

WORKSHOP MEETING OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
BOARD OF DIRECTORS WITH METROPOLITAN DIRECTORS
18700 Ward Street, Conference Room 101, Fountain Valley, California
February 4, 2026, 8:30 a.m.

Teleconference Sites:
25652 Paseo De La Paz, San Juan Capistrano, CA 92675
17420 Walnut Street, Fountain Valley, CA 92708

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/j/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 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 THE 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 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 Website, accessible at <http://www.mwdoc.com>.

NEXT RESOLUTION NO. 2169

PRESENTATION ITEM

- 1. DOHENY OCEAN DESALINATION PROJECT UPDATE (PRESENTATION BY SOUTH COAST WATER DISTRICT GENERAL MANAGER – RICK SHINTAKU)**

Recommendation: Receive and file the presentation.

DISCUSSION ITEMS

2. LEGISLATIVE ACTIVITIES

- a. Federal Legislative Report (Natural Resource Results)
- b. State Legislative Report (West Coast Advisors)
- c. Legal and Regulatory Report (Ackerman)
- d. County Legislative Report (Whittingham)

Recommendation: Review and discuss the information presented.

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

Recommendation: Receive input and discuss the information presented.

INFORMATION ITEMS

4. METROPOLITAN ITEMS CRITICAL TO ORANGE COUNTY

- a. Metropolitan's Finances
- b. Metropolitan's Water Supply Condition Update
- c. Metropolitan's Water Quality Update
- d. Colorado River Issues
- e. Delta Conveyance Activities and State Water Project Issues

5. METROPOLITAN BOARD AGENDA DISCUSSION ITEMS

- a. Summary regarding January Metropolitan Board Meeting
- b. Review items of significance for Metropolitan Board Agenda

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 contacting Angela Crespi, District Secretary, at (714) 963-3058, or writing to Municipal Water District of Orange County at 18700 Ward Street, Unit B, Fountain Valley, CA 92708. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.



PRESENTATION ITEM

February 4, 2026

TO: Board of Directors

FROM: Harvey De La Torre, General Manager

Staff Contact: Melissa Baum-Haley, Assistant General Manager

**SUBJECT: DOHENY OCEAN DESALINATION PROJECT UPDATE
(PRESENTATION BY SOUTH COAST WATER DISTRICT
GENERAL MANAGER - RICK SHINTAKU)**

STAFF RECOMMENDATION

Staff recommends the Board of Directors receive the presentation.

REPORT

Purpose

MWDOC staff invited South Coast Water District (SCWD) General Manager Rick Shintaku to provide a status update on the Doheny Ocean Desalination Project.

Background

The Doheny Ocean Desalination Project (Doheny Project) will create up to 5 million gallons per day (MGD) of new, local, drought-proof water supply, providing highly treated desalinated ocean water to South Orange County. Such a project will greatly improve the area's reliability and mitigate any disruption due to planned or unplanned outages.

The facility's proposed location, between Pacific Coast Highway and Stonehill Drive, next to San Juan Creek, is within 100 yards of existing regional water transmission lines. SCWD will build the facility on property it already owns, and the infrastructure of the Joint Regional Water Supply System is already in place to distribute desalinated water to SCWD customers and South Orange County, significantly reducing costs and construction impacts. The Doheny Project, when completed, will produce up to 5 MGD of drinking water to SCWD's service area (and potentially local partners). This initiative is a cornerstone of SCWD's [Integrated Water Resources Plan](#), aimed at diversifying and securing water resources, particularly during critical periods of need, such as drought or

natural disasters. SCWD is currently partnering with the Laguna Beach County Water District and the Eastern Municipal Water District, reinforcing the regional collaboration and resource-sharing benefits of the Doheny Project.

Once operational, the Doheny Project will be the first fully compliant ocean desalination facility to use the [California Ocean Plan Amendment](#)'s preferred subsurface intake and blended brine discharge. Water is sourced from subsurface intake (slant) wells proposed at Doheny State Beach, which are the environmentally preferred technology because they are fully buried beneath the ocean floor to ensure the protection of marine life. Brine, the saltwater left over from the desalination process, will be co-mingled with treated wastewater in an existing outfall pipe (San Juan Outfall) and discharged two miles out into the ocean, which is the environmentally preferred discharge method.

Discussion

MWDOC staff invited South Coast Water District General Manager Rick Shintaku to provide a status update on the Doheny Ocean Desalination Project and upcoming activities for 2026.

ALIGNMENT WITH BOARD STRATEGIC PRIORITIES

- Clarifying MWDOC's mission and role; defining functions and actions.*
- Balance support for Metropolitan's regional mission and OC values and interests.*
- Strengthen communication 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.*

Attachments/Links:
Link 1: https://tinyurl.com/sym2ezum
Link 2: https://www.waterboards.ca.gov/water_issues/programs/ocean/desalination/



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

From: Natural Resource Results

RE: Monthly Board Report – February 2026

Government Shutdown?

President Trump recently signed H.R. 6938—the Commerce, Justice, Science; Energy and Water Development; and Interior and Environment Appropriations Act of 2026—into law. As a result, the Bureau of Reclamation, the Environmental Protection Agency, the U.S. Army Corps of Engineers, and all federal land-management agencies are fully funded for the remainder of FY 2026.

Six additional appropriations bills remain pending. While the House has passed a consolidated six-bill package, it has yet to receive Senate approval. Ongoing debate related to Immigration and Customs Enforcement (ICE) and funding for the Department of Homeland Security has complicated the package’s path forward, as Senate Democrats seek changes to the legislation. Any such amendments would require the House to reconsider the package, increasing the likelihood of a partial government shutdown for an undetermined period.

Sites Reservoir

On January 23rd, the Department of the Interior signed the Record of Decision (ROD) for the Sites Reservoir Project, marking the completion of the federal environmental review process under the National Environmental Policy Act (NEPA). The ROD confirms the selection of a preferred alternative and demonstrates compliance with applicable federal environmental laws and regulations, including NEPA, the Endangered Species Act, and related consultation requirements. Issuance of the ROD represents a major federal milestone, substantially reducing regulatory risk and clearing the final federal environmental hurdle required to advance the project. Congress has appropriated \$798 million to the Bureau of Reclamation for the Sites Reservoir Project to date, and the signed ROD authorizes Reclamation to begin obligating and expending federal construction funds. With this decision in place, the project can transition from planning and environmental review into active construction and implementation, enabling federal cost-share participation and accelerating overall project delivery.

Senator Padilla Legislation

Senator Padilla is circulating to draft pieces of legislation that attempt to address water infrastructure needs throughout the West, but particularly in California.

MORE WATER Act

Section 1 — Short Title.

This section formally designates the legislation as the “MORE WATER Act” (Making Our Communities Resilient through Enhancing Water for Agriculture, Technology, the Environment, and Residences Act).

Section 2 — Reauthorization of the Large-Scale Water Recycling Program.

This section reauthorizes the Bureau of Reclamation’s Large-Scale Water Recycling Program for an additional five years, extending the program through December 31, 2031. The section also includes protective authorization language modeled after the 2016 WIIN Act to ensure that large-scale recycling projects already under construction or in advanced design remain authorized even if the program is not reauthorized in the future. This provision is intended to prevent project delays or work stoppages caused by authorization lapses and to reduce regulatory and financial risk for project sponsors. The section further authorizes appropriations for the program, although no specific funding level is identified.

Section 3 — Water Conveyance Improvements Program.

This section establishes a new, programmatic authorization allowing the Bureau of Reclamation to provide financial assistance to eligible federal and non-federal water conveyance projects without requiring individual congressional authorization for each project, provided projects meet statutory criteria. Eligible projects must be feasible, have secured their non-federal cost share, and deliver one or more federal benefits consistent with Reclamation law. The standard federal cost share is up to 50 percent of total project costs and is provided as non-reimbursable funding. For multi-benefit projects, the Act requires that a portion of federal funding be directed toward either drinking water benefits for low-income communities or environmental benefits. Specifically, up to 30 percent of project costs may support any federal benefit, while an additional 20 percent must be used for low-income drinking water or environmental purposes. The Act provides flexibility in how these benefits are delivered and allows project sponsors to begin construction of core conveyance infrastructure while negotiations over specific benefit commitments are ongoing, subject to defined timelines and conditions. The section also prohibits Reclamation from imposing an overall funding cap on individual projects, excludes projects with total costs exceeding \$5 billion, allows the use of other federal funding sources such as WIFIA loans and State Revolving Funds toward the non-federal share, and requires compliance with all applicable federal and state laws.

Section 4 — Reauthorization of Recycling and Environmental Restoration Programs.

This section extends two existing WIIN Act programs—the water recycling program and the environmental restoration program—through December 16, 2031. It increases the per-project federal funding cap for water recycling projects from \$30 million to \$50 million, subject to automatic inflation adjustments, while maintaining the statutory limit that federal funding may not exceed 25 percent of total project costs. This adjustment reflects rising construction costs and is intended to improve the viability of large municipal water recycling projects. The section also clarifies that environmental restoration funding may support habitat restoration at the Great Salt Lake and other saline inland lakes affected by Bureau of Reclamation projects.

Section 5 — Offset from Extension of Certain Provisions.

This section extends the voluntary repayment and contract conversion program for Bureau of Reclamation water districts through December 16, 2031. Congressional Budget Office estimates for similar legislation indicate that this extension could generate approximately \$154 million in additional federal revenue, which may be used to offset the cost of authorizations contained in the Act.

Section 6 — Deauthorization of Inactive Projects Offset.

This section establishes a transparent process for deauthorizing Bureau of Reclamation projects that have not received any federal funding for a period of seven years. Reclamation is required to publish interim and final lists of projects subject to deauthorization, with deauthorization occurring within three years of enactment unless Congress resumes funding, formally disapproves the deauthorization, the project sponsor completes the project with non-federal funds, or the Department of the Interior determines that the project is vital to state or national interests. This provision is intended to remove dormant project authorizations and focus federal resources on active, priority water infrastructure projects.

GROW SMART Act

Overview and Rationale.

The GROW SMART Act (Growing Resilient Operations from Water Savings and Municipal-Agricultural Reciprocally-beneficial Transactions Act) is designed to address worsening water scarcity and drought risk in the American West by introducing market-based incentives into agricultural water efficiency investments. The legislation is premised on the finding that agricultural water-use efficiency measures are dramatically less expensive—often by an order of magnitude—than developing new water supplies such as storage, recycling, or desalination. While agricultural efficiency projects can cost hundreds of dollars per acre-foot of water saved, new supply projects frequently cost several thousand dollars per acre-foot. Despite this cost advantage, market forces have not driven widespread investment in agricultural efficiency due to information gaps, farmer distrust of urban entities, and the historical legacy of “buy-and-dry” water acquisitions that harmed rural communities. The GROW SMART Act seeks to overcome these barriers by funding demonstration projects that show farmers, cities, and industries how voluntary partnerships can produce reliable water savings while keeping farmland in production and sustaining rural economies.

Program Purpose and Two-Bill Structure.

The Act authorizes the Bureau of Reclamation to fund the planning and design of demonstration-scale projects that test innovative agricultural water efficiency measures and voluntary partnerships between agricultural producers and municipal, industrial, and commercial entities. These planning funds are intended to demonstrate which practices work in specific regions, at what cost, and with what impacts on yields and farm income. The legislation is explicitly designed as the first part of a two-bill package: Reclamation would fund project design and demonstration, while a subsequent bill would authorize the U.S. Department of Agriculture—given its larger budget and greater experience with agricultural implementation—to fund broader deployment of successful projects. This structure limits federal risk while creating a pathway for scalable, privately financed solutions once effectiveness is demonstrated.

Innovative Water Efficiency Measures and Partnerships.

Eligible demonstration projects would focus on innovative or locally unproven approaches that significantly reduce agricultural water use while keeping land in production. Examples include switching to low water-use crops, innovative irrigation technologies such as precision or subsurface drip systems, hydroponics, and alternative feed or commodity crops with substantially lower water demands. Some approaches may reduce water use by 30 to 80 percent, far exceeding the reductions typically achieved through conventional efficiency measures such as standard drip irrigation or seasonal fallowing. Projects would also test contractual partnership models in which municipal or industrial entities fund the non-federal share of project costs in exchange for acquiring a majority of the water savings, while farmers retain benefits such as additional water supplies for other acreage, shared storage, or insurance against drought and commodity-market downturns. The legislation explicitly prohibits “buy-and-dry” outcomes by requiring that farmland remain in production for the majority of the growing season or, for drought-year agreements, for most years of the agreement.

Independent Agricultural Innovation Pathway.

In addition to partnership-based projects, the Act authorizes planning support for agricultural entities acting independently, or in coordination with state or Tribal programs, to address declining groundwater aquifers or surface water supplies. This provision ensures that farmers can pursue innovative water-saving strategies even where municipal or industrial partners are not available, while still prioritizing approaches that maintain agricultural production and rural employment.

Cost-Effectiveness and Policy Justification.

The GROW SMART Act is grounded in evidence showing that agricultural water efficiency investments deliver some of the lowest-cost water savings available. A peer-reviewed study of Bureau of Reclamation investments in the Colorado River Basin found costs ranging from \$385 to \$2,444 per acre-foot across hundreds of projects, with agricultural efficiency and reuse projects among the most cost-effective. Specific examples cited include hydroponic feed systems that could achieve water savings at an amortized cost of roughly \$200 to \$500 per acre-foot. By demonstrating these outcomes at a small scale, the Act aims to unlock private and municipal investment in agricultural efficiency, reducing pressure on federal budgets while producing water savings that are less expensive than acquiring water rights or constructing new infrastructure.

Planning Authority, Eligibility, and Funding.

The Act adds a new planning authority to the Reclamation States Emergency Drought Response Act, allowing the Secretary of the Interior to provide planning support for voluntary water-sharing agreements and water-thrifty agricultural projects. Eligible applicants include partnerships between agricultural entities and municipal, industrial, commercial, Tribal, or conservation organizations, as well as agricultural entities acting alone for certain projects. Applications are intended to be streamlined and not require extensive supporting studies. In selecting projects, the Secretary is directed to prioritize proposals that are highly innovative, reduce agricultural water use while maintaining production, support rural income and employment, demonstrate a strong likelihood of success, include long-term (at least ten-year) voluntary agreements, and dedicate a portion of saved water to benefit the broader agricultural community or irrigation district. The Act authorizes up to a 75 percent federal cost share for

planning activities, with authority to waive the non-federal cost share for Tribal entities, and provides funding through a combination of WaterSMART drought response funds and a new authorization of \$5 million annually for fiscal years 2027 through 2033.

**January 27, 2026****To:** Municipal Water District of Orange County**From:** Beth Olhasso
Michael Boccadoro**RE:** January Report

Overview:

A weeks-long dry spell is leaving water managers concerned as Spring inches closer and closer. The Christmas storms were very helpful, but the lack of precipitation and relatively warm weather has caused the snowpack to drop from 74 percent of normal to 58 percent of normal in just a month. Currently, the snowpack is at just 35 percent of April 1 average.

Reservoir levels remain strong, as much of the melting snow has been captured and reservoirs are being managed for flood control. Lake Oroville is sitting at 82 percent capacity, 138 percent of normal; Lake Shasta is sitting at 80 percent of capacity, 125 percent of average; while San Luis Reservoir is at 77 percent of capacity, 106 percent average for this time of year.

Water use in data centers is getting an increased amount of attention recently. Data center energy use continues to be the more robust discussion, and is the topic of an informational hearing in the Assembly, however water use is also starting to cause concern. The Public Policy Institute of CA (PPIC), the New York Times, CalEPA and others are all starting to talk about water availability and the need to use recycled water. It remains to be seen if the Legislature will take another crack at water use in data centers in 2026.

A partnership between water managers, rice growers, state and federal government and others is releasing possibly the largest-ever amount of salmon fry ever into rice fields converted to wetlands for rearing and release back into the Pacific Ocean.

Governor Newsom released his 2026-27 preliminary budget projecting a “modest shortfall” of \$2.9 billion for the upcoming fiscal year, down sharply from previous estimates in a nearly \$349 billion budget proposal that relies heavily on continued windfalls from tech and AI stocks. It’s significantly rosier than the grim outlook by the nonpartisan Legislative Analyst’s Office, which in November projected an \$18 billion deficit.

The Legislature is back in Sacramento for the second year of the two-year session. January 31 is the final day for two-year bills to pass out of their house of origin with only one significant water bill moving in the two-year rush. AB 35 (Alvarez) would provide an exemption from the Administrative Procedures Act for programs that administer bond funds from Proposition 4. A large coalition of water, environmental, labor and local government organizations has joined together to promote the legislation. The bill passed over to the Senate and proponents will push for early consideration.

February 20 is the deadline for new bills to be introduced. Not many bills have “crossed the desk” yet in 2026, but the rush is expected in the final days before the deadline.

Municipal Water District of Orange County Status Report – January 2026

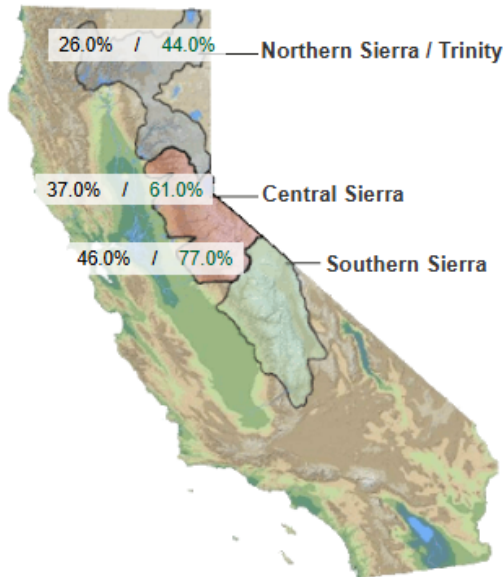
Water Supply Conditions

The gains made by the snowpack at the end of 2025 are rapidly melting. While the melt is getting collected, a snowpack at just 35 percent of April 1 average is very concerning for long-term water supply. San Luis reservoir is at 106 percent of historical average and 77 percent capacity. Lake Oroville is at 82 percent capacity, 138 percent of normal; Lake Shasta is sitting at 80 percent of capacity, 125 percent of average for this time of the year.

Provided by the California Cooperative Snow Surveys

Data For: 27-Jan-2026

% Apr 1 Avg. / % Normal for this Date



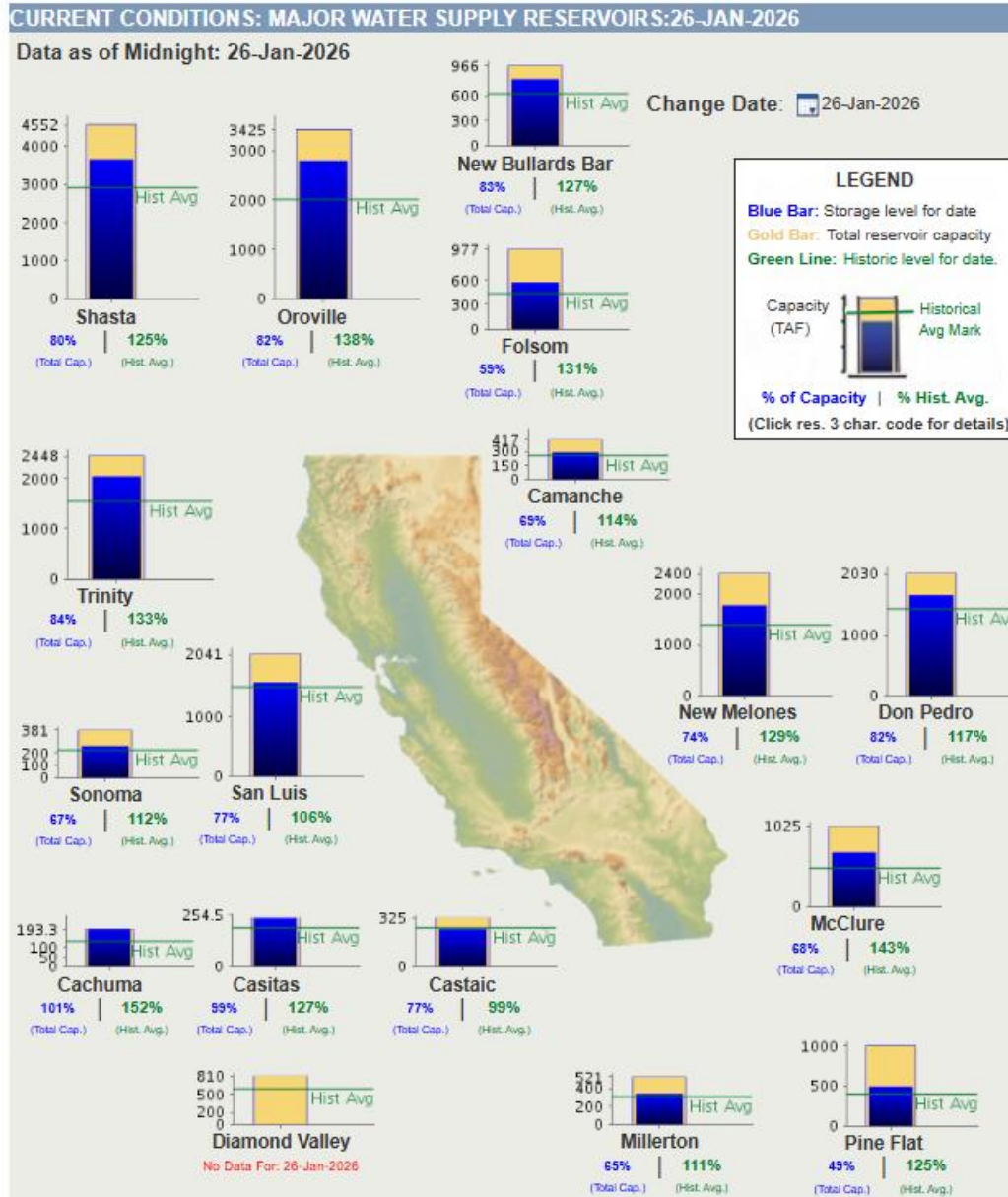
Change Date :

NORTH	
Data For: 27-Jan-2026	
Number of Stations Reporting	32
Average snow water equivalent	7.1"
Percent of April 1 Average	26%
Percent of normal for this date	44%

CENTRAL	
Data For: 27-Jan-2026	
Number of Stations Reporting	53
Average snow water equivalent	10.0"
Percent of April 1 Average	37%
Percent of normal for this date	61%

SOUTH	
Data For: 27-Jan-2026	
Number of Stations Reporting	23
Average snow water equivalent	11.5"
Percent of April 1 Average	46%
Percent of normal for this date	77%

STATEWIDE SUMMARY	
Data For: 27-Jan-2026	
Number of Stations Reporting	108
Average snow water equivalent	9.5"
Percent of April 1 Average	35%
Percent of normal for this date	58%



Water Use in Data Centers

Discussions around water use in data centers is starting to pick up. While electricity use in data centers has been a hot topic, water has taken a back seat. Governor Newsom vetoed a bill, AB 93 (Papan) that would have required data centers to be more transparent about water use.

The Public Policy Institute of California (PPIC) is starting a [blog series](#) on how artificial intelligence may impact California water.

The New York Times [discusses](#) how Microsoft's pledge to cut water use doesn't align with data center expansion.

What is [reported](#) to possibly be the largest data center in the world is trying to start construction without environmental review in Imperial County. The facility is reported to likely use 840 acre-feet of water per year.

Additionally, the federal EPA is using its Water Reuse Program to help AI data centers meet their massive cooling-water needs by promoting the use of recycled and reclaimed water, aligning with the Trump administration's goal of making the U.S. the "AI capital of the world."

The agency is reviewing state water reuse regulations, especially those governing cooling applications, to see how they can better support data centers while strengthening local water supplies. This includes treatment standards like oxidation, disinfection, coagulation, and filtration.

EPA is also exploring additional, unspecified ways to support water reuse for data centers and has signaled that it may promote reuse of oil and gas wastewater through a pending reconsideration of effluent limitation guidelines—though that rulemaking has been delayed. At the same time, community backlash against data centers is growing due to water and energy concerns, especially in water-scarce regions. Environmental, civil rights, and consumer groups are calling for moratoriums, and local opposition has already delayed or blocked hundreds of billions of dollars in projects.

In response, major tech companies like Microsoft and Amazon are pledging to reduce water use, expand recycled water systems, replenish more water than they consume, and adopt new cooling technologies that dramatically cut or eliminate water demand.

The Assembly Utilities & Energy Committee and the Assembly Privacy and Consumer Protection Committee are having a hearing on January 28 on the impacts of data centers on the energy sector. It is also rumored that the Assembly Water, Parks & Wildlife Committee, chaired by Assemblymember Papan, will hold a similar hearing on the water impacts.

Legislators have ample opportunity to introduce new legislation regarding water use at data centers with three weeks left to introduce bills.

Massive Salmon Fry Release Aims to Restore Populations

A broad coalition of farmers, fishermen, water managers, researchers, conservation groups, and the U.S. Fish and Wildlife Service has released 1.8 million fall-run salmon fry from Coleman National Fish Hatchery into winter-flooded rice fields in Yolo County, California, marking one of the largest efforts of its kind.

The multiyear project uses working rice fields as floodplain-like habitat, giving young salmon access to abundant natural food. Research shows salmon raised in flooded fields grow two to five times faster than those confined to river channels, improving their chances of surviving the journey to the Pacific and returning as adults.

Led by The Bridge Group, the initiative builds on UC Davis and California Trout research and aims to release about two million fry annually over the next decade. Scientists will track survival, harvest contribution, and adult returns using genetic monitoring, and other technology.

Support comes from USDA NRCS, the Bureau of Reclamation, UC Davis, and multiple fishing and farming organizations. Participants see the project as a scalable, collaborative strategy to rebuild salmon populations by mimicking historical floodplain conditions in a changing climate.

Newsom's Proposed Budget Highlights Climate and Water Spending, Leaves Key Questions for Utilities

Gov. Gavin Newsom's proposed 2026–27 California budget continues to prioritize climate change and water resilience, even as the state faces ongoing fiscal constraints and uncertainty around long-term funding stability. While administration officials emphasize continuity and leadership amid federal policy shifts, water utilities and local agencies are left parsing how much of the proposed spending translates into practical, implementable support for water supply reliability and infrastructure.

Overall, the budget maintains substantial reliance on cap-and-invest revenues, bond funding approved by voters in 2024, and special funds to advance climate, water, transportation, housing, and wildfire goals. The proposal now heads to the Legislature, where lawmakers are expected to scrutinize tradeoffs, timelines, and implementation details.

Climate Programs Drive Major Spending Decisions

Climate policy remains a central organizing principle of the budget. The administration points to the recent extension of California's cap-and-invest program through 2045 as providing long-term certainty for emissions reductions and climate investments. The budget assumes continued auction revenue to support a wide range of programs, including high-speed rail, wildfire mitigation, clean transportation, and community investments.

From a utility perspective, the continued dependence on cap-and-invest raises familiar questions about revenue volatility, regulatory complexity, and the degree to which funds ultimately flow to projects that improve core water and energy infrastructure rather than broader climate objectives.

Water Funding Focused on Resilience, Not Operations

For water agencies, the most direct funding comes from the administration's proposal to spend \$792 million from the \$10 billion climate and water bond approved by voters in 2024. According to the budget, those funds would support:

- Water storage projects,
- Groundwater recharge and sustainability efforts,
- Stream and river restoration,
- Water recycling projects
- A range of water resilience and infrastructure projects.

While utilities broadly support investments in storage and groundwater replenishment, the bond-funded approach underscores that much of the state's water spending remains project-specific

and competitive, rather than providing ongoing funding for operations, maintenance, or regulatory compliance costs increasingly borne by local agencies.

Transportation and Energy Compete for Climate Dollars

The proposal includes \$1 billion annually for high-speed rail and another \$1 billion in discretionary climate funding, alongside more than \$2 billion for wildfire and forest management at Cal Fire. In addition, the governor proposes \$200 million for a new state incentive program to encourage light-duty zero-emission vehicle purchases following the elimination of federal EV tax credits.

While these initiatives are framed as climate priorities, they also compete for the same limited pool of cap-and-invest revenues that fund water, energy affordability, and community programs—raising questions about long-term budget balance if auction proceeds decline.

Implementation and Regulatory Costs Continue to Grow

Questions for Budget Subcommittees

As budget negotiations unfold, water utilities are likely to focus on:

- Whether bond-funded water projects align with regional supply and groundwater priorities,
- How climate-driven land-use and housing investments affect local infrastructure planning,
- The sustainability of cap-and-invest revenues as a funding source for water-related programs,
- And whether future budgets will address ongoing operational and regulatory costs, not just capital projects.

Budget sub committees will start to meet to discuss elements of the proposal in the coming weeks.

Legislative Update

The Legislature is back into full swing starting the second year of the two-year session in early January. Bills still in their house of origin have until January 31 to pass to the other house. While members work on their two-year bills, they have also started introducing new legislation ahead of the February 20 bill introduction deadline.

WCA staff have not identified any new bills of significance to MWDOC that have been introduced, but a bulk of new legislation is still yet to come.

Two-Year Bills:

AB 35 (Alvarez) would provide an Administrative Procedures Act Exemption for Proposition 4 bond funds. The legislation will help get bond funds out faster. The bill has over 40 co-authors and has not received a single no vote. It has moved to the Senate where proponents will try to move the bill quickly.

Starting February 1, Senate Committee assignments will change, as appointed by new President Pro Tem Limón.

Orange County Delegation committee assignments:

Senator Kelly Seyarto (R-Murrieta)

- Vice Chair, Appropriations
- Budget & Fiscal Review
- Vice Chair, Emergency Management
- Vice Chair, Housing
- Local Government
- Vice Chair, Natural Resources and Water
- Vice Chair, Public Safety
- Transportation

Senator Tom Umberg (D-Santa Ana)

- Chair, Judiciary
- Business, Professions & Economic Development
- Elections and Constitutional Amendments
- Military and Veterans Affairs
- Transportation
- Privacy, Digital Technologies, and Consumer Protection

Senator Catherine S. Blakespear (D-Encinitas)

- Budget & Fiscal Review
 - Subcommittee #2 on Resources, Environmental Protection and Energy
- Emergency Management
- Chair, Environmental Quality
Governmental Organization
- Transportation
- Joint Legislative Committee on Climate Change Policies

Senator Tony Strickland (R-Huntington Beach)

- Vice Chair, Labor, Public Employment and Retirement
- Banking and Financial Institutions
- Business, Professions & Economic Development
- Vice Chair, Transportation

Senator Steve Choi (R-Irvine)

- Budget & Fiscal Review
 - Subcommittee #2 on Resources, Environmental Protection and Energy
- Vice Chair, Business, Professions & Economic Development
- Education
- Vice Chair, Elections and Constitutional Amendments
- Vice Chair, Local Government

ACKERMAN CONSULTING

Legal and Regulatory

February 4, 2026

- AI Water Demand:** Every one agrees that artificial intelligence and the business developed around it will put a large demand on our infrastructure. Electricity demand will increase over 50%, data center expansion, semiconductor production and water (130%). It is estimated that the world wide demand increase for water will be 8 trillion gallons by 2050. Water is used to cool the chips in the computer. Researchers opine that since we are unlikely to be able to produce that much new water, the emphasis will be on wastewater treatment and loss reduction in much of the world. Almost one half of the data centers are already located in drought prone or water scarce locations. Water is also used extensively in chip and energy production.
- AI Water Relief:** As soon as a problem arises, someone is always looking to solve it. The water concern discussed in Paragraph 1 above as been know for a while, but is now getting more attention. Karman Industries, located in Signal Hill, thinks they have a better mouse trap. They are proposing to use SpaceX rocket technology to cool the chips, using less room, less energy and no water. The high tech chips shut down when they get too hot (200 degrees). Optimal temperature is 150 degrees. Currently, lots of equipment and lots more water is used to keep them cool. Karman has a system similar to a heat pump, except these pumps use liquid carbon dioxide as a refrigerant. SpaceX voodoo is then used in place of fans to cool the chips. They estimate they can reduce the equipment footprint by 80% using this method. The savings in electricity and water is substantial. The water use in the US is estimated to be 33 billion gallons by 2028.
- Perchlorate Restrictions:** The Environmental Protection Agency will be proposing regulations to limit perchlorate in drinking water. This issue has been discussed for decades with no resolution. The NRDC and others have claimed that this chemical is very dangerous, particularly for infants, in lower IQ scores, increased behavioral problems and thyroid issues. The EPA and others questions those findings and say the potential health improvement is not justified by the significant costs. This chemical is used primarily in rockets, explosives but does occur naturally. A Federal Appeals Court has ordered the EPA to come up with some regulations. Even though less than one tenth of one percent of regulated water systems may have this issue, the court action will cost and burden all agencies with testing and more paperwork. The limits being considered are 20, 40 or 80 parts per billion.
- High Speed Rail Tax:** The High Speed Rail Authority is proposing an assessment (tax) on cities, counties and special districts to fund their operations. It is unclear if this will apply only to areas where the rails actually pass or the areas which will benefit from the rail service (potentially the entire State). It was being promoted as similar to the old redevelopment tax increments

system which was eliminated a few years back. This came up at a Public Works Coalition meeting I attended last week. The stakeholders present did not believe this had a lot of support but we should all be aware of this effort.

5. **Surface Water Costs:** UC Davis has completed a study comparing surface water costs vs groundwater costs. This study looked at drought prices and wet year prices. As you might expect, drought year costs are more but how much more. A lot. Surface water prices during drought time went up triple in California adding on average \$487 per acre foot. Groundwater prices stayed relatively stable despite large swings in rain and snow fall. Groundwater basins have the capacity to store 8 to 12 times more than all the states reservoirs together. They suggest greater usage of the storage capacity of groundwater. Of course, the trick is getting that water into the ground. They also suggest increasing storage opportunities even in spite of large costs, environmental concerns and other issues. They explain that the water rights law in California is a large constraint for centralized control and the groundwater legislation is having issues.
6. **Wildfires Impact on Water:** A leading journal, Science Advances, has done an extensive study on the impact of wildfires on water world. This shows that there are many more variables in the equation than originally thought. Fire intensity is a major driver. Bad fires cause more short and long term damage than medium and light fires. Elevation: usually the higher the fire, the less damage. Average temperature: usually the higher temp regions will experience more and faster snow melt and water evaporation. Topography: flat vs hilly conditions can cut both ways relative to fire intensity and run off scenarios. Plant cover: this also can go both ways. More plant cover means more fuel for the big fire but more holding power for rain and snow in light fires. Regional differences: every region of the world has its own particular characteristics which makes comparison to other fire situations very difficult. This article puts more emphasis on human caused climate change being an increasing risk factor. But with all the other natural factors it becomes less certain. Considering all of the above, they conclude that fire intensity is the key determinate. Bigger fire, more bad consequences, snow melt, erosion, sediment, runoff damage, flooding.
7. **Dogs Find Waste:** Flint, Michigan, which has had more than its share of water issues, is using a new tactic. Apparently, they have an issue with human waste in their sewers and wastewater infrastructure. They are employing dogs trained to sniff out human waste and ignore animal waste. The dog, a German Shepherd mix, is much cheaper and quicker than the normal collection and lab test method currently employed. Flint has 345 outfalls, 8300 manholes and almost 15,000 catch basins. Sable, the dogs name, is going to be very busy. While the article did not mention the basis of this action, I am guessing it is the homeless problem.
8. **Pine Bark Kills Drugs:** Antibiotics and other pharmaceuticals are becoming a big issue in the wastewater treatment business. Between the increase of people using these types of drugs and also disposing of the unused pills in the toilet, more of these chemicals are entering the system. Many of these drugs are resistant to the normal treatment. Finland University has discovered pine bark may be the answer. Bark contains a chemical which binds to and degrades the drugs. The bark when combined with a cheap magnet can easily separate from the bad stuff and can

also be reused. Its success rate is almost 100% for certain antibiotics. The bark is cheap and plentiful and looks like a great solution.

9. **Sci Fi Solution for Subsidence?:** A San Rafael company, Terranova, has produced a machine which they claim will reverse ground subsidence and combat sea level rise. The Bay Area is experiencing severe issue with high tides, sea level rise and increasing land subsidence. The city of San Rafael is being severely impacted along with many other all around San Francisco Bay. The process is known as land lifting and is not new. A large machine drills a hole in the ground at specified locations forming a crack. It then pumps wood chips, water and super glue into the ground. This is supposed to stop the subsidence and hopefully lift the surface up. Their proposal is to treat about 240 acres in the San Rafael area at a cost of \$92 million. This project would bury 920 acre feet of material in the cracks. The concept originated in the Netherlands. While the project has some support, it has many skeptics. Arguments against include: idea did not come from Bay Area, seismic concerns, underground infrastructure, methane production, not tried before. The issue is very concerning for the Area and every solution is being considered.
10. **Drought Permanent?:** Nature, a British scientific journal, released a study on droughts in the Southwest US. They observe that droughts in the last 25 years have been the driest in the region for the last 1200 years. They predict that the drought conditions will last at least another 20 years. Their study looked at the Pacific Decadal Oscillation (PDO) which we have discussed before. This is the weather pattern in the North Pacific of warm and cool sea temperatures and rainfall trends. Weather predictions are made on measurements from the PDO. However, the predictions are not following conventional thought. This study believes that human impacts may be responsible for half of the variability we have experienced. Jeremy Klavans, University of Colorado professor and lead author for the article, believes that using his theories, more accurate predictions of weather can be attained. Time will tell.
11. **Iran Dry:** Tehran, Iran is running out of water. Ten millions folks have been regularly experiencing low water pressure and no water for days. They are in their 6th year of drought and summer temperatures hit 122 degrees. Many of the experts put almost complete blame on the government. Mismanagement, inefficient agricultural practices, groundwater overdraft, corruption, building mega dams that don't work. They have no quick fix and there is no one who will trust the government .



WHITTINGHAM
PUBLIC AFFAIRS ADVISORS

TO: MWDOC Board of Directors

FROM: Whittingham Public Affairs Advisors

DATE: February 4, 2026

SUBJECT: February 2026 Local Legislative Report

Following are a few of the more notable developments and issues that have transpired in Orange County over the last several weeks:

- The California Energy Commission officially responded to Engie North America’s December 22 request to pause CEC consideration of the proposed 250-megawatt Compass Energy Storage project in San Juan Capistrano. A January 12 letter signed by Drew Bohan, Executive Director of the California Energy Commission, stated, “...the Compass Energy Storage Project is suspended, and CEC staff will discontinue any work on the project until such time as the suspension ends.”
- The proposed Waste Infrastructure System Enhancements (WISE), Organic Services, and Disposal Fees and Rates Agreements between the County of Orange and a coalition of cities and sanitation districts were approved by the Board of Supervisors at its meeting of January 27. Each jurisdiction will now work to complete their respective Prop 218 hearings prior to the new fees going into effect July 1, 2026. The tiered rates for the WISE agreements will start at \$67/ton in FY 26-27, increasing to \$74/ton in 27-28, \$81/ton in 28-29, and \$81 + CPI in Year 4.
- Phase II of Orange County’s Climate Action Plan, a comprehensive roadmap detailing potential projects and programs to reduce greenhouse gas and other emissions from various sources, was scheduled to come to the Board of Supervisors on January 27, but was continued to the meeting of February 10. Key initiatives within the CAP include increasing stormwater capture and infiltration, reducing the amount of organic waste going to landfills by 75 percent and improving edible food recovery by 20 percent, and exploring the feasibility of regional anaerobic digestion and conversion technology facilities. The County is required to have a completed CAP in order to apply for and secure Proposition 4 grants for these targeted programs.
- The Board of Supervisors voted to reelect 4th District Supervisor Doug Chaffee to serve as Chair for 2026, with 5th District Supervisor serving as Vice Chair for a

second consecutive year. Chair Chaffee is termed out of office at the end of the year and there are currently four candidates seeking the seat: Fullerton Mayor (and Met and OCWD Board Member) Fred Jung, Buena Park Mayor Connor Traut, La Habra Councilmember Rose Espinosa, and OC Board of Education Trustee Tim Shaw.

- The California Energy Commission (CEC) formally accepted Engie North America’s request to suspend processing of the company’s application to construct a Battery Energy Storage System (BESS) adjacent to Saddleback Church’s San Juan Capistrano satellite church. In its December 22 letter to the CEC, Engie said it would analyze alternative locations and market changes “to improve the economic viability of the project.” Engie’s proposed 250-megawatt Compass Energy Storage project battery energy storage system would have collected excess energy from the power grid, stored it and then discharged it back to the grid during periods of peak demand. Engie was planning to purchase 41 acres of a former ranch that fronts Camino Capistrano, the railroad tracks and the 5 freeway from Saddleback Church, using 13 acres for the storage facility and preserving the remainder as natural open space with trails.
- Orange County Local Agency Formation Commission (OC LAFCO) reorganized its leadership at its January 14 meeting, unanimously selecting Mission Viejo Mayor Wendy Bucknum to serve as Chair and Mesa Water® District Board member Jim Fisler as Vice Chair for 2026.
- In addition, a number of OC LAFCO Commissioners will be up for reelection this year. County Supervisor Don Wagner (who is currently the only County Supervisor serving on LAFCO) is expected to be reappointed by the Board of Supervisors at its January 27 meeting; Yorba Linda City Council member Peggy Huang as one of the two City representatives (the election of which is handled by the City Selection Committee); Derek McGregor as the Public Member (appointed by the other LAFCO Commissioners); and Special District Commissioners Doug Davert (East Orange County Water District), and Alternate Commissioner Kathryn Freshley of El Toro Water District. OC LAFCO will be emailing notification letters to each Special District by March 9, with nominations and declarations for interested candidates due by April 13; ballots will be emailed to each special district presiding officer by May 4, with ballots due back to OC LAFCO by June 8. Results will be announced on June 15, and the Oath of Office will be administered at the July 8 OC LAFCO meeting.
- CalOptima Health CEO Michael Hunn, who oversees the County’s \$4 billion health care plan that serves nearly one in every three Orange County residents, announced he will be retiring at the end of the year. Hunn assumed the CEO role in 2021 and has navigated the agency through a number of controversies related to the former Chair of the CalOptima Board of Directors, Andrew Do, who is currently serving a five-year federal prison sentence.
- The Moulton Niguel Water District Board of Directors chose longtime Board member Brian Probolsky to serve as President for 2026, with Diane Rifkin serving as 1st Vice President and Dick Fiore, who has served on the MNWD Board since

1977, as 2nd Vice President. The vote follows the November 20 resignation of longtime Board member Duane Cave.

- The Newport Beach City Council voted to rescind a General Plan Amendment it approved last October related to the proposed redevelopment of a portion of the Newport Beach Golf Course to allow construction of the Snug Harbor Surf Park. A Newport Beach resident had submitted a petition containing the required number of signatures to force either the rescission or a public vote on the GPA, which would have allowed an increased density on the parcel; the surf park will still move forward under entitlements approved by the City Planning Commission and City Council, albeit with a smaller clubhouse.
- The San Clemente City Council became the first Orange County city to partner with a federal agency to remotely patrol its beaches. The council voted to partner with U.S. Customs and Border Protection to get a \$1 million camera and sensor monitoring system up and running on a hilltop at the Avenida Salvador Reservoir. The cameras are expected to be installed and active by the end of February.
- The San Clemente City Council also formally approved the ongoing staging of South OC Cars and Coffee, with more than 50 supporters speaking at a January 21 hearing. The event has been hosted at the Outlets at San Clemente since 2018 and draws exotic cars, vintage rides, sports cars, hot rods, motorcycles and more, and has gained global attention through the years, drawing celebrities and influencers who mingle among the crowds. The city has received complaints from nearby residents about noise and safety concerns each Saturday morning.
- Paul Mesmer, longtime member of Surfside Colony Community Services District Board of Directors and ISDOC Executive Committee, passed away suddenly in early January.

As part of our scope of work, Whittingham Public Affairs Advisors has continued to monitor the agendas of the 26 city and water district MWDOC members to identify items of relevance to MWDOC. We also continue to monitor activities at the South Coast Air Quality Management District and Orange County Water District.

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

Sincerely,



Peter Whittingham



INFORMATION ITEM

February 4, 2026

TO: Board of Directors

FROM: Harvey De La Torre, General Manager

Staff Contact: Melissa Baum-Haley, Assistant General Manager
Kevin Hostert, Senior Water Resources Analyst
Jared Dawson, Water Resources Policy Analyst

SUBJECT: METROPOLITAN ITEMS CRITICAL TO ORANGE COUNTY

STAFF RECOMMENDATION

Staff recommends the Board of Directors Receive and file the information.

REPORT

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

- a. Metropolitan's Finances
- b. Metropolitan's Water Supply Condition Update
- c. Metropolitan's Water Quality Update
- d. Colorado River Issues
- e. Delta Conveyance Activities and State Water Project Issues

ALIGNMENT WITH BOARD STRATEGIC PRIORITIES

- Clarifying MWD OC's mission and role; defining functions and actions.*
- Balance support for Metropolitan's regional mission and OC values and interests.*
- Strengthen communication 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.*

Attachments/Links:

Attachment 1: Issue Briefs a-e

Issue Brief A

SUBJECT: Metropolitan Finances

RECENT ACTIVITY

In December credit rating agencies S&P and Fitch confirmed credit ratings for Metropolitan's 2025B Revenue Refunding Bonds and re-affirmed their ratings on our existing debt. The 2025B bond sale consolidates three outstanding debt obligations into one and allows Metropolitan to convert certain taxable debt into tax-exempt debt. Maintaining strong credit ratings provides critical access to capital markets and lowers our debt costs, allowing the District greater capacity to finance infrastructure projects.

Both S&P and Fitch have assigned ratings in the top tier of their respective rating categories, highlighting Metropolitan's strong and improving fundamentals, including debt coverage, cash liquidity, and budget policy guardrails. S&P and Fitch assigned AAA/A-1 and AA+ ratings for the 2025B Bonds, respectively. Moreover, both rating agencies have confirmed a stable outlook for the District's underlying credit rating. Metropolitan's next anticipated bond issuance is expected in fall 2026, following the establishment of a new biennial budget.

Budget Process

Metropolitan is currently developing its biennial budget for Fiscal Years 2026/27 and 2027/28. The biennial budget process establishes Metropolitan's financial framework for the two-year period. This includes the Capital Investment Plan and revenue requirements for fiscal years 2026/27 and 2027/28; proposed water rates and charges for calendar years 2027 and 2028 to meet revenue requirements for fiscal years 2026/27 and 2027/28; a ten-year financial forecast; and a Cost of Service Report.

At the February 10th Finance, Affordability, Asset Management, and Efficiency (FAAME) Committee, Metropolitan staff will hold its first in a series of budget workshops for the Board.

MWDOC staff has also invited Metropolitan staff to present their proposed budget at our March 4, 2026, Joint Board Workshop.

ISSUE BRIEF B

SUBJECT: Metropolitan's Supply Condition Update

RECENT ACTIVITY

The 2025-26 Water Year (2025-26 WY) officially started on October 1, 2025. Thus far, Northern California accumulated precipitation (8-Station Index) reported **32.8 inches or 129% of normal as of January 26th**. The Northern Sierra Snow Water Equivalent was **6.6 inches on January 26th**, which is **40% of normal** for that day. The Department of Water Resources (DWR) has set the initial State Water Project (SWP) **"Table A" allocation for WY 2025-26 at 10%**.

The Upper Colorado River Basin has accumulated precipitation of **9.58 inches, or 109% of normal, as of January 26th**. Snowpack is measured across four states in the Upper Colorado River Basin, encompassing the Colorado River system. The Upper Colorado River Basin Snow Water Equivalent was **5.84 inches as of January 26th**, which is **66% 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, 2022 (below 1,075 feet storage level)**. **As of January 2026, there is a 100% chance of shortage continuing in CY 2026, a 93% chance in CY 2027, and a 97% chance in CY 2028. Additionally, there is a 13% chance of a California shortage (below a 1,045-foot storage level) in 2028.**

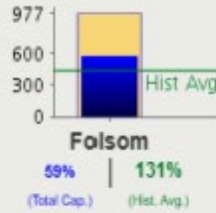
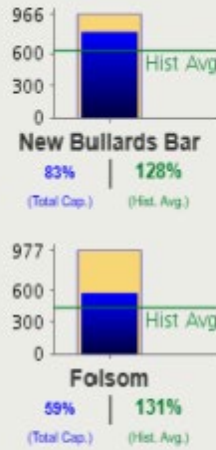
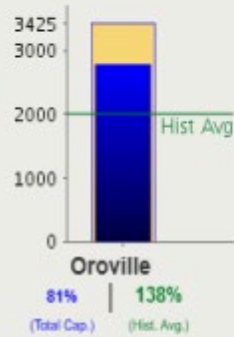
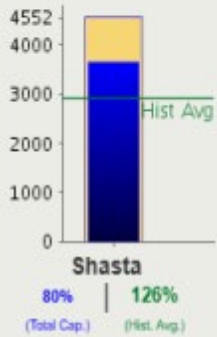
As of January 25th, Lake Oroville storage is at **81% of total capacity and 138% of normal**. Additionally, as of January 25th, San Luis Reservoir has a current volume of **77% of its total capacity and is 106% of normal**.

With Calendar Year (CY) 2026 estimated total demands and losses of 1.486 million acre-feet (MAF) and with a 10% SWP Table A Allocation, Metropolitan is projecting that demands will exceed supply levels in CY 2026. Based on this, the estimated total dry-year storage for Metropolitan at the end of **CY 2026 will drop to approximately 3.5 MAF**. A projected dry-year storage supply of **3.5 MAF would be approximately 2.5 MAF above a typical level where Metropolitan enters Water Supply Allocations**. A significant factor in maintaining a high water storage level is 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, which still projects a 5-year shortage, there remains considerable uncertainty about future supply balances. In addition, the Colorado River Basin States have been meeting for months to negotiate new, post-2026 operations at Glen Canyon Dam, located at Lake Powell, and Hoover Dam, located at Lake Mead.**

CURRENT CONDITIONS: MAJOR WATER SUPPLY RESERVOIRS: 25-JAN-2026

Data as of Midnight: 25-Jan-2026

Change Date:

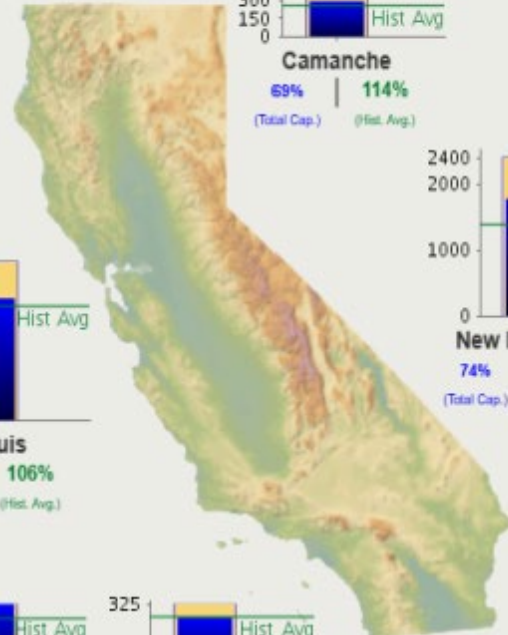
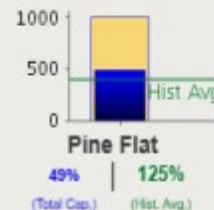
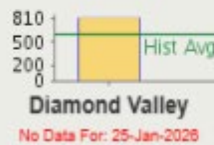
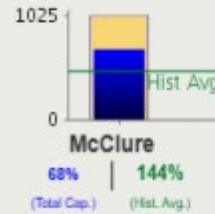
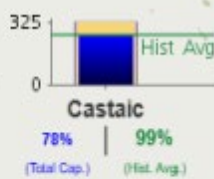
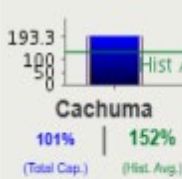
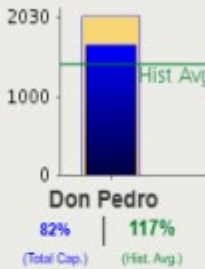
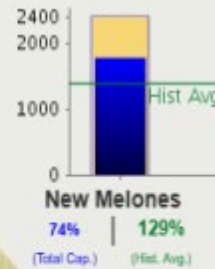
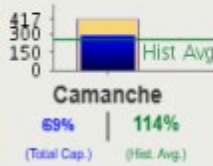
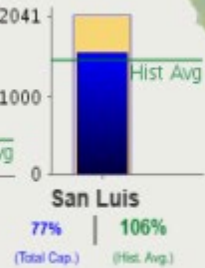
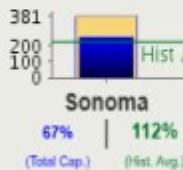
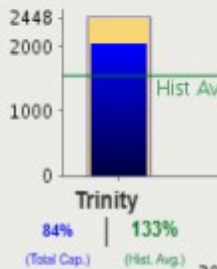


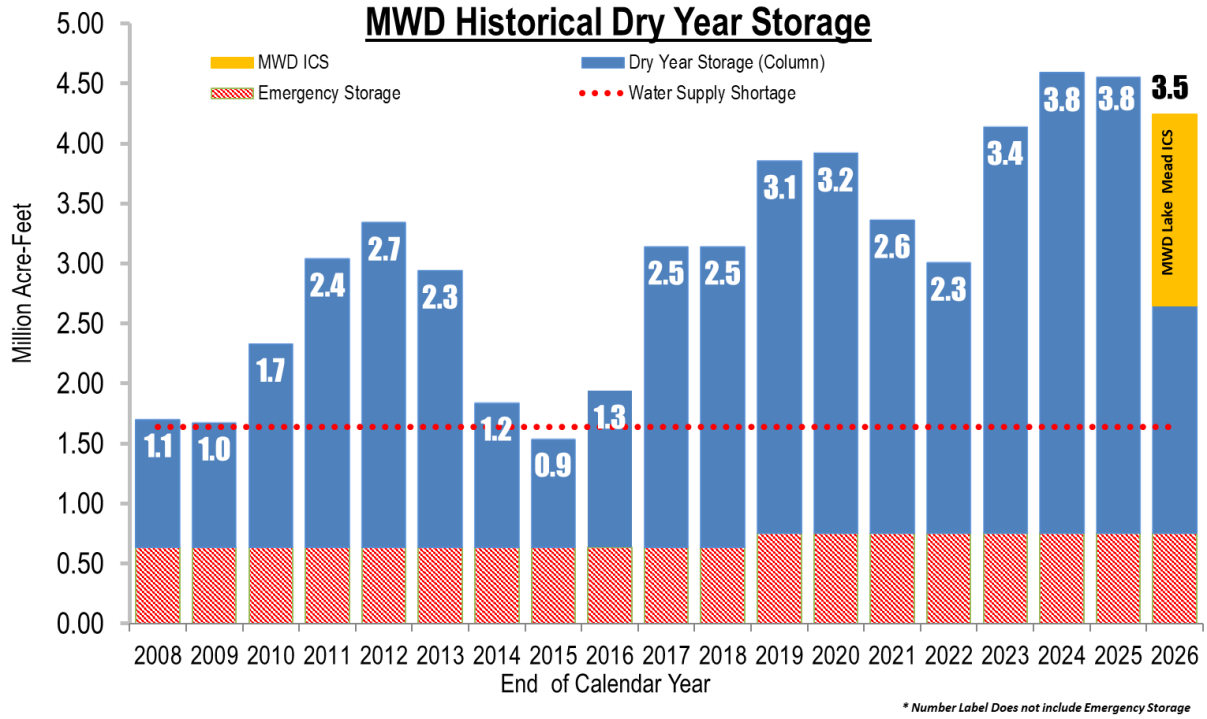
LEGEND

- Blue Bar: Storage level for date
- Gold Bar: Total reservoir capacity
- Green Line: Historic level for date.

Capacity (TAF) | Historical Avg Mark

% of Capacity | % Hist. Avg.
(Click res. 3 char. code for details)





2026 WSDM Storage Detail

	1/1/2026 Estimated Storage Levels ¹	CY 2026 Take Capacity ²	2026 Total Storage Capacity
WSDM Storage			
Colorado River Aqueduct Delivery System	1,544,000	187,000	1,622,000
Lake Mead ICS	1,544,000 ³	187,000 ⁴	1,622,000 ³
State Water Project System	1,265,000	771,000	2,403,000
MWD and DWCV SWP Carryover	475,000 ⁵	475,000	594,000 ⁶
MWD Articles 14(b) and 12(e)	0	0	0
Castaic and Perris DWR Flex Storage	219,000	219,000	219,000
Arvin-Edison Storage Program	100,000	0	350,000
Semitropic Storage Program	235,000	45,000	350,000
Kern Delta Storage Program	142,000	32,000	250,000
Mojave Storage Program	19,000	0	330,000
AVEK Storage Program	30,000	0	30,000
AVEK High Desert Water Bank Program	45,000	0	280,000
In-Region Supplies and WSDM Actions	1,033,000	625,000	1,151,000
Diamond Valley Lake	756,000	499,000	810,000
Lake Mathews and Lake Skinner	200,000	88,000	226,000
Conjunctive Use Programs (CUP)	77,000	38,000	115,000
Other Programs	702,000	54,000	1,181,000
Other Emergency Storage	381,000	0	381,000
DWCV Advanced Delivery Account	321,000	54,000	800,000
Total	4,544,000	1,637,000	6,357,000
Emergency	750,000	0	750,000
Total WSDM Storage (AF) ⁷	3,794,000	1,637,000	5,607,000

¹ Preliminary start of year balances, subject to DWR adjustments and USBR final accounting in May 2026.

² Take capacity assumed under a 10 percent SWP Table A Allocation. Storage program losses included where applicable.

³ This amount is net of the water Metropolitan stored for IID in Lake Mead in an ICS sub-account.

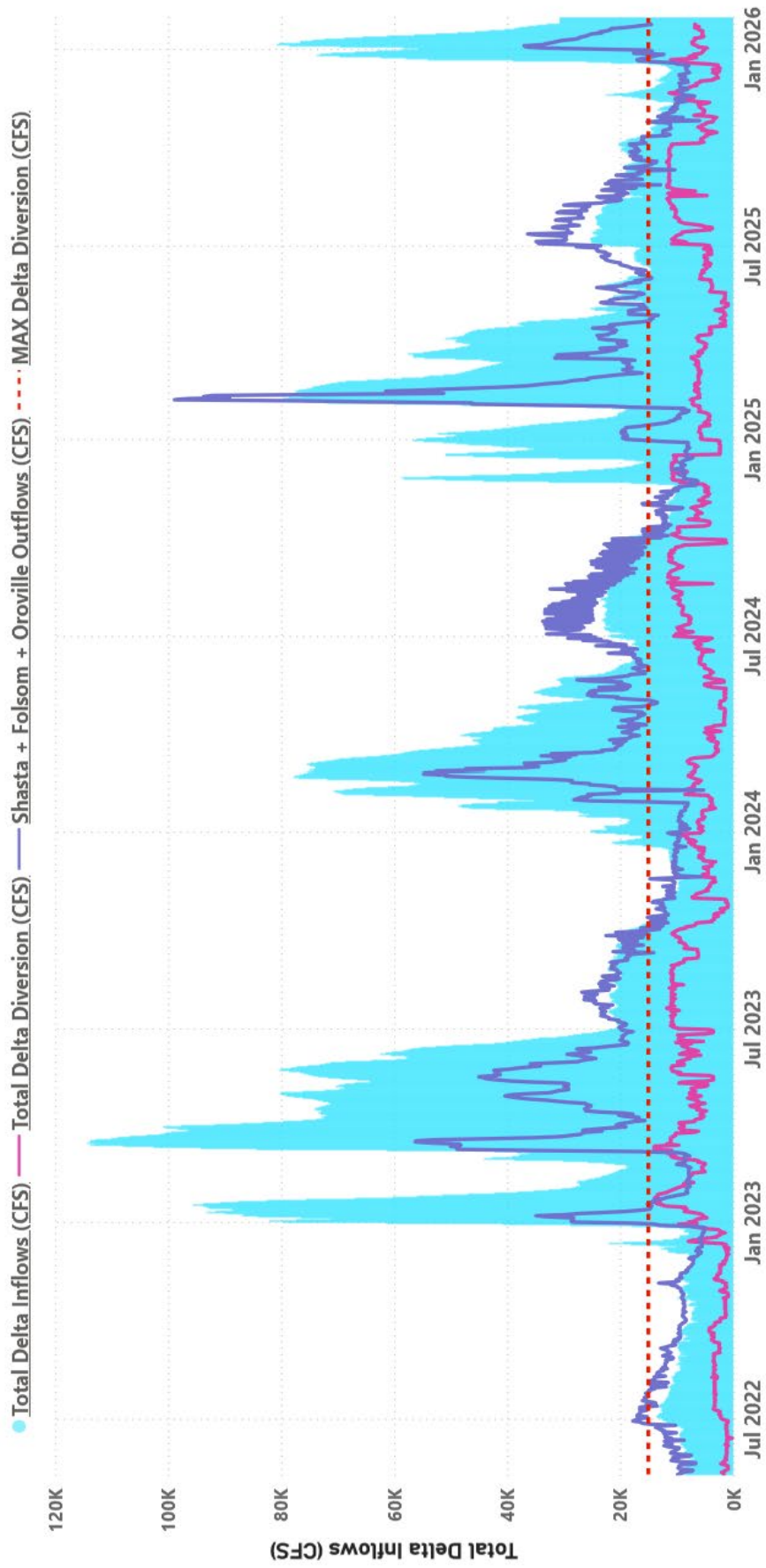
⁴ Take capacity is based on planned maintenance activities and current CRA supply estimate.

⁵ The carryover beginning balance is subject to change based on actual December 2025 conditions.

⁶ Total storage capacity varies year-to-year as the contractual annual storage limit, based on the current SWP Table A allocation of 10 percent, is combined with the remaining balance from the previous year. There is a potential risk that Metropolitan's stored water may be converted to SWP contractor water if the San Luis Reservoir approaches full capacity. Metropolitan is actively monitoring the storage in San Luis Reservoir and has plans to manage carryover supply should the reservoir fill.

⁷ Total WSDM Storage level subject to change based on accounting adjustments. Total may not sum due to rounding.

Bay Delta Daily Historical Water Operations



ISSUE BRIEF C

SUBJECT: Metropolitan's Water Quality Update

RECENT ACTIVITY

Water System Operations

Metropolitan member agency water deliveries are projected to be 81,000 acre-feet (AF) for December with an average of 2,610 AF per day, which is about 660 AF per day lower than in November. Treated water deliveries were 6,600 lower than in November for a total of 39,500 AF, or 49 percent of total deliveries for the month. The Colorado River Aqueduct (CRA) projected diversions are 42,800 AF in December. SWP imports averaged 1,860 AF per day, totaling about 57,800 AF for the month. The target SWP blend is currently 75 percent at the Weymouth, Diemer, and Skinner plants.

Metropolitan has sufficient SWP and Colorado River supplies, combined with ample storage reserves to meet demands in 2025. Water continues to be managed according to WSDM principles and operational objectives with an emphasis on positioning SWP supplies to meet future demands in the SWP-dependent area. The SWP allocation is 50 percent for the 2025 calendar year, and Metropolitan is operating to manage its surplus supplies. Cyclic program deliveries were paused in late September due to increased detections of the invasive golden mussel. In response, CRA pumping was reduced, and SWP blends at the treatment plants were increased for the remainder of the year. On December 1, the California Department of Water Resources announced an initial SWP allocation of 10 percent for the 2026 calendar year.

The Metropolitan Water District of Southern California

Weekly Operations Plan

For additional information, please contact Miluska Propersi at MPropersi@mwdh2o.com

01/22/2026 - 01/29/2026



Colorado River Aqueduct:
2-pump flow

Hydroelectric Generation:
0.0 MW
0 plant(s) in operation

Total Member Agency Demands
3,200 AF/Day

Change in Member Agency Demands*
▲ 450 AF/Day

Forecast **January**
Deliveries to
Member Agencies
78 TAF

East Branch SPW Imports

Rialto Pipeline	530 AF/day	▲
Santa Ana Valley Pipeline	0 AF/day	▶
Inland Feeder	470 AF/day	▲

West Branch SPW Imports

Castaic Lake	870 AF/day	▼
SCVWA (formerly CLWA)	0 AF/day	▶

Water Quality

Plant Name	Targeted Blend (% SPW)	TDS (mg/L)	TTHMs (µg/L)
	As of 1/21/2026	As of 1/21/2026	As of 1/5/2026
Weymouth	50	433	23.0
Diemer	50	431	45.0
Skinner	50	404	63.0
Jensen	100	280	* 43.0
Mills	100	287	52.0

Terminal Reservoirs as of 1/20/2026

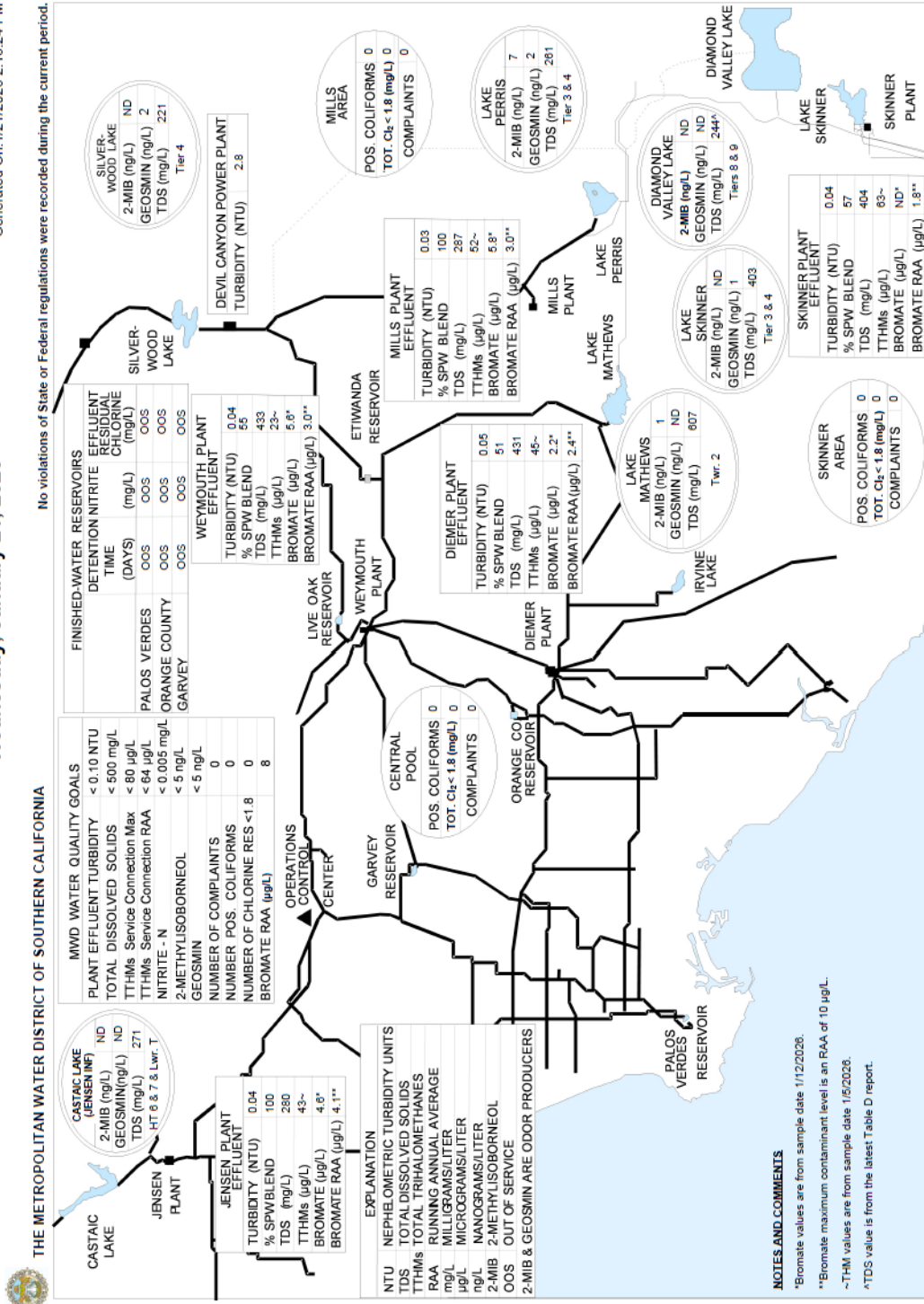
<p>Lake Mathews</p> <p>163,900 AF</p> <p>▼ -3,000 AF*</p> <p>90%</p>	<p>Lake Skinner</p> <p>41,700 AF</p> <p>▲ 800 AF*</p> <p>95%</p>	<p>Diamond Valley Lake</p> <p>760,100 AF</p> <p>▼ -300 AF*</p> <p>94%</p>
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* = data from 1/15/2026

Weekly Water Quality System Status

Wednesday, January 21, 2026

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ISSUE BRIEF D

SUBJECT: Colorado River Issues

RECENT ACTIVITY

Interior Department Leadership Remarks at the 2025 Colorado River Water Users Association Conference (CRWUA)

Assistant Secretary for Water and Science Andrea Travincek and Acting U.S. Bureau of Reclamation (Reclamation) Commissioner Scott Cameron made remarks during the annual CRWUA conference in Las Vegas emphasizing the importance of the Basin States reaching consensus on the Post-2026 Guidelines with Assistant Secretary Travincek stating that the “time of grandstanding and rhetoric has passed” and “the river will not wait for us.” She reiterated a deadline of February 14, 2026, for the Basin States to reach agreement on terms for new Guidelines, which would affect Colorado River operations starting in October 2025. She also announced that the Draft Environmental Impact Statement for the Post-2026 Guidelines would be released for public comment in the next few months.

Develop Post-2026 Guidelines and Negotiate Implementation Agreements: Provide input that shapes the U.S. Bureau of Reclamation’s (Reclamation) selected alternative

Colorado River Basin States (Basin States) Meetings

The Basin States are meeting regularly to develop agreement on the key operational elements of the Post-2026 Guidelines including criteria for releases from Lake Powell, Lower Basin reduction triggers, storage in Lake Mead, and whether and under what conditions the Upper Basin will reduce water uses. Metropolitan staff participates in these meetings as advisors to California’s principal representative in the Basin States negotiations, JB Hamby, in his role as Chair of the Colorado River Board of California. Several work groups have been formed to answer questions raised by the principals, including questions about needed flexibility in accessing Intentionally Created Surplus supplies from Lake Mead. Metropolitan staff participates in each of the work groups. The Basin States have regular discussions to meet a February 14 deadline established by the Interior Department to reach agreement on the criteria noted above. Staff will provide an update during Metropolitan’s January One Water and Adaptation Committee Meeting.

Metropolitan – Palo Verde Irrigation District System Conservation Implementation Agreement Amendment

Amendment No. 1 to the System Conservation Implementation Agreement revises the existing arrangement among Metropolitan, Reclamation, and Palo Verde Irrigation District to allow Reclamation to fund agricultural land fallowing in the Palo Verde Valley as part of the Lower Colorado Conservation and Efficiency Program. Instead of diverting the water that would otherwise be available under the Palo Verde forbearance program, Metropolitan allows that water to remain in Lake Mead as verified Colorado River System Conservation Water in exchange for federal compensation.

The original agreement covers a three-year period from August 1, 2023, through July 31, 2026, with an amendment adding a five-month period in late 2026, and provides for up to full participation in fallowing, generating additional system conservation. Reclamation will pay \$400 per acre-foot for verified conserved water, subject to accounting and verification requirements. The agreement preserves Metropolitan's option to call back and divert a portion of the conserved water in later periods, in which case no federal compensation applies. All other terms of the original agreement remain in effect.

ISSUE BRIEF E

SUBJECT: Delta Conveyance Activities and State Water Project Issues

RECENT ACTIVITY

Decide on Sites Reservoir and Bay-Delta Interests

Delta Conveyance Project

The U.S. Army Corps of Engineers (Corps) published the Delta Conveyance Project Final Programmatic Environmental Impact Statement (EIS) in the Federal Register on November 21, 2025. Publication of the Final EIS completed the federal review requirements under the National Environmental Policy Act and initiated a brief formal review period, which concluded on November 24, 2025. Completion of this process positions the Corps to issue a Record of Decision and make associated federal permit determinations, representing critical regulatory milestones that must be achieved prior to the commencement of project construction.

Bring Sites Reservoir Analyses and Options to the Board for Consideration

Since 2024, the Sites Authority has been implementing early land acquisitions at locations needed to prepare for and carry out critical path construction activities. To date, three acquisitions have been completed, and the associated parcels are now under Authority ownership. At the November 21, 2025, meeting, the Sites Reservoir Committee recommended, and the Authority Board approved, a resolution authorizing the Executive Director to execute all real property documents necessary to acquire an additional parcel and to take any additional actions necessary or appropriate to complete the close of escrow.

Advance Science and Multi-Benefit Solutions that Improve the Sustainability of the Delta and Inform Regulation

Metropolitan staff hosted the third public meeting for the Webb Tract Wetland Restoration and Webb Tract Rice Conversion Projects. The meeting was attended by over 50 participants. Metropolitan received a Clean Water Act 401 permit from the State Water Resources Control Board. Additionally, Metropolitan staff received a draft Restoration Management Permit from the California Department of Fish and Wildlife. A final permit is expected by mid-January 2026.

Metropolitan staff in partnership with UC Davis and with collaboration with the California Department of Water Resources, U.S. Bureau of Reclamation, and U.S. Fish and Wildlife Service conducted their first trial Delta Smelt Pond Harvest Study on Bouldin Island. Preliminary results suggest that survival and recapture was greater than 85 percent. Additional trials will be conducted later in the Winter.

Additionally, Metropolitan staff in partnership with UC Davis and the State Water Contractors have implemented the Fit for the Wild Study that will determine the effects of enriched habitat aquaculture on the growth and survival of hatchery Delta smelt. Results will be used to inform state and federal efforts to improve the production and survival of hatchery Delta smelt.

**Summary Report for
The Metropolitan Water District of Southern California
Board Meeting
January 13, 2026**

CONSENT CALENDAR OTHER ITEMS - ACTION

Approved Commendatory Resolution for Director Jeffrey D. Armstrong, representing Eastern Municipal Water District. **(Agenda Item 6B)**

Approved Committee Assignments and appointed:

Director Paule as a member of the Finance, Affordability, Asset Management, and Efficiency Committee, and the Legislation and Communications Committee.

Director Ramos as Chair of the Audit Committee, and as a member of the Special Committee on Ag and Tribal Partnerships.

Director Crane as Vice Chair of the Audit Committee. **(Agenda Item 6C)**

OTHER BOARD ITEMS - ACTION

Reviewed and considered Addendum No. 6 to the certified 2017 Programmatic Environmental Impact Report for the Prestressed Concrete Cylinder Pipe Rehabilitation Program, and

- a. Awarded a \$61,242,000 contract to J.F. Shea Construction Inc. to rehabilitate Sepulveda Feeder Reach 2.
- b. Authorized an agreement with HDR Engineering Inc. for a not-to-exceed amount of \$1,300,000 for technical support during construction. **(Agenda Item 8-1)**

Approved guiding principles for Pure Water Southern California partnerships with the following amendments:

1. The addition of the following language to the Guiding Principles for each partnership: Project participants recognize that Pure Water Southern California has been developed to allow for long-term adaptive implementation, including: (1) by allowing for phasing and/or staging funding and construction, and (2) if feasible and permissible, by allowing for direct potable reuse.
2. In the Proposed Principles to Guide the Metropolitan – Southern Nevada/Arizona Parties Partnership and in the Proposed Principles to Guide Metropolitan – Others within the Southern California Region: San Gabriel Valley Municipal Water District, changed the term “equity” to the term “fair value.” **(Agenda Item 8-2)**

Approved a limited waiver of the Brown Act closed session privilege regarding the closed session meeting of the Organization, Personnel, and Effectiveness Committee on October 14, 2025, for the limited purpose of conducting an attorney-client privileged investigation overseen by the Ethics Office, and authorized Metropolitan staff and directors present during the October 14, 2025 closed session Committee meeting to disclose information from the closed session to the assigned investigator pursuant to the limited waiver. **(Agenda Item 8-3)**

Approved option #1 as set forth in the confidential board letter and directed in closed session. **(Agenda Item 8-4)**

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: <https://mwdh2o.legistar.com/Calendar.aspx>

This database contains archives from the year 1928 to June 30, 2021:
<https://bda.mwdh2o.com/Pages/Default.aspx>

The Metropolitan Water District of Southern California

Agenda

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.

Board of Directors - Final

February 10, 2026

2:00 PM

Tuesday, February 10, 2026 Meeting Schedule
08:30 a.m. FAAME
11:30 a.m. CWC
12:30 p.m. BREAK
01:00 p.m. OPE
02:00 p.m. BOD

Written public comments received by 3:00 p.m. the business day before the meeting is scheduled will be posted under the Submitted Items and Responses tab available here: <https://mwdh2o.legistar.com/Legislation.aspx>.

The listen-only phone line is available at 1-877-853-5257; enter meeting ID: 891 1613 4145.

Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via teleconference and in-person. To provide public comment by teleconference dial 1-833-548-0276 and enter meeting ID: 815 2066 4276 or to join by computer [click here](#).

Disclaimer: Written and oral public comments are received in compliance with the Ralph M. Brown Act. Please note that Metropolitan does not endorse or ensure the accuracy or reliability of the information provided as public comment or by third parties.

MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

1. Call to Order

- a. Invocation: Director Carl E. Douglas, City of Los Angeles
- b. Pledge of Allegiance: Director Tana McCoy, City of Compton

2. Roll Call

3. Determination of a Quorum

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

5. OTHER MATTERS AND REPORTS

- | | | |
|----|---|--------------------------------|
| A. | Report on Directors' Metropolitan's Expenses | <u>21-5356</u> |
| B. | Chair's Monthly Activity Report | <u>21-5357</u> |
| C. | General Manager's summary of activities | <u>21-5358</u> |
| D. | General Counsel's summary of activities | <u>21-5359</u> |
| E. | General Auditor's summary of activities | <u>21-5360</u> |
| F. | Ethics Officer's summary of activities | <u>21-5361</u> |
| G. | Presentation of 5-year Service Pin to Director Thai Viet Phan, City of Santa Ana | <u>21-5373</u> |
| H. | Presentation of 5-year Service Pin to Director Fred Jung, City of Fullerton | <u>21-5374</u> |
| I. | Presentation of 5-year Service Pin to Director Anthony R. Fellow, Upper San Gabriel Valley Municipal Water District | <u>21-5375</u> |

**** CONSENT CALENDAR ****

6. BOARD CONSENT ITEMS

- | | | |
|----|--|--------------------------------|
| A. | Approval Minutes of the meeting of the Joint Board of Directors and Executive Committee November 18, 2025 and December 9, 2025; and the Board of Directors for September 9, 2025, October 14, 2025, and January 13, 2026 | <u>21-5363</u> |
|----|--|--------------------------------|

7. BOARD LETTERS CONSENT

- | | | |
|-----|--|--------------------------------|
| 7-1 | Award a \$767,063 construction contract to Western Pump Inc. for a new 6,000-gallon aboveground diesel fuel storage tank and dispensing system at Metropolitan's Lake Mathews facility; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EOT) | <u>21-5364</u> |
|-----|--|--------------------------------|

Attachments: [02102026 EOT 7-1 B-L](#)

- 7-2** Review and consider the Mitigated Negative Declaration adopted by the Lead Agency for the project, and authorize the General Manager to grant a non-exclusive permanent easement to West Valley Water District for access purposes on Metropolitan fee-owned property in the city of Fontana and identified as County of San Bernardino Assessor Parcel Number 1107-262-16 (FAAME) [21-5366](#)
- 7-3** Set a public hearing on March 10, 2026, regarding the proposed water rates and charges for calendar years 2027 and 2028 necessary to meet the revenue requirements for fiscal years 2026/27 and 2027/28; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (FAAME) [21-5368](#)
- 7-4** Amend Metropolitan Water District Administrative Code to reflect the current practice of paying Employer-Paid Member Contributions and reporting those payments to CalPERS; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (LC) [21-5429](#)

**** END OF CONSENT CALENDAR ****

8. BOARD LETTERS ACTION

- 8-1** Certify the Final Environmental Impact Report and take related CEQA actions, and approve Pure Water Southern California for CEQA purposes (EOT) [21-5365](#)
- 8-2** Authorize a new agricultural lease agreement with Martini Companies, LLC for rice farming and related uses on portions of Metropolitan-owned real property in the Sacramento-San Joaquin Bay Delta known as Webb Tract; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [CLOSED SESSION] (FAAME) [21-5369](#)
- 8-3** Report on litigation in Daffney Iverson v. Metropolitan Water District of Southern California, Los Angeles County Superior Court Case No. 24STCV29984; and authorize an increase in the maximum amount payable under contract for legal services with Sheppard Mullin Richter & Hampton, in the amount of \$250,000 for a total amount not to exceed \$500,000; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)] (LC) [21-5370](#)

- 8-4** Amend the Metropolitan Administrative Code regarding contracting provisions and reporting requirements; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (LC) [21-5371](#)
- 8-5** Report on litigation in Systems Integrated, LLC v. Metropolitan Water District of Southern California, Los Angeles County Superior Court Case No. 21STCV18292 [Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Government Code section 54956.9(d)(1)] (LC) [21-5426](#)

9. BOARD INFORMATION ITEMS

- 9-1** Proposed biennial budget, which includes the Capital Investment Plan and revenue requirements for fiscal years 2026/27 and 2027/28; proposed water rates and charges for calendar years 2027 and 2028 to meet revenue requirements for fiscal years 2026/27 and 2027/28; ten-year financial forecast; and Cost of Service Report (Workshop 1) (FAAME) [21-5367](#)

10. OTHER MATTERS

NONE

11. FOLLOW-UP ITEMS

NONE

12. FUTURE AGENDA ITEMS

13. ADJOURNMENT

NOTE: Each agenda item with a committee designation will be considered and a recommendation may be made by one or more committees prior to consideration and final action by the full Board of Directors. The committee designation appears in parenthesis at the end of the description of the agenda item, e.g. (EOT). Board agendas may be obtained on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>

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

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