

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.

LTRPPBM Committee

M. Petersen, Chair
K. Seckel, Vice Chair
D. Alvarez
J. D. Armstrong
D. Erdman
S. Faessel
L. Fong-Sakai
J. McMillan
T. Quinn
N. Sutley

Subcommittee on Long-Term Regional Planning Processes and Business Modeling

Meeting with Board of Directors *

June 26, 2024

12:30 p.m.

Agendas, live streaming, meeting schedules, and other board materials are available here: <https://mwdh2o.legistar.com/Calendar.aspx>. Written public comments received by 5:00 p.m. (business days) before the meeting is scheduled will be posted under the Submitted Items and Responses tab available here: <https://mwdh2o.legistar.com/Legislation.aspx>. If you have technical difficulties with the live streaming page, a listen-only phone line is available at 1-877-853-5257; enter meeting ID: 862 4397 5848. Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via in-person or teleconference. To participate via teleconference 1-833-548-0276 and enter meeting ID: 815 2066 4276 or <https://us06web.zoom.us/j/81520664276?pwd=a1RTQWh6V3h3ckFhNmDsUWpKR1c2Zz09>

Wednesday, June 26, 2024
Meeting Schedule

12:30 p.m. LTRPPBM

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

Teleconference Locations:

1368 Highland Oaks Drive • Arcadia, CA 91006

3008 W. 82nd Place • Inglewood, CA 90305

34819 Calle Del Sol • Capistrano Beach, CA 92624

13 Pumphouse Road • Garden Valley, ID 83622

525 Via La Selva • Redondo Beach, CA 90277

Long Beach Utilities Department • 1800 E. Willow Road • Long Beach, CA 90807

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

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

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

- 2. CONSENT CALENDAR OTHER ITEMS - ACTION**

- A. Approval of the Minutes of the Subcommittee on Long-Term Regional Planning Processes and Business Modeling Meeting for May 30, 2024 (Copies have been submitted to each Director, Any additions, corrections, or omissions) [21-3507](#)

Attachments: [06262024 LTRPPBM 2A \(05302024\) Minutes](#)

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

3. SUBCOMMITTEE ITEMS - CAMP4W TASK FORCE

- a. Member Agency Managers Task Force Members [21-3508](#)

Cesar Barrera, City of Santa Ana
 Nina Jazmadarian, Foothill Municipal Water District
 Shivaji Deshmukh, Inland Empire Utilities Agency
 Dave Pedersen, Las Virgenes Municipal Water District
 Anatole Falagan, Long Beach Water Department
 Anselmo Collins, Los Angeles Department of Water and Power
 Harvey De La Torre, Municipal Water District of Orange County
 Dan Denham, San Diego County Water Authority
 Kristine McCaffrey, Calleguas Municipal Water District
 Tom Love, Upper San Gabriel Valley Municipal Water District
 Craig Miller, Western Municipal Water District
 Joe Mouawad, Eastern Municipal Water District
 Stacie Takeguchi, Pasadena Water and Power

- b. Integrating a Changing Climate into Metropolitan's Planning Processes [21-3509](#)

Attachments: [06262024 LTRPPBM 3b Presentation](#)

- c. CAMP4W Task Force - Climate Vulnerability Assessment [21-3510](#)

Attachments: [06262024 LTRPPBM 3c C-L](#)
[06262024 LTRPPBM 3c Presentation](#)

- d. CAMP4W Task Force - Business Model Refinement Discussion [21-3511](#)

Attachments: [06262024 LTRPPBM 3d Presentation](#)

4. FOLLOW-UP ITEMS

NONE

5. FUTURE AGENDA ITEMS

6. ADJOURNMENT

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

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

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

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

**SUBCOMMITTEE ON LONG-TERM REGIONAL PLANNING PROCESSES AND
BUSINESS MODELING**

May 30, 2024

Vice Chair Seckel called the meeting to order at 1:33 p.m.

Members present: Directors Alvarez, Faessel, McMillan (entered after roll call), Petersen (AB 2449 – Legislative Business; entered after roll call), Seckel, and Sutley (entered after roll call).

Members absent: Directors Armstrong, Erdman, Fong-Sakai, and Quinn.

Other Board Members present: Directors Dennstedt, Goldberg, Ortega and Miller (teleconference posted location).

Director Petersen indicated he is participating under AB 2449 “just cause” due to Legislative Business. Director Petersen stated that he was in a cab with an Uber driver.

Committee Staff present: Crosson, Dunbar, Mortada, Quilizapa.

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

None

CONSENT CALENDAR ITEMS -- ACTION

2. CONSENT CALENDAR OTHER ITEMS - ACTION

- A. Approval of the Minutes of the Subcommittee on Long-Term Regional Planning Processes and Business Modeling for April 24, 2024 (Copies have been submitted to each Director, Any additions, corrections, or omissions)

A vote did not take place because there was no quorum.

Vice Chair Seckel announced that due to a lack of a quorum, we would proceed with the rest of the agenda.

END OF CONSENT CALENDAR ITEMS

3. SUBCOMMITTEE ITEMS - CAMP4W TASK FORCE

- a. Subject: Member Agency Managers Task Force Members

Cesar Barrera, City of Santa Ana
Nina Jazmadarian, Foothill Municipal Water District
Shivaji Deshmukh, Inland Empire Utilities Agency
Dave Pedersen, Las Virgenes Municipal Water District
Anatole Falagan, Long Beach Water Department
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Tom Love, Upper San Gabriel Valley Municipal Water District
Craig Miller, Western Municipal Water District
Joe Mouawad, Eastern Municipal Water District
Stacie Takeguchi, Pasadena Water and Power

Presented by: No presentation was given.

Task Force Members present: Member Agency Manager Members Barrera, Collins, De La Torre, Denham, Deshmukh, Falagan, Jazmadarian, Love, McCaffrey, Miller, Mouawad, and Pedersen.

- b. Subject: Climate Adaptation Master Plan for Water Task Force Meeting –
Continued Discussion of Business Mode Refinement

Presented by: Mohsen Mortada, Chief of Staff

Chair Ortega addressed the issue of CAMP4W Task Force Business Model and Affordability, Policies, Initiatives and Partnerships, and Adaptive Management.

Mr. Mohsen led the discussion regarding item 3b, Business Model Refinement.

The following Directors and Member Agency Managers asked questions and provided comments:

1. Faessel
2. Petersen
3. Alvarez
4. Ortega
5. Seckel
6. Goldberg
7. Dennstedt
8. Sutley

Staff responded to Directors' and Member Agency Manager's comments and questions.

4. FOLLOW-UP ITEMS

None

5. FUTURE AGENDA ITEMS

None

6. ADJOURNMENT

The next meeting will be held on June 26, 2024.

The meeting adjourned at 4:24 p.m.

Karl Seckel

Vice-Chair

Subcommittee on Long-Term Regional Planning
Processes and Business Modeling



Integrating a Changing Climate into Metropolitan's Planning Processes

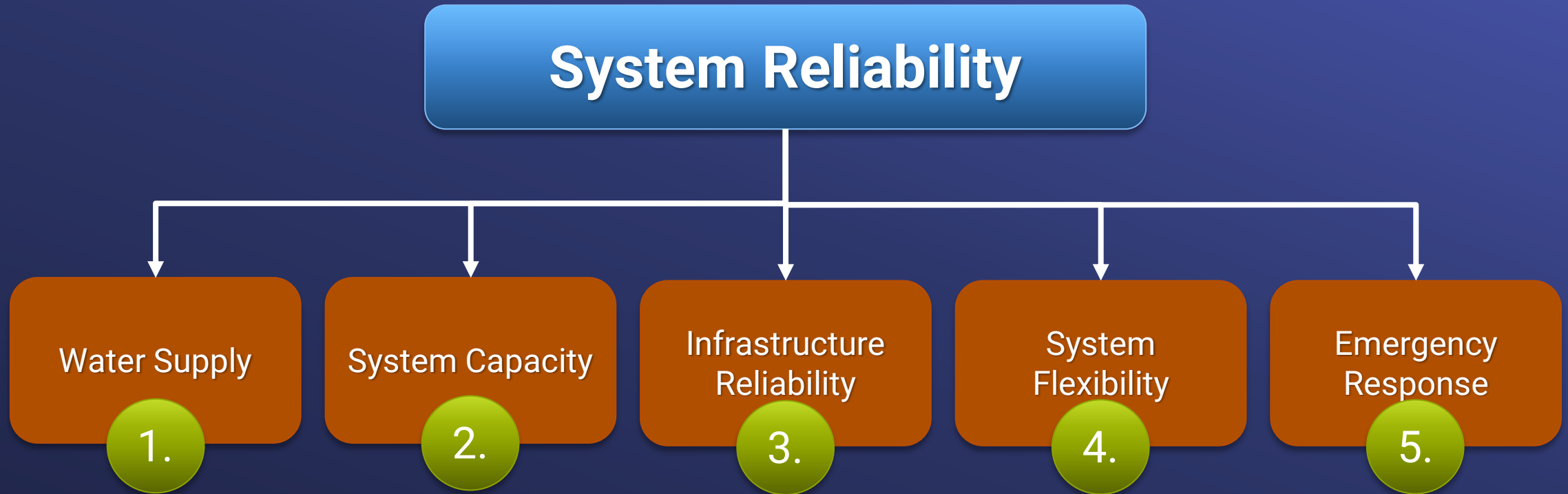
Item 3-b
June 26, 2024

Purpose of Presentation

1. System Reliability Strategy processes
2. Processes developed since the System Reliability Strategy
3. Incorporating existing processes in CAMP4W
 - Improving processes and making them adaptive
 - Incorporating processes in the overarching CAMP4W process

Purpose of Presentation

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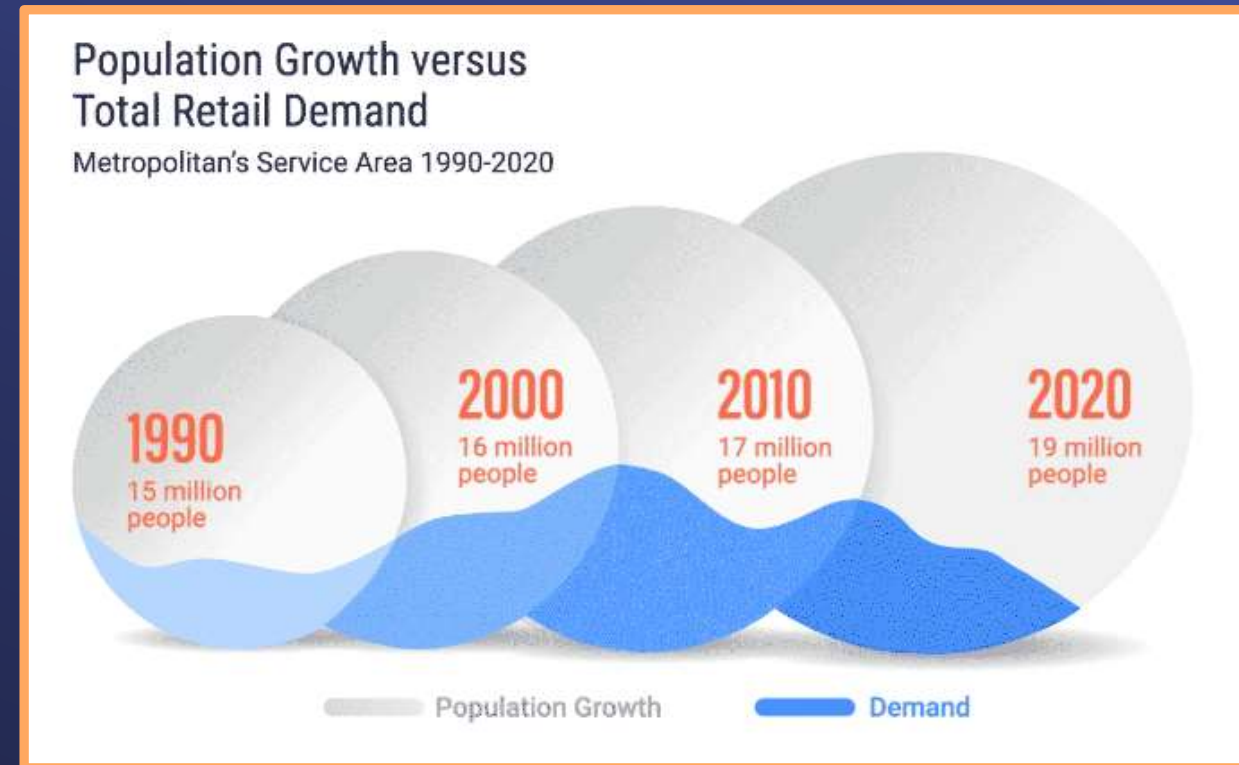


- Developed as part of 2007 Integrated Area Study
- Collaborative effort between Metropolitan and member agencies

1. Water Supply Reliability

Develop and maintain an adequate water supply portfolio to meet full-service retail demands under all foreseeable hydrologic conditions

- Urban Water Management Plan
- Integrated Water Resources Plan (IRP)
 - Sets Metropolitan’s water resource vision and strategy
 - Board Adopted (1996, 2004, 2010, 2015, 2020)
- Water Supply Reliability Goals
 - Maintain existing supplies
 - Diversify water portfolio
 - Local supply investment
 - Advance conservation



1. Water Supply Reliability Examples

- Diamond Valley Lake
 - Nearly doubled in-region surface storage
 - Increased emergency storage capacity
- Local Resources Program
 - Reduce demand for imported supplies
 - Increase regional resilience
- Conservation Programs
 - Turf removal, efficiency rebates



Diamond Valley Lake West Dam & Forebay

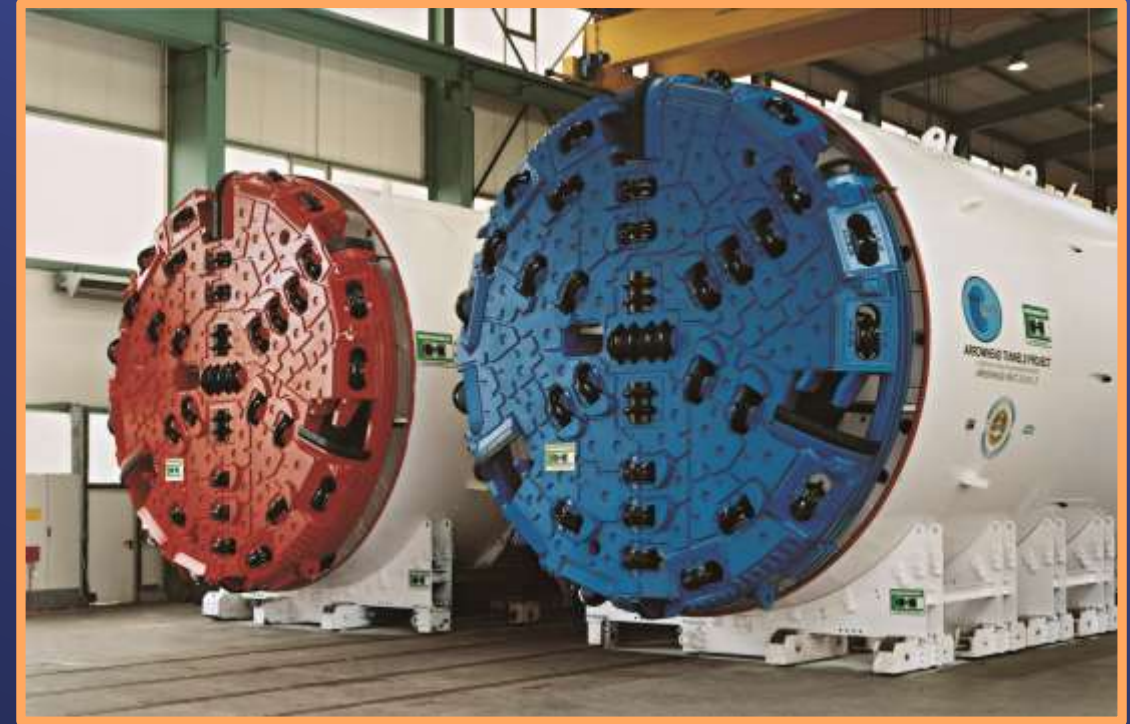
2. System Capacity

The ability to convey, treat, and distribute supplies to meet firm demands under peak condition

- System Overview Study (2004)
 - Evaluates regional facilities required to deliver imported water supplies
 - Review policies and guidelines for Infrastructure Improvements
- Integrated Area Study (2007)
 - Review policies and guidelines for Infrastructure Improvements
 - Develop portfolios of projects to meet IRP-identified gaps
- MWD Hydraulic Model

2. System Capacity Examples

- Inland Feeder
 - More than doubled water delivery capacity from SWP East Branch
 - Improved SWP/CRA blends
 - Second source of supply or multiple MWD reservoirs

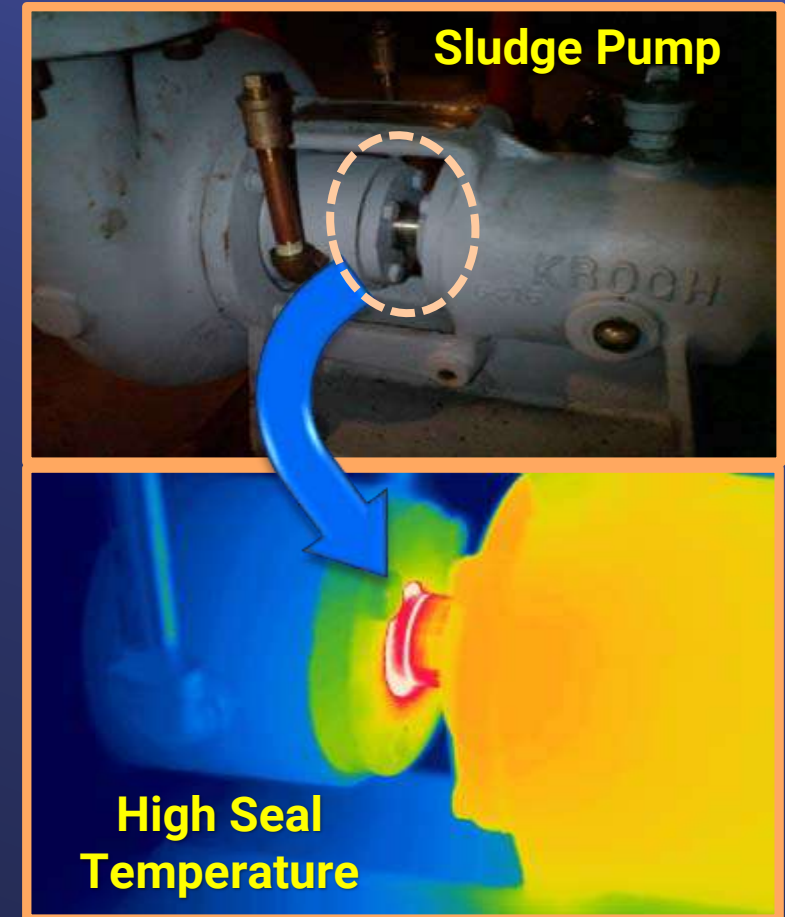


Arrowhead Tunnels Boring Machines

3. Infrastructure Reliability

Maintain facilities in state of readiness to ensure system deliveries

- Operations
 - Maintenance Management Program
 - Computerized Maintenance Management System
- Engineering
 - Special condition assessments/Monitoring
 - PCCP Monitoring & Inspection
 - Cathodic Protection
 - Vulnerability assessments
- IT infrastructure



Maintenance Management Example:
Assessment of sludge pump via thermography

3. Infrastructure Reliability Examples

- CRA Pump and Discharge Valve Rehabilitation



Iron Mountain – Crew using new crane during CRA pump and discharge valve rehab work



Iron Mountain – Impeller and Bearing Housing Removal



Iron Mountain – Working on the Pump Bearing Housing

4. System Flexibility

Respond to short-term changes in water supply, water demands, and water quality; and meet member agency needs during planned or unplanned outages

- Operational Flexibility
 - Ability to respond to short-term changes in water supply, water demands, and water quality
- Delivery Flexibility
 - Ability to meet member agency needs during planned or unplanned outages
- System Flexibility Study
 - Postulate failures in the system and examine the impact of each failure on the ability to deliver water
- Drought mitigation efforts

4. System Flexibility Example

- Inland Feeder/Lakeview Pipeline Intertie
 - Completed 2015 in response to 2014-2015 drought
 - Enabled delivery of DVL supplies to Mills WTP and Lakeview Pipeline service connections
 - Removed Mills service area from the SWP-Dependent Area
 - Saved 131 TAF between May 2021 and December 2022



IF to Lakeview Vault Construction

5. Emergency Response

The ability to respond to unplanned outages and restore service as quickly as practical.

- Addressed through:
 - Emergency Response Plan
 - Business Continuity Plan
 - Information Technology Disaster Recovery Plan
 - Seismic Resilience Task Force
 - Mutual aid agreements
 - Prequalified emergency contractors
 - Pandemic Action Plan

5. **Emergency Response Example:**
Prepared for a Two Line-Break Emergency



Tracking Heavy Equipment for
Immediate Mobilization



Maintaining Inventory of Structural
Repair Resources



Ensuring Shop Capacity



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Advancing Reliability Since 2007

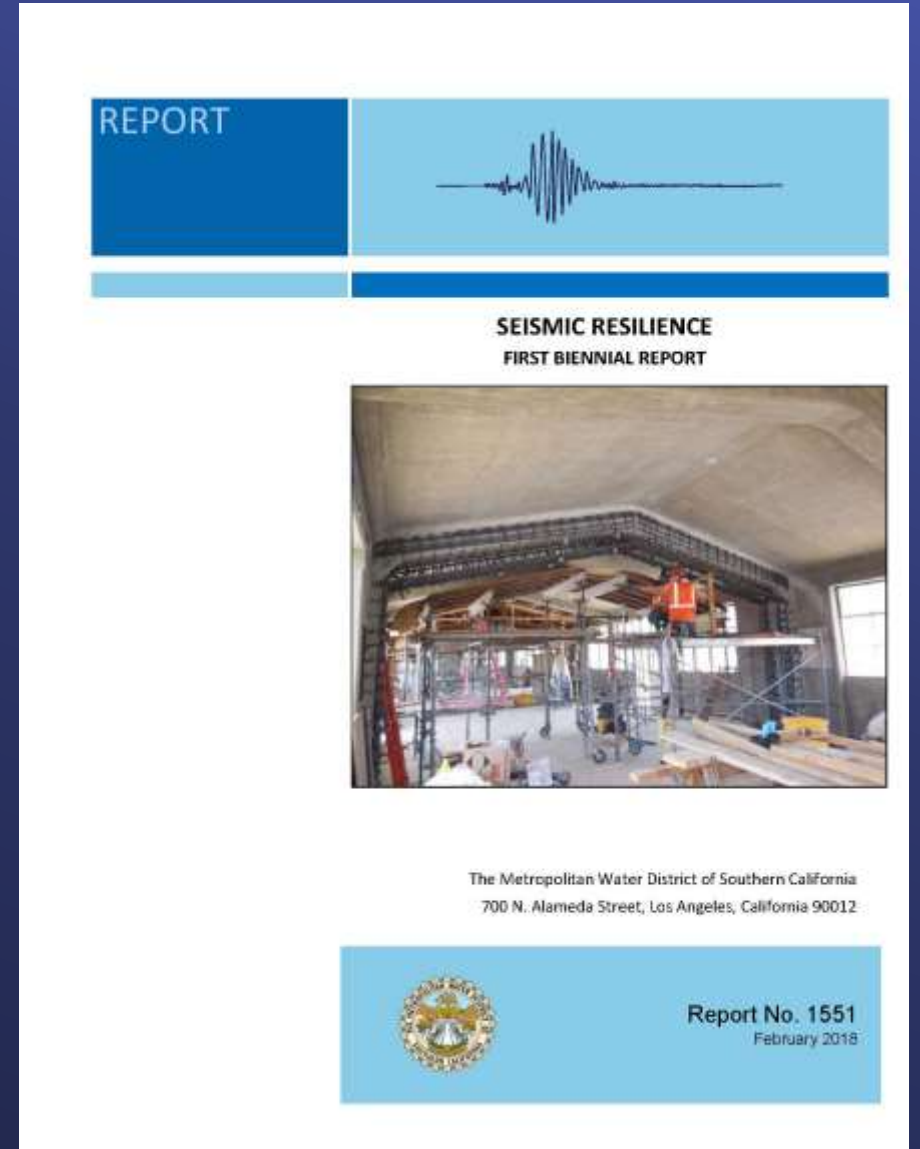
- System Reliability Strategy – provided a general framework for overall reliability goals
- Specialized plans developed to address specific vulnerabilities/ areas of concern
 - Energy Management Policy (2010) / Energy Sustainability Plan (2020)
 - Earthquakes - Seismic Resilience Strategy (2018)
 - Aging Infrastructure - Asset Management Program (2019)
 - Water Quality - WQ Event Response Guidelines
 - Pandemics - Pandemic Action Plan (2022)
 - Drought - SWPDA Drought Mitigation Actions (2023)
 - Climate Change - Climate Vulnerability and Risk Assessment (2024)
 - Resilience – Strategic Infrastructure Resilience Plan (2024 – 2025)

Energy Management / Energy Sustainability Plan

- Energy Policy Principles (2008)
 - Protect Metropolitan's investment in long-term renewable power resources such as the Hoover and Parker Dams power plants
 - Develop economically responsible renewable energy projects 
 - Promote energy conservation through water conservation
 - Promote effective and equitable legislation and regulations regarding energy-related climate change and sustainability issues
- Energy Management and Reliability Study (EMRS) (2010)
- Adoption of Energy Management Policies (2010)
 - Contain costs and reduce exposure to energy price volatility
 - Increase operational reliability by providing system redundancy
 - Provide a revenue stream to offset energy costs
 - Move Metropolitan toward energy independence 

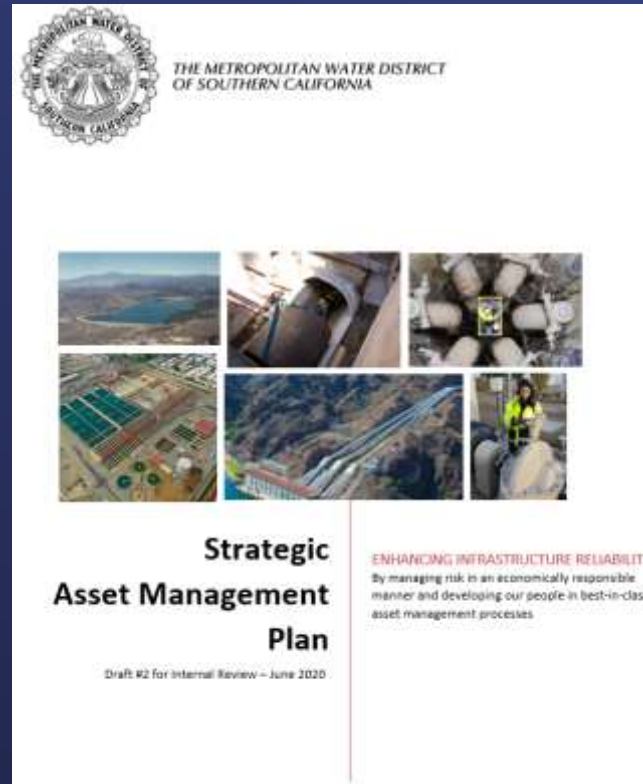
Seismic Resilience Strategy

- First Seismic Resilience Report – 2018
- Seismic Resilience Report 2020 Update
- Annual Board Updates
- Next Report 2025

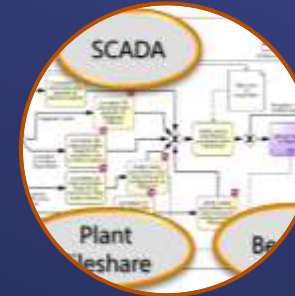


Asset Management Strategy

- Outlines the strategy and objectives for managing Metropolitan's physical assets effectively
- Ensures that assets are managed in a way that supports Metropolitan's goals



Achieve success through our people



Make our processes more effective



Maximize value from assets

SWPDA Drought Mitigation

Drought Mitigation Actions Portfolio

Cost-Effective Projects Providing Timely Relief

Projects for Further Consideration in CAMP4W

Projects Under Implementation

Projects Prepared for Implementation

Projects for Targeted Improvements

Projects with Regional Benefits

DVL to Rialto Delivery Projects

Sepulveda Feeder Pumping Project - Phase 1

Sepulveda Feeder Pumping Project - Phase 2

Shift of Burbank B-5 Supply to B-5A

TVMWD Miramar Pumpback Upgrade

AVEK Conveyance to West Branch (Planning/Design)

East Valley Feeder Parallel (Planning/Design)

In-Region Surface Storage Benefiting SWPDA Directly

In-Region Groundwater Storage

E-W Regional Raw-Water Conveyance Line (Planning/Design)

Surface Storage w/ Regional Benefit


Flex Storage w/ Regional Benefit

Groundwater (out of region) – AVEK Water Bank Expansion

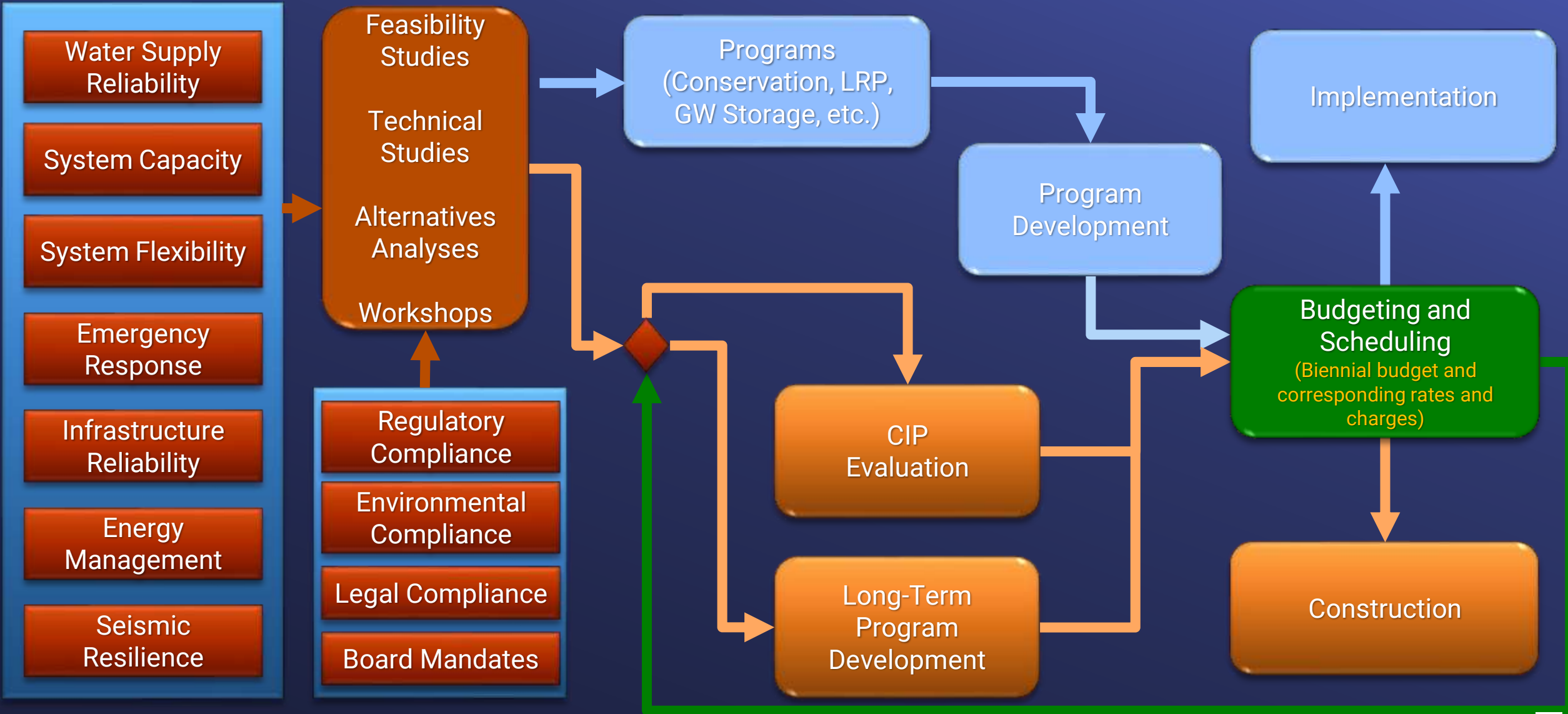
New Supply (e.g. Recycled Water, Desalination)

Conceptual design to inform the Final Design of Phase 1. Full Implementation pending CAMP4W eval.

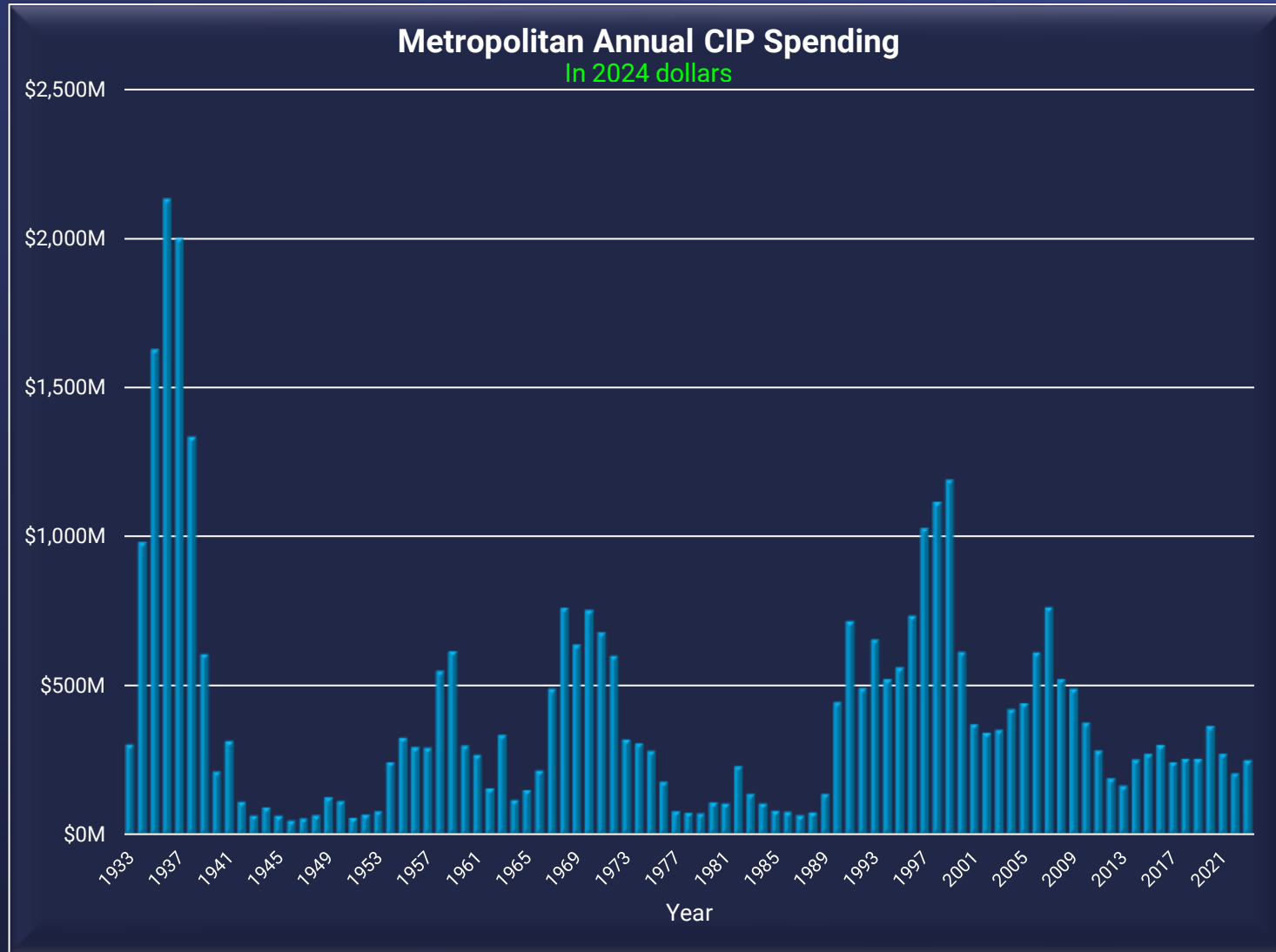
Climate Vulnerability & Risk Assessment

- Establish the framework for an adaptive management process in the face of a changing climate
- Identifies how Metropolitan is currently managing risk associated with climate change
- Provide structural recommendations that will enable Metropolitan to better adapt
- Recommendations:
 1. Characterization of a broad range of climate hazards
 2. Assessment of vulnerabilities to infrastructure, operations, workforce, and business model
 3. Development of climate adaptation actions that can build Metropolitan's resilience 

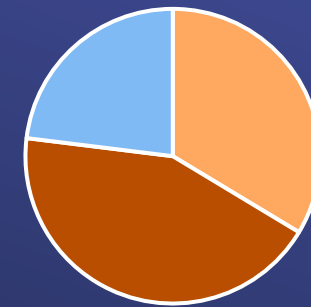
Current Project Development Process



Recent Historic CIP Spending



CIP 2001-2010



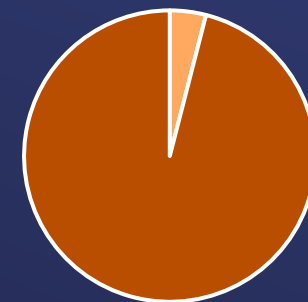
- Ozone/Treatment Expansion
- R&R/Other
- Inland Feeder

CIP 2011-2019



- Ozone
- R&R/Other

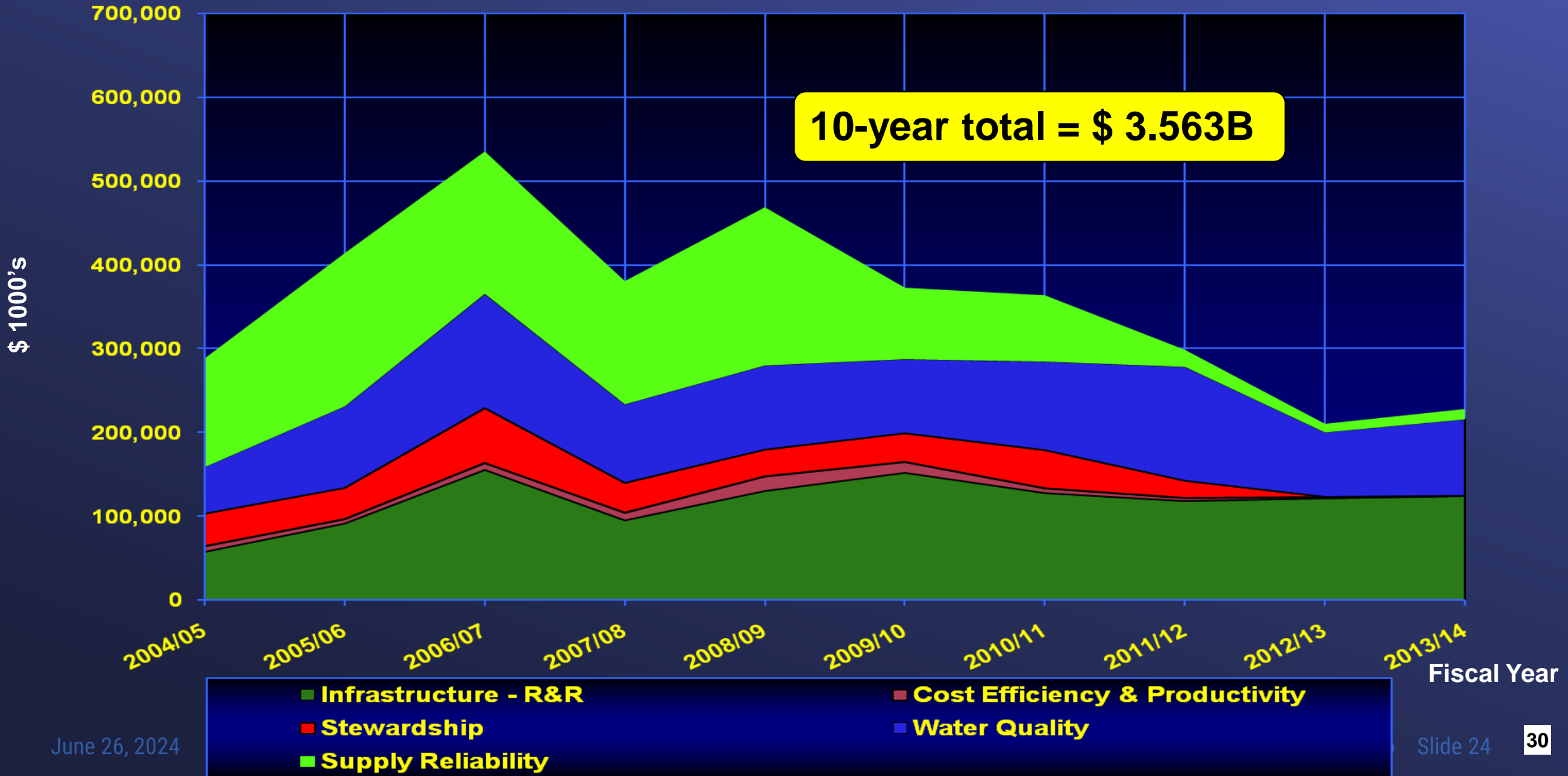
CIP 2020-2024



- Drought

- As the system ages, R&R work has been taking a larger portion of the annual CIP budget

FY 2008/2009 CIP 10 Year Period 2004/05 – 2013/14



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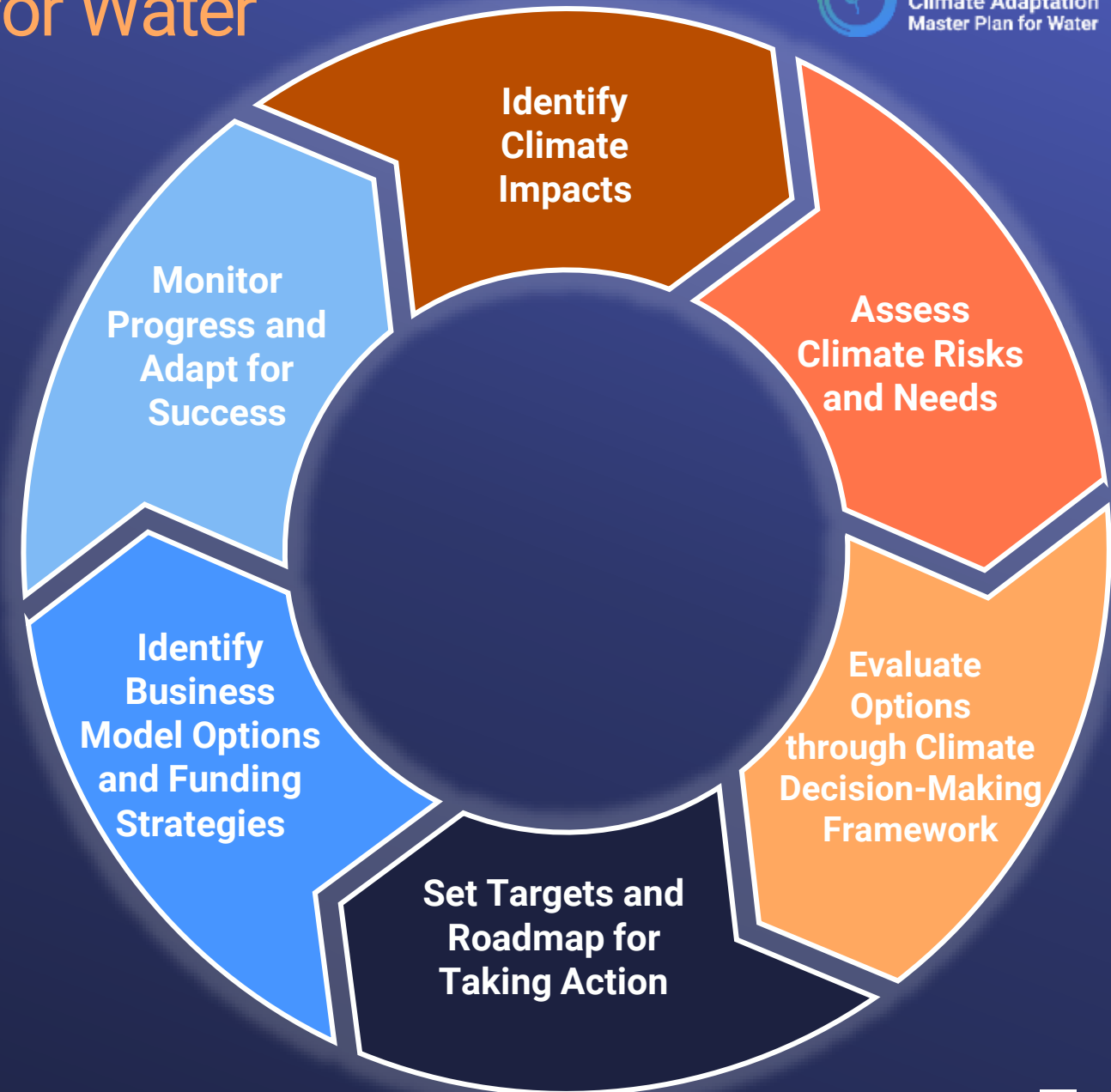
Climate Adaptation Master Plan for Water

A comprehensive, adaptive planning process

The CAMP4W integrates

- water resources planning
- infrastructure development
- climate adaptation
- finance planning

into one interconnected process.



Why we need to focus our processes and what are the benefits

- Informed Investment Decisions:
 - Comprehensive Evaluation:
 - Enable the organization to evaluate all potential projects comprehensively rather than in isolation
 - A holistic view helps in making more informed investment decisions
 - Raises awareness of the changing conditions through evaluative criteria
 - Criteria based on themes of reliability, resilience, financial sustainability, affordability, and equity
 - Resource Allocation:
 - Better integration ensures that resources are allocated to projects that align with strategic goals and offer the best return on investment
 - Consider Climate Risk:
 - All projects are looked at from a climate lens
 - Consider Equity more holistically:
 - Considers how underserved communities are impacted
 - Measures workforce development
 - Goes beyond our past efforts for SBEs and MBEs

Why we need to focus our processes and what are the benefits

- Portfolio Identification and Management:
 - Strategic Alignment:
 - Instead of making decisions on a project-by-project basis, allows for the comparison of projects against each other
 - Helps in building a portfolio of projects that align with organizational values and strategic objectives
 - Balanced Project Selection:
 - A focused approach ensures that the selected portfolio of projects meets the diverse needs of the community and balances risk and reward effectively
 - Ensuring all processes are aligned, reduces variability, and enhances consistency in project selection
 - Unified Decision Framework:
 - An integrated approach ensures that decisions are made within a unified framework, enhancing coherence and strategic alignment

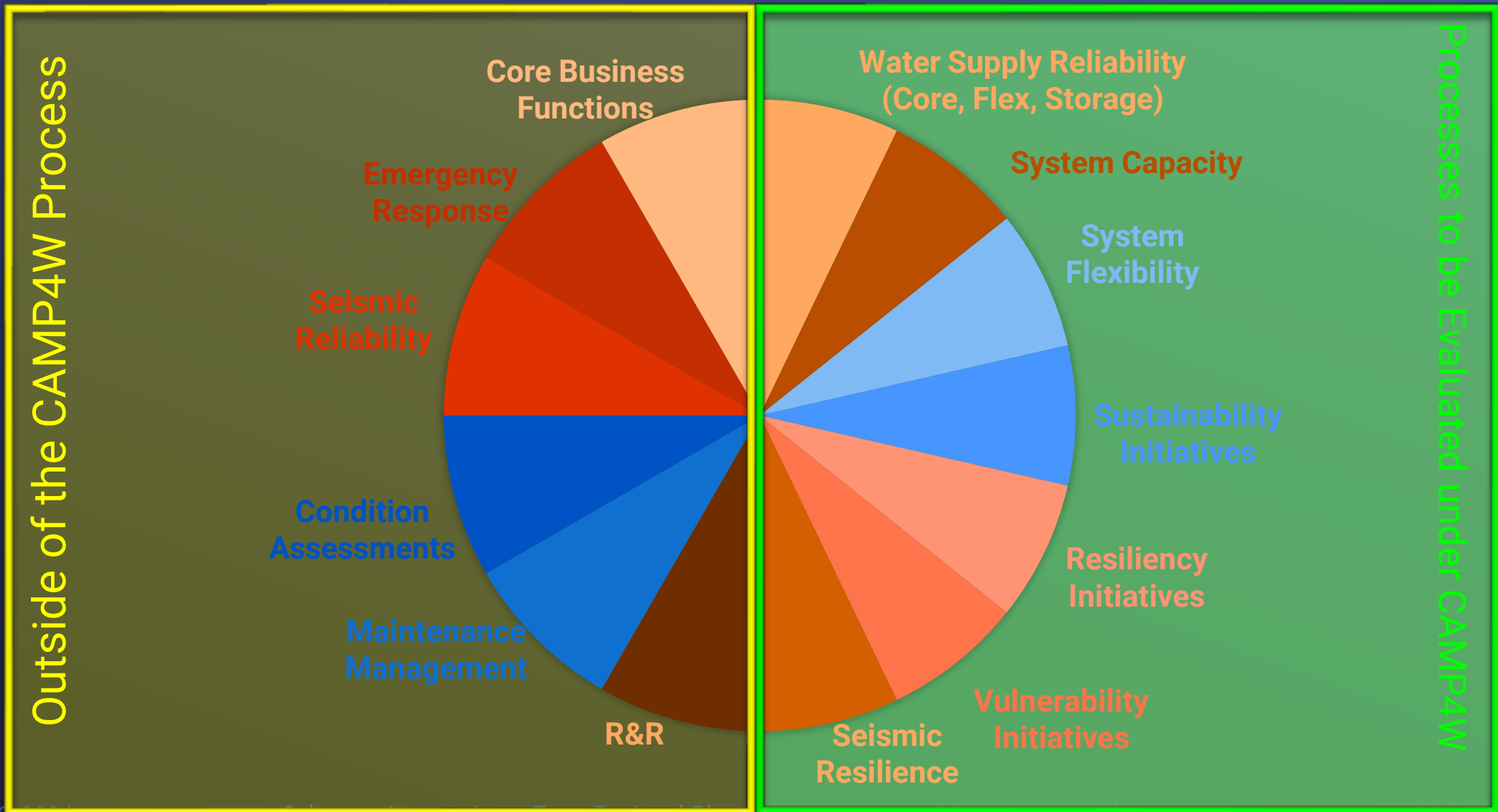
Determining if an investment is subject to CAMP4W consideration

A “yes” answer to any of the following three questions means a project or program will be considered through the CAMP4W process.

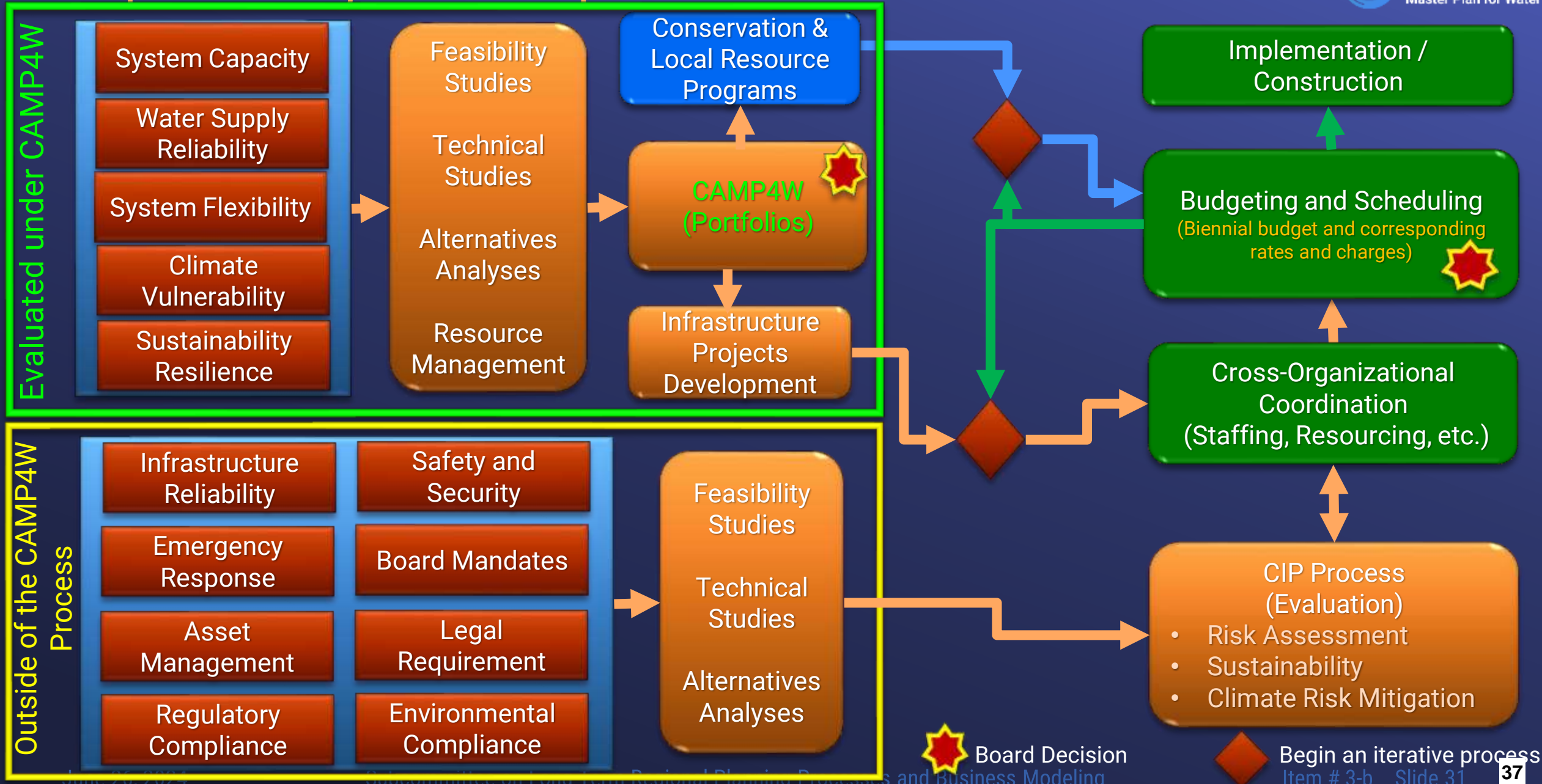
- Is project or program providing or supporting
 - New core supply
 - Flex supply
 - Storage
- Is the project or program addressing a known vulnerability to an asset(s), and does it involve improvements beyond what would be required to maintain the current level of system reliability?
- Does the project or program exceed a certain
 - Flow-based threshold (CFS or AFY)
 - Cost threshold (capital or O&M cost)?

Select Processes and their Relationships to CAMP4W

Incorporated in the Biennial budget and corresponding rates and charges



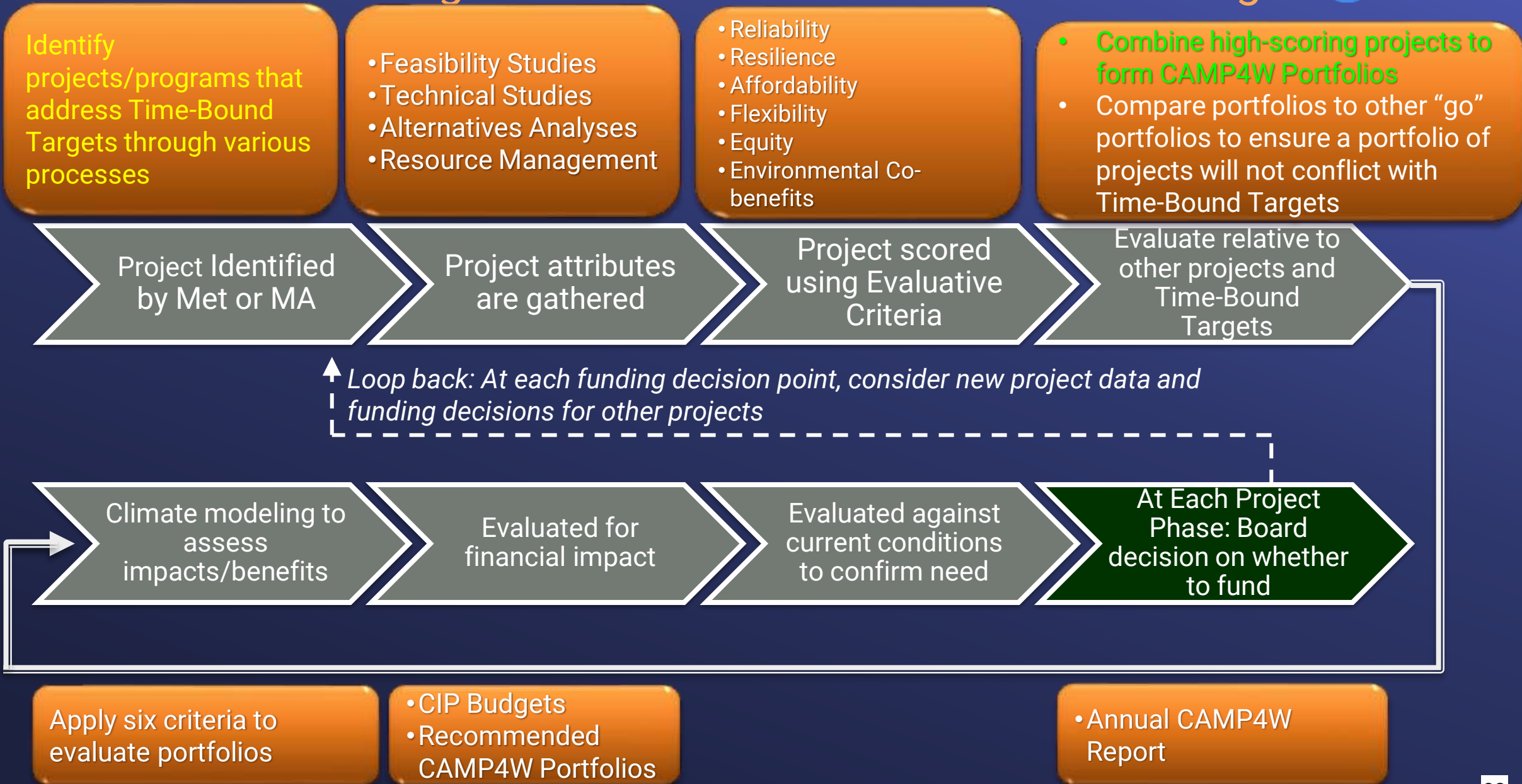
Proposed Project Development Processes



Board Decision

Begin an iterative process

Climate Decision-Making Framework: Process for Decision-Making



CAMP4W Process - a Roadmap for Infrastructure Development and Implementation

- Allow for a holistic look at all the problems that need to be solved
- Develop a roadmap for the implementation of a portfolio of projects and capital investments that
 - Reflect the values of Metropolitan and its Member Agencies
 - Prioritize Metropolitan's capital investments
 - Confront our new climate reality
 - Meet our Member Agency water demands (Reliability)
 - Improve our ability to withstand and recover from disruptions (Resilience)
 - Fair, just, and inclusive to everyone in the Southern California Community (Equitable)





Subcommittee on Long-Term Regional Planning Processes and Business Modeling

6/26/2024 Subcommittee Meeting

3c

Subject

Climate Adaptation Master Plan for Water Task Force - Climate Vulnerability and Risk Assessment

Executive Summary

Metropolitan is currently developing a Climate Adaptation Master Plan for Water (CAMP4W), which will establish the framework for an adaptive management process to facilitate continued reliability and resilience in the face of a changing climate. To investigate how it is currently incorporating climate change risk into its planning and operational activities, Metropolitan has prepared a Climate Vulnerability and Risk Assessment (CVRA). The CVRA identifies how Metropolitan is currently managing risk associated with climate change and provides structural recommendations that will enable it to better adapt. Specifically, the CVRA provides recommendations to improve upon Metropolitan's:

1. Characterization of a broad range of climate hazards (e.g., wildfire, extreme heat, sea level rise, stronger storms, and drought events.)
2. Assessment of vulnerabilities to Metropolitan's infrastructure, operations, workforce, and business model.
3. Development of climate adaptation actions which can build Metropolitan's resilience to a changing new normal.

Fiscal Impact

Unknown at this time

Applicable Policy

By Minute Item 52776, dated April 12, 2022, the Board adopted the 2020 Integrated Water Resources Plan Needs Assessment.

By Minute Item 52946, dated August 15, 2022, the Board adopted a resolution affirming Metropolitan's call to action and commitment to regional reliability for all member agencies.

By Minute Item 53381, dated September 12, 2023, the Board approved the use of Representative Concentration Pathway (RCP) 8.5 for planning purposes in the Climate Adaptation Master Plan for Water.

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

The summary and recommendations are based on research and discussions from water quality, power supply, and asset management charrettes, collaboration with the Environmental Protection Agency Climate Resilience Evaluation and Awareness Tool, and ongoing discussions at the CAMP4W Task Force.

Details and Background

Background

In recent years, several unprecedented climate events have occurred which directly impacted the Metropolitan Water District of Southern California’s (Metropolitan’s) water supply and operations, including record weather conditions (extended drought conditions and historic snow and rain in California and record drought conditions in the Colorado River system), and significant wildfires (ash, increased erosion and sedimentation, power disruptions and public safety power shutdowns, danger to staff). These extreme weather conditions as well as global climate science have presented Californians with a preview of the challenges ahead. Metropolitan recognizes climate change is here and is placing mounting pressure on its water supplies, infrastructure, operations, workforce and business model. To ensure the continued reliability of water supplies for the communities it serves, Metropolitan is taking steps to evaluate climate impacts as well as vulnerabilities and integrate climate and water resource planning with operations and financial planning in the Climate Adaptation Master Plan for Water (CAMP4W) process.

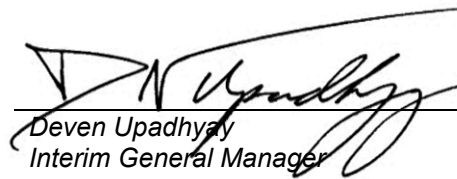
To navigate through the impacts of climate change, while continuing to provide a reliable and resilient supply of water to the communities it serves, Metropolitan is developing the CAMP4W. The CAMP4W process involves the following measures: establishment of an adaptive management process whereby Metropolitan will prepare for and respond to changing conditions; identification of critical Time-Bound Targets that will guide development needs; establishment of a comprehensive Climate Decision-Making Framework to facilitate integrating climate change into investment decisions; and development of updated business model options. This CVRA is a critical component of the CAMP4W process as it provides a roadmap for Metropolitan to identify actions, programs, and projects that will address key vulnerabilities, and will support the adaptive management process. This forward-looking and integrated approach allows Metropolitan to adaptively manage its resources in a manner that accounts for the current and future challenges presented by climate change.



6/25/2024

Elizabeth Crosson
Chief Sustainability, Resilience and
Innovation Officer

Date



6/25/2024

Deven Upadhyay
Interim General Manager

Date

Attachment 1 – Draft Climate Vulnerability Risk Assessment (rev. 5/29/24)

Ref# sri12703720

DRAFT

Climate Vulnerability and Risk Assessment

The Metropolitan Water District of Southern California



June 2024



Prepared by The Sustainability, Resilience, and Innovations Office



Prepared with the assistance of Rincon Consultants, Inc.

Acknowledgements

Development of this Climate Vulnerability and Risk Assessment (CVRA) was made possible through the support and contribution of numerous groups and individuals. Many thanks to the following staff and external contributors who participated in the water quality, power supply, and asset management charrettes, Environmental Protection Agency (EPA) Climate Resilience Evaluation and Awareness Tool (CREAT) exercise, and the development of this assessment.

CVRA Project Team

Adrian Hightower, Sustainability & Resilience Manager, Sustainability Resilience & Innovation

Liz Crosson, Chief Sustainability, Resilience & Innovation Officer

CVRA Consultants

Erik Feldman, Principal, Rincon Consultants, Inc.

Kerry Nixon, Environmental Planner, Rincon Consultants, Inc.

Eric Vaughan, Senior Environmental Planner, Rincon Consultants, Inc.

Kit Batten, Professor Global Futures, Arizona State University

Joan Isaacson, Principal Public Involvement & Facilitation, Kearns & West

U.S. Environmental Protection Agency CREAT Exercise

Steve Fries, Creating Resilient Water Utilities, EPA

Aliza Furneaux, Creating Resilient Water Utilities

Nash Keyes, Creating Resilient Water Utilities, EPA

Suzanne Marr, Region 9 Representative, EPA

Leslie Temple, WIFIA Center, EPA

Charlotte Aitken, Research Analyst, Cadmus

Alyssa Hall, Associate, Cadmus

Jordan King, Research Analyst, Cadmus

Karen Sklenar, Technical Director, Cadmus

Jordi Vasquez, Environmental Scientist, California Department of Water Resources

Vanessa Velasco, Environmental Scientist, California Department of Water Resources

CVRA Metropolitan Contributors

Bay-Delta Initiatives

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Executive Summary

The Metropolitan Water District of Southern California (Metropolitan) has a legacy of forward-looking leadership that has for decades helped Southern California meet tomorrow's water challenges. Metropolitan's water sources and operation continue to be impacted by a changing climate. Metropolitan is working to ensure future water supply reliability for Southern California through investments in infrastructure improved operations, and the development of an innovative One Water approach to manage the water cycle. To continue to adapt and drive investment, it is critical to assess the susceptibility of Metropolitan's systems and operations to the shifting conditions related to climate change.

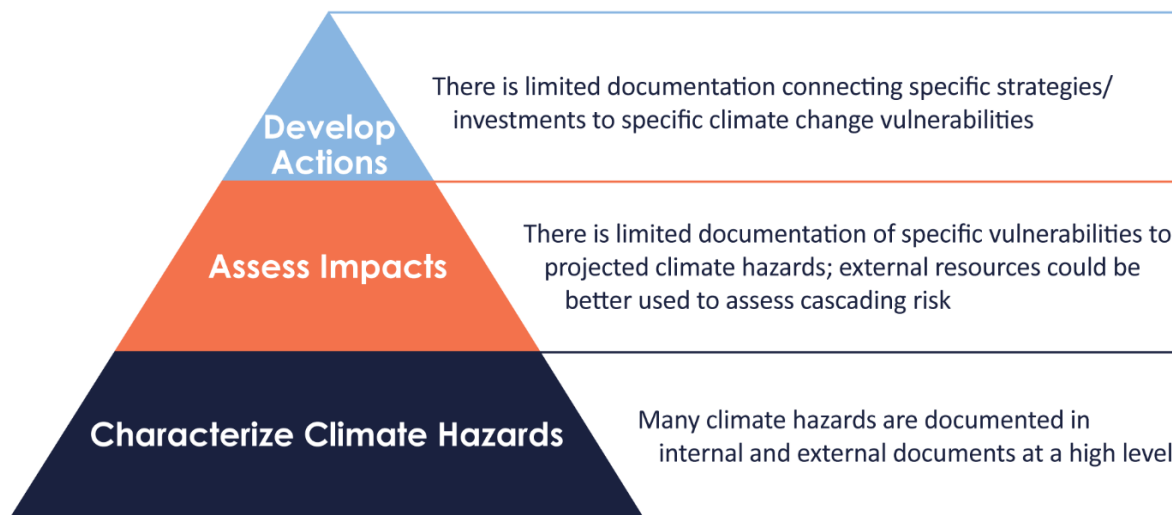
Metropolitan is currently developing a Climate Adaptation Master Plan for Water (CAMP4W), which will establish the framework for an adaptive management process to facilitate continued reliability and resilience in the face of a changing climate. To investigate how it is currently incorporating climate change risk into its planning and operational activities, Metropolitan has prepared a Climate Vulnerability and Risk Assessment (CVRA). The CVRA identifies how Metropolitan is currently managing risk associated with climate change and provide structural recommendations that will enable it to better adapt. Specifically, the CVRA provides recommendations to improve upon Metropolitan's:

1. Characterization of a broad range of climate hazards (e.g., wildfire, extreme heat, sea level rise, stronger storms, and drought events),
2. Assessment of vulnerabilities to Metropolitan's infrastructure, operations, workforce, and business model, and
3. Development of climate adaptation actions which can build Metropolitan's resilience to a changing new normal.

Key Findings and Recommendations

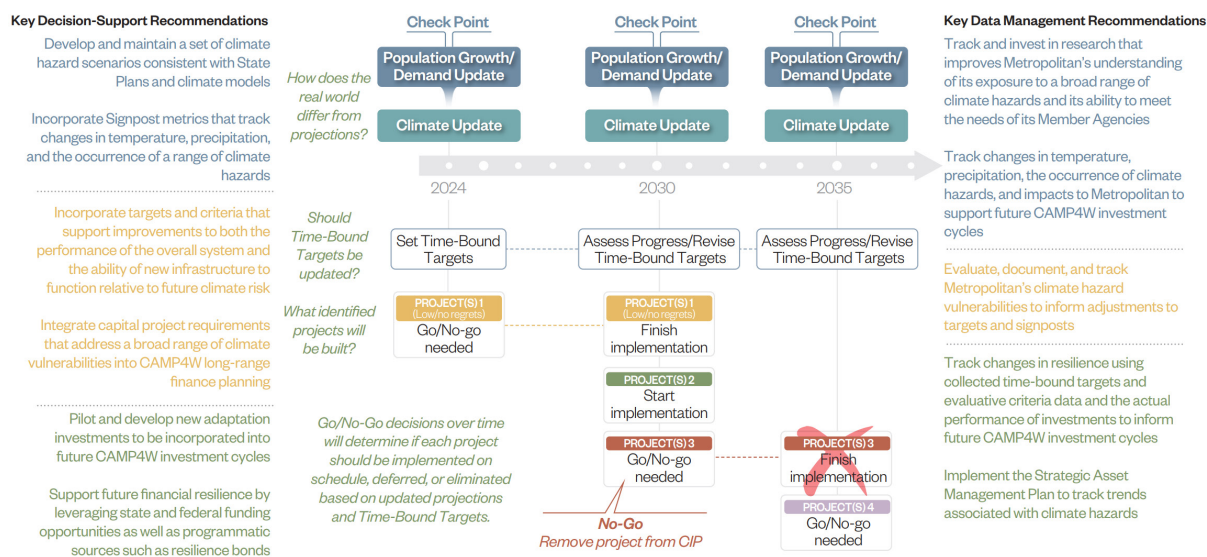
As graphically represented in Figure 1, many climate threats have been identified and characterized at a high level, but there is limited documentation of Metropolitan's specific vulnerabilities and even fewer documents identifying actions which address those vulnerabilities. As presented in Figure 1, many documents identify several types of climate hazards but include only a limited analysis of specific vulnerabilities. Limited information about systems impacts (e.g., the scale, timeframe, social, economic, and ecological repercussions) may result in a diminished capacity to identify specific solutions or strategies at the system/asset level. As an example, there is a lack of understanding of the (cascading) risks associated with impacts to the energy grid or to watersheds, both of which support Metropolitan systems and services. It is critical to understand and quantify the risks and associated actions to address vulnerabilities in order for Metropolitan to incorporate the full suite of actions and associated costs required to be resilient and reliable in the face of a changing climate into the CAMP4W process.

Figure 1 Summary of Literature Review Findings



Specific recommendations that directly support the development of CAMP4W are shown in Figure 2 and follow a consistent methodology of first characterizing climate hazards, then assessing vulnerabilities, and finally developing climate adaptation actions.

Figure 2 Key CVRA Recommendations for the CAMP4W Process



Characterize Climate Hazards. Recommendations (shown in Table 4) associated with this topic are intended to build on existing efforts in order to equip staff with the information required to effectively characterize the influence of climate change on weather events over time. CVRA Recommendations that directly support the CAMP4W process, include:

- Select, review, and update as necessary specific GHG emission scenarios in order to provide Metropolitan with a consistent set of underlying conditions to guide its adaptive management decisions. The CVRA proposes expanding upon Metropolitan’s existing policy that identifies which climate change scenarios (e.g., RCP 8.5) will underpin Metropolitan’s CAMP4W decision-making framework. The CVRA recommends that selection of climate change scenarios be reviewed and revised consistent with subsequent IPCC Reports, the National Climate

Assessment, and California’s Climate Assessments to incorporate the best available science as it becomes available.

- Develop a broad set of localized climate hazard characterizations (including, but not limited to, wildfire, extreme heat, extreme precipitation, flood, landslide, and wind) to enable Metropolitan to track changes in risk over time and respond accordingly through CAMP4W. The CVRA proposes establishing a digital platform to track changes in the exposure of Metropolitan systems to characterized climate change hazards as well as changes in temperature and precipitation.
- CAMP4W Signposts enable Metropolitan to understand how underlying climate conditions, such as temperature, precipitation, and the occurrence of climate hazards change over time. This information is intended to inform future supply-demand analyses, climate hazard risk assessments, and resulting investment decisions. The CVRA proposes incorporating climate trends into selected CAMP4W Signpost metrics.

Assess Vulnerabilities. Recommendations (shown in Table 5) associated with this topic are intended to provide staff with the information required to effectively assess climate vulnerabilities and identify potential impacts. CVRA Recommendations that directly support the CAMP4W process, include:

- Climate change is projected to increase the frequency and severity of extreme conditions (heat, wind, precipitation, etc.) which will increase the risk of operational disruptions and asset damage. The CVRA proposes establishing a database that can be used to track the frequency and severity of emergency response events and impacts to Metropolitan operations (disruptions, costs, etc.) and infrastructure (age of asset, type of asset, damage or impact, costs). This information can be used to indicate if climate hazards are having a greater influence on Metropolitan infrastructure and operations over time and can inform future O&M and CIP decision making.
- CAMP4W Time-Bound Targets and Evaluative Criteria enable Metropolitan to identify and prioritize investments that increase its resilience. The CVRA proposes establishing targets and criteria which relate to types of investments that support both the overall resilience of Metropolitan’s systems and/or investments that make specific elements of the system more resilient to climate hazards. Proposed Evaluative Criteria metrics should be based on the climate (and seismic) hazards which are most relevant to Metropolitan systems, available in the CAMP4W Year 1 Progress Report.
- Long-term finance planning through the CAMP4W process is intended to support Metropolitan’s financial stability in the face of climate change. Understanding the financial impacts associated with bridging the supply gap identified in the IRP Needs Assessment will facilitate the iterative and adaptive methodology that is the cornerstone of the CAMP4W process. The CVRA proposes integrating capital project requirements to address climate hazard vulnerabilities into long-range financial planning so that the costs associated with adaptation are better represented in financial forecasts.

Develop Climate Adaptation Actions. Recommendations (shown in Table 6) associated with this topic are intended to provide staff with the information required to effectively develop adaptation actions and conduct robust vulnerability assessments. CVRA recommendations that directly support the CAMP4W process, include:

- CAMP4W investment decisions are intended to be reviewed and revised on a five-year basis. As projects are implemented, the associated Time-Bound Target and Evaluative Criteria data are intended to be revisited and revised as necessary to support this iterative decision-making process. The CVRA proposes establishing a database for tracking the actual performance of CAMP4W investments relative to their expected performance in order to guide future investment choices.
- There are additional potential resilience investments that can be considered in the future. The CVRA proposes projects and programs to address specific climate threat vulnerabilities which could be evaluated through CAMP4W for inclusion in future investment cycles.
- The continued resilience of Metropolitan’s financial systems can be supported by increasing pathways for Metropolitan’s to access to state and federal sources of funding as well as expanding partnership opportunities. The CVRA provides recommendations intended to inform future financial planning processes and increase pathways to access additional funds.

Deep-Dives

The CVRA also included deep-dive sessions with select internal groups to better understand how staff are currently characterizing, assessing, and addressing climate vulnerabilities on the topics of energy and water quality.

Power Supply Vulnerabilities Metropolitan’s energy context is changing rapidly based in part on California’s aggressive energy decarbonization efforts (e.g., increased electricity needs for electric vehicles and conversion of natural gas appliances to electric appliances), the rapid development of California’s grid which Metropolitan influences and is influenced by, and the increasing scale of climate change impacts across the energy system. Interview participants identified several systemic adaptation options, including developing new Power Purchase Agreements (PPAs) and further diversification of Metropolitan’s energy sources to better manage future grid instability and energy pricing. Increased use of large-scale PPAs may also offer increased financial flexibility by increasing Metropolitan’s participation in the wholesale energy market, which would provide access to power when needed and the ability to sell the excess as an additional source of revenue. Upgrading Metropolitan’s high-voltage transmission lines could mitigate operational risks while also generating revenue through transmission access charge and interconnection fees, which could then be used to support capital improvements to the transmission system. Metropolitan will have to consider changes to North American Electric Reliability (NERC) regulatory compliance levels before implementing these changes. The CRAPSP and Transmission Strategic Plan (TSP) will provide opportunities to address these risks to Metropolitan’s high-voltage transmission system.

Water Quality Vulnerabilities. Participants agreed that climate change is likely to amplify the range of water quality challenges Metropolitan faces, which will increasingly strain water treatment operations moving forward. It is also possible more extreme conditions may exceed the current infrastructure’s capability and staff’s ability to balance the water quality characteristics of different flows across the system. Climate change may prompt the need for large-scale investments beyond what is currently needed for general repair and replacement. Furthermore, water quality regulatory standards have become more stringent over time, and this trend is expected to continue, making it more difficult to balance the source water and storage-based water quality conditions. In the future, it will be critical to identify impacts and build specific adaptations around the direct and cascading impacts on water quality associated with climate change.

Water Infrastructure Vulnerabilities (Data) The performance and condition of many of Metropolitan’s assets are likely to degrade more rapidly as climate change amplifies the weather conditions that drive their exposure to climate hazards. At a foundational level, asset data is not currently managed in a holistic way across the organization that is consistent or complete at an agency-wide scale. Coordinating with the ongoing enterprise-wide approach to asset management is recommended to improve Metropolitan’s ability to adaptively manage climate risks. Specifically, an Asset Management Policy, like the one proposed in the Strategic Asset Management Plan, should be developed and communicated to the entire organization. This will provide a systematic, proactive, and data-informed vehicle for efficiently maintaining, operating, and ultimately replacing assets and infrastructure.

Near-Term Recommendations

Near-term recommendations have been selected to address the most pressing needs by providing Metropolitan with information and tools to better characterize, assess, and address its climate vulnerabilities. Near-term recommendations from the CVRA are discussed below. Please refer to the Key Findings and Recommendations section for the full list of recommendations.

The CVRA makes three sets of recommendations, with each building upon the previous group. The first set of recommendations pertain to characterization of climate hazards and their potential impacts on the Metropolitan system. These recommendations will help Metropolitan collect the data needed for incorporating climate hazards into long-term planning. Near term recommendations for climate hazard characterization include establishing and maintaining a database of Metropolitan’s climate hazard characterizations, regularly collecting the latest climate science, employing a digital platform to catalog and monitor climate hazard exposures and the occurrence of extreme events, and securing grant funding to conduct studies and support research that better characterizes climate hazards.

The second set of CVRA recommendations pertain to ways that Metropolitan can use the data gathered and maintained through the first set of recommendations to assess climate vulnerabilities, particularly related to future risk. Near term recommendations include funding, cataloging, and tracking specific vulnerability assessments across different asset and climate hazard typologies, revising design standards to mitigate projected asset vulnerabilities, and coordinating and streamlining future climate vulnerability assessments.

The third set of CVRA recommendations are intended to help Metropolitan staff develop and document adaptation actions informed through more robust vulnerability assessments. A near-term recommendation is to convene an annual climate risk summit with internal and external parties to identify vulnerabilities, opportunities for further assessment, and share best adaptation practices.

Finally, the deep dives provided valuable insights from staff across Metropolitan and were used to produce topical recommendations. The near-term power supply recommendations are to assess and address the vulnerabilities of Metropolitan’s high voltage transmission infrastructure and assess opportunities for renewable power generation and energy storage to align with Metropolitan’s decarbonization goals. The near-term water quality recommendations are to assess and address points of criticality in Metropolitan’s water treatment facilities in anticipation of projected climate change impacts and invest in the ability to pilot new treatment processes and approaches that address anticipated climate impacts. Finally, the near-term recommendations for water infrastructure are to regularly evaluate trends in climate impacts on different types of assets to inform future adaptive design criteria and to coordinate with and sufficiently staff the existing inter-

departmental asset management effort to develop an implementation strategy for Metropolitan's Strategic Asset Management Plan.

Conclusion

Improving Metropolitan's ability to adapt to climate change is an urgent focus and is expected to require continued attention. Climate science indicates certain trends are likely, and an Adaptive Management process, as defined throughout the CAMP4W process, is recommended. To manage climate change risk, Metropolitan needs a structured process for evaluating changes to its system and potential investments. These adjustments have the potential to increase Metropolitan's adaptive capacity and continue its critical mission to "provide... adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way."

1 Introduction

Changes in temperatures in California, and globally, are being driven by the accumulation of carbon dioxide and other heat-trapping gases emitted from human activities into the atmosphere. California has one of the world's most varied and volatile climates. Currently, temperatures are warming, heat waves and wildfires are more frequent, and precipitation has become increasingly variable. California has experienced a succession of dry spells, and with warmer conditions, the impacts of these droughts have increased, as observed across the state. Peak runoff in the Sacramento River occurs nearly a month earlier now than in the first half of the last century¹, and glaciers in the Sierra Nevada have lost an average of 70 percent of their area since the start of the twentieth century.² The Colorado River Basin's natural flow decreased by roughly the volume of Lake Mead during the 2000-2021 megadrought, increased aridification in snowpack regions resulting in water losses has occurred at roughly twice the rate of non-snowpack regions, and present day natural flows have declined by over 10% due to anthropogenic warming.³ Metropolitan must therefore adapt its water supplies, infrastructure, operations, workforce and business model to the increasing threats posed by climate change in the form of extreme events such as wildfires, atmospheric rivers, extreme heat, drought, sea level rise, and more. More details regarding the best available science on climate change can be found in California's Fourth Climate Change Assessment⁴ as well as the recently published Fifth National Climate Assessment.⁵

In recent years, several unprecedented climate events have occurred which directly impacted the Metropolitan Water District of Southern California's (Metropolitan's) water supply and operations, including record weather conditions (extended drought conditions and historic snow and rain in California and record drought conditions in the Colorado River system), and significant wildfires (ash, increased erosion and sedimentation, power disruptions and public safety power shutdowns, danger to staff). These extreme weather conditions as well as global climate science have presented Californians with a preview of the challenges ahead. Metropolitan recognizes climate change is here and is placing mounting pressure on its water supplies, infrastructure, operations, workforce and business model. To ensure the continued reliability of water supplies for the communities it serves, Metropolitan is taking steps to evaluate climate impacts as well as vulnerabilities and integrate climate and water resource planning with operations and financial planning in the Climate Adaptation Master Plan for Water (CAMP4W) process.

In addition to adapting its infrastructure, operations, water delivery, and storage capacities to meet the challenges posed by a changing climate, Metropolitan has also committed to reducing its operational carbon footprint through its recently adopted Climate Action Plan.⁶ Metropolitan has

¹ 2022. California Office of Environmental Health Hazard Assessment. Indicators of Climate Change in California, Snowmelt Runoff. <https://oehha.ca.gov/media/epic/downloads/03snowmeltrunoff.pdf>

² 2018. California Office of Environmental Health Hazard Assessment. Indicators of Climate Change in California, Glacier Change. https://oehha.ca.gov/media/epic/downloads/ips_gc2018.pdf

³ 2023. Bass, Benjamin, Naomi Goldenson, Stafen Rahimi, Alex Hall. Aridification of Colorado River Basin's Snowpack Regions Has Driven Water Losses Despite Ameliorating Effects of Vegetation. AGU Advancing Earth and Space Sciences. <https://agupubs.onlinelibrary.wiley.com/doi/10.1029/2022WR033454>

⁴ 2018, California Natural Resources Agency. California's Fourth Climate Change Assessment. <https://www.climateassessment.ca.gov/>

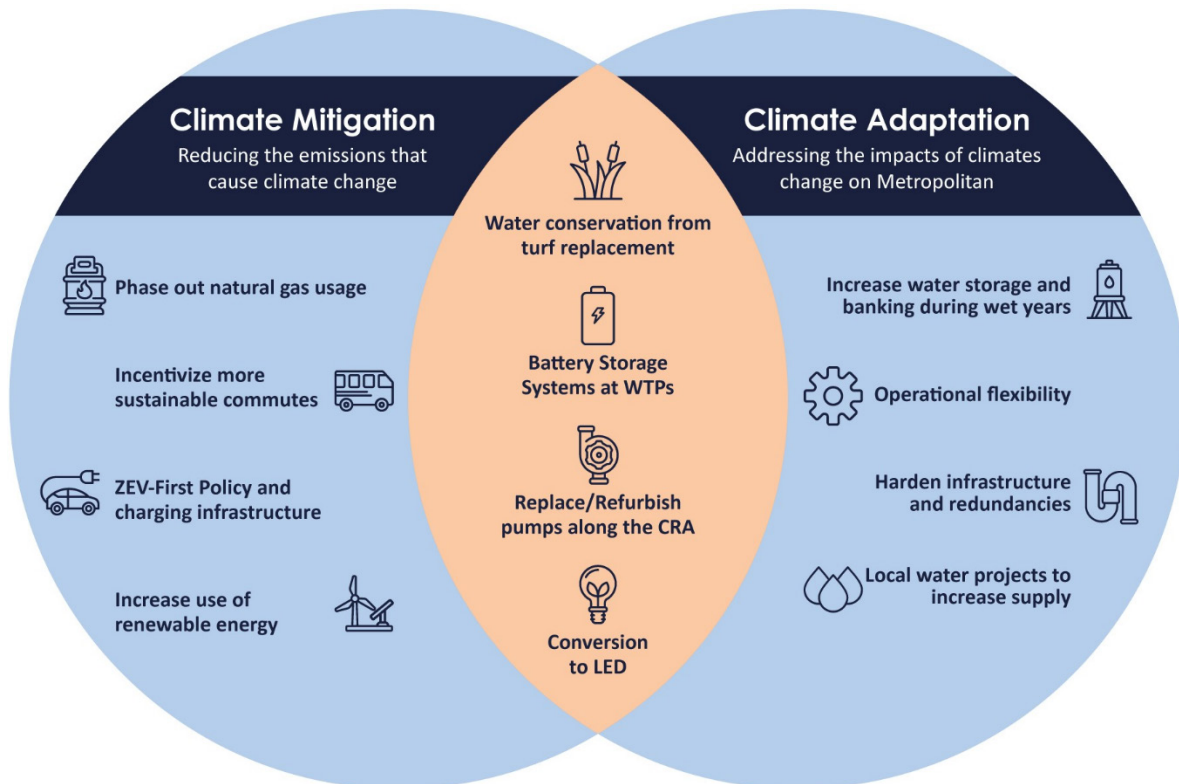
⁵ 2018, U.S. Global Change Research Program. Fourth National Climate Assessment (NCA4). <https://nca2023.globalchange.gov/>

⁶ 2022. Metropolitan Water District of Southern California. Climate Action Plan. <https://www.mwdh2o.com/media/12469/final-cap.pdf>

taken a leadership role in reducing greenhouse gas (GHG) emissions associated with its facilities and operations, also known as climate change mitigation, GHG mitigation, or climate action.

Historic and ongoing emissions in the atmosphere require climate adaptation strategies along with concurrent action by Metropolitan to reduce its own emissions. This dual approach towards climate resilience and GHG mitigation is critical for Metropolitan to adapt to the impacts of climate change and avoid disruption to its mission of providing reliable water supplies. Through critical planning and decision-making policies, which are being defined through the CAMP4W process and implemented through its existing Climate Action Plan, Metropolitan can invest in strategies that do both, representing the most efficient way to proceed as shown in Figure 3.

Figure 3 Resilience Framework



To navigate through the impacts of climate change, while continuing to provide a reliable and resilient supply of water to the communities it serves, Metropolitan is developing the CAMP4W. The CAMP4W process involves the following measures: establishment of an Adaptive Management process whereby Metropolitan will prepare for and respond to changing conditions; identification of critical Time-Bound Targets that will guide development needs; establishment of a comprehensive Climate Decision-Making Framework to facilitate integrating climate change into investment decisions; and development of updated business model options. This Climate Vulnerability and Risk Assessment (CVRA) is a critical component of the CAMP4W process as it provides a roadmap for Metropolitan to identify actions, programs, and projects that will address key vulnerabilities, and will support the Adaptive Management process. This forward-looking and integrated approach allows Metropolitan to adaptively manage its resources in a manner that accounts for the current and future challenges presented by climate change.

The analysis and recommendations included in this CVRA investigate how Metropolitan currently manages climate change risk, identifies key gaps, and provides structural recommendations for the future. The intent of this effort is to articulate a pathway for adaptive management of climate change by continuing to update methods of analysis and investing in infrastructure and operational adaptations in a manner that take into consideration changing future conditions. Through this increased adaptive capacity, Metropolitan will be better able to continue to provide its Member Agencies with adequate and reliable supplies of high-quality water.

Metropolitan's Mission Statement

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.

1.1 Purpose

The purpose of the CVRA is to inform the CAMP4W process regarding Metropolitan's current process of managing the risks associated with climate change and to provide structured recommendations to enable Metropolitan to adapt to climate change moving forward. This report examines a range of climate impacts – from forecasted average impacts to extreme events – and serves several objectives, which include:

- Cataloging what is known about the influence of extreme climate events on Metropolitan's ability to fulfill its mission and serve its Member Agencies;
- Cataloging institutional knowledge, approaches, and understanding of climate threats, vulnerabilities, and adaptation options;
- Understanding Metropolitan's past approaches to incorporating climate change into policies and procedures;
- Identifying key gaps in Metropolitan's approaches to characterizing climate risks and vulnerabilities; and
- Identifying opportunities for Metropolitan to improve its management of climate risks moving forward.

2 Methodology

The initial step of this CVRA consisted of a literature review including both internal (i.e., Metropolitan) documents and external documents (i.e., local and regional documents developed outside of Metropolitan). The literature review developed an understanding of the current vulnerabilities, knowledge base, existing efforts and methods, and gaps as a basis for developing a resilience framework. SRI staff also convened several internal discussions with numerous staff on the topics of security, asset management, engineering, design, maintenance, and hazard mitigation. Over 60 documents were reviewed and cataloged. The types and examples of documents included:

External Documents

- DWR Vulnerability Assessment & Plan
- CA Water Strategy & Plan
- CA 4th Climate Assessment & Studies
- Cap and Trade Proceeds Report
- SWP Plans & EIRs
- Watershed Assessments and Plans
- Utility Adaptation Plans and Vulnerability Studies
- Groundwater Sustainability Plans
- Local Vulnerability Assessments and Plans
- Wildfire Protection Plans

Internal Documents

- Integrated Resource Plan
- Climate Action Plan
- Urban Water Management Plan
- Energy Sustainability Plan
- Resource Vulnerability Study
- Strategic Asset Management Plan
- System Reliability Study
- Hydroelectric Feasibility Study
- Energy Management & Reliability Study
- Facility Wildfire Risk Reduction Plan

Additionally, surveys and charrettes with Metropolitan staff were conducted to receive feedback on a range of topics related to current procedures and analysis and risks and vulnerabilities on operations and infrastructure. Findings from each charrette were summarized in individual memorandums and detailed in Appendix C.

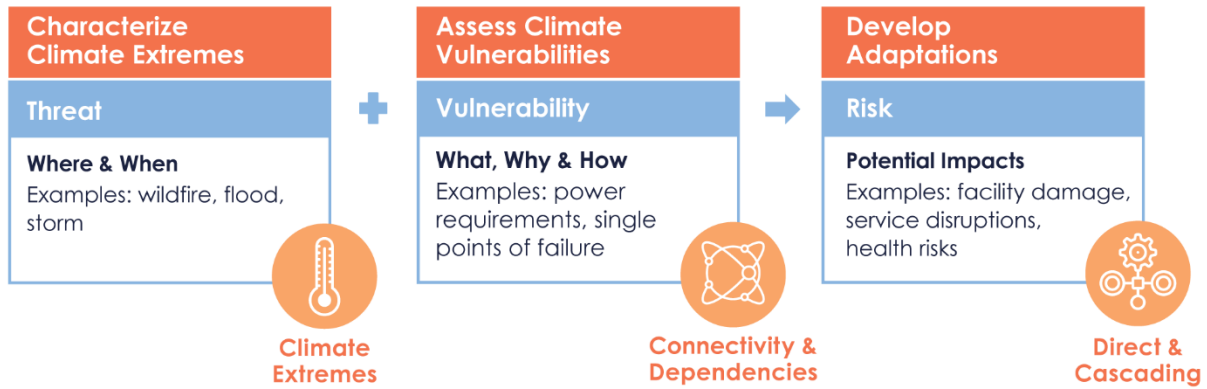
Documents were categorized in several ways, including whether they included specific actions, geographic scope, and types of water resource(s) they relate to. A summary of the literature review findings is included below. The complete list of reviewed documents is located in Appendix A.

The literature review was conducted using a risk assessment rubric (Figure 4). This structure was used to develop an understanding of the following:

1. Identification of analytical methods and data;
2. Characterization of regional climate extremes;
3. Assessment of facility and operational vulnerabilities to identified climate extremes; and
4. Development of adaptation strategies to reduce identified climate vulnerabilities.

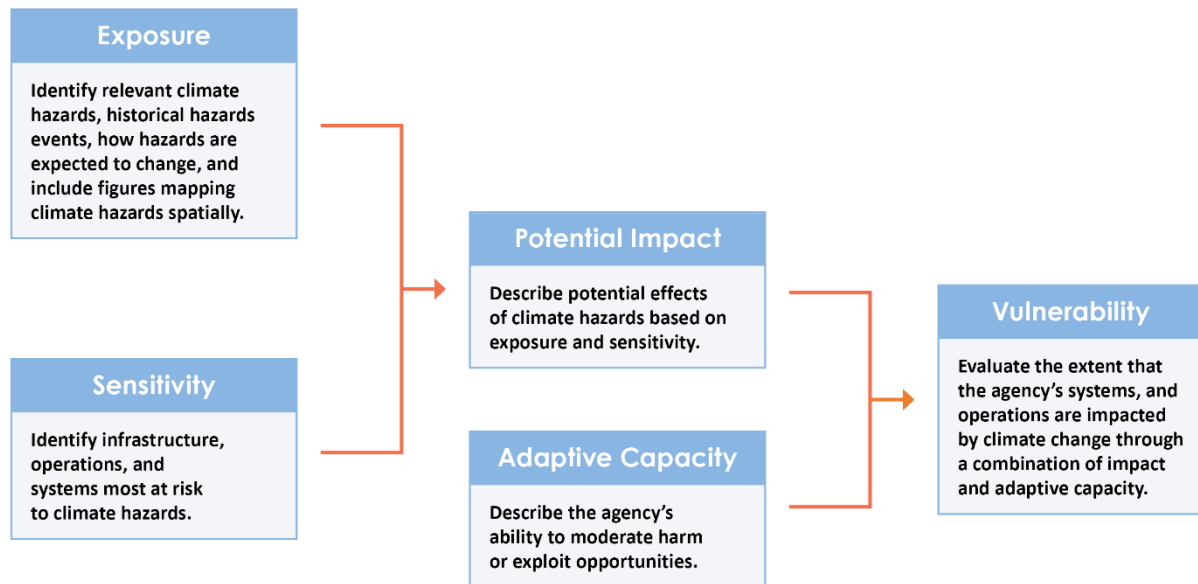
For the purpose of this analysis, threats represent different types of climate extremes, such as wildfire, extreme heat, stronger storms, and drought events. Vulnerabilities represent an understanding of how and why Metropolitan systems and operations can be affected by the various climate extremes. Risks represent the potential impacts of extreme climate events on Metropolitan infrastructure, facilities, services, and operations. Risk is evaluated by characterizing the threats posed by climate extremes and assessing the vulnerability of Metropolitan's systems and operations to those threats. Figure 4 depicts the relationship between threats, vulnerabilities, and risks as evaluated throughout this CVRA and is consistent with Metropolitan's general approach to assessing risk.

Figure 4 CVRA Process Flow Diagram



The CVRA approach is also informed by the Vulnerability Assessment Process (Figure 5) as defined in the California Adaptation Planning Guide⁷ and employed by the California Department of Water Resources.⁸ California organizes a climate vulnerability assessment into a two-step process comprised of four elements. In this process, vulnerability is based on the potential impacts a system is facing and its adaptive capacity, which is its ability to moderate those impacts and exploit opportunities that present themselves. Potential impacts are based on a combination of a system’s exposure and sensitivity to climate threats. In the context of the CVRA, Metropolitan’s adaptive capacity can be improved through the actions it takes (e.g., capital investments, process improvements, shifts in operational capabilities).

Figure 5 California’s Vulnerability Assessment Process



⁷ 2020, California Governor’s Office of Emergency Services. California Adaptation Planning Guide (Final, June 2020, Accessible version). <https://www.caloes.ca.gov/wp-content/uploads/Hazard-Mitigation/Documents/CA-Adaptation-Planning-Guide-FINAL-June-2020-Accessible.pdf#search=adaptation%20planning%20guide>

⁸ 2019, California Department of Water Resources. Climate Action Plan III: Vulnerability Assessment. <https://water.ca.gov/-/media/DWR-Website/Web-Pages/Programs/All-Programs/Climate-Change-Program/Climate-Action-Plan/Files/CAP-III-Vulnerability-Assessment.pdf?la=en&hash=7DF13A5B51C4B4FA808166C596F7EAE67ED58AC5> Climate Action Plan, Phase 3: Climate Change Vulnerability Assessment.

The CVRA approach is also aligned with Envision, a decision-making framework developed by Zofnass Program for Sustainable Infrastructure at the Harvard University Graduate School of Design and the Institute for Sustainable Infrastructure, a not-for-profit education and research organization. Envision offers guidance for physical infrastructure providers to assess and measure the extent to which a project contributes to sustainability across the full range of social, economic, and environmental indicators. The Envision framework includes 64 sustainability and resilience indicators, called ‘credits’, organized around five categories: Quality of Life, Leadership, Resource Allocation, Natural World, and Climate and Resilience.

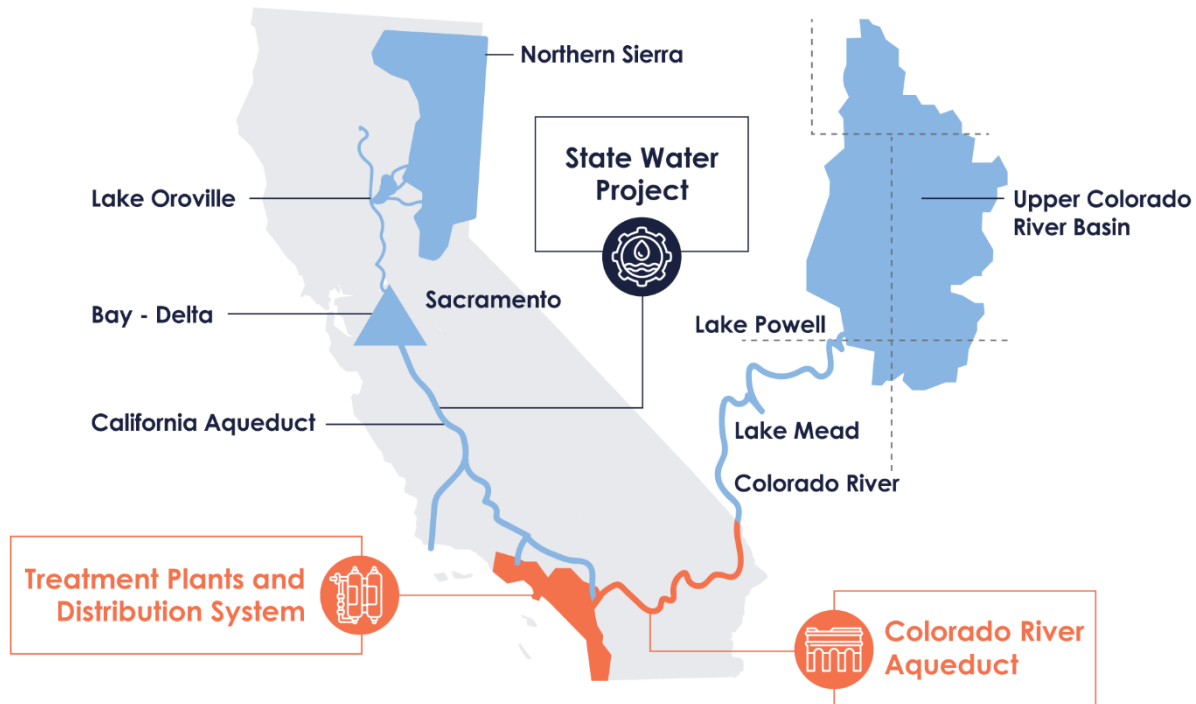
During the initial charettes, staff identified two areas of study for more detailed analysis: energy and water quality. Staff conducted follow-on investigations of these topics through charettes with internal experts to better understand the following: how climate impacts manifested in recent years; how climate threats may impact operations in the future; what adaptations are occurring or needed; and what barriers exist to adaptation.

2.1 Employing a Systems-Based Approach

Metropolitan’s ability to provide water to its Member Agencies relies on a collection of natural and built systems which span across thousands of square miles and across multiple states. The complexity of interactions between systems, such as the State Water Project (SWP), the Upper Colorado River Basin, and local supply sources, necessitates a systems-based approach to assessing climate risk. Climate impacts that affect one or more of these systems can influence Metropolitan’s ability to deliver water, including systems beyond Metropolitan’s direct control (e.g., SCE’s power grid). Risks influencing Metropolitan’s facilities and operations that are outside of its direct control are identified as cascading risks (rather than direct risks), such as risks associated with power grid reliability and resilience. By employing a systems-based approach which has been accomplished successfully by other agencies, Metropolitan will continue to be able to identify multi-benefit and/or cost-efficient adaptation options.⁹ Figure 6 depicts Metropolitan’s system of infrastructure that provides treated and untreated water supply to its Member Agencies. The CVRA assessment included the following components:

- Watersheds supporting Metropolitan water resources, including the Northern Sierra Nevada, the Sacramento Bay Delta, and the Upper Colorado River Basin;
- External infrastructure systems, including hydropower facilities, and various elements of the energy grid that powers water delivery systems;
- Metropolitan infrastructure and operations, including the Colorado River Aqueduct (CRA) system, the SWP (operated by California Department of Water Resources), distribution pipelines within its service area, power infrastructure, water treatment facilities, pump stations, and other facilities;
- Local water supplies developed and used by Member Agencies (e.g., groundwater, treated wastewater, desalinated water); and
- Demand for Metropolitan water through Member Agencies, including its agencies located in Metropolitan’s SWP-dependent areas (the “SWP-Dependent Areas”).

⁹ As an example, New York City has saved \$6 to \$8 billion in 2023 dollars by making large-scale watershed management investments in the Catskill Mountains (the primary source of its water supply), even though the area is beyond the limits of its facilities, pipelines, and direct operational control, by avoiding construction of a filtration plant. See more here: <https://www.ecosystemmarketplace.com/articles/ecosystem-services-in-the-new-york-city-watershed-1969-12-31-2/>

Figure 6 Metropolitan’s System Map

2.2 Climate Threats

Climate models indicate an increasing likelihood and magnitude of extreme climate events, which can be defined as a time and place in which weather, climate, or environmental conditions—such as temperature, precipitation, drought, or flooding—rank above a threshold value near the upper or lower ends of the range of historical measurements. Increased heat trapped in the atmosphere caused by increased GHG concentrations is leading to changes in the frequency and magnitude of climate extremes, because the additional heat amplifies weather conditions.¹⁰ Research is demonstrating that climate change is resulting in more frequent, more intense, longer-lasting, or larger in scale extreme events beyond what has occurred historically.¹¹ Globally, there is evidence climate change has the potential to trigger major disruptions to water suppliers of the size and scale of Metropolitan. Recent examples include:

- The South African city of Cape Town recently experienced a 1 in 400-year drought event, which nearly resulted in a complete collapse of its water supply system. As a result, the city quadrupled its water rates and is investing more than \$545 million (a third of its total municipal budget) in water infrastructure, groundwater extraction, and water efficiency. The City has also raised \$54 million for a Green Bond that will fund key sustainability projects, including reservoir upgrades, pressure management, water re-use, and sewer and water system upgrades. These lessons-

¹⁰ 2021. Gulev, S.K., P.W. Thorne, J. Ahn, F.J. Dentener, C.M. Domingues, S. Gerland, D. Gong, D.S. Kaufman, H.C. Nnamchi, J. Quaas, J.A. Rivera, S. Sathyendranath, S.L. Smith, B. Trewin, K. von Schuckmann, and R.S. Vose. Changing State of the Climate System. In *Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change*. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, pp. 287–422, doi:[10.1017/9781009157896.004](https://doi.org/10.1017/9781009157896.004).

¹¹ 2020. National Oceanic and Atmospheric Administration (NOAA). What extreme event is there evidence that global warming has caused or contributed to? Climate.gov. Retrieved Month Day, Year, from <https://www.climate.gov/news-features/climate-qa/what-extreme-event-there-evidence-global-warming-has-caused-or-contributed>

learned underscore the critical importance of proactively understanding and investing in actions that enhance Metropolitan’s resilience to the amplifying threat of extreme drought in California.

- One of the most extreme heat events ever recorded globally occurred in 2021 in the northwestern United States. The highest temperature recorded was 120 degrees Fahrenheit, and at least 36 locations in the western U.S. and another 38 in Canada tied or set all-time records for high temperatures. The heat event led to more than 650 deaths, damaged infrastructure including buckled roads and melted power lines. These lessons-learned underscore the critical need for Metropolitan to replace and refurbish infrastructure that is vulnerable to the amplified extreme climate conditions of today and establishing and incorporating design guidelines for new infrastructure based on future climate conditions rather than historic ones.
- Years of drought and extreme heat in the Mississippi Delta have decreased the river’s flow, pushing salinity much further inland than normal. Smaller towns across the Mississippi Delta have employed emergency measures and some are contending with salinity levels that present a risk to people with conditions such as hypertension and kidney problems. As a result, in Fall 2023, a massive saltwater wedge moved up the Mississippi Delta and nearly cut off New Orleans’ main source of drinking water. These lessons-learned underscore the critical importance of supporting measures that protect the SWP system from a similar event occurring in the Sacramento Delta, which could severely impair deliveries to Metropolitan and other SWP contractors.

The resulting effects on the atmosphere and ocean currents are driving new and more extreme weather patterns.¹² The threats included in the CVRA represent the different types of climate extremes being amplified by climate change, and include the following:

- **Extreme Heat Events** – Extreme heat events are prolonged periods of unusually high temperatures that can have significant impacts on the environment, public health, demand for water, and infrastructure. An extreme heat event or “heat wave” can be defined as a period of 5 or more days when the maximum temperature exceeds the 98th percentile (or is among the highest 2 percent) of historical daily maximums.¹³ In California, the extreme heat event over the 10-day period from August 31 through September 9, 2022, set records for all-time high temperatures throughout the state, leading to a surge in heat-related hospitalizations and deaths, rolling electrical blackouts, and damage to essential infrastructure. In California, the daily maximum average temperature is expected to rise 4.4° to 5.8° Fahrenheit by mid-century and 5.6°F–8.8°F by late century. In the Northern Sierra region, an area where much of the state’s water originates, extreme heat events are projected to occur four to ten times more often.¹⁴
- **Multi-Year Drought Events** – Drought is an extended period of abnormally low rainfall that can lead to water supply shortages, reduced soil moisture, and negative impacts on agriculture, ecosystem health and residential areas. The California drought between 2012 and 2017, coinciding with record warmth, led to record low snowpack and at the time, the most extreme

¹² 2021. Chen, D., M. Rojas, B.H. Samset, K. Cobb, A. Diongue Niang, P. Edwards, S. Emori, S.H. Faria, E. Hawkins, P. Hope, P. Huybrechts, M. Meinshausen, S.K. Mustafa, G.-K. Plattner, and A.-M. Tréguier. Framing, Context, and Methods. In *Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change*. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, pp. 147–286, doi:[10.1017/9781009157896.003](https://doi.org/10.1017/9781009157896.003).

¹³ 2017. California Natural Resources Agency. Cal-Adapt 2.0. <https://www.adaptationclearinghouse.org/resources/cal-adapt-2-0.html>

¹⁴ 2021. California Governor's Office of Planning and Research. California Climate Adaptation Strategy, Resilience. from <https://climateresilience.ca.gov/>

drought since record keeping began in the late nineteenth century.¹⁵ In 2014, at the peak of the drought, 58 percent of the state was experiencing exceptional drought conditions, the most extreme category of drought.¹⁶ However, the drought from 2020-2022 is now considered the driest three-year period, surpassing the 2013-2015 record set during the previous drought.¹⁷ Climate models project increasing temperatures and variable annual precipitation will lead to an increase in the number of multi-year drought events.

- **Extreme Precipitation and Wind Events** – A future with higher temperatures will lead to increases in the frequency of extreme wet and/or wind events, characterized by storms that are wetter, warmer, windier, stronger and/or occur over a shorter period of time. Atmospheric rivers (a common weather phenomenon in California that transports and drops dense streams of moisture) will drop between 25 and 45 percent higher hourly rates of precipitation by 2070.¹⁸ Precipitation from atmospheric rivers drives much of California’s water supply, contributing between 20 and 50 percent of California’s annual water supply.¹⁹ Though California is likely to receive similar amounts of annual precipitation in total, as compared to historical levels, the precipitation will likely fall in shorter and more intense events.²⁰ An increase in the strength and direction of wind events may also contribute to direct impacts or an increase in wildfire events.²¹ Finally, as temperatures increase, more precipitation will fall as rain rather than snow, which will lead to changes in runoff patterns and increased flood potential.²²
- **Wildfire Events** – Wildfires are characterized by uncontrolled and rapidly spreading fire that primarily spread in vegetated areas such as forests, grasslands, or shrublands. These fires can grow rapidly in size and strength, driven by climate-related factors such as warm weather conditions, low precipitation, strong winds, and availability of combustible vegetation. In recent years, the area burned by wildfire has increased drastically and fires are occurring at higher elevations and in coastal regions which have historically avoided wildfire impacts. In addition, many of California’s wildfires are burning hotter and more forcefully than observed in recent history. In 2020, California experienced a record setting and devastating fire season, with over 4.3 million acres burned. The State predicts that by 2100, the average land area burned by wildfire will increase 77 percent and frequency will increase by 50 percent.²³
- **Inland and Riverine Flooding** – Riverine flooding occurs when rivers and streams overflow due to heavy rainfall, snowmelt, or a combination of factors. The increased likelihood of consecutive and heavy precipitation events, in addition to sudden surges of snowmelt in response to higher temperatures, has made riverine flooding more common. Land use patterns, such as the

¹⁵ 2018. California Environmental Protection Agency, Office of Environmental Health Hazard Assessment. OEHA Strategic Plan 2018-2022. <https://oehha.ca.gov/media/strategicplan2018.pdf>

¹⁶ 2023. National Drought Mitigation Center. U.S. Drought Monitor. <https://droughtmonitor.unl.edu/>

¹⁷ 2022. Department of Water Resources. [New Water Year Begins Amid Preparations for Continued Drought \(ca.gov\)](https://water.ca.gov/News/News-Releases/2022/Oct-22/New-Water-Year-Begins-Amid-Preparations-for-Continued-Drought#:~:text=The%20current%20drought%20from%202020%20to%202022%20is,all%20Californians%2C%20especially%20the%20State%20%80%99s%20most%20vulnerable%20communities.)
<https://water.ca.gov/News/News-Releases/2022/Oct-22/New-Water-Year-Begins-Amid-Preparations-for-Continued-Drought#:~:text=The%20current%20drought%20from%202020%20to%202022%20is,all%20Californians%2C%20especially%20the%20State%20%80%99s%20most%20vulnerable%20communities.>

¹⁸ 2020. Sciences Advances. Xingying Huang *et al.* Future precipitation increase from very high resolution ensemble downscaling of extreme atmospheric river storms in California. <https://www.science.org/doi/10.1126/sciadv.aba1323>

¹⁹ IBID

²⁰ 2023. California Governor's Office of Planning and Research. Summary of Projected Climate Change Impacts on California. <https://climateresilience.ca.gov/overview/impacts.html>

²¹ IBID

²² 2016. U.S. Environmental Protection Agency. California's Climate Change Scoping Plan. <https://19january2017snapshot.epa.gov/sites/production/files/2016-09/documents/climate-change-ca.pdf>

²³ 2018, California Natural Resources Agency. California's Fourth Climate Change Assessment. <https://www.climateassessment.ca.gov/>

prevalence of paved surfaces and impermeable infrastructure can exacerbate flooding by preventing the natural infiltration of water. California’s 58 counties have all experienced at least one significant flood event in the past 25 years, resulting in loss of life and billions of dollars in infrastructure damage. A recent study indicates climate change has already doubled the chances of a disastrous flood happening in California in the next four decades, particularly in low-lying areas, such as much of Los Angeles County.²⁴

- **Sea Level Rise and Coastal Flooding** – Sea level rise is already accelerating along California’s coast and will continue to rise substantially over the twenty-first century, threatening coastal communities, natural resources, cultural sites, and infrastructure. The state’s coastline is expected to experience between 1.1 and 1.9 feet of sea level rise by 2050 and between 2.4 and 6.9 feet by 2100.²⁵ Coastal storm events, when combined with projected sea level rise, will increase flood impacts on land. Rising sea levels may also cause salination of groundwater supplies and raise groundwater tables, impacting water quality and below-ground infrastructure. One-third of the water supply for coastal areas of Greater Los Angeles comes from local groundwater sources. Saltwater has already penetrated a part of the supply, and a significant part of the remaining supply is at risk.²⁶
- **Landslide/Mass Movement** – Landslides and mass earth movements are a cascading climate risk that most often occur when loose rocks and soil are hit with intense precipitation. California’s unique mountain geology means much of the state’s steep terrain is still forming, meaning much of the material is loose and can easily be disturbed. High temperatures and prologued drought often lead to impermeable and hardened soils, so run-off precipitation can pick up debris as it falls, quickly turning into landslides and debris flows. Communities experiencing wildfires also may neighbor hillsides covered in loose debris, with no live vegetation to keep the soil in place. In winter 2023, consecutive atmospheric river events triggered numerous landslides, sinkholes, and other forms of debris hazard across California, resulting in 19 deaths.

More information on climate threats can be found using the following tools:

Extreme Heat – California Heat Assessment Tool: <https://www.cal-heat.org/download>

Drought – United States Drought Monitor: <https://droughtmonitor.unl.edu/>

Precipitation – Cal-Adapt: <https://cal-adapt.org/tools/extreme-precipitation/>

Flooding, Earthquake, Tsunami and Fire Risk – MyHazards: <https://myhazards.caloes.ca.gov/>

Landslide – California Department of Conservation: <https://data.ca.gov/dataset/cgs-map-sheet-58-deep-seated-landslide-susceptibility>

Sea Level Rise – United States Geological Survey: <https://www.usgs.gov/centers/pcmssc/science/coastal-storm-modeling-system-cosmos>

²⁴ 2022. Huang and Swain. Climate change is increasing the risk of a California megaflood. American Association for the Advancement of Science. 2023. <https://www.science.org/doi/10.1126/sciadv.abq0995>.

²⁵ 2021. California Natural Resources Agency. Draft California Climate Adaptation Strategy. <https://resources.ca.gov/-/media/CNRA-Website/Files/Initiatives/Climate-Resilience/SAS-Workshops/Draft-CA-Climate-Adaptation-Strategy-ada.pdf>

²⁶ 2002 United States Geological Survey. Saltwater Intrusion in Los Angeles Area Coastal Aquifers—the Marine Connection. United States Geological Survey Fact Sheet 030–02. <https://pubs.usgs.gov/fs/2002/fs030-02/>.

2.3 Vulnerabilities

Vulnerability explains how and why a system is expected to be affected by different climate extremes. Different facilities, infrastructure, and processes may be more significantly impacted by certain climate extremes compared to others. For example, some facilities may be more vulnerable to wildfire risk or coastal flooding due to their location. Assessing vulnerability requires an understanding of how facilities and processes are connected to systems not operated by Metropolitan (e.g., the SWP) and Metropolitan-operated systems (e.g., reservoirs to pipelines, power distribution systems to pump stations). This enables staff to assess risk through an understanding of how impacts from climate threats can cascade across systems and influence the overall delivery of services.

Vulnerabilities to climate threats can also be exacerbated by existing challenges facing Metropolitan which are not necessarily and/or completely related to climate change but are potentially constraining the ability to manage climate change risks. Some of these challenges are summarized below:

- **Capital Investment Program Needs:** Aging infrastructure, such as dams, storage facilities, pipes, and other facilities are posing increasing challenges to water utilities. Aging infrastructure can also amplify climate hazard vulnerability. Climate change is anticipated to increase the number and scale of Capital Improvement Projects (CIP) and costs in coming decades. Metropolitan is projecting over \$600 million in capital investments to address aging infrastructure in the two-year budget. Across the state, California Urban Water Agencies member agencies are expected to invest between \$20 and \$30 billion in capital improvements over the next decade.²⁷ To ensure capital investments are sized based on future conditions, capital improvement investments will need to be developed using adaptive management techniques. A CIP Risk Framework has been developed and is currently being used to help identify and support the prioritization of projects that address anticipated risks.
- **Shifting Workforce Dynamics:** Water utilities are grappling with workforce challenges due to an aging workforce, with about one-third of water sector employees expected to retire in the next decade. Significant numbers of retirees present the risk of losing institutional knowledge that could be difficult to replace. While Metropolitan has experienced a trend toward a younger workforce, succession planning remains crucial for specialized positions. Rapid technological changes also call for shifts in skills and specializations that will require specific investments in training, roles, and responsibilities.
- **Supply Variability - State Water Project Allocations:** Fluctuations in SWP deliveries significantly impact statewide water supply planning and pose challenges for Metropolitan's service reliability. SWP deliveries have shown an increase in variability over time, with annual deliveries ranging from 476 to 3,404 thousand-acre-feet between 2011 and 2020.²⁸ Environmental regulations aimed at protecting migratory fish species and threats like seawater intrusion, land subsidence, and extreme flood events will continue to complicate SWP deliveries.

²⁷ 2023. California Urban Water Agencies. Advancing California's Water Supply Strategy Fact Sheet. https://static1.squarespace.com/static/5a565e93b07869c78112e2e5/t/63efe25554956b32bee3b18f/1676665429100/CUWA_Advancing+CA+Supply+Strategy_Feb+2023+FINAL.pdf

²⁸ 2022. California Department of Water Resources. The State Water Project Final Delivery Capability Report 2021. https://data.cnra.ca.gov/dataset/2d836273-6b81-4f04-bd9e-bbe1a736a0a6/resource/5721288c-9553-477e-8738-774ea2ff537e/download/final_dcr_2021_signed_adafxro.pdf

- **Reduced Supply - Colorado River Flows:** Inflows into the Colorado River have been declining over the past century. Lake Powell and Lake Mead were nearly full when the Millennium drought started in 2000 and have been hovering around a third full in recent years. These reservoir conditions led to the first ever shortage declarations in the Lower Basin in 2021. But in 2022, even with shortages and other reductions occurring, Lake Powell and Lake Mead risked declining to critical levels.²⁹ Negotiations among Lower Basin states resulted in a voluntary agreement to conserve an additional 3 million AF until 2026.³⁰ This resulted in the lowest deliveries from Lake Mead in decades. Between mandatory reductions and voluntary conservation, the Lower Basin states took around 1.7 million acre-feet less than the Lower Basin’s basic apportionment of 7.5 million acre-feet in 2023.³¹ While conservation and recent above average snowpack in the Upper Colorado River Basin mitigated immediate effects, reduced inflow into the Colorado River system due to drought and climate change will require long-term solutions with all categories of water users taking significant cuts.
- **Power Availability, Reliability, and Cost:** Power availability and affordability are critical considerations for Metropolitan's long-term resilience strategy, with factors like decarbonization policies, hydropower constraints, and climate-vulnerable infrastructure affecting electrical power generation and access. Decreased water levels in Lake Mead and Lake Powell have reduced the availability of hydropower, necessitating investment in alternative power sources.³² California's transition to a carbon-free energy grid by 2045 will significantly impact energy markets and pricing, potentially leading to increased electricity costs. Reduced water levels and flow into Lake Mead will affect the availability of low-cost power from hydropower plants, and extreme heat events will continue to strain the electric system and likely will result in outages.³³ Additionally, the planned shutdown of the Diablo Canyon Nuclear Power Plant³⁴ and the electrification of the grid (transition to electric vehicles and conversion of natural gas appliances to electric appliances) will reduce available baseload power, emphasizing the need for investment in renewable energy, storage, and grid upgrades.³⁵
- **Water Demand/Conservation Initiatives:** Both structural (e.g., technological improvements such as low flow toilets or industrial/agricultural improvements) and behavioral conservation (e.g., behavioral changes such as turning off the tap) can have an impact on water use. Water usage in California varies among sectors, with agriculture using 40 percent, urban areas using 10 percent, and the environment using 50 percent of the water (Figure 7)³⁶. Outdoor water use (i.e., irrigation) remains a significant part of total urban water consumption, offering

²⁹ 2023. US Bureau of Reclamation. <https://www.usbr.gov/newsroom/news-release/3950>

³⁰ 2023. National Association of Counties. Lower Basin States strike agreement to preserve water supply in Colorado River Basin. <https://www.naco.org/news/lower-basin-states-strike-agreement-preserve-water-supply-colorado-river-basin#:~:text=Under%20the%20agreement%2C%20the%20three,with%20a%20foot%20of%20water.>

³¹ US Bureau of Reclamation. <https://www.usbr.gov/lc/region/g4000/4200Rpts/DecreeRpt/2023/forecast.pdf>

³² 2023. US Bureau of Reclamation. Near Term Colorado River Operations, Revised Draft Supplemental Environmental Impact Statement. <https://www.usbr.gov/ColoradoRiverBasin/documents/NearTermColoradoRiverOperations/20231019-Near-termColoradoRiverOperations-RevisedDraftEIS-508.pdf>

³³ 2013. US Department of Energy. US Energy Sector Vulnerabilities to Climate Change and Extreme Weather. <https://www.energy.gov/articles/us-energy-sector-vulnerabilities-climate-change-and-extreme-weather>

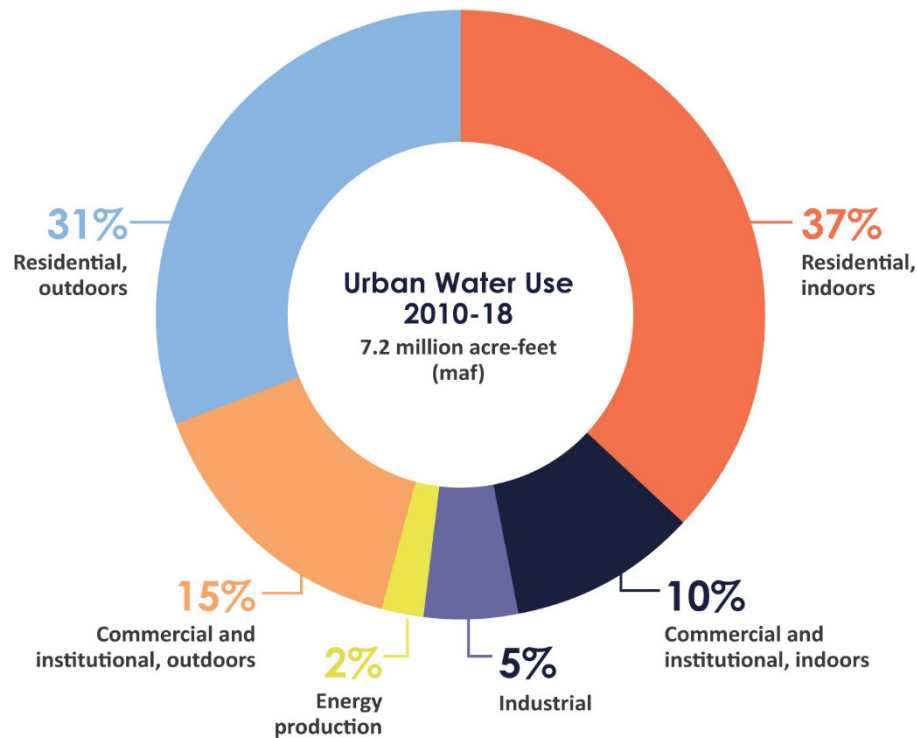
³⁴ Note: Diablo Canyon has an exemption to operate thru 2025 while PG&E is seeking a 20 year extension to their permit. 2023. Michael Blood. Associate Press Article. California reactors win exemption in fight to keep running. <https://apnews.com/article/nuclear-reactors-california-diablo-canyon-d66323cfe3743063c9446dd372652658>

³⁵ 2021. Union of Concerned Scientists. Diablo Canyon is Shutting Down. Is California Ready? <https://blog.ucsusa.org/mark-specht/diablo-canyon-is-shutting-down-is-california-ready/>

³⁶ 2023. Public Policy Institute of California. Water Use in California. <https://www.ppic.org/publication/water-use-in-california/>

opportunities for cost-effective conservation.³⁷ The California Water Strategy aims to free up 500,000 AF of water annually through efficiency and conservation measures.³⁸ Proposed regulations may mandate conservation efforts by numerous cities and water agencies, potentially saving substantial amounts of water by 2030. Water utilities must consider the financial implications of increased conservation, and potential changes to business models, as reduced demand can lead to decreased revenue from rate collection.

Figure 7 California Urban Water Use, 2010–2018



- Water Quality Regulations:** California's water quality regulatory environment is rapidly evolving, with the Total Maximum Daily Load (TMDL) program serving as a key framework under the federal Clean Water Act which regulates the discharge of pollutants into the waterways of the United States. Despite the adoption of 199 TMDLs addressing 1,426 impaired waterbody listings in California, more than 2,100 identified pollution listings still need to be addressed statewide, highlighting the ongoing challenges in maintaining and improving surface water quality across the state and the lack of source control measures that limit the introduction of pollutants into California's watersheds.³⁹ While source control measures that address TMDLs can provide water quality benefits on the supply side, water quality treatment requirements are also experiencing change. The United States Environmental Protection Agency proposed national maximum contaminant levels (MCL) for six per- and poly-fluoroalkyl substances (PFAS) in March 2023, potentially requiring water systems to test, notify the public, and reduce PFAS

³⁷ IBID

³⁸ 2022. California Natural Resources Agency. California's Water Supply Strategy. <https://resources.ca.gov/-/media/CNRA-Website/Files/Initiatives/Water-Resilience/CA-Water-Supply-Strategy.pdf>

³⁹ 2016. California State Water Resources Control Board. The California Water Board Annual Performance Report. https://www.waterboards.ca.gov/about_us/performance_report_1516/plan_assess/11112_tmdl_outcomes.shtml

levels if they exceed proposed MCLs.⁴⁰ Arsenic is another example of a pollutant becoming more stringently regulated in drinking water. While these standards are not yet formally adopted, water utilities have started monitoring and enforcing PFAS standards. This will require new analytical methodologies and potentially require changes to water purification processes.

2.4 Risk/Potential Impacts

Potential climate change risks to Metropolitan facilities and operations include the effects of climate extremes based on identified vulnerabilities and their exposure to climate threats. Impacts are often in the form of service disruptions, infrastructure damage, and/or health and injury risks to staff. Consistent with other Metropolitan planning documents, the following categories have been used to assess potential impacts. Reviewed documents were cataloged based on whether they included an assessment of climate vulnerabilities relative to the following categories.

- **Headwaters** refer to the source or beginning of a river, and the surrounding watershed or drainage area. Headwaters are often recognized as the origin of imported water supplies, like the SWP and Colorado River system. This category covers the watersheds rather than the infrastructure systems that provide imported water supplies to Metropolitan. Ecosystem changes in these areas influence the quantity and quality of water collected by imported water systems.
- **Imported water systems** refer to the infrastructure systems that convey imported water over long distances from their headwater sources to Metropolitan’s service area. The SWP and the CRA are two primary systems that serve Metropolitan.
- **Local water supplies** refer to additional (or supplemental in some cases) water resources used by Metropolitan Member Agencies. Types of local water supplies include groundwater, treated wastewater, desalinated water, stormwater capture, and the Los Angeles Aqueduct.
- **Conveyance infrastructure** refers to Metropolitan’s extensive network of physical structures and systems that transport water from imported water systems to their intended destinations, including pipelines, canals, pump stations, and aqueduct.
- **Distribution infrastructure** refers to the network of facilities and systems that deliver water to specific Member Agencies within Metropolitan’s service area. This infrastructure includes water mains, distribution pipes, and pumping stations.
- **Owned land** refers to land and facilities owned by Metropolitan, including water treatment facilities, agricultural land, public rights-of-way, reservoirs, and conservation areas.
- **Treatment facilities** refer to infrastructure designed to treat water from natural sources, such as rivers, lakes, or groundwater, and make it safe for consumption or other purposes. The facility’s primary goal is to remove contaminants, ensuring it meets water quality standards and is safe for human and environmental use.
- **Water storage infrastructure** refers to above- and below-ground tanks and reservoirs that store and manage water for future use.
- **Operations** refer to the internal processes, systems, and maintenance activities needed to provide water utility services.

⁴⁰ 2023. US Environmental Protection Agency. Proposed PFAS National Primary Drinking Water Regulation. [https://www.epa.gov/sdwa/and-polyfluoroalkyl-substances-pfas#:~:text=On%20March%202014%2C%202023%20%2C%20EPA,known%20as%20GenX%20Chemicals\)%2C%20perfluorohexane](https://www.epa.gov/sdwa/and-polyfluoroalkyl-substances-pfas#:~:text=On%20March%202014%2C%202023%20%2C%20EPA,known%20as%20GenX%20Chemicals)%2C%20perfluorohexane)

- **Cascading impacts** refer to the various impacts that may occur sequentially as the result of an initial impact outside of Metropolitan’s operational control (i.e., the domino effect). For example, a regional power disruption could disrupt Metropolitan operations.
- **Public impacts** refer to the positive or adverse effects that a decision or project has on the general public. This can include the opportunities for public engagement, increases in public awareness about water challenges, changes in water consumption, or new outcomes in public health.

2.5 Types of Adaptation Strategies

Adaptation strategies are the ways in which Metropolitan addresses its climate vulnerabilities and can be organized in several ways. At a high level, the literature review cataloged documents based on whether they included strategic guidance, policy guidance or programmatic guidance. Documents that provide strategic guidance indicated strategies which promote adaptation. Policy guidance documents recommended specific Metropolitan policies for promoting adaptation. Finally, programmatic guidance documents recommended programs and projects that support adaptation.

As an example, **California’s Water Resilience Portfolio** is used by numerous water districts to align with State goals.⁴¹ In this document, adaptation strategies are organized into four approaches:

1. **Maintain and Diversify Water Supplies** to enable flexibility as conditions change. Prioritizing regional supply diversification can take many forms and seeks to spread risk and achieve multiple benefits, such as increased water supply, restored habitat, improved public health, reduced energy consumption, and improved water quality.
2. **Protect and Enhance Natural Systems** to better balance competing demands for water and decrease potential investments in built infrastructure. Improving the natural systems can provide ecosystem benefits in the form of increased water supply, improved water quality, water storage, and flood protection.
3. **Build Connections** to foster more efficient regional solutions and acknowledge the cascading risks that cross jurisdictions, areas of responsibility, and different types of infrastructure. Partnerships can solve problems more cost effectively and provide the means to move water more effectively between physical locations where specific adaptation options are feasible. Similarly, different forms of interconnectivity provide more options to distribute water and manage variability and threats that affect a specific part of Metropolitan’s system or sources.
4. **Be Prepared** to understand, make ready, respond, and recover from more frequent and severe emergencies induced by climate threats. This requires adaptation policies, knowledge, investments, and monitoring systems to proactively prepare for future climate conditions.

As another example, **the Water Utility Climate Alliance** has identified five essential climate change action areas that can help utilities effectively employ the right set of adaptation strategies and proactively manage risk over time, including engaging with interested parties, understanding climate science and its effects on systems, planning for future change, acting by implementing changes, or sustaining adaptation efforts.⁴² The adaptation action areas include the following:

- **Understand** climate science, systems, and system vulnerabilities, risks, and opportunities;

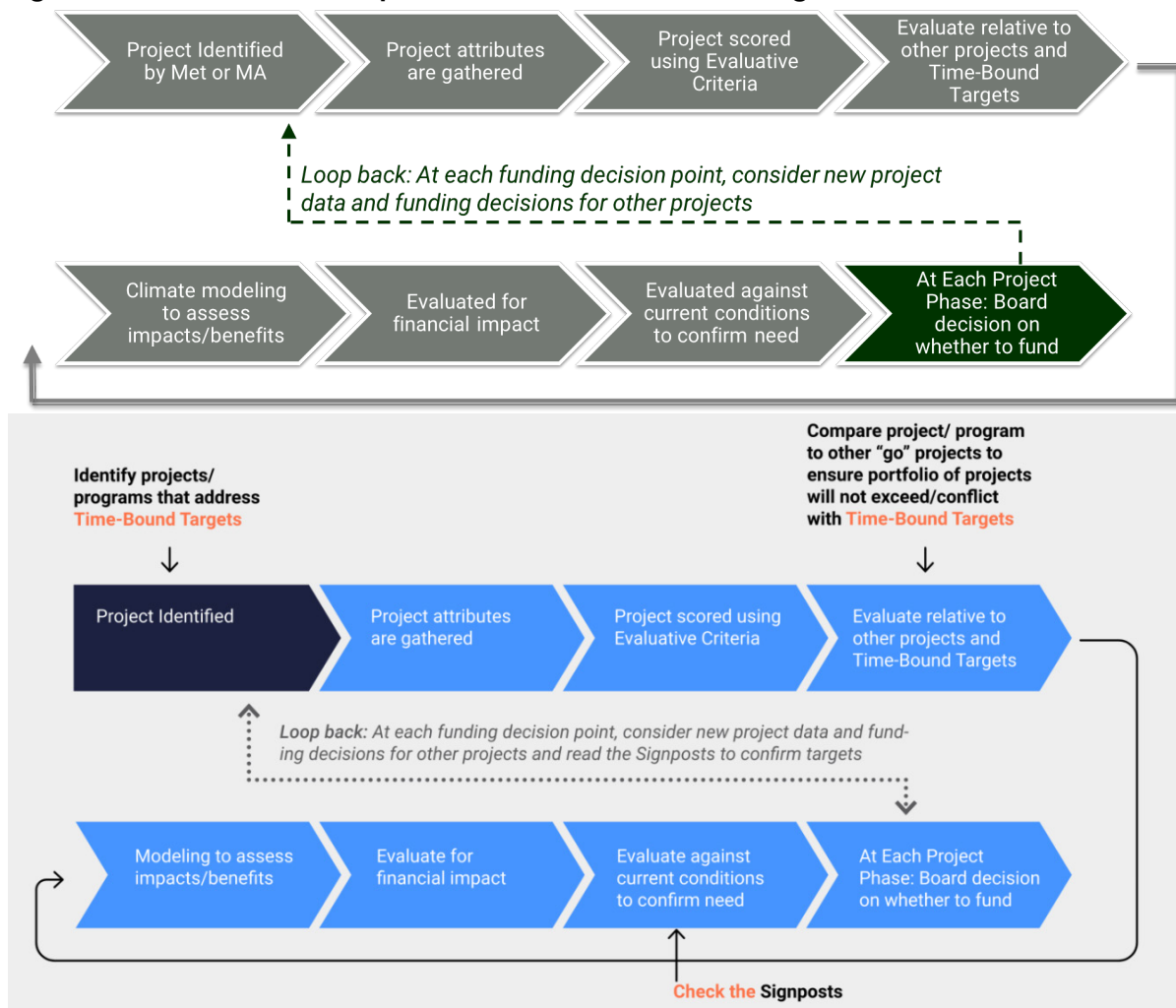
⁴¹ 2020. California Natural Resources Agency. California Water Resilience Portfolio. https://waterresilience.ca.gov/wp-content/uploads/2020/07/Final_California-Water-Resilience-Portfolio-2020_ADA3_v2_ay11-opt.pdf

⁴² The Water Utility Climate Alliance. <https://www.wucaonline.org/>

- **Plan** for multiple futures and build capacity to manage climate hazards risks;
- **Engage** by motivating action, building connections with other organizations, and developing climate messages to partners and the public;
- **Implement** changes in assets and actions; and
- **Sustain** adaptation by monitoring conditions, developing funding, maintaining capacity, and managing expectations.

Many of the core elements of these two examples align with CAMP4W, where the Board’s goals were defined through the process of developing CAMP4W Themes. These Themes are reflected in the Climate Decision-Making Framework, including Evaluative Criteria, development of Time-Bound Targets, and through the Adaptive Management process.

Figure 8 CAMP4W Draft Proposed Climate Decision-Making Framework



3 Results

Reviewed Authors and Sources

A total of 65 documents were reviewed, including 12 internal and 53 external documents. Internal resources included studies, plans, and strategies that relate to facilities and operations directly under Metropolitan’s control. External resources relate to Metropolitan’s water supplies, statewide conveyance infrastructure, and demand. Resources provided both general information (high-level considerations) and programmatic information (project and location-specific information).

Among the external resources reviewed, authors ranged across sector and scale. Authors included water agencies, energy utilities, counties, groundwater agencies, fire departments, federal agencies, and state agencies (Table 1). Authors provided a wide range of insights and technical information, pulling from both quantitative and qualitative data sources.

Table 1 Authors of External Documents, by Agency Type

<u>Water Agencies</u>	<u>Groundwater Agencies</u>	<u>Federal Agencies</u>
Metropolitan Water District of Southern California	Fox Canyon Groundwater Management Agency	United States Bureau of Land Management
Eastern Municipal Water District	Pauma Valley Groundwater Sustainability Agency	United States Geological Survey
	Main San Gabriel Basin Watermaster	United States Bureau of Reclamation
	Santa Monica Basin Groundwater Sustainability Agency	
<u>Energy Utilities</u>	San Pasqual Valley Groundwater Sustainability Agency	<u>Fire Departments</u>
Southern California Edison		Riverside County Fire Department
San Diego Gas and Electric		Orange County Fire Department
Southern California Gas Company	<u>California State Agencies</u>	
	California Energy Commission	
<u>Counties</u>	California Natural Resources Agency	
County of San Diego	California Department of Fish and Wildlife	<u>Miscellaneous</u>
County of Imperial	California Department of Public Health	Researchers
County of Mono	California Ocean Protection Council	Feather River Land Trust
County of San Bernadino	California Air Resources Board	Western Riverside Council of Governments
County of Orange	California Delta Stewardship Council	Colorado Water Conservation Board
County of Los Angeles		
County of Ventura		

Among Metropolitan-authored resources reviewed, documents had a wide range of focus areas including energy reliability, GHG inventories, infrastructure vulnerabilities and integrated resource planning. The scope of focus ranged as well, ranging from the high-level Resource Vulnerability Study, which did not cover individual facilities, to more detailed studies such as the IRP and the System Reliability Study. Additionally, plans such as The Energy Sustainability Plan and the Energy Management and Reliability Plan covered specific aspects of Metropolitan’s system. There are also documents that relate to specific locations, such as the Fire Management Plan for Lake Mathews and the Hydroelectric Feasibility Study. Finally, the Water Shortage Contingency Plan is an example of a document focused on one specific type of climate risk (drought). A matrix of internal resources reviewed is provided in Table 2.

Table 2 Metropolitan Internal Documents Reviewed

Name of Plan	Year	Document Type	Strategy Level
Fire Management Plan for Lake Mathews	1994	Plan	Programmatic
System Reliability Study	2006	Assessment	Programmatic
Energy Management and Reliability Study	2010	Plan	Programmatic
Hydroelectric Feasibility Study	2010	Assessment	Project
Urban Water Management Plan	2016	Policy Document	General
Energy Sustainability Plan, Volumes 1 and 2	2020	Plan	Programmatic
Integrated Resource Plan; Phase 1: Regional Needs Assessment	2020	Strategy/Policy	General
Resource Vulnerability Study	2020	Assessment	General
Climate Action Plan	2021	Plan	Programmatic
Strategic Asset Management Plan	2021	Plan	Programmatic
Urban Water Management Plan	2021	Policy Document	General
Water Shortage Contingency Plan	2021	Plan	Programmatic

Characterized Hazards

A variety of climate hazards were included in reviewed documents, many of which have already had a direct impact on Metropolitan’s services and operations (Figure 9). Drought and wildfire were discussed in depth and assessed at length in many of the reviewed documents. In contrast, wind and storm events and landslide events were the least-discussed in the reviewed documents. Because wind, storm, and landslide events typically have geographically-isolated impacts, it is likely internal planning processes did not have a mechanism yet for assessing the prevalence of and potential for district-wide hazards of these events. Among internal resources, the energy-related documents assessed hazards the most comprehensively, as a result of cascading climate risks. General and higher-level documents, like the Integrated Resources Plan, and the Resource Vulnerability Study, were more likely to identify and assess climate risks as tangible and relevant considerations in their respective planning purposes. Programmatic documents that identified specific projects were less likely to consider climate-related hazards. Because so much investment has been made to understand climate hazards by non-Metropolitan agencies, at a local, state and federal level, external resources are available to fill some gaps in Metropolitan’s internal assessment of hazards. Table 3 identifies key climate threat assessment gaps in internal documents (e.g., wind, storm, and landslide impacts are only mentioned in two internal documents) and how external documents may help to supplement these gaps (e.g., four types of external documents address all of these impacts). Metropolitan is currently in the process of developing a Hazard Mitigation Plan, which may include a broader set of climate hazards.

Figure 9 Number of Documents that Characterized Specific Climate Hazards

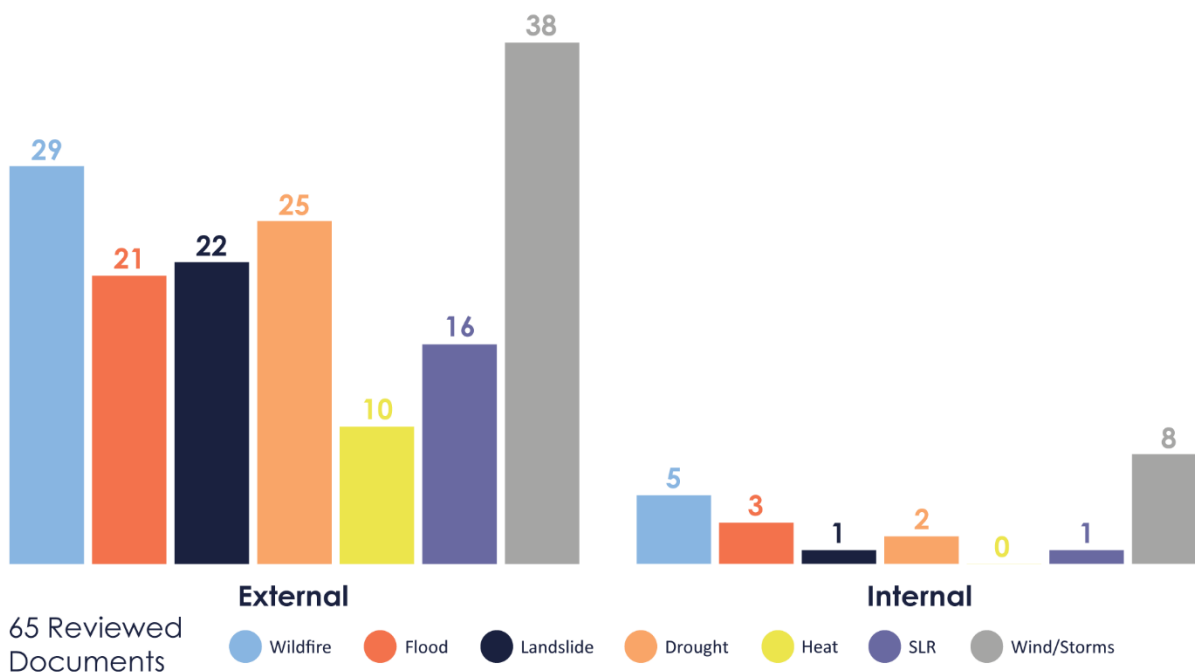


Table 3 Infrequently Mentioned Climate Threat Assessment Gaps Potentially Supplemented by External Sources

		Riverine Flood	Landslide/Mass Movement	Extreme Wind/Storms
Internal Docs	Climate Action Plan			
	Energy Sustainability Plan			x
	Hydroelectric Feasibility Study			
	Integrated Resource Plan			
	Urban Water Management Plan			
	Urban Water Management Plan			
	Energy Management and Reliability Study			
	Resource Vulnerability Study	x		
	Strategic Asset Management Plan			
	System Reliability Study			
	Fire Management Plan for Lake Mathews			
	Water Shortage Contingency Plan			
External Docs	Climate Change Vulnerability Assessments	x	x	x
	Basin Implementation Plans	x	x	x
	Statewide Water Plans	x	x	x
	Wildfire Protection Plans/Fire Plans	x	x	x

While internal documents reference several types of climate hazards, there are few that assess the influence of climate change on future risk. For example, historical drought conditions are discussed extensively in the IRP, but there is little discussion of how climate change may influence potential

and repeated occurrences of acute (multi-year) drought events or more extreme drought patterns (increased variability). Future flood risk, atmospheric river risk, and the impact of climate change on the El Niño-Southern Oscillation (and associated patterns of extreme temperature and precipitation) are examples of climate hazards in need of better characterization. Having access to emerging science on climate hazards like these and the ability to conduct vulnerability assessments will enable Metropolitan to better assess its vulnerabilities to future climate hazards.

Assessed Vulnerabilities and Impacts

The assessment of vulnerabilities and impacts of climate hazards on Metropolitan infrastructure and operations included review of impacts to the human-made infrastructure and natural systems Metropolitan relies on. These systems include the CRA and SWP headwaters, purchased land, and treatment, storage, conveyance, and distribution infrastructure.

The Resource Vulnerability Study was the primary internal document that assessed a diverse range of climate risks in the most detail. The Energy Sustainability Plan also included an impact assessment of several climate threats but was limited in scope to energy infrastructure. The IRP Needs Assessment presented a broad collection of potential climate impacts. The analysis consisted of long-term, scenario-based water supply planning and the identification of the supply gap based on multiple future demand projections and climate change scenarios. While it evaluated water supply availability based on projected precipitation and drought scenarios, it did not evaluate the impacts of climate extremes on infrastructure and other assets.

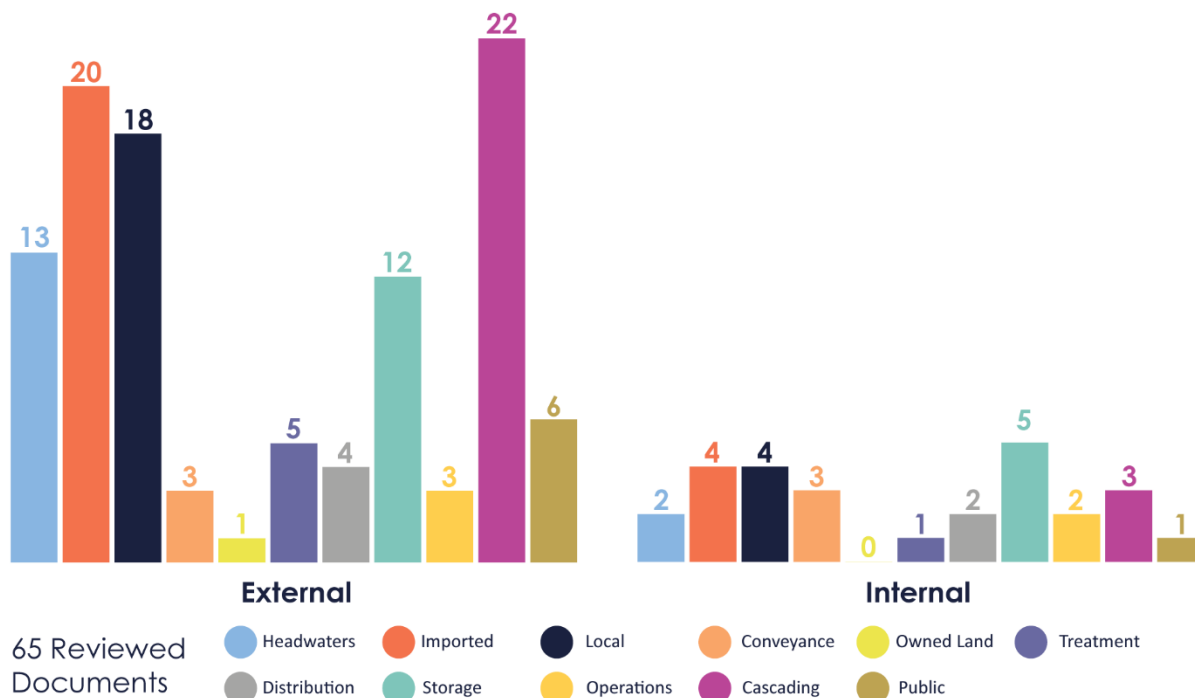
The most discussed types of climate impacts were related to storage (n=5), imported water supply (n=4), and local water supply (n=4). There is little internal documentation of potential risks to land (including the delta islands, farmland in Palo Verde Irrigation District, parcels throughout the service area, etc.) owned by Metropolitan. These lands support related water resources, ecosystems, communities, and operations, and impacts from climate hazards can reduce water quality, impact sensitive species, and disrupt operations. Conversely, mitigating harm and implementing climate smart management of these lands can reduce potential impacts to related water resources, ecosystems, communities, and operations. External documents could supplement existing information by improving Metropolitan's understanding of potential cascading risks, particularly regarding the relationship between energy, land, climate and water resources systems that influence Metropolitan's services. Specific external documents that could supplement Metropolitan's understanding include countywide and municipal climate vulnerability assessments, watershed adaptation and resilience plans, and wildfire protection plans.

Similar to the characterization of climate hazards, the assessment of climate impacts was more likely to be included in general, high-level planning documents. Figure 10 provides an overview of the number of internal and external documents that included an analysis of different types of climate impacts.

While drought risk is included in the IRP, the analysis primarily characterizes annual supply limitations over time rather than acute events (such as a multi-year drought). Currently, vulnerabilities are most likely to be identified based on past experience rather than addressing them systematically using system-wide climate forecasts. These experience-based case studies are important for incorporation into system-wide risk assessment; however, system-wide climate adaptation planning must also be incorporated moving forward to try to plan for events not yet experienced by Metropolitan. An example of an experience-based case study occurred in January 2023 when heavy rains caused silt and debris to flow in Castaic Lake. The increased turbidity of the

water stressed the ability of the water treatment plant to meet water quality compliance standards and increased operation and maintenance costs. Staff adapted to the extreme conditions by reducing flow, repurposing out-of-service basins, increasing coagulant dosage, and combining chlorine and ozone disinfection.

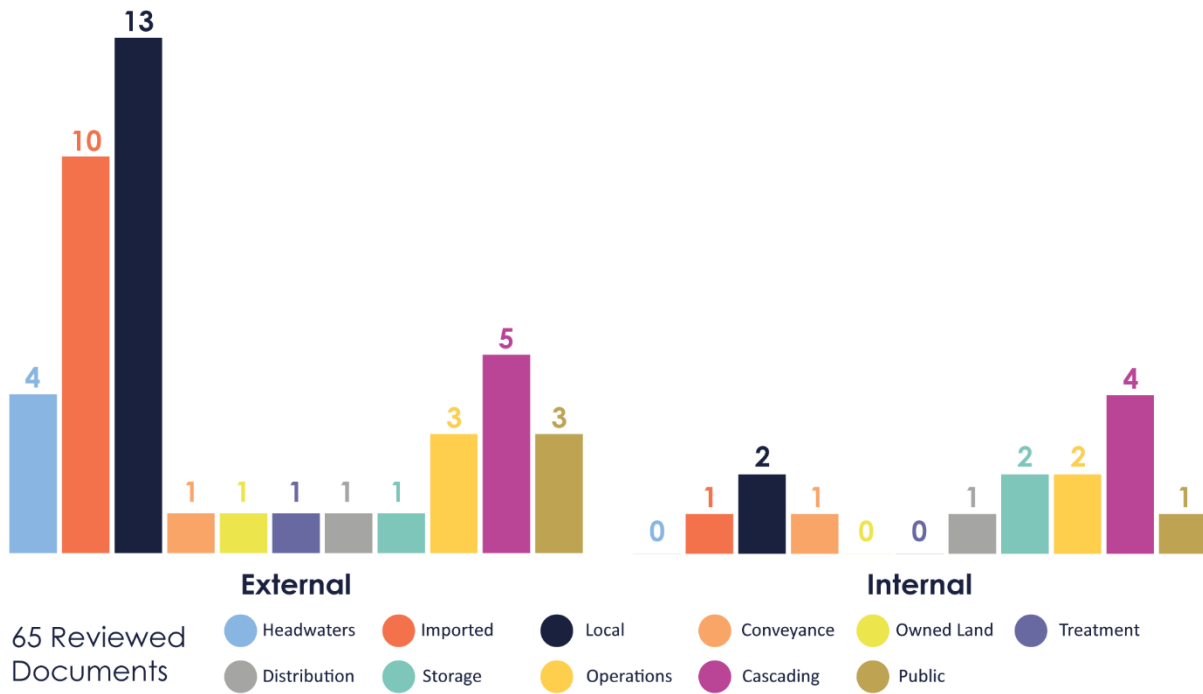
Figure 10 Number of Documents that Included an Assessment of Different Types of Climate Vulnerabilities



Climate Adaptation Actions Assessed: The review of adaptation actions focused on assessing the types of actions explicitly tied to alleviating a specific impact, and its associated climate threat. Overall, the review found a noticeable gap in identified adaptation actions linked to identified climate threats. External documents provided the most insight into potential adaptation actions. For example, the Climate Adaptation and Vulnerability Assessment conducted by SCE identified seven subtransmission substations and 140 distribution substations as vulnerable to freshwater flooding.³⁹ Based on this analysis, SCE then developed near-term flooding adaptation actions for all at-risk substations, which are cost- and time-effective and provide immediate resilience against flooding exposure, where feasible.

The California Water Plan provides a range of potential actions, though a more detailed analysis would be needed to apply these approaches to Metropolitan. Energy-related actions specific to climate threats were included in several internal documents. Actions related to cascading impacts and headwater impacts were assessed in some external documents. External documents, particularly those that address cascading risks, will likely supplement existing research. Figure 11 provides for an overview of the number of internal and external documents that included specific actions that address identified climate vulnerabilities.

Figure 11 Number of Documents that Include Specific Types of Actions



4 Key Findings and Recommendations

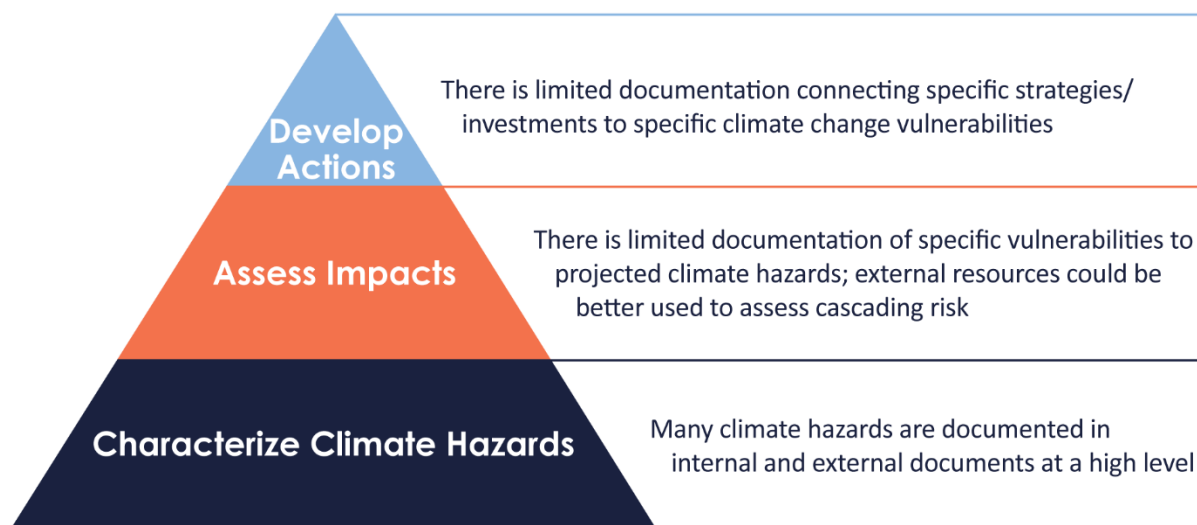
Overall, the literature review indicates many climate hazards have been identified and characterized at a high level, but there is less documentation of Metropolitan’s specific climate vulnerabilities and even fewer documents which identify specific actions that build resilience to those vulnerabilities. As presented in Figure 12, internal documents do include analyses of some climate threats, but include very limited discussion of detailed actions that could address the impacts from those hazards. Understandably, with limited information about the scale, timeframe and social, economic and ecological repercussions of impacts, identifying meaningful solutions or strategies is challenging. Overall, the literature review indicates Metropolitan has more documentation characterizing high-level climate hazards, less documentation of its specific climate vulnerabilities, and a relatively low number of actions clearly associated with identified climate vulnerabilities. There are numerous external documents available which evaluate and programmatically address climate risks. These documents present potential opportunities for Metropolitan to understand cascading types of risks (factors like water quality degradation, power disruptions, and transportation infrastructure damage that could affect its water supplies, operational reliability, or demand).

Categories of recommendations that directly support the development of CAMP4W are described below. Recommendations are categorized in terms of the relevant vulnerability analysis step (threat Ple+ vulnerability = risk; see Figure 4 **Error! Reference source not found.**) based on the following categorical types of recommendations:

- **Policy** recommendations are intended to establish a consistent basis for defining, incorporating, and updating climate change risk data and methodologies for use in internal planning and management processes.
- **Data management** recommendations are intended to provide staff with the information needed to track and update climate science and trends, the occurrence of climate threats, and adaptive features of Metropolitan’s systems, including new investments.
- **Decision-support** recommendations are intended to establish standardized approaches, define climate threat scenarios for stress test modeling, and inform findings from targeted vulnerability assessments.
- **Partnership** recommendations are intended to leverage coalition-based approaches, particularly in assessing and addressing cascading risks associated with Metropolitan’s water resources and energy needs.
- **Funding** recommendations are intended to identify opportunities to support adaptation investments at-scale and take advantage of state, federal, and private funding opportunities.

Specific recommendations in these categories are described in Figure 4 and follow a consistent methodology of first characterizing climate hazards, then assessing vulnerabilities, and finally developing climate adaptation actions.

Figure 12 Summary Literature Review Findings



The recommendations included below contribute in part to credits that are part of the Climate and Resilience category of Envision. By implementing the recommendations, Metropolitan will have the necessary foundation to more closely align with Envision credits as part of an infrastructure project in the Climate and Resilience category.

4.1 Characterize Climate Hazards

There are several internal documents which characterize at least one type of climate threat influencing Metropolitan infrastructure and operations. Drought risk is the most extensively included climate threat and is included in 8 of 12 internal documents. Metropolitan also has a Water Shortage Contingency Plan that evaluates 6 standard water shortage levels.⁴³ The Resource Vulnerability Study, which focused on climate hazards to Metropolitan water supplies and infrastructure, includes the most comprehensive characterization, including: wildfire, extreme heat, sea level rise, extreme weather, and drought. The Energy Sustainability Plan also covers several climate threats, including wildfire, extreme heat, extreme weather, and drought. The most recent IRP includes scenarios that consider long-term changes in precipitation and temperature, rather than how infrastructure and operations will be impacted or influenced by the occurrence of more frequent and severe climate extremes (e.g., atmospheric river events, multi-year droughts, extreme heat events).

There are numerous reviewed external documents that include comprehensive characterization of climate hazards, including watershed vulnerability studies, groundwater management studies, and energy grid vulnerability studies. For example, SCE prepared a comprehensive Climate Adaptation Vulnerability Assessment (CAVA), which includes wildfire, extreme heat, sea level rise, and drought.⁴⁴ SCE is required to update its CAVA every 4 years, which presents Metropolitan with valuable insights into cascading energy risks. It also presents an opportunity to collaborate on better characterizing climate risks, considering the two organizations share a similar footprint. The same is

⁴³ 2021. Metropolitan Water District of Southern California. Water Shortage Contingency Plan. <https://www.mwdh2o.com/media/21648/water-shortage-contingency-plan-june-2021.pdf>

⁴⁴ 2020. Southern California Edison. Adapting for Tomorrow: Powering a Resilient Future. <https://www.edison.com/our-perspective/adapting-for-tomorrow>

true for other external planning documents, such as Wildfire Protection Plans, Groundwater Sustainability Plans, and Watershed Climate Vulnerability Assessments, which all provide insights into climate hazards presenting direct or cascading risk to Metropolitan infrastructure and operations.

4.1.1 Recommendations for Improving Characterization of Climate Hazards

The following recommendations are intended to provide staff with the information required to effectively characterize the influence of climate change on hazard events. Recommendations (Table 4) cover several types of options, including policies, partnerships, research, databases, decision-support, tools, analyses, and modelling efforts. Near-term recommendations (1-1, 1-4, and 1-7 are highlighted in blue. Implementation of these recommendations at a project-level would align most closely with Envision Credits CR 2.2 Assess Climate Change Vulnerability and CR 2.3 Evaluate Risk and Resilience.

Table 4 Characterize Climate Hazard Recommendations

No.	Description	Type	Rationale
1-1	Incorporate direction to establish and maintain a database of climate hazard characterizations into existing climate policy, which will be reviewed and revised as necessary in alignment with Metropolitan’s selection of a Representative Concentration (or Shared Socioeconomic) Pathway as California Climate Change Assessment is regularly updated.	Policy	<ul style="list-style-type: none"> Establish consistency for future studies and plans. Avoid missing important climate hazard considerations in future studies and plans. Support the CAMP4W process by establishing which climate scenarios underpin the resilience decision-making framework.
1-2	Invest and/or partner in research that provides more advanced characterization of key climate threats, specifically to understand how climate hazards are projected to change over time and vary by location (e.g., future flood risk, future atmospheric river events, extreme wildfire events).	Partnership, Decision Support	<ul style="list-style-type: none"> Improve ability to assess future exposure to climate hazards. Leverage other organizations with similar geography and intersecting interests (such as SCE).
1-3	Establish and maintain a catalog of studies that characterize advancements in the understanding of the influence of climate change on relevant natural hazards.	Data Management	<ul style="list-style-type: none"> Establish consistent and adaptive knowledge base for future studies and plans.
1-4	Establish and employ a digital platform to record or catalog significant impacts related to the occurrence of extreme events and then institute an annual review by multiple departments to determine if adjustments need to be made to avoid future impacts.	Data management, Decision-support	<ul style="list-style-type: none"> Consistently associate the appropriate set of potential climate extremes with specific infrastructure and operations. Facilitate an Adaptive Management process as defined in CAMP4W to allow Metropolitan to adjust to changing conditions and adjust future investments.
1-5	Incorporate climate trends, such as changes in temperature and precipitation and climate	Decision-support	<ul style="list-style-type: none"> Facilitate an Adaptive Management process as defined in CAMP4W to

No.	Description	Type	Rationale
	hazard occurrence data into the CAMP4W Signpost metrics.		allow Metropolitan to adjust to changing conditions and adjust future investments.
1-6	Develop “stress test” scenarios designed to replicate projected future climate hazards for system modeling (e.g., how much precipitation would trigger failure conditions and where or what extent and duration of a power outage would trigger failure conditions and where).	Decision-support	<ul style="list-style-type: none"> Ability to develop more robust vulnerability assessments associated with climate hazards amplified by future climate change (e.g., future wildfires, consecutive atmospheric river events).
1-7	Secure grant funding to support existing or new studies and research that better characterizes climate hazards.	Funding	<ul style="list-style-type: none"> Improve ability to assess future exposure to climate hazards. Leverage other organizations with similar geography and intersecting interests (such as SCE).
1-8	Develop systems model inclusive of Metropolitan and Member Agency facilities to better understand regional and local water supply availability under future climate scenarios and stress test scenarios.	Partnership, Decision-support	<ul style="list-style-type: none"> Develop a comprehensive understanding of water supply availability using a uniform methodology and assumptions. Better understand Member Agency dependence on Metropolitan’s imported supplies under climate stressed conditions.

4.1.2 CAMP4W Integration

Several “Characterize Climate Hazard” recommendations are designed to directly support the CAMP4W process, including:

- Selecting, reviewing, and updating as necessary specific GHG emission scenarios will provide Metropolitan with a consistent set of underlying conditions to guide its adaptive management decisions. **Recommendation 1-1** affirms establishing a policy that identifies which climate change scenarios (e.g., RCP 8.5) will underpin Metropolitan’s CAMP4W decision-making framework. The Board of Supervisors identified the RCP 8.5 scenario to underpin the CAMP4W process in September of 2023. This selection is recommended to be reviewed and revised consistent with subsequent IPCC Reports, the National Climate Assessment, and California’s Climate Assessments in order to incorporate best available science as it becomes available.
- Spatially relating specific Metropolitan infrastructure and systems to a consistent set of characterized climate hazards will enable Metropolitan to track changes in risk over time and respond accordingly through CAMP4W. **Recommendation 1-4** proposes establishing a digital platform to track changes in the exposure of Metropolitan systems to climate change hazards and changes in temperature and precipitation.
- CAMP4W Signposts enable Metropolitan to understand how underlying climate conditions, such as temperature, precipitation, and the occurrence of climate hazards are changing over time. This information is intended to inform future supply-demand analyses, climate hazard risk assessments, and resulting investment decisions. **Recommendation 1-5** proposes incorporating climate trends into the set of CAMP4W Signpost metrics.

4.2 Assess Vulnerabilities

Most of the internal documents characterizing specific types of climate hazards include some form of vulnerability assessment. Since most of the internal documents are focused primarily on drought, the resulting vulnerability analyses are largely focused on supply and storage risks with some attention to potential changes in conveyance or storage that could reduce general drought risk (i.e., reduced annual supply conditions over time). The Resource Vulnerability Study was developed as a high-level screening tool that ranks types of facilities relative to different types of climate hazards. As a result, the document covers a wide range of impacts on different types of facilities. This analysis is high level and does not look at specific infrastructure/facility vulnerabilities. The Energy Sustainability Plan includes an assessment of specific conveyance and distribution infrastructure as does the System Reliability Study, which identifies the potential effects of different types of conveyance outages and failures. While the System Reliability Study does not connect types of failures with climate hazards, expanding upon this study and utilizing the structure of the analysis could be a useful approach for assessing the impact of climate risks on system reliability.

Metropolitan is currently underinvesting in the types of studies that assess the climate vulnerabilities of its existing infrastructure and operations. One of the key reasons is that its current funding model includes these types of studies under each department's operations and maintenance budget. Historically, these budgets are often the first to be eliminated when Metropolitan balances its operational needs with limited resources. As a result, Metropolitan is behind on numerous studies that would enable it to better assess its climate vulnerabilities. Establishing a separate funding mechanism could help alleviate this bottleneck and provide Metropolitan with the information it needs to better address its increasing climate vulnerabilities.

There are numerous external documents which characterize different climate threats, as discussed in the preceding section. Some of these documents also include an assessment of vulnerabilities related to cascading risks to Metropolitan. Wildfire Protection Plans include an assessment of wildfire risk to watersheds providing different Metropolitan water supplies. The SCE CAVA includes an assessment of power infrastructure vulnerabilities to climate change that may affect Metropolitan's ability to power its facilities. Watershed Climate Change Assessments for the Colorado and Sacramento River Basins include an assessment of water supply vulnerabilities that influence Metropolitan's water supplies. Metropolitan is also in the process of developing a Strategic Infrastructure Resilience Plan (SIRP), which will establish a framework for assessing and improving the ability of its water and electric power systems to withstand, adapt, and recover from hazard events. While Metropolitan has taken numerous steps to better move water from different source supplies in more directions, there is additional potential to support the resilience of water supplies that are received by Metropolitan, which may be more economically efficient than additional infrastructure investments.

4.2.1 Recommendations for Assessing Vulnerabilities

The following recommendations (Table 5) are intended to provide staff with guidance toward developing policies, programs, and initiatives that will better allow Metropolitan to effectively assess climate vulnerabilities, particularly related to projected future risk. Near-term recommendations (2-3, 2-5, 2-11, and 2-12) are highlighted in blue. Implementation of these recommendations at a project-level would align most closely with Envision Credits CR 2.2 Assess Climate Change Vulnerability, CR 2.3 Evaluate Risk and Resilience, and CR 2.4 Establish Resilience Goals and Strategies.

Table 5 Assess Vulnerabilities and Potential Impacts Recommendations

No.	Description	Type	Rationale
2-1	Establish a policy that defines and requires an integrated climate vulnerability assessment standard to be coordinated by SRI for evaluating the different types of infrastructure (either existing or new), consistent with State guidance and best practices by supporting organizations such as WUCA.	Policy	<ul style="list-style-type: none"> Establish consistency for future vulnerability assessments and industry best practices. Location and hazard specific vulnerability assessments are needed across treatment, conveyance, distribution, supply, storage, power, and owned land/habitat.
2-2	Identify partnership opportunities between Metropolitan and Member Agencies and/or among Member Agencies to support vulnerability assessments, identify local vulnerabilities, and/or better understand Member Agency dependence on Metropolitan during extreme conditions.	Partnership, Decision-support	<ul style="list-style-type: none"> Reduce cascading risks between Metropolitan and Member Agencies. Support resilience of Member Agencies. Provide a standard methodology and consistent approach to characterizing climate hazards and assessing vulnerabilities, including how Metropolitan organizes its systems.
2-3	Create a fund under the SRI Office to support, catalog, and track specific climate vulnerability assessments across the different types of assets (e.g., energy, water treatment, conveyance).	Database	<ul style="list-style-type: none"> Build Metropolitan’s understanding of its climate change vulnerabilities. Directly link assets with the vulnerability assessments that support adaptation actions. Establish a baseline data tracking process for new assets following capital project completion.
2-4	Catalog and track specific emergency response/recovery events, including data regarding costs, staff time, affected facilities and types of climate hazards. Consider this metric as a CAMP4W Signpost.	Database, Decision-support	<ul style="list-style-type: none"> Increase understanding of vulnerabilities and emergency management costs from climate hazards. Facilitate an Adaptive Management process as defined in CAMP4W to allow Metropolitan to adjust to changing conditions and adjust future investments. Inform improvements to the emergency management/response planning process.
2-5	Establish new or modify existing design standards for new assets to mitigate vulnerabilities identified for each asset class and location with the overall lifespan of the asset and potential future climate conditions in mind.	Policy, Decision-support	<ul style="list-style-type: none"> Designing with climate data that is accurate only at the beginning of a asset’s life – or, as is often the case, based on historical data from 10-30 years before it was built – poses significant risks. Establish methodology for developing more resilient projects in the face of climate change.

No.	Description	Type	Rationale
2-6	Coordinate and/or partner with external parties to assess vulnerabilities related to cascading risks (e.g. power disruptions or water quality emergencies).	Partnership, Decision support	<ul style="list-style-type: none"> Understand specific cascading vulnerabilities. Develop value propositions for co-investments in infrastructure or other types of investments that reduce cascading hazard risk to Metropolitan systems.
2-7	Supplement existing studies (Integrated Resource Plan, System Reliability Study, etc.) with ‘stress test’ analyses to understand system performance relative to extreme climate hazard scenarios (Recommendation 1-6).	Decision-support	<ul style="list-style-type: none"> Understand the conditions in which climate extremes will lead to failures to help staff orient funding to improve operational resilience.
2-8	Anticipate increased annual budget allocations for a greater number of emergency management/response events.	Funding	<ul style="list-style-type: none"> Existing climate literature indicates an increase in the frequency and severity of climate hazard events (i.e., weather whiplash).
2-9	Develop “Infrastructure Resilience” Time-Bound Target and Evaluative Criteria scoring metrics in order to support policy and resource management goals.	Decision-support	<ul style="list-style-type: none"> Facilitate an Adaptive Management process as defined in CAMP4W to allow Metropolitan to adjust to changing conditions and adjust future investments.
2-10	Integrate and align CAMP4W assessment framework with CIP risk framework so that capital project requirements address identified vulnerabilities and are incorporated into long-range financial planning to encapsulate all reliability and resilience costs beyond drought.	Funding	<ul style="list-style-type: none"> Integrates findings into financial assessments of rates and business models to incorporate the potential impacts of multiple climate hazards Alignment between the CAMP4W and existing CIP Risk framework
2-11	Coordinate with the existing inter-departmental asset management working effort to develop an implementation strategy for Metropolitan’s Strategic Asset Management Plan that incorporates climate action goals.	Data management	<ul style="list-style-type: none"> Enable staff to evaluate trends in climate impacts on different types of assets and better inform future adaptive design criteria.
2-12	Coordinate and streamline the various ongoing assessments (e.g., the Local Hazard Mitigation Plan, Strategic Infrastructure Resilience Plan, Water Quality Resiliency Study, Risk and Resilience Assessment, Energy Sustainability Study, etc.), regularly update assessments (e.g., Fire Management Plan for Lake Mathews), and incorporate the best available climate science from state and federal sources.	Decision-support	<ul style="list-style-type: none"> Efficient resource allocations and cross-plan consistency in support of infrastructure plans that enable Metropolitan’s system to perform better under future climate conditions.

4.2.2 CAMP4W Integration

Several “Assess Vulnerabilities” recommendations are designed to directly support the CAMP4W process, including:

- Proposed CAMP4W Signposts may enable Metropolitan to understand how climate conditions are changing over time. This information is intended to inform future supply-demand analyses, climate hazard risk assessments, and resulting investment decisions. **Recommendations 1-4 and 2-4** establish a databases and digital platforms that can be used to track the frequency and severity of emergency response events and impacts to Metropolitan infrastructure and

operations. This information can be used to indicate if climate hazards are having a greater influence on Metropolitan infrastructure and operations.

- CAMP4W Time-Bound Targets and Evaluative Criteria help Metropolitan to identify and prioritize investments that increase its resilience. **Recommendation 2-9** establishes targets and criteria which relate to types of investments that support both the overall resilience of Metropolitan’s systems and/or investments that make specific elements of the system more resilient to climate hazards, including their reliance on externally operated systems such as the SWP. The proposed Evaluative Criteria metrics are based on the climate (and seismic) hazards which are most relevant to Metropolitan systems and are detailed in the CAMP4W Year 1 Progress Report.
- Long-term financial planning through the CAMP4W process is intended to support Metropolitan’s financial stability in the face of climate change. Understanding the financial impacts associated with bridging the supply gap identified in the IRP Needs Assessment will facilitate the iterative and adaptive methodology that is the cornerstone of the CAMP4W process. **Recommendation 2-10** integrates capital project requirements to address climate hazard vulnerabilities into long-range financial planning so that the costs associated with adaptation are better represented in financial forecasts.

4.3 Develop Climate Adaptation Actions

In the face of climate change and changing relationships between member agencies and Metropolitan, additional measures must be taken to evolve Metropolitan’s infrastructure and systems to function as needed. This indicates the need to better show connectivity between investments, specific climate vulnerabilities, and future investments. The IRP is limited to looking at average low water supply conditions rather than acute drought events and other types of climate hazards. The Energy Sustainability Plan does include actions addressing direct operational risks to wildfire, extreme heat, extreme weather and drought. Internal documents did not identify any strategies related to treatment facilities or owned land, implying a need for greater understanding of how these components might be impacted, and mechanisms for avoiding impact.

There are numerous external documents that include robust adaptation options. External documents tend to be topical and focus on one or two of the impact/action categories used in the literature review. At a very high level, the California Water Plan and Water Resilience Portfolio documents provide insights into the type of actions that support individual agency adaptation. However, these concepts would need to be contextualized by Metropolitan for individual projects. External watershed adaptation/resilience plans include actions for the headwaters context. These actions could reduce cascading risk on the topics of water quality, water supply (quantity), and invasive species. There are also documents, such as groundwater sustainability plans, local vulnerability assessments, and wildfire protection plans, which include actions addressing risks to local water supplies that supplement water provided by Metropolitan to its Member Agencies. Some of these studies also identify risks to water storage options (groundwater, reservoirs, etc.). Some local vulnerability studies and groundwater sustainability plans also articulate actions which address demand-side vulnerabilities.

The key identified gap is existing and planned investments, including CIPs, largely do not demonstrate Metropolitan’s ability to adapt to future climate conditions. While the CIP Risk Framework includes attributes that could be used to prioritize adaptation investments, it has yet to be used for project selection. Implementation of the Tactical Asset Management Plan would also

support the identification of projects that support adaptation. When layered on top of other challenges facing Metropolitan vulnerabilities (e.g., increasing capital investment needs, grid reliability), this presents significant future risk in terms of potential for more frequent and severe service disruptions and associated financial insecurity. If Metropolitan’s systems are not evolved to function under future climate conditions, the likely result is increased spending on emergency response and recovery, increased capital improvement costs, and increased staff focus on response and recovery. The same holds true for cascading risks identified through external studies. Some of the actions identified in the external plans present potential co-benefits to Metropolitan. These are potential investments that may provide financial efficiency compared with Metropolitan addressing the issues unilaterally.

4.3.1 Recommendations for Climate Adaptation Actions

The following recommendations are intended to provide staff with the information required to effectively develop and document adaptation actions informed through robust vulnerability assessments. As staff are able to develop robust vulnerability assessments, it is recommended they have the means to develop and pilot new approaches, secure new funding sources, track trends and progress, weigh adaptation actions against one another for maximum effectiveness and efficiency, and implement actions that provide adaptation benefits to Metropolitan. Metropolitan also has an opportunity to address risks to its systems as well as those that cascade to its Member Agencies. By doing so, it puts itself in a more robust position to provide greater and more resilient value as a service provider. A near-term recommendation (3-9) is highlighted in blue. Implementation of these recommendations at a project-level would align most closely with Envision Credit CR 2.6 Improve Infrastructure Integration.

Table 6 Develop Actions Recommendations

No.	Description	Type	Rationale
3-1	Catalog the implementation of investments that support adaptation/resilience using the Time-Bound Targets and Evaluative Criteria relative to their actual performance to inform future CAMP4W investment decisions.	Database	<ul style="list-style-type: none"> Determine which climate hazards are relevant and how the project has been developed or designed to address identified risks. Track investments that mitigate risk.
3-2	Build on Metropolitan’s exploratory work with Blue Forest in the Feather River Watershed to (the primary source of State Water Project supply) by evaluating the potential role and benefits of a resilience bond partnership. The key steps would include cataloging potential actions and associated ecosystem services, establishing an ecosystem service valuation methodology, identifying additional beneficiaries (as potential partners), and determining whether a sufficiently beneficial payment/finance structure providing sufficient value to stakeholders and investors can be established.	Funding, Partnership	<ul style="list-style-type: none"> Alleviate funding and staffing constraints. Provide opportunity for substantial progress through a programmatic approach.
3-3	Establish an adaptation pilot program that enables the development of novel adaptation approaches, including adaptive design features and/or multi-benefit solutions, by securing funding, establishing partnerships, and other resources to test and pilot new methods.	Decision-support	<ul style="list-style-type: none"> Enable staff to innovate and develop new adaptation approaches before conditions become too severe to transform. Articulate cost-benefit tradeoffs to demonstrate value.

No.	Description	Type	Rationale
3-4	Maximize federal, state, local and private funding opportunities by establishing a database of potential funding sources to be reviewed against proposed projects given the funding that may be available to support climate resilience and mitigation actions.	Database, Funding	<ul style="list-style-type: none"> Improve the ability of staff to monitor grant opportunities. Connect the project development process with funding opportunities.
3-5	Develop, pilot, and implement partnerships for addressing water supply and power cascading risks. Employ external vulnerability data to identify cascading climate hazard vulnerabilities. Co-develop analyses that assess the financial and operational benefits of adaptation actions outside of Metropolitan’s system which reduce risk to Metropolitan’s system. Identify funding strategies for implementing identified actions.	Partnership	<ul style="list-style-type: none"> Address vulnerabilities associated with cascading risks. Leverage external resources through joint investments. Potentially reduce the cost of adaptation.
3-6	Develop, pilot, and implement partnerships for addressing water supply-related climate risks to Member Agencies, such as those serving State Water Project-dependent and disadvantaged communities. Employ external vulnerability data to identify cascading climate hazard vulnerabilities. Co-develop analyses that assess the financial and operational benefits of adaptation actions by Metropolitan. Identify funding strategies for implementing identified actions.	Funding, Partnership	<ul style="list-style-type: none"> Reduce risk to Member Agencies. Provide a potential vehicle for addressing Member Agencies’ vulnerabilities through the Local Resource Program.
3-7	Coordinate with other agencies, Water Utility Climate Alliance, State Water Project and Colorado River users, and Member Agencies to identify and promote adaptation best practices, tools, analyses, and methods. Track actions successfully employed by other agencies and incorporate the options into the adaptation pilot program.	Partnership	<ul style="list-style-type: none"> Incorporate lessons learned and successful pilot programs from other agencies, and promote Metropolitan’s leadership among water utilities.
3-8	Consider and incorporate the implications of more extreme climate hazards and more variable water supply conditions into financial modeling and develop financial strategies that account for climate change implications associated with extreme events.	Funding	<ul style="list-style-type: none"> Adapt Metropolitan’s financial stability as its role and the cost of service evolves due to climate change. Effectuate CAMP4W objective to integrate financial, climate and water resource planning.
3-9	Hold an annual climate risk summit with different internal and external parties to identify vulnerabilities and opportunities for further assessment and the development of innovative options and funding.	Partnership	<ul style="list-style-type: none"> Engage with staff across and outside the organization to gain a better understanding of climate vulnerabilities. Incorporate data from recent experiences to improve Metropolitan’s understanding of vulnerabilities. Promote Metropolitan’s leadership among water utilities.

4.3.2 CAMP4W Integration

Several “Develop Actions” recommendations are designed to directly support the CAMP4W process, including:

- CAMP4W investment decisions are intended to be reviewed and revised on a five-year basis. As projects are implemented, the associated Time-Bound Target and Evaluative Criteria data are intended to be revisited and revised as necessary to support this iterative decision-making process. **Recommendation 3-1** establishes a database for tracking the actual performance of CAMP4W investments relative to their expected performance in order to guide future investment choices.
- There are additional potential resilience investments that can be considered in the future. Recommendations in this section that address specific climate threat vulnerabilities can be evaluated for incorporation into future CAMP4W investment cycles, including **Recommendations 3-2, 3-3, 3-5, and 3-6**.
- The continued resilience of Metropolitan’s financial systems can be supported by **Recommendations 3-2, 3-4, and 3-8**. These recommendations are intended to increase Metropolitan’s access to state and federal sources of funding as well as to expand partnership opportunities with external organizations. **Recommendation 3-8** is intended to inform future financial planning processes with additional information regarding trends in spending that relate to climate hazards.

5 Deep-Dives

SRI staff partnered with several internal groups to better understand how staff are currently characterizing, assessing, and addressing climate vulnerabilities. These deep-dive sessions were comprised of a set of in-person meetings on the topics of energy and water quality.

Prior to each meeting, participants were provided with a survey (Appendix C). The survey questions were also provided in paper form during each meeting. Meeting notes on each theme are provided in Appendix D. The structure of the discussions on each theme were generally organized as follows.

1. What is the most significant climate extreme-related disruption you have observed in the past 5 years?
2. What is the most significant climate extreme-related disruption you anticipate in the next 5 years and beyond?
3. If climate extremes become more frequent and intense, what effects do you anticipate?
4. What are some short-term actions Metropolitan can take to address priority vulnerabilities?
5. What are some long-term actions Metropolitan can explore to address priority vulnerabilities?
6. What are the key constraints and barriers to implementing short- and/or long-term actions?

5.1 Power Supply Vulnerabilities

Metropolitan’s energy context is changing rapidly based in part on California’s aggressive energy decarbonization efforts (e.g., increased electricity needs for electric vehicles and conversion of natural gas appliances to electric appliances) and the increasing scale of climate change impacts across the energy system. Metropolitan requires a significant amount of energy to deliver water to its Member Agencies. The electricity required for pumping along the CRA is highly variable. During periods of drought there tends to be significantly more pumping, which results in a higher energy demand. In high-pumping years the CRA pumping operation can make up the largest proportion of Metropolitan’s electricity needs (for example, in 2022 wholesale energy purchased for CRA pumping represented approximately 97 percent of Metropolitan’s total electricity use). Historically, hydropower produced at Lake Mead and Lake Havasu have provided about half of the CRA’s energy needs. In recent decades, water levels within Lake Mead and Lake Havasu have declined and water managers are increasingly concerned the reservoirs could fail to reach “minimum power pool” levels—where water could drop below the hydropower intakes, preventing energy generation altogether. Lower reservoir levels have already required Metropolitan to purchase more of its electricity from the open market, which is more expensive and carbon intensive. Frequent and severe extreme heat events, floods, and wildfires associated with climate change are likely to create additional vulnerabilities to Metropolitan’s purchased energy and its energy infrastructure, which includes significant high-voltage transmission infrastructure. Metropolitan’s CRA transmission system has lasted beyond the industry average life span of 50 years. Though Metropolitan’s transmission O&M team are doing an extraordinary job to keep the aging system running reliably to this point, the risk of asset failures is increasing due to age of the assets. More extreme or more frequent heatwaves, wildfires and windstorms would put much higher stress on the aging transmission asset exacerbating associated risks.

The projected increase in power transmission for California's grid in coming years is also expected to increase the vulnerability of Metropolitan's high-voltage transmission system. Major power projects in development could impose approximately 6 gigawatts of additional power in the coming decade to California, which will potentially influence Metropolitan's transmission system (e.g., Southwest Intertie Project-North and TransWest Express Transmission Project). Metropolitan's current approximately 300 MW transmission system could experience significantly more stress and operational challenges. Higher transmission loads on the grid could put additional stress on Metropolitan's transmission lines, substations, and other infrastructure components. This increased stress can lead to accelerated wear and tear, increasing the likelihood of equipment failures and disruptions in service. Secondly, if the system is not adequately upgraded to handle the increased power transmission, there is an increased risk of overloading certain components. Overloading can cause equipment to overheat, leading to failures and potentially triggering cascading failures across the grid. These vulnerabilities will also be exacerbated by the increased extreme heat, precipitation, and wind risks associated with climate change.

Energy deep-dive participants included representatives from the Water Energy Climate Sustainability Core Team (WECS), comprising staff from a wide range of Metropolitan roles and functions. This reflects the broad distribution of responsibilities associated with managing power throughout the organization (i.e. Engineering, WSO, Legal, Administrative Services) and the bureaucratic challenge in adapting to a rapidly changing energy landscape. There were 17 distinct responses from a combination of the pre-session surveys and in-session worksheets.

In addition to the deep-dive session with the WECS Core Team, Metropolitan partnered with the US Environmental Protection Agency with support from the Cadmus Group to conduct a climate change risk assessment of energy infrastructure associated with the Colorado River Aqueduct system. The assessment used the EPA's Climate Resilience Evaluation and Awareness Tool (CREAT) to examine extreme heat and drought-related risks to power generation as the priority climate threats (assuming RCP 8.5) to the CRA water conveyance system, and how each could negatively impact operational resilience. The analysis considered how changing climate conditions may influence MWDC's operational resilience and the utility's ability to supply water to its Member Agencies.

The CREAT analysis results suggest that all three scenarios evaluated (power infrastructure upgrades, investments in renewable power generation, and a transition to variable frequency drives) have a positive cost-effectiveness that varies between climate scenarios. In particular, the VFDs and Power Upgrades adaptation plans are shown in the report to have the highest proportional risk reduction to plan cost. The Renewable Energy adaptation plan produces an average monetized risk reduction, but the relatively high annualized plan cost makes choosing to implement the plan less clear. Additionally, there may be benefits that are not captured under the study's purely economic analysis that may drive the cost-effectiveness and resiliency value of the adaptation plans and climate scenarios. The complete report with detailed results and more information about the three investment scenarios is provided in Appendix D.

Key inputs from the deep-dive session are shown below. Priority recommendations are highlighted.

Extreme Heat

Characterize Climate Hazards	➔ Assess Vulnerabilities	➔ Develop Actions
<ul style="list-style-type: none"> Increased likelihood of future power supply disruptions 	<ul style="list-style-type: none"> Potential damage to energy infrastructure such as pumps and transformers 	<ul style="list-style-type: none"> Battery storage and other types of uninterruptable power solutions, where feasible to reduce the effects of power disruptions

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- Increased potential for heat-related staff illness, particularly on the CRA
- Increased wholesale energy prices
- Water service disruptions
- CRA emergency spills
- Rate increases
- Zero emission vehicle fleet disruptions
- Health impacts, particularly in confined spaces or when wearing confined safety gear
- Evaluate and, as feasible, develop renewable power generation, including potentially through Power Purchase Agreements (PPAs)
- Variable Frequency Drives to reduce energy demand
- Explore an organizational consolidation of power systems responsibilities across the district
- Updated staff safety protocols to provide greater ventilation, cooling, and reduced exposure to heat
- Adjusted work scheduling to reduce exposure to extreme conditions

Wildfire

Characterize Climate Hazards	Assess Vulnerabilities	Develop Actions
<ul style="list-style-type: none"> ▪ Increased likelihood of future power supply disruptions ▪ More frequent and extreme wildfires 	<ul style="list-style-type: none"> ▪ Damage to facilities and infrastructure, particularly those in highest risk locations ▪ Water service disruptions ▪ Zero emission vehicle fleet disruptions 	<ul style="list-style-type: none"> ▪ Infrastructure hardening ▪ Battery storage and other types of uninterruptable power solutions, where feasible ▪ Diversification of energy sources

Drought

Characterize Climate Hazards	Assess Vulnerabilities	Develop Actions
<ul style="list-style-type: none"> ▪ Reduced supply of hydroelectricity from Lake Mead and Lake Powell ▪ Increased reliance on wholesale energy market leading to increased energy costs ▪ Increased need for pumping 	<ul style="list-style-type: none"> ▪ Rate increases 	<ul style="list-style-type: none"> ▪ Power Purchase Agreements to control energy price increases ▪ Diversification of energy sources to spread risk

Extreme Weather/Flooding

Characterize Climate Hazards	Assess Vulnerabilities	Develop Actions
<ul style="list-style-type: none"> ▪ More extreme precipitation, wind, and associated natural hazards like flooding and landslides 	<ul style="list-style-type: none"> ▪ Extreme flooding in the Delta could stop State Water Project deliveries for significant periods of time, creating salinity control problems ▪ Facility damage, including to the CRA ▪ High-voltage transmission line damage ▪ Increased emergency response costs (equipment, staff, contractors, etc.) 	<ul style="list-style-type: none"> ▪ Changes to infrastructure design criteria ▪ Investments in flood control infrastructure (along the CRA, or upgrading levee systems in the bay-delta for example) ▪ Investments in data management systems along transmission lines ▪ Battery storage and other types of uninterruptable power solutions, where feasible ▪ Diversification of energy sources to spread risk

- Increased capacity and R&R investment in high voltage transmission infrastructure

In summary, Metropolitan is likely to be exposed to a greater likelihood of more frequent and extensive power disruptions, wholesale energy pricing instability, and wholesale energy price increases. Participants anticipate the need to increase efforts to identify specific energy infrastructure and facilities vulnerabilities. Participants are also interested in finding ways to increase the speed and flexibility of Metropolitan’s feasibility study and procurement processes to keep pace with the rate of change in this hazard context. This will enable staff to incorporate adaptive (multi-benefit) design features more effectively into the CIP projects most exposed to projected climate hazards.

In response to this quickly evolving context, participants identified several systemic adaptation options, including developing new Power Purchase Agreements (PPAs) and further diversification of Metropolitan’s energy sources to better manage future grid instability and energy pricing. Increased use of large-scale PPAs for renewable energy may also offer increased financial flexibility by increasing Metropolitan’s participation in the wholesale energy market, which would enable it to have access to power when needed and sell the excess as an additional source of revenue. Developing energy (or pump) storage options are also opportunities for cost savings. Finally, PPAs connected through Metropolitan’s high-voltage transmission lines may also provide additional income through connection fees that could be used to support capital improvements to the system. These are classic examples of the State’s definition of adaptive capacity in that they reduce potential harm, while exploiting opportunities that provide Metropolitan with financial and operational stability. It should be noted that any such investment would require careful consideration of changes to NERC compliance levels as well as potential operational and resource impacts.

5.2 Water Quality Vulnerabilities

There are numerous potential water quality impacts associated with climate change which build on the issues staff are already contending with. In any given year, staff must balance a range of source water quality characteristics based on climate conditions, hydrology, and other factors. There is a certain amount of flexibility built into Metropolitan’s system enabling staff to balance conditions, such as alkalinity, turbidity, heavy metal accumulation, emerging contaminants and regulations, and harmful algal blooms. This flexibility is limited by the capability of chemical processes, infrastructure connectivity, infrastructure investment, and the physical capacity of its various facilities.

There was consensus among participants that climate change is likely to amplify the range of different water quality characteristics in a given year, making operations more challenging in future. More extreme conditions may also exceed the infrastructure’s capability and staff’s ability to balance the water quality characteristics of different flows across its system. Climate change may push needed investment past what is required for general operations and maintenance and instigate a need for capital investment in additional infrastructure. Furthermore, water quality regulatory standards have become more stringent over time and this trend is expected to continue, making it more difficult to balance the source water and storage-based water quality conditions. In the future it will be critical to identify impacts and build specific protections around the direct and cascading impacts associated with climate change.

Severe Storms/Runoff

Characterize Climate Hazards	Assess Vulnerabilities	Develop Actions
<ul style="list-style-type: none"> Increased turbidity, which can be exacerbated in wildfire affected areas Elevated runoff into source tributaries and reservoirs Faster snow melt, which is exacerbated by warmer temperatures More variability in incoming water supply and water quality conditions 	<ul style="list-style-type: none"> Water supply disruptions or limitations associated with turbidity Limited treatment flexibility Extended detention times are sometimes needed Flood damage to facilities/infrastructure Low alkalinity conditions (SWP supplies) can require additional treatment/blending 	<ul style="list-style-type: none"> Pilot new treatment processes/approaches Investment in flood control infrastructure Monitoring system investments Further diversify/blend source water options Additional flexibility in treatment facilities to handle increased water quality and quantity fluctuations

Warming/Extreme Heat

Characterize Climate Hazards	Assess Vulnerabilities	Develop Actions
<ul style="list-style-type: none"> Increased bacterial/algal growth in source waters and reservoirs, can lead to taste and odor issues, and potentially hypoxia Load shedding/power disruptions to treatment facilities Work delays due to extreme heat 	<ul style="list-style-type: none"> Increased treatment time and costs Partial or complete facility shutdowns due to power loss Partial or complete facility shutdowns due to bacterial/algal growth 	<ul style="list-style-type: none"> Pilot new treatment processes/approaches Monitoring system investments Further diversify/blend source water options Uninterruptible power solutions

Wildfire

Characterize Climate Hazards	Assess Vulnerabilities	Develop Actions
<ul style="list-style-type: none"> Taste and odor issues Increased turbidity (see Severe Storms/Runoff) Facility Access Poor air quality Power disruptions to treatment facilities 	<ul style="list-style-type: none"> Customer Complaints Increased treatment costs Water service disruptions Service disruptions Staff safety 	<ul style="list-style-type: none"> Pilot new treatment processes/approaches Monitoring system investments Infrastructure hardening Battery storage and other types of uninterruptible power solutions, where feasible (Wildfire) Operational contingency plans

Drought

Characterize Climate Hazards	Assess Vulnerabilities	Develop Actions
<ul style="list-style-type: none"> Reduced supply conditions Water quality changes associated with reduced flows/increased demand Hypoxia in reservoirs and lakes Increased demand for treated water 	<ul style="list-style-type: none"> Higher Total Dissolved Solids resulting in treatment challenges High bromide levels, which impact Disinfection Byproduct formation Limited treatment flexibility (inability to handle large swings in demand) 	<ul style="list-style-type: none"> Pilot new treatment processes/approaches Monitoring system investments Further diversify/blend source water options

In summary, Metropolitan is likely to be exposed to a greater likelihood of more frequent and intense influent water quality issues. Wildfires, drought, and extreme weather events coupled with

warming and extreme heat will increase the variability of water quality in Metropolitan’s water supplies. Treatment facilities and operations have evolved over time to provide staff with significant flexibility in terms of level of treatment and ability to blend water from different sources. Climate change is likely to place additional stress on the ability of existing systems to accommodate future variability. For example, if harmful algal blooms become more frequent and severe, Metropolitan may be unable to draw water from certain reservoirs for extended periods of time, which may further stress its ability to deliver treated water.

There are also additional structural factors facing Metropolitan’s water treatment systems. Demand for Metropolitan treated water has decreased, particularly over the past 20 years. This has created larger swings in demand over relatively short periods of time (in response to wet and dry year swings), which further stresses water treatment systems and the ability to accommodate increasing swings in water quality. The increasing number of and requirements from water quality regulations is also expected to increase treatment costs and require additional treatment processes.

Staff have identified several adaptation options that may provide resilience benefits across the range of potential climate impacts. Staff need the facilities and resources to pilot new treatment processes and approaches that may enable them to adapt to future water supply conditions and handle increased variability. Opening a demonstration plant, for example, could provide these capabilities. Staff also need to further develop monitoring systems to inform process changes in response to extreme conditions. Staff are interested in conducting detailed vulnerability assessments for specific facilities and reservoirs to better understand critical failure thresholds. This will enable them to better develop systemic approaches to future extremes.

5.3 Water Infrastructure Vulnerabilities

Asset management is generally defined by the American Water Works Association as a coordinated set of activities within an organization to realize overall value from all assets through stronger governance and accountability. It is the combination of management, financial, economic, engineering, and other practices applied to all assets with the objective of providing the required level of service at an acceptable level of risk at an optimal life cycle cost.⁴⁵

Asset management is a vital element of Metropolitan’s ability to adaptively manage climate risks. It provides a systematic, proactive, and data-informed vehicle for efficiently maintaining, operating, and ultimately replacing assets and infrastructure. This approach minimizes the risk of unforeseen events, including those caused by different types of climate hazards, through a better understanding of the age, condition, and maintenance history of assets.

The performance and condition of many of Metropolitan’s assets are likely to degrade more rapidly as climate change amplifies the weather conditions that drive their exposure to climate hazards. Robust asset management processes that are connected to all phases of an asset’s life cycle (i.e., design, installation, maintenance, and ultimately replacement) are therefore an essential element of Metropolitan’s ability to adapt to climate change.

Data is not currently managed at Metropolitan in a holistic way that is consistent or complete at an agency-wide scale. Different departments often employ different and largely disconnected data management structures and systems. Metropolitan uses a Computerized Maintenance Management System (CMMS) called Maximo to track labor and issue maintenance work orders

⁴⁵ 2018. Asset Management Definitions Guidebook.
<https://www.awwa.org/Portals/0/AWWA/ETS/Resources/AMGuidebook.pdf?ver=2018-12-13-100101-887>

against a catalog of equipment or structures in service that need maintenance while using other systems for engineering, design, operation or financial tracking. The Strategic Asset Management Plan sets the goal to interconnect disconnected data management systems while clarifying which system is authoritative for the disparate elements and assets.

Asset Management staff developed an agency-wide Strategic Asset Management Plan (SAMP) that would enable a shift toward a more complete asset catalog, establishes a standardized rubric for tracking assets and their attributes, establishes standardized procedures for data collection, and connects all phases of an asset's life cycle through a single system. Incorporation of a comprehensive asset replacement database would inform the design and purchase of new equipment, hastening and simplifying the design process. Alignment between the various groups and departments at Metropolitan is needed to realize this vision, which will enable it to more nimbly track and proactively manage changes in the condition of assets attributed to climate change.

Appendix A

Reviewed Documents

Doc #	Source	Context	Document Name	Year
E01	External	CA-DWR	Climate Action Plan Phase III: Climate Change Vulnerability Assessment & Adaptation Plan	2019
E02	External	CA-NRA	California Water Plan	2018
E03	External	CA-DWR	Decision Scaling Evaluation of Climate Change Driven Hydrologic Risk to the State Water Project	2019
E04	External	CA-CEC CA-NRA	Climate Change Risk Faced by the California Central Valley Water Resource System	2018
E05	External	CARB	Cap and Trade Auction Proceeds Annual Report 2022	2022
E06	External	Vicuna & Dracub	The Evolution of Climate Change Impact Studies on Hydrology and Water Resources in California	2006
E07	External	CA-DFW	A Rapid Assessment of the Vulnerability of Sensitive Wildlife to Extreme Drought	2016
E08	External	CA-NRA CA-OPC	State of California Sea-Level Rise Guidance 2018 Update	2018
E09	External	Groves	Developing and Applying Uncertain Global Climate Change Projections for Regional Water Management Planning	2008
E10	External	US-BLM	Climate Change Vulnerability Assessment for Colorado Bureau of Land Management	2015
E11	External	CO-WRW	Wildfire Ready Watershed Map of Colorado (Image only)	2022
E12	External	CO-CWCB	Colorado Basin Implementation Plan (BIP) Vol.2 - Full Length Plan	2022
E13	External	CO-CWCB	Colorado Water Plan (state)	2023
E14	External	Orange County Fire Authority	Orange County County-wide Community Wildfire Protection Plan (CWPP)	2017
E15	External	Riverside County Fire Dept	CAL FIRE/Riverside County Fire Unit Strategic Fire Plan	2022
E16	External	San Bernardino Inyo and Mono Counties	San Bernardino Inyo Mono Unit Strategic Fire Plan	2022
E17	External	Ventura County	Ventura County Community Wildfire Protection Plan	2010
E18	External	San Diego and Imperial Counties	San Diego Imperial Unit Strategic Fire Plan	2022
E19	External	SCE	Southern California Edison Climate Adaptation and Vulnerability Assessment	2022
E20	External	CA-CEC	Rising Seas and Electricity Infrastructure: Potential Impacts and Adaptation Options for San Diego Gas and Electric	2018
E21	External	SDGE SoCalGas	Risk Assessment and Mitigation Phase (RAMP) Report of San Diego Gas and Electric and Southern California Gas Company	2016
E22	External	SDGE	San Diego Gas and Electric Sustainability Update	2022
E23	External	SDGE	San Diego Gas and Electric RAMP Climate Change Adaptation Chapter	2016
E24	External	CA-CEC	Potential Climate Change Impacts and Adaptation Actions for Gas Assets in the San Diego Gas and Electric Company Service Area	2018
E25	External	SoCalGas	Case Studies of Natural Gas Sector Resilience	2019
E26	External	SMB GSA	Santa Monica Subbasin Groundwater Sustainability Plan	2022

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Doc #	Source	Context	Document Name	Year
E27	External	SB GSA	Spadra Basin Groundwater Sustainability Plan San Gabriel Valley	2022
E28	External	SPVB GSA	San Pascal Valley Groundwater Sustainability Plan	2021
E29	External	Eastern Municipal Water District	Groundwater Sustainability Plan for the San Jacinto Groundwater Basin	2021
E30	External	Pauma Valley GSA	Upper San Luis Rey Valley Groundwater Sustainability Plan, Pauma Valley, SD County	2022
E31	External	Fox Canyon GMA	Pleasant Valley Groundwater Sustainability Plan	2019
E32	External	Fox Canyon GMA	Las Posas Valley Groundwater Sustainability Plan	2019
E33	External	Fox Canyon GMA	Oxnard Subbasin Groundwater Sustainability Plan	2021
E34	External	CA-DWR	Draft Environmental Impact Report for Long-Term Operation of the California State Water Project	2019
E35	External	CA-DWR	Appendices for the Draft Environmental Impact Report for the Long-Term Operation of the California State Water Project	2019
E36	External	CA-CEC	Mean and Extreme Climate Change Impacts on the State Water Project	2018
E37	External	Orange County	County of Orange & Orange County Fire Authority Local Hazard Mitigation Plan - public review draft	2021
E38	External	CA-DPH	Climate Change and Health Profile Report, Orange County	2017
E39	External	LA County	Los Angeles County Climate Vulnerability Assessment	2021
E40	External	San Bernardino County	County of San Bernardino Climate Change Vulnerability Assessment	2018
E41	External	San Diego County	County of San Diego Vulnerability Assessment and Adaptation Report	2021
E42	External	Ventura County	Ventura County General Plan Climate Change Chapter, Section B.2 Climate Change Adaptation and Resilience Strategy	2018
E43	External	Watersheds Coalition of Ventura County	Appendix L: Watersheds Coalition of Ventura County Integrated Regional Water Management Plan - 2019 Amendment Climate Change Vulnerability Assessment	2019
E44	External	Western Riverside Council of Governments	Vulnerability Assessment, Western Riverside County	
E45	External	Fire River Land Trust	After the Burn: Emergency Response, Feather River Fire Response Plan	2020
E46	External	USGS	Watershed Scale Response to Climate Change - Feather River Basin, California	2004
E47	External	Gershunov et al.	Precipitation Regime Change in Western North America: The Role of Atmospheric Rivers	2019
E48	External	Smith et al.	Wildfire Effects on Water Quality in Forest Catchments: A Review with Implications for Water Supply	2011
CE49	External	U.S. Bureau of Reclamation	American River Basin Study	2022
E50	External	U.S. Bureau of Reclamation	American River Basin Study Appendix B: Development of Future Climate and Hydrology Scenarios	2022

Doc #	Source	Context	Document Name	Year
E51	External	Delta Stewardship Council	A Risk Management Approach to Delta Water Supply Vulnerability	2019
E52	External	Dettinger et al.	Simulated Hydrologic Responses to Climate Variations and Change in the Merced, Carson, and American River Basins, Sierra Nevada, California, 1900-2099	2004
E53	External	Ficklin et al.	Effects of projected climate change on the hydrology in the Mono Lake Basin, California	2012
M01	Internal	Metropolitan	Climate Action Plan	2021
M02	Internal	Metropolitan	Energy Sustainability Plan - Volume 1	2020
M03	Internal	Metropolitan	Energy Sustainability Plan – Volume 2	2020
M04	Internal	Metropolitan	Hydroelectric Feasibility Study	2010
M05	Internal	Metropolitan	Integrated Resource Plan; Phase 1: Regional Needs Assessment	2020
M06	Internal	Metropolitan	Urban Water Management Plan (2015)	2016
M07	Internal	Metropolitan	Urban Water Management Plan (2020)	2021
M08	Internal	Metropolitan	Energy Management and Reliability Study	2010
M09	Internal	Metropolitan	Resource Vulnerability Study	2020
M10	Internal	Metropolitan	Strategic Asset Management Plan	2021
M11	Internal	Metropolitan	System Reliability Study	2006
M12	Internal	Metropolitan	Fire Management Plan for Lake Mathews	1994
M13	Internal	Metropolitan	Water Shortage Contingency Plan	2021

Appendix B

Deep-Dive Surveys



CAMP4W and the Water Energy Climate Sustainability (WECS) Core Team Meeting

Name

Title

Department

AGENDA:

1. Welcome & Introductions (10 minutes)
2. Purpose of Climate Vulnerability Risk Assessment and of this meeting (15 minutes)
3. Review Survey Results (15 minutes)
4. Overview of discussion questions (5 minutes)
5. Lunch (30 minutes)
6. Discussion
 1. Impacts of more frequent climate extremes (10 minutes)
 2. Prioritizing vulnerabilities (10 minutes)
 3. Actions (20 minutes)
 4. Constraints & Barriers (20 minutes)
7. Review and Wrap-up (15 minutes)

Survey Questions

What is the most significant climate extreme-related disruption to Metropolitan's water quality facilities/operations that you have observed in the past five years?

What is the most significant climate extreme-related disruption to Metropolitan's water quality facilities/operations that you foresee in the next five years and beyond?

Visioning Future Climate Impacts:

If climate extremes become more frequent and intense, what would the effects be on Metropolitan's WQ facilities and operations?

Prioritizing Vulnerabilities:

Order the vulnerabilities we have discussed from highest to lowest priority

Short- and Long-Term Actions:

What are some short term actions Metropolitan can take to address priority vulnerabilities?

What are some long-term actions Metropolitan can explore to address priority vulnerabilities?

Key Constraints and Barriers:

What are the key constraints and barriers to implementing short and/or long-term actions?



SUSTAINABILITY
RESILIENCE
INNOVATION



CAMP4W and the Water Energy Climate Sustainability (WECS) Core Team Meeting

Name

Title

Department

AGENDA:

1. Welcome & Introductions (10 minutes)
2. Purpose of Climate Vulnerability Risk Assessment and of this meeting (15 minutes)
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 1. Impacts of more frequent climate extremes (10 minutes)
 2. Prioritizing vulnerabilities (10 minutes)
 3. Actions (20 minutes)
 4. Constraints & Barriers (20 minutes)
7. Review and Wrap-up (15 minutes)

Survey Questions

What is the most significant climate extreme-related disruption to Metropolitan's power facilities/operations that you have observed in the past five years?

What is the most significant climate extreme-related disruption to Metropolitan's power facilities/operations that you foresee in the next five years and beyond?

Visioning Future Climate Impacts:

If climate extremes become more frequent and intense, what would the effects be on Metropolitan's power facilities and operations?

Prioritizing Vulnerabilities:

Order the vulnerabilities we have discussed from highest to lowest priority

Short- and Long-Term Actions:

What are some short term actions Metropolitan can take to address priority vulnerabilities?

What are some long-term actions Metropolitan can explore to address priority vulnerabilities?

Key Constraints and Barriers:

What are the key constraints and barriers to implementing short and/or long-term actions?



Subcommittee on Long-term Regional Planning
Processes and Business Modeling

Climate Vulnerability and Risk Assessment

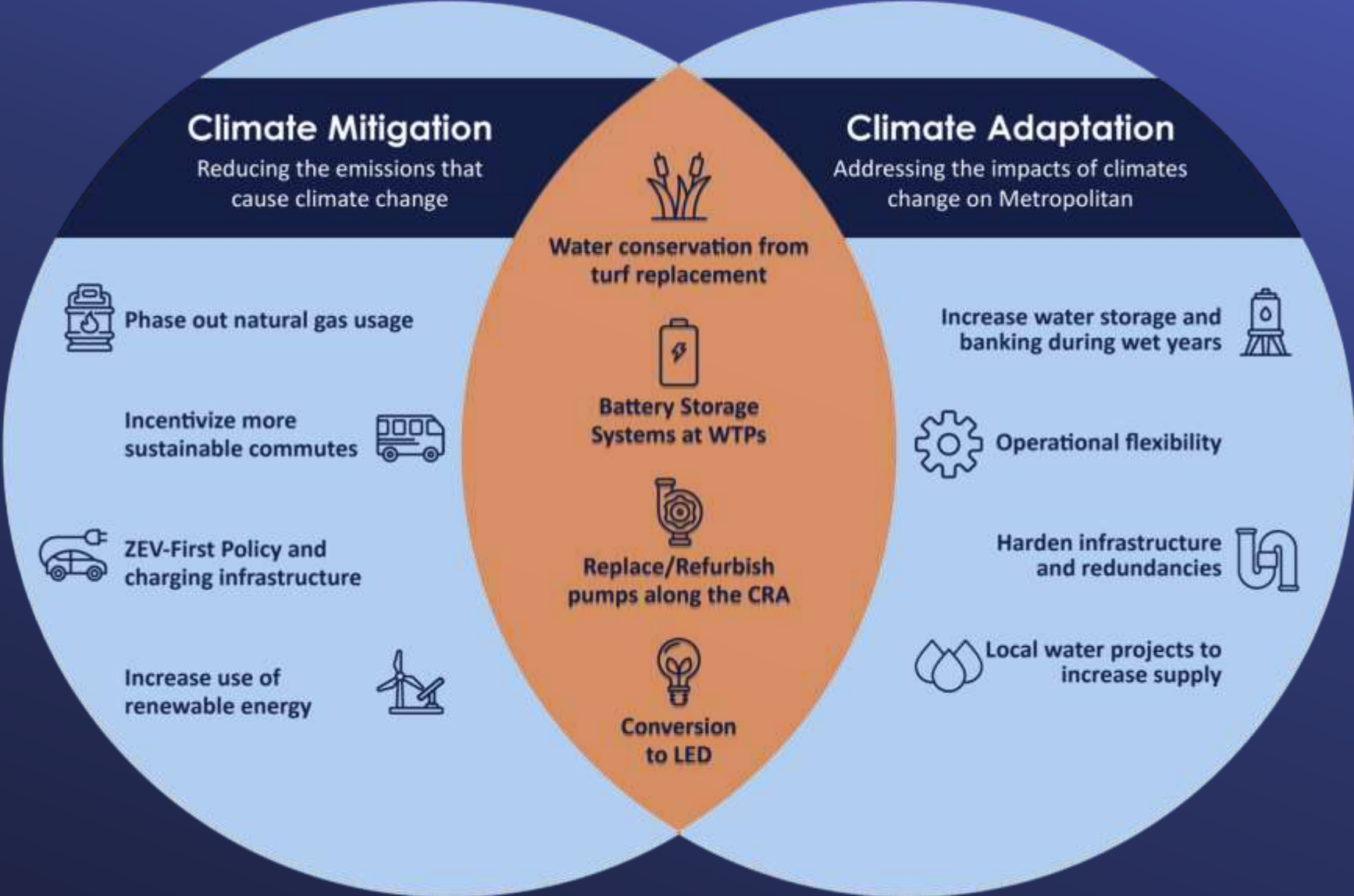
Ensuring climate change is addressed throughout
Metropolitan's existing Systems Reliability Processes

Item 3c
June 26, 2024

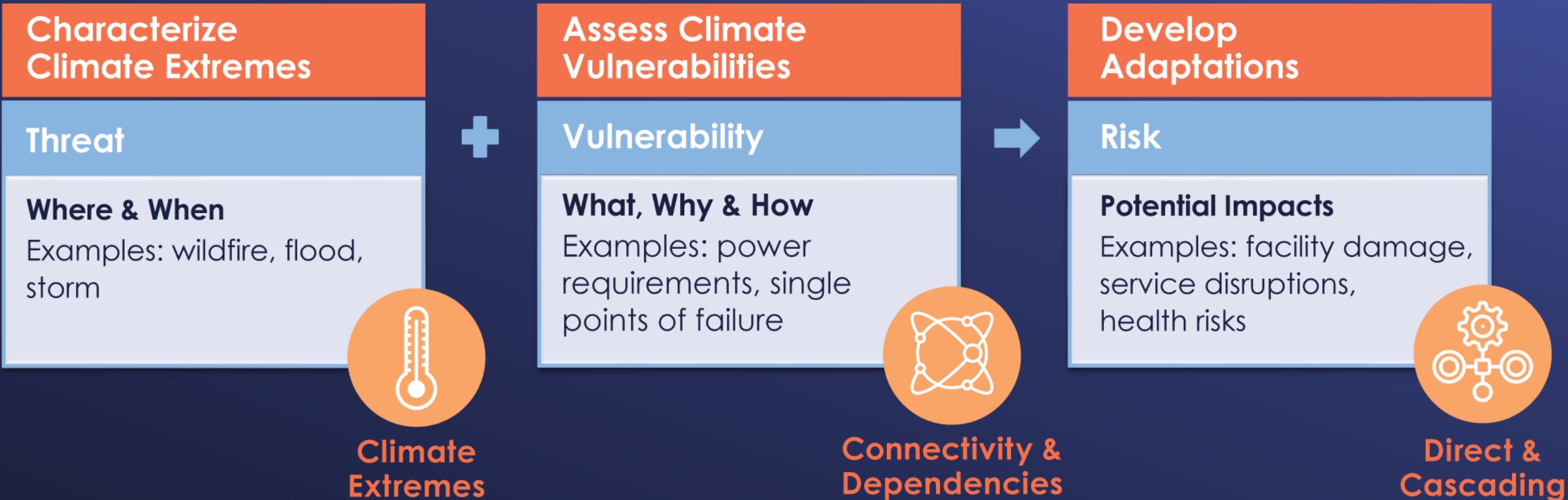
Increasing Climate Resilience

Resilience

Metropolitan builds climate resilience by continuing to reduce its GHG emissions & by investing to manage more frequent & severe climate hazards



Climate Vulnerability & Risk Assessment



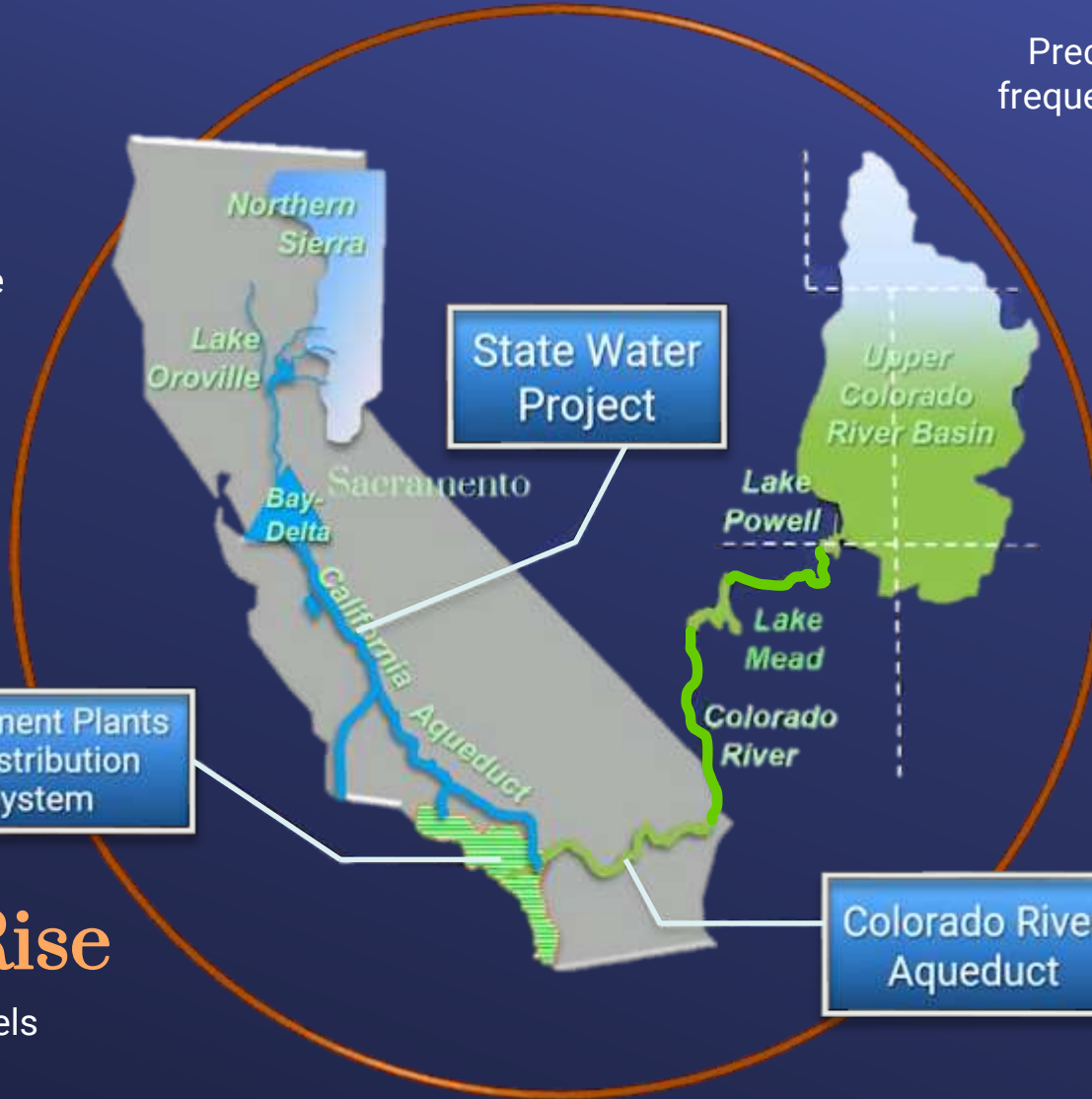
Severe Storms

Precipitation from larger and less frequent events (Climate Whiplash)



Wildfire

Larger and more intense



Drought

More frequent and extended



Sea Level Rise

Increased global sea levels

Extreme Heat

High temperatures over extended periods



Delta Island Projects

Metropolitan is securing grant funds to support new adaptation investments

Characterize Climate Hazards

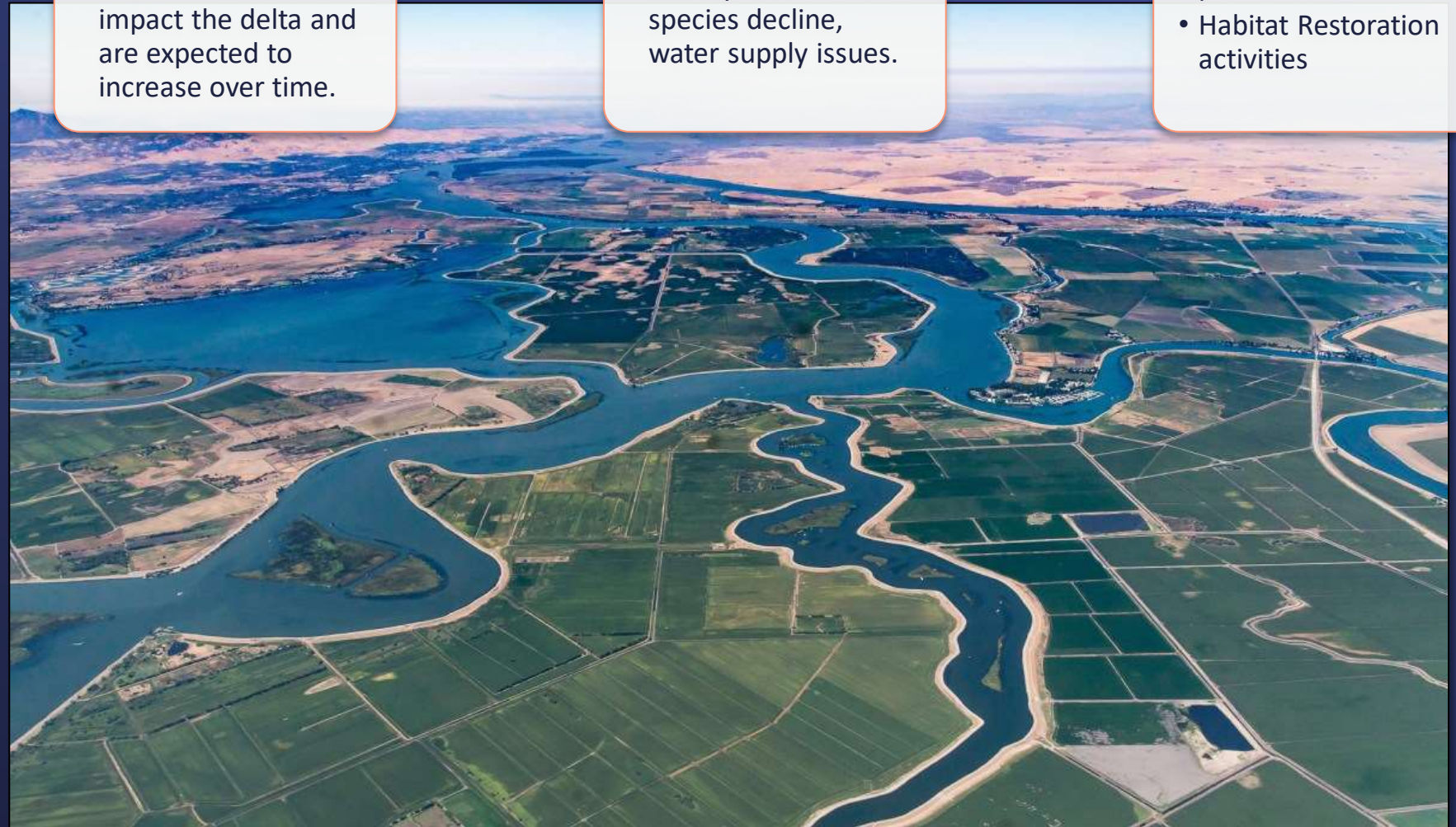
- Drought, severe storms, sea level rise and extreme heat all impact the delta and are expected to increase over time.

Assess Potential Impacts

- Land subsidence, flooding, increased salinity, levee failure, species decline, water supply issues.

Identify Adaptation Strategies

- Convert farms to wetlands and rice production
- Habitat Restoration activities



Castaic Lake Turbidity Event

Metropolitan is
already managing
climate extremes

Characterize
Climate Hazards

- Heavy rain event in January caused debris and silt to flow into Castaic Lake

Assess Potential
Impacts

- Stresses the ability of the plant to meet compliance requirements
- Increases operation & maintenance costs

Identify Adaptation
Strategies

- Reduce flow
- Repurposed out of service basins
- Increase coagulant dose
- Combined chlorine and ozone



Energy-Water Nexus on the CRA

Metropolitan is exploring adaptation options along the CRA

Characterize Climate Hazards

- Drought, extreme heat, and extreme flooding are expected to become more frequent and extreme.

Assess Potential Impacts

- Increased energy costs, greater risk of grid instability, health & safety issues, equipment failure, water supply disruptions

Identify Adaptation Strategies

- Infrastructure upgrades, hardened facilities, power generation facilities, transmission investments

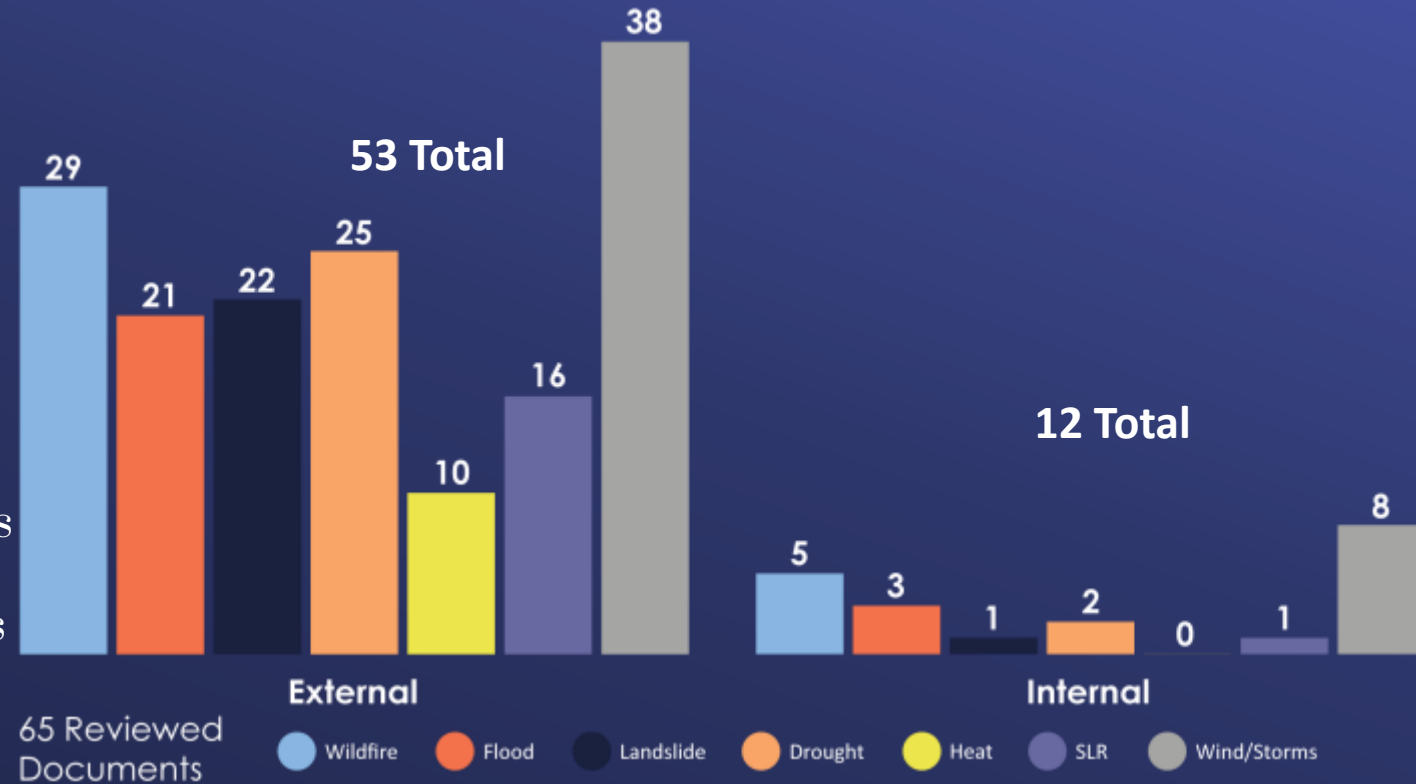


Identified Climate Hazards

Literature Review

65 Total Documents:
12 Internal and 53 External

Cited:
Municipal Water Agencies
Ground Water Agencies
Energy Utilities
Counties
CA State Agencies
Federal Agencies
Fire Departments
Academic



- Drought and Wildfire were the most assessed climate hazards
- Energy-related documents thoroughly identified climate hazards

Coordinated Across The District

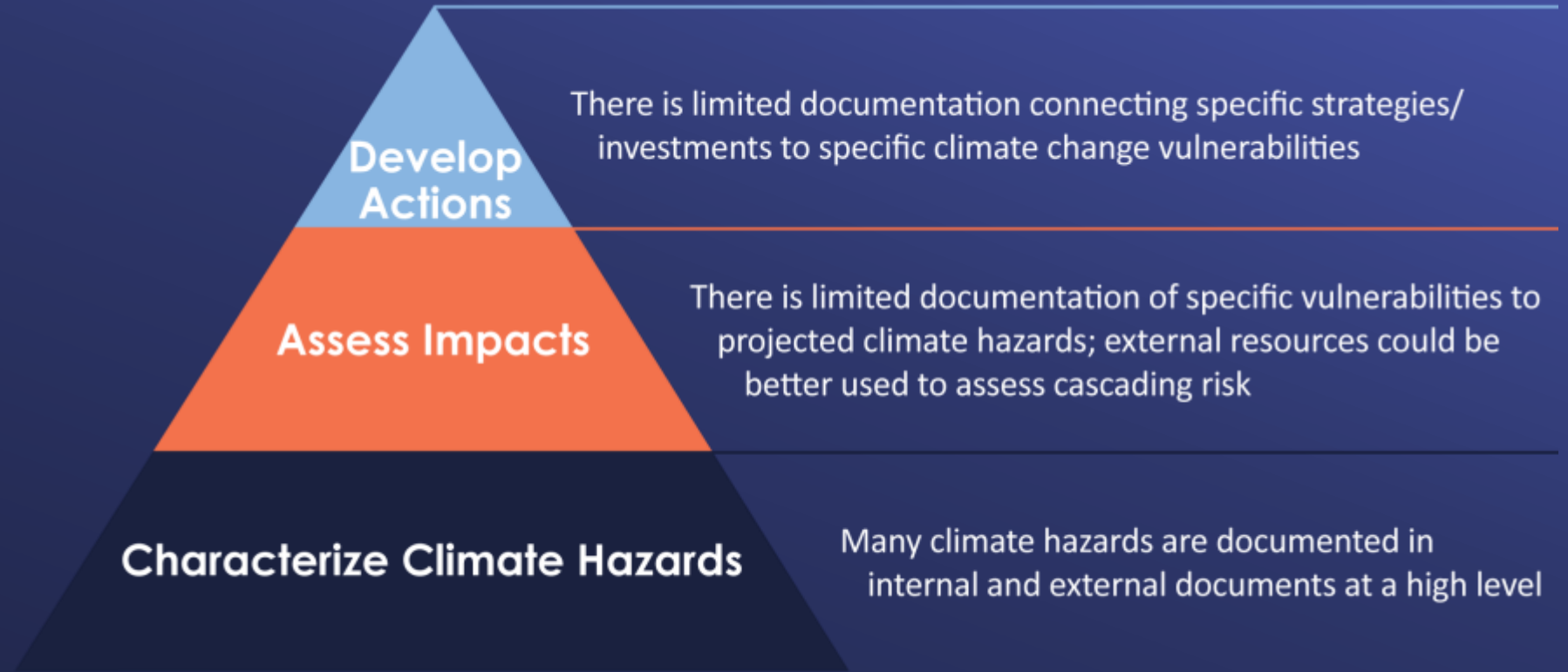
>70 Internal
Contributors



- **Goal:** Ensure climate change is sufficiently addressed throughout Metropolitan's existing Systems Reliability Processes
- Design Charettes
 - Energy and Desert Operations
 - Asset Management
 - Water Quality
 - Emergency Management & Security
 - Engineering

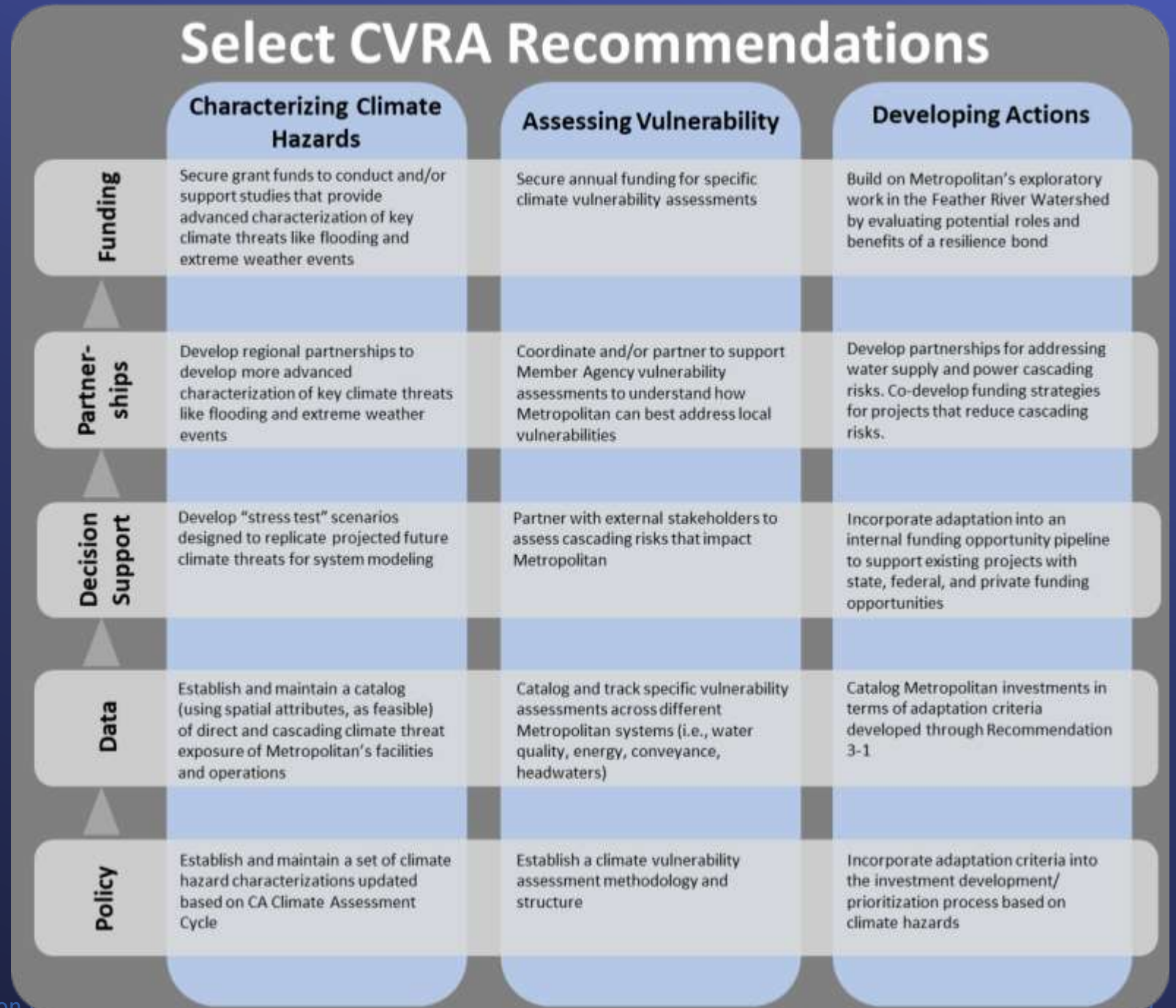
Initial Findings

Documentation **decreases** across the spectrum of characterizing hazards, assessing impacts, & developing adaptation actions



Recommended Strategies

Integrate work into the Climate Adaptation Master Planning Process



Recommended Strategies

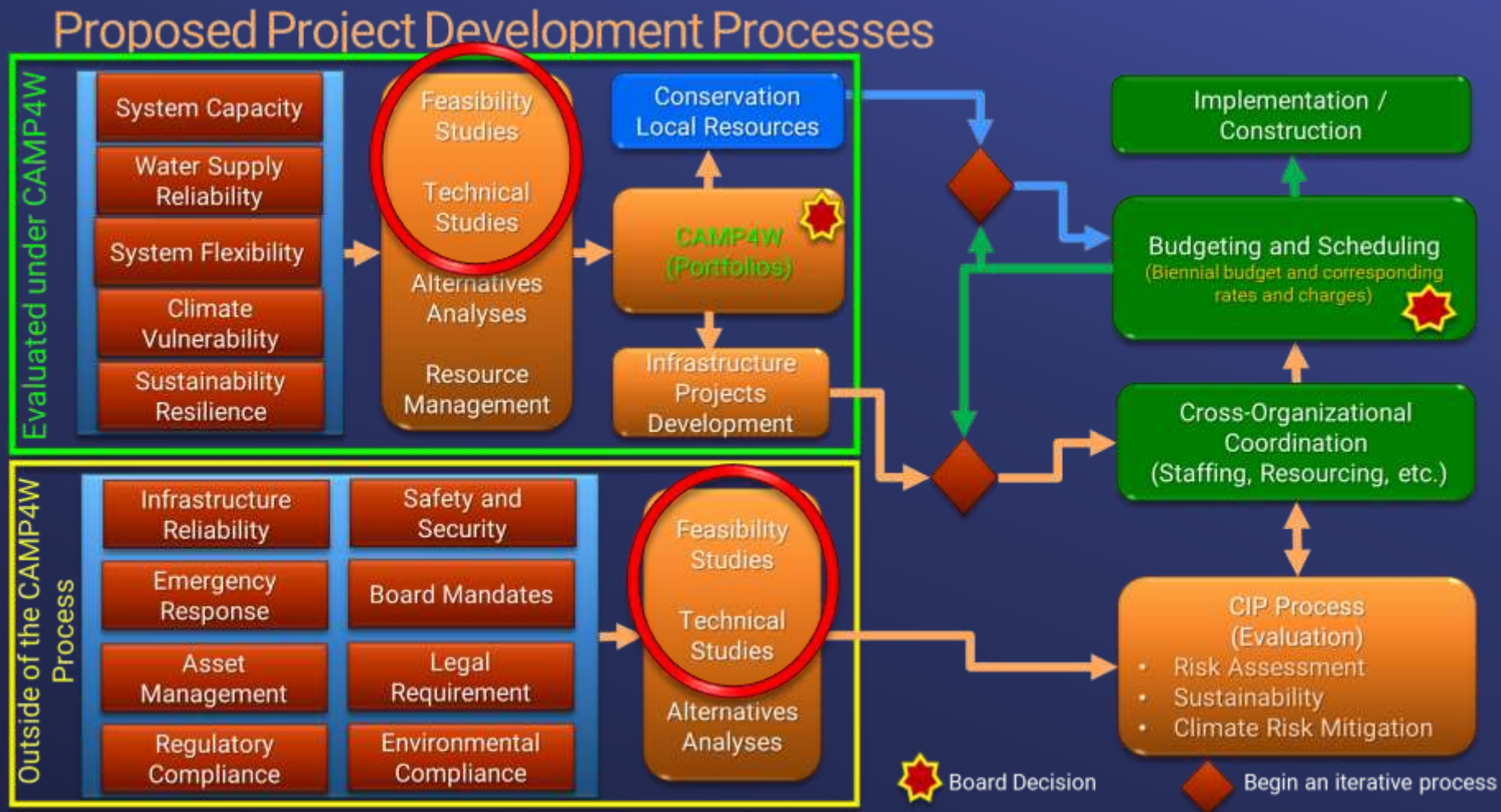
Characterize Climate Hazards - Near-Term Recommendations

- Establish & maintain a database of Metropolitan's climate hazard characterizations that align with RCP 8.5
- Regularly collect the latest climate science and employ a digital platform to catalog and monitor climate hazard exposures and the occurrence of extreme events
- **Secure O&M funding to conduct studies** and support research that better characterizes climate hazards

- Secure **O&M funding** to conduct **studies** and support research that better characterizes climate hazards

Recommended Strategies

Characterize Climate Hazards - Near-Term Recommendations



Recommended Strategies

Assess Vulnerabilities - Near-Term Recommendations

- Fund, catalog, and track specific vulnerability assessments across different asset and climate hazard typologies
- Revise design standards to mitigate projected asset vulnerabilities
- **Energy** – Pursue diversification of Metropolitan’s energy sources, **address power assets along the CRA** that have exceeded their end of life and are becoming capacity constrained, assess the benefits of new Power Purchase Agreements.

EPA CREAT Process

EPA Climate Resilience Evaluation & Awareness Tool (CREAT)

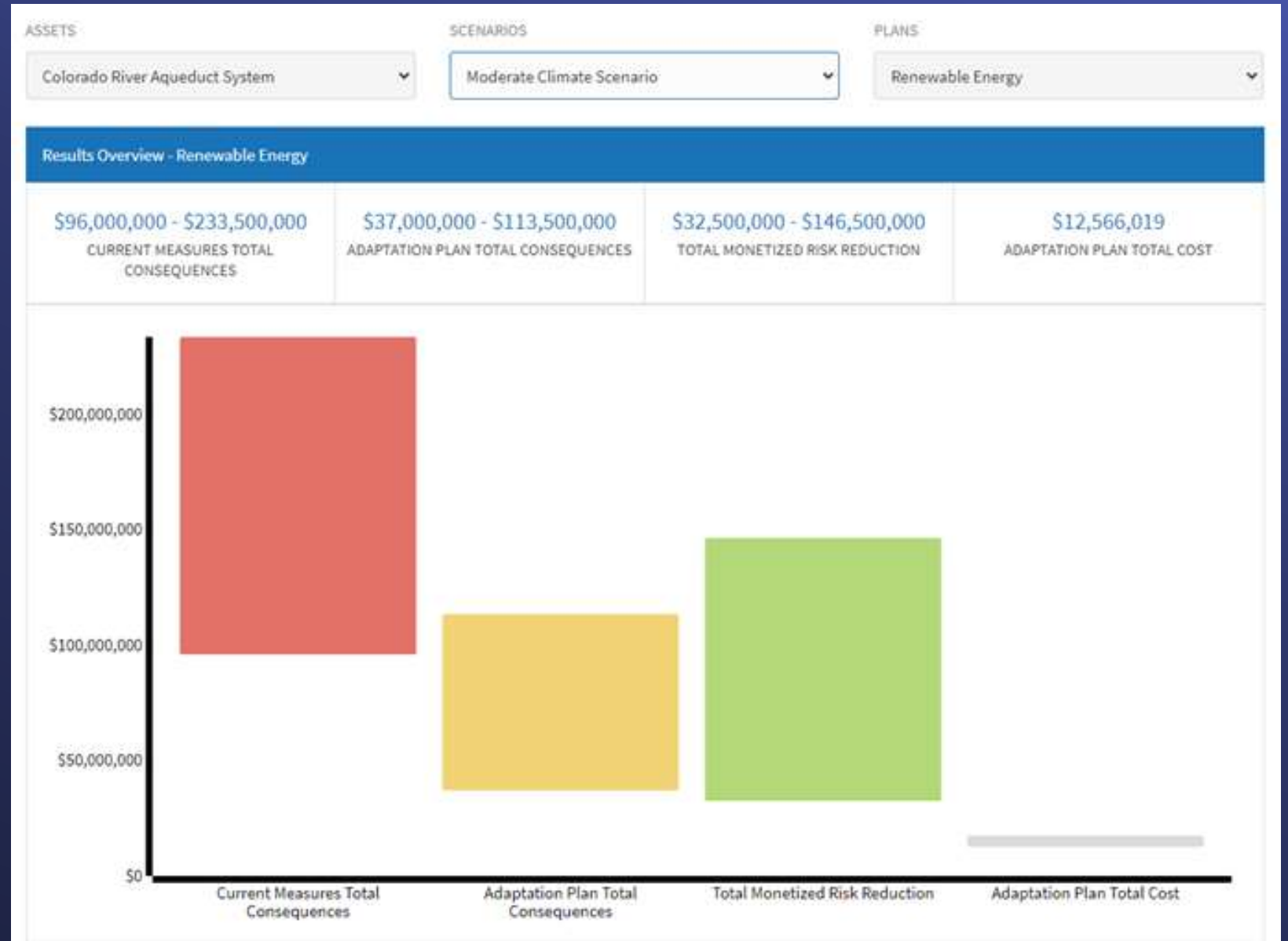
Results from CREAT help utilities compare risk reduction and implementation costs



Moderate Climate Scenario

Monetized Risk Reduction

Colorado River Aqueduct System
Renewable Energy Plan
Climate Scenario



Recommended Strategies

Develop Actions -
Near-Term
Recommendations

- Convene an annual Metropolitan climate risk summit to identify vulnerabilities, opportunities for further assessment, and share best adaptation practices
- **Infrastructure** – Develop and communicate a coordinated **Asset Management Data Policy** to the entire organization, that expands on the proposed Strategic Asset Management Plan

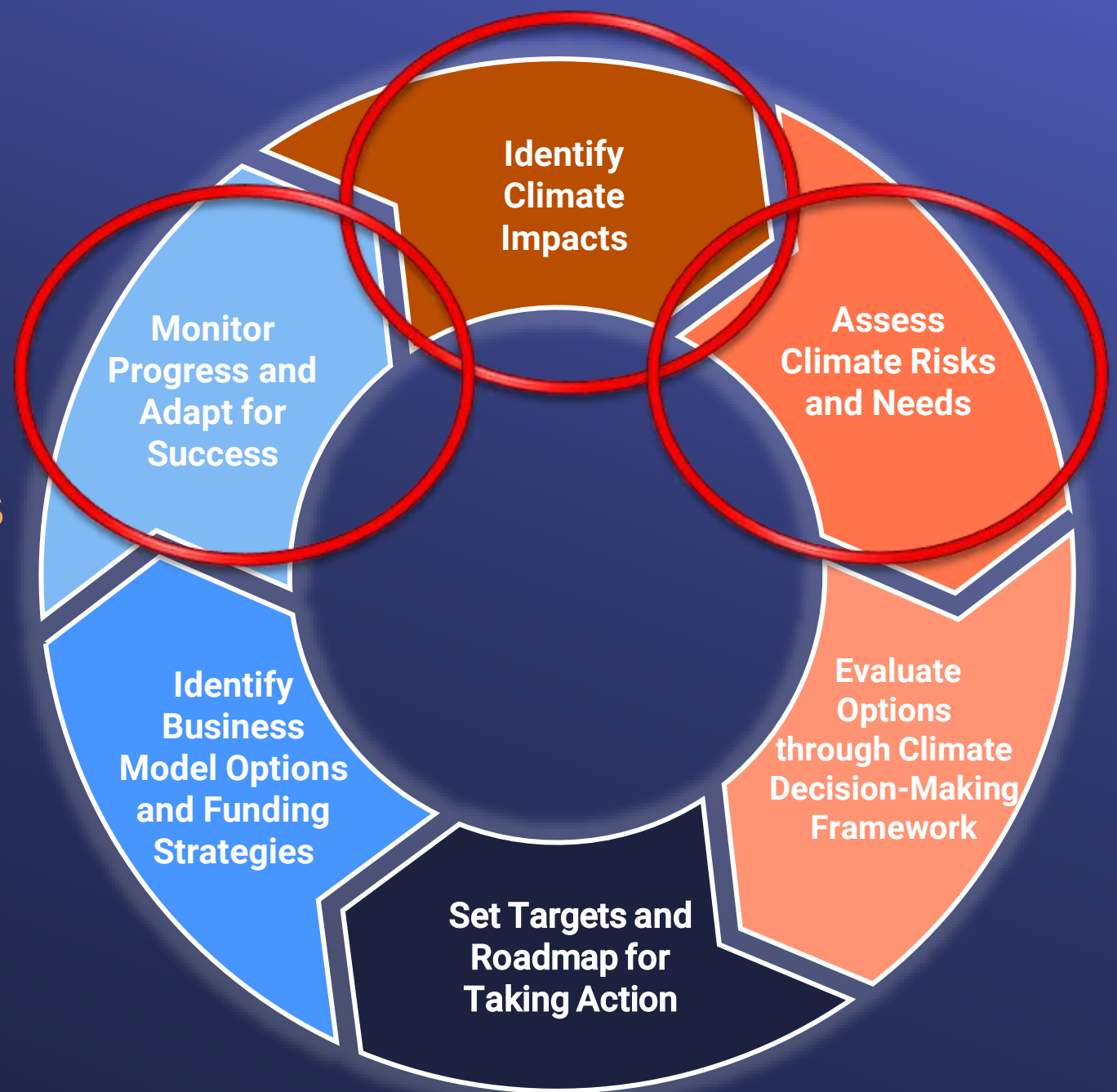
Climate Adaptation Master For Water (CAMP4W)

Addressing climate risks throughout planning processes

The CAMP4W integrates

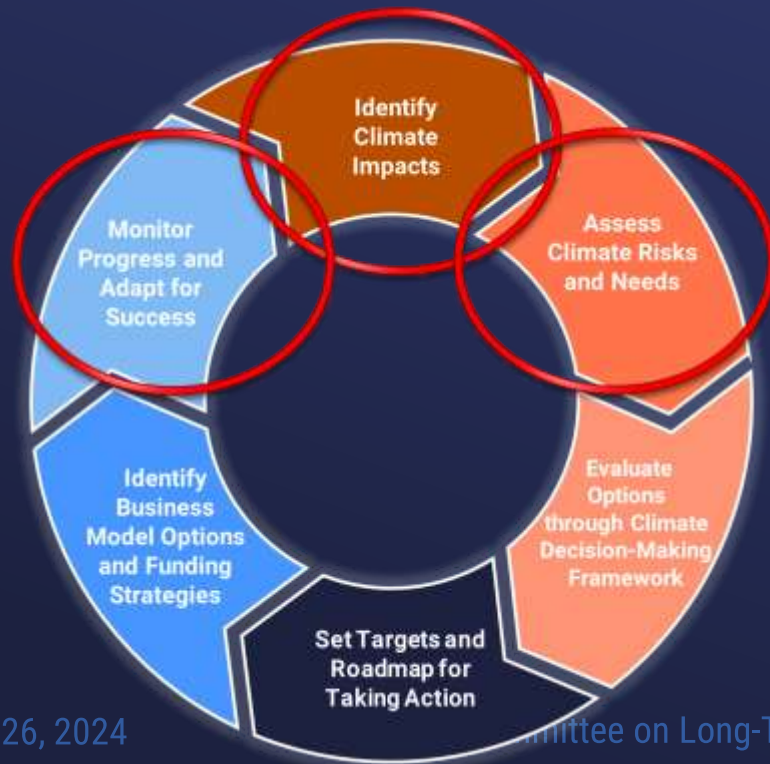
- water resources planning
- infrastructure development
- climate adaptation
- finance planning

into one interconnected process



Climate Vulnerability and Risk Assessment & CAMP4W

Determining CAMP4W Consideration



A “yes” to any of the following questions means a project or program will be considered through the CAMP4W process

- Providing or supporting new core or flex supply, or storage projects
- Addressing known **vulnerabilities to an asset(s)** or involve improvement beyond R&R
- Work towards a Time-Bound Target
- Project exceed a certain flow or cost threshold

Next Steps

Near-Term Recommendations

- **Initiate Near-Term Initial Recommendations**
 - Fund and conduct feasibility and technical studies
 - Taskforce on energy diversification and power infrastructure along the CRA
 - Asset Management Data Policy
- **Conduct further Deep Dives into Climate Vulnerabilities**
 - Identify climate risk signposts for CAMP4W Adaptive Management
- **Coordinate Climate Vulnerability Risk Assessments with Member Agencies**





Subcommittee on Long-term Regional Planning
Processes and Business Modeling

Business Model Refinement

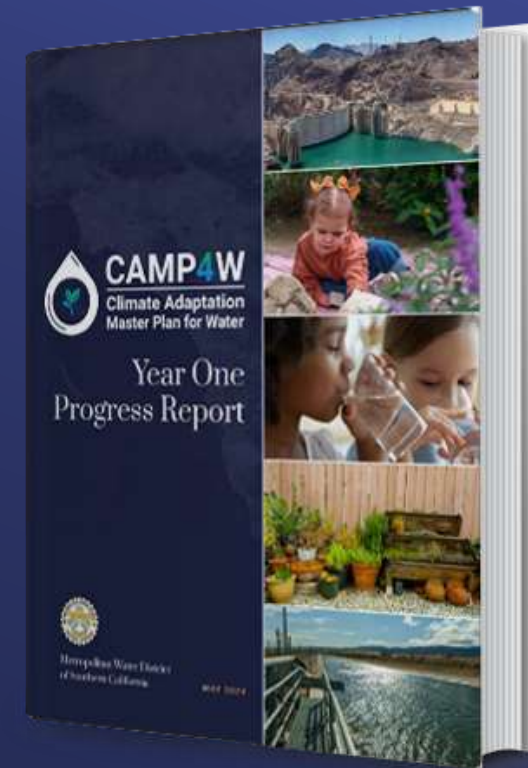
Item 3d
June 26, 2024

“Metropolitan will be discussing the purpose, desired outcome, and components of the Business Model with the Board and Member Agencies in 2024. This is intended to involve reviewing Metropolitan’s current Business Model, identifying the problem statement, evaluating the role Metropolitan may take moving forward, and determining how the existing Business Model should be updated and revised to address Metropolitan’s problem statement and goals.” – **CAMP4W Year One Progress Report**

Agenda

Business Model Refinement Workshop


- What Is Metropolitan’s Business Model
- Why now? The drivers of considering refinement
- Problem Statement and Objectives
- Overview of feedback
- Timeline and next meeting



What is Met's Business Model?

Business model is how we
create and deliver benefits
in economic, social, and
environmental context

How Metropolitan creates, delivers and captures regional
water benefits



What we do • How we do it • How we pay for it



Metropolitan delivers reliable, high-quality water to its
member agencies through robust infrastructure and
programs funded primarily through rates and charges

Stronger
Together



Metropolitan's provides regional water benefits by acting on its Member Agencies' behalf. Together, we can accomplish what Member Agencies could not do alone. We leverage purchasing power, economies of scale, and investment capability and capacity.

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.

What is Met's Current Business Model?

WHAT WE DO

Deliver water, consistent with Mission

HOW WE DO IT

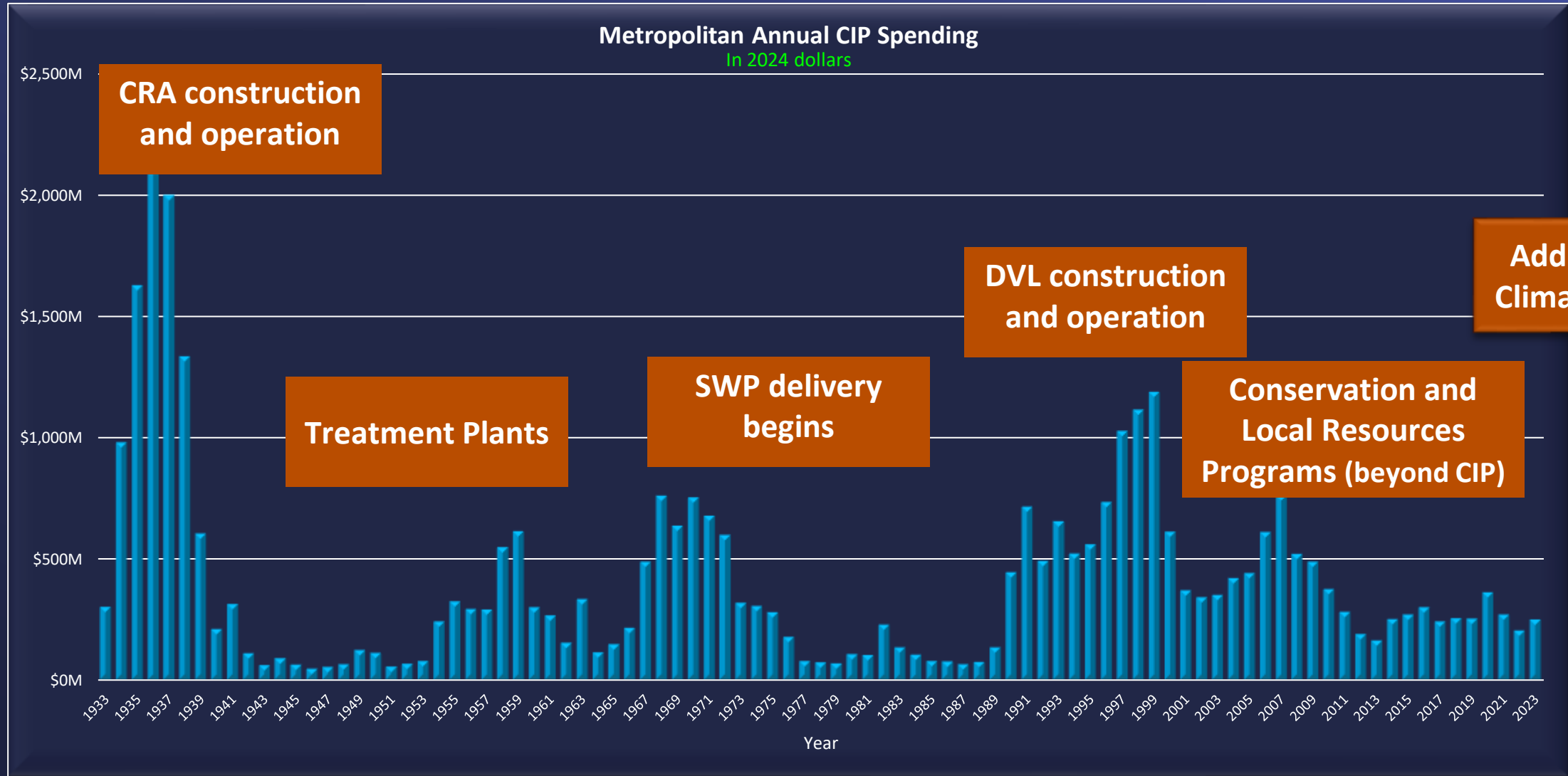
- Develop and operate water infrastructure
- Develop and operate power infrastructure
- Monitor water quality and treat water to protect public health
- Supply and asset management, conservation and support services
- Regional planning and supply development
- Public engagement and education
- State and federal policy support

HOW WE PAY FOR IT

- Water Sales
 - Volumetric rates
 - Fixed charges
- Property taxes
- Bond financing
- Grants and funds
- Other revenues (e.g. land leases, hydropower)

LEGAL & REGULATORY FRAMEWORK

Evolution of the business model reflects regional needs



Business Model Refinement

“Why now?”

Drivers and Considerations for Refinements

Supply and Demand Uncertainty

Declining Water Sales

Volatility of Revenue

Treatment Cost Recovery

Need for Climate Adaptation Investment

Aging Infrastructure

Changing Customer Expectations

Changing Regulations and Social Landscape

Draft Problem Statement

Does this statement
represent the
opportunity of Business
Model refinement?

The State is faced with a need for investment to adapt to a changing climate.

Our Long-Range Financial Plan has identified constraints on our investment capacity.

The current revenue model is heavily reliant on water sales, and the latest budget process underscored how volatility in supply, demand and hydrology can threaten our financial sustainability.

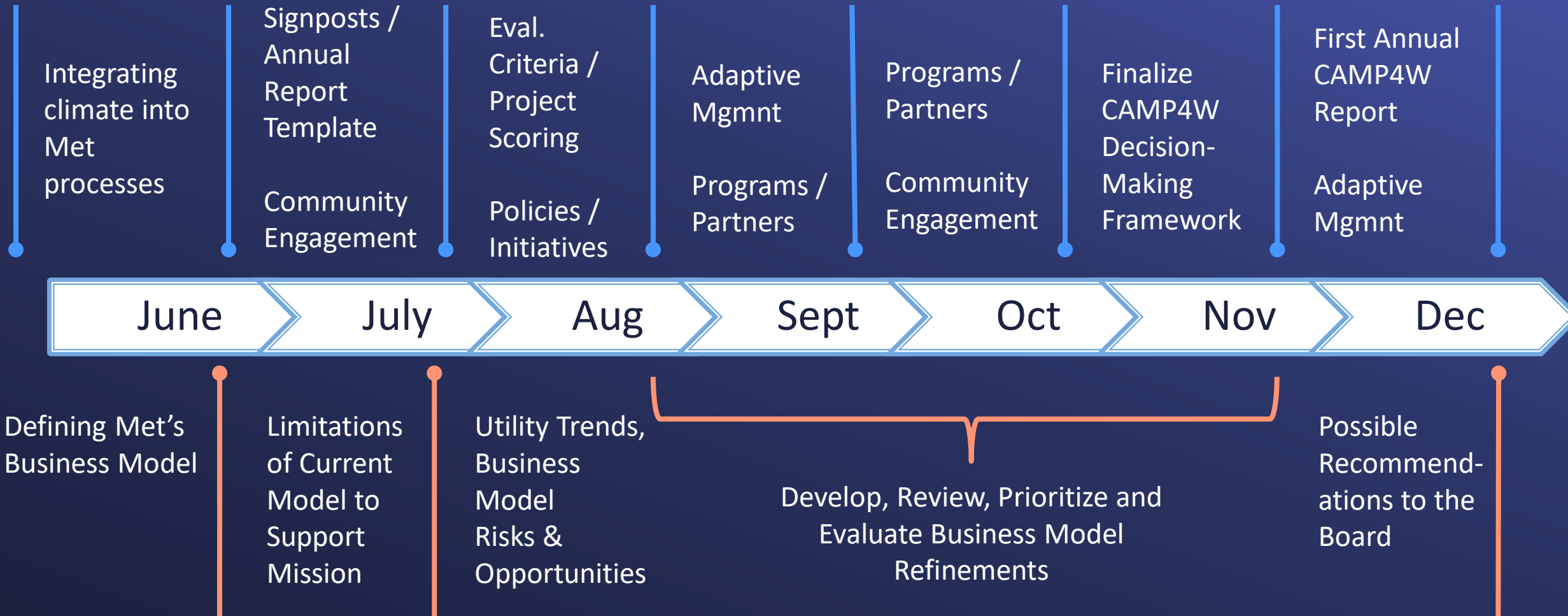
Rate and property tax increases and the use of financial reserves are available tools, but refinement and additional tools may be needed to provide reliability, resilience and predictability.

Possible Business Model Refinement Objectives

Ensure and Enhance:

- Investment Capacity
- Rate Stability and Predictability
- Conservation Value
- Fairness
- Affordability
- Modernized Resource and Asset Management
- Continued Alignment with CAMP4W
- Financial Sustainability

2024 Schedule of CAMP4W and Business Model Discussions



Business
Model
Considerations
Member Agency
Comments

Comments/Correspondence

Better understanding of current business model

Treatment surcharge

Allocate time and resources for process

Gaps/ Deficiencies in current business model

Board governance

Budgeted sales as fixed revenue

Involve Finance and Legal

Process going forward

Better understand desired outcome

Discussion and Comments

