

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 2

March 12, 2024

1:30 PM

Tuesday, March 12, 2024 Meeting Schedule
08:30 a.m. LC 10:00 a.m. FAM 01:00 p.m. Break 01:30 p.m. BOD

Agendas, live streaming, meeting schedules, and other board materials are available here: <https://mwdh2o.legistar.com/Calendar.aspx>. If you have technical difficulties with the live streaming page, a listen-only phone line is available at 1-877-853-5257; enter meeting ID: 891 1613 4145. Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via in-person or teleconference. To participate via teleconference 1-833-548-0276 and enter meeting ID: 815 2066 4276 or click <https://us06web.zoom.us/j/81520664276pwd=a1RTQWh6V3h3ckFhNmDsUWpKR1c2Zz09>

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

Princess Cruise / Emerald Princess • 3721 S.W. 30th Avenue, Fort Lauderdale, FL 33312
3008 W. 82nd Place • Inglewood, CA 90305
525 Via La Selva • Redondo Beach, CA 90277
City Hall • 303 W. Commonwealth Ave. • Fullerton, CA 92832
Cedars Sinai Medical Center • 8700 Beverly Blvd • Los Angeles, CA 90048
934 16th Street • Denver, CO 80202

1. Call to Order

- a. Invocation: Director Jacque McMillan, Calleguas Municipal Water District
- b. Pledge of Allegiance: Director Gloria Cordero, City of Long Beach

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))

PUBLIC HEARING

- a. Public hearing regarding: the proposed water rates and charges for calendar years 2025 and 2026 necessary to meet the revenue requirements for fiscal years 2024/25 and 2025/26 [21-3127](#)

5. OTHER MATTERS AND REPORTS

- A. Report on Directors' Events Attended at Metropolitan's Expense [21-3052](#)

Attachments: [03122024 BOD 5A Report](#)

- B. Chair's Monthly Activity Report [21-3053](#)

Attachments: [03122024 BOD 5B Report](#)

- C. General Manager's summary of activities [21-3054](#)

Attachments: [03122024 BOD 5C Report](#)

- D. General Counsel's summary of activities [21-3055](#)

Attachments: [03122024 BOD 5D Report](#)

- E. General Auditor's summary of activities [21-3056](#)

Attachments: [03122024 BOD 5E Report](#)

- F. Ethics Officer's summary of activities [21-3057](#)

Attachments: [03122024 BOD 5F Report](#)

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

6. CONSENT CALENDAR OTHER ITEMS - ACTION

- A. Approval of the Minutes of the Board of Directors Meeting for February 13, 2024 (Copies have been submitted to each Director, any additions, corrections, or omissions) [21-3051](#)

Attachments: [03122024 BOD 6A \(02132024\) Minutes](#)

- B. Approve Committee Assignments

- C. Nomination and Election of nonofficer members of the Executive Committee for the remaining two-year term effective March 12, 2024 and ending at the January 2025 Board Meeting

7. CONSENT CALENDAR ITEMS - ACTION

- 7-1** Award a \$1,754,000 contract to Granite Construction Company for pavement rehabilitation at the F.E. Weymouth Water Treatment Plant; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EOT) **[21-3079](#)**
- Attachments:** [03122024 EOT 7-1 B-L](#)
[03122024 EOT 7-1 Presentation](#)
- 7-2** Award a \$892,552 procurement contract to Whipps Inc. for the fabrication and delivery of three stainless steel slide gate assemblies for the East Lake Skinner Bypass channel; the General Manager has determined that the proposed action is exempt or not subject to CEQA (EOT) **[21-3080](#)**
- Attachments:** [03122024 EOT 7-2 B-L](#)
[03122024 EOT 7-2 Presentation](#)
- 7-3** Award a \$1,779,174 procurement contract to Vogt Valves, Inc. for a 132-inch diameter butterfly valve to be installed at the Foothill Pump Station Intertie as part of water supply reliability improvements in the Rialto Pipeline service area; and authorize an increase of \$260,000 to an agreement with HDR Engineering Inc. for a new not-to-exceed amount of \$1,560,000 for design services; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (This action is part of a series of projects that are being undertaken to improve the supply reliability for State Water Project dependent member agencies) (EOT) **[21-3081](#)**
- Attachments:** [03122024 EOT 7-3 B-L](#)
[03122024 EOT 7-3 Presentation](#)
- 7-4** Authorize an increase of \$2,700,000 to an agreement with Tetra Tech Inc. for a new not-to-exceed total amount of \$3,350,000 for final design services for improvements to the Station Light and Power Electrical System at Iron Mountain Pumping Plant; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EOT) **[21-3082](#)**
- Attachments:** [03122024 EOT 7-4 B-L](#)
[03122024 EOT 7-4 Presentation](#)

- 7-5** Amend the Capital Investment Plan for fiscal years 2022/23 and 2023/24 to include two projects: (1) Sepulveda Feeder Pump Stations Stage 2, and (2) Inglewood Lateral Improvements; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (This action is part of a series of projects that are being undertaken to improve the supply reliability for State Water Project dependent member agencies.) (EOT) **[21-3083](#)**

Attachments: [03122024 EOT 7-5 B-L](#)
[03122024 EOT 7-5 Presentation](#)

- 7-6** Authorize an increase of \$1.3 million to an existing agreement with Helix Environmental Planning Inc. for a new not to exceed amount of \$4.1 million to support the Pure Water Southern California Program environmental planning; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EOT) **[21-3084](#)**

Attachments: [03122024 EOT 7-6 B-L](#)
[03112024 EOT 7-6 Presentation](#)

- 7-7** Authorize an increase of \$320,000 to a purchase order with Total Transportation Logistics Inc. for a new not-to-exceed total amount of \$540,000 for storage of filter valves for the F.E. Weymouth Water Treatment Plant; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EOT) **[21-3085](#)**

Attachments: [03122024 EOT 7-7 B-L](#)
[03122024 EOT 7-7 Presentation](#)

- 7-8** Approve amendments to the Metropolitan Water District Administrative Code to provide an exempt time off benefit to unrepresented employees equivalent to the time off benefit provided to Metropolitan's management unit, create a new reproductive leave loss benefit as required by state law, conform personnel regulations for unrepresented employees to current practices and regulations; and authorize the General Manager to adjust unrepresented salaries to conform with the equity wage and cost-of-living adjustments provided to Metropolitan's management unit. The General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. [REVISED SUBJECT 3/8/2024] (LC) [21-3115](#)

Attachments: [03122024 LC 7-8 B-L REVISED ATTACHMENTS](#)
[03122024 LC 7-8 Presentation](#)

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

8. OTHER BOARD ITEMS - ACTION

- 8-1** Authorize a new agricultural lease agreement with Lemhi Land & Cattle LLC, thereby allowing this existing lessee to continue farming on Metropolitan's fee-owned property in the Sacramento-San Joaquin Delta; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with real property negotiators; properties totaling approximately 3,007 gross acres in the area commonly known as Holland Tract, also identified as Contra Costa County Assessor Parcel Nos. 023040027; 023040026; 023050001; 023050002; 023070011; 023070012; 023090004; 023090003; 023080010; 023080011; 023100007; 023100008; 023090001; 023100002; 023100004; 023100001; agency negotiators: Anna Olvera, Kevin Webb, and Kieran Callanan; negotiating parties: Gino Torlai dba Lemhi Land & Cattle, LLC; under negotiation: price and terms; to be heard in closed session pursuant to Government Code Section 54956.8]. [REVISED SUBJECT 3/6/24] (FAM) [21-3117](#)

Attachments: [03122024 FAM 8-1 Presentation \(revised\)](#)

9. BOARD INFORMATION ITEMS

- 9-1** Conservation Report [21-3058](#)

Attachments: [03122024 BOD 9-1 Report](#)

- 9-2 Proposed biennial budget, which includes the Capital Investment Plan and revenue requirements for fiscal years 2024/25 and 2025/26; proposed water rates and charges for calendar years 2025 and 2026 to meet revenue requirements for fiscal years 2024/25 and 2025/26; ten-year forecast; and Cost of Service Report (Workshop #3) (FAM) [21-3118](#)

Attachments: [03122024 FAM 9-2 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.

March 12, 2024 Board Meeting

Item 5A



Metropolitan Water District of Southern California Summary of Events

Attended by Directors at Metropolitan's Expense in February 2024

Date(s)	Location	Meeting Hosted by:	Participating Director(s)
Feb. 8	San Diego, CA	San Diego Chamber of Commerce	Michael Camacho
Feb 15-16	Sacramento, CA	DCA Oversight Meeting	Miguel Luna
Feb 21-23	Palm Springs, CA	Urban Water Institute's Spring 2024 Conference	Brenda Dennstedt Larry Dick Russell Lefevre



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

Summary

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

Monthly Activities

Key Activities

- Started visits to local Member Agency Board during their monthly meetings with General Manager Adel Hagekhalil and Executive Officer Deven Upadhyay. We made two stops in February: Calleguas Municipal Water District and Inland Empire Utilities Agency. We addressed the inter-relation between CAMP4Water, the Biennial Budget Process, Bay-Delta Issues, and the Colorado River, as well as our collective resiliency in addressing the State Water Project Exclusive Areas challenges. We also answered questions and comments from the member agency directors and, in some instances, members of the public, including municipal local elected officials.



- General Manager Hagekhalil, General Counsel Marcia Scully, and I witnessed the swearing-in of La Habra Heights County Water District General Manager Michael Gualtieri, who was appointed to represent Central Basin Municipal Water District. Gualtieri joined the La Habra Heights County Water District as a service technician in 1982 and held various roles, including superintendent, until becoming general manager in 2002. With nearly 40 years of water industry experience, Gualtieri is president of the Central Basin's Board.



- I met with Evelyn Wendel from WeTap.Org, an organization that is trying to encourage public confidence in tap water. We had a wide-ranging conversation about her organization's efforts, the level of funding required for success, and the stunted progress on this front by water suppliers overall.
- Meeting with Barbara Barrigan-Parrilla, Vice Chair Malissa Tayaba, and Krystal Moreno of the Shingle Springs Band of Miwok Indians. They expressed absolute opposition to the Delta Conveyance Project as well as to the Voluntary Agreements, but urged continued Metropolitan Water District funding participation notwithstanding the lack of progress. I expressed disappointment that the impasse on both fronts complicates Metropolitan Water District's efforts to prioritize investments in the Bay-Delta overall, and that without a timely and final outcome on Delta Conveyance, investments on in-Delta improvements also face challenges because we lack certainty about what such improvements will actually accomplish for our region.
- Board Secretary Lois Fong-Sakai and I attended the Asian American Employee Organization's Lunar New Year celebration, marking the year of the Dragon. I provided opening remarks and expressed my appreciation for the vibrant cultural diversity within our organization. Secretary Fong-Sakai recounted a story about how the lunar calendar came to be through a race ordered by the Chinese Emperor to see which animals would cross a river first to set their order in the lunar year. The Dragon came in 5th place because it stopped along the way to help suffering villages. Metropolitan was born in 1928, a Dragon Year.



Other Activities

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.



General Manager's Monthly Report



Activities for the Month of February 2024

Table of Contents



Message from the GM	3
Strategic Priorities Update	4-10
Executive Summary	11-13
Reflections	14
Water Supply Conditions Report	15
Reservoir Report	16

Message from the General Manager

Metropolitan is in a transformational moment. The decisions we make today will impact Southern California for decades to come. If we embrace and boldly address the current challenges of scarcity, we will create a more abundant future.

Given how weighty today's decisions are, it stands to reason that they are also difficult. Where should we invest limited financial resources? How much risk should we assume in the face of a changing climate, emerging contaminants, and the demand on financial reserves? How do we remain competitive as the workforce and workplace change?

Unfortunately, we can't exactly predict the future. We have to make choices with incomplete information, which adds pressure to gather the best information available. Thankfully Metropolitan's resource managers, planners and staff are the absolute best in the business.

An important response to the challenge of making decisions amid uncertainty is the adaptive management approach being raised through the Climate Adaptation Master Plan for Water (CAMP4W) process. Adaptive management is a way to enable course corrections when future conditions indicate the need to make adjustments and where investment decisions can be staged incrementally. By adapting and fine-tuning investment decisions over time, we could better align implementation with real-world conditions and thereby reduce the risk of over or under developing resources.

Climate change is threatening the water supplies that have been our lifeblood for a century, and other challenges require us to look for innovative approaches to the future. None of this will be easy, as limited resources force us to prioritize among many urgent and real demands.

I'm confident, we can build a brighter—and wetter!—future that leaves no one behind. It will take collaboration, a continued focus on Metropolitan's mission, mindful prioritization of our commitments, and an adaptive management approach to help balance the many uncertainties we face.

We are one,

Adel



“We are caught in an inescapable network of mutuality, tied in a single garment of destiny. Whatever affects one directly, affects all indirectly.”

*- Martin Luther King Jr.,
Civil Rights Leader*



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 General Manager's [Business Plan for FY23-24](#) and the "[SMART Tracker](#)" dashboard of specific actions that advance the Strategic Priorities.



Empower the workforce and promote diversity, equity, and inclusion



Goal Dashboard

9 of 9 Outcomes in process and 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.**

The organization's overall vision, safety vision, and values (Safety, Trust, Accountability, Respect & Teamwork) were officially introduced to the workforce during the Coffee with the GM, attended by 900 employees. Activities and communication strategies are being developed to ensure ongoing tangible expression of these values including, for example, through performance management, orientation, and internal communications. As part of the related effort to promote safety, staff scheduled focus group sessions with employees, management, and bargaining units to discuss the safety vision and principles.

The EEO Office will hold office hours in the Desert region April 8-10. The purpose is to provide our remote employees the opportunity to meet and speak in-person with EEO staff to learn more about the EEO Office's policies and procedures, and/or report any EEO work-related concerns.

General Manager's and General Auditor's offices worked together to complete and agree upon an audit of the Roesling Nakamura Terada Architects contract to provide assessment, planning, and design support to the Desert Housing and Property Improvement Program.



Vision & Values

**Organizational
Vision and Values
have been updated
informed by
employee input**

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

The Recruitment Unit has engaged an outside professional services firm to assist with sourcing and to develop marketing campaigns for hard-to-fill positions. The Recruitment Unit has also started to implement new provisions of the AFSCME MOU and continues to evaluate the minimum staffing needs to meet service level expectations and to identify areas where potential improvements can be made to shorten the recruitment timeline.

To increase outreach efforts into Metropolitan's internships and apprenticeship programs, DEI has strategic partnership agreements for outreach in place with several community-based partners, including California African American Water Education Foundation (CAAWEF), Water Education for Latino Leaders (WELL), National Association for the Advancement of Colored People (NAACP), and Homeboy Industries.

843 employees completed Career Development trainings.



Sustain Metropolitan's mission with a strengthened business model



Goal Dashboard

5 of 5 Outcomes in process and on target

- **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.**

As a contribution to including fairness in the business model deliberation, our next panel discussion regarding affordability will be at the April Equity, Inclusion and Affordability Committee. Meanwhile, board questions and discussion around the proposed budget and revenue options for the coming biennium are also valuable for later exploration of business model alternatives.

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

SRI is interviewing for the Research and Grants Unit Manager position in March, which will enable further attention to expanding access to grant funding.



Adapt to changing climate and water resources



Goal Dashboard

9 of 11 Outcomes in process and on target
2 Outcomes behind schedule

■ Provide each member agency access to an equivalent level of water supply reliability through the development of a Climate Adaptation Master Plan for Water (CAMP4) that integrates water resource, financial and climate adaptation planning.

In its February meeting, the CAMP4W Task Force reviewed and discussed a refined set of Time-Bound Targets for use in the Climate Decision Making Framework. Ten Targets were discussed and, in accordance with the discussion, will be further refined for inclusion in the CAMP4W Year One Report.

Staff presented to the Board in February the recommended drought mitigation actions portfolio along with an implementation strategy. A March board action is being developed to recommend amending the current CIP to include selected drought mitigation projects.

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

Staff presented a Board Information Item on a proposed framework for a Supplemental Water Management Program that was designed collaboratively with member agencies as one strategy for capturing more water during surplus conditions.

A retail-level turf dashboard was presented to member and retail agency representatives at the monthly Water Use Efficiency coordinators meeting in February. While staff continues to gather feedback as part of the quality control process, all agencies in Metropolitan's service area now have access to the data.



Farm Conservation

Quechan Seasonal
Fallowing Program has
been extended through
December 31, 2026

Staff has completed negotiations with the Delta Conservancy on the Webb Tract Grant Agreement.

The Quechan Seasonal Fallowing Pilot Program has been extended through December 31, 2026. For the 2023 fallowing season, 148 acres were fallowed, which resulted in an estimated 281 AF conserved.

Progress continues on transitioning the fleet to zero emissions, with 11 ZEVs in the fleet, and on planning for expanded ZEV charging infrastructure. The team analyzed benefits of renewable energy at Reclamation facilities on the Delta islands and is transitioning agricultural leases to rice to reduce GHG emissions and provide carbon sequestration benefits. While the Climate Action Plan program still requires a full-time staff person to make additional progress on tracking GHGs and leading GHG reductions through new renewable energy and carbon sequestration credits, staff is on schedule to publish a Second Annual Report in April 2024.



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



Goal Dashboard

6 of 7 Outcomes in process and on target

1 Outcome completed

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

Staff presented to the Board the roadmap to develop the Strategic Infrastructure Resilience Plan (SIRP). The activities in 2023 to improve seismic resilience of Metropolitan's infrastructure were also discussed in the presentation.

This month staff trained with Pasadena Fire Department and CalFIRE.

All 13 of Metropolitan's Dam Emergency Action Plans have been completed and submitted to CalOES. Ten have been approved by the state, and the remaining three are under review with expected approval in the first quarter of 2024.

Since the launch of Cybersecurity Awareness Training, over 90 percent of Metropolitan employees have completed their training.

Planning for the Member Agency Cybersecurity Summit has begun. A save-the-date memo for the June 2024 Summit will be sent soon.

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

The SCADA pilot phase at Mills plant is complete. Staff is currently evaluating the effectiveness of the control system pilot program.

Master specifications are being reviewed for opportunities to incorporate sustainability/Envision principles into all projects.

The asphalt and surface restoration specification sections have been updated to increase the maximum amount of recycled asphalt from 20 to 25 percent, while a pilot project is planned to begin in April to test the use of a minimum 40 percent recycled asphalt.



Control System

A pilot control system upgrade (SCADA) at Mills Plant is complete and being evaluated



Partner with interested parties and the communities we serve



Goal Dashboard

5 of 7 Outcomes in process and on target

1 Outcome completed

1 Outcome behind schedule

■ **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 Member Agency Public Information Officers Working Group meeting to share the results of recent focus groups on public trust in agencies and institutions, including Metropolitan. With discussion around water supply and water quality, the participants provided insights that can guide our public engagement strategies.

Metropolitan convened the seventh workshop of the regional Water Reuse Collaborative to coordinate among local agencies to leverage the benefits of the large-scale water reuse projects being led by Metropolitan and the City of Los Angeles. Water Replenishment District was featured this month, with a presentation that emphasized the opportunities of significant available basin storage.

Metropolitan participated in and presented technical information at two workshops for an effort organized by LA Waterkeeper to develop awareness and common policy positions on issues of water reuse.

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

External Affairs and DEI staff are coordinating on a few distinct tribal engagement efforts. Through site visits and technical discussions, Metropolitan is working with the Soboba Nation and Pechanga Nation to share knowledge around water system infrastructure, operations, and water quality. This also includes exploring grant opportunities targeted for underserved communities and small water systems. An April tour of the Colorado River Aqueduct is being planned for the California Indian Manpower Consortium and its member tribes.

We are continuing to work with fellow signatories of the Equity in Infrastructure Pledge to expand opportunity for historically underutilized businesses to secure procurement contracts with government agencies. There is focused attention and dialogue on how best to increase access to capital as well as how to pursue reciprocity in certification, which are two key barriers. As a testament to our efforts, Metropolitan has been nominated by the Greater Los Angeles African American Chamber of Commerce (GLAAACC) for Utility Company of the Year. The winner will be announced at GLAAACC's 30th Annual Economic Awards Dinner to be held in LA on April 19.

Executive Summary

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

Bay-Delta Resources

The California Department of Water Resources released two fact sheets: [Delta Conveyance Project Fast Facts](#)—a compilation of quick project stats, key project features, water supply reliability, and public input; and [Adapting to Climate Change: Catching and Moving Water from Big Storms](#)—which found that had the Delta Conveyance Project been operational during the recent storms, about 457,000 acre-feet of water could have been captured by the State Water Project for future use through February 20. This number will be updated as available.

Chief Financial Officer

Metropolitan staff commenced working on two upcoming bond sales, the approximately \$425 million Water Revenue Refunding Bonds, 2024 Series A, and the approximately \$270 million Subordinate Lien Water Revenue Refunding Bonds, 2024 Series B. The 2024 Series A bonds are scheduled to be marketed the week of April 22, 2024, and the Subordinate 2024 Series B are expected to be marketed the week of June 3, 2024. Members of the financing teams for the two refunding projects are assisting Metropolitan in preparing the documentation as well as meetings with the rating agencies for the two upcoming bond sales.

Diversity, Equity & Inclusion

The Diversity, Equity & Inclusion Office had a busy February continuing to advance equity and inclusion across all our stakeholder groups and engaging in the diverse communities we serve. We visited and made connections with the Sunburst Youth Academy to better advance our water treatment and conservation efforts and also brokered connections between the Soboba Tribe and a DC nonprofit to advance mutually beneficial conversations to support small water systems on Tribal lands. From engaging with innovations with the Israeli government to engaging with the US Green Building Alliance, the Business Outreach and Community Engagement Team has been engaged with local organizations and events to share more about expanding procurement opportunities for Metropolitan. The team was recently informed that we have been nominated by the Greater Los Angeles African American Chamber of Commerce (GLAAACC) for Utility Company of the Year. The winner will be announced at GLAAACC's 30th Annual Economic Awards Dinner to be held in LA on April 19.

Engineering Services

Following inspection of the Allen McColloch Pipeline (AMP) in October/November 2023, staff determined that urgent rehabilitation of portions of the pipeline was necessary. The urgent relining of the AMP will be performed in two stages to minimize impacts to member agencies. The first stage will primarily focus efforts on the portion of pipeline north of service connection OC-88 and will be performed in April 2024. The second stage will start in May 2024 and will address portions of the pipeline south of OC-88. A bulkhead will be used to provide flows to the northern portion of the line during an extended outage of the southern portion.

In February 2024, the Board authorized increases in change order authority to three existing contracts to expedite the Stage 1 work. Design of the Stage 1 work is now 99 percent complete. All of the 72-inch diameter pipe and 40 percent of the 63-inch diameter pipe needed for the April shutdown has been fabricated. Extensive outreach with member agencies and the local communities is underway, and encroachment permit applications have been submitted. Design for the Stage 2 work is 90 percent complete and will be advertised for competitive bids in March 2024.

Equal Employment Opportunity Office

The Equal Employment Opportunity Office has launched an updated mandatory EEO training for both supervisors and non-supervisors, in accordance with California regulations. Workplace discrimination, harassment, including sexual harassment, and retaliation is prohibited by Metropolitan policy, and is illegal under federal, state, and local laws. Through scenarios and exercises, this interactive training will explore the different forms of workplace

harassment, provide an overview of EEO-protected characteristics, and discuss abusive conduct prevention. The training is located in the My Learning Platform under the title *Recognizing Discrimination, Harassment and Retaliation (Supervisor/Manager)* for supervisors and *Recognizing Discrimination, Harassment and Retaliation (Non-Supervisor/Non-Manager)* for non-supervisors.

External Affairs

On February 7, Chair Ortega, GM Hagekhalil, and EO/AGM Upadhyay provided an update to the Calleguas board of directors on water supply reliability and how CAMP4W will inform future investments to serve Ventura County and the region. On February 21, Chair Ortega, GM Hagekhalil, and EO/AGM Upadhyay provided an update to the Inland Empire Utilities Agency board of directors on water supply conditions, CAMP4W, and planned investments to ensure continued reliability in the region.

Human Resources

The new training calendar was posted for the January and February offerings. A total of 392 employees completed in-person and virtual trainings covering topics like Franklin Covey's 7 Habits, Communicating Authentically & Effectively, Excel Calculations, Interviewing Skills, and Resume Writing. LinkedIn Learning's online training platform was accessed for trainings on Generative AI, Tinkercad, Mindfulness in the Workplace, PowerPoint Data Analytics, Inclusive Language at Work, and Interviewing Techniques.

Information Technology

The Information Technology Group recently completed the successful upgrade of ServiceNow to the latest version, Vancouver. ServiceNow is the main platform used by IT to manage help desk tickets and service requests, as well as automating many internal IT operations. The project, which began in late December 2023, involved a series of regression testing with all key functions being validated after the production upgrade. The new release offers improved AI searches and flow designer and backend navigation enhancements on the information technology infrastructure library (ITIL).

Safety, Security and Protection

Metropolitan staff has implemented a series of proactive measures aimed at addressing various safety and security concerns. One notable initiative includes the installation of additional high-security Automated Meter Reader (AMR) cabinets. These measures are designed to mitigate unplanned metering outages caused by incidents such as metal, battery, and power thefts.

In collaboration with both internal and external partners, Emergency Management has been diligently updating the first of several Dam Emergency Action Plans (EAPs). The goal is to bolster safety measures for both employees and the surrounding community. Additionally, Emergency Management has engaged in joint planning and training exercises with local fire departments to better prepare for potential emergencies.

Safety, Regulatory, and Training (SRT) has been proactive in drafting a memorandum introducing Metropolitan's new Safety Vision and Guiding Principles. SRT has also developed four new Safety Talks and facilitated joint exercises with local hazmat responders at the Skinner Treatment Plant. Repair work on underground storage tank fuel and vent lines at the Rio Hondo hydroelectric plant has been successfully completed, further enhancing safety protocols. Moreover, staff has secured a crucial air quality permit for the Manufacturing Service Unit (MSU) and has diligently submitted multiple compliance reports to respective air quality agencies. On the training front, the Apprenticeship program has continued its efforts to enhance skills and expertise among staff members. Additionally, Training has elevated its SOOM training program by integrating site visits into the course curriculum. These initiatives collectively underscore Metropolitan's ongoing commitment to safety and security across its operations.

Sustainability, Resiliency and Innovation

The Chief SRI Office is actively engaged in advancing climate adaptation efforts, beginning with a comprehensive presentation to the Los Angeles Business Council (LABC) Energy and Environmental Committee on the Climate Adaptation Master Plan for Water (CAMP4W). This presentation underscored the plan's critical implications for water conservation and its integration into broader environmental resilience strategies. Furthermore, participation in the Advisory Council for Climate Adaptation Science (ACCAS) in Washington, D.C., aimed to foster understanding among members regarding its objectives, subsequently shaping future discussions around prioritized topics identified by the U.S. Geological Survey. Subsequent to these engagements, the CAMP4W Task Force convened to deliberate on Time-Bound Targets, crucial for tracking progress on resource and policy goals across various categories, with the initial targets outlined in Working Memo #6.

Meanwhile, SRI has been actively involved in several key initiatives, including the transition to Zero Emission Vehicles (ZEVs), and sustainable procurement policy development, including the development of Sustainability and Resilience Operating Policy D-03. In February, efforts to facilitate a smooth ZEV transition continued, with discussions on a new policy for charging needs for Fleet ZEVs and the development of a ZEV First Directive prioritizing ZEV purchases. Furthermore, SRI has been collaborating on sustainable procurement practices, with work ongoing to revise Operating Policy G-05. Additionally, the Centralized Grants Management Office (CGMO) has been finalizing a MyLearning Grant Training program and launching a Water Grant Network for member agencies, underscoring Metropolitan's commitment to innovation and sustainability across its operations and programs.

Water Resource Management

Water Resource Management staff supported current year supply reliability by procuring SWP supplies that were undeliverable last year. Metropolitan reinforced its position as a leader in conservation, local resources, and groundwater recharge with the completion and submission of its Annual Report to the California Legislature on Achievements in Conservation, Recycling, and Groundwater Recharge. Metropolitan advanced conservation efforts by collaborating in the areas of non-functional turf and landscape certifications and prepared for potential future supply options through furthering the Future Supply Actions Funding Program RFP.

Water System Operations

This month marked the successful completion of a 10-day shutdown on a portion of the Upper Feeder between the Weymouth plant and Eagle Rock. Staff removed coatings and completed a 3-D scan for future upgrades at the San Gabriel Tower, inspected three tunnels, replaced several faulty valves, and upgraded security features at various locations. Despite being rescheduled at the last minute because of massive rainstorms, quick coordination with key stakeholders including member agencies, flood control district, field crews, operators, shutdown planners, and others ensured a successful shutdown. This effort exemplifies Metropolitan staff's commitment to collaboration and teamwork to get the job done.



Assistant Engineer Annie Yu collecting a nitrite sample early in the morning



Engineer Victor Galvez working a pipeline shutdown

“Working on this team gives me a broad perspective of water system operations and what it takes to safeguard the public’s drinking water. It has been a fun, exciting, and challenging journey.”

***Ying Wu, Team Manager
Operations Compliance Team***

TEAM DESCRIPTION

Water Quality’s Operations Compliance Team has a long and storied history at Metropolitan. Established in 1981 as the Process Coordination Unit in the Water Quality Branch, the team was later renamed the Plant Liaison Section and adopted its current name in 2001. Over the years, many members of this team have advanced to key roles within the organization, including several treatment plant managers.

The team is responsible for monitoring performance of Metropolitan’s five treatment plants, overseeing regulatory compliance of the domestic water systems at our desert facilities, collecting samples and monitoring water quality in the distribution system, and ensuring cross-connection control at all Metropolitan facilities. The team’s leader, Dr. Ying Wu, provides prompt notifications of any water quality changes or challenges to Member Agencies to ensure they are properly informed, as well as keeping the state’s Division of Drinking Water apprised on key water quality issues.

IMPORTANCE TO METROPOLITAN

Water Quality’s mission is to safeguard the public’s drinking water and the Operations Compliance Team plays a pivotal role in ensuring regulatory standards are met. Team members understand that it is their job to ensure 100 percent compliance with regulatory requirements and internal water quality goals.

It’s not uncommon for team members to receive off-hours calls about a treatment upset or an off-spec situation somewhere in Metropolitan’s vast system. Whether it’s an unexpected leak or planned shutdown repair, the team is always ready to respond to any water quality emergency.

MEMORABLE MOMENT

In 2023, Metropolitan experienced its longest and most severe nitrification episode on record, affecting multiple pipelines in the distribution system. Team Manager Ying and staff were at the heart of not just coordinating routine daily monitoring operations but also consistently updating Member Agency managers on system conditions. The appreciation expressed by the Member Agencies during this event recognized the collective efforts of all Metropolitan staff, but is in no small measure an acknowledgement of Ying and her team’s significant efforts in monitoring and managing this historic nitrification event.

Water Supply Conditions Report

Water Year 2023-2024

As of 02/28/2024

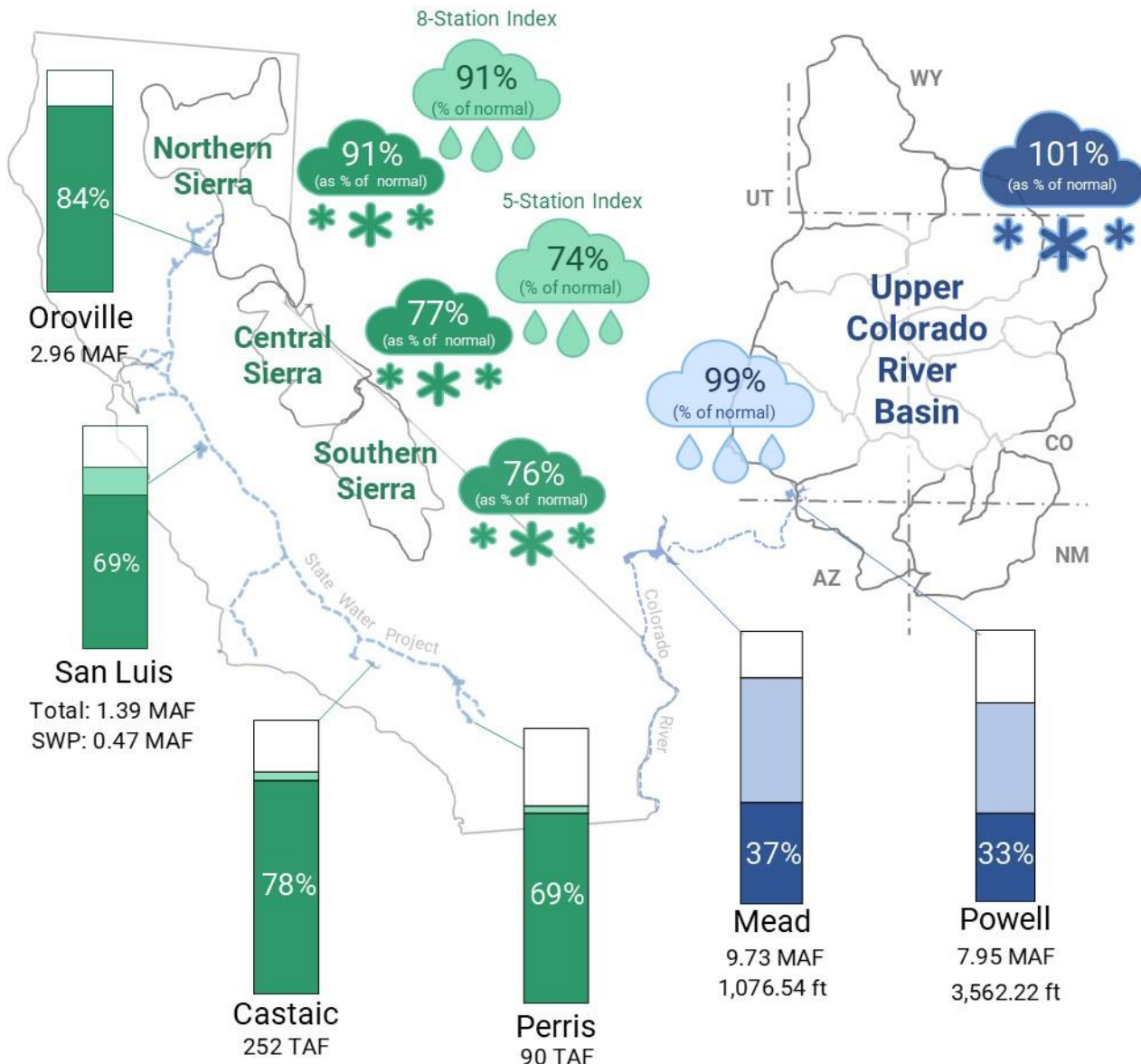
Extended Report: <https://www.mwdh2o.com/WSCR>

State Water Project Resources

SWP Allocation
15% Table A: 286,725 acre-feet

Colorado River Resources

Projected CRA Diversions
981,000 acre-feet



Reservoir Report

End of Month Reservoir Report

Monthly Update as of:

2/29/2024

<u>Reservoir</u>	<u>Current Storage</u>	<u>Percent of Capacity</u>
Colorado River Basin		
Lake Powell	7,911,000	33%
Lake Mead	9,731,000	38%
DWR		
Lake Oroville	2,947,797	83%
Shasta Lake	3,748,955	82%
San Luis Total	1,397,020	69%
San Luis CDWR	474,449	45%
Castaic Lake	257,101	79%
Silverwood Lake	70,111	94%
Lake Perris	90,607	69%
MWD		
DVL	755,081	93%
Lake Mathews	157,406	86%
Lake Skinner	34,782	79%



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

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

EPA Proposes Listing Nine PFAS As RCRA Hazardous Constituents and Revising Definition of RCRA Hazardous Waste

On February 8, 2024, the U.S. Environmental Protection Agency (EPA) proposed two rules under the Resource Conservation and Recovery Act (RCRA): (1) to add nine per- and polyfluoroalkyl substances (PFAS) to RCRA's list of hazardous constituents (PFAS Listing Rule); and (2) to revise RCRA's regulatory definition of "hazardous waste" to clarify EPA's and authorized states' authority to require cleanup of the full range of substances that RCRA intended, including emerging chemicals of concern such as PFAS, that may present substantial hazards at permitted facilities (Definition Rule). Both rules were developed in response to a June 2021 petition filed by the governor of New Mexico requesting that EPA list PFAS as RCRA hazardous wastes either as a class of chemicals or individually.

PFAS Listing Rule

The PFAS Listing Rule proposes to classify nine PFAS -- perfluorooctanoic acid (PFOA), perfluorooctanesulfonic acid (PFOS), perfluorobutanesulfonic acid (PFBS), hexafluoropropylene oxide-dimer acid (HFPO-A or GenX), perfluorononanoic acid (PFNA), perfluorohexanesulfonic acid (PFHxS), perfluorodecanoic acid (PFDA), perfluorohexanoic acid (PFHxA), and perfluorobutanoic acid (PFBA), as well as their salts and structural isomers -- as RCRA hazardous constituents. If this proposed rule is finalized, when RCRA corrective action requirements are imposed at a facility, these nine PFAS would be among the hazardous constituents expressly identified for consideration in RCRA facility assessments and, where necessary, further investigation and cleanup through the RCRA corrective action process at RCRA treatment, storage, and disposal facilities (TSDFs). Corrective action is a requirement under RCRA that facilities that treat, store, or dispose of hazardous wastes must investigate and clean up hazardous releases into soil, groundwater, surface water, and air.

Unlike hazardous wastes, hazardous constituents are not subject to RCRA's "cradle-to-grave" waste management system. Also, listing chemicals as RCRA hazardous constituents does not make them, or the wastes containing them, RCRA hazardous wastes, although EPA has described a hazardous constituent listing as "a step toward a potential hazardous waste listing." To list a waste as a RCRA hazardous waste, EPA must show that the waste contains a listed hazardous constituent and determine that it is capable of posing a substantial hazard. For these nine PFAS, EPA has not reached the hazardous waste step yet. Significantly, this means that the listed PFAS hazardous constituents would not be automatically designated as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) because they have not been listed as RCRA hazardous waste.

Definition Rule

Currently, RCRA's implementing regulations do not expressly apply RCRA's statutory definition of "hazardous waste." EPA's proposed Definition Rule would clarify EPA's longstanding position that it has the authority to require corrective action for the full array of substances meeting the statutory definition of "hazardous waste" and is not limited to the listed and identified "hazardous waste" and listed "hazardous constituents" specified in the regulations. The statutory definition of "hazardous waste" is more expansive than the regulatory definition and considers any waste that may cause or significantly contribute to an increase in mortality or serious illness, or pose a substantial hazard to human health or the environment, to be a "hazardous waste."

For any facility otherwise already subject to the RCRA corrective action regime, EPA could also rely on the more-expansive statutory "hazardous waste" definition to require additional corrective action measures for these specific PFAS, for other PFAS, and/or for non-PFAS emerging contaminants. Thus, while this proposed rule would not directly address PFAS, it would facilitate the use of RCRA corrective action authority to address emerging contaminants such as PFAS, if



they meet the statutory definition of “hazardous waste.”

EPA expects that its attention on addressing risks associated with PFAS under the PFAS Listing Rule will likely result in additional corrective action to address releases of these substances. Furthermore, EPA acknowledges that the Listing Rule could increase the number of permitted facilities engaging in corrective action. In turn,

these additional requirements could increase the time and cost for completing corrective action.

Comments on the proposed Definition Rule are due on or before March 26, 2024, and comments on the proposed PFAS Listing Rule are due on or before April 8, 2024. Metropolitan staff will continue to monitor EPA’s proposed rules and submit comments.

Other Matters

Continuing Education

On February 26 the Legal Department provided an MCLE presentation by JB Hamby, a member of the Imperial Irrigation District Board. His presentation was entitled “California’s Stake in the Colorado River”. He provided a history of the development of the Colorado River and an update on the current negotiations to develop new guidelines for the

allocation/use of Colorado River supplies going forward. It was a hybrid presentation with over 50 Metropolitan staff attending. The presentation was well received and JB stayed to respond to questions. The presentation was recorded, please see link below.

[MCLE California's Stake in the Colorado River by JB Hamby 20240226.mp4](#)

Matters Received

<u>Category</u>	<u>Received</u>	<u>Description</u>
Government Code Claims	4	Claims relating to: (1) a tent collapsed onto claimant’s vehicle that was parked in MWD’s Eagle Rock parking lot; (2) nail punctured the tire of the vehicle belonging to an MWD employee who had to park on the dirt to work on the West Valley/Calabasas feeder shutdown; and (3) two motor vehicle accidents involving MWD vehicles
Subpoenas	3	Two Deposition Subpoenas for Production of Business Records, served by the two different defendants in the same case, Defendants Wells Fargo Bank, N.A. and Jaffray & Co., in the case <i>State of California es. Rel. Edelweise Fund, LLC v. JP Morgan Chase Bank, N.A., et al.</i> , San Francisco County Superior Court, Case No. CGC-14-540777 requesting documents relating to Variable Rate Demand Obligations (VRDOs) issued by MWD during the time period January 1, 2008 to present, including official statements, annual financial reports, lists of remarketing agents and VRDOs issued, agreements, interest rates, strategic business plans, MWD’s reliance on defendants’ representations, fees and charges, documents prepared by any financial advisor, policies and procedures for the issuance of variable rate debt, any litigation by MWD, any concerns that VRDO interest rates were inflated/distorted, excessive or unsupported fees and inflated interest rates Subpoena for employee’s personnel, wage, and medical records, and other employee’s files



Requests Pursuant to the Public Records Act	12	<u>Requestor</u>	<u>Documents Requested</u>
		AFSCME Local 1902	All communications relating to Tony Butka, CityWatch LA, and/or Los Angeles Times, and all records relating to Tony Butka
		CiviGrid	GIS data/map of MWD underground water utilities in MWD's service area
		Ph.D. Candidate in Economics, Imperial College Business School	Reversion study on residents who received rebates from 2014-2018 and converted to drought-tolerant landscapes, then later replaced the landscape by re-installing grass
		MWD Supervisors Association	Transcript, digital media, chats, and Q&A from the Coffee with the General Manager session on February 20, 2024
		Private Citizens (3 requests)	(1) MWD's taste and odor report on source water reservoirs; (2) last three contracts between MWD and BNSF; and (3) deed for land sale from Jose and Nellie Miranda to MWD around 1930 in the San Jacinto, Riverside County area
		Rangel Landscapes	Current contractor's rates and copies of the bids submitted for the past five years for Landscape Maintenance and Tree Trimming Services for the Henry J. Mills Filtration Plant
		SmartProcure	Purchase order data including purchase order number, purchase order date, line item details, line item quantity, line item price, vendor information from August 18, 2023 to current
		Towill	Proposals submitted in response to Request for Proposals for Pure Water Southern California Program - Conveyance Reaches 1 & 2
		vPrime Tech	Tabulation of bids for Annual Trend Micro Deep Security Software Maintenance Support
		WestWater Research	Data including recharge costs, recovery costs, O&M costs, storage losses, and number of banking partners for water banks led by MWD



Other Matters	1	Letter from the California Civil Rights Department forwarding a complaint filed by an MWD employee alleging discrimination, harassment and retaliation
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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><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>	<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 • All but South Delta Water Agency’s case were filed in Sacramento County Superior Court • South Delta Water Agency filed in San Joaquin County Superior Court • <u>First case management conference held in Sacramento County Superior Court February 16, 2024</u> • <u>Second case management conference set for May 31, 2024</u> • <u>Sacramento County Water Agency joined County of Sacramento’s case when they filed a First Amended Petition on February 16, 2024</u> • <u>July 23, 2024 Case Management Conference in the San Joaquin County Superior Court case of <i>South Delta Water Agency et al. v. DWR</i></u>
<p>Consolidated DCP Revenue Bond Validation Action and CEQA Case</p> <p><i>Sierra Club, et al. v. California Department of Water Resources</i> (CEQA, designated as lead case)</p> <p><i>DWR v. All Persons Interested</i> (Validation)</p> <p>Sacramento County Superior Ct. (Judge Kenneth C. Mennemeier)</p>	<ul style="list-style-type: none"> • Validation Action • Metropolitan, Mojave Water Agency, Coachella Valley Water District, and Santa Clarita Valley Water Agency have filed answers in support • Kern County Water Agency, Tulare Lake Basin Water Storage District, Oak Flat Water District, County of Kings, Kern Member Units & Dudley Ridge Water District, and City of Yuba City filed answers in opposition • North Coast Rivers Alliance et al., Howard Jarvis Taxpayers Association, Sierra Club et al., County of Sacramento & Sacramento County Water Agency, CWIN et al., Clarksburg Fire Protection District, Delta Legacy Communities, Inc, and South Delta



Subject	Status
	<p>Water Agency & Central Delta Water Agency have filed answers in opposition</p> <ul style="list-style-type: none"> • Case ordered consolidated with the DCP Revenue Bond CEQA Case for pre-trial and trial purposes • Trial on the merits held May 15-18, 2023 • Final Judgment and Final Statement of Decision issued January 16, 2024 <ul style="list-style-type: none"> ○ Judgment in DWR’s favor on CEQA, Delta Reform Act, Public Trust Doctrine and jurisdictional causes of action or defenses ○ Bonds ruled not valid based on the broad definition of “Delta Program facilities” in the General Bond Resolution • <u>DWR, Metropolitan and other supporting public water agencies filed Notices of Appeal on or before the February 16, 2024 deadline</u>
<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 • Nov. 16, 2023 parties filed a joint status report • Federal defendants and state plaintiffs seek another 1-year stay and proposed a 2024 Interim Operations Plan (IOP); PCFFA seeks to extend the 2023 IOP until the court rules on the 2024 IOP • Briefing on stay extension and 2024 IOP concludes March 6, 2024 • Dec. 29, 2023 order extended the stay and 2023 IOP until March 2024 or new order, whichever is earlier
<p>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>	<ul style="list-style-type: none"> • All 8 cases ordered coordinated in Sacramento County Superior Court • Stay on discovery issued until coordination trial judge orders otherwise • All four Fresno cases transferred to Sacramento to be heard with the four other coordinated cases • Certified administrative records lodged March 4, 2022 • State Water Contractors et al. granted leave to intervene in Sierra Club, North Coast Rivers



Subject	Status
<p><i>Tehama-Colusa Canal Auth., et al. v. Calif. Dept. of Water Resources</i> (CEQA)</p> <p><i>San Bernardino Valley Municipal Water Dist. v. Calif. Dept. of Water Resources, et al.</i> (CEQA/CESA/ Breach of Contract/Takings)</p> <p><i>Sierra Club, et al. v. Calif. Dept. of Water Resources</i> (CEQA/Delta Reform Act/Public Trust)</p> <p><i>North Coast Rivers Alliance, et al. v. Calif. Dept. of Water Resources</i> (CEQA/Delta Reform Act/Public Trust)</p> <p><i>Central Delta Water Agency, et. al. v. Calif. Dept. of Water Resources</i> (CEQA/Delta Reform Act/Public Trust/ Delta Protection Acts/Area of Origin)</p> <p><i>San Francisco Baykeeper, et al. v. Calif. Dept. of Water Resources, et al.</i> (CEQA/CESA)</p>	<p>Alliance, Central Delta Water Agency, and San Francisco Baykeeper cases by stipulation</p> <ul style="list-style-type: none"> • SWC, et al. granted leave to intervene as respondents in <i>Tehama-Colusa Canal Auth., et al. v. Calif. Dept. of Water Resources</i> CEQA case • SWC’s renewed motion to augment the administrative records granted in part; a court-appointed referee will review withheld records to determine if the deliberative process privilege applies • Sept. 8, 2023 hearing on DWR’s and CDFW’s motion to modify the referral to exclude certain withheld records • CDFW’s motion denied, DWR’s motion subject to the Court’s in camera review of records proposed for exclusion • Referee’s recommendation is to grant in part, deny in part SWC parties’ motion to augment the administrative records • Oct. 13, 2023 objections or responses to Referee’s recommendation due • Oct. 27, 2023 court’s ruling granting in part, and denying in part, the SWC parties’ motion to augment DWR’s and CDFW’s administrative records became final • Parties are conferring on a merits briefing schedule



Subject	Status
<p>CDWR Environmental Impact Cases Sacramento Superior Ct. Case No. JCCP 4942, 3d DCA Case No. C091771 (20 Coordinated Cases)</p> <p>Validation Action <i>DWR v. All Persons Interested</i></p> <p>CEQA 17 cases</p> <p>CESA/Incidental Take Permit 2 cases</p> <p>(Judge 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 • Parties have appealed attorneys’ fees and costs rulings • May 11, 2022, court of appeal reversed the trial court’s denial of attorney fees and costs in an unpublished opinion • Opinion ordered published • Coordinated cases remitted to trial court for re-hearing of fee motions consistent with the court of appeal’s opinion • Sept. 15, 2023 re-hearing on fee motions • Dec. 26, 2023 order denying fee motions • Feb. 26, 2024 deadline to file notice of appeal • Six notices of appeal filed
<p>COA Addendum/ No-Harm Agreement</p> <p><i>North Coast Rivers Alliance v. DWR</i> Sacramento County Superior Ct. (Judge Rockwell)</p>	<ul style="list-style-type: none"> • Plaintiffs allege violations of CEQA, Delta Reform Act & public trust doctrine • USBR Statement of Non-Waiver of Sovereign Immunity filed September 2019 • 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



Subject	Status
<p>SWP Contract Extension Validation Action Court of Appeal for the Third App. Dist. Case No. C096316 <i>DWR v. All Persons Interested in the Matter, etc.</i></p>	<ul style="list-style-type: none"> • DWR seeks a judgment that the Contract Extension amendments to the State Water Contracts are lawful • Metropolitan and 7 other SWCs filed answers in support of validity to become parties • Jan. 5-7, 2022 Hearing on the merits held with CEQA cases, below • Final statement of decision in DWR’s favor filed March 9, 2022 • Final judgment entered and served • C-WIN et al., County of San Joaquin et al. and North Coast Rivers Alliance et al. filed notices of appeal • Validation and CEQA cases consolidated on appeal • Briefing completed May 30, 2023 • Oral argument held November 15, 2023 • January 5, 2024 court of appeal affirmed the trial court judgment • CWIN et al. NCRA et al.’s petitions for reconsideration denied • PCL et al. filed a petition for California Supreme Court review on validation grounds • NCRA et al. and CWIN et al. filed petitions for California Supreme Court review on CEQA grounds
<p>SWP Contract Extension CEQA Cases Court of Appeal for the Third App. Dist. Case Nos. C096384 & C096304 <i>North Coast Rivers Alliance, et al. v. DWR</i> <i>Planning & Conservation League, et al. v. DWR</i></p>	<ul style="list-style-type: none"> • Petitions for writ of mandate alleging CEQA and Delta Reform Act violations filed on January 8 & 10, 2019 • Deemed related to DWR’s Contract Extension Validation Action and assigned to Judge Culhane • Administrative Record completed • DWR filed its answers on September 28, 2020 • Metropolitan, Kern County Water Agency and Coachella Valley Water District have intervened and filed answers in the two CEQA cases • Final statement of decision in DWR’s favor denying the writs of mandate filed March 9, 2022 • Final judgments entered and served • North Coast Rivers Alliance et al. and PCL et al. filed notices of appeal



Subject	Status
	<ul style="list-style-type: none"> • Appeals consolidated with the validation action above
<p>Delta Conveyance Project Soil Exploration Cases</p> <p><i>Central Delta Water Agency, et al. v. DWR</i> Sacramento County Superior Ct. (Judge Chang)</p> <p><i>Central Delta Water Agency, et al. v. DWR (II)</i>, Sacramento County Super. Ct. (Judge Acquisto)</p>	<ul style="list-style-type: none"> • Original case filed August 10, 2020; new case challenging the second addendum to the CEQA document filed Aug. 1, 2022 • Plaintiffs Central Delta Water Agency, South Delta Water Agency and Local Agencies of the North Delta • One cause of action alleging that DWR's adoption of an Initial Study/Mitigated Negative Declaration (IS/MND) for soil explorations needed for the Delta Conveyance Project violates CEQA • March 24, 2021 Second Amended Petition filed to add allegation that DWR's addendum re changes in locations and depths of certain borings violates CEQA • DWR's petition to add the 2020 CEQA case to the <i>Department of Water Resources Cases</i>, JCCP 4594, San Joaquin County Superior Court denied • Hearing on the merits held Oct.13, 2022 • Dec. 2, 2022 ruling on the merits granting the petition with respect to two mitigation measures and denying on all other grounds • Dec. 23, 2022 court order directing DWR to address the two mitigation measures within 60 days while declining to order DWR to vacate the IS/MND • March 27, 2023 court entered judgment and issued a writ after ordering and considering supplemental briefing • May 5, 2023 court granted DWR's motion to discharge the writ and dismiss the case • May 18, 2023 Notice of Appeal filed • <u>Hearing on motion for attorneys' fees continued to February 29, 2024 vacated</u> • <u>Appeal dismissed after DWR settled on attorney fees</u>
<p>Water Management Tools Contract Amendment</p> <p><i>California Water Impact Network et al. v. DWR</i> Sacramento County Superior Ct. (Judge Aquisto)</p>	<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,



Subject	Status
<p><i>North Coast Rivers Alliance, et al. v. DWR</i> Sacramento County Super. Ct. (Judge Aquisto)</p>	<p>Public Trust Doctrine and seeking declaratory relief</p> <ul style="list-style-type: none">• 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



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



Cases	Date	Status
2018 (cont.)	May 25-26	Member agencies City of Torrance, Eastern Municipal Water District, Foothill Municipal Water District, Las Virgenes Municipal Water District, Three Valleys Municipal Water District, Municipal Water District of Orange County, West Basin Municipal Water District, and Western Municipal Water District filed joinders to the motion to strike.
	July 19	Court issued order denying Metropolitan’s motion to strike portions of the second amended petition/complaint.
	July 29	Metropolitan filed answer to the second amended petition/complaint and cross-complaint against SDCWA for declaratory relief and reformation.
	July 29	Member agencies City of Torrance, Eastern Municipal Water District, Foothill Municipal Water District, Las Virgenes Municipal Water District, Three Valleys Municipal Water District, Municipal Water District of Orange County, West Basin Municipal Water District, and Western Municipal Water District filed answers to the second amended petition/complaint.
	Aug. 31	SDCWA filed answer to Metropolitan’s cross-complaint.
	April 11, 2022	Court entered order of voluntary dismissal of parties’ WaterFix claims and cross-claims.
2014, 2016, 2018	June 11, 2021	Deposition of non-party witness.
	Aug. 25	Hearing on Metropolitan’s motion for further protective order regarding deposition of non-party witness.
	Aug. 25	Court issued order consolidating the 2014, 2016, and 2018 cases for all purposes, including trial.
	Aug. 30	Court issued order granting Metropolitan’s motion for a further protective order regarding deposition of non-party witness.
	Aug. 31	SDCWA filed consolidated answer to Metropolitan’s cross-complaints in the 2014, 2016, and 2018 cases.
	Oct. 27	Parties submitted to the court a joint stipulation and proposed order staying discovery through Dec. 8 and resetting pre-trial deadlines.
	Oct. 29	Court issued order staying discovery through Dec. 8 and resetting pre-trial deadlines, while the parties discuss the prospect of settling some or all remaining claims and crossclaims.
	Jan. 12, 2022	Case Management Conference. Court ordered a 35-day case stay to allow the parties to focus on settlement negotiations, with weekly written check-ins with the court; and directed the parties to meet and confer regarding discovery and deadlines.



Cases	Date	Status
2014, 2016, 2018 (cont.)	Feb. 22	Court issued order resetting pre-trial deadlines as proposed by the parties.
	Feb. 22	Metropolitan and SDCWA each filed motions for summary adjudication.
	April 13	Hearing on Metropolitan’s and SDCWA’s motions for summary adjudication.
	April 18	Parties filed supplemental briefs regarding their respective motions for summary adjudication, as directed by the court.
	April 18	Court issued order resetting pre-trial deadlines as proposed by the parties.
	April 29	Parties filed pre-trial briefs.
	April 29	Metropolitan filed motions in limine.
	May 4	Court issued order granting Metropolitan’s motion for summary adjudication on cross-claim for declaratory relief that the conveyance facility owner, Metropolitan, determines fair compensation, including any offsetting benefits; and denying its motion on certain other cross-claims and an affirmative defense.
	May 11	Court issued order granting SDCWA’s motion for summary adjudication on cross-claim for declaratory relief in the 2018 case regarding lawfulness of the Water Stewardship Rate’s inclusion in the wheeling rate and transportation rates in 2019-2020; certain cross-claims and affirmative defenses on the ground that Metropolitan has a duty to charge no more than fair compensation, which includes reasonable credit for any offsetting benefits, with the court also stating that whether that duty arose and whether Metropolitan breached that duty are issues to be resolved at trial; affirmative defenses that SDCWA’s claims are untimely and SDCWA has not satisfied claims presentation requirements; affirmative defense in the 2018 case that SDCWA has not satisfied contract dispute resolution requirements; claim, cross-claims, and affirmative defenses regarding applicability of Proposition 26, finding that Proposition 26 applies to Metropolitan’s rates and charges, with the court also stating that whether Metropolitan violated Proposition 26 is a separate issue; and cross-claims and affirmative defenses regarding applicability of Government Code section 54999.7, finding that section 54999.7 applies to Metropolitan’s rates. Court denied SDCWA’s motion on certain other cross-claims and affirmative defenses.
	May 13	Pre-trial conference; court denied Metropolitan’s motions in limine.
	May 16	Court issued order setting post-trial brief deadline and closing arguments.
	May 16-27	Trial occurred but did not conclude.



Cases	Date	Status
2014, 2016, 2018 (cont.)	May 23, June 21	SDCWA filed motions in limine.
	May 26, June 24	Court denied SDCWA's motions in limine.
	June 3, June 24, July 1	Trial continued, concluding on July 1.
	June 24	SDCWA filed motion for partial judgment.
	July 15	Metropolitan filed opposition to motion for partial judgment.
	Aug. 19	Post-trial briefs filed.
	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)
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).	



Cases	Date	Status
	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)
	Jan. 26	Parties filed opening briefs on proposed form of judgment
	<u>Feb. 26</u>	<u>Parties filed response briefs on proposed form of judgment</u>
	March 13	Hearing on proposed form of judgment
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	211923	05/23	\$60,000
Andrade Gonzalez LLP	MWD v. DWR, CDFW and CDNR Incidental Take Permit (ITP) CESA/CEQA/Contract Litigation	185894	07/20	\$250,000
Aleshire & Wynder	Oil, Mineral and Gas Leasing	174613	08/18	\$50,000
Atkinson Andelson Loya Ruud & Romo	Employee Relations	59302	04/04	\$1,277,187
	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
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	\$75,000
	Pure Water Southern California	207966	11/22	\$100,000
Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP	FCC and Communications Matters	110227	11/10	\$100,000
Buchalter, a Professional Corp.	Union Pacific Industry Track Agreement	193464	12/07/20	\$50,000



Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
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
Cislo & Thomas LLP	Intellectual Property	170703	08/17	\$100,000
Curls Bartling P.C.*	Bond Counsel	200470	07/21	N/A
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
Erin Joyce Law, PC	Employment Matter	216039	11/23	\$100,000
Greines, Martin, Stein & Richland LLP	SDCWA v. MWD	207958	10/22	\$100,000
	Colorado River Matters	207965	11/22	\$100,000
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	\$100,000
Hanson Bridgett LLP	SDCWA v. MWD	124103	03/12	\$1,100,000



Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
	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
Hawkins Delafield & Wood LLP*	Bond Counsel	193469	07/21	N/A
Hemming Morse, LLP	Baker Electric v. MWD	211933	08/23	\$100,000
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
Innovative Legal Services, P.C.	Employment Matter	211915	01/19/23	\$125,000
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
Kronenberger Rosenfeld, LLP	Systems Integrated, LLC v. MWD	211920	04/23	\$250,000
Kutak Rock LLP	Delta Islands Land Management	207959	10/22	\$10,000
Liebert Cassidy Whitmore	Labor and Employment	158032	02/17	\$229,724
	FLSA Audit	180199	02/19	\$50,000
	EEO Advice	216041	12/23	\$100,000

Date of Report: March 6, 2024



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	\$400,000
Martenson, Hasbrouck & Simon LLP	Employment Matter	211932	08/23	\$50,000
Meyers Nave Riback Silver & Wilson	Pure Water Southern California	207967	11/22	\$100,000
	PFAS Compliance Issues	207968	11/14/22	\$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	\$2,500,000
	Arvin-Edison v. Dow Chemical	203452	01/22	\$100,000
	Semitropic TCP Litigation	207954	09/22	\$75,000
Nixon Peabody LLP*	Bond Counsel [re-opened]	193473	07/21	\$100,000
	Special Finance Project	207960	10/22	\$50,000
Norton Rose Fulbright US LLP*	Bond Counsel	200466	07/21	N/A
Olson Remcho LLP	Government Law	131968	07/14	\$400,000
	Executive Committee/Ad Hoc Committees Advice	207947	08/22	\$60,000
	Public Records Act	207950	08/22	\$54,000
	Advice/Assistance re Proposition 26/Election Issues	211922	05/23	\$100,000
Pearlman, Brown & Wax, L.L.P.	Workers' Compensation	216037	10/23	\$100,000

Date of Report: March 6, 2024



Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
<u>Procopio, Cory, Hargreaves & Savitch, LLP</u>	<u>CityWatch Los Angeles Public Records Act Request</u>	<u>216046</u>	<u>02/24</u>	<u>\$75,000</u>
Rains Lucia Stern St. Phalle & Silver, PC	Employment Matter	211919	4/23	\$60,000
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
Ryan & Associates	Leasing Issues	43714	06/01	\$200,000
	Oswalt v. MWD	211925	05/23	\$100,000
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	\$100,000
	Civil Rights Department Complaint	211931	07/23	\$100,000
	Crawford v. MWD	216035	09/23	\$100,000
	Tiegs v. MWD	216043	12/23	\$250,000
	Zarate v. MWD	216044	01/24	\$250,000
Sheppard Mullin Richter & Hampton	Rivers v. MWD	207946	07/22	\$250,000
	Lorentzen v. MWD	216036	09/23	\$100,000
Stradling Yocca Carlson & Rauth*	Bond Counsel	200471	07/21	N/A
Theodora Oringher PC	Construction Contracts - General Conditions Update	185896	07/20	\$100,000



Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
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	\$100,000

*Expenditures paid by Bond Proceeds/Finance

**Expenditures paid by another group



Office of the General Auditor

• General Auditor's Report for February 2024

Summary

This report highlights significant activities of the Office of the General Auditor for the month ended February 29, 2024.

One report was issued during this period, including five recommendations (see Attachment 1).

Purpose

Informational

Attachments

1. Final Report on Contract & Project Cost Audit: Roesling Nakamura Terada Architects

Detailed Report

Audit & Advisory Services

Twenty-six projects are in progress:

- Twelve audit projects are in the report preparation phase, including three preliminary draft reports/memos that are pending management comment.
- Thirteen projects are in the execution phase, including eight audits and five advisories.
- One audit project is in the planning phase.

Work priority is being given to carry-forward audits.

Final Report Details

1. **Contract & Project Cost Audit: Roesling Nakamura Terada Architects** issued February 28, 2024 (project number 22-2710)
 - Our audit scope included evaluating the accounting and administrative controls over Metropolitan's internal costs and the professional agreement awarded to the consultant.
 - Five total recommendations with the following ratings: two **Priority 1**, two **Priority 2**, and one **Priority 3**.

Follow-Up Audits

We will follow up on 10 audits from prior years. Follow-up audit forms have been submitted to and received from management for seven of these.

Follow-up audit work is in progress for three of the seven audits.

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

Other General Auditor Activities

1. FY 2024/25 General Auditor Business Plan

We commenced planning for next fiscal year's audit plan, including project tasks, deliverables, and timeframes.

2. Training

Audit management attended the IIA's 2024 Fraud Conference, which covered artificial intelligence, fraud risk management, fraud trends, and the role of the auditor and fraud.

3. IIA Quality Services

We received a recognition plaque acknowledging our conformance with professional internal auditing standards.



Office of the General Auditor

Contract & Project Cost Audit: Roesling Nakamura Terada Architects

Project Number: 22-2710
February 28, 2024



TABLE OF CONTENTS

- 1 **Executive Summary**
Background, What We Did, What We Concluded, What We Recommend
- 2 **General Auditor's Letter**
- 3 **Results**
Recognition, Results Overview
- 4 **Observation 1: Fixed Asset Cost Classification**
Recommendations 1, 2
- 5 **Observation 2: Contractual Compliance**
Recommendation 3
- 7 **Observation 3: Overhead & Profit Rates**
Recommendation 4
- 8 **Observation 4: Accounting Policy & Procedures**
Recommendation 5
- 8 **Evaluation of Management's Response**
- 9 **Appendix A: Supplemental Information**
Additional Information, Scope & Objectives, Exclusions, Prior Audit Coverage, Authority, Audit Team, Professional Internal Audit Standards, Follow-Up Audits, Internal Control System, Metropolitan's Responsibility for Internal Control
- 12 **Appendix B: Priority Rating Definitions**
- 13 **Appendix C: Management's Response**

Executive Summary

BACKGROUND

Metropolitan provides housing to employees involved in the operation and maintenance of the Colorado River Aqueduct (CRA) to ensure that appropriate staff members are on-site and can respond quickly to emergencies. Towards this goal, Metropolitan refurbished multiple housing units to varying degrees over the years and built new houses under a pilot program.

From 2019 to 2022, the Metropolitan Board authorized the District Housing and Property Improvement Program (Program) across four Metropolitan CRA pumping plants and moved two projects (Eagle and Iron Mountain Villages' kitchens and guest lodges replacement) into the Program. The Board authorized an architect-engineering contract with consultant Roesling Nakamura Terada Architects (RNT) on July 1, 2019, for a contract total of \$1.5 million. The latest contract, including amendments, has increased to approximately \$13.5 million as of this report date. The consultant's scope of work is to conduct a condition assessment for each of the remaining houses, develop a master plan concept to replace the kitchens and guest lodges at Eagle and Iron Mountain Villages, design village enhancements at Hinds, Iron, and Gene Pumping Plants, and provide preliminary design and architectural services in support of the Program.

WHAT WE DID

Our audit scope included evaluating the accounting and administrative controls over Metropolitan's internal costs and the professional agreement awarded to RNT under the Program. Our audit included costs incurred between July 1, 2019 and December 31, 2021.

Our audit objectives were to:

- (1) Determine if the procurement of the consultant contract was properly authorized, processed, and managed.
- (2) Determine if the contract administration (including task orders and deliverables) and reporting processes adhered to Metropolitan's policy and procedures.
- (3) Determine if charges paid to the consultant were authorized, complete, and accurate.
- (4) Determine if project expenditures were correctly recorded, posted, and reported in Metropolitan's accounting system.
- (5) Determine if internal labor costs charged to projects were reasonable, accurate, and approved.

WHAT WE CONCLUDED

- (1) The procurement of the consultant contract was properly authorized, processed, and managed.
- (2) Contract administration and reporting processes adhered to Metropolitan policy and procedures; however, certain areas of task order administration should be improved.
- (3) Charges paid to the consultant were authorized, complete, and accurate; however, contractual compliance monitoring should be enhanced.
- (4) Project accounting improvements should be implemented to ensure certain project expenditures are correctly recorded, posted, and reported in Metropolitan's accounting system.
- (5) Internal labor costs charged to projects were reasonable, accurate, and approved.

WHAT WE RECOMMEND

We recommended Metropolitan: (1) reclass approximately \$2 million from an asset account to the O&M expense account; (2) ensure future project costs are expensed during the preliminary stage and ensure project managers and approvers exclude design projects and studies that are considered preliminary; (3) ensure the consultant complies with the terms and conditions of the agreement; (4) request supporting calculations for proposed rates and document rate analysis and negotiation; and (5) update Operating Policy F-07 to include missing key criteria for evaluation of capitalization vs. expense.

NUMBER OF RECOMMENDATIONS



PRIORITY 1
Response time:
Immediate



PRIORITY 2
Response time:
Within 90 days



PRIORITY 3
Response time:
Within 180 days



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: February 28, 2024
To: Executive Committee
From: Scott Suzuki, CPA, CIA, CISA, CFE, General Auditor
Subject: Contract & Project Cost Audit: Roesling Nakamura Terada Architects
(Project Number 22-2710)

This report presents the results of our audit of the Roesling Nakamura Terada Architects contract and certain District Housing & Property Improvement Program costs.

Results, including our observations and recommendations, follow this letter. Supplemental information, including our scope and objectives, are included in Appendix A. Appendix B includes a description of our new recommendation priority rating system. Finally, management's response to our audit is now included in Appendix C.

We appreciate the cooperation and courtesies provided by the Office of the General Manager, former Real Property Group (now under Water System Operations Group), Engineering Services Group, and Finance Group.

The results in this report will be summarized for inclusion in a status report to the Board. If you have any questions regarding our audit, please do not hesitate to contact me directly at 213.217.6528 or Deputy General Auditor Kathryn Andrus at 213.217.7213.

Attachment

cc: Board of Directors
General Manager
General Counsel
Ethics Officer
Office of the General Manager Distribution
Assistant General Managers
Finance & Administration Distribution
Operations Distribution
Water & Technical Resources Distribution
External Auditor

RESULTS

RECOGNITION

Positive aspects observed during our audit include:

- The procurement, which includes solicitation, selection, and awarding of the Roesling Nakamura Terada Architects (RNT) consultant contract (Agreement), was properly reviewed and approved.
- Metropolitan utilized PlanetBids for contract procurement and storage of comprehensive documents.
- Insurance certificates for the consultant were current and kept in the system.
- Monthly project reports were properly reviewed.
- Processes ensured the total project cost did not exceed the contract funding.

RESULTS OVERVIEW

	OBSERVATION	RISK	RECOMMENDATION	MANAGEMENT AGREEMENT
PRIORITY 1				
1	Certain fixed asset costs were capitalized and should have been expensed.	Overstated assets Understated expenses	Reclass capitalized costs to expenses.	Agree
			Ensure project costs in the preliminary stage are expensed.	Agree
PRIORITY 2				
2	Certain invoicing requirements were not complied with.	Overpayments Unauthorized charges Interest charges from late payments	Ensure contract terms and conditions are complied with and conduct period reviews. Ensure task orders are timely authorized and amended.	Agree
3	Management of overhead and profit could be improved to reduce project costs.	Not obtaining the most advantageous best value pricing	Request support for proposed rates. Document rate analysis and negotiation.	Agree
PRIORITY 3				
4	Accounting policy and procedures for capitalization and expensing project costs were not current.	Inaccurate financial reporting	Update accounting policies and procedures.	Agree



OBSERVATIONS & RECOMMENDATIONS

1 Fixed Asset Cost Classification

Certain fixed asset costs were capitalized and should have been expensed.

We reviewed three task orders issued to RNT for Project No. 105076 included under the District Housing and Property Improvement Program (see Appendix A: Additional Information/Background for other projects under this Program). Under Project No. 105076, task orders were issued for:

- (1) The assessment of employee housing and preparation of conceptual design drawings and reports for improvements or replacement plans for up to 78 existing homes.
- (2) The study of community and site improvements and shared facilities, including shared kitchens and lodging facilities across the four pumping plant locations or "Villages."
- (3) Final design for four new prototype housing units to either replace existing housing or to be sited on existing vacant lots.

Although the former Real Property Group (the team in Real Property Group that manages the Program has since moved under the Water System Operations Group as part of recent organizational changes) was in compliance with Metropolitan's Operating Policy F-07 (Capitalization & Retirement of Plant Assets) for accounting for project costs, two important criteria for fixed asset capitalization were not included in the policy. The inclusion of these two criteria would ensure compliance with authoritative literature on self-constructed assets. Specific accounting guidance applicable to this observation can be found in Appendix A: Additional Information for Observation No. 1. In Observation No. 4, we recommend an update to Operating Policy F-07 because the industry capitalization criteria referenced in Appendix A are not currently reflected in the policy.

Specifically, based on the task order descriptions, the project was in the preliminary stage (not to be confused with preliminary design, which can be capitalized depending on if two criteria are met) and could not be considered probable and directly identifiable with a specific asset. As a result, we determined that approximately \$2,075,209 charged to this project should be expensed rather than capitalized.

Subsequent to and as a result of our audit, the Finance Group has made the reclassification of the \$2,075,209 to reflect the expense.



Priority 1

Improper capitalization of costs can overstate assets and understate current-period expenses.

Recommendation 1

We recommend the Water System Operations Group work with the Finance Group to reclass Project No. 105076 costs of \$2,075,209 from Account 12155 to the Operations and Maintenance expense account.

Management Response

Agree. Costs were transferred to O&M and completed in June 2023.

Recommendation 2

We recommend the Engineering Service Group:

- (1) Ensure design/engineering costs and associated internal costs during the preliminary stage are expensed rather than capitalized.
- (2) Ensure project managers and approvers follow the revised capitalization policy in Recommendation No. 5 to capitalize costs only if the costs are directly identifiable with a specific asset and the costs are incurred after the asset is considered probable.

Management Response

Agree. (1) Engineering Services Group is already evaluating and assessing the design/engineering costs for projects during the initial stage regarding capitalization versus operations and maintenance funds. (2) All Project Managers and Approvers will follow the revised capitalization policy within 30 days after the policy is updated by Finance, as outlined in Recommendation No. 5.

The estimated implementation date is in November 2024.

2 Contractual Compliance

Certain invoicing requirements were not complied with.

Review and approval controls are designed to verify the accuracy of billings for services, provide assurance as to the propriety of transactions, confirm compliance with contractual terms and conditions, and ensure that follow-up procedures for exceptions exist. Furthermore, compliance with contractual requirements is necessary to ensure accurate accounting records, proper supporting details, and adequate control over the administration of the Agreement.

We statistically selected 41 invoices (or \$1,201,369.81) for detailed testing.

- For 21 of 41 (51%) invoices, no timesheets were submitted by the consultant as required by the Agreement. The consultant was not requested to submit any timesheets for review.



- For 16 of 41 (39%) invoices, RNT's labor charges did not have a description of work performed as required by the Agreement.
- For six of 41 (15%) invoices, no sub-consultant invoice was attached to the submitted invoice as required by the Agreement.
- For five of 41 (12%) invoices, no supporting documents for reimbursable expenses and travel were attached to the invoices as required by the Agreement.
- For four of 41 (10%) invoices, reimbursable expenses were not itemized as required by the Agreement.
- For three of 41 (7%) invoices, the sub-consultant's invoices did not follow the authorized task order type. Specifically, the sub-consultant billed as a percentage of completion, but the task order was for a not-to-exceed time and material type.

We also reviewed Task Order (TO) approvals and deliverables.

- Deliverables for TO #4 and #5 were issued on 10/13/2021, nearly three and a half months after the TO ending dates of 6/30/2021.
- Seven of the 41 invoices (17%) related to the TOs have service dates after the original TO end date. The Agreement Administrator executed and provided amendments extending the end dates for TO #4 and TO #5 during our audit.

Priority 2

Failure to comply with the terms and conditions of the agreements could result in overpayment, unauthorized charges, or interest charges from late payments.

Recommendation 3

We recommend the Water System Operations Group Agreement Administrator and Project Manager:

- (1) Ensure the consultant complies with the terms and conditions of the Agreement and conduct periodic reviews to ensure compliance.
- (2) Ensure task orders are timely authorized and amended as needed.
- (3) Periodically review timesheets and other supporting documents to ensure accurate billing on the not-to-exceed task orders.



Management Response

Agree. Agreement Administrators (AA) & Project Managers (PM) throughout the District, within all Groups, should enforce the terms and conditions of the agreement. AAs and PMs will periodically request timesheets and other supporting documents related to the agreement and individual task orders and include written documentation within the project files validating completion of the review. Implementation within 30 days from the issuance of this audit report.

3 Overhead & Profit Rates

Management of overhead and profit could be improved to reduce project costs.

Metropolitan paid the consultant in accordance with the agreed-upon burdened labor rates; however, the proposed overhead rate of one of the sub-consultants was 15% higher than the supported calculations provided by the sub-consultant.

Additionally, another sub-consultant proposed profit rates from 10% to 52% based on various labor categories.

In general, the profit rate should be a fixed fee applied to all direct labor. We were advised that the consultant and its sub-consultants submitted their proposed burdened rates as part of the Request for Qualifications (RFQ) process but the cost was not a scoring criterion when the proposals were evaluated. Furthermore, these rates were not negotiated when awarding the contract and issuing task orders.

A cost analysis looks at the individual elements of the price, such as labor rates, material, overhead, and profit, to determine reasonableness. While overhead or indirect rates can be verified and found reasonable by looking at industry standards, and labor hours can be assessed by technical or engineering staff, profit percentage can be negotiated in most cases. The winning bids should submit supporting calculations on the proposed overhead and profit rate. Furthermore, the burdened rate should be negotiated when awarding the Agreement and task orders.

Priority 2

Failing to review and negotiate contractor rates may lead to Metropolitan not obtaining the most advantageous best value pricing.

Recommendation 4

We recommend the Water System Operations Group:

- (1) Request supporting calculations for proposed overhead and profit rates for contract amendments and as part of contract awards.
- (2) Prepare documentation showing burdened rates were reviewed and negotiated for best value as part of the contract award process and cost analysis completed on a case-by-case basis.



These practices should be applied to contracts in other Metropolitan groups.

Management Response

Agree. All Groups within the District will request supporting calculations for the proposed overhead and profit rates. Cost analysis for the overhead and profit rates will only be performed on a case-by-case basis, when justified by scale, market analysis or other possible value. Documentation will be prepared and filed within the project files validating that the final burdened rates were negotiated in good faith effort that provide the best contract value and are competitive to the industry standards. Implementation within 30 days from the issuance of this audit report.

4 Accounting Policy & Procedures

Accounting policy and procedures for capitalization and expensing project costs were not current.

Metropolitan's Operating Policy F-07 (Capitalization & Retirement of Plant Assets) establishes a policy governing the capitalization and retirement of plant assets and was last revised in 2009. Operating Policy F-07 cites GASB (Government Accounting Standards Board) No. 34 and the GFOA's (Government Finance Officers Association) Accounting for Capital Assets (Guide). However, two critical criteria for capitalizing capital assets in the Guide were not included in Operating Policy F-07.

Priority 3

Outdated accounting policies and procedures can result in inaccurate financial reporting.

Recommendation 5

We recommend the Finance Group update Operating Policy F-07 to state a cost is capitalized only if (1) it is directly identifiable with a specific asset and (2) incurred after the acquisition of the related asset has come to be considered probable.

Management Response

Agree. Finance will work on incorporating language to clearly specify capitalization requirements by GASB, with an estimated implementation date of October 2024.

Updates to Operating Policies must first be coordinated through the technical writing team. Then the changes undergo multiple phases of review from stakeholders throughout the district, group managers and executive management, and often times the bargaining unit, thus the extended timeline.

EVALUATION OF MANAGEMENT'S RESPONSE

Internal Audit considers management's comments responsive to our recommendations, and their planned actions should resolve the conditions identified in the report.



APPENDIX A: SUPPLEMENTAL INFORMATION

ADDITIONAL INFORMATION

Background

Currently, the Program has three projects: (1) Project No. 105076 - District Housing Property Assessments, (2) Project No. 105077 - Employee Village Enhancements Master Planning, and (3) Project No. 105213 - CRA Kitchen and Lodging Facilities Improvements.

Observation No. 1

Generally Accepted Accounting Principles (GAAP), including Governmental Accounting Standards Board (GASB) No. 34 and Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360, both require that property, plant, and equipment are reported at historical cost and are commonly adjusted subsequently for amortization, depreciation, and impairment. Construction-in-progress is generally capitalized as an asset but is not depreciable. While GASB No. 34 does not give detailed direction to capitalize construction-in-progress, other authoritative literature gives more in-depth guidance on this subject.

The Government Finance Officers Association's "Accounting for Capital Assets, A Guide for State and Local Governments," Chapter 4, Capitalizable Costs, states that a cost should be capitalized only (1) if it is directly identifiable with a specific asset, and (2) if incurred after the acquisition of the related asset has come to be considered probable (likely to occur).

Additionally, PricewaterhouseCoopers' "Accounting and Financial Reporting Guide for Property, Plant, Equipment and Other Assets" (published June 2020), based on FASB Accounting Standards Codification (ASC) on fixed assets, states that when determining which costs should be capitalized for self-constructed assets, it is important to distinguish between those costs that are "necessarily incurred" and those that the reporting entity could have avoided. To better distinguish what cost should be capitalized versus expensed, this guide identifies four stages during which costs may be incurred related to long-lived assets: the preliminary stage, the pre-acquisition stage, the construction stage, and the in-service stage.

In assessing probability, the reporting entity should consider whether (1) management, having the requisite authority, has implicitly or explicitly authorized, and committed to funding the acquisition or construction of a specific asset, (2) the financial resources available are consistent with such authorization, and (3) the ability exists to meet the necessary local and other governmental regulations.

During the preliminary stage (different from preliminary design), a project is not considered probable to be constructed. At this stage, activities are performed exploring the opportunities for the acquisition or construction of property, plant, and equipment, and a reporting entity may conduct feasibility studies and other activities related to asset selection. The guide states that costs, including surveying, zoning, consulting fees, feasibility studies, travel expenses, engineering studies, design layouts, procurement, and related salaries, are to be expensed (not capitalized) during the preliminary stage.



SCOPE & OBJECTIVES

Our audit scope included evaluating the accounting and administrative controls over Metropolitan's internal costs and the professional Agreement awarded to RNT under the Program. Our audit included costs incurred between July 1, 2019 and December 31, 2021.

Our audit objectives were to:

- (1) Determine if the procurement of the consultant contract was properly authorized, processed, and managed.
- (2) Determine if the contract administration (including task orders and deliverables) and reporting processes adhered to Metropolitan's policy and procedures.
- (3) Determine if the charges paid to the consultant were authorized, complete, and accurate.
- (4) Determine if project expenditures were correctly recorded, posted, and reported in Metropolitan's accounting system.
- (5) Determine if internal labor costs charged to projects were reasonable, accurate, and approved.

EXCLUSIONS

Our audit scope did not include (1) project costs incurred under the Desert Housing Program (predecessor housing program), (2) other internal costs, including meals, lodging, mileage, etc., nor (3) the efficiency or performance of the District Housing and Property Improvement Program.

PRIOR AUDIT COVERAGE

We have completed an audit report with a similar scope: Desert Housing Renovation Program, Report No. 18-2710 issued on September 18, 2018.

AUTHORITY

We performed this audit in accordance with the FY 2021/22 Audit Plan presented to the former Audit & Ethics Committee.

AUDIT TEAM

Kathryn Andrus, CPA, Deputy General Auditor
Chris Gutierrez, CPA, CIA, Program Manager - Audit
Andrew H. Lin, CPA, CIA, CIGA, Principal Auditor



PROFESSIONAL INTERNAL AUDIT STANDARDS

Our audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing issued by the International Internal Audit Standards Board.

FOLLOW-UP AUDITS

The Office of the General Auditor has implemented a new follow-up process to ensure management has effectively implemented corrective action related to our recommendations. Management is required to report recommendation implementation status to our office within six months following the issuance of this report and a first follow-up audit will occur shortly thereafter. All audit recommendations are expected to be implemented within a year of this report and if necessary, a second follow-up audit will occur approximately six months after issuance of the first follow-up audit report. Any audit recommendations not implemented after the second follow-up audit will be shared with the Board/Audit Subcommittee of the Executive Committee at its next scheduled meeting.

INTERNAL CONTROL SYSTEM

An internal control system is a continuously operating and integrated component of Metropolitan's operations. Internal controls are implemented by Metropolitan management and seek to provide reasonable (not absolute) assurance that the district's business objectives will be achieved. However, limitations are inherent in any internal control system no matter how well designed, implemented, or operated. Because of these limitations, errors or irregularities may occur and may not be detected. Specific examples of limitations include but are not limited to, poor judgment, carelessness, management override, or collusion. Accordingly, our audit would not necessarily identify all internal control weaknesses or resultant conditions affecting operations, reporting, or compliance. Additionally, our audit covers a point in time and may not be representative of a future period due to changes within Metropolitan and/or external changes impacting the district.

METROPOLITAN'S RESPONSIBILITY FOR INTERNAL CONTROL

It is important to note that Metropolitan management is responsible for designing, implementing, and operating a system of internal control. The objectives of internal controls are to provide reasonable assurance as to the reliability and integrity of information; compliance with policies, plans, procedures, laws, and regulations; the safeguarding of assets; the economic and efficient use of resources; and the accomplishment of established goals and objectives. In fulfilling this responsibility, management judgment is required to assess the expected benefits and related costs of internal control policy and procedures and to assess whether those policies and procedures can be expected to achieve Metropolitan's operational, reporting, and compliance objectives.



APPENDIX B: PRIORITY RATING DEFINITIONS

The Office of the General Auditor utilizes a priority rating system to provide management a measure of urgency in addressing the identified conditions and associated risks. We assess the significance of each observation identified during the audit using professional judgment and assign priority ratings to each recommendation using the criteria listed below. Factors taken into consideration in assessing the priority include the likelihood of a negative impact if not addressed, the significance of the potential impact, and how quickly a negative impact could occur.

PRIORITY			
Definition	Observation is <i>serious</i> enough to warrant <i>immediate</i> corrective action. The condition may represent a serious financial, operational, or compliance risk. A priority 1 recommendation may result from a key control(s) being absent, not adequately designed, or not operating effectively.	Observation is of a <i>significant</i> nature and warrants <i>prompt</i> corrective action. It may represent a moderate financial, operational, or compliance risk. A priority 2 recommendation may result from a process or less critical control(s) not being adequate in design and/or not operating effectively on a consistent basis.	Observation involves an internal control issue or compliance lapse that can be corrected in the <i>timely</i> course of normal business. A priority 3 recommendation may result from a process or control that requires enhancement to better support Metropolitan’s objectives and manage risk.
Response Time	Immediate	Within 90 Days of report issuance	Within 180 Days of report issuance



APPENDIX C: MANAGEMENT'S RESPONSE



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: February 21, 2024
To: Scott Suzuki, General Auditor
From: Adel Hagekhalil, General Manager
Subject: Management Response to Audit Number 22-2710

Please find below the management response to the Roesling Nakamura Terada Architects Contract & Project Cost Audit, revised with clarifications based on your meeting with staff leads from my team. I appreciate the opportunity you offered for these clarifications. Thank you for your partnership in strengthening Metropolitan's systems, controls and capacity. I look forward to working with you throughout the implementation of your recommendations. Please do not hesitate to contact me or my chief of staff Mohsen Mortada if you would like to discuss our response or any other matters.



**Contract & Project Cost Audit: Roesling Nakamura Terada Architects
Project Number 22-2710
Management Response**

OBSERVATION 1		Fixed Asset Cost Allocation
		Certain fixed asset costs were capitalized and should have been expensed.
RECOMMENDATION 1		We recommend the Water System Operations Group work with the Finance Group to reclass Project No. 105076 costs of \$2,075,209 from Account 12155 to the Operation and Maintenance expense account.
PRIORITY 1		
X	AGREE	MANAGEMENT ACTION PLAN
		ESTIMATED IMPLEMENTATION
	PARTIALLY AGREE	EXPLANATION
	DO NOT AGREE	
RECOMMENDATION 2		We recommend the Engineering Service Group: (1) Ensure design/engineering costs and associated internal costs during the preliminary stage are expensed rather than capitalized. (2) Ensure project managers and approvers follow the revised capitalization policy in Recommendation No. 5 to capitalize costs only if the costs are directly identifiable with a specific asset and the costs are incurred after the asset is considered probable.
PRIORITY 1		
X	AGREE	MANAGEMENT ACTION PLAN
		ESTIMATED IMPLEMENTATION
	PARTIALLY AGREE	EXPLANATION
	DO NOT AGREE	



OBSERVATION 2		Contractual Compliance
		Certain contractual terms were not complied with by the consultant.
RECOMMENDATION 3		We recommend the Water System Operations Group Agreement Administrator and Project Manager: (1) Ensure the consultant complies with the terms and conditions of the Agreement and conduct periodic reviews to ensure compliance. (2) Ensure task orders are timely authorized and amended as needed. (3) Periodically review timesheets and other supporting documents to ensure accurate billing on the not-to-exceed task orders.
PRIORITY 2		
X	AGREE	MANAGEMENT ACTION PLAN Agreement Administrators (AA) & Project Managers (PM) throughout the District, within all Groups, should enforce the terms and conditions of the agreement. AAs and PMs will periodically request timesheets and other supporting documents related to the agreement and individual task orders and include written documentation within the project files validating completion of the review. Implementation within 30 days from the issuance of this audit report.
		ESTIMATED IMPLEMENTATION March 2024
	PARTIALLY AGREE	EXPLANATION
	DO NOT AGREE	

OBSERVATION 3		Overhead & Profit Rates
		Management of overhead and profit could be improved to reduce project costs.
RECOMMENDATION 4		We recommend the Water System Operations Group: (1) Request supporting calculations for proposed overhead and profit rates for contract amendments and as part of contract awards. (2) Prepare documentation showing burdened rates were reviewed and negotiated for best value as part of the contract award process and cost analysis completed on a case-by-case basis. These practices should be applied to contracts in other Metropolitan groups.
PRIORITY 2		
X	AGREE	MANAGEMENT ACTION PLAN All Groups within the District will request supporting calculations for the proposed overhead and profit rates. Cost analysis for the overhead and profit rates will only be performed on a case-by-case basis, when justified by scale, market analysis or other possible value. Documentation will be prepared and kept



		within the project files validating that the final burdened rates were negotiated in good faith effort that provide the best contract value and are competitive to the industry standards. Implementation within 30 days from the issuance of this audit report.
	ESTIMATED IMPLEMENTATION	March 2024
<input type="checkbox"/>	PARTIALLY AGREE	EXPLANATION
<input type="checkbox"/>	DO NOT AGREE	

OBSERVATION 4		Accounting Policy & Procedures Accounting policy and procedures for capitalization and expensing project costs were not current.
RECOMMENDATION 5 PRIORITY 3		We recommend the Finance Group update Operating Policy F-07 to state a cost is capitalized only if: (1) it is directly identifiable with a specific asset, and (2) incurred after the acquisition of the related asset has come to be considered probable.
<input checked="" type="checkbox"/>	AGREE	MANAGEMENT ACTION PLAN Finance will work on incorporating language to clearly specify capitalization requirements by GASB, with an estimated implementation date of October 2024. Updates to Operating Policies must first be coordinated through the technical writing team. Then the changes undergo multiple phases of review from stakeholders throughout the district, group managers and executive management, and often times the bargaining unit, thus the extended timeline.
	ESTIMATED IMPLEMENTATION	October 2024
<input type="checkbox"/>	PARTIALLY AGREE	EXPLANATION
<input type="checkbox"/>	DO NOT AGREE	





Ethics Office Monthly Report

FEBRUARY 2024

EDUCATION

Assistant Ethics Officer Peter Von Haam provided in-person ethics training to employees at the Pure Water Southern California Demonstration Plant in Carson, CA.

Staff also presented an Ethics Office overview for new hires.

COMPLIANCE

Assisted directors and employees with their Annual, Assuming Office, and Leaving Office Form 700 filings. Assistance included filing for multiple positions, troubleshooting the electronic filing system, and notifications of deadlines.

Monitored the status of past due Assuming Office and Leaving Office Form 700 filings. Sent notices to two current employees and nine former employees; obtained compliance from two current employees and five former employees. Referred one former employee to the FPPC for non-filing of the Leaving Office Form 700.

ADVICE

Addressed 37 advice matters related to the following: conflicts of interest, financial disclosure, gifts, post-employment lobbying, and other ethics-related topics.

INVESTIGATIONS

Received five complaints involving the following allegations:

- A manager misused their authority for personal gain
- A Metropolitan official used inappropriate language based on a protected class in the workplace
- An employee released confidential information without authorization and misused their position for personal gain
- A manager discriminated against an employee based on a protected class
- An employee sexually harassed a coworker

Referred three complaints to the EEO Office.

ETHICS OFFICER FINDINGS

The Ethics Officer determined that a manager and an employee improperly disclosed confidential information without authorization. The findings were forwarded to Human Resources for consideration of appropriate action.

ADVICE AND INVESTIGATIVE DATA

Advice Matters	37
Compliance Assistance	62
Complaints Received	5
Investigations Opened	1
Pending Investigations	5

COMPLAINTS MAY BE FILED AT:

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

ETHICS OFFICE
(213) 217-5832
ethicsoffice@mw dh2o.com

MINUTES
REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

February 13, 2024

53506 The Board of Directors of The Metropolitan Water District of Southern California met in a regular session on Tuesday, February 13, 2024.

Chair Ortega called the meeting to order at 3:05 p.m.

Director De Jesus is using AB 2449 just cause due to an illness that prevents him from attending in person. Director De Jesus appeared by audio and video.

53507 The Meeting was opened with an invocation by Director Garry Bryant, Foothill Municipal Water District.

53508 The Pledge of Allegiance was given by Director Carl E. Douglas, City of Los Angeles.

Board Executive Secretary Hudson announced that 34819 Calle Del Sol, Capistrano Beach, California 92624 is no longer available to the public.

Chair Ortega introduced the guest Member Agency Manager Nick Kimball for the City of San Fernando. Director Ortega and Mr. Kimball made remarks.

Chair Ortega welcomed Mr. Kimball for joining the board and encouraged him to comment on matters important to the City of San Fernando.

Chair Ortega announced that he and Board Secretary Fong-Sakai celebrated the Lunar Year with the Metropolitan Asian Employees Association. Board Secretary Fong-Sakai made remarks.

53509 Board Secretary Fong-Sakai administered the roll call. Those responding present were: Directors Abdo, Ackerman, Alvarez, Armstrong, Bryant, Camacho, De Jesus (AB 2449), Dennstedt, Dick, Douglas, Fellow, Fong-Sakai, Garza, Goldberg, Gualtieri, Jung (teleconference posted location available for the public), Kassakhian, Kurtz, Lefevre (teleconference posted location available for the public), Luna, Miller, Morris, Ortega, Petersen, Peterson, Phan (teleconference posted location available for the public), Pressman, Seckel, Smith, and Sutley.

Director De Jesus announced during the roll that no one was in the room with him 18 years of age or older.

Those not responding were: Director Cordero, Erdman, Faessel, Gray, McMillan, Quinn, Ramos.

Directors entered the meeting after the roll call: Director McCoy

Board Secretary Fong-Sakai declared a quorum present.

Chair Ortega announced on social media that Metropolitan will celebrate Black History Month with the Black Employees Association with employees sharing their perspective on leadership honoring the heritage and contributions of the black community. The celebration of the Lunar New Year with the Asian American Employees Organization. Lastly, in honor of Engineers Week Metropolitan will host several events including hosting the American Society of Civil Engineers Girl Day on February 22, 2024.

53510 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.	Wigs Mendoza	Metropolitan Employee and Indigenous Advocate	Black History Month
2.	Olivia Sanchez	Association of Confidential Employees	Item 8-2
3.	Linda Krupa	Council Member, City of Hemet	Item 7-2
4.	Andrea Morris	Riverside County Third District Supervisor Chuck Washington Office	Item 7-2

Chair Ortega addressed the following: Other Matters and Reports.

53511 Chair Ortega asked if there were any corrections to the report of events attended by Directors at Metropolitan's expense during the month of January, as previously posted and distributed to the Board. None were made.

53512 Chair Ortega referred to the Chair's monthly report, which was previously posted and distributed to the Board.

Chair Ortega asked if there were any questions regarding his report. None were made.

53513 General Manager Hagekhalil referred to the General Manager's monthly report, which was previously posted and distributed to the Board. In addition, General Manager Hagekhalil provided remarks on Black History Month and Lunar New Year. In addition, he reported on: the improvements to the General Manager's Report, which includes and integrates the dashboard graphics and the link to the Smart Tracker spreadsheet indicating the status of the business plan; an update on the trip to Washington, DC focused on advocacy work and an update on the meeting with the Secretary of Natural Resources, Wade Crowfoot. Lastly, he provided an update on the Colorado River Negotiations and a thank you to the staff that worked to keep the infrastructure working during the recent storms.

53514 General Counsel Scully provided an update on the proposed Du Point and 3M settlements and thanked staff that worked on the cases.

Director Phan left the meeting.

53515 General Auditor Suzuki stated he had nothing to add to the written report.

53516 Ethics Officer Salinas stated he had nothing to add to the written report.

53517 Chair Ortega announced the induction of new Director Michael Gualtieri of Central Basin Municipal Water District (Agenda Item 5F).

- (a) Received credentials
- (b) Reported on credentials by General Counsel
- (c) Filed credentials
- (d) Administered Oath of Office
- (e) Filed Oath

General Counsel Scully reported that the credentials were received and are in order.

Director Garza introduced new Director Gualtieri. Director Gualtieri made brief remarks.

53518 Chair Ortega asked the Directors if there were any comments or discussions on the Approval of the Minutes of the Board of Directors Meeting for January 9, 2024. (Copies have been submitted to each Director any additions, corrections, or omissions) (Agenda Item 6A). No amendments were made.

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

Director(s)

1. Peterson

53519 Approve Commendatory Resolutions for Arturo Chacon representing Central Basin Municipal Water District (Agenda Item 6B).

53520 Approval of Committee Assignments (Agenda Item 6C).

Appointment of Director Pressman as Chair of the Ethics Organization and Personnel Committee. Director Ramos will remain a member of the Committee.

Appointment of Director Gualtieri as a Member of the Engineering, Operations, and Technology Committee and the Finance, Audit, Insurance, and Real Property Committee.

Committee Chair Smith appointed Director Gualtieri as a Member of the Subcommittee on Long-Term Regional Planning Processes and Business Modeling.

Committee Chair Camacho appointed Director Gualtieri as a Member of the Subcommittee on Pure Water Southern California and Regional Conveyance.

Chair Ortega announced that the Legislation, Regulatory Affairs, and Communications Committee Item 7-14 is requesting Board approval in lieu of the Committee to approve Metropolitan's annual membership in Center for Energy Advancement through Technology Innovation and Annual Dues payment of \$27,300 for the transmission planning and operations interest group.

Director McCoy left the meeting.

Chair Ortega called on Directors who are requesting any items to be pulled from the Consent Calendar Action Items.

Chair Ortega called for a vote to approve Consent Calendar Items 6A, 6B, 6C, 7-1 through 7-7 and 7-10 through 7-14 (**M.I. No. 53518 through 53532**). (Items 7-1 through 7-7 and 7-10 through 7-14 as discussed at Committee as shown below).

53521 Authorize an increase of \$4,340,000 to an existing agreement with Pure Technologies U.S. Inc. for a new amount not to exceed \$4,410,000 to furnish and monitor an AFO system for the Foothill Feeder, as set forth in Agenda Item 7-1 board letter.

53522 Award a \$7,842,856 construction contract to Power Engineering Construction Co. to install a new floating wave attenuator and to refurbish and move the existing attenuator to another location at the DVL East Marina, as set forth in Agenda Item 7-2 board letter.

53523 Authorize an agreement with Stantec Consulting Services Inc. in an amount not to exceed \$1 million for preliminary design to rehabilitate the sedimentation basins solids removal systems at the Joseph Jensen and Henry J. Mills Water Treatment Plants, as set forth in Agenda Item 7-3 board letter.

53524 Award a procurement contract to Electric Machinery Company – A WEG Group in an amount not to exceed \$544,501 to furnish a brushless motor exciter system for Gene Pumping Plant Unit No. 1, as set forth in Agenda Item 7-4 board letter.

53525 Award a \$2,375,700 contract to J.F. Shea Construction Inc. for construction of a hazardous waste handling and storage facility at the La Verne site, as set forth in Agenda Item 7-5 board letter.

53526 Authorize amendments to the Power System Operation Services Agreement and Scheduling and Trading Services Agreement, both with the Arizona Electric Power Cooperative, related to the termination and credit services provisions of those agreements, as set forth in Agenda Item 7-6 board letter.

53527 Approve an adjustment to Metropolitan's Member Agency Administered Program to allow member agencies to use up to 50 percent of their allocated funds under the flexible, non-documented water savings category; agencies with allocations less than \$50,000 are able to use 100 percent of their Member Agency Administered Program allocation for flexible, non-documented water savings projects/programs, as set forth in Agenda Item 7-7 board letter.

53528 Approve amendments to the Metropolitan Water District Administrative Code to modify the structure and duties of various committees, as set forth in Agenda Item 7-10 board letter.

53529 Approve: (1) changes to the Metropolitan Water District 457(b) and 401(k) deferred compensation plans to establish an investment committee and adopt investment committee bylaws; and (2) amendments necessary to conform the plans and the Metropolitan Administrative Code to the proposed changes, current law, practices, and regulations, as set forth in Agenda Item 7-11 board letter.

53530 Review and consider the State of California, Department of Transportation's mitigated negative declaration and authorize the General Manager to grant a permanent easement to the State of California, Department of Transportation for water pipeline purposes on Metropolitan fee-owned property in the County of Riverside, and identified as Assessor Parcel Numbers 713-021-024 and 713-021-02, as set forth in Agenda Item 7-12 board letter.

53531 Set a public hearing on March 12, 2024, regarding the proposed water rates and charges for calendar years 2025 and 2026 necessary to meet the revenue requirements for fiscal years 2024/25 and 2025/26, as set forth in Agenda Item 7-13 board letter.

53532 Approve Metropolitan's annual membership in Center for Energy Advancement through Technology Innovation and Annual Dues payment of \$27,300 for the transmission planning and operations interest group, as set forth in Agenda Item 7-14 board letter.

Director Peterson moved, seconded by Director Morris that the Board approve the Consent Calendar Items 6A, 6B, 6C, 7-1 through 7-7 and 7-10 through 7-14 as follows:

The following is a record of the vote:

Record of Vote on Consent Item(s): 6A, 6B, 6C, 7-1 through 7-7 and 7-10 through 7-14									
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	6038	Faessel							
Beverly Hills	4493	Pressman	x	x	4493				
Burbank	3175	Ramos							
Calleguas Municipal Water District	13073	McMillan							
Central Basin Municipal Water District	19324	Garza	x	x	9662				
		Gualtieri	x					x	9662
			Subtotal:		9662				9662
Compton	641	McCoy							
Eastern Municipal Water District	12060	Armstrong	x	x	12060				
Foothill Municipal Water District	2409	Bryant	x	x	2409				
Fullerton	2561	Jung	x	x	2561				
Glendale	3985	Kassakhian	x	x	3985				
Inland Empire Utilities Agency	16030	Camacho	x	x	16030				
Las Virgenes	3090	Peterson	x	x	3090				
Long Beach	6558	Cordero							
Los Angeles	80172	Sutley	x	x	20043				
		Petersen	x	x	20043				
		Quinn							
		Luna	x	x	20043				
		Douglas	x	x	20043				
			Subtotal:		80172				
Municipal Water Dist. of Orange County	64634	Ackerman	x	x	21545				
		Seckel	x	x	21545				
		Dick	x	x	21545				
		Erdman							
			Subtotal:		64634				
Pasadena	3864	Kurtz	x	x	3864				
San Diego County Water Authority	67201	Fong-Sakai	x	x	16800				
		Goldberg	x	x	16800				
		Miller	x	x	16800				
		Smith	x	x	16800				
			Subtotal:		67201				
San Fernando	260	Ortega	x	x	260				
San Marino	800	Morris	x	x	800				
Santa Ana	3431	Phan							
Santa Monica	4861	Abdo	x	x	4861				
Three Valleys Municipal Water District	8634	De Jesus	x	x	8634				
Torrance	3590	Lefevre	x	x	3590				
Upper San Gabriel Valley Mun. Wat. Dist.	13418	Fellow	x	x	13418				
West Basin Municipal Water District	27064	Alvarez	x	x	27064				
		Gray							
			Subtotal:		27064				
Western Municipal Water District	14775	Dennstedt	x	x	14775				
Total	386141				343563				9662
Present and not voting									
Absent	32916								

The motion to approve the Consent Calendar Items 6A, 6B, 6C, 7-1 through 7-7 and 7-10 through 7-14 (**M.I. No. 53518 through 53532**) passed by a vote of 343,563 ayes; 0 noes; 9,662 abstain; 0 not voting; and 32,916 absent.

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

Directors Armstrong, Lefevre, and Luna left the meeting.

53533 Authorize increase in change order authority for three contracts to conduct urgent rehabilitation of prestressed concrete cylinder pipe on the Allen-McColloch Pipeline, as follows: (a.) Authorize an increase in change order authority of \$12 million to Contract 2002 with Northwest Pipe Company; (b.) Authorize an increase in change order authority of \$10.5 million to Contract 2026 with J.F. Shea Construction Inc.; (c.) Authorize an increase in change order authority of \$2 million to Contract 2088 with Structural Preservation Systems, as set forth in Agenda Item 8-1 board letter.

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

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	6038	Faessel							
Beverly Hills	4493	Pressman	x	x	4493				
Burbank	3175	Ramos							
Calleguas Municipal Water District	13073	McMillan							
Central Basin Municipal Water District	19324	Garza	x	x	9662				
		Gualtieri	x	x	9662				
			Subtotal:		19324				
Compton	641	McCoy							
Eastern Municipal Water District	12060	Armstrong							
Foothill Municipal Water District	2409	Bryant	x	x	2409				
Fullerton	2561	Jung	x	x	2561				
Glendale	3985	Kassakhian	x	x	3985				
Inland Empire Utilities Agency	16030	Camacho	x	x	16030				
Las Virgenes	3090	Peterson	x	x	3090				
Long Beach	6558	Cordero							
Los Angeles	80172	Sutley	x	x	26724				
		Petersen	x	x	26724				
		Quinn							
		Luna							
		Douglas	x	x	26724				
			Subtotal:		80172				
Municipal Water Dist. of Orange County	64634	Ackerman	x	x	21545				
		Seckel	x	x	21545				
		Dick	x	x	21545				
		Erdman							
			Subtotal:		64634				
Pasadena	3864	Kurtz	x	x	3864				
San Diego County Water Authority	67201	Fong-Sakai	x	x	16800				
		Goldberg	x	x	16800				
		Miller	x	x	16800				
		Smith	x	x	16800				
			Subtotal:		67201				
San Fernando	260	Ortega	x	x	260				
San Marino	800	Morris	x	x	800				
Santa Ana	3431	Phan							
Santa Monica	4861	Abdo	x	x	4861				
Three Valleys Municipal Water District	8634	De Jesus	x	x	8634				
Torrance	3590	Lefevre							
Upper San Gabriel Valley Mun. Wat. Dist.	13418	Fellow	x	x	13418				
West Basin Municipal Water District	27064	Alvarez	x	x	27064				
		Gray							
			Subtotal:		27064				
Western Municipal Water District	14775	Dennstedt	x	x	14775				
Total	386141				337575				
Present and not voting									
Absent	48566								

The motion to approve the Board Items 8-1 (**M.I. No. 53533**) passed by a vote of 337,575 ayes; 0 noes; 0 abstain; 0 not voting; and 48,566 absent.

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

53534 Authorize the General Manager to secure one-year water transfers and water exchanges with various water districts for up to \$50 million from Water Supply Program and State Water Project budgets for such supplies and to secure storage and conveyance agreements with the Department of Water Resources and various water districts to facilitate these transfers and exchanges; and grant final decision-making authority to the General Manager subject to the terms set forth in the letter, as set forth in Agenda Item 8-3 board letter.

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

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	6038	Faessel							
Beverly Hills	4493	Pressman	x	x	4493				
Burbank	3175	Ramos							
Calleguas Municipal Water District	13073	McMillan							
Central Basin Municipal Water District	19324	Garza	x	x	9662				
		Gualtieri	x	x	9662				
			Subtotal:		19324				
Compton	641	McCoy							
Eastern Municipal Water District	12060	Armstrong							
Foothill Municipal Water District	2409	Bryant	x	x	2409				
Fullerton	2561	Jung	x	x	2561				
Glendale	3985	Kassakhian	x	x	3985				
Inland Empire Utilities Agency	16030	Camacho	x	x	16030				
Las Virgenes	3090	Peterson	x	x	3090				
Long Beach	6558	Cordero							
Los Angeles	80172	Sutley	x	x	26724				
		Petersen	x	x	26724				
		Quinn							
		Luna							
		Douglas	x	x	26724				
			Subtotal:		80172				
Municipal Water Dist. of Orange County	64634	Ackerman	x	x	21545				
		Seckel	x	x	21545				
		Dick	x	x	21545				
		Erdman							
			Subtotal:		64634				
Pasadena	3864	Kurtz	x	x	3864				
San Diego County Water Authority	67201	Fong-Sakai	x	x	16800				
		Goldberg	x	x	16800				
		Miller	x	x	16800				
		Smith	x	x	16800				
			Subtotal:		67201				
San Fernando	260	Ortega	x	x	260				
San Marino	800	Morris	x	x	800				
Santa Ana	3431	Phan							
Santa Monica	4861	Abdo	x	x	4861				
Three Valleys Municipal Water District	8634	De Jesus	x	x	8634				
Torrance	3590	Lefevre							
Upper San Gabriel Valley Mun. Wat. Dist.	13418	Fellow	x	x	13418				
West Basin Municipal Water District	27064	Alvarez	x	x	27064				
		Gray							
			Subtotal:		27064				
Western Municipal Water District	14775	Dennstedt	x	x	14775				
Total	386141				337575				
Present and not voting									
Absent	48566								

The motion to approve the Board Items 8-3 (M.I. No. 53534) passed by a vote of 337,575 ayes; 0 noes; 0 abstain; 0 not voting; and 48,566 absent.

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

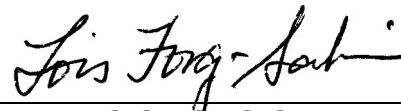
53535 Chair Ortega asked if there were questions or need for discussion for Board Information Item 9-1, 9-2, 9-3, 9-4, 9-5, and 9-6. No requests were made.

53536 Chair Ortega asked if there were any Other Matters Items. There were none.

53537 Chair Ortega asked if there were any Follow-Up Items. There were none.

53538 Chair Ortega asked if there were any Future Agenda Items. Director Douglas requested a closed session item on the performance of the General Manager.

53539 There being no objection, at 4:07 p.m., Chair Ortega adjourned the meeting.



LOIS FONG-SAKAI
SECRETARY OF THE BOARD



ADÁN ORTEGA
CHAIR OF THE BOARD



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

3/12/2024 Board Meeting

7-1

Subject

Award a \$1,754,000 contract to Granite Construction Company for pavement rehabilitation at the F.E. Weymouth Water Treatment Plant; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Metropolitan has an ongoing program to provide timely pavement rehabilitation at facilities within Metropolitan's service areas. Over the past 80 years, the service roads and paved areas around the F.E. Weymouth Water Treatment Plant (Weymouth plant) and other support facilities on the La Verne site have received heavy use by Metropolitan forces and construction contractors. As a result, portions of these paved areas now exhibit extensive surface and sub-base deterioration that need to be rehabilitated. Design is complete, and award of a construction contract is recommended at this time. With this contract, Metropolitan will for the first time make use of asphalt paving with a Recycled Asphalt Paving (RAP) content of 40 percent or greater for a portion of the pavement project. The use of paving with an RAP at this level will enhance Metropolitan's ability to rehabilitate facilities in an environmentally sustainable manner.

This action awards a \$1,754,000 construction contract to Granite Construction Company to rehabilitate approximately 300,000 square feet of existing asphalt pavement in and around the Weymouth plant. See **Attachment 1** for the Allocation of Funds, **Attachment 2** for the Abstract of Bids, **Attachment 3** for the Subcontractors for Low Bidder, and **Attachment 4** for the Location Map.

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

Staff Recommendation: Option #1

Option #1

Award a \$1,754,000 contract to Granite Construction Company for the rehabilitation of asphalt pavement at the Weymouth plant.

Fiscal Impact: Expenditure of \$2.66 million in capital funds. Approximately \$700,000 will be incurred in the current biennium and has been previously authorized. The remaining funds for this action will be accounted for in the Capital Investment Plan budget for the next biennium following board approval of the budget.

Business Analysis: This option will protect Metropolitan's assets and sustain the operations of the Weymouth plant and other support facilities in the La Verne site.

Option #2

Do not proceed with the project at this time.

Fiscal Impact: None

Business Analysis: Under this option, staff will continue to assess the condition of the deteriorated pavement and provide temporary localized repairs to damaged areas as needed, which may lead to increased annual repair costs.

Alternatives Considered

Staff considered issuing multiple contracts to complete the work, with each contract addressing specific regions of the Weymouth plant or the La Verne site. While this option would potentially reduce operational impacts, it would result in increased costs due to the preparation of multiple design packages, along with the advertisement and contractor mobilization efforts required.

Staff also assessed alternatives to rehabilitate pavement areas that were not significantly deteriorated but needed some improvements to extend their useful life. In these areas, a seal coat application will be used instead of pavement replacement. This approach provides a cost-effective alternative when compared to a complete pavement removal/replacement in areas where deterioration is not severe. Staff determined that the current approach to complete the pavement rehabilitation at Weymouth under one construction contract is the most cost-effective manner to comprehensively address the significant deterioration of the existing asphalt pavement at the Weymouth plant and other supporting facilities in the La Verne site.

Applicable Policy

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

Metropolitan Water District Administrative Code Section 8140: Competitive Procurement

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

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

Summary of Outreach Completed

Staff confirmed recycled asphalt best practices and implementation with Caltrans and the city of Los Angeles.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is exempt from CEQA because it involves the operation, repair, maintenance, or minor alteration of existing public structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use and no possibility of significantly impacting the physical environment (State CEQA Guidelines Section 15301).

CEQA determination for Option #2:

None required

Details and Background

Background

The Weymouth plant was placed into service in 1941 and is located in the city of La Verne, adjacent to numerous support facilities, including the Water Quality Laboratory, the La Verne Shops, and water distribution facilities. Over the past 80 years, the paved roads around the Weymouth plant and other La Verne site facilities have deteriorated due to aging and surface wear. The roads are used to perform routine operation and maintenance activities and have received heavy use by Metropolitan forces and construction contractors. The deteriorated pavement exhibits raveling caused by wear and tear under traffic loads, surface deterioration, and fatigue and edge cracking caused by saturated subgrades from poor drainage and standing water.

Metropolitan forces continuously mitigate and slow the rate of deterioration by performing patch repairs to distressed pavement areas. These types of repairs are intended to be temporary by nature, and current conditions require a more extensive and permanent restoration effort. The recommended work includes the rehabilitation of approximately 300,000 square feet of existing asphalt pavement in and around the Weymouth plant and other support facilities in the La Verne site.

Metropolitan's asphalt material standards traditionally allow the use of an asphalt mix containing up to 20 percent of RAP. To contribute to Metropolitan's goals of innovation and sustainability, staff investigated the use of higher RAP percentages in similar projects recently constructed in Los Angeles and Orange County. For the subject project, staff has increased the maximum RAP percentage allowance from 20 to 25 percent. In addition, staff concluded that an asphalt mix containing a minimum of 40 percent RAP can be used to restore areas within the project that have lower traffic loads (approximately 84,000 square feet area). The performance of the pavement in these areas will be monitored, and pending successful performance, higher RAP percentages will be specified for future projects. This strategy provides an environmentally sustainable alternative that minimizes cost without reducing quality or service life. Final design is now complete, and staff recommends the award of a construction contract at this time.

Weymouth Asphalt Pavement Rehabilitation – Construction

The scope of the construction contract work consists of the rehabilitation of approximately 300,000 square feet of asphalt pavement within the Weymouth plant and other support facilities in the La Verne site, which includes the following: removal of the existing pavement, grading, placing and recompacting of new crushed aggregate base, placing of new asphalt concrete pavement, seal coating portions of asphalt pavement, traffic striping, and concrete drainage improvements. Metropolitan forces will perform surveying, conduct soil and concrete tests, as required; establish traffic controls to reroute onsite chemical deliveries and traffic; and implement a post-construction monitoring program for the 40 percent RAP areas.

A total of \$2.66 million is allocated for this work. In addition to the amount of the contract described below, other funds to be allocated include \$230,000 for construction inspection; \$221,000 for Metropolitan construction activities as described above; \$176,000 for submittals review, technical support during construction, responding to requests for information, and preparation of record drawings; \$182,000 for contract administration, environmental monitoring, and project management; and \$97,000 for the remaining budget. **Attachment 1** provides the allocation of the required funds. The total estimated cost to complete the work, including the amount allocated to date and funds allocated for the work described in this action, is \$2.98 million.

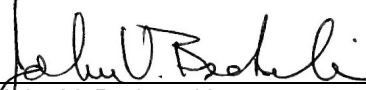
Award of Construction Contract (Granite Construction Company)

Specification No. 2018 to rehabilitate the asphalt pavement at the Weymouth plant and other support facilities in the La Verne site was advertised for bids on December 14, 2023. As shown in **Attachment 2**, four bids were received and opened on January 31, 2024. The low bid from Granite Construction Company in the amount of \$1,754,000 complies with the requirements of the specifications. The other bids ranged from approximately \$1.81 million to \$3.17 million, while the engineer's estimate for this project was approximately \$2.14 million. For this contract, Metropolitan established a Small Business Enterprise participation level of at least 25 percent of the bid amount. Granite Construction Company has agreed to meet this level of participation. The subcontractors for this contract are listed in **Attachment 3**.

This action awards a \$1,754,000 contract to Granite Construction Company for the rehabilitation of asphalt pavement at the Weymouth plant. As described above, Metropolitan staff will perform construction management and inspection. Engineering Services' performance metric target range for construction management and inspection of projects with construction less than \$3 million is 12 to 15 percent. For this project, the performance metric goal for inspection is 11.6 percent of the total construction cost (\$1,975,000), which includes the construction contract (\$1,754,000) and Metropolitan force construction (\$221,000).

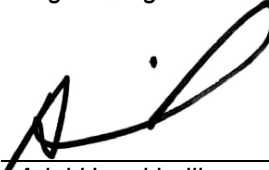
Project Milestone

December 2024 – Completion of construction



John V. Bednarski
Manager/Chief Engineer
Engineering Services

2/20/2024
Date



Adel Hagekhalil
General Manager

2/23/2024
Date

Attachment 1 – Allocation of Funds

Attachment 2 – Abstract of Bids

Attachment 3 – Subcontractors for Low Bidder

Attachment 4 – Location Map

Ref# es12688298

Allocation of Funds for Weymouth Asphalt Pavement Rehabilitation

	Current Board Action (Mar. 2024)
Labor	
Studies & Investigations	\$ -
Final Design	-
Owner Costs (Program mgmt., envir. monitoring)	182,000
Submittals Review & Record Drwgs.	176,000
Construction Inspection & Support	230,000
Metropolitan Force Construction	221,000
Materials & Supplies	-
Incidental Expenses	-
Professional/Technical Services	-
Right-of-Way	-
Equipment Use	-
Contracts	-
Granite Construction Company	1,754,000
Remaining Budget	97,000
Total	\$ 2,660,000

The total amount expended to date for the pavement rehabilitation at the Weymouth plant is approximately \$320,000. The total estimated cost to complete the project, including the amount appropriated to date and funds allocated for the work described in this action is \$2.98 million.

The Metropolitan Water District of Southern California
Abstract of Bids Received on January 31, 2024, at 2:00 P.M.
Specifications No. 2018
Weymouth Asphalt Pavement Rehabilitation

The work includes the rehabilitation of approximately 300,000 square feet of asphalt concrete pavement, including removal of existing pavement, grading, placing and recompacting of new crushed aggregate base, placing of new asphalt concrete pavement, adding seal coat on indicated areas, traffic striping, and concrete drainage improvements.

Engineer’s estimate: \$2,138,000

Bidder and Location	Total	SBE \$	SBE %	Met SBE¹
Granite Construction Company Indio, CA	\$1,754,000	\$443,118	25%	Yes
Access General Contracting Inc. Corona, CA	\$1,811,538	-	-	-
Command Performance Constructors Signal Hill, CA	\$2,113,731	-	-	-
Onyx Paving Company Inc. Anaheim, CA	\$3,168,000	-	-	-

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

The Metropolitan Water District of Southern California

Subcontractors for Low Bidder

**Specifications No. 2018
Weymouth Asphalt Pavement Rehabilitation**

Low bidder: Granite Construction Company

Subcontractor	Service Category; Specialty
Cindy Trump Inc., DBA Lindys Cold Planing La Habra, CA	Cut, load, haul, dispose asphalt pavement, sweeping
Lukkes Striping Inc. La Habra, CA	Seal coat, striping and install wheel stops

Distribution System





Engineering, Operations, & Technology Committee

Weymouth Asphalt Paving Rehabilitation

Item 7-1

March 11, 2024

Item 7-1 Weymouth Asphalt Refurbishment

Subject

Award a \$1,754,000 contract to Granite Construction Company for pavement rehabilitation at the F.E. Weymouth Water Treatment Plant

Purpose

Rehabilitate asphalt pavement in an environmentally-sustainable manner to support the operations of the Weymouth plant and other support facilities on the La Verne site

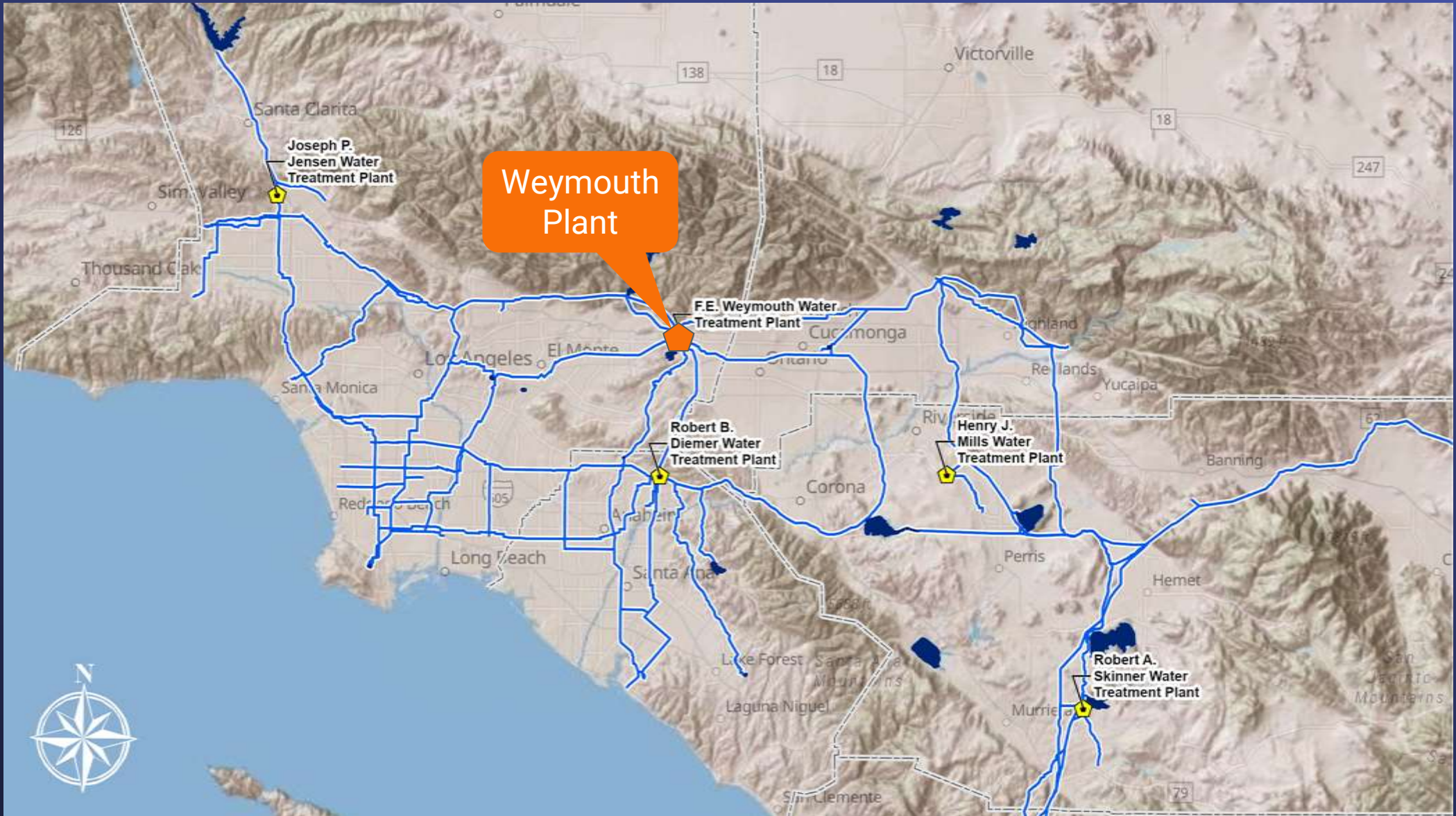
Recommendation and Fiscal Impact

Award a construction contract to Granite Construction Company to rehabilitate approximately 300,000 square feet of existing asphalt pavement in and around the Weymouth plant

Fiscal Impact of \$2,660,000

Budgeted

Location Map



Background

- Service roads & paved areas at the Weymouth plant
 - Heavy use
 - Deteriorated from up to 80 yrs. of service
- Extensive surface & sub-base deterioration
- Poor drainage



Service Road - South Side of Finished Water Reservoir



Parking Lot Area – North of Finished Water Reservoir

Weymouth Asphalt Paving Rehabilitation

Alternatives Considered

- Issue multiple construction contracts
 - Increased costs due to multiple designs, advertisements, & contractor mobilizations
- Continuously perform patch repairs
 - Temporary repairs not suitable for current conditions
- Selected alternative – pavement rehabilitation under a single contract
 - Alternative asphalt rehabilitation method
 - Cost effective

Weymouth Asphalt Paving Rehabilitation



Innovation & Sustainability

- High reclaimed asphalt pavement (RAP) mix to be used on project
 - Environmentally-sustainable approach
 - Increased MWD's typical maximum RAP percentage allowance from 20 to 25 percent
 - 40 percent RAP mix used in lower traffic load areas as demonstration (approximately 30% of overall project area)
 - Performance of higher RAP percentage areas to be monitored
 - Optimizes costs without reducing quality or service life

Scope of Work



Weymouth Asphalt Paving Rehabilitation

Scope of Work - Contractor

- Removal of existing pavement
- Grading & compaction of new & existing crushed aggregate base
- Placing of new asphalt concrete pavement
 - Approximately 300,000 square feet
- Placement of sealcoat & new traffic striping
- Concrete drainage improvements

Weymouth Asphalt Paving Rehabilitation

Scope of Work - Metropolitan

- Perform survey
- Conduct soil & material testing
- Establish traffic control
- Implement post-construction monitoring program for 40 percent RAP areas
- Provide contract administration & project management

Bid Results

Specifications No. 2018

Bids Received	January 31, 2024
No. of Bidders	4
Lowest Responsible Bidder	Granite Construction Company
Low Bid	\$1,754,000
Range of Other Bids	\$1,810,000 to \$3,170,000
Engineer's Estimate	\$2,140,000
SBE Participation*	25%

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

Allocation of Funds

Weymouth Asphalt Paving Rehabilitation

Metropolitan Labor

Owner Costs (Proj. Mgmt., Contract Admin., Envir. Support)	\$ 182,000
Construction Inspection & Support	230,000
Force Construction	221,000
Submittals Review, Tech. Support, Record Dwgs.	176,000

Contracts

Granite Construction Company	1,754,000
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Remaining Budget	97,000
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Total \$ 2,660,000

Project Schedule



Board Options

- Option #1
Award a \$1,754,000 contract to Granite Construction Company for the rehabilitation of asphalt pavement at the Weymouth plant.
- Option #2
Do not proceed with the project at this time.

Staff Recommendation

- Option #1





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

3/12/2024 Board Meeting

7-2

Subject

Award an \$892,552 procurement contract to Whipps Inc. for the fabrication and delivery of three stainless steel slide gate assemblies for the East Lake Skinner Bypass channel; the General Manager has determined that the proposed action is exempt or not subject to CEQA

Executive Summary

The East Lake Skinner Bypass channel is located on the San Diego Canal and is used to divert flows into San Diego Pipeline No. 5 (SDPL5) during water quality events at Lake Skinner. The East Lake Skinner Bypass channel flows are controlled with three carbon steel slide gates that were originally installed in 1967 and now require replacement due to heavy corrosion of major structural components. Failure of the slide gates could have operational impacts on the San Diego Canal and the Robert A. Skinner Water Treatment Plant (Skinner plant).

This action awards a \$892,552 procurement contract to Whipps Inc. for three new slide gate assemblies for the East Lake Skinner Bypass channel. See **Attachment 1** for the Allocation of Funds, **Attachment 2** for the Abstract of Bids, and **Attachment 3** for the Location Map.

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

Staff Recommendation: Option #1

Option #1

Award an \$892,552 procurement contract to Whipps Inc. for the fabrication of three slide gate assemblies for the East Lake Skinner Bypass channel.

Fiscal Impact: Expenditure of \$1,200,000 in capital funds. Approximately \$300,000 will be incurred in the current biennium and have been previously authorized. The remaining funds for this action will be accounted for in the Capital Investment Plan budget for the next biennium following board approval of the budget.

Business Analysis: This option will replace the deteriorated slide gates at the East Lake Skinner Bypass with new gates that will improve operations and have a superior service life.

Option #2

Do not proceed with the project at this time.

Fiscal Impact: None

Business Analysis: Under this option, staff will continue to assess the condition of the deteriorated slide gates and provide temporary localized repairs to damaged areas as needed, which may lead to increased annual repair costs.

Alternatives Considered

An alternative to procuring new stainless steel gate assemblies is to blast and recoat each gate assembly and continue using the existing actuators. Blasting the existing coating to bare metal would allow the existing gate assemblies to be recoated but would not remediate the metal loss due to corrosion observed during the recent inspection of the gates. Additionally, this alternative would not address the existing binding or leakage issues. The

recommended alternative will provide a corrosion-resistant gate assembly with a superior service life, reducing the need for routine maintenance and coating.

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 52778, dated April 12, 2022, the Board appropriated a total of \$600 million for projects identified in the Capital Investment Plan for Fiscal Years 2022/2023 and 2023/2024.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves organizational, maintenance, or administrative activities that will not result in direct or indirect physical changes in the environment. (Public Resources Code Section 21065; State CEQA Guidelines Section 15378(b)(2) and (5).)

CEQA determination for Option #2:

None required

Details and Background

Background

Lake Skinner was constructed in the 1970s and is located at the San Diego Canal terminus point in the city of Winchester. Lake Skinner has a total capacity of 44,000 acre-feet and is the primary supply of raw water to the Skinner plant during normal operations.

Sudden increases in algal mass, or “algae blooms,” at Lake Skinner can cause taste and odor conditions during these water quality events in Lake Skinner. Under these conditions, the Skinner plant is supplied with water directly from the San Diego Canal via bypass inlets located on the canal upstream of the lake. These bypass flow conditions occur periodically throughout a typical year, primarily in the summer months, based on a combination of factors, including hydrology, available nutrients, sunlight, and temperature.

There are three bypass inlets: the West Lake Skinner Bypass, the East Lake Skinner Bypass, and Bypass No. 2. The East Lake Skinner Bypass inlet channel and slide gates were constructed in 1967. This inlet off the San Diego Canal was initially used for raw water supply to the Skinner plant. After the construction of Lake Skinner, the inlet channel was converted to be used as the source of untreated water for SDPL5 when the Skinner plant was in bypass flow conditions. Three slide gates provide the only method to control flows into SDPL5, and they must be closed during normal flow conditions so that water from Lake Skinner doesn’t flow back into the San Diego Canal.

These three existing slide gates are made of carbon steel. The outer gates are 48 inches by 96 inches, and the middle gate is 24 inches by 96 inches. Recent staff inspections in November 2022 identified significant corrosion of the major gate components. Additionally, these gates experience operational issues such as leakage in the closed position and binding during opening, requiring manual intervention to raise and lower the gates. Staff recommends replacement of the existing carbon steel gate assemblies with new stainless steel assemblies and new electric actuators. Gates made of stainless steel will be corrosion-resistant and have a superior service life compared to a carbon steel gate assembly with a coating system.

Metropolitan staff completed the procurement specification package and recommends awarding a procurement contract for the new stainless steel gate assemblies and actuators at this time. The new gates will be installed during a planned shutdown of SDPL5 scheduled for January 2025 under a separate installation contract to be awarded at a later date.

East Lake Skinner Bypass Slide Gates– Procurement

The procurement contract includes the fabrication and delivery of three stainless steel gate assemblies. Each gate assembly includes a gate leaf, frame, stem, stem guides, thimble, and motor actuator. Metropolitan forces will receive, offload, and place the slide gates in storage at Lake Skinner. The slide gates will be installed under an upcoming construction contract.

A total of \$1.2 million is required for this work. Allocated funds for Metropolitan staff activities include \$67,000 for factory fabrication inspection and functional testing; \$60,000 for submittals review, technical support, and responding to manufacturer requests for information; \$113,000 for project management and contract administration; and \$67,448 for remaining budget.



Award of Procurement Contract (Whipps Inc.)

Specifications No. 2029 for furnishing East Lake Skinner Bypass Slide Gates was advertised for bids on November 30, 2023. As shown in **Attachment 2**, one bid was received and opened on January 30, 2024. The low bid from Whipps Inc., in the amount of \$892,552, complies with the requirements of the specifications. Staff investigated the reasons for the single bid and attributed it to the limited number of vendors currently manufacturing such specialty equipment. This amount includes all sales and use taxes imposed by the state of California. As a procurement contract, there are no subcontracting opportunities, and a Small Business Enterprise participation level was not established for this contract.

Proceeding with a contract at this time will enable the installation of the slide gates in 2025 with minimal interruptions to plant operations. This action awards an \$892,552 procurement contract to Whipps Inc. to furnish three slide gates for the East Lake Skinner Bypass.

Project Milestone

May 2025 – Delivery of slide gates and actuators

	2/20/2024
_____ John V. Bednarski Manager/Chief Engineer Engineering Services	Date
	2/22/2024
_____ Adel Hagekhalil General Manager	Date

Attachment 1 – Allocation of Funds

Attachment 2 – Abstract of Bids

Attachment 3 – Location Map

Ref# es12695084

Allocation of Funds for East Lake Skinner Bypass Slide Gate Rehabilitation

	Current Board Action (Mar. 2024)
Labor	
Studies & Investigations	\$ -
Final Design	-
Owner Costs	113,000
Submittals Review & Record Drwgs.	60,000
Construction Inspection & Support	67,000
Metropolitan Force Construction	-
Materials & Supplies	-
Incidental Expenses	-
Professional/Technical Services	-
Right-of-Way	-
Equipment Use	-
Contracts	
Whipps Inc.	892,552
Remaining Budget	67,448
Total	\$ 1,200,000

The total amount expended to date to procure the replacement slide gates at the Lake Skinner Bypass is approximately \$165,000. The total estimated cost to replace the slide gates and rehabilitate the other Skinner bypass lines, including the amount appropriated to date, funds allocated for the work described in this action, and future construction costs, is anticipated to range from \$4.5 million to \$5.5 million.

The Metropolitan Water District of Southern California
Abstract of Bids Received on January 30, 2024, at 2:00 P.M.
Specifications No. 2029
Furnishing Slide Gates and Actuators for Lake Skinner

The work includes furnishing and delivery of three stainless steel replacement slide gate assemblies and three actuators.

Bidder and Location	Base Bid Price Total^{1,2}
Whipps Inc. Athol, MA	\$892,552

¹ As a procurement contract, there are no subcontracting opportunities.

² Includes sales and use taxes of 7.75 percent imposed by the state of California

Distribution System





Engineering, Operations, & Technology Committee

East Lake Skinner Bypass Slide Gate Procurement

Item 7-2

March 11, 2024

Item 7-2

East Lake Skinner Bypass Slide Gate Procurement

Subject

Award an \$892,552 procurement contract to Whipps Inc. for the fabrication and delivery of three stainless steel slide gate assemblies for the East Lake Skinner Bypass channel

Purpose

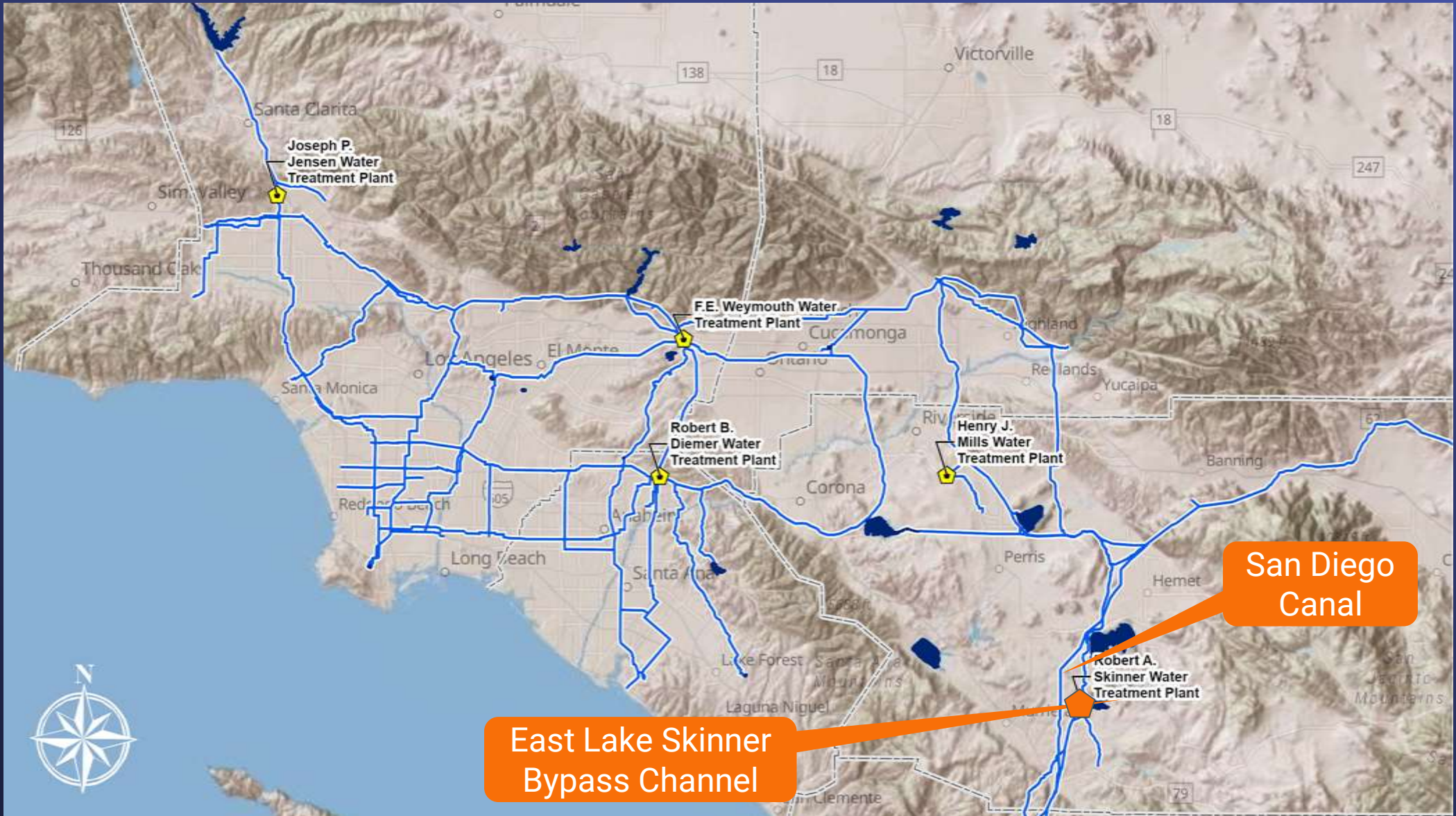
Replace deteriorated gates to enhance operational reliability

Recommendation and Fiscal Impact

Award a procurement contract to Whipps Inc.
Fiscal Impact of \$1,200,000

Budgeted

Distribution System



East Lake Skinner Bypass Slide Gate Procurement



Bypass Channel Inlet

Background

- Lake Skinner constructed in 1970s
 - Terminus point of San Diego Canal
 - Supplies raw water to Skinner plant & raw water to San Diego pipelines
- Bypass flow conditions
 - Raw water delivered via bypass channels
 - During Lake Skinner water quality events
 - East Lake Skinner Bypass Channel
 - Supplies raw water to San Diego Pipeline No. 5

East Lake Skinner Bypass Slide Gate Procurement

Background

- East Lake Skinner Bypass Channel Slide Gate Assemblies
 - Inspected Nov 2022
 - Discovered significant corrosion
 - Leaking in closed position



Slide Gate Assemblies

East Lake Skinner Bypass Slide Gate Procurement

Alternatives Considered

- Alternative: remove & recoat existing gates
 - Does not remediate metal loss or correct operational issues
- Selected option: procure & install stainless steel gate assemblies
 - Corrosion resistant
 - Longer service life
 - Less maintenance



Slide Gate Assemblies

East Lake Skinner Bypass Slide Gate Procurement

Scope of Work - Procurement

- Contractor
 - Furnish three slide gates assemblies with actuators
 - One – 24-inch x 96-inch
 - Two – 48-inch x 96-inch
- Metropolitan
 - Factory fabrication inspection
 - Submittals review
 - Off-load & store gates
 - Contract administration & project management

Bid Results

Specifications No. 2029

Bids Received	January 31, 2024
No. of Bidders	1
Responsible Bidder	Whipps Inc.
Bid	\$892,552*

*No SBE (Small Business Enterprise) participation level set for procurement contract
Note: Includes sales and use taxes of 7.75 percent imposed by the state of California

Allocation of Funds

East Lake Skinner Bypass Slide Gate Procurement

Metropolitan Labor

Owner Costs (Proj. Mgmt., Contract Admin., Inspection Travel)	\$ 113,000
Fabrication Inspection & Support	67,000
Submittals Review, Tech. Support, Record Dwgs.	60,000

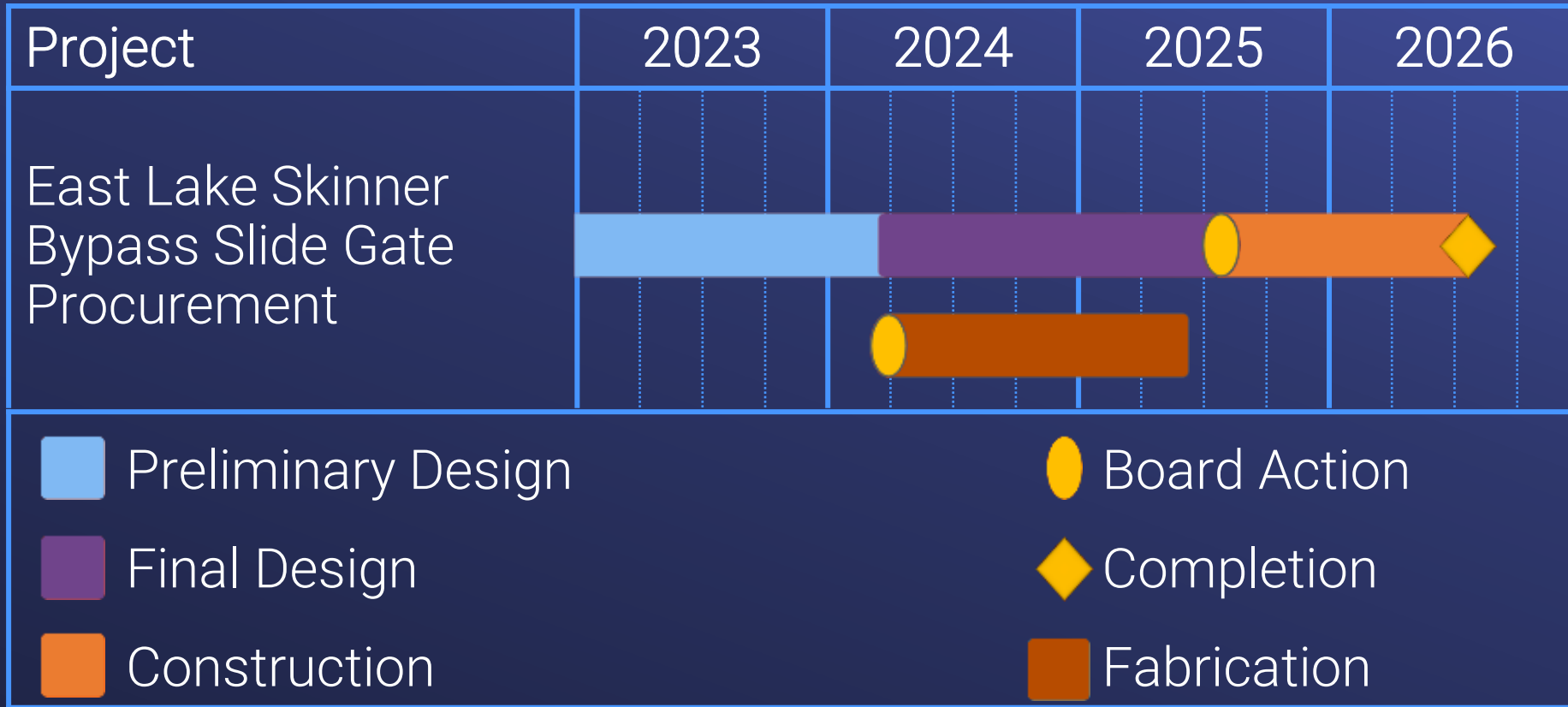
Contracts

Whipps Inc.	892,552
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Remaining Budget

Total \$ 1,200,000

Project Schedule



Board Options

- Option #1

Award a \$892,552 procurement contract to Whipps Inc. for the fabrication of three slide gate assemblies for the East Lake Skinner Bypass channel.

- Option #2

Do not proceed with the project at this time.

Staff Recommendation

- Option #1





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

3/12/2024 Board Meeting

7-3

Subject

Award a \$1,779,174 procurement contract to Vogt Valves, Inc. for a 132-inch diameter butterfly valve to be installed at the Foothill Pump Station Intertie as part of water supply reliability improvements in the Rialto Pipeline service area; and authorize an increase of \$260,000 to an agreement with HDR Engineering Inc. for a new not-to-exceed amount of \$1,560,000 for design services; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (This action is part of a series of projects that are being undertaken to improve the supply reliability for State Water Project dependent member agencies)

Executive Summary

The recent statewide drought and the resulting low allocation of State Water Project (SWP) supplies by the California Department of Water Resources (DWR) directly impacted Metropolitan's ability to deliver water to the Rialto Pipeline service area. Four ongoing projects will expand Metropolitan's ability to deliver supplies from Diamond Valley Lake (DVL) through the Inland Feeder to the Rialto Pipeline service area. Collectively, these projects will significantly reduce the dependency of the member agencies on the Rialto Pipeline to SWP supplies.

This action awards a \$1,779,174 procurement contract to Vogt Valves Inc. for furnishing a large-diameter butterfly valve to be installed at the San Bernardino Valley Municipal Water District (SBVMWD) Foothill Pump Station as part of water supply reliability improvements in the Rialto Pipeline service area; and authorizes an increase of \$260,000 to an existing agreement with HDR Engineering Inc. for a new amount not to exceed \$1,560,000 for the design of the Inland Feeder/SBVMWD Foothill Pump Station Intertie project as two separate construction contracts. See **Attachment 1** for the allocation of funds, **Attachment 2** for the Abstract of Bids, **Attachment 3** for the list of subconsultants, and **Attachment 4** for the Location Map.

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

Staff Recommendation: Option #1

Option #1

- Award a \$1,779,174 procurement contract to Vogt Valves Inc. for a 132-inch diameter butterfly valve to be installed at the Foothill Pump Station as part of water supply reliability improvements in the Rialto Pipeline service area; and
- Authorize an increase of \$260,000 to an existing agreement with HDR Engineering Inc. for a new not-to-exceed amount of \$1,560,000 for design of Stage 2 for the Inland Feeder/San Bernardino Valley Municipal Water District Foothill Pump Station Intertie.

Fiscal Impact: Expenditure of \$2,950,000 in capital funds. All expenditures will be incurred in the next biennium and will be accounted for in the Capital Investment Plan (CIP) budget for the next biennium following board approval of the budget.

Business Analysis: This option will improve water supply reliability in the Rialto Pipeline service area.

Option #2

Do not proceed with the project at this time.

Fiscal Impact: None

Business Analysis: This option would forego the opportunity to improve the reliability of service to those member agencies with connections to the Rialto Feeder.

Alternatives Considered

During the planning phase of this project, staff considered using different types of valves for isolation at this location, such as conical plug and spherical ball valves. These valves are robust and have a full port opening, thereby reducing pressure losses. However, these valves are larger, more expensive, and take longer to fabricate than butterfly valves. The much larger size of either the conical plug or spherical ball valve, and the actuator needed to operate the valve, would also result in a significantly larger structure to house the valve, increasing construction costs and prolonging construction time. These types of valves are utilized in situations where the valve controls the flow, or the allowable loss of pressure across the valve is very limited. In the current application, where the valve is used solely for isolation and pressure losses are acceptable, a butterfly valve is more appropriate and cost-effective. The recommended action allows Metropolitan to procure the valve needed for isolation on the Inland Feeder in a timely and cost-effective manner.

Staff also considered using a single construction package after completion of the CEQA and permitting process for the project instead of preparing two separate packages. The biological assessment for the CEQA and permitting processes for this project are complex due to the presence of a protected species on a portion of the site. To keep all of the work in one contract would require waiting up to two years to receive all required permits for the project. This approach would delay construction. The selected option of using two construction packages expedites the overall construction schedule by completing most of the construction during Stage 1 work.

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

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

By Minute Item 52626, dated December 14, 2021, the Board authorized amending the current CIP to include projects to improve water supply reliability in the Rialto Pipeline service area.

By Minute Item 52937, dated August 16, 2022, the Board authorized an agreement with HDR Engineering, Inc. for a not-to-exceed amount of \$1,300,000 for final design of the Inland Feeder/Foothill Pump Station Intertie.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action to enter into a procurement contract is not defined as a project under CEQA because it involves organizational, maintenance, or administrative activities that will not result in direct or indirect physical changes in the environment. (Public Resources Code Section 21065; State CEQA Guidelines Section 15378(b)(2) and (5).) The proposed action related to the existing final design agreement is exempt from CEQA because it consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes or as part of a study leading to an action 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

The Rialto Pipeline, constructed in 1972, is approximately 30 miles long with a diameter ranging from 96 to 144 inches. It conveys untreated water from DWR's Lake Silverwood to Metropolitan's Live Oak Reservoir in La Verne. Under normal conditions, the Rialto Pipeline relies on raw water deliveries from the East Branch of the SWP via DWR's Devil Canyon Afterbay. Member agencies with service connections on the Rialto Pipeline include the Inland Empire Utilities Agency, Three Valleys Municipal Water District, and the Upper San Gabriel Valley Municipal Water District.

DVL is Metropolitan's largest reservoir, with a maximum storage capacity of 810,000 acre-feet. It provides emergency storage in the event of a major earthquake, storage as a reserve for drought conditions, and seasonal storage to meet annual member agency demands. The Rialto Pipeline cannot access the water stored in DVL due to infrastructure and operational constraints.

The Board authorized the Rialto Pipeline water supply reliability improvements in December 2021. It consists of four separate projects: Wadsworth Pumping Plant Bypass Pipeline, Inland Feeder/Rialto Pipeline Intertie, Inland Feeder – Badlands Tunnel Surge Protection, and Inland Feeder/SBVMWD Foothill Pump Station Intertie. These incremental infrastructure improvements will greatly increase operational flexibility and enhance the ability to move water from DVL, and potentially the Colorado River Aqueduct, into the Rialto Pipeline. Completion of these projects will significantly reduce the dependency of member agencies on the Rialto Pipeline and SWP supplies.

The Inland Feeder/SBVMWD Foothill Pump Station Intertie is an important component of this four-project effort. Without this project, the Rialto Pipeline water supply reliability benefits would be limited to a series of low-volume water exchanges between Metropolitan and SBVMWD. The Foothill Pump Station is in the city of Highland and is connected to SBVMWD's Foothill Pipeline, which usually delivers water for groundwater recharge during high SWP supplies and is therefore available in times of drought. This pump station will provide the lift needed to permit the direct delivery of approximately 107 cubic feet per second (cfs) from DVL to the Rialto Pipeline.

The planned improvement includes pipeline interties and valve installations to connect Metropolitan's Inland Feeder to the existing in-line booster pumps at the Foothill Pump Station. Specific project components include the construction of 450 feet of 54-inch bypass supply pipe; 800 feet of 54-inch bypass discharge line; isolation valves; temporary spool pieces and bulkheads; vaults to support the new valves; surge tanks to mitigate hydraulic surges; and associated electrical, instrumentation, piping system, and appurtenance to support the new equipment.

Final design of the Inland Feeder/SBVMWD Foothill Pump Station Intertie is currently underway. Due to the long lead-time needed to procure a 132-inch diameter butterfly valve, staff recommends award of a procurement contract at this time. This valve will provide isolation capabilities on the 144-inch diameter Inland Feeder when the pumping operation is in effect.

Inland Feeder/SBVMWD Foothill Pump Station Intertie – Valve Procurement

The scope of the valve procurement contract includes furnishing a 132-inch butterfly valve, associated fittings, and accessories. Metropolitan forces will receive, offload, and place the valve in storage at Metropolitan's Cone Camp Yard. The valve will be installed under an upcoming construction contract.

A total of \$2,950,000 is required for this work. In addition to the amount of the valve procurement contract, allocated funds include an increase of \$260,000 for final design activities by HDR as described below and \$250,000 for environmental support by ESA to be performed under an existing board authorized agreement. Allocated funds for Metropolitan staff activities include \$92,000 for factory fabrication inspection and functional testing; \$20,000 for Metropolitan force activities described above; \$118,000 for submittals review, technical support, and responding to manufacturer requests for information to support the valve procurement; \$207,000 for contract administration, environmental documentation, regulatory agency coordination, shutdown planning, right-of-way support, and project management; \$111,000 for design support and reorganizing instrumentation and

controls design drawings for Stage 2, technical oversight, and review of consultant's work; and \$112,826 for the remaining budget. The total estimated cost to complete this project, including the amount appropriated to date, funds allocated for the work described in this action, and future construction costs, is anticipated to range from \$29 million to \$33 million.

Award of Procurement Contract (Vogt Valves Inc.)

Specifications No. 2096 for furnishing a butterfly valve for the Inland Feeder/SBVMWD Foothill Pump Station Intertie was advertised for bids on September 19, 2023. As shown in **Attachment 2**, three bids were received and opened on December 19, 2023. The bid from Vogt Valves Inc. in the amount of \$1,779,174 complies with the requirements of the specifications. This amount includes all sales and use taxes imposed by the state of California.

Proceeding with a contract at this time will enable completion of improvements to the Inland Feeder/SBVMWD Foothill Pump Station Intertie with minimal operational impacts and will allow for reliable water exchanges between Metropolitan and SBVMWD. This action awards a \$1,779,174 procurement contract to Vogt Valves Inc. to furnish a large-diameter butterfly valve for the Inland Feeder/SBVMWD Foothill Pump Station Intertie. As a procurement contract, there are no subcontracting opportunities, and a Small Business Enterprise participation level was not established for this contract.

Inland Feeder/SBVMWD Foothill Pump Station Intertie – Stage 2 Final Design

In August 2022, Metropolitan's Board authorized a professional services agreement with HDR Engineering Inc. (HDR) for the design of the Inland Feeder/SBVMWD Foothill Pump Station Intertie project. HDR had completed final design; however, during a recent biological survey of the project site, it was determined that additional CEQA and permit work is required for the project to avoid disruption to a sensitive species, the San Bernardino Kangaroo Rat. To expedite the project's construction, the project will be advertised and constructed in two stages.

Stage 1 work is located north of the habitat area, which includes connecting pipelines to SBVMWD's Foothill Pump Station, procurement, and installation of long lead equipment such as the surge protection tanks, and associated civil, electrical, and instrumentation work necessary to support the new infrastructure. Stage 2 work will include construction of the tie-in to the Inland Feeder, a valve vault along the Inland Feeder, and connection to the piping installed under Stage 1. Stage 2 work will also include piping which crosses the habitat area. This two-staged construction approach will require two separate construction packages and an amendment to the existing agreement with HDR for the design of the separate construction package for Stage 2 construction.

Amendment to Existing Agreement (HDR Engineering Inc.)

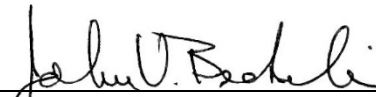
HDR is recommended to provide engineering services for final design of Stage 2 for the Inland Feeder/SBVMWD Foothill Pump Station Intertie. The planned activities for HDR include separating drawings and specifications into two contract packages; development of drawings and specifications for the protection of the San Bernardino Kangaroo Rat during construction; development of the engineer's estimates, and performing bid phase assistance for both Stage 1 and Stage 2 construction packages.

This action authorizes an increase of \$260,000 to an existing agreement with HDR Engineering Inc. for a new not-to-exceed amount of \$1,560,000 to provide engineering design services for final design of Stage 2 for the Inland Feeder/SBVMWD Foothill Pump Station Intertie. For this agreement, Metropolitan has established a Small Business Enterprise participation level of 13 percent. HDR Engineering Inc. has agreed to meet this level of participation. The planned subconsultants for this work are listed in **Attachment 3**.

Project Milestones

May 2024 – Board action to adopt CEQA document for Inland Feeder/SBVMWD Foothill Pump Station Intertie

August 2024 – Board action to award construction contract for the Inland Feeder/SBVMWD Foothill Pump Station Intertie Stage 1



John V. Bednarski
Manager/Chief Engineer
Engineering Services

2/20/2024
Date



Adel Hagekhalil
General Manager

2/27/2024
Date

Attachment 1 – Allocation of Funds

Attachment 2 – Abstract of Bids

Attachment 3 – Listing of Subconsultants

Attachment 4 – Location Map

Ref# es12697614

Allocation of Funds for Inland Feeder - SBVMWD Foothill Pump Station Intertie

	Current Board Action (Mar. 2024)
	<hr/>
Labor	
Studies & Investigations	\$ -
Final Design (Stage 2)	111,000
Owner Costs (Program mgmt., envir. monitoring, procurement)	207,000
Submittals Review & Record Drwgs.	118,000
Construction Inspection & Support	92,000
Metropolitan Force Construction	20,000
Materials & Supplies	-
Incidental Expenses	-
Professional/Technical Services	
HDR Engineering Inc.	260,000
ESA (Environmental Services)	250,000
Right-of-Way	-
Equipment Use	-
Contracts (Vogt Valves Inc.)	1,779,174
Remaining Budget	112,826
Total	<u><u>\$ 2,950,000</u></u>

The total amount expended to date on the Inland Feeder – SBVMWD Foothill Pump Station Intertie is approximately \$3.8 million. The total estimated cost to complete the project, including the amount appropriated to date, funds allocated for the work described in this action, and future construction costs, is anticipated to range from \$29 million to \$33 million.

The Metropolitan Water District of Southern California
Abstract of Bids Received on December 19, 2023, at 2:00 P.M.
Specifications No. 2096
Furnishing a 132" Butterfly Valve for Foothill PS Intertie

The work includes furnishing and delivery of a 132-inch butterfly valve for the Foothill Pump Station Intertie.

Bidder and Location	Base Bid Price Total ^{1,2}
Vogt Valves Stafford, TX	\$1,779,174
Santa Fe Win Water Santa Fe Springs, CA	\$4,799,070
Sojitz Machinery Corporation of America Farmington Hills, MI	\$5,911,461

¹ As a procurement contract, there are no subcontracting opportunities.

² Includes sales and use taxes of 7.75 percent imposed by the state of California

The Metropolitan Water District of Southern California
Subconsultants for Agreement with HDR Engineering Inc.

Subconsultant and Location	Service Category; Specialty
DRP Engineering Inc. Alhambra, CA	CAD support

Distribution System





Engineering, Operations, & Technology Committee

Foothill Pump Station Intertie Valve Procurement

Item 7-3

March 11, 2024

Item 7-3 Foothill Pump Station Intertie

Subject

Award a \$1,779,174 procurement contract to Vogt Valves Inc. for a 132-inch diameter butterfly valve; and authorize increase of \$260,000 to agreement with HDR Engineering Inc. for design services

Purpose

Procure a large diameter butterfly valve and complete final design and permitting for Foothill Pump Station Intertie project to improve supply reliability for SWP dependent member agencies

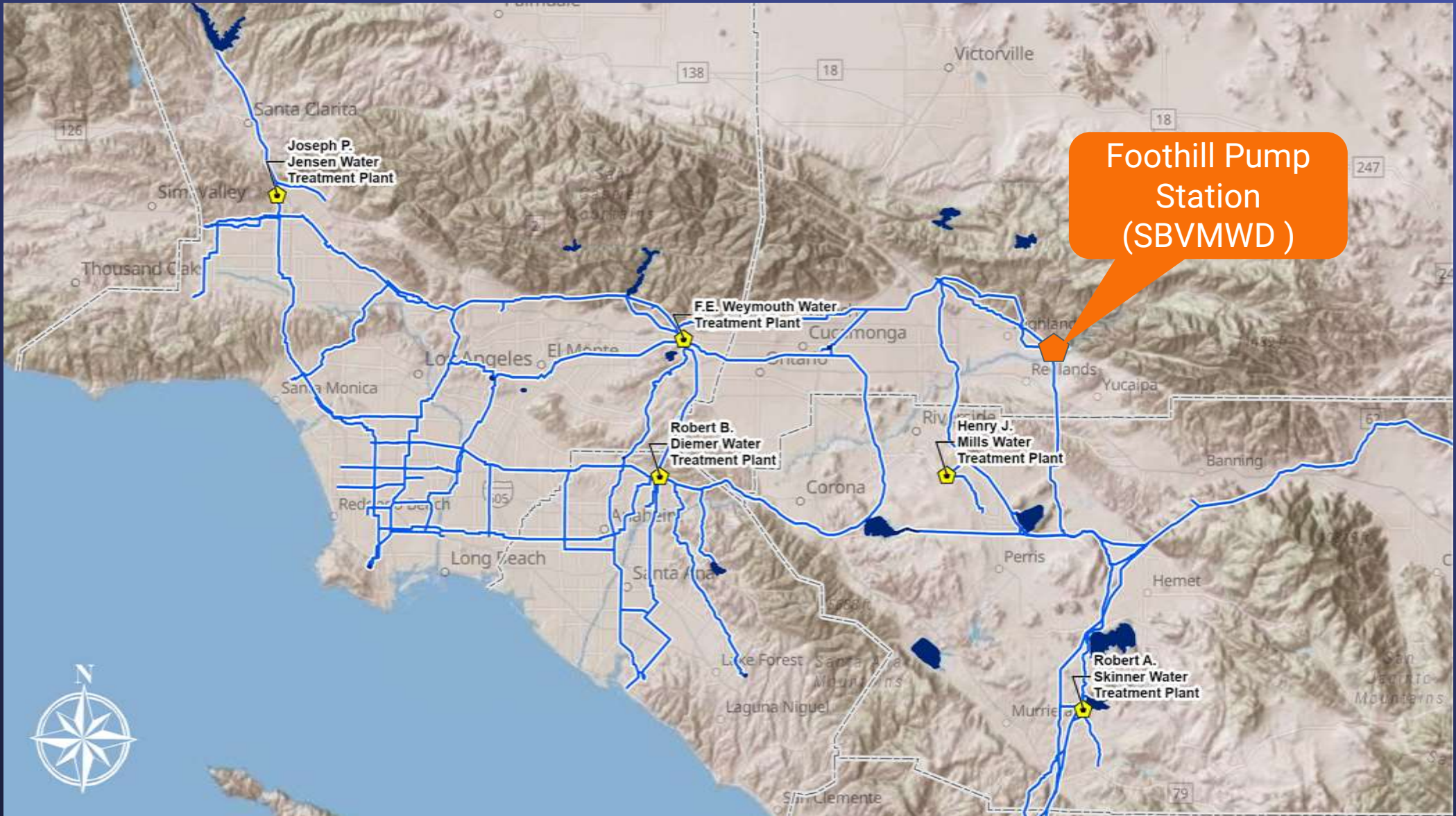
Recommendation and Fiscal Impact

Award a procurement contract for a 132-inch diameter valve; and authorize an amendment to an existing agreement for final design of Foothill Pump Station Intertie project

Fiscal Impact of \$2,950,000

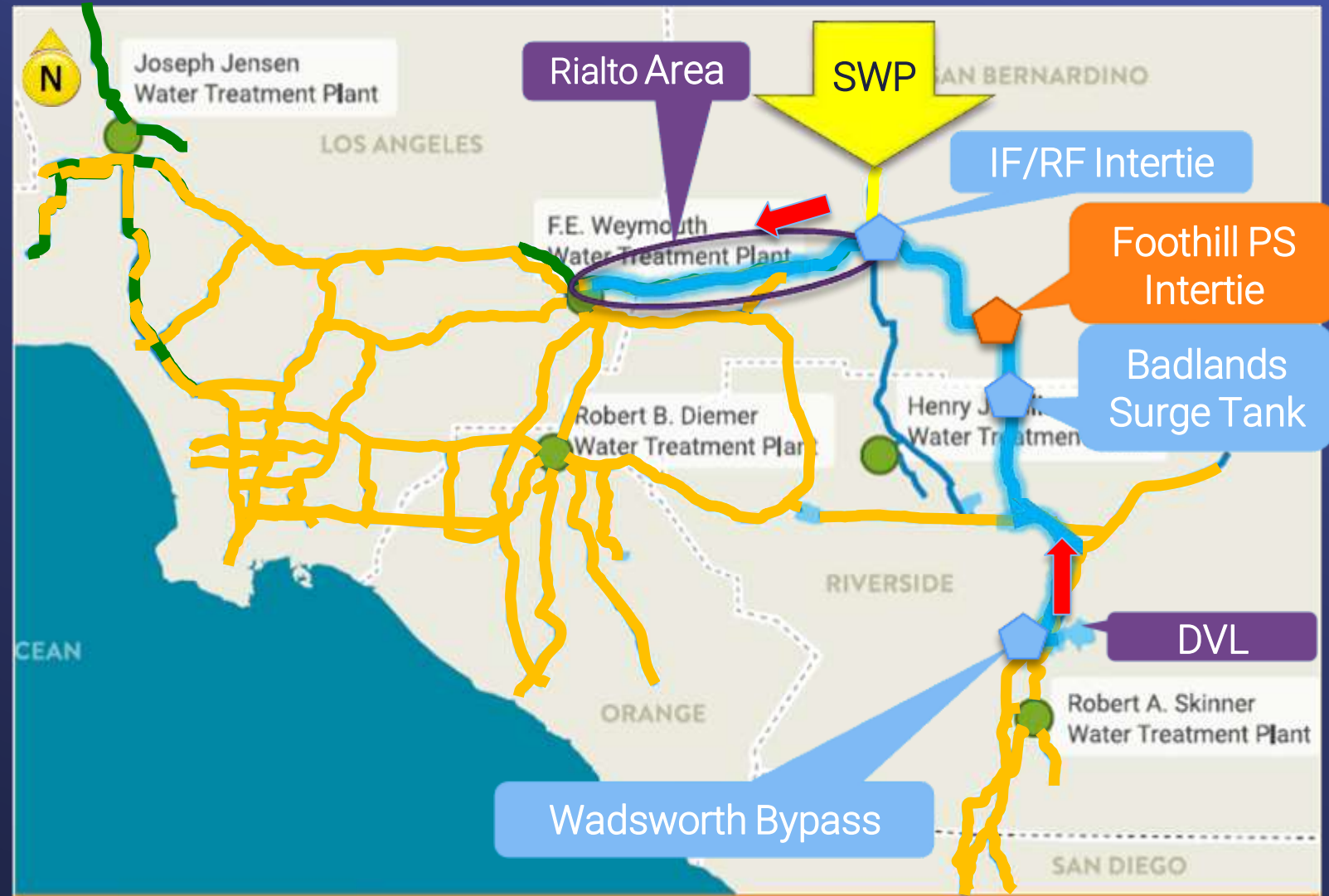
Budgeted

Location Map



Background-Rialto Area Water Supply Reliability Improvements

- Rialto Pipeline service area is dependent on SWP
- Rialto Pipeline Water Supply Improvements
 - Wadsworth Bypass
 - Badlands Tunnel Surge Protection Facility
 - Foothill Pump Station Intertie
 - Inland Feeder Rialto Pipeline Intertie
- Valve procurement recommended at this time



Foothill Pump Station Intertie Valve Procurement

Valve Procurement

- 132-inch valve isolates & directs flow during operation
- Delivery of valve scheduled for mid-2026
 - Fabrication & delivery can take up to two years
- Valve to be installed during Inland Feeder shutdown
 - Under a separate construction contract



Typical Butterfly Valve
& Actuator

Foothill Pump Station Intertie Valve Procurement

Scope of Work – Valve Procurement

- Contractor
 - Furnish & deliver one 132-inch butterfly valve & hydraulic actuator
- Metropolitan
 - Factory fabrication inspection
 - Submittals review
 - Off-load & store valve
 - Contract administration & project management

Foothill Pump Station Intertie Valve Procurement

Alternatives Considered

- Valve Procurement
 - Conical, spherical & butterfly valves considered
 - Conical & spherical valves are larger, more expensive & take longer to fabricate
- Selected Alternative – Butterfly valve
 - Butterfly valves are more appropriate & cost-effective for isolation

Bid Results

Specifications No. 2096

Bids Received	December 19, 2023
No. of Bidders	3
Lowest Responsible Bidder	Vogt Valves Inc.
Low Bid*	\$1,779,174
Range of Other Bids*	\$1,779,174 to \$5,911,000

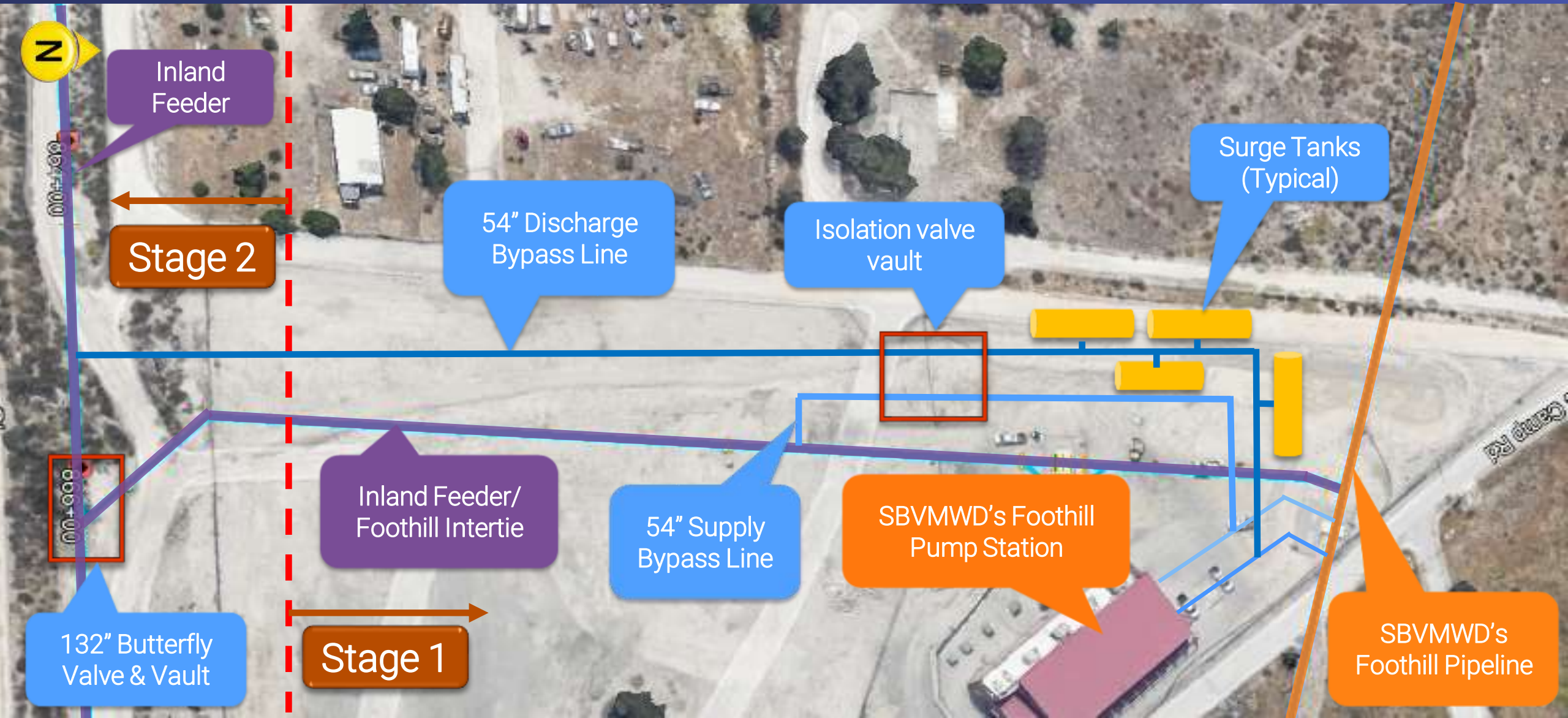
*No SBE (Small Business Enterprise) participation level set for procurement contract
Note: Includes sales and use taxes of 7.75 percent imposed by the state of California

Foothill Pump Station Intertie Final Design

Project Staging

- Sensitive species discovered at construction site
 - Requires Mitigated Negative Declaration (MND) & environmental permits to complete work
 - Board adoption of MND planned for May 2024
- Project to be completed in two stages
 - Stage 1 – Area outside sensitive species habitat
 - Contract award planned for Aug. 2024
 - Stage 2 – Area within sensitive species habitat
 - Obtain environmental permits
 - Award construction contract

Project Staging



Foothill Pump Station Intertie Final Design

HDR – Agreement Amendment

- Agreement authorized in August 2022
- Selected through RFP No. 1305
- Scope of Work
 - Produce plans & specifications
 - Develop engineer's estimate
 - Perform bid phase assistance
 - Increase of \$260,000
- New NTE amount: \$1,560,000
- SBE participation level: 13%

Scope of Work – Stage 2 Final Design

- Metropolitan
 - Prepare design of instrumentation & control systems
 - Review consultant design
 - Provide consultant oversight, environmental support & project management
 - Prepare environmental documents & apply for permits



SBVMWD's Foothill Pump Station



SBVMWD's Surge Mitigation System

Foothill Pump Station Intertie Final Design

Alternatives Considered

- Single Construction
 - One constructing package after CEQA & permit completion
 - Up to two years delay to obtain permit
- Selected Alternative – Two construction packages
 - Expedited schedule
 - Improves drought resiliency for Rialto pipeline service area

Allocation of Funds

Foothill Pump Station Intertie

Metropolitan Labor

Final Design (Stage 2)	\$ 111,000
Owner Costs (Proj. Mgmt., Contract Admin., Envir. Support)	207,000
Submittals Review, Tech. Support, Record Dwgs.	118,000
Fabrication Inspection & Support	92,000
Force Construction	20,000

Professional/Technical Services

HDR Engineering Inc.	260,000
ESA (Environmental Services)	250,000

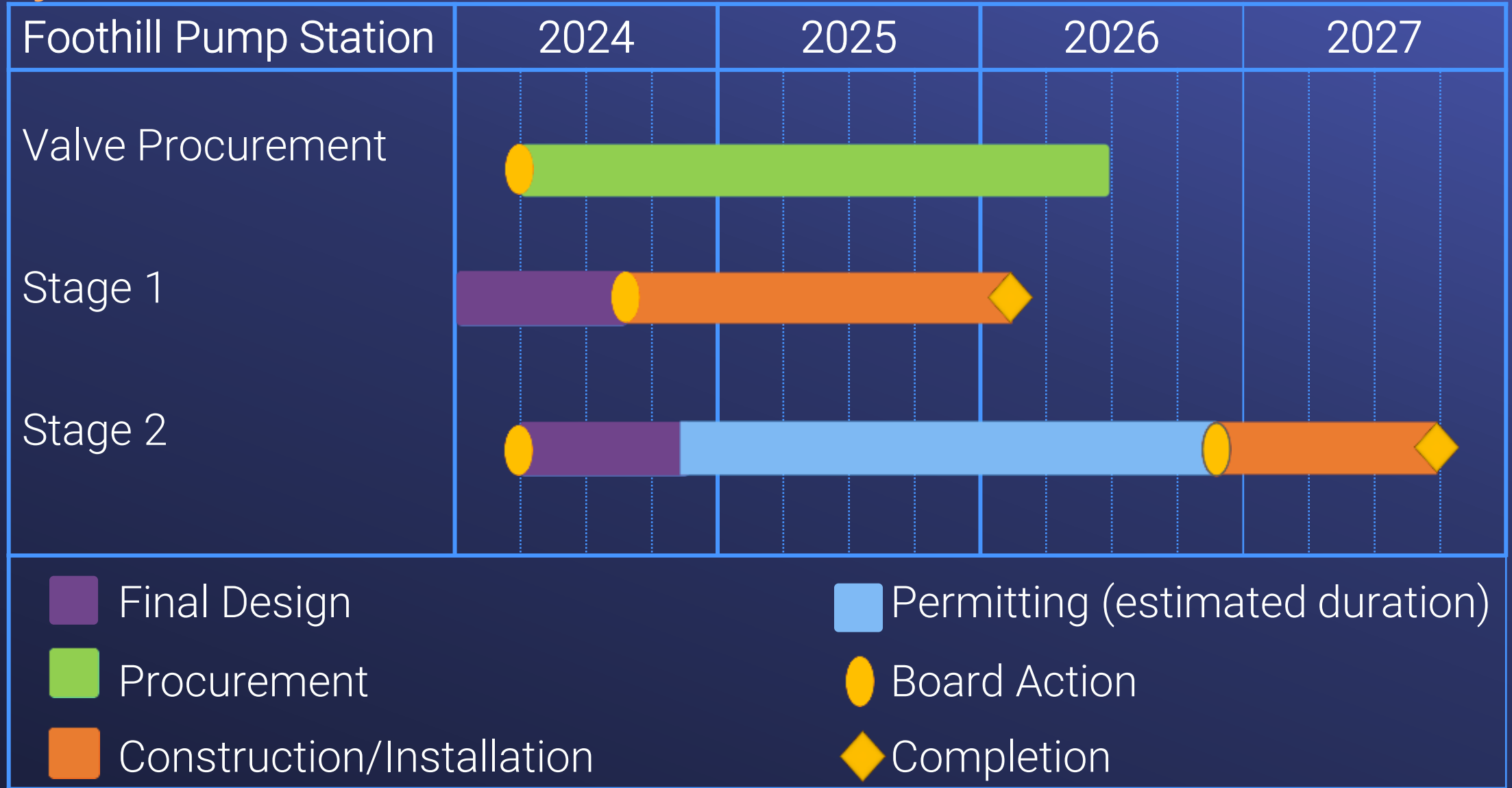
Contracts

Vogt Valves Inc.	1,779,174
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Remaining Budget	112,826
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Total \$ 2,950,000

Project Schedule



Board Options

- Option #1
 - a. Award a \$1,779,174 procurement contract to Vogt Valves Inc. for a 132-inch diameter butterfly valve to be installed at the Foothill Pump Station as part of water supply reliability improvements in the Rialto Pipeline service area; and
 - b. Authorize an increase of \$260,000 to an existing agreement with HDR Engineering Inc. for a new not-to-exceed amount of \$1,560,000 for design of Stage 2 for the Inland Feeder/San Bernardino Valley Municipal Water District Foothill Pump Station Intertie.
- Option #2

Do not proceed with the project at this time.

Staff Recommendation

- Option #1





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

3/12/2024 Board Meeting

7-4

Subject

Authorize an increase of \$2,700,000 to an agreement with Tetra Tech Inc. for a new not-to-exceed total amount of \$3,350,000 for final design services for improvements to the Station Light and Power Electrical System at Iron Mountain Pumping Plant; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

The 2.4 kV Station Light and Power (SL&P) system provides power to critical pumping plant equipment such as cooling water pumps, lubricating oil systems, general station lighting, microwave communications systems, and village housing. The existing SL&P switchrack and the medium- and low-voltage distribution system were part of the original pump plant construction more than 80 years ago. This system requires replacement to ensure reliable operation of the pump plant and to maintain reliable Colorado River Aqueduct (CRA) water deliveries.

This action authorizes an increase to an existing agreement with Tetra Tech Inc. for final design to replace the SL&P system at the Iron Mountain Pumping Plant. See **Attachment 1** for the Allocation of Funds, **Attachment 2** for the Listing 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 to an existing agreement with Tetra Tech Inc. for a new not-to-exceed amount of \$3,350,000 for design services for the Iron Mountain SL&P Electrical Improvements project.

Fiscal Impact: Expenditure of \$4.2 million in capital funds. Approximately \$100,000 in capital funds will be incurred in the current biennium and have been previously authorized. The remaining capital expenditures will be funded from future Capital Investment Plan (CIP) budgets following board approval of those budgets.

Business Analysis: This option will improve the reliability and flexibility of the electrical system, enhance operational safety, and upgrade the power distribution system to meet future load requirements of the CRA.

Option #2

Do not proceed with the project at this time.

Fiscal Impact: None

Business Analysis: This option would forego an opportunity to improve reliability, flexibility, and safety of the electrical system in the CRA.

Alternatives Considered

Alternatives considered for completing final design activities for the Iron Mountain SL&P Electrical Improvements project included assessing the availability and capability of in-house Metropolitan staff to conduct this work. Metropolitan's staffing strategy for utilizing consultants and in-house Metropolitan staff has been: (1) to assess current work assignments for in-house staff to determine the potential availability of staff to conduct

this work; and (2) for long-term rehabilitation projects, when resource needs exceed available in-house staffing or require specialized technical expertise.

After assessing the current workload for in-house staff and the relative priority of this project, staff recommends the use of a professional services agreement to complete the subject project. This approach will allow for the completion of not only this program, but also other budgeted capital projects within their current schedules.

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 52701, dated February 8, 2022, the Board authorized preliminary design for the Iron Mountain SL&P Electrical Improvements.

By Minute Item 52778, dated April 12, 2022, the Board appropriated a total of \$600 million for projects identified in the CIP for Fiscal Year 2022/2023 and 2023/2024.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not subject to CEQA because the overall activities involve data collection, research, resource evaluation, and feasibility and planning studies for possible future actions that do not require the preparation of an Environmental Impact Report or Negative Declaration, and which do not result in serious or major disturbance to an environmental resource. Accordingly, the proposed action qualifies under Class 6 (Section 15306) and Section 15262 of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

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 55 miles of cut-and-cover conduits. The aqueduct was constructed in the late 1930s and was placed into service in 1941.

At the Iron Mountain Pumping Plant, incoming high-voltage power is stepped down to 6.9 kV for the main pump's operation and then down to 2.4 kV to supply the SL&P switchrack. This switchrack serves as the central power distribution center for the pumping plant's critical auxiliary systems, such as the cooling water pumps, lubricating oil systems, general station lighting and computer systems, microwave communications systems, and village housing. The switchrack includes vacuum circuit breakers and transformers connected through overhead copper busses and disconnect switches. These components are supported by a steel lattice frame and are situated outdoors within a fenced-in yard exposed to the elements. In the event of an unanticipated power outage to the pumping plant, power systems are kept operational by the operation of a standby diesel generator that is interconnected to the SL&P switchrack.

Power from the SL&P switchrack is delivered through an auxiliary power system that was installed in the 1930s and expanded in the 1950s. The auxiliary power distribution system consists of transformers to step down the voltage; dozens of distribution panels and hundreds of circuit breakers; thousands of feet of conduits and cable trays; and many miles of electrical wiring. Over the decades, additional electrical loads have been added at the pumping plant without upgrading the capacity of the auxiliary power systems. Additionally, the standby generator that provides emergency power is outdated and requires replacement.

The 1930s design and current condition of the SL&P switchrack has a number of deficiencies that affect the overall reliability of the switchracks, including obsolete equipment, such as vacuum circuit breakers; lack of modern safety features, such as a means to lock switches in the open state when required; and outdoor equipment with switches, breakers, and busses that are exposed to the elements and difficult to repair or maintain under adverse weather conditions.

An effort to rehabilitate and upgrade the electrical infrastructure at Metropolitan's five CRA pumping plants is underway. The upgrade of the CRA's main pump switchracks at all five plants was completed in 2017. The Board authorized a consultant agreement for the preliminary design of the Iron Mountain SL&P switchrack improvements in February 2022. Preliminary design for the improvements of the SL&P switchrack is complete, and staff recommends proceeding to final design. Staff plans to initiate design of upgrades for the remaining CRA pumping plants upon completion of design for the Iron Mountain Pumping Plant. This approach will allow staff to apply lessons learned from the Iron Mountain Pumping Plant design to the other four pumping facilities.

Iron Mountain Station Light & Power Electrical Improvements – Final Design

Planned work includes constructing a new cast-in-place concrete building, which will house new switchgear and a 4.16 kV generator. Double-stacked circuit breakers will be used to reduce the building size. The new building will extend the service life of the electrical equipment and will facilitate maintenance. The new switchgear will be upgraded from 2.3 kV to 4.16 kV to align with modern equipment voltages and will be double ended to provide redundancy and enhance reliability. A new medium- and low-voltage distribution system will be constructed that includes transformers, distribution panels, and duct banks. Finally, a new 4.16 kV standby generator will also be provided that will supply emergency power in the event of power loss from the primary electrical system.

Planned final design activities will include: (1) preparing drawings and specifications, which will include the design of the switchgear building, establishing electrical duct bank routes; finalizing equipment selections; identification of outage requirements; and the development of a construction sequencing scheme to maintain operations and establishing a cutover sequencing plan to the new equipment; (2) developing the engineer's cost estimate; and (3) advertising and receiving competitive bids.

A total of \$4.2 million is required for this work. Allocated funds for professional services include \$2.7 million for the final design activities by Tetra Tech Inc. (Tetra Tech) as described below; and \$80,000 for constructability review. A specialty firm will perform the constructability review under contracts planned to be executed under the General Manager's Administrative Code authority to award contracts of \$250,000 or less. Allocated funds for Metropolitan staff activities include \$830,000 for preparing instrumentation and controls design drawings, technical oversight, and review of consultant's work; \$390,000 for shutdown planning, environmental support, and project management; and \$200,000 for the remaining budget. **Attachment 1** provides the allocation of the required funds.

As described above, the final design will be performed by Tetra Tech and Metropolitan staff. Engineering Services' performance metric target range for final design 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 9.3 percent of the total construction cost. The total estimated cost for design is \$3.53 million, which includes \$2.7 million for Tetra Tech and \$830,000 for Metropolitan staff design and consultant review. The estimated cost of construction for the replacement of the Iron Mountain SL&P Electrical Improvements project is anticipated to range from \$38 million to \$42 million.

Engineering Service (Tetra Tech Inc.) – Amendment of Existing Agreement

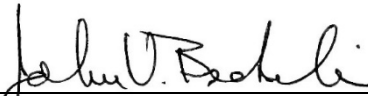

Tetra Tech is recommended to provide engineering services for the design of Iron Mountain SL&P switchracks improvements. The planned activities for Tetra Tech include: (1) development of final design drawings and specifications as detailed above; (2) technical assistance through bidding; (3) participation in a constructability review; and (4) preparation of an engineer's cost estimate. Tetra Tech was prequalified for this type of work via Request for Qualifications No. 1305 and previously completed the preliminary design.

This action authorizes an increase of \$2.7 million to the existing agreement with Tetra Tech for a new not-to-exceed amount of \$3.35 million to provide engineering design services for the Iron Mountain SL&P Switchrack Electrical Improvements. For this agreement, Metropolitan has established a Small Business

Enterprise participation level of 15 percent. Tetra Tech has agreed to meet this level of participation. The planned subconsultants for this work are listed in **Attachment 2**.

Project Milestone

March 2025 – Completion of final design & advertisement for construction bids

 _____ John V. Bednarski Manager/Chief Engineer Engineering Services	2/20/2024 <i>Date</i>
 _____ Adel Hagekhalil General Manager	2/23/2024 <i>Date</i>

Attachment 1 – Allocation of Funds

Attachment 2 – Planned Subconsultants

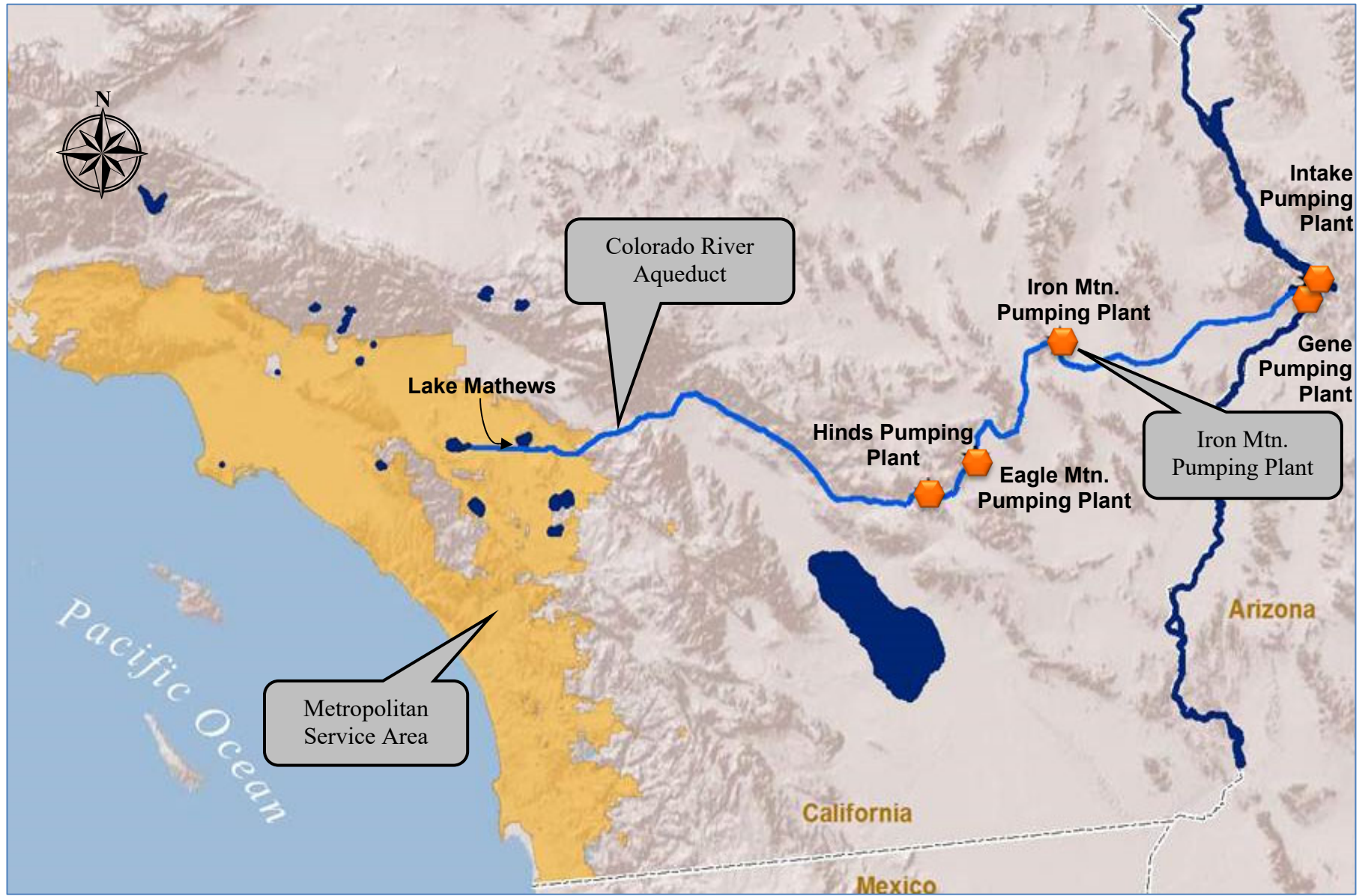
Attachment 3 – Location Map

Ref# es12697253

The Metropolitan Water District of Southern California
Subconsultants for Agreement with Tetra Tech Inc.

Subconsultant and Location	Service Category; Specialty
DRP Engineering Inc. Alhambra, CA	CAD Services
Citadel EHS Glendale, CA	Environmental Regulatory Compliance

Location Map





Engineering, Operations, & Technology Committee

Iron Mountain Station Light & Power Electrical Improvements

Item 7-4

March 11, 2024

Item 7-4 Iron Mountain Station Light & Power Electrical Improvements

Subject

Authorize an increase of \$2,700,000 to an agreement with Tetra Tech Inc. for a new not-to-exceed total amount of \$3,350,000 for final design services for improvements to the Station Light and Power Electrical System at Iron Mountain Pumping Plant

Purpose

Upgrade the power distribution system to improve electrical reliability and flexibility and enhance operational safety to maintain reliable CRA water deliveries

Recommendation and Fiscal Impact

Authorize an increase to an existing agreement for final design of improvements to Station Light and Power Electrical System at Iron Mountain Pumping Plant

Fiscal impact of \$4.2 M

Budgeted

Location Map



Iron Mountain Station Light & Power Electrical Improvements



Station Light & Power
Switchrack

Background

- Iron Mtn. electrical systems built in 1939
- Station Light & Power electrical system
 - Provides power for critical equipment & village housing
 - Equipment lacks modern safety features
 - Obsolete distribution system
 - Distribution panels at full capacity
 - Spare parts not available
- Preliminary design for electrical system improvements is complete

Background

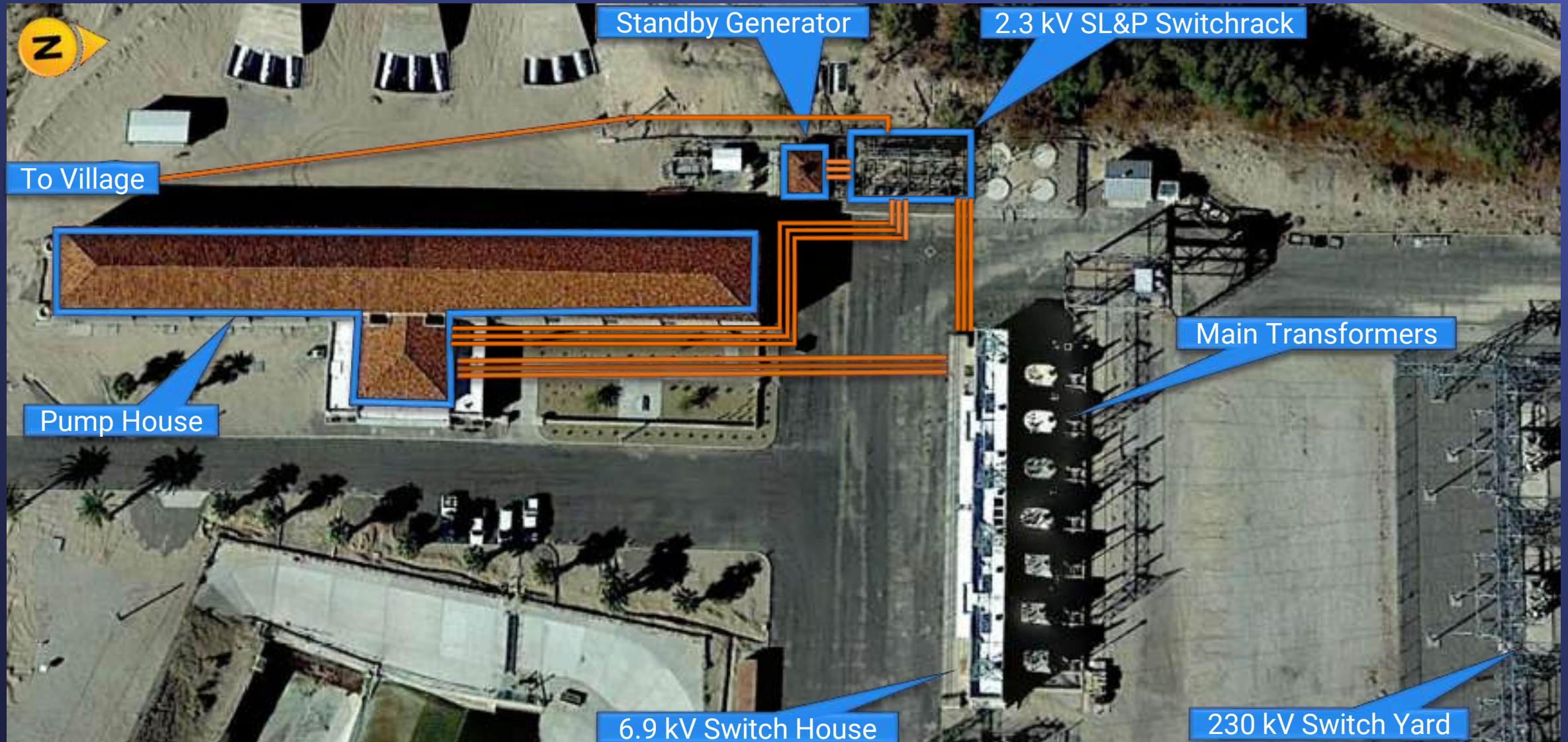


Existing 2.3 kV SL&P Switchrack



Proposed Indoor 4.16 kV Switchgear

Iron Mtn. Pumping Plant



Planned Work

- New 4.16 kV Generator & Electrical Buildings (cast-in-place)
 - Double-ended 4.16 kV & 480 V Switchgears
 - Battery Distribution System
 - Protection Relay Room
 - New Generator
 - Climate controlled environment
- New 4.16 kV & 480 V Transformers
- Upgrade Auxiliary Distribution System
 - New distribution panels, circuit breakers, cables, & conduits
- New duct banks



Proposed Generator & Electrical Buildings

Iron Mountain
Station
Light & Power
Electrical
Improvements

Alternative Considered

- Assess Metropolitan staff availability
 - Staff workload exceeds available resources
 - Specialized technical expertise required
- Selected Alternative
 - Professional services agreement for the subject project
 - Consultant & staff work as a hybrid team

Iron Mountain
Station
Light & Power
Electrical
Improvements

Tetra Tech Inc. Agreement

- Prequalified under RFQ 1305
 - Completed preliminary design
- Scope of Work:
 - Develop final design drawings & specifications
 - Prepare cost estimate
 - Participate in constructability review
 - Technical assistance during bidding
- Amendment amount: \$2,700,000
- NTE amount: \$3,350,000
- SBE participation level: 15%

Iron Mountain
Station
Light & Power
Electrical
Improvements

Metropolitan - Scope of Work

- Prepare instrumentation & controls design drawings
- Conduct constructability review & support activities
- Provide technical input & review consultant design work
- Perform shutdown planning, environmental support & project management

Allocation of Funds

Iron Mountain Station Light & Power Electrical Improvements

Metropolitan Labor

Final Design \$ 830,000

Owner Costs (Proj. Mgmt., Contract Admin., Envir. Support) 390,000

Professional/Technical Services

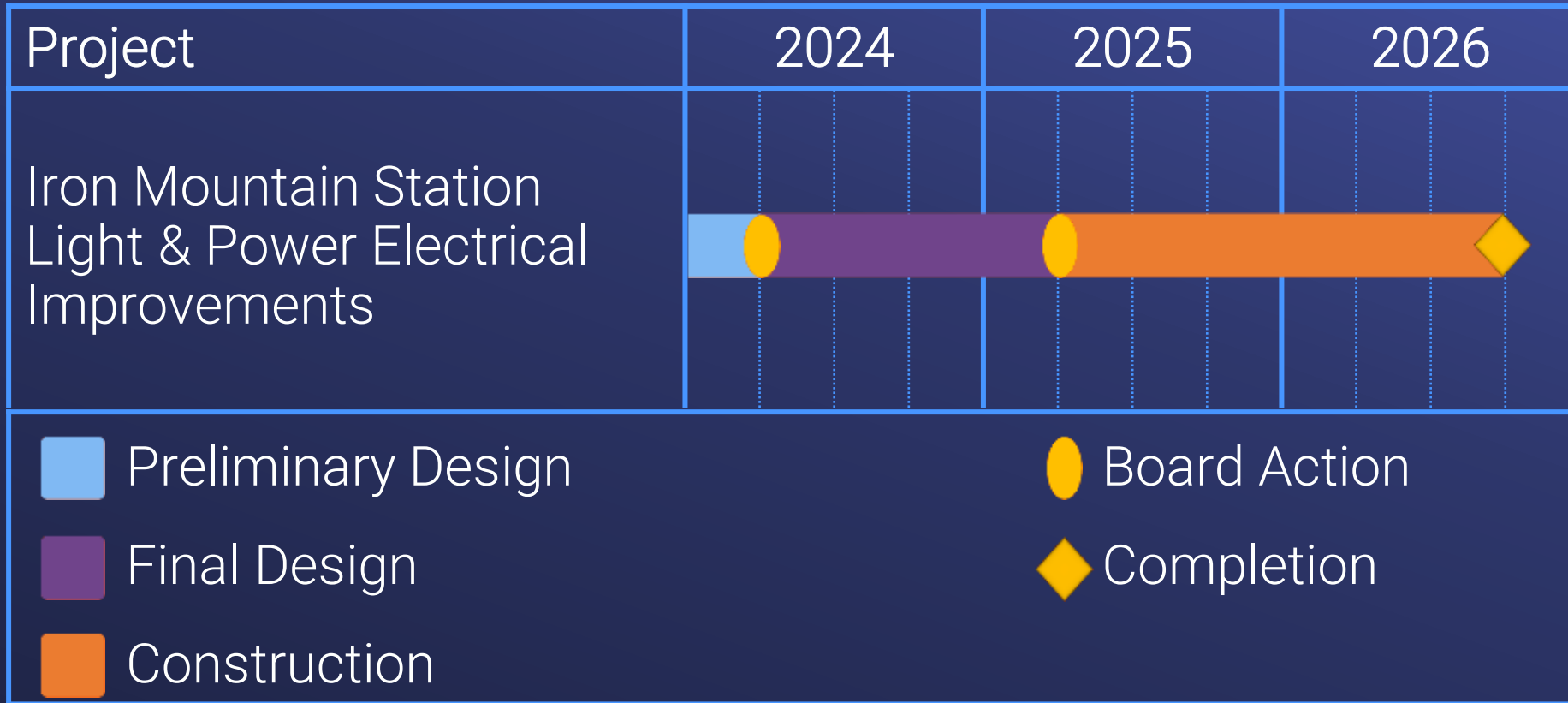
Tetra Tech Inc. 2,700,000

Constructability Review Consultant 80,000

Remaining Budget 200,000

Total \$ 4,200,000

Project Schedule



Board Options

- Option #1

Authorize an increase to an existing agreement with Tetra Tech Inc. for a new not-to-exceed amount of \$3,350,000 for design services for the Iron Mountain SL&P Electrical Improvements project.

- Option #2

Do not proceed with the project at this time.

Staff Recommendation

- Option #1





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

3/12/2024 Board Meeting

7-5

Subject

Amend the Capital Investment Plan for fiscal years 2022/23 and 2023/24 to include two projects: (1) Sepulveda Feeder Pump Stations Stage 2, and (2) Inglewood Lateral Improvements; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (This action is part of a series of projects that are being undertaken to improve the supply reliability for State Water Project-dependent member agencies.)

Executive Summary

The recent state-wide drought resulted in low allocations of State Water Project (SWP) supplies by the California Department of Water Resources, which had a direct impact on Metropolitan's ability to deliver water to member agencies that are highly dependent on SWP supplies. Providing increased access to Colorado River water and stored water within Diamond Valley Lake will benefit these areas by reducing the likelihood of area-specific conservation mandates like the one imposed during the recent drought.

This action amends the Capital Investment Plan (CIP) to include two infrastructure improvement projects that will enhance water delivery capabilities to member agencies that are heavily dependent on SWP supplies. See **Attachment 1** for the Allocation of Funds, **Attachment 2** for the February 2024 Informational Item 9-2, and **Attachment 3** for the Location Map.

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

Staff Recommendation: Option #1

Option #1

Amend the Capital Investment Plan for fiscal years 2022/2023 and 2023/2024 to include the Sepulveda Feeder Pump Stations Stage 2 and the Inglewood Lateral Improvements projects.

Fiscal Impact: Expenditure of \$1,400,000 in capital funds. Approximately \$200,000 will be incurred in the current biennium. The remaining funds for this action will be accounted for in the Capital Investment Plan budget for the next biennium following board approval of the budget.

Business Analysis: This option will improve the operational reliability of water deliveries to member agencies with connections to the State Water Project.

Option #2

Do not proceed with the projects at this time.

Fiscal Impact: None

Business Analysis: This option will forego an opportunity to begin implementation of two Drought Mitigation Action Portfolio projects to improve the supply reliability for State Water Project-dependent areas.

Alternatives Considered

Implementation of the Drought Mitigation Action Portfolio is designed to achieve immediate gains towards improved reliability for the SWP-dependent areas while allowing for a balanced and thorough analysis of potential pathways to achieve long-term equitable reliability for all member agencies. The near-term projects in

the portfolio take advantage of existing system capacity and provide timely relief to the SWP-dependent areas by adding pumping facilities and interconnectivity. The next group of projects takes advantage of the planned upgrade of the existing system to expand the system capacity and deliver additional flow to the SWP-dependent areas by adding companion conveyance components. These projects can provide enhanced drought resilience in the mid-term to the SWP-dependent areas before long-term projects are in place to achieve overall supply reliability.

The Board previously approved near-term projects, including four projects to connect Diamond Valley Lake (DVL) supplies to the Rialto Pipeline projects, three of which are currently in construction, and the Sepulveda Feeder Pump Stations Project Stage 1, currently in design. These projects will significantly improve Metropolitan's ability to deliver Colorado River water (CRW) or DVL water into the SWP-dependent areas. This action brings to the Board, for inclusion in the current CIP, projects from the second grouping, which will upgrade the existing distribution system conveyance capacity and further improve reliability to SWP-dependent areas. The recommended projects include the Sepulveda Feeder Pump Stations Project Stage 2 and the Inglewood Lateral improvements projects.

Applicable Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

Future board actions are planned for the award of consulting agreements for design and construction contracts for the subject projects.

By Minute Item 52778, dated April 12, 2022, the Board appropriated a total of \$600 million for projects identified in the Capital Investment Plan for Fiscal Years 2022/2023 and 2023/2024.

Summary of Outreach Completed

Acting on the Board's direction, Metropolitan staff, in conjunction with member agencies, began several activities to collaboratively develop a plan to mitigate the risk for future geographically specific allocations. These activities included regular meetings with the SWP-dependent area member agency managers, SWP-dependent area drought mitigation workshops, focused group meetings, and regular updates to the Board.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA (Public Resources Code Section 21065, State CEQA Guidelines Section 15378(b)(5)) because the amendment involves organizational or administrative activities and general policy and procedure making that would not result in a direct or indirect physical change to the environment. The study and design associated with the Sepulveda Feeder Pump Stations Stage 2 and Inglewood Lateral Improvements are categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed actions consist of basic data collection and resource evaluation activities, which do not result in a serious or major disturbance to an environmental resource. This may be strictly for information-gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded. Accordingly, the proposed action qualifies for a Class 6 Categorical Exemption (Section 15306 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Details and Background

Background

Extreme drought in Northern California and the Sierra Mountains between 2020 and 2022 resulted in consecutive low allocations from the SWP. Metropolitan addressed the supply shortage through storage withdrawals in 2020

and 2021 but had largely depleted those reserves by the end of 2021. A third consecutive extreme dry year in 2022 impacted Metropolitan's ability to deliver water to parts of the service area that are highly dependent on SWP supplies and resulted in having to impose area-specific mandatory conservation in the SWP-dependent areas for the first time in Metropolitan's history.

In response to these impacts, Metropolitan's Board directed staff to investigate and develop a portfolio of projects and programs that could mitigate the potential of future similar occurrences. Staff conducted a comprehensive process over the past 18 months that included facilitated workshops with the member agencies and regular board updates. **Attachment 2** describes the water-supply background, the portfolio development process, and a recommended Drought Mitigation Action Portfolio, which will provide timely relief to the SWP-dependent areas, while also allowing for a comprehensive and fiscally responsible approach to achieve long-term supply reliability.

Attachment 2 also identifies two drought mitigation projects that are recommended to be added to the CIP at this time. The expansion of the Sepulveda Feeder Pump Stations Project, Stage 2 of the existing project, will provide water delivery capacity improvements for the western SWP-dependent area, while the Inglewood Lateral Improvement Project will remove constraints in delivery of water to the western SWP-dependent area.

In April 2022, the Board appropriated funds and authorized the General Manager to initiate or proceed with work on all capital projects identified in the CIP, subject to any limits on the General Manager's authority and CEQA requirements. Board authorization is required to commence work on new projects that were not originally included in the board-authorized CIP. This action amends the CIP to include the Sepulveda Feeder Pump Stations Stage 2 and the Inglewood Lateral Improvements projects. It is not anticipated that the addition of these projects to the CIP will increase CIP expenditures in the current biennium beyond the amount appropriated by the Board. Funds required for work to be performed pursuant to the subject projects after fiscal year 2023/24 will be budgeted within the Capital Investment Plan Appropriation for Fiscal Years 2024/25 and 2025/26. These projects have been reviewed in accordance with Metropolitan's CIP prioritization criteria and were approved by Metropolitan's CIP Evaluation Team to be included in the System Reliability Program. Following approval of the next CIP for 2024/25 and 2025/26, these projects will be moved to a new Drought Mitigation Program within the CIP.

Project No. 1 - Sepulveda Feeder Pump Stations Stage 2 –Technical Investigations

The Sepulveda Feeder, constructed in 1970, delivers SWP supplies treated at the Joseph Jensen Water Treatment Plant (Jensen plant) to the Central Pool area. Member agencies within the Jensen plant's service area include the Las Virgenes Municipal Water District, Calleguas Municipal Water District, and portions of the Los Angeles Department of Water and Power. These areas can only receive limited supplies of CRW and are dependent on SWP supplies from the plant to meet their service area demands.

During low SWP operations, Metropolitan can currently supply the western SWP-dependent area with approximately 50 cubic feet per second (cfs) of treated CRW supplies using the Greg Avenue Pump Station. During the recent drought, Metropolitan operated the pump station continuously from June 2021 to December 2022. As part of the continued effort to mitigate the vulnerability of the SWP-dependent area during droughts, Metropolitan's Board in September 2023 approved a progressive design-build contract for the Sepulveda Feeder Pumping Project Stage 1. The project will construct two pump stations on the Sepulveda Feeder to reverse flow in the pipeline and deliver water from the Common Pool to the SWP-dependent agencies within the Jensen exclusive area. Due to current system constraints, the current capacity of the Sepulveda Feeder Pump Stations Stage 1 Project is limited to a maximum of 30 cfs. The estimated completion for the first stage of the project is 2026, bringing the cumulative alternative drought supplies to the western SWP-dependent area to approximately 80 cfs.

The pump station sites are planned so that additional pumping capacity, up to a potential maximum capacity of approximately 160 cfs, could be added in future stages within Metropolitan's current property holdings. This expansion, referred to as Stage 2 of the project, will take place after prestressed concrete cylinder pipe (PCCP) portions of the Sepulveda Feeder are relined with welded steel pipe. The pump stations will not only enhance reliability of water supplies in the west area in times of reduced SWP supplies but will increase overall system flexibility by enabling facilities in the Jensen exclusive area to be more easily removed from service for

maintenance and rehabilitation. During the upcoming rehabilitation of PCCP portions of the Sepulveda Feeder, the pump stations will aid in minimizing delivery impacts to member agencies as the PCCP lining work proceeds.

Planned improvements when Stage 2 is complete include the installation of pumps, surge protection equipment, and appurtenant equipment to enable pumping up to 160 cfs from the Common Pool to the western SWP-dependent area. Stage 1 of the project is currently in design. Approval of Stage 2 of this project with this Board action will allow the project team to consider the proposed expansion by providing space for additional pumps and surge equipment and flow capacity within the main pipelines to minimize cost for its possible expansion during the early portions of the Stage 1 design efforts. Staff will return to the Board at a future date to authorize commencing work on Stage 2 of this project beyond those activities described above.

The planned investigation work for Stage 2 includes reviewing existing facilities; identifying equipment alternatives; and developing a design criteria, cost estimate, and construction schedule. A total of \$500,000 is required for these activities. Allocated funds include \$330,000 for technical investigation activities, \$100,000 for project management and project controls; and \$70,000 for remaining budget. **Attachment 1** provides the allocation of the required funds.

Project No. 2 - Inglewood Lateral Improvements – Technical Investigations

The Inglewood Lateral is approximately 2.5 miles long and was constructed in 1955. It is located within the Central Pool portion of the system and connects the Middle Cross Feeder to the Sepulveda Feeder. The Middle Cross Feeder is 78 inches in diameter, but the Inglewood Lateral is only 36 inches in diameter.

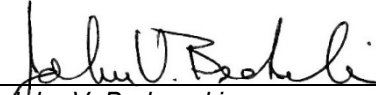

Hydraulic modeling has shown that the Inglewood Lateral is a choke point within the system due to its small diameter. Removing the bottleneck created by the existing Inglewood Lateral is needed to provide the 160 cfs capacity for the Sepulveda Feeder Pump Stations Stage 2 expansion. The project would also increase operational flexibility in high SWP years by enabling increased deliveries from the Jensen plant into the Common Pool area. The project will increase the flow of the Inglewood Lateral by either increasing the size of the existing pipeline or constructing a parallel pipeline.

The work to be performed includes investigations of alternative alignments to increase the capacity of the existing Inglewood Lateral. Activities will be conducted by Metropolitan staff and include the identification of preliminary pipeline route alternatives, utility investigations, hydraulics analyses, development of design criteria, cost estimates, and construction sequencing.

A total of \$900,000 is required for these activities. Allocated funds include \$620,000 for technical investigation activities; \$150,000 for project management and project controls; and \$130,000 for the remaining budget. **Attachment 1** provides the allocation of the required funds.

Project Milestone

December 2024 – Completion of technical investigations for the Sepulveda Feeder Pump Stations Stage 2 expansion and Inglewood Lateral Improvements projects.

 _____ John V. Bednarski Manager/Chief Engineer Engineering Services	2/20/2024 Date
 _____ Adel Hagekhalil General Manager	2/27/2024 Date

Attachment 1 – Allocation of Funds

Attachment 2 – Board Informational Item 9-2, dated 2/13/2024

Attachment 3 – Location Map

Ref# es12694261



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Information

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

2/13/2024 Board Meeting

9-2

Subject

Strategy for Implementation of Drought Mitigation Actions in Response to the August 2022 Board Resolution

Executive Summary

Extreme drought in Northern California and the Sierra Mountains between 2020 and 2022 resulted in consecutive low allocations from the State Water Project (SWP). Metropolitan addressed the supply shortage through storage withdrawals in 2020 and 2021 and had largely depleted those reserves by the end of 2021. A third consecutive extreme dry year in 2022 severely impacted Metropolitan's ability to deliver water to parts of the service area that are highly dependent on SWP supplies and resulted in having to impose area-specific mandatory conservation in the SWP-dependent areas for the first time in Metropolitan's history. In response to the impacts, Metropolitan's Board directed staff to investigate and develop a portfolio of projects and programs that will provide the agencies in the SWP-dependent areas with equitable access to water supplies and storage assets. Staff conducted a comprehensive process over the past 18 months that included facilitated workshops with the member agencies and comprehensive updates to the Board. A recommended Drought Mitigation Action Portfolio has been developed that will help provide timely relief to the SWP-dependent areas while also allowing for a comprehensive and fiscally responsible approach to achieve long-term supply reliability.

Fiscal Impact

None

Applicable Policy

Not applicable

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

By Minute Item 52481, dated August 17, 2021, the Board adopted a resolution which declared a "Condition 2 – Water Supply Alert."

By Minute Item 52581, dated November 9, 2021, the Board adopted a resolution which declared specified emergency conditions within the Metropolitan service area.

By Minute Item 52626, dated December 14, 2021, the Board amended the Capital Investment Plan to include water supply reliability improvements in the Rialto Pipeline service area.

By Minute Item 52703, dated February 8, 2022, the Board amended the CIP to include water supply reliability for the western service area.

By Minute Item 52802, dated April 12, 2022, the Board declared a Water Shortage Emergency Condition, adopted an Emergency Water Conservation Program, and expressed support for the Governor's Executive Order N-7-22.

By Minute Item 52946, dated August 16, 2022, the Board adopted a resolution affirming Metropolitan's call to action and commitment to regional reliability for all member agencies.

By Minute Item 53377, dated September 12, 2023, the Board awarded an agreement for Phase 1 design-build services for the Sepulveda Feeder Pump Stations Project.

Details and Background

Background

Extreme drought between 2020 and 2022 resulted in the lowest cumulative 3-year total water supply allocation from the SWP. The low allocations required that Metropolitan and member agencies adjust operations and implement measures developed during the previous drought on the SWP, including start-up of the Greg Avenue Pump Station, Diamond Valley Lake deliveries to the Mills Water Treatment Plant, and the implementation of the Operational Shift Cost Offset Program. These actions allowed Metropolitan to preserve water for areas in the system that were solely dependent on SWP supplies. Despite the efforts to conserve SWP supplies, in April 2022, Metropolitan's Board approved a resolution declaring a water shortage emergency within the SWP-dependent areas and mandated an emergency water conservation program within those areas. Member agencies within the SWP-dependent areas include the Inland Empire Utilities Agency, Three Valleys Municipal Water District, and Upper San Gabriel Water District, which are supplied from the California Aqueduct East Branch; and the City of Los Angeles, Calleguas Municipal Water District, and Las Virgenes Municipal Water District, which are supplied from of the California Aqueduct West Branch.

Before implementing the mandatory conservation, in November 2021, the Board adopted a resolution declaring a regional drought emergency and directing staff to implement measures to "ensure all portions of the service area attain a high level of reliability against multi-year, severe droughts, such as system improvements, local water supply development, new water storage opportunities, and water efficiency gains." This commitment was reaffirmed in August 2022 with a second resolution and call to action. This resolution noted that with its existing infrastructure, Metropolitan cannot provide member agencies in the SWP-dependent area with equitable access to water supply and storage assets during severe droughts. To address this problem, the Board committed to the following actions:

- Metropolitan will reconfigure and expand: (1) its existing infrastructure portfolio to provide sufficient access to the integrated system of water sources, conveyance and distribution, and storage; and (2) programs to achieve equivalent levels of reliability to all member agencies.
- In coordination with the member agencies, identify a portfolio of projects and programs to address the problem statement in the resolution. The selected portfolio must include infrastructure improvements to deliver available water supplies to the SWP-dependent areas. The portfolio must also be balanced through new storage and supply programs and local supply development and management.

Following the Board's direction, staff has developed a Drought Mitigation Action Portfolio. The portfolio includes infrastructure improvements to provide the SWP-dependent areas greater access to existing Colorado River and stored Diamond Valley Lake supplies, new supply opportunities, and options for increased storage.

Drought Mitigation Action Portfolio

The Drought Mitigation Action Portfolio was developed through 11 workshops held between April 2022 and December 2023. Analysis conducted during the workshop process found that enhanced system flexibility can improve supply reliability in the near term; however, long-term reliability will require the development of additional infrastructure, supplies, and storage to meet increased demand and offset deterioration of existing supplies due to climate change. The portfolio recommends projects for implementation to provide greater reliability to the SWP-dependent areas in the near term that can be completed within the constraints of the existing system and identifies potential mid-term projects that can be implemented after the removal of system constraints through projects currently in development. The portfolio also provides alternative pathways to achieve long-term equitable reliability for the region through a balanced approach of infrastructure improvements, new storage and supply programs, and local supply development and management as directed by the Board. The

recommended drought portfolio is divided into two categories: Category 1 – Cost-Effective Projects for Timely Relief and Category 2 – Projects for Further Consideration.

Category 1 projects provide a baseline of improved reliability for the SWP-dependent areas via improved access to existing storage and Colorado River supplies. Category 1 projects are further divided into two subcategories: Projects Under Implementation and Projects Prepared for Implementation. Projects Under Implementation are those projects that have been previously approved by the Board and are in design or construction. Projects Prepared for Implementation are proposed for inclusion in the CIP so that more detailed studies or design work can commence.

Category 2, Projects for Further Consideration, have the potential to provide broader drought relief and greater region-wide benefits but would require larger investments, longer implementation periods, and higher implementation risk. These potential projects include options for new conveyance in Metropolitan’s system to deliver existing and potential new supplies to the western SWP-dependent area, in-region and out-of-region storage, and opportunities for groundwater storage. Staff plans to continue to develop these concepts and identify critical attributes for evaluation under the Climate Adaptation Master Plan for Water (CAMP4W) process.

The Drought Mitigation Action Portfolio helps provide timely drought relief to the SWP-dependent areas while also allowing for a comprehensive and fiscally responsible approach to achieve long-term supply reliability. A description of each project included in the portfolio is listed below.

Cost-Effective Projects Providing Timely Relief – Category 1

Eastern State Water Project Dependent Area

Diamond Valley Lake (DVL) to Rialto Pipeline Interconnection – This series of projects was first added to the CIP by the Board in December 2021 and consists of four projects that will enable Metropolitan to deliver up to 120 cfs of previously stored SWP from DVL to the Rialto Pipeline utilizing the existing Wadsworth Pump Station and San Bernardino Valley Municipal Water District’s Foothill Pump Station. The projects would also enable Metropolitan to deliver Colorado River supplies to the area if necessary. The projects include a new bypass pipeline at DVL’s Wadsworth Facility, a surge protection system on the Inland Feeder, a new intertie between the Inland Feeder and the Rialto Pipeline, and a new connection between the Foothill Pump Station and the Inland Feeder. The Board has awarded construction contracts for the first three project components. The last component is currently in design.

Three Valleys Municipal Water District (TVMWD) Miramar Pumpback System Upgrades – The TVMWD Miramar system normally takes water from the Rialto Pipeline and treats it at its Miramar Water Treatment Plant before delivery into its distribution system. The Miramar Pumpback System can take treated water from the F.E. Weymouth Water Treatment Plant (Weymouth plant) and deliver those supplies to the Miramar system through a series of pumps, offsetting the need for SWP deliveries from the Rialto Pipeline. The Miramar Pumpback System Upgrades project would increase the capacity of the existing system from 15 cfs to 30 cfs. Under this project, TVMWD would shift the operation to the Miramar Pumpback System when supplies are constrained on the SWP.

Western State Water Project Dependent Area

Sepulveda Feeder Pumping Project, Stage 1 – This project was added to the CIP by the Board in February 2022 and installs two pump stations on the Sepulveda Feeder to allow for delivery of water from the Common Pool into the western SWP-dependent area. The pump stations would be sized to deliver 30 cubic feet per second (cfs) of water; however, the actual state project water savings would be approximately 60 cfs due to the savings of normal operational flows into the Common Pool from the Sepulveda Feeder to maintain water quality. A progressive design-build process is being used to construct the project, which is expected to shorten the project implementation time. The design-build contract was awarded in September 2023, and the estimated online date for the facilities is in 2026.

Service Connection B-5 to Service Connection B-5A Shift Project – During normal operation, Burbank Water and Power (Burbank) receives SWP supplies from the Joseph Jensen Water Treatment Plant. The water is then delivered to Burbank’s Valley Blending Facility to mix with local groundwater. When SWP supplies are

constrained, Burbank takes water that is treated at the Weymouth plant through the B-5 service connection located on the discharge side of the Greg Avenue Pump Station. This project would construct a pump station at the Valley Blending Facility to enable Burbank to blend water from the supply side of the Greg Avenue Pump Station called the B-5A connection. The shift from the B-5 to B-5A connection would (1) enable Metropolitan to deliver additional water from the Colorado River that is treated at the Weymouth plant to the western SWP-dependent area from Greg Ave Pump Station; and (2) alleviate the need for Burbank to take water from SWP-dependent only areas. Burbank could rely on Colorado River water year-round without the operation of Greg Ave Pump Station if SWP supplies were constrained. This modification will allow delivery of up to 12 cfs to Burbank through the B-5A service connection and is anticipated to provide approximately 5 TAFY of additional supplies to the western SWP-dependent area.

Sepulveda Feeder Pumping Project, Stage 2 – This project would expand the Sepulveda Feeder Pumping Project to an ultimate capacity of 160 cfs. Stage 1 of the project is being designed to accommodate a future expansion under Stage 2. The estimated online date for Stage 2 is 2032, coinciding with the completion of the Sepulveda Feeder PCCP Rehabilitation Project and the proposed Inglewood Lateral Improvement Project, which would allow a high pumped flow through the Sepulveda Feeder.

Projects for Further Consideration – Category 2

Antelope Valley East Kern (AVEK) High Desert Water Bank to West Branch – The AVEK High Desert Water Bank (HDWB) is a Metropolitan-funded project that allows for the storage and recovery of up to 70 thousand acre-feet (TAF) of water in a single year with a maximum storage capacity of up to 280 TAF in the Antelope Valley Groundwater Basin. The HDWB is under construction and is expected to be completed in 2025. As currently designed, the HDWB would recover stored SWP supplies from the Antelope Valley Groundwater Basin and return those supplies to the California Aqueduct East Branch, which can serve the eastern portion of the SWP-dependent areas on the Rialto Pipeline. Importantly, the HDWB was included in the 2020 Integrated Resource Plan (IRP) modeling and the recent simulations. With the planned ability to move stored supplies from DVL to the Rialto Pipeline, the HDWB stored water would provide additional benefit if it can be conveyed to the western SWP-dependent areas. Options to deliver HDWB supplies to the West Branch are currently being evaluated, along with options to increase the amount of storage beyond 280 TAF and the recovery beyond 70 TAF per year. Deliveries of this water to the West Branch would have direct and immediate benefits to the west side SWP-dependent agencies.

East Valley Feeder Parallel Pipeline – This project would increase the conveyance capacity of treated water from the Weymouth plant to the western SWP-dependent area. The project would also require increasing the capacity of the Greg Avenue Pump Station and building a second in-line pump station to convey up to an additional 135 cfs.

East-West Raw Water Conveyance – This project would construct a new pipeline to convey up to 300 cfs of raw water upstream of the Jensen plant to the western SWP-dependent area. The project would also require the construction of multiple pump stations along the pipeline to move the water from east to west. The pipeline would be able to convey untreated Colorado River water; stored water from DVL, AVEK, or Lake Mathews; and future Pure Water Southern California (PWSC) supplies.

New Surface Storage – An initial study identifying potential locations for new surface storage has been completed. The study identified locations that are in-region and can provide a direct benefit to the western SWP-dependent area, as well as locations within the west San Joaquin Valley that can provide a benefit to the whole service area. A second phase of the analysis is currently ongoing. The study will refine the evaluation criteria and create a short list of sites for a more detailed evaluation.

Flexible Storage – The study would identify opportunities to increase Metropolitan’s storage capacity within existing SWP reservoirs.

Groundwater Storage – Groundwater storage opportunities include new or expanded groundwater banking programs, programs to augment local groundwater basins, and exchange of banked groundwater supplies that can provide additional SWP supplies to the SWP-dependent areas. Staff has held a series of workshops with member agencies to identify groundwater storage project opportunities within the region.

Recycled Water – Opportunities exist to enhance the potential for the PWSC program to benefit SWP-dependent areas with infrastructure improvement projects identified in the Drought Mitigation Action Portfolio. Staff is actively working with the Los Angeles Department of Water and Power to explore opportunities to integrate their reuse program, Operation NEXT, with Metropolitan’s PWSC program. Such integration has the potential to expand the availability of purified water from these two sources benefitting the entire region.

Desalination – The desalination study will identify the potential for the development of additional potable water supplies through both brackish and seawater desalination. The study will also assess the opportunity for integration in adjacent water distribution systems and regional water systems. Project implementation options, including alternative project delivery methods and partnerships for design, construction, and operation, will be reviewed as part of the study and will be consistent with the State Water Resources Control Board’s Draft Siting Report. Staff has collaborated with member agencies to develop the scope and approach of this study.

Portfolio Implementation Strategy

Implementation of the Drought Mitigation Action Portfolio is designed to achieve timely gains toward improved reliability for the SWP-dependent areas while allowing for a balanced and thorough analysis of potential pathways to achieve long-term equitable reliability. Specifically, the Category 1 projects identified in this letter will provide significant near- and mid-term benefits. However, additional supplies from one or more Category 2 projects will be required to achieve long-term equitable reliability for all member agencies and the SWP-dependent areas.

The near-term projects in the portfolio take advantage of existing system capacity and provide timely relief to the SWP-dependent areas by adding pumping facilities and interconnectivity. The next group of projects takes advantage of the planned upgrade of the existing system to expand the system capacity and deliver additional flow to the SWP-dependent areas by adding companion conveyance components. These projects can provide enhanced drought resilience in the mid-term to the SWP-dependent areas before long-term projects are in place to achieve overall supply reliability. As stated above, the Projects for Further Consideration group will be analyzed as part of the CAMP4W process. Certain potential projects within the group have been defined to the point that inclusion in Metropolitan’s Capital Improvement Plan is warranted. Still, other potential projects lack the required definition to allow for inclusion in the CIP. In both cases, staff will continue to evaluate the potential projects to provide necessary information for the CAMP4W evaluative process. The strategy for implementation and continued evaluation of projects is described below.

2022/23 to 2023/24 Capital Improvement Plan – The Board previously approved the DVL to Rialto projects, currently in construction, and the Sepulveda Feeder Pump Project Stage 1, currently in design. These two groups of projects will significantly improve Metropolitan’s ability to deliver CRW or DVL water into the SWP-dependent areas. Staff intends to bring to the Board for inclusion in the current CIP the Sepulveda Feeder Stage 2 Project and a second project to increase the capacity of the existing Inglewood Lateral. The Sepulveda Feeder Pump Project Stage 1 is being constructed with consideration of future expansion, which will allow for increased capacity with smaller future investment. Expansion of the pump station is reliant on the completion of the Sepulveda Feeder PCCP Rehabilitation Project, which is already in the CIP. Maximizing capacity of the pump station also requires increasing the capacity of the Inglewood Lateral, which acts as a bottleneck in the system, constricting flow in and out of the Common Pool. If the two projects are approved for inclusion in the CIP, along with the Sepulveda Feeder PCCP rehabilitation Project, additional reliability can be provided to the western SWP-dependent area in the mid-term. Accelerated design development of the Sepulveda Pumping Stage 2 will ensure an effective and efficient Stage 1 design and minimize the cost of future expansion, while allowing its evaluation under the CAPM4W process.

2024/25 to 2025/26 Capital Improvement Plan – Beginning with the next CIP Biennium, staff intends to create a new major CIP program for drought mitigation projects. Creation of the program will also allow for improved tracking and forecast spending on drought resilience relative to other major programs and ensure adequate oversight of the execution of the set policies. Creation of the program also provides Metropolitan greater transparency in its commitment to improving the region’s drought resilience. Drought projects currently included in the 2022/23 to 2023/24 CIP Biennium will be moved into the new program at the start of the next biennium. Additional portfolio projects proposed for inclusion in the next biennium include TVMWD Miramar Pumpback

System Upgrades, Burbank B-5 to B-5A Shift Project, and a series of East-West Conveyance improvement projects (East/West Raw Water Conveyance Line, AVEK to West Branch Conveyance Line, and East Valley Feeder Parallel Pipeline).

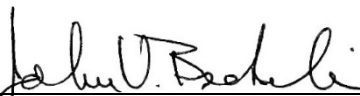
Projects not currently recommended for inclusion in the CIP will be studied utilizing Operations and Maintenance funding. Based on the findings of the studies and the recommendations of the CAMP4W analysis, those projects may be recommended for inclusion in the CIP at a later date when their feasibility is verified, and the scope better defined.

Drought Portfolio Implementation and Nexus to CAMP4W

The increasing climatic variability and water supply uncertainty have prompted Metropolitan’s Board to pursue the integration of climate and water resource planning with its financial plans. The Board charged the leadership and staff of Metropolitan to expand the focus of water resource and financial planning to include climate adaptation strategies and to develop a Climate Adaptation Master Plan for Water (CAMP4W). The effort focuses on strengthening the resilience and reliability of Metropolitan and its individual member agencies in the face of a changing climate and the associated risks to our economic and environmental stability. As such, the information developed in the 2020 IRP Needs Assessment will be a key input to the CAMP4W, as will the ongoing vulnerability assessments and drought portfolio-related studies. The outcome of this process will be a collaborative decision-making process for setting investment plans to ensure the continued ability to fulfill Metropolitan’s mission to provide the service area with an adequate and reliable supply of high-quality water.

The IRP identified the risk to the SWP-dependent agencies from extended drought on the SWP system. The Drought Mitigation Action Portfolio provides the CAMP4W with the building blocks to develop solutions to mitigate that risk. The Category 1 projects will inform the CAMP4W process by applying them as existing system components in simulation models to quantify the demand/supply gaps under the different IRP scenarios.

The Category 2 projects require greater time and investment for implementation and demand a thorough and collaborative assessment of their effectiveness, benefits, and risks. It is not expected that all projects identified within the Drought Mitigation Action Portfolio will be included in the recommended CAMP4W strategy. However, the recommended CAMP4W strategy is expected to meet the supply reliability needs of the SWP-dependent areas. Implementation of different Category 2 projects will be simulated within the IRP analysis so that the CAMP4W team can assess the effectiveness of the different projects in mitigating the long-term supply and demand gaps. This process will allow for a thorough evaluation considering both the risks and rewards of future investments and apply the adaptive management framework to adjust the implementation plan of drought mitigation actions based on changing conditions.



John V. Bednarski
Manager/ Chief Engineer
Engineering Services

2/7/2024
Date



Adel Hagekhalil
General Manager

2/7/2024
Date

Distribution System





Engineering, Operations, & Technology Committee

Amend FY 2022-24 CIP to Include Two New Projects

Item 7-5

March 11, 2024

Item 7-5
Add Two New
Projects
for SWP-
Dependent
Areas Supply
Reliability

Subject

Amend the Capital Investment Plan for fiscal years 2022/23 and 2023/24 to include two projects: (1) Sepulveda Feeder Pump Stations Stage 2, and (2) Inglewood Lateral Improvements

Purpose

Part of a series of projects to improve supply reliability for SWP-dependent member agencies

Recommendation and Fiscal Impact

Amend the Capital Investment Plan for fiscal years 2022/2023 and 2023/2024 to include two projects

Fiscal Impact of \$1,400,000

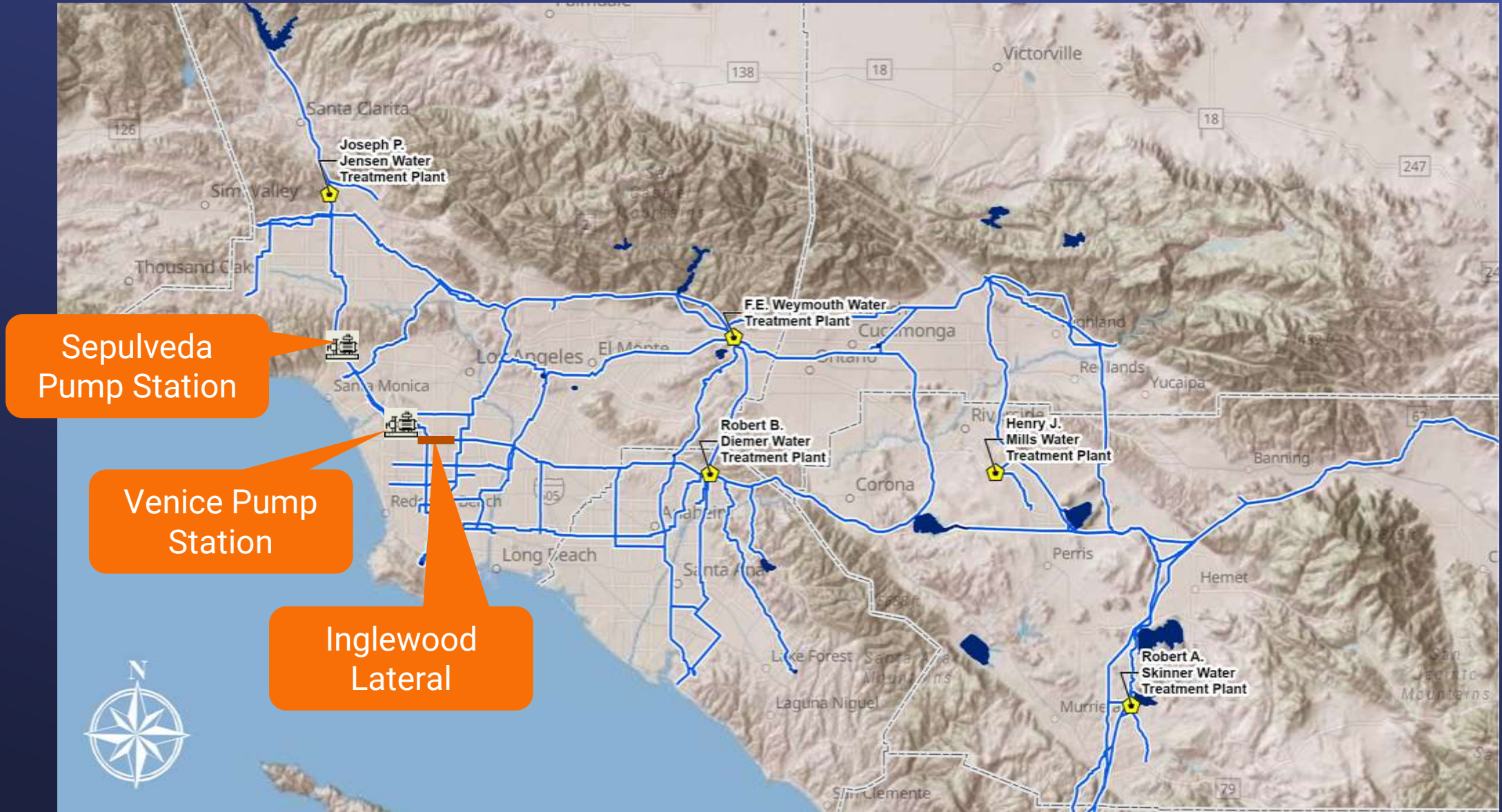
Budgeted

Add Two New
Projects
for SWP-Dependent
Areas Supply
Reliability

Capital Investment Plan Background

- April 2022 board action
 - Appropriated \$600 M
 - Authorized the GM to proceed with all projects in the CIP
- Board action needed for:
 - New projects
 - Minor capital projects that will exceed \$400k
 - Contract awards & consultant agreements over \$250k

Location Map

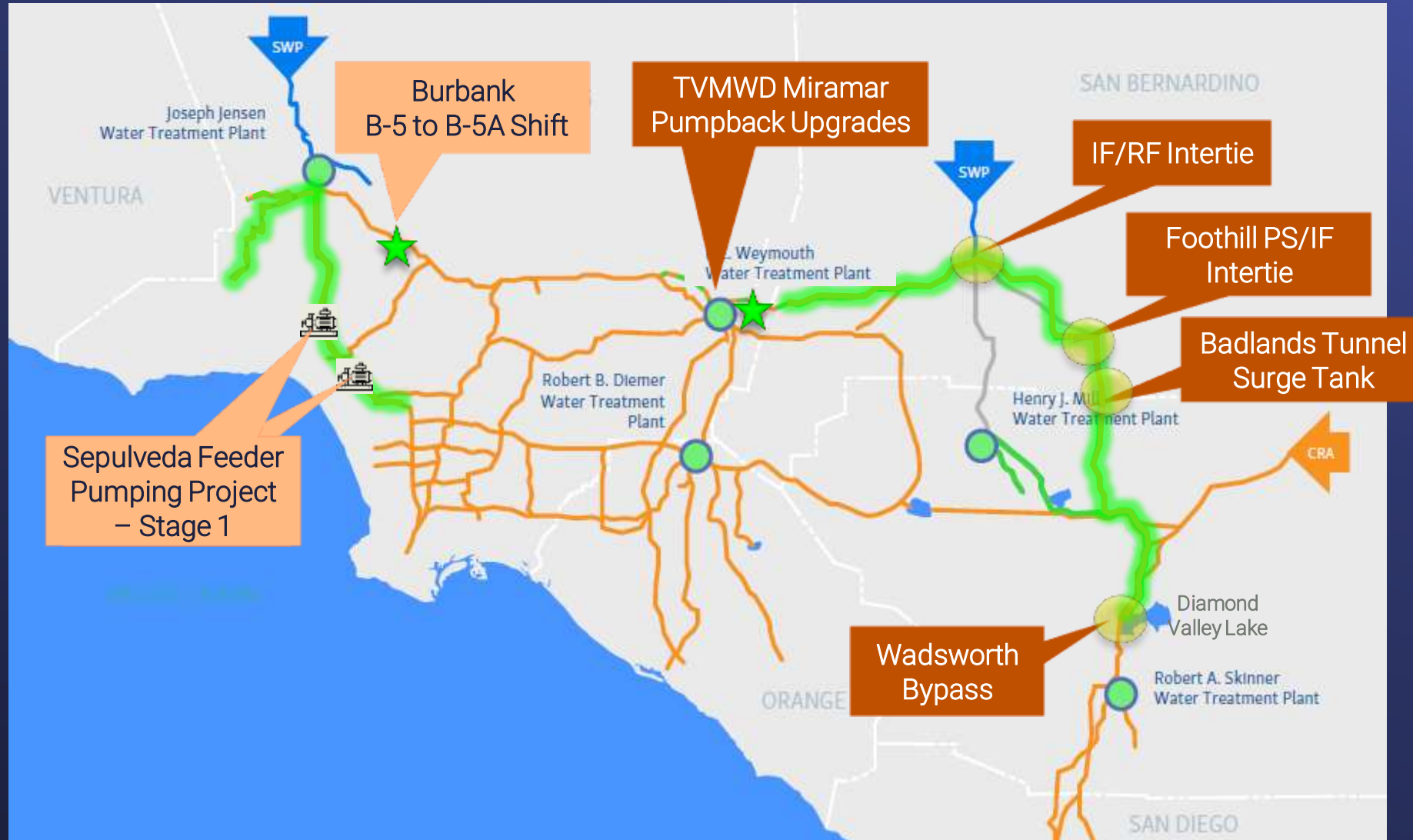


Add Two New
Projects
for SWP-Dependent
Areas Supply
Reliability

Background

- Extreme drought from 2020 to 2022 in California
- Disproportionate impact on member agencies highly dependent on State Water Project (SWP) supply
- Metropolitan Board passed resolution in August 2022 – call to action
- Drought Mitigation Actions Portfolio presented in February 2024

Drought Mitigation Projects Providing Timely Relief to SWP-Dependent Areas



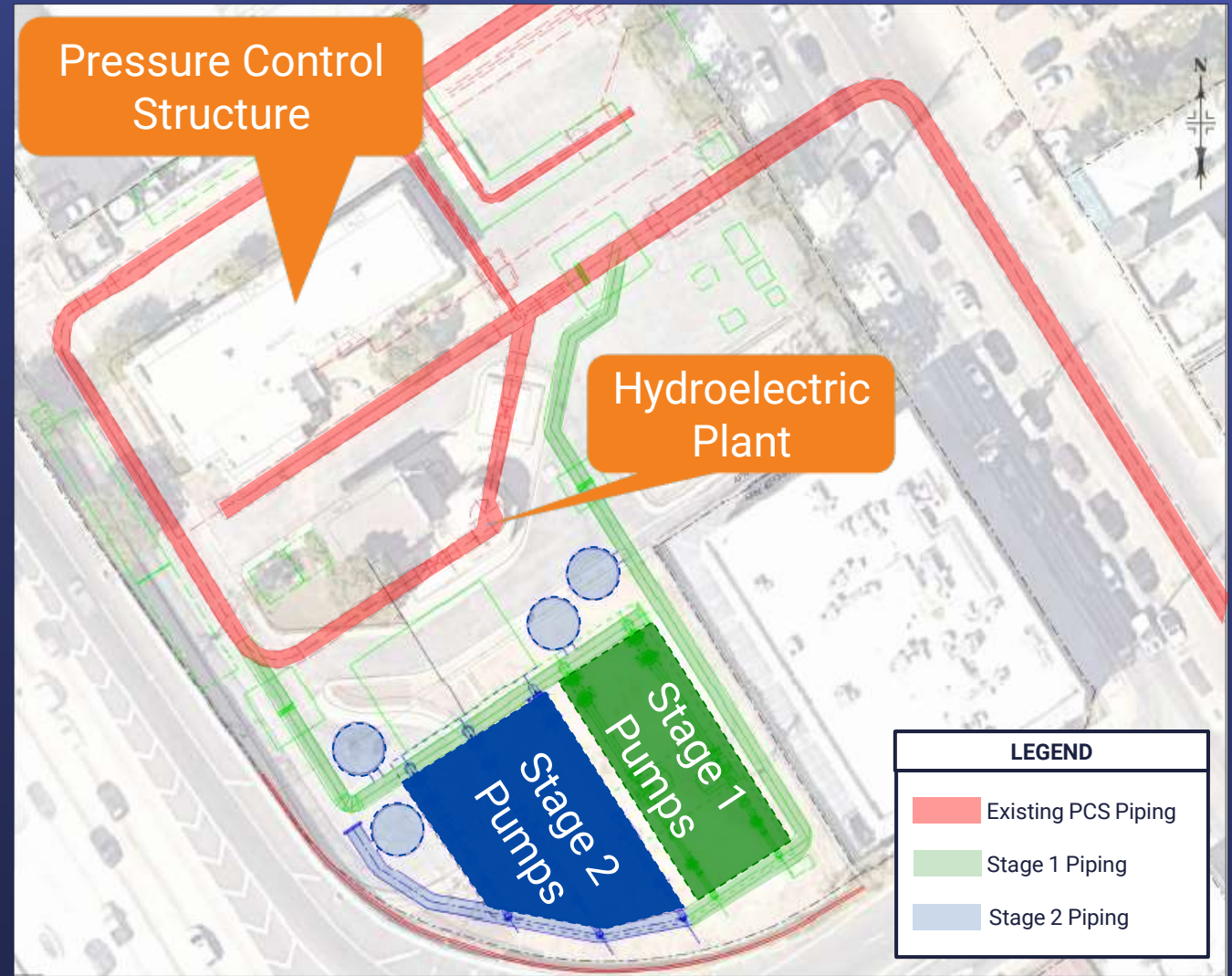
Enhancing Western SWP-Dependent Areas Drought Resilience

- Sepulveda Feeder Pump Stations
 - Stage 1 – 30 cfs
 - Stage 2 – 160 cfs (subject of this action)
- Other upgrades needed for Stage 2
 - North reach of Sepulveda Feeder PCCP Rehabilitation (design is ongoing)
 - Inglewood Lateral Improvements (subject of this action)



1. Sepulveda Feeder Pump Stations, Stage 2 - Scope of Work

- Additional pumps, valves, & piping
- Supporting electrical system upgrades
- SCADA integration
- Local surge protection
- Central Pool surge protection
- Cost - \$200 M to \$300 M



Venice Facility Potential Layout

1. Sepulveda Feeder Pump Stations, Stage 2 - Planned Work

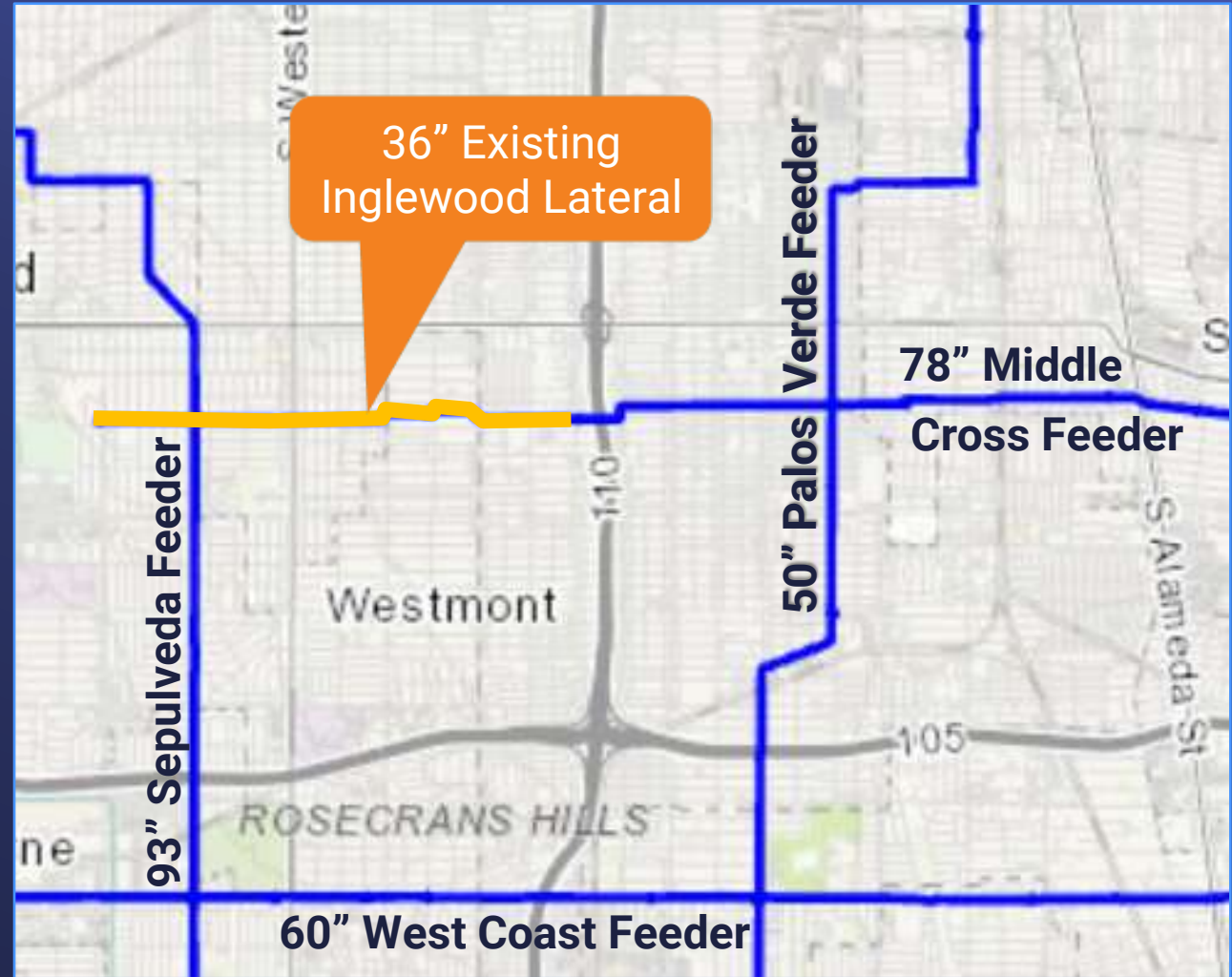
- Develop conceptual design
- Optimize strategy to harden existing infrastructure
- Identify alternatives
- Develop cost estimate & schedule
- Provide findings to CAMP4W for implementation consideration



Venice Hydroelectric Plant

2. Inglewood Lateral Improvements Project

- Upgrade capacity of existing 36-inch Inglewood Lateral
 - Increase supply availability for Sepulveda Feeder Pump Stations Stage 2
 - Maximize deliveries to Central Pool in high SWP years
 - Offset hydraulic impacts from PCCP relining
- Project Components
 - Construct 2-miles new pipeline
 - 72-inch to 78-inch diameter
 - Isolation valves & vaults
 - Bypass pipes & valves
 - SCADA Monitoring
- Cost - \$70 M to \$80 M



Inglewood Lateral & Adjacent Pipelines

2. Inglewood Lateral Improvements – Planned Work

- Alignment alternatives analysis
- Utility investigations
- Hydraulic analysis
- Develop cost estimate, construction sequencing plan & schedule

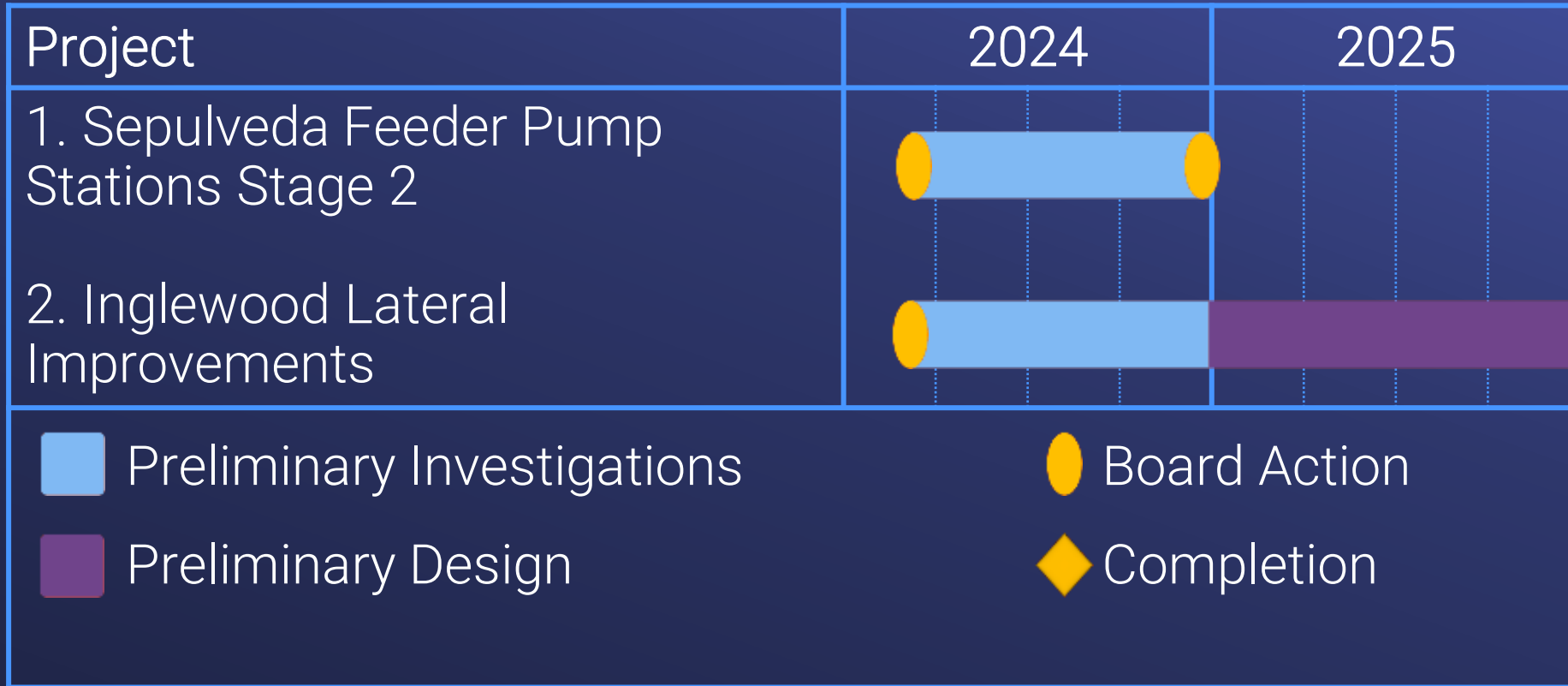


Middle Cross Feeder Construction - 1955

Allocation of Funds

	1. Sepulveda Pump Stations	2. Inglewood Lateral
Metropolitan Labor		
Preliminary Investigations	\$ 330,000	\$ 620,000
Owner Costs (Proj. Mgmt., Contract Admin., Envir. Support)	100,000	150,000
Remaining Budget	70,000	130,000
	<hr/>	
	Total	
	\$ 500,000	\$ 900,000

Project Schedule



Board Options

- Option #1
Amend the Capital Investment Plan for fiscal years 2022/2023 and 2023/2024 to include the Sepulveda Feeder Pump Stations Stage 2 and the Inglewood Lateral Improvements projects.
- Option #2
Do not proceed with the projects at this time.

Staff Recommendation

- Option #1





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

3/12/2024 Board Meeting

7-6

Subject

Authorize an increase of \$1.3 million to an existing agreement with Helix Environmental Planning Inc. for a new not-to-exceed amount of \$4.1 million to support the Pure Water Southern California Program environmental planning; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

In October 2021, Metropolitan's Board authorized a professional service agreement with Helix Environmental Planning Inc. (Helix) to prepare environmental documentation for the Pure Water Southern California Program (Program) in accordance with the California Environmental Quality Act (CEQA). Helix requires additional work scope to address modifications to the Program beyond that which had been originally identified. In mid-2023, significant additional environmental impact analyses were required to assess the impacts of upsizing approximately 14 miles of the conveyance backbone pipeline to accommodate potential future flows from the Los Angeles Department of Water and Power Operation NEXT Program. Finally, staff anticipates that additional work by Helix will be required to support the potential preparation of supplemental CEQA or National Environmental Policy Act (NEPA) documentation for the Program. Collectively, these additions to Helix's original scope of work require an amendment to their existing agreement.

Staff recommends this action to authorize an amendment to the existing professional service agreement with Helix so that ongoing environmental planning work on the Program can be completed while taking into account the scope changes described above. See **Attachment 1** for the Listing of Subconsultants and **Attachment 2** for the preliminary configuration of the Pure Water Southern California Program.

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

Staff Recommendation: Option #1

Option #1

Authorize an increase of \$1.3 million to an existing agreement with Helix Environmental Planning Inc. for a new not-to-exceed amount of \$4.1 million to continue preparing environmental documentation for the Pure Water Southern California Program.

Fiscal Impact: None; the environmental documentation is still planned to be completed within the original \$30 million Operations and Maintenance (O&M) budget.

Business Analysis: This option would allow for the completion of environmental documentation required for the Pure Water Southern California Program to address the upsized conveyance backbone pipeline and other modifications to the Program, as well as the potential preparation of supplemental CEQA or NEPA documentation. This effort will advance the development of a significant new local water supply for Southern California to address supply uncertainties associated with droughts, climate change, seismic risks, and other emergencies.

Option #2

Do not proceed with the additional environmental planning activities and agreement amendment.

Fiscal Impact: None

Business Analysis: This option would risk the completion of the current CEQA documentation and delay the development of recycled water resources to meet the region's water supply needs.

Alternatives Considered

Staff considered not incorporating the upsized conveyance backbone pipeline at this time and potentially addressing this change later through supplemental environmental documentation. Staff also considered not amending the existing agreement with Helix to continue environmental planning activities, which could jeopardize the completion of environmental documentation. However, both alternatives would significantly delay Program implementation and the development of a new water supply for the region. To reduce the overall impact on the Program schedule, staff recommends incorporating the upsized conveyance backbone pipeline and amending the existing agreement with Helix to complete the environmental documentation currently being prepared for the Program.

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

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

By Minute Item 51962, dated April 14, 2020, the Board appropriated a total of \$2,810.9 million for miscellaneous Metropolitan O&M costs, including costs associated with supply programs, for Fiscal Years 2020/21 and 2021/22.

By Minute Item 52174, dated November 10, 2020, the Board authorized preparation of environmental documentation and technical studies, and public outreach activities for the Regional Recycled Water Program.

By Minute Item 52543, dated October 12, 2021, the Board authorized an agreement with Helix Environmental Planning Inc., for preparation of environmental documentation for the Regional Recycled Water Program; and authorized an agreement with Stantec Consulting Services Inc., for engineering and technical studies to support environmental planning phase activities of the Regional Recycled Water Program.

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. (State CEQA Guidelines Section 15262.) Additionally, the proposed action is exempt from CEQA because it consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information-gathering purposes or as part of a study leading to an action 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

The Pure Water Southern California Program would reuse treated wastewater currently being discharged to the Pacific Ocean from the Los Angeles County Sanitation Districts' A. K. Warren Water Resource Facility (Warren Facility) in the city of Carson. The treated wastewater would be further purified at a new advanced water purification facility (AWPF) at the Warren Facility to produce approximately 150 million gallons per day (mgd) of purified water at full build-out. Purified water could recharge regional groundwater basins through spreading facilities and injection wells, satisfy non-potable demands currently relying on imported water, and augment existing water supplies at two of Metropolitan's existing water treatment plants. In addition to the treatment facilities, a new backbone conveyance system would extend from the city of Carson as far north as the city of Azusa and east to the city of La Verne to connect with Metropolitan's existing water treatment and distribution facilities.

In November 2020, Metropolitan's Board authorized the initiation of the environmental planning phase of the Program and an amendment to the existing agreement with the Los Angeles County Sanitation Districts to support further development and evaluation of the Program. Agreements were authorized in June 2021 and August 2021 for engineering and technical services related to the Program's backbone conveyance system and the Grace F. Napolitano Pure Water Southern California Innovation Center (Napolitano Innovation Center, formerly known as Advanced Water Purification Center), respectively. In October 2021, agreements were authorized for engineering and technical services related to the AWPF and preparation of environmental documentation in accordance with CEQA.

In accordance with the April 2020 action on the biennial budget for fiscal years 2020/21 and 2021/22 and the November 2020 action to initiate the environmental planning phase of the Program, the General Manager authorized staff to proceed with planning phase activities for the Program using budgeted O&M funds for this purpose. The agreement amendment that is the subject of this action will be utilized to complete the Program's technical studies and environmental planning efforts. The estimated cost to complete the required environmental phase activities, including this agreement amendment, is \$30 million. Funds for these planning activities for the Program that are the subject of this action are included in the O&M budget for fiscal years 2023/24, 2024/25, and 2025/26.

Pure Water Southern California – Environmental Planning Agreement Amendment (Helix Environmental Planning Inc.)

In October 2021, Metropolitan's Board authorized an agreement with Helix for a not-to-exceed amount of \$2.8 million to prepare environmental documentation for the Program. Helix was selected through a competitive process via Request for Proposals No. 1285 based on the firm's specific experience in analyzing and addressing impacts and in preparing environmental documents of similar scope for large-scale and complex projects within California on behalf of public agencies. Helix is currently preparing the CEQA documentation for the Program and is recommended to continue performing extended environmental analysis and document preparation under the amended agreement.

The additional work added to the Helix agreement stems from several changes made to the Program scope since the agreement was initially executed. In July 2023, staff was directed to incorporate upsizing a portion of the Program's backbone conveyance system into the Program's environmental planning effort to allow for the potential interconnection of large-scale regional water reuse programs. The proposed plan involves increasing approximately 14 miles of pipeline diameter from 84 inches to as much as 108 inches from the Whittier Narrows area to the San Gabriel Canyon Spreading Grounds. Other Program modifications include: (1) conveyance alignment refinements to address comments received from the United States Army Corps of Engineers, the Los Angeles County Flood Control District, and various cities along the alignment; (2) AWPF modifications to accommodate updated treatment and operational requirements; (3) incorporation of direct potable reuse through raw water augmentation in Phase 1 of the Program; (4) power infrastructure needs; (5) new workforce training center in the city of Carson; (6) revisions to the construction and operation schedules; and (7) additional biological studies requested by the California Department of Fish and Wildlife. Collectively, these additional

evaluations require environmental impact analysis similar to other completed Program components. This additional work necessitates an amendment to Helix’s existing agreement.

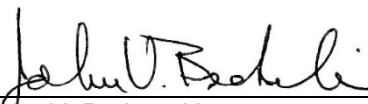

Metropolitan is pursuing potential United States Bureau of Reclamation (USBR) funding opportunities for the construction of large water recycling projects. This will require Metropolitan to perform additional environmental planning studies for the preparation of environmental documentation in compliance with USBR’s NEPA requirements. The recommended agreement amendment includes sufficient funding capacity to allow Helix to conduct the NEPA environmental assessments if required to participate in the federal funding opportunities.

Overall, the extended environmental planning services include: (1) additional technical studies and analyses for the upsized portion of the backbone conveyance system, including a review of construction methodologies, excavation totals, and checking for utility interferences; (2) additional technical studies for various modifications to the Program components identified above; and (3) preparation of supplemental CEQA documentation or environmental documentation in compliance with NEPA requirements.

This action authorizes an increase of \$1.3 million to the existing agreement with Helix Environmental Planning Inc. for a new not-to-exceed amount of \$4.1 million for additional environmental analysis and work to complete the preparation of environmental documentation for the Program. This additional cost has been included under the biennial budget for fiscal years 2024/25 and 2025/26 using Metropolitan’s O&M funds. For this agreement, Metropolitan has established a Small Business Enterprise participation level of 25 percent. Helix has agreed to meet this level of participation.

Project Milestone

October 2025 – Board to consider certification of environmental documentation for the Program

	2/20/2024
_____ John V. Bednarski Manager/Chief Engineer Engineering Services	Date
	2/22/2024
_____ Adel Hagekhalil General Manager	Date

Attachment 1 – Listing of Subconsultants

Attachment 2 – Pure Water Southern California Preliminary Configuration

Ref# es12700337

The Metropolitan Water District of Southern California**Subconsultants for Agreement with Helix Environmental Planning Inc.**

Subconsultant and Location	Service Category; Specialty
Stantec Consulting Services Inc. Monrovia, CA	Paleontology
Ninyo & Moore San Diego, CA	Hazards/Hazardous Materials
Rick Engineering Company San Diego, CA	Hydrology
Iteris Inc. Los Angeles, CA	Traffic/Transportation



Engineering, Operations, & Technology Committee

Pure Water Southern California Environmental Planning Agreement Amendment

Item 7-6

March 11, 2024

Item 7-6
Pure Water Southern
California
Environmental
Planning
Agreement
Amendment

Subject

Authorize an increase of \$1.3 million to an existing agreement with Helix Environmental Planning Inc. for a new not-to-exceed amount of \$4.1 million to support Pure Water Southern California

Purpose

To complete ongoing environmental planning work

Recommendation and Fiscal Impact

Authorize an increase to an existing agreement to continue preparing environmental documentation

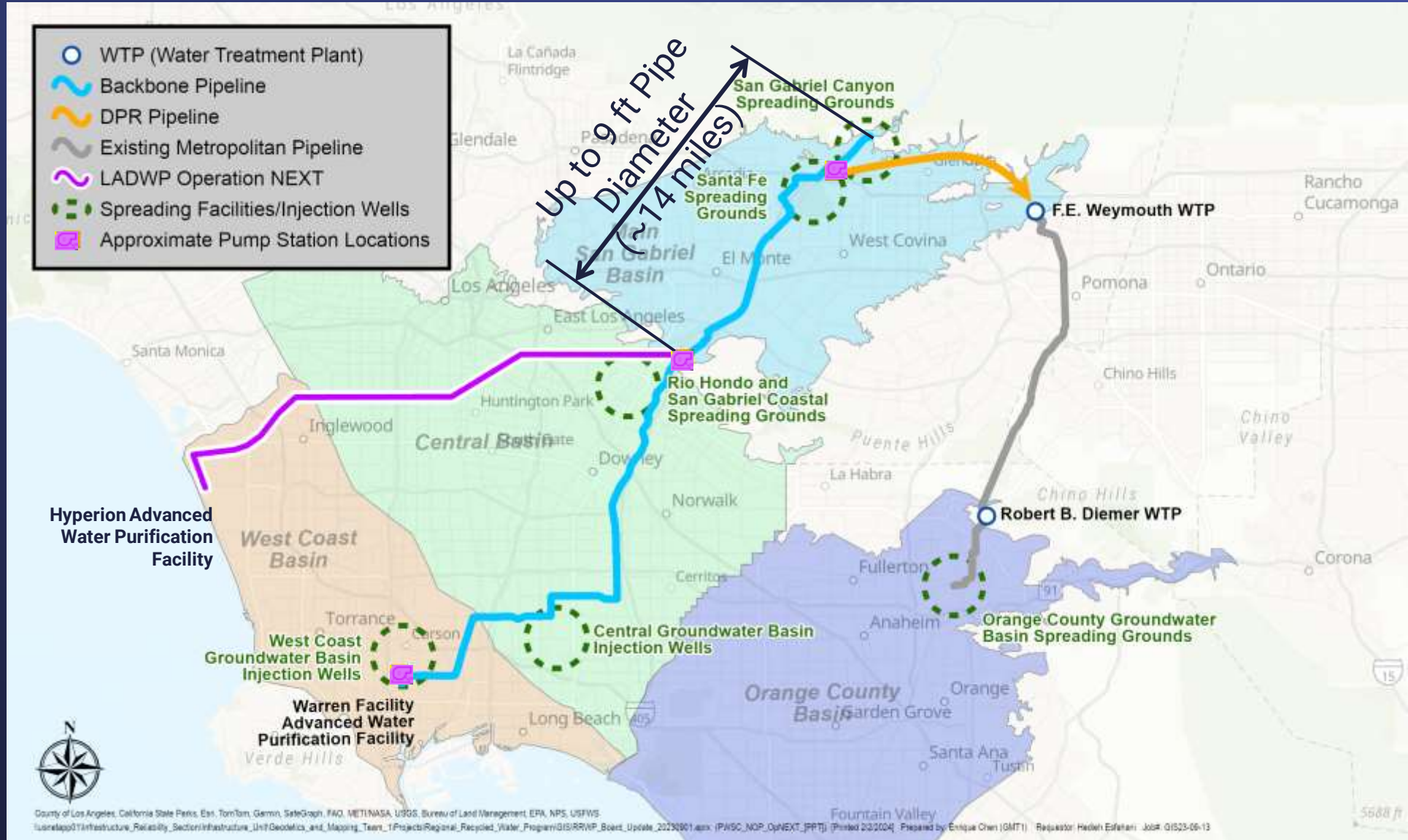
Budgeted

Pure Water Southern California Environmental Planning Agreement Amendment

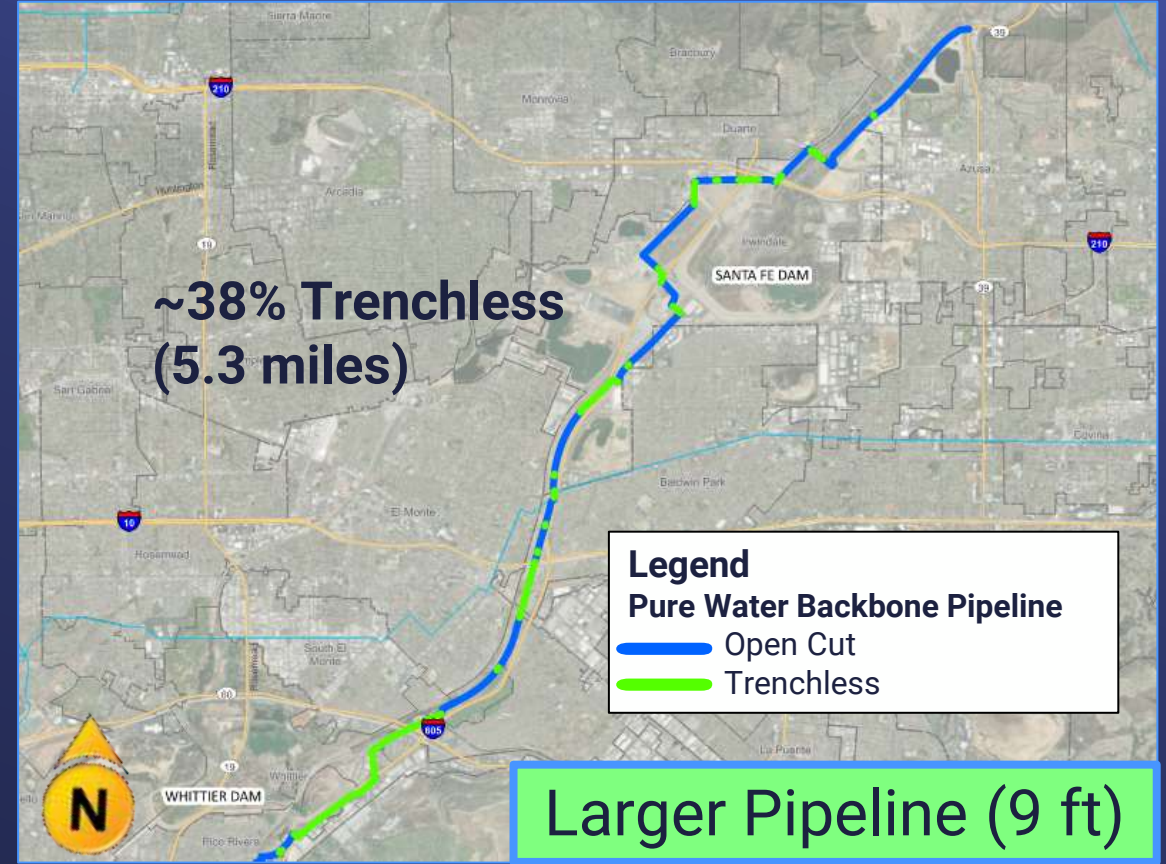
Background

- October 2021 – Board authorized agreement with Helix Environmental Planning Inc. for preparation of environmental documentation
- Additional analyses required to assess changes to program since start of environmental planning process (e.g. inclusion of DPR in Phase 1 of program, modifications to pipeline alignments and advanced treatment process)
- Additional analysis required to assess impacts of upsizing 14 miles of pipeline for potential future flows from Operation NEXT & other Program modifications
- Federal funding opportunities will require additional environmental planning studies for NEPA documentation

Pure Water Southern California Preliminary Configuration



Upsizing the Pipeline for Operation NEXT



Pure Water
Southern
California
Environmental
Planning
Agreement
Amendment

Additional CEQA Work for Upsized Pipeline

- Changes in construction methodology will require:
 - Additional construction footprint
 - Updated construction quantities & schedule
 - Revised transportation & air quality modeling
 - Updated technical reports

Pure Water
Southern
California
Environmental
Planning
Agreement
Amendment

Other Program Modifications

- Refine conveyance alignment to address comments from permitting agencies
- Increase capacity of Program's Phase 1 to 115 MGD to include DPR at Weymouth plant
- Incorporate updated treatment & operational requirements
- Address power infrastructure needs
- Add a new workforce training center in partnership with LACSD
- Prepare additional biological studies
- Prepare environmental documentation needed for federal funding opportunities

Pure Water
Southern
California
Environmental
Planning
Agreement
Amendment

Alternatives Considered

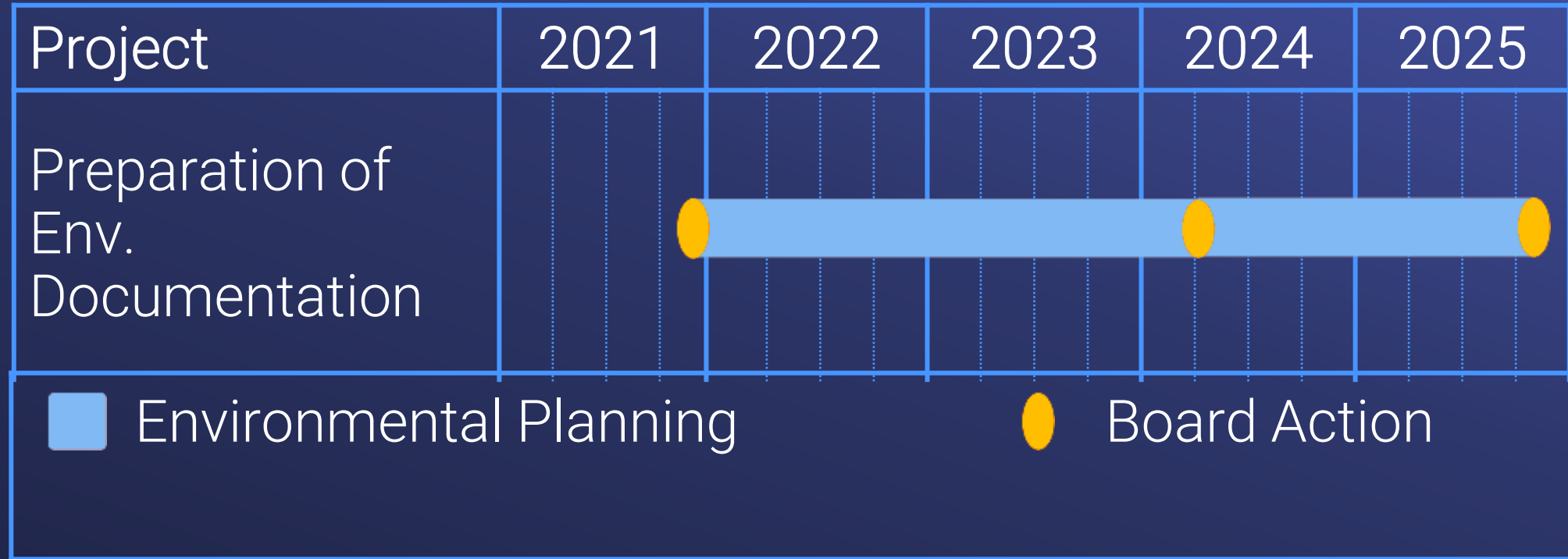
- Do not incorporate changes in initial CEQA document development
 - Address changes later with supplemental environmental document(s)
 - Significantly delays overall Program schedule
 - Forgoes federal funding opportunities
- Selected Alternative
 - Incorporate changes in initial CEQA document & amend existing agreement with Helix to complete CEQA & prepare environmental documentation required for federal funding

Pure Water
Southern
California
Environmental
Planning
Agreement
Amendment

Helix Environmental Planning Inc. – Agreement Amendment

- \$2.8 M agreement authorized in October 2021
- Selected through RFP No. 1285
- Scope of Work
 - Perform technical studies & analysis
 - Prepare environmental documentation
- Amendment amount: \$1.3 million
- New NTE amount: \$4.1 million
- SBE participation level: 25%

Pure Water Southern California - Environmental Planning Schedule



Board Options

- Option #1

Authorize an increase of \$1.3 million to an existing agreement with Helix Environmental Planning Inc. for a new not-to-exceed amount of \$4.1 million to continue preparing environmental documentation for the Pure Water Southern California Program.

- Option #2

Do not proceed with the additional environmental planning activities and agreement amendment.

Staff Recommendation

- Option #1





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

3/12/2024 Board Meeting

7-7

Subject

Authorize an increase of \$320,000 to a purchase order with Total Transportation Logistics Inc. for a new not-to-exceed total amount of \$540,000 for storage of filter valves for the F.E. Weymouth Water Treatment Plant; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Due to the long lead times required to procure specialized equipment, staff often secure critical items before construction. This approach is intended to prevent potential manufacturing or logistical delays from impacting future installation construction contracts. To date, a total of 236 butterfly valves to replace the existing filter valves and actuators at the F.E. Weymouth Water Treatment Plant (Weymouth plant) have been manufactured and delivered to a bonded warehouse owned by Total Transportation Logistics Inc. (TTL) in Mira Loma, California. A purchase order between Metropolitan and TTL for the use of this warehouse was authorized under the General Manager's authority in November 2020. The first 127 units are being installed in Filter Building No. 2 under the ongoing contract to rehabilitate Weymouth Basins Nos. 5-8. The remaining 109 units will replace the filter valves in Filter Building No. 1 under a second contract scheduled to start in fiscal year 2025/26.

Staff recommends increasing the total purchase order amount with Total Transportation Logistics Inc. by \$320,000 for a new not-to-exceed amount of \$540,000 so the new valves can be properly stored until they are needed for the future contract. See **Attachment 1** for the Financial Statement and **Attachment 2** for the Location Map.

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

Staff Recommendation: Option #1

Option #1

Authorize an increase of \$320,000 to a purchase order with Total Transportation Logistics Inc. for a new not-to-exceed total amount of \$540,000 for storage of filter valves for the F.E. Weymouth Water Treatment Plant.

Fiscal Impact: Expenditure of up to \$320,000 in capital funds. Approximately \$25,000 will be incurred in the current biennium and has been previously authorized. The remaining capital expenditures will be funded from future Capital Investment Plan budgets following board approval of the budgets.

Business Analysis: This option will allow the new valves to be safely stored and then furnished to the contractors without the additional cost and risk associated with repeatedly moving the valves before the start of the next contract.

Option #2

Do not authorize an increase to the existing purchase order.

Fiscal Impact: Unknown

Business Analysis: Under this option, staff will relocate equipment to a similar facility. Additional costs would likely be incurred to relocate the equipment and reduce the risk of equipment damage during relocation.

Alternatives Considered

Staff considered relocating the new Weymouth replacement valves to the recently constructed warehouse at the Lake Mathews site, which will store thirteen 54-inch conical plug valves for the ongoing prestressed concrete cylinder pipe (PCCP) rehabilitation projects. However, there is inadequate space in the Lake Mathews facility to store and access both 109 filter valves for Filter Building No. 1 and 13 PCCP valves over the next five years. The 13 PCCP valves are scheduled to be delivered sequentially through 2025 and installed during shutdowns of the Second Lower Feeder and Sepulveda Feeder through the mid-2030s. Staff also considered storing the Weymouth valves at the existing warehouse space at the La Verne site. However, significant modifications are necessary to permit the stacking of equipment to create more storage space. Design is underway to improve the warehouse space at the La Verne site, but it will not be completed in time to store the Weymouth replacement valves. In addition, relocating the new Weymouth valves would result in increased costs from transportation and special protection measures required to reduce the risk of equipment damage during relocation. The selected alternative to amend the existing purchase order with the TTL storage location in Mira Loma, California, provides the best value to Metropolitan with minimum risk of equipment damage and reduced overall project costs. As shutdowns for these two projects are scheduled and the projects progress, staff will consider moving the Weymouth valves to the Lake Mathews site if space becomes available.

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

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

By Minute Item 51014, dated November 14, 2017, the Board awarded two procurement contracts for rubber-lined butterfly valves and actuators and high-performance butterfly valves and actuators for the F.E. Weymouth Water Treatment Plant.

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

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

On November 10, 2020, the Board approved the Weymouth Filter Valves and Actuators Procurement Contract. The General Manager determined the project to be exempt from CEQA pursuant to State CEQA Guidelines Section 15301. The current board action does not result in any substantial changes to the project. Accordingly, no further CEQA determinations or documentation are necessary.

CEQA determination for Option #2:

None required

Details and Background

Background

The Weymouth plant was placed into service in 1941 with an initial capacity of 100 million gallons per day (mgd) and was expanded twice to its current capacity of 520 mgd. The plant delivers a blend of waters from the Colorado River Aqueduct and the State Water Project to Metropolitan's Central Pool portion of the distribution system and an exclusive service area. The plant is located in the city of La Verne.

The Weymouth plant has 48 filters distributed in two filter buildings. Filters are operated by opening and closing a series of valves, which allow water to flow in and out of the filter beds during filtration and backwashing. Each filter contains five valves, ranging in diameter from 16 inches to 48 inches, which operate in conjunction with several large-diameter isolation valves in the backwash and surface wash systems to control and clean the filters. The existing filter valves and actuators have completed their service life after 55 to 65 years of continuous operation, and their replacement is underway as part of a staged project which will be completed in fiscal year 2028/29.

In November 2017, Metropolitan's Board awarded two procurement contracts to provide 179 steel-body, rubber-lined butterfly integrated valve/actuator units and 57 high-performance butterfly valves. All these valves have been manufactured and delivered to a warehouse near the Weymouth plant. The new valves will be furnished to the contractors responsible for their installation under two contracts. The first 127 units are being installed in Filter Building No. 2 under the ongoing construction contract for the rehabilitation of Weymouth Basins Nos. 5-8. The remaining 109 units will be used to replace the filter valves and actuators in Filter Building No. 1 under a second contract scheduled to start in fiscal year 2025/26.

Valve Storage Services (Total Transportation Logistics Inc.) – Amendment to Purchase Order


Purchase Order No. 199355 with TTL to provide warehouse storage services for the Weymouth filter valves was executed in November 2020 under the General Manager's Administrative Code authority. The existing purchase order is for a not-to-exceed amount of \$220,000 and expires in October 2024. The manufacturer delivered the new valves to a TTL bonded warehouse in Mira Loma, California, approximately 22 miles from the Weymouth plant. Metropolitan pays monthly invoices for the actual square feet occupied by the stored equipment during the billing month. The monthly storage costs have risen as the fabrication of the valves has been completed and storage needs increased. The total amount paid to date for the storage of the Weymouth valves is \$210,000, and an amendment to the purchase order is needed to continue the storage of the valves.

Replacement of the Weymouth filter valves and actuators requires multiple plant shutdowns, which need coordination with member agencies and other construction projects at the Weymouth plant. Due to the staging strategy required to install the new valves, staff anticipates that storage services will be needed until June 2029, which will require an amendment to the storage purchase order that exceeds the General Manager's Administrative Code authority.

This action authorizes an increase of \$320,000 to the existing purchase order with Total Transportation Logistics Inc. for a new not-to-exceed total amount of \$540,000. It is anticipated that the new purchase order amount will be sufficient for storage services for the Weymouth filter valves through June 2029. Due to the specialized nature of the service provided, no Small Business Enterprise participation level was established for this purchase order.

Project Milestone

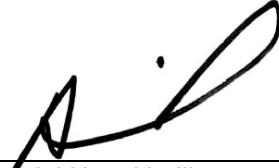
June 2029 – Completion of filter valve replacement at the Weymouth plant



John V. Bednarski
Manager/Chief Engineer

2/20/2024

Date



Adel Hagekhalil
General Manager

2/23/2024

Date

Attachment 1 – Allocation of Funds

Attachment 2 – Location Map

Ref# es12696141

Allocation of Funds for Weymouth Filter Valve Replacement

	Current Board Action (Mar. 2024)
Labor	
Studies & Investigations	\$ -
Final Design	-
Owner Costs (Program mgmt., envir. monitoring)	-
Submittals Review & Record Drwgs.	-
Construction Inspection & Support	-
Metropolitan Force Construction	-
Materials & Supplies	-
Incidental Expenses (valve storage)	-
Total Transportation Logistics Inc.	320,000
Professional/Technical Services	-
Right-of-Way	-
Equipment Use	-
Contracts	-
Remaining Budget	-
Total	\$ 320,000

The amount expended to date on the filter valve replacement at Weymouth is approximately \$7.7 million. The total estimated cost to complete the replacement of filter valves and actuators, including the amount appropriated to date, funds described in this action, and all future design and construction costs, is anticipated to range from \$16 million to \$18 million.

Distribution System





Engineering, Operations, & Technology Committee

Weymouth Filter Valve Storage

Item 7-7

March 11, 2024

Item 7-7 Weymouth Filter Valve Storage

Subject

Authorize an increase of \$320,000 to a purchase order with Total Transportation Logistics Inc. for a new not-to-exceed total amount of \$540,000 for storage of filter valves

Purpose

Protect Metropolitan's assets by securely storing filter valves until they are needed for installation at the Weymouth plant

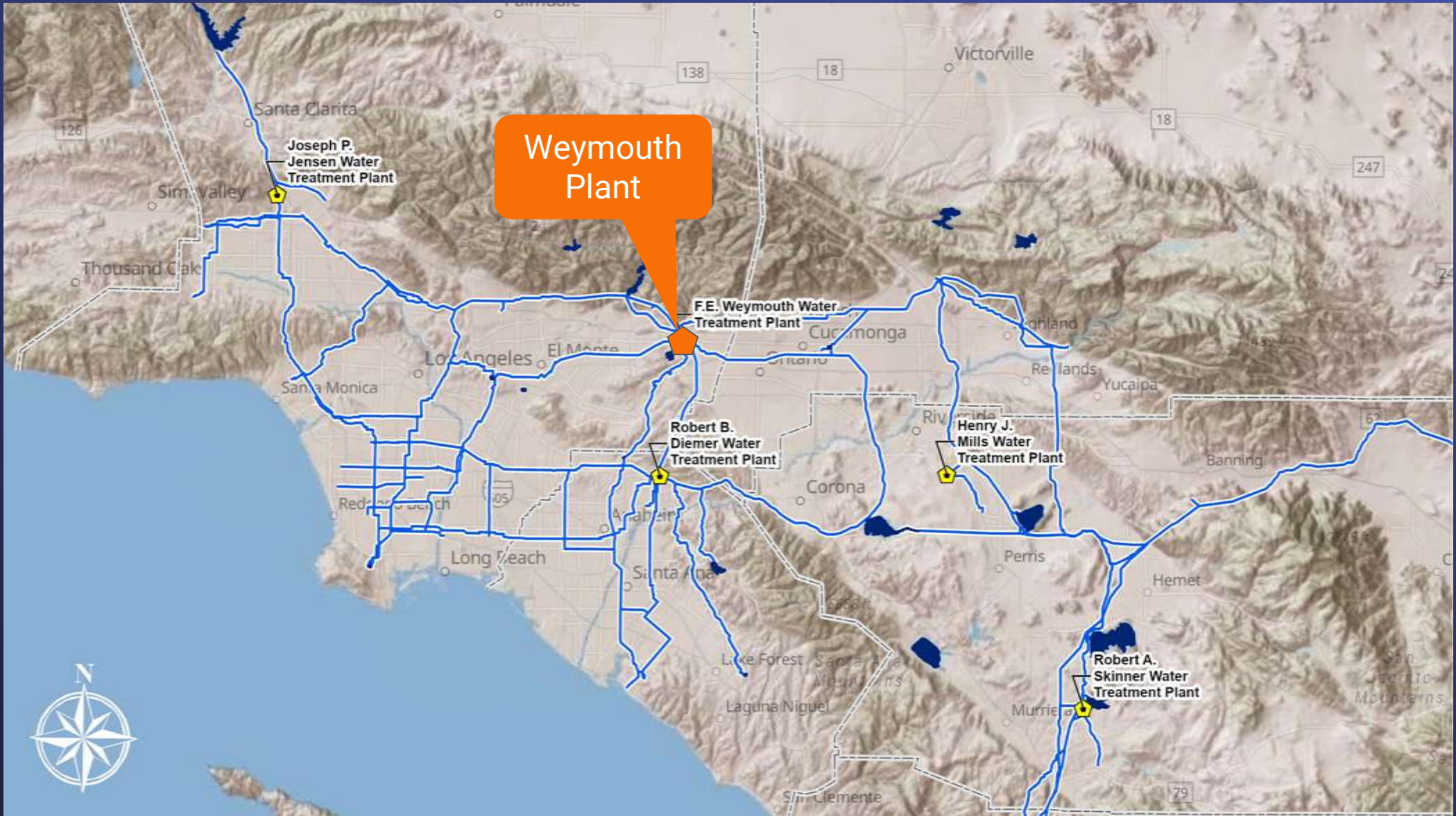
Recommendation and Fiscal Impact

Amend existing purchase order with Total Transportation Logistics Inc.

Fiscal Impact of \$320,000

Budgeted

Location Map



Background – Weymouth Filter Valve Storage

- 236 filter valves procured for the Weymouth plant
 - 127 filter valves currently being installed in Filter Building No. 2
 - 109 filter valves remaining for Filter Building No. 1



Weymouth Filter Building No. 2

Background – Weymouth Filter Valve Storage

- Total Transportation Logistics (TTL) Warehouse
 - Bonded, climate controlled, secured
 - Located approximately 22 miles from Weymouth Plant



Weymouth filter valves in storage warehouse

Weymouth Filter Valve Storage

Filter Valve Storage Purchase Order

- Existing purchase order with TTL
 - Not-to-exceed amount of \$220,000
 - Executed - November 2020
- Proposed amendment
 - Increase by \$320,000
 - Not-to-exceed amount of \$540,000
 - Expiration date - June 2029
- Storage fees based on actual square footage

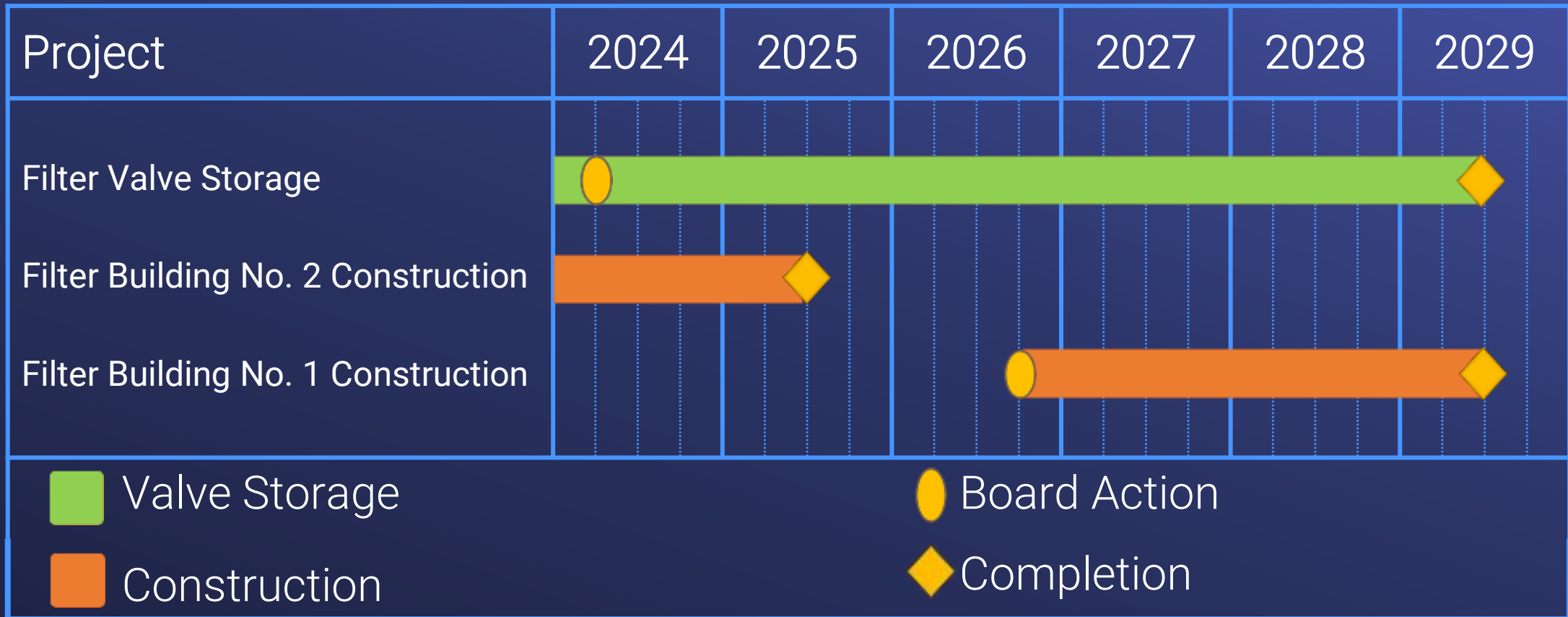
Alternatives Considered

- Relocate filter valves to Lake Mathews Storage Building
 - Inadequate space to store large prestressed concrete cylinder pipe (PCCP) valves & 109 filter valves
 - Increased transportation costs & risk of valve damage
- Relocate filter valves to Weymouth/La Verne site
 - Significant modifications are necessary to create more storage space



54-inch Conical Plug Valves for PCCP

Project Schedule



Board Options

- Option #1

Authorize an increase of \$320,000 to a purchase order with Total Transportation Logistics Inc. for a new not-to-exceed total amount of \$540,000 for storage of filter valves for the F.E. Weymouth Water Treatment Plant.

- Option #2

Do not authorize an increase to the existing purchase order.

Staff Recommendation

- Option #1





Board of Directors Legal and Claims Committee

3/12/2024 Board Meeting

REVISED 7-8

Subject

Approve amendments to the Metropolitan Water District Administrative Code to provide an exempt time off benefit to unrepresented employees equivalent to the time off benefit provided to Metropolitan's management unit, create a new reproductive leave loss benefit as required by state law, conform personnel regulations for unrepresented employees to current practices and regulations; and authorize the General Manager to adjust unrepresented salaries to conform with the equity wage and cost-of-living adjustments provided to Metropolitan's management unit. The General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. **[Revised Subject]**

Executive Summary

The proposed amendments to Administrative Code Division VI, Chapters 2 and 5 will add two new key benefits (exempt time off for unrepresented employees, and reproductive loss leave in accordance with state law), update the Code to currently and going forward provide benefits for unrepresented employees to correspond with benefits provided to Metropolitan's management unit, along with other changes to conform personnel regulations, including benefits, for unrepresented employees to current practices and regulations.

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

Staff Recommendation: Option #1 [Revised]

Option #1

Approve amendments to the Metropolitan Water District Administrative Code to provide an exempt time off benefit for unrepresented employees, create a new reproductive loss leave benefit, and to conform personnel regulations for unrepresented employees to current practices and regulations; and authorize the General Manager to adjust unrepresented salaries to conform with the equity wage and cost-of-living adjustments provided to Metropolitan's management unit.

Fiscal Impact: Up to \$400,000 per year

Business Analysis: The Administrative Code will be amended to add benefits required by state law and provide consistency between unrepresented employees and Metropolitan's management unit.

Option #2

Do not approve the proposed amendments to the Metropolitan Water District Administrative Code.

Fiscal Impact: None

Business Analysis: The Administrative Code will not be amended to conform to state law and provide consistency between unrepresented employees and Metropolitan's management unit.

Alternatives Considered

No alternatives were considered to providing specified benefits for unrepresented employees and conforming personnel regulations, policies and practices for unrepresented employees with those of Metropolitan's management unit.

No alternatives were considered to amendment of the Administrative Code to conform to State law.

Applicable Policy

Metropolitan Water District Administrative Code Section 2451: Duties and Functions [Legal and Claims Committee]

Metropolitan Water District Administrative Code Section 6200: Personnel Regulations

Metropolitan Water District Administrative Code Section 6500: Management and Confidential Employees – General

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 subject to CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment (Section 15378(b)(5) of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Details and Background

This letter proposes amendments to Metropolitan's Administrative Code Division VI, Chapters 2 and 5 by adding two new benefits, as well as other amendments to update the Code to, currently and going forward, provide benefits for unrepresented employees to correspond with benefits provided to Metropolitan's management unit. Other amendments will also conform some of Metropolitan's personnel regulations, found in Chapter 2, regarding benefits for unrepresented employees, to current practices and regulations. This letter also proposes authorizing the General Manager to adjust unrepresented salaries to conform with the equity wage and cost-of-living adjustments provided to Metropolitan's management unit.

The amendments would also add section 6268, which will provide all employees unpaid leave of up to five (5) days in the event of a failed adoption, failed surrogacy, miscarriage, stillbirth, or unsuccessful assisted reproduction. This new benefit is required by SB 848, which was signed into law by Governor Newsom on October 11, 2023, and went into effect on January 1, 2024.

The amendments also adds section 6536, which provides a forty (40) hour allotment of exempt time off to qualifying unrepresented employees and an additional forty (40) hour allotment for qualifying unrepresented employees who receive at least an overall meets standards performance evaluation. This benefit will be added to provide qualifying unrepresented employees with a time off benefit equivalent to one recently negotiated by the MAPA bargaining unit for its members.

In addition to amendments, this letter seeks authorization for the General Manager to provide unrepresented employees with salary adjustments equivalent to those recently negotiated by MAPA. The proposed salary adjustments are as follows:

Year	Adjustment
2023	5.5% equity adjustment from July 1, 2023
2024	3% cost of living adjustment
2025	4% cost of living adjustment
2026	4% cost of living adjustment

Other amendments are being sought to clarify existing benefits language or to conform to existing practices regulations. The entire list of proposed amendments is set forth in **Attachment 1**, with overstrikes reflecting deletions and underlining reflecting additions. **Attachment 2** sets forth the sections as they will appear in the Administrative Code if the changes are approved.

The Administrative Code is proposed to be amended as follows:

1. Amend Administrative Code sections 6227(b)(3) and 6242 and add section 6268 to add a new state-mandated “reproductive loss leave” benefit to provide employees unpaid leave of up to five (5) days in the event of a failed adoption, failed surrogacy, miscarriage, stillbirth, or unsuccessful assisted reproduction.
2. Amend Administrative Code section 6227(d)(3) to clarify the use of unpaid sick leave for certain rehired employees, the payout basis for unused sick leave at time of separation, and to clarify that employees on temporary promotion will be classified to their regular classification and paid unused leave at their regular hourly pay at the at time of separation.
3. Amend Administrative Code section 6500(a) to update the hourly pay rate schedule for positions occupied by unclassified service employees including their pay grades and positions.
4. Amend Administrative Code section 6500(d) to conform the practice of regularly updating the hourly pay rate schedule rather than annually.
5. Amend Administrative Code section 6520 to clarify that temporary and less than part-time employees are not entitled to Article 2 benefits unless otherwise provided and to conform benefits for unclassified service employees to correspond with benefits provided to the District’s management unit, which means the current rule regarding how unclassified service employees receive benefit adjustments will change, as specified.
6. Amend Administrative Code section 6521 to clarify that retirement contributions made by employees deemed CalPERS Classic Members do not to exceed 7% of employee’s salary while those deemed New Members of CalPERS pay their own contributions.
7. Amend Administrative Code section 6523 to update the dental insurance policy to include any covered participant and revise the annual policy limits for orthodontics (up to \$2,000) and for diagnostic and preventative care (up to \$2,500).
8. Amend Administrative Code section 6524 to clarify that the tuition reimbursement policy allows an additional \$2,000 reimbursement for higher degrees, not to exceed a total of \$11,000 annually.
9. Amend Administrative Code section 6525 to clarify that the maximum upper limit available is \$400,000 for combined coverage term life insurance.
10. Amend Administrative Code section 6531 to clarify the order in which sick leave must be exhausted to receive long-term disability insurance benefits and the conditions under which such benefits expire.

- 11. Amend Administrative Code section 6532 to clarify that reimbursements for state-mandated licenses and fees are not capped whereas professional development expenses, such as seminars, books, and electronic equipment, are capped. The current cap is \$900 annually.
- 12. Add Administrative Code section 6535, the Wellness Enhancement Program, which provides reimbursements for health and fitness services and equipment, capped at \$400 annually.
- 13. Add Administrative Code section 6536, Exempt Time Off, which provides an annual allotment of time off, any unused portion of which shall be automatically cashed out towards the end of each calendar year. Retroactivity rules shall apply, as specified.
- 14. Amend Administrative Code sections 6227(c)(2), 6521, 6522, 6523, 6524, 6525, 6528, 6529, 6530, 6531, 6533, and 6534 to make minor, non-substantive changes.

All amendments are effective upon Board approval unless specified otherwise.

Project Milestone

Not applicable because amendments conform the Administrative Code to current law, practices, and regulations.



Adel Hagekhalil
General Manager

Date



Marcia Scully
General Counsel

Date

Attachment 1 - The Administrative Code of The Metropolitan Water District of Southern California (with changes marked)

Attachment 2 - The Administrative Code of The Metropolitan Water District of Southern (clean copy)

Ref# I12696090

Division VI**PERSONNEL MATTERS**

Chapter		Sec.
1	Employee Relations	6100
2	Personnel Regulations	6200
3	General Employee Matters	6300
4	Officers	6400
5	Management and Confidential Employees - General	6500
[6	Repealed	6600]
[7	Repealed	6700]
8	Employee Deferred Compensation and Savings Plans	6810

Chapter 2**PERSONNEL REGULATIONS**

Sec.	
6200.	Definitions
6201.	Benefits Paid Temporary Employees
6202.	Hourly Pay Rate Calculations
6203.	Leave Accrual and Usage
6204.	Merit System
6205.	Eligibility and Qualifications for Employment
6206.	Appointments and Removals
6207.	Positions Authorized
6208.	Pay Rate Administration
6209.	Discharge
6210.	Employee Evaluation
6211.	Merit Increases
[6212 - 6216	reserved for future use]
6217.	Disciplinary Procedure
6218.	Appeal Procedure
6219.	Disciplinary Actions
6220.	Suspension
6221.	Demotion
6222.	Reduction in Force
6223.	Hours of Work
6224.	Overtime
6225.	Holidays
6226.	Annual Leave
6227.	Sick Leave
6228.	Disability Leave
6229.	Special Leave

- 6230. Employee Leave Transfers
- 6231. Family and Medical Leave
- 6232. Paid Leave While Caring For A Newly Born Or Newly Adopted Child
- 6233. Benefits Paid Regular Part-Time Employees
- 6234. Domestic Partners
- [6235 - 6239 reserved for future use]
- [6240 - Repealed]
- 6241. Notice of Absence
- 6242. Reinstatement Upon Return from Leave Necessitated by Pregnancy, Childbirth, Miscarriage, or Abortion
- 6243. Bereavement Leave
- 6244. Use of Accumulated Leave - Industrial Injury
- 6245. Use of Accumulated Leave - Quarantine
- 6246. Military Leave
- 6247. Leave Without Pay
- 6248. Severance Pay
- 6249. Jury Duty Leave
- [6250 - 6259 reserved for future use]
- 6260. Shift Pay and Diving Pay
- 6261. Time Off for Voting
- 6262. Leave for Subpoenaed Employees
- 6263. Modification of Work Schedules
- 6264. Retention of Travel Incentives
- 6265. Service Awards
- 6266. Insurance Pertaining to Employees
- 6267. Relocation Expenses for Unrepresented and Officer Employees
- 6268. Reproductive Loss Leave

§ 6227. Sick Leave.

(a) Employees shall accumulate sick leave at the following rates:

(1) Regular and Recurrent employees shall accumulate sick leave with full pay at the rate of .045978 hours for each hour of service.

(2) Temporary employees, excluding Annuitants, shall accumulate sick leave with full rate pay at the rate of .033333 hours for each hour of service effective July 1, 2015.

(b) Such leave may be taken for absences from duty made necessary by:

(1) Incapacity due to illness.

(2) Incapacity due to injury incurred in the line of duty with the District to the extent provided in Section 6244 of this Code, or to injury not incurred in the line of such duty.

(3) A female employee's incapacity due to pregnancy, childbirth, miscarriage, abortion, or a reproductive loss event.

(4) Medical, dental or ocular examination or treatment of an employee, without incapacity, for which appointment cannot be made outside working hours, but limited to four hours for each appointment.

(5) To attend to the illness or injury in the employee's immediate family, other than the employee's own illness, to the extent permitted by Section 6229 of this Code. For the purposes of this section, "immediate family" means spouse, state-registered domestic partner, child, parent, sibling, grandparent, or grandchild, or designated person. A "designated person" for purposes of this section means a person identified by the employee at the time the employee requests special leave with pay and may include any individual related by blood or whose association with the employee is the equivalent of a family relationship. An employee is limited to one (1) designated person per 12-month period for paid sick days.

(6) To seek medical attention for injuries, obtain services from a shelter, program, or crisis center, psychological counseling or to participate in safety planning, including temporary or permanent relocation when an employee is a victim or survivor of domestic violence, sexual assault or stalking to the extent and limitation provided in Section 6229 of this Code.

(c) Physician Certification.

(1) A physician's certification or other proof of incapacity or treatment may be required if an employee's supervisor believes that a medical verification is justified in order for the employee to fulfill their job requirements or if the employee has a leave abuse problem. Notice of this requirement shall be given in advance in all cases of prior leave abuse. A physician's certification shall be required for all sick leave absences exceeding ten (10) working days.

(2) A physician's certification authorizing an employee's return to work from serious illness or injury shall be reviewed by the District's medical support in ~~Workplace Health & Safety~~ Human Resources Medical prior to the employee's return to work. An illness or injury may require additional medical examinations/testing in order to determine whether the employee can safely perform their duties, or to determine appropriate work restrictions. Such examination/testing will be done at District expense and on District time if the District requires that it be conducted by District-selected medical personnel.

(3) In the event sick leave is requested while an employee is on vacation, a certification by an attending physician is required for the granting of sick leave.

(d) Accumulation of Sick Leave for Regular and Recurrent Employees.

(1) Accumulation of sick leave as of the pay period of any annual payroll cycle which includes November 15, shall not be in excess of 1,000 hours of sick leave.

(2) If, during any period of any annual payroll cycle which includes November 15, an employee's total of accumulated sick leave exceeds the limitation on accumulation stated in Section 6227(d)(1), the excess accumulated sick leave shall, as soon as practicable after that payroll period, be paid to the employee entitled thereto at the employee's hourly pay rate at the end of said payroll period for 52.2 percent of the excess accumulated hours of such sick leave.

(3) An employee who separates from employment with the District, and has an accumulation of 10,440 hours of service with the District without interruption, will be paid at the employee's hourly rate of 52.2 percent of all accumulated sick leave. If the employee is rehired within twelve (12) months from their separation date, then any unused and unpaid sick leave will be reinstated. Employees will be paid out their unused sick leave at the time of separation based on the regular hourly base pay. Employees on temporary promotion performing higher level duties in a temporary capacity, upon separation of service will be returned to their regular classification and unpaid leave will be paid at their regular hourly base pay.

(4) If an employee retires in accordance with the Public Employees' Retirement Law, as stated in Government Code Section 20965, the employee may elect one of two options: (1) to be paid at the employee's hourly rate for 52.2 percent of the excess accumulated hours of sick leave at the time of separation with the remaining 47.8 percent converted to additional service credit; or (2) to have 100 percent of such accumulated hours converted to additional service credit. If the employee makes no election, the employee will be defaulted to option (1).

(5) Except as provided in Section 6248 and Section 6227, there shall be no cancellation of earned but unused sick leave.

(e) Employees on military leave, either reserve, National Guard, State Guard or extended military service do not lose their accumulated sick leave credit.

(f) Accumulation of Sick Leave for Temporary employees, excluding Annuitants.

(1) A Temporary employee's accumulation of sick leave shall be limited to a total not to exceed sixty (60) hours.

(2) Upon separation from employment with the District, a Temporary employee will not be compensated for unused paid sick time.

(3) A Temporary employee who separates from employment with the District, and is rehired by the District within twelve (12) months from the date of separation, shall have his or her previously accrued and unused paid sick days reinstated.

(g) The unauthorized use of sick leave may result in disciplinary action.

§ 6242. Reinstatement Upon Return From Leave Necessitated by Pregnancy, Childbirth, Miscarriage, or Abortion.

An employee returning from leave necessitated by pregnancy, childbirth, miscarriage, ~~or~~ abortion, or a reproductive loss event shall be entitled to reinstatement to the employee's position held at the time the leave status began or, if the position has been deleted, to a position of like status in the same geographic area. Except as otherwise specifically provided by this Code or by rule of the District, such an employee shall, while on leave status, accumulate seniority credit for the purpose of determining ranking in the event of a reduction in force, but shall accumulate other benefits only as specifically provided for the type of leave taken by the employee.

§ 6268. Reproductive Loss Leave

Upon a reproductive loss event of an employee, the employee shall be allowed such reproductive loss leave for up to five (5) days without pay per reproductive loss event (RLE). RLE is defined as the day or, for a multiple day event, the final day of a failed adoption, failed surrogacy (applies to the would-be parent), miscarriage, stillbirth, or an unsuccessful assisted reproduction. If the employee experiences more than one RLE within 12 months, the employee is entitled to a maximum of 20 days of reproductive loss leave (“RLL”) within a 12 month period, not to exceed five (5) days per RLE. Employees are required to complete their RLL within three (3) months of the RLE, but if the employee is taking other specified leave (e.g., CFRA, FMLA, pregnancy disability leave, personal leave, sick leave, comp time) prior to or immediately after an RLE, the three (3) months does not start until the other leave completes. RLE need not be taken consecutively. The employee is not required to provide documentation to verify the RLE, but will be required to submit a leave request. Only an employee with thirty (30) days or greater of service is eligible for reproductive loss leave.

Chapter 5

MANAGEMENT AND CONFIDENTIAL EMPLOYEES - GENERAL

Article		Sec.
1	Salaries	6500
2	Benefits	6520
3	Grievances	6540
4	Miscellaneous	6560

Article 1

SALARIES

§ 6500. Hourly Pay Rate Schedule.

(a) The hourly pay rate (as that term is defined in subdivision (h) of Section 6200) and schedule of positions occupied by unclassified service employees not in an appropriate unit recognized pursuant to Section 6108 shall be as follows:

<u>Grade</u>	<u>Range</u>	<u>Title</u>
14	\$12.74-17.39 (\$26,499-36,171) <u>14.77-</u> <u>20.16</u> (\$30,722-41,933)	*Student Youth Intern
24 <u>2</u>	\$15.40-21.07 <u>18.43-25.06</u> (\$32,032-43,826) <u>38,334-</u> <u>52,125)</u>	*Student Intern
66	\$52.78-71.96 <u>61.18-83.42</u> (\$109,782-149,677) <u>127,254-</u> <u>173,514)</u>	Principal Administrative Analyst
67	\$62.75-85.70 (\$130,520-178,256)	Executive Office Manager
68	\$55.61-75.95 <u>64.47-88.05</u> (\$115,669-157,976) <u>134,098-</u> <u>183,144)</u>	Program Manager I
71	\$0.24-82.35 <u>69.83-95.46</u> (\$125,299-171,288) <u>145,246-</u> <u>198,557)</u>	Program Manager II
72	\$61.87-84.55 <u>71.73-98.01</u> (\$128,690-175,864) <u>149,198-</u> <u>203,861)</u>	Board Executive Secretary Special Assistant to the GM Staff Assistant to General Manager
73	\$63.58-86.83 <u>73.70-100.65</u> (\$153,296-209,352) <u>132,246-</u> <u>180,606)</u>	Audit Administrator <u>Senior Audit Manager</u>
74	\$75.74-103.33 <u>65.33-89.14</u> (\$157,539-214,926) <u>135,866-</u> <u>185,411)</u>	Program Manager III
75	\$67.05-91.64 <u>77.72-106.23</u> (\$139,464-190,611) <u>161,658-</u> <u>220,958)</u>	Human Resources Manager I

77	\$70.80-96.75 <u>82.07-112.16</u> (\$147,264-201,240 <u>170,706-233,293</u>)	Deputy General Auditor
78	\$72.73-99.38 <u>84.31-115.21</u> (\$151,278-206,710 <u>75,365-239,637</u>)	Human Resources Manager II
79	\$86.64 <u>74.74-118.43</u> 102.16 (\$180,211 <u>155,459-246,334</u> 212,493)	Sr. Deputy General Counsel-Labor Relations
80	\$89.01 \$76.79-121.67 <u>104.96</u> (\$185,141 <u>\$159,723-</u> <u>253,074</u> 218,317)	<u>Chief Deputy DE&I Officer</u> <u>Deputy Chief EEO Officer</u> Human Resources Section Manager Manager of Colorado River Resources
81	\$91.51 78.93-125.03 <u>107.85</u> (\$190,341 <u>\$164,174-</u> <u>260,062</u> 224,328)	Assistant General Auditor Budget and Treasury Manager Executive Legislative Representative Human Resources Manager III Strategic Comm. & Policy Advisor
<u>82</u>	<u>\$93.96-128.42</u> (<u>\$195,437-267,114</u>)	<u>Manager of Bay-Delta Programs</u> <u>Manager of Bay-Delta Science & Regulator Strategy</u>
85	\$101.98 87.97-139.31 <u>120.17</u> (\$212,118 <u>\$182,978-</u> <u>289,765</u> 249,954)	Assistant Group Manager <u>Bay-Delta Initiatives Policy Manager</u> <u>Chief EEO Officer</u> <u>Chief Diversity, Equity & Inclusion Officer</u> <u>Chief Safety, Security & Protection Officer</u> <u>Chief Sustainability, Resiliency & Innovation Officer</u> <u>Chief Principal Deputy General Counsel-Labor Relations</u>
86	\$9104.78 0.39-1143.14 <u>23.47</u> (\$217,942 <u>\$188,011-</u> <u>297,731</u> 256,818)	Assistant General Counsel <u>Executive Advisor: Water Resources & Capital Improvements</u> <u>Bay-Delta Initiatives Manager</u> Group Manager <u>Group Manager—Bay Delta Initiatives</u> Group Manager—External Affairs <u>Group Manager—Finance</u> Group Manager—Human Resources Group Manager—Real Property <u>Manager of Colorado River Resources</u>
88	\$110.62 <u>95.42-151.13</u> <u>130.37</u>	<u>Board Executive Officer</u>

	(\$230,090-\$198,474- 314,350-271,170)	<u>Group Manager—Conveyance & Distribution</u> Group Manager—Info Technology <u>Group Manager—Water Resources Management</u> <u>Group Manager—Treatment & Water Quality</u> Group Manager—Water Resources Mgmt. <u>Management</u>
89	\$113.62-98.01-155.33-134.00 (\$236,330-323,086-203,861- 278,720)	Group Manager—Engineering Services Group Manager—Water System Operations
93	\$126.71-109.30- 173.11-149.33 (\$263,557-227,344- 360,069-310,606)	Assistant General Manager – Chief Administrative— Officer Assistant General Manager—Chief External Affairs Officer Assistant General Manager – Chief Financial Officer Assistant General Manager – Strategic Water Initiatives
94	\$130.15-112.27- 177.89-153.46 (\$270,712-233,522- \$370,011-319,197)	Assistant General Manager—Chief Operating Officer
97	\$141.25-192.98 (\$293,800-\$401,398)	<u>Executive Officer & Assistant General Manager—Water & Technology Resources</u>

() Shows approximate annual salary range for convenience; Board approved rates are hourly. Asterisk * positions are Fair Labor Standards (FLSA) “non-exempt” (i.e., eligible for overtime).

(b) Unrepresented FLSA “exempt” employees are eligible to receive a monthly transportation allowance. Transportation allowance amounts are to be administered by the General Manager based on a schedule approved by the Board of Directors.

(c) Unrepresented FLSA “exempt” employees are eligible to participate in a pay-for-performance incentive program promulgated by the General Manager. The Board shall establish the total expenditure for the program.

(d) Unless otherwise directed by the Board, the range of base hourly pay rates for the employees in the positions identified in Section 6500(a) will be adjusted ~~annually~~ to correspond with the ~~annual~~ across-the-board salary adjustments provided to the District’s management unit. Actual pay rates for these employees will be based on merit pursuant to employee evaluations. Department Heads are authorized to move a position to a different salary grade in accordance with practices, policies and procedures promulgated by the General Manager.

Article 2

BENEFITS

Sec.

- 6520. General
- 6521. Retirement
- 6522. Medical Insurance
- 6523. Dental Insurance
- 6524. Tuition Reimbursement
- 6525. Term Life Insurance
- [6526 repealed]
- [6527 repealed]
- 6528. Personal Leave
- 6529. Part-Time Disability Leave
- 6530. Bereavement Leave
- 6531. Long-Term Disability Insurance
- 6532. ~~Professional Dues~~ Professional Development and Productivity Enhancement
- 6533. Deferred Compensation
- 6534. Vision Plan
- 6535. Wellness Enhancement Program
- 6536. Exempt Time Off

§ 6520. General.

In addition to other benefits set forth in this Administrative Code, employees, other than temporary or less than part-time employees, and to the extent specified, annuitants, shall be entitled to the following benefits effective June 28, 1987, unless otherwise provided hereinafter. Further, unless otherwise directed by the Board, benefits for the employees in the positions referenced in Section 6500(a) shall be provided to correspond with the across-the-board salary and benefits adjustments provided to the District's management unit.

§ 6521. Retirement.

The District shall pay to the California Public Employees' Retirement System (CalPERS) on behalf of each employee an amount equal to the required employee contribution to CalPERS, not to exceed seven percent (7%) of each employee's salary for employees deemed Classic Members by CalPERS. Employees deemed as New Members are subject to the Public Employees' Pension Reform Act (PEPRA) and shall pay their own employee contributions.

The contribution shall be treated as an employer contribution made pursuant to Section 414(h)(2) of the Internal Revenue Code ~~of the United States~~ in determining the tax treatment of the contribution. Such contributions shall be treated for all purposes other than taxation in the same manner and to the same extent as contributions made by employees prior to June 30, 1985. Such contributions shall be paid from the same source of funds as used in paying wages to the affected employees. The employee does not have the option to receive the District-contributed amount paid pursuant to this section directly instead of having it paid to CalPERS.

Notwithstanding any provision in this Code to the contrary, the wages of each unrepresented employee shall be reduced by the indicated percentage of the amount of such employee's contribution paid by the District pursuant to the provisions of this section:

For such employees employed prior to January 1, 1981: 64.3%

For such employees employed on or after January 1, 1981: 100.0%

This section shall be operative only so long as the District pickup of the retirement contribution continues to be excluded from the gross income of the employee under the provisions of the Internal Revenue Code.

§ 6522. Medical Insurance.

Metropolitan's monthly contribution for employees in classifications referenced listed in Section 6500 and related annuitants to the medical plans maintained by CalPERS the Public Employees' Retirement System shall be established by Board resolution pursuant to the provisions of the Public Employees' Medical and Hospital Care Act.

§ 6523. Dental Insurance.

The District shall fully pay premiums for employees in classifications referenced listed in Section 6500 and their qualified dependents under the group dental insurance provided by Delta Dental Company. Any reserve funds developed under the policy may be applied towards paying the premium of any policy obtained pursuant to this section.

During the policy year beginning with September 1, 1992, the District shall amend its policy to provide for an increase in orthodontic coverage under the prior terms of the policy to \$1,5002,000 lifetime maximum per eligible dependent child to age 19 covered participant; and to increase the prophylaxis (cleaning) benefit by providing for such cleaning once every four (4) months. In addition, the District shall amend its policy to provide for an increase in the maximum payable for diagnostic and preventative care per calendar year per eligible person to \$2,0002,500 a year; and to provide for sealant treatment for dependent children.

§ 6524. Tuition Reimbursement.

Tuition reimbursement for unrepresented-all employees in classifications referenced listed in Section 6500 shall be one-hundred percent (100%) percent of tuition, registration fees, books, and laboratory fees for up to twelve (12) units per quarter or semester; provided however, that employees who receive tuition reimbursement approval for a course or curriculum on or after August 1, 1992 shall be eligible for tuition reimbursement at the rate of one-hundred+00 percent (100%), to a maximum of \$9,000 per calendar year, and up to an additional \$2,000 per calendar year for graduate or doctorate degrees.

§ 6525. Term Life Insurance.

All employees in classifications referenced-listed in Section 6500 will be provided with District-paid term life insurance affording coverage in an amount equal to 2,080 times the employee's hourly rate rounded off to the next higher thousand dollars, with employees having the option at their own expense to obtain additional coverage not to exceed a maximum combined coverage of four hundred thousand dollars (\$400,000).

§ 6528. Personal Leave.

Employees in classifications referenced-listed in Section 6500 who are exempt from overtime pay and have been employed by the District for more than 1,044 hours of current service, including military leave during the period of current service, may take personal leave with pay up to twenty-four (24) hours each annual payroll cycle which shall not be charged against accumulated sick leave. Such personal leave may be taken for any personal reason, so long as such leave does not interfere with the mission of the District.

§ 6529. Part-Time Disability Leave.

An unrepresented employee, otherwise eligible for disability leave pursuant to Section 6228, may be permitted by the employee's Department Head to work for a period, subject to termination by the Department Head, on a part-time basis if a physician's statement is furnished, satisfactory to and accepted by the District, stating the employee is physically able to work on a part-time basis. The Department Head may not re-delegate the authority provided by this section. Notwithstanding any provision to the contrary in Sections 6200 through 626~~85~~, the employee shall be permitted to accrue leave in accordance with District regulation for those hours not on disability leave, but shall not be allowed to use leave until returning to work on a full-time basis and a physician's statement, satisfactory to and accepted by the District, is received stating the employee is physically able to return to work on a full-time basis for an indefinite time. For all other purposes of Section 6228, an employee on part-time disability leave shall be considered to be on full-time disability leave and shall not be considered as having returned to work.

§ 6530. Bereavement Leave.

Upon the death of a member of an employee's immediate family, a classification referenced-listed in Section 6500 shall be allowed such bereavement leave with pay as is actually necessary to take care of funeral arrangements or to attend the funeral, but not to exceed three (3) working days, or, one workweek as determined by the employee's assigned work schedule, if the death occurs 250 miles or more from the employee's place of residence. If the death does not occur 250 miles or more from the employee's place of residence, then the employee shall be allowed additional bereavement leave without pay not to exceed two (2) working days, except that an employee may use vacation, personal leave, accrued and available sick leave, or compensatory time off that is otherwise available to the employee. For the purposes of this section, "immediate family" means spouse, state-registered domestic partner, or the employee's or spouse's/domestic partner's child, parent, brother, sister, stepparent, stepchild, grandparent, grandchild, aunt or uncle. An employee, if requested by Metropolitan, within thirty (30) days of the first day of the leave, shall provide documentation of the death of

the family member. As used in this section, “documentation” includes, but is not limited to, a death certificate, a published obituary, or written verification of death, burial, or memorial services from a mortuary, funeral home, burial society, crematorium, religious institution, or governmental agency. The bereavement leave shall be completed within three (3) months of the date of death of the family member.

§ 6531. Long-Term Disability Insurance.

The District shall provide long-term disability (LTD) insurance to employees in classifications referenced listed in Section 6500. Commencing July 1, 1998, or as soon thereafter as practical, the insurance shall provide a benefit of \$8,000 per month, but not to exceed sixty-six 66 percent (66%) of the employee's monthly salary. The benefit shall commence ninety (90) days after the employee's disability commences. Benefit payments are paid after the employee first exhausts all sick leave, exhausting disability leave payable at the rate of 75 percent (75%) of full pay, and exhausting disability leave at the rate of 50 percent (50%) of full pay, in that order. Benefit payments and shall expire 2 1/2 years at age 65 after commencement, unless the employee's disability terminates sooner. If the employee applies for LTD benefits at age 65 or older, payments will expire within twelve (12) to twenty-four (24) months depending on age when the first payment begins. The District's insurance carrier shall determine eligibility including whether an employee is disabled. Preexisting conditions shall be excluded from coverage. The District shall have the right to change carriers and coverage so long as the replacement insurance is at least as advantageous.

§ 6532. Professional Development and Productivity Enhancement ~~Dues~~.

Any employee in an unrepresented position referenced listed in Section 6500 shall be reimbursed for professional dues, pursuant to authorization by the employee's Department Head, when professional dues are related to the fulfillment of the District's purposes. professional development and productivity enhancement expenses, as follows:

(a) The District shall reimburse employees for state-mandated license for certification fees.

(b) The District shall reimburse unrepresented employees, to correspond with adjustments provided to the District's management unit, for the costs incurred for professional development, certifications, licenses, or other costs incurred for professional development or productivity enhancement including seminars, journals, periodicals, books, travel expenses, professional association dues, pre-approved electronic equipment software and hardware, computing or communication devices, and other equipment pursuant to authorization by the employee's Department Head, to a specified annual maximum, when related to their job duties and/or to the fulfillment of the District's purposes. Any unused monies will roll over for one and only one subsequent year, from odd calendar years to even years, and unused monies during even years will be neither rolled over nor paid out.

§ 6533. Deferred Compensation.

The District shall provide a matching contribution, on behalf of each employee in a classification ~~referenced listed~~ in Section 6500 who is a participant in the 401(k) Plan provided for in Division VI, Chapter 8, Article 1 of this Code, in the amount of one (1) dollar for each dollar contributed by the employee in accordance with a compensation-reduction election made by the participant pursuant to the 401(k) Plan Section 3.2. Commencing July 1, 2004, or as soon thereafter as practical, the maximum District matching contribution shall not exceed four and one-half percent (4.5%) of the employee's total cash compensation and salary reductions permitted under Sections 401(k), 414(b) and 457 of the Internal Revenue Code during that time period. This section shall only be operative to the extent that the District can make matching contributions and maintain compliance with the Internal Revenue Code.

§ 6534. Vision Plan.

The District shall on behalf of each employee in a classification ~~referenced listed~~ in Section 6500 provide for a vision care program through a District-approved vision plan provider~~Vision Service Plan (VSP)~~. The vision care program shall provide coverage of standard ophthalmic materials when necessary for the eligible employee's visual welfare. This program shall provide for eye examinations, lenses, and frames under ~~VIP's Plan "B"~~the program. The District shall fully pay the employee only premium rate. Employees will, however, be permitted the option to purchase family coverage through the program.

§ 6535. Wellness Enhancement Program.

The District shall on behalf of each employee in a classification referenced in Section 6500, provide a wellness enhancement reimbursement benefit for common health and fitness services not to exceed four hundred dollars (\$400) annually for District-approved activities, services, equipment and products that promote physical activity, wellness and work-life balance. All submissions for reimbursement must be submitted by January 31 for the prior year. This benefit is annual and any unused remainder may not be carried over to subsequent years.

§ 6536. Exempt Time Off

(a) Effective January 1, 2024, and each calendar year thereafter, all full-time FLSA-exempt employees with a classification referenced in Section 6500 are eligible for an annual allotment of forty (40) hours of Exempt Time Off (ETO) to be used within the calendar year it is allotted. The annual allotment of ETO becomes available for use on the first District business day of the calendar year and shall not roll over into the following calendar year. Employees hired after the annual allotment in January, and existing employees who are promoted or transferred into an applicable classification after the annual allotment in January, are not eligible to receive ETO until the following calendar year. Existing employees with an ETO allotment or balance from a previous classification will retain their unused ETO for that calendar year. Any unused portion of ETO will be automatically cashed out by the District to the employee on the first paycheck following December 1 of each calendar year.

(b) Effective January 1, 2025 and each calendar year thereafter, all eligible employees under this section with a current overall annual evaluation rating of Meets Standards and above for the prior evaluation year, shall receive an additional annual allotment of forty (40) hours of ETO to be used within the calendar year it is allotted. This additional annual allotment of ETO becomes available for use on the first District business day of the calendar year and shall not roll over into the following calendar year. Only persons who are actively employed by the District at the time of the annual allotment in January will be eligible for the allotment. Any unused portion of ETO will be automatically cashed out by the District to the employee on the paycheck following December 1 of each calendar year.

(c) Eligible employees shall make a request to use ETO hours to their direct supervisor. The District shall determine whether a request for ETO shall be granted. However, an eligible employee's timely request to use ETO hours under this provision shall only be denied for good and sufficient business reasons.

(d) Any ETO hours not used by an employee prior to separation of service will be automatically cashed out by the District at separation.

(e) Effective July 1, 2022 through December 31, 2022, all employees eligible under this section, who were employed by the District during that timeframe, shall receive a retroactive payment equivalent to an allotment of twenty-four (24) hours of ETO for that timeframe.

(f) Effective January 1, 2023 through December 31, 2023, all employees eligible under this section who were employed by the District during that timeframe shall receive a retroactive payment equivalent to an allotment of forty (40) hours of ETO for that timeframe.

(g) Eligible employees who received an overall annual evaluation rating of Meets Standards and above for the 2022-2023 evaluation year shall receive an additional allotment of 40 hours of ETO for that evaluation period. Any unused portion of ETO awarded under this provision will be automatically cashed out by the District to the employee on the first paycheck following December 1, 2024.

(h) Only persons employed by the District at the time this section becomes effective may be awarded retroactive allotments and/or retroactive payments, as set forth above.

Division VI**PERSONNEL MATTERS**

Chapter		Sec.
1	Employee Relations	6100
2	Personnel Regulations	6200
3	General Employee Matters	6300
4	Officers	6400
5	Management and Confidential Employees - General	6500
[6	Repealed	6600]
[7	Repealed	6700]
8	Employee Deferred Compensation and Savings Plans	6810

Chapter 2**PERSONNEL REGULATIONS**

Sec.	
6200.	Definitions
6201.	Benefits Paid Temporary Employees
6202.	Hourly Pay Rate Calculations
6203.	Leave Accrual and Usage
6204.	Merit System
6205.	Eligibility and Qualifications for Employment
6206.	Appointments and Removals
6207.	Positions Authorized
6208.	Pay Rate Administration
6209.	Discharge
6210.	Employee Evaluation
6211.	Merit Increases
[6212 - 6216	reserved for future use]
6217.	Disciplinary Procedure
6218.	Appeal Procedure
6219.	Disciplinary Actions
6220.	Suspension
6221.	Demotion
6222.	Reduction in Force
6223.	Hours of Work
6224.	Overtime
6225.	Holidays
6226.	Annual Leave
6227.	Sick Leave
6228.	Disability Leave
6229.	Special Leave

- 6230. Employee Leave Transfers
- 6231. Family and Medical Leave
- 6232. Paid Leave While Caring For A Newly Born Or Newly Adopted Child
- 6233. Benefits Paid Regular Part-Time Employees
- 6234. Domestic Partners
- [6235 - 6239 reserved for future use]
- [6240 - Repealed]
- 6241. Notice of Absence
- 6242. Reinstatement Upon Return from Leave Necessitated by Pregnancy, Childbirth, Miscarriage, or Abortion
- 6243. Bereavement Leave
- 6244. Use of Accumulated Leave - Industrial Injury
- 6245. Use of Accumulated Leave - Quarantine
- 6246. Military Leave
- 6247. Leave Without Pay
- 6248. Severance Pay
- 6249. Jury Duty Leave
- [6250 - 6259 reserved for future use]
- 6260. Shift Pay and Diving Pay
- 6261. Time Off for Voting
- 6262. Leave for Subpoenaed Employees
- 6263. Modification of Work Schedules
- 6264. Retention of Travel Incentives
- 6265. Service Awards
- 6266. Insurance Pertaining to Employees
- 6267. Relocation Expenses for Unrepresented and Officer Employees
- 6268. Reproductive Loss Leave

§ 6227. Sick Leave.

(a) Employees shall accumulate sick leave at the following rates:

(1) Regular and Recurrent employees shall accumulate sick leave with full pay at the rate of .045978 hours for each hour of service.

(2) Temporary employees, excluding Annuitants, shall accumulate sick leave with full rate pay at the rate of .033333 hours for each hour of service effective July 1, 2015.

(b) Such leave may be taken for absences from duty made necessary by:

(1) Incapacity due to illness.

(2) Incapacity due to injury incurred in the line of duty with the District to the extent provided in Section 6244 of this Code, or to injury not incurred in the line of such duty.

(3) A female employee's incapacity due to pregnancy, childbirth, miscarriage, abortion, or a reproductive loss event.

(4) Medical, dental or ocular examination or treatment of an employee, without incapacity, for which appointment cannot be made outside working hours, but limited to four hours for each appointment.

(5) To attend to the illness or injury in the employee's immediate family, other than the employee's own illness, to the extent permitted by Section 6229 of this Code. For the purposes of this section, "immediate family" means spouse, state-registered domestic partner, child, parent, sibling, grandparent, or grandchild, or designated person. A "designated person" for purposes of this section means a person identified by the employee at the time the employee requests special leave with pay and may include any individual related by blood or whose association with the employee is the equivalent of a family relationship. An employee is limited to one (1) designated person per 12-month period for paid sick days.

(6) To seek medical attention for injuries, obtain services from a shelter, program, or crisis center, psychological counseling or to participate in safety planning, including temporary or permanent relocation when an employee is a victim or survivor of domestic violence, sexual assault or stalking to the extent and limitation provided in Section 6229 of this Code.

(c) Physician Certification.

(1) A physician's certification or other proof of incapacity or treatment may be required if an employee's supervisor believes that a medical verification is justified in order for the employee to fulfill their job requirements or if the employee has a leave abuse problem. Notice of this requirement shall be given in advance in all cases of prior leave abuse. A physician's certification shall be required for all sick leave absences exceeding ten (10) working days.

(2) A physician's certification authorizing an employee's return to work from serious illness or injury shall be reviewed by the District's medical support in Human Resources Medical prior to the employee's return to work. An illness or injury may require additional medical examinations/testing in order to determine whether the employee can safely perform their duties, or to determine appropriate work restrictions. Such examination/testing will be done at District expense and on District time if the District requires that it be conducted by District-selected medical personnel.

(3) In the event sick leave is requested while an employee is on vacation, a certification by an attending physician is required for the granting of sick leave.

(d) Accumulation of Sick Leave for Regular and Recurrent Employees.

(1) Accumulation of sick leave as of the pay period of any annual payroll cycle which includes November 15, shall not be in excess of 1,000 hours of sick leave.

(2) If, during any period of any annual payroll cycle which includes November 15, an employee's total of accumulated sick leave exceeds the limitation on accumulation stated in Section 6227(d)(1), the excess accumulated sick leave shall, as soon as practicable after that payroll period, be paid to the employee entitled thereto at the employee's hourly pay rate at the end of said payroll period for 52.2 percent of the excess accumulated hours of such sick leave.

(3) An employee who separates from employment with the District, and has an accumulation of 10,440 hours of service with the District without interruption, will be paid at the employee's hourly rate of 52.2 percent of all accumulated sick leave. If the employee is rehired within twelve (12) months from their separation date, then any unused and unpaid sick leave will be reinstated. Employees will be paid out their unused sick leave at the time of separation based on the regular hourly base pay. Employees on temporary promotion performing higher level duties in a temporary capacity, upon separation of service will be returned to their regular classification and unpaid leave will be paid at their regular hourly base pay.

(4) If an employee retires in accordance with the Public Employees' Retirement Law, as stated in Government Code Section 20965, the employee may elect one of two options: (1) to be paid at the employee's hourly rate for 52.2 percent of the excess accumulated hours of sick leave at the time of separation with the remaining 47.8 percent converted to additional service credit; or (2) to have 100 percent of such accumulated hours converted to additional service credit. If the employee makes no election, the employee will be defaulted to option (1).

(5) Except as provided in Section 6248 and Section 6227, there shall be no cancellation of earned but unused sick leave.

(e) Employees on military leave, either reserve, National Guard, State Guard or extended military service do not lose their accumulated sick leave credit.

(f) Accumulation of Sick Leave for Temporary employees, excluding Annuitants.

(1) A Temporary employee's accumulation of sick leave shall be limited to a total not to exceed sixty (60) hours.

(2) Upon separation from employment with the District, a Temporary employee will not be compensated for unused paid sick time.

(3) A Temporary employee who separates from employment with the District, and is rehired by the District within twelve (12) months from the date of separation, shall have his or her previously accrued and unused paid sick days reinstated.

(g) The unauthorized use of sick leave may result in disciplinary action.

§ 6242. Reinstatement Upon Return From Leave Necessitated by Pregnancy, Childbirth, Miscarriage, or Abortion.

An employee returning from leave necessitated by pregnancy, childbirth, miscarriage, abortion, or a reproductive loss event shall be entitled to reinstatement to the employee's position held at the time the leave status began or, if the position has been deleted, to a position of like status in the same geographic area. Except as otherwise specifically provided by this Code or by rule of the District, such an employee shall, while on leave status, accumulate seniority credit for the purpose of determining ranking in the event of a reduction in force, but shall accumulate other benefits only as specifically provided for the type of leave taken by the employee.

§ 6268. Reproductive Loss Leave

Upon a reproductive loss event of an employee, the employee shall be allowed such reproductive loss leave for up to five (5) days without pay per reproductive loss event (RLE). RLE is defined as the day or, for a multiple day event, the final day of a failed adoption, failed surrogacy (applies to the would-be parent), miscarriage, stillbirth, or an unsuccessful assisted reproduction. If the employee experiences more than one RLE within 12 months, the employee is entitled to a maximum of 20 days of reproductive loss leave (“RLL”) within a 12 month period, not to exceed five (5) days per RLE. Employees are required to complete their RLL within three (3) months of the RLE, but if the employee is taking other specified leave (e.g., CFRA, FMLA, pregnancy disability leave, personal leave, sick leave, comp time) prior to or immediately after an RLE, the three (3) months does not start until the other leave completes. RLE need not be taken consecutively. The employee is not required to provide documentation to verify the RLE, but will be required to submit a leave request. Only an employee with thirty (30) days or greater of service is eligible for reproductive loss leave.

Chapter 5

MANAGEMENT AND CONFIDENTIAL EMPLOYEES - GENERAL

Article		Sec.
1	Salaries	6500
2	Benefits	6520
3	Grievances	6540
4	Miscellaneous	6560

Article 1

SALARIES

§ 6500. Hourly Pay Rate Schedule.

(a) The hourly pay rate (as that term is defined in subdivision (h) of Section 6200) and schedule of positions occupied by unclassified service employees not in an appropriate unit recognized pursuant to Section 6108 shall be as follows:

<u>Grade</u>	<u>Range</u>	<u>Title</u>
14	\$14.77-20.16 (\$30,722-41,933)	*Student Youth Intern
22	\$18.43-25.06 (\$38,334-52,125)	*Student Intern
66	\$61.18-83.42 (\$127,254-173,514)	Principal Administrative Analyst
67	\$62.75-85.70 (\$130,520-178,256)	Executive Office Manager
68	\$64.47-88.05 (\$134,098-183,144)	Program Manager I
71	\$69.83-95.46 (\$145,246-198,557)	Program Manager II
72	\$71.73-98.01 (\$149,198-203,861)	Board Executive Secretary Special Assistant to the GM Staff Assistant to General Manager
73	\$73.70-100.65 (\$153,296-209,352)	Senior Audit Manager
74	\$75.74-103.33 (\$157,539-214,926)	Program Manager III
75	\$77.72-106.23 (\$161,658-220,958)	Human Resources Manager I
77	\$82.07-112.16 (\$170,706-233,293)	Deputy General Auditor
78	\$84.31-115.21 (\$175,365-239,637)	Human Resources Manager II
79	\$86.64-118.43 (\$180,211-246,334)	Sr. Deputy General Counsel-Labor Relations
80	\$89.01-121.67 (\$185,141-253,074)	Chief Deputy DE&I Officer Deputy Chief EEO Officer Human Resources Section Manager

		Manager of Colorado River Resources
81	\$91.51-125.03 (\$190,341-260,062)	Assistant General Auditor Budget and Treasury Manager Executive Legislative Representative Human Resources Manager III Strategic Comm. & Policy Advisor
82	\$93.96-128.42 (\$195,437-267,114)	Manager of Bay-Delta Programs Manager of Bay-Delta Science & Regulator Strategy
85	\$101.98-139.31 (\$212,118-289,765)	Assistant Group Manager Bay-Delta Initiatives Policy Manager Chief EEO Officer Chief Diversity, Equity & Inclusion Officer Chief Safety, Security & Protection Officer Chief Sustainability, Resiliency & Innovation Officer Principal Deputy General Counsel-Labor Relations
86	\$104.78-143.14 (\$217,942-297,731)	Assistant General Counsel Executive Advisor: Water Resources & Capital Improvements Group Manager Group Manager—Bay Delta Initiatives Group Manager—External Affairs Group Manager—Finance Group Manager—Human Resources Group Manager—Real Property Manager of Colorado River Resources
88	\$110.62-151.13 (\$230,090-314,350)	Board Executive Officer Group Manager—Conveyance & Distribution Group Manager—Info Technology Group Manager—Water Resources Management Group Manager—Treatment & Water Quality Group Manager—Water Resources Management
89	\$113.62-155.33 (\$236,330-323,086)	Group Manager—Engineering Services Group Manager—Water System Operations
93	\$126.71-173.11 (\$263,557-360,069)	Assistant General Manager – Chief Administrative Officer Assistant General Manager—Chief External Affairs Officer Assistant General Manager – Chief Financial Officer Assistant General Manager – Strategic Water Initiatives
94	\$130.15-177.89 (\$270,712-\$370,011)	Assistant General Manager—Chief Operating Officer

97	\$141.25-192.98 (\$293,800-\$401,398)	Executive Officer & Assistant General Manager—Water & Technology Resources
----	------------------------------------------	----------------------------------------------------------------------------

() Shows approximate annual salary range for convenience; Board approved rates are hourly. Asterisk * positions are Fair Labor Standards (FLSA) “non-exempt” (i.e., eligible for overtime).

(b) Unrepresented FLSA “exempt” employees are eligible to receive a monthly transportation allowance. Transportation allowance amounts are to be administered by the General Manager based on a schedule approved by the Board of Directors.

(c) Unrepresented FLSA “exempt” employees are eligible to participate in a pay-for-performance incentive program promulgated by the General Manager. The Board shall establish the total expenditure for the program.

(d) Unless otherwise directed by the Board, the range of base hourly pay rates for the employees in the positions identified in Section 6500(a) will be adjusted to correspond with the across-the-board salary adjustments provided to the District’s management unit. Actual pay rates for these employees will be based on merit pursuant to employee evaluations. Department Heads are authorized to move a position to a different salary grade in accordance with practices, policies and procedures promulgated by the General Manager.

Article 2

BENEFITS

Sec.

- 6520. General
- 6521. Retirement
- 6522. Medical Insurance
- 6523. Dental Insurance
- 6524. Tuition Reimbursement
- 6525. Term Life Insurance
- [6526 repealed]
- [6527 repealed]
- 6528. Personal Leave
- 6529. Part-Time Disability Leave
- 6530. Bereavement Leave
- 6531. Long-Term Disability Insurance
- 6532. Professional Development and Productivity Enhancement
- 6533. Deferred Compensation
- 6534. Vision Plan
- 6535. Wellness Enhancement Program
- 6536. Exempt Time Off

§ 6520. General.

In addition to other benefits set forth in this Administrative Code, employees, other than temporary or less than part-time employees, and to the extent specified, annuitants, shall be entitled to the following benefits effective June 28, 1987, unless otherwise provided hereinafter. Further, unless otherwise directed by the Board, benefits for the employees in the positions referenced in Section 6500(a) shall be provided to correspond with the across-the-board salary and benefits adjustments provided to the District's management unit.

§ 6521. Retirement.

The District shall pay to the California Public Employees' Retirement System (CalPERS) on behalf of each employee an amount equal to the required employee contribution to CalPERS, not to exceed seven percent (7%) of each employee's salary for employees deemed Classic Members by CalPERS. Employees deemed as New Members are subject to the Public Employees' Pension Reform Act (PEPRA) and shall pay their own employee contributions.

The contribution shall be treated as an employer contribution made pursuant to Section 414(h)(2) of the Internal Revenue Code in determining the tax treatment of the contribution. Such contributions shall be treated for all purposes other than taxation in the same manner and to the same extent as contributions made by employees prior to June 30, 1985. Such contributions shall be paid from the same source of funds as used in paying wages to the affected employees. The employee does not have the option to receive the District-contributed amount paid pursuant to this section directly instead of having it paid to CalPERS. Notwithstanding any provision in this Code to the contrary, the wages of each unrepresented employee shall be reduced by the indicated percentage of the amount of such employee's contribution paid by the District pursuant to the provisions of this section:

For such employees employed prior to January 1, 1981: 64.3%

For such employees employed on or after January 1, 1981: 100.0%

This section shall be operative only so long as the District pickup of the retirement contribution continues to be excluded from the gross income of the employee under the provisions of the Internal Revenue Code.

§ 6522. Medical Insurance.

Metropolitan's monthly contribution for employees in classifications referenced in Section 6500 and related annuitants to the medical plans maintained by CalPERS shall be established by Board resolution pursuant to the provisions of the Public Employees' Medical and Hospital Care Act.

§ 6523. Dental Insurance.

The District shall fully pay premiums for employees in classifications referenced in Section 6500 and their qualified dependents under the group dental insurance provided by Delta Dental Company. Any reserve funds developed under the policy may be applied towards paying the premium of any policy obtained pursuant to this section.

During the policy year beginning with September 1, 1992, the District shall amend its policy to provide for an increase in orthodontic coverage under the prior terms of the policy to \$2,000 lifetime maximum per covered participant; and to increase the prophylaxis (cleaning) benefit by providing for such cleaning once every four (4) months. In addition, the District shall amend its policy to provide for an increase in the maximum payable for diagnostic and preventative care per calendar year per eligible person to \$2,500 a year; and to provide for sealant treatment for dependent children.

§ 6524. Tuition Reimbursement.

Tuition reimbursement for all employees in classifications referenced in Section 6500 shall be one-hundred percent (100%) of tuition, registration fees, books, and laboratory fees for up to twelve (12) units per quarter or semester; provided however, that employees who receive tuition reimbursement approval for a course or curriculum on or after August 1, 1992 shall be eligible for tuition reimbursement at the rate of one-hundred percent (100%), to a maximum of \$9,000 per calendar year, and up to an additional \$2,000 per calendar year for graduate or doctorate degrees.

§ 6525. Term Life Insurance.

All employees in classifications referenced in Section 6500 will be provided with District-paid term life insurance affording coverage in an amount equal to 2,080 times the employee's hourly rate rounded off to the next higher thousand dollars, with employees having the option at their own expense to obtain additional coverage not to exceed a maximum combined coverage of four hundred thousand dollars (\$400,000).

§ 6528. Personal Leave.

Employees in classifications referenced in Section 6500 who are exempt from overtime pay and have been employed by the District for more than 1,044 hours of current service, including military leave during the period of current service, may take personal leave with pay up to twenty-four (24) hours each annual payroll cycle which shall not be charged against accumulated sick leave. Such personal leave may be taken for any personal reason, so long as such leave does not interfere with the mission of the District.

§ 6529. Part-Time Disability Leave.

An unrepresented employee, otherwise eligible for disability leave pursuant to Section 6228, may be permitted by the employee's Department Head to work for a period, subject to termination by the Department Head, on a part-time basis if a physician's statement is furnished, satisfactory to and accepted by the District, stating the employee is physically able to

work on a part-time basis. The Department Head may not re-delegate the authority provided by this section. Notwithstanding any provision to the contrary in Sections 6200 through 6268, the employee shall be permitted to accrue leave in accordance with District regulation for those hours not on disability leave, but shall not be allowed to use leave until returning to work on a full-time basis and a physician's statement, satisfactory to and accepted by the District, is received stating the employee is physically able to return to work on a full-time basis for an indefinite time. For all other purposes of Section 6228, an employee on part-time disability leave shall be considered to be on full-time disability leave and shall not be considered as having returned to work.

§ 6530. Bereavement Leave.

Upon the death of a member of an employee's immediate family, a classification referenced in Section 6500 shall be allowed such bereavement leave with pay as is actually necessary to take care of funeral arrangements or to attend the funeral, but not to exceed three (3) working days, or, one workweek as determined by the employee's assigned work schedule, if the death occurs 250 miles or more from the employee's place of residence. If the death does not occur 250 miles or more from the employee's place of residence, then the employee shall be allowed additional bereavement leave without pay not to exceed two (2) working days, except that an employee may use vacation, personal leave, accrued and available sick leave, or compensatory time off that is otherwise available to the employee. For the purposes of this section, "immediate family" means spouse, state-registered domestic partner, or the employee's or spouse's/domestic partner's child, parent, brother, sister, stepparent, stepchild, grandparent, grandchild, aunt or uncle. An employee, if requested by Metropolitan, within thirty (30) days of the first day of the leave, shall provide documentation of the death of the family member. As used in this section, "documentation" includes, but is not limited to, a death certificate, a published obituary, or written verification of death, burial, or memorial services from a mortuary, funeral home, burial society, crematorium, religious institution, or governmental agency. The bereavement leave shall be completed within three (3) months of the date of death of the family member.

§ 6531. Long-Term Disability Insurance.

The District shall provide long-term disability (LTD) insurance to employees in classifications referenced in Section 6500. Commencing July 1, 1998, or as soon thereafter as practical, the insurance shall provide a benefit of \$8,000 per month, but not to exceed sixty-six percent (66%) of the employee's monthly salary. The benefit shall commence ninety (90) days after the employee's disability commences. Benefit payments are paid after the employee first exhausts all sick leave, exhausting disability leave payable at the rate of 75 percent (75%) of full pay, and exhausting disability leave at the rate of 50 percent (50%) of full pay, in that order. Benefit payments shall expire at age 65, unless the employee's disability terminates sooner. If the employee applies for LTD benefits at age 65 or older, payments will expire within twelve (12) to twenty-four (24) months depending on age when the first payment begins. The District's insurance carrier shall determine eligibility including whether an employee is disabled. Preexisting conditions shall be excluded from coverage. The District shall have the right to change carriers and coverage so long as the replacement insurance is at least as advantageous.

§ 6532. Professional Development and Productivity Enhancement.

Any employee in an unrepresented position referenced in Section 6500 shall be reimbursed for professional development and productivity enhancement expenses, as follows:

(a) The District shall reimburse employees for state-mandated license for certification fees.

(b) The District shall reimburse unrepresented employees, to correspond with adjustments provided to the District's management unit, for the costs incurred for professional development, certifications, licenses, or other costs incurred for professional development or productivity enhancement including seminars, journals, periodicals, books, travel expenses, professional association dues, pre-approved electronic equipment software and hardware, computing or communication devices, and other equipment pursuant to authorization by the employee's Department Head, to a specified annual maximum, when related to their job duties and/or to the fulfillment of the District's purposes. Any unused monies will roll over for one and only one subsequent year, from odd calendar years to even years, and unused monies during even years will be neither rolled over nor paid out.

§ 6533. Deferred Compensation.

The District shall provide a matching contribution, on behalf of each employee in a classification referenced in Section 6500 who is a participant in the 401(k) Plan provided for in Division VI, Chapter 8, Article 1 of this Code, in the amount of one (1) dollar for each dollar contributed by the employee in accordance with a compensation-reduction election made by the participant pursuant to the 401(k) Plan Section 3.2. Commencing July 1, 2004, or as soon thereafter as practical, the maximum District matching contribution shall not exceed four and one-half percent (4.5%) of the employee's total cash compensation and salary reductions permitted under Sections 401(k), 414(b) and 457 of the Internal Revenue Code during that time period. This section shall only be operative to the extent that the District can make matching contributions and maintain compliance with the Internal Revenue Code.

§ 6534. Vision Plan.

The District shall on behalf of each employee in a classification referenced in Section 6500 provide for a vision care program through a District-approved vision plan provider. The vision care program shall provide coverage of standard ophthalmic materials when necessary for the eligible employee's visual welfare. This program shall provide for eye examinations, lenses, and frames under the program. The District shall fully pay the employee only premium rate. Employees will, however, be permitted the option to purchase family coverage through the program.

§ 6535. Wellness Enhancement Program.

The District shall on behalf of each employee in a classification referenced in Section 6500, provide a wellness enhancement reimbursement benefit for common health and fitness services not to exceed four hundred dollars (\$400) annually for District-approved activities, services, equipment and products that promote physical activity, wellness and work-life balance. All submissions for reimbursement must be submitted by January 31 for the prior year. This benefit is annual and any unused remainder may not be carried over to subsequent years.

§ 6536. Exempt Time Off

(a) Effective January 1, 2024, and each calendar year thereafter, all full-time FLSA-exempt employees with a classification referenced in Section 6500 are eligible for an annual allotment of forty (40) hours of Exempt Time Off (ETO) to be used within the calendar year it is allotted. The annual allotment of ETO becomes available for use on the first District business day of the calendar year and shall not roll over into the following calendar year. Employees hired after the annual allotment in January, and existing employees who are promoted or transferred into an applicable classification after the annual allotment in January, are not eligible to receive ETO until the following calendar year. Existing employees with an ETO allotment or balance from a previous classification will retain their unused ETO for that calendar year. Any unused portion of ETO will be automatically cashed out by the District to the employee on the first paycheck following December 1 of each calendar year.

(b) Effective January 1, 2025 and each calendar year thereafter, all eligible employees under this section with a current overall annual evaluation rating of Meets Standards and above for the prior evaluation year, shall receive an additional annual allotment of forty (40) hours of ETO to be used within the calendar year it is allotted. This additional annual allotment of ETO becomes available for use on the first District business day of the calendar year and shall not roll over into the following calendar year. Only persons who are actively employed by the District at the time of the annual allotment in January will be eligible for the allotment. Any unused portion of ETO will be automatically cashed out by the District to the employee on the paycheck following December 1 of each calendar year.

(c) Eligible employees shall make a request to use ETO hours to their direct supervisor. The District shall determine whether a request for ETO shall be granted. However, an eligible employee's timely request to use ETO hours under this provision shall only be denied for good and sufficient business reasons.

(d) Any ETO hours not used by an employee prior to separation of service will be automatically cashed out by the District at separation.

(e) Effective July 1, 2022 through December 31, 2022, all employees eligible under this section, who were employed by the District during that timeframe, shall receive a retroactive payment equivalent to an allotment of twenty-four (24) hours of ETO for that timeframe.

(f) Effective January 1, 2023 through December 31, 2023, all employees eligible under this section who were employed by the District during that timeframe shall receive a retroactive payment equivalent to an allotment of forty (40) hours of ETO for that timeframe.

(g) Eligible employees who received an overall annual evaluation rating of Meets Standards and above for the 2022-2023 evaluation year shall receive an additional allotment of 40 hours of ETO for that evaluation period. Any unused portion of ETO awarded under this provision will be automatically cashed out by the District to the employee on the first paycheck following December 1, 2024.

(h) Only persons employed by the District at the time this section becomes effective may be awarded retroactive allotments and/or retroactive payments, as set forth above.



Legal and Claims Committee

Approve Amendments to
Administrative Code to:

- Conform to State Law
- Provide Benefits to Unrepresented Employees
- Authorize the General Manager to Adjust Unrepresented Employees Salary and Benefits

Item 7-8

March 12, 2024

Item 7-8

Subject

Authorize amendments to the MWD Administrative Code to conform to state law, provide benefits to unrepresented employees and authorize the general manager to adjust unrepresented employees' salaries consistent with management unit

Purpose

Provide unrepresented employees with salary and benefits consistent with the management unit; conform administrative code to state law

Recommendation and Fiscal Impact

Approve amendments to the MWD Administrative Code
Fiscal impact: Up to \$400,000 annually

Item 7-8

Providing Benefits

Section 6520

- Provides exempt time off and other benefits for unrepresented employees
- Corresponding with MAPA's benefits
- Currently and going forward

Item 7-8

Reproductive Loss Leave

Section 6268

- Provides for state-mandated benefit
- Reproductive loss leave
- Failed adoptions and miscarriages
- 5-days unpaid leave

Item 7-8

Authorize the General Manager to provide unrepresented employees with salary adjustments equivalent to those approved for MAPA

Item 7-8

Updates to Current Benefits

For Unrepresented Employees

- 6521 – Retirement contributions
- 6523 – Dental insurance limits
- 6524 – Tuition reimbursement limits
- 6525 – Term life insurance limits
- 6531 – Long-term disability rules
- 6532 – Professional development
- 6535 – Wellness program reimbursements
- 6536 – Exempt Time Off

Item 7-8

Board
Options

Option # 1

Approve amendments to the Metropolitan Water District Administrative Code to provide an exempt time off benefit for unrepresented employees, create a new reproductive loss leave benefit, and to conform personnel regulations for unrepresented employees to current practices and regulations; and authorize the General Manager to adjust unrepresented salaries to conform with the equity wage and cost-of-living adjustments provided to Metropolitan's management unit.

Option #2

Do not approve the proposed amendments to the Metropolitan Water District Administrative Code





Finance and Asset Management Committee

Authorize a New Lease on Holland Tract

Item 8-1

March 12, 2024

8-1 Overview of New Lease

Subject

- Authorize a new, long-term agricultural lease agreement with Lemhi Land & Cattle, LLC.

Purpose

- A long-term lease to enhance revenues, increase the market value of the subject property, and convert corn to rice to reduce subsidence and climate impacts.

General Location



Bay-Delta Land Use Strategy

Timeline

- 2016 Short-term leasing for land use flexibility
- 2022 Board adopts Bay-Delta Policies
- 2023 DWR approves Delta Conveyance Project preferred alignment
- 2024 Staff presented Delta Strategic, Financial, and Risk Analysis

Bay-Delta Land Use Strategy

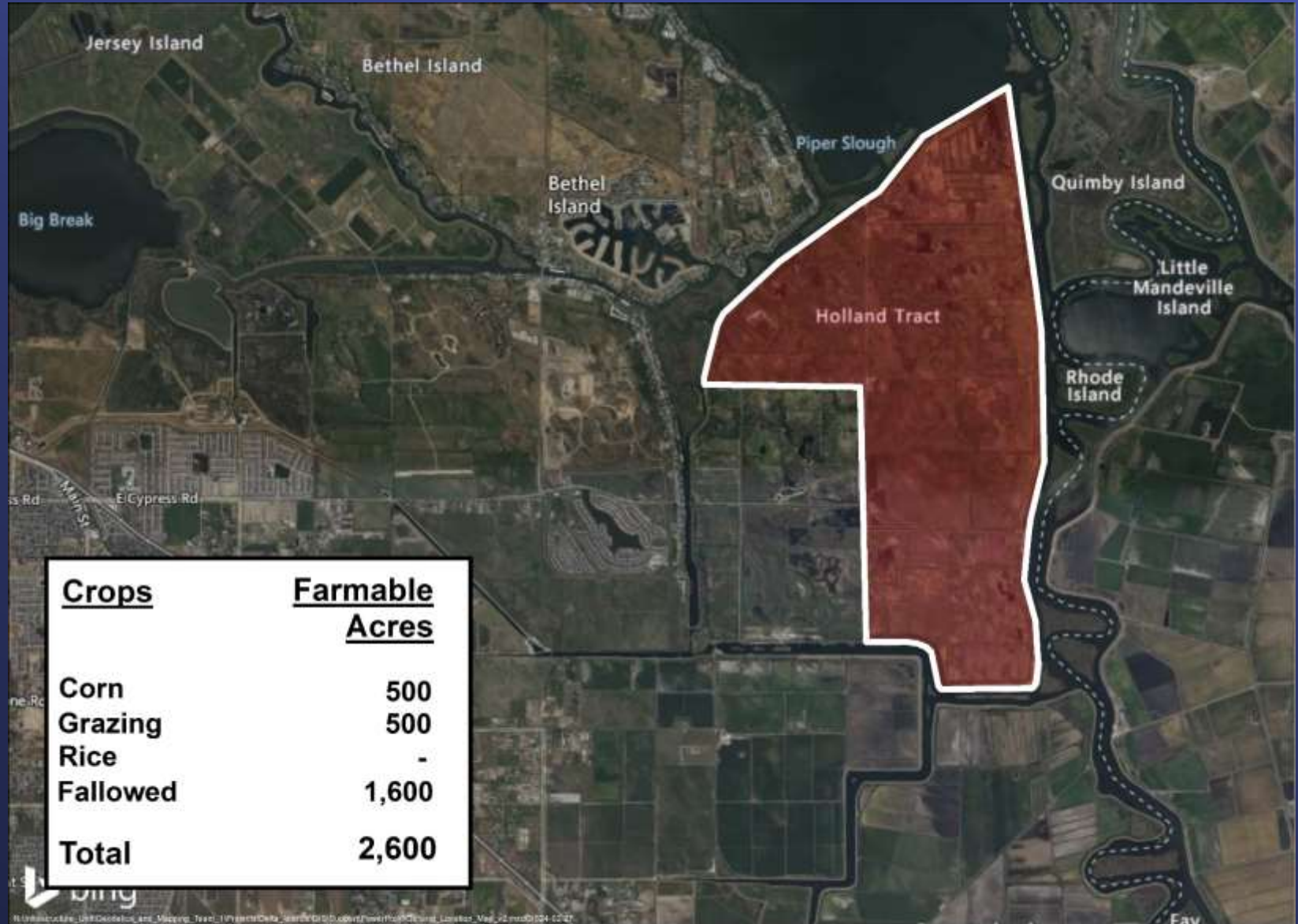
Long-Term Agricultural Leasing

- Revenue Growth
- Future Property Value

Corn-to-Rice Conversion

- Subsidence Reduction
- Carbon Sequestration Opportunities
- Delta Ecosystem Restoration

Site Map







Board of Directors

• Conservation Board Report March 2024

Summary

This report provides a summary of conservation activity and expenditures for January 2024.

Purpose

Informational

Detailed Report

Conservation Expenditures – FY2022/23 & FY2023/24 ⁽¹⁾

	Paid ⁽²⁾	Committed ⁽³⁾
Regional Devices	\$11.0 M	\$5.5 M
Member Agency Administered	\$9.6 M	\$4.6 M
Turf Replacement	\$37.9 M	\$28.5 M
Advertising	\$9.2 M	\$1.3 M
Other	\$3.5 M	\$1.8 M
TOTAL	\$71.2 M	\$41.7 M

(1) The Conservation Program biennial expenditure authorization is \$86 million.


(2) Paid as of 7/1/2022 - 1/31/2024. Financial reporting on cash basis.

(3) Committed dollars as of February 10, 2024


Summary of Expenditures in January 2024: \$5,293,279 (1)

Lifetime Water Savings to be achieved by all rebates in January 2024: 9,181 AF


FY2022/23-FY2023/24: 106,082 AF lifetime water savings




Turf Replacement Rebates:
January: 1,451,480 ft² replaced
FY2022/23-FY2023/24: 17,894,015 ft² replaced




Clothes Washers:
January: 1,105 units rebated
FY2022/23-FY2023/24: 18,930 units rebated




Smart Controllers:
January: 592 units rebated
FY2022/23-FY2023/24: 16,526 units rebated



Toilets:
January: 1,952 units rebated
FY2022/23-FY2023/24: 34,557 units rebated



Rain Barrels and Cisterns:
January: 119 units rebated
FY2022/23-FY2023/24: 3,964 units rebated



Sprinkler Nozzles:
January: 865 units rebated
FY2022/23-FY2023/24: 36,548 units rebated

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

Finance and Asset Management Committee



Proposed Biennial Budget for FYs 2024/25 and 2025/26; Proposed Water Rates and Charges for Calendar years 2025 and 2026; Overview of Rates and Charges; Ten-Year Forecast

Workshop #3

Item 9-2

March 12, 2024

Budget Workshop #3

Item 9-2

Subject

Proposed Biennial Budget for FYs 2024/25 and 2025/26; Proposed Water Rates and Charges for Calendar years 2025 and 2026; Overview of Rates and Charges; Ten-Year Forecast

Purpose

Provide information to enable April Board action on Proposed Biennial Budget for FYs 2024/25 and 2025/26, Proposed Water Rates and Charges for Calendar years 2025 and 2026, and Ten-Year Forecast

Next Steps

- FAIRP Committee, Workshop #4, if needed on Mar 26, 2024
- FAIRP Committee, Recommend Biennial Budget and Calendar Year rates and charges on April 8, 2024
- Board **action** regarding biennial budget and Calendar Year rates and charges on April 9, 2024

Member Agency Manager Feedback

FY 2024/25 & FY 2025/26 Budget Alternatives

- Staff met with Member Agency Managers on **February 28** and **March 7** to get feedback on the Proposed Budget and Alternatives. A summary of the key themes and recurring comments is provided below and on the next few slides:
 - General recognition of Metropolitan's financial circumstances underscored by declining water transactions, drawdown on unrestricted reserves, and acute cost pressures
 - Member Agencies expressed concerns that one-time O&M reductions would not be material in solving the financial challenges Metropolitan faces over the biennium
 - Preference for long-term predictable and stable rate increases. This was particularly important for Member Agencies and their customers that set rates over a multi-year period

Member Agency Manager Feedback (Continued)

FY 2024/25 & FY 2025/26 Budget Alternatives

- Member Agency Managers rejected alternatives that relied on one-time solutions (revenues & expense reductions) to keep rates low in the biennium at the expense of higher rate increases in years 3 and 4 of the forecast
 - There's mixed support for keeping conservation funding at levels reflected in the Proposed Budget; however, there are concerns about debt financing conservation
- Member Agencies generally expressed a preference for budgeting to lower water transactions (1.34MAF) in recognition of current hydrologic conditions and Metropolitan's projected reserve levels
- There's general support, with some exceptions, for Alternatives that increase the property tax levy to recover an additional portion of State Water Contract costs
 - General recognition that Metropolitan's mix of fixed costs and volumetric revenues poses some unique challenges that must be addressed in the future

Rate Alternatives for Budget Workshop #3

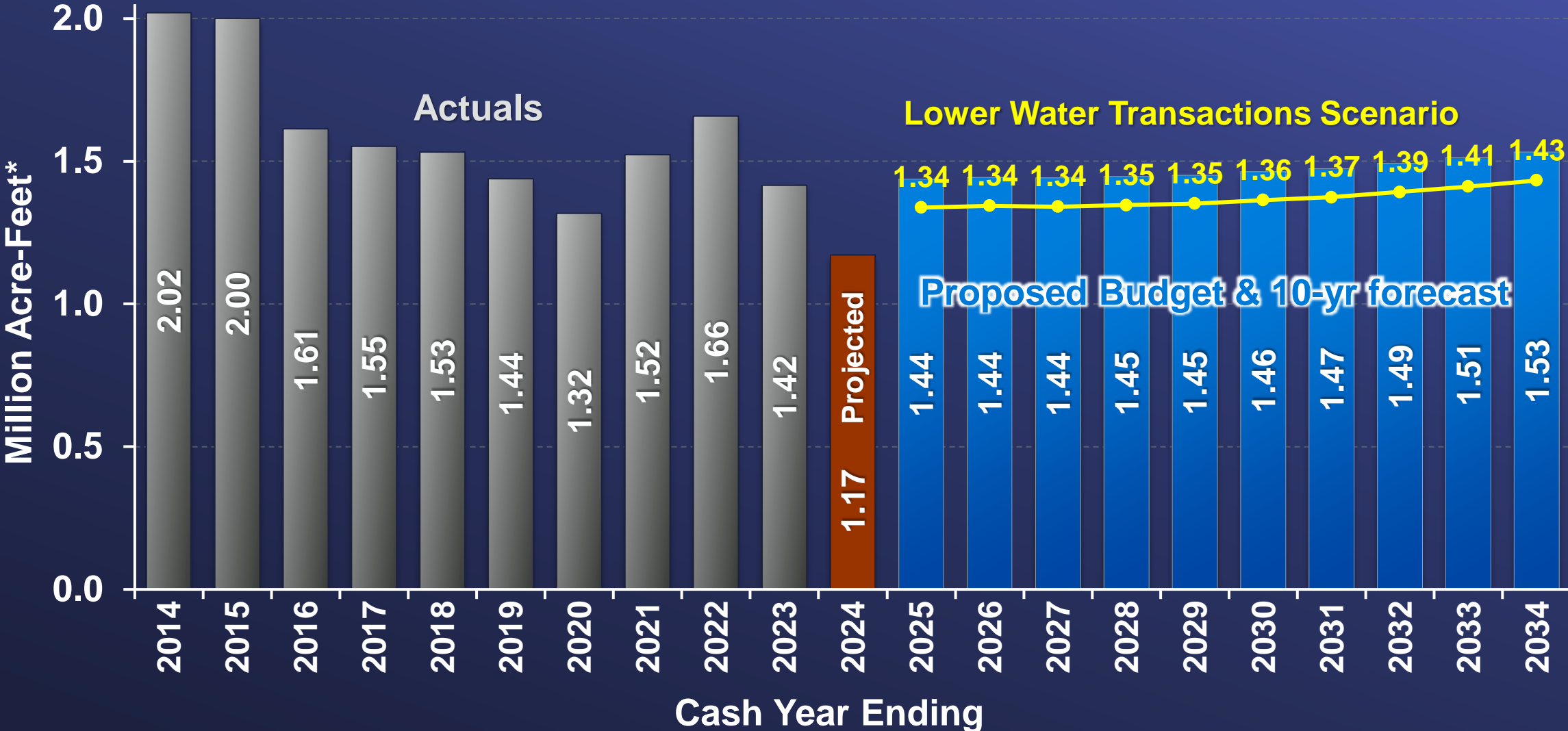
	Water Transactions	Property Tax Rate	Reduce Conservation	Overall Rate Increase
Proposed Budget	1.44 MAF	0.0035%	No	13% / 8%
Alt 1 Double Ptax	1.44 MAF	0.0070%	No	7% / 6%
Alt 2 Low Sales, 7/6 & inc Ptax	1.34 MAF	0.0099%	No	7% / 6%
Alt 3 Low Sales, 5/5 & inc Ptax	1.34 MAF	0.0104%	No	5% / 5%
Alt 4 Low Sales, 5/5, cut Cons & inc Ptax	1.34 MAF	0.0100%	Yes (1)	5% / 5%

- (1) Reduce conservation program to \$17M for FY 2024/25 and \$5M/yr for FY 2025/26 and FY 2026/27 then back to \$30.5M/yr.

This would eliminate the need to issue an additional \$48M of debt during the biennium.

Metropolitan has been awarded over \$40M in recent grants and is continuing to pursue other grant opportunities. Most of these grants require 50% matching funds. As such, reductions to the conservation budget will disqualify MWD from most of the grant awards.

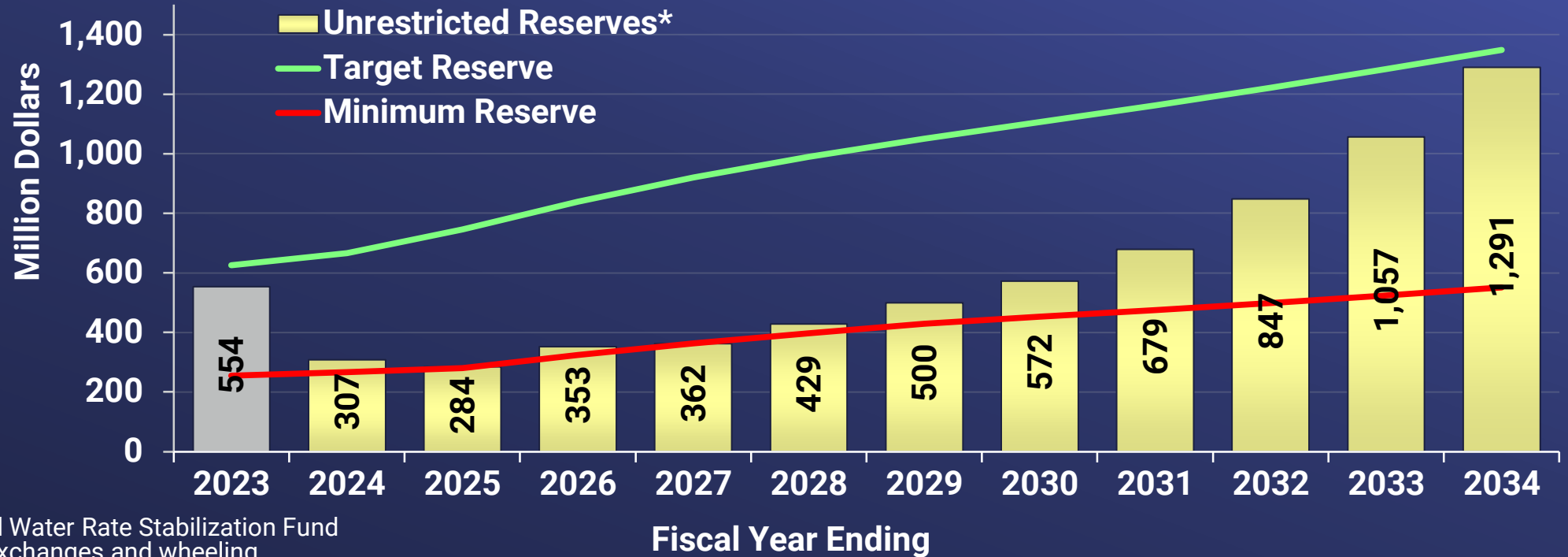
Budgeted Water Transactions



*Water Transactions for member agencies only

Proposed FY 2024/25 & FY 2025/26 Budget

Projected Rate Increases and Financial Metrics



* Revenue Remainder and Water Rate Stabilization Fund

** Includes water sales, exchanges and wheeling

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Overall Rate Inc.	5%	5%	13.0%	8.0%	12.0%	8.0%	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%
Water Transactions (MAF)**	1.42	1.17	1.44	1.44	1.44	1.45	1.45	1.46	1.47	1.49	1.51	1.53
Rev. Bond Cvg	1.5	1.1	1.4	1.8	1.7	1.9	1.9	1.8	1.8	1.7	1.7	1.7
CIP, \$M	247	353	312	324	1,390	1,684	2,171	1,966	1,544	1,091	655	502
PAYGO, \$M	135	35	125	175	175	250	275	275	250	225	200	200

Proposed Rates and Charges

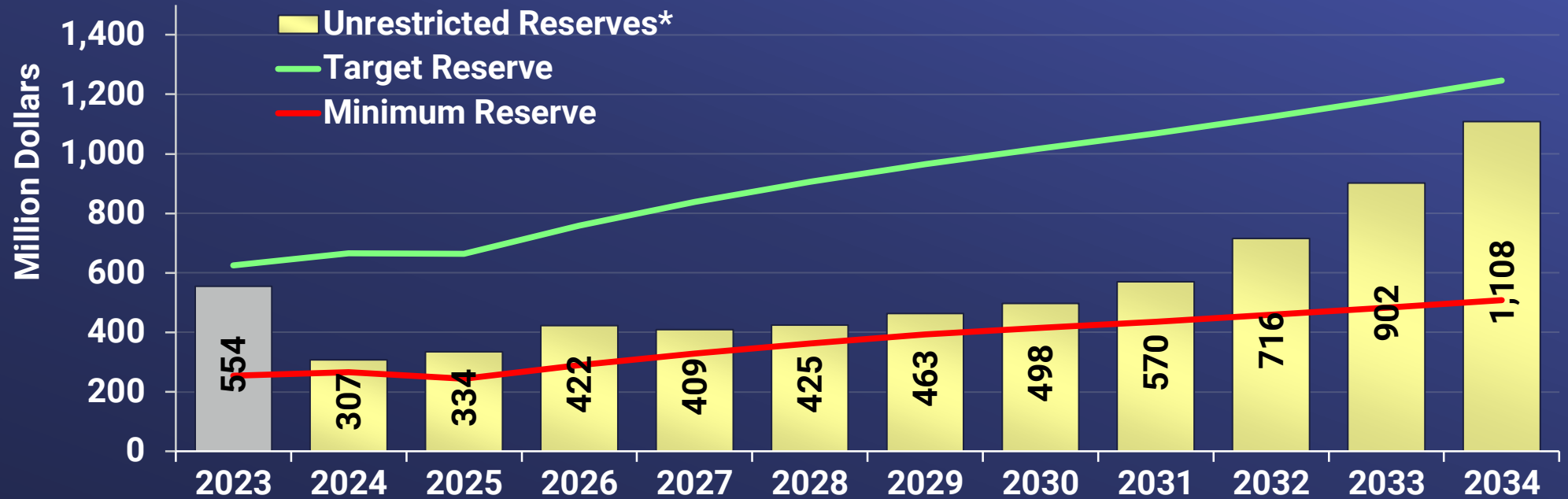
Rates & Charges Effective January 1st	Current 2024	Proposed 2025	% Increase (Decrease)	Proposed 2026	% Increase (Decrease)
Supply Rate (\$/AF)	\$332*	\$353	6%	\$375	6%
System Access Rate (\$/AF)	\$389	\$463	19%	\$491	6%
System Power Rate (\$/AF)	\$182	\$190	4%	\$203	7%
Treatment Surcharge (\$/AF)	\$353	\$459	30%	\$518	13%
Full Service Untreated Volumetric Cost (\$/AF)	\$903	\$1,006	11%	\$1,069	6%
Full Service Treated Volumetric Cost (\$/AF)	\$1,256	\$1,465	17%	\$1,587	8%
RTS Charge (\$M)	\$167	\$167	0%	\$185	11%
Capacity Charge (\$/cfs)	\$11,200	\$10,800	(4%)	\$12,800	19%
Overall Rate Increase			13.0%		8.0%

Full Service Cost means the Full Service Rate, consisting of the following rate components: the applicable Supply Rate, the System Access Rate, the System Power Rate, and if applicable the Treatment Surcharge for treated water service.

* based on Tier 1 for 2024

Alt I: Double Ptax

1.44 MAF / 0.0070% Ptax Rate



* Revenue Remainder and Water Rate Stabilization Fund

** Includes water sales, exchanges and wheeling

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Overall Rate Inc.	5%	5%	7.0%	6.0%	10.0%	10.0%	5.0%	5.0%	5.0%	4.0%	4.0%	4.0%
Ptax Rate	.0035%	.0035%	.007%	.007%	.007%	.007%	.007%	.007%	.007%	.007%	.007%	.007%
Water Transactions (MAF)**	1.42	1.17	1.44	1.44	1.44	1.45	1.45	1.46	1.47	1.49	1.51	1.53
Rev. Bond Cvg	1.5	1.1	1.7	1.9	1.7	1.8	1.8	1.7	1.7	1.7	1.7	1.7
CIP, \$M	247	353	312	324	1,390	1,684	2,171	1,966	1,544	1,091	655	502
PAYGO, \$M	135	\$35	\$175	\$175	\$175	\$250	\$275	\$275	\$250	\$225	\$200	\$200

Alt 1: Double Ptax

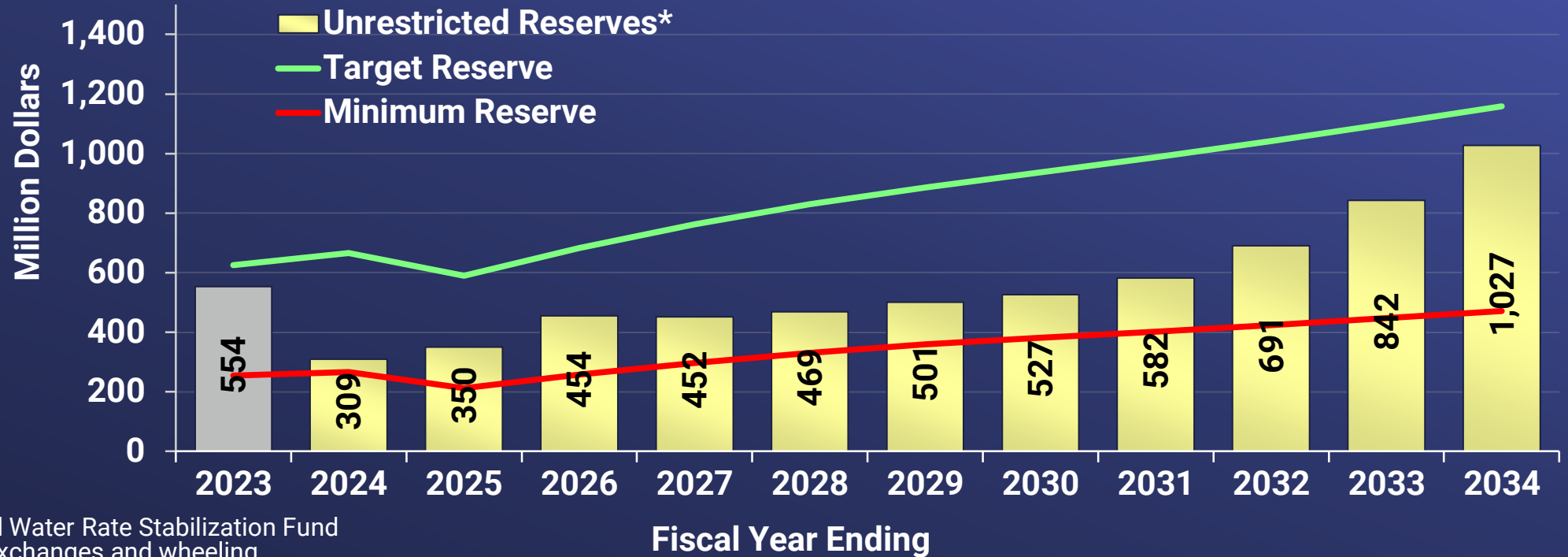
Rates & Charges Effective January 1st	Current 2024	Proposed 2025	Proposal 2026	Alt 1 2025	Alt 1 2026	Alt 1 2025	Alt 1 2026
						vs Proposed 2025	vs Proposed 2026
Supply Rate (\$/AF)	\$332*	\$353	\$375	\$327	\$342	(\$26)	(\$33)
System Access Rate (\$/AF)	\$389	\$463	\$491	\$434	\$454	(\$29)	(\$37)
System Power Rate (\$/AF)	\$182	\$190	\$203	\$155	\$169	(\$35)	(\$34)
Treatment Surcharge (\$/AF)	\$353	\$459	\$518	\$475	\$521	\$16	\$3
Full Service Untreated (\$/AF)	\$903	\$1,006	\$1,069	\$916	\$965	(\$90)	(\$104)
Full Service Treated (\$/AF)	\$1,256	\$1,465	\$1,587	\$1,391	\$1,486	(\$74)	(\$101)
RTS Charge (\$M)	\$167	\$167	\$185	\$175	\$179	\$8	(\$6)
Capacity Charge (\$/cfs)	\$11,200	\$10,800	\$12,800	\$11,700	\$12,900	\$900	\$100
Overall Rate Increase		13.0%	8.0%	7.0%	6.0%		

Full Service Cost means the Full Service Rate, consisting of the following rate components: the applicable Supply Rate, the System Access Rate, the System Power Rate, and if applicable the Treatment Surcharge for treated water service.

* based on Tier 1 for 2024

Alt 2: Low Sales, 7/6 & inc Ptax

1.34 MAF / 0.0099% Ptax Rate



* Revenue Remainder and Water Rate Stabilization Fund

** Includes water sales, exchanges and wheeling

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Overall Rate Inc.	5%	5%	7.0%	6.0%	10.0%	10.0%	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%
Ptax Rate	.0035%	.0035%	.0099%	.0099%	.0099%	.0099%	.0099%	.0099%	.0099%	.0099%	.0099%	.0099%
Water Transactions (MAF)**	1.42	1.17	1.34	1.34	1.34	1.35	1.35	1.36	1.37	1.39	1.41	1.43
Rev. Bond Cvg	1.5	1.1	1.8	1.9	1.7	1.8	1.8	1.7	1.7	1.6	1.7	1.6
CIP, \$M	247	353	312	324	1,390	1,684	2,171	1,966	1,544	1,091	655	502
PAYGO, \$M	135	\$35	\$175	\$175	\$175	\$250	\$275	\$275	\$250	\$225	\$200	\$200

Alt 2: Low Sales, 7/6 & inc Ptax

Rates & Charges Effective January 1st	Current 2024	Proposed 2025	Proposal 2026	Alt 2 2025	Alt 2 2026	Alt 2 2025	Alt 2 2026
						vs Proposed 2025	vs Proposed 2026
Supply Rate (\$/AF)	\$332*	\$353	\$375	\$336	\$350	(\$17)	(\$25)
System Access Rate (\$/AF)	\$389	\$463	\$491	\$438	\$454	(\$25)	(\$37)
System Power Rate (\$/AF)	\$182	\$190	\$203	\$130	\$146	(\$60)	(\$57)
Treatment Surcharge (\$/AF)	\$353	\$459	\$518	\$491	\$542	\$32	\$24
Full Service Untreated (\$/AF)	\$903	\$1,006	\$1,069	\$904	\$950	(\$102)	(\$119)
Full Service Treated (\$/AF)	\$1,256	\$1,465	\$1,587	\$1,395	\$1,492	(\$70)	(\$95)
RTS Charge (\$M)	\$167	\$167	\$185	\$177	\$180	\$10	(\$5)
Capacity Charge (\$/cfs)	\$11,200	\$10,800	\$12,800	\$12,900	\$14,100	\$2,100	\$1,300
Overall Rate Increase		13.0%	8.0%	7.0%	6.0%		

Full Service Cost means the Full Service Rate, consisting of the following rate components: the applicable Supply Rate, the System Access Rate, the System Power Rate, and if applicable the Treatment Surcharge for treated water service.

* based on Tier 1 for 2024

Alt 3: Low Sales, 5/5 & inc Ptax

1.34 MAF / 0.0104% Ptax Rate



* Revenue Remainder and Water Rate Stabilization Fund

** Includes water sales, exchanges and wheeling

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Overall Rate Inc.	5%	5%	5.0%	5.0%	12.0%	11.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Ptax Rate	.0035%	.0035%	.0104%	.0104%	.0104%	.0104%	.0104%	.0104%	.0104%	.0104%	.0104%	.0104%
Water Transactions (MAF)**	1.42	1.17	1.34	1.34	1.34	1.35	1.35	1.36	1.37	1.39	1.41	1.43
Rev. Bond Cvg	1.5	1.1	1.8	1.9	1.7	1.8	1.9	1.7	1.7	1.6	1.7	1.7
CIP, \$M	247	353	312	324	1,390	1,684	2,171	1,966	1,544	1,091	655	502
PAYGO, \$M	135	\$35	\$175	\$175	\$175	\$250	\$275	\$275	\$250	\$225	\$200	\$200

Alt 3: Low Sales, 5/5 & inc Ptax

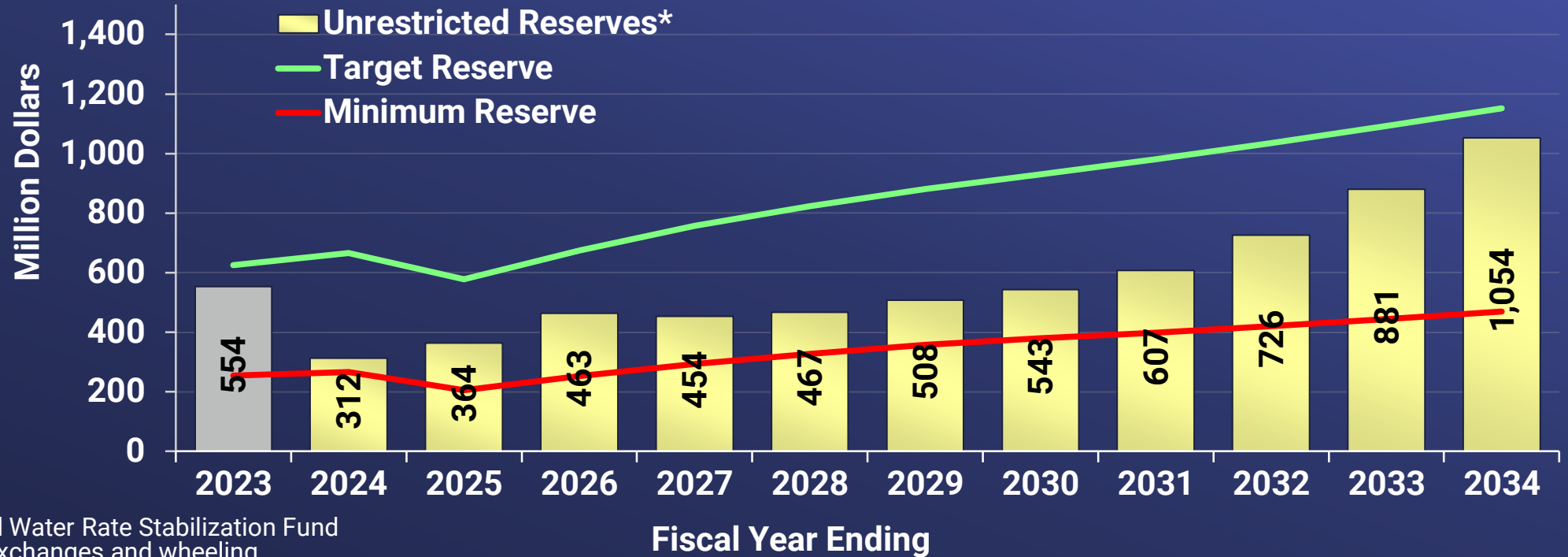
Rates & Charges Effective January 1st	Current 2024	Proposed 2025	Proposal 2026	Alt 3		Alt 3 2025	Alt 3 2026
				2025	2026	vs Proposed 2025	vs Proposed 2026
Supply Rate (\$/AF)	\$332*	\$353	\$375	\$330	\$339	(\$23)	(\$36)
System Access Rate (\$/AF)	\$389	\$463	\$491	\$429	\$441	(\$34)	(\$50)
System Power Rate (\$/AF)	\$182	\$190	\$203	\$124	\$138	(\$66)	(\$65)
Treatment Surcharge (\$/AF)	\$353	\$459	\$518	\$487	\$533	\$28	\$15
Full Service Untreated (\$/AF)	\$903	\$1,006	\$1,069	\$883	\$918	(\$123)	(\$151)
Full Service Treated (\$/AF)	\$1,256	\$1,465	\$1,587	\$1,370	\$1,451	(\$95)	(\$136)
RTS Charge (\$M)	\$167	\$167	\$185	\$174	\$176	\$7	(\$9)
Capacity Charge (\$/cfs)	\$11,200	\$10,800	\$12,800	\$12,800	\$13,900	\$2,000	\$1,100
Overall Rate Increase		13.0%	8.0%	5.0%	5.0%		

Full Service Cost means the Full Service Rate, consisting of the following rate components: the applicable Supply Rate, the System Access Rate, the System Power Rate, and if applicable the Treatment Surcharge for treated water service.

* based on Tier 1 for 2024

Alt 4: Low Sales, 5/5, cut Cons & inc Ptax

1.34 MAF / 0.0100% Ptax Rate / Conservation \$17M/\$5M/\$5M



* Revenue Remainder and Water Rate Stabilization Fund

** Includes water sales, exchanges and wheeling

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Overall Rate Inc.	5%	5%	5.0%	5.0%	12.0%	11.0%	6.0%	5.0%	4.0%	4.0%	4.0%	4.0%
Ptax Rate	.0035%	.0035%	.0100%	.0100%	.0100%	.0100%	.0100%	.0100%	.0100%	.0100%	.0100%	.0100%
Water Transactions (MAF)**	1.42	1.17	1.34	1.34	1.34	1.35	1.35	1.36	1.37	1.39	1.41	1.43
Rev. Bond Cvg	1.5	1.1	1.8	1.9	1.7	1.8	1.8	1.7	1.7	1.6	1.7	1.7
CIP, \$M	247	353	312	324	1,390	1,684	2,171	1,966	1,544	1,091	655	502
PAYGO, \$M	135	\$35	\$175	\$175	\$175	\$250	\$275	\$275	\$250	\$225	\$200	\$200

Alt 4: Low Sales, 5/5, cut Cons & inc Ptax

Rates & Charges Effective January 1st	Current 2024	Proposed 2025	Proposal 2026	Alt 4 2025	Alt 4 2026	Alt 4 2025	Alt 4 2026
						vs Proposed 2025	vs Proposed 2026
Supply Rate (\$/AF)	\$332*	\$353	\$375	\$322	\$318	(\$31)	(\$57)
System Access Rate (\$/AF)	\$389	\$463	\$491	\$433	\$450	(\$30)	(\$41)
System Power Rate (\$/AF)	\$182	\$190	\$203	\$128	\$143	(\$62)	(\$60)
Treatment Surcharge (\$/AF)	\$353	\$459	\$518	\$486	\$537	\$27	\$19
Full Service Untreated (\$/AF)	\$903	\$1,006	\$1,069	\$883	\$911	(\$123)	(\$158)
Full Service Treated (\$/AF)	\$1,256	\$1,465	\$1,587	\$1,369	\$1,448	(\$96)	(\$139)
RTS Charge (\$M)	\$167	\$167	\$185	\$173	\$177	\$6	(\$8)
Capacity Charge (\$/cfs)	\$11,200	\$10,800	\$12,800	\$12,700	\$13,900	\$1,900	\$1,100
Overall Rate Increase		13.0%	8.0%	5.0%	5.0%		

Full Service Cost means the Full Service Rate, consisting of the following rate components: the applicable Supply Rate, the System Access Rate, the System Power Rate, and if applicable the Treatment Surcharge for treated water service.

* based on Tier 1 for 2024

Overall Rate Increase

Overall Rate Increase	Ptax Rate	Budget		Projected		2-yr	4-yr
		2025	2026	2027	2028	rate inc	rate inc
Proposed	0.0035%	13%	8%	12%	8%	21%	41%
Alt 1 - Double Ptax	0.0070%	7%	6%	10%	10%	13%	33%
Alt 2 - Low Sales, 7/6 & inc Ptax	0.0099%	7%	6%	10%	10%	13%	33%
Alt 3 - Low Sales, 5/5 & inc Ptax	0.0104%	5%	5%	12%	11%	10%	33%
Alt 4 - Low Sales, 5/5, cut Cons & inc Ptax	0.0100%	5%	5%	12%	11%	10%	33%

Untreated Full-Service Rate (\$/AF)

Rates Effective January 1st	2024*	2025	2026	% Increase 2025	% Increase 2026
Proposed	\$903	\$1,006	\$1,069	11%	6%
Alt 1 - Double Ptax	\$903	\$916	\$965	1%	5%
Alt 2 - Low Sales, 7/6 & inc Ptax	\$903	\$904	\$950	0%	5%
Alt 3 - Low Sales, 5/5 & inc Ptax	\$903	\$883	\$918	(2%)	4%
Alt 4 - Low Sales, 5/5, cut Cons & inc Ptax	\$903	\$883	\$911	(2%)	3%

Treated Full-Service Rate (\$/AF)

Rates Effective January 1st	2024*	2025	2026	% Increase 2025	% Increase 2026
Proposed	\$1,256	\$1,465	\$1,587	17%	8%
Alt 1 - Double Ptax	\$1,256	\$1,391	\$1,486	11%	7%
Alt 2 - Low Sales, 7/6 & inc Ptax	\$1,256	\$1,395	\$1,492	11%	7%
Alt 3 - Low Sales, 5/5 & inc Ptax	\$1,256	\$1,370	\$1,451	9%	6%
Alt 4 - Low Sales, 5/5, cut Cons & inc Ptax	\$1,256	\$1,369	\$1,448	9%	6%

Full Service Cost means the Full Service Rate, consisting of the following rate components: the applicable Supply Rate, the System Access Rate, the System Power Rate, and if applicable the Treatment Surcharge for treated water service.

* based on Tier 1 for 2024

Question: What would the Property Tax impact be for each member agency's service area?

Answer:

Note: Based on a sampling of median home values for cities located in each Member Agency service area (Source: American Community Survey, 5-Year Estimates, 2022)

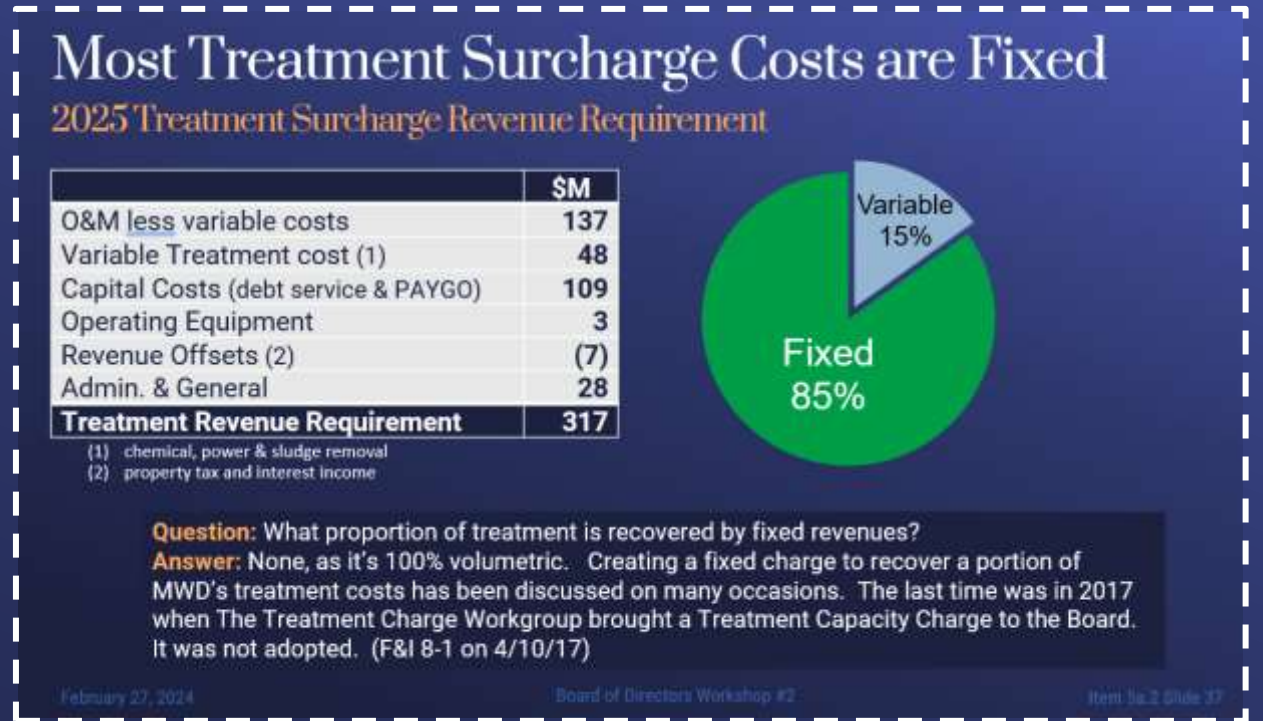
Member Agency	Median Home Value (\$ thousands)	Current Annual MWD Property Tax (@ 0.0035%)	Double MWD Property Tax (@ 0.007%)
Cities (Owner-Occupied)			
1 Anaheim	\$714	\$25	\$50
2 Beverly Hills	\$2,000	\$70	\$140
3 Burbank	\$960	\$34	\$67
4 Compton	\$489	\$17	\$34
5 Fullerton	\$791	\$28	\$55
6 Glendale	\$992	\$35	\$69
7 Long Beach	\$710	\$25	\$50
8 Los Angeles	\$823	\$29	\$58
9 Pasadena	\$982	\$34	\$69
10 San Fernando	\$604	\$21	\$42
11 San Marino	\$2,000	\$70	\$140
12 Santa Ana	\$624	\$22	\$44
13 Santa Monica	\$1,655	\$58	\$116
14 Torrance	\$962	\$34	\$67

Member Agency	Median Home Value (\$ thousands)	Current Annual MWD Property Tax (@ 0.0035%)	Double MWD Property Tax (@ 0.007%)
Municipal Water Districts & Water Authority (Owner-Occupied)			
15 Calleguas MWD	\$704 - \$901	\$25 - \$32	\$49 - \$63
16 Central Basin MWD	\$472 - \$679	\$17 - \$24	\$33 - \$48
17 Eastern MWD	\$277 - \$568	\$10 - \$20	\$19 - \$40
18 Foothill MWD	\$991 - \$1,983	\$35 - \$69	\$69 - \$139
Inland Empire			
19 Utilities Agency	\$507 - \$776	\$18 - \$27	\$35 - \$54
20 Las Virgenes MWD	\$972 - \$2,000	\$34 - \$70	\$68 - \$140
21 MWDOC	\$863	\$30	\$60
22 Three Valleys MWD	\$525 - \$735	\$18 - \$26	\$37 - \$51
San Diego County			
23 Water Authority	\$725	\$25	\$51
Upper San Gabriel			
24 Valley MWD	\$553 - \$1,307	\$19 - \$46	\$39 - \$91
25 West Basin MWD	\$616 - \$2,000	\$22 - \$70	\$43 - \$140
26 Western MWD	\$384 - \$486	\$13 - \$17	\$27 - \$34

Member Agency Manager Feedback (Continued)

Water Treatment Surcharge

- In addition, several Member Agencies expressed concerns about the significant rate increases in the Water Treatment Surcharge
- They expressed a desire to include both near- and long-term solutions as part of Metropolitan's business model discussion, including revisiting the 2017 discussions around the Treated Capacity Charge (not approved by the Board)



Member Agency Manager Feedback (Continued)

Other Alternatives Not Recommended by Member Agencies

- Staff reviewed additional Alternatives with Member Agency Managers that would:
 - Add **\$60M per year** from the sale of stored water
 - Reduce departmental O&M by **\$18M per year** (service impacts not yet identified)
- These one-time revenue and expense actions would provide temporary rate relief over the biennium and would allow for further discussion and resolution on the long-term business model; however, these temporary actions will result in higher rate increases in Year 3 and beyond relative to the Proposed Budget and other Alternatives
 - A majority of member agencies recommended that any additional revenues/expense reductions be used to stabilize future rate increases, expedite reserve replenishment, improve coverage, and provide additional financial flexibility in the near-term

Questions & Answers

Question: What rates collect revenue to allocate to reserves (\$41.7M in 2025 and \$73M in 2026)?

Background info:

- The \$41.7M and \$73.0M are the required increases in reserves for FY2024/25 and FY2025/26, respectively. These are for various funds as required by Board policy (Admin Code), revenue bond requirements or other legal obligations and includes changes in minimum fund requirements for the: O&M fund, bond fund, State Water Contract fund, and minimum unrestricted reserves
 - For more details see FAIRP Committee meeting July 11, 2023 Item 7a

Answer:

- Increases in required reserve requirements are recovered by all rates and charges

Question: Why is IRA Bucket I included as revenue applied to Supply that suppresses the required Supply Rate increase rather than simply putting the IRA Bucket I revenue to reserves?

Answer:

- IRA Bucket 1 Revenues are federal funding under Reclamation's Lower Colorado Conservation Programs
- The funding is directly linked to the expenditures for the Palo Verde Irrigation District (PVID) land fallowing program and the Imperial Irrigation District/Metropolitan Conservation Program; and these expenditures are recovered by the supply rate.

Question: It appears about \$5 billion in Pure Water's implementation costs are assumed in years 3 through 10. What is assumed regarding receipt of Pure Water grant or "partnership" funding?

Answer:

- The cost of the full-scale PWSC project is not included in the biennium budget
- An estimate of the full-scale PWSC projects is included in FY 2026/27 to FY 2033/34 of the 10-year forecast.
 - The cost of the full-scale PWSC projects is based on the latest engineering estimate that was presented to the Board on November 28, 2023 PWSC Phase 1 project cost estimate presented to the Subcommittee on PWSC and Regional Conveyance
- Assuming the receipts of middle level for grants and contributions of \$2.3B (in 2023 \$)
 - Low – \$1.8B
 - High - \$2.8B

Question: Staff has applied for a \$125 million Pure Water federal grant that is expected to be announced shortly after the budget is adopted which requires \$375 million in matching funds. How has the budget anticipated or planned for this funding to be available should a grant be offered, and the board should decide to accept it?

Answer:

- All planning costs for the PWSC project are funded from the \$80 million SWRCB grant in the proposed budget.
- The exact timing and amount of any grant, if awarded, is unclear. Accordingly, Metropolitan has not included a budget for the matching funds in the biennium
- If MWD is awarded a grant under the program, staff will bring a discussion to the Board concerning the additional matching funds that would be required

Question: CARB regulatory requirements will require vehicles and capital facilities and you mentioned this is NOT included in the 2-year budget. Please confirm and include financial information regarding vehicles (and charging stations) that is included in the proposed CIP/O&M 2-year budget (for instance are we not including budget for vehicles because 50% need to be electric and we haven't developed the plan for this yet?)

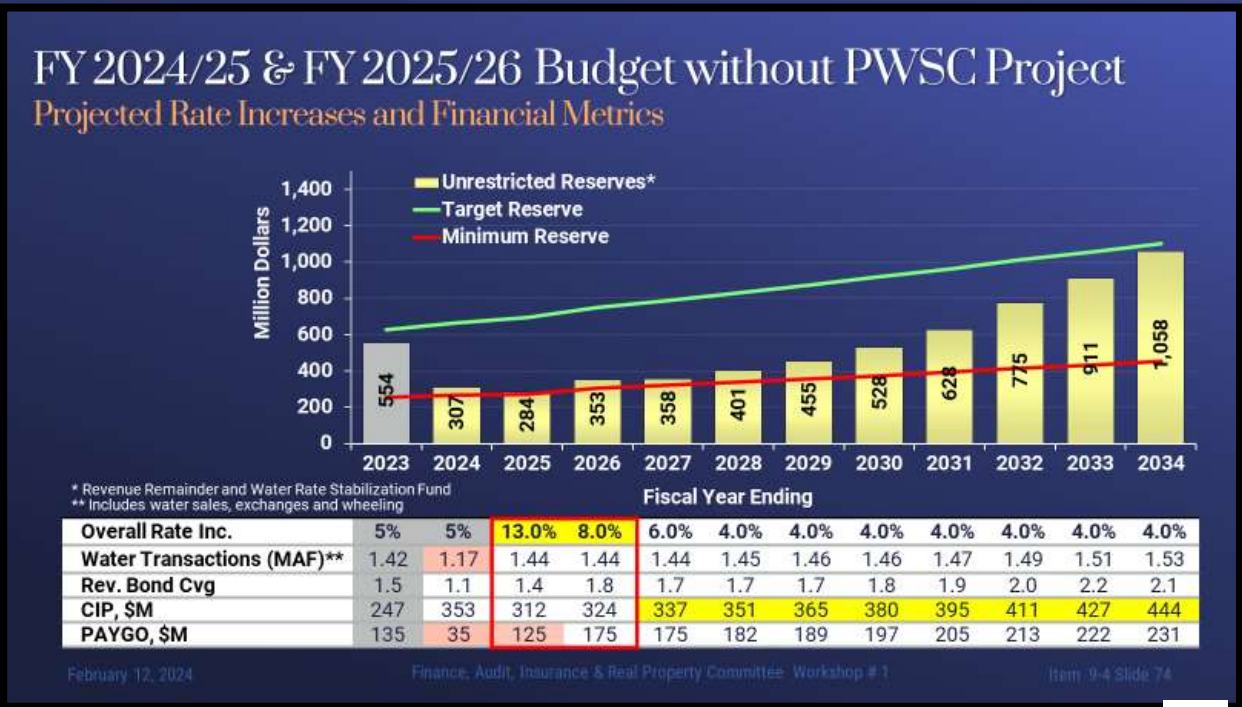
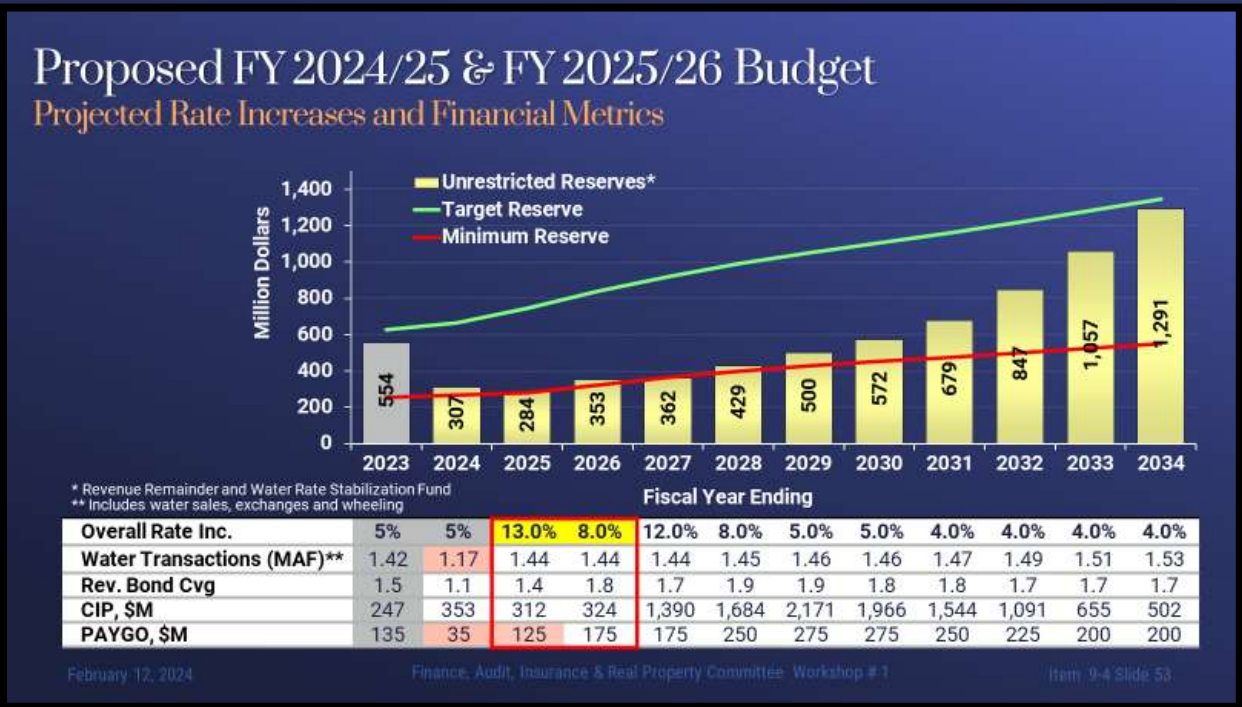
Answer:

- Charging Stations: The zero-emissions fleet infrastructure project is included in the current and the next biennial CIP. The objective for the next biennium is to complete the construction of zero-emission fleet pilot infrastructure and continue the design of the district-wide infrastructure
- Vehicle budget in FY 2024/25 and FY 2025/26 is \$7.6M and \$9.5M respectively (includes vehicles, trucks heavy equipment, and other non-fleet operating equipment)
- MWD is currently evaluating a Zero Emission Vehicle (ZEV) purchasing plan, including financing options to comply with the CARB regulations
 - Upon completion and approval of the ZEV purchasing plan by the Board, the FY 2024/25 and FY 2025/26 budget could be amended if additional appropriations are needed

Question: What factors account for the increase in the 10-year forecast from the current to the proposed CIP for PURE, SWPDA other CIP big ticket items (7%/6% to 12%/8%)?

Answer:

- The 10-yr forecast includes PWSC construction starting in FY 2027
 - No other CIP big ticket items are included in the 10-year forecast



Question: Property Tax - do we have a written legal opinion on our authority to raise taxes without a public vote? We have simply heard from staff that we have the ability to do it - I believe it is important for our legal staff to prepare a written legal opinion to refer to.

Answer:

- Legal has prepared and distributed a written opinion on Metropolitan's property tax levy

Question: In the 10-year Budget, I noticed some of the rates are flat in 2027-2031 such as the Power Rate and Treatment Surcharge. Why don't these include at least inflation?

Answer:

- The projected Power Rates in the 10-year forecast (FY2027-2031) are flat because the projected increases in CRA Power costs are offset by the projected decreases in SWP Power costs due to trending down the SWP allocation from 51% to 38% by 2034
- Projected Treatment Surcharges in the 10-year forecast (FY2027-2031) are flat because the projected increases in treatment costs are offset by projected increases in treated water sales

Question: What is the basis for staff's State Water Project allocation assumptions (51% in CY 2024, 49% in CY 2025, and 48% in CY 2026), you mentioned due to the use of RCP-8.5, but in the past we have made assumptions of 40% in our last biannual budget?

Answer:

- On September 12, 2023, the Board approved the use of climate information and modeling under Representative Concentration Pathway (RCP) 8.5 as a basis for planning purposes in CAMP4W
 - This action further recognizes the need to adaptively plan towards generally accepted outcomes of a more severe climate change future → expected lower allocation long-term
- SWP allocation assumptions in the current biennial budget:
 - 2023 – 40%
 - 2024 and beyond – 50%

Question: The proposed rates are intentionally set to collect 7% more than needed to cover projected revenue requirements, apparently to fill the depleted reserves. The reserves began to rapidly increase starting year 6 and reaching almost at maximum level in year 10. Is there a way for us to smoothen the earlier rate increases? Or refill the reserves in a slower pace?

Answer:

- The Cost-of-Service Report shows that the proposed rates are set to collect ~7% more than the revenue requirements because the calendar year rates are only in affect for part of the fiscal year revenue requirement. This mismatch would not occur if Metropolitan had fiscal year rate increases (July 1) or calendar year revenue requirements (January 1)
- The Proposed Budget sets rates to maintain the minimum reserve level pursuant to Board policy
- The magnitude of the current use of reserves (~\$250M) underscores the importance of maintaining sufficient and flexible reserve levels. It is not recommended that rates intentionally be set lower as it poses a risk to Metropolitan's long-term financial stability

Question: Explain 1) how SWP costs are paid if the allocation is higher than projected; and 2) what happens to revenue collected to pay SWP expenses if allocation is lower than projected.

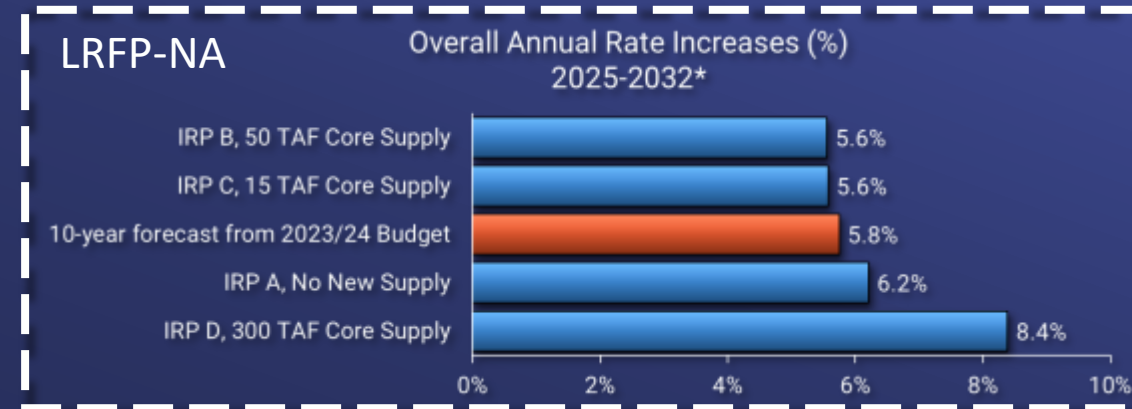
Answer:

- If the SWP allocation is higher than projected, the SWP power costs will be higher. The higher power costs will be funded from operating revenues or from unrestricted reserves, as needed.
- If the SWP allocation is lower than projected, the SWP power costs will decrease. If operating revenue exceed expenditures, any excess funds will go to unrestricted reserves.
- The flow of funds and use of the unrestricted reserves is consistent with the Board-adopted rate structure and administrative policy.

Question: This budget described as “status quo” proposes a 13% rate increase followed by an 8% increase; these rate increases do not include any investments in the billions of dollars in supply reliability and climate resilience projects to be discussed in the CAMP process. How do these rate increases square with those forecasted in the LRF-NA that making \$5.5 billion to \$6 billion in reliability investments through 2032 would result in rate increases of about 6.7% per year, which is much less than currently being proposed?

Answer:

- The LRF-NA was based on the assumptions in the current approved 10-year financial forecast and IRP. The proposed budget reflects an updated financial projection based on the most recent cost and inflation data available
- Despite those fundamental differences, the current forecast is in the bounds of the LRF-NA. The water demands in the proposed budget are in the range of the IRP
- The amount of resources development in the proposed budget includes the 118 TAF PWSC project and is also in the range of the IRP, somewhere between IRP B (50 TAF) and IRP D (300 TAF). The (simple) average annual rate increase in the proposed budget and 10-yr forecast is **6.7% per year** and is in the range average annual rate increases presented in the LRF-NA (ranging from 5.6% to 8.4%)



Question: For the next year, we could be delivering 10 - 20% out of reservoirs that's operational water not drought or emergency water. What would that do to the power costs and power rates?

Answer:

If we planned to draw 200 TAF (14% of water demands) out of DVL for FY 2024/25 it could reduce SWC power costs by \$52M. This could allow the 2025 rates to be ~3% lower. However,

1. Higher rates for 2026
 - This rate decrease would have to be made up in the following year so the 2026 rates would be ~3% higher
2. Risk future rate spikes
 - Rates and charges are normally set on average hydrologic conditions so that on average costs are recovered, and any over/under collections are managed with MWD's unrestricted reserve policy.
 - However, if rates are set lower based on selling water out of storage, then there will be a higher chance of a revenue deficit and a higher chance of having an emergency rate increase if reserve drop below the minimum
3. Increase risk of future shortage
 - MWD system is normally operated to minimize system shortage.
 - This means storing as much water as possible when there is surplus water in preparation for the next drought. Drawing water out of in-region storage – our most reliable source of water – when there are available supplies will reduce system reliability

Questions?

Questions and comments on the FY 2024/25 & FY 2025/26 Proposed Budget can be e-mailed to the Finance & Administration Group at:

MWDBudget@mwdh2o.com

