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. 2015)

PRESENTATION/DISCUSSION/INFORMATION ITEMS

1. METROPOLITAN’S CONSERVATION BUDGET INCREASE AND TURF REMOVAL PROGRAM MODIFICATIONS

   Recommendation: Review and discuss the information presented.
2.  **STATUS ON METROPOLITAN’S 2015 INTEGRATED RESOURCES PLAN (IRP)**

   *Recommendation:* Review and discuss the information presented.

3.  **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.

4.  **OTHER INPUT OR QUESTIONS ON MET ISSUES FROM THE MEMBER AGENCIES**

5.  **METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS**
   a. Summary regarding May MET Board Meeting
   b. Review items of significance for MET Board and Committee Agendas

   *Recommendation:* Review and discuss the information presented.

**CLOSED SESSION ITEMS**

6.  **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**, Consider Initiation of Litigation pursuant to Paragraph (4) of subdivision (d) of Section 54956.9: (Two Cases).

7.  **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**
    Consideration of initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9 (One Case).
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.
TO: Board of Directors
FROM: Robert Hunter
    General Manager
Staff Contact: Harvey De La Torre
SUBJECT: Metropolitan’s Conservation Budget Increase and Turf Removal Program Modifications

STAFF RECOMMENDATION

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

REPORT

On May 26, 2015, the Metropolitan Board of Directors approved a $350 million increase to its water conservation program; bring the total program budget to $450 million for FY2014/15 and FY2015/16. Included in the Board's action were also program modifications to the Turf Removal Program. The increase in the conservation budget and program modifications are to address the tremendous public participation in Metropolitan’s conservation program, in particular the turf removal program, in light of the drought. The number of applications Metropolitan has received over the past month is unprecedented. The action taken by the Board was to continue funding the program but also to seek program modifications to reach as many residents and businesses as possible.

This Board memo is to briefly describe: MET staff’s reasons for the budget increase, the adopted program modifications, the source of funds, and key comments/concerns from the MET Board.

Status of the Conservation Program

The table below shows that through May 17, 2015, MET’s total program expenditures ($ paid out) have been $88.1 million. Expenditures are broken down between incentives for devices, turf removal, and other conservation activities. The other category is largely comprised of member agency-administered turf removal programs with about $3.5 million that was used for the drought advertising and outreach program in 2014.

“Preapproved” projects are where a consumer had submitted a request for incentive funding and has already undergone review, resulting in a notice to proceed. “Additional Requests” are applications that have not been preapproved and are in the status of being reviewed.

<table>
<thead>
<tr>
<th>Budgeted (Y/N): n/a</th>
<th>Budgeted amount: n/a</th>
<th>Core X</th>
<th>Choice __</th>
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<tr>
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</tr>
<tr>
<td>Fiscal Impact (explain if unbudgeted):</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
As shown above, staff has received more requests than approved funds; therefore, to continue the program and cover the preapproved and additional requests, additional funds would need to be approved. In fact, the weekly requests have tripled this past month. It appears the increased volume of requests are the result of increased media attention to the drought and the Governor’s statewide call for mandatory water reduction. However, although a majority of the applications are residential, most of the funds are going toward commercial projects - +70%. Therefore, MET staff recommended to the Board to not only provide additional funds but also approve program modifications.

**Adopted Turf Removal Program Modifications**

In effort to continue the market transformation of promoting drought-tolerant landscape for southern California and reach as many people as possible, the following program modifications were approved by the Board:

**Residential Applicants**

*The Board set the turf removal incentive at $2 per square foot for up to 3,000 square feet per residential applicants. A property funding limit of up to $6,000 per residential property would apply.* Residential customers that submitted requests before May 12, 2015 at 1:00 pm would be processed under the previous program terms. All other residential applications would be processed under these new terms.

**Public Agency Applicants**

*The Board set the turf removal incentive at $2 per square foot for the first 3,000 square feet removed for public agency applicants. Public agency applicants would be eligible for $1 per square foot of turf removed above 3,000 square feet up to a total annual limit of $50,000 per property.* The annual limit would be in place for each public agency property in a given fiscal year, allowing projects to be phased over multiple fiscal years. Each phase of a project would have to be submitted in subsequent years as a separate project subject to the terms of the Turf Removal Program in place at the time of submittal. Public agency applications

---

<table>
<thead>
<tr>
<th></th>
<th>Actual Expenditures</th>
<th>Preapproved</th>
<th>Additional Requests**</th>
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<tr>
<td>Device Rebates</td>
<td>$24.7</td>
<td>$20.9</td>
<td>-</td>
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<tr>
<td>Turf Removal (Residential)</td>
<td>$33.4</td>
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<td>$58.7</td>
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<tr>
<td>Turf Removal (Commercial/Other)</td>
<td>$11.1</td>
<td>$68.2</td>
<td>$117.5</td>
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<tr>
<td>Member Agency/Other</td>
<td>$18.9</td>
<td>$1.2</td>
<td>$31.1</td>
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<td><strong>Total</strong></td>
<td><strong>$88.1</strong></td>
<td><strong>$123.5</strong></td>
<td><strong>$207.3</strong></td>
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</table>

*As of May 17, 2015

**Shown under previous Turf Removal Program terms
submitted before May 12, 2015 at 1:00 pm would have their requests processed under the previous program terms. All other public agency applications would be processed under these new terms. For purposes of the Turf Removal Program, “public agency” would mean any county, city, whether general law or chartered, municipal corporation, town, school district, special district or water district that is located within the geographic areas served by the Metropolitan. “Public agency” also would include any state agency, department or division, to the extent it is situated on property that is located within the geographic areas served by Metropolitan. “Public agency” would not include any for profit, nonprofit, not-for-profit, mutual benefit, public benefit or quasi-public entity or corporation.

**Commercial/Other Turf Removal Applicants**

The Board set the turf removal incentive of $1 per square foot for commercial and other non-residential and non-public agency applicants. A total annual limit of $25,000 per property would apply. The annual limit would be in place for each property in a given fiscal year, allowing projects to be phased over multiple fiscal years. Each phase of a project would have to be submitted as a separate project subject to the terms of the Turf Removal Program in place at the time of submittal. All applications that have not been “preapproved” with a reservation number would be processed under these new terms.

Under the program modifications, staff believes the approved funding would be enough to keep the program active throughout the summer and into the early fall.

**Source of Funds**

Metropolitan staff demonstrated that the additional $350 million is available in reserves at the end of fiscal year 2014/15. The funds would come from the following reserve accounts:

- $50 million from the Water Stewardship Fund
- $140 million from the Water Management Fund
- $160 million from the Water Rate Stabilization Fund over Target

Because these funds are coming from existing reserves, there is no impact to this year’s water rates.

**Board Comments**

Majority of the Board members that voiced support for the staff recommendation of increasing the Conservation Budget to a total of $450 million, stated that Metropolitan needs to take a leadership role in the area of water conservation. The drought and the Governor’s call for demand reductions requires MET to take “Bold action now”.

However, there were Directors that stated their concern over the amount of money being spent in one exclusive area – Turf Removal. Option #2 would provide Metropolitan with the flexibility of having $100 million left in reserves to be utilized for future drought response actions if this coming winter continues to be dry. The program can be further refined to continue transforming the market while limiting the spending.
Metropolitan’s Water Conservation Program Funding Increase

MWDOC Board Workshop
June 3, 2015

Municipal Water District of Orange County
On May 26, the MET Board approved a $350 million increase to its Water Conservation Program to a total budget of $450 million for FY 2014/15 & FY 2015/16. This is mainly due to an unprecedented number of applications to MET’s Turf Removal Program.

In addition, the MET Board approved program modifications to the Turf Removal Program in order to reach as many residents and businesses as possible.

These actions were taken to immediately respond to the drought and continue the market transformation of outdoor water use efficiency.
Turf Removal Program Background

- 2008: Member Agency Administered program ($0.30/sq ft)
- 2009: Rebate Increased ($1/sq ft)
- 2010: Regional Program Launched
- 2011: Board Increased Rebate to $2/sq ft
- 2012: Additional Policies for Reservations over $100k
- 2013
- 2014
- 2015
$2 per square foot for all customers
- No maximum funding level
- Large commercial turf removal projects were receiving the bulk of the funding
  - Although only 2,082 applications out of 46,578 were for commercial, they represent +70% of the funding requests
Recent Program Activity

Number of Applications

- Commercial
- Residential

<table>
<thead>
<tr>
<th>Date</th>
<th>Commercial</th>
<th>Residential</th>
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<tr>
<td>04/05/2015</td>
<td>$1.6M</td>
<td>$4.7M</td>
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<tr>
<td>04/12/2015</td>
<td>$1.7M</td>
<td>$6.9M</td>
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<td>04/19/2015</td>
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<td>04/26/2015</td>
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<td>05/10/2015</td>
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<td>05/17/2015</td>
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## Conservation Program Status

<table>
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<tr>
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<th>Paid FY 14/15*</th>
<th>Pre-approved*</th>
<th>Additional Requests</th>
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<tr>
<td>Device Rebates</td>
<td>$24.7M</td>
<td>$20.9M</td>
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<tr>
<td>Member Agency</td>
<td>$18.9M</td>
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<td><strong>TOTAL</strong></td>
<td><strong>$88.1M</strong></td>
<td><strong>$123.5M</strong></td>
<td><strong>$207.3M</strong></td>
</tr>
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</table>

*As of May 17, 2015

- **Pre-approved:**
  Applications and member agency requests approved to proceed

- **Outstanding Requests:**
  Applications requesting funds but not approved to proceed yet
Adopted Program Modifications

<table>
<thead>
<tr>
<th>Category</th>
<th>Before May 12, 2015</th>
<th>After May 12, 2015</th>
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<tbody>
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<td>Residential</td>
<td>$2/sq ft</td>
<td>$2/sf Max: $6k</td>
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<tr>
<td>Public Agency</td>
<td>$2/sq ft</td>
<td>$2/sq ft (&lt;3k sf) Max: $50k</td>
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<tr>
<td>Commercial</td>
<td>$1/sq ft Max: $25k</td>
<td>$1/sq ft Max: $25k</td>
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Program with the Adopted Changes

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<tr>
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<th>Paid FY 14/15*</th>
<th>Pre-approved*</th>
<th>Additional Requests</th>
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<td>$50.1M</td>
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<td><strong>TOTAL</strong></td>
<td><strong>$88.1M</strong></td>
<td><strong>$123.5M</strong></td>
<td><strong>$93.1M</strong></td>
</tr>
</tbody>
</table>

*As of May 17, 2015 – rounded

Results in a savings of $114.2 million

Pre-approved:
Applications and member agency requests approved to proceed

Outstanding Requests:
Applications requesting funds but not approved to proceed yet
Administrative Changes

- No pre-approvals will be given in excess of the new adopted budget limit
- Staff will administer separate budget limits for the device rebate program and the Turf removal program
- Annual caps for Commercial and Public Agency projects. Lifetime caps for residential projects
Program Budget Options

- **Option #1:** Approve an additional budget of $100 million
  - Accommodate existing pre-approved requests
  - Program would need to shut down

- **Option #2:** Approve an addition budget of $250 million
  - Option #1, plus accommodates additional turf requests already received
  - Device rebates could continue, but no new turf request

- **Option #3:** Approve an addition budget of $250 million
  - Option #2 plus new turf requests likely to continue through summer unto the fall

*The MET Board approved Option #3, bring the total Conservation Budget to $450 Million*
Option #3: $350M Additional Funding
$450M Budget for FY14/15 & FY15/16

Water Savings
- Annual: 80 TAF
- 10-Year: 800 TAF
- Melded Rate: $562/AF
- ~172M sf turf removed

*As of May 10, 2015
Sources of Funds for the Conservation Program

- Sources of Funds to cover the additional $350M:
  - $50 million from the Water Stewardship Fund
  - $140 million from the Water Management Fund
  - $160 million from the Water Rate Stabilization Fund over Target

- This funding increase does not have an impact on this year’s water rates, because they are coming from reserves
Additional Changes may be Needed

- MET plans to seek State funding support for the Turf Removal Program
- Additional modifications to the Program may be necessary in the future if the program continues
- Regional landscape ordinances and standards need to be addressed
Many Directors felt MET needed to take a leadership role in the area of conservation

“Recent conditions call for bold action to be taken now”

However, there were concerns raised about the size of the budget and the need for flexibility

Option #2, would of left $100 million in reserves for additional actions, if needed
Questions
DISCUSSION ITEM
June 3, 2015

TO: Board of Directors

FROM: Robert Hunter
General Manager

Staff Contact: Harvey De La Torre
Joe Berg

SUBJECT: Status on Metropolitan’s 2015 Integrated Resources Plan (IRP)

STAFF RECOMMENDATION

Staff recommends the Board of Directors review and discuss this information

REPORT

MWDOC staff will brief the Board on the recent meetings of the IRP Board Subcommittee and the IRP Technical Member Agency Workgroup Meetings.

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<td>Fiscal Impact (explain if unbudgeted):</td>
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</table>
Status on Metropolitan’s 2015 Integrated Resources Plan (IRP)

MWDOC Board Workshop
June 3, 2015
Municipal Water District of Orange County

Process for Updating the IRP

- The IRP Process is split into a two-part:
  - Resource Policy Discussion – IRP MET Board Subcommittee
  - Technical update process – MET and Member Agency staff
- Both efforts will have interaction with the Board and the member agency managers
Agenda

- Where we are with the Board IRP Subcommittee and Member Agency IRP Workgroup Process
- What issues have these two groups been covering
- Next Steps

Board IRP Subcommittee Mtg. #2 – April 28

- Discussed Public Outreach Efforts
  - Planning on several public sessions throughout the service area
  - Focus on Digital Media
- Reviewed the status of the 2010 IRP targets and initial look at changed conditions
  - Revised Demographic Projections i.e. Population
  - Actual Local Resource Development vs. 2010 Projections
  - SWP and CRA supply changes
  - Water Use Efficiency projections i.e. 20x2020 regional goal
Board IRP Subcommittee Mtg. #3 – May 26

- **Presentations on Water Conservation**
  - Dr. Ken Baerenklau, UC Riverside on different conservation approaches including retail rates
    - “Demand Management Strategy should be built around a robust rate structure”
    - “Messaging should function more like advertising than education”
  - Mary Ann Dickinson on Conservation Potential
    - Effectiveness of different devices and programs
    - Potential savings with outdoor program
    - Missing link – Leak Detection

- **Update on the Member Agency Technical Process**

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**Member Agency Technical Workgroup- April 22**

- **Planning for Uncertainty**
- **Metropolitan’s Robust Decision Making Process**
  - Applying ranges of uncertainties to forecasted variables
- **IRP Adaptive Management Approach**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Range of Uncertainty</th>
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<tr>
<td>Demographic Changes</td>
<td>4 Scenarios: Balanced Growth, Baseline Growth, Periurban Growth, High Growth</td>
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<tr>
<td>Climate Conditions</td>
<td>12 Climate Scenarios: 6 GCMs x 2 Emissions Scenarios used by IPCC</td>
</tr>
<tr>
<td>Bay-Delta Conditions</td>
<td>3 Scenarios: No Delta Fix, Partial Delta Fix, Full Delta Fix</td>
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<tr>
<td>Local Resource Yields</td>
<td>±20% Variation in Groundwater, Recycling, Groundwater Recovery, Conservation</td>
</tr>
<tr>
<td>Project Implementation Timing</td>
<td>Delays: 0-10 years Desalination &amp; Recycling, 0-20 years Conservation, 0-30 years Delta Fix</td>
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</tbody>
</table>
Member Agency Technical Workgroup- May 18

Colorado River Aqueduct
- Obligations and future paybacks
- Storage and transfers
- Minimizing CRA supply losses
- Uncertain on the Salton Sea

State Water Project
- MET’s State Water Project supplies and programs
- Draft 2015 SWP Delivery Capability Report
- History of Delta environmental regulations
- SWP Long-term hydrology
- New State Alternative - California Water Fix / Eco Restore elements

Central Valley Transfers and Storage
- Overview of MET’s programs
- Emerging Issues with transfers and storage programs

Member Agency Technical Workgroup- May 26

Groundwater within the MET’s Service Area

Current groundwater conditions (Since 2005)
- Precipitation: Declined 44 inches
- GW Production: Unchanged since 2005 at 1.5 MAF
- Recharge: Declined over 1 MAF due to lack of stormwater recharge
- Groundwater Basin are at historic lows

Groundwater forecast and Assumptions
- Normal vs. multiple dry years
- Stormwater recharge
- Recycled water recharge
- Imported water

Identify pathways for ensuring sustainable groundwater management
- Potential policies or actions
Next Steps

- **Member Agency Workgroup June 11th**
  - Groundwater/Stormwater (part 2 of 2)
- **Water Use Efficiency Meeting June 18th**
- **IRP Committee Meeting June 23rd**
  - Tony Zampiello, AGWA – groundwater issues
  - Mark Pestrella, LACDPW – stormwater issues
- **Member Agency Workgroup June 24th**
  - Local Resources (part 1 of 2)

Questions
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
Locally, the month of May was very wet. Normally precipitation for May is 0.25 inches. This year we received 1.28 inches of rainfall for Orange County; one inch above the average. Unfortunately, May was not enough to bring us to meet average conditions for the year. We remain four inches below average conditions and far from making up the loss precipitation from the last four years.

In northern California, precipitation continue to be below average. The precipitation for the month of May totaled 0.7 inches; less than half it normally receives of 2.1 inches. This continues the very little precipitation and snow conditions the Northern Sierra’s has received this year, which impacts most of the State’s imported water supplies.

In addition, Lake Mead is expected to reach its shortage trigger level of 1,075 feet in the coming weeks. In fact, the U.S. Bureau of Reclamation expects Lake Mead to go as low as 1,073 ft. this summer. However, a shortage is not expected to be declared for the Colorado River this year, because releases from Lake Powell should bring Lake Mead back up above the shortage trigger level before the end of the year. Unfortunately, unless conditions significantly improve in the Colorado Basin there is a +50% chance of a shortage being declared in 2017.

Although, there have been reports of a possible moderate to strong El Nino hitting California this winter, experts are still unsure of whether this will produce enough rain and snowfall to free us from the current drought.
SUBJECT: MWD’s Finance and Rate Issues

RECENT ACTIVITY

MWD Financial Report

At May’s Metropolitan (MWD) Finance and Insurance Committee, MWD staff provided a brief financial report. For cumulative water sales through the end of April, MWD reported sales of 185,600 Acre-Feet (AF) or 13% higher than budget. This additional water sales will generate approximately $126 million in additional revenue. Expenses continue to track under budget, and staff plans to provide further detail next month when they present their last quarterly financial report.
SUBJECT: Colorado River Issues

RECENT ACTIVITY

Lake Mead Reaches All-time Low Level
On April 26, Lake Mead broke the record it set last August for the lowest level the reservoir has been since it was initially filled in the 1930s. Measuring 1,080.1 feet above sea level, the largest reservoir in the United States is 39 percent of capacity, and a little more than 5 feet above the level that would trigger shortages along the Lower Colorado River. Lake Mead is forecast to continue to drop through the spring and summer, and reach a low point for the year, around 1,073 feet. The forecasted drop in Lake Mead is not a surprise to water managers, who realized last fall that Lake Mead was likely to drop significantly through the summer of 2015. The question that remains to be answered, however, is how much Lake Mead will recover later this year, and if it will rise above 1,075 feet by the end of the year, when the official determination for shortages is made. On April 1, the Bureau of Reclamation’s most probable forecast was for Lake Mead to increase throughout the fall and end the year around 1,080 feet – five feet above the shortage trigger, putting off water supply curtailments for at least another year. However, if dry conditions continue throughout the spring and summer, Lake Mead might not recover enough to avoid a first-ever shortage declaration next year. On April 1, Reclamation estimated that the chance of a shortage declaration for next year is about 33 percent. Reclamation plans on updating the likelihood of a shortage declaration each month between now and August, when the official water year type determination for next year is made. MET staff plans to update the MET Board on the latest water supply and Lake Mead conditions at future committee meetings.

California Water Agencies Discuss Salton Sea Options
Following the State Water Resources Control Board’s workshop on Salton Sea Restoration options, agencies from the state of California, including the Department of Fish and Wildlife and the California Department of Water Resources, have been meeting with various water agencies to evaluate options for moving forward with a restoration plan for the Salton Sea. Some of the questions being raised by state agencies include restoration governance issues and funding options. The Salton Sea has been on a steady decline over the last decade, and beginning in 2018 the decline will increase until the Salton Sea stabilizes at a level several feet lower than today’s elevation.
SUBJECT: Bay Delta/State Water Project Issues

RECENT ACTIVITY

Update on the State Water Resources Control Board's Order

The State Water Resources Control Board (SWRCB) considered a Temporary Urgency Change Petition (TUCP) submitted by the California Department of Water Resources (DWR) and the U.S. Bureau of Reclamation (USBR) in January, requesting temporary changes to the terms of the water rights permits for operation of the State Water Project and Central Valley Project for February and March 2015. After considering public input at a workshop in February 2015, the SWRCB Executive Director issued a revised TUCP order for February and March 2015. The revised TUCP order issued on March 5, 2015, approved temporary modification of water rights requirements to allow management of reservoir releases in a manner that conserves upstream storage for fish and wildlife protection and Delta salinity control while providing critical water supply needs. Specifically, the revised TUCP order approved the request for an intermediate level of export pumping under limited circumstances, approved water transfers between water contractors (with some additional reporting requirements), and removed the provision in the original order that allowed the Executive Director to direct the use of water conserved through the implementation of the TUCP.

On March 24, 2015, DWR and USBR submitted a request to modify the TUCP order to be effective from April through the end of September 2015. On April 6, the SWRCB Executive Director issued another revised TUCP order for the April through June 2015 period. The revised order provides additional flexibility for the intermediate pumping level and requires USBR to prepare action plans for the Sacramento and Stanislaus Rivers to protect against temperature and related impacts for the remainder of the water year going into next year. The revised TUCP order does not act on requested changes after June 30, because it is anticipated that a further request will be submitted by DWR and USBR for additional changes starting in mid-June if conditions continue to be historically dry.

The SWRCB issued an order to most diverters in the Delta watershed (top 90 percent of riparian and pre-1914 users in the Delta and the remaining top 90 percent of users in the Sacramento and San Joaquin River watersheds) on February 4, 2015, requiring all diverters to report water diverted and by which water right for each month, as well as provide documentation supporting their claimed water right. The SWRCB, reporting a 94 percent compliance rate with the order, compiled and organized the documentation, and as of April 9 is making the information available to the public. Due to file size, some of the information is not being made available online and must be obtained in person at the California Environmental Protection Agency building. Metropolitan staff is reviewing all of the documentation that has been made available. The SWRCB is also posting curtailment projections on its website, and to date projections have been made available for some classes of water right holders in the watershed.

Bay Delta Conservation Plan Expenditures
Bay Delta Conservation Plan Expenditures

There have been requests as to the overall expenditures DWR and MET has spent on the Bay-Delta Conservation Plan, below is a description of the funds spent as of the end of March:

Overall. As of March 31, 2015, DWR has committed $236.8 million out of the $239.6 million budget under the Bay Delta Conservation Plan (BDCP) and the associated Delta Habitat Conservation and Conveyance Program (DHCCP) activities. This includes funding under the December 2008 DHCCP Funding Agreement and July 2010 Supplemental Funding Agreement. Prior to these two funding agreements, an additional $13.5 million* was expended under the November 2006 BDCP Cooperative Cost-Share Agreement for startup costs related to development and review of the BDCP and consulting resources necessary to prepare the BDCP. Additional planning funds totaling $4.7 million* are anticipated to be made available in May 2015 by the USBR. This will be reported as the additional funds become available.

Metropolitan’s Share: Metropolitan’s commitment under this program remains at $63 million

<table>
<thead>
<tr>
<th>Funding Agreements</th>
<th>Total Project (in millions)</th>
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<tbody>
<tr>
<td></td>
<td>Budget</td>
</tr>
<tr>
<td>Dec 2008 – DHCCP Funding Agreement</td>
<td>$139.6</td>
</tr>
<tr>
<td>Jul 2010 – Supplemental Funding Agreement</td>
<td>$100.0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$239.6</td>
</tr>
</tbody>
</table>

* November 2006 BDCP Cooperative Cost-Share Agreement totaling $13.5 million was not included in the above table.
* Anticipated funding of $4.7 million from the USBR is not included in the above table.
SUBJECT: MWD’s Ocean Desalination Policy and Potential Participation by MWD in the Doheny Desal Project (formerly South Orange Coastal Ocean Desalination Project) and in the Huntington Beach Ocean Desalination Project (Poseidon Desalination Project)

RECENT ACTIVITY

**Doheny Desalination Project**

Work continued under the MET Foundational Action Plan and with the baseline monitoring work required for the coastal lagoon and the lower portion of San Juan Creek. South Coast Water District is proceeding ahead with the hiring of a Project Manager and Owners Rep Consultant to help them complete the CEQA and preliminary design work for the Doheny Desal Project.

A meeting was held with an inventor marketing a system that would be designed to remove 100% of the salt from ocean water to salvage the salt as a commodity. The technology needs to be proven, but the interesting component is that his concept would be most efficient at using the brine from a desalination plant as his intake supply – this could essentially double the supply of a desalination plant and no brine waste would be produced. The amount of salt that would be produced is staggering and would fill many 100 Ton hopper cars each day of operation; his belief is that the colder states have a need for salt and the going rate of $40 to $60 per ton would produce a good revenue source.

**Huntington Beach Ocean Desalination Project (Poseidon Project)**

The OCWD Board authorized staff to proceed with work on the Term Sheet with Poseidon and to complete detailed work on the integration options. MWDOC has been assisting OCWD on these efforts. Several meetings have been held on water quality issues associated with system integration. West Basin MWD staff met with MWDOC and OCWD to discuss their recent research into water quality issues; a meeting with MET’s Water Quality staff included a wide-ranging discussion of both operational and water quality issues they perceive. OCWD staff is armed with lots of good information on the work already completed on water quality issues.
SUBJECT: Orange County Reliability Projects

RECENT ACTIVITY

Central Pool Augmentation Program
There are no updates to report.

Orange County Water Reliability Study

Not much new information was released in the last month, although work continued in a number of areas on supply modeling, demand projections and seismic work and starting in June and following in July and August, significant pieces of work should be rolling out to the Board and to our member agencies. The following is anticipated in June and July:

- CDM-Smith will complete their demand analysis including projecting the potential for future WUE investments to reduce future demands in OC.
- CDM-Smith will review initial runs on their water supply model that mimics the MET Integrated Resources Plan. Below is a graphical representation of the system to be modeled. The model includes supplies from the State Water Project and the Colorado River Aqueduct as well “puts” into and “takes” out of MET storage accounts. Variations to be included in the modeling will involve climate variability impacts and biops impacts on supplies as well as “with” and “without” a BDCP solution.
• CDM-Smith is also working on modeling of supplies to the OCWD basin in conjunction with information provided by OCWD.

• DWR recently released the 2015 Reliability analysis of the State Water Project which will be used in the modeling.

• CDM-Smith is expected to present a SUPPLY GAP Analysis in DRAFT form for a number of scenarios

• Our Seismic Experts (G&E Engineering & GeoPentech) will be issuing their draft report in July. We have been awaiting information from MET regarding the type of pipe in their system to complete the analysis.

• Staff is still analyzing a number of operational scenarios with and without the power grid and with and without MET supplies for the SYSTEM reliability analysis. This portion of the study is somewhat behind schedule.

• Staff has begun drafting pieces of the study on Recycled Water in Orange County; some of that information is included in the P&O packet this month.

• The overall schedule to finish the report this fall remains. OCWD has requested assistance in analyzing the Poseidon Project at a level compatible with their Term Sheet analysis; MWDOC has agreed to help. We are discussing two potential cost adjustments with CDM-Smith to cover work not anticipated in the original scope of work. Staff has requested documentation from CDM-Smith.
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

This is a new item to be added to the tracking matrix. The opportunity presented by the East Orange County Feeder No. 2 (EOCF#2) is that it is an existing conveyance facility in Orange County that typically carries treated water from the Diemer Treatment Plant in Yorba Linda and it transects the County delivering water all the way to the coast. Along the way it supplies water to two facilities that deliver water into South Orange County. The facility does not run at full capacity and what has often been discussed is that it provides an opportunity to convey sources of water throughout the county, other than imported water from MET. The 4th reach of the facility is also envisioned as a potential conveyance facility to deliver Poseidon water to South Orange County. MWDOC has worked on these issues with MET several times in the past and has actively engaged MET on this issue over the past year. A recent meeting with Jeff Kightlinger and Debra Man reconfirmed MET’s assistance in studying these issues. A new take on the opportunity stems from the realization that the EOCF#2 is NOT a typical MET pipeline – a typical MET pipeline is owned, operated and maintained 100% by MET – but the EOCF#2 is jointly owned by MET (30%) and MWDOC (and MWDOC’s agencies), Santa Ana and Anaheim (70%). With respect to this pipeline, MET is an agent/trustee on behalf of the owners, 70% of which are made up locally. MWDOC’s position is that it should have a say in what goes on with the facility somewhat related to the percentage of ownership. MET has indicated a desire to allow MWDOC to “takeover” the facility, but the devil is in the details of exactly what this means. MWDOC is carefully studying the issue and will continue to work with MET on various aspects, such as water quality issues, operational issues, O&M issues and repair and replacement issues. The replacement cost of the facility has been roughly estimated at $400 million in today’s costs; the facility is 51 years old and will not need replacing for 30 years or more down the road. The current responsibility for replacement lies with MET, MWDOC, Santa Ana and Anaheim. We do not expect this issue to be resolved in short order, but staff will update the matrix as progress is made. The most recent discussions occurred with MET just this past week and included discussions on the quality of water from the Poseidon Project that would be delivered through the EOCF#2. Several members of MET’s Water Quality staff participated, along with OCWD, MWDOC and Poseidon.
COMMITTEE ASSIGNMENTS

Director Martinez was assigned to the Finance and Insurance Committee, Communications and Legislation Committee, and Water Planning and Stewardship Committee. (Agenda Item 5G)

FINANCE AND INSURANCE COMMITTEE

Adopted resolution to fix and adopt a Readiness-to-Serve Charge; and adopted resolution to fix and adopt a Capacity Charge for calendar year 2016. (Agenda Item 8-1)

ENGINEERING AND OPERATIONS COMMITTEE

Appropriated $41 million; awarded $31,762,914 contract to J. F. Shea Construction, Inc. to rehabilitate filters at the Weymouth plant; and authorized increase of $815,000 to the existing agreement with MWH Americas, Inc., for a new not-to-exceed total of $2.09 million. (Agenda Item 8-2)

WATER PLANNING AND STEWARDSHIP COMMITTEE

Expressed support for Governor’s Executive Order B-29-15; expressed support for the recommendations in the Chairman’s letter to the Governor regarding the Executive Order; directed staff to work with the State Water Resources Control Board regarding implementation of the Governor’s Executive Order; declared Water Supply Condition 3; approved implementation of Water Supply Allocation Plan at a Level 3 Regional Shortage Level for the period July 1, 2015 through June 30, 2016; adopted the Level 3 allocation as a water conservation program pursuant to Water Code Section 375; expressed the intent of the Board to review the matter again in December 2015; adopted supporting resolution; and conducted public hearing at the committee. (Agenda Item 8-3)

COMMUNICATIONS AND LEGISLATION COMMITTEE

Authorized the General Manager to express support for SB 385 (Hueso, D-San Diego) – Primary Drinking Water Standards: Hexavalent Chromium. (Agenda Item 8-4)

Authorized the General Manager to express opposition, unless amended, to AB 647 (Eggman, D-Stockton) - Beneficial use: diversion of water underground. (Agenda Item 8-5)

LEGAL AND CLAIMS COMMITTEE

In connection with San Diego County Water Authority v. Metropolitan Water District of Southern California, et al., San Francisco County Superior Court Case Nos. CPF-10-510830, CPF-12-512466 and CPF-14-514004, authorized a contract for legal services with Quinn Emanuel Urquhart & Sullivan, LLP for an amount not to exceed $1,100,000; and authorized increase in maximum amount payable under contract for legal services with Miller Barondess, LLP by $150,000 to an amount not to exceed $250,000. (Agenda Item 8-6)
CONSENT CALENDAR

In other action, the Board:

Appropriated $700,000; and awarded $418,600 contract to T. E. Roberts, Inc. for structural protection of the Upper Feeder. (Approp. 15480). (Agenda Item 7-1)

Authorized the General Manager to execute an agreement with SCE for relocation of the Middle Feeder within the city of Monterey Park. (Agenda Item 7-2)

Appropriated $680,000; and awarded $374,867 contract to Kaveh Engineering & Construction, Inc. to upgrade the vehicle service center at Iron Mountain Pumping Plant. (Approp. 15438) (Agenda Item 7-3)

Authorized granting a 2.4226-acre permanent easement to Southern California Edison on the Metropolitan-owned Robert B. Diemer Water Treatment Plant located in Orange County. (Agenda Item 7-4)

Authorized granting a permanent easement to the city of Perris on Metropolitan-owned property located in Riverside County. (Agenda Item 7-5)

OTHER MATTERS:

In other action, the Board:

Approved preparation of Memorial Resolution for past Director Glenn Brown. (Agenda Item 5C)

Approved preparation of Memorial Resolution for past Director Vernon Watkins. (Agenda Item 5D)

Approved preparation of Commendatory Resolution for former Director Daniel Griset. (Agenda Item 5E)

Approved preparation of Commendatory Resolution for former Director Phillip Hawkins. (Agenda Item 5F)

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

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

June 9, 2015

12:00 p.m. – Board Room

<table>
<thead>
<tr>
<th>Time</th>
<th>Location</th>
<th>Agenda Item</th>
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<tbody>
<tr>
<td>7:00-8:00 a.m.</td>
<td>Rm. 2-413</td>
<td>Dirs. Computer Training</td>
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<tr>
<td>9:00 a.m.</td>
<td>Rm. 2-145</td>
<td>L&amp;C</td>
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<tr>
<td>10:30 a.m.</td>
<td>Rm. 2-456</td>
<td>OP&amp;T</td>
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<tr>
<td>12:00 p.m.</td>
<td>Board Room</td>
<td>Board Meeting</td>
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</tbody>
</table>

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

1. Call to Order
   (a) Invocation
   (b) Pledge of Allegiance: Vice Chair Gloria Gray

2. Roll Call

3. Determination of a Quorum

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

5. OTHER MATTERS
   A. Approval of the Minutes of the Meeting for May 12, 2015. (A copy has been mailed to each Director)
      Any additions, corrections, or omissions
   B. Report on Directors' events attended at Metropolitan expense for month of May
C. Induction of new Director Stephen J. Faessel, from City of Anaheim
   (a) Receive credentials
   (b) Report on credentials by General Counsel
   (c) File credentials
   (d) Administer Oath of Office
   (e) File Oath

D. Approve preparation of a Commendatory Resolution for former Director Thomas Evans

E. Approve committee assignments

F. Chairman's Monthly Activity Report

6. DEPARTMENT HEADS' REPORTS

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

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

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

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

7. CONSENT CALENDAR ITEMS — ACTION

7-1 Approve up to $1.168 million to purchase insurance coverage for Metropolitan’s Property & Casualty Insurance Program. (F&I)

Recommendation:

Option #2:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and approve up to $1.168 million to renew the expiring excess liability and specialty insurance policies, and change the Excess Workers' Compensation coverage limit from $50 million to statutory limits.
7-2 Appropriate $650,000; and authorize construction of copper sulfate storage facilities at Lake Mathews and Lake Skinner (Approp. 15441). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt from CEQA, and
a. Appropriate $650,000; and
b. Authorize construction of copper sulfate storage facilities at Lake Mathews and Lake Skinner.

7-3 Appropriate $1.9 million; and authorize design to complete lining repairs on the Etiwanda Pipeline (Approp. 15441). (E&O)

Recommendation:

Option #1:

Certify that the Final EIR has been completed in compliance with CEQA and the State CEQA Guidelines; certify that the Board has reviewed and considered the information presented in the Final EIR; certify that the Final EIR reflects Metropolitan’s independent judgment and analysis; adopt the Findings, SOC, and MMRP; and
a. Appropriate $1.9 million; and
b. Authorize design to complete the lining repairs on the Etiwanda Pipeline.

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

Recommendation:

Option #1:

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

7-5 Approve amendments to Metropolitan Water District Administrative Code to revise the Department Head Evaluation process and timeline. (OP&T)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and approve amendments to the Administrative Code set forth in Attachments 1 and 2 to the board letter to reflect the changes recommended in the letter.

(END OF CONSENT CALENDAR)

8. OTHER BOARD ITEMS — ACTION

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

Staff Recommendation:

Adopt the CEQA determination that the proposed action is not subject to CEQA, and
a. Approve the Statement of Investment Policy; and
b. Delegate authority to invest to the Treasurer for fiscal year 2015/16.

8-2  Approve and authorize execution and distribution of the Official Statement in connection with the issuance of the Special Variable Rate, Water Revenue Refunding Bonds 2015 Series 1 and 2015 Series A-2, and authorize the payment of cost of issuance from bond proceeds. (F&I)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and
a. Approve the draft Official Statement substantially in the form attached to the board letter;
b. Authorize the General Manager to finalize, with changes approved by the General Manager and General Counsel, and execute the Official Statement;
c. Authorize distribution of the Official Statement in connection with marketing of the bonds; and
d. Authorize payment of costs of issuance of bonds as operations and maintenance expenses in the manner set forth in the board letter.
8-3 Authorize payments of up to $3.15 million for participation in the State Water Contractors, Inc. and the State Water Project Contractors Authority for fiscal year 2015/16. (WP&S) **(Two-thirds vote required)**

Recommendation:

Option #1:

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

a. Authorize the General Manager to make payment of $2.38 million to the State Water Contractors; and

b. Authorize the General Manager to make payment of up to $760,859 to the State Water Project Contractors Authority.

8-4 Appropriate $3,530,802 for final payment to Southern California Edison for the 66 kV incoming electrical service at the F. E. Weymouth Water Treatment Plant (Approp. 15369). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to the provisions of CEQA, and appropriate $3,530,802 for the Weymouth Incoming Electrical Service.

8-5 Appropriate $12,670,000; and award $10,534,920 contract to Kana Engineering Group, Inc. to construct a solar power plant at the F. E. Weymouth Water Treatment Plant (Approp. 15391). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action has been previously addressed and that no further environmental analysis or documentation is required, and

a. Appropriate $12.67 million; and

b. Award $10,534,920 contract to Kana Engineering Group, Inc. for construction of the La Verne Solar Power Plant.

8-6 Adopt Mitigated Negative Declaration for planned upgrades to Palos Verdes Reservoir. (E&O)
Recommendation:

Option #1:

Adopt the Mitigated Negative Declaration for planned upgrades to Palos Verdes Reservoir.

8-7 Express support for AB 888 (Bloom, D-Santa Monica) – Waste Management: Plastic Microbeads; and express support for H.R. 1321 (Pallone, D-NJ) – Microbead-Free Waters Act of 2015, (C&L) (To be mailed separately)

8-8 Express support for H.R. 1278 (Capps, D-CA) – Water System Adaptation Grants. (C&L) (To be mailed separately)

9. BOARD INFORMATION ITEMS

None

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

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

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

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

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

Date of Notice: May 28, 2015