



March 27, 2024

Attention: Imported Water Committee

Metropolitan Water District Delegates' Report. (Information)¹

Purpose

This report summarizes key activities at the Metropolitan Water District of Southern California (MWD) committee and board meetings on March 11 and 12, 2024. MWD also met on March 18 and 26. It will also meet on March 27 and next on April 8 and 9.

Discussion

MWD key issues to the Water Authority include:²

- Held the third workshop (workshop #3) on the proposed 2025 and 2026 biennial budget, rates and charges;
- Held a public hearing on its proposed calendar years 2025 and 2026 rates and charges;
- Approved amending the Capital Investment Plan (CIP) to include two projects that benefit the State Water Project Dependent Area (SWPDA);
- Authorized an increase of \$1.3 million for additional environmental planning document work for Pure Water Southern California (PWSC);
- Received a presentation on development of the post-2026 operating guidelines for the Colorado River;
- Received a presentation on a potential interagency local supply exchange program; and
- Authorized negotiating a new agricultural lease agreement on one the islands MWD owns in the Sacramento-San Joaquin Bay-Delta (Bay-Delta).

Financial Management

During the Finance and Asset Management Committee, staff provided updated fiscal year (FY) 2024 financial projections. MWD projects it will close FY 2024 with a \$242 million-dollar revenue shortfall due primarily to water sales tracking about 270,000 acre-feet (21%) below budget. In contrast, MWD's expenditures are tracking slightly above budget by \$54 million (2.6%). MWD anticipates drawing heavily from its reserves so that they are about \$60 million above the estimated minimum level,³ after MWD shifts \$100 million in Pay-As-You-Go from covering CIP costs to funding operations and maintenance (O&M) expenditures (and issuing a like amount in unplanned, unbudgeted debt). This financial condition is the backdrop as MWD continues its budget and rates discussion. During workshop #3, staff presented five new alternatives to the originally proposed budget and rates it had not shown before, two of which

¹ This document provides a summary of certain discussions as summarized and understood by the Water Authority and is not intended to be any form of official transcript.

² The Water Authority's MWD Delegates (Delegates) supported all 12 action items the MWD board took at its March 2024 meeting.

³ MWD is projecting to draw about \$30 million less from reserves than it previously forecasted primarily due to sales tracking higher than previously forecasted, but still well below budget.

were not in the posted presentation. These included different assumptions for MWD's sales, ad valorem property tax rate, new revenues, O&M costs, and conservation expenditures.⁴ Attachment 1 summarizes the discussion of MWD's current financial condition and the proposed budget and rates.

Water Reliability and Resiliency Projects and Programs

During its meeting, the Engineering, Operations, and Technology (EOT) Committee considered adding \$1.4 million to the CIP for planning work of two projects to serve the SWPDA. Staff clarified that both projects would be evaluated in the Climate Adaptation Master Plan for Water (CAMP4W) process. The committee also considered adding \$1.3 million for PWSC environmental work, which will also be evaluated in the CAMP4W process. During the One Water and Stewardship Committee (OWS) meeting, staff sought input on a potential interagency local supply exchange program "framework." Attachment 2 summarizes the discussion of these items.

Imported Water Supply

During the OWS Committee meeting, staff presented the U.S. Bureau of Reclamation's development of post-2026 guidelines for operation of the Colorado River system.⁵ Director Armstrong (Eastern) noted that California takes 440,000 acre-feet (AF) less per year⁶ under the proposed Lower Basin Alternative and asked how the California parties would share that reduction and, specifically, the impact on MWD. Staff said that was "one of the next steps" and it is working with the Imperial Irrigation District on an agreement. Staff also said that MWD's Lake Mead storage (more than 1.5 million acre-feet (MAF)) serves as a "buffer." Director Peterson (Las Virgenes) asked if the Upper Basin was "still stuck on evaporative losses." Staff said it was not sure but that the Lower Basin Alternative includes "proposed static reductions" of 1.5 MAF shared among the Lower Basin and Mexico intended to address "evaporative losses."

Staff also provided an update on State Water Project operations, which Chief of Bay-Delta Resources Hawk said are being impacted by an "unprecedented" event. Certain conditions for steelhead trout, a federally threatened species, triggered a provision in the biological opinions,⁷ leading regulatory agencies to order reduced pumping. Hawk said this order will result in a SWP "loss" of about 46,000 AF through March.⁸

Other Items of Interest

During the EOT Committee meeting, staff provided a high-level presentation about MWD's "information technology roadmap and spending" for its \$77 million information technology

⁴ More on MWD's proposed budget and rates found in is in the memo "Metropolitan Water District's Proposed 2025 and 2026 biennial budget, rates, and charges" found in the [Water Authority's March 2024 board packet](#).

⁵ More on the post-2026 Colorado River operating guidelines in the "Colorado River Board Representative's Report," found in the [Water Authority's March 2024 board packet](#).

⁶ California's initial reduction is *up to* 440,000 AF per year.

⁷ The Trump Administration's 2019 biological opinions (Bi Ops) are governing operations of the SWP and Central Valley Project. In 2019, California filed a lawsuit challenging the Bi Ops alleging, among other things, that they put various fish species at risk of extinction. The Bio Ops are undergoing review with changes likely later this year. More on the Bi Ops found in the memo "Bay-Delta Update" in the [Water Authority's October 2023 board packet](#).

⁸ MWD's share is about 21,000 AF.

program budget in response to the Delegates' request for a more holistic overview of MWD's strategy for managing its technology needs and resources. During the board meeting, Chair Ortega (San Fernando) announced the formation of a new Subcommittee on 360 Evaluations Review of Direct Reports and appointed Director Smith as one of its six members. The board also unanimously⁹ elected Directors Armstrong (Eastern), De Jesus (Three Valleys), and Garza (Central Basin) to serve as nonofficer members of the Executive Committee, who will also serve on the newly formed Subcommittee on Audits. The board authorized negotiating a new agricultural lease agreement on Holland Tract, one the islands MWD owns in the Bay-Delta. In open session, staff said the existing farmer would convert all corn crops to rice over five years and continue cattle grazing on a portion of the leased land. MWD previously reported that it would seek to maximize rice farming on its Bay-Delta islands to reduce subsidence. During the Legal and Claims Committee meeting, members went into closed session on four cases related to employee litigation against MWD.

Attachment 3 includes copies of the March 2024 committee and board meetings' agendas and board summary.

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Reviewed by: Engineering and Operations Committee by Lois Fong-Sakai, Marty Miller, and Tim Smith

Legislation and Communications Committee by Tim Smith

Ethics, Organization, and Personnel Committee by Lois Fong-Sakai

One Water and Stewardship Committee by Lois Fong-Sakai, Gail Goldberg, and Marty Miller

Legal and Claims Committee by Marty Miller

Finance and Asset Management Committee by Lois Fong-Sakai, Marty Miller, and Tim Smith

Attachments:

Attachment 1 – Summary of MWD's Financial Management

Attachment 2 – Summary of MWD's Discussion of Water Reliability and Resiliency Projects and Programs

Attachment 3 – MWD's committee and board meetings agendas and summaries dated March 11 and 12, 2024

⁹ Directors Kassakhian (Glendale), Luna (Los Angeles), Petersen (Los Angeles), Phan (Santa Ana), Ramos (Burbank), and Sutley (Los Angeles) were absent. Directors Ackerman (Municipal Water District of Orange County), McMillan (Calleguas), and Morris (San Marino) did not record a vote.

MWD's Financial Management¹

At its March 2024 Financial and Asset Management (FAM) Committee meeting, the Metropolitan Water District of Southern California (MWD) held its third workshop (workshop #3) on its proposed 2025 and 2026 biennial budget and rates. During public comment, three speakers addressed MWD on its proposed budget and rates. Two opposed reducing conservation spending while another supported increasing the tax rate by 185%, reducing conservation spending, and budgeting sales lower. Prior to the workshop, staff provided a quarterly financial report that included fiscal year (FY) 2024 projections.

MWD reported that water sales are tracking at about 992,000 acre-feet (AF), or about 270,000 AF (21%) below budget,² resulting in significantly lower-than-budgeted water sales revenues. While MWD has higher-than-budget revenues from other sources, including ad valorem (AV) taxes,³ in sum, staff projects total revenues to drop below budget by about \$242 million (12%). In contrast, expenditures are expected to exceed budget by about \$54 million (3%).⁴ MWD projects a revenue shortfall of about \$429 million, which is an improvement compared to MWD's earlier forecast of a \$454 million shortfall. MWD plans to partially close this gap by switching \$100 million of Pay-As-You-Go (PAYGo) funding from covering Capital Investment Plan (CIP) expenditures (as budgeted) to pay for Departmental Operations & Maintenance (O&M) costs.⁵ Ultimately, MWD projects it will draw heavily from its reserves, dropping them to about \$60 million above the estimated minimum. Finance Group Manager Benson said MWD's use of reserves is "driven by declining water sales, not driven on the expenditure side." He stressed the projected low reserve balance is "important . . . to keep in mind" in the ongoing budget and rate setting process.

Director Dennstedt (Western) asked how MWD's reserve balance "getting close to the minimum" impacts its credit ratings. Benson said MWD is "still within our policy targets," but the reserve level "will absolutely be a concern" for rating agencies. He suggested the rating agencies are "going to really pay attention to what the board does in this [2025 and 2026] budget process...to address the challenges we face," which is a "very solvable situation." In response to Director Kurtz (Pasadena), Benson said a credit rating "downgrade of one notch" could impact MWD's variable rate debt (which totals about \$1.0 billion, accounting for 26% of MWD's debt portfolio) by 0.3% to 0.5%.⁶ Chief Financial Officer Kasaine stressed that MWD is "preparing

¹ This document provides a summary of certain discussions as summarized and understood by the Water Authority and is not intended to be any form of official transcript.

² Includes 50,000 AF of increased purchases by the Water Authority in accordance with the [2023 agreement](#) between the Imperial Irrigation District, MWD, and the Water Authority.

³ AV tax and interest revenues are tracking above budget by \$18 million (10%) and \$22 million (212%), respectively. "Other" revenues are exceeding budget by \$41 million (55%) due to federal Inflation Reduction Act funding.

⁴ MWD State Water Project costs are tracking \$47 million (6%) above budget. Additionally, its supply programs and debt service costs are tracking \$25 million (23%) and \$26 million (9%), respectively, above budget. Colorado River Aqueduct power costs are tracking under budget by \$39 million (46%).

⁵ In February 2024, MWD reported that it plans to take \$14 million in cost containment measures related to its O&M costs, but these savings are expected to be absorbed by the recently approved memoranda of understanding with various unions that add about \$30 million in FY 2024 costs.

⁶ For \$300 million in new bond issues, MWD estimates the annual impact would be \$300,000 to \$800,000 (slide 59 of MWD's February 27, 2024, [Item 5a.2. presentation](#)).

for the long term,” but suggested a “structurally imbalanced budget” can cause “action” by rating agencies. She added that finance staff is “very concerned” but that she has not “hit that panic button” because the board has “solutions” in its “toolbox” and has proven it can make “tough decisions.” She said hydrology will always be a challenge but rating agencies “worry about” MWD making “predictable, stable, long-term decisions.” General Manager Hagekhalil added that in April, MWD will have its first “business model discussion” as part its long-term planning effort, Climate Adaptation Master Plan for Water (CAMP4W), which will focus on “how to sustain this agency in the future” and include “options” and “opportunities.”

Considering the near half-billion-dollar revenue shortfall, Director Miller suggested MWD look at monetizing the water it has in storage, which is at a record-high of 3.4 million acre-feet (MAF).⁷ He urged MWD to “right size the agency” and align expenditures with needs to get a “grip on the budget.” With that, MWD began its workshop #3 on its proposed budget and rates.

Hagekhalil prefaced the workshop by saying, “we need to create a balanced budget that can carry us through the next two years,” as the CAMP4W process continues and MWD looks to update its business model “to set us on the right track.” He noted that the board has “two options” in setting its budget and rates: reduce expenditures and increase revenues. During the workshop, staff presented six alternatives to the proposed budget, five of which were shown for the first time; two of those five were added to the presentation after it was posted. Those two options were based on reducing O&M costs and selling “stored water” to the federal government to generate revenue. The other four options relied on increasing the AV tax rate to different levels. Four of the alternatives explored dropping the budget’s annual water sales assumption by 100,000 AF.⁸

Potential Revenue Sources

Director Armstrong (Eastern) stressed “how serious [MWD’s] financial position is right now” and the importance for it to meet its bond “obligations” since MWD’s existing bond holders “have recourse against us.” He requested staff to present any bond covenants risk and exposure at workshop #4. He supported the alternatives that would raise the AV tax rate to double or more above the level it has been held at since FY 2013, suggesting it is “right” thing to do since it would get MWD “in a better fiscal position;” Director Dick ((Municipal Water District of Orange County (MWDOC)) agreed. Director Fong-Sakai asked about the impact of potential legal challenges to MWD collecting property taxes that are double or triple the current rate. Legal staff said it took that as “a comment,” as analysis was provided to the board “a few days ago.”

Chair Ortega (San Fernando) pointed out that his city does not buy a lot of MWD water, but San Fernando ratepayers pay property taxes consistently, subsidizing MWD’s volumetric rates. Ortega said increasing the AV tax rate was “kicking the can down the line” since MWD has not yet updated its business model. He said MWD should “be honest” about its rates, including with the “bond market,” and that “they may not cover the cost that we are going to be taking on.” Director Quinn (Los Angeles) echoed concern with increasing the AV tax rate since it “masks the true cost of delivering drinking water” and may disincentivize water use efficiency.

⁷ Includes only dry-year storage.

⁸ More on MWD’s proposed budget and rates found in is in the memo “Metropolitan Water District’s Proposed 2025 and 2026 biennial budget, rates, and charges” found in the [Water Authority’s March 2024 board packet](#).

Director McMillan (Calleguas) agreed with Quinn that increasing AV taxes translates to rates that do not reflect the true cost of water, and the taxes could be “regressive.” However, she said historically local governments have used AV taxes to fund infrastructure because “it provides equity” since those with higher property value pay more tax. McMillan said there is “a direct correlation” between taxes people pay and the services they receive, and it provides a steady revenue stream; thus, she supported increasing the AV tax rate. Director Kurtz (Pasadena) disagreed that AV taxes are regressive and suggested member agencies that prefer to pay for MWD costs via rates rather than AV taxes could exercise section 315 of the MWD Act.⁹

Director Seckel (MWDOC) expressed support for alternatives that would nearly triple the AV tax rate (while also reducing annual budgeted water sales by 100,000 AF) to rebuild MWD’s reserves. Director Fellow (Upper San Gabriel) agreed with increasing the tax rate by similar levels to achieve “overall” rate increases of 7% and 6% in 2025 and 2026, respectively (7%/6%). Director Cordero (Long Beach) supported increasing the tax rate by 283% while lowering the sales assumption. Director Camacho (Inland Empire) supported increasing the AV tax rate by 297% while reducing MWD’s sales assumption. FAM Committee Chair Smith expressed apprehension with increasing any revenue stream by more than 100%.

Director Peterson (Las Virgenes) indicated support for increasing the AV tax rate and said, “the most sensible thing . . . is get more fixed charges.” Specifically, he suggested MWD have “a peaking charge” so “everybody pays into the system.” Director Gualtieri (Central Basin) expressed interest in MWD increasing its fixed charges. Staff said MWD cannot increase its two existing fixed charges (the Readiness-to-Serve and Capacity charges) since they recover “very specific category of costs,” and any changes or additions to MWD’s rate structure would be part of the upcoming business model discussion.

Armstrong expressed concern with selling MWD’s stored water since “we need that water for climate whiplash.” In contrast, Ortega pointed out that staff reported that 2.5 MAF of the 3.4 MAF in dry-year storage is the result of ratepayers’ conservation efforts,¹⁰ and this conserved water can “be used as a tool for affordability.” He said MWD’s water in Lake Mead (more than 1.5 MAF) is “stuck,” so it is not available to meet MWD service area demands, but (some of) it could be used “to generate revenue” over the next two years and afford the board time to have “hard decisions” about its business model, including the use of AV tax revenues. Ortega suggested there are “equity” considerations, specifically for disadvantaged communities, about increasing the AV tax. (Similarly, later, Quinn asked staff to provide information on the impacts of higher AV taxes on “low-income households.”) Ortega suggested a future “tough decision” may be for MWD to impose a capacity fee on new growth, but he said that would be discussed as part of “a grander vision of what is going to rise us all up together” so that MWD has “both water and financial reliability.” Director Pressman (Beverly Hills) suggested that MWD should only increase the AV tax rate for FYs 2025 and 2026 and not beyond (as proposed in the 10-year rate forecasts for all the alternatives that increase the tax rate) since it will be considering changes its business model.

⁹ [MWD Act Section 315](#).

¹⁰ Reported during the March 2024 One Water and Stewardship Committee meeting.

Switching gears, Director Fong-Sakai pointed out that even with 100,000 AF reduced sales assumption, the budget would be based on MWD selling over 1.0 MAF (higher than the current sales trend). She noted that it would be helpful for MWD to separate the Water Authority's exchange water from water sales since they are "different revenue stream[s]," and the former is not variable like water sales are. She questioned if the sales assumptions were consistent with hydrology and supply conditions and based on updated member agency data. Staff said the annual sales projections of 1.06 MAF to 1.16 MAF are "consistent" with "different possibilities" and suggested they reflect member agency local supply surveys and five-year MWD demand projections.¹¹ Miller and Gualtieri suggested MWD use the lower sales assumption.

Cost Containment Efforts

Armstrong described that the two options that would maintain the tax rate at its current level, reduce annual O&M expenditures by \$18 million, and assume \$60 million annually in new revenue from selling stored water, as "Band-Aids" that delay rate increases and have "bigger risks." Miller supported the reduced O&M budget and pointed out that all the alternatives include a 10-year rate forecast that factors in the implementation of the more than \$8 billion full-scale Pure Water Southern California (PWSC) program starting in FY 2027. He suggested that MWD is "front-loading our rate increases" to support that program's implementation (although the board has not decided to proceed with it). Hagekhalil said that MWD would present the alternatives and their 10-year rate forecasts without PWSC's inclusion.

Armstrong, Dick, Miller, Pressman, and Seckel expressed apprehension with debt-funding MWD's conservation program. Director Abdo (Santa Monica), Cordero, and Quinn opposed reducing conservation spending. Although having "no issue" with debt funding conservation since some conservation measures have "long-term" impacts, Peterson suggested funding conservation with AV taxes. Quinn said debt-funding conservation is more cost-effective and equitable and described conservation as a new water supply, like PWSC, which MWD would not fund "out of rates alone."

Fong-Sakai asked why only some of the alternatives considered cost containment measures despite her request for MWD to provide these options in Workshop #1. Benson said MWD has yet to identify actual cost containment measures and would need more time to provide "specifics" as to which "services" it would be unable to "perform" if it reduced annual O&M costs by \$18 million (2.6% of the total O&M budget). In response to Dennstedt, Hagekhalil said that if the MWD were to "agree" to reduce the O&M budget, "we will work through identifying the least priority programs." Quinn and Dick (MWDOC) urged MWD to look for additional cost saving measures. In contrast, Seckel expressed concern with containing costs and suggested that doing so "will be degrading [MWD's] reliability."

Fong-Sakai suggested MWD consider reducing its PAYGo funding. Kasaine said reducing PAYGo may impact MWD's bond coverage ratio, and a ratio below 1.2 times "will not allow us to issue any [debt for] CIP," and coming close to 1.2 times "becomes a problem." Benson added that PAYGo is "one of the key tools" MWD uses to "maintain our minimum reserve level" (when sales are tracking significantly below budget) and to issue "more debt." Specifically for FYs

¹¹ The most recent project provided by the Water Authority were in July 2023; due to changed conditions the Water Authority now projects purchasing less MWD water.

2025 and 2026, he described PAYGO as “a very valuable tool to manage [a] cash crunch.” In response to Fong-Sakai’s question about how low MWD could set PAYGo, Benson said, “right now we are at the minimum” and cautioned against going lower. Miller suggested MWD reexamine its CIP to defer “the wants” while “keeping the needs” since MWD is proposing a two-year CIP that is \$137 million (27%) higher than FYs’ 2021 and 2022 appropriation. Staff suggested that reducing the CIP would not impact the 2025 and 2026 rate increases since early debt service payments are “just interest.” (However, staff did not indicate the rate impact if the CIP budget was reduced and PAYGo funding maintained at the proposed 47% of CIP expenditures.)

Director Goldberg noted that MWD reported it applied for a \$125 million grant for PWSC that would require it to provide \$375 million in matching funds and asked how MWD would come up with the match (since it is not in the proposed budget). Hagekhalil said there are “options,” and staff is working to “provide solutions for the matching funds,” which may include using its \$80 million state grant, Los Angeles County Sanitation Districts’ contributions to the program, and MWD’s partnership with Southern Nevada Water Authority.

MWD invites one of its member agencies’ general managers to address the board and “participate” (in a non-voting capacity) at each board meeting. At this month’s meeting, directly following workshop #3, Calleguas General Manager McCaffrey attended as the guest manager. She noted that her agency, along with 14 other member agencies, can only receive treated water from MWD. She expressed concern with the proposed 30% increase for the 2025 treatment surcharge (MWD’s full service treated water rate is increasing by 17%) and suggested that the surcharge does not address the impacts of peaking on MWD’s treatment system nor the board’s 2017 treatment policy. Thus, she urged MWD to “consider suspending implementation” of the surcharge until it can “address the situation.” Ortega thanked McCaffrey for her participation and encouraged general managers that “join us” in the future to “follow suit and tell us what is really on your mind.”

At its board meeting, MWD also held its public hearing on the proposed rates and charges. During the hearing, 14 speakers commented on the proposed budget and rates, two of which reiterated their comments from the FAM meeting. In total, nine speakers opposed reducing conservation spending, two supported increasing the AV tax rate, six expressed concern with or opposition to increasing the AV tax rate, and two reiterated McCaffrey’s concern with the treatment surcharge and suggestion to suspend it.¹²

¹² Additionally, MWD received several letters on the proposed budget and rates including from [Calleguas](#); [city of Moorpark](#); [Foothill](#), [Pasadena](#), [San Marino](#), [Three Valleys](#), and [Upper San Gabriel Valley](#) (joint letter); two from Los Angeles (dated [February 16, 2024](#), and [March 11, 2024](#)); [Los Angeles Waterkeeper](#); [Valley Center](#); [West Basin](#); and [Western](#).

MWD's Discussion of Water Reliability and Resiliency Projects and Programs¹

During its March 2024 committee and board meetings, Metropolitan Water District of Southern California (MWD) discussed several programs and policies intended to meet the supply reliability needs of its member agencies. Some of these are being considered in MWD's long-term planning effort, Climate Adaptation Master Plan for Water (CAMP4W), through which MWD will consider potential supply reliability and climate resiliency investments that may cost tens of billions of dollars. These projects include ones to serve the west side of MWD's State Water Project Dependent Area (SWPDA);² Pure Water Southern California (PWSC); and a potential interagency local supply exchange program.

Projects to Address the State Water Project Dependent Area Supply Reliability

During its meeting, the Engineering, Operations, and Technology (EOT) Committee considered adding \$1.4 million to its Capital Investment Plan (CIP) for technical studies of two projects that would increase supply reliability to the SWPDA's west side. The Sepulveda Feeder Pump Station Stage 2 (PS 2) would allow MWD to pump up to 116,000 acre-feet per year of Colorado River and Diamond Valley Lake (DVL) water to the west side of the SWPD. The Inglewood Lateral Improvements would reduce delivery constraints to the Sepulveda Feeder and would also increase "operational flexibility" to enable increased deliveries to MWD's Common Pool area during high State Water Project (SWP) allocation years, which would allow more water to go to Orange County. Staff reported in January 2024, that MWD is implementing or had implemented infrastructure projects that, coupled with operational changes, would avoid a SWPDA supply allocation under a repeat of 2020-2022 hydrology. These two projects would further increase MWD's ability to move Colorado River and DVL water to the west side. MWD is proposing to add only the projects' planning costs to the CIP (\$200,000 as part of the current two-year CIP and \$1.2 million in future years). PS 2's estimated cost is \$300 million, but because the Sepulveda Feeder is a prestressed concrete cylinder pipe (PCCP), before Sepulveda PS 2 could be operated, MWD would need to line the PCCP feeder at a cost of \$990 million. (MWD plans to reline the feeder as part of its existing PCCP program but would reline this portion of pipe with thicker lining about seven years sooner to align with the potential implementation of Sepulveda PS 2.) The Inglewood Lateral Improvements are estimated to cost \$70 million to \$80 million. Last month, in response to Director Miller, staff said the board would consider both projects in the CAMP4W process. To help inform that pending discussion, the Water Authority's MWD Delegates (Delegates) requested MWD identify the remaining "need" in the SWPDA.

The Delegates sought to confirm that adding this work to the CIP would not commit the board to the projects' implementation nor impact review of them in CAMP4W. In response to Director Smith, Chief Engineer Bednarski said he was "not aware that" adding the projects to the CIP would impact their assessment in CAMP4W. General Manager Hagekhalil agreed, adding that staff was being "efficient" by relining the Sepulveda Feeder earlier, and the planning work will

¹ This document provides a summary of certain discussions as summarized and understood by the Water Authority and is not intended to be any form of official transcript.

² In 2022, MWD allocated limited State Water Project and Human Health and Safety supplies to six agencies in the SWPDA. MWD imposed supply reductions on average of 35% and up to 73% because the SWPDA lacked access to Diamond Valley Lake and Colorado River supplies due to plumbing constraints. The SWPDA westside is comprised of Calleguas, Las Virgenes, and Los Angeles.

provide the needed information “to inform [CAMP4W’s] decision-making process.” Director Seckel (Municipal Water District of Orange County (MWDOC)) noted the Sepulveda Feeder’s PCCP lining would need to be thicker to accommodate the project’s flow pressures and asked when the board would decide on proceeding with the thicker relining. Bednarski said “pretty soon” and agreed to provide the additional cost of the thicker lining as Seckel requested. Miller questioned whether the thicker relining would mean the board was “de facto voting for the pump station.” Bednarski said the thicker lining would provide “flexibility,” but if PS 2 were not implemented, MWD would have “overbuilt the relining a little bit.” Miller reiterated Seckel’s request for costs. Director Alvarez (West Basin) urged MWD to consider adding PS 2’s design to the CIP and asked for the cost of doing so. Director Gualtieri (Central Basin) requested that MWD describe how it would pay for PS 2 before approving further expenditures.

Pure Water Southern California Environmental Planning

Also during the EOT Committee meeting, staff sought to increase PWSC environmental planning work by \$1.3 million.³ The work is to complete environmental impact analyses for upsizing about 14 miles of PWSC’s “backbone system to accommodate potential flows from Los Angeles’ Operation NEXT recycled water program,⁴ and to support “potential preparation of supplemental” state and federal environmental documentation needed to support MWD’s application for federal grant funding. If awarded, the federal grant of up to \$125 million would require MWD to match up to \$375 million; MWD has not identified the source of these matching funds nor are they included in the proposed budget. Miller urged MWD to officially approve PWSC before spending money beyond the \$80 million state grant, saying “I feel like we are going to be handcuffed into supporting [PWSC] because we spent so much money on it.”

Responding to Smith, Bednarski said the state grant would pay for the added environmental work. Smith also asked if the environmental work needed changes to incorporate potential further phasing of the project, as several directors have suggested doing. Bednarski said staff would present several phasing options at a later March subcommittee meeting. However, increasing the number of phases from two would require “significant changes” to the environmental planning and delay the completion of the environmental work past 2025. Bednarski said staff recommended proceeding as proposed, and if the board decides to have more phasing, staff will produce supplemental environmental documents later. Gualtieri wondered, “would it be best” to “figure out if we are even going to be able to fund this project before we spend any monies on it.” Bednarski said staff recommended using budgeted funds and the state grant to finish the environmental work while simultaneously “working a process with the board” to get to a decision point. In response to Director Armstrong (Eastern), Bednarski said he expected “a lot of work” to be done as part of CAMP4W that would potentially allow a decision on PWSC in October 2025. Director Fong-Sakai expressed concern that staff is seeking funding for “one-off projects” rather than presenting them in a holistic way for the board to consider through CAMP4W.

In response to Miller, Bednarski said staff expected Los Angeles Department of Water and Power (LADWP) to confirm whether it needed a larger pipe in “about a year,” at which point

³ More on PWSC in the memo, “Pure Water Southern California Update,” in the [Water Authority’s January 2024 board packet](#).

⁴ [Operation NEXT](#) is Los Angeles’s potential large-scale recycled water program.

staff would start preliminary design and enter into an agreement with LADWP to reimburse MWD for any additional costs. However, Bednarski said Hagekhalil agreed MWD would pay for inclusion of the pipeline upsizing in the environmental planning. Alvarez expressed several concerns about planning for the project without a realistic assessment of whether the product water will have replenishment takers year-in, year-out and how much it will cost to put the water into basins. He also asked for the environmental work to include “flange-to-flange” direct potable reuse (DPR) because without it, PWSC planning could be “a wasted investment.”

Chair Ortega (San Fernando) observed that “we have been talking about [PWSC] almost like it is a done deal for close to a decade,” and MWD has committed the project to reducing its SWP and Colorado River demands. He said directors’ questions were “totally justified” but cautioned that “how we manage this project is going to cast a strong light on [MWD]” and its credibility and urged board members to be “mindful of what we have set for ourselves.”

Director Morris (San Marino) moved to approve the funding. Director Dennstedt (Western) made a substitute motion to seek reimbursement from LADWP for the cost of including the pipe upsizing; it failed for lack of a second. Morris’ motion passed with the Delegates, Central Basin, West Basin, and Western opposing.⁵ Miller explained that he wanted the board to officially approve the project before spending more on it. Ortega observed that MWD “is really at a pivotal moment in its finances” and will need to make “big choices, and it is going to be expensive.”

At the subsequent day’s board meeting, the contract increase passed with 89.4% support, including from the Delegates.⁶ Seckel said the funds were necessary to complete PWSC’s environmental work, which are not “discretionary,” but requested a discussion on funding agreements with LADWP. Director Dick (MWDOC) said if MWD is doing the work for LADWP’s benefit, LADWP should pay; Director Peterson (Las Virgenes) agreed. Director Quinn (Los Angeles) suggested Operation NEXT would increase reliability and resilience for all member agencies, so MWD should pay the planning costs. Miller said the environmental work should be done (to support MWD’s decision to implement the project or not), explaining his opposition the previous day was intended to draw “attention” to the need to make this decision, especially given MWD may need to provide \$375 million in matching funds. Alvarez supported the added environmental work and requested it include an evaluation of DPR. Dennstedt said she was confused about the funding source for the environmental work and asked that staff report more clearly on grant fund use in the future. Gualtieri said he was “not against” PWSC but was concerned about spending money on a project that the board has not approved and “may not go anywhere.” Hagekhalil committed to provide the information needed for the board “to make the decision” on the project’s implementation, adding that MWD would “talk about” agreements with other agencies when MWD discusses “future construction,” and that staff would provide a DPR “review” later.

⁵ Anaheim, Calleguas, Foothill, MWDOC, San Marino, and Torrance supported the motion; the Inland Empire, Las Virgenes, and Los Angeles committee members were absent.

⁶ Gualtieri opposed and Kassakhian (Glendale), Ramos (Burbank), Petersen (Los Angeles), Phan (Santa Ana), and Sutley (Los Angeles) were absent. Ackerman (MWDOC), Lefevre (Torrance), McMillan (Calleguas), Morris (San Marino), and Peterson (Las Virgenes) did not enter a vote.

Potential Interagency Local Supply Exchange Program

During the One Water and Stewardship Committee meeting, staff provided a presentation on a “policy framework to define the appropriate role for [MWD] in facilitating the exchange of local water supplies between our member agencies.” The supplies would not be put directly into MWD’s system but provided via “an administrative exchange of those [MWD] water supplies that each agency would otherwise purchase.” Part of staff’s framework requires the payment of MWD’s full-service rate “to ensure that none of the other agencies are being impacted.” Staff said it was seeking board input before returning in April with more information.

Kurtz said she supported the “flexible” program and urged staff to ensure all MWD’s administrative costs are recovered. Director Pressman (Beverly Hills) questioned why any MWD member agency would want to get water from another MWD member agency if it was going to cost them more than getting water directly from MWD. Staff said it was “speculating” on agreement terms but did not offer any clarity. Later, Smith questioned MWD charging the full-service rate for administering the exchange. Staff said it is “giving a little bit too much away about the framework,” but it wants to make sure that MWD receives the full-service rates for any MWD deliveries to prevent other agencies from being impacted. In response to Director Lefevre’s (Torrance) request for examples, staff said it was “saving” them for next month when it presents the “specific framework.”

Ortega suggested the program could be used to bank water. Similarly, Smith asked staff to consider how the program could work if one agency has “too much” water and another agency stores it. Director Goldberg appreciated staff’s collaborative approach with member agencies to take advantage of available water suggesting that this program should be discussed in CAMP4W. She requested staff provide further information about “how agencies can trade or exchange local supplies if MWD supplies are not quantified.”

The Metropolitan Water District of Southern California

Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

EOT Committee

D. Erdman, Chair
M. Camacho, Vice Chair
D. Alvarez
G. Bryant
B. Dennstedt
S. Faessel
L. Fong-Sakai
M. Gualtieri
R. Lefevre
J. McMillan
C. Miller
J. Morris
M. Petersen
G. Peterson
K. Seckel
T. Smith

Engineering, Operations, and Technology Committee

Meeting with Board of Directors *

March 11, 2024

9:00 a.m.

Agendas, live streaming, meeting schedules, and other board materials are available here: <https://mwdh2o.legistar.com/Calendar.aspx>. If you have technical difficulties with the live streaming page, a listen-only phone line is available at 1-877-853-5257; enter meeting ID: 862 4397 5848. Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via in-person or teleconference. To participate via teleconference 1-833-548-0276 and enter meeting ID: 815 2066 4276 or click <https://us06web.zoom.us/j/81520664276pwd=a1RTQWh6V3h3ckFhNmdsUWpKR1c2Zz09>

**Monday, March 11, 2024
Meeting Schedule**

**09:00 a.m. EOT
11:30 a.m. Leg
01:00 p.m. Break
01:30 p.m. EOP
03:00 p.m. OWS**

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

Teleconference Locations:

Princess Cruise / Emerald Princess • 3721 S.W. 30th Avenue, Fort Lauderdale, FL 33312

525 Via La Selva • Redondo Beach, CA 90277

Cedars Sinai Medical Center • 8700 Beverly Blvd • Los Angeles, CA 90048

1370 N. Brea Blvd., Suite #235 • Fullerton, CA 92835

934 16th Street • Denver, CO 80202

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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))**

**** CONSENT CALENDAR ITEMS -- ACTION ****

- 2. CONSENT CALENDAR OTHER ITEMS - ACTION**

- A. Approval of the Minutes of the Engineering, Operations, and Technology Committee for February 12, 2024 (Copies have been submitted to each Director, any additions, corrections, or omissions) [21-3076](#)

Attachments: [03112024 EOT 2A \(02122024\) Minutes](#)

3. CONSENT CALENDAR ITEMS - ACTION

- 7-1 Award a \$1,754,000 contract to Granite Construction Company for pavement rehabilitation at the F.E. Weymouth Water Treatment Plant; the General Manager has determined that the proposed action is exempt of otherwise not subject to CEQA [21-3079](#)

Attachments: [03122024 EOT 7-1 B-L](#)
[03122024 EOT 7-1 Presentation](#)

- 7-2 Award a \$892,552 procurement contract to Whipps Inc. for the fabrication and delivery of three stainless steel slide gate assemblies for the East Lake Skinner Bypass channel; the General Manager has determined that the proposed action is exempt or not subject to CEQA [21-3080](#)

Attachments: [03122024 EOT 7-2 B-L](#)
[03122024 EOT 7-2 Presentation](#)

- 7-3 Award a \$1,779,174 procurement contract to Vogt Valves, Inc. for a 132-inch diameter butterfly valve to be installed at the Foothill Pump Station Intertie as part of water supply reliability improvements in the Rialto Pipeline service area; and authorize an increase of \$260,000 to an agreement with HDR Engineering Inc. for a new not-to-exceed amount of \$1,560,000 for design services; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (This action is part of a series of projects that are being undertaken to improve the supply reliability for State Water Project dependent member agencies) [21-3081](#)

Attachments: [03122024 EOT 7-3 B-L](#)
[03122024 EOT 7-3 Presentation](#)

- 7-4** Authorize an increase of \$2,700,000 to an agreement with Tetra Tech Inc. for a new not-to-exceed total amount of \$3,350,000 for final design services for improvements to the Station Light and Power Electrical System at Iron Mountain Pumping Plant; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-3082](#)
- Attachments:** [03122024 EOT 7-4 B-L](#)
[03122024 EOT 7-4 Presentation](#)
- 7-5** Amend the Capital Investment Plan for fiscal years 2022/23 and 2023/24 to include two projects: (1) Sepulveda Feeder Pump Stations Stage 2, and (2) Inglewood Lateral Improvements; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (This action is part of a series of projects that are being undertaken to improve the supply reliability for State Water Project dependent member agencies.) [21-3083](#)
- Attachments:** [03122024 EOT 7-5 B-L](#)
[03122024 EOT 7-5 Presentation](#)
- 7-6** Authorize an increase of \$1.3 million to an existing agreement with Helix Environmental Planning Inc. for a new not to exceed amount of \$4.1 million to support the Pure Water Southern California Program environmental planning; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-3084](#)
- Attachments:** [03122024 EOT 7-6 B-L](#)
[03112024 EOT 7-6 Presentation](#)
- 7-7** Authorize an increase of \$320,000 to a purchase order with Total Transportation Logistics Inc. for a new not-to-exceed total amount of \$540,000 for storage of filter valves for the F.E. Weymouth Water Treatment Plant; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-3085](#)
- Attachments:** [03122024 EOT 7-7 B-L](#)
[03122024 EOT 7-7 Presentation](#)

**** END OF CONSENT CALENDAR ITEMS ****

4. OTHER BOARD ITEMS - ACTION

NONE

5. BOARD INFORMATION ITEMS

NONE

6. COMMITTEE ITEMS

- a. Capital Investment Plan quarterly report for period ending December 2023 [21-3086](#)

Attachments: [03112024 EOT 6a Report](#)
[03112024 EOT 6a Presentation](#)

- b. Information Technology Roadmap and Spending [21-3087](#)

Attachments: [03112024 EOT 6b Presentation](#)

7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- a. Engineering Services, Information Technology, and Water System Operations activities [21-3077](#)

Attachments: [03112024 EOT 7a ESG Monthly Activity Report](#)
[03112024 EOT 7a IT Monthly Activity Report](#)
[03112024 EOT 7a WSO Monthly Activity Report](#)
[03112024 EOT 7a Presentation](#)

8. SUBCOMMITTEE REPORTS AND DISCUSSION

- a. Discuss and provide direction to Subcommittee on Pure Water Southern California and Regional Conveyance [21-3078](#)

9. FOLLOW-UP ITEMS

NONE

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

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The Metropolitan Water District of Southern California

Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

LEG Committee

F. Jung, Chair
A. Kassakhian, Vice Chair
J. Abdo
L. Ackerman
B. Dennstedt
A. Fellow
J. Garza
G. Gray
M. Luna
J. McMillan
T. Phan
B. Pressman
M. Ramos
T. Smith

Legislation and Communications Committee

Meeting with Board of Directors *

March 11, 2024

11:30 a.m.

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**Monday, March 11, 2024
Meeting Schedule**

**09:00 a.m. EOT
11:30 a.m. Leg
01:00 p.m. Break
01:30 p.m. EOP
03:00 p.m. OWS**

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

Teleconference Locations:

Princess Cruise / Emerald Princess • 3721 S.W. 30th Avenue, Fort Lauderdale, FL 33312

525 Via La Selva • Redondo Beach, CA 90277

City Hall • 303 W. Commonwealth Ave. • Fullerton, CA 92832

Cedars Sinai Medical Center • 8700 Beverly Blvd • Los Angeles, CA 90048

1370 N. Brea Blvd., Suite #235 • Fullerton, CA 92835

934 16th Street • Denver, CO 80202

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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))**

**** CONSENT CALENDAR ITEMS -- ACTION ****

- 2. CONSENT CALENDAR OTHER ITEMS - ACTION**

- A. Approval of the minutes of the Legislation, Regulatory Affairs and Communications Committee for January 8, 2024 (copies have been submitted to each Director, any additions, corrections, or omissions) [21-3109](#)

Attachments: [03112024 LEG 2A \(01082024\) Minutes](#)

3. CONSENT CALENDAR ITEMS - ACTION

NONE

**** END OF CONSENT CALENDAR ITEMS ****

4. OTHER BOARD ITEMS - ACTION

NONE

5. BOARD INFORMATION ITEMS

NONE

6. COMMITTEE ITEMS

- a. Regional Survey on Water Conservation; Presented by Adam Probolsky - President of Probolsky Research [21-3107](#)

Attachments: [03112024 LEG 6a Presentation](#)

- b. Report on Activities from Washington, D.C. [21-3110](#)

Attachments: [03112024 LEG 6b Federal Legislative Matrix](#)
[03112024 LEG 6b Presentation](#)

- c. Report on Activities from Sacramento [21-3111](#)

Attachments: [03112024 LEG 6c State Legislative Matrix](#)
[03112024 LEG 6c Presentation](#)

7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- a. External Affairs activities [21-3112](#)

Attachments: [03112024 LEG 7a EA Monthly Activity Report](#)
[03112024 LEG 7a Presentation](#)

8. FOLLOW-UP ITEMS

NONE

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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The Metropolitan Water District of Southern California

Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

EO&P Committee

B. Pressman, Chair
T. Phan, Vice Chair
G. Bryant
M. Camacho
G. Cordero
C. Douglas
D. Erdman
S. Faessel
L. Fong-Sakai
F. Jung
A. Kassakhian
J. McMillan
M. Ramos
N. Sutley

Ethics, Organization, and Personnel Committee - Final - Revised 1

Meeting with Board of Directors *

March 11, 2024

1:30 p.m.

Agendas, live streaming, meeting schedules, and other board materials are available here: <https://mwdh2o.legistar.com/Calendar.aspx>. If you have technical difficulties with the live streaming page, a listen-only phone line is available at 1-877-853-5257; enter meeting ID: 862 4397 5848. Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via in-person or teleconference. To participate via teleconference 1-833-548-0276 and enter meeting ID: 815 2066 4276 or click <https://us06web.zoom.us/j/81520664276pwd=a1RTQWh6V3h3ckFhNmdsUWpKR1c2Zz09>

**Monday, March 11, 2024
Meeting Schedule**

**09:00 a.m. EOT
11:30 a.m. Leg
01:00 p.m. Break
01:30 p.m. EOP
03:00 p.m. OWS**

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

Teleconference Locations:

Princess Cruise / Emerald Princess • 3721 S.W. 30th Avenue, Fort Lauderdale, FL 33312

525 Via La Selva • Redondo Beach, CA 90277

City Hall • 303 W. Commonwealth Ave. • Fullerton, CA 92832

1370 N. Brea Blvd., Suite #235 • Fullerton, CA 92835

934 16th Street • Denver, CO 80202

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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))**

**** CONSENT CALENDAR ITEMS -- ACTION ****

- 2. CONSENT CALENDAR OTHER ITEMS - ACTION**

- A. Approval of the Minutes of the Ethics, Organization, and Personnel Committee for February 13, 2024 (Copies have been submitted to each Director, any additions, corrections, or omissions) [21-3088](#)

Attachments: [03112024 EOP 2A \(02132024\) Minutes](#)

3. CONSENT CALENDAR ITEMS - ACTION

NONE

**** END OF CONSENT CALENDAR ITEMS ****

4. OTHER BOARD ITEMS - ACTION

NONE

5. BOARD INFORMATION ITEMS

NONE

6. COMMITTEE ITEMS

- a. Expenditures for external investigations [21-3089](#)

Attachments: [03112024 EOP 6a1 Presentation](#)
[03112024 EOP 6a2 Presentation](#)

- b. Form 700 Annual Disclosure Training [21-3090](#)

Attachments: [03112024 EOP 6b Presentation](#)

- c. Equal Employment Opportunity Educational Update [21-3091](#)

Attachments: [03112024 EOP 6c Presentation](#)

- d. Overview of the Human Resources Group and Key Initiatives [21-3143](#)

Attachments: [03112024 EOP 6d Presentation](#)

- e. Discuss the Department Head 360 Evaluation process [21-3148](#)

Attachments: [03112024 EOP 6e Presentation](#)

7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- a. Ethics Officer's report on monthly activities [21-3093](#)

Attachments: [03122024 EOP 7a Report](#)

- b. Equal Employment Opportunity, Safety, Security, and Protection, and Human Resources activities [21-3094](#)

Attachments: [03112024 EOP 7b HR Activity Report](#)

[03112024 EOP 7b EEO Monthly Activity Report](#)

[03122024 EOP 7b OSSP Monthly Activity Report](#)

8. FOLLOW-UP ITEMS

NONE

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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The Metropolitan Water District of Southern California

Agenda

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OW&S Committee

T. Quinn, Chair
S. Faessel, Vice Chair
L. Ackerman
D. Alvarez
J. Armstrong
G. Cordero
D. De Jesus
D. Erdman
L. Fong-Sakai
S. Goldberg
C. Kurtz
R. Lefevre
C. Miller
G. Peterson
B. Pressman
N. Sutley

One Water and Stewardship Committee

Meeting with Board of Directors *

March 11, 2024

3:00 p.m.

**Monday, March 11, 2024
Meeting Schedule**

**09:00 a.m. EOT
11:30 a.m. Leg
01:00 p.m. Break
01:30 p.m. EOP
03:00 p.m. OWS**

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3008 W. 82nd Place • Inglewood, CA 90305

525 Via La Selva • Redondo Beach, CA 90277

1370 N. Brea Blvd., Suite #235 • Fullerton, CA 92835

337 W. Foothill Blvd., • Glendora CA 91740

934 16th Street • Denver, CO 80202

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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))**

**** CONSENT CALENDAR ITEMS -- ACTION ****

- 2. CONSENT CALENDAR OTHER ITEMS - ACTION**

- A. Approval of the Minutes of the One Water and Stewardship Committee for February 13, 2024 (Copies have been submitted to each Director, any additions, corrections, or omissions) [21-3095](#)

Attachments: [03112024 OWS 2A \(02132024\) Minutes](#)

3. CONSENT CALENDAR ITEMS - ACTION

NONE

**** END OF CONSENT CALENDAR ITEMS ****

4. OTHER BOARD ITEMS - ACTION

NONE

5. BOARD INFORMATION ITEMS

NONE

6. COMMITTEE ITEMS

- a. Report on the U.S. Bureau of Reclamation's Final Supplemental Environmental Impact Statement for Near-term Colorado River Operations (through 2026) [21-3098](#)

Attachments: [03112024 OWS 6a Presentation](#)

- b. Report on the U.S. Bureau of Reclamation's development of post-2026 Colorado River reservoir operations guidelines and strategies for Lake Powell and Lake Mead [Conference with legal counsel – anticipated litigation; based on existing facts and circumstances, including potential imposition of significant water use reductions in the Lower Basin under the regulatory authority of the U.S. Bureau of Reclamation could lead to litigation among the United States and one or more Colorado River water users; there is a significant exposure to litigation against Metropolitan: unknown number of potential cases; a portion may be heard in closed session pursuant to Gov. Code Section 54956.9(d)(2)] [21-3147](#)

Attachments: [03112024 OWS 6b Presentation](#)

- c. Update on Water Surplus Drought Management [21-3102](#)

Attachments: [03122024 OWS 6c Report](#)
[03112024 OWS 6c Presentation](#)

- d. Delta Levee Maintenance Funding [21-3130](#)

Attachments: [03112024 OWS 6d Presentation](#)

- e. Potential Interagency Local Supply Exchange Program [21-3142](#)

Attachments: [03112024 OWS 6e Presentation](#)

7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- a. Bay-Delta Resources, Colorado River Resources, Sustainability, Resilience and Innovation, and Water Resource Management activities [21-3097](#)

Attachments: [03112024 OWS 7a Bay-Delta Monthly Report](#)
[03112024 OWS 7a SRI Monthly Activities Report](#)

8. COMMITTEE REPORTS

- a. Report on the Delta Conveyance Design and Construction Authority Meeting [21-3105](#)

- b. Report on Delta Conveyance Finance Authority Meeting [21-3131](#)

- c. Report on the Bay-Delta Ad Hoc Meeting [21-3106](#)

9. SUBCOMMITTEE REPORTS AND DISCUSSION

- a. Discuss and provide direction to Subcommittee on Demand Management and Conservation Programs and Priorities [21-3096](#)

10. FOLLOW-UP ITEMS

NONE

11. FUTURE AGENDA ITEMS

12. ADJOURNMENT

One Water and Stewardship Committee

Page 4

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The Metropolitan Water District of Southern California

Agenda

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L&C Committee

M. Luna, Chair
J. Garza, Vice Chair
M. Camacho
G. Cordero
L. Dick
C. Douglas
C. Kurtz
T. McCoy
C. Miller
G. Peterson
M. Ramos
K. Seckel

Legal and Claims Committee - Final - Revised 3

Meeting with Board of Directors *

March 12, 2024

8:30 a.m.

Agendas, live streaming, meeting schedules, and other board materials are available here: <https://mwdh2o.legistar.com/Calendar.aspx>. If you have technical difficulties with the live streaming page, a listen-only phone line is available at 1-877-853-5257; enter meeting ID: 862 4397 5848. Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via in-person or teleconference. To participate via teleconference 1-833-548-0276 and enter meeting ID: 815 2066 4276 or click <https://us06web.zoom.us/j/81520664276pwd=a1RTQWh6V3h3ckFhNmdsUWpKR1c2Zz09>

**Tuesday, March 12, 2024
Meeting Schedule**

**08:30 a.m. LC
10:00 a.m. FAM
01:00 p.m. Break
01:30 p.m. BOD**

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

Teleconference Locations:

Princess Cruise / Emerald Princess • 3721 S.W. 30th Avenue, Fort Lauderdale, FL 33312

3008 W. 82nd Place • Inglewood, CA 90305

525 Via La Selva • Redondo Beach, CA 90277

Cedars Sinai Medical Center • 8700 Beverly Blvd • Los Angeles, CA 90048

934 16th Street • Denver, CO 80202

* The Metropolitan Water District's meeting of this 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 this 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 this Committee will not vote on matters before this 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. **MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS**
 - A. General Counsel's report of monthly activities [21-3113](#)

Attachments: [03122024 LC 2A Report](#)

**** CONSENT CALENDAR ITEMS -- ACTION ******3. CONSENT CALENDAR OTHER ITEMS - ACTION**

- A. Approval of the Minutes of the Legal and Claims Committee for February 13, 2024 (Copies have been submitted to each Director, any additions, corrections, or omissions) [21-3114](#)

Attachments: [03122024 LC 3A \(02132024\) Minutes](#)

4. CONSENT CALENDAR ITEMS - ACTION

- 7-8 Approve amendments to the Metropolitan Water District Administrative Code to provide an exempt time off benefit to unrepresented employees equivalent to the time off benefit provided to Metropolitan's management unit, create a new reproductive leave loss benefit as required by state law, conform personnel regulations for unrepresented employees to current practices and regulations; and authorize the General Manager to adjust unrepresented salaries to conform with the equity wage and cost-of-living adjustments provided to Metropolitan's management unit. The General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. [REVISED SUBJECT 3/8/2024] [21-3115](#)

Attachments: [03122024 LC 7-8 B-L REVISED ATTACHMENTS](#)
[03122024 LC 7-8 Presentation](#)

**** END OF CONSENT CALENDAR ITEMS ******5. OTHER BOARD ITEMS - ACTION**

NONE

6. BOARD INFORMATION ITEMS

NONE

7. COMMITTEE ITEMS

- a. Update on pending and recently resolved employment litigation and employment legal claims. [UPDATED SUBJECT 3/7/2024] [21-3144](#)

Attachments: [03122024 LC 7a Presentation](#)

- b. Report on litigation in Darren A. Reese v. Metropolitan Water District of Southern California, Riverside County Superior Court Case No. CVPS2204312; Dane Crawford v. Metropolitan Water District of Southern California, Riverside County Superior Court Case No. CVPS2304015; Alicia Lorentzen v. Metropolitan Water District of Southern California, Los Angeles County Superior Court Case No. 23STCV19214; and Ryan Tiegs v. Metropolitan Water District of Southern California, Riverside County Superior Court Case No. CVPS2306176; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. [Conference with legal counsel – existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d) (1)]. [ADDED SUBJECT 3/7/2024]

[21-3168](#)

8. FOLLOW-UP ITEMS

NONE

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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The Metropolitan Water District of Southern California

Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

FAM Committee

T. Smith, Chair
L. Dick, Vice Chair
D. Alvarez
J. Armstrong
D. De Jesus
B. Dennstedt
L. Fong-Sakai
M. Gualtieri
J. McMillan
C. Miller
M. Petersen
B. Pressman
T. Quinn
K. Seckel

Finance and Asset Management Committee - Final - Revised 1

Meeting with Board of Directors *

March 12, 2024

10:00 a.m.

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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))**

**** CONSENT CALENDAR ITEMS -- ACTION ****

- 2. CONSENT CALENDAR OTHER ITEMS - ACTION**

- A. Approval of the Minutes of the Finance, Audit, Insurance, and Real Property Committee Meeting for February 12, 2024 (Copies have been submitted to each Director, any additions, corrections, or omissions) [21-3119](#)

Attachments: [03122024 FAM 2A \(02122024\) Minutes](#)

3. CONSENT CALENDAR ITEMS - ACTION

NONE

**** END OF CONSENT CALENDAR ITEMS ****

4. OTHER BOARD ITEMS - ACTION

- 8-1 Authorize a new agricultural lease agreement with Lemhi Land & Cattle LLC, thereby allowing this existing lessee to continue farming on Metropolitan's fee-owned property in the Sacramento-San Joaquin Delta; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with real property negotiators; properties totaling approximately 3,007 gross acres in the area commonly known as Holland Tract, also identified as Contra Costa County Assessor Parcel Nos. 023040027; 023040026; 023050001; 023050002; 023070011; 023070012; 023090004; 023090003; 023080010; 023080011; 023100007; 023100008; 023090001; 023100002; 023100004; 023100001; agency negotiators: Anna Olvera, Kevin Webb, and Kieran Callanan; negotiating parties: Gino Torlai dba Lemhi Land & Cattle, LLC; under negotiation: price and terms; to be heard in closed session pursuant to Government Code Section 54956.8]. [REVISED SUBJECT 3/6/24] [21-3117](#)

Attachments: [03122024 FAM 8-1 Presentation \(revised\)](#)

5. WORKSHOP ITEM

- 9-2 Proposed biennial budget, which includes the Capital Investment Plan and revenue requirements for fiscal years 2024/25 and 2025/26; proposed water rates and charges for calendar years 2025 and 2026 to meet revenue requirements for fiscal years 2024/25 and 2025/26; ten-year forecast; and Cost of Service Report (Workshop #3) [21-3118](#)

Attachments: [03122024 FAM 9-2 Presentation](#)

6. COMMITTEE ITEMS

- a. Pure Water Southern California Cost Recovery Alternatives Update [21-3123](#)

Attachments: [03122024 FAM 6a.1 Presentation](#)
[03122024 FAM 6a.2 Presentation](#)

- b. Quarterly Financial Report [21-3124](#)

Attachments: [03122024 FAM 6b Presentation](#)

- c. Historical Revenue and Expense Analysis [21-3125](#)

Attachments: [03122024 FAM 6c Presentation](#)

7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- a. Finance and Asset Management activities [21-3120](#)

Attachments: [03122024 FAM 7a Monthly Activities Report](#)

8. SUBCOMMITTEE REPORTS AND DISCUSSION

- a. Report from Subcommittee on Long-Term Regional Planning Processes and Business Modeling [21-3121](#)

- b. Discuss and provide direction to Subcommittee on Long-Term Regional Planning Processes and Business Modeling [21-3122](#)

9. FOLLOW-UP ITEMS

NONE

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

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The Metropolitan Water District of Southern California

Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

Board of Directors - Final - Revised 2

March 12, 2024

1:30 PM

<p>Tuesday, March 12, 2024 Meeting Schedule</p>
<p>08:30 a.m. LC 10:00 a.m. FAM 01:00 p.m. Break 01:30 p.m. BOD</p>

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Cedars Sinai Medical Center • 8700 Beverly Blvd • Los Angeles, CA 90048
934 16th Street • Denver, CO 80202

1. Call to Order

- a. Invocation: Director Jacque McMillan, Calleguas Municipal Water District
- b. Pledge of Allegiance: Director Gloria Cordero, City of Long Beach

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))

PUBLIC HEARING

- a. Public hearing regarding: the proposed water rates and charges for calendar years 2025 and 2026 necessary to meet the revenue requirements for fiscal years 2024/25 and 2025/26 [21-3127](#)

5. OTHER MATTERS AND REPORTS

- A. Report on Directors' Events Attended at Metropolitan's Expense [21-3052](#)

Attachments: [03122024 BOD 5A Report](#)

- B. Chair's Monthly Activity Report [21-3053](#)

Attachments: [03122024 BOD 5B Report](#)

- C. General Manager's summary of activities [21-3054](#)

Attachments: [03122024 BOD 5C Report](#)

- D. General Counsel's summary of activities [21-3055](#)

Attachments: [03122024 BOD 5D Report](#)

- E. General Auditor's summary of activities [21-3056](#)

Attachments: [03122024 BOD 5E Report](#)

- F. Ethics Officer's summary of activities [21-3057](#)

Attachments: [03122024 BOD 5F Report](#)

**** CONSENT CALENDAR ITEMS -- ACTION ****

6. CONSENT CALENDAR OTHER ITEMS - ACTION

- A. Approval of the Minutes of the Board of Directors Meeting for February 13, 2024 (Copies have been submitted to each Director, any additions, corrections, or omissions) [21-3051](#)

Attachments: [03122024 BOD 6A \(02132024\) Minutes](#)

- B. Approve Committee Assignments

- C. Nomination and Election of nonofficer members of the Executive Committee for the remaining two-year term effective March 12, 2024 and ending at the January 2025 Board Meeting

7. CONSENT CALENDAR ITEMS - ACTION

- 7-1** Award a \$1,754,000 contract to Granite Construction Company for pavement rehabilitation at the F.E. Weymouth Water Treatment Plant; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EOT) **[21-3079](#)**
- Attachments:** [03122024 EOT 7-1 B-L](#)
[03122024 EOT 7-1 Presentation](#)
- 7-2** Award a \$892,552 procurement contract to Whipps Inc. for the fabrication and delivery of three stainless steel slide gate assemblies for the East Lake Skinner Bypass channel; the General Manager has determined that the proposed action is exempt or not subject to CEQA (EOT) **[21-3080](#)**
- Attachments:** [03122024 EOT 7-2 B-L](#)
[03122024 EOT 7-2 Presentation](#)
- 7-3** Award a \$1,779,174 procurement contract to Vogt Valves, Inc. for a 132-inch diameter butterfly valve to be installed at the Foothill Pump Station Intertie as part of water supply reliability improvements in the Rialto Pipeline service area; and authorize an increase of \$260,000 to an agreement with HDR Engineering Inc. for a new not-to-exceed amount of \$1,560,000 for design services; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (This action is part of a series of projects that are being undertaken to improve the supply reliability for State Water Project dependent member agencies) (EOT) **[21-3081](#)**
- Attachments:** [03122024 EOT 7-3 B-L](#)
[03122024 EOT 7-3 Presentation](#)
- 7-4** Authorize an increase of \$2,700,000 to an agreement with Tetra Tech Inc. for a new not-to-exceed total amount of \$3,350,000 for final design services for improvements to the Station Light and Power Electrical System at Iron Mountain Pumping Plant; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EOT) **[21-3082](#)**
- Attachments:** [03122024 EOT 7-4 B-L](#)
[03122024 EOT 7-4 Presentation](#)

- 7-5** Amend the Capital Investment Plan for fiscal years 2022/23 and 2023/24 to include two projects: (1) Sepulveda Feeder Pump Stations Stage 2, and (2) Inglewood Lateral Improvements; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (This action is part of a series of projects that are being undertaken to improve the supply reliability for State Water Project dependent member agencies.) (EOT) **[21-3083](#)**

Attachments: [03122024 EOT 7-5 B-L](#)
[03122024 EOT 7-5 Presentation](#)

- 7-6** Authorize an increase of \$1.3 million to an existing agreement with Helix Environmental Planning Inc. for a new not to exceed amount of \$4.1 million to support the Pure Water Southern California Program environmental planning; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EOT) **[21-3084](#)**

Attachments: [03122024 EOT 7-6 B-L](#)
[03112024 EOT 7-6 Presentation](#)

- 7-7** Authorize an increase of \$320,000 to a purchase order with Total Transportation Logistics Inc. for a new not-to-exceed total amount of \$540,000 for storage of filter valves for the F.E. Weymouth Water Treatment Plant; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EOT) **[21-3085](#)**

Attachments: [03122024 EOT 7-7 B-L](#)
[03122024 EOT 7-7 Presentation](#)

- 7-8** Approve amendments to the Metropolitan Water District Administrative Code to provide an exempt time off benefit to unrepresented employees equivalent to the time off benefit provided to Metropolitan's management unit, create a new reproductive leave loss benefit as required by state law, conform personnel regulations for unrepresented employees to current practices and regulations; and authorize the General Manager to adjust unrepresented salaries to conform with the equity wage and cost-of-living adjustments provided to Metropolitan's management unit. The General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. [REVISED SUBJECT 3/8/2024] (LC) [21-3115](#)

Attachments: [03122024 LC 7-8 B-L REVISED ATTACHMENTS](#)
[03122024 LC 7-8 Presentation](#)

**** END OF CONSENT CALENDAR ITEMS ****

8. OTHER BOARD ITEMS - ACTION

- 8-1** Authorize a new agricultural lease agreement with Lemhi Land & Cattle LLC, thereby allowing this existing lessee to continue farming on Metropolitan's fee-owned property in the Sacramento-San Joaquin Delta; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with real property negotiators; properties totaling approximately 3,007 gross acres in the area commonly known as Holland Tract, also identified as Contra Costa County Assessor Parcel Nos. 023040027; 023040026; 023050001; 023050002; 023070011; 023070012; 023090004; 023090003; 023080010; 023080011; 023100007; 023100008; 023090001; 023100002; 023100004; 023100001; agency negotiators: Anna Olvera, Kevin Webb, and Kieran Callanan; negotiating parties: Gino Torlai dba Lemhi Land & Cattle, LLC; under negotiation: price and terms; to be heard in closed session pursuant to Government Code Section 54956.8]. [REVISED SUBJECT 3/6/24] (FAM) [21-3117](#)

Attachments: [03122024 FAM 8-1 Presentation \(revised\)](#)

9. BOARD INFORMATION ITEMS

- 9-1** Conservation Report [21-3058](#)

Attachments: [03122024 BOD 9-1 Report](#)

- 9-2** Proposed biennial budget, which includes the Capital Investment Plan and revenue requirements for fiscal years 2024/25 and 2025/26; proposed water rates and charges for calendar years 2025 and 2026 to meet revenue requirements for fiscal years 2024/25 and 2025/26; ten-year forecast; and Cost of Service Report (Workshop #3) (FAM) [21-3118](#)

Attachments: [03122024 FAM 9-2 Presentation](#)

10. OTHER MATTERS

NONE

11. FOLLOW-UP ITEMS

NONE

12. FUTURE AGENDA ITEMS

13. ADJOURNMENT

NOTE: 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 parenthesis at the end of the description of the agenda item, e.g. (EOT). Board agendas may be obtained on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>

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**Summary Report for
The Metropolitan Water District of Southern California
Board Meeting
March 12, 2024**

PUBLIC HEARING

Public hearing regarding: the proposed water rates and charges for calendar years 2025 and 2026 necessary to meet the revenue requirements for fiscal years 2024/25 and 2025/26.

(Agenda Item 4a)

CONSENT CALENDAR OTHER ITEMS - ACTION

Announced formation of a new Ethics, Organization, and Personnel Subcommittee on 360 Evaluations Review of Direct Reports.

- Directors Bryant, Dennstedt, Ortega, Phan, Pressman, and Smith were appointed as members and

Appointed Director Armstrong as Chair of Subcommittee on Audits. **(Agenda Item 6B)**

Nominated and Elected Directors Armstrong, Garza and De Jesus as nonofficer members of the Executive Committee for the remaining two-year term effective March 12, 2024 and ending at the January 2025 Board Meeting. **(Agenda Item 6C)**

- Director Armstrong was appointed Chair of the Subcommittee on Audit
- Directors De Jesus and Garza were appointed as members of the Subcommittee on Audit.

CONSENT CALENDAR ITEMS – ACTION

Awarded a \$1,754,000 contract to Granite Construction Company for the rehabilitation of asphalt pavement at the F.E. Weymouth Water Treatment Plant. **(Agenda Item 7-1)**

Awarded an \$892,552 procurement contract to Whipps Inc. for the fabrication of three slide gate assemblies for the East Lake Skinner Bypass channel. **(Agenda Item 7-2)**

(a) Awarded a \$1,779,174 procurement contract to Vogt Valves Inc. for a 132-inch diameter butterfly valve to be installed at the Foothill Pump Station as part of water supply reliability improvements in the Rialto Pipeline service area; and (b) Authorized an increase of \$260,000 to an existing agreement with HDR Engineering Inc. for a new not-to-exceed amount of \$1,560,000

for design of Stage 2 for the Inland Feeder/San Bernardino Valley Municipal Water District Foothill Pump Station Intertie. **(Agenda Item 7-3)**

Authorized an increase to an existing agreement with Tetra Tech Inc. for a new not-to-exceed amount of \$3,350,000 for design services for the Iron Mountain SL&P Electrical Improvements project. **(Agenda Item 7-4)**

Amended the Capital Investment Plan for fiscal years 2022/2023 and 2023/2024 to include the Sepulveda Feeder Pump Stations Stage 2 and the Inglewood Lateral Improvements projects. **(Agenda Item 7-5)**

Authorized an increase of \$1.3 million to an existing agreement with Helix Environmental Planning Inc. for a new not-to-exceed amount of \$4.1 million to continue preparing environmental documentation for the Pure Water Southern California Program. **(Agenda Item 7-6)**

Authorized an increase of \$320,000 to a purchase order with Total Transportation Logistics Inc. for a new not-to-exceed total amount of \$540,000 for storage of filter valves for the F.E. Weymouth Water Treatment Plant. **(Agenda Item 7-7)**

Approved amendments to the Metropolitan Water District Administrative Code to provide an exempt time off benefit for unrepresented employees, create a new reproductive loss leave benefit, and to conform personnel regulations for unrepresented employees to current practices and regulations; and authorized the General Manager to adjust unrepresented salaries to conform with the equity wage and cost-of-living adjustments provided to Metropolitan's management unit. **(Agenda Item 7-8)**

OTHER BOARD ITEMS - ACTION

Approved motion to authorize lease agreement with Lemhi Land and Cattle LLC according to price and terms presented in closed session and as set forth in the confidential letter. **(Agenda Item 8-1)**

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

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This database contains archives from the year 1928 to June 30, 2021: <https://bda.mwdh2o.com/Pages/Default.aspx>