

WORKSHOP MEETING OF THE
BOARD OF DIRECTORS WITH MET DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
18700 Ward Street, Board Room, Fountain Valley, California
March 7, 2018, 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. 2066)

PRESENTATION/DISCUSSION/INFORMATION ITEMS

1. INPUT OR QUESTIONS ON MET ISSUES FROM THE MEMBER AGENCIES/MET DIRECTOR REPORTS REGARDING MET COMMITTEE PARTICIPATION

Recommendation: Receive input and discuss the information.

2. METROPOLITAN'S PROPOSED BIENNIAL BUDGET AND RATES FOR FISCAL YEARS 2018/19 AND 2019/20 PRESENTAION BY METRPOLITAN STAFF

Recommendation: Review and discuss the information presented.

3. UPDATE ON CALIFORNIA WATERFIX

Recommendation: Review and discuss the information presented.

4. WATER SUPPLY CONDITIONS UPDATE

Recommendation: Review and discuss the information presented.

5. MET ITEMS CRITICAL TO ORANGE COUNTY (The following items are for informational purposes only – a write up on each item is included in the packet. Discussion is not necessary unless requested by a Director)

- 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
- h. South County Projects

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

6. METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS

- a. Summary regarding February Board Meeting
- b. Review items of significance for MET Board and Committee Agendas

Recommendation: Review and discuss the information presented.

ADJOURNMENT

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



DISCUSSION ITEM

March 7, 2018

TO: Board of Directors

FROM: Robert Hunter,
General Manager

Staff Contact: Harvey De La Torre
Melissa Baum-Haley

SUBJECT: METROPOLITAN'S PROPOSED BIENNIAL BUDGET AND RATES FOR FISCAL YEARS 2018/19 AND 2019/20 PRESENTAION BY METRPOLITAN STAFF

STAFF RECOMMENDATION

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

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

REPORT

In early February, Metropolitan released its proposed budget documents for Fiscal Year (FY) 2018/19 and FY 2019/20. Over the past weeks, Metropolitan has been holding a series of public workshops as part of the Metropolitan Board's review of the proposed biennial budget. The complete list of the public workshop schedule is below.

At the March 7, 2018 MWD OC Board Workshop, Gary Breaux, Metropolitan's Chief Financial Officer, and June Skillman, Metropolitan's Manager of Budget and Rates, will attend and provide a detailed presentation of the proposed budget for the FY 2018/19 and FY 2019/20 budget along with the rates and charges for calendar years 2019 and 2020. Discussion will also highlight the key dialogue from Metropolitan's recently held public workshops #1 and #2.

Budgeted (Y/N): N/A	Budgeted amount: None	Core <input checked="" type="checkbox"/> _X_	Choice <input type="checkbox"/>
Action item amount: N/A		Line item:	
Fiscal Impact (explain if unbudgeted):			

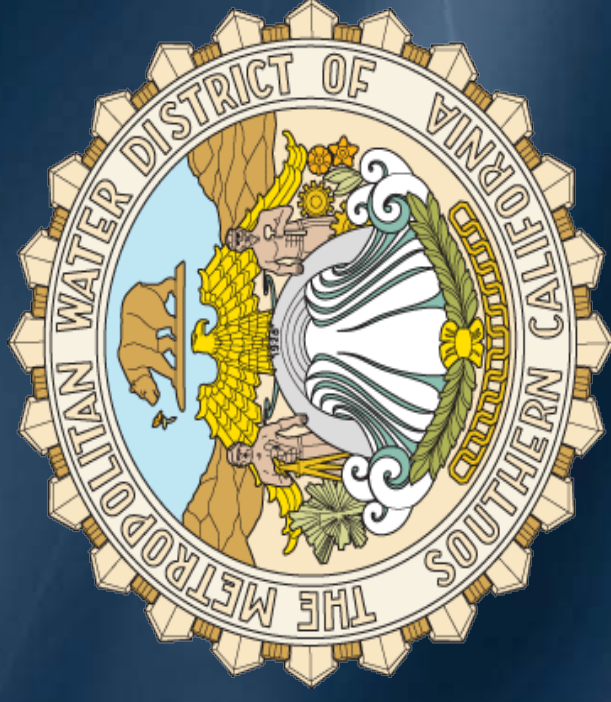
**Metropolitan Proposed Budget
Public Workshop Schedule**

<i>Date</i>	<i>Public Workshop Topics</i>
February 12, 2018	Workshop #1: Budget, proposed rates and charges
February 27, 2018	Workshop #2: Cost of Service, proposed rates and charges
March 12, 2018	Workshop #3: Capital Investment Plan (CIP), Financial Policies
March 13, 2018	Public Hearings: Proposed water rates and charges and continuing suspension of the AV tax limitation
March 27, 2018	Workshop #4: If needed
April 9, 2018	Workshop #5: If needed
April 10, 2018	Board Actions: Biennial Budget, Calendar Year rates and charges, and Ten-Year Financial Forecast

Attachment: Workshop #2 (Budget, Rates and Charges) Estimated Revenue Requirements FYs 2018/19 and 2019/20, Rates and Charges CYs 2019 and 2020, and Cost of Service

Estimated Revenue Requirements FYs 2018/19 and 2019/20, Rates and Charges CYs 2019 and 2020, and Cost of Service:

Workshop #2 (Budget, Rates and Charges)



Finance & Insurance Committee
Item 8

February 27, 2018

Proposed Biennial Budget Workshop #2

Presentation Overview

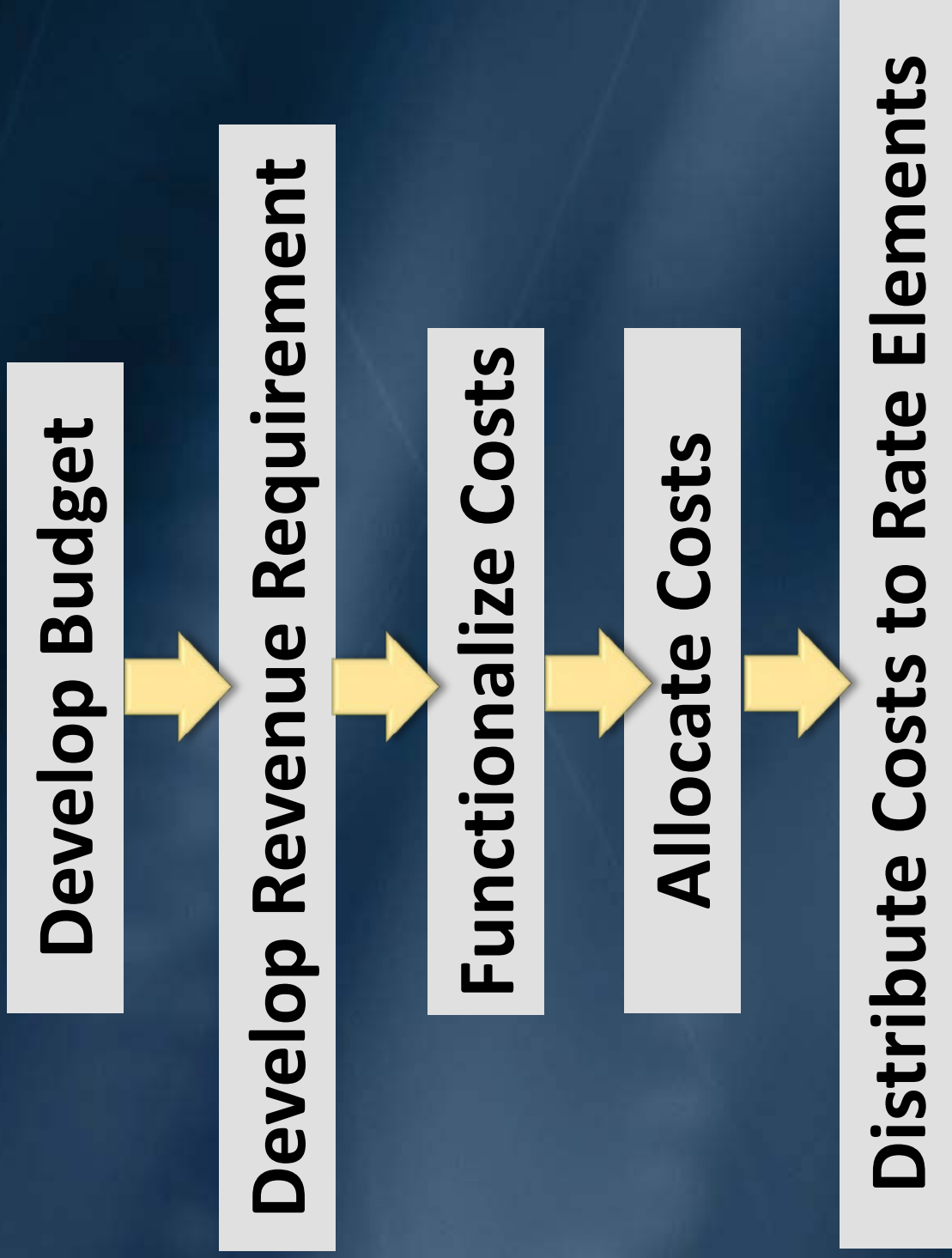
- Overview of Rates and Charges
 - Revenue Requirement
 - Cost of Service
 - Proposed Rates and Charges
- Follow up from Workshop #1
- Next Steps

Overview of Rates and Charges

Proposed Water Rates and Charges

- Proposed water rates and charges support estimated Revenue Requirements
 - Based on Proposed Biennial Budget
- Developed using the current Cost of Service methodology for functionalizing, allocating, and distributing costs to rate elements

The Cost of Service Process



FY2018/19 and FY2019/20 Proposed Budget Expenditures (\$M)

	2017/18 Adopted	2018/19 Proposed Budget	2019/20 Proposed Budget
O&M	395	450	469
Variable Treatment	25	27	28
SWC (w/o Variable Power)	447	407	434
SWC Variable Power	153	160	169
CRA Power	54	46	53
Supply Programs	82	61	54
Demand Management	76	89	86
Debt Service	344	332	331
PAYGO	120	120	120
Total	1,695	1,692	1,743

2018/19 and 2019/20 Estimated Revenue Requirements (\$M)

	2017/18 Adopted	2018/19 Proposed Budget	2019/20 Proposed Budget
Total O&M	\$ 420	\$ 478	\$ 496
State Water Contract	599	567	603
Colorado River Power	54	46	53
Supply Programs	82	61	54
Demand Management	76	89	86
Debt Service	344	332	331
PAYGO	120	120	120
Incr. in Required Reserves	25	32	41
Sub-total expenditures	1,721	1,724	1,784
Revenue Offsets	146	165	166
Total Revenue Requirement	1,574	1,559	1,618

Totals may not foot due to rounding.

2018/19 Revenue

Estimated

Increase for MOUs,
benefits, and other
O&M expenses

Increase for MOUs,
benefits, and inflation

	2017/18 Adopted	Budget	2018/19 Proposed Budget
Total O&M	\$ 420	\$ 478	\$ 496
State Water Contract	599	567	603
Colorado River Power	54	46	53
Supply Programs	82	61	54
Demand Management	76	89	86
Debt Service	344	332	331
PAYGO	120	120	120
Incr. in Required Reserves	25	32	41
Sub-total expenditures	1,721	1,724	1,784
Revenue Offsets	146	165	166
Total Revenue Requirement	1,574	1,559	1,618

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Totals may not foot due to rounding.

2018/19 and 2019/20 Estimated

Revenue

Reduced capital and
OMP&R

Increased OMP&R,
offset by decreasing
Transportation capital
costs

	2018/19 Adopted	2019/20 Budget
Total O&M	\$ 420	\$ 478
State Water Contract	599	567
Colorado River Power	54	46
Supply Programs	82	61
Demand Management	76	89
Debt Service	344	332
PAYGO	120	120
Incr. in Required Reserves	25	32
Sub-total expenditures	1,721	1,724
Revenue Offsets	146	165
Total Revenue Requirement	1,574	1,559
		1,784
		166
		1,618

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Totals may not foot due to rounding.

2018/19 and 2019/20 Estimated Revenue

Lower diversions, and favorable operating agreement

Increasing diversions

	2017/18 Adopted	Budget	Net
Total O&M	\$ 420	\$ 478	\$ 496
State Water Contract	599	567	603
Colorado River Power	54	46	53
Supply Programs	82	61	54
Demand Management	76	89	86
Debt Service	344	332	331
PAYGO	120	120	120
Incr. in Required Reserves	25	32	41
Sub-total expenditures	1,721	1,724	1,784
Revenue Offsets	146	165	166
Total Revenue Requirement	1,574	1,559	1,618

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Totals may not foot due to rounding.

2018/19 and 2019/20 Estimated Revenue Requirements

	Adopted	Budget	Lower Colorado River supply programs cost	Lower Colorado River supply programs cost
Total O&M	\$ 420	\$ 478	\$ 496	\$ 496
State Water Contract	599	567	603	603
Colorado River Power	54	46	53	53
Supply Programs	82	61	54	54
Demand Management	76	89	86	86
Debt Service	344	332	331	331
PAYGO	120	120	120	120
Incr. in Required Reserves	25	32	41	41
Sub-total expenditures	1,721	1,724	1,784	1,784
Revenue Offsets	146	165	166	166
Total Revenue Requirement	1,574	1,559	1,618	1,618

Totals may not foot due to rounding.

2018/19 and 2019/20 Estimated Revenue Requirements (\$M)

Increased Conservation incentives, and messaging

Lower LRP costs

	2017/18 Adopted		
Total O&M	\$ 420	\$ 478	\$ 496
State Water Contract	599	567	603
Colorado River Power	54	46	53
Supply Programs	82	61	54
Demand Management	76	89	86
Debt Service	344	332	331
PAYGO	120	120	120
Incr. in Required Reserves	25	32	41
Sub-total expenditures	1,721	1,724	1,784
Revenue Offsets	146	165	166
Total Revenue Requirement	1,574	1,559	1,618

Totals may not foot due to rounding.

2018/19 and 2019/20 Estimated Revenue Requirements (C&M)

Decreasing payments as debt matures, and restructuring

Decreasing payments as debt matures, and recent restructuring

	Adopted	
Total O&M	\$ 420	53
State Water Contract	599	54
Colorado River Power	54	46
Supply Programs	82	61
Demand Management	76	89
Debt Service	344	332
PAYGO	120	120
Incr. in Required Reserves	25	32
Sub-total expenditures	1,721	1,724
Revenue Offsets	146	165
Total Revenue Requirement	1,574	1,559
		1,784
		166
		1,618

Totals may not foot due to rounding.

2018/19 and 2019/20 Estimated Revenue Requirements

60% PAYGO Board target

60% PAYGO Board target

60% PAYGO Board target

	2017/18 Adopted	2018/19 Estimated	2019/20 Estimated
Total O&M	\$ 420	\$ 478	\$ 496
State Water Contract	599	567	603
Colorado River Power	54	46	53
Supply Programs	82	61	54
Demand Management	76	89	86
Debt Service	344	332	331
PAYGO	120	120	120
Incr. in Required Reserves	25	32	41
Sub-total expenditures	1,721	1,724	1,784
Revenue Offsets	146	165	166
Total Revenue Requirement	1,574	1,559	1,618

Totals may not foot due to rounding.

2018/19 and 2019/20 Estimated Revenue

Required increase in O&M Fund, and Revenue Bond Fund

Required increase in Minimum Reserve levels, and O&M Fund

	Adopted 2018/19	2019/20 Proposed
Total O&M	\$ 96	
State Water Contract		03
Colorado River Power		53
Supply Programs	82	61
Demand Management	76	89
Debt Service	344	332
PAYGO	120	120
Incr. in Required Reserves	25	32
Sub-total expenditures	1,721	1,724
Revenue Offsets	146	165
Total Revenue Requirement	1,574	1,559
		1,784
		166
		1,618

Totals may not foot due to rounding.

2018/19 and 2019/20 Estimated Revenue Requirements (\$M)

		2019/20 Proposed Budget
Total O&M	Higher ad valorem taxes, and interest income, offset by lower hydro generation	8
State Water Contract		\$ 496
Colorado River Power		603
Supply Programs	Higher ad valorem taxes	53
Demand Management		54
Debt Service		86
PAYGO		331
Incr. in Required Reserves		120
Sub-total expenditures		41
Revenue Offsets		1,784
Total Revenue Requirement		1,721
		166
		1,559
		1,618

Totals may not foot due to rounding.

Proposed Water Rates and Charges

Rate Structure Elements

Rates and Charges Effective January 1			
	2018 Approved	2019 Proposed	2020 Proposed
Tier 1 Supply Rate (\$/AF)	\$209	\$209	\$208
Tier 2 Supply Rate (\$/AF)	\$295	\$295	\$295
System Access Rate (\$/AF)	\$299	\$326	\$346
Water Stewardship Rate (\$/AF)	\$55	\$69	\$65
System Power Rate (\$/AF)	\$132	\$127	\$136
Treatment Surcharge (\$/AF)	\$320	\$319	\$323
Readiness-to-Serve Charge (\$M)	\$140	\$133	\$136
Capacity Charge (\$M revenues)	\$37	\$31	\$32

Overall Observations

- Proposed overall rate increase in 2019 reflects higher O&M costs, offset by lower SWC, Capital Financing, Supply programs, and CRA power costs
- Proposed overall rate increase in 2020 mainly reflects increasing Departmental O&M costs
- Water transactions levels affect overall rate increases
- Progress towards meeting financial policies

Tier 1 Supply Rate

- Recovers the costs of maintaining and developing supplies to meet member agency demands
- Includes the costs of water facilities and programs on the SWP, the CRA, and in-basin programs
- Staying flat in 2019, and decreasing by \$1/AF in 2020 due to lower Supply Programs costs, and lower SWC Delta charges

Tier 2 Supply Rate

- Reflects the cost of purchasing water transfers north of the Delta
- Staying flat in calendar years 2019 and 2020 reflecting the costs of the Yuba Accord agreement
- Water delivered in all water-year types
- Prices established in the agreement

System Access Rate

- Recovers the costs of Conveyance and Distribution systems, including capital costs associated with average demands, and O&M
 - Includes costs of the applicable facilities on the CRA and SWP, Distribution, and Storage.
- Increasing by \$27/AF in 2019 because of higher Departmental O&M costs, which outweighs decreases in Capital Financing and SWC Transportation Capital costs
- Increasing by \$20/AF in 2020 due to increasing Departmental O&M and SWC OMP&R costs

Water Stewardship Rate

- Recovers the costs of the Conservation Credits Program and the Local Resource Programs, including the departmental labor, and vendor administration costs for these programs
- Increasing by \$14/AF in 2019 because of increasing CCP expenditures and messaging
- Decreasing by \$4/AF in 2020 due to decreasing LRP costs

System Power Rate

- Recovers the costs of power to pump the water on the CRA and the SWP
 - Includes CRA Power and Dept. O&M, SWC Variable Power and Off-Aqueduct Power Facilities
- Decreasing by \$5/AF in 2019 due to:
 - Lower CRA Power costs
 - Offset by higher SWP Variable Power costs because of higher diversions
- Increasing by \$9/AF in 2020 due to:
 - Higher CRA Power costs
 - Higher SWP Variable Power costs

Treatment Surcharge

- Recovers the costs of the five water treatment plants, Capital and Departmental O&M
 - Users of treated water service pay the TS
- Decreasing by \$1/AF in 2019 due to:
 - Lower Capital Financing costs assigned to Treatment, partially offset by higher Departmental O&M and higher Variable Treatment costs
- Increasing by \$4/AF in 2020 due to higher O&M costs

Readiness-to-Serve Charge

- Recovers the capital costs of providing emergency service and available capacity
 - Includes the costs of emergency storage and available capacity on the conveyance and distribution systems to reliably deliver supplies during emergencies and major outages
- Decreasing by \$7M in 2019 due to lower Debt Service and lower SWC Transportation Capital costs
- Increasing by \$3M in 2020 consistent with the overall rate increase

Capacity Charge

- Recovers the capital costs of the system necessary to meet peak demands on Metropolitan's Distribution system
- Decreasing by \$6M in 2019 due to lower capital costs allocated to maximum day system use, reflecting recent Member Agency peak demands
- Increasing by \$1M in 2020 consistent with the overall rate increase

Proposed Full Service Costs and Charges

Rate Type	2018 Approved	2019 Proposed	% Increase (Decrease)	2020 Proposed	% Increase (Decrease)
Full Service Untreated Volumetric Cost (\$/AF)					
Tier 1	\$695	\$731	5.2%	\$755	3.3%
Tier 2	\$781	\$817	4.6%	\$842	3.1%
Full Service Treated Volumetric Cost (\$/AF)					
Tier 1	\$1,015	\$1,050	3.4%	\$1,078	2.7%
Tier 2	\$1,101	\$1,136	3.2%	\$1,165	2.6%
RTS Charge (\$M)	\$140	\$133	(5.0%)	\$136	2.3%
Capacity Charge (\$M)	\$37	\$31	(15.7%)	\$32	2.3%

Rates and Charges Effective January 1st

Full Service Cost means the Full Service Rate, consisting of the following rate components: the applicable Supply Rate, the System Access Rate, the System Power Rate, the Water Stewardship Rate, and if applicable the Treatment Surcharge for treated water service.

Proposed Study of Demand Management Costs

- Transparent process working with the Board and Member Agencies to further study and determine most appropriate cost allocation of the Demand Management cost function
- Proposal to not bill the WSR on exchange agreement deliveries in CYs 2019 and 2020; forego collection during study period
- Additionally, suspend billing and collecting WSR on exchange agreement deliveries in CY 2018

	CY 2018	CY 2019	CY 2020	Total
Exchange Deliveries, AF	212,000	242,000	274,000	728,000
WSR Revenues on Exchange	\$11,660,000	\$16,698,000	\$17,810,000	\$46,168,000

Follow-up questions from Workshop #1

Biennial Budget, Proposed Regular Positions

GM Department	2017/18 Budget*	2018/19 Proposed	2019/20 Proposed	2018/19 vs 2017/18	2019/20 vs 2018/19
Office of the General Manager	35	37	37	2	-
<i>Office of GM</i>	13	13	13	-	-
<i>Bay Delta Initiatives</i>	17	18	18	1	-
<i>Board of Directors</i>	5	6	6	1	-
Water System Operations	951	948	948	(3)	-
<i>Power Operations & Planning</i>	11	12	12	1	-
<i>Conveyance & Distribution</i>	271	267	267	(4)	-
<i>Water Treatment</i>	285	285	285	-	-
<i>Operations Support Services</i>	130	130	130	-	-
<i>Water Quality</i>	93	93	93	-	-
<i>All other</i>	161	161	161	-	-
Water Resource Management	67	68	68	1	-
<i>Resource Implementation</i>	38	39	39	1	-
<i>Resource Planning & Development</i>	29	29	29	-	-
<i>Office of Manager</i>	13	13	13	-	-
Engineering Services	355	355	355	-	-
Office of Chief Admin Officer	98	97	98	(1)	1
<i>Administrative Services</i>	81	78	78	(3)	-
<i>Environmental Planning</i>	17	19	20	2	1
Office of the Chief Financial Officer	49	49	49	-	-

* FY 2017/18 budget restated to reflect internal group transfers in biennial budget
Finance & Insurance Committee

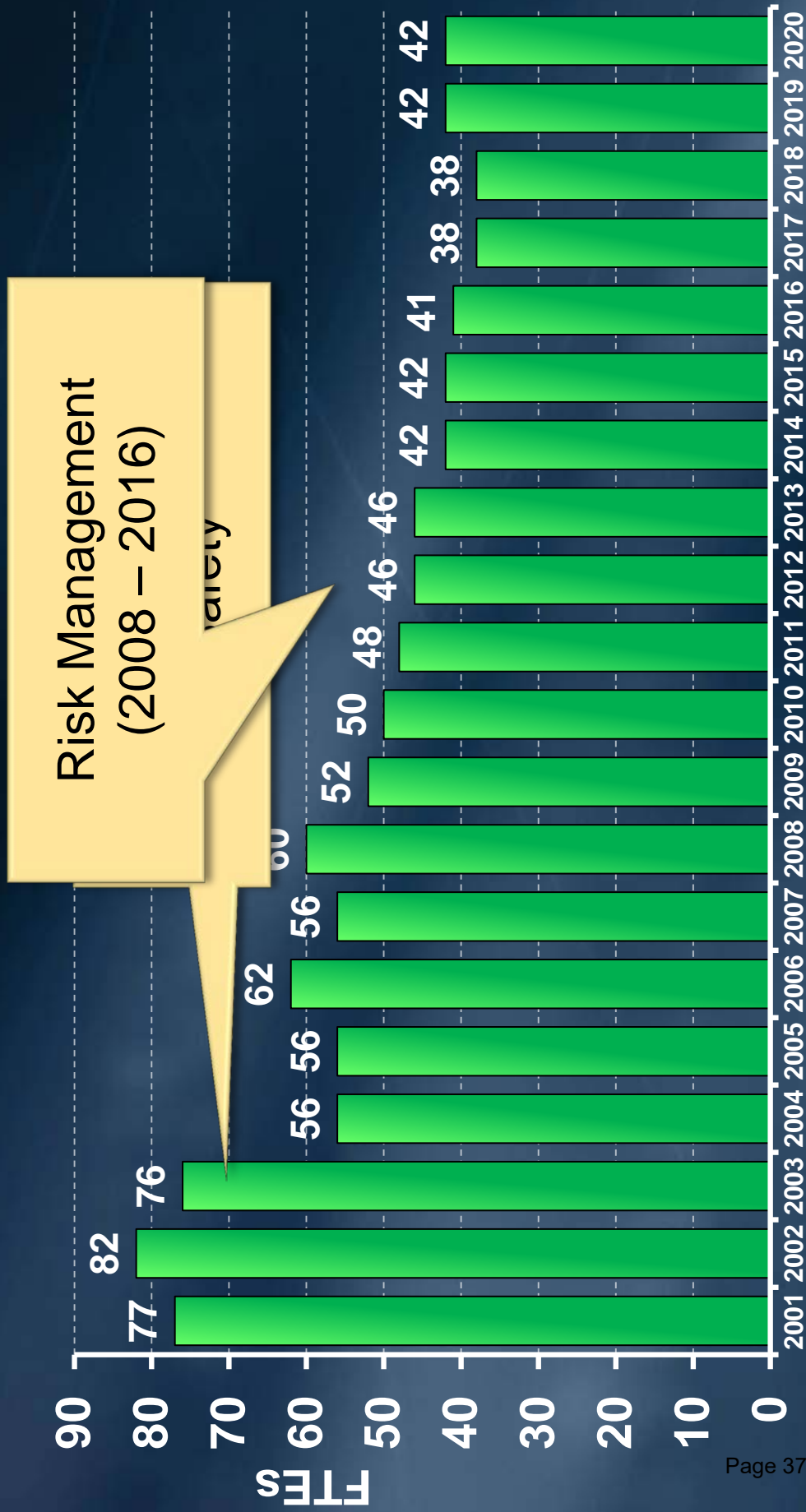
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February 27, 2018

Biennial Budget, Proposed Regular Positions (cont'd)

GM Department	2017/18 Budget*	2018/19 Proposed	2019/20 Proposed	2018/19 vs 2017/18	2019/20 vs 2018/19
Information Technology	130	130	134	-	4
Office of IT Group Manager	2	2	6	-	4
IT Infrastructure	41	41	41	-	-
Enterprise Water & Business Systems	47	47	47	-	-
Project Planning	21	21	21	-	-
All other	19	19	19	-	-
Human Resources	38	42	42	4	-
Employee Relations, Inclusion & Analytics	10	11	11	1	-
HR Services	21	24	24	3	-
Office of Manager	7	7	7	-	-
Real Property	40	50	50	10	-
Asset Management	15	21	21	6	-
Planning & Acquisition	12	15	15	3	-
Office of Manager	13	14	14	1	-
External Affairs	70	71	71	1	-
Member Services & Public Outreach	9	10	10	1	-
Conservation & Community Services	11	11	11	-	-
Media & Communications	20	20	20	-	-
Legislative Services	14	14	14	-	-
Business Outreach & Office of Manager	16	16	16	-	-
Total GM Department	1,833	1,847	1,852	14	5

HR Staffing Trend



Fiscal Year Ending

Next Steps

- February 27, 2018 F&I Committee, Workshop #2: Cost of Service, proposed rates and charges, follow up
- March 12, 2018 F&I Committee, Workshop #3: CIP, Financial Policies, follow up
- March 13, 2018 Public Hearings on proposed water rates and charges and continuing suspension of the AV tax limitation
- March 27, 2018 F&I Committee, Workshop #4: if needed
- April 9, 2018 F&I Committee: Recommend Biennial Budget, Calendar Year rates and charges, and Ten-Year Financial Forecast; Workshop #5, if needed
- April 10, 2018 Board Actions regarding Biennial Budget, Calendar Year rates and charges, and Ten-Year Financial Forecast





DISCUSSION ITEM

March 7, 2018

TO: Board of Directors

**FROM: Robert Hunter,
General Manager**

Staff Contact: Harvey De La Torre

SUBJECT: UPDATE ON THE CALIFORNIA WATER FIX

STAFF RECOMMENDATION

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

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

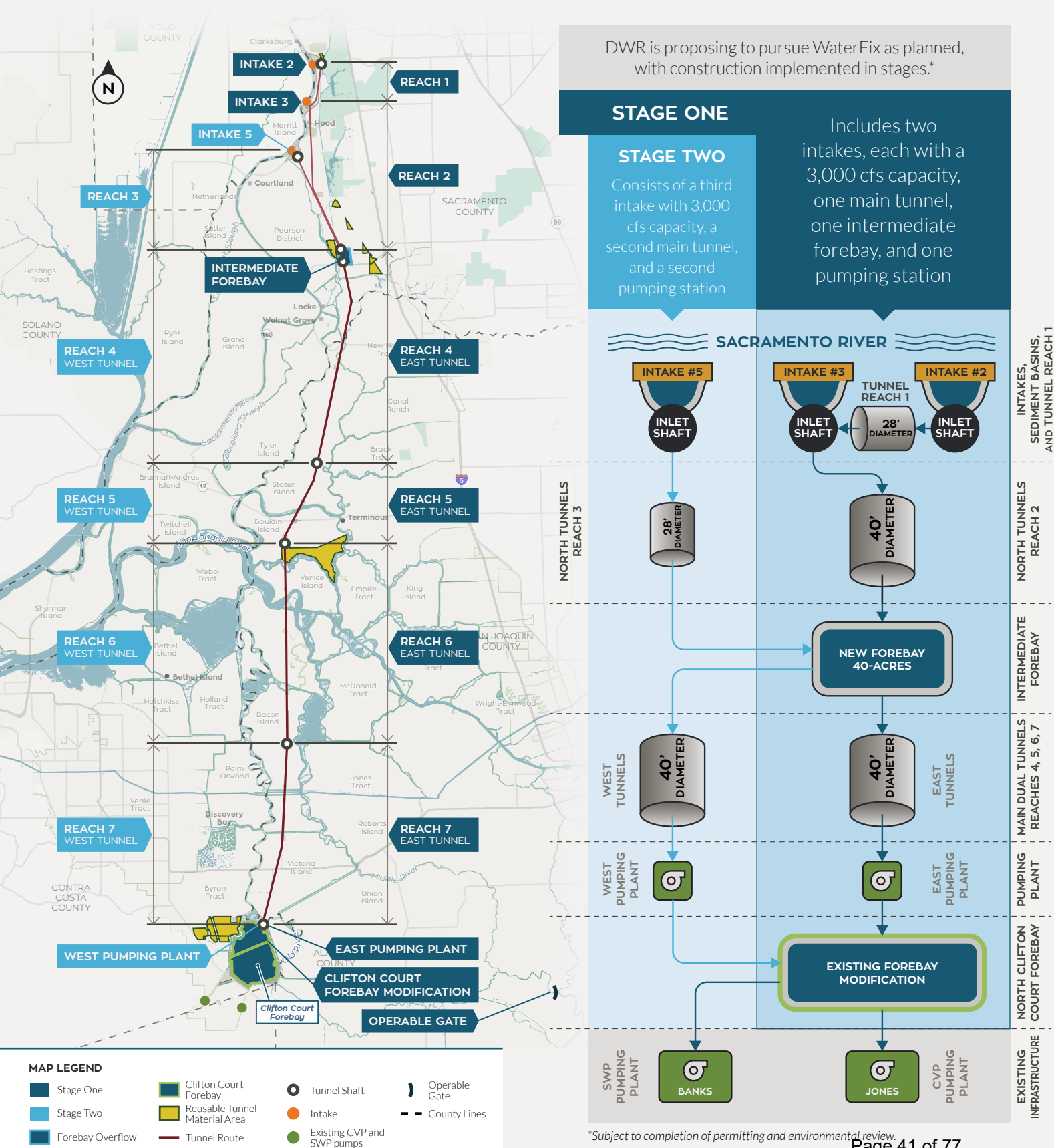
REPORT

Last month, Governor Brown announced a “staged approach” proposal for the California WaterFix. An initial Stage 1 (6,000 cubic feet per second (cfs) project) comprised of one tunnel, one intermediate forebay, two intakes, and one pumping station. Followed by Stage 2 with a second tunnel, third intake and second pumping station to yield the full 9,000 cfs.

At the February 12 Metropolitan Water Planning and Stewardship Committee, upon discussing the Governor’s new staged approach, the Metropolitan Board requested staff to analyze the differences between moving forward with the stage approach (initial 6,000 cfs) versus constructing the twin tunnel project (9,000 cfs) un-staged. Metropolitan Staff provided additional modeling analysis along with alternative financing considerations at the February 27 Metropolitan Special Committee on Bay-Delta. At this March 7 MWD OC Board Workshop, MWD OC staff will provide a brief overview of the information provided at the Metropolitan committee meetings.

**Attachments: Implementation Plan Fact Sheet
Update on the California WaterFix Presentation**

Budgeted (Y/N): N/A	Budgeted amount: None	Core <input checked="" type="checkbox"/> _X_	Choice <input type="checkbox"/>
Action item amount: N/A	Line item:		
Fiscal Impact (explain if unbudgeted):			



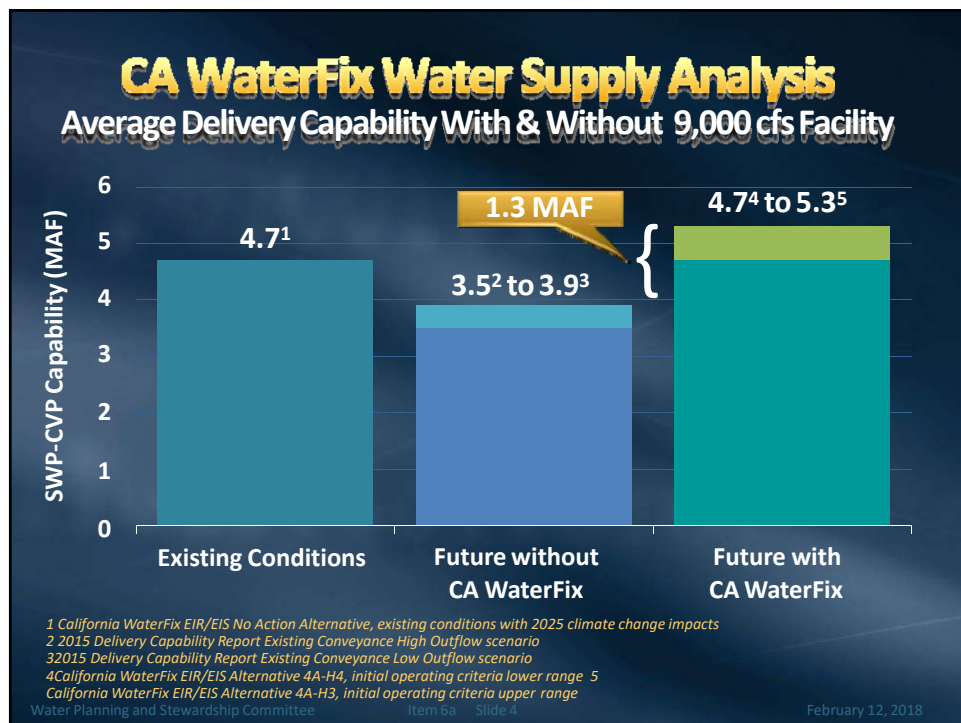
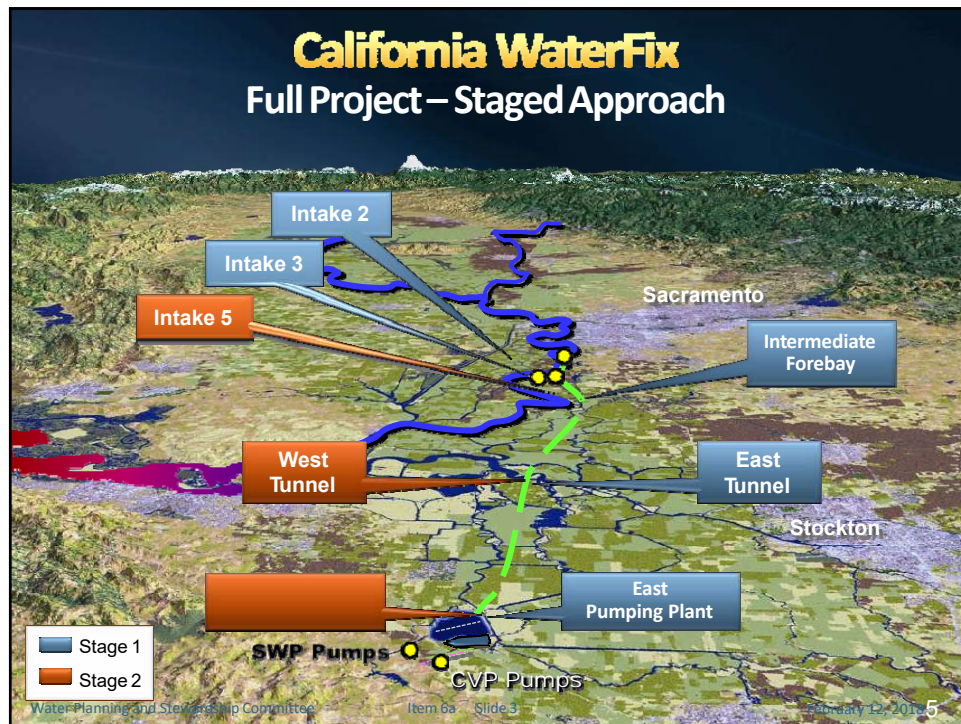


Update on the California WaterFix

Municipal Water District of Orange County
Joint Board Workshop
March 7, 2018

State's Announcement

- Proposed staged approach
 - Stage 1 (6,000 cfs) – one tunnel, one intermediate forebay, two intakes, and one pumping station
 - Stage 2 (9,000 cfs) – second tunnel, third intake, and second pumping station
- CA WaterFix to be funded by south-of-Delta State Water Project contractors and potential participating CVP contractors
- CA WaterFix
 - Provides benefits to aquatic species in the Delta
 - Reduces reverse flows caused by the existing south Delta pumps
 - Diverts water further upstream away from sensitive habitats
 - Improves conditions for native fish species



CA WaterFix Water Supply Analysis

Summary of Changes with Stage 1 -- 6,000 cfs ¹

- 6,000 cfs facility protects approximately 0.9 MAF
- Stage 1 – based on current information, SWP contractors will be the primary funder and will receive commensurate water supply benefit
- SWP deliveries are roughly unchanged between 9,000 cfs and 6,000 cfs (approximately 2.8 maf)

(1) Preliminary modeling analysis based on 6,000 cfs north of Delta H3+ modeling criteria

Water Planning and Stewardship Committee

Item 6a Slide 5

February 12, 2018

California WaterFix

Capital (2017 dollars)

ITEM	Stage 1 6,000 cfs (\$ Billions)	Full Project 9,000 cfs (\$ Billions)
Capital – Conveyance Facility		
• Construction	6.3	10.4
• Contingency for construction (~36%)	2.3	3.7
• Program Mgt., Construction Mgt., Engineering	2.0	2.1
• Land acquisition (includes 20% contingency)	0.14	0.16
Subtotal	\$10.7 B	\$16.3 B
Mitigation – Capital	0.38	0.40
Total (Capital & Mitigation)	\$11.1 B	\$16.7 B

Water Planning and Stewardship Committee

Item 6a Slide 6

February 12, 2018

California WaterFix

Operations & Maintenance (2017 Dollars)

ITEM	Stage 1 6,000 cfs (\$ M/yr.)	Full Project 9,000 cfs (\$ M/yr.)
Conveyance Facility		
• O&M, Power, Replacement	31.9	44.1
Mitigation	17.7	20.3
Total	\$49.6 M/yr.	\$64.4 M/yr.

Water Planning and Stewardship Committee

Item 6a Slide 7

February 12, 2018

Cost Comparisons (Approximate)

2017 Dollars

	Stage 1 Base Case (4% Interest)	Full Project Base Case (4% Interest)
State Water Project Share		
• Total Annual Costs (Capital + O&M)	\$438 - \$526 M	\$438 M
Metropolitan's Project Cost		
• Total Annual Costs (Capital + O&M)	\$207 - \$249 M	\$207 M
Overall Metropolitan Budget Impact		
• Total Annual Costs (Capital + O&M)	13-16%	13%
• Total Annual Costs (Capital + O&M)	0.9-1.1%	0.9%
• Total Annual Costs (Capital + O&M)	\$122-\$147/AF	\$122/AF

⁽¹⁾ Stage 1 assumes that up to 1,000 cfs of capacity is available for CVP use. The cost range shown is from 0 to 1,000 cfs of CVP use.

⁽²⁾ Based on Metropolitan's 2017/18 Revenue Requirement of \$1,574 M

⁽³⁾ Approximate based on Metropolitan's 2017/18 sales budget of 1.70 million acre-feet

Water Planning and Stewardship Committee

Item 6a Slide 11

February 12, 2018

Cost Comparisons (Approximate) 2017 Dollars

	Stage 1 Base Case (4% Interest)	Full Project Base Case (4% Interest)
Marginal Cost		
• South Delta Pumps	\$588 /AF	\$613 /AF
• Delivered/Treated	\$815 /AF	\$840 /AF
Household Cost¹	\$1.90 - \$2.40 / month	\$1.90 / month

⁽¹⁾ Household impact based on 6.2 million occupied residential households in MWD Service area, 70% residential / 30% industrial split.
Stage 1 assumes that up to 1,000 cfs of capacity is available for CVP use. The cost range shown is from 0 to 1,000 cfs of CVP use.

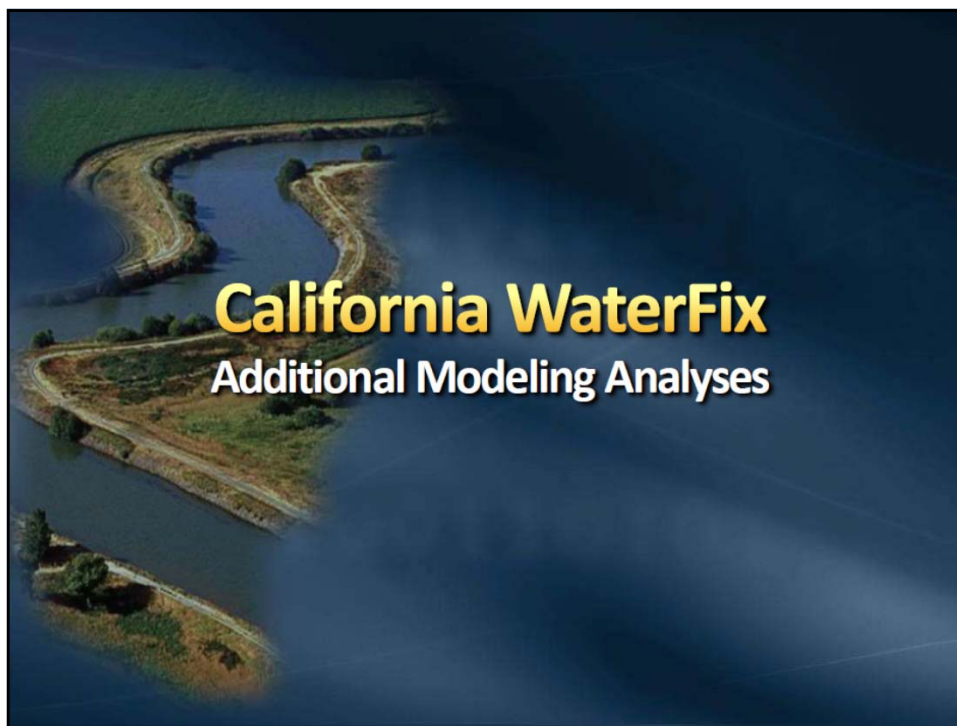
Water Planning and Stewardship Committee

Item 6a Slide 11

February 12, 2018

February 13 Metropolitan Board Request

- Board Requested MWD Staff to Analysis the Benefits of the Full Project (9,000 cfs) vs. Staged Approach (6,000 cfs)
- Alternative Financing Consideration for 9,000 cfs Facility

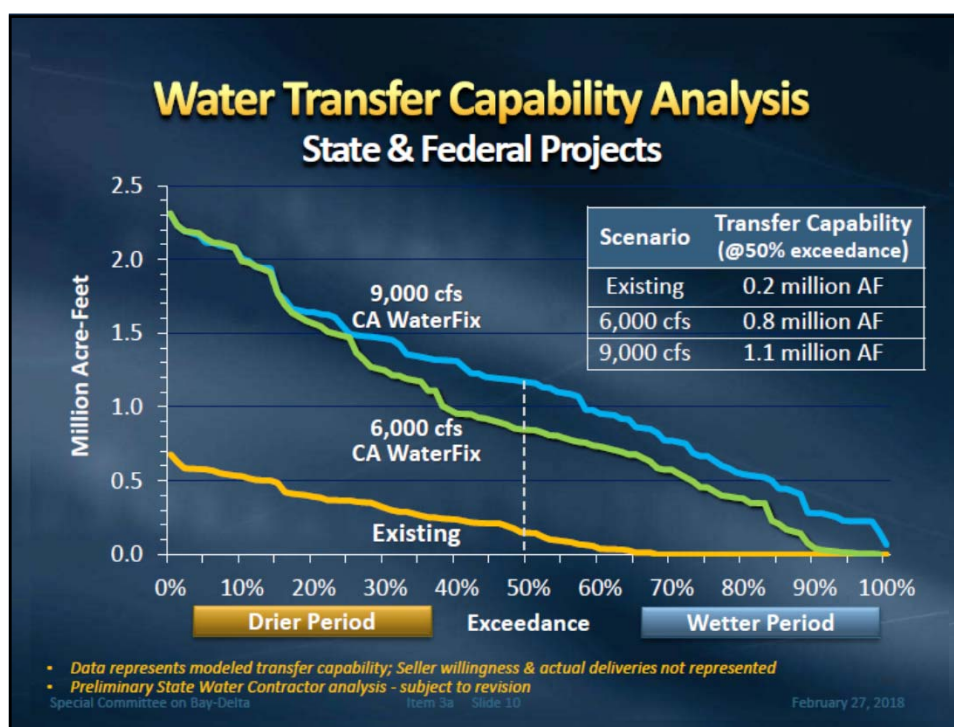
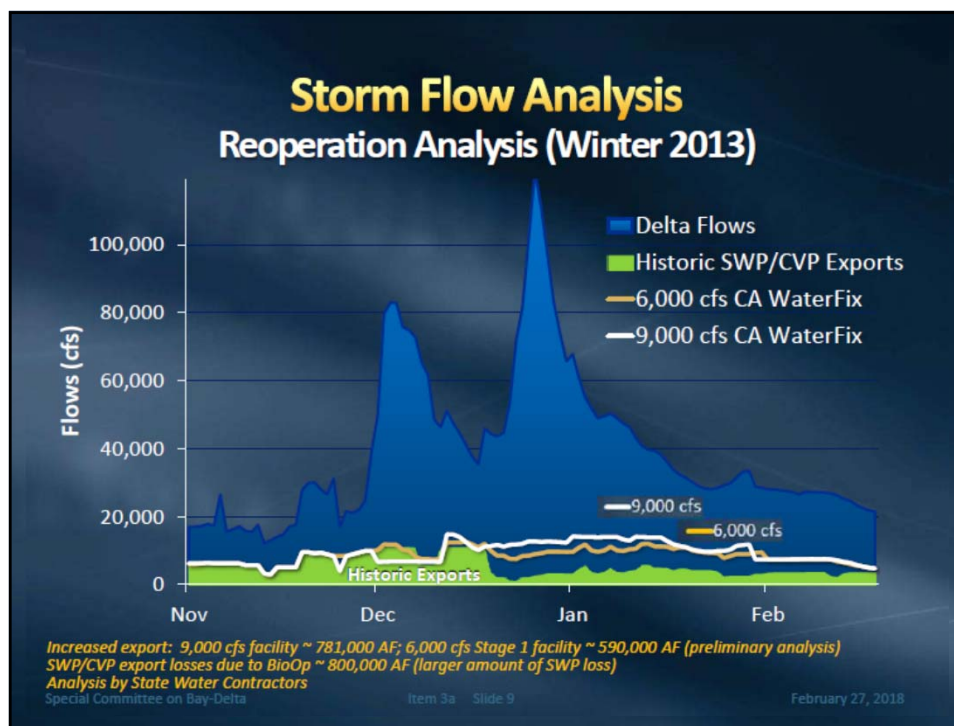


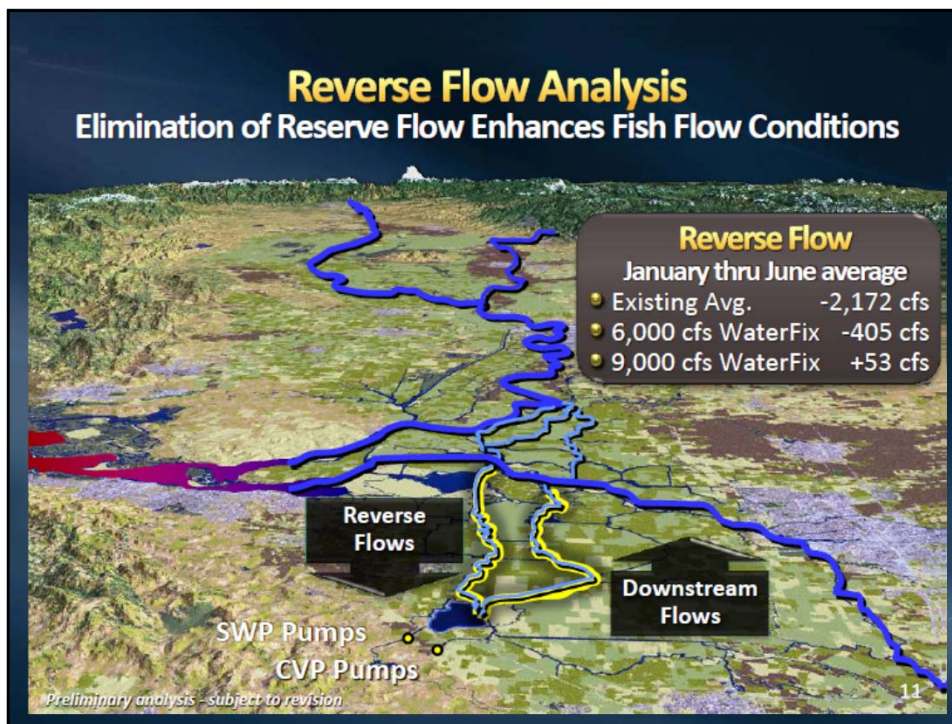
Water Quality Analysis

- Both Stage 1 & full implementation improve water quality, help protect human health & enhance local water management
- Stage 1 alone provides less water quality benefits for project water

Water Quality Constituent (Dry Year; Combined SWP/CVP)	6,000 cfs ¹ Improvement	9,000 cfs Improvement
Electrical Conductivity	16%	20%
Total Dissolved Solids	15%	19%
Bromide	24%	31%

1. Preliminary analysis - subject to revision





California WaterFix

Considerations

Summary

- Stage 1 (2-intakes, 1-tunnel) would cost about a third less, but the water supply benefits also would be impacted by one-third
- While some Stage 1 benefits are nearly the same, the project's lessened capacity would impact the system's flexibility to handle:
 - earthquakes
 - climate change
 - fish take
 - reverse flow risks

Special Committee on Bay-Delta Item 3a Slide 15

February 27 Bay Delta Committee Discussion

- Alternative Financing consideration for 9,000 cfs Facility
- Structure and relationship to SWP Contract
- Option contracts/commitments from other contractors



INFORMATION ITEM

March 7, 2018

TO: Board of Directors

FROM: Robert Hunter, General Manager

Staff Contact: Chris Lingad

SUBJECT: WATER SUPPLY CONDITIONS UPDATE

STAFF RECOMMENDATION

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

REPORT

The Northern California accumulated precipitation (8-Station Index) is reporting **20.5 inches or 57% of normal** as of February 28. In the month of February 2018, accumulated precipitation reached 0.9 inches, which is **7.3 inches below normal** compared to the historical average. The Northern Sierra Snowpack is at 4.9 inches as of February 27, which is **20% of normal**. Both Lakes Oroville and Shasta are below flood control levels (Lake Oroville's flood control level has been lowered significantly due to the repairs being made on the spillway); and the total delta inflow at Clifton Court and Jones Pumping Plant are currently at a flow of 5,000 cubic feet per second (maximum capacity is 16,120 cubic feet per second). The San Luis Reservoir has a current volume of 76% of the reservoirs total capacity.

Based on these conditions, the Department of Water Resources (DWR) has not made any changes to State Water Project (SWP) "Table A" allocation remaining at 20%. This allocation provides Metropolitan with approximately 382,300 AF in SWP deliveries this water year.

On the Colorado River system, snowpack is measured across four states in the Upper Colorado River Basin. As of February 27, 2018, snowpack measured at 73% of normal for that date. The ongoing decline in the Colorado River watershed has impacted storage levels in Lake Powell and Lake Mead, which in turn affects the likelihood of surplus or shortage conditions in the future. The Bureau of Reclamation is projecting

Budgeted (Y/N): N	Budgeted amount: N/A	Core <u>X</u>	Choice <u> </u>
Action item amount:	Line item:		
Fiscal Impact (explain if unbudgeted):			

that there is about a 15% chance of a shortage on the Colorado River in 2019, increasing to about 42% in 2020. Attached is a presentation on Water Supply Conditions as of February 28, 2018. MWDOC staff may provide a revised presentation at the March 7th meeting to include any recent changes in data.

Attachment: Water Supply Conditions Presentation



Water Supply Conditions

March 7, 2018



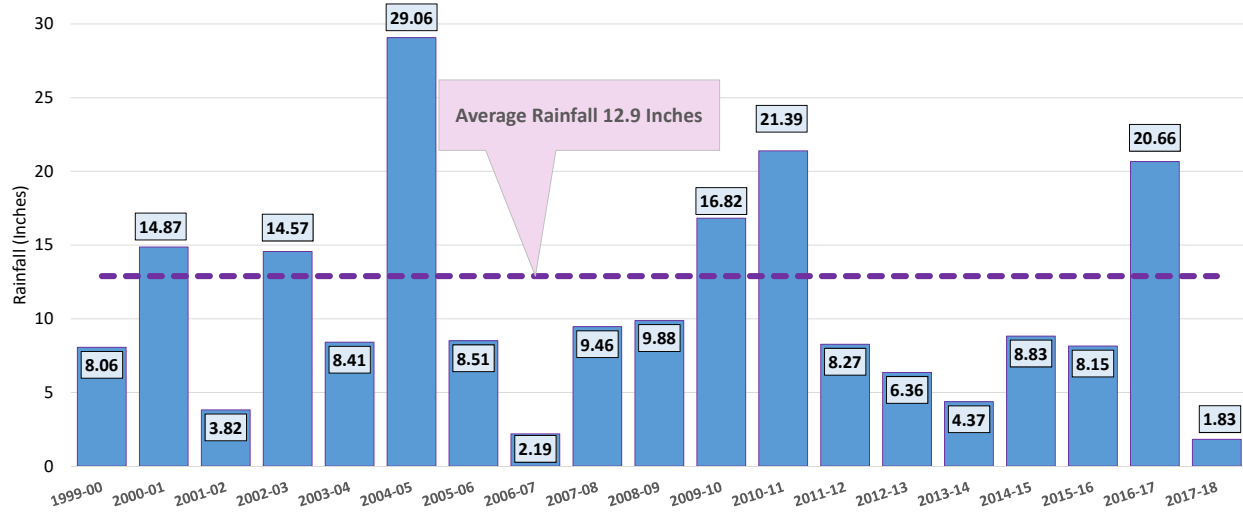
Orange County Weather and Water Supply Conditions

Insight to local weather conditions that affect California's water supply

Santa Ana Precipitation



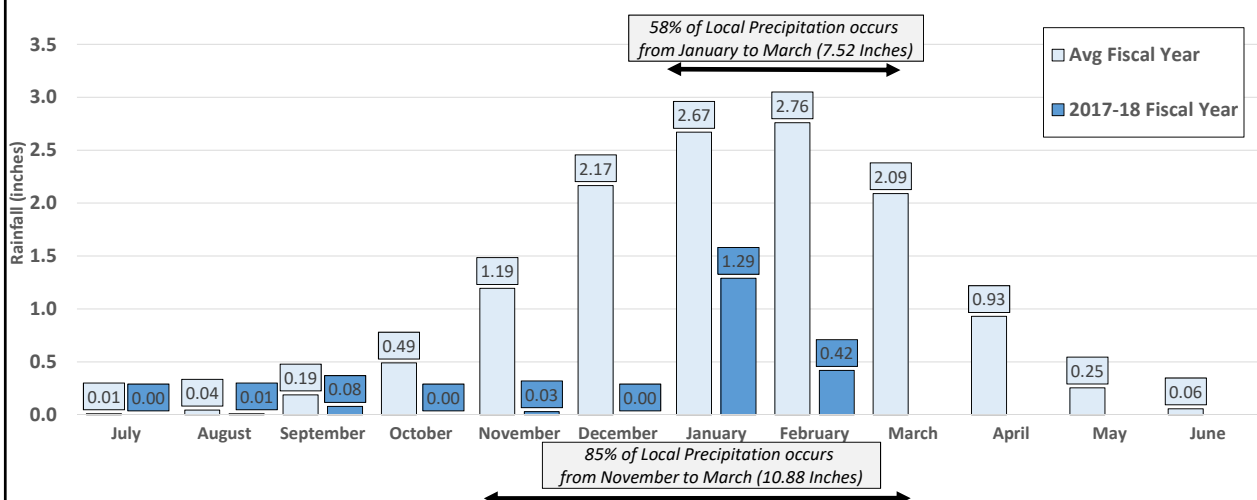
Santa Ana Annual Precipitation Statistics (Fiscal Year July-June)

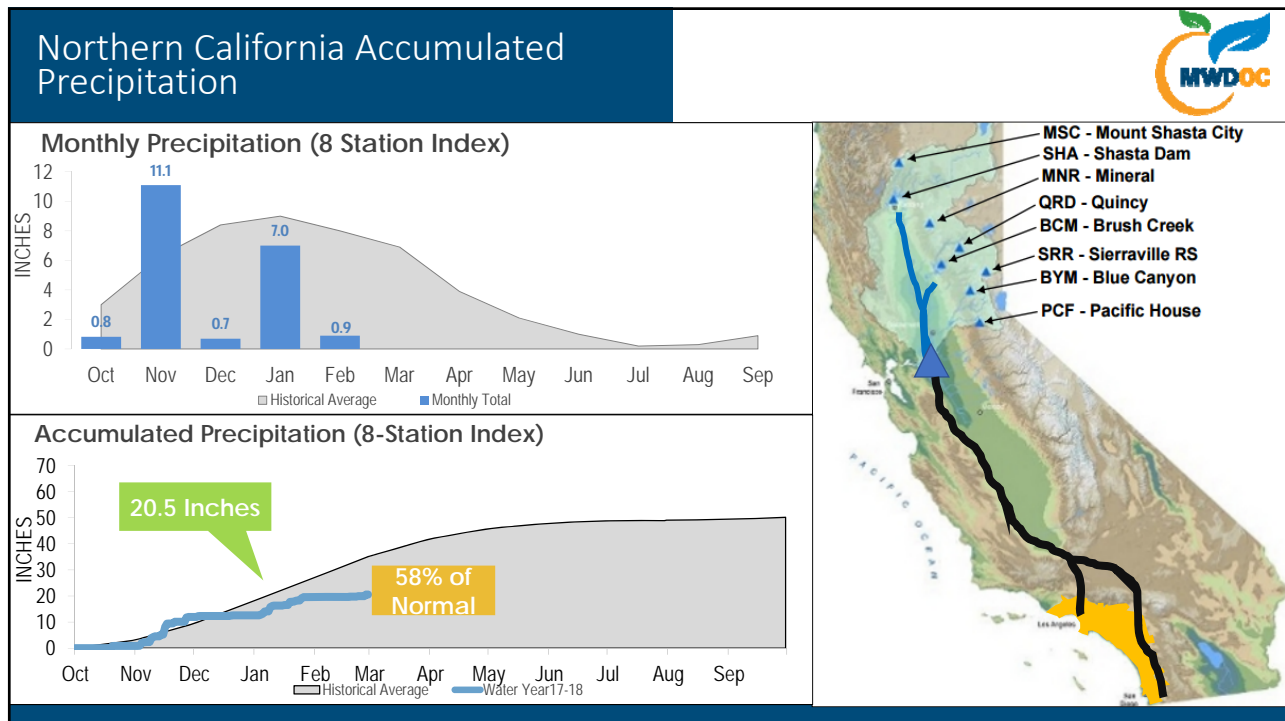


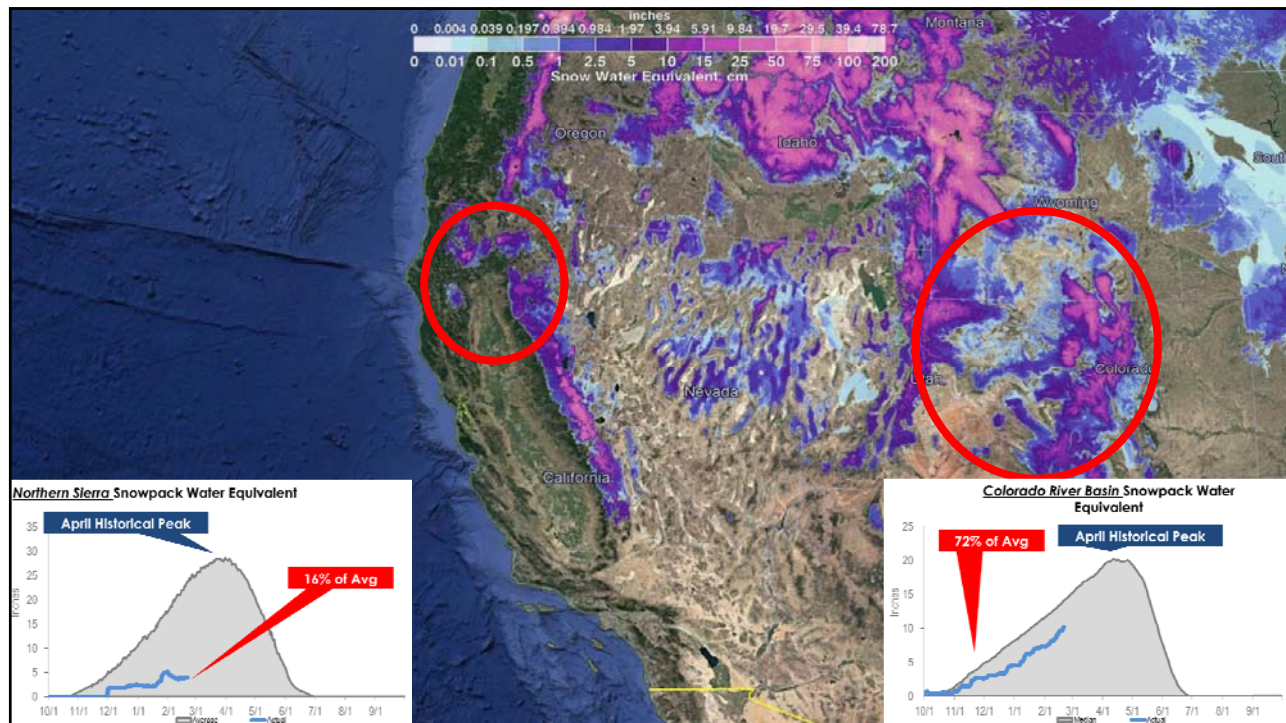
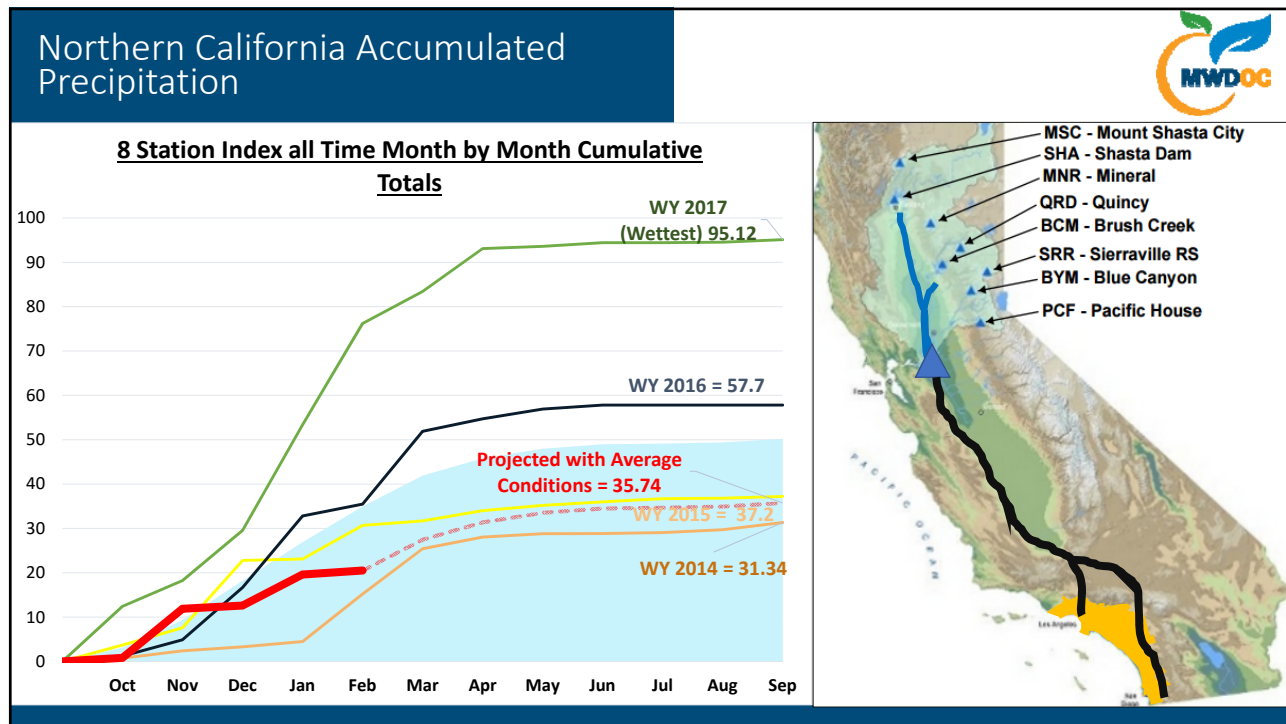
Santa Ana Precipitation



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





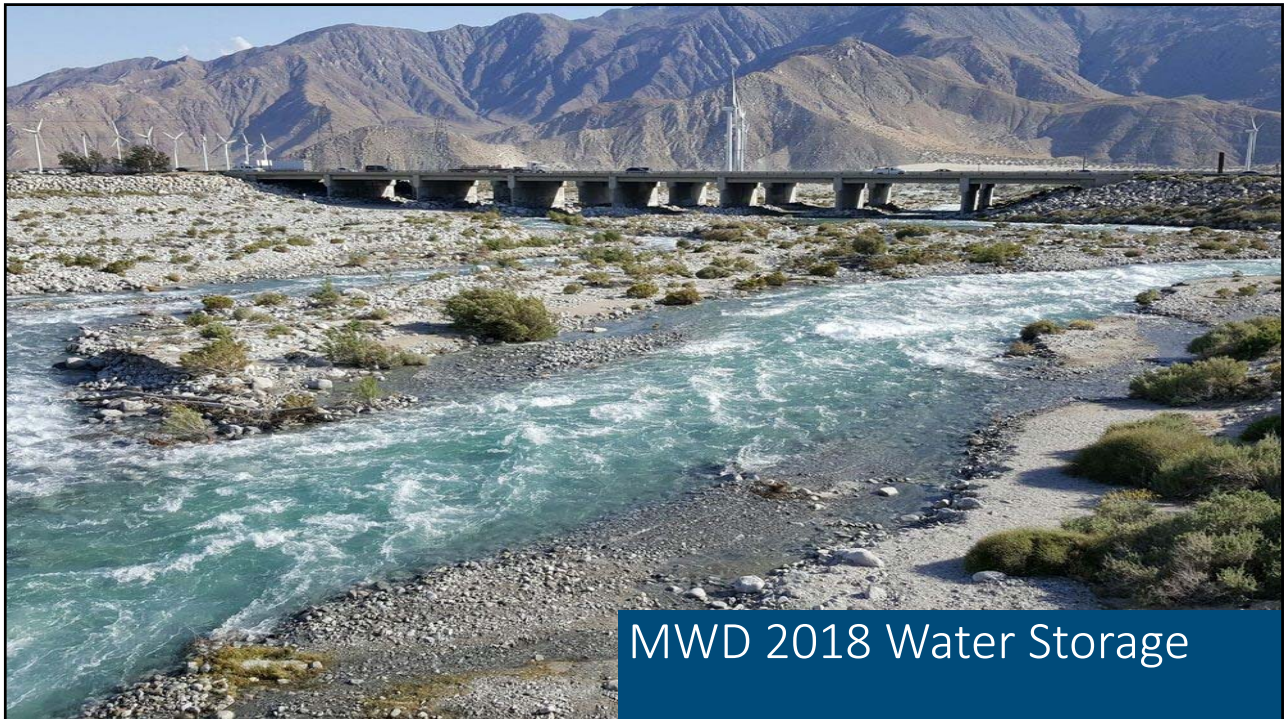
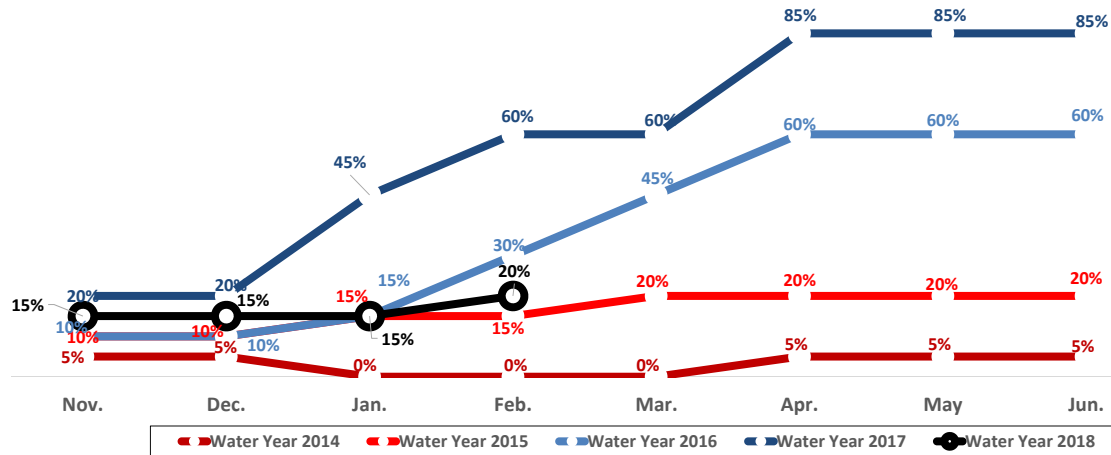


SWP 2018 Table A Allocation



SWP TABLE A ALLOCATION

FOR STATE WATER PROJECT CONTRACTORS

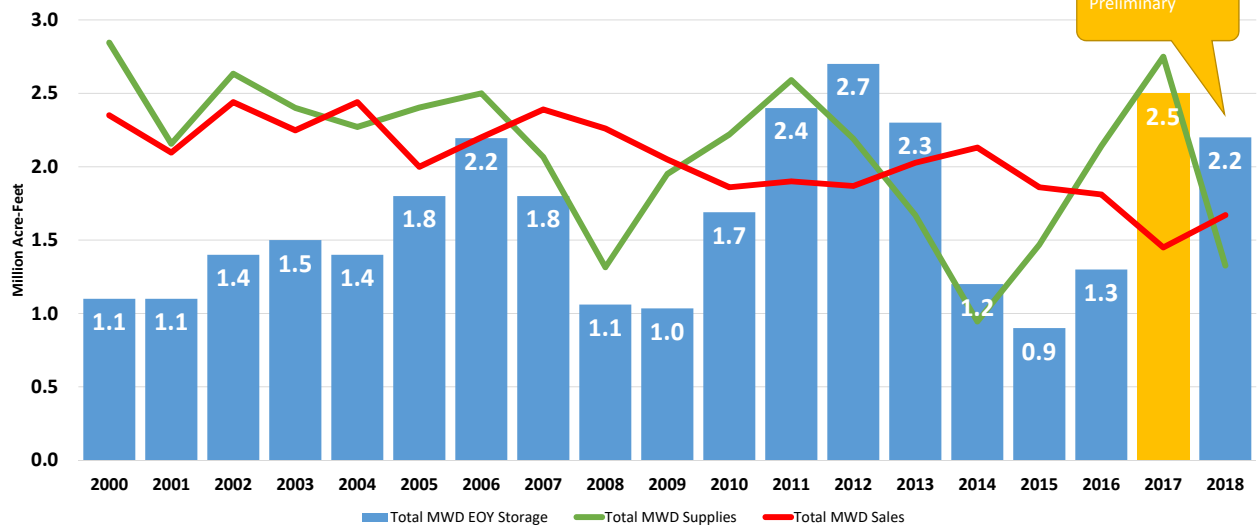


MWD 2018 Water Storage

MWD 2018 Estimated Water Storage



MWD Historical Demand VS Supplies





DISCUSSION ITEM

March 7, 2018

TO: Board of Directors

**FROM: Robert Hunter,
General Manager**

Staff Contact: Karl Seckel
Harvey De La Torre
Melissa Baum-Haley

**SUBJECT: METROPOLITAN WATER DISTRICT (MET) ITEMS CRITICAL TO
ORANGE COUNTY**

STAFF RECOMMENDATION

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

DETAILED REPORT

This report provides a brief update on the current status of the following key MET issues that may affect 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 in the Doheny and Huntington Beach Ocean (Poseidon) Desalination Projects
- f) Orange County Reliability Projects
- g) East Orange County Feeder No. 2
- h) South Orange County Projects

Budgeted (Y/N): NA	Budgeted amount: None	Core <input checked="" type="checkbox"/>	Choice <input type="checkbox"/>
Action item amount: N/A		Line item:	
Fiscal Impact (explain if unbudgeted):			

ISSUE BRIEF # A

SUBJECT: MET's Water Supply Conditions

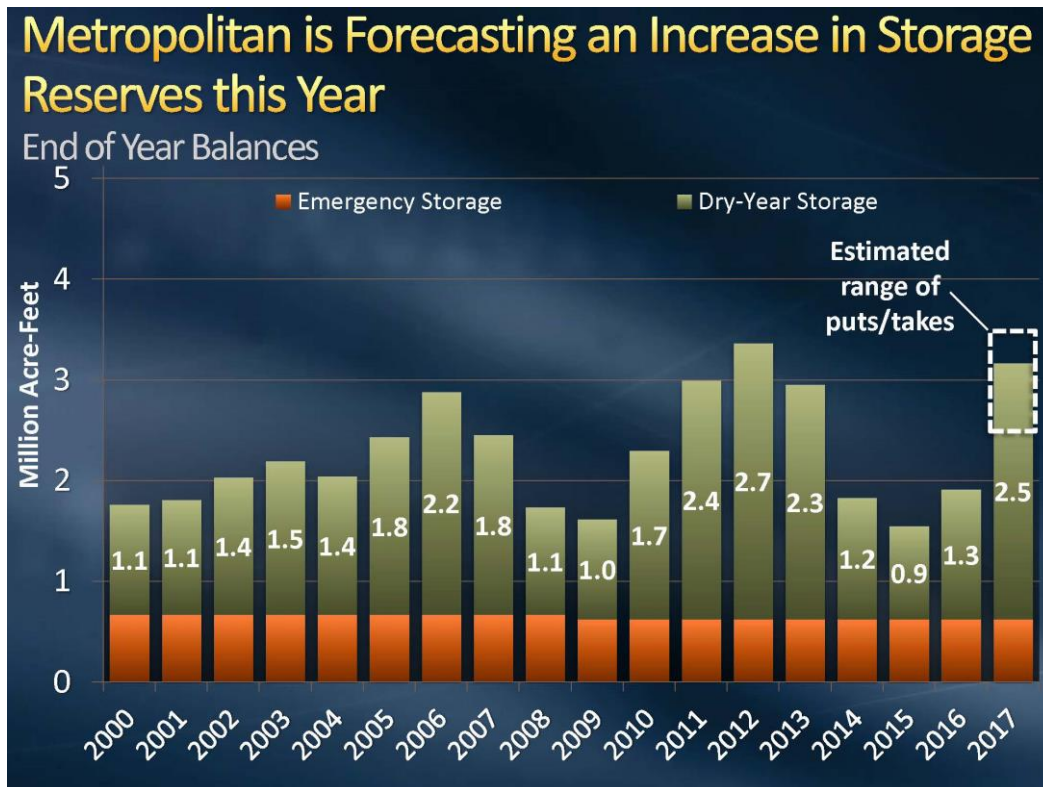
RECENT ACTIVITY

2018 Water Supply Balance

On January 29, 2018, the Department of Water Resources (DWR) increased the State Water Project (SWP) "Table A" allocation to 20%, giving Metropolitan approximately 382 thousand acre-feet (TAF) in SWP deliveries this water year. In addition, on the Colorado River system, Metropolitan estimates a total delivery of 945 TAF.

With estimated total demands and losses of 1.67 million acre-feet (MAF), at a 20% SWP allocation, Metropolitan is projecting that demands will exceed supply levels in CY 2018 by about 343 TAF. Based on this, estimated total dry-year storage for Metropolitan at the end of CY 2018 will go down to 2.2 MAF.

If the next couple of months result in normal hydrologic conditions DWR's SWP allocation analysis shows that it can support an allocation increase to 40%. At a 40% SWP allocation, Metropolitan would receive approximately 765 TAF of SWP deliveries and supplies would exceed demands by roughly 40 TAF.

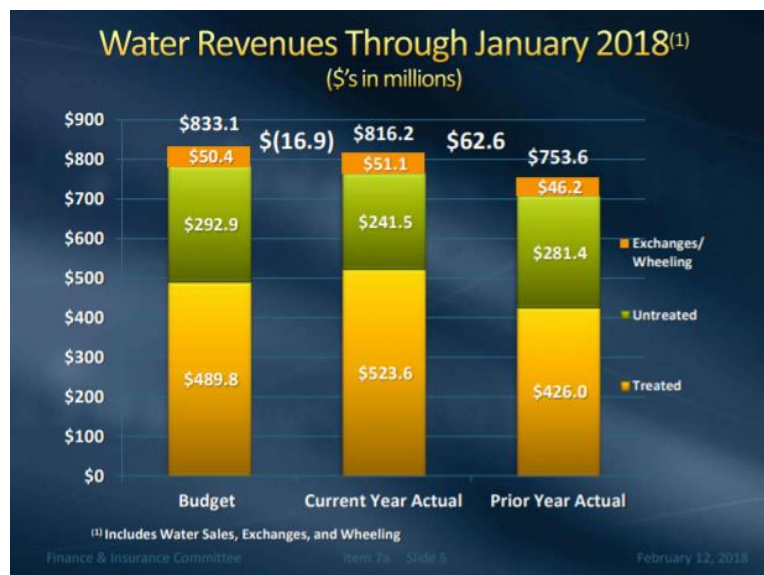
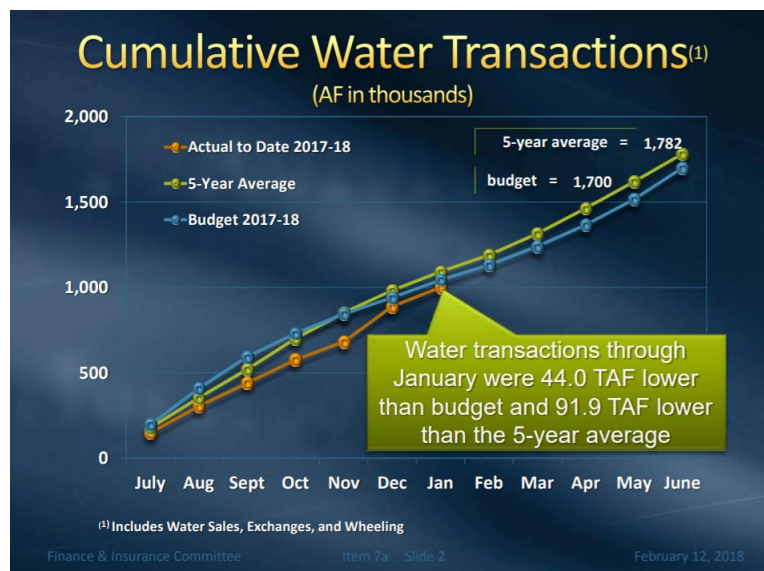


ISSUE BRIEF # B

SUBJECT: MET's Finance and Rate Issues

RECENT ACTIVITY

Water transactions (sales) through January were 44.0 thousand acre-feet (TAF) lower than budget and 91.9 TAF lower than the 5-year average. In comparison to both the budget and prior year actual sales, the continued cumulative low water transactions can be attributed to decreased untreated water sales; as illustrated below. Although sales through January 2018 are still \$16.9 million lower than the budget, they are \$62.6 million greater than January 2017.



ISSUE BRIEF # C

SUBJECT: Colorado River Issues

RECENT ACTIVITY

Colorado River System Conservation Pilot Program 2017 Implementation Activities

In July 2014, the Bureau of Reclamation, Central Arizona Project, Southern Nevada Water Authority, Denver Water, and Metropolitan (collectively, the funding agencies) entered into an agreement to establish a pilot program to compensate selected projects implementing voluntary reductions in water use for the benefit of the Colorado River System as a whole.

The pilot program is intended to determine the feasibility of using voluntary, compensated reductions in water to partially mitigate the impacts of ongoing drought on the Colorado River System, by increasing water elevation levels in Lakes Mead and Powell with the ancillary benefit of enhancing flows in areas upstream of storage reservoirs. Under the pilot program, the funding agencies jointly select projects in the Colorado River Basin to create conserved water for the benefit of the Colorado River System.

Since last year's report, a total of 15 new projects have been placed under contract. These contracts were executed in the Upper Basin for conservation that occurred in 2017 and used all of the \$2.3 million made available by the funding partners. Contracts for conservation in the Lower Basin in 2017 were executed in 2016 and were included in last year's report. These Upper Basin contracts represent an increase in projects in Utah and New Mexico: three in New Mexico, six in Utah, four in Wyoming, and one in Colorado. All of these projects include some sort of fallowing: five for full season fallowing, five for partial season fallowing, three for a combination of partial season fallowing and full season fallowing, and two include partial season fallowing plus alternative cropping.

While there were fewer Upper Basin projects approved in 2017 than there were in 2016 (15 as opposed to 21), the total expected conservation from the approved Upper Basin projects increased by approximately 50 percent. The table below lists the contracted projects approved in 2017.

A Review Committee made up of the funding agencies has begun evaluating the proposals for implementation in 2018 for projects in the Upper Basin. A total of 30 proposals were received across all four Upper Basin states. These projects represent one municipal project and a mix of fallowing, deficit irrigation, and alternative cropping. While the proposals include mostly fallowing and deficit irrigation projects, there is an increase in applications from farmers within the same watershed to improve efficiency in making sure the water gets to Lake Powell, and the Upper Colorado River Commission intends to apply a more streamlined contracting process that could be beneficial if the pilot evolves into a larger, more permanent, program. Additional information is being gathered for the proposals and the funding agencies are scheduled to make a decision on which proposals to fund in early 2018. A total of \$5 million is available for these projects.

An additional four proposals are expected for projects in the Lower Basin in 2018. A total of \$5.5 million is available for these projects. A decision will be made in the near future as to which of these proposals to fund.

Colorado River System Conservation Agreement Projects Approved in 2017

Tributary	State	Project Type	Total Estimated Consumptive Use Savings (Acre-Foot)
San Juan River & Animas River	NM	Combination of Fallow & Partial Season Fallowing	298
San Juan River & Animas River	NM	Fallow	95
San Juan River	NM	Alternative Cropping and Partial Season Fallowing	2,901
Price River	UT	Alternative Cropping & Partial Season Fallowing	58
Price River	UT	Fallow	923
Price River	UT	Combination of Fallow & Partial Season Fallowing	311
Price River	UT	Fallow	372
Price River	UT	Partial Season Fallowing	228
Price River	UT	Fallow	67
Fontenelle Creek	WY	Partial Season Fallowing	407
Fontenelle Creek	WY	Partial Season Fallowing	540
Fontenelle Creek	WY	Partial Season Fallowing	714
Fontenelle Creek	WY	Partial Season Fallowing	1,083
Colorado River	CO	Combination of Fallow & Partial Season Fallowing	3,178
Colorado River & Fraser River	CO	Fallow	233
Total			11,408

ISSUE BRIEF # D

SUBJECT: Bay Delta/State Water Project Issues

RECENT ACTIVITY

California WaterFix

The California WaterFix Petition proceedings before the State Water Resources Control Board (SWRCB) are ongoing. Part 2 of the hearings address the effects of the proposed project on fish and wildlife, including consideration of appropriate Delta flow criteria. Opening briefs for Part 2 were submitted to the SWRCB on November 30, 2017. In January, multiple parties submitted or joined motions to stay the California WaterFix water right hearing for 90 days or longer, and the SWRCB is considering those motions. Part 2 of the California WaterFix hearing resumed on February 8.

Science Activities

Metropolitan staff continued participation in the Collaborative Science and Adaptive Management Program (CSAMP), including participation on the Collaborative Adaptive Management Team (CAMT). January activities focused on evaluation of actions to improve conditions for Delta smelt and on development of a 2018 workplan for CAMT. Metropolitan staff provided input to development of CAMT workplan items for 2018; including development of a long-term science plan to assess ambient conditions and management actions on Delta smelt habitat quality and vital rates, and development of salmon projects to assess salmon rearing habitat in the Delta and study the effects of water project operations on salmon behavior and survival in the Delta.

Metropolitan staff developed a Delta smelt eDNA sampling and reporting study to support management decisions regarding entrainment risk for water operations during January to March 2018. The State Water Contractors provided financial support to the study and it is being conducted by consultant Cramer Fish Sciences.

On January 17, Metropolitan staff participated in a state and federal water contractor meeting with the Delta Science Program Lead Scientist, Dr. John Callaway, and Delta Science Program staff. The meeting included discussion of planned science activities for 2018 and opportunities for collaboration. In January, Metropolitan staff also continued participation on several Interagency Ecological Program Project work teams to provide updates and input to on-going studies, and develop collaborative partnerships for future studies. Metropolitan staff participated in the development of future actions for the Flow Alteration project work team, and reviewed the Incidental Take Limit for winter-run Chinook salmon developed by the Winter-run Salmon project work team.

Metropolitan staff is working with UC Davis, NOAA Fisheries, and the Delta Science Program (DSP) on developing a symposium to better understand the impacts that pathogens and disease have on salmonids. The symposium will be hosted by the UC Davis Coastal and Marine Sciences Institute and the DSP. The symposium will (1) explore our current state of knowledge about salmon pathogens and disease in California, (2) learn about the tools that are available and being developed to better study disease and disease

impacts, (3) examine case studies from other river systems that have integrated monitoring and research to manage in-season disease effects on salmon, and (4) identify key information and knowledge gaps necessary to guide research and management of pathogens and disease in wild salmon populations.

Bay-Delta Initiatives staff person Corey Phillis coauthored an article on California WaterBlog about Winter-run Chinook salmon and the implications of a recent publication he co-authored on the discovery of previously unidentified rearing habitats for this endangered population. The California WaterBlog is UC Davis' Center for Watershed Sciences blog intended to provide thought-provoking ideas and information on water issues in a digestible form for a policy and educated lay audience.

<https://californiawaterblog.com/2018/01/07/new-paths-to-survival-for-endangered-winter-run-chinook-salmon/>.

Delta Flood Emergency Management Plan

DWR reported that the Stockton stockpile site of emergency response materials is completed, and that significant rock and other materials storage is available on the ground and in one new and two renovated warehouse facilities. They are evaluating remaining rock contracts to take advantage of the site's full rock storage capability. DWR is also in the final stages of issuing a contract to procure sheet pile to accommodate two deep levee breaches. DWR reports that remaining budgeted Proposition 1E bond funds will provide in the range of \$10 million for sheet pile and \$5-7 million for rock stockpile contracts.

DWR reports that their operations staff is returning from extended commitments at the Oroville spillway reconstruction to facilitate the review and finalization of the Delta Flood Emergency Management Plan. DWR is also evaluating emergency response scenarios, and depending on the severity of flooded island conditions, DWR is evaluating timely emergency response capabilities to agencies with less available storage, including partial pathway solutions and fresh water pulses from upstream reservoirs.

ISSUE BRIEF # E

SUBJECT: MET's Ocean Desalination Policy and Potential Participation in the Doheny and Huntington Beach Ocean (Poseidon) Desalination Projects

RECENT ACTIVITY

Doheny Desal

The details of this have been moved to briefing Issue H as it pertains only to South Orange County.

Poseidon Huntington Beach

The State Lands Commission approved the lease amendment for the proposed Huntington Beach Desalination Project on October 19, 2017.

At the February 9, 2018 Santa Ana Regional Water Quality Control Board (SARWQCB) meeting, SARWQCB staff provided an overview of the required analyses that must be considered for permit renewal for desalination facilities pursuant to Water Code section 13142.5(b) and the Desalination Amendment to the California Ocean Plan. As part of a permit renewal, regional boards must consider several factors in determining the best *feasible* site, design and technology consistent with Water Code section 13142.5(b) to minimize marine life mortality. The Desalination Amendment uses the 2012 California Environmental Quality Act (CEQA) Statute and Guidelines definition of "feasible" to mean capable of being accomplished in a successful manner within a reasonable period, taking into account economic, environmental, social, and technological factors. The SARWQCB will consider renewal of the Poseidon Permit for the project in 2018 and will be the first in the state to implement the Desalination Amendment.

Finally the California Coastal Commission will then consider approval of a Coastal Development Permit. OCWD is still working on the system integration concepts.

ISSUE BRIEF # F**SUBJECT: Orange County Reliability Projects****RECENT ACTIVITY**

Central Pool Augmentation Project

The intention of the Central Pool Augmentation (CPA) Project is a major water conveyance and treatment system that augments deliveries of potable water to Metropolitan's Central Pool. Water from Lake Mathews would be treated at a new regional treatment plant located at Eagle Valley, and delivered to the Central Pool area through a pipeline and tunnel system extending under the Santa Ana Mountains into Orange County. Metropolitan's Central Pool area is an operational area located in the center of its service territory, comprising all areas served by the Jensen, Weymouth, and Diemer treatment plants.

(Nothing New to Report) Status of the CPA Project

Metropolitan has deferred the CPA Project and placed this project beyond the 25 year time horizon for CIP projects. However, Metropolitan continues to preserve the project's viability by; monitoring activity along the project's proposed alignment including the tunnel portals, maintaining coordination with member agencies to see if water demands increase, and maintaining key right-of-way areas (MET owns the Eagle Valley water treatment plant site).

Orange County Water Reliability Study

MWDOC staff and consultant CDM Smith continue to work on the 2018 OC Reliability Study update which looks at both supply (drought supply) reliability and system (emergency) reliability. The update uses modeling assumptions based on more recently available information on future assumptions for the Colorado River, and State Water Project (SWP). The update looks to include modeling of SWP supplies once the California WaterFix volumes are determined. MWDOC staff will be meeting with MET staff to seek their input on the new modeling.

A final SUPPLY reliability report is expected in the Spring 2018; the SYSTEM reliability report timing is linked to evaluation of the ability of IRWD to expand or extend the existing SOC Interconnection capacity.

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/or Poseidon Water

MWDOC has been discussing concepts for pumping groundwater into the EOCF No. 2 for conveyance to SOC during an emergency event. MWDOC staff had a preliminary discussion with MET senior staff at a February 8th meeting. MWDOC staff will continue this discussion once MET staff have had a chance to review details.

ISSUE BRIEF # H

SUBJECT: South Orange County Projects

RECENT ACTIVITY

UPDATED - Doheny Desal Project

The Department of Water Resources (DWR) released the draft funding awards for the fourth round of Proposition 1 Desalination Grants (Water Desalination Grant Program). 8 projects out of 30 proposals are recommended for funding to receive a total of \$34.4 million of available funds. Doheny is listed as one of three projects to receive \$10 million each for construction funding. Release of Final Funding is scheduled for early March 2018.

GHD is developing a Scope of Work for a 3rd party legal firm to assist with Design-Build-Operate (DBO) contract development. A Request For Proposal (RFP) for 3rd party legal firms is anticipated to be released in early March/April 2018.

The release of the draft South Coast Water District EIR for public comments is anticipated in March 2018 with the final adoption scheduled for June:

- 3/5/18 - 3/30/18 Draft EIR Production
- 4/2/18 - 5/16/18 45 day Public Review Period•
- 5/17-6/15/18 Prepare Final EIR (Response to Comments)
- 6/28/18 South Coast Board Meeting

San Juan Watershed Project

Santa Margarita Water District (SMWD) continues working on the San Juan Watershed Project. Phase 1 is being designed to capture wet and dry weather runoff through the installation of rubber dams along the lower portion of the creek, with subsequent phases looking to introduce recycled water into San Juan Creek.

The Draft Program Environmental Impact Report (PEIR) was circulated for a 65-day public review period, which began December 21, 2017 and ended February 23, 2017.

SMWD Trampas Canyon Recycled Water Reservoir

The SMWD Board held a groundbreaking ceremony for the Trampas Canyon Reservoir in Rancho Mission Viejo on Thursday, February 22, 2018. The project is designed to create 5,000 acre-feet of recycled water storage capacity and will be the largest surface water reservoir in South Orange County.

Other Information on South County Projects:

Expansion of the South County Interconnection Project

An agreement completed in 2006 resulted in an investment by South Orange County (SOC) agencies in the Irvine Ranch Water District (IRWD) system to allow exchanges of water to be delivered by IRWD into SOC under emergency situations. Project capacity was committed by IRWD to move up to 30 cfs of emergency supplies whereas the agreement allows moving up to 50 cfs, not to exceed 3,000 AF per emergency event. In accordance

with the Agreement with IRWD, the monthly emergency capacity committed to the SOC agencies declines over time with zero capacity available in the months of July through September beginning in 2020 and goes to zero in all months by 2030.

A Request for Proposals (RFP) was released on February 23rd, as part of a possible renewal/extension of the SOC Emergency Services Program with IRWD. The RFP is to study the ability/constraints of IRWD's system to move water through their system to SOC agencies into the future.

Once proposals have been received and reviewed by MWDOC and IRWD staff, a recommendation to award a study contract will be brought to the Board for consideration.

MWDOC is also working on other options with OCWD and MET to move groundwater via the EOCF#2 to SOC during emergency events.

Laguna Beach County Water District Groundwater Project with Newport Beach

(Nothing new to report) MWDOC, MET, Laguna Beach County Water District and Newport Beach have been working to activate Laguna Beach County's access to 2,025 AF of groundwater from within the Orange County Water District Basin. Deliveries began in September 2016. MWDOC staff met individually with Laguna Beach County and Newport Beach in August to discuss possible future facility and operational modifications to the MET system as LBCWD now sources some of its supplies from the basin.

A meeting was held on February 8th between staff from MWDOC and senior MET staff to discuss a series of alternatives for CM-1 and the concurrent ability to deliver MET water and groundwater to LBCWD through Newport Beach's water system. MWDOC staff will continue to work with MET staff to identify/explore alternatives

Camp Pendleton Seawater Desalination Project

(Nothing New to Report). San Diego County Water Authority (SDCWA) is studying the feasibility of a desalination project at the southwest corner of Camp Pendleton Marine Corps Base adjacent to the Santa Margarita River. The project is still in the feasibility study stage and SDCWA is conducting geological surveys, analyzing intake options, and studying the effect on ocean life and routes to bring desalinated water to SDCWA's delivery system. Michael Baker International has been retained to conduct the intake study and they are looking to lease the Doheny Mobile Test Facility from MWDOC and the Doheny Desal Participants. The intake study has been postponed until late 2018.

If any agencies would like to have updates included herein on any projects within your service area, please email the updates to Karl Seckel at kseckel@mwdoc.com.

**Summary Report for
The Metropolitan Water District of Southern California
Board Meeting
February 13, 2018**

COMMITTEE ASSIGNMENTS

(Agenda Item 5C)

FINANCE & INSURANCE COMMITTEE

Scheduled a combined public hearing on March 13, 2018, to receive input regarding (1) the proposed water rates and charges for calendar years 2019 and 2020 necessary to meet the revenue requirements for fiscal years 2018/19 and 2019/20, and (2) any Board action on the limit on ad valorem property taxes for fiscal years 2018/19 and 2019/20 pursuant to Section 124.5 of the MWD Act; and directed the General Manager to cause publication of a notice of the public hearing in newspapers of general circulation within Metropolitan's service area, and give written notice to the offices of the Speaker of the Assembly and the President pro tempore of the Senate, at least ten days prior to the hearing. **(Agenda Item 8-1)**

ENGINEERING AND OPERATIONS COMMITTEE

Appropriated \$3.8 million; and awarded \$2,591,576 contract to Canyon Enterprises (dba RSH Construction) for seismic upgrades to the west washwater tank at the Weymouth plant. (Appropriation No. 15369) **(Agenda Item 8-2)**

Appropriated \$2.3 million; and awarded \$985,000 contract to Unispec Construction, Inc. for water quality instrumentation upgrades at the Jensen plant; and authorized increase of \$200,000 to an agreement with Arcadis US, Inc., for a new not-to-exceed total of \$400,000, to provide technical support. (Appropriation No. 15486) **(Agenda Item 8-3)**

CONSENT CALENDAR

In other actions, the Board:

Authorized the General Auditor to enter into a contract for external audit services with the firm of KPMG LLP for annual audits covering the fiscal years ending June 30, 2018 through June 30, 2021. The amount payable under this four-year contract will not exceed \$1,764,900. **(Agenda Item 7-1)**

Appropriated \$1.6 million; authorized final design of physical security improvements at Metropolitan's Headquarters Building; and authorized agreement with IBI Group in an amount not to exceed \$890,000. (Appropriation No. 15499) **(Agenda Item 7-2)**

Appropriated \$1.6 million; and authorized construction to replace four chemical storage tanks at the Jensen plant. (Appropriation No. 15486) **(Agenda Item 7-3)**

Awarded \$378,985 contract to Visionary Builders, Inc. to renovate two houses at Eagle Mountain Pumping Plant. (Appropriation No. 15495) **(Agenda Item 7-4)**

Authorized granting a 30-year road license extension to Painted Hills Wind Developers. **(Agenda Item 7-5)**

Authorized granting a 30-year road license extension to Energy Unlimited LLC. **(Agenda Item 7-6)**

Authorized the General Manager to grant a permanent easement to Southern California Edison. **(Agenda Item 7-7)**

Authorized entering into a settlement agreement in *United States of America vs Abex Aerospace, et al.*, Case No. 2:16-cv-02696. **(Agenda Item 7-8)**

OTHER MATTERS

The Board:

Presented a 25-year Service Pin to Glen Peterson, representing Las Virgenes Municipal Water District. **(Agenda Item 5E)**

Presented a 15-year Service Pin to Chairman of the Board Randy Record, representing Eastern Municipal Water District. **(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>

All current month materials, before they are moved to the Board Letter Archive, are available on the public website here: <http://mwdh2o.com/WhoWeAre/archived-board-meetings>



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

MWD MEETING AGENDA

DRAFT AGENDA

Board Meeting

March 13, 2018

12:00 p.m. – Boardroom

March 13, 2018 Meeting Schedule		
8:30 a.m.	Rm. 2-145	L&C
9:30 a.m.	Rm. 2-456	C&LR
10:30 a.m.	Rm. 2-145	OP&T
12:00 p.m.	Boardroom	Board Meeting

MWD Headquarters Building

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700 N. Alameda Street

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Los Angeles, CA 90012

1. Call to Order

- (a) Invocation: Raha Shirkhani, Assistant Chemist, Water System Operations Group
- (b) Pledge of Allegiance: Keith Lewinger, San Diego County Water Authority

2. Roll Call

3. Determination of a Quorum

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

PUBLIC HEARINGS

- 1. Public hearing to consider whether to continue suspending the tax rate limitations in Section 124.5 of the Metropolitan Water District Act to maintain the ad valorem tax rate for fiscal years 2018/19 and 2019/20
- 2. Public hearing on proposed water rates and charges for calendar years 2019 and 2020 to meet revenue requirements

5. OTHER MATTERS

- A. Approval of the Minutes of the Meeting for February 13, 2018
(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 February 2018
- C. Approve committee assignments
- D. Chairman's Monthly Activity Report

6. DEPARTMENT HEADS' REPORTS

- A. General Manager's summary of activities for the month of February 2018
- B. General Counsel's summary of activities for the month of February 2018
- C. General Auditor's summary of activities for the month of February 2018
- D. Interim Ethics Officer's summary of activities for the month of February 2018

7. CONSENT CALENDAR ITEMS — ACTION

- 7-1** Certify the Supplemental Environmental Impact Report for planned inspections and maintenance of the Foothill Feeder for the purposes of the California Environmental Quality Act; and authorize agreement with the Mountains Recreation and Conservation Authority in an amount not to exceed \$1,121,000 for implementation of conservation actions and long-term management on mitigation lands in Soledad Canyon, Los Angeles County (E&O)

Recommendation:

Option #1:

**Adopt the CEQA determination that the xxxx; and
Xxxxxx.**

- 7-2** Adopt CEQA determination and appropriate \$1.7 million; and authorize: (1) preliminary design of upgrades to the San Gabriel Tower on the Upper Feeder; and (2) agreement with Aspen Environmental Group in an amount not to exceed \$500,000 to provide environmental support (Appropriation No. 15441) (E&O)

Recommendation:

Option #1:

**Adopt the CEQA determination that the xxxx; and
Xxxxxx.**

- 7-3** Adopt CEQA determination and ratify support for Proposition 68 the Parks, Environment, and Water Bond (June 2018) (C&L)

Recommendation:

Option #1:

**Adopt the CEQA determination that the xxxx; and
Xxxxxx.**

END OF CONSENT CALENDAR

8. OTHER BOARD ITEMS — ACTION

- 8-1** Adopt CEQA determination and appropriate \$12.4 million; award \$9,257,483 contract to R.I.C. Construction Company, Inc. to construct an operations and maintenance service center for the Orange County operating region; and authorize increase of \$170,000 to an agreement with La Cañada Design Group, for a new not-to-exceed total of \$517,000 (Appropriation No. 15480) (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the xxxx; and

- a. xxxx**
- b. xxxx**

- 8-2** Adopt CEQA determination and report on existing litigation: Brian May v. Metropolitan Water District of Southern California, Los Angeles Superior Court Case No. BC657802; and authorize an increase in the maximum amount payable under contract for legal services with Atkinson, Andelson, Loya, Ruud & Romo in the amount of \$_____ for a total amount not to exceed \$_____. [Conference with legal counsel--existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)] (L&C)

Recommendation:

Option #1:

Adopt the CEQA determination that the xxxx; and

- a. xxx; and**
- b. xxx.**

9. BOARD INFORMATION ITEMS

- 9-1** Update on Conservation Program
- 9-2** Review of potential modifications and additions to Metropolitan's Conservation Program

10. OTHER MATTERS (cont.)

- 10-1** Review of the Policies, Procedures, and Governance of Metropolitan's Ethics Office [Evaluation of the performance of Ethics Office employees may be heard in closed session pursuant to Gov. Code §54957(b)]

11. FOLLOW UP ITEMS

12. FUTURE AGENDA ITEMS

13. 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.