

WORKSHOP MEETING OF THE
BOARD OF DIRECTORS WITH MET DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
18700 Ward Street, Board Room, Fountain Valley, California
January 6, 2016, 8:30 a.m.

AGENDA

PLEDGE OF ALLEGIANCE

ROLL CALL

PUBLIC PARTICIPATION/COMMENTS

At this time members of the public will be given an opportunity to address the Board concerning items within the subject matter jurisdiction of the Board. Members of the public may also address the Board about a particular Agenda item at the time it is considered by the Board and before action is taken.

The Board requests, but does not require, that members of the public who want to address the Board complete a voluntary "Request to be Heard" form available from the Board Secretary prior to the meeting.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine need and take action to agendize item(s), which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present or, if less than two-thirds of the Board members are present, a unanimous vote.)

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING

Pursuant to Government Code Section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the District's business office located at 18700 Ward Street, Fountain Valley, California 92708, during regular business hours. When practical, these public records will also be made available on the District's Internet Web site, accessible at <http://www.mwdoc.com>.

(NEXT RESOLUTION NO. 2021)

PRESENTATION/DISCUSSION/INFORMATION ITEMS

1. ORANGE COUNTY'S DROUGHT PERFORMANCE – OCTOBER REPORT

Recommendation: Review and discuss the information presented.

2. MET'S WATER STORAGE STRATEGY FOR 2016 (Approximate Presentation Time: 15 minutes)

Recommendation: Review and discuss the information presented.

3. MET'S 2015 INTEGRATED RESOURCES PLAN (IRP) – PHASE 2

Recommendation: Review and discuss the information presented.

4. MET ITEMS CRITICAL TO ORANGE COUNTY

- a. MET's Water Supply Conditions
- b. MET's Finance and Rate Issues
- c. Colorado River Issues
- d. Bay Delta/State Water Project Issues
- e. MET's Ocean Desalination Policy and Potential Participation by MET in the Doheny Desalination Project and in the Huntington Beach Ocean Desalination Project (Poseidon Desalination Project)
- f. Orange County Reliability Projects
- g. East Orange County Feeder No. 2

Recommendation: Discuss and provide input on information relative to the MET items of critical interest to Orange County.

5. OTHER INPUT OR QUESTIONS ON MET ISSUES FROM THE MEMBER AGENCIES**6. METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS**

- a. Summary regarding November and December MET Board Meetings
- b. Review items of significance for MET Board and Committee Agendas

Recommendation: Review and discuss the information presented.

ADJOURNMENT

Note: Accommodations for the Disabled. Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Maribeth Goldsby, District Secretary, at (714) 963-3058, or writing to Municipal Water District of Orange County at P.O. Box 20895, Fountain Valley, CA 92728. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.



DISCUSSION ITEM

January 6, 2016

TO: Board of Directors

FROM: Robert Hunter
General Manager

Staff Contact: Harvey De La Torre

**SUBJECT: ORANGE COUNTY'S DROUGHT PERFORMANCE – OCTOBER 2015
REPORT**

STAFF RECOMMENDATION

Staff recommends the Board of Directors review and discuss this information

BACKGROUND

Last year, Governor Brown issued an Executive Order calling for statewide mandatory water reductions for all urban water retail agencies. The purpose was to reduce water consumption in response to the record-breaking drought throughout the state of California. Although each Orange County retail agency was assigned a conservation target by the State Water Resource Control Board (State Board) that ranges between 8% and 36%, the aggregated water savings target among all of the retail agencies in Orange County is approximately 21.73%.

At the same time, the Metropolitan Board implemented its water supply allocation plan at a level 3 to all of its member agencies, effective July 1, 2015. This called for a reduction, no greater than 15%, in imported water usage for a twelve month period - ending June 30, 2016.

The reports below demonstrates how Orange County, as a whole, has been performing to the State Board's water saving targets and how MWDOC has been tracking MET imported water supply allocation targets. Please note that these targets are calculated differently and are based on different factors.

Budgeted (Y/N): n/a	Budgeted amount: n/a	Core _X_	Choice __
Action item amount: n/a	Line item:		
Fiscal Impact (explain if unbudgeted):			

Report

Orange County's Performance under the SWRCB Mandatory Reduction Targets

Orange County monthly % Savings vs. SWRCB Target

(As of December 18, 2015)

	June	July	August	Sept.	Oct.
Orange County SWRCB Savings Target*	21.73% - Monthly Saving Target				
Orange County Actual Savings	23.86%	29.18%	25.12%	28.45%	23.47%
Savings beyond the Target	2.13%	7.43%	3.39%	6.72%	1.74%

For the month of October 2015, Orange County retail water agencies reported a total water saving of 23.47% (note this is compared to October 2013 water usage). This exceeds our Orange County month conservation target of 21.73% by 1.74%. The cumulative savings for the five months into the State Board's mandatory regulations total 26.02% for Orange County.

NOTE: At the time of preparing this report, the State Board had not released its numbers for the month of November 2015. Depending on when the new numbers are released, staff will present the new savings amount at the Board workshop on January 6.

MWDOC's performance under the MET's Water Supply Allocation Plan

MWDOC Actual Imported Water Usage vs. Imported Allocation Target

(As of October 29, 2015)

(In Acre-Feet)

	July	Aug.	Sept.	Oct.	Nov.	Dec. (Est.)	Total
Allocation Monthly Target*	21,700	21,991	19,858	15,989	13,303	11,078	103,919 AF
Actual Imported Usage**	15,950	15,791	12,455	11,816	10,502	11,865	88,155 AF

[*] Estimated monthly imported water allocation targets per the MWDOC's WSAP model.

[**] This includes all MWDOC imported water purchases – Full Service Treated and Full Service untreated (Replenishment purchases are included)

Note: These targets are subject to change based on actual local supply production and WSAP calculations.

As of December 18, the total actual imported water usage for July through December (Est.) totals 88,155 AF, this is 15,764 AF below our estimated allocation target (this includes OCWD purchases).

Based on our actual imported water usage, we are tracking well-below our allocation targets. This is mainly due to retail agencies responding to the State Board's mandatory reduction targets. As a result of these savings, the MWDOC Board authorized the General Manager to offer our member agencies a "secondary assignment" of unused imported water from our MET's Allocation with appropriate conditions. In October, OCWD responded to this offer taking 17,000 AF of untreated water to their spreading basins. An additional "secondary assignment" of 7,000 AF was offered on November 25, and OCWD requested to take only 3,000 AF of the 7,000 AF. Bring their total purchases of imported water to 20,000 AF.



Water Supply Report and Orange County Drought Performance

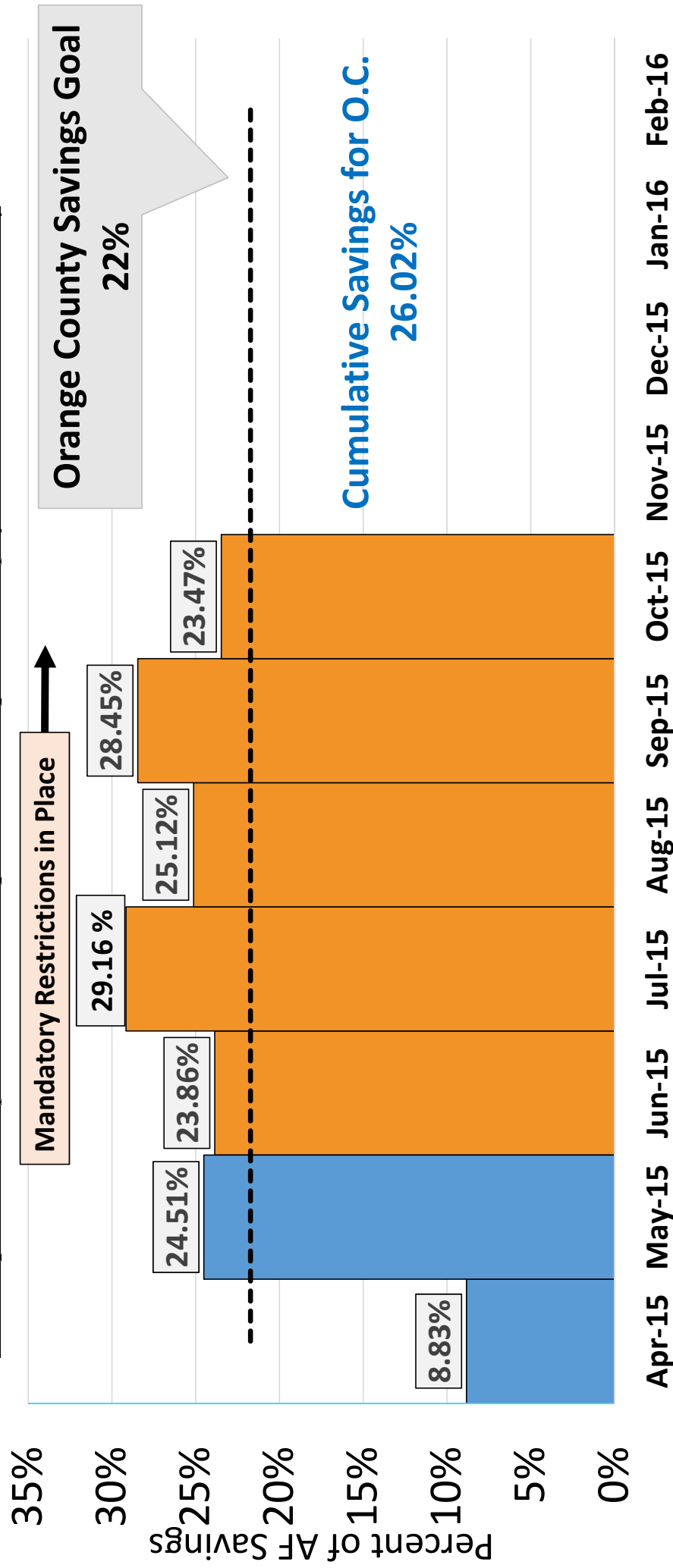
January 6, 2016

Municipal Water District of Orange County

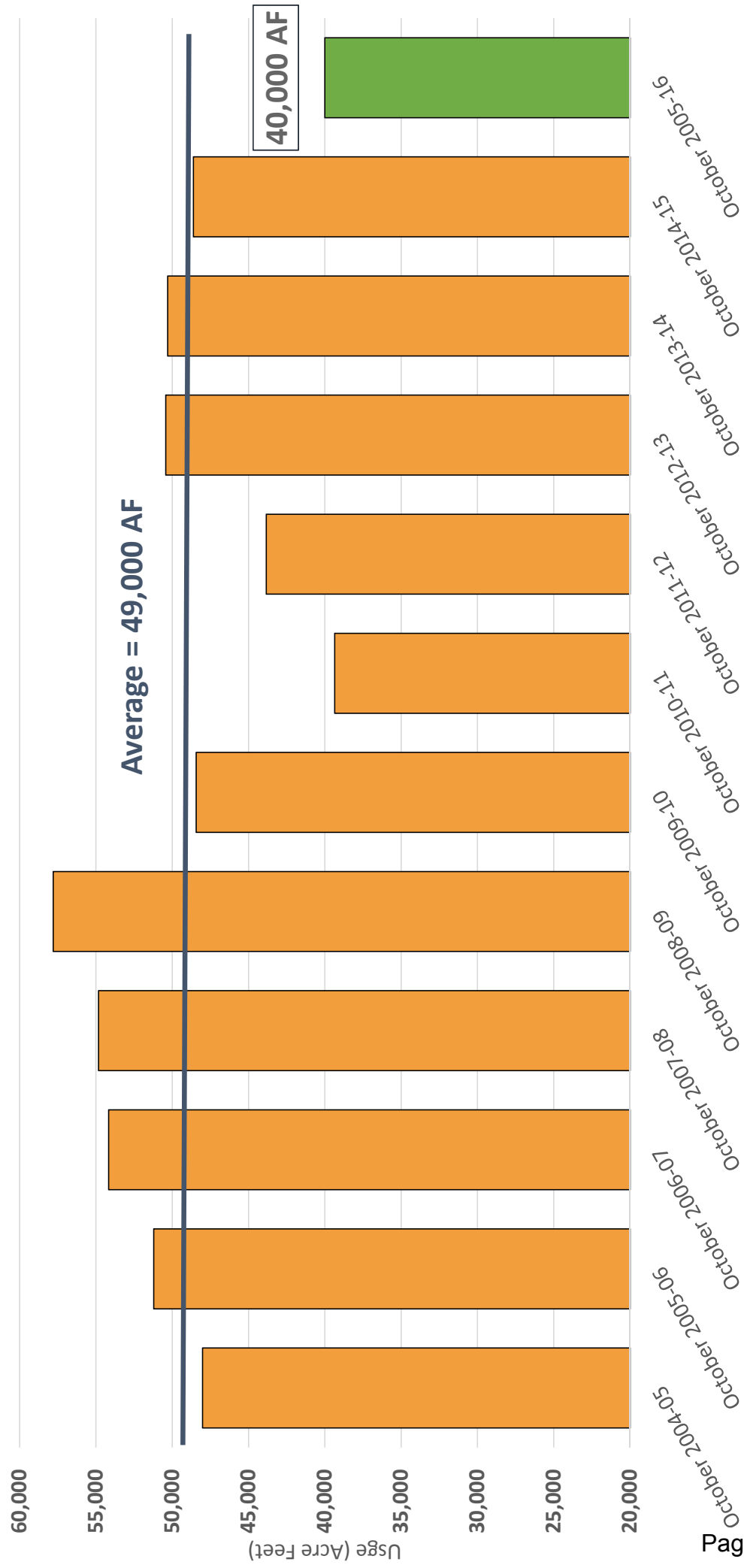
O.C. Water Savings Reported to SWRCB



Average Monthly Water Savings for Orange County (2014-15 Vs CY 2013)



OC Historical October Water Usage



OC Historical November Water Usage



FY Annual Precipitation (Santa Ana)



Cumulative Year-to-Date

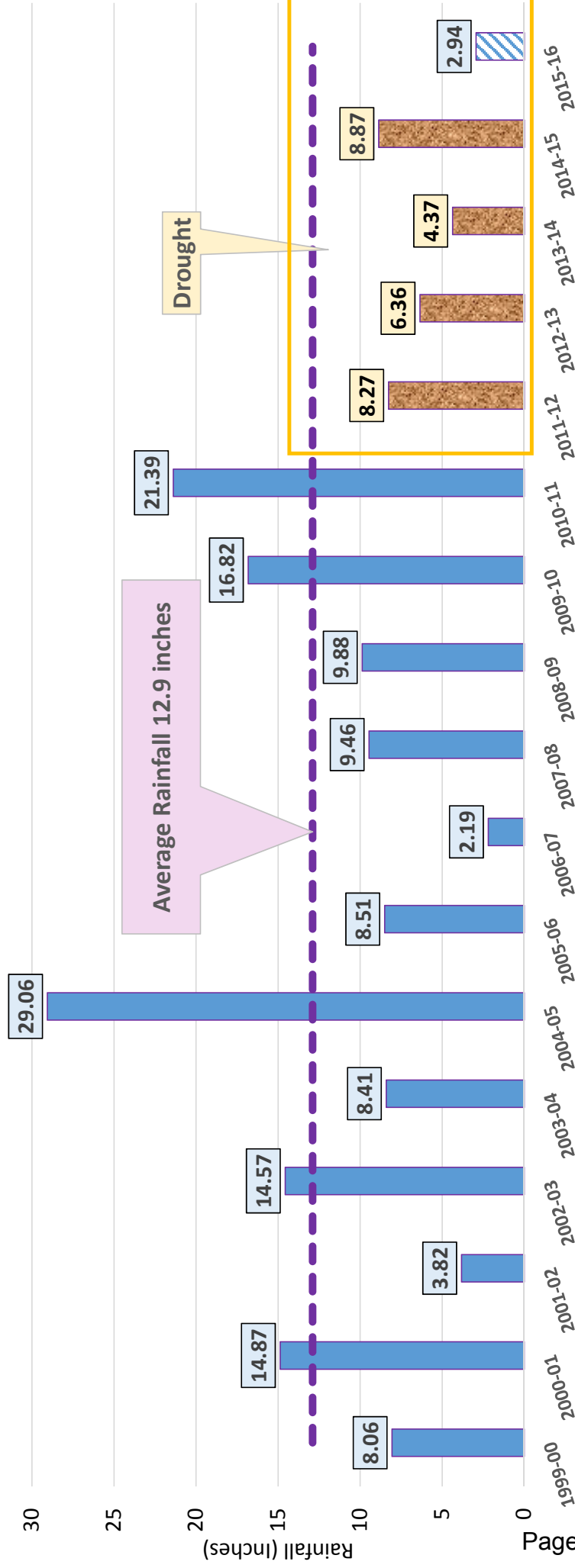
Average Annual Rainfall: 12.9"

Average: 3.90"

4-Year Deficit: 22.2" (2011-12 to Present)

2015-16: **2.94"**

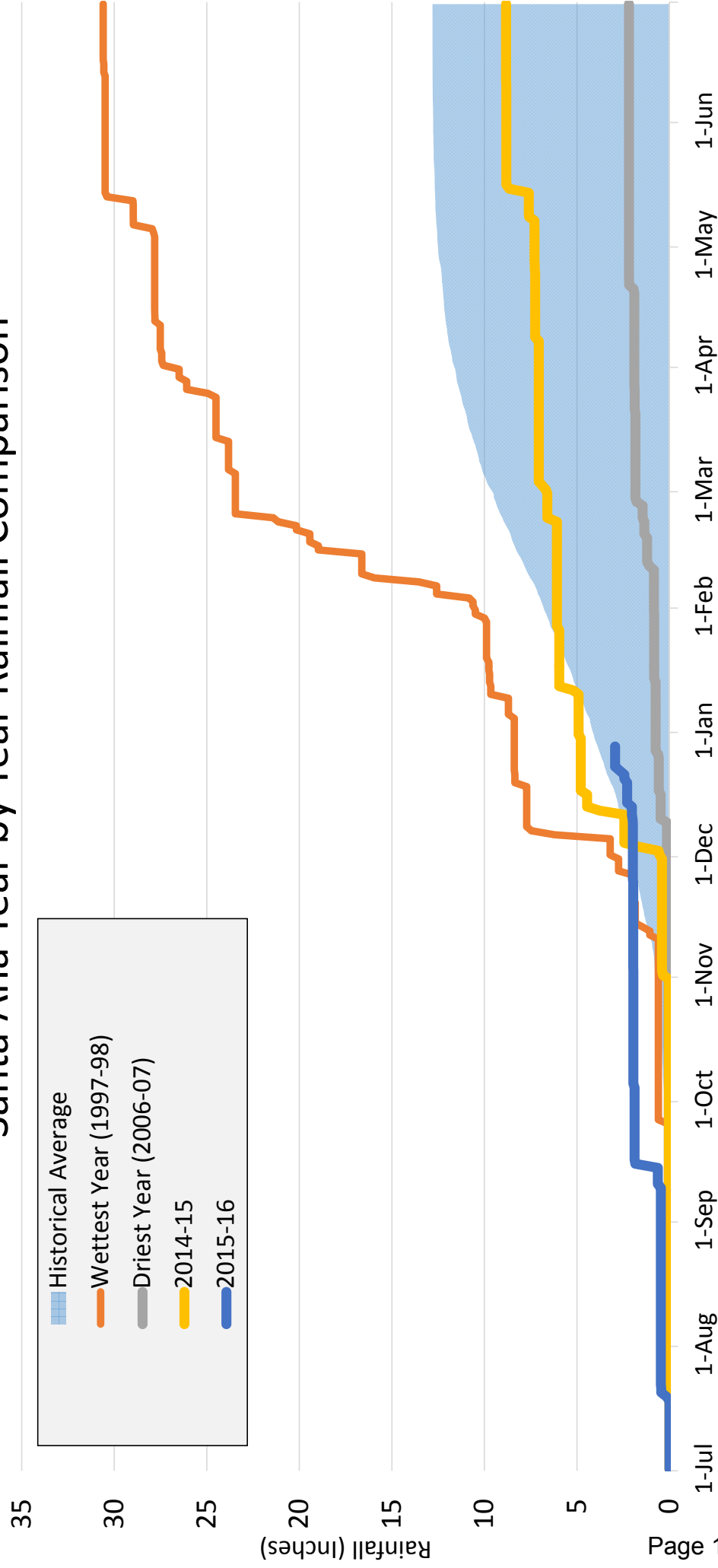
Santa Ana Annual Precipitation Statistics (Fiscal Year July-June)



FYD Rainfall Compared to Past



Santa Ana Year by Year Rainfall Comparison

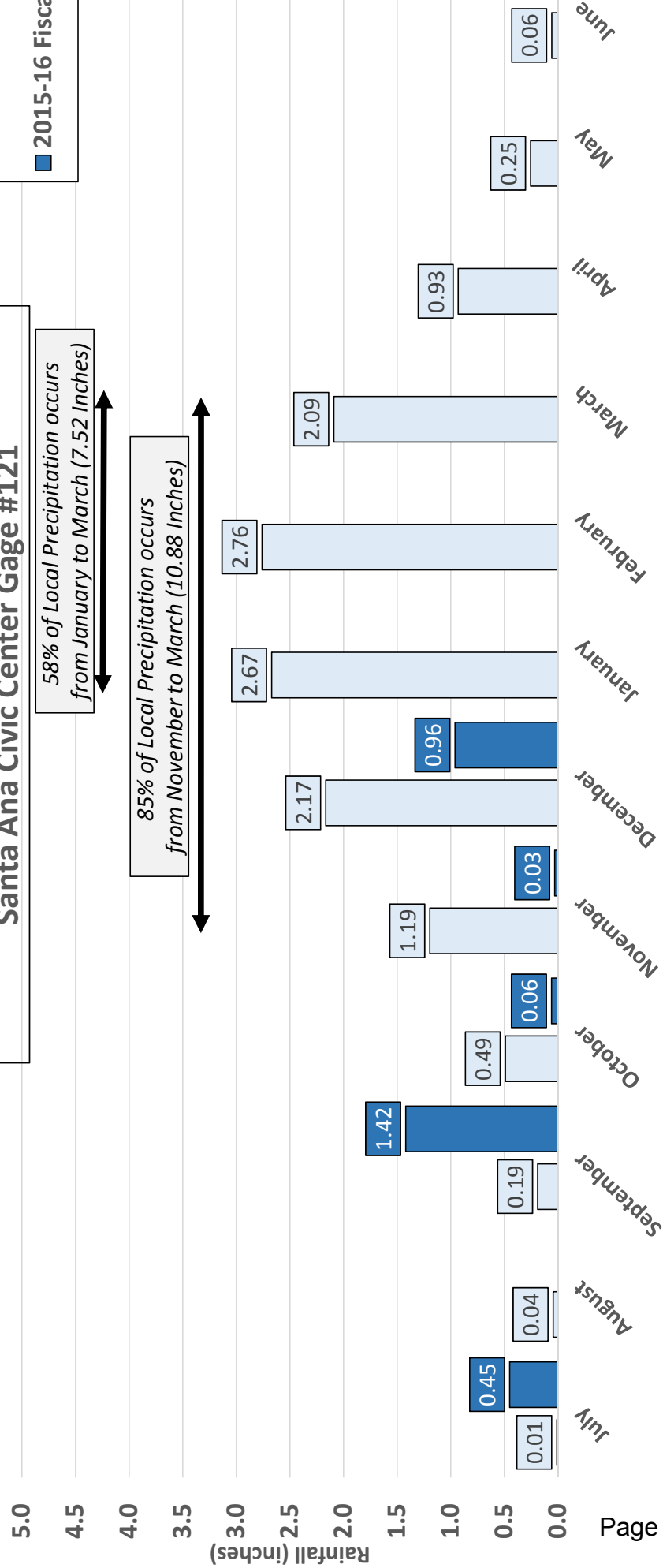


2015-16 FY Rainfall



**Average Monthly Precipitation in Orange County, Ca
Santa Ana Civic Center Gage #121**

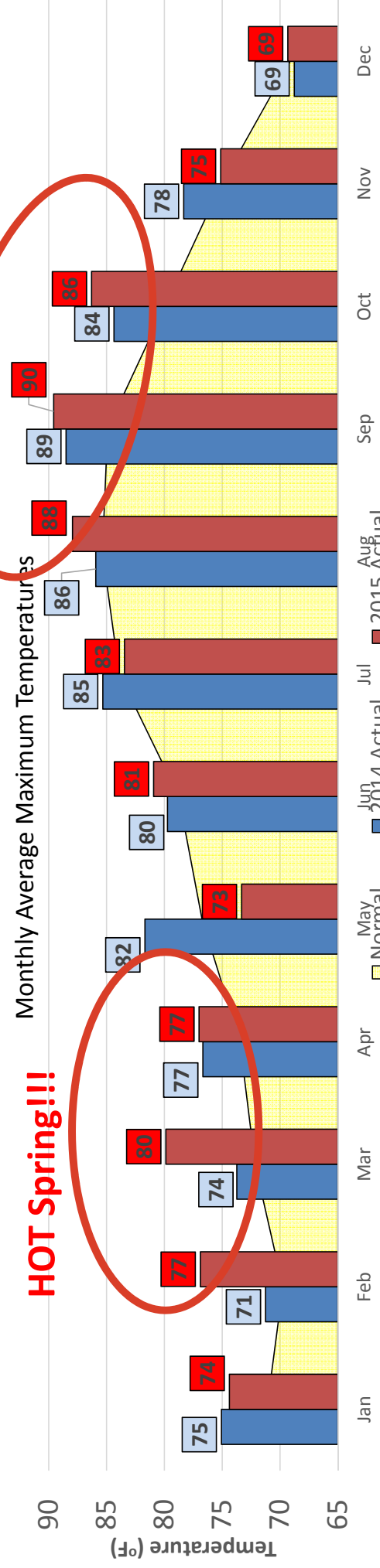
Avg Fiscal Year
 2015-16 Fiscal Year



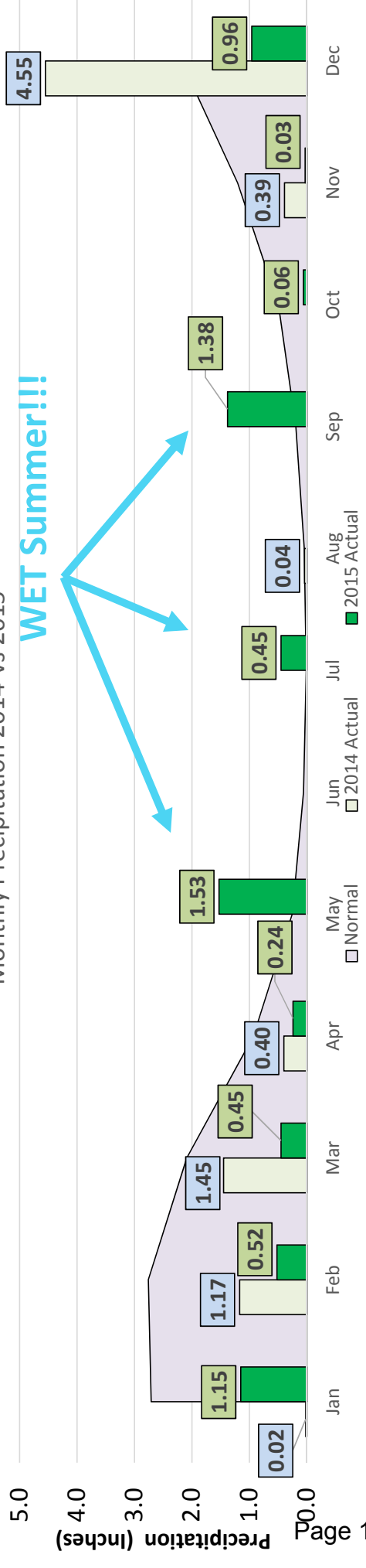
2015 vs. 2014 Weather

HOT Fall!!!

HOT Spring!!!

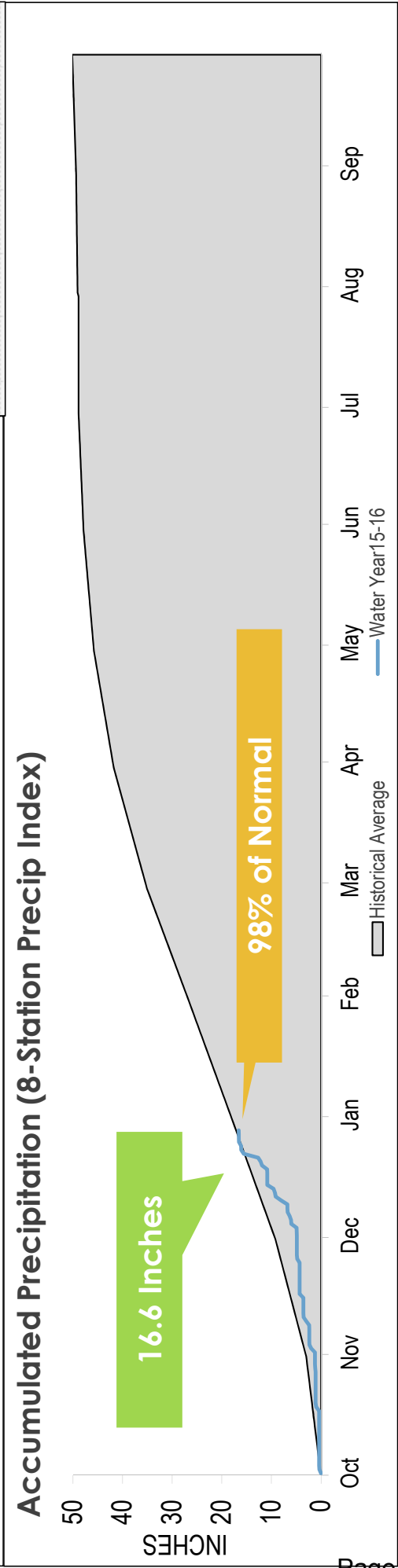
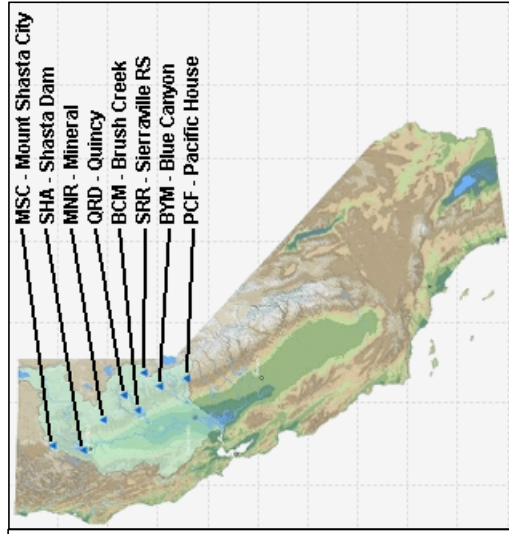
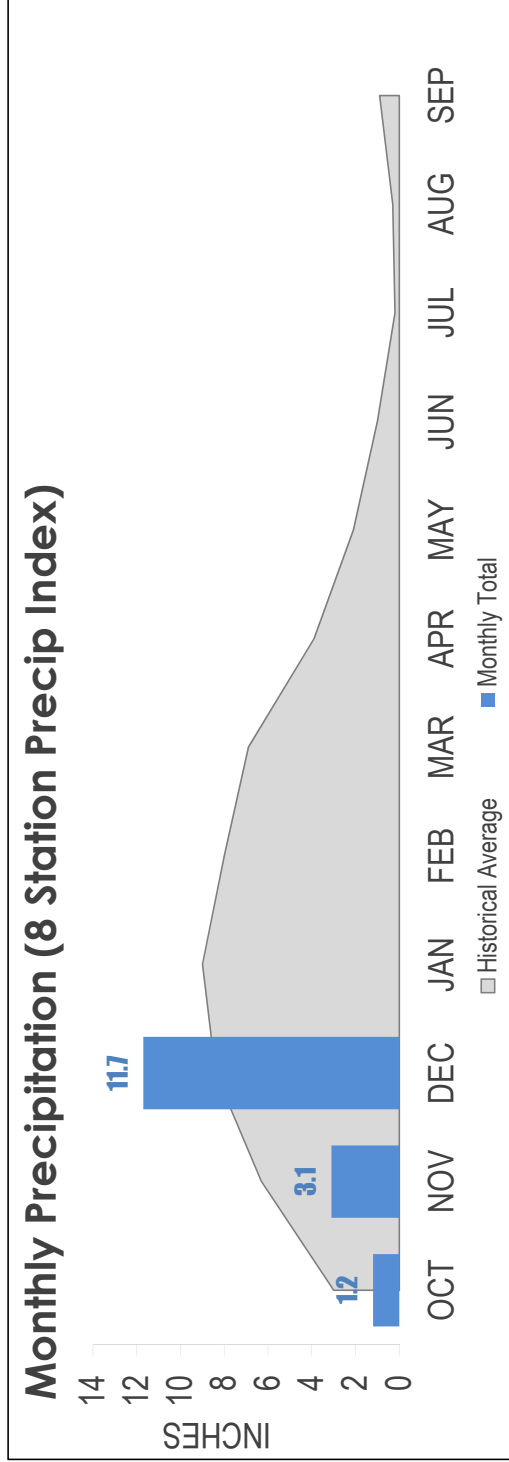


Monthly Precipitation 2014 Vs 2015



WET Summer!!!

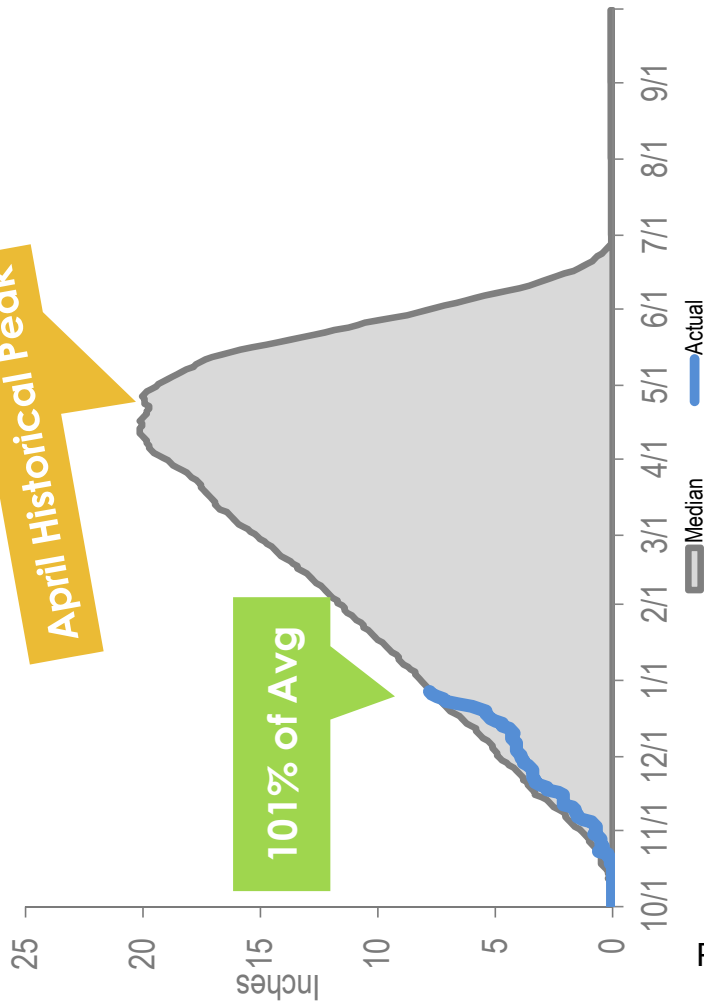
Northern California Accumulated Precipitation



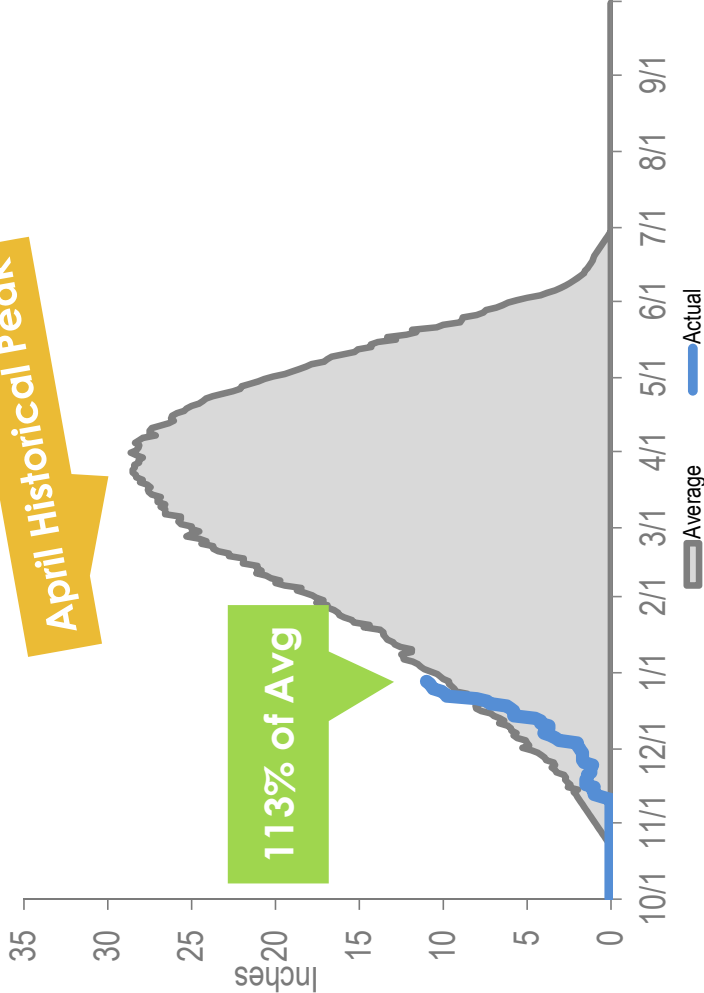
Snow Water Equivalent



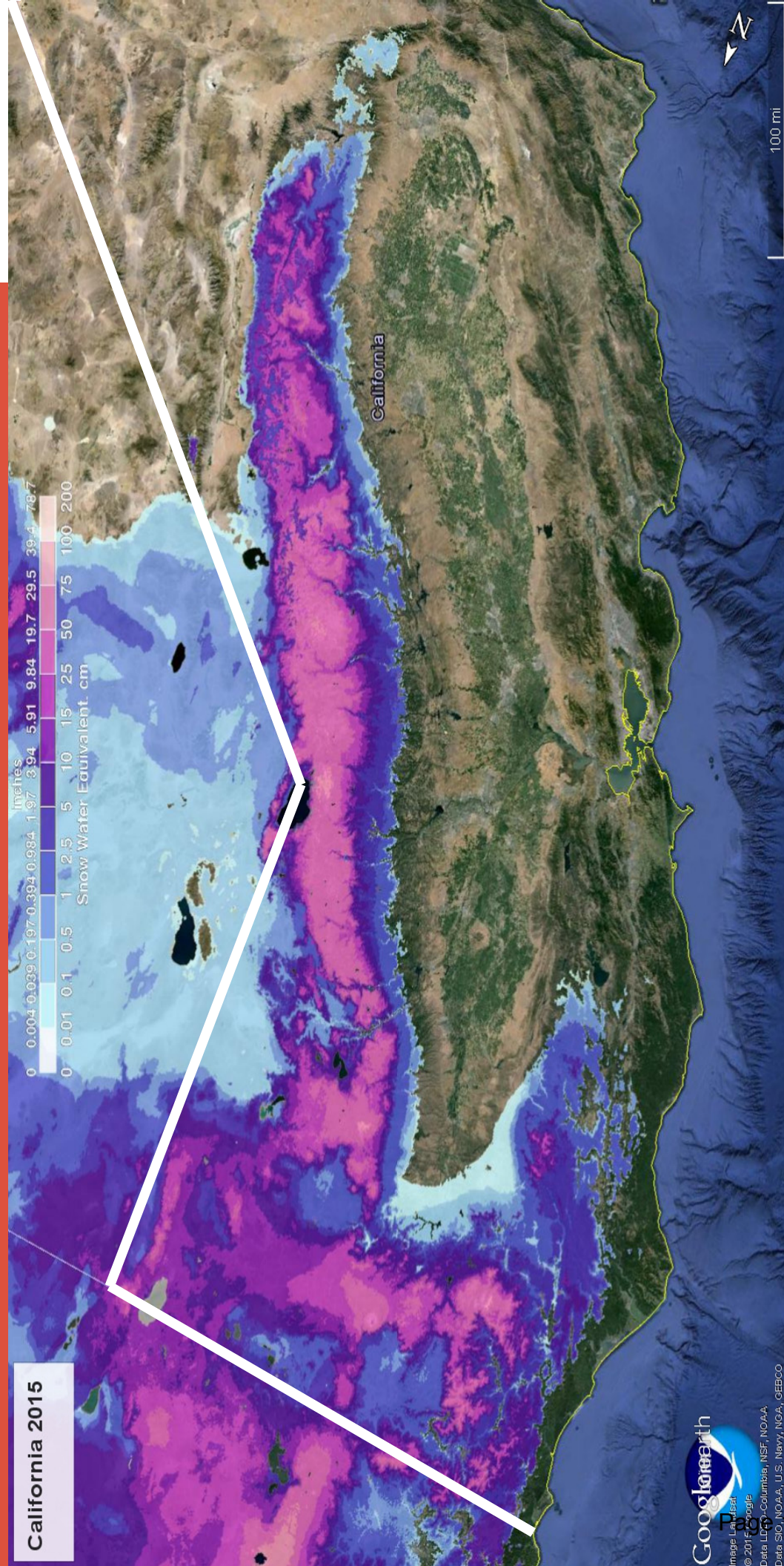
Colorado River Basin Snowpack Water Equivalent



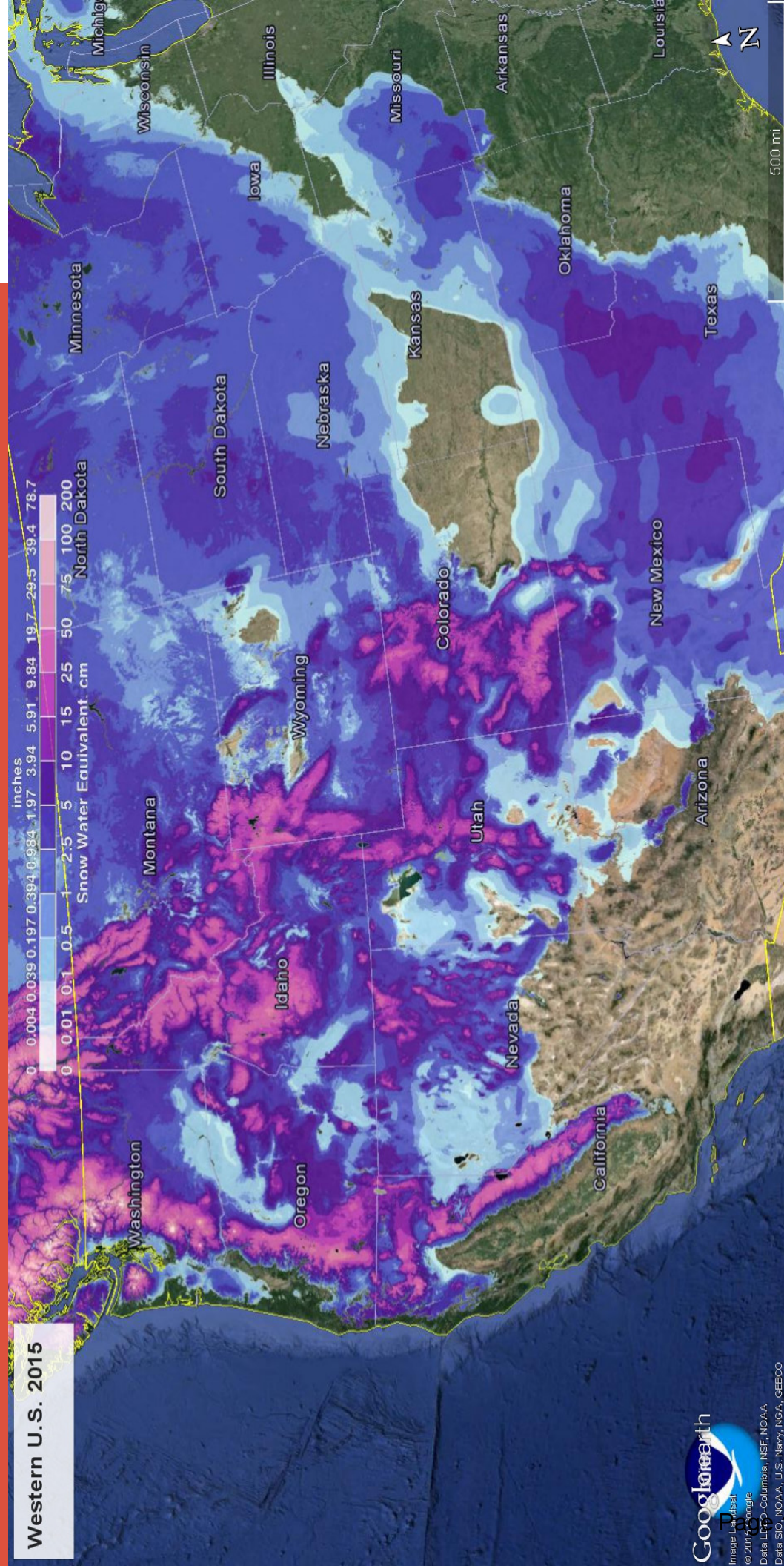
Northern Sierra Snowpack Water Equivalent



Snow Water Equivalent Dec 2015 VS Dec 2014



Snow Water Equivalent Dec 2015 VS Dec 2014



National Weather Service Temperature
3 Month Weather Outlook (January-March)

Above average
Temperature are predicted
for California

Below Average
Temps

700 mi

MUNICIPAL
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DISTRICT
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ORANGE
COUNTY

Page

Above average
Temperature are predicted
for California

Average Temperatures

Below Average Temps

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WATER
DISTRICT
OF
ORANGE
COUNTY**



This map displays the National Weather Service's 3-month precipitation outlook for January through March across the Western United States. The map uses color-coded regions to indicate the probability of above or below median precipitation.

Average Precipitation

Below Average Precipitation

Above average rainfall is now predicted for California and for the Colorado Basin

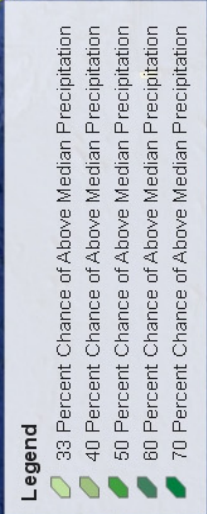
Legend

- 33 Percent Chance of Above Median Precipitation
- 40 Percent Chance of Above Median Precipitation
- 50 Percent Chance of Above Median Precipitation
- 60 Percent Chance of Above Median Precipitation
- 70 Percent Chance of Above Median Precipitation

The map shows that California and the Colorado Basin are under a forecast of above-average rainfall, while other areas like the Pacific Northwest and parts of the Great Plains show varying chances of above or below median precipitation. A scale bar indicates 700 miles, and a north arrow is present in the top right corner.

Below Average
Precipitation

Above average rainfall is
now predicted for
California and for the
Colorado Basin

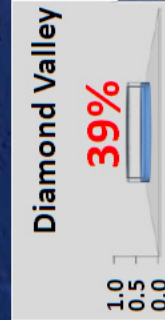
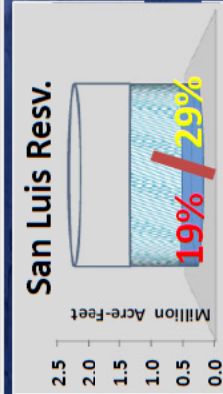
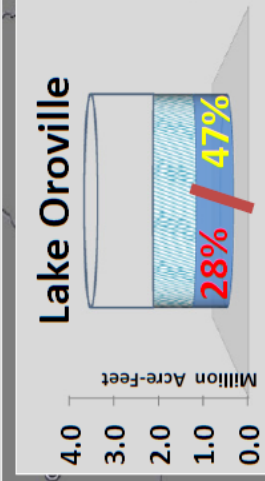
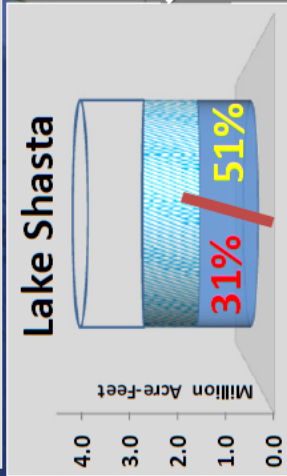


Reservoir Storage

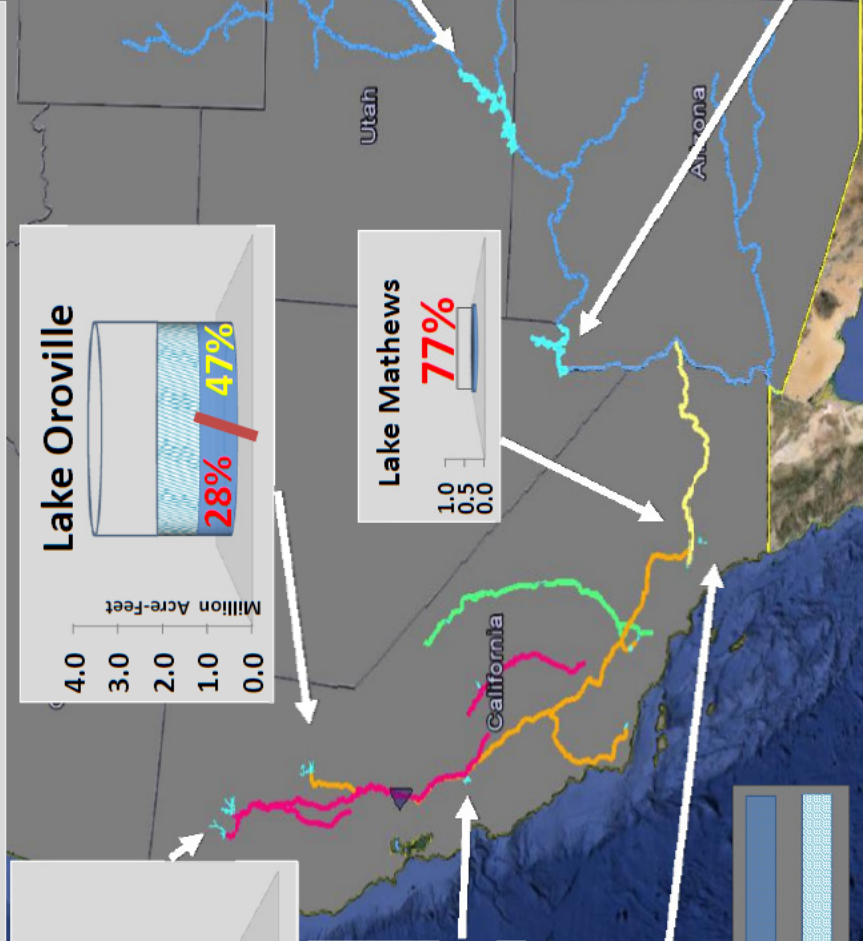
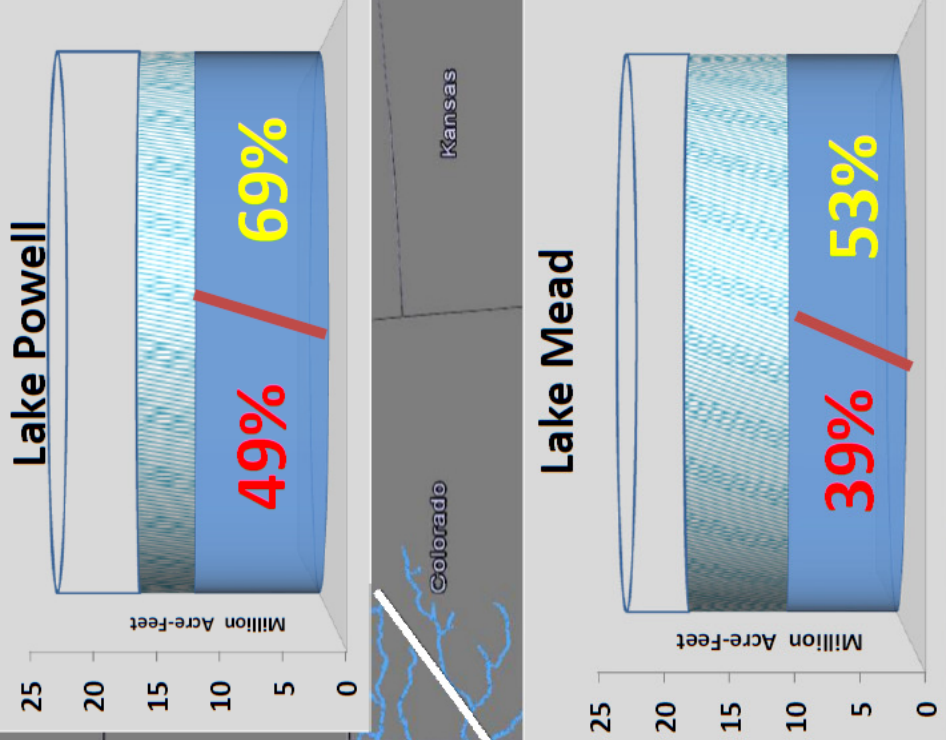


State Water Project, Colorado River, and MWD Reservoir Storage

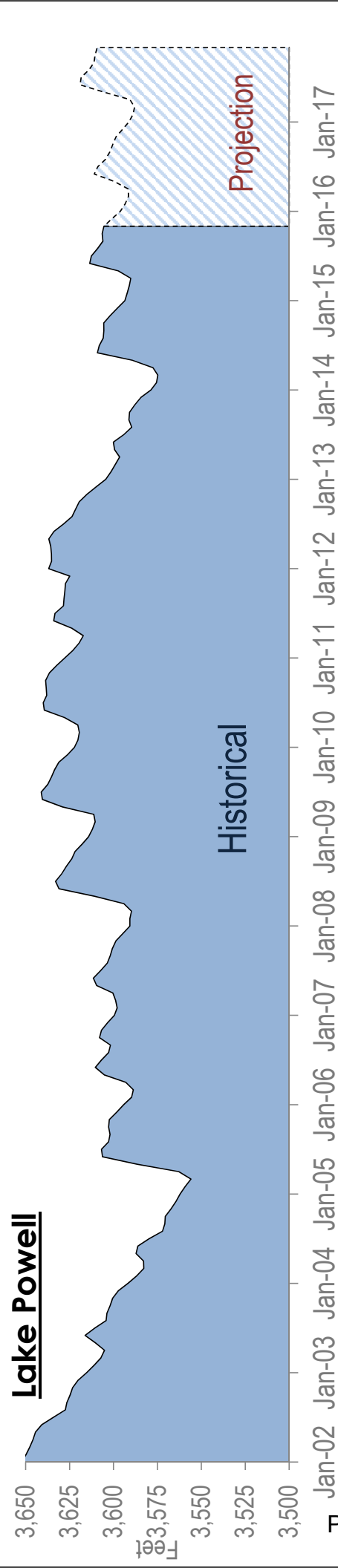
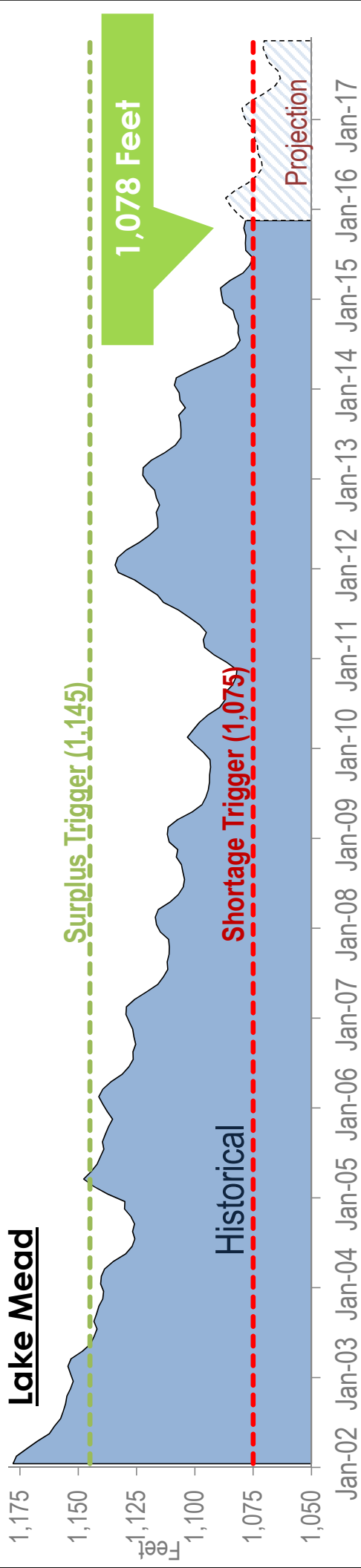
as of December 27th, 2015



% of Capacity
% of Historical Avg.

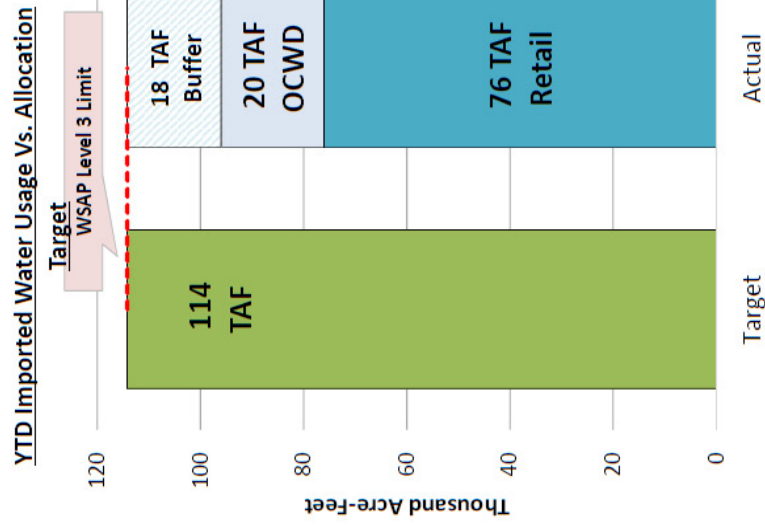
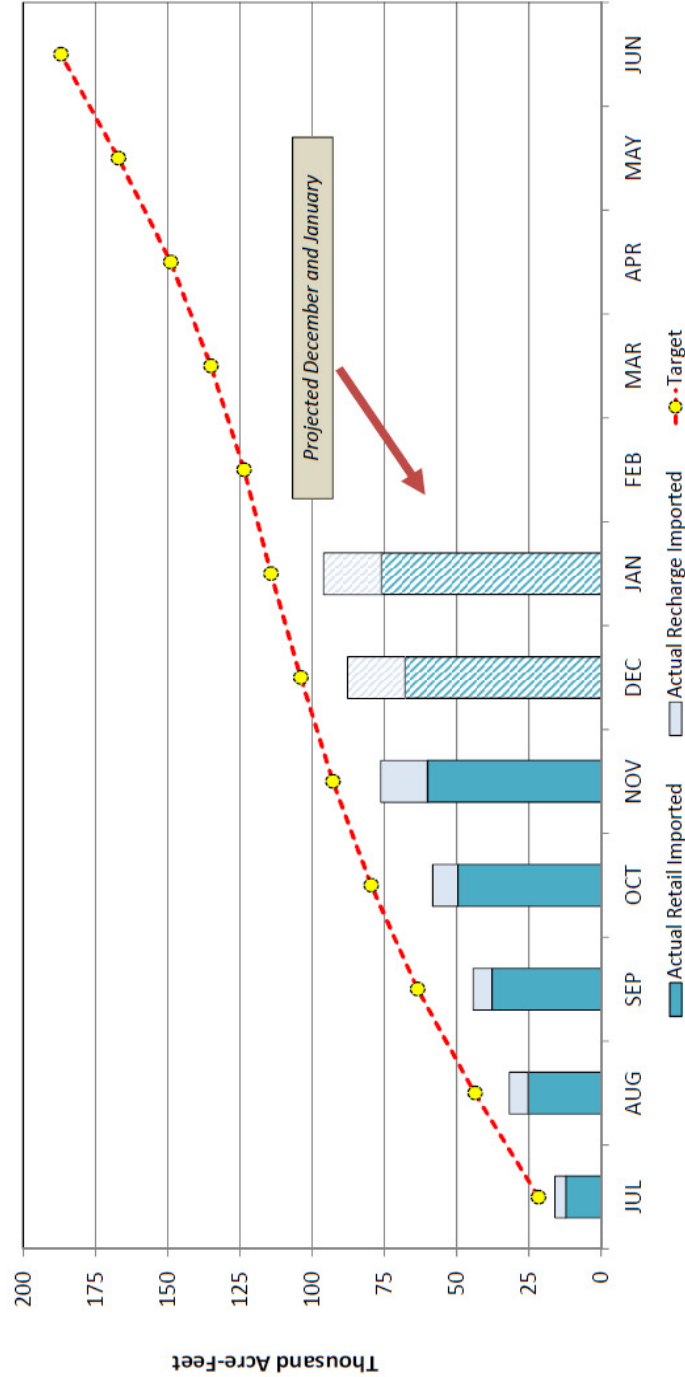


CRA Storage



MWDOC's Stage III Allocated Water

Cumulative Imported Water Usage vs. Allocation Target




Imported Water Deliveries to OCWD

In October 2015, MWDOC provided OCWD with a "Secondary Assignment of Surplus Allocation", which provided OCWD with 17,000 AF

Based on MWDOC member agency's imported purchases, MWDOC offered OCWD an addition 7,000 AF on November 25, 2015

OCWD requested to take only an additional 3,000. Totaling their purchases 20,000 AF




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 Fountain Valley, California 92708
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 Wayne S. Osborne
 Vice President
 Brett F. Dwyer
 Director
 Joan C. Finnegan
 Director
 Susan Herman
 Director
 Sal Trawick
 Director
 Jeffrey M. Thomas
 Director
 Robert J. Hunter
 General Manager

November 25, 2015
 Mike Markus, General Manager
 Orange County Water District
 18200 West Street
 Fountain Valley, CA

**Re: FY2015/16 Secondary Assignment of Surplus MET Allocation
 Second Tranche**

Dear Mr. Markus:
 The MWDOC Board has approved secondary assignments of currently unused water within MWDOC's FY2015/16 MET Drought Allocation of M&I water and has authorized me to offer such water to OCWD under specific conditions as adequate volumes are accumulated. On October 2, 2015, MWDOC offered a secondary assignment of 17,000 AF of M&I water to OCWD. This offer was made in accordance with a surplus allocation which OCWD accepted. Delivery of that water is scheduled to be completed next week.
 MWDOC has been monitoring our Member Agencies' water demands through November and has made projections of likely demands in December. Based on that analysis, we estimate that we can make an additional secondary assignment of 7,000 AF of M&I water to OCWD. This offer is made in accordance with a surplus allocation which OCWD accepted. At the current rate, the 7,000 AF should continue deliveries through the end of December 2015.
 The purpose of the 11,000 AF reserve is to mitigate the risk of potential surcharge for any year-end exceedance of the MWDOC allocation. This exceedance could be caused by increases in water demands for the remainder of the fiscal year. The reserve is not intended to be used for any other purpose. It would be prorated among any Member Agency(s) exceeding their allocation and any agency(s) taking the secondary assignment of water.
 MWDOC is offering this second tranche of the surplus allocation prior to the normal increased precipitation season. It is our intent to offer this water to OCWD prior to the start of the rainy season. It is our intent to take MET untreated deliveries later during the fiscal year.
 Actual imported water use will be monitored on a monthly basis and compared to MWDOC's drought allocation from MET. If MWDOC's drought allocation changes during the fiscal year, additional secondary assignments can be made, as appropriate.
 We are prepared to proceed immediately with the water delivery scheduled once MWDOC receives a signed acknowledgment of the offer and agreement to the provisions.

Sincerely,

 Robert L. Hunter
 General Manager

Agreed to provisions of delivery of water:

 Mike Markus, General Manager
 Date: 11/25/15

MEMBER AGENCIES
 City of Brea
 City of Buena Park
 East Orange County Water District
 El Toro Water District
 San Juan Capistrano
 City of Garden Valley
 City of Garden Grove
 Orange State Water Co.
 City of Huntington Beach
 Laguna Beach County Water District
 City of La Habra
 City of La Palma
 Mission Viejo Water District
 City of Newport Beach
 City of Orange
 Orange County Water District
 City of San Clemente
 City of San Juan Capistrano
 Santa Margarita Water District
 Santa Ana Water District
 Severn Water District
 South Coast Water District
 Trabuco Canyon Water District
 City of Tustin
 City of Westminster
 Yorba Linda Water District





DISCUSSION ITEM

January 6, 2016

TO: Board of Directors

FROM: Robert Hunter
General Manager

Staff Contact: Harvey De La Torre

SUBJECT: Metropolitan's Water Storage Strategy for 2016

STAFF RECOMMENDATION

Staff recommends the Board of Directors review and discuss this information

REPORT

With indications of a strong El Niño occurring in 2016, Metropolitan Water District (MET) staff presented a strategy and prioritization for rebuilding their storage to their Board in December. Currently, MET has less than a million Acre-Feet of dry-year storage. One-third of it is in surface storage with remaining two-third in groundwater storage. One of the goals for MET is to correct this imbalance between surface and groundwater storage. Surface storage provides more operational flexibility for MET and can be used throughout the MET service area. Therefore, the priority for MET, if they are in position to storage excess water this year, is to increase surface storage first. Moreover, State Water Project Surface Storage.

In this presentation, we will outline in detail the priorities MET staff has listed for refilling their storage, their location, along with their targets. Lastly, we will offer potential scenarios describing the amount of storage MET could expect to fill under different SWP "Table A" allocations.

Budgeted (Y/N): n/a	Budgeted amount: n/a	Core _X_	Choice __
Action item amount: n/a	Line item:		
Fiscal Impact (explain if unbudgeted):			



MET's Storage Strategy for 2016

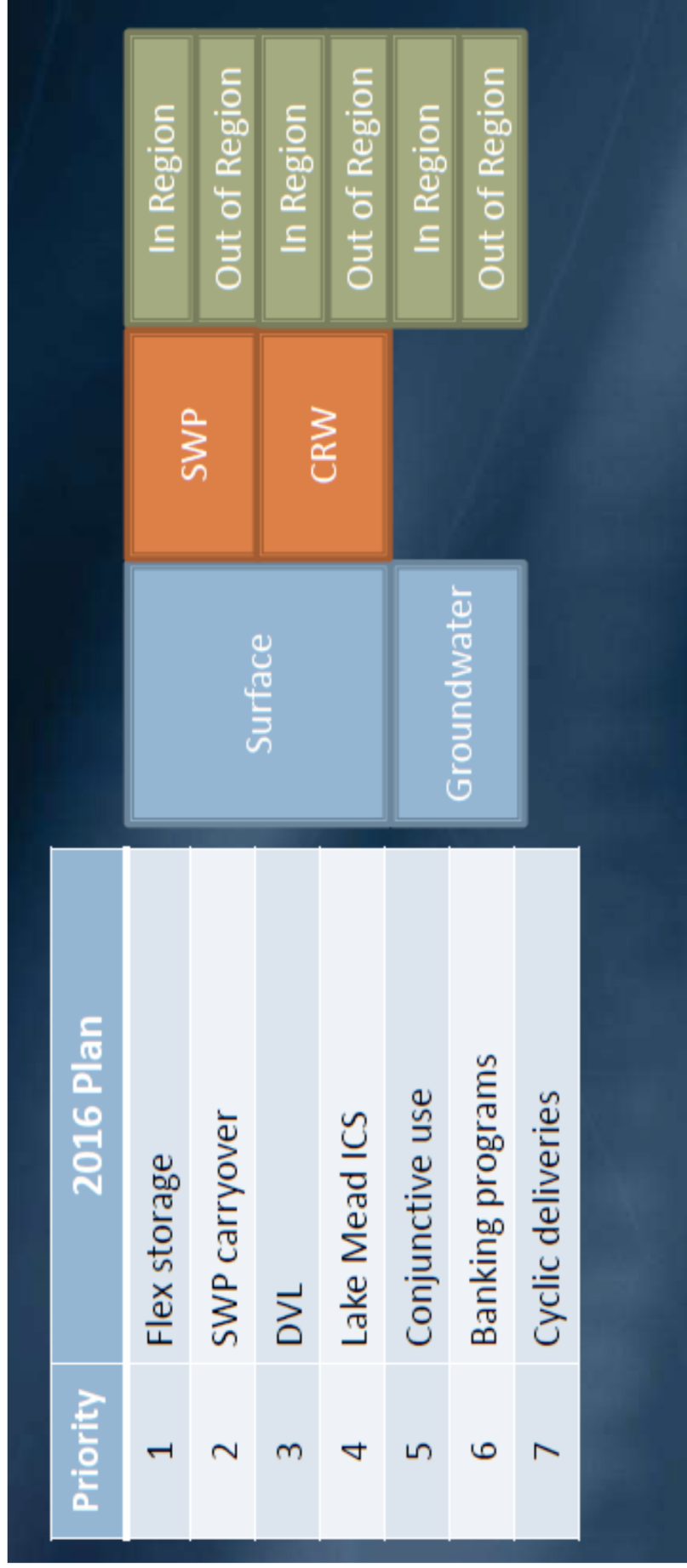
Municipal Water District of Orange
County
January 6, 2016

MET's Storage Strategy

- Strategy is to correct imbalances in MET's current Storage Portfolio
- Currently, Storage is 1/3 surface storage & 2/3 groundwater storage
- Goal is to increase surface storage
 - Focus on SWP surface storage first
- However, the location and Priority can be adapted to current conditions



Priority of MET's Storage

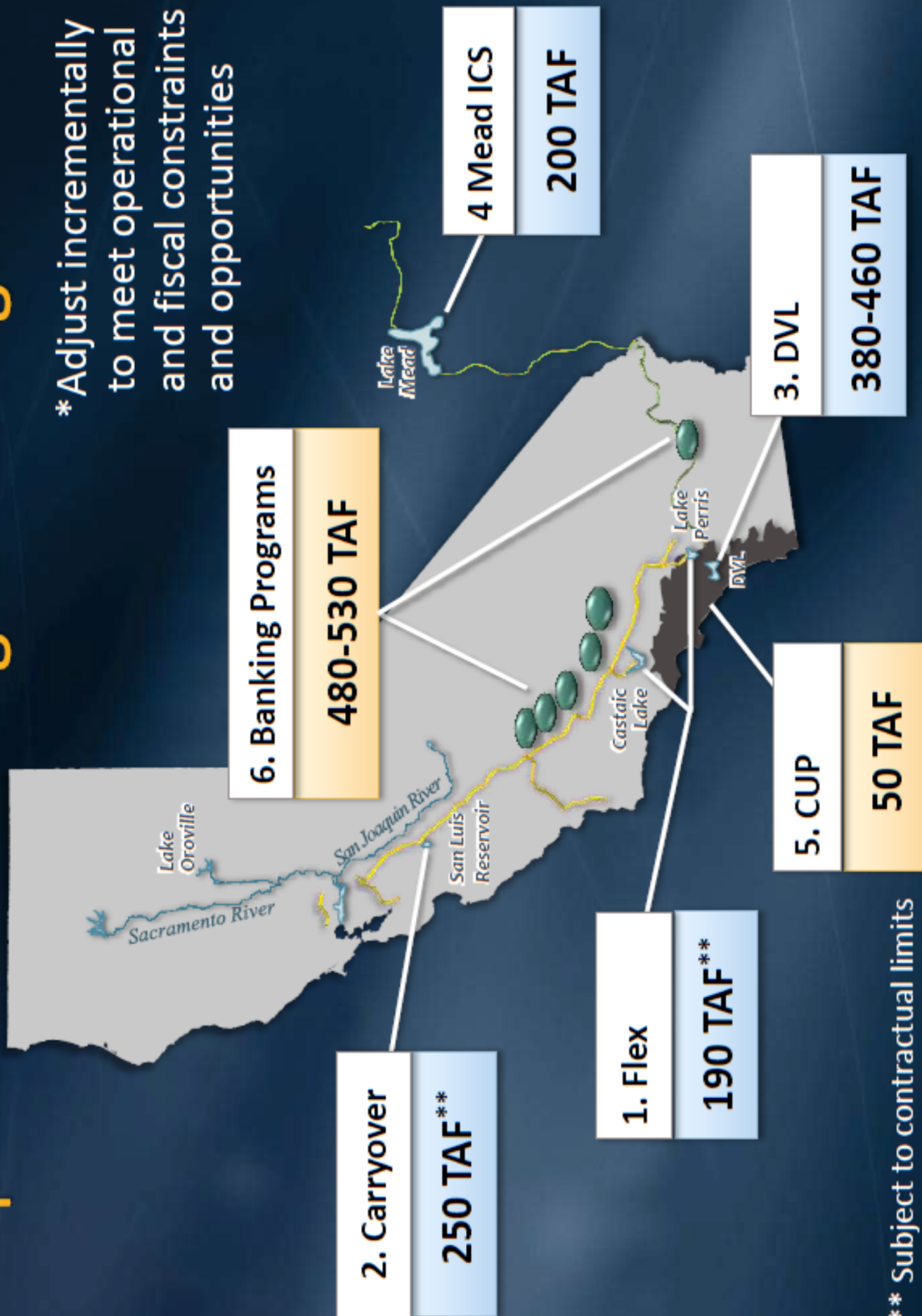


-  MET staff finds SWP surface storage can be used almost anywhere in the service area as needed



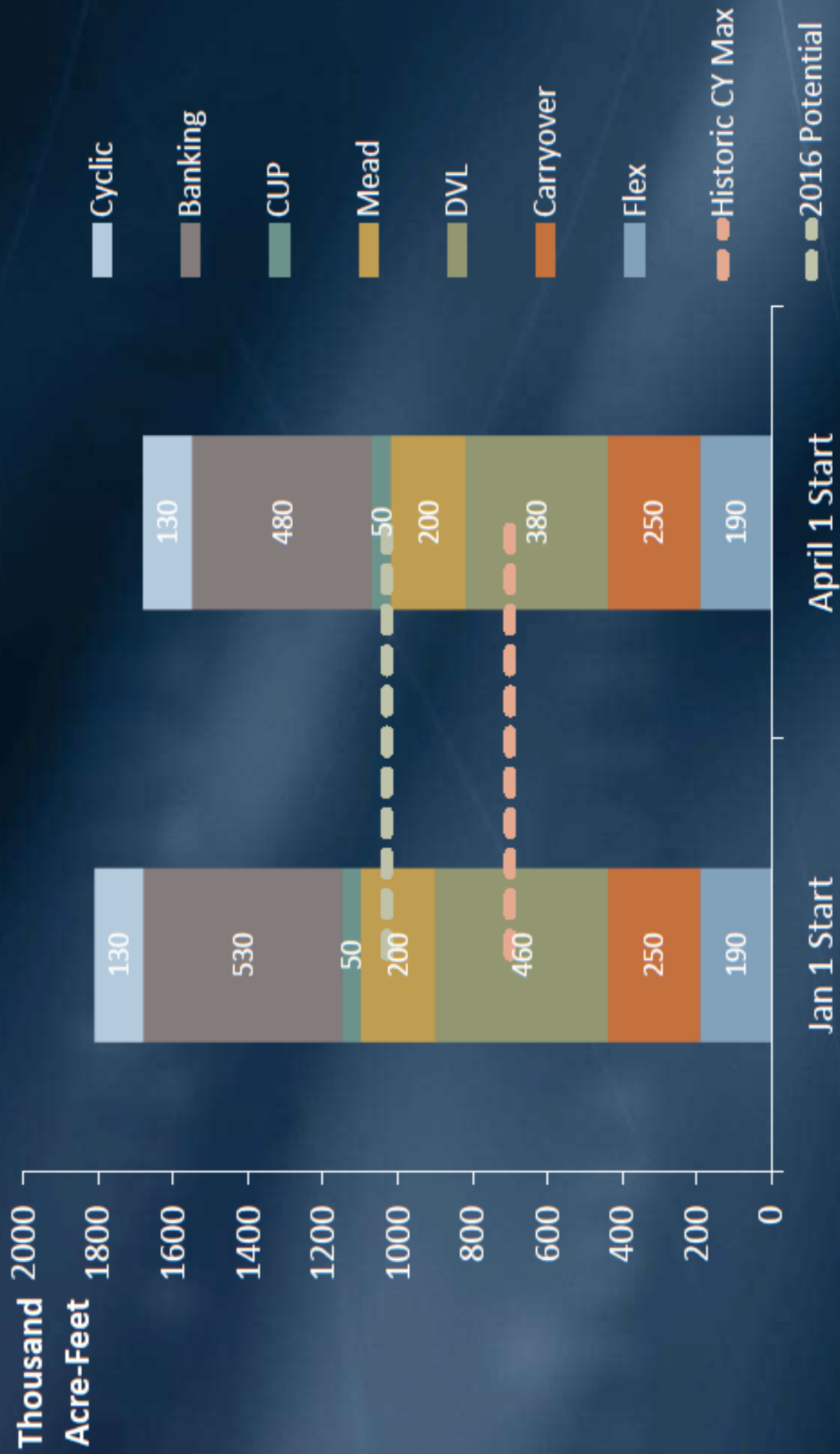
Proposed 2016 Storage Refill Targets*

*Adjust incrementally to meet operational and fiscal constraints and opportunities



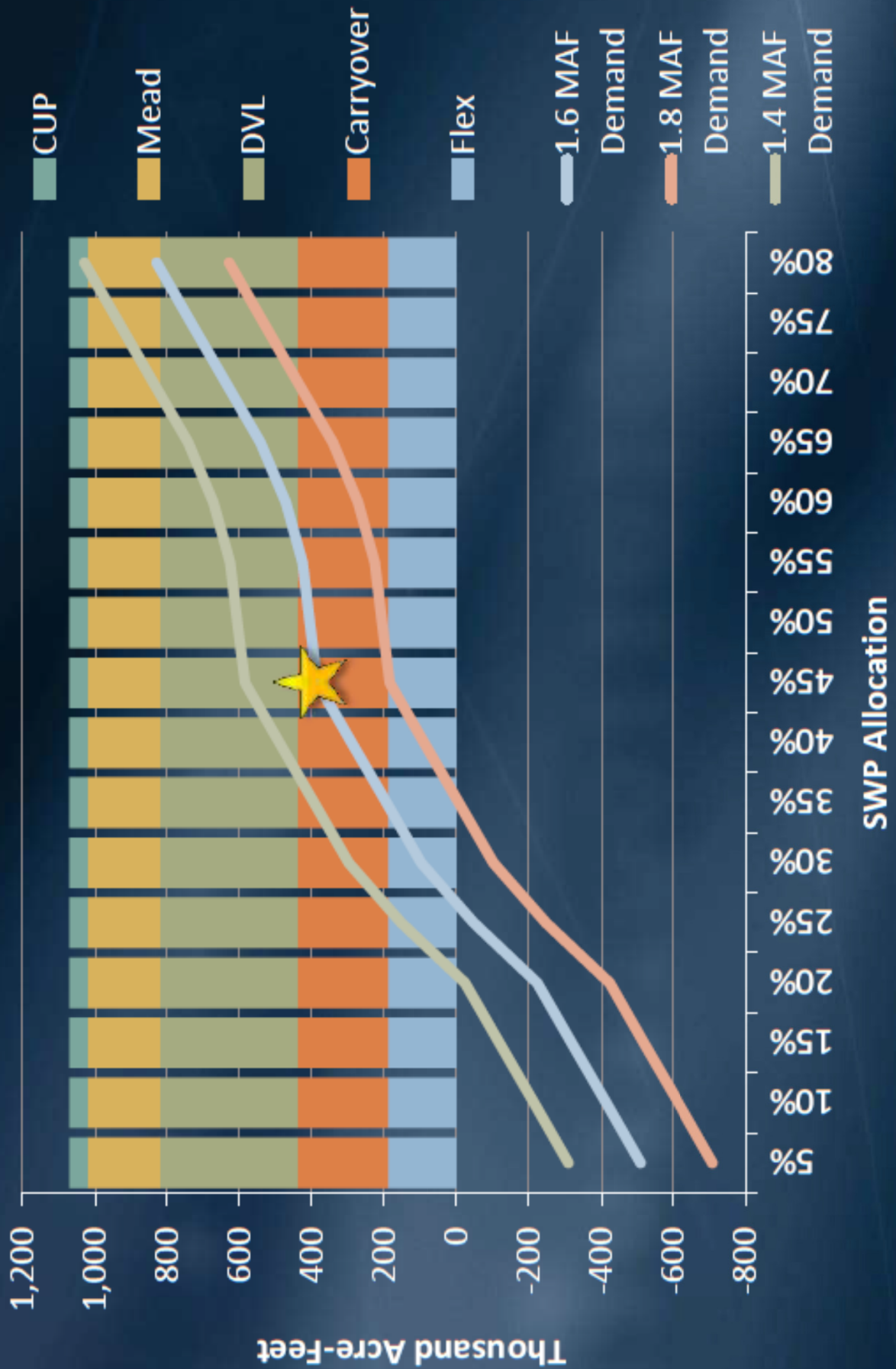
** Subject to contractual limits

2016 Refill Strategy



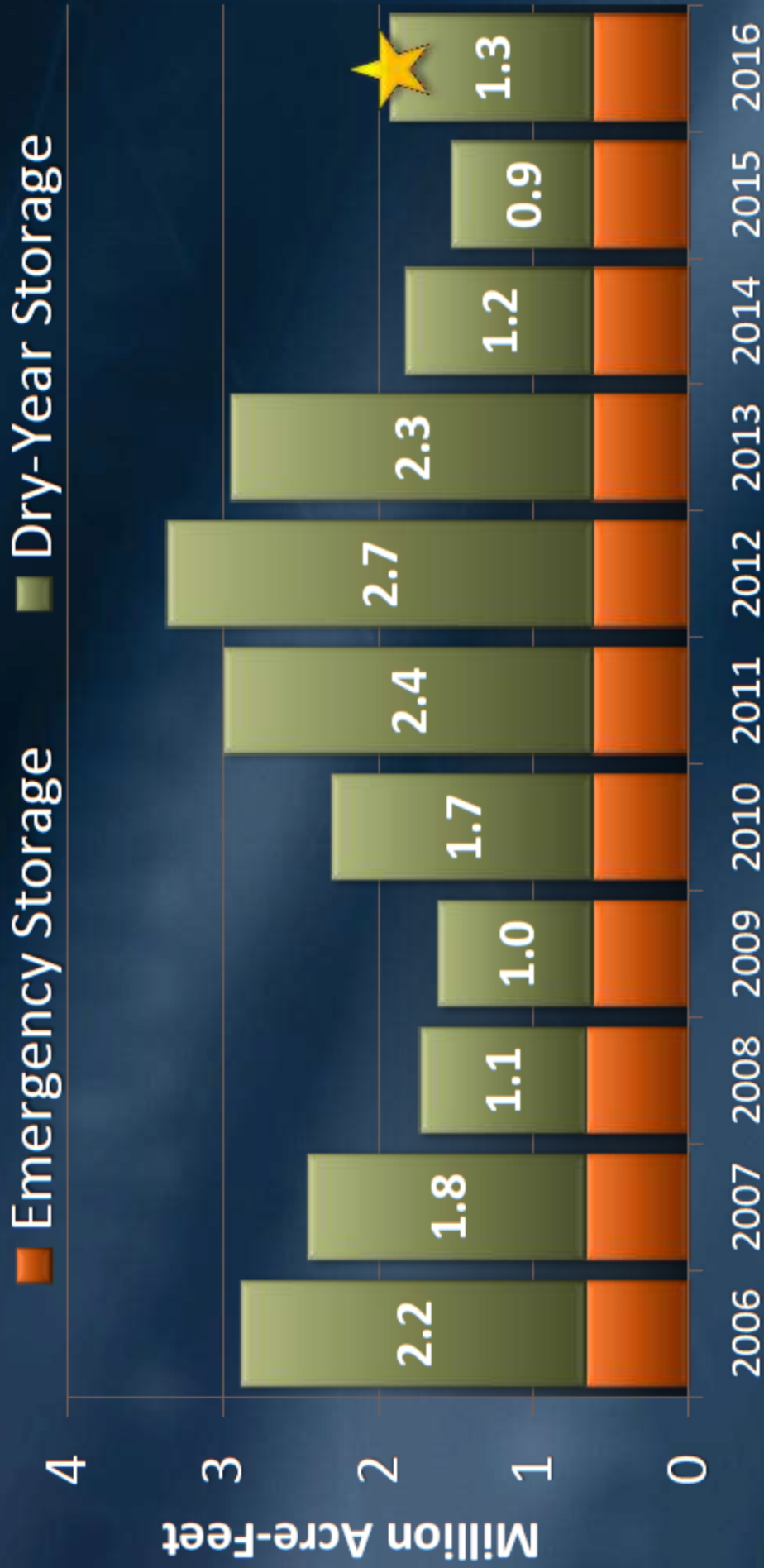
Subject to contractual limits

2016 Storage Strategy



Metropolitan Storage Reserves

End of Year Balances*



*Estimated actual storage balances, subject to change.



DISCUSSION ITEM

January 6, 2016

TO: Board of Directors

FROM: Robert Hunter, General Manager

Staff Contact: Harvey De La Torre

SUBJECT: Metropolitan's 2015 Integrated Resources Plan (IRP) – Phase 2

STAFF RECOMMENDATION

Staff recommends the Board of Directors review and discuss this information

REPORT

This month the Metropolitan Water District (ME) Board of Directors will consider adopting its 2015 Integrated Water Resource Plan (IRP) update. This update involved a year long process of updating regional data on water supplies and demands, as well as revise resource development targets through the year 2040. As part of the analysis, it also considered potential risks and challenges impacting the region's water supply reliability.

The 2015 IRP update builds upon the adaptive management strategy established in the 2010 IRP update to mitigate these risks. This strategy calls for a diversified portfolio of actions that calls for stabilizing and maintaining imported supplies; increasing water conservation and sustaining and developing new local supplies, pursuing a comprehensive transfer and exchange strategy, and rebuilding storage.

However, what remains are a number of policy issues and questions that need to be addressed, such as how (and what manner) does MET create this diversified portfolio. What MET programs and policies should be changed to help meet these resource targets? And, what are the local and regional responsibilities?

MWDOC staff will provide a presentation that will focus on the second phase of the IRP discussion, where the MET Board will deliberate on the following policy issues:

- 💧 Regional and retail water supply reliability
- 💧 Conservation program and approach
- 💧 Local resources development and regional role
- 💧 Storage management goals and operational framework
- 💧 Transfers and exchanges approach

Budgeted (Y/N): n/a	Budgeted amount: n/a	Core _X_	Choice __
Action item amount: n/a	Line item:		
Fiscal Impact (explain if unbudgeted):			

As mentioned in previous IRP reports, MET split the IRP update into two process: Phase 1: Technical Update – Develop regional targets to support long-term reliability; and Phase 2: Resource Implementation Policies – How MET plans to achieve these targets and what are the local and regional responsibilities.

Link to MET's Draft 2015 Integrated Water Resource Plan Update:

http://mwdh2o.granicus.com/GeneratedAgendaViewer.php?view_id=12&event_id=1227



Status on Metropolitan's 2015 Integrated Resources Plan (IRP)

MWDOC Board Workshop

January 6, 2016

Municipal Water District of Orange County

2015 IRP Update Process and Schedule



Process for Updating Phase 1 of MET's IRP

- 🔹 **Assessed current supplies and demands**
 - 🔸 Determined changed conditions
 - 🔸 Developed a Base Case – “Do Nothing” Case
- 🔹 **Evaluated the 2010 IRP targets to the Base Case**
 - 🔸 Developed “IRP” Case
- 🔹 **Applied Additional Risk and Uncertainty**
 - 🔸 Demographic growth and uncertainty
 - 🔸 Project construction and implementation delays
 - 🔸 Climate Change
 - 🔸 Regulatory & Operational changes
 - 🔸 Local Supply reductions

The “IRP Approach” Case Resolves Most Need for Allocations

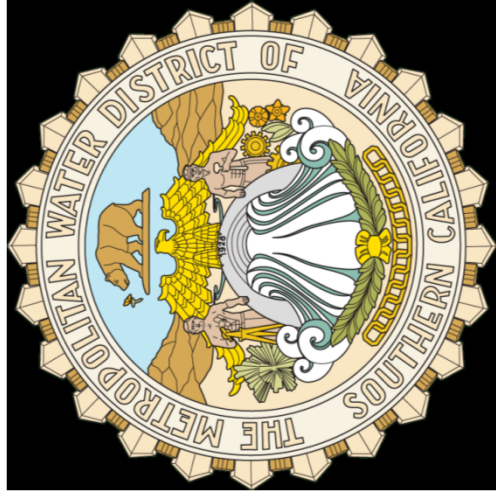


The “IRP Approach” Case with Local Supply Risk



MET's IRP Phase 2 – Policy Process

- 💧 2015 IRP process identifies a number of challenges and risks. To address these risks, there are policy questions that arise:
 - 💧 Regional and retail water supply reliability
 - 💧 Conservation program and approach
 - 💧 Local Resources development and regional role
 - 💧 Storage management goals and operational framework
 - 💧 Transfers and Exchanges approach



Water Supply Reliability

- 💧 What does the IRP Reliability Goal mean?
- 💧 Is the IRP a guarantee of reliability?
- 💧 Are there shortages of reasonable size and duration acceptable in terms of a Reliability Goal?
- 💧 What is the cost of additional levels of reliability?



Future of Water Conservation and Approach

- 💧 How should we measure the effectiveness of water conservation programs?
- 💧 When designing future conservation program, what should be considered?
 - 💧 Efficiency targets
 - 💧 Program consistency (avoiding mid-year changes)
 - 💧 Fiscal sustainability
 - 💧 New devices for rebates
- 💧 How do they align with future State Regulations (i.e. new model landscape ordinance)



Local Resource Development

- What criteria should be considered in MWD's development policies for local resource investments?
 - Regional Benefits
 - Cost
 - Shortage year values
- Should new local development be encouraged through adjustments to WSAP?
- Should member agencies be allowed to opt-out of regionally-funded programs?
- Should MWD develop, own and operate locally-based supplies?



Storage

- 💧 How should the region consider local groundwater and surface reservoirs when planning for reliability?
- 💧 What is the interaction between surface reservoirs and local groundwater
- 💧 How can Metropolitan help in achieving long-term sustainable groundwater and surface water management?
- 💧 What is the regional role or responsibility in meeting supplemental replenishment needs of groundwater basins and surface water reservoirs?
- 💧 What are some potential local storage policy areas that need review?
- 💧 Rates, Capacity Charge, level of service policy, etc.



Water Transfers and Exchanges

- Can we depend on a dry-year transfer market in the future
- How do Dry-year transfers interact with storage?



Discussion



Item No. 4

DISCUSSION ITEM

January 6, 2016

TO: Board of Directors & MWD Directors

FROM: Robert J. Hunter
General Manager

Staff Contact: Harvey De La Torre

SUBJECT: MWD Items Critical To Orange County

STAFF RECOMMENDATION

Staff recommends the Board of Directors to review and discuss this information.

SUMMARY

This report provides a brief update on the current status of the following key MWD issues that may affect Orange County:

- a) MWD's Water Supply Conditions
- b) MWD's Finance and Rate Issues
- c) Colorado River Issues
- d) Bay Delta/State Water Project Issues
- e) MWD's Ocean Desalination Policy and Potential Participation by MWD in the Doheny Desalination Project and in the Huntington Beach Ocean Desalination Project (Poseidon Desalination Project)
- f) Orange County Reliability Projects
- g) East Orange County Feeder No. 2

ISSUE BRIEF # A

SUBJECT: MWD's Water Supply Conditions

RECENT ACTIVITY

Orange County residents and businesses continued their water savings efforts as we enter the winter months. For the month of October, the County showed a 23.47% monthly reduction (compared to October 2013 usage) and a cumulative savings of 26.02%; well beyond the needed 22% saving goal for the County. However, there are growing concerns among retail agencies that during the winter months, water savings may fall short of their saving goal because residents normally shutoff their outdoor water usage during the winter period, which has been the main contributor to past months' savings.

As we enter in the winter/raining season for 2015/16, the question remains: what will this El Niño year bring as far as rainfall for southern California?; and more importantly, for Northern California? Previous strong El Nino system (1997-98 and 1982-83) brought significant above average precipitation to Northern California. Forecasts from the National Weather Service project a 70-80% chance of above average precipitation in the months of Jan, Feb. and March for most of California. However, as we experienced last winter, only time will tell exactly how much rainfall we will receive this winter season.

ISSUE BRIEF # B

SUBJECT: MWD's Finance and Rate Issues

RECENT ACTIVITY

MWD Financial Report

MWD staff report this month's water sales are 173,000 Acre-feet less than the budget estimates of 1.75 MAF. This is roughly a 20% reduction and could result in MET's water sales totaling 1.6 MAF by the end of the fiscal year.

MET plans to start their Biennial Budget discussions next month. Along with water sales assumptions and projected revenues, there will be much discussion on MET's future expenditures and its impact on water rates. MET's CFO, Gary Breau, has been invited to present on MET's proposed FY 2016/17 and FY 2017/18 Biennial Budget at next month's Board Workshop on February 3.

ISSUE BRIEF # C

SUBJECT: Colorado River Issues

RECENT ACTIVITY

Metropolitan and Bard Water District Discuss Pilot Fallowing Proposal

On November 17, staff and board members from Bard Water District (Bard) met with Metropolitan to review a draft term sheet for a two-year pilot fallowing proposal. Under the draft proposal, Metropolitan would pay farmers on a voluntary basis to not grow crops during the high water use periods of late spring and early summer. Metropolitan would also cover any costs incurred by Bard to implement the program. Following the meeting, Bard agreed to discuss the proposal at its next board meeting. If Bard approves the draft term sheet, Metropolitan would send the term sheet to farmers in Bard to see if they are interested in participating in the proposed program. If there is sufficient interest, Metropolitan's Board will consider the term sheet for approval in February or March of 2016, with fallowing beginning as early as April of 2016.

MET Staff view Colorado River Delta Pulse Flow Response

On November 5, Metropolitan staff participated in a site visit of the Colorado River Delta in Mexico to see the environmental response of the 2014 pulse flow event. Sites visited included Morelos Dam, the Miguel Aleman restoration site, and the bridges at San Luis Rio Colorado. The group saw that many areas responded positively to the pulse flow, with native vegetation sprouting in new areas, which provide habitat for critical species in the region. Representatives from Mexico have said that a follow-up pulse flow would be a necessary item in any follow-up minute to Minute 319.

Salton Sea Restoration Project Moves Forward

On November 5, the U.S. Fish and Wildlife Service and Imperial Irrigation District held a ground breaking ceremony for the Red Hill Bay Restoration Project (Project), which will include 420 acres of wetlands near the Alamo River outlet to the Salton Sea. The project, which is being constructed on the now dry playa on the shore of the Salton Sea, will provide a habitat for endangered species and reduce the dust impact from that area. Bruce Wilcox, the new Assistant Secretary for Salton Sea policy at the Natural Resources Agency, presided over the event.

ISSUE BRIEF # D

SUBJECT: Bay Delta/State Water Project Issues

RECENT ACTIVITY

Bay Delta Conservation Plan/California WaterFix

The comment period for the Bay Delta Conservation Plan/California WaterFix Partially Recirculated Draft Environmental Impact Report/Supplemental Draft Environmental Impact Statement (RDEIR/SDEIS) closed on October 30, 2015. Substantial public interest was generated by the revised environmental documents. The California Department of Water Resources (DWR) estimates that over 20,000 letters were submitted in addition to form petitions with about 30,000 signatures. Metropolitan, in coordination with other state and federal participating public water agencies, developed a joint comment letter which outlined key policy and technical comments on the RDEIR/SDEIS. Individual comment letters were also submitted by Metropolitan as well as several of its member agencies including: City of Anaheim, City of Burbank, Calleguas Municipal Water District, Central Basin MWD, Eastern MWD, Las Virgenes MWD, Municipal Water District of Orange County, San Diego County Water Authority, Three Valleys MWD and Upper San Gabriel Valley MWD. The next step in the environmental review process for the BDCP/California WaterFix includes responding to all salient comments received on the RDEIR/SDEIS as well as the 2014 Public Draft EIR/EIS, and preparation of the Final EIR/EIS and associated documents. Completion of the environmental review process is anticipated in spring/summer 2016.

State Water Resources Control Board (SWRCB)

In August 2015, the DWR and U.S. Bureau of Reclamation (USBR) submitted a joint petition for change in water right permit and license conditions for the State Water Project (SWP) and Central Valley Project (CVP) to add points of diversion of water on the Sacramento River associated with the BDCP/California WaterFix project. This month the State Water Resources Control Board (SWRCB) set a public hearing date of April 7, 2016, to consider the petition requesting changes in the point of diversion for the SWP and CVP. A pre-hearing conference is scheduled for January 28, 2016.

In response to recent storm activity in northern California, the SWRCB determined that sufficient water is now available to support diversions by all water rights holders in the Delta and upstream watersheds. A notice was sent on October 27, 2015 regarding availability for pre-1914 water rights holders, and a subsequent notice was sent on November 2 regarding availability for all remaining water rights holders.

Salinity Barrier Removal

DWR reported that the emergency drought barrier that spanned West False River in the Delta for six months in 2015 was completely removed on schedule by mid-November. The barrier was constructed in May and June 2015 to preserve Delta water quality and conserve water in upstream reservoirs that otherwise would have been released to help block

incoming tides of saltwater from San Francisco Bay. Dismantling of the approximately 750-foot rock barrier began on September 8, 2015 and was completed on November 15. About 150,000 tons of large rocks (riprap) were used to build the barrier. The removed riprap is being stored near Rio Vista for possible use if drought conditions continue and installation of an emergency drought barrier is once again deemed necessary to preserve water quality. The material also is available to reinforce and protect Delta levees in case of flooding this winter.

ISSUE BRIEF # E

SUBJECT: MWD's Ocean Desalination Policy and Potential Participation by MWD in the Doheny Desal Project and in the Huntington Beach Ocean Desalination Project (Poseidon Desalination Project)

RECENT ACTIVITY

Doheny Desalination Project

South Coast Water District and its consulting team is continuing to pursue the Doheny Desal Project. Major items scheduled over the next year include:

- Historical Doc Summary TM1
- Environmental & Permitting Roadmap TM2
- Brine Outfall Analysis TM3
- Preliminary Design Report and Cost Estimate TM5
- EIR Process
- Environmental Permitting Approvals & Hearings
- Public Outreach TM4
- Project Funding
- Project Delivery Method TM6
- Economic Analysis TM7

Key among those, probably for the April/May timeframe will be the updated cost estimate and the economic analysis.

Karl Seckel and Rob Hunter met with the Doheny Desal Participants from the Pilot Plant and Extended Pumping Test (2008 – 2013) to discuss the existing lease with the State Parks and removal of the test well and other facilities. The results of the discussions were:

- South Coast is interested in maintaining the existing MWDOC lease at their cost following removal of the Test Well; none of the other agencies were opposed to this proposal.
- South Coast briefed the other agencies regarding their on-going work and proposal to begin with a 4 to 5 mgd facility and then expand it, possibly up to the 15 mgd size. They are finishing up their Foundational Action Grant Modeling in January and continuing to coordinate with the SJBA on the work. The SJBA Foundational Grant will also be wrapping up work in January. The work conducted under both grants will be discussed by independent Science Advisory Panels being organized by NWRI.
- MNWD and San Clemente expressed interest in the work South Coast is performing at this time especially at the point when they have an updated cost of the water from the facilities (should be by May 2016 or sooner).
- LBCWD indicated they are optimistic about being able to utilize their 2,000 AF of pumping in the OCWD basin and indicated they may not be interested in an ocean desalination project (action needs to be considered by the Board)
- San Juan indicated with all of the changes they are facing at this time, they probably are not interested in the ocean desalination project.

The group agreed that MWDOC should proceed with the appropriate notifications to the State Park and should develop the plans and specifications and award a construction contract for removal of the Test Well and shall also seek salvage costs for the Mobile Test Facility. MWDOC has retained \$356,000 for the work to be completed.

Huntington Beach Ocean Desalination Project (Poseidon Project)

OCWD has continued work on evaluating where the product water produced from the Poseidon Project would be utilized, either for the seawater barrier operations, injection or replenishment in the groundwater basin, for direct delivery to other agencies or some combination thereof. The presentation is being scheduled for a future OCWD meeting. Karl Seckel has been participating with OCWD in meetings on the report.

ISSUE BRIEF # F

SUBJECT: Orange County Reliability Projects

RECENT ACTIVITY

Central Pool Augmentation Program

There are no updates to report.

Orange County Water Reliability Study

The second of the Phase 1 extended Workgroup meetings took place on December 14 and specifically target SYSTEM RELIABILITY ISSUES. MWDOC invited all agencies to send representatives to the meeting, especially agency representatives who had not made the prior workgroup meetings and put a special request out to operations staff from all agencies specifically on the issue of Emergency Response. In all, 22 agencies attended the two-hour meeting held at the City of Santa Ana, plus a representative from MET and a representative from the Division of Drinking Water.

The meeting included review and input of the planning spreadsheet developed by MWDOC to assist in reviewing the ability of each agency to respond to:

- Outages of the Import System for up to 60 days
- Outages of the Electrical Grid for up to 7 days

There were quite wide-ranging discussions. MWDOC offered to meet individually with any of the agencies to walk through the analysis.

Subsequent meetings have been scheduled for:

- Jan 4 – Supply Reliability GAPS, Illustration of Strategies to Reduce the GAPS and Economic Methods for Comparison of strategies
- Jan 21 – Discussion of Policy Issues and Scope for Phase 2

This should allow Phase 2 to begin in February and proceed over the subsequent three months.

Karl Seckel presented on the Water Reliability Study at the WACO meeting on December 11. The presentation and recording should be posted soon on the WACO website hosted by MWDOC.

ISSUE BRIEF # G

SUBJECT: East Orange County Feeder No. 2

RECENT ACTIVITY

Use of East Orange County Feeder No. 2 for Conveyance of Groundwater and Poseidon Water

Rob Hunter and Karl Seckel met with Brian Thomas to discuss issues associated with the EOCF#2. Brian will be assisting in upcoming meetings with MET regarding options for OC use of the EOCF#2 to convey either Poseidon Water or Groundwater.

**Summary Report for
The Metropolitan Water District of Southern California
Board Meeting
December 8, 2015**

INDUCTION OF DIRECTORS

Induction of Director Lorraine Paskett, representing City of Los Angeles. **(Agenda Item 5C)**

COMMITTEE ASSIGNMENTS

None. **(Agenda Item 5D)**

ENGINEERING AND OPERATIONS COMMITTEE

Appropriated \$23.9 million; award \$15.8 million contract to Morrow-Meadows Corporation for the Stage 1 electrical upgrades at the Joseph Jensen Water Treatment Plant; and approved the Jensen Solar Power Plant project for purposes of the California Environmental Quality Act. (Approps. 15442 & 15391) **(Agenda Item 8-1)**

Appropriated \$4.9 million; and authorized design of Stage 2 repairs to the Lakeview Pipeline. (Approp. 15480) **(Agenda Item 8-2)**

Appropriated \$4.1 million; and authorized the General Manager to execute an agreement with Southern California Edison International, LLC for relocation of the Middle Feeder within the city of Monterey Park, in accordance with the provisions contained in the board letter and in a form approved by the General Counsel. (Approp. 15480) **(Agenda Item 8-3)**

COMMUNICATIONS AND LEGISLATION COMMITTEE

Adopted the Legislative Priorities for 2016 as amended. **(Agenda Item 8-4)**

Authorized the General Manager to oppose the No Blank Checks initiative. **(Agenda Item 8-5)**

LEGAL AND CLAIMS COMMITTEE

Authorized an increase in maximum amount payable under contracts for legal services with Quinn Emanuel Urquhart & Sullivan, LLP in the amount of \$450,000 for a total amount not to exceed \$5,950,000, and authorized increase in maximum amount payable under contract for legal services with Horvitz & Levy, LLP by \$200,000 to an amount not to exceed \$300,000 in the case of San Diego County Water Authority v. Metropolitan Water District of Southern California. **(Agenda Item 8-6)**

Granted authority to enter into a consent decree for a partial settlement with the U.S. Environmental Protection Agency as part of a group of potentially responsible parties, and delegated authority to the General Manager with the approval of the General Counsel to enter into future partial settlements. **(Agenda Item 8-7)**

Authorized an increase in the maximum amount payable under contract with Atkinson, Andelson, Loya, Ruud & Romo for legal services by \$250,000 to an amount not to exceed \$350,000 in the case of Bradley Wayne Nutt v. Metropolitan Water District of Southern California. **(Agenda Item 8-8)**

CONSENT CALENDAR

In other action, the Board:

Appropriated \$1.87 million; and authorized replacement of two hydraulic control valves at Garvey Reservoir. (Approp. 15480) (**Agenda Item 7-1**)

Appropriated \$1.83 million; and authorized design and procurement to complete the La Verne Shops Upgrades. (Approp. 15395) (**Agenda Item 7-2**)

Approved the amendments to the Administrative Code set forth in the board letter to reflect the changes recommended in the letter. (**Agenda Item 7-3**)

Approved amendments to Administrative Code to reflect the elimination of the Replenishment Service Program and Interim Agricultural Water Programs, and to modify the timing of delivery estimates. (**Agenda item 7-4**)

Appropriated \$500,000; and authorized a condition assessment of employee housing along the Colorado River Aqueduct and design of eight new houses. (Approp. 15495) (**Agenda Item 7-5**)

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**Summary Report for
The Metropolitan Water District of Southern California
Board Meeting
November 10, 2015**

INDUCTION OF DIRECTORS

Induction of Director Janna Zurita, representing City of Compton. **(Agenda Item 5C)**

FINANCE AND INSURANCE COMMITTEE

Adopted the Twenty-First Supplemental Resolution to the Master Revenue Bond Resolution authorizing the issuance of up to \$250 million of Water Revenue Bonds, 2015 Authorization and providing the terms and conditions for the sale and issuance of said Water Revenue Bonds; and approved up to \$1,885,000 for the payment of the cost of issuance of the Water Revenue Bonds to be paid from bond proceeds or Metropolitan funds. **(Agenda Item 8-1)**

ENGINEERING AND OPERATIONS COMMITTEE

Appropriated \$36.2 million; awarded \$29.56 million contract to OHL USA, Inc. to rehabilitate Palos Verdes Reservoir; and authorized agreement with CDM Smith, Inc. in an amount not to exceed \$713,000. (Approps. 15417 and 15441) **(Agenda Item 8-2)**

Authorized the General Manager to enter into a new agreement with the California Department of Water Resources for the sale of renewable energy from five Hydroelectric Power Plants. **(Agenda Item 8-4)**

WATER PLANNING & STEWARDSHIP COMMITTEE

Appropriated \$15 million; authorized agreement with County Sanitation District No. 2 of Los Angeles County, substantially in conformance with the terms included in the Board letter attachment, and in a form approved by the General Counsel, for implementation of a demonstration project and development of a potential regional recycled water supply program; and authorized design of a demonstration-scale recycled water treatment plant. (Approp. 15493) **(Agenda Item 8-3)**

Authorized the General Manager to enter into storage and exchange agreements with Antelope Valley East Kern Water Agency consistent with the terms outlined in the Board letter attachment, and in a form approved by the General Counsel; approved payment of up to \$16.6 million for funding the storage and exchange agreements with Antelope Valley-East Kern Water Agency; and approved additional payments from the Supply Program Budget should the exchange or storage programs exceed the initial allocated 30,000 AF. **(Agenda Item 8-6)**

ORGANIZATION, PERSONNEL AND TECHNOLOGY COMMITTEE

Authorized the General Manager to enter into the following skilled craft labor agreements: A contract for agency temporary skilled craft labor with Grafton Inc., not to exceed \$325,000 per year; A contract for agency temporary skilled craft labor with Johnson Services Group not to exceed \$325,000 per year; and A contract for agency temporary skilled craft labor with Premier Personnel Resources not to exceed \$325,000 per year. **(Agenda Item 8-5)**

LEGAL AND CLAIMS COMMITTEE

Received a report on existing litigation: *Shimmick Construction Company, Inc./Obayashi Corporation, a Joint Venture v. The Metropolitan Water District of Southern California*, LASC Case No. BC559603; and authorized increase of maximum amount payable under contract with (1) Hunt Ortmann Palffy Nieves Darling & Mah, Inc. for legal services by \$500,000 to an amount not to exceed \$600,000, and (2) Pacific Consultants Construction, Inc. for consulting services by \$250,000 to an amount not to exceed \$500,000. (Approp. 15389) **(Agenda Item 8-7)**

REAL PROPERTY AND ASSET MANAGEMENT COMMITTEE

Authorized the General Manager to enter into a conditional option to purchase agreement to acquire property from Delta Wetlands Properties in Contra Costa, San Joaquin, and Solano Counties. **(Agenda Item 8-8)**

CONSENT CALENDAR

In other action, the Board:

Appropriated \$960,000; and authorized design to repair 16 expansion joints on pump delivery lines along the Colorado River Aqueduct, and authorized construction to repair three of those joints. (Approp. 15483) **(Agenda Item 7-1)**

Authorized a long-term ground lease to Verizon Wireless for a telecommunications equipment site in the unincorporated area of Mentone, county of San Bernardino. **(Agenda Item 7-2)**

Authorized amendment of lease to Western Center Community Foundation doing business as the Western Science Center on Metropolitan-owned property in the city of Hemet, California. **(Agenda Item 7-3)**

OTHER MATTERS:

In other action, the Board:

Approved 30-day leave of absence for Vice Chair Gloria Gray, commencing December 4, 2015. **(Agenda Item 5F)**

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