

# 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.

## **FAM Committee**

T. Smith, Chair  
L. Dick, Vice Chair  
D. Alvarez  
J. Armstrong  
G. Bryant  
D. De Jesus  
B. Dennstedt  
L. Fong-Sakai  
M. Gold  
J. McMillan  
C. Miller  
M. Petersen  
B. Pressman  
T. Quinn  
K. Seckel

## **Special Finance and Asset Management Committee**

Meeting with Board of Directors \*

**November 19, 2024**

**10:00 a.m.**

**Tuesday, November 19, 2024  
Meeting Schedule**

**08:30 a.m. EOP  
10:00 a.m. FAM  
12:00 p.m. LEG  
01:30 p.m. Break  
02:00 p.m. BOD**

**Agendas, live streaming, meeting schedules, and other board materials are available here:**

**<https://mwdh2o.legistar.com/Calendar.aspx>. Written public comments received by 5:00 p.m. the business days before the meeting is scheduled will be posted under the Submitted Items and Responses tab available here:  
<https://mwdh2o.legistar.com/Legislation.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: 873 4767 0235.**

**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: 876 9484 9772 or to join by computer [click here](#).**

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

**Teleconference Locations:**

**525 Via La Selva • Redondo Beach, CA 90277**

**3008 W. 82nd Place • Inglewood, CA 90305**

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\* The Metropolitan Water District's meeting of this Committee is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to this Committee may participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to this Committee will not vote on matters before this Committee.

- 1. Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))**

**2. OTHER MATTERS**

- 5H. Updated report on the list of certified assessed valuations for the fiscal year 2024/25 and tabulation of assessed valuations, percentage participation, and vote entitlement of member agencies as of November 19, 2024 [21-4018](#)

**Attachments:** [11192024 FAM 5H B-L](#)

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

**3. CONSENT CALENDAR OTHER ITEMS - ACTION**

- A. Approval of the Minutes of the Finance and Asset Management Committee Meeting for October 8, 2024 (Copies have been submitted to each Director, any additions, corrections, or omissions) [21-3945](#)

**Attachments:** [11192024 FAM 3A \(10082024\) Minutes](#)

**4. CONSENT CALENDAR ITEMS - ACTION**

- 7-5 Adopt resolution for 116th Fringe Area Annexation to Eastern Municipal Water District and Metropolitan; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-3963](#)

**Attachments:** [11192024 FAM 7-5 B-L](#)  
[11192024 FAM 7-5 Presentation](#)

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

**5. OTHER BOARD ITEMS - ACTION**

- 8-3** Authorize a new lease with the Certified Federal Credit Union for up to a combined total of 1,667 square feet of office space at the Metropolitan Headquarters Building, located at 700 North Alameda Street in Los Angeles, California, and the F.E. Weymouth Water Treatment Plant, located at 700 Moreno Avenue in La Verne, California (Los Angeles County Assessor Parcel Nos. 5409-023-930 and 8381-006-906, respectively); the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with real property negotiators; agency negotiators: Kevin Webb and Steve Cotton; negotiating party: Hugo Sanchez for Certified Federal Credit Union; under negotiation: price and terms; to be heard in closed session pursuant to Government Code Section 54956.8.] [21-3962](#)

**Attachments:** [11192024 FAM 8-3 Presentation Open Session](#)

## 6. BOARD INFORMATION ITEMS

NONE

## 7. COMMITTEE ITEMS

- a. Quarterly Financial Report [21-3971](#)  
**Attachments:** [11192024 FAM 7a Presentation](#)

- b. Quarterly Investment Activities Report [21-3972](#)  
**Attachments:** [11192024 FAM 7b Presentation](#)

## 8. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- a. Finance and Asset Management activities [21-3946](#)  
**Attachments:** [11192024 FAM 8a Finance and Asset Management Activities](#)

## 9. SUBCOMMITTEE REPORTS AND DISCUSSION

- a. Report from Subcommittee on Long-Term Regional Planning Processes and Business Modeling [21-3947](#)
- b. Discuss and provide direction to Subcommittee on Long-Term Regional Planning Processes and Business Modeling [21-3948](#)

## 10. FOLLOW-UP ITEMS

NONE

## **11. FUTURE AGENDA ITEMS**

## **12. ADJOURNMENT**

**NOTE:** This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Committee agendas may be obtained on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

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

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



- **Board of Directors**  
***Finance and Asset Management Committee***

11/19/2024 Board Meeting

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5H

## Subject

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Updated report on the list of certified assessed valuations for the fiscal year 2024/25 and tabulation of assessed valuations, percentage participation, and vote entitlement of member agencies as of November 19, 2024

## Executive Summary

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On November 1, 2024, San Diego Local Agency Formation Commission (SDLAFCO) finalized the reorganization of Rainbow Municipal Water District (Rainbow), consisting of the detachment of Rainbow from San Diego County Water Authority (SDCWA) to Eastern Municipal Water District (Eastern). As a result, the reorganization is effective at Metropolitan for all district purposes, including the assessed valuation of each impacted member agency for purposes of member agency participation, voting, and director entitlement. Rainbow's service area totals \$7 billion in net assessed valuation, which minimally impacts SDCWA's and Eastern's assessed valuation percentage, but does not impact any director entitlement.

This letter provides an updated report on certified assessed valuations as a result of the Rainbow reorganization.

## Fiscal Impact

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None

## Applicable Policy

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Metropolitan Water District Act Section 52: Additional Directors

Metropolitan Water District Act Section 55: Voting by Board

Metropolitan Water District Act Section 305: Certification of Assessed Valuations; Segregation of Valuations

## Related Board Action(s)/Future Action(s)

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Not Applicable.

## Details and Background

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### Background

Member agency participation, vote, and director entitlement are determined at Metropolitan based on certified assessed valuations for each member agency's service area. (MWD Act, §§ 52, 55, 305.) The certified assessed valuations are reported to the Board each August after receipt of the certified information from each county assessor. On August 20, 2024, staff reported the assessed valuation to the Board for fiscal year (FY) 2024/25.

However, on November 1, 2024, SDLAFCO finalized the deannexation of Rainbow from SDCWA and annexation to Eastern's service area. The next day, SDLAFCO also filed the Certificate of Completion with the Secretary of the Metropolitan Board of Directors. As a result of the reorganization, the assessed valuation of Rainbow's service area is now part of Eastern's service area and must be attributed to Eastern's certified assessed valuation for Metropolitan purposes, including participation, vote, and director entitlement. (MWD Act, § 455.)

Rainbow’s total net assessed valuation is \$7 billion, which is a small percentage of Metropolitan’s total valuation (net of homeowners’ exemptions) of \$4.06 trillion for FY 2024/25 throughout its six-county service area. The transfer results in a 0.17 percent addition to Eastern’s assessed valuation and an equivalent reduction from SDCWA’s assessed valuation, as shown in **Table 1**. The percentage does not change for any other member agency. The updated percentage participation and vote entitlement by member agencies, provided in

**Attachment 1** is effective as of November 19, 2024, and the net change from FY 2023/24 to the current FY 2024/25 has also been updated, as reflected in **Attachment 2**.

Assessed valuation is also used to determine the number of representatives an agency has on the Metropolitan Board. Based on the percentage of assessed valuation being transferred to Eastern, the number of representatives for each agency remains the same and is also reported in **Attachment 3**.

The updated percentage participation and vote entitlement for the two impacted member agencies are as follows:

**Table 1**

| The Metropolitan Water District of Southern California<br>Comparison of Vote Entitlement Percentage for Fiscal Years 2024/25<br>After The Rainbow Municipal Water District Transfer |                               |                     |                                   |                                |                     |                                   |                           |                     |                                   |
|---|-------------------------------|---------------------|-----------------------------------|--------------------------------|---------------------|-----------------------------------|---------------------------|---------------------|-----------------------------------|
| Member Agency   | As of 8/15/2024<br>FY 2024/25 |                     |                                   | As of 11/19/2024<br>FY 2024/25 |                     |                                   | Change                    |                     |                                   |
|   | Net Assessed<br>Valuation     | Vote<br>Entitlement | Vote<br>Entitlement<br>Percentage | Net Assessed<br>Valuation      | Vote<br>Entitlement | Vote<br>Entitlement<br>Percentage | Net Assessed<br>Valuation | Vote<br>Entitlement | Vote<br>Entitlement<br>Percentage |
| Eastern MWD   | 129,194,589,663               | 12,919              | 3.18%                             | 136,234,263,368                | 13,623              | 3.35%                             | 7,039,673,705             | 704                 | 0.17%                             |
| San Diego County Water Authority  | 708,622,100,115               | 70,862              | 17.44%                            | 701,582,426,410                | 70,158              | 17.27%                            | (7,039,673,705)           | (704)               | -0.17%                            |

  
 \_\_\_\_\_ 11/14/2024  
 Katano Kasaine Date  
 Assistant General Manager/ Chief Financial Officer

  
 \_\_\_\_\_ 11/15/2024  
 Deven Upadhyay Date  
 Interim General Manager

**Attachment 1 – Assessed Valuations, Percentage Participation, and Vote and Director Entitlement of Member Public Agencies as of November 19, 2024**

**Attachment 2 – Updated Comparison of Net Assessed Valuations for Fiscal Years 2023/24 and 2024/25**

**Attachment 3 – Updated Comparison of Vote Entitlement Percentage for Fiscal Years 2023/24 and 2024/25**

**The Metropolitan Water District of Southern California  
Assessed Valuations, Percentage Participation, and  
Vote and Director Entitlement of Member Public Agencies  
As of November 1, 2024**

| <u>Member Agency</u>                                 | <u>*Assessed Valuation<br/>Amount Certified</u> | <u>Percent<br/>of Total</u> | <u>** Vote<br/>Entitlement</u> | <u>*** Director<br/>Entitlement</u> |
|--|---|-----------------------------|--------------------------------|-------------------------------------|
| Anaheim  | \$ 63,061,211,386                               | 1.55%                       | 6,306                          | 1                                   |
| Beverly Hills  | 46,772,567,086                                  | 1.15%                       | 4,677                          | 1                                   |
| Burbank  | 33,300,809,067                                  | 0.82%                       | 3,330                          | 1                                   |
| Calleguas MWD  | 136,265,347,031                                 | 3.35%                       | 13,627                         | 1                                   |
| Central Basin MWD                                    | 202,654,177,665                                 | 4.99%                       | 20,265                         | 2                                   |
| Compton  | 6,775,568,934                                   | 0.17%                       | 678                            | 1                                   |
| <b>Eastern MWD</b>                                   | <b>136,234,263,368</b>                          | <b>3.35%</b>                | <b>13,623</b>                  | <b>1</b>                            |
| Foothill MWD   | 25,427,470,679                                  | 0.63%                       | 2,543                          | 1                                   |
| Fullerton  | 27,659,493,654                                  | 0.68%                       | 2,766                          | 1                                   |
| Glendale   | 41,653,292,483                                  | 1.03%                       | 4,165                          | 1                                   |
| Inland Empire Utilities Agency                       | 171,026,230,693                                 | 4.21%                       | 17,103                         | 1                                   |
| Las Virgenes MWD                                     | 32,236,107,227                                  | 0.79%                       | 3,224                          | 1                                   |
| Long Beach   | 68,045,458,026                                  | 1.67%                       | 6,805                          | 1                                   |
| Los Angeles  | 838,354,311,494                                 | 20.63%                      | 83,835                         | 5                                   |
| MWD of Orange County                                 | 681,017,986,705                                 | 16.76%                      | 68,102                         | 4                                   |
| Pasadena   | 40,423,651,273                                  | 0.99%                       | 4,042                          | 1                                   |
| <b>San Diego County Water Authority</b>              | <b>701,582,426,410</b>                          | <b>17.27%</b>               | <b>70,158</b>                  | <b>4</b>                            |
| San Fernando   | 2,744,395,463                                   | 0.07%                       | 274                            | 1                                   |
| San Marino   | 8,357,688,920                                   | 0.21%                       | 836                            | 1                                   |
| Santa Ana  | 35,689,701,416                                  | 0.88%                       | 3,569                          | 1                                   |
| Santa Monica   | 50,548,359,964                                  | 1.24%                       | 5,055                          | 1                                   |
| Three Valleys MWD                                    | 90,192,555,923                                  | 2.22%                       | 9,019                          | 1                                   |
| Torrance   | 37,806,509,948                                  | 0.93%                       | 3,781                          | 1                                   |
| Upper San Gabriel Valley MWD                         | 140,786,035,631                                 | 3.47%                       | 14,079                         | 1                                   |
| West Basin MWD                                       | 287,642,090,068                                 | 7.08%                       | 28,764                         | 2                                   |
| Western MWD  | 156,887,334,643                                 | 3.86%                       | 15,689                         | 1                                   |
| <b>TOTAL ASSESSED VALUATIONS WITHIN METROPOLITAN</b> | <b>\$ 4,063,145,045,157</b>                     | <b>100%</b>                 | <b>406,315</b>                 | <b>38</b>                           |

Percentage may not foot due to rounding.

**The Metropolitan Water District of Southern California**  
**Comparison of Assessed Valuations Net of HOE for Fiscal Years 2023/24 and 2024/25**

| <b>Member Agency</b>                  | <b>FY 2023/24</b>             | <b>FY 2024/25</b>             | <b>Percentage</b> |
|---------------------------------------|-------------------------------|-------------------------------|-------------------|
|                                       | <b>Net Assessed Valuation</b> | <b>Net Assessed Valuation</b> | <b>Change</b>     |
| <b>Los Angeles County:</b>            |                               |                               |                   |
| Beverly Hills                         | \$ 44,925,471,380             | \$ 46,772,567,086             | 4.1%              |
| Burbank                               | 31,747,985,559                | 33,300,809,067                | 4.9%              |
| Glendale                              | 39,846,531,370                | 41,653,292,483                | 4.5%              |
| Los Angeles                           | 801,720,255,259               | 838,354,311,494               | 4.6%              |
| Pasadena                              | 38,640,474,384                | 40,423,651,273                | 4.6%              |
| San Marino                            | 8,004,717,057                 | 8,357,688,920                 | 4.4%              |
| Santa Monica                          | 48,607,667,263                | 50,548,359,964                | 4.0%              |
| Long Beach                            | 65,577,549,323                | 68,045,458,026                | 3.8%              |
| Torrance                              | 35,904,604,824                | 37,806,509,948                | 5.3%              |
| Compton                               | 6,413,398,218                 | 6,775,568,934                 | 5.6%              |
| West Basin MWD                        | 270,636,770,769               | 287,642,090,068               | 6.3%              |
| Three Valleys MWD                     | 86,341,467,819                | 90,192,555,923                | 4.5%              |
| Foothill MWD                          | 24,094,186,106                | 25,427,470,679                | 5.5%              |
| Central Basin MWD                     | 193,242,928,112               | 202,654,177,665               | 4.9%              |
| Las Virgenes MWD                      | 30,903,464,678                | 32,236,107,227                | 4.3%              |
| Upper San Gabriel Valley MWD          | 134,179,397,217               | 140,786,035,631               | 4.9%              |
| San Fernando                          | 2,596,234,164                 | 2,744,395,463                 | 5.7%              |
| <b>Total Los Angeles County</b>       | <b>1,863,383,103,502</b>      | <b>1,953,721,049,851</b>      | <b>4.8%</b>       |
| <b>Orange County:</b>                 |                               |                               |                   |
| Anaheim                               | 60,384,239,089                | 63,061,211,386                | 4.4%              |
| Santa Ana                             | 34,312,996,241                | 35,689,701,416                | 4.0%              |
| Fullerton                             | 25,613,995,600                | 27,659,493,654                | 8.0%              |
| MWD of Orange County                  | 646,336,513,093               | 681,017,986,705               | 5.4%              |
| <b>Total Orange County</b>            | <b>766,647,744,023</b>        | <b>807,428,393,161</b>        | <b>5.3%</b>       |
| <b>Riverside County:</b>              |                               |                               |                   |
| Eastern MWD                           | 115,592,411,711               | 136,234,263,368               | 17.9%             |
| Western MWD                           | 147,747,843,154               | 156,887,334,643               | 6.2%              |
| <b>Total Riverside County</b>         | <b>263,340,254,865</b>        | <b>293,121,598,011</b>        | <b>11.3%</b>      |
| <b>San Bernardino County:</b>         |                               |                               |                   |
| Inland Empire Utilities Agency        | 160,301,386,680               | 171,026,230,693               | 6.7%              |
| <b>San Diego County:</b>              |                               |                               |                   |
| San Diego County Water Authority      | 677,016,967,276               | 701,582,426,410               | 3.6%              |
| <b>Ventura County:</b>                |                               |                               |                   |
| Calleguas MWD                         | 130,730,622,244               | 136,265,347,031               | 4.2%              |
| <b>Total Within Metropolitan</b>      | <b>3,861,420,078,590</b>      | <b>4,063,145,045,157</b>      | <b>5.2%</b>       |
| <b>Excluded Areas</b>                 | <b>87,104,636</b>             | <b>92,603,444</b>             | <b>6.3%</b>       |
| <b>*Total Taxable by Metropolitan</b> | <b>\$ 3,861,507,183,226</b>   | <b>\$ 4,063,237,648,601</b>   | <b>5.2%</b>       |



**The Metropolitan Water District of Southern California**  
**Comparison of Vote Entitlement Percentage for Fiscal Years 2023/24 and 2024/25**

| <b>Member Agency</b>                    | <b>FY 2023/24</b>       |                                    | <b>FY 2024/25</b>       |                                    | <b>Change</b>           |                                    |
|---|-------------------------|------------------------------------|-------------------------|------------------------------------|-------------------------|------------------------------------|
|   | <b>Vote Entitlement</b> | <b>Vote Entitlement Percentage</b> | <b>Vote Entitlement</b> | <b>Vote Entitlement Percentage</b> | <b>Vote Entitlement</b> | <b>Vote Entitlement Percentage</b> |
| Anaheim                                 | 6,038                   | 1.56%                              | 6,306                   | 1.55%                              | 268                     | -0.01%                             |
| Beverly Hills                           | 4,493                   | 1.16%                              | 4,677                   | 1.15%                              | 184                     | -0.01%                             |
| Burbank                                 | 3,175                   | 0.82%                              | 3,330                   | 0.82%                              | 155                     | 0.00%                              |
| Calleguas MWD                           | 13,073                  | 3.39%                              | 13,627                  | 3.35%                              | 554                     | -0.03%                             |
| Central Basin MWD                       | 19,324                  | 5.00%                              | 20,265                  | 4.99%                              | 941                     | -0.02%                             |
| Compton                                 | 641                     | 0.17%                              | 678                     | 0.17%                              | 37                      | 0.00%                              |
| <b>Eastern MWD</b>                      | <b>11,559</b>           | <b>2.99%</b>                       | <b>13,623</b>           | <b>3.35%</b>                       | <b>2,064</b>            | <b>0.36%</b>                       |
| Foothill MWD                            | 2,409                   | 0.62%                              | 2,543                   | 0.63%                              | 134                     | 0.00%                              |
| Fullerton                               | 2,561                   | 0.66%                              | 2,766                   | 0.68%                              | 205                     | 0.02%                              |
| Glendale                                | 3,985                   | 1.03%                              | 4,165                   | 1.03%                              | 180                     | -0.01%                             |
| Inland Empire Utilities Agency          | 16,030                  | 4.15%                              | 17,103                  | 4.21%                              | 1,073                   | 0.06%                              |
| Las Virgenes MWD                        | 3,090                   | 0.80%                              | 3,224                   | 0.79%                              | 134                     | -0.01%                             |
| Long Beach                              | 6,558                   | 1.70%                              | 6,805                   | 1.67%                              | 247                     | -0.02%                             |
| Los Angeles                             | 80,172                  | 20.76%                             | 83,835                  | 20.63%                             | 3,663                   | -0.13%                             |
| MWD of Orange County                    | 64,634                  | 16.74%                             | 68,102                  | 16.76%                             | 3,468                   | 0.02%                              |
| Pasadena                                | 3,864                   | 1.00%                              | 4,042                   | 0.99%                              | 178                     | -0.01%                             |
| <b>San Diego County Water Authority</b> | <b>67,702</b>           | <b>17.53%</b>                      | <b>70,158</b>           | <b>17.27%</b>                      | <b>2,456</b>            | <b>-0.27%</b>                      |
| San Fernando                            | 260                     | 0.07%                              | 274                     | 0.07%                              | 14                      | 0.00%                              |
| San Marino                              | 800                     | 0.21%                              | 836                     | 0.21%                              | 36                      | 0.00%                              |
| Santa Ana                               | 3,431                   | 0.89%                              | 3,569                   | 0.88%                              | 138                     | -0.01%                             |
| Santa Monica                            | 4,861                   | 1.26%                              | 5,055                   | 1.24%                              | 194                     | -0.01%                             |
| Three Valleys MWD                       | 8,634                   | 2.24%                              | 9,019                   | 2.22%                              | 385                     | -0.02%                             |
| Torrance                                | 3,590                   | 0.93%                              | 3,781                   | 0.93%                              | 191                     | 0.00%                              |
| Upper San Gabriel Valley MWD            | 13,418                  | 3.47%                              | 14,079                  | 3.47%                              | 661                     | -0.01%                             |
| West Basin MWD                          | 27,064                  | 7.01%                              | 28,764                  | 7.08%                              | 1,700                   | 0.07%                              |
| Western MWD                             | 14,775                  | 3.83%                              | 15,689                  | 3.86%                              | 914                     | 0.03%                              |
| <b>Total</b>                            | <b>386,141</b>          | <b>100%</b>                        | <b>406,315</b>          | <b>100%</b>                        | <b>20,174</b>           | <b>0.00%</b>                       |

Percentages may not foot due to rounding.

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**MINUTES**

**FINANCE AND ASSET MANAGEMENT COMMITTEE**

**October 8, 2024**

Vice Chair Goldberg called the meeting to order at 10:30 a.m.

Members present: Directors Bryant, De Jesus, Dennstedt, Fong-Sakai, McMillan, Miller, Pressman, Quinn (entered after rollcall), Seckel, and Smith.

Members absent: Directors Alvarez, Armstrong, Dick, Gold, and Petersen.

Other Members present: Ackerman, Cordero, Gray, Kurtz, McCoy, Morris, and Ortega.

Committee Staff present: Beatty, Benson, Crosson, Chapman, Kasaine, Upadhyay, Wheeler, and Williams.

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

None

**CONSENT CALENDAR ITEMS — ACTION**

**2. CONSENT CALENDAR OTHER ITEMS-ACTION**

- A. Subject: Approval of the Minutes of the Finance, Audit, Insurance, and Real Property Committee Meeting for August 20, 2024

Director Quinn entered the meeting.

**3. CONSENT CALENDAR ITEMS – ACTION**

- 7-9 Subject: Adopt resolution authorizing the reimbursement of capital expenditures from bond proceeds for fiscal years 2024/25 and 2025/26; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA
- Motion: Adopt the resolution authorizing the reimbursement of capital expenditures from bond proceeds for FY 2024/25 and FY 2025/26 as contained in Attachment 1.

Presented by: Sam Smalls, Manager of Treasury and Debt Management

Ms. Kasaine introduced the item and Mr. Smalls provided an overview of the purpose of the reimbursement resolution, Internal Revenue Service regulations, why Metropolitan needs the resolution of reimbursement, and planned capital expenditures for fiscal year 2024/25 and 2025/26.

The following Directors provided comments or asked questions:

1. Miller
2. Fong-Sakai

Staff responded to the Directors' comments and questions.

Director Seckel made a motion, seconded by Director Bryant, to approve the consent calendar consisting of items 2A and 7-9.

The vote was:

Ayes: Directors Bryant, De Jesus, Dennstedt, Fong-Sakai, McMillan, Miller, Pressman, Quinn, Seckel, and Smith.

Noes: None

Abstentions: None

Absent: Directors Alvarez, Armstrong, Dick, Gold, and Petersen.

The motion for items 2A and 7-9 passed by a vote of 10 ayes, 0 noes, 0 abstain, and 5 absent.

**END OF CONSENT CALENDAR ITEMS**

## 5. OTHER CONSENT ITEMS – ACTION

- 8-3 Subject: Authorize the General Manager to acquire a 0.33-acre property located in Los Angeles County in the city of La Verne from Charles J. Arballo and Margaret R. Arballo, as Trustees of The Arballo Family Trust, dated December 9, 1991, as amended, for a purchase price to be discussed confidentially with the Board of Directors; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with real property negotiator; property identified as Los Angeles County Assessor’s Parcel No. 8381 005-002; agency negotiator: Seyou Oh; negotiating parties: Patrick Arballo and Mark Arballo; under negotiation: price and terms; to be heard in closed session pursuant to Gov. Code Section 54956.8]. [UPDATED SUBJECT 10/2/2024]
- Presented by: Seyou Oh, Team Manager-Land Planning & Management

In open session, Ms. Hattar introduced the item and Ms. Oh presented the committee with an overview of the distribution system map, location, background, property snapshot, and potential benefits.

In closed session, the Committee met on Item 8-3 with its real property negotiator and recommends that the Board authorize the General Manager to acquire a 0.33-acre property located in Los Angeles County in the city of La Verne from Charles J. Arballo and Margaret R. Arballo, as Trustees of The Arballo Family Trust, dated December 9, 1991, according to the price and terms direction given in closed session. The committee voted in closed session and will report their recommendation to the Board.

## 5. BOARD INFORMATION ITEMS

- 9-2 Subject: Compliance with Fund Requirements and Bond Indenture Provisions
- Ms. Kasaine introduced the item.

## 6. COMMITTEE ITEMS

None

## 7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- a. Subject: Financial and Asset Management Activities

Mr. Benson reminded the committee of the report update, which includes a revised table of cash water transactions for fiscal year 2024/25.

## **8. SUBCOMMITTEE REPORTS AND DISCUSSION**

- a. Subject: Report from Subcommittee on Long-Term Regional Planning  
Processes and Business Modeling

Director Seckel updated the committee on the items discussed at the September 25, 2024, Joint Task Force meeting. He also reported that the October 23, 2024 meeting has been cancelled.

- b. Subject: Discuss and provide direction to Subcommittee on Long Term  
Regional Planning Processes and Business Modeling

No direction was given.

## **9. FOLLOW-UP ITEMS**

None

## **10. FUTURE AGENDA ITEMS**

Director Smith requested a future presentation on fixed, semi-fixed, variable revenues, and reserves.

## **11. ADJOURNMENT**

The meeting adjourned at 11:11 a.m.

Gail Goldberg  
Board Vice Chair



- **Board of Directors**  
***Finance and Asset Management Committee***

11/19/2024 Board Meeting

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7-5

## Subject

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Adopt resolution for 116th Fringe Area Annexation to Eastern Municipal Water District and Metropolitan; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

## Executive Summary

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This action grants final approval for the 116th Fringe Area Annexation, as requested by Eastern Municipal Water District (EMWD), and authorizes Metropolitan to collect the appropriate water standby charge and ad valorem tax. This request is compliant with the current annexation policy and requirements and seeks to annex a parcel already receiving imported water through EMWD. This action would remedy an existing administrative oversight and would not adversely impact Metropolitan or EMWD. The proposed annexation will extend the service area of Metropolitan and EMWD for a total annexation acreage of approximately 2.34 acres with 0.16 acres in public roads leaving a net area of 2.18 acres (**Attachment 1**). The water demand from Metropolitan is 1.6 acre-feet per year (AFY). Eastern meets the demand management measures in the agency's Water Use Efficiency Statement of Compliance (**Attachment 2**). The charge for this annexation, if completed in 2024, is \$21,559.28, which includes a \$5,000 processing fee. The proposed resolution is (**Attachment 3**).

## Proposed Action(s)/Recommendation(s) and Options

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### Staff Recommendation: Option #1

#### Option #1

Adopt resolution for the 116th Fringe Area Annexation to Eastern Municipal Water District and Metropolitan

**Fiscal Impact:** Receipt of annexation fee of \$21,559.28 for the annexation area and future water sales revenue from the newly annexed territory.

**Business Analysis:** This annexation will provide the ability for water service and associated benefits to the property owners. The initial fixed and variable costs will be borne by the local water supplier and property owners, including processing, infrastructure, and the cost of raw and treated water. This annexation helps to meet Metropolitan's member agency request.

#### Option #2

Decline the request for the proposed 116th Fringe Area Annexation

**Fiscal Impact:** Unrealized annexation fee and water sales revenue from non-annexed areas.

**Business Analysis:** The subject area will not be in compliance with imported water service through EMWD and Metropolitan.

## Alternatives Considered

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None required. 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.

## Applicable Policy

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Metropolitan Water District Administrative Act Section 350: Annexation of Corporate Area of Agency

Metropolitan Administrative Code Section 3100: Request for Annexation

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

## Related Board Action(s)/Future Action(s)

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Metropolitan Board Report, December 2023, stating Metropolitan's 2024 annexation rate

Metropolitan Board Resolution 9361, approved August 20, 2024, setting the ad valorem tax rate

Metropolitan Board Resolution 9357, approved May 14, 2024, setting the water standby charge

## California Environmental Quality Act (CEQA)

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### CEQA determination for Option #1:

Acting as the Lead Agency, EMWD prepared and processed a Notice of Exemption (NOE) for the annexation of one 2.34-acre private property (Assessor Parcel Number 257-220-043), finding this portion of the project categorically exempt. The NOE was filed on July 15, 2024. The environmental documentation is included as **Attachment 4**.

Metropolitan, acting as the Responsible Agency, has independently determined that the proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed action involves the annexation process of a private property into Metropolitan and EMWD service areas. Metropolitan finds that this land contains existing public or private structures developed to the density allowed by the current zoning or pre-zoning and that the extension of utility services to the existing facilities would have a capacity to serve only the existing facilities. Accordingly, the proposed action is categorically exempt and qualifies under Class 19 Categorical Exemption (Section 15319 of the State CEQA Guidelines).

### CEQA determination for Option #2:

None required

## Details and Background

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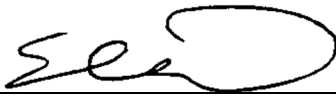
### Background

On May 15, 2024, EMWD's board of directors adopted Resolution No. 2024-051 and transmitted a letter dated June 18, 2024, requesting formal terms and conditions for annexation and collection of water standby charges for the proposed 116th Fringe Area Annexation. The proposed annexation will rectify an administrative error that extends water service to a single parcel on Box Springs Mountain Road in the City of Moreno Valley in Riverside County without formal annexation. This annexation will extend the service area of Metropolitan and EMWD by approximately 2.34 acres, with 0.16 acres in public roads leaving a net area of 2.18 acres. This annexation request includes approving the proposed annexation area for water service identified as Assessor Parcel Numbers 257-220-043, located in Riverside County, in the City of Moreno Valley.

The proposed annexing area will be served by EMWD as the local water purveyor and will be eligible for imported water through EMWD and Metropolitan after completion of the annexation. The charge for this annexation is \$21,559.28, which includes the \$5,000 processing fee collected at the time of the initial annexation request; the balance is payable prior to completion. The annexation charge is calculated based on the 2024 per-acre fee of \$7,596. If the annexation is not completed in the calendar year 2024, the fee would be based on the then-current annexation rate pursuant to Section 3300 of Metropolitan's Administrative Code. Pursuant to Section 3107 of Metropolitan's Administrative Code, EMWD has submitted an acceptable Water Use Efficiency Statement of Compliance for this annexation project (**Attachment 2**). The water demand from Metropolitan is 1.6 AFY.

Completion of this annexation would be subject to (1) such terms and conditions as may be fixed by Metropolitan’s Board in granting final consent to such annexation, (2) the Local Agency Formation Commission conditioning approval of the proposed annexation, and (3) property taxes are levied on the annexing property as previously established and collected which are currently being applied in the service area. These include taxes, benefit assessments, or property-related fees or charges to be established and collected on parcels being annexed to Metropolitan. Approval of Metropolitan’s standby charge within EMWD’s territory is a condition to complete this annexation.

Upon completion of the annexation, the lands within the 116th Fringe Area Annexation will be subject to the same rates levied in parcels currently within EMWD’s service area as set by the Board. This action adopts a resolution consenting to EMWD’s request for annexation with a water standby charge as set forth in (**Attachment 3**). Metropolitan’s water standby charge collection on behalf of EMWD is currently \$6.94 per acre, or per parcel if less than one acre. Metropolitan’s ad valorem property tax is currently levied in the amount of 0.007 percent of the assessed valuation of each parcel with this rate reviewed under a separate board action.

  
 \_\_\_\_\_ 10/15/2024  
*Elizabeth Crosson* Date  
 Chief Sustainability, Resilience and  
 Innovation Officer

  
 \_\_\_\_\_ 10/28/2024  
*Deven Upadhyay* Date  
 Interim General Manager

**Attachment 1 – Map and Legal Description**

**Attachment 2 – Water Use Efficiency Statement of Compliance**

**Attachment 3 – Annexation Resolution**

**Attachment 4 – 116th Fringe Area Annexation Environmental Documentation**

Ref# sri12702092



**EXHIBIT "A"****EASTERN MUNICIPAL WATER DISTRICT-116<sup>TH</sup> FRINGE AREA ANNEXATION**

That portion of Parcel 1 of Parcel Map No. 9987 in the County of Riverside, State of California, as per map filed in Book 48, Pages 57 and 58 of Parcel Maps, in the office of the County Recorder of said County lying southerly of the center line of a sixty (60') foot wide easement for public highway and public utility purposes per O.R. 666/516 and O.R. 681/92 as shown on said Parcel Map, described as follows;

**Commencing** at the northwest corner of said Parcel 1, said corner bears South 88°05'28" East a distance of 655.67 feet from the north quarter corner of Section 22, Township 2 South, Range 4 West, San Bernardino Base and Meridian as shown on said Parcel Map;

- (1) thence South 01°04'52" West a distance of 241.74 feet along the west line of said Parcel 1 to the center line of said sixty (60') foot wide easement and the **True Point of Beginning**;
- (2) thence continuing South 01°04'52" West a distance of 449.98 feet along said west line of Parcel 1 to the southwest corner of said Parcel 1;
- (3) thence South 88°55'08" East a distance of 200.30 feet along the south line of said Parcel 1 to the southeast corner of said Parcel 1;
- (4) thence North 01°08'48" East a distance of 565.43' along the east line of said Parcel 1 to the center line of said sixty (60') foot wide easement;
- (5) thence South 61°12'05" West a distance of 231.75 feet along said center line of said sixty (60') foot wide easement to the **Point of Beginning**.

Containing 2.34 acres gross, and 2.18 acres net, more or less.

All as shown on Exhibit "B" attached hereto and made a part of.



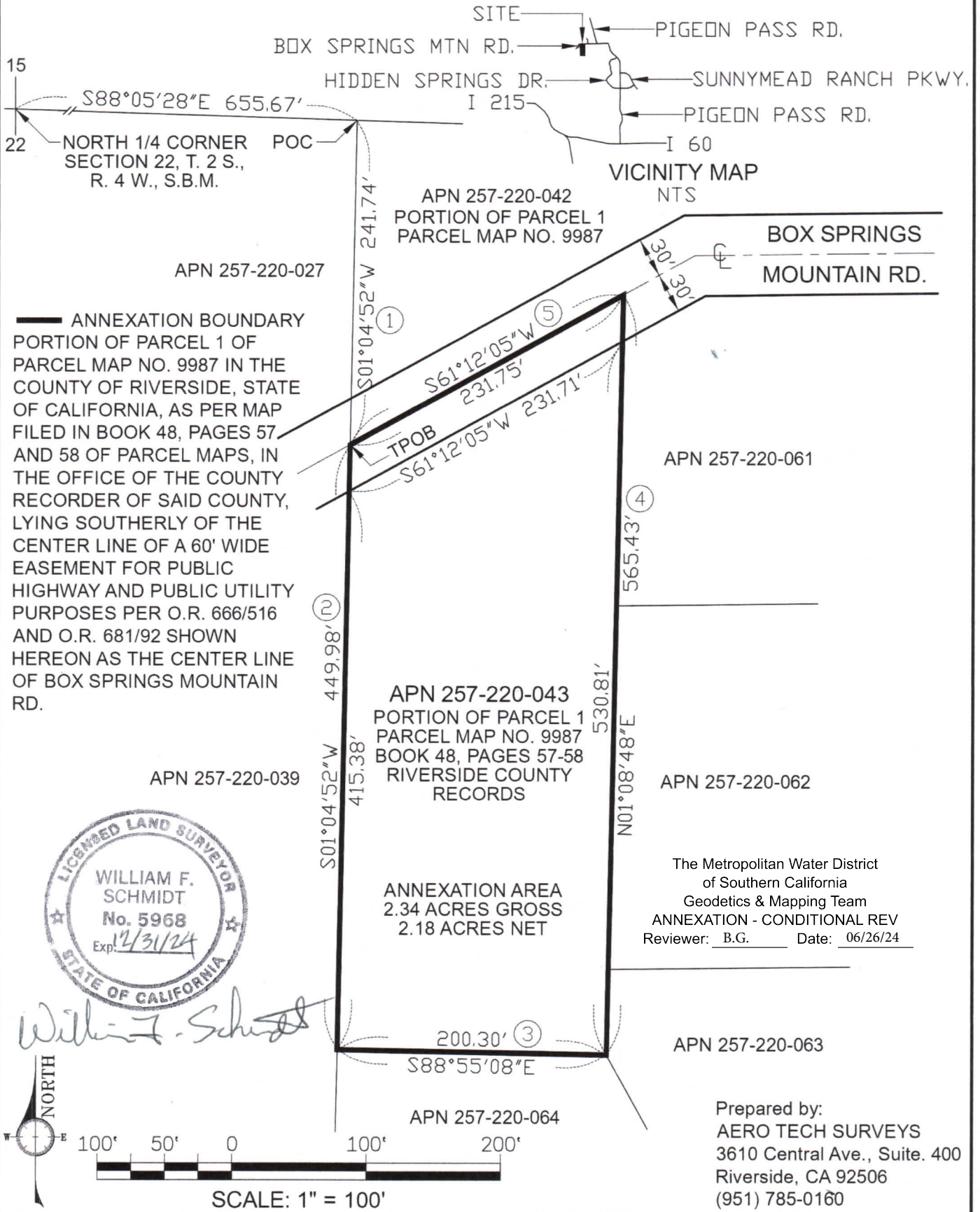
William F. Schmidt, LS 5968  
June 26, 2024



The Metropolitan Water District  
of Southern California  
Geodetics & Mapping Team  
ANNEXATION - CONDITIONAL REV  
Reviewer: B.G. Date: 06/26/24

# EXHIBIT "B"

## EASTERN MUNICIPAL WATER DISTRICT-116th FRINGE AREA ANNEXATION THIS EXHIBIT IS TO BE ATTACHED TO THE LEGAL DESCRIPTION



15  
22  
S88°05'28"E 655.67'  
NORTH 1/4 CORNER SECTION 22, T. 2 S., R. 4 W., S.B.M. POC

SITE  
BOX SPRINGS MTN RD.  
HIDDEN SPRINGS DR. I 215  
PIGEON PASS RD.  
SUNNYMEAD RANCH PKWY.  
PIGEON PASS RD.  
I 60

VICINITY MAP  
NTS

APN 257-220-042  
PORTION OF PARCEL 1  
PARCEL MAP NO. 9987  
APN 257-220-027

BOX SPRINGS  
MOUNTAIN RD.

— ANNEXATION BOUNDARY  
PORTION OF PARCEL 1 OF  
PARCEL MAP NO. 9987 IN THE  
COUNTY OF RIVERSIDE, STATE  
OF CALIFORNIA, AS PER MAP  
FILED IN BOOK 48, PAGES 57  
AND 58 OF PARCEL MAPS, IN  
THE OFFICE OF THE COUNTY  
RECORDER OF SAID COUNTY,  
LYING SOUTHERLY OF THE  
CENTER LINE OF A 60' WIDE  
EASEMENT FOR PUBLIC  
HIGHWAY AND PUBLIC UTILITY  
PURPOSES PER O.R. 666/516  
AND O.R. 681/92 SHOWN  
HEREON AS THE CENTER LINE  
OF BOX SPRINGS MOUNTAIN  
RD.

S01°04'52"W 241.74'  
S01°04'52"W 415.38'  
S01°04'52"W 449.98'  
S61°12'05"W 231.75'  
S61°12'05"W 231.71'  
S61°12'05"W 231.75'  
S61°12'05"W 231.71'  
TPOB  
S88°55'08"E 200.30'  
N01°08'48"E 530.81'  
565.43'  
30' 30'

APN 257-220-061

APN 257-220-039

APN 257-220-043  
PORTION OF PARCEL 1  
PARCEL MAP NO. 9987  
BOOK 48, PAGES 57-58  
RIVERSIDE COUNTY  
RECORDS

APN 257-220-062

The Metropolitan Water District  
of Southern California  
Geodetics & Mapping Team  
ANNEXATION - CONDITIONAL REV  
Reviewer: B.G. Date: 06/26/24

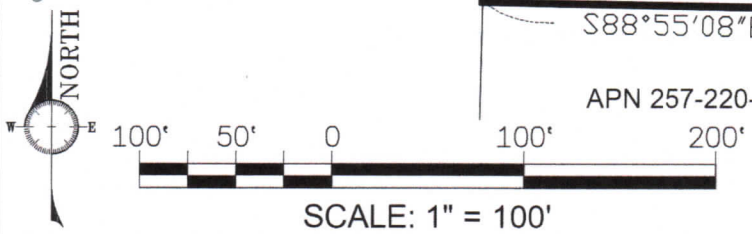
APN 257-220-063

APN 257-220-064

Prepared by:  
AERO TECH SURVEYS  
3610 Central Ave., Suite. 400  
Riverside, CA 92506  
(951) 785-0160



*William F. Schmidt*



**Documentation for Annexation of Territory to  
The Metropolitan Water District of Southern California (MWD)  
Water Use Efficiency Compliance Statement  
Member Agency Annexation**

**A. General Information**

|   |  |
|---|--|
| <p>Description of Annexing Area:</p> <p>The property is located along Box Springs Mountain Road, northwest of Pigeon Pass Road, north of Moreno Valley city limits, County of Riverside. The subject annexation consists of approximately 2.34 gross acres of developed low density residential property.</p> | <p>Member Agency: Eastern Municipal Water District<br/>Annexation Name: 116<sup>th</sup> Fringe Area (Gary Carpenter)<br/>Water Use: 1438.8 gpd</p> <p>Annexing Water Demand: 1.6 AFY<br/>Imported Water Demand: 1.6 AFY<br/>Percent MWD Supplied: 100%</p> <p>Development Plans: The property owners have no plans to develop the 2.34 acres beyond the existing single-family home.</p> <p>Zoning: Residential Agricultural</p> <p>Address: 9259 Box Springs Mountain Road<br/>APN: 257-220-043</p> <p>Additional Water Agencies Involved in Annexation: N/A</p> |
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**B. Member Agency Water Use and Efficiency Plans**  
**(1) Annual Water Use.**

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| <p>1. Does your agency minimize annual water demand and peak demands by incorporating water conservation measures throughout the service area?</p> <p>Please describe such conservation measures in the service area.</p> <p><b>MWD Administrative Code § 3107 (a)(1)(i)</b></p> | <p>Member Agency Response: <u>Yes</u>/No (circle one)</p> <p>Description:<br/>                 EMWD minimizes annual water demand by incorporating water conservation measures into new development plans and service agreements. Since 2009, residential and landscape customers have participated in a budget-based tiered rate program that assigns individualized indoor and outdoor water budgets based on each account's persons per household, landscape area, conservation factor, and billing period. The conservation factor (CF) is a percentage of the reference evapotranspiration (ETo) calculated by the California Irrigation Management Information System (CIMIS) and uses spatial ETo algorithms to assign values specific to the customer's location. The CF used to calculate water budgets depends on the original water meter connection date. Accounts with meters installed on or before 2010 are assigned a CF of at most 0.8; accounts connected between 2010 and May 2015 receive a CF of 0.7; accounts connected on or after June 2015 receive a CF of 0.5. EMWD has measured over 608 million square feet of landscape through onsite audits, Geographic Information Systems (GIS), or customer variance requests. As of January 2018, the daily allocation used to calculate the indoor budget has been reduced from 60 gallons per person per day to 55 gallons per person per day. All water use surpassing the total water budget is charged at a significantly higher rate.</p> <p>All new development must submit a Landscape Plan Check Application and consent to a Landscape Irrigation Water Budget Agreement to ensure that all individually metered landscape/irrigation projects comply with EMWD's landscape requirements. Furthermore, new development must also submit a Site Usage Analysis form that clearly displays the accurate landscape square footage broken down into functional turf and non-functional turf. This information is used to ensure that no account will receive a water budget that exceeds the District's maximum budget limits.</p> <p>In addition to the above, Title 5, Article 6 of EMWD's Administrative Code contains other conservation policies, practices, and procedures. Developers must adhere to State and local plumbing and landscaping codes. All customers are prohibited from hosing down driveways and other hard surfaces except for health or sanitary reasons and then only by use of a hand-held container. Additionally, customers are:</p> <ul style="list-style-type: none"> <li>• Required to repair faucets, toilets, and other potential sources of water leaks within 48 hours of the occurrence,</li> <li>• Water outdoors between 9 pm and 6 am only and are prohibited from producing run-off or over watering and from watering during rain</li> <li>• Prohibited from allowing water to run while washing vehicles</li> <li>• Prohibited from using decorative fountains unless they are equipped with a recycling system</li> <li>• Limited to no more than 15 minutes of watering per day per station if using an unattended irrigation system or watering device.</li> </ul> <p>Penalties for water inefficiency are enforced through the tier rate budgets and through other additional fines. For commercial, multi family, and landscape accounts, such fines include an initial warning, followed by a final written notice, which may then be followed by a surcharge of \$100 added to the customer's bill if a third violation occurs</p> |
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**Member Agency:** Eastern Municipal Water District

**Annexation Name:** 116<sup>th</sup> Fringe Annexation

|  |   |
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|  | <p>within 12 months of the first notice. A fourth violation and any subsequent violations could incur an additional \$200 surcharge to the customer’s water bill. For single family residential accounts, the surcharges are \$25 for the third violation, and \$50 for the fourth violation and subsequent violations. The revenue derived from the surcharges and other fines explained in Article 6 is used to support water use efficiency programs and rebates.</p> <p>EMWD has initiated a long- term campaign to encourage all customers to use water wisely. A staff of conservation and education specialists provides public education programs, landscape irrigation workshops, student education programs, and conservation related campaigns. EMWD sponsors workshops on California-friendly plants to promote landscaping using drought tolerant plants and has a comprehensive Water Waste Program to report/correct the wasteful use of water. The New Residential Development Campaign is targeted at new residential customers and consists of a welcome letter, a quarterly newsletter containing seasonal tips and ideas for water conservation, and a survey. EMWD’s new development conservation programs, including residential water surveys, water-wise landscape/irrigation workshops, high-efficiency washing machine rebates, moisture sensors, CII programs, etc. are offered to all of our customers, including new development and subagencies.</p> <p>In 2019, the District launched its WaterWise Plus program, a comprehensive and forward-thinking program designed to assist customers and partner agencies with finding new and cost-effective ways to become more water efficient. The program integrates existing water use efficiency-based programs with long-term solutions that are promoted regardless of drought conditions. These programs help customers make lifestyle changes to their water use habits resulting in becoming more efficient with their water use, gaining a better understanding of their water usage, and making them better able to manage their monthly bills.</p> <p>In 2021, the District launched its Landscapes for Living program, designed to assist residential customers to become more water efficient. The program integrates home consultations with a landscape expert, free direct installation of smart irrigation controllers and high efficiency nozzles, landscape design assistance, and staff support to assist customers who want to apply for water saving rebates through the MWD.</p> <p>These programs are promoted via bill stuffers, EMWD’s website, newspaper articles, and homeowners’ association meetings and civic associations, etc.</p> <p>Supporting Documentation: (Attach supporting documents or web links)</p> <p><a href="#">Administrative Code Article 6 - Water Conservation (pg 365)</a></p> <p><a href="#">EMWD Rebate Information</a></p> |
| <p>2. Does your service area maximize use of groundwater, local surface water, and recycled waste water supplies to minimize annual water demand on MWD?</p> | <p>Member Agency Response: <input checked="" type="radio"/> Yes <input type="radio"/> No (circle one)</p> <p>Description:</p> <p>EMWD operates storage facilities, groundwater facilities, and promotes conservation to minimize annual water demands on MWD. Currently, EMWD’s potable supply</p>  |

**Member Agency:** Eastern Municipal Water District

**Annexation Name:** 116<sup>th</sup> Fringe Annexation

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| <p>Please describe such maximizing uses in the service area.</p> <p><b>MWD Administrative Code § 3107 (a)(1)(ii)</b></p> | <p>system includes 79 tanks with over 204 million gallons of storage capacity. Tank levels are adjusted based on demand forecasting, allowing this storage to serve as a buffer against peak demands on MWD’s system.</p> <p>The District has also developed significant local supplies to reduce EMWD’s need for imported water. EMWD operates 15 potable wells and an additional 15 brackish wells, which provide influent for the District’s three operational desalination plants. The District proactively manages its groundwater basins in order to ensure the continued availability of a highly reliable and economic water supply. Efforts include the diversion of surface water (up to 5,760 acre-feet (AF) annually, depending on availability), and a groundwater recharge program. EMWD currently plans to enhance and optimize its groundwater programs with a groundwater banking and storm water capture program along with an indirect potable reuse project.</p> <p>EMWD has initiated a long-term campaign to encourage all customers to use water wisely. EMWD sponsors workshops on California-friendly plants to promote landscaping using drought tolerant plants and has a comprehensive Water Waste Program to report/correct the wasteful use of water. The New Residential Development Campaign is targeted at new residential customers and consists of a welcome letter, a quarterly newsletter containing seasonal tips and ideas for water conservation, and a survey.</p> <p>EMWD’s conservation programs, which include residential water surveys, water-wise landscape/irrigation workshops, high-efficiency washing machine rebates, moisture sensors, CII programs, etc., are offered to all of our customers, including new development and subagencies. These programs are promoted via bill stuffers, EMWD’s website, newspaper articles, and homeowners’ association meetings and civic associations, etc. With grant funding from United States Bureau of Reclamation (USBR), MWD, and CA Department of Water Resources (DWR) Prop 84, EMWD has removed 10.6 Million square feet of non-functional turf.</p> <p>Additionally, EMWD has invested greatly in producing easily accessible educational resources. In partnership with 4 other Inland Empire agencies, EMWD has published a region specific landscape guidebook that takes any Inland Empire resident through each step of creating a water efficient landscape. With chapters such as “Design Inspiration,” “How to Garden,” “Landscape Elements,” and “Design It Yourself,” this guidebook was designed to be an all-inclusive workbook for a resident without landscaping experience.</p> <p>EMWD minimizes annual water demand by incorporating water conservation measures into new development plans and service agreements. EMWD enforces local and state landscape ordinances through the use of budget based tiered rates. Since 2009, residential and landscape customers have participated in a budget-based tiered rate program that assigns individualized indoor and outdoor water budgets based on each account’s persons per household, landscape area, conservation factor, and billing period. The conservation factor is an ET factor based on the development’s connection date that determines what percentage of the reference evapotranspiration rate will be used to calculate the outdoor budget. Evapotranspiration rates are continuously monitored and recorded across EMWD’s entire service region and are specific to the customer’s location. Effective January 2018, all customer water budgets were lowered to more closely reflect current water efficiency trends and a mix of conventional turf and drought-tolerant landscaping, decreasing from 100 percent to 80 percent ET. Accounts with meters installed on or before 2010 are assigned an ET factor of at</p> |
|--|--|

|  |   |
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|  | <p>most 0.8; accounts connected between 2010 and May 2015 receive an ET factor of 0.7; accounts connected on or after June 2015 receive an ET factor of 0.5. EMWD has measured over 608 million square feet of landscape through onsite audits, GIS, or customer variance requests. As of January 2018, the daily allocation used to calculate the indoor budget has been reduced from 60 gallons per person per day to 55 gallons per person per day. All water use surpassing the total water budget is charged at a significantly higher rate.</p> <p>Supporting Documentation: (Attach supporting documents or web links)</p> <p><a href="#">EMWD Water Wide Landscaping Resources</a><br/> <a href="#">Administrative Code Article 6 - Water Conservation (pg 365)</a><br/> <a href="#">Hemet-San Jacinto Watermaster   Eastern Municipal Water District - EMWD</a><br/> <a href="#">Sustainable Groundwater Management Act   Eastern Municipal Water District - EMWD</a><br/> <a href="#">SGMA Portal - Groundwater Sustainability Plan Annual Report, West San Jacinto</a><br/> <a href="#">Water Budgets and Tiered Rates</a></p> |
|--|---|

|   |  |
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| <p>3. Does your service area construct and operate local storage and groundwater production facilities as required by California Water Code Sections 10700-10710 (Groundwater Resources)?</p> <p>Please describe such construction and operations in the service area.</p> <p><b>MWD Administrative Code § 3107 (a)(1)(iii)</b></p> | <p>Member Agency Response: <input checked="" type="radio"/> Yes / <input type="radio"/> No (circle one)</p> <p>Description:</p> <p>EMWD has invested significantly in the development of local water supplies. The District currently operates 15 wells producing potable groundwater, with an additional 15 wells that pump brackish groundwater as influent into two reverse osmosis desalination plants. Recycled water is produced from four regional water reclamation facilities that collect wastewater from both EMWD’s retail and wholesale service area. EMWD also has a permit allowing the District to divert up to 5,760 AF of San Jacinto River flows annually (when available). Diverted water is captured at the District’s Grant Avenue Ponds for the purpose of recharging the local groundwater basin.</p> <p>In 2023, local sources accounted for roughly 54% of EMWD’s retail water supply portfolio. This total includes over 7,346 AF of native, potable groundwater, 13,532 AF of desalinated groundwater, and nearly 45,322 AF of recycled water.</p> <p>Future local supply projects that are in various stages of planning and/or construction include:</p> <ul style="list-style-type: none"> <li>• Groundwater banking and stormwater capture programs (Santa Ana River Conservation and Conjunctive Use Program / Enhanced Recharge and Recovery Program),</li> <li>• An indirect potable reuse project (Purified Water Replenishment), and</li> <li>• A groundwater development project in the Moreno Valley/Perris North area (Perris North Contamination Prevention and Remediation Program).</li> </ul> <p>In addition, EMWD is completing an accelerated retrofit program geared towards expanding the availability of recycled water within its service area.</p> <p>Supporting Documentation: (Attach supporting documents or web links)<br/> <a href="#">Brochure - Groundwater Management</a></p> |
|---|--|

**Member Agency:** Eastern Municipal Water District

**Annexation Name:** 116<sup>th</sup> Fringe Annexation

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|   | <p><a href="#">Brochure - Sustainability</a><br/> <a href="#">Administrative Code Article 6 – Recycled Water Use (pg 367)</a><br/> <a href="#">Hemet-San Jacinto Watermaster   Eastern Municipal Water District - EMWD Sustainable Groundwater Management Act   Eastern Municipal Water District - EMWD</a><br/> <a href="#">SGMA Portal - Groundwater Sustainability Plan Annual Report, West San Jacinto EMWD Construction Projects</a></p>  |
| <p>4. Does your agency condition all new territory to be consistent with all applicable city, county, and state laws?</p> <p><b>MWD Administrative Code § 3107 (a)(1)(iv)</b></p> | <p>Member Agency Response: <input checked="" type="radio"/> Yes / <input type="radio"/> No (circle one)</p> <p>Description:<br/>                 EMWD minimizes annual water demand by incorporating water conservation measures into new development plans and service agreements. EMWD enforces local and state landscape ordinances through the use of budget based tiered rates. Since 2009, residential and landscape customers have participated in a budget-based tiered rate program that assigns individualized indoor and outdoor water budgets based on each account’s persons per household, landscape area, conservation factor, and billing period. The conservation factor is an ET factor based on the development’s connection date that determines what percentage of the reference evapotranspiration rate will be used to calculate the outdoor budget. Evapotranspiration rates are continuously monitored and recorded across EMWD’s entire service region and are specific to the customer’s location. Effective January 2018, all customer water budgets were lowered to more closely reflect current water efficiency trends and a mix of conventional turf and drought-tolerant landscaping, decreasing from 100 percent to 80 percent ET. Accounts with meters installed on or before 2010 are assigned an ET factor of at most 0.8; accounts connected between 2010 and May 2015 receive an ET factor of 0.7; accounts connected on or after June 2015 receive an ET factor of 0.5. EMWD has measured over 608 million square feet of landscape through onsite audits, GIS, or customer variance requests. As of January 2018, the daily allocation used to calculate the indoor budget has been reduced from 60 gallons per person per day to 55 gallons per person per day. All water use surpassing the total water budget is charged at a significantly higher rate.</p> |

**(2) Recycled Water.**

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| <p>5. Does your service area use recycled water in accordance with California Water Code Sections 13550-13557 (Water Reuse)?</p> <p>Please describe such recycled water use in the service area.</p> <p><b>MWD Administrative Code § 3107 (a)(2)</b></p> | <p>Member Agency Response: <input checked="" type="radio"/> Yes / <input type="radio"/> No (circle one)</p> <p>Description:<br/>                 EMWD has an extensive recycled water system with integrated supply, conveyance and storage facilities creating four stabilized service zones throughout its service area. The system consists of four operating regional water reclamation facilities producing 49 MGD of recycled water, more than 260 miles of pipeline, 19.5 MG of elevated service level storage, 7,700 AF of seasonal storage pond capacity, 9 pond pump stations and 5 inline</p> |
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**Member Agency:** Eastern Municipal Water District

**Annexation Name:** 116<sup>th</sup> Fringe Annexation



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|  | <p>booster stations. EMWD has over 700 recycled water service connections and regularly selling approximately 30,000 AF of recycled water per year, ranking EMWD among the top water recycling agencies in California. Recycled water customers include agricultural, parks, schools, common area landscape, and environmental. EMWD maintains a Mandatory Use Policy for new development and works closely with land use agencies and the development community to selectively condition new projects. Developments that are serviced by EMWD and meet the Recycled Water Facilities and Service Guidelines adopted by EMWD's Board of Directors as required in Water Code sections 13550 are conditioned for recycled water use and construction of local pipelines thereby expanding the recycled water distribution system. EMWD supports existing potable water landscape customers wishing to retrofit to recycled water through the Accelerated Retrofit Program (ARP). The ARP provides technical design and permitting support, new service connections and funding assistance to help customers complete recycled water retrofits which maintains green recreational areas for our community while reducing the use of valuable imported potable supplies.</p> <p>Supporting Documentation: (Attach supporting documents or web links)</p> <p><a href="#">EMWD's Recycled Water Service</a></p> |
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**(3) Local Resources.**

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| <p>6. Has your agency established measures to sustain a seven-to 21-day interruption in service, as required by MWD Administrative Code Section 4503(b)?</p> <p>MWD Administrative Code § 3107 (a)(3)</p> | <p>Member Agency Response: <input checked="" type="radio"/> Yes/No (circle one)</p> <p>Description:</p> <p>EMWD would be able to sustain a 7-day interruption in service as described in MWD's Administrative Code Section 4503.</p> <p>Significant, mandatory water conservation efforts would be required to sustain a 7-day and 21-day interruption. Such efforts include communication outreach through automated customer service systems as well as our Public and Governmental Affairs Department. EMWD has a diverse portfolio of water supply including 204 MG of elevated storage, 15 brackish and 15 potable active wells, two Microfiltration and three brackish water desalters (with a third under construction). Domestic well production and desalter production capacity exceeds 40 Million Gallons per Day.</p> <p>Supporting Documentation: (Attach supporting documents or web links)</p> <p><a href="#">Administrative Code Article 10 - Water Shortage Contingency Plan (pg 389)</a></p> <p><a href="#">Emergency Preparedness Link</a></p> <p><a href="#">Hazard Mitigation Plan</a></p> |
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**C. Reporting to the District**

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| <p>7. Has your agency incorporated conservation measures in the new territory?</p> | <p>Member Agency Response: <input checked="" type="radio"/> Yes/No (circle one)</p> <p>Description:</p> |
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**Member Agency:** Eastern Municipal Water District

**Annexation Name:** 116<sup>th</sup> Fringe Annexation

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| <p>Please describe such measures.</p> <p><b>MWD Administrative Code § 3107(b)(1)</b></p> | <p>All new development must submit a Landscape Plan Check Application and consent to a Landscape Irrigation Water Budget Agreement in order to ensure that all individually metered landscape/irrigation projects comply with EMWD’s Landscape/Irrigation Ordinance 72. Furthermore, new development must also submit a Site Usage Analysis form that clearly displays the accurate landscape square footage broken down into functional turf and non-functional turf. This information is used to ensure that no account will receive a water budget that exceeds the District’s maximum budget limits. In addition to all of the above, Article 6 of EMWD’s Administrative Codes puts into action many more conservation policies, practices, and procedures. Developers must adhere to State and local plumbing and landscaping codes. All customers are prohibited from hosing down driveways and other hard surfaces except for health or sanitary reasons and then only by use of a hand-held container. Additionally, customers are:</p> <ul style="list-style-type: none"> <li>• Required to repair faucets, toilets, and other potential sources of water leaks within 48 hours of the occurrence</li> <li>• Water outdoors between 9 pm and 6 am only and are prohibited from producing run-off or over watering and from watering during rain</li> <li>• Prohibited from allowing water to run while washing vehicles</li> <li>• Prohibited from using decorative fountains unless they are equipped with a recycling system</li> <li>• Limited to no more than 15 minutes of watering per day per station if using an unattended irrigation system or watering device.</li> </ul> <p>Penalties for water inefficiency are enforced through the tier rate budgets and through other additional fines. For commercial, multi family, and landscape accounts, such fines include an initial warning, followed by a final written notice, which may then be followed by a surcharge of \$100 added to the customer’s bill if a third violation occurs within 12 months of the first notice. A fourth violation and any subsequent violations could incur an additional \$200 surcharge to the customer’s water bill. For single family residential accounts, the surcharges are \$25 for the third violation, and \$50 for the fourth violation and subsequent violations. The revenue derived from the surcharges and other fines explained in Article 6 is used to support water use efficiency programs and rebates. EMWD has initiated a long-term campaign to encourage all customers to use water wisely. A staff of conservation and education specialists provides public education programs, landscape irrigation workshops, student education programs, and conservation related campaigns. EMWD sponsors workshops on California-friendly plants to promote landscaping using drought tolerant plants and has a comprehensive Water Waste Program to report/correct the wasteful use of water. The New Residential Development Campaign is targeted at new residential customers and consists of a welcome letter, a quarterly newsletter containing seasonal tips and ideas for water conservation, and a survey. EMWD’s new development conservation programs, including residential water surveys, water-wise landscape/irrigation workshops, high-efficiency washing machine rebates, moisture sensors, CII programs, etc. are offered to all of our customers, including new development and subagencies.</p> <p>In 2019, the District launched its WaterWise Plus program, a comprehensive and forward-thinking program designed to assist customers and partner agencies with finding new and cost-effective ways to become more water efficient. The program integrates existing water use efficiency-based programs with long-term solutions that are promoted regardless of drought conditions. These programs help customers make lifestyle changes to their water use habits resulting in becoming more efficient with their water use, gaining a better understanding of their water usage, and making them better</p> |
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|   | <p>able to manage their monthly bills.</p> <p>In 2021, the District launched its Landscapes for Living program, designed to assist residential customers to become more water efficient. The program integrates home consultations with a landscape expert, free direct installation of smart irrigation controllers and high efficiency nozzles, landscape design assistance, and staff support to assist customers who want to apply for water saving rebates through the MWD.</p> <p>These programs are promoted via bill stuffers, EMWD’s website, newspaper articles, and homeowners’ association meetings and civic associations, etc.</p> <p>Supporting Documentation: (Attach supporting documents or web links)<br/> <a href="#">Administrative Code Article 6 - Water Conservation (pg 365)</a></p> <p><a href="#">EMWD Rebate Information</a></p>                                 |
| <p>8. What is your agency’s total annual production of local water supplies including, but not limited to, recycled water, groundwater, and local surface water use?</p> <p><b>MWD Administrative Code § 3107(b)(2)</b></p>   | <p>Member Agency Response: 66,200 AF</p> <p>Description: During Calendar Year 2023, EMWD produced 66,200 AF of local water through its groundwater, desalter, and recycled water facilities.</p> <p>Form of Documentation:<br/> <a href="#">2020 Urban Water Management Plan (UWMP)</a></p>  |
| <p>9. Has your agency established resources to sustain a seven-to 21-day interruption in service, as required by MWD Administrative Code Section 4503(b)?</p> <p>Please describe such resources, as applicable to your agency’s facilities, as specified in MWD Administrative Code §§ 3107(b)(3).</p> <p><b>MWD Administrative Code § 3107(b)(3)</b></p> | <p>Member Agency Response: <input checked="" type="radio"/> Yes / No (circle one)</p> <p>Description:</p> <p>EMWD would be able to sustain a 7-day interruption in service as described in MWD’s Administrative Code Section 4503.</p> <p>Significant, mandatory water conservation efforts would be required to sustain a 7-day and 21-day interruption. Such efforts include communication outreach through automated customer service systems as well as our Public and Governmental Affairs Department. EMWD has a diverse portfolio of water supply including 204 MG of elevated storage, 15 brackish and 15 potable active wells, two Microfiltration and three brackish water desalters. Domestic well production and desalter production capacity exceeds 40 Million Gallons per Day.</p> <p>Form of Documentation:<br/> <a href="#">2020 Urban Water Management Plan (UWMP)</a></p> |
| <p>10. Has your agency submitted a current Urban Water Management Plan (UWMP) to the reporting agency?</p> <p><b>MWD Administrative Code § 3107(b)(4)(i)</b></p>  | <p>Member Agency Response: <input checked="" type="radio"/> Yes / No (circle one)</p> <p>Description:</p> <p>EMWD’s 2020 Urban Water Management Plan (UWMP) is an update to the 2015 UWMP and was prepared in response to Water Code Sections 10610 through 10656 of the Urban</p>   |

**Member Agency:** Eastern Municipal Water District

**Annexation Name:** 116<sup>th</sup> Fringe Annexation

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|   | <p>Water Management Planning Act. It was adopted in June 2021 and has been submitted to the reporting agency. Included in the plan is detailed information about EMWD’s water demand, supply and reliability for the next 25 years.</p> <p>Form of Documentation:</p> <p><a href="#">2020 Urban Water Management Plan (UWMP)</a></p>  |
| <p>11. Does your agency’s most current UWMP include a narrative description addressing the nature and extent of each water demand management measure implemented over the past 5 years, as required by California Water Code Section 10631(f)?</p> <p><b>MWD Administrative Code § 3107(b)(4)(ii)</b></p> | <p>Member Agency Response: <input checked="" type="radio"/> Yes / No (circle one)</p> <p>Description:</p> <p>The 2020 Urban Water Management Plan provides a narrative description addressing the nature and extent of each water demand measure implemented over the past 5 years. This includes narratives on EMWD’s implementation of the water waste prevention ordinances, metering with commodity rates for all new connections and retrofit of existing connections, public information programs, retail conservation pricing, school education programs, water loss control programs, and all other demand management measures described in Chapter 9 of the 2015 UWMP. EMWD is a member of the California Water Efficiency Partnership (CalWEP) and the Alliance for Water Efficiency (AWE), which supports the implementation of demand management measures and related legislative and regulatory requirements.</p> <p>Form of Documentation:</p> <p><a href="#">2020 Urban Water Management Plan (UWMP)</a></p> |
| <p>12. Does your agency’s most current UWMP adequately address California Water Code requirements?</p> <p><b>MWD Administrative Code § 3107(b)(4)(iii)</b></p>  | <p>Member Agency Response: <input checked="" type="radio"/> Yes / No (circle one)</p> <p>Description:</p> <p>Chapter 1 of the 2020 Urban Water Management Plan addresses California Water Code requirements. This 2020 UWMP was developed to incorporate all requirements, under the guidance of DWR’s 2020 UWMPs Guidebook for Urban Water Suppliers. A checklist to document compliance of this 2020 UWMP with the Act and the CWC is provided in Appendix A. This UWMP includes all required DWR standardized tables within relevant chapters and they are compiled in Appendix B. Within the UWMP chapters, DWR’s standardized tables include the DWR assigned table number in the first row of the table.</p> <p>Form of Documentation: Link to the UWMP</p> <p><a href="#">2020 Urban Water Management Plan (UWMP)</a></p>  |
| <p>13. What is the status of implementing the water plans, projects, and programs described in the UWMP to implement California Water Code Section 10620 et seq.?</p> <p><b>MWD Administrative Code § 3107(b)(5)</b></p>  | <p>Member Agency Response: <u>Active</u></p> <p>Description:</p> <p>EMWD continues to advance the water supply projects and programs described in Chapter 6 of the 2020 UWMP.</p> <p>EMWD has invested significantly in the development of local water supplies. The District</p>   |

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|  | <p>currently operates 15 wells producing potable groundwater, with an additional 15 wells that pump brackish groundwater as influent into three reverse osmosis desalination plants. Recycled water is produced from four regional water reclamation facilities that collect wastewater from both EMWD’s retail and wholesale service area. EMWD also has a permit allowing the District to divert up to 5,760 AF of San Jacinto River flows annually (when available). Diverted water is captured at the District’s Grant Avenue Ponds for the purpose of recharging the local groundwater basin.</p> <p>In 2023, local sources accounted for roughly 54% of EMWD’s retail water supply portfolio. This total includes over 7,346 AF of native, potable groundwater, 13,532 AF of desalinated groundwater, and nearly 45,322 AF of recycled water.</p> <p>Future local supply projects that are in various stages of planning and/or construction include:</p> <ul style="list-style-type: none"> <li>• Groundwater banking and stormwater capture programs (Santa Ana River Conservation and Conjunctive Use Program / Enhanced Recharge and Recovery Program),</li> <li>• An indirect potable reuse project (Purified Water Replenishment), and</li> <li>• A groundwater development project in the Moreno Valley/Perris North area (Perris North Contamination Prevention and Remediation Program).</li> </ul> <p>In addition, EMWD is completing an accelerated retrofit program geared towards expanding the availability of recycled water within its service area.</p> <p>EMWD has initiated a long-term campaign to encourage all customers to use water wisely. A staff of conservation and education specialists provides public education programs, landscape irrigation workshops, student education programs, and conservation related campaigns. EMWD sponsors workshops on California-friendly plants to promote landscaping using drought tolerant plants and has a comprehensive Water Waste Program to report/correct the wasteful use of water. The New Residential Development Campaign is targeted at new residential customers and consists of a welcome letter, a quarterly newsletter containing seasonal tips and ideas for water conservation, and a survey. EMWD’s new development conservation programs, including residential water surveys, water-wise landscape/irrigation workshops, high-efficiency washing machine rebates, moisture sensors, CII programs, etc. are offered to all of our customers, including new development and subagencies.</p> <p>In 2019, the District launched its WaterWise Plus program, a comprehensive and forward-thinking program designed to assist customers and partner agencies with finding new and cost-effective ways to become more water efficient. The program integrates existing water use efficiency-based programs with long-term solutions that are promoted regardless of drought conditions. These programs help customers make lifestyle changes to their water use habits resulting in becoming more efficient with their water use, gaining a better understanding of their water usage, and making them better able to manage their monthly bills.</p> <p>In 2021, the District launched its Landscapes for Living program, designed to assist residential customers to become more water efficient. The program integrates home</p> |
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|  | <p>consultations with a landscape expert, free direct installation of smart irrigation controllers and high efficiency nozzles, landscape design assistance, and staff support to assist customers who want to apply for water saving rebates through the MWD.</p> <p>These programs are promoted via bill stuffers, EMWD’s website, newspaper articles, and homeowners’ association meetings and civic associations, etc.</p> <p>Form of Documentation:<br/> <a href="#">2020 Urban Water Management Plan (UWMP)</a></p> |
|--|---|

**MWD**

MWD Employee Name: \_\_\_\_\_

File Date: \_\_\_\_\_

MWD Employee Name: Marcelo Alvarez

Review Date: August 14, 2024

Notes:

**MWD Member Agency**

The following member agency assures compliance with the provisions of Metropolitan’s Water Use Efficiency Guidelines for the next five years as indicated in Metropolitan’s Administrative Code § 3107 and shall report to Metropolitan regarding such compliance.

Agency Name: Eastern Municipal Water District

Date: 8/05/2024

Member Agency Representative Name: Joe Mouawad, P.E., General Manager

Notes:

**RESOLUTION \_\_\_\_\_**

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
CONSENTING TO EASTERN MUNICIPAL WATER DISTRICT’S  
116th FRINGE AREA ANNEXATION  
AND FIXING THE TERMS AND  
CONDITIONS OF THE ANNEXATION TO  
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

WHEREAS, the Board of Directors of the Eastern Municipal Water District (EMWD), a county water authority situated in the county of Riverside, state of California, pursuant to Resolution No. 2023-159, in accordance with the provisions of the Metropolitan Water District Act (MWD Act), has applied to the Board of Directors of The Metropolitan Water District of Southern California (Metropolitan) for consent to annex thereto certain uninhabited territory situated in the county of Riverside referred to as 116th Fringe Area Annexation, more particularly described in an application to the Riverside County Local Agency Formation Commission (LAFCO), concurrently with 116th Fringe Area Annexation thereof to EMWD, such annexation to Metropolitan to be upon such terms and conditions as may be fixed by the Board of Directors of Metropolitan;

WHEREAS, the owner, City of Murrieta (Property owner) of Riverside County Assessor Parcel Number 257-220-043 (Property) has applied for annexation into the EMWD and Metropolitan service areas;

WHEREAS, completion of said 116th Fringe Area Annexation shall be contingent upon approval by the LAFCO;

WHEREAS, Metropolitan requests that LAFCO condition its approval of 116th Fringe Area Annexation upon a requirement that Metropolitan’s existing and established taxes, benefit assessments, or property-related fees or charges in place in the service area are levied or fixed and collected on the parcels being annexed to the agency; these taxes, benefit assessments, or property-related fees or charges are identified below;

WHEREAS, Metropolitan has levied and collected ad valorem taxes on parcels within the territory of EMWD. Such charges for fiscal year 2024/25 described in Resolution 9361, adopted by Metropolitan’s Board on August 20, 2024;

WHEREAS, since fiscal year 1992/93, Metropolitan has levied and collected water standby charges pursuant to Section 134.5 of the MWD Act on parcels within the territory of EMWD. Such charges for fiscal year 2024/25 are described in Resolution 9357, adopted by Metropolitan’s Board on May 14, 2024;

WHEREAS, upon 116th Fringe Area Annexation, the parcel will be within Metropolitan's service area, Metropolitan water will be available to such parcels and such parcels will receive the benefit of the projects provided in part with proceeds of Metropolitan's water standby charges; and

WHEREAS, pursuant to the provisions of the California Environmental Quality Act (CEQA), EMWD, acting as Lead Agency, prepared a Notice of Exemption (NOE) for the 116th Fringe Area Annexation Project, and approved the Project on July 15, 2024 to annex the existing private structure on the proposed annexation parcel, and Metropolitan, as Responsible Agency under CEQA, independently determined that the proposed action is categorically exempt as an annexation of an existing structure.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Metropolitan, acting as Responsible Agency, reviewed and considered the information in the NOE, and subject to the following terms and conditions, does hereby grant the application of the governing body of EMWD for consent to annex 116th Fringe Area Annexation, to Metropolitan and does hereby fix the terms and conditions of such annexation.

Section 1. Annexation of said area to EMWD shall be made concurrently with annexation thereof to Metropolitan, and all necessary certificates, statements, maps, and other documents required to be filed by or on behalf of EMWD to effectuate 116th Fringe Area Annexation shall be filed on or before December 31, 2026.

Section 2. Prior to filing a request for a Certificate of Completion of 116th Fringe Area Annexation proceeding with LAFCO, EMWD shall submit a certified copy of LAFCO's resolution approving 116th Fringe Area Annexation to EMWD and shall pay to Metropolitan \$21,559.28 for its annexation fee if annexation is completed by December 31, 2024. If the annexation is completed during the 2025 calendar year, the annexation charge will be calculated based on the then-current rate, in accordance with Metropolitan's Administrative Code Section 3300.

Section 3. a. Metropolitan shall be under no obligation to provide, construct, operate, or maintain feeder pipelines, structures, connections, and other facilities required for the delivery of water to said area from works owned and operated by Metropolitan.

b. EMWD shall not be entitled to demand that Metropolitan deliver water to EMWD for use, directly or indirectly, within said area, except for domestic or municipal use therein.

c. The delivery of all water by Metropolitan, regardless of the nature and time of use of such water, shall be subject to the water service regulations, including rates and charges promulgated from time to time by Metropolitan.



d. Except upon the terms and conditions specifically approved by the Board of Directors of Metropolitan, water sold and delivered by Metropolitan shall not be used in any manner which intentionally or avoidably results in the direct or indirect benefit of areas outside Metropolitan, including use of such water outside Metropolitan or use thereof within Metropolitan in substitution for other water outside Metropolitan.

Section 4. LAFCO has conditioned approval of 116th Fringe Area Annexation upon a requirement that Metropolitan levy or fix and collect all previously established and collected taxes, benefit assessments, or property-related fees or charges on parcels being annexed to the agency.

Section 5. Such charges, which are subject to change over time, include but are not limited to:

a. Metropolitan’s ad valorem tax on properties located within the territory of EMWD is in the amount of 0.007 percent of the assessed value of each parcel. Metropolitan shall levy the ad valorem tax in the amount, at the same time and in the same manner as ad valorem tax on other properties located within the territory of EMWD. Such charges for fiscal year 2024/25 are described in Resolution 9361, adopted by Metropolitan’s Board on August 20, 2024.

b. Metropolitan’s water standby charge on properties located within the territory of EMWD in the amount of \$6.94 per an acre, or per a parcel of less than one acre. Metropolitan shall levy the water standby charge in the amount, at the same time and in the same manner as the water standby charge on other properties located within the territory of EMWD. Such charges for fiscal year 2024/25 are described in Resolution 9357, adopted by Metropolitan’s Board on May 14, 2024.

Section 6. That the General Manager is hereby authorized and directed to take all necessary action to secure the collection of the ad valorem taxes and water standby charges by the appropriate county officials, including payment of the reasonable cost of collection.

Section 7. That Metropolitan, acting as Responsible Agency under CEQA, reviewed and considered the information in the NOE prior to approval of the final terms and conditions for 116th Fringe Area Annexation; and subject to the following terms and conditions, does hereby grant the application of the governing body of EMWD for consent to annex 116th Fringe Area Annexation to Metropolitan and does hereby fix the terms and conditions of such annexation.

Section 8. That the General Manager and General Counsel are hereby authorized to do all things necessary and desirable to accomplish the purposes of this resolution, including, without limitation, the commencement of defense of litigation.

Section 9. That if any provision of this resolution or the application to any member agency, property or person whatsoever is held invalid, that invalidity shall not affect the other

provisions or applications of this resolution which can be given effect without the invalid portion or application, and to that end the provisions of this resolution are severable.

BE IT FURTHER RESOLVED that the Board Executive Secretary is directed to transmit forthwith to the governing body of EMWD a certified copy of this resolution.

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 November 19, 2024.

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

**Eastern Municipal Water District**

2270 Trumble Road  
P.O. Box 8300  
Perris, CA 92572-8300



**Notice of Exemption**

**To:** Riverside County Clerk  
2724 Gateway Drive  
Riverside, CA 92507

**Project Title:** 116<sup>th</sup> Fringe Area Annexation  
**Project Location:** 9259 Box Springs Mountain Road  
**City:** Moreno Valley, CA 92557  
**County:** Riverside

**Description of Nature, Purpose, and Beneficiaries of Project:** The project consists of the annexation of one 2.34-acre parcel (APN#257-220-043) to the Eastern Municipal Water District and the Metropolitan Water District of Southern California. Annexation will allow the District to provide water service to the existing private structure located on the parcel.

**Public Agency Approving and Carrying Out Project:** Eastern Municipal Water District

**Exempt Status:**

Categorical Exemption (Section 15319).

**Reasons why the project is exempt:** The proposed annexation contains an existing private residential structure. No new development would result from this action. As such, the project meets the criteria for categorical exemption provided for within CEQA Guidelines Section 15319.

**15319. ANNEXATIONS OF EXISTING FACILITIES AND LOTS FOR EXEMPT FACILITIES**

(a) Annexations to a city or special district of areas containing existing public or private structures developed to the density allowed by the current zoning or pre-zoning of either the gaining or losing governmental agency whichever is more restrictive, provided, however, that the extension of utility services to the existing facilities would have a capacity to serve only the existing facilities.

**EMWD Contact:** Joe Broadhead

**Phone:** (951) 928-3777, ext 4545

  
\_\_\_\_\_  
Joe Broadhead  
Principal Water Resources Specialist

7-15-24  
\_\_\_\_\_  
Date

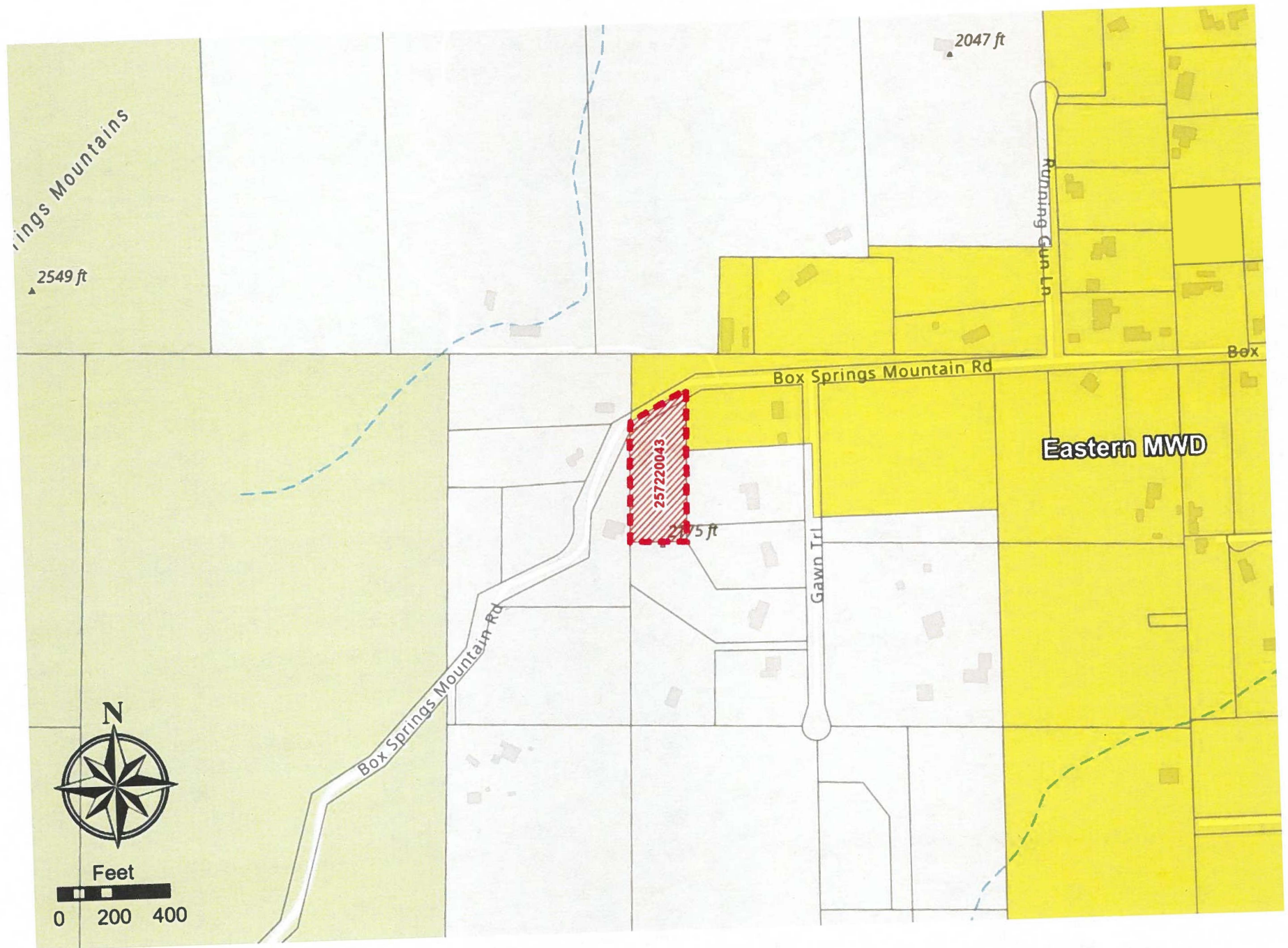


EXHIBIT 1: LOCATION MAP



State of California - Department of Fish and Wildlife  
**2024 ENVIRONMENTAL DOCUMENT FILING FEE**  
**CASH RECEIPT**  
 DFW 753.5a (REV. 01/01/24) Previously DFG 753.5a

RECEIPT NUMBER:  
 24-201415

STATE CLEARINGHOUSE NUMBER (if applicable)

SEE INSTRUCTIONS ON REVERSE. TYPE OR PRINT CLEARLY.

|   |   |                    |
|---|---|--------------------|
| LEAD AGENCY<br>EASTERN MUNICIPAL WATER DISTRICT | LEAD AGENCY EMAIL<br>JBROADHEAD1963@GMAIL.COM | DATE<br>07/15/2024 |
| COUNTY/STATE AGENCY OF FILING<br>RIVERSIDE      | DOCUMENT NUMBER<br>E-202400760                |                    |

PROJECT TITLE  
 116TH FRINGE AREA ANNEXATION

|   |  |                                |
|---|--|--------------------------------|
| PROJECT APPLICANT NAME<br>EASTERN MUNICIPAL WATER DISTRICT  | PROJECT APPLICANT EMAIL<br>BROADHEJ@EMWD.ORG | PHONE NUMBER<br>(916) 832-1094 |
| PROJECT APPLICANT ADDRESS<br>2270 TRUMBLE ROAD, PO BOX 8300 | CITY<br>SACRAMENTO                           | STATE<br>CA                    |
|   |  | ZIP CODE<br>95822              |

PROJECT APPLICANT (Check appropriate box)

- Local Public Agency    
  School District    
  Other Special District    
  State Agency    
  Private Entity

CHECK APPLICABLE FEES:

- Environmental Impact Report (EIR) \$4,051.25 \$ \_\_\_\_\_  
 Mitigated/Negative Declaration (MND)(ND) \$2,916.75 \$ \_\_\_\_\_  
 Certified Regulatory Program (CRP) document - payment due directly to CDFW \$1,377.25 \$ \_\_\_\_\_

- Exempt from fee  
      Notice of Exemption (attach)  
      CDFW No Effect Determination (attach)  
 Fee previously paid (attach previously issued cash receipt copy)

- Water Right Application or Petition Fee (State Water Resources Control Board only) \$850.00 \$ \_\_\_\_\_  
 County documentary handling fee \$ \_\_\_\_\_ \$50.00  
 Other \$ \_\_\_\_\_

PAYMENT METHOD:

- Cash     Credit     Check     Other   
 TOTAL RECEIVED \$ \_\_\_\_\_ \$50.00

|                                   |  |
|-----------------------------------|--|
| SIGNATURE<br>X <i>J Rodriguez</i> | AGENCY OF FILING PRINTED NAME AND TITLE<br>Deputy Irma Rodriguez |
|-----------------------------------|--|



**Peter Aldana**  
**Riverside County**  
**Assessor-County Clerk-Recorder**  
 2724 Gateway Drive  
 Riverside, CA 92507  
 (951) 486-7000  
 www.rivcoacr.org

**Receipt: 24-201415**

| <b>Product</b>                     | <b>Name</b>  | <b>Extended</b> |
|------------------------------------|--|-----------------|
| FISH                               | CLERK FISH AND GAME FILINGS                        | \$50.00         |
|                                    | # Pages  | 2               |
|                                    | Document #   | E-202400760     |
|                                    | Filing Type  | 7               |
|                                    | State Fee Prev Charged                             | false           |
|                                    | No Charge Clerk Fee                                | false           |
| F&G Notice of Exemption Fee        |  | \$50.00         |
| <b>Sub-Total</b>                   |  | <b>\$50.00</b>  |
| <b>Service Fee</b>                 |  | <b>\$1.14</b>   |
| <b>Total</b>                       |  | <b>\$51.14</b>  |
| <b>Tender (Credit Card Online)</b> |  | <b>\$51.14</b>  |
| Customer Email                     | broadhej@emwd.org                                  |                 |
| Service Fee                        | \$0.00   |                 |
| Credit Card Invoice #              | BPI3336S53   |                 |
| Customer Name                      | JoeBroadhead                                       |                 |
| Customer Phone Number              | 9519283777   |                 |
| Customer Address                   | 2270 Trumble Road PO Box 8300 Sacramento, CA 95822 |                 |

Signature \_\_\_\_\_



Finance and Asset Management Committee

# 116th Fringe Area Annexation to EMWD and Metropolitan

Item 7-5

November 19, 2024

# Annexation Overview

## Subject

- Adopt resolution for the 116th Fringe Area Annexation concurrently to Eastern Municipal Water District and Metropolitan; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

## Purpose

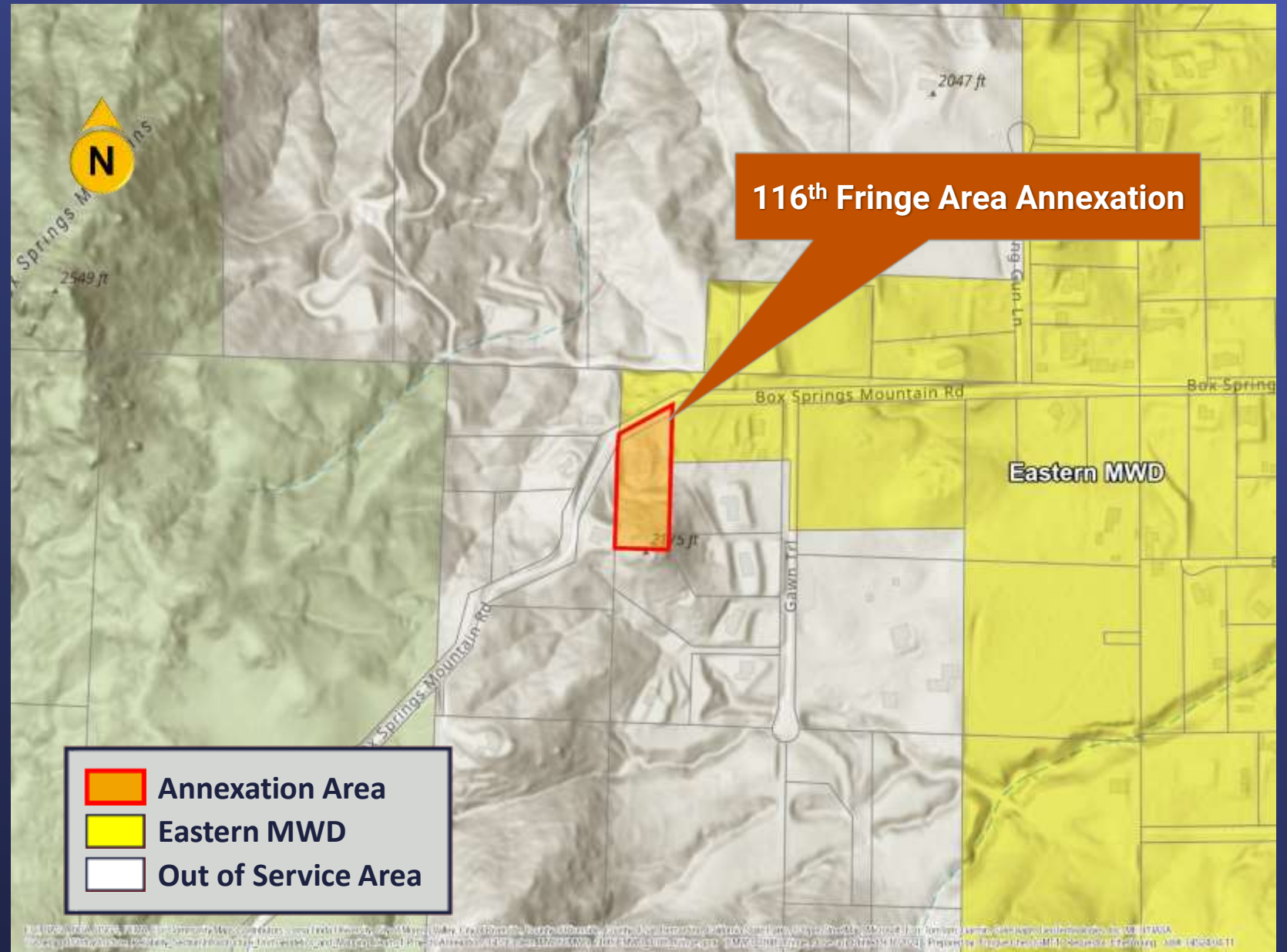
- This annexation will provide the ability for water service and associated benefits to the property owner. The initial fixed and variable costs will be borne by the local water supplier and property owner.





# Annexation Site Map

Gross Area = 2.34 Acres  
Public Road = .16 Acres  
Net Area = 2.18 Acres



## Key Provisions

- Annexation area is 2.34 acres with 0.16 acres in public roads leaving a net area of 2.18 acres.
- Total fees are \$21,559.28
- Water use estimate is 1.6 AF/Y
- Annexation request is compliant with current policies and requirements, and will rectify an administrative error that extends water service to a single parcel

# Board Options

## Option 1:

- Adopt resolution granting approval for the 116th Fringe Area Annexation concurrently to Eastern Municipal Water District and Metropolitan
- Establish Metropolitan's terms and conditions for the annexation, conditioned upon approval by Riverside County's Local Agency Formation Commission
- Upon receipt of the annexation fee of \$21,559.28

## Option 2:

- Decline the Request

# Board Options

## Staff Recommendations

- Option 1





Finance and Asset Management Committee

# Certified Federal Credit Union Office Lease

Item 8-3

November 19, 2024

# Lease Agreement

## Subject

Authorize a new lease agreement with Certified Federal Credit Union (CFCU) for the continued occupancy of space within Metropolitan's fee-owned offices at Metropolitan Headquarters Building in the City of Los Angeles and F.E. Weymouth Water Treatment Plant.

## Purpose

CFCU has expressed an interest in continuing its occupancy and financial services; however, below-market rent has been requested by CFCU

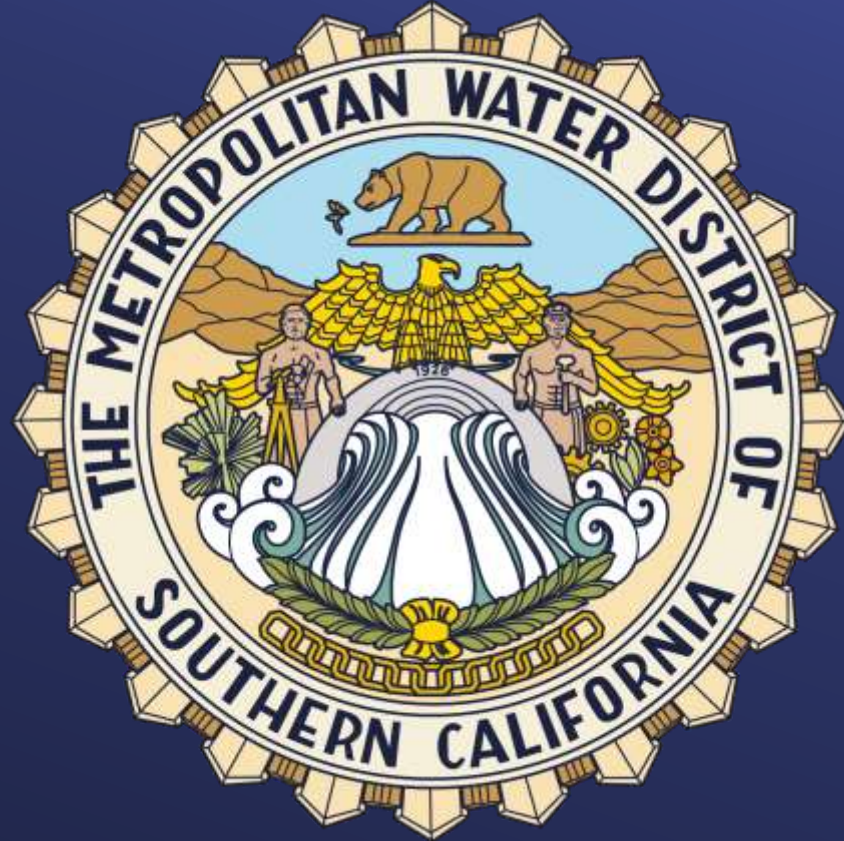


# Distribution System Map



## Business Climate

- CFCU currently serves over 3,400 employees, retirees and their families.
- Transactions have declined from 88 per day in 2019 to 21 per day in 2023.
- CFCU downsized space, staff and curtailed hours of operations in 2019.
- Retail banking traffic and personal interaction with Metropolitan Staff and retirees have declined, which is the basis for CFCU's request for below-market rent.





Finance and Asset Management Committee

# Quarterly Financial Report

Item 7a

November 19, 2024

Item 7a  
Quarter I  
Financial  
Update

Subject

- Fiscal Year 2024/25 1<sup>st</sup> Quarter Financial Review and Forecast

Purpose

- Review Metropolitan's 1<sup>st</sup> Quarter financial projections for Fiscal Year 2024/25

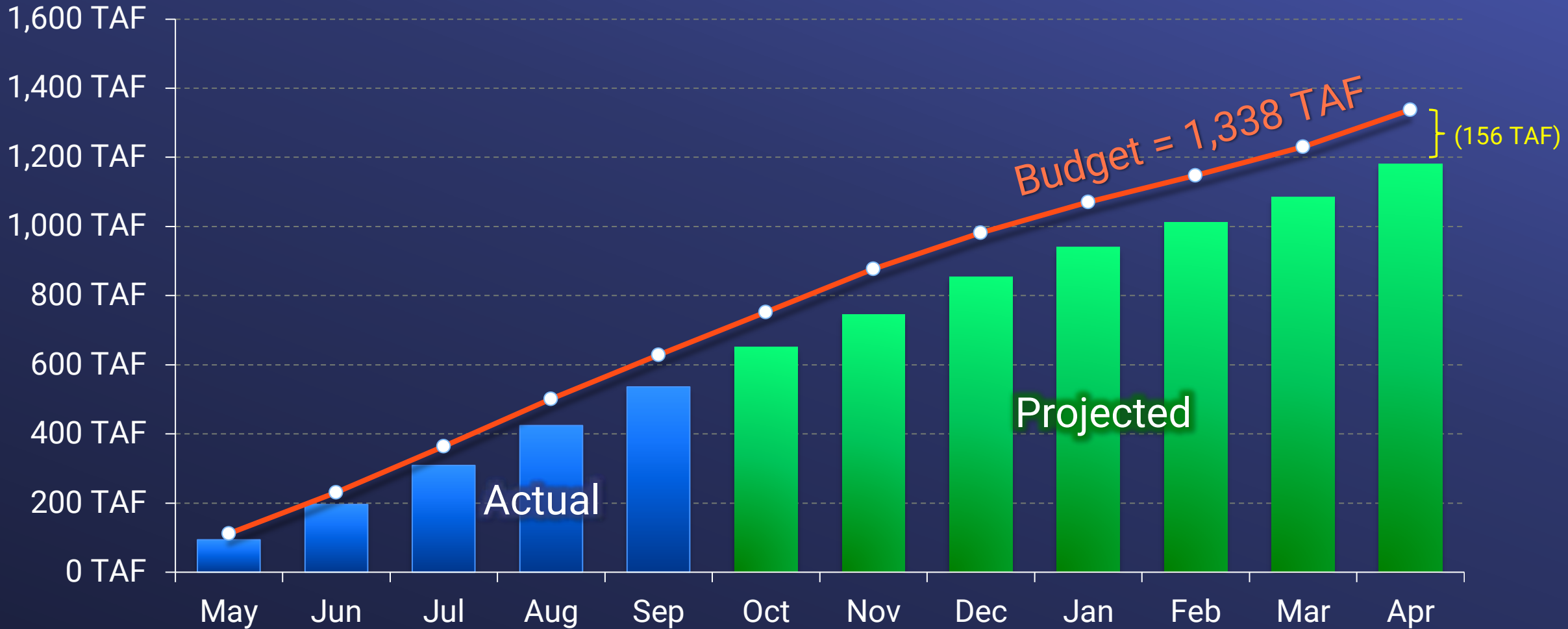
# Agenda

- 1<sup>st</sup> Quarter Financial Results and Forecast
- FY 24/25 Expenditure Reductions
- FY 24/25 Revenue Generation
- Historical PAYGO Expenditures

# 1<sup>st</sup> Quarter Financial Results and Forecast

# Cumulative Water Transactions <sup>(1)</sup>

Cash Year 2024/25

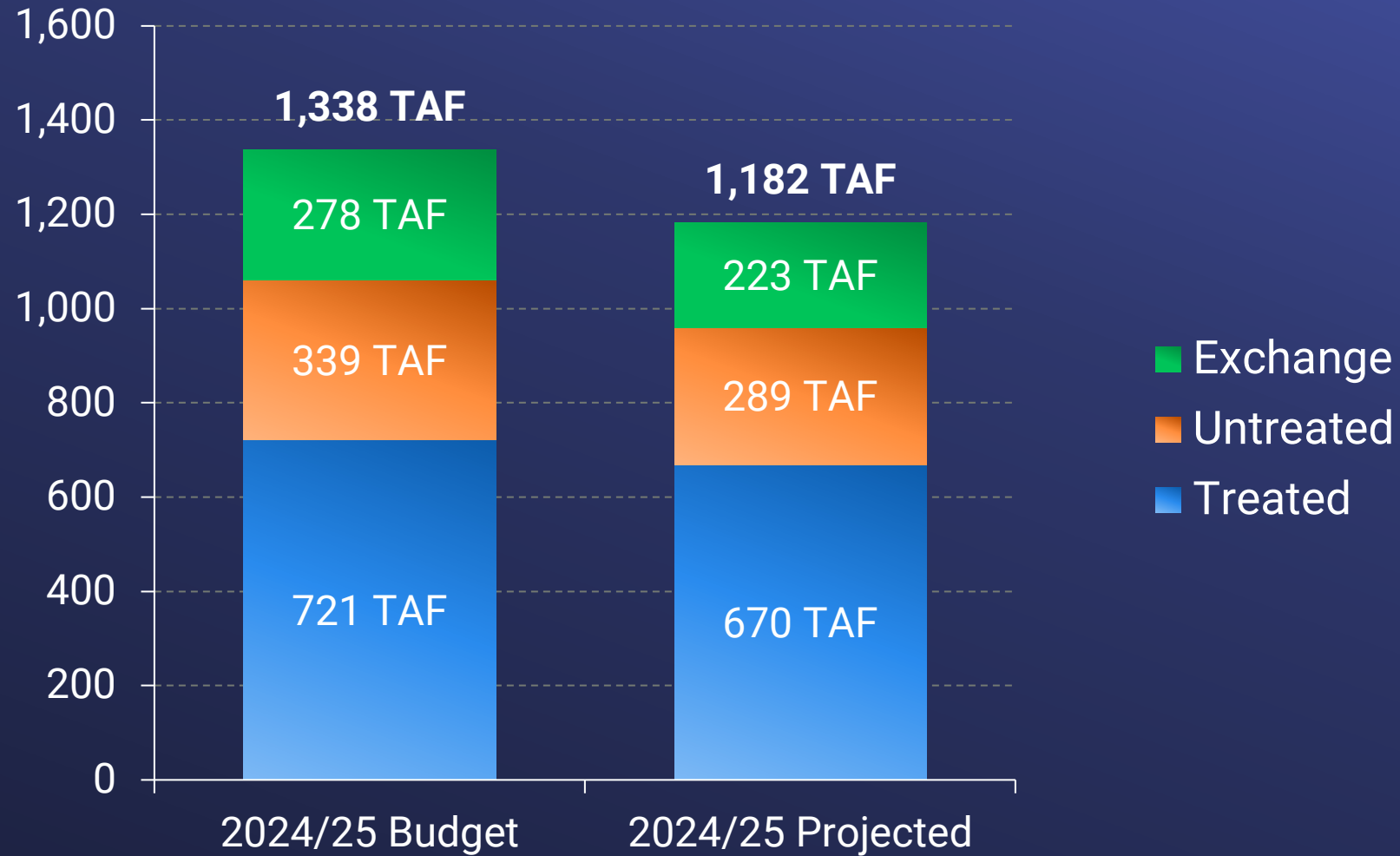


<sup>(1)</sup> Includes Water Sales, Exchanges, and Wheeling from member agencies. Non-member agency transactions are excluded.



# Water Transactions <sup>(1)</sup>

## Cash Year 2024/25



<sup>(1)</sup> Includes Water Sales and Exchange from member agencies. Non-member agency transactions are excluded.

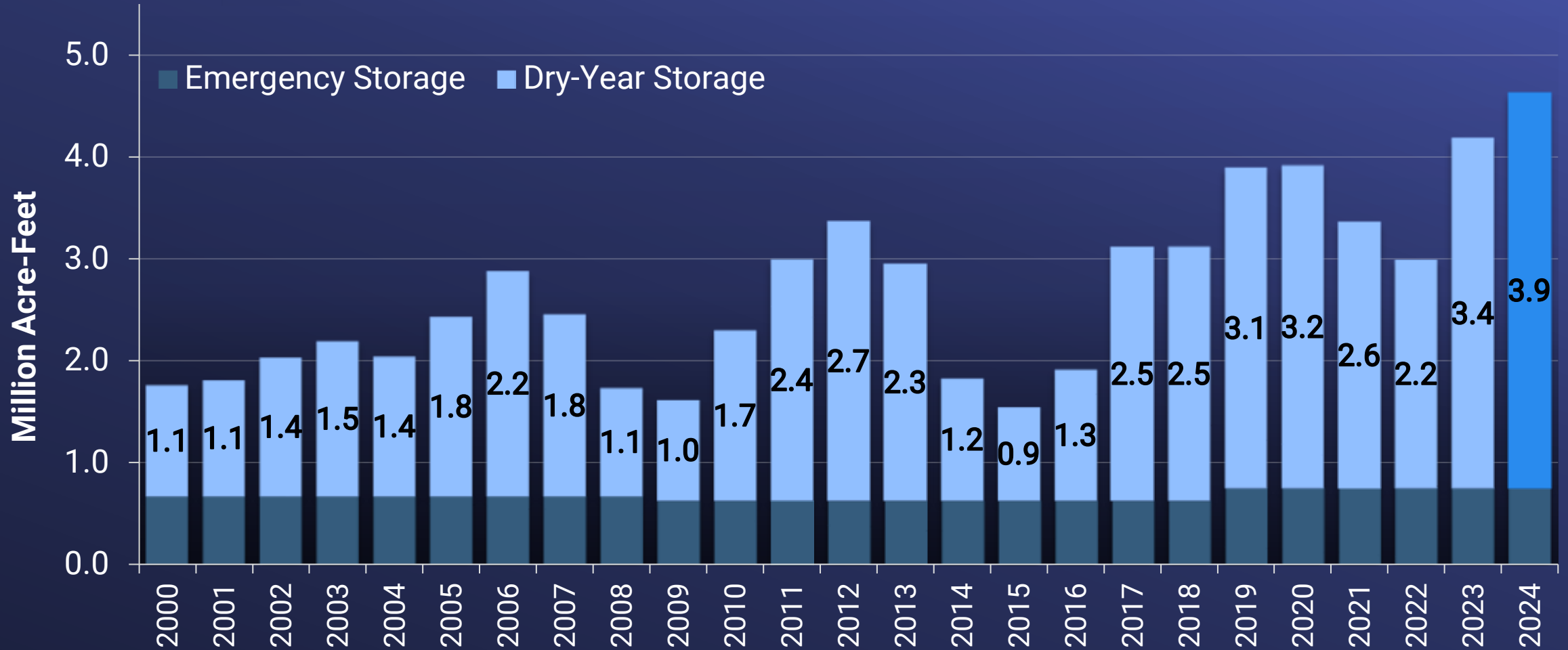
# Historic Water Transactions <sup>(1)</sup>



<sup>(1)</sup> Includes Water Sales, Exchanges, and Wheeling from member agencies. Non-member agency transactions are excluded.

# Record-High Storage Projection for Metropolitan

## End-of-Year Balances



Note:

2024 end-of-year balance is preliminary as it is subject to DWR adjustments and USBR final accounting.

# FY 2024/25 Q1 Financial Projection

| in millions  | Budget               | Actuals/<br>Projected | Change         |                |
|--|----------------------|-----------------------|----------------|----------------|
| Water Transactions                                   | 1,418.5              | 1,281.6               | (136.9)        |                |
| RTS Charge & Capacity Charge                         | 213.8                | 213.8                 | -              |                |
| Taxes  | 316.5                | 330.9                 | 14.3           |                |
| Interest Income                                      | 50.3                 | 46.8                  | (3.6)          |                |
| IRA Bucket 1 Funding                                 | 47.3                 | 94.7                  | 47.3           |                |
| Other  | 112.7                | 36.2                  | (76.5)         |                |
| <b>Total Revenues</b>                                | <b>2,159.2</b>       | <b>2,003.9</b>        | <b>(155.3)</b> | <b>A</b>       |
| State Water Contract                                 | 689.0                | 595.8                 | (93.2)         |                |
| Delta Conveyance                                     | 11.6                 | 11.6                  | -              |                |
| Departmental O&M & Operating Eq <sup>(1)</sup>       | 652.7 <sup>(2)</sup> | 658.4                 | 5.7            |                |
| CRA Power  | 84.5                 | 106.2                 | 21.7           |                |
| Supply Programs                                      | 179.5                | 111.3                 | (68.2)         |                |
| Demand Management                                    | 87.6                 | 84.0                  | (3.7)          |                |
| Debt Service   | 340.4                | 340.4                 | -              |                |
| PAYGO  | 175.0                | 175.0                 | -              |                |
| <b>Total Expenditures</b>                            | <b>2,220.3</b>       | <b>2,082.6</b>        | <b>(137.7)</b> | <b>B</b>       |
| Increase in Required Reserves                        | 27.4                 | 27.4                  | -              |                |
| AVEK & Conservation Debt Funded                      | (114.6)              | (60.2)                | 54.4           |                |
| Total Fund Deposits (Withdraws)                      | <b>(87.2)</b>        | <b>(32.8)</b>         | <b>54.4</b>    | <b>C</b>       |
| <b>Change in Unrestricted Reserves<sup>(3)</sup></b> | <b>26.0</b>          | <b>(45.9)</b>         | <b>(71.9)</b>  | <b>= A-B-C</b> |

- Low water transactions resulted in \$137M under collection of volumetric water revenues
- Net \$45.9M draw on unrestricted reserves

## Footnotes:

- (1) Net of PWSC expenses funded from SWRCB \$80M State Fund
  - (2) Includes full \$18M expenditure reduction
  - (3) Revenue Remainder and Water Rate Stabilization Funds
- Revenues and expenditures are net of reimbursements.

# Unrestricted Reserves\*

## End-of-Year Balances



June 30, 2025 unrestricted reserves projected at \$277M

- \$48M above min reserve
- \$368M below target reserve

\* Revenue Remainder and Water Rate Stabilization Funds

# FY 24/25 Expenditure Reductions

# Expenditure Reductions

**\$18 million reduction target**

- The FY 2024/25 and FY 2025/26 Biennial Budget was adopted with an unidentified **\$18 million** per year expenditure reduction
- The reductions identified were selected to minimize the impact on Metropolitan's core mission of providing high-quality water to its member agencies
- The cost reduction for FY 2024/25 will be met with reductions in Departmental O&M and supply program expenditures

# Expenditure Reductions

| <b>FY 2024/25 Expenditure Reductions</b>  | <b>\$ thousands</b> |
|---|---------------------|
| <b>Departmental O&amp;M Budget Reductions</b>   |                     |
| Conveyance and Distribution   | \$ 1,873            |
| Treatment and Water Quality   | 618                 |
| Integrated Operations Planning & Support  | 3,090               |
| Finance and Administration  | 907                 |
| Engineering Services  | 1,100               |
| Information Technology  | 885                 |
| External Affairs  | 689                 |
| Water Resource Management   | 747                 |
| Office of Sustainability Resilience & Innov.  | 676                 |
| Human Resources   | 313                 |
| Bay Delta Initiatives   | 372                 |
| Office of Safety Security and Protection  | 719                 |
| General Manager's Office  | 261                 |
| Board of Directors  | 72                  |
| <b>Total Departmental O&amp;M Budget Reductions</b>   | <b>\$ 12,321</b>    |
| <b>Supply Program Reductions</b>  |                     |
| Various action to reduce supply program expenditures (Central Valley Banking Programs, Arvin-Edison, Kern, etc) | <b>\$ 5,679</b>     |
| <b>Total FY 2024/25 Expenditure Reduction</b>   | <b>\$ 18,000</b>    |



# Departmental O&M Budget Reductions

## Service Level Impacts

### Operations

- 6-month delay in new apprentice classes
- Decrease in temporary labor impacting maintenance & improvements, including desert facilities
- Reduce professional services for asset management, NERC compliance audit and other studies
- Reduction of materials and supplies supporting prompt hydro generation plant and system repairs/maintenance
- Lessening maintenance frequency of water treatment and distribution equipment and systems
- Reduction in services for facility tours and guest services

### Finance & Administration

- Reductions in temporary labor impacting budgeting, warehouse and inventory activities
- Decreases in professional services for rate refinement and advisory services such as Municipal Advisory Services

### Engineering Services

- Reductions in professional services impacting energy sustainability, pumped storage, asset management, and seismic vulnerability studies
- Deferred joining Center for Smart infrastructure – reduces opportunities for innovation
- Lower annual dam fees – no impact

### Information Technology

- Deferring planned increases in cybersecurity services including capabilities for threat intelligence, governance and compliance, policy development and enforcement, and application security

# Departmental O&M Budget Reductions

## Service Level Impacts

### **External Affairs**

- Decrease in professional and non-professional services (research, partnerships, special events)
- Reduction in sponsorships, advertising, memberships, community outreach, and travel

### **Water Resource Mgmt**

- Reductions in professional services related to desert and economic studies, fewer LRP audits
- Decrease in sponsorship to Alliance for Water Use Efficiency and California Water Efficiency Partnership

### **Office of Sustainability, Resilience & Innovation**

- Reduction in professional services for CAMP4W and on-call environmental planning consulting services

### **Human Resources**

- Decrease in professional services for third-party administrator contract

### **Bay Delta Initiatives**

- Reductions in temp labor lowering education/partnership opportunities and administrative processes
- Decrease in professional services which has potential to defer science and technical studies

### **Office of Safety Security and Protection**

- Decrease in non-professional services reducing dispatch/backfill capabilities, extra routine security checks, and monitoring

# FY 24/25 Revenue Generation

# Revenue Generation

Items included in the Q1 projection

Other items under evaluation

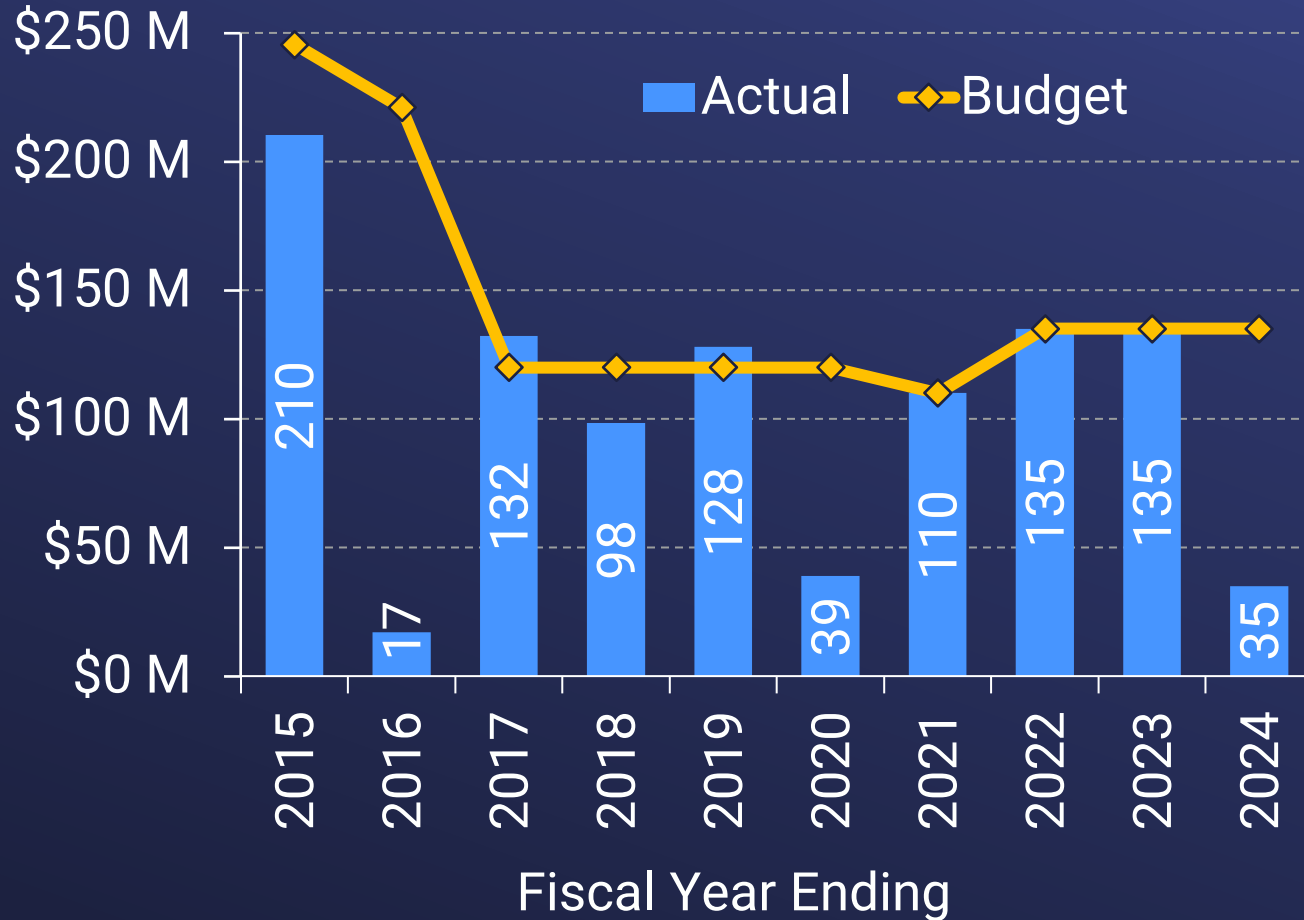
The FY 2024/25 and FY 2025/26 Biennial Budget was adopted with an unidentified \$60 million per year in new revenues (\$120M over the biennium)

| Type         | Item Descriptions   | Est. for FY 2024/25 | Est. for FY 2025/26 | Status / Details   |
|--------------|---|---------------------|---------------------|--|
| New Revenue  | Agreement with IID, SDCWA, and MWD to Turn Back SDCWA's QSA Water and purchase additional Full-Service water from MWD | \$17M               | \$13M               | Board Approved in Aug 2024, assumed 50TAF for FY 2024/25 |
| New Revenue  | Water sales agreements with Colorado River water contractors  | \$15M               | \$15M               | Agreements under negotiation                             |
| New Revenue  | Water sales agreements with Central Valley parties  | \$30M               | \$30M               | In negotiation   |
| New Revenue  | Surplus CRA Power Sales   | \$4M                | \$4M                | Marketing of surplus GHG allowances                      |
| Cash Mgmt    | Reverse Cyclic Program  | TBD                 | TBD                 | Board pending  |
| <b>Total</b> |   | <b>\$66M+</b>       | <b>\$62M+</b>       |  |

# Historical PAYGO Expenditures

# Historical PAYGO Expenditures

## Budget vs Actual



Actions to bond fund a larger share of CIP in lieu of PAYGO to preserve Unrestricted Reserves:

### FY2015/16

- Reduced PAYGO from \$221M to \$17M
- \$204M difference paid with debt

### FY2019/20

- Reduced PAYGO from \$120M to \$39M
- \$81M difference paid with debt

### FY2023/24

- Reduced PAYGO from \$135M to \$35M
- \$100M difference paid with debt

*Fiscal Year Ending 2015 to 2022 is Accrual Basis and 2023 & 2024 is Cash Basis*

# Quarterly Financial Statements

The latest Quarterly Financial Statements are located on our website at:

<https://www.mwdh2o.com/budget-finance/financial-reports-documents/>

THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

EN Local Water Agency Director Login

## Financial Reports and Documents.

|   |   |
|---|---|
| Annual Comprehensive Financial Report 2022-2023 | ↓ |
| Inactive Appropriation Report                   | ↓ |
| Single Audit Report 2020-2021                   | ↓ |
| <b>Quarterly Financial Statements-Unaudited</b> | ↓ |
| 2004/05 Long Range Finance Plan                 | ↓ |

Navigation icons: Home, Search, Print, Email, Social Media







Finance and Asset Management Committee

# Quarterly Investment Activities Report

Item 7b

Presented By:

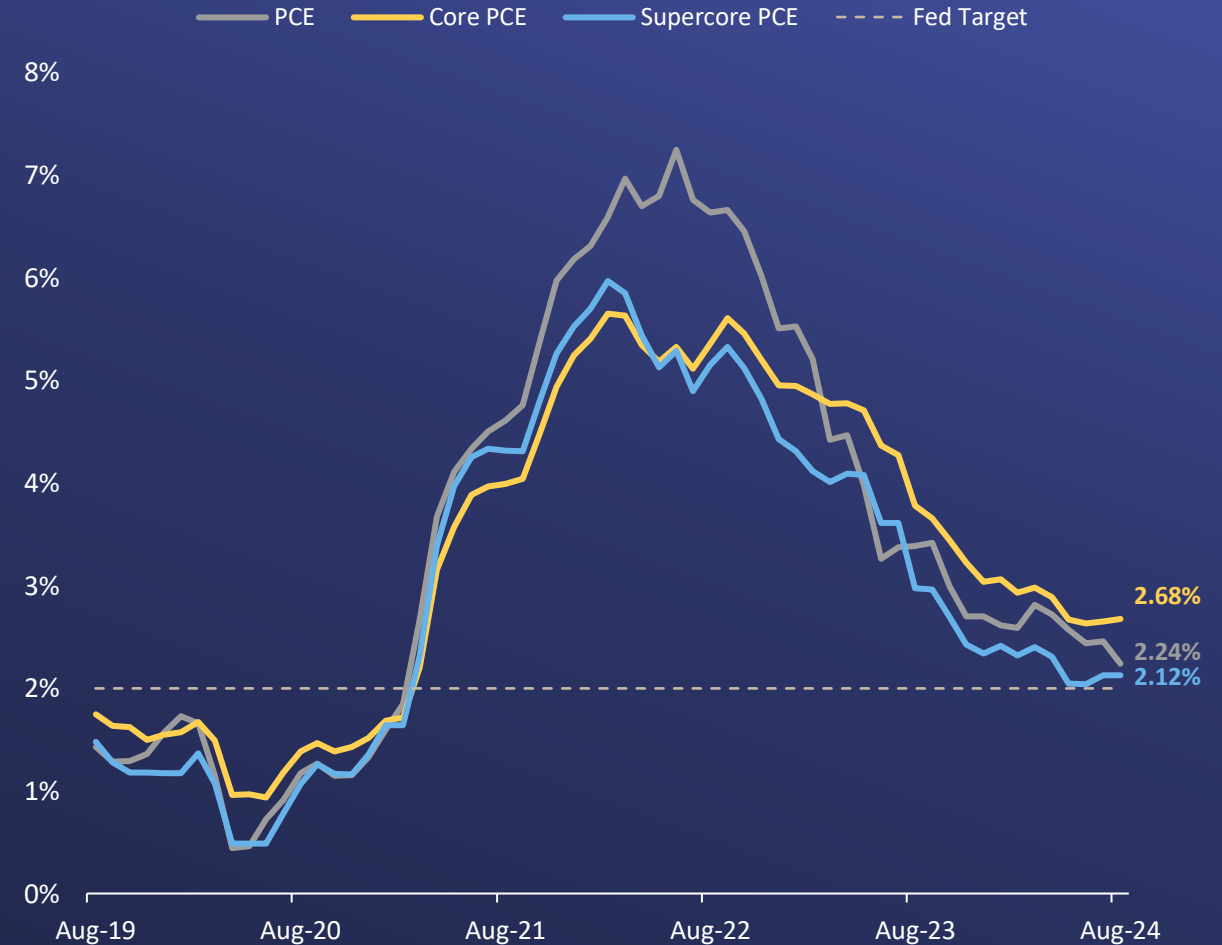
Christopher Harris, CFA, CAIA, Director

PFM Asset Management

# Market Environment

- U.S. economy is characterized by
  - A labor market that reached better balance and supports consumer activity
  - Inflation that has made meaningful progress towards the Federal Reserve's (Fed) 2% target, although shelter costs remain a headwind
  - Resilient economic growth and consumer spending that support the 'soft landing' scenario

**The Fed's Key Inflation Rate**  
*Personal Consumption Expenditure Price Index, Year-over-year*



# Market Environment, cont.

- Fed begins the easing cycle

- The Fed cut the federal funds target rate by 50 basis points (bps) to 4.75% - 5.00% at its September FOMC meeting
- Fed officials note they have gained greater confidence the risks to their dual mandate are “roughly” in balance
- The Fed’s September “dot plot” implies 50 bps of additional cuts in 2024 and 100 bps through 2025

- Treasury yields continued their descent

- Yields on maturities between 3 months and 10 years fell 62-112 bps during the 3rd quarter
- The yield curve began to disinvert in the 3rd quarter as the spread between the 2-year and 10-year Treasury reached positive territory for the first time in over 2 years
- Despite intra-quarter spread widening, yield spreads across most credit sectors were range bound at tight levels, reflecting the strength of the economy

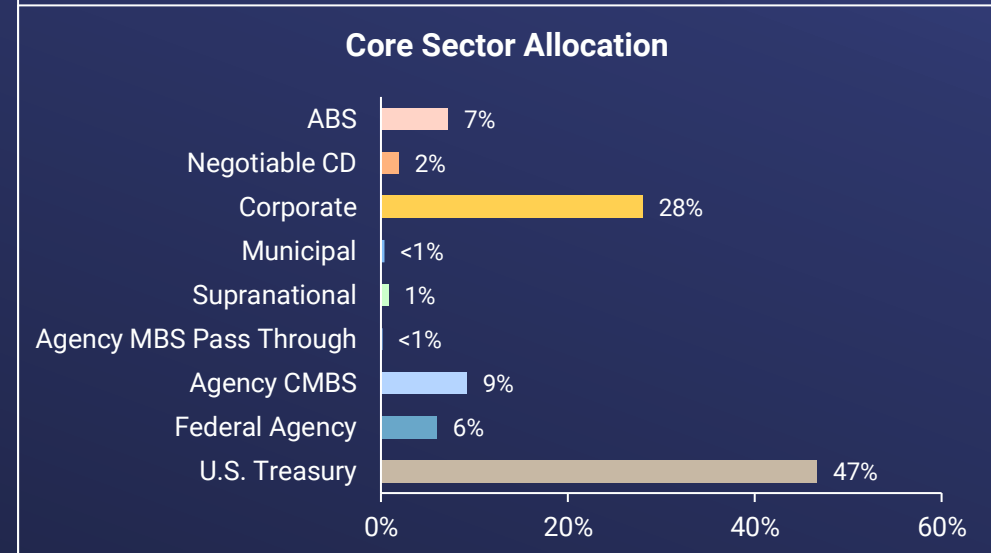
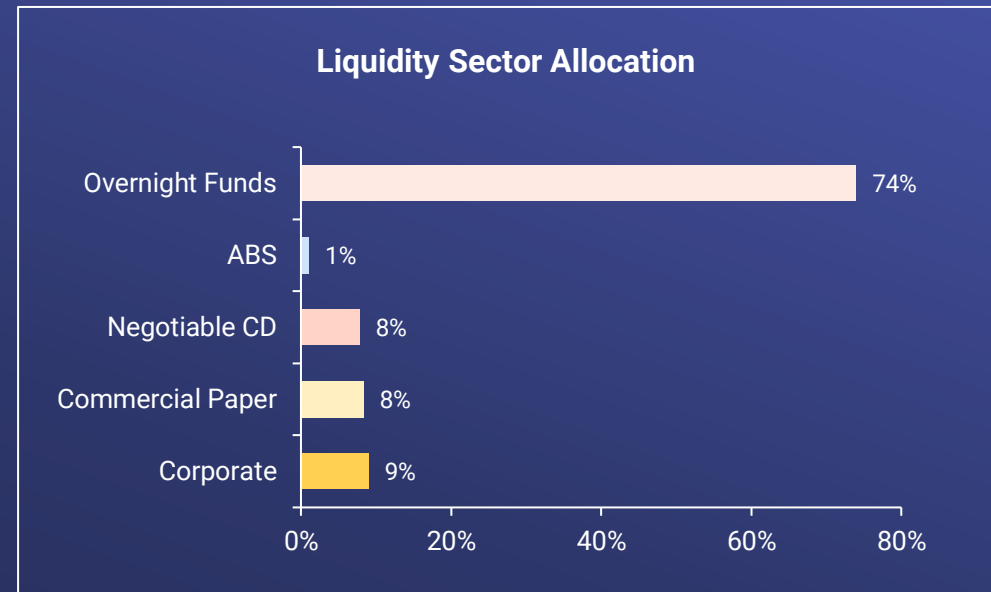
# Overview of Portfolio as of September 30, 2024

| Portfolio Statistics    |                          |               |
|-------------------------|--------------------------|---------------|
| Portfolio               | Liquidity <sup>1,2</sup> | Core          |
| Market Value            | \$355,843,531            | \$617,850,436 |
| Duration                | 0.14 years               | 2.11 years    |
| Average Yield at Cost   | 5.24%                    | 3.91%         |
| Average Yield at Market | 5.14%                    | 4.01%         |

1. Includes CAMP, LAIF, and Dreyfus money market fund balances (Overnight Funds) as of 9/30/24. Excludes accrued interest.

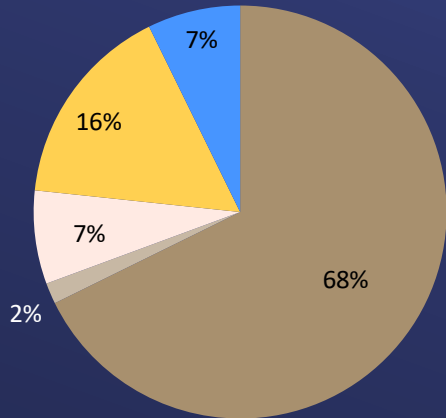
2. Yields are a weighted average of the CAMP monthly distribution yield, LAIF quarterly apportionment rate, and MWDSC's Liquidity portfolio yield for September 2024.

3. Core portfolio excludes funds invested in the Endowment and Segregated portfolios.



# Overview of Portfolios as of September 30, 2024

Credit Quality<sup>1,2</sup>

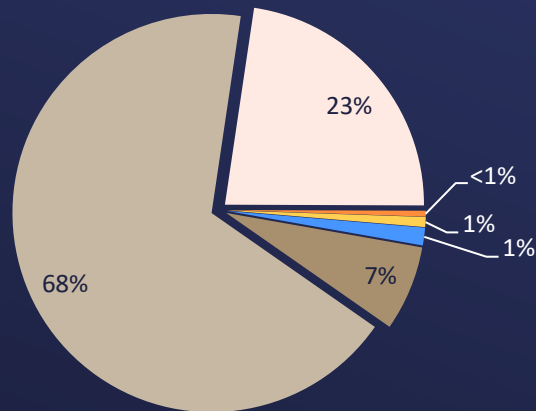


- AAA
- AA
- A
- BBB
- A-1
- NR

1. Includes CAMP, LAIF, and money market fund balances (Overnight).

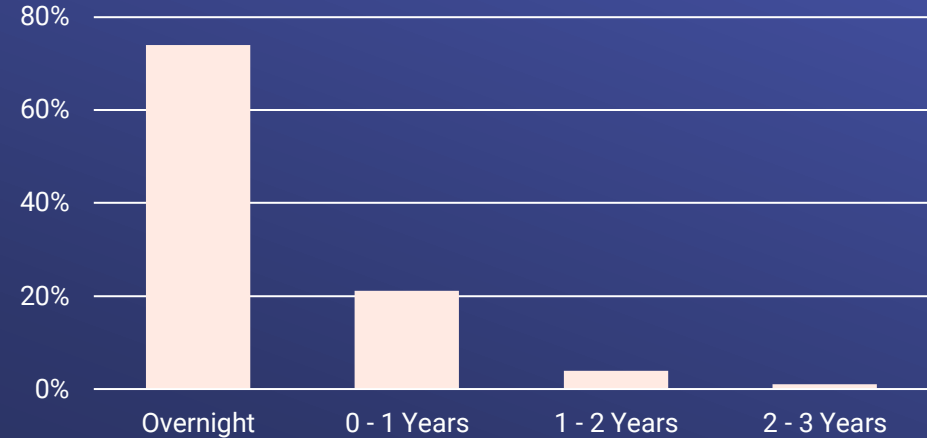
2. Credit Ratings are Standard and Poor's .

Credit Quality<sup>2</sup>



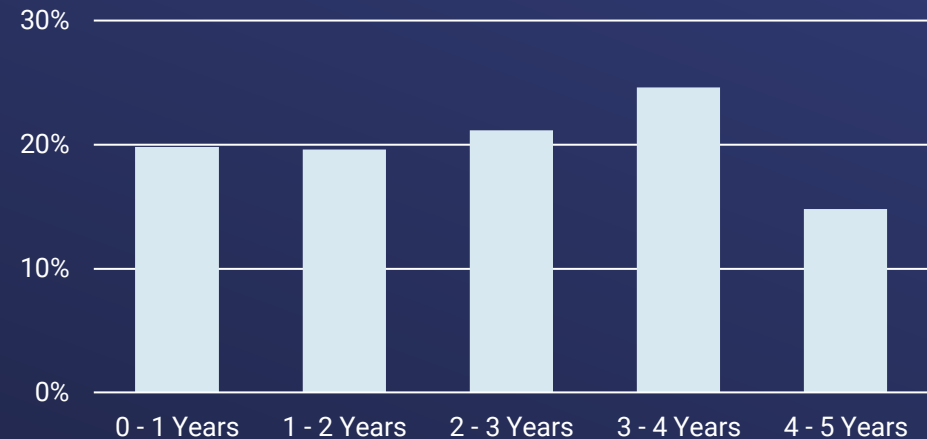
Liquidity Portfolio

Maturity Distribution<sup>1</sup>



Core Portfolio

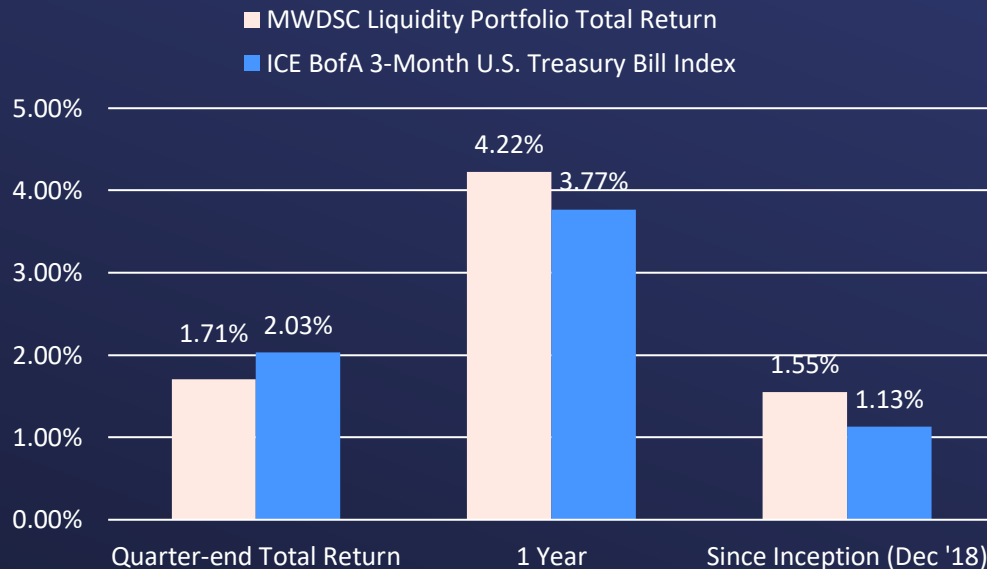
Maturity Distribution



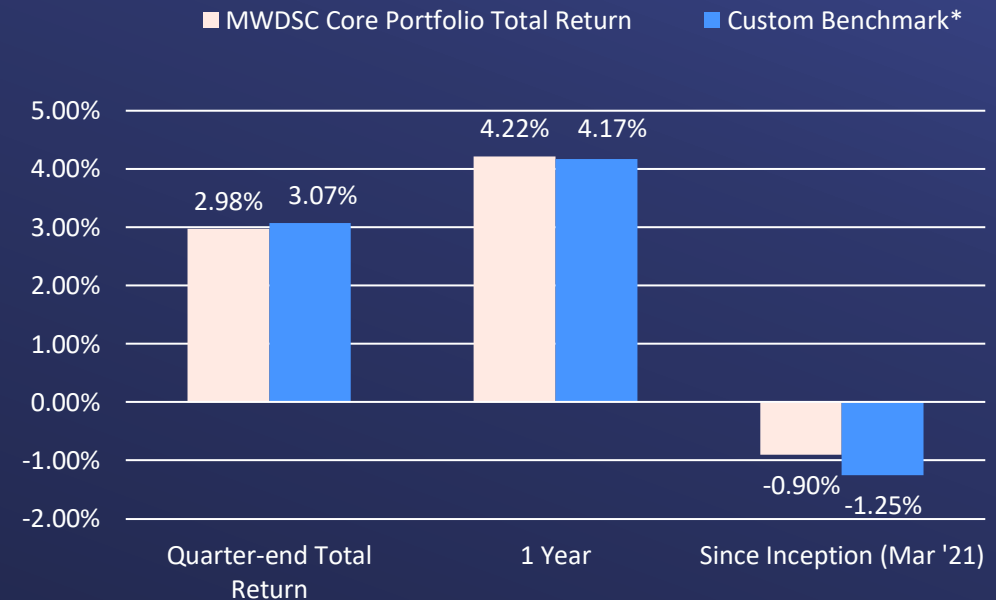
# Investment Strategy and Returns

- Maintain ample liquidity through continued communication with District
- Manage duration modestly defensive relative to each portfolio's benchmark duration
- Diversify broadly to safely generate incremental earnings
- Seek opportunities to prudently enhance earnings while maintaining safety and liquidity

Liquidity Portfolio Returns as of 09/30/24<sup>1,3</sup>



Core Portfolio Returns as of 09/30/24<sup>2,3</sup>



1>Returns represent only the PFMAM-managed Liquidity Portfolio. Returns are gross of investment advisor fee.

2>Returns represent only the PFMAM-managed Core Portfolio. Returns are gross of investment advisor fee.

3>Returns for periods one year or less are represented on a periodic basis. Returns for periods greater than one year are represented on an annualized basis.

# Earnings Projection: FY 2024-2025 & FY 2025-2026

|                     | Liquidity Portfolio <sup>1</sup> | Average Liquidity Reinvestment Rate <sup>3</sup> | Core Portfolio <sup>1</sup> | Average Core Reinvestment Rate <sup>3</sup> |
|---------------------|----------------------------------|--|-----------------------------|---|
| <b>FY 2024-2025</b> | \$5,136,108                      | 4.09%  | \$22,124,631                | 3.92%                                       |
| <b>FY 2025-2026</b> | \$3,741,076                      | 3.86%  | \$22,296,186                | 3.88%                                       |

*See the Assumptions and Important Disclosures page for the footnotes and additional detail regarding the analysis.*

# Assumptions and Important Disclosures

This material is based on information obtained from sources generally believed to be reliable and available to the public, however PFM Asset Management cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. Past performance does not necessarily reflect and is not a guarantee of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

## Notes to Earnings Estimates

1. Estimated Earnings based on the amortized cost of the portfolio as of September 30, 2024. Source: PFMAM account statements. Estimated Earnings assume no sales, realized gains/losses, withdrawals/deposits, or changes to the initial portfolio cash flows. The Estimated Earnings assume the initial portfolio is invested at the yield to maturity at cost with all maturities reinvested at the assumed reinvestment rate as described below. Yields on investments are presented based on corresponding basis (actual/actual, actual/360, 30/360) depending on security type. Actual reinvestment rates will vary based on events outside of your or our control, including the prevailing level of interest rates in the future. Assumptions may or may not be proven correct as actual events occur. Any changes in assumptions will have an effect on our analysis. In particular, reinvestment at lower rates will result in reduced earnings, which may be materially different than those shown in the analysis.
2. The Portfolio Earnings Rate is based on the portfolio's yield to maturity at cost as of September 30, 2024 and assume no sales, realized gains/losses, or changes to the portfolio cash flows.
3. The Reinvestment Rate Assumption for the Liquidity Portfolio and the Aggregate Portfolio are based on the 6-month U.S. Treasury Forward Rate Curve as of October 24, 2024. The Reinvestment Rate Assumption for the Core portfolio is based on the 2-year U.S. Treasury Forward Rate Curve as of October 24, 2024. Yield curve source: Bloomberg Finance L.P. Investments have not been executed. Actual rates and security availability will vary at time of placement.

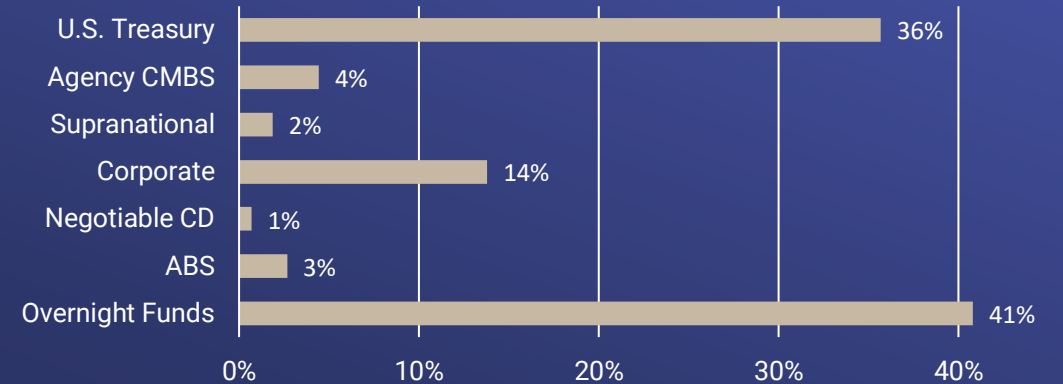


# Endowment Portfolio Update

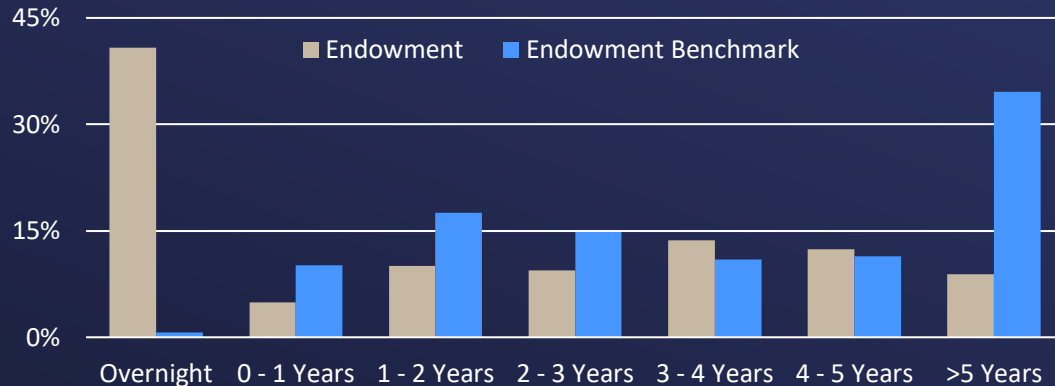
## Portfolio Statistics as of September 30, 2024

|                |              |
|----------------|--------------|
| Market Value   | \$43,035,592 |
| Duration       | 1.78 years   |
| Yield at Cost* | 4.65%        |

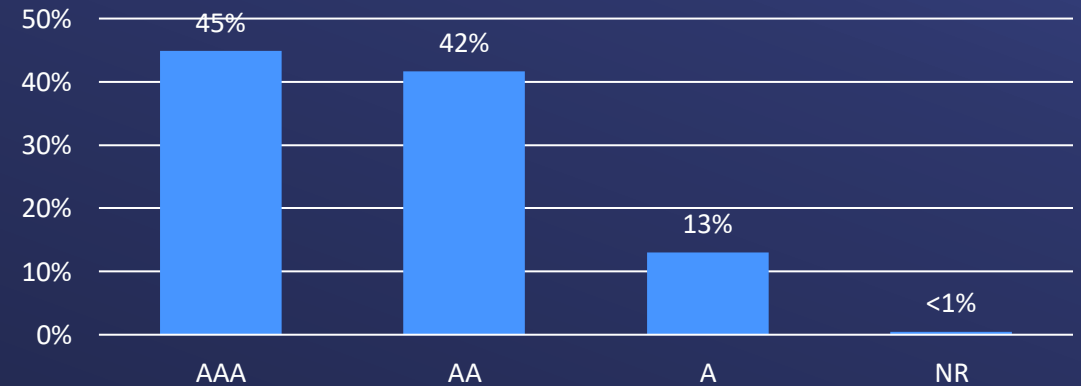
## Sector Allocation



## Maturity Distribution



## Sector Allocation



Portfolio characteristics represented by MWDSC's Endowment portfolio and CAMP balances. CAMP balances are provided by the District as of 9/30/24. Excludes mmf balances.  
 The Endowment Portfolio's benchmark consists of 40% ICE BofA 0-5 Year US Treasury Index, 35% ICE BofA 5-10 Year US Treasury Index and 25% ICE BofA 1-5 Year AAA-A Corporate Index.  
 \*Yield at Cost is the weighted average of the monthly distribution CAMP yield as of 9/30/2024 and MWDSC's Endowment portfolio yield as of 9/30/24  
 \*\*Ratings are Standard and Poor's, and the portfolio is in compliance with California Government Code and the District's current investment policy.

# Disclosure

*The views expressed within this material constitute the perspective and judgment of U.S. Bancorp Asset Management, Inc. at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon current opinion as of the date of issue and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. No representation is made as to its accuracy or completeness.*

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# Questions





THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

# Board Report

## Finance and Administration Group

- **Finance and Administration Group Activities Report**

### Summary

---

This report provides a summary of the Finance and Administration group activities for September 2024 and October 2024.

### Purpose

---

Informational

### Attachments

---

Attachment 1–Finance and Administration group activities for September 2024 and October 2024.

# Finance Group Activities Report for September 2024 and October 2024

## 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.**

Metropolitan is continuing its Member Agency Manager Treated Water Cost Recovery Workshops.

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

The Risk Management Unit completed 43 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits, and spills.

Risk Management completed 40 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.**

- Collaborated with Water Quality to finalize Business Continuity Plan updates.
- Participated in the Fire Management Plan Technical Advisory Committee to provide input regarding items relating to critical business operations and contingency plans.
- Continued working with the core planning team on finalizing the draft Hazard Mitigation Plan.
- In preparation for the annual ShakeOut earthquake preparedness drill on October 17 at 10:17 am, led the planning efforts for an employee-wide GM memo distribution, MetAlert notification, digital display board signage, and promotion of earthquake preparedness on the Metropolitan intranet.

## 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.**

**FY24-25 Cash Water Transactions and Revenues Budget vs Actual (Preliminary, subject to change)**

| Month                   |                       | Acre-Feet (AF) <sup>2</sup> |                | Variance        |             | Revenue (\$) <sup>1</sup> |                    | Variance            |             |
|-------------------------|-----------------------|-----------------------------|----------------|-----------------|-------------|---------------------------|--------------------|---------------------|-------------|
| Delivered/<br>Billed In | To be<br>Collected in | Budget                      | Actual         | AF              | %           | Budget                    | Actual             | \$                  | %           |
| May                     | July                  | 111,381                     | 93,988         | (17,393)        | -16%        | 115,411,844               | 111,844,425        | (3,567,419)         | -3%         |
| June                    | August                | 119,830                     | 101,259        | (18,570)        | -15%        | 142,766,424               | 100,440,378        | (42,326,046)        | -30%        |
| July                    | September             | 133,150                     | 113,715        | (19,435)        | -15%        | 141,775,001               | 121,901,017        | (19,873,983)        | -14%        |
| August                  | October               | 136,454                     | 118,724        | (17,730)        | -13%        | 145,410,622               | 136,227,231        | (9,183,391)         | -6%         |
| September               | November              | 127,137                     | 115,902        | (11,235)        | -9%         | 133,836,426               | 125,914,754        | (7,921,672)         | -6%         |
| <b>YTD Total</b>        |                       | <b>627,951</b>              | <b>543,588</b> | <b>(84,363)</b> | <b>-13%</b> | <b>679,200,317</b>        | <b>596,327,806</b> | <b>(82,872,511)</b> | <b>-12%</b> |
| October                 | December              | 123,989                     | -              | -               | 0%          | 128,665,932               | -                  | -                   | 0%          |
| November                | January               | 124,881                     | -              | -               | 0%          | 125,782,252               | -                  | -                   | 0%          |
| December                | February              | 104,337                     | -              | -               | 0%          | 103,324,010               | -                  | -                   | 0%          |
| January                 | March                 | 88,988                      | -              | -               | 0%          | 95,074,177                | -                  | -                   | 0%          |
| February                | April                 | 77,291                      | -              | -               | 0%          | 81,911,825                | -                  | -                   | 0%          |
| March                   | May                   | 82,757                      | -              | -               | 0%          | 88,153,603                | -                  | -                   | 0%          |
| April                   | June                  | 107,565                     | -              | -               | 0%          | 116,431,176               | -                  | -                   | 0%          |
| <b>FY Total</b>         |                       | <b>1,337,760</b>            | <b>543,588</b> | <b>N/A</b>      | <b>N/A</b>  | <b>1,418,543,293</b>      | <b>596,327,806</b> | <b>N/A</b>          | <b>N/A</b>  |

<sup>1</sup> Includes Water Sales, Exchanges, and Wheeling for member agency and non-member agency.

<sup>2</sup> AF reflected does not include non-member agency transactions.

**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 October 16, 2024, Metropolitan received 26 responses from underwriting firms and banks to a Request for Qualifications (RFQ) to select financing teams for Metropolitan financings planned in 2025. Staff expects to complete the review of the RFQs in November 2024, with a final selection of financing teams completed in December 2024.

Staff drafted for Metropolitan board approval an action item presenting a reimbursement resolution for capital expenditures made from operating revenues and/or reserves to be reimbursed with bond proceeds. A similar resolution was drafted, presented, and adopted by the AVEK Financing Authority (JPA) specifically for the High Desert Groundwater Banking program.

Staff prepared the annual compliance report for Metropolitan's Board as an informational item, certifying compliance with all the relevant covenants and requirements for our bond program.

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

As of September 30, 2024, Metropolitan's investment portfolio balance was \$1.1 billion; the total September earnings were \$3.38 million, and the effective rate of return was 4.18 percent.

Treasury staff managed daily cash flow to cover Metropolitan's operational expenditures and invest excess funds.

In September 2024, Metropolitan's portfolio manager executed 14 buy trades.

Treasury staff completed the following transactions:

- Thirty-nine Dreyfus Cash Management Fund transactions
- Nineteen CAMP Investment Pool transactions
- \$6.26 million in Metropolitan's bond and SWAP payments
- 1,024 disbursements by check, 19 by Automated Clearing House (ACH), and 139 by wire transfer
- 64 receipts by check, 24 by ACH, and 56 by incoming wires and bank transfers
- Prevented four unauthorized ACH transactions

The Treasury staff also processed for DCA the following transactions:

- Received and deposited 13 checks totaling \$0.70 million
- Issued 7 checks and 13 wires totaling approximately \$2.67 million

In addition, Treasury staff processed seventeen professional services invoice payment requests totaling approximately \$0.49 million. Treasury staff also issued an RFP for investment management services in coordination with the Admin Services contracting team.

Furthermore, 9,027 P-One Card transactions, totaling \$1.24 million, recorded in the September bank statement were monitored by the P-One Card Administrator.