# WORKSHOP MEETING OF THE BOARD OF DIRECTORS WITH MET DIRECTORS MUNICIPAL WATER DISTRICT OF ORANGE COUNTY 18700 Ward Street, Conference Room 101, Fountain Valley, California April 3, 2024, 8:30 a.m.

Teleconference Site: 25652 Paseo De La Paz San Juan Capistrano, CA 92675

(Members of the public may attend and participate in the meeting at both in-person locations.)

This meeting will be held in person at 18700 Ward Street, Fountain Valley, California, 92708 (Conference Room 101). As a convenience for the public, the meeting may also be accessed by Zoom Webinar and will be available by either computer or telephone audio as indicated below. Because this is an in-person meeting and the Zoom component is not required, but rather is being offered as a convenience, if there are any technical issues during the meeting, this meeting will continue and will not be suspended.

Computer Audio: You can join the Zoom meeting by clicking on the following link: https://zoom.us/i/8828665300

Telephone Audio: (669) 900 9128 fees may apply (877) 853 5247 Toll-free

Webinar ID: 882 866 5300#

#### **AGENDA**

#### PLEDGE OF ALLEGIANCE

#### **ROLL CALL**

#### PUBLIC PARTICIPATION/COMMENTS

At this time members of the public will be given an opportunity to address the Board concerning items within the subject matter jurisdiction of the Board. Members of the public may also address the Board about a particular Agenda item at the time it is considered by the Board and before action is taken.

The Board requests, but does not require, that members of the public who want to address the Board complete a voluntary "Request to be Heard" form available from the Board Secretary prior to the meeting.

#### ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine need and take action to agendize item(s), which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present or, if less than two-thirds of the Board members are present a unanimous vote.)

#### ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING

Pursuant to Government Code Section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the District's business office located at 18700 Ward Street, Fountain Valley, California 92708, during regular business hours. When practical, these public records will also be made available on the District's Internet Web site, accessible at <a href="http://www.mwdoc.com">http://www.mwdoc.com</a>.

**NEXT RESOLUTION NO. 2146** 

#### PRESENTATION/DISCUSSION ITEMS

#### 1. UPDATE BY MWDOC STAFF REGARDING MET'S BIENNIAL BUDGET

Recommendation: Review and discuss the information presented.

#### 2. LEGISLATIVE ACTIVITIES

- a. Federal Legislative Report (NRR)
- b. State Legislative Report (SDA)
- c. Legal and Regulatory Report (Ackerman)
- d. County Legislative Report (Whittingham)
- e. MWDOC Legislative Matrix
- f. Metropolitan Legislative Matrix

Recommendation: Review and discuss the information presented.

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

Recommendation: Receive input and discuss the information presented.

#### **ACTION ITEMS**

4. SB 937 (WIENER) - DEVELOPMENT PROJECTS: PERMITS AND OTHER ENTITLEMENTS: FEES AND CHARGES

Recommendation: Vote to adopt an oppose unless amended position on SB 937

(Wiener).

5. SB 1164 (NEWMAN) - PROPERTY TAXATION: NEW CONSTRUCTION EXCLUSION: ACCESSORY DWELLING UNITS

Recommendation: Vote to adopt an oppose position on SB 1164 (Newman).

6. SB 1210 (SKINNER) - NEW HOUSING CONSTRUCTION: ELECTRICAL, GAS, SEWER, AND WATER SERVICE CONNECTIONS: CHARGES

Recommendation: Vote to adopt an oppose unless amended position on SB 1210

(Skinner).

7. H.R 7525 - SPECIAL DISTRICT GRANT ACCESSIBILITY ACT

Recommendation: Vote to adopt a support position on H.R 7525 (Fallon, R-TX).

8. ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION (OC LAFCO) REGULAR SPECIAL DISTRICT MEMBER SEAT – ELECTION

Recommendation: Review and discuss potential nominations to OC LAFCO: authorize

President McVicker and an alternate to vote in the appointment process; and direct staff to submit the appropriate forms to OC

LAFCO by the deadlines outlined.

# 9. LOCAL RESOURCES PROGRAM (LRP) AGREEMENT BETWEEN METROPOLITAN, MWDOC, AND SOUTH COAST WATER DISTRICT FOR THE DOHENY OCEAN DESALINATION PROJECT

Recommendation: Authorize the General Manager to execute the Local Resources

Program agreement with the Metropolitan Water District of

Southern California and South Coast Water District generally in the form presented for the Doheny Ocean Desalination Project, subject to review and approval by Legal Counsel of any final agreement

changes.

#### **INFORMATION ITEMS**

- **10. 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 Issue
  - b. MET's Water Supply Condition Update
  - c. MET's Water Quality Update
  - d. Colorado River Issues
  - e. Delta Conveyance Activities and State Water Project Issues

Recommendation: Review and discuss the information presented.

#### 11. METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS

- a. Summary regarding March 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.



#### **DISCUSSION ITEM**

April 3, 2024

**TO:** Board of Directors

FROM: Harvey De La Torre, General Manager

Staff Contact: Melissa Baum-Haley

SUBJECT: PRESENTATION BY MWDOC STAFF REGARDING MET'S BIENNIAL

**BUDGET** 

#### STAFF RECOMMENDATION

It is recommended that the Board of Directors discuss and file this information.

#### SUMMARY

On March 26, Metropolitan held Workshop #4 on the proposed Biennial Budget for fiscal years (FY) 2024/25 and 2025/26; proposed water rates and charges for calendar years (CY) 2025 and 2026; overview of rates and charges; ten-year forecast. Final consideration for adoption of the Biennial Budget is anticipated for April 9, 2024.

The Proposed Biennial Budget appropriates \$2.413 billion for FY 2024/25 and \$2.426 billion for FY 2025/26, requiring revenue from rates and charges of \$1.763 billion and \$1.902 billion in each year, respectively. The budget appropriations represent the total anticipated costs, while revenue requirements represent the amount to be recovered from rates and charges, after the application of property taxes, investment income, and other sources of revenue.

The proposed overall rate increase for CYs 2025 and 2026 are 13% and 8%, respectively (21% over the two-year biennium). Over the four workshops, several rate option alternatives were presented and discussed by the Metropolitan Board. The goal of the workshop was to reduce alternatives to three options for Board consideration and adoption in April. Each of the final alternatives will include a full Cost-of-Service report for each year.

MWDOC staff will provide an overview of the Budget Workshop discussions including questions on the Ad Valorem property tax, debt coverage, and discussion of rate alternative options for April.

| Budgeted: ☐ Yes ⊠ No    | Budgeted amount: | None                | Core: ⊠    | Choice: □ |
|-------------------------|------------------|---------------------|------------|-----------|
| Action item amount: N/A | 1                | Movement between fu | nds:   Yes | ⊠ No      |

#### **ALIGNMENT WITH BOARD STRATEGIC PRIORITIES**

| Clarifying MWDOC's mission and role; defining functions and actions.                        |             | Work with member agencies to develop water supply and demand objectives. |
|---|-------------|--|
| Balance support for Metropolitan's regional mission and Orange County values and interests. | $\boxtimes$ | Solicit input and feedback from member agencies.                         |
| Strengthen communications and coordination of messaging.                                    |             | Invest in workforce development and succession planning.                 |

Additional Comments: MWDOC will outreach to the member agencies on the Metropolitan draft biennial budget through presentations at both the MWDOC Member Agency Managers meeting as well as the Elected Officials Forum.

#### **List of Attachments/Links:**

Attachment: Metropolitan Workshop #4 Presentation

Link 1: Metropolitan FY2024/25 and FY2025/26 Biennial Budget

Link 2: Metropolitan Workshop #4 Presentation





Proposed Biennial Budget for FYs 2024/25 and 2025/26; Proposed Water Rates and Charges for Calendar years 2025 and 2026; Overview of Rates and Charges; Ten-Year Forecast

Workshop #4 Item 5a March 26, 2024

Item 5a

### Budget Workshop #4

#### Subject

Proposed Biennial Budget for FYs 2024/25 and 2025/26; Proposed Water Rates and Charges for Calendar years 2025 and 2026; Overview of Rates and Charges; Ten-Year Forecast

#### Purpose

Provide information to enable April Board action on Proposed Biennial Budget for FYs 2024/25 and 2025/26, Proposed Water Rates and Charges for Calendar years 2025 and 2026, and Ten-Year Forecast

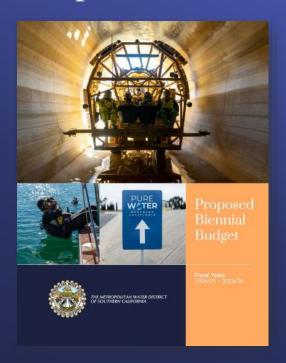
#### Next Steps

- FAM Committee, Recommend Biennial Budget and Calendar Year rates and charges on April 8, 2024
- Board <u>action</u> regarding biennial budget and Calendar Year rates and charges on April 9, 2024

# Proposed Biennial Budget Workshop #4

### <u>Agenda</u>

- Questions & Answers
  - MWD Act Declaring Public Agencies
  - Ad Valorem Property Tax
  - Additional Debt Coverage Information
- Discussion of Rate Options for April
- Rate Alternatives Details
- Impact of O&M Cuts
- Next Steps April 9<sup>th</sup> Budget Adoption



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# Questions & Answers

**Question:** What are the impacts of Section 315 of the MWD Act which allows Declaring Public Agencies to make in-lieu property tax payments?

### **Answer:**

- Importantly, multiple Sections of the MWD Act (not just Section 315) describe the procedures for Declaring Public Agencies to initiate a property tax in-lieu payment
- "Declaring Public Agency" The MWD Act provides a process for an agency to pay Metropolitan property taxes on behalf of its service area (i.e., "in-lieu") out of its agency funds, in whole or as a stated percentage of the Metropolitan ad valorem property taxes (§§ 300, 315, 316, 331)



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# Question: What are the impacts of Section 315 of the MWD Act which allows Declaring Public Agencies to make in-lieu property tax payments? (continued)

### Answer:

- Allows Declaring Public Agencies at their discretion to decide if all or a portion of their Metropolitan property tax obligation should be paid by property owners in their service area <u>OR</u> through agency funds, including rates and charges, volumetric or fixed, or other agency funds, including reserves
  - ➤ The in-lieu payment reduces the real properties' AV tax obligation to Metropolitan; it does not reduce or affect rates and charges for services provided to all member agencies
- The in-lieu process is intended to allow agencies to recover their in-lieu costs through their own water bills or other "agency funds", through their own legally available processes

# Section 315 Example

### Scenario:

MWD increases the existing Ad-Valorem Property Tax rate from 0.0035% to 0.0070%

### Member Agency A:

- Ptax @ 0.0035% = \$10M
- Ptax @ 0.0070% = \$20M
- Member Agency A can elect not to increase the Ptax rate in their area and instead pay MWD the \$10M directly
- Agency A can fund the \$10M with increases on their volumetric rates or charges or draw from available funds

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Board of Directors Workshop #4

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**Question:** What are the impacts of increasing Metropolitan's ad valorem taxes generally and on disadvantaged communities?

### Answer:

Metropolitan's Long-Range Finance Plan Needs Assessment (LRFP-NA) introduced the concept of using property taxes in August 2023:

- ✓ Identified an opportunity to fund a higher share of SWP costs to address the impacts of hydrologic volatility on Metropolitan's water transaction revenues and unrestricted reserves
- ✓ Reflected a concept discussed by the Board as a tool in Metropolitan's financial toolkit to build resiliency, improve financial stability, and reinvest in Metropolitan's infrastructure



# Question: What would the Property Tax impact be for each member

agency's service area?

<u> Answer:</u>

Note: Based on a sampling of median home values for cities located in each Member Agency service area (Source: American Community Survey, 5-Year Estimates, 2022)

| N  | Member Agency  | Median Home<br>Value<br>(\$ thousands) | Current<br>Annual MWD<br>Property Tax | Proposed<br>(higher) MWD<br>Property Tax | Member Agency |                                 | Median Home<br>Value<br>(\$ thousands) | Current<br>Annual MWD<br>Property Tax | Proposed<br>(higher) MWD<br>Property Tax |
|----|----------------|--|---------------------------------------|--|---------------|---------------------------------|--|---------------------------------------|--|
| C  | ities          | (Owner-Occupied)                       | (@ 0.0035%)                           | (@ 0.007%)                               | 1             | Municipal Water Districts       | (0 0 : 1)                              | (C. 0.000 F%)                         | (0.0.0070;)                              |
| 1  | Anaheim        | \$714                                  | \$25                                  | \$50                                     |               | & Water Authority               | (Owner-Occupied)                       | (@ 0.0035%)                           | (@ 0.007%)                               |
| 2  | Beverly Hills  | \$2,000                                | \$70                                  | \$140                                    | 15            | Calleguas MWD                   | \$704 - \$901                          | \$25 - \$32                           | \$49 - \$63                              |
| 3  | Burbank        | \$960                                  | \$34                                  | \$67                                     | 16            | Central Basin MWD               | \$472 - \$679                          | \$17 - \$24                           | \$33 - \$48                              |
| 4  | Compton        | \$489                                  | \$17                                  | \$34                                     | 17            | Eastern MWD                     | \$277 - \$568                          | \$10 - \$20                           | \$19 - \$40                              |
| 5  | Fullerton      | \$791                                  | \$28                                  | \$55                                     | 18            | Foothill MWD                    | \$991 - \$1,983                        | \$35 - \$69                           | \$69 - \$139                             |
|    | Glendale       | •                                      | •                                     |  |               | Inland Empire                   |  |                                       |  |
| 6  |                | \$992                                  |                                       | -  | 19            | Utilities Agency                | \$507 - \$776                          | \$18 - \$27                           | \$35 - \$54                              |
| 7  | Long Beach     | \$710                                  | \$25                                  | \$50                                     | 20            | Las Virgenes MWD                | \$972 - \$2,000                        | \$34 - \$70                           | \$68 - \$140                             |
| 8  | Los Angeles    | \$823                                  | \$29                                  | \$58                                     | 21            | MWDOC                           | \$863                                  | \$30                                  | \$60                                     |
| 9  | Pasadena       | \$982                                  | \$34                                  | \$69                                     | 22            | Three Valleys MWD               | \$525 - \$735                          | \$18 - \$26                           | \$37 - \$51                              |
| 10 | San Fernando   | \$604                                  | \$21                                  | \$42                                     |               | San Diego County                | Å70.F                                  | 40.5                                  | ٨٥                                       |
| 11 | San Marino     | \$2,000                                | \$70                                  | \$140                                    | 23            | Water Authority                 | \$725                                  | \$25                                  | \$51                                     |
| 12 | Santa Ana      | \$624                                  | \$22                                  | \$44                                     | 24            | Upper San Gabriel<br>Valley MWD | \$553 - \$1,307                        | \$19 - \$46                           | \$39 - \$91                              |
| 13 | Santa Monica   | \$1,655                                | \$58                                  | \$116                                    | 25            | West Basin MWD                  | \$616 - \$2,000                        |                                       |  |
| 14 | Torrance       | \$962                                  | \$34                                  | \$67                                     | 26            | Western MWD                     | \$384 - \$486                          |                                       | \$27 - \$34                              |
|    | March 26, 2024 |  |                                       | Board of Di                              | ectors        | s Workshop #4                   |  | Item 5                                | 5a Slide 9                               |

# **Question:** What are the impacts of increasing Metropolitan's ad valorem taxes generally and on disadvantaged communities? (continued) <u>Answer:</u>

Impacts on Multi-Family Units (2-4 Units) based on Secured Assessed Valuation for Multi-Family Units and the Number of Parcels by County (Board of Equalization Dataset)

• The average annual property tax increase ranges from \$3.68 per year to \$9.85 per year per unit for multi-family units (2-4 units) when the property tax levy is increased from the current 0.0035% to 0.007%

| Multi-Family Units (2-4 units) - Average <u>Annual</u> Property Tax Increase |                 |                          |                  |                     |                             |                     |                   |
|--|-----------------|--------------------------|------------------|---------------------|-----------------------------|---------------------|-------------------|
|  | MWD Tax<br>Rate | Los<br>Angeles<br>County | Orange<br>County | Riverside<br>County | San<br>Bernardino<br>County | San Diego<br>County | Ventura<br>County |
| Average Tax Per Unit<br>(Midpoint, 3 Units)                                  | 0.0035%         | \$6.63                   | \$9.85           | \$4.81              | \$3.68                      | \$6.84              | \$6.15            |
| Average Tax Per Unit<br>(Midpoint, 3 Units)                                  | 0.0070%         | \$13.27                  | \$19.70          | \$9.62              | \$7.36                      | \$13.69             | \$12.29           |
| Annual Average Property Tax<br>Increase Per Unit                             | 0.0035%         | \$6.64                   | \$9.85           | \$4.81              | \$3.68                      | \$6.85              | \$6.14            |

# **Question:** What are the impacts of increasing Metropolitan's ad valorem taxes generally and on disadvantaged communities? (continued) <u>Answer:</u>

Impacts on Multi-Family Units (5-20 Units) based on Secured Assessed Valuation for Multi-Family Units and the Number of Parcels by County (Board of Equalization Dataset)

| MININIMUM - Multi-Family Units (5-20 units) – Average <u>Annual</u> Property Tax Increase |              |                       |               |                     |                          |                     |                |
|---|--------------|-----------------------|---------------|---------------------|--------------------------|---------------------|----------------|
|   | MWD Tax Rate | Los Angeles<br>County | Orange County | Riverside<br>County | San Bernardino<br>County | San Diego<br>County | Ventura County |
| Average Tax Per Unit (20 Units)   | 0.0035%      | \$4.59                | \$9.19        | \$6.86              | \$4.89                   | \$8.64              | \$5.11         |
| Average Tax Per Unit (20 Units)   | 0.0070%      | \$9.18                | \$18.38       | \$13.72             | \$9.77                   | \$17.28             | \$10.21        |
| Annual Average Property Tax Increase Per Unit   | 0.0035%      | \$4.59                | \$9.19        | \$6.86              | \$4.88                   | \$8.64              | \$5.10         |

| MAXIMUM - Multi-Family Units (5-20 units) - Average Annual Property Tax Increase |              |                       |               |                     |                          |                     |                |
|--|--------------|-----------------------|---------------|---------------------|--------------------------|---------------------|----------------|
|  | MWD Tax Rate | Los Angeles<br>County | Orange County | Riverside<br>County | San Bernardino<br>County | San Diego<br>County | Ventura County |
| Average Tax Per Unit (5 Units)   | 0.0035%      | \$18.37               | \$36.77       | \$27.44             | \$19.55                  | \$34.56             | \$20.42        |
| Average Tax Per Unit (5 Units)   | 0.0070%      | \$36.73               | \$73.53       | \$54.87             | \$39.10                  | \$69.12             | \$40.85        |
| Annual Average Property Tax Increase Per Unit                                    | 0.0035%      | \$18.36               | \$36.76       | \$27.43             | \$19.55                  | \$34.56             | \$20.43        |

March 26, 2024 Impacts on Multi-Family Units (5-20 Units) Board of Directors Workshop #4

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# Question: What bond covenants is Metropolitan required to meet for existing bond investors?

### Answer:

 The MWD Act and bond covenants requires the Board to set, revise, and collect rates and charges sufficient to pay O&M, principal and interest on all outstanding bonds (senior lien or subordinate lien), and all other obligations which are chargeable or payable from net operating revenues

#### Sec. 134. [Adequacy of Water Rates; Uniformity of Rates]

The Board, so far as practicable, shall fix such rate or rates for water as will result in revenue which, together with revenue from any water stand-by or availability service charge or assessment, will pay the operating expenses of the district, provide for repairs and maintenance, provide for payment of the purchase price or other charges for property or services or other rights acquired by the district, and provide for the payment of the interest and principal of the bonded debt subject to the applicable provisions of this act authorizing the issuance and retirement of the bonds. Those rates, subject to the provisions of this chapter, shall be uniform for like classes of service throughout the district.

Amended by Stats. 1984, ch. 271

# Question: What bond covenants is Metropolitan required to meet for existing bond investors? (Continued)

### Answer:

- Metropolitan must also comply with the Additional Bonds Test, which prohibits the issuance of new debt unless certain coverage requirements are met:
  - ➤ 1.20x Debt Service Coverage on Senior Lien
  - 1.00x Debt Service Coverage of Combined Senior and Subordinate obligations
- Two months of operating expenses in the O&M fund
- Bond funds hold 1/6 of interest due in coming six months and 1/12 of principal payments due in the coming year

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# Discussion of Rate Options for April

### Rate Alternatives

|   | Water<br>Transactions | Property<br>Tax Rate | Reduce<br>Conservation<br>(1) | New<br>Revenue<br>(2) | Reduce<br>Departmental<br>O&M (3) | Overall Rate<br>Increase |
|---|-----------------------|----------------------|-------------------------------|-----------------------|-----------------------------------|--------------------------|
| Proposed Budget                           | 1.44 MAF              | 0.0035%              | No                            |                       |                                   | 13% / 8%                 |
| Alt 1a Inc Ptax, 9/9 NEW                  | 1.44 MAF              | 0.0055%              | No                            |                       |                                   | 9% / 9%                  |
| Alt 1b Inc Ptax, 7/6                      | 1.44 MAF              | 0.0070%              | No                            |                       |                                   | 7% / 6%                  |
| Alt 2a Low Sales, 9/9 & inc Ptax NEW      | 1.34 MAF              | 0.0086%              | No                            |                       |                                   | 9% / 9%                  |
| Alt 2b Low Sales, 7/6 & inc Ptax          | 1.34 MAF              | 0.0099%              | No                            |                       |                                   | 7% / 6%                  |
| Alt 3 Low Sales, 5/5 & inc Ptax           | 1.34 MAF              | 0.0104%              | No                            |                       |                                   | 5% / 5%                  |
| Alt 4 Low Sales, 5/5, cut Cons & inc Ptax | 1.34 MAF              | 0.0100%              | Yes (1)                       |                       |                                   | 5% / 5%                  |
| Alt 5a Inc Ptax, New Rev & Cut O&M NEW    | 1.44 MAF              | 0.0055%              | No                            | \$60M/yr              | \$7M/yr                           | 7% / 7%                  |
| Alt 5b New Revenue & Cut O&M              | 1.44 MAF              | 0.0035%              | No                            | \$60M/yr              | \$18M/yr                          | 8.5%/8.5%                |
| Alt 6 Low Sales, New Rev., & Cut O&M      | 1.34 MAF              | 0.0035%              | No                            | \$60M/yr              | \$18M/yr                          | 13% /13%                 |

- (1) Reduce conservation program to \$17M for FY 2024/25 and \$5M/yr for FY 2025/26 and FY 2026/27 then back to \$30.5M/yr. This would eliminate the need to issue an additional \$48M of debt during the biennium.
  - Metropolitan has been awarded over \$40M in recent grants and is continuing to pursue other grant opportunities. Most of these grants require 50% matching funds. As such, reductions to the conservation budget will disqualify MWD from most of the grant awards.
- (2) New Revenue: Assume \$60 million in new one-time revenue each year of the biennial
- (3) Department O&M: Reduce Departmental O&M for FY 2024/25 and FY 2025/26

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### Overall Rate Increase

|   | Water               | Budget    |       | Projected |       | 2-yr  | 4-yr     |          |
|---|---------------------|-----------|-------|-----------|-------|-------|----------|----------|
| Overall Rate Increase                       | <b>Transactions</b> | Ptax Rate | 2025  | 2026      | 2027  | 2028  | rate inc | rate inc |
| Proposed                                    | 1.44 MAF            | 0.0035%   | 13.0% | 8.0%      | 12.0% | 8.0%  | 21%      | 41%      |
| Alt 1a - 9/9 & Inc Ptax                     | 1.44 MAF            | 0.0055%   | 9.0%  | 9.0%      | 9.0%  | 9.0%  | 18%      | 36%      |
| Alt 1b - 7/6 & Inc Ptax                     | 1.44 MAF            | 0.0070%   | 7.0%  | 6.0%      | 10.0% | 10.0% | 13%      | 33%      |
| Alt 2a - Low sales, 9/9 & Inc Ptax          | 1.34 MAF            | 0.0086%   | 9.0%  | 9.0%      | 9.0%  | 9.0%  | 18%      | 36%      |
| Alt 2b - Low Sales, 7/6 & Inc Ptax          | 1.34 MAF            | 0.0099%   | 7.0%  | 6.0%      | 10.0% | 10.0% | 13%      | 33%      |
| Alt 3 - Low Sales, 5/5 & Inc Ptax           | 1.34 MAF            | 0.0104%   | 5.0%  | 5.0%      | 12.0% | 11.0% | 10%      | 33%      |
| Alt 4 - Low Sales, cut Cons, 5/5 & Inc Ptax | 1.34 MAF            | 0.0100%   | 5.0%  | 5.0%      | 12.0% | 11.0% | 10%      | 33%      |
| Alt 5a - Inc Ptax, New Revenue & Cut O&M    | 1.44 MAF            | 0.0055%   | 7.0%  | 7.0%      | 13.0% | 9.0%  | 14%      | 36%      |
| Alt 5b - New Revenue & Cut O&M              | 1.44 MAF            | 0.0035%   | 8.5%  | 8.5%      | 16.0% | 8.0%  | 17%      | 41%      |
| Alt 6 - Low Sales, New Rev. & Cut O&M       | 1.34 MAF            | 0.0035%   | 13.0% | 13.0%     | 14.0% | 8.0%  | 26%      | 48%      |

### Untreated Full-Service Rate (\$/AF)

| Rates Effective January 1st                 | 2024* | 2025    | 2026    | % Increase<br>2025 | % Increase<br>2026 |
|---|-------|---------|---------|--------------------|--------------------|
| · · · · · · · · · · · · · · · · · · ·       |       |         |         |                    |                    |
| Proposed                                    | \$903 | \$1,006 | \$1,069 | 11%                | 6%                 |
| Alt 1a - 9/9 & Inc Ptax                     | \$903 | \$944   | \$1,025 | 5%                 | 9%                 |
| Alt 1b - 7/6 & Inc Ptax                     | \$903 | \$916   | \$965   | 1%                 | 5%                 |
| Alt 2a - Low sales, 9/9 & Inc Ptax          | \$903 | \$933   | \$1,009 | 3%                 | 8%                 |
| Alt 2b - Low Sales, 7/6 & Inc Ptax          | \$903 | \$904   | \$950   | 0%                 | 5%                 |
| Alt 3 - Low Sales, 5/5 & Inc Ptax           | \$903 | \$883   | \$918   | (2%)               | 4%                 |
| Alt 4 - Low Sales, cut Cons, 5/5 & Inc Ptax | \$903 | \$883   | \$911   | (2%)               | 3%                 |
| Alt 5a - Inc Ptax, New Revenue & Cut O&M    | \$903 | \$904   | \$963   | 0%                 | 7%                 |
| Alt 5b - New Revenue & Cut O&M              | \$903 | \$944   | \$1,007 | 5%                 | 7%                 |
| Alt 6 - Low Sales, New Rev. & Cut O&M       | \$903 | \$993   | \$1,103 | 10%                | 11%                |

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

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# Treated Full-Service Rate (\$/AF)

|   |         |         |         | % Increase | % Increase |
|---|---------|---------|---------|------------|------------|
| Rates Effective January 1st                 | 2024*   | 2025    | 2026    | 2025       | 2026       |
| Proposed                                    | \$1,256 | \$1,465 | \$1,587 | 17%        | 8%         |
| Alt 1a - 9/9 & Inc Ptax                     | \$1,256 | \$1,411 | \$1,551 | 12%        | 10%        |
| Alt 1b - 7/6 & Inc Ptax                     | \$1,256 | \$1,391 | \$1,486 | 11%        | 7%         |
| Alt 2a - Low sales, 9/9 & Inc Ptax          | \$1,256 | \$1,417 | \$1,560 | 13%        | 10%        |
| Alt 2b - Low Sales, 7/6 & Inc Ptax          | \$1,256 | \$1,395 | \$1,492 | 11%        | 7%         |
| Alt 3 - Low Sales, 5/5 & Inc Ptax           | \$1,256 | \$1,370 | \$1,451 | 9%         | 6%         |
| Alt 4 - Low Sales, cut Cons, 5/5 & Inc Ptax | \$1,256 | \$1,369 | \$1,448 | 9%         | 6%         |
| Alt 5a - Inc Ptax, New Revenue & Cut O&M    | \$1,256 | \$1,379 | \$1,489 | 10%        | 8%         |
| Alt 5b - New Revenue & Cut O&M              | \$1,256 | \$1,399 | \$1,522 | 11%        | 9%         |
| Alt 6 - Low Sales, New Rev. & Cut O&M       | \$1,256 | \$1,454 | \$1,647 | 16%        | 13%        |

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

<sup>\*</sup> based on Tier 1 for 2024

<sup>\*</sup> based on Tier 1 for 2024

# Rate Options for April Board Action

### **Key Objective of Workshop #4**

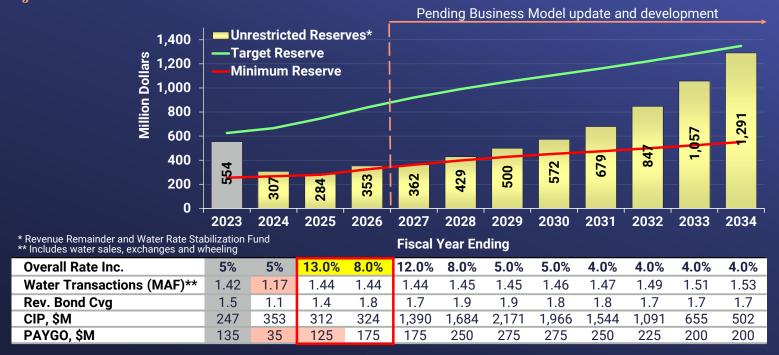
Reduce alternatives to three (3) options (or less) for Board consideration and adoption in April. Each alternative will include a full Cost-of-Service report for each year

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### Rate Alternatives Details

# Proposed FY 2024/25 & FY 2025/26 Budget

Projected Rate Increases and Financial Metrics



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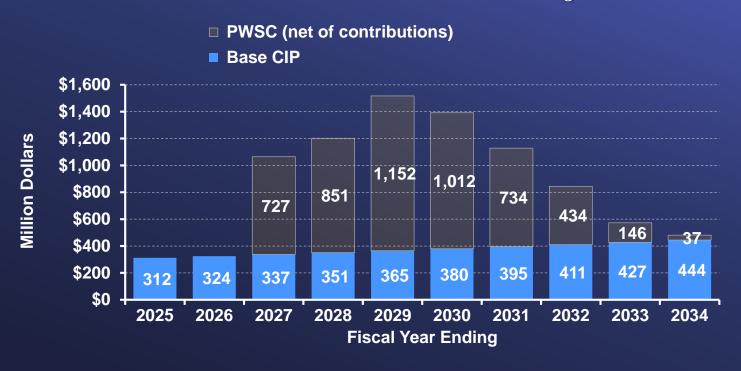
# Proposed Rates and Charges

| Rates & Charges                                | Current  | Proposed | % Increase | <b>Proposed</b> | % Increase |
|--|----------|----------|------------|-----------------|------------|
| Effective January 1st                          | 2024     | 2025     | (Decrease) | 2026            | (Decrease) |
| Supply Rate (\$/AF)                            | \$332*   | \$353    | 6%         | \$375           | 6%         |
| System Access Rate (\$/AF)                     | \$389    | \$463    | 19%        | \$491           | 6%         |
| System Power Rate (\$/AF)                      | \$182    | \$190    | 4%         | \$203           | 7%         |
| Treatment Surcharge (\$/AF)                    | \$353    | \$459    | 30%        | \$518           | 13%        |
| Full Service Untreated Volumetric Cost (\$/AF) | \$903    | \$1,006  | 11%        | \$1,069         | 6%         |
| Full Service Treated Volumetric Cost (\$/AF)   | \$1,256  | \$1,465  | 17%        | \$1,587         | 8%         |
| RTS Charge (\$M)                               | \$167    | \$167    | 0%         | \$185           | 11%        |
| Capacity Charge (\$/cfs)                       | \$11,200 | \$10,800 | (4%)       | \$12,800        | 19%        |
| Overall Rate Increase                          |          |          | 13.0%      |                 | 8.0%       |

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

<sup>\*</sup> based on Tier 1 for 2024

# 10-Year Forecast without PWSC Project



# FY 2024/25 & FY 2025/26 Budget without PWSC Project

Projected Rate Increases and Financial Metrics Pending Business Model update and development Unrestricted Reserves\* 1,400 Willion Dollars 1,200 800 600 Target Reserve **Minimum Reserve** 600 S 400 528 628 455 353 358 401 200 284 0 2024 2025 2026 2028 2029 2030 2033 2023 2027 2031 2032 2034

| * Revenue Re  | emainder and V  | Vater Rate Sta | bilization Fund |
|---------------|-----------------|----------------|-----------------|
| ** Includes v | ater sales, exc | hanges and w   | heeling         |

**Fiscal Year Ending** Overall Rate Inc. 5% 5% 13.0% 8.0% 6.0% 4.0% 4.0% 4.0% 4.0% 4.0% 4.0% 4.0% Water Transactions (MAF)\*\* 1.42 1.17 1.44 1.44 1.44 1.45 1.46 1.46 1.47 1.49 1.51 1.53 Rev. Bond Cvg 1.5 1.4 1.8 1.7 1.7 2.0 2.2 1.1 1.7 1.8 1.9 2.1 CIP, \$M 247 353 312 324 337 351 365 380 395 411 427 444 222 PAYGO, \$M 135 35 125 175 175 182 189 197 205 213 231

### 2020 IRP Needs Assessment

### **Scenario Descriptions**

#### **Scenario A – Low Demand/Stable Imports:**

Gradual climate change impacts, low regulatory impacts, and slow economic growth.

#### Scenario B - High Demand/Stable Imports:

Gradual climate change impacts, low regulatory impacts, high economic growth.

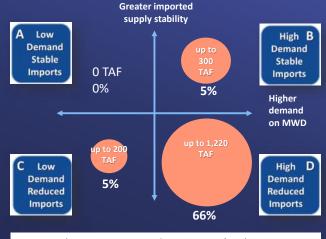
#### **Scenario C – Low Demand/Reduced Imports:**

Severe climate change impacts, high regulatory impacts, slow economic growth.

#### **Scenario D** – High Demand/Reduced Imports:

Severe climate change impacts, high regulatory impacts, and high economic growth.

#### **Summary Matrix of IRP Scenario Results\***



\*Max Magnitude of Supply Gap (TAF) and Frequency (%) of a Net Shortage in 2045

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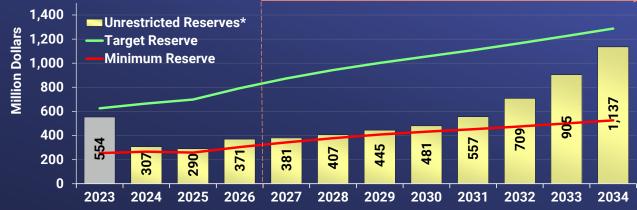
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# Alt la: 9/9 & Inc Ptax

 $1.44\,\mathrm{MAF}/\ 0.0055\%\,\mathrm{Ptax}\,\mathrm{Rate}$ 

#### Pending Business Model update and development



\* Revenue Remainder and Water Rate Stabilization Fund \*\* Includes water sales, exchanges and wheeling

Fiscal Year Ending

| Overall Rate Inc.          | 5%     | 5%     | 9.0%   | 9.0%   | 9.0%   | 9.0%   | 5.0%   | 5.0%   | 5.0%   | 4.0%   | 4.0%   | 4.0%   |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Ptax Rate                  | .0035% | .0035% | .0055% | .0055% | .0055% | .0055% | .0055% | .0055% | .0055% | .0055% | .0055% | .0055% |
| Water Transactions (MAF)** | 1.42   | 1.17   | 1.44   | 1.44   | 1.44   | 1.45   | 1.45   | 1.46   | 1.47   | 1.49   | 1.51   | 1.53   |
| Rev. Bond Cvg              | 1.5    | 1.1    | 1.6    | 1.8    | 1.8    | 1.8    | 1.8    | 1.7    | 1.7    | 1.7    | 1.7    | 1.7    |
| CIP, \$M                   | 247    | 353    | 312    | 324    | 1,390  | 1,684  | 2,171  | 1,966  | 1,544  | 1,091  | 655    | 502    |
| PAYGO, \$M                 | 135    | \$35   | \$175  | \$175  | \$175  | \$250  | \$275  | \$275  | \$250  | \$225  | \$200  | \$200  |

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### Alt la: 9/9 & Inc Ptax

#### 1.44 MAF / 0.0055% Ptax Rate

|                                |          |          |          |          |          | Alt 1a<br>2025 vs | Alt 1a<br>2026 vs |
|--------------------------------|----------|----------|----------|----------|----------|-------------------|-------------------|
| Rates & Charges                | Current  | Proposed | Proposed | Alt 1a   | Alt 1a   | Proposed          |                   |
| Effective January 1st          | 2024     | 2025     | 2026     | 2025     | 2026     | 2025              | 2026              |
| Supply Rate (\$/AF)            | \$332*   | \$353    | \$375    | \$334    | \$362    | (\$19)            | (\$13)            |
| System Access Rate (\$/AF)     | \$389    | \$463    | \$491    | \$443    | \$477    | (\$20)            | (\$14)            |
| System Power Rate (\$/AF)      | \$182    | \$190    | \$203    | \$167    | \$186    | (\$23)            | (\$17)            |
| Treatment Surcharge (\$/AF)    | \$353    | \$459    | \$518    | \$467    | \$526    | \$8               | \$8               |
| Full Service Untreated (\$/AF) | \$903    | \$1,006  | \$1,069  | \$944    | \$1,025  | (\$62)            | (\$44)            |
| Full Service Treated (\$/AF)   | \$1,256  | \$1,465  | \$1,587  | \$1,411  | \$1,551  | (\$54)            | (\$36)            |
| RTS Charge (\$M)               | \$167    | \$167    | \$185    | \$176    | \$184    | \$9               | (\$1)             |
| Capacity Charge (\$/cfs)       | \$11,200 | \$10,800 | \$12,800 | \$11,700 | \$13,000 | \$900             | \$200             |
| Overall Rate Increase          |          | 13.0%    | 8.0%     | 9.0%     | 9.0%     |                   |                   |

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

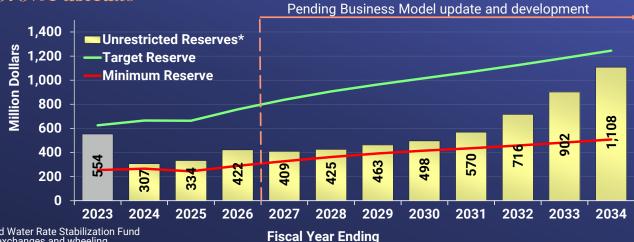
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# Alt lb: 7/6 & Inc Ptax





\* Revenue Remainder and Water Rate Stabilization Fund \*\* Includes water sales, exchanges and wheeling

| includes water sales, exchanges and w | riceilig |        |       |       |       |       |       |       |       |    |
|---------------------------------------|----------|--------|-------|-------|-------|-------|-------|-------|-------|----|
| Overall Rate Inc.                     | 5%       | 5%     | 7.0%  | 6.0%  | 10.0% | 10.0% | 5.0%  | 5.0%  | 5.0%  | 4  |
| Ptax Rate                             | .0035%   | .0035% | .007% | .007% | .007% | .007% | .007% | .007% | .007% | ١. |
|                                       |          |        |       |       |       |       |       |       |       | _  |

.007% .007% .007% 1.49 1.51 1.53 Water Transactions (MAF)\*\* 1.42 1.17 1.44 1.44 1.44 1.45 1.45 1.46 1.47 Rev. Bond Cvg 1.5 1.1 1.7 1.9 1.7 1.8 1.8 1.7 1.7 1.7 1.7 1.7 1,966 CIP, \$M 247 353 312 324 1,390 1,684 2,171 1,544 1,091 655 502 PAYGO, \$M 135 \$35 \$175 \$175 \$175 \$250 \$275 \$275 \$250 \$225 \$200 \$200

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4.0%

4.0%

4.0%

<sup>\*</sup> based on Tier 1 for 2024

### Alt lb: 7/6 & Inc Ptax

#### 1.44 MAF / 0.0070% Ptax Rate

|                                |          |          |          |          |          | Alt 1b<br>2025 vs | Alt 1b<br>2026 vs |
|--------------------------------|----------|----------|----------|----------|----------|-------------------|-------------------|
| Rates & Charges                | Current  | Proposed | Proposed | Alt 1b   | Alt 1b   | Proposed          |                   |
| Effective January 1st          | 2024     | 2025     | 2026     | 2025     | 2026     | 2025              | 2026              |
| Supply Rate (\$/AF)            | \$332*   | \$353    | \$375    | \$327    | \$342    | (\$26)            | (\$33)            |
| System Access Rate (\$/AF)     | \$389    | \$463    | \$491    | \$434    | \$454    | (\$29)            | (\$37)            |
| System Power Rate (\$/AF)      | \$182    | \$190    | \$203    | \$155    | \$169    | (\$35)            | (\$34)            |
| Treatment Surcharge (\$/AF)    | \$353    | \$459    | \$518    | \$475    | \$521    | \$16              | \$3               |
| Full Service Untreated (\$/AF) | \$903    | \$1,006  | \$1,069  | \$916    | \$965    | (\$90)            | (\$104)           |
| Full Service Treated (\$/AF)   | \$1,256  | \$1,465  | \$1,587  | \$1,391  | \$1,486  | (\$74)            | (\$101)           |
| RTS Charge (\$M)               | \$167    | \$167    | \$185    | \$175    | \$179    | \$8               | (\$6)             |
| Capacity Charge (\$/cfs)       | \$11,200 | \$10,800 | \$12,800 | \$11,700 | \$12,900 | \$900             | \$100             |
| Overall Rate Increase          |          | 13.0%    | 8.0%     | 7.0%     | 6.0%     |                   |                   |

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

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### Alt 2a: Low Sales, 9/9 & Inc Ptax





\* Revenue Remainder and Water Rate Stabilization Fund \*\* Includes water sales, exchanges and wheeling

Fiscal Year Ending

| Overall Rate Inc.          | 5%     | 5%     | 9.0%   | 9.0%   | 9.0%   | 9.0%   | 5.0%   | 5.0%   | 4.0%   | 4.0%   | 4.0%   | 4.0%   |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Ptax Rate                  | .0035% | .0035% | .0086% | .0086% | .0086% | .0086% | .0086% | .0086% | .0086% | .0086% | .0086% | .0086% |
| Water Transactions (MAF)** | 1.42   | 1.17   | 1.34   | 1.34   | 1.34   | 1.35   | 1.35   | 1.36   | 1.37   | 1.39   | 1.41   | 1.43   |
| Rev. Bond Cvg              | 1.5    | 1.1    | 1.6    | 1.9    | 1.8    | 1.9    | 1.8    | 1.7    | 1.7    | 1.6    | 1.7    | 1.7    |
| CIP, \$M                   | 247    | 353    | 312    | 324    | 1,390  | 1,684  | 2,171  | 1,966  | 1,544  | 1,091  | 655    | 502    |
| PAYGO, \$M                 | 135    | \$35   | \$175  | \$175  | \$175  | \$250  | \$275  | \$275  | \$250  | \$225  | \$200  | \$200  |

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<sup>\*</sup> based on Tier 1 for 2024

### Alt 2a: Low Sales, 9/9 & Inc Ptax

#### 1.34 MAF / 0.0086% Ptax Rate

|                                |          |          |          |          |          | Alt 2a<br>2025 vs | Alt 2a<br>2026 vs |
|--------------------------------|----------|----------|----------|----------|----------|-------------------|-------------------|
| Rates & Charges                | Current  | Proposed | Proposed | Alt 2a   | Alt 2a   |                   | Proposed          |
| Effective January 1st          | 2024     | 2025     | 2026     | 2025     | 2026     | 2025              | 2026              |
| Supply Rate (\$/AF)            | \$332*   | \$353    | \$375    | \$345    | \$370    | (\$8)             | (\$5)             |
| System Access Rate (\$/AF)     | \$389    | \$463    | \$491    | \$446    | \$477    | (\$17)            | (\$14)            |
| System Power Rate (\$/AF)      | \$182    | \$190    | \$203    | \$142    | \$162    | (\$48)            | (\$41)            |
| Treatment Surcharge (\$/AF)    | \$353    | \$459    | \$518    | \$484    | \$551    | \$25              | \$33              |
| Full Service Untreated (\$/AF) | \$903    | \$1,006  | \$1,069  | \$933    | \$1,009  | (\$73)            | (\$60)            |
| Full Service Treated (\$/AF)   | \$1,256  | \$1,465  | \$1,587  | \$1,417  | \$1,560  | (\$48)            | (\$27)            |
| RTS Charge (\$M)               | \$167    | \$167    | \$185    | \$177    | \$185    | \$10              | \$0               |
| Capacity Charge (\$/cfs)       | \$11,200 | \$10,800 | \$12,800 | \$12,800 | \$14,400 | \$2,000           | \$1,600           |
| Overall Rate Increase          |          | 13.0%    | 8.0%     | 9.0%     | 9.0%     |                   |                   |

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

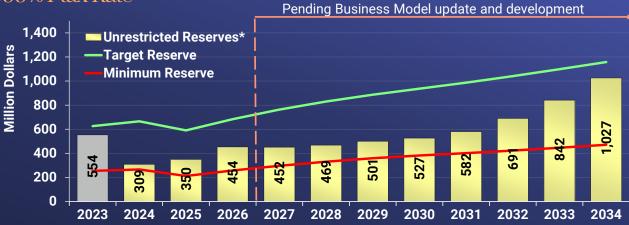
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# Alt 2b: Low Sales, 7/6 & Inc Ptax





\* Revenue Remainder and Water Rate Stabilization Fund \*\* Includes water sales, exchanges and wheeling

Fiscal Year Ending

| Overall Rate Inc.          | 5%     | 5%     | 7.0%   | 6.0%   | 10.0%  | 10.0% | 5.0%   | 5.0%   | 4.0%   | 4.0%   | 4.0%   | 4.0%   |
|----------------------------|--------|--------|--------|--------|--------|-------|--------|--------|--------|--------|--------|--------|
| Ptax Rate                  | .0035% | .0035% | .0099% | .0099% | .0099% | .0099 | .0099% | .0099% | .0099% | .0099% | .0099% | .0099% |
| Water Transactions (MAF)** | 1.42   | 1.17   | 1.34   | 1.34   | 1.34   | 1.35  | 1.35   | 1.36   | 1.37   | 1.39   | 1.41   | 1.43   |
| Rev. Bond Cvg              | 1.5    | 1.1    | 1.8    | 1.9    | 1.7    | 1.8   | 1.8    | 1.7    | 1.7    | 1.6    | 1.7    | 1.6    |
| CIP, \$M                   | 247    | 353    | 312    | 324    | 1,390  | 1,684 | 2,171  | 1,966  | 1,544  | 1,091  | 655    | 502    |
| PAYGO, \$M                 | 135    | \$35   | \$175  | \$175  | \$175  | \$250 | \$275  | \$275  | \$250  | \$225  | \$200  | \$200  |

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<sup>\*</sup> based on Tier 1 for 2024

### Alt 2b: Low Sales, 7/6 & Inc Ptax

### 1.34 MAF / 0.0099% Ptax Rate

|                                |          |          |          |          |          | Alt 2b<br>2025 vs | Alt 2b<br>2026 vs |
|--------------------------------|----------|----------|----------|----------|----------|-------------------|-------------------|
| Rates & Charges                | Current  | Proposed | Proposed | Alt 2b   | Alt 2b   | Proposed          |                   |
| Effective January 1st          | 2024     | 2025     | 2026     | 2025     | 2026     | 2025              | 2026              |
| Supply Rate (\$/AF)            | \$332*   | \$353    | \$375    | \$336    | \$350    | (\$17)            | (\$25)            |
| System Access Rate (\$/AF)     | \$389    | \$463    | \$491    | \$438    | \$454    | (\$25)            | (\$37)            |
| System Power Rate (\$/AF)      | \$182    | \$190    | \$203    | \$130    | \$146    | (\$60)            | (\$57)            |
| Treatment Surcharge (\$/AF)    | \$353    | \$459    | \$518    | \$491    | \$542    | \$32              | \$24              |
| Full Service Untreated (\$/AF) | \$903    | \$1,006  | \$1,069  | \$904    | \$950    | (\$102)           | (\$119)           |
| Full Service Treated (\$/AF)   | \$1,256  | \$1,465  | \$1,587  | \$1,395  | \$1,492  | (\$70)            | (\$95)            |
| RTS Charge (\$M)               | \$167    | \$167    | \$185    | \$177    | \$180    | \$10              | (\$5)             |
| Capacity Charge (\$/cfs)       | \$11,200 | \$10,800 | \$12,800 | \$12,900 | \$14,100 | \$2,100           | \$1,300           |
| Overall Rate Increase          |          | 13.0%    | 8.0%     | 7.0%     | 6.0%     |                   |                   |

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

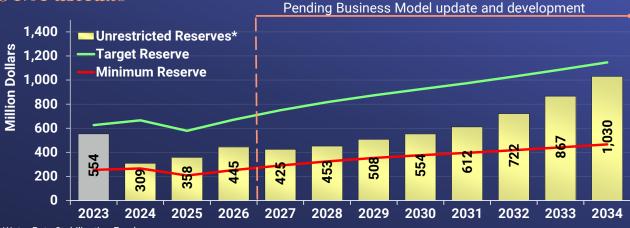
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### Alt 3: Low Sales, 5/5 & Inc Ptax

## 1.34 MAF / 0.0104% Ptax Rate



\* Revenue Remainder and Water Rate Stabilization Fund \*\* Includes water sales, exchanges and wheeling

Fiscal Year Ending

| Overall Rate Inc.          | 5%     | 5%     | 5.0%   | 5.0%   | 12.0%  | 11.0%  | 5.0%   | 4.0%   | 4.0%   | 4.0%   | 4.0%   | 4.0%   |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Ptax Rate                  | .0035% | .0035% | .0104% | .0104% | .0104% | .0104% | .0104% | .0104% | .0104% | .0104% | .0104% | .0104% |
| Water Transactions (MAF)** | 1.42   | 1.17   | 1.34   | 1.34   | 1.34   | 1.35   | 1.35   | 1.36   | 1.37   | 1.39   | 1.41   | 1.43   |
| Rev. Bond Cvg              | 1.5    | 1.1    | 1.8    | 1.9    | 1.7    | 1.8    | 1.9    | 1.7    | 1.7    | 1.6    | 1.7    | 1.6    |
| CIP, \$M                   | 247    | 353    | 312    | 324    | 1,390  | 1,684  | 2,171  | 1,966  | 1,544  | 1,091  | 655    | 502    |
| PAYGO, \$M                 | 135    | \$35   | \$175  | \$175  | \$175  | \$250  | \$275  | \$275  | \$250  | \$225  | \$200  | \$200  |

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<sup>\*</sup> based on Tier 1 for 2024

### Alt 3: Low Sales, 5/5 & Inc Ptax

#### 1.34 MAF / 0.0104% Ptax Rate

|                                |          |          |          |          |          | Alt 3 2025 | Alt 3 2026 |
|--------------------------------|----------|----------|----------|----------|----------|------------|------------|
|                                |          |          |          |          |          | vs         | vs         |
| Rates & Charges                | Current  | Proposed | Proposed | Alt 3    | Alt 3    | Proposed   | Proposed   |
| Effective January 1st          | 2024     | 2025     | 2026     | 2025     | 2026     | 2025       | 2026       |
| Supply Rate (\$/AF)            | \$332*   | \$353    | \$375    | \$330    | \$339    | (\$23)     | (\$36)     |
| System Access Rate (\$/AF)     | \$389    | \$463    | \$491    | \$429    | \$441    | (\$34)     | (\$50)     |
| System Power Rate (\$/AF)      | \$182    | \$190    | \$203    | \$124    | \$138    | (\$66)     | (\$65)     |
| Treatment Surcharge (\$/AF)    | \$353    | \$459    | \$518    | \$487    | \$533    | \$28       | \$15       |
| Full Service Untreated (\$/AF) | \$903    | \$1,006  | \$1,069  | \$883    | \$918    | (\$123)    | (\$151)    |
| Full Service Treated (\$/AF)   | \$1,256  | \$1,465  | \$1,587  | \$1,370  | \$1,451  | (\$95)     | (\$136)    |
| RTS Charge (\$M)               | \$167    | \$167    | \$185    | \$174    | \$176    | \$7        | (\$9)      |
| Capacity Charge (\$/cfs)       | \$11,200 | \$10,800 | \$12,800 | \$12,800 | \$13,900 | \$2,000    | \$1,100    |
| Overall Rate Increase          |          | 13.0%    | 8.0%     | 5.0%     | 5.0%     |            |            |

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

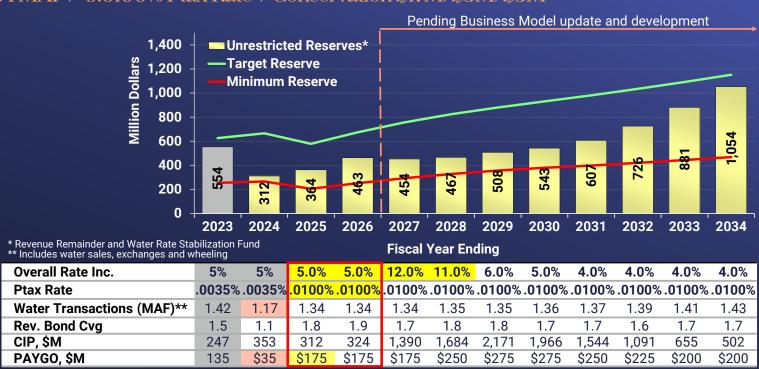
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# Alt 4: Low Sales, cut Cons, 5/5 & Inc Ptax

1.34 MAF / 0.0100% Ptax Rate / Conservation \$17M/\$5M/\$5M



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<sup>\*</sup> based on Tier 1 for 2024

### Alt 4: Low Sales, cut Cons, 5/5 & Inc Ptax

1.34 MAF / 0.0100% Ptax Rate / Conservation \$17M/\$5M/\$5M

|                                |          |          |          |          |          | Alt 4 2025 | Alt 4 2026 |
|--------------------------------|----------|----------|----------|----------|----------|------------|------------|
|                                |          |          |          |          |          | vs         | vs         |
| Rates & Charges                | Current  | Proposed | Proposed | Alt 4    | Alt 4    | Proposed   | Proposed   |
| Effective January 1st          | 2024     | 2025     | 2026     | 2025     | 2026     | 2025       | 2026       |
| Supply Rate (\$/AF)            | \$332*   | \$353    | \$375    | \$322    | \$318    | (\$31)     | (\$57)     |
| System Access Rate (\$/AF)     | \$389    | \$463    | \$491    | \$433    | \$450    | (\$30)     | (\$41)     |
| System Power Rate (\$/AF)      | \$182    | \$190    | \$203    | \$128    | \$143    | (\$62)     | (\$60)     |
| Treatment Surcharge (\$/AF)    | \$353    | \$459    | \$518    | \$486    | \$537    | \$27       | \$19       |
| Full Service Untreated (\$/AF) | \$903    | \$1,006  | \$1,069  | \$883    | \$911    | (\$123)    | (\$158)    |
| Full Service Treated (\$/AF)   | \$1,256  | \$1,465  | \$1,587  | \$1,369  | \$1,448  | (\$96)     | (\$139)    |
| RTS Charge (\$M)               | \$167    | \$167    | \$185    | \$173    | \$177    | \$6        | (\$8)      |
| Capacity Charge (\$/cfs)       | \$11,200 | \$10,800 | \$12,800 | \$12,700 | \$13,900 | \$1,900    | \$1,100    |
| Overall Rate Increase          |          | 13.0%    | 8.0%     | 5.0%     | 5.0%     |            |            |

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

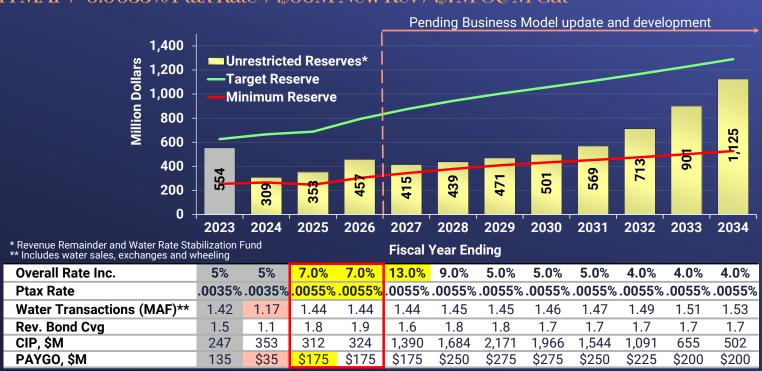
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### Alt 5a: New Revenue & Cut O&M

1.44 MAF / 0.0055% Ptax Rate / \$60M New Rev / \$7M O&M Cut



arch 26, 2024 Board of Directors Workshop

<sup>\*</sup> based on Tier 1 for 2024

# Alt 5a: New Revenue & Cut O&M 1.44 MAF / 0.0055% Ptax Rate / \$60M New Rev / \$7M O&M Cut

|                                |          |          |          |          |          | Alt 5a<br>2025 vs | Alt 5a<br>2026 vs |
|--------------------------------|----------|----------|----------|----------|----------|-------------------|-------------------|
| Rates & Charges                | Current  | Proposed | Proposed | Alt 5a   | Alt 5a   | Proposed          |                   |
| Effective January 1st          | 2024     | 2025     | 2026     | 2025     | 2026     | 2025              | 2026              |
| Supply Rate (\$/AF)            | \$332*   | \$353    | \$375    | \$280    | \$298    | (\$73)            | (\$77)            |
| System Access Rate (\$/AF)     | \$389    | \$463    | \$491    | \$453    | \$477    | (\$10)            | (\$14)            |
| System Power Rate (\$/AF)      | \$182    | \$190    | \$203    | \$171    | \$188    | (\$19)            | (\$15)            |
| Treatment Surcharge (\$/AF)    | \$353    | \$459    | \$518    | \$475    | \$526    | \$16              | \$8               |
| Full Service Untreated (\$/AF) | \$903    | \$1,006  | \$1,069  | \$904    | \$963    | (\$102)           | (\$106)           |
| Full Service Treated (\$/AF)   | \$1,256  | \$1,465  | \$1,587  | \$1,379  | \$1,489  | (\$86)            | (\$98)            |
| RTS Charge (\$M)               | \$167    | \$167    | \$185    | \$179    | \$184    | \$12              | (\$1)             |
| Capacity Charge (\$/cfs)       | \$11,200 | \$10,800 | \$12,800 | \$11,900 | \$13,100 | \$1,100           | \$300             |
| Overall Rate Increase          |          | 13.0%    | 8.0%     | 7.0%     | 7.0%     |                   |                   |

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

### Alt 5b: New Revenue & Cut O&M

1.44 MAF / 0.0035% Ptax Rate / \$60M New Rev / \$18M O&M Cut



<sup>\*</sup> based on Tier 1 for 2024

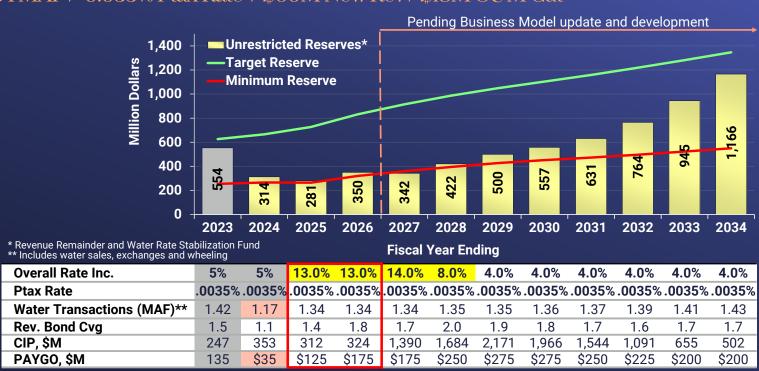
# Alt 5b: New Revenue & Cut O&M 1.44 MAF / 0.0035% Ptax Rate / \$60M New Rev / \$18M O&M Cut

|                                |          |          |          |          |          | Alt 5b<br>2025 vs | Alt 5b<br>2026 vs |
|--------------------------------|----------|----------|----------|----------|----------|-------------------|-------------------|
| Rates & Charges                | Current  | Proposed | Proposed | Alt 5b   | Alt 5b   | Proposed          |                   |
| Effective January 1st          | 2024     | 2025     | 2026     | 2025     | 2026     | 2025              | 2026              |
| Supply Rate (\$/AF)            | \$332*   | \$353    | \$375    | \$291    | \$312    | (\$62)            | (\$63)            |
| System Access Rate (\$/AF)     | \$389    | \$463    | \$491    | \$462    | \$490    | (\$1)             | (\$1)             |
| System Power Rate (\$/AF)      | \$182    | \$190    | \$203    | \$191    | \$205    | \$1               | \$2               |
| Treatment Surcharge (\$/AF)    | \$353    | \$459    | \$518    | \$455    | \$515    | (\$4)             | (\$3)             |
| Full Service Untreated (\$/AF) | \$903    | \$1,006  | \$1,069  | \$944    | \$1,007  | (\$62)            | (\$62)            |
| Full Service Treated (\$/AF)   | \$1,256  | \$1,465  | \$1,587  | \$1,399  | \$1,522  | (\$66)            | (\$65)            |
| RTS Charge (\$M)               | \$167    | \$167    | \$185    | \$168    | \$186    | \$1               | \$1               |
| Capacity Charge (\$/cfs)       | \$11,200 | \$10,800 | \$12,800 | \$10,800 | \$13,000 | \$0               | \$200             |
| Overall Rate Increase          |          | 13.0%    | 8.0%     | 8.5%     | 8.5%     |                   |                   |

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

### Alt 6: Low Sales, New Rev. & Cut O&M

1.34 MAF / 0.035% Ptax Rate / \$60M New Rev / \$18M O&M Cut



<sup>\*</sup> based on Tier 1 for 2024

### Alt 6: Low Sales, New Rev. & Cut O&M

1.34 MAF / 0.035% Ptax Rate / \$60M New Rev / \$18M O&M Cut

|                                |          |          |          |          |          | Alt 6 2025 Alt 6 2026 |          |
|--------------------------------|----------|----------|----------|----------|----------|-----------------------|----------|
|                                |          |          |          |          |          | vs                    | vs       |
| Rates & Charges                | Current  | Proposed | Proposed | Alt 6    | Alt 6    | Proposed              | Proposed |
| Effective January 1st          | 2024     | 2025     | 2026     | 2025     | 2026     | 2025                  | 2026     |
| Supply Rate (\$/AF)            | \$332*   | \$353    | \$375    | \$314    | \$352    | (\$39)                | (\$23)   |
| System Access Rate (\$/AF)     | \$389    | \$463    | \$491    | \$486    | \$535    | \$23                  | \$44     |
| System Power Rate (\$/AF)      | \$182    | \$190    | \$203    | \$193    | \$216    | \$3                   | \$13     |
| Treatment Surcharge (\$/AF)    | \$353    | \$459    | \$518    | \$461    | \$544    | \$2                   | \$26     |
| Full Service Untreated (\$/AF) | \$903    | \$1,006  | \$1,069  | \$993    | \$1,103  | (\$13)                | \$34     |
| Full Service Treated (\$/AF)   | \$1,256  | \$1,465  | \$1,587  | \$1,454  | \$1,647  | (\$11)                | \$60     |
| RTS Charge (\$M)               | \$167    | \$167    | \$185    | \$170    | \$196    | \$3                   | \$11     |
| Capacity Charge (\$/cfs)       | \$11,200 | \$10,800 | \$12,800 | \$11,700 | \$14,500 | \$900                 | \$1,700  |
| Overall Rate Increase          |          | 13.0%    | 8.0%     | 13.0%    | 13.0%    |                       |          |

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

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# Impacts of O&M reductions

<sup>\*</sup> based on Tier 1 for 2024

### Departmental O&M \$18M Reduction

### Budget Reduction Summary – By Account Category

| Account Category                      | FY25            | FY26            |
|---------------------------------------|-----------------|-----------------|
| Labor (OT, Temp)                      | \$ (3,868,797)  | \$ (3,558,981)  |
| Professional Services                 | (4,880,616)     | (5,316,802)     |
| Non-Professional Services             | (1,187,890)     | (1,221,220)     |
| Subsidies & Incentives                | (309,600)       | (319,720)       |
| Materials and Supplies                | (3,568,849)     | (3,537,039)     |
| Repairs and Maintenance               | (753,610)       | (751,957)       |
| Utilities                             | (865,163)       | (925,432)       |
| Travel                                | (446,599)       | (373,490)       |
| Communications                        | (15,000)        | (15,000)        |
| Rent & Leases                         | (112,680)       | (103,569)       |
| Memberships and Subscriptions         | (447,092)       | (443,092)       |
| Community Outreach                    | (304,166)       | (310,242)       |
| Sponsorships                          | (210,000)       | (210,000)       |
| Training                              | (175,755)       | (108,755)       |
| Conferences and non-specific training | (21,100)        | (20,100)        |
| Taxes & Permits                       | (363,600)       | (334,800)       |
| Other Expenses                        | (6,220)         | (6,348)         |
| Operating Equipment                   | (19,000)        | (19,000)        |
| Total                                 | \$ (17,555,737) | \$ (17,575,547) |

- Staff worked on identifying lowest operational impact budget reductions
- \$17.6M identified as potential reductions for both FY25 and FY26
- Highest areas of reductions are:
  - Professional Services
  - Labor (OT, Temp)
  - Materials and Supplies
  - Non-Professional Services
  - Repairs and Maintenance

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# Departmental O&M \$18M Reduction

### Budget Reduction Summary - By Group

| Account Category                                    | FY25            | FY26            |
|---|-----------------|-----------------|
| General Manager's Office                            | \$ (37,202)     | \$ (35,762)     |
| External Affairs                                    | (688,472)       | (690,788)       |
| Finance and Administration                          | (1,224,916)     | (1,232,448)     |
| Engineering Services                                | (1,470,700)     | (1,437,300)     |
| Information Technology                              | (1,647,280)     | (1,678,827)     |
| Water Resource Management                           | (746,965)       | (743,165)       |
| Human Resources                                     | (497,840)       | (510,258)       |
| Bay Delta Initiatives                               | (372,177)       | (363,995)       |
| Office of Sustainability Resilience & Innovation    | (675,873)       | (691,611)       |
| Equal Employment Opportunity Office                 | (93,442)        | (98,280)        |
| Office of Diversity Equity & Inclusion              | (122,666)       | (125,482)       |
| Office of Safety Security and Protection            | (814,920)       | (805,420)       |
| Conveyance and Distribution                         | (2,350,510)     | (2,364,436)     |
| Treatment and Water Quality                         | (3,238,352)     | (3,248,352)     |
| Integrated Operations Planning and Support Services | (3,502,422)     | (3,477,422)     |
| Board of Directors                                  | (72,000)        | (72,000)        |
| Total   | \$ (17,555,737) | \$ (17,575,547) |

- \$17.6M identified as potential reductions for both FY25 and FY26
- Groups with highest reductions:
  - Integrated Operations Planning and Support Services
  - Treatment and Water Quality
  - Conveyance and Distribution
  - Information Technology
  - Engineering Services
  - Finance and Administration
  - Office of Safety Security and Protection

Operations: Conveyance & Distribution, Treatment and Water Quality, and Integrated Operations Planning and Support Services

- Professional Services:
  - Reduced professional services for asset management, NERC compliance audit, and key study of impacts of connecting new renewable energy projects to Metropolitan's system
  - Reduced complement of water quality co-op students impacting non-compliance lab analyses,
     reduced consulting and contract lab services for PWSC and potential delays for program
- Materials and Supplies:
  - Reduced water treatment chemical usage to minimum required
  - Increased risk of adverse water quality, and potential for variance if chemical vendor costs go up or severe water quality events occur
  - Reduced chemical usage for CRA elevation control; reduced inventory of spare parts, materials and supplies
  - Reduced inventory of materials and supplies to support prompt hydro generation plant and system repairs/maintenance

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# Departmental O&M \$18M Reduction - Impacts

Operations: Conveyance & Distribution, Treatment and Water Quality, and Integrated Operations Planning and Support Services (cont.)

- Labor (OT and Temp):
  - Reduced Desert District Temp labor which will impact maintenance and guest services provided by this supplemental labor; changes based on assumed reduction in director inspection trips
  - Reduced temporary labor and overtime used for critical maintenance as well as machine shop work for Metropolitan, DWR and member agencies
  - Reduction in overtime for desert staff leading to reduction of maintenance to facilities/equipment
- Non-Professional Services: Discontinue CalFire contracts by mutual agreement due to lack of available crews. Deferred water quality analytical equipment maintenance and repairs, potentially impacting all laboratory analyses
- Repairs and Maintenance: Reductions would lead to longer response times for system or facility repair needs, reduced maintenance intervals of water treatment plant equipment and systems
- Apprenticeship Program: Assuming a 6-month delay for 2 classes in both years of biennium which could impact the timing of succession planning

succession planning

### Information Technology

- Professional Services:
  - Planned increases in cybersecurity services for the Cybersecurity Operations Center would be deferred including active monitoring on weekends and holidays, as well as increased capabilities for threat intelligence, policy enforcement, network security, and incident coordination
- Labor (OT and Temp): Some key IT tasks and initiatives may not have staff to support them and may have to be deferred

#### **Engineering Services Group**

- Professional Services:
  - Deferral of Facility Planning efforts will delay technical support to the CAMP4W process, Climate Action Plan, and Metropolitan's Asset Management program
  - Deferral of the Center for Smart Infrastructure effort will delay innovation and hold us back from utilizing alternative technologies that may be more cost-effective and provide more efficiency for Metropolitan's future business model

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# Departmental O&M \$18M Reduction - Impacts

#### Finance and Administration

- Professional Services:
  - Would reduce use of third-party industry experts for potential support for rate structure refinements resulting from the CAMP4W and business model review
  - Reduction of the Municipal Advisory Services budget would limit support for certain financial planning tasks
  - Will affect the administration of the MOU bargained for District-wide Rideshare program by eliminating the development of a new database
- Labor (OT and Temp):
  - Reduction in Controller's District Temp position would delay processing of vendor invoices and employee/board expense reimbursements. Delay in vendor payments could cause withholding of services/materials by vendor
  - Reduction of temporary position would reduce efforts in budgeting and reporting activities
  - Warehouse and Inventory Teams without sufficient staff levels to maintain operations, and risks loss to inventory, internal controls and unreliable cycle count data

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### Office of Safety, Security and Protection

- Non-Professional Services:
  - Reducing ability to dispatch/backfill MWD security posts due to no-shows, emergency
    maintenance/shutdowns, lose additional security patrols Inland Empire area WSO unattended sites
    during non-dedicated time slots
  - Lose dedicated once/day routine security check of 13 unattended remote sites. Lose once/day security check of Weymouth WTP, Skinner WTP, Mills WTP, Diemer WTP
  - Reduced ability to rapidly respond 24/7 to unique emergency situations that could interrupt
    operations (rapid body recovery & decontamination in pipelines during shutdown, industrial
    fatalities, human waste/blood cleanup in/around occupied facilities, mass shooter cleanup, etc.
- Utilities:
  - Reduce hazardous waste vendor budget which will result in reduced support for day-to-day
    hazardous waste functions, and specifically for tank cleanouts, secondary containment cleaning,
    CRA housing disposal costs

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# Departmental O&M \$18M Reduction - Impacts

#### Water Resource Management

- Professional Services:
  - Reduction of desert studies related to innovative ag efficiency, support of the CR Plan, and the expansion of soil moisture studies which results in fewer audits of the LRP
  - Reducing funding for economic studies (AN Tech), P2P studies (Arcadis, ISLE, WaterStart), and
    resource/integration studies. This reduces staff capacities to support local supply development and
    CAMP4W while impeding the development of innovation that can help resource development
- Membership and Subscriptions: Reduced spending on Delta Conveyance Project
- Sponsorships: Reduction in sponsorship to: Alliance for Water Use Efficiency (AWE) and California Water Efficiency Partnership (CALWEP). Removed sponsorship for the California Resilience Challenge (CRC)

#### Equal Employee Opportunity Office

 Professional Services: This reduction cuts into our external investigations and external legal counsel ability to continue the ongoing investigations and pick up new cases in FY25 and FY26

#### **External Affairs**

- Professional Services:
  - Reduce funding for most legislative/policy consultants managed by this section (w/no impact to lobbyist contracts in Sacramento or Washington, DC)
  - Will only maintain sufficient funding to complete current legislative/policy contracts within the local/regional arm of the section into FY2024/25
- Travel: This reduction would allow for 7 strategic trips per year for the Chair or General Manager. There
  would be no Director inspection trips of the CRA and SWP, but this budget would allow for one local trip per
  Director each year
- Community Outreach: This reduction will allow for a reassessment of strategic sponsorships to identify those organizations and initiatives that are currently most aligned with Metropolitan's mission

#### **Human Resources**

- Professional Services: Reduction would eliminate Employee Appreciation Events in 2025 and 2026
- Non-Professional Services: HR will not be able to host Management Forum

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# Departmental O&M \$18M Reduction - Impacts

### Bay Delta Initiatives

- Professional Services:
  - Reducing scientific and technical studies in the upcoming budget years would be detrimental as we
    rely on highly technical and specialized interests to help inform our knowledge and make
    improvements to the Bay Delta region
- Labor (OT and Temp): Reducing temporary labor would impact processing times for Bay-Delta administrative processes such as contracts administration, supporting legislative bill reviews, travel requests and processing of reimbursements to employees

#### Office of Diversity Equity & Inclusion

- Professional Services: Reductions will result in breaching our contractual obligations with vendors and backtracking on commitments we made to the Board in advancing our DEI strategic plan. We will be unable to provide behavioral based training to 1,800 employees at Met
- Community Outreach: Reductions to this line item will limit our workforce development efforts and will
  impact our ability to secure grants needed to advance this work

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# Next Steps

| April 9, 2024<br>May 13, 2024<br>August 20, 2024 | Board <u>action</u> regarding biennial budget and Calendar Year rates and charges Board <u>action</u> regarding continuation of Standby Charge for FY 2024/25 Board <u>action</u> regarding fixing ad valorem property taxes for FY 2024/25 |
|--|---|
| A: LO 0004                                       | charges   |
| April 9, 2024                                    | FAM Committee, Recommend Biennial Budget and Calendar Year rates and  |
| Mar 26, 2024                                     | Board of Directors Workshop #4  |
| Mar 12, 2024                                     | Public hearing on proposed rates and charges  |
| Mar 12, 2024                                     | FAM Committee, Workshop #3  |
| Feb 27, 2024                                     | Board of Directors Workshop #2  |
|  | Cost of Service Report (Workshop #1)  |
|  | water rates and charges for calendar years 2025 and 2026; ten-year forecast; and  |
| Feb 12, 2024                                     | FAIRP Committee, Proposed 2024/25 and 2025/26 biennial budget; CIP; proposed  |

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# Questions?

Questions and comments on the FY 2024/25 & FY 2025/26 Proposed Budget can be e-mailed to the Finance & Administration Group at:

MWDBudget@mwdh2o.com





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

From: Natural Resource Results

**RE:** Monthly Board Report – April 2024

#### **Appropriations**

On March 9<sup>th</sup>, President signed into law a package of six FY2024 appropriations bills, including the bills that fund the Bureau of Reclamation and the EPA. Below is a breakdown of the relevant sections for MWDOC:

#### Energy and Water Development

- \$48.5 million for the CVPIA Restoration fund (FY23 enacted = \$48.5 million)
  - This is one of the potential funding sources for the habitat portion of the Voluntary Agreements
- \$54 million for WaterSMART grants (FY23 enacted = \$65 million)
- \$50 million for the Lower Colorado River Drought Contingency Plan (FY23 enacted = \$50 million)
- \$50 million for Title XVI (FY23 enacted = \$60 million)
- \$30 million for WaterSMART Drought Response (FY23 enacted = \$38 million)
- \$19 million for Desalination and Water Purification (FY23 enacted = \$17 million)
- \$33 million for CALFED (FY23 enacted = \$33 million)
- \$134 million for the WIIN Act Storage Account (FY23 enacted = \$134 million)
  - o Funding source for projects like Sites and Los Vaqueros Expansion
- \$205 million for Sites Reservoir

The following report language was also included in the bill:

B.F. Sisk Dam and San Luis Reservoir.—The Committee is aware of seismic issues at B.F. Sisk Dam and supports the Bureau of Reclamation's safety of dams modification project to remediate this reservoir, which is important for the safety of communities below the reservoir and the advancement of the B.F. Sisk Dam Raise and Reservoir Expansion Project. The Committee notes there are ongoing discussions between Reclamation and the state of California over cost-share requirements related to the construction of the dam safety project. Accordingly, Reclamation is directed to work collaboratively with the State of California to ensure a cost-share agreement can be signed and the B.F. Sisk Dam Safety of Dams Modification project can move forward expeditiously.

Salton Sea.—The Committee supports the Memorandum of Understanding signed between the Department of the Interior and the California Natural Resources Agency to support management activities at the Salton Sea. The Committee is pleased Reclamation recently committed funding

from the Inflation Reduction Act to as- sist with Salton Sea mitigation. It is critical that Reclamation continues to fund research and development projects to support cur- rent and future efforts to reduce the likelihood of severe health and environmental impacts. The Committee encourages Reclamation to include adequate funding for the Salton Sea in future budget requests and reminds Reclamation additional work is eligible for additional funding recommended in this account.

Salton Sea.—The fiscal year 2023 Act directed Reclamation to provide a briefing on Reclamation's plan for managing the air quality impacts of the estimated 8.75 square miles of lands it owns that will emerge from the receding Sea over the next decade. The Committee is still awaiting this briefing, and Reclamation is directed to provide this briefing not later than 30 days after enactment of this Act. Reclamation is further directed to provide to the Committee not later than 90 days after enactment of this Act a report containing an updated estimate of anticipated exposed federal lands over the next decade and a funding estimate associated with meeting federal Salton Sea obligations. Reclamation is encouraged to work with other federal agencies with interests at the Salton Sea to provide this report.

Colorado River Basin Report.—A train derailment along the Colorado River could have significant impacts on the beneficial uses of the river, the water itself, and the ecosystem. Reclamation under- standing and preparing for such an event is critical. Of the additional funding recommended under the heading ''Water Conservation and Delivery'', \$300,000 shall be for a report on the potential impacts on water resources from a derailment of a train transporting hazardous material along the Colorado River.

Colorado River Basin Collaboration.—The Committee under- stands growing water-thrifty crops in the Colorado River Basin could, if voluntarily planted by Basin farmers, help keep agricultural lands in production and support rural economies while adjusting to diminishing water supplies from the Colorado River. The Committee directs Reclamation to provide a briefing within 30 days of enactment of this act on the ability to partner with the U.S. Department of Agriculture to fund research and provide technical support for this effort. The briefing should identify existing authorities that could be used and recommend additional authorities that would be required.

Drought Contingency Plans.—The Committee commends Reclamation, the Department of the Interior, and the seven Colorado River Basin States for completing drought contingency plans to conserve water and reduce risks from ongoing drought for the Upper and Lower Colorado River basins. The completion of these plans marks a major milestone in protecting a critical water source in the western United States. The Committee encourages Reclamation to provide sufficient funding for activities that support these plans.

#### Interior, Environment, and Related Agencies

• \$72.2 million for EPA WIFIA (FY23 enacted = \$75.6 million)

#### **Tax Parity for Water Rebates**

Congressman Huffman plans to introduce this legislation in early April. Historically, Republicans have not supported the bill but we have been getting positive from Congresswoman Kim and Congresswoman Steele's offices and are cautiously optimistic about them supporting the bill this Congress.



| To:   | MWDOC Workshop           |
|-------|--------------------------|
| From: | Syrus Devers             |
| Date: | April 3rd, 2024          |
| Re:   | State Legislative Report |
|       |                          |

### Administration

This report usually begins with a report on legislative matters, but the more important events are on the administrative side for the moment.

The all-important Bulletin 120 update came out on March 8th, which reports on the snow pack and forecasts the state's water anticipated water supply for the year. The snowpack is at 98% of the historical average with more storms on the way. As a result, the Department of Water Resources (DWR) increased the State Water Project (SWP) allocation a second time this year to 30% of requested supplies. The next survey is on April 1st.

Upon releasing the SWP allocation, DWR also commented on their efforts to move excess flows into storage, and how those efforts are impeded by restrictions on moving water through the Delta. They specifically called out restrictions due to impacts to endangered species in the South Delta. DWR then commented at length on their efforts to build the Delta Conveyance and Sites Reservoir to alleviate the impacts to the Delta. The entire statement can be found here:

https://water.ca.gov/News/News-Releases/2024/Mar-24/Forecasted-State-Water-Project-Water-Supply-A llocation-Doubles-Following-February-Storms#:~:text=SACRAMENTO%2C%20Calif.,allocation%20update%20announced%20last%20month.

Criticizing our government is as American as baseball, but the Newsom administration really does deserve credit for staying focused on maximizing water storage potential and updating the State Water Project.

<u>Bay-Delta Plan Update</u>: SWRCB was roundly criticized last year for failing to update the Bay-Delta Plan since 2006. Environmental advocacy groups, and a few legislators, attempted to use that lapse as a collateral attack on the Delta Conveyance. One piece of legislation tried to tie progress on the tunnels to a plan update. (It failed.)

In 2018, SWRCB certified an environmental document analyzing the environmental impacts of the Bay-Delta Plan<sup>1</sup> for the southern part of the Delta, which relied on a 2012 technical report, which opponents claimed did not factor in future anticipated beneficial uses as required by CEQA and the

<sup>&</sup>lt;sup>1</sup> Part of it: Phase 1 for the South Delta. Phase 2 deals with the Sacramento River and it comes next.

### **Syrus Devers Advocacy**

Water Code. The report called for minimum "unimpaired flows" in the San Joaquin River during critical dry months. It has been tied up in court since then, but SWRCB recently prevailed at the trial court level.

Outdoor Water Use Efficiency Regulations: The big news is a decent victory for public water agencies in lobbying the SWRCB for relief in the proposed regulations implementing the Conservation As A Way of Life legislation. Last year on October 4th, water agency advocates were in a conference room from 8:30am until 11pm giving public testimony on the draconian results of the proposed standards. Then in December, the Legislative Analyst's Office put another nail in the SWRCB coffin with a scathing report on the high cost and minimal benefits of the standards. It worked as well as could be expected.

Changing the core standards was never an option, but water agencies were given more time and flexibility to implement the proposed regulations. Now water interests, led by an ACWA coalition, have flipped to defending the proposed regulations from environmental groups claiming the SWRCB is backsliding on protecting the environment.

### Legislature

The policy committee hearing process has begun...just in time to break for the Spring Recess. The only legislation of note that has been heard (at the time this report was prepared) is the ACWA sponsored legislation on Proposition 218 remedies, AB 2257 (Wilson), which requires litigants to first exhaust administrative remedies before suing in court over a rate increase. The bill was double referred to the Judiciary and Local Government Committees. It passed the Judiciary Committee on the 19th and is now headed to Local Government.

Once the Legislature returns from recess on the 1st, it will start one of the busiest times of the year. All fiscal bills, which are the vast majority of all bills, must clear their first policy committees by April 26th.

### ACKERMAN CONSULTING

### **Legal and Regulatory**

April 3, 2024

- 1. **Firefighting Foam:** One of the continuing battles in combating and treating PFAS is what to do with the foam used in firefighting. California has been considering this issue but is yet to take definitive action. Many other states are in the same situation. However, New Jersey has taken action. The state passed a bill in December of last year to ban the foam from use. However, there was an exemption for New Jerseys oil refineries. The bill gave all users a 2 year transition. And certain industrial facilities a four-year transition. However, oil refineries which had a strong lobbying effort in the state, could have as long as 12 years to transition out. The reason being the possibility of fires at the refinery which need to be contained immediately in the absence of any replacement firefighting material. As you might guess this is brought a lot of opposition from the environmentalist groups and other health organizations. FYI the bill passed the assembly on a 73 to 0 vote. It passed the Senate on a similar type of vote and was signed by the governor at the beginning of this month.
- 2. Better Recharge: Everyone is seeking better processes to recharge underground aquifers which have been seriously depleted over the past many years. Fresno State University has come up with a new process called shallow subsurface artificial groundwater recharge. There are presently various ways to recharge the underground aquifer with the most popular one being recharge basins. This requires large amounts of surface land where water can be discharged and allowed to percolate to the underground aquifer. The Fresno State method is designed to take water from an adjoining canal and using a pump force it into the underground aquifer through a standpipe which has perforated holes to allow the water to recharge. This system is claimed to be less expensive and can operate beneath existing crops and do not require land being taken out of production. The best results are when the aquifer is deep enough do not be impacted by fertilizers and pesticides but also shallow enough to allow the system to percolate. Another advantage of this system is the reduction of surface evaporation since the water is being forced down to the aquifer as opposed to the passive standing of the water on the surface.
- 3. **Groundwater Legislation:** Groundwater legislation is starting to pick up in the western states. We all know that California passed a groundwater management act a number of years ago. However, many other western states are considering following suit. Nevada, Idaho, and Montana have had recent court decisions giving more power to the states to control groundwater usage. Idaho has one of the worst rates of groundwater decline in the country. Most of the Idaho water is used to grow alfalfa which feeds one of the nation's largest collections of dairy cattle. A recent Idaho Supreme Court ruled in favor of the state allocation of disputed water. A few weeks later, the Nevada Supreme Court made a similar ruling favoring state restriction over farmers use of the water. Their decision also blocked a large residential development proposal in Las Vegas. This development was already in construction and the current ruling could put all of that construction at risk. A number of mining companies in Nevada are also opposing this decision. Shortly after the Nevada decision a court ruled in Montana stating that

the state had power to limit construction of new homes that rely on groundwater. The Biden administration is also weighing in to determine if the federal government should take action to limit use of groundwater in the states. This will make it interesting discussion between federal jurisdiction and states' rights.

- 4. **PFAS Breakthrough:** A private laboratory in partnership with NOAA is working on a new treatment for PFAS. The treatment known as nano bubble oxidation technology claims to be scalable to size and cost effective and destroying PFAS up to 99.99%. The challenge in all of these treatments is breaking down the carbon fluorine bonds which have a very strong capacity. The key is finding the right catalyst and the proper technology. This system claims to destroy bacteria, algae, viruses, can also be used for water treatment and no chemical additives are required. The technology was created by NBOT labs and as you might guess is complicated and protected.
- 5. **Break Study:** Many studies have been done to help identify pipeline failures and in particular water main break rates. Utah State University has just completed the most comprehensive study done in the United States and Canada. They have evaluated data from 17% of the estimated 2.3 million miles of water mains in the US and Canada. The purpose of this study was to aid water managers in being able to predict and fix aging systems before the breaks occur. As you may have guessed, 20% of the breaks occurred in lines beyond their useful life which is usually over 50 years. Other factors considered in the study were the types of pipe used, the soil conditions surrounding the pipe, the diameter of the individual pipes.
- 6. **Tule Basin:** Tule basin area continues to have more problems. You probably read about the Friant Kern canal sinking even though attempts to repair the canal have been unsuccessful. The state board is trying to enforce its groundwater management plan on the area without tremendous success. The farmers are continuing to fight the states attempted takeover of the water usage but some of the local districts are claiming that the local control option is not working. The local agencies have not been aggressive as the state in enforcing limitations on the groundwater pumping in the area. Subsidence is continuing to the extent of about 1 foot per year in certain areas. Some of the farmers have filed suit against the local agencies citing lack of information on how the recharge data was calculated. There is also a question regarding the transfer of rainfall credits that is used in the calculation of the recharge criteria. This will be an interesting situation to follow in that some of the local water districts want to maintain local control while others want the state to dictate how much water is allocated to whom. The only commonality so far is that nobody is happy with the existing situation.
- 7. **San Diego Water Deals:** The San Diego Water Authority has a number of expensive water contracts in its portfolio. It also has one of the highest water rates in the country. The new general manager Dan Denham is trying to plan a way to continue in business. His proposal is for San Diego to be a water broker for the drought stricken western states. He is seeking federal grants to expand their desal plant. The current plant pumps approximately 100 million gallons of sea water per day and produces 10% of the region's water supply. Its current cost per acre foot is \$3200. He is also looking for customers for the expanded water production and has some interest from Moulton Miguel Water District. Environmental groups are opposing this proposal on the usual grounds. However, one quote from the Coast Law Group is quite enlightening. "We sued almost every agency that had a hand in approving that project. We made it such a painful process that it slowed down all the other desal plants planned statewide." Three other plants proposed including Mexico, Orange County, and Camp Pendleton

have all been defeated. While the authority cannot independently make direct water transfers, it is working on an exchange of their rights to Colorado River and Lake Mead to sell water to other customers.

- 8. **EU Water Warning:** A leaked document from the European Union shows the concern expressed of water conflicts in Europe. The European Union has made its climate initiative a major effort. Important elections are coming up in June which will impact all of Europe. There have already been disputes and tensions over the water issue in Europe. One in France showed violent clashes over water storage plans and another in Spain regarding diversion of river water. With some of the green policies facing pushback in Europe the warning letter tries to make a dollars and cents case for some of their climate initiatives. The memo states that all countries need to take climate change more seriously and to take more aggressive steps regarding transportation, fossil fuels, and infrastructure. This will be an interesting election to follow.
- 9. **Snow Measurer:** We have all seen the ritual measurements and pictures of scientists in California and other states using their snow tube to measure the depth and water content of snow during the winter seasons. That snow tube known as the Mt Rose sampler was developed by James Church, a professor at the University of Nevada at Reno, over 100 years ago. It was first used at Mt Rose which is near Reno and Lake Tahoe. The snow tube is basically a metal tube approximately 7 feet in length which is inserted into the snowpack down to soil level. The tube is then weighed, and the amount of water content of the snow is determined. While high- tech versions of measurement have been developed, the snow tube is universally used around the world and as backup for the high-tech measurements. We now know the value of Church's tool in helping to forecast floods and droughts around the world.





April 3, 2024

TO: MWDOC Board of Directors

FROM: Peter Whittingham

SUBJECT: April 2024 Report

The month of March was highlighted by management changes, numerous earmarks, ribbon-cuttings and other noteworthy events in Orange County. Following is a few of the more notable developments and issues of the month:

- South Coast Water District held a ribbon-cutting event to celebrate the completion of the Tunnel Stabilization and Sewer Pipeline Replacement project, a \$100 million, seven-year construction effort to expand and stabilize a two-mile tunnel which was originally constructed in 1954 and transports one million gallons of sewage daily from Dana Point and south Laguna Beach.
- Senator Alex Padilla announced a variety of Federal funding grants to Orange County agencies, including:
  - Orange County PFAS Treatment Plants Project \$1.75
     million: Funding will support a project to remove PFAS from drinking water wells and mitigate continued contamination of groundwater.
  - City of Buena Park Municipal Water Well Construction \$1
    million: This project will construct a new municipal water well to
    provide a local supply of safe drinking water for the community.
  - o East Orange County Water District Advanced Metering Infrastructure Project \$1 million: This funding will cover the hardware costs necessary to upgrade the district's residential water metering infrastructure.
  - City of Fullerton for Well 7A Construction Project \$959,752: This
    funding will support construction of a new water well, which will be
    equipped with a single new pump, motor, and electrical equipment.
  - Santa Margarita Water District for Ranch Water North Open Space Well PFAS Treatment Facility - \$959,752: Funding will go toward construction of a well head treatment to produce drinking water from a source otherwise impaired by PFAS and high salinity in Orange County.

- o **Serrano Water District Pump Station Upgrades \$750,000:** This project will upgrade and seismically retrofit the Irvine Lake reservoir to increase local water supply reliability and enhance public safety.
- In addition to these grants, the FY24 Consolidated Appropriations Bill signed into law on March 1 includes language allowing for a full 25% federal cost share on desalination projects, paving the way for increased federal funding for critical water infrastructure projects, including the Doheny Ocean Desalination Project.
- The State Water Resources Control Board released updated water use efficiency regulations to kick-off a 15-day comment period, which concluded March 27. The updated version provides greater flexibility to cities and special districts to meet complex water savings goals. The latest version may be viewed here Rulemaking to Make Conservation a California Way of Life | California State Water Resources Control Board.
- Moulton Niguel Water District announced it has joined with the San Diego County
  Water Authority to explore a potential transfer of water supplies to South Orange
  County. A MOU signed by both agencies created a three-year window for discussions
  focused on the Water Authority transferring water including supplies from the
  Claude "Bud" Lewis Carlsbad Desalination Plant to Moulton Niguel.
  - The Seal Beach City Council proposed increasing residential water rates from \$3.49 to \$4.64 and wastewater costs from \$24.02 to \$32.43, a 33% increase. The Council voted to continue its outreach to residents, scheduling a final decision in May. City staff have raised concerns regarding aging water and sewer infrastructure throughout the city.

It is a pleasure to work with you and to represent the Municipal Water District of Orange County.

Sincerely,

Peter Whittingham

& White

### **MWDOC Workshop**

Prepared by SDA Government Relations

### **Priority: A. High**

### **AB 460**

(<u>Bauer-Kahan</u>, <u>D</u>) State Water Resources Control Board: water rights and usage: interim relief: procedures.

Location: 07/14/2023 - Senate 2 YEAR

**Summary:** Current law authorizes the State Water Resources Control Board to investigate all streams, stream systems, lakes, or other bodies of water, take testimony relating to the rights to water or the use of water, and ascertain whether water filed upon or attempted to be appropriated is appropriated under the laws of the state. Current law requires the board to take appropriate actions to prevent waste or the unreasonable use of water. This bill would authorize the board, in conducting specified investigations or proceedings to inspect the property or facilities of a person or entity, as specified. The bill would authorize the board, if consent is denied for an inspection, to obtain an inspection warrant, as specified, or in the event of an emergency affecting public health and safety, to conduct an inspection without consent or a warrant. (Based on 05/18/2023 text)

Position Priority

Oppose A. High

**AB 1337** 

(Wicks, D) State Water Resources Control Board: water diversion curtailment.

Location: 07/14/2023 - Senate 2 YEAR

**Summary:** Under existing law, the diversion or use of water other than as authorized by specified provisions of law is a trespass, subject to specified civil liability. This bill would expand the instances when the diversion or use of water is considered a trespass. This bill contains other related provisions and other existing laws. (Based on 05/18/2023 text)

Position Priority

watch A. High

**AB 1567** 

(<u>Garcia</u>, <u>D</u>) Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development Bond Act of 2024.

Location: 06/14/2023 - Senate Natural Resources and Water

**Summary:** Would enact the Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development Bond Act of 2024, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$15,995,000,000 pursuant to the State General Obligation Bond Law to finance projects for safe drinking water, wildfire prevention, drought preparation, flood protection, extreme heat mitigation, clean energy, and workforce development programs. (Based on 05/26/2023 text)

Position Priority

watch A. High

**AB 1573** 

(<u>Friedman, D</u>) Water conservation: landscape design: model ordinance.

Location: 09/14/2023 - Senate 2 YEAR

**Summary:** The Water Conservation in Landscaping Act provides for a Model Water Efficient Landscape Ordinance that is adopted and updated at least every 3 years by the Department of Water Resources, unless the department makes a specified finding. Current law requires a local agency to adopt the model ordinance or to adopt a water efficient landscape ordinance that is at least as effective in conserving water as the updated model ordinance, except as specified. Current law specifies the provisions of the updated model ordinance, as provided. Current law includes a related statement of legislative findings and declarations. This bill would require the updated model ordinance to include provisions that require that plants included in a landscape design plan be selected based on their adaptability to climatic, geological, and topographical conditions of the project site, as specified. The bill would also exempt landscaping that is part of a culturally specific project, as defined, ecological restoration projects that do not require a permanent irrigation system, mined-land reclamation projects that do not require a permanent irrigation system, and existing plant collections, as part of botanical gardens and arboretums open to the public, from the model ordinance. The bill would require the updated model ordinance to include provisions that, among other changes, prohibit the use of traditional overhead sprinklers on all new and rehabilitated landscapes and require that new and rehabilitated landscapes use only water efficient irrigation devices. (Based on 09/01/2023 text)

Position Priority
watch A. High

**AB 1820** 

(<u>Schiavo</u>, <u>D</u>) Housing development projects: applications: fees and exactions.

Calendar: 04/10/24 A-HOUSING AND COMMUNITY DEVELOPMENT 9 a.m. - State Capitol, Room 437 WARD,

CHRISTOPHER, Chair

Location: 01/29/2024 - Assembly Housing and Community Development

**Summary:** Current law requires a housing development project be subject only to the ordinances, policies, and standards adopted and in effect when the preliminary application was submitted. This bill would authorize a development proponent that submits a preliminary application for a housing development project to request a preliminary fee and exaction estimate, as defined, and would require the local agency to provide the estimate within 10 business days of the submission of the preliminary application. (Based on 02/20/2024 text)

Position Priority

watch A. High

Notes - Flagged by CSDA

**AB 1827** 

(<u>Papan, D</u>) Local government: fees and charges: water: higher-consumptive water parcels.

Location: 01/29/2024 - Assembly Local Government

**Summary:** The California Constitution specifies various requirements with respect to the levying of assessments and property-related fees and charges by a local agency, including requiring that the local agency provide public notice and a majority protest procedure in the case of assessments and submit property-related fees and charges for approval by property owners subject to the fee or charge or the electorate residing in the affected area following a public hearing. This bill would provide that the fees or charges for property-related water service imposed or increased, as specified, may include the incrementally higher costs of water service due to specified factors, including the higher water usage demand of parcels. The bill would provide that the costs associated with higher water usage demands, the maximum potential water use, or a projected peak water usage demand may be allocated using any method that reasonably assesses the water service provider's cost of serving those parcels that are increasing potential water usage demand, maximum potential water use, or project peak water use demand. (Based on 01/12/2024 text)

Position Priority
watch A. High

### **AB 2257**

(<u>Wilson, D</u>) Local government: property-related water and sewer fees and assessments: remedies.

Location: 03/19/2024 - Assembly Local Government

**Summary:** The California Constitution specifies various requirements with respect to the levying of assessments and property-related fees and charges by a local agency, including notice, hearing, and protest procedures, depending on the character of the assessment, fee, or charge. Current law, known as the Proposition 218 Omnibus Implementation Act, prescribes specific procedures and parameters for local jurisdictions to comply with these requirements. This bill would prohibit, if a local agency complies with specified procedures, a person or entity from bringing a judicial action or proceeding alleging noncompliance with the constitutional provisions for any new, increased, or extended fee or assessment, as defined, unless that person or entity has timely submitted to the local agency a written objection to that fee or assessment that specifies the grounds for alleging noncompliance, as specified. This bill would provide that local agency responses to the timely submitted written objections shall go to the weight of the evidence supporting the agency's compliance with the substantive limitations on fees and assessments imposed by the constitutional provisions. (Based on 03/20/2024 text)

PositionPrioritywatchA. High

Notes - ACWA sponsored

**AB 2409** 

(<u>Papan</u>, <u>D</u>) Office of Planning and Research: permitting accountability transparency dashboard.

Location: 03/21/2024 - Assembly Water, Parks and Wildlife

**Summary:** Would require the Office of Planning and Research, on or before January 1, 2026, to create and maintain, as specified, a permitting accountability transparency internet website (dashboard). The bill would require the dashboard to include a display for each permit to be issued by specified state agencies for all covered projects. The bill would define various terms for these purposes. The bill would also require the dashboard to include, but not be limited to, information for each permit to be issued by a state agency that is required for the completion of the project, including, among other requirements, the permit application submission date. The bill would require each state agency with a responsibility for issuing a permit for a covered project to provide information in the appropriate time and manner as determined by the office. (Based on 02/12/2024 text)

Position Priority
support A. High

Notes - CMUA sponsored bill. Support position adopted on March 6th.

**AB 3219** 

(<u>Sanchez</u>, <u>R</u>) Advanced Clean Fleets Regulation: local governments.

Location: 03/11/2024 - Assembly Transportation

**Summary:** The California Global Warming Solutions Act of 2006 establishes the State Air Resources Board as the state agency responsible for monitoring and regulating sources emitting greenhouse gases and requires the state board to adopt rules and regulations to achieve the maximum technologically feasible and cost-effective greenhouse gas emission reductions from those sources. Pursuant to its authority, the state board has adopted the Advanced Clean Fleets Regulation, which imposes various requirements for transitioning local, state, and federal government fleets of mediumand heavy-duty trucks, other high-priority fleets of mediumand heavy-duty trucks, and drayage trucks to zero-emission vehicles. The Advanced Clean Fleets Regulation authorizes entities subject to the regulation to apply for exemptions from its requirements under certain circumstances. This bill would provide that the requirements of the Advanced Clean Fleets Regulation do not apply to the purchase by a local government of vehicles with a gross vehicle weight rating greater than 8,500 pounds if the price of the zero-emission version of a vehicle is more than an unspecified percentage of the price of a comparable internal combustion engine version of that vehicle. (Based on 03/11/2024 text)

Position Priority
watch A. High

**SB 366** 

(<u>Caballero</u>, <u>D</u>) The California Water Plan: long-term supply targets.

Location: 07/14/2023 - Assembly 2 YEAR

Summary: Current law requires the Department of Water Resources to update every 5 years the plan for the orderly and coordinated control, protection, conservation, development, and use of the water resources of the state, which is known as "The California Water Plan." Current law requires the department to include a discussion of various strategies in the plan update, including, but not limited to, strategies relating to the development of new water storage facilities, water conservation, water recycling, desalination, conjunctive use, water transfers, and alternative pricing policies that may be pursued in order to meet the future needs of the state. Current law requires the department to establish an advisory committee to assist the department in updating the plan. This bill would revise and recast certain provisions regarding The California Water Plan to, among other things, require the department to instead establish a stakeholder advisory committee and to expand the membership of the committee to include tribes, labor, and environmental justice interests. The bill would require the department to coordinate with the California Water Commission, the State Water Resources Control Board, other state and federal agencies as appropriate, and the stakeholder advisory committee to develop a comprehensive plan for addressing the state's water needs and meeting specified long-term water supply targets established by the bill for purposes of The California Water Plan. The bill would require the plan to provide recommendations and strategies to ensure enough water supply for all beneficial uses. (Based on 06/29/2023 text)

Position Priority

support A. High

Notes - CMUA sponsored bill from 2023

**SB 867** 

(Allen, D) Drought, Flood, and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, Park Creation and Outdoor Access, and Clean Energy Bond Act of 2024.

Location: 06/20/2023 - Assembly Natural Resources

**Summary:** Would enact the Drought, Flood, and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, Park Creation and Outdoor Access, and Clean Energy Bond Act of 2024, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$15,500,000,000 pursuant to the State General Obligation Bond Law to finance projects for drought, flood, and water resilience, wildfire and forest resilience, coastal resilience, extreme heat mitigation, biodiversity and nature-based climate solutions, climate smart agriculture, park creation and outdoor access, and clean energy programs. (Based on 06/22/2023 text)

Position Priority
watch A. High

**SB 937** 

(<u>Wiener</u>, <u>D</u>) Development projects: permits and other entitlements: fees and charges.

Calendar: 04/03/24 S-LOCAL GOVERNMENT 9:30 a.m. - 1021 O Street, Room 2200 DURAZO, MARIA ELENA, Chair Location: 02/21/2024 - Senate Local Government

**Summary:** The Planning and Zoning Law requires each county and each city to adopt a comprehensive, long-term general plan for its physical development, and the development of specified land outside its boundaries, that includes, among other mandatory elements, a housing element. The Permit Streamlining Act, among other things, requires a public agency that is the lead agency for a development project to approve or disapprove that project within specified time periods. Current law extended by 18 months the period for the expiration, effectuation, or utilization of a housing entitlement, as defined, that was issued before, and was in effect on, March 4, 2020, and that would expire before December 31, 2021, except as specified. Current law provides that if the state or a local agency extended the otherwise applicable time for the expiration, effectuation, or utilization of a housing entitlement for not less than 18 months, as specified, that housing entitlement would not be extended an additional 18 months pursuant to these provisions. This bill would extend by 18 months the period for the expiration, effectuation, or utilization of a housing entitlement, as defined, that was issued before January 1, 2024, and that will expire before December 31, 2025, except as specified. The bill would toll this 18-month extension during any time that the housing entitlement is the subject of a legal challenge. (Based on 01/17/2024 text)

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**Position Priority** watch A. High

Notes - ACWA will oppose

**SB 1034** 

(Seyarto, R) California Public Records Act: state of emergency.

Calendar: 04/02/24 S-JUDICIARY 1:30 p.m. - 1021 O Street, Room 2100 UMBERG, THOMAS, Chair

Location: 02/14/2024 - Senate Judiciary

Summary: The California Public Records Act requires state and local agencies to make their records available for public inspection, except as specified. Current law requires each agency, within 10 days of a request for a copy of records, to determine whether the request seeks copies of disclosable public records in possession of the agency and to promptly notify the person of the determination and the reasons therefor. Current law authorizes that time limit to be extended by no more than 14 days under unusual circumstances, and defines "unusual circumstances" to include certain circumstances. This bill would revise the unusual circumstances under which the time limit may be extended to include the need to search for, collect, appropriately examine, and copy records during a state of emergency proclaimed by the Governor when the state of emergency has affected the agency's ability to timely respond to requests due to decreased staffing or closure of the agency's facilities. (Based on 02/06/2024 text)

**Position Priority** 

watch A. High

**SB 1072** 

(Padilla, D) Local government: Proposition 218: remedies.

Location: 02/21/2024 - Senate Local Government

Summary: The California Constitution sets forth various requirements for the imposition of local taxes. The California Constitution excludes from classification as a tax assessments and property-related fees imposed in accordance with provisions of the California Constitution that establish requirements for those assessments and property-related fees. Under these requirements, an assessment is prohibited from being imposed on any parcel if it exceeds the reasonable cost of the proportional special benefit conferred on that parcel, and a fee or charge imposed on any parcel or person as an incident of property ownership is prohibited from exceeding the proportional cost of the service attributable to the parcel. This bill would require, if a property-related fee or charge creates revenues in excess of the local government's reasonable cost of providing the specific benefit or specific government service, that the excess revenues be used only to reduce the subsequently adopted and following property-related fee or charge. The bill would declare that this provision is declaratory of existing law. (Based on 02/12/2024 text)

**Position Priority** 

watch A. High

**SB 1164** 

(Newman, D) Property taxation: new construction exclusion: accessory dwelling units.

Calendar: 04/10/24 S-REVENUE AND TAXATION 9:30 a.m. - 1021 O Street, Room 1200 GLAZER, STEVE, Chair

Location: 02/21/2024 - Senate Revenue and Taxation

Summary: The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, "full cash value" is defined as the assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value" or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred. This bill would exclude from classification as "newly constructed" and "new construction" the construction of an accessory dwelling unit, as defined, until 15 years have passed since construction on the accessory dwelling unit was completed or there is a subsequent change in ownership of the accessory dwelling unit. The bill would require the property owner to, prior to or within 30 days of completion of the project, notify the assessor that the property owner intends to claim the exclusion for an accessory dwelling unit and submit an affidavit stating that the owner shall make a good faith effort to ensure the unit will be used as residential housing for the duration the owner receives the exclusion. The bill would require the State Board of Equalization to prescribe the manner and form for claiming the exclusion and would require all additional documents necessary to support the exclusion to be filed by the property owner with the assessor not later than 6 months after the completion of the

project. Because this bill would require an affidavit by a property owner and a higher level of service from county assessors, it would impose a state-mandated local program. (Based on 02/14/2024 text)

Position Priority

watch A. High

### **SB 1210**

(<u>Skinner</u>, <u>D</u>) New housing construction: electrical, gas, sewer, and water service connections: charges.

Calendar: 04/02/24 S-ENERGY, UTILITIES AND COMMUNICATIONS 9 a.m. - 1021 O Street, Room 1200 BRADFORD,

STEVEN, Chair

Location: 02/29/2024 - Senate Energy, Utilities and Communications

**Summary:** The California Constitution establishes the Public Utilities Commission, with jurisdiction over all public utilities. Current law defines the term "public utility" for certain purposes to include, among other corporations, every gas corporation, electrical corporation, water corporation, and sewer system corporation, where the service is performed for, or the commodity is delivered to, the public or any portion thereof. This bill would, for new housing construction, prohibit a connection, capacity, or other point of connection charge from a public utility, as defined, or a special district, including a municipal utility district, for electrical, gas, sewer, or water service from exceeding 1% of the reported building permit value of that housing unit. The bill would require a public utility or special district to issue an above-described charge over a period of at least 10 years commencing on the date when the housing unit is first occupied, as specified. The bill would require a public utility or special district to publicly report on its internet website the amount of any charge issued each year pursuant the above-described provision by the housing unit's address. (Based on 03/18/2024 text)

Position Priority

watch A. High

### **SB 1218**

(Newman, D) Water: emergency water supplies.

Location: 02/29/2024 - Senate Natural Resources and Water

**Summary:** Would declare that it is the established policy of the state to encourage and incentivize, but not mandate, the development of emergency water supplies, and to support their use during times of water shortage. (Based on 02/15/2024

text)

Position Priority

support A. High

Notes - IRWD sponsored. Support position adopted on March 6th.

### Priority: B. Watch

### <u>AB 305</u>

(Villapudua, D) California Flood Protection Bond Act of 2024.

Location: 06/14/2023 - Senate Natural Resources and Water

**Summary:** Would enact the California Flood Protection Bond Act of 2024 which, if approved by the voters, would authorize the issuance of bonds in the amount of \$4,500,000,000 pursuant to the State General Obligation Bond Law for flood protection projects, as specified. The bill would provide for the submission of these provisions to the voters at the November 5, 2024, statewide general election. (Based on 04/25/2023 text)

Position Priority

watch B. Watch

### **AB 1851**

(<u>Holden</u>, <u>D</u>) Drinking water: schoolsites: lead testing pilot program.

Calendar: 04/03/24 A-EDUCATION 1:30 p.m. - State Capitol, Room 126 MURATSUCHI, AL, Chair

Location: 03/19/2024 - Assembly Education

Summary: Would require the Superintendent of Public Instruction, if an appropriation is made for this purpose, to establish a pilot program to test for and remediate lead contamination in drinking water at participating local educational agency facilities with plumbing that was installed before January 1, 2010. The bill would require the Superintendent to select no fewer than 6 and no more than 10 local educational agencies for participation in the pilot program and, if a selected local educational agency consents to participate in the pilot program, the bill would require the Superintendent to provide grants to the participating local educational agencies for testing and remediating drinking water lead levels at eligible facilities. If sampling results show lead levels in excess of 5 parts per billion for any potable water system outlet, the bill would require a participating local educational agency to notify the parents and guardians of pupils who attend the school of the elevated lead levels, as provided, to take immediate steps to shut down all potable water system outlets where excess lead levels may exist, and to ensure that a lead-free source of drinking water is provided for pupils at each potable water system outlet that has been shut down. (Based on 03/12/2024 text)

**Position Priority** B. Watch

**AB 2302** 

watch

(Addis, D) Open meetings: local agencies: teleconferences.

Calendar: 04/10/24 A-LOCAL GOVERNMENT 1:30 p.m. - State Capitol, Room 447 CARRILLO, JUAN, Chair Location: 02/26/2024 - Assembly Local Government

**Summary:** The Ralph M. Brown Act generally requires for teleconferencing that the legislative body of a local agency that elects to use teleconferencing post agendas at all teleconference locations, identify each teleconference location in the notice and agenda of the meeting or proceeding, and have each teleconference location be accessible to the public. Current law also requires that, during the teleconference, at least a quorum of the members of the legislative body participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction. The act provides an exemption to the jurisdictional requirement for health authorities, as defined. Current law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in specified circumstances if, during the teleconference meeting, at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the boundaries of the territory over which the local agency exercises jurisdiction, and the legislative body complies with prescribed requirements. Current law imposes prescribed restrictions on remote participation by a member under these alternative teleconferencing provisions, including establishing limits on the number of meetings a member may participate in solely by teleconference from a remote location, prohibiting such participation for a period of more than 3 consecutive months or 20% of the regular meetings for the local agency within a calendar year, or more than 2 meetings if the legislative body regularly meets fewer than 10 times per calendar year. This bill would revise those limits, instead prohibiting such participation for more than a specified number of meetings per year, based on how frequently the legislative body regularly meets. (Based on 02/12/2024 text)

**Position Priority** B. Watch watch

**AB 2579** 

(Quirk-Silva, D) Property tax revenue allocations: County of Orange: county equity amount.

Location: 03/18/2024 - Assembly Local Government

Summary: Current property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures. Current property tax law also reduces the amounts of ad valorem property tax revenue that would otherwise be annually allocated to the county, cities, and special districts pursuant to these general allocation requirements by requiring, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, that the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. Current property tax law requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education. This bill, for the 2025-26 fiscal year and each fiscal year thereafter, would require the auditor of the County of Orange to increase the total amount of ad valorem property tax revenue that is otherwise required to be allocated to the county by the county equity amount, as defined, and to commensurately decrease the amount of ad valorem property tax revenue that is otherwise required to be allocated to the county Educational Revenue Augmentation Fund and, if necessary, the amount of those revenues otherwise required to be allocated to school districts. (Based on 02/14/2024 text)

**Position Priority** B. Watch watch

**AB 2729** 

(Patterson, Joe, R) Residential fees and charges.

Calendar: 04/10/24 A-LOCAL GOVERNMENT 1:30 p.m. - State Capitol, Room 447 CARRILLO, JUAN, Chair

**Location:** 03/04/2024 - Assembly Local Government

**Summary:** Current law prohibits a local agency that imposes fees or charges on a residential development for the construction of public improvements or facilities from requiring the payment of those fees or charges until the date of the final inspection or the date the certificate of occupancy is issued, whichever occurs first, except that the payment may be required sooner if the local agency determines that the fees or charges will be collected for public improvements or facilities for which an account has been established and funds appropriated and for which the local agency has adopted a proposed construction schedule or plan prior to final inspection or issuance of the certificate of occupancy, or if the fees or charges are to reimburse the local agency for expenditures previously made. This bill would delete the above-described authorization for a local agency to require payment of fees or charges prior to the date of final inspection or issuance of the certificate of occupancy, whichever occurs first. (Based on 02/15/2024 text)

B. Watch

Position Priority

Notes - Flagged by CSDA

watch

**AB 2947** 

(Lackey, R) Water: turfgrass conversion.

Location: 03/11/2024 - Assembly Water, Parks and Wildlife

**Summary:** The Water Conservation in Landscaping Act provides for a model water efficient landscape ordinance that is adopted and updated at least every 3 years by the Department of Water Resources, unless the department makes a specified finding. This bill would prohibit the department, when it allocates funding for turf replacement programs, from excluding urban water suppliers' turfgrass conversion rebate programs if the rebate program requires the recipient of a rebate to achieve a net water savings and to use the most efficient turfgrass irrigation equipment, as provided. The bill would require an urban water supplier that offers a turfgrass conversion rebate program to report annually to the department on the number of turfgrass conversions that are funded through the program and the estimated water savings from the program. (Based on 02/16/2024 text)

Position Priority
watch B. Watch

**AB 3121** 

(<u>Hart</u>, <u>D</u>) Urban retail water suppliers: written notice: conservation order: dates.

Location: 03/11/2024 - Assembly Water, Parks and Wildlife

**Summary:** Current law authorizes the State Water Resources Control Board, on and after January 1, 2025, to issue a written notice to an urban retail water supplier that does not meet its urban water use objective. Current law authorizes the board, on and after January 1, 2026, to issue a conservation order to an urban retail water supplier that does not meet its urban water use objective. This bill would instead provide that the date the board is authorized to issue a written notice to January 1, 2026 and a conservation order to January 1, 2027. (Based on 02/16/2024 text)

Position Priority
watch B. Watch

**SB** 903

(Skinner, D) Environmental health: product safety: perfluoroalkyl and polyfluoroalkyl substances.

Calendar: 04/03/24 S-ENVIRONMENTAL QUALITY 9 a.m. - 1021 O Street, Room 1200 ALLEN, BENJAMIN, Chair Location: 02/29/2024 - Senate Environmental Quality

**Summary:** Would, beginning January 1, 2030, prohibit a person from distributing, selling, or offering for sale a product that contains intentionally added PFAS, as defined, unless the Department of Toxic Substances Control has made a determination that the use of PFAS in the product is a currently unavoidable use, the prohibition is preempted by federal law, or the product is used. The bill would specify the criteria and procedures for determining whether the use of perfluoroalkyl and polyfluoroalkyl substances (PFAS) in a product is a currently unavoidable use, for renewing that determination, and for revoking that determination. The bill would require the department to maintain on its internet website a list of each determination of currently unavoidable use, when each determination expires, and the products and uses that are exempt from the prohibition. The bill would impose a civil penalty for a violation of the prohibition, as specified. The bill would establish the PFAS Penalty Account and require all civil penalties received to be deposited into that account and, upon appropriation by the Legislature, to be used for the administration and enforcement of these provisions, as specified. (Based on 03/18/2024 text)

Position Priority

watch B. Watch

### **SB 1110**

(<u>Ashby</u>, <u>D</u>) Urban retail water suppliers: informational order: conservation order.

Location: 02/21/2024 - Senate Natural Resources and Water

**Summary:** Current law authorizes the State Water Resources Control Board, on and after January 1, 2024, to issue informational orders pertaining to water production, water use, and water conservation to an urban retail water supplier that does not meet its urban water use objective. Current law requires the board to consider certain information in determining whether to issue an informational order. This bill would require the board to additionally consider lower cost actions the water supplier has implemented or will implement in order to help the water supplier achieve overall water supply resiliency in determining whether to issue an informational order. (Based on 02/13/2024 text)

Position Priority

watch B. Watch

### **SB 1121**

(Grove, R) Recycled water: onsite treated nonpotable water systems: local jurisdiction permitting.

Location: 02/21/2024 - Senate Environmental Quality

**Summary:** Current law requires the State Water Resources Control Board, in consultation with the California Building Standards Commission and the Department of Housing and Community Development, to adopt regulations for risk-based water quality standards for the onsite treatment and reuse of nonpotable water, and requires a local jurisdiction that elects to establish a program for onsite treated nonpotable water systems to establish design criteria, permitting, cross-connection control, and enforcement procedures, as provided. This bill would require those local jurisdictions to ensure their permitting procedures require the approval of a permit for an onsite treated nonpotable water system within 60 days from the date the permit application is submitted if the application demonstrates that the project meets or exceeds the state board's water quality standards for the onsite treatment and reuse of nonpotable water for nonpotable uses in multifamily residential, commercial, and mixed-use buildings. (Based on 02/13/2024 text)

Position Priority

watch B. Watch

### **SB 1255**

(Durazo, D) Public water systems: needs analysis.

Calendar: 04/24/24 S-ENVIRONMENTAL QUALITY 9 a.m. - State Capitol, Room 113 ALLEN, BENJAMIN, Chair Location: 02/29/2024 - Senate Environmental Quality

**Summary:** The California Safe Drinking Water Act provides for the operation of public water systems and imposes on the State Water Resources Control Board various responsibilities and duties relating to the regulation of drinking water to protect public health. Current law establishes the Safe and Affordable Drinking Water Fund in the State Treasury to help water systems provide an adequate and affordable supply of safe drinking water in both the near and long terms. Current law requires the state board to annually adopt a fund expenditure plan, as provided, and requires expenditures from the fund to be consistent with the fund expenditure plan. Current law requires the state board to base the fund expenditure plan on data and analysis drawn from a specified drinking water needs assessment. This bill would require the state board to develop a needs analysis of the state's public water systems on or before May 1, 2025, and on or before May 1 of each year thereafter. (Based on 02/15/2024 text)

Position Priority

watch B. Watch

### **SB 1330**

(Archuleta, D) Urban retail water supplier: water use.

Location: 02/29/2024 - Senate Natural Resources and Water

**Summary:** Current law requires the Department of Water Resources, in coordination with the State Water Resources Control Board, to conduct necessary studies and investigations, and recommend for adoption by the board appropriate variances for unique uses that can have a material effect on an urban retail water supplier's urban water use objective. Current law requires the department, in recommending variances, to also recommend a threshold of significance for each recommended variance. Current law requires an urban retail water supplier to request and receive approval by the board for inclusion of a variance in calculating their water use objective. Current law requires the board to post specified information on its internet website relating to variances, including a list of all urban retail water suppliers with approved variances. This bill would require the board to adopt variances recommended by the department for unique uses that can have a material effect on an urban retail water supplier's urban water use objective. The bill would provide that variances adopted by the board shall not be subject to a threshold of significance. The bill would require an urban retail water

supplier to self-certify the amount of water included in its urban water use objective that is attributable to a variance. (Based on 03/19/2024 text)

Position Priority

watch B. Watch

**SB 1390** 

(Caballero, D) Groundwater recharge: floodflows: diversion.

Location: 02/29/2024 - Senate Natural Resources and Water

**Summary:** Current law declares that all water within the state is the property of the people of the state, but the right to the use of the water may be acquired by appropriation in the manner provided by law. Current law requires the appropriation to be for some useful or beneficial purpose. Current law provides, however, that the diversion of flood flows for groundwater recharge does not require an appropriative water right if certain conditions are met, including that a local or regional agency has adopted a local plan of flood control or has considered flood risks part of its most recently adopted general plan. Current law also requires the person or entity making the diversion to file with the State Water Resources Control Board a final report after the diversions cease, as provided. These requirements apply to diversions commenced before January 1, 2029. This bill would extend the operation of these requirements to diversions commenced before January 1, 2034. The bill would revise, recast, and expand the conditions that are required to be met to include a requirement that a local or regional agency make a declaration that its proposed diversion is in accordance with one of certain enumerated plans relating to flood control or flood risk, as specified, or a county emergency operations plan. (Based on 02/16/2024 text)

Position Priority
watch B. Watch

### **Priority: spot bill**

**AB 2000** 

(<u>Mathis, R</u>) State Water Project: permit and license conditions.

Location: 01/30/2024 - Assembly PRINT

**Summary:** Under current law, the State Water Resources Control Board administers a water rights program pursuant to which the State Water Resources Control Board grants permits and licenses to appropriate water. Current law requires the director of the department, in collaboration with the Secretary of the Interior, to prepare a plan, on or before January 1, 2006, to meet the existing permit and license conditions for which the department has an obligation, and to submit copies of the plan to the state board and the California Bay-Delta Authority prior to increasing the existing permitted diversion rate at the State Water Project's Harvey O. Banks Pumping Plant. This bill would make a nonsubstantive change to the latter provision. (Based on 01/30/2024 text)

Position Priority

spot bill

**AB 2171** 

(Bennett, D) Water: Department of Water Resources.

Location: 02/07/2024 - Assembly PRINT

**Summary:** Current law establishes in the Natural Resources Agency the Department of Water Resources, which is under the control of the Director of Water Resources. Current law provides for the appointment of the director by the Governor, subject to confirmation by the Senate. This bill would make nonsubstantive changes to that provision. (Based on 02/07/2024 text)

Position Priority

spot bill

**AB 2661** 

(<u>Soria, D</u>) Electricity: transmission facility planning: water districts.

Calendar: 04/03/24 A-UTILITIES AND ENERGY 1:30 p.m. - State Capitol, Room 437 PETRIE-NORRIS, COTTIE, Chair Location: 03/21/2024 - Assembly Utilities and Energy

**Summary:** Current law requires the Public Utilities Commission (PUC), in consultation with the State Energy Resources Conservation and Development Commission, to provide, not later than March 31, 2024, transmission-focused guidance to

the ISO about resource portfolios of expected future renewable energy resources and zero-carbon resources. Current law requires the guidance to include the allocation of those resources by region based on technical feasibility and commercial interest in each region. This bill would require the PUC to evaluate the potential for 10,000 to 30,000 megawatts of solar electrical generation located in the Central Valley beyond the amount of solar electrical generation described in the most recently adopted preferred system plan as of January 1, 2025. If the PUC determines that solar electrical generation to be cost effective, the bill would require the PUC to provide, no later than the March 31 immediately following that determination, transmission-focused guidance to the ISO that includes the solar electrical generation in the resource portfolios of expected future renewable energy resources and zero-carbon resources. (Based on 03/21/2024 text)

Priority

spot bill

**AB 2894** 

(<u>Gallagher</u>, <u>R</u>) Urban water use targets: indoor residential water use.

Location: 02/15/2024 - Assembly PRINT

**Summary:** Existing law requires the state to achieve a 20% reduction in urban per capita water use in California. Existing law requires each urban retail water supplier to develop urban water use targets and an interim urban water use target, as specified, and states the intent of the Legislature that the urban water use targets cumulatively result in a 20% reduction from the baseline daily per capita water use. Existing law requires the Department of Water Resources to develop technical methodologies and criteria, as provided, for purposes of these provisions. This bill would make a nonsubstantive change to the provision requiring the department to develop technical methodologies and criteria. (Based on 02/15/2024 text)

Position Priority

spot bill

**AB 2933** 

(<u>Low</u>, <u>D</u>) Multiunit residential structures and mixed-use residential and commercial structures: water conservation.

Location: 03/21/2024 - Assembly Housing and Community Development

**Summary:** Would enact the California Multiunit Residential Structure and Mixed-Use Residential and Commercial Structure Water Conservation Act. The bill would state findings and declarations of the Legislature relating to wasted water due to plumbing leaks. The bill would require the commission to research, develop, and propose building standards, including voluntary standards of the California Green Building Standards Code, to reduce water waste in existing and new multiunit residential structures and mixed-use residential and commercial structures, including requiring installation of point-of-use systems, as defined. (Based on 03/21/2024 text)

Position Priority

spot bill

**AB 2962** 

(<u>Papan, D</u>) Wholesale Regional Water System Security and Reliability Act.

Location: 03/21/2024 - Assembly Water, Parks and Wildlife

**Summary:** The Wholesale Regional Water System Security and Reliability Act, requires the City and County of San Francisco to adopt a specified program of capital improvement projects designed to restore and improve the bay area regional water system, as defined. Current law makes the act inoperative and repeals these provisions on January 1, 2026. This bill would extend the repeal date of the act to January 1, 2036. By extending the period of time during which certain requirements would apply to regional wholesale water suppliers and the City and County of San Francisco, the bill would impose a state-mandated local program. (Based on 03/21/2024 text)

Position Priority

spot bill

**AB 3023** 

(<u>Papan, D</u>) Environmental protection: lands and coastal waters: conservation goals: 30x30 goal.

Location: 03/21/2024 - Assembly Natural Resources

**Summary:** Current law requires the Natural Resources Agency, in implementing certain pathways and actions to achieve the 30x30 goal, to prioritize specified actions, including conducting public outreach to engage historically marginalized communities in the planning and implementation of the 30x30 goal. Current law requires the Secretary of the Natural Resources Agency to prepare and submit, on or before March 31, 2024, and annually thereafter, a report to the

Legislature on the progress made during the prior calendar year toward achieving the 30x30 goal, as provided. This bill would require the Natural Resources Agency to post on its internet website the criteria used to determine whether or not to approve plans submitted in pursuit of reaching the 30x30 goal, as provided. (Based on 03/21/2024 text)

Position Priority

spot bill

**AB 3157** 

(Papan, D) California Water District Law.

Location: 02/16/2024 - Assembly PRINT

**Summary:** The California Water District Law (CWDL) authorizes a water district, by using any water or water supplies furnished to the district or used by the district, to construct, maintain, and operate plants for the generation of hydroelectric power from those water and transmission lines for the conveyance of that power. The CWDL authorizes a water district to join with any other district engaged in distributing water in exercising the powers granted to the district pursuant to that authorization, as described, or to execute joint power agreements with any agency formed for that purpose. This bill would make a nonsubstantive change to the latter authorization. (Based on 02/16/2024 text)

Position Priority

spot bill

**SB 939** 

(<u>Umberg, D</u>) Educational equity: schoolsite and community resources: neurodivergent pupils.

Calendar: 04/10/24 S-EDUCATION 9 a.m. - 1021 O Street, Room 2100 NEWMAN, JOSH, Chair

Location: 03/20/2024 - Senate Education

**Summary:** The Safe Place to Learn Act requires the State Department of Education, as part of its regular monitoring and review of a local educational agency, to assess whether the local educational agency has, among other things, adopted a policy that prohibits discrimination, harassment, intimidation, and bullying, as specified, and has publicized that policy to pupils, parents, employees, agents of the governing board, and the general public. Current law also requires the department to assess whether the local educational agency has provided to certificated schoolsite employees who serve pupils in any of grades 7 to 12, inclusive, information on existing schoolsite and community resources related to the support of lesbian, gay, bisexual, transgender, and questioning pupils or pupils who may face bias or bullying on the basis of religious affiliation or perceived religious affiliation, as specified. This bill would require the department to additionally assess whether the local educational agency has provided information on existing schoolsite and community resources related to the support of neurodivergent pupils. (Based on 03/11/2024 text)

Position Priority

spot bill

**SB 1185** 

(Niello, R) Water conservation: water use objectives.

Location: 02/14/2024 - Senate Rules

**Summary:** Existing law requires all water suppliers to increase the efficient use of water. Existing law establishes various water use objectives and restrictions, including urban water use objectives. Existing law requires the State Water Resources Control Board, in coordination with the Department of Water Resources, to adopt long-term standards for the efficient use of water, including standards for, among other things, a volume for water loss, and requires the board, when adopting the standards, to consider policies relating to urban water use objectives and proposed efficiency standards' effects on local wastewater management, developed and natural parklands, and urban tree health. This bill would delete the requirement that the board adopt standards, for purposes of urban water use objectives, for water loss and would instead require the board to consider the policies relating to urban water use objectives and proposed efficiency standards' effects on water loss. The bill would also set forth standards, policies, and procedures relating to water use objectives, generally, including, among other things, a prohibition against any water use objective established by the board that causes a reduction of more than 20% when compared to a water supplier's actual water use in 2023 or that exceeds a water use standard recommended by the department. (Based on 03/18/2024 text)

Position Priority

spot bill

**SB 1360** 

(Alvarado-Gil, D) Water quality: state board certification.

Location: 02/16/2024 - Senate Rules

**Summary:** The Porter-Cologne Water Quality Control Act authorizes the State Water Resources Control Board to certify or provide a statement to a federal agency, as required pursuant to federal law, that there is reasonable assurance that an

activity of any person subject to the jurisdiction of the state board will not reduce water quality below applicable standards. The federal act provides that if a state fails or refuses to act on a request for this certification within a reasonable period of time, which shall not exceed one year after receipt of the request, then the state certification requirements are waived with respect to the federal application. Current law authorizes the state board to issue the certificate or statement before completion of the required environmental review if the state board determines that waiting until completion of that environmental review to issue the certificate or statement poses a substantial risk of waiver of the state board's certification authority under the Federal Water Pollution Control Act or any other federal water quality control law, as provided. This bill would require the state board to issue the certificate or statement before completion of the required environmental review if the state board and Governor's Office of Business and Economic Development, in consultation with an applicant, jointly determine that the applicant's project will help the state meet its clean energy goals and increase electric reliability and waiting until completion of that environmental review to issue the certificate or statement poses a risk to the applicant of not being eligible for federal tax credits or incentives, as provided. (Based on 03/18/2024 text)

Position Priority

spot bill

**SB 1373** 

(Cortese, D) Water data dashboard.

Location: 02/16/2024 - Senate Rules

**Summary:** The Open and Transparent Water Data Act requires the Department of Water Resources, in consultation with the California Water Quality Monitoring Council, the State Water Resources Control Board, and the Department of Fish and Wildlife, to create, operate, and maintain a statewide integrated water data platform that, among other things, integrates existing water and ecological data information from multiple databases and provides data on completed water transfers and exchanges. This bill would require the department, with input from with the California Water Data Consortium, as defined, to create a water data dashboard that is accessible through its internet website, as specified. (Based on 03/20/2024 text)

Position Priority

spot bill

Total Measures: 42 Total Tracking Forms: 42

## Metropolitan Water District of Southern California State Legislative Matrix March 11, 2024 – Second Year of Legislative Session

Item No. 2f

| Metropolitan's current authority to use design-build projects:   Baked on Alamany 1, 2031, for the use of design-build projects and under Alb B45 (Calderon, CH. 275, 2022) will sums Baddwin Park)   Signed by Governor Chapter Cha | Bill Number<br>Author          | Amended Date<br>Location | Title-Summary   | MWD Position                 | Effects on Metropolitan  |
|--|--------------------------------|--------------------------|---|------------------------------|--|
| Signed by  Governor Chapter  Signed by  Governor Chapter  Based on  Crober 2021  Governor Chapter  Contracts.  Amended  State Water Resources Control Board: water  State Water Resources Control Board: water  State Water Resources Control Board authority to issue an interim relief  Control Board authority to issue an interim relief  Nater Committee  This bill grants the State Water Resources  Control Board authority to issue an interim relief  Water Committee  Principles,  Control Board Action  Oppose  State Water Resources  Water Rights  Control Board authority to issue an interim relief  Water Rights  Control Board authority to issue an interim relief  Water Rights  Control Board Aprill  Water Resources  Principles,  Control Board Action  Oppose  State Water Resources  Water Rights  Control Board authority to issue an interim relief  Principles,  Control Board Action  Oppose  State Water Resources  Water Rights  Control Board Authority to issue an interim relief  Amended  State Water Resources  Water Rights  Control Board Action  Oppose  State Water Resources  Water Rights  Control Board Action  Oppose  2023  Water Rights  Control Board Action  Oppose  2023  Water Rights  Control Board Authority to issue an interim relief  Principles,  Control Board Action  Oppose  2023  Water Committee  Principles  Oppose  State Water Rights  Control Board authority to issue an interim relief  Control Board authority to issue an interim relief  Control Board April  Resources and  Water Committee  Principles  Oppose  2023  | AB 400<br>B. Rubio (D-         | Chaptered                | Local agency design-build projects: authorization.  | Support                      | Metropolitan's current authority to use design-build under AB 1845 (Calderon, CH. 275, 2022) will sunset |
| Signed by  Gavernor Chapter  Governor Chapter  Signed by  Gate to January 1, 2031, for the use of design- Governor Chapter  201, Statutes of  Amended  State Water Resources Control Board: water  5/18/23  Two-year bill  This bill grants the State Water Resources  Control Board authority to issue an interim relief  Resources and  water rights, water quality standards, and other  Water Committee  provisions of water law.  | Baldwin Park)                  |                          |   | Based on                     | on January 1, 2028. The provisions of this bill allow  |
| Governor Chapter build as a delivery method for public works 201, Statutes of contracts.  Amended State Water Resources Control Board: water rights and usage: interim relief: procedures.  Two-year bill This bill grants the State Water Resources Control Board authority to issue an interim relief Principles, adopted April Resources and water rights, water quality standards, and other provisions of water law.  Water Committee provisions of water law.  | Sponsors:                      | Signed by                | This measure would extend the existing sunset date to January 1, 2031, for the use of design- | October 2021<br>Board Action | Metropolitan to use design-build for future projects through January 1, 2031.                            |
| 201, Statutes of contracts.  2023  Amended State Water Resources Control Board: water rights and usage: interim relief: procedures.  Two-year bill This bill grants the State Water Resources Control Board authority to issue an interim relief Principles, control Board authority to issue an interim relief Principles, adopted April Resources and water rights, water quality standards, and other 2023  Water Committee provisions of water law.  | California State               | Governor Chapter         | build as a delivery method for public works   |                              |  |
| Cities  Amended  State Water Resources Control Board: water  S/18/23  Two-year bill  Two-year bill  Two-year bill  Resources and water rights, water quality standards, and other  Water Committee  provisions of water law.   | Association of                 | 201, Statutes of         |   |                              |  |
| Amended State Water Resources Control Board: water rights and usage: interim relief: procedures.  Two-year bill This bill grants the State Water Resources Control Board authority to issue an interim relief Principles, adopted April Water Committee provisions of water law.   | Counties,                      | 2023                     |   |                              |  |
| Two-year bill This bill grants the State Water Resources Control Board authority to issue an interim relief Principles, Senate Natural Ager rights, water quality standards, and other provisions of water law.  | League of<br>California Cities |                          |   |                              |  |
| Two-year bill This bill grants the State Water Resources  Two-year bill This bill grants the State Water Resources  Control Board authority to issue an interim relief  Senate Natural order to enforce the reasonable use doctrine, adopted April Resources and water rights, water quality standards, and other provisions of water law.   | AB 460 Bauer-                  | Amended                  | State Water Resources Control Board: water  | Oppose                       | The stated intent of this bill is aimed at deterring   |
| Two-year bill This bill grants the State Water Resources Control Board authority to issue an interim relief Principles, Senate Natural order to enforce the reasonable use doctrine, Resources and water rights, water quality standards, and other Water Committee provisions of water law.   | Kahan (D –                     | 5/18/23                  | rights and usage: interim relief: procedures.   |                              | unlawful diversions during a drought emergency with  |
| Two-year bill This bill grants the State Water Resources Water Rights Control Board authority to issue an interim relief Principles, Senate Natural order to enforce the reasonable use doctrine, Resources and water rights, water quality standards, and other 2023 Water Committee provisions of water law.   | Orinda)                        |                          |   | Based on 2023                | swift State Board action and stiff penalties for   |
| Control Board authority to issue an interim relief Principles, Senate Natural order to enforce the reasonable use doctrine, Resources and water rights, water quality standards, and other provisions of water law.  |                                | Two-year bill            | This bill grants the State Water Resources  | Water Rights                 | violations. This bill would give the State Board   |
| Senate Natural order to enforce the reasonable use doctrine, adopted April Resources and water rights, water quality standards, and other 2023 Water Committee provisions of water law.  |                                |                          | Control Board authority to issue an interim relief  | Principles,                  | expansive new authority to assume control of the   |
| Resources and water rights, water quality standards, and other Water Committee provisions of water law.  |                                | Senate Natural           | order to enforce the reasonable use doctrine,   | adopted April                | State Water Project, Metropolitan or its members' use  |
| Water Committee provisions of water law.   |                                | Resources and            | water rights, water quality standards, and other  | 2023                         | of imported or locally sourced water, Metropolitan's   |
|  |                                | Water Committee          | provisions of water law.  |                              | diversion and use of water on the Delta Islands, and a   |
|  |                                |                          |   |                              | number of other projects and Metropolitan operations.  |
|  |                                |                          |   |                              | This bill would give the Water Board the authority to  |
|  |                                |                          |   |                              | assert such control with very short or no prior notice   |
|  |                                |                          |   |                              | or an opportunity to be heard. The State Board also  |
|  |                                |                          |   |                              | would not require the use of the California Evidence   |
|  |                                |                          |   |                              | Code, meaning these expedited decisions could be   |
|  |                                |                          |   |                              | made based on testimony that is hearsay or by people   |
|  |                                |                          |   |                              | not qualified to testify as experts on scientific or   |
| ge   | Pa                             |                          |   |                              | technical issues in court.   |
|  | ge                             |                          |   |                              |  |

# State Legislative Matrix March 11, 2024 – Second Year of Legislative Session Metropolitan Water District of Southern California

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|--------------------|------------------|--|-------------------|--|
| Bill Number        | Amended Date     | Title-Summary  | MWD Position      | Effects on Metropolitan                                  |
| Author             | Location         |  |                   |  |
| AB 1337 Wicks (D   | Amended 5/18/23  | State Water Resources Control Board: water                             | Oppose            | Regardless of whether there is a drought emergency,      |
| – Oakland)         |                  | diversion curtailment.   |                   | this bill would allow the State Board, by regulation, to |
|                    | Two-year bill    |  | Based on          | permanently reduce permit rights (including SWP,         |
|                    |                  | This bill would authorize SWRCB to adopt                               | Metropolitan      | Colorado River pre-1914 rights, or Delta Island          |
|                    | Senate Natural   | regulations for various water conservation                             | Policy Principles | license, pre-1914 or riparian right diversions) upon a   |
|                    | Resources and    | purposes and implement these regulations                               | for               | finding that current diversions result in a waste or     |
|                    | Water Committee  | through orders curtailing the diversion or use of                      | Modernization     | unreasonable use of water or that they harm public       |
|                    |                  | water under any claim of right.  | of Water Rights   | trust (fish and wildlife) resources. This would be a     |
|                    |                  |  | Administration,   | new broad power to the State Board that could            |
|                    |                  |  | adopted April     | permanently reallocate any water rights under any        |
|                    |                  |  | 2023              | water year conditions without the protection or          |
|                    |                  |  |                   | process of individual adjudications.                     |
| AB 1567            | Amended          | Safe Drinking Water, Wildfire Prevention,                              | Support, if       | This measure is consistent with Metropolitan's           |
| Garcia (D-         | 5/26/2023        | Drought Preparation, Flood Protection,                                 | amended           | current policy priorities and supports the objectives of |
| Coachella)         |                  | Extreme Heat Mitigation, Clean Energy, and                             |                   | Metropolitan's Climate Adaptation Master Plan.           |
|                    | Two-year bill    | Workforce Development Bond Act of 2024.                                | Based on June     |  |
|                    |                  |  | 2023 Board        | Metropolitan is seeking amendments to increase           |
|                    | Senate Natural   | This measure would authorize a \$15.995 billion                        | Action            | funding for recycled water, dam safety, regional         |
|                    | Resources and    | general obligation bond for the March 5, 2024,                         |                   | conveyance, drought and conservation projects.           |
|                    | Water Committee  | ballot to fund a broad range of resource-based                         |                   |  |
|                    |                  | programs that will assist California to improve its climate resiliency |                   |  |
| AB 1572            | Chaptered        | Potable water: nonfunctional turf.                                     | Co-sponsor        | Based on input from the Board and member agencies,       |
| Friedman (D -      | •                |  | •                 | Metropolitan secured amendments to exclude multi-        |
| Glendale)          |                  | This measure prohibits the use of potable water                        | Based on          | family residential buildings and protect the authority   |
|                    | Signed by        | for the irrigation of non-functional turf located                      | April 2023        | and local control of public water systems.               |
| Co-sponsors:       | Governor Chapter | on commercial, industrial, institutional. This                         | Board action      | Metropolitan is a co-sponsor of this measure.            |
| Metropolitan,      | 849, Statutes of | measure provides the State Water Resources                             |                   |  |
| Heal the Bay,      | 2023             | Control Board with the authority to postpone                           |                   |  |
| Mational Resources |                  | compliance dates as prescribed.  |                   |  |
| Estense Council    |                  |  |                   |  |
| 53                 |                  |  |                   |  |

## Metropolitan Water District of Southern California State Legislative Matrix March 11, 2024 – Second Year of Legislative Session

|                  |                  | march 11, 2027 Second 1 car of Legisladive Session                                | T Position        | Casion  |
|------------------|------------------|---|-------------------|---|
| Bill Number      | Amended Date     | Title-Summary   | MWD Position      | Effects on Metropolitan                                   |
| Author           | Location         |   |                   |   |
| AB 1573 Friedman | Amended on       | Water conservation: landscape design: model                                       | Support           | This measure is consistent with Metropolitan's effort     |
| (D - Glendale)   | 9/1/2023         | ordinance.  |                   | to reduce nonfunctional turf within its service area.     |
|                  |                  |   | Based on          |   |
| Sponsor:         | Two Year Bill    | This measure would update the model water   | 2023 Legislative  |   |
| Earth Advocacy   |                  | efficient landscape ordinance for new or  | Priorities and    |   |
| and California   | Senator Floor –  | renovated nonresidential areas to require at least                                | Principles,       |   |
| Native Plant     | Inactive File    | 25% local native plants beginning January 1,                                      | adopted           |   |
| Society          |                  | 2026. This measure would also prohibit the use                                    | December 2022     |   |
|                  |                  | of nonfunctional turf in nonresidential landscape projects after January 1, 2026. |                   |   |
| AB 1648          | Amended          | Water: Colorado River Conservation  | Oppose            | This measure would impair Metropolitan's flexibility      |
| Bains (D -       | 3/16/2023        |   | •                 | with its entire water portfolio, including the Integrated |
| Bakersfield)     |                  | This measure would specifically prohibit  | Based on 2023     | Water Resources Plan and the Annual Operating Plan.       |
|                  |                  | Metropolitan and LADWP to offset federally  | Legislative       | Metropolitan's reliability and its ability to meet        |
|                  | Dead             | required reductions on Colorado River resources                                   | Priorities and    | demands would also be impaired by restrictions on         |
|                  |                  | with increased water deliveries from other  | Principles,       | partnerships with its State Water Project and             |
|                  |                  | regions of California, including the Delta,                                       | adopted           | Colorado River Basin stakeholders.                        |
|                  |                  | retroactively as of January 1, 2023.  | December 2022     |   |
| SB 122           | Chaptered        | Flood Flow Streamlining   | Seek              | The no-permit authorization poses a significant           |
| Senate Committee |                  |   | Amendments        | concern to Metropolitan's State Water Project             |
| on Budget and    |                  | Provisions in this trailer bill provide that                                      |                   | supplies. There is no protest process, no requirement     |
| Fiscal Review    | Signed by the    | diversion of flood flows for groundwater  | Based on          | that diverters avoid harm to other legal water users      |
|                  | Governor         | recharge do not require an appropriative water                                    | Metropolitan      | with water rights senior to the flood flow diverter, and  |
|                  | Chapter 51,      | right if specified conditions regarding the                                       | Policy Principles | no protection of SWP and CVP rights to divert             |
|                  | Statutes of 2023 | diversion are met. These provisions exempt from                                   | for               | "excess flows" when they exist in the system up to the    |
|                  |                  | the California Environmental Quality Act  | Modernization     | full capacity of the projects.                            |
|                  |                  | (CEQA) specified actions related to the   | of Water Rights   |   |
| F                |                  |   | Administration    |   |
| Pag              |                  | conservation agreements with the US Bureau of                                     | 2023 Water        | Metropolitan will work with the Administration to         |
| je 6             |                  | Reclamation.  | Rights            | address these issues as the program is implemented.       |
| 60 d             |                  |   | Principles,       |   |
| of 18            |                  |   | adopted April     |   |
| 53               |                  |   | 2023              |   |

# Metropolitan Water District of Southern California State Legislative Matrix

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|--|------------------|------------------|---|------------------|---|
| Chaptered Green Financing Programs for Federal IRA Funding  Signed by the implement the 2023 State Budget Act, which chapter 53, includes authorizing the State Infrastructure and Statutes of 2023 Economic Development Bank and the Principles, access and utilize federal funding in the Inflation Reduction Act to finance projects that reduce greenhouse emissions.  Chaptered Public resources: infrastructure: contracting. Support  Signed by the This measure is part of the negotiated Governor infrastructure trailer bill package and authorizes October 2021  Chaptered Public resources: infrastructure: contracting. Support  Signed by the This measure is part of the negotiated Governor infrastructure trailer bill package and authorizes of 2023  Chaptered Fully protected Species California measure is part of the negotiated day their measure is part of the negotiated Governor Fully protected Species Act: authorized take  Signed by the This measure is part of the negotiated Governor infrastructure trailer bill package and authorizes and infrastructure projects include the maintenance, the take of fully protected species for certain Statutes of 2023  Matter S9, the take of fully protected species for certain Statutes of 2023  Project as well as critical regional and local water infrastructure.  | Bill Number      | Amended Date     | Title-Summary                                       | MWD Position     | Effects on Metropolitan                                 |
| Chaptered Funding Programs for Federal IRA Funding Funding Funding Funding Programs for Federal IRA Funding Fu | Author           | Location         |   |                  |   |
| Signed by the This measure contains various provisions to Governor implement the 2023 State Budget Act, which includes authorizing the State Budget Act, which protects authorizing the State Budget Act, which includes authorizing the State Budget Act, which protected authorizing the State Budget Act, which includes and utilize federal funding in the Inflation Reduction Act to finance projects that reduce greenhouse emissions.  Chapter St.  Public resources: infrastructure: contracting.  Signed by the This measure is part of the negotiated Governor infrastructure trailer bill package and authorizes of 2023 project delivery method for up to eight public works project delivery method for up to eight public works project delivery method for up to eight public works project delivery method for up to eight public gestlination are expressly prohibited under this measure.  Chapter St.  Fully protected species: California Support and Endangered Species Act: authorized take  Signed by the This measure is part of the negotiated Governor infrastructure trailer bill package and authorizes Chapted infrastructure projects if specified conditions are hinfrastructure projects include the maintenance, repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.   | SB 124           | Chaptered        | Green Financing Programs for Federal IRA            | Support          | For the State Water Project, DWR's direct investment    |
| Signed by the Chapters 3, Economic Development Based on Statutes of 2023 Legislative Implement the 2023 State Budget Act, which Priorities and includes authorizing the State Infrastructure and Principles, Economic Development Bank and the Department of Water Resources (DWR) to access and utilize federal funding in the Inflation Reduction Act to finance projects that reduce greenhouse emissions.  Chaptered Public resources: infrastructure: contracting. Support  Signed by the This measure is part of the negotiated Governor Infrastructure trailer bill package and authorizes October 2021 works project belatives and seawater desalination are expressly prohibited under this measure.  Chapter 58, DWR to use the progressive design-build (PDB) Board Action Statutes of 2023 works projects that exceed \$25 million. The Delta conveyance facilities and seawater desalination are expressly prohibited under this measure.  Chaptered Fully protected species: California Amend Endangered Species Act: authorized take Amend Governor infrastructure trailer bill package and authorizes the take of fully protected species for certain Statutes of 2023 infrastructure projects include the maintenance, adopted repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.  | Senate Committee |                  | Funding   |                  | in qualifying projects could lower its capital costs,   |
| Signed by the This measure contains various provisions to Governor implement the 2023 State Budget Act, which includes authorizing the State Infrastructure and Activated Statutes of 2023 Economic Development Bank and the adopted Department of Water Resources (DWR) to access and utilize federal funding in the Inflation Reduction Act to finance projects that reduce greenhouse emissions.  Chaptered Public resources: infrastructure: contracting Support  Signed by the This measure is part of the negotiated Based on infrastructure trailer bill package and authorizes October 2021 DWR to use the propersaive design-build (PDB) Board Action Statutes of 2023 works project delivery method for up to eight public works project delivery method for up to eight public works project delivery method for up to eight public aconveyance facilities and seawater desalination are expressly prohibited under this measure.  Chaptered Fully protected species: California Statutes of 2023 Legislative the take of fully protected species for certain Based on infrastructure trailer bill package and authorizes and summan infrastructure trailer bill package and authorizes and infrastructure trailer bill package and authorizes and infrastructure trailer bill package and authorizes and statutes of 2023 Legislative repair and improvement of the State Water Project, as well as critical regional and local repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.  | on Budget and    |                  |   | Based on         | which would ultimately be passed on to Metropolitan     |
| Governor implement the 2023 State Budget Act, which Chapter 53, includes authorizing the State Infrastructure and Statutes of 2023 Economic Development Bank and the adopted access and utilize federal funding in the Inflation Reduction Act to finance projects that reduce greenhouse emissions.  Chaptered Public resources: infrastructure: contracting. Support  Signed by the infrastructure trailer bill package and authorizes October 2021 DWR to use the progressive design-build (PDB) Board Action Statutes of 2023 works project delivery method for up to eight public works project delivery method for up to eight public works project delivery method for up to eight public aconveyance facilities and seawater desalination are expressly prohibited under this measure.  Chaptered Fully protected species: California Statutes of 2021 Governor infrastructure trailer bill package and authorizes and infrastructure trailer bill package and authorizes infrastructure trailer bill package and authorizes and infrastructure trailer bill package and authorizes and infrastructure trailer bill package and authorizes and structure of 2021 Legislative repair and improvement of the State Water Project, a sevel as critical regional and local water infrastructure.   | Fiscal Review    | Signed by the    | This measure contains various provisions to         | 2023 Legislative | and other SWP contractors.                              |
| Chapter 53, includes authorizing the State Infrastructure and Statutes of 2023 Economic Development Bank and the Department of Water Resources (DWR) to access and utilize federal funding in the Inflation Reduction Act to finance projects that reduce greenhouse emissions.  Chaptered Public resources: infrastructure: contracting. Support  Signed by the This measure is part of the negotiated Governor infrastructure trailer bill package and authorizes DWR to use the progressive design-build (PDB) Board Action project delivery method for up to eight public works projects that exceed \$25 million. The Delta conveyance facilities and seawater desalination are expressly prohibited under this measure.  Chaptered Fully protected species: California Endangered Species Act: authorized take  Signed by the This measure is part of the negotiated adultorizes Chapter 59, the take of fully protected species for certain Statutes of 2023 Legislative This measure. Eligible projects if specified conditions are Principles, met. Eligible projects include the maintenance, adopted repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.  |                  | Governor         | implement the 2023 State Budget Act, which          | Priorities and   |   |
| Statutes of 2023 Economic Development Bank and the Department of Water Resources (DWR) to access and utilize federal funding in the Inflation Reduction Act to finance projects that reduce greenhouse emissions.  Chaptered Public resources: infrastructure: contracting.  Signed by the infrastructure trailer bill package and authorizes Chapter 58, DWR to use the progressive design-build (PDB) Statutes of 2023 project delivery method for up to eight public works project thivery method for up to eight public works projects that exceed \$25 million. The Delta conveyance facilities and seawater desalination are expressly prohibited under this measure.  Chaptered Fully protected species: California Endangered Species Act: authorized take Governor This measure is part of the negotiated Governor infrastructure trailer bill package and authorizes Chapter 59, the take of fully protected species for certain Statutes of 2023 infrastructure projects include the maintenance, adopted repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.   |                  | Chapter 53,      | includes authorizing the State Infrastructure and   | Principles,      |   |
| Department of Water Resources (DWR) to access and utilize federal funding in the Inflation Reduction Act to finance projects that reduce greenhouse emissions.  Chaptered Public resources: infrastructure: contracting. Support  Signed by the This measure is part of the negotiated Governor Infrastructure trailer bill package and authorizes October 2021  DWR to use the progressive design-build (PDB) Board Action project delivery method for up to eight public works projects that exceed \$25 million. The Delta conveyance facilities and seawater desalination are expressly prohibited under this measure.  Chaptered Fully protected species: California Endangered Species Act: authorized take  Signed by the This measure is part of the negotiated for certain infrastructure trailer bill package and authorizes and infrastructure projects if specified conditions are principles, met. Eligible projects include the maintenance, met. Eligible projects include the maintenance, project, as well as critical regional and local water infrastructure.   |                  | Statutes of 2023 | Economic Development Bank and the                   | adopted          |   |
| access and utilize federal funding in the Inflation Reduction Act to finance projects that reduce greenhouse emissions.  Chaptered Public resources: infrastructure: contracting. Signed by the This measure is part of the negotiated Governor Infrastructure trailer bill package and authorizes Chapter 58, DWR to use the progressive design-build (PDB) Board Action Delta conveyance facilities and seawater desalination are expressly prohibited under this measure.  Chaptered Fully protected species: California Endangered Species Act: authorized take Signed by the This measure is part of the negotiated Governor This measure is part of the negotiated Signed by the This measure is part of the negotiated Signed by the Unifrastructure trailer bill package and authorizes Chapter 59, the take of fully protected specified conditions are the take of fully protected specified conditions are metal infrastructure projects if specified conditions are metal infrastructure projects include the maintenance, repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.   |                  |                  | Department of Water Resources (DWR) to              | December 2022    |   |
| Chaptered Public resources: infrastructure: contracting.  Signed by the This measure is part of the negotiated Governor Infrastructure trailer bill package and authorizes October 2021  Statutes of 2023 Works project delivery method for up to eight public works project delivery method for up to eight public works project that exceed \$25 million. The Delta conveyance facilities and seawater desalination are expressly prohibited under this measure.  Chaptered Fully protected species: California Endangered Species Act: authorized take  Signed by the This measure is part of the negotiated Based on infrastructure trailer bill package and authorizes the take of fully protected species for certain hirastructure projects it specified conditions are hirastructure projects include the maintenance, adopted repair and improvement of the State Water December 2022 Project, as well as critical regional and local water infrastructure.   |                  |                  | access and utilize federal funding in the Inflation |                  |   |
| Chaptered Public resources: infrastructure: contracting.  Signed by the infrastructure trailer bill package and authorizes October 2021 Chapter 58, DWR to use the progressive design-build (PDB) Board Action Statutes of 2023 DWR to use the progressive design-build (PDB) Board Action works projects that exceed \$25 million. The Delta conveyance facilities and seawater desalination are expressly prohibited under this measure.  Chaptered Fully protected species: California Endangered Species Act: authorized take Signed by the This measure is part of the negotiated Based on infrastructure trailer bill package and authorizes Chapter 59, the take of fully protected specified conditions are heriorized take bringible projects include the maintenance, adopted repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.  |                  |                  | Reduction Act to finance projects that reduce       |                  |   |
| Signed by the This measure is part of the negotiated Governor Infrastructure trailer bill package and authorizes October 2021  Chapter 58, DWR to use the progressive design-build (PDB) Board Action project delivery method for up to eight public works projects that exceed \$25 million. The Delta conveyance facilities and seawater desalination are expressly prohibited under this measure.  Chaptered Fully protected species: California Endangered Species Act: authorized take Amend Governor Infrastructure trailer bill package and authorizes Chapter 59, the take of fully protected species for certain Statutes of 2023 infrastructure projects if specified conditions are met. Eligible projects include the maintenance, adopted repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.   |                  | ,                | greenhouse emissions.                               | i                |   |
| Signed by the This measure is part of the negotiated Governor infrastructure trailer bill package and authorizes Chapter 58,  Statutes of 2023   | SB 146           | Chaptered        | Public resources: infrastructure: contracting.      | Support          | By utilizing PDB and awarding a project contract        |
| Signed by the This measure is part of the negotiated  Governor infrastructure trailer bill package and authorizes Chapter 58,  DWR to use the progressive design-build (PDB) Statutes of 2023  Project delivery method for up to eight public works projects that exceed \$25 million. The Delta conveyance facilities and seawater desalination are expressly prohibited under this measure.  Chaptered Fully protected species: California Endangered Species Act: authorized take Governor Governor Governor Statutes of 2023  This measure is part of the negotiated Governor Statutes of 2023  The take of fully protected species for certain Statutes of 2023  met. Eligible projects include the maintenance, met. Eligible projects include the maintenance, Project, as well as critical regional and local water infrastructure.  | Gonzalez (D-Long |                  |   |                  | prior to the completion of all design work, DWR can     |
| Governor infrastructure trailer bill package and authorizes Chapter 58, DWR to use the progressive design-build (PDB) Statutes of 2023 Project delivery method for up to eight public works projects that exceed \$25 million. The Delta conveyance facilities and seawater desalination are expressly prohibited under this measure.  Chaptered Fully protected species: California Endangered Species Act: authorized take Governor This measure is part of the negotiated Governor Chapter 59, the take of fully protected species for certain Statutes of 2023 infrastructure projects if specified conditions are met. Eligible projects include the maintenance, repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.   | Beach)           | Signed by the    | This measure is part of the negotiated              | Based on         | potentially reduce overall costs and execute shorter    |
| Chapter 58, DWR to use the progressive design-build (PDB) Statutes of 2023 project delivery method for up to eight public works projects that exceed \$25 million. The Delta conveyance facilities and seawater desalination are expressly prohibited under this measure.  Chaptered Fully protected species: California Endangered Species Act: authorized take Endangered Species Act: authorized take Amend Infrastructure trailer bill package and authorizes the take of fully protected species for certain Statutes of 2023 infrastructure projects in Specified conditions are met. Eligible projects include the maintenance, adopted repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.   |                  | Governor         | infrastructure trailer bill package and authorizes  | October 2021     | project delivery schedules. This could lead to reduced  |
| Statutes of 2023 project delivery method for up to eight public works projects that exceed \$25 million. The Delta conveyance facilities and seawater desalination are expressly prohibited under this measure.  Chaptered Fully protected species: California Endangered Species Act: authorized take Endangered Species Act: authorized take Amend Endangered Species Act: authorized take Amend Endangered Species for certain infrastructure trailer bill package and authorizes Chapter 59, the take of fully protected species for certain infrastructure projects if specified conditions are principles, met. Eligible projects include the maintenance, adopted repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.   |                  | Chapter 58,      | DWR to use the progressive design-build (PDB)       | Board Action     | costs for SWP-related projects-resulting in cost        |
| works projects that exceed \$25 million. The Delta conveyance facilities and seawater desalination are expressly prohibited under this measure.  Chaptered Fully protected species: California Endangered Species Act: authorized take Endangered Species Act: authorized take This measure is part of the negotiated Governor infrastructure trailer bill package and authorizes Chapter 59, the take of fully protected species for certain Statutes of 2023 infrastructure projects if specified conditions are met. Eligible projects include the maintenance, repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.   |                  | Statutes of 2023 | project delivery method for up to eight public      |                  | savings being passed on to Metropolitan.                |
| Chaptered Fully protected species: California Bused on Endangered Species Act: authorized take Endangered Species Act: authorized take Governor This measure is part of the negotiated Governor Infrastructure trailer bill package and authorizes Chapter 59, the take of fully protected species for certain Statutes of 2023 infrastructure projects include the maintenance, repair and improvement of the State Water December 2022 Project, as well as critical regional and local water infrastructure.   |                  |                  | works projects that exceed \$25 million. The        |                  |   |
| chaptered Fully protected species: California Endangered Species Act: authorized take Endangered Species Act: authorized take Endangered Species Act: authorized take Amend Covernor Infrastructure trailer bill package and authorizes Chapter 59, the take of fully protected species for certain Statutes of 2023  Signed by the This measure is part of the negotiated Chapter 59, the take of fully protected species for certain Statutes of 2023  Infrastructure projects if specified conditions are met. Eligible projects include the maintenance, repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.   |                  |                  | Delta conveyance facilities and seawater            |                  |   |
| Chaptered Fully protected species: California Endangered Species Act: authorized take  Endangered Species Act: authorized take  Endangered Species Act: authorized take  This measure is part of the negotiated Governor infrastructure trailer bill package and authorizes the take of fully protected species for certain Statutes of 2023  Infrastructure projects if specified conditions are met. Eligible projects include the maintenance, repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.  |                  |                  | desalination are expressly prohibited under this    |                  |   |
| Chaptered Fully protected species: California Endangered Species Act: authorized take  Endangered Species Act: authorized take  Endangered Species Act: authorized take  This measure is part of the negotiated Governor Chapter 59, the take of fully protected species for certain Statutes of 2023 infrastructure projects if specified conditions are infrastructure projects include the maintenance, repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.   |                  |                  |   |                  |   |
| Signed by the Governor Chapter 59, the take of fully protected species for certain Statutes of 2023  Statutes of 2023  This measure is part of the negotiated Governor Chapter 59, the take of fully protected species for certain Statutes of 2023  This measure is part of the negotiated Chapter 59, the take of fully protected species for certain Infrastructure projects if specified conditions are met. Eligible projects include the maintenance, repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.  | SB 147           | Chaptered        | _   | Support and      | While this alternative may have benefits over current   |
| Signed by the This measure is part of the negotiated Governor Chapter 59, Infrastructure trailer bill package and authorizes Chapter 59, Infrastructure projects if specified conditions are infrastructure projects include the maintenance, repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.  | Ashby (D-        |                  | Endangered Species Act: authorized take             | Amend            | FPS regulations, the requirements are extensive and     |
| Governor infrastructure trailer bill package and authorizes Chapter 59, the take of fully protected species for certain Statutes of 2023 infrastructure projects if specified conditions are met. Eligible projects include the maintenance, repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.   | Sacramento)      | Signed by the    | This measure is part of the negotiated              | Based on         | and could create other litigation risks for permittees. |
| Chapter 59, the take of fully protected species for certain statutes of 2023 infrastructure projects if specified conditions are met. Eligible projects include the maintenance, repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.   |                  | Governor         | infrastructure trailer bill package and authorizes  | 2023 Legislative | •   |
| Statutes of 2023 infrastructure projects if specified conditions are met. Eligible projects include the maintenance, repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.   |                  | Chapter 59,      | the take of fully protected species for certain     | Priorities and   |   |
| met. Eligible projects include the maintenance, repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.  | I                | Statutes of 2023 | infrastructure projects if specified conditions are | Principles,      |   |
| repair and improvement of the State Water Project, as well as critical regional and local water infrastructure.  | Pa               |                  | met. Eligible projects include the maintenance,     | adopted          |   |
| Project, as well as critical water infrastructure.   | ge               |                  | repair and improvement of the State Water           | December 2022    |   |
| water infrastructure.  | 61               |                  |   |                  |   |
|  | of               |                  |   |                  |   |

## Metropolitan Water District of Southern California State Legislative Matrix March 11, 2024 – Second Year of Legislative Session

|               |                  | Mai Cii 11, 2024 — Secoliu 1 cai Ol Legislauve Session | 1 Legislative    |  |
|---------------|------------------|--|------------------|--|
| Bill Number   | Amended Date     | Title-Summary  | MWD Position     | Effects on Metropolitan                                |
| Author        | Location         |  |                  |  |
| SB 149        | Chaptered        | California Environmental Quality Act:                  | Support and      | Administrative Records Streamlining: Overall, the      |
| Caballero (D- |                  | administrative and judicial procedures:                | Amend            | provisions would be beneficial to Metropolitan as      |
| Merced)       |                  | record of proceedings: judicial streamlining.          |                  | they could lower CEQA litigation costs and shorten     |
|               | Signed by the    |  | Based on         | litigation timelines.                                  |
|               | Governor         | This measure is part of the negotiated                 | 2023 Legislative |  |
|               | Chapter 60,      | infrastructure trailer bill package and makes          | Priorities and   | Expedited Judicial Review: The process for preparing   |
|               | Statutes of 2023 | various changes to CEQA. This bill provides            | Principles,      | the administrative record for any governor-certified   |
|               |                  | clarification for what is considered as part of the    | adopted          | infrastructure project must follow certain extensive   |
|               |                  | administrative record, as well as allowing a           | December 2022    | and potentially costly specifications. While expedited |
|               |                  | public agency to deny a request to prepare the         |                  | judicial review is beneficial in concept, unless       |
|               |                  | record of proceedings. This bill also provides for     |                  | amended, the prerequisites may be infeasible or costly |
|               |                  | expedited judicial review for specified energy         |                  | to implement.  |
|               |                  | and transportation projects.                           |                  |  |
| SB 150        | Chaptered        | Construction: workforce development: public            | Support          | This bill is intended to help develop procurement      |
| Durazo (D-Los |                  | contracts.   |                  | models to enhance the state's training and access      |
| Angeles)      |                  |  | Based on         | pipeline for jobs while ensuring community benefits    |
|               | Signed by the    | This measure is part of the negotiated                 | 2023 Legislative | on infrastructure and manufacturing investments.       |
|               | Governor         | infrastructure trailer bill package and focuses on     | Priorities and   |  |
|               | Chapter 61,      | strengthening the state's workforce and                | Principles,      | This bill is consistent with Metropolitan's policy     |
|               | Statutes of 2023 | community benefits with infrastructure                 | adopted          | and practice and could benefit the district by helping |
|               |                  | investments through California's share of federal      | December 2022    | build the next generation of the state's construction  |
|               |                  |  |                  | WorkTorce.   |
|               |                  |  |                  |  |

# State Legislative Matrix March 11, 2024 – Second Year of Legislative Session Metropolitan Water District of Southern California

|                               |                  |  | a margaett                         |  |
|-------------------------------|------------------|--|------------------------------------|--|
| Bill Number                   | Amended Date     | Title-Summary  | MWD Position                       | Effects on Metropolitan  |
| Author                        | Location         |  |                                    |  |
| SB 366                        | Amended          | The California Water Plan: long-term supply  | Support, if                        | The intent of this bill is to help modernize   |
| Caballero (D -<br>Merced)     | 6/29/2023        | targets.   | amended                            | California's water management practices and provide long-term reliable supplies in response to the current |
|                               |                  | This measure would revise the California Water   |                                    | climate challenges.  |
| Sponsors:                     |                  | Plan to require the DWR to update the California   | Based on                           | ,  |
| California                    | Two-year bill    | Water Plan by December 31, 2028, and every   | 2023 Legislative                   | Metropolitan is seeking amendments that include, but   |
| Municipal Utilities           |                  | five years after, to include a long-term water   | Priorities and                     | are not limited to, ensuring the 2050 target reflects  |
| Association,                  | Assembly Water,  | supply target for 2050 and discussion on the   | Principles,                        | statewide, regional, and local planning efforts and  |
| California Council            | Parks, and       | development of specified water supply sources  | adopted                            | clarifying that the CA Water Plan should not establish   |
| for Environmental             | Wildlife         | to meet demand.  | December 2022                      | a separate plan for complying with the Delta Plan, but   |
| and Economic                  | Committee        |  |                                    | should be complimentary and focus on supporting the  |
| Balance, California           |                  |  |                                    | co-equal goals of the Delta.   |
| State Association of Counties |                  |  |                                    |  |
| SB 659                        | Chaptered        | California Water Supply Solutions Act of   | Support, if                        | This bill intends to elevate the importance of   |
| Ashby M-                      | i i              | 2023   | Amended                            | orompdwater in the state's planning efforts. Additional  |
| Sacramento)                   |                  |  |                                    | recharge capacities developed through  |
|                               | Signed by the    | This bill would require DWR to develop a   | Based on 2023                      | implementation of this bill could potentially help in  |
| Sponsors:                     | Governor         | groundwater recharge plan by January 1, 2026,  | Legislative                        | the successful implementation of projects such as  |
| Sacramento                    | Chapter 624,     | to create additional groundwater recharge  | Priorities and                     | Metropolitan's Pure Water project, LADWP's   |
| Regional Water                | Statutes of 2023 | capacity and include the plan as part of the 2028  | Principles                         | Operation Next project, and the Pure Water San   |
| Authority                     |                  | update to the California Water Plan.   | adopted                            | Diego, potentially helping to maximize stormwater  |
|                               |                  |  | December 2022.                     | capture and increase sustainability of groundwater   |
|                               |                  |  |                                    | basins within Metropolitan's service area.   |
|                               |                  |  |                                    |  |
| SB 687                        | Amended          | Water Quality Control Plan: Delta  | Oppose                             | Metropolitan supports updating the Water Quality   |
| Eggman (D -                   | 5/2/2023         | Conveyance Project.  | -                                  | Control Plan to protect beneficial uses in the Delta.  |
| Stockton)                     |                  | · / / / / / · · · · · · · · · · · · · ·  | Based on                           | This bill would result in halting or delaying planning   |
| 63 (                          | Dead             | This measure will require the State Water  Resources Control Board to adout a final undate | 2023 Legislative<br>Priorities and | efforts on the Delta Conveyance Project and notentially prevent the project from operating if              |
| of 1                          |                  | of the Bay-Delta Water Quality Control Plan  | Principles,                        | approved.  |
| 53                            |                  | before the Board considers a change in the point   | adopted                            |  |
|                               |                  | of diversion or any other water rights permit or order for the Delta Conveyance Project    | December 2022                      |  |
|                               |                  | state to the point courty and the second   |                                    |  |

# Metropolitan Water District of Southern California State Legislative Matrix

| March 11, 2024 – Second Year of Legislative Session |           |
|---|-----------|
| 11, 2024 – Second Year of Legis                     | Session   |
| 11, 2024 - Second Y                                 |           |
| 11, $2024 - Second$                                 | Year of I |
| 11, 202   | ecc       |
|   | 202       |
|   |           |

|                     |                  | Mai Cai II, 2027 Second I cai of Legislante Session  |                  |  |   |
|---------------------|------------------|--|------------------|--|---|
| Bill Number         | Amended Date     | Title-Summary  | MWD Position     | Effects on Metropolitan                                  |   |
| SB 706              | Chaptered        | Public contracts: progressive design-build:  | Support          | Currently, PDB-eligible projects are limited to          |   |
| Caballero (D-       |                  | local agencies.  | Bosed on         | wastewater treatment facilities, park and recreational   | 2 |
| iviei ceu)          |                  | This bill would provide additional authority,  | 2023 Legislative | recycling facilities. This bill now authorizes cities,   |   |
| Sponsors:           | Signed by the    | until January 1, 2023, for cities, counties, and   | Priorities and   | counties and special districts, including Metropolitan,  | _ |
| CA State            | Governor         | special districts to use progressive design-build  | Principles,      | to use PDB for public works projects. This supports      |   |
| Association of      | Chapter 500,     | (PDB) authority for up to 10 public works  | adopted          | Metropolitan's priority of ensuring reliable water       |   |
| Counties; County of | Statutes of 2023 | projects that are in excess of \$5 million. In   | December 2022    | supply deliveries throughout its service area.           |   |
| Build Institute of  |                  | audition, any tocat agency that uses this<br>authorized progressive-design build process   |                  |  |   |
| America Western     |                  | must submit a report to the Legislature.   |                  |  |   |
| Pacific Chapter;    |                  |  |                  |  |   |
| League of           |                  |  |                  |  |   |
| California Cities   | -                | The state of the s |                  | · · · · · · · · · · · · · · · · · · ·                    |   |
| 2B 80/              | Amended          | Drougnt, Flood and water Kesillence,   | Support, II      | I his measure is consistent with injetropolitan's        |   |
| Allen (D-Santa      | 6/22/2023        | Wildfire and Forest Resilience, Coastal  | amended          | current policy priorities and supports the objectives of | J |
| Monica)             |                  | Resilience, Extreme Heat Mitigation,   |                  | Metropolitan's Climate Adaptation Master Plan.           |   |
|                     | Two-Year Bill    | <b>Biodiversity and Nature-Based Climate</b>   |                  |  |   |
|                     |                  | Solutions, Climate Smart Agriculture, Park   | Based on June    | Metropolitan is seeking amendments to increase           |   |
|                     | Assembly Natural | Creation and Outdoor Access, and Clean   | 2023 Board       | funding for recycled water, dam safety, regional         |   |
|                     | Resources        | Energy Bond Act of 2024.   | Action           | conveyance, drought, and conservation projects.          |   |
|                     | Committee        |  |                  |  |   |
|                     |                  | This measure would authorize a \$15.5 billion  |                  |  |   |
|                     |                  | general obligation bond for a range of resource-   |                  |  |   |
|                     |                  | based programs that will improve California's  |                  |  |   |
|                     |                  | climate resultency. If approved, this measure would be on the March 5, 2024 statewide ballot   |                  |  |   |
|                     |                  |  |                  |  | 7 |



### ACTION ITEM April 3, 2024

**TO:** Board of Directors

FROM: Harvey De La Torre Staff Contact: Heather Baez

General Manager

SUBJECT: SB 937 (WIENER) - DEVELOPMENT PROJECTS: PERMITS

AND OTHER ENTITLEMENTS: FEES AND CHARGES

### STAFF RECOMMENDATION

It is recommended that the Board of Directors vote to adopt an oppose unless amended position on SB 937 (Wiener). The amendments requested are to remove the connection fees/capacity charges from the bill.

### **BILL SUMMARY**

Senate Bill 937 would prohibit a local agency from requiring payment of development (connection) fees/charges until a certificate of occupancy is issued. In addition, it extends housing entitlements issued before January 1, 2024, and set to expire on/before December 31, 2025, by 18 months.

### **ARGUMENTS IN SUPPORT**

According to the author, development fees are a burden and barrier to new development. Deferring fees strikes a balance between the developer and local government, providing flexibility while ensuring local services remain funded. This will result in less reliance on predevelopment funding, which is often more expensive or difficult to secure.

### **ARGUMENTS IN OPPOSITION**

Service connection occurs prior to the issuance of a certificate of occupancy and needs to be charged when connected to treat all customers equally. Water and sewer agencies don't have land use authority, so connection fees are adopted before construction and assessed

| Budgeted: ☐ Yes ☐ No    | Budgeted amount: | N/A                 | Core: ⊠     | Choice: □ |
|-------------------------|------------------|---------------------|-------------|-----------|
| Action item amount: N/A | 1                | Movement between fu | ınds: 🗆 Yes | □ No      |

upon receiving an application for a new service connection. They are tied to the actual cost of the service provided, not future infrastructure needs, as is the case with some development fees. Logistically, water and sewer agencies are not a part of the process that results in a certificate of occupancy being issued. They have no way of knowing when the connection fees would be due, which would make the collection of fees uncertain and increase the administrative burden of collecting, which is already very high.

| ALIG    | NMENT                               | WITH BOARD STRATEGIC PR   | IOR  | ITIES  |
|---------|-------------------------------------|---|------|--|
|         | functions<br>Balance s<br>mission a | MWDOC's mission and role; defining and actions. upport for Metropolitan's regional and Orange County values and interests. In communications and coordination of g. |      | Work with member agencies to develop water supply and demand objectives. Solicit input and feedback from member agencies. Invest in workforce development and succession planning. |
|         |                                     | omments: This bill proposal was s<br>ncy Legislative Feedback Form.   | hare | ed with member agencies in this month's  |
| bill. ( | Groups s                            |   | A ha | nnection fees/capacity charges from the ve been having productive meetings with ected.   |
| BOA     | RD OPT                              | TIONS   |      |  |
| Optic   | on #1:                              | Adopt an oppose unless amend  | ed p | osition on SB 937 (Wiener)   |
|         |                                     | Fiscal Impact: None   |      |  |
| Optic   | on #2:                              | Take no action.   |      |  |
|         |                                     | Fiscal Impact: None   |      |  |
|         |                                     |   |      |  |
|         |                                     | hments/Links:   |      |  |
| Atta    | achmer                              | <b>nt 1:</b> SB 937 Full Text   |      |  |

### **Introduced by Senator Wiener**

(Coauthor: Assembly Member Grayson)

January 17, 2024

An act to amend Sections 66000, 66007, and 66013 of, and to add Section 65914.6 to, the Government Code, relating to land use.

### LEGISLATIVE COUNSEL'S DIGEST

SB 937, as introduced, Wiener. Development projects: permits and other entitlements: fees and charges.

The Planning and Zoning Law requires each county and each city to adopt a comprehensive, long-term general plan for its physical development, and the development of specified land outside its boundaries, that includes, among other mandatory elements, a housing element. Existing law, the Permit Streamlining Act, among other things, requires a public agency that is the lead agency for a development project to approve or disapprove that project within specified time periods. Existing law extended by 18 months the period for the expiration, effectuation, or utilization of a housing entitlement, as defined, that was issued before, and was in effect on, March 4, 2020, and that would expire before December 31, 2021, except as specified. Existing law provides that if the state or a local agency extended the otherwise applicable time for the expiration, effectuation, or utilization of a housing entitlement for not less than 18 months, as specified, that housing entitlement would not be extended an additional 18 months pursuant to these provisions.

This bill would extend by 18 months the period for the expiration, effectuation, or utilization of a housing entitlement, as defined, that was issued before January 1, 2024, and that will expire before December 31, 2025, except as specified. The bill would toll this 18-month

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extension during any time that the housing entitlement is the subject of a legal challenge. By adding to the duties of local officials with respect to housing entitlements, this bill would impose a state-mandated local program. The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

The Mitigation Fee Act regulates fees for development projects, fees for specific purposes, including water and sewer connection fees, and fees for solar energy systems, among others. The act, among other things, requires local agencies, as defined, to comply with various conditions when imposing fees, extractions, or charges as a condition of approval of a proposed development or development project. The act defines fee to mean a monetary exaction other than a tax or special assessment that is charged by a local agency to the applicant in connection with approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project. The act exempts certain fees from this definition, including a fee paid or land dedicated for park or recreational purposes as a condition to the approval of a tentative map or parcel map, as specified.

This bill would remove that exception. The bill would specify that water districts and sanitation districts are included in the definition of a local agency for purposes of the act.

The act prohibits a local agency that imposes fees or charges on a residential development for the construction of public improvements or facilities from requiring the payment of those fees or charges until the date of the final inspection or the date the certificate of occupancy is issued, whichever occurs first. The act authorizes a local agency to require the payment sooner if specified conditions are met, including if the fees or charges are to reimburse the local agency for expenditures previously made. The act exempts units reserved for occupancy by lower income households included in a residential development proposed by a nonprofit housing developer, as specified, from the authorization to require an earlier payment, but authorizes a city or county to require for those exempt units the posting of a performance bond or a letter of credit from a federally insured, recognized depository institution to guarantee payment of any fees or charges. The act, if a fee or charge is not fully paid prior to issuance of a building permit for construction, authorizes the local agency to require the property owner to execute a contract to pay the fee or charge, as specified.

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This bill would instead prohibit a local agency from requiring the payment of those fees or charges until the date the certificate of occupancy is issued, and would prohibit the local agency from charging interest or other fees on any amount deferred. The bill would remove the authorization for a local agency to require the payment sooner if the fees or charges are to reimburse the local agency for expenditures previously made. The bill would revise the exemption from earlier payment for units reserved for occupancy by lower income households by a nonprofit housing developer to be those by an affordable housing developer, as specified, and would repeal the authorization for a city or county to require the posting of a performance bond or a letter of credit for those exempt units. The bill would repeal the authorization of the local agency to require the property owner to execute a contract to pay the fee or charge, and would instead authorize the local agency to withhold the certificate of occupancy until the fees and charges are paid.

Existing law prohibits a local agency from imposing fees for water connections or sewer connections, or capacity charges, that exceed the estimated reasonable cost of providing the service, and specifies that those fees or charges are not subject to the specified provisions of the act applicable to development projects, including requiring local agencies to comply with certain requirements when imposing fees, extractions, or charges as a condition of approval of a proposed development or development project.

This bill would provide that those fees or charges are subject to specified provisions of the act. By requiring local agencies to comply with specified requirements when imposing fees, extractions, or charges as a condition of approval of a proposed development or development project, 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.

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

SECTION 1. Section 65914.6 is added to the Government Code, to read:

65914.6. (a) Except as provided in subdivision (b), notwithstanding any law, including any inconsistent provision of a local agency's general plan, ordinances, or regulations, the otherwise applicable time for the expiration, effectuation, or utilization of a housing entitlement that is within the scope of the timeframes specified in paragraphs (1) and (2) is extended by 18 months. For the purposes of this section, housing entitlements that are extended are entitlements where both of the following apply:

- (1) It was issued prior to and was in effect on January 1, 2024.
- (2) It will expire prior to December 31, 2025.

The otherwise applicable time for the utilization of a housing entitlement provided by this section includes any requirement to request the issuance of a building permit within a specified period of time.

- (b) If the state or a local agency extends, on or after January 1, 2024, but before the effective date of the act adding this section, the otherwise applicable time for the expiration, effectuation, or utilization of a housing entitlement for not less than 18 months and pursuant to the same conditions provided in subdivision (a), that housing entitlement shall not be extended for an additional 18 months by operation of subdivision (a).
  - (c) For purposes of this section, the following definitions apply:
  - (1) "Housing entitlement" means any of the following:
- (A) A legislative, adjudicative, administrative, or any other kind of approval, permit, or other entitlement necessary for, or pertaining to, a housing development project issued by a state agency.
- (B) An approval, permit, or other entitlement issued by a local agency for a housing development project that is subject to Chapter 4.5 (commencing with Section 65920).
- (C) A ministerial approval, permit, or entitlement by a local agency required as a prerequisite to issuance of a building permit for a housing development project.
- (D) A requirement to submit an application for a building permit within a specified period of time after the effective date of a housing entitlement described in subparagraph (B) or (C).

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(E) A vested right associated with an approval, permit, or other entitlement described in subparagraphs (A) to (D), inclusive.

- (2) For the purposes of this section, a housing entitlement does not include any of the following:
- (A) A development agreement issued pursuant to Article 2.5 (commencing with Section 65864).
- (B) An approved or conditionally approved tentative map that is extended for a minimum of 18 months pursuant to Section 66452.6 on or after January 1, 2024.
  - (C) A preliminary application as defined in Section 65941.1.
- (3) "Housing development project" means a residential development or mixed-use development in which at least two-thirds of the square footage of the development is designated for residential use. Both of the following apply for the purposes of calculating the square footage usage of a development for purposes of this section:
- (A) The square footage of a development shall include any additional density, floor area, and units, and any other concession, incentive, or waiver of development standards pursuant to Section 65915.
- (B) The square footage of a development shall not include any underground space, including, but not limited to, a basement or underground parking garage.
- (4) "Local agency" means a county, city, whether general law or chartered, city and county, school district, special district, authority, agency, any other municipal public corporation or district, or other political subdivision of the state.
- (d) The extension granted pursuant to subdivision (a) shall be tolled during any time that the housing entitlement is the subject of a legal challenge.
- (e) Nothing in this section is intended to preclude a local government from exercising its existing authority to provide an extension to an entitlement identified in this section.
- (f) The Legislature finds and declares that this section addresses a matter of statewide concern rather than a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this section applies to all cities, including charter cities.
- 39 SEC. 2. Section 66000 of the Government Code is amended 40 to read:

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66000. As used in this chapter, the following terms have the following meanings:

- (a) "Development project" means any project undertaken for the purpose of development. "Development project" includes a project involving the issuance of a permit for construction or reconstruction, but not a permit to operate.
- (b) "Fee" means a monetary exaction other than a tax or special assessment, whether established for a broad class of projects by legislation of general applicability or imposed on a specific project on an ad hoc basis, that is charged by a local agency to the applicant in connection with approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project, but does not include fees specified in Section 66477, fees for processing applications for governmental regulatory actions or approvals, fees collected under development agreements adopted pursuant to Article 2.5 (commencing with Section 65864) of Chapter 4, or fees collected pursuant to agreements with redevelopment agencies that provide for the redevelopment of property in furtherance or for the benefit of a redevelopment project for which a redevelopment plan has been adopted pursuant to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code).
- (c) "Local agency" means a county, city, whether general law or chartered, city and county, school district, special district, authority, agency, any other municipal public corporation or district, including, but not limited to, water districts and sanitation districts, or other political subdivision of the state.
- (d) "Public facilities" includes public improvements, public services, and community amenities.
- SEC. 3. Section 66007 of the Government Code is amended to read:
- 66007. (a) Except as otherwise provided in subdivisions (b) and (g), any local agency that imposes any fees or charges on a residential development for the construction of public improvements or facilities shall not require the payment of those fees or charges, notwithstanding any other provision of law, until the date of the final inspection, or the date the certificate of occupancy is is issued, whichever occurs first. However, utility service fees may be collected at the time an application for utility

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service is received. issued. If the residential development contains more than one dwelling, the local agency may determine whether the fees or charges shall be paid on a pro rata basis for each dwelling when it receives its final inspection or certificate of occupancy, whichever occurs first; occupancy, on a pro rata basis when a certain percentage of the dwellings have received their final inspection or certificate of occupancy, whichever occurs first; occupancy, or on a lump-sum basis when all the first dwelling dwellings in the development receives its final inspection or receive their certificate of occupancy, whichever occurs first. occupancy. For development projects that meet the conditions in subparagraph (A) of paragraph (2) of subdivision (b), the amount due and payable for the fees and charges when the development receives its certificate of occupancy shall be the same amount as would have been paid had the fees and charges been paid prior to the issuance of building permits. The local agency shall not charge interest or other fees on any amount deferred.

- (b) (1) Notwithstanding subdivision (a), the local agency may require the payment of those fees or charges at an earlier time if (A) the local agency determines that the fees or charges will be collected for public improvements or facilities for which an account has been established and funds appropriated and for which the local agency has adopted a proposed construction schedule or plan and commenced or will commence construction prior to final inspection or issuance of the certificate of occupancy—or (B) the fees or charges are to reimburse the local agency for expenditures previously made. of the development project. "Appropriated," as used in this subdivision, means authorization by the governing body of the local agency for which the fee is collected to make expenditures and incur obligations for specific purposes.
- (2) (A) Paragraph (1) does not apply to units reserved for occupancy by lower income households included in a residential development proposed by—a nonprofit an affordable housing developer in which at least 49 percent of the total units are reserved for occupancy by lower income households, as defined in Section 50079.5 of the Health and Safety Code, at an affordable rent, as defined in Section 50053 of the Health and Safety Code. In addition to the contract that may be required under subdivision (c), a city, county, or city and county may require the posting of a performance bond or a letter of credit from a federally insured, recognized

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depository institution to guarantee payment of any fees or charges that are subject to this paragraph. Fees and charges exempted from paragraph (1) under this paragraph shall become immediately due and payable when the residential development no longer meets the requirements of this paragraph.

- (B) The exception provided in subparagraph (A) does not apply to fees and charges levied pursuant to Chapter 6 (commencing with Section 17620) of Part 10.5 of Division 1 of Title 1 of the Education Code.
- (c) (1)—If any fee or charge specified in subdivision (a) is not fully paid prior to issuance of a building permit for construction of any portion of the residential development encumbered thereby, the local agency issuing the building permit may—require the property owner, or lessee if the lessee's interest appears of record, as a condition of issuance of the building permit, to execute a contract to pay the fee or charge, or applicable portion thereof, within the time specified in subdivision (a). If the fee or charge is prorated pursuant to subdivision (a), the obligation under the contract shall be similarly prorated. withhold certificate of occupancy for the development project until such fees and charges specified in subdivision (a) are fully paid.
- (2) The obligation to pay the fee or charge shall inure to the benefit of, and be enforceable by, the local agency that imposed the fee or charge, regardless of whether it is a party to the contract. The contract shall contain a legal description of the property affected, shall be recorded in the office of the county recorder of the county and, from the date of recordation, shall constitute a lien for the payment of the fee or charge, which shall be enforceable against successors in interest to the property owner or lessee at the time of issuance of the building permit. The contract shall be recorded in the grantor-grantee index in the name of the public agency issuing the building permit as grantee and in the name of the property owner or lessee as grantor. The local agency shall record a release of the obligation, containing a legal description of the property, in the event the obligation is paid in full, or a partial release in the event the fee or charge is prorated pursuant to subdivision (a).
- (3) The contract may require the property owner or lessee to provide appropriate notification of the opening of any escrow for the sale of the property for which the building permit was issued

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and to provide in the escrow instructions that the fee or charge be paid to the local agency imposing the same from the sale proceeds in escrow prior to disbursing proceeds to the seller.

- (d) This section applies only to fees collected by a local agency to fund the construction of public improvements or facilities. It does not apply to fees collected to cover the cost of code enforcement or inspection services, or to other fees collected to pay for the cost of enforcement of local ordinances or state law.
- (e) "Final inspection" or "certificate of occupancy," as used in this section, have the same meaning as described in Sections 305 and 307 of the Uniform Building Code, International Conference of Building Officials, 1985 edition.
- (f) Methods of complying with the requirement in subdivision (b) that a proposed construction schedule or plan be adopted, include, but are not limited to, (1) the adoption of the capital improvement plan described in Section 66002, or (2) the submittal of a five-year plan for construction and rehabilitation of school facilities pursuant to subdivision (c) of Section 17017.5 of the Education Code.
- (g) A local agency may defer the collection of one or more fees up to the close of escrow. This subdivision shall not apply to fees and charges levied pursuant to Chapter 6 (commencing with Section 17620) of Part 10.5 of Division 1 of Title 1 of the Education Code.
- SEC. 4. Section 66013 of the Government Code is amended to read:
- 66013. (a) Notwithstanding any other provision of law, when a local agency imposes fees for water connections or sewer connections, or imposes capacity charges, those fees or charges shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed, unless a question regarding the amount of the fee or charge imposed in excess of the estimated reasonable cost of providing the services or materials is submitted to, and approved by, a popular vote of two-thirds of those electors voting on the issue.
  - (b) As used in this section:
- 37 (1) "Sewer connection" means the connection of a structure or 38 project to a public sewer system.

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(2) "Water connection" means the connection of a structure or project to a public water system, as defined in subdivision (h) of Section 116275 of the Health and Safety Code.

- (3) "Capacity charge" means a charge for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the local agency involving capital expense relating to its use of existing or new public facilities. A "capacity charge" does not include a commodity charge.
- (4) "Local agency" means a local agency as defined in Section 66000.
- (5) "Fee" means a fee for the physical facilities necessary to make a water connection or sewer connection, including, but not limited to, meters, meter boxes, and pipelines from the structure or project to a water distribution line or sewer main, and the estimated reasonable cost of labor and materials for installation of those facilities bears a fair or reasonable relationship to the payor's burdens on, or benefits received from, the water connection or sewer connection.
- (6) "Public facilities" means public facilities as defined in Section 66000.
- (c) A local agency receiving payment of a charge as specified in paragraph (3) of subdivision (b) shall deposit it in a separate capital facilities fund with other charges received, and account for the charges in a manner to avoid any commingling with other moneys of the local agency, except for investments, and shall expend those charges solely for the purposes for which the charges were collected. Any interest income earned from the investment of moneys in the capital facilities fund shall be deposited in that fund.
- (d) For a fund established pursuant to subdivision (c), a local agency shall make available to the public, within 180 days after the last day of each fiscal year, the following information for that fiscal year:
  - (1) A description of the charges deposited in the fund.
- 39 (2) The beginning and ending balance of the fund and the 40 interest earned from investment of moneys in the fund.

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- (3) The amount of charges collected in that fiscal year.
  - (4) An identification of all of the following:

- (A) Each public improvement on which charges were expended and the amount of the expenditure for each improvement, including the percentage of the total cost of the public improvement that was funded with those charges if more than one source of funding was used.
- (B) Each public improvement on which charges were expended that was completed during that fiscal year.
- (C) Each public improvement that is anticipated to be undertaken in the following fiscal year.
- (5) A description of each interfund transfer or loan made from the capital facilities fund. The information provided, in the case of an interfund transfer, shall identify the public improvements on which the transferred moneys are, or will be, expended. The information, in the case of an interfund loan, shall include the date on which the loan will be repaid, and the rate of interest that the fund will receive on the loan.
- (e) The information required pursuant to subdivision (d) may be included in the local agency's annual financial report.
- (f) The provisions of subdivisions (c) and (d) shall not apply to any of the following:
- (1) Moneys received to construct public facilities pursuant to a contract between a local agency and a person or entity, including, but not limited to, a reimbursement agreement pursuant to Section 66003.
- (2) Charges that are used to pay existing debt service or which are subject to a contract with a trustee for bondholders that requires a different accounting of the charges, or charges that are used to reimburse the local agency or to reimburse a person or entity who advanced funds under a reimbursement agreement or contract for facilities in existence at the time the charges are collected.
  - (3) Charges collected on or before December 31, 1998.
- (g) Any judicial action or proceeding to attack, review, set aside, void, or annul the ordinance, resolution, or motion imposing a fee or capacity charge subject to this section shall be brought pursuant to Section 66022.
- 38 (h) Fees and charges subject to this section are not subject to the provisions of Chapter 5 (commencing with Section 66000),

SB 937 — 12 —

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but except for Section 66007, and are subject to the provisions of
 Sections 66016, 66022, and 66023.

- (i) Subdivisions (c) and (d) only apply to capacity charges levied pursuant to this section.
- pursuant to this section.
   SEC. 5. No reimbursement is required by this act pursuant to
   Section 6 of Article XIIIB of the California Constitution because
   a local agency or school district has the authority to levy service
   charges, fees, or assessments sufficient to pay for the program or
   level of service mandated by this act, within the meaning of Section
- 10 17556 of the Government Code.



#### ACTION ITEM April 3, 2024

**TO:** Board of Directors

FROM: Harvey De La Torre Staff Contact: Heather Baez

General Manager

SUBJECT: SB 1164 (NEWMAN) - PROPERTY TAXATION: NEW

**CONSTRUCTION EXCLUSION: ACCESSORY DWELLING UNITS** 

#### STAFF RECOMMENDATION

It is recommended that the Board of Directors vote to adopt an oppose position on SB 1164 (Newman).

#### **BILL SUMMARY**

Senate Bill 1164 would exempt new Accessory Dwelling Unit (ADU) construction from property tax assessment for 15 years from the date of completion or until sold, whichever comes first.

#### **ARGUMENTS IN SUPPORT**

SB 1164 seeks to further incentivize and increase production of ADUs across the state and help meet the state's housing goals. By delaying the property tax increase associated with the construction of an ADU, property owners will be further incentivized to increase the production of ADUs across the state. Under its provisions, SB 1164 will allow a property owner to claim an exemption to the existing property tax reassessment requirement for ADU construction if the ADU is being used for housing, until fifteen years have passed or until such time as the property is sold. Such an allowance will better align market forces with the state's overall housing goals, by enhancing an individual homeowner's cost-benefit calculations as it relates to considering the construction of an ADU. In so doing, SB 1164 will incentivize and accelerate the construction of ADUs across the state without adding costs or mandates to localities.

| Budgeted: ☐ Yes ☐ No    | Budgeted amount: | N/A                 | Core: ⊠     | Choice: □ |
|-------------------------|------------------|---------------------|-------------|-----------|
| Action item amount: N/A |                  | Movement between fu | ınds: 🗆 Yes | □ No      |

#### **ARGUMENTS IN OPPOSITION**

Some water providers receive property tax revenue, and this could result in long delays in receiving needed increases in funding to keep up with new demand. This creates a financial imbalance with water agencies that must deliver the needed services at the moment of occupancy while not receiving the necessary funds.

| ALIC  | NMENT   | WITH BOARD STRATEGIC PR        | IOR  | ITIES                                  |
|---|---------|--------------------------------|--|--|
| <ul> <li>Clarifying MWDOC's mission and role; defining functions and actions.</li> <li>Balance support for Metropolitan's regional mission and Orange County values and interests.</li> <li>Strengthen communications and coordination of messaging.</li> </ul> |         |                                | Work with member agencies to develop water supply and demand objectives. Solicit input and feedback from member agencies. Invest in workforce development and succession planning. |  |
| Mem   |         | ncy Legislative Feedback Form. | hare   | d with member agencies in this month's |
| Opti  | on #1:  | Adopt an oppose position on SE | 3 116  | 34 (Newman).                           |
|   |         | Fiscal Impact: None            |  |  |
| Opti  | on #2:  | Take no action.                |  |  |
|   |         | Fiscal Impact: None            |  |  |
|   |         |                                |  |  |
|   |         |                                |  |  |
|   |         |                                |  |  |
|   |         |                                |  |  |
|   |         | nments/Links:                  |  |  |
| At  | tachmen | <i>t 1:</i> SB 1164 Full Text  |  |  |
|   |         |                                |  |  |
|   |         |                                |  |  |
|   |         |                                |  |  |

#### **Introduced by Senator Newman**

February 14, 2024

An act to add Section 74.9 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

#### LEGISLATIVE COUNSEL'S DIGEST

SB 1164, as introduced, Newman. Property taxation: new construction exclusion: accessory dwelling units.

The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, "full cash value" is defined as the assessor's valuation of real property as shown on the 1975–76 tax bill under "full cash value" or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred.

This bill would exclude from classification as "newly constructed" and "new construction" the construction of an accessory dwelling unit, as defined, until 15 years have passed since construction on the accessory dwelling unit was completed or there is a subsequent change in ownership of the accessory dwelling unit. The bill would require the property owner to, prior to or within 30 days of completion of the project, notify the assessor that the property owner intends to claim the exclusion for an accessory dwelling unit and submit an affidavit stating that the owner shall make a good faith effort to ensure the unit will be used as residential housing for the duration the owner receives the exclusion. The bill would require the State Board of Equalization to prescribe the manner and form for claiming the exclusion and would require all additional documents necessary to support the exclusion to be filed by the property owner with the assessor not later than 6 months after the completion of the project. Because this bill would require an

SB 1164 -2-

affidavit by a property owner and a higher level of service from county assessors, it 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 with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Existing law requires the state to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding those provisions, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

This bill would take effect immediately as a tax levy.

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

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

- 1 SECTION 1. Section 74.9 is added to the Revenue and Taxation 2 Code, to read:
- 74.9. (a) Notwithstanding Section 70 and for purposes of Section 2 of Article XIII A of the California Constitution, "new construction" and "newly constructed" does not include the construction or addition of an accessory dwelling unit.
  - (b) The exclusion provided under this section shall remain in effect only until either of the following occurs:
    - (1) Fifteen years have passed since construction on the accessory dwelling unit was completed.
    - (2) There is a subsequent change in ownership of the accessory dwelling unit.
    - (c) (1) For purposes of this section, "accessory dwelling unit" means an attached or detached residential dwelling unit that provides complete, independent living facilities for one or more persons and that is located on a lot with a preexisting, single-family or multifamily residential dwelling on the lot. An "accessory

\_3\_ SB 1164

dwelling unit" shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel that the single-family or multifamily residential dwelling is located.

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- (2) An "accessory dwelling unit" includes, but is not limited to, any of the following:
- (A) An efficiency unit, as defined in Section 17958.1 of the Health and Safety Code.
- (B) A manufactured home, as defined in Section 18007 of the Health and Safety Code.
- (d) In order to receive the exclusion, the property owner shall notify the assessor prior to, or within 30 days of, completion of the project that the property owner intends to claim the exclusion for an accessory dwelling unit and, at the same time, shall submit an affidavit stating that the owner shall make a good faith effort to ensure the unit will be used as residential housing for the duration the owner receives the exclusion under this section. The State Board of Equalization shall prescribe the manner and form for claiming the exclusion. All additional documents necessary to support the exclusion shall be filed by the property owner with the assessor not later than six months after the completion of the project.
- (e) This section applies to new construction completed on or after January 1, 2025.
- SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIIIB of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIIIB of the California Constitution.
- However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.
- 38 SEC. 3. Notwithstanding Section 2229 of the Revenue and 39 Taxation Code, no appropriation is made by this act and the state

SB 1164 \_4\_

- shall not reimburse any local agency for any property tax revenues
- lost by it pursuant to this act.
- SEC. 4. This act provides for a tax levy within the meaning of Article IV of the California Constitution and shall go into 3
- 5 immediate effect.

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#### ACTION ITEM April 3, 2024

**TO:** Board of Directors

FROM: Harvey De La Torre Staff Contact: Heather Baez

General Manager

SUBJECT: SB 1210 (SKINNER) - NEW HOUSING

CONSTRUCTION: ELECTRICAL, GAS, SEWER, AND

WATER SERVICE CONNECTIONS: CHARGES

#### STAFF RECOMMENDATION

It is recommended that the Board of Directors vote to adopt an oppose unless amended position on SB 1210 (Skinner). The amendment should relate to the removal of special districts from the bill.

#### **BILL SUMMARY**

Senate Bill 1210 would prohibit a connection or capacity fee from exceeding 1% of the reported building permit value of that housing until. This measure would apply to investor-owned water and electric utilities, and specifical districts. In addition, it allows this charge to be paid over a period of ten years and requires that utilities and special districts prioritize the processing of the connections to housing units over all other buildings.

#### **ARGUMENTS IN SUPPORT**

According to the author, hook-up fees for electric, gas, sewer, or water service can add tens of thousands of dollars to the cost of each housing unit. By capping these costs, it will help increase housing production. In addition, AB 1210 would allow property owners to pay these fees over ten years rather than upfront, reducing some of the financial burden.

| Budgeted: ☐ Yes ⊠ No    | Budgeted amount: N/A |                                    | Core: ⊠ | Choice: □ |
|-------------------------|----------------------|------------------------------------|---------|-----------|
| Action item amount: N/A |                      | Movement between funds: ☐ Yes ☐ No |         |           |

#### **ARGUMENTS IN OPPOSITION**

Requiring that the fees cannot exceed 1% could prevent special districts from recovering the full cost of service being provided. This triggers Prop 26 concerns because failing to recover the cost of service from one class of customers requires that other customers make up for the shortfall. An arbitrary limit on fees could also lead to revenue shortfalls, hindering an agency's financial stability and their ability to properly maintain infrastructure. The ten year delay in cost recovery by water agencies is also problematic because, unlike some other municipal services, the additional water service is required in full at the moment of occupancy.

| ALIC  | SNMENT   | WITH BOARD STRATEGIC PR  | IOR  | ITIES                                   |
|---|----------|--|--|---|
| <ul> <li>Clarifying MWDOC's mission and role; defining functions and actions.</li> <li>Balance support for Metropolitan's regional mission and Orange County values and interests.</li> <li>Strengthen communications and coordination of messaging.</li> </ul> |          |  | Work with member agencies to develop water supply and demand objectives. Solicit input and feedback from member agencies. Invest in workforce development and succession planning. |   |
|   |          | <b>Comments:</b> This bill proposal was<br>ober Agency Legislative Feedbac |  | red with member agencies in this<br>rm. |
|   |          | s requested: Remove special dan investor-owned utilities.                  | istric   | ts from the bill. They are governed     |
| BOA   | RD OP    | TIONS  |  |   |
| Opti  | on #1:   | Adopt an oppose unless amend   | ed p   | osition on SB 1210 (Skinner).           |
|   |          | Fiscal Impact: None  |  |   |
| Opti  | on #2:   | Take no action.  |  |   |
|   |          | Fiscal Impact: None  |  |   |
|   |          |  |  |   |
| List  | of Attac | hments/Links:  |  |   |
|   |          | nt 1: SB 1210 Full Text  |  |   |
|   |          |  |  |   |
|   |          |  |  |   |
|   |          |  |  |   |

No. 1210

#### **Introduced by Senator Skinner**

February 15, 2024

An act to add Chapter 8 (commencing with Section 8395) to Division 4.1 of the Public Utilities Code, relating to utility service.

#### LEGISLATIVE COUNSEL'S DIGEST

SB 1210, as amended, Skinner. New housing construction: electrical, gas, sewer, and water service connections: charges.

The California Constitution establishes the Public Utilities Commission, with jurisdiction over all public utilities. Existing law defines the term "public utility" for certain purposes to include, among other corporations, every gas corporation, electrical corporation, water corporation, and sewer system corporation, where the service is performed for, or the commodity is delivered to, the public or any portion thereof.

This bill would, for new housing construction, prohibit a connection, capacity, or other point of connection charge from a public utility, as defined, or a special-district, as defined, district, including a municipal utility district, for electrical, gas, sewer, or water service from exceeding 1% of the reported building permit value of that housing unit. The bill would require a public utility or special district to issue an above-described charge over a period of at least 10 years commencing on the date when the housing unit is first occupied, as specified. The bill would require a public utility or special district to publicly report on its internet website the amount of any charge issued each year pursuant the above-described provision by the housing unit's address. The bill would also require a public utility or special district to prioritize

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SB 1210 -2-

the processing, approval, scheduling, and completion of electrical, gas, sewer, and water service connections to new housing construction over the processing, approval, scheduling, and completion of service connections to all other structures. To the extent that this bill imposes new requirements on certain special districts, 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, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

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 8 (commencing with Section 8395) is added to Division 4.1 of the Public Utilities Code, to read:

Chapter 8. Electrical, Gas, Sewer, and Water Charges for New Housing Construction

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8395. As used in this chapter, the following definitions apply:

- (a) "Public utility" means any of the following where the service is performed for, or the commodity is delivered to, the public or any portion thereof:
  - (1) An electrical corporation, as defined in Section 218.
- (2) A gas corporation, as defined in Section 222.
- 13 (3) A sewer system corporation, as defined in Section 230.6.
  - (4) A water corporation, as defined in Section 241.
- 15 (b) "Special district" means an agency of the state formed for 16 the performance of governmental or proprietary functions within

-3-**SB 1210** 

limited geographic boundaries, boundaries, including a municipal utility district as described in Section 11503. 3

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- 8396. (a) For new housing construction, a connection, capacity, or other point of connection charge from a public utility or special district for electrical, gas, sewer, or water service shall not exceed 1 percent of the reported building permit value of that housing unit.
- (b) A public utility or special district shall issue any charge described in subdivision (a) over a period of at least 10 years commencing on the date when the housing unit is first occupied. If the housing unit is sold before the expiration of that period, the subsequent owners of the housing unit shall continue paying the charge over the remainder of that period.
- 8397. A public utility or special district shall prioritize the processing, approval, scheduling, and completion of electrical, gas, sewer, and water service connections to new housing construction over the processing, approval, scheduling, and completion of service connections to all other structures.
- 8398. For new housing construction, a public utility or special district shall publicly report on its internet website the amount of any charge issued each year pursuant to Section 8396 by the housing unit's address.
- SEC. 2. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.
- SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

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#### ACTION ITEM April 3, 2024

**TO:** Board of Directors

FROM: Harvey De La Torre Staff Contact: Heather Baez

General Manager

SUBJECT: H.R 7525 – SPECIAL DISTRICT GRANT ACCESSIBILITY ACT

#### STAFF RECOMMENDATION

It is recommended that the Board of Directors vote to adopt a support position on H.R 7525 (Fallon, R-TX).

#### **BILL SUMMARY**

H.R. 7525 - The Special District Grant Accessibility Act, defines "special district" as follows:

The term "special district" means a political subdivision of a State, with specified boundaries and significant budgetary autonomy or control, created by or pursuant to the laws of the State, for the purpose of performing limited and specific governmental or proprietary functions that distinguish it as a significantly separate entity from the administrative governance structure of any other form of local government unit within a State.

H.R. 7525 would require Federal agencies to recognize special districts as local government for the purpose of Federal financial assistance determinations. In addition, it would codify in Federal law a first-ever, formal definition of "special district."

#### **ARGUMENTS IN SUPPORT**

Despite the significant presence of special districts in the U.S., Federal law lacks a consistent definition and reference to special purpose units of local government.

As a result, special districts:

May have difficulties directly accessing funding opportunities.

| Budgeted: ☐ Yes ☐ No    | Budgeted amount: N/A |                                    | Core: ⊠ | Choice: □ |
|-------------------------|----------------------|------------------------------------|---------|-----------|
| Action item amount: N/A |                      | Movement between funds: ☐ Yes ☐ No |         |           |

- Are commonly omitted as eligible in the definitions of "local government" for proposed legislation and laws intended to assist all local governments.
- Are mistaken for small businesses or nonprofit corporations.
- Lack official population figures, as they are not federally recognized as "geographic units of government."

| ΑF | RGL | JMEN | NTS | IN ( | <b>OPF</b> | POSI | TION |
|----|-----|------|-----|------|------------|------|------|
|    |     |      |     |      |            |      |      |

None on file

| ALI | ALIGNMENT WITH BOARD STRATEGIC PRIORITIES   |         |  |  |  |  |
|-----|---|---------|--|--|--|--|
|     | Clarifying MWDOC's mission and role; defining functions and actions. Balance support for Metropolitan's regional mission and Orange County values and interests. Strengthen communications and coordination of messaging. |         | Work with member agencies to develop water supply and demand objectives. Solicit input and feedback from member agencies. Invest in workforce development and succession planning. |  |  |  |
|     | itional Comments: This bill proposal is a pouraging all their members to support it.  | oriorit | y for CSDA this year, and they are   |  |  |  |

Co-sponsors include:

Rep. Brittany Petterson, (D-CO)

Rep. Katie Porter, (D-CA)

Rep. Derek Kilmer, (D-WA)

Rep. Donald Davis, (D-NC)

Rep. David Valadao, (R-CA)

#### **BOARD OPTIONS**

**Option #1:** Adopt a support position on H.R 7525 (Fallon, R-TX)

Fiscal Impact: None

**Option #2:** Take no action.

Fiscal Impact: None

| List of Attachments/Links:       |  |  |
|----------------------------------|--|--|
| Attachment 1: H.R 7525 Full Text |  |  |
|                                  |  |  |
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|                                  |  |  |



#### 118TH CONGRESS 2D SESSION

## H. R. 7525

To require the Director of the Office of Management and Budget to issue guidance to agencies requiring special districts to be recognized as local government for the purpose of Federal financial assistance determinations.

#### IN THE HOUSE OF REPRESENTATIVES

March 5, 2024

Mr. Fallon (for himself and Ms. Pettersen) introduced the following bill; which was referred to the Committee on Oversight and Accountability

## A BILL

- To require the Director of the Office of Management and Budget to issue guidance to agencies requiring special districts to be recognized as local government for the purpose of Federal financial assistance determinations.
  - 1 Be it enacted by the Senate and House of Representa-
  - 2 tives of the United States of America in Congress assembled,
  - 3 SECTION 1. SHORT TITLE.
  - 4 This Act may be cited as the "Special District Grant
  - 5 Accessibility Act".

#### SEC. 2. AGENCY FINANCIAL ASSISTANCE GUIDANCE ON

| ) | CDECIAI | DISTRICTS. |
|---|---------|------------|
| _ | SELUIAL | DISTINUTS. |

- 3 (a) REQUIREMENTS FOR AGENCY ACKNOWLEDG-
- 4 MENT OF SPECIAL DISTRICTS AS GRANT RECIPIENTS.—
- 5 (1) OMB GUIDANCE.—Not later than 180 days
- 6 after the date of the enactment of this Act, the Di-
- 7 rector shall issue guidance that clarifies how an
- 8 agency recognizes a special district as a unit of local
- 9 government for the purpose of being eligible to re-
- 10 ceive Federal financial assistance.
- 11 (2) AGENCY REQUIREMENTS.—Not later than 1 12 year after the date on which the guidance is issued
- pursuant to paragraph (1), the head of each agency
- shall implement the requirements of such guidance
- and conform any policy, principle, practice, proce-
- dure, or guideline relating to the administration of
- the Federal financial assistance programs of the
- agency.
- 19 (3) REPORTING REQUIREMENT.—Not later than
- 20 2 years after the date of the enactment of this Act,
- the Director shall submit to the Committee on Over-
- sight and Accountability of the House of Represent-
- atives and the Committee on Homeland Security and
- Governmental Affairs of the Senate a report that
- evaluates agency implementation of and conformity
- to the guidance issued pursuant to paragraph (1).

| 1  | (b) Definitions.—In this section:                     |
|----|---|
| 2  | (1) Agency.—The term "agency" has the                 |
| 3  | meaning given the term in section 552 of title 5,     |
| 4  | United States Code.                                   |
| 5  | (2) Director.—The term "Director" means               |
| 6  | the Director of the Office of Management and Budg-    |
| 7  | et.   |
| 8  | (3) Federal financial assistance.—The                 |
| 9  | term "Federal financial assistance"—                  |
| 10 | (A) means assistance that a non-Federal               |
| 11 | entity receives or administers in the form of a       |
| 12 | grant, loan, loan guarantee, property, coopera-       |
| 13 | tive agreement, interest subsidy, insurance, food     |
| 14 | commodity, direct appropriation, or other as-         |
| 15 | sistance; and   |
| 16 | (B) does not include an amount received as            |
| 17 | reimbursement for services rendered to an indi-       |
| 18 | vidual in accordance with guidance issued by          |
| 19 | the Director.   |
| 20 | (4) Special district.—The term "special dis-          |
| 21 | trict" means a political subdivision of a State, with |
| 22 | specified boundaries and significant budgetary au-    |
| 23 | tonomy or control, created by or pursuant to the      |
| 24 | laws of the State, for the purpose of performing lim- |

ited and specific governmental or proprietary func-

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entity from the administrative governance structure of any other form of local government unit within a State.

(5) STATE.—The term "State" means each of the several States, the District of Columbia, each commonwealth, territory, or possession of the United States, and each federally recognized Indian Tribe.

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#### ACTION ITEM April 3, 2024

**TO:** Board of Directors

FROM: Planning & Operations Committee

(Directors Seckel, Yoo Schneider, Dick)

Harvey De La Torre, General Manager

Staff Contact: Heather Baez, Director of Governmental Affairs

SUBJECT: ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION (OC

LAFCO) SPECIAL DISTRICT MEMBER SEAT - ELECTION

#### STAFF RECOMMENDATION

Staff recommends the Board of Directors:

- Review and discuss potential nominations to OC LAFCO;
- Authorize President McVicker and an alternate to vote in the appointment process; and
- Direct staff to submit the appropriate forms to OC LAFCO by the deadlines outlined.

#### **COMMITTEE RECOMMENDATION**

The Planning & Operations Committee will review this item on April 1, 2024 and make a recommendation to the Board.

#### **SUMMARY**

The terms of office for OC LAFCO's Special District member (currently held by Mesa Water District Board Member Jim Fisler) will expire on June 30, 2024.

Nominations and/or Declaration of Qualification to Vote must be submitted to OC LAFCO by 4:00 p.m. by Monday, April 15, 2024.

| Budgeted: ⊠ Yes □ No    | Budgeted amount: |                                    | Core: ⊠ | Choice: □ |
|-------------------------|------------------|------------------------------------|---------|-----------|
| Action item amount: n/a |                  | Movement between funds: ☐ Yes ☒ No |         |           |

| Appointment Process Schedule<br>for OC LAFCO Regular Special District Member Seat Expiring<br>June 30, 2024 |  |  |
|---|--|--|
| DATE EVENT  |  |  |
| March 11,<br>2024   | OC LAFCO Executive Officer emails nomination form and Declaration of Qualification to Vote to each independent special district presiding officer (c/o the clerk of the district) and general manager. |  |
| April 15, 2024<br>(by 4:00 PM)  | Submission of a nomination (if applicable) and Declaration of Qualification to Vote are due to OC LAFCO by 4:00 p.m.*  |  |
| May 6, 2024   | Ballot is emailed to each special district presiding officer or designee (c/o the clerk of the district).  |  |
| June 10, 2024<br>(by 4:00 PM)   | Ballots are due to OC LAFCO by 4:00 p.m.   |  |
| June 17, 2024   | OC LAFCO staff (or designee) tabulates ballots and announces results.  |  |
| July 10, 2024   | Oath of office administered at the Commission Regular Meeting.   |  |

<sup>\*</sup> Pursuant to Government Code Section 56332(f)(2), at the end of the nominating period, if only one candidate is nominated for the vacant seat, that candidate shall be deemed appointed.

#### **ALIGNMENT WITH BOARD STRATEGIC PRIORITIES**

| $\boxtimes$ | Clarifying MWDOC's mission and role; defining functions and actions.                        | Work with member agencies to develop water supply and demand objectives. |
|-------------|---|--|
|             | Balance support for Metropolitan's regional mission and Orange County values and interests. | Solicit input and feedback from member agencies.                         |
|             | Strengthen communications and coordination of messaging.                                    | Invest in workforce development and succession planning.                 |

#### **BOARD OPTIONS**

#### Option #1:

- Review and discuss potential nominations to OC LAFCO; and
- Authorize President McVicker and an alternate to vote in the appointment process; and
- Direct staff to submit the appropriate forms to OC LAFCO by the deadlines outlined.

Fiscal Impact: None

Option #2: Take no action

Fiscal Impact: None

#### List of Attachments/Links:

#### Attachment 1:

- OC LAFCO Alternate Special District Appointment Announcement Process Letter
- Declaration of Qualification to Vote
- 2024 Nomination Form





**REGULAR MEMBERS** 

CHAIR

**Donald P. Wagner County Member** 

**VICE CHAIR** 

**Wendy Bucknum** City Member

**IMMEDIATE PAST CHAIR Douglass Davert Special District Member** 

James Fisler **Special District Member** 

Derek J. McGregor **Public Member** 

**Bruce Whitaker** City Member

**VACANT County Member** 

#### **ALTERNATES**

**Kathryn Freshley** Special District Member

**Carol Moore** City Member

**Lou Penrose Public Member** 

**VACANT County Member** 

#### **STAFF**

**Carolyn Emery Executive Officer** 

**Scott Smith General Counsel**  March 11, 2024

TO: Independent Special District, Presiding Officer

(Delivered by email: c/o Clerk of the District)

FROM: Carolyn Emery, Executive Officer

SUBJECT: Nomination Period and Appointment Process for the OC

LAFCO Regular Special District Member Seat

The nomination period for the Orange County Local Agency Formation Commission (OC LAFCO) Regular Special District Member seat is now open. The OC LAFCO Executive Officer will accept nominations for this seat from March 11 through April 15, 2024. The current term for this seat expires June 30, 2024.

The appointment process for the OC LAFCO special district seat is governed by Government Code Section 56332 and the Independent Special District Selection Committee Bylaws. In accordance with the statute and the Committee's Bylaws, the appointment process is conducted by mailed ballot and attached to this notification are the following:

- The "Declaration of Qualification to Vote" for designating the (1) authorized regular voting member and alternate voting member, if applicable, of your district for this appointment process. This form must be returned to OC LAFCO no later than 4:00 p.m., Monday, April 15, 2024. Please note, in accordance with the Independent Special District Selection Committee Bylaws, if OC LAFCO does not receive the form by this date, your district will be ineligible to vote; and
- The "2024 Nomination Form" for submitting a candidate's name for the OC LAFCO Regular Special District Member seat. If your district is nominating a candidate, the form must be filled out completely and returned to OC LAFCO by 4:00 p.m., Monday, April 15, 2024. Candidate resumes or other supplemental information may be attached to the nomination form, and these materials will be distributed with the ballot.

Completed declaration and nomination forms may be submitted to OC LAFCO electronically or by USPS mail at:

#### **Electronically:**

Email: ccarter-benjamin@oclafco.org

#### **USPS Mail:**

Orange County Local Agency Formation Commission Attention: Cheryl Carter-Benjamin, Commission Clerk 2677 North Main Street, Suite 1050 Santa Ana, CA 92705

For your reference, the schedule of key dates for the appointment process is shown below:

| Appointment Process Schedule<br>for OC LAFCO Regular Special District Member Seat   |                                    |  |
|---|------------------------------------|--|
| ACTION  | DATE                               |  |
| LAFCO Executive Officer emails notification letter with nomination and Declaration of Qualification to Vote forms to independent special district presiding officers (c/o district clerk) and general managers. | March 11, 2024                     |  |
| Deadline for submitting nomination and declaration forms to OC LAFCO by 4:00 p.m.*  | April 15, 2024 (4 PM)              |  |
| Ballots emailed to special district presiding officers/designees (c/o district clerk).  | May 6, 2024                        |  |
| Ballots due to OC LAFCO by 4:00 p.m.  | June 10, 2024 (4 PM)               |  |
| OC LAFCO staff (or designee) tabulates ballots and announces results.   | June 17, 2024                      |  |
| Oath of Office Administered.  | July 10, 2024 (Commission Hearing) |  |
| * Pursuant to Government Code Section 56332(c)(1), if only one candidate is nominated for a vacant seat, that candidate shall be deemed selected with no further proceedings.                                   |                                    |  |

Should you have any questions on this matter, you may contact OC LAFCO Commission Clerk Cheryl Carter-Benjamin at (714) 640-5100 or by email at <a href="mailto:ccarter-benjamin@oclafco.org">ccarter-benjamin@oclafco.org</a>.

#### Attachments:

- 1. Declaration of Qualification to Vote
- 2. 2024 Nomination Form Regular Special District Member Seat

cc: Special District General Managers



## **DECLARATION OF QUALIFICATION TO VOTE**

## Robert McVicker Presiding Officer

## Municipal Water District of Orange County

| ,* hereby attest that  ** has been authorized by the Board of to vote in the OC LAFCO Special  District Selection Committee election as the regular voting member.   |  |  |  |
|--|--|--|--|
| The Board also designated**as the alternate voting member.   |  |  |  |
| Name and Title*:   |  |  |  |
| Signature*:  |  |  |  |
| Date*:   |  |  |  |
| * Declaration MUST be completed and signed by either Board President <u>or</u> Board Secretary.  |  |  |  |
| ** Must be a member of the Board.  |  |  |  |
|  |  |  |  |
| In accordance with the Independent Special District Selection Committee Bylaws, completed declarations must be received by OC LAFCO by 4:00 PM, Monday, April 15, 2024. Declarations may be submitted electronically by email or USPS mail at: |  |  |  |
| (1) Email: <a href="mailto:ccarter-benjamin@oclafco.org">ccarter-benjamin@oclafco.org</a>  |  |  |  |
| (2) USPS Mail: Orange County Local Agency Formation Commission<br>2677 North Main Street, Suite 1050<br>Santa Ana, CA 92705<br>Attn: Cheryl Carter-Benjamin  |  |  |  |



#### **Orange County Local Agency Formation Commission (OC LAFCO)**

### **2024 NOMINATION FORM**

| NOMINEE IN  | FORMATION FOR REGULAR SPECIAL DISTRICT MEMBER SEAT:               |  |  |  |
|---|---|--|--|--|
| NAME:   |   |  |  |  |
| TITLE:  |   |  |  |  |
| DISTRICT:   |   |  |  |  |
|   | ☐ Check box if resume or statement of qualifications is attached. |  |  |  |
|   |   |  |  |  |
| SPECIAL DISTRICT SELECTION COMMITTEE MEMBER SUBMITTING NOMINATION (Must be the presiding officer or a designated alternate board member.) |   |  |  |  |
| NAME:   | DATE:   |  |  |  |
| SIGNATURE:  |   |  |  |  |
| TITLE:  |   |  |  |  |
| DISTRICT:   |   |  |  |  |

A resume or other supplemental information about the nominee may be included and will be distributed with the ballot. The completed nomination form and any supplemental information must be returned to OC LAFCO by 4:00 p.m., Monday, April 15, 2024 and may be submitted electronically or by USPS to:

#### Electronically

Email: ccarter-benjamin@oclafco.org

#### USPS Mail

Orange County Local Agency Formation Commission Attention: Cheryl Carter-Benjamin, Commission Clerk 2677 North Main Street, Suite 1050 Santa Ana, CA 92705



#### ACTION ITEM April 3, 2024

**TO:** Board of Directors

FROM: Harvey De La Torre, General Manager

Staff Contact: Melissa Baum-Haley, Director of MET Issues & Policy

Alex Heide, Sr. Water Resources Analyst

SUBJECT: Local Resources Program (LRP) Agreement between Metropolitan,

MWDOC, and South Coast Water District for the Doheny Ocean

**Desalination Project** 

#### STAFF RECOMMENDATION

It is recommended that the Board of Directors authorize the General Manager to execute the Local Resources Program agreement with the Metropolitan Water District of Southern California and South Coast Water District generally in the form as attached for the Doheny Ocean Desalination Project, subject to review and approval by Legal Counsel of any final agreement changes.

#### **COMMITTEE RECOMMENDATION**

The Planning & Operations Committee will review this item on April 1, 2024 and make a recommendation to the Board.

#### **REPORT**

In June of 2022, South Coast Water District (SCWD) submitted a Local Resources Program (LRP) application through MWDOC to the Metropolitan Water District for the Doheny Ocean Desalination Project (Project). Metropolitan staff reviewed the application and developed a LRP agreement for consideration by both MWDOC and SCWD prior to consideration by Metropolitan's Board. As the Metropolitan member agency, MWDOC's approval is required before Metropolitan's Board may consider the Project; the Metropolitan Board approval is scheduled for the April 9, 2024, Metropolitan Board meeting.

| Budgeted: ☐ Yes ☐ No | Budgeted amount: |                     | Core: □     | Choice: □ |
|----------------------|------------------|---------------------|-------------|-----------|
| Action item amount:  |                  | Movement between fu | ınds: 🗆 Yes | □ No      |

The Project would help Metropolitan increase regional water supply reliability, reduce future demands for imported water supplies, and achieve its Integrated Water Resources Plan (IRP) goals. The project would also provide SCWD with additional local reliability and resilience in an area of the system that is highly reliant on Metropolitan with limited local water supply resilience.

#### **Project Overview**

The Project is a 5 million gallons per day (5,600 AFY) ocean water desalination facility in Dana Point, California, near Doheny State Beach. The project will primarily be located on approximately 10 acres at SCWD's San Juan Creek Property.

The Project's source water is from subsurface intake slant wells drilled at an angle beneath Doheny State Beach. The slant wells will be fully buried beneath the ocean floor to ensure the full protection of marine life. Additional facilities that will be constructed as part of the Project include, a raw ocean water conveyance pipeline, seawater desalination facility, and associated distribution infrastructure. A brine disposal system would utilize the existing San Juan Creek Ocean Outfall to return brine and treated process waste streams to the ocean. This would be achieved in part through blending in the outfall pipe with the existing wastewater stream from the J.B. Latham Wastewater Treatment Plant and other regional facilities.

On June 27, 2019 SCWD adopted the Final Environmental Impact Report for the Project, complying with the California Environmental Quality Act (CEQA). The Project has received all necessary permits, including a National Pollutant Discharge Elimination System (NPDES) Permit, Conditional Coastal Development Permit, and General Land Lease from the State Lands Commission. Additionally, SCWD's Project will be the first fully compliant ocean desalination project to use the California Ocean Plan's preferred technologies of both subsurface intake and co-mingled brine discharge.

#### LRP Funding

Metropolitan's FY24-25 and FY25-26 budget is still accepting applications for LRP project consideration. As proposed, the biennial budget assumes all new projects would be funded in future budgets, subject to Board approval. This is consistent with both the prior biennial budget and Metropolitan's LRP process, where projects have four years to complete construction before producing water and receiving LRP incentives.

As outlined in the attached draft agreement, SCWD has selected LRP incentive Option 2, which provides an incentive amount of up to \$475 per AF for 15 years. This could garner a total of up to \$39,900,000 based on actual production. Of note, the Project production is required to continue after the initial 15 years even though no LRP financial incentives will be provided by Metropolitan during the last 10 years of the Agreement term.

#### **LRP Agreement Key Terms**

The Project complies with LRP criteria adopted by the Metropolitan Board on October 13, 2014. Key terms of the proposed agreement (attached), subject to approval in form by Legal Counsel, include the following:

- 1. Agreement term is 25 years for a contract yield of 5,600 AFY.
- 2. Pay for performance LRP financial incentives are only for water delivered by the Project for beneficial use.
- 3. Sliding Scale incentives up to \$475 per AF, calculated annually based on actual project unit costs that exceed Metropolitan's prevailing water rate over 15 years.
- 4. Termination for nonperformance if construction does not commence, or if water deliveries are not realized, in accordance with program performance provisions.
- 5. Reduction in Metropolitan's contract commitment if the Project falls short of production targets measured in four-year intervals throughout the Agreement term.

#### **ALIGNMENT WITH BOARD STRATEGIC PRIORITIES**

|      | Clarifying MWDOC's mission and role; defining functions and actions. Balance support for Metropolitan's regional mission and Orange County values and interests. Strengthen communications and coordination of messaging. | Work with member agencies to develop water supply and demand objectives. Solicit input and feedback from member agencies. Invest in workforce development and succession planning. |
|------|---|--|
| Addi | tional Comments:  |  |

#### **BOARD OPTIONS**

**Option #1:** The Board of Directors authorize the General Manager to execute the final LRP Agreement with Metropolitan and SCWD generally in the form as attached for SCWD's Doheny Ocean Desalination Project, for up to 5,600, subject to review and approval by Legal Counsel of any final agreement changes.

**Fiscal Impact:** No fiscal impact to MWDOC directly. Would provide incentive amount up to \$475 per AF to one of our member agencies.

**Option #2:** Do not authorize execution of an agreement for the Project.

Fiscal Impact: None.

#### List of Attachments/Links:

Attachment 1: Draft Local Resources Program Agreement between Metropolitan, MWDOC, and South Coast Water District for the Doheny Ocean Desalination Project.

Attachment 2: MWDOC Support Position for The Doheny Ocean Desalination Project

#### AGREEMENT NO. xxxxxx DOHENY OCEAN DESALINATION PROJECT 2014 LOCAL RESOURCES PROGRAM AGREEMENT BETWEEN

## THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, MUNICIPAL WATER DISTRICT OF ORANGE COUNTY, AND SOUTH COAST WATER DISTRICT

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#### **Exhibits**

Exhibit A (Project Description)

Exhibit B (Annualized Capital Component)

Exhibit C (Operation and Maintenance Component)

Exhibit D (Performance Provisions)

Exhibit E (MWD Administrative Code Section 4401(c))

Exhibit F (Payment and Reimbursement Provisions)

# AGREEMENT NO. xxxxxx DOHENY OCEAN DESALINATION PROJECT 2014 LOCAL RESOURCES PROGRAM AGREEMENT BETWEEN

#### THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, MUNICIPAL WATER DISTRICT OF ORANGE COUNTY, AND SOUTH COAST WATER DISTRICT

THE EFFECTIVE DATE OF THIS AGREEMENT (Agreement) is Month Day, 2024 by and among The Metropolitan Water District of Southern California (Metropolitan), Municipal Water District of Orange County (MWDOC), and the South Coast Water District (SCWD). Metropolitan, MWDOC, and SCWD may be collectively referred to as "Parties" and individually as "Party".

#### **RECITALS**

- A. Metropolitan's Board of Directors, at its October 2014 meeting, established terms and conditions for the 2014 Local Resources Program (LRP) for local resource development projects within Metropolitan's service area for the purposes of improving regional water supply reliability. The 2014 LRP Program provides three LRP incentive payment structure options to choose from: (1) sliding scale incentives up to \$340/AF over 25 years, (2) sliding scale incentives up to \$475/AF over 15 years, or (3) fixed incentive up to \$305/AF over 25 years. Under option 2, the projects must continue to produce for 25 years, even when LRP payments are reduced to zero after 15 years. If an agency fails to comply with this provision, Metropolitan may, at its sole discretion, require reimbursement for a portion of the previous LRP payments toward the Project.
- B. SCWD has chosen option 2 for this Project (defined below).
- C. Metropolitan is a public agency organized and existing under the Metropolitan Water District Act (Act) Statutes 1969, ch.209, as amended, [§§109.1 et seq. of the Appendix to the West's California Water Code] to transport, store and distribute water in the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura, within the State of California.
- D. The Act empowers Metropolitan to acquire water and water rights within or without the state; develop, store and transport water; provide, sell and deliver water at wholesale for municipal and domestic uses and purposes; set the rates for water; and acquire, construct, operate and maintain any and all works, facilities, improvements and property necessary or convenient to the exercise of the powers granted by the Act.
- E. MWDOC is a public agency organized and existing under the Municipal water District Law of 1911, and empowered to enter into contracts necessary to carry out its powers and purposes.

- F. MWDOC, as a member public agency of Metropolitan under the Act, is a wholesale purchaser within its service area of water developed, stored, and distributed by Metropolitan.
- G. SCWD is a public agency organized and existing under the County Water District Law codified at Division 12 of the California Water Code, and empowered to enter into contracts necessary to carry out its powers and purposes.
- H. SCWD is a member agency of MWDOC and provides retail water and recycled water services within its service area.
- I. Metropolitan's mission is to provide its service area with adequate and reliable water to meet present and future needs in an environmentally and economically responsible way.
- J. SCWD seeks to enhance its local water supplies and reduce reliance on imported water by providing a direct replacement of potable water with Desalinated Seawater.
- K. SCWD is constructing facilities collectively known as the "Doheny Ocean Desalination Project" (Project) to deliver up to 5,600 acre-feet per year of Desalinated Seawater for potable uses within its service area, within local agency service areas, and/or as a water exchange within Metropolitan's service area and requires Metropolitan's financial incentives to complete and operate the Project. The planned capacity of 5 MGD for the Project calculates directly to an annual volume of 5,600 AF. Although the Project will anticipate a minimum online percentage of 95%, equating to a minimum annual delivery of 5,321 AF, it is planned and required that the Project will be capable of producing and distributing 5,600 AF per Year for use by its End Users. Therefore, the value of 5,600 AFY is being proposed as the Allowable and Ultimate Yield.
- L. Metropolitan, MWDOC, and SCWD have determined that it is mutually beneficial for local water projects originating in the service area of SCWD to be developed as a supplement to Metropolitan's imported water supplies in order to meet future water needs.
- M. Metropolitan in accordance with the LRP desires to assist in increasing use of local water supplies by providing a financial incentive to SCWD to implement the Project.
- N. MWDOC and SCWD believe that Metropolitan's continued financial contribution toward the cost of the Project will make Project operation economically viable, and both agencies are committed to implementation of the Project.
- O. Metropolitan's LRP and the provisions for financial incentives are premised upon, and require verification of, actual costs for delivering Desalinated Seawater from the Project.
- P. The Parties believe the development of Desalinated Seawater by the Project will benefit the local community within SCWD, MWDOC, and the region served by Metropolitan.

NOW, THEREFORE, in consideration of the promises and covenants hereinafter set forth, the Parties do agree as follows:

#### Section 1: Definitions

The following words and terms, unless otherwise expressly defined in their context, shall be defined to mean:

- 1.1 "Allowable Yield" shall mean the amount of Desalinated Seawater delivered to End Users by SCWD from the Project in a Fiscal Year that is eligible to receive Metropolitan's financial assistance. Allowable Yield shall be used for potable uses either through direct and indirect deliveries to End Users or via water exchange to End Users within Metropolitans service area. Allowable Yield shall not exceed Ultimate Yield and shall exclude Desalinated Seawater that Metropolitan reasonably determines will not reduce MWDOC's or SCWD's demand for Metropolitan's imported water. Unless otherwise approved in writing by Metropolitan, Allowable Yield shall exclude: (1) Desalinated Seawater provided by existing projects, (2) Allowable Yield from other projects with active or terminated LRP or Local Projects Program agreements; (3) groundwater, surface water, or potable water deliveries to supplement the Desalination facility; (4) Desalinated Seawater delivered to environmental and recreational impoundments; (5) disposed Desalinated Seawater; and (6) brine generated by the Project.
- 1.2 "End User" shall mean each user that purchases Allowable Yield furnished by this Project within SCWD's service area, within local water agency service areas, and/or within Metropolitan's service area.
- 1.3 "Estimated LRP Contribution" shall mean the advanced financial contribution in dollars per acre-foot, not to exceed \$475 per acre-foot, Metropolitan pays for Allowable Yield to SCWD for monthly billing purposes until the Final LRP Contribution is calculated pursuant to procedures in Section 5. LRP payments are for up to 15 years after project starts operation but project must continue to produce for 25 years, even after LRP payments are reduced to zero after 15 years, subject to reimbursement provisions outlined in Exhibit F, incorporated herein by this reference.
- 1.4 "Final LRP Contribution" shall mean the financial contribution, not to exceed \$475 per acre-foot, by Metropolitan to the Project for Allowable Yield. The Final LRP Contribution for the Project is equal to the Project Unit Cost minus Metropolitan's prevailing full service treated water rate as defined in Exhibit E attached hereto and incorporated herein by this reference.
- 1.5 "Fiscal Year" shall mean a Metropolitan Fiscal Year which begins on July 1 and ends on June 30 of the following calendar year.
- 1.6 "Project" shall mean the Doheny Ocean Desalination Project, as defined in Exhibit A attached hereto and incorporated herein by this reference, being developed by SCWD to deliver the Ultimate Yield. SCWD shall notify Metropolitan prior to making any changes to the Project that impact projected Allowable or Ultimate Yield capacity. Metropolitan shall inform SCWD of Metropolitan's decision to include or exclude the Project change to this Agreement.

- 1.7 "Project Unit Cost" shall mean the actual cost to produce and distribute an acre-foot of Desalinated Seawater by the Project and is comprised of an Annualized Capital Component and an Operation and Maintenance Component, as specified in Exhibits B and C attached hereto and incorporated herein by this reference.
- 1.8 "Desalinated Seawater" shall mean treated seawater which, subject to regulatory requirements, is suitable for beneficial uses.
- 1.9 "Recovered Water" shall mean all types of water including Desalinated Seawater, groundwater, or other water delivered for beneficial use to any users by the Project in a Fiscal Year.
- 1.10 "Ultimate Yield" is 5,600 acre-feet per Fiscal Year and subject to reduction provisions outlined in Exhibit D, incorporated herein by this reference.

#### Section 2: Representations and Warranties

- 2.1 SCWD warrants that it is able and has a right to sell Allowable Yield from the Project.
- 2.2 SCWD warrants that neither it nor any of its agents discriminate against employees or against any applicant for employment because of ancestry, creed, religion, age, sex, color, national origin, denial of family and medical care leave, marital status, medical condition, mental or physical disability (including HIV and AIDS), and further warrants that it requires all contractors and consultants performing work on the Project to comply with all laws and regulations prohibiting discrimination against employees or against any applicant for employment because of ancestry, creed, religion, age, sex, color, national origin, denial of family and medical care leave, marital status, medical condition, mental or physical disability (including HIV and AIDS).
- 2.3 SCWD warrants that it has or will comply with the provisions of the California Environmental Quality Act for each and all components of the Project.
- 2.4 SCWD represents and warrants that both 1) SCWD and 2) to SCWD's knowledge, its directors, officers, employees, subsidiaries and sub-consultants, are not engaged in any business transactions or other activities prohibited by any laws, regulations or executive orders relating to terrorism, trade embargoes or money laundering ("Anti-Terrorism Laws"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "Executive Order"), the Patriot Act, and the regulations administered by the Office of Foreign Assets Control ("OFAC") of the U.S. Department of Treasury, including those parties named on OFAC's Specially Designated Nationals and Blocked Persons List. SCWD is in compliance with the regulations administered by OFAC and any other Anti-Terrorism Laws, including the Executive Order and the Patriot Act. In the event of any intentional or gross negligent violation of this section, Metropolitan shall be entitled to terminate this Agreement subject to Section 7.3(a) below, and take such other actions as are permitted or required to be taken under law or in equity.

#### Section 3: Ownership and Responsibilities

- 3.1 SCWD assumes all rights and responsibilities of the owner of the Project pursuant to this Agreement. Metropolitan and MWDOC shall have no ownership right, title, security interest or other interest in the Project.
- 3.2 SCWD shall be solely responsible for all design, environmental compliance, right-of-way acquisitions, permits, construction, and cost of the Project and all modifications thereof.
- 3.3 SCWD shall be solely responsible for ensuring the operation and maintenance of the Project, in accordance with all applicable local, state, and federal laws. Metropolitan and MWDOC shall have no rights, duties or responsibilities for operation and maintenance of the Project.
- 3.4 SCWD shall install, operate, and maintain metering devices for the purpose of measuring the quantity of Recovered Water and Allowable Yield delivered to each End User.
- 3.5 SCWD shall also provide electrical metering devices to accurately measure the energy used for the Project to determine incurred operation and maintenance costs. Metropolitan shall not pay for electrical energy costs if SCWD fails to install electrical metering devices.
- 3.6 SCWD shall at all times during the term of this Agreement, use its best efforts to ensure operation of the Project to maximize Allowable Yield on a sustained basis.
- 3.7 SCWD shall assist Metropolitan in its effort to forecast future Project production and cost.
- 3.8 SCWD shall notify and provide Metropolitan with a copy of relevant agreements and payments if SCWD decides to convey Project water to any party that is not an End User.

#### Section 4: Invoicing Process

- 4.1 SCWD shall notify Metropolitan in writing not less than 30 days prior to the start of Project operation. Before the first invoice, MWDOC, SCWD and Metropolitan shall meet to coordinate the Agreement administration requirements and to determine the Estimated LRP Contribution based on historical cost data and expected Project activities. After the first year of operation, the Estimated LRP Contribution will be determined during the annual reconciliation process pursuant to Section 5.
- 4.2 After the start of Project operation, SCWD shall invoice Metropolitan monthly for the Estimated LRP Contribution based upon Allowable Yield delivered during the previous month. Metropolitan shall pay SCWD for invoiced Estimated LRP Contribution by means of a credit included on the next monthly water service invoice issued to MWDOC in accordance with Metropolitan's Administrative Code.
- 4.3 Pursuant to Metropolitan's Administrative Code, invoices for Estimated LRP Contribution must be received by Metropolitan before 3:30 p.m. on the third working day

- after the end of the month to receive credit for any preceding month on the next monthly water service invoices issued to MWDOC. Metropolitan will not pay for any invoiced Estimated LRP Contribution received more than six months following the end of any month in which a credit is claimed, and the Desalinated Seawater claimed in any such late invoice shall not be included in the Allowable Yield.
- 4.4 Metropolitan, MWDOC, and SCWD have entered into agreements for development of local water resources projects in addition to this Agreement. Each agreement contains specific terms and conditions to determine project yield, payment process, and project performance and any adjustments to contractual yield and incentive payments. Unless approved in writing by Metropolitan, these agreements are independent from each other and, therefore, the yield produced under one agreement shall not be used to fulfill the performance requirements under other agreements. These provisions shall also apply to all future incentive agreements between Metropolitan, MWDOC, and SCWD.

#### Section 5: Reconciliation Process

- 5.1 After the start of Project operation and by December 31 of each year, SCWD shall provide Metropolitan with the following reconciliation data for the previous Fiscal Year: (a) records of Recovered Water and Allowable Yield; (b) supporting documentation of the actual cost of the Project required to perform the calculations prescribed in Exhibits B and C; (c) records of water deliveries to End Users; (d) terms and schedule of payments of the Project's financing instruments; (e) a description of any changes to the Project's financing instruments; and (f) all contributions pursuant to Section 5.4.
- 5.2 If reconciliation data is not submitted by December 31 in accordance with Section 5.1, Metropolitan will assess a late penalty charge to SCWD as prescribed in Metropolitan's Administration Code, as amended, currently set at \$2,500, in Section 4507. Metropolitan may suspend its payment of Estimated LRP Contribution if SCWD fails to provide reconciliation data by the ensuing April 1. During the suspension period, SCWD shall continue to invoice Metropolitan for the Estimated LRP Contribution based upon the Allowable Yield for water accounting purposes. Metropolitan will resume payment of the monthly Estimated LRP Contribution once complete data is received and the corresponding reconciliation is complete pursuant to Section 5.3. In the event SCWD fails to provide reconciliation data by December 31 of the following Fiscal Year, which is 18 months after the end of the Fiscal Year for which a reconciliation is required, this Agreement shall automatically terminate without notice or action by any Party and SCWD shall repay Metropolitan all Estimated LRP Contributions for which no reconciliation data was provided within 90 days of termination.
- 5.3 Within 180 days after Metropolitan receives complete data from SCWD, pursuant to Section 5.1, Metropolitan shall calculate the Final LRP Contribution for the Fiscal Year. The Final LRP Contribution shall then apply retroactively to all Allowable Yield for the applicable Fiscal Year. An adjustment shall be computed by Metropolitan for over- or under-payment for the Allowable Yield and included on the next monthly water service invoice issued to MWDOC. As part of this reconciliation, Metropolitan shall also consult with SCWD to

- determine the Estimated LRP Contribution for the following year based on historic cost data and expected Project activities.
- The Parties agree that all contributions other than LRP incentives under this Agreement and contributions by MWDOC, including but not limited to grants provided by the U.S. Bureau of Reclamation and funding by private parties received prior to and during the term of this Agreement that offset eligible Project costs, shall be deducted from all respective cost components. During the reconciliation process, following receipt of such contributions, the Parties shall determine the equitable apportionment of such contributions for capital and/or operational purposes.

#### Section 6: Record Keeping and Audit

- 6.1 SCWD shall establish and maintain accounting records of all costs incurred for the construction, operation and maintenance, and replacement parts of the Project as described in Exhibits B and C. Accounting for the Project shall utilize generally accepted accounting practices and be consistent with the terms of this Agreement. SCWD's Project accounting records must clearly distinguish all costs for the Project from SCWD's other water production, treatment, and distribution costs. SCWD's records shall also be adequate to determine Allowable Yield and Recovered Water to accomplish all cost calculations contemplated in this Agreement.
- 6.2 SCWD shall establish and maintain accounting records of all contributions including grants that offset eligible Project capital costs, operation and maintenance costs, and/or replacement costs, as outlined in Section 5.4.
- 6.3 SCWD shall collect Recovered Water and Allowable Yield data for each Fiscal Year of Project operation and retain records of that data. In addition, SCWD shall collect and retain records of the total annual amount of water conveyed outside of SCWD's service area using Project facilities.
- 6.4 Metropolitan shall have the right to audit Project costs and other data relevant to the terms of this Agreement both during the Agreement term and for a period of three years following the termination of this Agreement. Metropolitan may elect to have such audits conducted by its staff or by others, including independent accountants, designated by Metropolitan. SCWD shall make available for inspection to Metropolitan or its designee, upon 30 days written advance notice, all records, books and other documents, including all billings and costs incurred by contractors, relating to the construction, operation and maintenance of the Project; any grants and contributions, as described in Exhibits B and C, and capital cost financing. Upon 30 days advance written notice and at Metropolitan's request, SCWD shall also allow Metropolitan's staff or its designee to accompany SCWD staff in inspecting SCWD's contractors' records and books for the purpose of conducting audits of Project costs.
- 6.5 In lieu of conducting its own audit(s), Metropolitan shall have the right to direct SCWD to have an independent audit conducted of all Project costs incurred in any Fiscal Year(s) pursuant to this Agreement. SCWD shall then have an audit performed for said Fiscal

- Year(s) by an independent certified public accounting firm and provide Metropolitan copies of the audit report within six months after the date of the audit request. The cost of any independent audit performed under this Agreement shall be paid by SCWD and is an allowable Project operation and maintenance cost pursuant to Exhibit C.
- 6.6 SCWD shall retain an independent auditor satisfactory to Metropolitan to conduct an initial audit of the Project costs and accounting record keeping practices and submit the results to Metropolitan with the first reconciliation data as outlined in Section 5.
- 6.7 SCWD shall keep all Project records for at least ten consecutive years prior to each cost audit per Section 6. SCWD shall maintain audited records for three years after the audit. SCWD shall keep unaudited Project records for at least three years following the termination of this Agreement.
- 6.8 If an audit of SCWD's reported Project costs cannot be provided, then those costs are not eligible under this Agreement. Based on the results of the audit, any adjustment for overor under-payment of Allowable Yield for each applicable Fiscal Year shall be completed by Metropolitan and included in Metropolitan's next invoice issued to MWDOC.

#### Section 7: Term and Amendments

- 7.1 The Agreement shall commence on the effective date of this Agreement and, except for the reconciliation and audit provisions, shall terminate 25 years after the date SCWD notifies Metropolitan that the Project has begun operation, subject to provisions outlined in Exhibit D. LRP payments are for up to 15 years after project starts operation but project must continue to produce for 25 years, even after LRP payments are reduced to zero after 15 years, subject to reimbursement provisions outlined in Exhibit F, incorporated herein by this reference. The provisions regarding reconciliation and audit shall remain in effect until three years after termination of the other terms of this Agreement.
- 7.2 This Agreement may be amended at any time by the written mutual agreement executed by each of the Parties.
- 7.3 In addition to the termination provisions provided for in Section 5.2 and Exhibit D, Metropolitan may terminate this Agreement, upon thirty (30) day notice to SCWD on the occurrence of one the following:
  - a. A material breach of this Agreement by any party other than Metropolitan provided that such other party shall have the opportunity to cure or commence to cure such breach within thirty (30) days of written notice of the breach from Metropolitan to the breaching party; or
  - b. Metropolitan is not required to make payments to SCWD pursuant to the terms of this Agreement for a five-consecutive year period subsequent to Project operation.
- 7.4 SCWD represents that it is represented by legal counsel, that it has reviewed this

#### Agreement and agrees that:

a. This Agreement is legally enforceable against SCWD;

#### Section 8: Hold Harmless and Liability

- 8.1 Except for the sole negligence or willful misconduct of Metropolitan, MWDOC and SCWD agrees at its sole cost and expense to protect, indemnify, defend, and hold harmless Metropolitan and their respective Boards of Directors, officers, representatives, agents and employees from and against any and all claims and liability of any kind (including, but not limited to, any claims or liability for injury or death to any person, damage to property, natural resources or the environment, or water quality problems) that arise out of or relate to MWDOC and SCWD's approval, construction, operation, repair or ownership of the Project, including any use, sale, exchange or distribution of Project water. Such indemnity shall include all damages and losses related to any claim made, whether or not a court action is filed, and shall include attorney fees, administrative and overhead costs, engineering and consulting fees and all other costs related to or arising out of such claim of liability, but shall exclude damages and losses that arise from the sole negligence or willful misconduct of Metropolitan.
- 8.2 MWDOC and SCWD shall include the following language in any agreement with any consultant or contractor retained to work on the Project:

"Except for the sole negligence or willful misconduct of Metropolitan, (Consultant) agrees at its sole cost and expense to protect, indemnify, defend, and hold harmless Metropolitan and their respective Boards of Directors, officers, representatives, agents and employees from and against any and all claims and liability of any kind (including, but not limited to, any claims or liability for injury or death to any person, damage to property, natural resources or the environment, or water quality problems) that arise out of or relate to MWDOC'S or SCWD's approval, construction, operation, repair or ownership of the Project. Such indemnity shall include all damages and losses related to any claim made, whether or not a court action is filed, and shall include attorney fees, administrative and overhead costs, engineering and consulting fees and all other costs related to or arising out of such claim of liability, but shall exclude damages and losses that arise from the sole negligence or willful misconduct of Metropolitan."

#### Section 9: Notice

Any notice, payment or instrument required or permitted to be given hereunder shall be deemed received upon personal delivery or 24 hours after deposit in any United States post office, first class postage prepaid and addressed to the Party for whom intended, as follows:

If to Metropolitan:

The Metropolitan Water District of Southern California Post Office Box 54153

Los Angeles, California 90054-0153

Attention: Manager, Water Resource Management

#### If to MWDOC:

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY 18700 Ward Street
Fountain Valley, CA 92708
Attention: General Manager

#### If to SCWD:

SOUTH COAST WATER DISTRICT 31592 West Street, Laguna Beach, CA, 92651 Attention: Rick Shintaku, General Manager

Any Party may change such address by notice given to each of the other Parties as provided in this section.

#### Section 10: Successors and Assigns

The benefits and obligations of this Agreement are specific to the Parties and are not assignable without the express written consent of Metropolitan. Any attempt to assign or delegate this Agreement or any of the obligations or benefits of this Agreement without the express written consent of Metropolitan shall be void and of no force or effect.

#### Section 11: Severability

The partial or total invalidity of one or more sections of this Agreement shall not affect the validity of this Agreement.

#### Section 12: No Third Party Beneficiary

This Agreement does not create, and shall not be construed to create any rights enforceable by any person, partnership, corporation, joint venture, limited liability company, or any other form of organization or association of any kind that is not a party to this Agreement.

#### Section 13: Integration

This Agreement comprises the entire integrated understanding between the Parties concerning the Project, and supersedes all prior negotiations, representations, or agreements.

#### Section 14: Governing Law

The law governing this Agreement shall be the laws of the State of California and the venue of any action brought hereunder shall be in Los Angeles County, California. All parties shall bear their own costs and attorneys' fees in the event of any such action.

#### Section 15: Non-Waiver

No delay or failure by any Party to exercise or enforce at any time any right or provision of this Agreement shall be considered a waiver thereof or of such Party's right thereafter to exercise or enforce each and every right and provision of this Agreement. A waiver to be valid shall be in writing and need not be supported by consideration. No single waiver shall constitute a continuing or subsequent waiver.

#### Section 16: Joint Drafting

All parties have participated in the drafting of this Agreement and have been represented by counsel at all times. The rule of construction that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

#### Section 17: Entire Agreement

This writing contains the entire agreement of the Parties relating to the subject matter hereof; and the Parties have made no agreements, representations, or warranties either written or oral relating to the subject matter hereof which are not set forth herein.

|  | [Signati | ıres on Followir | ισ Ε |
|--|----------|------------------|------|

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first hereinabove written.

| APPROVED AS TO FORM:                | THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA                        |
|-------------------------------------|---|
| Marcia L. Scully<br>General Counsel | Adel Hagekhalil<br>General Manager  |
| By:                                 | By:  Deven N. Upadhyay  Assistant General Manager and Chief Operating Officer |
| APPROVED AS TO FORM:                | Date:  MUNICIPAL WATER DISTRICT OF ORANGE COUNTY                              |
| By:  Joseph Byrne  General Counsel  | By:  Harvey De La Torre General Manager                                       |
|                                     | Date:   |
| APPROVED AS TO FORM:                | SOUTH COAST WATER DISTRICT  |
| By: Andrew B. Gagen General Counsel | By:  Rick Shintaku General Manager  |
|                                     | Date:   |

#### **EXHIBIT A**

#### DOHENY OCEAN DESALINATION PROJECT

#### **Overview**

The Doheny Ocean Desalination Project (Project) will be owned and operated by South Coast Water District (SCWD). The Project is an ocean water desalination facility in Dana Point, California and located on approximately 10 acres at SCWD's San Juan Creek Property. SCWD will construct the Project with an initial capacity of up to 5 million gallons per day (MGD), or 5,600 acre-feet per year (AFY), with the potential for future expansion up to 15 MGD. SCWD only intends to pursue the Phase 1 Project (up to 5 MGD) at this time, and the larger potential future Project may be addressed at a programmatic level and will be considered for future needs.

The desalination treatment process begins by drawing in ocean water through sub-surface intake wells, pumping that water to the desalination facility, desalinating and treating the water, disposing of the resulting brine and solids, and distributing the potable water to customers within the MWDOC service area.

#### **Project Facilities**

The Project consists of a subsurface (buried) slant well water intake system drilled at an angle below the ocean floor, raw (ocean) water conveyance pipeline, a seawater desalination facility, brine disposal through an existing wastewater ocean outfall, solids handling facilities, power transmission facilities, renewable energy facilities, potable water storage, delivery to SCWD's distribution infrastructure located immediately adjacent to the desalination facility, and potential delivery to other MWDOC member agencies.

#### Source of Water

The source of raw water for the project is the Pacific Ocean via sub-surface intake. Blending water potentially provided by local water transmission facilities or the District's existing potable treatment production facilities may be considered during the design phase of the project to support water quality objectives.

#### **Concentrate Waste Disposal**

A concentrate (brine) disposal system would utilize the existing San Juan Creek Ocean Outfall to return brine and treated process waste streams to the ocean. This would be achieved in part through blending in the outfall pipe with the existing wastewater stream from the J.B. Latham Wastewater Treatment Plan and other regional facilities. Any residual solids, such as precipitated iron and/or manganese generated from the treatment process will be dewatered and hauled offsite for proper disposal.

#### **Points of Connection**

The Points of connection for the project include:

- New raw water (seawater) conveyance line to transport water from the subsurface slant well intake system to the facility site.
- Brine disposal to existing wastewater ocean outfall located on the facility site.
- Product water connection into local pipelines within MWDOC.



#### **EXHIBIT B**

#### ANNUALIZED CAPITAL COMPONENT

- 1. The Annualized Capital Component shall be computed using only costs incurred by SCWD for the Project. The Annualized Capital Component shall be computed using costs for the following:
  - a. Design (including preliminary design) and construction management services.
  - b. Construction of Project, more particularly described in Exhibit A.
  - c. Agency administration of the Project design, construction, and start-up, not to exceed three (3) percent of construction costs unless otherwise approved in writing by Metropolitan.
  - d. Permits, including required data collection.
  - e. Land, right-of-way and easements for the Project described in Exhibit A.
  - f. Environmental documentation and mitigation measures directly related to the implementation or operation of the project and required to comply with applicable environmental permits and laws, including but not limited to the California Environmental Quality Act, National Environmental Policy Act, and the California and Federal Endangered Species Acts. Environmental documentation costs shall commence with the Notice of Preparation (NOP) and conclude with the filing of the Notice of Determination. Environmental documentation costs incurred prior to the NOP that are directly related to the environmental clearance of the Project may also be eligible, subject to review and approval by Metropolitan.
  - g. All contributions as outlined in Section 5.4 of this Agreement shall be treated as negative capital cost values for the purpose of computing the Annualized Capital Component.
  - h. The on-site retrofit costs, if paid by SCWD.
- 2. Cost of the following items shall not be used to calculate the Annualized Capital Component:
  - a. Storm drains, sewer collection systems, and treatment and distribution facilities beyond the Project's points of connection
  - b. Existing facilities, land, right-of-way, and easements
  - c. Feasibility studies, pilot plants, and demonstration plants
  - d. Deposit of any reserve funds required as a condition of financing

- e. Payments made to another department or element of MWDOC or SCWD, unless otherwise approved in writing by Metropolitan
- f. Public outreach, education, and water marketing activities including but not limited to preparing brochures and handout materials, training, meetings, and workshops
- g. All others costs not specified in Section 1 of this Exhibit, unless otherwise approved in writing by Metropolitan
- 3. Annualized Capital Cost (ACCost) in dollars per year shall be computed using the following procedure:
  - a. For fixed-interest rate financing:

$$ACCost = CRF_1 \times P_1 + CRF_2 \times P_2 + ... + CRF_1 \times P_1$$

Where:

P<sub>j</sub> is each portion of incurred capital cost for Project with a distinct financing arrangement.

CRF<sub>j</sub> is the capital recovery factor for each distinct financing arrangement, as follows:

$$CRF_j = [i \times (1+i)^n] / [(1+i)^n-1]$$

where:

i is the interest rate (%).

n is the term of financing (in years) commencing in the first Fiscal Year of Project operation. For all capital financing, cash expenditures, and grants and contributions received after the Project begins operation, annual payments shall be calculated, using above process, beginning in the Fiscal Year the costs occur.

j is the number of each separate financing element.

In the first Fiscal Year and Fiscal Year n+1 of production of Allowable Yield, each amortization for the calculation of ACCost shall be prorated by the number of days needed to achieve exactly n years of amortization following the first day of production of Allowable Yield.

b. For variable-interest rate financing, annual payments shall be computed based on the actual payments made in the applicable Fiscal Year according to SCWD's financing documents. Any principal payments toward the Project capital cost

- before the Project operation will be treated as cash. SCWD shall provide Metropolitan with the accumulated paid principal pursuant to Section 5.1.
- c. For fixed-interest rate financing with a non-uniform annual payment schedule, an economically-equivalent uniform annual payment schedule shall be calculated based on an "Internal Rate of Return" analysis to establish the annualized capital cost.
- d. Project capital costs not covered by a financing arrangement described above and all grants and contributions as defined in Section 5.3 shall be amortized over 25 years at an interest rate equal to the lesser of:
  - a) Metropolitan's most recent weighted cost of long-term debt on June 30 in the year the capital expenditure occurred; or
  - b) The Fiscal Year average of the 25-bond Revenue Bond Index (RBI) as published in the Bond Buyer, or such other index that may replace the RBI, over the most recent Fiscal Year prior to the date the replacement cost was incurred.
  - All grants or contributions shall be amortized as negative capital cost values beginning in the year that money was received.
- e. After the first Fiscal Year of operation, only refinancing changes which lower the Annualized Capital Component shall be included in the Annualized Capital Component calculation of each subsequent Fiscal Year.
- f. If the Project capital cost is part of a broad financing arrangement, annual payments shall be calculated by prorating the annual payments of the broad financing using the ratio of the Project capital cost to the initial principal of the broad financing arrangement.
- 4. The Annualized Capital Component (ACCom) in dollars per acre-foot for purposes of determining the Project Unit Cost each Fiscal Year shall be calculated using the following formula:

ACCom = ACCost / Recovered Water

#### **EXHIBIT C**

#### **OPERATION AND MAINTENANCE COMPONENT**

- 1. The Operation and Maintenance Component shall be computed using only costs incurred by SCWD and Contract Operator for the Project during the applicable Fiscal Year. (note: If the Project costs cannot be segregated from other projects or facilities, add appropriate language to prorate the costs or use a % of total costs for this Project.) The Operation and Maintenance Component shall be computed using only the following incurred costs:
  - a. Professional consulting services for Project operation, maintenance and audit, excluding daily Project operation.
  - b. SCWD and/or SCWD'S Contract Operator paid salaries only for plant operators and distribution system maintenance staff directly related to the operation and production of Allowable Yield will be eligible up to the following amount:

Where, CPI is the All Urban Consumers Consumer Price Index published by the U.S. Bureau of Labor Statistics in July for Los Angeles, Riverside and Orange County, CA for July in the applicable Fiscal Year and xxx.xxx is the CPI published for July 202x.

- c. Chemicals and supplies for Project operation and maintenance.
- d. Net electrical energy (recovered energy shall be deducted from energy purchased) for Project operations. If the SCWD uses only one electric meter to measure the combined power usage of the project and other existing or future facilities, the electrical usage and costs for the Project must be prorated based on the total water deliveries measured by the Project and other facilities. Metropolitan shall not pay for electrical energy if SCWD fails to install electrical metering devices.
- e. Contractor services and supplies for Project facilities, operation, maintenance and repair to maintain reliable system operation and achieve regulatory compliance.
- f. Monitoring required by permits, including water quality sampling and analysis of Desalinated Seawater produced by the Project.
- g. All contributions as outlined in Section 5.4 of this Agreement shall be treated as negative operation and maintenance cost values for the purpose of computing the Operation and Maintenance Component.
- h. Replacement costs of Project parts.
- 2. Costs of the following items shall not be used to calculate the Operation and Maintenance Component:

- a. Operation and maintenance of any facilities beyond the Project's points of connection.
- b. Payments made to another department or element of MWDOC or SCWD, unless otherwise approved in writing by Metropolitan.
- c. Public outreach, education, and water marketing activities including but not limited to preparing brochures and handout materials, training, meetings, and workshops for facilities exclusive of the Project.
- d. Fines, penalties, settlements, or judgments due to Project operation.
- e. All others costs not specified in Section 1 of this Exhibit, unless otherwise approved in writing by Metropolitan.
- 3. The Annualized Operation and Maintenance Component (O&MC) in dollars per acrefoot for purposes of determining the actual Project Unit Cost each Fiscal Year shall be calculated using the following formula:

O&MC = (Actual Annual Cost of O&M) / (Recovered Water)

#### **EXHIBIT D**

#### **PERFORMANCE PROVISIONS**

(Note: the following dates are based on agreement being signed in FY 20/21. They must be undated if the agreement is signed in future years. For example, if the agreement will be signed in FY 22/23, we need to add 2 years to these dates.)

- 1. The following performance provisions apply:
  - a. Metropolitan will terminate this Agreement if construction has not commenced by Month Day, Year. Metropolitan will provide ninety (90) days' advance written notice prior to the effective date of such termination. As opposed to Provision 1b below, there is no established appeal process for this outcome.
  - b. Metropolitan will terminate this Agreement if Allowable Yield is not delivered by Month Day, Year. Metropolitan will provide ninety (90) days' advance written notice prior to the effective date of such termination. The Project sponsor may appeal this decision to Metropolitan's Board of Directors.
  - c. If the Allowable Yield during Fiscal Years 20XX 20XX through 20XX-20XX does not reach the target yield of 50% of the Ultimate Yield, then Metropolitan will reduce the Ultimate Yield by the target shortfall using the highest Allowable Yield produced in that four-year period. For example, the Ultimate Yield of a project with the following performance will be revised from 1,000 AFY to 900 AFY for Scenario 1 while there would be no adjustment under Scenario 2:

Project Ultimate Yield = 1,000 AFY

|             | Scenario 1  | Scenario 2  |
|-------------|-------------|-------------|
| Fiscal Year | Allowable   | Allowable   |
|             | Yield (AFY) | Yield (AFY) |
| 20XX - 20XX | 100         | 100         |
| 20XX - 20XX | 200         | 250         |
| 20XX - 20XX | 400         | 510         |
| 20XX - 20XX | 350         | 600         |

50% of the Ultimate Yield =  $0.50 \times 1.000 = 500 \text{ AFY}$ 

Scenario 1: Shortfall = 500 - 400 = 100 AFY

Revised Ultimate Yield = 1,000 - 100 AFY = 900 AFY

Scenario 2: Since, the Allowable Yield in the Fiscal Year 20XX - 20XX is greater than 500 AFY, no adjustment is required. Ultimate Yield remains at 1,000 AFY.

d. If the Allowable Yield during Fiscal Years 20XX - 20XX through 20XX - 20XX does not reach the target yield of 75 percent of the Ultimate Yield (or the Revised Ultimate Yield), then Metropolitan will reduce the Ultimate Yield (or the Revised

Ultimate Yield) by the target shortfall using the highest Allowable Yield produced in that period. For Example, the Ultimate Yield of the project in this example with the following performance will be reduced to 850 AFY for Scenario 1 and while there would be no adjustment under Scenario 2:

|             | Scenario 1  | Scenario 2  |
|-------------|-------------|-------------|
| Fiscal Year | Allowable   | Allowable   |
|             | Yield (AFY) | Yield (AFY) |
| 20XX - 20XX | 400         | 800         |
| 20XX - 20XX | 500         | 1,000       |
| 20XX - 20XX | 550         | 1,000       |
| 20XX - 20XX | 625         | 1,000       |

Scenario 1: Revised Ultimate Yield = 900 AFY (see above calculations in 1c) 75% of Ultimate Yield = 0.75 x 900 = 675 AFY
Shortfall = 675 - 625 = 50 AFY

Revised Ultimate Yield = 900 - 50 = 850 AFY

Scenario 2: Ultimate Yield = 1,000 AFY
75% of ultimate Yield = 0.75 x 1,000 = 750 AFY
Since, the Allowable Yield in the Fiscal Year 20XX – 20XX is greater than
750 AFY, no adjustment is required.

e. If the Allowable Yield during Fiscal Years 20XX - 20XX through 20XX - 20XX (and every four-year period thereafter) does not reach the target yield of 75 percent of the Ultimate Yield (or revised Ultimate Yield), then Metropolitan will reduce the Ultimate Yield (or the Revised Ultimate Yield) by the target shortfall using the highest Allowable Yield produced in that period. The adjustment will be made using the same methodology shown in the above examples.

#### **EXHIBIT E**

MWD Administrative Code Section 4401 (c)

§ 4401. Rates

(c) For purposes of agreements existing under the Local Resource Program, Local Project Program, Groundwater Recovery Program and other similar programs, references to the "full service water rate," "full service treated water rate," "treated non-interruptible water rate" or "other prevailing rate" or to the "reclaimed water rate" or "recycled service rate" shall be deemed to refer to the sum of the System Access Rate, Water Stewardship Rate, System Power Rate, the expected weighted average of Tier1 Supply Rate and Tier 2 Supply Rate (equal to the estimated sales revenues expected from the sale of water at the Tier 1 and Tier 2 Supply Rates divided by the total District sales in acre-feet expected to be made at the Tier 1 and Tier 2 Supply Rates), a Capacity Charge expressed on a dollar per acre-foot basis and Treatment Surcharge.

(The text in this exhibit cannot be modified. It is a quote taken from MWD's Admin Code)

#### **EXHIBIT F**

#### PAYMENT AND REIMBURSEMENT PROVISIONS

In addition to the performance provisions in Exhibit D, the following performance provisions apply. If SCWD fails to comply with this provision, Metropolitan, in its sole discretion, may require reimbursement for a portion of the previous LRP payments toward the Project as outlined below.

- 1. Agreement term is 25 years after the project starts operation
- 2. For operational years 1 through 15, LRP payments will be up to \$475/AF, calculated annually per Section 1.4.
- 3. For operational years 16 through 25, the LRP payments will be zero.
- 4. Project must produce and use at least a minimum amount of Desalinated Seawater (Baseline), as defined below, in the years 16 through 25.
- 5. Unless approved by Metropolitan in writing, the Baseline, in AFY, is the average of project production during years 1 through 15, calculated in year 16 of operation.
- 6. If Baseline production is not achieved, SCWD shall reimburse Metropolitan for the shortfall in that year as follows:

Reimbursement (\$) = 
$$135/AF \times Shortfall (AF)$$

- 7. Reimbursement calculations will be completed during annual Reconciliation Process, as outlined in Section 5 for each operational year of 16 through 25.
- 8. Maximum Reimbursement would be equal to the difference between the total payments under options 1 and 2 during the first 15 years, calculated in year 16 of operation.

#### Example for year 20 (for a hypothetical project)

Baseline = 250 AF (calculated in year 16)

Total LRP payments received in years 1 through 15 under option 2 = \$992,000

Calculated payments in years 1 through 15 under option 1 = \$966,000

Maximum Reimbursement = \$992,000 - \$966,000 = \$26,000 (calculated in year 16)

Total reimbursements to-date = \$20,000 (sum of reimbursement in years 16 through 19)

Remaining reimbursement = \$26,000 - \$20,000 = \$6,000

Actual project production in year 20 = 200 AF

Shortfall = 250 - 200 = 50 AF

Reimbursement in year  $20 = \$135/AF \times 50 AF = \$6,750$ 

Since the remaining reimbursement is only \$6,000, reimbursement in year 20 is \$6,000.

Since the Maximum Reimbursement is achieved, there will be no more calculations for years 21 through 25.



#### ACTION ITEM March 2, 2022

**TO:** Board of Directors

**FROM:** Robert Hunter, Staff Contact: Charles Busslinger

General Manager

SUBJECT: Consideration Of A Support Position For The Doheny Ocean

**Desalination Project** 

#### STAFF RECOMMENDATION

Staff recommends the Board of Directors consider adopting a support position for the Doheny Ocean Desalination Project.

#### **SUMMARY**

South Coast Water District (SCWD) continues to develop the Doheny Ocean Desalination Project. SCWD is progressing with necessary regulatory permitting for the project and a public hearing is scheduled with the San Diego Regional Water Quality Control Board (RWQCB) on March 9, 2022 regarding reissuance of the National Pollutant Discharge Elimination System (NPDES) permit for the project.

This event provides an opportunity for the MWDOC Board to consider whether it would like to take a support position for the project prior to the meeting.

#### **DETAILED REPORT**

SCWD General Manager Rick Shintaku gave a presentation regarding the Doheny Ocean Desalination Project to the MWDOC Board at the P&O Committee on February 14, 2022.

SCWD has progressed with regulatory permitting for the project to the point where it is now seeking approval from the RWQCB on reissuance of a NPDES permit for the South Orange County Wastewater Authority (SOCWA) discharge to the Pacific Ocean through the San Juan Creek Ocean Outfall. The reissuance would include a determination by the RWQCB of California Ocean Plan compliance for proposed discharges from a future Doheny Ocean Desalination project. The public hearing before the San Diego Regional Water Quality

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

Control Board is scheduled for 9:00am on March 9, 2022 at the City of Mission Viejo Council Chambers (200 Civic Center Mission Viejo, California 92691).

This event provides an opportunity for the MWDOC Board to consider whether it would like to take a support position for the project prior to the meeting.

#### **BOARD OPTIONS**

#### Option #1

Adopt a Support position for the project

**Fiscal Impact:** 

**Business Analysis:** 

#### Option #2

• Take no official position at this time.

**Fiscal Impact:** 

**Business Analysis:** 



#### **DISCUSSION ITEM**

April 3, 2024

TO: Board of Directors

FROM: Harvey De La Torre,

**General Manager** 

Staff Contact: Melissa Baum-Haley

Alex Heide Kevin Hostert

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. Water Supply Condition Update
- c. Water Quality Update
- d. Colorado River Issues
- e. Delta Conveyance Activities and State Water Project Issues

#### **ISSUE BRIEF #A**

**SUBJECT:** MET Finance and Rate Issues

#### RECENT ACTIVITY

Water Transactions for January 2024 (for water delivered in November 2023) totaled 107.2 thousand acre feet (TAF), which was 39.3 TAF lower than the budget of 146.5 TAF and translates to \$111.0 million in receipts, which was \$28.6 million lower than the budget of \$139.6 million.

Year-to-date water transactions through January 2024 (for water delivered in May 2023 through November 2023) were 741.7 TAF, which was 257.6 TAF lower than the budget of 999.3 TAF. Year-to-date water receipts through January 2024 were \$751.8 million, which was \$254.0 million lower than the budget of \$1,005.8 million.

Metropolitan is in the process of considering its FY2024-25 and FY2025-26 biennial budget. For more information on Metropolitan's budget, please see the discussion item on the Metropolitan budget earlier in the Board packet.

#### **ISSUE BRIEF #B**

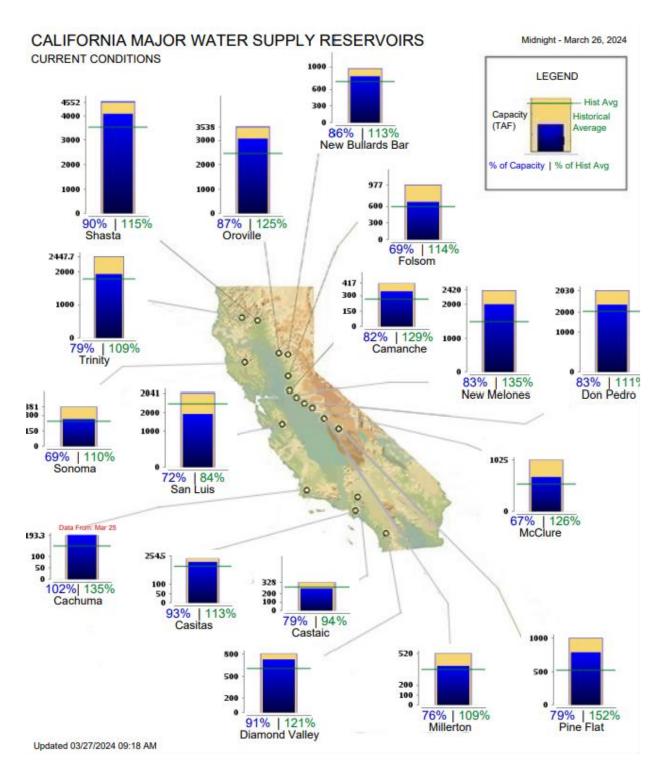
**SUBJECT: MET's Supply Condition Update** 

#### RECENT ACTIVITY

The 2023-24 Water Year (2023-24 WY) officially started on October 1, 2023. Thus far, Northern California accumulated precipitation (8-Station Index) reported **40.9 inches or 100% of normal** as of March 27th. The Northern Sierra Snow Water Equivalent was **32.6 inches on March 26**th, which is **115% of normal** for that day. The Department of Water Resources (DWR) in March has increased the State Water Project (SWP) initial "**Table A**" **allocation for WY 2023-24 at 30%.** 

The Upper Colorado River Basin accumulated precipitation is reporting 16.7 inches or 104% of normal as of March 25<sup>th</sup>. On the Colorado River system, snowpack is measured across four states in the Upper Colorado River Basin. The Upper Colorado River Basin Snow Water Equivalent was 15.9 inches as of March 28th, which is 86% of normal for that day. Due to the below average inflows into Lake Powell over the past several years, the United States Bureau of Reclamation declared a shortage at Lake Mead that has been ongoing since January 1<sup>st</sup>, 2022. As of March 2024, there is a 100% chance of shortage continuing in Calendar Year (CY) 2024, a 90% chance in CY 2025 and an 83% chance in CY 2026. In addition, there is a 10% chance of a California shortage in 2026.

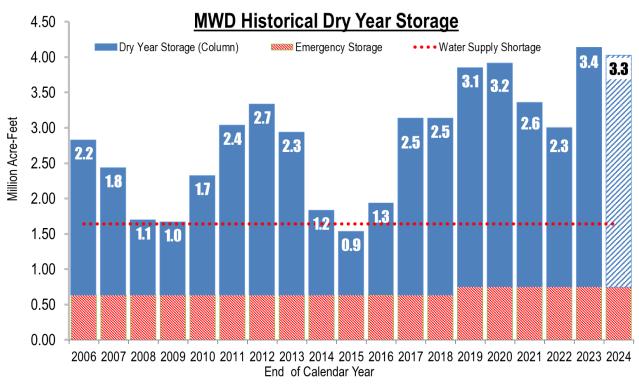
As of March 26<sup>th</sup> Lake Oroville storage is at **87% of total capacity and 125% of normal.** As of March 26<sup>th</sup> San Luis Reservoir has a current volume of **72% of the reservoir's total capacity and is 84% of normal.** 

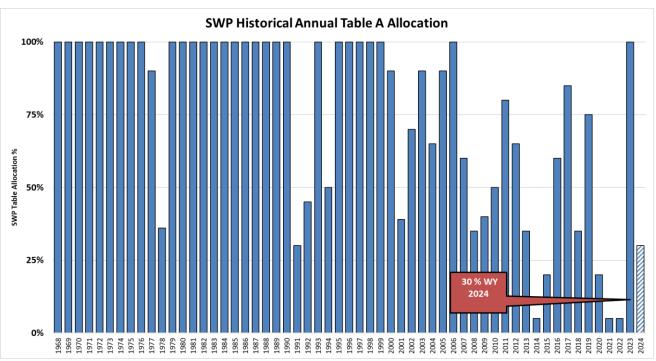


With CY 2024 estimated total demands and losses of 1.509 million acre-feet (MAF) and with a 30% SWP Table A Allocation, Metropolitan is projecting that demands will exceed supplies levels in CY 2024. Based on this, estimated total dry-year storage for Metropolitan at the end of CY 2024 will decrease to approximately 3.3 MAF.

A projected dry-year storage supply of 3.3 MAF would be the approximately 2.3 MAF from a typical level where Metropolitan's goes into Water Supply Allocations. A large

factor in maintaining a high water storage level are lower than expected water demands. We are seeing regional water demands reaching a 40-year low. However, with a majority of Metropolitan's water supplies stored in Lake Mead and with still a 5-year shortage projection at Lake Mead, there remains a lot of uncertainty to where supply balances will be in the future.





#### 2024 WSDM Storage Detail

|   | 1/1/2024 Estimated Storage Levels <sup>1</sup> | CY 2024 Take Capacity <sup>2</sup> | 2024 Total<br>Storage Capacity |
|---|--|------------------------------------|--------------------------------|
| WSDM Storage                                |  | ,                                  | ,                              |
| Colorado River Aqueduct Delivery System     | 1,544,000                                      | 182,000                            | 1,657,000                      |
| Lake Mead ICS                               | 1,544,000                                      | 182,000 <sup>3</sup>               | 1,657,000                      |
| State Water Project System                  | 977,000  | 593,000                            | 1,991,000                      |
| MWD & DWCV Carryover                        | 297,000  | 297,000                            | 350,000 4                      |
| MWD Articles 14(b) and 12(e)                | 0  | 0                                  | N/A                            |
| Castaic and Perris DWR Flex Storage         | 219,000  | 219,000                            | 219,000                        |
| Arvin Edison Storage Program                | 100,000  | 0                                  | 350,000                        |
| Semitropic Storage Program                  | 190,000  | 45,000                             | 350,000                        |
| Kern Delta Storage Program                  | 114,000  | 32,000                             | 250,000                        |
| Mojave Storage Program                      | 19,000   | 0                                  | 330,000                        |
| AVEK Storage Program                        | 27,000   | 0                                  | 30,000                         |
| AVEK High Desert Water Bank Program         | 11,000   | 0                                  | 112,000 5                      |
| In-Region Supplies and WSDM Actions         | 1,016,000                                      | 635,000                            | 1,246,000                      |
| Diamond Valley Lake                         | 753,000  | 496,000                            | 810,000                        |
| Lake Mathews and Lake Skinner               | 207,000  | 95,000                             | 226,000                        |
| Conjunctive Use Programs (CUP) <sup>6</sup> | 56,000   | 44,000                             | 210,000                        |
| Other Programs                              | 586,000  | 29,000                             | 1,181,000                      |
| Other Emergency Storage                     | 381,000  | 0                                  | 381,000                        |
| DWCV Advanced Delivery Account              | 205,000  | 29,000                             | 800,000                        |
| Total                                       | 4,123,000                                      | 1,439,000                          | 6,075,000                      |
| Emergency                                   | 750,000  | 0                                  | 750,000                        |
| Total WSDM Storage (AF) 7                   | 3,373,000                                      | 1,439,000                          | 5,325,000                      |

<sup>&</sup>lt;sup>1</sup> Preliminary start of year balances, subject to DWR adjustments and USBR final accounting in May 2024.

<sup>&</sup>lt;sup>2</sup> Take capacity assumed under a ten percent SWP Table A Allocation. Storage program losses included where applicable.

<sup>&</sup>lt;sup>3</sup> Take capacity based on planned maintenance activities and current CRA supply estimate.

<sup>&</sup>lt;sup>4</sup> Total storage capacity varies year-to-year based on prior year remaining balance added to current year contractual limits.

<sup>5</sup> Reflects 40 percent of the AVEK High Desert Water Bank Program's total storage capacity that has been constructed. The total storage capacity for the AVEK High Desert Water Bank is 280 TAF. Full recharge and recovery operation anticipated by 2027.

Total of all CUP programs including IEUA/TVMWD (Chino Basin); Long Beach (Central Basin); Long Beach (Lakewood); Foothill (Raymond and Monk Hill); MWDOC (Orange County Basin); Three Valleys (Live Oak); Three Valleys (Upper Claremont); and Western.

<sup>&</sup>lt;sup>7</sup> Total WSDM Storage level subject to change based on accounting adjustments.

#### **ISSUE BRIEF #C**

**SUBJECT: MET's Water Quality Update** 

RECENT ACTIVITY

#### **Water System Operations**

Metropolitan member agency water deliveries were 58,200 acre-feet (AF) for February, with an average of 2,010 AF per day, about 250 AF per day lower than in January. Metropolitan has suspended Cyclic and Conjunctive Use Program deliveries to preserve State Water Project (SWP) supplies. Treated water deliveries were 8,200 AF lower than in January, for a total of 28,500 AF or 49 percent of total deliveries for the month. The Colorado River Aqueduct (CRA) pumped a total of 39,000 AF in February. Metropolitan maintained a three-pump flow along the CRA for most of the month. SWP imports averaged 520 AF per day, totaling about 15,200 AF for the month. The target SWP blend is zero percent for the Weymouth, Diemer, and Skinner plants.

On February 21, the Department of Water Resources (DWR) increased the SWP Allocation for 2024 from 10 to 15 percent. The 15 percent SWP Allocation, when combined with Colorado River supplies, does not provide the region with sufficient water to meet demands, and Metropolitan will need to rely on stored supplies. However, recent wet conditions may result in increases to the SWP Allocation later this season. Water continues to be managed according to Water Surplus and Drought Management (WSDM) principles and operational objectives with an emphasis to maintain storage supplies to meet future demands in the SWP dependent area. Metropolitan suspended deliveries to Desert Water Agency and Coachella Valley Water District. With the current low SWP Allocation, Metropolitan is minimizing its use of Table A supplies early this year and will adapt as conditions change. Metropolitan has reduced blends at its treatment plants to preserve SWP supplies and use more Colorado River water.

#### **Water Treatment and Distribution**

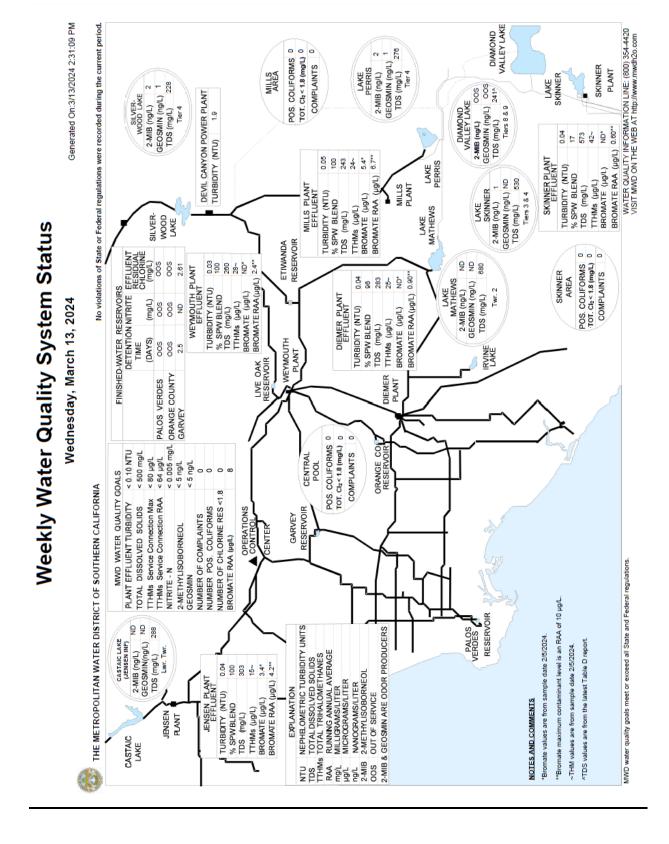
The SWP target blend entering the Diemer and Weymouth plants remained at zero percent until February 25, when the SWP target blend was gradually increased to target 100 percent SWP by March 11 to accommodate the Lake Mathews shutdown. The SWP target entering Lake Skinner remained at zero percent in February, and the SWP blend leaving the lake was approximately 20 percent. Flow-weighted running annual averages for total dissolved solids from January 2023 through December 2023 for Metropolitan's treatment plants capable of receiving a blend of supplies from the SWP and the Colorado River Aqueduct were 357, 433, and 477 milligrams per liter (mg/L) for the Weymouth, Diemer, and Skinner plants, respectively.

Metropolitan Weymouth plant staff provided project support for the Weymouth Administrative Building Seismic Upgrades and Building Improvements capital project. Staff relocated critical chlorine ejector feed lines in preparation for contractor construction work. Two backflow device assemblies were also relocated and replumbed.

Metropolitan staff at the Weymouth plant worked on commissioning filter valves for the Basins 5-8 and Filter Building No. 2 Rehabilitation capital project. Staff checked filter valve position indicators and completed limit switch testing. After verifying that the valves operated correctly, the filters were returned to service.

Metropolitan Skinner plant staff completed venturi meter preventive maintenance to ensure accurate flow measurements. Venturi meters use the pressure differential between two points to measure flow velocity. Keeping the flow tubes clean, where pressure is measured, is necessary for proper functionality. A rodding tool is used to clear the sensing line of debris before it is flushed clean.

Metropolitan staff upgraded the filter valve actuators at the Diemer plant which provide the mechanism to open and close filter valves. The actuators original spring packs were undersized which can cause excess mechanical wear when the valves are operated. The newly installed spring packs have a higher torque capacity and can operate more reliably.



#### The Metropolitan Water District of Southern California

#### Weekly Operations Plan for 3/21/2024 - 3/28/2024

For additional information, please contact James Bodnar at (213) 217-6099

- 1. COLORADO RIVER AQUEDUCT: The CRA is at a 0-pump flow.
- EAST BRANCH SPW: Rialto Pipeline will average a flow of 100 AF/day. Santa Ana Valley Pipeline will be at 60 AF/day. Inland Feeder flow will be at 90 AF/day.
- WEST BRANCH SPW: The flow from Castaic Lake will be at 380 AF/day. Flow to SCVWA (formerly CLWA) is currently at 110 AF/day.

#### 4. TERMINAL RESERVOIRS:

| Reservoir    | Current Storage* (AF) | Percent of Capacity |
|--------------|-----------------------|---------------------|
| Lake Mathews | 158,100               | 87%                 |
| Lake Skinner | 30,600                | 70%                 |
| DVL          | 741,000               | 91%                 |

<sup>\*</sup>as of 3/20/2024

#### 5. WATER QUALITY:

| Plant    | Targeted Blend<br>(% SPW) | TDS (mg/L)      | TTHMs (μg/L)   |
|----------|---------------------------|-----------------|----------------|
|          | As of 3/20/2024           | As of 3/20/2024 | As of 3/4/2024 |
| Weymouth | 00                        | 574             | 23             |
| Diemer   | 00                        | 647             | 24             |
| Skinner  | 20*                       | 515             | 59             |
| Jensen   | 100                       | 305             | 14             |
| Mills    | 100                       | 264             | 34             |

<sup>\* =</sup> The target blend for Skinner is increasing from 20% with supplies from DVL to support the CRA shutdown.

- WATER DELIVERIES: March deliveries are forecasted to be about 80 TAF. As of March 20, 2024, total system demands are about 2,800 AF/day, an increase of about 500 AF/day from last week.
- HYDROELECTRIC GENERATION: As of March 20, 2024, the total daily average generation for the week was about 7.1 MW, with 4 of 15 hydroelectric plants in operation.

#### **ISSUE BRIEF #D**

**SUBJECT:** Colorado River Issues

#### **RECENT ACTIVITY**

#### Final SEIS Released by USBR

On March 5, 2024, USBR released the Final Supplemental EIS for Near Term Colorado River Operations. The preferred alternative selected by USBR was the Lower Basin proposal to conserve an additional 3 million acre-feet of water through 2026. It is anticipated that USBR will issue a Record of Decision in the coming weeks to implement the proposal.

Metropolitan staff presented an update to the One Water and Stewardship Committee on the Final Supplemental EIS on March 11, 2024.

<u>Presentation on the U.S. Bureau of Reclamation's Development of the Post-2026 Colorado</u> River Operational Guidelines

#### **ISSUE BRIEF #E**

**SUBJECT:** Delta Conveyance Activities and State Water Project Issues

#### **RECENT ACTIVITY**

#### **Delta Conveyance**

The California Department of Water Resources (DWR) submitted a Change in Point of Diversion Petition to the State Water Resources Control Board to review the petition for accuracy and completeness and then issue a public notice detailing their public review process. DWR, Metropolitan and other supporting public water agencies also filed appeals of the bond validation decision in response to the January 16, 2024, Sacramento County Superior Court ruling denying DWR's request for an order validating bond resolutions to finance the Delta Conveyance Project.

DWR released two fact sheets: <u>Delta Conveyance Project Fast Facts</u> - a compilation of quick project stats, key project features, water supply reliability, and public input; and, <u>Adapting to Climate Change: Catching and Moving Water from Big Storms</u> - which found that if the Delta Conveyance Project had been operational during the recent storms, about 457,000 acre-feet of water could have been captured by the State Water Project for future use through February 20. This number will be updated as available.

#### **Delta Conveyance JPA**

At the February 15 regularly scheduled meeting, the Delta Conveyance Design and Construction Authority (DCA) Board of Directors meeting, the DCA Board adopted a resolution to establish a Finance Committee and appointed Director Gary Martin to chair the committee made up of DCA Board Chair Sarah Palmer and Director Martin Milobar.

#### **Science Activities**

Metropolitan staff submitted review of the Collaborative Adaptive Management Team Structured Decision Making for Delta Smelt draft report. The draft report details the final analysis of the Phase 1 effort initiated in 2019 with the objective of developing alternative actions to promote positive population growth in Delta smelt in the next 5-10 years

#### **Delta Island Activities**

Metropolitan staff has completed negotiations with the Delta Conservancy on the Webb Tract Grant Agreement. A floating wetland containment structure was installed in an existing impoundment on Bouldin Island and the tules located in the dough boy pools from a previous floating wetlands study on Bouldin Island will be moved to the

containment structure in the impoundment as nursery stock and it will continue to be studied.

# Summary Report for The Metropolitan Water District of Southern California Board Meeting March 12, 2024

#### **PUBLIC HEARING**

Public hearing regarding: the proposed water rates and charges for calendar years 2025 and 2026 necessary to meet the revenue requirements for fiscal years 2024/25 and 2025/26. (Agenda Item 4a)

#### **CONSENT CALENDAR OTHER ITEMS - ACTION**

Announced formation of a new Ethics, Organization, and Personnel Subcommittee on 360 Evaluations Review of Direct Reports.

• Directors Bryant, Dennstedt, Ortega, Phan, Pressman, and Smith were appointed as members and

Appointed Director Armstrong as Chair of Subcommittee on Audits. (Agenda Item 6B)

Nominated and Elected Directors Armstrong, Garza and De Jesus as nonofficer members of the Executive Committee for the remaining two-year term effective March 12, 2024 and ending at the January 2025 Board Meeting. (Agenda Item 6C)

- Director Armstrong was appointed Chair of the Subcommittee on Audit
- Directors De Jesus and Garza were appointed as members of the Subcommittee on Audit.

#### **CONSENT CALENDAR ITEMS – ACTION**

Awarded a \$1,754,000 contract to Granite Construction Company for the rehabilitation of asphalt pavement at the F.E. Weymouth Water Treatment Plant. (Agenda Item 7-1)

Awarded an \$892,552 procurement contract to Whipps Inc. for the fabrication of three slide gate assemblies for the East Lake Skinner Bypass channel. (Agenda Item 7-2)

(a) Awarded a \$1,779,174 procurement contract to Vogt Valves Inc. for a 132-inch diameter butterfly valve to be installed at the Foothill Pump Station as part of water supply reliability improvements in the Rialto Pipeline service area; and (b) Authorized an increase of \$260,000 to an existing agreement with HDR Engineering Inc. for a new not-to-exceed amount of \$1,560,000

for design of Stage 2 for the Inland Feeder/San Bernardino Valley Municipal Water District Foothill Pump Station Intertie. (Agenda Item 7-3)

Authorized an increase to an existing agreement with Tetra Tech Inc. for a new not-to-exceed amount of \$3,350,000 for design services for the Iron Mountain SL&P Electrical Improvements project. (Agenda Item 7-4)

Amended the Capital Investment Plan for fiscal years 2022/2023 and 2023/2024 to include the Sepulveda Feeder Pump Stations Stage 2 and the Inglewood Lateral Improvements projects. (Agenda Item 7-5)

Authorized an increase of \$1.3 million to an existing agreement with Helix Environmental Planning Inc. for a new not-to-exceed amount of \$4.1 million to continue preparing environmental documentation for the Pure Water Southern California Program. (Agenda Item 7-6)

Authorized an increase of \$320,000 to a purchase order with Total Transportation Logistics Inc. for a new not-to-exceed total amount of \$540,000 for storage of filter valves for the F.E. Weymouth Water Treatment Plant. (Agenda Item 7-7)

Approved amendments to the Metropolitan Water District Administrative Code to provide an exempt time off benefit for unrepresented employees, create a new reproductive loss leave benefit, and to conform personnel regulations for unrepresented employees to current practices and regulations; and authorized the General Manager to adjust unrepresented salaries to conform with the equity wage and cost-of-living adjustments provided to Metropolitan's management unit. (Agenda Item 7-8)

#### **OTHER BOARD ITEMS - ACTION**

Approved motion to authorize lease agreement with Lemhi Land and Cattle LLC according to price and terms presented in closed session and as set forth in the confidential letter. (Agenda Item 8-1)

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

All current month materials, and materials after July 1, 2021 are available on the public website here: <a href="https://mwdh2o.legistar.com/Calendar.aspx">https://mwdh2o.legistar.com/Calendar.aspx</a>

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# Summary Report for The Metropolitan Water District of Southern California Special Board Meeting March 26, 2024

#### **OTHER BOARD ITEMS - ACTION**

Approved the creation of an Ad Hoc Committee for the Department Heads evaluation Process until September 1, 2024, or the completion of the evaluation process. (Agenda Item 5A)

#### Ad Hoc Committee for the Department Heads Evaluation Process

- B. Pressman, Chair
- G. Bryant
- B. Dennstedt
- T. Phan
- T. Smith

Approved Committee Assignments. (Agenda Item 5B)

#### **Subcommittee on 360 Evaluations - committee vacated.**

#### **Audits Subcommittee of Executive Committee**

Added: L. Fong Sakai, Vice Chair

#### Ad Hoc Subcommittee on Equal Employment Opportunity Investigation

Removed: M. Ramos

Added: B. Pressman as a member

#### **Ad Hoc San Diego Litigation**

Removed: N. Sutley, L. Dick, G. Gray, and A. Ortega

Added: N. Sutley, Chair

Added Members: M. Camacho, J. Armstrong, and D. Alvarez

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

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## The Metropolitan Water District of Southern California



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.

#### Boa d of D ecto s H dden:

19, 2024:

2 00 PM

Tuesday, I 9, 2024 Meet ng Schedule

08 30 a.m. LC 10 30 a.m. F M 01 30 .m. B eak : 02 00 .m. BOD

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#### 1. Call to O de

- a. Invocation: TBD
- b. Pledge of Allegiance: Director Juan Garza, Central Basin Municipal Water District
- 2. Roll Call
- 3. Dete minat on of a Quo um
- 4. O o tun ty fo membe s of the ubl c to add ess the Boa d on matte s w ith n the Boa d's ju sd ct on. ( s equ ed by Gov. Code §54954.3(a))

#### 5. OTHER MATTERS ND REPORTS

. Report on Directors' Events Attended at Metropolitan's Expense: 21-3171

B. Chair's Monthly Activity Report 21-3172

C. General Manager's summary of activities 21-3173

| Board of D r<br>Page 2 | or G                                    | Apr I 9, 2024 |
|------------------------|---|---------------|
| G e <b>D</b> .         | neral Counsel's summary of activities G | 21-3174       |
| Ge <b>E</b> .          | neral Auditor's summary of activities   | 21-3175       |
| F.                     | Ethics Officer's summary of activities  | 21-3176       |

#### \*\* CONSENT CALENDAR ITEMS -- ACTION \*\*

#### 6. CONSENT CALENDAR OTHER ITEMS - ACTION

- A. Approval of the Minutes Board of Directors Workshop on Proposed Biennial Budget for February 27, 2024, the Board of Directors Meeting for March 12, 2024, and the Board of Directors Workshop on Long-Term Planning Processes and Business Modeling CAMP4W Task Force Meeting for March 18, 2024 (Copies have been submitted to each Director, any additions, corrections, or omissions)
- B. Approve Committee Assignments

#### 7. CONSENT CALENDAR ITEMS - ACTION

- Certify the Final Program Environmental Impact Report for the F.E. 7-1 21-3179 G Weymouth Water Treatment Plant and La Verne Improvements Program and take related CEQA actions; and award three procurement contracts to furnish water quality equipment for Metropolitan's Water Quality Laboratory: (1) a \$1,512,882 contract to Agilent Technologies to furnish two gas chromatograph-mass gas spectrometer units and two chromatograph spectrometry/solid phase microextraction units; (2) a \$726,432 contract to SCIEX to furnish one liqu@d chromatograph-mass spectrometer unit; and (3) a \$665,441 contract to Thermo Fisher Scientific to furnish four ion chromatograph systems (EOT)
- 7-2 Authorize an agreement with HDR Engineering Inc. for a not-to-exceed amount of \$3 million for final design to rehabilitate a portion of the Sepulveda Feeder; and adopt the CEQA determination that the Sepulveda Feeder rehabilitation project was previously addressed in the certified 2017 Final Programmatic G Environmental Impact Report for the Prestressed Concrete Cylinder Pipe Rehabilitation Program (EOT)

21-3182 **7-3** A uthorize an increase of \$1,100,000 to an agreement with HDR Engineering Inc. for a new not-to-exceed total amount of \$1,735,000 for final design services to replace the 2.4 kV power line that serves the Black Metal Mountain Communications Site; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQ (EOT) 7-4 ward a \$295,562 contract to The Kepler Group Inc. to implement 21-3183 security system improvements at the Gene Pumping Plant; the General Manager has determined that this proposed action is exempt or otherwise not subject to CEQ (EOT) 7-5 A Review and consider Eastern Municipal Water District's five 21-3186 approved Initial Studies/Mitigated Negative Declarations and two ddenda, and take related CEQ actions; uthorize the General Manager to enter into a Local Resources Program greement with Eastern Municipal Water District for the Perris North Basin Groundwater Contamination Prevention and Remediation Program for up to 3,466 acre-feet per year of treated groundwater for potable purposes in the Eastern Municipal Water District service area (OWS) 7-6 A Review and consider the Las Virgenes Municipal Water District and 21-3187 Las Virgenes-Triunfo Joint Powers uthority certified Final Environmental Impact Report and two ddenda: uthorize the General Manager to enter into a Local Resources Program greement with Las Virgenes Municipal Water District and Las Virgenes-Triunfo Joint Powers uthority for the PURE Water Project Las Virgenes-Triunfo Program for up to 5,000 acre-feet per year of treated recycled water for potable purposes in the Las Virgenes Municipal Water District service area (OWS) 7-7 Review and consider the South Coast Water gency's approved 21-3188 Final EIR and take related CEQ actions, and authorize entering into a Local Resources Program greement with Municipal Water District of Orange County and South Coast Water District for the Doheny Ocean Desalination Project (OWS) 7-8 A Review and consider the Los ngeles Department of Water and 21-3189 Power's certified Final Environmental Impact Report and ddendum, and take related CEQ actions, and authorize the General Manager to enter into a Local Resources Program greement with the Los ngeles Department of Water and Power A for the Los ngeles Groundwater Replenishment Project for up to 19,500 acre-feet per year of potable recycled water through

groundwater replenishment in the San Fernando Valley (OWS) A

| <b>Board</b><br>Page 4 |      | or d   | Apr I 9, 2024    |
|------------------------|------|--|------------------|
|                        | 7-9  | A opt resolution for the 113th Fringe Area Annexation to Eastern Municipal Water District an Metropolitan; the General Manager has etermine that the propose action is exempt or otherwise not subject to CEQA (FAM)   | <u>21-3193</u>   |
|                        | 7-10 | PLACEHOLDER [Legislative Item] (Leg)   | <u>21-3194</u>   |
|                        |      | ** END OF CONSENT CALENDAR ITEMS **  |                  |
| 8.                     | отні | ER BOARD ITEMS - ACTION  |                  |
|                        | 8-1  | Appropriate \$636.48 million for projects i entifie in the Capital Investment Plan for Fiscal Years 2024/25 an 2025/26 an authorize the General Manager to initiate or procee with work on capital projects i entifie in the Capital Investment Plan for Fiscal Years 2024/25 an 2025/26; the General Manager has etermine that the propose action is exempt or otherwise not subject to CEQA (EOT)                  | <u>21-3181</u>   |
|                        | 8-2  | Authorize the Supplemental Water Management Program an the General Manager to enter into agreements with participating member agencies to provi e payments for water management actions that help Metropolitan manage supplemental supplies an provi e a regional benefit; the General Manager has etermine that the propose action is exempt or otherwise not subject to CEQA (OWS)                                 | <u>21-3185</u>   |
|                        | 8-3  | Approve an authorize the istribution of Appen ix A for use in the issuance an remarketing of Metropolitan's Bon s; the General Manager has etermine that the propose action is exempt or otherwise not subject to CEQA (FAM)   | <u>21-3191</u>   |
|                        | 8-4  | Approve the Propose Biennial Bu get for fiscal years 2024/25 an 2025/26, which inclu es the Capital Investment Plan an revenue requirements for fiscal years 2024/25 an 2025/26 an the ten-year forecast; a opt resolutions fixing an a opting the water rates an charges for calen ar years 2025 an 2026; the General Manager has etermine that the propose action is exempt or otherwise not subject to CEQA (FAM) | <b>21-3192</b> d |
|                        | 8-5  | PLACEHOLDER Pre-me iation iscussions with Baker Electric (LC)  | <u>21-3200</u>   |
| 9.                     | BOA  | RD INFORMATION ITEMS   |                  |
|                        | 9-1  | Conservation Report  | 21-3178          |

**9-2** Pro osed Interagency Local Su ly Exchange Program (OWS) p <u>21-3190</u>

#### 10. OTHER MATTERS

#### 11. FOLLOW-UP ITEMS

NONE

#### 12. FUTURE AGENDA ITEMS

#### 13. ADJOURNMENT

NOTE: Ea hag nda mwiha ommi d gna on will b on drdandar ommenda on may b mad by on or mor ommi pror o on dra on and f nal a on by h full Board of Dr or. Th ommi d gna on app ar n par n h a h nd of h d rp on of h ag nda m, .g. (EOT). Board ag nda may b ob a n d on Meropol an' Web h p://mwdh2o.l g ar. om/Cal ndar.a px

Wr ng r la ng o op n on ag nda msd r bu d o D r or l han 72 hour pror o a r gularm ng ar ava labl for publ n p on a Meropol an' H adquar r Bu ld ng and on Meropol an' Web h p://mwdh2o.l g ar. om/Cal ndar.a px.

R qu for a d a b l y-r la d mod f a on or a pommoda on, n lud ng aux l ary a d or rv , n ord r o a nd or par pa n a me ng hould b mad o h Board Ex u v S r ary n advan of h me ng o p n ur ava lab l y of h r qu d rv or a ommoda on.