

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 - Revised 1

September 13, 2022

12:00 PM

Tuesday, September 13, 2022 Meeting Schedule
08:30 a.m. L&C 09:30 a.m. OP&T 10:30 a.m. RP&AM 12:00 p.m. BOD

Agendas, live streaming, meeting schedules, and other board materials are available here: <https://mwdh2o.legistar.com/Calendar.aspx>. If you have technical difficulties with the live streaming page, a 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 in-person or teleconference. To participate via teleconference 1-833-548-0276 and enter meeting ID: 815 2066 4276 or click <https://us06web.zoom.us/j/81520664276pwd=a1RTQWh6V3h3ckFhNmDsUWpKR1c2Zz09>

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

1. Call to Order

- a. Invocation: Arnold O. Castellanos, Senior Designer, Engineering Services Group/Design Section/Systems Design Unit
- b. Pledge of Allegiance: Director Fred Jung, City of Fullerton

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' Events Attended at Metropolitan's Expense

[21-1458](#)

Attachments: [09132022 BOD 5A Report](#)

- B. Chairwoman's Monthly Activity Report [21-1459](#)
Attachments: [09132022 BOD 5B Report](#)
- C. General Manager's summary of activities [21-1460](#)
Attachments: [09132022 BOD 5C Report](#)
- D. General Counsel's summary of activities [21-1461](#)
Attachments: [09132022 BOD 5D Report - Revised](#)
- E. Interim General Auditor's summary of activities [21-1462](#)
Attachments: [09132022 BOD 5E Report](#)
- F. Ethics Officer's summary of activities [21-1463](#)
Attachments: [09132022 BOD 5F Report](#)

**** CONSENT CALENDAR ITEMS -- ACTION ****

6. CONSENT CALENDAR OTHER ITEMS - ACTION

- A. Approval of the Minutes of the Bay-Delta Committee held January 25, 2022, the Special Board Meeting held August 9, 2022 and the Adjourned Regular Meeting for August 16, 2022 (Copies have been submitted to each Director) (Any additions, corrections, or omissions) [21-1464](#)
Attachments: [09132022 BOD 6A-1 Minutes](#)
[09132022 BOD 6A-2 Minutes](#)
[09132022 BOD 6A-3 Minutes](#)
- B. Adopt resolution to continue remote teleconference meetings pursuant to the Brown Act Section 54953(e) for meetings of Metropolitan's legislative bodies for a period of 30 days; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-1465](#)
Attachments: [09132022 BOD 6b Resolution](#)
- C. Approve Committee Assignments [21-1466](#)

7. CONSENT CALENDAR ITEMS - ACTION

- 7-1** Determine that there is a need to continue the emergency action of executing a no-bid contract for the Upper Feeder expansion joint replacement (Requires four-fifths vote of the Board); the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EO) [21-1469](#)
- Attachments:** [09132022 EO 7-1 B-L](#)
[09122022 EO 7-1 Presentation](#)
- 7-2** Authorize an increase of \$1,200,000 to an existing agreement with IBI Group, for a new not-to-exceed total of \$1,830,000 for design services, and an agreement with Fugro, in an amount not-to-exceed \$450,000 for geotechnical engineering services for the Weymouth Administration Building seismic upgrade project; the General Manager has determined that this proposed action is exempt or otherwise not subject to CEQA (EO) [21-1468](#)
- Attachments:** [09132022 EO 7-2 B-L](#)
[09122022 EO 7-2 Presentation](#)
- 7-3** Award a \$287,824 contract to Bishop, Inc. for replacement of the maintenance building roof at the Henry J. Mills Water Treatment Plant; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EO) [21-1467](#)
- Attachments:** [09132022 EO 7-3 B-L](#)
[09122022 EO 7-3 Presentation](#)
- 7-4** Authorize an increase of \$690,000 to an existing agreement with Carollo Engineers, Inc., for a new not-to-exceed amount of \$990,000, to serve as the owner's advisor for development of the Sepulveda Feeder Pump Stations project with the alternative delivery approach referred to as progressive design-build; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (This action is part of a series of projects that are being undertaken to improve the supply reliability for State Water Project dependent member agencies) (EO) [21-1471](#)
- Attachments:** [09132022 EO 7-4 B-L](#)
[09122022 EO 7-4 Presentation](#)

- 7-5** Authorize an agreement with Calpine Energy Solutions, LLC for the sale of renewable energy from the Phase I-II hydroelectric power plants; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EO) [21-1472](#)
- Attachments:** [09132022 EO 7-5 B-L](#)
[09132022 EO 7-5 Presentation](#)
- 7-6** Adopt the Revision and Restatement of Bay-Delta Policies; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (IW) [21-1473](#)
- Attachments:** [09132022 IW 7-6 B-L](#)
[09132022 IW 7-6 Presentation](#)
- 7-7** Adopt resolution designating Metropolitan’s maximum contribution for medical benefits in order to comply with the current authorized Memoranda of Understanding; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (OPT) [21-1474](#)
- Attachments:** [09132022 OPT 7-7 B-L](#)
[09132022 OPT 7-7 Presentation](#)
[9321 Resolution](#)
- 7-8** Approve amendments to the Administrative Code to establish reporting requirements to the Board on personnel-related settlements; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (LC) [21-1475](#)
- Attachments:** [09132022 LC 7-8 B-L](#)
[09132022 LC 7-8 Presentation](#)

- 7-9** Authorize granting a new ten-year license agreement to Valley-Wide Recreation and Park District for the continued operation of a trail on Metropolitan fee-owned property in the city of Hemet and county of Riverside California Assessor Parcel Numbers; 454-070-016; 454-140-029; 454-140-033; 454-140-035, -036, -037; 454-160-001; 454-160-010, -011, -012, -013, -014, -015, -016; 454-280-024; 454-280-029; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (RPAM) [21-1476](#)

Attachments: [09132022 RPAM 7-9 B-L](#)
[09132022 RPAM 7-9 Presentation](#)

- 7-10** Authorize the General Manager to grant a permanent easement for electrical equipment purposes to Southern California Edison on Metropolitan property in Riverside County; the General Manager has determined that this proposed action is exempt or otherwise not subject to CEQA (RPAM) [21-1477](#)

Attachments: [09132022 RPAM 7-10 B-L](#)
[09132022 RPAM 7-10 Presentation](#)

- 7-11** Authorize an increase of \$8.5 million to an agreement with Roesling Nakamura Terada Architects for a new not-to-exceed total of \$13.5 million for final design and architectural services in support of the District Housing and Property Improvement Program; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (RPAM) [21-1478](#)

Attachments: [09132022 RPAM 7-11 B-L Revised](#)
[09132022 RPAM 7-11 Presentation](#)

- 7-12** Authorize an increase in the maximum amount payable under contract with Meyers Nave by \$190,000 to an amount not to exceed \$439,000 to continue providing legal advice and support services for the Equal Employment Opportunity Office; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. [ADDED ITEM 9/9/22] (OPT) [21-1515](#)

Attachments: [09132022 OPT 7-12 B-L](#)

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

8. OTHER BOARD ITEMS - ACTION

NONE

9. BOARD INFORMATION ITEMS

9-1 Report on Conservation

[21-1479](#)

Attachments: [09132022 BOD 9-1 Report](#)

10. OTHER MATTERS

10-1 Discussion of Department Head Evaluation Process Guidelines and Department Head Evaluation Presentation [Public employee's performance evaluations; General Manager, General Counsel, and Ethics Officer, to be heard in closed session pursuant to Gov. Code Section 54957]

[21-1481](#)

Attachments: [09132022 BOD 10-1 Presentation](#)

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. (E&O, BF&I). Committee agendas may be obtained from the Executive Secretary.

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 Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.

September 13, 2022 Board Meeting

Item 5A



Metropolitan Water District of Southern California Summary of Events

Attended by Directors at Metropolitan's Expense in August 2022

Date(s)	Location	Meeting Hosted by:	Participating Director(s)
Aug 2, 2022	Virtual	Association of California Water Agencies (ACWA) Region 10 Program	Thai Phan
Aug 24-26, 2022	San Diego, CA	Urban Water Institute – Water Policy Conference	Linda Ackerman Russell Lefevre



● Chairwoman of the Board Monthly Activity Report – August 2022

Summary

This report highlights activities of the Chairwoman of the Board during the month of August 2022 on matters relating to The Metropolitan Water District of Southern California's business.

Monthly Activities

August 4

- Participated via teleconference in ACWA's Diversity, Equity, Inclusion & Women in Water Workgroup meeting
- Participated via teleconference with General Manager Hagekhalil to discuss matters of the Board

August 8

- Met with Directors Luna and Ortega to discuss matters of the Board, Los Angeles
- Participated via teleconference with General Counsel Scully and Assistant General Manager Kasaine to discuss upcoming Diversity, Equity and Inclusion Board Workshop

August 10

- Participated via teleconference in West Basin Municipal Water District's Caucus meeting
- Participated via teleconference with Assistant General Manager Kasaine to discuss matters of the Board

August 11

- Participated via teleconference with General Manager Hagekhalil to discuss matters of the Board

August 12

- Attended services for the late Jerry Gladbach, past president of ACWA, Santa Clarita

August 15

- Participated via teleconference in Metropolitan's Adjourned Finance and Insurance Committee meeting
- Participated via teleconference in Metropolitan's Adjourned Engineering and Operations Committee meeting
- Participated via teleconference in Metropolitan's Adjourned Communications and Legislation Committee meeting
- Participated via teleconference in Metropolitan's Adjourned Water Planning and Stewardship Committee meeting
- Participated via teleconference in Metropolitan's Adjourned One Water (Conservation and Local Resources) committee

August 16

- Participated via teleconference in Metropolitan’s Adjourned Audit and Ethics Committee meeting
- Participated via teleconference in Metropolitan’s Adjourned Organization, Personnel, and Technology Committee meeting
- Participated via teleconference in Metropolitan’s Adjourned Real Property and Asset Management Committee meeting
- Participated via teleconference in Metropolitan’s Adjourned Legal and Claims Committee meeting
- Participated in Metropolitan’s Adjourned Board meeting, Los Angeles

August 17

- Attended services of the late Ron Wheeler, former employee and founder of Metropolitan’s Black Employees’ Association, Whittier
- Attended the Central City Association’s Elected Officials Reception, Los Angeles

August 18

- Participated in a Water Conservation Roundtable with Secretary Deb Halland, Bureau of Reclamation Commissioner Camille Touton, and General Manager Hagekhalil, Irvine
- Attended a meeting hosted by Congresswoman Grace Napolitano featuring Bureau of Reclamation Commissioner Camille Touton, Whittier
- Hosted a tour of the Southern California Pure Water Project facility for Congresswoman Grace Napolitano and Bureau of Reclamation Commissioner Camille Touton, Carson

August 19

- Participated via teleconference with Los Angeles Delegation directors and General Manager Hagekhalil to discuss matters of the Board
-
- Met with Toks Omishakin, California Secretary of Transportation to discuss workforce development efforts and potential partnership, Anaheim

August 23

- Participated in Metropolitan’s Executive Committee meeting, Los Angeles
- Participated and provided remarks at Metropolitan’s Diversity, Equity and Inclusion Board Workshop, Los Angeles

August 24-25

- Attended meetings with members of the Colorado River Indian Tribe, Hay Day Farms, and Palo Verde Irrigation District to discuss conservation efforts, Blythe

August 27

- Participated via teleconference with General Manager Hagekhalil to discuss matters of the Board
- Participated via teleconference with Vice Chair Kurtz, De Jesus, and Jung to discuss matters of the Board

August 29

- Participated via teleconference with General Manager Hagekhalil to discuss matters of the Board

August 30

- Participated in a press briefing with Director Ramos and General Manager Hagekhalil to announce an emergency repair of the Upper Feeder pipeline, which requires four million people to suspend outdoor watering for 15 days, Burbank
- Participated via teleconference with Daryl Lucien, new director of the California African American Water Education Foundation
- Participated via teleconference with General Manager Hagekhalil to discuss matters of the Board

August 31

- Participated via teleconference as Chair of the BizFed Water Committee Meeting
- Met with Congressman Jim Costa, Latino Water Coalition Executive Director Mario Santoyo, and General Manager Hagekhalil to discuss drought challenges in the Central Valley, Fresno



The Upper Feeder Pipeline and New Slip Joint Delivered to Site

General Manager's Monthly Report



Activities for the Month of August 2022



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Message from the General Manager

As I write this, we are asking millions of residents to stop outdoor watering for two weeks while Metropolitan staff work around the clock to repair a leak in a section of our Upper Feeder pipeline suspended above the Santa Ana River.

Meanwhile, all of California is enduring a record-breaking heat wave. While there's never a good time for a shutdown, the inconvenience of planned repairs is always better than suffering an emergency.

The difficulty of emergency repairs during a heat wave couldn't be a more apt metaphor for our larger climate crisis and water shortages. Deferring action increases risk as well as likely costs, with the upheaval of our climate making those risks and costs even greater.

Thankfully, the public understands that the stakes are high.

A poll conducted in August by UC Berkeley, in partnership with the *LA Times*, found that 94% of California voters consider the state's current water shortage to be serious. In fact, 71% describe it as "extremely serious." It's hard to find any issue that has such widespread agreement across region, gender, race, age and even political affiliations. You can find the poll at <https://escholarship.org/uc/item/7bw89676>.

We're fortunate that California's lawmakers have taken important action in the final weeks of the legislative session to assist in Metropolitan's drought response actions and future resiliency. That's in addition to significant programs and funding on the federal side that were approved this year. These actions bolster Metropolitan's dedicated workforce, who are working tirelessly during some of the hottest weather in our history.

Still, there is much more to be done.

With outdoor uses accounting for half of our residential water use, now is the time to rethink the traditional lawn and transform our landscapes with California friendly plants. In fact, 72% of poll respondents believe it is "important" for California homeowners to make permanent changes to their outdoor landscaping.

While we continue to achieve greater levels of conservation, we must also redouble efforts to reduce leaks and other water losses. We must protect and value the water we have by preventing pollution and cleaning up legacy contamination. We must invest in new, more sustainable water sources, like water recycling and storm water capture. We must be ready to store water when the clouds open up. And this urgency must be reflected in priorities, budgets and regulatory support, in the District and across every level of government.

None of this will be easy, and there is no time to lose. As Charles Dickens famously wrote in *David Copperfield*, "Procrastination is the thief of time. Collar him!"

Indeed, given the broad awareness and overwhelming consensus among Californians, failing to act now would be a disservice to the public who are taking the drought seriously. They have a right to expect leadership that faces up to the challenge with urgency and resolve and safeguards our water supply for the future.

We are one,

Adel



“The best time to plant a tree was twenty years ago. The second best time is now.”

- Chinese Proverb



Strategic Priorities Update

The General Manager's Strategic Priorities guide actions in key areas of focus, investment, and transformation for Metropolitan.

Empower the workforce and promote diversity, equity, and inclusion

Build a safe, inclusive, and accountable workplace where all employees feel valued, respected, and able to meaningfully contribute to decisions about their work.

The EEO Office has hired two Chief EEO Investigators, helping to build staff capacity in the new Office. The state audit and workplace climate recommendations are in varying phases of implementation with a next update to the state due in October. The iSight case-database system is getting established and is in the data migration phase.

Metropolitan has partnered with the National Safety Council (NSC) to conduct an independent review of Metropolitan's safety program. The NSC recently completed a draft Safety Culture Assessment Report. Once the report is finalized, staff will work with the NSC to develop a roadmap to implement its recommendations.

Prepare and support the workforce by expanding training and skill development and updating strategies to recruit and retain diverse talent at a time when Metropolitan's needs are evolving and employee expectations about the workplace are changing.

This month we held the second session of our organizational development program, Metropolitan Management University, for 15 newly promoted managers. Staff also worked with outside experts to prepare a recruitment document to comply with the State Audit recommendation, which includes best practices and recommended changes, and to provide grants administration training to 67 employees.

Metropolitan joined a consortium of local agencies, including LADWP, to work with engineering students from several Historically Black Colleges and Universities (HBCU). In a partnership between DE&I, Engineering Services, and SRI, HBCU students get introduced to the work of Metropolitan, gain some practical experience, and also are mentored by an engineer on staff. The initiative is grant-funded and a milestone for Metropolitan in HBCU outreach and engagement.

Sustain Metropolitan's mission with a strengthened business model

Manage rate pressure on member agencies through attention to programmatic costs, organizational efficiencies and efforts to secure external funding for projects with broad and multi-purpose benefits.

We secured \$130M in state budget earmarks for Metropolitan emergency drought projects (\$50M) and Pure Water Southern California (\$80M), pending Gov. Newsom's signature.

We helped secure \$4B in programmatic funding in the federal Inflation Reduction Act for urban and agricultural conservation across the West. Staff intends to apply for conservation funding to reduce reliance on Colorado River supplies as well as for renewable energy and efficiency projects once eligibility criteria for these funding sources are established.

Staff completed review of district's Rio Mesa property for potential revenue opportunities including solar and/or environmental mitigation banking.

Adapt to changing climate and water resources

Provide each member agency access to an equivalent level of water supply reliability through necessary adaptive implementation of the IRP findings.

Agencies in the SWP-dependent area continue to operate within the Emergency Water Conservation Program, remaining on target for total use of SWP supplies through August. The Board approved the Call to Action in support of reliable and equitable access to water and storage across the entire six-county service area, and staff made progress on planning for facility modifications to expand the use of Colorado River throughout Metropolitan's system.

Alongside ongoing Colorado River negotiations, Metropolitan collaborated with several urban water agencies in Nevada and Colorado to sign an MOU that commits to further water conservation and water efficiency efforts and to expand water reuse. The MOU has been transmitted to the Bureau of Reclamation with additional information to be provided in the coming months about specific steps to be taken by each organization.

Advance the long-term reliability and resilience of the region's water sources through a One Water approach that recognizes the interconnected nature of imported and local supplies, meets both community and ecosystem needs, and adapts to a changing climate.

Staff began a study to evaluate potential stormwater targets for the IRP and this month onboarded new Metropolitan staff who will focus on stormwater strategic planning efforts.

Southern California Edison approved a \$2.125 million grant reservation for our Weymouth battery energy storage system project.

Phase 2 has been initiated for the Delta Island Adaptation project to develop conceptual plans for alternative land uses on Metropolitan's Bouldin Island.

Protect public health, the regional economy, and Metropolitan's assets

Proactively identify, assess, and reduce potential vulnerabilities to Metropolitan's system, operations, and infrastructure.

Staff coordinated with several outside agencies on emergency response training. This included (1) hosting a hazardous materials and emergency chlorine handling training with Riverside County Department of Environmental Health and CalFire Hazardous Materials Emergency Responders; (2) meeting with five member agencies along the San Gabriel foothills to discuss a joint earthquake exercise for the Great California ShakeOut in October 2022; and (3) meeting with Orange County emergency response agencies to plan a full-scale exercise at the Diemer plant in November 2022. Cybersecurity staff also presented on secure authentication environments at the annual national meeting of the Multi-State Information Sharing and Analysis Center (MS-ISAC).

We have initiated the design phase for several capital projects to improve physical security at Metropolitan facilities. These projects are a result of vulnerability assessments and recommendations by our security experts, independent consultants, and partners at the Department of Homeland Security and the Cybersecurity and Infrastructure Security Agency.

As part of the Data Center Modernization Project, staff completed physical relocation of Metropolitan-owned equipment (e.g., servers, storage, switches) from Union Station to the new primary data center, to help ensure security and operability during an emergency.

Apply innovation, technology, and sustainable practices across project lifecycles (design, construction, operations, maintenance, and replacement).

Staff has developed the Request for Proposals for the Enterprise Content Management system.

Partner with interested parties and the communities we serve

Grow and deepen collaboration and relationships among member agencies, interested parties, and leaders on the issues most important to them and toward mutual and/or regional benefits.

We conducted two negotiation sessions with the Trade Councils toward a Project Labor Agreement (PLA). Board consideration of the PLA and of a consultant agreement for PLA administration is expected in October 2022.

Reach underserved communities and non-traditional interested parties to better understand their needs and ensure their inclusion in decision making.

As part of community engagement in the environmental planning for Pure Water Southern California, Metropolitan held an environmental listening session on the project and invited several community-based organizations active in underserved communities to assist with public outreach. The appointment of leadership and members to Metropolitan's newly established Underserved Communities Standing Committee, set to convene in October, adds momentum to addressing the needs of underserved communities.

Executive Summary

This executive summary is added to this report to provide a high-level snapshot of a key accomplishment from each area of the organization. Detailed information is reported in the pages following this summary.

Administrative Services

During the month of August, the Professional Services Contracting Team staff completed Request for Qualification (RFQ) No. 1316 to establish a list of pre-qualified firms for Geotechnical and Tunnel Design Engineering Consulting Services on an on-call basis to provide geotechnical and dam safety consulting services in support of various critical projects throughout Metropolitan's distribution system and service area.

The Procurement Team awarded a contract for a two-stage swing check valve for the Greg Avenue Pumping Station and East Valley Feeder. These new valves will provide adequate surge protection without requiring backflow through the pumps. The competitive bid process resulted in a contract award that came in approximately \$24,000 under budget.

Bay-Delta Initiatives

Phase 2 of the Delta Island Adaptations project, funded by a California Department of Fish and Wildlife Proposition 1 Planning Grant, was initiated this month. This phase of the project includes development of conceptual plans for alternative land uses for the identified study island, Bouldin Island, based on land characteristics and other criteria. Potential land uses being considered include: paludiculture, floating marsh (floating peat), sustainable agriculture practices, rice farming, ecoculture, tidal wetlands (with setback levees), and flooded managed wetlands. The conceptual plans will be considered by stakeholders and the Technical Advisory Committee this fall.

Chief Financial Officer

On July 7, 2022, Metropolitan issued \$279,570,000, Water Revenue Refunding Bonds, 2022 Series A. The bonds were issued at a True Interest Cost of 2.93% and achieved net present value debt service savings of \$40.1 million, or 12.66% of the refunded par bonds. The bond sale, which took place on June 22, 2022, was very successful, with \$2.1 billion in orders, from 72 different investors. Average annual debt service savings of approximately \$3.2 million per year will be realized over the 15-year term of the bonds. Bond proceeds were used to refund portions of outstanding revenue bonds, other debt obligations, and fund costs of issuance.

On July 27, 2022, Metropolitan issued \$253,365,000, Water Revenue Refunding Bonds, 2022 Series B, and \$282,275,000, Water Revenue Refunding Bonds, 2022 Series C (Taxable). The 2022 Series B bonds were issued at a True Interest Cost of 2.90%, the 2022 Series C bonds were variable rate bonds, and had an initial weekly rate of 1.60% (Series C-2), and 1.62% (Series C-1). The 2022 Series B and 2022 Series C bonds were priced on July 20, 2022, as part of an integrated plan of finance. The 2022 Series B bond sale received strong investor demand, with orders of \$1.14 billion, from 58 different investors. Similarly, the weekly variable rate, 2022 Series C bond sale received strong investor support. The 2022 Series C-1 bonds were fully subscribed, and the 2022 Series C-2 bonds were three times oversubscribed. On a combined basis, the refundings provided substantial expected net present value debt service savings of \$22.1 million, or 8.28% of the refunded par bonds. This will provide average annual debt service savings of approximately \$1.8 million per year over the 18-year term of the bonds. Bond proceeds were used to refund portions of outstanding revenue bonds, and fund costs of issuance.

Colorado River

The Colorado River Basin States worked hard to develop a plan to reduce water demands on the Colorado River by 2 to 4 million acre-feet in 2023, but by the mid-August deadline given by the Bureau of Reclamation, a plan has not yet been developed. The Basin States will continue working to see if a plan can be implemented in 2023.

Diversity, Equity & Inclusion

The newly formed Diversity, Equity & Inclusion Office is being resourced to properly address key areas of opportunity to advance Metropolitan's DEI commitment and usher in culture transformation for long-term, sustainable change. Even so, the Office successfully launched the first ever DEI Forum to set the right tone at the top around DEI commitment and to engage with a broad group of stakeholders, including the Board. We are also advancing key initiatives focused on better outreach and workforce development efforts and working cross-functionally to address State Audit concerns and advance key commitments such as the Equity in Infrastructure Pledge (EIP) and the future use of Project Labor Agreements (PLAs) in our key construction projects.

Engineering Services

In August, ESG advanced three board actions for projects that will improve water supply equity. ESG also continues to partner with the communities we serve. This quarter's MetWorks meeting was attended by over 130 contractors and consultants. Representatives from two Small Business Enterprise (SBE) contractors discussed their experiences working with Metropolitan, and ESG staff presented upcoming contracts with a focus on smaller construction projects and opportunities for small businesses. Formal negotiations commenced between Metropolitan and the Southern California labor councils for the Project Labor Agreement. Metropolitan staff led a half-day workshop at the ASCE Pipelines Conference with water agencies and large valve suppliers addressing our common challenges regarding fabrication and quality. This discussion was initiated by CLEAN-17, a partnership of engineering managers from several large water agencies in the Western United States whose primary purpose is to learn from one another.

Equal Employment Opportunity Office

The EEO Office continues to address the recommendations brought forth by the State Audit and Workplace Climate Report. EEO recommendations with a deadline of June 20, 2022, were timely submitted and accepted by the state auditor. In addition, EEO submitted a recommendation earlier than the next deadline of October 20, 2022. This recommendation was also accepted by the state auditor.

External Affairs

Congresswoman Napolitano (D-El Monte) hosted Bureau of Reclamation Commissioner Touton, Carson Mayor Davis-Holmes and local dignitaries for a presentation and tour of the Pure Water Southern California Demonstration Facility. Chairwoman Gray welcomed the dignitaries and GM Hagekhalil provided a brief update on Metropolitan, water supply conditions and the One Water vision. (August 18)

Human Resources

Human Resources staff is collaborating with IT to implement a new Workers Compensation claim management system designed by Ventiv Technology. Staff continue to work closely with our new Workers' Compensation Third Party Administrator, TRISTAR Risk Management, during the transition.

Information Technology

In preparation for the newly adopted biennial budget, Information Technology has been working in collaboration with Finance to change the reporting function from accrual based to cash-based accounting in the enterprise financial system.

Real Property

Acquired 110 gross acres (108 water toll acres) in the Palo Verde region from a private entity in support of Colorado River water supply reliability.

Security Management

Dozens of C&D staff are turned into immediate responders and trained on how to deal with a bleeding emergency. Stop The Bleed, a nationally recognized course, is taught at no-cost by EMT-qualified Metropolitan Security proprietary staff.

Sustainability, Resiliency and Innovation

CSRIO presented on the Climate Action Plan at Southern California Edison's Clean Energy Summit and provided the keynote address at Water Solutions 7, hosted by Sustain So Cal, for water managers and innovators. SRI also led negotiations with Colorado Basin urban water providers in development of a basin-wide Memorandum of Understanding on additional water conservation and efficiency commitments.

Environmental Planning continued work across the District including coordination with Department of Water Resources on regulatory permit applications for the Delta Conveyance Project, continued preparation of the Notice of Preparation (NOP) of a Draft Environmental Impact Report for Pure Water Southern California (slated for release in Sept. 2002), and emergency authorizations and permitting for the Upper Feeder Repair Project.

Water Resource Management

WRM staff reported on continued coordination and success with implementing the Emergency Water Conservation Program. As a whole, the program continues to reduce use of Metropolitan's State Water Project water supply below the target for the SWP dependent areas. Staff also worked on ensuring successful programs to save water on the Colorado River system, recognizing the stress on the River and Lake Mead.

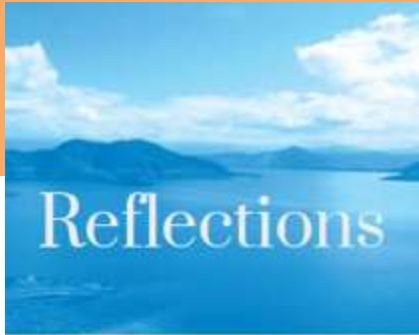
Water System Operations

Metropolitan announced its first recruitment of an internal class of applicants for the Apprenticeship Program. Webinars and internal outreach are being planned to support a diverse applicant pool. The Apprenticeship Program is a four-year program that includes classroom and on-the-job training. Selected candidates are expected to begin working as electrical and mechanical apprentices in early 2023. Once an apprentice completes the program, they are certified by the state of California as a journey worker.

Upcoming Board Items

ANTICIPATED KEY ITEMS OF FOCUS – NOT AN EXHAUSTIVE LIST
SCHEDULE SUBJECT TO CHANGE

October	<ul style="list-style-type: none"> • Update on Delta Conveyance Public Draft EIR and Comments • Seek Board Action to Declare approximately 650 Acres of Property in Riverside, San Bernardino and San Diego Counties as Surplus Land and not necessary for Metropolitan’s use and Authorize Staff to Dispose of the Properties • Consider action to approve Project Labor Agreement Terms and Conditions and Authorize a Professional Services Agreement for PLA Administration • Nomination and Election for Board Chair for two-year term effective January 1, 2023
November	<ul style="list-style-type: none"> • Nomination and Election for Board Secretary for two-year term effective January 1, 2023 • State Mandated AB 1234 Ethics Training (2-hour training following Board meeting) • Department Heads Evaluation
December	<ul style="list-style-type: none"> • Board Report of the Benefits of Various Project Portfolios for State Water Project Dependent Areas following IRP Testing • Update on Climate Action Plan Implementation • Board Report on Budget Expenditure Trend for FY 2022/23 and Status of New Revenues and Grants • Oral Briefing on Status of State and Federal Bay-Delta Regulatory Processes • Authorize Colorado River Protection Volume Agreements
January	<ul style="list-style-type: none"> • Delta Conveyance Project Follow-up Workshop • Update on Acceleration of Pure Water Southern California
February	<ul style="list-style-type: none"> • Board Report on Portfolio of Recommended Actions for State Water Dependent Areas



PROGRAM DESCRIPTION

In April 2022, a leak was discovered on a bellows expansion joint on the Upper Feeder pipeline in the city of Riverside, where the pipeline spans the Santa Ana River along a truss bridge. Water System Operations and Engineering Services staff quickly jumped into action to address immediate needs and plan for a longer-term fix.

The Shops in La Verne manufactured an emergency repair fixture to temporarily address the leak, with the innovative design, manufacturing, and installation completed within a few days. For the longer-term fix, ESG and WSO staff collaborated to concurrently design and manufacture a 116-inch diameter, 10-ton slip-type expansion joint while meeting an aggressive repair schedule. Additionally, the Shops manufactured several critical components to help with installation of the expansion joint and provide safe access to the pipeline at this unique location.

IMPORTANCE TO METROPOLITAN

The Upper Feeder is one of two major pipelines supplying Colorado River water from Lake Mathews to the region and delivers water to the Weymouth plant. Considering the region's severe drought condition and limited supplies from the State Water Project, this pipeline is critical to Metropolitan's drought operations. Repairing the pipeline as quickly as possible was essential to prevent a catastrophic pipeline failure. Metropolitan's in-house manufacturing capability was crucial to complete this work within a short time window and ensure the resiliency of our water system.

MEMORABLE MOMENT

This effort highlighted Metropolitan's ability to adapt and respond to emergencies while demonstrating staff's high level of dedication, creativity, and collaboration under extreme challenges. The "One-Stop-Shop" capabilities at Metropolitan shined through on this project as staff adjusted to changing conditions, schedules, and supply chain challenges. With a successfully manufactured and robust slip joint the permanent repair work could begin, showing once again how staff's commitment and dedication ensured Metropolitan can continue to meet its mission of providing safe and reliable water deliveries to Southern California.



"To see several MWD teams working as one to develop a conceptual design and then have our La Verne Shops bring it to life is something that I'm always proud to be a part of."
*Andrew Whitt,
Production Planner*

Water Resources and Engineering



Water Resource Management

Ensure Reliable State Water Project (SWP)

The Department of Water Resources (DWR) hosted a two-day workshop to discuss the path forward on the A. D. Edmonston Pumping Plant (Figure 1) discharge valves. DWR staff gave a detailed technical overview of the 14 valves, their existing design, and challenges to maintenance. DWR then presented five options for consideration, with the recommendation to replace all 14 valves with new valves that include design improvements. The workshop attendees participated in a site visit to inspect the current state of the valves and observed physical challenges to the current location of the valves. The workshop concluded with participants concurring with DWR to replace all 14 valves in sequence without affecting deliveries for more than 10 years. This project is estimated to cost over \$70 million, including 20 percent contingency.



Figure 1—Annotated photo indicating the 1,926-ft lift that the 14 pump units at A. D. Edmonston Pumping Plant have to achieve.

Ensure Access to Sufficient Water Supplies to Operate a Full Colorado River Aqueduct In Times of Drought.

The 2022 Following Seasons for the Bard Water District Seasonal Following Program and the Quechan Tribe of the Fort Yuma Indian Reservation Pilot Seasonal Following Program officially ended on August 15, 2022. One thousand, four hundred and twenty six acres were enrolled in the Bard Following Program and 118 acres were enrolled in the Quechan Following Program. Because of unseasonably cool temperatures, some parcels were not ready for following on April 1, 2022. Metropolitan and farmers agreed to shift the following period to begin following on those parcels on April 15 and end following on August 15. All other parcels began following on April 1 and ended following on July 31. The verifications of the fallowed lands were completed by Metropolitan’s consultant, Bard Water District’s General Manager, and Quechan Water Technician on July 31, 2022 and on August 15, 2022. All of the lands were verified to be fallowed during this time.

Manage Existing and Develop New Regional Water Management Programs to Maintain Water Supply Reliability in the Face Of Increasing Water Supply Volatility.

On August 16, the Board adopted a resolution recognizing the varied impacts the historic drought and water system limitations have had on the region. The resolution outlines potential remedies to address the situation by building infrastructure, increasing local supplies, expanding partnerships, advancing water-use efficiency, and planning for the escalating impacts of climate change.

Support Development of Regional Recycled Water Program (RRWP).

Staff is reviewing potential State and Federal funding to support Pure Water Southern California and identifying new requirements of Federal funding and potential hurdles. Staff anticipates reviewing the FY 2023 Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) Intended Use Plans scheduled for release in August and providing comments in September.

Implement Regional Conservation Program

Staff submitted an application to the Bureau of Reclamation's WaterSMART: Water and Energy Efficiency Grant Program for Fiscal Year 2023, seeking \$5 million in supplemental funding to support residential and commercial turf replacement. A resolution of support completing Metropolitan's application was approved by the Metropolitan Board at the August One Water Committee Meeting. USBR intends to notify selected applicants by the end of 2022.

Staff attended several conferences and joined panel discussions to promote water efficiency and regional conservation:

- **Southern California Golf & Water Summit:** Assistant General Manager Deven Upadhyay provided a keynote address on Southern California's current water supply picture and efforts Metropolitan has been undertaking to meet current and future water supply challenges. Water Efficiency Team staff participated in a panel discussion providing more detail on Metropolitan's drought response activities, including water efficiency incentives and development of the Pure Water regional recycled water project. The Southern California Golf & Water Summit recognizes that water is indispensable to the Southern California golf community, and scarcity and higher costs pose challenges the game must meet if it expects to remain a vital part of Southern California's recreational landscape. The summit was attended by golf course managers, local and regional water utility workers, and golfing enthusiasts.
- **Sustain Southern California Water Solutions 7 Water Conference:** The conference focused on exploring real life strategies and innovations in reuse, desal, energy nexus, contamination, investor and policy trends, big data, and more in Southern California. Metropolitan's Chief Sustainability, Resiliency and Innovation Officer Liz Crosson gave the keynote address. Water Efficiency Team staff participated on a panel titled "Efficiency and Innovation in Irrigation" to promote water efficiency.
- **World Water Week Conference:** Staff participated on a panel focusing on global water issues, being held both online and in person in Stockholm, Sweden. The panel, The Power of Unlikely Alliances: Public-Private Partnerships for Water Efficiency, discussed collaboration among Metropolitan, the Pacific Institute, and several private corporations on water use efficiency. The panel specifically shared the story of successful collaboration to implement water efficiency pilot projects spanning three sites in Southern California and saving over 24 million liters of water per year. The innovative technology was deployed in the City of Los Angeles and received water efficiency incentives from both the Los Angeles Department of Water and Power and Metropolitan via its Water Savings Incentive program.

Collaborate with Member Agencies, Water Agencies and Associations, and Provide Leadership for Policy Development, Advocacy, Outreach and Education

Staff assisted the Los Angeles WaterReuse Chapter by providing a recycled water legislation and regulation presentation to approximately 50 members of the Chapter at West Basin Municipal Water District. Staff highlighted draft legislation, regulations, and funding that may affect development of new recycled water projects. Staff also attended an inspection of the West Basin facility and learned about their education program and proposed facility upgrades.



Caption: Inspection of the West Basin facility

Staff continued implementation of the Emergency Water Conservation Program (EWCP) to address severely limited SWP system water supplies. Since the June 1 start date, there has been a positive demand response across the SWP-Dependent Area. The affected member agencies continued to show reductions in purchases from Metropolitan compared with historical and projected levels, indicating consumer responsiveness with demand-cutting measures. Path One watering day limit compliance requirements remained at one day-per-week watering restrictions. Staff is continuously monitoring and reporting water use performance to the affected member agencies to ensure that SWP water usage stays on track to remain within the available supplies.

Staff continued ongoing technical collaboration with member agencies with the 2022 Annual Local Production Survey, which was sent out to all member agencies on May 5 with a request for surveys to be returned by June 10. The local supply survey data are crucial for Metropolitan's regional planning efforts, including estimating retail-level per capita water usage and tracking trends in local supply development.

Staff participated as a facilitating partner at Inland Empire Utilities Agency's (IEUA) Chino Basin Program Expo on August 17. The Chino Basin Program (CBP) is an innovative water exchange and reliability program where advanced treated recycled water stored in the Chino Basin would be exchanged for an equivalent amount of State Water Project

supply. The exchanged State Water Project supply would be used for pulse flows into the Feather River to benefit Chinook salmon and the surrounding ecosystem. The Expo was attended primarily by IEUA's local agencies and other interested stakeholders. Metropolitan participated in the Expo to answer questions about Metropolitan's role, expected operations, and the regional benefits of the program.

Staff participated in CalDesal's Executive, Regulatory, Legislative, Communications and Officer Nominating committees in August. A key action taken was forming teams to engage state agencies implementing the desalination elements of the governor's newly released "California's Water Supply Strategy." The Executive Committee also discussed a recent Public Policy Institute of California poll which revealed widespread support for seawater desalination in California.

Implement Future Supply Actions Funding Program

Staff hosted and moderated a Future Supply Actions Funding Program (FSA) webinar on August 31. The webinar covered the San Diego County Water Authority's (SDCWA) demonstration study of wedge-wire screen intake cleaning systems for the Claude "Bud" Lewis Carlsbad Seawater Desalination Plant. The results are applicable to other member agencies considering seawater desalination. The presentations, prior webinar recordings, and final reports of completed FSA studies are now available on Metropolitan's website under "Funding Programs."

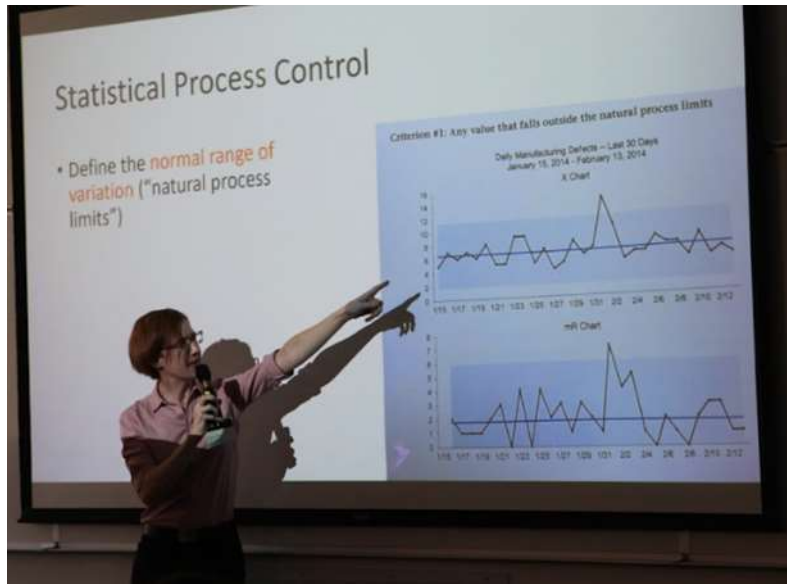
Promote Metropolitan's Technical Capabilities and Innovation Efforts to Advance the Understanding of Water Resources Management

Staff participated in two Peer-2-Peer (P2P) meetings on cyber security best practices and drought management. The cyber security briefing featured a summary of innovative approaches and lessons learned from Southern Nevada Water Authority, Tampa Bay Water, Mekorot, Singapore PUB, and other peer utilities. On August 1, Dr. Uri Shani, a globally recognized drought expert, briefed executive management on Israel's approach to managing extreme drought. Staff also launched new P2P engagements on: (1) Olympic games preparation with utilities from Tokyo, Paris, and Australia and (2) Delta island management with peer utilities in the Netherlands with expertise in managing similar levee-protected islands.

Staff reviewed three new technology proposals during meetings in August: (1) Solar desalination technology with inland applications; (2) Brine treatment technology focused on extracting renewable energy and useful materials using salt-tolerant "halophytes," and (3) AI-driven data management system with the potential to streamline wholesale agency water budget data collection and state-agency reporting. During the meetings, staff provided feedback and suggested potential resources available from Metropolitan's innovation partners. Staff will further review the AI water budget software with internal experts.

Position Metropolitan as a leader in Open Water Data

Several Water Resource Management (WRM) staff attended the California Data Collaborative's 7th Annual Water Data Summit at UC Irvine on August 17–18. Attendees were able to sharpen their skills in technical coding sessions and learn from experts on various topics such as non-functional turf removal, climate change modeling for water supply planning, Western state open data initiatives, and hiring data scientists for the water sector. A staff member from WRM's Implementation Projects and Studies Unit delivered an event-favorite presentation on "Hunting for Signals in Your Data." Metropolitan's Manager of Colorado River Resources participated in a panel on "Data Availability in a Drought" to discuss water management challenges and opportunities for the Colorado River. In addition to participating on the event planning committee, Metropolitan staff connected with peers from other water utilities as well as water data leaders from state agencies, academia and non-profits, and the private sector.



Caption: Staff Presenting at the Water Data Summit

Water Resources and Engineering

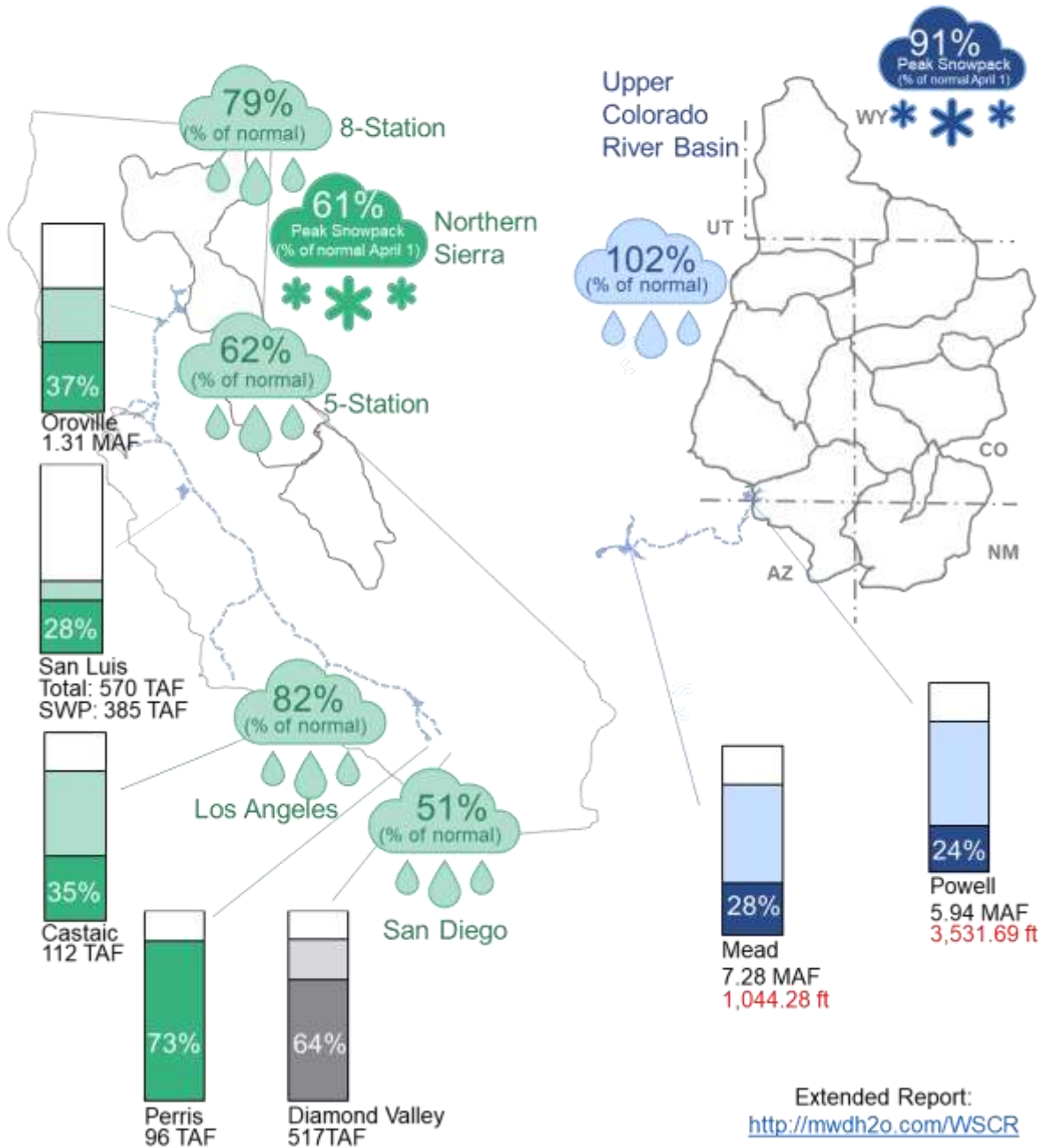
(continued)

State Water Project Resources

SWP Table A – 5% - 95,575 AF

Colorado River Resources

Projected CRA Diversions – 1,116,000 AF



As of August 31, 2022

Bay-Delta Initiatives

Resiliency

Delta Islands Adaptation Planning Grant

Staff is managing the Delta Island Adaptations project funded by a California Department of Fish and Wildlife Proposition 1 Planning Grant. The project's overall goal is to make progress toward improving resilience and sustainability of Metropolitan's Delta islands by: (1) reducing subsidence, (2) limiting or reversing greenhouse gas emissions, while (3) providing additional wildlife habitat, (4) maintaining economically viable agriculture, and (5) receiving and incorporating public input. Phase 1 of the project is complete, which included preliminary assessment of the islands and selecting one of the islands for more developed island-wide study, assessment, and planning. The use of a structured decision-making tool was beneficial for identifying Bouldin Island as the location to begin and the focus for further study for Phase 2.

The grant team began Phase 2, which includes development of conceptual plans for alternative land uses for the identified study island based on land characteristics and other criteria. Potential land uses being considered include paludiculture, floating marsh (floating peat), sustainable agriculture practices, rice farming, ecoculture, tidal wetlands (with setback levees), and flooded managed wetlands. Concept plans for pilot projects are currently being developed to test the viability of these alternative land uses. The seven draft landscape alternatives are being developed for further discussion and input by stakeholders and the Technical Advisory Committee at its next scheduled meetings in the fall.

Sustainability

Delta Conveyance

The Department of Water Resources (DWR) released the public Draft Environmental Impact Report (EIR) under the California Environmental Quality Act for the Delta Conveyance Project (DCP) on July 27, 2022. It describes project alternatives, potential environmental impacts, and identifies mitigation measures to help avoid or minimize impacts. The Draft EIR is available for public review and comment through October 27, 2022.

The U.S. Army Corps of Engineers, as part of its permitting review under the Clean Water Act and Rivers and Harbors Act, is preparing an Environmental Impact Statement (EIS) to comply with the National Environmental Policy Act and is planning to release a draft EIS for public review later this year.

Joint Powers Authorities

During the regularly scheduled Board of Directors meeting on August 18, the Delta Conveyance Design and Construction Authority (DCA) Board of Directors approved a resolution to extend virtual board and committee meetings pursuant to AB 361. The DCA also released the final draft Engineering Project Reports (EPRs) for the DCP options on its website (www.dcdca.org) in the DCA document library. The EPRs are detailed conceptual engineering design narratives that helped to inform DWR as it crafted official project descriptions for its environmental review process. The EPRs are separated into four sections:

- Narrative Report: highlights the key findings and conclusions of the Technical Memoranda and focuses primarily on describing the proposed facilities and the key drivers for their configuration and siting.

- Technical Memoranda: provide the basis of design criteria, design assumptions, siting analyses, and planned siting and configurations based upon existing physical information.
- Engineering Concept Drawings: include final site plans, construction phase site plans where locations of features would be substantially different than final site plans, site ingress and egress layouts, and major cross sections through the structures of key facilities.
- Map books: display the proposed facility sites and features in the context of the region. The EPRs also evaluate two fish screen options, a cylindrical tee screen fish screen and vertical flat plate fish screens.

There was no regularly scheduled Delta Conveyance Finance Authority meeting in August.

Sites Reservoir

In their August meetings, the Sites Project Authority Board (Authority Board) and the Sites Reservoir Committee (Reservoir Committee) approved moving the Terminal Regulating Reservoir (TRR) from the previously identified east site location to the more suitable west site location, which is on the west side of the Glenn-Colusa Irrigation District Main Canal. It was found that the TRR west site location would have fewer real estate impacts, approximately the same environmental impact, and that the geotechnical data indicate more favorable subsurface conditions.

Innovation

Science Activities

Staff continued to participate in the collaborative groups called for in the 2019 Biological Opinions (BiOp) for the State Water Project (SWP) and Central Valley Project (CVP), and in the 2020 Incidental Take Permit (ITP) for Long-term Operation of the SWP, to address science needs and to inform management and operation of the water projects. In August, staff presented the results of a modeling study regarding contaminant effects on Delta smelt and associated management actions to the Delta Coordination Group. The 2022 Summer Fall Habitat Action (SFHA) Plan included the use of Expert Elicitation and Relative Risk Modeling to identify the effects of contaminants and changes in those effects with the two proposed actions for the 2022 SFHA. Results suggesting contaminant impacts will be evaluated using field studies.

Staff continued participating in the Collaborative Science and Adaptive Management Program (CSAMP), including participation on the Collaborative Adaptive Management Team (CAMT). At the August CAMT meeting, staff provided comments on the draft CSAMP Triennial Report and provided input on next steps for the CAMT Monitoring Assessment and planning for an adaptive management discussion. Staff efforts also focused on key CSAMP collaborative science projects including the Delta smelt Structured Decision-Making Project and the Salmon Recovery Initiative.

Delta Levee Stability and Monitoring Efforts

Delta levee stability and monitoring efforts are ongoing with implementation of an instrumentation pilot project on Metropolitan's Bouldin Island to evaluate the effectiveness of detecting real time changes in levee conditions. This type of capability could provide both long-term levee management benefit, as well as the ability to quickly assess conditions in the event of an earthquake in the region. Efforts also include the storage of real-time data produced from the instrumentation network in a manner that can be easily accessed by Metropolitan for immediate evaluation, which includes real-time alerts following a seismic event within the Delta region. Staff is working with consultants to finalize the draft Investigation, Instrumentation and Monitoring Assessment—Delta Islands Levees (Bouldin Island Pilot) Report, which could be completed as early as fall 2022.

Colorado River

Status of Colorado River Protection Volume Discussions

In June of this year, Bureau of Reclamation (Reclamation) Commissioner Camille Touton identified the need for Colorado River Basin water users to reduce their use by two to four million acre-feet of water per year to address critical reservoir elevations at Lake Powell and Lake Mead, starting in 2023, and gave a deadline of mid-August to come up with a plan. The Lower Basin States met almost weekly to see if a consensus-based plan could be developed to meet the Commissioner's call by the deadline, and while they made significant progress, a plan was not ready when the Colorado River Basin August 2022 24-Month Study (24-month study) was released. The 24-month study determined a level 2 shortage of the Colorado River Basin, which affected Arizona, Nevada, and Mexico. California was not affected by the determination. At that time, Reclamation acknowledged the significant work of the Basins States and committed to continue working with the Lower Basin to see if a plan could be completed to be rolled out in 2023. Additionally, Reclamation states that they would refine options that the federal government could take if needed to reduced demands to protect the Colorado River Basin reservoirs. Those options include sharing system and evaporative losses by all Lower Basin States and developing new definitions for what constitutes a beneficial use of water. Metropolitan staff has actively participated in the process and is committed to working with our partners to see what actions could be implemented next year to reduce the decline of Lake Mead. That plan may include a recommendation to take additional conservation actions in our service area to conserve water to reduce Metropolitan's Colorado River deliveries in 2023.

Engineering

Core Business Function – Execute Capital Investment Plan projects

Engineering Services manages and executes projects within the Capital Investment Plan (CIP) to maintain infrastructure resiliency, ensure regulatory compliance, enhance sustainability, and provide flexibility in system operations to address uncertain water supply conditions.

Distribution System Reliability Program

This program maintains reliable water deliveries through specific repair and rehabilitation projects on Metropolitan’s pipelines, reservoirs, and control structures. Recent activities include the following:

- **Garvey Reservoir Hypochlorite Feed System Replacement**—This project replaces the existing chemical feed pumps, reconfigures the feed pipe system, upgrades the existing control systems and automatic process controls, and implements remote feed control from the SCADA system. Construction was completed in August and the new sodium hypochlorite feed system is now in service.
- **Garvey Reservoir Erosion Improvements Areas 6, 7, 8, 10, and 11**—This project will install a permanent drainage system and erosion control features to mitigate and control storm runoff from the site. The contractor completed drainage and erosion improvements in Areas 7, 8, 10, and 11, as well as all drainage connections through residents’ properties to the city street. Site grading and earthen berm compaction in Area 6 are also complete. The contractor is currently installing new fences and curbs in Area 6 and completing hydro-seeding. Construction is 98 percent complete and is scheduled to be complete in September 2022.
- **Lake Mathews Wastewater Replacement**—The project consists of replacing the existing septic tank system with a wastewater collection system at Lake Mathews. The new wastewater system connects to a nearby off-site Western Municipal Water District main wastewater line. The contractor continues to install the sewer line. Construction is approximately 38 percent complete and is scheduled to be complete in March 2023.
- **Upper Feeder Expansion Joint Replacement**—This project replaces the damaged bellows expansion joint on the Upper Feeder with a new slip joint at the Santa Ana River crossing. An emergency contract to replace the joint was awarded by the General Manager in June 2022. The contractor is preparing for a September 6, 2022, shutdown start. Construction is approximately 25 percent complete and is scheduled to be complete by September 20, 2022. Regular reports on progress have been made to the Board in July and August and will continue in September. A request for board ratification of the emergency contract is tentatively scheduled for October 2022.

Prestressed Concrete Cylinder Pipe (PCCP) Reliability Program

This program was established to enhance the reliability of Metropolitan’s water distribution system and to reduce the risk of costly emergency repairs of PCCP. The priority pipelines included in the program are the Second Lower Feeder, Sepulveda Feeder, Calabasas Feeder, Rialto Pipeline, and the Allen-McColloch Pipeline. A total of 100 miles of PCCP pipelines will eventually be relined with new steel pipe liners under this 20-year program. Recent activities include the following:

- **Second Lower Feeder PCCP Rehabilitation**—This project rehabilitates the remaining 28 miles of PCCP segments within the Second Lower Feeder and will enhance delivery reliability to member agencies. Long-term rehabilitation of this pipeline is being staged over a period of 15 to 20 years, with multiple construction

and procurement contracts. Metropolitan’s Board awarded a construction contract in May 2022 for Reach 3A and the Notice-To-Proceed was issued in June 2022. The contractor is currently in the submittal phase of the project, and construction is scheduled to be complete in August 2023. Reach 3A is located at the westernmost portion of the feeder, spanning 1.1 miles through the City of Rolling Hills Estates. Final design of the adjacent Reach 3B, a 3.7-mile-long portion of Second Lower Feeder that traverses the cities of Lomita, Los Angeles, and Torrance is complete and scheduled for board award by December 2022. Study efforts continue for Reach 9, an approximately 0.8-mile-long portion of the feeder in western Long Beach that crosses the Los Angeles River.

- **Second Lower Feeder Isolation Valve Procurement**—This fabrication contract provides 13 conical plug valves for the Second Lower Feeder PCCP rehabilitation. These valves, which include three 48-inch and ten 54-inch diameter, provide primary isolation for maintenance activities, inspections, and repairs required to maintain reliable water deliveries within Metropolitan’s distribution system. Fabrication of these valves is approximately 70 percent complete. All three 48-inch conical plug valves have been delivered. Fabrication of seven 54-inch valves is in progress. Delivery of the first two 54-inch valves, expected in March 2022, has been rescheduled to September 2022, because of delays at the shipping port. Two additional 54-inch valves are scheduled to be delivered in November 2022. The next three 54-inch valves will be delivered between May 2023 and July 2023. Fabrication of three remaining 54-inch valves started in June 2022 and will be completed in late-2023.
- **Sepulveda Feeder PCCP Rehabilitation**—This project rehabilitates 35 miles of PCCP segments within the Sepulveda Feeder and will enhance delivery reliability to member agencies. Long-term rehabilitation of the Sepulveda Feeder will be staged over multiple years with multiple construction and procurement contracts. Final design of Reach 1 and Reach 2 are occurring simultaneously. Final design of Reach 1 is 65 percent complete and Reach 2 is 93 percent complete. Both are scheduled to be complete by February 2023. Preliminary design for the northern 20-mile reach of Sepulveda Feeder has been re-prioritized to support the West Area Water Supply Reliability Improvements Program. In August 2022, a board action was approved to initiate preliminary design for the North Reach.
- **PCCP Rehabilitation Valve Storage Building**—This project constructs an 18,160 square-foot pre-engineered metal building on reinforced concrete slab at Lake Mathews for valve and equipment storage. The final submittal for the pre-engineered metal building was approved in July 2022 and fabrication of the buildings scheduled to be completed by the end of September 2022. The contractor completed installation of storm drain basins and piping around the site in August 2022. The contractor began construction of the concrete building pad in August. Overall, construction is 25 percent complete and is scheduled to be complete by September 2023.

Colorado River Aqueduct (CRA) Reliability Program

This program maintains the reliability of Metropolitan’s CRA conveyance system. Recent activities include the following:

- **CRA Domestic Water Treatment System Replacement**—This project replaces the membrane filtration system and associated water treatment equipment at the five Colorado River Aqueduct pumping plants. Procurement of water treatment equipment is underway with expected deliveries in two shipments, in mid-2022 and early 2024. The contractor has mobilized at Intake Pumping Plant and is continuing excavation of electrical ductbanks and installation of electrical conduits. Construction is 9 percent complete and is scheduled to be complete by March 2025.

- **CRA 69 kV and 230 kV Transformers Replacement**—This project replaces 35 transformers at the five Colorado River Aqueduct pumping plants that step down incoming voltage from the transmission lines to the voltage at which the main pumps operate. Preliminary design is 50 percent complete and is scheduled to be complete by April 2023.
- **CRA Conveyance System Flow Sensor Installation**—This project installs 11 water level gauging stations at remote sites along the Colorado River Aqueduct and raises five accessways on Sand Hill Conduit. Final design is 40 percent complete and is scheduled to be complete by February 2023.
- **CRA Conduit Structural Protection Project**—This project provides protection over the Colorado River Aqueduct’s unreinforced conduit sections at 24 locations where structural damage due to increased volume of heavy vehicle and equipment loading related to maintenance activities is experienced. Final design is 97 percent complete and a request to the Board for award of a construction contract is planned for June 2023.



Garvey Reservoir Hypochlorite Feed System Replacement—New stairs for access to the containment area.

Treatment Plant Reliability Program

This program was initiated to maintain reliability and improve the operating efficiency of Metropolitan’s water treatment plants through specific improvement projects. Recent activities include the following:

Weymouth Plant

- **Weymouth Basins 5-8 and Filter Building No. 2 Rehabilitation**—This project rehabilitates major mechanical and structural components including the flocculation/sedimentation equipment, sludge pumps, baffle boards and walls, launders, inlet gates, and outlet drop gates. Other improvements included in this project are seismic upgrades of basin walls and inlet channel, abatement of hazardous materials in the basins, and replacement of filter valves and actuators in Filter Building No. 2. The contractor has mobilized and is preparing submittals for the equipment and critical materials required for the upcoming half-plant shutdown in December 2022. The project baseline schedule is under review. Construction is 4 percent complete and is scheduled to be complete by May 2025.

Mills Plant

- **Mills Electrical Upgrades, Stage 2**—This project upgrades the electrical system with dual-power feeds to key process equipment to comply with current codes and industry practices; improves plant reliability; and enhances worker safety. Stage 1 construction is complete. Stage 2 improvements will add a second incoming 12 kV service from Riverside Public Utilities (RPU), reconfigure the existing 4160-volt switchgear, and replace the standby generator switchgear and the emergency generator programmable logic controller. The contractor completed the installation of second incoming 12 kV service manhole structure and duct banks and is currently installing the switchyard. Construction is 15 percent complete and is scheduled to be completed by December 2024.

System Reliability Program

The System Reliability Program consists of projects to improve or modify facilities located throughout Metropolitan's service area to use new processes and/or technologies and improve facility safety and overall reliability. Recent activities include the following:

- **Headquarters Physical Security Upgrades**—This project implements comprehensive security upgrades for the Metropolitan Headquarters Building. These upgrades are consistent with federally recommended best practices for government buildings. This work has been prioritized and staged to minimize rework and impacts on day-to-day operations within the building. Stage 1 work is complete and provides enhanced security related to perimeter windows and doors. Stage 2 improvements will provide security system upgrades inside the building with a focus on the main entry rotunda area, boardroom, executive dining lounge, and security control room. The contractor completed commissioning of security equipment on Floors 2–12 and equipment installation in the rotunda. Construction of Stage 2 improvements is complete except for the additional exterior door latch-bolt monitoring on the first floor. Stage 3 improvements will provide security system upgrades around the perimeter of the building. Design for Stage 3 improvements is complete, the project is currently in advertisement for bids, and board award of a construction contract is planned for November 2022.
- **Headquarters Building Fire Alarm and Smoke Control System Upgrades**—This project upgrades The Metropolitan Headquarters Building fire life safety systems, which includes replacement of the fire detection and alarm system and HVAC system improvements for smoke control. The fire alarm and smoke control systems in the Metropolitan Headquarters Building provide detection, notification, and control of building functions so that occupants and visitors can safely exit in the event of a fire. The contractor completed the fire alarm system cutover from the parking levels through the tenth floors and is currently working on the eleventh and twelfth floor. Construction is 57 percent complete and is scheduled to be complete by September 2023.
- **SCADA System Upgrade Project**—This project will gradually upgrade Metropolitan's entire control system, spanning the Colorado River Aqueduct, the five water treatment plants, and the conveyance and distribution system. The Mills plant is the first facility that will have its control system replaced. One of the plant's remote terminal units will be upgraded as a pilot effort to demonstrate the proposed technology and the consultant's approach. The pilot project is anticipated to be complete by January 2023. The full system upgrade at the Mills plant is anticipated to be complete by January 2026. Staff is currently finalizing the consultant agreements for project execution.



Headquarters Building Improvements—3rd Floor Heat Pump Installation

ESG Cooperative Education Program

Engineering Services is celebrating 20 years with its Cooperative Education Program for college students. This year-round program provides opportunities for engineering college students to augment their studies with practical work experience in the water industry and provides Metropolitan with a future pipeline of entry level staff. Currently, a total of 11 year-round student interns were recruited from various universities to support design, program management, and construction management activities for fiscal year 2022/2023. About 262 students have participated in the program since its 2002 inception. Recently, the student interns participated in a tour of Metropolitan’s Weymouth treatment plant where they learned about safety training, water quality, ozone, materials and soils, and corrosion engineering.



Interns in front of Admin. Building at the Weymouth Plant

Water Resources and Engineering

(continued)



Interns learning about PCCP



Interns with Ric Johnston at the Weymouth ozone building



Intern wrap-up meeting with Michael Thomas



Water System Operations

Core Business Objectives

Prepare Employees for New Opportunities

The Water System Operations Apprentice and Technical Training Programs develop and train personnel to become qualified mechanics and electricians responsible for maintaining Metropolitan's water treatment and distribution systems. This month, Metropolitan announced its first recruitment of an internal class of applicants for the Apprenticeship Program. Webinars and internal outreach are being planned to support a diverse applicant pool. The Apprenticeship Program is a 4-year program that includes classroom and on-the-job training. Selected candidates are expected to begin working as electrical and mechanical apprentices in early 2023. Apprentices who complete the program and meet all of the requirements are certified by the state of California as a journey workers.

Manage Vacancies

WSO filled five vacant positions in July 2022.

Provide Reliable Water Deliveries

Metropolitan member agency water deliveries were 165,300 acre-feet (AF) for August with an average of 5,332 AF per day, which was 307 AF per day higher than July. Treated water deliveries increased by 1,936 AF from July for a total of 82,200 AF, or 50 percent of total deliveries for the month. The Colorado River Aqueduct (CRA) continued operating at an eight-pump flow with a total of 105,840 AF pumped for the month. State Water Project (SWP) imports averaged 1,145 AF per day, totaling about 35,500 AF for the month, which accounted for approximately 21 percent of Metropolitan's deliveries. The target SWP blend remained at zero percent for Diemer and Skinner plants. The Weymouth plant began transitioning to 100 percent SWP blend on August 30, in preparation for the 15-day Upper Feeder shutdown scheduled to begin on September 6.

Manage Water Reserves

Water reserves continued to be managed according to Water Surplus and Drought Management (WSDM) principles, operational objectives, and the current 5 percent State Water Project (SWP) allocation. Deliveries of SWP supplies were minimized to preserve SWP Carryover and Flexible Storage. Releases from DVL through PC-1 to connections on the Lakeview Pipeline, as well as the DVL to Mills plant operation, continued in August to conserve SWP use in that area. Returns from the Semitropic and Kern Delta SWP Banking Programs also continued in August. Staff continued Greg Avenue pump operations to minimize SWP usage by about 3,300 AF per month. In addition, staff continued coordination with member agencies, shifting their deliveries from SWP connections to Colorado River water connections, when possible. Staff continue to develop additional drought mitigation actions to help with the low SWP allocation in 2022.

Support the Pure Water Southern California Program

Staff replaced membranes in the Reverse Osmosis (RO) system, the last major equipment maintenance needed before the start of secondary membrane bioreactor (sMBR) testing at the Pure Water Southern California demonstration plant. Staff also performed major overhauls on instrumentation to improve RO system monitoring and control, to ensure that appropriate actions can be taken to respond to performance anomalies. Additionally, an important milestone was reached with the South Coast Air Quality Management District issuing a permit for the demonstration plant, allowing staff to increase the facility flow to 0.7 million gallons per day to support upcoming sMBR testing.



Staff extracting reverse osmosis membranes for replacement at the Pure Water Southern California demonstration plant



Staff troubleshooting instrument alarms (left) and calibrating pressures switches (right) at the Pure Water Southern California demonstration plant

Manage Power Resources and Energy Use in a Sustainable Manner

Because of the historically low SWP allocation and operational constraints on the conveyance and distribution system, the Red Mountain Hydroelectric Plant was the only HEP unit operating in July 2022, generating 1,753 MWh in energy and over \$152,260 in revenue. This situation is likely to persist until the Upper Feeder leak on the bellows expansion joint at the Santa Anita River crossing is repaired in September 2022 and the minimum operating envelopes at the HEPs can be met for generation purposes.

Metropolitan’s solar facilities totaling 5.4 megawatts of capacity generated approximately 1,174 megawatt-hours in July 2022.

Ensure Water Quality Compliance, Worker Safety, and Environmental Protection

Metropolitan complied with all water quality regulations and primary drinking water standards during July 2022.

Because of the removal of permanent residences from the Whitsett Intake pumping plant village, the Intake domestic water system is no longer classified as a state small system, as approved by the County of San Bernardino Division of Environmental Health Services on July 29. As a result, Metropolitan is not required to comply with regulatory requirements for domestic water treatment and distribution at this facility. However, Metropolitan will continue to operate and routinely monitor the Intake domestic water system to ensure continued safe and reliable drinking water at the pumping plant.

Staff updated the 2022 Environmental, Health and Safety (EHS) Performance Chart with the second quarter information and posted the update to the IntraMet. The chart measures the Water Systems Operations Group’s performance over 10 EHS performance measures.

Date of last update: 8/11/2022		Includes data up to: 2nd Quarter 2022		WSO EHS Performance Chart Calendar Year 2022																					
GOAL	QUARTER	Leading Indicators										Lagging Indicators													
		Safety Inspection Completion Rate (%) ¹		Training Completion Rate (Running % for CY) ²		Toolbox Completion Rate (%) ³		Safety Committee Meeting Rate (%) ⁴		JSH Checklist Completion Count ⁵		New Misc. Substitution Count ⁶		Recordable Injury Count ⁷		Reportable Chemical Release or Spill Count ⁸		Regulatory Inspection Findings - NON Cause ⁹		Regulatory Inspection Findings - NTC Cause ¹⁰		Regulatory Inspections - Count ¹¹			
		Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2
WT - Denver Unit		100	100	100	100	100	100	100	100	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WT - Jensen Unit		100	100	100	100	100	100	100	100	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WT - Mills Unit		100	100	100	100	100	100	100	100	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WT - Skinner Unit		100	100	100	100	100	100	100	100	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WT - Weymouth Unit		100	100	100	100	100	100	100	100	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CSD Desert - Pump Specialties Unit		100	100	100	100	100	100	100	100	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CSD Desert - Support Services Unit		100	100	100	100	100	100	100	100	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CSD East & West - Eastern Region Unit		100	100	100	100	100	100	100	100	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CSD East & West - Western Region Unit		100	100	100	100	100	100	100	100	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DES - Construction Services Unit		100	100	100	100	100	100	100	100	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OSS - Fleet Unit		100	100	100	100	100	100	100	100	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OSS - Manufacturing Services Unit		100	100	100	100	100	100	100	100	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OSS - Power & Equipment Reliability Unit		100	100	100	100	100	100	100	100	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Water Quality Section - All Units		100	100	100	100	100	100	100	100	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WSPD - System Operations Unit (Angle Rock)		100	100	100	100	100	100	100	100	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0

WSO’s EHS Performance Metric Chart with 2022 2nd Quarter Results

Optimize Maintenance

This month, staff performed concrete repairs identified during a routine inspection on the Lake Skinner spillway. Staff removed the loose concrete material, prepared the concrete surface, and completed the concrete repairs.



Staff removing loose and unstable material (left) and hoisting a man lift into the spillway channel (right) at Lake Skinner

Staff began installing the replacement tanks at the Lake Mathews sodium hypochlorite tank farm. The two sodium hypochlorite storage tanks reached the end of their service life and are being replaced individually to minimize impacts to operations.



Staff using a crane to place the new sodium hypochlorite tank at Lake Mathews

Staff realigned approximately 1,100 feet of patrol road on the San Diego 1 and 2 pipelines in the city of Temecula. The new road alignment moves the vehicle traffic away from the pipelines, protecting infrastructure and removing limitations of vehicle weight due to the shallow soil coverage in the area.



Staff completing road realignment for the San Diego 1 and 2 patrol road in Temecula

Staff completed maintenance and valve timing at the Etiwanda Hydroelectric Plant (HEP). Needle valves are used to control flow and regulate the power output of the turbine generator.



Staff inspecting a needle valve at Etiwanda HEP



Staff adjusting the needle valve timing and control system at Etiwanda HEP

Staff inspected a local motor shop performing rewinding of CRA pump motor armatures. The motor armatures sit atop the CRA motors and help regulate the speed, power, and efficiency of the motors. The rewinding fully refurbishes the armature, restoring it to like-new condition. Staff perform shop inspections at key points during the work to ensure quality and reliability.



Staff inspecting a CRA motor armature coil prior to vendor installation



An armature at a local motor shop before machining for the CRA

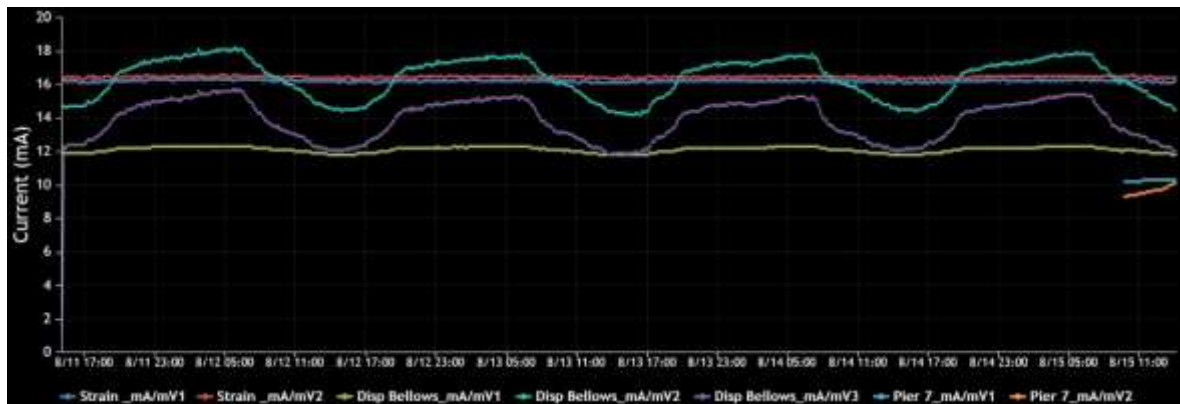
Staff built and installed an innovative monitoring system for the Upper Feeder Santa Ana River crossing expansion joint. This equipment monitors the temporary repair and operation of the current bellows expansion joint that will soon be replaced. The temporary joint repair has performed well. The monitoring system will also be installed on the replacement joint to provide continued and long-term remote monitoring of the joint to ensure its reliable performance.



Equipment monitoring sensor installed at the Upper Feeder's Santa Ana River bridge crossing



Solar panels for providing power to equipment monitoring sensors on the Upper Feeder's Santa Ana River bridge crossing



Equipment monitoring graph of displacement and strain vs. time for the Upper Feeder's Santa Ana River bridge bellows expansion joint

The La Verne Shops completed fabrication of the replacement expansion joint to address a leak discovered in April on the Upper Feeder pipeline in the city of Riverside where the pipeline spans the Santa Ana River along a truss bridge. The Shops also fabricated carbon steel butt-straps to aid with the installation of the slip joint.



Carbon steel follower after fabrication (left) and finished coating (right) for the Upper Feeder pipeline



Staff welding flanges to upstream thimble (left) and downstream thimble (right) for the Upper Feeder repairs



Blasting of the upstream thimble (left) and completed blasting of the downstream thimble (right) for the Upper Feeder repairs



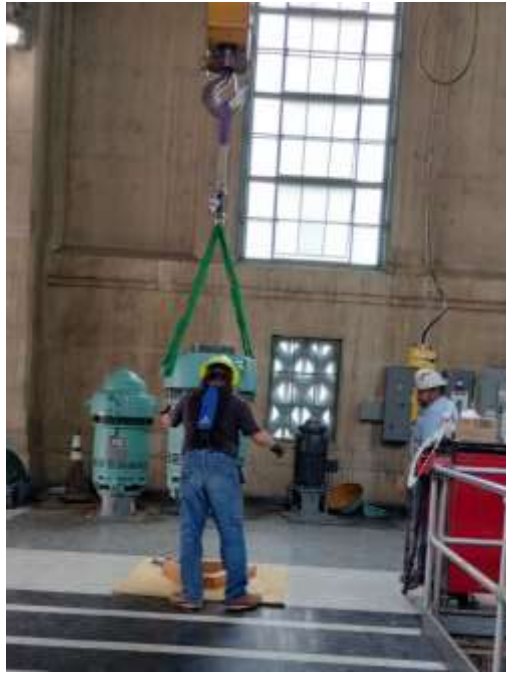
Coated upstream thimble (left) and downstream thimble (right) for the Upper Feeder repairs

Staff replaced an air compressor in the Iron Mountain head gate structure. The head gate structure houses the three delivery line head gates that provide the only means of modulating flow from the Iron Mountain pumping plant.



Staff replacing the air compressor at Iron Mountain pumping plant

Staff disassembled and repaired a circulating water pump at the Eagle Mountain pumping plant. The circulating water pumps often operate continuously during the hot summer months. When the circulating water pumps are offline, the pumping plants use a back-up system that supplies water directly from the delivery lines.



Staff repairing a vertical turbine pump at Eagle Mountain pumping plant

Desert staff repaired a domestic water line at the Iron Mountain pumping plant. The water line leak was identified, and multiple teams worked together to complete the work over a weekend. Staff excavated, repaired, disinfected, and returned the line to service to ensure that the reliable water supply was quickly restored.



Staff repairing the domestic water line at Iron Mountain pumping plant

Staff installed a new electrical service pedestal at the Shenandoah Pressure Relief Structure (PRS) on the Culver City Feeder after the existing pedestal had been struck by a vehicle. Staff safely removed the damaged unit and installed a new unit. While power was de-energized to perform this work, staff provided temporary power to the metering equipment and structure for continued operation.



Staff preparing pedestal base (left) and new electrical service pedestal (right) at the Shenandoah PRS along the Culver City Feeder

Jensen plant staff installed a new water quality panel at the influent to Palos Verdes Reservoir. Previously located underground at the bottom of steep stairs, the new water quality panel is at ground level, which makes it safer to access and service. The self-cleaning and newly reagent-less equipment requires less maintenance and fewer consumables, saving overall costs in labor and materials.



Obsolete underground water quality panel (left) and new ground-level water quality panel installed (right) at Palos Verdes Reservoir

Optimize Water Treatment and Distribution

The State Water Project (SWP) target blend entering the Weymouth plant was less than 5 percent in August 2022, because of a small flow from Live Oak Reservoir to refresh the La Verne pipeline in preparation for the Upper Feeder shutdown in September. The SWP target blend entering the Diemer plant and Lake Skinner was zero percent in August.

Flow-weighted running annual averages for total dissolved solids from June 2021 through May 2022 for Metropolitan's treatment plants capable of receiving a blend of supplies from the SWP and the Colorado River Aqueduct were 594, 590, and 585 mg/L for the Weymouth, Diemer, and Skinner plants, respectively.

Staff replaced a failed gearbox on a sludge thickener clarifier at the Weymouth plant. After nearly 20 years of service, the gearbox bearings failed. An exact replacement was no longer available, requiring staff to remove the support base and machine new mounting locations for the new gearbox. The sludge thickener clarifier is an essential component of the sludge removal process at the treatment plant.



Failed (left) and new (right) gearbox at the Weymouth plant

Staff added four additional communication signals for the new ammonia analyzers installed within the new water quality instrumentation building at the Weymouth plant. The work included installing new cabling from the instruments to the remote terminal unit (RTU) and working with the SCADA team to assign software points to the new additional hardware. The ammonia analyzers provide real-time data, allowing the plant operators to ensure the proper total chlorine residual entering the distribution system.



Staff installing sample line tie-ins to ammonia analyzers at the Weymouth plant

Staff installed two chemical feed flow meters at the Skinner plant to replace units that failed because of their service age. The flow meters, located within the chemical tank farms, measure the amount of chemical required for the flow of water being treated. Software programs written for Automatic Process Control allow chemical feed rates to be adjusted in accordance with the water flow. Staff don appropriate personal protective equipment when working within the chemical tank farms.



Staff installing a magnetic flow meter for measuring sodium hypochlorite at the Skinner plant



Staff performing electrical testing on a chemical flow meter at the Skinner plant

Staff installed new water sample piping for the Plant 1 combined filter effluent (CFE) at the Skinner plant. This sampling location is used to measure the turbidity or clarity of the water for regulatory purposes. The previous sample line experienced numerous false turbidity spikes caused by air entrainment, requiring various water quality response actions. A new gravity-fed water sample line was installed to improve reliability, produce a representative sample, and reduce false turbidity spikes.



Staff saw cutting asphalt in preparation for pipe trench at the Skinner Plant

Staff replaced the Lake Mathews junction shaft manual gate controls. The work included designing, building, testing, and commissioning new controls. This upgrade provides a robust and reliable system, addressing many past operational issues which have required after-hours and weekend callouts for repairs. This in-house project used Metropolitan forces across several disciplines and work locations.



Staff pulling cabling for new gate controls at the Lake Mathews junction shaft



Finished control panel at the Lake Mathews junction shaft

Staff installed and tested new analyzer sample ports and sealed the hatch covers at the Diemer ozone contactor afterbays. This work is critical to safely calibrate ozone analyzers, which monitor ozone levels in the contactors for compliance purposes. This improvement required multidisciplinary craft personnel to design, procure, and install the upgrades. With these improvements, routine troubleshooting of the analyzers can be performed without shutting off ozone.



Ozone contactor afterbay gate hatch with a welded sample port at the Diemer plant

Staff tested a recently installed remote-control pendant for the west backwash header valve at the Diemer plant. The new control feature will allow operators to control the header valve from anywhere in the filter gallery or on the filter deck. This allows for better observation of the filter backwash cycle. This improvement was initiated in response to a water hammer incident on the Diemer west backwash header line in June 2022.



Staff verify wireless signal transmission of newly installed remote-control pendant for a backwash header valve at the Diemer plant

Improve Emergency Preparedness and Response

On August 17, staff hosted a hazardous materials area tour and chlorine emergency “C-Kit” training at the Skinner plant for the Riverside County Department of Environmental Health and CalFire Hazardous Materials Emergency Responders. A C-Kit includes specialized devices and tools to contain potential leaks at chlorine railcars or trailers. This event helps satisfy Metropolitan’s emergency action plan outreach, which was postponed because of the COVID-19 pandemic. Staff resumed in-person coordination and planning meetings in May 2022 to increase interagency hazardous materials response plan awareness and enhance communication with Metropolitan’s local emergency response agencies.



Staff training emergency responders on procedures associated with chlorine handling

On August 15, staff met with personnel from the Orange County Fire Authority, Sheriff's Department, Health Care Agency, City of Yorba Linda, and Water Emergency Response of Orange County to continue planning for a full-scale exercise at the Diemer plant in November 2022. On August 16, staff met with member agency staff from the cities of Pasadena and San Marino as well as Foothill, Three Valleys, and Upper San Gabriel Valley Municipal Water Districts. These agencies will be participating in a joint exercise during the Great California ShakeOut Earthquake Exercise scheduled for October 20.

On August 24, a severe thunderstorm affected much of Metropolitan's desert region. Metropolitan's Emergency Operations Center (EOC) staff responded to inquiries about flash flooding and washed out portions of the I-10 freeway near Desert Center. The EOC Duty Officer assembled incident information from various outside agencies, including Cal Trans and the Riverside County Emergency Management Department, and shared it with Metropolitan staff in the area. There were no reports of direct impacts on Metropolitan operations in the area but travel in the area was affected by this severe weather event.

Actively Engage in Capital Project Planning and Execution

Staff participated in a series of preliminary design workshops throughout August for the Water Quality Laboratory Improvements capital project. The preliminary design contract for upgrading this essential facility involves a hybrid effort of consultants and Metropolitan staff. Participants discussed approaches to optimizing laboratory, office, and meeting spaces; current and future analytical needs; and sustainability considerations.

Staff are conducting preliminary operations for the Ozone Programmable Logic Controller (PLC) Replacement capital project at the Mills plant. Multiple disciplines have assisted with pulling new fiber optic cable throughout the plant and installing server racks in anticipation of this important upgrade. The current PLC system has been discontinued making repair parts difficult to source. The Mills plant will be transitioning to a new control platform, which is faster and easier to integrate with communication protocols. The hardware deployment and PLC upgrade is anticipated to be performed over approximately two months in early 2023. During this time, chlorine will be used as the primary disinfectant at the Mills plant.

Protect Source Water Quality

On August 3, staff participated in the quarterly stakeholder meeting on perchlorate cleanup at the former Tronox site in Henderson, Nevada. The Nevada Environmental Response Trust reviewed the remedial program status, which includes completion of remedial investigation and risk assessment reports in 2023 and 2024 for the Operable Units that represent the most significant source of perchlorate contamination at the site. Staff continues to monitor the overall development of the long-term remedial plan and distribution of the Trust's funds for site cleanup to ensure continued protection of Colorado River water quality.

Manage the Power System

Given the current continuing drought conditions, the CRA is expected to maintain a planned eight-pump flow through September 2022. Sufficient Resource Adequacy (RA) capacity to meet CRA pumping operational needs is forecast through September.

Staff continues to monitor the cost and operational impacts of reduced hydropower generation at Hoover Dam and continued turbulence in the electricity and natural gas markets. After spiking in early 2022 following the invasion of

Ukraine and subsequent disruption of energy markets worldwide, natural gas and electricity prices in the western US markets have trended downwards, which has resulted in a reduced energy cost forecast for the CRA for 2022.

Prepare for Future Legislation and Regulation

On July 22, the SWRCB released a new draft Statewide Construction Stormwater General Permit (CGP) for public comment. Metropolitan's construction projects are subject to the requirements of the CGP. The draft CGP updates monitoring and reporting requirements and introduces total maximum daily loads (TMDLs) and passive treatment technologies. The permit is set for adoption in September 2022, with an effective date one year later. Staff will continue to monitor further updates to assess impacts of the anticipated permit.

On July 29, Cal/OSHA released a 45-day public comment draft on a permanent COVID-19 Prevention Standard. The permanent COVID-19 standard is a simplified and reduced version of the existing COVID-19 emergency temporary standard. Key updates include requiring employers to address COVID-19 procedures in an Injury and Illness Prevention Plan (IIPP), simplifying notification requirements, updating procedures for dealing with "outbreaks," and adding a new section for aerosolizing procedures. Staff will continue to review the latest draft and work with external health and safety organizations to draft comments.

On August 16, Metropolitan's Board took an oppose-unless-amended position on SB 1020: Clean Energy, Jobs, and Affordability Act of 2022. Among other provisions, SB 1020 accelerates the requirement for the State Water Project to be reliant on 100 percent clean energy from 2030 to 2045. If passed, staff estimates the accelerated clean-energy goal could add up to \$130 million annually to Metropolitan's SWP costs. Staff recommended a series of cost-containment provisions; however, several were not accepted by the author's office. Staff will continue to track progress of SB 1020 through the end of session through August 2022.

On August 17, staff contributed to the American Water Works Association, California-Nevada Section's (CA-NV AWWA) oral testimony presented to the State Water Resources Control Board (SWRCB) workshop on the proposed Notification Level (NL) of 2 nanograms/liter and a corresponding Response Level (RL) of 20 ng/L for perfluorohexane sulfonic acid (PFHxS), one of the PFAS group of chemicals. These levels are non-regulatory, health-based advisory levels for potential contaminants. The proposed NL is at or below the reliable detection limit for current analytical methods and less than the Consumer Confidence Report Detection Limit of 4 ng/L. Setting such a low NL may diminish consumer confidence in public water systems, regardless of actions taken by the drinking water system; therefore, CA-NV AWWA's comments request careful consideration of the feasibility and affordability of potential mitigation actions.

Monthly Update as of:

8/31/2022

<u>Reservoir</u>	<u>Current Storage</u>	<u>Percent of Capacity</u>
<i>Colorado River Basin</i>		
Lake Powell	5,931,000	24%
Lake Mead	7,277,000	28%
<i>DWR</i>		
Lake Oroville	1,311,511	37%
Shasta Lake	1,590,192	35%
San Luis Total	570,426	28%
San Luis CDWR	385,161	36%
Castaic Lake	112,372	35%
Silverwood Lake	67,881	91%
Lake Perris	96,262	73%
<i>MWD</i>		
DVL	517,808	64%
Lake Mathews	99,370	55%
Lake Skinner	36,895	84%



Hoover Dam

Information Technology

Project Highlights

Fuel Management System Upgrade

Major accomplishments have been made in the efforts to upgrade the Fuel Management System that enables management controls over fuel inventories, dispensing, and security to ensure operability, vendor support, and system reliability. After completing the site visits to gather requirements for project planning development and to identify site-specific requirements, the team has successfully upgraded from the Ward Fuel System to the Syntech Fuel Master System at Jensen, Soto Street, Diemer, La Verne, Skinner, and Diamond Valley Lake. The project team is scheduled to complete six additional sites in the coming months.



Maximo Mobile Computing Project

The Information Technology Group continued the Maximo Mobile Computing project to replace existing mobile devices used in Water System Operations with the latest tablet technology and to deploy additional devices to other business units. This effort will reduce the need for desktop computers at field sites and vastly increase the functionality of the existing Maximo mobile devices. The team has procured the next batch of 40 iPads and is in the process of configuring the devices to prepare them for deployment.

Real Property

Project Highlights

Staff Training and Development.

Gave a presentation on Real Property Group for WSO's Annual Shutdown Meeting. Topics covered included an overview of RPG, functions of Acquisition & Disposition and Land Planning, and main WSO support activities.

Provide right-of-way planning, valuation, and real property acquisition support services for the protection and reliability of existing infrastructure.

Acquired a license amendment from the Riverside County Transportation Commission in support of the Perris Valley Pipeline project in Riverside County. This amendment covers the new construction schedule for the permanent location of the pipeline and the temporary construction laydown and storage areas.

Provide right-of-way planning, valuation, and real property acquisition support services for the sustainability and reliability of both imported and regional water supplies, and protection of water rights.

Acquired 110 gross acres (108 water toll acres) in the Palo Verde region from a private entity in support of Colorado River water supply reliability.

Provide valuation, land management, and real property disposition support services for the maximum return or use of Metropolitan-owned land and facilities.

An entry permit has been issued to the City of Pasadena Department of Water and Power for construction laydown and staging purposes comprising 7,150 square feet of land within the Palos Verdes Feeder right-of-way in Eagle Rock. The one-year permit will support the City's equipment upgrade project at its Ross Booster Station.

Efficiently maintain and operate assets not related to the treatment and distribution of water.

The Diamond Valley Lake Marina Concessionaire completed a canopy and signage replacement project at the marina facility. Traffic and informational signs were replaced because of fading, and additional signage was added to direct visitors to the restroom facilities. The project included the replacement of all the shade canopies located at rest stops along the Lakeview Trail.



Facility management performed an emergency repair replacing approximately 28 feet of 6-inch fire water sprinkler piping in US-1-205. This piping supplies fire water to stairwell #1 riser of the tower section at the Metropolitan Headquarters Building. The pipe developed a small leak which, over the course of three days, became a steady stream requiring the shutdown of the sprinkler system until the repair could be performed. The leak was identified at an elbow caused by corrosion located at the east-most section of piping.



District Housing Maintenance and Management.

Facilities Management—Eastern Region completed 38 work orders for this reporting period. Eight of these work orders were Tenant Requested Work Orders that included repairs to air conditioning units, replacement of non-functioning electrical receptacles, replacement door locks, repairing plumbing leaks, and a replacement exterior door.

Facilities Management—Eastern Region also completed occupancy preparations of six houses. Many of these houses required significant cleanup work, painting touch-ups, installation of new appliances, cabinets, electrical outlets, and light switch change-outs as well as yard and garage cleaning, and irrigation repairs.

With the completion of these houses, six new rental agreements were issued to new employees that have been assigned to the desert.

Security

Project Highlights

Security and Emergency Response

A surprise weekend law enforcement sweep was conducted at Metropolitan's Eagle Valley, a fee property located west of Lake Mathews. The undeveloped property has been experiencing a high volume of trespassing, illegal dumping, target shooting, off-roading, fires, and encroachment.

Metropolitan's Security Specialists and Real Property management facilitated access and worked with multiple public safety agencies including:

- Corona Police Department
- Corona Fire Department
- California Highway Patrol
- San Bernardino County Sheriff

The area was scouted with drones for potential violators on the property. The task force effected 14 successful contacts with multiple trespassers and issued written warnings.

The operation was well planned, conducted safely, and deemed an overwhelming success in deterring future encroachments.



Security Specialists assist law enforcement to safeguard Metropolitan property and neighboring communities

Employee Readiness for All Hazards and Emergencies

A life-threatening, bleeding injury can happen anywhere and can be caused by many factors, including disasters, vehicle accidents, and power tool and kitchen implement mishaps. Instead of being passive bystanders, 59 Metropolitan Western Region C&D employees elected to become immediate responders by taking Stop the Bleed training this month.

Stop the Bleed, a nationally recognized course, is taught at no-cost by EMT-qualified Metropolitan Security proprietary staff. Throughout the two-hour dynamic training, participants successfully demonstrate skill mastery and calm competence in (1) applying direct pressure, (2) correctly applying tourniquets, and (3) packing wounds to empower their confidence in potentially saving a life.

Stop the Bleed kits are being installed in all Western Region Utility fleet vehicles to enhance worker safety in the field. The kits (already installed at Headquarters and all major facilities) are also being added to shutdown staging deployment supplies and will be installed at additional remote facilities, where immediate medical response could potentially be delayed. Course graduates received official certificates and training feedback has been overwhelmingly positive.



EMT-qualified security staff teach Stop the Bleed national campaign

Finance and Administration



Finance

Maintain Strong Financial Position

Provide timely and discerning financial analyses, planning, and management to ensure that forecasted revenues are sufficient to meet planned expenses and provide a prudent level of reserves consistent with board policy.

Manage risk to protect Metropolitan's assets against exposure to loss.

The Risk Management Unit completed 35 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits, and spills.

Risk Management completed 62 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events, and film permits.

Business Continuity

Facilitate district-wide planning and training to prepare employees and managers to effectively carry out critical roles and recover mission essential functions thus ensuring continuity of operations and resiliency in the event of a disaster.

Manage the Business Continuity Management Program in accordance with Operating Policy A-06.

- Continued facilitating tabletop exercises and Business Continuity plan updates, with a special focus on cyberattack planning.
- Participated in meetings with the Fusion business continuity management software consultant to implement system and plan enhancements.
- Participated in planning efforts for two exercises in November focused on testing response and business continuity for the Diemer and Jensen water treatment plants.

Financial Management

Manage Metropolitan's finances in an ethical and transparent manner and provide consistent, clear, and timely financial reporting. Update Metropolitan's capital financing plans and work with rating agencies and investors to communicate Metropolitan's financial needs, strategies, and capabilities, thus ensuring that Metropolitan has cost effective access to capital markets and the ability to finance ongoing future needs. In addition, actively manage Metropolitan's short-term investment portfolio to meet ongoing liquidity needs and changing economic environments.

Record and report the financial activities of Metropolitan in a timely, accurate, and transparent manner to the Board, executive management, member agencies, and the financial community.

Beginning July 2022 water transactions and revenues are reported on a cash basis

- Water transactions for July 2022 totaled 141.3 thousand acre-feet (TAF), which was 10.8 TAF higher than the budget of 130.5 TAF and translates to \$133.6 million in revenues for July 2022, which were \$12.3 million higher than the budget of \$121.3 million.

- In July 2022, Accounts Payable processed approximately 3,400 vendor invoices for payment and took advantage of about \$9,200 in discounts.

Manage investor relations to ensure clear communications, accuracy of information, and integrity.

Treasury and Debt Management staff rolled out the new Investor Relations portal with a dual purpose of providing access to our offering documents during the marketing of our bonds, as well as serving as an ongoing platform for engagement of investors to better evaluate and update Metropolitan's credit profile.

Update capital financing plans and work with rating agencies and investors to communicate financial needs and capabilities, ensure cost-effective access to capital markets, and maintain long-term bond ratings of AA or better.

On July 7, 2022, Metropolitan issued \$279,570,000, Water Revenue Refunding Bonds, 2022 Series A. The bonds were issued at a True Interest Cost of 2.93 percent and achieved net present value debt service savings of \$40.1 million, or 12.66 percent of the refunded par bonds. The bond sale, which took place on June 22, 2022, was very successful, with \$2.1 billion in orders, from 72 different investors. Average annual debt service savings of approximately \$3.2 million per year will be realized over the 15-year term of the bonds. Bond proceeds were used to refund portions of outstanding revenue bonds, other debt obligations, and fund costs of issuance.

On July 27, 2022, Metropolitan issued \$253,365,000, Water Revenue Refunding Bonds, 2022 Series B, and \$282,275,000, Water Revenue Refunding Bonds, 2022 Series C (Taxable). The 2022 Series B bonds were issued at a True Interest Cost of 2.90 percent, the 2022 Series C bonds were variable rate bonds, and had an initial weekly rate of 1.60 percent (Series C-2), and 1.62 percent (Series C-1). The 2022 Series B and 2022 Series C bonds were priced on July 20, 2022, as part of an integrated plan of finance. The 2022 Series B bond sale received strong investor demand, with orders of \$1.14 billion, from 58 different investors. Similarly, the weekly variable rate, 2022 Series C bond sale received strong investor support. The 2022 Series C-1 bonds were fully subscribed, and the 2022 Series C-2 bonds were three times oversubscribed. On a combined basis, the refunding provided substantial expected net present value debt service savings of \$22.1 million, or 8.28 percent of the refunded par bonds. This will provide average annual debt service savings of approximately \$1.8 million per year over the 18-year term of the bonds. Bond proceeds were used to refund portions of outstanding revenue bonds and fund costs of issuance.

Prudently manage the investment of Metropolitan's funds in accordance with policy guidelines and liquidity considerations.

As of July 31, 2022, Metropolitan's investment portfolio balance was \$1.3 billion; in July 2022, Metropolitan's portfolio managers executed nine trades, and Treasury and Debt Management staff executed two trades to liquidate Metropolitan's last bond reserve fund as part of the recent bond refunding.

In July 2022, Treasury staff processed 1,061 disbursements by check, 24 disbursements by Automated Clearing House (ACH), and 113 disbursements by wire transfer. Treasury staff also processed 88 receipts by check, 26 receipts by ACH, and 47 receipts by incoming wires and bank transfers.

Administrative Services

Accomplishments

Contracting Services Unit

During the month of August, the Professional Services Contracting Team staff completed Request for Qualification (RFQ) No. 1316 to establish a list of pre-qualified firms for Geotechnical and Tunnel Design Engineering Consulting Services on an on-call basis to provide geotechnical and dam safety consulting services in support of various critical projects throughout Metropolitan's distribution system and service area.

Document Services Unit

A blast from the past from the Archives:

Metropolitan partnered with McDonald's in 1991 for a water conservation campaign. This is the digital image of a placemat.



Procurement Team

The Procurement Team awarded a contract for a two-stage swing check valve for the Greg Avenue Pumping Station and East Valley Feeder. These new valves will provide adequate surge protection without requiring backflow through the pumps. The competitive bid process resulted in a contract award that came in approximately \$24,000 under budget.

Human Resources

HR Priorities

Partner with Metropolitan leadership to support learning, development, and adaptive workforce planning initiatives.

In August, 351 Metropolitan employees attended virtually facilitated classes, including Grant Administration, MS Project, Advanced Excel, and Personal Security Awareness.

LinkedIn Learning, Metropolitan's online, e-learning content platform, was accessed for such topics as Conflict Resolution, Executive Presence, Learning Brainstorming, and How to Keep High Performers Engaged.

Seek diverse, high-quality talent, and establish partnerships to discover additional outreach opportunities that aid in staffing positions.

Recruitment successfully filled 19 positions for the month of August. Recruitment received 29 new staffing requisitions resulting in 184 positions currently in recruitment.

The HR Group Manager continued to work with the Board search committee in the recruitment process for the General Auditor position.

HR Core Business: Provide Excellent Human Resources Services

Administer all HR services with efficiency and a focus on customer service excellence, consistency, and flexibility.

Negotiations continue with the Supervisors' Association on a successor MOU. Staff will continue to brief the Organization, Personnel, and Technology (OP&T) Committee on the status of those talks.

The Benefits Unit is working with Metropolitan's broker, CalPERS, and various health providers on contract renewals, rates, and plan changes for Open Enrollment. Benefits will be launching seven webinars for the months of August and September.

The Business Support Team planned, organized, and coordinated a "Cultivating Mindfulness" wellness webinar. The live webcast was held on August 24, 2022, and hosted by Kaiser Permanente. The webinar introduced employees to mindfulness activities while exploring the definition of mindfulness, benefits of being in the present moment, and how to build the skill of awareness.

HR Core Business: Comply with Employment Laws and Regulations

Effectively administer all Human Resources policies, programs, and practices in compliance with applicable federal and state laws and Metropolitan's Administrative Code, Operating Policies, and Memorandum of Understanding.

Human Resources continued efforts to review hiring, promotion, and Employee Relations procedures to address concerns raised in the State Audit report and to ensure that any revisions meet the deadlines outlined in the State Audit Report.

The Benefits Unit is currently administering 2022 COVID-19 Leaves through September 30, 2022. As of July, 345 leaves have been approved.

Finance and Administration

(continued)

In August, five new Workers' Compensation claims were received. Nine employees remain off work because of an industrial injury or illness. This reflects Metropolitan's effort to accommodate injured workers, while enabling them to be productive and on the job.

In addition, staff is collaborating with IT to implement a new Workers Comp claim management system designed by Ventiv Technology. Staff continue to work closely with our new Workers' Compensation Third Party Administrator, TRISTAR Risk Management, during the transition.

Activities of the Workers' Compensation/Medical Screening Unit are summarized as follows for August:

- Coordinated six medical medvan visits (DMV, respirator exams and hearing tests) to Mills, Skinner, Mathews, and LaVerne.
- Arranged 11 medical evaluations (Pre-employment, DMV, medical surveillance, and vanpool program restart)
- Addressed approximately 40 COVID-related matters.
- Addressed 35 Accommodation issues, referrals, and follow-ups with Shaw Consulting Group.

HR Metrics	June 2021	August 2022	Prior Month July 2022
Headcount			
Regular Employees	1,881	1,770	1,766
Temporary Employees	32	34	39
Interns	5	1	2
Recurrents	20	18	18
Annuitants	16	18	19

	August 2022	July 2022
Number of Recruitments in Progress (Includes Temps and Intern positions)	184	174
Number of New Staffing Requisitions	29	2
	August 2022	July 2022
Number of Job Audit Requests in Progress	5	6
Number of Completed/Closed Job Audits	2	2
Number of New Job Audit Requests	1	0

Transactions Current Month and Fiscal YTD (includes current month)			
External Hires	FY 21/22 Totals	August 2022	FISCAL YTD
Regular Employees	82	4	8
Temporary Employees	36	2	2
Interns	4	0	0
Internal Promotions	70	4	8
Management Requested Promotions	152	8	13
Retirements/Separations (regular employees)	127	3	5
Employee-Requested Transfers	15	2	3

Finance and Administration

(continued)

Departures

Last	First Name	Classification	Eff Date	Reason	Group
Boyd	Glen	Section Mgr- Conveyance&Distrbn	7/5/2022	Retirement - Service	WATER SYSTEM OPERATIONS GROUP
Lara	Adolfo	Fleet Coordinator	7/5/2022	Retirement - Service	WATER SYSTEM OPERATIONS GROUP
Huoh	Cliff	Engineer	7/2/2022	Resign-Accepted Other Employ	ENGINEERING SERVICES GROUP

Diversity, Equity and Inclusion

Highlights

DEI Board Forum: “Playing to Win: Advancing Inclusive Excellence”

The DEI Office hosted Metropolitan’s first-ever DEI Forum, titled “Playing to Win: Advancing Inclusive Excellence” to actively engage members of the Board, employees, and various community and business partners in a holistic conversation about what a true commitment to equity and inclusion demands. We highlighted various case studies and best practices from both public and private institutions and also highlighted Metropolitan’s own changemakers and DEI journey. We publicly announced our aspirational goal to be “the most inclusive, equitable, and socially and environmentally conscious public institution in the world.”

Expanding Career Pathways—HBCU Outreach & Partnerships

Metropolitan joined a consortium of local agencies, along with LADWP, Bureau of Engineering, LAWA, and the Port of LA, who are providing a unique opportunity to engineering students from historically black colleges and universities (HBCUs) to research and present solutions to engineering challenges confronting both urban and suburban municipalities. A small group of interns from HBCUs will work on a unique engineering challenge pertinent to Metropolitan and will present their research; the top students will be flown to LA to meet with member agencies. Besides providing the engineering research opportunity, Metropolitan is also providing an engineer who will serve as a mentor to these students during the month-long research opportunity. This program is slated to kick off in September/October timeframe and is being funded by a grant (because no budgetary provision is available from Metropolitan to execute this). This is one of many different partnerships and pathways that we are driving to expand greater access and opportunity at Metropolitan and to build a diverse talent pipeline.



DEI Board Forum

Legislative Services

Federal

Metropolitan staff worked closely with Senate staff to include \$4 billion in funding in the Inflation Reduction Act of 2022 to help address severe drought conditions on the Colorado River by compensating farmers and others who reduce their water use and supporting projects that provide environmental benefits. The funding could also advance important activities that promote water efficiency and environmental restoration projects. The measure was signed by President Biden on August 16.

Work continues to secure federal funding for turf replacement programs including using WaterSmart WEEG program funds for turf replacement in residential landscapes and emphasize the removal of non-functional turf in commercial areas.

State

In the final month of the legislative session, Governor Newsom presented a major climate change package which included legislation to accelerate greenhouse gas cuts, set new interim targets for reaching 100 percent clean electricity and codify safety zones around new oil and gas wells.

Metropolitan continues to advocate for amendments to SB 1020, that would set interim targets to accelerate transitioning the State Water Project to renewables and zero carbon emissions and address the significant costs and rate impacts that the bill in its current form would have for consumers.

The legislature passed a Metropolitan priority bill, AB 1845 (Calderon D-Whittier) and SB 991 (Newman, D-Fullerton). These complementary bills authorize alternative project delivery methods and will help Southern California water agencies accelerate important drought mitigation and new supply projects.

The CMUA and Metropolitan co-sponsored CEC bill, SB 230 (Portantino D-La Canada-Flintridge) is awaiting final action by the Assembly. An agreement was reached with the State Water Board and the environmental NGOs on a set of amendments to ensure that any CEC program focused on drinking water would not interfere with existing State Water Board work to investigate PFAS.

AB 2142 (Gabriel D-Woodland Hills), which reinstates the exemption for turf replacement rebates from personal income, also passed the Legislature and was sent to Governor's Office for signature.

The Newsom administration released a new report that presents a strategy to adapt and protect the state's water supplies from rising temperatures and identifies several initiatives to replace the projected water loss that are consistent with Metropolitan's One Water Vision, including recycled water, expanding above and below ground storage, advancing demand management, funding for turf replacement, and advancing the Delta Conveyance EIR. The Governor also named former Los Angeles Mayor Antonio Villaraigosa as the state's infrastructure czar.

Local

Director Quinn participated in a virtual water panel hosted by Assemblymember Friedman (D-Glendale). The panel included speakers from Burbank Water and Power, Glendale Water and Power, and Los Angeles Department of Water and Power. (August 11)

Chairwoman Gray and GM Hagekhalil attended Central City Association's Elected Officials reception, which recognized Los Angeles-area elected officials. (August 17)

Colorado River Resources Manager Hasencamp and other Metropolitan staff participated in the Riverside County Water Task Force speaker series “California’s Drought” and spoke on conditions on the Colorado River. (August 26)

In addition to priority outreach initiatives, Metropolitan staff monitored and/or participated in 50 in-person meetings and events and presented information about current water supply conditions, drought actions, local water supply projects, and conservation programs.

Media and Communications

Set up interviews on the Upper Feeder shutdown with WSO Group Managers Yamasaki and KPCC, KABC-TV, KNBC-TV, KCAL/CBS-TV, KFI-AM 640, and KNX-AM 1070.

Coordinated interviews on the Upper Feeder shutdown between EA’s Luis Cetina and Telemundo and Univision Spanish television.

Arranged on-camera interviews with GM Hagekhalil, SRI Chief Crosson, and staff at various facilities for Al Hurra’s “Road to Zero” documentary on efforts to curb climate change.

Set up an interview between GM Hagekhalil and Colorado Politics’ Marianne Goodland about the work by Colorado River users to cut water use by 2–4 million acre-feet.

Arranged interviews on Colorado River Basin states plans to reduce water usage and ongoing resource issues for Colorado River Resources Manager Hasencamp and Palm Springs Desert Sun, Spectrum News, CalMatters, San Diego Union-Tribune, KABC-TV, CNN, KSNV Las Vegas, KTLA-TV, Associated Press, Reuters, and Nevada Independent, and an EO/AGM Upadhyay interview with Washington Post.



Coordinated an interview between CalMatters reporter Rachel Becker and WRM Water Efficiency Manager McDonnell about turf replacement programs.

Arranged an interview between KPCC’s Caitlin Hernandez and WRM’s Guerrero for a guide on how the public can replace their lawns with California Friendly and native plants.

Set up an interview between SJV Water’s Lois Henry and Bay-Delta Initiatives Manager Arakawa regarding the release of the Delta Conveyance Project Draft Environmental Impact Report.

Coordinated a Spanish-language interview between Univision and External Affairs’ Cetina about Colorado River issues and conservation in Metropolitan’s service area.

Set up an interview for WSO’s Assistant Group Manager Chaudhuri and Riverside Press-Enterprise reporter Monserrat Solis about Diamond Valley Lake.

Coordinated an interview between KPCC reporter Erin Stone and EO/AGM Upadhyay regarding Pure Water Southern California and the role of recycled water in the region’s future.

Coordinated an interview between WRM Group Manager Coffey and Salvador Hernandez of the Los Angeles Times regarding the conservation numbers released by the State Water Resources Control Board.

Arranged an interview between WRM Group Manager Coffey and KNX-AM In-Depth news show to discuss water conservation in Southern California.

Secured press coverage of the Casa Loma Siphon project site visit by Director Smith, garnering coverage of Metropolitan’s seismic resilience efforts by LA, with quotes from Chief Engineer Bednarski and GM Hagekhalil.

Press Releases

- Board resolution committing to providing the district’s entire six-county service area with reliable and equitable access to available water and storage across the region.



Casa Loma Siphon project to increase seismic resilience



Speakers at the Board’s DEI Forum with Chairwoman Gray and GM Hagekhalil

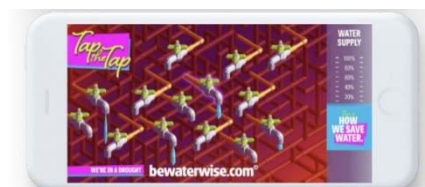
- Statements from Chairwoman Gray and GM Hagekhalil on Colorado River discussions to reduce demands on the river by 2 to 4 million acre-feet.
- Upper Feeder shutdown and no outdoor watering in portions of Los Angeles County.
- Statements from Chairwoman Gray and GM Hagekhalil on U.S. Senate passage of Inflation Reduction Act.
- Statements from Chairwoman Gray and GM Hagekhalil on the release of Draft EIR for the Delta Conveyance Project.
- The Board’s first-ever Diversity, Equity and Inclusion Forum.

Website and Social Media

- Revamped the Pure Water Southern California web page to support the announcement of the scoping phase of environmental review in September.
- Bewaterwise.com received more than 105,000-page views with the ‘This is How We Save Water’ pages in English and Spanish as the most visited. Campaign also received more than 7 million social media impressions.
- Initiated partnership with Tree People, posting graphics promoting tree care during drought.

Creative Design

- Launched an in-house designed video game as part of a conservation advertising campaign; game plays during the top 500 video game apps and directs players to bewaterwise.com
- Shot and edited the first posting for social media influencer campaign with The Linda Lindas, a Los Angeles-based rock band composed of four SoCal-native teenage girls with strong social media following. The video received 44,000 views on Instagram.
- Created webpage materials, map, fact sheet, and social media assets for Upper Feeder shutdown.



Public Outreach and Member Services

Outreach activities for Pure Water Southern California included English and Spanish language tours for the public and the following events:

- Member agency workgroup meeting on Pure Water survey and focus group results (August 3)
- Tour with Panda Restaurant Green Committee (August 12)
- Briefing for Asian Pacific Islander Forward (August 23)
- Tour with Water Replenishment District (August 30)

Other Activities:

- Met with member agency managers to discuss Upper Feeder shutdown, Colorado River issues, Bay-Delta policy update, actions for SWP Dependent Areas, and conservation (August 5)
- Distributed more than 2,000 notices to the communities of Newport Beach and Costa Mesa for upcoming repairs to the Orange County Feeder (August 15-31)
- Distributed notices to local businesses and residents for the Upper Feeder shutdown (Aug 26-30)
- Hosted meeting of WaterReuse California Communications Collaborative Group (Aug 25)

Education and Community Relations

General Education

Education staff virtually interacted with more than 150 teachers, students, and parents through online virtual tours, scouting, and class presentations.

Working with Three Valleys Municipal Water District, Southern California Edison, and local water retailers, Metropolitan co-hosted a facility tour of Three Valleys MWD for students from the University of La Verne interested in career opportunities in the water and energy industries.

Staff provided a Water Journeys tour of Pure Water Southern California to high school students attending Los Angeles Service Academy who have expressed an interest in public, civic, and civil service.

Staff worked with California Landscape Contractors Association and Armstrong Nurseries to create consumer materials with water-saving tips that residents can use to protect their yards and trees.

In coordination with WRM, provided outreach for a Future Supply Actions program webinar with San Diego County Water Authority on a pilot program at the Carlsbad Desalination Plant. (August 31).

Metropolitan sponsored events through the Community Partnering Program for the Nature Collective Water Conservation School Garden and Think Earth Environmental Education Foundation, Think Watershed Floating Lab.



Metropolitan co-hosted tour and briefing on water issues and careers for University of La Verne students

Sustainability, Resiliency and Innovation



Sustainability, Resiliency, Innovation, and Environmental Planning

SRI Core Activities

CSRIO presented on the Climate Action Plan at Southern California Edison’s Clean Energy Summit and provided the keynote address at Water Solutions 7, hosted by Sustain SoCal, for water managers and innovators. SRI also led negotiations with Colorado Basin urban water providers in development of a basin-wide Memorandum of Understanding on additional water conservation and efficiency commitments.

Innovation

The Innovation Team met with four entrepreneur applicants of the Feedback Forum Technology program. The entrepreneurs presented their ideas and technologies as they would apply to potential Metropolitan uses. Some of the technologies presented were mobile desalination equipment, a drought urinal for water conservation purposes, a smart water digital platform, and a method of using brine as a growth medium for genetically modified halophilic bio-refineries.

The Innovation Team participated in the Southern California PGA and the USGA Golf Summit. The events served as opportunities to learn how the Southern California golf community is meeting current and future water challenges as they arise. Metropolitan Deputy General Manager Deven Upadhyay provided the keynote for this event. The events were held at the La Serena Golf Course in Chino Hills and were attended by about 250 participants.



Deven Upadhyay, Keynote Speaker and WRM Panel, Gary Tilkian, Bruce Chalmers, Krista Guerrero, and Parker Cohn at Southern California PGA

Sustainability, Resiliency and Innovation

(continued)

The Innovation Team also participated in Sustain SoCal's WATER SOLUTIONS 7 (WS7) annual conference. This year's event focused on exploring real-life strategies and innovations in reuse, desal, storm water, energy nexus, contamination, investor and policy trends, and big data in Southern California and the surrounding region. Liz Crosson, Metropolitan's Chief Sustainability, Resilience and Innovation Officer, provided the keynote for the hybrid and in-person event, which was attended by over 200 participants.



Liz Crosson, Keynote Speaker at Sustain SoCal's Water Solutions 7

Environmental Planning Section

Core Business: Environmental Planning and Regulatory Compliance Support

Bay Delta Initiatives

Delta Conveyance Project

- Continued coordination with Department of Water Resources to support development of information for regulatory permit applications.

Engineering Services Group

Etiwanda Pipeline Relining Project

- Completed pre-construction biological surveys and participated in a pre-construction kickoff meeting with the contractor and Resident Engineer.

Perris Valley Pipeline

- Obtained Caltrans and Federal Highway Authority (FHWA) approvals to support the encroachment permit.

Pure Water Southern California

- Continued preparation of the Notice of Preparation (NOP) of a Draft Environmental Impact Report, which will be released for public review in September 2022.

Sustainability, Resiliency and Innovation

(continued)

- Prepared materials and drafted presentation in support of scoping meetings to be held during the NOP public review period.

Construction Monitoring

- Provided construction monitoring for the Orange County Feeder Relining Reach 3, Weymouth Basins 5–8 Rehabilitation, La Verne Shops Upgrades, Battery Energy Storage System, and PCCP Valve Storage Facility.

External Affairs Group

- Provided input on the Watershed Initiatives section of the FY 2021-2022 SB 60 Annual Achievement Report.

Sustainability, Resiliency, and Innovation Office

Climate Action Plan (CAP) Monitoring and Reporting

- Continued development of the CAPDash website for tracking and reporting of emissions and emissions reductions.
- Conducted subsequent CEQA review for the Weymouth Battery Energy Storage System project.

Water Resource Management Group

- In coordination with Colorado River Resources, WRM, and Legal staff, prepared and submitted comment letter responding to the U.S. Bureau of Reclamation’s Request for Input on Development of Post-2026 Colorado River Reservoir Operational Strategies for Lake Powell and Lake Mead Under Historically Low Reservoir Conditions.

Water System Operations Group

Upper Feeder Santa Ana River Bridge Emergency Repairs Project

- Obtained emergency authorization from the U.S. Army Corps of Engineers and Santa Ana Regional Water Quality Control Board to work in Clean Water Act Sections 404 and 401 jurisdictional area.
- Submitted emergency notification to California Department of Fish and Wildlife.
- Provided environmental awareness training to contractor and Metropolitan staff. Training was recorded for project staff who were not able to attend.
- Initiated vegetation removal and grubbing activities in preparation for the shutdown and repair.



CalFire crews conducting vegetation maintenance in support of the Upper Feeder Santa Ana River Bridge Emergency Repairs Project

Sustainability, Resiliency and Innovation

(continued)

Reserve Management

Lake Mathews Multiple Species Reserve

- Installed “No Trespassing” signs along El Sobrante Road where unauthorized access was occurring and repaired cuts on the reserve’s fencing along Archer and Loundsberry roads.
- Conducted invasive species control, targeting invasive pigweed, in areas north of Lake Mathews and directly south of Cajalco Road.
- Coordinated with Southern California Edison in advance of maintenance work to be conducted along Edison’s easement that crosses the Reserve to ensure that effects are minimized.

Southwestern Riverside County Multi-Species Reserve

- Monitored brown-headed cowbird traps.
- Installed an additional 50 native plants in the Tucalota Creek restoration site and collected riparian species to propagate for future installation.
- Opened the Alamos Schoolhouse environmental education facility to the public three days a week. Recent activities included showing an owl documentary and presenting a snake program.
- Mowed 20 acres of grassland habit management units and conducted weed abatement.
- Coordinated with and assisted California Conservation Corps with approximately two miles of reserve roadside fuel reduction.



Cowbird Trap on the Southwestern Riverside County Multi-Species Reserve

Equal Employment Opportunity



Equal Employment Opportunity

The EEO Office's Vision

The EEO Office structure was established in April 2022 as a neutral, fact-finding office reporting directly to the General Manager. EEO's vision is to foster an environment where employees can represent any protected characteristic (race, age, gender identity, disability, ethic/national origin, religion, etc.) without discrimination, harassment or retaliation in any aspect of employment. The vision is to create a culture where differences are not just accepted but also celebrated; where equity and fairness is not just a right and theory but also a fact and a result. Three core principles were established to foster this vision.

Awareness

The EEO Office seeks to create a heightened sense of awareness regarding EEO rights and to edify the Metropolitan family for professional and personal growth; creating a harassment-free work environment and enhancing cultural competency. The EEO Office implemented the following to enhance its awareness:

- 1) Created EEO posters highlighting the recently updated H-07 EEO and H-13 Sexual Harassment Prohibition policies.
- 2) Developed an EEO brochure explaining the purpose of the office, listing the protected characteristics, defining retaliation, guidance on how to submit a complaint, and EEO staff contact information.
- 3) EEO staff participated in two days of desert plant field visits at the end of August to introduce themselves to staff, hang EEO posters, and pass out EEO brochures.

Integrity

The EEO Office communicates openly and honestly, listens, and respectfully values multiple perspectives. We do what we say and are accountable for everything we do. We do the right thing, always, even when it isn't easy. To support integrity, the EEO Office:

- 1) Created a new high-level investigator position (Chief EEO Investigator) to attract and hire well-trained and experienced investigators sensitive to the nuances that come with conducting EEO complaints.
- 2) Conducted Chief EEO Investigator interviews and selected two candidates to fill these positions.
- 3) Requested feedback from Metropolitan unions when it developed the EEO Complaint & Investigative Procedures.

Accountability

The EEO Office holds itself to the highest standards. We live our values and truths and work to maintain reliable and trustworthy governance. We have a zero-tolerance policy, which strictly prohibits discrimination, harassment, and retaliation in any form. We will work with appropriate departments to implement corrective action in response to any violation of EEO policy. To uphold accountability, the EEO Office:

Equal Employment Opportunity

(continued)

- 1) Created a roundtable process where the EEO Office, EEO's legal advisor, Employee Relations, and applicable management meet to determine appropriate discipline based on best practice factors.
- 2) Developed EEO Complaint & Investigative Procedures to share with Metropolitan employees as they participate in EEO investigations.
- 3) Created an Intake Assessment process to review complaints for EEO jurisdiction and determine whether the complaint warrants an EEO investigation.



Metropolitan's Mission 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.

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General Information (213) 217-6000
www.mwdh2o.com www.bewaterwise.com

General Manager: Adel Hagekhail
Office of the GM (213) 217-6139
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Matters Impacting Metropolitan

Arvin Edison Water Storage District v. The Dow Chemical Co., et al. and Semitropic Water Storage District, et al. v. The Dow Chemical Co., et al. (San Bernardino County Superior Court)

On September 13, 2022, defendant Shell USA, Inc. (Shell) served Metropolitan with a Deposition Subpoena for Personal Appearance and Production of Documents and Things in *Arvin Edison Water Storage District v. The Dow Chemical Co., et al.*, Case No. JCCP 4435/BCV-21-102485 (the Arvin-Edison case). Subsequently, Shell served Metropolitan with: (1) a Deposition Subpoena for Production of Business Records in *Semitropic Water Storage District, et al. v. The Dow Chemical Co., et al.*, Case No. JCCP 4435/BCV-21-102528 (the Semitropic case) on September 19, 2022, and (2) a Deposition Subpoena for Personal Appearance in the Semitropic case on September 20, 2022. The subpoenas seek the production of documents and the deposition testimony of Metropolitan's person(s) most qualified relating to Metropolitan's groundwater banking programs with Arvin-Edison Water Storage District (Arvin-Edison) and Semitropic Water Storage District, including communications regarding 1,2,3-trichloropropane (TCP) in the groundwater banking programs and any operational changes instituted in response to the presence of TCP in the groundwater banking programs.

In October 2021, Arvin-Edison and Semitropic Water Storage District, as well as its several affiliated improvement districts (collectively, Semitropic), sued The Dow Chemical Company, Shell Oil Company, and others regarding TCP in

Arvin-Edison's and Semitropic's groundwater basins. According to Arvin-Edison's and Semitropic's Complaints, the defendants are the manufacturers and distributors of the TCP that caused the contamination of Arvin-Edison's and Semitropic's groundwater supplies. Arvin-Edison and Semitropic allege that the widespread presence of TCP at concentrations above the maximum contaminant level (MCL) in their wells has caused certain of their water banking partners to reduce and/or suspend their water banking and management programs. The Complaints assert five causes of action: (1) strict products liability based on defective design; (2) strict products liability based on failure to warn; (3) nuisance; (4) trespass; and (5) negligence. Arvin-Edison estimates that treatment would cost approximately \$465 million, which includes capital costs and the 50-year net present cost of operation and maintenance.

Although both the Arvin-Edison case and the Semitropic case were originally filed in Kern County Superior Court, they have been coordinated in San Bernardino County Superior Court with several other cases regarding alleged TCP contamination. The cases are grouped and are subject to various case management schedules. The Arvin-Edison case and the Semitropic case are in the same group, which is Group 6. Fact discovery in Group 6 is currently scheduled to end on November 1, 2022, but Metropolitan understands the parties in the Arvin-Edison and Semitropic cases are discussing a possible extension of that date. The Legal Department is performing the majority of the work to represent Metropolitan. Special Counsel has been retained to provide assistance.

Matters Concluded and/or Terminated

Close of Escrow for Sale of Former Metropolitan Headquarters Parking Structure

On September 8, 2022, Metropolitan's parking structure and fleet vehicle service center located at 1030 Alpine Street in Los Angeles was sold to Palisades Capital Partners, LLC. In the past, the

structure was used to support Metropolitan's former administrative headquarters that faced Sunset Boulevard. In recent years, the structure was used for vehicle fueling and servicing functions and special event parking. The Legal Department supported the Real Property Group in this conveyance.



Other Matters

A Note from General Counsel

Attached is an article in the fall issue of Sierra Magazine on the impact of the current drought on the City of Phoenix. The 9-page article is appended to the end of this month's report.

Matters Received

<u>Category</u>	<u>Received</u>	<u>Description</u>	
Subpoenas	2	(1) Deposition Subpoena for Production of Business Records and (2) Deposition Subpoena for Personal Appearance served by Shell in the case <i>Arvin-Edison Water Storage District v. The Dow Chemical Co., et al.</i> , San Bernardino Superior Court, Case No. JCCP 4435/BCV-21-102528. (See Matters Impacting Metropolitan.)	
Requests Pursuant to the Public Records Act	12	<u>Requestor</u>	<u>Documents Requested</u>
		Blue Environmental Services	Contract for Hazardous Waste Management Services
		CASC Engineering & Consulting	Record drawings of MWD pipeline near housing tract project along south side of Scott Road in the County of Riverside
		Center for Contract Compliance (4 requests)	(1) Contract documents; and (2) certified payroll and fringe benefit statements for Landscape Maintenance and Tree Trimming in La Verne; (3) invoices and backup; and (4) certified payroll records and fringe benefit statement for Weed Abatement, Herbicide Application and Trash Removal at Hemet
		Commercial Development Resources	As-built drawings for MWD facilities near project along South Bristol Street in Santa Ana
		Deltek	Awarded contract and bid results for On-Call Information Technology Services
		Korea Water Resources Corporation	Information about MWD's projects including smart water management, engineering, and climate change
		Michael Baker International	As-built drawings for MWD structures near Western Bypass Bridge project
		Private Citizens (2 requests)	(1) Documents relating to any discharges from the Foothill Feeder near the easterly terminus and any plans to extend the feeder; and (2) Contract between MWD and San Diego County Water Authority for the supply of water



<u>Category</u>	<u>Received</u>	<u>Description</u>
Other	1	California Public Employment Relations Board (PERB) Unfair Practice <u>Charge</u> filed by AFSCME against MWD relating to employee housing



PLEASE NOTE

- ADDITIONS ONLY IN THE FOLLOWING TWO TABLES WILL BE SHOWN IN RED.
- ANY CHANGE TO THE *OUTSIDE COUNSEL AGREEMENTS* TABLE WILL BE SHOWN IN REDLINE FORM (I.E., ADDITIONS, REVISIONS, DELETIONS).



Bay-Delta and SWP Litigation	
Subject	Status
<p>Consolidated DCP Revenue Bond Validation Action and CEQA Case</p> <p><i>Sierra Club, et al. v. California Department of Water Resources</i> (CEQA, designated as lead case)</p> <p><i>DWR v. All Persons Interested</i> (Validation)</p> <p>Sacramento County Superior Ct. (Judge Kenneth C. Mennemeier)</p>	<ul style="list-style-type: none"> • Validation Action <ul style="list-style-type: none"> • Metropolitan, Mojave Water Agency, Coachella Valley Water District, and Santa Clarita Valley Water Agency have filed answers in support • Kern County Water Agency, Tulare Lake Basin Water Storage District, Oak Flat Water District, County of Kings, Kern Member Units & Dudley Ridge Water District, and City of Yuba City filed answers in opposition • North Coast Rivers Alliance et al., Howard Jarvis Taxpayers Association, Sierra Club et al., County of Sacramento & Sacramento County Water Agency, CWIN et al., Clarksburg Fire Protection District, Delta Legacy Communities, Inc, and South Delta Water Agency & Central Delta Water Agency have filed answers in opposition • Case ordered consolidated with the DCP Revenue Bond CEQA Case for pre-trial and trial purposes and assigned to Judge Earl for all purposes • DWR’s motions for summary judgment re CEQA affirmative defenses granted; cross-motions by opponents denied • August 25, 2022 North Coast Rivers Alliance filed motion for summary judgment on Delta Reform Act and public trust doctrine affirmative defenses; DWR filed motion for summary adjudication of all Delta Reform Act and public trust doctrine affirmative defenses; Metropolitan and other supporting water contractors joined DWR’s motion; Howard Jarvis Taxpayers Assn. filed motion for summary adjudication on scope of DWR’s complaint re Prop 13 applicability to future taxes that may be adopted to repay bonds • Nov. 18, 2022 Hearing on dispositive motions • Dec. 9, 2022 Case Management Conference • CEQA Case <ul style="list-style-type: none"> • Sierra Club, Center for Biological Diversity, Planning and Conservation League, Restore the Delta, and Friends of Stone



	<p>Lakes National Wildlife Refuge filed a standalone CEQA lawsuit challenging DWR’s adoption of the bond resolutions</p> <ul style="list-style-type: none"> • Alleges DWR violated CEQA by adopting bond resolutions before certifying a Final EIR for the Delta Conveyance Project • Cases ordered consolidated for all purposes • DWR’s motion for summary judgment granted; Sierra Club’s motion denied • Aug. 23, 2022 Sierra Club filed motion for new trial or reconsideration on prior dismissal of its CEQA case and seeking entry of summary judgment in its favor • Nov. 18, 2022 hearing on motion for new trial or reconsideration re CEQA • Dec. 9, 2022 case management conference
<p>SWP-CVP 2019 BiOp Cases</p> <p><i>Pacific Coast Fed’n of Fishermen’s Ass’ns, et al. v. Raimondo, et al. (PCFFA)</i></p> <p><i>Calif. Natural Resources Agency, et al. v. Raimondo, et al. (CNRA)</i></p> <p>Federal District Court, Eastern Dist. of California, Fresno Division (Judge Thurston)</p>	<ul style="list-style-type: none"> • SWC intervened in both <i>PCFFA</i> and <i>CNRA</i> cases • Briefing on federal defendants’ motion to dismiss CNRA’s California ESA claim is complete; no hearing date set and may be decided on the papers • Federal defendants circulated administrative records for each of the BiOps • December 18, 2020 PCFFA and CNRA filed motions to complete the administrative records or to consider extra-record evidence in the alternative • Federal defendants reinitiated consultation on Oct 1, 2021 • On Nov. 8, 2021, Federal Defendants and PCFFA plaintiffs stipulated to inclusion of certain records in the Administrative Records and to defer further briefing on the matter until July 1, 2022 • On Nov. 12, 2021, SWC filed a motion to amend its pleading to assert cross-claims against the federal defendants for violations of the ESA, NEPA and WIIN Act; Court has yet to set a hearing date • November 23, 2021, Federal Defendants filed a motion for voluntary remand of the 2019 Biological Opinions and NEPA Record of Decision and requesting that the Court issue an order approving an



	<p>Interim Operations Plan through September 30, 2022; that the cases be stayed for the same time period; and that the Court retain jurisdiction during the pendency of the remand. State Plaintiffs filed a motion for injunctive relief seeking judicial approval of the Interim Operations Plan</p> <ul style="list-style-type: none"> • December 16, 2021 – NGO Plaintiffs filed a motion for preliminary injunction related to interim operations • Motions fully briefed as of Jan. 24, 2022 • Hearing on motions held Feb. 11, 2022 • District court (1) approved the State and Federal Government’s Interim Operations Plan (IOP) through September 30, 2022; (2) approved the federal defendants’ request for a stay of the litigation through September 30, 2022; (3) remanded the BiOps without invalidating them for reinitiated consultation with the 2019 BiOps in place; (4) denied PCFFA’s alternative request for injunctive relief; and (5) by ruling on other grounds, denied the state plaintiffs’ motion for injunctive relief and the federal defendants’ request for equitable relief • September 30, 2022, Federal Defendants and State Plaintiffs filed a joint status report: 1) describing the status of the reinitiated CVP and SWP consultation; 2) recommending a plan for interim CVP and SWP operations to govern for the 2023 water year or some other interval of time, if consultation remains ongoing; and 3) requesting a continued stay or other path forward in the litigation
<p>CESA Incidental Take Permit Cases</p> <p>Coordinated Case Name <i>CDWR Water Operations Cases, JCCP 5117 (Coordination Trial Judge Gevercer)</i></p> <p><i>Metropolitan & Mojave Water Agency v. Calif. Dept. of Fish & Wildlife, et al. (CESA/CEQA/Breach of Contract)</i></p> <p><i>State Water Contractors & Kern County Water Agency v. Calif. Dept. of Fish & Wildlife, et al. (CESA/CEQA)</i></p>	<ul style="list-style-type: none"> • All 8 cases ordered coordinated in Sacramento County Superior Court • Stay on discovery issued until coordination trial judge orders otherwise • All four Fresno cases transferred to Sacramento to be heard with the four other coordinated cases • SWC and Metropolitan have submitted Public Records Act requests seeking administrative record materials and other relevant information



<p><i>Tehama-Colusa Canal Auth., et al. v. Calif. Dept. of Water Resources</i> (CEQA)</p> <p><i>San Bernardino Valley Municipal Water Dist. v. Calif. Dept. of Water Resources, et al.</i> (CEQA/CESA/ Breach of Contract/Takings)</p> <p><i>Sierra Club, et al. v. Calif. Dept. of Water Resources</i> (CEQA/Delta Reform Act/Public Trust)</p> <p><i>North Coast Rivers Alliance, et al. v. Calif. Dept. of Water Resources</i> (CEQA/Delta Reform Act/Public Trust)</p> <p><i>Central Delta Water Agency, et. al. v. Calif. Dept. of Water Resources</i> (CEQA/Delta Reform Act/Public Trust/ Delta Protection Acts/Area of Origin)</p> <p><i>San Francisco Baykeeper, et al. v. Calif. Dept. of Water Resources, et al.</i> (CEQA/CESA)</p>	<ul style="list-style-type: none"> • Answers filed in the three cases filed by State Water Contractors, including Metropolitan’s • Draft administrative records produced on Sept. 16, 2021 • Certified administrative records lodged March 4, 2022 • State Water Contractors et al. granted leave to intervene in Sierra Club, North Coast Rivers Alliance, Central Delta Water Agency, and San Francisco Baykeeper cases by stipulation • Sept. 9, 2022 fifth Case Management Conference • Sept. 9, 2022 Court ordered DWR and CDFW to produce privilege logs to the State Water Contractors et al. by Sept. 30, 2022 showing the basis for withholding hundreds of records from the administrative records on the deliberative process and official information privileges, then meet and confer; State Water Contractors et al. may renew their motion to augment if disputes remain • Sept. 29, 2022 State Water Contractors, et al.’s motion to intervene as petitioners in the <i>Tehama-Colusa Canal Auth., et al. v. Calif. Dept. of Water Resources</i> CEQA case denied without prejudice to re-filing a motion to intervene as respondents
<p>CDWR Environmental Impact Cases Sacramento Superior Ct. Case No. JCCP 4942, 3d DCA Case No. C091771 (20 Coordinated Cases)</p> <p>Validation Action <i>DWR v. All Persons Interested</i></p> <p>CEQA 17 cases</p> <p>CESA/Incidental Take Permit 2 cases</p> <p>(Judge TBD)</p>	<ul style="list-style-type: none"> • Cases dismissed after DWR rescinded project approval, bond resolutions, decertified the EIR, and CDFW rescinded the CESA incidental take permit • January 10, 2020 – Nine motions for attorneys’ fees and costs denied in their entirety • Parties have appealed attorneys’ fees and costs rulings • May 11, 2022, court of appeal reversed the trial court’s denial of attorney fees and costs in an unpublished opinion • Opinion ordered published • Coordinated cases remitted to trial court for re-hearing of fee motions consistent with the court of appeal’s opinion
<p>COA Addendum/ No-Harm Agreement</p> <p><i>North Coast Rivers Alliance v. DWR</i> Sacramento County Superior Ct.</p>	<ul style="list-style-type: none"> • Plaintiffs allege violations of CEQA, Delta Reform Act & public trust doctrine • USBR Statement of Non-Waiver of Sovereign Immunity filed September 2019



<p>(Judge Gevercer)</p>	<ul style="list-style-type: none"> Westlands Water District and North Delta Water Agency granted leave to intervene Metropolitan & SWC monitoring Deadline to prepare administrative record extended to <u>Nov. 18</u>, 2022
<p>Delta Plan Amendments and Program EIR 4 Consolidated Cases Sacramento County Superior Ct. (Judge Gevercer)</p> <p><i>North Coast Rivers Alliance, et al. v. Delta Stewardship Council</i> (lead case)</p> <p><i>Central Delta Water Agency, et al. v. Delta Stewardship Council</i></p> <p><i>Friends of the River, et al. v. Delta Stewardship Council</i></p> <p><i>California Water Impact Network, et al. v. Delta Stewardship Council</i></p> <p>Delta Stewardship Council Cases 3<u>One</u> Remaining Cases (CEQA claims challenging original 2013 Delta Plan EIR) (Court of Appeal for the Third App. Dist. Case No. C096380)</p> <p><i>North Coast Rivers Alliance, et al. v. Delta Stewardship Council</i></p> <p><i>Central Delta Water Agency, et al. v. Delta Stewardship Council</i></p> <p><i>California Water Impact Network, et al. v. Delta Stewardship Council</i></p>	<ul style="list-style-type: none"> Cases challenge, among other things, the Delta Plan Updates recommending dual conveyance as the best means to update the SWP Delta conveyance infrastructure to further the coequal goals Allegations relating to “Delta pool” water rights theory and public trust doctrine raise concerns for SWP and CVP water supplies Cases consolidated for pre-trial and trial under <i>North Coast Rivers Alliance v. Delta Stewardship Council</i> SWC granted leave to intervene Metropolitan supports SWC 2013 and 2018 cases to be heard separately due to preemptory challenge SWC and several individual members, including Metropolitan, SLDMWA and Westlands have dismissed their remaining 2013 CEQA claims but remain intervenor-defendants in the three remaining <i>Delta Stewardship Council Cases</i> <p>2013 Cases</p> <ul style="list-style-type: none"> After a hearing on Feb. 25, 2022 the court ruled against plaintiffs on the merits of their BDCP-related CEQA claims April 22, 2022 court ruled against the remaining CEQA claims and denied the petitions for writs of mandamus Delta Stewardship Council filed memorandum of costs seeking \$362,407.47, mostly for cost to prepare the administrative record SWC and individual water contractors, including Metropolitan, entered a settlement with the Delta Stewardship Council on their share of costs for \$45,435, of which Metropolitan <u>has paid</u> \$6,490.71 <u><i>One case, North Coast Rivers Alliance, et al. v. Delta Stewardship Council remains on appeal</i></u> <p>2018 Cases</p> <ul style="list-style-type: none"> Hearing on the merits held July 22, 2022 Ruling on the merits anticipated in September



<p>SWP Contract Extension Validation Action Sacramento County Superior Ct. (Judge Culhane) Court of Appeal for the Third App. Dist. Case No. C096316 <i>DWR v. All Persons Interested in the Matter, etc.</i></p>	<ul style="list-style-type: none"> • DWR seeks a judgment that the Contract Extension amendments to the State Water Contracts are lawful • Metropolitan and 7 other SWCs filed answers in support of validity to become parties • Jan. 5-7, 2022 Hearing on the merits held with CEQA cases, below • Final statement of decision in DWR’s favor filed March 9, 2022 • Final judgment entered and served • C-WIN et al., County of San Joaquin et al. and North Coast Rivers Alliance et al. filed notices of appeal
<p>SWP Contract Extension CEQA Cases Court of Appeal for the Third App. Dist. Case Nos. C096384 & C096304 Sacramento County Superior Ct. (Judge Culhane) <i>North Coast Rivers Alliance, et al. v. DWR</i> <i>Planning & Conservation League, et al. v. DWR</i></p>	<ul style="list-style-type: none"> • Petitions for writ of mandate alleging CEQA and Delta Reform Act violations filed on January 8 & 10, 2019 • Deemed related to DWR’s Contract Extension Validation Action and assigned to Judge Culhane • Administrative Record completed • DWR filed its answers on September 28, 2020 • Metropolitan, Kern County Water Agency and Coachella Valley Water District have intervened and filed answers in the two CEQA cases • Final statement of decision in DWR’s favor denying the writs of mandate filed March 9, 2022 • Final judgments entered and served • <u>North Coast Rivers Alliance et al. and PCL et al. filed notices of appeal</u> • <u>Nov. 1, 2022 Planning & Conservation League’s Opening Brief and Appendix Due</u>



<p>Delta Conveyance Project Soil Exploration Cases</p> <p><i>Central Delta Water Agency, et al. v. DWR</i> Sacramento County Superior Ct. (Judge Chang)</p> <p><i>Central Delta Water Agency, et al. v.. DWR (II)</i>, Sacramento County Super. Ct. (Judge Acquisto)</p>	<ul style="list-style-type: none"> • Original case filed August 10, 2020; new case challenging the second addendum to the CEQA document filed Aug. 1, 2022 • Plaintiffs Central Delta Water Agency, South Delta Water Agency and Local Agencies of the North Delta • One cause of action alleging that DWR's adoption of an Initial Study/Mitigated Negative Declaration (IS/MND) for soil explorations needed for the Delta Conveyance Project violates CEQA • March 24, 2021 Second Amended Petition filed to add allegation that DWR's addendum re changes in locations and depths of certain borings violates CEQA • Deadline to prepare the administrative record extended to April 22, 2022 • DWR's petition to add the 2020 CEQA case to the <i>Department of Water Resources Cases</i>, JCCP 4594, San Joaquin County Superior Court denied • Hearing on the merits scheduled for Oct.13, 2022
<p>Water Management Tools Contract Amendment</p> <p><i>California Water Impact Network et al. v. DWR</i> Sacramento County Superior Ct. (Judge Aquisto)</p> <p><i>North Coast Rivers Alliance, et al. v. DWR</i> Sacramento County Super. Ct. (Judge Aquisto)</p>	<ul style="list-style-type: none"> • Filed September 28, 2020 • CWIN and Aqualliance allege one cause of action for violation of CEQA • NCRA et al. allege four causes of action for violations of CEQA, the Delta Reform Act, Public Trust Doctrine and seeking declaratory relief • Parties have stipulated to production of a draft administrative record by April 1, 2022 and to a timeline to attempt to resolve any disputes over the contents • SWC motion to intervene in both cases granted



San Diego County Water Authority v. Metropolitan, et al.		
Cases	Date	Status
2010, 2012	Aug. 13-14, 2020	Final judgment and writ issued. Transmitted to the Board on August 17.
	Sept. 11	Metropolitan filed notice of appeal of judgment and writ.
	Jan. 13, 2021	Court issued order finding SDCWA is the prevailing party on the Exchange Agreement, entitled to attorneys' fees and costs under the contract.
	Feb. 10	Court issued order awarding SDCWA statutory costs, granting SDCWA's and denying Metropolitan's related motions.
	Feb. 16	Per SDCWA's request, Metropolitan paid contract damages in 2010-2012 cases judgment and interest. Metropolitan made same payment in Feb. 2019, which SDCWA rejected.
	Feb. 25	Metropolitan filed notice of appeal of Jan. 13 (prevailing party on Exchange Agreement) and Feb. 10 (statutory costs) orders.
	Sept. 21	Court of Appeal issued opinion on Metropolitan's appeal regarding final judgment and writ, holding: (1) the court's 2017 decision invalidating allocation of Water Stewardship Rate costs to transportation in the Exchange Agreement price and wheeling rate applied not only to 2011-2014, but also 2015 forward; (2) no relief is required to cure the judgment's omission of the court's 2017 decision that allocation of State Water Project costs to transportation is lawful; and (3) the writ is proper and applies to 2015 forward.
	Mar. 17, 2022	Court of Appeal unpublished decision affirming orders determining SDCWA is the prevailing party in the Exchange Agreement and statutory costs.
	Mar. 21	Metropolitan paid SDCWA \$14,296,864.99 for attorneys' fees and \$352,247.79 for costs, including interest.
	July 27	Metropolitan paid SDCWA \$411,888.36 for attorneys' fees on appeals of post-remand orders.
2014, 2016	Aug. 28, 2020	SDCWA served first amended (2014) and second amended (2016) petitions/complaints.
	Sept. 28	Metropolitan filed demurrers and motions to strike portions of the amended petitions/complaints.



Cases	Date	Status
2014, 2016 (cont.)	Sept. 28-29	Member agencies City of Torrance, Eastern Municipal Water District, Foothill Municipal Water District, Las Virgenes Municipal Water District, Three Valleys Municipal Water District, Municipal Water District of Orange County, West Basin Municipal Water District, and Western Municipal Water District filed joinders to the demurrers and motions to strike.
	Feb. 16, 2021	Court issued order denying Metropolitan’s demurrers and motions to strike, allowing SDCWA to retain contested allegations in amended petitions/complaints.
	March 22	Metropolitan filed answers to the amended petitions/complaints and cross-complaints against SDCWA for declaratory relief and reformation, in the 2014, 2016 cases.
	March 22-23	Member agencies City of Torrance, Eastern Municipal Water District, Foothill Municipal Water District, Las Virgenes Municipal Water District, Three Valleys Municipal Water District, Municipal Water District of Orange County, West Basin Municipal Water District, and Western Municipal Water District filed answers to the amended petitions/complaints in the 2014, 2016 cases.
	April 23	SDCWA filed answers to Metropolitan’s cross-complaints.
	Sept. 30	Based on the Court of Appeal’s Sept. 21 opinion (described above), and the Board’s Sept. 28 authorization, Metropolitan paid \$35,871,153.70 to SDCWA for 2015-2017 Water Stewardship Rate charges under the Exchange Agreement and statutory interest.
2017	July 23, 2020	Dismissal without prejudice entered.
2018	July 28, 2020	Parties filed a stipulation and application to designate the case complex and related to the 2010-2017 cases, and to assign the case to Judge Massullo’s court.
	Nov. 13	Court ordered case complex and assigned to Judge Massullo’s court.
	April 21, 2021	SDCWA filed second amended petition/complaint.
	May 25	Metropolitan filed motion to strike portions of the second amended petition/complaint.
	May 25-26	Member agencies City of Torrance, Eastern Municipal Water District, Foothill Municipal Water District, Las Virgenes Municipal Water District, Three Valleys Municipal Water District, Municipal Water District of Orange County, West Basin Municipal Water District, and Western Municipal Water District filed joinders to the motion to strike.



Cases	Date	Status
2018 (cont.)	July 19	Court issued order denying Metropolitan’s motion to strike portions of the second amended petition/complaint.
	July 29	Metropolitan filed answer to the second amended petition/complaint and cross-complaint against SDCWA for declaratory relief and reformation.
	July 29	Member agencies City of Torrance, Eastern Municipal Water District, Foothill Municipal Water District, Las Virgenes Municipal Water District, Three Valleys Municipal Water District, Municipal Water District of Orange County, West Basin Municipal Water District, and Western Municipal Water District filed answers to the second amended petition/complaint.
	Aug. 31	SDCWA filed answer to Metropolitan’s cross-complaint.
	April 11, 2022	Court entered order of voluntary dismissal of parties’ WaterFix claims and cross-claims.
2014, 2016, 2018	June 11, 2021	Deposition of non-party witness.
	Aug. 25	Hearing on Metropolitan’s motion for further protective order regarding deposition of non-party witness.
	Aug. 25	Court issued order consolidating the 2014, 2016, and 2018 cases for all purposes, including trial.
	Aug. 30	Court issued order granting Metropolitan’s motion for a further protective order regarding deposition of non-party witness.
	Aug. 31	SDCWA filed consolidated answer to Metropolitan’s cross-complaints in the 2014, 2016, and 2018 cases.
	Oct. 27	Parties submitted to the court a joint stipulation and proposed order staying discovery through Dec. 8 and resetting pre-trial deadlines.
	Oct. 29	Court issued order staying discovery through Dec. 8 and resetting pre-trial deadlines, while the parties discuss the prospect of settling some or all remaining claims and crossclaims.
	Jan. 12, 2022	Case Management Conference. Court ordered a 35-day case stay to allow the parties to focus on settlement negotiations, with weekly written check-ins with the court; and directed the parties to meet and confer regarding discovery and deadlines.
	Feb. 22	Court issued order resetting pre-trial deadlines as proposed by the parties.
	Feb. 22	Metropolitan and SDCWA each filed motions for summary adjudication.



Cases	Date	Status
2014, 2016, 2018 (cont.)	April 13	Hearing on Metropolitan’s and SDCWA’s motions for summary adjudication.
	April 18	Parties filed supplemental briefs regarding their respective motions for summary adjudication, as directed by the court.
	April 18	Court issued order resetting pre-trial deadlines as proposed by the parties.
	April 29	Parties filed pre-trial briefs.
	April 29	Metropolitan filed motions in limine.
	May 4	Court issued order granting Metropolitan’s motion for summary adjudication on cross-claim for declaratory relief that the conveyance facility owner, Metropolitan, determines fair compensation, including any offsetting benefits; and denying its motion on certain other cross-claims and an affirmative defense.
	May 11	Court issued order granting SDCWA’s motion for summary adjudication on cross-claim for declaratory relief in the 2018 case regarding lawfulness of the Water Stewardship Rate’s inclusion in the wheeling rate and transportation rates in 2019-2020; certain cross-claims and affirmative defenses on the ground that Metropolitan has a duty to charge no more than fair compensation, which includes reasonable credit for any offsetting benefits, with the court also stating that whether that duty arose and whether Metropolitan breached that duty are issues to be resolved at trial; affirmative defenses that SDCWA’s claims are untimely and SDCWA has not satisfied claims presentation requirements; affirmative defense in the 2018 case that SDCWA has not satisfied contract dispute resolution requirements; claim, cross-claims, and affirmative defenses regarding applicability of Proposition 26, finding that Proposition 26 applies to Metropolitan’s rates and charges, with the court also stating that whether Metropolitan violated Proposition 26 is a separate issue; and cross-claims and affirmative defenses regarding applicability of Government Code section 54999.7, finding that section 54999.7 applies to Metropolitan’s rates. Court denied SDCWA’s motion on certain other cross-claims and affirmative defenses.
	May 13	Pre-trial conference; court denied Metropolitan’s motions in limine.
	May 16	Court issued order setting post-trial brief deadline and closing arguments.
	May 16-27	Trial occurred but did not conclude.
	May 23, June 21	SDCWA filed motions in limine.



Cases	Date	Status
2014, 2016, 2018 (cont.)	May 26, June 24	Court denied SDCWA's motions in limine.
	June 3, June 24, July 1	Trial continued, concluding on July 1.
	June 24	SDCWA filed motion for partial judgment.
	July 15	Metropolitan filed opposition to motion for partial judgment.
	Aug. 19	Post-trial briefs filed.
	<u>Sept. 14</u>	<u>Court issued order granting in part and denying in part SDCWA's motion for partial judgment (granting motion as to Metropolitan's dispute resolution, waiver, and consent defenses; denying motion as to Metropolitan's reformation cross-claims and mistake of fact and law defenses; and deferring ruling on Metropolitan's cost causation cross-claim).</u>
	<u>Sept. 21</u>	<u>Metropolitan filed response to order granting in part and denying in part SDCWA's motion for partial judgment (requesting deletion of Background section portion relying on pleading allegations).</u>
	<u>Sept. 22</u>	<u>SDCWA filed objection to Metropolitan's response to order granting in part and denying in part SDCWA's motion for partial judgment.</u>
	Sept. 27	Post-trial closing arguments.
	<u>Dec. 16</u>	<u>Parties' proposed trial statements of decision due.</u>
All Cases	April 15, 2021	Case Management Conference on 2010-2018 cases. Court set trial in 2014, 2016, and 2018 cases on May 16-27, 2022.
	April 27	SDCWA served notice of deposition of non-party witness.
	May 13-14	Metropolitan filed motions to quash and for protective order regarding deposition of non-party witness.
	June 4	Ruling on motions to quash and for protective order.



Outside Counsel Agreements				
Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Andrade Gonzalez LLP	MWD v. DWR, CDFW and CDNR Incidental Take Permit (ITP) CESA/CEQA/Contract Litigation	185894	07/20	\$250,000
Aleshire & Wynder	Oil, Mineral and Gas Leasing	174613	08/18	\$50,000
Atkinson Andelson Loya Ruud & Romo	Employee Relations	59302	04/04	\$1,214,517
	MWD v. Collins	185892	06/20	\$100,000
	Delta Conveyance Project Bond Validation-CEQA Litigation	185899	09/21	\$100,000
	MWD Drone and Airspace Issues	193452	08/20	\$50,000
	Equal Employee Opportunity Commission Charge	200462	03/21	\$20,000
	Public Employment Relations Board Charge No. LA-CE-1441-M	200467	03/21	\$30,000
	Representation re the Shaw Law Group's Investigations	200485	05/20/21	\$50,000
	DFEH Charge- (DFEH Number 202102-12621316)	201882	07/01/21	\$25,000
	AFSCME Local 1902 in Grievance No. 1906G020 (CSU Meal Period)	201883	07/12/21	\$30,000
	AFSCME Local 1902 v. MWD, PERB Case No. LA-CE-1438-M	201889	09/15/21	\$20,000
	MWD MOU Negotiations**	201893	10/05/21	\$100,000
	DFEH Charge- (DFEH Number 202106-13819209)	203439	12/14/21	\$15,000
	DFEH Charge- (DFEH Number 202109-14694608)	203460	02/22	\$15,000



Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Best, Best & Krieger	Navajo Nation v. U.S. Department of the Interior, et al.	54332	05/03	\$185,000
	Bay-Delta Conservation Plan/Delta Conveyance Project (with SWCs)	170697	08/17	\$500,000
	Environmental Compliance Issues	185888	05/20	\$100,000
	Public Records Act Requests	203462	04/22	\$30,000
Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP	FCC and Communications Matters	110227	11/10	\$100,000
Brown White & Osborn LLP	HR Matter	203450	03/22	\$50,000
Buchalter, a Professional Corp.	Union Pacific Industry Track Agreement	193464	12/07/20	\$50,000
Burke, Williams & Sorensen, LLP	Real Property - General	180192	01/19	\$100,000
	Labor and Employment Matters	180207	04/19	\$50,000
	General Real Estate Matters	180209	08/19	\$100,000
Law Office of Alexis S.M. Chiu*	Bond Counsel	200468	07/21	N/A
Cislo & Thomas LLP	Intellectual Property	170703	08/17	\$75,000
Cummins & White, LLP	Board Advice	207941	05/22	\$10,000
Curls Bartling P.C.*	Bond Counsel	174596	07/18	N/A
	Bond Counsel	200470	07/21	N/A
Duane Morris LLP	SWRCB Curtailment Process	138005	09/14	\$615,422
Duncan, Weinberg, Genzer & Pembroke PC	Power Issues	6255	09/95	\$3,175,000
Ellison, Schneider, Harris & Donlan	Colorado River Issues	69374	09/05	\$175,000
	Issues re SWRCB	84457	06/07	\$200,000
Haden Law Office	Real Property Matters re Agricultural Land	180194	01/19	\$50,000

Date of Report: October 4, 2022



Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Hanson Bridgett LLP	SDCWA v. MWD	124103	03/12	\$1,100,000
	Finance Advice	158024	12/16	\$100,000
	Deferred Compensation/HR	170706	10/17	\$ 400,000
	Tax Issues	180200	04/19	\$50,000
Hausman & Sosa, LLP	MOU Hearing Officer Appeal	201892	09/21	\$95,000
	MOU Hearing Officer Appeal	207943	05/22	\$25,000
	MOU Hearing Officer Appeal	207949	07/22	\$25,000
Hawkins Delafield & Wood LLP*	Bond Counsel	193469	07/21	N/A
Horvitz & Levy	SDCWA v. MWD	124100	02/12	\$900,000
	General Appellate Advice	146616	12/15	\$100,000
	Colorado River	203464	04/22	\$100,000
Internet Law Center	HR-Matter	174603	05/18	\$60,000
	Cybersecurity and Privacy Advice and Representation	200478	04/13/21	\$100,000
	Systems Integrated, LLC v. MWD	201875	05/17/21	\$65,000
Amira Jackmon, Attorney at Law*	Bond Counsel	200464	07/21	N/A
Jackson Lewis P.C.	Employment: Department of Labor Office of Contract Compliance (OFCCP)	137992	02/14	\$45,000
Jones Hall, A Professional Law Corporation*	Bond Counsel	200465	07/21	N/A
Kegel, Tobin & Truce	Workers' Compensation	180206	06/19	\$250,000
Lesnick Prince & Pappas LLP	Topock/PG&E's Bankruptcy	185859	10/19	\$30,000
	Labor and Employment	158032	02/17	\$201,444

Date of Report: October 4, 2022



Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Liebert Cassidy Whitmore	EEO Investigations	180193	01/19	\$100,000
	FLSA Audit	180199	02/19	\$50,000
LiMandri & Jonna LLP	Bacon Island Subrogation	200457	03/21	\$50,000
Manatt, Phelps & Phillips	In Re Tronox Incorporated	103827	08/09	\$540,000
	SDCWA v. MWD rate litigation	146627	06/16	\$4,400,000
	Raftelis - Subcontractor of Manatt, Phelps & Phillips Agreement No. 146627: Pursuant to 05/02/22 Engagement Letter between Manatt, Phelps & Phillips and Raftelis Financial Consultants, Inc., Metropolitan Water District paid Raftelis Financial Consultants, Inc.	Invoice No. 23949		\$56,376.64 for expert services and reimbursable expenses in SDCWA v. MWD
Meyers Nave Riback Silver & Wilson	OCWD v. Northrop Corporation	118445	07/11	\$2,300,000
	HD v. MWD (Contract Litigation)	193472	02/21	\$100,000
Miller Barondess, LLP	SDCWA v. MWD	138006	12/14	\$600,000
Morgan, Lewis & Bockius	SDCWA v. MWD	110226	07/10	\$8,750,000
	Project Labor Agreements	200476	04/21	\$100,000
Musick, Peeler & Garrett LLP	Colorado River Aqueduct Electric Cables Repair/Contractor Claims	193461	11/20	\$900,000
	Arvin-Edison v. Dow Chemical	203452	01/22	\$50,000 \$90,000
Nixon Peabody LLP*	Bond Counsel	193473	07/21	N/A
Norton Rose Fulbright US LLP*	Bond Counsel	200466	07/21	N/A
Olson Remcho LLP	Government Law	131968	07/14	\$200,000
	Executive Committee/Ad Hoc Committees Advice	207947	08/22	\$60,000
	MWD Board/Ad Hoc Committee Advice	203459	03/22	\$60,000
	Public Records Act	207950	08/22	\$20,000



Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Renne Public Law Group, LLP	ACE v. MWD (PERB Case No. LA-CE-1574-M)	203466	05/22	\$50,000
	<u>MOU Hearing Officer Appeal</u>	<u>203948</u>	<u>07/22</u>	<u>\$25,000</u>
Ryan & Associates	Leasing Issues	43714	06/01	\$200,000
Seyfarth Shaw LLP	HR Litigation	185863	12/19	\$250,000
	Claim (Contract #201897)	201897	11/04/21	\$100,000 <u>\$200,000</u>
	Claim (Contract #203436)	203436	11/15/21	\$100,000 <u>\$350,000</u>
	Claim (Contract #203454)	203454	01/22	\$100,000 <u>\$160,000</u>
	Claim (Contract #2034)	203455	10/21	\$100,000 <u>\$175,000</u>
Sheppard Mullin Richter & Hampton LLP	Rivers v. MWD	207946	07/22	\$100,000
Stradling Yocca Carlson & Rauth*	Bond Counsel	200471	07/21	N/A
Theodora Oringher PC	OHL USA, Inc. v. MWD	185854	09/19	\$1,100,000
	Construction Contracts - General Conditions Update	185896	07/20	\$100,000
Thomas Law Group	MWD v. DWR, CDFW, CDNR – Incidental Take Permit (ITP) CESA/CEQA/Contract Litigation	185891	05/20	\$250,000
	Iron Mountain SMARA (Surface Mining and Reclamation Act)	203435	12/03/21	\$100,000
Thompson Coburn LLP	FERC Representation re Colorado River Aqueduct Electrical Transmission System	122465	12/11	\$100,000
	NERC Energy Reliability Standards	193451	08/20	\$100,000



Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Van Ness Feldman, LLP	General Litigation	170704	07/18	\$50,000
	Colorado River MSHCP	180191	01/19	\$50,000
	Bay-Delta and State Water Project Environmental Compliance	193457	10/15/20	\$50,000
Western Water and Energy	California Independent System Operator Related Matters	193463	11/20/20	\$100,000

*Expenditures paid by Bond Proceeds/Finance

**Expenditures paid by another group



INHERIT THE DUST

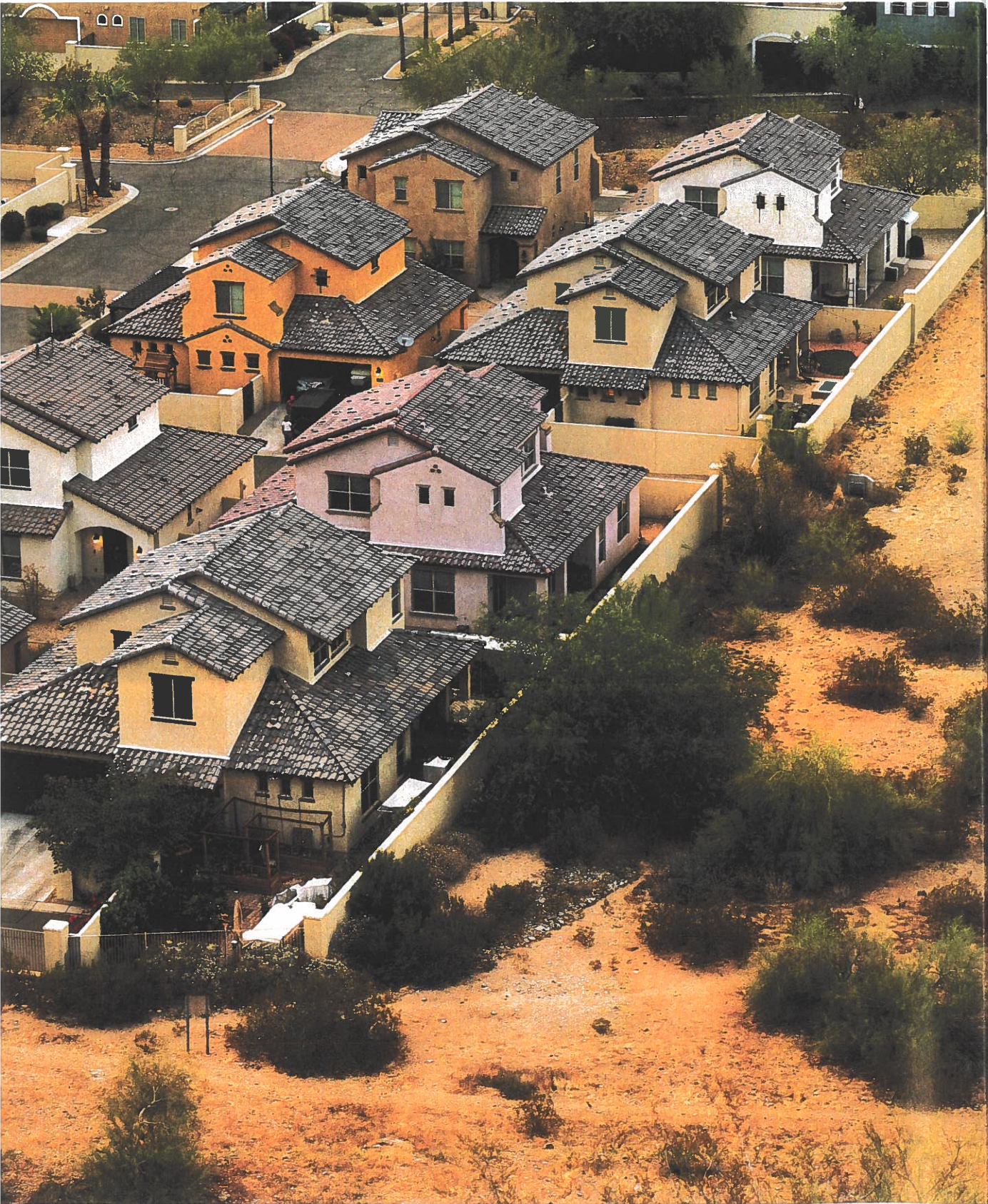
The Colorado River is running out of water. No place will be more affected than the arid metropolis of Phoenix.

NOT FAR FROM the constant roar of Phoenix's Sky Harbor Airport and just a few miles from the massive, air-conditioned stadium of the Arizona Diamondbacks baseball team lies what might be the quietest enclave in the United States' fastest-growing city. Pueblo Grande, the "big house," was settled around AD 450 and for close to 1,000 years was continuously inhabited by the Hohokam people. Home to hundreds of families at any one time, Pueblo Grande was but a single outpost in a sprawling, thriving civilization of as many as 300,000 people at its height. While the Roman Empire was falling into decay, the Hohokam culture was building one of the greatest cities in what would eventually be called the Americas.

The key to the Hohokam's success in the blistering climate of the Sonoran Desert was a complex network of canals that, at its zenith, was some 500 miles in length, crisscrossing what is now affectionately referred to as the Valley of the Sun. The canals diverted water from the Salt River to irrigate the Hohokam's fields of maize, melons, squash, and beans. No other ancient civilization in the Americas—not even the Inca or the Maya—built a more extensive water conveyance system. Nineteenth- and early-20th-century white settlers marveled at the perfect design of the canals, which, in the words of one observer, were "an engineering triumph."

Story by Jeremy Miller

Photos by David Wallace



Today, all that remain of the Hohokam big house are a smattering of mounds, earthen walls, and the outlines of small rooms that served as living quarters, granaries, and perhaps ceremonial centers. Along one side of the site runs a small trickle of water, slick with languid green strands of algae. This concrete-lined channel, known as the Old Crosscut, is one of hundreds of canals built by white farmers who settled the region in the late 1800s and who also grew melons and squash in the desert. In some cases, they grafted their ditch over the outline of an ancient canal—a modern civilization building upon the foundations of a past one.

No one knows exactly why, in the 14th century, the Hohokam abandoned Pueblo Grande and other settlements across the Salt River Valley. Two hypotheses (perhaps not mutually exclusive) are that the Hohokam were laid low by prolonged drought and that hundreds of years of relentless irrigation salinized the soil, which in turn led to a collapse in agriculture. “In either case, the mysterious disappearance of Hohokam civilization seems linked to water,” Marc Reisner wrote in his masterwork *Cadillac Desert*. “They either had too little or used too much.”

The secret of the culture’s disappearance from the region may be encapsulated in its name. *Hohokam* derives from a word in the language of the Akimel O’odham, a contemporary Native nation. It means “all used up” or “exhausted.”

THE QUIET POIGNANCY of Pueblo Grande is a striking contrast to the gleam and frenetic hum of modern Phoenix. In 1950, the Arizona capital was little more than a large town, home to roughly 100,000 residents scattered across 17 square miles. Today, Pueblo Grande lies at the heart of a sprawling 15,000-square-mile megalopolis with some 4.9 million

residents, which for the better part of half a century has been among the fastest-growing metropolitan regions in the United States.

Like the previous civilization over which it is built, Phoenix must rely on maintaining control of that most precious and fleeting of desert resources: water.

The first major step in the modern effort to water the desert came in the early 1900s with the construction of the Salt River Project. Built under the auspices of the National Reclamation Act, the SRP saddled the region’s largest river with four major reservoirs and 130 miles of canals. Yet even with the new infrastructure intended to “reclaim” the desert, cities and farmers were ultimately limited by the same modest water sources that had sustained the Hohokam centuries before.

That all changed in 1922, with the signing of the Colorado River Compact. This master document provided a framework to divide the Colorado River’s water among seven western states and promised a massive new supply of water to Arizona—though it would take more than 70 years of political and legal wrangling to get it flowing. In 1973, construction began on the Central Arizona Project, or CAP, a massive system of reservoirs, pumping stations, and aqueducts that would shuttle water 336 miles across the desert from Lake Havasu to Phoenix.

The completion of the CAP in 1994 accelerated the Phoenix area’s explosive growth. Already a sprawling metropolis, Phoenix and its suburbs spread even farther, as tangles of subdivisions and big-box stores materialized across vast tracts of desert. Many of the new neighborhoods (Hohokam Hills, Apache Peak, Anasazi Village) paid lip service to the region’s original inhabitants while adhering to none of the principles that allowed those cultures to survive

there for centuries. Golf courses and megaresorts resplendent with green grass materialized in terrain naturally suited to mesquite and saguaro. Despite the infernal summer temperatures, the modern desert dwellers could live in climate-controlled comfort, cooled 24-7 with air conditioners powered by the Palo Verde Generating Station, the biggest nuclear generator in the world that is not located on a body of water.

It was not cities, however, but agriculture—notably the “big c’s” of cotton, citrus, and cattle—that took greatest advantage of the new water supply. Today, agriculture in Arizona consumes 74 percent of the state’s water supply. And it’s not just local entities that are competing for the increasingly scarce water. Fondomonte, a Saudi Arabian agricultural firm, has rented a 3,500-acre plot of state-owned land at a steeply discounted rate to grow feed for cattle in Saudi Arabia. To grow its crop, Fondomonte is slurping up as much as 18,000 acre-feet per year—enough water to supply 54,000 homes.

The runaway agricultural and urban growth in the Phoenix metro area and across the state runs parallel to another story that is defining the West: the diminishment of the Colorado River. The river’s natural average flow at Lees Ferry (downstream from Glen Canyon Dam) declined from around 12 million acre-feet in 1900 to a forecast 6.5 million acre-feet in 2022. The reasons the river is shrinking are many, from the climate-change-related declining snowpack in the Rocky Mountains to the rising demand from rapidly growing cities such as Denver and Salt Lake City.

Last year, the river’s diminution reached a crisis point hydrologists have been warning of for decades. Wracked by more than 20 years of drought, the two largest reservoirs along the Colorado River—Lake



Powell and Lake Mead—dropped to their lowest levels in history. In April, Lake Mead fell below the level of the reservoir’s water intakes, which send water to pipelines feeding Las Vegas and other communities in southern Nevada. In May, as water levels dipped even further, a barrel containing a human corpse turned up on the reservoir’s retreating shoreline.

Though the drying of the Colorado River is dire for states across the West, the consequences are most severe for Arizona. Under the rules of the Colorado River Compact, Arizona’s water rights are the most junior in the Colorado River Basin. This means that it is first in line to have its allocations cut during a shortage.

In August 2021, Lake Mead fell to 1,075 feet, a critical threshold that prompted the Department of the Interior to declare a water shortage for the first time in the river’s history. Deliveries to the Central Arizona

Project were cut by a volume of 512,000 acre-feet, roughly 8 percent of the state’s total annual water use. The state’s farmers were the most affected. “The story is actually pretty simple,” Will Thelander, a third-generation farmer, told the *Arizona Republic* the week the cuts were announced. “River was overallocated, too much growth, huge drought, not enough water. You got to start cutting it off somewhere.” In August 2022, the federal government went further and slashed Arizona’s 2023 water allocation by 21 percent.

A moment of hydraulic reckoning has come for Arizona and its largest metropolitan area. But even as a new era of water scarcity looms over the state, local leaders continue to preach the gospel of endless growth. “No one even wants to mention that Arizona might have a water problem,” Sierra Club Grand Canyon Chapter director Sandy Bahr said,

The 336-mile-long Central Arizona Canal delivers a third of Arizona’s water from the Colorado River to the state’s cities and farms.

“because to admit that would be ‘bad for business.’” Even as the Colorado River dries up, the boom shows no signs of abating. Phoenix and the adjacent city of Mesa (population 504,000) remain among the most competitive real estate markets in America. At current rates of growth, the population of Phoenix’s metro area is expected to include another 2.1 million people by 2040.

By most measures, the present drought in the greater Southwest is entering its 22nd year. Some researchers and policy experts have started to question whether *drought* is even the right word to describe what is unfolding and instead prefer the terms *megadrought* and *aridification*. It is likely that the southwestern United States is on the front



In metro Phoenix, golf courses and megaresorts have materialized on terrain better suited to saguaro and mesquite.

end of a long-term shift in climate, a region-wide drying out that is driven in large part by human-made carbon pollution.

The hydraulic reckoning is forcing hard questions that the state's political leaders have always procrastinated in addressing. Can the region's agricultural and urban sectors continue their rapid expansion as the Colorado River withers? Or is it a slow-motion disaster, a situation the late Arizona representative Morris Udall envisioned as "a return to desert, to dust"?

ABOUT 20 MILES north of central Phoenix, a concrete river slices through the desert and past craggy peaks. This artificial waterway, the Central Arizona Canal, carries more than one-third of the state's water

supply from the main stem of the Colorado River to the desert metropolis and the farms that surround it. The Central Arizona Project is the largest and most expensive aqueduct system ever built in the United States, and it's no exaggeration to say that without this vital artery and its massive transfusion of water, modern Phoenix would not exist at its current size and scope.

A few hundred yards from the canal are the low-rise headquarters of the CAP. In this rather nondescript building, I met with Vineetha Kartha, the CAP's Colorado River program manager, who oversees "planning and strategy" for the vast irrigation project. Kartha spent her early years living on oceangoing ships with her father, who worked as the chief engineer on oil tankers and freighters. Among her most powerful memories is the wonder she felt when passing through the Suez and Panama Canals as a child. "I guess I've always had a

thing for canals," Kartha said with a laugh, explaining that she sees her job as akin to piloting a freighter through the Panama Canal: "I have to steer my ship through that canal, within the boundaries that are set by the law of the river."

The keystone of that so-called law of the river is the Colorado River Compact. When the interstate delegation of leaders, water managers, and real estate developers from Colorado, Utah, Wyoming, New Mexico, Nevada, Arizona, and California sat down to draft the compact in 1922, their first step was to reach an agreement on how much water the Colorado River carried. Relying heavily on data in a report compiled by hydrologist Arthur Powell Davis and Interior Secretary Albert Fall, the group arrived at a final figure of 18 million acre-feet of water annually. That volume was to be divided evenly among the states of the upper basin (New Mexico, Colorado, Utah,

and Wyoming) and the lower basin (Nevada, Arizona, and California).

In the 100 years since, many researchers have questioned the scientific rationale and political machinations behind the 18 million acre-foot figure. Whether the decision was accidental or the product of an opportunistic myopia is uncertain. What is clear is that when the compact was drafted, the American West was in one of its wettest periods in more than 1,300 years. The architects of the Colorado River Compact consented to a number that Mother Nature simply could not fulfill.

Those historic miscalculations are weighing heavily on the present management of the river and making Kartha's job increasingly difficult. The current "Tier 1" cuts triggered by the drop in water levels at Lake Mead fall almost entirely on Arizona, specifically its farmers, who collectively use more than two-thirds of the water delivered via the CAP aqueduct system. If Lake Mead continues its precipitous decline, new, more far-reaching reductions will be enacted. "As the drought gets worse, more and more people will be affected," Kartha said. At Tiers 2 and 3, she explained, municipal and industrial water users will experience reductions, as will the Native American nations that collectively hold rights to roughly a quarter of Arizona's Colorado River allotment. "We need to figure out how to resolve this supply and demand imbalance."

An ardent technocrat, Kartha said she sees the dwindling Colorado not as an existential threat but as a situation demanding a host of technical solutions. She pointed to measures put in place in 2007 to more carefully coordinate water releases in Lake Powell and Lake Mead and enhance storage mechanisms, which she said have made the system more responsive and resilient to drought. On the supply side, Kartha said, new desali-

nation plants along the Gulf of California and cloud seeding in the Rockies could help mitigate further reductions in water supplies. (Others have proposed more audacious plans, such as piping water in from the Mississippi River.) On the demand side, she mentioned efforts to incentivize conservation, including so-called toilet-to-tap schemes, which use recycled wastewater for drinking water. "The power of the human mind is incredible," she said. "We can use our brains to work through the current times."

Kartha soon had to take her leave, and I was left in the company of CAP spokesperson DeEtte Person, who escorted me down a long hallway covered with framed images of each major piece of infrastructure in the CAP system. We arrived at a conference room that she referred to as CAP's "nerve center." It was not immediately clear what made this room special. The secret, it turned out, lay behind three large glass windows covered in wooden shutters. Person picked up a telephone and asked the person on the other end of the line if she could "give a reporter a glimpse inside." Because the room is considered a piece of "critical infrastructure," Person said I could not take pictures.

There came a mechanical whirring as the shutters began to rise. Beyond was a room filled with an array of blinking lights and glowing computer screens. Two men dressed in jeans and T-shirts watched a bank of monitors. On the wall before them was a large, flickering schematic map of the CAP system. The whole network of dams, pumping stations, canals, and floodgates can be controlled from this one room. The place conjured images of a miniature NORAD or the bridge of the starship *Enterprise* bedecked with wall-to-wall carpeting.

The entirety of the CAP network is

remotely operated, Person explained, allowing decisions to be made in real time, somewhat like an extremely huge and complex sprinkler system. "Say there's an unexpected rainstorm and a farmer doesn't need his full allocation of water for that day," Person said. "That farmer can simply call us up, and we can change his irrigation schedule. We can track everything, all from right here."

CAP's nerve center is impressive—evidence, of a sort, of what Kartha called "the power of the human mind." In the control room, you can witness how human ingenuity has remade the desert. But is it truly control? Or the mere imagining of it? The CAP network, after all, is tied to a natural system beyond human command. And that system, scientists caution, seems to be breaking down.

FOR THE PAST 30 years, Connie Woodhouse, a geography professor at the University of Arizona, and her colleague, paleohydrologist David Meko, have been trying to figure out how drought factors into the natural climate cycles of the Southwest. On a 95-degree day in late April, she and Meko sat in her darkened office, located on the top floor of the Bannister Tree-Ring Building. It is the largest repository of tree ring samples in the world, and with its thin vertical columns and curved glass windows, Woodhouse explained, the building is designed to resemble a futuristic treehouse. Tens of thousands of pieces of wood are housed inside its vast archives—each a small chapter in the sprawling narrative of the planet's climate.

Woodhouse, along with former University of Arizona professor Jonathan Overpeck, is credited with coining the word *megadrought*. She admitted, however, that she doesn't much care for the term, which she feels has become something of a hollow buzzword. "It's used a lot

without defining what it means,” she said, “and with little precision in terms of duration.”

Woodhouse retrieved a cross section of wood from a bookshelf behind her desk. This one was a slice of ancient bristlecone pine that she’d collected several years ago high in the Colorado Rockies. Bristlecones are among the oldest living organisms on Earth. They are also extremely slow growing, in some cases adding only an inch of diameter per century. Their longevity provides an invaluable snapshot of climate. Woodhouse pointed to one section of rings more widely spaced than the rest. This indicated a series of years in which the tree received above-average moisture. Then she pointed to an area in which the rings were hardly separated from one another. “This is a dry period,” Woodhouse said. In the driest periods, several years of growth rings are so tightly packed together that the rings run together in wide, dark bands. By collecting wood samples from long-lived conifers along the Colorado River, Woodhouse and Meko have constructed a long-term record of streamflow on the Colorado River system dating to AD 762.

When Woodhouse and Meko published their first comprehensive streamflow reconstruction of the Colorado River in 2007, they found that the current dry period (then in its seventh year) was not as prolonged or severe as droughts that had struck the basin in the 1100s and 1200s. But the situation has worsened drastically since that analysis 15 years ago. Last year, Meko was invited to a water conference in western Colorado to talk about the current drought and how it compares with those in the past. To figure that out, he looked back at the 2007 study along with another undertaken in 2018. Then Meko projected forward, assuming the dry period would

continue at least through 2024. The results shocked him. “In that scenario, the current drought is more severe than any we saw in our previous reconstructions.”

In other words, if there were a megadrought in the Colorado River Basin in the past 13 centuries, we are currently in the middle of it. “The CAP can be optimistic, but the problem, as you can read every day in the paper, is that Powell and Mead are being drawn down,” Woodhouse said. “The Colorado River has much less water in it because of this historic drought. How are you going to engineer your way out of that?”

THE LIKELIHOOD OF long-term aridification and megadrought has prompted some of the region’s leaders to contemplate what was once considered unthinkable: the renegotiation of the 100-year-old Colorado River Compact. In May, Bruce Babbitt, a former Arizona governor and a secretary of the interior during the Clinton administration, called for that very thing. “While I once thought that these aridification scenarios were kind of abstract and way out in the future, I don’t think that anymore,” Babbitt told the *Los Angeles Times*. “It’s absolutely urgent that we start thinking now, while there’s time, about how we adjust the compact, the regulations, the necessary reductions, in the most careful way so that we limit the damage, which can really be extreme.”

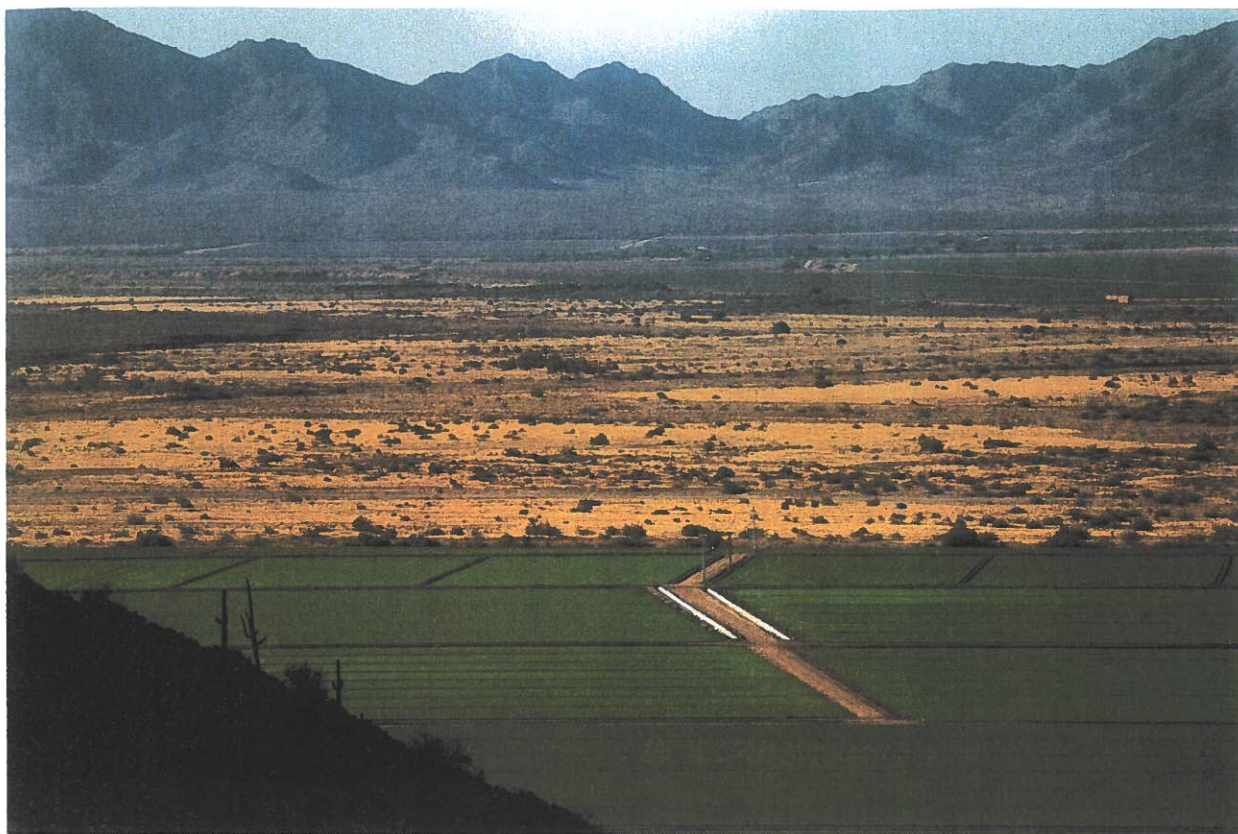
Others, though, believe renegotiating the compact is a nearly impossible task. “If we look at the compact today and ask ourselves, Was it equitable given 2022 values? No, it wasn’t,” said Anne Castle, a former Interior Department official in the Obama administration, during a speech at the University of Utah in March. “But part of the reason I say that I wouldn’t suggest a renegotiation is because I don’t think it’s politically possible.”

That’s because the compact requires cooperation among the states before Congress can alter the terms of the agreement. Any renegotiations would require the consent of leaders in upper basin states, many of whom are pushing to utilize a greater share of their Colorado River entitlements. Those aspirations are embodied in projects such as the proposed Lake Powell Pipeline, which would deliver water from the receding reservoir to fuel the growth of St. George, in southwestern Utah.

In the absence of any real hope of securing more Colorado River water, Arizona is doing what most water users in the West do when drought hits: pumping more water from the ground.

For decades, farms and cities in Arizona tapped local aquifers with abandon. That unchecked siphoning caused mass subsidence across the region. In the 1970s, surveyors found that a 625-mile area around the farming town of Eloy had sunk by as much as 12 feet. In some places, massive fissures formed in the earth, a process that continues today. Collapsed aquifers not only threaten roads, buildings, and other pieces of infrastructure (notably irrigation canals, including those of the CAP itself) but also prevent water from being pumped back into the ground for storage.

In 1980, the Arizona legislature passed the Groundwater Management Act, or GMA, to curb the rapid depletion of aquifers. The act required farms and cities in specifically defined “active management areas” to balance their groundwater use by 2025. The GMA was a step in the right direction, said Kathy Ferris, a senior research fellow at the Kyl Center for Water Policy at Arizona State University and one of the main authors of the act. “We were trying to get our act together,” she said. “And it looked like we finally would.”



But recent efforts to conserve water and replenish aquifers in Phoenix and other municipalities—by eliminating lawns, for example, and requiring high-efficiency appliances—are being overwhelmed by blistering growth in outlying communities. Ferris mentioned the city of Buckeye, which has grown from a mere 6,500 people in 2000 to close to 100,000 today. The problem is not merely Buckeye’s frenetic growth but the fact that the city, like many of the state’s rapidly expanding communities, has no access to surface water and is entirely dependent on groundwater.

It wasn’t supposed to be this way, Ferris said. In 1993, the Arizona legislature required developers to prove that their new developments would have a 100-year “assured water supply”—a “safe yield” that state water managers hoped would foster more sustainable patterns of devel-

opment. Builders hell-bent on covering the desert with tracts of houses soon found a loophole in the law. Rather than building single large subdivisions with hundreds of homes, developers instead built many small, scattered groups of houses, so-called wildcat developments. This tactic allowed developers to evade the 100-year water requirements of the GMA, since those rules apply only to homes built in subdivisions.

The community of Rio Verde, located in the desert northeast of Phoenix’s neighbor, Scottsdale, is one example of a development built this way—and it offers a troubling glimpse of the future for tens of thousands of residents living in other wildcat developments statewide. Earlier this year, after the shortage in Lake Mead was announced, Scottsdale officials notified Rio Verde residents that the city would no longer truck water into Rio Verde and residents would

Agriculture, like these fields of alfalfa grown for cattle feed, uses nearly three-quarters of Arizona’s limited water supply.

need to secure a new water source by the end of the year. To make ends meet, some have come to rely on friends and family bringing water in jugs. Others have found temporary salvation by hiring fly-by-night water haulers who in recent years have been accused of illegally siphoning water from fire hydrants in the Phoenix metro area.

“We can’t conserve our way into safe yield anymore,” Ferris told me. “We have too much growth, and we have too much residual groundwater pumping.” She noted that the GMA grandfathered many agricultural users, allowing them to pump “in perpetuity.” “We have also granted new

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INHERIT continued from page 23

users to use groundwater. We keep adding to the load, to the stress on our groundwater supplies, and we are not subtracting from it at the moment.”

“In order to begin to solve that problem, you have to start doing stuff right now,” said Grady Gammage Jr., a noted water policy expert at Arizona State University and an attorney who often represents developers. Gammage estimates that the Phoenix metro area has enough water to keep growing at its current rate for between 25 and 40 years—even factoring in water cuts and climate change. Gammage also believes that the water that has been artificially banked will last another 15 to 30 years. “But that’s like a savings account. Once it’s gone, it’s gone.”

While his growth projections seem rosy given the severity of the water crisis on the Colorado River, they come with one hard-nosed caveat: the near-total elimination of all farming in central Arizona. “That’s the big issue we’re going to have to face,” he said. “If we’re going to continue to have urban growth, we can’t have farming at anything like the level we’ve had in the past.”

ON A WINDY late-April afternoon, Nancy Caywood led a small group of visitors on a tour of her farm. Her family has grown cotton on the 255-acre plot outside Casa Grande, about 60 miles south of downtown Phoenix, since the 1930s. But there was no sign of the farm’s signature crop. The fields were sere, blank, furrowed like corduroy, and devoid of vegetation save for a few weeds along the margins.

Heavy gusts threw dust into the air and snapped the limbs of a towering mesquite tree. Caywood walked over a parched expanse of caliche—soil turned concrete-hard by the elements—pausing occasionally to

explain the array of sandblasted machinery scattered about the yard. Soon the wind and dust became too much to bear, so the group retreated to a small trailer adorned with folksy baubles—baskets, hand-painted saws, Christmas wreaths made of raw cotton.

Inside, Caywood turned on a laptop and projected a PowerPoint presentation onto a screen. The farm, she explained, at one point grew a variety of cotton called pima, which is adapted to heat and dry climates. Now it’s too dry here for even pima to thrive, and the farm grows an upland variety of cotton. She proudly proclaimed pima to be one of the finest cottons in the world. To illustrate, she handed everyone a boll, which she urged us to pull apart. She said the cotton had been genetically modified to withstand heavy doses of pesticides applied to keep bollworms in check.

Soon the presentation came to its crux—which wasn’t cotton-ravaging pests but water. Caywood said her family would be receiving a mere 5 percent of its water allotment this year. (Since that tour, the farm’s water allotment has shrunk to zero.) The farm, she explained, does not receive water from the CAP but from the Gila River, Arizona’s largest tributary of the Colorado. The Gila’s San Carlos Reservoir was at less than 3 percent of capacity. Caywood flashed through pictures of dry canals, receding reservoirs, and parched fields and said the current drought along the Gila has been even more persistent than the one ravaging the rest of the Colorado River Basin. “The last wet year we had here was 1993,” she said. “It’s been a very long time.”

Outside, the sky filled with dust and turned a brownish red, the color of ash. Suddenly, she took on a more combative and boosterish tone. “Unless you came here naked and

starving, you are part of our agriculture system,” she said. Then she handed out an assortment of popcorn, processed meat sticks, candies, and the grand prize, Hostess Twinkies. Her guests laughed giddily as she tossed the bullet-shaped pastries across the room.

“Any ideas about what these foods have in common?” Caywood asked.

One of the visitors chanced a guess: “Cotton?”

“Yes!” she replied. “All these foods are made with cottonseed oil.”

She built to her conclusion: “Cotton is in your clothes, and it’s in your food. It’s in every part of your life.”

Caywood opened the floor to questions. Those in attendance were not pesky environmentalists but people like her who work the land, albeit in wetter parts of the country that are more hospitable to agriculture. A dairy farmer from Ithaca, New York, questioned the wisdom of the entire enterprise. “Look out the window—hello, it’s a desert,” he said. “Is it smart to grow cotton in a desert?”

Another visitor, a hobby farmer from Wisconsin who sported a Sierra Club backpack, mentioned the heating of the planet. “Things are changing,” he said. “It’s getting hotter and drier. Do you think climate change has anything to do with your water shortages?”

Caywood balked. “I believe climate change is at play,” she said. “I also think naturally occurring drought is cyclical.”

The Wisconsin visitor pressed on: “But if the drought continues like it has, can you keep growing cotton?”

The wind clattered the roof and rattled the walls.

“We don’t plan to quit farming out here anytime soon.” ●

JEREMY MILLER is a contributing writer to *Sierra*.

DAVID WALLACE is a photographer and videographer based in Phoenix.



Internal Audit Report for August 2022

Pending Reports

Internal Audit Staff is finalizing an audit of Oracle Application Security.

RFP for External Auditors

Internal Audit submitted the approved RFP for engaging new external auditors for the fiscal years ending June 30, 2023, June 30, 2024, June 30, 2025, and June 30, 2026.

Other Activities

- Completed the FY 2022/23 Audit Plan
- Met with State Audit Reform Team on Metropolitan's response to the State Audit
- Conducted meetings with executive management to discuss recommendations regarding governance and risk assessment
- Providing technical support to the Board Members conducting the General Auditor recruitment
- Working with Power Management Risk and Oversight Committee
- Working with Internal Audit staff in updating and revising the Internal Audit Universe
- Assisting KPMG with Annual Financial Audit
- Completed company-wide Managing Federal Grants training for internal audit staff



Ethics Office Monthly Report

August 2022

POLICY

Proposed revisions to ethics-related provisions in the Administrative Code consistent with the California State Auditor’s report of findings and recommendations. The Board of Directors approved the package of proposed amendments, and the updated ethics policies became effective August 16, 2022.

EDUCATION

Staff provided overview of Metropolitan’s new gift rules at the General Manager’s monthly Group Managers meeting.

COMPLIANCE

Continued management of the Form 700 annual filing season, which began January 1, 2022, and ended April 1, 2022. To date, filings from one director and one employee are pending and 675 filings have been received and filed. Staff continues efforts to obtain full compliance for Metropolitan.

Assisted employees with Assuming Office and Leaving Office Form 700 filings. Assistance included troubleshooting the electronic filing system and notifications of deadlines.

Monitored the status of past due Assuming Office and Leaving Office Form 700 filings; sent notices to four current employees and three former employees and obtained compliance from three current and two former employees.

ADVICE

Addressed 8 advice matters involving: conflicts of interest, financial disclosure, political activities, and other ethics-related topics.

INVESTIGATIONS

Received complaints alleging that:
1) An employee harassed another employee based on that employee’s race; 2) A manager misused their authority to personally benefit an employee during a recruitment process; 3) Management did not follow normal recruitment procedures during an employee recruitment process; 4) A manager retaliated against a supervisor for raising workplace safety concerns; 5) A supervisor did not conduct a fair and equitable recruitment process; 6) A supervisor cheated on a work-related examination; 7) An employee has physically threatened several coworkers; 8) Disparate treatment by executive management in hiring and promotion practices; 9) An employee was hired and promoted in the direct line of supervision of their immediate relative; 10) A Metropolitan official pressured management to hire their immediate relative; 11) A manager promoted an employee based on racial preferences; 12) Management systemically favors relatives of employees in the hiring and promotion processes; and 13) An employee physically threatened coworkers.

Complaints alleging potential EEO violations were referred to the EEO Officer. Complaints alleging physical threats were referred to members of Metropolitan’s Threat Assessment Team.

ADVICE AND INVESTIGATIVE DATA

Advice Matters	8
Compliance Assistance	36
Complaints Received	13
Investigations Opened	0
Pending Investigations	1

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

BAY-DELTA COMMITTEE

January 25, 2022

Committee Chair Ackerman called the teleconference meeting to order at 10:30 a.m.

Members present: Chair Ackerman, Vice Chair Faessel, Directors Apodaca, Atwater, Blois, Cordero, Kurtz, Lefevre, McCoy, Morris, Peterson, Pressman, and Sutley.

Members absent: Director Repenning.

Other Board Members present: Chairwoman Gray, Directors Abdo, De Jesus, Dick, Erdman, Fellow, Fong-Sakai, Goldberg, Jung, Luna, Miller, Ramos, Record, Smith, and Tamaribuchi.

Committee Staff present: Arakawa, Hagekhalil, Horton, Upadhyay, Winn, and Zinke.

1. OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE COMMITTEE ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION

1. Caty Wagner, Sierra Club California, spoke in opposition to the Delta Conveyance Project (DCP), and supports local solutions.
2. Nancy Boscoes spoke in opposition to the DCP and supports local water resources and conservation.

CONSENT CALENDAR ITEMS – ACTION

2. CONSENT CALENDAR OTHER ITEMS – ACTION

- A. Approval of the Minutes of the Meeting of the Bay-Delta Committee held on November 23, 2021

3. CONSENT CALENDAR ITEMS – ACTION

None

Director Sutley made a motion, seconded by Director Pressman to approve the consent calendar consisting of item 2A:

The vote was:

Ayes: Directors Ackerman, Apodaca, Atwater, Blois, Cordero, Faessel, Kurtz, Lefevre, McCoy, Morris, Peterson, Pressman, and Sutley.

Noes: None

Abstentions: None

Absent: Director Repenning.

The motion passed by a vote of 13 ayes, 0 noes, 0 abstention, 1 absent.

END OF CONSENT CALENDAR ITEMS

4. OTHER BOARD ITEMS – ACTION

None

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

- a. Subject: Update on Delta Stewardship Council Activities
Presented by: Jennifer Nevills, Bay-Delta Initiatives Principal Resource Specialist

Ms. Nevills provided background information on the Delta Reform Act and the Delta Stewardship Council’s organizational structure. She presented collaboration highlights and updated the committee on key activities, such as Delta Plan Amendments, Delta Plan Certification of Consistency, and Delta Adapts – Creating a Climate Resilient Future.

The following Director provided comment or asked a question.

1. Lefevre

Staff responded to the Director’s question.

- b. Subject: Update on Delta Conveyance
Presented by: Nina Hawk, Bay-Delta Initiatives Policy Manager

Ms. Hawk provided key updates on the California Department of Water Resources Planning process. She also reported on the December 2021 Stakeholder Engagement Committee meeting, the January 2022 Delta Conveyance Design and Construction Authority meeting, and the January 2022 Delta Conveyance Finance Authority meeting.

The following Director provided comments or asked a question.

1. Ackerman

Staff responded to the Director’s question.

7. MANAGEMENT REPORTS

a. Subject: Bay-Delta Manager's Report

Presented by: Steve Arakawa, Bay-Delta Initiatives Manager

Mr. Arakawa presented an overview of the Proposition 1 California Department of Fish and Wildlife Multi-Benefit Restoration Planning Grant. He noted the objectives and identified the grant manager, the facilitators, stakeholder advisory participants, and the expert engagement participants. Mr. Arakawa mentioned that he plans to bring back a more detailed update later this year.

The following Directors provided comments or asked a question.

1. Luna
2. Record

Staff responded to the Directors' question.

Director Record also thanked Committee Chair Ackerman for her leadership and acknowledged that this is the last Bay-Delta Committee Meeting.

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

None

Meeting adjourned at 11:19 a.m.

Linda Ackerman
Chair

MINUTES
SPECIAL MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
August 9, 2022

52905 The Board of Directors of The Metropolitan Water District of Southern California met in special session on Tuesday, August 09, 2022.

Board Chairwoman Gray called the teleconference to order at 1:03 p.m.

52906 Board Secretary Abdo administered the roll call. Those responding present were: Directors Abdo, Ackerman, Apodaca, Atwater, Blois, Cordero, De Jesus, Dick, Erdman, Faessel, Fellow, Fong-Sakai, Gray, Hawkins, Jung, Kurtz, Lefevre, Luna, McCoy, Miller, Morris, Ortega, Peterson, Phan, Pressman, Quinn, Ramos, Record, Smith and Tamaribuchi.

Those not responding were: Directors Dennstedt, Goldberg, Kassakhian, Petersen, Repenning, and Williams.

Directors entered the meeting after the roll call Camacho and Sutley.

Board Secretary Abdo declared a quorum present.

52907 Chairwoman Gray invited members of the public to address the Board on matters in this notice of Special Board meeting.

	Name	Affiliation	Item
1.	Joseph Velasco	Orchard Dale Water District	6a

Director Camacho entered the meeting.

52908 Adopt resolution to continue remote teleconference meetings pursuant to the Brown Act Section 54953(e) for meetings of Metropolitan's legislative bodies for a period of 30 days (Agenda Item 5A).

General Manager Hagekahlil updated the Board on how the coronavirus is affecting Metropolitan staff.

Chairwoman Gray called for a vote to approve Consent Calendar Item 5A (**M.I. No. 52908**).

Director Ortega moved, seconded by Director Luna that the Board approve the Consent Calendar Items 5A as follows:

Record of Vote on Consent Item(s): 5A									
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	5277	Faessel	x	x	5277				
Beverly Hills	4056	Pressman	x	x	4056				
Burbank	2666	Ramos	x	x	2666				
Calleguas Municipal Water District	11552	Blois	x	x	11552				
Central Basin Municipal Water District	17051	Apodaca	x	x	8526				
		Hawkins	x	x	8526				
			Subtotal:		17051				
Compton	553	McCoy	x	x	553				
Eastern Municipal Water District	9492	Record	x			x	9492		
Foothill Municipal Water District	2131	Atwater	x	x	2131				
Fullerton	2255	Jung	x	x	2255				
Glendale	3622	Kassakhian							
Inland Empire Utilities Agency	13433	Camacho	x	x	13433				
Las Virgenes	2741	Peterson	x			x	2741		
Long Beach	5772	Cordero	x	x	5772				
Los Angeles	70689	Sutley							
		Petersen							
		Quinn	x	x	35345				
		Luna	x	x	35345				
		Repenning							
			Subtotal:		70689				
Municipal Water Dist. of Orange County	57264	Ackerman	x	x	14316				
		Tamaribuchi	x	x	14316				
		Dick	x	x	14316				
		Erdman	x	x	14316				
			Subtotal:		57264				
Pasadena	3522	Kurtz	x	x	3522				
San Diego County Water Authority	58302	Fong-Sakai	x	x	19434				
		Goldberg							
		Miller	x	x	19434				
		Smith	x	x	19434				
			Subtotal:		58302				
San Fernando	224	Ortega	x	x	224				
San Marino	730	Morris	x	x	730				
Santa Ana	3035	Phan	x	x	3035				
Santa Monica	4352	Abdo	x	x	4352				
Three Valleys Municipal Water District	7753	De Jesus	x	x	7753				
Torrance	3237	Lefevre	x	x	3237				
Upper San Gabriel Valley Mun. Wat. Dist.	11942	Fellow	x	x	11942				
West Basin Municipal Water District	23608	Williams							
		Gray	x	x	23608				
			Subtotal:		23608				
Western Municipal Water District	12466	Dennstedt							
Total	337725				309404		12233		
Present and not voting									
Absent	16088								

The motion to approve the Consent Calendar Items 5A passed by a vote of 337,725 ayes; 12,233 noes; 0 abstain; 0 not voting; and 16,088 absent.

52909 Board Workshop on Colorado River.

Chairwoman Gray called on General Manager Hagekahlil to introduce items 6A-6C. Staff provided presentations on items 6A-6C below.

52910 Colorado River Historical Review (Item 6A).

52911 Review of Current Conditions (Item 6B).

Director Sutley entered the meeting.

The following Directors asked questions or made comments:

	Director(s)
1.	Peterson
2.	Morris
3.	Lefevre
4.	Sutley
5.	Erdman
6.	Ortega
7.	Miller
8.	Smith
9.	Fellow

Staff responded to the Directors' comments or questions.

52912 Near-term Implications to Metropolitan (Item 6C).

Discussion regarding deteriorating conditions of the Colorado River, the Bureau of Reclamation's request for significant water use reductions by 2023 and negotiations regarding actions to conserve water. [Conference with legal counsel – anticipated litigation; based on existing facts and circumstances, including that requiring significant water use reductions could lead to litigation among the United States and one or more Colorado River water users; there is a significant exposure to litigation against Metropolitan: unknown number of potential cases; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(2)].

Chairwoman Gray called the meeting into closed session on Item 6C.

The meeting returned to open session at 3:47 p.m. Vice Chair De Jesus stated that the Board discussed and conferred with its legal counsel and staff regarding Item 6C. No action was taken in closed session. (During closed session, Chairwoman Gray turned the meeting over to Vice Chair De Jesus.)

52913 Vice Chair De Jesus asked if there were any Follow-up Items. No requests were made.

52914 Vice Chair De Jesus asked if there were any future agenda items. No requests were made.

52915 There being no objection, at 3:48 p.m., Vice Chair De Jesus adjourned the meeting.


SECRETARY


CHAIRWOMAN

MINUTES
ADJOURNED REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
August 16, 2022

52916 The Board of Directors of The Metropolitan Water District of Southern California met in adjourned regular session on Tuesday, August 16, 2022.

Chairwoman Gray called the teleconference meeting to order at 2:16 p.m.

52917 The Meeting was opened with an invocation by John M. Carter, Team Manager-Pump Plant, Water System Operations Group.

52918 The Pledge of Allegiance was given by Director Stephen J. Faessel, City of Anaheim.

52919 Board Secretary Abdo administered the roll call. Those responding present were: Directors Abdo, Ackerman, Apodaca, Atwater, Blois, Cordero, De Jesus, Dennstedt, Dick, Erdman, Faessel, Fellow, Fong-Sakai, Goldberg, Gray, Jung, Kurtz, McCoy, Miller, Morris, Petersen, Peterson, Phan, Pressman, Ramos, Record, Repenning, Smith, Sutley, and Tamaribuchi.

Those not responding were: Directors Hawkins, Kassakhian, Quinn, and Williams.

Directors Camacho, Lefevre, Luna, and Ortega entered the meeting after the roll call.

Board Secretary Abdo declared a quorum present.

52920 Chairwoman Gray invited members of the public to address the Board on matters within the Board's jurisdiction.

	Name	Affiliation	Item
1.	Oliva Verrett	NAACP California Hawaii State, and regional Coordinator for seven other states	Item 6E
2.	Tony Tremblay	City Council Member, City of Camarillo	Item 7-13
3.	Steve Nash	Candidate District Division 5 Calleguas Municipal Water District	Item 7-13
4.	Jay Lewis	President Las Virgenes Muncipal Water District	Item 7-13
5.	Bert E. Perello	Councilmember, City of Oxnard in Ventura County	Item 7-13
6.	Silvia Ballin	Retired Metropolitan Employee, Former Director, and City of San Fernando Council Member	The memory of the late Ronald Wheeler
7.	Pastor William D. Smart	President and CEO of the Southern Christina Leadership Conference of Southern California	Item 6E and the memory of the Late Ronald Wheeler
8.	Alan Shanahan	President of the local AFSCME	Item 6E
9.	Tom Love	San Grabriel Valley Municipal Water District	Item 7-13

52921 Member Agency Overview: Anselmo G. Collins, Senior Assistant General Manager, Water System, Los Angeles Department of Water and Power..

Directors Lefevre and Luna entered the meeting after the roll call.

Chairwoman Gray invited members of the public to address the Board on matters within the Board's jurisdiction due to technical difficulties. There were no callers on the line. Chairwoman Gray addressed the following: Other Matters and Reports.

52922 Chairwoman Gray asked if there were any changes to the report of events attended by Directors at Metropolitan's expense during the month of July as previously posted and distributed to the Board. No amendments were made.

52923 Chairwoman Gray referred to her monthly report, which was previously posted and distributed to the Board.

In addition, Chairwoman Gray announced that the Palo Verde Irrigation District will be holding an election for two of the seven members of its Board of Trustees on September

20th. Metropolitan is authorized to cast votes based on its land ownership in Palo Verde Irrigation District. In August 2015, the Board adopted resolution 9196, which authorizes the Chair to cast Metropolitan's votes by directing or granting a proxy to a Metropolitan employee or agent. Proxy has been granted to Vice Chair De Jesus to cast Metropolitan's votes.

The incumbent seeking re-election to the Palo Verde Irrigation District Board of Trustees is Bart Fisher. The second seat is vacant. Candidates will be announced on September 8th. Chairwoman Gray invited directors interested in providing information to Vice Chair De Jesus with their input on the election after the candidates are announced at the September 12th board meeting. Chairwoman asked Directors if there were any comments or discussion on the item. No comments were made.

Additionally, Chairwoman Gray announced of the Members, Chairs, and Vice Chairs of Committees for the remainder of the current term commencing August 16, 2022 through January 11, 2023.

Committee	Vacancy	Proposal
Executive	Vice Chairs	Director Jung Director Ackerman
Engineering and Operations	Vice Chair	Director Blois
Finance & Insurance	Chair	Director Pressman
Legal & Claims	Vice Chair	Director Dennstedt
Organization, Personnel and Technology	Chair	Director Fellows
Organization, Personnel and Technology	Vice Chair	Director Morris
Real Property	Chair	Director Hawkins
Imported Water	Chair	Director Peterson
Imported Water	Vice Chair	Director Erdman
Underserved Communities	Chair	Director Sutley
Underserved Communities	Vice Chair	Director Miller
Diversity, Equity and Inclusion	Chair	Director McCoy
Diversity, Equity and Inclusion	Vice Chair	Director Jung

Lastly, an announcement of the committee members for the new committees. Committee members were selected based on their expressed interest. If a director is no longer interested in serving or would like to be considered to serve, please contact Elisa Mendez.

Diversity, Equity and Inclusion	Imported Water	Underserved Communities
Director Abdo	Director Ackerman	Director Ackerman
Director Atwater	Director Atwater	Director Atwater
Director Erdman	Director Cordero	Director Camacho
Director Ortega	Director Dick	Director Cordero
Director Ramos	Director Faessel	Director Erdman
Director Tamaribuchi	Director Jung	Director Jung
Director Williams	Director McCoy	Director Ortega
	Director Morris	Director Quinn
	Director Pressman	Director Williams
	Director Quinn	
	Director Ramos	
	Director Record	
	Director Smith	

52924 Regarding matters relating to Metropolitan's operations and activities, General Manager Hagekhalil, reported on the following:

1. Meeting with the Governor regarding Metropolitan's efforts on conservation and local water supply;
2. The Inflation Reduction Act;
3. The press conference regarding the Colorado River and the September shut down of the Upper Feeder;
4. The upcoming workshop on One Water Plan deliverables;
5. Update on the Equal Opportunity Office investigations and transition plan.

The following Directors asked questions or made comments:

Director(s)

1. Pressman

Staff responded to the Directors' comments or questions.

52925 General Counsel Scully stated she had nothing to add to her written report.

52926 Interim General Auditor Tonsick stated he had nothing to add to his report.

52927 Ethics Officer Salinas stated he had nothing to add to his report.

52928 Report on list of certified assessed valuations for fiscal year 2022/23 and tabulation of assessed valuations, percentage participation, and vote entitlement of member agencies as of August 16, 2022.

Chairwoman asked Directors if there were any comments or discussion on the item. No comments were made.

Chairwoman Gray addressed the Consent Calendar Items for August 2022.

52929 Chairwoman Gray asked Directors if there were any comments or discussions on the approval of the Minutes of the Regular Meeting for July 12, 2022 (Agenda Item 6A). No comments were made.

52930 Adopt resolution to continue remote teleconference meetings pursuant to the Brown Act Section 54953(e) for meetings of Metropolitan's legislative bodies for a period of 30 days (Agenda Item 6B). Chairwoman Gray asked Directors if there were any comments or discussions on the item. No comments were made.

52931 Presentation of Commendatory Resolution honoring Ned Hyduke for his service and leadership during his term as General Manager at Palo Verde Irrigation District (Agenda Item 6C).

Chairwoman Gray acknowledged and thanked Mr. Hyduke for his support and partnership on behalf of the Metropolitan Water District of Southern California.

Directors Ortega and Camacho entered the meeting after the roll call.

The following Directors asked questions or made comments:

Director(s)

1. Peterson

2. Kurtz
3. Record
4. Camacho

Staff responded to the Directors' comments or questions.

52932 Approval of Committee Assignments (Agenda Item 6D). There were no committee assignments at this time.

Chairwoman Gray called on Director Kurtz to introduce Item 6E.

52933 Adopt resolution encouraging civility by public speakers at Metropolitan Board and Committee Meetings, with amendments deleting sections two and four, (per the discussion and clarification before the consent calendar vote, see **note below). (Agenda Item 6E).

The following Directors asked questions or made comments:

	Director(s)
1.	Cordero
2.	Pressman
3.	Goldberg
4.	Kurtz
5.	Camacho
6.	Peterson
7.	Ramos
8.	Fong-Sakai
9.	Dennstedt
10.	Sutley
11.	Ortega

Staff responded to the Directors' comments or questions.

52934 Adopt the Resolution levying ad valorem property taxes for the fiscal year commencing July 1, 2022 and ending June 30, 2023 for the purposes of The Metropolitan Water District of Southern California, as shown in Attachment 1, maintaining the tax rate at .0035 percent of assessed valuation, the same rate levied in FY 2021/22; and direct staff to transmit that resolution to the county auditors for the levy and collection of the ad valorem property tax., as set forth in Agenda Item 7-1 board letter.

52935 Determine that there is a need to continue the emergency action of executing a no-bid contract for construction of pipe joint repairs on the Upper Feeder (requires four-fifths vote of the Board.), as set forth in Agenda Item 7-2 board letter.

52936 Adopt the CEQA determination that the Calabasas Feeder and Sepulveda Feeder rehabilitation projects were previously addressed in the certified 2017 Prestressed Concrete Cylinder Pipe Rehabilitation Program Final Programmatic Environmental Impact Report; (a.) authorize an agreement with Pure Technologies U.S. Inc. in an amount not to exceed \$7 million to perform PCCP pipeline inspections; (b.) authorize an agreement with Brown and Caldwell in an amount not to exceed \$900,000 to provide preliminary design engineering services to rehabilitate PCCP portions of Calabasas Feeder; and (c.) authorize a \$6 million increase to an agreement with HDR Engineering, Inc. for a new not-to-exceed amount of \$12.5 million to rehabilitate PCCP and steel portions of the Sepulveda Feeder, as set forth in Agenda Item 7-3 board letter.

52937 Authorize an agreement with HDR Engineering, Inc. for a not-to-exceed amount of \$1,300,000 for final design of the Inland Feeder/Foothill Pump Station Intertie, as set forth in Agenda Item 7-4 board letter.

52938 Award a \$5,647,405 contract to Sojitz Machinery Corporation of America to furnish three 84-inch diameter butterfly valves to improve the water supply reliability of the Rialto Pipeline, as set forth in Agenda Item 7-5 board letter.

52939 Authorize annual increases of \$200,000 to existing, five-year on-call agreements with RHA, LLC; Strategic Value Solutions, Inc.; and Value Management Strategies, Inc. for a new annual not-to-exceed total of \$440,000, for value engineering and technical engineering services, as set forth in Agenda Item 7-6.

52940 Authorize a five-year reimbursable agreement with the California Department of Water Resources to provide services for the State Water Project operations and maintenance activities for an amount not to exceed \$3 million per year (\$15 million total), as set forth in Agenda Item 7-7.

52941 Approve recommended ethics-related amendments to the Administrative Code, as set forth in Agenda Item 7-8.

52942 Authorize granting a ten-year license agreement with three 5-year options to the County of Orange for telecommunications purposes, as set forth in Agenda Item 7-9.

52943 Authorize granting a 30-year license agreement to the County of Los Angeles Parks and Recreation for a public park, as set forth in Agenda Item 7-10.

52944 Approve Metropolitan's membership in the California Water Data Consortium and authorize payment of dues of \$20,000 per year on an ongoing basis, as set forth in Agenda Item 7-11.

52945 By a two-thirds vote, authorize the General Manager to make payments of up to \$3.75 million to the State Water Contractors for FY 2022/23, as set forth in Agenda Item 7-12.

Chairwoman Gray made remarks regarding adopting the resolution on regional reliability.

52946 Adopt the Resolution shown in Attachment 1 committing to regional reliability for all member agencies, as set forth in Agenda Item 7-13.

52947 Adopt the resolution to support Metropolitan's application for United States Bureau of Reclamation grant funding of \$5 million to provide supplemental funding for residential and commercial landscapes in the Turf Replacement Program; (a.) authorize the General Manager to accept grant funds, if awarded; (b.) authorize the General Manager to enter into a contract with United States Bureau of Reclamation for the grant funds, if awarded, as set forth in Agenda Item 7-14.

52948 Express opposition, unless amended, to SB 1020 (Laird, D-Santa Cruz, Caballero, D-Salinas, Durazo, D-Los Angeles, and Atkins, D-San Diego): Clean Energy, Jobs, and Affordability Act of 2022, as set forth in Agenda Item 7-15.

52949 Authorize an increase in the maximum amount payable under four contracts with Seyfarth Shaw LLP, for legal services in the amounts as listed on the agenda for a total amount of \$485,000 to a total amount not to exceed \$885,000, as set forth in Agenda Item 7-16.

Chairwoman Gray called for a vote to approve the Consent Calendar Items 6A, 6B, 6E, and 7-1 through 7-16 (**M.I. 52929, 52930, and 52933 through 52949**).

Director Dick moved, seconded by Director Fellow that the Board approve the Consent Calendar Items 6A, 6B, 6E, and 7-1 through 7-16 as follows:

The following Directors asked questions or made comments:

Director(s)

1. Fong Sakai

Staff responded to the Directors' comments or questions. **Staff clarified that on Item 6E regarding the resolution on civility, section 2 and 4 would be deleted from the resolution per director request.

The following is a record of the vote:

Record of Vote on Consent Item(s):		6A, 6B, 6E, 7-1 through 7-16								
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote	
Anaheim	5627	Faessel	x	x	5627					
Beverly Hills	4267	Pressman	x	x	4267					
Burbank	2893	Ramos	x	x	2893					
Calleguas Municipal Water District	12368	Blois	x	x	12368					
Central Basin Municipal Water District	18216	Apodaca								
		Hawkins								
			Subtotal:							
Compton	599	McCoy	x	x	599					
Eastern Municipal Water District	10502	Record	x	x	10502					
Foothill Municipal Water District	2290	Atwater	x	x	2290					
Fullerton	2390	Jung	x	x	2390					
Glendale	3814	Kassakhian								
Inland Empire Utilities Agency	14663	Camacho	x	x	14663					
Las Virgenes	2927	Peterson	x	x	2927					
Long Beach	6151	Cordero	x	x	6151					
Los Angeles	75699	Sutley	x	x	18925					
		Petersen	x	x	18925					
		Quinn								
		Luna	x	x	18925					
		Repenning	x	x	18925					
			Subtotal:		75699					
Municipal Water Dist. of Orange County	60913	Ackerman	x	x	15228					
		Tamaribuchi	x	x	15228					
		Dick	x	x	15228					
		Erdman	x	x	15228					
			Subtotal:		60913					
Pasadena	3716	Kurtz	x	x	3716					
San Diego County Water Authority	63232	Fong-Sakai	x	x	15808					
		Goldberg	x	x	15808					
		Miller	x	x	15808					
		Smith	x	x	15808					
			Subtotal:		63232					
San Fernando	238	Ortega	x	x	238					
San Marino	770	Morris								
Santa Ana	3228	Phan	x	x	3228					
Santa Monica	4619	Abdo	x	x	4619					
Three Valleys Municipal Water District	8254	De Jesus	x	x	8254					
Torrance	3416	Lefevre	x	x	3416					
Upper San Gabriel Valley Mun. Wat. Dist.	12688	Fellow	x	x	12688					
West Basin Municipal Water District	25453	Williams								
		Gray	x	x	25453					
			Subtotal:		25453					
Western Municipal Water District	13541	Dennstedt	x	x	13541					
Total	362474				339674					
Present and not voting										
Absent	22800									

The motion to approve the Consent Calendar Items 6A, 6B, 6E, and 7-1 through 7-16 (**M.I. 52929, 52930, and 52933 through 52949**), passed by a vote of 339,674 ayes; 0 noes; 0 abstain; 0 not voting; and 22,800 absent.

***Note: Individual vote tally for Item 6B**

Directors Peterson and Record voted No on Item 6B. The motion to approve the Consent Calendar Item 6B passed by a vote of 326,245 ayes; 13,429 noes; 0 abstain; 0 not voting; and 22,800 absent.

***Note: Individual vote tally for Item 7-2**

Director Phan recused herself on Item 7-2, due to the fact that PCL Construction, Inc. is a client of her employer Rutan & Tucker, LLP. The motion to approve the Consent Calendar Item 7-2 required a four-fifths vote of the Board, passed by a vote of 336,446 ayes; 0 noes; 0 abstain; 3,228 not voting; and 22,800 absent.

***Note: Individual vote tally for Item 7-3**

Director Luna abstained on Item 7-3. The motion to approve the Consent Calendar Item 7-3 passed by a vote of 320,749 ayes; 0 noes; 18,925 abstain; 0 not voting; and 22,800 absent.

***Note: Individual vote tally for Item 7-4**

Director Luna abstained on Item 7-4. The motion to approve the Consent Calendar Item 7-4 passed by a vote of 320,749 ayes; 0 noes; 18,925 abstain; 0 not voting; and 22,800 absent.

***Note: Individual vote tally for Item 7-12**

The motion to approve the Consent Calendar Item 7-12 required two-thirds vote of the Board, passed by a vote of 339,674 ayes; 0 noes; 0 abstain; 0 not voting; and 22,800 absent.

***Note: Individual vote tally for Item 7-16**

Director Blois voted No on Item 7-16. The motion to approve Item 7-16 passed by a vote of 327,306 ayes; 12,368 noes; 0 abstain; 0 not voting; and 22,800 absent.

52950 Chairwoman Gray announced there were no Other Board Items for action

52951 Chairwoman Gray asked if there were questions or need for discussion for Board Information Item 9-1, 9-2, and 9-3. No requests were made.

52952 Chairwoman Gray asked if there were any Other Matters. No requests were made.

52953 Chairwoman Gray asked if there were any Follow-up Items. There were none.

52954 Chairwoman Gray asked if there were any future agenda items.

Director Peterson requested to review the process of removing Directors that do not attend Board and Committee meetings.

The following Director asked a question or made a comment:

Director(s)

1. Smith

Chairwoman Gray announced that Metropolitan's first Diversity, Equity and Inclusion Forum will be on August 23rd and encouraged everyone to attend.

52955 There being no objection, at 4:32 p.m. Chairwoman Gray adjourned the meeting in Memory of Metropolitan's employees Morris Duncan and Ronald Wheeler.



SECRETARY



CHAIRWOMAN

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

RESOLUTION NO. 9320

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
RELYING ON GOVERNOR NEWSOM’S MARCH 4, 2020 PROCLAMATION OF A
STATE OF EMERGENCY
AND RE-AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE
LEGISLATIVE BODIES OF THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA FOR THE PERIOD OF 30 DAYS FROM
SEPTEMBER 13, 2022 TO OCTOBER 13, 2022 PURSUANT TO BROWN ACT
PROVISIONS**

WHEREAS, The Metropolitan Water District of Southern California (“Metropolitan”) is committed to preserving and nurturing public access and participation in meetings of its legislative bodies; and

WHEREAS, all meetings of Metropolitan’s legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov’t Code Sections 54950 – 54963), so that any member of the public may attend, participate, and watch the Metropolitan’s legislative bodies conduct their business; and

WHEREAS, the Brown Act, Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code Section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code Section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code Section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within Metropolitan’s boundaries, caused by natural, technological, or human-caused disasters; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, the Board of Directors previously adopted Resolution Number 9285 on September 28, 2021, finding that the requisite conditions exist for the legislative bodies of Metropolitan to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of Section 54953; and

WHEREAS, as a condition of extending the use of the provisions found in Section 54953(e), the Board of Directors must reconsider the circumstances of the state of emergency, and the Board of Directors has done so in subsequent Resolutions Numbered 9287, 9288, 9291, 9292, 9295, 9296, 9297, 9298, 9300, 9306, 9308, 9309, 9312, 9314, and 9315 on October 12, 2021, November 9, 2021, November 23, 2021, December 14, 2021, January 11, 2022, February 8, 2022, March 8, 2022, March 29, 2022, April 12, 2022, May 10, 2022, May 24, 2022, June 14, 2022, July 12, 2022, August 8, 2022, and August 16, 2022, respectively; and

WHEREAS, such conditions now persist at Metropolitan, specifically, Governor Newsom's March 4, 2020 Proclamation of A State of Emergency caused by the COVID-19 pandemic; and

WHEREAS, state or local officials continue to impose or recommend measures to promote social distancing, including County of Los Angeles Department of Public Health Order issued on April 21, 2022 effective April 22, 2022, providing guidance for indoor masking and implementation of policies and practices that support physical distancing where possible; and

WHEREAS, as a consequence of the state of emergency, the Board of Directors does hereby find that the legislative bodies of Metropolitan shall conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code Section 54953, as authorized by subdivision (e) of Section 54953, and that such legislative bodies shall continue to comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of Section 54953; and

WHEREAS, Metropolitan is providing call-in telephonic and in person access for the public to make comment and to listen; and providing livestreaming of the meetings over the internet to ensure access for the public.

NOW, THEREFORE, the Metropolitan Board of Directors does hereby resolve as follows:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Reconsider the Circumstances of the State of Emergency Persists. The Board of Directors hereby reconsiders the conditions of the state of emergency and the Board of Directors hereby continues to rely on the Governor of the State of California's Proclamation of State of Emergency, effective as of its issuance date of March 4, 2020.


Section 3. State or Local Officials Continue to Impose or Recommend Measures to Promote Social Distancing. The Board of Directors hereby acknowledges that state or local officials continue to impose or recommend measures to promote social distancing, including County of Los Angeles Department of Public Health Order issued on April 21, 2022 effective April 22, 2022, providing guidance for indoor masking and implementation of policies and practices that support physical distancing where possible.

Section 4. Remote Teleconference Meetings. The General Manager and legislative bodies of Metropolitan are hereby authorized and directed to take all actions necessary to carry out the

intent and purpose of this Resolution, including conducting open and public meetings in accordance with Government Code Section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) October 13, 2022, or such time the Board of Directors adopts a subsequent resolution in accordance with Government Code Section 54953(e)(3) to extend the time during which the legislative bodies of Metropolitan may continue to teleconference without compliance with paragraph (3) of subdivision (b) of Section 54953.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California at its meeting held on September 13, 2022.



Secretary of the Board of Directors of
The Metropolitan Water District
of Southern California



● **Board of Directors**
Engineering and Operations Committee

9/13/2022 Board Meeting

7-1

Subject

Determine that there is a need to continue the emergency action of executing a no-bid contract for the Upper Feeder expansion joint replacement (**Requires four-fifths vote of the Board**); the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

This action authorizes the continuation of an emergency contract executed by the General Manager to replace the damaged expansion joint on the Upper Feeder. A shutdown of the Upper Feeder is currently underway to replace the expansion joint at the Santa Ana River crossing and is scheduled to be complete this month. It is anticipated that staff will provide a final progress update to the Board on this work and obtain the necessary board approvals in October 2022.

Details

Background

The Upper Feeder was constructed in 1936 as part of Metropolitan's original water delivery system. The 116-inch-diameter welded-steel pipeline extends approximately 60 miles from Lake Mathews to the Eagle Rock Control Facility in Los Angeles. The feeder conveys untreated Colorado River Water (CRW) from Lake Mathews to the F. E. Weymouth Water Treatment plant, and then delivers treated water to the Central Pool portion of the distribution system.

The Upper Feeder crosses the Santa Ana River with a 1,010-foot-long steel truss bridge in the cities of Jurupa Valley and Riverside. The feeder previously had a bellows-type expansion joint at the bridge's mid-span that allows for the pipeline's thermal expansion and contraction. The bellows expansion joint was installed in January 2018.

On April 13, 2022, a leak was discovered at the bellows expansion joint. A steel bracket was installed as a temporary measure to stop the leak, and flow in the pipeline was reduced to approximately 525 cfs to decrease the pipeline's internal pressure. Staff regularly monitored the crack length and effectiveness of the short-term repair prior to the removal of the bellows joint. The bellows joint is now being replaced with a new slip-type expansion joint during the current shutdown on the Upper Feeder.

Due to the critical nature of the feeder, the location of the expansion joint above environmentally sensitive areas, and the historically low State Water Project (SWP) allocations, the General Manager executed an emergency contract with PCL Construction, Inc. in June 2022 for installation of the new joint consistent with Section 8122(b) of Metropolitan's Administrative Code. This section of the Administrative Code, which mirrors Sections 21567 and 22050 of the California Public Contract Code, allows for the General Manager to waive competitive bidding requirements and execute contracts over the amount of \$250,000 in response to an emergency condition.

An emergency is defined as a sudden, unexpected occurrence that requires immediate action to prevent or mitigate the loss or substantial impairment of life, health, property, or essential public services. Executing an emergency contract was necessary to allow adequate time for the contractor to plan, staff, and mobilize for construction so that the installation of the new expansion joint could take place during the current shutdown on the Upper Feeder. Prior to the shutdown, the Upper Feeder was operating at a reduced flow to reduce the risk of

pipe failure. After the joint is replaced, the feeder can be returned to full flow in support of drought actions and operational shifts that could save SWP supply use in 2022.

In July 2022, Metropolitan's board amended the Capital Investment Plan for fiscal years 2022/2023 and 2023/2024 to include replacement of an expansion joint on the Upper Feeder at the Santa Ana River Bridge; and authorized the emergency action to execute a no-bid contract for the expansion joint replacement. In August 2022, Metropolitan's board voted to continue the emergency contract actions. The Board must determine by a four-fifths vote at subsequent meetings whether there is a need to continue the action or ratify the construction contract.

Upper Feeder Expansion Joint Replacement – Construction

The construction contract includes removal of bridge structural members to access the pipe and joint; removal of the existing bellows expansion joint; installation of the new slip-type expansion joint; removal and reinstallation of the steel cage that provides lateral restraint at the joint; and minor adjustments to the bridge truss isolators. PCL Construction, Inc. was selected to perform the work on a time-and-materials contract to conduct this work. To date, the contractor has prepared contract submittals, developed a work plan, acquired key equipment, mobilized on-site, removed the bellows joint, and is currently installing the new slip joint. Metropolitan forces have completed the fabrication of the new slip joint; installation of a new 36-inch accessway; installation of a new 6-inch drain valve for improved dewatering of this pipe segment; grading, clearing, and grubbing of an area adjacent to the bridge for the contractor's crane pad and other construction activities.

Staff expects that the emergency contracting action will continue until the joint installation is completed and the contractor has restored the site and demobilized. The current shutdown on the Upper Feeder began on September 6, 2022, and is scheduled to end on September 20, 2022, at which time the Upper Feeder will return to service with full flow capacity. It is currently anticipated that staff will return to the Board again in October to request the board's ratification of the contract with PCL Construction, Inc. This action will require a four-fifths vote of the Board.

Alternatives Considered

Metropolitan's staff could terminate the current contract and direct Metropolitan forces to complete the installation of the new slip joint. Staff determined that this is not an acceptable alternative due to the work being completed by PCL Construction, Inc. during the current Upper Feeder shutdown; any change in scope for the contractor and Metropolitan forces would lengthen the duration of the current shutdown. Continuation of an emergency contract with PCL Construction, Inc. allows for timely completion of rehabilitation of a major pipeline that delivers Colorado River water into the central portion of Metropolitan's distribution system, with no delays to the current shutdown. Delaying completion of the shutdown would increase the use of limited SPW supplies.

Summary

This action authorizes the continuation of an emergency contract executed by the General Manager to replace the damaged expansion joint. See **Attachment 1** for the Location Map.

Project Milestone

September 2022 – Completion of the replacement of the compromised expansion joint

Policy

Metropolitan Water District Administrative Code Section 8122: Emergency Contracts

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is statutorily exempt under the provisions of CEQA and the State CEQA Guidelines because it involves the immediate emergency repair of an existing pipeline with the same purpose and capacity to maintain service essential to the public health, safety, or welfare. (Section 15269(b) of the State CEQA Guidelines). In addition, the proposed action is statutorily exempt under the provisions of CEQA and the State CEQA Guidelines because it involves the installation of a new pipeline or maintenance, repair, restoration, removal, or demolition of an existing pipeline that does not exceed one mile in length. (Section 15262(k) of the State CEQA Guidelines).

CEQA determination for Options #2:

None required

Board Options

Option #1

Determine that there is a need to continue the emergency action of executing a no-bid contract for construction of pipe joint repairs on the Upper Feeder. **(Requires four-fifths vote of the Board.)**

Fiscal Impact: Total cost for construction is currently unknown, as the emergency contract executed by the General Manager is based on time and materials. All funds will be incurred in the current biennium and have been previously authorized. It is not anticipated that the addition of the project listed above to the CIP will increase CIP expenditures in the current biennium beyond those which have been previously approved by the Board.

Business Analysis: This project enhances delivery reliability to member agencies and reduces the risk of unplanned shutdowns of the Upper Feeder.

Option #2


Do not determine that there is a need to continue the emergency action.

Fiscal Impact: Unknown costs for work performed by the contractor to date.

Business Analysis: This option would extend the duration of the current shutdown, increase the use of limited SPW supplies, and delay replacement of the expansion joint. The delay would limit flow on the Upper Feeder and expose Metropolitan to a greater risk of pipe rupture, which would severely disrupt water deliveries to member agencies.

Staff Recommendation


Option #1



John V. Bednarski
Manager/Chief Engineer
Engineering Services

8/18/2022

Date



Adel Hagekhalil
General Manager

8/24/2022

Date

Attachment 1 – Location Map

Ref# es12691306

Distribution System





Engineering & Operations Committee

Upper Feeder Expansion Joint Replacement

Item 7-1

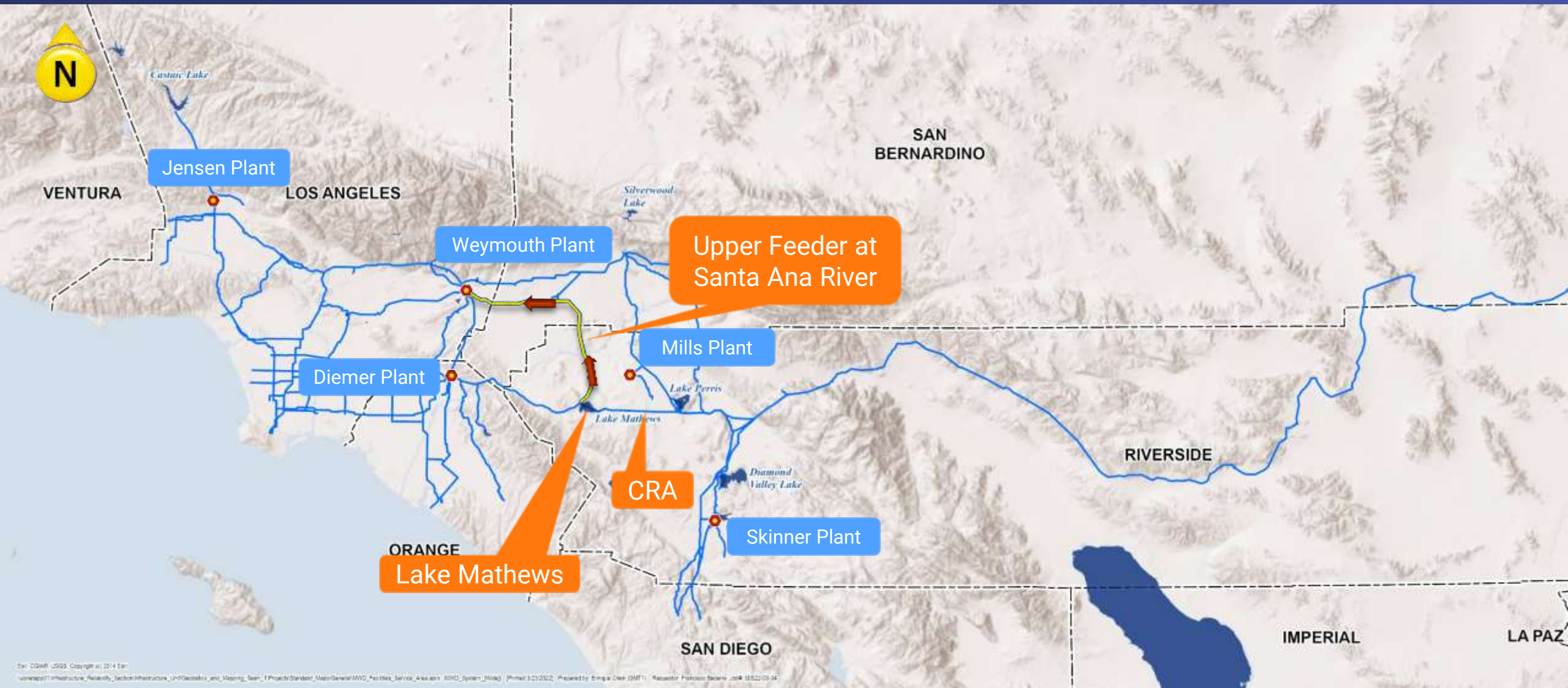
September 12, 2022

Upper Feeder Expansion Joint Replacement

Current Action

- Authorize the continuation of an emergency contract executed by the General Manager
(Requires four-fifths vote of the Board)

Distribution System



Upper Feeder – Santa Ana River Crossing

- Multi-span bridge with steel trusses & concrete piers
- 9'-8" ID steel pipe
- Pipeline design flow: 750 cfs
- Pipeline internal pressure: 200 psi
- Bellows expansion joint installed in 2018



Upper Feeder Expansion Joint Replacement

Bellows Expansion Joint Leak

- Discovered April 13, 2022
- Flow reduced
- Leak temporarily repaired April 21, 2022



Upper Feeder Expansion Joint Replacement



Bellows Expansion Joint Inspection

- Bellows joint compromised; to be replaced with slip-type expansion joint
- Monitored crack growth weekly since mid-May

Expansion Joint Replacement Urgency

- Flow limited to 525 cfs prior to shutdown
- Upper Feeder supports drought actions & operational shifts to save SPW
- Bellows joint is being replaced by Metropolitan-fabricated slip joint

Upper Feeder Expansion Joint Replacement

Emergency Contract

- PCL Construction is currently under an emergency time and materials contract to perform the work
 - Board authorized continuation of the emergency action to execute a no-bid contract for the expansion joint replacement on July 12, 2022, & August 15, 2022
- Executed per Admin Code section 8122(b)
 - Monthly reporting to the Board required & continuation of contract activities determined by four-fifths vote
 - Board to ratify construction contract upon completion of construction activities

Upper Feeder Expansion Joint Replacement

Contractor Scope of Work

- Removal of bridge structural members & restraining cage for pipe access
- Removal of bellows joint
- Installation of new slip-type joint
- Reinstallation of bridge structural members & restraining cage



Upper Feeder Expansion Joint Replacement

Metropolitan Completed Activities

- ✓ Completed slip joint fabrication & installation design packages
- ✓ Installed 4-inch tap near expansion joint to facilitate construction
- ✓ Installed 6-inch dewatering valve
- ✓ Graded and cleared for crane pad
- ✓ Fabrication, coating, & assembly of new slip-type expansion joint
- ✓ Installed new 36-inch accessway

New Slip Joint Completed
@ La Verne Shops



Clearing & Grading for
Crane Pad



6-inch Valve
Installation



Upper Feeder Expansion Joint Replacement



Quagga Filters for
Dewatering

Upper Feeder Shutdown

- Started: 9/6/22; Planned duration: 15 days
- Preparation
 - Call to action to eliminate all outdoor watering in the affected areas during shutdown
 - Got the message out to conserve through numerous media outlets
 - Builds upon local conservation actions taken by Member Agencies
- Status
 - Dewatering completed
 - PCL has removed bellows joint & is installing slip joint
 - Weymouth using 100% SPW during the shutdown
 - Approximately 1,000 AF/day (varies by demand)

<https://www.mwdh2o.com/projects-in-your-community/>

Upper Feeder Expansion Joint Replacement

Alternatives Considered

- Board terminates emergency contract & Metropolitan forces complete installation of new slip joint
 - Delays end of shutdown
 - Costs already incurred
- Selected option
 - Continue emergency contract with PCL Construction

Board Options

- Option #1

Determine that there is a need to continue the emergency action of executing a no-bid contract for construction of pipe joint repairs on the Upper Feeder. **(Requires four-fifths vote of the Board.)**

- Option #2

Do not determine that there is a need to continue the emergency action.

Staff Recommendation

- Option #1





● **Board of Directors**
Engineering and Operations Committee

9/13/2022 Board Meeting

7-2

Subject

Authorize an increase of \$1,200,000 to an existing agreement with IBI Group, for a new not-to-exceed total of \$1,830,000 for design services, and an agreement with Fugro, in an amount not-to-exceed \$450,000 for geotechnical engineering services for the Weymouth Administration Building seismic upgrade project; the General Manager has determined that this proposed action is exempt or otherwise not subject to CEQA

Executive Summary

A key component of Metropolitan's seismic resiliency strategy includes seismic evaluation and upgrade of its facilities. Seismic analyses of the Administration Building at the F. E. Weymouth Water Treatment Plant (Weymouth plant) have concluded that the building needs to be strengthened in order to withstand a major earthquake. The planned upgrades include structural strengthening consistent with current seismic standards for essential facilities, as well as accessibility and fire/life safety improvements. This action authorizes an amendment to an existing agreement for design to upgrade the Weymouth plant's Administration Building and authorizes a new agreement to perform geotechnical engineering services in support of the project.

Details

Background

The Weymouth plant was placed into service in 1941 with an initial capacity of 100 million gallons per day (mgd) and was expanded twice to its current capacity of 520 mgd. The plant delivers a blend of waters from the Colorado River Aqueduct and the State Water Project to Metropolitan's Central Pool portion of the distribution system, and to an exclusive service area. The Weymouth plant is located in the city of La Verne, approximately 1.5 miles from the Sierra Madre-Cucamonga Fault, which can generate a 7.0 magnitude earthquake.

The Weymouth Administration Building has been in service since 1941. The building is comprised of two separate reinforced concrete structures: a two-story, 112-foot-wide by 92-foot-long structure of approximately 15,200 square feet that houses offices, support spaces, restrooms, a demonstration room, and a water quality laboratory; and an adjacent, four-story, 94-foot-wide by 74-foot-long structure (typically referred to as the Control Building) of approximately 20,000 square feet that houses the plant control room, chemical piping systems, lockers, conference rooms, and an equipment storage area. The plant's outlet conduit passes underneath the building.

When the Administration Building was constructed in 1940, it was designed to meet then-current building codes. Over the last several decades, industry knowledge of earthquakes and seismic design has greatly improved, which has led to the development of today's more stringent building codes. Structural evaluations conducted by staff under Metropolitan's seismic assessment program concluded that the building requires structural upgrades to withstand a major earthquake and retain its functionality as an essential facility. In January 2018, Metropolitan's Board authorized final design of seismic upgrades and building improvements to the Weymouth Administration Building.

The initial detailed structural analyses commenced shortly after the Board's authorization of this project. These analyses were based on then-current La Verne site-specific seismic criteria developed prior to 2009 and current provisions for seismic evaluation and retrofit of existing buildings (ASCE 41-13). However, new building code requirements released in 2019 prompted the update of the site-specific criteria, which increased the design ground

acceleration by approximately 50 percent, resulting in the development of a completely new seismic retrofit solution which significantly increased the complexity of the project's overall design efforts.

Due to these changes in the code, some of the early design work was reevaluated in order to meet the code's seismic requirements. The recommended approach now includes the use of micro-piles and larger shear walls to increase building strengthening. The addition of larger shear walls in critical areas of the facility resulted in the relocation of utilities and water treatment piping from the basement to an exterior trench, which also enhances accessibility and personnel safety; the reconfiguration of restrooms and other rooms; architectural modifications near the areas of structural upgrades; and related improvements associated with the preservation of historic architectural features. A new fire protection system consistent with California Fire Code Standards is also needed. Final design of this work is planned to be completed by a consultant under the existing professional services agreement, which is the subject of this action.

The planned seismic upgrades to the Weymouth Administration Building include: (1) addition of micro-piles to supplement existing caisson footings; (2) reinforcement of the walls for the plant's filter outlet channel; (3) filling of below-ground openings with structural concrete; (4) reinforcement of column base plates and roof-to-wall, beam, and shear wall connections; and (5) addition of new shear walls and drag beams. Staff also recommends instituting a micro-pile verification test program to refine the preliminary concepts for the foundation uplift resistance and load-deformation response data as part of the retrofit's overall design process.

Also included with this project are upgrades to the Weymouth plant's natural gas system, which consists of four gas meters and associated piping, serving all buildings and service shops throughout Metropolitan's La Verne site. The natural gas system components have exceeded the recommended 50-year service life. Upgrades to the natural gas system were previously included as part of the utility improvements for the La Verne Shops project. Since the existing main gas line is adjacent to and passes through the basement of the Administration Building, the system would require a shutdown during building construction. As a result, it is more efficient to upgrade the plant's gas system in conjunction with the building seismic upgrades work. This approach will reduce operations impact associated with natural gas outages and simplify construction.

As the Weymouth Administration Building is an essential facility that supports treatment plant operations, staff recommends moving forward with final design for building upgrades to enhance seismic resiliency and personnel safety. A number of staff and facilities in the building will be relocated prior to the start of construction activities to ensure that critical operational activities continue on an uninterrupted basis during the retrofit work. Planning activities for temporary offices and other facilities will be undertaken by staff and consultants during the design phase to support this objective.

In accordance with the April 2022 action on the biennial budget for Fiscal Years 2022/23 and 2023/24, the General Manager will authorize staff to proceed with the action described herein, pending board authorization of the actions described below. Based on the current Capital Investment Plan (CIP) expenditure forecast, funds for work to be performed pursuant to this action during the current biennium are available within the Capital Investment Plan Appropriation for Fiscal Years 2022/23 and 2023/24 (Appropriation No. 15525). This project has been reviewed in accordance with Metropolitan's CIP prioritization criteria and was approved by Metropolitan's CIP evaluation team to be included in the Treatment Plant Reliability Program.

Weymouth Administration Building Upgrades– Final Design

Final design phase activities include: (1) detailed structural analyses; (2) preparation of drawings and specifications; (3) development of a construction cost estimate; (4) development of a staff relocation plan, (5) micro-pile verification and testing; (6) value engineering; and (7) advertisement and receipt of competitive bids. These activities will be conducted with a hybrid effort of consultants and Metropolitan staff. The civil, structural, and instrumentation design will be performed by Metropolitan staff. The architectural, mechanical, and electrical design will be performed by IBI Group, while the micro-pile verification and testing will be performed by Fugro, as discussed below. Metropolitan staff and the IBI Group will collectively develop a staff relocation plan that will be implemented while the construction is underway. Metropolitan staff will also perform overall project management and technical review.

A total of \$4.8 million is required for this work. Allocated funds include \$1.2 million for final design by the IBI Group and \$450,000 for field investigation by Fugro, as described below. Allocated funds for Metropolitan

staff activities include \$1.5 million for civil, structural, and instrumentation design and technical oversight and review of consultant's work; \$920,000 for environmental support, project management, and project controls; and \$730,000 for remaining budget. **Attachment 1** provides the allocation of the required funds.

As described below, final design will be performed by the IBI Group and Metropolitan staff. Engineering Services' performance metric target range for final design with construction more than \$3 million is 9 to 12 percent. For this project, the performance metric goal for final design is 12 percent of the total construction cost. The estimated cost of construction for this project is anticipated to range from \$22.5 million to \$24.5 million.

Engineering Services (IBI Group) – Amendment to Agreement

In January 2019, Metropolitan's Board awarded a \$630,000 agreement to IBI Group to perform final design of building improvements related to seismic upgrades for the Weymouth Administration Building. As noted above, new building code requirements increased the design ground acceleration and resulted in a new seismic retrofit solution and additional preliminary design efforts. IBI Group is recommended to complete the remaining final design scope of work under the agreement amendment. The scope of work will include: (1) development of construction drawings and specifications for mechanical, electrical, plumbing, fire sprinkler, and gas service improvements; (2) analysis of the building's compliance with the current codes, including egress, occupancies, fire/life safety, and accessibility; (3) preparation of a plan for the preservation of historic features; (4) preparation of an engineer's cost estimate; and (5) technical assistance during the bid period.

This action authorizes an increase of \$1,200,000 to an existing agreement with IBI Group for a new not-to-exceed amount of \$1,830,000 to provide engineering design services for upgrades to the Weymouth Administration Building. For this agreement, Metropolitan has established a Small Business Enterprise (SBE) participation level of 18 percent. IBI Group has agreed to meet this level of participation. The planned subconsultants for this work are listed in **Attachment 2**.

Geotechnical Engineering Services (Fugro) – New Agreement

Fugro is recommended to provide geotechnical engineering services for micro-pile verification and testing. Fugro was prequalified through Request for Qualifications No. 1220 and was selected based on the firm's expertise in the structural and geotechnical aspects of this project, and its past work developing the geotechnical engineering report for the preliminary design phase of this project.

The planned geotechnical services include: (1) development of prototype micro-piles and a work plan; (2) drilling, installation, and testing of the proposed prototype micro-piles; (3) performing verification testing; and (4) preparation of a data report summarizing the procedure and results of the testing program. The experience gained from this testing program will validate the constructability of the proposed design concept and will be incorporated into the final designs and specifications of the construction contract.

This action authorizes an agreement with Fugro for a not-to-exceed amount of \$450,000 to provide geotechnical services in support of the project to structurally strengthen the Weymouth Administration Building. For this agreement, Metropolitan has established an SBE participation level of 25 percent. The planned subcontractor for the drilling work is Condon-Johnson & Associates, Inc.

Alternatives Considered

Alternatives considered for completing final design activities of seismic upgrades and building improvements included assessing the availability and capability of in-house Metropolitan staff to conduct this work. Metropolitan's staffing strategy for utilizing consultants and in-house Metropolitan staff has been: (1) to assess current work assignments for in-house staff to determine the potential availability of staff to conduct this work; and (2) for long-term rehabilitation projects, when resource needs exceed available in-house staffing or require specialized technical expertise.

In the case of this project, Metropolitan staff maintains the core competencies and technical capabilities to perform civil, structural, and instrumentation design. The consultants will be relied upon to design the architectural and related mechanical, electrical, plumbing, and fire safety components; and to provide specialized services to address historical features and micro-pile verification and testing. In this manner, in-house staff will continue to address a baseload of work on capital projects, while the professional services agreements will be

relied upon to perform work that falls outside of the core competencies of in-house staff. This approach will allow for the efficient and timely completion of this project.

Summary

This action amends an agreement with IBI Group for a new not-to-exceed amount of \$1,830,000 for design services to upgrade the Weymouth Administration Building; and authorizes an agreement with Fugro for a not-to-exceed amount of \$450,000 to provide geotechnical services for structural strengthening of the Weymouth Administration Building. See **Attachment 1** for the Allocation of Funds, **Attachment 2** for the List of Subconsultants, and **Attachment 3** for the Location Map.

Project Milestone

November 2024 – Complete final design of upgrades to the Weymouth Administration Building

Policy

Metropolitan Water District Administrative Code Section 5108: Appropriations

Metropolitan Water District Administrative Code Section 8121: General Authority of the General Manager to Enter Contracts

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 51073, dated January 9, 2018, the Board authorized final design of seismic upgrades to several La Verne buildings, including the Administration Building, Water Quality Laboratory and the Field Engineering Building.

By Minute Item 52778, dated April 12, 2022, the Board appropriated a total of \$600 million for projects identified in the Capital Investment Plan for Fiscal Years 2022/23 and 2023/24.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed action consists of basic data collection, research, and resource evaluation activities, which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded. Accordingly, the proposed action qualifies as a Class 6 Categorical Exemption (Section 15306 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

- a. Authorize an increase of \$1,200,000 to an existing agreement with IBI Group, for a new not-to-exceed amount of \$1,830,000 for design services to upgrade the Weymouth Administration Building.
- b. Authorize an agreement with Fugro for a not-to-exceed amount of \$450,000 to provide geotechnical engineering services for structural strengthening of the Weymouth Administration Building.

Fiscal Impact: \$4.8 million in capital funds. Approximately \$4.0 million in capital funds will be incurred in the current biennium and has been previously authorized. The remaining capital expenditures will be funded from future CIP budgets following board approval of those budgets.

Business Analysis: This option will enhance Metropolitan's ability to maintain reliable water deliveries and enhance worker safety in the event of a major earthquake.

Option #2


Do not proceed with agreements at this time.


Fiscal Impact: None

Business Analysis: This option would forego an opportunity to reduce the risk of damage to the Weymouth Administration Building in the event of a major earthquake. Staff would continue to assess potential initiatives to minimize the risk of disruption to plant operations and provide life safety protection for critical infrastructure and personnel.

Staff Recommendation

Option #1

	8/18/2022
_____ John V. Bednarski Manager/Chief Engineer Engineering Services	Date

	8/23/2022
_____ Adel Hagekhalil General Manager	Date

Attachment 1 – Allocation of Funds

Attachment 2 – List of Subconsultants

Attachment 3 – Location Map

Ref# es12682558

Allocation of Funds for Weymouth Administration Building Upgrades

	Current Board Action (Sept. 2022)
Labor	
Studies & Investigations	\$ -
Final Design	1,500,000
Owner Costs (Program mgmt., envir. monitoring)	920,000
Submittals Review & Record Drwgs.	-
Construction Inspection & Support	-
Metropolitan Force Construction	-
Materials & Supplies	-
Incidental Expenses	-
Professional/Technical Services	-
IBI Group	1,200,000
Fugro, Inc.	450,000
Right-of-Way	-
Equipment Use	-
Contracts	-
Remaining Budget	730,000
Total	\$ 4,800,000

The total amount expended to date on the seismic upgrades and building improvements at the Weymouth Administration Buildings is approximately \$2.6 million. The total estimated cost to complete the project, including the amount appropriated to date, funds allocated for the work described in this action, and future construction costs, is anticipated to range from \$29.9 million to \$31.9 million.

The Metropolitan Water District of Southern California

Subconsultants for Agreement with IBI Group

Subconsultant and Location
Blackman & Forsyth Santa Monica, CA
Construction Cost Consultants, Inc. Los Angeles, CA
Historic Resources Group, LLC Pasadena, CA
Lerch Bates Englewood, CO
P2S, Inc. Long Beach, CA
Silverlake Conservation, LLC Los Angeles, CA

Distribution System





Engineering & Operations Committee

Weymouth Administration Building Upgrades

Item 7-2

September 12, 2022

Weymouth Administration Building Upgrades

Current Action

- Authorize an increase of \$1,200,000 to an existing agreement with IBI Group for design services
- Authorize an agreement with Fugro, in an amount not-to-exceed \$450,000 for geotechnical engineering services

Weymouth Plant



Essential Facility

Weymouth Administration Building Upgrades



Background

Weymouth Administration Building Upgrades



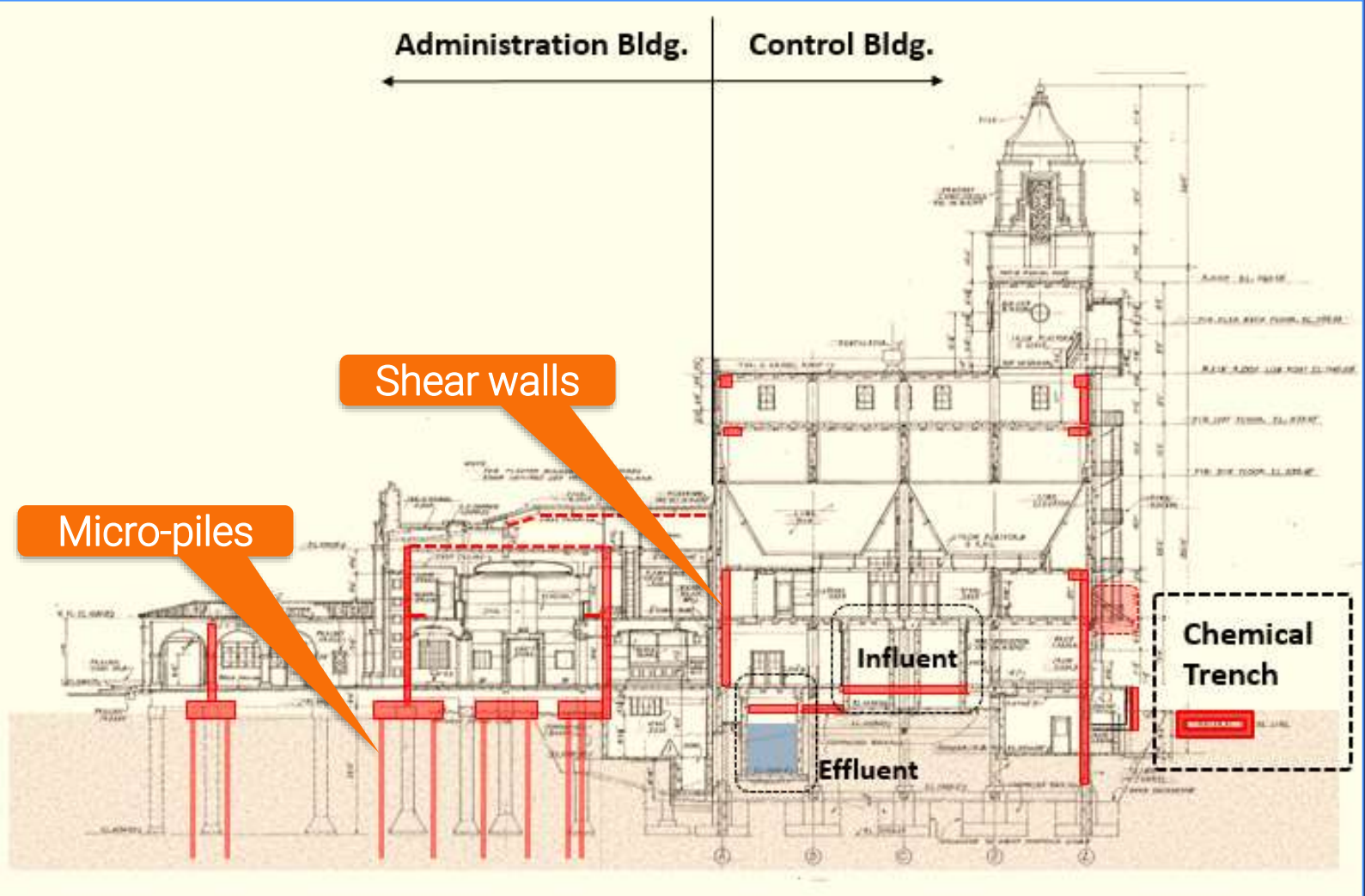
Water Quality Lab in
Admin. Bldg.



Seismic Retrofit Solution for Site-specific Seismic Criteria

Weymouth Administration Building Upgrades

Sierra Madre-Cucamonga fault is 1.5 miles away. Based on regional seismicity research, design ground acceleration increased 50%.



Weymouth Administration Building Upgrades

Metropolitan Scope

- Structural design for all building improvements
- Site plans for chemical & gas line trench
- Design of instrumentation & control upgrades
- Environmental support for CEQA
- Staff, laboratory, & control room relocation planning
- Project management & design oversight

Weymouth
Administration
Building
Upgrades

Agreement Amendment - IBI Group

- Complete final design - architectural mechanical, electrical, plumbing, & fire sprinkler
- Prepare plans for preservation of historic features
- Prepare engineer's cost estimate
- Provide technical assistance during bid period
- SBE participation level: 18%
- NTE Amount: \$1,830,000

Weymouth
Administration
Building
Upgrades

New Agreement – Fugro

- Prequalified under RFQ No. 1220
- Scope of Work
 - Provide geotechnical engineering services
 - Conduct micro-pile drilling & verification testing
- NTE amount: \$450,000
- SBE participation level: 25%

Weymouth Administration Building Upgrades

Alternatives Considered

- Metropolitan staff to complete all final design activities
 - Specialized expertise required for micro-pile testing program
- Selected Option
 - Staff & consultant work as a hybrid team
 - Metropolitan staff to lead civil, structural, & instrumentation design
 - Consultants to develop architectural, micro-pile verification testing & perform geotechnical services

Allocation of Funds

Weymouth Administration Building Upgrades

Metropolitan Labor	
Final Design	\$1,500,000
Program mgmt. & envir. support	920,000
Professional & Technical	
IBI Group	1,200,000
Fugro	450,000
Remaining Budget	730,000
	<hr/>
	Total
	\$4,800,000

Project Schedule



Board Options

- Option #1
 - Authorize an increase of \$1,200,000 to an existing agreement with IBI Group, for a new not-to-exceed amount of \$1,830,000 for design services to upgrade the Weymouth Administration Building.
 - Authorize an agreement with Fugro for a not-to-exceed amount of \$450,000 to provide geotechnical engineering services for structural strengthening of the Weymouth Administration Building.
- Option #2
 - Do not proceed with agreements at this time.

Staff Recommendation

- Option #1





● **Board of Directors**
Engineering and Operations Committee

9/13/2022 Board Meeting

7-3

Subject

Award a \$287,824 contract to Bishop, Inc. for replacement of the maintenance building roof at the Henry J. Mills Water Treatment Plant; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Metropolitan has an ongoing program to provide timely roof maintenance and repairs at its facilities. The maintenance building at the Henry J. Mills Water Treatment Plant (Mills plant) was placed into operation in 1993. The building's roofing system has deteriorated and needs to be replaced to ensure that the building's interior workspace remains safe during inclement weather conditions and is suitable for its intended functions. This action awards a construction contract to replace the existing roof of the maintenance building at the Mills plant.

Details

Background

The Mills plant commenced service in 1978 and is currently rated to treat 220 million gallons per day. The plant treats water from the East Branch of the State Water Project (SWP) and delivers treated water to two member agencies in Riverside County. The facility is located in the city of Riverside.

The maintenance building at the Mills plant has been in operation since 1993. The building provides essential offices, a breakroom, restrooms, and shop space to operations and maintenance (O&M) technicians, facilities maintenance staff, and inventory coordinators. The building's original tar and gravel roofing system has exceeded its 25-year life expectancy. Over the last several years, the building's roof has shown significant signs of deterioration and leakage, requiring localized repairs following weather events.

Final design is now complete, and staff recommends moving forward with award of a construction contract to replace the Mills maintenance building roof at this time.

In accordance with the April 2022 action on the biennial budget for Fiscal Years 2022/23 and 2023/24, the General Manager will authorize staff to proceed with the Maintenance Building roof replacement at the Mills plant, pending board award of the contract described below. Based on the current Capital Investment Plan (CIP) expenditure forecast, funds for the work to be performed pursuant to this action during the current biennium are available within the CIP Appropriation for Fiscal Years 2022/23 and 2023/24 (Appropriation No. 15519). This project has been reviewed in accordance with Metropolitan's CIP prioritization criteria and was approved by Metropolitan's CIP evaluation team to be included in the System Reliability Program.

Mills Maintenance Building Roof Replacement – Construction

The scope of the construction contract work consists of the replacement of approximately 10,000 square feet of roofing material on the maintenance building at the Mills plant, which includes removing the existing tar and gravel roofing system and installing a new single-ply roofing system. Metropolitan forces will relocate roof-mounted equipment, relocate ductwork and supports, and replace deteriorating equipment platforms and penetration covers.

A total of \$720,000 has been budgeted for this work. In addition to the amount of the contract described below, other funds to be allocated include \$56,600 for construction inspection; \$177,000 for Metropolitan force activities as described above; \$55,000 for submittals review, technical support during construction, responding to requests for information, and preparation of record drawings; \$52,000 for contract administration, environmental monitoring, and project management; and \$91,576 for the remaining budget.

Attachment 1 provides the allocation of the required funds. The total estimated cost of the Mills Maintenance Building Roof Replacement project, including the amount allocated to date and funds allocated for the work described in this action, is approximately \$720,000.

Award of Construction Contract (Bishop, Inc.)

Specification No. M-3055 to replace the maintenance building roofing system at the Mills plant was advertised for bids on June 22, 2022. As shown in **Attachment 2**, six bids were received and opened on August 4, 2022. The low bid from Bishop, Inc. in the amount of \$287,824 complies with the requirements of the specifications. The other bids ranged from approximately \$349,000 to \$451,000, while the engineer's estimate for this project was \$334,000. For this contract, Metropolitan established a Small Business Enterprise (SBE) participation level of at least 25 percent of the bid amount. Bishop, Inc. is an SBE firm, and thus achieves 100 percent participation. This action awards a \$287,824 contract to Bishop, Inc. for the Mills maintenance building roof replacement project.

As described above, Metropolitan staff will perform construction management and inspection. Engineering Services' performance metric target range for construction management and inspection of projects with construction less than \$3 million is 12 to 15 percent. For this project, the performance metric goal for inspection is 12.2 percent of the total construction cost (\$464,824), which includes the construction contract (\$287,824) and Metropolitan force construction (\$177,000).

Alternatives Considered

Staff considered continuing with temporary localized repairs for portions of the roof where leakage has been observed. However, past repairs have not prevented the development of new leaks in subsequent rainy seasons. Continued deterioration of the roof may lead to damage of electronic equipment within the building as well as presenting a safety hazard for staff. The recurrence of leaks is an indication that the nearly 30-year-old roof has exceeded its service life and needs to be replaced. The current approach replaces the entire roof in order to maintain long-term operational reliability and provide the best value to Metropolitan.

Summary

This action awards a \$287,824 contract to Bishop, Inc. for the Mills Maintenance Building Roof Replacement project. See **Attachment 1** for the Allocation of Funds, **Attachment 2** for the Abstract of Bids, and **Attachment 3** for the Location Map.

Project Milestone

July 2023 – Completion of construction

Policy

Metropolitan Water District Administrative Code Section 8121: General Authority of the General Manager to Enter Contracts

Metropolitan Water District Administrative Code Section 8140: Competitive Procurement

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 21997, dated April 11, 2022, the Board appropriated a total of \$600 million for projects identified in the Capital Investment Plan for Fiscal Years 2022/23 and 2023/24.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed action involves repair, maintenance, permitting, leasing, or minor alterations of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use, or replacement or reconstruction of existing structures and facilities that will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structures replaced. Accordingly, the proposed action qualifies for Class 1 and Class 2 (Sections 15301 and 15302 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Award a \$287,824 contract to Bishop, Inc. for replacement of the maintenance building roof at the Mills plant.

Fiscal Impact: Expenditure of \$720,000 in capital funds. All expenditures will be incurred in the current biennium and have been previously authorized.

Business Analysis: This option will protect Metropolitan’s assets and sustain the operation of the Mills plant.

Option #2

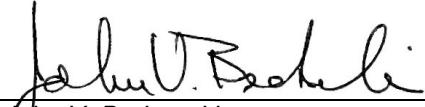
Do not proceed with the project at this time.

Fiscal Impact: None

Business Analysis: Under this option, staff would continue with temporary localized repairs to the existing roof and interior damage as needed prior and subsequent to inclement weather events, which may lead to increased annual repair costs.


Staff Recommendation

Option #1



John V. Bednarski
Manager/Chief Engineer
Engineering Services

8/18/2022
Date



Adel Hagekhalil
General Manager

8/25/2022
Date

Attachment 1 – Allocation of Funds

Attachment 2 – Abstract of Bids

Attachment 3 – Location Map

Ref# es12683051

Allocation of Funds for Mills Maintenance Building Roof Replacement

	Current Board Action (Sept. 2022)
Labor	
Studies & Investigations	\$ -
Final Design	-
Owner Costs (Program mgmt., envir. monitoring)	52,000
Submittals Review & Record Drwgs.	55,000
Construction Inspection & Support	56,600
Metropolitan Force Construction	147,000
Materials & Supplies	20,000
Incidental Expenses	10,000
Professional/Technical Services	-
Right-of-Way	-
Equipment Use	-
Contracts	-
Bishop, Inc.	287,824
Remaining Budget	91,576
Total	\$ 720,000

The total amount expended to date replace the replacement of the roof at the Mills plant maintenance building is approximately \$108,000. The total estimated cost to complete the project including the amount appropriated to date, and funds allocated for the work described in this action is \$828,000.

The Metropolitan Water District of Southern California
Abstract of Bids Received on August 4, 2022, at 2:00 P.M.
Specifications No. M-3055
Mills Maintenance Building Roof Replacement

The work consists of removal of existing roofing materials and placement of a new single-ply membrane roofing system.

Engineer's estimate: \$334,000

Bidder and Location	Total	SBE \$	SBE %	Met SBE¹
Bishop, Inc Orange, CA	\$287,824	\$287,824	100%	Yes
Danny Letner Orange, CA	\$349,000	-	-	-
Rite-Way Roof Corporation Fontana, CA	\$365,855	-	-	-
Commercial Roofing Systems, Inc. Arcadia, CA	\$369,920	-	-	-
Best Contracting Services, Inc. Gardena, CA	\$397,666	-	-	-
AME Builders, Inc. Pomona, CA	\$451,000	-	-	-

¹ Small Business Enterprise (SBE) participation level established at 25% for this contract.

Distribution System





Engineering & Operations Committee

Mills Maintenance Building Roof Replacement

Item 7-3

September 12, 2022

Mills
Maintenance Building
Roof Replacement

Current Action

- Award a \$287,824 contract to Bishop, Inc. for replacement of the maintenance building roof at the Henry J. Mills Water Treatment Plant

Distribution System



Location Map – Mills Plant



Background

- Houses O&M technicians, maintenance staff & inventory coordinators

- Tar & gravel roof nearly 30 years old
- Roof deterioration & leakage observed
- Damage to interior of building following rain events



Damage to Drywall & Ceiling Tiles Due to Leakage



Intermediate Area of Roof

Area of Significant Pooling

Mills
Maintenance Building
Roof Replacement

Alternatives Considered

- Perform localized roof repairs when leakage occurs
 - Past repairs have not prevented new leaks in subsequent inclement weather events
- Selected alternative
 - Replace the entire roof to maintain long-term operational reliability

Scope of Work

- Contractor
 - Remove approximately 10,000 sq. ft. of existing tar & gravel roofing system
 - Install new single-ply roofing system
 - Remove & replace skylight
- Metropolitan
 - Relocate roof-mounted equipment
 - Relocate duct work & supports
 - Replace deteriorating equipment platforms & penetration covers



Bid Results

Specifications No. M-3055

Bids Received	August 4, 2022
No. of Bidders	6
Lowest Responsible Bidder	Bishop, Inc.
Low Bid	\$287,824
Range of Other Bids	\$349,000 to \$451,000
Engineer's Estimate	\$334,000
SBE Participation*	100%

*SBE (Small Business Enterprise) participation level set at 25%

Allocation of Funds

Mills Maintenance Building Roof Replacement

Metropolitan Labor

Program mgmt., contract admin. & envir. support \$ 52,000

Construction Inspection 56,600

Submittal review, technical support & record drwgs. 55,000

Force construction 147,000

Materials & Incidentals 30,000

Contract

Bishop, Inc. 287,824

Remaining Budget 91,576

Total \$720,000

Project Schedule



Board Options

- Option #1
Award a \$287,824 contract to Bishop, Inc. for replacement of the maintenance building roof at the Mills plant.
- Option #2
Do not proceed with the project at this time.

Staff Recommendation

- Option #1





● **Board of Directors**
Engineering and Operations Committee

9/13/2022 Board Meeting

7-4

Subject

Authorize an increase of \$690,000 to an existing agreement with Carollo Engineers, Inc., for a new not-to-exceed amount of \$990,000, to serve as the owner’s advisor for development of the Sepulveda Feeder Pump Stations project with the alternative delivery approach referred to as progressive design-build; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (This action is part of a series of projects that are being undertaken to improve the supply reliability for State Water Project dependent member agencies)

Executive Summary

The current statewide drought and historically low allocation of State Water Project (SWP) supplies by the California Department of Water Resources directly impact Metropolitan’s ability to deliver water to certain SWP-dependent areas within its system. The addition of pump stations at the Sepulveda Canyon and Venice Pressure Control Facilities would allow Metropolitan to reverse the normal flow in the Sepulveda Feeder and augment treated water deliveries to the west service area portion of Metropolitan’s distribution system. This action authorizes an amendment to a professional services agreement with Carollo Engineers Inc. for a new not to-exceed amount of \$990,000, to serve as the owner’s advisor for development of the new pump stations project under the project delivery approach referred to as progressive design-build.

Details

Background

Metropolitan’s distribution system was originally constructed in the 1940s to deliver treated Colorado River Aqueduct (CRA) supplies throughout the service area. The system was expanded in the 1970s to connect to the SWP. The distribution system was designed to take advantage of the region’s topography and primarily utilizes gravity to move water through the system. Much of the service area benefits from access to both CRA and SWP sources of supply; however, certain portions of the system can only receive limited CRA water due to inherent hydraulic limitations. These SWP-dependent areas rely on stored SWP supplies, transfers, and exchange deliveries during multi-year droughts as California is currently experiencing.

The west service area portion of Metropolitan’s distribution system normally receives SWP water via the Jensen plant, Sepulveda Feeder, and connecting pipelines. The Sepulveda Feeder is a 96-inch-diameter Prestressed Concrete Cylinder Pipe (PCCP) line that extends south approximately 42 miles from the Jensen plant in Granada Hills to an interconnection with the Second Lower Feeder in Torrance, near Palos Verdes Reservoir.

During periods of low deliveries from the West Branch of the SWP, or when the Jensen plant is out of service, the west area is served by the Weymouth plant through the Greg Avenue Pump Station and the East Valley Feeder. This backup system is limited to a maximum capacity of approximately 50 cubic feet per second (cfs). Due to the statewide drought, the Greg Avenue Pump Station is operating full time at its maximum capacity.

In February 2022, Metropolitan’s Board approved the planning and implementation of infrastructure projects to improve water reliability for the west service area. As a result of that planning effort, staff recommends proceeding with the Sepulveda Feeder Pump Stations project as a fast-track, phased project for SWP-dependent areas in the west service area. This project would reverse flows within the Sepulveda Feeder and convey treated water to the west service area, supplementing deliveries from the Greg Avenue Pump Station.

Two new pump stations along the Sepulveda Feeder, located adjacent to the existing Venice and Sepulveda Canyon Control Facilities, would supply treated water from the Weymouth and Diemer plants via the central portion of the distribution system to the west service area. The initial stage of the larger project would include the construction of two pump stations capable of moving up to 30 cfs from the central pool to the San Fernando Valley and westward. The capacity of the initial phase of the project is based on the current pressure limitations of the Sepulveda Feeder, which is primarily comprised of PCCP. The pump station sites will be planned so that additional pumping capacity could be added in future stages after the Sepulveda Feeder is lined with a welded steel liner pipe. This lining project will increase the internal pressure rating of the pipeline and is currently planned to be implemented as part of Metropolitan's PCCP Rehabilitation Program. A consulting agreement to perform preliminary design for this lining project was authorized by the Board in August 2022.

The pump stations will also enhance Metropolitan's overall system flexibility by enabling facilities in the west service area to be easily removed from service for maintenance and repairs. During the upcoming rehabilitation of PCCP portions of the Sepulveda Feeder, the pump stations will aid in minimizing delivery impacts to member agencies as the PCCP lining work proceeds. Staff recommends proceeding with the Sepulveda Feeder Pump Stations expeditiously to help improve water supply reliability in the western service area.

In order to expedite project completion, staff recommends developing this project under the alternative project delivery method referred to as progressive design-build. Metropolitan is currently pursuing legislation to authorize the use of alternative project delivery methods. If enacted, Assembly Bill 1845 (Calderon) would authorize Metropolitan to utilize progressive design-build delivery for drought-related projects such as the Sepulveda Feeder Pump Stations starting January 1, 2023. The progressive design-build model utilizes a two-phase process. Under the first phase, a design-build entity would be selected based on qualifications in response to a Request for Qualifications (RFQ). The selected design-build entity would then progress the design to the point at which a guaranteed maximum price could be estimated. Under the second phase, Metropolitan would negotiate the guaranteed maximum price with the selected design-build entity. If unable to reach an agreement, Metropolitan would discontinue negotiations, and select a different design-build entity for negotiations. This action authorizes amending an existing agreement for a consultant to provide staff with advisement and support for the preparation of contract documents and an RFQ in support of a solicitation for a competitively advertised progressive design-build contract for design and construction of the Sepulveda Feeder Pump Stations. Staff will return to the Board at a future date for award of the first phase design-build contract.

In accordance with the April 2022 action on the biennial budget for fiscal years 2022/23 and 2023/24, the General Manager will authorize staff to proceed with the action described herein, pending board authorization of the agreement described below. Based on the current Capital Investment Plan (CIP) expenditure forecast, funds for work to be performed pursuant to this action during the current biennium are available within the CIP Appropriation for Fiscal Years 2022/23 and 2023/24 (Appropriation No. 15525). This project has been reviewed in accordance with Metropolitan's CIP prioritization criteria and was approved by Metropolitan's CIP evaluation team to be included in the System Flexibility/ Supply Reliability Program.

Sepulveda Feeder Pump Stations – Progressive Design-Build

Two pump stations are currently planned with an initial pumping capacity of 30 cfs. One pump station will be located within the boundaries of the Venice Control Facility in West Los Angeles, near Culver City. The second pump station will be located approximately seven miles north of the first pump station near Metropolitan's Sepulveda Canyon Control Facility. This site is located in an area of the Sepulveda Pass north of the Getty Center in the city of Los Angeles. Each pump station will require pumps, motors, and interconnection piping to the Sepulveda Feeder; valve control structures; mechanical equipment for surge control; and electrical modifications.

The planned activities will include investigation of the two sites; site planning to accommodate current and future pumping capacities; preliminary design; preparation of a technical requirements document; development of design-build procurement documents; and procurement of the progressive design-build team. Preliminary design and owner's advisor services will be performed by Carollo Engineers, Inc., as described below, in preparation for a potential progressive design-build contract for the Sepulveda Feeder Pump Stations at Sepulveda Canyon and Venice Control Facilities.

A total of \$1,600,000 is required for this work. Allocated funds include \$690,000 for preliminary design and owner's advisor services by Carollo Engineers, Inc. Allocated funds for Metropolitan staff activities include \$400,000 for technical oversight, review of consultant's work, and identification of technical requirements; \$350,000 for project management, preparation of environmental documentation, and other owner's costs; and \$160,000 for remaining budget. **Attachment 1** provides the allocation of the required funds. The estimated cost of construction for this project is anticipated to range from \$40 million to \$60 million.

Owner's Advisor Services – Carollo Engineers, Inc.

Staff recommends utilizing the services of an owner's advisor to assist with development of the project's design-build procurement documents. Metropolitan's current contract documents are tailored to the traditional design-bid-build delivery method. Substantial revisions are needed to convert them into a more performance-based format suitable for progressive design-build. The performance-based format will ensure the project meets Metropolitan's requirements, but at the same time allow for more collaboration, innovation, and cost-saving opportunities with the design-build entity. To allow for the earliest possible completion, work on the design-build procurement documents is recommended to start now so that they will be ready for advertisement of the RFQ when the pending legislation takes effect. However, Metropolitan will not solicit proposals from design-build entities until the legislation has passed and will not enter into a design-build agreement prior to the legislation taking effect.

Owner's advisor services are recommended to be performed by Carollo Engineers, Inc. Carollo Engineers, Inc. was selected based on the firm's expertise in design-build contracts and its familiarity with the Sepulveda Feeder Pump Stations project. Carollo Engineers, Inc. completed the conceptual study for this project under an existing board-authorized agreement. The planned owner's advisor services activities will include: (1) development of owner's engineering documents for two-phase RFQ/RFP selection of design-build contractor, (2) development of the project schedule, (3) preparation of engineering and construction estimates for the design-build contract, and (4) reviewing proposed plans, procedures, schedules, guidelines, and training material associated with the implementation and deployment of new work processes at Metropolitan for use of the progressive design-build project delivery method. This work will be coordinated with Metropolitan's Legal department.

This action authorizes an increase of \$690,000 to an existing agreement with Carollo Engineers, Inc. for a new not-to-exceed amount of \$990,000 for owner's advisor services during the first phase of progressive design-build for the Sepulveda Feeder Pump Stations. For this agreement, Metropolitan has established a Small Business Enterprise participation level of 25 percent. Carollo Engineers, Inc. has agreed to meet this level of participation. The planned subconsultants for this work are Stantec Inc. and Paul Hansen Engineering.

Alternatives Considered

Alternatives considered for the Sepulveda Feeder Pump Stations included using a traditional design-bid-build design process where drawings and specifications would be developed for advertisement for competitive bidding. Due to the timing and urgency of this project, it was determined that this traditional project delivery approach would delay completion of the project by two years when compared to alternative delivery approaches. A key complexity identified by the project team was how to ensure that Metropolitan can augment water deliveries to the west service area in an expedited manner. To mitigate these risks, it was determined that Metropolitan should utilize progressive design-build delivery to expedite construction of the pump stations. Initial work will include conducting preliminary design for the pump stations and preparing the needed design-build procurement documents. With this approach, Metropolitan will rely on the consultant as the owner's advisor to furnish the needed documents. This alternative is expected to provide the earliest possible completion for the project.

Summary

This action authorizes amending an existing agreement with Carollo Engineers, Inc. for a new not-to-exceed amount of \$990,000 to serve as owner's representative for development of a progressive design-build contract for pump stations at Sepulveda Canyon and Venice Control Facilities. See **Attachment 1** for the Allocation of Funds and **Attachment 2** for the Location Map.

Project Milestone

March 2023 – Issue an RFQ/RFP for a progressive design-build contract to construct two pump stations on the Sepulveda Feeder

Policy

Metropolitan Water District Administrative Code Section 8121: General Authority of the General Manager to Enter Contracts

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 52703, dated February 8, 2022, the Board authorized the West Area Water Supply Reliability Improvements.

By Minute Item 52778, dated April 12, 2022, the Board appropriated a total of \$600 million for projects identified in the Capital Investment Plan for Fiscal Years 2022/23 and 2023/24.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities (Section 15378(b)(2) of the State CEQA Guidelines) and will not result in direct or indirect physical changes in the environment (Section 15378(b)(5) of the State CEQA Guidelines). Additionally, the proposed action is categorically exempt under the State CEQA Guidelines because it consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded (Section 15306 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Authorize a \$690,000 increase to an existing agreement with Carollo Engineers, Inc. for a new not-to-exceed amount of \$990,000 to perform owner's advisor services for the Sepulveda Feeder Pump Stations.

Fiscal Impact: \$1,600,000 in capital funds which will be incurred in the current biennium and have been previously authorized

Business Analysis: The project will expand Metropolitan's ability to serve Diamond Valley Lake and Colorado River water to a portion of the distribution system that normally receives water from the State Water Project, and will provide an alternate route to deliver treated water to the west service area during emergencies or when major feeders are removed from service for rehabilitation.

Option #2

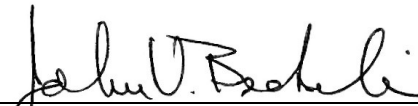
Do not authorize the project at this time.

Fiscal Impact: None

Business Analysis: This option would forego an opportunity to increase the flexibility of Metropolitan's system and reduce water supply risks associated with California's current drought.

Staff Recommendation

Option # 1



John V. Bednarski
Manager/Chief Engineer
Engineering Services

8/18/2022
Date



Adel Hagekhalil
General Manager

8/24/2022
Date

Attachment 1 – Financial Statement

Attachment 2 – Location Map

Ref# es12685892

Allocation of Funds for Sepulveda Feeder Pump Stations

	Current Board Action (Sept. 2022)
Labor	
Studies & Investigations	\$ -
Preliminary Design	400,000
Owner Costs (Program mgmt., envir. review)	350,000
Submittals Review & Record Drwgs.	-
Construction Inspection & Support	-
Metropolitan Force Construction	-
Materials & Supplies	-
Incidental Expenses	-
Professional/Technical Services	-
Carollo Engineers, Inc.	690,000
Right-of-Way	-
Equipment Use	-
Contracts	-
Remaining Budget	160,000
Total	\$ 1,600,000

The total amount expended to date is \$300,000. The total estimated cost to complete the Sepulveda Feeder Pump Stations, including the amount appropriated to date, funds allocated for the work described in this action, and future construction costs, is anticipated to range from \$40 million to \$60 million.

Distribution System





Engineering & Operations Committee

Sepulveda Feeder Pump Stations

Item 7-4

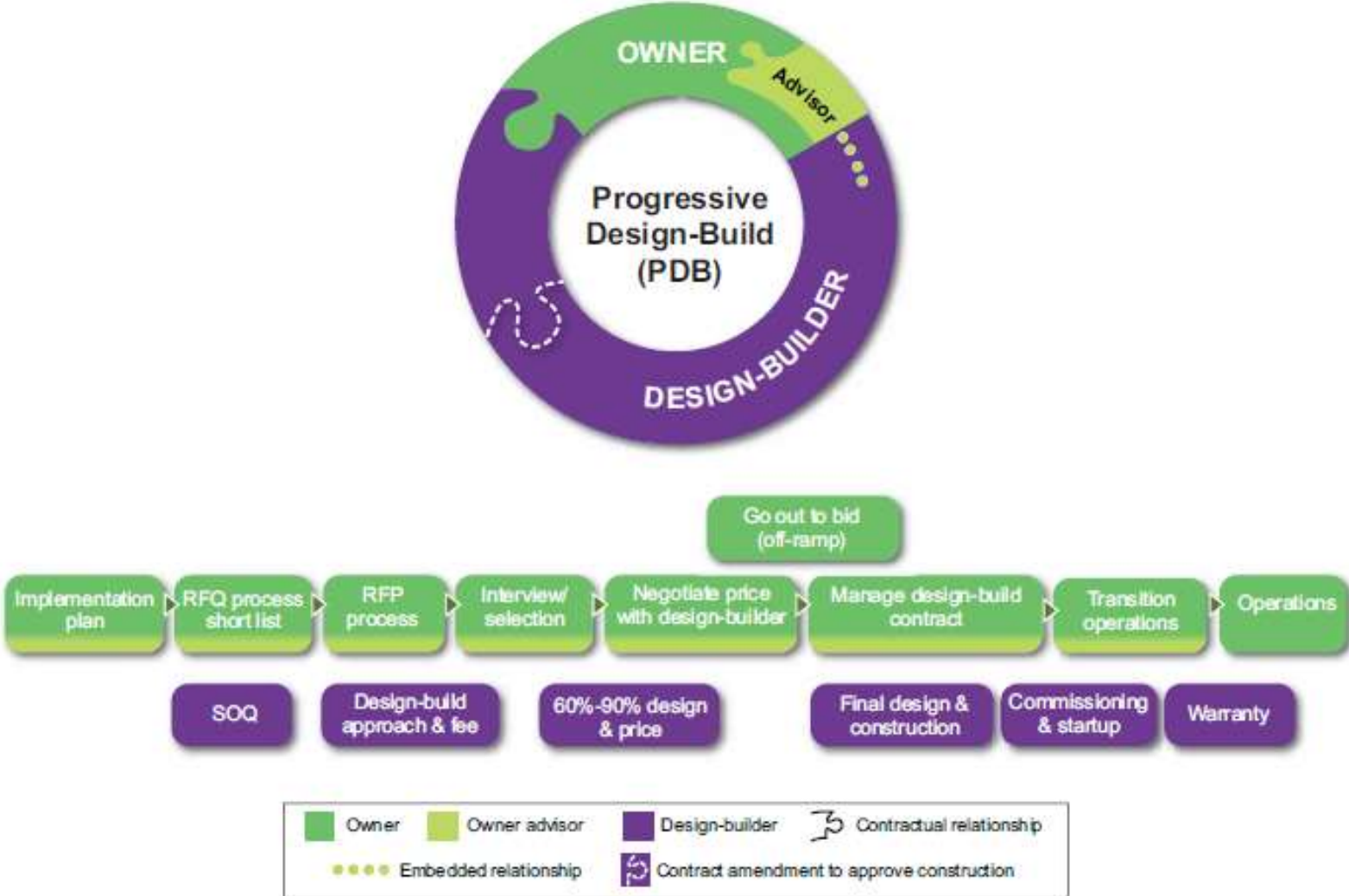
September 12, 2022

Sepulveda Feeder Pump Stations

Background

- February 2022 – Board approves planning of projects to improve water reliability for the West Branch of SWP
- August 2022 – Board adopts resolution affirming Metropolitan’s commitment to regional reliability
- August 2022 – California legislature passed Assembly Bill 1845 (Calderon)
 - Legislation allows Metropolitan to utilize Alternative Delivery for drought and Pure Water Projects
 - Alternative delivery options: Design Build, Progressive Design Build, and CM/GC
- September 2022 – Gov. Newsom signs Senate Bill 991
 - Allows local agencies to utilize progressive design build for projects over \$5 M

Progressive Design Build Process



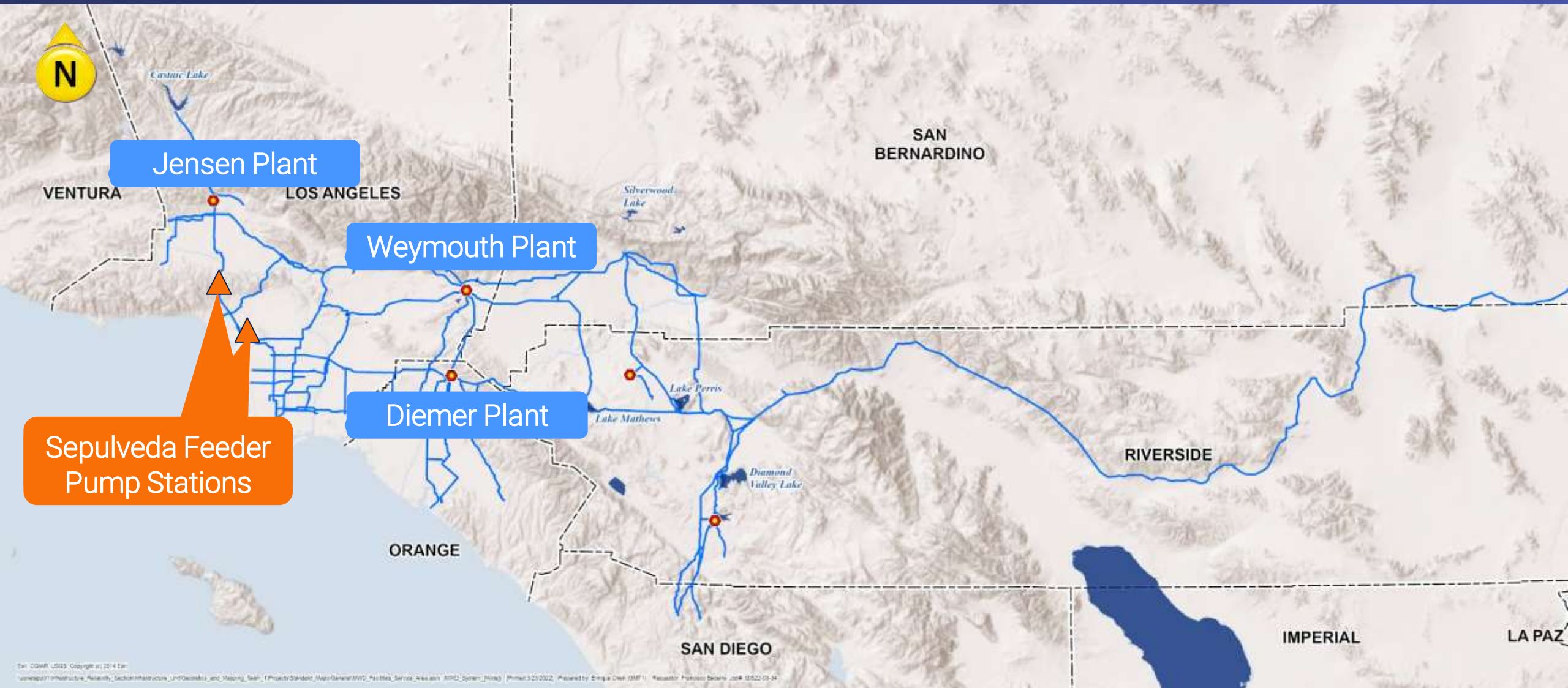
© and ™ 2019 – The Water Design-Build Council, Inc.

Sepulveda Feeder Pump Stations

Current Action

- Authorize an increase of \$690,000 to an existing agreement with Carollo Engineers, Inc., to serve as the owner's advisor for development of the Sepulveda Feeder Pump Stations project
- This action is part of a series of projects that are being undertaken to improve the supply reliability for State Water Project dependent member agencies

Distribution System



Delivering State Project Water



Managing through Droughts



Improving Infrastructure



(For illustrative purposes only)

Sepulveda Feeder Pump Stations

Constructed in Stages

- Stage 1- Constructs two pump stations
 - Initial capacity based on pressure limitations of Sepulveda Feeder
 - Provides 30 cfs
- Stage 2 - Upgrades both pump stations
 - Provides up to 300 cfs
- Relining of Sepulveda Feeder will be required before Stage 2 operates
 - Implemented as part of PCCP Rehabilitation Program

Sepulveda Feeder Pump Stations

Alternatives Considered

- Design-bid-build
 - Considered using this traditional project delivery process
 - This approach would extend completion of the project by up to two years
- Alternative selected
 - Use progressive design-build delivery
 - Allows for expedited completion

Sepulveda Feeder Pump Stations

Carollo Agreement

- Selected based on familiarity with project, and expertise in Progressive Design Build process
- Scope of Work
 - Preliminary design for the pump stations
 - Prepare design-build procurement documents
 - Review proposed plans, procedures, schedules, guidelines, & training material
- Increase of \$690,000; new NTE amount: \$990,000
- SBE participation level: 25%

Sepulveda Feeder Pump Stations

Metropolitan Scope

- Provide consultant oversight, environmental support & project management
- Identify technical requirements
- Conduct preliminary design review
- Develop DB processes, procedures & documents
- Advertise & select DB entity

Allocation of Funds

Sepulveda Feeder Pump Stations

Metropolitan Labor	
Program mgmt. & envir. support	\$ 350,000
Preliminary design	400,000
Agreement	
Carollo Engineers, Inc.	690,000
Remaining Budget	160,000
	<hr/>
	Total
	\$1,600,000

Board Options

- Option #1
Authorize a \$690,000 increase to an existing agreement with Carollo Engineers, Inc. for a new not-to-exceed amount of \$990,000 to perform owner's advisor services for the Sepulveda Feeder Pump Stations.
- Option #2
Do not authorize the project at this time.

Staff Recommendation

- Option #1





● **Board of Directors**
Engineering and Operations Committee

9/13/2022 Board Meeting

7-5

Subject

Authorize an agreement with Calpine Energy Solutions, LLC for the sale of renewable energy from the Phase I-II hydroelectric power plants; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA.

Executive Summary

This action authorizes the General Manager's execution of an agreement with Calpine Energy Solutions, LLC (Calpine) for the sale of renewable energy and renewable energy credits (RECs) from nine Phase I-II hydroelectric power plants.

Details

Background

In the 1970s, Metropolitan initiated a program to develop conduit hydroelectric power plants on its water distribution system. Nine of these plants were developed in phases and have a total nameplate capacity of 80.4 megawatts. The Phase I plants include the Foothill Feeder, Lake Mathews, Yorba Linda, and San Dimas plants that were built between 1979-1981. The Phase II plants include the Red Mountain, Venice, Corona, and Temescal plants that were built between 1982-1986, as well as the Diamond Valley Lake plant that was converted to hydroelectric generation in 2002. These Phase I and II hydroelectric power plants: (1) meet the definition of eligible renewable energy projects under state law; (2) are located near electrical load centers; and (3) generate electricity as water moves through Metropolitan's distribution system to meet member agency water demands. Power generation from Phase I plants was sold to the California Department of Water Resources (CDWR) under a previous agreement that terminates on September 30, 2022. Phase II generation was sold to CDWR under a separate agreement that terminated on December 31, 2020, and has been sold at market prices since the Phase II agreement expired.

The energy from these plants qualifies as renewable, and as such, offers the buyer the ability to count the output toward its State of California Renewable Portfolio Standard (RPS) obligation. Although RPS requirements will increase to 50 percent by 2026, 60 percent by 2030, and 100 percent by 2045, RPS contract prices have been decreasing due to: (1) falling prices for wind and solar technologies, which together are expected to make up a majority of the total renewable generating capacity in California; (2) a surplus in RPS energy with investor-owned utilities' RPS requirements being met through 2025; and (3) the requirement that began in 2021 that 65 percent of RPS resources be contracted for ten or more years. RPS contract prices for short or intermediate terms are forecasted to remain relatively flat for the next several years.

On May 25, 2022, Metropolitan issued a Request for Offers (RFO) requesting proposals from approximately 50 entities for traditional and flexible term purchase of bundled and stand-alone products of Energy, RECs, and Resource Adequacy (RA) capacity output from the nine plants. In response to the solicitation, Metropolitan received offers from six bidders for the plants' outputs. Based on an evaluation of the proposals completed by Metropolitan staff, the 10-year term proposal submitted by Calpine was identified as providing the best economic value and portfolio fit for bundled renewable energy and RECs to Metropolitan over a long-term period, starting October 1, 2022, through September 30, 2032.

Key Terms and Conditions

The key terms and conditions of the agreement with Calpine are:

1. An electric industry standard contracting document, Western Systems Power Pool (WSPP), will be utilized. Both Metropolitan and Calpine are parties to the WSPP, and Metropolitan has used it on numerous Colorado River Aqueduct energy transactions.
2. The term of the ten-year agreement would be from October 1, 2022, through September 30, 2032.
3. The buyer would take possession of and can claim all environmental and renewable attributes for the energy sold.
4. Metropolitan's contractor would act as the Scheduling Coordinator to interface with the California Independent System Operator (CAISO) for the sale of the generation into the CAISO energy market on behalf of Calpine, for which Metropolitan would receive a payment from CAISO settlements directly for the value of the renewable energy. Metropolitan would receive a separate payment from Calpine for the value of the RECs.
5. The energy pricing under the new contract is based on the daily market energy price plus a fixed adder. The fixed adder represents the premium for the environmental and renewable attributes.
6. Estimated total annual revenue varies depending on the generation achieved at each of the nine plants which have a combined total nameplate capacity of 80.4 megawatts. Annual generation from these nine plants has varied based on water deliveries in the past ten years (2012-2021) between 86 to 197 gigawatt hours (GWh), with an average generation of 148 GWh hours per year.
7. Based on recent generation amounts and projected market energy prices, annual revenues from this agreement are estimated to range from \$1.1 million to \$2.5 million, averaging around \$1.85 million per year.
8. There are no minimum generation requirements, and this agreement does not create any restrictions on Metropolitan's water system operations.

Policy

Metropolitan Water District Administrative Code Section 8121: General Authority of the General Manager to Enter Contracts

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. In particular, the proposed action involves the operation of existing equipment and facilities with negligible or no expansion of use beyond that existing at the time of the lead agency's determination. In addition, it will not have a significant effect on the environment. Accordingly, this proposed action qualifies as a Class 1 Categorical Exemption (Section 15301 of the State CEQA Guidelines)

CEQA determination for Option #2:

None required

Board Options

Option #1

Authorize an agreement with Calpine Energy Solutions, LLC for the sale of renewable energy from the Phase I-II hydroelectric power plants.

Fiscal Impact: Estimated total annual revenues would be approximately \$1.85 million, depending on water delivery requirements and resulting generation.

Business Analysis: Provides Metropolitan with a stream of revenues tied to the renewable power value that is greater than selling energy into the CAISO energy market. The sale also assists other power entities in their renewable goals.

Option #2

Direct staff to continue negotiations or initiate new negotiations with the same or new parties.

Fiscal Impact: The fiscal impact of this option is unknown. If new agreements are not in place by the time the existing agreement expires on September 30, 2022, Metropolitan would sell the energy for the Phase I and II plants into the CAISO energy market. It is expected that the environmental attributes of the energy would have to be sold separately, and revenues would be substantially less than with the proposed agreement.

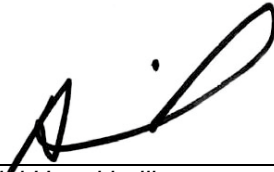
Business Analysis: Completing negotiations for the renewable power under an alternative agreement will take more time and may not be completed before the existing agreement expires. Without an agreement, the energy could be sold into the CAISO energy market, but the value of the environmental attributes would be significantly discounted.

Staff Recommendation

Option #1



Brent M. Yamasaki
Water System Operations Group Manager
8/23/2022
Date



Adel Hagekhalil
General Manager
8/24/2022
Date

Ref# [wso12691361](#)



Engineering & Operations Committee

Authorize Agreement for Sale of Renewable Energy from Hydroelectric Plants

Item 7-5

September 12, 2022

HEP Phase I & II Agreement Authorization

Current Action

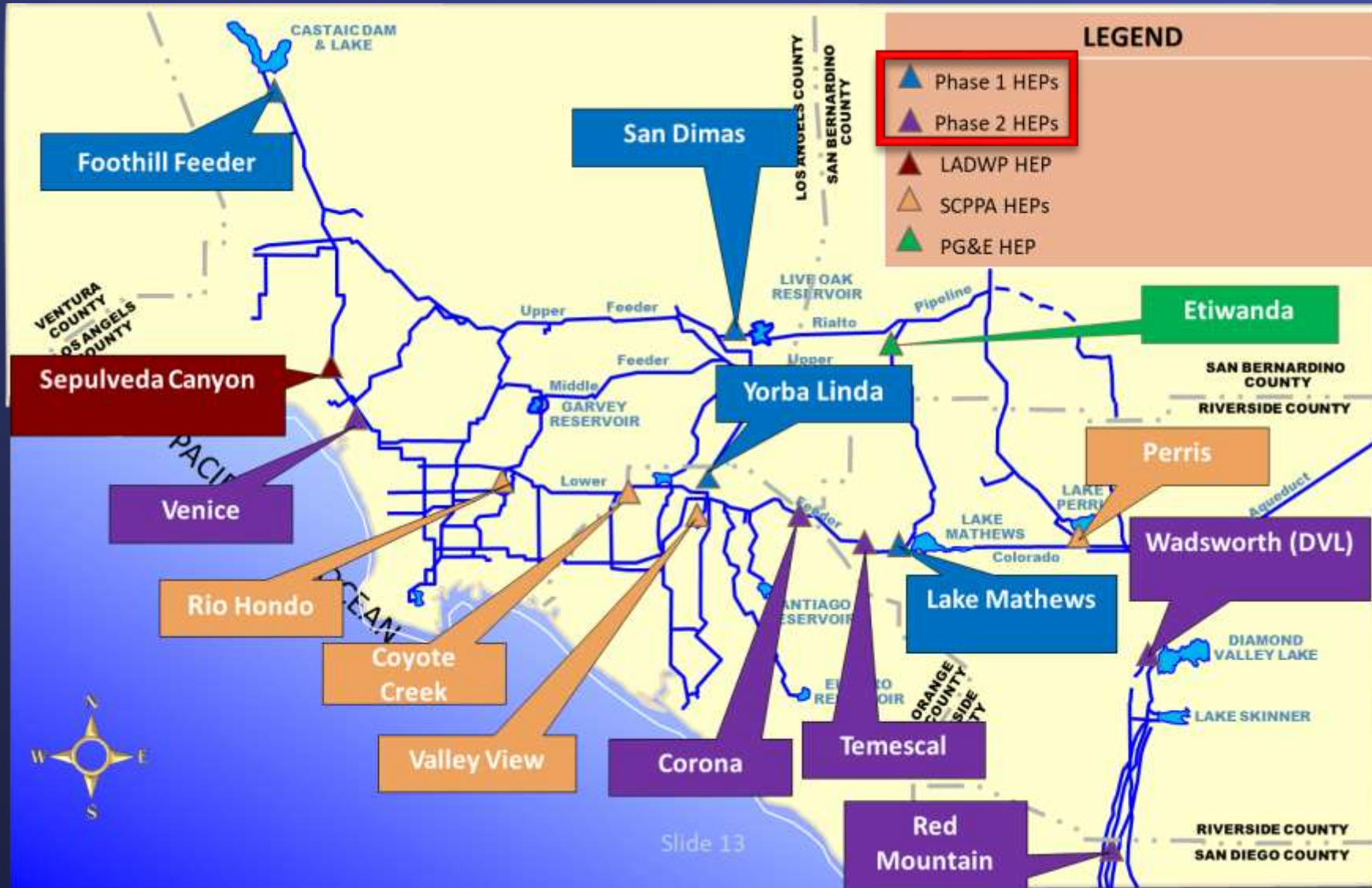
- Authorize an agreement with Calpine Energy Solutions, LLC for the sale of renewable energy from the Phase I-II hydroelectric power plants

Background



- 15 active small-conduit hydroelectric generating units
- Installed primarily in the 1970s-1980s
- 130 megawatts (MW) installed capacity
- “Run of River” operation
- Units produce Energy (kW-hrs), Renewable Energy Credits (RECs), and Resource Adequacy (RA) capacity (kW-months)

Metropolitan's Fleet of Small Hydroelectric Power Plants (HEPs)



Hydroelectric Plant Energy Contracts

Buyer	# Plants	Capacity (MW)	Termination Date
DWR #1 (Lake Mathews, Foothill, Yorba Linda, San Dimas)	4	29	Sept. 2022
Phase #2 (Venice, Temescal, Corona, Red Mtn, DVL)	5	51.4	Dec. 2020* (Currently Unprocured)
SCPPA (Perris, Coyote Creek, Rio Hondo, Valley View)	4	17.4	Dec. 2023
LADWP (Sepulveda)	1	8.4	Dec. 2023
PG&E (Etiwanda)	1	23.9	June 2034

* The output of the Phase 2 generation has been sold at market prices since the agreement expired in 2020

HEP Phase I&II Agreement Authorization

Selection Process

- Request for Offers (RFO) issued June 2022
 - Three Products
 - Energy (kW-hrs)
 - Renewable Energy Credits (RECs)
 - Resource Adequacy (RA) Capacity (kW-months)
 - 8 offers/6 bidders
- Offers ranked using objective criteria

HEP Phase I&II
Agreement
Authorization

Recommended Offer

- Calpine Energy Services, LLC
 - 10-year contract for Energy & RECs
 - October 1, 2022 – September 30, 2032
 - CAISO SP15 Index Price for Energy + REC Premium
 - Total 10-year revenue estimated to range from \$90 -100 million
 - Annual incremental revenues estimated to range from \$1.1 - \$2.5 million

Board Options

- Option #1

Authorize an agreement with Calpine Energy Solutions, LLC for the sale of renewable energy from the Phase I-II hydroelectric power plants

- Option #2

Direct staff to continue negotiations or initiate new negotiations with the same or new parties

Staff Recommendation

- Option #1





● **Board of Directors**
Imported Water Committee

9/13/2022 Board Meeting

7-6

Subject

Adopt the Revision and Restatement of Bay-Delta Policies; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

At the April 2021 Bay-Delta Committee meeting, staff was requested to provide a review of Metropolitan’s Bay-Delta Policies. Metropolitan’s overarching Bay-Delta Policies were last updated in the mid-2000s. Since that time, many significant factors have arisen related to statewide water resources management, including changed conditions in the Bay-Delta region and throughout Metropolitan’s service area. Staff went through an extensive internal process to review and consolidate the existing Bay-Delta Policies and develop a draft Bay-Delta Policy Framework (Framework) to facilitate discussion and input from the Board. Staff received board input on the draft Framework through discussions at Water Planning and Stewardship Committee meetings in May, June, and July 2022. Based on this feedback, staff developed a Framework consisting of three policy objectives and nine policy principles that restate existing policy and include key updates based on emerging trends. These policies were presented and discussed at the August 2022 Water Planning and Stewardship Committee meeting and are now presented for adoption.

Details

Since the adoption of Metropolitan’s existing Bay-Delta Policies in the mid-1990s and early-to-mid 2000s, many significant factors have arisen related to statewide water resources management, including changed conditions in the Bay-Delta region and throughout Metropolitan’s service area. In addition, the current policy structure, while comprehensive, is embodied in several board actions and can be challenging to reference and difficult for the Board, outside decision-makers, and the public to understand. The Board’s future oversight and actions could be more effectively supported by the consolidation and updating of the Bay-Delta Policies to align with emerging trends, while clarifying and preserving topics that continue to be relevant to the Board’s ongoing direction.

Background

Overview of Existing Bay-Delta Policies

Since the mid-1990s, Metropolitan’s Board has taken a number of actions and adopted policy principles that support staff implementation of activities related to the Bay-Delta. These activities include day-to-day tasks, projects, policy and program development, program management, engagement with external parties, long-term planning, and key investments. Collectively, staff refers to this set of board policy actions as the “Bay-Delta Policies.”

Pre 2006 – Bay-Delta Board actions and related policies: Key Metropolitan board-approved policies were adopted following the passage of the Central Valley Project Improvement Act of 1992, which aimed to solve water conflicts by establishing a balance between requirements for fish and wildlife, agriculture, municipal, industrial, and power interests.

April 2006 – Board adoption of policy principles regarding long-term actions for the Sacramento-San Joaquin River Delta. In recognition of then-recent events, including Hurricane Katrina, the Jones Tract levee failure, declining fish species in the Delta, and renewed state efforts to protect the Delta, the Board

adopted 13 policy principles that reflected the importance of the Delta to Metropolitan. These policy principles included a Delta Mission Statement. Based on the four central themes, 13 specific policy principles were adopted to ensure long-term challenges in the Delta could be successfully met.

June 2007 – Board support, in principle, of the proposed framework for Metropolitan’s Delta Action Plan: Following board adoption of the 13 policy principles for the Delta, development of Metropolitan’s Delta Action Plan began. At its April 2007 Board of Directors Retreat, the Board discussed a proposed framework for directing Metropolitan’s staff action on Delta-related issues.

September 2007 – Board adoption of criteria for conveyance options in implementation of the Long-Term Delta Action Plan: In September 2007, Metropolitan’s Board adopted six key policy criteria for considering the water supply conveyance options being developed by the State of California: (1) provide water supply reliability; (2) improve export water quality; (3) allow flexible pumping operations in a dynamic fishery environment; (4) enhance the Delta ecosystem; (5) reduce seismic risks; and (6) reduce climate change risks.

August 2008 and January 2009 – Board approval of Delta Governance Principles and support of the Final Delta Vision Implementation Report: In August 2008, the Board adopted Delta Governance Principles in response to the governance strategy established by the Governor’s Blue-Ribbon Task Force. The Governor’s Blue-Ribbon Task Force adopted a Delta Vision Plan to describe an overarching vision for the future of the Delta, followed by a subsequent Delta Vision Strategic Plan.

Current Update Process

Overview of Process to Consolidate, Review, and Update the Bay-Delta Board Policies

At the April 2021 Bay-Delta Committee meeting, staff was directed to review and propose updates to Metropolitan’s Bay-Delta policies. In November 2021, staff followed up with a presentation to the Bay-Delta Committee that provided a high-level overview of the history of Metropolitan’s Bay-Delta Policies and a proposed process to review and consider updates to those policies.

Internal Review and Development Process

During the fall of 2021 and into early 2022, staff went through a process to review and consolidate the existing Bay-Delta actions and policies described above. Staff subject matter experts throughout Metropolitan provided input on key policy areas to identify changed conditions and emerging trends. Staff solicited additional input on draft policy objectives and principles from the Office of the General Manager, External Affairs, Water Resource Management, Real Property, Finance, and Legal leading up to the July 2022 information item.

Board Review of Policy Principles

April 2022 – Water Planning and Stewardship Committee: Staff developed and transmitted background information to the committee prior to the April 2022 meeting to serve as background and a reference and to promote continued discussion.

May 2022 – Water Planning and Stewardship Committee: Staff provided background on existing board-adopted Bay-Delta Policies and described the key policy areas that were identified in the internal review process. In addition, staff outlined how those key policy areas were used to develop a draft Framework and policy principles and provided examples of how the Framework could be used to support different policy applications.

June 2022 – Water Planning and Stewardship Committee: The Board provided staff with additional feedback on the draft policy framework and policy principles. Staff also received feedback from member agencies through discussions with staff, member agency meetings, and requests for staff to provide updates at member agency board meetings.

August 2022 – Water Planning and Stewardship Committee: In response to board and member agency feedback, staff further refined and consolidated the draft policy framework and policy principles and brought forward a Revised Bay-Delta Policy Objectives and Framework to the committee as an Information Item.

Revised Bay-Delta Policy Framework

Based on board feedback, staff developed a Bay-Delta Policy Framework consisting of three policy objectives and nine policy principles, shown in the table below, that restate existing policy and include key updates based on emerging trends. The Revised Bay-Delta Policy Objectives and Framework document (**Attachment 1**) provides an overview of how to navigate the policy framework, key descriptors of each element of the framework, and examples that illustrate how the policy principles might be applied. The Emerging Trends document (**Attachment 2**) provides a more detailed look at the changed conditions and emerging trends that were identified in staff’s review and consolidation of existing Bay-Delta actions and policies. This document is included as an attachment to this letter to help memorialize the thinking that went into revising the Bay-Delta Policies.

<p><i>Objective 1: Promote a Sustainable Bay-Delta within Metropolitan’s One Water Approach</i></p> <p><i>Objective 2: Support Statewide and Regional Actions that Improve Bay-Delta Sustainability</i></p> <p><i>Objective 3: Address the Risks Associated with Climate Change</i></p>
<p><u>Policy Area 1: Science and Watershed Management</u></p> <p>1A Protect and restore aquatic species and habitats based on best available science</p> <p>1B Partner in watershed-wide approaches to develop comprehensive solutions</p> <p>1C Advance responsible stewardship of Metropolitan’s Delta islands</p>
<p><u>Policy Area 2: Water Supply Reliability and Resilience</u></p> <p>2A Protect water supply reliability and water quality</p> <p>2B Invest in actions that provide seismic and climate resiliency</p> <p>2C Seek flexible operations, water management actions, and infrastructure solutions</p>
<p><u>Policy Area 3: Partnerships and Cost-Effective Investments</u></p> <p>3A Maintain and pursue cost-effective financial investments</p> <p>3B Foster broad and inclusive engagement of Delta interests and beneficiaries</p> <p>3C Promote innovative and multi-benefit initiatives</p>

Application of the Revised Bay-Delta Policy Framework

The Framework described above provides direction to staff related to day-to-day Bay-Delta work activities, project management, external engagement, and longer-term planning efforts. In addition, the Framework would support future board deliberation when it considers individual actions. The following examples help illustrate how the Framework would be applied.

Reduced Delta Reliance

Local and regional projects such as Pure Water Southern California that improve regional self-reliance are supportive of all three Bay-Delta Policy Objectives: (1) Promote a sustainable Bay-Delta within Metropolitan’s One Water approach, which, among other things, aims to reduce Metropolitan’s dependence on imported water and expand local and drought resistant supplies; (2) Support statewide and regional actions that improve Bay-Delta sustainability by meeting future demands through new regional supplies; and (3) Address the risks of climate change by diversifying sources of supply. In alignment with state policy, local and regional projects that increase regional self-reliance also provide for reduced reliance on the Delta. Reduced Delta reliance is an important part of achieving a sustainable Bay-Delta.

Delta Conveyance

The proposed Delta Conveyance Project (DCP) as described in the draft environmental impact report endeavors to be consistent with all three Bay-Delta Policy Objectives. Under the proposed Framework, staff would review the proposed project through the lens of several applicable Policy Principles, including: (2A) Protect water supply reliability and water supply; (2B) Invest in actions that provide seismic and climate resiliency; (2C) Seek flexible operations, water management actions, and

infrastructure solutions; (3A) Maintain and pursue cost-effective financial investments; and (3B) Foster broad and inclusive engagement of Delta interests and beneficiaries. As described above these Policy Objectives and Principles guide staff activities related to the DCP and would also provide guidance for any future Board actions/recommendations. As an example of how the Framework functions, if the Department of Water Resources were to propose design modifications that render the DCP inconsistent with any applicable policies, staff would ensure that the issue is either resolved or made known in any future recommendations to the Board.

Recommendation

After accounting for significant board and member agency feedback, staff recommends the Board adopt these revised and restated Bay-Delta Policies. The Bay-Delta Policies account for recent emerging trends and feedback from the Board in recent months regarding adjustments from the previous policies. These Bay-Delta Policies, once adopted, will guide staff engagement on Bay-Delta and other related issues. Should the Board choose to not adopt these revised and restated Bay-Delta Policies, then staff will continue to take guidance from the current board policies that have been in place for years.

Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 41504, dated July 13, 1995, the Board adopted principles guiding development of an urban position on amendment of the Central Valley Project Improvement Act (P.L. 102-575).

By Minute Item 45753, dated May 11, 2004, and Minute Item 46637, dated April 11, 2006, the Board adopted a set of Delta policy principles to ensure a solid foundation for development of future Metropolitan positions and to provide guidance to Metropolitan staff.

By Minute Item 47135, dated May 25, 2007, the Board supported, in principle, the proposed Delta Action Plan, as set forth in the letter signed by the General Manager.

By Minute Item 47232, dated September 11, 2007, the Board adopted criteria for support of conveyance options in implementation of a long-term Delta improvement plan.

By Minute Item 47605, dated August 19, 2008, the Board approved the Ad Hoc Subcommittee recommendations as outlined in the board letter.

By Minute Item 47769, dated January 13, 2009, the Board expressed a support position regarding the Final Delta Vision Implementation Report.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA (Public Resources Code Section 21065, State CEQA Guidelines Section 15378) because the proposed action involves continuing administrative activities such as general policy and procedure making, which will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment (Section 15378(b)(2) of the state CEQA Guidelines). In addition, the proposed action is not defined as a project under CEQA because it involves organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment (Section 15378(b)(5) of the state CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the revision and restatement of Bay-Delta Policies.

Fiscal Impact: None

Business Analysis: Staff will operate under revised and restated Bay-Delta Policies that consider a number of significant factors including changed conditions in the Bay-Delta region and throughout Metropolitan’s service area. In addition, the Board’s future oversight and actions would be more effectively supported by updating the Bay-Delta Policies to align with emerging trends, while clarifying and preserving topics that continue to be relevant to the Board’s ongoing direction.

Option #2

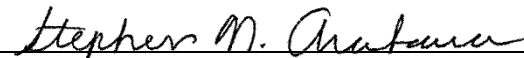
Do not adopt the revision and restatement of Bay-Delta Policies.

Fiscal Impact: None

Business Analysis: This board item will serve as a reference document for those interested in seeing trends affecting Metropolitan’s Bay-Delta Policies. Staff will continue to operate under the previous board policies and actions that were adopted in the mid-1990s and early-to-mid 2000s which do not have the same policy emphasis on the significantly changed conditions since that time in the Bay-Delta region and throughout Metropolitan’s service area.


Staff Recommendation

Option #1



Stephen N. Arakawa
Manager, Bay-Delta Initiatives

8/31/2022
Date



Adel Hagekhalil
General Manager

8/31/2022
Date

Attachment 1 – Revised Bay-Delta Policy Objectives and Framework

Attachment 2 – Emerging Trends

Ref# eo12684791

Attachment 1: Revised Bay-Delta Policy Objectives and Framework

Overview

The *Revised Bay-Delta Policy Objectives and Framework* is a consolidation and restatement of existing Bay-Delta Policies; however, it also takes into consideration recent trends relevant to Metropolitan’s interests. This document describes each of the three revised Bay-Delta Policy Objectives and Bay-Delta Framework (nine policy principles) with relevant examples listed under each of the nine policy principles.

The Bay-Delta Policy Objectives define Metropolitan’s overarching goals to protect reliable, high quality water supplies in an environmentally sensitive manner, consistent with Metropolitan’s Mission Statement. The Bay-Delta Framework includes nine policy principles intended to advance the Bay-Delta policy objectives. Once adopted, the Bay-Delta Policy Objectives and Framework collectively will guide Metropolitan staff and will inform future Board actions.

<i>Revised Bay-Delta Policy Objectives</i>		
Promote a Sustainable Bay-Delta Within Metropolitan’s One Water Approach Support Statewide and Regional Actions that Improve Bay-Delta Sustainability Address the Risks Associated with Climate Change		
<i>Revised Bay-Delta Policy Framework</i>		
Science and Watershed Management	Water Supply Reliability and Resilience	Partnerships and Cost-Effective Investments
Protect and restore aquatic species and habitats based on best available science	Protect water supply reliability and water quality	Maintain and pursue cost-effective financial investments
Partner in watershed-wide approaches to develop comprehensive solutions	Invest in actions that provide seismic and climate resiliency	Foster broad and inclusive engagement of Delta interests and beneficiaries
Advance responsible stewardship of Metropolitan’s Delta islands	Seek flexible operations, water management actions, and infrastructure solutions	Promote innovative and multi-benefit initiatives

Bay-Delta Policy Objectives

Objective 1: Promote a Sustainable Bay-Delta Within Metropolitan's One Water Approach

Supplies from the Bay-Delta watershed are integral to implementing Metropolitan's One Water Approach, an integrated planning and implementation approach to managing finite water resources for long-term resilience and reliability, meeting both community and ecosystem needs. Bay-Delta supplies are foundational to the One Water approach as they meet demands in Metropolitan's service area (including the SWP Dependent Area) and acts as source water for local supply projects such as water recycling and groundwater basin replenishment.

Objective 2: Support Statewide and Regional Actions that Improve Bay-Delta Sustainability

Ongoing statewide and regional investments in ecosystem restoration, flood control, water supplies, multi-benefit projects in the Bay-Delta, and upstream watersheds are essential to building and maintaining resilient water supplies from the Bay-Delta. Effective implementation of state policies related to reduced reliance, water use efficiency, the Sustainable Groundwater Management Act, and initiatives such as the governor's Water Resilience Portfolio will be essential. Likewise, additional funding and permitting efficiencies can help expedite regional and local supply development, and projects that supply ecologically beneficial flows in the Bay-Delta or Bay-Delta watershed.

Objective 3: Address the Risks Associated with Climate Change

Climate change is impacting California's water resources: sea levels are rising, snowpack is decreasing, and water temperatures are increasing. Droughts are expected to become more frequent and more severe, and storm intensities are expected to increase. These climate change trends are anticipated to continue, posing a prolonged threat to the Bay-Delta and Metropolitan's water supplies. An integrated federal, state, regional, and local approach to developing and managing water supply programs and projects is critical to managing for the future with climate change impacts that are occurring.

Bay-Delta Policy Framework

Policy Area 1: Science and Watershed Management

1A Protect and restore aquatic species and habitats based on best available science

Sustainable and resilient water supplies rely, in part, on the health of the Delta ecosystem. As populations of native aquatic wildlife continue to trend downwards, rigorous and peer reviewed science protects the environment and Metropolitan's water supply by supporting informed decision-making.

Examples include: Metropolitan staff authored papers on topics including Delta Smelt Habitat, Salmon Growth, and Delta Stressors, the Lower Yolo Tidal Marsh Restoration Project, and participation in the Collaborative Science and Adaptive Management Program and inter-agency consultations on coordinated long term operations of the State Water and Central Valley Projects.

1B Partner in watershed-wide approaches to develop comprehensive solutions

With much of the state's water supply originating in the mountains, the health and management of the upper watersheds are critically important to California's water quality and water supply.

Examples include: potential partnerships and opportunities in the upper watershed focused on the long-term potential for climate change adaptation (including adjustments for loss of snowpack), reduction in the impacts of variable precipitation patterns on runoff, and improvements in water quality and water temperature.

1C Advance responsible stewardship of Metropolitan's Delta islands

The Delta Islands provide a unique opportunity for research, innovation, and collaboration with other stakeholders to develop sustainable strategies for Delta land use and environmental stewardship. Staff is engaged in specific processes and opportunities for responsible long-term stewardship of Metropolitan's Delta islands properties. Further advancements on Metropolitan's Delta Islands would comport with both the Bay-Delta Policy Framework and the Board's adopted Climate Action Plan.

Examples include: levee enhancements that protect the freshwater pathways to the State Water Project south-Delta pumps, pilot projects and scientific investigations to evaluate strategies for carbon sequestration, floating organic marshes that can support sensitive fish species, sustainable agriculture that halts or reverses subsidence, experiments to improve measurement of water diversions and water use, compensatory mitigation, habitat restoration for native aquatic species, native fish species preservation, and reduction in stressors affecting state and federal listed fish species.

Policy Area 2: Water Supply Reliability and Resilience

2A Protect water supply reliability and water quality

Two of the core tenets of Metropolitan's mission statement are to provide reliable and high-quality water supplies to its service area. The Delta is a major pathway for the source of water for most of the state and the sustainability of Delta water supplies is a critical element of Southern California's water reliability. This reliability is protected through science-based regulatory frameworks, long term water supply planning, collaborative partnerships, and pursuing water supply infrastructure solutions.

Delta water quality should be protected for public health and managing salinity. Measures that reduce the salinity of Delta supplies will help meet regional salinity objectives of urban and agricultural agencies throughout California. This includes benefits to Metropolitan's service area to enhance management of Southern California groundwater basins and to develop additional recycled water.

Examples include: Water supply and quality initiatives including new Delta conveyance, Voluntary Agreements to implement State Water Resources Control Board Water Quality regulations, Delta Regional Monitoring Program, CV-SALTS, and Delta Nutrient Research Plan

2B Invest in actions that provide seismic and climate resiliency

Earthquakes in the Delta region, sea level rise and subsidence can result in levee failure and saltwater intrusion into the Delta from the San Francisco Bay and the ocean. Changing weather patterns will result in longer periods of drought and more intense storms and storm periods. Resiliency requires continued participation and investment in actions including flood emergency planning, levee improvements, water storage, and water supply management.

Examples include: the DWR/USACE Delta Flood Emergency Integration Plan, the Governor's Water Resilience Portfolio, and new storage and conveyance projects.

2C Seek flexible operations, water management actions, and infrastructure solutions

Current operations of the State Water Project and Central Valley Project facilities are subject to prescriptive flow and other regulatory standards. Metropolitan staff is working with partners to advance technology and monitoring that could be used to develop more effective water project operations that are protective of aquatic wildlife, with the support of new technological capabilities and better real-time information systems.

Examples include: Improved atmospheric river and runoff forecasting, forecast-informed reservoir operations, improved fish monitoring, including steelhead, artificial intelligence, modeling of aquatic wildlife behavior, improved rapid genetic testing of salvaged salmonids, and the use of true adaptive management and structured decision-making processes.

Policy Area 3: Partnerships and Cost-Effective Investments

3A Maintain and pursue cost-effective financial investments

Completion and maintenance of large multi-benefit water supply projects require partnership and multiple funding sources to be cost-effective. Advancing partnerships and seeking multiple funding sources can offset or reduce expenditures associated with climate change adaptation for water supply and other public benefits, which are instrumental to future Metropolitan water supply reliability.

Examples include: repair of California Aqueduct subsidence, new Delta conveyance, Sites Reservoir, Pure Water and other local and regional projects.

3B Foster broad and inclusive engagement of Delta interests and beneficiaries

The Bay-Delta is a lifeline to multiple entities with diverse interests including tribes, public water agencies, local, state and federal agencies, non-governmental organizations and agricultural interests. Engagement can yield new perspectives on Bay-Delta related issues and identify opportunities for collaboration.

Examples include: Engaging in the development of a Community Benefits Program for the Delta Conveyance Project, participating in the multi-interest Collaborative Science and Adaptive Management Program, opportunities for projects on Metropolitan's Delta Islands, participating in State Water Project Contractors, serving on the Delta Protection Commission Advisory Committee, participating in the Plumas Watershed Forum, and Sites Reservoir Committee and subcommittee engagement.

3C Promote innovative and multi-benefit initiatives

The Delta region is at the intersection of many social, political, environmental and climate related factors. As a result, Delta issues are significantly complex, with a significant degree of uncertainty given the range of physical and biological factors that are involved. Metropolitan recognizes that new technologies and approaches are needed to address current and future challenges in the Bay-Delta.

Examples include: Collaborative and innovative solutions including the use of structured decision making, environmental DNA to detect aquatic species, the Reorienting to Salmon Recovery effort, the Bouldin Island Levee Setback Project, and the Delta Smelt and Native Species Preservation Project.

Bay-Delta Policies Update Process

Attachment 2: Emerging Trends

Policy Objective 1: Promote a Sustainable Bay-Delta Within Metropolitan's One Water Approach

Local Resources Sustainability

SWP Interrelationship with Local Resources

Current Trends

Production from existing local groundwater, surface water, and Los Angeles Aqueduct supplies have decreased over the last decades. New recycled water, seawater desalination, and groundwater recovery local supply projects have proven difficult to implement due to permitting and regulatory requirements, technical complexities, and costs. The development of new local supply production has fallen short of the planning goals described in Metropolitan's Integrated Water Resources Plan (IRP). Shortfalls in local supply production and development potentially put additional pressure on other local supplies and imported water sources. The importance of new local supplies is described in the 2020 IRP Regional Needs Assessment, as follows:

- Maintaining existing and developing new local supplies is critical in helping manage demands on Metropolitan, which increases sustainability and reduces dependency on imported supplies.
- Impacts to reliability occur if local supply assumptions are not achieved.
- Additional actions may be needed should existing and future local supply levels deviate from IRP assumptions.

Groundwater supplies meet around 30 percent of total retail demands in Metropolitan's service area. Since 2000, regional groundwater production has declined by about 25 percent. Groundwater production has decreased due to reductions in replenishment from imported sources, reductions in recharge from local precipitation, and outdoor irrigation, water quality regulations, and emerging contaminants. Currently there is about 5.5 million acre-feet of storage space in the region's groundwater basins. At the current rate of decline, the region would reach 7 million acre-feet of storage space, a critical threshold for reduced groundwater production, in the next few years.

Over the past 20 years, the region has made substantial gains in recycled water development. However, future recycled water projects face challenges due to the declining availability and quality of wastewater effluent as a result of effective water conservation measures. Large recycled water reuse projects are becoming more established in Metropolitan's service area. A future prospect for many of these programs is to produce water for direct potable reuse as well as indirect potable reuse (groundwater augmentation). A number of large reuse projects are either in the planning stages or have already been implemented:

- Metropolitan and Los Angeles County Sanitation Districts: Pure Water Southern California (150 mgd)

- Los Angeles Department of Water and Power: Operation Next (~175 mgd)
- City of San Diego: Pure Water Program (+30 mgd)
- Orange County Water District: Groundwater Replenishment System (130 mgd)

State Water Project (SWP) supplies play a critical role in supporting existing and new local supply production from groundwater and recycled water in Metropolitan's service area. Replenishment from imported sources and recycled water are needed to maintain groundwater basin health in the region. Due to groundwater basin plan objectives set by the Regional Water Quality Control Boards, many basins are only able to use SWP supplies for groundwater recharge without additional treatment. In addition, state and Regional Water Quality Control Board regulations dictate total dissolved solids standards for recycled water used for groundwater recharge and reservoir augmentation, as well as for other non-potable uses.

Importance to Metropolitan

Local supply production and imported SWP supplies from the Delta are intrinsically linked. Ensuring sufficient Delta supplies as source water is key to the success of large recycling projects and maintaining sustainable groundwater production in Metropolitan's service area. Groundwater is the largest source of local supply in the region, and large recycled water projects have great potential for improving reliability in the region. In turn, increased regional self-reliance and reduced reliance on the Delta are achieved through the continued sustainability and development of local supplies and conservation. In addition, demonstrating reduced reliance is key to ensuring new water supply projects like the Delta Conveyance Project can show consistency with the Delta Plan, a prerequisite to construction.

Metropolitan's Supply Portfolio and Operations

Storage and Transfers/Exchanges

Current Trends

Over the past decades, Metropolitan's storage programs and the transfer and exchange of water from willing partners have played an integral role in maintaining water supply reliability. The 2020 IRP Needs Assessment key findings highlights some of the important roles of storage:

- Storage is a vital component in maintaining reliability under current and future conditions.
- Expanding existing or developing new storage programs may be needed to help balance new core supply development in order to meet potential future shortages.
- Storage programs with even modest put/take capacities can help manage supply and demand gaps as well as reduce the need for transfers and fallowing in dry years.

Metropolitan has developed a large regional storage portfolio that includes both dry-year and emergency storage capacity. Storage is a key component of Metropolitan's overall resource management strategy. Storage enables the capture of surplus water in normal and wet years so that it can be used to meet demands in dry years. Since the last drought period of 2012-2015, Metropolitan was able to increase its total storage reserves from a low point of less than a million acre-feet in 2015 to over 3 million acre-feet at the beginning of the current drought period. In 2021, withdrawals from

storage of around 600 thousand acre-feet played a critical role in meeting demands under a 5 percent SWP Table A allocation.

In recent years, the water transfer market's ability to provide dry-year reliability has been uncertain. The water transfer market in recent dry and critically dry years has had limited supply and high prices, and therefore the water market should not be relied upon as the primary source of water during future droughts. However, water transfers and exchanges in average and above-average water years may prove to be both plentiful and affordable. Due to investments in storage and distribution system conveyance, Metropolitan has the capability to purchase transfers or exchange supplies in normal and wet years.

The main constraint to moving water through the Delta to Metropolitan's storage facilities continues to be regulatory constraints at the SWP's export facilities in the south Delta. With projects such as new Delta Conveyance and Sites Reservoir, Metropolitan's ability to capture and move water in wetter water years would be expected to increase. With the recent Water Management Amendment to the State Water Contract, SWP Contractors are increasingly able to engage in short term transfers and developing exchanges with others. Wetter year exchanges provide an effective tool for Metropolitan to take and store water in years where competition for transfers is low and previously stored water can be used in dry years. Transfers and exchanges can also help facilitate partnerships in local water supply projects such as regional recycling with outside entities of the region. Transfers and exchanges could be made within the SWP to generate environmental flows and in recognition of multiple benefits to the Delta or upper watershed, as well as dry-year reliability (e.g., the Proposition 1 Chino Basin Conjunctive Use Environmental Water Storage/Exchange Program).

Importance to Metropolitan

Storage and transfers and exchanges are critical to the long-term sustainability and effective management of Metropolitan's water resources portfolio. SWP supplies, which are highly susceptible to varying hydrological conditions, provide water for storage in normal and wet years for use in dry years. A flexible water transfer approach that can take advantage of water when it is available will help to stabilize and build storage reserves; the combination of storage and transfers/exchanges work together to manage water supplies more efficiently between years and help reduce demands on the Delta in dry years.

SWP Dependent Areas

Current Trends

Metropolitan's distribution system is large and complex, supplies and demands are not evenly distributed across the system. Historically, there has been enough system flexibility to manage this uneven distribution between supplies and demands, however in the extreme drought year of 2021, with only a five percent SWP allocation, this flexibility was put to the test. The SWP Dependent Area is the portion of Metropolitan's system that is typically entirely dependent on SWP supplies. The 2020 IRP Regional Needs Assessment recognizes the importance of taking actions that address issues associated with SWP Dependent Areas.

- Vulnerabilities in the SWP Dependent Areas are more severe given reduced reliability of SWP supplies. Actions identified in the implementation phase must prioritize addressing the SWP Dependent Area's reliability challenges.
- New core supplies and new/or existing storage must first address and reach SWP Dependent Areas.
- System flexibility and distribution system investments can increase SWP Dependent Areas' access to existing core supplies and storage.
- Shortages on the Colorado River Aqueduct limit the effectiveness of system distribution improvements.

Metropolitan was able to meet all SWP Dependent Area demands in 2021 by implementing a number of actions and coordinating closely with the member agencies. The new DVL-to-Mills plant operation and the new Operational Shift Cost-Offset Program expanded system flexibility and made it possible to bring alternative supplies to SWP Dependent Areas. Metropolitan purchased transfers and increased the yield of SWP Banking Programs. Member agencies conserved consumptive demands and deferred replenishment deliveries. Supplies were also drawn from SWP Carryover storage in San Luis Reservoir (storage carried over from previous water year in San Luis Reservoir for Metropolitan's use) and Flexible Storage in Castaic Lake (SWP water in Castaic Lake for use within Metropolitan's service area) to meet any remaining needs.

In November 2021, Metropolitan's Board recognized a statewide drought emergency and declared emergency conditions within Metropolitan service area. The Board acknowledged the record dry conditions of 2020 and 2021, prepared for potential continued dry conditions into 2022, and called on member agencies in the SWP Dependent Area to reduce water demands through all reasonable means, including increasing conservation, local supply use, water-use efficiency, and drought-related limitations. In April 2022, Metropolitan's Board approved the framework of an Emergency Water Conservation Program effective June 1, to reduce demands and preserve SWP supplies in the dependent areas.

Importance to Metropolitan

In 2021, the total demand on Metropolitan for SWP Dependent Areas was 771,000 acre-feet, which accounted for almost half of the 1.57 million acre-feet of total demands. Metropolitan is committed to ensure all portions of the service area attain a high level of reliability.

Policy Objective 2: Support Statewide and Regional Actions that Improve Bay-Delta Sustainability

Bay-Delta Sustainability

Current Trends

With increasing water scarcity and more competition for limited water resources, sustainability and multiple benefit outcomes have become increasingly important in the Delta. Long-term sustainability of the Delta and water supply reliability are directly linked.

The State Water Resources Control Board (Water Board) is proposing mandatory cuts to water diversions to produce flows its staff believe will benefit the environment as part of the Water Quality Control Plan (WQCP) update. Regulatory approaches rarely provide multiple benefits because regulatory agencies' authority limits the range of potential actions. As an alternative, the water users are promoting the Voluntary Agreements, which are supporting sustainable and multiple benefit actions, enabling a larger range of management actions not available through regulation of diversions alone, including habitat restoration. In March of 2022, a Memorandum of Understanding for the Voluntary Agreements was signed by 16 entities, including Metropolitan, State Water Contractors, the Department of Water Resources, and the United States Bureau of Reclamation. About 20 years ago, Metropolitan was involved in the Environmental Water Account, which made water available through water purchases for environmental purposes. The Voluntary Agreements would include an even more ambitious and comprehensive suite of measures, including purchases of water for environmental flows from willing sellers, improved science and monitoring, adaptive management, and multi-benefit habitat restoration projects through collaboration instead of top-down flow-only mandates.

However, there are structural hurdles to achieving multiple benefits. For example, ecosystem projects are difficult to complete due to challenges in obtaining permits and, where applicable, moving through the Delta Plan certification of consistency process, which increases project timelines and costs. There have been some efforts to improve permitting efficiency, including the Governor's initiatives: "Cutting the Green Tape", the Biodiversity Executive Order and the recent CEQA exemption for habitat projects, all of which should be coordinated and fast-tracked. Given recent challenges with the Lookout Slough Tidal Habitat Restoration and Flood Improvement Project, which took more than a year to certify consistency with the Delta Plan, the Delta Plan policies and certification appeal process should be re-evaluated to ensure timely implementation of ecosystem projects. Emphasis on functional flows and adaptive management continue to be themes for water management.

Importance to Metropolitan

Long-term Delta sustainability is essential to supporting Metropolitan's integrated regional planning and supply portfolio. SWP supplies are used to replenish Metropolitan's dry-year storage reservoirs, storage programs and local groundwater basins. SWP supplies support the long-term success of local supply development and maintenance. SWP supplies also support SWP Dependent area demands in the service area.

Statewide Integrated Water Resources

Current Trends

The new and continuing challenges of California's diverse and extreme hydrologic conditions require local agencies to use new and innovative methods for managing water. Growing populations, urban development patterns, changing regulations, and climate change require water managers to adopt a range of solutions. The costs, benefits, and impacts of implementing a range of water management strategies in project-specific locations could vary significantly depending on local objectives and project level complexities.

Metropolitan has a long history of innovation and support for local and regional water supply projects. Over the last several decades, Metropolitan has invested \$1.5 billion in conservation rebates and programs, and local resources program incentives. These investments have resulted in 7.6 million

acre-feet of cumulative conservation savings and local supply production. Where Metropolitan has been able to further leverage other funding sources, our ability to successfully complete local and regional projects has been further enhanced. For example, in 2018 Metropolitan co-funded six potable reuse projects and one agricultural reuse study with the Water Research Foundation (WRF). Metropolitan's nearly \$1 million in co-funding supports WRF's \$8 million Advancing Potable Reuse Initiative and matches \$3.5 million in State Water Resources Control Board grant funding.

Solving water supply challenges in a changing environment requires a toolbox of approaches, including continued reliance on imported supplies, as well as local and regional projects. Local and regional supplies are needed to improve local resiliency, and significant investment in planning and implementation of local water supply projects is needed.

Importance to Metropolitan

State and federal investments in regional water supply planning and projects are vital to Metropolitan's ability to continue such investments and to support regional water resiliency, consistent with the state policy to reduce reliance on the Delta to meet California's future water supply needs.

Statewide Storage

Current Trends

Statewide storage resources have and will continue to play an increasingly important role in ensuring the reliability of supplies from the SWP. Historically, snowpack has played a critical role in managing California's water resources. On average snowpack supplies about 30 percent of California's water needs and serves as a "frozen reservoir" to store winter precipitation for use throughout the rest of the year.¹ Climate research conducted by the UCLA Center for Climate Science shows a potential decrease in Sierra snowpack volume of 30 to 64 percent by the end of the century. In addition, snowmelt is expected to occur 25 to 50 days earlier in the year. With more winter precipitation falling as rain and earlier snowpack melting, additional pressure will be placed on statewide storage to balance the state's needs for water supply, ecosystems, and flood-control.

With the anticipated losses of snowpack storage, changing runoff patterns and the need to implement Groundwater Sustainability Plans under SGMA, water managers are seeking ways to more actively manage surface water and groundwater supplies together. DWR is currently evaluating the potential benefits of Flood-Mar projects throughout the state. Flood-MAR involves harnessing flood water from rainfall or snow melt and redirecting it onto agricultural, working landscapes, and managed natural lands to recharge groundwater. Groundwater provides about 40 percent of the state's total water supply on average and serves as a buffer against the impacts of drought and climate change.

Federal, state, and local agencies are also working to find ways to better manage surface water reservoirs that balance the needs for flood control, water supply, and power generation. Opportunities to implement Forecast Informed Reservoir Operations (FIRO) are being identified and

¹ <https://water.ca.gov/News/News-Releases/2021/Dec-21/DWR-12-30-21-Snow-Survey#:~:text=On%20average%2C%20the%20Sierra%20snowpack,as%20California's%20%E2%80%9Cfrozen%20reservoir.%E2%80%9D>

evaluated for several reservoirs across the state. FIRO is a reservoir-operations strategy that better informs decisions to retain or release water by integrating additional flexibility in operation policies and rules with enhanced monitoring and improved weather and runoff forecasts.

The SWP and CVP have water storage projects throughout much of the state. Both the SWP and CVP water delivery systems rely on runoff and surface reservoir storage releases in areas upstream of the Delta to deliver contracted water via the Sacramento and San Joaquin Rivers to Delta export pumps in the south Delta. Regulatory standards in recent decades have changed how the SWP and CVP operate, considerably reducing the long-term average amounts of water conveyed through the south Delta. Additionally, increasing pressure has been placed on the CVP and SWP reservoir systems as a result of climate change as described above. Increased operational flexibility and integration with new projects like new Delta conveyance, and Proposition 1 projects, like Sites Reservoir, will be needed in the future as the timing and magnitude of flows change.

New storage programs are being developed statewide that offer opportunities for new partnerships, additional flexibility through transfers and exchanges, and water supplies for environmental needs. The Water Quality, Supply, and Infrastructure Improvement Act of 2014 known as Proposition 1, designated \$2.7 billion for investment in public benefits associated with new water storage projects. The California Water Commission (CWC), through the Water Storage Investment Program (WSIP) is responsible for administering those funds. Only projects that improve the operation of the state's water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions in the Bay-Delta are eligible for WSIP funding. Public benefits provided by a project may include water quality improvements, flood control benefits, emergency response, recreational opportunities, and ecosystem benefits. At least 50 percent of the total public benefits funded for a project must provide ecosystem improvements. The CWC has issued maximum conditional eligibility determinations (MCEDs), which is the amount of Proposition 1 funding available to a given project, for seven projects that collectively would boost California's water storage capacity by 2.77 million acre-feet. The projects range from expanding existing reservoirs to boosting groundwater storage to building 21st century surface storage facilities. !

Importance to Metropolitan

Effective statewide management of surface water and groundwater resources will be essential in maintaining the reliability of SWP and other supplies in the face of climate change.

Policy Objective 3: Address the Risks Associated with Climate Change

Climate Change

Current Trends

Climate change is affecting California in many ways, several of which impact our water resources: sea levels are rising, snowpack is decreasing, and water temperatures are increasing. In the future, droughts are expected to become more frequent and more severe, and storm intensities are expected to increase. Compounding the hydrologic conditions is the increased wildfire risk to upper watersheds and headwaters. These changes affect our ability to meet crucial water management objectives such as ensuring reliable water supply and quality, managing floods, and protecting ecosystem functions.

These climate change trends are anticipated to continue, posing a prolonged threat to Metropolitan's SWP supply, transfer/exchange supplies, local supply production, and long-term reliability of Colorado River supplies.

Several approaches for addressing climate change are underway, including new water storage projects like Sites Reservoir and Los Vaqueros Expansion, the Delta Conveyance Project, habitat restoration projects (both in the Delta and upper watershed), water conservation, local regional projects, and science initiatives. Key state-led water related planning efforts include the Governor's Water Resilience Portfolio, Biodiversity Executive Order, State Water Resources Control Board's Water Quality Control Plan ("WQCP"), Delta Stewardship Council's ("DSC's") Delta Plan, and DSC's Delta Adapts. These state-led plans, and policies will shape future regulations for water supply, water quality, and environmental protection and implementation of climate adaptation strategies statewide.

Importance to Metropolitan

Climate change poses a risk to both Metropolitan's local and imported water supplies, including the Bay-Delta and local water supplies. To ensure a reliable water supply for Metropolitan, Bay-Delta climate adaptation solutions are needed, such as infrastructure reliability, ecosystem management and flood protection.

Policy Area 1: Science and Watershed Management

Bay-Delta Science

Aquatic Species

Current Trends

Since the 1980s, there has been increasing regulation of the SWP. These regulations include multiple biological opinions (BiOps) under the federal Endangered Species Act (ESA), incidental take permit (ITP) under the California Endangered Species Act (CESA), and the 1995 Water Quality Control Plan and its implementing Water Right Decision 1641 (D-1641). Several native fish species in the Bay-Delta are listed under the ESA and/or CESA, including Delta smelt, longfin smelt, Chinook salmon, green sturgeon, and steelhead. The Bay-Delta Water Quality Control Plan also protects fish and wildlife as one of several beneficial uses of water. As a result of these regulations and others, there has been a decrease in long-term average SWP and Central Valley Project (CVP) export supplies.

The SWP operates in an environment vastly different from the conditions under which native aquatic species evolved. Physical, hydrological, and biological alterations present novel conditions that result in stressors on Delta species that predate the SWP. During the last 200 years, human activities have dramatically altered and reshaped the habitat upon which species depend for survival by walling off millions of acres of floodplain, draining hundreds of thousands of acres of tidal marsh and riparian habitat, and managing the Suisun Marsh for fresh-water marsh duck hunting. These activities, as well as proliferation of invasive non-native species, discharges of agricultural and urban pollutants, ocean harvest of salmon, and poor ocean conditions have reduced and continue to reduce the listed native fish species' likelihood of survival and recovery. The population of key species, which are of commercial, recreational and cultural value, have implications on decisions related to real time water project operations and ultimately water supply.

Scientific literature supports that there is no single cause of the recent declines in the abundance of some species, rather there are multiple stressors (e.g., temperature, contaminants, habitat loss or degradation, climate change) interacting in ways that are not fully understood. Methods and modeling tools for studying effects of project operations on species have advanced over the last decade, while tools and methods to study the effects of non-flow stressors on aquatic species are lagging. Changes in the magnitude and timing of flows into and through the Delta have changed over time due to major physical alterations of the Delta, as well as increasing water use throughout the watershed. These changes will continue as a result of climate change and other factors. Over the last decade, entrainment effects of the SWP and CVP have been low. Thus, there is an urgent need to improve scientific understanding of the multiple and synergistic non-flow stressors on sensitive fish to inform effective water management policies and regulations.

There are multiple collaborative processes underway today to enhance science investigations, addressing management questions, improve adaptive management, and improve decision-making. The complexity and extent of regulatory processes has increased, and the need for sound science to support decision-making has increased.

Importance to Metropolitan

ESA and CESA listing of Delta fish species has resulted in increasingly more stringent regulations on the SWP operations from both the state and federal fish agencies and the State Water Resources Control Board. These regulatory requirements impact Metropolitan's water supply reliability. Addressing science and management actions related to listed fish species supports Metropolitan's water supply reliability.

Delta Ecosystem / EcoRestore / Habitat Restoration

Current Trends

Today's Delta hardly resembles what it did 150 years ago. During the Gold Rush, Delta channels were straightened, fertile floodplains lost, and riparian forests were replaced by steep levees. Hundreds of thousands of acres of rich tidal marshlands in the Delta and Suisun Marsh were reclaimed for agriculture and duck hunting, and with economic growth came invasive plants and animals.

EcoRestore is a State initiative to help coordinate and advance more than 30,000 acres of habitat in the Sacramento-San Joaquin Delta, Suisun Marsh, and Yolo Bypass region. The program provides a broad range of habitat restoration projects, including aquatic, subtidal, riparian, floodplain, and upland ecosystem. There are 25,000 acres associated with existing mandates for habitat restoration, pursuant to federal BiOps to support native fish species, including tidal marsh, floodplain, and fish passage improvements. These projects are funded by the state and federal water contractors to meet regulatory requirements. There are other habitat restoration enhancements throughout the Delta not associated with mitigation that are supported by other funding sources including Proposition 1 grants. Funding for these grants will come primarily through the Delta Conservancy, the Department of Fish and Wildlife, and the Department of Water Resources.

The EcoRestore program currently includes 32 multi-benefit projects that are in planning, construction or are completed, at a cost of nearly \$500 million to date. Completion of these projects is estimated to cost \$750 - \$950 million, with approximately 50% of costs from SWP and 50% from other sources.

These projects trend towards increased emphasis on science, robust monitoring, modeling, and Adaptive Management/Structured Decision-Making. Holistic nature-based solutions may have potential to improve ecosystem services, while also addressing habitat, drought, water quality, wildfires, and carbon sequestration.

Importance to Metropolitan

Sustainable and resilient water supplies rely, in part, on the health of the Delta ecosystem. Requirements for restoring habitat for Delta smelt, Chinook Salmon, and other species are included in the BiOps and ITP for operation of the SWP. If the Voluntary Agreements move forward as an alternative implementation approach for the current Water Quality Control Plan update, habitat restoration will be an important component to protect water quality and beneficial uses of water. Protection and restoration of important Delta ecosystems is included in numerous state initiatives including the Delta Plan, Delta Adapts, California Biodiversity Initiative, California Water Action Plan, and Water Resilience Portfolio.

Watershed Management

Upper Watershed/Forestry Management

Current Trends

With much of the state's water supply originating in the mountains as precipitation on forested landscape, the health and management of the upper watersheds are critically important to California's water quality and water supply. High intensity, large scale fires significantly degrade the watershed leading to erosion, flash flooding, resulting in downstream sediment deposition which can impact habitat and water storage.

More than half of the watershed area above Lake Oroville has been burned over the last three years (2019-2021). The North Complex Fire (2020) and the Dixie Fire (2021) alone burned nearly 1.3 million acres in the Feather River watershed. The erosion that may result from these fires could impact storage at Lake Oroville. The potential near-term risk includes impacts to water quality and reservoir operations on the SWP that could impact water supply and habitat components for key species as well as increased risk of flooding. Watershed management and restoration needs to be implemented to protect areas already burned and lessen the risk to remaining areas. Long-term watershed restoration opportunities should be evaluated specifically those that: may provide climate change adaptation, compensate for loss of snowpack, may reduce the impacts of variable precipitation patterns on runoff, water quality and water temperature. The role of healthy watershed soils to increase holding capacity of the system and provide water supply benefits and species protection in an uncertain climate future should also be evaluated.

Partnerships will be essential for implementing watershed protection and restoration activities. There are many beneficiaries in the Feather River watershed that could participate in protection and restoration activities. DWR and State Water Contractors (SWC) would be key watershed partners with Metropolitan for the challenges described above. State initiatives such as the California Biodiversity Initiative and the Water Resilience Portfolio also provide potential opportunities for partnership and funding.

Importance to Metropolitan

Upper watershed protection will be a key adaptation strategy for maintaining and protecting a sustainable Delta under climate change over the long-term. Potential benefits of watershed management include water supply, water quality, attenuated runoff variability, avoided cost of fire impacts and habitat protection for key species.

Responsible Stewardship of Delta Islands

Current Trends

Land management in the Delta centers around agriculture. Over time, Delta islands have lost as much as 25 feet of land surface elevation due to oxidation, erosion, and burning of rich organic peat soils. This ongoing land subsidence, coupled with sea level rise and potential seismic events, increases risks to the levee system, water supply reliability, and Delta ecosystems. Land subsidence in the Delta is also a major source of greenhouse gases (GHG's).

Soil loss has been driven by oxidation from dewatering and conventional agricultural practices, wind and rain erosion, and burning of peat. Rewetting soils through reestablishment of wetlands, floating marsh, or planting rice can sequester carbon and reduce or reverse soil loss. Regenerative agricultural also has potential to sequester carbon and reverse subsidence, while retaining agriculture on the islands. In addition to sequestering carbon, reversing subsidence, and contributing to reliability of levees and water supply, these nature-based solutions have potential to improve ecosystem services, such as habitat, water quality, reduced temperatures, more efficient nutrient and water cycling, and farm profitability. In 2016, Metropolitan purchased approximately 20,400+ acres in the Delta (Bouldin/Bacon Islands, Holland (portion)/Webb Tracts, and western portion of Chipps Island). In 2021, Metropolitan sold its interest in Chipps Islands (243 acres) to DWR for tidal marsh restoration and enhancement. These properties have a total of about 56.16 miles of levees that are maintained and monitored through four Reclamation Districts (RD #756, RD #2025, RD #2026, and Rd #2028). Currently Metropolitan leases farmable acres to five sublets while Metropolitan develops long-term opportunities.

Long-term opportunities for responsible stewardship on Metropolitan's Delta islands properties include pilot projects and scientific investigations to evaluate strategies for carbon sequestration, floating organic marshes, sustainable agriculture, compensatory mitigation, mitigation banks, habitat restoration for native aquatic species, native fish species preservation, reduction in stressors on listed fish species. These types of activities could include collaboration with local, state and federal agencies, university researchers, in Delta neighbors and other interests. These types of activities could inform future more responsible land management decisions in the Delta.

Importance to Metropolitan

Delta islands ownership makes Metropolitan a direct stakeholder in the Delta. The Delta Islands provide a unique opportunity for research, innovation and collaboration with other stakeholders to develop sustainable strategies for Delta land use. Reducing risks to the levee system is key to managing risks from changing climate, water supply reliability, preservation of agriculture, and protection of important habitats in the Delta. Nature-based solutions can increase carbon

sequestration and restore important ecosystem services such as efficient water and nutrient cycling, improved water quality and water holding capacity, and temperature modulation.

Policy Area 2: Water Supply Reliability and Resilience

Flexible Operations

Current Trends

Current operations of the SWP and CVP water diversion facilities in the south Delta are subject to prescriptive flows and numeric regulatory standards to protect listed fish species and other aquatic organisms. However, these standards do not take into account the natural variability of runoff patterns, tidal cycles, turbidity, temperature and other factors that significantly affect fish migration and salvage of fish at the state and federal water diversion facilities. In an effort to minimize fish salvage, efforts are being made to fund and implement real-time fish monitoring/tracking to inform state and federal agencies regarding entrainment risk and export rate. Advancements in technology and monitoring should be pursued and incorporated into real-time operations criteria. Example technologies to consider include the following:

- Improved atmospheric river and runoff forecasting
- Forecast-informed Reservoir Operations (FIRO)
- Improved fish monitoring including steelhead
- AI modeling of aquatic wildlife (USGS)
- Improved rapid genetic testing of salvaged salmonids
- Use of true Adaptive Management and Structured Decision-Making processes

Importance to Metropolitan

Under more restrictive and prescriptive Delta operations, opportunities to move water are being missed. More dynamic operations would allow for additional capture and storage of water when excess flows are present, and it is safe to do so. There is a need to protect, incorporate and coordinate more flexible/real-time operating criteria where possible in upcoming regulatory processes, including ongoing consultation on the Long-Term Operation of the CVP and SWP, the Incidental Take Permit for the Long-Term Operation of the SWP, the Water Quality Control Plan for the Bay-Delta, potential Voluntary Agreements, and for new proposed projects like New Delta Conveyance. Flexibility will also be needed to pursue transfers/exchanges and other creative supply opportunities.

Water Rights/Measurements and Reporting

Current Trends

The Water Board issued water diversion curtailments in the 2012-2016 drought and the ongoing 2020-2022 drought. The Water Board is issuing water diversion curtailments more often than has occurred historically, and this trend is expected to continue. Metropolitan and the State Water Contractors have been supportive of the Water Board's issuance of water curtailments to protect stored water supplies.

In 2014, the State Water Contractors filed a complaint against in-Delta water users that were unlawfully diverting stored water supplies. While the Water Board did not pursue the complaint, the complaint significantly contributed to the technical and policy discussion about unlawful diversions. Metropolitan also supported Senate Bill 88, which was legislation, now law, requiring the direct measurement and reporting of water diversions. This law was important because the Water Board has difficulty calculating the supply of water available for diversion because of a lack of sufficient information about the actual quantity of water diverted and used at each of the thousands of water diversions throughout the watershed, making enforcement very difficult.

Metropolitan purchased approximately 20,000 acres in the western Delta (Bouldin/Bacon Islands and Holland/Webb Tracts) in 2016. These properties have up to 91 siphons that divert water from the adjacent waterways on-island for agriculture purposes. Consistent with SB 88, Metropolitan is in the process of metering a total of 88 siphons and reporting the appropriate and riparian water diversion use to the Water Board's Delta Watermaster annually.

In addition, the Delta Watermaster has introduced an Alternative Compliance Plan of utilizing OpenET that uses satellite imagery to more accurately estimate crop consumptive use through evapotranspiration with the hope that it can be used to indirectly measure diversions. It has not been shown that Open ET has the ability to comply with Water Code section 1840 et seq for mandatory reporting of direct diversions. So, while Metropolitan has demonstrated the feasibility of its compliance plan of installing meters on each of its siphons (prioritized by most use and highest capacity use), Metropolitan has agreed to support the Water Master's efforts to validate Open ET regarding accuracy at the water diversion level in few remaining areas where meters have not been installed.

Importance to Metropolitan

When the watershed is dominated by ocean water and previously stored water releases, the diverters in the lower watershed and Delta are diverting stored water supplies that they have no right to divert. As a result, the SWP and CVP must release more stored water to continue to meet D-1641 water quality in the Delta, thereby effecting the availability of SWP supplies for delivery to Metropolitan and the other water contractors.

As a landowner, Metropolitan must comply with mandatory water diversion measurement and reporting requirements. As such, Metropolitan has made a significant investment in meters to demonstrate the feasibility of the technology. Metropolitan has an interest in making sure the Water Board has the information it needs to protect stored water supply from unlawful diversions, as well as find cost effective and accurate approaches for reporting compliance.

Conveyance

Delta Conveyance

Current Trends

The Delta is at the center of California's water distribution system. Two-thirds of California's water originates in the Sierra Nevada Mountains as snowpack, eventually flowing through the Delta, some of which is rediverted in the southern Delta by the SWP and CVP. In the Delta watershed, there are

thousands of water diversions that rely on this supply, including the SWP and the CVP, which deliver water to 27 million Californians and 2 million acres of farmland, including the Bay Area and southern California. The Delta Conveyance Project, as currently proposed, moves water from an additional point of diversion on the Sacramento River through a tunnel under the Delta to the existing SWP export facilities, and would be operated in combination with the SWP's existing facilities.

The plan to route water around the Delta to the SWP is not new. It was originally part of the Master Plan for the SWP but was not included in the initial construction. The proposal in the form of a peripheral canal was considered in the 1980s, and more recently in the Bay Delta Conservation Plan and California Water Fix. The New Conveyance Project is smaller than the previous proposals, with two new fish-screened intakes and a single tunnel with a 6,000 cubic feet per second (cfs) maximum capacity.

New Delta conveyance is important to the SWP because the SWP relies on some of the Delta's natural channels to convey water to the existing south-Delta pumps, making it vulnerable to sea level rise and earthquakes. Upgrading the SWP infrastructure protects against these threats and secures the longevity of the SWP and the future reliability of SWP supplies. The purpose of the Delta Conveyance Project is to modernize the aging SWP infrastructure in the Delta to restore and protect the reliability of SWP water deliveries in a cost-effective manner, consistent with the state's Water Resilience Portfolio. And in doing so, allow the Department of Water Resources to address sea level rise and climate change, minimize water supply disruption due to seismic risk, and provide operational flexibility to the SWP to allow it the ability to better meet fishery and water quality regulatory requirements.

Importance to Metropolitan

Southern California's plan for a reliable water supply future depends on a reliable SWP supply and conveyance system with the capability to move water into storage in wet periods and more flexibility to manage around fishery needs.

The primary Delta Conveyance Project benefits are compared to both existing and future hydrologic and sea level rise conditions consistent with the Notice of Preparation objectives of climate resiliency, seismic resiliency, water supply reliability, and operational resiliency.

There are member agencies in Metropolitan's service area, specifically in Ventura County, parts of northwestern Los Angeles County, the San Gabriel Valley, and some Inland Empire areas, whose supplemental imported water supply (eastern Sierra/northern Sierra) depends entirely on water that comes from the SWP. Water from the SWP is also important for mixing with Colorado River supplies due to its lower salinity and it is important for Metropolitan's groundwater banking activities.

Statewide Conveyance

Current Trends

The California Aqueduct was built to account for natural subsidence however groundwater pumping in the San Joaquin Valley, especially during extreme drought events, has been causing the aqueduct to subside much quicker and deeper than anticipated. During the extreme drought of 2014-2017, some areas experienced over 2 feet of non-recoverable subsidence and costly rehabilitation and recovery

projects are being prepared. Recent observations indicate that subsidence during the current drought is still ongoing but at a slower pace than the previous drought.

California enacted the Sustainable Groundwater Management Act (SGMA) in 2014 as a regulatory solution to help stabilize groundwater basins across the state and to sustain investments in subsidence recovery moving forward. SGMA directs local agencies to work together to create Groundwater Sustainability Plans (GSPs) with a goal of long-term basin sustainability by 2040. GSPs in critically over-drafted basins were due for submission to DWR in January 2020 and medium/high priority GSPs were due by January 2022. DWR has reviewed the GSPs and the California Aqueduct Subsidence Program, a DWR program not involved with the review of the GSPs, is engaging with the groundwater sustainability agencies (GSAs) to include in their GSPs reasonable subsidence rates and projects to reduce subsidence.

Importance to Metropolitan

Current subsidence results in increased operations and maintenance costs, the reduction of delivered water during peak periods and the reduced ability to shift power loads. Short-term rehabilitation projects are expected to cost about \$450 million and are already ongoing, while costs for long-term recovery projects are estimated to cost billions of dollars.

Metropolitan has submitted letters of comment to several GSAs regarding their GSPs, recommending that the GSAs maintain groundwater extraction at safe yield levels, especially near the California Aqueduct. Metropolitan also recommended that GSAs work with the DWR California Aqueduct Subsidence Program to incorporate monitoring and regular reporting of land surface elevations.

Seismic Risk/Emergency Preparedness/Delta Freshwater Pathway

Current Trends

Seismic hazard evaluations within the Delta are a subject of interest from public, private and academic entities because key Delta channels are currently used to convey water supplies from northern California to areas south of the Delta. Consequently, there are a number of initiatives currently underway that support seismic resiliency in the Delta.

Metropolitan staff worked with DWR to complete strategic and tactical flood emergency response documents in the Delta region, including the DWR Delta Flood Emergency Management Plan (DFEMP), the California Governor's Office of Emergency Services (CalOES) Northern California Catastrophic Flood Response Plan (NCCFMP), and the DWR/USACE Delta Flood Emergency Integration Plan. These documents provide broad policy and strategic guidance to support flood fight implementation of large-scale flood emergencies and tactical guidance to support ongoing flood fight operations in the Delta region, including development of the Emergency Freshwater Pathway in the event of major levee and island failures which could otherwise suspend water exports extensively.

The DFEMP and related documents are subjected to field or tabletop exercises to confirm or identify deficiencies in DFEMP implementation methods, for the purposes of improving plan preparedness, response, and recovery. DFEMP field implementation methods are applied against levee configurations influenced by changes in levee, island, and flood elevations, and sea level effects of climate change, which are the subject new Delta levee standards under evaluation by Reclamation

Districts. Seismic hazard and seismic levee stability analysis are conducted to confirm levee performance and facilitate DFEMP responsiveness. Watershed fire control and channel sedimentation removal measures under the CalOES NCCFMP ensure river channel readiness for reservoir releases that support initial operations of the Emergency Freshwater Pathway.

DWR currently maintains significant quantities of emergency rock stockpiles and large sheet pile for the closure of deep levee breaches in the Delta region. These stockpiles are being monitored to ensure adequate capabilities in the event of major levee failures. Stockpiles are also in place for the restoration of levee freeboard in the event levee slumping during a major earthquake event.

Importance to Metropolitan

The water supply conveyed through and diverted from the Sacramento-San Joaquin Rivers Delta serves up to a third source of water supply for Metropolitan's service area and its Member Agencies. In addition, these supplies provide for good water quality that is blended within Metropolitan's service area in order to meet water quality regulatory requirements.

Emergency preparedness in the Delta is important because conditions can exist where moderate to severe earthquakes in or near the Delta region, can result in multiple levee and island failures. This would result in saltwater intrusion into the Delta to the extent freshwater exports would not be possible for extended periods of time. Emergency preparedness is essential to address this threat to Metropolitan's water supply and water quality reliability. The DWR DFEMP and its Emergency Freshwater Pathway, along with its related documents, provides capability to resume significant exports in less than six months.

Bay-Delta Water Quality

Current Trends

The SWP and the federal CVP have primary regulatory responsibility for meeting water quality standards for salinity and outflow in the Delta through D-1641. At the same time, Metropolitan relies on the SWP and Delta to provide drinking water with acceptable levels of salinity, bromide, organic carbon and nutrients, as well as emerging water quality concerns like endocrine disruptors and toxins from harmful algae blooms, to support local water resources programs including blending with Colorado River water, water recycling and groundwater recharge. To manage the regulatory burden placed on the SWP and Metropolitan's water supplies, it is important to include source control for water quality so the SWP will not be responsible for using valuable stored water supplies to dilute contaminants discharged by others.

Metropolitan has a long history of working to improve water quality in the Delta through participation in many forums, including Central Valley Regional Water Quality Control Board (Regional Board) programs such as the Delta Regional Monitoring Program, CV-SALTS, Delta Nutrient Research Plan, Irrigated Lands Regulatory Program, and waste discharge permitting processes. As a member of the California Urban Water Agencies (CUWA), Metropolitan was instrumental in raising awareness of the water quality impacts of municipal wastewater discharges to the Delta, including discharges from the Sacramento Regional County Sanitation District (Regional San), and participated in the permitting processes to provide technical information and science studies to support more stringent permit requirements. The Regional Board adopted a more stringent discharge permit for Regional San in

2010 that includes limits on nutrients and tertiary filtration requirements. Regional San launched a major wastewater treatment plant upgrade that includes the installation of biological nutrient removal (BNR) treatment that has been operational since April 2021. This treatment upgrade removes 99% of the ammonia from the wastewater and substantially reduces the load of nitrogen from the treatment plant. Regional San is scheduled to complete its wastewater treatment plant upgrade with the installation of tertiary filtration by 2023. Metropolitan has also funded numerous water quality monitoring and science investigations to better identify and define water quality concerns in the Delta.

Importance to Metropolitan

Water quality conditions in the Delta and SWP are important to protect Metropolitan's drinking water quality, to support local resources programs in Metropolitan's service area, and protect the Delta ecosystem.

Water Energy Nexus

Current Trends

Water and energy are often managed separately, despite the important links between the two. Water is used in the production of nearly every major energy source. Likewise, energy is used in multiple ways and at multiple steps in water delivery and treatment systems, as well as wastewater collection and treatment.

About 12 percent of California's total energy use is related to water. Energy is required to pump water from underground aquifers, convey water from one place to another, treat drinking water, and for customer end-uses such as heating and cooling. The SWP is one of the largest single consumers of electricity in the state, but also generates a large amount of electricity at its reservoirs and generating stations. The hydropower generated is a renewable energy source that reduces the GHG emissions of generating power.

In recent years, California's energy grid has faced more frequent challenges due to climate change fueled heat waves and wildfires. In addition, California's dramatic increase in solar and wind generation and complex GHG reduction policies are creating new and growing challenges for the state's grid operator and electric utilities. The SWP has historically provided significant support to California's electricity grid and is playing an increasingly essential role in helping to integrate weather-dependent renewable resources. The SWP offers demand response through the Participating Load Agreement, which allows the California Independent System Operator to interrupt and curtail the SWP's power load, or dispatch SWP power generation assets when those actions may be needed to relieve system emergencies or ensure reliability across the grid.

In addition, DWR is analyzing what further operational changes, capital investments or system retrofits may be possible for the SWP to help address California's changing water and energy needs. And the Natural Resources Agency, in collaboration with the California Energy Commission and DWR, are studying the opportunities and constraints related to the SWP and its potential contributions to achieving the state's climate goals in its implementation of SB 49 (Skinner, 2019).

Importance to Metropolitan

Meeting the resource challenges of the 21st century will require a more integrated approach to managing water and energy. Metropolitan's water supply relies on having reliable energy to provide pumping at the SWP facilities.

Policy Area 3: Partnerships and Cost-Effective Investments

Cost-Effective and Beneficial Solutions

Current Trends

Metropolitan cannot complete large multi benefit projects without partners and multiple funding sources, thereby making these projects cost effective. There are several beneficial and cost-effective projects currently being proposed that include, but are not limited to, the following:

Sites Reservoir

Sites is being proposed as a 1.3 to 1.5 million acre-foot off-stream reservoir located in Glenn and Colusa counties, 60-miles north of Sacramento. Sites first emerged as part of the second stage of the SWP proposed in the 1980s, which included multiple water related projects. In 1996, Sites was further analyzed as part of the CALFED Bay Delta Program. It was also included in the Phase 8 settlement of the implementation of the 2000 Water Quality Control Plan. In 2020, Sites was identified as a priority in the Governor's Water Resilience Portfolio. \$80 million federal share of planning and engineering costs of Sites Reservoir has been approved, which ensures a dedicated portion of the Project benefits to satisfy the federal government's interests in meeting the future water needs of the environment, farms and cities across California. Funding for planning and development of Sites Reservoir is provided by participating agencies, with construction costs up to 50% potentially paid for by Proposition 1 Water Bond funds, and potentially 25% of costs to be borne by federal government. More than 30 water agencies from across California have signed on to provide funding for their share of the planning costs of Sites Project in exchange for a proportionate percentage of the annual water supplies if the project is approved and the participants approve their shares of construction and operation costs.

Delta Conveyance

Delta conveyance projects have been proposed over many decades. More recently, the effort to construct new points of diversion on the Sacramento River was included in the Bay Delta Conservation Plan process, and then the California Water Fix project. The new Delta Conveyance Project would construct a single 6,000 cfs tunnel with intakes on the Sacramento River to be operated jointly with the existing SWP's existing water diversion facilities in the south Delta. The new Delta Conveyance Project would enhance SWP operational flexibility when operations in the south Delta are limited by regulatory constraints and prepare for the long-term effects of climate change and sea level rise.

Delta Levees

The Delta Levees System Integrity Program protects the public and water supply for 27 million people while enhancing Delta habitat. This funding will support activities including State Operations and Local Assistance grants for levee maintenance, repairs, improvement, habitat mitigation, and enhancement projects in the Sacramento-San Joaquin Delta. The DLIS program is of critical importance for achieving the goals in the California Water Resilience Portfolio, DWR's Strategic Plan, and the Delta Plan. The

funding ensures the state's continued investment in the Delta and contributes toward achieving the coequal goals by providing a more reliable water supply for California while protecting, restoring, and enhancing the Delta ecosystem.

Flood Emergency Preparedness

The Delta Grants & Flood Emergency Preparedness, Response, & Recovery Program support local assistance grants and two existing positions to improve regional self-reliance by enhancing existing flood emergency preparedness, response, and recovery capabilities of local agencies within the Delta. This funding will support existing positions to manage \$5 million in grants used to improve regional self-reliance by enhancing existing flood emergency preparedness, response, and recovery capabilities of local agencies in the Delta. The funding will also support existing staffing to manage projects and perform maintenance on State Delta Emergency Facilities that increase the state's capability to efficiently store, manage, and quickly deploy its material inventories when necessary to support flood emergency response in the region.

Levee failures in the Delta and the resulting salinity intrusion into the Delta could have catastrophic consequences statewide for infrastructure, the environment, and water supply. Local communities may not be equipped with adequate plans, skills, and materials needed for a front-line response. DWR is requesting additional funding for this program as it must continue to improve its emergency preparedness, support local communities, and respond to threats to the state's freshwater supply posed by catastrophic flooding in the Delta.

EcoRestore

EcoRestore is a state initiative to help coordinate and advance at least 30,000 acres of habitat restoration in the Delta and Suisun Marsh in the near term. It currently includes 32 multiple benefit projects that are in the planning, construction, or completion phases at an estimated cost of \$750-\$950 million, with approximately 50% coming from the SWP and 50% coming from other sources.

Importance to Metropolitan

The key benefits of these projects include protecting and maintaining SWP supplies. Levee and ecosystem projects help protect the Delta as an evolving place. Through multiple partners and funding sources these large projects to protect and augment water supplies are achievable.

Inclusive Engagement

Current Trends

Public engagement is an important element to several Bay-Delta related programs, projects and collaborative efforts. Soliciting valuable input from various interests allows for greater understanding and broader perspectives to be explored. Engaging in a public setting also allows for transparency and can also promote inclusivity of multiple parties simultaneously, which can also enhance trust. This engagement can also lead to an enhanced deliberative public process. Governmental decisions made through public engagement can also garner the benefit of having early input in advance of implementing the action. There are several Bay-Delta initiatives recently completed or underway today that demonstrate the importance of public engagement. The Stakeholder Engagement Committee (SEC), a committee of the Delta Conveyance Design and Construction Authority, was

established to solicit key input from Delta stakeholders and interests related to the conceptual footprint design of the proposed Delta Conveyance project. Another example includes the California Department of Fish and Wildlife Proposition 1 grant for the Delta Islands, an effort underway today to solicit feedback from several external experts and key Delta stakeholders related to land use options for Metropolitan's Delta Islands. Another example includes the Community Benefits Framework, under contemplation by DWR, which has included broad public outreach to and engagement with Delta stakeholders. This Framework is anticipated to become a tangible Community Benefits Program with the approval and advancement of the proposed Delta Conveyance Project. DWR is also engaged in formal consultation with various Tribal Nations regarding the Delta Conveyance Project's impacts to Tribal Cultural Resources and mitigation to address any significant impacts.

Importance to Metropolitan

With water supply imported from the high Sierra, through the Delta to Southern California, public engagement remains an integral to developing thoughtful solutions in partnership with communities statewide.

Collaborative Partnerships

Current Trends

Collaborative Science

Over the last decade, the Metropolitan has been increasing its involvement in the development of science to inform management questions related to water project operations, seismic hazards, species protection and water quality. Metropolitan has been steadily increasing the number of published and peer reviewed studies that Metropolitan funds, and that its staff implement and coauthor. Most of these studies are part of a collaboration with state and federal fish agencies, academic institutions, the Department of Water Resources, the Bureau of Reclamation, the Delta Science Program, the State Water Contractors, San Luis and Delta Mendota Water Authority, and environmental organizations.

Since 2011, Metropolitan has been part of the Collaborative Science Adaptive Management Program (CSAMP), which was organized at the end of litigation as a forum for working through scientific differences and uncertainties in collaboration with state and federal agencies, water districts, and environmentalists with the purpose of minimizing future conflict. With the technical and monetary support of Metropolitan, as well as other funding partners, CSAMP has completed multiple studies and served as a forum for discussing scientific perspectives.

Metropolitan also participates in many multi agency technical forums that address numerous issues related to the implementation of the SWP's incidental take permits and the Interagency Ecological Program's monitoring of species and water quality. Metropolitan regularly works with other government agencies and environmentalists to implement adaptive management of the SWP through structured decision making, which is a collaborative approach to assessing management actions in an open and transparent way. More recently, Metropolitan has been active in a multi entity process that is developing a framework for salmon recovery, and in supporting Delta researchers seeking state Proposition 1 funds.

Through these efforts, Metropolitan has been able to focus research in areas that had been historically ignored in the Delta and to support innovative approaches to Delta science investigations.

Importance to Metropolitan

Through collaborative efforts, Metropolitan expands its ability to have a voice in regulatory efforts that impact its water supply and to move forward with important science investigations with multiagency support. Some of the science developed through Metropolitan's efforts have shifted and expanded the discussions surrounding the biological impacts of the SWP and have developed alternative SWP operations that minimize impacts to water supply.

Integration and Innovation Land/Water Interface/Multi-benefit

Current Trends

The Delta region is at the intersection of many social, political, environmental and climate related factors, as a result, Delta issues are significantly complex uncertain and ambiguous. Developing Delta solutions will require innovation to be most effective. Policies which embrace uncertainty will lead to greater innovation and integration. Fostering innovative Delta solutions will require a commitment to adaptive management as new science and engineering discoveries emerge. Metropolitan has been involved in the development of several innovations in the Bay-Delta, including the use of environmental DNA, SmeltCam and effective population size, which are methods to monitor species distribution and abundance. Metropolitan has also supported the use of Structured Decision Making and life cycle modeling, which are approaches to management and decision-making that makes decisions more transparent and quantifiable. Another example of recent innovation is Metropolitan's Delta smelt and Native Species Preservation Project, to evaluate the suitability of utilizing the Delta Island properties currently owned by Metropolitan to support Delta smelt supplementation efforts. Continued innovation in the future will be key to developing Delta solutions.

Importance to Metropolitan

Metropolitan's ability to provide water in a sustainable and reliable manner is dependent on a healthy Delta ecosystem. The development of integrated Delta solutions will require a commitment to a fully integrated approach using the latest and evolving science and engineering solutions. New scientific discoveries can lead to new and innovative solutions with better integration and benefits for a wide variety of stakeholders. A commitment to the development and use of decision support tools is also important for developing Delta solutions.



Imported Water Committee

Revision and Restatement of Bay-Delta Policies

Item 7-6
September 12, 2022

Policy Principles Review

Agenda

- Recap and Overview
- Revised Bay-Delta Policy Framework
- Board Action

Recap and Overview

BDI Policy Update Timeline

September Action

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
Staff Research and Development													
Kick Off with BDI Committee													
Policy Review with WP&S Committee													
Board Info and Action Items							REPORT				INFO	ACTION	

Why Update the Bay-Delta Policies?

Existing Bay-Delta Policies

- 4 Policy themes (2006)
- 13 Policy Principles
- Short-, Mid-, Long- Term Framework (2007)
- 6 Conveyance Criteria (2007)
- Delta Action Plan (2007)
- Delta Governance Principles (2008)
- Delta Vision Implementation (2009)

Draft Bay-Delta Policies Framework

- 6 Policy Areas
- 18 Policy Principles



Revised Bay-Delta Policies Framework

- 3 Policy Objectives
- 3 Policy Areas
- 9 Policy Principles

Revised Framework

Bay-Delta Policy Objectives

- Promote a Sustainable Bay-Delta within Metropolitan’s One Water Approach
- Support Statewide and Regional Actions that Improve Bay-Delta Sustainability
- Address the Risks Associated with Climate Change

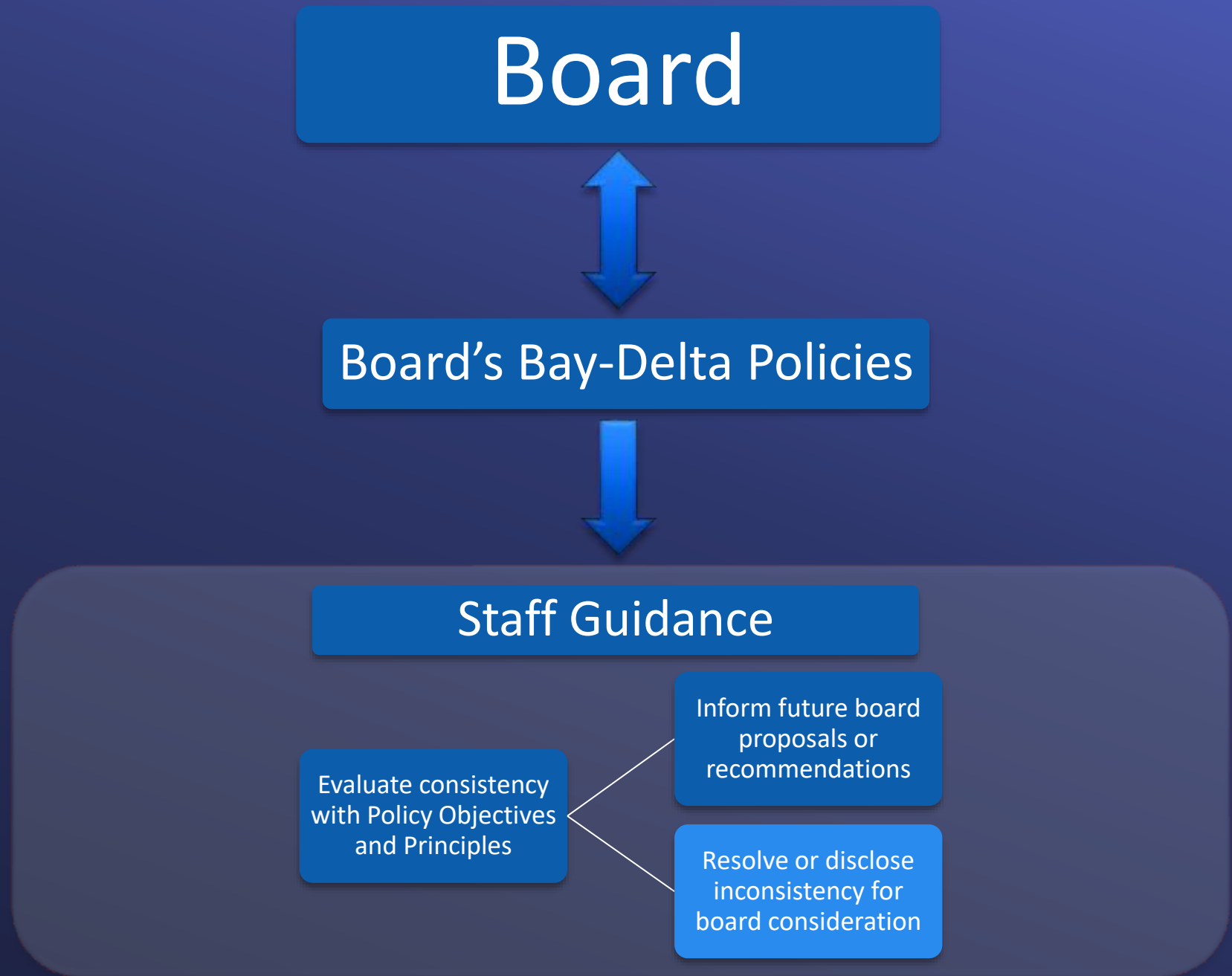
Bay-Delta Policy Framework

Science and Watershed Management	Water Supply Reliability and Resilience	Partnerships and Cost-Effective Investments
Protect and restore aquatic species and habitats based on best available science	Protect water supply reliability and water quality	Maintain and pursue cost-effective financial investments
Partner in watershed-wide approaches to develop comprehensive solutions	Invest in actions that provide seismic and climate resiliency	Foster broad and inclusive engagement of Delta interests and beneficiaries
Advance responsible stewardship of Metropolitan’s Delta islands	Seek flexible operations, water management actions, and infrastructure solutions	Promote innovative and multi-benefit initiatives

Use of Bay-Delta Policies

- Provide board guidance to staff related to Bay-Delta activities:
 - Program and project management
 - External engagement
 - Longer term planning
 - Key Investments
 - Day-to-day activities
- Inform future proposed board actions
- Final board deliberation and actions would still be addressed individually

Use of Bay-Delta Policies



Board Action

Options

Option #1

Adopt the revision and restatement of Bay-Delta Policies.

Option #2

Do not adopt the revision and restatement of Bay-Delta Policies.

Staff
Recommendation

Option #1





● **Board of Directors**
Organization, Personnel and Technology Committee

9/13/2022 Board Meeting

7-7

Subject

Adopt resolution designating Metropolitan’s maximum contribution for medical benefits in order to comply with the current authorized Memoranda of Understanding; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Metropolitan is required to set the employer contribution for medical benefits, as necessary, on an annual basis under the Public Employees’ Medical and Hospital Care Act, and CalPERS requires that a resolution be approved by the Board of Directors in order to reflect any changes as required to comply with current Memoranda of Understandings (MOUs). Metropolitan’s maximum contribution is currently based upon the highest Health Maintenance Organization (HMO) rate, Anthem HMO Traditional, Region 2, Basic rate. Under the authorized MOUs between Metropolitan and the Employees Association/AFSCME Local 1902, MAPA/AFSCME 1001, Supervisors Association, and Association of Confidential Employees, the maximum premium Metropolitan pays for medical insurance is 100 percent of the highest cost HMO plan in either Region 2 (Other Southern California) or Region 3 (Los Angeles, Riverside, San Bernardino), not to exceed the premiums of the medical plan elected by the employee. These two regions are where the vast majority of Metropolitan employees are located.

Timing and Urgency

A new resolution must be received by CalPERS no later than October 28, 2022, to be effective January 1, 2023

Details

Background

The CalPERS board adopted the new regions in 2020 following a year-long evaluation that included a cost-of-care analysis, assessment of market trends, options for different regional scenarios, and comprehensive outreach with employers and stakeholders. The regional rates are designed to bring premiums more into alignment with the actual cost of care to members living in those areas and keep prices competitive with the market. CalPERS will reassess regions every five years to ensure that our premiums remain competitive with area market prices.

In order to comply with our current MOUs, CalPERS requires Metropolitan to evaluate the following year’s medical premiums and to select a specific plan in a specific geographic region upon which to base its maximum employer contributions. Whenever the selected plan and geographic region changes, Metropolitan is required to submit a board-approved resolution to CalPERS 60 days prior to any change being implemented. Effective January 1, 2020, Metropolitan complied with the new MOU agreements by selecting Anthem HMO Traditional, Region 2, Basic rate, which was the highest HMO plan of CalPERS’ two geographic regions. Effective January 1, 2023, to comply with the current MOU language, the highest HMO plan will be Anthem HMO Traditional, Region 3, Basic rate. Therefore, a new resolution must be adopted, which reflects this new plan effective January 1, 2023. (**Attachment 1**).

Policy

Current authorized Memoranda of Understanding between Metropolitan and the Employees Association/AFSCME Local 1902, MAPA/AFSCME 1001, Supervisors Association and the Association of Confidential Employees Metropolitan Water District Administrative Code Section 6522: Medical Insurance.

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA (Public Resources Code Section 21065, State CEQA Guidelines Section 15378) because the proposed action will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment and involves continuing administrative activities such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not defined as a project under CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt a resolution designating Metropolitan’s maximum contribution for medical benefits in order to comply with the current authorized Memoranda of Understanding.

Fiscal Impact: The current budget for FY 22/23 and FY 23/24 includes estimated costs, and the fiscal impact will be absorbed in the current and future budgets.

Business Analysis: A revised resolution is required based on the current authorized Memoranda of Understanding and to provide benefits to Metropolitan employees.

Option #2

Do not adopt a resolution providing for a change in Metropolitan’s health benefit premium contribution for employees and annuitants under Government Code Section 22892(a).

Fiscal Impact: Unknown

Business Analysis: This option would require a renegotiation of the current MOU’s and may result in an unfair labor practice for not complying with the existing MOU.


Staff Recommendation

Option #1



Diane Pitman
Human Resources Group Manager

9/1/2022
Date



Adel Hagekhalil
General Manager

9/2/2022
Date

Attachment 1 – 2023 Health Plan Board Resolution

Ref# hr12685767

RESOLUTION NO. Number
FIXING THE EMPLOYER CONTRIBUTION
UNDER THE PUBLIC EMPLOYEES’ MEDICAL AND HOSPITAL CARE ACT
AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS

WHEREAS, (1) Metropolitan Water District of Southern California is a contracting agency under Government Code Section 22920 and subject to the Public Employees’ Medical and Hospital Care Act (the “Act”); and

WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and

WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; now, therefore be it

RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of:

Medical Group	Monthly Employer Health Contribution
001 Unrepresented	100% Anthem HMO Traditional Region 3 Basic (Party Rates 1-3)
002 Employees Association	100% Anthem HMO Traditional Region 3 Basic (Party Rates 1-3)
003 Field Supervisors & Professional Employees Association	100% Anthem HMO Traditional Region 3 Basic (Party Rates 1-3)
004 Management & Professional Employees Association	100% Anthem HMO Traditional Region 3 Basic (Party Rates 1-3)
005 Association of Confidential Employees	100% Anthem HMO Traditional Region 3 Basic (Party Rates 1-3)

plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED, (b) Metropolitan Water District of Southern California has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED, (c) That the participation of the employees and annuitants of Metropolitan Water District of Southern California shall be subject to determination of its status as an “agency or instrumentality of the state or political subdivision of a State” that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Metropolitan Water District of Southern California would not qualify as an agency or instrumentality of the

state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer; and be it further

RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, Human Resources Group Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Metropolitan Water District of Southern California all functions required of it under the Act; and be it further

RESOLVED, (e) That coverage under the Act be effective on January 1, 2023.

Adopted at a regular meeting of the Board of Directors at Metropolitan Water District of Southern California at Los Angeles, CA, this 13 day of September, 2022.

Signed: _____
Gloria D. Gray, Chairwoman of the Board

Attest: _____
Rosa Castro, Board Administrator



Organization, Personnel, and Technology Committee

Resolution to Update Medical Insurance Contributions

Item 7-7

September 13, 2022

Agenda

Resolution to Update Medical Insurance Contributions

- Purpose
- CalPERS Requirements
- MOU Requirements
- Cost Impact
- Board Options
- Staff Recommendation

Purpose

Purpose

- Board Approval of CalPERS Resolution for Medical Plan Contributions effective January 1, 2023.

Requirements

Review of CalPERS Requirements

- CalPERS adopts medical rates based on different regions throughout California and out of state.
- MWD must base its maximum contribution on one specific plan *in one region* to comply with its MOU language and CalPERS requirements.
- Board must approve a new Resolution whenever the maximum contribution or region changes.

Regional Model

CalPERS' Geographic Regions

- 43 Northern California counties = **Region 1**
- 12 Southern California counties = **Region 2**
- Los Angeles, San Bernardino and Riverside counties = **Region 3**
- **Out of State**

Premium Changes

Premiums will increase in 2023:

- Combined average premium increase, 6.8%
 - HMO plan premiums, 4.2%
 - PPO plan premiums, 15.76%

MOU Language

What Do Our MOUs Require?

- MWD contributes up to highest cost HMO in either Region 2 or Region 3.
- For 2023, Board to adopt Anthem Traditional HMO Plan, for Region 3

How Is MWD Contributions Impacted?

Fiscal Impact

	<u>2022</u>	<u>2023 (New Resolution)</u>
1-Party	\$1,007	\$943
2-Party	\$2,014	\$1,885
Family	\$2,618	\$2,451

- Current budget for FY22/23 and FY 23/24 includes estimated costs
- Fiscal impact will be absorbed in the current and future budgets

Board Options

- Option #1 – Adopt a resolution designating Metropolitan's maximum contribution for medical benefits in order to comply with the current authorized Memoranda of Understanding.
- Option #2 – Do not adopt a resolution providing for a change in Metropolitan's health benefit premium contribution for employees and annuitants under Government Code Section 22892(a).

Next Step

Staff Recommendation

- Option #1



**RESOLUTION NO. 9321
FIXING THE EMPLOYER CONTRIBUTION
UNDER THE PUBLIC EMPLOYEES’ MEDICAL AND HOSPITAL CARE ACT
AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS**

WHEREAS, (1) Metropolitan Water District of Southern California is a contracting agency under Government Code Section 22920 and subject to the Public Employees’ Medical and Hospital Care Act (the “Act”); and

WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and

WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; now, therefore be it

RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of:

Medical Group	Monthly Employer Health Contribution
001 Unrepresented	100% Anthem HMO Traditional Region 3 Basic (Party Rates 1-3)
002 Employees Association	100% Anthem HMO Traditional Region 3 Basic (Party Rates 1-3)
003 Field Supervisors & Professional Employees Association	100% Anthem HMO Traditional Region 3 Basic (Party Rates 1-3)
004 Management & Professional Employees Association	100% Anthem HMO Traditional Region 3 Basic (Party Rates 1-3)
005 Association of Confidential Employees	100% Anthem HMO Traditional Region 3 Basic (Party Rates 1-3)

plus administrative fees and Contingency Reserve Fund assessments; and be it further


RESOLVED, (b) Metropolitan Water District of Southern California has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED, (c) That the participation of the employees and annuitants of Metropolitan Water District of Southern California shall be subject to determination of its status as an “agency or instrumentality of the state or political subdivision of a State” that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Metropolitan Water District of Southern California would not qualify as an agency or instrumentality of the

state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer; and be it further

- RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, Human Resources Group Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Metropolitan Water District of Southern California all functions required of it under the Act; and be it further
- RESOLVED, (e) That coverage under the Act be effective on January 1, 2023.

Adopted at a regular meeting of the Board of Directors at Metropolitan Water District of Southern California at Los Angeles, CA, this 13 day of September, 2022.

Signed: 
Gloria D. Gray, Chairwoman of the Board

Attest: 
Rosa Castro, Board Administrator



● **Board of Directors**
Legal and Claims Committee

9/13/2022 Board Meeting

7-8

Subject

Approve amendments to the Administrative Code to establish reporting requirements to the Board on personnel-related settlements; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

On April 21, 2022, the California State Auditor (Auditor) issued a report containing findings and recommendations as a result of a wide-ranging audit of Metropolitan’s processes and procedures. The report includes recommendations specifically addressing the reporting of personnel-related settlements. The Auditor established an October 2022 deadline for implementing these recommendations. The current proposal to amend the Administrative Code was finalized after consideration by management and bargaining unit feedback.

This action requests approval of Administrative Code amendments. Approval will implement two key recommendations, meet the Auditor’s established deadline, enhance Metropolitan processes and procedures, and promote greater transparency to ensure a fair and equitable workplace.

Details

Background

In 2021, the California State Legislature directed California’s State Auditor to conduct an audit of Metropolitan personnel policies and practices, including those related to Metropolitan employee settlements and the use of confidentiality provisions and nondisclosure agreements. In response to the audit report, Metropolitan agreed with all recommendations in the report and the proposed timeline for implementation.

State Audit Findings and Recommendations Related to Employee Settlements

The Auditor’s report concludes that the agreements Metropolitan has entered into with employees to settle equal employment opportunity issues often relied on nondisclosure agreements (NDAs) and confidentiality provisions. Although the Auditor did not evaluate the reasonableness of any individual agreement or its specific provisions, the Auditor expressed concern that Metropolitan’s reliance on confidentiality, along with its inconsistent reporting on EEO-related settlements to the Board, may have contributed to the circumstances underpinning the Auditor’s overall conclusion that Metropolitan’s leadership has failed to promote transparency or ensure a fair and equitable workplace. The complete 2022 California State Audit Report, which details the bases for the Auditor’s findings and recommendations, is provided in **Attachment 1**.

In response to these findings and concerns, and to ensure that the Board is informed of the terms of settlement of EEO-related matters, the Auditor made the following recommendations be implemented by October 2022. These recommendations are the subject of this letter and proposed action. Specifically, the Auditor recommends:

- Metropolitan should amend its Administrative Code to require all personnel-related settlements that invoke confidentiality or have any financial impact—including paid and reinstated leave—be reported quarterly to the Board’s Legal and Claims Committee, regardless of settlement type. (Report 2021-104, pp. 7, 90.)

- Metropolitan should develop a written policy that outlines mandatory information required when reporting settlements. This reporting on each settlement should include whether EEO issues were implicated, whether the employee is still employed by Metropolitan, the existence and type of any financial or confidentiality terms, and whether Metropolitan has taken any corrective action in response to the alleged issues. (Report 2021-104, pp. 8, 90.)

As acknowledged in the audit report, recent changes to state law limit when employers may use confidentiality provisions and NDAs as part of settling certain employee issues. Since January 2019, state law has prohibited settlement agreements from containing terms preventing the disclosure of facts related to claims of sexual harassment, discrimination based on sex, and related allegations. (*The Stand Together Against No-Disclosures Act*, SB 820.) Beginning in January 2022, state law extended this prohibition to include claims of discrimination and harassment based on other protected characteristics in state law, such as race and sexual orientation. (*The Silenced No More Act*, SB 331.) The law does not prohibit NDAs that keep confidential the amount paid in the settlement agreement, and it only applies to agreements related to claims filed in civil actions or administrative actions, such as complaints filed with the U.S. Equal Employment Opportunity Commission or DFEH (agency complaints). The Auditor did not identify any violations of the law in the agreements they reviewed for which these new mandates apply; and Metropolitan has monitored, complied, and will continue to comply with, these laws.

Methodology for Addressing These State Audit Recommendations and Feedback

The Auditor set an October 2022 deadline for Metropolitan to address the recommendations detailed by this Board letter. As previously reported, Metropolitan's Audit Reform Team has met biweekly to review the status of the Auditor's recommendations to ensure implementation by the established deadlines. The Audit Reform Team drafted the proposed amendments to the Administrative Code. In August 2022 and following internal management review and approval by key stakeholders, including the EEO and DEI Officers, Metropolitan distributed the proposed amendments to the bargaining units for review and comment. The proposed amendments were finalized after consideration of management and bargaining unit feedback.

Proposed Amendments to the Administrative Code Addressing Metropolitan Employee Settlements

In response to the Auditor's recommendations and staff's review of the Administrative Code, staff is proposing amendments to Sections 2720 and 2721 of the Administrative Code, as summarized below. This recommended action addresses the Auditor's guidance that Metropolitan ensure the Board is informed of the terms of settlement of all EEO-related matters.

The State Audit did not expressly recommend that the proposed revisions regarding the mandatory information to be included when reporting HR settlements be included in the Administrative Code. However, in staff's view, these proposed changes to the Code are in compliance with the Auditor's recommendations and allow the recommendations to be in a single site that is readily available to the public and employees. This approach aligns with the best practices which the Auditor recommends that Metropolitan adopt for transparency and accountability.

The proposed revisions to the Administrative Code are summarized below:

1. General Manager's Quarterly Reports

Existing: Current Code language on reporting settlements does not expressly address the reporting of personnel-related settlements under the General Manager's authorized settlement authority.

Proposal: Based on the Auditor's recommendations, amend the existing provision on the General Manager's reporting of settlements to the Board to expressly require the reporting of any personnel-related settlement invoking confidentiality or having any financial impacts— including paid and reinstated leave—regardless of settlement type; and mandate that the reporting of personnel-related settlements include whether equal employment opportunity issues were implicated, whether the employee is still employed by Metropolitan, the existence and type of any financial or confidentiality

terms, and whether Metropolitan has taken any corrective action in response to the alleged issues. (Section 2720(d).)

2. **General Counsel's Quarterly Reports**

Existing: Current Code language on reporting settlements does not expressly address the reporting of personnel-related settlements under the General Counsel's authorized settlement authority.

Proposal: Based on the Auditor's recommendation, amend the existing provision on reporting settlements to the Board to expressly require the reporting of any personnel-related settlement invoking confidentiality or having any financial impact—including paid and reinstated leave—regardless of settlement type; and mandate that the reporting of personnel-related settlements include whether equal employment opportunity issues were implicated, whether the employee is still employed by Metropolitan, the existence and type of any financial or confidentiality terms, and whether Metropolitan has taken any corrective action in response to the alleged issues. (Section 2721.)

Summary

This action authorizes amendments to the Administrative Code that address the Auditor's recommendations regarding the reporting of personnel-related settlements. See **Attachment 1** for the California State Audit Report, **Attachment 2** for a clean copy of the revised Administrative Code provisions, if this item is approved, and **Attachment 3** for the redlined text of the recommended amendments as compared to the current Administrative Code language.

Project Milestone

October 2022 – Deadline for addressing California State Auditor's recommendations

Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not subject to CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment (Section 15378(b)(5) of the state CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Approve recommended amendments to the Administrative Code.

Fiscal Impact: None

Business Analysis: This option will address the California State Auditor's recommendations for reporting to the Board personnel-related settlements within the proscribed deadline and will align Metropolitan with the best practices the Auditor recommended for Metropolitan to embrace transparency and accountability more generally.

Option #2

Do not approve recommended amendments to the Administrative Code.

Fiscal Impact: None

Business Analysis: This option will not comply with the California State Auditor’s recommendations for enhanced reporting of EEO settlements within the deadline for reforms and will delay Metropolitan’s effort to embrace transparency and accountability more generally.

Staff Recommendation

Option #1



Marcia Scully
General Counsel

9/3/2022
Date

Attachment 1 – California State Audit Report

Attachment 2 – Administrative Code – Clean Excerpts 2720 2721

Attachment 3 – Administrative Code Redlined Excerpts 2720 2721

Ref# 112689098



Metropolitan Water District of Southern California

Its Leadership Has Failed to Promote Transparency
or Ensure a Fair and Equitable Workplace

April 2022


REPORT 2021-104



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Michael S. Tilden *Acting State Auditor*

April 21, 2022

2021-104

The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

The Metropolitan Water District of Southern California (MWD) has repeatedly been the subject of allegations of discrimination and harassment in the workplace, and it has failed to comply with state ethics laws and best practices in hiring and personnel matters. Despite clear evidence that its processes are insufficient to detect and prevent conduct that harms its 1,800 employees, MWD has long resisted taking action.

MWD has not dedicated sufficient attention or resources to its equal employment opportunity (EEO) policy or its EEO office, which is responsible for receiving, investigating, and resolving EEO complaints. In some cases we reviewed, it took MWD years to conclude investigations and discipline respondents. During these long delays, complainants may continue to suffer harassment and retaliation, and MWD lacks processes to detect and address the negative treatment of complainants that we observed.

For nearly two decades, MWD's hiring processes have also been problematic: they fail to ensure equitable and reasonable treatment of all applicants, lack transparency, and are unable to prevent discrimination. Although MWD agreed to develop comprehensive hiring procedures nearly 20 years ago in response to our 2004 audit, its hiring process remains decentralized and informal, resulting in inconsistent treatment of applicants. Similarly, the agency's longtime resistance to improving its ethics office has allowed management to interfere with the office's independent investigations.

Because MWD's leadership must fundamentally change the way it approaches many personnel and ethics issues, and because MWD has failed to take appropriate action in the past, we direct several of our recommendations to the Legislature to better ensure that MWD finally improves its practices.

Respectfully submitted,

A handwritten signature in black ink that reads "Michael Tilden". The signature is written in a cursive, flowing style.

MICHAEL S. TILDEN, CPA
Acting California State Auditor

Selected Abbreviations Used in This Report

DEI	Diversity, Equity, and Inclusion
DFEH	Department of Fair Employment and Housing
EEO	equal employment opportunity
EEOC	U.S. Equal Employment Opportunity Commission
HAZWOPER	hazardous waste operations and emergency response
IIPP	Injury and Illness Prevention Program
MTA	Los Angeles County Metropolitan Transportation Authority
MWD	Metropolitan Water District of Southern California
NDA	nondisclosure agreement
NDP	nondiscrimination program
OSHA	Occupational Safety and Health Administration
PPE	personal protective equipment
SRS	Operational Safety and Regulatory Services
WSO	Water System Operations

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Summary

Results in Brief

As the largest distributor of treated drinking water in the United States, the Metropolitan Water District of Southern California (MWD) delivers water to 19 million Californians through its agreements with 26 member agencies. MWD is governed by a 38-member board of directors, with each board member representing one of the district's 26 agencies. MWD employs more than 1,800 full-time employees and operates a series of pumping plants, canals, siphons, and pipelines to bring water 242 miles from the Colorado River to Southern California. Because some of these facilities operate 24 hours per day for much of the year and are located more than 50 miles from the nearest town or residential area, MWD owns about 100 houses located at those facilities and requires key staff to reside there while on duty.

Despite MWD's critical mission and its significant financial resources, it has failed to devote sufficient time or attention to crucial personnel processes. MWD has long been aware of alleged discrimination and harassment in the workplace, shortcomings in its hiring process, noncompliance with state ethics law, and serious concerns regarding employee housing. However, MWD has repeatedly shown an unwillingness to take real corrective action on these issues or to embrace transparency and accountability more generally.

State and federal law prohibit MWD from discriminating against its employees or job applicants on the basis of any protected characteristic, including sex, race, gender identity, and sexual orientation. These protections are commonly referred to as equal employment opportunity (EEO) protections. MWD also has legal obligations to investigate and resolve allegations of discrimination or harassment among its workforce in a timely manner. In 2020, some MWD employees publicly presented allegations that described workplace harassment they had experienced. In some cases, the employees alleged that MWD's management had retaliated against them for filing complaints. In response, MWD contracted with a law firm to review allegations of systemic EEO-related concerns at MWD and to evaluate MWD's policies and processes for handling EEO issues. In July 2021, the law firm published a report that included a number of recommendations intended to strengthen MWD's internal processes and improve its handling of EEO issues.

Our review concludes that MWD's EEO policy and procedures do not align with best practices in key areas. MWD's EEO and sexual harassment policies are out of date, and MWD does not

Audit Highlights . . .

Our audit of MWD's personnel and hiring practices highlighted the following:

- » *MWD has not dedicated sufficient attention or resources to its EEO policy or its EEO office, leaving employees subject to dysfunctional and potentially unsafe workplace circumstances for unnecessarily long periods of time.*
- » *Despite having known for nearly 20 years that its hiring practices failed to protect applicants from potential discrimination, the procedures remain decentralized and informal.*
 - *MWD's hiring process gives significant discretion to individual hiring managers, lacks transparency, and cannot demonstrate that hiring decisions are equitable.*
 - *MWD's hiring data also show that even recently, MWD has hired qualified female candidates and people of color at significantly lower rates than their male and white counterparts.*
- » *MWD's ethics office remains out of compliance with state law, including the requirement that the office independently investigate allegations of ethics violations.*
 - *Our review identified instances in which MWD's management has interfered with the ethics office's independent functions.*
- » *MWD has long been aware of serious issues threatening the habitability of its employee housing, but it has not created processes for addressing employee maintenance requests effectively.*
 - *It has also struggled to implement a comprehensive, long-term solution to address significant issues with employee housing.*

provide its EEO investigation procedures to employees as state law requires. Further, MWD has consistently exceeded its own time frames for initiating and completing investigations of EEO complaints, as well as for notifying the parties involved about results of those investigations. In our review of EEO complaints that MWD investigated between 2004 and 2021, we identified instances in which MWD took more than a year to complete investigations that its guidelines indicate should take no more than two or three months. As a result of MWD's delays, employees may continue to work in dysfunctional or potentially unsafe situations for long periods. Because MWD's EEO recordkeeping is inaccurate and incomplete, the total number of EEO complaints that employees at MWD have filed is unknown. However, we identified several EEO complaints that MWD either never investigated or only did so after significant delays.

MWD's poor handling of complaints during and after EEO investigations has led to negative outcomes for some complainants. For example, we found that MWD's disciplinary process in response to substantiated EEO complaints was slow, inconsistent, and potentially unfair. We also determined that MWD has not established sufficient processes to prevent or proactively address potential violations of its retaliation policy. In our review, we observed little evidence that MWD has processes to identify problematic behavior directed toward EEO complainants or that MWD staff are well prepared to intervene effectively when such behavior occurs. MWD's poor handling of recent retaliation investigations demonstrates that MWD's historical failure to protect some complainants is ongoing. MWD's actions demonstrate a failure of leadership and create a perception, at a minimum, that it tolerates harassment, discrimination, and retaliation.

The agreements MWD has entered into with employees to settle EEO issues often include confidentiality provisions. Although we did not evaluate the reasonableness of any individual agreement or its specific provisions, we are concerned that MWD's reliance on confidentiality, along with its inconsistent reporting on EEO-related settlements to its board, has contributed to its failure to address the underlying circumstances of the issues we found.

MWD's demonstrated failure to embrace transparency and accountability extends to its hiring processes. Despite MWD's pledge to improve its hiring practices in response to an audit our office conducted in 2004, we identified some of the same shortcomings nearly two decades later. For example, instead of following best practices, MWD operates a hiring process that gives significant discretion to individual hiring managers without corresponding safeguards to ensure that their decisions are free of favoritism or bias. As a result, MWD is unable to consistently

ensure or demonstrate that its hiring decisions are equitable or reasonable. Similarly, MWD's process for promoting employees gives significant discretion to managers without sufficient accountability, allowing for the appearance of favoritism or bias.

In addition, MWD's hiring process does not sufficiently protect applicants from potential discrimination. MWD removed previous procedures from its hiring process that were designed to prevent discrimination. Moreover, MWD's most recent analyses found that women and people of color are underrepresented among large sections of its workforce. MWD's hiring data also show that even recently, MWD has hired qualified female candidates and people of color at significantly lower rates than their male and white counterparts. However, MWD has failed to meaningfully analyze these data and use them to improve its hiring processes. Through its inaction since our 2004 audit and failure to analyze these data, MWD demonstrates a sustained unwillingness to develop and implement a hiring process that ensures fairness for all employees and applicants.

MWD has also shown indifference or resistance to improving other key areas affecting its organization and employees. Our 2004 audit concluded that MWD had struggled to establish an effective ethics office in compliance with state law, and we made several recommendations to strengthen the office's practices. Once again, although MWD had agreed to implement our recommendations, this audit found that MWD's ethics office still suffers from insufficient policies and procedures, as well as threats to its independence. For example, not only has MWD failed to ensure that its ethics office follows best practices, but these shortcomings have allowed MWD's management to interfere with the ethics office's work on two important cases. Further, MWD's leadership has demonstrated a persistent unwillingness to ensure that the ethics office has the necessary resources and authority to investigate ethics complaints.

MWD requires certain employees who work at remote pumping plants to live on-site in housing it provides. However, despite being aware since at least 2016 of issues that threaten both the safety and quality of life of the employees who reside in this housing, MWD has not prioritized responding to these issues. Employees told us that MWD is slow to respond to maintenance requests, even when the issues raised—such as broken air conditioning units in a climate that exceeds 110 degrees Fahrenheit—pose possible safety risks to the workers and their families. MWD's procedures for responding to housing issues do not ensure that it will respond in a timely fashion to maintenance requests to resolve issues that potentially threaten the safety of its employees. Further, its maintenance database does not reliably track how long it takes MWD to resolve those issues.

More than five years into the process of addressing its housing problem, MWD is still another five years from a long-term solution. After commissioning two separate housing assessments in 2016 and 2019, MWD finally embarked on a plan in 2020 to completely replace most of its housing units. However, this effort is expected to take MWD until 2027 to complete and to cost \$146 million. Although the plan will address many of the known issues with MWD's housing, the employees who reside in that housing should not have to suffer from additional delays. Finally, although MWD's safety program generally aligns with state laws, its safety policies do not require a minimum level of collaboration between management and safety staff, nor do they define retaliation or create a process for responding to retaliation concerns from employees who raise safety issues.

Agency Comments

MWD agreed with our recommendations and stated that it plans to implement them.

Recommendations

The following are the recommendations we have made as a result of our audit. Complete descriptions of the findings and conclusions that led to these recommendations are in the chapters of this report.

Legislature

To ensure that the issues we discuss in this report are finally addressed, the Legislature should amend state law to include one or more mechanisms by which it can revoke or limit MWD's authority over key personnel and ethics processes in the event that MWD again fails to take corrective action.

To ensure that MWD does not again fail to implement our recommendations, the Legislature should adopt legislation requiring MWD to formally adopt procedures for hiring and promoting employees. In doing so, it should direct MWD to ensure that those procedures include specific guidance to human resources staff and hiring managers on when competitive hiring processes are required, as well as on evaluating and scoring applicants and documenting those reviews. Finally, the Legislature should require MWD to make those procedures available to all MWD staff and applicants and to train relevant staff on following those procedures.

To ensure that MWD's ethics officer has the authority to independently investigate allegations of ethics violations, the Legislature should amend the requirements in existing state law to include the following:

- Establish MWD's ethics officer as the sole authority for interpreting MWD's ethics rules when conducting investigations into alleged ethics violations.
- Grant MWD's ethics officer the authority to contract with outside legal counsel for the purpose of receiving independent legal advice.
- Require any employee within MWD, including board members, to provide to the ethics officer any documents requested as part of an ongoing investigation without waiving any privileges that may apply.
- Prohibit any employee within MWD, including board members, from interfering in any way in an investigation.

MWD

To ensure that it is complying with state and federal laws as well as best practices, by October 2022 MWD should update its EEO policy to:

- Include a robust definition and examples of retaliation.
- Include information about an employee's right to file a complaint directly with the California Department of Fair Employment and Housing (DFEH) or the U.S. Equal Employment Opportunity Commission (EEOC).
- Make explicit reference to written investigatory procedures and describe where employees can obtain a copy of those procedures.
- Ensure that the policy accurately reflects all other requirements in state and federal law. In order to do so, MWD should establish a process for regularly reviewing the policy to determine whether changes are needed.

To ensure that it has effective and up-to-date policies on related personnel matters, by October 2022 MWD should review and update its sexual harassment policy as needed and develop an official policy defining and prohibiting abusive conduct.

To better position itself to handle all EEO responsibilities required by state and federal law and best practices, by October 2022 MWD should implement the following improvements to its EEO office:

- Create and fill additional positions that are commensurate with the workload of the EEO office, including additional staff to handle investigations, training, and compliance.
- Assign formal, written responsibilities for specific staff within the office.
- Structure the EEO office in such a manner that it can operate independently, with minimal potential threats to impartiality.

To ensure timely response to EEO complaints, by October 2022 MWD should update its investigation procedures to include time frames that match DFEH best practices for responding to, investigating, and closing EEO complaints and should adhere to those time frames. MWD should report to its board quarterly on how many EEO complaints have been received and investigated, including how many of those investigations surpassed the time frames in MWD's procedures.

To avoid future instances in which EEO complaints go unaddressed, by June 2022 MWD should develop written procedures that specify how non-EEO staff who receive complaints from employees should handle referrals of EEO complaints to the EEO office, and MWD should train staff on those procedures.

To ensure that the EEO office has appropriate jurisdiction over EEO complaints, by June 2022 MWD should develop written procedures for handling potential threats to impartiality in investigations. These procedures should contain explicit conditions in which a party other than the EEO office, such as the ethics office or the general counsel's office, plays a lead role in an EEO complaint.

To ensure that all EEO complaints and their outcomes are recorded accurately and promptly, by October 2022 MWD should implement an electronic recordkeeping system that will allow for accurate and complete tracking of EEO complaints in a single location. MWD also should designate an individual to be responsible for logging, tracking, and updating EEO complaint records.

To help ensure equity and consistency in its disciplinary process, by October 2022 MWD should implement a written, formal process that outlines the steps that it must follow and the factors it must consider when deciding whether and how to issue discipline. MWD should also develop a recordkeeping policy that documents the disciplinary process so that it can demonstrate that its process is thorough and consistent.

To prevent and address mistreatment of complainants and potential violations of its retaliation policy, by October 2022 MWD should do the following:

- Develop written procedures for identifying and intervening in potential retaliation while EEO investigations are ongoing.
- Dedicate a person to follow up with complainants after EEO investigations to ensure that incidents involving potential retaliation are not occurring, as well as track these follow-up discussions.

To ensure that the board is informed of how often EEO matters are being settled and by what means, by October 2022 MWD should:

- Amend its administrative code to require that all personnel-related settlements that invoke confidentiality or have any financial impact—including paid and reinstated leave—be reported quarterly to the board's Legal and Claims Committee, regardless of settlement type.

- Develop a written policy that outlines mandatory information required when reporting settlements. This reporting on each settlement should include whether EEO issues were implicated, whether the employee is still employed by MWD, the existence and type of any financial or confidentiality terms, and whether MWD has taken any corrective action in response to the alleged issues.
- Implement centralized recordkeeping procedures for all employee settlement agreements, including a means of confidentially indicating the existence of such settlements in the EEO complaint database, its personnel database, or some other central repository.

To ensure fairness and accountability in the hiring process, by October 2022 MWD should adopt and publish comprehensive formal hiring procedures that include the following elements:

- A documented process for screening applications based on defined criteria.
- Clear instructions for justifying hiring decisions, with examples of appropriate justifications.
- Document retention requirements for human resources staff and hiring managers that align with the steps of the hiring process required in MWD's hiring procedures.

To promote consistency in the hiring process, by April 2023 MWD should formally train hiring managers and human resources staff on their roles and responsibilities.

To prevent bias in hiring, by October 2022 MWD should reinstate the EEO office's role in the hiring process and develop formal procedures describing that role.

To better analyze its workforce demographics and identify potential barriers to employment, by April 2023 MWD should develop formal procedures for analyzing employee demographics and taking appropriate action based on those data. As part of this process, MWD should report to its board on the results of these analyses and actions.

To ensure that responsible parties have the information they need to make improvements, by June 2022 MWD should annually share the results of its demographic analyses with its various management groups as well as its recruitment staff.

To ensure that its ethics office is independent, as required by state law, by October 2022 MWD should revise its administrative code to:

- Prohibit interested parties from participating in the office's investigation process, except when necessary to provide information or otherwise respond to allegations.
- Establish the best practices highlighted in this report for protecting the independence of the ethics office, such as ensuring that the ethics officer has sole authority to interpret MWD's ethics rules and that the ethics office can obtain advice from outside legal counsel.

To better protect those employees required to reside in employee housing from the issues threatening the safety and habitability of this housing, by October 2022 MWD should:

- Improve the detail and consistency of its current procedures for responding to maintenance requests. These enhanced procedures should detail when MWD will handle a request on its own and when it will address a request as part of a larger effort, and they should establish clear and reasonable time frames for each scenario.
- Establish procedures for more reliably tracking the length of time it takes to respond to housing issues and regularly report its performance on these issues to the board, including any measures it has taken to improve this performance.
- Develop a contingency plan for comprehensively addressing its long-term issues with housing—such as installing prefabricated homes or renovating existing units—in case its current plan for replacing employee housing is delayed.

To better protect the safety of its employees, by June 2022 MWD should revise its safety policies to establish a minimum level of collaboration between safety representatives and management, such as establishing requirements for regular meetings and requiring managers to attend safety committee meetings.

To better ensure the effective handling of safety complaints and the protection of workers who make them, by October 2022 MWD should enhance its written policies to formally define retaliation and include specific steps responsible parties should take when performing the duties laid out in policy, such as protecting employees from retaliation.

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Introduction

Background

In order to bring water from the Colorado River to Southern California, in 1928 the Metropolitan Water District Act (Water District Act) allowed Southern California municipalities to create the Metropolitan Water District of Southern California (MWD). When MWD originally began delivering water, its service area consisted of about 625 square miles. In the nearly 100 years since, MWD's service area has expanded to 5,200 square miles. Today, MWD is the largest distributor of treated drinking water in the United States, delivering water to around 19 million people living in Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura counties through its agreements with 26 member agencies.

Water Infrastructure

To supply its service area with water, MWD owns and operates an extensive range of facilities, including five pumping plants, 15 hydroelectric plants, nine reservoirs, five water treatment plants, and 830 miles of large-scale pipes. About 25 percent of MWD's water comes from the Colorado River via the 242-mile Colorado River Aqueduct, which MWD completed constructing in 1939, along which pumping plants, canals, siphons, and pipelines bring the water to Southern California. The pumping plants serve as crucial infrastructure that lifts the water 1,617 feet over terrain along the path of the aqueduct. Because the pumping plants operate 24 hours per day for much of the year, staff must be on site to report to the pumping plants at all times. The plants are located in remote areas, with some more than 50 miles from the nearest town or residential area. Therefore, MWD owns more than 100 housing units located at the plants and requires key staff to reside in them while on duty. Figure 1 illustrates the locations of MWD's facilities, as well as MWD's headquarters in downtown Los Angeles. As Figure 1 shows, MWD employs more than 1,800 full-time employees across all its worksites and offices.

Under a contract with the State, MWD also has access to nearly half of the water carried to Southern California along the 444-mile California Aqueduct. As with the water from the Colorado River Aqueduct, MWD treats this water to ensure that it is safe to drink before delivering it to MWD's member agencies.

Figure 1
MWD Operates Water Plants and Reservoirs Across Southern California



Source: Analysis of MWD site location and employment information.

Governance and Workforce

MWD is governed by a 38-member board of directors, with each representing the district’s 26 member agencies. The Water District Act requires the board to include at least one representative from every member agency. However, member agencies may be granted additional representatives based on the assessed property value within their jurisdiction. For example, the city of Los Angeles has five representatives on the board and the San Diego County Water Authority has four. Smaller member agencies, such as Glendale and Beverly Hills, each have one representative on the board.

The board directly oversees four officers responsible for managing MWD’s day-to-day operations. The general manager serves as the chief executive of the district and is responsible for managing all of MWD’s administrative, operational, and ministerial activities not specifically reserved to the board or another officer by law or board order. The board selected MWD’s current general manager in

June 2021. Other officers include MWD's general counsel, general auditor, and ethics officer, each of whom has distinct authority and responsibilities under MWD's administrative code. MWD has a strong financial position as evidenced by its most recent financial statements. For the fiscal year ending June 30, 2021, MWD had operating revenue of nearly \$1.6 billion and an operating income of nearly \$200 million. MWD ended the fiscal year with more than \$500 million in unrestricted reserves.

Nearly 900 of MWD's employees work in its Water System Operations (WSO) group, responsible for treating and delivering water to MWD's member agencies. Located within the WSO group is the Operational Safety and Regulatory Services (SRS) section, which is responsible for developing and enforcing workforce safety policies that align with state law. MWD's remaining employees perform administrative, legal, technical services, and other duties in support of MWD's mission. Among these other duties is the role of MWD's Real Property group, which—in addition to other property management functions—is responsible for maintaining and operating MWD's employee housing.

In addition to MWD's administrative code and operating policies, aspects of its operations and workforce are governed by contracts with four individual employee bargaining units, which cumulatively represent nearly all of MWD's employees. These union contracts establish represented employees' terms and conditions of employment, including pay structure, benefits, leave time, and working conditions. They also include processes by which employees can formally object when they believe management has violated the terms of the contracts. The contracts contain broad requirements for how MWD makes hiring decisions. For example, the contracts require MWD to conduct an internal hiring process when a sufficient number of qualified MWD employees apply for an open position. Further, the contracts allow for MWD employees to request, and be granted, certain types of promotions based on their responsibilities and performance without undergoing a competitive application process.

Equal Employment Opportunity at MWD

State and federal laws prohibit MWD from discriminating against its employees or job applicants on the basis of any protected characteristic, including race, sex, disability, age, sexual orientation, and gender identity. In addition, the laws prohibit certain behavior in the workforce, including unfair treatment based on protected characteristics, sexual harassment, and retaliation for engaging in a protected activity, such as reporting alleged discrimination. In practice, sexual harassment can include unwelcome sexual advances,

requests for sexual favors, inappropriate sexual comments, or offensive comments made based on a person's sex. Collectively, these prohibitions are commonly referred to as equal employment opportunity (EEO) protections. MWD has written EEO and sexual harassment policies that repeat the prohibitions in law and inform employees how to file EEO complaints.

MWD operates an EEO office within its larger human resources group. The EEO office is responsible for receiving, investigating, and resolving EEO complaints. Complaints may come from affected employees directly or from others, including managers who become aware of potential issues. Other offices within MWD—such as its ethics office, its general counsel's office, and other divisions of human resources—also receive and refer potential EEO complaints to the EEO office. Before MWD hired a second EEO office employee in December 2021, the office had one staff member, MWD's EEO manager, who was responsible for receiving and reviewing complaints to determine whether the circumstances described indicate possible noncompliance with MWD's policies. If so, state regulations require MWD to investigate. Although MWD used to conduct some of its EEO investigations with its own staff, the EEO manager explained that she currently refers all investigations to an external investigator with the assistance of the general counsel's office, which then contracts with outside legal counsel to conduct the investigation. Although this referral and contracting process is not described in MWD's EEO policy, the EEO manager told us she has taken this approach since early 2020 due to a lack of internal resources to investigate complaints.

The EEO manager has additional responsibilities, such as notifying the employee who filed the complaint of the decision as to whether to investigate the complaint. Upon conclusion of an investigation, the findings are summarized in a closing memorandum to the parties. Finally, if it is determined that disciplinary action may be warranted, the EEO office informs the respondent—the party that is the subject of the complaint—of that determination and refers the matter to the employee relations section. Employee relations is a separate section within the human resources division responsible, in part, for ensuring that MWD takes appropriate corrective action when its EEO policy is violated. Aside from the complaint and investigation process, the EEO manager has additional responsibilities related to legally-mandated reporting about the demographics of MWD's workforce.

Recent Personnel Concerns and MWD's Response

MWD has come under recent public scrutiny over its handling of EEO complaints, including allegations that it retaliated against complainants. In board meetings throughout 2020, MWD employees presented allegations to the board describing workplace harassment they said they had experienced, including sexual harassment and discrimination based on protected characteristics. Some of the employees also described what they perceived to be insufficient responses by MWD. In some cases, the employees alleged that MWD's management had retaliated against them for filing official complaints. In response to these allegations, in November 2020, three members of MWD's board called for an independent review.

In December 2020, MWD contracted with a law firm to review allegations of systemic EEO issues at MWD and to evaluate MWD's current policies and processes for handling EEO issues.¹ The law firm released the results of its review in July 2021. Although the executive summary accompanying the law firm's full report concluded that MWD has not properly responded to certain EEO issues in the past, it stated that the "review data did not support a finding of current widespread EEO issues" at MWD. However, the firm's full report contains survey data indicating that many employees, particularly women and people of color, currently believe MWD's workplace is not safe or respectful. The survey results also reflect a significant split between the perceptions of staff and management. For example, although 78 percent of managers responded that MWD's working environment was safe and respectful for racial and ethnic minorities, only 45 percent of employees overall responded in the same way. The report also made a number of recommendations intended to strengthen MWD's internal policies and improve its handling of EEO complaints.

MWD established a Diversity, Equity, and Inclusion Council (DEI Council) in July 2020. Part of the DEI Council's stated purpose is to ensure accountability in MWD's commitment to create an inclusive work culture that values diversity and equity for all MWD employees. For example, one of the DEI Council's objectives is to identify diversity, equity, and inclusion barriers that affect hiring and promotions. It is composed of representatives from MWD's four bargaining units and from employee resource groups, including the Black Employees' Association and Women at MWD. The DEI Council works with MWD's management to develop recommendations. However, the makeup of the DEI Council has been somewhat controversial, with the women's caucus of

¹ Our office contracts with this same law firm for training and legal services.

MWD's largest bargaining unit boycotting the council because of management's involvement. In March 2022, MWD's general manager explained that the council is still in its infancy and that he expects a DEI officer—which MWD plans to hire in 2022—to lead the development of the council's strategic priorities.

Prior State Audit and Relevant Legislative Action

Our office has previously reviewed MWD in areas relevant to this audit report. In 2003, the Legislature directed our office to conduct a review of MWD that included its personnel policies and practices. In 2004, our office published an audit report concluding, among other findings, that MWD's hiring policies and procedures were decentralized, were informal, and allowed the opportunity for favoritism.²

Our 2004 audit also criticized MWD's failure to operate an independent ethics office as required by state law. In 1999, reacting to allegations of misconduct by MWD's board of directors, the Legislature required MWD to create an ethics office that is independent and not subject to political influence. State law directs MWD to adopt ethics rules, such as those governing lobbying and conflicts of interest, and to enforce those rules for all MWD employees, officers, and board members. However, the 2004 audit determined that MWD's ethics office did not independently investigate complaints and suffered from additional issues, such as having no formal process for handling complaints and having inconsistent ethics policies. Accordingly, the audit recommended that MWD implement an ethics office that complied with the law's requirements and develop formal written policies and procedures that are presented consistently.

² Report 2003-136, *Metropolitan Water District of Southern California: Its Administrative Controls Need to Be Improved to Ensure an Appropriate Level of Checks and Balances Over Public Resources*, June 2004.

Chapter 1

MWD'S PERSISTENT FAILURE TO ADDRESS EEO ISSUES HAS NEGATIVELY AFFECTED ITS EMPLOYEES

Chapter Summary

MWD has not dedicated sufficient attention or resources to its EEO policy or its EEO office, which is responsible for receiving, investigating, and resolving EEO complaints. EEO complaint investigations at MWD have been delayed, overlooked, and poorly tracked. As a result, employees have been subjected to dysfunctional and potentially unsafe workplace situations for unnecessarily long periods of time.

MWD has made slow and sometimes apparently inconsistent decisions about whether and how to address policy violations and other problematic behavior by employees. Our review also determined that MWD has not established sufficient processes to prevent potential violations of its retaliation policy or to intervene effectively when such behavior occurs. Perhaps as a result, MWD has a problem retaining employees who file EEO complaints. Finally, MWD has often used confidential agreements when settling EEO issues with employees, and it has not always reported on those agreements to its board as required.

MWD Has Not Prioritized EEO Complaints or the Resources Needed to Respond to Them

MWD's EEO policy and procedures do not align with best practices in key areas. Additionally, addressing some EEO complaints has taken MWD much longer than it should by any reasonable metric, including MWD's own investigation procedures. As a result, employees wait for resolution—and may remain in problematic work situations—much longer than MWD should allow. MWD's inadequate planning and underinvestment in resources for its EEO office has contributed to the delays we observed.

MWD Does Not Conduct Timely Investigations of EEO Complaints, Eroding Employee Confidence and Delaying Corrective Action

Because it is an employer, state law requires MWD to take reasonable steps to prevent and promptly correct discriminatory and harassing conduct. Employers are also required by law to have written policies that describe prohibited conduct and to give employees a means to report misconduct and seek resolution.

State law additionally requires employers to create processes to ensure that complaints are investigated and closed in a reasonable amount of time and that complainants receive timely responses.

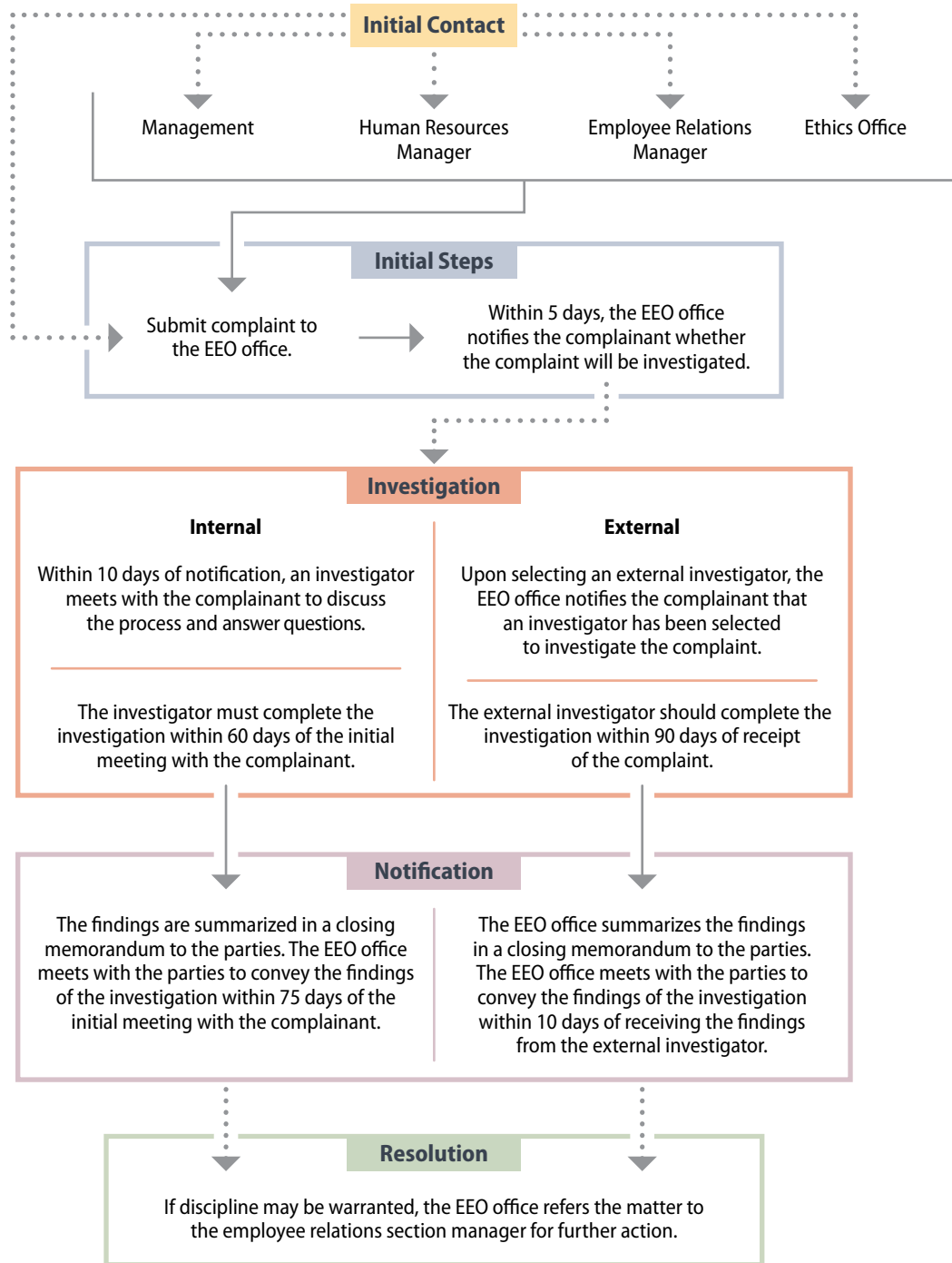
Although state law does not specify time frames for how long it should take to initiate and conduct an EEO investigation, guidance issued by the California Department of Fair Employment and Housing (DFEH) recommends that employers do so promptly, or as soon as is feasible. The guidance goes on to note that some employers begin investigations immediately for allegations of physical harassment, and within a couple of days otherwise. DFEH's guidance highlights that prompt investigations assist in stopping the harassing behavior, make clear that the employer takes the complaint seriously, and allow the employer to fairly address the issues in a manner that minimizes disruptions to the workplace and individuals involved. MWD's EEO complaint investigation procedures, depicted in Figure 2, outline the complaint process from when MWD receives an EEO complaint through the resolution of the complaint, when MWD communicates the results of the investigation to the parties involved. The procedures provide 60 days for completing investigations handled by internal investigators and 90 days for investigations handled by external investigators.

MWD's EEO investigations often took significantly longer than its procedures allow.

MWD's EEO investigations often took significantly longer than its procedures allow. We reviewed 28 EEO complaints filed since 2004 to determine their outcomes and whether MWD complied with its policy and procedures. MWD exceeded its time frames for completing investigations in 22 of the cases that we reviewed, and some delays were significant. Specifically, for three internal investigations, MWD exceeded its 60-day time frame by more than two months. One of these investigations took 453 days. Eleven external complaint investigations also exceeded the 90-day time frame by more than three months; one took 580 days to complete and another took 344 days.

When we asked why EEO investigations take so long to complete, MWD's EEO manager cited the use of external investigators as one reason for delays. The EEO manager explained that, because external investigators do not necessarily follow the timelines outlined in MWD's investigation procedures, MWD no longer attempts to follow those procedures and does not provide them to employees despite the requirement in state law that it do so. The MWD attorney responsible for retaining external investigators cited other circumstances that contribute to lengthy investigations, including uncooperative witnesses, extended employee absences, and EEO complaints that raise complex issues. Nonetheless, some of the investigations we reviewed took longer than they should by any reasonable metric. Further, MWD's reasoning does not justify its abandoning its investigation procedures altogether, nor does it explain the delays we observed in other parts of the EEO complaint process.

Figure 2
MWD's Procedures for Investigating EEO Complaints Include Specific Time Frames for Key Steps



Source: MWD's EEO policy and EEO investigation procedures.

For example, the investigations we reviewed also featured other troubling delays related to initiating investigations. As Figure 2 shows, notifying a complainant whether an investigation will occur is the first major step in the EEO process and should occur within five days of receiving the complaint. Of the 28 cases we reviewed, MWD failed to meet this time frame in 16 cases, and in nine complaints the EEO office did not inform the complainant whether an investigation would occur until more than a month after receiving the complaint. In one instance, the EEO office took more than six months to respond to an allegation of discrimination.

MWD also failed to summarize its investigation findings in a timely fashion. Summarizing findings in a closing memorandum to the parties involved is a key step in the investigation. According to MWD's procedures, depicted in Figure 2, the EEO investigator must meet with both the complainant and the respondent to notify them of the investigation findings before any corrective action can be taken or the case can be closed. Making these notifications promptly is clearly in the best interests of the parties involved. Despite the importance of this step, in 19 of the 28 cases we

reviewed, MWD failed to meet with the parties within the required time frames. For six of these cases, more than a month passed between the completion of the investigation and the time when the EEO office communicated its investigation results. In one case, it took the EEO office 79 days to do so. Delays in initiating and closing investigations undermine MWD's responsibility to both complainants and respondents and erode confidence in the EEO process.

Because of MWD's delays, employees may continue to work in dysfunctional or potentially unsafe situations for long periods. As we describe in EEO Case Example 1, we reviewed one case in which significant delays posed risks to employees' physical safety because of conduct that was ongoing during the investigation.

MWD Has Not Adequately Planned or Dedicated Resources to Its EEO Program

Beyond the delays in its investigations, MWD's EEO program is marked by other key weaknesses that negatively affect its ability to appropriately handle EEO complaints. First, MWD has not kept its policies related to EEO up to date. MWD has not updated its EEO policy since 2012 or

EEO Case Example 1

- On multiple occasions, the respondent informed the manager that the respondent would not work with the complainant because of a previous EEO complaint the complainant made years earlier.
- The complainant filed an EEO complaint after the respondent refused to work with the complainant. At the same time, the manager finally reported the respondent's statements to the EEO office. MWD did not notify the complainant until two months later that it would conduct an investigation.
- During the eight months before the investigation concluded, the respondent made additional attempts to sabotage the complainant's job performance and, in the process, potentially put the physical safety of other employees at risk.
- MWD substantiated that the respondent retaliated against the complainant but did not inform the parties of the findings for nearly a month.
- More than a year after the investigation concluded, MWD finally issued discipline to the respondent.

Note: Because of the confidential and sensitive nature of the subject matter covered in this chapter, we limit the detail in the examples we discuss to avoid disclosing the identities of any of the parties involved.

its sexual harassment policy since 2013. As a result, the policies have unaddressed weaknesses and have not kept pace with changes to state law and evolving best practices. Illustrating these issues is the fact that the EEO policy directs employees to submit EEO complaints to a division of human resources that is no longer responsible for handling those complaints. In addition, in contrast to a sample EEO policy issued by DFEH, the EEO policy at MWD lacks both a definition of retaliation and examples of what retaliation looks like. Finally, although MWD provides legally required training to its employees on the prevention of abusive conduct, it does not have a formal policy on abusive conduct, potentially hindering its ability to address or prevent abusive conduct that does not fit the definition of discrimination or harassment.

Another weakness in MWD's approach to EEO complaints is that it has not acted with care or forethought when assigning responsibility for handling EEO complaints. Instead, responsibility for EEO complaints and investigations has shifted within MWD's human resources group without adequate planning or reasoning. In 2011, the former human resources manager moved responsibility for administering and investigating EEO complaints from the EEO manager to MWD's employee relations section—a separate section within the human resources division responsible for ensuring that MWD takes appropriate corrective action when the district's EEO policy is violated. The EEO manager retained responsibility for employee training and reporting on MWD's workforce diversity but no longer performed the key roles of receiving, investigating, and monitoring EEO complaints. Because the announcement of this change provided no justification and the human resources manager who made the decision no longer works for MWD, it is unclear why he felt this move was appropriate.

In January 2020, MWD's current human resources manager stated that she moved responsibility for EEO complaints from the employee relations section back to the EEO office out of her concern that the employee relations section's role in the disciplinary process could have a chilling effect on EEO complainants. MWD's EEO complaint logs—documents the EEO office uses to track complaints—indicate that a chilling effect may indeed have occurred. Before the employee relations section took over the EEO process in 2011, MWD averaged 18 EEO complaints per year. During the period when employee relations was responsible for complaints, the number of annual complaints fell to an average of 11. Although other factors could have caused this decrease, it is not clear why MWD did not anticipate this potential negative effect of moving EEO investigations or why it took nearly 10 years to address it.

MWD has not acted with care or forethought when assigning responsibility for handling EEO complaints.

MWD lacks the EEO staff necessary to meet its obligations to its employees.

Although well intentioned, the outcome of the recent decision to move responsibility for the EEO process demonstrates a third weakness in MWD's approach to EEO complaints: inadequate staffing levels. The current human resources manager intended to hire a new EEO investigator to take over the process of investigating EEO complaints. However, she told us she never received approval for the new position from management. Left without anyone to fill the role, she transferred responsibility for investigations back to the EEO manager, who had been responsible for the process until January 2011. Although the transfer to the EEO manager was intended to be only temporary, the EEO manager was still handling EEO complaints as of January 2022, more than two years after the change.

MWD lacks the EEO staff necessary to meet its obligations to its employees. At the time of our review, all of MWD's EEO complaint investigations were completed by external investigators because MWD had not dedicated resources to do so internally. In December 2021, MWD finally hired a single investigator to conduct internal investigations. However, that staff level falls short of the three investigators that an external review of MWD's EEO process recommended that MWD hire. In addition, MWD will also need to designate sufficient staff to handle noninvestigatory responsibilities in the EEO office, such as compliance reporting and training.

MWD told us that it intends to restructure its EEO office and add resources to handle more investigations internally. The general manager indicated to us in March 2022 that MWD plans to provide adequate resources as necessary to address the volume of complaints in the time frames required by MWD's procedures. However, even though the external review recommended such additional staffing in July 2021, the general manager did not provide a time frame by which adequate staff will be in place.

MWD's Weak Processes Have Led to Uninvestigated EEO Complaints and Inaccurate Records

MWD must better account for EEO complaints that are not received directly by its EEO office. As Figure 2 on page 19 depicts, MWD's employees may submit complaints not only to the EEO office but also to other specified offices and individuals within MWD. The EEO policy requires all MWD managers, supervisors, or other designated recipients of EEO complaints to report any conduct that may reasonably violate the EEO policy and refer any complaints received immediately to the EEO office. However, MWD has not established procedures for handling and logging such referrals, and of the offices named in policy as designated recipients of complaints, only the ethics office maintains centralized records of the complaints that come directly to it. As a result, we

were only able to evaluate how MWD handles EEO complaints received by other offices by reviewing the 27 EEO complaints that the ethics office's records indicate it has received since 2016.

Our review of the 27 complaints the ethics office received revealed some delays and uninvestigated complaints as a result of a weak process for making referrals. We found that the ethics office did not always refer complaints to the EEO office in a timely manner or at all. In one instance, it took the ethics office 24 days to refer an EEO complaint, and in two other instances it took 22 days. Further, we identified a complaint that the ethics office did not refer until we brought it to the office's attention in February 2022—nearly five years after the employee submitted the complaint.

MWD has not ensured that once a complaint is referred to the EEO office, the EEO office follows through on the complaint. In two instances, the ethics office referred a complaint to the EEO office via email, but the EEO office did not investigate those complaints promptly. In one instance, MWD's former EEO investigator stated that because of her transition to an interim assignment and a high volume of work, this referral was missed. As a result, MWD did not take action on the complaint until February 2022, when we urged the former investigator to do so. In the other instance, the former investigator claimed to have done some follow-up on the complaint but could not provide any evidence of that. Further, we could not locate any record of the investigation in the EEO files or in the EEO log.

In addition, MWD has not established procedures for how to address potential threats to impartiality, which appears to have affected how the ethics office referred some complaints. According to DFEH best practices, workplace investigations should be impartial. Threats to impartiality may arise when there is a perception of bias on the part of the investigator, which could occur when the complainant or respondent has more authority than the investigator. For example, such a threat might arise if the EEO manager had to investigate a complaint against the human resources manager, to whom she reports. Although MWD staff we spoke to were aware of these potential issues, MWD's EEO policy does not define threats to impartiality or state how potential perceptions of bias should be handled or by whom. We identified five instances in which the ethics office decided there was a potential threat to impartiality and, in the absence of clear direction, referred the complaint to an office other than the EEO office without informing the EEO manager. Circumventing the EEO office is problematic. Unless the EEO office is informed of all EEO complaints, regardless of who ultimately investigates them, it cannot maintain accurate records or ensure that complaints

The ethics office did not always refer complaints to the EEO office in a timely manner. In one instance, it took 24 days to refer a complaint.

EEO Case Example 2

- MWD investigated several complaints from employees who publicly criticized the district.
- Some of the complaints included allegations of retaliation and discrimination by members of executive management and other employees at MWD.
- MWD's board approved funds to have a law firm independently investigate the allegations. The ethics officer, who coordinated these investigations, told us MWD took this approach because of potential threats to impartiality because of parties named in the allegations.
- The ethics office did not specify to the EEO manager whether the investigations would cover some or all of the allegations.
- As a result of this miscommunication about which investigations were being conducted by whom, the EEO manager referred some complaints for investigation seven months late. At least one complaint went uninvestigated altogether.

are investigated and resolved. Further, as shown in EEO Case Example 2, MWD's failure to establish procedures for how to address potential threats to impartiality increases the risk of missed or delayed investigations and can further erode employee confidence in the EEO process.

Finally, MWD has also failed to keep accurate and complete records of its EEO complaints, leaving the total number of complaints unknown. MWD's EEO logs from January 2004 through November 2021 show it received 297 EEO complaints, but the logs are inaccurate and incomplete. Our review of other sources of EEO complaints, such as those reported to MWD's ethics office and those kept by staff in the general counsel's office, identified at least 18 EEO complaints that were not included in the EEO logs.

A few different but related factors have contributed to the inaccuracy and incompleteness of MWD's EEO records. The district's EEO policy does not accurately describe who is responsible for tracking EEO complaints, and MWD does

not have written recordkeeping procedures. Instead of tracking complaints centrally, multiple parties maintain separate lists, and these lists are inconsistent and incomplete in the information they contain. Further, citing a lack of resources, the EEO manager indicated in July 2021, when we began our review, that she was significantly behind in logging complaints for both 2020 and 2021. Also, despite MWD's significant financial resources, staff use imperfect and imprecise tools—such as spreadsheets—to track EEO complaints. Case management software that allows for real-time record control and ensures that all complaints are centrally tracked would be more appropriate. Despite our efforts, the serious shortcomings of MWD's recordkeeping and underinvestment in its EEO program prevented us from determining the precise number of EEO complaints received by MWD during the period we reviewed.

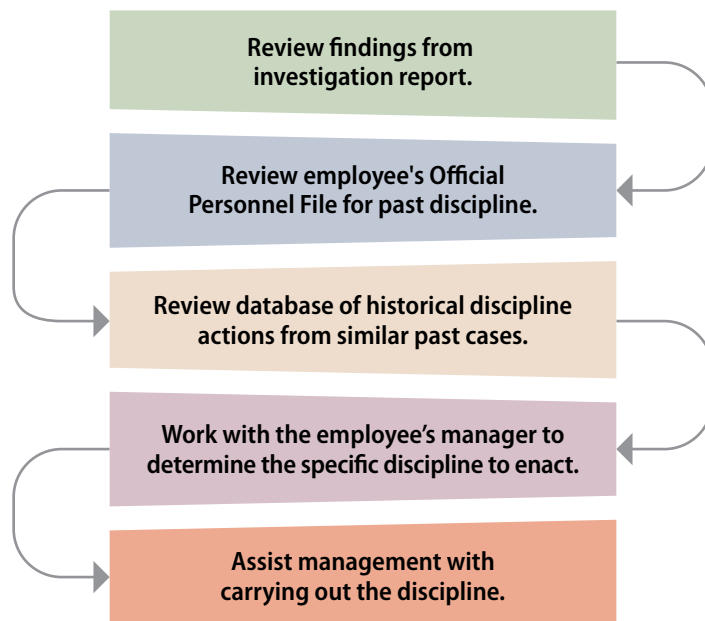
MWD's Discipline Process in Response to Substantiated EEO Complaints Is Slow, Inconsistent, and Potentially Unfair

State law requires employers to take reasonable steps to prevent and promptly correct discriminatory and harassing conduct. DFEH guidance specifies ways in which employers should meet this obligation, such as imposing disciplinary action commensurate

with the level of misconduct and consistent with past actions. DFEH also suggests that discipline should discourage or prevent the reoccurrence of similar behavior by the employee. Despite this available guidance, MWD has not demonstrated that its approach to disciplining employees who violate policy follows these best practices.

MWD's employee relations section manager (employee relations manager) indicated the discipline process includes steps to ensure it is consistent and fair. However, our review identified issues with both the consistency and fairness of MWD's process for handling discipline when confronted with EEO policy violations or other problematic behavior identified by EEO investigations. Staff pointed us to language in contracts with its employee bargaining units as the criteria for issuing discipline. Although the contracts lay out steps MWD may take as misconduct gets more severe, they do not establish how to decide the level of discipline for any specific misconduct. Instead, the employee relations manager, whom MWD's EEO policy identifies as the individual responsible for ensuring that MWD takes immediate and appropriate corrective action when the policy is violated, explained several steps that MWD takes. As Figure 3 illustrates, these steps include reviewing findings from the investigation report and discipline from similar past cases.

Figure 3
MWD Uses an Informal Process to Determine Discipline Following EEO Investigations



Source: Interviews with MWD's employee relations manager.

To assess whether MWD followed the disciplinary process as described for the 28 EEO complaint investigations we reviewed, we evaluated MWD’s disciplinary decisions for the 21 employees whom the investigations either determined had violated MWD policy or substantiated other troubling behavior, such as abusive conduct. Specifically, we identified whether and when MWD imposed discipline, the type of discipline, and how it made these decisions.

We found that, overall, MWD was slow to issue discipline for EEO policy violations and misconduct. Of the 11 cases that we reviewed in which MWD issued discipline, it did so a month or more after the conclusion of the investigation in eight of those cases. In the EEO case discussed in EEO Case Example 1 on page 20, MWD

EEO Case Example 3

- An employee filed a complaint against a manager alleging, in part, that the employee’s manager was abusive and ignored safety concerns, causing a danger to employees.
- MWD took 25 days to notify the complainant that an investigation would occur.
- After taking nearly two years to complete the investigation, MWD substantiated that the manager’s conduct had, among other things, caused a danger to employees.
- MWD took an additional 79 days to notify the parties involved of the outcome of the investigation.
- To discipline the manager, MWD issued a written warning one year after the investigation was completed and nearly three years after the original complaint.

issued discipline more than a year after the investigation substantiated retaliation. EEO Case Example 3 illustrates another EEO case in which MWD issued discipline—in the form of a written warning—nearly three years after the complaint was filed. The employee relations manager stated that MWD can face delays in issuing discipline because of the need to coordinate with an employee’s manager and others at MWD. However, significant delays in issuing discipline may allow discriminatory, harassing, or unsafe conduct to continue uncorrected.

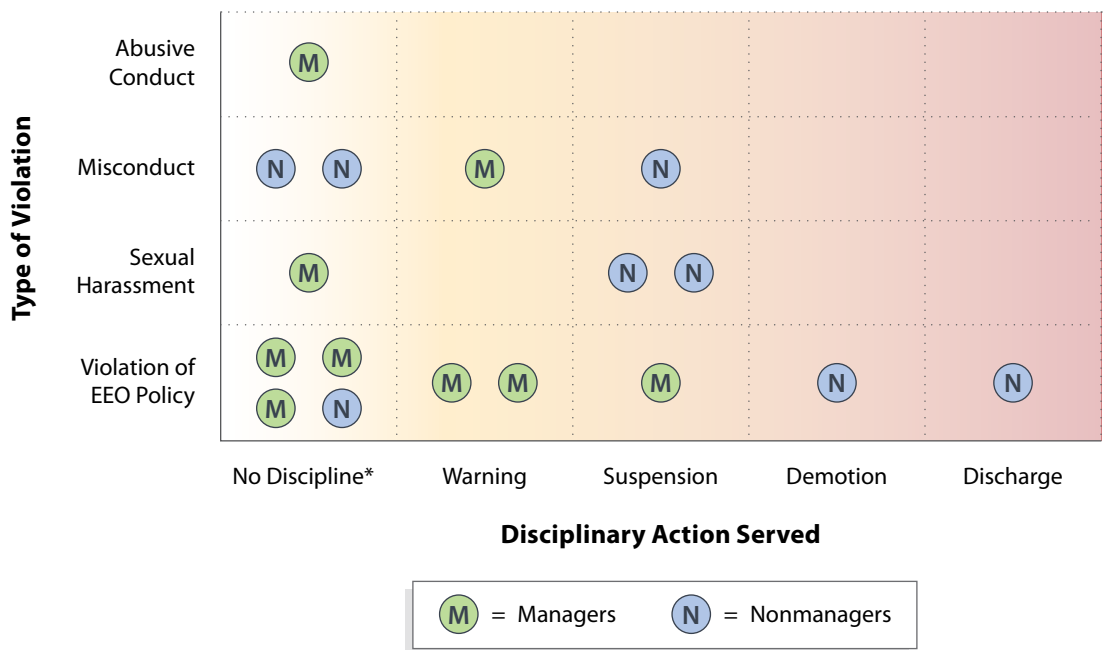
MWD also did not adequately explain all of its decisions not to impose discipline at all, which occurred for the remaining 10 of the 21 employees in the cases we reviewed. For four of those cases, the respondents left MWD before the investigation was complete. For the other six, however, MWD generally could not provide adequate justification for its decisions not to discipline the employees. In some of those cases,

employee relations staff acknowledged that the investigation had substantiated policy violations but told us that other factors, such as intervention by management, resulted in no discipline in these cases. In other cases, staff could not sufficiently explain why the substantiated behavior did not amount to misconduct.

Further, our review found that MWD’s decisions about whether and how to impose discipline disproportionately favored managers. For example, a manager refused to cooperate with an EEO investigation, which constituted an EEO policy violation. When employee relations conveyed the findings to the manager’s superiors, those superiors indicated the importance of the manager, noting that they didn’t want to “scare him away.” Notably, this manager received only a warning. In another case, MWD issued a two-day suspension

for a manager who had violated MWD’s sexual harassment policy. The employee relations manager indicated to us that the decision was the result of MWD’s management pushing for a lower level of discipline than employee relations recommended. Further, instead of making the manager actually serve the suspension, MWD agreed to delay the suspension until after the end of the year. More than a month later, the manager retired as previously planned, having never served the suspension. In four of the 10 cases involving misconduct by a manager, we saw evidence that MWD management may have improperly influenced the disciplinary process. We did not see evidence of any such occurrences with employees who were not managers. Figure 4 provides the discipline outcomes for managers and nonmanagers among the 21 incidents of substantiated misconduct we reviewed.

Figure 4
Discipline by Type of Violation



Source: MWD EEO case files and employee disciplinary files.

Note: This figure does not include four employees who left MWD before the conclusion of their EEO investigations, which substantiated misconduct. Additionally, one disciplinary action included in this figure has been issued by MWD but was in the process of being appealed at the time of our review.

* This category contains two employees who were issued discipline but did not serve it because of agreements between MWD and the employees’ bargaining units.

EEO Case Example 4

- A complainant discussed the outcome of an investigation with a family member, who was also an MWD employee, shortly after receiving the results of the investigation.
- MWD issued the complainant a two-day suspension for violating the confidentiality of the process.
- In response to our question about how it determined the level of discipline, MWD stated that it could not find any comparable discipline issued to other employees for similar infractions. Therefore, it justified the degree of discipline it issued by referencing previous discipline for unrelated misconduct by the complainant.
- However, in our review of discipline documentation, we identified a case with a similar infraction that MWD should have considered when making its disciplinary decision.

The inconsistency with which MWD has imposed discipline can be particularly problematic in the context of alleged misconduct by EEO complainants, which occurred in EEO Case Example 4. As the example shows, our review of this incident found an error in MWD's disciplinary process. We also identified similar policy violations that were arguably more egregious but resulted in less severe discipline, and we determined that MWD inconsistently considered past discipline in the cases we reviewed. Given the leniency MWD has shown other employees, often managers, its decision in this case further demonstrates that its current process is not sufficient to ensure equitable and consistent discipline.

MWD Has Failed to Prevent or Address Negative Treatment of EEO Complainants

MWD has not established ways to prevent or address mistreatment of EEO complainants during and after EEO investigations. Consequently, we observed little evidence that MWD intervened when problematic behavior toward complainants occurred, and we found that many complainants leave MWD after participating in the EEO process. MWD's ongoing resistance to addressing substantiated retaliation further demonstrates its troubling tolerance of EEO-related misconduct issues and suggests a larger cultural problem.

MWD Lacks Processes to Detect Potential Mistreatment of Complainants and Has Not Responded to Clear Evidence of Retaliation

State and federal laws prohibit employers from retaliating against employees for engaging in a protected activity, such as filing an EEO complaint. DFEH best practices warn against a broad range of behavior toward complainants and prescribe preventive and responsive measures employers should take. DFEH guides employers to counsel all parties not to retaliate and to be alert for signs of retaliation—including actions taken by peers that go beyond illegal forms of retaliation, such as failing to communicate with the complainant. Finally, DFEH recommends that employers check in with a complainant after the investigation—regardless of whether the allegations were substantiated—to proactively ensure that the complainant is not experiencing retaliation.

MWD has not established sufficient processes to prevent or proactively address potential violations of its retaliation policy. Its EEO policy does not define retaliation but does state that retaliation will not be tolerated. MWD includes examples of retaliatory behavior in correspondence it sends to respondents at the beginning of an EEO investigation, such as refusing to work with a complainant. In our evaluation of MWD's policies and practices for handling EEO complaints, we did not independently investigate the merit of any complaint or conclude whether a violation of law or policy occurred. Instead, when reviewing the 28 EEO cases we selected, we considered how complainants might perceive the treatment they experienced and determined what MWD did to prevent or address problematic behavior. In doing so, we observed little evidence that MWD has processes to identify problematic behavior directed toward EEO complainants or that MWD staff intervene effectively when such behavior occurs.

In one case, MWD investigated a complaint that an employee was experiencing retaliation from a coworker. Given the lack of diversity in the work group, along with the aggressive behavior toward the complainant following a previous EEO complaint, the EEO manager expressed concern even before the investigation began that the complainant could be subject to retaliation from coworkers. The complainant's manager also told the EEO investigator that there had been tension in the work group for some time because of the earlier EEO complaint and indicated that, although he had reached out to employee relations for assistance, these issues were ongoing at the time of the investigation. However, despite these early indications of possible trouble, MWD failed to prevent dysfunction and apparent mistreatment of the employee during the investigation. Ultimately, the complainant's coworkers contacted MWD's human resources manager demanding that the complainant be removed from the work group. There is no evidence that MWD intervened after this contact occurred despite its resemblance to descriptions of retaliatory behavior in MWD's own guidance to employees. In fact, when we asked MWD about what actions it took, if any, the EEO manager thought employee relations was handling the issue. However, the employee relations manager indicated to us that he had no knowledge of the incident.

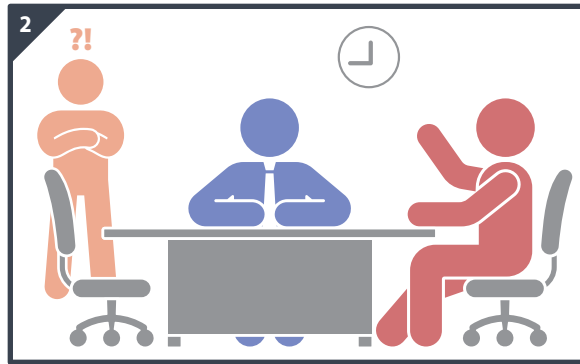
We identified other instances in which MWD failed to protect complainants or treat them with appropriate care after the EEO process was complete. In EEO Case Example 1 on page 20, MWD management did not take action to protect the complainant despite being told by the respondent that the respondent intended to refuse to work with a complainant, thereby failing to uphold MWD's responsibility to prevent retaliation. In another case, depicted in Figure 5, MWD failed to protect a complainant after substantiating physical sexual harassment. As the figure shows, MWD did not

We identified instances in which MWD failed to protect complainants or treat them with appropriate care after the EEO process was complete.

Figure 5
MWD Does Not Always Treat Complainants With Sufficient Care



MWD substantiated an EEO complaint of physical sexual harassment and promised that the complainant would not have to work with their harasser again.



Several years later...
the complainant was directed to work with their harasser in a one-on-one setting after the two were back on the same team.



Even after the complainant informed the manager of the situation, the manager still insisted that the parties work together.



After reaching out to various MWD offices for help, the complainant filed a complaint with DFEH.



The complainant entered into a settlement agreement with MWD as a result of the DFEH complaint, which includes a commitment from MWD to not have to work with their harasser. To keep this arrangement, the complainant has to provide ongoing medical documentation.

Source: Analysis of MWD EEO case files and settlement agreements.

adhere to its commitment that the complainant would not have to work with their harasser in the future, and it ultimately placed the burden of resolving the issue on the complainant. MWD's inaction and its lack of thoughtful processes for handling complainants can create and exacerbate problems for those employees.

Perhaps because of its failure to ensure the appropriate treatment of complainants, MWD has a problem retaining employees who file EEO complaints. Our review of personnel records and EEO logs found that nearly one in three complainants leaves MWD within one year of an EEO complaint being closed by MWD. We identified other evidence that supports the conclusion that employees sometimes leave because of dissatisfaction with how MWD handled their EEO complaints. In one instance, an employee wrote to a manager explaining that the reason for retiring earlier than planned was because of the divisive environment of favoritism, discrimination, and retaliation the manager had created and was perpetuating in the unit.

Another employee expressed concerns in a resignation letter, stating that after raising a sexual harassment allegation against a supervisor, which the EEO office chose not to investigate, the employee felt that the supervisor began retaliating against the employee. The EEO office's response to this subsequent retaliation allegation made the employee believe that the EEO office would not address the alleged retaliation, and so the employee felt that the only choice was to resign. On the day after resigning, the employee filed a complaint with DFEH. The investigation that MWD conducted following the employee's resignation found, in part, that the EEO manager did not make a sufficient effort to understand the concerns the employee was raising and discouraged the employee from referring to the previous complaint as sexual harassment. The investigator concluded that the EEO manager's actions gave the impression that the employee could not file a retaliation complaint.

Recent Events Demonstrate MWD's Unwillingness to Improve Its Handling of EEO Issues

Three recent retaliation investigations demonstrate that MWD's historical failure to protect some complainants is ongoing. As we summarized in EEO Case Example 2 on page 24, MWD's board approved funds to have a law firm independently investigate several complaints of alleged retaliation by MWD managers and other employees at MWD. Those investigations substantiated several instances of retaliation, some of which are summarized in Figure 6. Despite the seriousness of the law firm's findings, MWD has resisted taking action to correct these problems. Our review of confidential memos within the office of the general manager

The EEO office's response to a retaliation allegation made the employee believe that the EEO office would not address the alleged retaliation, and the employee felt that the only choice was to resign.

raised serious concerns about MWD's response to the investigation findings. Indeed, at the time of our review, MWD had not committed to any action in response to the findings. Its failure to do so persists despite the fact that six months had passed since it received the outcomes of the investigations.

Figure 6
Recent Independent Investigations Substantiated Claims of Retaliation Against EEO Complainants

Examples of recent allegations substantiated by an independent law firm:

- ▶ After an employee publicly expressed EEO-related concerns, an executive manager distributed a memorandum providing specific information about the employee's prior internal complaint without a legitimate business reason for doing so.
- ▶ MWD initiated an investigation against an employee because the employee publicly criticized MWD and/or because the employee raised concerns about another employee.
- ▶ MWD placed an employee on involuntary paid administrative leave because the employee publicly criticized MWD and/or because the employee raised concerns about another employee.
- ▶ MWD unreasonably delayed the conclusion of an investigation, causing an employee to remain on paid administrative leave longer than necessary.

Source: MWD ethics officer public comments at the January 2022 MWD Organization, Personnel, and Technology board committee meeting.

In its guidance, DFEH states that an effective anti-harassment program includes buy-in from the top, meaning that management is a role model of appropriate workplace behavior, understands the policies, and demonstrates a commitment to EEO. By contrast, MWD's inaction and outright resistance when faced with problematic behavior toward EEO complainants, coupled with the other shortcomings we have discussed throughout this chapter, indicate larger cultural problems with MWD management's lack of commitment to EEO. Indeed, many employees told us they feared or have experienced retaliation for speaking up about their perceived mistreatment or other concerns. MWD's historical and ongoing actions demonstrate a failure of leadership and create, at a minimum, a perception that it tolerates harassment, discrimination, and retaliation.

Rather Than Confront Its EEO Challenges, MWD Has Resisted Transparency

MWD often used nondisclosure agreements (NDAs) when settling EEO issues with its employees. Although we did not evaluate the reasonableness of any individual NDA or its specific provisions, we are concerned that its historical reliance on confidentiality has contributed to MWD's failure to address underlying issues. This concern is underscored by the fact that we also found poor internal tracking of settlement agreements and insufficient reporting to MWD's board.

MWD Often Invokes Confidentiality When Settling EEO Matters With Employees, and the Extent of Its Settlement Activities Is Unclear

Recent changes to state law limit when employers may use NDAs as part of settling certain employee issues. Since January 2019, state law has prohibited settlement agreements from containing terms preventing the disclosure of facts related to claims of sexual harassment, discrimination based on sex, and related allegations. Beginning in January 2022, state law extended this prohibition to include claims of discrimination and harassment based on other protected characteristics in state law, such as race and sexual orientation. The law does not prohibit NDAs that keep confidential the amount paid in the settlement agreement, and it only applies to agreements related to claims filed in civil actions or administrative actions, such as complaints filed with the U.S. Equal Employment Opportunity Commission (EEOC) or DFEH (agency complaints). Because the restrictions in the law were recently enacted, they did not apply to most of the MWD employee settlements we reviewed as part of this audit. Additionally, we did not identify any violations of the law in the agreements we reviewed for which the 2019 law applied.

We reviewed settlement agreements for the period between 2004 and 2021 and identified 37 that resulted wholly or partially from EEO issues. Of those 37 agreements, 29 contained NDAs. Additionally, 14 of the 37 settlements contained separate clauses that generally limited signatories' ability to make disparaging statements about the terms and circumstances leading to the settlement, or about MWD more generally. These clauses, called *nondisparagement clauses*, do not explicitly prevent signatories from disclosing the circumstances of their complaints but may nonetheless leave them feeling constrained or confused about what they can say. For example, one employee with a settlement agreement told us that the nondisparagement clause made the employee feel constrained from talking about what had happened. Appendix B of this report provides the EEO issues associated with each of the NDAs we identified.

Of the 37 settlement agreements we reviewed, 29 contained NDAs, and 14 of the 37 contained nondisparagement clauses, which may leave the complainants feeling constrained or confused about what they can say.

Under state law, MWD also can no longer include NDAs in other types of agreements. Specifically, the changes to law that took effect in January 2022 also generally disallowed provisions in separation agreements prohibiting the disclosure of information pertaining to harassment, discrimination, or other unlawful conduct. A separation agreement is a type of settlement agreement in which an employee agrees to leave MWD in exchange for payment or another benefit, such as a period of paid administrative leave. We identified 12 separation agreements that MWD entered into with employees from 2004 through 2021. Of those, nine contained NDAs. Because of MWD's incomplete EEO logs and shortcomings with its recordkeeping of settlements, which we discuss below, we were unable to determine whether all of these agreements stemmed from EEO issues. However, we identified evidence that at least some of the separation agreements may have been related to EEO issues, and MWD's assistant general counsel also informed us that some of the employees with separation agreements made reference to possible EEO complaints before entering into the agreements.

We found variability in the specific provisions that MWD included in its NDAs. For example, one NDA stated that any disclosure by the signatory would do irreparable harm to MWD that money cannot undo. The same NDA binds not only the signatory to confidentiality but also members of the signatory's immediate family. Some NDAs apply to both parties, while others apply only to the signatory. Some NDAs identify specific monetary amounts to be paid by the signatory to MWD if the signatory violates confidentiality, and others do not.

When we asked MWD about the variability of the NDAs' content, the general counsel confirmed that there is no boilerplate language for the confidentiality provisions and that each confidentiality portion of the agreement is treated uniquely. MWD's general counsel also told us that it has not enforced any of these confidentiality provisions and has no plans to do so. Because state law now prohibits the use of NDAs in a variety of types of EEO claims, and because of the potential public benefit from increased transparency about EEO issues, we asked MWD whether it would be willing to release past signatories from their NDAs. In response, MWD's general counsel told us that MWD is open to releasing signatories from their NDAs upon request.

MWD told us it is open to releasing signatories from their NDAs upon request.

Our review of MWD's settlement agreements identified issues that go beyond the content of those agreements. Specifically, because of MWD's poor recordkeeping regarding agreements, we do not know whether we identified all EEO-related agreements that MWD has entered into. MWD does not keep centralized records of its settlement agreements, and it took repeated requests before MWD provided the settlements we were ultimately able to identify.

In addition, when we reviewed the EEO office's complaint files, personnel files, and reports from MWD's external insurance carrier that handles settlement payments, we identified reliability issues with each type of record. For example, MWD's human resources manager told us that all settlement agreements were stored in employees' personnel files in sealed envelopes. However, in our review of more than 120 files of employees that were involved in EEO complaint investigations—including employees for whom we had already identified settlement agreements by other means—the agreements were not in any of the files. In some cases, we found empty envelopes where agreements should have been. The human resources manager could not explain why the settlement agreements were not located in the files or where else they could be located. Therefore, despite extensive efforts to identify all settlement agreements, MWD's unaccountable and decentralized approach to recording, processing, and storing settlement agreements raises doubts about whether we identified all of them.

MWD can and should be more transparent about what it is doing to address EEO complaints alleging discrimination, harassment, and retaliation. We did not evaluate the reasonableness of any individual NDA or its specific provisions, and state law places limits on MWD's ability to require confidentiality in certain EEO-related settlements going forward. Nonetheless, we are concerned that MWD's historical reliance on confidentiality has contributed to its failure to address underlying circumstances that lead to the EEO issues we discuss throughout this chapter. MWD's poor internal practices for accounting for settlements and its longstanding failure to inform its board about the extent of employee settlements—which we discuss in the following section—underscore these concerns.

MWD Does Not Always Report Employee Settlements to Its Board as Required

State law and MWD's administrative code delegate authority to the general manager, with the general counsel's approval, to settle any claim against MWD for amounts up to \$125,000 but require board approval for settlements over \$125,000. The administrative code also requires the general counsel to report quarterly to a special committee of the board—the Legal and Claims Committee—about settlement agreements with payments under \$125,000, as well as any instance in which it settles or contests a claim or charge by an administrative agency.

However, MWD does not always report settlements resulting from lawsuits to the board as required, and the information it does report is not sufficient for the board to provide appropriate oversight. We reviewed eight settlement agreements that resulted

MWD can and should be more transparent about what it is doing to address EEO complaints alleging discrimination, harassment, and retaliation.

from EEO-related litigation. The general counsel could only provide documentation that it obtained board approval for three of the four agreements above \$125,000. MWD also did not report two of the other four agreements on time or to the Legal and Claims Committee. Further, the information the general counsel provided to the committee varied in its detail. Of the two settlements the general counsel reported on time, only one indicated that the settlement included a monetary payment despite the fact that both settlements included such payments. Although it may be appropriate for MWD to withhold the specific amount paid in settlement agreements from public disclosure, the board nonetheless has a business need to be informed about how ratepayer money is spent. Further, neither of these reports indicated that the settlement agreements included NDAs, although both did.

MWD's reporting on other types of settlement agreements is similarly inconsistent. MWD's general counsel explained that it reports settlements related to agency complaints filed with DFEH or the EEOC only when the settlements involve a cash payment, thereby triggering the reporting requirement discussed above. We expressed our concern that this interpretation unnecessarily limits information in which the board has a clear interest, such as when the agreements have other financial impacts. In response, the general counsel stated that her office was open to reporting on all such settlements if we recommended that it do so.

Further, MWD does not report to its board all settlements that it claims to have reported. We identified 17 settlements that originated from agency complaints, and nine of those included cash payments. However, the quarterly reports that the general counsel's office made to the Legal and Claims Committee did not include four of those nine agreements, even though they should have. For four other instances that the general counsel's office reported to the board, we again noted that its reporting was late or lacked detail. Of the eight settlements that the general counsel did not report because they did not involve cash payments, we identified that four of them nonetheless had financial impacts for ratepayers because the settlement terms included promotions, back pay, or paid leave. Therefore, we believe MWD should report these agreements to the board as it is required to do for settlements that include cash payments.

MWD still has not developed a policy for reporting employee separation agreements to its board despite a recommendation in our 2004 audit that it do so.

Finally, MWD still has not developed a policy for reporting employee separation agreements to its board despite a recommendation in our 2004 audit that it do so. During this audit, we identified 12 separation agreements between 2004 and 2021 that it should have reported to the board per our 2004 audit recommendation. Four were not reported, and six of

the eight that were reported failed to include the details that the 2004 recommendation specified, including whether the agreements contained financial terms.

Vague and incomplete reporting of settlement agreements prevents the board and MWD's other stakeholders from determining the extent of MWD's EEO issues and from holding the organization accountable. As a public agency, MWD has an obligation to its ratepayers to avoid costly settlements that result from a failure to effectively prevent and respond to harassment and discrimination. Our review indicates that greater transparency and accountability will be crucial to ensuring that MWD's management addresses the shortcomings we identified throughout this chapter.

Please refer to the section beginning on page 5 to find the recommendations that we have made as a result of these audit findings.

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Chapter 2

DESPITE BEING AWARE OF ISSUES, MWD HAS RESISTED IMPLEMENTING AN EQUITABLE AND ACCOUNTABLE HIRING PROCESS

Chapter Summary

Although MWD agreed to develop comprehensive hiring procedures nearly 20 years ago in response to a 2004 audit by our office, its process remains decentralized and informal. Instead of following best practices, MWD's hiring process gives significant discretion to individual hiring managers without corresponding accountability and is not transparent. As a result, MWD is unable to demonstrate that its hiring decisions are equitable or reasonable.

In addition, MWD's hiring process fails to protect applicants from discrimination. In fact, MWD has removed procedures designed to prevent discrimination in its hiring process, exposing applicants to potentially unfair treatment. MWD's workforce data show that women and people of color are underrepresented in certain jobs and are hired at lower rates. However, MWD has failed to meaningfully analyze these data and use them to improve its hiring processes. MWD's failure to implement our 2004 audit's recommendations to improve its hiring process and its inaction in the face of underrepresentation among its workforce demonstrate a cultural unwillingness among MWD management to ensure that it provides all employees and applicants with a fair, nondiscriminatory, and transparent hiring process.

For Nearly Two Decades, MWD's Hiring Process Has Lacked Transparency and Failed to Ensure Fairness

In response to our 2004 audit, MWD agreed to create comprehensive hiring policies and procedures. However, nearly 20 years later, MWD's hiring process still is not formal or centralized, and it does not follow best practices for hiring. Our review found poor documentation of some aspects of the hiring process, as well as noncompliance with the informal procedures MWD claims to have implemented.

MWD Has Not Formalized Comprehensive Hiring Procedures

As we discuss in the Introduction, our 2004 audit found that MWD's hiring policies and procedures were informal, decentralized, and allowed the opportunity for favoritism. Specifically, the policies

and procedures guiding the hiring process were contained in 15 different sources that were not always current or comprehensive. None of these 15 sources provided adequate guidance for all aspects of the hiring process. Because these weaknesses in its process left MWD exposed to allegations of favoritism or bias in hiring, we recommended that MWD develop comprehensive and current procedures for hiring.

MWD agreed in 2004 to implement our recommendations, yet our current audit found that the procedures guiding its hiring process are still contained in multiple sources that are neither current nor comprehensive. During this audit, MWD identified various official sources of criteria governing its hiring process: its administrative code, the contracts with MWD's four bargaining units, and an operating policy that MWD last updated in 2005. These sources direct MWD to conduct a process that ensures equal employment opportunity and attracts a highly qualified and diverse pool of applicants, and they place much of the responsibility for administering the process on its human resources group. However, none of the sources specify how human resources staff should ensure that the process is fair and transparent. These policies also do not provide direction on preventing favoritism or bias on the part of supervisors and management throughout MWD who conduct hiring processes and make hiring decisions, known as hiring managers.

MWD has not formalized the hiring procedures it has developed, nor has it distributed them. The procedures were last updated in 2012, and MWD considers them to be informal guidelines and not official policy.

Despite the importance of having detailed guidance for responsible parties, MWD has not formalized the hiring procedures it has developed, nor has it distributed them. According to its recruitment manager, MWD considers its written hiring procedures, last updated in 2012, to be informal guidelines and not official policy. Further, even though MWD titled these informal procedures "Recruitment Procedures for Hiring Managers," it has not provided them to its hiring managers. Instead, MWD's recruitment manager who oversees hiring stated that his staff work with hiring managers on a case-by-case basis to explain the process. MWD also has not developed procedures to guide those human resources staff in their oversight role. Rather, it provides them with a recruiting and selection flowchart outlining its informal procedures and the broad criteria documents we discuss above. Finally, MWD has not provided training on the procedures for its hiring managers or human resources staff. As such, the parties responsible for MWD's hiring process continue to lack sufficient guidance on how to do their jobs properly and fairly. Because it has not formalized its procedures, MWD cannot ensure consistency and hold staff accountable for following them. Not surprisingly, we also found that hiring managers do not always comply with MWD's informal hiring procedures, as we discuss later in this chapter.

MWD did not provide a compelling reason for its failure to formalize its hiring procedures in the nearly two decades since our 2004 audit. MWD's human resources manager and the recruitment manager both characterized their previous interactions with bargaining units regarding personnel policies as a barrier to formalizing MWD's hiring procedures. The human resources manager expanded on this characterization, stating that MWD has not formalized the procedures and the flowchart of the hiring process because of previous disagreements when negotiating with the bargaining units. She stated that MWD's contract with one of the bargaining units requires MWD to meet and confer and potentially bargain with the union in order to formalize or change its hiring procedures. However, our review found that the contract requires only that MWD discuss any changes to human resources procedures with the union, and not bargain regarding them, unless the changes specifically affect wages, hours, or other terms of employment. In any event, we did not find evidence that MWD has engaged in discussions with the bargaining units regarding the hiring procedures or flowchart. In fact, MWD's manager who oversees collective bargaining told us that requirements to meet and confer have not historically been a significant barrier to making changes to human resources policies or procedures and that human resources staff have not provided him with formal hiring changes to present to the bargaining units. Given MWD's inaction since our 2004 audit and its unconvincing arguments about why it has not done more, we are concerned that there is a cultural unwillingness at MWD to create a comprehensive hiring process that is transparent and accountable.

MWD's Informal Hiring Procedures Do Not Align With Best Practices, Allowing Hiring Managers to Make Potentially Unfair Hiring Decisions

Although best practices emphasize establishing clear criteria for screening applications and for documenting the entire hiring process, MWD has not done so. To evaluate MWD's informal procedures, we considered guidance from the California Department of Human Resources (CalHR), which publishes best practices for state departments. We also reviewed publicly posted hiring materials from the Department of General Services (DGS), a large agency like MWD that similarly performs a variety of business functions across large geographic areas. The best practices from CalHR highlight the importance of developing and documenting application screening criteria based on the knowledge, skills, and abilities associated with the positions for which employers are hiring. Similarly, DGS requires its hiring managers to develop criteria for screening applications and to use a template to numerically score applications. Following the screening

Given MWD's inaction and its unconvincing arguments about why it has not done more, we are concerned that there is a cultural unwillingness at MWD to create a comprehensive hiring process that is transparent and accountable.

MWD does not require its hiring managers to document their reasons for selecting certain applicants to move forward in the hiring process and eliminating others.

process, DGS's policies and procedures require hiring managers to retain this information to demonstrate that the process was fair and transparent.

By contrast, MWD's processes give hiring managers flexibility and convenience at the cost of accountability and transparency. MWD has different hiring processes for internal and external applicants. When MWD conducts a purely internal hiring process because it has enough qualified internal applicants for a position, it invites all qualified applicants in for examinations or interviews. For a hiring process with external candidates, MWD's hiring managers have the discretion to select which applicants to interview. However, MWD does not require these hiring managers to document their reasons for selecting certain applicants to move forward in the process and eliminating others. As a result, there is no record of how the hiring managers justify those decisions.

MWD's missing requirements affect large numbers of applicants. Eight of the 12 hiring processes we reviewed included external candidates. In those eight, the hiring managers eliminated numerous applicants as part of the screening process without adequately justifying their rationale for doing so. For example, one hiring manager eliminated 35 of the 44 qualified applicants but did not document how he determined which applicants would move forward. We found similar problems in the other seven hiring processes with external applicants. Although it is reasonable for MWD to reduce the size of an applicant pool before conducting interviews, the large numbers of people affected by MWD's screening decisions make it even more troubling that MWD has not adopted best practices to ensure equity and consistency in the process.

MWD's informal procedures also do not ensure sufficient justification to support hiring decisions. The informal hiring procedures describe a step in the process wherein a hiring manager justifies in writing why the chosen candidate is the best qualified. However, neither the recruiting and selection flowchart nor the informal procedures contain explanations or examples that demonstrate the level of detail hiring managers should provide to justify their selections. This lack of direction prevented us from determining whether hiring managers selected the best-qualified applicants in some hiring processes. Specifically, in five of 12 hiring processes we reviewed, the candidate that MWD selected was not the individual who scored highest during the documented panel interviews or exam exercises. Although selecting a lower-scoring applicant may be appropriate for specific reasons, such as extensive education and relevant experience, the hiring managers for the five hiring processes provided varying detail to justify the hiring decisions. In two cases, the hiring managers did not make any direct

comparison between the selected applicant and the higher-scoring applicants. In the other three cases, the hiring managers did broadly explain their reasons for choosing the selected applicant but still did not clearly compare the relative qualifications of the selected and nonselected applicants. As a result, MWD continues to risk favoritism or bias in its hiring processes, a problem that we initially identified in our 2004 audit.

MWD's Ability to Investigate EEO Complaints Related to Hiring Is Limited

Insufficient hiring procedures and documentation also hinder MWD's ability to investigate claims of discrimination or unfairness. We spoke with the MWD employee who was responsible for EEO investigations between 2010 and late 2019 to understand her approach to investigating EEO complaints that centered on hiring or promotional decisions. The employee explained that she used MWD's hiring and recruitment files as one of her main sources for investigating EEO complaints of discrimination in hiring. However, MWD's limited and missing documentation for parts of its hiring process may hinder thorough investigation of such complaints.

For example, the employee investigated an EEO complaint alleging that MWD did not hire the complainant because of the complainant's gender identity. In this instance, the complainant was the highest-scoring applicant for a position. The employee conducting the investigation did not substantiate the claim of discrimination, in part because the hiring manager had justified the decision in writing. However, the hiring manager's justification did not compare the two applicants to explain why the lower-scoring applicant who was hired was more qualified for the position than the complainant. Although an imperfect justification may not be enough on its own to substantiate discrimination, more thorough documentation would better allow MWD to demonstrate that no discrimination occurred and that its process was equitable.

MWD's Hiring Process Lacks Consistency and Does Not Comply With Procedures

Although MWD has made two changes intended to improve its hiring process in recent years, it has not formally adopted those changes as policy or procedures. First, in 2018, in response to concerns about favoritism by hiring managers, MWD decided that its hiring managers would no longer serve on interview hiring panels. According to MWD's recruitment manager, this change came in the form of a recommendation by the chief operating officer, but MWD did not adopt a formal policy or procedure to implement it. Second, the recruitment manager stated that in

Insufficient hiring procedures and documentation hinder MWD's ability to investigate claims of discrimination or unfairness.

MWD does not have a clear procedure for communicating hiring process changes to its employees, risking inconsistent implementation of those changes.

September 2020 MWD began requiring interview panelists to complete a form to identify any relationship they have with an applicant. However, the recruitment manager said that MWD has not established a written policy or procedures related to completing the form.

MWD does not have a clear procedure for communicating hiring process changes to its employees, risking inconsistent implementation of those changes. Instead, the human resources manager explained that her unit will often communicate minor changes through email memorandums. However, when MWD implemented the two changes just discussed, it did not send an email to inform staff of these new practices. Instead, it relied on individual human resources staff to inform interview panelists about the changes on a case-by-case basis during the hiring process.

Because MWD did not formalize and communicate these process changes to all relevant staff, those staff have not complied with some changes. For hiring processes we reviewed, MWD hiring managers rarely excused themselves from serving on interview panels. Specifically, hiring managers served on the interview panels in five of the six hiring processes we reviewed that began after MWD instituted the related change to its process. In fact, MWD's recruitment manager, who is responsible for enforcing hiring rules, sat on an interview panel as a hiring manager just a few months after MWD made the change.

MWD Lacks Transparency in Its Processes for Promoting Employees

MWD's process for promoting employees outside of the competitive hiring process has issues similar to those discussed above. The most common way that MWD promotes employees outside of the competitive hiring process is through management-requested promotions in place. This process is governed by the contracts with MWD's bargaining units and an operating policy, but neither source fully explains how the process works in practice. MWD's recruitment manager stated that MWD's general philosophy regarding promotions is that every employee can reasonably expect to have the opportunity to eventually promote to the journey level of his or her job type, such as engineers or technicians. However, the number of senior and principal positions (higher-level positions) is governed by business need. Therefore, only a limited number of employees will be able to move into those positions. MWD has not communicated these limitations to its employees, potentially leaving them with inaccurate expectations of their prospects for promotion. The recruitment manager acknowledged the need for MWD to update its policy to clearly communicate the philosophy to employees.

Further, MWD's processes for promoting employees provide significant discretion to managers but lack sufficient accountability. The recruitment manager stated that MWD gives managers and management teams the discretion to decide whether to use the promotion-in-place process or a competitive recruitment process for filling higher-level positions. When managers can choose to select employees for a limited number of positions without a competitive process, it enables or creates the appearance of favoritism or bias, as opposed to a promotion system based on competition.

MWD Has Neglected EEO Issues in Hiring and Lacks Diversity in Parts of Its Workforce

In addition to fairness concerns, MWD's hiring process generally does not sufficiently protect against discrimination. In fact, MWD has removed the limited EEO hiring procedures it once had in place to prevent discrimination and has not replaced them with anything meaningful. MWD's hiring and workforce data show underrepresentation of women and people of color, but MWD has failed to sufficiently analyze and respond to the potential discrimination issues raised by the data, even though state regulations require it to do so.

MWD Removed Hiring Procedures That Helped Ensure Compliance With EEO Requirements, Leaving It Unable to Ensure Unbiased Hiring

MWD's hiring process lacks sufficient procedures to ensure unbiased hiring. State and federal law both require MWD, as an employer, to conduct hiring processes that do not discriminate based on protected characteristics. As we discuss previously, MWD's overall hiring process is decentralized and does not comply with best practices to ensure equity. Our review found that those shortcomings extend to MWD's ability to specifically ensure that its hiring process is free of discrimination. The only portion of MWD's hiring process that directly addresses EEO requirements is a form that prospective interview panelists must sign attesting that they will conduct legal and equitable interviews.

MWD's recruitment manager acknowledged that MWD does not have any formal procedures for preventing discrimination in the hiring process but claimed that his human resources staff brief interview panelists on EEO matters. However, despite this assertion we did not see any evidence of these briefings in our review of 12 hiring processes. Additionally, MWD's EEO manager asserted that she believes interview panelists are not adequately prepared and that MWD needs to improve EEO training for those who serve

MWD has removed the limited EEO hiring procedures it once had in place to prevent discrimination and has not replaced them with anything meaningful.

on interview panels and make hiring decisions. She also believes that the form interview panelists sign does not ensure that panelists actually understand how to limit bias or discrimination. Further, she said that from her perspective, the overall hiring process at MWD does not currently include a sufficient focus on EEO matters.

In 2005, shortly after we completed our 2004 audit, MWD instituted changes to its hiring process intended to better ensure fairness and prevent discrimination. MWD's human resources manager at the time directed the EEO manager to ensure that MWD made hiring decisions that were fair and unbiased so that MWD's hiring process could withstand any review or audit. For example, MWD implemented a process by which the EEO manager would meet with the hiring manager and human resources staff to discuss job requirements and advertising for open positions, and to affirm MWD's commitment to EEO for applicants. As part of that process, the EEO manager also reviewed and approved interview questions and selection criteria to identify potential bias and ensure that those materials did not consider protected characteristics in the hiring process. Finally, according to the EEO manager, she would brief each interview panelist on what they could and could not do or ask during an interview, from an EEO perspective.

However, MWD soon abandoned the improvements to its hiring process that it made after our 2004 audit. Specifically, the EEO manager stated that MWD's chief operating officer at the time directed her to stop performing these activities in approximately 2007. When we asked why, she replied that the chief operating officer made the decision because the hiring process took longer with her involvement. As a result, MWD's current hiring processes lack any meaningful participation from the EEO manager—the person who should be best trained to ensure justifiable and nondiscriminatory hiring decisions.

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MWD also has fewer requirements in place than it once did for documenting that the hiring process is unbiased. In 2005 the form MWD used to document hiring decisions required the EEO manager to attest that each hiring process complied with EEO requirements. Other aspects of the 2005 form suggest that, if used properly, it would provide better assurance that hiring managers made appropriate decisions than the current form. For example, the 2005 form directed the hiring manager to contrast the successful applicant with the other applicants interviewed to specify why the selected applicant was the best qualified. By contrast, the current form simply provides a space to justify hiring decisions but provides no direction on how to do so appropriately. As we discuss above, our review of MWD's current hiring process found inconsistent and at times insufficient detail for justifying hiring decisions. Together with a lack of attention to EEO considerations, poor and

inconsistent documentation further undermines MWD's ability to ensure or demonstrate a fair and unbiased hiring process. MWD's human resources manager expressed her belief that MWD does not need to have the EEO manager specifically involved in the process. However, we maintain that MWD's hiring process has insufficient focus on EEO considerations regardless of who is directly responsible and that its process lacks requirements to ensure equity in hiring.

MWD's Hiring Data and Analyses Indicate a Lack of Workforce Diversity

State regulations require certain employers, including MWD, to analyze whether their policies or practices negatively affect employment opportunities for any group based on protected characteristics. As part of this requirement, MWD must institute a nondiscrimination program (NDP) in which it analyzes its workforce each year to identify the number of individuals in each job title by sex and race.³ The state regulations require employers to use this information to determine whether any group is underrepresented when compared to its availability in the broader labor force. MWD breaks down its NDP analyses into job groups based on the management structure within the organization.

MWD's analyses show that its workforce is less diverse than the qualified labor market for numerous positions. Specifically, MWD's most recent analyses for fiscal year 2018–19 found that people of color or women were underrepresented in 42 of its 229 job groups. These 42 groups include almost 700 employees, or nearly 40 percent of MWD's total workforce. In a management group that includes 72 employees, people of color accounted for only 32 percent of the positions, even though they represented 49 percent of the available workforce for the position. In the fiscal year 2018–19 NDP report, MWD states its belief that it can reduce any underutilization of certain groups through effective outreach, recruitment, and advertising efforts to ensure an adequate pool of diverse applicants.

However, MWD's most recent hiring data suggest that its hiring processes—rather than merely the diversity of its applicant pool—could be a significant and ongoing factor in the underrepresentation of certain groups. Specifically, the data show that for qualified

MWD's analyses show that its workforce is less diverse than the qualified labor market for numerous positions.

³ State and federal regulations requiring data collection do not require MWD to collect data on employees or applicants about certain protected characteristics, such as sexual orientation and gender identity. MWD also does not use other means, such as voluntary surveys, to collect information on an aggregate level. As a result, we were unable to analyze demographic information for those protected groups at MWD. However, the legal requirement that MWD analyze whether its policies negatively affect employees applies to all protected characteristics.

applicants, MWD's rate of hiring differs depending on race and sex. As part of its annual NDP analyses, MWD determines whether it hires any group of applicants at a substantially lower rate than others. We reviewed MWD's most recent analysis from fiscal year 2018–19 for the Water System Operations (WSO) group, MWD's largest, which accounts for about half of its employees. In its analysis, MWD reviewed hiring processes for 34 job groups and identified five groups in which it hired qualified applicants from one category significantly less often than qualified candidates from another. For example, although Hispanic individuals made up the majority of qualified applicants for a service worker position, MWD did not hire any of those individuals and instead hired four white applicants.

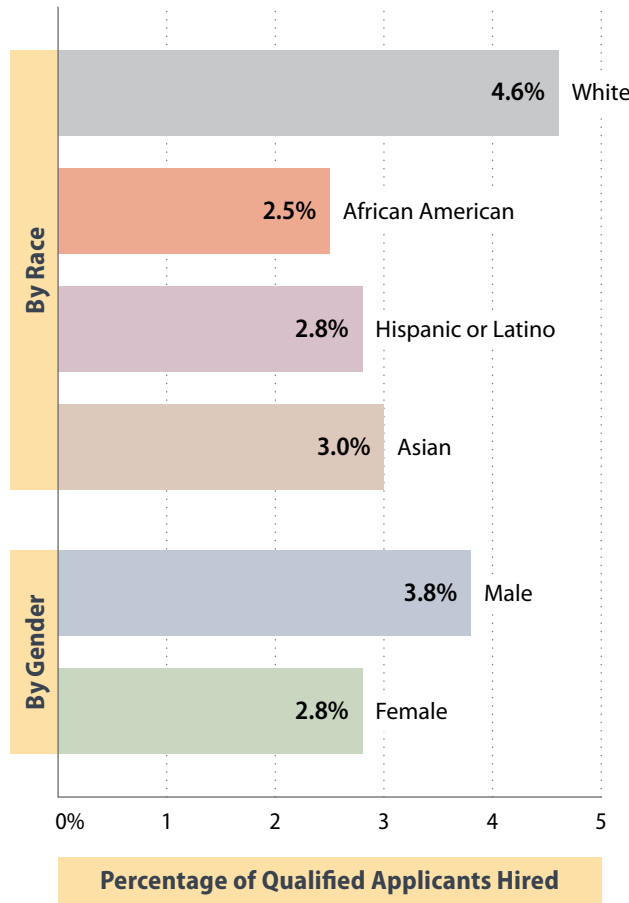
Our analysis of MWD's hiring database, which looked across MWD's workforce instead of within defined job groups, indicates broader variances in hiring outcomes based on race and sex than MWD's analyses suggest. Specifically, since January 2019, MWD has collected demographic data on applicants for 377 positions. As Figure 7 shows, among those recent hires, MWD hired qualified African American applicants only about half as often as it hired qualified white applicants. Trends for applicants of other races were similar, with white applicants hired more often than Hispanic and Asian applicants. For the same 377 positions, MWD hired qualified women only about three-quarters as often as it did qualified men. Although these numbers do not themselves demonstrate that MWD has discriminated against applicants, they do indicate significant variances in hiring outcomes depending on an applicant's race and sex. Accordingly, MWD runs a risk that the underrepresentation of women and people of color in its workforce may be, in part, the result of unfairness in its hiring process. MWD's human resources manager stated that there may be barriers in MWD's hiring process that could lead to variances in outcomes depending on race or sex, but she cannot confirm that there are barriers because human resources has not had the time or resources to analyze this issue.

MWD runs a risk that the underrepresentation of women and people of color in its workforce may be, in part, the result of unfairness in its hiring process.

MWD Failed to Use Its Analyses of Hiring Results to Make Changes to Processes to Improve Equal Employment Opportunities

MWD has not taken action required by regulation to ensure equal employment opportunities for all its applicants and employees. State regulation requires MWD to develop and execute policies and procedures designed to correct issues identified in its NDP analyses. The EEO manager explained that in theory, when she identifies hiring variances based on protected characteristics, she would evaluate the relevant hiring process and work with the human resources manager to address her findings. She was able to provide one example of this type of analysis, which she conducted in 2018 for MWD's apprenticeship program. According to the EEO manager,

Figure 7
MWD Hired Qualified Nonwhite and Female Applicants Less Often Than White and Male Applicants



Source: Analysis of MWD hiring data, January 2019 through early September 2021.

Note: We also reviewed data for the following additional racial categories: American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, and Two or More Races. Although the data for some of these showed similar hiring rates to qualified white applicants, the numbers of qualified applicants in those categories were significantly smaller than those for the racial categories included in the figure. Therefore, we did not include them.

she found potential hurdles including the entrance exam and physical test in the selection process that prevented certain demographic groups from moving forward to become part of the program. The EEO manager claimed that, as a result, she was able to work on removing those hurdles and improve the success rates for those groups. However, she has not performed similar analyses since then because she lacks the necessary time and resources. In fact, the EEO manager stated that she has not worked with the human resources manager on hiring issues in recent years.

Because MWD has not analyzed the specific causes for its hiring and staffing variances, it cannot provide guidance to its board about how to address them. Instead of meaningful analyses, the EEO manager develops high-level annual reports that describe her methodology and provide very broad descriptions of the underrepresentation of women and people of color among MWD's workforce. We also found that the reports' descriptions of underrepresentation are incomplete. For example, in the fiscal year 2018–19 report to the board—the most recent at the time of our review—MWD referenced underrepresentation in various job groups but failed to mention underrepresentation among management positions. The EEO manager's analysis of the WSO group that we discuss above identified underrepresentation of people of color in two of five management job groups reviewed but did not attempt to identify causes for this underrepresentation. Finally, the annual reports primarily address the makeup of MWD's workforce and do not contain information about the variances in hiring rates by race or sex that could contribute to underrepresentation.

MWD also does not share the results of its analyses with staff responsible for overseeing and conducting the hiring process, leaving them potentially unaware of the issues and therefore not accountable for addressing them. In its NDP analyses, MWD has stated that its EEO manager will share relevant data with MWD's managers to make them aware of the issues her analyses identify. However, for the most recent analysis from fiscal 2018–19, the EEO manager acknowledged that she did not share the outcomes with MWD's management teams. This failure to share data means that, despite evidence of underrepresentation and variances in hiring rates, the management teams responsible for hiring may not even be aware of these issues or where they are concentrated. Human resources staff responsible for overseeing MWD's hiring process may be similarly unaware. However, MWD did not adequately explain why the EEO manager has not shared the data with relevant staff. We are concerned that the failure by MWD to share NDP information leaves staff responsible for hiring ill equipped to address any issues and improve diversity at MWD.

The failure by MWD to share nondiscrimination program information with management teams responsible for hiring leaves them ill equipped to address any issues and improve diversity at MWD.

Similar to the problems with MWD's hiring process that we discuss earlier, MWD's inaction when faced with its workforce data demonstrates an unwillingness to hold its processes and hiring decision makers accountable to its workforce. The fact that MWD's management has been aware of these issues for many years and has actively taken steps away from accountability and fairness indicates that its board and the Legislature must play a more direct role in MWD's hiring processes.

Please refer to the section beginning on page 5 to find the recommendations that we have made as a result of these audit findings.

Chapter 3

MWD HAS NOT DONE ENOUGH TO CORRECT LONG-STANDING ISSUES WITH ITS ETHICS PROGRAM AND EMPLOYEE HOUSING

Chapter Summary

MWD has not taken adequate action to correct issues that have affected it for several years. Our 2004 audit found that its ethics office did not comply with key requirements in state law. Yet despite agreeing to implement our recommendations almost two decades ago, MWD's ethics office remains out of compliance with state law, including the requirement that the office independently investigate allegations of ethics violations. Similarly, although MWD has long been aware of serious issues threatening the habitability of its employee housing—which it requires some staff to reside in as a condition of employment—it has not created effective processes for addressing employee maintenance requests in a timely manner. Further, MWD has struggled to implement a comprehensive, long-term solution to address significant issues with employee housing, and its current plan to entirely replace existing housing is not scheduled for completion until 2027, leaving some employees in substandard housing conditions until then. Finally, although MWD's safety program generally conforms to requirements in state law, MWD could strengthen its policies by establishing processes that require a minimum level of collaboration between safety staff and on-site management.

MWD Has Failed to Establish an Independent Ethics Office, and Its Leadership Has Inappropriately Interfered in Some Ethics Investigations

For more than 20 years, state law has required that MWD operate an ethics office to independently investigate rules violations by all members of the organization, including its board of directors. Yet MWD has failed to implement several best practices for ensuring this independence, leaving the office exposed to inappropriate outside influence. Of greatest concern is that MWD's general counsel and the former chair of its board inappropriately interfered in two ethics investigations from 2017, undermining the independence of the ethics office and causing the former ethics officer to change her conclusion in one of the cases. Despite these shortcomings, MWD only recently revised the ethics office provisions in its administrative code, which are still not consistent with several best practices.

MWD's Ethics Office Does Not Comply With State Law or Align With Best Practices

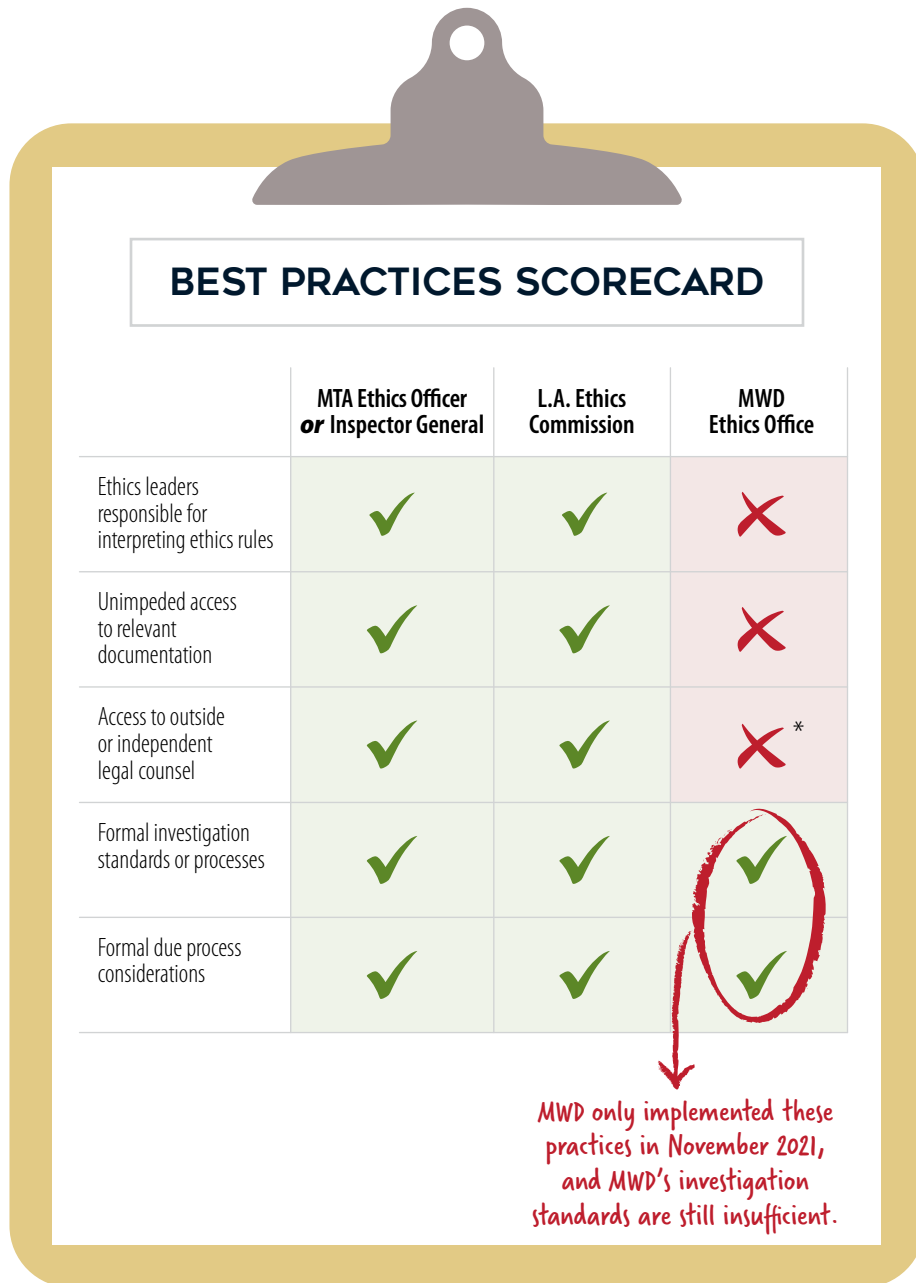
Despite knowing for nearly two decades about weaknesses that threaten the effectiveness of its ethics office, MWD has failed to ensure that the office functions independently as required by state law. As we discuss in the Introduction, in 1999 California enacted a law requiring MWD to establish and operate an ethics office and to adopt ethics rules for its employees, including its executive management and board members. The law directs MWD's ethics office to investigate complaints concerning violations of its rules, such as those related to lobbying and conflicts of interest. Finally, the law requires MWD's ethics office to operate as an independent entity that is not subject to political influence—that is, it must be free of pressure or interference from the high-ranking officials the office is tasked with investigating. Our 2004 audit concluded that MWD had struggled to establish an effective ethics office in compliance with state law, and we made several recommendations to strengthen the office's practices. At the time, MWD agreed with these recommendations and committed to implementing them. However, MWD's ethics office still suffers from insufficient policies and procedures, as well as threats to its independence.

As part of assessing the current state of the ethics office, we evaluated MWD's implementation of our 2004 recommendations and whether the ethics office follows best practices referenced in state law. State law requires the ethics rules that MWD adopts to be consistent with the intent and spirit of the laws and regulations of other specific public agencies, including the Los Angeles City Ethics Commission (L.A. Ethics Commission) and the Los Angeles County Metropolitan Transportation Authority (MTA). We reviewed these two local agencies' laws and processes and identified requirements intended to ensure the independence and quality of their ethics investigations. We also interviewed staff at these agencies to identify other relevant best practices they follow. We then compared the best practices to the processes used by MWD's ethics office and found that MWD's ethics office still suffers from key weaknesses.

Several deficiencies we identified threaten the ethics office's ability to perform its work independently and free from political influence. Our 2004 audit concluded that MWD was still trying to establish an effective ethics office and that its ethics officer had not independently investigated ethics complaints. Our current review found that although both MTA and the L.A. Ethics Commission use specific best practices to insulate their offices' ethics work from outside influence or interference, MWD has not implemented equivalent practices. For example, as Figure 8 shows, ethics leaders at MTA and the L.A. Ethics Commission are responsible for interpreting the ethics rules that they adopt and enforce. In contrast,

MTA and the L.A. Ethics Commission use specific best practices to insulate their offices' ethics work from outside influence or interference, but MWD has not implemented equivalent practices.

Figure 8
MWD Has Failed to Implement Several Best Practices That Other Agencies Use to Ensure That Their Ethics Offices Are Independent



Source: Analysis of MWD, MTA, and L.A. Ethics Commission policies, as well as relevant local and state laws. Interviews with MWD, MTA, and L.A. Ethics Commission staff.

* The administrative code requires the ethics officer to retain an outside counsel or investigator to conduct investigations into alleged ethics violations by board members and other executive officers. However, the ethics office lacks the authority to contract with external counsel or otherwise obtain independent legal advice regarding its own investigations.

while MWD's administrative code requires the ethics officer to propose ethics rules in areas such as lobbying and conflicts of interest, it does not specifically identify who has the authority to interpret those rules. When we asked MWD's current ethics officer about this concern, he stated his opinion that the administrative code is procedural and not explicit about whether he has sole authority to interpret the rules. He also stated that he anticipated the lack of clear authority will be problematic in the future when deciding on controversial cases. In fact, unlike requirements of other equivalent officer-level positions, MWD's administrative code directs the ethics officer to work in a *collaborative manner* with the board and other officers. This ambiguity regarding the ethics officer's authority threatens the office's ability to reach independent determinations on potential rule violations, particularly in instances involving high-ranking employees or board members.

MWD's ethics office also lacks the authority to take specific actions to ensure that its work remains free from inappropriate influence. As Figure 8 shows, unlike the other agencies we reviewed, MWD's ethics office does not have unimpeded access to documentation it needs to conduct its investigations. Instead, the administrative code permits the general counsel to disagree with the ethics officer over access to documents, such as access to documents that may be privileged. If the disagreement cannot be resolved, the administrative code allows MWD's board, in some instances, to rule on the ethics office's access. Ethics office staff told us, and our own review indicated, that the general counsel's office has at times withheld documentation related to investigations. Such limitations undermine the independence of the ethics office's work, since best practices require that it have unimpeded access to information.

Unlike other comparable entities, MWD's ethics officer lacks the ability to obtain independent legal advice regarding the office's investigations.

MTA and the L.A. Ethics Commission also have the authority to employ or contract with their own legal counsel, while MWD's ethics officer lacks the ability to obtain independent legal advice regarding the office's investigations. Recent revisions to MWD's administrative code require the ethics officer to retain an outside counsel or investigator to conduct investigations into alleged ethics violations by board members and other executive officers. However, the ethics officer lacks the authority to contract with external counsel or otherwise obtain legal advice regarding its own investigations. Instead, the ethics office must rely on MWD's general counsel for legal advice, even when the general counsel may have conflicting professional interests or obligations. This situation might arise when an employee under investigation for violating ethics rules has filed or threatened to file legal action against MWD. In such a scenario, the general counsel's office would be the only source of legal advice to the ethics office while simultaneously being responsible for limiting MWD's legal and financial liability—priorities that may directly conflict with one another. In fact, the

general counsel's involvement in ethics office investigations more broadly raises additional concerns regarding the ethics office's independence. Until MWD's board approved revisions to the ethics office's investigation procedures in November 2021, those procedures allowed the general counsel to rule on the ethics office's jurisdiction in some cases and required the general counsel to review all ethics office investigations before they were finalized. Our review of ethics office investigations, discussed below, found that the lack of structural independence has the potential to undermine the ethics office's work.

We found other weaknesses in the ethics office's investigation process that, in addition to affecting its independence, reduce its broader ability to operate effectively. For example, our 2004 audit recommended that MWD develop formal written policies and procedures regarding how investigations are to be conducted. Although the ethics office revised its investigation procedures and formalized them by having them approved by the board and placed in the administrative code in November 2021, these procedures still lack necessary detail. For example, although the new procedures updated the ethics office's investigation time frames and implemented a requirement in state law to adopt a schedule of penalties for violating ethics rules, they still do not clarify what types of outside involvement in cases—such as from members of the board or the general counsel—are inappropriate.

The one area where MWD's new procedures represent an improvement to its processes is in formalizing due process considerations, such as affording subjects the chance to review the final investigation report. Overall, however, MWD's slow and incomplete progress in these areas is troubling and, as we describe below, has directly affected the office's ability to independently investigate potential ethics violations in the recent past.

MWD Management Inappropriately Interfered in the Ethics Office's Work on Two Important Cases

Our review of the ethics office identified instances of interference by high-ranking MWD officials in two cases that occurred in 2017, and the opportunity for additional interference still exists. Specifically, in reviewing the ethics office's case log, we noted evidence of threats to the ethics office's independence regarding a case in 2017. In evaluating this case, we learned of another case in 2017 with similar threats to independence. Because much of the documentation detailing the circumstances of these cases is protected by attorney-client privilege—and because MWD has declined to waive the privileged status of these documents despite our request that it do so—we cannot discuss some aspects of the

We found weaknesses in the ethics office's investigation process that, in addition to affecting its independence, reduce its broader ability to operate effectively.

interference in detail. Nonetheless, our review found that contrary to principles in state law that require the ethics office to operate independently and free from political influence, weaknesses in the structure of MWD's ethics office allowed the general counsel and the former chair of MWD's board (former chair) to inappropriately interfere with and influence the ethics office's work.

In one case, MWD's former ethics officer received a complaint from the former chair asking for a determination of whether one or more board members had inappropriately released an attorney-client privileged email to a newspaper's attorney. Although the general counsel was directly involved in this situation as the party who wrote the leaked email, the former chair requested the ethics officer to interview the general counsel for the background circumstances regarding the complaint. As a result of the interview, the ethics officer became aware of an additional potential ethics violation that one of the board members may have committed. The ethics officer reviewed both allegations and determined that there was not enough evidence to pursue a full investigation. In response, the former chair and general counsel involved themselves heavily in ways we cannot discuss in this report, creating the appearance that they sought to change the ethics officer's conclusion.

The second case we reviewed involved one of the same board members who was associated with the case described above. This second case investigated whether an MWD manager misled board members, including one discussed in the previous case, about the status of a project during two public board committee meetings. The former ethics officer's initial report concluded that the manager had made misleading statements to the board in violation of MWD's ethics rules. Thereafter, the manager's attorney sent a letter to MWD's former chair criticizing the investigation—including the length of time it took the ethics office to conduct it—and requesting that the former chair prevent the ethics officer from posting or publicizing her report until the attorney's concerns could be resolved. Although the investigation took longer than allotted for investigations in the ethics office's guidelines at the time, our review of the office's report and supporting documentation led us to conclude that the ethics officer had a reasonable basis for the conclusions she reached. Nonetheless, confidential documentation revealed that after receiving the letter from the accused manager's attorney, MWD's former chair and general counsel took actions that constitute inappropriate interference into the ethics office's work, resulting in the ethics officer ultimately withdrawing her finding that the manager had violated MWD's ethics rules.

This second case also highlights the importance of ensuring that the ethics officer has sole authority to interpret ethics rules. According to the ethics officer, the decision to withdraw the finding resulted

from a disagreement with the general counsel over how to interpret the ethics rule that the manager allegedly violated. Given both that the purpose of the ethics office is to independently investigate violations of its rules and that the ethics officer wrote the rule in question, we find it troubling that members of MWD's management were able to involve themselves and influence the final disposition of the case by disputing the interpretation of the rule.

Furthermore, because of the general counsel's obligation to protect MWD from liability, certain actions she took regarding this second case constitute inappropriate interference. MWD's procedures at the time of this case required the ethics officer to file a preliminary report of findings with the general counsel for review. During this case, the general counsel provided feedback through a series of memos. Although the confidentiality of the memos prevents us from going into detail about our specific concerns, our review of the memos indicates that the general counsel's feedback—along with other actions the general counsel took during the investigation—created, at a minimum, the appearance that the feedback was intended to influence the outcome of the case, as opposed to offering objective and constructive legal advice. We understand the value of a legal review regarding the sensitive matters the ethics office investigates. What raises concerns, however, is the general counsel's role in influencing the outcome given her professional interest in protecting MWD from potential legal action. Complicating matters further, the former ethics officer was forced to rely solely on the general counsel's feedback because, as explained earlier, MWD does not allow the ethics office to hire or contract with independent counsel for legal advice regarding ethics office investigations.

These two cases highlight the importance of establishing and following formalized practices for insulating the ethics office from interference during investigations. Although we did not see evidence suggesting that this sort of interference is widespread, any amount of actual or perceived interference in cases involving high-ranking members of MWD's management undermines the ethics office's ability to independently investigate violations of ethics rules.

MWD Appears Unwilling to Strengthen Its Ethics Office

Despite the importance of the legal requirement that MWD have an independent ethics office, MWD's leadership has demonstrated a persistent unwillingness to ensure that the ethics office has the necessary resources and authority to operate independently. Shortly after the 2017 cases we discuss above, MWD's former chair initiated a review of the ethics office's policies and processes by an external

legal firm. The circumstances of this review raise further questions about the ethics office's independence and authority. In July 2017, the former chair requested that the general manager contract with a law firm to conduct the review, opting not to bring the issue to the full board for discussion or a vote. When we asked the former chair about this decision, he confirmed that he made the decision to hire outside legal counsel to perform the review. He also referred us to a public board meeting in June 2017 during which, citing concerns with recent ethics office investigations, he announced his creation of an ad hoc subcommittee to review the ethics office and mentioned that he anticipated the subcommittee would use outside legal counsel during the process. In contrast, a member of that subcommittee told us the subcommittee was responsible for the decision to contract with the firm. The former chair could not provide, and we could not identify, reliable evidence documenting the subcommittee's role or the actions it took related to the initiation of the external review. Therefore, the decision by MWD's management to initiate the review was not sufficiently transparent or accountable.

Other aspects of the external review also raise questions about MWD's commitment to an independent ethics office. Three members of the ethics office who still work in the office told us that they were not consulted about the nature and timing of the review and stated that they only learned of the review after the former chair's public announcement at a board meeting that he had decided to commission the review. Further, while the external review was still ongoing, MWD's ethics officer announced her resignation at a board meeting in September 2017. Her resignation letter stated that she was no longer able to reconcile her contractual obligations to fulfill legally mandated requirements of the ethics officer position with the board's apparent expectations.

Actions by MWD's board of directors leading up to the ethics officer's resignation, as well as since that time, indicate that some members of the board may not have respected or fully understood the role the ethics officer is required by state law to fulfill. Board documentation indicates that at the same meeting where the ethics officer announced her resignation, the board planned to discuss performance evaluations of department heads, including the ethics officer. Although the confidentiality of anonymous comments submitted by board members as part of this planned discussion prevents us from describing those comments in detail, they reveal some misunderstandings of the ethics officer's responsibilities under state law.

Other developments since 2017 demonstrate continued threats to the ethics office's independence. Following the ethics officer's resignation, MWD continued revising the ethics office's processes

with insufficient involvement by ethics office staff. Near the completion of the first external review of the ethics office, MWD contracted with a different law firm in January 2018 to assist in proposing revisions to the ethics provisions of MWD's administrative code. However, despite the requirement in state law that the ethics office be responsible for adopting ethics rules for approval by the board, ethics office staff did not independently draft these latest revisions. Instead, board documentation shows that the law firm assisting with the revisions was directly responsible for ethics rule revisions adopted by the board and that the firm collaborated not only with ethics office staff but also with MWD's general counsel. In fact, when asked about this process, ethics office staff stated that based on how the review unfolded, they felt that staff from the law firm and the general counsel's office would not support some specific revisions to strengthen the independence of the ethics office, such as administrative code provisions allowing the ethics office to have unfettered access to documentation, addressing potential conflicts from the legal department, and establishing the office's ability to have legal counsel apart from the general counsel's office. MWD's board adopted significant ethics-related revisions to its administrative code in November 2021. Although these revisions include certain improvements—including the due process considerations we discuss above—they fail to incorporate several best practices. In fact, circumstances ongoing at the time of our review, which we cannot discuss because they are confidential, demonstrate that the ethics office's role is as uncertain as ever.

Based on our review, we believe achieving a more effective ethics office will require intervention by the Legislature. MWD has failed to comply with state law requirements for an independent ethics office since at least 2004, and it has not implemented key recommendations from our previous report, despite stating that it would do so. MWD also has not adopted best practices to strengthen the ethics office. Moreover, actions by MWD's leadership indicate that it does not respect or, at best, misunderstands the role and legal requirements of its ethics office and is unwilling to make real change. As a result, meaningful improvement will require the Legislature to amend state law to further specify requirements as well as take action to hold MWD accountable for implementing those requirements.

Based on our review, we believe achieving a more effective ethics office will require intervention by the Legislature.

Employees Living in Aging MWD Housing Face Maintenance Delays and Uncertainty About Long-Term Solutions

Although MWD has known for years about significant concerns affecting employee housing—which is occupied by employees who perform critical work—it has not prioritized addressing those problems. Many houses are in poor condition and suffer

from habitability issues that could affect employee safety, including insufficient air conditioning, high levels of lead and asbestos, and excessively hot water. Yet MWD has struggled to respond in a timely way to serious maintenance concerns and to find a timely and comprehensive longer-term solution to its housing issues.

MWD Must Improve Its Processes for Responding to Maintenance Requests

Many of MWD's employee housing units suffer from issues that threaten both the safety and quality of life of the employees who reside in this housing. As we discuss in the Introduction, some MWD employees' job responsibilities require that they live on-site while on duty. MWD currently has about 100 employee houses at these remote worksites, most of which were originally constructed in the 1940s or 1950s. MWD completed two assessments of its employee housing in recent years—one in 2016 and the other in 2019. Both assessments identified issues, some serious, with every house inspected. For example, during the 2016 assessment, an inspector discovered what would turn out to be a sewage leak in the crawl space of a house. Additionally, the assessments noted that some of the houses required complete replacements of roofs, electrical systems, or plumbing systems. Both assessments recommended that MWD significantly renovate its employee housing and demolish specific unsalvageable housing units. Although some houses were in better condition than others, every house reviewed required at least some level of renovation. Lastly, we directly observed several employee housing units during our audit, and although we entered only unoccupied houses out of respect for residents' privacy, we noted that these houses—and the pumping plants' residential areas more generally—appeared to be aging and in need of attention.

Furthermore, MWD has detected lead or asbestos (or both) in every house it has inspected for these hazards—about 36 percent of all houses at the time of our review—and some employees are currently residing in houses where MWD has detected these hazards. These employees are informed of the specific areas containing these hazards and must sign a document stating that they acknowledge these hazards before they occupy the house. Although the levels of lead and asbestos hazards that MWD has measured vary from house to house, it is troubling that MWD has not comprehensively examined every housing unit for lead and asbestos hazards. At the time the housing was built, it was common for housing materials to contain lead and asbestos; it is therefore likely that many of the housing units that MWD has not inspected also contain lead and asbestos hazards. As we explain in the next section, MWD's long-term plan for employee housing will likely solve this issue through the complete replacement of its older employee housing, but that replacement project is years away from completion.

We spoke with 12 MWD employees who currently live in employee housing, and although the nature and seriousness of their concerns varied, 10 expressed frustration with MWD's handling of employee housing, including how long it takes MWD to respond to and resolve their problems. For example, one employee was generally satisfied with his employee housing but had begun to perform maintenance himself because of MWD's poor response time. However, other employees' concerns are more serious and pose safety risks to them and their families. For example, several employees described inadequate responses from MWD when requesting assistance for broken air conditioner units, an item critical to safety and quality of life at the pumping plants, where temperatures can exceed 110 degrees Fahrenheit in the summer. One employee publicly testified to MWD's board in September 2021 that excessively hot water was coming from his house's water tap and would reach a temperature of up to 115 degrees during the summer, which he believed posed a burn risk to his family. Although this employee had informed MWD management responsible for housing of this issue in the summer of 2020, MWD did not provide the employee with a solution—a water chiller—until after the employee testified to the board a year later.

Given its awareness of the issues with its houses, we expected MWD to have prioritized responding to maintenance requests. However, our analysis determined that it has not done so. For example, following the first assessment in 2016, MWD failed to respond promptly to items that may have required immediate attention, such as the house with a broken sewer pipe mentioned above. Instead, staff in the WSO group—which was responsible for housing at the time—initially skimmed the assessments and failed to notice that some houses had serious issues that required immediate action. In fact, MWD was not aware of some of these issues until the bargaining unit representing many of the employee residents obtained the assessments, which MWD did not provide until three months after the bargaining unit requested them. The bargaining unit's review identified six occupied houses with immediate maintenance concerns and alerted MWD. Within a day, MWD had begun repairs, but it is troubling that it took several months and intervention by the bargaining unit before MWD began taking action to address these safety issues.

MWD also has not demonstrated that it has improved its response to housing issues since the 2016 assessments. Although management in MWD's Real Property section—which took over responsibility for employee housing from the WSO group in 2018—provided process documents intended to guide its staff in prioritizing and responding to maintenance requests, the documents lack necessary detail. For example, although one process document indicates that the Real Property section will respond to maintenance requests that threaten

the health or safety of a resident within 24 hours, it does not list what scenarios fall into this category or how staff should make this determination. It is therefore unclear whether a given issue—such as the one involving excessively hot water noted above—will trigger a timely response from the Real Property section.

Further, although MWD maintains data on maintenance requests, we concluded that we cannot rely on these data to determine how long it takes MWD to resolve the requests. Therefore, we were unable to evaluate how quickly MWD did so. Nonetheless, as discussed above, emails and maintenance requests that residents provided to us suggest that it can take MWD months or even years to resolve key issues. When we asked MWD's Real Property section manager about its efforts to respond to maintenance requests, she indicated that MWD's practice is to evaluate whether other residents are having the same issue as the one described in the request because, if they are, it can be more efficient to fix the issue at all houses, which can take additional time. However, because this balancing exercise can add significant delays, and because some requests involve potential threats to employees' safety, MWD must improve upon the timeliness, transparency, and accountability of its current process.

To properly respond to maintenance requests submitted by employees—especially requests about issues that may pose a risk to safety or livability—MWD needs to establish clear criteria by which it can prioritize its response as well as reliable data with which it can hold itself accountable. These efforts will provide a short-term solution to MWD's more immediate issues with employee housing while it works on its long-term housing plan, an effort we discuss in the next section. Regardless of the remote nature of MWD's pumping plants and the challenges their locations might pose to response times, MWD has a legal and ethical obligation as these employees' landlord to ensure that the housing it provides is habitable. The critical nature of the work these employees perform—helping provide a large portion of the drinking water used by 19 million Californians each day—underscores the importance of this responsibility.

MWD Has Struggled to Reach a Long-Term Solution to Its Housing Issues

MWD has been slow to address the long-term challenges affecting its housing. Figure 9 depicts the actions it has taken since 2015 and shows that MWD has not made significant progress toward a comprehensive solution. As we discuss above, the 2016 housing assessments recommended significant renovations for all of the MWD housing units that were assessed. Instead of carrying out these extensive renovations, in May 2017 MWD began a trial

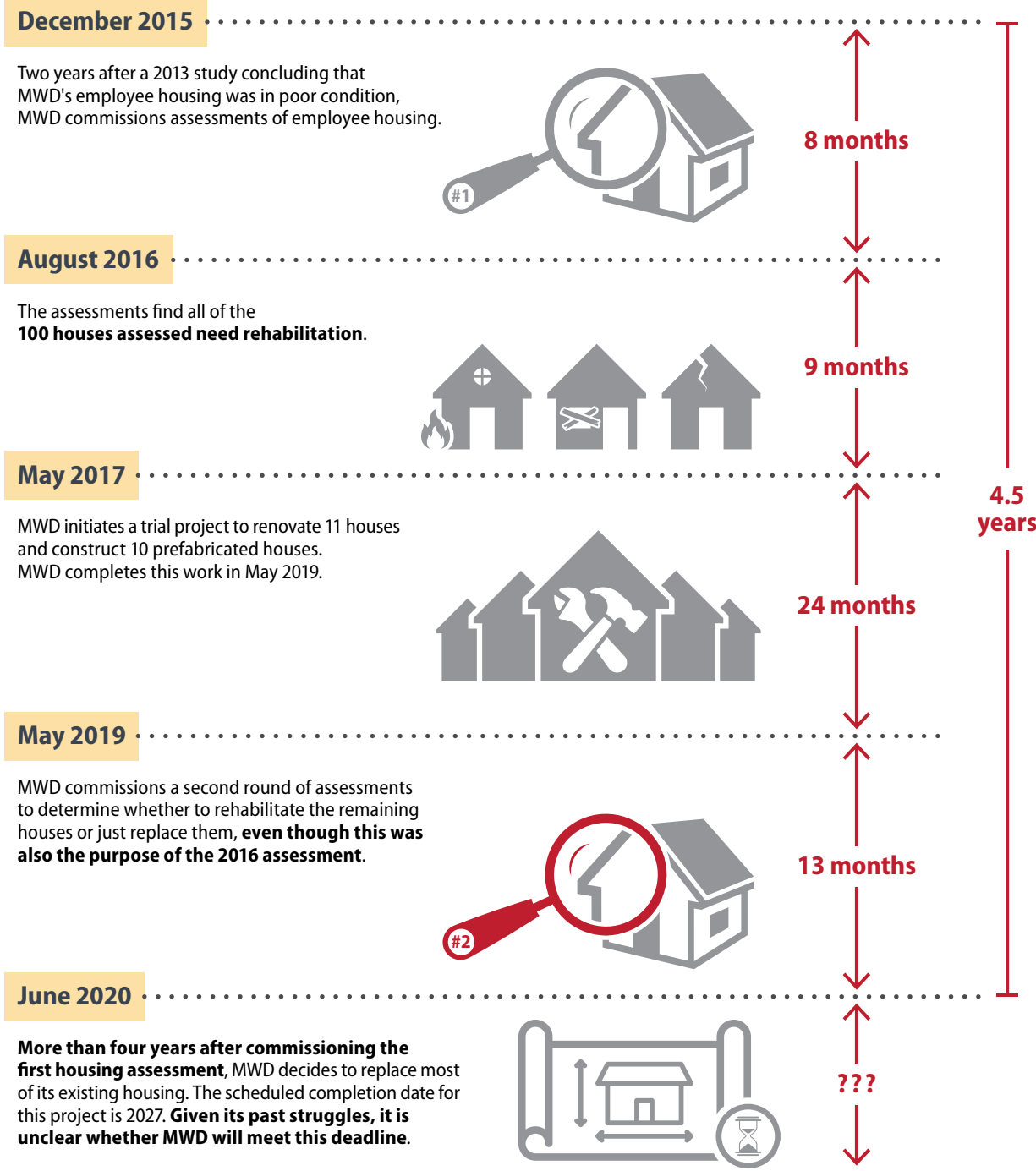
project in which it renovated 11 houses and constructed another 10 prefabricated homes over the next two years, as Figure 9 shows. When we asked MWD about the length of time it took to complete the project, the manager responsible for overseeing the work stated that the remote location resulted in logistical difficulties, such as finding vendors to bid on the projects. The manager also explained that the pilot project was intended to determine the most cost-effective solution to address issues noted by the assessments, and which solution, such as renovating existing homes or replacing them with prefabricated homes, worked better for those living in the employee housing.

However, MWD did not pursue a solution after the pilot project ended. Instead, after Real Property took over from the WSO group in September 2018, MWD commissioned a second round of housing assessments that were conducted in 2019. The stated purpose of these assessments was essentially the same as for the 2016 assessment—to determine whether to replace or renovate the remaining houses. When we asked Real Property section managers why the second assessment was necessary, they claimed that the first assessment was intended to identify immediate maintenance items that needed fixing. However, this description is inconsistent with what the people actually responsible for the 2016 assessment told us. Further, as we discuss above, MWD did not use the 2016 assessment to find and address specific maintenance issues. Therefore, it remains unclear why the second assessment was necessary, and we question whether the time it took to complete it was well spent. Based on the 2019 assessments, the Real Property section recommended to MWD's board in June 2020 that its housing units be completely replaced, except for those houses renovated or constructed as part of the pilot project described above. Real Property has since proceeded with preliminary steps for completely replacing the employee housing, and MWD's board has authorized the funding required for these efforts. The project has a current estimated cost of \$146 million and will be completed in 2027—more than 10 years after MWD became aware of widespread issues with its housing.

MWD's current approach to replacing the remaining houses, and its failure to act sooner, means that many employees will continue to live in housing units that may pose a risk to their health and quality of life. Given the age and poor condition of most housing units, completely replacing them will likely solve many issues, such as the presence of lead and asbestos. However, because MWD has known about these issues since at least 2016, we believe it should have prioritized the safety and comfort of its employees by committing to a comprehensive solution much sooner. Further, given the current state of many houses and MWD's slow progress, MWD must not ask its employees to face further delays for a long-term solution.

MWD should have prioritized the safety and comfort of its employees by committing to a comprehensive solution to its housing much sooner.

Figure 9
Despite Commissioning Two Housing Assessments, MWD Has Not Resolved Housing Concerns in a Timely Fashion



Source: Analysis of MWD housing records.

Therefore, even as MWD improves its efforts to address housing concerns raised by employees, it must also develop a contingency plan that it can implement if its program to replace most of its homes faces further delays. Such a plan could include an option to acquire additional prefabricated housing units or to renovate additional units.

Although Its Safety Program Generally Adheres to State Law, MWD Could Strengthen Its Safety Policies

MWD's safety policies generally conform to state law, and our review indicates that it responds adequately to safety incidents when they occur. We reviewed a selection of MWD's safety policies—including its injury-reporting procedure as well as its policies for personal protective equipment (PPE) and working on roads and streets—and found that these policies generally meet requirements in state law—specifically, those required by California Division of Occupational Safety and Health (Cal/OSHA) regulations. For example, MWD's injury-reporting procedure generally establishes protocols required by Cal/OSHA for reporting safety concerns, including a process for employees and their representatives to access injury and illness records. Similarly, MWD's PPE policy meets Cal/OSHA requirements, and the employees we spoke with stated that they had been able to obtain adequate PPE when they needed it. Further, MWD's Injury and Illness Prevention Program (IIPP) meets the minimum requirements established by the Cal/OSHA regulations that we reviewed. For instance, MWD's IIPP includes methods for correcting unsafe or unhealthy conditions, which we confirmed in part through our conversations with a selection of safety representatives, all of whom stated that they felt empowered to halt unsafe work conditions if needed. Lastly, we reviewed a selection of MWD's safety training programs, including those for hazardous waste operations and emergency response (HAZWOPER) and respiratory training, and found that MWD's training programs generally complied with regulatory requirements.

Further, our review indicates that MWD generally follows Cal/OSHA regulations and its own policies when responding to safety incidents. We reviewed a database containing all of MWD's internally reported safety incidents from January 2017 to October 2021 and did not note any patterns that raised concerns, such as repeated instances of a particular type of injury or a disproportionate number of injuries for a single work area. We selected 20 safety incidents to review further and found that MWD's response to these incidents generally followed Cal/OSHA regulations as well as MWD's internal processes. Generally speaking, for each incident we reviewed, a safety representative interviewed the staff involved and implemented corrective action based on the nature of the incident.

Although MWD's safety program generally aligns with state laws, we identified opportunities for policy improvements.

Although MWD's safety program generally aligns with state laws, we did identify opportunities for policy improvements. One such area involves ensuring adequate collaboration between management and safety staff. As explained in the Introduction, the Operational Safety and Regulatory Services (SRS) section, which is part of the larger WSO group, creates and enforces MWD's safety policies. In doing so, representatives of the SRS section (safety representatives) work on-site at various MWD facilities to advise management and staff on everyday safety practices as well as protocols for planned projects.

However, MWD's safety policies do not require a minimum level of collaboration between management and safety representatives, creating the risk that management may not be adequately aware of safety concerns. Managers are responsible for reinforcing safe work practices, instructing employees on safety procedures, and providing safety leadership. However, despite the overlap between the managers' responsibilities and the SRS staff's role as a safety resource, the only collaboration requirement in MWD policy is that the two parties consult during the planning stages of upcoming projects. There is neither a requirement for routine collaboration nor guidance on how frequently SRS staff should be present at field sites where potentially dangerous work is taking place. As a result, managers may be unaware of prevalent safety concerns. We spoke to several safety representatives who work at a variety of MWD sites. Although the representatives consistently expressed the importance of meeting regularly with management, their descriptions of how often they actually did so varied by worksite. We believe that requiring more consistent collaboration and communication would be a valuable tool for ensuring workplace safety.

Similarly, although MWD's policies state that managers are responsible for providing a work environment that encourages open communication of health and safety issues without fear of reprisal, the policies do not define retaliation or create a process for responding to allegations of retaliation. MWD does have a confidential hotline for reporting safety issues, which may help employees who are not comfortable reporting these safety issues to their managers. However, as with the EEO policy we discuss in Chapter 1, MWD's safety policies do not define retaliation, and MWD does not have safety training specifically on retaliation. Moreover, MWD's safety policies do not explain where employees should report retaliation concerns. Further, our audit team spoke with some employees who shared their belief that MWD retaliates against employees for reporting safety concerns. Although our review did not find concrete examples or evidence of retaliation against MWD employees who report safety concerns, it is unclear whether that fact signals a genuine absence of retaliation.

MWD's safety policies could therefore be strengthened by clearly articulating who is responsible for responding to retaliation concerns and listing clear steps managers and staff can take if they suspect retaliation.

Please refer to the section beginning on page 5 to find the recommendations that we have made as a result of these audit findings.

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Other Areas We Reviewed

To address all of the audit objectives approved by the Joint Legislative Audit Committee (Audit Committee), we also reviewed the subject areas described below.

Although MWD Is Not Required to Comply With Hazardous Waste Regulations, Its Policies and Trainings Generally Do So

State law and Cal/OSHA regulations establish requirements for HAZWOPER. However, these regulations apply only to operations that MWD does not conduct. MWD's health and safety team manager confirmed that because MWD does not operate hazardous waste treatment, storage, or disposal facilities, and because MWD does not conduct emergency response operations for releases of hazardous waste, its operations do not fall under the HAZWOPER regulations' scope. However, MWD's safety policies and HAZWOPER trainings generally meet the Cal/OSHA HAZWOPER requirements. For example, MWD's policies specify that external hazardous waste management responders, such as fire departments, will handle the emergency response to hazardous waste spills. However, MWD provides training to some employees that is consistent with Cal/OSHA's HAZWOPER training requirements. MWD provides this training to allow its staff to assist emergency responders in case of a substantial spill. Similarly, MWD's chemical response program and other hazardous waste policies comply with the requirements outlined by the HAZWOPER regulations, including the establishment of procedures for decontaminating locations or equipment exposed to hazardous waste.

MWD's EEO Training Generally Complies With Legal Requirements

State law requires MWD, like all employers with five or more employees, to provide training on sexual harassment and abusive conduct (bullying) to its employees. Supervisors must take at least two hours of the training, and nonsupervisory employees at least one hour, every two years. In 2017, the Legislature updated the requirements for the training's subject matter to include harassment based on gender expression, sexual orientation, and gender identity. DFEH regulations provide details on the content required for that training, which includes practical examples of harassment, how to report complaints, and the complaint investigation process.

Although MWD's training covers most of the topics required by regulation, it does not cover everything. MWD's training—provided by a consultant—does not guide supervisors in how to respond if they are personally accused of harassment. State regulation also

requires MWD to keep records of its employees' completion of the trainings. These records indicate that, as of January 2022, 83 percent of its employees had completed their required training on time—meaning that the training for over 300 employees was out of date. MWD's EEO manager explained that when employees do not complete the training within 30 days after the training is assigned to them, she follows up with them to make sure that they complete it.

In December 2020, MWD also began including a training module on unconscious bias. MWD provides this training to all employees, and it covers topics including bias, stereotyping, and inclusion. However, this training is not directed at managers and does not address the hiring or interview processes we discuss in Chapter 2.

We conducted this performance audit in accordance with generally accepted government auditing standards and under the authority vested in the California State Auditor by Government Code section 8543 et seq. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Respectfully submitted,



MICHAEL S. TILDEN, CPA
Acting California State Auditor

Date: April 21, 2022

Appendix A

MWD Has Failed to Fully Implement Several Recommendations From Our 2004 Audit

In 2004, our office audited MWD and reviewed, among other areas, the district's ethics office and personnel policies. That audit report made a number of recommendations for addressing several deficiencies noted in both areas, and the chair of MWD's board at the time committed to implementing all but two of the recommendations. When the Audit Committee approved this current audit in 2021, it directed our office to evaluate the status of those recommendations from the 2004 audit related to MWD's ethics office and personnel policies. Table A presents the results of our evaluation of MWD's efforts to implement these recommendations.

Table A
Implementation Status of 2003-136 Audit Recommendations

	RECOMMENDATION NUMBER	2003-136 AUDIT RECOMMENDATION	IMPLEMENTATION STATUS
ETHICS OFFICE	1	MWD should complete the implementation of its new ethics office and ensure that it complies with requirements in state law.	Not implemented
	2	MWD should continue its recent efforts to inform district employees about the ethics office and its functions.	Implemented
	3	MWD should develop formal written policies and procedures regarding how investigations are to be conducted, and under what circumstances an external investigator will be hired.	Partially Implemented
	4	MWD should review the ethics policies in the administrative code and in the operating policy and ensure that it presents ethics policies consistently.	Not implemented
	5	Once it hires a permanent ethics officer, MWD should ensure that he or she reports directly to the entire board, both verbally and in writing, in addition to the ethics subcommittee to ensure the fullest visibility of ethics issues.	Implemented
	6	MWD should establish a reliable process for ensuring that all employees in designated positions submit statements of economic interest.	Implemented
	7	MWD should issue an annual report to the public and interested legislators, such as those representing the areas served by the district, on its ethics office's compliance with state law.	Partially Implemented
PERSONNEL POLICIES	1	To ensure consistent hiring practices, MWD should develop comprehensive and current policies and procedures for hiring, including:	
	1a	• Consolidate policies and procedures into a single human resources policies and procedures manual.	Not implemented
	1b	• Ensure that policies and procedures fully address the potential for favoritism or the appearance of favoritism.	Not implemented
	1c	• Work to resolve all disagreements with bargaining units over the existence of management bulletins.	Implemented
	1d	• Update job descriptions to ensure that they are accurate and current.	Partially implemented
	2	MWD should work with recruiters to ensure that it has established a reasonable time frame for completing recruitments, including those involving external applicant pools.	Not implemented
	3	MWD should ensure that it follows its hiring policies and maintains written documentation that it did so.	Not implemented
	4	MWD should develop comprehensive policies and procedures for promotions, including steps to ensure that it documents reasonable justification for all promotional decisions.	Partially Implemented
	5	MWD should amend its grievance policy to require the establishment of time frames for resolving substantiated grievances.	Not implemented
	6	MWD should review and update all its policies and procedures periodically and develop a policy for communicating revisions to staff.	Not implemented
7	MWD should provide a listing of separation agreements to the entire board, including the cost of all agreements. In addition, the board should establish a consistent policy for its approval of these agreements and should require the district to disclose all separation agreements to the full board.	Not implemented	

Source: Analysis of MWD's ethics and personnel policies and procedures, including those in its administrative code.

Appendix B

Employee Settlement Agreements With NDAs Result From a Variety of EEO Issues

The Audit Committee directed the California State Auditor's Office (State Auditor) to identify the total number of NDAs that MWD has entered into since 2004 and the types of employee issues such agreements involved. Table B provides, for the 29 NDAs we identified that were related to EEO issues, the EEO-related circumstances leading to each settlement.

Table B
NDA's by Type of EEO Issue

SETTLEMENT NUMBER	RETIATION	DISCRIMINATION BASED ON						SEXUAL HARASSMENT
		DISABILITY	SEX/GENDER	NATIONAL ORIGIN/ ANCESTRY	RACE/COLOR	AGE	RELIGION	
1	X			X	X			
2		X						
3	X	X						
4	X	X		X	X			
5	X				X			
6	X	X			X	X		
7	X	X						
8	X					X		X
9				X	X	X		
10	X							X
11	X			X		X		
12	X				X	X		
13	X							
14	X		X		X			
15	X				X			
16	X							
17	X	X						
18			X					
19			X	X		X		
20	X		X					
21	X		X					X
22	X			X	X			
23	X	X			X			
24	X		X					X
25	X				X	X		
26	X		X					X
27	X	X	X					
28	X	X					X	
29	X							

Source: Court documents, and MWD's EEO logs and case files.

Appendix C

Scope and Methodology

The Audit Committee directed the State Auditor to conduct an audit of MWD's personnel processes. Table C lists the objectives that the Audit Committee approved and the methods we used to address them.

Table C
Audit Objectives and the Methods Used to Address Them

AUDIT OBJECTIVE	METHOD
1 Review and evaluate the laws, rules, and regulations significant to the audit.	Reviewed relevant state and federal laws and regulations related to MWD's personnel processes, such as its EEO and hiring processes. Reviewed state laws and regulations relevant to workplace safety, landlord obligations, and MWD's ethics office.
2 Evaluate MWD's efforts to implement various State Auditor recommendations related to its ethics office and personnel policies. Determine whether MWD fulfilled the commitments it made in response to those recommendations.	<ul style="list-style-type: none"> • Reviewed MWD's responses to relevant recommendations in audit report 2003-136. • As part of evaluating whether MWD implemented those recommendations, evaluated the structure and processes of MWD's ethics office, including whether it complies with state law. • Evaluated cases handled by MWD's ethics office to determine whether the office independently investigated those cases. • Reviewed MWD's policies, procedures, and practices related to hiring and promotions to determine whether MWD has implemented or strengthened those policies, procedures, and processes.
3 To the extent possible, analyze MWD's current personnel policies and practices related to recruiting, job posting, examinations, promotions, transfers, and conducting employee evaluations. Specifically, evaluate whether MWD has put measures in place to ensure equal employment opportunity with specific regard to gender and LGBTQ+ status and identify what, if any, barriers to equal employment opportunity exist.	<ul style="list-style-type: none"> • Reviewed the policies and procedures described under Objective 2 as well as relevant provisions in MWD's administrative code and its contracts with its bargaining units that cover employee transfers and evaluations. Determined whether MWD has implemented steps to prevent bias or discrimination in its hiring and promotion processes. • Reviewed reports and independently analyzed data related to the demographics of MWD's workforce and its applicant pool. • Assessed whether MWD has taken sufficient steps, including those required by law, in response to demographic trends indicated by its workforce and hiring data.
4 Evaluate MWD's process for notifying employees and union representatives regarding changes to operating and personnel policies and procedures, including the following: <ul style="list-style-type: none"> a. Changes to job descriptions and postings. b. Changes to its EEO and workplace bullying complaint process. Determine whether MWD has assigned a contact person for such complaints. c. Changes to safety protocols and its Illness and Injury Prevention Program. 	<ul style="list-style-type: none"> • Determined that MWD has no formal process for communicating policy changes to employees. • Reviewed a selection of policy and procedure changes, including changes related to EEO policy and procedures, hiring and promotions policies and procedures, and MWD's safety program, to determine whether and to whom MWD communicated those changes.

AUDIT OBJECTIVE	METHOD
<p>5 Determine whether MWD has established adequate policies and procedures to train employees on EEO, sexual harassment, workplace bullying, and safety, including Hazardous Waste Operations and Emergency Response (HAZWOPER) protocols.</p>	<ul style="list-style-type: none"> • Evaluated the content of MWD's EEO, sexual harassment, and bullying trainings to assess whether the trainings comply with state law. • Reviewed a selection of MWD's trainings related to components of its overall safety program, such as its HAZWOPER program, to determine whether training materials are consistent with any applicable legal requirements. • Reviewed MWD's processes for ensuring that employees take EEO, sexual harassment, and safety training in a timely fashion, as required by law or MWD policy.
<p>6 Evaluate MWD's policies and practices for handling EEO complaints—including complaints of sexual harassment—and workplace bullying complaints, by doing the following:</p>	
<p>a. Determine the total number of EEO and workplace bullying complaints filed since 2004.</p>	<ul style="list-style-type: none"> • Evaluated MWD's policies and procedures for collecting, recording, referring, and tracking EEO and harassment complaints, including complaints involving abusive conduct. • Reviewed logs of filed complaints maintained by MWD's EEO office. • Reviewed reports and other documentation about complaints employees filed with MWD's ethics office. Determined whether and when the ethics office referred the complaints to the EEO office as required by MWD policy. • Obtained reports from DFEH and the EEOC to determine the number of EEO complaints MWD employees filed directly with those agencies. • Reviewed EEO and legal files to identify any complaints not captured by any of the above sources.
<p>b. Review a sample of EEO and workplace bullying complaints filed since 2004 to determine what process MWD officials used to handle complaints and the results of that process, including disciplinary actions.</p>	<ul style="list-style-type: none"> • Reviewed MWD's policies and procedures for receiving and investigating EEO and other harassment complaints, as well as for communicating the results of those investigations to complainants and respondents. • Reviewed MWD's policies for EEO and harassment issues, such as its retaliation policy. • For a selection of 28 EEO complaints since 2004, reviewed documentation retained by the EEO office, other human resources staff, and the general counsel's office to determine the timeliness and quality of MWD's handling of the complaint, as well as the resolution of the complaint. • For the cases among the 28 in which MWD substantiated EEO violations, identified any disciplinary actions MWD took in response. To the extent possible, determined whether the application of those disciplinary actions was appropriate and consistent. • For the 28 cases, interviewed EEO and human resources staff to get their perspective on the handling of the cases. In some instances, interviewed complainants for their perspective.
<p>c. To the extent possible, determine whether MWD officials retaliated against any individuals who filed EEO or workplace bullying complaints.</p>	<ul style="list-style-type: none"> • Reviewed and evaluated MWD's retaliation policy and relevant best practices. • Among the 28 cases reviewed under Objective 6(b), reviewed formal retaliation complaints and MWD's handling of those complaints, including any disciplinary action MWD took. For the 28 cases, identified any concerns about the treatment of complainants or the conduct of other employees involved in the investigations. Determined what MWD did to prevent or address this behavior.

AUDIT OBJECTIVE	METHOD
<p>7 To the extent possible, assess MWD's policies and practices regarding nondisclosure agreements (NDAs) in situations involving EEO complaints, sexual harassment, workplace bullying, and related issues by doing the following:</p> <p>a. Determine whether MWD officials have taken adequate steps to implement Code of Civil Procedure (section 1001) related to NDAs.</p> <p>b. Identify the total number of NDAs MWD has entered into since 2004 and what types of employee issues such agreements involve.</p> <p>c. Determine whether MWD has considered releasing signatories of NDAs entered into prior to 2017 from their nondisclosure obligations.</p>	<ul style="list-style-type: none"> • Requested from MWD all settlement agreements MWD has entered into with employees resulting from or related to EEO or harassment-related complaints or issues. • Reviewed MWD's EEO records, personnel files, and risk management data, as well as publicly available legal documents, to attempt to determine the total number of such settlements. • Reviewed all settlement agreements we identified that were subject to section 1001 to determine whether any of those agreements violated state law. • Interviewed MWD's general counsel about MWD's plans to implement recent changes to section 1001. • Reviewed all of the settlement agreements identified under Objective 7(a) to determine whether they contain NDAs. • Analyzed court documents, complaint records from DFEH and the EEOC, settlement agreements, and MWD's EEO files to determine the EEO-related circumstances leading to each NDA. • Asked MWD's general counsel whether MWD would release signatories of NDAs.
<p>8 To the extent possible, evaluate MWD's policies and practices for reporting settlement agreements for employee complaints to the board, including the legal department's policies and practices for reporting such agreements to the board's Organization, Personnel, and Technology Committee.</p>	<ul style="list-style-type: none"> • Reviewed MWD's administrative code to identify the general counsel's obligations to report settlement agreements to the board. • Interviewed general counsel staff about their practices for this reporting. • For a selection of settlement agreements identified under Objective 7(a), determined whether the general counsel had reported the agreements to the board. As part of this review, assessed the amount of detail any reports to the board contained.
<p>9 Evaluate MWD's safety program by doing the following:</p> <p>a. Assess MWD's protocols for the reporting of safety incidents by employees and by supervisors and management employees to higher authorities within MWD. Determine how MWD manages and ensures the consistency of the variety of safety reporting protocols it uses.</p> <p>b. Identify the role of safety representatives at worksites and determine whether they are empowered to halt unsafe work or correct unsafe conditions.</p>	<ul style="list-style-type: none"> • Reviewed MWD's administrative code, operating policies, and safety program procedures to identify the process for reporting safety incidents. • Interviewed employees in MWD's Operational Safety and Regulatory Services (SRS) section to determine MWD's process for consistently reporting safety incidents. • Reviewed a selection of safety incidents to determine whether MWD's response aligned with Cal/OSHA's requirements for employers as well as MWD's safety policies for reporting and responding to incidents. • Interviewed staff in MWD's SRS section to determine the responsibilities of safety representatives and whether they have the authority to halt unsafe work. • Reviewed MWD's safety policies and procedures and interviewed safety managers to determine the role of safety representatives at worksites, including their relationships with operations managers and their ability to intervene in potentially unsafe situations. • Interviewed safety representatives at a selection of MWD worksites to assess their perceptions of their authority and responsibility.

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AUDIT OBJECTIVE	METHOD
<p>c. Identify what safety and other personal protective equipment MWD provides to employees and for what purposes.</p>	<ul style="list-style-type: none"> • Interviewed staff in MWD's SRS section to determine the types of PPE provided to employees and how it dispenses this equipment to employees. • Reviewed MWD's policies and procedures related to requirements for and provision of PPE and evaluated these policies against Cal/OSHA's requirements for employers regarding the provision of PPE. • Interviewed staff responsible for the provision of equipment at certain worksites, as well as employees who receive and use that equipment.
<p>d. Assess MWD's safety protocols for employees who work on roads and streets, including equipment and procedures for lane closures.</p>	<ul style="list-style-type: none"> • Interviewed staff in MWD's SRS section about MWD's safety protocols for employees who work on roads and streets. • Reviewed MWD's policies and procedures related to safety requirements for employees working on roads and streets, and evaluated these policies against Cal/OSHA's requirements for employers regarding worksites around roads or traffic.
<p>e. Review a selection of safety complaints since 2010 to assess how MWD officials handled reports of unsafe working conditions and other safety incidents.</p>	<ul style="list-style-type: none"> • Determined MWD's protocols for collecting and addressing safety complaints and related concerns. • Reviewed MWD's central database on injuries and near misses, as well as documentation maintained at individual worksites. • Reviewed a selection of safety incidents to determine whether MWD's response aligned with Cal/OSHA's requirements for employers as well as MWD's safety policies for reporting and responding to incidents.
<p>f. Determine whether MWD has adequate policies and procedures to protect employees, including safety representatives, who make safety-related complaints from retaliation.</p>	<ul style="list-style-type: none"> • Reviewed MWD's retaliation policy as identified under Objective 6(c). • Interviewed staff in MWD's SRS section, including those working at pumping plants and water treatment plants, to obtain their perspective about MWD's prevention and handling of possible retaliation.
<p>10 Assess MWD's HAZWOPER program and evaluate its effectiveness in addressing hazardous waste issues, including processes for employees to address HAZWOPER issues on the job.</p>	<ul style="list-style-type: none"> • Reviewed requirements in state law and interviewed MWD staff to determine what HAZWOPER requirements MWD is required to follow. • Evaluated MWD's HAZWOPER program, including its policies and processes, and compared it to Cal/OSHA's HAZWOPER requirements.
<p>11 Identify MWD's obligations as a landlord to employees for whom it provides company housing. In particular, assess MWD's processes for the following:</p>	<ul style="list-style-type: none"> • Reviewed state law to determine MWD's obligations to employees for whom it provides housing.
<p>a. Handling landlord-tenant relations, rental agreements, and landlord-tenant disputes, including in the case of tenants who separate from employment.</p>	<ul style="list-style-type: none"> • Interviewed staff in MWD's Real Property section to determine how MWD handles landlord-tenant relations and disputes. • Reviewed rental agreements that MWD has entered into with employees when providing housing, including clauses for terminating occupancy. • Identified no issues beyond those discussed in the report.
<p>b. Addressing habitability issues such as lead, asbestos, water and faucet quality, provision of adequate utilities, and related issues.</p>	<ul style="list-style-type: none"> • Interviewed staff in MWD's Real Property section to determine how MWD responds to habitability issues raised by employee residents. • Interviewed staff in MWD's Real Property section to determine how it measures and manages environmental hazards in employee housing, such as lead and asbestos. • Interviewed employee housing residents regarding their experiences with employee housing, including any habitability issues they have experienced. • Reviewed housing assessments and environmental hazard reports to determine the types and magnitude of habitability issues affecting MWD's employee housing.

AUDIT OBJECTIVE	METHOD
<p>c. Addressing other concerns related to living conditions, including replacement housing, repairs, and the provision of rental insurance.</p>	<ul style="list-style-type: none"> • Interviewed staff in MWD's Real Property section to determine how MWD responds to employee repair requests. • Reviewed MWD's maintenance log, which records housing issues raised by employee residents and addressed by Real Property staff. • Interviewed employee housing residents regarding their experiences with employee housing, including how quickly MWD responds to repair requests or other concerns. • Reviewed MWD's housing occupancy policy and rental agreements that MWD has entered into with employees when providing housing and determined that these documents state that MWD is not responsible for loss of employees' personal property.
<p>d. Providing emergency medical services in remote locations, including 9-1-1 service, life flight/medical transport, fire, police, and security. Determine how these matters are addressed when such services may be unavailable.</p>	<ul style="list-style-type: none"> • Interviewed staff in MWD's Real Property section, who stated that they were unaware of any agreements with emergency responders guaranteeing a minimum level of services, and also that each site had its own security personnel. • Interviewed employees residing in MWD housing. • Identified no issues beyond those described in the report.
<p>e. Providing services for the children of employees, including educational arrangements, busing, and community safeguards to prevent accidents, injuries, and potential hazards.</p>	<ul style="list-style-type: none"> • Interviewed staff in MWD's Real Property section, who stated they were unaware of any such services for the children of MWD employees. • Interviewed employees residing in MWD housing. • Identified no issues beyond those described in the report.
<p>f. Otherwise managing its employee housing program.</p>	<p>In addition to the work described above:</p> <ul style="list-style-type: none"> • Reviewed MWD's operating policy on employee housing. • Interviewed employee housing residents regarding their experiences with employee housing. • Visited and inspected a selection of employee housing units at three of MWD's pumping plants.
<p>12 Review and assess any other issues that are significant to the audit.</p>	<p>We did not identify any other issues that are significant to the audit.</p>

Source: Audit workpapers.

Assessment of Data Reliability

The U.S. Government Accountability Office, whose standards we are statutorily obligated to follow, requires us to assess the sufficiency and appropriateness of the computer-processed information we use to support our findings, conclusions, and recommendations. In performing this audit, we relied on electronic data files from MWD related to its EEO complaints, hiring demographics, and safety incidents. To evaluate the data, we interviewed staff knowledgeable about the data and performed testing of the data. In all instances, except the EEO data, we found the data to be sufficiently reliable for our audit purposes. We determined that the EEO complaint data was incomplete and inaccurate. However, there is sufficient evidence in total to support our findings, conclusions, and recommendations.

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THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Office of the General Manager

April 4, 2022

Mr. Michael Tilden*
California State Auditor
621 Capitol Mall, Suite 1200
Sacramento, California 95814

Dear Mr. Tilden:

Thank you for the opportunity to review and respond to your audit of The Metropolitan Water District of Southern California's handling of Equal Employment Opportunity (EEO) complaints from 2004 to 2021, our hiring practices, the independence and authority of the Ethics office, our safety program, and our maintenance of workforce housing at our desert facilities.

Metropolitan accepts the audit's recommendations and will swiftly implement them to address deficiencies identified. I welcome this audit's recommendations as important additions to the workplace improvements that I have already begun to institute since joining Metropolitan as its General Manager nine months ago. Some of that progress as well as other specific comments on the audit are outlined in the attachment to this letter.

We have zero tolerance for harassment, misconduct, or bias, and we are committed to establishing best-in-class EEO policies and systems to safeguard our workforce.

In addition to adopting the audit's recommendations, Metropolitan is implementing new policies and procedures recommended by a Workplace Climate Assessment that we commissioned from an outside law firm last year and that will strengthen our agency and better serve all our employees.

Metropolitan recently announced the hiring of a new EEO Officer, who will start on April 18. The EEO Officer is a direct report to me and will have the independence and reporting structure recommended in this audit.

* California State Auditor's comments begin on page 93.

Mr. Michael Tilden
Page 2
April 4, 2022

We are also finalizing the hiring of a talented leader to oversee our newly created Diversity, Equity, and Inclusion Office, which will establish programs to support our workforce and help our agency continue to adapt to societal changes and expectations.

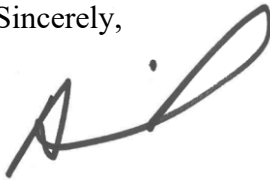
Both of these new offices will be fully resourced and staffed, as is reflected in the proposed biennial budget I have presented to Metropolitan's Board of Directors, and I am committed to providing sufficient resources for these offices going forward and commensurate to the need.

Metropolitan has established a Joint Labor Management Advisory Committee and will continue to work with our labor partners to pursue new policies, programs, and personnel to help build and reaffirm a workplace culture of inclusion, respect, and safety for all our employees and to improve accountability at all levels of the agency. This expectation – a workplace culture of equity, fairness and inclusion – was the focus of a management forum dialogue held last month among 280 of Metropolitan's executive leadership, managers and supervisors.

- ① We have begun a collaboration with the National Safety Council to identify further improvements to our safety programs and practices. We have held two "Resident Town Hall" listening sessions to hear from tenants of our desert housing, and we have established a communications portal to improve information sharing with our tenants. Metropolitan will invest the resources necessary to improve living conditions for our valued workforce in our desert facilities.

I appreciate the work of you and your team to help improve our agency to benefit our employees.

Sincerely,



Adel Hagekhalil
General Manager

Attachment

Attachment 1 Audit Summary and Metropolitan Response

Item	Audit Findings	State Auditor Recommendations	Due Date	Metropolitan Response
1	<p><u>Ethics</u></p> <ol style="list-style-type: none"> 1. The Ethics Office lacks the necessary independence to perform its duties as required by SB60 2. Ethics Office suffers from insufficient policies and procedures 3. Leadership demonstrated an unwillingness to ensure the office has the necessary resources and authority to investigate ethics complaints 	<p><u>Legislative updates:</u></p> <ul style="list-style-type: none"> • Amend state law to include one or more mechanisms by which it can revoke or limit MWD’s authority over key personnel and ethics processes • Establish MWD’s ethics officer as the sole authority for interpreting MWD’s ethics rules when conducting investigations into alleged ethics violations • Grant MWD’s ethics officer the authority to contract with outside legal counsel for the purposes of receiving independent legal advice • Require any employee within MWD, including board members, to provide ethics officer any documents requested as part of an ongoing investigation without waiving any privileges that may apply • Prohibit any employee within MWD, including board members, from interfering in any way in an investigation 		<p>MWD accepts and will implement the audit recommendations. We welcome the opportunity to work with the state legislature to address the audit findings and ensure the Ethics Office has the authority and independence to effectively carry out its duties.</p>
		<p><u>MWD Administrative code updates:</u></p> <ul style="list-style-type: none"> • Prohibit interested parties from participating in the office’s investigation process, except when necessary • Establish the best practices highlighted in this report for protecting the independence of the ethics office 	<p>October 2022</p>	<p>MWD accepts and will implement the audit recommendations.</p>

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Attachment 1 Audit Summary and Metropolitan Response

Item	Audit Findings	State Auditor Recommendations	Due Date	Metropolitan Response
2	<p><u>Legal/Ethics</u></p> <p>Interference by high ranking officials: Weaknesses in the Code allowed the GC and the Chair of the Board to interfere with the work of the Ethics Office</p> <ul style="list-style-type: none"> • Re investigation of improper disclosure of a confidential document; Ethics inquiry from the Chair and GC review sought to change the Ethics Officer's conclusion • Investigation of a staff member making misleading statements to the board Inappropriate interference by GC 	<p>Refer to Item 1 above.</p>		<p>Metropolitan accepts and will implement the audit recommendations to ensure the independence of the Ethics Office and ensure avoidance of conflicts of interest in the investigation of complaints.</p> <p>The General Counsel and the past Chair provided the following information to the Audit team, which was not reflected in the report:</p> <ul style="list-style-type: none"> • The inquiry by the Chair was in response to the improper disclosure of an attorney/client privileged document to counsel opposing Metropolitan in litigation. <p>The General Counsel reviewed the preliminary investigation report and provided comments to the Ethics Officer as requested by the Chair of the Board. The Ethics Officer was not bound by and did not accept the comments of the General Counsel; she did not change the conclusion of her preliminary investigation. The Chair and the General Counsel did not improperly interfere with the independence of the Ethics Officer.</p> <ul style="list-style-type: none"> • The General Counsel reviewed drafts of the Ethics Officer's investigation report in accordance with the Ethics Office Rules of Investigation. The rules at that time included a review function by the General Counsel; anticipated that the Ethics Officer and General Counsel may not always agree; and made clear that the Ethics Officer retained the autonomy to accept or reject any comments or recommendations of the General Counsel. The General Counsel acted in accordance with the rules created by the Ethics Officer; comments by the General Counsel in accordance with adopted procedures did not constitute interference with the Ethics Officer.

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Attachment 1 Audit Summary and Metropolitan Response

Item	Audit Findings	State Auditor Recommendations	Due Date	Metropolitan Response
①	4. Conduct more analysis around underrepresentation; obtain and analyze promotion/job bid data; share findings of analysis with relevant staff and management groups	Adopt and publish comprehensive formal hiring procedures that include <ul style="list-style-type: none"> • Process for screening applications based on defined criteria • Clear instructions for justifying hiring decisions • Document retention requirements for human resources staff and hiring managers 	October 2022	<ul style="list-style-type: none"> • A recruitment procedures document has been drafted to be discussed with the bargaining units. <ul style="list-style-type: none"> ○ It will be reviewed and revised, if necessary, to include specific processes for screening applicants, justifying hiring decisions, and clarifying document retention requirements based on the State Audit recommendations ○ Improved documentation in the recruitment file is planned, specifically for screening criteria and hiring decisions
		Reinstate EEO Office's role in the hiring process and develop formal procedures describing that role	October 2022	<ul style="list-style-type: none"> • Metropolitan, will establish the appropriate role for EEO in the hiring process. Once established it will be documented in formal procedures and training will be provided
⑤	4 <u>EEO</u> <ol style="list-style-type: none"> 1. MWD's EEO policy and procedures do not align with best practices 2. EEO and sexual harassment policies are out of date 3. MWD does not provide EEO investigation procedures to employees 4. Due to delays in investigations, employees may continue to work in dysfunctional or potentially unsafe situations 	Ensure compliance with state and federal laws and best practices, by updating policy to: <ul style="list-style-type: none"> • Include a robust definition and example of retaliation • Include information about an employee's right to file a complaint directly with DFEH or the EEOC • Make explicit reference to written investigatory procedures where employees can obtain a copy of procedures • Ensure that the policy accurately reflects all other requirements in state and federal law. MWD should establish a process for regularly reviewing the policy to see if changes are needed. 	October 2022	MWD accepts and will implement the audit recommendations <ul style="list-style-type: none"> • The newly hired EEO Officer will be developing a strategic and organizational plan to eliminate the backlog of cases and ensure policies and procedures are up to date. In the meantime, MWD has hired an outside law firm experienced in EEO matters, Meyers Nave Company, to re-write policies and procedures, including a retaliation and abusive conduct policy. Policies and procedures will strengthen the specific references to employee's rights to file directly with the DFEH and EEOC. These policies/procedures will receive input from the Joint Labor Management Advisory Committee and also be presented to the DE&I Council. The role of the EEO Officer will be to regularly review all policies and procedures to determine if changes are needed.

Attachment 1 Audit Summary and Metropolitan Response

Item	Audit Findings	State Auditor Recommendations	Due Date	Metropolitan Response
		<p>To avoid future instances in which EEO complaints go unaddressed:</p> <ul style="list-style-type: none"> Develop written procedures that specify how non-EEO staff who receive complaints from employees should handle referrals of EEO complaints to the EEO office, and train staff on those procedures 	<p>June 2022</p>	<ul style="list-style-type: none"> As mentioned above, MWD has hired an outside law firm experienced in EEO, Meyers Nave Company, to re-write policies and procedures which will include how referrals to the EEO office from non-EEO staff should be handled. Once these policies and procedures are established all HR staff, Ethics staff and management will be trained.
		<p>To ensure that the EEO office has appropriate jurisdiction over EEO complaints:</p> <ul style="list-style-type: none"> Develop written procedures for handling potential threats to impartiality in investigations, which contain explicit conditions in which a party other than the EEO office plays a lead role in an EEO complaint, such as the Ethics Officer or the General Counsel's office 	<p>June 2022</p>	<ul style="list-style-type: none"> MWD has hired an outside expert, Meyers Nave Company, to revise existing policies and procedures. These revisions will formally define the practice of ensuring that conflicts of interest and impartiality in the EEO investigation process are clear, specifically when a party other than the EEO office plays a lead role in an EEO complaint.
		<p>Annually share the results of its NDP analyses with various management groups as well as recruitment</p>	<p>June 2022</p>	<ul style="list-style-type: none"> With the plan to increase the staff in the EEO office, and specific roles defined, staff will be dedicated to conduct the analysis required for compliance with the AAP and NDP and to share the results with management and recruitment staff will become a regular annual process.
		<p>To ensure it has effective and up-to-date policies on related personnel matters:</p> <ul style="list-style-type: none"> Review and update its sexual harassment policy as needed Develop an official policy defining and prohibiting abusive conduct 	<p>October 2022</p>	<ul style="list-style-type: none"> MWD has hired an outside expert, Myers Nave Company, to revise existing policies and procedures. This includes the sexual harassment policy and an official policy on prohibiting abusive conduct.

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Attachment 1 Audit Summary and Metropolitan Response

Item	Audit Findings	State Auditor Recommendations	Due Date	Metropolitan Response
5		<p>To better position itself to handle all EEO responsibilities required by state and federal law and best practices, implement the following improvements to its EEO office:</p> <ul style="list-style-type: none"> • Create and fill additional positions that are commensurate with the workload of the EEO office, including additional staff to handle investigations, training, and compliance • Assign formal written responsibilities for specific staff within the office • Structure the EEO office in such a manner that it can operate independently with minimal potential threats to impartiality 	October 2022	<ul style="list-style-type: none"> • The newly hired EEO Officer, scheduled to start in April, will be developing a strategic and organizational plan. In addition, the proposed budget includes increasing the staff of the EEO office from 2 full-time positions to 6 full-time positions which will be filled to address the needs of the function, with the understanding that additional resources can be identified as needed to meet the stated goal of the Board. As part of the strategic and organizational plan, responsibilities will be assigned formally within the office through performance expectations and established job descriptions.
		<p>To ensure timely response to EEO complaint, update investigation procedures to include:</p> <ul style="list-style-type: none"> • Time frames that match DFEH best practices for responding to, investigating, and closing EEO complaints and should adhere to those time frames • Report to its board quarterly on how many EEO complaints have been received, investigated, including how many of those investigations surpassed the time frames in MWD's procedures 	October 2022	<ul style="list-style-type: none"> • MWD has hired an outside expert, Meyers Nave Company, to revise existing policies and procedures. These will include references to time frames similar to the DFEH and EEOC. In addition, the EEO Officer will report to the Board quarterly as recommended by the State Audit.
		<p>To ensure that all EEO complaints and their outcomes are recorded accurately and promptly:</p> <ul style="list-style-type: none"> • Implement an electronic recordkeeping system that will allow for accurate and complete tracking of EEO complaints in a single location. • Designate an individual to be responsible for logging, tracking, and updating EEO complaint records 	October 2022	<ul style="list-style-type: none"> • MWD has recently selected an electronic recordkeeping system to track cases and to receive anonymous calls. The new system will provide a more comprehensive way for MWD EEO office and Human Resources to track, document and manage its cases with greater efficiency and timeliness. • As stated, our proposed budget includes additional positions for the EEO office to support MWD EEO efforts.

Attachment 1 Audit Summary and Metropolitan Response

Item	Audit Findings	State Auditor Recommendations	Due Date	Metropolitan Response
		To ensure equity and consistency in its disciplinary process: <ul style="list-style-type: none"> • Implement a written, formal process that outlines the steps that it must follow and the factors it must consider when deciding whether and how to issue discipline • Develop a recordkeeping policy that documents the disciplinary process so that it can demonstrate that its process is thorough and consistent 	October 2022	<ul style="list-style-type: none"> • Steps are in progress to document a formal checklist, or step process, for factors that must be considered, reviewed and documented in any disciplinary action including those resulting from an EEO investigation. • The new system described will be implemented for Employee Relations cases including discipline, grievances and appeal hearings.
		To prevent and address mistreatment of complaints and potential violations of its retaliation policy: <ul style="list-style-type: none"> • Develop written procedures for identifying and intervening in potential retaliation while EEO investigations are ongoing • Dedicate a person to follow up with complainants after EEO investigations to ensure that incidents involving potential retaliation are not occurring, as well as track these follow-up discussions 	October 2022	<ul style="list-style-type: none"> • MWD has hired an outside expert, Meyers Nave Company, to revise existing policies and procedures. These will include further definition of retaliation. • As part of the new EEO Officer strategic plan, roles and responsibilities will be defined for all EEO Office staff and will include a role, or person, to follow-up with complainants to ensure retaliation is not occurring.

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Attachment 1 Audit Summary and Metropolitan Response

Item	Audit Findings	State Auditor Recommendations	Due Date	• Metropolitan Response
		To ensure the board is informed of how often EEO matters are being settled and by what means: <ul style="list-style-type: none"> • Amend the administrative code to require that all settlements that invoke confidentiality or have a financial impact, be reported quarterly to the Legal and Claims Committee • Develop a written policy that outlines mandatory information required for reporting settlements. To include whether EEO issues were implicated, is the employee still employed by MWD, existence and type of financial or confidentiality terms, and has MWD take any corrective action in response to the alleged issues • Implement centralized recordkeeping procedures for all employee settlement agreements, including a means of confidentially indicating the existence of such settlement in the EEO complaint database, its personnel database, or some other central repository 	October 2022	<ul style="list-style-type: none"> • Metropolitan will amend its Administrative Code to require that all settlements that invoke confidentiality or have a financial impact, be reported quarterly to the Legal and Claims Committee. • Metropolitan will develop a written policy that outlines mandatory information required for reporting settlements, which will include whether EEO issues were implicated, whether the employee is still employed by Metropolitan, the existence, and type of financial or confidentiality terms, and whether the action was taken to address the alleged issues including any corrective action taken. • Metropolitan will implement centralized recordkeeping procedures for all employee settlement agreements, including a means of confidentially indicating the existence of such settlement in the EEO complaint database, the personnel database, or some other central repository.
5	<p>Safety</p> <ol style="list-style-type: none"> 1. Policies do not require a minimum level of collaboration between management and safety staff 2. Policies do not define retaliation or create a process for responding to retaliation concerns from employees 	<ul style="list-style-type: none"> • Establish minimum collaboration between safety and managers • Ensure handling of safety complaints • Define retaliation and document protection from retaliation 	June 2022	<p>MWD accepts and will implement the audit recommendations.</p> <ul style="list-style-type: none"> • A written requirement will be added to the Health and Safety Employee (HSE) Manual establishing a minimum level of regular meetings between safety representatives and management • The HSE Manual will be updated to reference the MWD-wide policy against retaliation contained in Division VII of the Metropolitan Administrative Code. • We have begun a collaboration with the National Safety Council to identify further improvements to our safety programs and practices.

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Attachment 1 Audit Summary and Metropolitan Response

Item	Audit Findings	State Auditor Recommendations	Due Date	Metropolitan Response
6	<p><u>Housing</u></p> <p>MWD has not prioritized responding to housing issues</p> <ol style="list-style-type: none"> 1. Maintenance database does not reliably track how long it takes to resolve housing issues 2. Employees cannot afford additional delays in the housing replacement process 	<p>To better protect employees required to reside in employee housing from issues threatening the safety and habitability of this housing:</p> <ul style="list-style-type: none"> • Improve detail and consistency of procedures for responding to maintenance requests • Establish procedures for tracking and regularly report to the board • Establish contingency plan for addressing its long-term issues 	<p>October 2022</p>	<p>MWD accepts and will implement the audit recommendations.</p> <ul style="list-style-type: none"> • Metropolitan has held two listening sessions in the last six months with tenants of our desert housing and has established a "Resident Portal" to improve communication and provide repair status for resident requests and other pertinent information as it relates to the Safe, Decent and Sanitary standard condition of the homes. ① • Real Property has also established a protocol for prioritizing maintenance and repairs (resident reported and proactively scheduled to avoid failure), hired a planner/scheduler to ensure accuracy of repair/maintenance data, and trained the Maintenance Manager and technicians on the appropriate use of the asset maintenance system. A regular report to the board on housing maintenance activity will be provided. ⑦ • Our proposed budget includes additional staff positions for the Real Property Group to support MWD's efforts to ensure the timely response to service requests of the employees required to reside in employee housing. • A contingency plan will be prepared to address long-term employee housing replacement and put into effect in the event the planned replacement of employee housing currently underway does not move forward.

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Comments

CALIFORNIA STATE AUDITOR'S COMMENTS ON THE RESPONSE FROM THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

To provide clarity and perspective, we are commenting on the response to the audit from MWD. The numbers below correspond to the numbers we have placed in the margin of the response.

Throughout its response MWD claims to have taken actions that are responsive to our audit findings and recommendations. MWD did not inform us about these actions during our audit. As such, we have not reviewed evidence demonstrating the progress MWD claims to have made in these areas. We look forward to reviewing the documentation MWD provides related to these actions during our regular follow-up on the status of our recommendations.

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In the attachment to its response, MWD summarizes some of our findings and recommendations. These summaries are not always complete and sometimes omit information critical to properly understanding our findings and recommendations. Therefore, please refer to our findings throughout the body of the report and our recommendations starting on page 5.

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We disagree with MWD's assertion that the general counsel and former chair provided us information that was not reflected in the audit report. The report reflects our careful consideration of all relevant information we collected, including any provided by the general counsel and former chair. For example, we discuss our review of the ethics office's procedures, and the flaws in those procedures, throughout the relevant sections of our report. However, as we state on pages 55 and 56, because MWD has declined to waive the privileged status of much of the documentation supporting our conclusions, we cannot discuss some aspects of the interference we observed in detail. Further, MWD's response does not dispute the accuracy of any fact included in the report. Instead, MWD appears to take issue with the conclusions we reached. However, we stand by our conclusion that the former chair and general counsel inappropriately interfered in the two ethics investigations we discuss.

③

MWD mischaracterizes our concerns about the 2017 review of MWD's ethics office by an outside law firm. Our concerns are not based on the scope of the review. Instead, as we conclude on page 58, the decision by MWD's management to initiate the review was not sufficiently transparent or accountable. Nonetheless, MWD's statement that the outside law firm's scope of work was unrelated to specific ethics office investigations is inaccurate. The scope of work for the review clearly states that the firm will

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review recent investigations for procedural soundness. Further, as we note on page 58, the former chair announced at a public board meeting that his decision to initiate a review of the ethics office was because of concerns with recent ethics office investigations. We also reviewed further evidence regarding MWD's motivations for initiating the external review. However, because that documentation is privileged, we are unable to discuss it here. MWD's mischaracterization of its 2017 review of the ethics office—as well as its persistent unwillingness to ensure that the ethics office has the necessary resources and authority to operate independently—further highlight the need for legislative intervention.

- ⑤ MWD's response that it has hired an outside law firm to revise existing policies and procedures to address key EEO-related findings and recommendations raises concerns that MWD is still not taking sufficient responsibility for its EEO process. As we state on page 20, MWD has not adequately planned or devoted resources to its EEO program. As a result, we recommend on page 6 that MWD staff its EEO office to handle all EEO responsibilities and assign formal responsibilities for that staff. Given that MWD references the hiring of an EEO officer and states it intends to increase staff in its EEO office, it is unclear to us why MWD is relying on an external party to perform this important work instead of developing the expertise and independence to do so in accordance with our recommendation.
- ⑥ MWD indicates that the implementation date for this recommendation is June 2022. Before receiving MWD's response, we informed MWD that we would change the implementation due date for the recommendation related to handling of safety complaints and the protection of workers who make them to October 2022, as shown on page 9. We made this change because MWD indicated that doing so would allow it to implement this recommendation in conjunction with the retaliation-related recommendations that resulted from our EEO review.
- ⑦ We were aware of the steps MWD described in its response and concluded they are insufficient. For example, as we explain on page 61, MWD's process documents for responding to maintenance requests lack the detail necessary to determine what types of maintenance requests will trigger a timely response. Moreover, MWD refers to hiring a planner, which is an action it took in July 2020 according to the information it provided to us. Nonetheless, as we explain on page 62, our review of MWD's maintenance data determined that we cannot rely on the data. Our determination was based on deficiencies in the data that persisted through the time of our review. Therefore, we stand by our conclusions that MWD should take additional steps in order to ensure the habitability of the housing it provides its employees.

Proposed Amendment to Administrative Code Section 2720**§ 2720. General Manager's Quarterly Reports.**

The General Manager shall quarterly make the following reports:

(a) To the Engineering and Operations Committee: a report on the Capital Investment Plan, including service connections approved by the General Manager pursuant to Sections 4700-4708 with the estimated cost and approximate location of each and the execution of any relocation agreements involving an amount in excess of \$100,000 under authority of Section 8122(c);

(b) To the Finance and Insurance Committee:

A summary of financial performance including Comparative Statements of Operations and Comparative Balance Sheets and variances thereof from estimates;

(c) To the Real Property and Asset Management Committee:

(1) Deeds or grants accepted during the preceding quarter;

(2) Easements, or similar rights, granted during the preceding quarter under the authority of Section 8220, and shall also include in such report any relocation or protection agreement made in connection therewith;

(3) All leases made during the preceding quarter under the authority of Sections 8222, 8223, 8230 and 8232;

(4) The details of any transactions during the preceding quarter in which an improvement was disposed of in such a manner as to make the improvement available for subsequent use by a party other than the District; and

(5) Property sold pursuant to the authority granted by Section 8240 et seq.

(d) To the Legal and Claims Committee, jointly with the General Counsel, the exercise of any power delegated to them by Sections 6431, 6433 and 6434, including all personnel-related settlements that invoke confidentiality or have any financial impact—including paid and reinstated leave—regardless of settlement type. The reporting on personnel-related settlements should include whether equal employment opportunity issues were implicated, whether the employee is still employed by the District, the existence and type of any financial or confidentiality terms, and whether the District has taken any corrective action in response to the alleged issues.

(e) To the Organization, Personnel and Technology Committee:

(1) The status of all information technology projects throughout the organization.

(2) The employment of any professional and technical consultant, the extension of any professional and technical consulting agreement, on the exercise of authority under Section 8121(c) and 8122(h) and the execution of any contract authorized pursuant to Section 8122(g) during the preceding calendar quarter. The report covering the last calendar quarter of the year may be combined with and included in the annual report. Each such report shall indicate when a consultant is a former employee of the District.

Section 2720 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987; paragraphs (a) and (d) amended by M.I. 39036 - June 11, 1991; paragraphs (a)(4) and (b)(e) added by M.I. 39080 - July 9, 1991; paragraph (f) added by M.I. 39840 - September 15, 1992; paragraph (f) repealed by M.I. 40768 - April 12, 1994; paragraph (e) amended by M.I. 41389 - May 9, 1995; paragraph (c) amended by M.I. 41615 - October 10, 1995; paragraph (b) amended by M.I. 42193 - December 10, 1996; paragraphs (b)(6), and (d) amended by M.I. 43587 - June 8, 1999; paragraph (f) added by M.I. 43963 - April 11, 2000; paragraphs (a) and (a)(1) amended, paragraph (b) deleted, sub-paragraphs (4)-(6) renumbered, paragraphs (c)-(f) renumbered and amended by M. I. 44582 – August 20, 2001; original paragraph (4) repealed and paragraphs renumbered; new paragraph (6) amended; old paragraph (d) repealed and renumbered (e) and amended by M. I. 45943 – October 12, 2004; paragraphs(a)(2), (a)(3), (b), (c), and (d) amended by M. I. 46371 – September 13, 2005; paragraphs (a) –(e) amended and renumbered by M. I. 46983 - February 13, 2007; paragraph (2) deleted, former paragraphs (3-8) renumbered, paragraph (c) divided to create paragraph (1), paragraph (2) added by M.I. 47998 - August 18, 2009; paragraph (a) and (1) amended, new paragraph (2)-(4) added, paragraph (c), (1) and (2) deleted, former paragraph (d) renumbered as new paragraph (c), paragraph (e) deleted by M.I. 48081 – November 10, 2009; paragraph (b) amended by M.I. 48534 - January 11, 2011; paragraph (a)(1) amended, paragraphs (a)(2)-(a)(3) deleted, former paragraph (a)(4) renumbered, paragraph (c) added, former paragraph (b)(3)-(b)(7) renumbered, former paragraph (e) renumbered, new paragraph (e) added by M.I. 48800 – September 13, 2011; paragraph (a) amended, subparagraphs (a)(1) and (a)(2) deleted, subparagraph (b)(1) amended to remove number, subparagraph (b)(2) deleted, subparagraph (e)(1) amended, and subparagraph (e)(2) added by M.I. 50155 - June 9, 2015.

Proposed Amendment to Administrative Code Section 2721

§ 2721. General Counsel's Quarterly Reports.

The General Counsel shall quarterly report to the Legal and Claims Committee the exercise of any power delegated to the General Counsel by Sections 6431, 6433 and 6434, including all personnel-related settlements that invoke confidentiality or have any financial impact—including paid and reinstated leave—regardless of settlement type. The reporting on personnel-related settlements should include whether equal employment opportunity issues were implicated, whether the employee is still employed by the District, the existence and type of any financial or confidentiality terms, and whether the District has taken any corrective action in response to the alleged issues.

Section 2721 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987; amended by M.I. 43587 - June 8, 1999; amended by M.I. 48800 – September 13, 2011.

Proposed Amendment to Administrative Code Section 2720**§ 2720. General Manager's Quarterly Reports.**

The General Manager shall quarterly make the following reports:

(a) To the Engineering and Operations Committee: a report on the Capital Investment Plan, including service connections approved by the General Manager pursuant to Sections 4700-4708 with the estimated cost and approximate location of each and the execution of any relocation agreements involving an amount in excess of \$100,000 under authority of Section 8122(c);

(b) To the Finance and Insurance Committee:

A summary of financial performance including Comparative Statements of Operations and Comparative Balance Sheets and variances thereof from estimates;

(c) To the Real Property and Asset Management Committee:

(1) Deeds or grants accepted during the preceding quarter;

(2) Easements, or similar rights, granted during the preceding quarter under the authority of Section 8220, and shall also include in such report any relocation or protection agreement made in connection therewith;

(3) All leases made during the preceding quarter under the authority of Sections 8222, 8223, 8230 and 8232;

(4) The details of any transactions during the preceding quarter in which an improvement was disposed of in such a manner as to make the improvement available for subsequent use by a party other than the District; and

(5) Property sold pursuant to the authority granted by Section 8240 et seq.

(d) To the Legal and Claims Committee, jointly with the General Counsel, the exercise of any power delegated to them by Sections 6431, 6433 and 6434, **including all personnel-related settlements that invoke confidentiality or have any financial impact—including paid and reinstated leave—regardless of settlement type. The reporting on personnel-related settlements should include whether equal employment opportunity issues were implicated, whether the employee is still employed by the District, the existence and type of any financial or confidentiality terms, and whether the District has taken any corrective action in response to the alleged issues.**

(e) To the Organization, Personnel and Technology Committee:

(1) The status of all information technology projects throughout the organization.

(2) The employment of any professional and technical consultant, the extension of any professional and technical consulting agreement, on the exercise of authority under Section 8121(c) and 8122(h) and the execution of any contract authorized pursuant to Section 8122(g) during the preceding calendar quarter. The report covering the last calendar quarter of the year may be combined with and included in the annual report. Each such report shall indicate when a consultant is a former employee of the District.

Section 2720 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987; paragraphs (a) and (d) amended by M.I. 39036 - June 11, 1991; paragraphs (a)(4) and (b)(e) added by M.I. 39080 - July 9, 1991; paragraph (f) added by M.I. 39840 - September 15, 1992; paragraph (f) repealed by M.I. 40768 - April 12, 1994; paragraph (e) amended by M.I. 41389 - May 9, 1995; paragraph (c) amended by M.I. 41615 - October 10, 1995; paragraph (b) amended by M.I. 42193 - December 10, 1996; paragraphs (b)(6), and (d) amended by M.I. 43587 - June 8, 1999; paragraph (f) added by M.I. 43963 - April 11, 2000; paragraphs (a) and (a)(1) amended, paragraph (b) deleted, sub-paragraphs (4)-(6) renumbered, paragraphs (c)-(f) renumbered and amended by M. I. 44582 – August 20, 2001; original paragraph (4) repealed and paragraphs renumbered; new paragraph (6) amended; old paragraph (d) repealed and renumbered (e) and amended by M. I. 45943 – October 12, 2004; paragraphs(a)(2), (a)(3), (b), (c), and (d) amended by M. I. 46371 – September 13, 2005; paragraphs (a) –(e) amended and renumbered by M. I. 46983 - February 13, 2007; paragraph (2) deleted, former paragraphs (3-8) renumbered, paragraph (c) divided to create paragraph (1), paragraph (2) added by M.I. 47998 - August 18, 2009; paragraph (a) and (1) amended, new paragraph (2)-(4) added, paragraph (c), (1) and (2) deleted, former paragraph (d) renumbered as new paragraph (c), paragraph (e) deleted by M.I. 48081 – November 10, 2009; paragraph (b) amended by M.I. 48534 - January 11, 2011; paragraph (a)(1) amended, paragraphs (a)(2)-(a)(3) deleted, former paragraph (a)(4) renumbered, paragraph (c) added, former paragraph (b)(3)-(b)(7) renumbered, former paragraph (e) renumbered, new paragraph (e) added by M.I. 48800 – September 13, 2011; paragraph (a) amended, subparagraphs (a)(1) and (a)(2) deleted, subparagraph (b)(1) amended to remove number, subparagraph (b)(2) deleted, subparagraph (e)(1) amended, and subparagraph (e)(2) added by M.I. 50155 - June 9, 2015.

Proposed Amendment to Administrative Code Section 2721

§ 2721. General Counsel's Quarterly Reports.

The General Counsel shall quarterly report to the Legal and Claims Committee the exercise of any power delegated to the General Counsel by Sections 6431, 6433 and 6434, **including all personnel-related settlements that invoke confidentiality or have any financial impact—including paid and reinstated leave—regardless of settlement type. The reporting on personnel-related settlements should include whether equal employment opportunity issues were implicated, whether the employee is still employed by the District, the existence and type of any financial or confidentiality terms, and whether the District has taken any corrective action in response to the alleged issues.**

Section 2721 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987; amended by M.I. 43587 - June 8, 1999; amended by M.I. 48800 – September 13, 2011.



Legal & Claims Committee

Amendments to the Administrative Code

Item 7-8

September 13, 2022

State Audit
Recommendations:
Additional Reporting

Personnel-Related Settlements

- Invoke confidentiality
- Have a financial impact

Each report shall state:

- Whether EEO issues were implicated
- Whether the employee is still employed
- Financial or confidentiality terms
- Whether corrective action has been taken

Proposed Administrative Code Amendments

Modify Sections 2720 & 2721

- Existing: Current Code language does not address the reporting of personnel-related settlements under the **General Manager's and General Counsel's** authority
- Proposal: Add language requiring additional reporting and level of detail specified in the State Audit Recommendations

Applicable Laws

The Stand Together Against No-Disclosures Act (SB 820)

The Silenced No More Act (SB 331)

These laws prohibit nondisclosure agreements (NDAs) preventing the disclosure of facts related to claims of harassment, discrimination, and related allegations based on protected EEO characteristics, including race, sex, and sexual orientation

Susan Woolley

Metropolitan retained the services of Consultant in connection with a confidential employment matter.

Van Dermvden Makus Law Corporation – Agreement 201891

This agreement was amended this quarter to modify the scope of work and key personnel sections.

Van Dermvden Makus Law Corporation – Agreement 203458

This agreement was amended this quarter to reflect a change in the scope of work and to reflect an increase in the maximum amount payable. This agreement was also amended this quarter to reflect a change in the agreement administrator and a modification to the billings and payments, insurance, and notices sections.

Claims and Other Matters

1. Between April 1, 2022 – June 30, 2022, Metropolitan initiated, compromised, settled, or otherwise disposed of the following claims and entered into the following separation agreements:

a. Litigated, Compromised and Settled Claims By and Against Third Parties

Metropolitan entered into the following settlement agreement within this past quarter.

1. AFSCME Local 1902 v. Metropolitan (MOU Hearing Officer Appeal):

On March 21, 2021, Operator who all grievance claims: overtime. Metroj officer. The part hearing. EEO is operator is still en reinstatement of settlement.

2. AFSCME Local 1902 v. Metropolitan (MOU Hearing Officer Appeal):

On March 27, 2021, Employment Rel Milias-Brown Ac iExpense System employees to ent \$25. AFSCME I after the parties n the mapping requ

3. Cal-OSHA Citations

As a result of an OSHA issued a Citation for two alleged "General" violations. The total proposed penalty amount for the "General" violations is \$1,120. Metropolitan filed appeal for the two "General" violations on the grounds that: (1) the safety order was not violated, that (2) the classification of "general" is incorrect, and (3) the proposed penalty is unreasonable. Metropolitan asserted the following affirmative defenses for both items that: (1) the division failed to consider relevant information

Excerpt from the Legal Department's June 30, 2022 Quarterly Report

1. AFSCME Local 1902 v. Metropolitan (MOU Hearing Officer Appeal):

On March 21, 2021, AFSCME Local 1902 filed a grievance on behalf of a Water Treatment Plant Operator who alleged the denial of authorized leave in violation of the AFSCME MOU. The grievance claimed a loss of sick and vacation hour accrual, holiday pay, and missed overtime. Metropolitan denied the grievance and AFSCME appealed the denial to a hearing officer. The parties agreed to resolve the grievance prior to a scheduled June 1, 2022 hearing. **EEO issues were not implicated**, the agreement has **no confidentiality provisions**, the operator is still employed by Metropolitan, and the operator received **\$2,638.96 in backpay and reinstatement of 72.5 hours in leave time**. The grievance has been withdrawn pursuant to this settlement.

Board Options

- Option #1
Approve recommended amendments to the Administrative Code
- Option #2
Do not approve recommended amendments to the Administrative Code

Staff Recommendation

- Option #1
 - Approve recommended amendments to the Administrative Code
 - ✓ Complies with the State Audit's recommendations
 - ✓ Complies with the State Audit's deadline of October 2022
 - ✓ Enhances MWD's processes and procedures, and promotes greater transparency



Questions



● **Board of Directors**

Real Property and Asset Management Committee

9/13/2022 Board Meeting

7-9

Subject

Authorize granting a new ten-year license agreement to Valley-Wide Recreation and Park District for the continued operation of a trail on Metropolitan fee-owned property in the city of Hemet and county of Riverside California Assessor Parcel Numbers; 454-070-016; 454-140-029; 454-140-033; 454-140-035, -036, -037; 454-160-001; 454-160-010, -011, -012, -013, -014, -015, -016; 454-280-024; 454-280-029; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

This action authorizes the General Manager to enter into a new, ten-year license agreement with Valley-Wide Recreation and Park District (Valley-Wide) at Diamond Valley Lake (DVL) (**See Location Map in Attachment 1**). In September 2017, Metropolitan granted Valley-Wide a one-year lease, renewable for up to five years, under the General Manager's authority to operate a walking/running trail (trail) adjacent to the existing Valley-Wide park facility. This lease agreement expired on August 31, 2022. Valley-Wide is requesting a new ten-year license agreement under mutually beneficial terms and conditions for the continued operation of the trail. This license agreement will allow them to offer expanded recreational opportunities that complement their existing onsite recreation components. This recreational trail will contribute to increased secondary uses of Metropolitan-owned property while advancing Metropolitan's objective of enhancing recreational amenities at DVL.

Details

Background

Metropolitan established the DVL East Recreation Area to provide public access to the recreational, natural, and cultural resources at DVL. Valley-Wide is a special district in the county of Riverside that operates public parks, recreational facilities, and programs, including Diamond Valley Lake Community Park and Aquatic Center at the DVL East Recreation area. Metropolitan granted Valley-Wide a ground lease for this East Recreation area in 2001, which offers a range of recreation activities to members of the local community, such as organized youth baseball, softball, soccer, aquatic activities, and other recreation amenities. In 2017, Metropolitan granted Valley-Wide an additional lease to operate a trail on the property adjacent to the community park facility. This lease agreement is at the end of its term, and staff is recommending a new, ten-year license agreement that will enable Valley-Wide to continue its use of the property as a trail and to host cross-county and other local running events that serve schools, fire/law enforcement, and veteran support organizations.

Valley-Wide's use of Metropolitan property under this license is limited to the path of the existing trail, which totals 5.9 acres. The trail site is located near an area that has seen increased dumping and trespassing incidents that require valuable district resources to redress. Increasing the recreational use of this land will discourage unauthorized uses on the property. Granting this license agreement will affirm Metropolitan's commitment as a community partner while reducing the costs of protecting and managing Metropolitan-owned lands.

In 2017, Metropolitan became signatory to the Diamond Valley Lake Memorandum of Intent (MOI) to partner with public recreation agencies and community partners to enhance access to recreational amenities at DVL. Therefore, this proposed use is in alignment with the objectives of the MOI.

Staff has concluded that it is mutually beneficial to waive the appraised license fee value of this property and recommends replacing the existing lease structure with current Metropolitan standard license provisions. Staff evaluation has determined that this agreement will not interfere with Metropolitan's operations or facilities in the area.

The proposed agreement will have the following key provisions and benefits:

- Subject to Metropolitan's paramount rights reservation.
- Ten-year term.
- License is mutually beneficial by increasing public recreational opportunities while reducing unauthorized dumping and trespassing abatement costs to Metropolitan.
- Licensee is responsible for trail maintenance.
- Metropolitan will retain the right to cancel the license with 12 months' notice if a preferable long-term use for this property is identified.

Policy

Metropolitan Water District Administrative Code Section 8230: Grants Real Property Interests

Metropolitan Water District Administrative Code Section 8231: Appraisal of Real Property Interests

Metropolitan Water District Administrative Code Section 8232: Terms and Conditions of Management

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed action consists of the leasing, licensing, maintenance, and operating of existing public or private structures, facilities, and equipment with negligible or no expansion of use beyond that existing at the time of the lead agency's determination. In addition, it will not have a significant effect on the environment. Accordingly, this proposed action qualifies as a Class 1 Categorical Exemption (Section 15301 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Authorize granting a new ten-year license agreement to Valley-Wide Recreation and Park District for the continued operation of a trail on Metropolitan fee-owned property.

Fiscal Impact: Metropolitan will forgo the appraised value of the license fee, estimated between \$2,100 to \$4,100 per year. Foregoing the license fee will be offset by the reduced costs to abate illegal dumping and trespassing.

Business Analysis: Enhances public recreation opportunities and promotes visitation to all Diamond Valley Lake facilities. Increases the authorized use of the property, leading to reduced illegal dumping and trespassing activity.

Option #2


Do not authorize the license agreement.

Fiscal Impact: Metropolitan may have increased costs to remedy illegal dumping and trespassing.

Business Analysis: Metropolitan would forego opportunities to enhance recreational offerings to the public.

Staff Recommendation


Option #1



Lilly L. Shraibati
Group Manager
Real Property Group

8/25/2022

Date



Adel Hagekhalil
General Manager

8/26/2022

Date

Attachment 1 – Location Map

Ref# rpd12690479

General Location Map





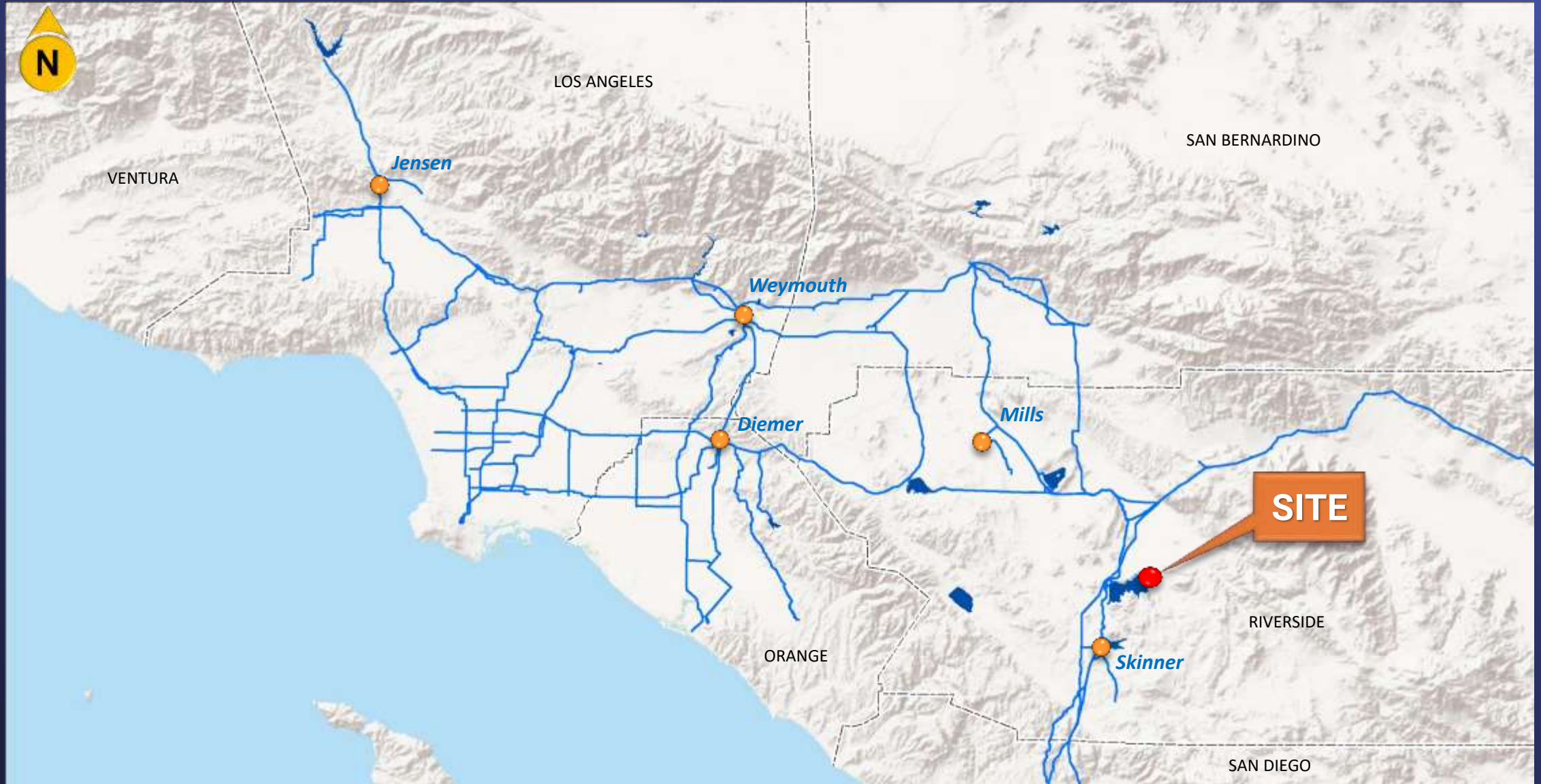
Real Property & Asset Management Committee

Valley-Wide Recreation and Park District License Agreement

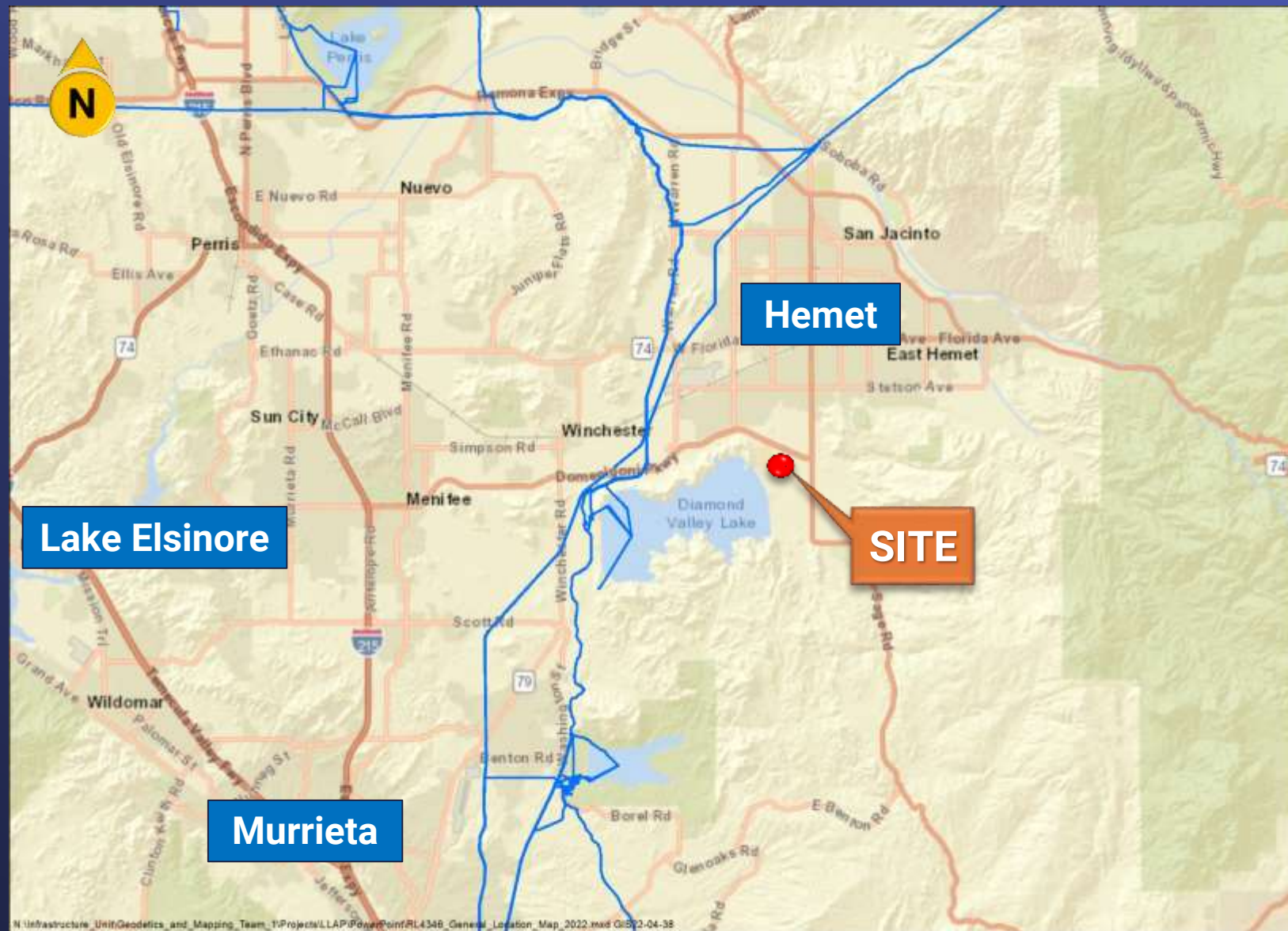
Item 7-9

September 13, 2022

Distribution System Map



General Location Map



Key Provisions

- Subject to Metropolitan's paramount right reservation
- Ten-year term
- License fee to be waived due to mutual benefit
- Licensee is responsible for trail maintenance
- Metropolitan will retain the right to cancel the license with 12 months notice

Board Options

Option No. 1

- Authorize granting a new ten-year license agreement to Valley-Wide Recreation and Park District for the continued operation of a trail on Metropolitan fee-owned property

Option No. 2

- Do not authorize the license agreement

Board Options

Staff Recommendation

- Option No. 1





● **Board of Directors**
Real Property and Asset Management Committee

9/13/2022 Board Meeting

7-10

Subject

Authorize the General Manager to grant a permanent easement for electrical equipment purposes to Southern California Edison on Metropolitan property in Riverside County; the General Manager has determined that this proposed action is exempt or otherwise not subject to CEQA

Executive Summary

This action authorizes the General Manager to grant a permanent easement to Southern California Edison (SCE) for electrical equipment purposes within Metropolitan's fee-owned property north of Lake Mathews in Riverside County. The proposed easement area is located on the south side of Blackburn Road, just east of La Sierra Avenue, and will encumber a small portion of Metropolitan's property (**Attachment 1**). SCE has requested an easement in connection with its larger project to relocate existing overhead wires and poles underground. Board authorization to grant this permanent easement is required as the real property interest to be conveyed exceeds five years.

Details

Background

SCE has existing wooden poles and overhead electrical lines on Metropolitan fee-owner property near Lake Mathews. SCE proposes to remove this equipment and install new equipment within a new 348-square-foot easement area. The requested area is outside the Lake Mathews conservation easement and ecological reserve boundaries. Staff has determined that the easement will not interfere with Metropolitan's operations, and any improvements proposed within the easement area are subject to Metropolitan's prior review and written approval.

The permanent easement will have the following key provisions:

- Compatible use with paramount rights provisions for Metropolitan.
- Construction, operation, and maintenance of underground electrical equipment.
- SCE is responsible for the operation and maintenance of the electrical equipment and for indemnifying Metropolitan.
- All plans for the initial construction and significant repair, maintenance, and replacement must be reviewed and approved by Metropolitan prior to commencement.
- SCE is responsible for maintenance.
- The permanent easement will be terminated due to non-use and abandonment for a period of three consecutive years.

The fair market value for the proposed easement is \$1,000, as determined by a qualified licensed appraiser. Metropolitan will also receive a one-time processing fee of \$7,500.

Policy

Metropolitan Water District Administrative Code Section 8230: Grants of Real Property Interests

Metropolitan Water District Administrative Code Section 8231: Appraisal of Real Property Interests

Metropolitan Water District Code Section 8232: Terms and Conditions of Management

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 48766, dated August 16, 2011, the Board adopted fair market value policies for managing Metropolitan's real property assets.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed action involves operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use and no possibility of significantly impacting the physical environment. The proposed action also includes minor public or private alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees except for forestry or agricultural purposes. Accordingly, the proposed action qualifies under Class 1 and Class 4 Categorical Exemptions (Sections 15301 and 15304 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Authorize the granting of a permanent easement for electrical equipment to Southern California Edison.

Fiscal Impact: Metropolitan will receive one-time processing fees of \$7,500 and \$1,000 as the fair market value for the easement area.

Business Analysis: Cooperation with other utilities, by granting easements and other rights of entry, furthers the public interest and facilitates Metropolitan's obtaining easements and other property rights critical for its operations. Metropolitan will also receive positive revenue from fees and fair market value for the easement.

Option #2

Do not authorize the permanent easement.

Fiscal Impact: Metropolitan will forego one-time processing and conveyance fees of \$8,500.

Business Analysis: Southern California Edison may be delayed or prevented from implementing its electrical upgrade project and may use eminent domain action to obtain the necessary easement. This option could hinder opportunities to obtain rights or permits for Metropolitan project from Southern California Edison in the future.

Staff Recommendation

Option #1



Lilly L. Shrabati
Manager, Real Property Group

8/24/2022
Date



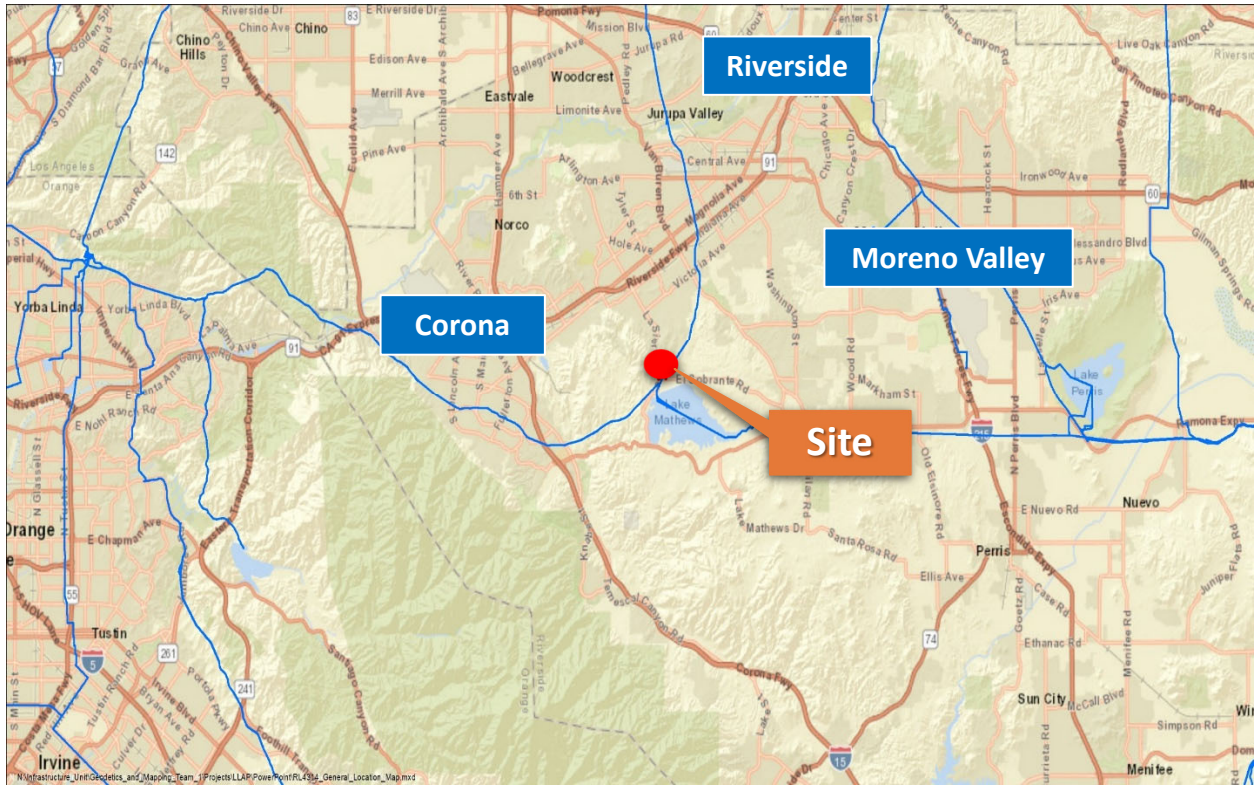
Adel Hagekhalil
General Manager

8/31/2022
Date

Attachment 1 – Location Map

Ref# rpdm 12685386

Location Map





Real Property & Asset Management Committee

Southern California Edison (SCE) Easement Agreement

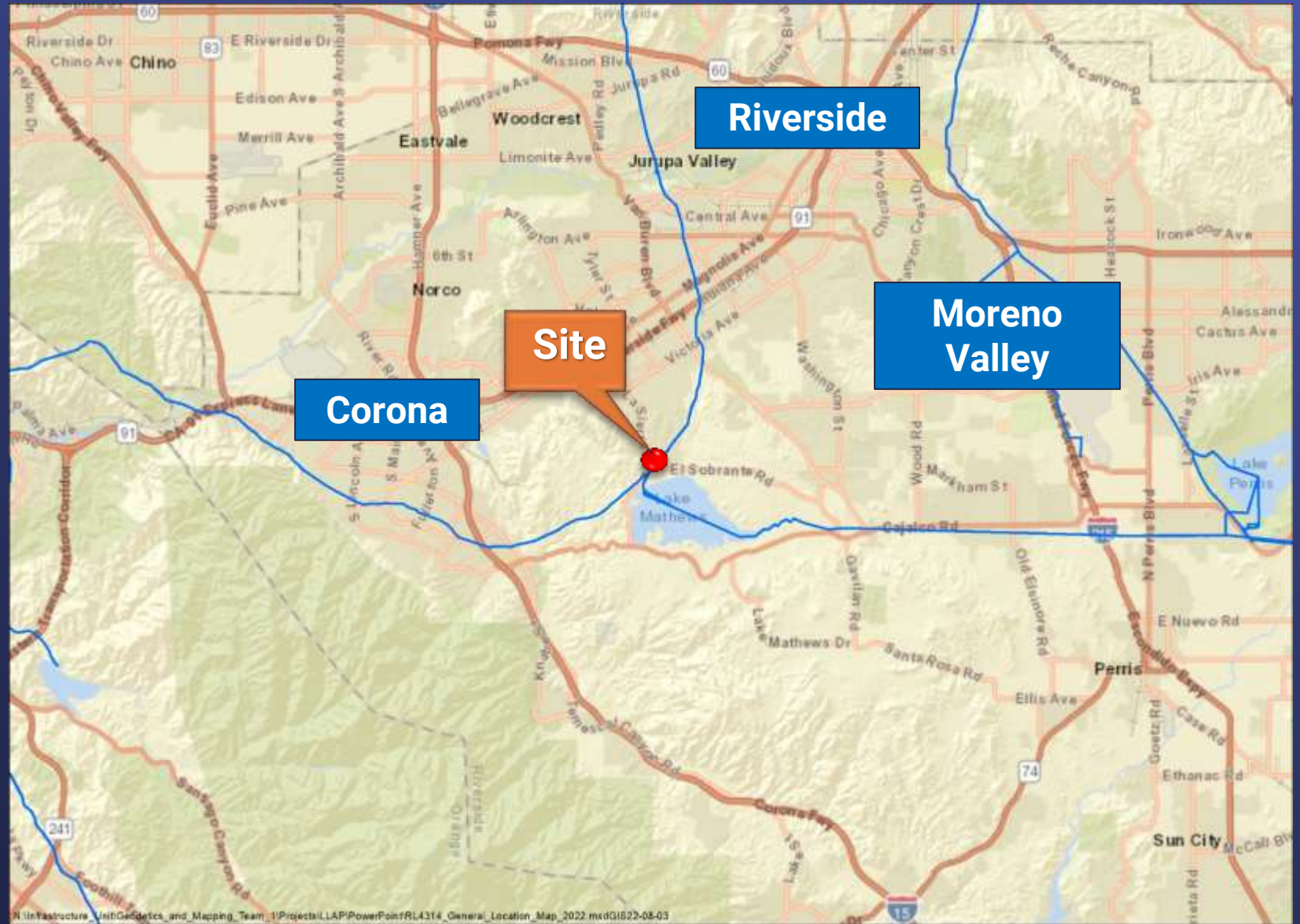
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September 13, 2022

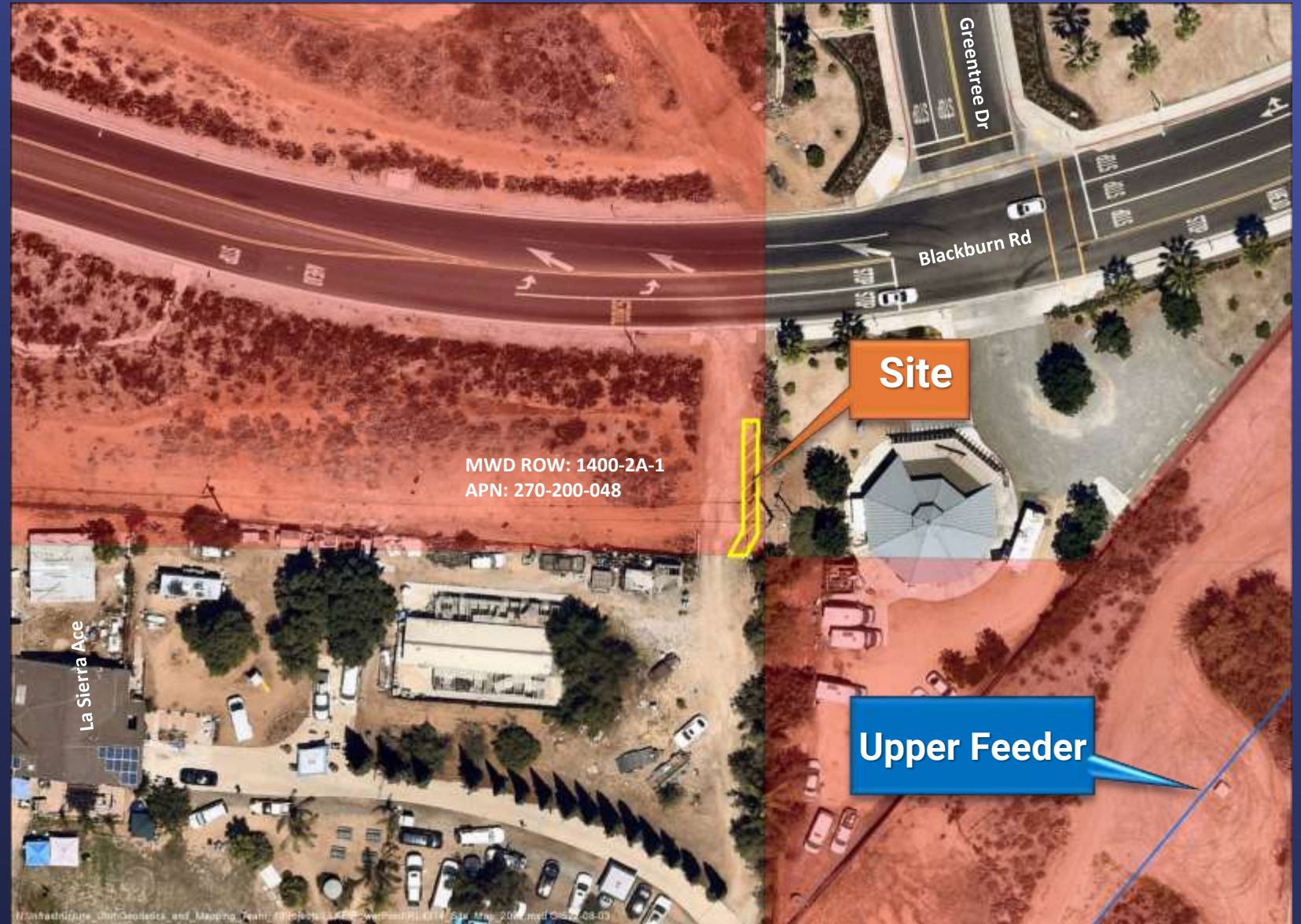
Distribution System Map



General Location Map



Site Map



Key Provisions

- Permanent easement to allow underground electrical equipment
- Easement area is 348 square feet
- Subject to Metropolitan's paramount right reservation
- Easement grantee is responsible for maintenance
- Appraised fair market value of \$2,500
- One time processing fee of \$7,500

Board Options

Option No. 1

- Authorize the granting of a permanent easement for electrical equipment to Southern California Edison

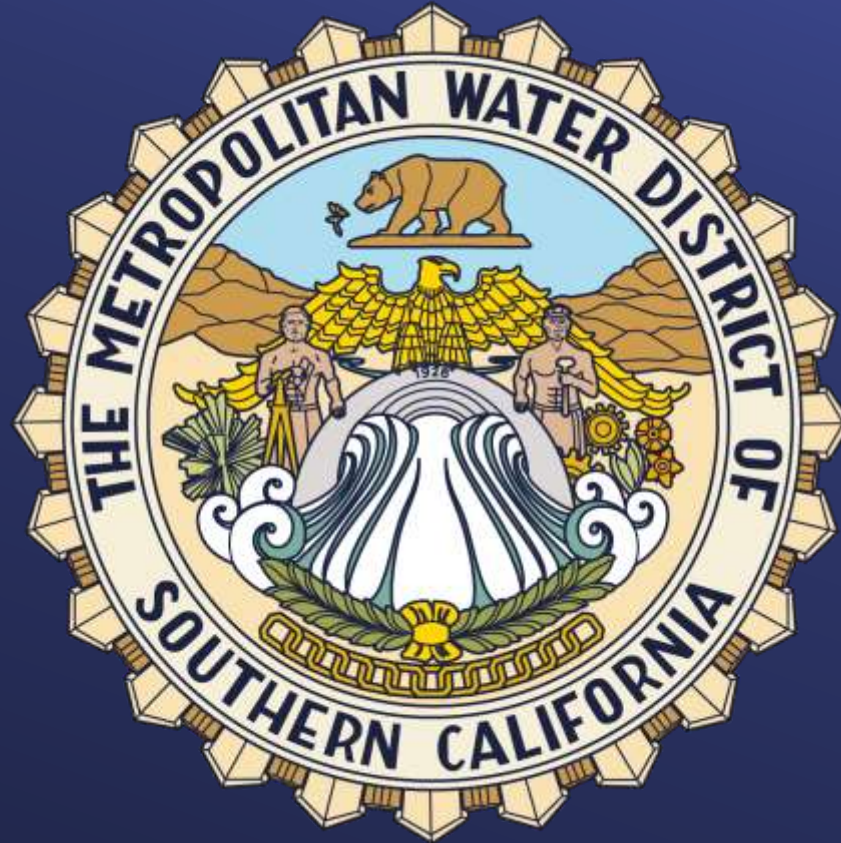
Option No. 2

- Do not authorize the permanent easement

Board Options

Staff Recommendation

- Option No. 1





● **Board of Directors**
Real Property and Asset Management Committee

9/13/2022 Board Meeting

REVISED 7-11

Subject

Authorize an increase of \$8.5 million to an agreement with Roesling Nakamura Terada Architects for a new not-to-exceed total of \$13.5 million for final design and architectural services in support of the District Housing and Property Improvement Program; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Metropolitan maintains employee housing, kitchens, and short-term lodging facilities at the Colorado River Aqueduct (CRA) pumping plant villages. These facilities have exceeded their design life, are showing signs of deterioration, and require replacement. In July 2021, the Board authorized the preliminary design activities to: (1) replace kitchens and guest lodges at the Eagle and Iron Mountain Villages; (2) replace houses at Hinds, Eagle, Iron, Gene Pumping Plants, and Copper Basin Reservoir; and (3) village enhancements at four pumping plants. This action authorizes an amendment to an existing agreement for final design and architectural services in support of the District Housing and Property Improvements Program.

Details

Background

The CRA is a 242-mile-long conveyance system that transports water from the Colorado River to Lake Mathews in Riverside County. The CRA includes five pumping plants that are located in remote, isolated areas of the California desert. The aqueduct system was constructed in the late 1930s and was placed into service in 1941. Since the CRA's inception, Metropolitan has provided lodging or housing to employees involved in the construction, operation, and maintenance of the aqueduct system. Due to the remoteness of the pumping plants, the provision of housing ensures that staff can respond to emergency events in a timely manner.

Houses, kitchens, and short-term lodging were initially constructed at the CRA pumping plants in the early 1940s. The expansion of the CRA's capacity in the 1950s led to the construction of additional houses. Metropolitan has performed routine maintenance on each of these facilities since they were built, but following decades of continuous use and exposure to the harsh desert environment, the houses have deteriorated and are in need of replacement. Replacement of these houses, coupled with the development of multiple enhancement features across Metropolitan's CRA pumping plants villages, will provide for employee retention, create an attraction for future employees, and help create a vibrant, healthy, and sustainable community. Enhancements to the villages include perimeter trails, shade structures, a welcoming and sustainable landscape, and family-friendly community centers.

In 2019, Metropolitan's Board authorized the District Housing and Property Improvement Program across Metropolitan's CRA pumping plants. Planned improvements include:

- (1) Housing Improvements – Replacement of 96 CRA houses at Hinds, Eagle Mountain, Iron Mountain and Gene pumping plants, and Copper Basin Reservoir. The new houses will comply with Title 24 provisions for energy-efficient, cost-effective buildings.
- (2) Village Enhancements – Enhancements to these villages include perimeter trails, shade structures, a welcoming and sustainable landscape, and family-friendly community centers. Elements of this

community will also include renewable energy, water conservation, a recycling center, and four storage buildings that will store replacement parts and facilitate future maintenance at the villages.

- (3) Kitchen and Lodging Facilities Improvements – Replacement of the kitchens and short-term lodging at Eagle and Iron Mountain pumping plants. These pumping plants have kitchens and guest lodges that are used by staff during shutdowns and construction projects, and during extended periods of condition assessments and design of rehabilitation work. Frequent use of these facilities will continue over the next decade as the planned rehabilitation of the 45 main CRA pumps moves forward.

In accordance with the April 2022 action on the biennial budget for Fiscal Years 2022/23 and 2023/24, the General Manager will authorize staff to proceed with improvements to Metropolitan housing and property, pending board authorization as described below. Based on the current Capital Investment Plan (CIP) expenditure forecast, funds for the work to be performed pursuant to this action during the current biennium are available within the Appropriation for Fiscal Years 2022/23 and 2023/24. This project has been reviewed in accordance with Metropolitan's CIP prioritization criteria and was approved by Metropolitan's CIP evaluation team to be included in the District Housing and Property Improvement Program.

District Housing and Property Improvements Program – Final Design

Staff recommends the commencement of final design activities at this time. Final design phase activities include: (1) preparation of drawings and specifications; (2) development of a construction estimate; (3) development of an employee relocation plan during construction; and (4) advertisement and receipt of competitive bids. Consultants' work includes preparing two final design bid packages for construction contracts, and other activities as described below. Bid Package No. 1 will include all improvements at the Hinds and Eagle Mountain Pumping Plants, while Package No. 2 will include the improvements at the Iron Mountain and Gene Pumping Plants and Copper Basin Reservoir. Metropolitan staff will provide technical oversight to the consultants, coordinate, prepare, and submit permit packages to Riverside and San Bernardino Counties, perform overall project management, and administer the consultant agreement. In addition, during the final design phase, Metropolitan forces will relocate several existing electrical poles that conflict with the proposed housing and road layouts.

A constructability review will also be performed to review the construction sequencing and logistics to minimize relocation disruptions to employee staff and their families during construction, and review the construction costs to ensure cost optimization. The constructability review will be performed by a specialty firm under a contract planned to be executed under the General Manager's Administrative Code authority to award construction contracts of \$250,000 or less.

A total of \$13.3 million is required for this work. Allocated funds include \$8.5 million for final design and architectural support by RNT Architects, as described below, and \$175,000 for constructability review. Allocated funds for Metropolitan staff activities include \$1,378,000 for Metropolitan forces to relocate the existing overhead electrical service lines; \$750,000 for technical oversight to support the final design and constructability review activities; \$1,475,000 for permitting and fees, agreement administration, receipt of multiple bids and project management. Allocated funds also include \$1,022,000 for remaining budget. The final design cost as a percentage of the estimated construction cost is approximately 4.8 percent. Engineering Services' goal for design of projects with construction costs greater than \$3 million is 9 to 12 percent. The estimated construction cost for this project is anticipated to range from \$190 million to \$210 million. **Attachment 1** provides the allocation of the required funds. Staff will return to the Board at a later date for award of construction contracts.

The total cost for the District Housing and Property Improvement Program is currently estimated to range from \$250 million to \$260 million. To date, \$6.6 million has been expended on this project.

Engineering & Architectural Design Services (Roesling Nakamura Terada Architects) – Amendment to Agreement

Roesling Nakamura Terada Architects will provide final design and architectural support services under an existing board-authorized agreement for the Desert Housing and Property Improvements Program. The planned activities for RNT Architects include: (1) development of final design drawings and specifications for replacement of the houses, kitchen, lodge and storage buildings, and various village enhancements; (2) preparation of an engineer's cost estimate; (3) preparation of fire and health department submittal packages for Riverside and San Bernardino Counties; and (4) technical assistance through bidding. In addition, RNT

Architects will evaluate supplementary housing alternatives to ensure the most optimum and cost-effective option is constructed. The estimated cost for these services is \$8,500,000.

RNT Architects was originally prequalified to provide architecture and engineering support services via Request for Qualifications No. 1198, and previously completed property assessments, master planning, and preliminary design for the Desert Housing and Property Improvements Program.

This action authorizes an increase of \$8.5 million to the existing agreement with RNT Architects for a new not-to-exceed total of \$13.5 million for final design and architectural support of the housing, village enhancements and support buildings, and the kitchen and lodge buildings. For this agreement, Metropolitan has established a Small Business Enterprise goal level of 25 percent. RNT Architects has agreed to meet this level of participation. The planned subconsultants for this work are Fuscoe Engineering, Inc., Spurlock Landscape Architects, KPFF Consulting Engineers, IMEG Corporation, Webb Foodservice Design, S.L. Leonard & Associates, Aquatic Design Group, Inc., TOV Architectural Consulting, and WSP USA, Inc.

Short Term Improvements (No Capital Funds Required)

In the interim, prior to the program's completion, some short-term enhancements are being implemented to improve living conditions at the desert facilities. Improvements include: (1) shade structures for ~~parked vehicles,~~ ~~and~~ playgrounds; (2) fencing at homes to improve privacy; (3) insulation of garages and installation of air conditioning units for garages; (4) stand-alone freezers for houses to store food for the residents and their families; and (5) pool heaters and shade structures will be added to the existing pools so the residents can enjoy these amenities year-round.

In accordance with Governmental Accounting Standards Board provisions, the short-term improvements will be paid from operations and maintenance funds to the extent that a favorable variance from budget is available. The cost of these improvements is estimated to be \$3.~~3~~7 million.

Staff will return to the Board at a later date for award of construction contracts as needed.

Alternatives Considered

Alternatives considered for completing final design of the District Housing and Property Improvements Program included assessing the availability and capability of in-house Metropolitan staff to conduct this work. Metropolitan's staffing strategy for utilizing consultants and in-house Metropolitan staff has been: (1) to assess current work assignments for in-house staff to determine the potential availability of staff to conduct this work; and (2) for long-term rehabilitation projects, when resource needs exceed available in-house staffing or require specialized technical expertise.

This strategy relies on the assumption that in-house engineering staff will handle the baseload of work on capital projects, while professional services agreements are selectively utilized to handle projects above this baseload or where specialized needs are required. This strategy allows Metropolitan's staff to be strategically utilized on projects to best maintain key engineering competencies and to address projects with special needs or issues. After assessing the current workload for in-house staff and the relative priority of this project, staff recommends the use of a professional services agreement for the housing and property improvements using consultants with expertise in this area. This approach will allow for the completion of not only this program, but also other budgeted capital projects within their current schedules.

Summary

This action authorizes an increase of \$8.5 million to the existing agreement with RNT Architects for a new not-to-exceed total of \$13.5 million for final design and architectural support services for housing and property improvements at four CRA pumping plants.

See **Attachment 1** for the Allocation of Funds and **Attachment 2** for the Location Map.

Project Milestones

August 2023 – Completion of final design for Hinds and Eagle Mountain Pumping Plants

December 2023 – Completion of final design for Iron Mountain and Gene Pumping Plants and Copper Basin Reservoir

Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Metropolitan Water District Administrative Code Section 8121: General Authority of the General Manager to Enter Contracts

By Minute Item 52179, dated November 10, 2020, the Board authorized preparation of conceptual master plan and to conduct property assessments for District housing.

By Minute Item 52381, dated May 11, 2021, the Board authorized two new agreements for environmental documentation and geotechnical services in support of the District Housing and Property Improvements.

By Minute Item 52448, dated July 13, 2021, the Board authorized an increase to an agreement with Roesling Nakamura Terada Architects for preliminary design and architectural services in support of the District Housing and Property Improvements.

By Minute Item 52790, dated April 12, 2022, the Board appropriated a total of \$600 million for projects identified in the Capital Investment Plan for Fiscal Years 2022/23 and 2023/24.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves only feasibility or planning studies for possible future actions which the Board has not approved, adopted or funded (Section 15262 of the State CEQA Guidelines). In addition, the proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines because the proposed action involves basic data collection and research activities which do not result in a serious or major disturbance to an environmental resource, which may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded (Class 6, Section 15306 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Authorize an increase of \$8.5 million to an agreement with Roesling Nakamura Terada Architects for a new not-to exceed amount of \$13.5 million for final design and architectural support services for the housing and property improvements at Metropolitan's desert facilities

Fiscal Impact: \$13.3 million in Capital Funds and \$3.3-7 million in O&M funds. All costs will be incurred in the current biennium and capital funds have been previously authorized.

Business Analysis: This option will preserve Metropolitan assets and maintain an appropriate standard of living for staff stationed at Metropolitan's desert facilities.

Option #2


Do not proceed with the project at this time.

Fiscal Impact: None

Business Analysis: This option would forgo an opportunity to preserve Metropolitan assets at the desert facilities.

Staff Recommendation


Option #1



Lilly L. Shraibati
Group Manager
Real Property Group

9/8/2022

Date



Adel Hagekhalil
General Manager

9/8/2022

Date

Attachment 1 – Allocation of Budgeted Funds

Attachment 2 – Location Map

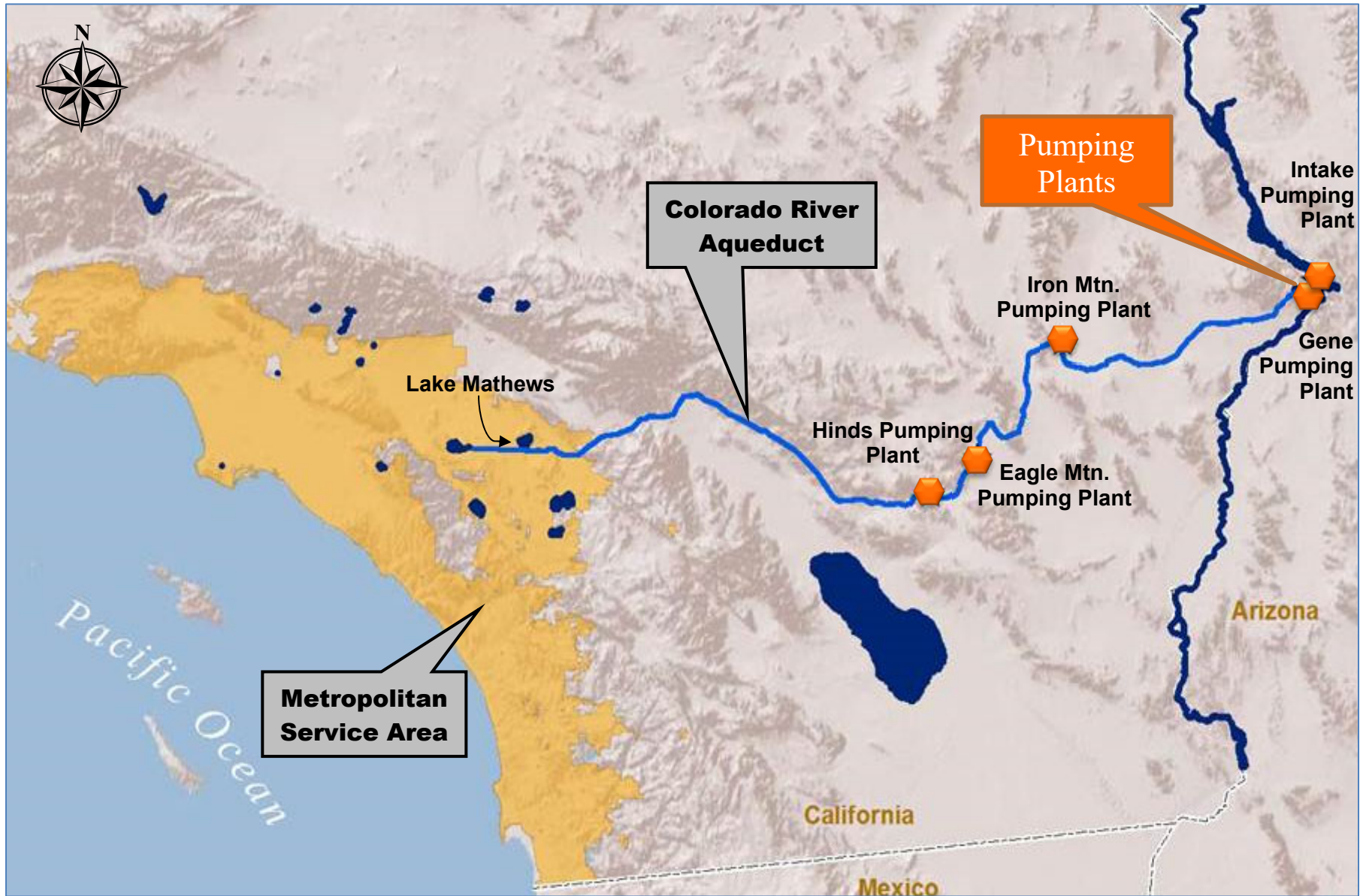
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Allocation of Funds for the District Housing and Property Improvement Program

	Current Board Action (Sept. 2022)
Labor	
Studies & Investigations	\$ -
Final Design	750,000
Owner Costs (Program mgmt., Proj. controls, envir. doc., survey)	940,000
Submittals Review & Record Drwgs.	-
Construction Inspection & Support	-
Metropolitan Force Construction	978,000
Materials & Supplies	400,000
Incidental Expenses (Permit fees)	610,000
Professional/Technical Services	-
RNT Architects	8,500,000
Constructability Review	100,000
Right-of-Way	-
Equipment Use	-
Contracts	-
Remaining Budget	1,022,000
Total	\$ 13,300,000

The total amount expended to date for the District Housing and Property Improvement Program is approximately \$6.6 million. The total estimated cost to complete this project, including the amount appropriated to date, funds allocated for the work described in this action, and future construction costs, is anticipated to range from \$250 million to \$260 million.

Location Map





Real Property & Asset Management Committee

District Housing & Property Improvement Program

Item 7-11

September 13, 2022

District Housing & Property Improvement Program

Current Action

- Authorize an increase of \$8,500,000 to an agreement with Roesling Nakamura Terada Architects for final design and architectural services in support of the District Housing and Property Improvement Program

Location Map



District Housing & Property Improvement Program



Background

- Housing provided due to remoteness & timely response
- Houses aging after decades of use in harsh desert environment
- 99 houses in CRA system
 - 10 houses replaced
 - 11 houses renovated
 - Condition assessments of 78 houses
- Temporary lodging & kitchen facilities provided for short term assignments

District Housing & Property Improvement Program

Planned Improvements

- Housing
 - Replacement of 96 houses
- Village enhancements
- Kitchen & Lodging facilities
 - Replace kitchens & lodges
 - Eagle Mountain Pumping Plant
 - Iron Mountain Pumping Plant



District Housing & Property Improvement Program



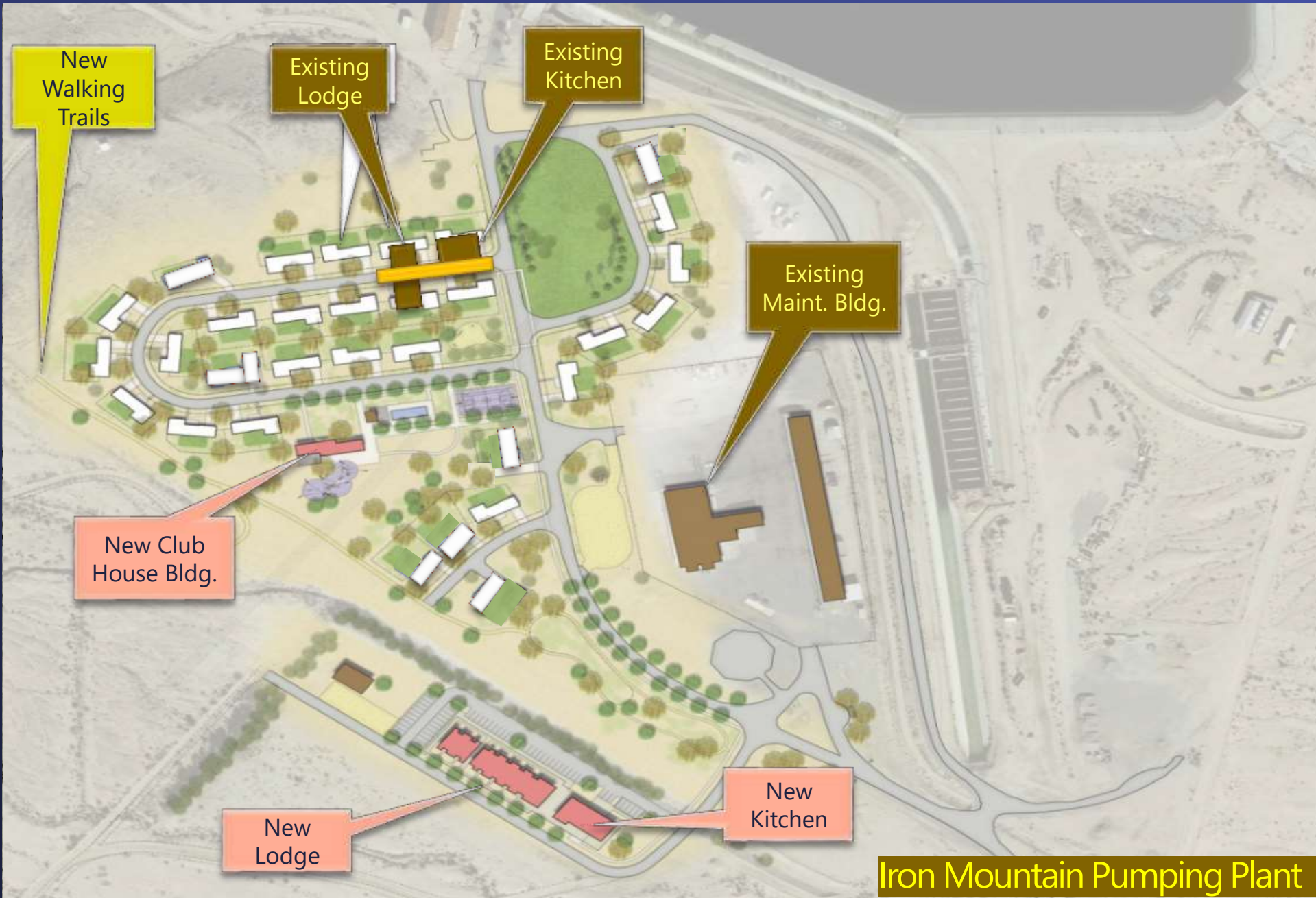
Board Actions

- May 2017
 - ✓ • Pilot project to replace & renovate houses
- May 2019
 - ✓ • Condition assessments of 78 houses
 - ✓ • Development of multiple housing types
 - ✓ • Master plan concept for Eagle Mountain Pumping Plant
- November 2020
 - ✓ • Relocation planning
 - ✓ • Master plan concepts for remaining three Pumping Plants
 - ✓ • Conceptual replacement plan for Eagle & Iron Mountain kitchen & lodge facilities

District Housing & Property Improvement Program

Board Actions (Cont'd)

- May 2021
 - ✓ • Authorization of agreement for geotechnical services
 - Authorization of agreement for environmental services
- July 2021
 - ✓ • Authorization of agreement for preliminary design & architectural services



Iron Mountain Pumping Plant

Legend

-  New Houses
-  New Buildings
-  Existing Buildings
-  Street Improvements

District Housing & Property Improvement Program

Alternatives Considered

- Assess Metropolitan staff availability
 - Staff workloads exceed immediate available resources
 - Specialized technical expertise required
- Selected option
 - Use of a professional services agreement with expertise in housing improvements

District Housing & Property Improvement Program

Roesling Nakamura Terada Architects Agreement

- Prequalified via RFQ. No. 1198
 - Completed project's preliminary design
- Scope of work
 - Produce plans & specifications
 - Prepare fire & health department submittal packages for Riverside & San Bernardino Counties
 - Develop engineer's estimate
 - Evaluate additional housing alternatives as contingency plan
 - Response to State Audit
 - Completion of alternatives by first quarter 2023
- Amendment amount: \$8.5 M; NTE amount: \$13.5 M
- SBE participation level: 25%

District Housing & Property Improvement Program



Iron Mtn. Lodge &
Kitchen

Metropolitan Scope

- Relocate overhead electrical lines at Eagle Mountain, Iron Mountain & Gene villages
- Provide technical oversight & review consultant work
- Constructability review & support activities
- Permitting process
- Conduct site visits
- Conduct project management
- Manage consultant agreement

Short-term Enhancements (No capital funds required)

- Implementation of short-term enhancements
 - Housing enhancements
 - Fencing to improve privacy
 - Installation of AC units & insulation for garages
 - Stand-alone freezers
 - Backyard shade structures
 - Recreational enhancements
 - Shade structures for playgrounds & pools
 - Pool heaters
- Estimated cost: \$3.7M

Allocation of Funds

District Housing & Property Improvements

Metropolitan Labor

Final design \$ 750,000

Program mgmt., contract admin., envir. support & survey 940,000

Force construction 978,000

Materials & Equipment 400,000

Agreements

Roesling Nakamura Terada Architects 8,500,000

Constructability Review 100,000

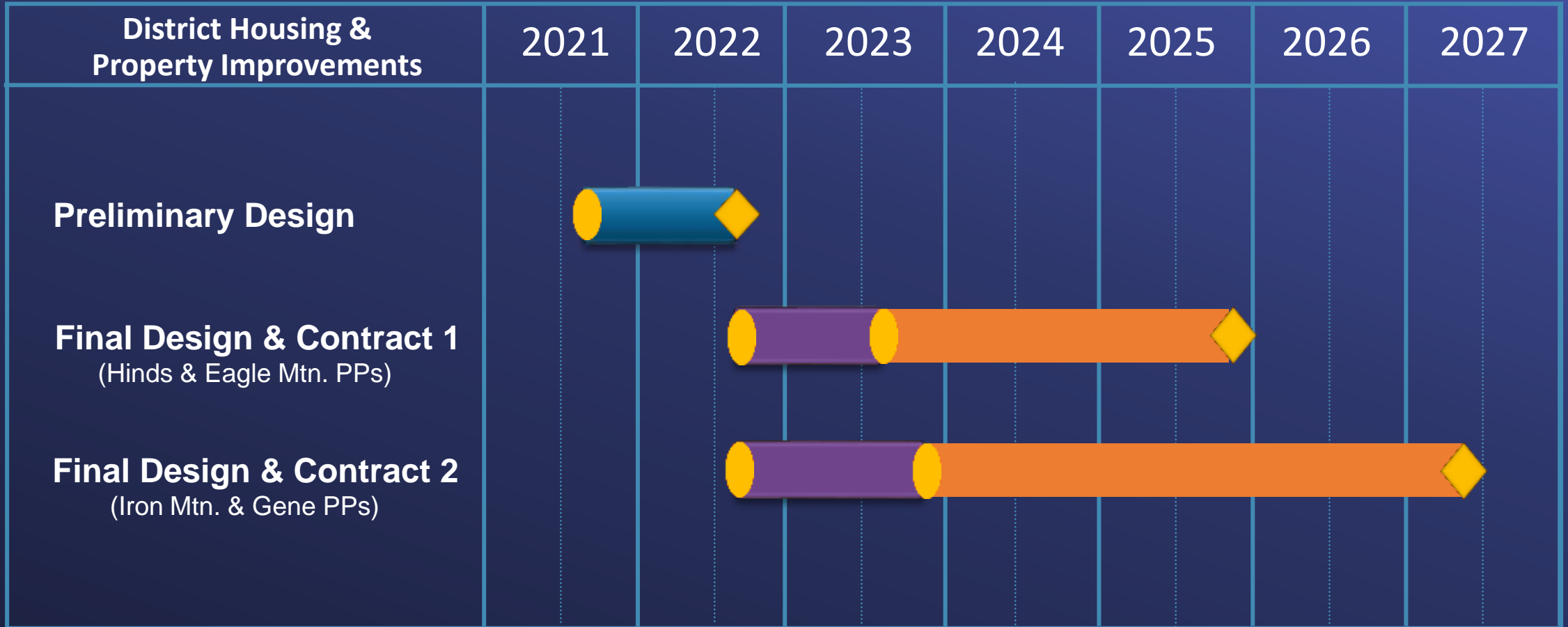
Incidental expenses (Permit fees) 610,000

Remaining budget 1,022,000

Total \$13,300,000

Est. const. cost - \$190M to \$210M

Program Schedule



Board Options

- Option #1

Authorize an increase of \$8.5M to an agreement with Roesling Nakamura Terada Architects for a new not-to exceed amount of \$13.5M for final design and architectural support services for the housing and property improvements at Metropolitan's desert facilities.

- Option #2

Do not proceed with the project at this time.

Staff Recommendation

- Option #1





● **Board of Directors**
Organization, Personnel and Technology Committee

9/13/2022 Board Meeting

7-12

Subject

Authorize an increase in the maximum amount payable under contract with Meyers Nave by \$190,000 to an amount not to exceed \$439,000 to continue providing legal advice and support services for the Equal Employment Opportunity Office; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

In February 2022, Meyers Nave began providing Metropolitan with legal advice and support services for the Equal Employment Opportunity (EEO) office. The General Manager had authorized a not-to-exceed amount of \$249,000, but additional support for Human Resources (HR) and EEO Office is ongoing and will require additional funds exceeding the General Manager's authority. To continue support of these critical and ongoing efforts, we are requesting Board authorization to increase the maximum amount payable under the existing contract to \$439,000.

Details

Background

In February 2022, Meyers Nave was retained by the General Manager as a consultant to provide outside legal counsel services to the General Manager and to support the transition of EEO cases to the newly established EEO Office. In addition, Meyers Nave was tasked with the implementation of various EEO and HR policies and procedures, as well as helping with the management of current investigations. To date, Meyers Nave has assisted with new core EEO policies and procedures required by the State Audit, including Operating Policies H-07 (EEO) and H-13 (Sexual Harassment), and provided appropriate training to support the policies per the State Audit recommendations and meet deadlines in June 2022. The initial contract authorized a not-to-exceed amount of \$225,000. In July 2022, the General Manager authorized an increase of \$24,000 to the contract.

Under the initial contract, the scope of work for Meyers Nave includes, but is not limited to, the following areas:

- 1) Provide Metropolitan legal advice and support services regarding new core EEO policies and procedures, including presenting these policies and procedures for review by the Joint Labor Management Advisory Committee and Diversity, Equity, and Inclusion Council in March 2022 and to the Board of Directors in April 2022.
- 2) Assist the Chief EEO Officer with building the EEO Office, including personnel and compliance investigations, and assisting with the transition of outside investigations to the EEO Office.
- 3) Provide training to support the EEO policies and procedures.
- 4) Provide legal advice and support services as needed regarding internal and outside personnel and compliance investigations and related issues; personnel matters and related issues; and labor and employment matters and related issues.

From July 2022 through June 2023, Meyers Nave will assist and advise the Chief EEO Officer and HR with additional new core personnel policies and procedures, including Operating Policies H-04 (Abusive Conduct and Workplace Violence), Investigation Procedures, and Discipline Procedures per State Audit recommendations and

October 2022 deadlines. In addition, Meyers Nave will provide ongoing assistance and advice to the Chief EEO Officer regarding compliance investigations, the transition of outside investigations from the Legal Department to the EEO Office, building and staffing the EEO Office, and related issues.

For these reasons, the General Manager requests authorization to increase the maximum amount payable under this existing contract to \$439,000.

Policy

Administrative Code Sections 8120-8124: Authority to Contract

Administrative Code Section 11104: Delegation of Responsibilities

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Authorize an increase in the maximum amount payable under contract with Meyers Nave by \$190,000 to an amount not to exceed \$439,000 to assist and advise the Chief EEO Officer with additional new core personnel policies and procedures, including Operating Policies H-04 (Abusive Conduct and Workplace Violence), Investigation Procedures and Discipline Procedures per State Audit recommendations and deadlines in October 2022. In addition, Meyers Nave will provide ongoing assistance and advice to the Chief EEO Officer regarding compliance investigations, the transition of outside investigations from the Legal Department to the EEO Office, building and staffing the EEO Office, and related issues.

Fiscal Impact: An additional increase in expenditure for professional services by \$190,000 to an amount not to exceed \$439,000. These funds are budgeted in the General Manager's budget.

Business Analysis: Necessary to support the General Manager in the implementation of both Independent Assessment of Workplace Concerns and the State Audit recommendations. The updated policies and procedures will provide the support the Board needs to improve Metropolitan's implementation of recommendations from the Independent Assessment of Workplace Concerns and the State Audit and provide for good governance in the areas of management of HR and Equal Employment Opportunity.

Option #2

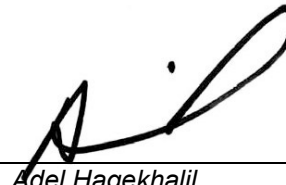
Do not authorize an increase in the maximum amount payable under this contract.

Fiscal Impact: Not applicable

Business Analysis: Workplace concerns will not be addressed to comply with the State Audit timeline and timely implementation of the recommendations from the Independent Assessment of Workplace Concerns.

Staff Recommendation

Option #1



Adel Hagekhalil
General Manager

9/9/2022
Date

Ref# hr12689576



● Conservation Board Report September 2022

Summary

This report provides a summary of conservation activity and expenditures for July 2022.

Purpose

Informational

Detailed Report

Conservation Expenditures – FY2022/23 & FY2023/24 ⁽¹⁾

	Paid ⁽²⁾	Committed ⁽³⁾
Regional Devices	\$0.0 M	\$8.7 M
Member Agency Administered	\$0.0 M	\$2.5 M
Turf Replacement	\$0.0 M	\$28.4 M
Advertising	\$0.0 M	\$0.0 M
Other	\$0.1 M	\$1.0 M
TOTAL	\$0.1 M	\$40.6 M

(1) The Conservation Program biennial expenditure authorization was \$86 million and expected expenditures for rate setting purposes were \$50 million.

(2) As of 7/1/2022 -7/30/2022. Expenditures are low due to administrative delays at start of new biennium budget cycle. Expect to see increases in the next few months.

(3) Committed dollars as of August 10, 2022

Summary of Expenditures in July 2022: \$108,686 ⁽¹⁾

Lifetime Water Savings to be achieved by all rebates in July 2022: 0 AF

FY2022/23-FY2023/24: 0 AF lifetime water savings



Turf Replacement Rebates:

July: 0 ft² removed

FY2022/23-FY2023/24: 0 ft² removed



Clothes Washers:

July: 0 units rebated

FY2022/23-FY2023/24: 0 units rebated



Smart Controllers:

July: 0 units rebated

FY2022/23-FY2023/24: 0 units rebated



Toilets:

July: 0 units rebated

FY2022/23-FY2023/24: 0 units rebated



Rain Barrels and Cisterns:

July: 0 units rebated

FY2022/23-FY2023/24: 0 units rebated



Sprinkler Nozzles:

July: 0 units rebated

FY2022/23-FY2023/24: 0 units rebated

(1) Expenditures may include advertising and Water Savings Incentive Program activity in addition to the incentives highlighted above.



Board of Directors

Department Head Performance Evaluations

Item 10-1

September 13, 2022

Overview

1. How Evaluation Process Works
2. Evaluation Process Timeline
3. Closed Session Presentations

How the Evaluation Process Works

- E-mail sent to Directors on July 18, 2022
 - FY2021-22 Department Head Evaluations Due
 - Includes Year-End accomplishment summaries and weblinks to evaluations for each Department Head
- Reminder e-mail also sent this morning
- Deadline to submit: **September 29, 2022**
- Full Board participation encouraged
 - Optional for new Directors on the Board less than 4 months

Evaluation Details

Performance Evaluation Factors/Details

- 20 core performance factor/ratings
- Standard rating scale – 1 to 5 scale
 - 1 = To a very little extent
 - 5 = To a great extent
- Overall rating is also collected
- Specific comments collected throughout the evaluation process

Evaluation Rating Definitions

- Exemplary Performance
 - Consistently achieves exemplary performance that **SIGNIFICANTLY CONTRIBUTES** to organizational results.
- Highly Competent Performance
 - Strong performer. Achieves excellent results on vast majority of assignments and all priority objectives
- Competent Performance
 - Solid performer. Achieves good results on most assignments and deadlines.
- Unsatisfactory Performance
 - Performance does not meet the minimum expectations of this positions

Other Information to Know

- Opportunities to provide specific feedback on desired improvements
- Participation is tracked, but individual responses are anonymous to Metropolitan
- Email confirmation of your responses upon submission
- Reminder emails will be sent from Office of the Board
- For questions or support contact Marcie Scott or Diane Pitman

Evaluation Timeline

Performance
Summaries and links
to Evaluations sent
to the Board

July 18

Dept Head
Presentations to
Board (Closed)

Sept 13

Board completes
on-line Evaluations
Due by September 29

July 18 – Sept 29

Evaluation Results
Sent to the Board

Oct 24 – 25

Board Discusses
Evaluation Results
(Closed Session)

Nov 8 Board

Review Salary
Comparisons

Nov 8 Board

Board Finalizes
Compensation
Determinations

Nov 8 Board

Dept Heads Draft
Next Year's Goals
Based on Feedback

Nov – Dec

Home Committees
Approve Goals
(Closed Session)

Nov – Dec



Closed Session Presentations