

The Metropolitan Water District of Southern California

Agenda

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

Board of Directors - Final - Revised 1

June 10, 2025

1:00 PM

Tuesday, June 10, 2025 Meeting Schedule	
08:00 a.m.	FAAME
10:30 a.m.	LC
12:30 p.m.	Break
01:00 p.m.	BOD
03:00 p.m.	CWC

Written public comments received by 5:00 p.m. the business day before the meeting is scheduled will be posted under the Submitted Items and Responses tab available here: <https://mwdh2o.legistar.com/Legislation.aspx>.

The listen-only phone line is available at 1-877-853-5257; enter meeting ID: 891 1613 4145.

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

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

Teleconference Locations:

Conference Room • 1545 Victory Boulevard • Glendale, CA 91201

Hotel Raphael • Largo Febo Piazza Navona • Rome, Italy

City Hall • 303 W. Commonwealth Avenue, Chambers • Fullerton, CA 92832

1. Call to Order

- a. Invocation: TBD
- b. Pledge of Allegiance: TBD

2. Roll Call

3. Determination of a Quorum

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

5. OTHER MATTERS AND REPORTS

- A. Report on Directors' Events Attended at Metropolitan's Expense [21-4581](#)
Attachments: [06102025 BOD 5A Report Revised](#)
- B. Chair's Monthly Activity Report [21-4582](#)
- C. General Manager's summary of activities [21-4583](#)
- D. General Counsel's summary of activities [21-4585](#)
- E. General Auditor's summary of activities [21-4586](#)
- F. Ethics Officer's summary of activities [21-4587](#)
- G. Presentation of 5-year Service Pin to Director Ardy Kassakhian, City of Glendale [21-4607](#)
- H. Presentation of 10-year Service Pin to Director Stephen Faessel, City of Anaheim [21-4608](#)
- I. Induction of new Director Raymond Jay from City of Torrance [21-4672](#)
(Added)
- (a) Receive credentials
(b) Report on credentials by General Counsel
(c) File credentials
(d) Administer Oath of Office
(e) File Oath
- Attachments:** [06102025 BOD 5I Report](#)

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

6. CONSENT CALENDAR OTHER ITEMS - ACTION

- A. Approval of the Minutes of the Board of Directors Meeting for May 13, 2025 [21-4588](#)
- B. Approve Committee Assignments [21-4589](#)
- C. Approve Resolution confirming Director Jacque McMillan for the Association of California Water Agencies Region 8 Board Member [21-4609](#)

7. CONSENT CALENDAR ITEMS - ACTION

- 7-1** Approve General Auditor's Internal Audit Plan for fiscal year 2025/26; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (Audit) [21-4592](#)
- Attachments:** [06102025 Audit 7-1 B-L](#)
- 7-2** Authorize \$1,500,000 increases to existing on-call agreements with Mangan Inc., and Burns & McDonnell Western Enterprises Inc., for new not-to-exceed amounts of \$3,750,000 to provide technical services to enhance arc flash protection at Metropolitan's facilities; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EOT) [21-4594](#)
- Attachments:** [06102025 EOT 7-2 B-L](#)
- 7-3** Award an \$807,004 procurement contract to B&K Valves and Equipment Inc. for the replacement of globe valves at the Rio Hondo Pressure Control Structure; the General Manager has determined that the proposed action is categorically exempt or otherwise not subject to CEQA (EOT) [21-4596](#)
- Attachments:** [06102025 EOT 7-3 B-L](#)
- 7-4** Authorize the General Manager to execute a funding agreement extension for support of the Colorado River Board of California, Six Agency Committee, and Colorado River Joint Powers Authority; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (FAAME) [21-4602](#)
- Attachments:** [06102025 FAAME 7-4 B-L](#)
- 7-5** Adopt a resolution declaring three parcels of real property located in the County of Riverside as exempt surplus land under the Surplus Land Act and authorize their disposal under Metropolitan's surplus land disposal policies and procedures; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Properties located at 12000 West 14th Avenue in the City of Blythe, California and 3137 Wicklow Drive in the City of Riverside, California] (FAAME) [21-4598](#)
- 7-6** Approve Metropolitan's Statement of Investment Policy for fiscal year 2025/26, delegate authority to the Treasurer to invest Metropolitan's funds for fiscal year 2025/26 (FAAME) [21-4599](#)

7-7 Approve up to \$2.485 million to purchase insurance coverage for Metropolitan's Property and Casualty Insurance Program for fiscal year 2025/26; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (FAAME) [21-4600](#)

7-8 Authorize the amendment of an existing license agreement with Duke Realty Corporation to adjust the license fee and extend the term for up to twenty additional years, thereby allowing continued ingress and egress rights across Metropolitan's Colorado River Aqueduct right of way in Perris, California; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (FAAME) [21-4597](#)

Attachments: [06102025 FAAME 7-8 B-L](#)

7-9 Authorize an amendment to LRP Agreement to extend the start of operation deadline for the Oceanside Pure Water and Recycled Water Expansion Phase I Project (Pending CEQA) (FAAME) [21-4667](#)

7-10 Adopt a resolution declaring approximately 5,497 acres of Metropolitan-owned real property in the Sacramento-San Joaquin Delta, commonly known as Webb Tract, also identified as Contra Costa County Assessor Parcel Numbers: 026-070-001-8, 026-080-006-5, 026-080-009-9, 026-080-007-3, 026-080-008-1, 026-080-004-0, 026-008-005-7, 026-070-006-7, 026-070-013-3, 026-070-012-5, 026-070-011-7, 026-070-010-9, 026-060-019-2, 026-060-018-4, 026-060-008-5, 026-090-007-7, 026-060-003-6, 026-060-015-0, 026-060-016-8, 026-060-017-6, and 026-060-005-1 as exempt surplus land under the Surplus Land Act; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (FAAME) [21-4606](#)

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

8. OTHER BOARD ITEMS - ACTION

- 8-1** Authorize a new agricultural lease agreement with Bouldin Farming Company for rice farming and related uses on portions of Metropolitan-owned real property in the Sacramento-San Joaquin Bay Delta known as Webb Tract; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with real property negotiators; properties totaling approximately 2,159 gross acres in the area commonly known as Webb Tract, also identified as Contra Costa County Assessor Parcel Numbers: 026-070-001-8, 026-080-006-5, 026-080-009-9, 026-080-007-3, 026-080-008-1, 026-080-004-0, 026-008-005-7; agency negotiators: Steven Johnson, Kevin Webb, and Kieran Callanan; negotiating parties: John Winther dba Bouldin Farming Company; under negotiation: price and terms; to be heard in closed session pursuant to Government Code Section 54956.8] (FAAME) [21-4601](#)
- 8-2** Report on litigation in Systems Integrated, LLC v. Metropolitan Water District of Southern California, Los Angeles County Superior Court, Case No. 21STCV18292; authorize an increase in maximum amount payable under contract for legal services with Internet Law Center, Ltd., in the amount of \$TBD for a total amount not to exceed \$TBD; and authorize an increase in maximum amount payable under contract for legal services with Kronenberger Rosenfeld, LLP in the amount of \$TBD for a total amount not to exceed \$TBD; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. [Conference with legal counsel – existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)] (LC) [21-4604](#)

9. BOARD INFORMATION ITEMS

- 9-1** Report on Conservation Program [21-4605](#)
- 9-2** Bay-Delta Management Report [21-4610](#)
Attachments: [06102025 BOD 9-2 Report](#)
- 9-3** Sustainability Resilience, and Innovation Report [21-4611](#)
- 9-4** Colorado River Management Report [21-4612](#)
Attachments: [06102025 BOD 9-4 Report](#)
- 9-5** Overview of Potential Business Model Financial Refinements (FAAME) [21-4661](#)

10. OTHER MATTERS

- 10-1** Update on labor negotiations. [Conference with Labor Negotiators; to be heard in closed session pursuant to Gov. Code 54957.6. Metropolitan representatives: Katano Kasaine, Assistant General Manager, Chief Financial Officer, Adam Benson, Finance Group Manager, Gifty J. Beets, Human Resources Section Manager and Mark Brower, Human Resources Group manager. Employee Organization(s): The Employees Association of The Metropolitan Water District of Southern California/AFSCME Local 1902; the Management and Professional Employees Associations MAPA/AFSCME Chapter 1001; the Supervisors Association; and the Association of Confidential Employees.]

[21-4655](#)

11. FOLLOW-UP ITEMS

NONE

12. FUTURE AGENDA ITEMS

13. ADJOURNMENT

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

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

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

June 10, 2025 Board Meeting

**Revised
Item 5A**



Metropolitan Water District of Southern California Summary of Events

Attended by Directors at Metropolitan's Expense in May 2025

Date(s)	Location	Meeting Hosted by:	Participating Director(s)
May 5-7	Washington, DC	Meetings with Federal Legislators	Juan Garza Ardy Kassakhian Jay Lewitt Adán Ortega
May 13-15	Monterey, CA	Association of California Water Agencies (ACWA) – 2025 Spring Conference & Expo	David De Jesus Jay Lewitt Adán Ortega Karl Seckel
May 19	Sacramento, CA	State Board Water Rights Hearing	Miguel Luna
May 21-22	Sacramento, CA	Delta Construction Authority Oversight Committee Meeting	Miguel Luna
May 22	Sacramento, CA	CA Water Association	Adán Ortega*
May 27-28	Sacramento, CA	Meetings with State Legislators	Brenda Dennstedt Anthony Fellow Jay Lewitt Miguel Luna Jacque McMillan Adán Ortega

*Added event for Chair Ortega on May 22.



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Information

• Board of Directors

6/10/2025 Board Meeting

Subject

Sufficiency of Credentials for Appointment of a Director from the City of Torrance.

Description

On February 11, 2025 the governing body of the above-entitled member agency approved the appointment of Raymond Jay as its representative on Metropolitan's Board of Directors.

The oath of office is expected to be given on or before the June 10, 2025 Board meeting.

Rickita C. Hudson

5/22/25

Rickita Hudson
Board Executive Secretary

Date

Legal Review

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

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

MsCully

Marcia Scully
General Counsel

5/23/25

Date

Attachment 1 – Credentials

RESOLUTION NO. 2025-08

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TORRANCE, CALIFORNIA, APPOINTING RAYMOND JAY TO FILL THE UPCOMING POSITION AS THE CITY OF TORRANCE'S DIRECTOR ON THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA BOARD OF DIRECTORS

WHEREAS, the vacancy to the City of Torrance's position on the Metropolitan Water District of Southern California Board of Directors is due to the upcoming retirement of Director Russell Lefevre; and

WHEREAS, the vacant position is to be filled by the nomination of a candidate by the Mayor and approval of the City Council; and

WHEREAS, an ad hoc committee selected Mr. Jay from a list of qualified candidates to be the City's new representative on the MWD Board of Directors; and

WHEREAS, Mr. Jay has an extensive background including 30 years of experience in the water industry; and


WHEREAS, Mr. Jay has indicated a willingness to serve as the City's representative on the Metropolitan Board of Directors; and

WHEREAS, the Metropolitan Water District of Southern California does not designate a fixed term of office, the City of Torrance, with the adoption of Ordinance No. 3387 on January 4, 1994, has established a four-year term of office.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Torrance does hereby consent to and approve the nomination by the Mayor to appoint Raymond Jay as the City of Torrance's representative to the Board of Directors of the Metropolitan Water District of Southern California for the remainder of the four-year term from April 1, 2025 through December 31, 2028.

THE CITY COUNCIL OF THE CITY OF TORRANCE, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

INTRODUCED, APPROVED, and ADOPTED this 11th day of February 2025.



Mayor George K. Chen

APPROVED AS TO FORM:
PATRICK Q. SULLIVAN, City Attorney

by 

Tatia Y. Strader, Assistant City Attorney

ATTEST: 

Rebecca Poirier, MMC, City Clerk

TORRANCE CITY COUNCIL RESOLUTION NO. 2025-08


STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)
CITY OF TORRANCE) ss

I, Rebecca Poirier, City Clerk of the City of Torrance, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Torrance at a regular meeting of said Council held on the 11th day of February 2025 by the following roll call vote:

AYES:	COUNCILMEMBERS	Gerson, Lewis, Kaji, Kalani, Mattucci, Sheikh, and Mayor Chen
NOES:	COUNCILMEMBERS	None.
ABSTAIN:	COUNCILMEMBERS	None.
ABSENT:	COUNCILMEMBERS	None.

Date: _____

2/14/25



Rebecca Poirier, MMC
City Clerk of the City of Torrance



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Action

Board of Directors *Audit Committee*

6/10/2025 Board Meeting

7-1

Subject

Approve the General Auditor's Internal Audit Plan for fiscal year 2025/26; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA.

Executive Summary

The General Auditor's Internal Audit Plan (**Attachment 1**) describes how the audit plan was developed, the internal audit services available to Metropolitan, and the planned projects for fiscal year (FY) 2025/26.

The Internal Audit Plan for FY 2025/26 comprises 20 planned audits, including five new audits and 15 carryforward audits from prior fiscal years. Additionally, the audit plan includes 10 advisory projects, including two new advisories, plus follow-up reviews.

This action requests that the Board approve the General Auditor's Internal Audit Plan for FY 2025/26, which is presented for consideration in accordance with the Metropolitan Administrative Code and professional internal auditing standards.

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

Staff Recommendation: Option #1

Option #1

Approve the General Auditor's Internal Audit Plan for fiscal year 2025/26.

Fiscal Impact: None

Business Analysis: This option will authorize the General Auditor to proceed with planned audit and advisory projects that add value and improve Metropolitan's operations.

Option #2

Do not approve the General Auditor's Internal Audit Plan for fiscal year 2025/26.

Fiscal Impact: None

Business Analysis: This option may impact the General Auditor's ability to perform audit work and other duties prescribed by the Metropolitan Administrative Code.

Alternatives Considered

Not applicable

Applicable Policy

Metropolitan Water District Administrative Code Section 6451: Audit Department Charter

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

June 11, 2024, Item 7-1, Approve General Auditor's Internal Audit Plan for fiscal year 2024/25

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

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

CEQA determination for Option #2:

None required

Details and Background

Background

The mission of the Office of the General Auditor, Metropolitan's internal audit function, is to provide independent, professional, and objective assurance and advisory services that add value and improve Metropolitan's operations. Internal Audit assists Metropolitan in accomplishing its objectives by using a proactive and systematic approach to evaluate and recommend improvements to the effectiveness of governance, risk management, and control processes.

Professional internal audit standards require the General Auditor to establish a risk-based plan to determine internal audit priorities that are consistent with Metropolitan's goals and objectives. Internal Audit's methodology is to perform focused audits and provide advisory services that evaluate important areas of Metropolitan and deliver timely results.

Internal Audit completed an audit risk assessment by gaining an understanding of Metropolitan's business operations through documentation reviews, interviews with management, and discussions with the Board. The results facilitated efforts to identify and measure risks and prioritize potential audits and advisory projects for the audit plan. Internal Audit's approach is to provide coverage of the most critical aspects of the areas identified. Internal Audit may make exceptions to this approach when there are carryforward audits from the prior year, where there has been recent audit coverage, or if our professional judgment dictates otherwise.

This year's audit risk assessment identified opportunities for Internal Audit to provide audit or advisory services in the following areas (listed in alphabetical order): Administrative Services, Cybersecurity, Office of the General Manager, Security, and Treasury & Debt Management.


Internal Audit Plan Overview

The Internal Audit Plan includes the following information:

- (1) An introduction to the Office of the General Auditor.
- (2) A description of the audit plan project planning and execution methodology.
- (3) A description of the audit plan project's results.
- (4) An overview of internal audit services provided to Metropolitan.
- (5) Projects planned to be performed during FY 2025/26.
- (6) The audit plan project team.
- (7) A crosswalk of risk areas to associated projects.
- (8) Specific risks/internal control concerns identified pending audit resource/time availability.

- (9) An overview of internal audit resources that will support the execution of the audit plan.
- (10) Department internal reporting structure
- (11) References to relevant professional internal audit standards.

From time to time, the General Auditor may determine it appropriate to substitute, postpone, or cancel a planned engagement due to timing, priority, resources, and/or other risk considerations. Such modifications will be noted in quarterly status reports to the Board, and acknowledgment of the reporting authorizes any changes noted and amends the audit plan.



Scott Suzuki
General Auditor

5/21/2025

Date



Deven Upadhyay
General Manager

5/21/2025

Date

Attachment 1 – General Auditor’s Internal Audit Plan for FY 2025/26

Ref# a12707381

DRAFT - PENDING BOARD APPROVAL



Office of the General Auditor __

General Auditor's Internal Audit Plan for FY 2025/26

June 10, 2025

Executive Summary

BACKGROUND

The mission of the Office of the General Auditor, Metropolitan's internal audit function, is to provide independent, professional, and objective assurance and advisory services to add value and improve Metropolitan's operations. We assist Metropolitan in accomplishing its objectives by using a proactive and systematic approach to evaluate and recommend improvements to the effectiveness of governance, risk management, and internal control processes.

Professional internal audit standards require us to establish a risk-based plan to determine the priorities of our office that are consistent with Metropolitan's goals and objectives. Our methodology is to perform focused audits and provide advisory services that evaluate important areas of Metropolitan and deliver timely results.

We completed an audit risk assessment by gaining an understanding of Metropolitan's business operations through documentation reviews, interviews with management, and discussions with the Board. The results facilitated our efforts to identify and measure risks and prioritize potential audits and advisory projects for the audit plan. Our approach is to provide coverage of the most important aspects of the areas identified. We may make exceptions to this approach when there are carryforward audits from the prior year, where there has been recent audit coverage, or if our professional judgment dictates otherwise.

RESULTS

Our fiscal year 2025/26 Internal Audit Plan is comprised of 20 planned audits, including five new audits and 15 carryforward audits from prior fiscal years. Additionally, we plan to cover 10 advisory projects, including two new advisories, plus follow-up reviews.

Our audit risk assessment identified opportunities for our office to provide audit or advisory services in the following areas (listed alphabetically):

- Administrative Services
- Cybersecurity
- Office of the General Manager
- Security
- Treasury & Debt Management

Due to limited staffing resources, our audit plan includes projects addressing the highest identified audit risk areas. As resources and/or time become available in fiscal year 2025/26, we will incorporate additional risk areas into the audit plan. While we will re-evaluate the audit risk assessment periodically during the fiscal year, any risk areas not incorporated into the audit plan by fiscal year-end will be re-evaluated for inclusion in our fiscal year 2026/27 Internal Audit Plan.

COVER PHOTO: Lake Mathews Reservoir in Riverside County. Built in 1938, this raw water reservoir has a capacity of 182,000 acre-feet.

DRAFT – PENDING BOARD APPROVAL



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: June 10, 2025
To: Board of Directors
From: Scott Suzuki, CPA, CIA, CISA, CFE, General Auditor
Subject: General Auditor's Internal Audit Plan for Fiscal Year 2025/26

The Office of the General Auditor is pleased to present our audit plan for fiscal year 2025/26 in accordance with Metropolitan Administrative Code Section 6451 and the Global Internal Audit Standards issued by the Institute of Internal Auditors.

The audit plan results from thoughtful analysis of Metropolitan documents and data, a series of risk discussions with Metropolitan management, and Board input on specific risk and internal control concerns.

Our office is charged with determining whether Metropolitan's network of governance, risk management, and internal control processes are appropriate and functioning as intended by management. To execute this charge, we plan to perform a series of audits and advisory projects, 30 in total, during the fiscal year (five new audits, 15 carryforward audits, and 10 advisories).

Our mission is to add value to Metropolitan's operations by recommending improvements while maintaining transparency and trust in our work. We will do this by working collaboratively with all levels of the Metropolitan team, identifying risks and opportunities that evolve under our changing environment, and ultimately contributing to ensuring Metropolitan's resources have the maximum impact on the member agencies and communities we serve.

We appreciate the opportunity to serve Metropolitan by offering independent, professional, and objective audit and advisory services. We also appreciate the cooperation provided by Metropolitan management, staff, and the Board during our audit risk assessment project.

If you have any questions regarding our audit plan, please do not hesitate to contact me directly at 213.217.6528 or Assistant General Auditor Kathryn Andrus at 213.217.7213.

Attachments

Other report recipients:

General Manager

General Counsel

Ethics Officer

Chief of Staff

Assistant General Managers

Board Executive Officer

External Auditor

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DRAFT – PENDING BOARD APPROVAL

INTRODUCTION

DEPARTMENT OVERVIEW

The General Auditor provides independent, professional, and objective advice to the Board and Metropolitan management in accordance with the professional standards issued by The Institute of Internal Auditors. To maintain independence, the General Auditor reports directly to the Board through the Audit Committee.

Our goal is to assist Metropolitan's Board and management in improving business and financial practices. To carry out this effort, the General Auditor oversees a team of internal audit professionals who determine whether Metropolitan's activities, programs, or agreements comply with policies, procedures, and applicable laws and regulations. The team proactively addresses issues, focusing on governance, risk management, and internal control processes.

Towards this goal, our office is charged with determining if Metropolitan's network of governance, risk management, and internal control processes (as designed and represented by management) are adequate and functioning in a manner to ensure:

- ◆ Risks are appropriately identified, managed, and monitored.
- ◆ Significant financial, managerial, and operating information is accurate, reliable, and timely.
- ◆ Employees' actions comply with policies, standards, procedures, and applicable laws and regulations.
- ◆ Resources are acquired economically, used efficiently, and adequately protected.
- ◆ Programs, plans, and objectives are achieved.
- ◆ Quality and continuous improvement are fostered in Metropolitan's control process.
- ◆ Significant legislative or regulatory issues are recognized and addressed appropriately.
- ◆ Information Technology is governed, and systems and applications are securely deployed and monitored.

Our office carries out its responsibilities in accordance with the Audit Department Charter specified in Metropolitan Administrative Code Section 6451.



DRAFT – PENDING BOARD APPROVAL

AUDIT RISK ASSESSMENT

AUDIT RISK ASSESSMENT PROCESS

The Office of the General Auditor's objective is to add value to and improve the effectiveness and efficiency of Metropolitan's operations. Our strategy to accomplish this is thorough planning, nimble responsiveness, aligning our priorities with Metropolitan's objectives, and auditing risks with the greatest potential to affect Metropolitan's ability to achieve its objectives.

The chief audit executive must create an internal audit plan that supports achievement of the organization's objectives. – Global Internal Audit Standard 9.4

There are eight primary steps in performing and maintaining the audit risk assessment and audit plan:

1. Understand the organization
2. Identify, assess, and prioritize risks
3. Coordinate with other assurance providers
4. Estimate resources
5. Propose the audit plan and solicit feedback
6. Finalize and communicate the audit plan
7. Assess risks continuously
8. Update the audit plan as appropriate and communicate changes

Metropolitan's internal audit team developed the audit plan using this process to ensure a thorough risk evaluation, facilitate effective communication with the Board, management, and other stakeholders, and allocate sufficient resources to perform the planned projects.

As part of identifying, assessing, and prioritizing risks, we considered the following risk factors:

Impact Factors

- **Loss/Material Exposure.** Dollar values at risk, annual expenses, number of transactions, impact on other areas of Metropolitan, and degree of reliance on Information Technology.
- **Strategic Risk.** Public perception/reputation, economic conditions, volatility, significance to the General Manager's business plan/strategy, degree of regulation, and recent changes.

Likelihood Factors

- **Control Environment.** Degree of process formalization/policy & procedures, newness of processes/applications, third-party reliance, management turnover, and management monitoring.
- **Complexity.** Degree of automation, required specialization, level of technical detail, complexity of structure, and frequency of change.
- **Assurance Coverage.** Type of engagement, other reviews, second-line coverage, and current audit/follow-up.
- **Board & Management Concern.** Quantity and specificity of concerns shared during interviews and meetings.



DRAFT – PENDING BOARD APPROVAL

Speed Factor

- **Velocity.** How fast a risk can occur and impact Metropolitan.

We obtained input and suggestions from management in key business areas to better identify and quantify the risks Metropolitan faces. We also looked at goals and objectives in various Metropolitan documents, including the financial statements, monthly General Manager reports, Board and Committee meeting agendas, and the biennial budget.

Our audit universe is defined as 35 auditable units and generally revolves around functional areas of Metropolitan. All departments, groups, sections, and units are included in the audit universe except for our office. We scored each factor and sorted each auditable unit according to a total risk score to identify those with the most significant risks.

An auditable unit with a higher audit risk score indicates the services or functions it is responsible for are a higher risk activity due to factors including, but not limited to, having a large amount of expenditures and/or revenues, having a high level of liquid assets such as cash, undergoing significant change (e.g., organizational structure, major system), processing complex transactions, criticality to Metropolitan's mission, or having a high degree of public interest. A higher audit risk score indicates that if something were to go wrong, it could have a greater and more rapid impact on Metropolitan.



Diamond Valley Lake Wildflowers

DRAFT – PENDING BOARD APPROVAL

AUDIT RISK ASSESSMENT SUMMARY

Our audit risk assessment results show that seven auditable units are considered higher risk, 21 are moderate risk, and seven are lower risk. Below are Metropolitan’s auditable units in their respective risk categories in alphabetical order.

HIGHER AUDIT RISK

- | | | |
|-----------------------------|---------------------------------|-------------------------------|
| • Conveyance & Distribution | • Infrastructure Reliability | • Power Operations & Planning |
| • Human Resources | • Office of the General Manager | • Security |
| • Information Technology | | |

A higher audit risk score DOES NOT mean that a business area/process is being managed ineffectively or that internal control is inadequate.

MODERATE AUDIT RISK

- | | | |
|---------------------------------|---|--|
| • Administrative Services | • Equal Employment Opportunity | • Revenue & Budget |
| • Bay Delta Initiatives | • Ethics | • Sustainability Resilience & Innovation |
| • Business Continuity | • External Affairs | • Treasury & Debt Management |
| • Centralized Grants & Research | • Integrated Operations Planning & Support Services | • Treatment & Water Quality |
| • Cybersecurity | • Land Management | • Water Resource Implementation |
| • Diversity Equity & Inclusion | • Operational Safety & Regulation | • Water Resource Planning |
| • Employee Relations | • Program Management | |
| • Engineering Planning | | |

LOWER AUDIT RISK

- | | | |
|---------------------------|--------------------------|-------------------------------|
| • Board of Directors | • Engineering Design | • General Counsel (legal) |
| • Board Support Services | • Environmental Planning | • Risk Management (insurance) |
| • Controller (accounting) | | |



HEAT MAP

TIME TO CAUSE	HIGHER					Business Continuity	Security		Power Operations & Planning
	MODERATE							Information Technology Conveyance & Distribution Treatment & Water Quality Cybersecurity	Office of the General Manager Infrastructure Reliability Human Resources Integrated Ops Plan Support
								Administrative Services	
						Diversity Equity & Inclusion	Sustainability Resilience Innovation	Centralized Grants & Research Employee Relations	
						Treasury & Debt Management Land Management	Operations Safety & Regulation Program Management Water Resource Planning External Affairs		Water Resource Implementation Revenue & Budget
						Engineering Planning Ethics Equal Employment Opportunity		Bay Delta Initiatives	
						Environmental Planning Board of Directors			
			Risk Management (insurance)	Board Support Services	Engineering Design		General Counsel (legal)		
								Controller (accounting)	
LOWER									
		LOWER	MODERATE IMPACT				HIGHER		



DRAFT – PENDING BOARD APPROVAL

INTERNAL AUDIT PLAN

SERVICE PORTFOLIO

Our core portfolio includes the following services:

1 Operational & Compliance Audits

These audits provide assurance focusing on internal control design, implementation, and/or maintenance of core business operations. The criteria generally used for our internal control audits is the Committee on Sponsoring Organizations of the Treadway Commission (COSO) internal control framework. Projects can also include assessment of policy compliance, contractual compliance, and/or regulatory compliance.

2 Information Technology Audits

These audits focus on general information technology controls (e.g., operations, change management, disaster recovery) or specialized cybersecurity controls (e.g., asset management, data protection, malware defense).

3 Advisory Services

These advisory projects include providing consulting services to Metropolitan functions primarily in support of major business changes (e.g., new application implementation, reorganization, new service line, process realignment); however, they can also include contemporary topics and ad-hoc on-demand advice. Deliverables include Advisory Briefs/Rapid Reviews.

4 Follow-Up Reviews

These reviews follow up on observations from prior audits to monitor the implementation progress of recommended corrective actions. The amount of follow-up necessary will depend on the severity of the issue and the type of corrective action.

5 Administration & Other Activities

These activities do not relate to specific auditable entities but are necessary for the proper functioning of an audit department and include the annual audit risk assessment and audit plan; TeamMate+ training and functional utilization; quality assessment and improvement program; and contractually required assistance to the external auditor.



DRAFT – PENDING BOARD APPROVAL**PLANNED ENGAGEMENTS**

Planned engagements are based upon approximately 11,800 productive hours provided by ten audit professionals. Higher audit risk areas are given priority for project assignment over moderate and lower audit risk areas. Once all higher audit risk areas are assigned an audit, additional moderate audit risk areas are selected at the discretion of the General Auditor. Projects may also be assigned based on Board direction or as mandated by law/regulation. Lastly, recurring audits are generally not assigned unless determined as higher risk or mandated by law/regulation.

The following table provides planned audit and advisory engagements and includes preliminary objectives and budgeting:

TITLE	PRELIMINARY OBJECTIVES	PRELIMINARY BUDGET
Operational & Compliance Audits		
1. Security Contract	Review contract compliance.	400
2. Enterprise Risk Management	Assess the district Enterprise Risk Management program.	200
3. P-Card Program	Review compliance with Metropolitan policy.	400
4. Contract Administrator Program	Review effectiveness of the program.	400
5. Recruiting Process <i>Carryforward from FY 2024/25</i>	Compare recruiting procedures and technology against industry and sector best practices.	200
6. Sole Source Contracts <i>Carryforward from FY 2023/24</i>	Determine if sole-source contracts are issued in accordance with Metropolitan policy.	0 ¹
7. Power Market Operations <i>Carryforward from FY 2023/24</i>	Review Metropolitan power market operations.	200
8. State Audit Monitoring <i>Carryforward from FY 2023/24</i>	Review implementation status of State Auditor recommendations.	200
9. Bay Delta Disaster Preparedness <i>Carryforward from FY 2023/24</i>	Review Bay Delta disaster preparedness procedures.	400
10. CRA Maintenance <i>Carryforward from FY 2023/24</i>	Review conveyance maintenance program/processes.	160
11. California Landscape Contractors Association Contract Compliance <i>Carryforward from FY 2023/24</i>	Review contract compliance.	0 ¹



DRAFT – PENDING BOARD APPROVAL

TITLE	PRELIMINARY OBJECTIVES	PRELIMINARY BUDGET
Operational & Compliance Audits (con't)		
12. Pure Water State Funding Audit <i>Carryforward from FY 2023/24</i>	Determine adherence to state and Board directives for the Pure Water state funding.	400
13. Reserves/Rate Stabilization Fund <i>Board directed</i> <i>Carryforward from FY 2023/24</i>	Determine if reserves are maintained in accordance with the Metropolitan Administrative Code.	0 ¹
14. Real Property Business Management System Project <i>Carryforward from FY 2022/23</i>	Review administration of the Real Property Business Management System Project.	120
15. CRA Discharge Line Isolation Couplings Rehabilitation Project <i>Carryforward from FY 2022/23</i>	Review administration of the CRA Discharge Line Isolation Couplings Project.	0 ¹
Information Technology Audits		
16. Cybersecurity: SCADA Network Software Asset Inventory & Control	Determine if Metropolitan actively manages all software on the SCADA network.	400
17. IT Governance <i>Carryforward from FY 2024/25</i>	Evaluate district IT processes and controls for alignment with business goals.	200
18. Cybersecurity: Inventory and Control of SCADA Network Assets <i>Carryforward from FY 2024/25</i>	Determine if Metropolitan actively manages all SCADA network hardware assets.	400
19. Cybersecurity: Software Asset Inventory & Control <i>Carryforward from FY 2023/24</i>	Determine if Metropolitan actively manages all software on the district network.	80
20. Oracle Enterprise Business Suite Security <i>Carryforward from FY 2022/23</i>	Assess Oracle security controls.	80
Advisory Services		
21. Safety Equipment Purchase Process	Rapid Review on safety equipment purchase process.	160
22. GRC Platform	Advise on new application implementation.	80



DRAFT – PENDING BOARD APPROVAL

TITLE	PRELIMINARY OBJECTIVES	PRELIMINARY BUDGET
Advisory Services (con't)		
23. Grants	Provide advice to the new grants management function.	80
24. METCON	Advise on new application implementation.	80
25. WINS	Advise on new application implementation.	80
26. Enterprise Content Management	Advise on new application implementation.	80
27. Process Matters Initiative	Provide advice on recommended changes from the Process Matters initiative.	80
28. Colorado River Water Users Association Review <i>Board directed</i>	Perform agreed-upon procedures for the Colorado River Water Users Association Review.	120
29. Risk Oversight Committee (Power Operations)	Provide advice on risks and controls.	0 ²
30. Oracle Services Procurement	Advise on new Oracle module implementation.	0 ²
Follow-Up Reviews		
Follow-Up on Audits	Follow up on audit recommendation implementation by management.	2,238
Administration & Other Activities		
External Audit Support	Assist Macias Gini & O'Connell (MGO) in the annual financial audit and single audit.	800
Annual Audit Risk Assessment & Internal Audit Plan	Perform annual audit risk assessment tasks and prepare the Internal Audit Plan.	400
TeamMate+ Training & Functional Utilization	Provide and receive training on the internal audit project management system.	200
Quality Assessment & Improvement Program (QAIP)	Complete mandates to ensure adherence to professional internal audit standards and improve internal audit operations.	80



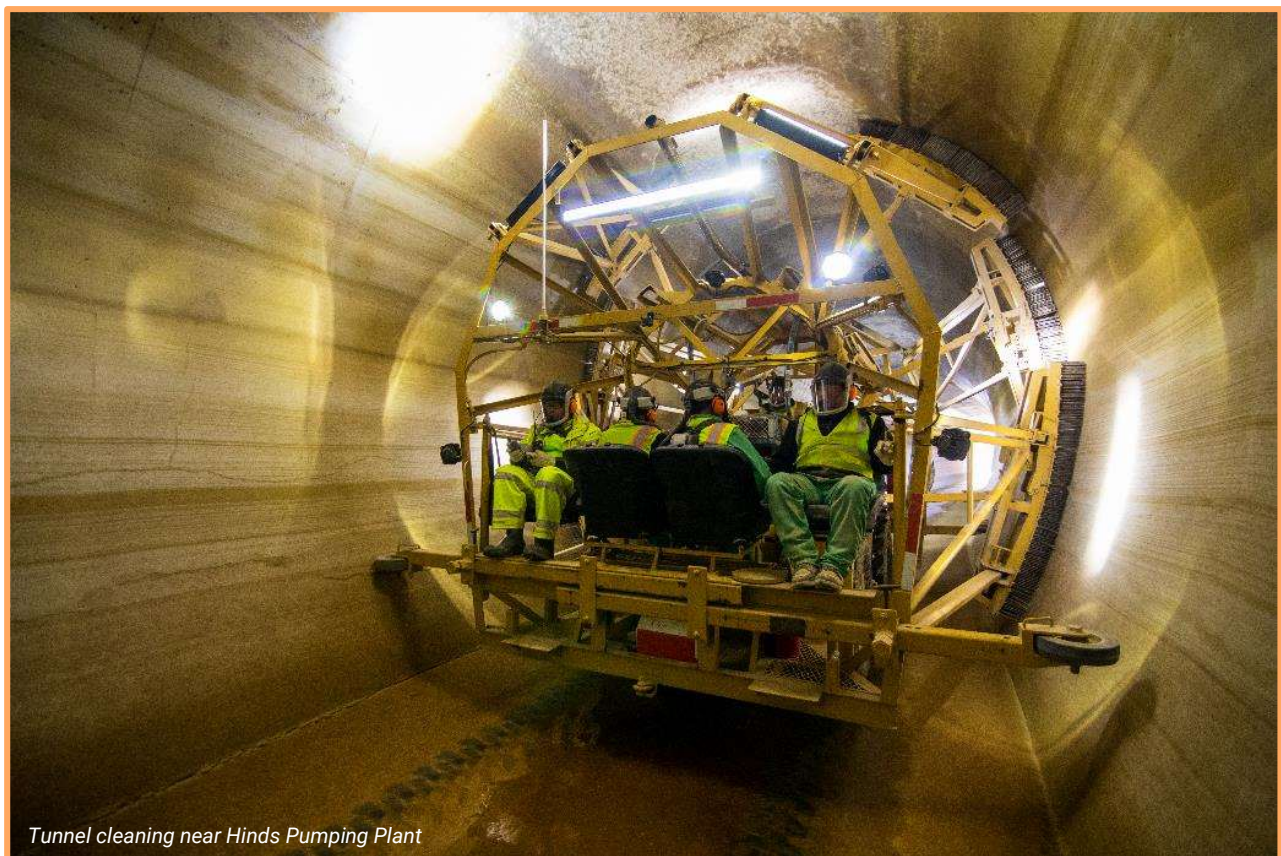
DRAFT – PENDING BOARD APPROVAL

TITLE	PRELIMINARY OBJECTIVES	PRELIMINARY BUDGET
Administration & Other Activities (con't)		
On-Demand Advisory Services	Provide advice upon request.	80
Directed Ad Hoc	Tasks assigned by department management.	80

From time to time, the General Auditor may determine it appropriate to substitute, postpone, or cancel a planned engagement due to timing, priority, resources, and/or other risk considerations. Such modifications will be noted in activity reports submitted to the Board, and acceptance of the reporting authorizes any changes noted and amends the audit plan.

¹ This project has reached its maximum budget, and no additional hours will be allocated to it.

² This project has executive management assigned to it who do not charge hours.

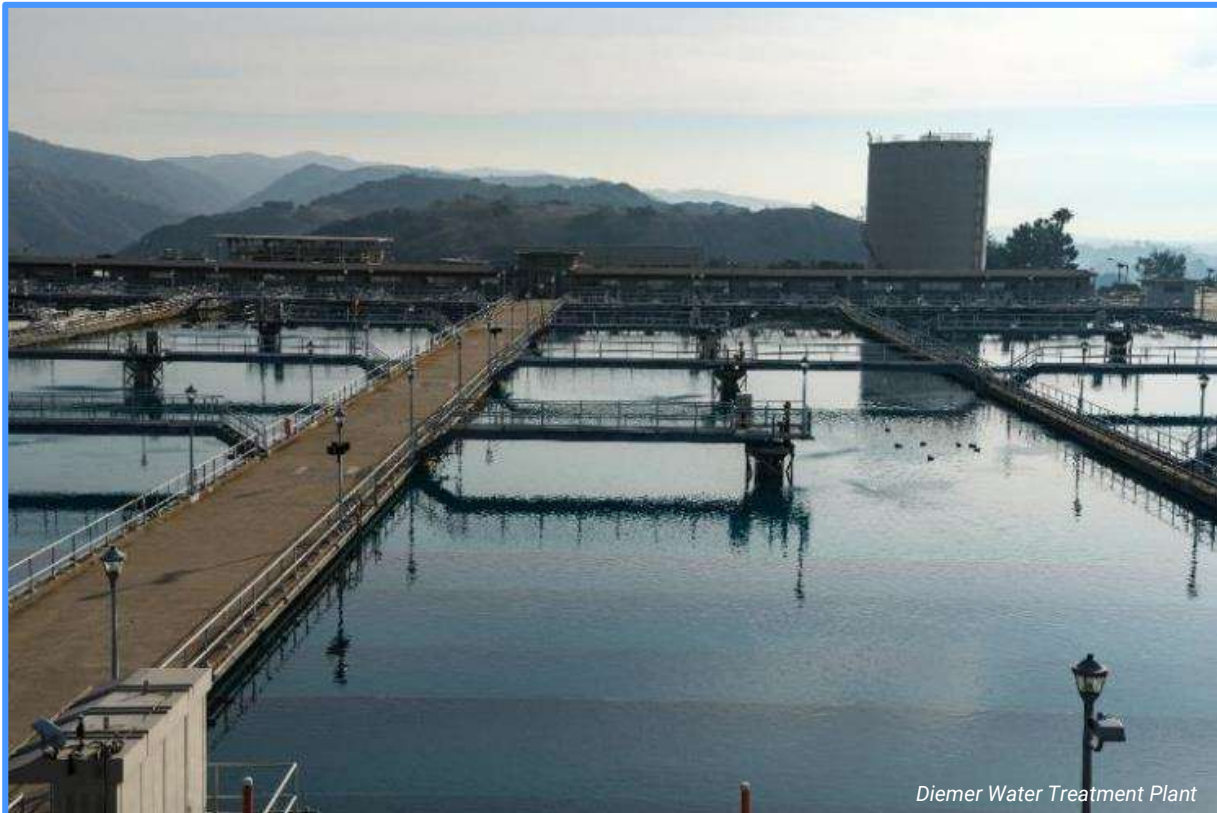


Tunnel cleaning near Hinds Pumping Plant



DRAFT – PENDING BOARD APPROVAL**PROJECT TEAM**

- ◆ Kathryn Andrus, CPA, Assistant General Auditor
- ◆ Chris Gutierrez, CPA, CIA, Program Manager – Audit
- ◆ Sherman Hung, CISA, Principal Auditor
- ◆ Andrew Lin, CPA, CIA, CIGA, Principal Auditor
- ◆ Lina Tan, Principal Auditor
- ◆ Bonita Leung, CPA, CIA, CRMA, CGMA, Senior Deputy Auditor
- ◆ Neena Mehta, Senior Deputy Auditor
- ◆ Faviola Sanchez, Deputy Auditor III
- ◆ Mari Elias, Executive Assistant II



DRAFT – PENDING BOARD APPROVAL**APPENDIX A: ADDITIONAL INFORMATION****ASSURANCE & ADVISORY COVERAGE**

Risk areas we identified as part of the audit risk assessment process are listed alphabetically and mapped to their associated auditable areas, with the resultant planned engagement number in parentheses³:

RISK AREA	AUDITABLE AREA	ENGAGEMENT
Application security	Information Technology	Oracle Enterprise Business Suite Security (20)
Contract administration	Administrative Services	Contract Administrator Program (4)
Contract compliance	Security	Security Contract (1)
	Water Resource Implementation	California Landscape Contractors Association Contract Compliance (11)
	Infrastructure Reliability	CRA Discharge Line Isolation Couplings Rehabilitation Project (15)
Contract selection/award	Administrative Services	Sole Source Contracts (6)
Control activities	Office of the General Manager	Process Matters Initiative (27)
Cybersecurity	Cybersecurity	SCADA Network Software Asset Inventory & Control (16) Software Asset Inventory & Control (19) Inventory and Control of SCADA Network Assets (18)
Delta failure/earthquake	Bay Delta Initiatives	Bay Delta Disaster Preparedness (9)
Enterprise risk management	Office of the General Manager	Enterprise Risk Management (2)
Governance	Information Technology (general)	IT Governance (17)
Grants	Centralized Grants & Research	Pure Water State Funding Audit (12) Grants (23)



DRAFT – PENDING BOARD APPROVAL

RISK AREA	AUDITABLE AREA	ENGAGEMENT
New applications	Information Technology (general)	Real Property Business Management System (14) GRC Platform (22) METCON (24) WINS (25) Enterprise Content Management (26) Oracle Services Procurement (30)
P-cards	Treasury and Debt Management	P-Card Program (3)
Power costs/operations	Power Operations & Planning	Power Market Operations (7) Risk Oversight Committee (Power Operations) (29)
Procurement	Administrative Services	Safety Equipment Purchase Process (21)
Recruiting	Human Resources	Recruiting Process (5)
Reserves	Revenue & Budget	Reserves/Rate Stabilization Fund (13)
State Audit compliance	Office of the General Manager	State Audit Monitoring (8)
Water system maintenance	Conveyance & Distribution	CRA Maintenance (10)

³ The Colorado River Water Users Association (28) is a Board-directed project without a direct district-associated risk area.



Aerial of W.P. Whitsett Pumping Plant



DRAFT – PENDING BOARD APPROVAL**DEFERRED PROJECTS**

Risks/internal control concerns identified from Board input and management interviews (in high or medium-high areas of the audit risk assessment) are listed below alphabetically and mapped to auditable areas. They will be added to the audit plan as resources and/or time become available:

RISK AREA	AUDITABLE AREA
Accommodations process	Human Resources
Affordability	Revenue & Budget
Desert Housing	Integrated Operations Planning & Support Services
District temporary/annuitant usage	Human Resources
Electrical equipment supply chain	Integrated Operations Planning & Support Services
Employee/contractor conflict of interest	Ethics
Investigative process	Equal Opportunity Employment Ethics General Counsel Human Resources
Job descriptions	Human Resources
Knowledge transfer	Human Resources
Operator certification	Integrated Operations Planning & Support Services
Transfer process	Human Resources
Travel authorization process	Human Resources
Vehicle assignment	Integrated Operations Planning & Support Services



Diamond Valley Lake



DRAFT – PENDING BOARD APPROVAL**RESOURCE PLAN**

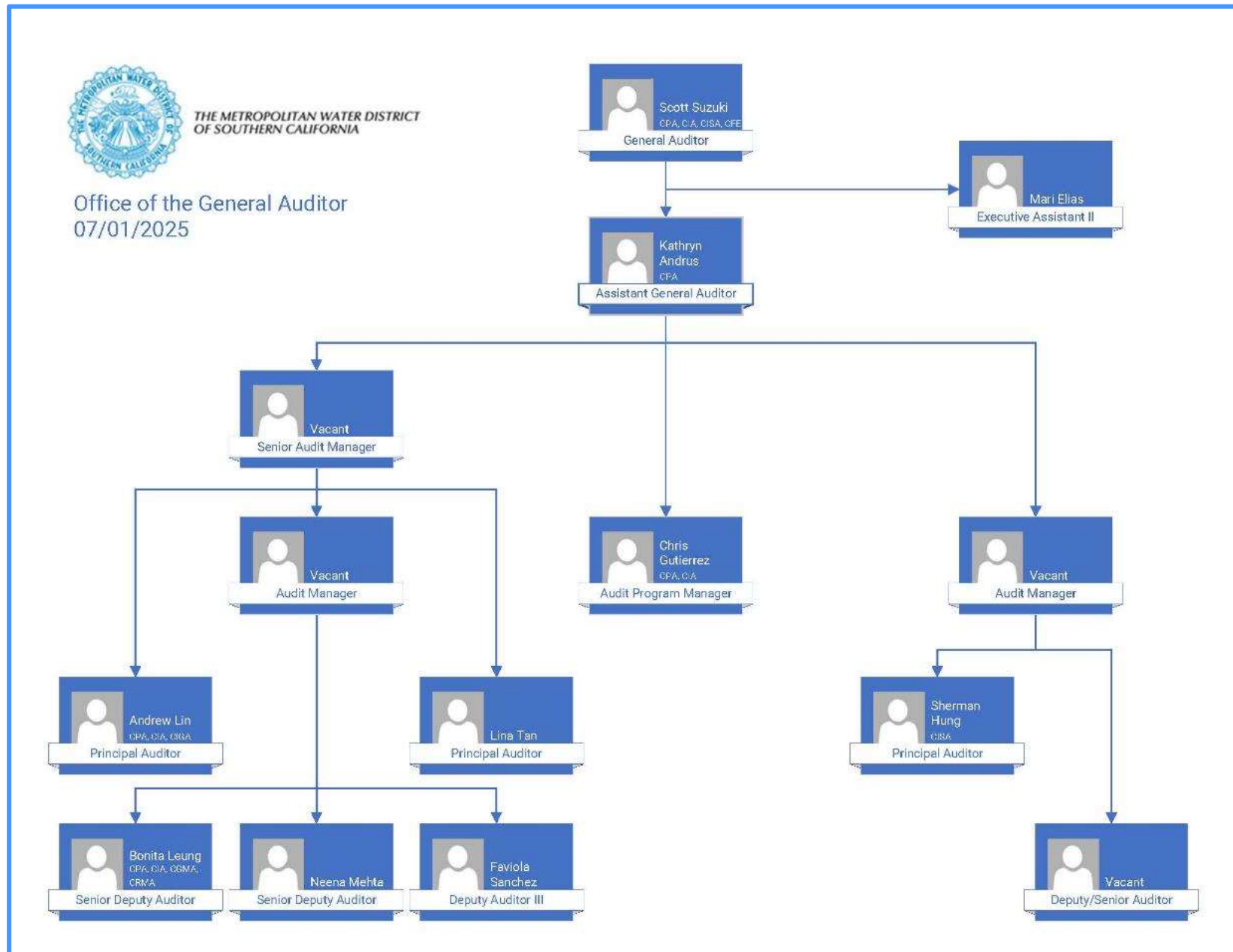
The department is comprised of 10 professional audit team members, one administrative professional, and two executive managers. Team member audit experience includes financial, performance, fraud, compliance, and information technology. Five members are licensed Certified Public Accountants (CPA), four are Certified Internal Auditors (CIA), and two are Certified Information System Auditors (CISA). Other professional certifications held include Certified Fraud Examiner (CFE), Chartered Global Management Accountant (CGMA), Certification in Risk Management Assurance (CRMA), and Certified Inspector General Auditor (CIGA).

Our total productive hours for portfolio services are 11,817 hours after allowances for benefits and non-productive time (e.g., training, staff meetings, human resources activities). Additional time is then deducted for administration and other activities, a contingency reserve, Board directives, and special projects, resulting in 7,177 hours available for audit and advisory projects. Audit hours for the general auditor and assistant general auditor are not included in the productive hour total.



Colorado River Aqueduct



DRAFT – PENDING BOARD APPROVAL**ORGANIZATION CHART**

DRAFT – PENDING BOARD APPROVAL

STANDARDS

The following are references to relevant Global Internal Audit Standards.

Domain I

Internal auditing strengthens the organization's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Internal auditing enhances the organization's:

- ◆ Successful achievement of its objectives.
- ◆ Governance, risk management, and control processes.
- ◆ Decision-making and oversight.
- ◆ Reputation and credibility with its stakeholders.
- ◆ Ability to serve the public interest.

Internal auditing is most effective when:

- ◆ It is performed by competent professionals in conformance with the Global Internal Audit Standards, which are set in the public interest.
- ◆ The internal audit function is independently positioned with direct accountability to the board.
- ◆ Internal auditors are free from undue influence and committed to making objective assessments.

8.2 Resources

The chief executive must evaluate whether internal audit resources are sufficient to fulfill the internal audit mandate and achieve the internal audit plan. If not, the chief audit executive must develop a strategy to obtain sufficient resources and inform the board about the impact of insufficient resources and how any resource shortfalls will be addressed.

9.1 Understanding Governance, Risk Management, and Control Processes

To develop an effective internal audit strategy and plan, the chief audit executive must understand the organization's governance, risk management, and control processes.

To understand governance processes, the chief audit executive must consider how the organization:

- ◆ Establishes strategic objectives and makes strategic and operational decisions.
- ◆ Oversees risk management and control.
- ◆ Promotes an ethical culture.
- ◆ Delivers effective performance management and accountability.
- ◆ Structures its management and operating functions.
- ◆ Communicates risk and control information throughout the organization.
- ◆ Coordinates activities and communications among the board, internal and external providers of assurance services, and management.



DRAFT – PENDING BOARD APPROVAL**9.1 Understanding Governance, Risk Management, and Control Processes**

To understand risk management and control processes, the chief audit executive must consider how the organization identifies and assesses significant risks and selects appropriate control processes. This includes understanding how the organization identifies and manages the following key risk areas:

- ◆ Reliability and integrity of financial and operational information.
- ◆ Effectiveness and efficiency of operations and programs.
- ◆ Safeguarding of assets.
- ◆ Compliance with laws and/or regulations.

9.2 Internal Audit Strategy

The chief executive must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organization and aligns with the expectations of the board, senior management, and other key stakeholders.

An internal audit strategy is a plan of action designed to achieve a long-term or overall objective. The internal audit strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit mandate.

The chief audit executive must review the internal audit strategy with the board and senior management periodically.

9.4 Internal Audit Plan

The chief audit executive must create an internal audit plan that supports the achievement of the organization's objectives.

The chief audit executive must base the internal audit plan on a documented assessment of the organization's strategies, objectives, and risks. This assessment must be informed by input from the board and senior management as well as the chief audit executive's understanding of the organization's governance, risk management, and control processes. The assessment must be performed at least annually.

The internal audit plan must:

- ◆ Consider the internal audit mandate and the full range of agreed-to internal audit services.
- ◆ Specify internal audit services that support the evaluation and improvement of the organization's governance, risk management, and control processes.
- ◆ Consider coverage of information technology governance, fraud risk, the effectiveness of the organization's compliance and ethics programs, and other high-risk areas.
- ◆ Identify the necessary human, financial, and technological resources necessary to complete the plan.
- ◆ Be dynamic and updated timely in response to changes in the organization's business, risks operations, programs, systems, controls, and organizational culture.



DRAFT – PENDING BOARD APPROVAL**9.4 Internal Audit Plan**

The chief audit executive must review and revise the internal audit plan as necessary and communicate timely to the board and senior management:

- ◆ The impact of any resource limitations on internal audit coverage.
- ◆ The rationale for not including an assurance engagement in a high-risk area or activity in the plan.
- ◆ Conflicting demands for services between major stakeholders, such as high-priority requests based on emerging risks and requests to replace planned assurance engagements with advisory engagements.
- ◆ Limitations on scope or restrictions on access to information.

The chief audit executive must discuss the internal audit plan, including significant interim changes, with the board and senior management. The plan and significant changes to the plan must be approved by the board.

10.1 Financial Resource Management

The chief audit executive must manage the internal audit function's financial resources.

The chief audit executive must develop a budget that enables the successful implementation of the internal audit strategy and achievement of the plan. The budget includes the resources necessary for the function's operation, including training and acquisition of technology and tools. The chief audit executive must manage the day-to-day activities of the internal audit function effectively and efficiently, in alignment with the budget.

The chief audit executive must seek budget approval from the board. The chief audit executive must communicate promptly the impact of insufficient financial resources to the board and senior management.

14.4 Recommendations and Action Plans

Internal auditors must determine whether to develop recommendations, request action plans from management, or collaborate with management to agree on actions to:

- ◆ Resolve the differences between the established criteria and the existing condition.
- ◆ Mitigate identified risks to an acceptable level.
- ◆ Address the root cause of the finding.
- ◆ Enhance or improve the activity under review.

When developing recommendations, internal auditors must discuss the recommendations with the management of the activity under review.

If internal auditors and management disagree about the engagement recommendations and/or action plans, internal auditors must follow an established methodology to allow both parties to express their positions and rationale and to determine a resolution.





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

6/10/2025 Board Meeting

7-2

Subject

Authorize \$1,500,000 increase to existing on-call agreements with Mangan Inc., and Burns & McDonnell Western Enterprises Inc., for new not-to-exceed amounts of \$3,750,000, to provide technical services to enhance arc flash protection at Metropolitan's facilities; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Metropolitan utilizes an extensive electrical power distribution system to safely direct and deliver electrical power to operate its facilities. Safe operation of these facilities is essential to protect staff from a sudden, unanticipated release of electric energy, commonly known as arc flash hazards. Consistent with recent provisions of the National Fire Protection Association (NFPA), requiring formal risk assessments of facilities at intervals not to exceed every five years, staff initiated a program to assess the potential hazards and develop risk mitigation strategies for electrical power systems at Metropolitan's facilities. The work is being executed in two phases. The first phase is nearly complete and addresses 41 facilities, including the water treatment plants, Colorado River Aqueduct (CRA) pumping plants, and hydroelectric power plants. The second phase, which is the subject of this action, will provide arc flash risk assessments for 25 facilities, including dams, reservoirs, and pressure control structures.

This action authorizes an increase of \$1,500,00 to extend existing on-call agreements with Mangan Inc. (Mangan) and Burns & McDonnell Western Enterprises Inc. (Burns & McDonnell), for new not-to-exceed amounts of \$3,750,000 to provide technical services to complete the second phase of arc flash risk assessment and mitigation at Metropolitan's facilities. See **Attachment 1** for the List of Subconsultants.

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

Staff Recommendation: Option #1

Option #1

Authorize \$1,500,000 increases to existing on-call agreements with Mangan Inc., and Burns & McDonnell Western Enterprises Inc., for new not-to-exceed amounts of \$3,750,000, to provide technical services to complete arc flash risk assessment and mitigation at Metropolitan's facilities.

Fiscal Impact: Expenditure of \$3 million in capital funds. Approximately \$1.5 million will be incurred in the current biennium and has been previously authorized. The remaining funds from this action will be accounted for under the next biennial budget.

Business Analysis: This option enhances operational safety of Metropolitan's high-voltage power distribution systems with the appropriate level of expertise and within a reasonable timeframe.

Option #2

Do not proceed with the consulting agreements at this time.

Fiscal Impact: None

Business Analysis: This option may delay or forgo safety improvements to Metropolitan’s power distribution systems, risking non-compliance with regulatory requirements.

Alternatives Considered

Upon completion of the arc flash assessment for the first 13 facilities, staff reassessed the availability and capability of in-house Metropolitan staff to complete the work, considering: (1) current work assignments for in-house staff; and (2) specialized technical expertise needs.

After assessing the current workload for in-house staff and the relative priority of this project, the staff has determined that there is not sufficient electrical engineering staff available to ensure completion of all the work in a timely manner. Staff recommends continuing the use of both consultants and Metropolitan staff to complete this work. The consultants will perform the majority of arc flash assessment and mitigation work, and Metropolitan staff will provide needed site support and perform project reviews and oversight. The existing on-call agreements are structured as multi-year contracts with annual not-to-exceed limits, offering the flexibility to issue work assignments to consultants through task orders on a facility-by-facility basis. This approach will allow for the completion of this program and other budgeted capital projects within their current schedules and ensure that the work is conducted in the most efficient manner possible.

Applicable Policy

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

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

By Minute Item 52860, dated June 14, 2022, the Board authorized agreements for a period of three years to assess arc flash risks for Metropolitan’s facilities.

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

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

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

CEQA determination for Option #2:

None required

Details and Background

Background

Metropolitan relies on an extensive high-energy electrical power distribution system to operate its water treatment, conveyance, and hydroelectric facilities. As these facilities have expanded and grown in complexity, the supporting electrical systems have also become more intricate. The high-voltage electric distribution equipment at many of Metropolitan's facilities is inherently dangerous. A sudden, large release of unexpected electrical energy, commonly known as arc flash, may occur when electric current leaves its intended path and travels through the air between one conductor and another or to the ground. Metropolitan adheres to all applicable safety standards established by the NFPA, the National Electrical Code, and the Occupational Safety and Health Administration.

In compliance with the recent revisions to the NFPA code, Metropolitan has undertaken formal arc flash risk assessments across its facilities at intervals not to exceed five years. These assessments require coordination with electrical utilities, comprehensive field data collection on electrical components, and the development of detailed computerized system models. The electrical system models include one-line electrical diagrams, protective device settings, voltage levels, and ratings of electrical distribution equipment and transformers. This information serves as the foundational basis for arc flash analyses, which provide detailed recommendations for mitigating risks, including establishing updated safety work zones, identifying appropriate personal protective equipment, and the enhancement of equipment labeling to accurately reflect hazard levels. While the initial development of the model involves significant efforts, subsequent analyses for future updates can utilize the previously created model to incorporate any changes that have occurred in the subject equipment over the intervening five-year period.

In June 2022, Metropolitan's Board authorized three-year agreements with four prequalified firms to provide specialized technical services to enhance arc flash protection across Metropolitan facilities. Staff recommends amending two of these agreements for the second phase of the arc flash assessment work. These firms were selected due to their performance on the first phase of the program. Both firms showed high efficiency when assigning the resources required to complete the field investigations and arc flash assessments for critical Metropolitan facilities with intricate electrical systems and numerous configurations, and potential fault scenarios.

Arc Flash Assessment and Mitigation

Under Metropolitan's arc flash assessment program, staff identified a total of 66 key facilities that require arc flash risk assessment and mitigation. This work is being executed in two phases. Under the first phase, studies and system models have been completed for 13 critical facilities, including four of the five water treatment plants, all five CRA pumping plants, and four hydroelectric power plants. In addition, arc flash model implementation for 28 facilities is currently 95 percent complete and is scheduled to be completed by July 2025. The planned second phase will provide assessments for 25 facilities, including dams, reservoirs, lakes, and pressure control structures.

The arc flash assessment and mitigation work has been conducted jointly by Metropolitan staff and consultants. Metropolitan staff compiles existing record drawings, isolates equipment for data gathering when required, reactivates electrical systems upon completion of data gathering, performs overall project management, and provides consultant oversight. Consultants collect appropriate data, develop computer models, conduct analyses, prepare recommendations, and other activities as described below.

Previously allocated funds will be sufficient for Metropolitan staff activities, including shutting down and reactivating electrical systems, record drawing compilation, technical oversight, and project management. The total cost to mitigate risks of arc flash events at Metropolitan facilities will be evaluated during performance of the assessments.

Engineering Support for Arc Flash Assessment and Mitigation (Mangan Inc. and Burns & McDonnell Western Enterprises Inc.) – Amendment to Agreements

In June 2022, Metropolitan's Board authorized specialized on-call agreements with Mangan and Burns & McDonnell, each for a not-to-exceed amount of \$2,250,00 for a period of three years, to assess and mitigate arc flash risks for Metropolitan facilities. The current expiration date for both agreements is July 31, 2025. Mangan and Burns & McDonnell were prequalified through Request for Qualifications No. 1301 based upon their extensive expertise in arc flash model development. Mangan and Burns & McDonnell have successfully completed arc flash assessment work for 13 facilities and are now recommended to provide engineering services for the remaining work described above. Work will be assigned to the consultants after specific tasks are identified by staff, ensuring efficient resource allocation while upholding compliance and safety standards.

The planned scope of work includes: (1) site investigations and data collection; (2) developing/verifying single-line electrical diagrams of Metropolitan facilities under study; (3) developing computerized electrical system models; (4) conducting arc flash assessment and analysis; (5) identifying recommendations for equipment safety or operational improvements; (6) preparing arc flash warning/safety labels; and (7) providing support for label affixing.

This action authorizes \$1,500,000 increases to existing on-call agreements with Mangan Inc. and Burns & McDonnell Western Enterprises Inc. for new not-to-exceed amounts of \$3,750,000, to provide technical services to complete the second phase of arc flash risk assessment and mitigation at Metropolitan's facilities. The period of performance of these agreements will also be extended from three years to five years. For both agreements, Metropolitan has established a Small Business Enterprise participation level of 25 percent. Both firms have committed to meeting this level of participation. The planned subconsultants for this work are listed in **Attachment 1**.

Project Milestone

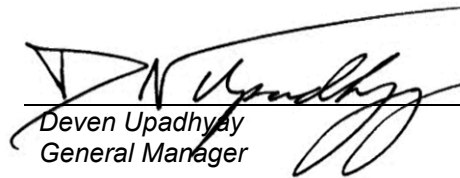
June 2027 – Completion of arc flash assessment and mitigation for Metropolitan's power distribution systems



Mai M. Hattar
Interim Chief Engineer
Engineering Services

5/28/2025

Date



Deven Upadhyay
General Manager

5/28/2025

Date

Attachment 1 – Listing of Subconsultants

Ref# es12707605

The Metropolitan Water District of Southern California**Subconsultants for Agreement with Mangan Inc.
Agreement No. 208158**

Subconsultant and Location	Service Category; Specialty
Smaart Power LLC Irvine, CA	Arc Flash Incident Energy Analysis
Enercom Eng. Corp. Irvine, CA !	Short Circuit Analysis Arc Flash Incident Energy Analysis Protective Device Coordination Study

The Metropolitan Water District of Southern California**Subconsultants for Agreement with Burns & McDonnell Western Enterprises Inc.
Agreement No. 208159**

Subconsultant and Location	Service Category; Specialty
MEP California Engineering Corp Irvine, CA	Arc Flash Incident Energy Analysis



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

6/10/2025 Board Meeting

7-3

Subject

Award an \$807,004 procurement contract to B&K Valves and Equipment Inc. for the replacement of globe valves at the Rio Hondo Pressure Control Structure; the General Manager has determined that the proposed action is categorically exempt or otherwise not subject to CEQA

Executive Summary

The Rio Hondo Pressure Control Structure (PCS) stabilizes and controls downstream pressures in the southern portion of the Middle Feeder, which supplies water to the central pool portion of Metropolitan's distribution system. The Rio Hondo PCS uses several globe valves in various sizes to control flows. After 70 years of service, four existing globe valves have deteriorated beyond repair and need to be replaced to ensure reliable operations. This action awards a procurement contract for one 16-inch valve, two 12-inch valves, and one 8-inch globe valve.

This action awards a \$807,004 procurement contract to B&K Valves and Equipment Inc. for four globe valves to be installed at Rio Hondo PCS. See **Attachment 1** for the Allocation of Funds, **Attachment 2** for the Abstract of Bids, and **Attachment 3** for the Location Map.

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

Staff Recommendation: Option #1

Option #1

Award an \$807,004 procurement contract to B&K Valves and Equipment Inc. for globe valves to be installed at the Rio Hondo Pressure Control Structure.

Fiscal Impact: \$975,000

Business Analysis: This option will improve aging infrastructure and ensure operational reliability of water deliveries to member agencies along the Middle Feeder.

Option #2

Do not proceed with this project at this time.

Fiscal Impact: None

Business Analysis: This option would forego the opportunity to improve aging infrastructure and reliability of service to the area.

Alternatives Considered

Staff considered rehabilitating the existing valves at Rio Hondo PCS. However, rehabilitation of the valves would be prohibitively expensive, as the valves have suffered extensive wear over 70 years of operation. Moreover, due to the age of these valves, replacement parts are challenging to find. The selected alternative is to procure four new globe valves to replace the deteriorating valves, providing an expeditious solution to restore the facility to full operational capacity.

Applicable Policy

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

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

By Minute Item 53598, dated April 9, 2024, the Board appropriated a total of \$636.6 million for projects identified in the Capital Investment Plan for Fiscal Years 2024/25 and 2025/26.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

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

CEQA determination for Option #2:

None required

Details and Background

Background

The Middle Feeder supplies treated water from the Weymouth plant to the central pool portion of Metropolitan's distribution system. It serves the cities of Compton and Long Beach, the Central Basin Municipal Water District, Upper San Gabriel Valley Municipal Water District, and Three Valleys Municipal Water District. The Rio Hondo PCS is located on the Middle Feeder and is the primary pressure control structure for the southern portion of the feeder. The PCS has been in operation since its completion in 1953, and all piping and equipment within the structure are original and have been in continuous operation for over 70 years.

Rio Hondo PCS controls downstream pressures through several valves installed along eight parallel lines that vary in size. Flow through the facility is regulated by seven 8- to 24-inch diameter pilot-controlled, hydraulically operated globe valves and one motor-operated 36-inch conical plug valve. During normal operations, pressure is automatically controlled by the hydraulically operated globe valves. The motor-operated conical plug valve is manually used to throttle when downstream demands are low. Other valves provide surge pressure relief and isolation, but the globe valves used for flow control are subject to the most demanding service.

These valves have been in continuous service since their installation. Although regularly maintained, these valves are deteriorating and periodically fail, requiring corrective action. Regular maintenance is difficult as parts are obsolete or no longer supported by the manufacturer. Four valves (one 16-inch, two 12-inch, and one 8-inch) were identified as critical to maintaining the operations of the facility and need to be replaced at this time. Procurement specifications for the globe valves are complete, and bids have been received. Staff recommends proceeding with the procurement of replacement globe valves. Metropolitan forces will install these valves in late 2026. The remaining valves will be addressed through a subsequent comprehensive rehabilitation project that will upgrade the PCS's mechanical, electrical, and structural components.

Rio Hondo Pressure Control Structure Valve Replacement – Procurement

The scope of the procurement contract includes furnishing one 16-inch valve, two 12-inch valves, and one 8-inch hydraulically operated globe valve. Staff will perform submittal review, fabrication inspection, and contract administration.

A total of \$975,000 is required to perform this work. In addition to the amount of the procurement contract described below, the allocated funds for Metropolitan staff include \$78,000 for factory fabrication inspection and functional testing; \$46,000 for submittals review and responding to manufacturer requests for information;

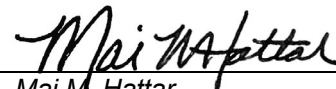
\$43,996 for contract administration and project management. **Attachment 1** provides the allocation of the required funds.

Award of Procurement Contract (B&K Valves & Equipment Inc.)

Request for bids No. RFB-DV-454593 for the procurement of four globe valves was advertised on February 12, 2025. As shown in Attachment 2, one bid was received and opened on March 5, 2025. The low bid from B&K Valves & Equipment Inc., in the amount of \$807,004, complies with the requirements of the specifications. This amount includes all sales and use taxes imposed by the state of California. Staff investigated why only one bid was received and determined that some manufacturers preferred not to undertake the custom engineering and fabrication required for valves that fit within the existing structure and meet the hydraulic conditions. As a procurement contract, there are no subcontracting opportunities, and a Small Business Enterprise participation level was not established for this contract. Based on a survey of vendors, the budgetary estimate for this material ranged from \$550,000 to \$750,000.

Project Milestone

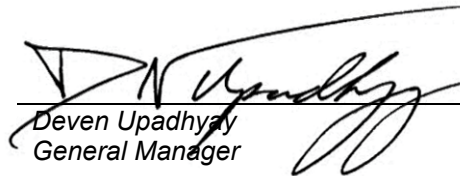
August 2026 – Completion of fabrication and delivery of new valves



Mai M. Hattar
Interim Chief Engineer
Engineering Services

5/28/2025

Date



Deven Upadhyay
General Manager

5/28/2025

Date

Attachment 1 – Allocation of Funds

Attachment 2 – Abstract of Bids

Attachment 3 – Location Map

Ref# es12708533

Allocation of Funds for Rio Hondo Pressure Control Structure Valve Replacement

	Current Board Action (Jun. 2025)
Labor	
Final Design	-
Owner Costs (Program mgmt.)	43,996
Submittals Review & Record Drwgs.	46,000
Construction Inspection & Support	72,000
Materials & Supplies	-
Incidental Expenses	6,000
Contracts	-
B&K Valves and Equipment Inc.	807,004
Remaining Budget	-
Total	\$ 975,000

The total amount expended to date is approximately \$100,000. The total estimated cost to complete the Rio Hondo Pressure Control Structure Valve Replacement, including the amount appropriated to date, funds allocated for the work described in this action, and future installation costs, is anticipated to range from \$1.5 million to \$2.5 million.

The Metropolitan Water District of Southern California**Abstract of Bids Received on March 5, 2025, at 11:00 A.M.****Request for Bids No. RFB-DV-454593****Rio Hondo Pressure Control Structure Valve Procurement**

The work includes furnishing and delivering one 16-inch globe valve, two 12-inch globe valves, and one 8-inch hydraulically operated globe valve.

Budgetary range estimate: \$550,000 to 750,000

Bidder and Location	Total¹
B&K Valves and Equipment Inc. Olivehurst, CA	\$807,004

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





THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Action

- **Board of Directors**

- Finance, Affordability, Asset Management, and Efficiency Committee***

6/10/2025 Board Meeting

7-4

Subject

Authorize the General Manager to execute a funding agreement extension for support of the Colorado River Board of California, Six Agency Committee, and Colorado River Joint Powers Authority; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Staff is requesting authorization for the General Manager to execute a one-year extension to the current Six Agency Committee (SAC) cost-sharing agreement, which funds the Colorado River Board of California (CRB). California established the CRB in 1937 to protect the interests and rights of the state of California with respect to the water and power resources of the Colorado River system. Metropolitan and five other members of the CRB (also known as the SAC) make annual cost-sharing payments to the CRB to fund its operations, studies, and special projects. Typically, those six agencies also fund the Colorado River Joint Powers Authority (Authority), which advances California's interests in Colorado River water and power through educational and informational campaigns. The current agreement expires on June 30, 2025. The Board previously authorized payment for FY 2025/26 as part of the budget biennium. This action does not modify previously approved payments.

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

Staff Recommendation: Option #1

Option #1

Authorize a one-year extension to the funding agreement for support of the CRB, SAC, and Authority.

Fiscal Impact: None

Business Analysis: Allows Metropolitan to provide authorized payments to the CRB, SAC, and Authority.

Option #2

Do not authorize a one-year extension to the funding agreement for support of the CRB, SAC, and Authority.

Fiscal Impact: None

Business Analysis: Requires Metropolitan to renegotiate the cost-sharing formula and potentially seek additional board authorization to make payments to the CRB, SAC, and Authority.

Alternatives Considered

None

Applicable Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Metropolitan Water District Administrative Code Section 11102: Payment of Dues

Metropolitan Water District Administrative Code Section 11103: Participation in Projects or Programs Serving District Purposes

Metropolitan Water District Act Section 126: Dissemination of Information (subject to a two-thirds vote requirement)

By Minute Item 40277, dated June 15, 1993, the Board authorized amending the May 13, 1947, agreement to provide for the appointment of alternate representatives on the Colorado River Association Six Agency Committee.

By Minute Item 46291, dated July 12, 2005, the Board authorized an agreement to create the Colorado River Joint Powers Authority.

By Minute Item 46310, dated July 12, 2005, the Board approved the new funding arrangement for the Colorado River Board based on the proposed cost-sharing percentage.

By Minute Item 50166, dated June 9, 2015, the Board approved executing the Six Agency Committee agreement's amendment to extend the cost-sharing formula through June 30, 2020.

By Minute Item 52019, dated June 9, 2020, the Board approved executing the Six Agency Committee agreement's amendment to extend the cost-sharing formula through June 30, 2025.

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

At the June 10, 2024, One Water Stewardship Committee and the June 11, 2024, Board of Directors meeting, Item 8-2 was approved, authorizing the General Manager to make payment of up to \$1,023,408 to the CRB, SAC, and Authority for fiscal year 2025/26.

California Environmental Quality Act (CEQA)

CEQA determination(s) for Option #1:

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

CEQA determination(s) for Option #2:

None required

Details and Background

Background

Cost-Sharing Agreement Historical Changes

The CRB was established by the State of California by Act of its Legislature on July 1, 1937, to protect the interests and rights of the State of California with respect to the water and power resources of the Colorado River system. On January 5, 1950, the six agencies with original contracts for Colorado River water in California were interested in protecting their use of Colorado River water and power and entered into the first cost-sharing agreement.

At the inception of the CRB, the State fully funded its operation through the General Fund, but over time, the level of state funding has been reduced and eliminated altogether. Since the first funding agreement between the six agencies was entered into in 1950, there have been multiple amendments that have changed the cost-sharing percentages between the agencies. The history of changes in the cost-sharing percentages is shown in the following table.

Agency	January 5, 1950, Agreement	September 6, 1961, Amendment	August 11, 1980, Amendment	August 1, 2005, Amendment (July 1, 2005 – June 30, 2007)	August 1, 2005, Amendment (July 1, 2007 – June 30, 2010)
	Cost Share Proportion (%)				
Palo Verde Irrigation District (PVID)	1.00	1.00	3.20	5.00	5.00
Coachella Valley Water District (CVWD)	1.00	5.00	10.00	16.25	16.25
San Diego County Water Authority (SDCWA)	2.00	2.00	3.00	8.00	10.00
Imperial Irrigation District (IID)	20.00	19.00	19.00	28.75	28.75
Metropolitan Water District of Southern California (MWD)	46.00	44.50	44.40	32.00	32.00
Los Angeles Department of Water and Power (LADWP)	30.00	28.50	20.40	10.00	8.00

From 1950 to 2005, the cost-sharing percentages for MWD and LADWP decreased while they increased for IID, CVWD, PVID, and SDCWA.

In 2005, it was agreed that half of the funding would be contributed by the agricultural districts (PVID, IID, and CVWD) while the remaining half would come from the municipal water districts (SDCWA, MWD, and LADWP). On August 1, 2005, an amendment was signed by the six agencies to set up a new funding arrangement for the CRB, that has been in place since 2005, with the only change being in 2007 when the relative percentages for SDCWA and LADWP were swapped, bringing SDCWA's share to 10 percent and LADWP's to 8 percent.

Previous Cost-Sharing Agreement

Since the August 1, 2005, amendment expired on June 30, 2010, the agencies comprising the SAC have negotiated and renewed the cost-sharing agreement every five years with no changes. The cost-sharing percentages in the current agreement entered into on July 1, 2020, and terminating on June 30, 2025, are still the same as the last column in the table above.

New Cost-Sharing Agreement Terms

This agreement extends the funding percentages for the CRB, SAC, and the Authority for the next year at the same proportions as the July 1, 2020, amendment. However, there is a desire among the six agencies to explore alternative funding opportunities and to negotiate new cost-sharing percentages. The SAC has committed to working together over the next year to explore possible funding from the state and other partners and to develop new cost-sharing percentages, with the goal of having a new cost-sharing agreement for the period of July 1, 2026, to June 30, 2030.

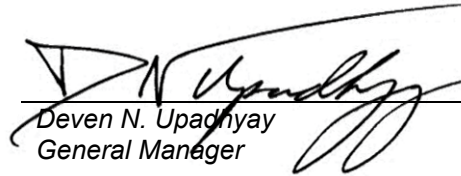
The total funding requests will vary each year of the agreement based on the overall CRB and SAC budgets. A 2025/26 fiscal year payment of \$1,023,408 was previously approved by the Board on June 11, 2024. Therefore, there is no budget impact associated with a one-year extension of the funding agreement for the CRB, SAC, and Authority. Staff will come back to the Board for authorization for future funding requests.



Brandon J. Goshi
Manager, Water Resource Manager

5/30/2025

Date



Deven N. Upadhyay
General Manager

5/30/2025

Date



- **Board of Directors**

- Finance, Affordability, Asset Management, and Efficiency Committee***

6/10/2025 Board Meeting

7-8

Subject

Authorize the amendment of an existing license agreement with Duke Realty Corporation to adjust the license fee and extend the term for up to twenty additional years, thereby allowing continued ingress and egress rights across Metropolitan's Colorado River Aqueduct right of way in Perris, California; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

This action authorizes the General Manager to amend an existing license agreement with Duke Realty Corporation to adjust the license fee and maintain an existing 50-foot driveway for ingress and egress purposes across Metropolitan's fee-owned Colorado River Aqueduct (CRA) right of way in Perris, California (**Attachment 1**). Metropolitan entered into the license agreement for a crossing over the Colorado River Aqueduct in order to accommodate a non-code-required 50-foot driveway serving an industrial development located both north and south of the CRA near Indian Avenue in the City of Perris. Board authorization to grant this license extension is required as the total term of the real property interest to be conveyed, including both the base license term and its extensions, exceeds five years.

Proposed Actions/Recommendations and Options

Staff Recommendation: Option #1

Option #1

Authorize the amendment of an existing license agreement with Duke Realty Corporation to adjust the license fee and extend the term for up to twenty additional years, thereby allowing continued ingress and egress rights across Metropolitan's Colorado River Aqueduct right of way in Perris, California.

Fiscal Impact: Metropolitan will receive license fee payments of \$12,000 per year, subject to a four percent annual escalator and a right to reappraise and reset the base license fee every five years.

Business Analysis: Metropolitan will not be responsible for costs associated with annual maintenance, weed abatement, security, illegal dumping, and trespassing for the described portion of Metropolitan's right of way.

Option #2

Do not approve the license amendment.

Fiscal Impact: Metropolitan will forgo annual license fee revenue.

Business Analysis: Metropolitan will be responsible for costs associated with annual maintenance, weed abatement, security, illegal dumping, and trespassing.

Applicable Policy

Metropolitan Water District Administrative Code Section 8201: Authorization to General Manager

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

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

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 48766, dated August 16, 2011, the Board adopted fair market value policies for managing Metropolitan's real property assets.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action to grant a license amendment is exempt from CEQA because it involves the operation, maintenance, licensing, and minor alteration of existing public structures or facilities involving negligible or no expansion of existing or former use and no possibility of significantly impacting the physical environment. (State CEQA Guidelines Section 15301.)

CEQA determination for Option #2:

None required

Details and Background

Background

Duke Realty Corporation is requesting to extend the existing license agreement in order to continue the use and maintenance of an existing 50-foot driveway for ingress and egress purposes across Metropolitan's Colorado River Aqueduct (CRA) right of way in Perris, California. The non-code required 50-foot driveway was constructed to accommodate an industrial development which is located both to the north and to the south of the CRA near Indian Avenue in the City of Perris.

The CRA conveys water from the Colorado River to Lake Mathews and is a cut-and-cover conduit in this area. A protective slab over the CRA was constructed to accommodate the proposed crossing. The portion of the CRA right of way that is the subject of this license agreement totals .29 acres, and the licensee is currently using the surface of the property for ingress and egress to access their fee-owned properties on both sides of the aqueduct. The current license fee is \$10,265, and the licensee is responsible for upkeep of the surface of the property, including annual maintenance costs at its sole cost and expense.

The license amendment will have the following key provisions:

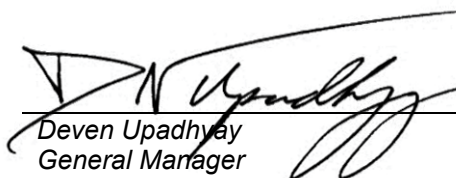
- Subject to Metropolitan's paramount rights reservation
- Four five-year options to extend, providing up to twenty additional years to the term of the license agreement.
- Annual license fee of \$12,000
- Four percent annual fee increases
- Right to reappraise the license fee every five years
- Either party can terminate the agreement with 90 days' advance written notice

The new license fee was established pursuant to an appraisal completed by our appraisal team.



Elizabeth Crosson
Chief Sustainability, Resilience and
Innovation Officer

5/28/2025

Date

Deven Upadhyay
General Manager

5/28/2025

Date**Attachment 1 – Location Map**

Ref# sri12701535

Location Map





Bay-Delta Resources

- **Bay-Delta Management Report**

Summary

This report provides a summary of activities related to the Bay-Delta for April 15 – May 15, 2025.

Purpose

Informational

Detailed Report

Long-Term Delta Actions

Delta Conveyance Related Joint Powers Authorities

The Delta Conveyance Design and Construction Authority (DCA) continues to provide engineering and environmental support to the California Department of Water Resources for the Change in Point of Diversion hearings before the State Water Resources Control Board. The DCA is also advancing project design through engineering studies and exploring potential innovations, with an updated cost estimate and Basis of Design Report expected in early 2027.

At a Special Board Meeting on May 15, the DCA Board expressed strong support for Governor Gavin Newsom's proposal to fast-track the Delta Conveyance Project.

The Governor's May Revision includes trailer bill proposals designed to simplify permitting, confirm funding authority, streamline legal processes, and support timely construction. These measures aim to reduce project delays, cut costs, and accelerate the delivery of upgraded infrastructure capable of withstanding climate change, seismic threats, and increasing water demands.

Near-Term Delta Actions

Regulatory and Science Update

Metropolitan staff co-authored, with the State Water Contractors, a comment letter on the Delta Independent Science Board's Draft Prospectus on Contaminant Monitoring.

Metropolitan staff, in collaboration with UC Davis, initiated the first test of the Pond Harvest Study. The test was to evaluate the methods to be used to harvest live fish. The Pond Harvest Study is part of the Delta Smelt Impoundment Studies that will be used to inform state and federal agencies on how to culture Delta smelt more efficiently to meet permit obligations to produce over 350,000 fish by 2030.

Delta Islands

Staff submitted a Statutory Exemption for Restoration Projects Concurrence Request to the California Department of Fish and Wildlife for the Webb Tract Wetlands Restoration Project. Staff completed a Constructability Review Workshop for the Webb Tract Wetland Restoration Project to identify uncertainty in the bid process.

The submission deadline for proposals to lease farmland on Bacon Island was May 8.



Colorado River Resources

• Colorado River Management Report

Summary

This report provides a summary of activities related to management of Metropolitan's Colorado River resources for April 15 – May 19, 2025.

Purpose

Informational

Detailed Report

2025 California Forbearance Agreement

The California Forbearance agreement authorized by the Board was executed on April 14, 2025. This agreement covers long-term system conservation projects in California paid for with Inflation Reduction Act "Bucket 2" funds (Bucket 2 agreements). In the agreement, Coachella Valley Water District (CVWD), Imperial Irrigation District, Palo Verde Irrigation District, the City of Needles, and Metropolitan agreed to not take delivery of water conserved pursuant to System Conservation Implementation Agreements with Reclamation through 2026 and to leave that water in Lake Mead as system water. System conservation agreements covered under this forbearance agreement include conservation activities in both Metropolitan and CVWD and will cover up to 338,000 acre-feet (AF) of conserved water added to Lake Mead, or a little over 4 feet. With this agreement in place, Metropolitan was able to credit the approximately 27,000 AF it left in Lake Mead in 2024 towards its turf replacement and high desert water bank system conservation implementation agreements.

2024 Lower Basin Colorado River Water Accounting Report

On May 15, the Bureau of Reclamation issued its annual water accounting report, documenting Colorado River water use and transfers in 2024. Included in the report is a summary of the 2023 action, in which Arizona, California, and Nevada collectively pledged to conserve an additional 3 million AF of water in Lake Mead through 2026. This initiative, formalized in the 2024 Record of Decision, aimed to stabilize reservoir levels and mitigate the risk of critical shortages. By the end of 2024, the Lower Basin States had conserved over 2 million acre-feet (MAF), exceeding the target of 1.5 MAF. In 2024, each of the three Lower Basin States used far less than its allocation. Out of California's basic apportionment of 4.4 MAF allocation, California contractors and entitlement holders used 3.9 MAF, voluntarily conserving 456,000 AF. Arizona voluntarily conserved 306,000 AF, and Nevada conserved 75,000 AF.

Quechan Seasonal Fallowing Program Resumes

Seven farmers on California lands located within the Fort Yuma Indian Reservation are participating in this year's Metropolitan-Quechan Pilot Seasonal Land Fallowing Program. Participation has increased each year, with this year's fallowing participation totaling 455.4 acres from April 1 to July 31, 2025. Metropolitan staff, with the

Board Report Colorado River Management Report

Quechan Tribe's Water Technician, conducted in-person verifications of the fallowed fields on Monday, April 1, 2025, in the Fort Yuma Indian Reservation. All of the lands were verified to be fallowed during that time. Metropolitan staff will conduct a final in-person inspection the last week of July to verify that the lands remained fallowed. Staff are estimating a water savings of about 780 AF, and Metropolitan is making a payment of \$547.74 per acre fallowed, with 75 percent paid to the farmers and 25 percent to the Quechan Tribe. Metropolitan will pay the Quechan Tribe an additional \$15,000 for direct program costs.