

# The Metropolitan Water District of Southern California

# Agenda

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

## **FAM Committee**

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

## **Finance and Asset Management Committee - Final - Revised 1**

Meeting with Board of Directors \*

**July 9, 2024**

**8:30 a.m.**

**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. (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: 862 4397 5848.**

**Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via in-person or teleconference. To participate via teleconference 1-833-548-0276 and enter meeting ID: 815 2066 4276 or click <https://us06web.zoom.us/j/81520664276?pwd=a1RTQWh6V3h3ckFhNmduUWpKR1c2Zz09>**

**Tuesday, July 9, 2024  
Meeting Schedule**

**08:30 a.m. FAM  
10:30 a.m. EIA  
11:30 a.m. Break  
12:00 p.m. EOP  
01:30 p.m. BOD  
02:30 p.m. Sp Exec**

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

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

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

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

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

- A. Approval of the Minutes of the Finance and Asset Management Committee Meeting for June 11, 2024 (Copies have been submitted to each Director, any additions, corrections, or omissions) [21-3571](#)

**Attachments:** [07092024 FAM 2A \(06112024\) Minutes](#)

**3. CONSENT CALENDAR ITEMS - ACTION**

- 7-9 Authorize the General Manager to grant a Permanent Easement to San Diego Gas & Electric for natural gas pipeline purposes on Metropolitan fee-owned property in the County of San Diego and identified as Assessor Parel Number 102-650-065; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-3534](#)

**Attachments:** [07092024 FAM 7-9 B-L](#)

- 7-10 Authorize the execution of an amendment to an existing lease with Nish Noroian Farms to increase the size of the leased premises from 759 acres to 1,760 acres of Metropolitan’s fee-owned land in the Palo Verde Valley in Riverside County, California, and to make necessary associated changes. The additional proposed leasehold parcels are commonly known as Riverside County Assessor Parcels Numbers 833-060-004; 833-060-008; 833-060-018; 833-100-005; 833-100-007; 833-100-011; 833-100-012; 833-100-016; 833-100-017; 833-060-001; 833-060-024; 833-060-025; 827-190-003; 827-190-004; 827-190-005; 827-190-006; 827-190-007; 827-190-009; 827-190-010; 827-190-012; 833-060-026; 006-090-008; 006-090-009; 006-090-010; 006-090-011; 006-090-012; 006-090-013; 006-090-029; 006-120-082; 006-120-089; 006-150-065; 006-220-057. The General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with real property negotiators; agency negotiators: Kevin Webb and Kieran Callanan; negotiating parties: Linda D. Noroian dba Nish Noroian Farms; under negotiation: price and terms; to be heard in closed session pursuant to Government Code Section 54956.8] [21-3535](#)

- 7-11 Authorize amending the existing agreement with Public Financial Management Asset Management, for an additional not to exceed amount of \$125,000 and an extended term of six months through December 31, 2024 for investment management services; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. [ADDED ITEM 6/28/24] [21-3595](#)

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

**4. OTHER BOARD ITEMS - ACTION**

NONE

**5. BOARD INFORMATION ITEMS**

NONE

**6. COMMITTEE ITEMS**

- a. Update on financial conditions and metrics [21-3575](#)

**7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS**

- a. Finance and Asset Management activities [21-3572](#)

**8. SUBCOMMITTEE REPORTS AND DISCUSSION**

- a. Report from Subcommittee on Long-Term Regional Planning Processes and Business Modeling [21-3573](#)
- b. Discuss and provide direction to Subcommittee on Long-Term Regional Planning Processes and Business Modeling [21-3574](#)

**9. FOLLOW-UP ITEMS**

NONE

**10. FUTURE AGENDA ITEMS**

**11. ADJOURNMENT**

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

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

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

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**MINUTES**

**FINANCE AND ASSETT MANAGEMENT COMMITTEE**

**June 11, 2024**

Vice Chair Dick called the meeting to order at 9:01 a.m.

Members present: Directors Alvarez, Armstrong, De Jesus, Dennstedt, Dick, McMillan, Miller, Pressman (teleconference posted location), Quinn (entered after rollcall), and Seckel.

Members absent: Directors Fong-Sakai, Petersen, and Smith.

Other Members present: Ackerman, Camacho, Erdman, Goldberg, Kurtz, Lefevre (AB 2449 “just cause”), Morris, Ortega, and Ramos.

Director Lefevre indicated he is participating under AB 2449 “just cause” for caretaking for a family member that prevents him from attending in person. Director Lefevre appeared by audio and on camera and stated that no one was in the room with him.

Committee Staff present: Benson, Crosson, Chapman, Hagekhalil, Kasaine, Quilizapa, Ros, and Wheeler.

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

None

**CONSENT CALENDAR ITEMS — ACTION**

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

- A. Subject: Approval of the Minutes of the Finance, Audit, Insurance, and Real Property Committee Meeting for May 14, 2024 (Copies have been submitted to each Director, Any additions, corrections, or omissions)

**3. CONSENT CALENDAR ITEMS – ACTION**

- 7-4 Subject: Approve up to \$2.257 million to purchase insurance coverage for Metropolitan’s Property and Casualty Insurance Program for fiscal year 2024/25; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Motion: Approve up to \$2.257 million to purchase insurance coverage for Metropolitan's Property and Casualty Insurance Program to renew or replace all the expiring excess liability and specialty insurance policies for and maintain the \$25 million self-insured retention for FY 2024/25, and include up to \$225,000 to obtain cyber liability coverage.

Presented by: Drew Boronkay, Unit Manager- Risk Management

Ms. Kasaine introduced the item and Mr. Boronkay presented the committee with an overview of the current Property and Casualty Insurance programs. His presentation included the cost estimates for this year's insurance renewal and premium comparison by fiscal year.

The following Directors provided comments or asked questions:

1. Miller

Staff responded to the Directors' comments and questions.

7-5 Subject: Approve Metropolitan's Statement of Investment Policy for fiscal year 2024/25, delegate authority to the Treasurer to invest Metropolitan's funds for fiscal year 2024/25; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Motion: Approve the Statement of Investment Policy for fiscal year 2024/25; and delegate authority to the Treasurer to invest Metropolitan's funds for fiscal year 2024/25.

7-6 Subject: Authorize the General Manager to grant a permanent easement to the Las Virgenes Municipal Water District for water pipeline purposes on Metropolitan fee owned property in the City of Los Angeles within Assessor Parcel Number 2723 009 905; the General Manager has determined that the proposed action is exempt and not subject to CEQA

Motion: Authorize the General Manager to grant a permanent easement to Las Virgenes Municipal Water District for water pipeline purposes on Metropolitan fee-owned property in the City of Los Angeles within Assessor Parcel Number 2723-009-905.

- 7-7      Subject:                      Authorize amending agreements with Hazen and Sawyer for a new not to exceed amount of \$2,000,000 and CDM Smith Inc. for a new not to exceed amount of \$500,000, and authorize a new agreement with Arup US, Inc. for a not to exceed amount of \$500,000 for a period of three years to provide support services in the development and implementation of the CAMP4W; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA
- Motion:                              Authorize amending agreements with Hazen and Sawyer for a new not-to-exceed amount of \$2,000,000 and CDM Smith Inc. for a new not-to-exceed amount of \$500,000, and authorize a new agreement with Arup US, Inc. for a not-to-exceed amount of \$500,000 for a period of three years to provide support services in the development and implementation of the CAMP4W
- Presented By:                  Liz Crosson, Chief Sustainability, Resiliency & Innovation Officer

Ms. Crosson presented the committee with an overview of the task force charter, CAMP4W deliverables, support services background and scope of work.

The following Directors provided comments or asked questions:

1. Miller
2. De Jesus
3. Pressman
4. Seckel
5. Dick

Staff responded to the Directors' comments and questions.

After completion of the presentations, Director Miller made a motion, seconded by Director De Jesus, to approve the consent calendar consisting of items 2A, 7-4, 7-5, 7-6, and 7-7.

The vote was:

Ayes:                      Directors Alvarez, Armstrong, Bryant, De Jesus, Dennstedt, Dick, McMillan, Miller, Pressman, Quinn, and Seckel.

Noes:                      None

Abstentions:              None

Absent:                     Directors Fong-Sakai, Petersen, and Smith.

The motion for items 2A, 7-4, 7-5, 7-6 and 7-7 passed by a vote of 11 ayes, 0 noes, 0 abstain, and 3 absent.

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

Vice Chair Dick announced the agenda will be reordered. Committee items 6a and 6b will be heard prior to item 8-5.

#### **6. COMMITTEE ITEMS**

- a. Subject: Update On Other Post Employment Benefits  
Presented by: Margaret Tempkin, Cheiron  
Kathleen Weaver, Cheiron

Ms. Kasaine introduced the item and introduced the Actuaries from Cheiron. Ms. Tempkin and Ms. Weaver provided background on valuations and Metropolitan's valuation results.

The following Director provided comments or asked questions:

1. Armstrong

Staff responded to the Director's comments and questions.

- b. Subject: Discussion On Section 115 Trust for Pension and Other Post Employment Benefits  
Presented by: Adam Benson, Group Manager – Finance

Ms. Kasaine introduced the item and Mr. Benson presented the committee with an overview of benefits structure, pension background, OPEB background, and additional funding options.

The following Director provided comments or asked questions:

1. Miller
2. Armstrong
3. De Jesus

Staff responded to the Director's comments and questions.



## 5. OTHER CONSENT ITEMS – ACTION

8-5 Subject: Authorize an option agreement with The AES Corporation, LLC, for a long-term lease of up to 6,742 acres of land in the Palo Verde- Valley, California for possible carbon-free energy production and storage purposes, contingent upon further project permits and approvals; the General Manager has determined that the proposed action of issuing an option agreement is exempt or otherwise not subject to CEQA. The property is located southwest of the city of Blyth in Riverside County and commonly known as the Palo Verde Mesa, Riverside County Assessor Parcel Nos. 879-230-001, 879-230-003; 879-230-005; 879-230-008; 879-230-010; 879-230-011; 879-230-012; 879-230-013; 879-230-014; 879-230-015; 879-230-016; 879-230-017; 879-230-018; 879-230-023; 879-230-024; 879-240-001; 879-240-002; 879-240-037; 879-240-038; 879-250-001; 879-250-008; 879-250-011; 879-250-013; 879-250-014; 879-261-019; 879-261-020; 879-261-021; 879-261-022; [Conference with real property negotiators agency negotiators: Kevin Webb and Kieran Callanan; negotiating parties: The AES Corporation, LLC; under negotiation: price and terms; to be heard in closed session pursuant to Government Code Section 54956.8. [ADDED ITEM 6/3/2024]

Presented by: Kieran Callanan, Unit Manager- Land Management

In open session, Ms. Crosson introduced the item and Mr. Callanan provided an overview of the lease, service area and CRA map, site map, and future Board actions.

Director Pressman entered the meeting.

In closed session, the Committee met with its real property negotiators and recommended that the Board authorize the General Manager to enter into an option agreement with The AES Corporation, LLC for a long-term lease of up to 6,742 acres in the Palo Verde Mesa for carbon-free energy production and storage uses, subject to the price and terms direction given in closed session.

## 5. BOARD INFORMATION ITEMS

None

## 7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

a. Subject: Financial and Asset Management Activities

No report was given.

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

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

Director Seckel updated the committee on the items discussed at the May 30, 2024, Joint Task Force meeting.

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

No direction was given.

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

None

## **10. FUTURE AGENDA ITEMS**

None

## **11. ADJOURNMENT**

The next meeting will be held on July 9, 2024.

The meeting adjourned at 11:08 a.m.

Larry Dick  
Vice Chair



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

7/9/2024 Board Meeting

7-9

**Subject**

Authorize the General Manager to grant a permanent easement to San Diego Gas & Electric for natural gas pipeline purposes on Metropolitan fee-owned property in the County of San Diego and identified as Assessor Parcel Number 102-650-065; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

**Executive Summary**

This action authorizes the General Manager to grant San Diego Gas & Electric (SDGE) a permanent easement for the installation of natural gas lines across Metropolitan property (**Attachment 1**). The purpose is to enhance system operability and maintenance safety. Specifically, the project aims to upgrade and modernize natural gas infrastructure in the unincorporated community of Rainbow in northern San Diego County. Board authorization to grant this permanent easement is required as the real property interest to be conveyed exceeds five years.

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

**Staff Recommendation: Option #1**

**Option #1**

Authorize the General Manager to grant a permanent easement to San Diego Gas & Electric for natural gas pipeline purposes on Metropolitan fee-owned property in the County of San Diego and identified as Assessor Parcel Number 102-650-065

**Fiscal Impact:** Metropolitan will receive a lump sum payment of \$13,100 for the easement area.

**Business Analysis:** Cooperation with other agencies and public utilities, by granting easements and other rights of entry, furthers the public interest and facilitates Metropolitan obtaining easements and other property rights critical for its own operations. Metropolitan will also receive positive revenue in the form of fees and fair market value for the easement.

**Option #2**

Do not approve the permanent easement

**Fiscal Impact:** Metropolitan will forgo the lump sum payment of \$13,100.

**Business Analysis:** San Diego Gas & Electric will not be permitted to improve their natural gas pipelines within Metropolitan property which may impact their future circulation and safety in the area, and they may use eminent domain action to obtain the necessary easement. This option could hinder opportunities to obtain reciprocal rights or permits from San Diego Gas & Electric right-of-ways for Metropolitan projects in the future.

**Alternatives Considered**

Not applicable

## **Applicable Policy**

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Metropolitan Water District Administrative Code Section 8230: Grants of Real Property Interests

Metropolitan Water District Administrative Code Section 8231: Appraisal of Real Property Interests

Metropolitan Water District Administrative Code Section 8232: Terms and Conditions of Management

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

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By Minute Item 48766, dated August 16, 2011, the Board adopted the proposed policy principles for managing Metropolitan's real property assets.

## **California Environmental Quality Act (CEQA)**

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### **CEQA determination for Option #1:**

The proposed action is exempt from CEQA because it involves the licensing of existing public structures and facilities, involving negligible or no expansion of existing or former use and no possibility of significantly impacting the physical environment. In addition, the proposed action is exempt because it consists of minor alterations in land use limitations in areas with an average slope of less than 20 percent, which do not result in any changes in land use or density. (State CEQA Guidelines Section 15301 and Section 15305.)

### **CEQA determination for Option #2:**

None required

## **Details and Background**

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### **Background**

SDGE is requesting a permanent easement on Metropolitan's fee-owned property in San Diego County, identified as Assessor Parcel Number 102-650-065, to facilitate the removal and replacement of gas lines, including the 30-inch pipeline, minor grading, construction of a perimeter wall, a 10-inch blow-off pipeline, a 16-inch pipeline, and a 20-inch pipeline. The new pipelines will incorporate modern safety features, including thicker steel pipes, control valves, and improved visibility under normal operating conditions as part of the upgrade and modernization of the natural gas infrastructure in the unincorporated community of Rainbow in northern San Diego County. The proposed gas lines will not cross or impact any of our existing San Diego Pipelines Nos. 1, 2, and 3, which are in the area.

Staff has determined that the proposed easement would not interfere with Metropolitan's operations. The proposed permanent easement for natural gas line purposes will have the following key provisions:

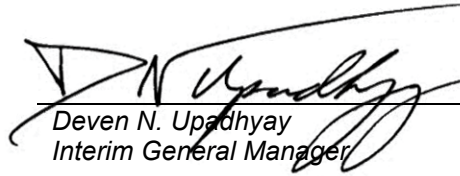
- Subject to Metropolitan's paramount rights provision.
- For operation, maintenance, repair, and replacement of natural gas pipelines and appurtenances.
- SDGE shall provide Metropolitan reasonable access over and across the permanent easement.
- All plans for construction, maintenance, major repair, or replacement work shall be reviewed and approved by Metropolitan before the commencement of work.
- SDGE will keep the easement area free of trespass, noxious weeds, and trash at its sole cost and expense.
- The easement being granted is 1,685 square feet.

The fair market value for the proposed easement is \$5,100, as determined by a qualified licensed appraiser. There is also a one-time processing fee of \$8,000 for granting the permanent easement.



Elizabeth Crosson  
Chief Sustainability, Resilience and  
Innovation Officer

6/20/2024  
Date



Deven N. Upadhyay  
Interim General Manager

6/27/2024  
Date

**Attachment 1 – Location Map**

Ref# sri12698224

### Location Map

