

WORKSHOP MEETING OF THE
BOARD OF DIRECTORS WITH MET DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
18700 Ward Street, Board Room, Fountain Valley, California
November 5, 2014, 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. 1999)

PRESENTATION/DISCUSSION/INFORMATION ITEMS

1. METROPOLITAN ISSUES AND ACTIVITIES FOR NOVEMBER 2014 (oral report)

Recommendation: Review, discuss, and take action as appropriate.

2. 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

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

- 3. OTHER INPUT OR QUESTIONS ON MET ISSUES FROM THE MEMBER AGENCIES**
- 4. METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS**
 - a. Summary regarding October MET Board Meeting
 - b. Review items of significance for MET Board and Committee Agendas

Recommendation: Review, discuss and take action as appropriate.

CLOSED SESSION ITEM

- 5. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: (2 potential cases).

OPEN SESSION

- 6. CONSIDERATION OF POTENTIAL ACTION ON MATTERS DISCUSSED IN CLOSED SESSION**

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

November 5, 2014

TO: Board of Directors

FROM: Robert Hunter
General Manager

Staff Contact: Harvey De La Torre

SUBJECT: Metropolitan Issues and Activities for November 2014

STAFF RECOMMENDATION

Staff recommends the Board of Directors review and discuss this information

REPORT

Attached for the MWDOC Board and MET Directors to review and discussion are the draft agendas for the November 17 & 18, 2014 Metropolitan's Board and Committee meetings.

Unfortunately, due to the Metropolitan Board and Committee meetings being moved back a week because of Veteran's Day we do not have any of the staff reports on the agenda items.

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



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

MWD MEETING AGENDA

F&I Committee

B. Barbre, Chair
R. Wunderlich, V. Chair
R. Apodaca
S. Blois
G. Dake
D. Dear
D. De Jesus
T. Evans
C. Kurtz
K. Lewinger
L. McKenney
M. Touhey

DRAFT AGENDA

Adjourned Finance and Insurance Committee

Meeting with Board of Directors*

November 17, 2014

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

Monday, November 17, 2014 Meeting Schedule		
7:00-8:00 a.m.	Rm. 2-413	Dirs. Computer Training
8:30 a.m.	Rm. 2-145	F&I
10:00 a.m.	Rm. 2-456	WP&S
1:30 p.m.	Rm. 2-145	E&O
2:30 p.m.	Rm. 2-456	C&L

MWD Headquarters Building

• 700 N. Alameda Street •

Los Angeles, CA 90012

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

- Opportunity for members of the public to address the committee on matters within the committee's jurisdiction** (As required by Gov. Code Section 54954.3(a))
- Approval of the Minutes of the meeting of the Finance and Insurance Committee held September 8, 2014**
- CONSENT CALENDAR ITEMS — ACTION**

None
- OTHER BOARD ITEMS — ACTION**

8-1 Authorize Member Agency Purchase Order Terms. (F&I)

Recommendation:

Option #:

Adopt the CEQA determination that _____, and _____.

- 8-2** Authorize the execution and distribution of (1) the Official Statement in connection with the refunding of the 2005 Series A, General Obligation Refunding Bonds; and (2) Remarketing Statements in connection with the remarketing of the Water Revenue Refunding Bonds (Index Mode), 2011 Series A-1 and A-3, and 2009 Series A-2. (F&I)

Recommendation:

Option #:

Adopt the CEQA determination that _____, and

- a. Appropriate \$ _____; and
- b. .

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

- a. Oral report on investment activities
- b. Investment Consultant Presentation
- c. Discussion of balancing accounts

7. MANAGEMENT REPORT

- a. Chief Financial Officer's report

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

MWD MEETING AGENDA

WP&S Committee

D. De Jesus, Chair
M. Touhey, Vice Chair
J. Abdo
L. Ackerman
R. Atwater
G. Brown
D. Calkins
M. Camacho
L. Dick
G. Gray
D. Grisot
P. Koretz
K. Lewinger
J. Morris
G. Peterson
J. Quiñonez
F. Steiner

DRAFT AGENDA

Adjourned Water Planning and Stewardship Committee

Meeting with Board of Directors*

November 17, 2014

10:00 a.m. – Room 2-456

Monday, November 17, 2014 Meeting Schedule		
7:00-8:00 a.m.	Rm. 2-413	Dirs. Computer Training
8:30 a.m.	Rm. 2-145	F&I
10:00 a.m.	Rm. 2-456	WP&S
1:30 p.m.	Rm. 2-145	E&O
2:30 p.m.	Rm. 2-456	C&L

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

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

1. **Opportunity for members of the public to address the committees on matters within the committees' jurisdiction** (As required by Gov. Code Section 54954.3(a))
2. **Approval of the Minutes of the meeting of the Water Planning and Stewardship Committee held September 8, 2014**
3. **CONSENT CALENDAR ITEMS — ACTION**
 - 7-1 Authorize the execution of a cost-share agreement among the participating urban water agencies in an amount not to exceed \$750,000 for the Bacon Island Levee Rehabilitation Project in the Sacramento-San Joaquin Delta. (WP&S)

Recommendation:

Option #:

Adopt the CEQA determination that _____, and _____.

4. OTHER BOARD ITEMS — ACTION

- 8-7** Authorize an increase of \$xx million for conservation incentives and increase the contract capacity of the five year agreement with Electric and Gas Industries Association for Metropolitan's regional conservation rebate program. (WP&S)

Recommendation:

Option #:

Adopt the CEQA determination that _____, and _____.

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

- a. Water Supply Allocation Plan Update
- b. Review of potential state Surface Water Storage proposals

7. MANAGEMENT REPORTS

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

8. FOLLOW-UP ITEMS

None



E&O Committee

T. Evans, Chair
G. Brown, V. Chair
B. Barbre
P. Beard
S. Blois
D. Calkins
M. Camacho
G. Dake
D. De Jesus
R. Lefevre
S. Lowenthal
J. Morris
G. Peterson
F. Steiner

DRAFT AGENDA

**Adjourned Engineering and
Operations Committee**

Meeting with Board of Directors*

November 17, 2014

1:30 p.m. -- Room 2-145

Monday, November 17, 2014 Meeting Schedule		
7:00-8:00 a.m.	Rm. 2-413	Dirs. Computer Training
8:30 a.m.	Rm. 2-145	F&I
10:00 a.m.	Rm. 2-456	WP&S
1:30 p.m.	Rm. 2-145	E&O
2:30 p.m.	Rm. 2-456	C&L

MWD Headquarters Building

700 N. Alameda Street

Los Angeles, CA 90012

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

- 1. Opportunity for members of the public to address the committee on matters within the committee's jurisdiction** (As required by Gov. Code Section 54954.3(a))
- 2. Approval of the Minutes of the meeting of the Engineering and Operations Committee held September 8, 2014**
- 3. CONSENT CALENDAR ITEMS — ACTION**

- 7-2** Appropriate \$1.95 million; and authorize: (1) design of seismic upgrades to the electrical switch houses at the Colorado River Aqueduct pumping plants; (2) agreement with Degenkolb Engineers for design services; and (3) agreement with Fugro West, Inc. for geotechnical investigations (Approp. 15438). (E&O)

Recommendation:

Option #:

Adopt the CEQA determination that _____, and

- a. Appropriate _____;
- b. ; and
- c. .

4. OTHER BOARD ITEMS — ACTION

- 8-3 Appropriate \$1.58 million; and authorize design and procurement to replace valves on the Palos Verdes Feeder and Middle Feeder (Approps. 15441 and 15480). (E&O)

Recommendation:

Option #:

Adopt the CEQA determination that _____, and

- a. Appropriate \$ _____; and
- b. .

- 8-4 Appropriate \$3.7 million; and authorize design to repair the pipe lining in the southern reach of the Orange County Feeder (Approp. 15377). (E&O)

Recommendation:

Option #:

Adopt the CEQA determination that _____, and

- a. ; and
- b. .

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

- a. Quarterly report on the Capital Investment Plan (CIP) for the period ending September 2014

7. MANAGEMENT REPORTS

- a. Water System Operations Manager's report
- b. Engineering Services Manager's report

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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

This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Agendas for the meeting of the Board of Directors may be obtained from the Board Executive Secretary. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

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.



C&L Committee

L. Ackerman, Chair
G. Peterson, V. Chair
J. Abdo
R. Apodaca
Y. Arceneaux
S. Ballin
B. Barbre
M. Camacho
L. Friedman
G. Gray
D. Griset
C. Kurtz
R. Lefevre
K. Lewinger
S. Lowenthal
J. Morris
J. Murray, Jr.
Y. Tu

DRAFT AGENDA

**Adjourned Communications and
Legislation Committee**

Meeting with Board of Directors*

November 17, 2014

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

**Monday, November 17, 2014
Meeting Schedule**

7:00-8:00 a.m.	Rm. 2-413	Dirs. Computer Training
8:30 a.m.	Rm. 2-145	F&I
10:00 a.m.	Rm. 2-456	WP&S
1:30 p.m.	Rm. 2-145	E&O
2:30 p.m.	Rm. 2-456	C&L

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

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

- 1. Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))**
- 2. Approval of the Minutes of the meeting of the Communications and Legislation Committee held September 8, 2014**
- 3. CONSENT CALENDAR ITEMS — ACTION**

None
- 4. OTHER BOARD ITEMS — ACTION**

None

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

- a. Report on activities from Washington, D.C.
- b. Report on Federal Election Results
- c. Report on activities from Sacramento
- d. Report on State Election Results
- e. Report on proposed Legislative Strategy for 2015/16

7. MANAGEMENT REPORT

- a. External Affairs Management report

8. FUTURE AGENDA ITEMS

9. ADJOURNMENT

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L&C Committee

J. Quiñonez, Chair
L. Dick, Vice Chair
R. Atwater
S. Ballin
M. Camacho
D. Dear
D. Grisot
P. Hawkins
L. McKenney
J. Murray
F. Steiner
Y. Tu
R. Wunderlich

DRAFT AGENDA

**Adjourned Legal and Claims
Committee**

Meeting with Board of Directors*

November 18, 2014

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

Tuesday, November 18, 2014 Meeting Schedule		
7:00-8:00 a.m.	Rm. 2-413	Dirs. Computer Training
8:30 a.m.	Rm. 2-145	L&C
10:00 a.m.	Rm.2-456	OP&T
12:00 p.m.	Board Room	Board Meeting

MWD Headquarters Building

• 700 N. Alameda Street •

Los Angeles, CA 90012

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

- 1. Opportunity for members of the public to address the committee on matters within the committee's jurisdiction** (As required by Gov. Code Section 54954.3(a))
- 2. Approval of the Minutes of the meeting of the Legal and Claims Committee held September 9, 2014**
- 3. CONSENT CALENDAR ITEMS — ACTION**

None
- 4. OTHER BOARD ITEMS — ACTION**

None

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

- a. General Counsel's report of monthly activities
- b. Update on water diversions in the Bay-Delta
- c. Report on *Consolidated Delta Smelt Cases*, USDC Case No. 1:09-CV-407 LJO-DLB; and *Consolidated Salmonid Cases*, USDC Case No. 1:09-CV-1053 LJO-DLB.
[Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)]
- d. Report on *San Diego County Water Authority v. Metropolitan Water District of Southern California, et al.*, San Francisco County Superior Court Case Nos. CPF-10-510830 and CPF-12-512466, and *San Diego County Water Authority v. Metropolitan Water District of Southern California, et al.*, Los Angeles County Superior Court Case No. BC 547139.
[Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)]

7. FOLLOW-UP ITEMS

- a. Discussion of General Counsel's performance goals and objectives. [To be heard in closed session pursuant to Gov. Code Section 54957(b)]

8. FUTURE AGENDA ITEMS

9. ADJOURNMENT

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

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DRAFT AGENDA

OP&T Committee

J. Murray Jr., Chair
M. Camacho, V. Chair
Y. Arceneaux
S. Ballin
D. Calkins
L. Dick
T. Evans
L. Friedman
G. Gray
P. Hawkins
M. Hogan
J. Quiñonez
R. Wunderlich

**Adjourned Organization,
Personnel and Technology
Committee**

Meeting with Board of Directors*

November 18, 2014

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

Tuesday, November 18, 2014 Meeting Schedule		
7:00-8:00 a.m.	Rm. 2-413	Dirs. Computer Training
8:30 a.m.	Rm. 2-145	L&C
10:00 a.m.	Rm. 2-456	OP&T
12:00 p.m.	Board Room	Board Meeting

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

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

- 1. Opportunity for members of the public to address the committee on matters within the committees' jurisdiction (As required by Gov. Code Section 54954.3(a))**
- 2. Approval of the Minutes of the meeting of the Organization, Personnel and Technology Committee held July 8, 2014**
- 3. CHAIRMAN'S REPORT**
- 4. CONSENT CALENDAR ITEMS — ACTION**

None

5. OTHER BOARD ITEMS — ACTION

- 8-5** Appropriate \$3.93 million; and award \$2,155,000 Professional Services Agreement to Application Software Technology Corporation to upgrade Metropolitan's Oracle Financial Application and deploy an integrated Travel Expense Reimbursement Module (Approp. 15484). (OP&T)

Recommendation:

Option #:

Adopt the CEQA determination that _____, and

- a. ; and
- b. .

- 8-6** Award contract to Shared Solutions and Services, Inc. in an amount not to exceed \$3.86 million to replace Metropolitan's telephone system (Approp. 15376). (OP&T)

Recommendation:

Option #:

Adopt the CEQA determination that _____, and

- a. ; and
- b. .

6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

- a. Business Outreach 2013/14 Annual Report Overview

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

MWD MEETING AGENDA

DRAFT AGENDA

Adjourned Regular Board Meeting

November 18, 2014

12:00 p.m. -- Board Room

Tuesday, November 18, 2014 Meeting Schedule		
7:00-8:00 a.m.	Rm. 2-413	Dirs. Computer Training
8:30 a.m.	Rm. 2-145	L&C
10:00 a.m.	Rm. 2-456	OP&T
12:00 p.m.	Board Room	Board Meeting

MWD Headquarters Building

• 700 N. Alameda Street

• Los Angeles, CA 90012

1. Call to Order

- (a) Invocation: Denician Parrish, Administrative Assistant II, Water System Operations Group
- (b) Pledge of Allegiance: Director _____

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))

- 4A. Presentation by Karen Ross, Secretary, California Department of Food and Agriculture

5. OTHER MATTERS

- A. Approval of the Minutes of the Meeting for October 14, 2014. (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 October
- C. Approve Resolution for Metropolitan's Partnership with Palo Verde Irrigation District on the 10th anniversary of the Palo Verde Land Management, Crop Rotation and Water Supply Program. (Exec)
- D. Approve committee assignments
- E. Chairman's Monthly Activity Report
- F. Report from Executive Committee on nominations
- G. Nomination and election of Board Secretary for two-year term effective January 1, 2014

6. DEPARTMENT HEADS' REPORTS

- A. General Manager's summary of Metropolitan's activities for the month of October
- B. General Counsel's summary of Legal Department activities for the month of October
- C. General Auditor's summary of activities for the month of October
- D. Ethics Officer's summary of activities for the month of October

7. CONSENT CALENDAR ITEMS — ACTION

- 7-1 Authorize the execution of a cost-share agreement among the participating urban water agencies in an amount not to exceed \$750,000 for the Bacon Island Levee Rehabilitation Project in the Sacramento-San Joaquin Delta. (WP&S)

Recommendation:

Option #:

Adopt the CEQA determination that _____, and _____.

- 7-2** Appropriate \$1.95 million; and authorize: (1) design of seismic upgrades to the electrical switch houses at the Colorado River Aqueduct pumping plants; (2) agreement with Degenkolb Engineers for design services; and (3) agreement with Fugro West, Inc. for geotechnical investigations (Approp. 15438). (E&O)

Recommendation:

Option #:

Adopt the CEQA determination that _____, and

- a. Appropriate _____;
- b. ; and
- c. .

(END OF CONSENT CALENDAR)

8. OTHER BOARD ITEMS — ACTION

- 8-1** Authorize Member Agency Purchase Order Terms. (F&I)

Recommendation:

Option #:

Adopt the CEQA determination that _____, and _____.

- 8-2** Authorize the execution and distribution of (1) the Official Statement in connection with the refunding of the 2005 Series A, General Obligation Refunding Bonds; and (2) Remarketing Statements in connection with the remarketing of the Water Revenue Refunding Bonds (Index Mode), 2011 Series A-1 and A-3, and 2009 Series A-2. (F&I)

Recommendation:

Option #:

Adopt the CEQA determination that _____, and
a. Appropriate \$ _____; and
b. .

- 8-3** Appropriate \$1.58 million; and authorize design and procurement to replace valves on the Palos Verdes Feeder and Middle Feeder (Approps. 15441 and 15480). (E&O)

Recommendation:

Option #:

Adopt the CEQA determination that _____, and
a. Appropriate \$ _____; and
b. .

- 8-4** Appropriate \$3.7 million; and authorize design to repair the pipe lining in the southern reach of the Orange County Feeder (Approp. 15377). (E&O)

Recommendation:

Option #:

Adopt the CEQA determination that _____, and
a. ; and
b. .

- 8-5** Appropriate \$3.93 million; and award \$2,155,000 Professional Services Agreement to Application Software Technology Corporation to upgrade Metropolitan's Oracle Financial Application and deploy an integrated Travel Expense Reimbursement Module (Approp. 15484). (OP&T)

Recommendation:

Option #:

Adopt the CEQA determination that _____, and
a. ; and
b. .

- 8-6** Award contract to Shared Solutions and Services, Inc. in an amount not to exceed \$3.86 million to replace Metropolitan's telephone system (Approp. 15376). (OP&T)

Recommendation:

Option #:

Adopt the CEQA determination that _____, and _____.

- 8-7 Authorize an increase of \$xx million for conservation incentives and increase the contract capacity of the five year agreement with Electric and Gas Industries Association for Metropolitan's regional conservation rebate program. (WP&S)

Recommendation:

Option #:

Adopt the CEQA determination that _____, and _____.

9. BOARD INFORMATION ITEMS

None

10. FUTURE AGENDA ITEMS

11. OTHER MATTERS

- a. AB 1234 Ethics Training

12. ADJOURNMENT

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

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

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

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



Item No. 2

DISCUSSION ITEM

November 5, 2014

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

ISSUE BRIEF # A

SUBJECT: MWD's Water Supply Conditions

RECENT ACTIVITY

Updating MWD's Water Supply Allocation Plan (WSAP)

The workgroup of MWD and member agency staffs are focusing on three key areas in updating the WSAP: 1) resetting the baselines 2) reviewing the formulas; and 3) evaluating the enforcement provisions (i.e. penalties) in the plan.

Progress among MET and the member agencies have been slow in revising the three key areas of the WSAP. Although there has been general support for updating the Baseline to represent more recent retail demands (Average demands of FY 2012/13 and 2013/14), there have been some agencies still holding reservations on supporting this revision because they tend to be more favorable under the old baseline (Average demands of 2004-06). There also have been on-going discussions as how best to determine the about of recharge water member agencies should receive under one's baseline that have groundwater basins. The discontinuation of the replenishment program now categories recharge water as a firm water supply that needs to be accounted for in the WSAP.

Under the area of revising any of the formulas, we have made some progress in creating a better calculation for water conservation hardening by using a Gallon Per Capita per Day (GPCD) formula, but we still lack consensus on determining a local resource credit (This credit would provide additional imported water to local resource projects, i.e. Groundwater recovery and Ocean Desalination). The criteria for determining what types of local resource projects and the amount of credit they could be eligible to receive under different allocations stages has been difficult to define and agreed upon among the agencies. Lastly, we still have not discussed the final area, which is whether we need to change or revise the penalty structure in the WSAP.

Unfortunately, time is running out for the workgroup to revise the WSAP. Recent reports on the water supply conditions for 2015, in particular the expected low initial "Table A" State Water Project Allocation, and the possible called for further water conservation measures by the State, has accelerated the likelihood of implementing the WSAP in 2015 and could even move up the implementation date to early 2015 (February or March). **These conditions call for a revised WSAP to be completed and presented to the Board for approval no later than December.** This will allow the MET Board to be prepared to implement water supply allocation in early 2015, if needed.

ISSUE BRIEF # B

SUBJECT: MWD's Finance and Rate Issues

RECENT ACTIVITY

MWD Financial Report

At last month's Metropolitan (MWD) Finance and Insurance Committee, MWD staff reported that MWD's water deliveries through September were roughly 7,000 AF lower than budgeted. This results in water sales through September generating \$10.7 Million lower than budgeted estimates. It was noted this represents only three months of the fiscal year.

Proposal on renewing the MWD Purchase Order

Last month, MWD provided a draft proposal to the Finance and Insurance Committee that seeks to renew the MWD Purchase Order (PO) with the member agencies for an additional ten-years, effective January 1, 2015. The proposal terms are as followed:

- **Base Period:** Member agencies can choose between retaining their current base year firm demand and existing commitment level (highest imported purchase amount year of FY1990 through FY 2002); or select their highest imported purchase amount year of FY 2003 through FY 2014. Both calculations include past Interim Agricultural Water Program and Replenishment Program sales
 - Member agencies that execute a PO will have their Tier 1 maximum amount will be set at 90% of their respective Base Period.
 - If a member agencies chooses not to execute a PO their Tier 1 maximum amount will be set at 60% of their current base period.
- **Tier 2 Applicability:** Tier 2 would apply to a member agency if their cumulative sales for the term of the PO exceeds its cumulative Tier 1 maximum; which is consistent with the methodology currently utilized to meet the 60% purchase order commitment. Member agencies with Tier 2 obligations may choose:
 - To have their obligation calculated at the end of the 10-year term and pay any Tier 2 obligations at that time, which will be based on the average of the difference between the Tier 1 and Tier 2 Supply Rate over the 10 year term.
 - To pay any Tier 2 obligations as they occurred, with a "true-up" at the end of the 10-year term.
 - If after year 5 a member agency has accrued a Tier 2 obligation, the member agency will begin paying any future Tier 2 obligations annually.
- **Additional Aspects:**
 - POs are voluntary
 - The PO commitments will be over the ten-year period; agencies that do not use their minimum amount at the end of the term will pay the supply rate
 - The PO will allow for an appeals process at the end of the 10-year term for agencies with unmet commitments who can demonstrate a reduction in demands as a result of the development of local resources.

- Commitment will be adjusted to exclude Water Supply Allocation Years
- MWD will not accommodate the exchange or sale of Tier 1 amounts between member agencies. There are no contractual rights tied to the PO. PO are a pricing tool.

MWD plans to present these proposed terms for Board action in November in order for the member agencies governing bodies to review and sign new Purchase Orders before the effective date of January 1, 2015.

ISSUE BRIEF # C

SUBJECT: Colorado River Issues

RECENT ACTIVITY

Update on Colorado River's outlook for Shortage & Surplus Conditions

On September 30, the 2014 water year came to an end. It started with the lowest releases from Lake Powell since it began filling more than 50 years ago. The Lake Powell releases were reduced to just under 7.5 million acre-feet due to drought conditions in the Upper Colorado River Basin in water year 2013. With the reduced releases, storage in Lake Powell went up by 1.4 million acre-feet during the water year and was 50 percent full on September 30. While Levels in Lake Mead dropped significantly due to the reduced releases from Powell, with storage dropping by 2.2 million acre-feet during the water year, measuring 39 percent full on September 30.

Starting with the new water year on October 1, releases from Lake Powell will increase and are expected to total 9.0 million acre-feet during water year 2015, which will significantly slow or even stop the declines in Lake Mead next year. Currently, Lake Mead stands at 6 feet above the shortage trigger level at which the Bureau of Reclamation would issue a first-ever shortage declaration for the Colorado River.

Lower Basin States Continue Drought Management Discussions

Last month, the Bureau of Reclamation sent letters to the larger water contract holders on the Lower Colorado River seeking their interest in participation in a program in which municipal entities and Reclamation would fund conservation activities, with the conserved water remaining in Lake Mead as system water for everyone's benefit. The letter was part of the agreement whereby Metropolitan, SNWA, CAP, Denver Water, and Reclamation will contribute up to \$11 million for water conservation activities in the Colorado River Basin. The Reclamation letter asks for interested parties to submit proposals that include the type of conservation that could be implemented, the amount of water conserved, and the estimated cost of the project. After the proposals have been received, the funding agencies and Reclamation will evaluate the proposals and determine which projects to pursue.

ISSUE BRIEF # D

SUBJECT: Bay Delta/State Water Project Issues

RECENT ACTIVITY

Bay Delta Conservation Plan

The California Department of Water Resources (DWR) and the other state and federal lead agencies developing the Bay Delta Conservation Plan (BDCP) announced in August that a Recirculated Draft BDCP, Environmental Impact Report (EIR)/Environmental Impact Statement (EIS), and Implementing Agreement will be published in early 2015. The agencies are currently reviewing the comments received through the public comment period that ended on July 29, 2014. The recirculated documents will include those portions of each document that warrant another public review prior to publication of final documents. The public will also have the opportunity to review the final documents prior to their adoption and any decisions about the proposed actions.

State Water Resources Control Board (SWRCB)

In May, State Water Resources Control Board (SWRCB) held a workshop to consider potential options for curtailing water use. Following the workshop, the SWRCB issued notices of curtailment in May 2014 to all post-1914 water right holders in the Delta and Sacramento and San Joaquin River watersheds, instructing them to cease diversions. Due to limited response to the curtailment notice, emergency regulations were instituted in July 2014 to curtail post-1914 water right holders. The emergency regulations also allow for curtailment of senior water right holders on a case-by-case basis. On July 23, 2014, DWR and the U.S. Bureau of Reclamation (USBR) submitted a letter to the SWRCB requesting that it use its statutory authority to obtain information from certain Delta water users to support their assumed right to water or require curtailment as unauthorized diversions. Delta interests have countered by filing letters alleging that DWR and USBR are illegally diverting water from Delta watersheds. In response to these letters, the SWRCB held an informal workshop to discuss the processes that may be used to determine the sources and quantity of water supplies available for diversion and use within the southern and central Delta. Since that workshop, SWRCB and a number of entities are determining next steps.

ISSUE BRIEF # E

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

1. Doheny Desalination Project

Work is continuing on the Foundational Action Program Studies for both the Doheny Desal and the SJBA. It is expected that the NEW information developed will provide an impetus for the project to move forward.

2. Huntington Beach Ocean Desalination Project (Poseidon Project)

OCWD has circulated the Clean Energy Capital report on the cost and financing options for the Poseidon Huntington Beach Ocean Desalination Project. A discussion is planned at the upcoming November 12 Groundwater Producer's meeting (MWDOC's agencies were invited as well) and a full blown workshop is being planned by OCWD for December. Comments will be solicited on the report and the project.

ISSUE BRIEF # F

SUBJECT: Orange County Reliability Projects

RECENT ACTIVITY

1. Central Pool Augmentation Program

There are no updates to report.

2. MWD Investigations of System Reliability

MWDOC has scheduled meetings with MET staff in November to kick off the exchange of information relative to the OC Water Reliability Study in October.

**Summary Report for
The Metropolitan Water District of Southern California
Board Meetings
October 14, 2014**

INDUCTION OF DIRECTORS

Don Calkins representing of the city of Anaheim was inducted to the Board of Directors.
(Agenda Item 5C)

Larry McKenney representing the Municipal Water District of Orange County was inducted to the Board of Directors. (Agenda Item 5D)

Yen C. Tu, representing the San Diego County Water Authority was inducted to the Board of Directors.
(Agenda Item 5E)

COMMITTEE ASSIGNMENTS

Director Calkins was assigned to the Organization, Personnel and Technology Committee, the Engineering and Operations Committee, and the Water Planning and Stewardship Committee; Director McKenney was assigned to the Finance and Insurance Committee, Legal and Claims Committee, and the Special Committee on Bay-Delta; Director Tu was assigned to the Legal and Claims Committee, Communications and Legislation Committee, and the Agriculture and Business Outreach Committee; Director Ackerman was removed from the Legal and Claims Committee. (Agenda Item 5F)

ENGINEERING & OPERATIONS COMMITTEE

Appropriated \$3.81 million; and awarded \$2,565,063 contract to Hobbs-Bannerman, Inc. for improvements to the industrial wastewater handling system at the Henry J. Mills Water Treatment Plant. (Approp. 15452) (Agenda Item 8-1)

Appropriated \$3.06 million; and authorized final design to rehabilitate the sump systems at each Colorado River Aqueduct pumping plant. (Approp. 15438) (Agenda Item 8-2)

Authorized the General Manager to execute the Fifth Amendment to the District-Edison 1987 Service and Interchange Agreement to reinstate the right to purchase power from Edison using an hourly pricing methodology under the California Independent System Operator (CAISO) tariff to value the transactions. (Agenda Item 8-7)

Appropriated \$2.3 million; and awarded \$1,465,000 contract to Kiewit Infrastructure West Co. for seismic upgrades to the F. E. Weymouth Water Treatment Plant's east washwater tank. (Approp. 15369) (Agenda Item 8-8)

WATER PLANNING AND STEWARDSHIP COMMITTEE

Authorized the General Manager to execute an amendment to an existing agreement with California Department of Water Resources to purchase surface water supplies from Yuba County Water Agency; and appropriated up to \$20 million for water transfer payments from the Water Management Fund. (Agenda Item 8-3)

Authorized increasing the Local Resources Program (LRP) maximum incentive amount to \$340/AF; including alternative payment structures for new local projects; including on-site retrofits as eligible costs in the LRP; including seawater desalination as an eligible resource in the LRP; and entering into reimbursable agreements with member agencies. **(Agenda Item 8-4)**

Authorized the General Manager to enter into an exchange agreement and amend the existing Coordinated Operating Agreement with San Bernardino Valley Municipal Water District. **(Agenda Item 8-5)**

ORGANIZATION, PERSONNEL AND TECHNOLOGY COMMITTEE

Appropriated \$6.04 million; awarded \$3,555,971.27 procurement contract to CDW Corporation to supply network switches and routers; authorized final design of network room upgrades at Metropolitan's Headquarters Building; and authorized preliminary design and field assessments of microwave upgrades at remote sites. (Approp. 15487). **(Agenda Item 8-6)**

LEGAL AND CLAIMS COMMITTEE

Received a report on Alameda County Water District, et al. v. Sacramento Regional County Sanitation District, Sacramento County Superior Court Case No. 05CS00913; and authorized final settlement of the litigation. **(Agenda Item 8-9)**

CONSENT CALENDAR

In other action, the Board:

Appropriated \$700,000; authorized final design to improve the domestic and fire water system at the Weymouth plant; and authorized preliminary design to rehabilitate Metropolitan's demonstration-scale testing facility at the Weymouth plant. **(Agenda Item 7-1)**

Appropriated \$960,000; authorized design and construction of modifications to the Lake Skinner outlet tower chlorine system and the finished water reservoir chemical mixing system; and authorized design work to replace the Skinner Administration Building's HVAC system. **(Agenda Item 7-2)**

Appropriated \$1.15 million and awarded \$783,333 contract to Malibu Pacific Tennis Courts, Inc. to construct two storage buildings at Gene Pumping Plant. **(Agenda Item 7-3)**

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>.