

# **THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

## **MINUTES**

### **FINANCE, AUDIT, INSURANCE, AND REAL PROPERTY COMMITTEE**

**September 12, 2023**

Chair Smith called the meeting to order at 10:31 a.m.

Members present: Directors Alvarez, Armstrong, De Jesus, Dennstedt, Dick, Fong-Sakai, Miller, Pressman, Seckel, and Smith.

Members absent: Directors Chacon, Petersen, and Quinn.

Other Members present: Abdo, Ackerman, Bryant, Camacho, Cordero, Erdman, Faessel, Garza, Goldberg (AB 2449), Kurtz, Lefevre, McCoy, McMillan, Ortega, and Peterson.

Director Goldberg indicated she is participating under AB 2449 “just cause” due to testing positive for COVID-19. Director Goldberg appeared by audio and on camera.

Committee Staff present: Beatty, Benson, Chapman, Hagekhalil, Kasaine, Ros, and Suzuki.

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

Darcy Burke, Lake Elsinore Municipal Water District commented on item 7-6.  
Mark Gold, Natural Resources Defense Council commented on item 7-6 and 6b.  
Cathy Wagner, Sierra Club California commented on item 6b.  
Doug Obegi, Natural Resources Defense Council commented on 6b.g

### **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 15, 2023 (Copies have been submitted to each Director, Any additions, corrections, or omissions)

### **3. CONSENT CALENDAR ITEMS – ACTION**

Director Dick recused himself on item 7-5 as he owns Cushman & Wakefield stock.

- 7-5      Subject:                      Authorize the General Manager to execute a second amendment to extend the office lease located in Washington D.C. an additional ninety months with an option to extend another thirty-six months; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA
- Motion:                      Authorize the General Manager to execute a second amendment to extend the office lease located in Washington D.C. an additional ninety months with an option to extend another thirty-six months.
- Presented by:                  No presentation was requested.

The following Directors provided comments or asked questions:

1. Peterson

Staff responded to the Directors' comments and questions.

- 7-6      Subject:                      Approve use of Representative Concentration Pathway 8.5 for planning purposes in the Climate Adaptation Master Plan for Water: the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA
- Motion:                      Approve use of Representative Concentration Pathway 8.5 for planning purposes in the Climate Adaptation Master Plan for Water
- Presented by:                  Elizabeth Crosson, Chief Sustainability, Resiliency, and Innovation Officer

Ms. Crosson presented the committee with an overview of the purpose of using RCP 8.5 in the Climate Adaptation Master Plan for Water. Her presentation included the four IRP assessment scenarios, climate impacts, planning versus implementation and proposed action.

The following Directors provided comments or asked questions:

1. Seckel
2. Armstrong
3. Smith
4. Ortega
5. Pressman
6. Dennstedt
7. Miller
8. Cordero

Staff responded to the Directors' comments and questions.

After completion of the presentation, Director De Jesus made a motion, seconded by Director Pressman, to approve item 2A, 7-5, and 7-6.

The vote was:

Ayes: Directors Alvarez, Armstrong, De Jesus, Dennstedt, Dick, Fong-Sakai,  
Miller, Pressman, Seckel, and Smith.

Noes: None

Abstentions: None

Not Voting: Director Dick (item 7-5)

Absent: Directors Chacon, Petersen and Quinn.

The motion for item 2A and 7-6 passed by a vote of 10 ayes, 0 noes, 0 abstain, and 3 absent.

The motion for item 7-5 passed by a vote of 9 ayes, 0 noes, 0 abstain, 1 not voting, and 3 absent.

## **END OF CONSENT CALENDAR ITEMS**

### **4. OTHER BOARD ITEMS – ACTION**

8-4 Subject: Authorize three new agricultural lease agreements with Joey DeConinck Farms, Nish Noroian Farms, and Red River Farms, thereby allowing these existing lessees to continue farming on Metropolitan's fee-owned properties in the Palo Verde Valley; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with real property negotiators: properties are approximately 2,815 gross acres of land north of Interstate 10 in and near Blythe, California in the county of Riverside: Assessor Parcel Nos. 830-210-009; 830-210-010; 833-230-001; 833-230-002; 833-280-002; 833-210-013; 833-060-004; 833-060-008; 833-060-018; 833-100-005; 833-100-007; 833-100-011; 833-100-012 ; 833-100-016; 833-100-017; 833-060-001; 833-060-024; 833-060-025; 827-190-003; 827-190-004; 827-190-005; 827-190-006; 824-190-007; 827-190-009; 827-190-010; 827-190-012; 833-060-026; 815-302-008; 815-310-013; 815-320-007; 827-080-029; 833-030-012; 833-050-014; agency negotiators Anna Olvera and Kevin Webb; negotiating parties: Joseph Deconinck dba Joey DeConinck Farms; Nisha Noroian dba Noroian Farms; Michael Mullion dba Red River Farms; under negotiation: price and terms; to be heard in closed session pursuant to Government Code Section 54956.8]

Motion: No reportable action was taken.

Presented by: Anna Olvera, Pr Real Estate Representative

Ms. Olvera presented the committee with an overview of the new lease agreements in Palo Verde Valley. Her presentation included service area, Palo Verde fee-owned lands, subject leases, lease history and objectives.

The following Directors provided comments or asked questions:

1. Seckel
2. Cordero

Staff responded to the Directors' comments and questions.

In closed session, the committee heard the item. No reportable action was taken.

## **5. BOARD INFORMATION ITEMS**

None

## **6. COMMITTEE ITEMS**

a. Subject: Mid-Cycle Budget Review

Presented by: Khanh Phan, Unit Manager- Rates, Charges & Financial Planning

Ms. Kasaine introduced the item and Ms. Phan presented the committee with an overview of the biennial budget for fiscal year (FY) 2022/23 and 2023/24. Her presentation included water transactions, FY actuals versus budget, grant funding, storage projection, outlook and challenges, and next steps.

The following Directors provided comments or asked questions:

1. Smith
2. De Jesus
3. Dennstedt

Staff responded to the Directors' comments and questions.

- b. Subject: Review Draft 2023 Long-Range Finance Plan Needs Assessment  
Presented by: No presentation was given.

Item 6b was deferred.

Chair Smith acknowledged Natural Resources Defense Council's letter dated September 5, 2023 and San Diego County Water Authority's letter dated September 11, 2023. Both letters commented on item 6b.

## **7. MANAGEMENT REPORTS**

- a. Subject: Chief Financial Officer's report

Ms. Kasaine announced to the committee that the submitted letters will receive responses from Metropolitan prior to the October Finance, Audit, Insurance, and Real Property committee meeting.

- b. Subject: General Auditor's Report

Mr. Suzuki updated the committee on the General Auditor's activity through October 31, 2023. His update included two new projects in planning, ten projects in process, six projects in reporting phase, and 25 other projects that are on the current year Audit business plan.

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

- a. Subject: Report from Subcommittee on Audits

Presented by: Director De Jesus

Director De Jesus provided an overview of the items discussed at the Subcommittee on Audits on August 22, 2023

- b. Subject: Discuss and provide direction to Subcommittee on Audits

No direction was given.

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

Presented by: Director Seckel

Director Seckel provided an overview of the items discussed at the Subcommittee on Long-Term Regional Planning Processes and Business Modeling on August 22, 2023

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

The following Directors provided comments or asked questions:

1. Smith
2. Seckel

Staff responded to the Directors' comments and questions.

The following direction was provided to the Subcommittee:

1. Revisit fifty percent rebound on conservation in terms of what was established in the IRP.
2. Discuss possible actions on potentially saving 300 TAF from conservation measures and non-functional turf.
3. Review the locations of supply needs .
4. Discuss which scenario will be used in the Climate Adaptation Master Plan for Water.

**9. FOLLOW-UP ITEMS**

None

**10. FUTURE AGENDA ITEMS**

None

**11. ADJOURNMENT**

The next meeting will be held on October 10, 2023.

The meeting adjourned at 12:54 p.m.

Timothy Smith  
Chair