

WORKSHOP MEETING OF THE  
BOARD OF DIRECTORS WITH MET DIRECTORS  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
18700 Ward Street, Board Room, Fountain Valley, California  
May 2, 2018, 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. 2071)**

**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. ORANGE COUNTY WATER SAVINGS AND WATER USE EFFICIENCY PROGRAM MODIFICATIONS**

*Recommendation: Review and discuss the information presented.*

**3. WATER SUPPLY CONDITIONS UPDATE**

*Recommendation: Review and discuss the information presented.*

**4. CALIFORNIA WATERFIX ACTIVITIES 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 April 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**

May 2, 2018

**TO: Board of Directors**

**FROM: Robert Hunter,  
General Manager**

Staff Contact: Harvey De La Torre  
Melissa Baum-Haley  
Kevin Hostert

**SUBJECT: Orange County Water Savings and Water Use Efficiency Program  
Modifications**

**STAFF RECOMMENDATION**

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

**COMMITTEE RECOMMENDATION**

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This item was not reviewed by a Committee.

**REPORT**

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**Background**

Since June 2014, the State Water Resources Control Board (State Board) has been tracking water conservation for each urban water supplier (those with more than 3,000 connections) on a monthly basis. February 2018 marks the 45<sup>th</sup> month since the State Board began collecting water production data from these urban water suppliers.

The monthly submittal of water usage stems from Governor Brown's Emergency Drought declaration of April 2015. Although the emergency drought was lifted two years later (April 2017) due to well above average snowpack and precipitation, temporary requirements still

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

remained for monthly water use reporting and prohibitions against wasteful water use practices until the State Board develops permanent reporting and wasteful use regulations<sup>1</sup>.

### **State Board Conservation Data**

On April 3, the February 2018 Statewide Conservation Data Fact Sheet (Fact Sheet) was released. Table 1 presents the water savings by Hydrologic Region. Overall, February 2018 water savings by hydrologic region ranged from -5.8 percent to 17.5 percent. Average water savings in nine out of ten hydrologic regions were down in February 2018 compared to February 2017. In three regions, including the South Coast region, water production exceeded the 2013 production.

Table 1. Water Savings by Hydrologic Region

Hydrologic Region	Feb 15	Feb 16	Feb 17	Feb 18
Central Coast	8.8%	20.7%	27.0%	4.3%
Colorado River	-0.9%	17.9%	23.2%	2.6%
North Coast	7.4%	14.4%	14.7%	9.0%
North Lahontan	11.9%	23.2%	16.8%	17.5%
Sacramento River	14.1%	20.6%	24.7%	9.1%
San Francisco Bay	8.0%	18.3%	20.8%	6.8%
San Joaquin River	13.6%	17.1%	23.2%	4.5%
South Coast (Region)	-2.6%	6.9%	27.1%	-5.8%
South Lahontan	3.4%	13.1%	22.9%	-5.4%
Tulare Lake	9.9%	17.2%	22.3%	-1.0%
<b>Statewide Savings</b>	<b>2.5%</b>	<b>11.9%</b>	<b>25.1%</b>	<b>-1.0%</b>

[https://www.waterboards.ca.gov/water\\_issues/programs/conservation\\_portal/docs/2018apr/fs040318.pdf](https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/docs/2018apr/fs040318.pdf)

At the April 10, 2018 Metropolitan Board discussion leading up to the action on Water Use Efficiency Program modifications, statements were made these numbers show a stark picture that conservation savings have diminished. Some have gone so far as to characterize the last three months (Dec-17 to Feb-18) as an indicator that water use-behavior has returned to the pre-drought norm. For this reason they stated there should be a call for renewed aggressive conservation to maintain water savings achieved during the emergency drought.

***The purpose of this report is to highlight factors that should be considered when reviewing the monthly Fact Sheets and whether the February 2018 data is a true reflection of a shift in the water savings trend.***

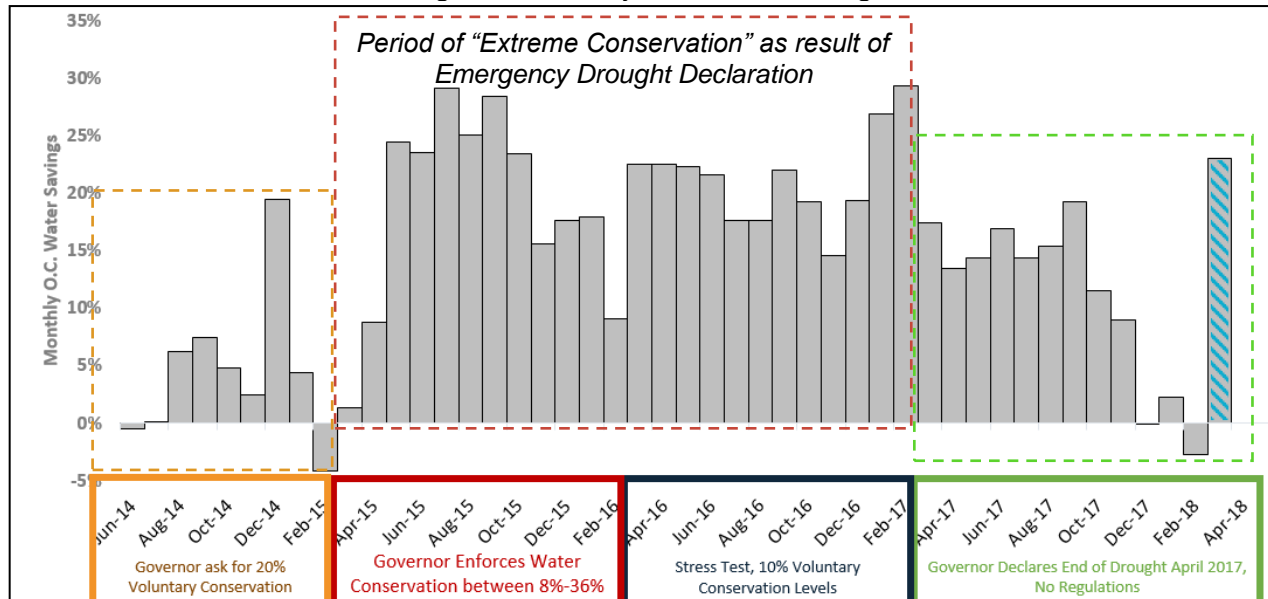
### **Orange County's Water Saving**

Figure 1 illustrates Orange County's water saving percentages since the Governor's ask for 20% voluntary conservation in July 2014. The water savings metrics for the past three months (Dec-17 to Feb-18) initially appear remarkably different than the water savings trends we observed these past three years. Figure 1 illustrates the water savings trends in

<sup>1</sup> These temporary requirements remained in effect until November 25, 2017, when the emergency regulation expired.

O.C. based on level of conservation enforcement as a result of the emergency drought declarations.

Figure 1. Monthly OC Water Savings

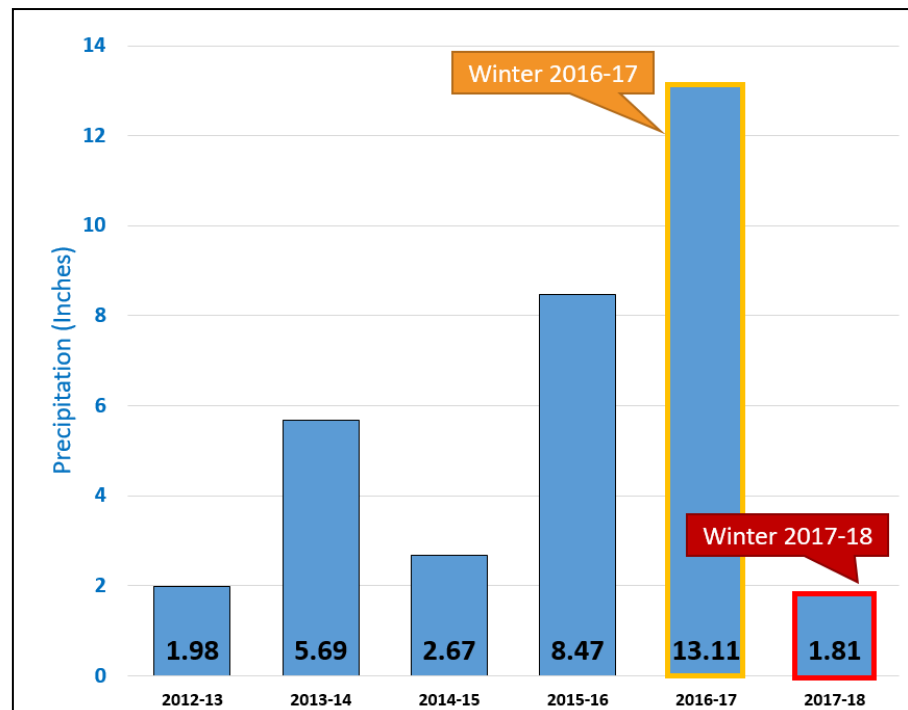


However, before we concede to the notion that all the water savings are gone, there are number of factors that should be considered when reviewing these monthly fact sheets:

- Baseline:** The State Board water saving analysis compares current monthly water use to that of 2013 rather than the ten-year baseline established through the Water Conservation Act of 2009 (SBx7-7) that stemmed from the Governor's goal to achieve a 20 percent statewide reduction in urban per capita water use by 2020 (20x2020). It should be noted, by 2013 Orange County had already met its SBx7-7 water savings target. Even when removing the recycled water credits embedded within the SBx7-7 calculation, by 2013 Orange County's gross water use was well below the SBx7-7 baseline.
- Annual Weather Variation:** The residential per capita data presented by the State Board is not weather normalized. This means that simply comparing the same month year after year does not account for weather variations from one year to the next. Further, residential water use is highly temperature and precipitation sensitive because nearly half of residential water use is outdoor landscape irrigation. For example, over the last five years, the month of February has fluctuated from cool/wet to hot/dry (Figure 2), indicating the difficulty in determining an overall trend without accounting for the weather impacts.

Furthermore, Figure 1 also includes a projection for March 2018 water savings, with a water savings estimated to be above twenty percent; a reverse trend than the three months prior. The same confounding factors which influenced February's savings decline can be explained for the increase in March's savings.

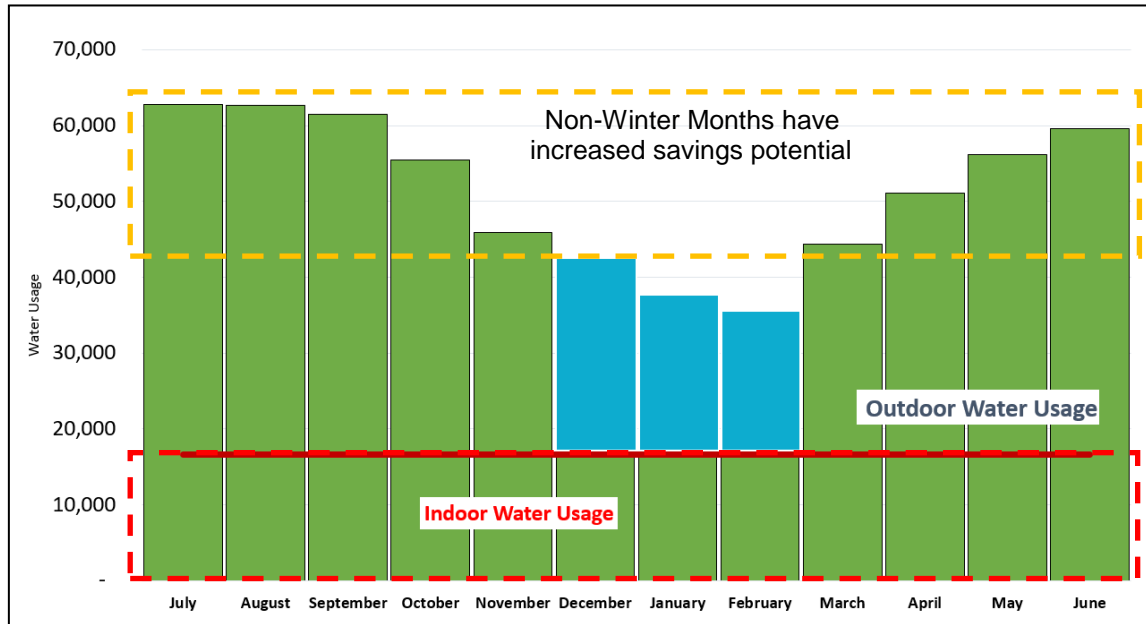
Figure 2. OC Winter (Dec-Feb) Precipitation



- Seasonal Influence of Savings Potential:** Beyond the differences from year to year, the seasonal weather has a significant effect on the amount of water needed to maintain landscapes. During winter months, due to plant growth patterns landscape-water needs are minimal, additionally, this is our “wet season.” Conversely, the warmer and drier summer months correlate with the months of peak plant-water needs, and therefore an increased need for supplemental irrigation.

While most of the fixed water demand is indoors and based on household occupants, outdoor demand is considered seasonally variable (Figure 3). Further, outdoor demand is both laden with inefficiencies allowing it to be more easily modified than indoor use. For example, you can water less without initial detrimental impacts to the landscape. During the months with increased plant-water need, because there is a greater percentage water used outdoors, there is also increased demand elasticity. This is evidenced by larger savings occurring within the non-winter months. ***Therefore, winter months (i.e. Dec-Feb) savings are more difficult to achieve than savings in non-winter months.***

Figure 3. Monthly Water Use (2013)



- **Water Demand Rebound:** Finally, there should be some natural demand rebound or “bounce-back” in water use compared to the savings in the height of the drought, in particular when residents find conditions have improved and when messaging has tapered. Some level of demand rebound can be viewed as beneficial as the elasticity within residential water use would allow for extreme conservation again in future times of emergency.

For this reason, conservation and WUE can be defined differently. Conservation is a short-term water use behavior modification strategy for demand management which is implemented during times of emergency (e.g. extreme droughts) whereas WUE results in long-term water saving from lifestyle change. WUE encompasses passive (e.g. code-based) and active (e.g. incentive-based) savings.

MWDOC’s Orange County Reliability Study considered the extraordinary conservation that results from mandatory restrictions on water use during extreme droughts. In droughts past, this type of extraordinary conservation has completely dissipated once water use restrictions were lifted—in other words curtailed water demands fully “bounced back” (returned) to pre-curtailment use levels (higher demand levels, within a relatively short period of time (1-2 years). However, because of the unprecedented nature of the last drought, the statewide call for mandatory water use restrictions, and the success of turf removal incentives the OC Reliability Study assumed the bounce back in water use after water use restrictions are lifted would take 5 years to get to 85 percent and 10 years to get to 90 percent of pre-drought water use levels. After 10 years, it was assumed that residential use would remain at 90 percent of pre-drought use levels due to the influence of WUE.

In summary, when reviewing the State Board’s monthly Fact Sheets, ***it is important to consider that the water savings presented is influenced by a number of confounding***

***factors such as temperature/precipitation and seasonal savings opportunities.***

Therefore, looking at a short-term snapshot may not be indicative of long-term trends.

### **Next Steps in Water Use Efficiency**

There is still a continued need for long-term passive and active WUE as this is needed strategy to achieve the 180 TAF water savings target as described within Metropolitan's 2015 Integrated Water Resource Plan (IRP). New or more aggressive implementation of existing active WUE measures are intended to assist in meeting the IRP water savings target.

Over the past several months, the Metropolitan Board has been discussing WUE program modifications and refinements based on lessons learned along with recommendations from the Alliance for Water Efficiency Peer Review.

At the April 10 Board Meeting, the Metropolitan Board approved the following WUE Program modifications and additions:

- Regional Landscape Transformation Program (New)
- Professional Landscape Training (New)
- Expanded Member Agency Administered Program
- Extended Public Agency Landscape Program

**Attachments: Orange County Water Savings and MET Water Use Efficiency Program Modifications (presentation slides)**





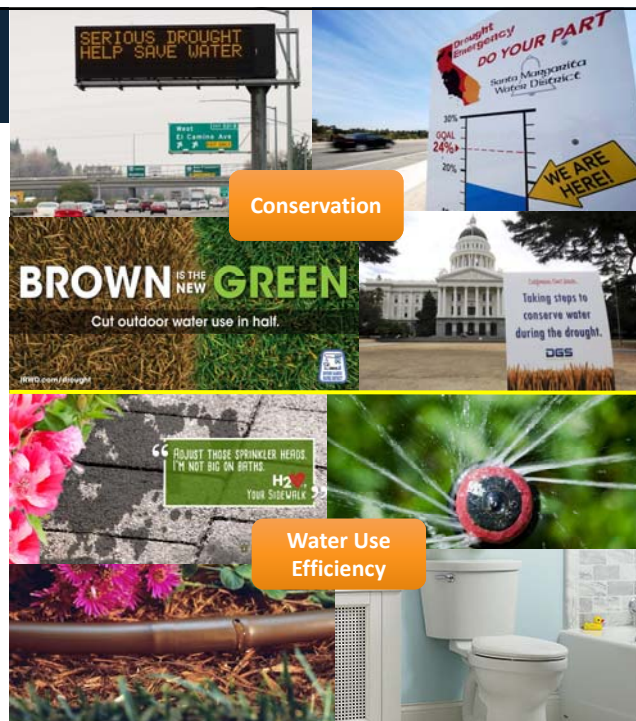
## Conservation vs. Water Use Efficiency

### Conservation

Conservation is a short-term water use behavior modification strategy for demand management which is implemented during times of emergency (e.g. extreme droughts)

### Water Use Efficiency

WUE results in long-term water saving from lifestyle change. WUE encompasses passive (e.g. code-based) and active (e.g. incentive-based) savings.



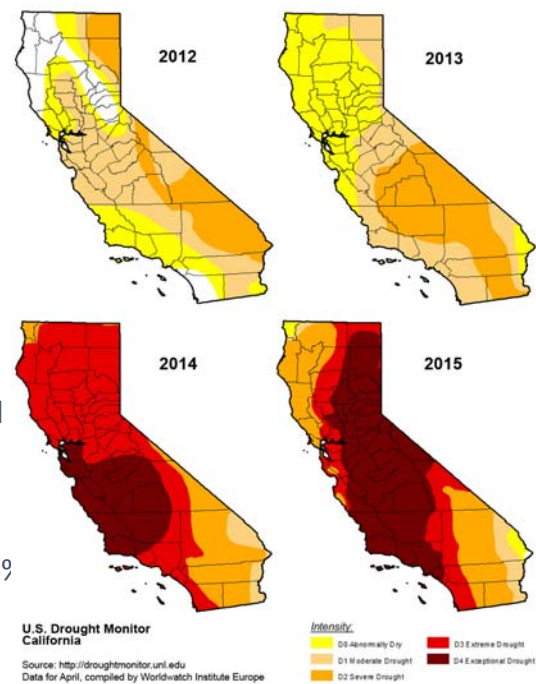
## Drought Regulation Timeline

**Early 2012** – Start of the California Drought

**April 2014** – Considered the most severe Dry Year in 1,200 years according to tree ring studies

**July 2014** – Governor Brown ask for Voluntary 20% cutback, and report water usage to the State Control Board

**April 2015** – 4<sup>th</sup> consecutive dry year with Northern Sierra snowpack only at 5% of Normal. Governor Brown requires all water retailers to conserve 4%-36% compared to water usage in CY 2013.

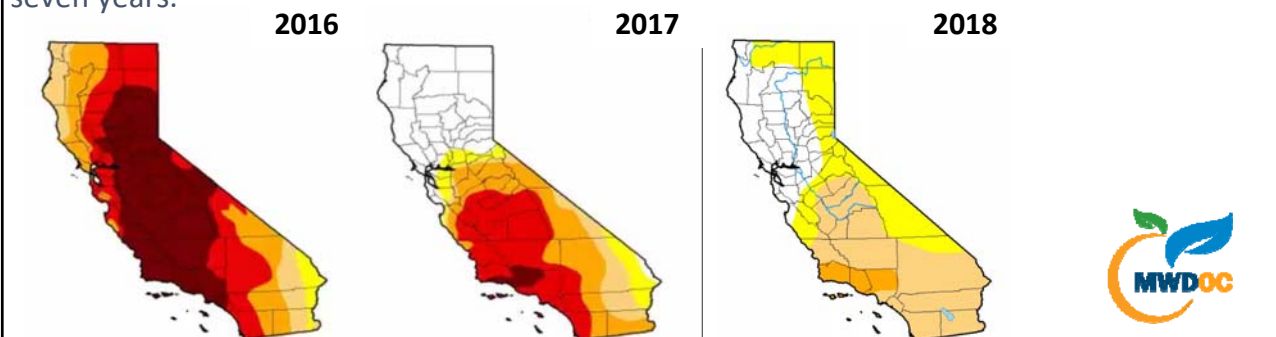


## Drought Regulation Timeline (cont.)

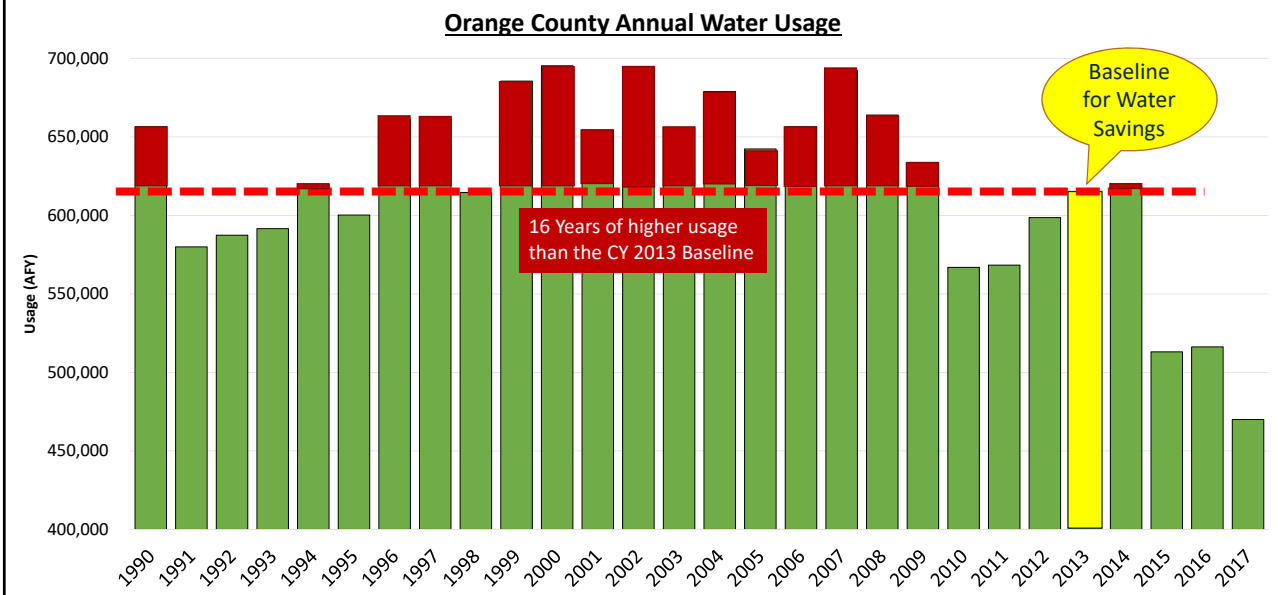
**June 2016** – After improved hydrological conditions in Northern California the state modifies conservation regulation to the “stress test” for each individual agency.

**April 2017** – following a historic wet year, the Governor declares an end to the drought emergency, and all water conservation is voluntary but agencies still report usage to the State Control Board .

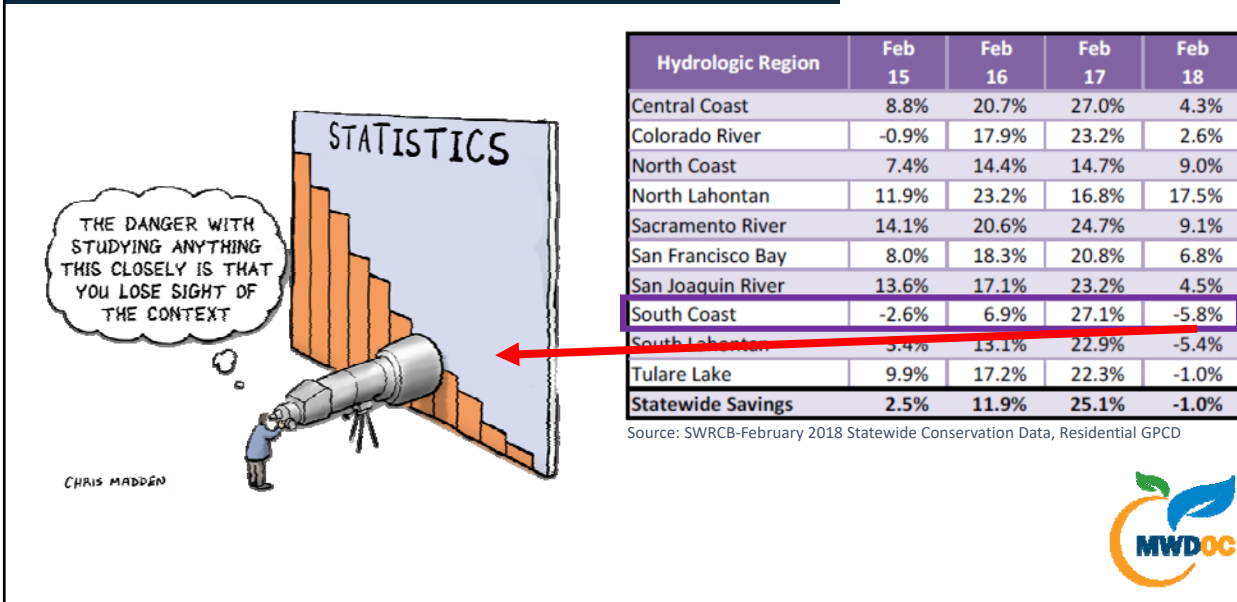
**February 2018** – Warm/Dry conditions return to Southern California for a six time in seven years.



## CY 2013 Baseline Year



## State Water Resource Control Board – February 2018 Water Savings

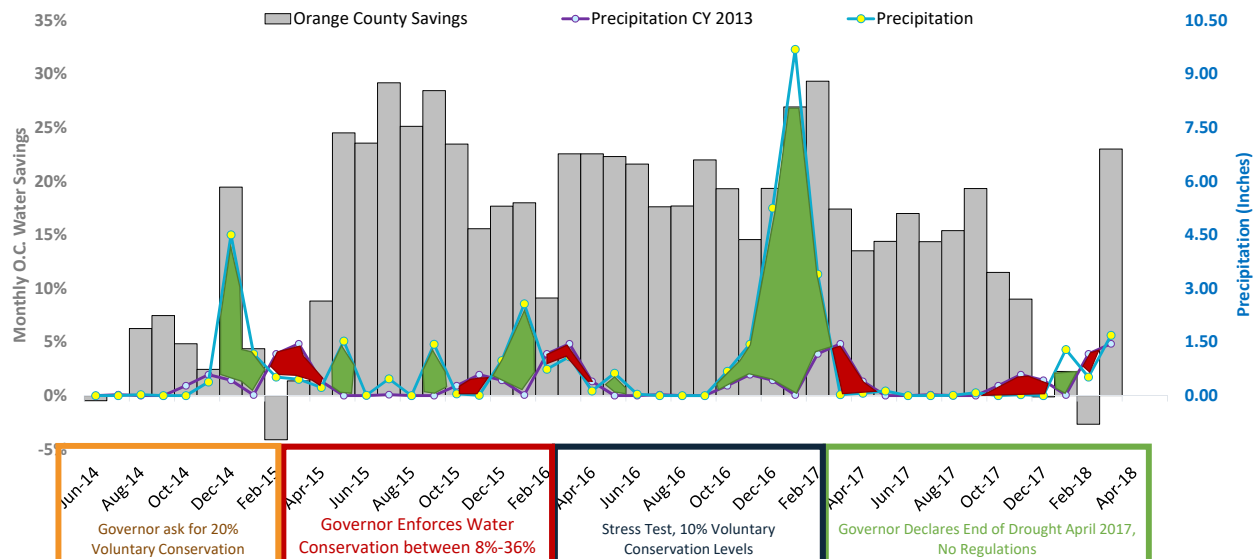


# Historic O.C. Water Saving

\*Winter months that see more precipitation than in CY 2013 Winter months **provide great opportunities** for water savings.

\*Winter months that see less precipitation than in CY 2013 Winter months **provide challenges** for water savings.

## Orange County Water Savings vs. Precipitation

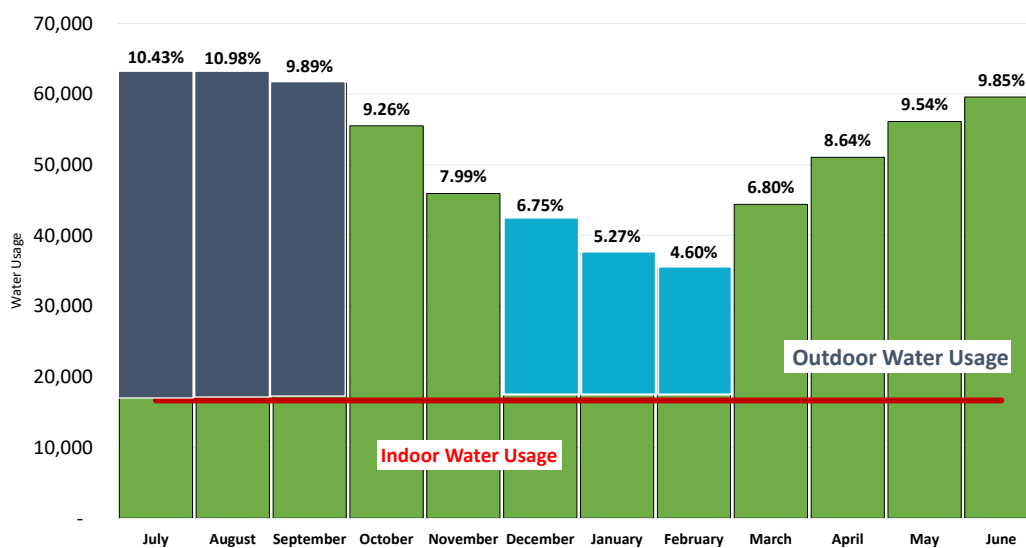


# Winter vs. Summer Savings Potential

## Summer Months

Provide greater opportunities for Savings

## CY 2013 Orange County Total Monthly Water Usage





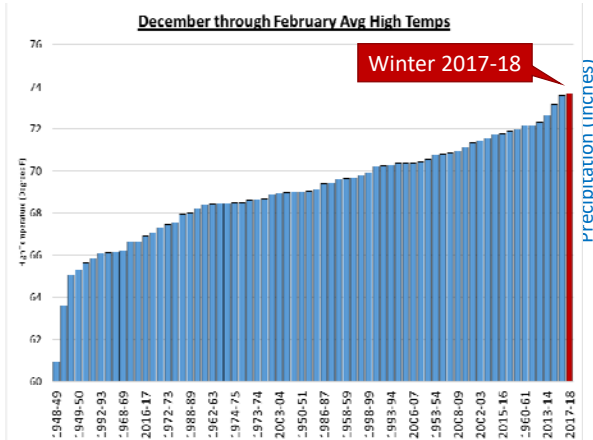
# Precipitation & Temperature

## Lack of Precipitation

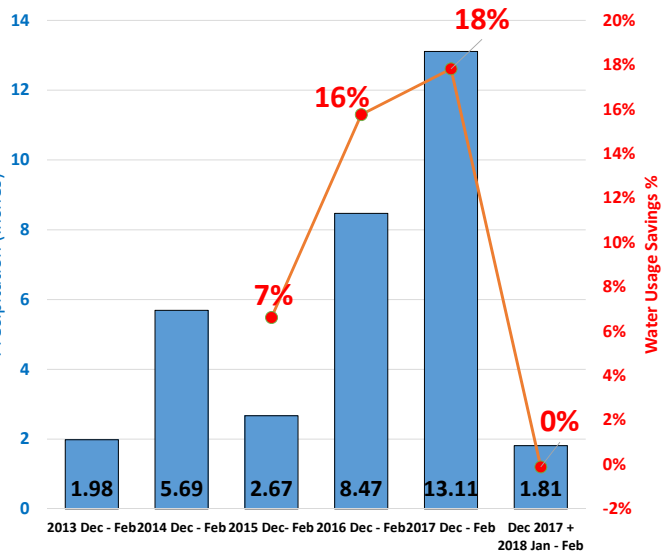
-Dec 17 through Feb 18 was 5<sup>th</sup> driest period in 110 years

## High Temperatures

-Dec 17 through Feb 18 was warmest period on record.



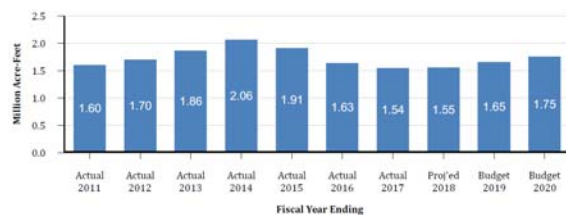
## O.C. Water Savings vs. Precipitation



# “Bounce-back”

## MWD

Is projecting a bounceback in the future water sales.

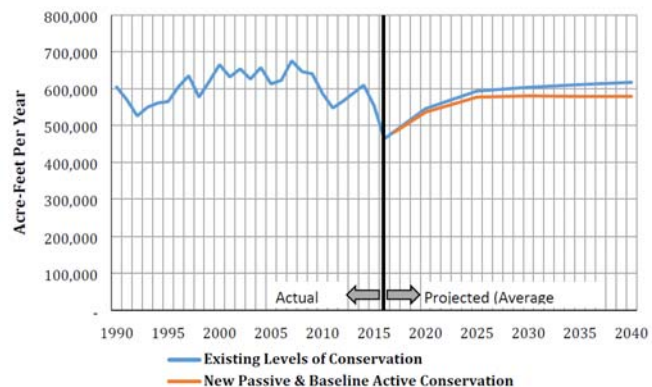


## Total Orange County

	With Conservation Demand				
	SF AFY	MF AFY	CII AFY	Non Rev AFY	Total AFY
2020	206,207	116,451	179,770	33,893	536,321
2025	219,260	126,583	194,945	36,470	577,257
2030	219,537	127,575	196,848	36,688	580,647
2035	218,283	128,086	196,082	36,596	579,047
2040	217,349	129,087	196,144	36,610	579,189

## MWDOC

Is projecting a bounce back in the Orange County Reliability Study.



## Summary

- Need to be careful in using a “single data point” to explain a trend
- Precipitation/Temperature contribute greatly to water usage (See March 2018 projected water savings)
- In the past 45 months, savings have only been lower than 2013 four times (June 2014, Feb 2015, Dec 2017, Feb 2018)
- Summer 2018 usage reports will be a better indicator of how we are performing
- Shifting from Mandatory Conservation to Promotion of WUE will naturally create a “Bounce-back”



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WUE Program Modifications

## Annual Conservation Credits Program Budget FY 2018/19 & FY 2019/20



Program Component	Targeted Expenditures*
Landscape Transformation	\$17 M
Regional Devices	\$13.5 M
Member Agency Administered	\$5.5 M
Advertising	\$5 M
Other**	\$2 M
<b>Total</b>	<b>\$43 M</b>

\*Values include admin fee when appropriate

\*\*Other includes research, classes, surveys, etc

Subject to budget approval

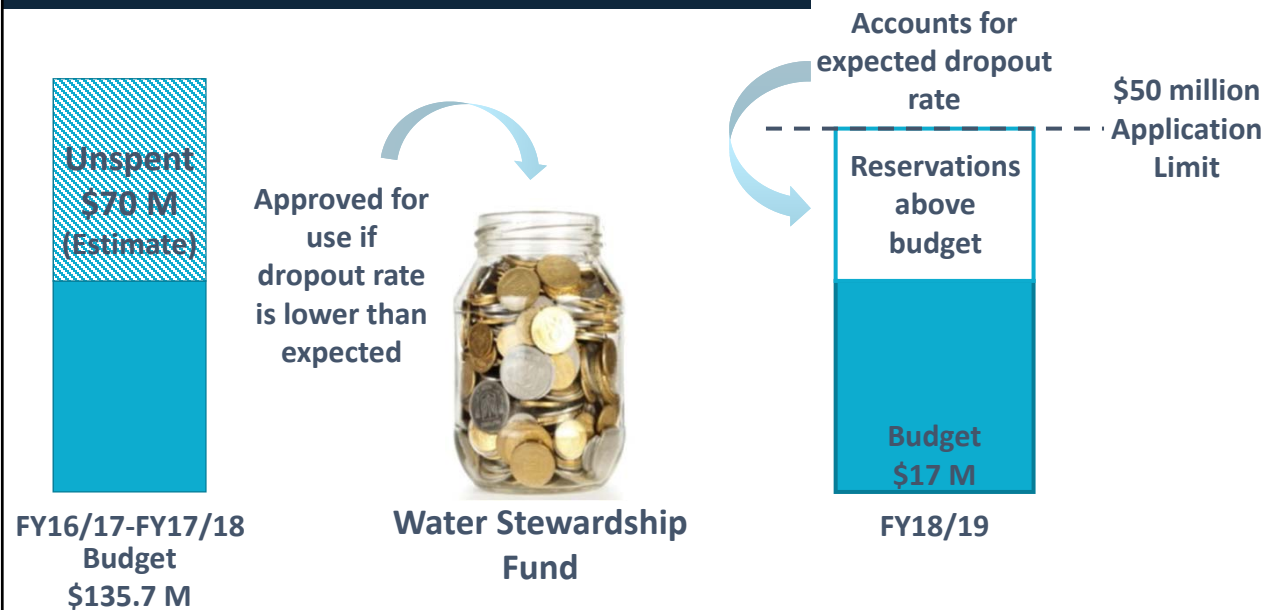


## Conservation Credits Program Modifications & Additions

- 💧 Regional Landscape Transformation Program
- 💧 Professional Landscape Training
- 💧 Expand Member Agency Administered Program
- 💧 Extended Public Agency Program
- 💧 Disadvantage Communities

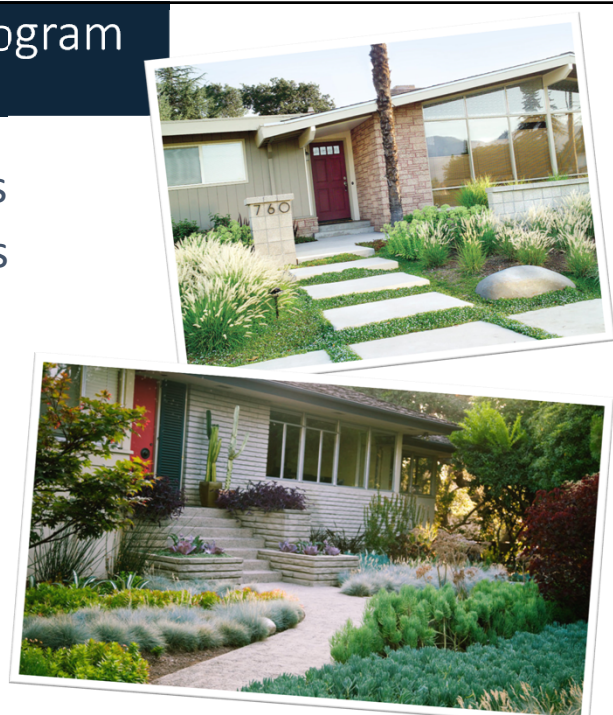


## Landscape Transformation Program Budget Management



## Landscape Transformation Program Modifications and Controls

- 💧 Project square-footage caps
- 💧 Completion time – 180 days
- 💧 No Receipt submission
- 💧 Supplemental funding not limited
- 💧 Front yard “first” approach





## Conservation Credits Program Modifications & Additions



- 💧 Regional Landscape Transformation Program
- 💧 Professional Landscape Training
- 💧 Expand Member Agency Administered Program
- 💧 Extended Public Agency Program
- 💧 Disadvantage Communities – To be determined

Previously there was no mechanism to pay for local training programs

Can utilize the Member Agency Administered Allocations for Programs like the MWDOC Landscape Design Assistance

## Conservation Credits Program Modifications & Additions



- 💧 Regional Landscape Transformation Program
- 💧 Professional Landscape Training
- 💧 Expand Member Agency Administered Program
- 💧 Extended Public Agency Program
- 💧 Disadvantage Communities – To be determined





INFORMATION ITEM

May 2, 2018

TO: Board of Directors

FROM: Robert Hunter, General Manager

Staff Contact: Kevin Hostert

SUBJECT: WATER SUPPLY CONDITION UPDATE

STAFF RECOMMENDATION

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

REPORT

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The Northern California accumulated precipitation (8-Station Index) is reporting **38.5 inches or 85% of normal** as of April 22. In the month of April 2018, accumulated precipitation reached 4.6 inches, which is **0.7 inches above normal** compared to the historical average. The Northern Sierra Snowpack peaked at 12.3 inches on April 1<sup>st</sup>, which is **43% of normal**. Lake Oroville storage has significantly improve since the month of March seeing an increase in volume of 850 thousand acre feet. The San Luis Reservoir has a current volume of 89% of the reservoirs total capacity.

The Department of Water Resources (DWR) has recently made an increase to State Water Project (SWP) "Table A" allocation to 30%. This allocation provides Metropolitan with approximately 0.57 MAF 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 April 15, 2018, snowpack measured at 74% 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 that there is about a 17% chance of a shortage on the Colorado River in 2019, increasing to about 49% in 2020. Attached is a presentation on Water Supply Conditions as of April 25, 2018. MWD OC staff may provide a revised presentation at the May 2<sup>nd</sup> meeting to include any recent changes in data.

Attachment: Water Supply Conditions (presentation slides)

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



## Water Supply Conditions

Kevin Hostert, Water Resources Analyst  
Municipal Water District of Orange County

May 2<sup>nd</sup> 2018



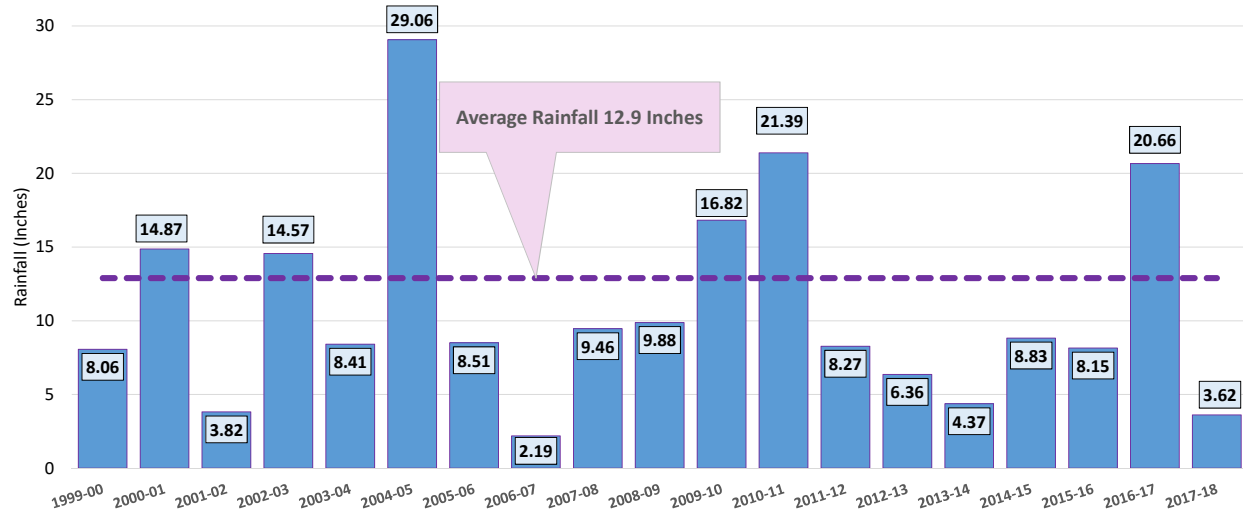
## Orange County Weather and Water Supply Conditions

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

## Santa Ana Precipitation



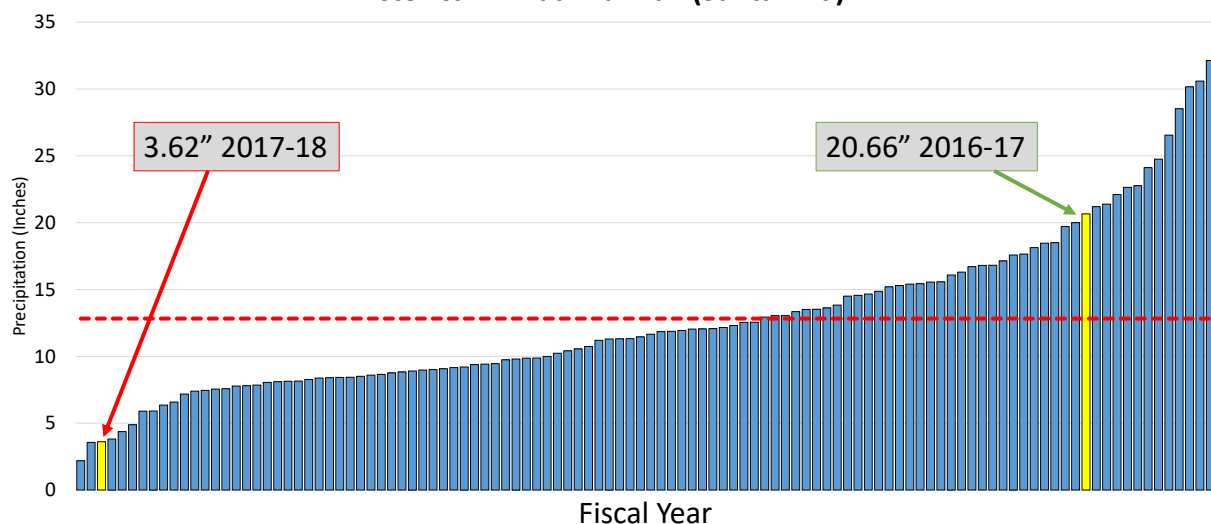
Santa Ana Annual Precipitation Statistics (Fiscal Year July-June)



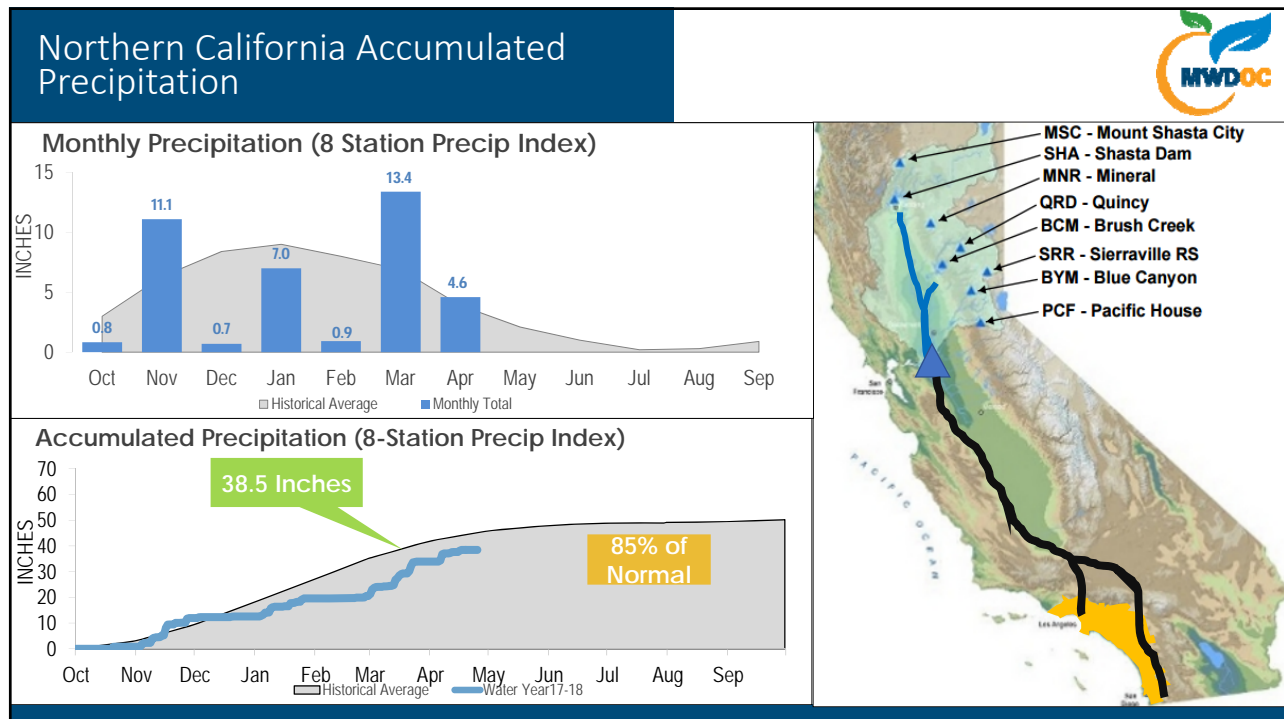
## Santa Ana Precipitation

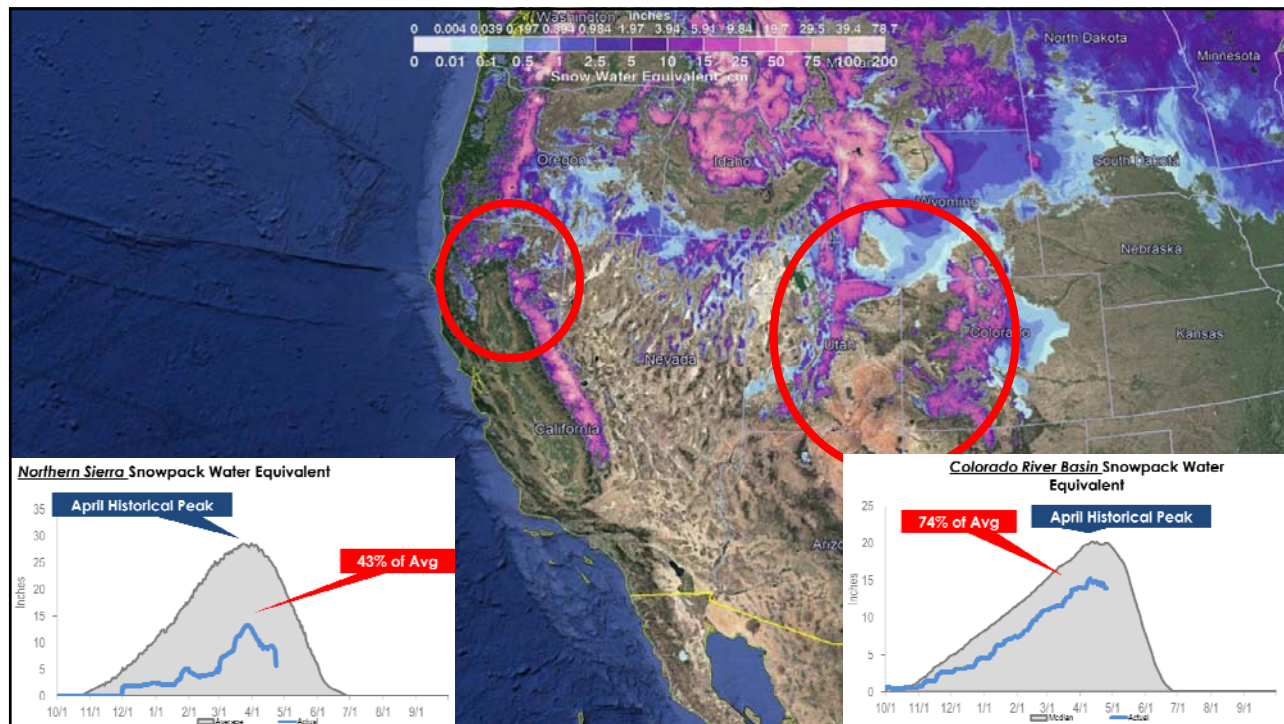


**Historical Annual Rainfall (Santa Ana)**







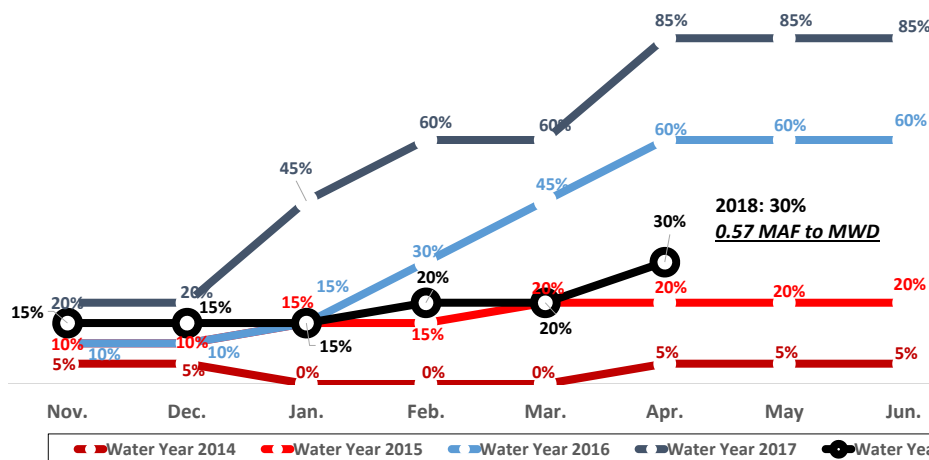


## SWP 2018 Table A Allocation



### SWP TABLE A ALLOCATION

FOR STATE WATER PROJECT CONTRACTORS



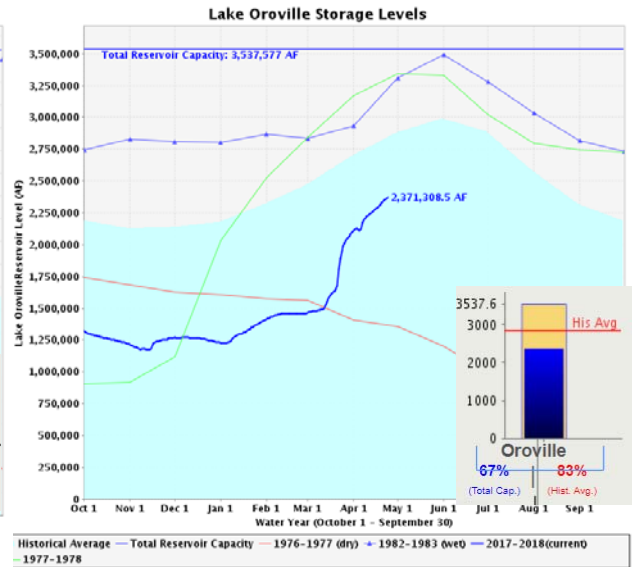
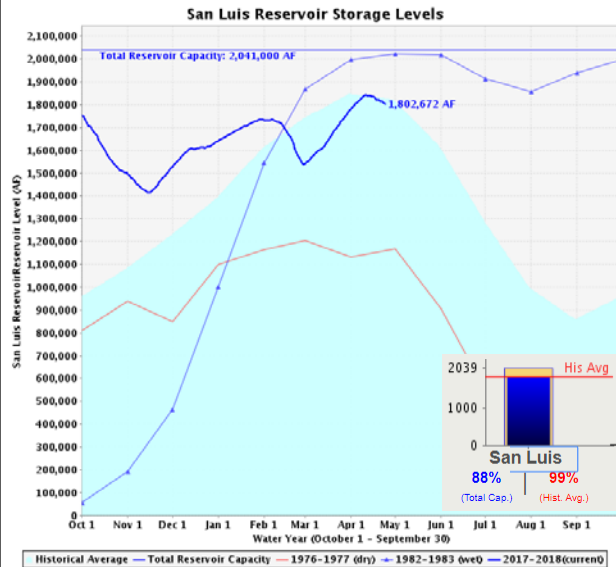
**Final 2017: 85%**  
1.62 MAF to MWD

**Final 2016: 60%**  
1.15 MAF to MWD

**Final 2015: 20%**  
0.38 MAF to MWD

**Final 2014: 5%**  
0.09 MAF to MWD

## SWP Storage Levels



## CRA Storage Levels

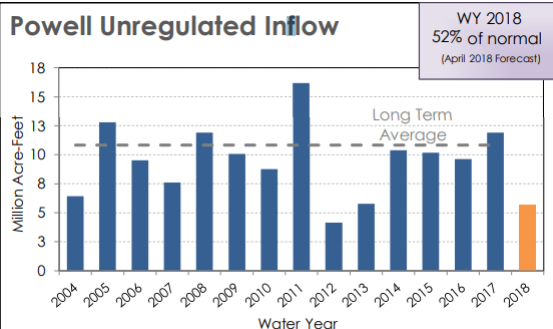


### Lake Mead Shortage/Surplus Outlook

	2018	2019	2020	2021	2022
Shortage	0%	17%	49%	58%	63%
Surplus	0%	0%	1%	5%	8%

Likelihood based on results from the January 2018 USBR MTOM CRSS model run.

### Powell Unregulated Inflow





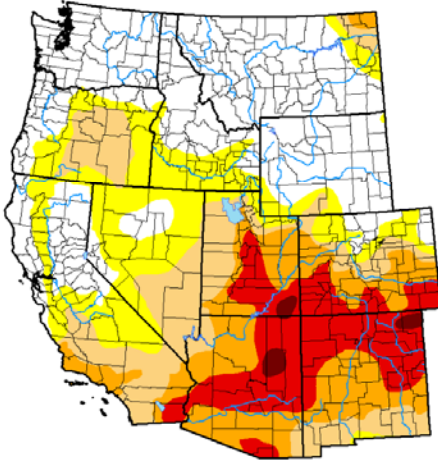
# Drought Conditions



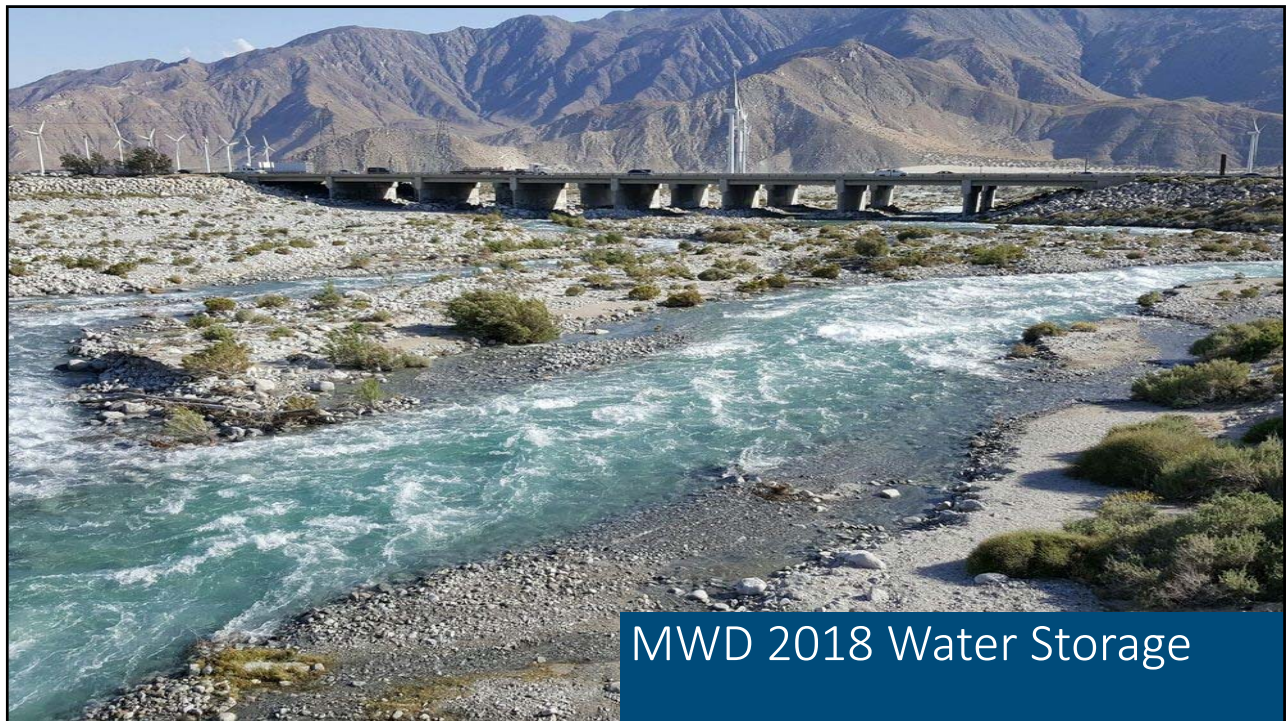
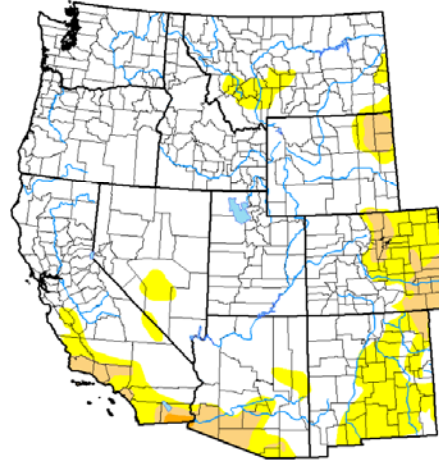
## Drought Classification

None D0 (Abnormally Dry) D1 (Moderate Drought) D2 (Severe Drought) D3 (Extreme Drought) D4 (Exceptional Drought)

April 2018



April 2017



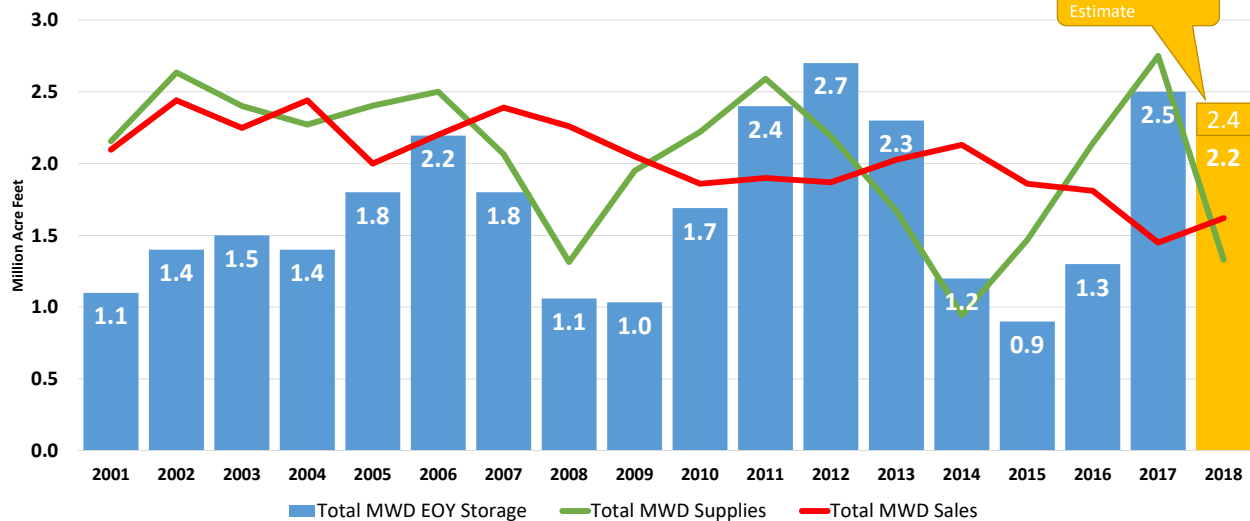
MWD 2018 Water Storage



## MWD 2018 Estimated Water Storage



**MWD Historical Demand VS Supplies**



## Water Supply Conclusions



- Accumulated Precipitation is **slightly below** the historical average in Northern California. Northern California Snowpack is **well below average**.
- Precipitation in Southern California is **well below average** for the 2017-18 water year. **Below average precipitation** has occurred **6 of the last 7 years**.
- Key State/Federal Reservoirs Levels are **at or above the historical averages** (excluding Lake Oroville).
- Table A allocation is at **30%**, which is about **0.57 MAF** of water to MWD.
- Drought conditions have strengthen this year but are still relative weak compared to the last drought.
- The Colorado River System is still in **decline** and Lake mead could possibly see a shortage trigger at the start of CY 2020.



**DISCUSSION ITEM**

May 2, 2018

**TO: Board of Directors**

**FROM: Robert Hunter,  
General Manager**

Staff Contact: Harvey De La Torre  
Melissa Baum-Haley

**SUBJECT: CALIFORNIA WATERFIX ACTIVITIES UPDATE**

**STAFF RECOMMENDATION**

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

**COMMITTEE RECOMMENDATION**

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This item was not reviewed by a Committee.

**REPORT**

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In a historic action, 58 years after the original State Water Project vote, on April 10, 2018 the Metropolitan Water District of Southern California Board of Directors voted to finance the California WaterFix at the full project (2 tunnel) level. The vote passed with 60.83% in favor, including all Orange County, as well as delegates from all other agencies and cities aside from Los Angeles, San Diego County Water Authority, Santa Monica, San Fernando.

The Board vote was precluded by more than two and a half hours and over 70 public comments, followed by comments by nearly all Metropolitan Directors.

The full action approved the following:

- Adopt Resolutions authorizing the General Manager to participate, support and fund additional financing and funding arrangements of California WaterFix up to a 64.6 percent share of overall California WaterFix capital costs;

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

- Amend the General Manager's existing authorization to execute Joint Powers Agreements forming the Construction and Financing JPAs to allow for governance structures commensurate with member participation;
- Authorize funding of up to \$86 million for further contributions for study, review, planning, engineering, design, and other preconstruction capital costs for the California WaterFix subject to a reimbursement agreement with DWR acceptable to the General Manager and General Counsel that provides for repayment upon DWR's first bond issuance; and
- Authorize the General Manager to negotiate draft terms and conditions for one or more multi-year transfers of State Water Project water supplies.

The fiscal impact of the approved action in present value costs (2017 dollars) would be Metropolitan's 64.6-percent investment (\$10.8 billion) of total project costs (\$16.7 billion capital cost for construction and mitigation). The increment rate increase from this action is projected at 2.2% per year, over 15 years. This resulting in approximately \$303/AF of an average cost increase to MET or up to \$4.80/month per household that relies on half of its water supply from MET. However, this financial impact can be reduced with other SWP or CVP Contractors purchasing or utilized MET's capacity. The interest acquired through MET's additional investment would generate future revenues from the delivery or wheeling of water supplies to other water contractors (i.e. CVP, which would offset a portion or all of the fiscal impact of this action).

This action promotes the goal in Metropolitan's 2015 Integrated Regional Plan Update to ensure reliability of SWP supplies, to pursue a successful outcome of the California WaterFix, and to establish dependable and stable long-term average State Water Project supplies. This action also meets all of the Delta Conveyance Criteria adopted by the Board in 2007.

### **Ongoing Activities**

Ongoing activities include the development of the Design and Construction Authority (DCA) and Finance Joint Powers Authorities (JPA), remaining permitting and approvals, and follow-up actions with the Metropolitan Board. The estimated timing for these activities are denoted in Figure 1.

The purpose of the DCA JPA under contract with the Department of Water Resources is to design, construct, and deliver CA WaterFix facilities on time, on budget, and in accordance with approved specifications.

The proposed governing board of the DCA JPA will be made up of five members:

- Metropolitan (SWP share)
- Metropolitan (non-SWP share)
- Kern County Water Agency
- SWP Contractor at Large
- Santa Clara Valley Water District

Across both the DCA JPA and Finance JPA, Metropolitan will have three appointees and three alternates. The Metropolitan appointees are proposed to be Board members, and the alternatives will be MET staff. While the proposed voting structure of the DCA JPA will be

equitable amongst the five members (one vote per member), the Finance JPA is intended to be weighted votes based on each member's investment share.

**FIGURE 1: California WaterFix Timeline**



Metropolitan is also initiating outreach on the efforts to explain what this decision means for local communities as well as the six-county Southland region as a whole.

A letter from the Metropolitan Board Chairman Randy Record to Elected Official leaders throughout the Metropolitan Service area (See Attachment 1), highlights the role Metropolitan will play in the CA WaterFix, the estimated cost and its importance to maintaining our State Water Project supplies. The letter also reiterates Metropolitan's commitment to investing in conservation and local resources, which are essential for meeting future demands.

Additionally, Metropolitan has produced a new fact sheet on the investment decision, costs, benefits and next steps for the important project (See Attachment 2).

**Attachments: (1) Metropolitan Chairman Record Letter, April 19, 2018**

**(2) Fact Sheet - CA WaterFix Project Implementation**



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

*Office of the Board of Directors*

April 19, 2018

The Honorable Linda Northrup, Council Member  
City of Agoura Hills  
30001 Ladyface Court  
Agoura Hills, CA 91301

Dear Council Member Northrup:

Southern California water leaders recently made a historic investment decision to modernize the statewide water delivery system that brings us 30 percent of our water supply from Northern California through the Sacramento-San Joaquin Delta. The April 10 action by The Metropolitan Water District of Southern California (Metropolitan) was perhaps our most important decision since Metropolitan committed to help build the State Water Project (SWP) back in 1960.

I wanted to reach out to you to explain what this decision means for your community and for the six-county Southland region as a whole. Our goal at Metropolitan is to ensure a reliable water supply for decades to come through the most affordable and environmentally responsible means possible. I believe this investment in the water system is necessary to prevent a far more expensive, disruptive water future that would result if we lose the ability to rely on this Northern California supply due to climate change and other natural risks.

For more than a decade, Metropolitan has been working collaboratively with state and federal agencies and other stakeholders to find a lasting solution to the water system and ecosystem challenges in the Sacramento-San Joaquin Delta. The ecosystem restoration strategy is being advanced through a process known as California EcoRestore. The water system solution, known as California WaterFix, calls for building new intakes in the north Delta and a twin tunnel pipeline system to transport the supply under the Delta to the existing SWP aqueducts that carry the water south. The state has recognized since the SWP's inception that a system with northern diversions would help establish more natural flow patterns and protect the quality of public water supplies. California WaterFix would make this a reality.

Metropolitan had hoped that farmers who also import water supplies through the Delta via the federal Central Valley Project would be ready today to invest with the State Water Contractors in California WaterFix. While they are not prepared to invest at this time, when I talk to them, many say they want this project to move forward and want to continue to work with us.

The Brown Administration considered staging the project in order to lower the cost of the initial construction. But, both the Governor and the Metropolitan Board came to the same conclusion: only by moving forward with the full project will it have the best chance to succeed. So, the Metropolitan Board decided to invest in nearly 65 percent of the project to help ensure it happens and to protect the existing investment in the SWP. In the coming years, this could eventually increase the estimated cost per household in Metropolitan's service area up to an average of \$4.80 per month, via the retail water agencies and cities that serve those customers. Communities that receive little or no imported water from Metropolitan won't see much change in their current water bills as a result of this decision but will benefit from the added insurance of a more reliable regional water supply. Those that depend primarily on Metropolitan water will shoulder a higher portion of the cost. I am convinced California WaterFix is well

worth the investment compared to replacing 30 percent or more of Southern California's water supply source over time, and is the most prudent means of providing rate stability.

Decisions by other water agencies in Silicon Valley and Kern County lie ahead, as well as a permit decision by the State Water Resources Control Board. But the Metropolitan vote moves California WaterFix much closer to reality. We need a reliable system to deliver our Northern California supply as our other source of imported water, the Colorado River, is fast approaching shortage conditions. And our commitment to advancing more local water projects and more conservation remains as strong as ever. We need to make all of these investments to deal with the challenge of climate change and to ensure we don't face a water supply crisis like Capetown. Furthermore, high-quality water from Northern California helps to promote cost-effective local recycled water projects and provide a supply to help replenish local groundwater basins in our region.

Our work is not done, particularly here at home with local supply and conservation efforts. I thank you for your leadership and urge you to contact me at [ChairmanoftheBoard@mwdh2o.com](mailto:ChairmanoftheBoard@mwdh2o.com) or call me at (213) 217-7727 if you want more information on California WaterFix and its status.

Sincerely,

  
Randy A. Record



# MODERNIZING THE SYSTEM: CALIFORNIA WATERFIX – PROJECT IMPLEMENTATION

## Overview



About 30 percent of the water that is used by Southern California homes and businesses flows through the Sacramento-San Joaquin Delta.

But aging infrastructure and the declining health of the Delta ecosystem threaten the reliable delivery of water supplies to Southern California and much of the state.

California WaterFix will improve the state’s water transportation infrastructure by constructing new, state-of-the-art facilities that can secure more reliable water supplies, improve water quality, respond to climate change risks and improve Delta ecosystem conditions.

In April 2018, Metropolitan made a historic decision to invest \$10.8 billion, nearly 65 percent of the project cost, to allow for the construction of the full California WaterFix project to modernize the state’s water system as originally proposed and studied.

## Project Benefits



Metropolitan’s investment in California WaterFix will help modernize the state’s water system and provide significant benefits to Southern California including:



**SEISMIC  
RESILIENCY**



**PROTECT  
FISH**



**CLIMATE  
ADAPTATION**



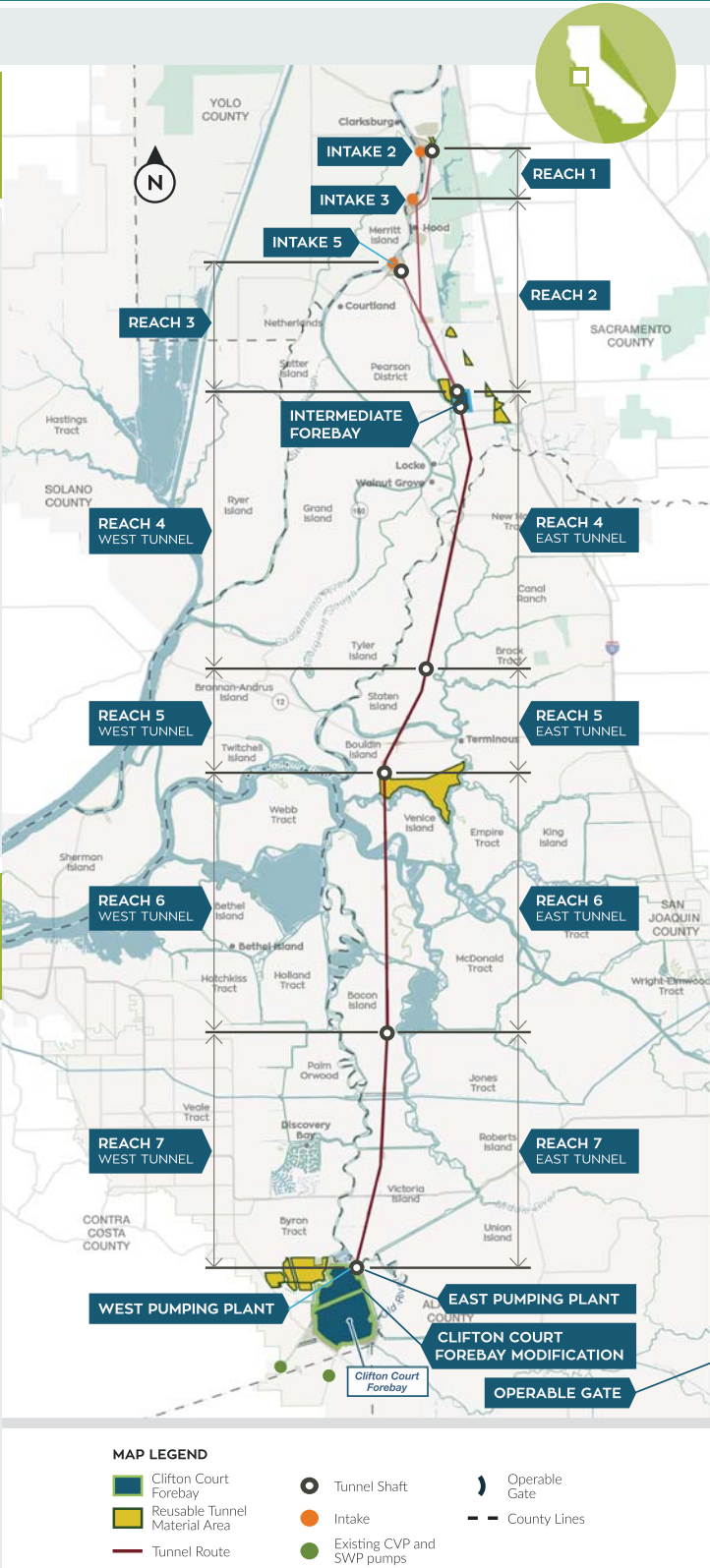
**WATER  
RELIABILITY**



**RESTORE  
NATURAL FLOW  
PATTERNS**



**IMPROVED  
WATER  
QUALITY**



## Investing in Reliability



The estimated total cost for construction of California WaterFix is about \$17 billion.

Metropolitan will be the primary investor in the project to modernize the state's aging water delivery system. This investment is necessary to prevent a far more expensive, disruptive water future that would result if the ability to rely on this Northern California supply is lost due to climate change and other natural risks.

It is expected that Metropolitan would recoup some of its investment by selling or leasing capacity in the tunnels to allow water deliveries or exchanges for other parties, including Central Valley agricultural water users.

In addition to protecting access to imported water supplies from Northern California and the Colorado River, and storing surplus water in reservoirs and groundwater basins for future use, Metropolitan will continue to invest in conservation and increased development of local supplies. This portfolio of local projects includes recycling, groundwater cleanup, stormwater capture and desalination — all important components for future water supply reliability in Southern California.

COSTS	FULL PROJECT
Metropolitan Share	64.6%
Metropolitan Capital Cost	UP TO \$10.8 BILLION
Overall Metropolitan Rate Impact	UP TO 2.2% (ANNUAL INCREASE OVER 15 YEARS)
Household Cost*	UP TO \$4.80/MONTH

\* Estimated average household cost in MWD service area. Assumes 4% interest rate based on 6.2 million households and residential sector paying 70 percent of costs. The per household cost will vary depending on retail agencies' rate decisions.

## Next Steps



Metropolitan will proceed with steps to finance and fund up to a 64.6% share of the full facility, form the Joint Powers Authorities (JPAs) for the financing, design and construction of the project, negotiate water transfer agreements, and appropriate funding for the study, review, planning and other preconstruction capital costs.

The state will finalize work on the remaining permits and complete a supplemental environmental review.

State and federal agencies will continue negotiations with CVP contractors to increase their level of investment in the full 9,000-cfs twin tunnel project.



### Estimated average household cost of California WaterFix within the MWD Service Area

UP TO  
**\$4.80**  
PER MONTH

Assumes 4% interest rate, based on 6.2 million households and residential sector paying 70 percent of costs. The per household cost will vary depending on retail agencies' rate decisions.

"Staging its construction may seem plausible, but it will actually risk serious delay in permitting and jeopardize the entire project. Overall costs would, of course, rise. That is why I urge the Board to support the full project - without delay."

Excerpt from letter sent by Gov. Jerry Brown to Metropolitan's Board of Directors April 9, 2018

## ABOUT METROPOLITAN

The Metropolitan Water District of Southern California is a state-established cooperative of 26 member agencies – cities and public water agencies – that serve nearly 19 million people in six counties. Metropolitan imports water from the Colorado River and Northern California to supplement local supplies and helps its members develop increased water conservation, recycling, storage and other resource management programs.

## OUR MISSION

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.



@mwdh2o





**DISCUSSION ITEM**

May 2, 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**

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

**DETAILED REPORT**

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

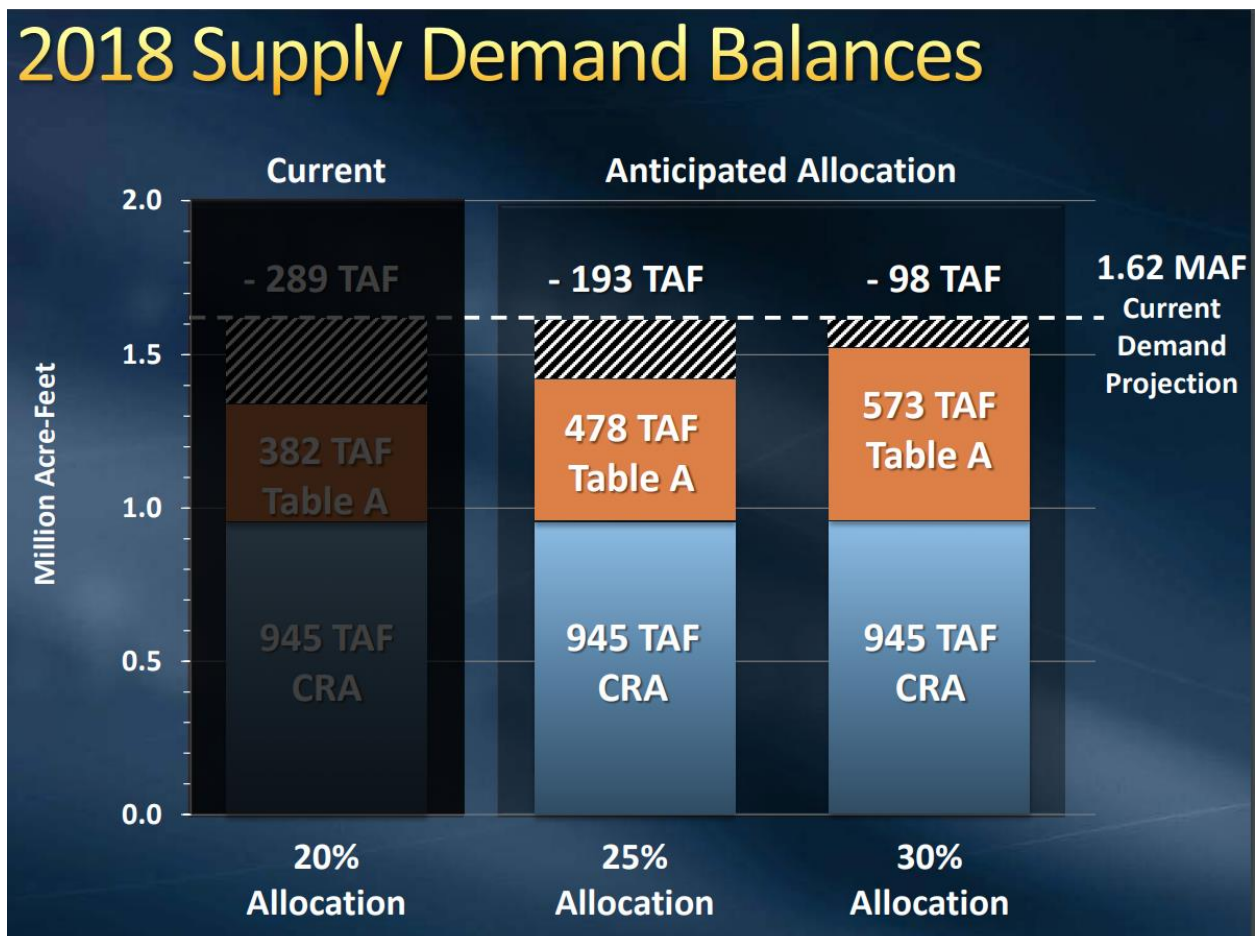
- a) MET's Water Supply Conditions
- b) MET's Finance and Rate Issues
- c) Colorado River Issues
- d) Bay Delta/State Water Project Issues
- e) MET's Ocean Desalination Policy and Potential Participation in the Doheny and Huntington Beach Ocean (Poseidon) Desalination Projects
- f) Orange County Reliability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

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

**ISSUE BRIEF # A****SUBJECT: MET's Water Supply Conditions****RECENT ACTIVITY****2018 Water Supply Balance**

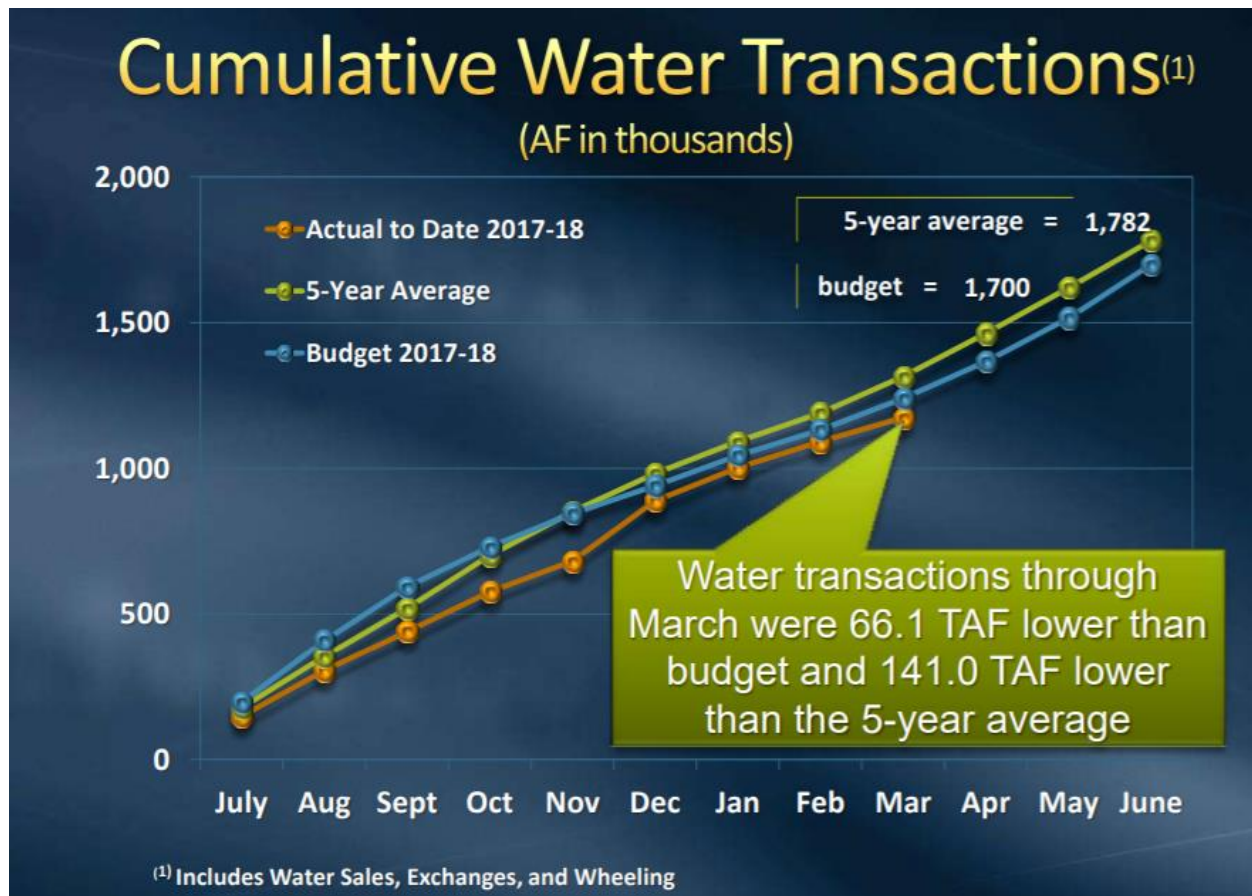
On April 24, 2018, the Department of Water Resources (DWR) increased the State Water Project (SWP) "Table A" allocation to 30%, giving Metropolitan approximately 573 thousand acre-feet (TAF) in SWP deliveries this water year. In addition, on the Colorado River system, Metropolitan estimates a total delivery of 945 TAF.

With estimated total demands and losses of 1.62 million acre-feet (MAF), at a 30% SWP allocation, Metropolitan is projecting that demands will exceed supply levels in CY 2018 by about 98 TAF. Based on this, estimated total dry-year storage for Metropolitan at the end of CY 2018 will go down to 2.4 MAF.



**ISSUE BRIEF # B****SUBJECT: MET's Finance and Rate Issues****RECENT ACTIVITY****MET Financial Report**

Water transactions through March were 66.1 TAF lower than budget and 141.0 TAF lower than the 5-year average. However, as illustrated in the image below, the water transactions are trending in-line with the budget expectations. According to the 3<sup>rd</sup> quarter financial review, Fiscal Year 2017-18 water sales projected to be \$94.5 million less than budget based on 1.59 MAF.



**ISSUE BRIEF # C****SUBJECT: Colorado River Issues****RECENT ACTIVITY**

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**Quantification Settlement Agreement (QSA) Implementation Workgroup**

The Bureau of Reclamation and parties to the QSA, including Metropolitan, San Diego County Water Authority, and Imperial Irrigation District (IID) met in El Centro March 28 to provide information regarding anticipated 2018 Colorado River water supply, the 2017 final decree accounting process and schedule, 2018 water supply updates from the QSA parties, as well as implementation of various conservation programs. The programs include municipal conservation, fallowing programs, the on-farm efficiency conservation program and various system conservation projects.

**Palo Verde Property Utilization Committee (Committee)**

The Committee met in Blythe March 26. Members of the Metropolitan Board and the Palo Verde Irrigation District (PVID) Board and staff from each of the agencies met to discuss the status of leases, Metropolitan's efforts to accurately determine water use charges for last year and potential lease modifications. At this meeting, representatives from PVID described interest in a valley-wide voluntary conservation program in which any farmer in the district could participate. There was discussion of the accuracy of PVID's current metering system and opportunities to explore ways to increase measurement accuracy. Metropolitan staff also provided information on new GIS tools available for monitoring land water use, as well as crop data. The Committee agreed to meet quarterly. The next meeting is scheduled to be held in Chino on June 13.

**Law of the River**

Conference Metropolitan staff co-chaired the 20th annual Law of the Colorado River conference in Tucson, Arizona on March 1-2. Panels at the conference covered a wide range of topics including Minute 323 implementation, tribal water settlement rights, and climate change impacts on the basin's hydrology, drought contingency planning, and the role of non-governmental organizations in Colorado River matters.

## **ISSUE BRIEF # D**

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

### **RECENT ACTIVITY**

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#### **State Water Resources Control Board**

The CA WaterFix Petition proceedings before the State Water Resources Control Board are ongoing. Part 2 of the hearings, which consider the effects of the proposed project on fish and wildlife, resumed on February 22 2018. Metropolitan staff is continuing to review the information presented by hearing participants and is coordinating with other State Water Project contractor agencies to participate in the hearings.

#### **Science Activities**

Metropolitan's Bay-Delta Initiatives staff attended the Interagency Ecological Program (IEP) annual science workshop in Folsom on March 6-8. Science projects linked to Metropolitan's Delta science efforts were well represented at the conference. Highlights of the conference linked to Metropolitan's science efforts included the following:

- The IEP workshop included a session on recent longfin smelt research. Most of the presentations represented a science effort supported or funded by Metropolitan. Topics included the results of longfin smelt sampling efforts in San Pablo Bay and South Bay, otolith analysis of longfin smelt to understand movement, and comparisons of longfin smelt genetics in the San Francisco Bay versus longfin smelt populations farther north. Corey Phillis, from Metropolitan's Bay-Delta Initiatives staff, gave a presentation showing how data on larval smelt habitat in the upper San Francisco Bay could be extrapolated to suggest areas on the lower Bays where longfin smelt larvae might be caught.
- Metropolitan staff co-authored several poster presentations addressing predation hot spots for salmon; fish misidentification and potential implications for monitoring within the San Francisco Estuary; analysis of historical variation in chlorophyll concentration and zooplankton abundance in the Bay-Delta Estuary; and monitoring activities during 2017 fall outflow conditions.
- Other poster presentations addressed science projects funded by Metropolitan, including estimating effective population size of Delta smelt and evaluating changes in the pelagic fish community structure throughout the day and night within San Pablo Bay.

Metropolitan staff attended the California Nevada Chapter of the American Fisheries Society 2018 Annual Meeting in San Luis Obispo, held February 28 to March 3. The meeting included presentations and posters of new and upcoming research regarding aspects of the ecology in the San Francisco Estuary. Research on listed species and species of special concern was presented such as for green sturgeon, Delta smelt, chinook salmon, and pacific lamprey.

Researchers at Oregon State University published a paper commissioned by Metropolitan. The paper is entitled, "Fitting N-mixture models to count data with unmodeled heterogeneity: Bias, diagnostics, and alternative approaches" and it was published in the

Journal Ecological Modeling. The paper is an analysis of statistical methods for evaluating fish survey data and identifies drawbacks in analysis of fish survey data when detectability and sample sizes are low.

Metropolitan staff participated in planning and development of the Disease in Pacific Salmonids: Research, Monitoring, and Management workshop, which took place on March 14-15, and was sponsored by the Delta Science Program, UC Davis Coastal and Marine Science Institute, and Metropolitan. On March 14, the workshop included a series of presentations by researchers leading their field in disease ecology research on salmonids from the Central Valley, Klamath Basin, Columbia Basin, Fraser River in British Columbia Canada, Ireland, and Chile. Some of the take home points include: disease has been linked to population level declines of salmonids in other systems; there is poor monitoring of disease in the Central Valley despite the fact that there is evidence that disease plays a role in juvenile salmon mortality in certain rivers (Feather and Sacramento Rivers) under certain environmental conditions (drought); understanding disease impacts requires using multiple methods and approaches (pathology, histology, molecular techniques, water sampling, fish sampling, etc); it is difficult to tease apart prevalence vs mortality (many fish carry disease but are not negatively affected); disease when combined with other stressors (warm water temperatures, containments) can reduce a fish physiology status and lead to direct or indirect mortality (e.g. predation); and it is important to be transparent about disease data and communicate studies and results to stakeholders, managers, and policy makers.

Metropolitan staff continued participation in the Collaborative Science and Adaptive Management Program, including participation on the Collaborative Adaptive Management Team (CAMT). March activities focused on review of draft technical work products and initiation of CAMT projects for 2018. Metropolitan staff reviewed and provided comments on the CAMT draft Delta Smelt Entrainment Study report. The study suggests that factors of exports, hydrology, precipitation, and abundance correlate with Delta smelt salvage. With funding contributions from the State Water Contractors, CAMT initiated a project to develop a long-term monitoring and science plan to assess the effects of ambient conditions and management actions on Delta smelt habitat quality and vital rates. CAMT also submitted a proposal to the Delta Conservancy to request funding for a project to identify near-term and long-term priorities for habitat restoration in the Delta to benefit juvenile salmonids.

Metropolitan staff provided comments on the Draft Delta Nutrient Research Plan, January 2018, developed by the Central Valley Regional Water Quality Control Board. The purpose of the plan is to identify priority nutrient related science and monitoring activities that are needed to inform future nutrient management decisions by the Regional Water Board. The Regional Water Board is planning to consider the research plan in August 2018, and then Regional Water Board staff will be working with interested agencies and stakeholders to identify funding sources to implement the plan.

### **Delta Flood Emergency Management Plan**

The California Office of Emergency Services (CalOES) completed their Northern California Catastrophic Flood Response Plan (NCCFRP) in January, defining coordinated federal, state and local roles in major emergencies. CalOES has included DWR Delta emergency response components and related FEMA roles in the Plan. CalOES states that the NCCFRP has been validated by the 2017 winter storms.

A revision to the DWR Stockton materials storage infrastructure contract was executed in February 2018 to provide an additional 160,000 tons of rock, for a total of a half million tons of rock for emergency response in the Delta. DWR plans to use remaining Proposition 1E funding under the DWR Delta Risk Reduction Program to bid a contract for large sheet pile for levee breach closures.

In February 2018, DWR executed a second round of Delta Flood Emergency Response Grant contracts with local management agencies to build response capabilities and awareness with flood and emergency managers in the Delta region. The grants also support improved communications and working relationships between DWR and local governments during emergency response and recovery activities.

**ISSUE BRIEF # E**

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

**RECENT ACTIVITY**

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**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. 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**

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**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 Integrated Water Resources Plan (IRP), 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 and consultant CDM Smith met with Santa Margarita WD staff on April 12<sup>th</sup> to discuss details of SMWD's 2018 Strategic Plan for incorporation into the Supply reliability study.

A final SUPPLY reliability report is expected in the Spring 2018.

**ISSUE BRIEF # G**

**SUBJECT: East Orange County Feeder No. 2**

**RECENT ACTIVITY**

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**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 8<sup>th</sup> 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**

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#### **UPDATED - Doheny Desal Project**

The Department of Water Resources (DWR) announced the funding awards for the fourth round of Proposition 1 Desalination Grants (Water Desalination Grant Program) on March 12, 2018. Doheny is one of three projects which received \$10 million each for construction funding.

GHD is continuing to develop a Scope of Work for a 3rd party legal firm to assist with Design-Build-Operate (DBO) contract development.

The release of the draft EIR for public comments is now anticipated in mid May 2018 with the final adoption scheduled for August 2018:

- 5/15/18                                      Public Release of Draft EIR for up to a 5 MGD Plant
- 5/16/18 – 7/13/18                      60 day Public Review Period ends
- Week of June 11<sup>th</sup> /18<sup>th</sup>                Public Meeting
- 8/10/18                                      Prepare Final EIR (Response to Comments)
- 8/23/18                                      South Coast WD Board Meeting

#### **SMWD Trampas Canyon Recycled Water Reservoir**

Notice to Proceed was issued January 30, 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. A majority of the preconstruction/site work has been completed as well as preliminary design of the pump station. The project is currently projected to conclude on or before December 20, 2019.

#### **San Juan Watershed Project**

(Nothing new to report) 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 ended February 23, 2017. The EIR was originally scheduled for adoption in March 2018. Due to the complexity of some of the issues associated with the steelhead trout, SMWD Board adoption of the EIR has been moved to the May Board meeting.

#### **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. Under all circumstances IRWD will provide best efforts to help with emergency supplies.

The Board awarded a contract to Dudek on April 18, 2018 to study the ability/constraints of IRWD's system to move water through their system to SOC agencies into the future. A kick-off meeting with IRWD staff, MWDOC staff, and the consultant is being scheduled.

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 8<sup>th</sup> 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](mailto:kseckel@mwdoc.com).

**Summary Report for  
The Metropolitan Water District of Southern California  
Board Meeting  
April 10, 2018**

**COMMITTEE ASSIGNMENTS**

Director Hogan was appointed as Chair of the Organization and Personnel Committee. Director Ramos was appointed as Chair of the Audit & Ethics Committee and was removed as Chair of the Organization and Personnel Committee. **(Agenda Item 5C)**

**FINANCE AND INSURANCE COMMITTEE**

Approved the FY 2018/19 and FY 2019/20 Proposed Biennial Budget; appropriated \$2,532.4 million for Metropolitan O&M and operating equipment, power costs on the Colorado River Aqueduct, SWC operations, maintenance, power and replacement costs and SWC capital charges; demanded management programs including the local resources and conservation credits program; and costs associated with supply programs, for FYs 2018/19 and 2019/20; appropriated as a continuing appropriation, \$662.9 million for FY 2018/19 and FY 2019/20 debt service on Metropolitan general obligation and revenue bonds; authorized the use of \$240 million in operating revenues to fund the Capital Investment Plan for FYs 2018/19 and 2019/20; determined that the revenue requirements to be paid from rates and charges are \$1,558.5 million in FY 2018/19 and \$1,617.8 million in FY 2019/20; approved the Ten-Year Financial Forecast, as shown in the Proposed Biennial Budget FY 2018/19 and FY 2019/20 in Attachment 1 of the Board letter; transferred the remaining balance in the Water Management Fund at the end of FY 2017/18 to the Water Stewardship Fund to provide additional support for the Conservation Credits Program; approved water rates effective January 1, 2019, and January 1, 2020, as shown in Table 3 of the Board letter; adopted the Resolution Fixing and Adopting water rates to be effective January 1, 2019 and 2020, in the form of Attachment 4 of the Board letter; adopted the Resolution Fixing and Adopting A Readiness-To-Serve Charge Effective January 1, 2019, in the form of Attachment 5 of the Board letter; adopted the Resolution Fixing and Adopting A Capacity Charge Effective January 1, 2019, in the form of Attachment 6 of the Board letter; and adopted the Resolution Finding that Continuing an Ad Valorem Property Tax Rate at the Rate Levied for FY 2017/18 is Essential to the Fiscal Integrity of the District and Suspending the Ad Valorem Tax Rate Restriction for FY 2018/19 and FY 2019/20, in the form of Attachment 7 of the Board letter. **(Agenda Item 8-1)**

Approved suspension of billing and collection of the Water Stewardship Rate on exchange agreement deliveries to San Diego County Water Authority for (a) calendar years (CYs) 2019 and 2020 during the Demand Management cost allocation study period, and (b) calendar year (CY) 2018. **(Agenda Item 8-2)**

**LEGAL AND CLAIMS COMMITTEE**

Approved amendments to the Administrative Code to allow an expanded operating range for service connection metering and revise responsibilities for future meter replacement costs, while maintaining meter accuracy requirements. **(Agenda Item 8-3)**



## **WATER PLANNING AND STEWARDSHIP COMMITTEE**

Authorized proposed changes to the water efficiency program, the authority to use the Water Stewardship Fund for the Landscape Transformation Program, and the accrual of MAA Program funds from fiscal year 2017/18 for SDCWA. **(Agenda Item 8-4)**

Do not grant the General Manager final decision-making authority to determine whether or not to move forward with these transfers following completion of any environmental reviews required under CEQA, subject to the terms and conditions set forth in this letter. **(Agenda Item 8-5)**

Authorized entering into a funding agreement amounting to \$0.975 million with The Water Research Foundation for six potable and one non-potable reuse studies; and approved an approach to issue Request for Proposals to fund member agency studies and research under the Future Supply Actions Funding Program. **(Agenda Item 8-6)**

Adopted Resolutions authorizing the General Manager to participate, support and fund additional financing and funding arrangements of California WaterFix up to a 64.6 percent share of overall California WaterFix capital costs (See Attachment 8); amended the General Manager's existing authorization to execute Joint Powers Agreements forming the Construction and Financing JPAs to allow for governance structures commensurate with member participation; authorized funding of up to \$86 million for further contributions for study, review, planning, engineering, design, and other preconstruction capital costs for the California WaterFix subject to a reimbursement agreement with DWR acceptable to the General Manager and General Counsel that provides for repayment upon DWR's first bond issuance; and authorized the General Manager to negotiate draft terms and conditions for one or more multi-year transfers of State Water Project water supplies. **(Agenda Item 8-7)**

## **LEGAL AND CLAIMS COMMITTEE**

Authorized the General Counsel to amend the existing agreement with Van Ness Feldman LLP to increase the maximum amount payable by \$500,000 to \$750,000.  
**(Agenda Item 8-8; heard in closed session)**

## **CONSENT CALENDAR**

In other actions, the Board:

Adopted resolution granting approval for Calleguas Annexation No. 101 concurrently to Calleguas and Metropolitan and establish Metropolitan's terms and conditions for the annexation (Attachment 3 of the Board letter), conditioned upon approval by Riverside Ventura County's Local Agency Formation Commission, and upon receipt of the annexation fee of \$33,355.  
**(Agenda Item 7-1)**

Appropriated \$1.7 million; and authorize design and procurement to replace valves within the Orange County and Riverside/San Diego County operating regions (Appropriation No. 15480).  
**(Agenda Item 7-2)**

Appropriated \$800,000; and authorized design of cathodic protection for the Santa Monica Feeder, West Orange County Feeder, Lake Skinner Pipelines, and Live Oak Reservoir Pipelines (Appropriation No. 15480). **(Agenda Item 7-3)**

Awarded \$349,000 contract to Shipley Construction & Plumbing to renovate two houses at Hinds Pumping Plant (Appropriation No. 15495). **(Agenda Item 7-4)**

Appropriated \$350,000; and authorized construction to relocate equipment for Service Connection CENB-29 (Appropriation No. 15495). **(Agenda Item 7-5)**

Adopted the CEQA determination that the proposed action is not defined as a project, and approved Metropolitan Water District of Southern California's salary schedules from 2011 through 2017 to comply with recent CalPERS audit finding pursuant to CalPERS regulations. **(Agenda Item 7-6)**

## **OTHER MATTERS**

The Board:

Presentation of 5-year Service Pin to Cynthia Kurtz. **(Agenda Item 5E)**

Presentation of 10-year Service Pin to Linda Ackerman. **(Agenda Item 5F)**

Presentation of Commendatory Resolution for Director Donald Dear, representing West Basin Municipal Water District. **(Agenda Item 5G)**

## **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

May 8, 2018

12:00 p.m. – Boardroom

May 8, 2018 Meeting Schedule		
9:00 a.m.	Rm. 2-145	L&C
10:00 a.m.	Rm. 2-456	C&LR
11:00 a.m.	Rm. 2-145	OP&T
12:00 p.m.	Boardroom	Board Meeting

MWD Headquarters Building

•

700 N. Alameda Street

•

Los Angeles, CA 90012

## 1. Call to Order

- (a) Invocation: **TBD**
- (b) Pledge of Allegiance: Director John T. Morris,  
City of San Marino

## 2. Roll Call

## 3. Determination of a Quorum

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

## 5. OTHER MATTERS

- A. Approval of the Minutes of the Meeting for April 10, 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 April 2018
- C. Nomination for and Election of one nonofficer member of the Executive Committee to fill Director Hogan's unexpired term through January 9, 2019
- D. Approve committee assignments
- E. Chairman's Monthly Activity Report

## **6. DEPARTMENT HEADS' REPORTS**

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

## **7. CONSENT CALENDAR ITEMS — ACTION**

- 7-1** Adopt CEQA determination and adopt resolution for Calleguas Annexation No. 102 to Calleguas Municipal Water District and Metropolitan. (F&I)

**Recommendation:**

**Option #1:**

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

- 7-2** Adopt CEQA determination and appropriate \$890,000; and authorize design to replace the wastewater system and upgrade the Disaster Recovery Facility at Lake Mathews (Appropriations Nos. 15495 and 15376). (E&O)

**Recommendation:**

**Option #1:**

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

- 7-3** Adopt CEQA determination and authorize granting a permanent easement to the California Department of Transportation (Caltrans) on Metropolitan owned property to facilitate widening State Route 74 across the San Diego Aqueduct Canal Siphon in the city of Hemet within the county of Riverside. (RP&AM)

**Recommendation:**

**Option #1:**

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

- 7-4** Adopt CEQA determination and authorize granting a License Agreement to Los Angeles SMSA Limited Partnership, a California limited partnership, d/b/a Verizon Wireless for drive access on Metropolitan's fee-owned property located in the city of Claremont. (RP&AM)

**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 adopt resolution to continue Metropolitan's Water Standby Charge for fiscal year 2018/19. (F&I)

**Recommendation:**

**Option #1:**

**Adopt the CEQA determination that the xxxx; and**  
**a. xxx; and**  
**b. xxx.**



- 8-2** Adopt CEQA determination and approve and authorize the distribution of Appendix A for use in the issuance and remarketing of Metropolitan's bonds. (F&I)

**Recommendation:**

**Option #1:**

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

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

- 8-3** Adopt the CEQA determination and adopt Fourth Supplemental Subordinate Resolution to the Master Subordinate Resolution Authorizing the issuance of up to \$80 million of Subordinate Water Revenue Bonds, 2018 Series; and approve expenditures to fund the costs of issuance of the Bonds (F&I)

**Recommendation:**

**Option #1:**

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

- c. xxx; and**
- d. xxx.**

- 8-4** Adopt CEQA determination and appropriate \$3.1 million; authorize design to replace Casa Loma Siphon Barrel No. 1; and authorize agreement with Carollo Engineers, Inc., in an amount not to exceed \$2.2 million, to provide specialized design services (Appropriation No. 15480). (E&O)

**Recommendation:**

**Option #1:**

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

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

- 8-5** Adopt CEQA determination and appropriate \$13 million; and award \$12,068,634.98 procurement contract to Ameron Water Transmission Group to provide steel liner pipe for the Second Lower Feeder (Appropriation No. 15497). (E&O)

**Recommendation:**

**Option #1:**

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

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

- 8-6** Adopt CEQA determination and appropriate \$5.85 million; and award \$3.74 million contract to Mladen Buntich Construction Company, Inc. for improvements to the domestic and fire water system at the La Verne site (Appropriation No. 15477). E&O)

**Recommendation:**

**Option #1:**

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

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

- 8-7** Adopt CEQA determination and appropriate \$3,000,000; award \$939,000 contract to CSI Electrical Contractors Inc. to replace the Uninterruptable Power Supply systems at the Colorado River Aqueduct pumping plants; and authorize preliminary design to rehabilitate the auxiliary power system at Iron Mountain Pumping Plant (Appropriation No. 15384). (E&O)

**Recommendation:**

**Option #1:**

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

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

- 8-8** Adopt CEQA determination and affirm the General Manager's determination that four Metropolitan-owned houses; identified as Metropolitan Water District of Southern California's parcel number 139-14-125 (APN 317-321-002), 139-14-129 (APN 317-325-010), 139-14-127 (APN 317-325-008), 139-14-131 (APN 317-325-017) in unincorporated county of Riverside near Perris, California are surplus to Metropolitan's needs. (RP&AM)

**Recommendation:**

**Option #1:**

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

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

- 8-9** Adopt CEQA determination and authorize contracts for bond counsel services with Hawkins Delafield & Wood LLP, Nixon Peabody LLP and Stradling Yocca Carlson & Rauth, P.C. and co-bond counsel services with Law Offices of Alexis S.M. Chiu and Curls Bartling P.C. for the period ending June 30, 2021. (L&C)

**Recommendation:**

**Option #1:**

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

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

- 8-10** Adopt CEQA determination and approve entering into 2017-2021 Memorandum of Understanding between The Metropolitan Water District of Southern California and The Supervisors Association. (OP&T) [Conference with Labor Negotiators; to be heard in closed session pursuant to Gov. Code Section 54957.6. Agency representative: Stephen Lem, Manager of Labor Relations and EEO Investigations Section. Employee organizations: The Supervisors Association.]

**Recommendation:**

**Option #1:**

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

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

- 8-11** Adopt CEQA determination and authorize increase in maximum amount payable under contracts with Hunton & Williams LLP by \$\_\_\_\_\_ for a maximum payable amount of \$\_\_\_\_\_ and with Best Best & Krieger LLP by \$\_\_\_\_\_ for a maximum payable amount of \$\_\_\_\_\_ for legal services related to California WaterFix litigation: *Bay.org, et al. v. Zinke, et al.*, Case No. 17-cv-3739-YGR (N.D. Cal., filed June 29, 2017); *Golden Gate Salmon Assn. v. Ross, et al.*, Case No. 17-cv-3742-YRG (N.D. Cal., filed June 29, 2017); *CDWR Environmental Impact Cases*, Sacramento County Superior Ct. Case No. JCCP 4942 (20 coordinated cases) (L&C) [Conference with legal counsel—existing litigation and potential litigation (unknown number); to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1), (d)(2), and (d)(4)]

**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** Renewal Status of Metropolitan's Property and Casualty Insurance program. (F&I)

**10. FOLLOW-UP ITEMS**

**11. FUTURE AGENDA ITEMS**

**12. ADJOURNMENT**

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

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

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

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