Proposed Staff Recommendation Consent Calendar for July 28, 2016

ADMINISTRATION AND FINANCE COMMITTEE

Note and file monthly Treasurer’s Report.

9- 2. A Resolution setting the time and date for a Public Hearing to consider amendments to the San Diego County Water Authority Local Conflict of Interest Code.
Adopt Resolution No. 2016-__setting the August regular meeting of the Administrative and Finance Committee as the time and date of a public hearing to consider amendments to the San Diego County Water Authority Local Conflict of Interest Code.

WATER PLANNING COMMITTEE

9- 3. Amendment to the legal services agreement with Hawkins Delafield & Wood LLP.
Authorize the General Counsel to amend the legal services agreement with Hawkins Delafield & Wood LLP as special counsel to include new transactional legal work for the Claude “Bud” Lewis Carlsbad Desalination Plant project intake and discharge system modifications, for a not-to-exceed amount of $180,000.

9- 4. Amendment to professional services contract with Louis Berger Group.
Authorize the General Manager to approve Amendment No. 6 to the professional services contract with Louis Berger Group for technical support services for the proposed intake and discharge modifications for the Claude “Bud” Lewis Carlsbad Desalination Plant, in the amount of $147,900, for a total contract value of $1,287,692, and extending the term from its current end date of December 31, 2016 to June 30, 2017.

9- 5. Advance wetlands mitigation credit purchase agreement with Brook Forest LLC.
Authorize the General Manager to conclude negotiations and enter into an agreement to purchase six wetland (re-establishment) mitigation credits for an amount not to exceed $2.1 million.

ENGINEERING AND OPERATIONS COMMITTEE

Authorize the General Manager to execute the Electric Service Contract and Restated Implementation Agreement with the Western Area Power Administration to purchase power from the Boulder Canyon Project.

Authorize the General Manager to accept the Ramona Pipeline Pump Well project as complete, record the Notice of Completion, and release funds held in retention to Palm Engineering Construction Company, Inc. following expiration of the retention period.
LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE

9- 8. Water Authority Sponsorship of Legislation in the 2016 State Legislative Session. Sponsor legislation during the 2016 legislative session to clarify statutory authority under the County Water Authority Act relative to energy matters.
House and Senate in Recess for the Summer

Members of Congress adjourned last week for a seven-week recess. They left after the House and Senate Committees on Appropriations succeeded in passing all 12 spending bills for Fiscal Year 2017. However, in the past there have been mixed results in getting these bills through the full chambers. Congress returns in September to focus on the final push before Election Day.

Because it is unlikely that all of the appropriations bills will reach the President’s desk in September, a Continuing Resolution (CR) will be needed to keep the federal government operating after the start of the new fiscal year on October 1. Whether a spending deal can be reached during a lame duck session or if another CR will be needed to continue funding through March 2017 or later into the year will be the subject of intense negotiations between Republican and Democratic leaders on Capitol Hill, President Obama, and the President-elect.

Senate Committee Adds New Piece to Drought Response

The Senate Committee on Energy and Natural Resources approved a large slate of bills, including S.2902, the “Western Water Supply and Planning Enhancement Act of 2016,” introduced by Senator Jeff Flake (R-AZ). His bill is cosponsored by Senators Barrasso (R-WY), McCain (R-AZ), Risch (R-ID), Heller (R-NV), and Daines (R-MT). The bill is part of Chairwoman Lisa Murkowski’s (R-AK) effort to build a broad legislative package to address drought in the Western United States.

Among its numerous provisions, the bill adds to an existing pilot program addressing conservation of water in Lake Mead. The bill also directs the U.S. Army Corps of Engineers, Bureau of Reclamation, and non-federal reservoir operators to use current forecasting methods and hydrology to improve water storage. It also calls for streamlining the permitting process for forest and wildland restoration to help protect watersheds in critical water supply areas.
The Committee did not mark-up Senator Feinstein’s S. 2533, the “California Long-Term Provisions for Water Supply and Short-Term Provisions for Emergency Drought Relief Act.” It remains possible the Committee will mark-up that bill during September, but finding floor time in the Senate for a drought package before Election Day is unlikely.

**House Passes EPA Spending Bill**

The House brought up the Interior-EPA bill under new rules for considering spending bills and passed it by a mostly party-line tally of 231-196. The $32.1 billion bill includes deep cuts to EPA programs while boosting many of the Department of the Interior’s non-water functions.

The House bill includes $1 billion for the Clean Water State Revolving Fund (SRF), $1.07 billion for the Drinking Water SRF, and $50 million for the Water Infrastructure and Finance Innovation Act (WIFIA) program. The amount for the Clean Water SRF represents a deep cut from FY2016. Appropriators pointed to the additional funding for WIFIA and other provisions meant to encourage the greater use of public-private partnerships to leverage federal funding for new water infrastructure. The bill also directs EPA to do more to address lead contamination in public drinking systems.

The House bill includes elements of previously passed legislation aimed at the drought in California. The House voted down Democratic attempts to strip the drought provisions from the bill. While this bill is not intended to be the vehicle for a final drought deal, it was another attempt by House Republicans to bring the Senate to the negotiating table on the drought.

During consideration of the bill, Republicans turned back efforts to remove riders that would prevent the EPA from implementing its proposed “Waters of the United States” rule and others meant to implement President Obama’s climate agenda. These riders earned the bill a veto threat from the President and will complicate efforts to negotiate a final bill.

A similar bill cleared the Senate Committee on Appropriations in June.

**House Hearing Considers Summer Flow Proposals**

The House Committee on Natural Resources held a hearing on apparently conflicting federal proposals to address water flows through the Delta during summer operations. The National Marine Fisheries Service is proposing to reduce Shasta releases to maintain cold water runs later in the year for salmonids. Such an action would reduce water flows into the Delta. At the same time, the Fish & Wildlife Service is seeking to procure new water to increase flows during the summer to benefit smelt.

The hearing came after Members of Congress criticized the scientific basis for these actions, the apparent failure to coordinate federal operational actions related to species management in the Delta, and the negative effects that these decisions could cause to Delta contractors. The conflicting demands of adjusting water flows for different species have also resulted in calls to reopen the Biological Opinions governing federal actions in the Delta.
The hearing did not produce any definitive solutions from NMFS or the F&WS, but it did bring many actors in the Delta to the table and commitments to work through these issues with greater input from more stakeholders.

**Water Resource Bill Fails to Advance Before Recess**

Despite calls from a broad coalition of stakeholders for a vote in the House and Senate on Water Resourced Development Act (WRDA) authorization bill – which have cleared committee in both chambers – Congress left town without such a vote. After focusing much of the year on unrelated aviation legislation, House Transportation & Infrastructure Committee Chairman Bill Shuster (R-PA) appears content to let the Senate take the lead, which may happen. Senate Majority Leader Mitch McConnell has pledged to bring the Senate version of the bill before the full chamber in September, but only if other pending business is addressed.

The Senate bill authorizes nearly $5 billion in funding for EPA-administered water programs in addition to WRDA bill’s usual authorization for the Corps of Engineers projects and programs. The pending House bill does not contain any funding for the EPA because of jurisdictional differences between committees in the House and Senate.

Numerous coalitions are gearing up to renew pressure on Congress to pass a WRDA bill before Election Day. Staffs are meeting informally to pre-conference the bills as much as possible so that a bill could quickly reach the President’s desk if leadership decides to move the bills.
July 27, 2016

Attention: Legislation, Conservation and Outreach Committee

Water Authority Sponsorship of Legislation in the 2016 State Legislative Session. (Action)

Staff Recommendation
- Sponsor legislation during the 2016 legislative session to clarify statutory authority under the County Water Authority Act relative to energy matters.

Alternatives
1. Modify the recommended legislative proposal.
2. Do not sponsor the recommended legislative proposal.

Fiscal Impact
There is no direct fiscal impact associated with sponsorship of legislation.

Discussion

Background
In 2000, SB 552 by Senator David Kelley (Chapter 1044, Statutes of 2000) authorized the Water Authority to own and operate facilities for supplying itself and its member agencies with gas and electricity. SB 552 also authorized the Water Authority to, by contract, purchase gas and electricity from the federal government, the State of California, and any other public agency or private entity, and sell the gas and electricity to any public agency or private entity engaged in retail sales of electricity and gas.

At the time SB 552 was considered by the Legislature, the Water Authority was in the process of developing the Lake Hodges hydropower pumped storage project. The objective of SB 552 was to provide statutory clarity for the Water Authority to market hydropower energy generated at the Lake Hodges hydropower pumped storage project.

Today, the Water Authority has several energy producing assets, including the 40 MW Lake Hodges Pumped Storage Project, the 4.5 MW Rancho Peñasquitos Hydroelectric Project, and nearly 3 MW of installed solar. In a related action on the July 28 Engineering and Operations Committee agenda, the board will consider entering into an agreement with the Western Area Power Administration (WAPA) to acquire 1.6 MW of federal preferential power (Hoover allocation) from the Boulder Canyon Project for a 50-year term, beginning in October 2017. The most effective way to maximize the financial benefit to water ratepayers would be to directly utilize this power at Water Authority facilities, or water supply projects that serve the Water Authority (e.g. the Claude “Bud” Lewis Carlsbad Desalination Plant); this and other energy produced by the Water Authority could also be utilized to serve its member agencies.

The Water Authority has been working for approximately a year to secure an agreement with San Diego Gas & Electric to provide a wholesale open access distribution tariff to convey the Water Authority’s low-cost power to its meters, those that serve the desalination plant or to its
member agencies’ facilities. While the Water Authority believes the County Water Authority Act provides the authority necessary for SDG&E to provide such a wholesale tariff, SDG&E has taken a firm position that the existing County Water Authority Act does not permit it to do so. While the Water Authority has secured agreement with the California Independent System Operator (CAISO) to market the Water Authority’s Hoover power on the CAISO grid, doing so will not provide the substantial savings – estimated at $14 million over the life of the agreement - that directly utilizing the power to offset higher power costs for Water Authority projects or supply projects such as Carlsbad would provide.

Clarifying the Water Authority’s statutory authority this year would allow the Water Authority to maximize the economic value and benefit of this energy acquisition for ratepayers by utilizing the Hoover power directly, when that low-cost federal power becomes available in October 2017.

In addition to the pending Hoover power delivery, the Water Authority’s power purchase agreement (PPA) with SDG&E for 4.5 MW of pumped hydropower production at Rancho Peñasquitos expires in January 2017. Clarifying the Water Authority’s statutory authority this year would allow the Water Authority to directly utilize the power from this expiring PPA to maximize the economic value and benefit of this energy production for ratepayers.

And finally, amending the Water Authority Act could also be helpful in the event the Board of Directors and the Water Authority’s partner, the City of San Diego, make the decision to proceed with the development of the San Vicente Energy Storage Facility.

Removing any uncertainty over the Water Authority’s statutory authority, as SDG&E asserts exists, would also help ensure an appropriate planning horizon for SDG&E to reduce energy purchases on behalf of the Water Authority and its member agencies. Doing so would also help to provide a sufficient period of time to avoid any potential SDG&E ratepayer impacts and to address departing load issues.

The following clarifications of the existing statutory authority are intended to rectify what SDG&E has interpreted as limitations in the current Act:

- While the County Water Authority Act provides substantial legal authority for the Water Authority to provide, sell, and deliver hydroelectric power pursuant to contract, the enabling act is not fully comprehensive in its identification of specific entities that could potentially purchase produced hydropower energy from the Water Authority, including Native American tribes and wholesale and retail purchasers.

- The County Water Authority Act is silent with respect to transmission and distribution of power, and clarifying statutory authority would help to ensure that electric corporations do not operate their transmission and distribution facilities in a manner that impedes the ability of the Water Authority from achieving its objective, which is to transmit power to the Water Authority and member agencies’ facilities, and water supply projects, through a wholesale open access transmission and distribution tariff, similar to arrangements utilized by the Bay Area Rapid Transit District in the Pacific Gas & Electric service
territory, and the Los Angeles Department of Water and Power in the Southern California Edison service territory.

Staff Recommendation

Staff recommends the Board sponsor legislation to clarify the statutory authority embodied within the County Water Authority Act with respect to the Water Authority’s ability to generate and acquire energy to supply itself, its member agencies, and water supply projects such as the Carlsbad desalination plant.

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

- Provides opportunities for reduced energy rates under tariff schedules for the Water Authority and its member agencies.
- Provides greater flexibility in the utilization of Water Authority and its member agencies’ facilities for generation and acquisition of electrical and natural gas power.
- Provides the Water Authority and its member agencies with greater flexibility in the permitting, construction, and operation of its existing and potential in-line hydroelectric, solar, wind, battery, and closed-loop pumped-storage projects.
- Provides protection to water agencies in San Diego County from energy rate increases and provides rate relief for member agencies.


Prepared by: Glenn A. Farrel, Government Relations Manager
Ivy Ridderbusch, Assistant Management Analyst

Approved by: Dennis A. Cushman, Assistant General Manager
July 27, 2016

Attention: Imported Water Committee

Metropolitan Water District Delegates’ Report (Discussion)

Background
This report summarizes key discussions held and actions taken at the Metropolitan Water District (MWD) committee and Board meetings, as reported by the Water Authority Delegates. The MWD committees and Board met on July 11 and 12, 2016, and meet next on August 15 and 16.

Discussion
Key actions at this month’s MWD Board meetings included: 1) approving modifications to the Conservation Program; 2) authoring payments of up to $3.7 million for participation in the State Water Contractors, Inc., and the State Water Project Contractors Authority for fiscal year 2017; and 3) authorizing an increase in contract amount for legal services related to litigation against MWD’s purchase of the Delta Wetlands properties. Additionally, the Board received a Quarterly Financial Review, and a report on MWD’s Other Post-Employee Benefits (OPEB) liability. In closed session, the Board heard reports related to Bay-Delta matters and the Water Authority’s rate litigation, and received department head evaluation presentations. The Board reviewed the evaluation process in open session. Department head evaluations are due before July 27.

Conservation Program Modifications
Staff presented its changes and additions to MWD’s Conservation Program. After much discussion (details provided in Attachment 1), the Board approved staff’s proposed recommendations except for the subsidy modifications related to the rain barrel program. Although supportive of water use efficiency, the Water Authority Delegates opposed this action because MWD uses illegal rates to fund its Conservation Program, and because the Water Authority’s ratepayers do not have full access to MWD’s conservation programs. The Delegates articulated their concerns with the Conservation Program modifications at the committee and in their letter to MWD.

Financial Condition
During the Finance and Insurance Committee, the Board received several reports related to MWD’s financial condition and management, including updates from MWD’s Chief Finance Officer on planned bond remarketings and MWD’s fixed treated water charge workgroup. The Board also heard a Quarterly Financial Review. Being a review for the fourth quarter, the

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2 The MWD Board chose to enforce the “Rate Structure Integrity” clause, prohibiting the Water Authority from participating in several subsidy programs including the “Member Agency Administered Program” (MAAP) because it challenged MWD’s rates in court. A new program offering rebates to retrofit multi-family homes with sub-meters is only available through the MAAP.

presentation included a “preliminary” overview of fiscal year 2016 financials. Lastly, MWD’s outside consultant, Bartel and Associates, updated the Board on MWD’s OPEB liability as of June 30, 2015. More details on these reports are in Attachment 2.

Bay-Delta Related Items
During the Legal and Claims Committee, the Board received closed-session reports on the litigation challenging MWD’s purchase of Delta Wetlands properties and a recent court decision invalidating the Delta Stewardship Council’s Delta Plan. Following the closed session, the committee, and subsequently Board, authorized an increase in the maximum amount payable under contract with Best, Best & Krieger LLP for legal services related to the Delta Wetlands purchase litigation, increasing this contract by $300,000 to a maximum amount of $400,000. Related to the invalidation of the Delta Plan, MWD General Counsel Scully reported that if the trial court’s ruling is appealed, this ruling could be stayed and the Delta Plan “could remain in effect.” On the other hand, Scully said if the Delta Plan “is deemed to be ineffective and it is not in effect,” and the California WaterFix obtained the needed permits, then the project “would not be required to meet the consistency requirement” with the Delta Plan since a plan to be consistent with would not exist.

Overview
Overall, the Water Authority Delegation supported 11 of the 13 action items approved by the MWD Board; they opposed the Conservation Program item and abstained on authorizing the increase in maximum amount payable for the Delta Wetlands litigation. From the Los Angeles Delegation, Director Murray also abstained on increasing the amount payable for the Delta Wetlands litigation while Director Quinonez supported the action, and Directors Paskett and Gold opposed the item. (Director Dake was absent.) Attachment 3 is a copy of MWD’s July 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
Engineering and Operations Committee by Fern Steiner
Finance and Insurance Committee by Keith Lewinger
Legal and Claims Committee by Fern Steiner
Real Property and Asset Management Committee by Michael Hogan
Water Planning and Stewardship Committee by Keith Lewinger and Fern Steiner

Attachment 1: Discussion Summary of MWD’s Conservation Program Modifications
Attachment 2: Discussion Summary of MWD’s Financial Management
Attachment 3: MWD’s committee and Board meeting agendas and Board summary, dated July 11 and 12, 2016

4 More information on the Delta Plan and the recent court ruling found in the memo Status of Delta Stewardship Council Delta Plan in the Water Authority’s July 2016 Board Packet starting on page 75:
5 Following the July MWD Board and Committee meetings, the California Supreme Court lifted the stay blocking the close of escrow. MWD reported that escrow closed on July 18 and now it owns a little more than 20,000 acres of islands in the Bay-Delta.
Discussion Summary of MWD’s Conservation Program Modifications

During MWD’s July 2016 Water Planning and Stewardship Committee (WP&S Committee), staff presented proposed modifications to MWD’s Conservation Program, which included new programs and changes to existing ones. Staff reported that these modifications included input from the Program Advisory Committee (PAC). Following staff’s presentation, the WP&S Committee discussed various components of the Conservation Program, which is summarized by topic below.

Rain barrel and cistern program

Noting that proposed changes limited the number of rain barrels per household, Director Steiner questioned the lack of a similar limit for cisterns. Staff replied that it could look into creating a limit, but the program has yet to receive rebate requests for multiple cisterns. Director Dick (Municipal Water District of Orange County) expressed support for the newly proposed landscaper training course, but questioned the water saving benefits of the rain barrel program (staff estimated that 100,000 barrels resulted in about 950 acre-feet of water savings to date). Nonetheless, Dick said he would support the program because “everybody’s telling me I should.” Director Abdo (Santa Monica) asked if MWD surveyed rain barrel program participants to find out if they still would have participated in the program had the subsidy amount been less. Staff said it has yet to complete a comprehensive survey of rain barrel participants, but indicated it would undertake one. Abdo suggested that there may be benefits to the rain barrel project beyond a straight calculation of cost per acre-foot water savings, such as increased awareness and enhanced water savings ethics. She voiced apprehension to reduce the rebate amount. Later, Director McKenney (Municipal Water District of Orange County) suggested that MWD consider ways to indemnify itself from liabilities associated with potential flooding caused by program-installed cisterns.

Sub-metering of multi-family homes

Director Lewinger asked if MWD’s proposed multi-family complex sub-metering rebate program would include a requirement that these meters be used to bill individual units for their water use. Staff responded that it has yet to develop this program’s details, causing Lewinger, and later Steiner to urge that the program require billing for water use in order to achieve water savings.

Pointing out that apartments are the “largest new product being built” and that sub-metering is not required by existing building codes, Director Touhey (Upper San Gabriel) questioned why new construction is excluded from the program. Staff replied that the PAC felt it was best to focus on existing construction. Steiner later said there may be pending legislation to require sub-metering for new construction. Stating that her city requires sub-metering for new construction, Abdo suggested that it may be costly to retrofit older complexes with sub-meters. She expressed doubt that the program, at least at the proposed rebate level, would gain much participation, and also questioned the water savings the retrofits would yield. Earlier, in response to Director Wunderlich (Beverly Hills), staff described the $100 per meter rebate as “minimal,” and said it would not cover half of the installation cost but that member agencies can add funding to augment MWD’s rebate level. Steiner agreed with Abdo and Wunderlich that the rebate amount

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1 PAC consists of MWD, member agency, and retail agency staff.
may not be sufficient to spark sub-metering retrofits. Comparing the sub-metering program to MWD’s turf removal program, WP&S Committee Chair De Jesus (Three Valleys) noted the lack of participation when the turf removal rebate was low; however, participation increased significantly when the subsidy amount was raised substantially. Later, Chief Operating Officer Man commented that the rebate amount is “a good starting point” based on MWD’s “consideration of the kinds of incentives that have been already established from other agency programs” and that MWD could make adjustments after the “pilot” phase.

Based on staff’s estimate that sub-metering multi-family homes will save about half an acre-foot over the lifetime of the meter, Dick stated that a sub-metering program would achieve more water savings for MWD’s investment compared to the rain barrel program. Noting that MWD has been “challenging” Northern California for its lack of meters, Dick urged that the Board members “put our money where our mouth is” and voiced support for this program. De Jesus also voiced support for the sub-metering program, but expressed hesitation to compare it to Northern California’s metering issues. Directors Peterson (Las Virgenes) and Barbre (Municipal Water District of Orange County) also expressed support for the program, with Barbre adding that mobile home parks are a good target for this program.

**Member Agency Administered Program and other comments**

In response to Peterson’s questions about the Member Agency Administered Program (MAAP), staff said under the MAAP, member agencies can customize programs to better suit their retail needs. Peterson expressed support for having more funding placed in the MAAP since member agencies have “boots on the ground.” He suggested that MWD-run programs are not as effective at reducing water use in MWD’s service area, offering the example of MWD providing $500,000 in turf removal subsidies to a golf course that does not even receive MWD water. Agreeing that local agencies can better target and address their customers’ interests and needs, staff said MWD tries to leverage economies of scale to provide a better deal for the region by entering into region-wide contracts, but allows local agencies to customize programs, such as water use efficiency classes.

Director Gold (Los Angeles) observed that the Board often has questions about “the assessment of the efficacy of various different approaches.” He suggested more information be provided on how staff develops its recommendations and, once implemented, how MWD assesses the effectiveness of these recommendations. Gold suggested that for example, some of conservation programs may intend to drive a longer term water use efficiency “ethic,” rather than solely to maximize immediate water savings. If this is the case, he said the program’s cost per acre-foot may be high, but there are reasons to make the investment.

**Committee Action**

Noting that there are concerns about staff’s recommendations related to the sub-metering and rain barrel programs, Director Morris (San Marino) motioned that MWD postpone action on these two programs until next month and seek additional PAC input but approve staff’s other recommendations. Lewinger seconded the motion and requested the committee vote first on postponing the adoption of the sub-metering and rain barrel potions of the program and then take a second vote to approve the remaining program components. De Jesus agreed to take the vote as requested by Lewinger, but General Manager Kightlinger said that this procedure would be
inconsistent with Morris’ motion. Stating that he understood the Water Authority would “oppose
the motion in general” and “can appreciate” that the Water Authority had “the same concerns” as
him, Morris said he was not going “to make [his motion] two motions.” Lewinger withdrew his
second and De Jesus expressed confusion as to the motion now on the floor. Kightlinger stated
that the “original motion” was moved and seconded. Ultimately the committee approved staff’s
recommendation except for the proposed changes to the rain barrel program with Lewinger and
Steiner, the Water Authority’s two committee members, opposing the action.

**Board Discussion**

At the following day’s Board meeting, a representative from TreePeople, a Los Angeles-based
environmental organization, applauded MWD’s efforts to promote rainwater harvesting through
its rain barrel program. But he said that further investment is needed in the program, especially
for disadvantaged communities, and urged MWD not reduce the rain barrel incentive.

During the Board’s consideration of the modifications, Abdo reiterated her thoughts that rain
barrels may promote “cultural change” in Southern California’s use of water and expressed
opposition to reducing the barrel’s rebate amount. Director Ballin (San Fernando) echoed Abdo
and agreed with TreePeople’s representative that disadvantaged communities would be
disproportionately affected by a lower subsidy. The Board approved the committee’s
recommendation, with 55.9 percent supporting. Directors Ballin, Gold, Hogan, Lewinger,
Murray (Los Angeles), Paskett (Los Angeles), and Quinonez (Los Angeles) opposed the action
while Directors Friedman (Glendale) and Ramos (Burbank) abstained on the item.

After Board action, Abdo urged that staff complete research to better understand the impact of
MWD’s rain barrel program and return to the Board with its findings. Paskett agreed with Abdo,
describing the information provided by staff as “inadequate” and requested that in the future staff
provide more supporting information, and in writing, when it asks the Board to take action on the
Conservation Program. Director Atwater (Foothill) described various events related to
stormwater hosted by the Southern California Water Committee (SCWC) that MWD participated
in or co-sponsored, and encouraged those Board members not familiar with “the data” to
participate in an upcoming SCWC stormwater workshop. Responding to Atwater, Gold
reiterated his comments from the WP&S Committee, comparing the rain barrel program to
MWD’s turf removal program in that it aims to change people’s behavior. Additionally, Gold
suggested that the rain barrel program appeals to diverse communities. Reinforcing Paskett’s and
Abdo’s call for additional information, Gold added that without more detailed information the
Board is unable to have meaningful discussions about its conservation program’s effectiveness.
Discussion Summary of MWD’s Financial Management

During MWD’s July 2016 Finance and Insurance Committee (F&I Committee), the Board received several reports related to MWD’s financial condition and management. The first report, the Quarterly Financial Review, included MWD’s “preliminary” fiscal year 2016 financial results. MWD forecasted that fiscal year water deliveries, including the delivery of the Water Authority’s own Colorado River supplies, came in slightly below 1.6 million acre-feet, which is lower-than-budget by more than 150,000 acre-feet. As a result of this deficit, water delivery revenues fell below budget by more than $142 million. MWD also took several unbudgeted actions increasing its expenditures, including augmenting its fiscal year 2016 conservation budget and purchasing land in the Palo Verde Irrigation District, which totaled more than $650 million. Revenue shortfalls are being managed by MWD’s unbudgeted use of monies from its Replacement and Refurbishment (R&R) fund, additional debt issuance, and withdraw from unrestricted reserves. MWD also moved about $250 million of the Water Authority’s disputed amount from its unrestricted reserves to a “set-aside” fund, and borrowed $250 million from two short-term revolving credit facilities to backfill the reserves. The unrestricted reserves were reported to be $465 million at the end of fiscal year 2016, dropping by about $12 million from their level at the beginning of the fiscal year. In response to Director Lewinger, MWD Controller Soper said that the unrestricted reserves do not include the amount disputed in the Water Authority’s rate litigation.

MWD also received a report on its unfunded Other Post-Employment Benefits (OPEB) liability from its consultant, Bartel Associates, LLC. As of June 30, 2015, MWD’s unfunded OPEB liability was about $258.8 million, or about 41 percent funded. Unfunded OPEB includes those benefits accrued by past and current employees. By continuing to make its Annual Required Contribution (ARC), MWD is on the trajectory to fully fund its OPEB by 2037. For fiscal year 2017, MWD’s ARC is $29.3 million. Following Bartel Associates’ presentation, F&I Committee Chair Barbre (Municipal Water District of Orange County) sought to understand how MWD’s

1 During fiscal year the Board also authorized $175 million to purchase of the Delta Wetlands properties in the Bay-Delta, but due to litigation the escrow for this purchase closed in fiscal year 2017 rather than in fiscal year 2016 as intended.
2 The R&R fund is intended for capital expenditures. In its fiscal year 2016 adopted budget, MWD planned to 100 percent cash-fund its Capital Investment Plan (CIP) through the use of current revenues and the General and Replacement and Refurbishment (R&R) funds. However, in October 2015 MWD adopted an ordinance determining it is in MWD’s interest to use $500 million in revenue bonds to pay its capital expenses and redirected the use of cash budgeted for CIP to fund operating expenses. In November 2015, the Board adopted a resolution authoring the sale of $250 million in Water Revenue Bonds to reimburse and fund capital expenses form fiscal years 2015 and 2016, respectively.
3 MWD’s most recent draft Appendix A to its Official Statement dated July 6, 2016 discloses that MWD has now sold about $296 million of the short-term revolving credit facilities, up from the $250 million reported in its Official Statement dated June 22, 2016: http://www.mwdh2o.com/PDF_Who_We_Are/MWD_2016A_POS.pdf
4 However, MWD’s June 22, 2016 Appendix A states that MWD projects reserves to be $408 million at the end of fiscal year 2016.
5 In 2012, the Governmental Accounting Standards Board approved GASB Statement 68, which requires state and local governments to report their unfunded pension obligation as a liability on their financial statements starting in 2015. GASB 68 is intended to provide a clearer picture of an entity’s overall fiscal condition.
unfunded OPEB liability compared to other organizations. The consultant replied that of his firm’s clients, MWD is in the upper quartile of funding its liability, and statewide MWD may be in the top 20 percent. F&I Committee Vice-Chair Wunderlich (Beverly Hills) expressed his desire for MWD to more aggressively fund its unfunded OPEB liability otherwise future ratepayers will be funding OPEB liability accrued currently. To fully fund its OPEB by 2026 (cutting the amortization period by 10 years), the consultant estimated that MWD’s ARC would have to increase by about $20 million. Barbre and Director Touhey (Upper San Gabriel) also voiced support for paying down the liability more quickly.

During his report, Chief Financial Officer Breaux reported that MWD refinanced bonds at the end of June and plans to remarket bonds again later in the month. In June 2016, MWD changed its debt issuance and refunding policies so staff will no longer seek Board’s formal approval of Appendix A to its Official Statement each time it remarkets or markets bonds. The Delegates expressed concern with MWD’s new approach and also opposed approving, and authorizing the distribution, of Appendix A for “future financings” at the June Board and F&I Committee meetings. In response to the Delegates’ request at the June 2016 Board meeting, on July 7 MWD provided a draft updated Appendix A to its Board via email. The Delegates wrote a letter to MWD expressing their concerns that Appendix A continues to contain misleading information and fails to address their past concerns.8

Also during his July report, Breaux provided an update on the fixed treated water charge workgroup, which will be co-chaired by Breaux and MWD’s Budget and Rates Manager. The workgroup will be composed of member agency managers. Breaux said the workgroup’s first task is to present proposed workgroup objectives for the F&I Committee’s consideration. Barbre indicated that the committee will discuss policy issues surrounding a fixed treated water charge at its August meeting.

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Finance and Insurance Committee

Meeting with Board of Directors*

July 11, 2016

9:30 a.m. -- Room 2-145

Monday, July 11, 2016

Meeting Schedule

<table>
<thead>
<tr>
<th>Time</th>
<th>Room</th>
<th>Committee</th>
</tr>
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<tbody>
<tr>
<td>9:30 a.m.</td>
<td>Rm. 2-145</td>
<td>F&amp;I</td>
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<tr>
<td>10:30 a.m.</td>
<td>Rm. 2-456</td>
<td>WP&amp;S</td>
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<td>12:00 p.m.</td>
<td>Rm. 2-145</td>
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<td>1:30 p.m.</td>
<td>Rm. 2-456</td>
<td>C&amp;L</td>
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</tbody>
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* The Metropolitan Water District’s Finance and Insurance Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Finance and Insurance Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Finance and Insurance Committee will not vote on matters before the Finance and Insurance Committee.

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

2. Approval of the Minutes of the meeting of the Finance and Insurance Committee held June 13, 2016

3. CONSENT CALENDAR ITEMS — ACTION

   None

4. OTHER BOARD ITEMS — ACTION

   None

5. BOARD INFORMATION ITEMS

   None

Date of Notice: June 29, 2016
6. COMMITTEE ITEMS
   a. Oral report on investment activities
   b. Quarterly Financial Review
   c. Oral report on June 30, 2015 OPEB Actuarial Valuation

7. MANAGEMENT REPORT
   a. Chief Financial Officer’s report

8. FOLLOW-UP ITEMS
   None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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REVISED AGENDA

Water Planning and Stewardship Committee
Meeting with Board of Directors*

July 11, 2016

10:30 a.m. – Room 2-456

Telephone Participation:

Hampton Inn
24337 Mission Blvd.
Hayward, CA 94544
310-922-0117

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

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

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

2. Approval of the Minutes of the meeting of the Water Planning and Stewardship Committee held June 13, 2016

3. CONSENT CALENDAR ITEMS — ACTION

None
4. OTHER BOARD ITEMS — ACTION

8-4 Authorize payments of up to $3.73 million for participation in the State Water Contractors Inc. and the State Water Project Contractors Authority for fiscal year 2016/17. (WP&S)

Recommendation:

Option #1:

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

a. Authorize the General Manager to make payment of $2.68 million to the State Water Contractors; and

b. Authorize the General Manager to make payment up to $1.05 million to the State Water Project Contractors Authority.

8-5 Approval of Modifications and Additions to the Conservation Programs. (WP&S)

Recommendation:

Option #1:

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

Authorize implementation of new conservation program initiatives effective August 2, 2016, with the exception of the change in rain barrel incentive to be effective January 1, 2017.

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Conservation update

7. MANAGEMENT REPORTS

a. Bay-Delta Matters

b. Colorado River Matters

c. Water Resource Management Manager’s report

REVISED: Date of Notice: July 6, 2016
8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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**REVISED AGENDA**

**Engineering and Operations Committee**

Meeting with Board of Directors*

* 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.

**Meeting Schedule**

<table>
<thead>
<tr>
<th>Time</th>
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<th>Agenda Item</th>
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**MWD Headquarters Building**  •  700 N. Alameda Street  •  Los Angeles, CA 90012

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 June 13, 2016**

3. **CONSENT CALENDAR ITEMS — ACTION**

   **7-1** Appropriate $800,000 for completion of the industrial wastewater handling system at the Henry J. Mills Water Treatment Plant (Approp. 15452). (E&O)

   **Recommendation:**

   **Option #1:**

   Adopt the CEQA determination that the proposed action has been previously addressed in the 2009 categorical exemptions, and

   Appropriate $800,000 to complete the Mills industrial wastewater handling system improvements.

**REVISED:** Date of Notice: July 5, 2016
7-2 Appropriate $950,000; and authorize design and installation of Stage 1 upgrades to the dam monitoring system at Diamond Valley Lake (Approp. 15419). (E&O)

Recommendation:

Option #1:

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

a. Appropriate $950,000; and

b. Authorize design and installation of Stage 1 upgrades to the dam monitoring system at Diamond Valley Lake.

4. OTHER BOARD ITEMS — ACTION

8-1 Appropriate $2.7 million; and award $1,442,082 contract to PCL Construction, Inc. to replace valves on the Palos Verdes Feeder (Approp. 15441). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action was previously determined to be categorically exempt, and

a. Appropriate $2.7 million; and

b. Award $1,422,082 contract to PCL Construction, Inc. to replace valves on the Palos Verdes Feeder.

8-2 Appropriate $1.83 million; and authorize increase in change order authority for urgent prestressed concrete cylinder pipe repairs on the Sepulveda Feeder (Approp. 15496). (E&O)

Added Recommendation:

Option #1:

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

a. Appropriate $1.83 million; and

b. Authorize increase of $1.43 million in change order authority for urgent PCCP repairs on the Sepulveda Feeder, up to an aggregate amount not to exceed $1,887,500.
Authorize 50-year agreements with the Western Area Power Administration and the Bureau of Reclamation for the purchase and delivery of energy and capacity from the Hoover Power Plant. (E&O)

Recommendation:

Option #1:

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

Authorize the General Manager to execute the Hoover Electric Service Contract with the Western Area Power Administration and the Implementation Agreement with the Western Area Power Administration and the Bureau of Reclamation.

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Update on Prestressed Concrete Cylinder Pipe Rehabilitation Program

b. Metropolitan’s capital appropriation process

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*

July 11, 2016

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

Monday, July 11, 2016

<table>
<thead>
<tr>
<th>Meeting Schedule</th>
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<tr>
<td></td>
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Telephone Participation:

Hampton Inn
24337 Mission Blvd.
Hayward, CA 94544
310-922-0117

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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 June 13, 2016

3. CONSENT CALENDAR ITEMS — ACTION

None

4. OTHER BOARD ITEMS — ACTION

None

REVISED: Date of Notice: July 6, 2016
5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

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

b. Report on activities from Sacramento

c. Update on 2016 Water Conservation Advertising and Outreach Program

Added
d. Report on public agencies and ballot measures

7. MANAGEMENT REPORT

a. External Affairs Management report

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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

Legal and Claims Committee

Meeting with Board of Directors*

July 12, 2016

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

<table>
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<th>Tuesday, July 12, 2016</th>
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<td>11:00 a.m. Rm. 2-145</td>
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<tr>
<td>RP&amp;AM</td>
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<tr>
<td>12:00 p.m. Board Room</td>
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MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

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

2. Approval of the Minutes of the meeting of the Legal and Claims Committee held June 14, 2016

3. CONSENT CALENDAR ITEMS — ACTION

None

REVISED: Date of Notice: July 7, 2016
4. OTHER BOARD ITEMS — ACTION

8-7 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; and authorize an increase in the maximum amount payable under contract with Best, Best & Krieger LLP for legal services by $300,000 to a maximum amount payable of $400,000. [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)]

Added Recommendation:

Option #1:

Adopt the CEQA determination that the project is not subject to CEQA, and Authorize an increase in the maximum amount payable under contract with Best, Best & Krieger LLP for legal services by $300,000 to a maximum amount payable of $400,000.

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Overview of California Water Rights Law

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 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

Real Property and Asset Management Committee
Meeting with Board of Directors*

July 12, 2016

11:00 a.m. -- Room 2-145

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

2. Approval of the Minutes of the meeting of the Real Property and Asset Management Committee held May 10, 2016

3. CONSENT CALENDAR ITEMS – ACTION

   None

4. OTHER BOARD ITEMS – ACTION

   8-6 Affirm the General Manager's determination that one parcel consisting of 2.75 acres identified as a portion of Metropolitan Water District of Southern California Parcel No. INFED1-27-900 (APN 1210-381-19, is surplus to Metropolitan’s needs and can be sold to San Bernardino Valley Municipal Water District. (RP&AM)

REVISED: Date of Notice: July 6, 2016
Recommendation:

Option #1:

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

a. Affirm the General Manager's determination that the subject property comprised of 2.75 acres in the city of Highland, San Bernardino County, California is surplus and carry out disposition of the property with a reserved easement; and

b. Authorize sale of the fee interest in the 2.75-acre parcel to SBVMWD, subject to the reserved easement, for not less than its appraised value in a form approved by the General Counsel.

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

Withdrawn

a. Update on purchase of property from Delta Wetlands Properties in Contra Costa, San Joaquin, and Solano Counties

7. MANAGEMENT REPORT

a. Real Property Development and Management Manager's Report

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT
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REVISED AGENDA (2)

Regular Board Meeting

July 12, 2016

12:00 p.m. – Board Room

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

1. Call to Order

   (a) Invocation: Carlos A. Carrillo, Assistant Resource Specialist, Water Resource Management Group

   (b) Pledge of Allegiance: Director Peter Beard

2. Roll Call

3. Determination of a Quorum

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

5. OTHER MATTERS

   A. Approval of the Minutes of the Meeting for June 14, 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 June

REVISED (2): Date of Notice: July 7, 2016
C. Presentation of 20-year service pin to Director Judy Abdo, effective June 20, 2016

D. Approve 30-day leave of absence for Director Linda Ackerman, effective July 7, 2016

E. Adopt motion to adjourn the August Board Meeting to August 16, 2016, to establish tax rate. (Committees to meet on August 15 and 16, 2016)

F. Approve committee assignments

G. Chairman's Monthly Activity Report

6. DEPARTMENT HEADS' REPORTS

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

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

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

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

7. CONSENT CALENDAR ITEMS — ACTION

7-1 Approve $800,000 for completion of the industrial wastewater handling system at the Henry J. Mills Water Treatment Plant (Approp. 15452). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action has been previously addressed in the 2009 categorical exemptions, and

Appropriate $800,000 to complete the Mills industrial wastewater handling system improvements.
7-2  Appropriate $950,000; and authorize design and installation of Stage 1 upgrades to the dam monitoring system at Diamond Valley Lake (Approp. 15419). (E&O)

Recommendation:

Option #1:

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

a. Appropriate $950,000; and
b. Authorize design and installation of Stage 1 upgrades to the dam monitoring system at Diamond Valley Lake.

(END OF CONSENT CALENDAR)

8. OTHER BOARD ITEMS — ACTION

8-1  Appropriate $2.7 million; and award $1,422,082 contract to PCL Construction, Inc. to replace valves on the Palos Verdes Feeder (Approp. 15441). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action was previously determined to be categorically exempt, and

a. Appropriate $2.7 million; and
b. Award $1,422,082 contract to PCL Construction, Inc. to replace valves on the Palos Verdes Feeder.

8-2  Appropriate $1.83 million; and authorize increase in change order authority for urgent prestressed concrete cylinder pipe repairs on the Sepulveda Feeder (Approp. 15496). (E&O)

Added  Recommendation:

Option #1:

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

a. Appropriate $1.83 million; and
b. Authorize increase of $1.43 million in change order authority for urgent PCCP repairs on the Sepulveda Feeder, up to an aggregate amount not to exceed $1,887,500.
8-3 Authorize 50-year agreements with the Western Area Power Administration and the Bureau of Reclamation for the purchase and delivery of energy and capacity from the Hoover Power Plant. (E&O)

Recommendation:

Option #1:

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

Authorize the General Manager to execute the Hoover Electric Service Contract with the Western Area Power Administration and the Implementation Agreement with the Western Area Power Administration and the Bureau of Reclamation.

8-4 Authorize payments of up to $3.73 million for participation in the State Water Contractors, Inc. and the State Water Project Contractors Authority for fiscal year 2016/17. (WP&S) (Two-thirds vote required)

Recommendation:

Option #1:

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

a. Authorize the General Manager to make payment of $2.68 million to the State Water Contractors; and

b. Authorize the General Manager to make payment up to $1.05 million to the State Water Project Contractors Authority.

8-5 Approval of Modifications and Additions to the Conservation Programs.
(WP&S)

Recommendation:

Option #1:

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

Authorize implementation of new conservation program initiatives effective August 2, 2016, with the exception of the change in rain barrel incentive to be effective January 1, 2017.
8-6 Affirm the General Manager's determination that one parcel consisting of 2.75 acres identified as a portion of Metropolitan Water District of Southern California Parcel No. INFED1-27-900 (APN 1210-381-19, is surplus to Metropolitan’s needs and can be sold to San Bernardino Valley Municipal Water District. (RP&AM)

Recommendation:

Option #1:

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

a. Affirm the General Manager’s determination that the subject property comprised of 2.75 acres in the city of Highland, San Bernardino County, California is surplus and carry out disposition of the property with a reserved easement; and

b. Authorize sale of the fee interest in the 2.75-acre parcel to SBVMWD, subject to the reserved easement, for not less than its appraised value in a form approved by the General Counsel.

8-7 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; and authorize an increase in the maximum amount payable under contract with Best, Best & Krieger LLP for legal services by $300,000 to a maximum amount payable of $400,000.

[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)]

Added Recommendation:

Option #1:

Adopt the CEQA determination that the project is not subject to CEQA, and Authorize an increase in the maximum amount payable under contract with Best, Best & Krieger LLP for legal services by $300,000 to a maximum amount payable of $400,000.
9. BOARD INFORMATION ITEMS

9-1 Discussion of Department Head Evaluation Process Guidelines and Department Head Evaluation Presentations
[Public employees' performance evaluations--General Manager, General Counsel, General Auditor, and Ethics Officer; to be heard in closed session pursuant to Gov. Code Section 54957]

10. FOLLOW-UP ITEMS

11. FUTURE AGENDA ITEMS

12. ADJOURNMENT

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

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

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

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

REVISED (2): Date of Notice: July 7, 2016
COMMITTEE ASSIGNMENTS

Director Cynthia Kurtz was appointed to the Audit and Ethics Committee. (Agenda Item 5F)

ENGINEERING AND OPERATIONS COMMITTEE

 Appropriated $2.7 million; and awarded $1,422,082 contract to PCL Construction, Inc. to replace valves on the Palos Verdes Feeder. (Approp. 15441) (Agenda Item 8-1)

 Appropriated $1.83 million; and authorized increase of $1.43 million in change order authority for urgent PCCP repairs on the Sepulveda Feeder, up to an aggregate amount not to exceed $1,887,500. (Approp. 15496) (Agenda Item 8-2)

 Authorized the General Manager to execute the Hoover Electric Service Contract with the Western Area Power Administration and the Implementation Agreement with the Western Area Power Administration and the Bureau of Reclamation. (Agenda Item 8-3)

WATER PLANNING AND STEWARDSHIP COMMITTEE

 Authorized the General Manager to make payment of $2.68 million to the State Water Contractors, Inc.; and authorized the General Manager to make payment up to $1.05 million to the State Water Project Contractors Authority, both for fiscal year 2016/17. (Agenda Item 8-4)

 Authorized implementation of new conservation program initiatives effective August 1, 2016, with the exception of the change in rain barrel incentive to be effective January 1, 2017. (Agenda Item 8-5)

REAL PROPERTY AND ASSET MANAGEMENT COMMITTEE

 Affirmed the General Manager’s determination that a Metropolitan property comprised of 2.75 acres in the city of Highland, San Bernardino County, California is surplus; and authorized sale of the fee interest in the 2.75-acre parcel to San Bernardino Valley Municipal Water District, subject to a reserved easement, for not less than its appraised value in a form approved by the General Counsel. (Agenda Item 8-6)

LEGAL AND CLAIMS COMMITTEE

 Authorized an increase in the maximum amount payable under contract with Best, Best & Krieger LLP for legal services by $300,000 to a maximum amount payable of $400,000. (Report on the litigation pertaining to the purchase of property in the Delta heard in closed session). (Agenda Item 8-7)
CONSENT CALENDAR

In other action, the Board:

Appropriated $800,000 to complete the Henry J. Mills Water Treatment Plant industrial wastewater handling system improvements. (Approp. 15452) (Agenda Item 7-1)

Appropriated $950,000; and authorized design and installation of Stage 1 upgrades to the dam monitoring system at Diamond Valley Lake. (Approp. 15419) (Agenda Item 7-2)

OTHER MATTERS:

In other action, the Board:

Presentation of 20-year service pin to Director Judy Abdo, effective June 20, 2016. (Agenda Item 5C)

Approved 30-day leave of absence for Director Linda Ackerman, effective July 7, 2016. (Agenda Item 5D)

Adopted motion to adjourn the August Board Meeting to August 16, 2016, to establish tax rate. (Committees to meet August 15 and 16, 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.