

WORKSHOP MEETING OF THE  
BOARD OF DIRECTORS WITH MET DIRECTORS  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
18700 Ward Street, Board Room, Fountain Valley, California  
October 1, 2014, 8:30 a.m.

**AGENDA**

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**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. 1995)

**PRESENTATION/DISCUSSION/INFORMATION ITEMS**

**1. UPDATE ON MET'S LOCAL RESOURCE PROGRAM REFINEMENTS**

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

**2. UPDATE ON MET'S WATER SUPPLY ALLOCATION PLAN DISCUSSION**

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

**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

*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 September 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****6. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9 regarding the MWD OC Settlement Agreement with its Member Agencies on Budget, Activities, Charges, and Other Issues, effective June 1, 2011.

**RECONVENE INTO OPEN SESSION****7. CONSIDERATION OF APPOINTMENT OF MET DIRECTOR**

*Recommendation: The Board President will consider appointment of a MET Director to represent MWD OC, and the Board will consider consent and approval of the action.*

**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

October 1, 2014

**TO:** Board of Directors

**FROM:** Robert J. Hunter  
General Manager

Staff Contact: Harvey De La Torre

**SUBJECT:** Update on MWD's Local Resource Program Refinements

### STAFF RECOMMENDATION

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Staff recommends the Board of Directors review and discuss this information

### REPORT

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Last month, MWDOC staff discussed the potential refinements Metropolitan (MWD) is proposing to its Local Resource Program (LRP) for the purpose of accelerating the development of new projects. The suggested LRP refinements include:

- **Increase the maximum LRP incentive amount**
- **Offer alternative incentive payment structures**
- **Include on-site recycled water retrofit costs in the LRP**
- **Include new Seawater Desalination Projects as an eligibility water resource in the LRP**
- **Provide reimbursable services**

Although we discussed the concepts of these refinements last month and how they may further encourage the development of new local resource projects for retail agencies, the details were not fully developed. Since that time, MWD has presented a detail description of their proposed refinements, in particular the new maximum LRP incentive rate and alternative incentive payment structures. This report will focus on these new incentive terms and proposed payment structures.

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

### **Increase the Maximum LRP Incentive Amount**

Based on discussions with MWD member agencies and retail agencies, one of the significant barriers to developing local resource projects remains cost. Since the last refinement of the LRP, the maximum incentive amount of \$250/AF has diminished in assisting agencies covering the rising costs of developing local resource projects in recent years. After looking at two key methodologies: (1) Consumer Price Index (CPI) inflation since 2007, which was the last time the LRP was revised; and (2) Percent change in LRP project unit costs from 2007 to the present, MWD staff is recommending to increase the maximum LRP incentive amount to \$340/AF.

It is recommended that this new incentive maximum LRP amount remain in place until the MWD LRP target of 63,000 AFY is achieved, at which time MWD staff will review the program and determine whether to maintain this incentive amount or change based on need and/or conditions.

### **Offer Alternative Incentive Payment Structures**

In addition to increasing the LRP incentive amount, MWD staff is recommending to offer the following alternative payment structures to member agencies on a per project basis:

- **Alternative 1 – Sliding Scale Incentive up to \$340 per AF over 25 years**
- **Alternative 2 – Sliding Scale Incentive up to \$475 per AF over 15 years**
- **Alternative 3 – Fixed Incentive up to \$305 per AF Over 25 years**

All of these alternatives will be made available on a continuous basis until the 63,000 AFY remaining target is reached, at which time MWD staff will review the program and determine whether to maintain these alternative payment structures or change them based on need and/or conditions.

Alternative 1 – Sliding Scale Incentive over 25 years: This alternative is the current payment structure and would offer the **new incentive amount up to \$340/AF** based on actual project unit costs exceeding the MWD water rate calculated over 25 years.

Alternative 2 – Sliding Scale Incentives over 15 Years: This alternative is similar to the current program, but the incentive amount is calculated over a shorter payment period (15 years versus 25 years), allowing for a higher incentive in the earlier years of the contract. The adjusted incentive amount includes a present value calculation, resulting in higher incentive amount; however, it is equivalent to the maximum obligation to MWD as the traditional Sliding Scale incentive over 25 years. **The incentive can provide up to \$475/AF** based on actual project unit costs exceeding Metropolitan's water rate calculated over 15 years.

It is important to note that for both payment structure Alternatives 1 and 2, the overall agreement term would be for 25 years. Meaning, in addition to the current LRP performance provisions, projects under Alternative 2 must continue production for 25 years, even when LRP payments are reduced to zero after 15 years. If an agency fails to comply with these provisions for any of its LRP projects, MWD would require

the agency to reimburse MWD to ensure that the costs incurred due to non-performance are recovered.

Alternative 3 – Fixed Incentives over 25 Years: Compared to sliding scale incentives that are dependent on MWD's water rate, a fixed incentive rate provides agencies with a more stable source of funds to help address financing issues. Agencies use LRP incentives as a means of income when securing financing for their projects. Fixed incentives provide stable income and help project financing. **MWD would offer a fixed incentive no greater than \$305/AF**, which is project specific over 25 years. This is less than the \$340/AF incentive offered under the sliding scale alternatives to adjust for increased risk in absence of annual cost reconciliations. The fixed incentive rate for each project will be calculated such that MWD's maximum obligation toward that project under this alternative would not exceed its estimated financial obligations under Alternative 1 for the same project. This is similar to the payment structure approved by the MWD Board in 2011 for the Chino Basin Desalination project.

MWDOC staff has observed general support from the member agencies of these proposed refinements. Based on current drought conditions the State is facing and the lack of new LRP applications MWD has received these past years, MWDOC staff believes such recommendations are productive to help meet the goals of the MWD's LRP and the Integrated Resource Plan (IRP).

MWD plans to seek Board action on these LRP refinements at the October MWD Board meeting.

## **MWD's Local Resource Program (LRP)** **Proposed Refinements**

**Municipal Water District of Orange County  
Board Workshop on MET Issues  
October 1, 2014**



## **MWD Observations: Time for refinements**

- **LRP production is not at capacity**
- **Cost remains a predominant constraint**
  - Data shows most local projects cost more than MWD rate
  - Financial assistance needed, especially in early years
- **Help alleviate current and potential future drought conditions**
- **Meet 20x2020 (recycled water)**
  - Bring new projects online faster
  - Motivate increased production from existing projects (faster ramp-up, expansions)
- **Meet IRP resource needs**



## Proposed LRP Refinements



### Increase the Maximum Incentive Amount

- Increasingly high costs to develop local projects
- Higher incentive needed to encourage accelerated project development
- Increase the incentive amount to \$340/AF
  - Incentive amount based on rising cost of project development
  - Represents the midpoint between two different methods
    - Consumer Price Index (CPI) inflation since LRP approval (\$280/AF)
    - Increase in average unit cost of local resource projects since LRP approval (\$395/AF)





## Alternative Incentive Payment Structures

- Three alternatives to choose from
  1. Sliding scale incentive over 25 years (current payment structure)
  2. Sliding scale incentive over 15 years (new structure)
  3. Fixed incentive over 25 years (previously approved structure)
- Existing program criteria and performance provisions apply



## Alternative 1: Sliding Scale Incentive over 25 years

- Incentive amount up to \$340/AF
- Incentive calculation same as current structure
  - Calculated by taking the difference between project unit cost and Metropolitan's water rate



## LRP Incentive Calculation (Sliding Scale)

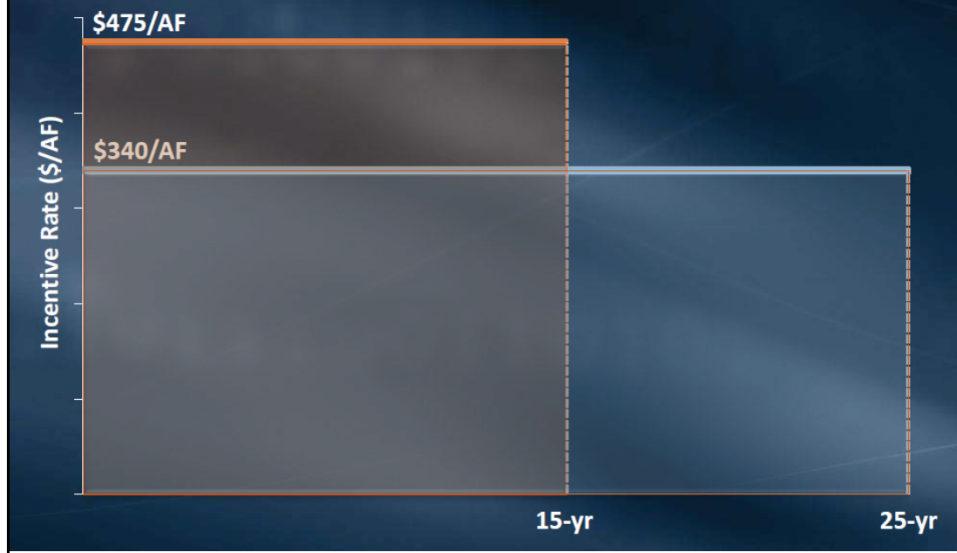


### Alternative 2: Sliding Scale Incentive over 15 years

- Incentive calculated similar to current structure
- Higher payments earlier in the contract
  - Incentive amount up to \$475/AF
  - Equivalent maximum obligation to Metropolitan as a 25-year payment period (up to \$340/AF)
  - Additional provisions to ensure continued production beyond 15 years
    - Reimbursements to Metropolitan through subsequent water service invoices



## Alternative 2: Sliding Scale Incentive Over 15 Years

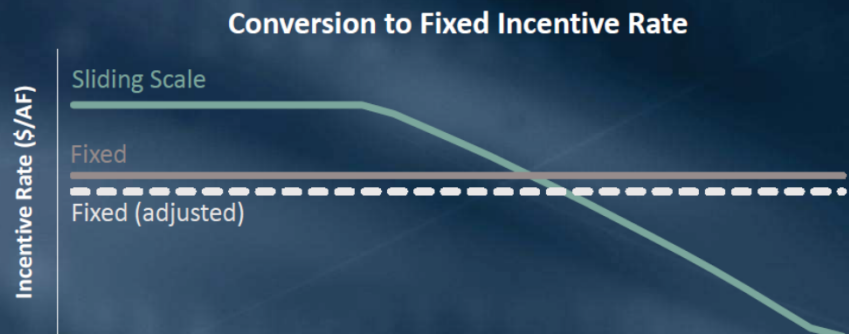


## Alternative 3: Fixed Incentive over 25 years

- Based on estimated sliding scale payment converted to an equivalent fixed incentive rate
  - Provides stable funding opportunity
- Incentive amount up to \$305/AF
  - Adjusted for increased risk in absence of annual cost reconciliations
- Approach used before
  - i.e. Chino Basin Desalter



## Alternative 3: Fixed Incentive Over 25 Years



- Adjusted fixed incentive rate varies per project based on project unit cost

## Summary of Incentive Payment Structures

| Payment Structure Alternatives                           | Payment Period | Maximum Incentive Amount |
|--|----------------|--------------------------|
| 1 – Sliding Scale (current payment structure)            | 25 years       | \$340/AF                 |
| 2 – Sliding Scale (new structure)                        | 15 years       | \$475/AF                 |
| 3 – Fixed Incentive Rate (previously approved structure) | 25 years       | \$305/AF                 |

### Other LRP refinements

- **Recycled water on-site retrofits**
  - Include as LRP eligible costs
- **Other water resources**
  - Consider seawater desalination
  - Conduct a study on stormwater regional benefits
- **Reimbursable services**
  - Example services: design, construction, operation
  - Member agencies reimburse Metropolitan
  - To expedite project development by 2020
  - Pursue Federal and State grants



### Next Steps

- **Board review and consideration in October**



Questions





**DISCUSSION ITEM**

October 1, 2014

**TO:** Board of Directors

**FROM:** Robert Hunter  
General Manager

Staff Contact: Harvey De La Torre

**SUBJECT: Update on MET's Water Supply Allocation Plan Discussion**

**STAFF RECOMMENDATION**

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Staff recommends the Board of Directors review and discuss this information

**REPORT**

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MWDOC staff will present information on the recent discussions regarding MET's Water Supply Allocation Plan and the potential water supply scenarios that could initiate the implementation of allocations in mid-2015.

|   |                             |  |
|---|-----------------------------|--|
| <b>Budgeted (Y/N):</b> n/a                    | <b>Budgeted amount:</b> n/a | <b>Core</b> <input checked="" type="checkbox"/> <b>Choice</b> <input type="checkbox"/> |
| <b>Action item amount:</b> n/a                | <b>Line item:</b>           |  |
| <b>Fiscal Impact (explain if unbudgeted):</b> |                             |  |

## Update to MET's Water Supply Allocation Plan (WSAP)

Municipal Water District of Orange County  
Board Workshop on MET Issues

October 1, 2014



## Objectives of Updating MET's WSAP

- Seeks to “minimize the impacts of water shortages on the region’s retail consumers and economy during periods of shortage”
- Plan that is “Based on Need”
  - Provide flexibility
  - Equity among the member agencies
- Ensure local investments always results in improved Reliability





## Three Areas for Discussion

- Baseline
  - Determines retail demands and MWD needs
  - This is what “cuts” are taken from in an allocation
- Allocation Formula
  - Determines how much to cut MWD needs
  - Incorporates various elements (MWD dependence, demand hardening, GPCD floor, credits)
- Allocation Enforcement
  - Determines how to ensure agencies don’t exceed their allocations
  - Currently a “Penalty Rate” disincentive

## Proposed Process Timeline

- Baseline
  - July – August 2014
- Formula
  - August – September 2014
- Enforcement
  - September – October 2014

## Why is the Baseline Important?

- Correct estimate of water needs
- Promotes “Fairer” balance between agencies
- A key determinant for when “mandatory allocations” are needed
  - Baseline Too High = Frequent and/or Large Cutbacks
  - Baseline Too Low = No Mandatory Cutbacks when reduced demands are needed

## Some Observations

- Actual retail demand has been consistently lower than estimated by WSAP Baseline method
  - 2009-2011 influenced by WSAP implementation
- The current base period for estimating retail water need requires 10 years of adjustments for growth elements

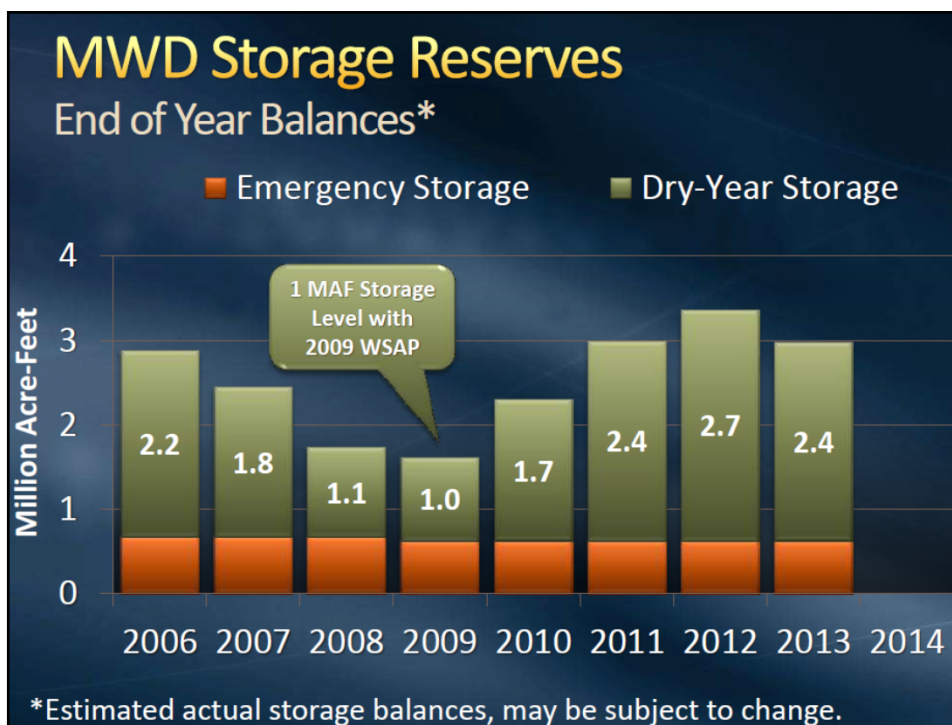
## MWD Deliveries Under Alternative Base Periods - 2015 Allocation Year

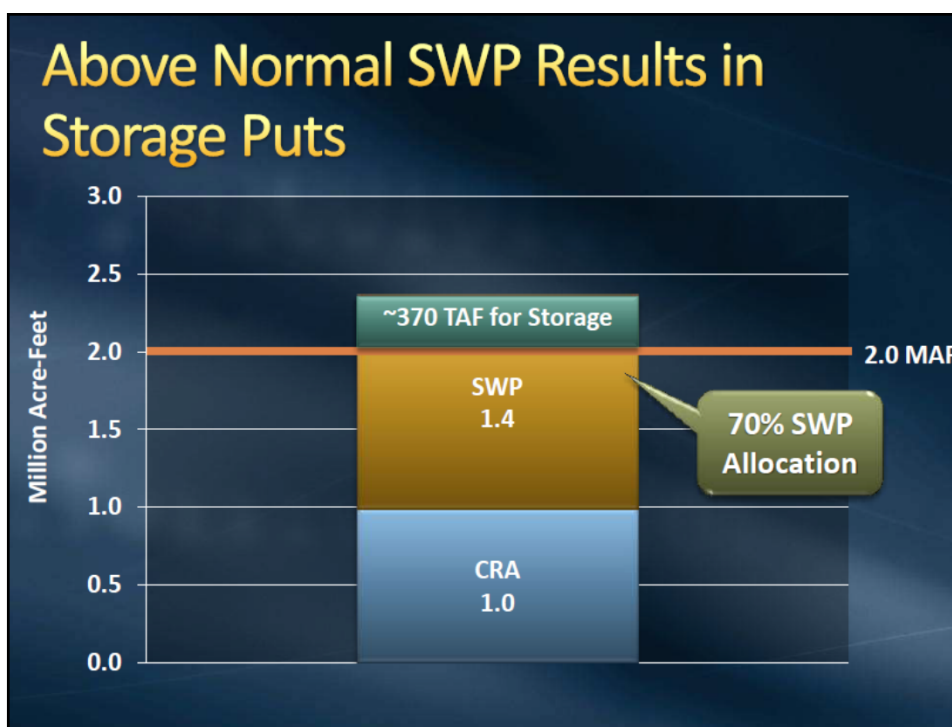
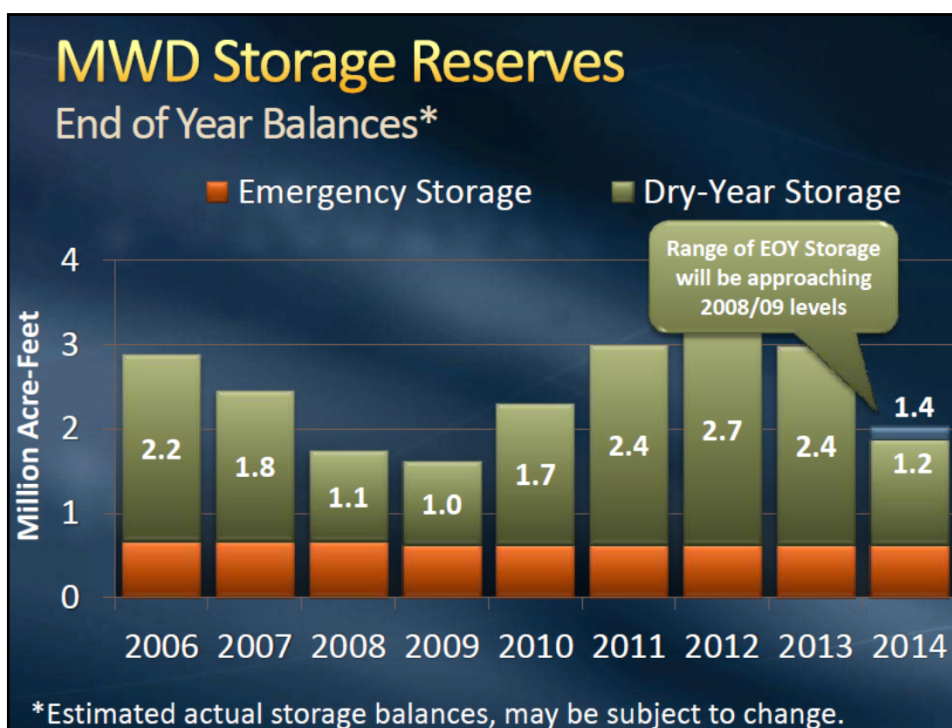


## Summary of Base Period Discussions

- General support to update Base Period
- Recognition that more recent Base Periods will minimize the use of growth adjustments
- Recognition that groundwater replenishment needs vary depending on conditions
- 2015 WSAP Baseline under most alternatives is about 2 MAF

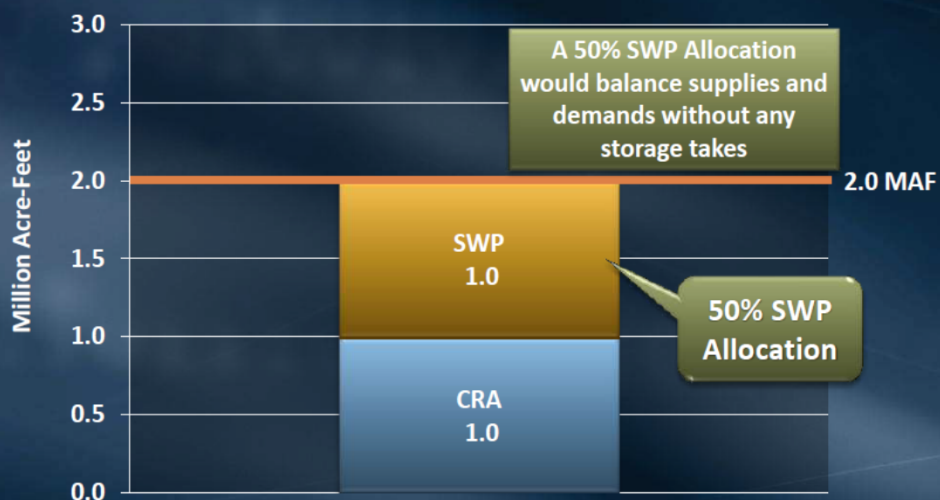
## 2015 Water Supply Scenarios for Implementing WSAP



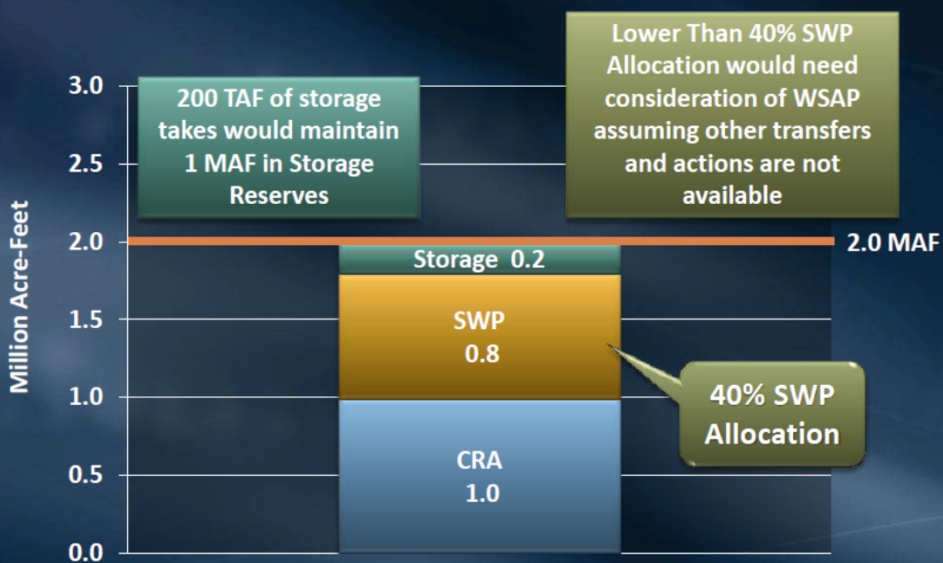




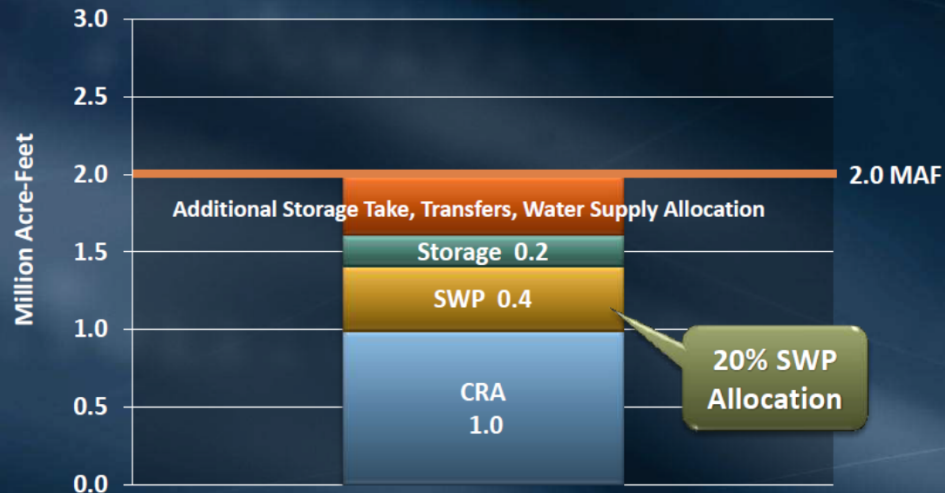
## Normal SWP Conditions Can Balance Supply and Demand



## 2015 SWP Conditions for Balance



## Dry SWP Conditions Require Additional Actions



## 2015 Scenario Observations

- 40% SWP Allocation is needed to meet estimated Baseline demands without additional actions
  - Including storage withdrawals that maintain 1 MAF in reserves
- Lower than 40% SWP allocation may require additional storage takes, transfers, or Water Supply Allocation, or a combination

## Looking Forward

- Initial SWP Allocation is expected to be very low
  - Less than 10% is expected
  - Initial Allocation is generally conservative
- Changing conditions will have a significant impact
  - Service Area Demands
  - Water Transfers and other programs
  - End-of-year storage levels
- 2015 Final SWP Allocation is key
  - Monitor developing conditions vs. 40%

Questions?







**Item No. 3**

## **DISCUSSION ITEM**

October 1, 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**

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

### **SUMMARY**

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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**

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#### **Updating MWD's Water Supply Allocation Plan**

With MWD expected to draw over a million acre-feet from its dry-year storage accounts to meet estimated demands this calendar year, MWD and the member agencies are currently in the process of reviewing and updating MWD's Water Supply Allocation Plan (WSAP). The purpose of the review is to prepare the WSAP for possible implementation in mid-2015, if conditions continue to be dry.

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 in the plan.

MWDOC staff plans to provide an update to the MWDOC Board on the key items the WSAP workgroup is currently discussing, including potential water supply scenarios that would trigger the implementation of the allocation plan in mid-2015.

## **ISSUE BRIEF # B**

**SUBJECT: MWD's Finance and Rate Issues**

### **RECENT ACTIVITY**

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#### **Financial Report**

At last month's Metropolitan Finance and Insurance Committee, Chief Financial Officer Gary Breaux reported that MWD's water deliveries through August were 3,000 AF lower than budgeted, but 5,500 AF higher than the five year average. This resulted in water sales through August generating \$6.0 Million lower than budgeted. It was noted, this represents only two months of the fiscal year.

#### **Renewal of the MWD Purchase Order**

MWD and the member agencies are currently in discussion on whether to renew, restructured, or discontinued Purchase Orders with MWD. The Purchase Orders are a financial contract between MWD and the member agencies to voluntarily commit to purchase a set amount of imported water from MWD over a 10 year period, in return to purchasing imported water at the lower Tier 1 supply rate up to 90% of their base (Agency's Base is their highest annual purchase of MWD water since 1990). Any purchases above the 90% base amount will be at the Tier 2 supply rate. Those agencies that do not have a purchase order can purchase Tier 1 supplies up to 60% of their base.

The Purchase Orders were extended for a two year period in 2012 and they are set to expire at the end of 2014. If MWD and the member agencies chose to renew or restructure the terms of the purchase orders, this would need to be completed and approved by the MWD board before the end of the year.

The key issues being discussed are creating a new purchase order that secures a reasonable financial commitment to MWD from the member agencies to purchase a minimum amount of water over a set period of time and continues the financial incentive with the Tier 2 water supply rate that encourages water use efficiency and local resource development.

MWD and the member agencies are reviewing and discussing a number of proposals that seek to either extend or renew the Purchase Orders. MWDOC staff plans to present more detail in the coming weeks.

## **ISSUE BRIEF # C**

**SUBJECT: Colorado River Issues**

### **RECENT ACTIVITY**

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

On August 22, the Bureau of Reclamation (Reclamation) updated its outlook for potential shortage and surplus declarations on the Colorado River. Based on updated Reclamation model projections, they estimates that there is a 68 percent chance that a shortage could be declared on the Colorado River by 2018, while there is only a 7 percent chance that a surplus declaration could be declared over that same time period. Additionally, the modeling suggests that there is more than a 50 percent chance of shortage declaration in any year after 2018. These updated findings demonstrate that shortages are likely to be a regular occurrence on the Colorado River in the not too distant future, even if drought conditions ease.

MWD is partially protected by shortages because of California's senior priority position over most water users in Arizona and Nevada. In 2007, Reclamation adopted the Interim Shortage Guidelines, which determine how much water deliveries to Arizona and Nevada would be reduced during the early stages of water shortages. If Lake Mead drops below the level that was analyzed in the Interim Shortage Guidelines, the lower basin states agreed to convene to determine what additional reductions would occur. While MWD's deliveries are not initially reduced during a shortage, MWD is negatively impacted by low reservoir levels in Lake Mead because it reduces the amount of hydroelectric energy available to MWD and increases the salinity of the Colorado River. Further, should California eventually face shortage, MWD is at risk as the junior priority within California. MWD is participating in several projects to help reduce the probability of future shortages on the Colorado River and increase the storage of Lake Mead, including funding conservation efforts to reduce water use throughout the Basin and funding weather modification projects to increase snowfall.

#### **MWD and Other Agencies are Exploring Binational Desalination projects with Mexico**

Last month, representatives from water agencies in the United States met with officials from Mexico to explore options for a binational seawater desalination plant in Rosarito Beach, Mexico. The principal purpose for the proposed desalination plant would be to meet growing water demands in Northern Baja California. The group is also exploring the possibility of a binational desalination plant, with two options of getting water from the plant to potential funding agencies in the United States: (1) constructing a pipeline to deliver desalinated water across the international border to San Diego County; or (2) developing an agreement to exchange desalinated water for Colorado River water in Lake Mead. Agencies in the United States have expressed interest in funding a study to size the plant for both direct and indirect deliveries to the United States. MWD, along with Southern Nevada Water Authority and the Central Arizona Project, is interested in further exploring the Colorado River exchange concept, while the San Diego County Water Authority and Otay Water District are

exploring direct delivery options. The agencies will need to make decisions about whether to participate in further studies with Mexico in the next few months.

## **ISSUE BRIEF # D**

**SUBJECT: Bay Delta/State Water Project Issues**

### **RECENT ACTIVITY**

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#### **Bay Delta Conservation Plan**

On August 27, the state and federal agencies leading the BDCP announced that they would be recirculating portions of the related BDCP documents for additional public review in early 2015. Given the complexity of the proposal and process, this is not an unusual step. The full scope of the new information in the recirculated documents is expected to be known in mid-October. The comment letters and responses to comments from both the previous public comment period and the upcoming recirculation will be published as a part of the Final EIR/EIS documents.

#### **Delta Stewardship Council**

The Delta Stewardship Council (Council) met on August 28. As part of the meeting, the Council went on a field trip of Dutch Slough and the Antioch Dunes to hear about the East Contra Costa County Habitat Conservation Plan and to tour potential habitat restoration sites. After the tour, the Council convened to consider an issue paper about habitat restoration in the Delta and to receive an update on the Delta Levee Investment Strategy.

#### **H.R. 5425: To prohibit the use of Federal funds for the Bay Delta Conservation Plan**

Governor Brown has requested \$4 billion dollars from Washington to help build the Delta Tunnels project. There has been opposition from environmental groups and Delta region politicians on his request. The San Joaquin County Board of Supervisors voted unanimously to oppose the Bay Delta Conservation Plan and now Garamendi, along with fellow Democrats Jerry McNerney of Pleasanton, Mike Thompson of St. Helena, and Ami Bera of Elk Grove, have introduced bill H.R. 5425 to block federal funding for the plan.

Congressman John Garamendi (D-Fairfield) has called the Delta tunnel project a "boondoggle" and will not create one gallon of new water and warns that it would put San Francisco Bay and the Sacramento Delta at risk. Garamendi recommends there are better ways to spend federal dollars on water projects, such as "conservation, recycling, underground storage systems so that we can move waters to the aquifers and restore the aquifers."

## **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**

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Pending Board approval, MET's anticipated October action with respect to the changes in contribution towards the development of LRP Projects within the MET service area and the inclusion of seawater desalination projects within the program may help speed the development of local resource projects. The proposed action would increase the funding contribution and payment structure as follows:

- Up to \$340 per AF over 25 years
- Up to \$475 per AF over 15 years
- Fixed payment up to \$305 per AF over 25 years

#### **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.

Work continued on providing input and comments on the SWRCB Ocean Plan Amendment process. MWDOC provided comments and worked with CalDesal on additional comments.

#### **2. Huntington Beach Ocean Desalination Project (Poseidon Project)**

OCWD is anticipating circulation of their report by Clean Energy Capital on the cost and financing options for the Poseidon Huntington Beach Ocean Desalination Project. A presentation is scheduled for OCWD's October 1 meeting. Comments will be solicited on the report.

Poseidon is continuing to work with the Coastal Commission and the Independent Scientific and Technical Advisory Panel (ISTAP). The draft Phase 1 report on technical feasibility for optional subsurface intake systems was recently released. Phase 2 will include overall feasibility of subsurface intake systems.

## **ISSUE BRIEF # F**

**SUBJECT: Orange County Reliability Projects**

### **RECENT ACTIVITY**

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#### **1. Central Pool Augmentation Program**

There are no updates to report.

#### **2. MWD Investigations of System Reliability**

MWDOC anticipates kicking off of the OC Water Reliability Study in October. Several meetings with MWD will be held as part of the process of evaluating the reliability of the imported water system.



**Summary Report for  
The Metropolitan Water District of Southern California  
Board Meetings  
September 9, 2014**

**COMMITTEE ASSIGNMENTS**

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

**WATER PLANNING AND STEWARDSHIP COMMITTEE**

Reviewed and considered the Negative Declaration prepared by Semitropic as Lead Agency, adopted the Lead Agency's findings, and authorized the General Manager to enter into an agreement with Semitropic Water Storage District consistent with the terms outlined in the board letter and in a form approved by the General Counsel. (**Agenda Item 8-1**)

Authorized a reimbursable agreement with the Los Angeles Department of Water and Power in an amount not to exceed \$20 million. (**Agenda Item 8-2**)

**COMMUNICATIONS AND LEGISLATION COMMITTEE**

Authorized the General Manager to ratify Metropolitan's support for Proposition 1, The Water Quality Supply and Infrastructure Improvement Act of 2014. (**Agenda Item 8-3**)

**LEGAL AND CLAIMS COMMITTEE**

Authorized amendment of the contract for legal services with Pacific Construction Consultants, Inc. for consulting services by \$150,000 for an amount not to exceed \$250,000. (**Agenda Item 8-4**)

**EXECUTIVE COMMITTEE**

Approved compensation for General Manager, General Counsel, General Auditor, and Ethics Officer. (**Agenda Item 10-2**)

In other action, the Board:

Awarded a \$345,892.79 procurement contract to Patterson Pump Company for cooling water pumps at the Robert A. Skinner Water Treatment Plant. (Approp. 15388) (**Agenda Item 7-1**)

Appropriated \$1.69 million; authorized design of a 3-MW solar facility at the F. E. Weymouth Water Treatment Plant; and authorized design of a 1-MW solar facility at the Joseph Jensen Water Treatment Plant. (Approp. 15391) (**Agenda Item 7-2**)

Appropriated \$1.33 million; authorized design of a Project Control and Reporting System for management of the Capital Investment Plan; and authorized a professional services agreement with CH2M Hill, Inc. in an amount not to exceed \$880,000. (Approp. 15490) (**Agenda Item 7-3**)

Appropriated \$1.08 million; and awarded a \$780,024 contract to Whipps, Inc. to furnish gates for the F. E. Weymouth Water Treatment Plant finished water reservoir. (Approp. 15440)  
**(Agenda Item 7-4)**

Appropriated \$800,000; authorized design of seismic upgrades to five structures at the F. E. Weymouth Water Treatment Plant; and authorized increase of \$171,000 to the agreement with IDS Group, Inc., for a new not-to-exceed total of \$252,000. (Approps. 15440 and 15477)  
**(Agenda Item 7-5)**

Appropriated \$1.62 million; and authorized modifications to discharge piping on San Diego Pipeline No. 3. (Approp. 15480) **(Agenda Item 7-6)**

Authorized granting a 0.34-acre (14,810 square feet) permanent easement to the county of Riverside on Metropolitan-owned property near Lake Skinner in Riverside County. **(Agenda Item 7-7)**

Authorized granting a 0.103-acre (4,487 square feet) permanent easement to Cucamonga Valley Water District on Metropolitan-owned property in the city of Rancho Cucamonga in San Bernardino County. **(Agenda Item 7-8)**

## **OTHER MATTERS**

Approved Memorial Resolution for late Director Edward “Ed” Little. **(Agenda Item 5C)**

Approved Commendatory Resolutions for Directors Vincent Mudd and Kristine Murray.  
**(Agenda Item 5D)**

Approved 30-day leave of absence for Director Linda Ackerman, commencing September 9, 2014  
**(Agenda Item 5E)**

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

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