WORKSHOP MEETING OF THE BOARD OF DIRECTORS WITH MET DIRECTORS MUNICIPAL WATER DISTRICT OF ORANGE COUNTY 18700 Ward Street, Fountain Valley, California February 3, 2021, 8:30 a.m.

Due to the spread of COVID-19 and as authorized by the Governor's Executive Order, MWDOC will be holding all upcoming Board and Committee meetings by Zoom Webinar and will be available by either computer or telephone audio as follows:

Computer Audio: You can join the Zoom meeting by clicking on the following link:

https://zoom.us/j/8828665300

Telephone Audio: (669) 900 9128 fees may apply

(877) 853 5247 Toll-free

Webinar ID: 882 866 5300#

AGENDA

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. 2107

ACTION ITEM

1. SB 222 (DODD) – WATER AFFORDABILITY ASSISTANCE PROGRAM

Recommendation: Adopt a watch position on SB 222 (Dodd), and continue to work with the ACWA/CMUA working group and author's office.

2. SB 223 (DODD) - DISCONTINUATION OF RESIDENTIAL WATER SERVICE

Recommendation: Adopt an oppose position on SB 223 (Dodd).

PRESENTATION/DISCUSSION ITEMS

3. LEGISLATIVE ACTIVITIES

- a. Federal Legislative Report (NRR)
- b. State Legislative Report (BBK)
- c. MWDOC Legislative Matrix
- 4. INPUT OR QUESTIONS ON MET ISSUES FROM THE MEMBER AGENCIES/MET DIRECTOR REPORTS REGARDING MET COMMITTEE PARTICIPATION

Recommendation: Receive input and discuss the information.

5. METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA INTEGRATED RESOURCES PLAN (IRP) DISCUSSION SERIES – PART 11 (SCENARIO'S KEY ASSUMPTIONS)

Recommendation: Review and discuss the information presented.

6. OVERVIEW OF MET'S RATE REFINEMENT PROCESS

Recommendation: Review and discuss the information presented.

INFORMATION ITEMS

- 7. **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 Finance and Rate Issues
 - b. MET's General Manager Recruitment Process
 - c. MET's Water Supply Conditions
 - d. Colorado River Issues
 - e. Delta Conveyance Activities and State Water Project Issues

Recommendation: Review and discuss the information presented.

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

- a. Summary regarding January MET 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 accommodations should make the request with adequate time before the meeting for the District to provide the requested accommodations.



ACTION ITEM February 3, 2021

TO: Board of Directors

FROM: Robert Hunter Staff Contact: Heather Baez

General Manager

SUBJECT: SB 222 (DODD) - WATER AFFORDABILITY ASSISTANCE PROGRAM

STAFF RECOMMENDATION

Staff recommends the Board of Directors vote to adopt a watch position on SB 222 (Dodd), and continue to work with the ACWA/CMUA working group and author's office.

BILL SUMMARY

Senate Bill 222 (Dodd) would establish the Water Affordability Assistance Fund in the State Treasury. The fund would provide assistance for both water and wastewater services to low-income ratepayers and ratepayers experiencing economic hardship. Money in the fund would be made available upon appropriation by the Legislature to the State Water Resources Control Board (SWRCB) for the following purposes:

- 1. Direct water bill assistance;
- 2. Water bill credits to renters, individuals, or households that pay other amounts, fees, or charges related to residential water and wastewater service;
- 3. Water crisis assistance:
- 4. Affordability assistance to low-income households served by domestic wells;
- 5. Water efficiency measures for low-income households;
- 6. Short-term assistance to public water systems to administer program components, including startup costs.

| Budgeted (Y/N): n/a | Budgeted amount: n/a | | Core X | Choice | |
|--|----------------------|------------|--------|--------|--|
| Action item amount: None | | Line item: | | | |
| Fiscal Impact (explain if unbudgeted): | | | | | |

SB 222 does not appropriate any funding. This bill requires the SWRCB, in consultation with a specified advisory group to develop guidelines for program implementation, fund oversight, and an expenditure plan containing enumerated components.

BACKGROUND

In 2015, AB 401 (Dodd) required the SWRCB, by January 1, 2018, to develop a plan for the funding and implementation of a Low-Income Water Rate Assistance (LIRA) Program. The law required the SWRCB, by February 1, 2018, to report to the Legislature on its findings regarding the feasibility, financial stability, and desired structure of the program, including recommendations for legislative action.

In the AB 401 report, the SWRCB envisioned most of the distribution of program benefits through water bills, crisis assistance for water ratepayers, and a renter's water credit for residents who pay for water service indirectly through rent. For the funding source, the SWRCB recommended progressive revenue sources such as increased personal income tax on high earners and a bottled water tax. However, the report also includes a discussion and tables with funding options that include a "water user surcharge," or water tax, which is a concern to water providers.

ARGUMENTS IN SUPPORT

According to the author, the SWRCB found "drinking water is a basic human need. However, California households find it increasingly difficult to satisfy this need as the retail cost of water has risen substantially over the last decade and is expected to rise significantly over the coming years. The burden of rapidly rising drinking water costs falls disproportionately on the 13 million Californians living in low-income households, many of whom have seen their incomes stagnate during the same period. Expenditures to meet basic water needs are expected to continue to rise rapidly due to the need for water systems to replace aging infrastructure, meet treatment standards, diversify supplies, and maintain a well-trained workforce."

ARGUMENTS IN OPPOSITION

Water providers fully recognize that millions of Californians would benefit from a financial assistance program for water. There could be a bill written that would create a reasonable, efficient and effective LIRA program for water. However, SB 222 contains problematic language. These include:

- The proposed benefit distribution mechanism, such as a water bill credit, is inefficient and costly than existing programs such as CalFresh or the Franchise Tax Board
- The SWRCB is not the efficient choice for the implementing agency
- The proposed scope is broader than the program outlined in the AB 401 Report
- There is no identified funding source
- This bill, as currently written, goes beyond a LIRA program and would authorize the SWRCB to determine the appropriateness of rate structures for small systems

These are some of the more problematic sections of SB 222 that the water community, working in conjunction with ACWA, CMUA and others, are addressing with Senator Dodd and his staff. It is not a comprehensive list.

BOARD OPTIONS

Option #1

 Adopt a watch position on SB 222 (Dodd) and continue to work with our statewide associations like ACWA and CMUA via their working groups to address some of the language and ensure that a water tax is not the funding mechanism used.

Fiscal Impact: Unknown at this time

Business Analysis: As a wholesale water provider, SB 222 does not have a direct impact on MWDOC. However, it does have an impact on our member agencies and could be hugely problematic depending on how a statewide LIRA program is implemented in California.

Option #2

Take no action

Fiscal Impact: Same as Option #1
Business Analysis: Same as Option #1

STAFF RECOMMENDATION

Option #1

ATTACHED:

SB 222 Full Text

Introduced by Senator Dodd (Coauthor: Senator Gonzalez)

(Coauthors: Assembly Members Bloom and Robert Rivas)

January 14, 2021

An act to add Chapter 6.5 (commencing with Section 116930) to Part 12 of Division 104 of the Health and Safety Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 222, as introduced, Dodd. Water Affordability Assistance Program.

Existing law, the California Safe Drinking Water Act, requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health. Existing law declares it to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.

Existing law requires the state board, by January 1, 2018, to develop a plan for the funding and implementation of the Low-Income Water Rate Assistance Program, as prescribed. Existing law requires the state board, by February 1, 2018, to report to the Legislature on its findings regarding the feasibility, financial stability, and desired structure of the program, including any recommendations for legislative action that may need to be taken.

This bill would establish the Water Affordability Assistance Fund in the State Treasury to help provide water affordability assistance, for both drinking water and wastewater services, to low-income ratepayers and ratepayers experiencing economic hardship in California. The bill would make moneys in the fund available upon appropriation by the Legislature to the state board to provide, as part of the Water $SB 222 \qquad \qquad -2-$

Affordability Assistance Program established by the bill, direct water bill assistance, water bill credits, water crisis assistance, affordability assistance, and short-term assistance to public water systems to administer program components. The bill would impose requirements on the state board in connection with the program, including, among others, developing guidelines and fund oversight procedures for implementation of the program by January 1, 2023, consulting with an advisory group, and adopting an annual fund expenditure plan.

The bill would require, by July 1, 2022, the Public Utilities Commission to establish a mechanism for electrical corporations and gas corporations to, and would authorize the state board to require local publicly owned electric utilities and local publicly owned gas utilities to, regularly share specified customer data with the state board, subject to certain confidentiality protections. To the extent this provision would impose new requirements on local publicly owned electric utilities and local publicly owned gas utilities, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. Chapter 6.5 (commencing with Section 116930) is added to Part 12 of Division 104 of the Health and Safety Code, to read:

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CHAPTER 6.5. WATER AFFORDABILITY ASSISTANCE PROGRAM

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Article 1. Water Affordability Assistance Fund

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116930. (a) The Water Affordability Assistance Fund is hereby established in the State Treasury to provide water affordability assistance, for both drinking water and wastewater services, to low-income ratepayers and ratepayers experiencing economic hardship in California. Moneys in the fund shall be available upon

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1 appropriation by the Legislature to the state board to provide all 2 of the following:

- (1) Direct water bill assistance.
- (2) Water bill credits to renters and individuals or households that pay other amounts, fees, or charges related to residential water or wastewater service.
 - (3) Water crisis assistance.
- (4) Affordability assistance to low-income households served by domestic wells.
 - (5) Water efficiency measures for low-income households.
- (6) Short-term assistance to public water systems to administer program components, including initial startup costs.
- (b) The state board may, upon appropriation by the Legislature, expend moneys from the fund for reasonable regulatory costs associated with the administration of this chapter, not to exceed 5 percent of the annual deposits into the fund.
- 116930.1. The state board shall do all of the following in administering the fund:
- (a) Track and manage revenue in the fund separately from all other revenue.
- (b) Develop and implement a process for disbursing program funds to public water systems or third-party providers, including controls to prevent fraud, waste, and abuse.
- (c) Manage and maintain fund balances in conjunction with the Controller, the Treasurer, the California State Auditor's Office, and the Department of Finance, as appropriate.
- (d) Expend, upon appropriation by the Legislature, moneys in the fund for grants, contracts, direct monetary assistance, or services to assist eligible recipients.

Article 2. Program Implementation

- 116931. (a) The state board shall, by January 1, 2023, develop guidelines and fund oversight procedures for implementation of the program.
- (b) In developing the guidelines, the state board shall consult with an advisory group that includes representatives of all of the following:
 - (1) Public water systems.

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(2) Technical assistance providers, including organizations that support the federal Low-Income Home Energy Assistance Program.

- (3) Local agencies, including agencies that manage multifamily housing serving low-income residents.
- (4) Nongovernmental organizations that work with residents of disadvantaged communities.
- (5) Representatives from the public, including, but not limited to, low-income residents, low-income residents who live in multifamily housing, and residents served by tribal water systems.
- 116931.1. (a) The state board shall, in consultation with the advisory group described in subdivision (b) of Section 116931 and after a public hearing, adopt an annual fund expenditure plan. The annual fund expenditure plan may be incorporated into the fund expenditure plan developed pursuant to Article 4 (commencing with Section 116768) of Chapter 4.6.
- (b) The annual fund expenditure plan shall contain all of the following:
- (1) Identification of key terms, criteria, and metrics, and their definitions related to implementation of this section.
- (2) A description of how proposed remedies related to this section will be identified, evaluated, prioritized, and included in the annual fund expenditure plan.
- (3) A report of expenditures from the fund for the prior fiscal year and planned expenditures for the current fiscal year.
- (4) An estimate of the number of households eligible for assistance, including those that do not receive a direct bill for water.
- (5) A section that discusses water affordability challenges and proposed solutions for Californians served by state small water systems, local small water systems, and domestic wells. An evaluation of solutions shall include, but not be limited to, all of the following:
- (A) Amortization of an unpaid balance.
- (B) Participation in an alternative payment schedule.
- 35 (C) Partial or full reduction of the unpaid balance financed without additional charges to other ratepayers.
- 37 (D) Temporary deferral of payment.
- 38 (E) An arrearage management plan.
- 39 (F) Tiered water rates or percentage of income payment plan.

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(G) Methods to retain water system solvency, such as the use of fixed rates and increased use of water meters to improve planning.

- (6) An estimate of the funding needed for the next fiscal year based on the amount available in the fund, anticipated funding needs, other existing funding sources, and other relevant data and information.
- (c) The annual fund expenditure plan shall identify the funding need of disadvantaged communities and low-income households whose water bill charges pose affordability challenges based on metrics developed by the state board and the Public Utilities Commission.
- (d) The annual fund expenditure plan shall include analysis with metrics to evaluate how expenditures from prior fiscal years improved affordability.
- 116931.2. (a) By July 1, 2022, the Public Utilities Commission shall establish a mechanism for electrical corporations and gas corporations to regularly share data with the state board regarding the utility customers enrolled in, or eligible to be enrolled in, the California Alternate Rates for Energy (CARE) program established pursuant to Section 739.1 of the Public Utilities Code and the Family Electric Rate Assistance Program. Electrical corporations and gas corporations shall regularly share that data with the state board through the mechanism.
- (b) The state board may require local publicly owned electric utilities and local publicly owned gas utilities, including, but not limited to, municipal utility districts and irrigation districts, to regularly share data with the state board regarding utility customers enrolled in, or eligible to be enrolled in, affordability programs benefiting low-income customers.
- (c) Data shared pursuant to subdivision (a) or (b) is subject to the confidentiality protections of Section 6254.16 of the Government Code.

Article 3. Fund Expenditures

116932. (a) If moneys are deposited into the fund before the adoption of an annual fund expenditure plan, the state board shall, upon appropriation by the Legislature, expend those moneys from the fund to provide water crisis assistance to low-income

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households through direct assistance to the low-income households, forgiveness of delinquency by the public water system and reimbursement by the state board, or some other disbursement mechanism. The state board may use up to 5 percent of those moneys for administrative purposes.

- (b) The state board may adopt both of the following if necessary to implement this section:
 - (1) A policy handbook.
- (2) Emergency regulations pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

Article 4. Program Administration

- 116933. The state board shall do all of the following in administering the program:
- (a) Collect and ensure the accuracy of water rate data and water system boundary data from each public water system.
- (b) Coordinate with the Public Utilities Commission regarding existing rate assistance programs for investor-owned water utilities.
- (c) For a public water system that is not regulated by the Public Utilities Commission, provide oversight of the public water system's implementation of the program to ensure effectiveness and prevent fraud, waste, and abuse.
- (d) Develop and publish performance metrics for the program, including, but not limited to, enrollment levels, total water shutoffs for inability to pay, and on-time payment levels.
- (e) Coordinate with other state agencies and resolve disputes as necessary.
- (f) Identify alternative entities to distribute and track benefits if a public water system is unwilling to do so or if the state board has determined a public water system is incapable of administering the program.

Article 5. Definitions

- 116934. For purposes of this chapter, the following definitions apply:
- 39 (a) "Fund" means the Water Affordability Assistance Fund 40 created pursuant to Section 116930.

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(b) "Low income" means a household income, or a community annual median household income, that is equal to or no greater than 200 percent of the federal poverty guideline level.

- (c) "Program" means the Water Affordability Assistance Program established pursuant to this chapter.
- (d) "Public water system" has the same meaning as defined in Section 116275.
- (e) "State board" means the State Water Resources Control Board.
- (f) "State small water system" has the same meaning as defined in Section 116275.
- 11 12 SEC. 2. No reimbursement is required by this act pursuant to 13 Section 6 of Article XIIIB of the California Constitution because
- a local agency or school district has the authority to levy service 14
- 15 charges, fees, or assessments sufficient to pay for the program or
- level of service mandated by this act, within the meaning of Section 16
- 17 17556 of the Government Code.

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ACTION ITEM February 3, 2021

TO: Board of Directors

FROM: Robert Hunter Staff Contact: Heather Baez

General Manager

SUBJECT: SB 223 (DODD) - DISCONTINUATION OF RESIDENTIAL WATER

SERVICE

STAFF RECOMMENDATION

Staff recommends the Board of Directors vote to adopt an oppose position on SB 223 (Dodd).

BILL SUMMARY

Senate Bill 223 (Dodd) would expand existing provisions that were enacted via SB 998 (Dodd) in 2018, related to water shutoffs. This bill would make the existing prohibition applicable to small systems with 200 connections or less. In addition, it would require water agencies to develop arrearage management plans that would allow ratepayers who have accrued water and sewer debt to be repaid over a period of 12 months or longer, and require a water system "waive" all late fees, interest charges, and penalties on delinquent bills every 12 months.

BACKGROUND

SB 998 (Dodd – 2018) established certain procedures and requirements related to the discontinuation of residential water service. That law prohibits an urban and community water system, defined as a public water system, that supplies water to more than 200 service connections, from discontinuing residential water service for nonpayment until a payment by a customer has been delinquent for at least 60 days. The law also requires a water provider to have a written policy on shutoffs for nonpayment, and to provide notice of

| Budgeted (Y/N): n/a | Budgeted amount: n/a | | Core X | Choice | |
|--|----------------------|------------|--------|--------|--|
| Action item amount: None | | Line item: | | | |
| Fiscal Impact (explain if unbudgeted): | | | | | |

that policy to customers. In addition, SB 998 requires water providers to offer an amortization plan or deferred payments for unpaid bills to ratepayers suffering a financial hardship. It also capped the reconnection fee at \$50 during business hours and \$150 at other times. This "one size-fits all" shutoffs approach went into effect in 2020, just two months before the COVID pandemic hit and Governor Newsom placed a moratorium on shutoffs.

ARGUMENTS IN SUPPORT

According to the author's office, "Even before the pandemic, water rates have been rising much faster than income (or wages). The SWRCB estimated that California's water rates rose more than 45% on average between 2007 and 2015. For families earning less than \$25,000 annually, water costs more than 2% of their income, and for families earning less than \$10,000, the cost of water is more than 5% of income. Water is deemed unaffordable if it exceeds 1.5% of household income, according to the EPA Affordability benchmark.

Aging water systems and increasingly stringent water quality standards are major reasons for the rise in water rates. These factors require significant investment to keep water systems in operation. And because of constitutional restrictions (Prop 218), public water agencies are limited in their ability to charge a differential rate to higher-income households to offset the costs of water for low-income households.

A recent study conducted by the Pacific Institute reported that nearly 187,000 households had their water shut off in 2018, impacting 583,000 Californians. Economic dislocation due to the pandemic is pushing those numbers even higher. In response to this growing problem, Governor Newsom imposed a statewide water shutoff moratorium in April of 2020. The moratorium is a temporary measure, but the factors contributing to higher water rates are long term. Disconnections will persist absent legislative action.

Lastly, the difficulties low-income households face in paying their water bills is accruing significant debt owed to their water agencies. This creates a double-barreled effect. Ratepayers accrue so much debt they may never be able to catch up, putting access to water at risk, and water agencies may lose so much revenue, they may have difficulty maintaining operations."

ARGUMENTS IN OPPOSITION

There are a number of issues with SB 223, some of which may be in violation with Prop 218. The bill proposes:

- Waiving debt for unpaid water bills
- Waiving reconnection fees for low-income ratepayers
- Giving the SWRCB new enforcement powers
- Extending the minimum delinquency period from 60 days to 120 days
- Requiring that the unpaid amount be at least \$400 before the water shutoff process may begin
- Allowing customers to "self-certify" if there is a resident in the home that is under 18
 or over 65 and the water shutoff will pose a serious threat to health and safety

 If the water bill includes both water and sewer services, the bill is not considered delinquent with they have paid an amount equal to, or greater than, the portion of the bill that covers water. This appears to cover any customer, not just low-income ratepayers

SB 223 exacerbates implementation problems water districts are having with SB 998. The new provisions in SB 998 were only in effect for two months before the Governor issued a moratorium on water shutoffs. MWDOC, along with a long list of other water providers, opposed SB 998 because it created a "one size fits all" approach to water shutoffs that frankly, was unnecessary. Water providers have direct contact with their customers and work with them on unpaid bills long before shutting off their water. SB 223's intent is to strengthen and extend shutoff protocols without any evidence that SB 998's provisions are inadequate.

BOARD OPTIONS

Option #1

 Adopt an oppose position on SB 223 (Dodd) and continue to work with our statewide associations like ACWA and CMUA via their working groups to address the major concerns in the proposal.

Fiscal Impact: Unknown at this time

Business Analysis: As a wholesale water provider, SB 223 does not have a direct impact on MWDOC. However, it does have an impact on our member agencies and is possibly in violation of the State Constitution.

Option #2

Take no action

Fiscal Impact: Same as Option #1

Business Analysis: Same as Option #1

STAFF RECOMMENDATION

Option #1

ATTACHED:

SB 223 Full Text

Introduced by Senator Dodd (Coauthor: Senator Gonzalez)

(Coauthors: Assembly Members Bloom and Robert Rivas)

January 14, 2021

An act to amend Sections 116902, 116904, 116906, 116908, 116910, 116912, 116914, 116916, 116918, 116920, 116922, and 116926 of the Health and Safety Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 223, as introduced, Dodd. Discontinuation of residential water service.

Existing law prohibits an urban and community water system, defined as a public water system that supplies water to more than 200 service connections, from discontinuing residential water service for nonpayment until a payment by a customer has been delinquent for at least 60 days. Existing law requires an urban and community water system to have a written policy on discontinuation of residential service for nonpayment, including, among other things, specified options for addressing the nonpayment. Existing law requires an urban and community water system to provide notice of that policy to customers, as provided.

This bill would apply those provisions, on and after July 1, 2022, to a very small community water system, defined as a public water system that supplies water to 200 or fewer service connections used by year-long residents. The bill would require the written policy on discontinuation of residential service for nonpayment to include an arrearage management plan, as specified, and, for those systems that provide water audits or have the capacity to do so, to include a free

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water audit offered to low-income households with water usage that is above the annual average volume usage of their customer class.

The bill would require the board to provide technical assistance to very small community water systems, as appropriate, to assist with compliance with these requirements and to establish a bridge loan program to assist very small community water systems that may suffer revenue loss or delayed collection while complying with these requirements. The bill would also require the board to develop a template for a written policy on discontinuation of residential service for nonpayment, on or before September 1, 2022, to aid very small community water systems in complying with the requirement to have a written policy on discontinuation of residential service for nonpayment.

Existing law prohibits an urban and community water system from discontinuing residential service for nonpayment if certain conditions are met, including that the customer or a tenant submits certification that discontinuation of residential service will be life threatening to, or pose a serious threat to the health and safety of, a resident of the premises.

This bill would revise the conditions under which urban and community water systems and very small community water systems are prohibited from discontinuing residential service for nonpayment. The bill would prohibit these systems from discontinuing residential service for nonpayment during a state or local emergency. The bill would prohibit these systems from discontinuing residential water service for nonpayment until a payment by a customer has been delinquent for at least 120, rather than 60, days and the total amount of the delinquency, exclusive of late charges and interest, is at least \$400. The bill would also prohibit these systems from discontinuing residential water service for nonpayment to a master-metered multifamily residence with at least 4 units or to a master-metered mobilehome park.

Existing law requires an urban and community water system to impose specified fees for reconnection of service for customers with a household income below 200% of the federal poverty line.

This bill would instead require an urban and community water system and very small community water system to waive fees for disconnection and reconnection of service for those customers.

Existing law authorizes the Attorney General to enforce the requirements imposed on urban and community water systems in connection with discontinuing residential service for nonpayment by seeking an injunction, as specified.

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This bill would additionally authorize the board to issue an order to an urban and community water system or very small community water system to enforce these requirements, or to seek an injunction, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- SECTION 1. Section 116902 of the Health and Safety Code is amended to read:
- 3 116902. For the purposes of this chapter, the following 4 definitions apply:

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- (a) "Board" means the State Water Resources Control Board.
- (b) "Public water system" has the same meaning as defined in Section 116275.
- (c) "Residential service" means water service to a residential connection that includes single-family residences, multifamily residences, mobilehomes, including, but not limited to, mobilehomes in mobilehome parks, or farmworker housing.
- (d) "Urban and community water system" means a public water system that supplies water to more than 200 service-connections. connections used by year-long residents.
- (e) "Urban water supplier" has the same meaning as defined in Section 10617 of the Water Code.
- (f) "Very small community water system" means a public water system that supplies water to 200 or fewer service connections used by year-long residents.
- SEC. 2. Section 116904 of the Health and Safety Code is amended to read:
 - 116904. (a) An urban water supplier not regulated by the Public Utilities Commission shall comply with this chapter on and after February 1, 2020.
- 25 (b) An urban and community water system regulated by the 26 Public Utilities Commission shall comply with this chapter on and 27 after February 1, 2020. The urban and community water system 28 regulated by the Public Utilities Commission shall file advice
- 29 letters with the commission to conform with this chapter.

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(c) An urban and community water system not described in subdivision (a) or (b) shall comply with this chapter on and after April 1, 2020.

- (d) A very small community water system shall comply with this chapter on and after July 1, 2022. A very small community water system regulated by the Public Utilities Commission shall file advice letters with the commission to conform with this chapter.
- (e) The board shall provide technical assistance to very small community water systems, as appropriate, to assist with compliance with this chapter.
- (f) The board shall establish a bridge loan program to assist very small community water systems that may suffer revenue loss or delayed collection while complying with this chapter. To the extent funding is available, partial loan forgiveness shall be made available to systems that offer debt forgiveness to low-income residents with past due accounts.
- (g) An urban water supplier and an urban and community water system shall update its policies to comply with this chapter by July 1, 2022.
- SEC. 3. Section 116906 of the Health and Safety Code is amended to read:
- 116906. (a) An urban and community water system and a very small community water system shall have a written policy on discontinuation of residential service for nonpayment available in English, the languages listed in Section 1632 of the Civil Code, and any other language spoken by at least 10 percent of the people residing in its service area. The policy shall include all of the following:
- (1) A plan for deferred or reduced payments. payments that 30 includes an option for repayment over a period of 12 months or 31 longer.
 - (2) Alternative payment schedules.
- 33 (3) A formal mechanism for a customer to contest or appeal a bill. 34
 - (4) An arrearage management plan consistent with the *following:*
 - (A) The arrearage management plan shall extend for a maximum of 12 months and shall include forgiveness of at least one-twelfth of the delinquent balance with each consecutive on-time payment of the monthly charge for water service only. Forgiveness of the

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full delinquent balance under the arrearage management plan shall take place at the final consecutive on-time payment under the plan.

(B) A customer who misses two consecutive payments may be removed from the arrearage management plan. If a customer is removed from the arrearage management plan before making 12 on-time payments, any debt that has already been forgiven shall remain forgiven and the urban and community water system or very small community water system shall offer enrollment into an amortization agreement, alternative payment schedule, or a plan for deferred or reduced payment.

(4)

- (5) A telephone number for a customer to contact to discuss options for averting discontinuation of residential service for nonpayment.
- (6) For systems that provide water audits or have the capacity to do so, a free water audit offered to low-income residential customers households with water usage that is above the annual average volume usage of their customer class.
- (b) The policy shall be available on the urban and community water system's Internet Web site, internet website of the urban and community water system or very small community water system, if an Internet Web site internet website exists. If an Internet Web site internet website does not exist, the urban and community water system or very small community water system shall provide the policy to customers in writing, upon request. in writing upon its adoption or revision and upon request by a customer.
- (c) (1) The board may enforce the requirements of this section pursuant to Sections 116577, 116650, and 116655. The provisions of Section 116585 and Article 10 (commencing with Section 116700) of Chapter 4 apply to enforcement undertaken for a violation of this section.
- (2) All moneys collected pursuant to this subdivision shall be deposited in the Safe Drinking Water Account established pursuant to Section 116590.
- (d) The board shall develop a template for a written policy on discontinuation of residential service for nonpayment, on or before September 1, 2022, to aid very small community water systems in compliance with this section. The written policy template shall be

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provided in English and the languages listed in Section 1632 of the Civil Code.

SEC. 4. Section 116908 of the Health and Safety Code is amended to read:

116908. (a) (1) (A) An urban and community water system or very small community water system shall not discontinue residential service for nonpayment until a payment for water service by a customer has been delinquent for at least 60 days. 120 days and the amount of the delinquency, excluding late charges and interest, is at least four hundred dollars (\$400). No less than seven business days before discontinuation of residential service for nonpayment, an urban and community water system and very small community water system shall contact the customer named on the account by telephone or written notice.

- (B) When the urban and community water system or very small community water system contacts the customer named on the account by telephone pursuant to subparagraph (A), it shall offer to provide in writing to the customer—the urban and community water system's its policy on discontinuation of residential service for nonpayment. An urban and community water system and very small community water system shall offer to discuss options to avert discontinuation of residential service for nonpayment, including, but not limited to, alternative payment schedules, deferred payments, entering into an arrearage management plan, minimum payments, procedures for requesting amortization of the unpaid balance, and petition for bill review and appeal.
- (C) When the urban and community water system *or very small community water system* contacts the customer named on the account by written notice pursuant to subparagraph (A), the written notice of payment delinquency and impending discontinuation shall be mailed to the customer of the residence to which the residential service is provided. If the customer's address is not the address of the property to which residential service is provided, the notice also shall be sent to the address of the property to which residential service is provided, addressed to "Occupant." The notice shall include, but is not limited to, all of the following information in a clear and legible format:
- 38 (i) The customer's name and address.
 - (ii) The amount of the delinquency.

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(iii) The date by which payment or arrangement for payment is required in order to avoid discontinuation of residential service.

- (iv) A description of the process to apply for an extension of time to pay the delinquent charges.
- (v) A description of the procedure to petition for bill review and appeal.
- (vi) A description of the procedure by which the customer may request a deferred, reduced, or alternative payment schedule, including *entering into an arrearage management plan or* an amortization of the delinquent residential service charges, consistent with the written policies provided pursuant to subdivision (a) of Section 116906.
- (2) If the urban and community water system or very small community water system is unable to make contact with the customer or an adult occupying the residence by telephone, and written notice is returned through the mail as undeliverable, the urban and community water system or very small community water system shall make a good faith effort to visit the residence and leave, or make other arrangements for placement in a conspicuous place of, a notice of imminent discontinuation of residential service for nonpayment and the urban and community water system's policy for discontinuation of residential service for nonpayment.
- (b) If an adult at the residence appeals the water bill to the urban and community water system, very small community water system, or any other administrative or legal body to which such an appeal may be lawfully taken, the urban and community water system or very small community water system shall not discontinue residential service while the appeal is pending.
- (c) For purposes of this section, a residential water customer who pays a water bill that is combined with billing for other services, including, but not limited to, sewer service or electricity service, is not delinquent and shall not have their water service discontinued for nonpayment if the customer has paid an amount equal to or greater than the monthly charge for water service, excluding taxes and fees.
- (d) Notwithstanding any other law, the urban and community water system or very small community water system shall release all liens, and shall not obtain any new lien, for delinquent amounts owed for residential water service when the customer is enrolled in an amortization agreement, alternative payment schedule, or

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1 arrearage management plan, or a plan for deferred or reduced
 2 payment.
 3 SEC. 5. Section 116910 of the Health and Safety Code is

- SEC. 5. Section 116910 of the Health and Safety Code is amended to read:
- 116910. (a) An urban and community water system or very small community water system shall not discontinue residential service for nonpayment during a state or local emergency declared pursuant to Section 8625 or 8630 of the Government Code.

(a)

- (b) An urban and community water system or very small community water system shall not discontinue residential service for nonpayment if all of the following conditions are met:
- (1) (A) The customer, or a tenant of the customer,—submits self-certifies to the urban and community water system or very small community water system that a resident of the premises is older than 65 years of age or younger than 18 years of age or submits the certification of a primary care provider, as that term is defined in subparagraph (A) of paragraph (1) of subdivision (b) of Section 14088 of the Welfare and Institutions Code, that discontinuation of residential service will be life threatening to, or pose a serious threat to the health and safety of, a resident of the premises where residential service is provided.
- (B) As an alternative to the procedures described in subparagraph (A), a customer, or tenant of the customer, may self-certify that they do not have a primary care provider and that discontinuation of residential service will be life threatening to, or pose a serious threat to the health and safety of, a resident of the premises where residential service is provided. A self-certification under this subparagraph may be oral or in writing and may be made in English or any of the languages listed in Section 1632 of the Civil Code.
- (2) The customer demonstrates that he or she is they are financially unable to pay for residential service within the urban and community water system's normal billing-eyele. cycle of the urban and community water system or very small community water system. The customer shall be deemed financially unable to pay for residential service within the urban and community water system's normal billing cycle if any member of the customer's household is a current enrollee in, or recipient of of, the California Alternate Rates for Energy (CARE) program established pursuant

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1 to Section 739.1 of the Public Utilities Code, the Family Electric

- 2 Rate Assistance program established pursuant to Section 739.12
- 3 of the Public Utilities Code, CalWORKs, CalFresh, general
- 4 assistance, Medi-Cal, Supplemental Security Income/State
- 5 Supplementary Payment Program, or California Special
- 6 Supplemental Nutrition Program for Women, Infants, and Children, 7 or the customer declares that the household's annual income is
- 8 less than 200 percent of the federal poverty level.
 - (3) The customer is willing to enter into an amortization agreement, alternative payment schedule, or arrearage management plan, or a plan for deferred or reduced payment, consistent with the written policies provided pursuant to subdivision (a) of Section 116906, with respect to all delinquent charges.

15 (b)

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- (c) (1) If the conditions listed in subdivision (a) (b) are met, the urban and community water system or very small community water system shall offer the customer one or more of the following options:
 - (A) Amortization of the unpaid balance.
 - (B) Participation in an alternative payment schedule.
- (C) A partial or full reduction of the unpaid balance financed without additional charges to other ratepayers.
 - (D) Temporary deferral of payment.
- (E) An arrearage management plan, as described in paragraph (4) of subdivision (a) of Section 116906.
- (2) The urban and community water system may choose which of the payment options described in paragraph (1) the customer undertakes and may set the parameters of that or very small community water system shall, in consultation with the customer, select the option described in paragraph (1) that best assists the customer in avoiding discontinuation of service over the long term, and may set the parameters of the selected payment option. Ordinarily, the repayment option offered should result in repayment resolution of any remaining outstanding balance within 12 months.
- 36 An urban and community water system or very small community
- 37 water system may grant a longer repayment period if it finds the
- 38 longer period is necessary to avoid undue hardship to the customer
- based on the circumstances of the individual case. 39

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(3) Residential service may be discontinued no sooner than 5 business days after the urban and community water system *or very small community water system* posts a final notice of intent to disconnect service in a prominent and conspicuous location at the property under either of the following circumstances:

- (A) The customer fails to comply with an amortization agreement,—an alternative payment schedule, *or arrearage management plan*, or a deferral or reduction in payment plan for delinquent charges for 60 days or more.
- (B) While undertaking an amortization agreement, an alternative payment schedule, or arrearage management plan, or a deferral or reduction in payment plan for delinquent charges, the customer does not pay his or her their current residential service charges for 60 days or more.
- (d) By July 1, 2022, the Public Utilities Commission shall establish a mechanism by which electrical and gas corporations regularly share data with urban and community water systems and very small community water systems in their service areas regarding the utility customers enrolled in, or eligible to be enrolled in, the California Alternate Rates for Energy program established pursuant to Section 739.1 of the Public Utilities Code or the Family Electric Rates Assistance program, established pursuant to Section 739.12 of the Public Utilities Code. Data shared pursuant to the mechanism established by the commission shall be subject to Section 6254.16 of the Government Code.
- SEC. 6. Section 116912 of the Health and Safety Code is amended to read:
- 116912. An urban and community water system *or very small* community water system that discontinues residential service for nonpayment shall provide the customer with information on how to restore residential service.
- SEC. 7. Section 116914 of the Health and Safety Code is amended to read:
- 116914. (a) For a residential customer who demonstrates to an urban and community water system *or very small community water system* household income below 200 percent of the federal poverty line, the urban and community water system *or very small community water system* shall do both of the following:
- (1) Set a reconnection of service fee for reconnection during normal operating hours at fifty dollars (\$50), but not to exceed the

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actual cost of reconnection if it is less. Reconnection fees shall be subject to an annual adjustment for changes in the Consumer Price Index beginning January 1, 2021. For the reconnection of residential service during nonoperational hours, an urban and community water system shall set a reconnection of service fee at one hundred fifty dollars (\$150), but not to exceed the actual cost of reconnection if it is less. Reconnection fees shall be subject to an annual adjustment for changes in the Consumer Price Index beginning January 1, 2021.

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- (1) Waive fees for disconnection and reconnection of service.
- (2) Waive *all late fees*, interest charges charges, and penalties on delinquent bills once every 12 months.
- (b) An urban and community water system and very small community water system shall deem a residential customer to have a household income below 200 percent of the federal poverty line if any member of the household is a current enrollee in, or recipient of of, the California Alternate Rates for Energy program established pursuant to Section 739.1 of the Public Utilities Code, the Family Electric Rate Assistance program established pursuant to Section 739.12 of the Public Utilities Code, CalWORKs, CalFresh, general assistance, Medi-Cal, Supplemental Security Income/State Supplementary Payment Program, or California Special Supplemental Nutrition Program for Women, Infants, and Children, or the customer declares that the household's annual income is less than 200 percent of the federal poverty level.
- SEC. 8. Section 116916 of the Health and Safety Code is amended to read:
- 116916. (a) This section applies if there is a landlord-tenant relationship between the residential occupants and the owner, manager, or operator of the dwelling.
- (b) An urban and community water system or very small community water system shall not discontinue for nonpayment residential water service to a master-metered multifamily residence with at least four units or to a master-metered mobilehome park.
- (c) If an urban and community water system or very small community water system furnishes individually metered residential service to residential occupants of a detached single-family dwelling, a multiunit residential structure, mobilehome park, or permanent residential structure in a labor camp as defined in

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1 Section 17008, and the owner, manager, or operator of the 2 dwelling, structure, or park is the customer of record, the urban 3 and community water system or very small community water 4 system shall make every good faith effort to inform the residential 5 occupants, by means of written notice, when the account is in arrears that service will be terminated at least 10 days prior to the 6 7 termination. The written notice shall further inform the residential 8 occupants that they have the right to become customers, to whom the service will then be billed, without being required to pay any 10 amount which may be due on the delinquent account.

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(d) The urban and community water system or very small community water system is not required to make direct service available to the residential occupants unless each residential occupant agrees to the terms and conditions of service and meets the requirements of law and the urban and community water system's rules and tariffs. rules of the urban and community water system or very small community water system. However, if one or more of the residential occupants are willing and able to assume responsibility for the subsequent charges to the account to the satisfaction of the urban and community water system or very small community water system, or if there is a physical means legally available to the urban and community water system or very small community water system of selectively terminating service to those residential occupants who have not met the requirements of the urban and community water system's rules and tariffs, rules of the urban and community water system or very small community water system, the urban and community water system or very small community water system shall make service available to those residential occupants who have met those requirements.

(d)

(e) If prior service for a period of time is a condition for establishing credit with the urban and community water system or very small community water system, residence and proof of prompt payment of rent or other credit obligation acceptable to the urban and community water system or very small community water system for that period of time is a satisfactory equivalent.

38 (e)

(f) Any residential occupant who becomes a customer of the urban and community water system or very small community water

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system pursuant to this section whose periodic payments, such as rental payments, include charges for residential water service, where those charges are not separately stated, may deduct from the periodic payment each payment period all reasonable charges paid to the urban and community water system or very small community water system for those services during the preceding payment period.

(f)

- (g) In the case of a detached single-family dwelling, the urban and community water system or very small community water system may do any of the following:
- (1) Give notice of termination at least seven days prior to the proposed termination.
- (2) In order for the amount due on the delinquent account to be waived, require an occupant who becomes a customer to verify that the delinquent account customer of record is or was the landlord, manager, or agent of the dwelling. Verification may include, but is not limited to, a lease or rental agreement, rent receipts, a government document indicating that the occupant is renting the property, or information disclosed pursuant to Section 1962 of the Civil Code.
- SEC. 9. Section 116918 of the Health and Safety Code is amended to read:
- 116918. (a) An urban and community water system or very small community water system shall report annually the number of—annual discontinuations of residential service for inability to pay on the urban and community water system's Internet Web site, pay, during the reporting year, both for the water system as a whole and for each ZIP Code served by the water system, on the water system's internet website, if an—Internet Web site internet website exists, and to the board. The board shall post on its—Internet Web site internet website the information reported.
- (b) In its annual reporting to the board pursuant to this section, each urban and community water system and very small community water system shall report all of the following:
- (1) The number of accounts for which water service was restored within 36 hours of the time of disconnection.
- (2) The number of accounts for which water service was restored between 36 hours and seven days from the time of disconnection.

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(3) The number of accounts for which water service was restored more than seven days after disconnection.

- (4) The number of accounts for customers who fell behind on their water bills during the year, the median amount of household water debt that is outstanding at the end of each annual reporting cycle, and the overall amount of household water debt that is outstanding at the end of each annual reporting cycle.
- (5) The number of accounts for customers who are enrolled in a water affordability program at the end of each annual reporting cycle.
- SEC. 10. Section 116920 of the Health and Safety Code is amended to read:
- 116920. (a) The Attorney General, The board may issue an order to an urban and community water system or very small community water system to enforce the requirements of this chapter.
- (b) The board, or the Attorney General at the request of the board or upon-his or her the Attorney General's own motion, may bring an action in state court to restrain by temporary or permanent injunction the use of any method, act, or practice declared in this chapter to be unlawful.

22 (b)

- (c) For an urban and community water system or very small community water system regulated by the Public Utilities Commission, the commission may bring an action in state court to restrain by temporary or permanent injunction the use by an urban and community water system or very small community water system regulated by the commission of any method, act, or practice declared in this chapter to be unlawful.
- SEC. 11. Section 116922 of the Health and Safety Code is amended to read:
- 116922. All written notices required under this chapter shall be provided in English, the languages listed in Section 1632 of the Civil Code, and any other language spoken by 10 percent or more of the customers in the urban and community water system's service area. service area of the urban and community water system or very small community water system.
- 38 SEC. 12. Section 116926 of the Health and Safety Code is amended to read:

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1 116926. This chapter does not apply to the termination of a service connection by an urban and community water system *or very small community water system* due to an unauthorized action of a customer.

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To: Board of Directors, Municipal Water District of Orange County

From: Natural Resource Results

RE: Monthly Board Report – February 2021

Start of 117th Congress

On Sunday, January 3rd the House of Representatives gaveled in for the start of the 117th Congress and Nancy Pelosi was reelected Speaker of the House by a two-vote margin. The makeup of the Senate will be evenly divided 50-50 amongst Democrats and Republicans, Vice President-elect Kamala Harris (D) will have an additional tie breaking vote giving Democrats a slim majority, making Senator Schumer the Majority Leader. Two Georgia Senate special elections determined control of the upper chamber; Rev. Raphael Warnock (D) defeated incumbent Senator Kelly Loeffler (R), and incumbent Senator David Perdue was defeated by John Ossoff (D). President-Elect Biden will have clearer control over America's legislative agenda for at least the next two years.

The last Senate 50-50 split occurred for a few months in 2001, before a senator changed parties, when Democratic leader Tom Daschle and Republican leader Trent Lott struck a power-sharing agreement that provided for evenly divided committee rosters. Funding for staffers and office space — huge issues in the Senate — were divided equally between the two parties. In 2001, the Senate adopted unique rules that allowed either Lott or Daschle to move bills and nominations if there was a deadlock inside the committees.

The current scenario will be the fourth tied Senate in US history, leaving a degree of uncertainty about how the parties will operate. The Senate could replicate that 2001 agreement, as current Majority Leader Sen. Mitch McConnell (R-KY) suggested in 2016, but many are skeptical, given the increased polarization in the Senate.

Regardless of the potential for the 2001 scenario, Committee rosters are set to get a shakeup with Democrats gaining seats on each panel and Republicans losing them to arrive at an even split. Both democratic victories in Georgia mean that Sen. Joe Manchin (D-W.Va.) gets to lead the Energy and Natural Resources Committee, and Sen. Tom Carper (D-Del.) will be in charge of the Environment and Public Works Committee.

Sen. Joe Manchin has committed to not voting to expand the Supreme Court or nix the filibuster rule - requiring 60 votes to pass legislation through the Senate. Votes on Executive and Judicial Branch Nominations and usage of the once per year-complex budget reconciliation procedures, where only a simple majority is required, could open the door for major Democratic priorities.

Congressional Committee Assignments

Committee assignments in the House are slowly starting to trickle in. Below are the committee assignments among MWDOC delegation members:

- Rep. Michelle Steel (R-CA) House Committee on Transportation and Infrastructure, House Committee on Education and Labor
- Rep. Katie Porter (D-CA) House Committee on Natural Resources, House Committee on Oversight and Government Reform
- Rep. Lou Correa (D-CA) House Committee on Agriculture, House Committee on Homeland Security, House Committee on the Judiciary
- Rep. Young Kim (R-CA) House Committee on Foreign Affairs, House Small Business Committee, House Science Space and Technology Committee
- Rep. Linda Sanchez (D-CA) House Committee on Ways and Means

Below are new assignments for Californians outside of MWDOC's delegation but that sit on pertinent committees:

- Rep. David Valadao (R-CA) House Committee on Appropriations
- Rep. Mike Garcia (R-CA) House Committee on Appropriations
- Rep. Jay Obernolte (R-CA) House Committee on Natural Resources
- Rep. Josh Harder (D-CA) House Committee on Appropriations

We expect Rep. Jared Huffman (D-CA) will continue to chair the Water, Oceans, and Wildlife Subcommittee on House Natural Resources and Rep. Grace Napolitano (D-CA) will chair the Water Resources and Environment Subcommittee on House Transportation and Infrastructure.

The Senate situation is a bit murkier as the Senate has not yet passed an organizing resolution, meaning that committee assignments have not been finalized. However, we expect Senator Feinstein will become chair of the Energy and Water Subcommittee of the Senate Committee on Appropriations, which oversees the Bureau of Reclamation's budget. We also know that California's new Senator, Alex Padilla, would like to sit on either the Energy and Natural Resources Committee or the Environment and Public Works Committee.

Biden Appointments

The Biden team has begun filling various leadership roles at the Department of the Interior with some familiar faces who will hold "acting" roles until the Senate can vote on nominations for each of these positions. Relevant positions include:

- Camille Touton Acting Bureau of Reclamation Commissioner
 - Former roles include professional staff on the House Transportation and Infrastructure Committee, House Natural Resources Committee and Senate Energy and Natural Resources Committee. Camille also served as a Senior

Counselor to the Assistant Secretary for Water and Science during the Obama Administration

- Tanya Trujillo Acting Assistant Secretary for Water and Science
 - Tanya comes from the Colorado River Sustainability Campaign and served as Counselor to the Assistant Secretary for Water and Science during the Obama Administration and also as professional staff for the Senate Energy and Natural Resources Committee.
- Martha Williams Acting Fish and Wildlife Service Director
 - Former roles include time as the Director of Montana Fish, Wildlife, and Parks and Deputy Solicitor at the Department of Interior under Obama.
- Elizabeth Klein Nominee for Deputy Secretary of the Interior
 - Former roles include time at the Center for American Progress, and a number of different positions at the Department of the Interior during the Obama Administration, including Principal Deputy Assistant Secretary for Policy, Management and Budget
- Shannon Estenoz Acting Assistant Secretary for Fish, Wildlife and Parks
 - Shannon comes from the Everglades Foundation and before that worked at the Department of the Interior as the Executive Director of the South Florida Ecosystem Restoration Task Force

MWDOC Supported Legislation

NRR has confirmed that three MWDOC supported pieces of legislation will be reintroduced during the 117th Congress and include (bill numbers are from the 116th Congress):

- Rep. Garamendi HR 8217, the WIFIA Improvement Act
- Rep. Huffman HR 2313, the Water Conservation Rebate Tax Parity Act
- Rep. Levin HR 3723, the Desalination Development Act

Bureau of Reclamation Distribution of Additional Funds

The fiscal year 2021 omnibus appropriations bill, which was signed into law in December of 2020, included funding for the Bureau of Reclamation above and beyond what the agency had asked for with their budget request. As a result of this, Congress directed Reclamation to submit a report to Congress on how it plans to utilize those additional funds. Highlights include:

- \$10.5 million for WaterSMART Drought Response
- \$1 million for Colorado River Basin Salinity Control, Title I
 - Funding to investigate currently unmeasured salinity on the lower river
- \$9 million for Lower Colorado River Operations Program
 - Funding for lower basin water efficiency activities and conservation efforts in partnership with non-federal water users
- \$2.5 million for Salton Sea
 - Funding for activities and projects associated with habitat improvement, dust suppression, and water quality

President's Budget

We expect President-Elect Biden to submit his Fiscal Year 2022 budget request to Congress sometime in late February or early May, slightly behind the typical early February timeframe. President Biden's climate advisors, former EPA Administrator Gina McCarthy and Former Secretary of State John Kerry, have made it clear that climate will touch every aspect of the President's budget request to Congress.

Colorado River Issues: Paradox Valley Unit EIS

The Bureau of Reclamation has issued letters to entities that commented on the EIS that they will not be issuing a Record of Decision. We are now in a position to work with the new Administration on the future of the project.

Climate Executive Order (EO)

On January 27, President Biden signed an EO aimed at tackling climate change and boosting green jobs. Highlights of the EO include the following:

- Directive to the Secretary of the Interior to develop a report within 90 days to preserve 30% of land and water in the U.S. by 2030
- A freeze on new oil and gas leasing on federal lands
- Directive to the Secretary of Agriculture to collect input from stakeholders on the best way to utilize USDA programs to encourage adoption of climate smart agriculture and forestry practices that decrease wildfire risk

COVID Legislation

We expect that Congress will attempt to pass another COVID relief bill in the not-to-distant future as it is one of President Biden's top priorities. Biden has put forward a \$1.9 trillion COVID relief package, which has received mixed reactions in Congress. Most congressional Republicans question the need for a relief bill that large given the fact that Congress passed a \$900 billion bill before the end of 2020.

Biden has been clear that he would like the bill to be bipartisan – at this point that seems like a long shot. That said, congressional Democrats have the ability to utilize a process called "budget reconciliation" to pass a COVID relief bill. This process allows them to bypass the 60-vote threshold that would normally apply in the Senate and pass legislation with a simple majority. Given the lukewarm reaction to Biden's proposal by Republicans, reconciliation seems to be a likely path forward for COVID relief.

Infrastructure Legislation

Congress will likely take up some form of an infrastructure stimulus bill following their work on a COVID relief bill. Again, Democrats have the option of moving the bill through the budget reconciliation process should they put forward a bill that fails to garner Republican support.

In the House, H.R. 2, the broad infrastructure bill that passed out of the lower chamber during the last Congress, will be the foundation for an infrastructure proposal. While the shape of the bill is not yet entirely clear, it will certainly focus on addressing climate change through federal investment in various infrastructure programs and projects.



| To: | Municipal Water District of Orange County | |
|-------|---|--|
| From: | Syrus Devers, Best & Krieger | |
| Date: | February 3, 2021 | |
| Re: | State Legislative Report | |
| | | |

The Legislature did convene as announced on January 11th and began work on the Governor's Budget on the 14th. The Legislature will continue to operate remotely for the foreseeable future. Below are some of the relevant highlights of the budget and significant bills that were introduced the first week.

The Budget:

As previously reported, California's economy performed better than expected during the pandemic: about \$26 billion or \$15.5 billion depending on who you ask. (The \$15.5 billion estimate is from the Legislative Analyst's Office (LAO), which means that is the correct number.) Newsom's budget proposes a large number of one-time spending proposals to shore up weaknesses in the economy due to the pandemic. While the LAO concurs that aggressive measures are needed to address the impacts of the lockdown, it questions some of the Governor's assumptions and further points out that the proposals were crafted prior to the last round of federal stimulus approved in December. The LAO encouraged the Legislature to reconsider how COVID relief might be better tailored to benefit those who did not receive federal funds. The LAO raised red flags about the overall direction of the budget and proposed reserves, noting that if the budget was adopted as proposed it would cause operating deficits in the range of \$11 billion by 2024-25. A brief quote from the LAO's budget review explains the short-term budget proposals:

The Governor's budget includes \$5 billion in actions he proposes the Legislature adopt within the next few weeks. First, the Governor proposes \$2 billion for in-person instruction grants connected to a school reopening proposal. We are concerned this proposal sets unfeasible time lines. Second, the Governor proposes providing \$2.4 billion in tax refunds to low-income taxpayers, which we think could be more targeted. Third, we agree the Governor's proposal to provide \$550 million in small business grants is worth considering. Fourth, the Governor's proposal to waive fees for individuals and businesses directly affected by the state's stay-at-home orders is reasonable.

The full report is available here: https://lao.ca.gov/Publications/Report/4309



The Governor's budget included significant spending on natural resources as one way to stimulate the economy. BB&K will report on the relevant water policy spending issues as they are addressed through the subcommittee process in the coming weeks.

Legislation:

Two Significant bills have been introduced that will concern the JPA. Both are by Senator Dodd and they follow up his legislation from 2018, SB 998, prohibiting water shutoffs for failure to pay. SB 222 seeks to create the "Water Affordability Assistance Fund" in the budget to provide direct assistance to low-income rate payers. The unanswered question is the funding source. If it is funded by a tax on water it will not matter how well it is written, but the bill gives no indication of how the author proposes to pay for the program. The bill also creates new reporting requirements to the State Water Resources Control Board concerning water rates and number of shutoffs for nonpayment that public water agencies might not support. The full text of the bill can be found here:

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB222

The other is SB 223, which extends the shutoff provisions from SB 998 and is likely to be controversial. The majority of the bill makes the existing shutoff prohibitions applicable to very small water agencies with fewer than 200 connections, but it also proposes new restrictions, some of which may violate Proposition 218. The bill proposes waiving debt for unpaid water bills, and waiving reconnection fees, under specified circumstances. The full text of the bill can be read here:

https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB223

Both proposals raise the issue of some ratepayers subsidizing others, which may violate Proposition 218's requirement that all fees must be for property-related services. Obviously these are complex issues that will require further analysis prior to the bill being heard in committee. The first committee hearings will likely be in mid to late March, although they may start earlier if the Legislature deems it necessary.

Finally, SB 230 (Portatino) is sponsored by MWD and is a reintroduction of SB 996 (also by Senator Portantino) regarding Constituents of Emerging Concern, or "CECs." As before, the goal of SB 230 is to allow for a science-based process to identify the most important CECs to investigate, and to make recommendations to the State Water Resources Control Board (SWRCB) for the regulation of CECs in drinking water. The bill calls the creation of a scientific advisory panel to guide the SWRCB in the hope that sound science will determine how and when to regulate CECs instead of regulation through legislation. Ordinarily staff would recommend a support position as it did last year, but the Orange County Water District has raised concerns with specific provisions of the bill. Since the bill will not be heard in committee before March, staff is recommending a "watch" position at this time in order to give OCWD and MWD an opportunity to meet and confer.



Recall Effort:

Rescue California, the same group that spearheaded the recall effort against Gray Davis, claims to have 1.2 million signatures of the 1.5 million needed to qualify a recall initiative. They also claim to have \$1.7 cash on hand, which is a respectable amount at this early stage of the process, but Newsom still enjoys a 57% approval rating despite recent missteps over the state's response to the COVID pandemic. By comparison, Gray Davis had a 26% approval rating when he was recalled.

MWDOC Bill Matrix

Prepared by Best Best & Krieger, January 27, 2021

A. Priority Support/Oppose

| Measure | Author | Торіс | Location | Brief Summary | Position | Priority |
|---------|-----------------|---|-----------------------|---|---------------------|-------------------------------------|
| SB 45 | Portantino D | Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022. | 12/7/2020 -S. RLS. | Would enact the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$5,510,000,000 pursuant to the State General Obligation Bond Law to finance projects for a wildfire prevention, safe drinking water, drought preparation, and flood protection program. | Out for Analysis | A. Priority Support Oppose |

| SB 222 | Dodd D | Water Affordability Assistance Program. | 1/14/2021 -S. RLS. | Would establish the Water Affordability Assistance Fund in the State Treasury to help provide water affordability assistance, for both drinking water and wastewater services, to low-income ratepayers and ratepayers experiencing economic hardship in California. The bill would make moneys in the fund available upon appropriation by the Legislature to the state board to provide, as part of the Water Affordability Assistance Program established by the bill, direct water bill assistance, water bill credits, water crisis assistance, affordability assistance, and short-term assistance to public water systems to administer program components. | Out for Analysis | A. Priority Support/ Oppose |
|--------|--------|--|-----------------------|--|------------------|-----------------------------|

| SB 223 | Dodd D | Discontinuatio n of residential water service. | 1/14/2021 -S. RLS. | Current law prohibits an urban and community water system, defined as a public water system that supplies water to more than 200 service connections, from discontinuing residential water service for nonpayment until a payment by a customer has been delinquent for at least 60 days. Current law requires an urban and community water system to have a written policy on discontinuation of residential service for nonpayment, including, among other things, specified options for addressing the nonpayment. Current law requires an urban and community water system to provide notice of that policy to customers, as provided. This bill would apply those provisions, on and after July 1, 2022, to a very small community water system that supplies water to 200 or fewer service connections used by year-long residents. | Out for Analysis | A. Priority Support/ Oppose |
|--------|--------|--|-----------------------|---|------------------|-----------------------------|

| SB 230 | Portantino D | State Water Resources Control Board: Constituents of Emerging Concern Program. | 1/19/2021 -S. RLS. | Would require the State Water Resources Control Board to establish, maintain, and direct an ongoing, dedicated program called the Constituents of Emerging Concern Program to assess the state of information and recommend areas for further study on, among other things, the occurrence of constituents of emerging concern (CEC) in drinking water sources and treated drinking water. The bill would require the state board to convene, by an unspecified date, the Science Advisory Panel to review and provide recommendations to the state board on CEC for further action, among other duties. The bill would require the state board to provide an annual report to the Legislature on the ongoing work conducted by the panel. | Watch | A. Priority Support/ Oppose |
|---------|--------------|--|-----------------------|--|----------|-----------------------------|
| Measure | Author | Topic | Location | Brief Summary | Position | Priority |

| | AB 11 | Ward D | Climate change: regional climate change authorities. | 1/11/2021 -A. NAT. RES. | Would require the Strategic Growth Council, by January 1, 2023, to establish up to 12 regional climate change authorities to coordinate climate adaptation and mitigation activities in their regions, and coordinate with other regional climate adaptation autorities, state agencies, and other relevant stakeholders. | Watch | B. Watch |
|--|-------|--------|--|-------------------------------|---|-------|----------|
|--|-------|--------|--|-------------------------------|---|-------|----------|

| | 1 | I | | | |
|--------|----------|---|---------------------------------|--|----------|
| AB 100 | Holden D | Drinking water: pipes and fittings: lead content. | 1/11/2021 -A. E.S. & T.M. | The California Safe Drinking Water Act prohibits, with certain exceptions, the use of any pipe, pipe or plumbing fitting or fixture, solder, or flux that is not lead free in the installation or repair of any public water system or any plumbing in a facility providing water for human consumption. The act defines "lead free" for purposes of conveying or dispensing water for human consumption to mean not more than 0.2% lead when used with respect to solder and flux and not more than a weighted average of 0.25% lead when used with respect to the wetted surfaces of pipes and pipe fittings, plumbing fittings, and fixtures. This bill would additionally define "lead free," with respect to endpoint devices, as defined, to mean that the devices do not leach more than one microgram of lead under certain tests and meeting a specified certification. | B. Watch |

Total Measures: 9

Total Tracking Forms: 9



DISCUSSION ITEM February 3, 2021

TO: Board of Directors

FROM: Robert Hunter, General Manager

Staff Contact: Melissa Baum-Haley

SUBJECT: METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

INTEGRATED RESOURCES PLAN (IRP) DISCUSSION SERIES - PART

11 (SCENARIO KEY ASSUMPTIONS)

STAFF RECOMMENDATION

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

SUMMARY

In this eleventh discussion of our series on Metropolitan's 2020 Integrated Water Resources Plan (IRP) we will highlight a number of key input assumptions utilized in the development of the scenario framework. The current IRP scenarios reveal different challenges to reliability, thus resulting in a need to discuss an appropriate reliability goal. At the January 26 IRP Special Committee, the Metropolitan Board began discussions relating to what level of reliability Metropolitan staff should move forward with when evaluating the portfolio options/actions in response to the gap analyses.

REPORT

The current Metropolitan IRP is utilizing a scenario framework based on combinations of stable/reduced imported water stability in conjunction with higher/lower demands on Metropolitan. To better provide a deeper level of detail within the scenario framework, below are descriptions and tables which highlight a number of key input assumptions. It is important to note, the input assumptions will be refined based on Metropolitan staff investigations, consultation with topic area experts, and member agency feedback.

| Budgeted (Y/N): N/A | Budgeted a | amount: None | Core <u>X</u> | Choice |
|---------------------------|------------|--------------|---------------|--------|
| Action item amount: N/ | A | Line item: | | |
| Fiscal Impact (explain if | unbudgete | d): | | |

Scenario A - Low demand and stable imports (smallest gap, if any); driven by a combination of plentiful regional and local supplies, a struggling economy, low population growth, and a strengthening water use ethic across the state. Member agency efforts to reduce their dependence on Metropolitan would have also succeeded.

| | A |
|------------------|---|
| SWP Imports | 2019 Delivery Capability ReportNo Conveyance Project |
| CRA Imports | August 2020 CRSS Modeling Run Full Hydrology Upper Basin Drought Operations plan throughout planning horizon |
| Retail Demand | ~8% ↓ in SCAG & SANDAG population forecasts = 2.91 AFY by 2045 M&I demands Water use ethic continues Ag demands reflect recent averages and 2015 UWMP |
| Local Supply | 2010-12 average for groundwater and surface water production Existing/under construction local projects LAA forecast provided by LADWP in August |

Scenario B - High demand with stable imports; driven by high economic growth, gradual climate impacts, and low regulatory constraints.

| | В |
|------------------|---|
| SWP Imports | 2019 Delivery Capability ReportNo Conveyance Project |
| CRA Imports | August 2020 CRSS Modeling Run Full Hydrology Upper Basin Drought Operations plan throughout planning horizon |
| Retail Demand | ~9% ↑ in SCAG & SANDAG population forecasts = 4.24 MAF by 2045 M&I demands 40% rebound in water use Ag demands reflect recent averages and 2015 UWMP |
| Local Supply | 2010-12 average for groundwater and surface water production Full inventory of local projects, reduced ultimate yield by 20% for future projects LAA forecast provided by LADWP in August |

Scenario C - Low demand and reduced imports; driven by slow economic growth, severe climate impacts, and high regulatory constraints.

| | С |
|------------------|---|
| SWP Imports | 2019 Delivery Capability Report No Conveyance Project Additional regulatory and climate change impacts |
| CRA Imports | August 2020 CRSS Modeling Run Stress Test Hydrology Upper Basin Drought Operations plan in place throughout planning horizon |
| Retail Demand | ~8% ↓ in SCAG & SANDAG population forecasts = 2.91 AFY by 2045 M&I demands Water use ethic continues Ag demands reflect recent averages and 2015 UWMP |
| Local Supply | 2014-16 average for groundwater and surface water production Existing/under construction local projects Adjusted LAA forecast |

Scenario D - High demand and reduced imports (largest gap); driven by severe climate impacts affecting both imported and local supplies. Demands on Metropolitan would increase due to the loss of local groundwater supply as well as impaired yield on the Los Angeles Aqueduct. Losses in regional imported supplies would be equally dramatic. All this would be occurring during a period of population and economic growth.

| | D |
|------------------|--|
| SWP Imports | 2019 Delivery Capability Report No Conveyance Project Additional climate change impacts |
| CRA Imports | August 2020 CRSS Modeling Run Stress Test Hydrology Upper Basin Drought Operations plan in place throughout planning horizon |
| Retail Demand | ~9% ↑ in SCAG & SANDAG population forecasts = 4.24 MAF by 2045 M&I demands 40% rebound in water use Ag demands reflect recent averages and 2015 UWMP |
| Local Supply | Full inventory of local projects, reduced ultimate yield by 20% for future projects and 20% for severe climate and regulatory impacts Adjusted LAA forecast |

Looking at the preliminary gap analyses for all four scenarios together will reveal important insights to inform the Metropolitan Board what/when policy discussion are needed. The preliminary gap analyses are already indicating the following:

- Specific actions that must be taken will vary for each scenario, and we will not know what scenario will unfold in the future.
 - By comparing the resource mix across the scenarios, the Metropolitan Board will be able to recognize common elements for multiple scenarios as well as

unique resource elements that might need to be implemented if the future trends toward that specific scenario.

- Both local and imported supplies need protection.
 - Maintaining existing supply capabilities is important.
 - Local supplies are essential, therefore ensuring local projects are developed and perform as planned must be considered.
 - Potential loss of imported supplies have significant impacts, suggesting that impacts from climate change and regulatory risks will need to be minimized.
- Regional demands are a big factor under all scenarios
 - Since water use efficiency and behavior have a large impact on the "gap."
 Planning for reliability with significant uncertainty in water demands, while being financially sustainable must be considered.
 - While lower total demands are easier to manage, it puts stress on financial sustainability. Indicating a need to coordinate with the rate refinement process.
- This may result in a need for a broadened view of reliability.

The 1996 IRP established the following:

Metropolitan would provide all of the firm <u>wholesale</u> water demands to its member agencies in 98 out of 100 years, and only in the remaining years consider implementing a shortage allocation plan for imported supply deliveries.

When this level of wholesale reliability is combined with the coordinated approach proposed in this resources plan, the region will have the full capability to meet all <u>retail level</u> water demands at all times.

While previous IRPs considered reliability under "foreseeable hydrologic conditions" the current scenario planning process is looking at reliability under more factors than hydrology (e.g., climate change, regulatory, demographic). The current IRP scenarios reveal different challenges to reliability, thus resulting in a need to discuss an appropriate reliability goal.

The Metropolitan Board's focused policy discussions began in January 2021, starting with establishing a guiding principle on a reliability goal. The discussion primarily focused on what level of reliability Metropolitan staff should move forward with when evaluating the portfolio options/actions.

Generally, the Metropolitan Board suggested that staff return with resource portfolios that target 100% reliability. The discussion also highlighted that the Metropolitan Board can then evaluate the portfolios for each scenario by balancing resource reliability priorities with financial sustainability concerns.

Attachments: 1) Preliminary Gap Analysis of the 2020 IRP (December 2020)



Preliminary Gap Analysis of the 2020 Integrated Resources Plan

Integrated Resources Plan Special Committee Item 6b
December 15, 2020

Overview

- Recent Activity
- Data Organization and Delivery
- Preliminary Assumptions and Gap Analysis
- Demand and Climate Change Experts
- Next Steps

Data Organization – General Categories

Retail Demand - By Agency

- Municipal & Industrial
- Agriculture
- Seawater Barrier
- Groundwater Replenishment

Local Supply - By Agency

- Surface Water
- Groundwater
- Groundwater Recovery
- Total Recycled Water
- Seawater Desalination
- Los Angeles Aqueduct

Conservation — By Agency

Active and Code Based

IRP Committee

Demographics – By Agency

- Population
- Households
- Employment

Imported Supply

- State Water Project
- Colorado River

Climate - By Agency

- Weather Effect Factors
- Precipitation

Demands on MWD

- Consumptive Use
- Seawater Barrier
- Replenishment

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- Historical
- Projections for each Scenario

December 15, 2020

Data Organization – General Categories

Retail Demand – By Agency

- Municipal & Industrial
 - Agriculture
 - Seawater Barrier
 - Groundwater Replenishment

| Trial | Hydrology | 2020 | 2021 | 2022 | 2023 | 20 |
|-------|-----------|---------|---------|---------|---------|-----|
| 1 | 1922 | 353,526 | 364,019 | 366,149 | 364,320 | 359 |
| 2 | 1923 | 363,784 | 365,913 | 364,086 | 359,154 | 350 |
| 3 | 1924 | 365,678 | 363,852 | 358,923 | 356,441 | 36 |
| 4 | 1925 | 363,617 | 358,692 | 356,212 | 367,735 | 36 |
| 5 | 1926 | 358,461 | 355,983 | 367,498 | 367,658 | 364 |
| 6 | 1927 | 355,754 | 367,262 | 367,421 | 363,953 | 369 |
| 7 | 1928 | 367,025 | 367,185 | 363,719 | 368,871 | 362 |
| 8 | 1929 | 366,948 | 363,485 | 368,633 | 361,788 | 363 |
| 9 | 1930 | 363,251 | 368,396 | 361,556 | 362,952 | 368 |
| 10 | 1931 | 368,159 | 361,323 | 362,718 | 368,414 | 359 |
| 11 | 1932 | 361,090 | 362,485 | 368,178 | 359,422 | 368 |
| 12 | 1933 | 362,252 | 367,941 | 359,190 | 368,576 | 359 |
| 13 | 1934 | 367,704 | 358,959 | 368,338 | 359,016 | 358 |
| 14 | 1935 | 358,728 | 368,101 | 358,785 | 358,266 | 364 |
| 15 | 1936 | 367,864 | 358,554 | 358,035 | 364,146 | 36 |
| 16 | 1937 | 358,323 | 357,805 | 363,912 | 367,131 | 340 |
| 17 | 1938 | 357,574 | 363,678 | 366,895 | 346,452 | 36 |
| 18 | 1939 | 363,444 | 366,659 | 346,229 | 366,912 | 36 |
| 19 | 1940 | 366,423 | 346,006 | 366,676 | 365,072 | 35 |
| 20 | 1941 | 345 783 | 366 440 | 364 838 | 355 146 | 36 |

25 (Forecast years)

96 (Hydrologic years)

IRP Committee

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December 15, 2020

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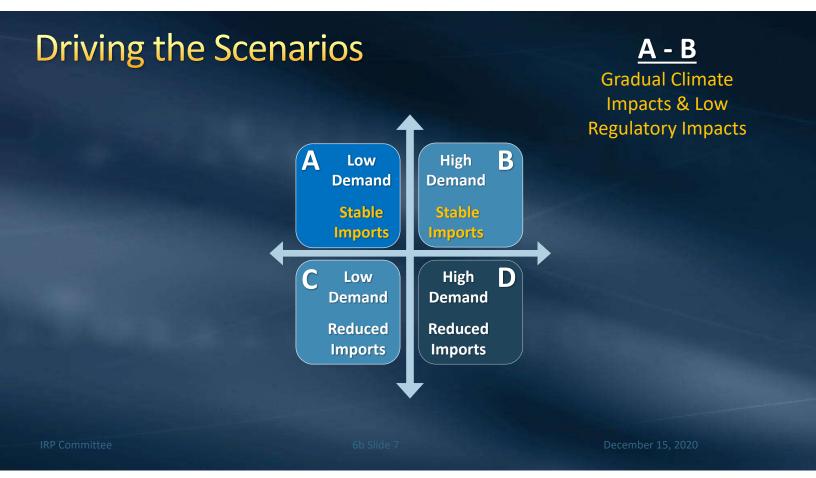
Recent Activities

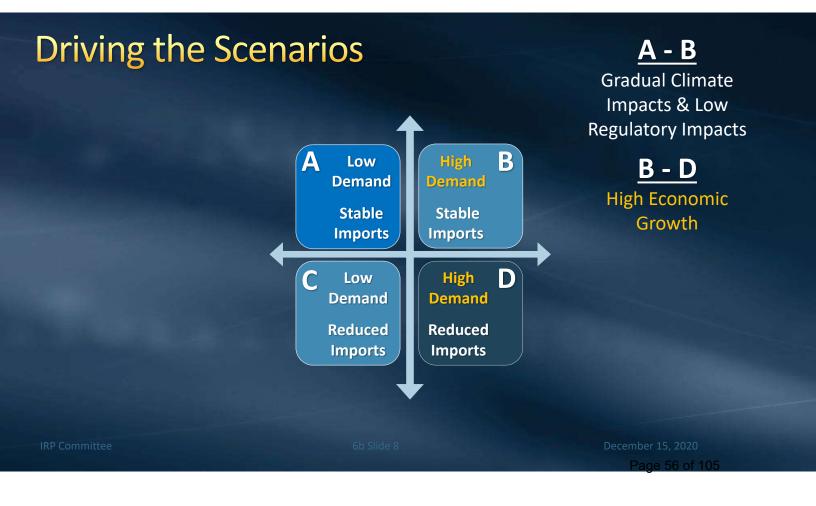
- Oct 16 Member Agency Managers Meeting
 - Assumptions and Initial results for Scenarios A and D
- Oct 27 IRP Special Committee Meeting
 - Assumptions and Initial results for Scenarios A and D
- Nov 13 Member Agency Managers Meeting
 - Assumptions and Initial results for Scenarios B and C
- Nov 24 Member Agency Technical Workgroup
 - Preliminary Gap Analysis for all Scenarios

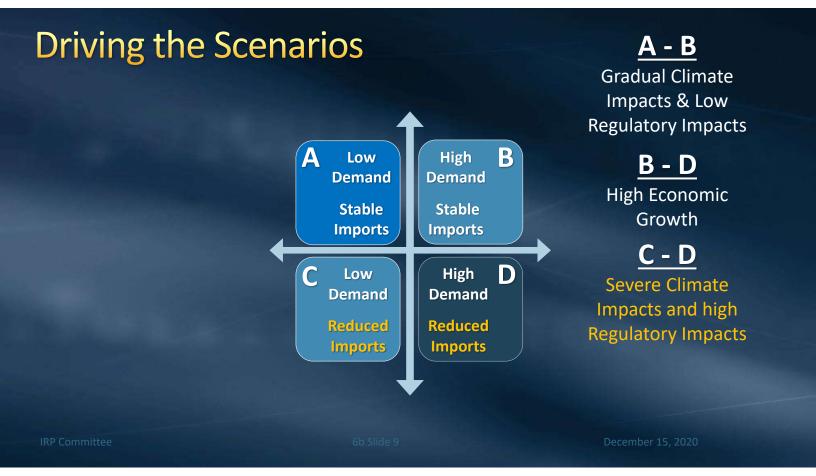
IRP Committee 6b Slide 5 December 15, 2020

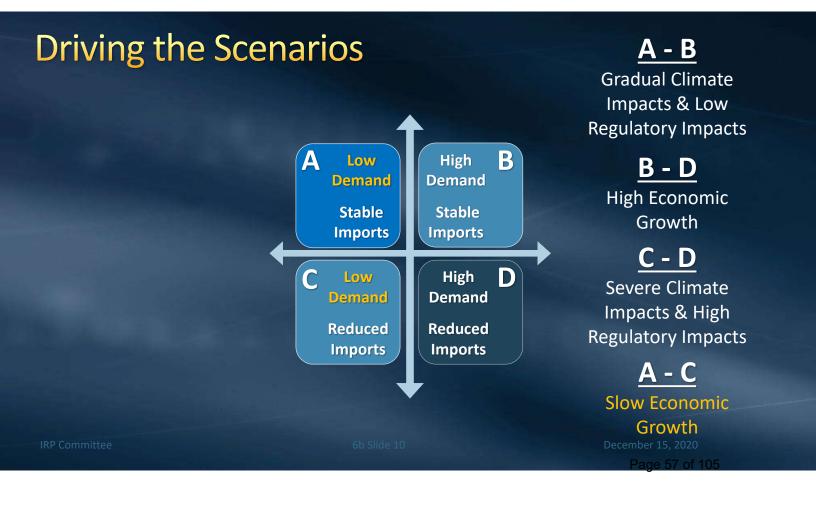
Framing the Scenarios



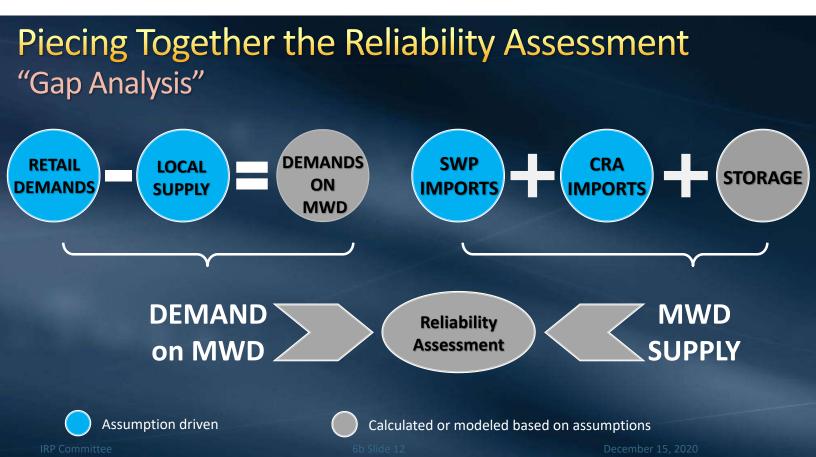






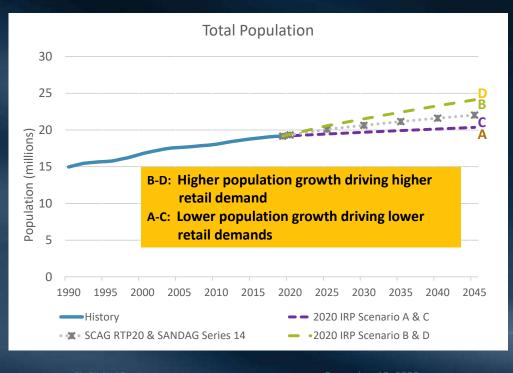






Preliminary Total Population

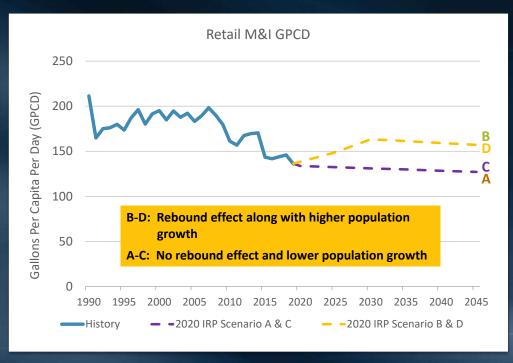




IRP Committee 6b Slide 13 December 15,

Preliminary M&I GPCD





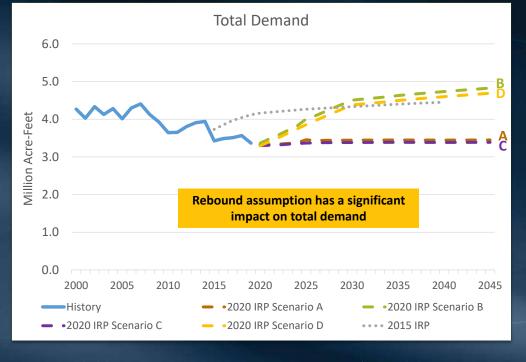
Committee 6b Slide 14 December

Preliminary Total Demands



Total Demand

- Retail M&I Demand
- Agricultural Demand
- Seawater Barrier Demand
- GW Replenishment Demand



RP Committee

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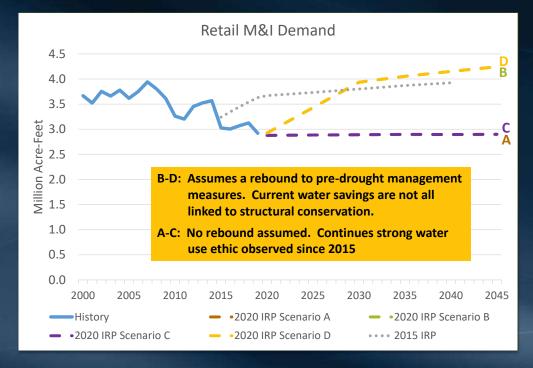
December 15, 2020

Preliminary Retail M&I Demand



Total Demand

- Retail M&I Demand
- Agricultural Demand
- Seawater Barrier Demand
- GW Replenishment Demand



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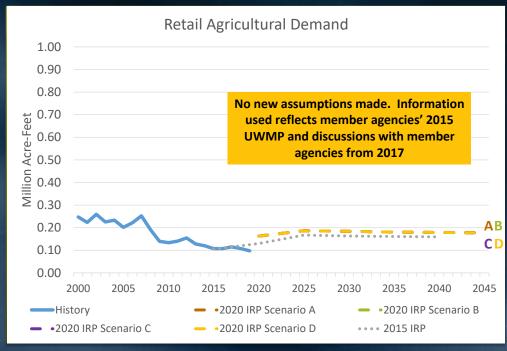
Preliminary Agricultural Demand



Total Demand

- Retail M&I Demand
- Agricultural Demand
- Seawater Barrier Demand
- GW Replenishment Demand

P Committee 6b Slide 17 December 15, 202

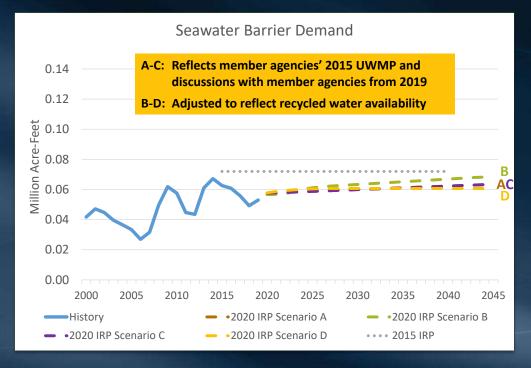


Preliminary Seawater Barrier Demand



Total Demand

- Retail M&I Demand
- Agricultural Demand
- Seawater Barrier Demand
- GW Replenishment Demand



Committee 6b Slide 18 December 15, 2020

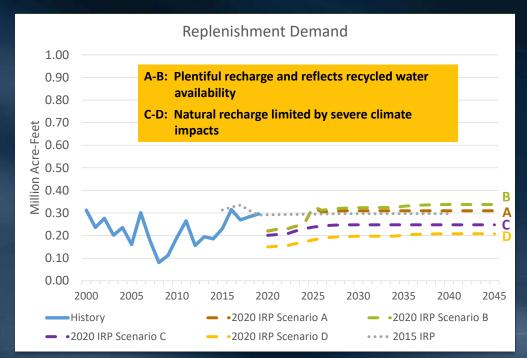
Preliminary Groundwater Replenishment Demand



Total Demand

- Retail M&I Demand
- Agricultural Demand
- Seawater Barrier Demand
- GW Replenishment Demand

IRP Committee



6b Slide 19 December 15, 2020

Feedback and Further Examination Underway

- Investigate drivers for continued low demands in order to inform demand rebound assumptions
- Plausible higher/lower population, demographic and economic growth
- Agricultural demand patterns
- Update seawater barrier demands and operating assumptions

P Committee 6b Slide 20 December 15, 2020

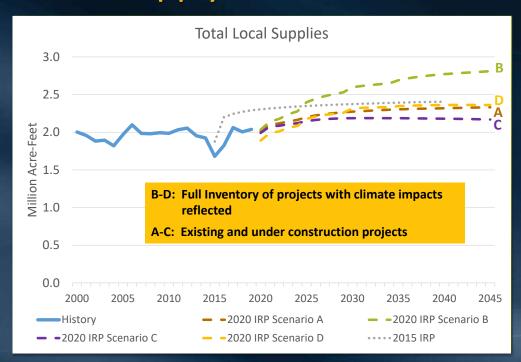
Preliminary Total Local Supply Production



Total Local Supply Production

- Groundwater
- Groundwater Recovery
- Total Recycled Water
- Seawater Desalination
- Surface Water
- Los Angeles Aqueduct

IRP Committee



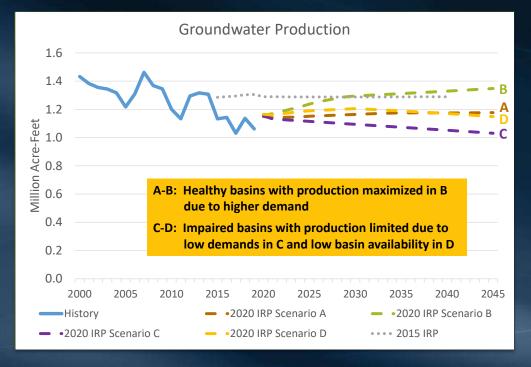
lide 21 December 15, 2020

Preliminary Groundwater



Total Local Supply Production

- Groundwater
- Groundwater Recovery
- Total Recycled Water
- Seawater Desalination
- Surface Water
- · Los Angeles Aqueduct



IRP Committee

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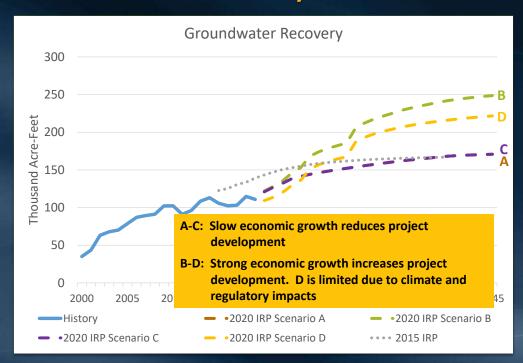
Preliminary Groundwater Recovery



Total Local Supply Production

- Groundwater
- Groundwater Recovery
- Total Recycled Water
- Seawater Desalination
- Surface Water
- Los Angeles Aqueduct

RP Committee



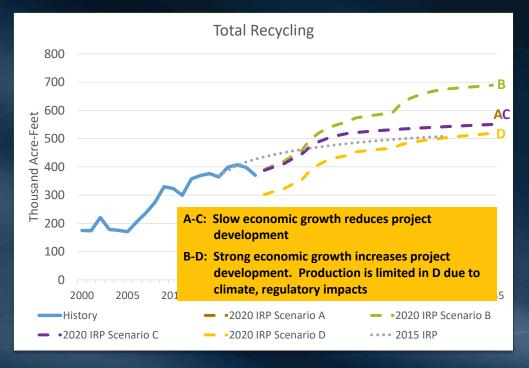
Slide 23 December 15, 2020

Preliminary Recycled Water



Total Local Supply Production

- Groundwater
- Groundwater Recovery
- Total Recycled Water
- Seawater Desalination
- Surface Water
- Los Angeles Aqueduct



IRP Committee

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December 15, 2020

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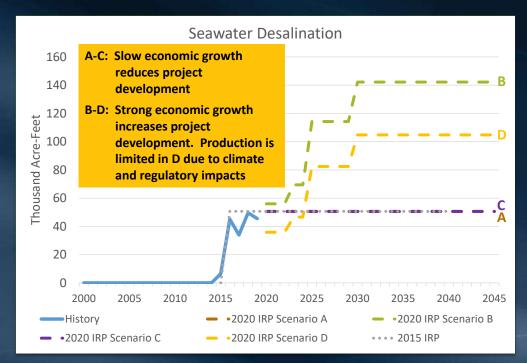
Preliminary Seawater Desalination



Total Local Supply Production

- Groundwater
- Groundwater Recovery
- Total Recycled Water
- Seawater Desalination
- Surface Water
- Los Angeles Aqueduct

RP Committee



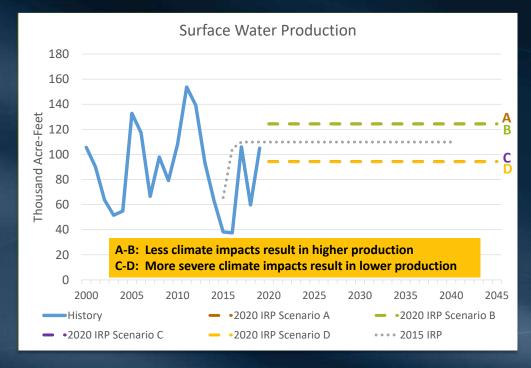
Slide 25 December 15, 2020

Preliminary Surface Water



Total Local Supply Production

- Groundwater
- Groundwater Recovery
- Total Recycled Water
- Seawater Desalination
- Surface Water
- · Los Angeles Aqueduct



DD Committee

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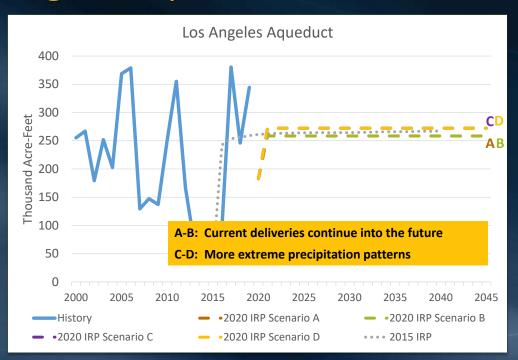
Preliminary Los Angeles Aqueduct



Total Local Supply Production

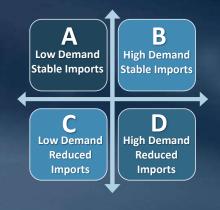
- Groundwater
- Groundwater Recovery
- Total Recycled Water
- Seawater Desalination
- Surface Water
- Los Angeles Aqueduct

IRP Committee



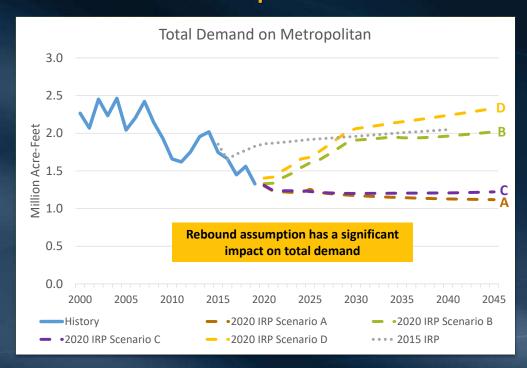
le 27 December 15. 2

Preliminary Demands on Metropolitan



Total Demands on Metropolitan:

• Retail Demand - Local Supply



Committee 6b Slide 28 December 15, 2

Feedback and Further Examination Underway

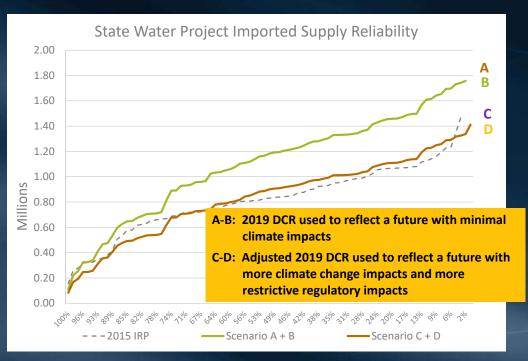
- Factors influencing local supply production development
- Climate change and regulatory impacts on local production
- Determine plausible level of groundwater production within each scenario

IRP Committee 6b Slide 29 December 15, 202

Preliminary SWP Imported Supply

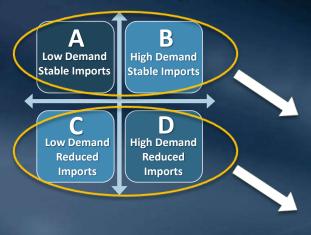


| | 2015 IRP | АВ | C D |
|------------------------------|-------------|-----|-----|
| Average SWP Allocation | 43% | 58% | 44% |



Committee 66 Slide 30 December 15, 2020

Preliminary CRA Imported Supply



| Shortage Condition ¹ | 2021 | 2022 | 2023 | 2024 | 2025 |
|--------------------------------------|------|------|------|------|------|
| August 2020 CRSS (Full Hydrology) | 0% | 23% | 44% | 49% | 53% |

| Shortage Condition ¹ | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|------|------|------|------|------|
| August 2020 CRSS (Stress Test Hydrology) | 0% | 32% | 55% | 65% | 77% |

¹ Shortage Condition: Mead ≤ 1,075 ft.

IRP Committee

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December 15, 2020

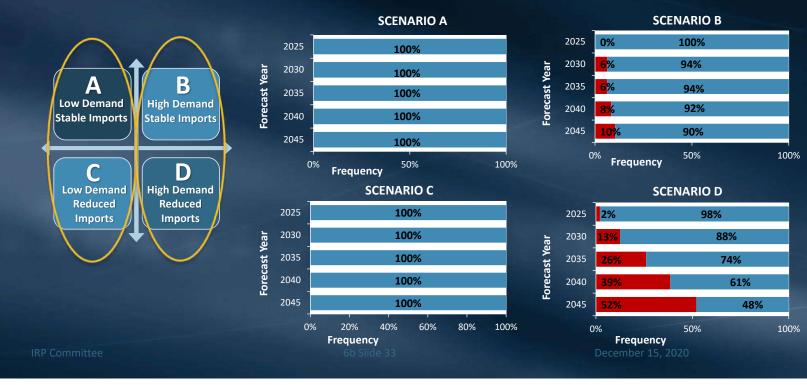
Feedback and Further Examination Underway

- Appropriate application of climate change impacts for both imported watersheds
- Assumptions on long-term institutional arrangements
- Regulatory impacts on both imported water supply sources

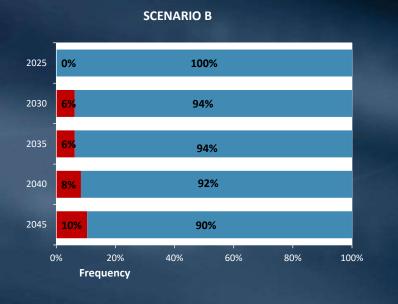
IRP Committee 6b Slide 32 December 15, 2020

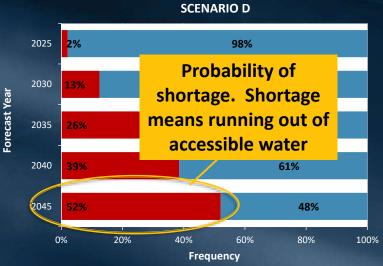
Preliminary "Gap" Analysis

When to expect a gap and how often it occurs



Preliminary "Gap" Analysis





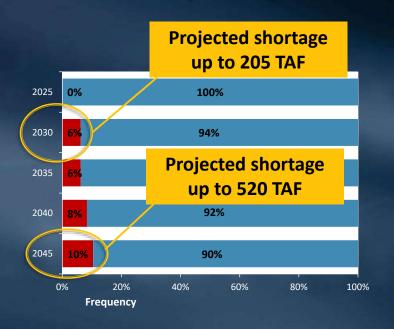
IRP Committee

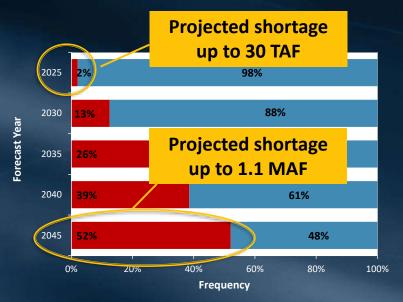
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Preliminary "Gap" Analysis





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Experts

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Demand Experts

- Kurt Schwabe Ph.D.
 - Assoc. Dean/Chair & Prof of Environmental Economics & Policy, UC Riverside Adjunct Fellow, Water Policy Center, Public Policy Institute of California (PPIC)
 - Dr. Schwabe's research focuses on economic issues associated with water use, agricultural production, urban water conservation, ecosystem services, and environmental regulation. His papers have appeared in wide range of peer-reviewed publications, including Nature Sustainability, Proceedings of the National Academy of Sciences, Journal of Risk and Uncertainty, Land Economics, and the American Journal of Agricultural Economics, and is coeditor of two recent books on water titled, Drought in Arid and Semi-Arid Regions: A Multi-Disciplinary and Cross-Country Perspective, and The Handbook of Water Economics.

TRP Committee 6b Slide 37 December 15, 2020

Demand Experts

- Lisa Maddaus P.E.
 CFO, Senior Engineer Maddaus Water Management Inc.
 - Senior water resources engineer with experience preparing water resources planning studies for water suppliers across the country. Her passion is integrated water resources planning, and her specialty is in conservation, drought and climate change planning
- Dan Rodrigo

Vice President - CDM Smith

 Specializes in integrated water resources planning and decision science, and has utilized specialized computer tools and management techniques to help garner stakeholder consensus and develop water plans with adaptive management strategies

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Demand Experts

- Tom Chesnutt Ph.D., Pstat, CAP CEO, A&N Technical Services, Inc.
 - Pioneered innovative water rate reform, probability management, stochastic simulation and forecasting in the fields of water policy and economic modeling
- Stephen Levy

Director and Senior Economist - Center for Continuing Study of the California Economy

• Specializes in regional job projections for California regional planning agencies, including understanding of national, state and regional job trends and projections and assessments of regional competitiveness conditions and the implications for public policy. He has prepared growth forecasts for regional agencies including ABAG, SACOG, SCAG, AMBAG and SBCAG and for the City of San Jose

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Climate Change Experts

- Heather Cooley
 Director of Research Pacific Institute
 - Conducts and oversees research on an array of water issues, such as sustainable water use and management, the connections between water and energy, and the impacts of climate change on water resources
- Julie Vano

Director of Research – National Center for Atmospheric Research

Research interests include hydrology, water resource management, science policy, climate change impacts, and system dynamics. Her current work aims to better connect climate science and the applications community and use these connections to develop innovative ways to address climate impacts on local water resources

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Climate Change Experts

Brad Udall

Senior Water & Climate Research Scientist, Colorado Water Institute - Colorado State University

- Specializes in the impacts of climate change on water resources in the American West
- Alex Hall

Professor in the Department of Atmospheric and Oceanic Sciences and Institute of the Environment and Sustainability and Director of the Center for Climate Science - UCLA

• Specializes in the development of downscaling techniques to understand climate change at the scales most relevant to people and ecosystems and use these techniques to create neighborhood-scale projections of future climate

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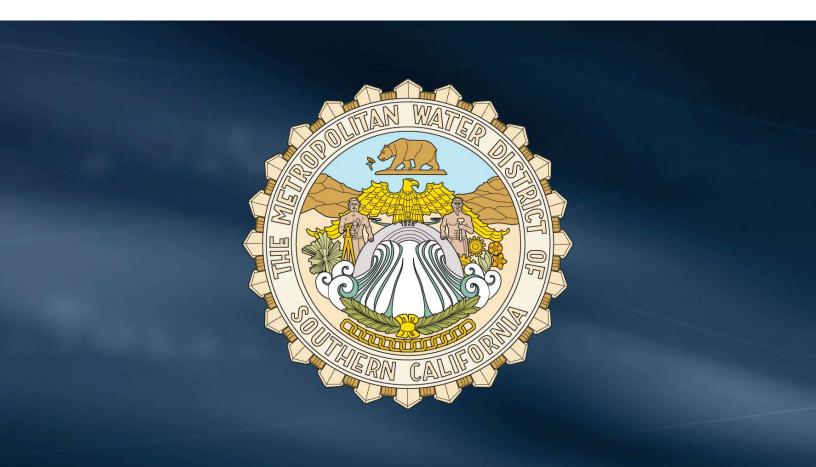
Next Steps

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Next Steps – Refine Preliminary Analysis

- Continue staff investigations and consult with Experts and Member Agencies
 - Refine assumptions for local supply, demand, and imported supply
 - Continue quantification
- Develop "Gap Analysis" under refined assumptions
- Draft Action Portfolios
- Policy Discussion

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DISCUSSION ITEM February 3, 2021

TO: Board of Directors

FROM: Robert Hunter, General Manager

Staff Contact: Harvey De La Torre Melissa Baum-Haley

SUBJECT: OVERVIEW OF MET'S RATE REFINEMENT PROCESS

STAFF RECOMMENDATION

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

REPORT

Metropolitan's water rates and charges are adopted every two years by its Board of Directors. Periodically the Metropolitan Board requests a rate structure refinement process to review and implement any required changes and improvements to its rates and charges.

In December 2019, the Metropolitan Board voted to discontinue the collection of the Water Stewardship Rate (WSR) as part of the calendar year (CY) 2021 and 2022 rates and charges (<u>December 2019 Board Letter</u>; <u>Presentation</u>). During this two-year period, a rate refinement process will be undertaken to establish a new revenue collection mechanism to recover Demand Management costs.

In the fall of 2020, Metropolitan staff commenced this rate refinement process. The immediate action is to adopt a new funding Demand Management funding mechanism by the close of CY 2021. This can be accomplished either independently or as part of a complete rate refinement review.

Background

Since 2003, the WSR has funded Metropolitan's Demand Management programs, including incentive payments for Local Resources Program projects, conservation device rebates, turf removal, customized member agency administered programs, advertising to promote

| Budgeted (Y/N): N/A | Budgeted a | amount: None | Core <u>X</u> | Choice | | | | | |
|--|------------|--------------|---------------|--------|--|--|--|--|--|
| Action item amount: N/A | | Line item: | | | | | | | |
| Fiscal Impact (explain if unbudgeted): | | | | | | | | | |

conservation, new programs within disadvantaged communities, pilot programs for stormwater capture, and future supply actions. These programs help to increase regional water supply reliability, reduce demands for imported water supplies, decrease the burden on Metropolitan's infrastructure and reduce system costs, and free up conveyance capacity to the benefit of all system users.

The Demand Management revenue requirements are currently funded by the Water Stewardship Fund. Revenues for this fund were generated by the WSR, which was collected on water sales through December 31, 2020, excluding SDCWA exchange agreement transactions. The CY 2020 WSR was set at \$65 per acre-foot. In CYs 2021 and 2022, the WSR will not be collected from any member agencies on any water transactions.

Status Update

In October 2020, the Metropolitan Board commenced the rate refinement process by reviewing the status of Water Stewardship Fund and establishing a process to develop a new funding mechanism for Metropolitan's Demand Management Programs. Through the facilitated rate refinement process, Metropolitan staff is engaging with their Board and Member Agency staff in the months to come to bring forward options for consideration, with the goal of adopting a new funding approach by the close of CY 2021 (October 2020 Board Letter).

While the development of a method to recover Demand Management costs is paramount, this can be accomplished either independently or as part of a complete rate refinement review. Some have suggested that the current rate structure should be evaluated based on current and future conditions, to consider whether needs of the member agencies have changed, and if the pricing structure responds accordingly. Potential additional issues that could be addressed include:

- Review rate re-bundling
- Review refinements to Readiness-to-Serve and Capacity Charge rates
- Revisiting surplus year storage incentives
- Review Purchase Orders commitments
- Review availability of service charge
- Others

Next Steps

To meet the CY 2021 year-end deadline for establishing a method to recover Demand Management costs, the proposed timeline for the rate refinement process is to hold monthly meetings with the Metropolitan Member Agencies and provide updates to the Metropolitan Board at the Finance and Insurance Committee meetings. This process will be led by Metropolitan's Chief Financial Officer, Katano Kasaine, and facilited by Dr. Tom Chesnutt, President of A & N Technical Services, Inc.. The initial rate refinement process is expected to last at least through June 2021. The extent of additional rate refinement considerations will be prioritized though feedback from Metropolitan Board and Member Agency managers.

Attachments: 1) Metropolitan Update on the Rate Refinement Process and Timeline



Update on the Rate Refinement Process and Timeline

Finance and Insurance Committee Item 6a
December 7, 2020

RFP for Rate Refinement Facilitator

- Posted on September 8, 2020
- Received three proposals
- Zoom interviews
- Based on strength of proposal and facilitator A&N Technical Services was selected

Facilitator

- Dr. Tom Chesnutt is President of A & N Technical Services, Inc.
- Has 30+ years experience in water rate studies, systems planning and statistical analysis
 - Broad experience with wholesale and retail cost of service water rate studies across Southern California
- Dr. Chesnutt holds a Ph.D. and M.Phil. in Policy Analysis from the RAND Graduate School, an M.S. in Technology and Science Policy from the Georgia Institute of Technology and a B.A. in Economics from Kenyon College.

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Revenue Structure Timeline

Metropolitan formed; CRA bonds later sold and funded with property taxes

Strategic planning process starts

Board adopts unbundled rate structure

1928

1974

1984

1992

1998

2001

2003

50% of revenues derived from property taxes

Section 124.5 added to the MWD Act

Water standby charges and availability of service charges

Unbundled rate structure implemented

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Finance & Insurance Committee

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Key Issues to be addressed

- Must adopt a method to recover Demand Management costs
- Other Issues that could be addressed:
 - Review rate re-bundling
 - Review refinements to RTS and CC
 - Revisiting surplus year storage incentives
 - Review Purchase Orders commitments
 - Review availability of service charge
 - Others

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Next Steps

- Reach out to member agency managers to request at least one staff member participate in rate refinement workgroup
- Propose timeline and process at first workgroup meeting
- Provide monthly updates of workgroup outcomes to member agency managers and F&I Committee
- Incorporate feedback from Board and member agency managers

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Rate Refinement Working Group

Draft Timeline (subject to change)

| | DEC | JAN | FEB | MAR | APR | MAY | JUN | JUL & Beyond |
|-------------------------|---|--|--|--|--|--|--|--|
| MWD Staff & Facilitator | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| 4/7/2021 | | | | | | | | |
| 5/5/2021 | | | | | | | | |
| 6/2/2021 | | | | | | | | |
| er Meetings as needed | | | | | | | | |
| MWD Staff & Facilitator | | | | | | | | |
| 1/12/2021 | | | | | | | | |
| 2/12/2021 | | | | | | | | |
| 3/12/2021 | | | | | | | | |
| 4/16/2021 | | | | | | | | |
| 5/14/2021 | | | | | | | | |
| 6/11/2021 | | | | | | | | |
| | | | | | | | | |
| MWD Staff | | | | | | | | |
| 12/7/2020 | | | | | | | | |
| 2/8/2021 | | | | | | | | |
| 3/8/2021 | | | | | | | | |
| 4/12/2021 | | | | | | | | |
| 5/10/2021 | | | | | | | | |
| 6/7/2021 | | | | | | | | |
| | | | | | | | | |
| | 1/6/2021 2/10/2021 3/10/2021 4/7/2021 5/5/2021 6/2/2021 MWD Staff & Facilitator 1/12/2021 2/12/2021 3/12/2021 4/16/2021 5/14/2021 6/11/2021 MWD Staff 12/7/2020 2/8/2021 3/8/2021 4/12/2021 5/10/2021 | MWD Staff & Facilitator 1/6/2021 2/10/2021 3/10/2021 4/7/2021 5/5/2021 6/2/2021 MWD Staff & Facilitator 1/12/2021 2/12/2021 3/12/2021 4/16/2021 5/14/2021 6/11/2021 MWD Staff 12/7/2020 2/8/2021 3/8/2021 4/12/2021 5/10/2021 | MWD Staff & Facilitator 1/6/2021 2/10/2021 3/10/2021 4/7/2021 5/5/2021 6/2/2021 MWD Staff & Facilitator 1/12/2021 2/12/2021 3/12/2021 4/16/2021 5/14/2021 6/11/2021 MWD Staff 12/7/2020 2/8/2021 3/8/2021 4/12/2021 5/10/2021 | MWD Staff & Facilitator 1/6/2021 2/10/2021 3/10/2021 4/7/2021 5/5/2021 6/2/2021 MWD Staff & Facilitator 1/12/2021 2/12/2021 3/12/2021 4/16/2021 5/14/2021 6/11/2021 MWD Staff 12/7/2020 2/8/2021 3/8/2021 4/12/2021 5/10/2021 | MWD Staff & Facilitator 1/6/2021 2/10/2021 3/10/2021 4/7/2021 5/5/2021 6/2/2021 MWD Staff & Facilitator 1/12/2021 2/12/2021 3/12/2021 4/16/2021 5/14/2021 6/11/2021 MWD Staff 12/7/2020 2/8/2021 3/8/2021 4/12/2021 5/10/2021 | MWD Staff & Facilitator 1/6/2021 2/10/2021 3/10/2021 4/7/2021 5/5/2021 6/2/2021 MWD Staff & Facilitator 1/12/2021 2/12/2021 3/12/2021 4/16/2021 5/14/2021 6/11/2021 MWD Staff 12/7/2020 2/8/2021 3/8/2021 4/12/2021 5/10/2021 | MWD Staff & Facilitator 1/6/2021 2/10/2021 3/10/2021 4/7/2021 5/5/2021 6/2/2021 MWD Staff & Facilitator 1/12/2021 2/12/2021 3/12/2021 4/16/2021 5/14/2021 6/11/2021 MWD Staff 12/7/2020 2/8/2021 3/8/2021 4/12/2021 5/10/2021 | MWD Staff & Facilitator 1/6/2021 2/10/2021 3/10/2021 4/7/2021 5/5/2021 6/2/2021 MWD Staff & Facilitator 1/12/2021 2/12/2021 3/12/2021 4/16/2021 5/14/2021 6/11/2021 MWD Staff 12/7/2020 2/8/2021 3/8/2021 4/12/2021 5/10/2021 |

Finance & Insurance Committee

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DISCUSSION ITEM

February 3, 2021

TO: Board of Directors

FROM: Robert Hunter,

General Manager

Staff Contact: 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 Finance and Rate Issues
- b) MET's General Manager Recruitment Process
- c) MET's Water Supply Conditions
- d) Colorado River Issues
- e) Delta Conveyance Activities and State Water Project Issues

ISSUE BRIEF #A

SUBJECT: MET's Finance and Rate Issues

RECENT ACTIVITY

Current Update

Water Transactions for November 2020 totaled 122.1 thousand acre-feet (TAF), which were 16.0 TAF lower than the budget of 138.1 TAF. This translates to \$103.8 million in revenues for November 2020, which were \$15.3 million lower than budget. Year-to-date (YTD) water transactions through November 2020 totaled 685.1 TAF, which were 52.4 TAF lower than the budget. YTD water revenues through November 2020 were \$608.2 million, which were \$49.1 million lower than the budget of \$657.3 million.

Rate Refinement Process

For information and background on Metropolitan's current rate refinement process, please refer to the *Discussion Item: Overview of MET's Rate Refinement Process.*

ISSUE BRIEF #B

SUBJECT: MET's General Manager Recruitment Process

RECENT ACTIVITY

Current Update

The current steps in the General Manager Recruitment process are as follows:

- At the January 11 OP&T committee, the Hawkins Company presented the Job Description, the Recruitment Brochure, and the outreach plan to the Metropolitan Board for review and approval.
- Nominations and submittals from interested candidates will be accepted until
 February 26. While the recruitment is open until the position is filled, candidates are
 encouraged to apply early; evaluations of all potential candidates will be done
 throughout the recruitment process.
- At the February 23 Executive Committee meeting, within closed session, the screening criteria, interview process, and interview questions will be developed.
- Throughout the month of March, the Hawkins Company will review the submitted candidate applications. Only a select number of highly qualified candidates will be invited to participate in the interview process.
- On March 23, the Hawkins Company will present a short list of candidates to the Executive Committee within closed session.
- Executive Committee will conduct initial interviews, date to be determined.
- Board will conduct interviews of the top candidates, potentially on April 13.
- Board to approve selection of the new General Manager, potentially on May 11.

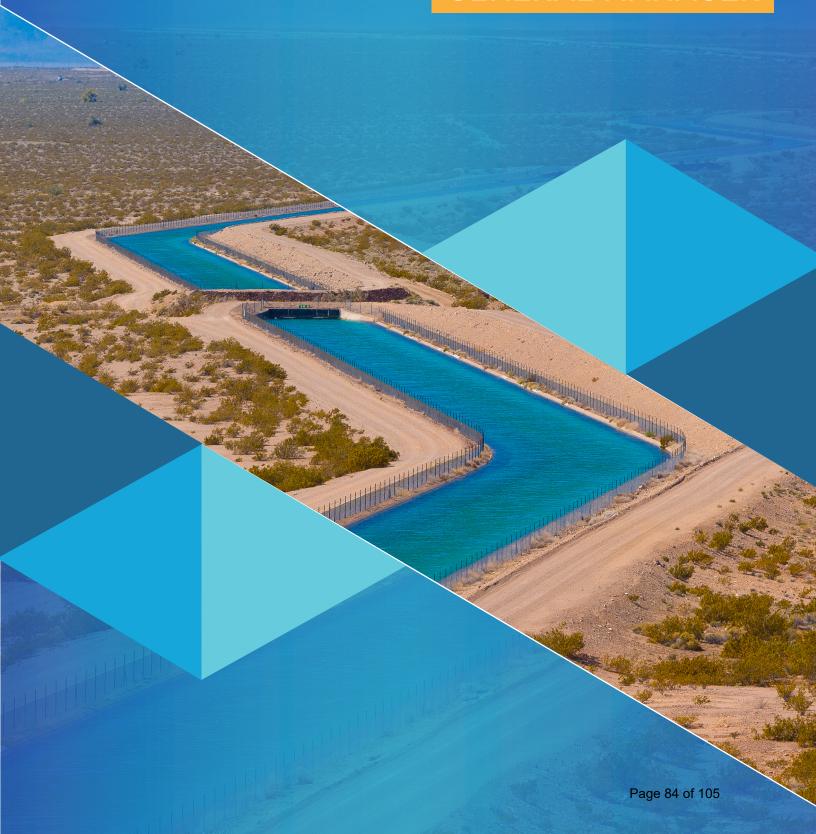
The MET General Manager Recruitment brochure is attached and can be found at the link: https://thehawkinscompany.com/wp-content/uploads/2021/01/metro_water_district_v6.pdf

Attachment: MET General Manager Recruitment Brochure



METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

GENERAL MANAGER





HISTORY

The Metropolitan Water District (MWD) was established by the California Legislature in 1928 through the Metropolitan Water District Act. The primary purpose of the Act was to construct and operate the 242-mile Colorado River Aqueduct. Metropolitan was one of the first wholesale water agencies in the United States and remains the largest.

The district imports water from the Colorado River and the Feather River in Northern California to supplement local supplies, and helps its members develop increased water conservation, recycling, storage and other resource-management programs. Supported by an annual budget of \$1.8 billion dollars and 1800 + employees, the District assets include the following: the Colorado River Aqueduct, 16 hydroelectric facilities, nine reservoirs, 819 miles of large-scale pipes and five water treatment plants. Four of these water treatment plants are among the 10 largest plants in the world.

Metropolitan is governed by a 38-member Board of Directors, representing each of the district's 26 member agencies. Each member agency is represented by one or more directors based on the assessed property valuation of its jurisdiction. The board is responsible for establishing and administering metropolitan's policies and upholding the articles in the MWD Act.

Today, the Metropolitan Water District of Southern California is a regional wholesaler that continues to provide water for its 26-member public retail agencies to deliver – either directly or through their sub-agencies – to nearly 19 million people living in Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura counties. Metropolitan is the largest distributor of treated drinking water in the United States.

THE 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.

THE ROLE OF GENERAL MANAGER

The Metropolitan Water District is led by the General Manager who reports to the 38-member Board. For an extensive list of specific duties, click here. Today, MWD is positioned to continue its mission as the largest wholesaler and challenged to meet the current and future needs of the changing population and customer base. Having led one of the most extensive water conservation efforts in the US coupled with a leveling off of the population, the future demand for water has begun to level. The member agencies and their respective customers have adopted best practices for water use, supply and conservation which has resulted in manageable water usage. Historically, MWD has served as a leading advocate for this sector of the industry. Noted for their excellence in all areas technical, and a strong commitment to embracing water strategies that include supply and conservation, the organization has earned a reputation statewide and nationally for leadership in key areas of water and conservation.

The core responsibilities of the General manager are to ensure water resiliency, reliability, sustainability and innovation as defined below:

Water Reliability is the core mission of MWD to ensure that the water needs of the 19 million people living in the southern region of California always have access to potable water, without interruption. Further, the future water needs of the region must continue to be addressed through careful resource planning and capital investments.

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Water Resiliency is about making sure the staff, systems and infrastructure are strong and can return to service quickly in a business interruption.

Water Sustainability is about charting a long-term course that addresses external challenges like climate change, aging infrastructure, contaminants of emerging concern, and affordability of water supplies.

Water Innovation is MWD's long tradition of creatively solving difficult challenges. MWD has been recognized as one of the most impactful water utilities in the nation. The commitment to innovation is best evidenced by MWD's continuous commitment to improve its operations and business processes.

Using these four key objectives as a framework, the General Manager's key priorities and new opportunities will be to maintain current operations without interruption and fully execute according to the vision outlined by the board. This is a moment of change and evolution for Metropolitan. The first priority will be to build very strong relationships with all key constituencies including key external stakeholders, governing and regulating bodies, continue to build strong relationships with its 26 member agencies and support the Board in its efforts to effectively govern. The second priority will be to shift and strengthen the culture of MWD to be inclusive, values centered and culturally sensitive to all who support this high performing organization. The third priority will be to review along with the Board the fiscal realities: rate structure, strengthening the capital program and financial/fiscal innovation.

KEY OBJECTIVES

The new General manager will be expected to accomplish the following in the next 18-24 months:

- Shift the culture of the organization to ensure a high performing, inclusive and innovative organization noted for valuing diversity, workplace equity, shared vision and mission;
- Strengthen the operations of the organization through the continued adoption of best practices and a continued commitment to innovation;
- Enhance and support the shared vision of resiliency, reliability, sustainability and innovation, working closely with the Board;
- Strengthen relationships with the 26 member agencies to support their efforts to provide services to their customers that reflect quality and affordability;



The Ideal Candidate will possess the following Personal and Professional Characteristics:

- Demonstrated leadership style that reflects the core values of MWD: high performance, inclusiveness and mission that manifests in the organizational culture leading to the organization being recognized as a 'great place to work';
- Demonstrated management skills and experiences based on performance that have resulted in growth and development of an organization;
- Demonstrated experience leading an organization through change;
- Demonstrated fiscal and financial skills that would support the review of the fiscal realities that will confront MWD in the near and long term; experience working with 'rate' structured organizations;
- Expertise in 'water' or an adjacent industry gained through extensive work experience, solid knowledge of the industry and a keen understanding for the water needs of the region;
- Demonstrated communication skills noted for clarity, appropriate frequency and engagement. Experience working closely with a wide range of constituencies: member agencies, key stakeholders, the Board, will all be key partners in the growth and development of MWD.

Personal characteristics:

The new General manager will be expected to have the following personal characteristics

• Trustworthiness, honesty, integrity;



- A professional style noted for transparency;
- Engaging and inspiring interpersonal skills;
- · A demonstrated commitment to 'water;'
- Appreciation for the needs of key stakeholders.

Professional Requirements:

Education and Experience

 Bachelor's degree from an accredited college or university, majoring in public administration, business administration, economics, engineering, finance, natural resources or a related field and fourteen years of progressively responsible and directly related managerial experience;

OR

 Advanced degree from an accredited college or university, majoring in public administration, business administration, economics, engineering, law, finance, natural resources or a related field and twelve years of progressively responsible and directly related managerial experience;

AND

Experience leading an organization with a significant workforce and complex governmental regulation; experience leading an organization with numerous organizational customers; experience with government relations at the state and federal levels; experience in negotiating issues or projects with significant and diverse political interests; or such experience as the Board of Directors deems appropriate.

Required Knowledge of: Federal, state, and local government legislative processes; political processes; administrative practices for a public agency organization with responsibilities for a variety of water issues relating to contract negotiations, water management programs, water resources, regulatory requirements; regional resilience and local water project development and implementation; energy and environmental impacts of water management and operations; climate science as it pertains to weather patterns and water availability; communications strategies and tools; Southern California water problems and issues; Urban, agricultural, and environmental water interests; State of California water infrastructure and issues including State Water Project and Delta; Colorado River regulation and rights, and parties who are entitled to Colorado River supplies; current business and organizational management theories and practices; public sector personnel practices and regulations; budgeting practices and procedures; contracting practices and regulations: management supervisory concepts and techniques; team building; consensus-building best practices; governmental and community relations; contract administration; and complex project management.

COMPENSATION

Compensation will be commensurate with the experiences of the selected candidate.

THE SELECTION PROCESS

This is a confidential process and will be handled accordingly throughout all phases of the recruitment and selection process.

Nominations and Submittals from interested candidates are desired immediately but should be submitted no later than **February 26, 2021**. The recruitment is open until the position is filled. Candidates are strongly urged to apply early; evaluations of all potential candidates will be done throughout the recruitment process. Only a select number of highly qualified candidates will be invited to participate in the interview process.

An electronic version of all submittals is required. Interested candidates should apply immediately by sending a comprehensive resume and compelling cover letter of interest to MWD.GM@thehawkinscompany.com by **February 26, 2021**. Resumes received before the deadline will get first consideration. Should anyone have questions regarding the role or this process, feel free to contact Ms. Christine Boulware, 312-391-6098 or chris@thehawkinscompany.com; or Ms. Brett Byers, 323-403-8279 or brett@thehawkinscompany.com



THE HAWKINS COMPANY

8939 S. Sepulveda Blvd., #110-216 Los Angeles, CA 90045 www.thehawkinspaggeอกงารการ

ISSUE BRIEF # C

SUBJECT: MET's Water Supply Conditions

RECENT ACTIVITY

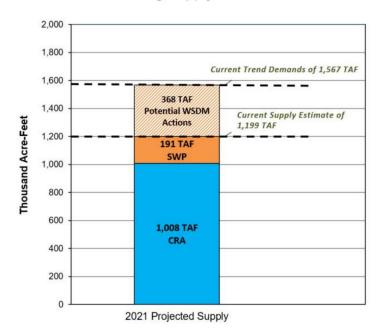
The 2020-21 Water Year (2019-20 WY) officially started on October 1, 2020. Thus far, the Northern California accumulated precipitation (8-Station Index) is reporting 9.8 inches or 38% of normal as of January 27. For 2020-21 WY, the Northern Sierra Snow Water Equivalent is reporting 47% of normal.

The Upper Colorado River Basin Snow Water Equivalent is 68% of normal as of January 27. Due to the average precipitation/snowfall in 2019-20 WY there is now a 0% chance of a shortage at Lake Mead in 2021 and a 23% chance of shortage in 2022.

Due to the below average precipitation/snowfall, the Department of Water Resources (DWR) has set the initial State Water Project (SWP) "Table A" allocation at 10%. This allocation provides Metropolitan with approximately 191,000 AF in SWP deliveries this water year. DWR's approval considered several factors including existing storage in SWP, conservation reservoirs, SWP operational regulatory constraints, and the 2021 contractor demands.

It is early in the water year and a wide range of supply and demand balances remain possible. A supply/demand gap of 368,000 acre-feet is currently projected given a preliminary demand estimate of 1.57 million acre-feet, the 10% SWP allocation, and the Colorado River Aqueduct (CRA) supply estimate. Assuming no changes to the CRA supply and preliminary demand estimate, a final SWP allocation of 30% would be required to balance supply and demand without Water Surplus and Drought Management (WSDM) actions. Increases to the SWP allocation are possible and will depend on future hydrologic conditions. Should the allocation remain low, Metropolitan has WSDM actions it can implement including drawing on dry-year storage to satisfy any potential supply/demand gap for 2021.

Balancing Supply and Demand

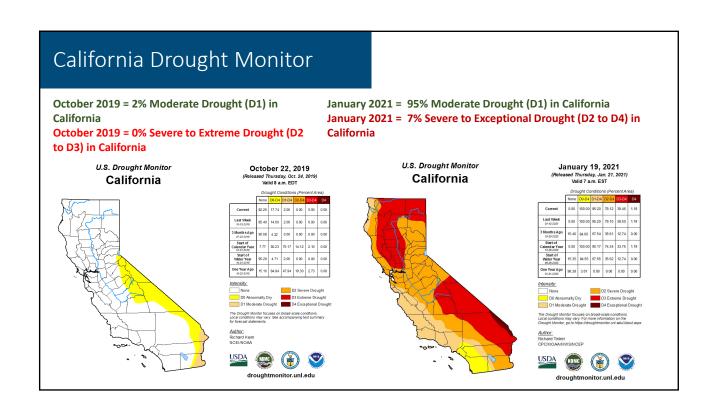


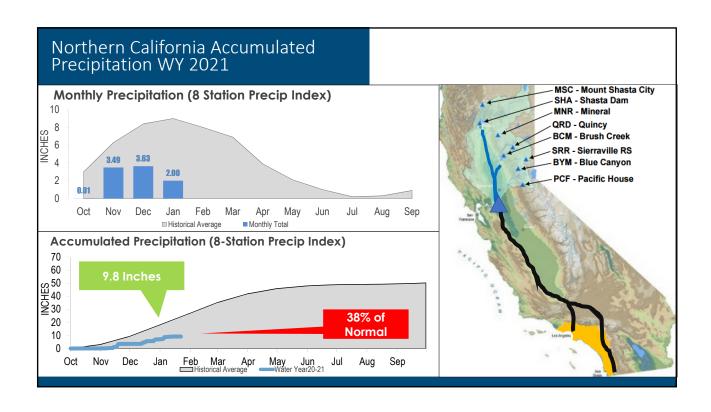
Attachment: Water Supply Conditions Presentation (1/27/2021)

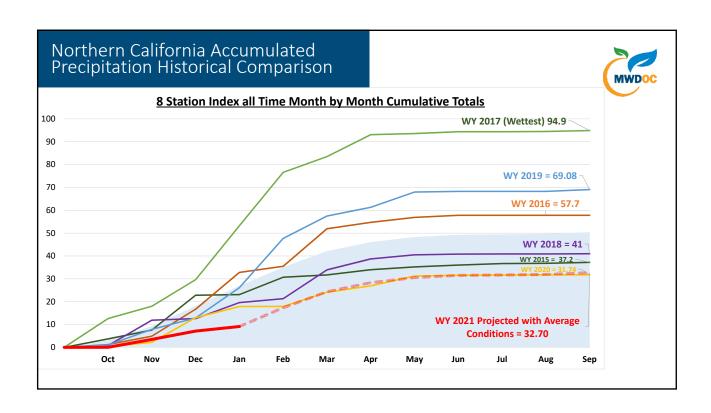


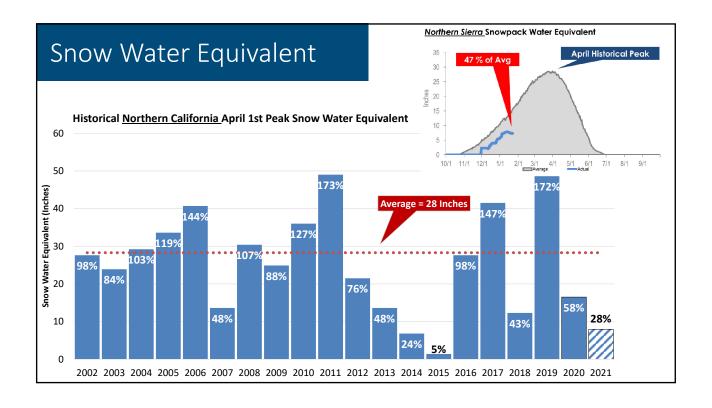
Water Supply Conditions

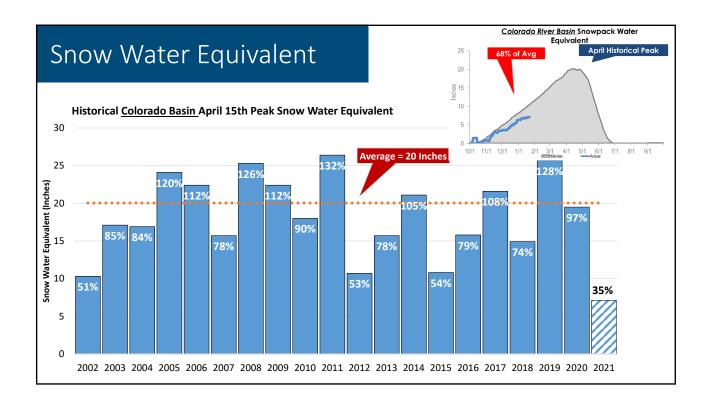
Kevin Hostert, Water Resources Analyst Municipal Water District of Orange County January 27th 2021

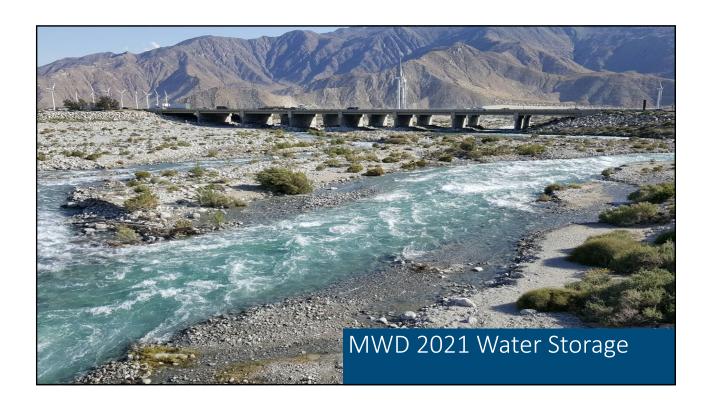


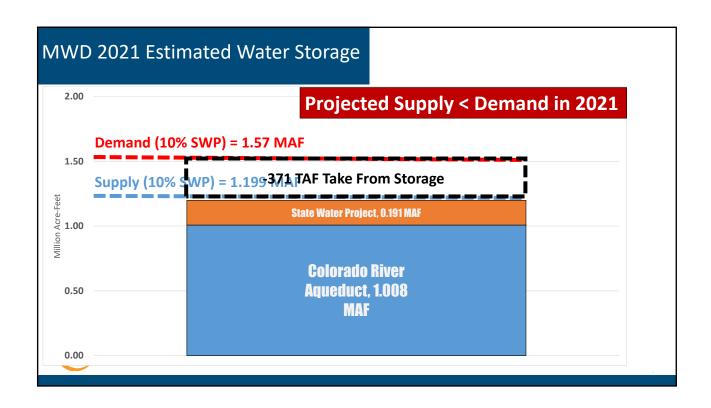


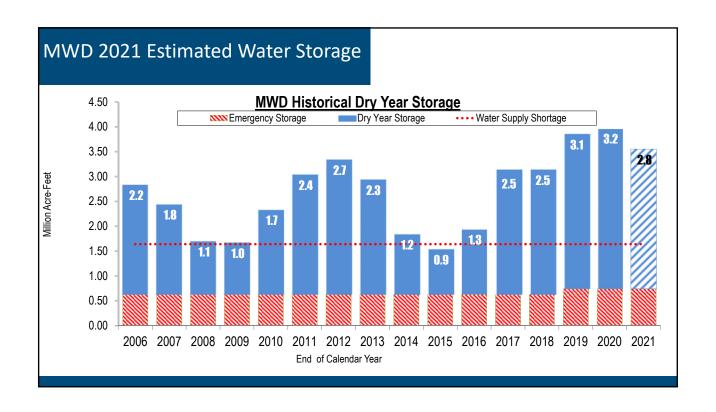




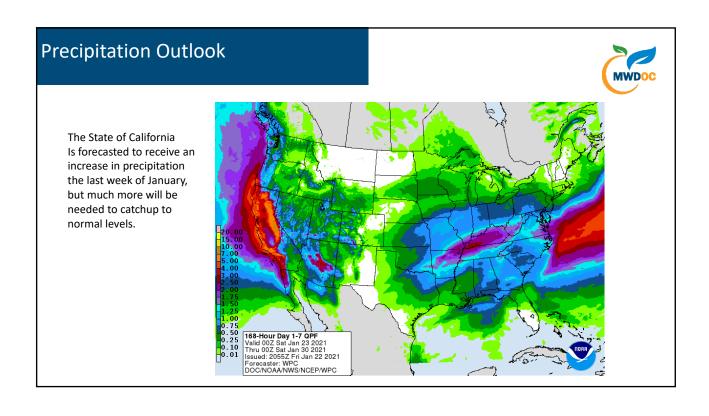


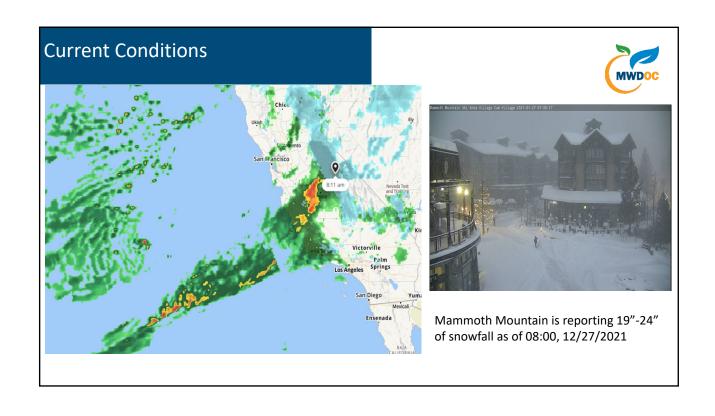


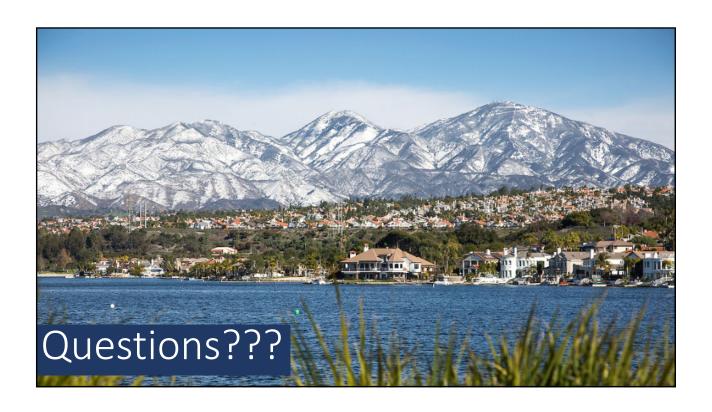












ISSUE BRIEF # D

SUBJECT: Colorado River Issues

RECENT ACTIVITY

Bureau of Reclamation Review of the 2007 Interim Guidelines

The U.S. Bureau of Reclamation (Reclamation) issued its Review of the Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations for Lake Powell and Lake Mead, also called the 7.D. Review because the review was completed pursuant to a provision in the Interim Guidelines Section XI.G.7.D., stating that "[b]egining no later than December, 31, 2020, the Secretary (of the Interior) shall initiate a formal review for purposes of evaluating the effectiveness of these Guidelines." The 7.D. Review documents Reclamation's operational experience and makes a retrospective evaluation of the effectiveness of those operations in meeting the themes established in the Interim Guidelines. This report is intended to be one source of information that can be used to support future discussions regarding development of operational rules that are anticipated to be developed before the Interim Guidelines expire on December 31, 2025.

Through the 7.D. Review, Reclamation intended to bring partners, stakeholders, and the public to a common understanding of past operations under the 2007 Interim Guidelines and their effectiveness. The goals of the Review were to evaluate the effectiveness of the Guidelines and document Reclamation's operational experience since the Guidelines were adopted.

Reclamation developed the 7.D. Review with input from public meetings held in March and October and through consultations with the Colorado River Basin States and Tribes. For purposes of evaluating the effectiveness of river operations under the Interim Guidelines, the report identified the purposes and "common themes" of the Guidelines that include the timing, frequency, and volume of water deliveries and the mechanisms for storage and delivery of water supplies in Lake Mead established for Intentionally Created Surplus. The Review also described the complementary activities adopted since the Interim Guidelines began, including the Drought Contingency Plans, various Minutes to the Treaty with Mexico, the System Conservation Agreement, the Memorandum of Understanding for Basin Pilot Drought Response, and various other Reclamation efforts. In this review, Reclamation concluded that the Interim Guidelines were largely effective in encouraging conservation, planning for shortages, implementing closer coordinated operations of Lake Powell and Lake Mead, gaining valuable operating experience, and for continuing to have the federal government "facilitate-but not dictate informed decision-making in the Basin and to encourage parties to address future controversies on the Colorado River through consultation and negotiation...before resorting to litigation.".

On December 18, the Bureau of Reclamation released a Final Report of the 7.D. Review. The Final Report concluded the following:

 The 2007 Interim Guidelines were largely effective as measured against both their stated purpose and common themes as provided in the 2007 Record of Decision.

- Increasing severity of the drought necessitated additional action to reduce the risk of reaching critically low elevations in Lakes Powell and Mead.
- The experience gained over the last 12 years provides important considerations for enhancing future effectiveness, particularly with respect to:
 - Enhanced flexibilities and transparency for water users;
 - Expanded participation in conservation and Basin-wide programs;
 - Increased consideration of the linkage that occurs through coordinated reservoir operations, particularly with respect to the uncertainties inherent in model projections used to set operating conditions;
 - More robust measures to protect reservoir levels.

The 7.D. Review Report will be one of many references and sources of input considered when work begins to determine Lake Powell and Mead operations after 2026. The final report can be found at: https://www.usbr.gov/ColoradoRiverBasin/

<u>Seven Colorado River Basin States Letter Announcing Consultation Regarding 2007</u> <u>Interim Guidelines</u>

On December 17, the seven Colorado River Basin States (Basin States) sent a letter to the Secretary of the Interior (Secretary) and Commissioner of the Bureau of Reclamation. The letter announces that the Basin States are initiating preliminary discussions with each other to develop future recommendations to the Secretary regarding operations for Lake Powell and Lake Mead after the Guidelines expire, as agreed to in the Basin States' Agreement Concerning Colorado River Management and Operations, which memorialized the Basin States' consensus recommendation to the Secretary regarding river management and operations during the Interim period. In this letter, the Basin States acknowledged the importance of waters users, Tribes, Mexico, and nongovernmental organizations in effective river management and noted their intent to expand engagement with these groups, as these discussions progress. The Basin States also asked that Reclamation provide support to a Basin States technical workgroup being established to begin evaluating modeling considerations needed to support discussions regarding future management of river operations.

Reclamation Issues Final Environmental Impact Statement (EIS) for Paradox Valley Salt Control

To reduce Colorado River salinity levels, Reclamation constructed a brine injection well in Paradox Valley in western Colorado, preventing 110,000 tons of salt annually from reaching the Colorado River. Following an earthquake in March 2019, Reclamation ceased operation of the well, and the capture of the salt has stopped. Reclamation has been evaluating alternate salt control options in the Paradox Valley, as the existing well seems to be near the end of its useful life. In December 2019, Reclamation released a Draft EIS that considered four replacement alternatives for the existing well: No Action, a new injection well at a new location, evaporation ponds, and a salt removal technology resulting in zero liquid discharge. The Colorado River Salinity Control Forum (the Forum), consisting of representatives for the seven Colorado River Basin States, sent comments to Reclamation advocating for the evaporation ponds alternative, and that Reclamation remain open to the continued operation

of the existing well at reduced injection rates, at least until the evaporation ponds are constructed. Additionally, Metropolitan provided its own comments, which echoed the Forum's recommendation.

On December 11, 2020 Reclamation released its Final EIS for the project, with the No Action alternative listed as the preferred alternative. Reclamation did not support any of the action alternatives due to their local impacts in the Paradox Valley.

In response to the Final EIS, many agencies including the Forum, Metropolitan, and MWDOC submitted comments all requesting that Reclamation not issue a Record of Decision for the Final EIS and continue to work with the Forum to implement salinity control projects.

On January 21, Reclamation issued letters in response to these comment letters noting that "Reclamation does not intend to issue a Record of Decision associated with the PVU FEIS. We remain committed to working collaboratively in furthering the objectives of the Salinity Control Program."

ISSUE BRIEF # E

SUBJECT: Delta Conveyance Activities and State Water Project Issues

RECENT ACTIVITY

Delta Conveyance Project Planning Funding

Eighteen State Water Project contractors have taken action in November and December 2020 and approved their participation in the planning and pre-construction costs and authorized the execution of a funding agreement with California Department of Water Resources (DWR) for such purpose. At its December 8, 2020, Board meeting, Metropolitan's Board authorized the General Manager to execute a funding agreement and committed funding for a Metropolitan participation level of 47.2 percent of the costs of preliminary design, environmental planning and other pre-construction activities to assist in the environmental process for the proposed Delta Conveyance Project. At a 47.2 percent participation level for Metropolitan, its forecasted funding agreement costs will be \$160.8 million for calendar years 2021 through 2024.

DWR Environmental Impact Documents Development

DWR is continuing to develop an Environmental Impact Report (EIR) under the California Environmental Quality Act. Current work is focused on formulation of alternatives to be analyzed in the EIR, descriptions of the existing conditions, and development of methods to analyze potential impacts on environmental resources. The U.S. Army Corps of Engineers has started preparation of an Environmental Impact Statement (EIS) to comply with the National Environmental Policy Act.

Cone penetration tests, soil borings, and geophysical surveys were completed under the Initial Study/Mitigated Negative Declaration for Soil Investigations in the Delta that was adopted on July 9, 2020. The final soil boring of this year is scheduled to be complete by December 17 and no additional work is scheduled until spring 2021. Additionally, work to obtain temporary entry on private lands is ongoing.

DWR is continuing to pursue permits for sites that fall under the jurisdiction of the Rivers and Harbors Act (Section 408). Those sites are not included in the near-term efforts. Investigations at any given site will not occur until property owners have been notified and required permits and approvals for that site have been obtained.

DWR will compile results from the Environmental Justice Community Survey used to collect information on how low-income, minority, and other underserved communities rely on resources in the Delta. This information will help assess potential impacts and benefits to these communities. Results from this survey will be shared after quality control has been completed.

The Delta Conveyance Design and Construction Authority (DCA) engineering team completed the first draft of template, drawings, and GIS map book deliverables for the

Bethany Alternative and submitted them to DWR for review and comment. The team also received the first round of comments on the Draft Engineering Project Report for the Central and Eastern Corridor alternatives from DWR and worked on the responses and updated the documents for resubmission.

Joint Powers Authorities

The DCA board heard an informational presentation on the Fiscal Year 2019/2020 audit report at the December 17 regularly scheduled meeting. Also, Stakeholder Engagement Committee member Jim Wallace spoke to the board regarding his thoughts on the SEC issues of discussion including the Community Benefits Program framework process.

The focus of the December 5 DCA SEC meeting included an introductory presentation of a Community Benefits Program framework by DWR. The community benefits discussed would be to support meeting Delta Stewardship Council Delta Plan policies in addition to the mitigation measures developed to reduce potentially significant impacts analyzed in the EIR process. The objective is to work collaboratively with the community in the development of the program, and the first step will be to create a framework, not only for the program but for how to work together. The next steps will focus on information gathering to move the process forward.

Details of the Bethany Complex Reception Shaft, Surge Basin, Pumping Plant, and Discharge Structure components were also presented to the SEC. The DCA concluded the meeting with a construction traffic analysis describing analysis of projected conditions with the Bethany Alternative. The upcoming January 27, 2021 meeting will include updates to SEC members on the Bethany Alternative, geotechnical work, and the Community Benefits Program framework.

The December regular meeting of the Delta Conveyance Finance Authority Board of Directors was cancelled

Sites Reservoir

In their December joint meeting, the Sites Project Authority Board (Authority Board) and the Sites Reservoir Committee (Reservoir Committee) approved to have the firm Fechter and Company to conduct the Joint Powers Authority's (JPA) 2020 fiscal audit. They also approved the Final Delegation of Authority Matrix which conforms to the current delegated authorities described in the JPA bylaws, the final 2020 Strategic Plan which includes an environmental permitting strategy, plans for financing the project (75 percent local cost share commitment), and delegation of authority.

The Authority Board and Reservoir Committee were given the opportunity to review and comment on an option to add a third alternative that includes the United States Bureau of Reclamation at a 25 percent investment. This would provide flexibility to allow for a federal investment of greater than \$200 million which is consistent with the Final Federal Feasibility Report (2020 FFFR) maximum cost share. They were also provided an update on the 2020 FFFR which is concluding a six-month review process and a Secretarial determination which

is expected prior to the end of this year and is needed to continue to qualify for WIIN Act funds.

Finally, the Authority Board and Reservoir Committee were given the opportunity to review and comment on the preliminary operations analysis and results. More information on this work will be forthcoming in the future.

Delta Stewardship Council

The Delta Stewardship Council (Council) is conducting a climate change study for the Delta and Suisun Marsh. Delta Adapts: Creating a Climate Resilient Future will help the Council assess specific climate risks and vulnerabilities in the Delta and, in coordination with stakeholders, develop adaptation strategies to address those vulnerabilities. The vulnerability assessment analyzes the vulnerability of various asset types within the Delta to several climate stressors and hazards. Climate stressors include sea level rise, precipitation and runoff patterns, and air temperature changes. Climate hazards include flooding, extreme heat, drought, and wildfire smoke.

The Council established a Stakeholder Work Group with representatives from local and regional government agencies, state agencies, utility companies, water districts, and environmental organizations. The Stakeholder Work Group provided input during the development of the vulnerability assessment and has provided feedback on the draft results. Metropolitan staff and representatives of the State Water Contractors are members of the Stakeholder Work Group. The Council is scheduled to release the draft vulnerability assessment in January 2021 for public comment. Metropolitan staff will work with the State Water Contractors to review and provide comments on the public draft.

Regulatory Activities

Metropolitan staff continued to participate in the collaborative groups called for in the 2019 Biological Opinion (BiOp) for the State Water Project (SWP), Central Valley Project, and the 2020 Incidental Take Permit (ITP) for Long-term Operation of the SWP to address science needs, to inform management, and operation of the water projects. As part of these collaborative efforts, Metropolitan staff is providing input to the BiOp/ITP mandated Summer/Fall Action plan and associated Monitoring and Science Plan; the Juvenile Production Estimate monitoring plan for spring-run Chinook salmon; planning a workshop focused on monitoring steelhead in the San Joaquin Basin; and the ITP mandated Longfin smelt Science Plan.

In December, the Longfin Smelt Science Plan was approved by the California Department of Fish and Wildlife as part of the requirement in ITP for DWR to submit a draft plan. The Longfin Smelt Science Plan outlines priorities for management of relevant science during the 10-year duration of the new ITP. The information produced from this process is expected to inform future permitting efforts as well as improve general understanding of the species and its habitat needs. Metropolitan staff is participating on the newly formed Longfin smelt Technical Team, which held its first meeting on December 18.

Science Activities

Metropolitan Staff continued participating in the Collaborative Science and Adaptive Management Program (CSAMP), including participation on the Collaborative Adaptive Management Team (CAMT). The December 10 CSAMP Policy Group meeting included approval of CSAMP priorities in 2021 and 2022, which primarily focus on continuation of current Delta smelt and salmon activities. The Policy Group also received a briefing on the recently completed Coordinated Salmonid Science Planning Assessment report and discussed the new CSAMP Salmon Recovery Initiative and development of a goal statement and objectives. The December 15 CAMT meeting focused on a facilitated discussion lead by Compass Resource Management consultants on the development of a CSAMP organizational framework for Delta Smelt. The goals of the organizational framework are to develop a shared understanding of roles and responsibilities of CSAMP participants and what CSAMP is striving for with respect to Delta smelt science and management actions that can be achieved through collaborative efforts.

Metropolitan staff continued to participate in forums to ensure good science and collaboration. In December, Metropolitan staff participated in the State Water Contractors science coordination meetings, the Delta Independent Science Board, and technical meetings focused on nutrient studies and development of a nutrient model for the Bay-Delta.

Summary Report for The Metropolitan Water District of Southern California Board Meeting January 12, 2021

CONSENT CALENDAR ITEMS – ACTION

The Board:

Approved the draft of Appendix A in the attachment of the board letter; authorized the General Manager, or other designee of the Ad Hoc Committee, to finalize, with changes approved by the General Manager and General Counsel, Appendix A; authorized distribution of Appendix A, finalized by the General Manager or other designee of the Ad Hoc Committee, in connection with the sale or remarketing of bonds. (**Agenda Item 7-1**)

Adopted the Mitigated Negative Declaration for the Colorado River Aqueduct Conduit Structural Protection Project and take related CEQA actions. (**Agenda Item 7-2**)

Awarded \$448,900 contract to MCL Constructors, Inc. to improve the Disaster Recovery Facility. (**Agenda Item 7-3**)

Approved the revised General Manager job description; approved the final draft of the General Manager recruitment brochure; and approved the proposed General Manager outreach plan, including revisions made during the January 11 OP&T committee meeting. (Agenda Item 7-4)

Authorized two agreements; one with Switch, Inc. in an amount not-to-exceed \$1,062,284 for the lease of space for the Primary location and one with SHI International, Inc. in an amount not-to-exceed \$4,077,866 for the procurement of equipment for the Primary location space for the Datacenter Modernization/Relocation project. (**No closed session**) (**Agenda Item 7-5**)

CONSENT CALENDAR OTHER ITEMS – ACTION

Approved the Minutes of the Meeting for December 8, 2020 and the Minutes of the Special Board Meeting for December 15, 2020. (**Agenda Item 6A**)

Approved committee assignments. (NONE - Agenda Item 6B)

Approved Commendatory Resolution for Director Larry McKenney representing the Municipal Water District of Orange County. (**Agenda Item 6C**)

Nominated and Elected Charles Trevino and Michael Hogan as nonofficer members of the Executive Committee for two-year term effective February 9, 2021. (**Agenda Item 6D**)

OTHER MATTERS AND REPORTS

Removed Jerry Butkiewicz as Vice Chair of the Board. (Agenda Item 5B)

Presented 15-year Service Pin to Director John W. Murray, Jr., representing the city of Los Angeles. (**Agenda Item 5G**)

Presented 15-year Service Pin to Director Jesus E. Quiñonez, representing the city of Los Angeles. (**Agenda Item 5H**)

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://mwdh2o.com/WhoWeAre/Board/Board-Meeting/Pages/search.aspx

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