

The Metropolitan Water District of Southern California

Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

Board of Directors - Final - Revised 1

January 14, 2025

12:00 PM

Tuesday, January 14, 2025 Meeting Schedule
08:30 a.m. LEGAL 11:30 a.m. Break 12:00 p.m. BOD 01:15 p.m. LEG

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: 891 1613 4145.

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

There will be No In-Person Participation Permitted. Participation is by teleconference only. See the teleconference information below.

1. Call to Order

- a. Invocation: Tuannee Holmes, Admin Analyst External Affairs and President, Black Employees Association
- b. Pledge of Allegiance: Director Jeffrey D. Armstrong, Eastern Municipal Water District

2. Roll Call

3. Determination of a Quorum

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

5.1 Chair's Second Term Priorities

5. OTHER MATTERS AND REPORTS

- A. Report on Directors' Events Attended at Metropolitan's Expense [21-4112](#)
Attachments: [01142024 BOD 5A Report](#)
- B. Chair's Monthly Activity Report [21-4113](#)
Attachments: [01142025 BOD 5B Report](#)
- C. Interim General Manager's summary of activities [21-4114](#)
Attachments: [01142025 BOD 5C Report](#)
- D. General Counsel's summary of activities [21-4115](#)
Attachments: [01142025 BOD 5D Report](#)
- E. General Auditor's summary of activities [21-4116](#)
Attachments: [01142025 BOD 5E Report](#)
- F. Ethics Officer's summary of activities [21-4117](#)
Attachments: [01142025 BOD 5F Report](#)
- G. Presentation of 10-year Service Pin to Director Marsha Ramos, City of Burbank [21-4146](#)
- H. Induction of new Director Mel Katz from San Diego County Water Authority [21-4148](#)
(a) Receive credentials
(b) Report on credentials by General Counsel
(c) File credentials
(d) Administer Oath of Office
(e) File Oath
Attachments: [01142025 BOD 5H Report](#)

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

6. CONSENT CALENDAR OTHER ITEMS - ACTION

- A.** Approval of the Minutes of the Special Joint Executive Committee and Board of Directors Meeting for December 10, 2024 (Copies have been submitted to each Director, any additions, corrections, or omissions) [21-4118](#)
- Attachments:** [12102024 BOD 9A \(11192024\) Minutes](#)
- B.** Approve Commendatory Resolution for Director Timothy Smith representing San Diego County Water Authority [21-4147](#)
- C.** Approve waiver of Administrative Code to extend the term of Nonofficer members of the Executive Committee through the end of March 2025 [21-4162](#)

7. CONSENT CALENDAR ITEMS - ACTION

- 7-1** Authorize an increase of \$5.55 million to an agreement with Arcadis U.S. Inc. for a new not-to-exceed total amount of \$7.55 million for final design to rehabilitate the finished water reservoirs at the Henry J. Mills and Joseph Jensen Water Treatment Plants; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EOT) [21-4119](#)
- Attachments:** [01142025 EOT 7-1 B-L](#)
[01132025 EOT 7-1 Presentation](#)
- 7-2** Authorize the General Manager to enter into a funding agreement for the Disadvantaged Communities Leak Detection and Repair Program with the U.S. Bureau of Reclamation to implement phase two of the Lower Colorado River Basin System Conservation and Efficiency Program; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (OWS) [21-4126](#)
- Attachments:** [01142025 OWS 7-2 B-L](#)
[01132025 OWS 7-2 Presentation](#)

- 7-3** Authorize: (1) renewal of the Municipal Water Quality Investigations Agreement between the Department of Water Resources, the State Water Contractors and participating urban State Water Project Contractors; and (2) renewal of the Municipal Water Quality Investigations Program Specific Project Agreement between the State Water Contractors and participating urban State Water Project Contractors; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA (OWS) [21-4127](#)
- Attachments:** [01142025 OWS 7-3 B-L](#)
[01132025 OWS 7-3 Presentation](#)
- 7-4** Authorize extension of Metropolitan’s existing Colorado River System Conservation Agreement with U.S. Bureau of Reclamation to fund Metropolitan’s Palo Verde Irrigation District Fallowing Program; and adopt CEQA determination that the environmental effects of the conservation efforts in Palo Verde Irrigation District are the subject of a proposed action that was previously addressed in various CEQA documents and related actions. [UPDATED SUBJECT 1/7/2025] (OWS) [21-4165](#)
- Attachments:** [01142025 OWS 7-4 B-L](#)
[01132025 OWS 7-4 Presentation](#)
- 7-5** Report on Nevada Environmental Response Trust Site (former Tronox Site) in Henderson, Nevada and authorize an increase of \$150,000 to an amount not to exceed \$450,000 for an existing contract with GeoPentech, Inc. for consulting services; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (LC) [21-4143](#)
- Attachments:** [01142025 LC 7-5 B-L](#)
[01142025 LC 7-5 Presentation](#)
- 7-6** Report on litigation in Darren A. Reese v. Metropolitan Water District of Southern California, Riverside County Superior Court Case No. CVPS2204312, and authorize increase in the maximum amount payable under a contract for legal services with Seyfarth Shaw LLP in the amount of \$150,000 for a total amount not to exceed \$900,000; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (LC) [21-4166](#)
- Attachments:** [01142025 LC 7-6 B-L](#)
[01142025 LC 7-6 Presentation](#)

- 7-7** Authorize increase of \$200,000, to a maximum amount payable of [21-4167](#)
\$600,000, for existing General Counsel contract with Olson Remcho LLP to provide general government law advice related to the Political Reform Act, the Fair Political Practices Commission regulations, conflict of interest law and other legislative and ethics matters; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA (LC)

Attachments: [01142025 LC 7-7 B-L](#)
[01142025 LC 7-7 Presentation](#)

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

8. OTHER BOARD ITEMS - ACTION

- 8-1** Adopt a resolution to support a grant application selected to receive United States Department of the Interior, Bureau of Reclamation WaterSMART: Applied Sciences Program funding for fiscal year 2023 for an amount totaling \$390,000; authorize Metropolitan's non-federal cost share of \$130,000; and authorize the General Manager to enter a contract with the United States Department of the Interior, Bureau of Reclamation, subject to General Counsel approval; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA (OWS) [21-4125](#)

Attachments: [01142025 OWS 8-1 B-L](#)
[01132025 OWS 8-1 Presentation](#)

- 8-2** Report on litigation in Maria Carmen Zarate v. Metropolitan Water District of Southern California, Los Angeles County Superior Court Case No. 23STCV15786; and authorize an increase in the maximum amount payable under contract for legal services with Seyfarth Shaw LLP, in the amount of \$250,000 for a total amount not to exceed \$500,000; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)] (LC) [21-4155](#)

8-3 Report on litigation in Encarnacion Gutierrez v. Metropolitan Water District of Southern California, Los Angeles County Superior Court Case No. 23STCV11052; and authorize an increase in the maximum amount payable under contract for legal services with BDG Law Group, APLC, in the amount of \$250,000 for a total amount not to exceed \$500,000; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)] (LC) [21-4156](#)

8-4 Conference with legal counsel regarding anticipated litigation based on existing facts and circumstances, including receipt of a government claim threatening litigation, there is significant exposure to litigation against Metropolitan: one potential case; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(2); the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (LC) [+621-4168](#)

Attachments: [01142025 LC 8-4 Claim](#)

- 8-5** Report on litigation in San Diego County Water Authority v. Metropolitan Water District of Southern California, et al., San Francisco County Superior Court Case Nos. CPF-10-510830, CPF-12-512466, CPF-14-514004, CPF-16-515282, CPF-16-515391, CGC-17-563350, and CPF-18-516389; the appeals of the 2010 and 2012 actions, Court of Appeal for the First Appellate District Case Nos. A146901, A148266, A161144, and A162168, and California Supreme Court Case No. S243500; the petition for extraordinary writ in the 2010 and 2012 actions, Court of Appeal for the First Appellate District Case No. A155310; the petition for extraordinary writ in the second 2016 action, Court of Appeal for the First Appellate District Case No. A154325 and California Supreme Court Case No. S251025; the Metropolitan Water District of Southern California v. San Diego County Water Authority cross-complaints in the 2014, 2016, and 2018 actions; and the appeals of the 2014, 2016, and 2018 actions, Court of Appeal for the First Appellate District Case No. A170156; and provide direction to staff on potential settlement of the 2014, 2016, and 2018 actions, including the cross-complaints and appeals, San Francisco County Superior Court Case Nos. CPF-14-514004, CPF-16-515282, and CPF-18-516389 and Court of Appeal for the First Appellate District Case No. A170156; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with legal counsel – existing litigation; to be heard in closed session pursuant to Gov. Code Sections 54956.9(d)(1)] (LC) [21-4144](#)

9. BOARD INFORMATION ITEMS

- 9-1** Report on Conservation Program [21-4145](#)
Attachments: [01142025 OWS 9-1 B-L](#)
- 9-2** Update on the Colorado River Aqueduct High-Voltage Transformers Replacement Project (EOT) [21-4120](#)
Attachments: [01142025 EOT 9-2 B-L](#)
[01132025 EOT 9-2 Presentation](#)
- 9-3** Information on developing State Water Project water management actions (OWS) [21-4129](#)
Attachments: [01142025 OWS 9-3 B-L](#)
[01132025 OWS 9-3 Presentation](#)

10. OTHER MATTERS

NONE

11. FOLLOW-UP ITEMS

NONE

12. FUTURE AGENDA ITEMS

13. ADJOURNMENT

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

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

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

January 14, 2025 Board Meeting

Item 5A



Metropolitan Water District of Southern California Summary of Events

Attended by Directors at Metropolitan's Expense in December 2024

Date(s)	Location	Meeting Hosted by:	Participating Director(s)
Dec. 3-5	Palm Desert, CA	ACWA 2024 Fall Conference & Expo	Garry Bryant Dennis Erdman
Dec. 4-6	Las Vegas, NV	CRWUA 2024 Annual Conference	Desi Alvarez Gloria Cordero David DeJesus Juan Garza Cynthia Kurtz Jay Lewitt Tana McCoy Chair Ortega



● Chair of the Board Adán Ortega Jr.'s Monthly Activity Report – December 2024

Summary

This report highlights my activities as Chair of the Board during the month of December 2024 on matters relating to The Metropolitan Water District of Southern California's business.

Monthly Activities

Key Activities

- Attended the 2024 Colorado River Water Users Association (CRWUA) Annual Conference in Las Vegas, NV. During the Colorado River Board of California meeting, California's significant progress in conservation efforts was recognized. This highlighted the state's ongoing initiatives to manage water resources efficiently and contribute to the overall sustainability of the Colorado River system. The recognition served as a testament to California's commitment to addressing water challenges and its collaborative role in regional conservation efforts.
- Directors and I joined United States Bureau of Reclamation (USBR) Commissioner Camille Calimlim Touton and Interim General Manager Deven Upadhyay in celebrating historic investments in water conservation to benefit the Colorado River at the signing ceremony with Imperial Irrigation District (IID), Bard, and Metropolitan to conserve over 717,000 acre-feet of water by 2026. In addition, we helped to recognize Camille Calimlim Touton for her leadership and commitment to water resource management and sustainability during her term as the 24th USBR Commissioner.
- Hosted Governor Gavin Newsom for a meeting in the San Fernando Room of our Union Station Headquarters on a broad range of topics beginning with Delta Conveyance and the status of Colorado River negotiations. We were joined by Interim General Manager Deven Upadhyay and Board Vice Chair Gail Goldberg, California Department of Water Resources Director Karla Nemeth, and the Governor's new Chief of Staff Nathan Barankin. Most of the discussion revolved around the Governor's emphasis on affordability for consumers on the cost of basic utilities including water. We had an opportunity to explain how affordability impacts our board's deliberations about large infrastructure projects including Pure Water Southern California compounded with the cost of complying with regulations. We also had an opportunity to explain our Climate Adaptation Master Planning for Water process and our 100-year planning horizon and "no regrets" approach. We thanked the Governor for agreeing to a series of off-ramps that later enabled our board to approve continued funding of Delta Conveyance studies by a vote of 98%.





- Directors Bryant, Douglas, McCoy, and I led Metropolitan in hosting a two-day inspection trip for Los Angeles County Chapters of the National Association for the Advancement of Colored People (NAACP) which included stops at Hoover Dam, Metropolitan's Gene Camp facility, the Colorado River Aqueduct, and the Colorado River Basin. The group consisted of eight NAACP branch presidents from Southern California, representing San Gabriel, Pasadena, Pomona, Santa Monica, Beverly Hills, Los Angeles, Compton, and the Antelope Valley. This trip was an opportunity for participants to learn about water resources and engage in meaningful discussions on the future of DEI, business outreach, workforce development, rates, and affordability. We also highlighted Metropolitan's BEA Resources Group within MWD. The event fostered productive conversations and positive engagement with the branch representatives working together to build a lasting partnership. Thank you to the great Metropolitan Water District Experts for putting it all together.

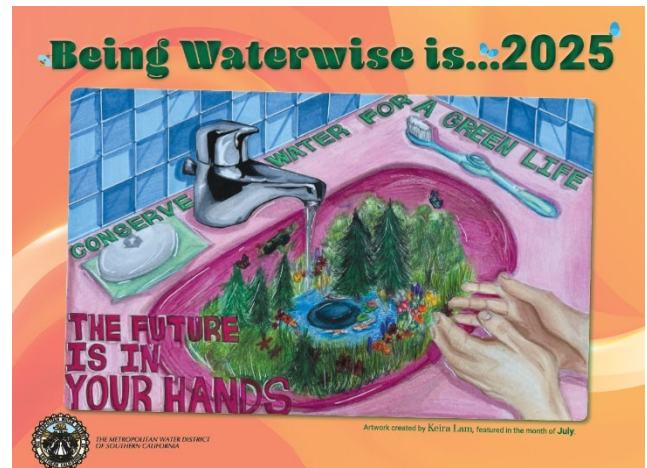


- Interim General Manager Deven Upadhyay and I continue to conduct site visits to meet with employees, provide district updates, and listen to and address their concerns. This month we held three in-person and virtual Town Hall meetings at Metropolitan Headquarters. We participated in a robust question-and-answer session addressing various topics, including Metropolitan's local and regional planning investments, workforce initiatives, and CAMP4W. We emphasized our commitment to upholding high service standards and transparency. I communicated the Board's strong unity in recent tough decisions and our united concern for their well-being. I was encouraged by the focus the workforce is demonstrating on our mission of providing safe and reliable drinking water to the community. Interim

General Manager Deven Upadhyay's comments and answers to questions were received with candor, appreciation, good humor, and with sincere thanks.



- Together with Directors Desi Alvarez, Steve Faessel, Brenda Dennstedt, and I participated in Metropolitans’ 2025 Being Waterwise Is... Student Art Calendar. I provided a welcome and congratulatory remarks to honor all the participants and winners. Out of 234 entries received from 31 participating member agencies, 37 winners spanning from kindergarten to high school were selected. Attendees at the event included teachers, school administrators, family members, water education coordinators, and Directors from member and retail agencies. The artwork will be displayed in the Metropolitan Rotunda in January and will later travel to participating agencies throughout the year. The cover art is by Keira Lam, a 9th grader at Polytechnic School in Pasadena, representing Pasadena Water and Power.



Interviews & Correspondence

- I was interviewed by renowned muralist and artist Judith Baca, known for her work that explores the intersection of history, people, and place. The interview will help inform the design of the final half mile of the Great Mural of the History of Los Angeles on the Los Angeles River. During our conversation, I shared my perspective about aspects of Los Angeles and Southern California water history that can be artistically visualized to reaffirm the common multi-generational heritage we share around the quest for

water and the return to Southern California’s landscape heritage that represents our future sustainability



Regularly Scheduled/Ongoing Meetings

I continue to meet regularly to review the Board's organizational issues and coordinate activities with the Board Vice Chairs and Department Heads.



Interim General Manager's Monthly Report



Activities for the Month of December 2024

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Message from the Interim General Manager

As I write this, parts of our region are being consumed by wildfire. Some of our own facilities are under evacuation orders and many in our Metropolitan family have suffered losses. While the full scope of the damage is still unfolding, our frontline employees have worked bravely to ensure our system is running smoothly and able to deliver the critical water supplies that protect health and property.

Conditions around the fires are still developing, and we enter 2025 fully aware that they are only a dramatic and tragic start to a year that will be filled with more challenges—as well as key opportunities.

The severity of the fires and the dry conditions underlying them underscore a central common challenge to our water security: the climate crisis. Metropolitan is facing this challenge head-on through the Climate Adaptation Master Plan for Water, a process that will culminate over the next couple of months in a range of important policy and planning actions to ensure we properly incorporate climate considerations in everything we do.

Other critical areas of focus in 2025 include making progress toward key decisions on major water supply investments like Pure Water Southern California and Sites Reservoir. Meanwhile negotiations must proceed to shape the future of the Colorado River. It remains to be seen how the change in the White House may affect how river water will be apportioned and used in the decades to come.

To facilitate investment in the sustainability and modernized management of our water supplies, our member agencies are reviewing possible refinements to Metropolitan’s business model. Considering their recommendations in the first part of 2025 will be a substantial part of an early launch to the budget development process, through which we can better understand the needs for essential staffing and capital investments.

And just as the discussions of the business model consider questions of equity among our member agencies, Metropolitan is committed to resolving a long-standing dispute with the San Diego County Water Authority. If achieved, all our member agencies would be in a better position to envision our shared future.

While these major focus areas will be benchmarks for progress in the new year, the daily core activities of Metropolitan are foremost so that we provide consistent and reliable water deliveries at all times, through both crisis and calm.

Our staff will remain laser focused on this mission, as long as we provide them the stability and resources needed to do their jobs safely in an atmosphere of empowerment and collaboration.

Metropolitan employees understand that high quality water is a foundation of our communities. We work together with our member agencies to keep interruptions to a minimum, even during crises, so that Southern California can effectively respond to challenges and can feel confident about rebuilding after loss.

Deven Upadhyay
Interim General Manager



Strategic Priorities Update

The General Manager's Strategic Priorities guide actions in key areas of change and opportunity that will strengthen Metropolitan and its ability to fulfill its mission. Review the Interim General Manager's [Business Plan for FY24-25](#) and the "[SMART Tracker](#)" dashboard of specific actions that advance the Strategic Priorities.



Empower the workforce and promote diversity, equity, and inclusion



Goal Dashboard

8 Outcomes in progress are on target

■ Build a safe, inclusive, and accountable workplace where all employees feel valued, respected, and able to meaningfully contribute to decisions about their work to fulfill Metropolitan's Mission.

Stage 1 improvements of the District Housing and Property Improvements Program consist of the development of a new housing model concept, new short-term facilities, and upgraded village amenities that will maintain an appropriate standard of living at the Desert facilities and will support the needs of our current and future remote workforce. In November 2024, the Board approved an agreement amendment for design and architectural services for a phased approach to developing new housing.

Meanwhile, improvements to existing housing are well underway. As of December 2024, 60 of the 96 houses designated for employee housing have been updated. This includes 11 new houses, 21 renovated houses, and 28 refurbished houses. Eight houses have been identified as surplus and are scheduled for demolition. Additionally, staff conducted health and safety inspections on 18 houses and received positive feedback from 15 residents, indicating no outstanding health and safety issues.

Currently, nine housing renovations are in progress, and six vacant renovated houses are ready for occupancy.



Housing Design Phase Begins

Concept approved for new workforce housing. Board approval of design contract launches initial implementation stage.

■ Prepare and support the workforce by expanding training and skill development and updating strategies to recruit and retain diverse talent, to meet the evolving needs and expectations of the workplace.

The Organizational Development & Training Unit (OD&T) oversaw and completed the initial rollout phase of the "Civil Workplace" employee training with sessions at Headquarters, Weymouth, Lake Matthews, Gene Camp, and Sacramento. A total of 1380 employees (260 managers and 1120 non-managers) have completed the training over the course of three months.

OD&T also facilitated a training session with the Regulatory Team, which focused on communication under stress and evaluating team processes. In addition, 476 employees also attended virtual and in-person trainings on topics ranging from Communication Strategies, SharePoint, Personal Security Awareness, Recruitment Procedures, and ADA/FEMA Compliance. Employees accessed LinkedIn Learning for Negotiation Skills, Enhancing Emotional Intelligence, Leading and Working in Teams, Strategic Project Risk Management, Internal Interviewing, and HR Foundations.



Civil Workplace Training Initiated

Nearly 1,400 employees completed the training in the first three months



Sustain Metropolitan's mission with a strengthened business model



Goal Dashboard

5 Outcomes in process. 1 Outcome behind schedule.

- **Develop revenue and business model options that support the needs of the member agencies as well as Metropolitan's financial sustainability and climate adaptation needs.**

At the December meeting of the member agency working group discussing possible Business Model refinements, it agreed to create three sub-groups:

- Financial Policies Business Model Support, which will expand upon the analysis of the treated water surcharge to examine other recommendations related to reserve policies, generating new fixed revenues, and assumptions for water transactions in the setting of rates. Member agency feedback on Treated Water Cost Recovery alternatives is due January 3, and the next meeting is planned for January 21.
- Water Resources Business Model Support, which will review and make recommendations related to water conservation and water management programs and on Metropolitan facilitation of local supply exchanges between member agencies. A mid-January meeting is being planned.
- Engineering Business Model Support, which will consider recommendations that address the basic level of service provided to member agencies.

Recommendations from these sub-groups are due to the Ad Hoc Working Group in early March 2025.

■ Identify and secure programmatic cost savings, organizational efficiencies and external funding.

In accordance with agreements signed in December with Imperial Irrigation District (IID) and San Diego County Water Authority (SDCWA), Metropolitan received \$16.6 million in new revenue associated with an increase in full-sale purchases from SDCWA. These purchases are a result of IID’s inclusion of 50,000 AF of water in its system conservation agreement with the U.S. Bureau of Reclamation (USBR) that otherwise would have been transferred to SDCWA and exchanged under the Exchange Agreement in 2024. This adds to the nearly \$96 million Metropolitan has received through the Inflation Reduction Act’s “Bucket 1” funding of activities in Palo Verde and Bard irrigation districts, which also benefit Lake Mead.

Two “Bucket 2” agreements have been executed toward programs funded through the Inflation Reduction Act (CII turf replacement and AVEK), and implementation of the first two agreements has begun. We are working toward a third agreement that, pending board approval, would fund a program of leak repair for Disadvantaged Communities.

Staff completed and posted on the Intranet a resource for all Metropolitan staff with the latest information on grants, research opportunities, processes, and assistance. The site offers all the information staff needs to support their contributions to an expanding grants program, including documents related to applying for a grant, training, events, and more.



Inflation Reduction Act

Metropolitan received \$16.6 million as a result of agreements reached with IID and SDCWA



Adapt to changing climate and water resources



Goal Dashboard

10 Outcomes in process. 1 Outcome behind schedule.

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

Colorado River

Achieving broad agreement among the Colorado River Basin states has proven challenging, and there is a lot of uncertainty around the direction that the Trump Administration will take toward Colorado River negotiations. We anticipated a Basin-wide framework agreement that would be in place in December 2024. However, since we do not have such an agreement, our focus in the next six months is to build support for a seven-state consensus, including to achieve agreement on an alternative that can be included in the Final Environmental Impact Statement for the post-2026 Guidelines.

Metropolitan created a December gathering of a dozen representatives of environmental organizations focused on advocacy related to the Colorado River, but late changes by USBR affected the advocates' availability and led us to cancel the meeting. The Colorado River Water Users Association conference schedule was too full to reschedule the meeting there, so we are committed to reconvening the group in the new year. Metropolitan believes it is important to foster communication and information sharing with and among the environmental advocates to avoid misunderstanding and to identify areas of shared interest.

Pure Water Southern California

In December, the Board authorized entering into one or more agreements with USBR to accept up to \$125.5 million in grant funding through the WaterSMART Large-Scale Water Recycling Program. A draft agreement was received from USBR and is currently being reviewed. It is anticipated that the agreement will be executed in mid-January 2025.

A value engineering review was performed for Reach 1 and recommended additional tunneling instead of open-cut along some of the major roads. It was decided that changing the design for Reach 1 from part open-cut/part tunneling to all tunneling will be incorporated into the preliminary design. Geotech and potholing for Reach 1 is nearly complete, while similar work on Reach 2 is continuing.

Incorporating the additional tunneling will push the Reach 1 Preliminary Design Review (PDR) completion into at least mid-2025. Reach 2 PDR should be final in mid-2025 as well.

At the January 2025 Pure Water Southern California and Regional Conveyance subcommittee, there will be an update on the program including the impacts from incorporation of the Large Scale Water Recycling grant, a presentation of the Pure Water Southern California (PWSC) benefits and how to meet the demand variability, and a further discussion of PWSC phasing.

Direct Potable Reuse pilot testing planning and design continues, while investigations into potential treated water augmentation (TWA) with direct connections to Metropolitan's existing potable water feeders have been initiated and will take approximately 9 – 12 months to complete.



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



Goal Dashboard

9 Outcomes in process and on target

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

The annual "Cybersecurity Awareness Training Campaign" was launched in October. As of mid-December, nearly half of employees have completed the annual cybersecurity awareness training.

Metropolitan is establishing a Cybersecurity Executive Steering Committee. This new committee will meet quarterly to approve cybersecurity policy, directives, and process changes, and to determine whether these will affect any area of Metropolitan operations. The first meeting is scheduled for late January 2025.

Preliminary results of the annual per- and polyfluoroalkyl substances (PFAS) monitoring (sampled in November) are similar to those of previous years, with low concentrations of a few PFAS in some of Metropolitan's untreated source waters. The purchase of a liquid chromatography-tandem mass spectrometer is underway and will support in-house PFAS analysis.

Staff worked with the design team and project engineer for the Water Quality Laboratory upgrade to set requirements for "clean agent" fire suppression systems, rather than water sprinklers, to protect sophisticated and expensive equipment in the chemistry laboratories. The final preliminary design is expected to be completed by March 3, 2025, and the final design Board Action should be in April 2025.

A Member Agency Water Quality Managers meeting on emerging issues will be scheduled for the first quarter of 2025 to cover invasive mussels in the State Water Project and unregulated disinfection byproducts.

■ Apply innovation, technology, and sustainable practices across project lifecycles.

Toward the implementation of the Climate Action Plan as well as compliance with state regulations, staff developed a strategy for medium- and heavy-duty vehicle replacements including Zero Emission Vehicles. The strategy was approved by the Board in December. Staff is also tracking CARB regulatory processes, grant opportunities, and renewable energy technologies.



Partner with interested parties and the communities we serve



Goal Dashboard

6 Outcomes in progress and on target

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

Metropolitan hosted a cohort of community-based organizations for a tour of the Weymouth Water Treatment Plant and Water Quality Lab. Following the tour, the group provided insights on their key takeaways from the tours, and Water Quality staff provided information on how to read a Consumer Confidence Report. The discussion ended with an update on the Climate Adaptation Master Plan for Water and ideas on how they can share the information learned with their communities. This convening included a live interpretation in Spanish so that all could fully participate.

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

Staff hosted a meeting of interested tribal representatives and the Webb Tract Wetland Restoration Project's Ecocultural Working Group to hear ideas and discuss potential partnerships for ecocultural activity/use on the island.

Executive Summary

This executive summary is added to this report to provide a high-level snapshot of key accomplishments from each area of the organization.

Bay-Delta Resources

The California Department of Water Resources (DWR) is moving forward with the next steps in securing various state and federal permits and authorizations, including those required by the State Water Resources Control Board and state Endangered Species Act. In October, DWR filed a certification of consistency with the Delta Plan for geotechnical work planned for 2024–2026. Four appeals were filed with the Delta Stewardship Council (Council), which held a hearing on the appeals on December 19, 2024. The Council is anticipated to issue a ruling in January 2025. DWR is concurrently preparing a certification of consistency for the Delta Conveyance Project, which it anticipates filing by the end of 2025.

Chief Financial Officer

In December, an informational report was provided to the Finance and Asset Management Committee summarizing challenges Metropolitan is facing in the current biennial budget, challenges foreseen for the next biennial budget, and providing a schedule of future meetings to evaluate impacts in advance of the proposed budget posted January 2026.

Colorado River Resources

USBR described alternatives for future Colorado River operations it plans to analyze in the Draft Environmental Impact Statement (EIS) for the post-2026 Guidelines. Earlier this year, the Lower Basin States submitted a detailed alternative to USBR for consideration, but that alternative was not included for incorporation in the Draft EIS document. Metropolitan will continue to work with California and our Basin States partners to attempt to develop a Basin States consensus alternative that could be included in the Final EIS later in 2025.

Diversity, Equity & Inclusion

Metropolitan Diversity, Equity & Inclusion (DEI) staff continued to make an impact in December, garnering recognition for their great efforts. Staff attended the Small Business Diversity Network Small Business Awards luncheon on December 3, during which Metropolitan was honored as the Small Business Program of the Year. Metropolitan staff also accompanied the NAACP on a Colorado River Inspection Trip during which staff shared about workforce development and small business opportunities and engaged in dialogue about how we might better serve our diverse communities in partnership with the NAACP. Our efforts at advancing a more inclusive and equitable culture at Metropolitan continues, with more than 70 percent of Metropolitan staff having attended Civil & Inclusive Workplace Training at year end. Last, but certainly not least, Metropolitan staff continued to advance our engagement with the Colorado River Indian Tribes (CRIT) community through continued support of Chemehuevi language classes as well as engagement with the local library and community events to share information about our apprenticeship programs and job opportunities. We look forward to continuing to advance equity, inclusion, and affordability in water with a true commitment to our employees, suppliers, and the diverse communities we serve in 2025 and beyond.

Engineering Services

Among the 2024 Engineering accomplishments, two projects are highlighted to demonstrate Metropolitan capabilities to effectively execute urgent/unplanned and planned activities. In January, Engineering updated the Board on the unanticipated Prestressed Concrete Cylinder Pipeline (PCCP) wire breaks discovered in the Allen-McColloch Pipeline (AMP). Through collaboration with local member agencies and subsequent board approvals, urgent rehabilitation was performed using construction change orders and a competitively bid contract. All shutdown-related work will be completed on schedule in January 2025, while other PCCP priority work, such as Second Lower Feeder Reach 3B rehabilitation, is progressing according to schedule. Another

achievement is Metropolitan's first Progressive Design-Build project, which will construct two new Sepulveda Feeder pump stations to improve supply reliability for the western State Water Project-dependent area. To expedite the project's schedule, all major long-lead equipment was specified, and advanced procurements were approved in September 2024. A board action to amend the design-build agreement and approve construction is expected in Spring 2025.

Equal Employment Opportunity Office

On December 6 – 7, 2024, Metropolitan's Equal Employment Opportunity (EEO) Manager participated in an inspection trip with the NAACP, board members, DEI, and other partner departments to Hoover Dam and the Colorado River Aqueduct. The purpose of this trip was to introduce participants to Metropolitan, our infrastructure, and key priorities. For this particular group, an additional goal was to strengthen the relationship between Metropolitan and the NAACP and to explore opportunities to work together. EEO provided information to the group about EEO's role in the recruitment process to include EEO's oversight and the concurrence process. EEO partnered with DEI to provide information on how EEO compliance and DEI work together to improve diversity initiatives and support Affirmative Action and Non-Discrimination Program requirements in accordance with federal and state law.

External Affairs

Metropolitan hosted the Student Art Calendar event celebrating the work of 37 students that is featured in the 2025 calendar. Chair Ortega, Vice Chair Camacho, and Directors Alvarez, Dennstedt, and Faessel attended the event. (December 12)

Human Resources

The Business Support Team planned, organized, and coordinated a "Family Health" wellness webinar. The live webcast was held on November 20, 2024, and was hosted by Kaiser Permanente. The webinar invited employees to learn ways to keep health on their minds and practice self-care. The webinar navigated common health concerns, reviewed screenings, and identified strategies to keep every member of the family healthy. Employees were invited to create a realistic action plan to keep their family healthy.

Information Technology

To support the ongoing efforts of the District Housing Upgrade and Property Improvements program, the Information Technology Group was tasked to deploy new security cameras for the dorm facilities and kitchens at Gene Camp. The IT staff performed the following to enable the installation:

- Delivered a design that included the need for new mini-racks for the dorm facilities and kitchens, as well as a new server rack in the main telecom room to support the new camera system (Genentech).
- Procured all IT-related materials (racks, switches, power distribution units, etc.)
- Configured the network switches for the new locations.

Safety, Security and Protection

Metropolitan's Security and Emergency Management staff used the holiday season to strengthen partnerships with critical infrastructure stakeholders at local and federal levels. These collaborations fostered mutual understanding and advanced shared solutions for threat mitigation and future challenges. A key focus was the growing drone threat to critical infrastructure. Efforts included identifying risks, exploring mitigation strategies and detection capabilities, and working with local and federal partners to evaluate and address the threat. By enhancing partnerships and proactively managing risks, Metropolitan continues to safeguard critical infrastructure and serve its communities effectively. Staff continues to expand emergency management response capabilities and inclusive emergency planning.

The Safety Team posted a new Safety Talk on preventing slips, trips, and falls and a Near Miss Safety Advisory to help employees identify potential unsafe conditions related to equipment integrity. The Environmental Team is currently preparing 20 regulatory-required submittals, due by March 2025. Also, staff obtained a South Coast Air Quality Management District emergency variance for an emergency back-up generator at Pleasants Peak Telecommunications site because of the Southern California Edison extended power outage. This variance allowed Metropolitan to keep the critical communication hub powered. Safety and Technical Training provided a hazardous material safe-handling and clean-up training series to staff at Pure Water, including the Los Angeles County Sanitation District.

Sustainability, Resiliency and Innovation

Metropolitan hosted the Los Angeles County Water Plan Blue Ribbon Panel on Nature-based Solutions. The panel is working to increase the use of nature-based water management solutions to improve the health of communities and ecosystems. Nature-based solutions support the Climate Adaptation Master Plan for Water’s priorities for community equity and projects with environmental co-benefits.

Water Resource Management

Water Resource Management (WRM) staff exhibited leadership and outreach on the Colorado River. Imported Supply Unit staff attended the Lower Colorado River Multi-Species Conservation Plan technical workgroup, and Water Use Efficiency Team staff provided the knowledge behind a landscape conservation exhibit at the Colorado River Water Users Association annual conference. WRM staff finalized two “Bucket 2” grant-funding agreements and received board authorization to enter into the agreements. WRM staff attended and participated in the annual State Water Project Operations Workshop. The Water Use Efficiency Team staff furthered statewide and local planning and outreach by attending the annual California Water Efficiency Partnership (CalWEP) plenary meeting and showcasing conservation programs and options for LA City Golf facility staff. The Resource Development Team staff finalized two Future Supply Actions funding program agreements with Foothill Municipal Water District and the San Diego County Water Authority.

Water System Operations

Staff successfully completed the installation of the Battery Energy Storage System (BESS) capital project at the Weymouth plant. The BESS project allows the plant to store surplus energy generated by its solar farm in a dedicated battery bank. During periods of peak energy pricing or when supplemental power is required, the stored energy can be used to supply portions of the plant—improving energy efficiency and lowering operating costs.



PROGRAM DESCRIPTION

Each year, Metropolitan partners with its member agencies to hold a region-wide student art contest focused on water conservation themes. Winners are selected and featured in a calendar that is widely distributed to thousands of people throughout Southern California.

On December 12, Metropolitan hosted its annual Student Art Calendar Event at Headquarters, marking the 36th anniversary of this beloved program. It was the first in-person celebration since 2019. The event celebrated the creativity of 37 talented student artists, from kindergarten to high school, whose work is featured in the 2025 calendar.

Dozens of students, teachers, and parents attended the event, showcasing the enthusiasm and support for this long-standing tradition. Coordinated by External Affairs' Brian Martz, with support from Benita Horn, Tuannee Holmes, and Vanessa Novoa, the program received 296 entries from 31 member and retail agencies this year.

IMPORTANCE TO METROPOLITAN

The calendar, beautifully designed by Christina Montoya Dapper, combines the students' artwork with a powerful call to action, emphasizing the importance of water conservation. This aligns with Metropolitan's mission to ensure a reliable water supply for Southern California through rebate programs, innovative water efficiency initiatives, and the development of the Climate Adaptation Plan for Water. The student art program highlights how creativity and education can inspire communities to take action toward a more sustainable future.

MEMORABLE MOMENT

This year's event would not have been possible without the unwavering support of Metropolitan's member agencies, teachers, school administrators, and water education representatives. Their efforts, both during the celebration and year-round, amplify the message of sustainability and water awareness. The enthusiasm in the room reflected a shared commitment to empowering the next generation to envision and build a brighter, waterwise future for all.

If you would like one of the calendars, please contact bmartz@mwdh2o.com.



"I'm incredibly proud to be part of a program that showcases the creativity and passion of our young artists while highlighting the importance of water conservation."

***Brian Martz, Coordinator,
Student Art Program***

Water Supply Conditions Report

Water Year 2024-2025

As of 12/31/2024

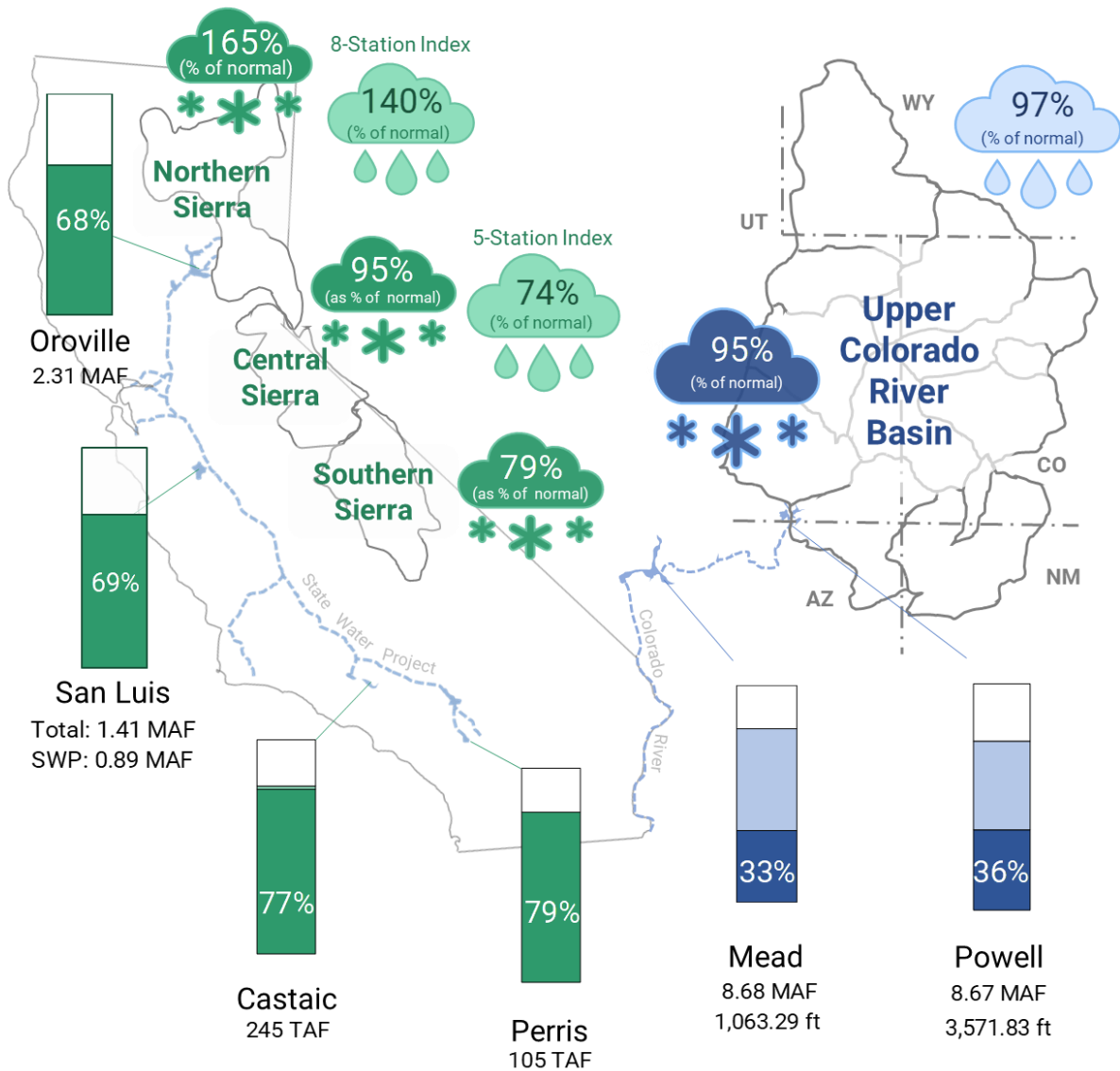
Extended Report: <https://www.mwdh2o.com/WSCR>

State Water Project Resources

SWP Allocation
40% Table A: 764,600 acre-feet

Colorado River Resources

Projected CRA Diversions
958,000 acre-feet



Reservoir Report

End of Month Reservoir Report

Monthly Update as of:

12/31/2024

<u>Reservoir</u>	<u>Current Storage</u>	<u>Percent of Capacity</u>
Colorado River Basin		
Lake Powell	8,656,696	36%
Lake Mead	8,681,000	34%
DWR		
Lake Oroville	2,336,664	68%
Shasta Lake	3,499,217	77%
San Luis Total	1,408,440	69%
San Luis CDWR	887,053	84%
Castaic Lake	247,830	77%
Silverwood Lake	71,406	95%
Lake Perris	105,347	80%
MWD		
DVL	787,962	97%
Lake Mathews	147,179	81%
Lake Skinner	40,682	92%



Hoover Dam



Metropolitan’s Mission is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

700 N. Alameda Street, Los Angeles, CA 90012
General Information (213) 217-6000
www.mwdh2o.com www.bewaterwise.com

Interim General Manager: Deven Upadhyay
Office of the GM (213) 217-6139
OfficeoftheGeneralManager@mwdh2o.com



Metropolitan Cases

Daffney Iverson v. Metropolitan **(Los Angeles County Superior Court)**

On November 14, 2024, former employee Daffney Iverson filed an employment lawsuit against Metropolitan in Los Angeles County Superior Court. Plaintiff served the lawsuit on Metropolitan on December 20, 2024. The complaint alleges causes of action for discrimination, hostile work environment, retaliation, failure to accommodate, failure to engage in the interactive process, failure to prevent discrimination, negligent hiring, whistleblower retaliation, and intentional infliction of emotional distress. The Legal Department has retained Sheppard, Mullin, Richter & Hampton, LLP, to defend the lawsuit.

Luz Villavicencio v. Metropolitan **(Los Angeles County Superior Court)**

On August 30, 2024, employee Luz Villavicencio filed an employment lawsuit against Metropolitan in

Los Angeles County Superior Court. Plaintiff served the lawsuit on Metropolitan on October 3, 2024. The complaint alleges causes of action for Equal Pay Act violations, retaliation under the Equal Pay Act, whistleblower retaliation, failure to provide wage statements and unfair business competition. The Legal Department has retained Hausman & Sosa, LLP, to defend the lawsuit.

Ryan Tiegs v. Metropolitan **(Riverside County Superior Court)**

On December 11, 2024, the parties participated in a mediation, which did not resolve the case. On December 19, 2024, Metropolitan filed a motion for summary judgment or, in the alternative, summary adjudication. The hearing on the motion is set for March 4, 2025. As previously reported, trial is set for April 4, 2025.

Other Matters

Miscellaneous

Legal Department staff worked with Finance staff to prepare and post Metropolitan’s annual financial information filings for fiscal year ended June 30, 2024, pursuant to continuing disclosure requirements for all of Metropolitan’s outstanding

revenue and general obligation bonds. The annual filings include certain financial and operational disclosures and the Annual Comprehensive Financial Report for Fiscal Years Ended June 30, 2024 and 2023. The annual filings are available at <http://emma.msrb.org> (the Electronic Municipal Market Access system) maintained by the Municipal Securities Rulemaking Board.

Matters Received

<u>Category</u>	<u>Received</u>	<u>Description</u>
Action in which MWD is a party	1	Complaint for Damages for: (1) Discrimination in Violation of FEHA; (2) Hostile Work Environment, Harassment in Violation of FEHA; (3) Retaliation in Violation of FEHA; (4) Failure to Provide Reasonable Accommodation in Violation of FEHA; (5) Failure to Engage in the Interactive Process in Violation of FEHA; (6) Failure to Prevent Discrimination, Harassment, or Retaliation in Violation of FEHA; (7) Negligent Hiring, Supervision, and Retention; (8) Whistleblower, filed in Los Angeles County Superior Court, in the case <i>Daffney Iverson v. MWD</i> , Case No. 24STCV29984



Government Code Claims	2	Claims relating to: (1) debris from work being performed adjacent to the roadway cracked the windshield of Claimant’s vehicle; and (2) an accident involving an MWD vehicle
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Requests Pursuant to the Public Records Act	14	<u>Requestor</u>	<u>Documents Requested</u>
		Buena Park Public Works Department	As-builts for any MWD facilities near project on Orangethorpe Avenue in Buena Park
		Center for Contract Compliance (2 requests)	Name of contractor, list of subcontractors, original bid advertisement, and DIR Project ID for: (1) San Diego Canal Rehabilitation - State 3 Rebid; and (2) Lake Skinner Facility Modernization
		D R Consultants & Designers	List of subconsultants used by MWD prime consultants for design services
		Delta Conveyance Design & Construction Authority	Intent to Award Letter and Contract for Charter Bus Services
		Los Angeles County Sanitation Districts	Method-Of-Service Study Agreement and Study Confidentiality Agreement between MWD and Southern California Edison Company for the Pure Water Southern California Project
		Los Angeles Times	Letter sent in November 2024 from the Chief of Staff Mohsen Mortada to the MWD Board
		MAPA/AFSCME Local 1001	Correspondence regarding the hiring of Chief of Staff Mohsen Mortada and justification for the exemption to the recruitment policy for this hiring
		Means Consulting	Historical data for salinity in State Project water and Colorado River water
		Orange County Water District	General Mineral and Physical Analysis of Metropolitan’s Water Supplies for the period July 2023 through June 2024
		PMCS Group	Proposals and evaluation sheets for Requests for Proposals for: (1) Western Region Projects Construction Management and Inspection Services; and (2) Pre-Stressed Concrete Cylinder Pipe Program and Pipeline Rehabilitation Projects Construction Management



<u>Requestor</u>	<u>Documents Requested</u>
RiverH2O (2 requests)	(1) Amount of water delivered through the Colorado River Aqueduct to Lake Mathews during each of the past seven years; and (2) amount of water at Gene and Hinds Pumping Plants, source of non-CRA water and amount of that water delivered to Lake Mathews
Rothner, Segall & Greenstone	Records dated between December 16, 2022, and December 16, 2024, regarding release time requests and the approval/denial of those requests



PLEASE NOTE

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



Bay-Delta and SWP Litigation	
Subject	Status
<p>Delta Conveyance Project CEQA Cases</p> <p><u>Tulare Lake Basin Water Storage District v. California Department of Water Resources (case name for the consolidated cases)</u></p> <p><i>City of Stockton v. California Department of Water Resources</i></p> <p><i>County of Butte v. California Department of Water Resources</i></p> <p><i>County of Sacramento v. California Department of Water Resources</i></p> <p><i>County of San Joaquin et al. v. California Department of Water Resources</i></p> <p><i>Sacramento Area Sewer District v. California Department of Water Resources</i></p> <p><i>San Francisco Baykeeper, et al. v. California Department of Water Resources</i></p> <p><i>Sierra Club, et al. v. California Department of Water Resources</i></p> <p><i>South Delta Water Agency and Rudy Mussi Investment L.P. v. California Department of Water Resources</i></p> <p><i>Tulare Lake Basin Water Storage District v. California Department of Water Resources</i></p> <p><i>Sacramento County Superior Ct. (Judge Acquisto)</i></p>	<ul style="list-style-type: none"> • DWR is the only named respondent/defendant • All alleged CEQA violations • Most allege violations of the Delta Reform Act, Public Trust Doctrine and Delta and Watershed Protection Acts • Two allege violations of the fully protected bird statute • One alleges violations of Proposition 9 (1982) and the Central Valley Project Act • Deadline for DWR to prepare the administrative record extended to <u>Jan. 31, 2025</u>Nov 29, 2024 • June 20, 2024 trial court issued a preliminary injunction halting pre-construction geotechnical soil testing until DWR certifies that the DCP is consistent with the Delta Plan • Aug. 19, 2024 DWR appealed the injunction • Aug. 23, 2024 trial court denied DWR's motion to modify or stay the preliminary injunction • Aug. 29, 2024 DWR filed a petition in the court of appeal seeking to stay the preliminary injunction pending a ruling on the merits of its appeal • Oct. 18, 2024 stay petition denied. • Oct. 24, 2024 cases ordered consolidated for all purposes under <i>Tulare Lake Basin Water Storage District v. California Department of Water Resources</i> • April 4, 2025 next case management conference • <u>Jan. 21, 2025 DWR's opening brief due</u>Briefing deadlines on the appeals will begin once the clerk's transcript of trial court proceedings is filed with the court of appeal



Subject	Status
<p>Delta Conveyance Project Water Right Permit Litigation</p> <p><i>Central Delta Water Agency et al. v. State Water Resources Control Board</i></p> <p>Fresno County Superior Court (Judge Hamilton)</p>	<ul style="list-style-type: none"> Complaint filed April 16, 2024, alleges that the State Water Board must rule on DWR’s 2009 petition to extend the time to perfect its State Water Project rights before the State Water Board may begin to adjudicate DWR’s petition to change its water rights to add new points of diversion for the Delta Conveyance Project Sept. 19 hearing date for State Water Resources Control Board demurrer (motion to dismiss) and motion to strike and DWR’s demurrer (motion to dismiss) taken off calendar by court-entered stipulation of the parties after DWR withdrew the 2009 petition to extend its SWP water rights Jan 14, 2025Dec. 17, 2024 Case Status Conference
<p>Consolidated DCP Revenue Bond Validation Action and CEQA Case</p> <p><i>Sierra Club, et al. v. California Department of Water Resources</i> (CEQA, designated as lead case)</p> <p><i>DWR v. All Persons Interested</i> (Validation)</p> <p>Sacramento County Superior Ct. (Judge Kenneth C. Mennemeier)</p> <p>3d District Court of Appeal Case No. C100552</p>	<ul style="list-style-type: none"> Validation Action Final Judgment and Final Statement of Decision issued January 16, 2024 ruling the bonds are not valid DWR, Metropolitan and other supporting public water agencies filed Notices of Appeal on or before the February 16, 2024 deadline Eight opposing groups filed Notices of Cross Appeals by March 27, 2024 April 16, 2024 DWR moved to dismiss the cross appeals as untimely October 4, 2024 DWR’s and Supporting SWP Contractors’ Joint Opening Brief and Appellants’ Appendix filed October 15, 2024 DWR’s and Supporting SWP Contractors’ joint motion for calendar preference was granted; the appeal will be accorded priority pursuant to statutory provisions, which should accelerate oral argument and the court’s decision once briefing is completed in about March 2025 Respondents’ and Cross-Appellants’ briefs due Jan 2, 2025December 3, 2024 Nov. 26, 2024 Respondents/Cross-Appellants moved for a 30-day extension of time Nov. 27, 2024 DWR, Metropolitan and Coachella Valley Water District filed an opposition to the time extension motion



Subject	Status
<p>SWP-CVP 2019 BiOp Cases</p> <p><i>Pacific Coast Fed'n of Fishermen's Ass'ns, et al. v. Raimondo, et al. (PCFFA)</i></p> <p><i>Calif. Natural Resources Agency, et al. v. Raimondo, et al. (CNRA)</i></p> <p>Federal District Court, Eastern Dist. of California, Fresno Division (Judge Thurston)</p>	<ul style="list-style-type: none"> • SWC intervened in both <i>PCFFA</i> and <i>CNRA</i> cases • Federal defendants reinitiated consultation on Oct 1, 2021 • March 28, 2024 order extending the Interim Operations Plan and the stay of the cases through the issuance of a new Record of Decision or December 20, 2024, whichever is first
<p>2020 CESA Incidental Take Permit Cases</p> <p>Coordinated Case Name <i>CDWR Water Operations Cases, JCCP 5117</i> (Coordination Trial Judge Gevercer)</p> <p><i>Metropolitan & Mojave Water Agency v. Calif. Dept. of Fish & Wildlife, et al. (CESA/CEQA/Breach of Contract)</i></p> <p><i>State Water Contractors & Kern County Water Agency v. Calif. Dept. of Fish & Wildlife, et al. (CESA/CEQA)</i></p> <p><i>Tehama-Colusa Canal Auth., et al. v. Calif. Dept. of Water Resources (CEQA)</i></p> <p><i>San Bernardino Valley Municipal Water Dist. v. Calif. Dept. of Water Resources, et al. (CEQA/CESA/ Breach of Contract/Takings)</i></p> <p><i>Sierra Club, et al. v. Calif. Dept. of Water Resources (CEQA/Delta Reform Act/Public Trust)</i></p> <p><i>North Coast Rivers Alliance, et al. v. Calif. Dept. of Water Resources (CEQA/Delta Reform Act/Public Trust)</i></p> <p><i>Central Delta Water Agency, et. al. v. Calif. Dept. of Water Resources (CEQA/Delta Reform Act/Public Trust/ Delta Protection Acts/Area of Origin)</i></p> <p><i>San Francisco Baykeeper, et al. v. Calif. Dept. of Water Resources, et al. (CEQA/CESA)</i></p>	<ul style="list-style-type: none"> • Administrative records certified in October 2023 • Order entered to delay setting a merits briefing schedule by 90 days and extending the time to bring the action to trial by six months • <u>Deadline to bring all the coordinated cases to trial is now December 5, 2025</u> • <u>December 2024 three petitioner groups filed requests for dismissal without prejudice</u> • <u>January 2025 remaining petitioner groups will meet and confer in light of the new, 2024 CESA Incidental Take Permit</u>



Subject	Status
<p>2024 CESA Incidental Take Permit Cases</p> <p><i>San Francisco Baykeeper, et al. v. California Department of Water Resources</i> (CEQA, Delta Reform Act, Public Trust Doctrine)</p> <p>Sacramento County Superior Ct. Case No. 24WM000185 TBD (Judge ArguellesTBD)</p> <p><i>California Sportfishing Protection Alliance, et al. v. California Department of Water Resources, et al.</i> (CEQA, CESA, Delta Reform Act, Public Trust Doctrine)</p> <p>Sacramento County Superior Ct. Case No. 24WM000181 (Judge Arguelles)</p> <p><i>Tehama-Colusa Canal Authority, et al. v. California Department Of Water Resources, et al.</i> (CEQA)</p> <p>Sacramento County Superior Ct. Case No. 24WM000183 (Judge Rockwell)</p> <p><u>Central Delta Water Agency and South Delta Water Agency v. California Department of Water Resources</u> (CEQA, Delta Reform Act, Watershed Protection Acts, Public Trust Doctrine)</p> <p><u>Sacramento County Superior Ct. Case No. 24WM000186</u> (Judge Acquisto)</p>	<ul style="list-style-type: none"> Cases challenge DWR’s Final EIR and the California Department of Fish and Wildlife’s California Endangered Species Act Incidental Take Permit for the updated Long Term Operations plan for the State Water Project
<p>CDWR Environmental Impact Cases Sacramento Superior Ct. Case No. JCCP 4942, 3d DCA Case No. C100302 (20 Coordinated Cases)</p> <p>Validation Action <i>DWR v. All Persons Interested</i></p> <p>CEQA 17 cases</p> <p>CESA/Incidental Take Permit 2 cases</p> <p>(Judge Arguelles)</p>	<ul style="list-style-type: none"> Cases dismissed after DWR rescinded project approval, bond resolutions, decertified the EIR, and CDFW rescinded the CESA incidental take permit January 10, 2020 – Nine motions for attorneys’ fees and costs denied in their entirety May 11, 2022, court of appeal reversed the trial court’s denial of attorney fees and costs Coordinated cases remitted to trial court for re-hearing of fee motions consistent with the court of appeal’s opinion Dec. 26, 2023 order denying fee motions Six notices of appeal filed Appellants’ opening briefs and appendices filed Oct. 29 and Oct. 31 Jan. 31, 2025 deadline for DWR’s opposition brief



Subject	Status
<p>COA Addendum/ No Harm Agreement</p> <p>North Coast Rivers Alliance v. DWR Sacramento County Superior Ct. (Judge Rockwell)</p>	<ul style="list-style-type: none"> • Plaintiffs allege violations of CEQA, Delta Reform Act & public trust doctrine • Westlands Water District and North Delta Water Agency granted leave to intervene • Metropolitan & SWC monitoring • Deadline to prepare administrative record last extended to Nov. 18, 2022 <u>Case dismissed Dec. 12, 2024</u>
<p>Water Management Tools Contract Amendment</p> <p><i>California Water Impact Network et al. v. DWR</i> Sacramento County Superior Ct. (Judge Acquisto)</p> <p><i>North Coast Rivers Alliance, et al. v. DWR</i> Sacramento County Super. Ct. (Judge Acquisto)</p>	<ul style="list-style-type: none"> • Filed September 28, 2020 • CWIN and Aqualliance allege one cause of action for violation of CEQA • NCRA et al. allege four causes of action for violations of CEQA, the Delta Reform Act, Public Trust Doctrine and seeking declaratory relief • SWC motion to intervene in both cases granted • Dec. 20, 2022 DWR filed notice of certification of the administrative record and filed answers in both cases



San Diego County Water Authority v. Metropolitan, et al.

Cases	Date	Status
2014, 2016	Sept. 30	Based on the Court of Appeal's Sept. 21 opinion in the parties' earlier 2010/2012 cases, and the Board's Sept. 28 authorization, Metropolitan paid \$35,871,153.70 to SDCWA for 2015-2017 Water Stewardship Rate charges under the Exchange Agreement and statutory interest.
2017	July 23, 2020	Dismissal without prejudice entered.
2018	April 11, 2022	Court entered order of voluntary dismissal of parties' WaterFix claims and cross-claims.
2014, 2016, 2018	June 11, 2021	Deposition of non-party witness.
	Aug. 25	Hearing on Metropolitan's motion for further protective order regarding deposition of non-party witness.
	Aug. 25	Court issued order consolidating the 2014, 2016, and 2018 cases for all purposes, including trial.
	Aug. 30	Court issued order granting Metropolitan's motion for a further protective order regarding deposition of non-party witness.
	Aug. 31	SDCWA filed consolidated answer to Metropolitan's cross-complaints in the 2014, 2016, and 2018 cases.
	Feb. 22	Metropolitan and SDCWA each filed motions for summary adjudication.
	April 13	Hearing on Metropolitan's and SDCWA's motions for summary adjudication.
	May 4	Court issued order granting Metropolitan's motion for summary adjudication on cross-claim for declaratory relief that the conveyance facility owner, Metropolitan, determines fair compensation, including any offsetting benefits; and denying its motion on certain other cross-claims and an affirmative defense.
	May 11	Court issued order granting SDCWA's motion for summary adjudication on cross-claim for declaratory relief in the 2018 case regarding lawfulness of the Water Stewardship Rate's inclusion in the wheeling rate and transportation rates in 2019-2020; certain cross-claims and affirmative defenses on the ground that Metropolitan has a duty to charge no more than fair compensation, which includes reasonable credit for any offsetting benefits, with the court also stating that whether that duty arose and whether Metropolitan breached that duty are issues to be resolved at trial; affirmative defenses that SDCWA's claims are untimely and SDCWA has not satisfied claims presentation requirements; affirmative defense in the 2018 case that SDCWA has not satisfied contract dispute resolution requirements; claim, cross-claims, and affirmative defenses regarding applicability of



Cases	Date	Status
2014, 2016, 2018 (cont.)		Proposition 26, finding that Proposition 26 applies to Metropolitan's rates and charges, with the court also stating that whether Metropolitan violated Proposition 26 is a separate issue; and cross-claims and affirmative defenses regarding applicability of Government Code section 54999.7, finding that section 54999.7 applies to Metropolitan's rates. Court denied SDCWA's motion on certain other cross-claims and affirmative defenses.
	May 16-27	Trial occurred but did not conclude.
	June 3, June 24, July 1	Trial continued, concluding on July 1.
	June 24	SDCWA filed motion for partial judgment.
	July 15	Metropolitan filed opposition to motion for partial judgment.
	Aug. 19	Post-trial briefs filed.
	Sept. 14	Court issued order granting in part and denying in part SDCWA's motion for partial judgment (granting motion as to Metropolitan's dispute resolution, waiver, and consent defenses; denying motion as to Metropolitan's reformation cross-claims and mistake of fact and law defenses; and deferring ruling on Metropolitan's cost causation cross-claim).
	Sept. 21	Metropolitan filed response to order granting in part and denying in part SDCWA's motion for partial judgment (requesting deletion of Background section portion relying on pleading allegations).
	Sept. 22	SDCWA filed objection to Metropolitan's response to order granting in part and denying in part SDCWA's motion for partial judgment.
	Sept. 27	Post-trial closing arguments.
	Oct. 20	Court issued order that it will rule on SDCWA's motion for partial judgment as to Metropolitan's cost causation cross-claim simultaneously with the trial statement of decision.
	Dec. 16	Parties filed proposed trial statements of decision.
	Dec. 21	SDCWA filed the parties' stipulation and proposed order for judgment on Water Stewardship Rate claims for 2015-2020.
	Dec. 27	Court entered order for judgment on Water Stewardship Rate claims for 2015-2020 as proposed by the parties.
	March 14, 2023	Court issued tentative statement of decision (tentatively ruling in Metropolitan's favor on all claims litigated at trial, except for those ruled to be moot based on the rulings in Metropolitan's favor)



Cases	Date	Status
2014, 2016, 2018 (cont.)	March 14	Court issued amended order granting in part and denying in part SDCWA's motion for partial judgment (ruling that Metropolitan's claims for declaratory relief regarding cost causation are not subject to court review).
	March 29	SDCWA filed objections to tentative statement of decision
	April 3	Metropolitan filed response to amended order granting in part and denying in part SDCWA's motion for partial judgment (requesting deletion of Background section portion relying on pleading allegations).
	April 25	Court issued statement of decision (ruling in Metropolitan's favor on all claims litigated at trial, except for those ruled to be moot based on the rulings in Metropolitan's favor)
	Jan. 10, 2024	Parties filed joint status report and stipulated proposal on form of judgment
	Jan. 17	Court issued order approving stipulated proposal on form of judgment (setting briefing and hearing)
	April 3	Court entered final judgment
	April 3	Court issued writ of mandate regarding demand management costs
	April 3	SDCWA filed notice of appeal
	April 17	Metropolitan filed notice of cross-appeal
	May 3	Participating member agencies filed notice of appeal
	May 31	Parties filed opening briefs on prevailing party
	June 28	Parties filed response briefs on prevailing party
	July 17	Court issued tentative ruling that there is no prevailing party due to mixed results
	July 18	Hearing on prevailing party; court took matter under submission, stating it expects to rule in mid-Aug.
	Aug. 15	Court issued ruling that Metropolitan is the prevailing party and is entitled to SDCWA's payment of its litigation costs and fees under the Exchange Agreement
	Sept. 25	Court issued order extending time for Metropolitan to file its memorandum of costs and motion for attorneys' fees
	Sept. 27	Metropolitan filed its memorandum of costs in the amount of \$372,788.64



Cases	Date	Status
2014, 2016, 2018 (cont.)	Oct. 18	Parties filed a joint application to extend the briefing schedule in the Court of Appeal
	Oct. 21	Court of Appeal granted parties' joint briefing schedule; briefing begins April 11, 2025 and ends October 10, 2025
	Oct. 29	SDCWA filed its motion to tax (reduce) Metropolitan's costs
	Nov. 26	SDCWA withdrew its motion to tax (reduce) Metropolitan's costs and requested that the court cancel the Dec. 11 motion hearing
	<u>Dec. 17</u>	<u>The court entered the parties' stipulated order that Metropolitan's recoverable attorneys' fees are \$3,402,408.71 and its recoverable costs are \$372,788.64; unless the Court of Appeal reverses the order that Metropolitan is the prevailing party, SDCWA is to pay Metropolitan these amounts, plus interest; and briefing on Metropolitan's motion for attorneys' fees is vacated.</u>
	<u>Dec. 17</u>	<u>The court issued an order reassigning the cases from the Honorable Anne-Christine Massullo to the Honorable Ethan P. Schulman.</u>
All Cases	April 15, 2021	Case Management Conference on 2010-2018 cases. Court set trial in 2014, 2016, and 2018 cases on May 16-27, 2022.
	April 27	SDCWA served notice of deposition of non-party witness.
	May 13-14	Metropolitan filed motions to quash and for protective order regarding deposition of non-party witness.
	June 4	Ruling on motions to quash and for protective order.



Outside Counsel Agreements				
Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Albright, Yee & Schmit, APC	Employment Matter	220423	10/24	\$100,000
	Employment Matter	222524	11/24	\$50,000
	<u>Employment Matter</u>	<u>222429</u>	<u>12/24</u>	<u>\$50,000</u>
Andrade Gonzalez LLP	MWD v. DWR, CDFW and CDNR Incidental Take Permit (ITP) CESA/CEQA/Contract Litigation	185894	07/20	\$250,000
Aleshire & Wynder	Oil, Mineral and Gas Leasing	174613	08/18	\$50,000
Anzel Galvan LLP	Bond Issues	220411	07/24	N/A
Atkinson Andelson Loya Ruud & Romo	Employee Relations	59302	04/04	\$1,316,937
	Delta Conveyance Project Bond Validation-CEQA Litigation	185899	09/21	\$250,000
	MWD Drone and Airspace Issues	193452	08/20	\$50,000
	AFSCME Local 1902 in Grievance No. 1906G020 (CSU Meal Period)	201883	07/12/21	\$30,000
	AFSCME Local 1902 v. MWD, PERB Case No. LA-CE-1438-M	201889	09/15/21	\$20,000
	MWD MOU Negotiations**	201893	10/05/21	\$100,000
BDG Law Group, APLC	Gutierrez v. MWD	216054	03/24	\$250,000
Best, Best & Krieger	Bay-Delta Conservation Plan/Delta Conveyance Project (with SWCs)	170697	08/17	\$500,000
	Environmental Compliance Issues	185888	05/20	\$100,000
	Grant Compliance Issues	211921	05/23	\$150,000
	Pure Water Southern California	207966	11/22	\$250,000 \$100,000
	Progressive Design Build	216053	04/24	\$250,000



Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP	FCC and Communications Matters	110227	11/10	\$100,000
Brown White & Osborn LLP	Employment Matter	222523	10/24	\$50,000
	Employment Matter	222525	11/24	\$50,000
Buchalter, a Professional Corp.	Union Pacific Industry Track Agreement	193464	12/07/20	\$50,000
Burke, Williams & Sorensen, LLP	Real Property – General	180192	01/19	\$100,000
	Labor and Employment Matters	180207	04/19	\$75,000
	General Real Estate Matters	180209	08/19	\$200,000
	Rancho Cucamonga Condemnation Actions (Grade Separation Project)	207970	05/22	\$100,000
Law Office of Alexis S.M. Chiu*	Bond Counsel	200468	07/21	N/A
	Bond Counsel	220409	07/24	N/A
Castañeda + Heidelman LLP	Employment Matter	216055	04/24	\$100,000
	<u>Employment Matter</u>	<u>222530</u>	<u>11/24</u>	<u>\$100,000</u>
Cislo & Thomas LLP	Intellectual Property	170703	08/17	\$100,000
Curls Bartling P.C.*	Bond Counsel	200470	07/21	N/A
Davis Wright Tremaine, LLP	Advice and Representation re Potential Litigation	220424	10/24	\$250,000
Duane Morris LLP	SWRCB Curtailment Process	138005	09/14	\$615,422
Duncan, Weinberg, Genzer & Pembroke	Power Issues	6255	09/95	\$3,175,000
Ellison, Schneider, Harris & Donlan	Colorado River Issues	69374	09/05	\$175,000
	Issues re SWRCB	84457	06/07	\$200,000



Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Erin Joyce Law, PC	Employment Matter	216039	11/23	\$100,000
	Ethics Advice	216058	05/24	\$100,000
Glaser Weil Fink Howard Jordan & Shapiro	Employment Matter	220395	7/24	\$150,000
Greines, Martin, Stein & Richland LLP	SDCWA v. MWD	207958	10/22	\$100,000
	Colorado River Matters	207965	11/22	\$100,000
Hackler Flynn & Associates	Government Code Claim Advice	216059	5/24	\$150,000
Haden Law Office	Real Property Matters re Agricultural Land	180194	01/19	\$50,000
Hanna, Brophy, MacLean, McAleer & Jensen, LLP	Workers' Compensation	211926	06/23	\$250,000
Hanson Bridgett LLP	Finance Advice	158024	12/16	\$100,000
	Deferred Compensation/HR	170706	10/17	\$500,000
	Tax Issues	180200	04/19	\$50,000
	Alternative Project Delivery (ADP)	207961	10/22	\$250,000
	Ad Valorem Property Taxes	216042	11/23	\$100,000
Harris & Associates	Employment Matter	220397	7/24	\$100,000
Hausman & Sosa, LLP	Jones v. MWD	216056	05/24	\$100,000
	Villavicencio v. MWD	220426	10/24	\$100,000
	Jensen Operator Standby Removal	222522	10/24	\$100,000
Hawkins Delafield & Wood LLP*	Bond Counsel	193469	07/21	N/A
	Bond Counsel	220405	07/24	N/A
Hemming Morse, LLP	Baker Electric v. MWD	211933	08/23	\$175,000



Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Horvitz & Levy	SDCWA v. MWD	124100	02/12	\$1,250,000
	General Appellate Advice	146616	12/15	\$200,000
	Colorado River	203464	04/22	\$100,000
	Delta Conveyance Bond Validation Appeal	216047	03/24	\$25,000
	PFAS Multi-District Litigation – Appeal	216050	03/24	\$200,000
Innovative Legal Services, P.C.	Employment Matter	211915	01/19/23	\$175,000
Internet Law Center	Cybersecurity and Privacy Advice and Representation	200478	04/13/21	\$100,000
	Systems Integrated, LLC v. MWD	201875	05/17/21	\$100,000
Amira Jackmon, Attorney at Law*	Bond Counsel	200464	07/21	N/A
Jackson Lewis P.C.	Employment: Department of Labor Office of Contract Compliance	137992	02/14	\$45,000
Jones Hall, A Professional Law Corp*	Bond Counsel	200465	07/21	N/A
<u>Katten Muchin Rosenman LLP</u>	<u>Bond Counsel</u>	<u>220412</u>	<u>07/24</u>	<u>N/A</u>
Kronenberger Rosenfeld, LLP	Systems Integrated, LLC v. MWD	211920	04/23	\$250,000
Kutak Rock LLP	Delta Islands Land Management	207959	10/22	\$60,000
Liebert Cassidy Whitmore	Labor and Employment	158032	02/17	\$240,821
	FLSA Audit	180199	02/19	\$50,000
	EEO Advice	216041	12/23	\$200,000
Lieff Cabraser Heimann & Bernstein, LLP	PFAS Multi-District Litigation	216048	03/24	\$200,000



Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Manatt, Phelps & Phillips	SDCWA v. MWD rate litigation	146627	06/16	\$4,400,000
	Raftelis-Subcontractor of Manatt, Agr. #146627: Per 5/2/22 Engagement Letter between Manatt and Raftelis, MWD paid Raftelis Financial Consultants, Inc.	Invoice No. 23949		\$56,376.64 for expert services & reimbursable expenses in SDCWA v. MWD
Marten Law LLP	PFAS Multi-District Litigation	216034	09/23	\$550,000
	PFAS-Related Issues (PWSC)	220414	08/24	\$100,000
	Perris Valley Pipeline Project	220415	07/24	\$100,000
	PFAS-Related Issues (General)	220413	10/24	\$50,000
Meyers Nave Riback Silver & Wilson	Pure Water Southern California	207967	11/22	\$100,000
Miller Barondess, LLP	SDCWA v. MWD	138006	12/14	\$600,000
Morgan, Lewis & Bockius	SDCWA v. MWD	110226	07/10	\$8,750,000
	Project Labor Agreements	200476	04/21	\$100,000
Musick, Peeler & Garrett LLP	Colorado River Aqueduct Electric Cables Repair/Contractor Claims	193461	11/20	\$3,250,000
	Arvin-Edison v. Dow Chemical	203452	01/22	\$150,000
	Semitropic TCP Litigation	207954	09/22	\$75,000
	Employment Matter	216063	06/24	\$100,000
	Employment Matter	220417	08/24	\$100,000
Nixon Peabody LLP*	Bond Counsel [re-opened]	193473	07/21	N/A
	Special Finance Project	207960	10/22	\$50,000
	Bond Counsel	220404	07/24	N/A
Norton Rose Fulbright US LLP*	Bond Counsel	200466	07/21	N/A
	Bond Counsel	220407	7/24	N/A



Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Olson Remcho LLP	Government Law	131968	07/14	\$400,000
	Executive Committee/Ad Hoc Committees Advice	207947	08/22	\$60,000
	Advice/Assistance re Proposition 26/Election Issues	211922	05/23	\$100,000
Robert P. Otilie	Employment Matter	220403	09/24	\$100,000
Pearlman, Brown & Wax, L.L.P.	Workers' Compensation	216037	10/23	\$100,000
Procopio, Cory, Hargreaves & Savitch, LLP	CityWatch Los Angeles Public Records Act Request	216046	02/24	\$75,000
	Public Records Act Requests	220399	7/24	\$75,000
Renne Public Law Group, LLP	ACE v. MWD (PERB Case No. LA-CE-1574-M)	203466	05/22	\$100,000
	ACE v. MWD (PERB Case No. LA-CE-1611-M)	207962	10/22	\$50,000
	Employee Relations and Personnel Matters	216045	01/24	\$50,000
	ACE v. MWD (PERB Case No. LA-CE-1729-M)	220421	09/24	\$35,000
	AFSCME v. MWD (PERB Case No. LA-CE-1733-M)	220422	09/24	\$35,000
	AFSCME v. MWD (PERB Case No. LA-CE-1738-M)	220425	10/24	\$35,000
Ryan & Associates	Leasing Issues	43714	06/01	\$200,000
	Oswalt v. MWD	211925	05/23	\$100,000
	Unlawful Encroachment on Metropolitan Rights-of-Way	216065	06/24	\$100,000



Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Seyfarth Shaw LLP	Claim (Contract #201897)	201897	11/04/21	\$350,000
	Claim (Contract #203436)	203436	11/15/21	\$350,000
	Claim (Contract #203454)	203454	01/22	\$210,000
	Reese v. MWD	207952	11/22	\$750,000
	General Labor/Employment Advice	211917	3/23	\$250,000 \$100,000
	Civil Rights Department Complaint	211931	07/23	\$100,000
	Crawford v. MWD	216035	09/23	\$250,000 \$100,000
	Tiegs v. MWD	216043	12/23	\$250,000
	Zarate v. MWD	216044	01/24	\$250,000
Sheppard Mullin Richter & Hampton LLP	Lorentzen v. MWD	216036	09/23	\$250,000 \$200,000
Stradling Yocca Carlson & Rauth*	Bond Counsel	200471	07/21	N/A
	Bond Counsel	220408	7/24	N/A
The Myers Law Group, APC	Employment Matter	220420	11/24	\$100,000
Theodora Oringher PC	Construction Contracts - General Conditions Update	185896	07/20	\$100,000
Thompson Coburn LLP	NERC Energy Reliability Standards	193451	08/20	\$300,000
Van Ness Feldman, LLP	General Litigation	170704	07/18	\$50,000
	Colorado River MSHCP	180191	01/19	\$50,000
	Bay-Delta and State Water Project Environmental Compliance	193457	10/15/20	\$50,000
	Colorado River Issues	211924	05/23	\$250,000

*Expenditures paid by Bond Proceeds/Finance

**Expenditures paid by another group

Date of Report: January 7, 2025



Office of the General Auditor

• General Auditor's Report for December 2024

Summary

This report highlights significant activities of the Office of the General Auditor for the month ended December 31, 2024.

Purpose

Informational

Attachments

None

Detailed Report

Audit & Advisory Projects

Twenty-eight projects are in progress:

- Ten audit projects are in the report preparation phase.
 - Two draft reports were issued this month: (1) Employee Tuition Reimbursement and (2) Cybersecurity: Inventory & Control of IT Assets; management responses for both are due 1/24/2025
 - Management feedback on two preliminary draft reports has not been received: (1) Sensis, Inc. (originally shared 9/30/2024) and (2) Fallowed Land (originally shared 10/31/2024)
- Eighteen projects are in the execution phase, including nine audits and nine advisories.

Work priority is being given to the nine carryforward audits.

Follow-Up Reviews

Nine audits are in the follow-up phase:

- Seven follow-up reviews are in progress.
- Two follow-up reviews are in planning.

No follow-up review forms are greater than 30 days overdue.

Board Report (General Auditor's Report for December 2024)

Other General Auditor Activities

1. Global Internal Audit Standards

Evaluation and adoption of the updated standards issued by the Institute of Internal Auditors, effective January 9, 2025, is in progress.

2. Internal Quality Assessment

Preparation for the annual internal quality assessment required by professional internal auditing standards is in progress; surveys have been received from department staff, the Board, and management; results will be presented to the Audit Subcommittee of the Executive Committee.

3. Senior Audit Manager Recruitment

Collaboration with Human Resources to fill this position is in progress.

4. Training

Audit staff attended "Effective Auditing of Construction Activity" and IT audit staff attended "The Basics of Auditing Artificial Intelligence for Government Auditors."

5. Retirements

Principal Auditors Leoncio Roldan and Arturo Castro retired after serving the district for 28 years and 17 years respectively.

ANNUAL ETHICS CONFERENCE

The Ethics Office attended the 2024 annual COGEL conference in downtown Los Angeles December 8 – 11. The Council on Governmental Ethics Laws (COGEL) is the preeminent organization for governmental ethics professionals. The annual COGEL conference brings together government ethics professionals from around the world to hear from expert panels and share trends and best practices.

Staff attended sessions covering topics including conducting effective ethics trainings, navigating investigation hurdles, succession planning, emerging gift issues, and developing strategies for restoring public trust in government. Plenary speakers included Los Angeles Mayor Karen Bass, California Secretary of State Shirley Weber, and former White House Counsel John Dean.



EDUCATION PROGRAM

Ethics staff presented an Ethics Office overview at new employee orientations hosted by Human Resources and engaged with stakeholders about our office’s proposal to expand the AB 1234 state ethics training requirement to all Form 700 filers.

The office also hired an Ethics Educator who will assume their position in late January, and staff attended the “Skills and Techniques to Unleash the Effective Communicator in You” session at the COGEL conference.

COMPLIANCE PROGRAM

Form 700/Filing Officer Duties – Pursuant to state law and the Administrative Code, Compliance staff assisted directors and employees with their Annual, Assuming Office, and Leaving Office Form 700 filings. Assistance included transitioning into the new state filing system for certain officials, including directors, troubleshooting the electronic filing system, and notifications of deadlines.

AB 1234 compliance – Managed AB 1234 state ethics training compliance for Metropolitan and Metropolitan officials required to take the biennial training. As of Dec 31, 2024, 48 Metropolitan officials have complied with this state ethics training requirement. 21 officials still need to take the training. Staff will continue efforts to seek 100% compliance from Metropolitan officials. As

part of our continued transparency and compliance efforts, Directors' AB 1234 training certificates will now be available on Metropolitan's website.

Staff development – Compliance staff attended Statement of Economic Interest (Form 700) and Filing Officer trainings provided by the Fair Political Practices Commission and four lobbying panel discussions at the COGEL conference including “Transparency Strategies for Local Lobbying Activity” and “Lobbying Disclosure Frameworks in the U.S. and Canada: Impacts and Challenges for Non-profits, Coalitions, and Membership Organizations.”

ADVICE PROGRAM

Advice staff responded to 11 new advice matters for Metropolitan officials related to the following ethics laws and policies: conflicts of interest, financial disclosure, gifts, outside employment, and other ethics-related topics. Advice requested included:

- Whether a Metropolitan contractor's prior work on a project precluded them from obtaining an additional contract on the same project.
- Whether an official could participate in a Metropolitan matter involving an entity in which they recently held stock.
- How an employee should deal with a contractor's unsolicited gift.

Staff also helped identify, and advise on, potential conflicts of interest in upcoming Committee and Board agenda items.

POLICY DEVELOPMENT PROGRAM

In response to concerns arising from recent Ethics Office matters, the Ethics Officer proposed various personnel-related policy and process changes to the Interim General Manager, General Counsel, and General Auditor. The group agreed to continue reviewing the proposals and work together on reforms.

Staff attended multiple sessions on ethics policies and trends at the COGEL conference including “Applying Pre, Post and Concurrent Employment Requirements to Today's Workplaces” and “Pay to Play.”

The Policy Program is currently evaluating potential ethics policies including an outside employment disclosure policy for employees and a communications blackout period during procurements/contract selection processes.

INVESTIGATIONS PROGRAM

Referral of Ethics Finding – The Ethics Office referred a conflict of interest determination to the Fair Political Practices Commission pursuant to the Administrative Code.

New Complaints – The Office received six new complaints involving the following allegations:

- Inappropriate conduct based on a protected class by an employee.
- Discrimination and harassment by a manager.
- Discrimination and harassment by Metropolitan officials.

- Prohibited substance use by an employee.
- Unfair hiring based on a protected class.
- Retaliation by a manager for reporting potential misconduct.
- Misuse of authority for personal gain by a manager.

Open Complaints and Investigations – As of December 31, 2024, the Investigations Program is managing a total of 14 open complaints under review and one open ethics investigation.

Staff Development – Staff attended multiple sessions on government investigation trends at the COGEL conference including: “Settlement Showdown: The Views from Both Sides” and “Enforcement Update 2024: Trends, Challenges, and Developments in Investigations and Enforcements.”

DECEMBER SNAPSHOT

Advice Matters	11
Compliance Assistance	17
Complaints Received	6
Pending Complaints	14
Investigations Opened	0
Pending Investigations	1

COMPLAINTS MAY BE FILED AT:

ANONYMOUS ETHICS HOTLINE
 (800) 461-9330
<http://www.mwdethicshotline.net/>

ETHICS OFFICE
 (213) 217-5832
ethicsoffice@mwdh2o.com



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Information

• Board of Directors

1/14/2025 Board Meeting

Subject

Sufficiency of Credentials for Appointment of a Director from the San Diego County Water Authority.

Description

On October 24, 2024 governing body of the above entitled member agency approved the appointment of Mel Katz as one of its representatives on Metropolitan’s Board of Directors.

The oath of office is expected to be given on or before the January 14, 2025 Board meeting.

Rickita C. Hudson 12/16/2024
Rickita Hudson Date
Board Executive Secretary

Legal Review

Credentials were examined and found to be in compliance with the Metropolitan Water District Act for:

- an Indefinite Term pursuant to the Metropolitan Water District Act Section 51
- a Specified Term pursuant to the Metropolitan Water District Act Section 54.

mscully 12/16/2024
Marcia Scully Date
General Counsel

Attachment 1 – Credentials

**MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING
October 24, 2024**

ADMINISTRATIVE AND FINANCE COMMITTEE

CALL TO ORDER / ROLL CALL

Chair Arant called the Administrative and Finance Committee meeting to order at 9:00 a.m. Committee members present were Chair Arant, Vice Chairs Abdullahi and Hogan, and Directors Hilliker, Meyers, Norman, Reeh, Vespi, and Yamane. Committee members absent were Directors Acosta, Baze, Eich, Katz, and Wiley. Also present were Directors Croucher (remote), Elitharp, Fong-Sakai, Heidemann, Lyndes, McMillan, Paul, Quiram, and Steiner. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Denham, General Counsel Edwards, Deputy General Manager/Chief Operating Officer Berge, Assistant General Manager Bradford, Director of Finance/Treasurer Harris, Director of Administrative Services Foster, Controller Woidzik, Budget and Treasury Manager Whyte, Financial Planning Manager Rossum, and Information Systems Manager Bartolome.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no members of the public who wished to speak.

CHAIR'S REPORT

There was no Chair's report.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

1. Monthly Treasurer's Report on Investments and Cash Flow.
Staff recommendation: Note and file the Treasurer's report.
2. Establish 2025 Board meeting dates.
Staff recommendation: Combine the November and December Board meeting dates to November 20, 2025 and approve the 2025 Board meeting dates calendar.
3. Ordinance making amendments to Chapter 4.08 of the Administrative Code.
Staff recommendation: Adopt Ordinance No. 2024-06, an Ordinance of the Board of Directors of the San Diego County Water Authority making amendments to Chapter 4.08, Section 4.08.040(d) of the Administrative Code.

Chair Arant provided clarification on Consent Item 3, stating the proposed amendment to Chapter 4.08 of the Administrative Code would not modify the General Manager authority limit for urgency repair contracts (\$500,000) or public works contracts (\$150,000 or less), and would only add a Board approval process for on-call, urgent repair contracts.

Directors made comments and asked questions, and staff responded.

Director Meyers moved, Director Yamane seconded, and the motion to approve the Consent Calendar passed unanimously.

II. ACTION/DISCUSSION/PRESENTATION

There were no action/discussion/presentation items.

III. INFORMATION

The following Information items were received and filed:

1. Annual Reimbursements to Board Members and Staff.
2. Controller's Report on Monthly Financial Activity.
3. Board Calendar.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Chair Arant adjourned the meeting at 9:07 a.m.

ENGINEERING AND OPERATIONS COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Scalzitti called the Engineering and Operations Committee meeting to order at 9:24 a.m. Committee members present were Chair Scalzitti, Vice Chairs Elitharp and Macedo*, and Directors Abdullahi, Arant, Butkiewicz*, Castaneda*, Fong-Sakai, McMillan, Miller, and Wiley. Committee members absent were Directors Qualin and Smith, and Supervisor Desmond. Also present were Directors Acosta, Heidemann, Hilliker, Hogan, Lyndes, Meyers, Norman, Paul, Quiram, Reeh, Serrano, Steiner, Vespi, and Yamane. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present were General Manager Denham, General Counsel Edwards, Deputy General Manager/Chief Operating Officer Berge, Assistant General Manager Bradford, Director of Engineering Kuzmich, Director of Operations and Maintenance Plajzer, Operations and Maintenance Manager Coghill, and Engineering Managers Fountain and Gornall.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no members of the public who wished to speak.

CHAIR'S REPORT

*Vice Chair Macedo arrived at 9:26 a.m.

Chair Scalzitti thanked Vice Chair Macedo for assuming the role of chair at the September 19 Committee meeting. He announced plans were being developed for the upcoming Engineering and Operations Tour scheduled for January 9, 2025. Additionally, he stated the Water Authority received the Golden Watchdog Award in Utilities from the San Diego County Taxpayers Association, and added the award recognizes the Water Authority's Asset Management Program, particularly its use of innovative technologies to ensure reliability of the Water Authority's pipelines.

Chair Scalzitti concluded his report by congratulating the Operations & Maintenance Department and all employees involved in the effort and presented the award to the Board.

*Director Butkiewicz arrived at 9:28 a.m.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR**1. Amendment with Cameron-Daniel P.C. for Legal Services.**

Staff Recommendation: Approve Amendment 2, with such non-material modifications as approved by the General Manager or General Counsel, to the legal services contract with Cameron-Daniel P.C. in the amount of \$150,000, increasing the contract amount from \$150,000 to \$300,000, and authorize the General Counsel, or designee, to execute the amendment.

Director Arant moved, Director Miller seconded and the motion to approve staffs' recommendation passed unanimously.

II. ACTION/DISCUSSION/PRESENTATION**1. Energy Program update.**

Mr. Fountain presented an overview of the Energy Program including the history and purpose; reviewed project and budget updates on the Carlsbad Desalination Plant Energy Supply study and the San Vicente Energy Storage Facility; and thanked the Board for their continued support of the Energy Program.

* Director Castaneda arrived at 9:36 a.m.

Directors made comments and asked questions, and staff responded.

Responding to questions, Ms. Plajzer confirmed an update on the maintenance of Lake Hodges would be presented to the Board at a later date, and Mr. Denham stated staff would return to the Board with information on a comparison of actual cost and benefits of transporting water from the Colorado River versus desalination.

2. Design professional services contract with Wood Rodgers, Inc. for as-needed civil and traffic engineering services.

Staff recommendation: Award a design professional services contract, with such non-material modifications as approved by the General Manager or General Counsel, to Wood Rodgers, Inc. for a not-to-exceed amount of \$3 million, to provide as-needed civil and traffic engineering services for a period of three years, with an option to extend one year, and authorize the General Manager, or designee, to execute the contract.

Mr. Gornall presented an overview of the contract, including a description of the various services supported within its scope and the consultant selection process.

Director Arant moved, Vice Chair Macedo seconded and the motion to approve staffs' recommendation passed unanimously.

Director Miller requested a budget status update of As-Needed contracts, Chair Scalzitti acknowledged his request.

III. INFORMATION

There were no Information items.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Chair Scalzitti adjourned the meeting at 10:03 a.m.

LEGISLATION AND PUBLIC OUTREACH COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Butkiewicz called the Legislation and Public Outreach Committee meeting to order at 10:13 a.m.

General Counsel Edwards announced a remote attendance request was received from Director Croucher, and his participation was approved by unanimous vote of the committee.

Committee members present were Chair Butkiewicz, Vice Chairs Reeh and Steiner, and Directors Acosta, Croucher (remote), Hilliker, Lyndes, Qualin, Serrano, and Yamane. Committee members absent were Directors Eich, Leahy, Madaffer, and Whitburn. Also, present were Directors Abdullahi, Arant, Castaneda, Elitharp, Heidemann, Hogan, McMillan, Meyers, Miller, Norman, Paul, Quiram, Scalzitti, Smith, Vespi, and Wiley. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Denham, General Counsel Edwards, Deputy General Manager/Chief Operating Officer Berge, Assistant General Manager Bradford, Public Affairs Director Lee, Government Relations Manager Quarles, and Public Affairs Supervisor Stiff.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no members of the public who wished to speak.

CHAIR'S REPORT

Chair Butkiewicz thanked the Public Affairs team for their successful execution of the Citizens Water Academy class conducted the previous week which included nearly 50 participants, including Board Secretary Lyndes, and three board members from member agencies.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

1. Adopt positions on various bills.

Staff recommendation: Adopt a position of Support on federal bill S.5012 "Lower Colorado River Multi-Species Conservation Program Amendment Act of 2024," authored by Senator Alex Padilla.

Vice Chair Steiner moved, Vice Chair Reeh seconded, and the motion to approve staffs' recommendation passed unanimously.

II. ACTION/DISCUSSION/PRESENTATION

1. Government Relations update.

1-A Sacramento report.

Ms. Quarles provided a government relations update stating Congress was on recess until mid-November. She reported on meetings with staff of federal and state officials, highlighting staffers have commented on the positive impact of the Citizens Water Academy program.

Responding to Director Heidemann, Ms. Quarles and Mr. Denham reviewed components of the Farm Bill that impact the Water Authority.

2. Consideration to Approve Federal Advocacy Contract.

Staff recommendation: Award professional service contract, with such non-material modifications as approved by the General Manager or General Counsel, to Pace Government Relations for a 24-month contract (from November 1, 2024 through October 31, 2026) with the option to renew for an additional 24-months for federal advocacy services for a total compensable contract amount not to exceed \$357,000 (inclusive of reimbursable expense allowance) over the contract term.

Ms. Quarles provided background information on the current contract and reviewed the request for proposals and interview process conducted by staff in choosing Pace Government Relations as the awarding firm.

Directors made comments and asked questions, and staff responded.

Director Hilliker moved, Director Acosta seconded, and the motion to approve staffs' recommendation passed. Vice Chair Reeh abstained.

3. Draft Proposed 2025 Legislative Policy Guidelines.

Ms. Quarles provided background on the process for the bi-yearly update of the Proposed 2025 Legislative Policy Guidelines, reviewed the changes being requested, and stated the committee would vote to adopt the proposed 2025 Legislative Policy Guidelines at the November 21, 2024 meeting.

Chair Butkiewicz asked a question and Mr. Denham responded.

4. Quarterly report on Public Affairs activities.

Ms. Stiff reviewed regional outreach and education initiatives, including the Citizens Water Academy, Water News Network, and digital and social media efforts.

III. INFORMATION

There were no Information items.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

There being no further business to come before the Legislation and Public Outreach Committee, Chair Butkiewicz adjourned the meeting at 10:55 a.m.

WATER PLANNING AND ENVIRONMENTAL COMMITTEE **CALL TO ORDER/ROLL CALL**

Chair Heidemann called the Water Planning and Environmental Committee meeting to order at 11:05 a.m. Committee members present were Chair Heidemann, Vice Chairs Macedo and Smith, and Directors Elitharp, Lyndes, McMillan, Norman, Paul, Quiram, and Vespi. Committee members absent were Directors Baze, Leahy, Whitburn, and Supervisor Desmond. Also present were Directors Abdullahi, Acosta, Arant, Butkiewicz, Castaneda, Fong-Sakai, Hogan, Hilliker, Meyers, Miller, Qualin, Reeh, Scalzitti, Serrano, Steiner, and Wiley. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Denham, General Counsel Edwards, Deputy General Manager/Chief Operating Officer Berge, Assistant General Manager Bradford, Director of Water Resources Stephenson, Water Resources Manager Lovsted, and Senior Water Resources Specialists Bista and Lopez.

ADDITIONS TO THE AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no members of the public who wished to speak.

CHAIR'S REPORT

Chair Heidemann thanked Vice Chair Macedo for chairing the September 19, 2024 Water Planning and Environmental Committee meeting. He reported October 2024 marked the start of Water Year 2025 and the return of the monthly Water Supply Conditions Update, which contains information on both local and statewide conditions and will continue through the end of the wet season.

DIRECTORS' COMMENTS

Director McMillan invited the Board to the Water Conservation Garden's open house on November 9, 2024.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DICUSSION/PRESENTATIONS

1. Update of Water-Use Efficiency Policy Principles.

Ms. Lovsted provided background information on the Water-Use Efficiency Policy Principles last updated in 2017, stating major changes (including the passage of the "Conservation as a California Way of Life" regulation) made further updates necessary. She reviewed the draft updates to the Water-Use Efficiency Policy Principles, which fall into five categories: Member Agency Support, Funding/Resources, Program Performance, Outreach and

Education, and Regulation/Legislation. She introduced two new principles: 1) Develop tools and support to meet Water-Use Efficiency regulations, including commercial, industrial, and institutional best practices, and 2) Pursue external funding to assist underserved communities.

Ms. Lovsted stated the Water Authority would continue to engage with member agencies, incorporate any changes received into the final principles, and return to the Board for adoption of the updated Water-Use Efficiency Policy Principles in November 2024.

Directors made comments and asked questions, and staff responded.

2. Water Supply Conditions Update.

Mr. Lopez stated the Water Supply Conditions Update is brought to the Board every year in the fall and continues through the end of the precipitation season. He provided a recap of Water Year 2024, which demonstrated the extremes of California's climate. He also discussed the Northern Sierra Precipitation 8-Station Index, California reservoir storage, Lake Oroville storage, Colorado River Basin conditions, and the NOAA outlook for October through December 2024. He concluded his presentation with seasonal temperature and precipitation outlooks, which predicted above-average temperatures and below-average precipitation.

Directors made comments and asked questions, and staff responded.

III. INFORMATION

The following Information item was received and filed:

1. Correlation Between Historic Population and Total Water Use.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

There being no further business to come before the Water Planning and Environmental Committee, Chair Heidemann adjourned the meeting at 11:23 a.m.

IMPORTED WATER COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Miller called the Imported Water Committee meeting to order at 11:30 a.m.

General Counsel Edwards announced a remote attendance request received from Director Croucher, and his participation was approved by unanimous vote of the committee.

Committee members present were Chair Miller, Vice Chairs Madaffer* and Meyers, and Directors Castaneda, Croucher (remote), Fong-Sakai, Heidemann, Hogan, Paul, Quiram, Scalzitti, Serrano, and Steiner. Committee member absent was Director Katz. Also present were Directors Abdullahi, Acosta, Arant, Butkiewicz, Elitharp, Hilliker, Lyndes, McMillan, Norman,

Qualin, Reeh, Smith, Vespi, Wiley, and Yamane. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Denham, General Counsel Edwards, Deputy General Manager/Chief Operating Officer Berge, Assistant General Manager Bradford, Colorado River Program Manager Schnell, Principal Water Resources Specialist Mendelson-Goossens, and MWD Delegate Goldberg.

Also present was Jennifer Pierre, State Water Contractors General Manager; Carrie Buckman, Environmental Program Manager from the Department of Water Resources; Graham Bradner, Executive Director of the Delta Conveyance Design & Construction Authority; and Dr. David Sunding, Vice Chairman of the Berkeley Research Group.

At that time, Chair Miller took the meeting out of order to ensure adequate time for the Closed Session item.

IV. CLOSED SESSION

Mr. Edwards took the committee into Closed Session at 11:34 a.m.

*Vice Chair Madaffer arrived at 11:38 a.m.

1. Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
SDCWA v. Metropolitan Water District of Southern California; San Francisco Superior Court Case Nos. CPF-10-510830; CPF-12-512466; CPF-14-514004; CPF-16-515282; CPF-16-515391; CGC-17-563350; CPF-18-516389; California Court of Appeal (1st District) Case Nos. A146901; A148266; A154325; A161144; A162168; California Supreme Court Case Nos. S243500; and S251025

Mr. Edwards brought the committee out of Closed Session at 12:35 p.m. and stated there was no reportable action.

Director Steiner moved to recess the meeting for lunch at 12:35 p.m., Director Serrano seconded, and the motion passed unanimously.

ROLL CALL

Chair Miller reconvened the Imported Water Committee meeting at 1:05 p.m. Committee members present were Chair Miller, Vice Chairs Madaffer and Meyers, and Directors Castaneda, Croucher (remote), Fong-Sakai, Heidemann, Hogan, Paul, Quiram, Scalzitti, Serrano, and Steiner. Committee member absent was Director Katz. Also present were Directors Abdullahi, Acosta, Arant, Butkiewicz, Elitharp, Hilliker, Lyndes, McMillan, Norman, Qualin, Reeh, Smith, Vespi, Whitburn, Wiley, and Yamane. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

ADDITIONS TO THE AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

Caty Wagner with Sierra Club California, provided comments related to the Delta Conveyance Project and expressed her appreciation to the Water Authority's Metropolitan Water District Delegates.

CHAIR'S REPORT

Chair Miller thanked Vice Chair Madaffer, Director Heidemann and General Manager Denham for representing the Water Authority at the Colorado River Symposium in Santa Fe and congratulated Water Resources Specialist Dennis Davis for completing the Water Education Foundation's 2024 Colorado River Water Leaders Program. Additionally, he announced staff from the Department of Water Resources and the State Water Contractors would be presenting on the State Water Project and Bay-Delta Single Tunnel Project.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

There were no Consent Calendar items.

At that time, Chair Miller took the meeting out of order.

II. ACTION/DICUSSION/PRESENTATIONS

2. Overview of the State Water Project and Delta Conveyance Project Cost Estimate and Benefit Cost Analysis.

Mr. Denham introduced staff from the Department of Water Resources and State Water Contractors.

Ms. Pierre provided an overview of the State Water Project. Ms. Buckman and Mr. Bradner presented on the Delta Conveyance Project, including its updated \$20 billion cost estimate. Lastly, Dr. Sunding reviewed the Delta Conveyance Project cost-benefit analysis.

Directors made comments and asked questions, and presenters responded.

The Board recessed at 2:55 p.m. and reconvened at 3:00 p.m.

1. MWD Issues and Activities Update.
 - 1-A Metropolitan Water District Delegates Report.

MWD Delegates Miller, Fong-Sakai, Smith, and Goldberg reported on discussion and action taken at the MWD Board meetings.

Directors made comments and asked questions

III. INFORMATION

The following information item was received and filed:

1. Colorado River Board Representative's report.

V. ADJOURNMENT

There being no further business to come before the Imported Water Committee, Chair Miller adjourned the meeting at 3:14 p.m.

FORMAL BOARD OF DIRECTORS' MEETING OF OCTOBER 24, 2024

1. **CALL TO ORDER** Chair Serrano called the Formal Board of Directors' meeting to order at 3:17 p.m. and stated the meeting was being held in-person.

General Counsel Edwards announced a remote attendance request received from Director Croucher, and his participation was approved by unanimous vote.

2. **SALUTE TO THE FLAG**

Vice Chair Hilliker led the salute to the flag.

3. **ROLL CALL, DETERMINATION OF QUORUM**

Clerk of the Board Walker called the roll. Directors present were Chair Serrano, Vice Chair Hilliker, Secretary Lyndes, and Directors Abdullahi, Acosta, Arant, Butkiewicz, Castaneda, Croucher (remote), Elitharp, Fong-Sakai, Heidemann, Hogan, Lyndes, Madaffer, Meyers, Miller, Norman, Paul, Qualin, Quiram, Reeh, Scalzitti, Steiner, Smith, Vespi, Whitburn, Wiley, Yamane, and Supervisor Desmond. Absent were Directors Baze, Eich, Katz, Leahy (p), Macedo, and McMillan (p).

Staff present included General Manager Denham, General Counsel Edwards, Deputy General Manager/Chief Operating Officer Berge, Assistant General Manager Bradford, Director of Administrative Services Foster, Director of Engineering Kuzmich, Director of Finance Harris, Director of Human Resources Love, Director of Operations & Maintenance Plajzer, Director of Public Affairs Lee, Director of Water Resources Stephenson, Controller Woidzik, Principal Water Resources Specialist Mendelson-Goossens, and Clerk of the Board Walker.

- 3-A **Report on proxies received.** Director Arant was the proxy for Director Lyndes, and Director Scalzitti was the proxy for Director McMillan. Director Quiram was the proxy for Director Acosta if required.

4. **OPPORTUNITY FOR MEMBERS OF THE PUBLIC WHO WISH TO ADDRESS THE BOARD ON MATTERS WITHIN THE BOARD'S JURISDICTION.**

There were no requests to speak.

5. **ADDITIONS TO AGENDA**

There were no additions to the agenda.

6. **APPROVAL OF MINUTES**

Director Madaffer moved, Director Reeh seconded, and the motion carried at 86.7995% of the vote to approve the minutes of the Formal Board of Directors' meeting of September 19, 2024. Directors Miller, Norman, Paul, and Scalzitti abstained.

7. **PRESENTATIONS AND PUBLIC HEARINGS**

7.1 Retirement of Director Hurst, Ramona MWD representative.

Staff recommendation: Adopt Resolution 2024-20, a resolution of the Board of Directors of the San Diego County Water Authority, honoring Gary Hurst upon his retirement from the Board of Directors.

Vice Chair Hilliker moved, seconded by Director Yamane, and the motion carried at 98.166% of the vote to approve Resolution 2024-20 honoring Gary Hurst.

Chair Serrano presented Director Hurst with a retirement plaque. Director Hurst commented briefly and thanked the Board.

7.2 Appointment of Director.

Appointment of Director Diane Princess Norman, representing Ramona Municipal Water District, term ending August 9, 2028.

Chair Serrano announced the appointment of Director Norman, representing Ramona Municipal Water District. Director Norman commented briefly.

8. **REPORT BY CHAIRS**

8-A Chair's Report: Chair Serrano welcomed new Board member Rick Paul, representing the City of Escondido, and stated his appointment memo would be included in the November Board packet.

Chair Serrano stated Director Katz would serve as Chair-Emeritus for the following two-year Officer term, and he reminded the Board that committee interest surveys were due to Ms. Walker by October 25, 2024.

8-B Report of Committee Actions

Administrative and Finance Committee
Engineering and Operations Committee
Legislation and Public Outreach Committee

Water Planning and Environmental Committee
Imported Water Committee

Ms. Walker reported on all Committee actions.

9. **CONSENT CALENDAR**

Director Scalzitti moved, Director Miller seconded, and the motion carried at 98.166% of the vote to approve the Consent Calendar. Directors voting no or abstaining are listed under the item. Director Reeh abstained on 9-7.

9-1 Monthly Treasurer's Report on Investments and Cash Flow.

The Board noted and filed the monthly Treasurer's report.

9-2 Establish 2025 Board meeting dates.

The Board combined the November and December Board meeting dates to November 20, 2025 and approved the 2025 Board meeting dates calendar.

9-3 Ordinance making amendments to Chapter 4.08 of the Administrative Code.

The Board adopted Ordinance No. 2024-06, an Ordinance of the Board of Directors of the San Diego County Water Authority making amendments to Chapter 4.08, Section 4.08.040(d) of the Administrative Code.

9-4 Amendment with Cameron-Daniel P.C. for Legal Services.

The Board approved Amendment 2, with such non-material modifications as approved by the General Manager or General Counsel, to the legal services contract with Cameron-Daniel P.C. in the amount of \$150,000, increasing the contract amount from \$150,000 to \$300,000, and authorized the General Counsel, or designee, to execute the amendment.

9-5 Design professional services contract with Wood Rodgers, Inc. for as-needed civil and traffic engineering services.

The Board awarded a design professional services contract, with such non-material modifications as approved by the General Manager or General Counsel, to Wood Rodgers, Inc. for a not-to-exceed amount of \$3 million, to provide as-needed civil and traffic engineering services for a period of three years, with the option to extend one year, and authorized the General Manager, or designee, to execute the contract.

9-6 Adopt positions on various bills.

The Board adopted a position of Support on the federal bill S. 5012 "Lower Colorado River Multi-Species Conservation Program Amendment Act of 2024," authored by Senator Alex Padilla.

9-7 Consideration to Approve Federal Advocacy Contract.

The Board awarded a professional services contract, with such non-material modifications as approved by the General Manager or General Counsel, to Pace Government Relations for a 24-month contract (from November 1, 2024 through October 31, 2026) with the option to renew for an additional 24-months for federal advocacy services for a total compensable contract amount not to exceed \$357,000 (inclusive of reimbursable expense allowance) over the contract term.

Director Reeh abstained on 9-7. The item passed at 97.64%

10. **ACTION/DISCUSSION/INFORMATION**

10-A Biennial Review of the Representatives to the Metropolitan Water District of Southern California.

Chair Serrano reviewed the recommended action as provided in the supplemental materials. He recommended the reappointment of Delegates Fong-Sakai, Miller, and Goldberg, and stated Chair Emeritus Katz would replace Director Smith as the representative to the Metropolitan Water District Board of Directors effective January 1, 2025.

Director Croucher commented and thanked Director Smith for his service as a MWD Delegate.

Vice Chair Hilliker moved, Director Madaffer seconded, and the motion carried at 98.166% of the vote to approve the appointment of MWD Delegates Lois Fong-Sakai, Marty Miller, Gail Goldberg, and Mel Katz.

11. **SPECIAL REPORTS**

11-A GENERAL MANAGER'S REPORT – No report was provided.

11-B GENERAL COUNSEL'S REPORT – No verbal report was provided. A written report was provided in the Board packet.

11-C SANDAG REPORT – No report was provided.

SANDAG Subcommittees:

Borders Committee – No report was provided.

Regional Planning Committee – No report was provided.

11-D AB 1234 Compliance Reports – No reports were provided.

12. **CLOSED SESSION(S)**

Mr. Edwards took the Board into Closed Session at 3:38 p.m.

12-A Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)

Name of Case: SDCWA v. Metropolitan Water District of Southern California;
San Francisco Superior Court Case Nos. CPF-10-510830; CPF-12-512466; CPF-14-514004; CPF-16-515282; CPF-16-515391; CGC-17-563350; CPF-18-516389;
California Court of Appeal (1st District) Case Nos. A146901; A148266;

A154325; A155310; A161144; A162168; A170156;
California Supreme Court Case Nos. S243500; and S251025

12-B Conference with Legal Counsel - Anticipated Litigation
Government Code §54956.9(d)(2)
One Case

Mr. Edwards brought the Board out of Closed Session at 3:43 p.m. and stated there was no reportable action.

13. **ACTION FOLLOWING CLOSED SESSION**

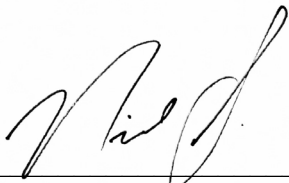
There was none.

14. **OTHER COMMUNICATION**

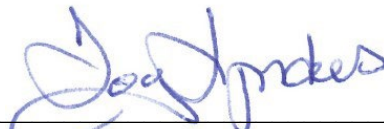
There was no further communication.

15. **ADJOURNMENT**

There being no further business to come before the Board, Chair Serrano adjourned the meeting at 3:44 p.m.



Nick Serrano, Chair



Joy Lyndes, Secretary



Kelly Cole-Walker, Clerk of the Board

MINUTES
SPECIAL MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
November 19, 2024

53829 The Board of Directors of The Metropolitan Water District of Southern California met in a special session on Tuesday, November 19, 2024.

Chair Ortega called the meeting to order at 2:06 p.m.

Director Ackerman stated that he is using AB 2449 just cause due to medical disability.

Director De Jesus stated that he is using AB 2449 just cause for contagious illness.

Director Faessel stated that he is using AB 2449 just cause for legislative business.

53830 The Meeting was opened with an invocation by Director Cynthia Kurtz, City of Pasadena.

53831 The Pledge of Allegiance was given by Director Jeffrey D. Armstrong, Eastern Municipal Water District.

53832 Board Secretary Fong-Sakai administered the roll call. Those responding present were: Directors Ackerman (AB2449), Alvarez, Armstrong, Bryant, Camacho, Cordero (teleconference posted locations available for the public), Crawford, De Jesus (AB2449), Dennstedt, Dick, Douglas, Erdman, Faessel (AB2449), Fellow (teleconference posted locations available for the public), Fong-Sakai, Goldberg, Jung (teleconference posted locations available for the public), Kassakhian, Kurtz, Lewitt, Luna, McCoy, McMillan, Miller, Morris, Ortega, Petersen, Pressman, Quinn, Ramos (teleconference posted locations available for the public), and Smith.

Those not responding were: Directors Garza, Gold, Gray, Lefevre, Phan, Seckel, and Sutley.

Board Secretary Fong-Sakai declared a quorum present.

Chair Ortega introduced the Member Agency Manager, Guest Board Chair Nick Serrano, Former Board Chair Mel Katz, and General Manager Dan Denham of San Diego County Water Authority. Chair Ortega, Mr. Serrano, and Mr. Katz made remarks.

Chair Ortega welcomed and thanked Misters Serrano and Denham for joining the board and encouraged them to comment on matters important to the San Diego County Water Authority.

Chair Ortega announced that Metropolitan will be celebrating Thanksgiving; Metropolitan is putting a spotlight on the community, thanking Southern California for engaging with

Metropolitan on issues of water quality, conservation, and Metropolitan projects in their communities. In addition, Metropolitan Native American Heritage Day is on November 29th, and National Native American Heritage Month has messages in observance of the day and month. Lastly, Chair Ortega thanked Veterans on Veteran’s Day and showcased the Hispanic Employee Association’s Dia De Muertos Ofrenda on social media.

Director Quinn left the meeting.

53833 Chair Ortega invited members of the public to address the Board on matters within the Board's jurisdiction (in-person and via teleconference).

	Name	Affiliation	Comment
1.	Philippa Romeo	Metropolitan Employee	General Manager Investigation

Chair Ortega addressed the following: Other Matters and Reports.

53834 Chair Ortega asked if there were any corrections to the report of events attended by Directors at Metropolitan's expense during the month of October, as previously posted and distributed to the Board. None were made.

53835 Chair Ortega referred to the Chair’s monthly report, which was previously posted and distributed to the Board. In addition, Director Erdman and Dennstedt attended the WEFTEC Conference to accept the Water Resources Utility of the Future Today Certificate of Recognition on behalf of the Metropolitan. Chair Ortega requested that today’s meeting be dedicated to Christiana Daisy, Deputy General Manager for Inland Empire Utilities Agency and former Metropolitan Employee. Ms. Daisy is retiring from Inland Empire Utilities Agency on December 24, 2024.

Chair Ortega asked if there are any questions. None were made.

53836 Interim General Manager Upadhyay reported on the transition to the new federal administration and how it will affect Metropolitan’s interest, the business model workshop, and the Metropolitan Employee Service Awards.

53837 General Counsel Scully reported on the National Environmental Policy Act (NEPA) litigation where a judge found the Council on Environmental Quality lacked authority to enforce NEPA.

53838 General Auditor Suzuki stated that the next Audit meeting will occur on November 20th, with the audit quarterly report presentation and reviewing changes to the administrative code for the audit charter.

53839 Ethics Officer Salinas stated that he did not have anything to add to his written report.

53840 Report from the Executive Committee on the nominations for Board Secretary. The Committee approved Board Secretary Fong-Sakai for a second term. (Agenda Item 5G).

53841 Nomination and Election for Board Secretary for a two-year term effective January 1, 2025. (Agenda Item 6C).

Chair Ortega called for a vote to approve the Consent Calendar Item 6C nominating Board Secretary Fong-Sakai for a two-year term effective January 1, 2025.

The following is a record of the vote:

Record of Vote on Item:		6C							
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	6306	Faessel	x	x	6306				
Beverly Hills	4677	Pressman	x	x	4677				
Burbank	3330	Ramos	x	x	3330				
Calleguas Municipal Water District	13627	McMillan	x	x	13627				
Central Basin Municipal Water District	20265	Garza							
		Crawford	x	x	20265				
			Subtotal:		20265				
Compton	678	McCoy	x	x	678				
Eastern Municipal Water District	13623	Armstrong	x	x	13623				
Foothill Municipal Water District	2543	Bryant	x	x	2543				
Fullerton	2766	Jung	x	x	2766				
Glendale	4165	Kassakhian	x	x	4165				
Inland Empire Utilities Agency	17103	Camacho	x	x	17103				
Las Virgenes	3224	Lewitt	x	x	3224				
Long Beach	6805	Cordero	x	x	6805				
Los Angeles	83835	Sutley							
		Petersen	x	x	27945				
		Quinn							
		Luna	x	x	27945				
		Douglas	x	x	27945				
			Subtotal:		83835				
Municipal Water Dist. of Orange County	68102	Ackerman	x	x	22701				
		Seckel							
		Dick	x	x	22701				
		Erdman	x	x	22701				
			Subtotal:		68102				
Pasadena	4042	Kurtz	x	x	4042				
San Diego County Water Authority	70158	Fong-Sakai	x	x	17540				
		Goldberg	x	x	17540				
		Miller	x	x	17540				
		Smith	x	x	17540				
			Subtotal:		70158				
San Fernando	274	Ortega	x	x	274				
San Marino	836	Morris	x	x	836				
Santa Ana	3569	Phan							
Santa Monica	5055	Gold							
Three Valleys Municipal Water District	9019	De Jesus	x	x	9019				
Torrance	3781	Lefevre							
Upper San Gabriel Valley Mun. Wat. Dist.	14079	Fellow	x	x	14079				
West Basin Municipal Water District	28764	Alvarez	x	x	28764				
		Gray							
			Subtotal:		28764				
Western Municipal Water District	15689	Dennstedt	x	x	15689				
Total	406315				393910				
Present and not voting									
Absent	12405								

The motion to approve the Consent Calendar Item 6C (M.I. No. 53841) passed by a vote of 393,910 ayes; 0 noes; 0 abstain; 0 not voting; and 12,405 absent.

Director Ackerman, De Jesus, and Faessel, using AB 2449 just cause, did not have anyone over the age of 18 present during the vote.

53842 Updated report on the list of certified assessed valuations for the fiscal year 2024/25 and tabulation of assessed valuation, percentage participation, and vote entitlement of member agencies as of November 19, 2024.

Chair Ortega announced that the report was presented at the Finance and Asset Management Committee and asked if there are any questions. None were made.

Chair Ortega announced that the minutes for the October meeting have been deferred (Agenda Item 6A).

Chair Ortega announced there are no committee assignments (Agenda Item 6B).

Chair Ortega called on Directors who are requesting that any items be pulled from the Consent Calendar Action Items and to state any recusals, abstentions, and disclosures. None were made.

53843 Authorize an amendment to an agreement with Roesling Nakamura Terada Architects to provide design and architectural services for Stage 1 improvements at Metropolitan's desert facilities, as set forth in Agenda Item 7-1 board letter.

53844 Certify that the Final EIR for the Garvey Reservoir Rehabilitation Project has been completed in compliance with CEQA and the State CEQA Guidelines, certify that the Board has reviewed and considered the information presented in the Final EIR, certify that the Final EIR reflects Metropolitan's independent judgment and analysis, and adopt the Findings and the Mitigation Monitoring and Reporting Program, as set forth in Agenda Item 7-2 board letter.

53845 Authorize the General Manager to enter into Reverse-Cyclic Program agreements with participating agencies to defer deliveries of up to 100,000 acre-feet total over calendar years 2024 and 2025.

Agenda Item 7-4 board letter was deferred.

53846 Adopt resolution for the 116th Fringe Area Annexation to Eastern Municipal Water District and Metropolitan, with a correction to the annexation area, is within Moreno Valley, not the City of Murrieta.

53847 Authorize General Manager to sponsor legislation for Metropolitan to increase the minimum threshold for competitive bidding on public works construction contracts from \$25,000 to \$150,000 and to seek the inclusion of an inflation escalator.

Director Morris moved, seconded by Director McCoy, that the Board approve the Consent Calendar Items 7-1 through 7-3, 7-5 through 7-6 follows:

Chair Ortega called for a vote to approve the Consent Calendar Items 7-1 through 7-3, 7-5 through 7-6.

The following is a record of the vote:

Record of Vote on Consent Item(s):		Items: 7-1, 7-2, 7-3, 7-5, and 7-6							
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	6306	Faessel	x	x	6306				
Beverly Hills	4677	Pressman	x	x	4677				
Burbank	3330	Ramos	x	x	3330				
Calleguas Municipal Water District	13627	McMillan	x	x	13627				
Central Basin Municipal Water District	20265	Garza							
		Crawford	x	x	20265				
			Subtotal:		20265				
Compton	678	McCoy	x	x	678				
Eastern Municipal Water District	13623	Armstrong	x	x	13623				
Foothill Municipal Water District	2543	Bryant	x	x	2543				
Fullerton	2766	Jung	x	x	2766				
Glendale	4165	Kassakhian	x	x	4165				
Inland Empire Utilities Agency	17103	Camacho	x	x	17103				
Las Virgenes	3224	Lewitt	x	x	3224				
Long Beach	6805	Cordero	x	x	6805				
Los Angeles	83835	Sutley							
		Petersen	x	x	27945				
		Quinn							
		Luna	x	x	27945				
		Douglas	x	x	27945				
			Subtotal:		83835				
Municipal Water Dist. of Orange County	68102	Ackerman	x	x	22701				
		Seckel							
		Dick	x	x	22701				
		Erdman	x	x	22701				
			Subtotal:		68102				
Pasadena	4042	Kurtz	x	x	4042				
San Diego County Water Authority	70158	Fong-Sakai	x	x	17540				
		Goldberg	x	x	17540				
		Miller	x	x	17540				
		Smith	x	x	17540				
			Subtotal:		70158				
San Fernando	274	Ortega	x	x	274				
San Marino	836	Morris	x	x	836				
Santa Ana	3569	Phan							
Santa Monica	5055	Gold							
Three Valleys Municipal Water District	9019	De Jesus	x	x	9019				
Torrance	3781	Lefevre							
Upper San Gabriel Valley Mun. Wat. Dist.	14079	Fellow	x	x	14079				
West Basin Municipal Water District	28764	Alvarez	x	x	28764				
		Gray							
			Subtotal:		28764				
Western Municipal Water District	15689	Dennstedt	x	x	15689				
Total	406315				393910				
Present and not voting									
Absent	12405								

The motion to approve the Consent Calendar Items 7-1 through 7-3, 7-5 through 7-6 (M.I. No. 53843 through 53847)* passed by a vote of 393,910 ayes; 0 noes; 0 abstain; 0 not voting; and 12,405 absent.

Director Ackerman, De Jesus, and Faessel, using AB 2449 just cause, did not have anyone over the age of 18 present during the vote.

*Director Jung voted no on Item 7-6. The motion to approve the Consent Calendar Item 7-6 (**M.I. No. 53847**) passed by a vote of 391,144 ayes; 2,766 noes; 0 abstain; 0 not voting; and 12,405 absent.

The following Director(s) asked questions or made comments:

Director(s)

1. Dennstedt
2. Camacho

Staff responded to the Directors' comments and questions.

53848 Authorize the General Manager to amend the Project Labor Agreement to add four new projects and approve the amended Project Labor Agreement's use as a bid condition for the newly added projects (Agenda Item 8-1).

Director Erdman moved, seconded by Director Camacho, that the Board approve the Board Item 8-1 as follows:

Chair Ortega called for a vote on the motion for Agenda Item 8-1 as stated.

The following is a record of the vote:

Record of Vote on Item:		8-1							
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	6306	Faessel	x	x	6306				
Beverly Hills	4677	Pressman	x	x	4677				
Burbank	3330	Ramos	x	x	3330				
Calleguas Municipal Water District	13627	McMillan	x	x	13627				
Central Basin Municipal Water District	20265	Garza							
		Crawford	x	x	20265				
			Subtotal:		20265				
Compton	678	McCoy	x	x	678				
Eastern Municipal Water District	13623	Armstrong	x	x	13623				
Foothill Municipal Water District	2543	Bryant	x	x	2543				
Fullerton	2766	Jung	x	x	2766				
Glendale	4165	Kassakhian	x	x	4165				
Inland Empire Utilities Agency	17103	Camacho	x	x	17103				
Las Virgenes	3224	Lewitt	x	x	3224				
Long Beach	6805	Cordero	x	x	6805				
Los Angeles	83835	Sutley							
		Petersen	x	x	27945				
		Quinn							
		Luna	x	x	27945				
		Douglas	x	x	27945				
			Subtotal:		83835				
Municipal Water Dist. of Orange County	68102	Ackerman	x	x	22701				
		Seckel							
		Dick	x	x	22701				
		Erdman	x	x	22701				
			Subtotal:		68102				
Pasadena	4042	Kurtz	x	x	4042				
San Diego County Water Authority	70158	Fong-Sakai	x	x	17540				
		Goldberg	x	x	17540				
		Miller	x	x	17540				
		Smith	x	x	17540				
			Subtotal:		70158				
San Fernando	274	Ortega	x	x	274				
San Marino	836	Morris	x	x	836				
Santa Ana	3569	Phan							
Santa Monica	5055	Gold							
Three Valleys Municipal Water District	9019	De Jesus	x	x	9019				
Torrance	3781	Lefevre							
Upper San Gabriel Valley Mun. Wat. Dist.	14079	Fellow	x	x	14079				
West Basin Municipal Water District	28764	Alvarez	x	x	28764				
		Gray							
			Subtotal:		28764				
Western Municipal Water District	15689	Dennstedt	x	x	15689				
Total	406315				393910				
Present and not voting									
Absent	12405								

The motion to approve the Board Item 8-1 (**M.I. No. 53848**) passed by a vote of 393,910 ayes; 0 noes; 0 abstain; 0 not voting; and 12,405 absent.

Director Ackerman, De Jesus, and Faessel, using AB 2449 just cause, did not have anyone over the age of 18 present during the vote.

53849 Adopt the proposed resolution, verifying that the Board reviewed and supports the grant application, that subject to board approval of a grant agreement, the General Manager or his/her designee will have the legal authority to enter into that agreement, and that the General Manager or his/her designee will work with the United States Bureau of Reclamation to meet established deadlines for entering into a grant agreement and that the Board adopts another similarly worded resolution to accept the additional grant amount of \$26.3 million(Agenda Item 8-2).

Director Erdman moved, seconded by Director Morris, that the Board approve the Board Item 8-2 as follows:

Chair Ortega called for a vote on the motion for Agenda Item 8-2 as stated.

The following is a record of the vote:

Record of Vote on Item:		8-2							
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	6306	Faessel	x	x	6306				
Beverly Hills	4677	Pressman	x	x	4677				
Burbank	3330	Ramos	x	x	3330				
Calleguas Municipal Water District	13627	McMillan	x	x	13627				
Central Basin Municipal Water District	20265	Garza							
		Crawford	x	x	20265				
			Subtotal:		20265				
Compton	678	McCoy	x	x	678				
Eastern Municipal Water District	13623	Armstrong	x	x	13623				
Foothill Municipal Water District	2543	Bryant	x	x	2543				
Fullerton	2766	Jung	x	x	2766				
Glendale	4165	Kassakhian	x	x	4165				
Inland Empire Utilities Agency	17103	Camacho	x	x	17103				
Las Virgenes	3224	Lewitt	x	x	3224				
Long Beach	6805	Cordero	x	x	6805				
Los Angeles	83835	Sutley							
		Petersen	x	x	27945				
		Quinn							
		Luna	x	x	27945				
		Douglas	x	x	27945				
			Subtotal:		83835				
Municipal Water Dist. of Orange County	68102	Ackerman	x	x	22701				
		Seckel							
		Dick	x	x	22701				
		Erdman	x	x	22701				
			Subtotal:		68102				
Pasadena	4042	Kurtz	x	x	4042				
San Diego County Water Authority	70158	Fong-Sakai	x	x	17540				
		Goldberg	x	x	17540				
		Miller	x	x	17540				
		Smith	x	x	17540				
			Subtotal:		70158				
San Fernando	274	Ortega	x	x	274				
San Marino	836	Morris	x	x	836				
Santa Ana	3569	Phan							
Santa Monica	5055	Gold							
Three Valleys Municipal Water District	9019	De Jesus	x	x	9019				
Torrance	3781	Lefevre							
Upper San Gabriel Valley Mun. Wat. Dist.	14079	Fellow	x	x	14079				
West Basin Municipal Water District	28764	Alvarez	x	x	28764				
		Gray							
			Subtotal:		28764				
Western Municipal Water District	15689	Dennstedt	x	x	15689				
Total	406315				393910				
Present and not voting									
Absent	12405								

The motion to approve the Board Item 8-2 (M.I. No. 53849) passed by a vote of 393,910 ayes; 0 noes; 0 abstain; 0 not voting; and 12,405 absent.

Director Ackerman, De Jesus, and Faessel, using AB 2449 just cause, did not have anyone over the age of 18 present during the vote.

53850 Approve the nomination and naming of the San Jacinto Tunnel in honor of former Chairman of the Board and Director Randy Record in recognition of his legacy of service to Metropolitan (Agenda Item 8-4).

53851 Approve the nomination and naming of the Inlet/Outlet Tower at Diamond Valley Lake in honor of former Metropolitan General Counsel N. Gregory Taylor in recognition of his legacy of service to Metropolitan (Agenda Item 8-5).

Director Camacho moved, seconded by Director Armstrong, that the Board approve the Board Items 8-4 and 8-5 as follows:

Chair Ortega called for a vote on the motion for Agenda Items 8-4 and 8-5, as stated.

The following is a record of the vote:

Record of Vote on Item:	8-4 and 8-5								
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	6306	Faessel	x	x	6306				
Beverly Hills	4677	Pressman	x	x	4677				
Burbank	3330	Ramos	x	x	3330				
Calleguas Municipal Water District	13627	McMillan	x	x	13627				
Central Basin Municipal Water District	20265	Garza							
		Crawford	x	x	20265				
			Subtotal:		20265				
Compton	678	McCoy	x						
Eastern Municipal Water District	13623	Armstrong	x	x	13623				
Foothill Municipal Water District	2543	Bryant	x	x	2543				
Fullerton	2766	Jung	x	x	2766				
Glendale	4165	Kassakhian	x	x	4165				
Inland Empire Utilities Agency	17103	Camacho	x	x	17103				
Las Virgenes	3224	Lewitt	x	x	3224				
Long Beach	6805	Cordero	x	x	6805				
Los Angeles	83835	Sutley							
		Petersen	x	x	27945				
		Quinn							
		Luna	x	x	27945				
		Douglas	x	x	27945				
			Subtotal:		83835				
Municipal Water Dist. of Orange County	68102	Ackerman	x	x	22701				
		Seckel							
		Dick	x	x	22701				
		Erdman	x	x	22701				
			Subtotal:		68102				
Pasadena	4042	Kurtz	x	x	4042				
San Diego County Water Authority	70158	Fong-Sakai	x	x	17540				
		Goldberg	x	x	17540				
		Miller	x	x	17540				
		Smith	x	x	17540				
			Subtotal:		70158				
San Fernando	274	Ortega	x	x	274				
San Marino	836	Morris	x	x	836				
Santa Ana	3569	Phan							
Santa Monica	5055	Gold							
Three Valleys Municipal Water District	9019	De Jesus	x	x	9019				
Torrance	3781	Lefevre							
Upper San Gabriel Valley Mun. Wat. Dist.	14079	Fellow	x	x	14079				
West Basin Municipal Water District	28764	Alvarez	x	x	28764				
		Gray							
			Subtotal:		28764				
Western Municipal Water District	15689	Dennstedt	x	x	15689				
Total	406315				393232				
Present and not voting	678								
Absent	12405								

The motion to approve the Board Items 8-4 and 8-5 (M.I. No. 53850 and 53851) passed by a vote of 393,232 ayes; 0 noes; 0 abstain; 678 not voting; and 12,405 absent.

Director Ackerman, De Jesus, and Faessel, using AB 2449 just cause, did not have anyone over the age of 18 present during the vote.

53852 Authorize an increase to the General Auditor's base salary from \$288,413 to \$313,350. This will make the General Auditor's base salary 9.58 percent above the 75th percentile of the comparator agencies. Authorize a 3 percent Cost-of-Living Adjustment for the General Counsel, General Auditor, and Ethics Officer. Authorize the above actions to be effective June 23, 2024. (Agenda Item 8-6).

Director Pressman moved, seconded by Director Morris, that the Board approve the Board Item 8-6 as follows:

Chair Ortega called for a vote on the motion for Agenda Item 8-6 as stated.

The following is a record of the vote:

Record of Vote on Item:		8-6							
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	6306	Faessel	x	x	6306				
Beverly Hills	4677	Pressman	x	x	4677				
Burbank	3330	Ramos	x	x	3330				
Calleguas Municipal Water District	13627	McMillan	x	x	13627				
Central Basin Municipal Water District	20265	Garza							
		Crawford	x	x	20265				
			Subtotal:		20265				
Compton	678	McCoy	x	x	678				
Eastern Municipal Water District	13623	Armstrong	x	x	13623				
Foothill Municipal Water District	2543	Bryant	x	x	2543				
Fullerton	2766	Jung	x	x	2766				
Glendale	4165	Kassakhian	x	x	4165				
Inland Empire Utilities Agency	17103	Camacho	x	x	17103				
Las Virgenes	3224	Lewitt	x	x	3224				
Long Beach	6805	Cordero	x	x	6805				
Los Angeles	83835	Sutley							
		Petersen	x	x	27945				
		Quinn							
		Luna	x	x	27945				
		Douglas	x	x	27945				
			Subtotal:		83835				
Municipal Water Dist. of Orange County	68102	Ackerman	x	x	22701				
		Seckel							
		Dick	x	x	22701				
		Erdman	x	x	22701				
			Subtotal:		68102				
Pasadena	4042	Kurtz	x	x	4042				
San Diego County Water Authority	70158	Fong-Sakai	x	x	17540				
		Goldberg	x	x	17540				
		Miller	x	x	17540				
		Smith	x	x	17540				
			Subtotal:		70158				
San Fernando	274	Ortega	x	x	274				
San Marino	836	Morris	x	x	836				
Santa Ana	3569	Phan							
Santa Monica	5055	Gold							
Three Valleys Municipal Water District	9019	De Jesus	x	x	9019				
Torrance	3781	Lefevre							
Upper San Gabriel Valley Mun. Wat. Dist.	14079	Fellow	x	x	14079				
West Basin Municipal Water District	28764	Alvarez	x	x	28764				
		Gray							
			Subtotal:		28764				
Western Municipal Water District	15689	Dennstedt	x	x	15689				
Total	406315				393910				
Present and not voting									
Absent	12405								

The motion to approve the Board Item 8-6 (M.I. No. 53852) passed by a vote of 393,910 ayes; 0 noes; 0 abstain; 0 not voting; and 12,405 absent.

Director Ackerman, De Jesus, and Faessel, using AB 2449 just cause, did not have anyone over the age of 18 present during the vote.

Chair Ortega asked if anyone would like to discuss and/or vote on Items 8-3 or 8-7 in closed session. No requests were made.

53853 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, subject to the price and terms direction given in closed session (Agenda Item 8-3).

Director Smith moved, seconded by Director Bryant, that the Board approve the Board Item 8-3 as follows:

Chair Ortega called for a vote on the motion for Agenda Item 8-3 as stated.

The following is a record of the vote:

Record of Vote on Item:		8-3							
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	6306	Faessel	x	x	6306				
Beverly Hills	4677	Pressman	x	x	4677				
Burbank	3330	Ramos	x	x	3330				
Calleguas Municipal Water District	13627	McMillan	x	x	13627				
Central Basin Municipal Water District	20265	Garza							
		Crawford	x	x	20265				
			Subtotal:		20265				
Compton	678	McCoy	x	x	678				
Eastern Municipal Water District	13623	Armstrong	x	x	13623				
Foothill Municipal Water District	2543	Bryant	x	x	2543				
Fullerton	2766	Jung	x	x	2766				
Glendale	4165	Kassakhian	x	x	4165				
Inland Empire Utilities Agency	17103	Camacho	x	x	17103				
Las Virgenes	3224	Lewitt	x	x	3224				
Long Beach	6805	Cordero	x	x	6805				
Los Angeles	83835	Sutley							
		Petersen	x	x	27945				
		Quinn							
		Luna	x	x	27945				
		Douglas	x	x	27945				
			Subtotal:		83835				
Municipal Water Dist. of Orange County	68102	Ackerman	x	x	22701				
		Seckel							
		Dick	x	x	22701				
		Erdman	x	x	22701				
			Subtotal:		68102				
Pasadena	4042	Kurtz	x	x	4042				
San Diego County Water Authority	70158	Fong-Sakai	x	x	17540				
		Goldberg	x	x	17540				
		Miller	x	x	17540				
		Smith	x	x	17540				
			Subtotal:		70158				
San Fernando	274	Ortega	x	x	274				
San Marino	836	Morris	x	x	836				
Santa Ana	3569	Phan							
Santa Monica	5055	Gold							
Three Valleys Municipal Water District	9019	De Jesus	x	x	9019				
Torrance	3781	Lefevre							
Upper San Gabriel Valley Mun. Wat. Dist.	14079	Fellow	x	x	14079				
West Basin Municipal Water District	28764	Alvarez	x	x	28764				
		Gray							
			Subtotal:		28764				
Western Municipal Water District	15689	Dennstedt	x	x	15689				
Total	406315				393910				
Present and not voting									
Absent	12405								

The motion to approve the Board Item 8-3 (M.I. No. 53853) passed by a vote of 393,910 ayes; 0 noes; 0 abstain; 0 not voting; and 12,405 absent.

Director Ackerman, De Jesus, and Faessel, using AB 2449 just cause, did not have anyone over the age of 18 present during the vote.

53854 Authorize an increase in the maximum amount payable under a contract for legal services in Ryan Tiegs v. Metropolitan with Seyfarth Shaw LLP in the amount of \$275,000 for a total amount not to exceed \$525,000, increase in the maximum amount payable under a contract for legal services in Dane Crawford v. Metropolitan with Seyfarth Shaw LLP in the amount of \$275,000 for a total amount not to exceed \$525,000, and increase in the maximum amount payable under a contract for legal services in Alicia Lorentzen v. Metropolitan with Sheppard, Mullin, Richter & Hampton LLP in the amount of \$175,000 for a total amount not to exceed \$425,000 (Agenda Item 8-7).

Director Luna moved, seconded by Director Camacho, that the Board approve the Board Item 8-7 as follows:

Chair Ortega called for a vote on the motion for Agenda Item 8-7 as stated.

The following is a record of the vote:

Record of Vote on Item:		8-7							
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	6306	Faessel	x	x	6306				
Beverly Hills	4677	Pressman	x	x	4677				
Burbank	3330	Ramos	x	x	3330				
Calleguas Municipal Water District	13627	McMillan	x	x	13627				
Central Basin Municipal Water District	20265	Garza							
		Crawford	x	x	20265				
			Subtotal:		20265				
Compton	678	McCoy	x	x	678				
Eastern Municipal Water District	13623	Armstrong	x	x	13623				
Foothill Municipal Water District	2543	Bryant	x	x	2543				
Fullerton	2766	Jung	x	x	2766				
Glendale	4165	Kassakhian	x	x	4165				
Inland Empire Utilities Agency	17103	Camacho	x	x	17103				
Las Virgenes	3224	Lewitt	x	x	3224				
Long Beach	6805	Cordero	x	x	6805				
Los Angeles	83835	Sutley							
		Petersen	x	x	27945				
		Quinn							
		Luna	x	x	27945				
		Douglas	x	x	27945				
			Subtotal:		83835				
Municipal Water Dist. of Orange County	68102	Ackerman	x	x	22701				
		Seckel							
		Dick	x	x	22701				
		Erdman	x	x	22701				
			Subtotal:		68102				
Pasadena	4042	Kurtz	x	x	4042				
San Diego County Water Authority	70158	Fong-Sakai	x	x	17540				
		Goldberg	x	x	17540				
		Miller	x	x	17540				
		Smith	x	x	17540				
			Subtotal:		70158				
San Fernando	274	Ortega	x	x	274				
San Marino	836	Morris	x	x	836				
Santa Ana	3569	Phan							
Santa Monica	5055	Gold							
Three Valleys Municipal Water District	9019	De Jesus	x	x	9019				
Torrance	3781	Lefevre							
Upper San Gabriel Valley Mun. Wat.	14079	Fellow	x	x	14079				
West Basin Municipal Water District	28764	Alvarez	x	x	28764				
		Gray							
			Subtotal:		28764				
Western Municipal Water District	15689	Dennstedt	x	x	15689				
Total	406315				393910				
Present and not voting									
Absent	12405								

The motion to approve the Board Items 8-7 (M.I. No. 53854) passed by a vote of 393,910 ayes; 0 noes; 0 abstain; 0 not voting; and 12,405 absent.

Director Ackerman, De Jesus, and Faessel, using AB 2449 just cause, did not have anyone over the age of 18 present during the vote.

Chair Ortega advised Board Vice Chair Goldberg would proceed with chairing the meeting for the remainder of the meeting.

53855 Board Vice Chair Goldberg asked if there were questions or need for discussion on Board Information Items 9-1, 9-2 or 9-3. No requests were made.

Director Miller left the meeting.

Director Quinn entered the meeting.

53856 AB 1234 Ethics Biennial Training (Item 10-1).

Ethics Officer Salinas introduced Lauren Langer and Ryan Guiboa, Partners at Best Best & Krieger, LLP, to present the Item.

The following Director(s) asked questions or made comments:

Director(s)

- 1. Camacho

Outside counsel responded to the Directors' comments and questions.

53857 Board Vice Chair Goldberg asked if there were any Follow-Up Items. No requests were made.

53858 Board Vice Chair Goldberg asked if there were any Future Agenda Items. No requests were made.

53859 There being no objection, the meeting was adjourned at 5:13 p.m.



**LOIS FONG-SAKAI
BOARD SECRETARY**



**ADÁN ORTEGA, JR.
CHAIR OF THE BOARD**



- **Board of Directors**
Engineering, Operations, and Technology Committee

1/14/2025 Board Meeting

7-1

Subject

Authorize an increase of \$5.55 million to an agreement with Arcadis U.S. Inc. for a new not-to-exceed total amount of \$7.55 million for final design to rehabilitate the finished water reservoirs at the Henry J. Mills and Joseph Jensen Water Treatment Plants; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Metropolitan's finished water reservoirs provide operational storage capacity within the distribution system to regulate treated water deliveries to member agencies. The California Division of Drinking Water (DDW) requires all reservoirs holding treated water to be covered to protect them from contamination. The flexible floating covers and supporting infrastructure of two finished water reservoirs at the Henry J. Mills Water Treatment (Mills plant) and one finished water reservoir at the Joseph Jensen Water Treatment Plant (Jensen plant) have exceeded the recommended 20-year service life and need rehabilitation to protect water quality and maintain reliable water deliveries.

This action authorizes an increase to an existing agreement with Arcadis U.S. Inc. (Arcadis) for final design services to rehabilitate the finished water reservoirs at the Mills and Jensen plants. See **Attachment 1** for the Allocation of Funds, **Attachment 2** for the List of Subconsultants, and **Attachment 3** for the Location Map.

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

Staff Recommendation: Option #1

Option #1

Authorize an increase of \$5.55 million to an agreement with Arcadis U.S. Inc. for a new not-to-exceed amount of \$7.55 million for final design to rehabilitate the finished water reservoirs at the Henry J. Mills and Joseph Jensen Water Treatment Plants.

Fiscal Impact: Expenditure of \$8.4 million in capital funds. Approximately \$5.2 million in capital funds will be incurred in the current biennium and have been previously authorized. The remaining capital expenditures will be funded from the next capital investment plan budget.

Business Analysis: This option will improve the reliability of the Mills and Jensen reservoirs, maintain treated water quality, and enhance operational flexibility.

Option #2

Do not proceed with the project at this time.

Fiscal Impact: None

Business Analysis: Under this option, staff would continue to inspect and repair the finished water reservoir covers and equipment, as required. If damage to a floating cover could no longer be reliably repaired, the reservoir would be removed from service until the floating cover is replaced.

Alternatives Considered

Upon completion of preliminary design for the rehabilitation of Mills and Jensen finished water reservoirs, staff reassessed the availability and capability of in-house Metropolitan staff to conduct final design, considering: (1) current work assignments for in-house staff to determine the potential availability of staff to conduct this work; and (2) specialized technical expertise needs.

Staff has determined that specialized technical expertise is required to complete the final design of the floating cover replacement. After assessing the current workload for in-house staff, the relative priority of this project, and the specialized technical expertise required, staff recommends continuing the use of both a professional services agreement and in-house staff to perform final design of the subject project. This approach will allow for the completion of this program and other capital work within their current schedule and ensure the work is conducted in the most efficient manner possible.

Applicable Policy

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

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

By Minute Item 50782, dated April 11, 2017, the Board authorized preliminary design to rehabilitate finished water reservoirs at the Joseph Jensen and Henry J. Mills Water Treatment Plants.

By Minute Item 53098, dated January 10, 2023, the Board authorized an agreement to provide engineering services to complete preliminary design for the rehabilitation of finished water reservoirs at the Mills and Jensen plants.

By Minute Item 53598, dated April 9, 2024, the Board appropriated a total of \$636.5 million for projects identified in the Capital Investment Plan for Fiscal Years 2024/25 and 2025/26.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is exempt from CEQA because it involves only feasibility or planning studies for possible future actions which the Board has not approved, adopted, or funded. (Public Resources Code Section 21080.21; State CEQA Guidelines Section 15262.)

CEQA determination for Option #2:

None required

Details and Background

Background

Located within the City of Riverside, the Mills plant was placed into service in 1978, has a current treatment capacity of 220 million gallons per day (mgd), and treats water directly from the East Branch of the State Water Project (SWP) and occasionally from Diamond Valley Lake. The plant operates two finished water reservoirs with floating covers and geomembrane liners. The Hypalon cover on Reservoir No. 1 was installed in 1997, while the polypropylene cover on Reservoir No. 2 was installed in 1996. Each reservoir has a capacity of 25 million gallons, and both are classified as jurisdictional dams by the state Division of Safety of Dams (DSOD).

Located in the community of Granada Hills, the Jensen plant was placed into service in 1972, has a current treatment capacity of 750 mgd, and treats water from the West Branch of the SWP. The plant has two 50-million-gallon finished water reservoirs. Reservoir No. 1 is a concrete structure with a concrete roof, while Reservoir No. 2 has a polypropylene floating cover installed in 1997.

Treated water is stored in these reservoirs to serve the downstream distribution system. DDW requires covering all finished water reservoirs to protect treated water from contamination. Metropolitan has a rigorous floating cover inspection and maintenance program to ensure compliance with DDW regulations. The floating covers are carefully inspected regularly to identify damage and signs of deterioration. The useful life of a reservoir's floating cover is determined by the longevity of the cover material based on staff's ability to repair and maintain the cover. As the cover material ages, the bonding capability of repair patches to adhere to the original material declines. The repair patches become increasingly less effective, the repair work becomes more difficult to perform, and eventually the cover material can no longer be reliably repaired. The typical useful life for a floating cover is approximately 20 years.

The floating covers at both Mills reservoirs and Jensen Reservoir No. 2 have exceeded the recommended 20-year service life. Each cover must be rehabilitated to maintain treated water quality, comply with DSOD operating permits, and minimize the risk of costly urgent repairs. In addition to the new floating covers, other improvements are needed, including enhanced security features; rehabilitation of the rainwater removal systems and existing slide gates; installation of a slide gate at the Mills reservoirs; and reservoir mixing improvements.

In January 2023, Metropolitan's Board authorized an agreement for engineering services to perform preliminary design activities to rehabilitate the finished water reservoirs at the Mills and Jensen plants. The work was conducted as a hybrid effort of Metropolitan staff and a specialized consultant. Staff completed inspections of floating covers and supporting infrastructure, assessed required structural modifications, and made recommendations to improve low-flow operations at both plants. The consultant developed specialized studies, including low-flow water mixing scenarios utilizing computational fluid dynamics models and established design criteria for modifications to reservoir inlets, outlets, and associated valving to enhance water quality within the reservoirs. These low-flow mixing improvements will be implemented when the existing floating covers are removed during construction.

Preliminary design activities to rehabilitate the Mills and Jensen reservoirs have been completed, and staff recommends proceeding with final design at this time. The work will be staged based on a coordinated reservoir shutdown sequence. Staff will return to the Board to award several contracts to complete the reservoir rehabilitation work.

Mills and Jensen Finished Water Reservoirs Rehabilitation – Final Design

Planned rehabilitation work for Mills and Jensen reservoirs includes installation of new reservoir liners and floating covers; upgrades to the rain removal system, piping, and valving to enhance reservoir operational flexibility and mixing improvements; and installation of reservoir security features. The work will also include refurbishment of existing reservoir gates and installation of a new drop gate for Mills reservoirs; and improvement of the existing inlet configuration for Jensen Reservoir No. 2.

Final design phase activities include: (1) detailed structural analyses; (2) preparation of drawings and technical specifications; (3) development and coordination of a reservoir shutdown plan; (4) development of construction cost estimates; (4) value engineering; and (5) advertising and receiving competitive bids for multiple contracts. These activities are planned to be conducted by both Metropolitan staff and Arcadis U.S. Inc. under an existing agreement described below. Metropolitan staff will perform instrumentation and control design, DSOD coordination and permitting, project management, technical oversight, and review of the consultant's work.

A total of \$8.4 million is required for this work. Allocated funds include \$5.55 million for the final design activities by Arcadis described above. Other allocated funds for professional services include \$130,000 for value engineering, which will be performed by an on-call consultant. Allocated funds for Metropolitan staff activities include \$1.42 million for design services described above; \$870,000 for DSOD permitting, environmental support, shutdown planning, project management, and project controls; and \$430,000 for remaining budget.

Attachment 1 provides the allocation of the required funds.

As described above, final design will be performed by Arcadis and Metropolitan staff. Engineering Services' performance metric target range for final design of projects with a construction cost of more than \$3 million is 9 to 12 percent. For this project, the performance metric goal for final design is 11.7 percent of the total

construction cost. The total estimated cost for design is \$6.97 million, which includes \$5.55 million for Arcadis and \$1.42 million for Metropolitan design activities. The estimated cost of construction to rehabilitate the three finished water reservoirs at the Mills and Jensen plants is anticipated to range from \$59.5 million to \$64.5 million.

Engineering Services (Arcadis U.S., Inc.) – Amendment of Existing Agreement

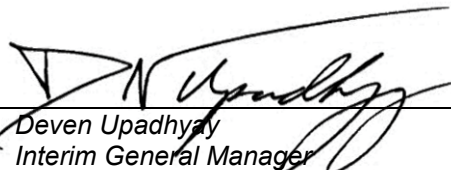
In January 2023, Metropolitan’s Board authorized an agreement with Arcadis to complete the preliminary design for the rehabilitation of finished water reservoirs at the Mills and Jensen plants. Arcadis was selected for this project through a competitive process via Request for Proposals No. 1328 based on their staff qualifications and their experience in evaluating and designing reservoirs. Preliminary design work activities have been completed, and Arcadis is now recommended to provide engineering services for final design as described above.

This action authorizes an increase of \$5.55 million to the existing agreement with Arcadis for a new not-to-exceed total of \$7.55 million to perform the final design to rehabilitate the finished water reservoirs at the Mills and Jensen plants. For this agreement, Metropolitan has established a Small Business Enterprise participation level of 25 percent. Arcadis has agreed to meet this level of participation. The planned subconsultants for this work are listed in **Attachment 2**.

Project Milestone

February 2027 – Completion of final design for rehabilitation of Mills and Jensen reservoirs

	12/19/2024
_____ Mai Hattar Interim Chief Engineer Engineering Services	Date

	12/26/2024
_____ Deven Upadhyay Interim General Manager	Date

- Attachment 1 – Allocation of Funds**
- Attachment 2 – Listing of Subconsultants**
- Attachment 3 – Location Map**

Ref# es12698150

Allocation of Funds for Mills and Jensen Finished Water Reservoirs Rehabilitation

	Current Board Action (Jan. 2025)
Labor	
Studies & Investigations	\$ -
Final Design	1,420,000
Owner Costs (Program mgmt., permitting, & project controls)	870,000
Submittals Review & Record Drwgs.	-
Construction Inspection & Support	-
Metropolitan Force Construction	-
Materials & Supplies	-
Incidental Expenses	-
Professional/Technical Services	
Arcadis US Inc.	5,550,000
Value Engineering	130,000
Contracts	-
Remaining Budget	430,000
Total	<u>\$ 8,400,000</u>

The total amount expended to date is approximately \$2.9 million. The total estimated cost to rehabilitate the finished water reservoirs at the Mills and Jensen plants, including the amount appropriated to date, funds allocated for the work described in this action, and future construction costs, is anticipated to range from \$75 million to \$85 million.

The Metropolitan Water District of Southern California
Subconsultants for Agreement with Arcadis U.S. Inc.
Mills and Jensen Reservoir Rehabilitation

Subconsultant and Location	Service Category; Specialty
Hilts Consulting Group Inc. Yorba Linda, CA	Reservoir cover and liner design
Paul Hansen Engineering Rancho Palos Verdes, CA	Cost estimating
Greg Drilling Signal Hill, CA	Geotechnical
DRP Inc. Monterey Park, CA	Drafting

Distribution System





Engineering, Operations, & Technology Committee

Mills and Jensen Finished Water Reservoir Rehabilitation

Item 7-1

January 13, 2025

Item 7-1

Mills & Jensen Finished Water Reservoir Rehabilitation

Subject

Authorize an increase of \$5.55 million to an agreement with Arcadis U.S. Inc. for a new not-to-exceed total amount of \$7.55 million for final design to rehabilitate the finished water reservoirs at the Henry J. Mills and Joseph Jensen Water Treatment Plants

Purpose

Improve the reliability of the Mills and Jensen reservoirs

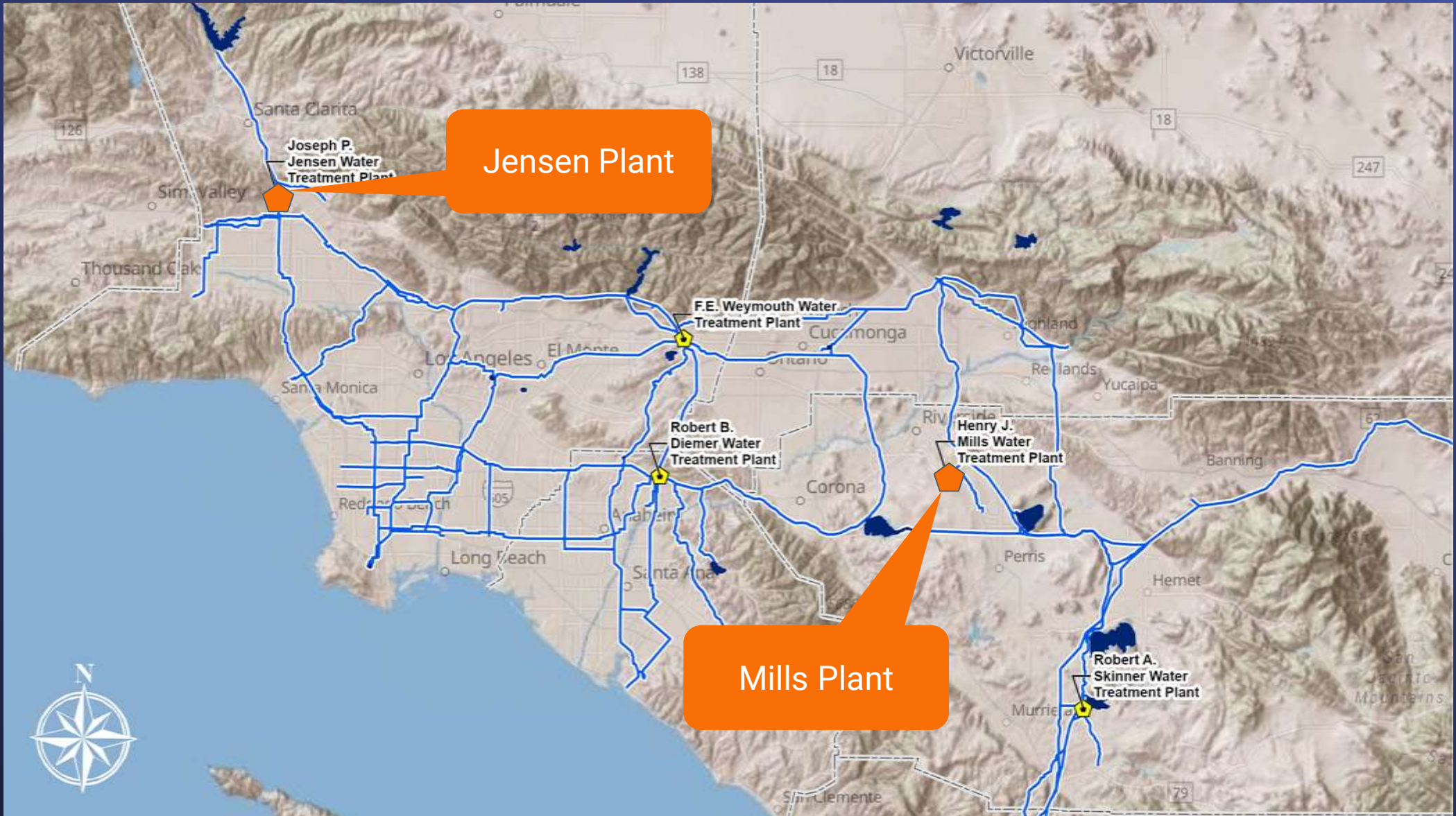
Recommendation and Fiscal Impact

Authorize an amendment to an existing agreement for final design of finished water reservoirs at the Mills and Jensen plants

Fiscal Impact of \$8.4 Million

Budgeted

Location Map



Finished Water Reservoirs

Henry J. Mills Water Treatment Plant



Joseph Jensen Water Treatment Plant



Mills & Jensen Finished Water Reservoir Rehabilitation

Floating Covers

- Mills & Jensen finished water reservoirs floating covers were installed in 1996 & 1997
 - Mills classified as a jurisdictional dam under DSOD
- Floating covers at both plants have exceeded the recommended 20-year service life

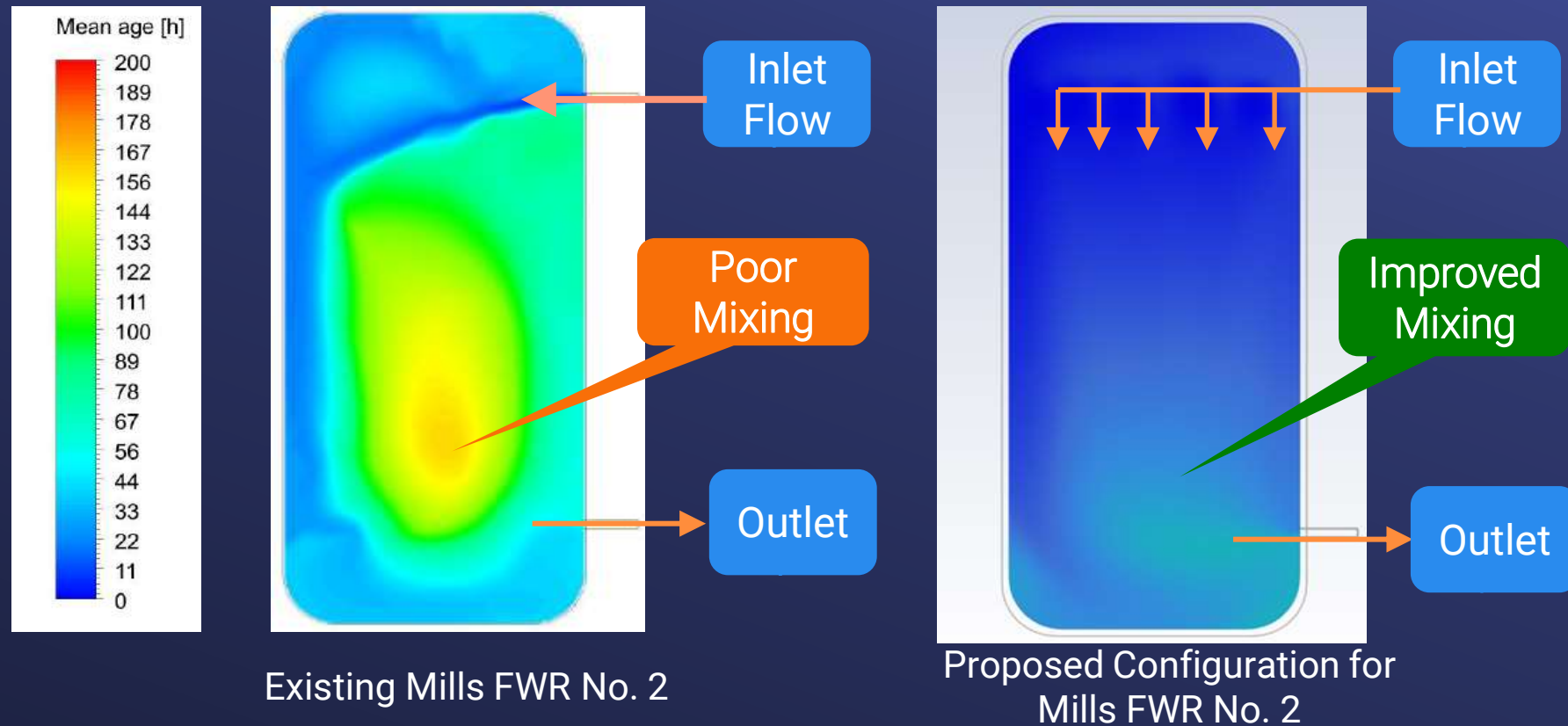


2024 EOT inspection trip at Mills reservoirs

Mills & Jensen Finished Water Reservoir Rehabilitation

Mixing Improvements

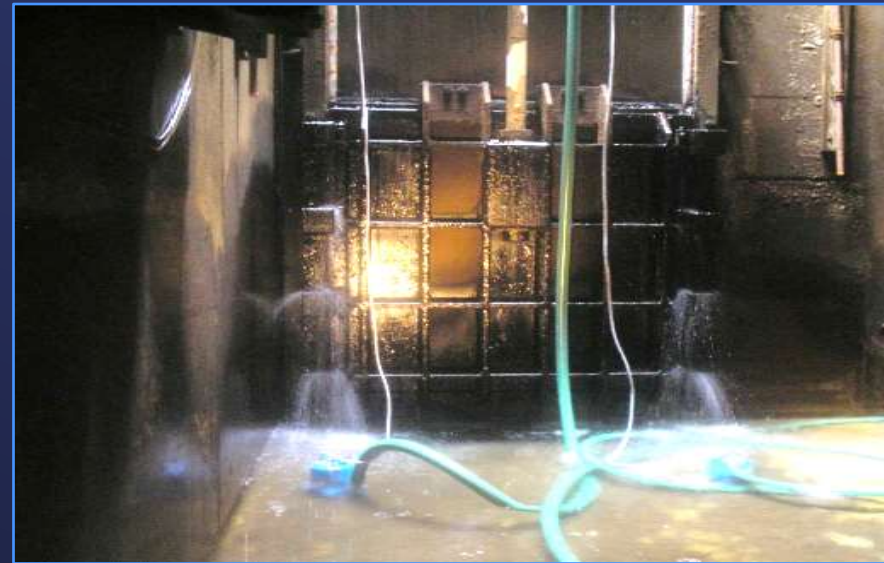
- During low flow conditions, poor water circulation in the reservoirs can lead to potential water quality challenges including nitrification
- Hydraulic modeling shows that inlet flow modifications can improve mixing and reduce water age



Mills & Jensen Finished Water Reservoir Rehabilitation

Other Critical Components

- Slide isolation gates & actuators
- Motor control center electrical panels & structures
- Water quality sample lines & sampling equipment structure
- Rainwater & dewatering systems



Existing Gate at Mills FWR No. 1



Outlet at Mills FWR No. 1

Mills & Jensen Finished Water Reservoir Rehabilitation

Planned Improvements

- Reservoir rehabilitation
 - Implement inlet flow modifications to improve water mixing
 - Replace floating covers & liners
 - Replace instrumentation & control panels
- Upgrades to other critical components
 - Water quality sample & testing equipment
 - Reservoir isolation gates
 - Upgrade rainwater & dewatering systems

Mills & Jensen Finished Water Reservoir Rehabilitation

Alternatives Considered

- Metropolitan staff to complete all final design activities
 - Resource needs exceed staff availability, additional specialized simulation expertise required
- Selected Alternative
 - Use both a professional services agreement to perform specialized portions of design & staff to perform instrumentation design

Mills & Jensen
Finished Water
Reservoir
Rehabilitation

Arcadis U.S. Inc. – Agreement

- Competitively selected under RFP No. 1328 for preliminary design
- Recommended amendment
 - Perform final design
 - Preparation of drawings & technical specs
 - Construction cost estimate
 - Amendment amount: \$5.55 M
 - New NTE amount: \$7.55 M
- SBE participation level: 25%

Mills & Jensen
Finished Water
Reservoir
Rehabilitation

Metropolitan Scope

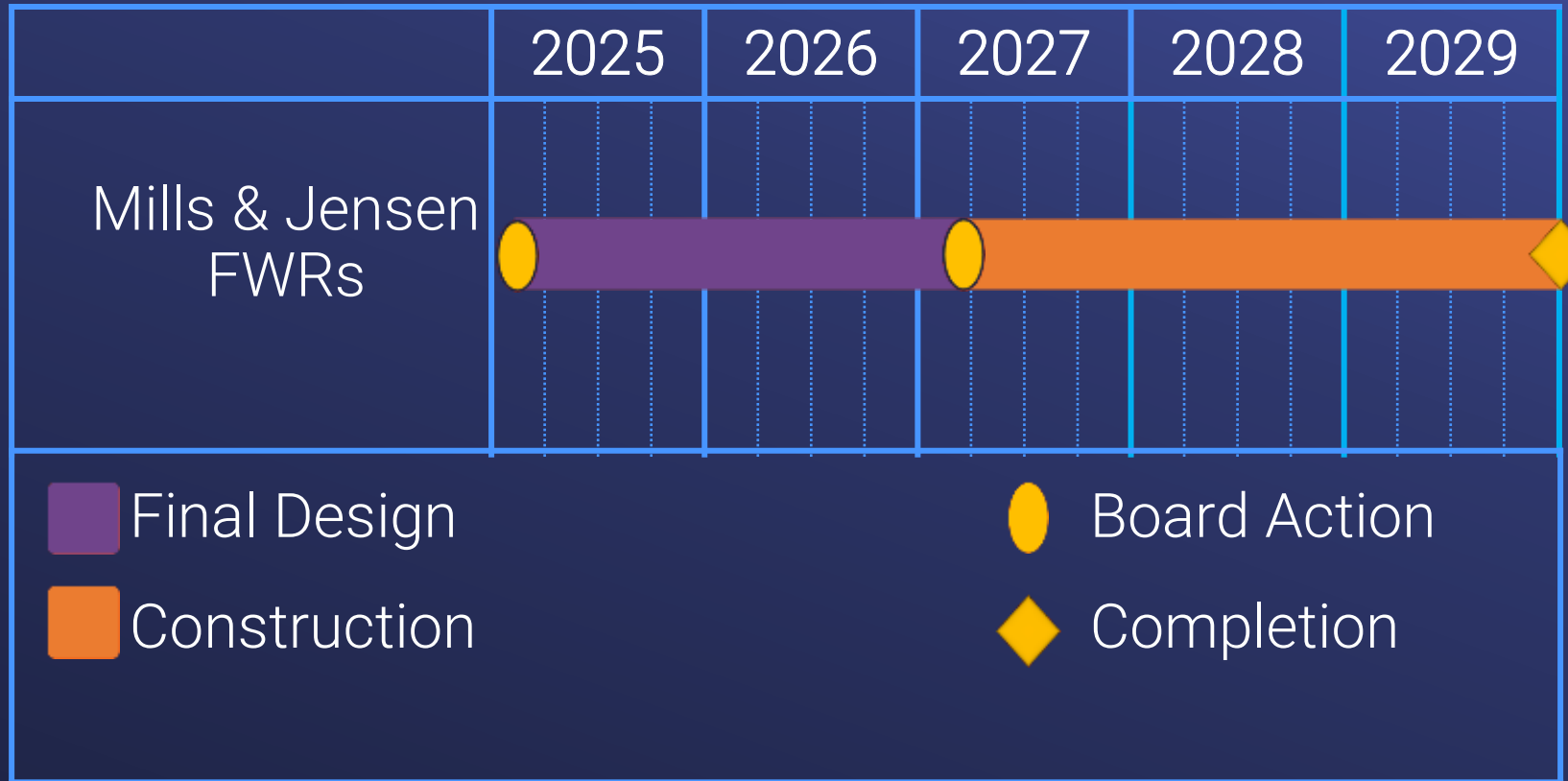
- Piping & instrumentation design
- Project management, permitting, & technical oversight
- Shutdown planning & value engineering

Allocation of Funds

Mills & Jensen Finished Water Reservoir Rehabilitation

Metropolitan Labor	
Final Design	\$ 1,420,000
Owner Costs (Proj. Mgmt., Contract Admin., Envir. Support)	870,000
Professional/Technical Services	
Arcadis US Inc.	5,550,000
Constructability review	130,000
Remaining Budget	430,000
	<hr/>
	Total \$ 8,400,000

Project Schedule – Finished Water Reservoir Rehabilitation



Board Options

- Option #1

Authorize an increase of \$5.55 million to an agreement with Arcadis U.S. Inc. for a new not-to-exceed amount of \$7.55 million for final design to rehabilitate the finished water reservoirs at the Henry J. Mills and Joseph Jensen Water Treatment Plants.

- Option #2

Do not proceed with the project at this time.

Staff Recommendation

- Option #1





- **Board of Directors**
One Water and Stewardship Committee

1/14/2025 Board Meeting

7-2

Subject

Authorize the General Manager to enter into a funding agreement for the Disadvantaged Communities Leak Detection and Repair Program with the U.S. Bureau of Reclamation to implement phase two of the Lower Colorado River Basin System Conservation and Efficiency Program; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Staff recommends that the Board authorize the Interim General Manager to enter into an agreement with the U.S. Bureau of Reclamation (Reclamation) under its Lower Colorado Conservation and Efficiency Program (LC Conservation Program). Under this agreement, Reclamation would pay for conserved water generated from a Metropolitan disadvantaged community (DAC) Leak Detection and Repair Program.

Under this agreement with Reclamation, Metropolitan would receive up to \$8 million in federal funding through 2031. Of these funds, staff estimates that approximately \$1.2 million would offset Metropolitan's projected DAC Leak Detection and Repair Program expenses in the current budget biennium. The remaining funds would be received in future budget cycles. In exchange, Metropolitan would implement the project and create a total of 4,000 acre-feet of conserved water to benefit Lake Mead as system water.

Additionally, this Bucket 2 project will yield long-term reductions in demand for Colorado River water. This demand reduction will continue after all agreement terms have been met. This allows Metropolitan to capture federal investment to decrease long-term demands for Colorado River water. Long-term reductions in demand will improve our ability to manage our water supply under post-2026 operations which could include potential supply reductions. Metropolitan and other Colorado River water users would also benefit from increased Lake Mead elevation associated with the system water creation.

Additional agreements will be necessary to implement this System Conservation Implementation Agreement (SCIA). Before Reclamation will pay Metropolitan, the California Section 5 contractors (Metropolitan, Coachella Valley Water District, Imperial Irrigation District, Palo Verde Irrigation District, and the City of Needles) will need to forbear water through the remaining period of the 2007 Interim Guidelines. New intra-state and inter-state forbearance agreements will also be needed to continue implementing these system conservation agreements post-2026. Staff will bring those agreements to the Board for consideration as needed.

Timing and Urgency

Reclamation would like to execute Bucket 2 SCIA's as quickly as possible. This will ensure that funding under the 2022 Inflation Reduction Act (IRA) is obligated without delay. Nevertheless, funding provided by Reclamation in these agreements could be withdrawn after they are executed by future congressional action or delayed by the next Administration.

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

Staff Recommendation: Option #1

Option #1

Authorize the General Manager to enter into a funding agreement for the Disadvantaged Communities Leak Detection and Repair Program with the U.S. Bureau of Reclamation to implement phase two of the Lower Colorado River Basin System Conservation and Efficiency Program.

Fiscal Impact: Federal funding increase of up to approximately \$8 million; approximately \$1.2 million would offset currently budgeted expenses over the current 2-year budget cycle. The rest of the funds would be received in a future budget cycle.

Business Analysis: This agreement would provide federal funding for leak detection projects that would reduce long-term demands for Colorado River water. Reduced demands would improve our ability to manage our water supply under post-2026 operations, which could include potential future supply reductions.

Option #2

Direct the General Manager not to enter into the agreement under the proposed terms.

Fiscal Impact: None

Business Analysis: Metropolitan would forego an opportunity to leverage federal dollars to reduce Metropolitan's long-term demands on the Colorado River and improve our ability to manage our water supply under post-2026 operations which could include potential future supply reductions.

Alternatives Considered

Staff submitted six different proposals for Bucket 2 funding. A total of three projects were selected by Reclamation. The other two have existing agreements.

Applicable Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 53051 in December 2022, Metropolitan's Board adopted legislative priorities and principles to support the funding of conservation projects to enhance the resiliency of the Colorado River System to reduce the risk of Lake Mead and Lake Powell falling below critical elevations.

The General Manager's 24/25 Business Plan identified Goal 2.2 to identify and secure programmatic cost savings, organizational efficiencies, and external funding. One of the outcomes identified under this goal was to secure IRA funding to support Colorado River water use objectives.

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

By Minute Item 53447 in November 2023, Metropolitan's Board approved forbearance for system conservation created by Coachella Valley Water District and Imperial Irrigation District in 2023 to be left in Lake Mead as system water under Reclamation's LC Conservation Program.

By Minute Item 53469 in December 2023, Metropolitan's Board approved a similar action for system conservation projects with the Palo Verde Irrigation District, Bard Water District, and the Quechan Tribe under Reclamation's LC Conservation Program.

By Minute Item 53752 in August 2024, Metropolitan's Board approved forbearance for system conservation created by CVWD and IID between 2024-2026 to be left in Lake Mead as system water under Reclamation's LC Conservation Program.

In December 2024, Metropolitan's Board approved a similar action for system conservation projects for Metropolitan's Antelope Valley East Kern (AVEK) High Desert Water Bank (HDWB) facilities and its Turf Replacement program for commercial, industrial, and institutional properties. The Minute Item number for this action is not yet available.

Summary of Outreach Completed

All LC Conservation Program projects were discussed with and received input from the Colorado River Ad-hoc Committee. The Bucket 2 proposals were also discussed with the One Water Stewardship and Planning Committee in August of 2023 when the proposals were submitted to Reclamation and again in November of 2024 prior to the recent December 2024 Board action for the AVEK HDWB and Turf Replacement projects.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. (State CEQA Guidelines Section 15378(b)(4)).

CEQA determination for Option #2:

None required

Details and Background

Background – The LC Conservation Program

The 2022 IRA provides \$4 billion in funding specifically for conservation efforts in the Colorado River Basin. The Department of the Interior, through Reclamation, created the LC Conservation Program to use the IRA funding to increase system conservation and efficiency opportunities to address the drought in the Lower Colorado River Basin. Similar conservation programs are being developed in the Upper Colorado River Basin. The LC Conservation Program provides funding opportunities for voluntary participation to increase system conservation and efficiency opportunities.

These opportunities consisted of two main components. The first was for conservation projects that could be implemented in the short-term and provide short-term savings and is often called “Bucket 1”. The second was for conservation projects that improve long-term efficiencies and result in multi-year system conservation and is often called “Bucket 2”. These Bucket 2 projects are intended to reduce long-term demands for Colorado River water to improve the ability to manage the Colorado River system under post-2026 operations, which are likely to include future supply reductions within the Lower Basin.

Metropolitan submitted six separate proposals for potential conservation projects under Bucket 2, and two proposed programs were approved in December 2024. Reclamation also selected the DAC Leak Detection and Repair proposal to move forward to the negotiation phase. The negotiations are reaching their conclusion and staff seeks Board authorization to enter into an SCIA for the project. This Bucket 2 project would help Metropolitan manage our water supplies in a drier future by leveraging federal funds for projects that will reduce our demands for Colorado River water post-2026.

DAC Leak Detection and Repair Participation in the LC Conservation Program

As part of Bucket 2 of the LC Conservation Program, Reclamation will pay Metropolitan up to \$8 million to defray the costs of Metropolitan’s existing disadvantaged community leak detection and repair program. Identified activities include a municipal program for leak detection and repair of water pipelines, including mainlines. The residential program provides leak detection and repair for income-qualified homeowners. Costs associated with these activities must be incurred between June 24, 2024 and September 30, 2031. In exchange, Metropolitan will create a total of 4,000 acre-feet of system conservation water within 10 years of the date of execution of the agreement. This system conservation water may be left in Lake Mead prior to the completion of project milestones. Water would be conserved through Metropolitan’s existing Extraordinary Conservation Intentionally Created Surplus exhibits to achieve this “predelivery” prior to 2027. A different process for creating system conservation water may be in place post-2026. Reclamation’s payments will be made quarterly based on

per project completion. Payments are also contingent on the forbearance of the California Section 5 contractors covering this agreement.

The material terms of the proposed agreement are summarized in **Attachment 1**.

Future Agreements Will Be Necessary

Additional agreements will be necessary to implement these SCIA's. Before Reclamation will pay Metropolitan, the California Section 5 contractors will need to forbear water through the remaining period of the 2007 Interim Guidelines. New intra-state and inter-state forbearance agreements will also be needed to continue implementing these system conservation agreements post-2026. For additional background on the purpose and mechanics of forbearance by Metropolitan, please see the June 2024 presentation on that subject, available at:

<https://mwdh2o.legistar.com/View.ashx?M=F&ID=13012478&GUID=5C7533D3-F668-4FC6-A12E-EACEF0DF52DD>

Staff will bring those agreements to the Board for consideration as needed.

Summary

Metropolitan is expanding opportunities to conserve system water in a continuing effort to reduce long-term demands on Colorado River water to improve our ability to manage our water supply under post-2026 operations. Staff recommends that the Board authorize the General Manager to enter into agreements with Reclamation which will allow Metropolitan to utilize federal dollars to decrease long-term demands of Colorado River water.

The LC Conservation Program Bucket 2 agreement would provide up to \$8 million in federal funding to defray the costs of Metropolitan's existing disadvantaged community leak detection and repair program. This funding would apply toward project or program expenses through September 30, 2031. In exchange, over a period of ten years, Metropolitan would create 4,000 acre-feet of system conservation water. While some federal funding would go toward currently budgeted items, some funds would be received beyond the current two-year budget cycle.

Staff estimates that, over the current 2-year budget cycle, Metropolitan's expenses related to existing municipal leak detection and repair efforts would be reduced by approximately \$1.2 million. Therefore, a total of \$1.2 million would count toward Metropolitan's new revenue and reduced expenditure goals associated with the current 2-year budget cycle. Additionally, Metropolitan would benefit from the long-term reduction in demands for Colorado River water that will improve our ability to manage our water supply under potentially reduced supply conditions under post-2026 operations.

Project Milestone

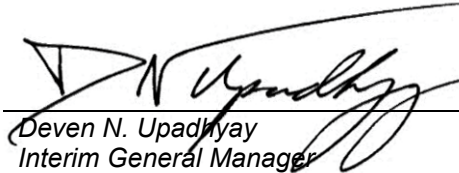
Metropolitan will submit quarterly reports to Reclamation providing written justification for payment and reports detailing leak detection and repair actions and costs consistent with program standards.



Brandon J. Goshi
Interim Manager
Water Resource Management

1/2/2025

Date



Deven N. Upadhyay
Interim General Manager

1/2/2025

Date

Attachment 1 – Term Sheet for DAC Leak Detection and Repair SCIA under Federally Funded Lower Colorado River Basin System Conservation and Efficiency Program

Ref# wrm12698806

Term Sheet for DAC Leak Detection and Repair SCIA under Federally Funded Lower Colorado River Basin System Conservation and Efficiency Program

1. Reclamation agrees to provide funding to Metropolitan's DAC Leak Detection and Repair Program between June 24, 2024, and September 30, 2031.
2. Metropolitan's proposal is to provide funding for leak detection and repair on municipal and residential properties in disadvantaged communities which are completed and paid between June 24, 2024, and September 30, 2031.
3. Eligible costs are those incurred by Metropolitan's Leak Detection and Repair Program for municipal and residential properties between June 24, 2024, and September 30, 2031, for up to 4,000 acre-feet of water saved.
4. All costs incurred beyond September 30, 2031, are Metropolitan's responsibility.
5. Reclamation's total payment to Metropolitan shall not exceed \$8,000,000. Metropolitan's administration costs for the program are eligible for payment.
6. Reclamation's payment is contingent on the execution of a California Forbearance agreement covering this project.
7. Metropolitan will provide quarterly progress reports for the duration of this agreement. Payments will be made based on the incurred eligible expenses identified in these quarterly reports. Metropolitan will also provide a closeout report.
8. Metropolitan will create a total of 4,000 acre-feet of System Conservation Water over a period of 10 years after the date of execution of this agreement.
9. System Conservation Water may be created and left in Lake Mead prior to completion of leak detection and repair activities. Such water must be created using existing Extraordinary Conservation Intentionally Created Surplus (EC ICS) exhibits prior to 2027, and an Extraordinary Conservation Certification Report must be provided. A different process for creating System Conservation Water may be in place post-2026.
10. If Metropolitan does not create the full volume of System Conservation Water, Metropolitan must reimburse Reclamation. For example, if Metropolitan leaves 93 percent of the System Conservation Water in Lake Mead, then Metropolitan will reimburse Reclamation 7 percent of the total payments made.
11. Creation of System Conservation Water will be included in Reclamation's existing water order approval process. System Conservation Water can only be created in a year in which delivery of water is less than available supplies. Verified volumes will be reported in Reclamation's annual Water Accounting Report.
12. If Metropolitan does create the full volume of System Conservation Water, but not all of the funding is spent under the program, all such System Conservation Water will stay in Lake Mead as system water, and no changes to payment will be made.



One Water and Stewardship Committee

Colorado River System Conservation Agreement

Item 7-2

January 13, 2025

Item 7-2

Authorize Colorado River System Conservation Agreements

Subject

Authorize the General Manager to enter into a funding agreement for the Disadvantaged communities Leak Detection and Repair Program with the U.S. Bureau of Reclamation to implement phase two of the Lower Colorado River Basin System Conservation and Efficiency Program; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Purpose

To obtain Board approval for an agreement allowing water conserved by Metropolitan to be added to Lake Mead under Reclamation's LC Conservation Program.

Recommendation and Fiscal Impact

Authorize entering into agreements for Reclamation to provide funding for leak detection and repair activities in disadvantaged communities and to use that activity to generate up to 4,000 AF of conserved Colorado River system water.

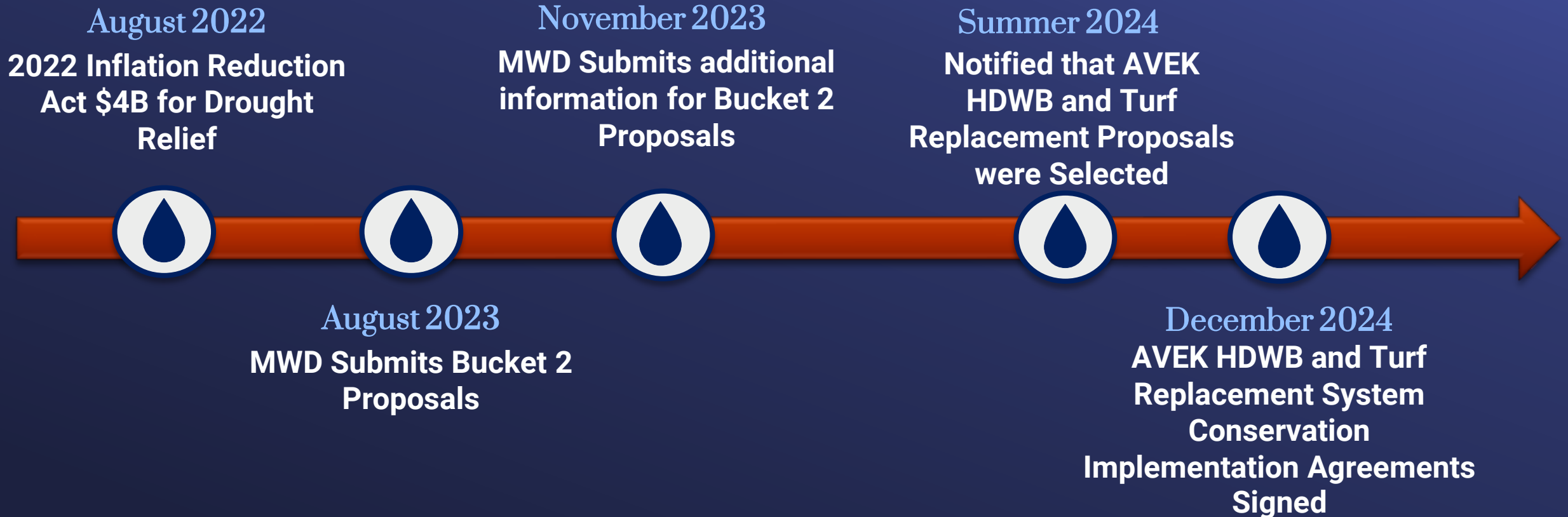
In addition to reduced budgeted expenditures, Metropolitan would receive up to \$8 million in federal funding over 7 years.

Budget

Not budgeted.

Metropolitan would benefit receipt of federal funding

Background



Two Separate Requests for Proposals Funded by the Inflation Reduction Act

Bucket 1

- Short-term projects with short-term benefits
 - Immediate implementation
 - Elevation protection



Bucket 2

- Long-term projects with multi-year benefits
 - Improving system efficiency
 - Reducing long-term demand



DAC Leak Detection and Repair Project

❖ Project: A Disadvantaged Community Leak Detection and Repair Program

- ❖ Municipal component
- ❖ Residential component

❖ Funding: Up to \$8 Million

❖ Duration: Through September 30, 2031

❖ Volume: 4,000 acre-feet over 10 years

❖ Other:

- Payment based on project activity
- Pre-delivery through other existing conservation activities
- Build America Buy America applies to municipal infrastructure work

Disadvantaged Communities (DAC) Leak Detection and Repair



Summary



Federal Funding

Up to \$8 Million in Federal Funding



System Water Creation

Create 4,000 AF of System Water in Lake Mead



Budget Benefit

Estimated \$1.2 Million to offset budgeted expenditures in current budget biennium

Next Steps,
Pending
Board
Approval

1

Execute agreements

2

Pursue forbearance for full implementation

3

Implement DAC Leak Detection and Repair Program

Board Options

- Option #1

Authorize the General Manager to enter into a funding agreement for the Disadvantaged Communities Leak Detection and Repair Program with the U.S. Bureau of Reclamation to implement phase two of the Lower Colorado River Basin System Conservation and Efficiency Program; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

- Option #2

Direct the General Manager not to enter into the agreement under the proposed terms.

Staff Recommendation

- Option #1





- **Board of Directors**
One Water and Stewardship Committee

1/14/2025 Board Meeting

7-3

Subject

Authorize: (1) renewal of the Municipal Water Quality Investigations Agreement between the Department of Water Resources, the State Water Contractors and participating urban State Water Project Contractors; and (2) renewal of the Municipal Water Quality Investigations Program Specific Project Agreement between the State Water Contractors and participating urban State Water Project Contractors; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA

Executive Summary

This letter seeks Board authorization to enter into two agreements to continue Metropolitan's funding and participation in the California Department of Water Resources (DWR) Municipal Water Quality Investigations (MWQI) Program. The multicomponent MWQI Program carries out the vital tasks of sampling, monitoring, and protecting the water quality of the State Water Project (SWP). Water quality data provided by this program assists SWP Contractors in water management and operational decisions related to treatment processes and supports scientific studies. Metropolitan's share of the annual MWQI Program cost remains at a level not to exceed \$2.1 million per year.

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

Staff Recommendation: Option #1

Option #1

Authorize:

- Renewal of the Municipal Water Quality Investigations Agreement between the Department of Water Resources, the State Water Contractors, and participating urban State Water Project Contractors.
- Renewal of the Municipal Water Quality Investigations Program Specific Project Agreement between the State Water Contractors and participating urban State Water Project Contractors.

Fiscal Impact: Total costs of up to \$2.1 million annually in budgeted funds for the next three years. This includes \$1.6 million annually in budgeted funds paid in the SWP statement of charges for work performed under the MWQI Agreement, and \$0.5 million annually in budgeted funds paid in Metropolitan's annual payments to the State Water Contractors for work performed under the MWQI Specific Project Agreement.

Business Analysis: The SWP water quality data collected, and the research and analyses produced by the MWQI Program are available to monitor and protect the source quality of SWP water supplies, to inform water supply planning, scheduling, and delivery decisions, and to assist with the development of treatment strategies and compliance with drinking water regulations. The maximum annual MWQI charge plus the MWQI Specific Project Committee charge for all participating SWP Contractors will not exceed \$3.1 million for any calendar year. The maximum budget of \$3.1 million annually is the same budget amount in the three prior MWQI Agreements covering the years 2017-2019, 2020-2022, and 2023-2025. Through careful management of expenditures and implementing workflow improvements, the MWQI Program can complete

the work at the same \$3.1 million cost in the 2026-2028 agreement. Metropolitan's share of the \$3.1 million maximum annual total program cost is \$2.1 million per year.

Option #2

Do not authorize the General Manager to execute the Municipal Water Quality Investigations agreements.

Fiscal Impact: Potential additional costs to carry out water quality data collection, analysis and related services using alternative personnel or vendors instead of continuing to rely on DWR with its central location, trained staff and expertise to provide these services. If Metropolitan does not participate, other contractors who pay MWQI costs through their annual Statement of Charges may drop out, leaving remaining contractors funding these water quality monitoring and analysis activities with a higher bill.

Business Analysis: DWR staff is in the area, has exclusive access to DWR facilities, and can efficiently collect the data and perform the work. If DWR is not carrying out the MWQI Program, the SWP water quality data collected, and the research and analyses currently produced may be significantly scaled back or eliminated. Water managers, planning staff, and operations and treatment plant managers would have significantly less SWP water quality information available to carry out water supply planning, scheduling, and water treatment efforts. If Metropolitan and other remaining urban contractors were to carry out this work, the costs to remotely administer, deploy staff, and analyze water quality samples and data would likely be higher.

Alternatives Considered

Staff evaluated alternatives to continued participation in the MWQI Program. If Metropolitan opted to discontinue its participation in the MWQI Program, most of the activities currently carried out by the MWQI Program would likely be either scaled back considerably or eliminated completely. Because MWQI Program costs are allocated to participants based on their SWP Contract Table A amounts and Metropolitan has a large Table A, Metropolitan currently pays approximately 2/3 of all MWQI Program costs. If Metropolitan discontinued its participation in the MWQI Program, other SWP Contractors who currently participate in the program may drop out, leaving any remaining contractors with a higher bill. The remaining SWP Contractors would probably opt for a scaled down MWQI Program or implement an alternative water quality monitoring program tailored to their specific needs.

If Metropolitan dropped out of the MWQI Program, three possible alternatives are: (1) use alternative personnel or vendor to carry out the same water quality data collection, analysis and related services currently provided by the program; (2) seek to obtain and piggyback on whatever SWP water quality data is collected by remaining SWP Contractors in a scaled back or alternative water quality monitoring program; or (3) forgo altogether the water quality data, analysis and research provided by the MWQI Program. Because DWR has experienced staff in the area with access to DWR facilities and can efficiently collect the data and perform the work, and the MWQI Program is well managed with costs carefully controlled with no increases over the current 12-year period, staff recommends continued participation in the MWQI Program.

Applicable Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

Funding authorization for that portion of the MWQI Program expenses billed under the MWQI Program Specific Project Agreement is done through an annual Board Letter authorizing payments for Metropolitan's participation in the State Water Contractors.

Summary of Outreach Completed

Participating contractors who fund the MWQI Program hold bimonthly meetings of the Real-Time Data and Forecasting Committee to discuss ongoing operations of the program and to monitor expenses. An annual MWQI Program Workplan is developed each year, which includes all water quality sampling and monitoring activities to be carried out, as well as any special studies or projects to be undertaken in the current year. In addition, contractors participating in the MWQI Specific Project Agreement meet regularly to discuss ongoing projects and special studies, and to review and approve all consultant contracts, budgets and expenses.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action to renew agreements is exempt from CEQA because they would fund basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes or as part of a study leading to an action that a public agency has not yet approved, adopted, or funded. (State CEQA Guidelines Section 15306.)

CEQA determination for Option #2:

None required

Details and Background

Background

In 1990, DWR initiated the MWQI Program to provide water quality data for the SWP to support management decisions and alternatives for meeting existing and proposed state and federal drinking water quality standards. The program's initial focus was to conduct source water quality monitoring and compile a comprehensive database of Delta drinking water quality, and conduct scientific studies on key aspects of Delta water quality. Since then, the MWQI Program has evolved and expanded to carry out the following functions:

- Collect and analyze discrete water quality samples (“grab samples”) at 14 locations in the Delta and the SWP.
- Operate five real-time water quality monitoring stations located in the Delta and the SWP.
- Conduct weekly modeling simulations to produce 21-day forecasts of water quality in the Delta and within the SWP conveyance and delivery system.
- Conduct research, analysis, and investigations of SWP water quality and related issues.
- Maintain a water quality database and program website.
- Disseminate water quality information and updates to SWP Contractors, water agencies, regulators, and other interested parties.

Project Milestone

Recent accomplishments of the MWQI Program include publication of the 2021 SWP Watershed Sanitary Survey Update in June 2022, issuance of the Simplified Approach for Estimating Delta Salinity Constituent Concentrations, continued development of a SWP Turn-In Data Management System, and continued operation of the real-time water quality monitoring system. Compliance with the State of California Division of Drinking Water Surface Water Treatment Rule requires conducting and updating a watershed sanitary survey every five years. The 2021 SWP Watershed Sanitary Survey Update is an evaluation of observed and emerging water quality conditions throughout the entire SWP system through 2020.

The Simplified Approach for Estimating Delta Salinity Constituent Concentrations is an updated and greatly improved method for estimating the concentrations of bromide, chloride, sulfate, alkalinity, sodium, calcium, magnesium and potassium at key locations throughout the Delta given a known or measured concentration of salinity as expressed in units of either electrical conductivity or total dissolved solids.

The SWP Turn-In Data Management System is a database that provides for the input, storage and retrieval of water quality data for groundwater pump-ins into the SWP conveyance system.

MWQI Program Structure and Financing


Sixteen urban SWP Contractors participate in the MWQI Agreement. The MWQI Agreement provides for funding and payment of MWQI Program costs, which consists of salaries and overhead for DWR staff employed by the MWQI Program, operating expenses, and equipment required to carry out the program. The SWP contractor’s annual Statement of Charges includes all MWQI Program costs. Each participating contractor’s share of the total MWQI Program costs is based on that contractor’s annual Table A amount of project water as shown in their SWP contract in proportion to the total Table A for all participating contractors.

The MWQI Specific Project Agreement funds specialized costs including a consultant to the MWQI Program, scientific studies and consultants, technical support for data acquisition and processing, maintenance of the MWQI Program website and water quality database, and expedited procurement of urgently needed equipment, parts, or services. Fifteen urban SWP Contractors participate in and fund the MWQI Specific Project Agreement, and these participating contractors, along with the State Water Contractors Inc., are the signatories to the MWQI Specific Project Agreement. Under this agreement, work is funded by payments made to the State Water Contractors Inc. Each participating contractor’s share of the total MWQI Specific Project Agreement costs is based on that contractor’s annual Table A amount of project water in proportion to the total Table A for all participating contractors.

The term of both agreements is three years. The maximum total annual cost of the MWQI Program is \$3.1 million, and Metropolitan’s share is up to \$2.1 million per year. This represents no change from the prior three years. The bulk of MWQI Program costs are for DWR staff carrying out the core functions of the program. The remainder of the program costs is the MWQI Program Specific Project Agreement Charge, of which Metropolitan’s maximum annual share is \$476,000. However, in recent years, Metropolitan’s MWQI Specific Project Agreement Charge has been \$260,000 annually, and it is expected to remain at that level in the near future. Actual total expenses of the MWQI Program for all participating contractors in calendar year 2023 was \$1.7 million.

The proportionate share of the cost for each contractor, which is based on municipal and industrial Table A amounts, is shown in **Attachment 1**.

Staff recommends entering into the proposed agreements to provide valuable water quality sampling, monitoring, water quality forecasting, data dissemination, and scientific studies involving SWP water quality.



Brandon J. Goshi
Interim Manager,
Water Resource Management
12/26/2024
Date



Deven N. Upadhyay
Interim General Manager
12/30/2024
Date

Attachment 1 – Charge Allocation Factors

Ref# wrm12702422

**Statement of Charges Allocation Factors
Table 1**

	<u>M&I Table A</u>	<u>Proportionate Share</u>
Alameda County Flood Control & Water Conservation District Zone 7	80,619	0.02841469
Alameda County Water District	42,000	0.01480317
Antelope Valley-East Kern Water Agency	144,844	0.05105120
Santa Clarita Valley Water Agency	95,200	0.03355385
Santa Barbara County Flood Control & Water Conservation District	45,486	0.01603183
Crestline-Lake Arrowhead Water Agency	5,800	0.00204425
Kern County Water Agency	79,000	0.02784406
Metropolitan Water District of Southern California	1,911,500	0.67372049
Mojave Water Agency	89,800	0.03165059
Napa County Flood Control & Water Conservation District	29,025	0.01023005
Palmdale Water District	21,300	0.00750732
San Bernardino Valley Municipal Water District	102,600	0.03616203
San Geronio Pass Water Agency	17,300	0.00609750
San Luis Obispo County Flood Control & Water Conservation District	25,000	0.00881141
Santa Clara Valley Water District	100,000	0.03524564
Solano County Water Agency	<u>47,756</u>	<u>0.01683191</u>
TOTAL	2,837,230	1.00000000

**MWQI Specific Project Committee Charge Factors
Table 2**

	<u>M&I Table A</u>	<u>Proportionate Share</u>
Alameda County Flood Control & Water Conservation District Zone 7	80,619	0.02866729
Alameda County Water District	42,000	0.01493477
Antelope Valley-East Kern Water Agency	144,844	0.05150503
Santa Clarita Valley Water Agency	95,200	0.03385214
Santa Barbara County Flood Control & Water Conservation District	45,486	0.01617435
Crestline-Lake Arrowhead Water Agency	5,800	0.00206242
Kern County Water Agency	79,000	0.02809159
Metropolitan Water District of Southern California	1,911,500	0.67970970
Mojave Water Agency	89,800	0.03193195
Napa County Flood Control & Water Conservation District	29,025	0.01032099
Palmdale Water District	21,300	0.00757406
San Bernardino Valley Municipal Water District	102,600	0.03648350
San Geronio Pass Water Agency	17,300	0.00615170
Santa Clara Valley Water District	100,000	0.03555897
Solano County Water Agency	<u>47,756</u>	<u>0.01698154</u>
TOTAL	2,812,230	1.00000000



One Water and Stewardship Committee

Authorize Renewal of Municipal Water Quality Investigations Agreements

Item 7-3

January 13, 2025

Item 7-3

Municipal Water Quality Investigations Agreements



Subject

Authorize :

- a. Renewal of the Municipal Water Quality Investigations Agreement
- b. Renewal of the Municipal Water Quality Investigations Specific Project Agreement

Purpose

This action would continue funding and participation in the Municipal Water Quality Investigations Program.

Recommendation

Authorize the General Manager to execute a renewal of both agreements for an additional three-year term of January 1, 2026, to December 31, 2028.

Fiscal and Budget Impact

Total costs of up to \$2.1 million annually in budgeted funds for the next three years. The maximum annual cost of \$2.1 million per year is the same amount as the three prior MWQI Agreements covering the years 2017-2019, 2020-2022, and 2023-2025.

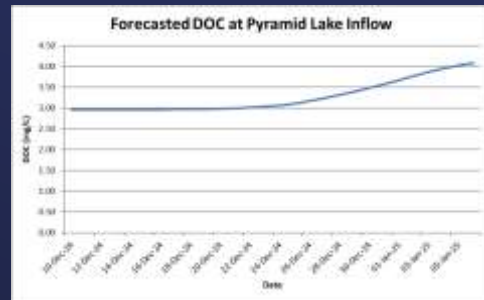
MWQI Program Overview

- Established 1990
- Mission: support the use of the SWP as a source of drinking water supply
- Funded by participating urban SWP Contractors

MWQI Program Core Functions



Sample & Monitor



Forecast Water Quality



Disseminate Data & Maintain Database



SWP Watershed Sanitary Survey



Scientific Studies

Key benefits

- Cost savings
- Continuous automated water quality monitoring updates
- Early warning of changing water quality conditions
- SWP Watershed Sanitary Survey
- Inform Delta science
- Program flexibility

Key terms

- New agreements start on January 1, 2026
- 3-year term
- \$3.1 million/year is the maximum combined costs to all contractors
 - MWQI Agreement
 - MWQI Specific Project Agreement
 - \$700,000 annual budget cap
- Metropolitan's share of costs based on SWP Table A Allotment
 - Up to \$2.1 million per year

Board Options

Option #1

Authorize the General Manager to:

- a. Execute a renewal of the Municipal Water Quality Investigations Agreement between the Department of Water Resources, the State Water Contractors and participating urban State Water Project Contractors and continue the MWQI Program for an additional three-year term of January 1, 2026, to December 31, 2028; and
- b. Execute a renewal of the Municipal Water Quality Investigations Program Specific Project Agreement between the State Water Contractors and participating urban State Water Project Contractors and continue the MWQI Program for an additional three-year term of January 1, 2026, to December 31, 2028

Option #2

Do not authorize the General Manager to execute the Municipal Water Quality Investigations Agreements

Board Options

Staff Recommendation

Option #1



Proposed Renewal of Agreements

- MWQI Agreement
 - Funds DWR staff, overhead and equipment
 - Parties: DWR, participating urban SWP Contractors, SWC Inc.
 - New agreement is for 3-year term CY 2026-2028
- MWQI Specific Project Agreement
 - Funds technical and administrative support, consultants and scientific studies
 - Provides fast procurement of urgently needed equipment, parts and services
 - Parties: participating urban SWP Contractors, SWC Inc.
 - New agreement is for 3-year term CY 2026-2028

Title of Slide

Box for additional callout
information you want people
to see highlighted

- First Bullet
- Second Bullet
 - Secondary Bullet
 - Tertiary Bullet



PROGRAMS



PUMPING



EXCHANGES



POINTS



CONSERVATION



STRATEGY



GROUNDWATER



SUBSIDENCE



WATER RATES



PARTNERSHIP



SNOWPACK



HABITAT



WASTEWATER



EARTHQUAKE



DROUGHT



VETERAN



LOCATION



WILDLIFE



ECONOMY



INFRASTRUCTURE



STORAGE

Design Resources

Icon Suite.

Here is a complementary suite of custom icons that represent many of Metropolitan's common talking points and functions. Suggested applications are included, but feel free to use them in any context that makes sense in your presentation.



PROGRAMS



PUMPING



EXCHANGES



POINTS



CONSERVATION



STRATEGY



GROUNDWATER



SUBSIDENCE



WATER RATES



PARTNERSHIP



SNOWPACK



HABITAT



WASTEWATER



EARTHQUAKE



DROUGHT



VETERAN



LOCATION



WILDLIFE



ECONOMY



INFRASTRUCTURE



STORAGE



- **Board of Directors**
One Water and Stewardship Committee

1/14/2025 Board Meeting

7-4

Subject

Authorize extension of Metropolitan's existing Colorado River System Conservation Agreement with U.S. Bureau of Reclamation to fund Metropolitan's Palo Verde Irrigation District Fallowing Program; and adopt CEQA determination that the environmental effects of the conservation efforts in Palo Verde Irrigation District are the subject of a proposed action that was previously addressed in various CEQA documents and related actions

Executive Summary

Staff seeks authorization for the General Manager to enter into an agreement to extend the December 20, 2023, Palo Verde Irrigation District System Conservation Implementation Agreement. The extension would cover the period of August 1, 2026, through December 31, 2026. Under this extension, the U.S. Bureau of Reclamation (Reclamation), rather than Metropolitan, would continue to pay for conserved water under the Palo Verde Irrigation District/Metropolitan Forbearance and Fallowing Program (PVID Program). Metropolitan would make a fallowing call for the 2026-27 PVID Program year based on its own expected needs for that period. PVID farmers enrolled in the PVID Program would have the option to voluntarily remain at the fallowing level of 100 percent of their maximum fallowing commitment for the full five-month period of August 1, 2026, to December 31, 2026. All water conserved in that five-month window would be eligible for federal funding. As per the existing system conservation agreement, a portion of the federal funding would be set aside to fund community improvement projects in the Palo Verde Valley.

Over the five-month period of the extension, Metropolitan would benefit both from reduced cost expenditures by approximately \$2.5 million, associated with the contractually obligated minimum fallowing call, and from increased revenue from federal funding by about \$2.8 million from Metropolitan fallowing its own lands. In total, Metropolitan would reduce expenditures or increase revenue by approximately \$5.3 million over the five-month period, all of which would occur in a future budget biennium.

Metropolitan and other Colorado River water users would also benefit from increased Lake Mead elevation.

Timing and Urgency

Reclamation has requested to expedite any extensions to Bucket 1 System Conservation Implementation Agreements while the current leadership is in place. Even with the agreements executed in January, funding provided by Reclamation in these agreements could be withdrawn by future congressional action or delayed by the next Administration.

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

Staff Recommendation: Option #1

Option #1

Adopt CEQA determination that the proposed action related to the fallowing program was previously addressed in various CEQA documents and related actions, and authorize the General Manager to enter into an agreement for Reclamation to fund the generation of up to 36,066 AF of conserved Colorado River system water between August 1, 2026, and December 31, 2026.

Fiscal Impact: Metropolitan would avoid paying for the PVID fallowing program during the terms of the agreement, thereby reducing current projected cost expenditures by approximately \$2.5 million in 2026. Additionally, as a landowner participating in the LC Conservation Program, Metropolitan would net approximately \$2.8 million by fallowing its lands in PVID. In total, Metropolitan would reduce expenditures or increase revenue by approximately \$5.3 million in 2026.

Business Analysis: The agreement would fund land fallowing to increase Colorado River system water at no additional cost to Metropolitan.

Option #2

Do not enter into the agreement under the proposed terms

Fiscal Impact: Metropolitan would make payments for and keep the water generated from the PVID Fallowing Program. Program expenditures would depend on the fallowing call made for Program Year 2026-27.

Business Analysis: Metropolitan would forgo an opportunity to increase Colorado River system water to reduce the risk of future curtailment.

Alternatives Considered

No alternatives were considered.

Applicable Policy

By Minute Item 53051 in December 2022, Metropolitan's Board adopted legislative priorities and principles to support the funding of conservation projects to enhance the resiliency of the Colorado River System to reduce the risk of Lake Mead and Lake Powell falling below critical elevations.

The General Manager's 24/25 Business Plan identified Goal 2.2 to identify and secure programmatic cost savings, organizational efficiencies, and external funding. One of the outcomes identified under this goal was to secure IRA funding that supports Colorado River water use objectives.

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

By Minute Item 53447 in November 2023, Metropolitan's Board approved forbearance for system conservation created by CVWD and IID in 2023 to be left in Lake Mead as system water under Reclamation's LC Conservation Program.

By Minute Item 53469 in December 2023, Metropolitan's Board approved a similar action for system conservation projects with the Palo Verde Irrigation District, Bard Water District, and the Quechan Tribe under Reclamation's LC Conservation Program.

By Minute Item 53752 in August 2024, Metropolitan's Board approved forbearance for system conservation created by CVWD and IID between 2024-2026 to be left in Lake Mead as system water under Reclamation's LC Conservation Program.

At Metropolitan's December 2024 Board meeting, Metropolitan's Board approved two agreements under Reclamation's Bucket 2 of the Lower Colorado River Basin System Conservation and Efficiency Program for the Antelope Valley East Kern High Desert Water Bank and turf replacement on commercial industrial and institutional properties.

Summary of Outreach Completed

All LC Conservation Program projects were discussed with and received input from the Colorado River Ad-hoc Committee.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The following program that is the subject of this action was previously evaluated by the Board on October 22, 2002. The Board acted as a responsible agency and certified that it reviewed and considered the information in the Palo Verde Irrigation District's 2002 Final Environmental Impact Report and adopted the Lead Agency's findings, and authorized entering into agreements for the Palo Verde Irrigation District Land Management, Crop Rotation, and Water Supply Program.

The proposed action to extend an agreement and provide funding for the following program represents a minor modification that relates solely to the fiscal and administrative aspects of this program. Thus, the previous environmental documentation acted on by the Board in conjunction with this following program fully complies with CEQA and the State CEQA Guidelines, and no further CEQA review is required for the proposed action.

CEQA determination for Option #2:

None required

Details and Background

Background

The 2021 Bipartisan Infrastructure Law and the 2022 Inflation Reduction Act funded water management and conservation efforts to relieve drought conditions in the western United States, with a focus on the Colorado River. The Department of the Interior, through Reclamation, created the LC Conservation Program to increase system conservation and efficiency opportunities to address drought impacts in the Lower Colorado River Basin. Similar conservation programs are being developed in the Upper Colorado River Basin. The LC Conservation Program provides funding opportunities for voluntary participation to increase system conservation.

On December 20, 2023, Metropolitan entered into a System Conservation Implementation Agreement with Reclamation to fund Metropolitan's PVID Fallowing Program. Under this agreement, Reclamation is fully reimbursing Metropolitan for creating Colorado River system water from water conserved with the PVID Program. The system water is being created by participating farmers fallowing acres at the fallowing level of 100 percent of their maximum fallowing commitment, which started August 1, 2023, and includes fallowing of Metropolitan-owned lands based on the terms included in the lease agreements. The conserved water remains in Lake Mead as system water. Participation is continuing at 100 percent fallowing through July 31, 2026.

Extension of PVID Program Participation in the LC Conservation Program

As a part of the LC Conservation Program, Reclamation is willing to extend the December 20, 2023, Palo Verde Irrigation District System Conservation Implementation Agreement. The current agreement ends on July 31, 2026, and this extension would continue fallowing land for system conservation purposes through December 31, 2026. Metropolitan would make a fallowing call for the 2026-27 PVID Program year based on its own expected needs during that period. Landowners would be given the opportunity to volunteer to fallow up to 100% of their maximum fallowing commitment for the five additional months, and MWD would also have the option to enroll acreage from MWD-owned lands. Landowners that choose not to fallow additional land under the extension will be fallowing at the level of Metropolitan's call for the 2026-27 Program year. Metropolitan will seek any necessary forbearance from the California Section 5 contractors. Additionally, Metropolitan would have the option of diverting water saved in an amount equal to Metropolitan's then-current fallowing call for the 5-month period, if needed, instead of providing the water to Lake Mead as system water.

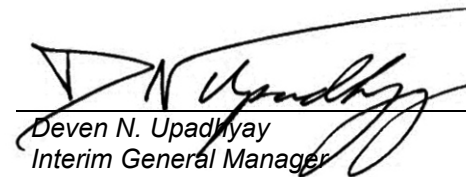
Metropolitan would continue to administer the program and receive payment of \$400 per AF from Reclamation for any water left in Lake Mead as system conservation.

The material terms of the proposed agreement are summarized in **Attachment 1**.

Project Milestone

Metropolitan will make a following call for the 2026-27 Program year based on Metropolitan’s expected needs during that period. Metropolitan would administer any additional voluntary enrollment in the 5-month period covered by this extension and will invoice Reclamation for the following under the terms of the agreement.

	1/10/2025
_____ Brandon J. Goshi, Interim Manager, Water Resource Management	Date

	1/10/2025
_____ Deven N. Upadhyay Interim General Manager	Date

Attachment 1 – Term Sheet for Extension of the PVID System Conservation Implementation Agreement

Ref# wrm12704848

Term Sheet for PVID System Conservation Implementation Agreement Extension

1. Farmers participating in the Metropolitan-PVID fallowing program may choose to voluntarily fallow lands above Metropolitan's fallowing call for that period, up to an equivalent of a 100 percent fallowing call, for the full five-month period of August 1, 2026, to December 31, 2026.
2. Metropolitan would administer the program and any voluntary enrollment. Reclamation would make payments to Metropolitan of \$400 per AF of conserved water left in Lake Mead between August 1, 2026, and December 31, 2026. Reclamation would pay Metropolitan before Metropolitan makes payments to Palo Verde farmers.
3. For the fallowing amount above the fallowing call that will be left in Lake Mead as system water, Palo Verde farmers and the Palo Verde community would share the \$400/AF payment. PVID would dedicate \$15 per AF from the \$400/AF for funding community improvement in the Palo Verde Valley. For calculating payments to farmers, the payment will use the remaining \$385/AF and a yield of 1.39 AF per acre for the period of August 1, 2026, through December 31, 2026, leading to a maximum payment of \$535.15 per acre. The 1.39 AF per acre equates to the 5-year average total water savings from fallowing during the months of August through December.
4. For the fallowing amount equal to the fallowing call, Palo Verde farmers would receive the then current fallowing price in the existing PVID-Metropolitan forbearance and fallowing program agreement. The additional federal funding would be shared between Metropolitan and the Palo Verde community. Metropolitan would dedicate an amount equal to the total amount that PVID decides to dedicate for funding community improvement in the Palo Verde Valley.
5. Metropolitan would have the option of diverting water saved in an amount equal to the fallowing call, if needed, or providing it as system conservation to Lake Mead. Metropolitan would receive federal funding for any water left in Lake Mead as system conservation.
6. The community funds would be used for local community improvements in the Palo Verde Valley as agreed to by Metropolitan and PVID.
7. Metropolitan would have the same voluntary option to fallow its land up to the maximum fallowing call, and Metropolitan would receive payments from Reclamation as the landowner.
8. Maximum fallowing calls during the LC Conservation Program would not count against Metropolitan's limit of ten total maximum fallowing calls during the term of the PVID-Metropolitan forbearance and fallowing agreement, as provided for in the existing PVID-Metropolitan and Metropolitan-landowner agreements.
9. On January 1, 2027, the fallowing level will revert to the fallowing call for that period for all farmers in the Palo Verde Valley and remain there for the rest of the contract year (through July 2027).



One Water and Stewardship Committee

Extension of Colorado River System Conservation Agreement

Item 7-4

January 13, 2025

Item 7-4

Authorize Colorado River System Conservation Agreements

Subject

Authorize extension of Metropolitan's existing Colorado River System Conservation Agreement with U.S. Bureau of Reclamation to fund Metropolitan's PVID Following Program; and adopt CEQA determination that the environmental effects of the conservation efforts in Palo Verde Irrigation District are the subject of a proposed action that was previously addressed in various CEQA documents and related actions.

Purpose

To obtain Board approval for an agreement allowing water conserved by Metropolitan to be added to Lake Mead under Reclamation's LC Conservation Program.

Recommendation and Fiscal Impact

Authorize entering into an agreement to extend the duration of the existing agreement to generate Colorado River system water through the PVID following program, generating up to an additional 36,066 AF of system water in 2026.

In addition to reduced budgeted expenditures of \$2.5 million, Metropolitan would see increased net revenue of about \$2.8 million from following land owned by Metropolitan.

Budget

Not budgeted. Metropolitan would benefit from reduced budgeted expenditures and additional net revenue of approximately \$5.3 million in 2026.

Two Separate Requests for Proposals Funded by the Inflation Reduction Act

Bucket 1

- Short-term projects with short-term benefits
 - Immediate implementation
 - Elevation protection



Bucket 2

- Long-term projects with multi-year benefits
 - Improving system efficiency
 - Reducing long-term demand



Background



Extension of PVID Following Program for System Conservation

Terms Specific to Extension

- ❖ Duration: August 1, 2026 – December 31, 2026
- ❖ Yield: 1.39 AF/acre
- ❖ Voluntary enrollment for the fixed five-month period

Continuation of Existing Terms

- ❖ Federal funding: \$400/AF
- ❖ Metropolitan administers the program
- ❖ Community funding

5-Month Voluntary Fallowing in Addition to Metropolitan Fallowing Call



Blue - Fallowing Call
Green - Voluntary Fallowing

Solid - MWD Supply
Striped - System Conservation Eligible

Summary



Future Budget Benefit

~\$2.5 million in reduced program expenditures

+

~\$2.8 million in additional net revenue



System Water Creation

Create up to 36,066 AF of System Water in Lake Mead

Next Steps,
Pending
Board
Approval

1

Execute agreement

2

Obtain forbearance

3

Amend Implementing Agreement
with PVID

Board Options

- Option #1

Authorize extension of Metropolitan's existing Colorado River System Conservation Agreement with U.S. Bureau of Reclamation to fund Metropolitan's PVID Fallowing Program; and adopt CEQA determination that the environmental effects of the conservation efforts in Palo Verde Irrigation District are the subject of a proposed action that was previously addressed in various CEQA documents and related actions

- Option #2

Direct the General Manager not to enter into the agreement under the proposed terms.

Staff Recommendation

- Option #1





- **Board of Directors**
Legal and Claims Committee

1/14/2025 Board Meeting

7-5

Subject

Report on Nevada Environmental Response Trust Site (former Tronox Site) in Henderson, Nevada and authorize an increase of \$150,000 to an amount not to exceed \$450,000 for an existing contract with GeoPentech Inc. for consulting services; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

With GeoPentech Inc.'s (GeoPentech) assistance over the past 20 years, Metropolitan has been monitoring and providing input on the investigation and remediation of the Nevada Environmental Response Trust (NERT or the Trust) Site, the nearby Endeavour Site, and the associated perchlorate groundwater plumes in Henderson, Nevada. The NERT Site (formerly owned by Tronox Inc.) and the Endeavour Site (formerly owned by American Pacific Corporation (AMPAC)) are two major sources of perchlorate in the Colorado River. This letter requests an increase in the maximum amount payable under contract with GeoPentech for consulting services by \$150,000 to a maximum amount of \$450,000. Since October 2009, Metropolitan has paid GeoPentech approximately \$267,008 for its consulting services. Staff is requesting an additional \$150,000 to continue this ongoing work.

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

Staff Recommendation: Option #1

Option #1

Authorize an increase of \$150,000 to an amount not to exceed \$450,000 for an existing contract with GeoPentech Inc. for consulting services.

Fiscal Impact: \$150,000 for the authorized consulting services funded within the FY 2024/2025 budget.

Business Analysis: Approval will provide Metropolitan with specialized consulting services to work with the Trust, the Nevada Division of Environmental Protection (NDEP), and the U.S. Environmental Protection Agency (EPA) to protect the Colorado River from perchlorate contamination from the NERT Site (former Tronox Site) and the Endeavour Site (former AMPAC/PEPCON Site) in Henderson, Nevada.

Option #2

Do not amend the contract for consulting services with GeoPentech Inc.

Fiscal Impact: Unknown.

Business Analysis: Metropolitan would not have access to specialized expertise on key hydrogeologic issues while working with the Trust, NDEP, and EPA to protect the Colorado River from perchlorate contamination originating in Henderson, Nevada.

Applicable Policy

Metropolitan Water District Administrative Code Section 6431: Authority to Obtain Expert Assistance

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

The last increase in the maximum amount payable in the contract for consulting services with GeoPentech for the *In Re Tronox Incorporated, et al.* matter was approved by the Board more than 7 years ago in August 2017. The maximum amount payable was increased by \$100,000 to \$300,000 on August 15, 2017.

Summary of Outreach Completed

At the time of Tronox's bankruptcy, due to concern that there would be inadequate funding to clean up the NERT Site after the bankruptcy, Metropolitan contacted the Southern Nevada Water Authority (SNWA) and the Central Arizona Water Conservation District (CAWCD) and formed the "Colorado River Authorities." This enabled the three agencies to participate in the bankruptcy action and help ensure the bankruptcy settlement provided sufficient funds to fully remediate the NERT Site, as well as resulted in their designation as stakeholders in the cleanup of the NERT Site. Also, the CAWCD supports Metropolitan's effort to include California maximum contaminant levels (MCLs) for perchlorate and hexavalent chromium as cleanup requirements at the NERT Site and agrees the MCLs of downstream states should be protected as part of the site cleanup. In addition, Metropolitan staff recently discussed the NERT Site with the Colorado River Board of California, which is interested in getting more involved with monitoring the cleanup of the NERT Site and its potential impact on Colorado River water quality.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it will not result in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. (State CEQA Guidelines Section 15378(a).)

CEQA determination for Option #2:

None required

Details and Background

Background

Since 2004, GeoPentech has provided Metropolitan with specialized geologic and hydrogeologic expertise regarding perchlorate issues affecting the Colorado River. Perchlorate was first discovered in the Colorado River in 1997 at Metropolitan's Colorado River Aqueduct (CRA) intake at Lake Havasu and traced back to the Las Vegas Wash and the NERT and Endeavour Sites in Henderson, Nevada. The NERT Site was constructed by the U.S. Department of Defense during World War II and used for the production of military supplies and various other products over many years, resulting in significant contamination of the site and the underlying groundwater with perchlorate and hexavalent chromium, among other contaminants. Kerr-McGee Chemical Company (Kerr-McGee) owned and operated the NERT Site for several years. From 2000 through March 2006, Kerr-McGee engaged in a process of corporate reorganization that resulted in the creation of Tronox as a spin-off successor corporate entity.

In January 2009, Tronox filed for bankruptcy in the Southern District of New York. As part of the bankruptcy proceedings, there was litigation between Kerr-McGee and Tronox (the Adversary Action). In 2014, the Adversary Action settled. As part of the settlement, the Trust received \$1.1 billion to clean up the NERT Site and the contamination emanating from the site. Metropolitan (with the assistance of GeoPentech) and the other Colorado River stakeholders (CAWCD and SNWA) continue to monitor: (1) the Trust's use of the settlement money, and (2) the investigation and remediation of the perchlorate contamination originating at the NERT Site and at the nearby Endeavour Site.

The Endeavour Site (formerly the AMPAC site) was built in 1958 and specialized in the production of ammonium perchlorate, a chemical primarily used for rockets and missiles. Perchlorate and other contaminants are in the groundwater under the Endeavour Site and are migrating towards the Las Vegas Wash. Endeavour, LLC (Endeavour) was formed in 2015 and took over from AMPAC the ongoing remediation of the groundwater.

Perchlorate concentrations in the Las Vegas Wash have decreased by more than 90 percent since remediation activities began at the NERT and Endeavour Sites. Also, perchlorate levels at the CRA intake at Lake Havasu have similarly declined from 9 micrograms per liter ($\mu\text{g/L}$) in 1998 to typically less than 2 $\mu\text{g/L}$ since 2006. This is below California's current MCL for perchlorate of 6 $\mu\text{g/L}$, which was established in October 2007. In February 2015, California lowered the public health goal (PHG) for perchlorate from 6 $\mu\text{g/L}$ to 1 $\mu\text{g/L}$. California's detection limit for purposes of reporting (DLR) for perchlorate was lowered from 4 $\mu\text{g/L}$ to 2 $\mu\text{g/L}$ on July 1, 2021, and to 1 $\mu\text{g/L}$ on January 1, 2024. This could possibly result in California's MCL for perchlorate being set at a lower number in the near future since the MCL must be set as close to the PHG as is technologically and economically feasible. In addition, EPA must propose an MCL for perchlorate by November 2025 and finalize the MCL by May 2027. Metropolitan is closely monitoring these federal and California regulatory developments for perchlorate, and GeoPentech is assisting by evaluating the feasibility of the Trust's ongoing and planned remedial activities to achieve California's existing and potential future regulatory levels for perchlorate.

GeoPentech's Technical Expertise

GeoPentech is helping Metropolitan by analyzing various significant technical issues to determine the most efficient and cost-effective methods to investigate and remediate the NERT Site, as well as assessing the possible commingling of the perchlorate plumes from the NERT and Endeavour Sites. Metropolitan requires the professional services of GeoPentech to provide geologic and hydrogeologic technical services, including their knowledge base of the site conditions developed over the past 20 years, to evaluate the investigation process and remedial options for both the NERT Site and the Endeavour Site because Metropolitan does not have this level of specialized in-house expertise.

Remediation of the NERT Site

After perchlorate in the Colorado River was traced to the NERT Site, Kerr-McGee began operating a temporary treatment system to clean up the perchlorate-impacted groundwater. In 2002, the treatment system was replaced with a groundwater extraction and treatment system that still operates at the site. In compliance with the Comprehensive Environmental Response, Compensation, and Liability Act (also commonly known as CERCLA or Superfund), the Trust started a remedial investigation at the NERT Site in 2014. The objectives of the remedial investigation are to characterize the conditions of the site, including the nature and extent of contamination. The NERT remedial investigation study area extends north from the NERT Site towards the Las Vegas Wash and has been divided into three Operable Units (OUs). (See **Attachment 1**.) NERT will use the information from the remedial investigations, the risk assessments, the groundwater flow and transport model, and the pilot and treatability studies to conduct the feasibility studies for all three OUs, which will provide the basis for selecting the final remedy for the entire NERT remedial investigation study area. The final remedy is subject to review and approval by NDEP, which is the lead agency for the NERT Site, with input from both EPA, the support agency for the NERT Site, and project stakeholders, including Metropolitan.

Use of California's MCLs as Cleanup Standards

NERT submitted its initial Remedial Investigation Report for OU-1 and OU-2 to NDEP and EPA in July 2021. GeoPentech helped Metropolitan to review and prepare comments on NERT's report. NDEP agreed with several of Metropolitan's comments, including that NERT should use California's PHG of 1 $\mu\text{g/L}$ for perchlorate and MCL for total chromium of 50 $\mu\text{g/L}$ in drinking water as to-be-considered (TBC)¹ criteria for remedial action objectives (RAOs) given that those objectives "focus on achieving the Trust's overarching objective of protecting

¹ "The 'to be considered' (TBC) category consists of advisories, criteria, or guidance that were developed by EPA, other federal agencies, or states that may be useful in developing CERCLA remedies." 40 C.F.R. § 300.400(g)(3).

the Las Vegas Wash and downstream interests over a long-time frame (i.e., greater than five years)” and “help achieve out-of-state MCLs at downstream state boundaries.” (See **Attachment 2.**) However, NERT refused to use these California standards in connection with its cleanup objectives.

With GeoPentech’s assistance, Metropolitan then explained to NDEP and EPA that California’s PHG of 1 µg/L for perchlorate and proposed MCL of 10 µg/L for hexavalent chromium should be used as TBC criteria in order to protect human health and the environment downstream in California. In addition, Metropolitan could face significant potential liability as a result of the perchlorate from the NERT Site getting into Metropolitan’s water supply. For example, in 2008, defendants in the Orange County Water District’s (OCWD’s) groundwater contamination lawsuit filed cross-claims against Metropolitan based on Metropolitan’s sale of water containing perchlorate to OCWD for replenishment purposes. As explained above, the source of the perchlorate in Metropolitan’s Colorado River water was the NERT and Endeavour Sites.

Consequently, NDEP and EPA directed NERT to use California’s MCLs of 6 µg/L for perchlorate and 50 µg/L for total chromium as environmental standards that NERT’s cleanup actions must achieve (also called Applicable or Relevant and Appropriate Requirements or ARARs) and California’s PHG for perchlorate of 1 µg/L and California’s proposed MCL of 10 µg/L for hexavalent chromium as TBCs for cleanup objectives at the California state line. Despite this clear direction, NERT did not include any reference to out-of-state MCLs in its August 15, 2023, revised Remedial Investigation Report for OU-1 and OU-2. In response, on November 16, 2023, Metropolitan submitted comments (which CAWCD joined) on NERT’s revised Remedial Investigation Report for OU-1 and OU-2 expressing Metropolitan’s significant concern that NERT had improperly removed from the revised report all references to achieving out-of-state MCLs at downstream state boundaries, including compliance with California’s MCLs for perchlorate and total chromium.

NDEP agreed with Metropolitan that NERT’s August 15, 2023, revised Remedial Investigation Report for OU-1 and OU-2 did not acceptably address the agencies’ comments. However, NDEP directed NERT to use California’s MCL of 6 µg/L for perchlorate and California’s MCL of 50 µg/L for total chromium as TBCs (not as ARARs, which are more stringent cleanup standards), with NDEP acknowledging that this “is a modification from the previous directive.” Nevertheless, Metropolitan’s position remains that it is extremely important that NDEP and EPA require NERT to clean up the NERT Site so that California’s MCLs of 6 µg/L for perchlorate and 10 µg/L for hexavalent chromium be met at California’s state line, and perchlorate and hexavalent chromium do not continue to migrate into California.

Upcoming Tasks

NERT is currently developing the feasibility study for OU-1 and OU-2. The feasibility study evaluates whether various potential remediation methods can achieve the RAOs, comply with ARARs, and consider TBC criteria. Thus, GeoPentech’s expertise and tenure supporting Metropolitan with the NERT Site will be essential in helping Metropolitan to review and provide input on the feasibility study. The major tasks for which GeoPentech is providing important, specialized geologic and hydrogeologic expertise for at least the next couple of years and the estimated time that GeoPentech will spend on each task are set forth in the table below.

TASK	PURPOSE	GEOPEENTECH’S ESTIMATED TIME
Feasibility Study Report for OU-1 and OU-2	Evaluates whether various potential remediation methods can achieve the remedial action objectives, comply with ARARs, and consider TBC criteria.	40-60 hours
Remedial Investigation Report for OU-3	Defines the nature and extent of the contamination within OU-3, and potential for contaminants to migrate into the Las Vegas Wash.	40-60 hours

TASK	PURPOSE	GEOPENTECH'S ESTIMATED TIME
Phase 7 Groundwater Model	Will be used to evaluate the effectiveness of various cleanup methods in preventing contamination from reaching the Las Vegas Wash and the downstream Colorado River.	40-60 hours
Annual Meeting and Site Visit	Meet with NERT, NDEP, EPA, and other stakeholders in person to discuss the NERT Site remedial investigation and potential cleanup methods and tour the NERT Site.	20 hours/year
OU-3 Treatability Studies	Studies which are conducted in the lab or the field to assess the effectiveness of different remediation technologies on contaminated soil or groundwater.	24 hours
Proposed Plan for OU-1 and OU-2	Summarizes the proposed remediation alternatives and highlights the key factors that lead to identifying the final remediation methods.	40-60 hours
Other NERT/Endeavour Issues	Periodic reports, meetings, and correspondence regarding various issues relating to the investigation and cleanup at each site.	24 hours/month

GeoPentech's technical review and assistance with these tasks will greatly assist Metropolitan in providing critical input to the Trust, NDEP, and EPA, which will help ensure that the final remediation plan eventually selected for the NERT Site will: (1) fully address contaminants in both the soil and groundwater originating at and emanating from the site; (2) focus on necessary short- and long-term actions that will ensure full protection of the Las Vegas Wash and the downstream Colorado River; and (3) consider California's drinking water standards.

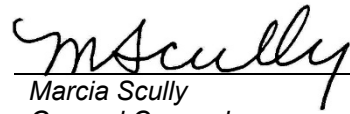
Remediation of the Endeavour Site

From 1997 to 2004, AMPAC installed several groundwater monitoring wells in areas adjacent to and downgradient from the Endeavour Site in order to determine the location of perchlorate in the groundwater. In June 2006, AMPAC began operating a treatment system to clean up perchlorate in the groundwater and prevent migration of perchlorate into the Las Vegas Wash. Subsequently, in 2015, Endeavour took over from AMPAC the operation of the treatment facility and the ongoing perchlorate remediation.

NERT's position is that Endeavour's perchlorate plume commingles with NERT's perchlorate plume in the northern part of OU-2 and in OU-3. (See **Attachment 3**.) However, Endeavour disagrees with NERT's claim that the two perchlorate plumes are commingling and says NERT's position is not supported by the data. In addition, Endeavour asserts that NERT overstates the amount of perchlorate from the Endeavour Site which gets into the Las Vegas Wash. Metropolitan, with GeoPentech's assistance, will continue to review and evaluate NERT's and Endeavour's reports and will work with NDEP and EPA to ensure that both sites take necessary and appropriate actions to prevent perchlorate from entering the Las Vegas Wash and the Colorado River.

Requested Board Action

During the next several years, as the parties and the agencies work together to determine and implement the final remedy for the NERT Site and decide how best to address the Endeavour Site's contribution of perchlorate to the Las Vegas Wash, GeoPentech's geologic and hydrogeologic expertise in evaluating the various cleanup options will be invaluable. In order to fund GeoPentech's continued participation in this critical work, this letter requests Board authorization to increase the authorized payment pursuant to the contract with GeoPentech by \$150,000 to a maximum amount of \$450,000.



Marcia Scully
General Counsel

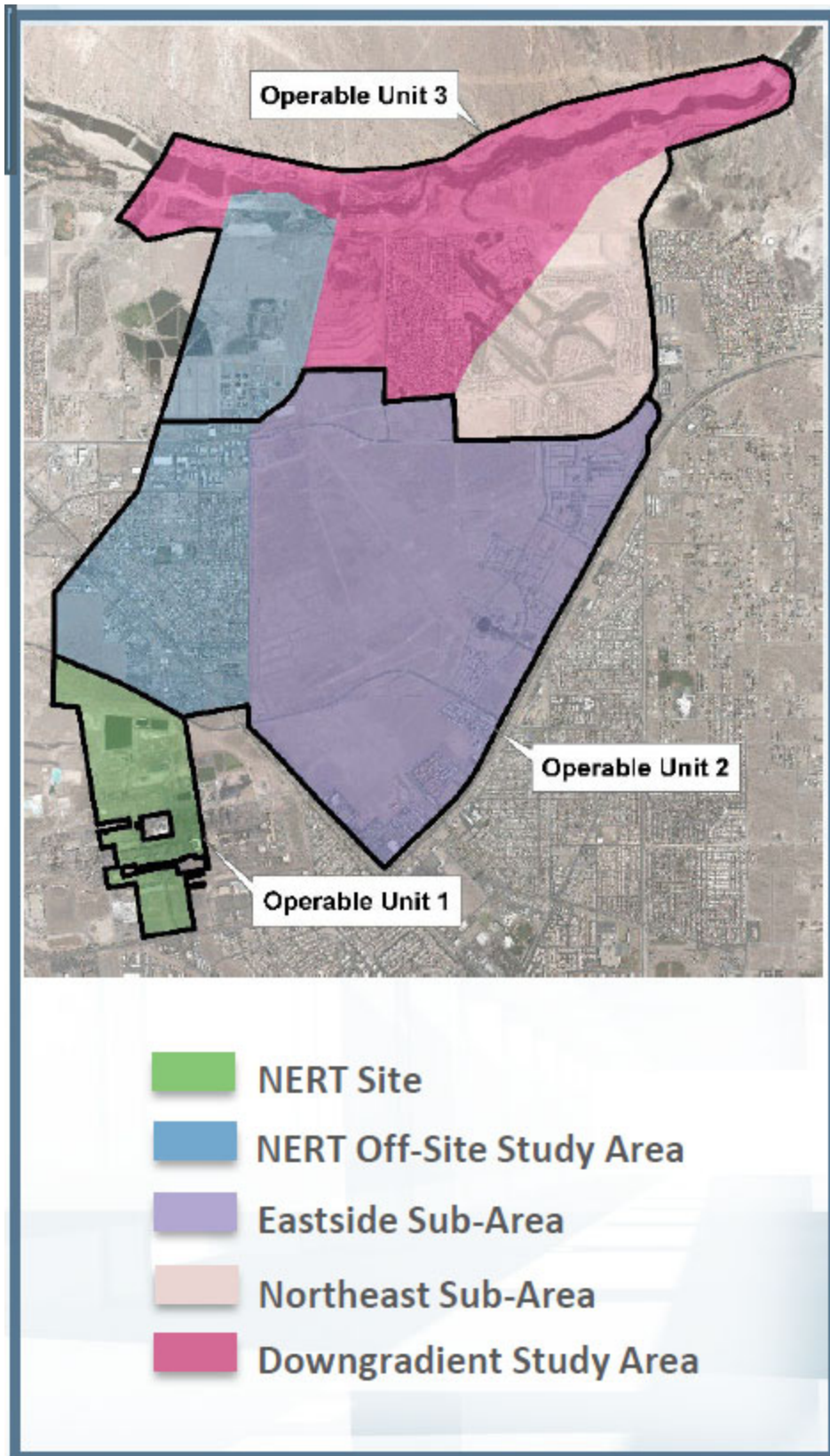
12/26/2024
Date

Attachment 1 – Map of NERT Site and OUs

Attachment 2 – Remedial Action Objectives

Attachment 3 – NERT and Endeavour Perchlorate Plumes

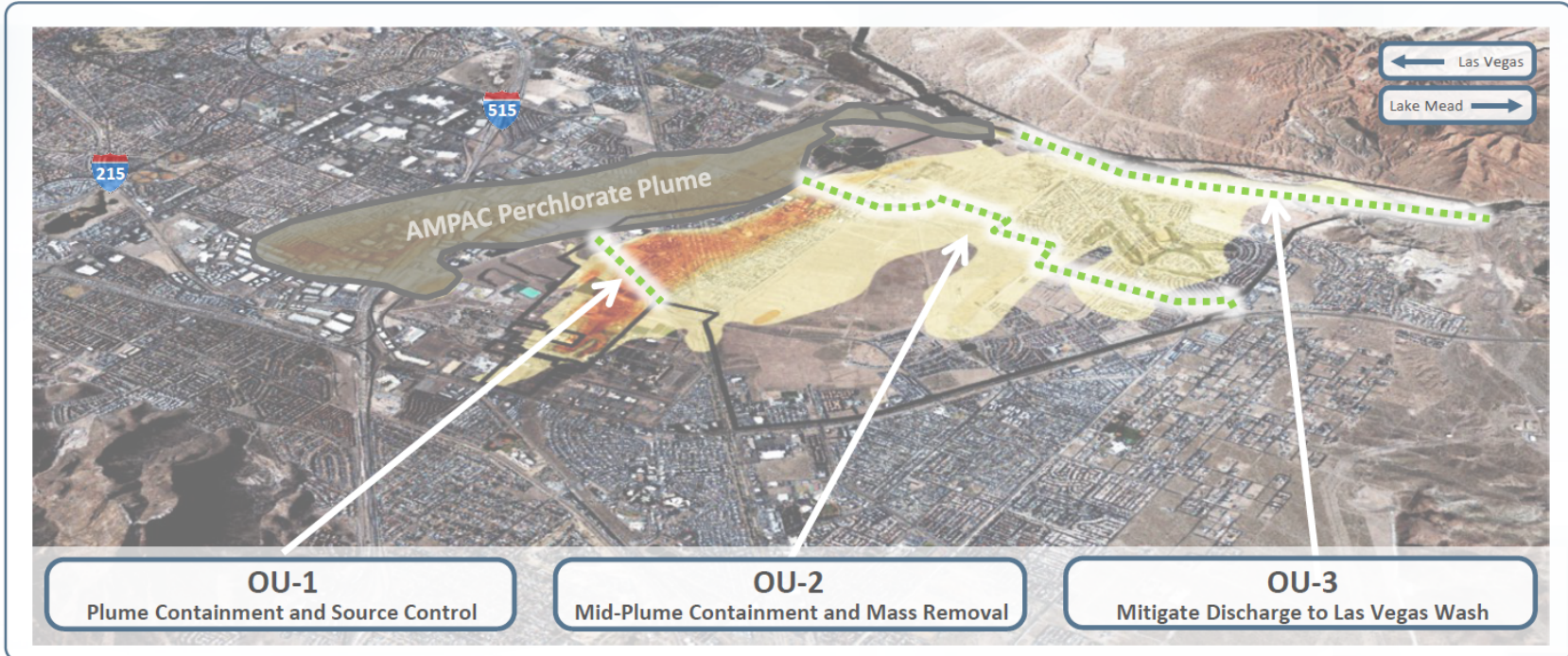
Ref# 112697554



Source: Nevada Environmental Response Trust

NERT REMEDIAL PROGRAM SUMMARY

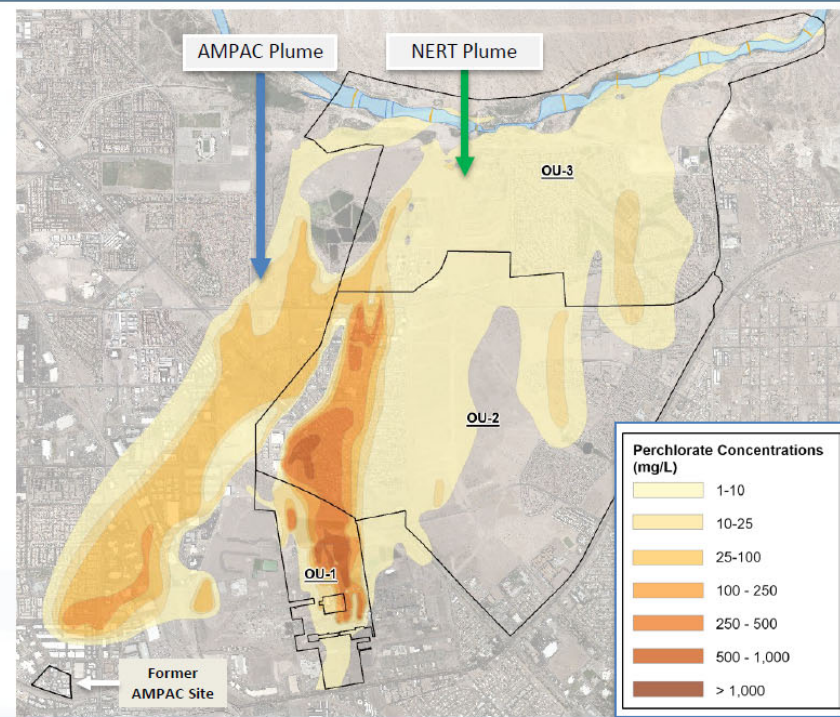
REMEDIAL ACTION OBJECTIVES (RAOs)



OU-3 REMEDIAL INVESTIGATION: DELINEATION OF NERT PERCHLORATE

SHALLOW PERCHLORATE PLUMES

- AMPAC perchlorate plume commingles with the NERT perchlorate plume in northern OU-2 and in OU-3
- NERT plume was delineated in OU-3 RI using the following lines of evidence:
 - Particle tracking using the approved Phase 6 groundwater model
 - Relative proportion of perchlorate vs chlorate in the plumes
 - Extent of chlorate and chromium plumes





Legal & Claims Committee

Report on Nevada Environmental Response Trust Site and Request to Increase GeoPentech's Contract

Item 7-5

January 14, 2025

Item # 7-5

NERT Site Update and Continued Consulting Services

Subject

Report on Nevada Environmental Response Trust Site and request to increase GeoPentech's contract from \$300,000 to \$450,000

Purpose

Provide update on site investigation and remediation status and request additional funds to support consultant's current and anticipated future work

Item # 7-5

Continued Consulting Services on Key Hydrogeologic Issues

Recommendation

Authorize increase in GeoPentech's contract from \$300,000 to \$450,000

Fiscal Impact

\$150,000 for the authorized consulting services within the FY 2024/2025 budget

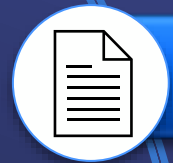
Budgeted

Funding Source: Legal Department Budget

Presentation Length

11 minutes

Overview



Background – Tronox & AMPAC Sites



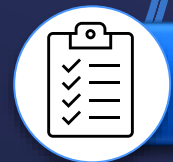
GeoPentech's Technical Expertise



Tronox/NERT Site Remediation



AMPAC/Endeavour Site Remediation



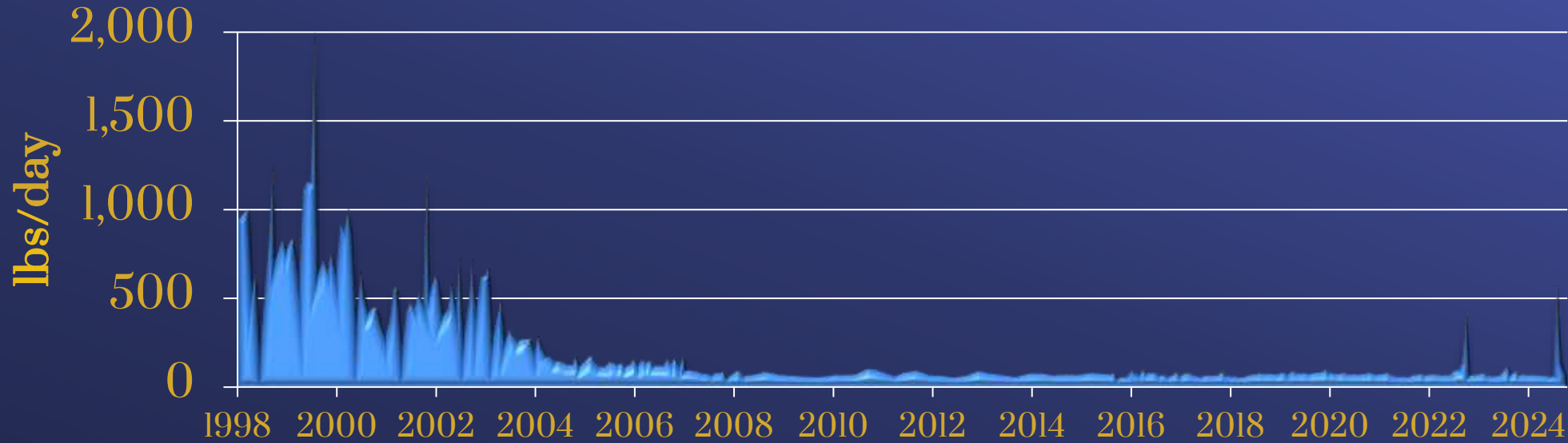
Next Steps

Background

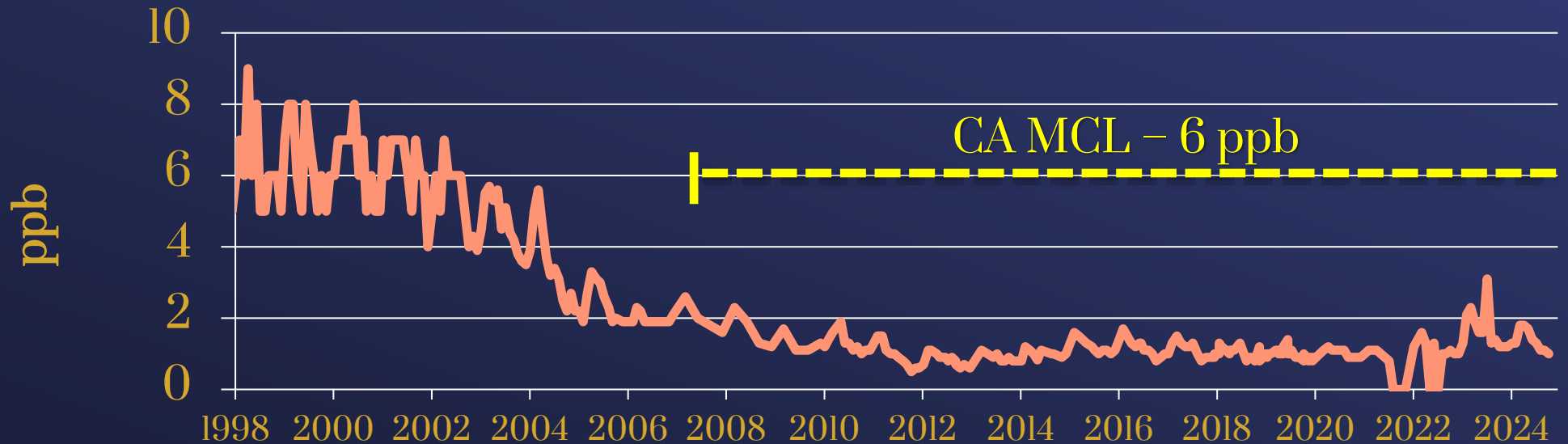
Perchlorate Plumes in Henderson, NV



Continued Decline in Perchlorate Levels

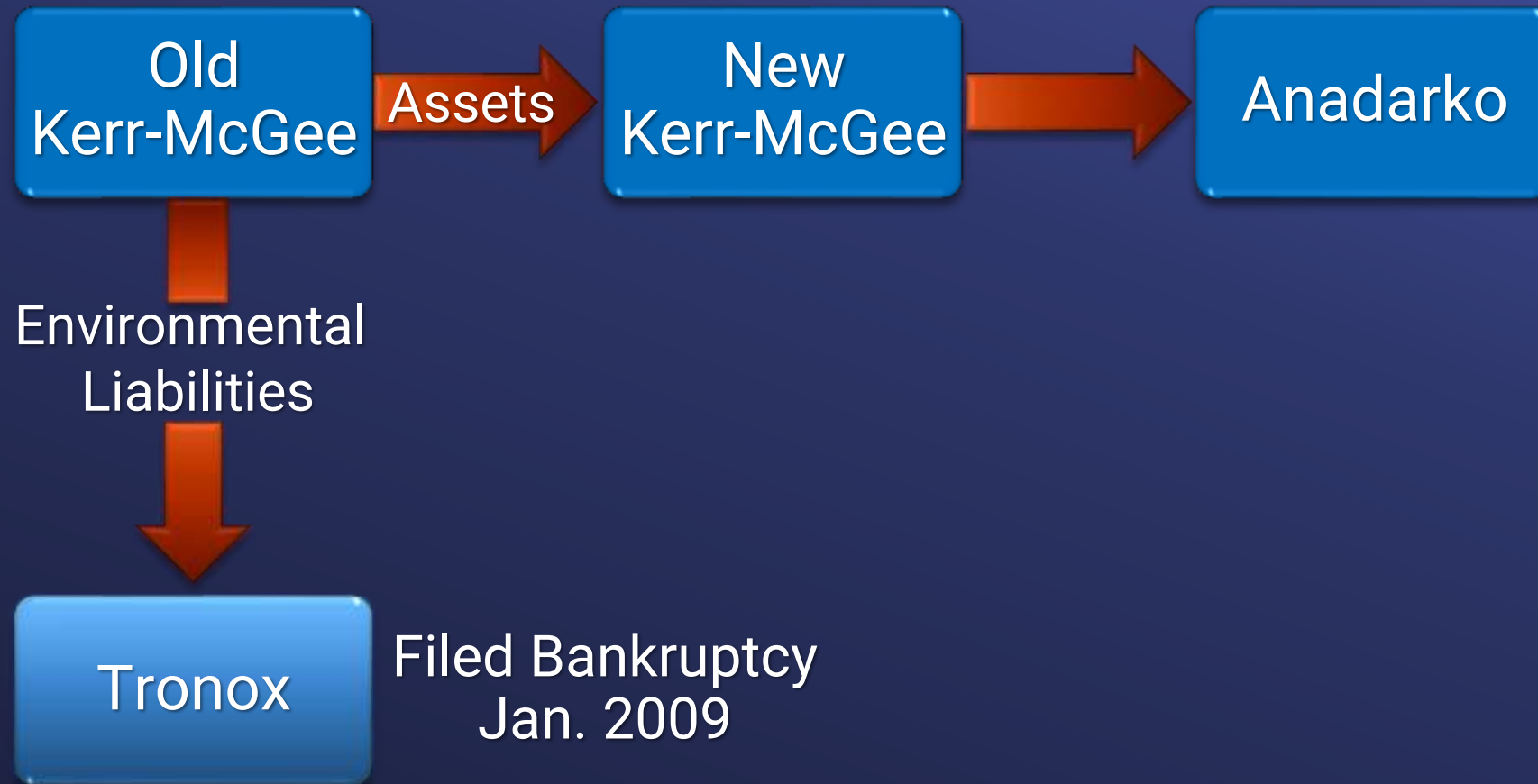


*Loading
into Las
Vegas
Wash*



*Levels at
CRA intake
at Lake
Havasu*

Kerr-McGee's Reorganization



Tronox Bankruptcy and Adversary Action



Background

- May 2009: Tronox sued Anadarko & Kerr-McGee
- February 2011: Tronox bankruptcy settled
 - \$81 million Nevada Environmental Response Trust (NERT) formed
- April 2014: Adversary Action settled
 - \$1.1 billion for NERT Site
- Regulatory agencies: NDEP and EPA

GeoPentech's Technical Services

- Extensive historical knowledge of NERT Site
- Specialized geologic and hydrogeologic expertise
 - Review technical documents and treatment options
 - Evaluate most efficient and cost-effective cleanup methods



NERT Site Investigation and Remediation

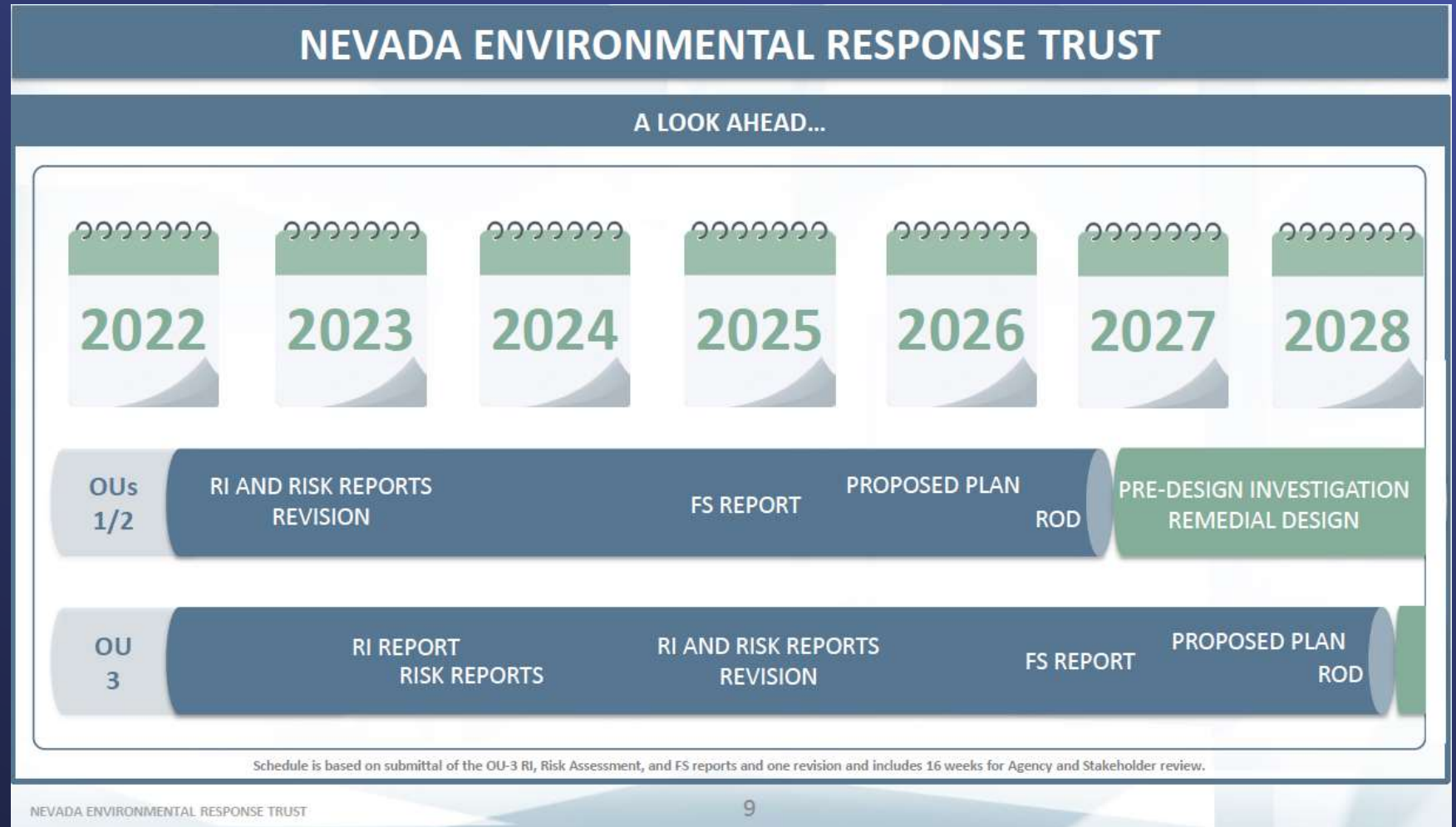
NERT Pump & Treat System



- Operation of groundwater pump and treat system
- Groundwater model updates
- Remedial investigation reports
 - Use of California's MCLs as cleanup standards

NERT Site Investigation and Remediation

GeoPentech's Assistance



NERT Site Investigation and Remediation

NERT Site Operable Units



Endeavour's Groundwater Treatment System



Endeavour Site Investigation and Remediation

- 2006: AMPAC began operating a groundwater treatment system
- 2015: Endeavour took over treatment facility and perchlorate remediation
- Present to ~2033: Source area onsite
- ~2033 to ~2043: Las Vegas Wash

GeoPentech's Assistance

Next Steps

- Continue to review and comment on investigation and remediation activities and reports
- Continue to participate in Stakeholder meetings and technical workshops
- Work with NDEP and EPA

Board Options

- **Option #1**

Authorize an increase of \$150,000 to an amount not to exceed \$450,000 for an existing contract with GeoPentech, Inc. for consulting services

- **Option #2**

Do not amend the contract for consulting services with GeoPentech, Inc.

Staff Recommendation

- Option #1

Authorize an increase of \$150,000 to an amount not to exceed \$450,000 for an existing contract with GeoPentech, Inc. for consulting services





- **Board of Directors**
Legal and Claims Committee

1/14/2025 Board Meeting

7-6

Subject

Report on litigation in Darren A. Reese v. Metropolitan Water District of Southern California, Riverside County Superior Court Case No. CVPS2204312, and authorize increase in the maximum amount payable under a contract for legal services with Seyfarth Shaw LLP in the amount of \$150,000 for a total amount not to exceed \$900,000; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

This is a request from the General Counsel's Office to authorize an increase in the amount payable under a contract with Seyfarth Shaw LLP (Seyfarth) in Darren A. Reese v. Metropolitan Water District of Southern California, an employment case filed in Riverside County Superior Court in October 2022. The case resolved shortly before the October 2024 trial. In November 2024, the court entered dismissal of the case with prejudice. The requested contract increase of \$150,000, to a contract maximum not to exceed \$900,000, would fund Seyfarth's last portion of work on the case, including in connection with pre-trial motions, final discovery, settlement negotiations, and completing the settlement.

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

Staff Recommendation: Option #1

Option #1

Authorize increase in the maximum amount payable under a contract for legal services with Seyfarth Shaw LLP for Darren A. Reese v. Metropolitan Water District of Southern California, Riverside County Superior Court Case No. CVPS2204312, in the amount of \$150,000 for a total amount not to exceed \$900,000.

Fiscal Impact: Additional legal costs of \$150,000 funded by the self-insured retention fund.

Business Analysis: The requested increase would fund Seyfarth's last portion of work on the case, including completing settlement.

Option #2

Do not authorize the requested increase in the contract with Seyfarth Shaw LLP.

Fiscal Impact: None

Business Analysis: Metropolitan would not pay Seyfarth for work performed to Metropolitan's benefit, which the General Counsel's Office has determined was appropriate.

Alternatives Considered

Not applicable

Applicable Policy

Metropolitan Water District Administrative Code Section 6430(d): Powers and Duties (employment of attorneys)

Metropolitan Water District Administrative Code Section 6431: Authority to Obtain Expert Assistance (including special counsel)

Metropolitan Water District Administrative Code Section § 6433(e): Authority to Litigate, Compromise and Settle Claims by and Against the District

Metropolitan Water District Administrative Code Section § 11104: Delegation of Responsibilities

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

Not applicable

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it will not result in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. (State CEQA Guidelines Section 15378(a)).

CEQA determination(s) for Option #2:

None required


Details and Background

Employee Darren Reese filed his lawsuit in Riverside County Superior Court in October 2022. He alleged causes of action for gender and race harassment and discrimination, retaliation, and failure to prevent harassment, discrimination, and retaliation, all under the California Fair Employment and Housing Act. The General Counsel retained the Seyfarth law firm to defend Metropolitan in the case.

Over the nearly two years of litigating the case, the parties engaged in depositions, document productions, written discovery, and motion proceedings. In June 2023, the parties participated in an unsuccessful mediation. A jury trial was scheduled for October 2024. In June 2024, Metropolitan filed a motion for summary judgment or, in the alternative, summary adjudication, requesting the dismissal of all or part of the case before trial, which was to be heard by the court in September 2024.

In late August 2024, the parties reached a resolution of the case with the assistance of the mediator who conducted the June 2023 mediation. The resolution was within the authority of the General Manager and General Counsel under the Administrative Code. On September 3, 2024, the parties jointly requested that the court cancel the October 2024 trial and pre-trial hearings. The parties engaged in the required steps to complete the settlement through November 2024. On November 25, 2024, the court dismissed the case with prejudice.

Seyfarth's final invoices include its last portion of case work, including in connection with pre-trial motions, final discovery, settlement negotiations, and settlement completion. The General Counsel's Office reviewed the final invoices and obtained Seyfarth's agreement to reasonable reductions. The requested contract increase of \$150,000, for a total amount payable under the contract of \$900,000, will complete Metropolitan's payment obligations to Seyfarth for its defense of this case. The General Counsel's Office has determined that payment of \$150,000 to fund Seyfarth's final case work is appropriate.


 Marcia Scully
 General Counsel

12/30/2024

Date



Legal and Claims Committee

Report on Reese v. MWD; and Authorize Contract Increase

Item 7-6

January 14, 2025

Item #7-6

Report and Contract Increase Request

Subject

Report on litigation in *Reese v. Metropolitan*, and authorize increase in the maximum amount payable under a contract with Seyfarth Shaw LLP in the amount of \$150,000 for a total amount not to exceed \$900,000

Purpose

Provide update on litigation and request additional funds to pay final invoices for highly qualified counsel resolve the litigation

Recommendation and Fiscal Impact

Approve contract increase of additional \$150,000 funded by the self-insured retention fund

Update

Reese v. Metropolitan

- Reese filed litigation October 2022
- June 2023 Unsuccessful Mediation
- June 2024 Metropolitan files Motion for Summary Judgment
- August 30, 2024 – parties agree to terms of settlement
- November 25, 2024 – litigation dismissed with prejudice

Request for Increase

Seyfarth Shaw LLP

- Fund last portion of work on the case, including:
 - Pretrial motions
 - Final discovery
 - Motion for summary judgment
 - Settlement negotiations
 - Settlement completion

Board Options

Option 1:

- Authorize increase in the maximum amount payable under a contract for legal services with Seyfarth Shaw LLP for Darren A. Reese v. Metropolitan Water District of Southern California in the amount of \$150,000 for a total amount not to exceed \$900,000

Option 2:

- Do not authorize the requested increase in the contract with Seyfarth Shaw LLP

Board Options

Staff Recommendation

- Option 1





- **Board of Directors**
Legal and Claims Committee

1/14/2025 Board Meeting

7-7

Subject

Authorize increase of \$200,000, to a maximum amount payable of \$600,000, for existing General Counsel contract with Olson Remcho LLP to provide general government law advice related to the Political Reform Act, the Fair Political Practices Commission regulations, conflict of interest law and other legislative and ethics matters; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

The General Counsel entered into a contract with the law firm of Olson Hagel & Fishburn LLP (Olson Hagel) on July 1, 2014, for \$50,000 to provide Metropolitan with general government law advice related to the Political Reform Act (PRA), the Fair Political Practices Commission (FPPC) regulations, conflict of interest law and other legislative and ethics matters. The firm focuses on election and political law, campaign reporting, conflicts of interest, ethics, lobbying and other public law matters. In 2020 the name of the firm was changed to Olson Remcho LLP. Lance Olson continues to perform most of the work under the contract.

Under this contract, the firm provides valuable advice and assistance to Legal and the Ethics Office on an as-requested basis. As part of the contract, the firm serves as Metropolitan's designated agent for the required electronic filing of Lobbyist Reports under the PRA, and regularly reviews and files these reports with the FPPC for Metropolitan. The firm also provides the General Counsel and, in some cases, the General Counsel and the Ethics Officer advice regarding the interpretation and requirements of the PRA and related laws applicable to public agencies and officials. The firm provided Brown Act training to the Board in January 2021 and assisted in responding to additional questions from the Board regarding the training and related matters.

The agreement was amended on November 1, 2016, to increase the maximum amount payable to \$100,000; in August 2018 by \$100,000 to a maximum amount payable of \$200,000; in July 2021 by \$100,000 to a maximum amount payable of \$300,000 and in January 2023 by \$100,000 to a maximum amount payable of \$400,000. This letter requests an increase of \$200,000 to a maximum amount payable of \$600,000 so that Olson Remcho LLP can continue to provide these legal services for Metropolitan. This agreement remains in effect until terminated. While the rate of expenditure is subject to the number and nature of matters requiring assistance from the firm, it is anticipated that the requested increase will be adequate for an additional year to 18 months.

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

Staff Recommendation: Option #1

Option #1

Authorize the General Counsel to increase the amount payable under its agreement with Olson Remcho LLP by \$200,000 to a maximum amount payable of \$600,000.

Fiscal Impact: The sum of \$200,000 is added to this agreement for the provision of the authorized legal services, funded within the FY 2024/25 budget.

Business Analysis: Metropolitan will retain the expertise needed for general government law advice including conflicts and lobbying.

Option #2

Do not authorize an increase in the maximum amount payable under this agreement with Olson Remcho LLP, effectively terminating this contract when the current funds are exhausted.

Fiscal Impact: None

Business Analysis: Metropolitan will not have access to the valuable expertise and assistance provided by this law firm.

Alternatives Considered

Not applicable

Applicable Policy

Metropolitan Water District Administrative Code Section 6430: General Counsel’s employment of attorneys to render special counsel services

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

Not applicable

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it will not result in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. (State CEQA Guidelines Section 15378(a).)

CEQA determination(s) for Option #2:

None required



Marcia Scully
General Counsel

12/27/2024

Date

Ref# 112704942



Legal & Claims Committee

Request to Authorize Increase in Special Counsel Contract for General Government Law Advice

Item #7-7

January 14, 2025

Item 7-7

Request for Contract Increase

Subject

Authorize increase of \$200,000, to a maximum amount payable of \$600,000, for existing General Counsel contract with Olson Remcho LLP to provide general government law advice related to the Political Reform Act, the Fair Political Practices Commission regulations, conflict of interest law and other legislative and ethics matters

Purpose

Request additional funds to continue engagement of highly qualified counsel

Recommendation and Fiscal Impact

Approve contract increase of additional \$200,000 funded within the FY 2024/25 budget

Special Counsel

Request for Additional Funds for Special Counsel

- Request to increase existing contract with Olson Remcho LLP
- First retained in 2014
- Increases to contract maximum authorized in 2016, 2018, 2021 and 2023

Specialized
Legal
Support

Olson Remcho LLP

- Political Reform Act (PRA)
- Fair Political Practices Commission (FPPC) Regulations
- Conflict of Interest Law
- Metropolitan's Lobbyist Reports
- Other Legislative and Ethics Matters

Board Options

- **Option #1**
Authorize the General Counsel to increase the amount payable under its agreement with Olson Remcho LLP by \$200,000 to a maximum amount payable of \$600,000.
- **Option #2**
Do not authorize an increase in the maximum amount payable under this agreement with Olson Remcho LLP, effectively terminating this contract when the current funds are exhausted.

Board Options

Staff Recommendation:

- Option 1





- **Board of Directors**
One Water and Stewardship Committee

1/14/2025 Board Meeting

8-1

Subject

Adopt a resolution to support a grant application selected to receive United States Department of the Interior, Bureau of Reclamation WaterSMART: Applied Sciences Program funding for fiscal year 2023 for an amount totaling \$390,000; authorize Metropolitan's non-federal cost share of \$130,000; and authorize the General Manager to enter a contract with the United States Department of the Interior, Bureau of Reclamation, subject to General Counsel approval; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA

Executive Summary

In October 2023, Metropolitan applied to the U.S. Department of the Interior, Bureau of Reclamation's (Reclamation) fiscal year 2023 (FY23) WaterSMART: Applied Sciences Program. Metropolitan submitted a grant application to develop publicly accessible interoperable data sets for flow and temperature for the Sacramento-San Joaquin Bay-Delta (Delta). This project is supported by the Revised Bay-Delta Policy Objectives and GM Business Plan FY 2024/2025 (Strategic Priority #3, outcome 3.2.6). On August 5, 2024, Metropolitan was notified that its submitted application is being considered for award of funds. To proceed in the agreement process, Metropolitan must obtain a resolution from the Board of Directors committing Metropolitan to the financial and contractual obligations associated with a financial assistance award. If approved, this action would adopt a resolution (**Attachment 1**) supporting Metropolitan's commitment to its financial and contractual obligations. This action also authorizes the General Manager to accept up to \$390,000 in grant funding and enter a contract with Reclamation for the WaterSMART: Applied Sciences Grants Program for FY23, subject to General Counsel approval. If authorized, Metropolitan would contribute the non-federal cost share of \$130,000 from the Bay-Delta Sciences program budget; this cost share amount will be derived from an existing budgeted program (\$90,000) and budgeted in-kind staff time (\$40,000).

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

Staff Recommendation: Option #1

Option #1

Adopt a resolution to support a grant application selected to receive United States Department of the Interior, Bureau of Reclamation WaterSMART: Applied Sciences Program funding for fiscal year 2023 for an amount totaling \$390,000; authorize Metropolitan's non-federal cost share of \$130,000; and authorize the General Manager to enter a contract with the United States Department of the Interior, Bureau of Reclamation, subject to General Counsel approval.

Fiscal Impact: The addition of \$390,000 in grant funds to existing Metropolitan funding would require Metropolitan to commit to a non-federal cost share of \$130,000. This cost share amount is from existing Metropolitan funding in the Bay-Delta Sciences budgeted program (\$90,000) and in-kind staff time (\$40,000), both of which are included in the current biennium budget.

Business Analysis: Grant funding will allow Metropolitan to leverage existing Metropolitan funding appropriated for the development of publicly accessible interoperable data sets for flow and temperature for the Delta as non-federal cost share to expedite the work and increase the amount of data collected and analyzed. This work advances the Revised Bay-Delta Policy Objectives through partnership with the Bureau of Reclamation to improve flow and temperature data used in modeling processes that support comprehensive solutions to decision-making of water and habitat management in the Delta. These datasets are necessary to explore flexible operation and water management actions and promote innovative and multi-benefit solutions.

Option #2

Do not support or accept grant funding.

Fiscal Impact: None

Business Analysis: Without the grant funds, Metropolitan would incur increased costs to implement the work.

Alternatives Considered

Not applicable

Applicable Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

By Minute 53012, dated October 11, 2022, the Board adopted the Revision and Restatement of Bay-Delta Policies.

General Manager Business Plan FY 2024-2025 (Strategic Priority #3, outcome 3.2.6)

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

Not applicable

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed actions are exempt from CEQA because they involve funding for basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes or as part of a study leading to an action that a public agency has not yet approved, adopted, or funded. (State CEQA Guidelines Section 15306.)

CEQA determination for Option #2:

None required

Details and Background

Background

Reclamation's WaterSMART (Sustain and Manage America's Resources for Tomorrow) Program provides a framework for federal leadership and assistance to stretch and secure water supplies for future generations in support of Reclamation's priorities identified in Presidential Executive Order (E.O.) 14008.

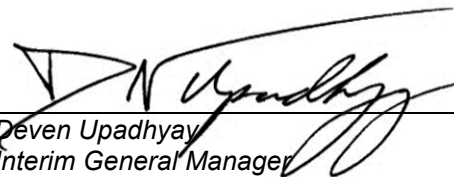
As an overview of the Reclamation grant priorities, the grant will provide funding for applied science projects to develop or improve hydrologic information, water management tools, modeling and forecasting capabilities, and improve nature-based solution decisions. Results from these projects will be used by water managers to increase water supply reliability, provide flexibility in water operations, and improve water management.

The proposed project will improve water management by providing better access to flow and temperature data and at a finer resolution. For example, daily flow and temperature data can better model flow operations and allow for an evaluation of operational effects on fish and wildlife, resulting in more efficient actions. Accessible and interoperable flow and temperature data are also critical for water management planning, and these data sets enable and improve modellable climate change scenarios.

Required Resolution

The WaterSMART program requires a board resolution supporting the grant proposal prior to the execution of a contract with Reclamation. The Board resolution documents Metropolitan’s commitment to the financial and contract obligations associated with accepting grant funds, authorizes the General Manager to accept funding, delegates authority to the General Manager to enter into a contract with Reclamation, recognizes that Metropolitan is capable of meeting the 25 percent cost share amount, and commits Metropolitan to work with Reclamation to meet established deadlines. The resolutions do not obligate Metropolitan to accept funding. Metropolitan has the discretion to accept or decline potential funding prior to an agreement being executed.

	1/2/2025
_____ Nina E. Hawk Chief of Bay-Delta Resources/Group Manager, Bay-Delta Initiatives	Date

	1/2/2025
_____ Deven Upadhyay Interim General Manager	Date

Attachment 1 – Resolution of the Board of Directors of The Metropolitan Water District of Southern California in Support of its Proposal for Funding Under The WaterSMART: Applied Sciences For Interoperable Flow And Temperature Data For Salmonid Restoration Scenarios

Ref# eo12700365

RESOLUTION _____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA IN SUPPORT OF ITS PROPOSAL FOR FUNDING UNDER THE WATERSMART: APPLIED SCIENCES FOR INTEROPERABLE FLOW AND TEMPERATURE DATA FOR SALMONID RESTORATION SCENARIOS

WHEREAS, the U.S. Bureau of Reclamation (Reclamation) is requesting proposals for applied science projects from the WaterSMART: Applied Sciences Grants for fiscal year 2023.

WHEREAS, the submittal of a proposal for grant funding by Metropolitan has been determined to be exempt from the California Environmental Quality Act (CEQA) under Sections 15378 (b)(4) of the State CEQA Guidelines.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Metropolitan Water District of Southern California (Board) that the Board supports the proposal for “Interoperable Flow and Temperature Data for Salmonid Restoration Scenarios under Reclamation’s WaterSMART: Applied Sciences Grants for FY 2023.

BE IT FURTHER RESOLVED that Metropolitan’s Board authorizes Metropolitan’s General Manager to accept federal grant funding of up to \$390,000 and authorizes contribution of the non-federal cost share of \$130,000.

BE IT FURTHER RESOLVED that Metropolitan’s Board delegates legal authority to Metropolitan’s General Manager to enter into an agreement with Reclamation, subject to the approval of the General Counsel, relevant to receipt of the requested WaterSMART grant.

BE IT FURTHER RESOLVED that Metropolitan is capable of providing the 25 percent cost share specified in the funding plan.

BE IT FURTHER RESOLVED that Metropolitan will work with Reclamation to meet established program deadlines.

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 January 14, 2025.

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



One Water and Stewardship Committee

Authorize resolution to receive
USBR FY23 WaterSMART:
Applied Science Grants
Program funding

Item 8-1

January 13, 2025

Item # 8-1
USBR
WaterSMART:
Applied
Science Grants
Program

Subject

Authorize resolution to support a grant application to receive United States Department of the Interior, Bureau of Reclamation FY23 WaterSMART: Applied Science Grants Program funding \$390,000; and authorize the General Manager to accept this funding and enter a contract with the United States Department of the Interior, Bureau of Reclamation

Purpose

Obtain the required Board resolutions for staff to proceed in negotiating financial assistance awards with USBR

Staff Recommendation and Fiscal Impact

Option #1: Authorize resolution to support application selected to receive FY23 WaterSMART: Applied Science Grants Program funding totaling \$390,000; and authorize the General Manager to accept this funding and enter a contract with USBR. Accepting grant funds would require Metropolitan to commit to a non-federal cost share of \$130,000. This cost share is budgeted from existing budgeted programs and in-kind staff time.

USBR
WaterSMART:
Applied
Science Grants
Program

Proposal

- Project will improve water management by providing better flow and temperature datasets
- Project tasks include:
 - Identifying data gaps and limitations in flow and temperature datasets
 - Developing a case study
- Project will improve water and habitat management in the Bay-Delta

USBR
WaterSMART:
Applied
Science Grants
Program

Cost-Share Requirement

- Cost Share: 25%
- Total project costs \$520,000
 - MWD requested \$390,000 from grant
 - MWD is offering 25% cost share of \$130,000
 - This cost share is budgeted from existing budgeted programs and in-kind staff time
- Project end date: June 30, 2026





Schonbrun Seplow Harris
Hoffman & Zeldes, LLP

RECEIVED

MAY 13 2024

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
LEGAL DEPARTMENT

CONFIDENTIAL

May 13, 2024

VIA HAND DELIVERY

Metropolitan Water District of Southern California
700 North Alameda Street
Los Angeles, CA 90012
Attn.: General Counsel Marcia Scully

Re: *Heather Beatty v. Metropolitan Water District of Southern California*
Claim Pursuant to Government Code Section 910, et seq.
Demand Under Labor Code Section 2802 and Government Code Sections 825,
et seq. and 995, et seq.

To Metropolitan Water District of Southern California:

This letter constitutes a claim on behalf of Heather Beatty pursuant to Government Code Section 910, et seq., with respect to claims arising from ongoing retaliation and other violations of law suffered during her employment with Metropolitan Water District of Southern California ("MWD"). This letter also contains a demand under Labor Code Section 2802 and Government Code Sections 825, et seq. and 995, et seq. Below are details of Ms. Beatty's claim and demand against MWD.

As a preliminary matter, please notify me immediately if MWD will require my office to deliver this claim and demand to the Executive Secretary of the MWD Board of Directors. Ms. Beatty is aware that more routine claims such as for property damage are so delivered, but that the claims are then circulated among numerous MWD staff across departments. Because of the nature of this claim and demand, that type of circulation would be inappropriate and further damage Ms. Beatty. Moreover, Ms. Beatty is aware that other employment claims made under Government Code Section 910, et seq. have been delivered directly to the Legal Department and have been accepted.

The name and post office address of the claimant:

Heather C. Beatty, Esq.
c/o Wilmer J. Harris, Esq.
Schonbrun Seplow Harris Hoffman & Zeldes LLP
715 Fremont Avenue, Suite A
South Pasadena, CA 91030
Tel.: (626) 441-4129

715 Fremont Avenue, Suite A, South Pasadena, CA 91030
Tel.: (626) 441-4129 | Fax: (626) 283-5770 | www.sshhzlaw.com

Fax: (626) 283-5770

The post office address to which the person presenting the claim desires notices to be sent:

Wilmer J. Harris, Esq.
Schonbrun Seplow Harris Hoffman & Zeldes LLP
715 Fremont Avenue, Suite A
South Pasadena, CA 91030
Tel.: (626) 441-4129
Fax: (626) 283-5770

The date, place, and other circumstances of the occurrence or transaction which gave rise to the claim asserted.

A. Heather Beatty Is An Exemplary Attorney and MWD Employee.

Heather Beatty began working for MWD's Legal Department in 2008 as a Senior Deputy General Counsel, after a successful career in private practice including partnership at the international law firm Bingham McCutchen, where MWD was one of her clients. Her lifelong pattern of academic and professional success, conducted with integrity, continued unabated at MWD and she was promoted to an Assistant General Counsel in 2012, placing her as part of MWD's executive management. Ms. Beatty has always provided exemplary service to MWD, resulting in increasing responsibilities and professional acknowledgement and respect. Throughout her tenure at MWD, Ms. Beatty has received the highest rating, "outstanding," in every evaluation.

Ms. Beatty has provided legal representation to MWD on litigation, finance, labor/employment, governance, external affairs, technology, and operational matters, and until recent years on ethics matters as well. She has overseen litigation and finance work of Legal, including managing a series of complex and significant finance cases that have resulted in savings for MWD of over \$500 million in recent years and billions of dollars going forward. Ms. Beatty also assists the General Counsel in managing the Legal Department (which consists of about twenty attorneys, as well as other staff).

B. MWD Retaliates Against Ms. Beatty for Engaging in Protected Whistleblowing Conduct and Engages in Other Unlawful Conduct Against Her.

MWD should be well aware of the whistleblowing report Ms. Beatty made on February 25, 2022, which she expanded upon on June 30, 2022 and July 13, 2022, and which was preceded by Ms. Beatty's unsuccessful efforts beginning in December 2021 to prevent Ethics officials' violations of law and ethical standards. In summary, Ms. Beatty engaged in conduct protected by Labor Code Section 1102.5 and the Fair Employment and Housing Act ("FEHA"), among other laws and regulations, by acting in compliance with local, state, and federal law; refusing to engage in unlawful and unethical conduct at MWD; and reporting unlawful conduct. In 2023, Ms. Beatty also made a report and sought the correction of false information that had

been submitted to a government agency on MWD's behalf, which too was conduct protected by Labor Code Section 1102.5.

In retaliation for Ms. Beatty's protected conduct, MWD has subjected Ms. Beatty to a campaign of retaliation, defamation, and harassment and discrimination due to her gender that has caused her significant emotional distress and diminished and harmed her professional reputation and potentially her livelihood.

Specifically, Ethics Officer Abel Salinas and Assistant Ethics Officer Peter von Haam failed and refused to comply with the California Public Records Act, sought to force Ms. Beatty's violation of that law, engaged in a series of other unlawful and unethical conduct, and made false and defamatory internal and external statements about Ms. Beatty's work performance and professional integrity, as a result of her protected conduct beginning in December 2021 and her whistleblower report in February 2022. Upon information and belief, the false and defamatory statements continue to the present day.

Rather than address Ms. Beatty's whistleblower report properly and with due care, MWD unreasonably and it appears deliberately mishandled the matter. That this was occurring was signaled by the fact that Director Marsha Ramos - the director with oversight responsibility over Ethics, who received Ms. Beatty's whistleblower report, and was one of three directors assigned to the ad hoc committee of the Board of Directors that was charged with handling most of the report - engaged in gratuitous, effusive public praise of the Ethics Officer while the matter was under investigation. The ad hoc committee then issued to Ms. Beatty a series of contradictory and pretextual closing communications over several months. The final closing communication of the ad hoc committee, labeled a "draft," revealed that in contrast to representations in earlier closing communications, many of Ms. Beatty's allegations in fact were ignored and were only addressed against one of the two respondents (without identifying which). That communication also confirmed that contrary to earlier closing communications that nothing she alleged was substantiated, it was in fact substantiated that "the respondent" was found to have prevented Ms. Beatty's compliance with the law on behalf of MWD, as she reported. Inexplicably, this unlawful conduct by MWD's Ethics official(s) was stated to nevertheless be acceptable, without identifying who had made such an extraordinary decision on behalf of MWD with future significant repercussions for MWD's operations.

The ad hoc committee also stated that they "understand" (although apparently did not bother to confirm) that a portion of Ms. Beatty's complaint was being handled by the EEO Officer: EEO allegations regarding the Assistant Ethics Officer. Yet, EEO Officer Jonaura Wisdom failed and refused to provide any communication to Ms. Beatty about this whatsoever. Moreover, the EEO Officer failed to afford Ms. Beatty any of the mandated retaliation protections, even while the EEO Office informed the Board that it always does so. Ms. Beatty is informed and believes based on the EEO Office's required protocols to involve its independent counsel, that the EEO Officer's independent counsel Camille Hamilton Pating of Meyers Nave participated in this retaliatory mistreatment of Ms. Beatty.

When Ms. Beatty elevated to Chair of the Board Adan Ortega the failure and refusal of MWD to address many of her serious allegations and the conclusion on behalf of MWD that Ethics official(s) may violate the law and force others to do so, neither the Chair nor anyone else on behalf of MWD addressed this. The Chair simply ignored Ms. Beatty's last communication on the topic in December 2023, just as the ad hoc committee had ignored her communications in October and November 2023.

In addition, beginning in January 2023, Ms. Beatty reported misrepresentations made to a government agency on MWD's behalf and sought for this to be corrected, and was retaliated against for doing so. In connection with her litigation responsibilities, Ms. Beatty learned that Ms. Hamilton Pating on behalf of the EEO Officer had submitted to the California Civil Rights Department ("CRD") a complaint response of MWD that contained multiple incorrect and misleading statements. The CRD case was still open and this was fixable. Ms. Beatty notified her manager General Counsel Marcia Scully, Redacted

[Redacted]

¹ Ms. Hamilton Pating was very hostile about this. The incorrect and misleading response was never corrected, that CRD case was closed with the response standing as the official statement of MWD, and it may become a factor in pending litigation to MWD's (and the General Manager's) detriment. Among the inaccuracies in the response is the omission of the General Manager's involvement despite a direct question by the CRD, his own public statements about his involvement, and the fact that the EEO Officer recused herself because of his involvement. Also among the incorrect statements was that the Board of Directors considered a matter and took an action that never occurred.

Moreover, Ms. Beatty has suffered unlawful harassment and discrimination based on her gender. In the course of her work, MWD subjected Ms. Beatty to hostile, demeaning treatment that her male counterparts did not suffer and caused the diminishment of her responsibilities and marginalization due to her gender. Ms. Beatty's report of harassment due to gender was mishandled, and it was ignored entirely as to at least one respondent. The gender harassment has continued and Ms. Beatty has subsequently experienced gender discrimination as well.

MWD's campaign of retaliation against Ms. Beatty and other mistreatment has eroded her well-earned reputation for professionalism and integrity among MWD management and executive leadership in the period from December 2021 to the present. For example and notably,

¹ Ms. Beatty's and the General Counsel's communications with Ms. Hamilton Pating are not privileged. The Legal Department, which represents MWD, has no professional relationship with Ms. Hamilton Pating. Pursuant to Board direction, she is independent counsel for the EEO Officer, and the General Manager has also made her his own employment counsel. And in this situation in particular, there was no common interest in an incorrect and misleading submission to a government agency.

on March 12, 2024, the General Manager and the Chair of the Board continued the ongoing pattern of retaliation, defamation, and gender harassment and discrimination in an egregious fashion by falsely accusing Ms. Beatty of misconduct while she was giving a presentation to the Legal and Claims Committee of the Board about four employment cases which she was responsible for managing on behalf of MWD.²

Redacted

Redacted

The statements were knowingly false. As the General Manager well knows, the investigation findings (which Ms. Beatty had no involvement in) are in writing, the General Manager was briefed on the findings by management and engaged in decision making on behalf of MWD as a result, and the findings have been known to him for nearly three years. Redacted

As the Chair of the Board well knows, Ms. Beatty did not withhold any investigation reports from the Board and instead it was the Ethics Officer - who oversaw and was responsible for the investigations - who did so. Indeed, the Chair knows that part of Ms. Beatty's unaddressed whistleblower report is that in 2022 after directors requested the investigation reports, the Ethics Officer and Assistant Ethics Officer created false "summaries" and provided these to the Board instead of providing the reports; tried to force Ms. Beatty's participation in that effort and retaliated against her for refusing to participate; and suggested she misrepresent the falsified documents as supposed compliance with Public Records Act requests for the reports.

Despite the outrageous and unfounded attacks on Ms. Beatty while she tried to fulfill her work requirements, Redacted

² While these statements occurred in closed session, they are not privileged for at least two reasons: (1) they are not part of the proper scope of the closed session; and (2) the Chair of the Board, upon advice of outside counsel, has taken the position on behalf of MWD that a whistleblower may discuss statements made in closed session. Ms. Beatty's discussion of this information is as a whistleblower.

Shockingly, immediately after the meeting and despite Ms. Beatty being visibly upset, the General Manager continued this campaign against Ms. Beatty when he blocked her from gathering her belongings; then placed and held his hand on her shoulder, holding her in place in an aggressive and intimidating manner; and as he did so, got close to her face and said he needed to defend himself. His offensive and threatening physical action and restraint of Ms. Beatty was outrageous and extraordinarily upsetting. It was extreme enough that an employee who witnessed the incident from across the room sent Ms. Beatty an unsolicited email shortly after, documenting what he saw and noting others were watching intently too.

The General Manager and the Chair of the Board are clearly pleased with their attack on Ms. Beatty and their success in causing Ms. Beatty distress, which was apparent. Neither has said anything to Ms. Beatty about what they did on March 12 - not one word of apology, explanation, or concern, or even any acknowledgement of what occurred. However, both continue to make public statements professing to care about all employees and employees' safety and work environment. And the Chair continues to make laudatory public remarks about the Ethics Officer.

Notably, four high-level staff of the General Manager who have leadership roles in addressing mistreatment of employees were present in the March 12 meeting and observed what occurred. None have contacted Ms. Beatty about this either, clearly following the General Manager's lead that she is an employee who is to be devalued, mistreated, and marginalized. In contrast, multiple directors reached out to Ms. Beatty thanking her for speaking truthfully and expressing support.

As a result of continued unwarranted attacks on Ms. Beatty's professional ability and integrity and other mistreatment, and her own need to not be in the position of being forced to violate the law or further attacked, Ms. Beatty has been subjected to further limitations on her work for MWD, reduction of her position and responsibilities, yet more diminution of her opportunities for continued advancement and promotion, and marginalization.³

The name or names of the public employee or employees causing the injury, damage, or loss, if known.

Abel Salinas; Peter von Haam; Directors Marsha Ramos and Cynthia Kurtz, and former Director Richard Atwater (agents of MWD, assigned responsibilities of MWD as ad hoc committee members); Jonaura Wisdom; Adan Ortega (agent of MWD, assigned responsibilities of MWD including over ad hoc committee members); Adel Hagekhalil; Camille Hamilton Pating (Meyers Nave, acting on behalf of and in concert with her clients Jonaura Wisdom and Adel Hagekhalil).

³ Ms. Beatty can provide more specific information about the facts underlying her claim as requested.

A general description of the indebtedness, obligation, injury, damage, or loss incurred so far as it may be known at the time of presentation of the claim.

Ms. Beatty has suffered and continues to suffer substantial economic losses (in the form of the reduction and instability of her existing position and diminished career prospects) and severe emotional injuries as a direct and proximate result of conduct by employees and agents of MWD. As a result of the above-discussed conduct, Ms. Beatty will bring causes of action that include, but are not limited to, retaliation in violation of Labor Code Section 1102.5; gender harassment, discrimination, and retaliation in violation of FEHA; failure to prevent gender harassment, discrimination, and retaliation in violation of FEHA; defamation; battery; false imprisonment; negligent supervision; intentional infliction of emotional distress; and other state and federal civil rights violations, among other claims.

Superior Court Jurisdiction.

Ms. Beatty's damages are far in excess of the minimum jurisdiction of the Los Angeles County Superior Court.

Cessation of Retaliation and Other Unlawful Conduct.

Please ensure that retaliation and other unlawful conduct against Ms. Beatty ceases immediately. Due to her above-stated experience, Ms. Beatty cannot utilize MWD's internal complaint procedures without facing further and more severe retaliation and other mistreatment, all while any such complaint is mishandled and/or ignored. Therefore, this claim and subsequent legal action are the only way she can attempt to protect herself.

Demand Under Labor Code Section 2802 and Government Code Sections 825, et seq. and 995, et seq.

Ms. Beatty hereby makes a demand for MWD's payment and indemnity for all necessary expenditures and losses, including but not limited to attorney's fees for her defense and all other reasonable costs, that she incurs as a result of pending California State Bar Case No. 22-O-12952.

On November 14, 2023, Ms. Beatty learned that Assistant Ethics Officer Peter von Haam had filed a false and retaliatory complaint about her with the California State Bar in 2022 as a result of her above-described protected activity. Ms. Beatty engaged in no professional misconduct and instead at all times acted properly within the course and scope of her employment with MWD and in the proper discharge of her duties for MWD. Ms. Beatty is legally entitled to MWD's payment and indemnity for all expenditures and losses that she necessarily incurs as a result of the complaint.

On November 15, 2023, General Counsel Marcia Scully by email informed Chair of the Board Adan Ortega **Redacted**

Redacted
Ms. Beatty's response to the

Metropolitan Water District of Southern California
May 13, 2024
Page 8

complaint was submitted to the State Bar by her legal counsel on March 4, 2024, the matter is pending, and it may be pending for years.

Based on the above-described events and in particular the retaliatory and defamatory conduct of the Chair of the Board on March 12, 2024, Ms. Beatty does not wish to rely solely on the email statement of the Chair regarding authorization for MWD's payment of the defense. Accordingly, Ms. Beatty makes this formal demand for MWD's payment and indemnity for all expenditures and losses, including costs of defense, associated with Case No. 22-O12952.

Requested Communication to the Board of Directors.

We request that this letter be provided to the MWD Board of Directors promptly and confidentially.

Sincerely,

SCHONBRUN SEPLOW HARRIS
HOFFMAN & ZELDES LLP



Wilmer J. Harris



Water Resource Management Group

• Conservation Board Report January 2025

Summary

This report provides a summary of conservation activities and expenditures for November 2024.

Purpose

Informational

Detailed Report


Conservation Expenditures – FY2024/25 & FY2025/26 ⁽¹⁾

	Paid ⁽²⁾	Committed ⁽³⁾
Regional Devices	\$1.4 M	\$1.4 M
Member Agency Administered	\$2.9 M	\$4.0 M
Turf Replacement	\$6.7 M	\$22.3 M
Advertising	\$0.1 M	\$0.9 M
Other	\$1.0 M	\$1.1 M
TOTAL	\$12.1 M	\$29.7 M


(1) The Conservation Program biennial expenditure authorization is \$98.2 million.

(2) Paid as of 7/1/2024 - 11/30/2024. Financial reporting on cash basis.

(3) Committed dollars as of December 10, 2024




Turf Replacement Rebates:
November: 270,253 ft² replaced
FY2024/25-FY2025/26: 3,094,596 ft² replaced




Clothes Washers:
November: 580 units rebated
FY2024/25-FY2025/26: 3,257 units rebated




Trees (part of Turf Replacement Program):
November: 100 trees rebated
FY2024/25-FY2025/26: 992 units rebated



Toilets:
November: 836 units rebated
FY2024/25-FY2025/26: 6,721 units rebated



Smart Controllers:
November: 920 units rebated
FY2024/25-FY2025/26: 3,108 units rebated



Sprinkler Nozzles:
November: 1,279 units rebated
FY2024/25-FY2025/26: 7,342 units rebated

(1) Expenditures may include advertising and Water Savings Incentive Program activity in addition to the incentives highlighted above.



- **Board of Directors**
Engineering, Operations, and Technology Committee

1/14/2025 Board Meeting

9-2

Subject

Update on the Colorado River Aqueduct High-Voltage Transformers Replacement Project

Executive Summary

The Colorado River Aqueduct (CRA) system utilizes 69 kV and 230 kV transformers to step down Hoover and Parker power to the lower voltages used to run the main pumps and other equipment at the five CRA pumping plants. The existing transformers have exceeded their design life, show signs of deterioration, and require replacement to maintain reliable CRA water deliveries. This item is being presented to update the Engineering, Operations, and Technology Committee on recent efforts to procure the high-voltage power transformers. A spring 2025 board action is planned to award a procurement contract for the 35 transformers and to authorize final design services related to the installation of these transformers at all five CRA pumping plants.

Applicable Policy

Metropolitan Water District Administrative Code Section 5108: Appropriations

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

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Metropolitan Water District Administrative Code Section 8150: Best Value Procurement

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

By Minute Item 52330, dated April 13, 2021, the Board authorized preliminary design to replace the CRA main pump transformers.

Board action planned for spring 2025 to award a procurement contract for 35 CRA transformers and amendment of an existing agreement for final design in support of the CRA Transformer Replacement Project.

Details and Background

Background

The CRA is a 242-mile-long conveyance system that transports water from the Colorado River to Lake Mathews. It consists of five pumping plants, 124 miles of tunnels, siphons, and reservoirs, 63 miles of canals, and 44 miles of cut-and-cover conduits. The aqueduct was constructed in the 1930s and was placed into service in 1941.

Electrical power for the CRA's five pumping plants is transmitted via 237 miles of high-voltage lines from Hoover and Parker Dams. Higher voltages are used on overhead power lines to increase transmission efficiency, and the voltage is then decreased (stepped down) at the CRA pumping plants to match the lower voltages of plant equipment. Four pumping plants have incoming voltages of 230 kV, while the incoming voltage at the Intake

pumping plant is 69 kV. Each plant uses seven single-phase power transformers to step down the voltage from its incoming voltage to the operating voltage of 6.9 kV, which is used to operate the main pumps and other equipment. There are 35 transformers across all five pumping plants. At each plant, four transformers were installed in 1939 with the initial construction of the aqueduct, and the remaining three transformers were installed in 1959 with the aqueduct's expansion. The seven transformers at each plant are arranged in two banks of three transformers, each with one common spare unit. Each transformer bank powers up to five pump units, or approximately 63 percent of the aqueduct's capacity.

While a typical power transformer service life is expected to be 40 to 50 years, the CRA's transformers have operated continuously for over 80 years due to thorough maintenance and ideal operating conditions in a dry climate. In the mid-1980s, a significant effort was undertaken to rehabilitate and refurbish the original transformers installed in 1939. Most transformers continue to operate reliably; however, recent inspections have identified elevated gas levels in the transformer oil, an early indicator of equipment failure. Analysis of this data, along with operational performance and non-destructive microscopic examinations of selected transformers' insulating materials, indicates that the transformers are nearing the end of their service life and need replacement to ensure the reliable operation of the CRA.

Due to the specialized nature of the transformers and the continued strong demand for electrical equipment, long lead times are required for manufacturing. As such, staff recommends the transformers be procured before the installation contract is ready for advertisement. This approach ensures the transformers are available when the installation contractor mobilizes to conduct on-site work and minimizes impacts on the plants' operations during installation and commissioning. Deliveries of the transformers will be staged, and they will be stored at the individual pumping plants before installation.

To ensure manufacturers could meet Metropolitan's requirements and had sufficient experience, ability, resources, and demonstrated performance to provide custom high-voltage power transformers, staff conducted extensive, worldwide outreach to transformer suppliers. A Request for Qualification No. 1240A was issued on October 8, 2021, to prequalify potential bidders. Statements of Qualifications were received on November 19, 2021. Six manufacturers and/or authorized distributors were prequalified to bid on the transformer's procurement contract. They included Delta Star Inc., Hitachi, ILJIN Electric USA Inc., Siemens Energy, Tubos Trans Electric, and WEG Transformers USA.

Specifications No. 1897 – Furnishing 69 kV and 230 kV Power Transformers for the Colorado River Aqueduct Pumping Plants was advertised on May 19, 2023, to the prequalified manufacturers. During the bidding period, manufacturers indicated to staff that market conditions had significantly changed since the prequalification list was established, and substantial exceptions would be taken concerning: (1) Technical requirements; (2) Standard contract terms and conditions, including delivery schedule and warranty; and (3) Up-front, fixed pricing for the units. Items affecting fixed pricing include unprecedented global industry demand for transformers, current global events that have caused disruptions to supply chains, and significant materials price fluctuations. Collectively, these issues result in even longer lead times to procure the transformers.

The advertisement period for Specifications No. 1897 closed on September 21, 2023, after two separate time extensions were granted at the request of the potential bidders. Metropolitan received only one bid that was deemed nonresponsive and rejected, as it only included pricing for seven of the 35 transformers. In addition, the vendor took numerous exceptions to Metropolitan's bidding requirements and technical specifications.

Following these bidding challenges, staff elected to implement best-value procurement provisions, per Metropolitan's Administrative Code Section 8150. This approach allows prequalified manufacturers to submit proposals addressing the solicitation's technical specifications while enabling the evaluation of additional factors beyond cost. These factors include payment schedules, material escalation clauses, operational performance guarantees, warranty provisions, and delivery schedules, all of which can be negotiated with manufacturers.

Request for Proposal (RFP) No. 1360 was issued on March 15, 2024. Before advertisement, staff conducted extensive outreach to each of the prequalified manufacturers and determined that only two could furnish transformers that meet all of Metropolitan's technical requirements. Metropolitan then solicited the two

manufacturers to provide proposals under RFP No. 1360. One proposal was received from Siemens Energy Inc. (Siemens), whose manufacturing facilities are in Austria, on July 18, 2024. Metropolitan completed a thorough review and analysis of the submitted proposal. Siemens has proposed commercial terms that differ materially from those included in Metropolitan’s standard procurement contracts. Metropolitan entered negotiations in September 2024 with Siemens on contract pricing, technical requirements, and contractual terms and conditions.

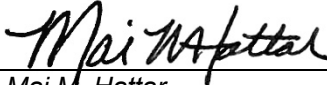
Siemens provided a cost breakdown in 2024 U.S. dollars for proposal evaluation totaling over \$110 million. These costs do not include manufacturer field services, optional testing procedures if exercised by Metropolitan, price adjustments based on escalation, or the possible imposition of tariffs. In addition, delivery terms were proposed in a cost-plus format to hedge against uncertainty with future costs. Staff contacted several entities that have recently purchased large transformers and found the initial proposal was reasonable and reflects the high demand and limited manufacturers of the specialty equipment.

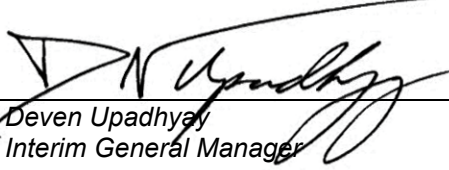
Next Steps

Staff is negotiating the proposal with Siemens to achieve the best overall value for Metropolitan, including addressing potential price escalation. Upon successful completion of the negotiations, staff will return to the Board in the first half of 2025 to award a procurement contract for 35 high-voltage power transformers, as well as to authorize final engineering design services for the installation of the 69 kV and 230 kV transformers at the five CRA pumping plants.

Project Milestone

March 2025 – Board award of a procurement contract for 35 CRA main transformers

	12/19/2024
_____ Mai M. Hattar Interim Chief Engineer Engineering Services	Date

	12/26/2024
_____ Deven Upadhyay Interim General Manager	Date

Ref# es12699870



Engineering, Operations, & Technology Committee

Update on Colorado River Aqueduct High-Voltage Transformers Replacement Project

Item 9-2

January 13, 2025

Item 9-2 CRA High-Voltage Transformers Replacement Project

Subject

Colorado River Aqueduct High-Voltage Transformers Replacement Project

Purpose

Provide an update on the CRA High-Voltage Transformers Replacement Project, which will enhance reliability of pumping operations in the Desert Region

Next Steps

Continue contract negotiations with Siemens Energy Inc. Board Action planned for Spring 2025 to award a procurement contract for 35 transformers & authorize final engineering design services

CRA High-Voltage Transformers Replacement

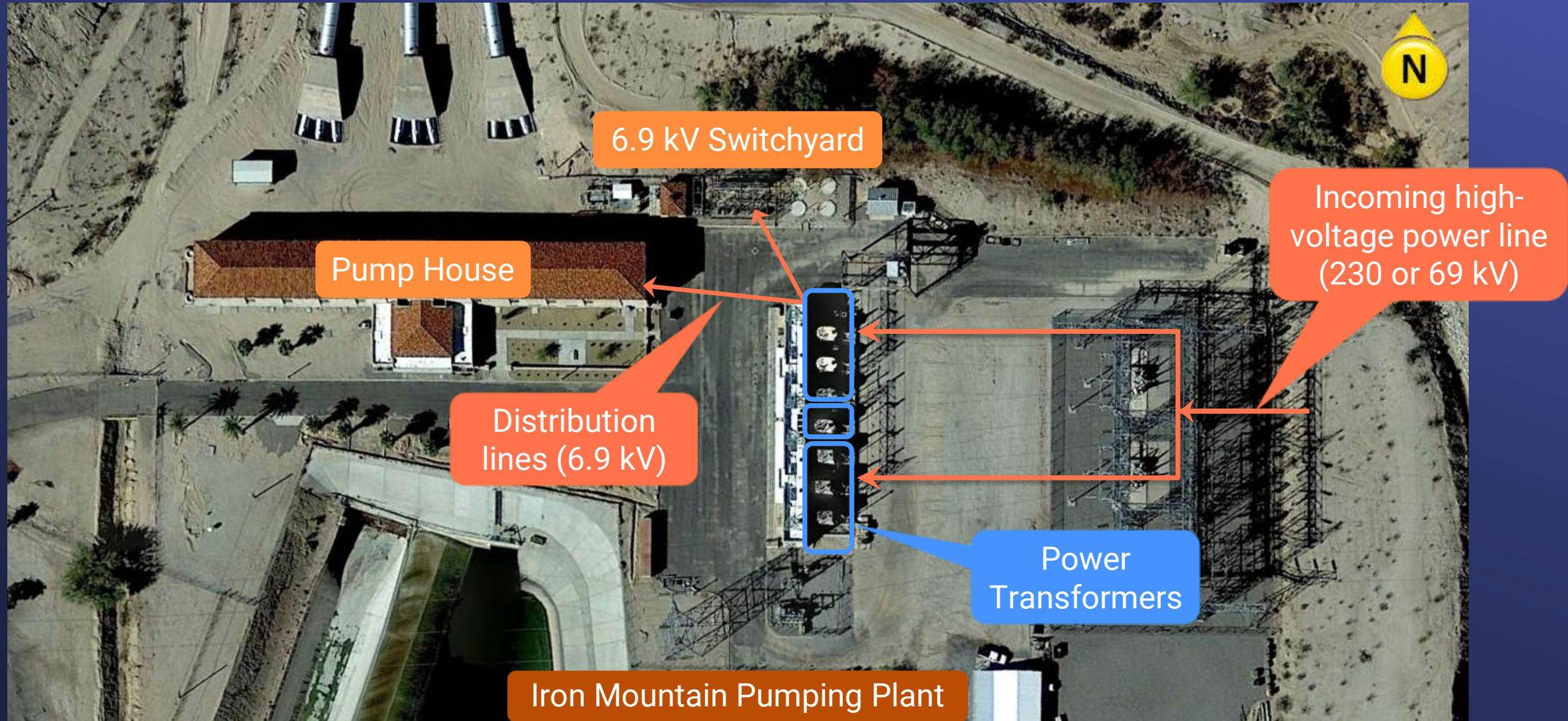
Agenda

- Background
- Planned Improvements
- Installation Methodology
- Procurement Approach
 - Best Value Procurement
- Negotiations Highlights
- Costs
- Schedule
- Next Steps

Project Location



Typical Site Layout



Background

- Facilities initially constructed in 1939
- 35 transformer units
 - 15 in service since 1940
 - 20 in service since late 1950s
- Exceeded typical life expectancy
 - Deteriorating insulation materials
- Potential failure may impact water deliveries



Hinds Pumping Plant

Planned Improvements

- Replace 35 transformers at 5 CRA pumping plants
- Upgrade foundations to meet current seismic standards
- Enhance physical security features
- Construct secondary containment systems



Gene Pumping Plant



Iron Mtn. Pumping Plant

Installation Methodology

- All 35 units will be delivered in advance & stored onsite for installation
- Transformers will be replaced one unit at a time across all plants
 - Provides 8-pump flow flexibility
 - Ensures alignment with water supply needs
- 5 transformers will be replaced per year
 - Coordination required with annual CRA shutdowns to minimize impacts on pumping plant operations



Eagle Mtn. Pumping Plant



Intake Pumping Plant

Procurement Approach

- Apr '21: Initiated preliminary design
- Mar '22: Prequalified 6 transformer manufacturers
 - Conducted extensive vendor outreach
- May '23: Completed preliminary design & advertised transformer procurement package
 - No responsive bids received
 - Limited number of manufacturers met technical requirements
 - Reluctance to provide upfront pricing due to supply chain disruptions & material price volatility
 - Priority given to repeat customers

Best-Value Approach

- Mar '24: Re-advertised solicitation as “best value” procurement to all prequalified manufacturers
 - Administrative Code Section 8150
 - Evaluate factors in addition to capital costs
- Jul '24: Received one responsive proposal from Siemens Energy Inc.
 - GM authorized to enter negotiations
- On-going negotiations with Siemens
 - Terms & Conditions
 - Technical Standards/ Requirements
 - Cost
 - Delivery Schedule

Negotiation Highlights

- Payment Schedule
- Price Adjustment
 - Escalation/ De-escalation
 - Labor, materials, & currency exchange
- Other Price-Related Risks
 - Tariffs
 - Uncertainty of global events
- Limitations on Liability
- Warranty



Eagle Mtn. Pumping Plant

Project Costs

- Procurement costs:
 - All 35 units estimated between \$100 M to \$140 M
 - Each transformer is approx. \$2.5 M to \$3.5 M
 - Includes taxes, delivery & spare parts
- Installation costs:
 - All 5 sites estimated between \$90 M to \$110 M



Iron Mtn. Pumping Plant

Project Schedule



CRA
High-Voltage
Transformers
Replacement

Next Steps

- Complete contract negotiations with Siemens Energy Inc.
- Spring board action planned to award procurement contract & amend consultant agreement for final design services





- **Board of Directors**
One Water and Stewardship Committee

1/14/2025 Board Meeting

9-3

Subject

Information on developing State Water Project water management actions

Executive Summary

Metropolitan and its service area is faced with water supply conditions that range from surplus, when supplies exceed demands, to shortage, when supplies are insufficient to meet demands. In particular, highly variable annual SWP supplies lead to challenges that can be managed with water transactions that include transfers, exchanges and the sale of available water supply. In dry years with low SWP supplies, Metropolitan has purchased annual water transfers and should continue to pursue opportunities to supplement limited SWP supplies. In wet years with high SWP supplies, challenges include low water sales revenue combined with increased water management costs due to abundant local supplies and the potential for unmanaged SWP supplies. Staff is evaluating the development of a portfolio of potential SWP water transactions to manage both drought and surplus conditions, and to generate new revenues. Sale of SWP supply outside of the service area is a new tool made possible by the 2021 Water Management Amendment to the SWP contract that can generate new revenues. Staff discussed the development of potential SWP water sales with the One Water and Stewardship Committee on December 9, 2024, including plans to request that the General Manager be granted authority to sell SWP water supply outside of the service area. Feedback from the Board and member agency managers highlighted the need for additional clarity on how the reliability of the SWP-dependent area would be ensured if SWP water sales were to proceed. The focus of this information letter will be to describe the conditions under which staff would pursue both the sale and purchase of water and the parameters that will ensure SWP-dependent area reliability.

Fiscal Impact

Staff intends to evaluate potential SWP water sales that can generate up to \$120 million in new revenue over the next two calendar years, consistent with the revenues planned in the budget and rates adopted by the Board in April 2024.

Applicable Policy

By Minute item 52273, dated February 9, 2021, the Board reviewed and considered the Department of Water Resources' certified Final Environmental Impact Report, took related California Environmental Quality Act (CEQA) actions and approved the State Water Project Contract Amendment for Water Management.

By Minute item 20984, dated November 1, 1960, the Board adopted Resolution 5838 and approved execution of the State Water Project Contract with the Department of Water Resources (DWR).

Metropolitan Water District Administrative Code Section 4200: Water Availability

Metropolitan Water District Administrative Code Section 4203: Water Transfer Policy

Metropolitan Water District Act Section 132: Sale of Surplus Water

Related Board Action/Future Action(s)

Staff plans to return to the Board in February 2025 to request that the Board authorize the General Manager to execute SWP transfer and exchange agreements with parties in the SWP place of use that generate up to \$120 million in revenue in the next two calendar years or that secure dry-year supply at a cost of up to \$50 million.

Details and Background

Background

Since the Board adopted a budget in April 2024 assuming \$120 million in new revenues, staff has been evaluating revenue-generating opportunities. Sales of water outside of the district would generate new revenues, and sales to other SWP contractors can be accomplished with SWP supplies pursuant to the Water Management Amendment to the SWP contract. Although Metropolitan's Board approved the Water Management Amendment in February 2021, sale of water outside of the district must be approved by the Board pursuant to Administrative Code Section 4200. The main concern with selling SWP water outside of the district is maintaining water supply reliability for the SWP-dependent area under a future multi-year drought. Dry-year reliability is provided by having sufficient supply and/or sufficient storage over a multi-year sequence.

Metropolitan has a long history of managing years with low Table A allocations with water transfer purchases to meet demands and preserve storage for future dry years. Traditionally, these purchases were made collectively with other SWP contractors. However, in response to an increasingly competitive transfer market, characterized by growing demand and dwindling water supplies, Metropolitan has adjusted its strategy and begun independently seeking additional water supplies.

In October 2024, Metropolitan's Board authorized an agreement with the Western Canal Water District and the Richvale Irrigation District. This agreement is particularly notable as it grants Metropolitan the first right to annually purchase up to 53,000 acre-feet of north-of-Delta transfer supplies over the next three years if needed. This potential water purchase would play a crucial role in preserving SWP storage for a potential fourth dry-year planning scenario.

The Board's authorization of expanded authority to enter into agreements to sell and exchange water would allow staff to focus on securing additional agreements with even more partners, including south-of-Delta partners, to address challenges often encountered in moving water through the Delta. These efforts aim to ensure reliable access to supplemental supplies when needed, further bolstering the region's and, in particular, the SWP-dependent area water reliability.

Parameters for Potential Water Sales and Purchases

The primary objective is to develop a flexible portfolio of water transactions—both purchases and sales—that can be quickly implemented as conditions evolve to maximize benefits. These benefits include generating revenue while ensuring water supply reliability for the region, including SWP-dependent areas.

While these objectives may seem conflicting, they can and must work together to achieve the desired outcome. To ensure this balance, specific parameters will be established, including storage targets, quantities, and pricing strategies that are aligned with hydrologic conditions and operational needs. Metropolitan's decades-long investments in storage and infrastructure uniquely position it to achieve these goals across all year types, providing a robust framework to meet the region's needs effectively.

Storage Targets

Storage for the SWP-dependent area includes carryover in San Luis, flexible storage in Castaic Lake, and banked water along the California Aqueduct in the San Joaquin and Antelope Valleys. Staff has a goal of maintaining four years of dry-year storage in SWP storage accounts. Currently, there are record-high storage volumes in Metropolitan's SWP storage accounts. There are four years of storage in Metropolitan's banking programs, except for the AVEK High Desert Water Bank, which began taking deliveries in 2023 and will be able to recover

water starting in 2027. Carryover storage managed by Metropolitan at the end of 2024 is projected to be 386,000 acre-feet, exceeding the previous high amount of 331,000 acre-feet in 2019. These storage volumes are projected to be sufficient to provide water deliveries under a three-year sequence of a 20 percent allocation followed by two 5 percent allocations (a repeat of 2020 to 2022). Additional storage would be needed to meet SWP demands if the three-year sequence were followed by another year with a 5 percent allocation. One option for additional storage is to store more water in SWP carryover. However, higher storage quantities are more likely to be “spilled” or converted to Table A supply given the already high storage levels at San Luis Reservoir.

In addition to record-high storage levels in SWP storage accounts, Metropolitan has record-high Colorado River storage. Because Metropolitan is ending 2024 with approximately 1,560,000 of water stored as Lake Mead Intentionally Created Surplus, it will have limited capacity to add to storage in Lake Mead in 2025. This means that if Metropolitan’s overall water supply and demand balance indicates surplus conditions in 2025, it will likely be adding more than a fourth year of dry-year storage to SWP banking accounts in 2025.

With limited capacity to store water for dry-year recovery within the next three years, developing SWP transactions with other SWP contractors such as exchanges and water sales becomes a highly beneficial strategy. This approach not only generates new revenues but also minimizes unmanaged SWP supplies, ensuring more efficient use of resources.

Quantity

The quantity of water that Metropolitan would sell in a given year depends largely on the SWP Table A allocation, as well as Metropolitan’s projected supply/demand balance and storage portfolio balance. Under higher SWP allocations, Metropolitan is projected to store more than required to meet four years of dry-year recovery. At even higher allocations, Metropolitan could have unmanaged SWP supplies, which are allocated Table A supplies that exceed Metropolitan’s service area demands and capability to deliver to storage outside of the service area. In recent years, Metropolitan has had unmanaged SWP supply at allocations higher than 70 percent. For example, in 2023, a 100 percent allocation resulted in 457,000 acre-feet of unmanaged SWP supply.

Staff recommends that the Board authorize the General Manager to identify and enter into agreements to sell up to 200,000 acre-feet of SWP supplies annually in years that all service area demands are met and storage accounts have four years of dry-year storage accessible to the SWP-dependent area. This condition may be met at SWP allocations lower than 70 percent and depends on storage balances. Given record-high storage and demand levels entering 2025, unmanaged supplies could occur at SWP allocations as low as 60 percent. These conditions present a low-risk opportunity to sell water without compromising supply reliability.

Opportunities also exist to sell water at SWP allocations lower than 60 percent. In recent years, Metropolitan’s overall supply and demand is roughly balanced at a 30 percent SWP allocation. At allocations of approximately 30 percent and below, staff recommends that potential water sales are limited to quantities for which there is an option to call back the water within the next four years, or Metropolitan has secured a commensurate amount of transfer supplies in future years. Being able to purchase the water in a future dry year will mitigate potential risk to SWP-dependent area reliability.

Pricing Strategy

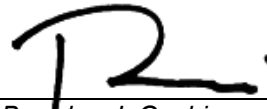
The potential pricing for single-year SWP sales would be dependent on hydrologic conditions, time of year, and overall supply versus demand. In this past year, there were relatively few buyers and several potential sellers with above-average supplies coming off a wet 2023, and the price of Table A sales generally went down as the year progressed. This underscores the importance of being prepared to secure deals with willing buyers early in the year before improving hydrologic conditions drive prices down. Pricing in 2024 ranged from approximately \$250 to \$600 per acre-foot. In a wet year like 2023, there were sales at approximately \$100 to 200 per acre-foot; and in a dry year like 2022, there were sales ranging from approximately \$500 to \$2,000 per acre-foot. Staff recommends that the price of Metropolitan SWP supply sales to outside parties exceeds the Supply Rate element charged for water sales to Metropolitan member agencies (approximately \$300 per acre-foot in 2024).

Business Model Nexus

The business model discussions focus on balancing two critical goals: maintaining fiscal viability in the face of reduced sales. Born out of the need to adapt to rapidly changing hydrologic conditions, this approach leverages flexible water transactions—both purchases and sales—to maximize benefits without compromising water reliability. By capitalizing on opportunities to sell excess water while maintaining essential storage, Metropolitan can generate revenue and address the challenges of a highly competitive water market.

Although the business model process is still ongoing, there is an immediate need to develop SWP transactions to optimize Metropolitan’s storage assets, enhance flexibility in managing hydrologic variability, and capitalize on current conditions. These transactions will support or improve dry-year reliability, help sustain Metropolitan’s storage portfolio over time, and generate revenue. As the business model process advances, a more comprehensive, long-term approach to SWP transactions can be established.

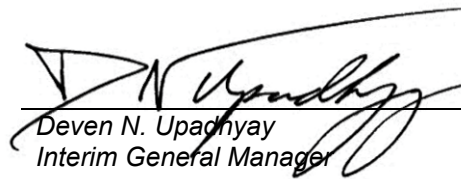
Staff is seeking feedback on the merits of this approach to incorporate into a strategy to navigate the evolving challenges of climate change and continue to adapt our strategies for securing reliable water supplies in an increasingly uncertain future. The feedback will inform a proposed approach that will be brought back to the Board for consideration in the coming months.



Brandon J. Goshi
Interim Manager, Water Resource
Management Group

12/26/2024

Date



Deven N. Upadhyay
Interim General Manager

12/30/2024

Date

Ref# wrm12701635



One Water & Stewardship Committee

Update on developing SWP water management actions to meet multiple objectives of managing dry year and wet year water supplies and generating new revenues

Item 9-3

January 13, 2025

Item 9-3

Update on developing SWP water management actions

Subject

Update on developing SWP water management actions to meet multiple objectives of managing dry year and wet year water supplies and generating new revenues

Purpose

Provide information on water transactions that can generate new revenue through sale and exchange of available water supply, manage annual surplus water supplies for regional benefit, and manage and procure water transfers and exchanges to reduce the risk of future water supply shortages.

Next Steps

Staff will return to the One Water and Stewardship Committee in the future with an Action letter and oral report.

The
Challenge:

Aligning
Financial and
Resource
Goals

Variable SWP Supply Presents Water and Financial Management Challenges

- Dry periods
 - Supplemental water needed to meet demands and preserve storage
- Wet periods
 - Lower water sales and revenues
 - Potential for unmanaged SWP supply
- Past performance and current conditions are not indicators of future outcomes

Proposed
Solution:

Purchase
and
Exchange
Water in Dry
Year

Water Transfer Purchases Enhance Dry Year Water Supply Reliability

- Board annually authorizes purchases, if needed, and on a case-by-case basis
 - Yuba Accord Water Transfer Program authorized 2007
 - Options for crop-idling transfers from North-of-Delta authorized Oct. 2024
- Additional opportunities, including:
 - Flexible groundwater substitution transfers from North-of-Delta sellers
 - Water transfers from other SWP contractors

Proposed Solution:

Sell and Exchange Water in Wet Years

Sale of SWP Supply to SWP Contractors to Generate New Revenue

- New tool of the Water Management Amendment to the SWP contract approved by board in February 2021
 - Allows annual water transfers with compensation determined by buyer and seller
- Opportunity to generate new revenues assumed in budget adopted by board in April 2024
- Sale of water outside of the service area requires board authorization

Feedback:

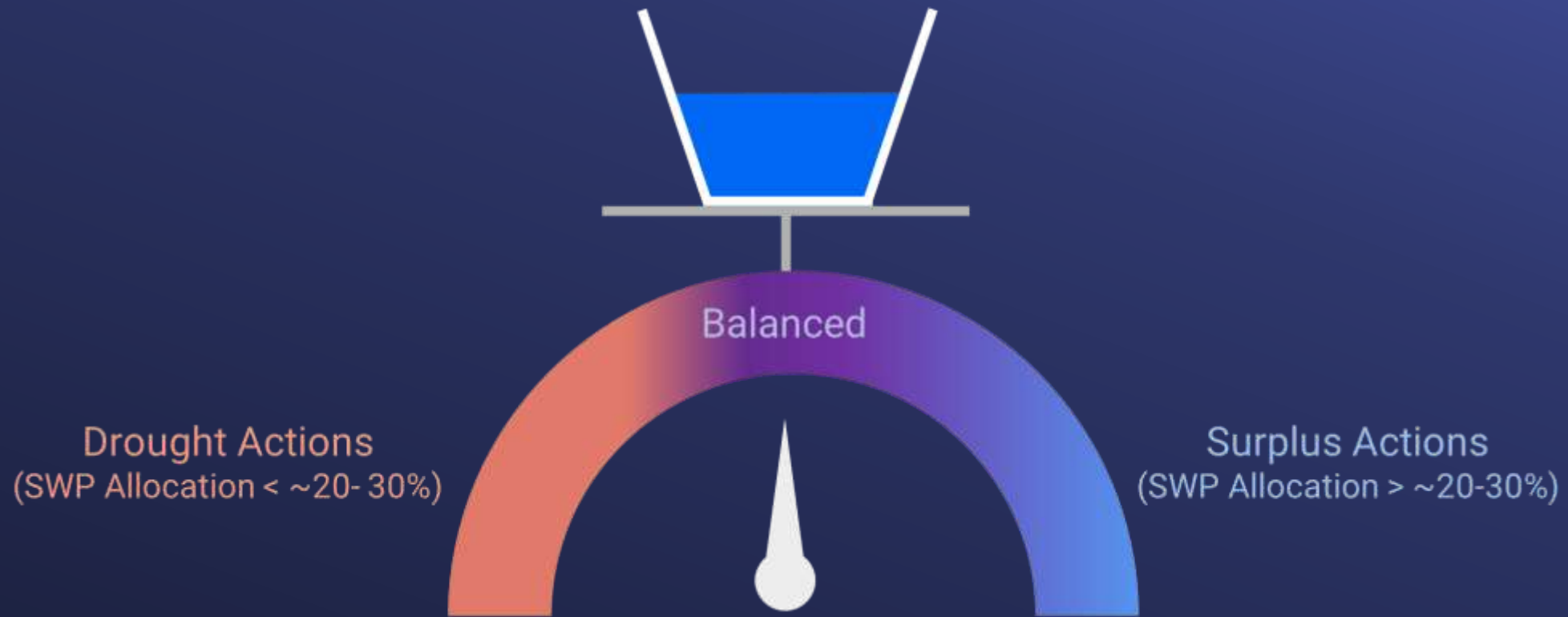
Need to
Preserve
SWP-
Dependent
Area
Reliability

Proposed Conditions for Water Sales to other SWP Contractors

- Meeting member agency demands
- Meeting storage targets
- Recovery of water supply costs
- Short-term (two-year) implementation

Meeting Member Agency Demands

- Member agency demands are met with contract water supplies, supplemental water purchases and recovery from storage

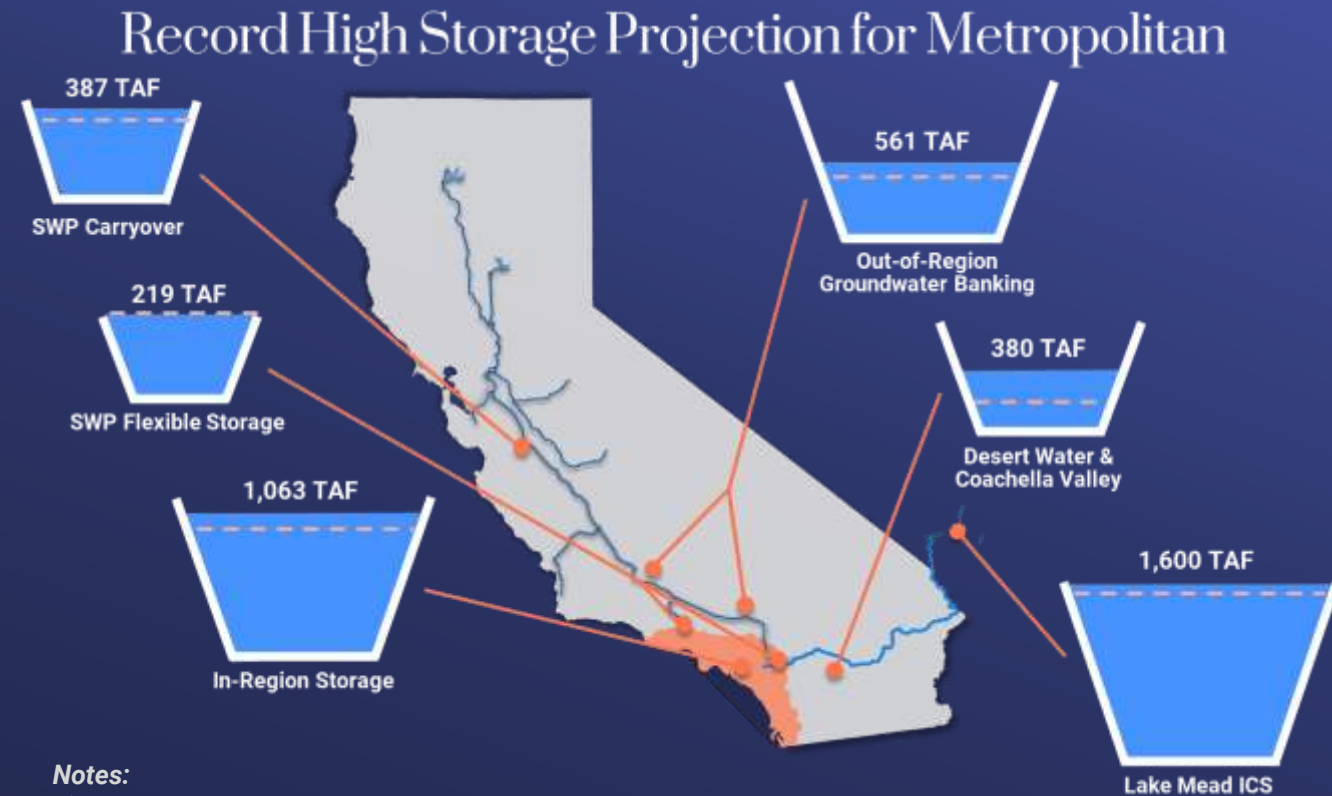


Note: Information as of December 2024. Assumes current trend demand on Metropolitan and forecasted Colorado River supplies.

Meeting Storage Targets



- Maintaining multiple years of dry-year storage is essential for preserving SWP-dependent area reliability
- Most SWP storage accounts full or contain four years of storage
- Supplemental water purchases can help preserve dry-year storage



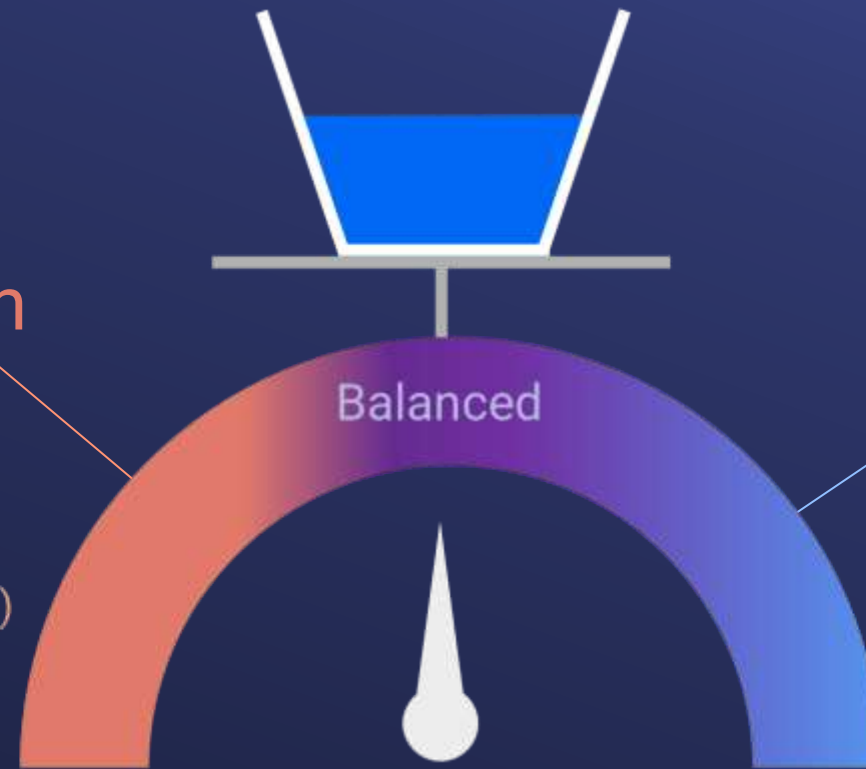
Notes:

- 1) Dashed lines indicate 2024 starting storage balances.
- 2) Ending storage balances are projections (as of December 4, 2024) & will vary based on actual conditions.
- 3) In-region storage includes emergency storage.
- 4) Storage buckets and map are not drawn to scale.

Water Sale Quantities Limited by Supply/Demand Balances

Water sales limited to quantities for which a future dry-year supply or exchange option can be obtained

Drought Actions
(SWP Allocation < ~20-30%)



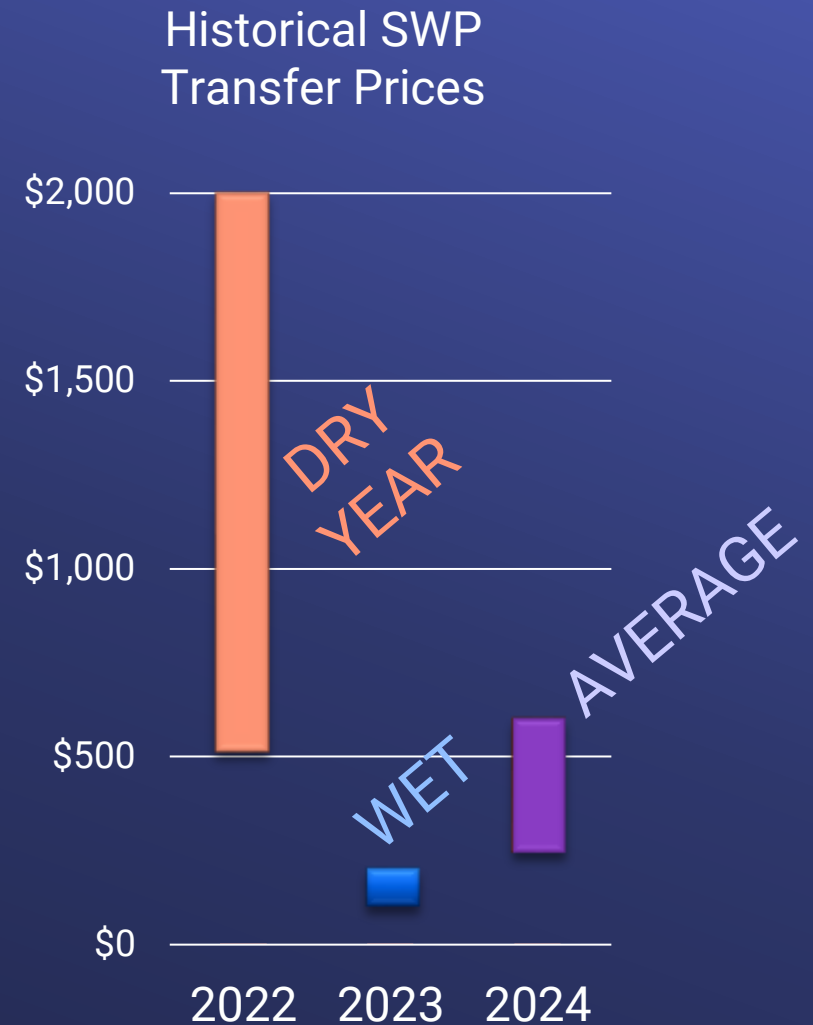
Water sales of up to 200 TAF at higher allocations

Surplus Actions
(SWP Allocation > ~20-30%)

Note: Information as of December 2024. Assumes current trend demand on Metropolitan and forecasted Colorado River supplies.

Recovery of Water Supply Costs

- Price of water sales to outside agencies should recover Metropolitan's water supply component of rates charged to member agencies
- Price of SWP transactions in recent years highly dependent on SWP allocation
- Likely price premium for water sales earlier in calendar year



Short-Term (Two-Year) Implementation

- Two calendar years is consistent with the period requiring new revenues in the budget adopted by Metropolitan's board in April 2024
- Shorter term is appropriate for a new water management tool
- SWP water sales are consistent with currently ongoing business model discussions
 - Immediate need to develop SWP transactions to optimize Metropolitan's storage assets, enhance flexibility in managing hydrologic variability, and capitalize on current conditions

Benefits:

Maximize
water
management
benefits in
both wet and
dry years

Flexible approach to managing hydrologic variability

- Allows staff to effectively and efficiently respond to changing hydrologic and market conditions
- Maximizes potential benefits:
 - Revenue generation
 - Future water supply shortage reduction
 - Preservation of stored water

Next Steps



- Receive board feedback
- Return to the board with an action item
- Negotiate agreement terms with potential partners
- Update the board monthly on potential transactions executed under the authority, if granted by the board

