CVWD, MWD, and the Water Authority have on the Salton Sea.

While some will argue that the impacts on the Salton Sea are “temporal” in nature by characterizing the transaction as “storage,” the State Water Board has maintained that a transaction not completed in one year is a long-term reallocation of water among users and therefore under State Water Board jurisdiction, which is precisely what is proposed by the LBDCP. IID has indicated that the district will not contribute water to Lake Mead unless there is a clear path forward for the Salton Sea in the larger context of State restoration. Similarly, MWD
has advocated for a Bay Delta solution in exchange for concessions it would make for the LBDCP. In any case, much remains unknown regarding the impact the LBDCP have on the QSA contracts. Although the stated goals of the current parties participating in the negotiations is to protect the QSA contracts, how that plays out in relation to the possible renegotiation of the Interim Guidelines remains unclear. In 2007 the Water Authority was part of the group that helped craft the California component of the Interim Guidelines. This was on the heels of signing the QSA, which gave the San Diego region a considerable stake in future river operations, which remains true today. Regardless of Section 5 Contractor status, the San Diego region stands to use 280,000 AF Colorado River water once the QSA is fully ramped up in 2021. This volume is comparable to the consumptive Colorado River water use for the State of Nevada. If the Water Authority were to be required to take a reduction in its water transfer with IID, that volume would track proportionally with the volumetric reductions from Nevada as shown in Table 2.

Considering the volume associated with the QSA programs, the financial investments that have now surpassed one billion dollars, and the environmental impacts associated with the Salton Sea, the Water Authority has a vested interest in the success and failures of Lower Basin States negotiations and Colorado River operations.

Prepared by: Kara Mathews, Senior Water Resources Specialist
Prepared by: Dan Denham, Colorado River Program Director
Approved by: Maureen Stapleton, General Manager

Attachment 1: Proposed Drought Contingency Planning Reductions presented by CAP
## LBDCP Reductions

<table>
<thead>
<tr>
<th>Lake Mead Elevation</th>
<th>AZ (2007)</th>
<th>AZ (Plan)</th>
<th>AZ Total</th>
<th>NV (2007)</th>
<th>NV (Plan)</th>
<th>NV Total</th>
<th>CA (2007)</th>
<th>CA (Plan)</th>
<th>CA Total</th>
<th>BOR</th>
<th>Mexico Minute 319*</th>
<th>Total</th>
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<tbody>
<tr>
<td>1,090-1,075</td>
<td>0</td>
<td>192,000</td>
<td>192,000</td>
<td>0</td>
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<td>1,075-1,050</td>
<td>320,000</td>
<td>192,000</td>
<td>512,000</td>
<td>13,000</td>
<td>8,000</td>
<td>21,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100,000</td>
<td>50,000</td>
<td>683,000</td>
</tr>
<tr>
<td>1,050-1,045</td>
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<td>192,000</td>
<td>592,000</td>
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<td>240,000</td>
<td>640,000</td>
<td>17,000</td>
<td>10,000</td>
<td>27,000</td>
<td>0</td>
<td>200,000</td>
<td>200,000</td>
<td>100,000</td>
<td>70,000</td>
<td>1,037,000</td>
</tr>
<tr>
<td>1,040-1,035</td>
<td>400,000</td>
<td>240,000</td>
<td>640,000</td>
<td>17,000</td>
<td>10,000</td>
<td>27,000</td>
<td>0</td>
<td>250,000</td>
<td>250,000</td>
<td>100,000</td>
<td>70,000</td>
<td>1,087,000</td>
</tr>
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<td>1,035-1,030</td>
<td>400,000</td>
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<td>640,000</td>
<td>17,000</td>
<td>10,000</td>
<td>27,000</td>
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<td>300,000</td>
<td>100,000</td>
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<td>1,137,000</td>
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<td>0</td>
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<td>350,000</td>
<td>100,000</td>
<td>70,000</td>
<td>1,187,000</td>
</tr>
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<td>350,000</td>
<td>350,000</td>
<td>100,000</td>
<td>125,000</td>
<td>1,325,000</td>
</tr>
</tbody>
</table>

*Minute 319 reductions extend through 2017. Assume reductions continue in Minute 32X.
June 22, 2016

Attention: Imported Water Committee

Colorado River Board Representative’s report. (Discussion)

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

Discussion
This report covers activities from the June 15, 2016 CRB, Six Agency Committee (SAC), and Colorado River Authority meetings in Ontario, California.

Six Agency Committee:
The SAC consists of representatives from the six water agencies of the CRB and currently funds the entire CRB annual budget. At the June SAC meeting, the fiscal year 2017 budget of $2.6 million was approved with funding for the CRB and other Colorado River programs such as weather modification. Contributions by the member agencies total $1.9 million, which the Water Authority funds 10 percent.

Colorado River Board:
Agency Updates
- The Water Authority reported regional savings of 21 percent compared to the reduced regulations target of 13 percent. Also, with revised state regulations allowing regional-based reporting, the conservation requirement will be reduced to zero.
- Metropolitan Water District of Southern California (MWD) reported the first quarter of the year showed 85 percent of average water use, indicating the area’s conservation efforts. MWD also celebrated its 75 year anniversary of water deliveries this month.
- Los Angeles Department of Water and Power (LADWP) stated that all of the snow has melted in Eastern Sierra. Also, the City of Los Angeles’ conservation will now be driven by the recently adopted Sustainability City Plan which includes serious water conservation targets like the January 1, 2017 target of 104 gallons per capita per day.
- Coachella Valley Water District mentioned that at their board of directors meeting to increase the domestic rate from $1.12 to $1.32 per unit, there were protests and 50 people with public comments. The basis for the rate increase is a revision of budget-based tiered rates to “make permanent” the conservation requirements by the state.
- Palo Verde Irrigation District recently installed their second dam gate, with plans for the third gate to be in by next February.
- Imperial Irrigation District reported the district is currently projecting an 82,000 acre-foot underrun and mentioned the impacts of changing agricultural markets for wheat and alfalfa.

Water Supply and Reservoir Conditions
A water supply and reservoir conditions update was provided with data from June 6 (Table 1). A more detailed report is available here: http://www.usbr.gov/lc/region/g4000/weekly.pdf.
Table 1. Colorado River Reservoir Conditions

<table>
<thead>
<tr>
<th>Conditions as of June 6, 2016</th>
<th>Volume (million acre-feet)</th>
<th>Percent of Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total System Storage</td>
<td>30.0</td>
<td>50%</td>
</tr>
<tr>
<td>Lake Powell</td>
<td>12.3</td>
<td>51%</td>
</tr>
<tr>
<td>Lake Mead</td>
<td>9.5</td>
<td>36%</td>
</tr>
<tr>
<td>Unregulated Inflow to Lake Powell Forecasted for Water Year 2016</td>
<td>9.7</td>
<td>90% (of average)</td>
</tr>
<tr>
<td>Upper Basin Snowpack</td>
<td>---</td>
<td>155% (of average)</td>
</tr>
</tbody>
</table>

Drought Contingency Planning

Discussions are currently occurring for a conceptual drought contingency plan that contains several objectives: developing tools to protect and implement the 2007 Interim Guidelines and Quantification Settlement Agreement; protecting Lake Mead from critically low levels; increasing operational flexibility during low reservoir levels; incentivizing additional storage in Lake Mead; additional reductions for each Lower Basin State; and contributions by the US to contribute water to Lake Mead. CRB staff provided a presentation on drought contingency planning efforts and provided details on the current “closed door” discussions and proposed plan by the Lower Basin States. Staff stated that under the proposed voluntary reductions, contributed water would be recoverable when Lake Mead conditions improve and would be tied to the rules for the current Intentionally Created Surplus (ICS) program in the 2007 Interim Guidelines. The presentation included a graph showing the drought contingency plan’s potential voluntary reductions by each state (Figure 1). Staff indicated that Arizona and Nevada would first contribute their predetermined shortage shares under the 2007 Interim Guidelines before California incurred a reduction. Then, both Arizona and Nevada would contribute under the proposed voluntary reductions and California would also volunteer to reduce at certain levels.

Figure 1. Lower Basin States Drought Contingency Plan – Potential Reductions (from MWD, presented by CRB)
The proposed voluntary reductions are in addition to the shortage allocations defined in the 2007 Interim Guidelines. Under the 2007 Interim Guidelines, California would not face a reduction under any shortage condition, which is defined for elevations beginning at 1,075 feet down to below elevation 1,025 feet in Lake Mead. Under the new proposed plan, cutbacks would begin at elevation 1,090 feet, with California sharing in the reductions starting at elevation 1,045 feet with contributions of 200,000-350,000 acre-feet. More information on the drought contingency planning efforts and shortage criteria are included in this month’s Basin States and Colorado River hydrology update report.

**Salinity Control Program**

A call to discuss the Paradox Valley Unit Alternative Environmental Impact Statement (EIS) occurred on June 1 for updates on the three alternatives in the EIS: evaporation pond alternative, second well alternative, and brine crystallization alternative. For the brine crystallization alternative, the Bureau of Reclamation would like to develop a demonstration project that would delay completion of the EIS to 2019. In the event that the current well fails prior to the finalized EIS, the contingency plan is to build an emergency second well.

**Implementation of Minute 319**

The binational negotiating group for the successor agreement to Minute 319 met on May 24-26 and a small group was formed to develop recommendations for options to complete the successor minute during 2016.

**Lower Colorado River Multi-Species Conservation Program**

The Lower Colorado River Multi-Species Conservation Program (LCR MSCP) met May 11-12 to discuss fiscal year 2015 accomplishments and the fiscal year 2016 and 2017 activities and expenditures. The group also discussed the new properties entering the program, including Planet Ranch in Arizona as well as properties in California.

**Announcements**

The July CRB meeting is cancelled. The August meeting is being hosted by LADWP and a tour of the Owen’s Lake facility is being organized in coordination with the meeting.

Prepared by:  Kara Mathews, Senior Water Resources Specialist  
Reviewed by:  Dan Denham, Colorado River Program Director  
Approved by:  Doug Wilson, CRB Representative
Date: June 22, 2016
To: San Diego County Water Authority Board Members
From: Ken Carpi, Washington Representative
Subject: Federal Legislative Update

Congress Readying for Recess

Congress is making its final legislative push before both chambers recess for an extended break beginning on July 18 and lasting until September 6. The House and Senate will be in session throughout September before recessing again until a lame duck session scheduled to begin on November 14.

On June 22, presumptive Democratic presidential nominee Hillary Clinton will meet with House Democrats to work on building unity and a common agenda ahead of the party’s convention in July and the November 8 election. On the other side of the aisle, Donald Trump and congressional Republicans continue to struggle to coalesce behind a message.

House Rejects Energy-Water Spending Bill Leading to Rules Change

Conservative Republicans joined Democrats in voting down the FY2017 Energy & Water Development Appropriations Act (H.R. 5055). The House voted 112-305 to reject the bill after the adoption of several controversial amendments, including provisions on LGBT individuals and the Iran nuclear agreement. The underlying bill contained the California drought bill adopted by the House last year. The Senate passed its version of the bill in May.

While House leaders have not officially killed the bill, they are not expected to bring it back for a stand-alone vote. Rather, they are expected to roll it into an omnibus spending measure during a lame duck session at the end of the year. Following the vote, House Speaker Paul Ryan retreated from a pledge to allow an open amendment process on spending bills. Going forward, appropriations bills will need to go through the House Rules Committee, which will choose which amendments are allowed for a vote. While Ryan reiterated his desire to see open debate on these bills, he also restated his desire to see a semblance of “regular order” returned to the appropriations process.
Committees Approve Interior-EPA Appropriations

On June 15, the House Appropriations Committee approved its version of the FY2017 bill funding the Environmental Protection Agency, the Department of the Interior’s non-water programs, and environmental programs including the Fish & Wildlife Service. On June 16, the Senate Appropriations Committee approved its version of the spending bill (S. 3068, S. Rpt. 114-281). It is not certain if the bill will come to the Senate floor for consideration before the July recess begins on July 18, although the House will probably take up the bill before its recess.

Both bills continue the long trend of cutting funding and headcount at EPA. Each bill would essentially maintain level funding for the Drinking Water State Revolving Fund (SRF), with the House providing $1.07 billion and the Senate $1.02 billion. They diverge on the Clean Water SRF. The Senate would level funding at $1.35 billion, but the House would cut the program by $394 million, bringing it down to an even $1 billion.

The House places more emphasis on encouraging innovative financing in lieu of federal loans and grants. It would capitalize the new WIFIA program with $45 million and believes this would help leverage $3-5 billion in new funding for water systems. The Senate funds WIFIA at $30 million. According to EPA, they hope to have guidance in place by October allowing it to begin accepting applications for funding from the program.

WRDA Supporters Fight for Floor Time

Committees in the House and Senate have each passed bills reauthorizing the Water Resources Development Act (WRDA). Now, supporters are pressing hard to get floor votes in each chamber before the summer recess begins, with Senate EPW Chairman Jim Inhofe and Ranking Member Barbara Boxer leading the effort. In a break from previous WRDAs, the Senate bill authorizes nearly $5 billion in new funding authorization for EPA’s water system programs, primarily to address lead contamination in Flint, Michigan and other systems.

The window was small but has grown tighter after Congress took an unplanned recess following the terrorist attack in Orlando. Staff have begun pre-conferencing the bills, but initiating a formal conference before July 18 would greatly enhance the chance for a final conference report this year.