# The Metropolitan Water District of Southern California



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.

Sp Jt Board of Directors and Exec Comm. and Wksp on EOT Comm. - Final - Revised 1

June 24, 2025

9:30 AM

Tuesday, June 24, 2025 Meeting Schedule

08:30 a.m. Sp CWC 09:30 a.m. Sp Jt BOD, EXEC, WK EOT

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:

13 Pumphouse Road • Garden Valley, ID 83622 3008 W. 82nd Place • Inglewood, CA 90305

Santa Ana City Hall • 20 Civic Center Plaza, 8th Floor • Santa Ana, CA 92701 1444 9th Street • Santa Monica, CA 90401

Conference Room • 1545 Victory Boulevard, 2nd Floor • Glendale, CA 91201

26772 Calle Maria • Dana Point, CA 92624 81973 Alegre • La Quinta, CA 92253

Western MWD • 14205 Meridian Parkway • Riverside, CA 92518

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

San Diego County Water Authority • Lobby Conference Room • 4677 Overland Avenue • San Diego, CA 92123

Alandale Insurance Agency • 337 West Foothill Boulevard • Glendora, CA 91740 1855 First Avenue, Room 300 • San Diego, CA 92101

### 1. Call to Order

- a. Invocation: Director Nancy Sutley, City of Los Angeles
- b. Pledge of Allegiance: Director Linda Ackerman, Municipal Water District of Orange County

### 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	<u>21-4701</u>
	Attachments: 06242025 JT SP BOD EXEC EOT 5A Report	
В.	Chair's Monthly Activity Report	<u>21-4702</u>
	Attachments: 06242025 JT SP BOD EXEC EOT 5B Report	
C.	General Manager's summary of activities	<u>21-4703</u>
	Attachments: 06242025 JT SP BOD EXEC EOT 5C Report	
	Spotlight on Metropolitan Employee(s) Retiring with over 20 Years of Service	21-4704
D.	General Counsel's summary of activities	<u>21-4705</u>
	Attachments: 06242025 JT SP BOD EXEC EOT 5D Report	
E.	General Auditor's summary of activities	<u>21-4706</u>
	Attachments: 06242025 JT SP BOD_EXEC_EOT 5E Report	
F.	Ethics Officer's summary of activities	<u>21-4707</u>
	Attachments: 06242025 JT SP BOD_EXEC_EOT 5F Report	
G.	Presentation of 5-year Service Pin to Director Ardy Kassakhian, City of Glendale	<u>21-4708</u>
Н.	Presentation of 10-year Service Pin to Director Stephen Faessel, City of Anaheim	<u>21-4709</u>

I. Induction of new Director Raymond Jay from City of Torrance 21-4710

(a) Receive credentials

(b) Report on credentials by General Counsel

(c) File credentials

(d) Administer Oath of Office

(e) File Oath

Attachments: 06242025 JT SP BOD EXEC EOT 51 Report

### SPECIAL JOINT EXECUTIVE AND BOARD ITEMS

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

### 6. CONSENT CALENDAR OTHER ITEMS - ACTION

A. Approval of the revised Minutes of the Board of Directors Meeting for March 11, 2025 and April 8, 2025; and Minutes of the Board of Directors Meeting for May 13, 2025; and Minutes of the Special Joint Meeting of the Executive Committee and Board of Directors for May 27, 2025

<u>Attachments</u>: 06242025 BOD 6A (04082025) Minutes - REVISED 06242025 BOD 6A (03112025) Minutes - REVISED

06242025 BOD 6A (05132025) Minutes 06242025 BOD 6A (05272025) Minutes

**B.** Approve Commendatory Resolution for Director Russell Lefevre representing City of Torrance

C. Approve draft schedule, committee and board meeting agendas for July 2025

<u>Attachments</u>: <u>06242025 JT SP BOD EXEC EOT 6C Draft July Schedule and Packet</u>

D. Approve Committee Assignments

### 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)

Attachments: 06242025 Special Audit 7-1 B-L

06242024 Special Audit 7-1 Presentation

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

21-4714

Attachments: 06242025 EOT 7-2 B-L

exempt or otherwise not subject to CEQA (EOT)

06242025 EOT 7-2 Presentation

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)

21-4715

Attachments: 06242025 EOT 7-3 B-L

06242025 EOT 7-3 Presentation

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)

21-4700

Attachments: 06242025 Special FAAME 7-5 B-L

06242025 Special FAAME 7-5 Presentation

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)

**21-4716** 

Attachments: 06242025 Special FAAME 7-8 B-L

06242025 Special FAAME 7-8 Presentation

21-4717

21-4718

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)

Attachments: 06242025 Special FAAME 7-10 B-L

### \*\* 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)

Attachments: 06242025 Special FAAME 8-1 Presentation Open Session

Boardroom

Report on litigation in Alicia Lorentzen v. Metropolitan Water 8-2 21-4730 District of Southern California, Los Angeles County Superior Court Case No. 23STCV19214, and authorize increase in the maximum amount payable under a contract for legal services with Sheppard, Mullin, Richter & Hampton LLP in the amount of \$175,000 for a total amount not to exceed \$600,000; report on litigation in Dane Crawford v. Metropolitan Water District of Southern California, Riverside County Superior Court Case No. CVPS2304015, and authorize increase in the maximum amount payable under a contract for legal services with Seyfarth Shaw LLP in the amount of \$375,000 for a total amount not to exceed \$900,000; and report on legal claim alleging equal employment opportunity violations, and authorize increase in the maximum amount payable under a contract for legal services with Seyfarth Shaw LLP in the amount of \$200,000 for a total amount not to exceed \$550,000; the General Manager has determined that the proposed actions are 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); and conference with legal counsel anticipated litigation, based on existing facts and circumstances of receipt of a legal claim threatening litigation, there is significant exposure to litigation against Metropolitan: one potential case, to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(2)]. [REVISED SUBJECT on 6/20/2025] (LC)

### 9. BOARD INFORMATION ITEMS

**9-1** Report on Conservation Program <u>21-4720</u>

Attachments: 06242025 JT SP BOD EXEC EOT 9-1 Report

9-2 Bay-Delta Management Report <u>21-4721</u>

Attachments: 06242025 JT SP BOD\_EXEC\_EOT 9-2 Report

**9-3** Sustainability Resilience, and Innovation Report <u>21-4722</u>

Attachments: 06242025 JT SP BOD EXEC EOT 9-3 Report

9-4 Colorado River Management Report <u>21-4723</u>

Attachments: 06242025 JT SP BOD\_EXEC\_EOT 9-4 Report

**9-5** Overview of Potential Business Model Financial Refinements <u>21-4724</u> (FAAME)

Attachments: 06242025 Special FAAME 9-5 B-L

<u>06242025 Special FAAME 9-5 Presentation</u>

**9-6** Office of Safety, Security, and Protection Monthly Activities Report **21-4725** 

Attachments: 06242025 JT SP BOD EXEC EOT 9-6 Report

### 10. OTHER MATTERS

10-1 Approve General Manager Job Description, General Manager priorities, and General Manager qualities; the General Manager has determined that the proposed action is exempt and not subject CEQA

Attachments: 06242025 JT SP BOD-EXEC-EOT 10-1 DRAFT Existing

General Manager Job Description with Possible Edits

Incorporated (new for consideration)

06242025 JT SP BOD EXEC EOT 10-1 Existing General

Manager Job Description (January 15, 2021)

06242025 JT SP BOD EXEC EOT 10-1 Prior General

Manager Job Description (July 23, 2007)

06242025 JT SP BOD EXEC EOT 10-1 General Manager Job

Description (May 21, 2001)

06242025 JT SP BOD EXEC EOT 10-1 MWD Operating

Agreement

06242025 JT SP BOD EXEC EOT 10-1 Potential General

Manager Recruitment Priorities & Qualities

06242025 JT SP BOD EXEC EOT 10-1 CAMP4Water

Implementation Strategy

06242025 JT SP BOD EXEC EOT 10-1 (06132025) MWDOC

**Recommendations General Manager Qualities** 

06242025 JT SP BOD EXEC EOT 10-1 (06172025) Dirs.

Bryant De Jesus Fellow Kurtz Sheperd Romey Recommendations General Manager Qualities

**10-2** Discussion of key selection criteria recruiter will use to assess <u>21-4750</u> General Manager candidates

**10-3** Update on labor negotiations. [Conference with Labor Negotiators; 21-4726 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 and Professional **Employees Associations** MAPA/AFSCME Chapter 1001; the Supervisors Association; and the Association of Confidential Employees.]

Attachments: 06242025 JT SP BOD EXEC EOT 10-3 Non-Interest

Disclosure Notice REVISED

10-4 Discussion of Department Head Performance and Goal Setting 21-4728 [Public employee performance evaluation – General Manager; to be heard in closed session pursuant to Gov. Code Section 54957]

10-5 Public Employment - General Manager [To be heard in closed 21-4749 session pursuant to Gov. Code Section 54957]

### SPECIAL BOARD WORKSHOP ON ENGINEERING, OPERATIONS, AND TECHNOLOGY

A. Capital Investment Plan Process 21-4729

Attachments: 06242025 Special EOT A Presentation

### 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

<sup>\*</sup>Added event for Chair Ortega on May 22.



# **Board Report**

### Chair of the Board Adán Ortega Jr.'s Monthly Activity Report – May 2025

### **Summary**

This report highlights my activities as Chair of the Board, as well as Board Member highlights during the month of May 2025 on matters relating to The Metropolitan Water District of Southern California's business.

### **Monthly Activities**

### **Key Activities**

During a two-day visit to Capitol Hill, Metropolitan board members, including Directors Jay Lewitt, Juan Garza, Ardy Kassakhian, myself, and General Manager Deven Upadhyay, met with key congressional members and federal officials focused on water policy and conservation. Notable lawmakers included Senators Adam Schiff and Alex Padilla, both members of the Environment and Public Works Committee. Representative Ken Calvert discussed federal conveyance funding efforts. Meetings also included Representatives Julia Brownley, Laura Friedman, Mike Levin, Jared Huffman, and Pete Aguilar. Engagements with senior committee staff and Department of the Interior officials provided insight into federal water infrastructure priorities and conservation initiatives. During our visits, we discussed critical key issues, including priorities to support water reliability and adapting to climate change. Thanks to General Manager Deven Upadhyay, Dee Zinke, Abby Schneider, and their crew of Washington advocates for facilitating our productive meetings at the nation's capital.











• I met with various water supply, business, labor and others interested in the Governor's Trailer Bill package to streamline an end to delays by challenges to the CEQA and financing elements of the Delta Conveyance project. Those groups included BizFed; Secure Water Alliance (Labor & construction industry leaders); and the San Gabriel Water Master's Water Supply Committee. I was also joined by members of the Legislative and Communications Committee in meetings with state legislative leaders, including Assemblymembers Lisa Calderon, Bryan Issac, Steve Bennett, Mike Gipson, Jacqui Irwin, Alexandra Macedo, Greg Wallis, and Senators Catherine Blakespear, Steven Choi, Shannon Grove, and Kelly Seyarto. I later had meetings via Zoom with Sen. John Laird, Sen. Catherine Blakespear, Asm. Celeste Rodriguez, Sen. Jerry McNerney, Sen. Maria Elena Durazo, Asm. Sade Elwharary, Asm. Sharon Quirk-Silva and Asm. Juan Alanis.







• The Third Annual One Water Awards ceremony recognized four Southern California projects for outstanding water-saving and facility upgrade achievements. The projects feature significant improvements to water management operations and equipment, such as installing multifamily Flow Sensors & Leak Detection sensors, allowing for quick repair and alerts, reusing recycling irrigation runoff, switching to sustainable landscaping, and installing more efficient irrigation systems. I addressed how extreme drought and climate change require us to think differently about how we use water and how the water-saving projects developed by these four organizations are great examples of the actions that must be taken to adapt to our changing climate and store water for use when we need it.









 Attended the 2025 California Water Association (CWA) Policy Symposium in Sacramento, where I served as a panelist in the session titled "Unpacking the Rising Cost of Water." The symposium brought together cross-sector leaders to explore the complex infrastructure, regulatory, and economic factors driving water rates across California. During the event, I engaged in a Q&A session, addressing



key topics such as balancing infrastructure needs with affordability, the role of the private sector in supporting public agencies, the impacts of climate change, and the challenges surrounding service costs and water quality.

### **Other Activities**

 Director Kurtz attended the joint committee meeting of the Palo Verde Irrigation District (PVID) and Metropolitan Community Enhancement Collaborative (CEC), partnering with the Blythe Chamber of Commerce to host an event introducing Advisory Committee members and promoting community collaboration with PVID residents, businesses, and non-profits on the joint grant program.



### **Regularly Scheduled/Ongoing Meetings**

I continue to meet regularly to review the Board's organizational issues and coordinate activities with the Board Vice Chairs, the General Manager, and his executive team.



# General Manager's Monthly Report



**Activities for the Month of May 2025** 

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# Message from the

# General Manager

For 15 years the San Diego County Water Authority (SDCWA) and Metropolitan have been in litigation regarding the price paid for an exchange of supplies. On June 2, after many months of concentrated negotiations, SDCWA and Metropolitan have reached a settlement agreement that ends this dispute.

Part of the settlement is the acceptance of past judgements and the dismissal of all appeals. It also provides more fixed revenues for Metropolitan – establishing a fixed unit price for the exchange and a fixed minimum payment by San Diego. Together, these elements result in more predicable revenues and budgeting for Metropolitan.

Importantly, the agreement also creates a possible new supply opportunity for other Southern California communities. SDCWA can now offer exchange water to Metropolitan member agencies or can sell conserved water to Metropolitan at Lake Havasu. This approach offers increased flexibility that will benefit the entire region, while maintaining the primacy of supply reliability for the Metropolitan service area. It also offers a new revenue opportunity for SDCWA.

Beyond the details, the agreement signed this week allows our agencies to move into a new era of cooperation, to chart a shared vision for the future.

I'm grateful that both parties were able to prioritize the needs of the region to craft this mutually beneficial deal. I'm particularly appreciative of the Metropolitan Legal Department, who never wavered in their commitment to protect the interests of the District.

The agreement is a reminder that the Metropolitan family can and must stick together, no matter how challenging the issue or how deeply our positions may be engrained. We were able to overcome years of conflict because all parties prioritized the big-picture view, one that sees possibilities for the future, and one that recognizes our fundamental, shared interest in the integrity of the region's water supply.

This important agreement puts conflict behind us, and today we can begin creating the future, together. Through dialogue, negotiation, and mutual understanding, we have found a common path forward. And we will all be better off for it.

Deven Upadhyay General Manager





# Strategic Priorities Update

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



# Empower the workforce and promote diversity, equity, and inclusion



### Goal Dashboard

6 Outcomes in progress and on target. 2 Outcomes completed.

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

This month, the EEO Office conducted an EEO Investigations 101 training. This interactive and informative training provided employees with an overview of the EEO Office and its mission and guiding principles, the complaint intake process, and investigative guidelines for conducting EEO investigations. The goal of this training series is to ensure that Metropolitan employees know how to file an EEO complaint, have a better understanding of the complaint process and their rights and responsibilities in the workplace, and to help build a positive rapport with the EEO Office. The training was at maximum capacity and individuals shared that the training was useful and informative.



Two EEO on-site "Office Hours" for desert employees and two "EEO Investigations 101" trainings have been conducted this fiscal year

The Civil and Inclusive Workplace Trainings continue, for both

existing and new employees. We are scheduling make up sessions for employees and managers who were unable to attend trainings due to work conflicts (like pipeline shutdowns, CIP maintenance projects, etc.), under a new maintenance agreement with ELI. Staff are also developing an ongoing strategy to ensure the training and principles for a civil and inclusive workplace are incorporated into onboarding for new employees and is practiced and reinforced in the day-to-day operations of the District.

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

A monthly recruitment status report continues to be shared with Group Managers that lists all approved positions, vacant positions, the status of the recruitment, and overlays any temporary staffing currently working in their group. Staff now tracks how long vacancies have been vacant and will be following up with managers to determine the plan for those vacancies.

The Member Agency Workforce Development Working Group has met every two weeks to develop a curated list of topics and panelists for Metropolitan's first inaugural regional Workforce Development Summit, held on May 1, 2025. The successful summit was entitled "Developing the Workforce of the Future Together." Nearly 100 attendees from member agencies, community organizations, educational institutions, Native Nations, and other community, agency and resource partners came together at Union Station for an engaging day of discussions and connection. Derek Kirk from the Governor's Office of Business and Economic Development was the featured Keynote speaker. The working group will continue to meet on a quarterly basis and will be exploring a number of initiatives



Nearly 100 people attended our first Workforce Development Summit on May 1, 2025

designed to support and advance regional, industry and agency workforce development efforts.

In May, Metropolitan launched an innovative, customizable and cloud-based mobile application focused on workforce development engagement, data collection, communication and tracking. The app will serve as a regional one-stop-shop to support and advance water industry efforts to expand access, increase awareness and engage with the communities we serve to connect them to water industry job opportunities. The application includes an opt-in database to build and maintain a roster of interested job seekers and applicants, as well as providing links for job opportunities for all of the Metropolitan member agencies and other local partners, like the Los Angeles County Sanitation Districts, a partner on PureWater Southern California.

Metropolitan is offering online information sessions from three education partners (University of La Verne, CSU Northridge, and UAGC) in June (for a Fall session start) to staff interested in CPA cohort program.



# Sustain Metropolitan's mission with a strengthened business model



### Goal Dashboard

4 Outcomes on target. 1 Outcome completed.

1 Outcome behind schedule.

Metropolitan and San Diego County Water Authority (SDCWA) have resolved a legal dispute over rates and the price term of an exchange agreement between the agencies. Litigation had been ongoing for a decade and a half. The settlement dismisses all pending appeals, maintaining earlier judicial decisions. It includes provisions to reduce the potential for future litigation, improve certainty in budgeting, and increase flexibility in efficiently managing water supplies.

It provides a fixed revenue stream for Metropolitan and also creates potential new opportunities for other communities to access water that would have previously been delivered to San Diego. That kind of increased flexibility will benefit the entire region.



Metropolitan and SDCWA reached agreement that ends 15 years of litigation and sets the stage for further exchanges within the region

This result is a product of close collaboration among many in the District, led by a partnership between the Office of the General Manager and the Legal Department.



### Adapt to changing climate and water resources



### Goal Dashboard

10 Outcomes in process. 1 Outcome behind schedule.

Provide each member agency access to an equivalent level of water supply reliability.

Projects to enhance long-term water supply reliability for the State Water Project dependent areas are making significant progress:

- Sepulveda Pump Stations: Completed Guaranteed Maximum Price (GMP) cost analyses
  by independent cost estimator and established a three-GMP approach based on the
  separation of work packages into Venice Pump Station, Sepulveda Slope Stabilization and
  Sepulveda Pump Station.
- Wadsworth Pump Plan Bypass: The contractor is currently performing architectural finishes on the valve vault. Construction is 95 percent complete and is scheduled to be complete in July 2025.
- Inland Feeder Badlands Tunnels Surge Protection: The contractor is currently installing grating at the valve vault and extending power to the vault. Construction is approximately 85 percent complete and is scheduled to be complete in August 2025.
- Surface Water Storage Study: Staff provided the board an update on findings of Phase 2
  of the study. It is 95 percent complete with a shortlist of potential sites identified and an
  articulated set of proposed evaluation criteria. The Phase 2 study is anticipated to
  complete as soon as June 2025.

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

Metropolitan, in collaboration with UC Davis, initiated the first test of the Pond Harvest Study, to evaluate methods 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.

At a Special Board Meeting in May, the Delta Conveyance Design and Construction Authority Board expressed strong support for Governor Gavin Newsom's proposal to fast-track the Delta Conveyance Project. The Governor's May Revise 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. Metropolitan has actively supported the Governor's efforts and promoted opportunities for member agencies to engage in related legislative proceedings.

The Draft Environmental Impact Report for Pure Water Southern California was released on May 14, an important project milestone that we are meeting in partnership with Los Angeles County Sanitation Districts. The first of two virtual public meetings was held; the second is June 12. An in-person public meeting along with an optional tour is offered June 14, and the public comment period closes on July 14. Outreach materials are in English and Spanish, and staff is active at community events to promote the public input opportunity.



The Draft EIR for Pure
Water Southern California
was released, with a 60day period for receiving
public comment

This month, we also convened the Regional Water Reuse Collaborative for further discussion among agencies interested in coordinating around plans for Pure Water Southern California and Pure Water Los Angeles. Three agencies newly signed on to the Collaborative's Statement of Intent (Main San Gabriel Valley Watermaster, Upper District and Three Valleys) presented on issues of the San Gabriel Valley Basin, followed by project updates from LADWP and Metropolitan.

A lease agreement for rice farming on Webb Tract will be presented at the June Board meeting. Subject to Board approval, the lease will allow a farmer to convert approximately 1,400 acres of existing agricultural land on Webb Tract to rice over three years. The field conversion is supported by a grant from the Sacramento-San Joaquin Delta Conservancy that provides up to \$3,000 per acre to support land leveling in preparation for planting rice. The rice will stop the ongoing oxidation of peat soils on the island halting subsidence and providing an opportunity to develop carbon credits from the reduction in carbon emissions. There are currently two eddy covariance stations on the islands measuring current background greenhouse gas emissions. The data will be used to compare emissions before and after rice conversion and will be used to validate the carbon credits generated from the project.

The 2025 One Water Awards event took place on May 21 and was a successful celebration of innovation and leadership in the water industry. The program featured a well-received keynote address and meaningful recognition of this year's four honorees by our board directors. Feedback from attendees was overwhelmingly positive. Case studies highlighting each honoree's achievements were developed and displayed at the event and will also be made available on One Water Awards website alongside those of previous honorees. Evergreen materials developed for the event will continue to support broad outreach and engagement with customers in the CII sector.



Four honorees are further examples of successful conservation action, encouraging others to join in saving water

In other activities to promote water use efficiency, Metropolitan convened the May meeting of the regular series of Water Use Efficiency coordinator meetings, sharing information and best practices for conservation programs and communications. Staff have submitted a request to modify the DWR grant to expand CII activities.





### Goal Dashboard

8 Outcomes on target. 1 Outcome completed.

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

Over this reporting period the self-assessment portion of updating the Strategic Asset Management Plan (SAMP) was completed with broad input from across the organization, including executive management. These consultant-facilitated workshops help staff gauge the District's asset management maturity and practices. A draft report is being finalized and work on updating the SAMP will continue with a focus on comparing ourselves to other world class organizations and recognizing areas of improvement.

To expand our in-house ability to monitor emerging contaminants, a liquid chromatography tandem mass spectrometer for PFAS analysis was installed, and staff are performing initial demonstration of capability testing as required by regulations. A preliminary monitoring plan was developed that includes source and finished water at each treatment plant.

It is anticipated that state-mandated microplastics monitoring will be scheduled in quarter 3 of 2025. Method development is continuing, but as experienced by other groups working on microplastics, the method is challenged by contamination. Staff are developing a collaborative research proposal for submission to the Water Research Foundation aimed at improving and standardizing detection methods.



Preliminary design of the Water Quality Laboratory seismic retrofit and upgrade is complete and approved by the Board

Water Quality's annual member agency nitrification workshop is planned for June 26.

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

A District-wide "Lunch & Learn" event will be hosted remotely on June 11, to discuss the forthcoming Sustainable Procurement Policy and Sustainable Procurement Guidebook, helping prepare staff to make the most of new methods developed to support more sustainable product choices during procurement.

The Innovation Program convened its latest monthly Met Data Group meeting focused on the ongoing enterprise data analytics initiative and including participation from Audit, Finance, WRM, SRI, and IT.

Several ad hoc working groups have started to refine the initial suggestions from the Process Matters initiative to identify quickly implementable efficiency improvements. and develop improved protocols for management's review and approval. The Innovation Program hosted a workshop in May featuring world class expertise on the emerging science of protocols and a facilitated in-person exercise to improve the District's meeting protocols.



### Partner with interested parties and the communities we serve



# Goal Dashboard

4 Outcomes on target. 2 Outcomes completed.

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

Staff continue to build relationships and expand engagement with Native Nations, in the local service area as well as in the desert region. In May, Metropolitan participated in the Colorado River Indian Tribes (CRIT) Education Network quarterly meeting and introduced both the Mojave and Palo Verde Community College administrators to the CRIT to present on their welding programs. Metropolitan also introduced the newly launched Workforce Development mobile app to the attendees.

MWD hosted the second installment of the innovative and successful Bench series with two new partners, CDM Smith and McCarthy Builders. Staff from the primes included business development managers and project leads responsible for the water business sector. A total of 18 small, diverse companies were selected to participate. During the workshop one-on-one interviews were conducted to gain knowledge on the firms' capabilities to determine which ones would be selected to be part of an ongoing mentor protege program.

After a brief hiatus to assess impacts of the executive orders on the work of the Equity in Infrastructure Program (EIP), which was established nationwide to improve public contracting practices and increase opportunities for Historically Underutilized Businesses, the California Partners are starting to re-engage. Metropolitan remains active as a leader in the initiative, and staff will continue to provide relevant updates on the EIP and the California Partners activities.

# **Executive Summary**

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

### **Bay-Delta Resources**

A request for proposals was released for farming operations on Bacon Island. A site walk on Bacon Island with interested parties was conducted on April 10. Water meter installations on Bouldin Island and Webb Tract to comply with SB 88 were completed in early April.

### **Chief Financial Officer**

In May, the Finance, Affordability, Asset Management, and Efficiency Committee acted to adopt a resolution to continue Metropolitan's Water Standby Charge for fiscal year 2025/26. In addition, information reports were provided on Metropolitan's third Quarter financial projections for Fiscal Year 2024/25 and on potential drivers of the next biennium budget.

### Colorado River Resources

In May, Reclamation issued its annual Water Accounting Report, which documents water transfers and conservation activity in the Lower Basin States. That report highlights the effort Metropolitan and its agriculture partners have made to add water to Lake Mead last year. In 2024 alone, California contractors left about half a million acre-feet of conserved water in Lake Mead, adding the equivalent of 7 feet of water to the reservoir. Arizona and Nevada also contributed to leaving system water in the Colorado River.

### **Diversity, Equity & Inclusion**

Staff participated in the United Contractors Public Works Summit, an event for public works contractors across the state to learn about the region's construction opportunities and engage with top agencies and industry leaders. Metropolitan's Engineering Section Manager, John Shamma, was a panelist and presented on the subject of Infrastructure Resiliency: The Power to Overcome Challenges. Staff also continued their effective outreach and participation in several community and industry events and held the second installment of The Bench workshop series focused on building capacity for small firms through a mentor/protégé arrangement with large firms.

### **Engineering Services**

To maintain reliability of the Colorado River Aqueduct (CRA) system, Engineering Services obtained board authorization this month to award a \$131 million procurement contract for 35 high-voltage transformers that provide power to all five CRA pumping plants. The new transformers will replace the existing original units that have exceeded their design service life. Future board action for contract award will be required to install these transformers. In addition, the upgrade of Gene Transformer Bank Protection Relays project, which was constructed by Metropolitan Forces, was completed in May. The advancement of these CIP projects demonstrates Metropolitan's commitment to reduce the reliability risk associated with aging CRA electrical infrastructure.

### **Equal Employment Opportunity Office**

The EEO Office released the second issue of the *Civil Writes* newsletter. This publication is designed to inform Metropolitan employees about key EEO-related topics. In this issue, the newsletter covers important subjects including the impact of the the President's Executive Order on Metropolitan's affirmative action program and insights into how credibility is assessed during EEO investigations. The *Civil Writes* newsletter is part of the EEO Office's broader effort to promote transparency, awareness, and education around equal employment practices within the organization.

# Executive Summary

### **External Affairs**

Metropolitan organized advocacy days for the Board to meet with lawmakers in Washington, DC, and Sacramento to discuss Metropolitan's policy and funding priorities. Chair Ortega, Vice Chair Garza, Legislation and Communications Committee Chair Lewitt, committee Vice Chair Kassakhian, and GM Upadhyay met with members of California's federal delegation on May 6–7. Chair Ortega, Committee Chair Lewitt, Vice Chair Fellow, committee members Dennstedt and Luna, and Director McMillan met with members of Southern California's state legislative delegation and budget leadership on May 28. Metropolitan coordinated with the State Water Contractors and member agencies to support Governor Newsom's proposal for a Delta Conveyance Project streamlining legislative package to be included in a budget trailer bill. Metropolitan's directors and government affairs staff are contacting legislative representatives and their district offices along with business, labor, and nonprofit organizations to ask for their support.

### **Human Resources**

The Business Support Team planned, organized, and coordinated a "The Keys to Preventing Diabetes" wellness webinar. The live webcast was held May 21, 2025, and hosted by Kaiser Permanente. The webinar provided employees with the five keys to preventing diabetes: eating healthy, getting active, quitting tobacco, managing stress, and sleeping well. Employees were invited to create a realistic action plan to take positive steps towards taking control of their health.

### **Information Technology**

As part of our ongoing commitment to maintaining secure and reliable infrastructure, IT recently performed certificate updates on our VOIP telephone servers. This proactive step was necessary to maintain compliance with industry standards, protect the integrity of data transmitted between our systems, and ensure uninterrupted telephone service for all of Metropolitan users.

### **Operations Groups**

The Operations Groups hosted a two-day field inspection trip for executive management from both Metropolitan and California Department of Water Resources (DWR). The field inspection trip included presentations and tours of several key facilities: Michael J. McGuire Water Quality Laboratory, F.E. Weymouth Water Treatment Plant, La Verne Shops, Gene facilities, Whitsett Intake Pumping Plant, and Copper Basin Reservoir. The trip provided DWR leadership with a first-hand look at Metropolitan's water infrastructure and an opportunity to engage in collaborative discussions on water supply, water management, and water quality—further strengthening the partnership between our two agencies.

### Safety, Security and Protection

Metropolitan is strengthening its security and emergency response capabilities through key investments and strategic initiatives. A new 5-year guard services contract (2025–2030) is being negotiated to maintain core coverage while expanding capabilities. To modernize emergency communications, Metropolitan acquired the Everbridge Mass Notification and Incident Management System, replacing outdated infrastructure with a data-driven platform that enables real-time alerts, situational awareness, and coordinated response across all stakeholders.

Staff continued training and exercising Metropolitan's emergency response staff at various sites. The Emergency Management Team met with officials from the Orange County Fire Authority and Los Angeles County Disaster Management Area D to coordinate our response to future emergencies and completed the annual update of the Palos Verdes Dam Emergency Action Plan (EAP) and submitted it to the California Office of Emergency Services as required. The Safety Team posted three new safety talks and facilitated a Cal/OSHA Inspection. Apprenticeship completed physical abilities testing for recruiting Desert Region apprentices.

# Executive Summary

### Sustainability, Resiliency and Innovation

Environmental Planning Section staff completed preparation of the draft Environmental Impact Report (EIR) for the Pure Water Southern California program and released the document for public review, which will extend from May 14 to July 14, 2025. SRI kicked off implementation efforts for CAMP4W through providing a primer on the Climate Decision-Making Framework for staff throughout the district and kicking off the assessments of three major projects. Staff presented the third Annual Climate Action Plan Report at the One Water Committee, and the team hosted the first internal Climate Vulnerability Summit to take a comprehensive look at climate risks with staff throughout the agency.

The Innovation team has been working closely with External Affairs and Audit on the Process Matters initiative, an organization-wide effort for employees to share their ideas to improve the efficiency and effectiveness of Metropolitan's processes. Over 165 ideas from across the organization have been received to improve our processes. In addition, Innovation hosted a technology trade delegation from London on May 19, including executives from emerging companies. This workshop featured novel solutions that could support regulatory compliance and CAMP4W implementation.

### **Water Resource Management**

WRM staff extended collaborative planning efforts with member and other public agencies through its participation in the annual WUCA Spring Meeting and the kickoff workshop for the 2025 Urban Water Management Plan. On the State Water Project (SWP), staff has received and is reviewing DWR's report on subsidence and attended a week-long Value Planning workshop hosted by DWR. On the Colorado River, staff reviewed the 2024 Water Accounting Report and provided expert presentation on the Colorado River to Metropolitan's Employee CRA Inspection Trip. The Inspection Trip was also attended by several WRM staff, enhancing their exposure and knowledge of the Colorado River Aqueduct and facilities.





# bewaterwise.com®



### **PROGRAM DESCRIPTION**

For the past four decades, Metropolitan has delivered conservation programs aimed at empowering consumers to use water more efficiently. Metropolitan works to drive innovation, evolve markets and influence consumer decision-making using direct rebates, outreach and education, new technology support, and development of strategic alliances. Together, these efforts have brought positive lasting change and led to measurable reductions in water use, ensuring that every gallon saved today strengthens our region's water future. They are made possible through the hard work and dedication of Water Resource Management's Water Efficiency Team.

### IMPORTANCE TO METROPOLITAN

Conservation remains a cornerstone of Metropolitan's strategy for water supply reliability by mitigating the impact of drought, enhancing storage reserves, and providing flexibility in times of uncertainty. To sustain these benefits, Metropolitan supports a suite of initiatives—from financial incentives to strategic outreach, public education, and marketing campaigns. However, the heart of conservation lies in collaboration. Metropolitan's success depends on strong partnerships with our member agencies, diverse communities, schools, business leaders, and elected officials—all working together to advance our shared commitment to be water wise.

### **MEMORABLE MOMENT**

In May, External Affairs and Water Resource Management cohosted the third annual One Water Awards at Union Station Headquarters, spotlighting outstanding commercial, industrial, and institutional water-saving projects across our service area. This year's honorees included Eastern Municipal Water District, Vallecitos Water District, the Housing Authority of the City of Los Angeles, and the Hollywood American Legion.

"For years we've wanted a vehicle to recognize and promote good water-efficiency projects by entities that value sustainability and good stewardship of resources." Gary Tilkian, Senior Resource Specialist also went on to say, "The One Water Awards not only recognizes efforts to become more water efficient, but it also recognizes community, responsibility, collaboration, ingenuity, and awareness. In the commercial sector, the bottom line is key, but if we can show how to achieve the bottom line in a better, more sustainable way, we make that choice easier and more attractive for others."

# Water Supply Conditions Report

### Water Year 2024-2025

As of 05/31/2025

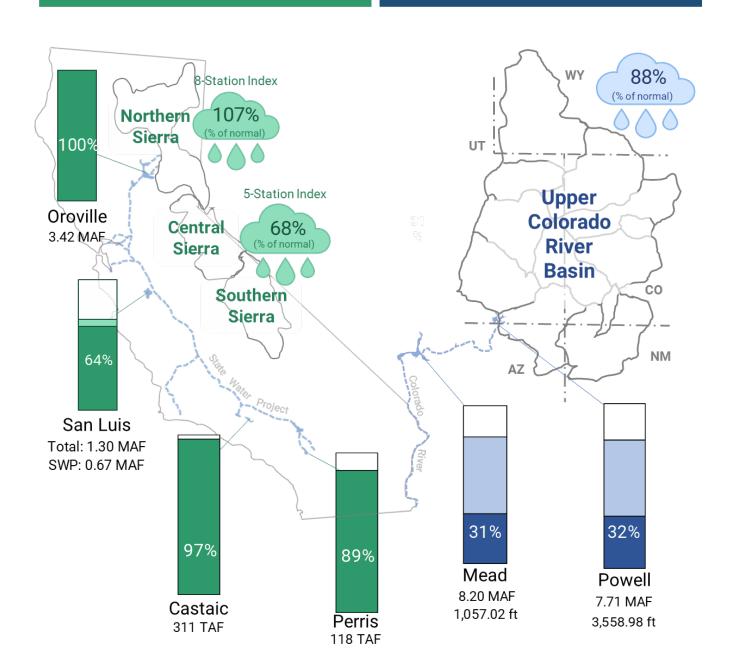
Extended Report: https://www.mwdh2o.com/WSCR

# State Water Project Resources

SWP Allocation 50% Table A: 955,750 acre-feet

# Colorado River Resources

Projected CRA Diversions 994,000 acre-feet

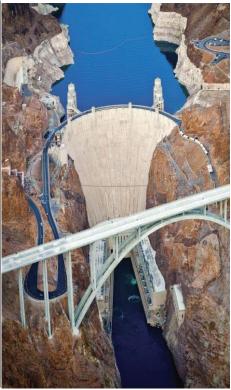


# Reservoir Report

### **End of Month Reservoir Report**

Monthly Update as of: 5/31/2025

Reservoir	Current Storage	Percent of Capacity
Colorado River Basin		
Lake Powell	7,714,663	32%
Lake Mead	8,193,000	32%
DWR		
Lake Oroville	3,418,089	99%
San Luis CDWR	669,974	63%
Castaic Lake	310,276	96%
Silverwood Lake	72,274	96%
Lake Perris	118,223	90%
MWD		
DVL	779,798	96%
Lake Mathews	145,643	80%
Lake Skinner	37,425	85%



**Hoover Dam** 





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

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

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



### Office of the General Counsel





### **Metropolitan Cases**

AFSCME Local 1902 v. Metropolitan, Case No. 1772-M (Unfair Practice Charge filed with PERB)

On April 25, 2025, Local 1902 filed a PERB charge alleging that Metropolitan implemented release time practices without bargaining and in contravention of established practices. Metropolitan disputes the charge and will file a position statement with PERB seeking a dismissal of the charge. The Legal Department has retained the Renne Public Law Group to represent Metropolitan.

### AFSCME Local 1902 v. Metropolitan, Case No. 1774-M (Unfair Practice Charge filed with PERB)

On May 2, 2025, Local 1902 filed a PERB charge alleging that Metropolitan management spoke to a member without a union representative present. Metropolitan disputes the charge and will file a position statement with PERB seeking a dismissal of the charge. The Legal Department has retained the Renne Public Law Group to represent Metropolitan.

### AFSCME Local 1902 v. Metropolitan, Case No. 1775-M (Unfair Practice Charge filed with PERB)

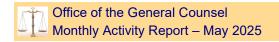
On May 6, 2025, Local 1902 filed a PERB charge alleging that Metropolitan unilaterally implemented a standby requirement in connection with an Engineering recruitment. Metropolitan disputes the charge and will file a position statement with PERB seeking a dismissal of the charge. The Legal Department has retained the Renne Public Law Group to represent Metropolitan.

### Supervisors Association v. Metropolitan, Case No. 1776-M (Unfair Practice Charge filed with PERB)

On May 9, 2025, the Supervisors Association filed a PERB charge alleging that Metropolitan improperly denied an appeal in connection with a disciplinary matter. Metropolitan disputes the charge and will file a position statement with PERB seeking a dismissal of the charge. The Legal Department has retained the Renne Public Law Group to represent Metropolitan.

### **Other Matters**

Metropolitan and Bank of America, N.A. executed a Standby Bond Purchase Agreement, dated May 20, 2025, to provide liquidity support for Metropolitan's Variable Rate Water Revenue Refunding Bonds 2021 Series A. Legal Department staff attorneys worked with Finance staff, bank counsel, and outside bond counsel to negotiate and deliver the agreement.



### **Matters Received**

<u>Category</u>	Received	<u>Description</u>	
Action in which MWD is a party	1	Complaint for Damages for: (1) Gender Discrimination; (2) Race/National Origin Discrimination; (3) Disability Discrimination; (4) Harassment (Hostile Work Environment); (5) Retaliation; (6) Failure to Prevent Discrimination, Harassment and Retaliation; and (7) Retaliation, filed in Los Angeles County Superior Court, in the case <i>Dannelle-Mimi Phan v. MWD</i> , Case No. 25STCV13693	
Subpoenas	1	Workers' Compensation subpoena for employee's personnel, wage/payroll, medical, and claims records	
Requests Pursuant to the Public Records Act	13	Requestor	<u>Documents Requested</u>
		Allied Universal	Contract, purchase orders, and bill rates for MWD's current guard services
		Balfour Beatty, Inc.	Proposals submitted in response to the Request for Qualifications for the Progressive Design-Build Services for the Sepulveda Feeder Pump Stations Project
		CCS Global Tech	Name of awarded vendor, hourly rate, number of hours, purchase order for On- Call Information Technology Services
		CSC Auto Salvage & Dismantling	Contracts, purchase orders, invoices, payment records, internal policies, requests for proposal/bids for scrap metal recycling or asset disposal since 2020
		Elkins Kalt Weintraub Reuben Gartside LLP	Records relating to the potential sites for the Santa Fe Pump Station for Pure Water Southern California, including any potential acquisition of any such site
		Infojini Consulting	Technical and cost proposals, bid tabulations, yearly spend, and expiration date of the contract for Temp Labor Staffing Professional/Administrative
		Karen E. Johnson (Consultant for Irvine Ranch Water District)	Colorado River Watershed Sanitary Survey (2022 Update)
		Paul Redvers Brown Inc.	Photographs of MWD boardroom during the time that Joseph Jensen, Carl Boronkay, and John Wodraska were MWD General Managers

Requests Pursuant to the Public Records Act

Requestor

**Documents Requested** 

Private Citizens (3 requests)

(1) Task orders issued under Blanket No. 221659 for As-Needed Encampment Abatement & General Clean-up Services for San Diego County Sites; (2) all requests for proposals for any programs

falling under the purview of the

Benefits/Medical/Workers Comp Section of the Human Resources Group; and (3) records relating to the DMR Motorola

ConnectPlus (TRBO) radio

communications system, including list of

Talkgroup IDs and description of

talkgroup's usage

SmartProcure Purchase order data including purchase

order number, purchase order date, line item details, line item quantity, line item

price, vendor information from February 7, 2025 to current

Tryfacta Technical and cost proposals of awarded

vendors and amount spent under the contract to-date for Cybersecurity Operation Center (CSOC) Support

Services

### PLEASE NOTE

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

### **Bay-Delta and SWP Litigation**

### **Subject** Status

### **Delta Conveyance Project CEQA Cases**

Tulare Lake Basin Water Storage District v. California Department of Water Resources (case name for the consolidated cases)

City of Stockton v. California Department of Water Resources

County of Butte v. California Department of Water Resources

County of Sacramento v. California Department of Water Resources

County of San Joaquin et al. v. California Department of Water Resources

Sacramento Area Sewer District v. California Department of Water Resources

San Francisco Baykeeper, et al. v. California Department of Water Resources

Sierra Club, et al. v. California Department of Water Resources

South Delta Water Agency and Rudy Mussi Investment L.P. v. California Department of Water Resources

Sacramento County Superior Ct. (Judge Acquisto)

3d District Court of Appeal Case No. C101878

- DWR is the only named respondent/defendant
- All alleged CEQA violations
- Most allege violations of the Delta Reform Act, Public Trust Doctrine and Delta and Watershed Protection Acts
- Two allege violations of the fully protected bird statute
- One alleges violations of Proposition 9 (1982) and the Central Valley Project Act
- Deadline for DWR to prepare the administrative record extended to Jan. 31, 2025
- June 20, 2024 trial court issued a preliminary injunction halting pre-construction geotechnical soil testing until DWR certifies that the DCP is consistent with the Delta Plan
- Aug. 19, 2024 DWR appealed the injunction
- Oct. 24, 2024 cases ordered consolidated for all purposes under Tulare Lake Basin Water Storage District v. California Department of Water Resources
- Feb. 6, 2025 DWR filed its opening brief on appeal of the preliminary injunction halting preconstruction geotechnical work
- April 9, 2025, trial court denied DWR's motion for stay of enforcement of injunction to allow the DCA to resume preconstruction geotechnical work
- May 14, 2025 DWR's appeal of the preliminary injunction fully briefed and awaiting oral argument date
- Aug. 8, 2025 next case management conference

# **Delta Conveyance Project Water Right Permit Litigation**

Central Delta Water Agency et al. v. State Water Resources Control Board

Fresno County Superior Court (Judge Maria Diaz)

- Complaint filed April 16, 2024, alleges that the State Water Board must rule on DWR's 2009 petition to extend the time to perfect its State Water Project rights before the State Water Board may begin to adjudicate DWR's petition to change its water rights to add new points of diversion for the Delta Conveyance Project
- May 1, 2025 deadline for plaintiffs to file a First Amended Complaint, which plaintiffs missed
- June 4, 2025, hearing on State Water Contractors' motion to intervene and motion

Subject	Status
	for protective order to limit the DCP change in point of diversion hearing to the change and not the extension of time for the State Water Project water rights  - August 27, 2025 Case Management Conference
Consolidated DCP Revenue Bond Validation Action and CEQA Case  Sierra Club, et al. v. California Department of Water Resources (CEQA, designated as lead case)  DWR v. All Persons Interested (Validation)  Sacramento County Superior Ct. (Judge Kenneth C. Mennemeier)  3d District Court of Appeal Case No. C100552	<ul> <li>Validation Action</li> <li>Final Judgment and Final Statement of Decision issued January 16, 2024 ruling the bonds are not valid</li> <li>DWR, Metropolitan and other supporting public water agencies filed Notices of Appeal on or before the February 16, 2024 deadline</li> <li>Eight opposing groups filed Notices of Cross Appeals by March 27, 2024</li> <li>April 16, 2024 DWR moved to dismiss the cross appeals as untimely</li> <li>October 4, 2024 DWR's and Supporting SWP Contractors' Joint Opening Brief and Appellants' Appendix filed</li> <li>October 15, 2024 DWR's and Supporting SWP Contractors' joint motion for calendar preference was granted; the appeal will be accorded priority pursuant to statutory provisions, which should accelerate oral argument and the court's decision once briefing is completed in about March 2025</li> <li>Respondents' and Cross-Appellants' briefs filed Dec. 31, 2024 and Jan. 2, 2025</li> <li>DWR's and Supporting SWP Contractors' filed reply to Howard Jarvis Taxpayers Association's opposition brief Feb. 11, 2025</li> <li>DWR's and Supporting SWP Contractors' combined opposition to cross-appeals and reply brief filed April 1, 2025</li> <li>Gross-Appellants' reply briefs due May 12, 2025, and awaiting oral argument date</li> </ul>

Subject	Status
2025 Delta Conveyance Program Revenue Bond Validation	<ul> <li>Jan. 6, 2025, the Department of Water Resources (DWR) adopted a new bond resolution</li> </ul>
Department of Water Resources v. All Persons Interested, etc.	<ul> <li>Jan. 7, DWR filed a complaint seeking a judgment validating its authority to issue the bonds under the CVP Act</li> </ul>
Sacramento County Superior Court (Judge <u>for All Purposes</u> TBD)	<ul> <li>Jan. 27, 2025 summons issued</li> <li>Feb. 27, 2026 Case Management Conference</li> </ul>
	<ul> <li>March 25, 2025 deadline to file answers</li> <li>15 answers filed, 10 in opposition and 5 in support</li> </ul>
	<ul> <li>June 12, 2025 hearing on two motions to dismiss</li> </ul>
	Feb. 27, 2026 Case Management Conference
SWP-CVP 2019 BiOp Cases	SWC intervened in both <i>PCFFA and CNRA</i> cases
Pacific Coast Fed'n of Fishermen's Ass'ns, et al. v. Raimondo, et al. (PCFFA)	<ul> <li>Federal defendants reinitiated consultation on Oct 1, 2021 and new BiOps issued in fall/winter 2024</li> </ul>
Calif. Natural Resources Agency, et al. v. Raimondo, et al. (CNRA)	March 28, 2024 order extending the Interim     Operations Plan and the stay of the cases
Federal District Court, Eastern Dist. of California, Fresno Division (Judge Thurston)	through the issuance of a new Record of Decision or December 20, 2024, whichever is first
	<ul> <li>Cases stayed until further notice in light of new BiOps and new administration</li> <li>June 17, 2025 next case management report</li> </ul>
	due
2020 CESA Incidental Take Permit Cases	<ul> <li>Administrative records certified in October 2023</li> </ul>
Coordinated Case Name <i>CDWR Water Operations Cases</i> , JCCP 5117  (Coordination Trial Judge Gevercer)	<ul> <li>Order entered to delay setting a merits briefing schedule by 90 days and extending the time to bring the action to trial by six months</li> </ul>
Metropolitan & Mojave Water Agency v. Calif. Dept. of Fish & Wildlife, et al. (CESA/CEQA/Breach of	<ul> <li>Deadline to bring all the coordinated cases to trial is now December 5, 2025</li> </ul>
Contract)	December 2024 three petitioner groups filed requests for dismissal without prejudice
State Water Contractors & Kern County Water Agency v. Calif. Dept. of Fish & Wildlife, et al. (CESA/CEQA)	<ul> <li>Remaining petitioner groups meeting and conferring in light of the new, 2024 CESA Incidental Take Permit</li> </ul>
San Bernardino Valley Municipal Water Dist. v. Calif. Dept. of Water Resources, et al.	<ul> <li>SF Baykeeper dismissed its case on March 18, 2025</li> </ul>
(CEQA/CESA/ Breach of Contract/Takings) Sierra Club, et al. v. Calif. Dept. of Water Resources (CEQA/Delta Reform Act/Public Trust)	July 11, 2025 Case Management Conference

Subject	Status
San Francisco Baykeeper, et al. v. California Department of Water Resources (CEQA, Delta Reform Act, Public Trust Doctrine)  Sacramento County Superior Ct. Case No. 24WM000185 (Judge Arguelles)  California Sportfishing Protection Alliance, et al. v. California Department of Water Resources, et al. (CEQA, CESA, Delta Reform Act, Public Trust Doctrine)  Sacramento County Superior Ct. Case No. 24WM000181 (Judge Arguelles)  Tehama-Colusa Canal Authority, et al. v. California Department Of Water Resources, et al. (CEQA)  Sacramento County Superior Ct. Case No. 24WM000183 (Judge Rockwell)  Central Delta Water Agency and South Delta Water Agency v. California Department of Water Resources (CEQA, Delta Reform Act, Watershed Protection Acts, Public Trust Doctrine)  Sacramento County Superior Ct. Case No. 24WM000186 (Judge Acquisto)	Cases challenge DWR's Final EIR and the California Department of Fish and Wildlife's California Endangered Species Act Incidental Take Permit for the updated Long Term Operations plan for the State Water Project  • June 6 August 4, 2025 Case Management Conference in Tehama-Colusa Canal Authority, et al. v. California Department of Water Resources, et al.

Subject	Status
CDWR Environmental Impact Cases Sacramento Superior Ct. Case No. JCCP 4942, 3d DCA Case No. C100302 (20 Coordinated Cases)  Validation Action DWR v. All Persons Interested  CEQA 17 cases  CESA/Incidental Take Permit 2 cases  (Judge Arguelles)	<ul> <li>Cases dismissed after DWR rescinded project approval, bond resolutions, decertified the EIR, and CDFW rescinded the CESA incidental take permit</li> <li>January 10, 2020 – Nine motions for attorneys' fees and costs denied in their entirety</li> <li>May 11, 2022, court of appeal reversed the trial court's denial of attorney fees and costs</li> <li>Coordinated cases remitted to trial court for re-hearing of fee motions consistent with the court of appeal's opinion</li> <li>Dec. 26, 2023 order denying fee motions</li> <li>Six notices of appeal filed</li> <li>Appellants' opening briefs and appendices filed Oct. 29 and Oct. 31</li> <li>Feb. 13, 2025 DWR filed its omnibus respondents' (opposition) brief</li> <li>Reply briefs due May 5, 2025</li> <li>Appeals fully briefed as of June 6, 2025, and awaiting oral argument date</li> </ul>
Water Management Tools Contract Amendment	Filed September 28, 2020
California Water Impact Network et al. v. DWR Sacramento County Superior Ct. (Judge Acquisto)  North Coast Rivers Alliance, et al. v. DWR Sacramento County Super. Ct. (Judge Acquisto)	<ul> <li>CWIN and Aqualliance allege one cause of action for violation of CEQA</li> <li>NCRA et al. allege four causes of action for violations of CEQA, the Delta Reform Act, Public Trust Doctrine and seeking declaratory relief</li> <li>SWC motion to intervene in both cases granted</li> <li>Dec. 20, 2022 DWR filed notice of certification of the administrative record and filed answers in both cases</li> </ul>

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

claim, cross-claims, and affirmative defenses regarding applicability of

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

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

Cases	Date	Status
2014, 2016, 2018 (cont.)	Oct. 18	Parties filed a joint application to extend the briefing schedule in the Court of Appeal
	Oct. 21	Court of Appeal granted parties' joint briefing schedule; briefing begins April 11, 2025 and ends October 10, 2025
	Oct. 29	SDCWA filed its motion to tax (reduce) Metropolitan's costs
	Nov. 26	SDCWA withdrew its motion to tax (reduce) Metropolitan's costs and requested that the court cancel the Dec. 11 motion hearing
	Dec. 17	The court entered the parties' stipulated order that Metropolitan's recoverable attorneys' fees are \$3,402,408.71 and its recoverable costs are \$372,788.64; unless the Court of Appeal reverses the order that Metropolitan is the prevailing party, SDCWA is to pay Metropolitan these amounts, plus interest; and briefing on Metropolitan's motion for attorneys' fees is vacated.
	Dec. 17	The court issued an order reassigning the cases from the Honorable Anne-Christine Massullo to the Honorable Ethan P. Schulman.
	Jan. 28, 2025	Court of Appeal granted parties' modified joint briefing schedule; briefing begins July 11, 2025 and ends January 9, 2026.
All Cases	April 15, 2021	Case Management Conference on 2010-2018 cases. Court set trial in 2014, 2016, and 2018 cases on May 16-27, 2022.
	April 27	SDCWA served notice of deposition of non-party witness.
	May 13-14	Metropolitan filed motions to quash and for protective order regarding deposition of non-party witness.
	June 4	Ruling on motions to quash and for protective order.

Outside Counsel Agreements				
Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Albright, Yee & Schmit, APC	Employment Matter	222524	11/24	\$75,000
AFC	Employment Matter	222529	12/24	\$50,000
	Employment Matter	222536	03/25	\$50,000
	Employment Matter	222542	03/25	\$50,000
Andrade Gonzalez LLP	MWD v. DWR, CDFW and CDNR Incidental Take Permit (ITP) CESA/CEQA/Contract Litigation	185894	07/20	\$250,000
Aleshire & Wynder	Oil, Mineral and Gas Leasing	174613	08/18	\$50,000
Anzel Galvan LLP	Bond Issues	220411	07/24	N/A
Atkinson Andelson	Employee Relations	59302	04/04	\$1,316,937
Loya Ruud & Romo	Delta Conveyance Project Bond Validation-CEQA Litigation	185899	09/21	\$250,000
	MWD Drone and Airspace Issues	193452	08/20	\$50,000
	AFSCME Local 1902 in Grievance No. 1906G020 (CSU Meal Period)	201883	07/12/21	\$30,000
	MWD MOU Negotiations**	201893	10/05/21	\$100,000
	Misconduct Investigation	222533	01/25	\$25,000
	Ethics Investigation	222534	01/25	\$25,000
	PRA Issues	222539	02/25	\$20,000
	Sanchez Job Audit Appeal	222551	03/25	\$50,000
	Gutierrez Job Audit Appeal	222552	03/25	\$50,000
	RFIs by AFSCME Local 1902	222554	03/25	\$20,000
BDG Law Group, APLC	Gutierrez v. MWD	216054	03/24	\$250,000
AI LO	Hagekhalil Defense in Kasaine Litigation	222547	03/25	\$250,000

Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Best, Best & Krieger	Bay-Delta Conservation Plan/Delta Conveyance Project (with SWCs)	170697	08/17	\$500,000
	Environmental Compliance Issues	185888	05/20	\$100,000
	Grant Compliance Issues	211921	05/23	\$250,000
	Pure Water Southern California	207966	11/22	\$250,000
	Progressive Design Build	216053	04/24	\$250,000
	Pure Water – SB 149 CEQA Record Preparation	<u>222526</u>	<u>02/25</u>	<u>\$150,000</u>
Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP	FCC and Communications Matters	110227	11/10	\$100,000
Brown White & Osborn	Employment Matter	222523	10/24	\$50,000
LLP	Employment Matter	222525	11/24	\$50,000
Buchalter, a Professional Corp.	Union Pacific Industry Track Agreement	193464	12/07/20	\$50,000
Burke, Williams & Sorensen, LLP	Real Property – General	180192	01/19	\$100,000
Solelisell, LLF	Labor and Employment Matters	180207	04/19	\$75,000
	General Real Estate Matters	180209	08/19	\$200,000
	Rancho Cucamonga Condemnation Actions (Grade Separation Project)	207970	05/22	\$100,000
Law Office of Alexis S.M. Chiu*	Bond Counsel	200468	07/21	N/A
S.IVI. CITIU	Bond Counsel	220409	07/24	N/A
Castañeda + Heidelman LLP	Employment Matter	216055	04/24	\$100,000
I IEIUEIIIIAII LLF	Employment Matter	222530	11/24	\$100,000
Cislo & Thomas LLP	Intellectual Property	170703	08/17	\$100,000
Curls Bartling P.C.*	Bond Counsel	200470	07/21	N/A

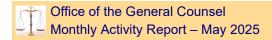
Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Davis Wright Tremaine, LLP	Advice and Representation re Potential Litigation	220424	10/24	\$250,000
	Kasaine v. MWD	222543	03/25	\$250,000
Duane Morris LLP	SWRCB Curtailment Process	138005	09/14	\$615,422
Duncan, Weinberg, Genzer & Pembroke	Power Issues	6255	09/95	\$3,175,000
Erin Joyce Law, PC	Ethics Advice	216058	05/24	\$100,000
Glaser Weil Fink Howard Jordan & Shapiro	Employment Matter	220395	7/24	\$160,000
Greines, Martin, Stein & Richland LLP	SDCWA v. MWD	207958	10/22	\$100,000
& RICHANG LLP	Colorado River Matters	207965	11/22	\$100,000
Hackler Flynn & Associates	Government Code Claim Advice	216059	5/24	\$150,000
Haden Law Office	Real Property Matters re Agricultural Land	180194	01/19	\$50,000
Hanna, Brophy, MacLean, McAleer & Jensen, LLP	Workers' Compensation	211926	06/23	\$500,000
Hanson Bridgett LLP	Finance Advice	158024	12/16	\$100,000
	Deferred Compensation/HR	170706	10/17	\$600,000
	Tax Issues	180200	04/19	\$50,000
	Alternative Project Delivery (ADP)	207961	10/22	\$250,000
	Ad Valorem Property Taxes	216042	11/23	\$100,000
Hausman & Sosa, LLP	Jones v. MWD	216056	05/24	\$100,000
	Villavicencio v. MWD	220426	10/24	\$100,000
	Jensen Operator Standby Removal	222522	10/24	\$100,000
	Villa NOIS Appeal	222553	03/25	\$50,000

Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Hawkins Delafield & Wood LLP*	Bond Counsel	193469	07/21	N/A
WOOD LLP	Bond Counsel	220405	07/24	N/A
Hemming Morse, LLP	Baker Electric v. MWD	211933	08/23	\$175,000
Horvitz & Levy	SDCWA v. MWD	124100	02/12	\$1,250,000
	General Appellate Advice	146616	12/15	\$200,000
	Colorado River	203464	04/22	\$100,000
	Delta Conveyance Bond Validation Appeal	216047	03/24	\$25,000
	PFAS Multi-District Litigation – Appeal	216050	03/24	\$200,000
Innovative Legal Services, P.C.	Employment Matter	211915	01/19/23	\$175,000
Internet Law Center	Cybersecurity and Privacy Advice and Representation	200478	04/13/21	\$100,000
	Systems Integrated, LLC v. MWD	201875	05/17/21	\$100,000
Amira Jackmon, Attorney at Law*	Bond Counsel	200464	07/21	N/A
Jackson Lewis P.C.	Employment: Department of Labor Office of Contract Compliance	137992	02/14	\$45,000
Jones Hall, A Professional Law Corp*	Bond Counsel	200465	07/21	N/A
Katten Muchin Rosenman LLP	Bond Counsel	220412	07/24	N/A
Kronenberger Rosenfeld, LLP	Systems Integrated, LLC v. MWD	211920	04/23	\$250,000
Kutak Rock LLP	Delta Islands Land Management	207959	10/22	\$160,000
Lesnick Prince & Pappas LLP	Kidde-Fenwal Bankruptcy	216061	06/24	\$50,000

Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Liebert Cassidy Whitmore	Labor and Employment	158032	02/17	\$244,741
willinore	FLSA Audit	180199	02/19	\$50,000
	EEO Advice	216041	12/23	\$250,000 \$450,000
Lieff Cabraser Heimann & Bernstein, LLP	PFAS Multi-District Litigation	216048	03/24	\$200,000
Manatt, Phelps & Phillips	SDCWA v. MWD rate litigation	146627	06/16	\$4,400,000
	Raftelis-Subcontractor of Manatt, Agr. #146627: Per 5/2/22 Engagement Letter between Manatt and Raftelis, MWD paid Raftelis Financial Consultants, Inc.	Invoice No. 23949		\$56,376.64 for expert services & reimbursable expenses in SDCWA v. MWD
Marten Law LLP	PFAS Multi-District Litigation	216034	09/23	\$550,000
	PFAS-Related Issues (PWSC)	220414	08/24	\$100,000
	Perris Valley Pipeline Project	220415	07/24	\$100,000
	PFAS-Related Issues (General)	220413	10/24	\$50,000
Meyers Nave Riback Silver & Wilson	Pure Water Southern California	207967	11/22	\$100,000
Miller Barondess, LLP	SDCWA v. MWD	138006	12/14	\$600,000
Morgan, Lewis & Bockius	SDCWA v. MWD	110226	07/10	\$8,750,000
DOCKIUS	Project Labor Agreements	200476	04/21	\$100,000
Musick, Peeler & Garrett LLP	Colorado River Aqueduct Electric Cables Repair/Contractor Claims	193461	11/20	\$3,250,000
	Arvin-Edison v. Dow Chemical	203452	01/22	\$150,000
	Semitropic TCP Litigation	207954	09/22	\$75,000
	Employment Matter	220417	08/24	\$100,000

Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Nixon Peabody LLP*	Bond Counsel [re-opened]	193473	07/21	N/A
	Special Finance Project	207960	10/22	\$50,000
	Bond Counsel	220404	07/24	N/A
Norton Rose Fulbright US LLP*	Bond Counsel	200466	07/21	N/A
US LLF	Bond Counsel	220407	7/24	N/A
Olson Remcho LLP	Government Law	131968	07/14	\$600,000
	Advice/Assistance re Proposition 26/Election Issues	211922	05/23	\$100,000
Robert P. Ottilie	Employment Matter	<u>226514</u>	<u>05/25</u>	<u>\$50,000</u>
Pearlman, Brown & Wax, L.L.P.	Workers' Compensation	216037	10/23	\$100,000
Procopio, Cory, Hargreaves & Savitch, LLP	CityWatch Los Angeles Public Records Act Request	216046	02/24	\$75,000
LLF	Public Records Act Requests	220399	7/24	\$75,000
Redwood Public Law, LLP	PRA and Conflicts Issues	222540	02/25	\$150,000
Renne Public Law Group, LLP	ACE v. MWD (PERB Case No. LA-CE-1611-M)	207962	10/22	\$50,000
	Employee Relations and Personnel Matters	216045	01/24	\$50,000
	ACE v. MWD (PERB Case No. LA-CE-1729-M)	220421	09/24	\$35,000
	AFSCME v. MWD (PERB Case No. LA-CE-1733-M)	220422	09/24	\$35,000
	AFSCME v. MWD (PERB Case No. LA-CE-1738-M)	220425	10/24	\$35,000

Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
	SAMWD v. MWD (PERB Case No. LA-CE-1745-M)	220527	11/24	\$35,000
	AFSCME v. MWD (PERB Case No. LA-CE-1746-M)	222528	11/24	\$35,000
	AFSCME v. MWD (PERB Case No. LA-CE-1774-M)	<u>226515</u>	<u>05/25</u>	<u>\$35,000</u>
Melanie Ross Law P.C.	Tiegs v. MWD	222535	01/25	\$25,000
Ryan & Associates	Leasing Issues	43714	06/01	\$200,000
	Oswalt v. MWD	211925	05/23	\$250,000
	Unlawful Encroachment on Metropolitan Rights-of-Way	216065	06/24	\$100,000
Seyfarth Shaw LLP	Claim (Contract #201897)	201897	11/04/21	\$350,000
	Claim (Contract #203436)	203436	11/15/21	\$350,000
	Claim (Contract #203454)	203454	01/22	\$210,000
	Reese v. MWD	207952	11/22	\$900,000
	General Labor/Employment Advice	211917	3/23	\$250,000
	Civil Rights Department Complaint	211931	07/23	\$100,000
	Crawford v. MWD	216035	09/23	\$525,000
	Tiegs v. MWD	216043	12/23	\$825,000
	Zarate v. MWD	216044	01/24	\$500,000
Shaw Law Group, PC	Administrative Investigation	222531	12/24	\$30,000
Sheppard Mullin	Lorentzen v. MWD	216036	09/23	\$250,000
Richter & Hampton LLP	Iverson v. MWD	222532	12/24	\$100,000 \$200,000
Stradling Yocca Carlson & Rauth*	Bond Counsel	200471	07/21	N/A
Canson & Raum	Bond Counsel	220408	7/24	N/A



Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Theodora Oringher PC	Construction Contracts - General Conditions Update	185896	07/20	\$100,000
Thompson Coburn LLP	NERC Energy Reliability Standards	193451	08/20	\$300,000
Van Ness Feldman, LLP	General Litigation	170704	07/18	\$50,000
LLF	Colorado River MSHCP	180191	01/19	\$50,000
	Bay-Delta and State Water Project Environmental Compliance	193457	10/15/20	\$50,000
	Colorado River Issues	211924	05/23	\$250,000

<sup>\*</sup>Expenditures paid by Bond Proceeds/Finance \*\*Expenditures paid by another group

# **Board Report**

## Office of the General Auditor

## General Auditor's Report for May 2025

## **Summary**

This report highlights significant activities of the Office of the General Auditor for the month ended May 31, 2025.

## **Purpose**

Informational

#### **Attachments**

None

## **Detailed Report**

## **Audit & Advisory Projects**

Twenty-five projects are in progress:

- Six audit projects are in the report preparation phase.
  - No management responses are outstanding.
- Eighteen projects are in the execution phase, including nine audits and nine advisories.
- One project is in the planning phase.

Work priority is being given to the seven carryforward audits.

## Follow-Up Reviews

Thirteen audits are in the follow-up phase:

- Nine follow-up reviews are in progress.
- Four follow-up reviews have not been started.

No follow-up review forms are overdue.

## **Other General Auditor Activities**

#### 1. Annual Audit Plan

The FY 2025/26 audit plan has been developed and will be presented to the Board for approval at the June meetings of the Audit Committee and Board of Directors.

## 2. Senior Audit Manager Recruitment

Recruitment is actively in progress.

## Board Report (General Auditor's Report for May 2025)

## 3. Department Head Collaboration

**Completed.** The General Auditor participated in the final workshop with the General Manager, Ethics Officer, and General Counsel.

## 4. External Resources RFQ

An RFQ for specialty internal audit services was issued with submittals due in June.

#### 5. Global Internal Audit Standards

Evaluation and adoption of the updated standards issued by the Institute of Internal Auditors, effective January 9, 2025, is in progress. Board roles and responsibilities, per the Standards, will be presented as an information item at the September meeting of the Audit Committee.

## 6. Employee Inspection Trips

Two staff members attended Colorado River Aqueduct employee inspection trips.

## 7. Training

Audit staff attended Internal Audit Strategy for Government Auditors training.





# Monthly Report May 2025

# **EDUCATION Program**

This month, the Ethics Office proposed to the Board that the biennial state ethics training requirement be expanded to include all Metropolitan officials who file Statements of Economic Interest (Form 700). The Board approved the proposal, and ethics staff began coordinating the expanded training requirement.

Staff presented an Ethics Office overview at new employee orientations hosted by Human Resources, provided an overview of the Gift policy to the Community and Workplace Culture Committee, and issued a gift fact sheet to directors. Staff also had in-service refresher training on Metropolitan's Al Guidelines.

Staff attended a panel session hosted by the Council on Governmental Ethics Laws: *Lobbying Roundtable*.

# **COMPLIANCE Program**

Form 700/Filing Officer Duties – Pursuant to state law and the Administrative Code, Compliance staff assisted directors and employees with their Annual, Assuming Office, and Leaving Office Form 700 filings. Assistance included troubleshooting the electronic filing system and issuing notices of deadlines. In total, staff addressed 22 compliance-related matters for Metropolitan Directors and staff related to Form 700.

Annual Form 700 Compliance - As of May 31, two directors and 50 employees had not

yet filed their Annual Form 700. While typically due April 1, the annual Form 700 filing deadline was extended to June 2, 2025, for qualifying filers due to the January fires in Los Angeles County. Staff will continue efforts to reach 100% compliance.

AB 1234 Compliance – 84% of Metropolitan officials required to take biennial AB 1234 state ethics training are in compliance. Nine officials are not in compliance. Staff will continue efforts to seek 100% compliance. Staff also selected a vendor to track AB 1234 trainings after the training requirement was expanded to all Form 700 filers (approximately 800 employees).

## **ADVICE Program**

Advice staff addressed 34 time-sensitive advice requests for directors and employees related to the following ethics areas: conflicts of interest, financial disclosure, recusals, gifts, and other ethics-related topics.

Examples of advice requested:

- Whether a subcontractor on a project is disqualified from an RFQ related to additional
  work on the same project where the subcontractor's prior work included participating in
  the development of reports that will be part of the RFQ bid documents.
- Whether multiple gifts qualify for the "acts of human compassion" exception.
- Whether a Metropolitan official may accept, if selected, a Metropolitan grant in their private capacity where the official had no role in the grant process in their official capacity.
- Whether an employee may serve as an evaluator on an RFQ review panel where the employee's former employer is a respondent to the RFQ.

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

# **INVESTIGATION Program**

**Complaints Received** – The Ethics Office received four new complaints involving the following five allegations:

- Report of damaged Metropolitan property. [Referred to Management]
- Two instances of misuse of authority by managers for personal gain. [Under review]
- Improper release of confidential information. [Under review]

 Retaliation by a manager against an employee for reporting potential EEO violations. [Referred to EEO]

**Open Complaints and Investigations** – As of May 31, 2025, the Investigation Program is managing a total of 11 open complaints and one open ethics investigation.

**Resolved Complaints** – Seven allegations of potential ethics violations were resolved following six preliminary reviews and one formal investigation. It took an average of 115 days to review and resolve these matters, some of which included multiple complex allegations.

**Ethics Officer Findings** – The Ethics Officer determined that a supervisor did not accept a gift from a Metropolitan restricted source, and therefore did not violate Administrative Code section 7122.

<b>SNAPSHOT for May 2025</b>	
Advice Matters 34	Pending Complaints 11
Compliance Assistance 22	Investigations Opened  O
New Complaints Received 4 (82 to date, FY 24-25)	Pending Investigations  1

## Mission

The Ethics Office promotes the highest standards of government integrity to support Metropolitan's mission through an independent and comprehensive program that enhances trust, transparency, and accountability for the benefit of the workforce and the public it serves.

## **Vision**

Our vision is to be a leader in governmental ethics with an unparalleled commitment to supporting an ethical organizational culture.



# **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 Raymond Jay as its respresentative on Metropo	e above-entitled member agency approved the a litan's Board of Directors.	ppointment of
The oath of office is expected to be given on or	before the June 10, 2025 Board meeting.	
	Rickita C. Hude	10N 5/22/25 Date
	Board Executive Secretary	
Legal Review		
Credentials were examined and found to be in o  ☑ An Indefinite Term pursuant to the Metropo  ☐ a Specified Term pursuant to the Metropolit		Act for:
	Marcia Scully	5/23/25 Date

General Counsel

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 METROPOLITIAN 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 11<sup>th</sup> day of February 2025.

Mayor George K. Chen

ATTEST:

APPROVED AS TO FORM:

PATRICK Q. SULLIVAN, City Attorney

Tatia Y. Strader, Assistant City Attorney

Rebecca Poirier, MMC, City Clerk

## TORRANCE CITY COUNCIL RESOLUTION NO. 2025-08

	CALIFORNIA F LOS ANGELES DRRANCE	) ) ss )				
resolution wa	Poirier, City Clerk of the Ci as duly introduced, appro meeting of said Council h	ved, and adopted by	the City Coun	cil of the Cit	y of Torra	ınce
AYES:	COUNCILMEMBERS	Gerson, Lewis, Mayor Chen	Kaji, Kalani,	Mattucci,	Sheikh,	and
NOES:	COUNCILMEMBERS	None.				
ABSTAIN:	COUNCILMEMBERS	None.				
ABSENT:	COUNCILMEMBERS	None.	ROU	Nos		
	1 11/12/-		Rebecca Po	irier, MMC		
Date: //			City Clerk of	the City of	Torrance	

#### MINUTES

## **MEETING OF THE**

## **BOARD OF DIRECTORS**

#### THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

## **April 8, 2025**

**540163415** The Board of Directors of The Metropolitan Water District of Southern California met in on Tuesday, April 08, 2025.

Chair Ortega called the meeting to order at 12:00 p.m.

**540173416** The Meeting was opened with an invocation by Director Larry Dick, Municipal Water District of Orange County.

**540183417** The Pledge of Allegiance was given by Director Jay Lewitt, Las Virgenes Municipal Water District.

540193418 Board Executive Secretary Hudson administered the roll call. Those responding present were: Directors Ackerman, Alvarez, Armstrong, Bryant, Camacho, Cordero, Crawford, De Jesus, Dennstedt, Dick, Douglas, Erdman, Fellow, Fong-Sakai, Garza, Gold, Goldberg, Gray (teleconference posted location available for the public), Jung (teleconference posted location available for the public), Katz, Kurtz, Lefevre (teleconference posted location available for the public), Lewitt, Luna, McCoy, McMillan, Miller, Ortega, Petersen, Pressman, Quinn, Ramos, Seckel, Shepherd Romey, and Sutely.

Those not responding were: Directors Faessel and Phan.

Board Executive Secretary Hudson declared a quorum present.

Director(s) entered after roll call: Kassakhian.

**540203419** Chair Ortega invited members of the public to address the Board on matters within the Board's jurisdiction (in-person and via teleconference).

	Name	Affiliation	Comment
1.	Joe Mouawad	Eastern Municipal Water District	Item 7-9
2.	Scott Quady	Calleguas Municipal Water District	Item 7-9
3.	Raul Avila	Calleguas Municipal Water District	Item 7-9

4.	Bruce Reznik	LA Water Keepers	Item 7-6
5.	Tony Trembly	Council Member City of Camarillo	Item 7-9
6.	Gary Bobker	Program Director, Friends of the River	Item 7-6
7.	John Mendoza	City of Pomona	Item 7-9
8.	Philips Musgow	Executive Director San Diego Coast Keeper	Item 7-6

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

## Director(s)

## 1. Dick

Chair Ortega addressed the following: Other Matters and Reports.

**540213420** Chair Ortega asked if there were any corrections to the report of events attended by Directors at Metropolitan's expense during the month of March, as previously posted and distributed to the Board. None were made.

**540223421** Chair Ortega referred to the Chair's monthly report, which was previously posted and distributed to the Board. In addition, he announced that Metropolitan will observe Armenian History Month with recognition on social media platforms and celebrate Earth Week. Lastly, recognition of the efforts of the administrative team at the desert facilities on social media in honor of Administrative Professionals Day on April 23. Chair Ortega asked if there were any questions. None were made.

Director Kassakhian entered the meeting.

**540233422** General Manager Upadhyay, in addition to his written report, on the following items: The San Jacinto Tunnel facility was named in honor of former Chair and Director Randy Record. During the event, staff conducted tunnel tours, and a video was shown of the tunnel. The Diamond Valley Lake naming event is approaching, so please RSVP. The process matters memorandum to the workforce, with a ninety-day deadline to receive feedback on streamlining and improving effectiveness.

Lastly, spotlight on Metropolitan Employee Robert Velasquez retiring with 32 years of service. JR Rhodes and Robert Velasquez made remarks. Chair Ortega asked if there were any questions. None were made.

**540243423** General Counsel Scully stated she had nothing to add to her written report and that she will be absent from the May meetings, Assistant General Counsel Heather Beatty will be her delegate.

**540253424** General Auditor Suzuki, in addition to his written report, the next audit committee meeting will be on April 22nd, and Kathryn Andrus has been promoted to Assistant General Auditor.

**540263425** Ethics Officer Salinas, in addition to his written report, Ethics is reassessing the ethics program, the visit with City of Anaheim Ethics Officer, and Form 700 filers should be required to take AB1234, and a board letter will be presented on the item next month. Chair Ortega asked if there were any questions. None were made.

**540273426** Induction of new Director Gretchen Shepherd Romey from City of San Marino. General Counsel confirmed the credentials are in order. Chair Ortega and Director Shepherd Romey made remarks.

Chair Ortega announced that the agenda would be taken out of order. Item 7-9 will be heard first followed by Item 6C.

**540283427** Express support if amended for AB523 (Irwin) Metropolitan Water Districts: alternative representative, as set forth in Agenda Item 7-9 board letter.

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

## Director(s)

- 1. Dick
- 2. De Jesus
- 3. Armstrong
- 4. Sutley
- 5. Katz
- 6. Ramos
- 7. Pressman
- 8. McMillan
- 9. Dennstedt
- 10. Luna
- 11. Lewitt
- 12. Camacho
- 13. Kassakhian
- 14. Shepherd Romey
- 15. Ackerman
- 16. Garza
- 17. Ortega

Motion by Armstrong, seconded by Camacho to approve Consent Calendar Items 7-9.

Chair Ortega called for a vote to approve the Consent Calendar Item 7-9.

Director Gray left the meeting.

## The following is a record of the vote:

Record of Vote on Consent Item(s):	7-9								
	Total Votes	Director	Present	Vaa	Yes Vote	Na	No Vote	Abstain	Abstain Vote
Member Agency Anaheim		Faessel	Present	Yes	vote	No	vote	ADStain	vote
Beverly Hills		Pressman	v		4677				
Burbank		Ramos	X	Х	4077		3330		
Calleguas Municipal Water District		McMillan	X		13627	Х	3330		
Central Basin Municipal Water District		Garza	X	X	10133				
Central Basin Municipal Water District	20203	Crawford	X	X	10133				
		Crawioru	Subtotal:	Х	20265				
Compton	678	McCoy	Х	Х	678				
Eastern Municipal Water District		Armstrong	X	X	13623				
Foothill Municipal Water District		Bryant	X		10020			х	2543
Fullerton		Jung	X			Х	2766		2010
Glendale		Kassakhian	X	Х	4165		2700		
Inland Empire Utilities Agency		Camacho	X	X	17103				
Las Virgenes		Lewitt	X	X	3224				
Long Beach		Cordero	X	X	6805				
Los Angeles	1	Sutley	X		5555	Х	16767		
	00000	Petersen	X			X	16767		
		Quinn	X			X	16767		
		Luna	X			X	16767		
		Douglas	X			X	16767		
			Subtotal:				83835		
Municipal Water Dist. of Orange County	68102	Ackerman	X			Х	17026		
	00.02	Seckel	X			X	17026		
		Dick	X			X	17026		
		Erdman	X			X	17026		
			Subtotal:				68102		
Pasadena	4042	Kurtz	Х					х	4042
San Diego County Water Authority		Fong-Sakai	Х	Х	17540				
, ,		Goldberg	Х	Х	17540				
		Miller	Х	Х	17540				
		Katz	Х	Х	17540				
			Subtotal:		70158				
San Fernando	274	Ortega	Х	Х	274				
San Marino		Shepherd Romey	Х	Х	836				
Santa Ana		Phan							
Santa Monica	5055		Х			Х	5055		
Three Valleys Municipal Water District	9019	De Jesus	Х			х	9019		
Torrance	3781	Lefevre	Х	Х	3781				
Upper San Gabriel Valley Mun. Wat. Dis	14079	Fellow	Х	Х	14079				
West Basin Municipal Water District	28764	Alvarez	Х			Х	28764		
		Gray							
			Subtotal:				28764		
Western Municipal Water District	15689	Dennstedt	Х	Х	15689				
Total	406315				188984		200871		6585
Present and not voting									
Absent	9875								

The motion to approve the Consent Calendar Item 7-9 (M.I. No. 540283427) failed by a vote of 188,984 ayes; 200,871 noes; 6,585 abstain; 0 not voting; and 9,875 absent.

**540293428** Nomination and Election of nonofficer member of the Executive Committee for two-year term effective March 11, 2025: Director Jung. (Agenda Item 6B)

Chair Ortega called for a vote to approve the Consent Calendar Item 6B.

The following is a record of the vote:

Record of Vote on Item:	6B								
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	6306	Faessel							
Beverly Hills		Pressman	Х	Х	4677				
Burbank		Ramos	Х	Х	3330				
Calleguas Municipal Water District		McMillan	Х	Х	13627				
Central Basin Municipal Water Distri		Garza	Х	Х	10133				
1		Crawford	Х	Х	10133				
			Subtotal:		20265				
Compton	678	McCoy	Х	Х	678				
Eastern Municipal Water District		Armstrong	Х	Х	13623				
Foothill Municipal Water District		Bryant	Х	Х	2543				
Fullerton		Jung	Х	Х	2766				
Glendale		Kassakhian	Х	Х	4165				
Inland Empire Utilities Agency		Camacho	Х	Х	17103				
Las Virgenes		Lewitt	Х	Х	3224				
Long Beach	6805	Cordero	Х	Х	6805				
Los Angeles		Sutley	Х	Х	20959				
		Petersen							
		Quinn	Х	Х	20959				
		Luna	Х	Х	20959				
		Douglas	Х	Х	20959				
			Subtotal:		83835				
Municipal Water Dist. of Orange Cou	68102	Ackerman	Х	Х	17026				
1		Seckel	Х	Х	17026				
		Dick	Х	Х	17026				
		Erdman	Х	Х	17026				
			Subtotal:		68102				
Pasadena	4042	Kurtz	Х	Х	4042				
San Diego County Water Authority	70158	Fong-Sakai	Х	Х	17540				
		Goldberg	Х	Х	17540				
		Miller	Х	Х	17540				
		Katz	Х	Х	17540				
			Subtotal:		70158				
San Fernando	274	Ortega	Х	Х	274				
San Marino	836	Shepherd Ro	Х	Х	836				
Santa Ana		Phan							
Santa Monica		Gold	х	Х	5055				
Three Valleys Municipal Water Distri	9019	De Jesus	Х	Х	9019				
Torrance	3781	Lefevre	Х	Х	3781				
Upper San Gabriel Valley Mun. Wat.	14079	Fellow	Х	Х	14079				
West Basin Municipal Water District		Alvarez	Х	Х	28764				
		Gray							
			Subtotal:		28764				
Western Municipal Water District	15689	Dennstedt	Х	Х	15689				
Total	406315				396440				
Present and not voting									
Absent	9875								

The motion to approve the Consent Calendar Item 6B (**M.I. No. 540293428**) passed by a vote of 396,440 ayes; 0 noes; 0 abstain; 0 not voting; and 9,875 absent.

540303429 Chair Ortega asked the Directors if there were any comments or discussions on the Approval of the Minutes of the Special Audit Subcommittee of the Executive Committee for November 20, 2024; Ethics, Organization, and Personnel Committee for February 10, 2025; Ethics, EEO, Diversity, Equity & Inclusion Committee for March 10, 2025; and Board of Directors Meetings for February 11, 2025 and March 11, 2025 (Agenda Item 6A). None were made.

**540313430** Approve and appoint Committee Assignments. Appoint Director Shepherd Romey as a member of the Legislation and Communications Committee and the One Water and Adaptation Committee (Agenda Item 6C).

Chair Ortega asked if there were any questions on the committee appointments. No comments were made.

Chair Ortega called on Directors who are requesting that any items be pulled from the Consent Calendar Action Items and to state any recusals, abstentions, and disclosures.

Director Bryant disclosed on Item 7-12 that he receives per diem reimbursements and other benefits from Foothill Municipal Water District for service on the Board, and due to section 56, he will not vote, including abstaining on the item, which is an agreement between Metropolitan and Foothill.

Director De Jesus disclosed on Item 7-13 that he receives per diem reimbursements and other benefits from Three Valleys Municipal Water District for service on the Board, and due to section 56, he will not vote, including abstaining on the item, which is an agreement between Metropolitan and Three Valleys.

Director Crawford disclosed on Item 7-14 that he receives per diem reimbursements and other benefits from Central Basin Municipal Water District for service on the Board, for which he declines reimbursement, and due to section 56, he will not vote, including abstaining on the item, which is an agreement between Metropolitan and Central Basin.

Director Garza disclosed on Item 7-14 that he receives per diem reimbursements and other benefits from Central Basin Municipal Water District for service on the Board, and due to section 56, he will not vote, including abstaining on the item, which is an agreement between Metropolitan and Central Basin.

Director Cordero disclosed on Items 7-14 and 7-15 that she receives per diem reimbursements and other benefits from the City of Long Beach for service on the Board. In addition, her spouse is a City of Long Beach employee. She can participate on the items.

Director Ackerman disclosed on Item 7-16 that she receives per diem reimbursements and other benefits from the Municipal Water District of Orange County for service on the Board. In addition, she is recusing herself because her spouse performs consulting services for the Municipal Water District of Orange County. She will not vote on the item and will leave the meeting until the completion of the item.

Director Ackerman left the meeting.

Director Dick disclosed on Item 7-16 that he receives per diem reimbursements and other benefits from Municipal Water District of Orange County for service on the Board, and due to section 56 he will not vote, including abstaining on the item, which is an agreement between Metropolitan and Municipal Water District of Orange County.

Director Erdman disclosed on Item 7-16, which is an agreement between Metropolitan and Municipal Water District of Orange County, that he receives per diem reimbursements and other benefits from Municipal Water District of Orange County for service on the Board. He can participate on the item.

Director Seckel disclosed on Item 7-16 that he receives per diem reimbursements and other benefits from the Municipal Water District of Orange County for service on the Board, and due to section 56 he will not vote, including abstaining on the item, which is an agreement between Metropolitan and the Municipal Water District of Orange County.

Director McCoy disclosed on Item 7-17, which is an agreement between Metropolitan and the City of Compton, that she does not receive per diem, but she is entitled to receive a per diem reimbursement or other benefits for her services on the Board. She can participate on the item.

Consent Calendar Items- Action

**540323431** Authorize an increase of \$1.0 million to a professional services agreement with GridSME for a new not-to-exceed total amount of \$1.245 million for electric transmission planning and NERC-related electric reliability compliance services, as set forth in Agenda Item 7-1 board letter.

**540333432** Authorize an agreement with Red8 in an amount not to exceed \$850,000 for the implementation of the Data Storage Infrastructure Refresh project, as set forth in Agenda Item 7-2 board letter.

**540343433** Authorize an agreement with Metal Toad Media Inc. for a new fixed cost of \$299,000 per year with a not-to-exceed amount of \$996,200 for the duration of the three-year agreement to host, manage, and maintain Metropolitan's external websites, as set forth in Agenda Item 7-3 board letter.

**540353434** Authorize an increase of \$3.3 million to an existing agreement with Stantec Consulting Services Inc. for a new not-to-exceed total amount of \$4.99 million for final design of a mechanical dewatering facility at the Jensen plant, as set forth in Agenda Item 7-4 board letter.

540363435 Authorize an amendment to a reimbursable agreement with BH Luxury Residences LLC to provide design review and inspection-related activities for the relocation of the Santa Monica Feeder, as set forth in Agenda Item 7-5 board letter.

**540373436** Approve Climate Adaptation Master Plan for Water Five-Year Implementation Strategy, as set forth in Agenda Item 7-6 board letter.

**540383437** Adopt resolutions fixing and adopting a Readiness-to-Serve Charge and a Capacity Charge for calendar year (CY) 2026, as set forth in Agenda Item 7-7 board letter.

**540393438** Approve amendments to the Metropolitan Water District Administrative Code to conform oversight of the General Auditor and Audit Department duties and responsibilities to the current committee structure, streamline reporting on professional services agreement, and make a minor non-substantive change as set forth in Agenda Item 7-8 board letter.

**540403439** Approve the attached salary schedule, as set forth in Agenda Item 7-10 board letter.

**540413440** Authorize the General Manager to extend California Contractor Forbearance for Intentionally Created Surplus, as set forth in Agenda Item 7-11 board letter.

**540423441** Authorize the General Manager to terminate the Foothill Area Conjunctive Use Program Agreement, as set forth in Agenda Item 7-12 board letter.

**540433442** Authorize the General Manager to terminate the Live Oak Basin Conjunctive Use Program Agreement, as set forth in Agenda Item 7-13 board letter.

**540443443** Authorize the General Manager to terminate the Long Beach Conjunctive Use Program Agreement, as set forth in Agenda Item 7-14 board letter.

**540453444** Authorize the General Manager to terminate the Long Beach Expansion into the Lakewood Conjunctive Use Program Agreement, as set forth in Agenda Item 7-15 board letter.

**540463445** Authorize the General Manager to terminate the Orange County Conjunctive Use Program Agreement, as set forth in Agenda Item 7-16 board letter.

**540473446** Authorize the General Manager to terminate the Compton Conjunctive Use Program Agreement, as set forth in Agenda Item 7-17 board letter.

**540483447** Authorize the General Counsel to increase the amount payable under contract with outside counsel, Liebert Cassidy Whitmore, in the amount of \$200,000 for a total amount not to exceed \$450,000, as set forth in Agenda Item 7-18 board letter.

Director Sutley moved, seconded by Director Camacho, that the Board approve the Consent Calendar Items 6A, 6C, 7-1 through 7-8, and 7-10 through 7-18.

Chair Ortega called for a vote to approve the Consent Calendar Items 6A, 6C, 7-1 through 7-8, and 7-10 through 7-18.

The following is a record of the vote:

Record of Vote on Consent Item(s):		d 7-1 to 7-8 a	and 7-10 t	hrough 7					
	Total	<b>5</b>		.,	Yes		No		Abstain
Member Agency	Votes	Director	Present	Yes	Vote	No	Vote	Abstain	Vote
Anaheim		Faessel							
Beverly Hills		Pressman	Х	Х	4677				
Burbank		Ramos	Х	Х	3330				
Calleguas Municipal Water District		McMillan	Х	Х	13627				
Central Basin Municipal Water District	20265	Garza	Х	Х	10133				
		Crawford	Х	Х	10133				
			Subtotal:		20265				
Compton		McCoy	Х	Х	678				
Eastern Municipal Water District		Armstrong	Х	Х	13623				
Foothill Municipal Water District		Bryant	Х	Х	2543				
Fullerton		Jung	Х	Х	2766				
Glendale		Kassakhian	Х	Х	4165				
Inland Empire Utilities Agency		Camacho	Х	Х	17103				
Las Virgenes		Lewitt	Х	Х	3224				
Long Beach		Cordero	Х	Х	6805				
Los Angeles	83835	Sutley	Х	Х	16767				
		Petersen	Х	Х	16767				
		Quinn	Х	Х	16767				
		Luna	Х	Х	16767				
		Douglas	Х	Χ	16767				
			Subtotal:		83835				
Municipal Water Dist. of Orange County	68102	Ackerman							
		Seckel	Х	Х	22701				
		Dick	Х	Χ	22701				
		Erdman	Х	Х	22701				
			Subtotal:		68102				
Pasadena	4042	Kurtz	Х	Х	4042				
San Diego County Water Authority	70158	Fong-Sakai	Х	Х	17540				
		Goldberg	Х	Х	17540				
		Miller	Х	Х	17540				
		Katz	Х	Х	17540				
			Subtotal:		70158				
San Fernando		Ortega	х	Х	274				
San Marino	836	Shepherd Ro	Х	Х	836				
Santa Ana		Phan							
Santa Monica	5055	Gold	Х	Х	5055				
Three Valleys Municipal Water District		De Jesus	Х	Х	9019				
Torrance	3781	Lefevre	Х	Х	3781				
Upper San Gabriel Valley Mun. Wat. Dist.	14079	Fellow	Х	Х	14079				
West Basin Municipal Water District	28764	Alvarez	Х	Х	28764				
		Gray							
			Subtotal:		28764				
Western Municipal Water District	15689	Dennstedt	Х	Х	15689				
Total	406315				396440				
Present and not voting									
Absent	9875								

The motion to approve the Consent Calendar Items 6A, 6C, 7-1 through 7-8, and 7-10 through 7-18 (**M.I. No. 540303429 through 540483447\***) passed by a vote of 399,980 ayes; 0 noes; 0 abstain; 0 not voting; and 6,335 absent.

\*Director Bryant did not vote on Item 7-12 (M.I. 540423444) passed by a vote of 393,897 ayes; 0 noes; 0 abstain; 2,543 not voting; and 9,875 absent.

\*Director De Jesus did not vote on Item 7-13 (**M.I. 540433442**) passed by a vote of 387,421 ayes; 0 noes; 0 abstain; 9,019 not voting; and 9,875 absent.

\*Directors Crawford and Garza did not vote on Item 7-14 (M.I. 540443443) passed by a vote of 376,175 ayes; 0 noes; 0 abstain; 20,265 not voting; and 9,875 absent.

\* Directors Dick and Seckel did not vote on Item 7-16 (**M.I. 540463445**) passed by a vote of 396,440 ayes; 0 noes; 0 abstain; 0 not voting; and 9,875 absent.

Director Ackerman entered the meeting.

**540493448** Adopt the CEQA determination that the proposed action was previously addressed in the certified 2024 Final Environmental Impact Report and related documentation, and that no further environmental analysis or documentation is required and authorize an increase of \$12.4 million to an agreement with La Cañada Design Group Inc. for a new not-to-exceed total amount of \$16.8 million for final design to upgrade the Michael J. McGuire Water Quality Laboratory (Board Item 8-1).

**540503449** Authorize an increase in the maximum amount payable under contract for legal services with Seyfarth Shaw LLP, in the amount of \$250,000 for a total amount not to exceed \$750,000 (Board Item 8-2).

Director Garza moved, seconded by Director Camacho, that the Board approve Board Items 8-1 and 8-2.

Chair Ortega called for a vote to approve Board Items 8-1 and 8-2.

## The following is a record of the vote:

Record of Vote on Item:	8-1 & 8-2								
Mombor Agonov	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Member Agency Anaheim		Faessel	FIESEIIL	163	VOLE	140	VOLE	ADStalli	VOLE
Beverly Hills		Pressman	v	· ·	4677			1	
Burbank		Ramos	X	X	3330			1	
Calleguas Municipal Water District		McMillan	X	X	13627		1	1	
Central Basin Municipal Water District		Garza	X X	X	10133				
Certifal Basiir Muriicipal Water District	20203	Crawford	X	×	10133			1	
		Clawiolu	Subtotal:	^	20265			+	
Compton	678	МсСоу	Х	х	678				
Eastern Municipal Water District		Armstrong	X	X	13623			1	
Foothill Municipal Water District		Bryant	X	×	2543			+	
Fullerton		Jung	X	×	2766		<u> </u>		
Glendale		Kassakhian	X	×	4165			+	
Inland Empire Utilities Agency		Camacho	X	×	17103			+	
Las Virgenes		Lewitt	X	X	3224			1	
Long Beach		Cordero	X	X	6805		<b>+</b>	+	
Los Angeles		Sutley			16767		<u> </u>	+	
LOS Arigeles	03033	Petersen	X	X	16767				
		Quinn		×	16767				
		Luna	X	×	16767			1	
			X	×	16767			1	
		Douglas	Subtotal:	Χ	83835				
Municipal Water Dist. of Orange County	69102	Ackerman		· ·	17026			1	
Municipal Water Dist. of Orange County	00102	Seckel	X	X	17026			1	
		Dick	X	X	17026		1	1	
		Erdman	X	X	17026			<u> </u>	
		Liuman	x Subtotal:	Х	68102				
Pasadena	4042	Kurtz			4042			-	
			X	X				-	
San Diego County Water Authority	70158	Fong-Sakai	X	X	17540			1	
		Goldberg Miller	X	X	17540 17540			+	
		Katz	X	X	17540			1	
		Naiz	x Subtotal:	Х	70158			-	
San Fernando	274	Ortogo			274				
San Fernando San Marino		Ortega Shepherd Ror	X	X	836			1	
Santa Ana		Phan	_ ^		030			1	
Santa Ana Santa Monica		Gold	,,		5055			1	
		De Jesus	X	X	9019			1	
Three Valleys Municipal Water District Torrance		Lefevre	X	X	3781			1	
Upper San Gabriel Valley Mun. Wat. Dis		Fellow	X	X	14079			1	
West Basin Municipal Water District		Alvarez	X	X	28764			1	
west pasiti wuriicipai watei District	20/04		Х	Х	20/04			1	
		Gray	Subtotali		28764			1	
Western Municipal Water District	15000	Donnotodt	Subtotal:					1	
Western Municipal Water District		Dennstedt	Х	Х	15689			1	
Total Present and not voting	406315				396440		-	+	
,	0075							1	
Absent	9875								

The motion to approve the Board Items 8-1 and 8-2 (M.I. No. 540493448 and 540503449) passed by a vote of 396,440 ayes; 0 noes; 0 abstain; 0 not voting; and 9,875 absent.

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**540513450** Chair Ortega asked if there were questions or a need for discussion on Board Information Items 9-1, 9-2 and 9-3. No requests were made.

**540523451** Chair Ortega stated we have no other matters.

**540533452** Chair Ortega asked if there were any Follow-Up Items. No requests were made.

**540543453** Chair Ortega asked if there were any Future Agenda Items. No requests were made.

**540553454** There being no objection, the meeting was adjourned at 1:42 p.m.

RICKITA HUDSON
BOARD EXECUTIVE SECRETARY

ADÁN ORTEGA, ÚR. CHAIR OF THE BOARD

#### MINUTES

## **MEETING OF THE**

## **BOARD OF DIRECTORS**

## THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

## March 11, 2025

**53983** The Board of Directors of The Metropolitan Water District of Southern California met in on Tuesday, March 11, 2025.

Chair Ortega called the teleconference meeting to order at 12:16 p.m.

**53984** The Meeting was opened with an invocation by Director Brenda Dennstedt, Western Municipal Water District of Riverside County.

**53985** The Pledge of Allegiance was given by Director Jacque McMillan, Calleguas Municipal Water District.

**53986** Board Secretary Fong-Sakai administered the roll call. Those responding present were: Directors Ackerman, Alvarez, Armstrong, Bryant, Camacho, Cordero (teleconference posted location available for the public), Crawford, De Jesus, Dennstedt, Dick, Douglas, Erdman (teleconference posted location available for the public), Faessel, Fellow, Fong-Sakai, Garza, Gold, Goldberg, Jung (teleconference posted location available for the public), Kassakhian, Katz, Kurtz, Lefevre (teleconference posted location available for the public), Lewitt, Luna, McCoy, McMillan, Miller, Morris, Ortega, Pressman, Ramos, and Seckel.

Those not responding were: Directors Gray, Petersen, Phan, Quinn, and Sutley.

Board Secretary Fong-Sakai declared a quorum present.

**53987** Chair Ortega invited members of the public to address the Board on matters within the Board's jurisdiction (in-person and via teleconference).

	Name	Affiliation	Comment
1.	Alan Shanahan	Metropolitan Employee AFSCME Local 1902	Info Tech Contract and Workforce Development
2.	Brett Barbre	Yorba Linda Water District	Item 7-1
3.	Jeff Froehlich	Metropolitan Employee	Safety/Workforce
			Development
4.	John Medoza	Pomona resident	Climate Change
5.	Quinn Connor	Metropolitan Employee	Safety/Workforce
			Development
6.	Anthony Ortega	Metropolitan Employee	Safety/Workforce
			Development

Chair Ortega addressed the following: Other Matters and Reports.

**53988** Chair Ortega asked if there were any corrections to the report of events attended by Directors at Metropolitan's expense during the month of February, as previously posted and distributed to the Board. None were made.

**53989** Chair Ortega referred to the Chair's monthly report, which was previously posted and distributed to the Board. In addition, the month of March is Women's History Month, and March 8 is International Women's Day. In partnership with Metropolitan's employee resource groups, Women at Metropolitan and the Society of Women Engineers will highlight on social media how they both helped support and foster a more inclusive workplace environment for women in water. March is also Persian Heritage Month, with Nowruz, the beginning of the New Year, on March 21<sup>st</sup>. Metropolitan plans to celebrate the Persian and Iranian communities' rich cultural and historical contributions. Lastly, on March 31<sup>st</sup> is Cesar Chavez Day; Metropolitan will highlight the Labor Leader's contributions and legacy. Chair Ortega asked if there are any questions. None were made.

**53990** General Manager Upadhyay acknowledged Women's History Month and reported on the shutdown. In addition, it highlights Metropolitan employees retiring Lori Lalla, Sue Sims, and Gary Syfers.

**53991** General Counsel Scully stated she had nothing to add to her written report.

**53992** General Auditor Suzuki, in addition to his written report, the first audit committee is on March 25<sup>th</sup>.

**53993** Ethics Officer Salinas stated he had nothing to add to the written report.

**53994** Presentation of commendation to Eduardo Rosado Lux Bus Company. Eduardo Rosado made remarks. (Agenda Item 5G)

**53995** Presentation of 35-year service pin to Director John Morris, City of San Marino. Director Morris made remarks. (Agenda Item 5H)

Chair Ortega announced the agenda will be taken out of order. Item 6C will be heard first.

**53996** Nomination and Election of nonofficer members of the Executive Committee for twoyear term effective March 11, 2025: Cynthia Kurtz, Carl E. Douglas, and Karl W. Seckel. (Agenda Item 6C)

Motion by Bryant, second by Camacho to elect Director Kurtz, Director Douglas, and Director Seckel as nonofficer members.

Chair Ortega called for a vote to approve the Consent Calendar Item 6C.

The following is a record of the vote:

Record of Vote on Item:	6C								
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim		Faessel	х	Х	6306				
Beverly Hills		Pressman	х	Х	4677				
Burbank		Ramos	х	Х	3330				
Calleguas Municipal Water District		McMillan	Х	X	13627				
Central Basin Municipal Water Distri		Garza	х	Х	10133				
,		Crawford	х	Х	10133				
			Subtotal:		20265				
Compton	678	McCoy	Х	Х	678				
Eastern Municipal Water District		Armstrong	Х	Х	13623				
Foothill Municipal Water District		Bryant	х	Х	2543				
Fullerton		Jung							
Glendale		Kassakhian	х	Х	4165				
Inland Empire Utilities Agency		Camacho	Х	X	17103				
Las Virgenes		Lewitt	Х	X	3224				
Long Beach	6805	Cordero	х	Х	6805				
Los Angeles	83835	Sutley							
3		Petersen							
		Quinn							
		Luna	Х	Х	41918				
		Douglas	Х	X	41918				
		grand	Subtotal:		83835				
Municipal Water Dist. of Orange Co.	68102	Ackerman	Х	Х	17026				
Tan no par Trater 2 lott of Grainge G		Seckel	Х	X	17026				
		Dick	Х	X	17026				
		Erdman	Х	X	17026				
			Subtotal:		68102				
Pasadena	4042	Kurtz	Х	Х	4042				
San Diego County Water Authority		Fong-Sakai	Х	X	17540				
con a region of a		Goldberg	Х	X	17540				
		Miller	Х	X	17540				
		Katz	Х	X	17540				
			Subtotal:		70158				
San Fernando	274	Ortega	Х	Х	274				
San Marino		Morris	х	Х	836				
Santa Ana		Phan							
Santa Monica		Gold	х	Х	5055				
Three Valleys Municipal Water Distri		De Jesus	Х	X	9019				
Torrance		Lefevre	Х	X	3781				
Upper San Gabriel Valley Mun. Wat.		Fellow	Х	X	14079				
West Basin Municipal Water District		Alvarez	Х	X	28764				
		Gray							
		,	Subtotal:		28764				
Western Municipal Water District	15689	Dennstedt	Х	Х	15689				
Total	406315				399980				
Present and not voting	100000								
Absent	6335						1	1	

The motion to approve the Consent Calendar Item 6C (M.I. No. 53996) passed by a vote of 399,980 ayes; 0 noes; 0 abstain; 0 not voting; and 6,335 absent.

**53997** Chair Ortega asked the Directors if there were any comments or discussions on the Approval of the Minutes of the Special Joint Executive Committee and Board of Directors meeting for January 21, 23, and 29, 2025 (Agenda Item 6A). None were made.

**53998** Approve Resolution confirming Director Jacque McMillan for Association of California Water Agencies Region 8 Board Member. (Agenda Item 6B).

**53999** Approve and appoint Committee Assignments. In addition to the committee assignment sent to the directors the following was added:

Ad Hoc Committee on Ag and Tribal Partnerships: Jeffrey D. Armstrong, as a member

Legal and Claims Committee and Legislation and Communications Committee: Michael Camacho, as a member

Organization, Personnel, and Effectiveness: Nancy Sutley, as a member

Director Katz appointed to the Subcommittee on Imported Water: Mark Gold, D. Env., Chair; Linda Ackerman, Vice Chair, Desi Alvarez, Jeffrey D. Armstrong, Michael Camacho, Gloria Cordero, David D. De Jesus, Juan Garza, Cynthia Kurtz, Jay Lewitt, Miguel Angel Luna, Jacque McMillan, and Marty Miller as members.

Director Miller appointed to the Subcommittee on Long-Term Regional Planning Processes and Business Modeling: Matt S. Petersen, Chair, Karl W. Seckel, Vice Chair, Desi Alvarez, Dennis Erdman, Stephen J. Faessel, Anthony R. Fellow, Lois Fong-Sakai, Mark Gold, D. Env., Jacque McMillan, Tracy Quinn, and Nancy Sutley as members. (Agenda Item 6D)

Chair Ortega asked if there were any questions on the committee appointments. No comments were made.

Chair Ortega called on Directors who are requesting that any items be pulled from the Consent Calendar Action Items and to state any recusals, abstentions, and disclosures.

Director McMillan disclosed on Item 7-4 that she receives per diem reimbursements and other benefits from Calleguas for service on the Board, and she will not vote on the item, which is an agreement between Metropolitan and Calleguas.

Director Faessel disclosed on Item 7-6 that he previously received salary and benefits from the City of Anaheim for his service with the city which ended on December 10, 2024. He no longer receives any salary or any other benefits, and he may participate on this item.

Director Dick disclosed that Item 7-8 involves authorizing an agreement with Verizon. He currently owns Verizon stock. Therefore, he will recuse from all participation on this item.

Director Miller disclosed that Item 7-8 involves authorizing an agreement with Verizon. He currently owns Verizon stock. Therefore, he will recuse from all participation on this item.

Consent Calendar Items- Action

**54000** Award a \$407,740.66 procurement contract to Ireland Inc. dba Core Rosion Products to furnish two 15,000-sodium hypochlorite tanks for the Copper Basin Reservoir., as set forth in Agenda Item 7-1 board letter.

**540013401** Award a \$321,575 procurement contract to Integrated 8a Solutions Inc. to furnish two 24-inch diameter gate valves; and a \$2,151,947 contract to Bailey Valve to furnish two 24-inch diameter sleeve valves for the Hollywood Tunnel pressure control structure, as set forth in Agenda Item 7-2 board letter.

**540023402** Authorize the General Manager to enter into an agreement with Palo Verde Irrigation District to jointly fund community investment in Palo Verde Irrigation District's service area, as set forth in Agenda Item 7-4 board letter.

**540033403** Authorized the General Manager to enter into a Stormwater for Recharge Pilot Program agreement with the City of Anaheim with a maximum amount of up to \$980,000 for the State College Stormwater Tank Project, as set forth in Agenda Item 7-6 board letter.

**540043404** Authorized the General Manager to forbear water conserved by two Coachella Valley Water District projects, thus allowing the conserved water to be added to Lake Mead under the U.S. Bureau of Reclamation's Lower Colorado River Basin System Conservation and Efficiency Program, as set forth in Agenda Item 7-7 board letter.

**540053405** Reviewed and considered the County of Riverside negative declaration and authorized the General Manager to execute a new ground license agreement with Verizon Wireless for up to 25 years for a new telecommunication site on Metropolitan's fee-owned property in the unincorporated community of Winchester, identified as County of Riverside Assessor Parcel Number 964-030-005, as set forth in Agenda Item 7-8 board letter.

**540063406** Reviewed and considered the County of Riverside Final Environmental Impact Report certified by the Lead Agency, adopted the Lead Agency's findings, and authorized the General Manager to execute a thirty-year license agreement with Intersect Power, LLC for renewable energy infrastructure purposes on Metropolitan fee-owned property in the County of Riverside and identified as Assessor Parcel Numbers 808-023-022 and 808-023-030, as set forth in Agenda Item 7-9 board letter.

**540073407** Authorized the General Counsel to increase the amount payable under its contract with Hanson Bridgett LLP by \$100,000 to an amount not-to-exceed \$600,000, as set forth in Agenda Item 7-11 board letter.

**540083408** Approved amendments to the Metropolitan Water District Administrative Code to modify the structure and duties of various committees and the roles of specified board and committee officers, as set forth in Agenda Item 7-12 board letter.

Director Camacho moved, seconded by Director Garza, that the Board approve the Consent Calendar Items 6A, 6B, 6D, 7-1, 7-2, 7-4, 7-6 through 7-9, 7-11, and 7-12.

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

# Director(s)

# 1. Pressman

Chair Ortega called for a vote to approve the Consent Calendar Items 6A, 6B, 6D, 7-1, 7-2, 7-4, 7-6 through 7-9, and 7-11, and 7-12.

The following is a record of the vote:

Record of Vote on Consent Item(s):	Items: 6A,	6B, 6D, and	7-1, 7-2, 7	-4, 7-6 T	HRU 7-9, 7	'-11, ANI	7-12		
(4)	Total		, ,	, -	Yes	,	No		Abstain
Member Agency	Votes	Director	Present	Yes	Vote	No	Vote	Abstain	Vote
Anaheim	6306	Faessel	Х	Х	6306				
Beverly Hills	4677	Pressman	Х	Х	4677				
Burbank	3330	Ramos	Х	Х	3330				
Calleguas Municipal Water District	13627	McMillan	Х	Х	13627				
Central Basin Municipal Water District	20265	Garza	Х	Х	10133				
		Crawford	Х	Х	10133				
			Subtotal:		20265				
Compton	678	McCoy	Х	Х	678				
Eastern Municipal Water District	13623	Armstrong	Х	Х	13623				
Foothill Municipal Water District	2543	Bryant	Х	Х	2543				
Fullerton	2766	Jung							
Glendale	4165	Kassakhian	Х	Х	4165				
Inland Empire Utilities Agency	17103	Camacho	х	Х	17103				
Las Virgenes	3224	Lewitt	Х	Х	3224				
Long Beach	6805	Cordero	Х	Х	6805				
Los Angeles	83835	Sutley							
_		Petersen							
		Quinn							
		Luna	Х	Х	41918				
		Douglas	Х	Х	41918				
			Subtotal:		83835				
Municipal Water Dist. of Orange County	68102	Ackerman	Х	Х	17026				
		Seckel	Х	Х	17026				
		Dick	Х	Х	17026				
		Erdman	Х	Х	17026				
			Subtotal:		68102				
Pasadena	4042	Kurtz	Х	Х	4042				
San Diego County Water Authority	70158	Fong-Sakai	Х	Х	17540				
		Goldberg	Х	Х	17540				
		Miller	Х	Х	17540				
		Katz	Х	Х	17540				
			Subtotal:		70158				
San Fernando	274	Ortega	Х	Х	274				
San Marino		Morris	х	Х	836				
Santa Ana	3569	Phan							
Santa Monica		Gold	х	Х	5055				
Three Valleys Municipal Water District	9019	De Jesus	х	Х	9019				
Torrance		Lefevre	х	Х	3781				
Upper San Gabriel Valley Mun. Wat. Dist.	14079	Fellow	Х	Х	14079				
West Basin Municipal Water District	28764	Alvarez	х	Х	28764				
		Gray							
			Subtotal:		28764				
Western Municipal Water District	15689	Dennstedt	х	Х	15689				
Total	406315				399980				
Present and not voting									
Absent	6335								

The motion to approve the Consent Calendar Items 6A, 6B, 6D, 7-1, 7-2, 7-4 7-6 through 7-9, 7-11, and 7-12 (**M.I. No. 53997 through 540083408**) passed by a vote of 399,980 ayes; 0 noes; 0 abstain; 0 not voting; and 6,335 absent.

\*Director McMillian did not vote on Item 7-4. The motion to approve the Consent Calendar Item 7-4 passed by a vote of 386,353 ayes; 0 noes; 0 abstain; 13,627 not voting; and 6,335 absent.

\*Director Dick and Miller recused on Item 7-8. The motion to approve the Consent Calendar Item 7-8 passed by a vote of 399,980 ayes; 0 noes; 0 abstain; 0 not voting; and 6,335 absent.

**540093409** Authorize an increase in the maximum amount payable under a contract with Richardson & Company LLP for auditing services related to State Water Project charges from \$5,125,000 to an amount not to exceed \$8,900,000 and extend the term by three years to March 31, 2028 (Board Item 8-1).

Director Katz moved, seconded by Director Morris, that the Board approve the Board Item 8-1.

Chair Ortega called for a vote to approve the Board Item 8-1.

# The following is a record of the vote:

Record of Vote on Item:	8-1								
					Yes		No		Abstain
Member Agency	Total Votes	Director	Present	Yes	Vote	No	Vote	Abstain	Vote
Anaheim		Faessel	х	Х	6306				
Beverly Hills	4677	Pressman	х	Х	4677				
Burbank		Ramos	х	Х	3330				
Calleguas Municipal Water District	13627	McMillan	х	Х	13627				
Central Basin Municipal Water District	20265	Garza	х	Х	10133				
		Crawford	x	Х	10133				
			Subtotal:		20265				
Compton	678	McCoy	х	Х	678				
Eastern Municipal Water District	13623	Armstrong	х	Х	13623				
Foothill Municipal Water District	2543	Bryant	х	Х	2543				
Fullerton	2766	Jung							
Glendale	4165	Kassakhian	х	Х	4165				
Inland Empire Utilities Agency	17103	Camacho	х	Х	17103				
Las Virgenes	3224	Lewitt	х	Х	3224				
Long Beach	6805	Cordero							
Los Angeles	83835	Sutley							
		Petersen							
		Quinn							
		Luna	х	Х	41918				
		Douglas	х	Х	41918				
			Subtotal:		83835				
Municipal Water Dist. of Orange County	68102	Ackerman	х	Х	17026				
		Seckel	х	Х	17026				
		Dick	Х	Х	17026				
		Erdman	х	Х	17026				
			Subtotal:		68102				
Pasadena	4042	Kurtz	х	Х	4042				
San Diego County Water Authority	70158	Fong-Sakai	х	Х	17540				
, ,		Goldberg	х	Х	17540				
		Miller	х	Х	17540				
		Katz	x	X	17540				
			Subtotal:		70158				
San Fernando	274	Ortega	Х	Х	274				
San Marino		Morris	х	Х	836				
Santa Ana		Phan		<u> </u>				1	
Santa Monica		Gold	х	Х	5055				
Three Valleys Municipal Water District		De Jesus	X	X	9019				
Torrance		Lefevre	X	X	3781			1	
Upper San Gabriel Valley Mun. Wat. Dist.		Fellow	X	X	14079				
West Basin Municipal Water District		Alvarez	X	X	28764				
	20,04	Gray			20.01			†	
		1 ~ ,	Subtotal:		28764				
Western Municipal Water District	15689	Dennstedt	X	х	15689				
Total	406315		^	^	393175				
Present and not voting	700010				330173			1	
Absent	13140								

The motion to approve the Consent Calendar Item 8-1 (M.I. No. 540093409) passed by a vote of 393,175 ayes; 0 noes; 0 abstain; 0 not voting; and 13,140 absent.

**540103410** Approve an employment contract with Mr. Deven N. Upadhyay as General Manager, containing the terms and conditions set forth herein; and authorize retroactive payment of the approved salary to January 29, 2025 (Board Item 8-2).

Director Morris moved, seconded by Director Bryant, that the Board approve the Board Item 8-2.

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

# Director(s)

- 1. Pressman
- 2. Dick
- 3. Lewitt

Chair Ortega called for a vote to approve the Board Item 8-2.

# The following is a record of the vote:

Record of Vote on Item:	8-2								
record of vote on item.	0-2				Yes		No		Abstain
Member Agency	Total Votes	Director	Present	Yes	Vote	No	Vote	Abstain	Vote
Anaheim	6306	Faessel	Х	Х	6306				
Beverly Hills	4677	Pressman	х	Х	4677				
Burbank	3330	Ramos	х	х	3330				
Calleguas Municipal Water District	13627	McMillan	х	х	13627				
Central Basin Municipal Water District	20265	Garza	х	Х	10133				
		Crawford	х	Х	10133				
			Subtotal:		20265				
Compton		McCoy	х	Х	678				
Eastern Municipal Water District	13623	Armstrong	х	Х	13623				
Foothill Municipal Water District	2543	Bryant	х	Х	2543				
Fullerton	2766	Jung							
Glendale	4165	Kassakhian	х	Х	4165				
Inland Empire Utilities Agency	17103	Camacho	х	х	17103				
Las Virgenes	3224	Lewitt	х	х	3224				
Long Beach	6805	Cordero							
Los Angeles	83835	Sutley							
		Petersen							
		Quinn							
		Luna	х	Х	41918				
		Douglas	х	Х	41918				
			Subtotal:		83835				
Municipal Water Dist. of Orange County	68102	Ackerman	х	Х	17026				
		Seckel	х	х	17026				
		Dick	х	Х	17026				
		Erdman	х	Х	17026				
			Subtotal:		68102				
Pasadena	4042	Kurtz	х	Х	4042				
San Diego County Water Authority		Fong-Sakai	х	Х	17540				
, ,		Goldberg	х	Х	17540				
		Miller	х	Х	17540				
		Katz	х	Х	17540				
			Subtotal:		70158				
San Fernando	274	Ortega	х	Х	274				
San Marino	836	Morris	х	Х	836				
Santa Ana	3569	Phan							
Santa Monica		Gold	Х	Х	5055				
Three Valleys Municipal Water District	9019	De Jesus	Х	Х	9019				
Torrance	3781	Lefevre	Х	Х	3781				
Upper San Gabriel Valley Mun. Wat. Dist.		Fellow	х	х	14079				
West Basin Municipal Water District		Alvarez	Х	Х	28764				
		Gray							
			Subtotal:		28764				
Western Municipal Water District	15689	Dennstedt	Х	Х	15689				
Total	406315				393175				
Present and not voting									
Absent	13140								

The motion to approve the Consent Calendar Item 8-2 (M.I. No. 540103410) passed by a vote of 393,175 ayes; 0 noes; 0 abstain; 0 not voting; and 13,140 absent.

**540113411** Chair Ortega asked if there were questions or need for discussion on Board Information Item 9-1. No requests were made.

**540123412** Chair Ortega asked if there were questions or need for discussion on Board Information Items 10a or 10. No requests were made.

540133413 Chair Ortega asked if there were any Follow-Up Items. No requests were made.

**540143414** Chair Ortega asked if there were any Future Agenda Items. No requests were made.

540153415 There being no objection, the meeting was adjourned at 11:31 a.m.1:33 p.m.

LOIS FONG-SAKAI BOARD SECRETARY

ADÁN ORTEGA, JR. CHAIR OF THE BOARD

#### **MINUTES**

#### **MEETING OF THE**

#### **BOARD OF DIRECTORS**

#### THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

May 13, 2025

**54056** The Board of Directors of The Metropolitan Water District of Southern California met on Tuesday, May 13, 2025.

Chair Ortega called the meeting to order at 12:31 p.m.

**54057** The Meeting was opened with an invocation by Director James Crawford, Central Basin Municipal Water District

54058 The Pledge of Allegiance was given by Director Cynthia Kurtz, City of Pasadena

54059 Board Executive Secretary Hudson administered the roll call. Those responding present were: Directors Ackerman (teleconference posted location available for the public), Alvarez (teleconference posted location available for the public), Armstrong (AB 2449 "Just Cause"), Bryant, Camacho, Cordero, Crawford, De Jesus (teleconference posted location available for the public), Dennstedt (teleconference posted location available for the public), Douglas, Faessel, Fellow, Garza (teleconference posted location available for the public), Gold, Goldberg, Katz, Kurtz, Lewitt (teleconference posted location available for the public), Luna (AB 2449 "Just Cause"), McCoy, McMillan (teleconference posted location available for the public), Miller, Ortega, Phan, Quinn, Seckel (teleconference posted location available for the public), Shepherd Romey, and Sutley.

Those not responding were: Directors Dick, Erdman, Fong-Sakai, Gray Kassakhian, Lefevre, Petersen, and Ramos

Board Executive Secretary Hudson declared a quorum present.

Director(s) entered after roll call: Jung (teleconference posted location available for the public), and Pressman(teleconference posted location available for the public)

Director Armstrong participated using AB2449 "Just Cause" due to contagious illness.

Director Luna participated using AB2449 "Just Cause" due to contagious illness.

Director Pressman entered the meeting.

**54060** Chair Ortega opened the Public Hearing to receive staff and recognized employee organizations presentations on the status of job vacancies and recruitment/retention efforts, as required by Government Code § 3502.3 (Assembly Bill 2561), and to receive public comment presentations. Chair Ortega also invited members of the public to address the Board on matters within the Board's jurisdiction (in-person and via teleconference).

Regular public comment was called, no one in the room and no one on the line.

	Name	Affiliation	Presentation
1.	Olivia Sanchez	ACE	Public Hearing
2.	Alan Shanahan	AFSCME	Public Hearing
3.	Laura Garcia	AFSCME	Public Hearing
4.	Amparo Muñoz	AFSCME	Public Hearing

Public hearing was closed.

Chair Ortega deferred Other Matters and Reports in the interest of time.

Director Cordero left the meeting.

Director Jung entered the meeting.

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

**54061** Chair Ortega asked the Directors if there were any comments or discussions on the Approval of the Minutes Board of Directors Meetings for April 8, 2025 (Agenda Item 6A). None were made.

Chair Ortega announced no committee assignments.

Chair Ortega called on Directors who are requesting that any items be pulled from the Consent Calendar Action Items and to state any recusals, abstentions, and disclosures.

Director Phan recused on Item 7-3 because Mott MacDonald Group Inc. and Trestle Technology are clients of her employer.

Director Katz disclosed on Item 7-6 that he receives per diem reimbursements and other benefits from the San Diego County Water Authority for his service on the Board. Based on MWD Act Section 56, he will not vote, including abstaining on the item, which is an agreement between Metropolitan and San Diego County Water Authority.

Director Miller disclosed on Item 7-6 that he receives per diem reimbursements and other benefits from the San Diego County Water Authority for his service on the Board. Based on MWD Act Section 56, he will not vote, including abstaining on the item, which is an agreement between Metropolitan and San Diego County Water Authority.

Director Goldberg disclosed on Item 7-6 that she receives per diem reimbursements and other benefits from the San Diego County Water Authority for his service on the Board. Based on 1090 disclosure she is allowed to vote on the Item which is an agreement between Metropolitan and San Diego County Water Authority.

Consent Calendar Items- Action

**54062** Approve amending the list of Metropolitan officials required to take AB 1234 state ethics training to include all Form 700 filers, as set forth in Agenda Item 7-1 board letter.

**54063** Amend the Capital Investment Plan for fiscal years 2024/25 and 2025/26 to include the ozone contactor expansion joint improvements at the F.E. Weymouth Water Treatment Plant, as set forth in Agenda Item 7-2 board letter.

**54064** Authorize on-call agreements with Hazen and Sawyer, Jacobs Engineering Group Inc., and Mott MacDonald Group Inc. in amounts not to exceed \$1 million each to support engineering planning services, as set forth in Agenda Item 7-3 board letter.

**54065** Award a \$457,498 construction contract to IPI Construction for upgrades to the heating, ventilation, and air conditioning systems in the control rooms at the Joseph Jensen Water Treatment Plant, as set forth in Agenda Item 7-4 board letter.

**54066** Approve the draft of Appendix A (Attachment 1) attached to the board letter; Authorize the General Manager, or other designee of the Ad Hoc Committee, to finalize, with changes approved by the General Manager and General Counsel, Appendix A; Authorize distribution of Appendix A, finalized by the General Manager or other designee of the Ad Hoc Committee, in connection with the sale and/or remarketing of bonds, as set forth in Agenda Item 7-5 board letter.

**54067** Authorize an amendment to LRP Agreement to extend the start of operation deadline for San Diego Pure Water North City Project Phase 1; adopted CEQA determination that the proposed action was previously addressed in the City of San Diego's adopted 2018 Final EIR/EIS and that no further CEQA review is required, as set forth in Agenda Item 7-6 board letter.

Director Gold left the meeting.

Director Sutley left the meeting.

Director Camacho moved, seconded by Director Sutley, that the Board approve the Consent Calendar Items 6A, 7-1 through 7-6.

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

# The following is a record of the vote:

Record of Vote on Consent Item(s):	6A, 7-1 thro	ugh 7-6							
(-)	Total				Yes		No		Abstain
Member Agency	Votes	Director	Present	Yes	Vote	No	Vote	Abstain	Vote
Anaheim	6306	Faessel	Х	Х	6306				
Beverly Hills	4677	Pressman	Х	Х	4677				
Burbank	3330	Ramos							
Calleguas Municipal Water District	13627	McMillan	Х	Х	13627				
Central Basin Municipal Water District	20265	Garza	Х	Х	10133				
		Crawford	Х	Х	10133				
			Subtotal:		20265				
Compton	678	McCoy	х	Х	678				
Eastern Municipal Water District		Armstrong	Х	Х	13623				
Foothill Municipal Water District	2543	Bryant	Х	Х	2543				
Fullerton	2766	Jung	Х	Х	2766				
Glendale	4165	Kassakhian							
Inland Empire Utilities Agency		Camacho	Х	Х	17103				
Las Virgenes		Lewitt	Х	Х	3224				
Long Beach		Cordero							
Los Angeles	83835	Sutley							
		Petersen							
		Quinn	Х	Х	27945				
		Luna	Х	Х	27945				
		Douglas	Х	Х	27945				
			Subtotal:		83835				
Municipal Water Dist. of Orange County	68102	Ackerman	Х	Х	34051				
		Seckel	х	Х	34051				
		Dick							
		Erdman							
			Subtotal:		68102				
Pasadena		Kurtz	Х	Х	4042				
San Diego County Water Authority	70158	Fong-Sakai							
		Goldberg	Х	Х	23386				
		Miller	Х	Х	23386				
		Katz	Х	Х	23386				
			Subtotal:		70158				
San Fernando		Ortega	Х	Х	274				
San Marino		Shepherd Ro	Х	Х	836				
Santa Ana		Phan	Х	Х	3569				
Santa Monica		Gold							
Three Valleys Municipal Water District		De Jesus	Х	Х	9019		<u> </u>	1	
Torrance		Lefevre							
Upper San Gabriel Valley Mun. Wat. Dist.		Fellow	Х	Х	14079				
West Basin Municipal Water District	28764	Alvarez	Х	Х	28764				
		Gray						1	
			Subtotal:		28764				
Western Municipal Water District	15689	Dennstedt	Х	Х	15689				
Total	406315				383179				
Present and not voting									
Absent	23136								

The motion to approve the Consent Calendar Items 6A, 7-1 through 7-6\* (M.I. No. 54061 through 54067\*) passed by a vote of 383,179 ayes; 0 noes; 0 abstain; 0 not voting; and 23,136 absent.

\*Director Phan recused on Item 7-3, (M.I. 54064) passed by a vote of 379,610 ayes; 0 noes; 0 abstain; 3,569 not voting; and 23,136 absent.

\*Directors Katz, and Miller did not vote on Item 7-6, (**M.I. 54067**) passed by a vote of 383,179 ayes; 0 noes; 0 abstain; 0 not voting; and 23,136 absent.

**54068** Award a \$131 million procurement contract to Siemens Energy Inc. to furnish 35 high-voltage power transformers; Authorize the General Manager to execute change orders for the CRA transformer procurement contract up to an aggregate amount not to exceed \$42.5 million; Authorize an increase of \$6.5 million to an existing agreement with HDR Engineering Inc. for a new not-to-exceed amount of \$8.2 million for final engineering design services to replace the high-voltage power transformers at all five CRA pumping plants. (Board Item 8-1).

**54069** Adopt CEQA determination that the proposed action was previously addressed in the adopted 2017 Mitigated Negative Declaration, Addenda Nos. 1, 2 and 3 and related CEQA actions; and adopted a resolution that: (1) authorizes the execution and delivery of an amended and restated agreement between Antelope Valley-East Kern Water Agency and Metropolitan for the High Desert Water Bank Program, (2) approves the project financing, and (3) authorizes the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer to negotiate, execute, and deliver various related agreements and documents. (Board Item 8-2).

**54070** Adopt a resolution authorizing a Master Equipment Lease-Purchase Program of up to \$35 million outstanding balance from time to time and providing for related documents and actions and set up an ad hoc committee to direct communications with the California Air Resources Board regarding Electric Vehicle regulations and Metropolitan's role as an emergency responder as amended at committee. (Board Item 8-3).

**54071** Adopt resolution to continue Metropolitan's Water Standby Charge for fiscal year 2025/26. (Board Item 8-4).

**54072** Authorize the General Manager to amend the Delivery and Exchange Agreement between Metropolitan and Coachella Valley Water District for 35,000 acre-feet. (Board Item 8-5).

Director Faessel disclosed on Item 8-3 that he currently owns Bank of America stock, he will not vote, including abstaining on the item.

Director Katz disclosed on Item 8-3 that he currently owns Bank of America stock, he will not vote, including abstaining on the item.

Director Quinn moved, seconded by Director Sheperd Romey, that the Board approve Board Items 8-1 through 8-5.

Director Pressman left the meeting.

Chair Ortega called for a vote to approve Board Items 8-1, 8-2, 8.3, 8-4, and 8-5.

#### The following is a record of the vote:

Record of Vote on Item:	8-1 to 8-5								
record or vote on Rom.	011000				Yes		No		Abstain
Member Agency	Total Votes	Director	Present	Yes	Vote	No	Vote	Abstain	Vote
Anaheim	6306	Faessel	х	Х	6306				
Beverly Hills	4677	Pressman							
Burbank	3330	Ramos							
Calleguas Municipal Water District	13627	McMillan	Х	Х	13627				
Central Basin Municipal Water District	20265	Garza	х	Х	10133				
-		Crawford	х	Х	10133				
			Subtotal:		20265				
Compton	678	McCoy	Х	Х	678				
Eastern Municipal Water District		Armstrong	Х	Х	13623				
Foothill Municipal Water District		Bryant	х	Х	2543				
Fullerton	2766	Jung	Х	Х	2766				
Glendale		Kassakhian							
Inland Empire Utilities Agency		Camacho	х	Х	17103				
Las Virgenes		Lewitt	Х	X	3224				
Long Beach	6805	Cordero							
Los Angeles		Sutley							
		Petersen							
		Quinn	х	Х	27945				
		Luna	x	X	27945				
		Douglas	x	X	27945				
		Douglas	Subtotal:		83835				
Municipal Water Dist. of Orange County	68102	Ackerman	X	Х	34051				
ivianional viacor block of Grange Gealty	00102	Seckel	x	X	34051				
		Dick			04001				
		Erdman							
		Eraman	Subtotal:		68102				
Pasadena	4042	Kurtz	X X	х	4042				
San Diego County Water Authority		Fong-Sakai	^	^	4042				
San Diego County Water Authority	70130	Goldberg	х	x	23386				
		Miller	X	×	23386				
		Katz	X	x	23386				
		Naiz	Subtotal:	X	70158				
San Fernando	274	Ortogo	X X	x	274				
		Ortega Shepherd Rom			836				
San Marino Santa Ana		Phan		X					
		Gold	Х	Х	3569				
Santa Monica Three Valleys Municipal Water District			\ \ \		0040				
-		De Jesus	Х	Х	9019				
Torrance	_	Lefevre							
Upper San Gabriel Valley Mun. Wat. Dist.		Fellow			00704				
West Basin Municipal Water District	28/64	Alvarez	Х	Х	28764				
		Gray	0.14.1		6070				
Market Market Market State (	45000	D	Subtotal:		28764				
Western Municipal Water District		Dennstedt	Х	Х	15689				
Total	406315				364423				
Present and not voting	44								
Absent	41892								

The motion to approve the Board Items 8-1, 8-2, 8-3\*, 8-4, and 8-5 (M.I. No. 54068 and 54072) passed by a vote of 364,423 ayes; 0 noes; 0 abstain; 0 not voting; and 41,892 absent.

<sup>\*</sup>Directors Faessel and Katz recused on Item 8-3, (M.I. 54070) passed by a vote of 358,167 ayes; 0 noes; 0 abstain; 6,306 not voting; and 41,892 absent.

**54073** Chair Ortega moved to other matters.

**54074** Authorized (1) the Ad Hoc Committee to begin vetting recruiting firms, and (2) authorize Organization, Personnel, and Effectiveness Committee to hire the selected firm to participate in a meeting with the Board in June regarding the recruitment of the general manager. (Board Item 10-3).

Directors McMillan, Phan, Quin, and Sheperd Romey left the meeting.

Director Garza moved, seconded by Director Camacho, that the Board approve Board Item 10-3. Chair Ortega called for a vote to approve Board Item 10-3.

# The following is a record of the vote:

Record of Vote on Item:	10-3								
		D'accton	D	V	Yes	NI -	No	A14-1-	Abstain
Member Agency	Total Votes	Director	Present	Yes	Vote	No	Vote	Abstain	Vote
Anaheim		Faessel	Х	Х	6306				
Beverly Hills		Pressman							
Burbank		Ramos							
Calleguas Municipal Water District		McMillan			10100				
Central Basin Municipal Water District	20265	Garza	Х	Х	10133				
		Crawford	X	Х	10133				
			Subtotal:		20265				
Compton		McCoy	Х	Х	678				
Eastern Municipal Water District		Armstrong	Х	Х	13623				
Foothill Municipal Water District		Bryant	Х	Х	2543				
Fullerton		Jung	Х	Х	2766				
Glendale		Kassakhian							
Inland Empire Utilities Agency		Camacho	Х	Х	17103				
Las Virgenes		Lewitt	Х	Х	3224				
Long Beach		Cordero							
Los Angeles	83835	Sutley	Х	Х	27945				
		Petersen							
		Quinn							
		Luna	Х	Х	27945				
		Douglas	Х	Х	27945				
			Subtotal:		83835				
Municipal Water Dist. of Orange County	68102	Ackerman	Х	Х	34051				
		Seckel	Х	Х	34051				
		Dick							
		Erdman							
			Subtotal:		68102				
Pasadena		Kurtz	Х	Х	4042				
San Diego County Water Authority	70158	Fong-Sakai							
		Goldberg	х	Х	23386				
		Miller	Х	Х	23386				
		Katz	Х	Х	23386				
			Subtotal:		70158				
San Fernando		Ortega	Х	Х	274				
San Marino	836	Shepherd Rom							
Santa Ana	3569	Phan							
Santa Monica	5055	Gold							
Three Valleys Municipal Water District	9019	De Jesus	Х	Х	9019				
Torrance	3781	Lefevre							
Upper San Gabriel Valley Mun. Wat. Dist.	14079	Fellow	х	х	14079				
West Basin Municipal Water District		Alvarez	х	х	28764				
		Gray							
			Subtotal:		28764				
Western Municipal Water District	15689	Dennstedt	х	х	15689				
Total	406315				360470				
Present and not voting									
Absent	45845								

The motion to approve the Board Item 10-3 (**M.I. No. 54074**) passed by a vote of 360,470 ayes; 0 noes; 0 abstain; 0 not voting; and 45,845 absent.

**54075** Chair Ortega asked if there were any Follow-Up Items. No requests were made.

**54076** Chair Ortega asked if there were any Future Agenda Items. No requests were made.

**54077** There being no objection, the meeting was adjourned at 3:41 p.m.

ISABEL ALDRETE
INTERIM ASSISTANT BOARD
ADMINISTRATOR

ADÁN ORTEGA, AR. CHAIR OF THE BOARD

#### MINUTES

#### SPECIAL JOINT MEETING OF THE

# EXECUTIVE COMMITTEE AND BOARD OF DIRECTORS

#### THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

#### May 27, 2025

**54078** The Executive Committee and Board of Directors of The Metropolitan Water District of Southern California met in a special session on Tuesday, May 27, 2025.

Vice Chair of the Board Camacho called the meeting to order at 10:00 a.m.

Director Katz stated that he is using AB 2449 just cause for physical disability.

**54079** Interim Assistant Board Administrator Aldrete administered the roll call. Those responding present were: Directors Ackerman, Alvarez, Bryant, Camacho, Cordero, De Jesus (teleconference posted location), Dennstedt (teleconference posted location), Dick, Erdman (teleconference posted location), Faessel, Fellow, Garza, Katz (AB2449 "just Cause"), Kurtz, Lewitt, McCoy, McMillan, Miller (teleconference posted location), Ortega (teleconference posted location), Pressman, Quinn, Ramos, Seckel, and Sutley

Interim Assistant Board Administrator Aldrete declared a quorum present.

Director Katz stated that he is using AB 2449 just cause for physical disability.

Directors entered the meeting after the roll call: Directors Gold, Jung (teleconference posted location), Lefevre (teleconference posted location), and Luna

Those not responding were: Directors Armstrong, Crawford, Douglas, Fong-Sakai, Goldberg, Gray, Kassakhian, Petersen, Phan, and Sheperd Romey

**54080** Board Vice Chair Camacho invited members of the public to address the Board limited to the items listed on the agenda (in-person and via teleconference). No requests to speak.

#### **EXECUTIVE COMMITTEE ITEMS**

#### 5. OTHER MATTERS AND REPORTS

a. Subject: Chair's Report

Presented by: Board Vice Chair Camacho

Board Vice Chair Camacho called on Chair Ortega. Chair Ortega stated he had nothing to add to the report.

b. Subject: General Manager's Report of Metropolitan activities

General Manager Upadhyay provided updates on bond ratings, Pure Water Southern California project, and draft Trailer Bill language related to the Delta Conveyance.

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

- 1. Sutley
- 2. Garza
- 3. Quinn
- 4. Ortega
- 5. Gold
- 6. Kurtz

The General Manager Upadhyay and Assistant General Manager Zinke responded to the Directors' comments and questions.

c. Subject: General Counsel's report of Metropolitan activities

General Counsel Scully stated she had nothing to add to the report.

d. Subject: General Auditor's report of Metropolitan activities

General Auditor Suzuki stated May is Internal Audit month and announced that at next Audit meeting, June 9, he will be presenting the internal audit plan for next fiscal year.

e. Subject: Ethics Officer's report of Metropolitan activities

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

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

#### 6. CONSENT CALENDAR OTHER ITEMS – ACTION

- A. Approval of the Minutes of the Executive Committee Meeting for April 22, 2025 Board Vice Chair Camacho asked Directors if there were any additions, corrections, or omissions on the minutes of the April 22, 2025, Executive Committee Meeting. None were made.
- B. Approve the draft of the Committee and Board meeting agendas and schedule for June 2025. Board Vice Chair Camacho asked if there were any additions or deletions to the June 2025 draft packet.

Board Vice Chair Camacho reported a change to schedule adding meeting of the Special Organization, Personnel and Effectiveness committee on June 3, 2025, at 10:00am

Vice Chair Alvarez reported that at the Finance, Affordability, Asset Management, and Efficiency Committee the following subjects are revised:

Authorize a new agricultural lease agreement with Bouldin Farming Company for rice farming and related uses on portions of Metropolitanowned 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, 026-080-005-7; 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]

And the following item has been added.

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

Vice Chair McMillan reported for the Legal and Claims Committee. General Counsel Scully report that the following subject has been deleted.

Approve amendments to the Metropolitan Water District Administrative Code to conform to current policy, law, and practice, and to make other minor, non-substantive changes.

Board Vice Chair Camacho called for the vote on Item 6A and 6B.

Director Sutley made a motion, seconded by Director McCoy, to approve the consent calendar Item 6A and 6B as listed.

The vote was:

Ayes: Directors Camacho, Erdman, Garza, Kurtz, Lewitt, McCoy, McMillan

(Alternate Luna), Miller, Ortega, Pressman, Quinn, Ramos (Alternate

Armstrong), Seckel, and Sutley.

Abstention: None

Recusal: None

Absent: Armstrong, Douglas, Fong-Sakai, Goldberg, Gray, Jung, Luna

The motion for Items 6A and 6B passed by a vote of 14 ayes; 0 noes; 0 abstention; and 7 absent.

#### SPECIAL EXECUTIVE AND BOARD OF DIRECTOR ITEMS

#### 7. OTHER MATTERS

**54081** Update on General Manager Recruitment Process (Board Item 7-1)

Directors Lefevre and Luna entered the meeting.

**54082** Public Employment – General Manager [To be heard in closed session pursuant to Gov. Code Section 54957] (Board Item 7-2)

Board Vice Chair Camacho called the meeting into closed session to discuss Agenda Item 7-2

Direct Jung entered the meeting.

Board Vice Chair Camacho stated no action was taken in closed session.

**54083** The Board authorize the General Manager selection process as outlined, including the following steps: Organizational, Personnel, and Effectiveness Committee received direction on May 13, 2025 to enter into a contract with an executive recruiter informed by Ad Hoc on Executive Performance recommendation; Commencement of executive search conversations with identified candidates; Joint meeting of OPE and Board to approve the job description, and expression of District priorities and key selection criteria; Recruiter to complete initial inquiry with candidates and candidate

evaluation; Candidates will be presented to full Board for consideration and interview; and final selection of the General Manager by full Board subject to references and background check.

Director Bryant moved, seconded by Director Ramos, that the Board approve Board Item 7-3 as stated.

Board Vice Chair Camacho called for a vote to approve Board Item 7-3

The following is a record of the vote:

Record of Vote on Item:	7-3								
record of vote of item.	7-3				Yes		No		Abstain
Member Agency	Total Votes	Director	Present	Yes	Vote	No	Vote	Abstain	
Anaheim	6306	Faessel	Х	Х	6306				
Beverly Hills	4677	Pressman	х	Х	4677				
Burbank	3330	Ramos	х	Х	3330				
Calleguas Municipal Water District	13627	McMillan	Х	Х	13627				
Central Basin Municipal Water District	20265	Garza	х	Х	20265				
-		Crawford							
			Subtotal:		20265				
Compton	678	McCoy	Х	Х	678				
Eastern Municipal Water District	13623	Armstrong							
Foothill Municipal Water District	2543	Bryant	Х	Х	2543				
Fullerton	2766	Jung	Х	Х	2766				
Glendale	4165	Kassakhian							
Inland Empire Utilities Agency		Camacho	х	Х	17103				
Las Virgenes	3224	Lewitt	х	х	3224				
Long Beach	6805	Cordero	х	Х	6805				
Los Angeles	83835	Sutley	х	Х	27945				
		Petersen							
		Quinn	х	Х	27945				
		Luna	Х	Х	27945				
		Douglas							
			Subtotal:		83835				
Municipal Water Dist. of Orange County	68102	Ackerman	Х	Х	17026				
		Seckel	Х	Х	17026				
		Dick	Х	Х	17026				
		Erdman	х	Х	17026				
			Subtotal:		68102				
Pasadena	4042	Kurtz	х	Х	4042				
San Diego County Water Authority	70158	Fong-Sakai							
		Goldberg							
		Miller	х	Х	35079				
		Katz	х	Х	35079				
			Subtotal:		70158				
San Fernando	274	Ortega	х	Х	274				
San Marino	836	Shepherd Rom	1						
Santa Ana		Phan							
Santa Monica		Gold	х	Х	5055				
Three Valleys Municipal Water District		De Jesus	х	Х	9019				
Torrance		Lefevre	х	Х	3781				
Upper San Gabriel Valley Mun. Wat. Dist.		Fellow	х	Х	14079				
West Basin Municipal Water District		Alvarez	х	Х	28764				
·		Gray							
			Subtotal:		28764				
Western Municipal Water District	15689	Dennstedt	Х	Х	15689				
Total	406315				384122				
Present and not voting									
Absent	22193								

The motion to approve the Board Item 7-3 (M.I. No. 54083) by a vote of 384,122 ayes; 0 noes; 0 abstain; 0 not voting; and 22,193 absent.

Director Katz stated during the vote that he was alone.

**54084** Board Vice Chair Camacho asked if there were any Follow-up Items. No request were made.

**54085** Board Vice Chair Camacho asked if there were any Future Agenda Items. No Requests were made.

54086 There being no objection, the meeting was adjourned at 11:19 a.m.

ISABEL ALDRETE
INTERIM ASSISTANT BOARD
ADMINISTRATOR

MICHAEL CAMACHO
BOARD VICE CHAIR

# **DRAFT - Schedule of Meetings - July 2025**

# Monday, July 7

9:00 a.m. Engineering, Operations, and Technology Committee

11:00 a.m. Legislation and Communications Committee

12:45 p.m. Break

1:00 p.m. Community and Workplace Culture Committee

2:30 p.m. One Water and Adaptation Committee

#### Tuesday, July 8

8:30 a.m. Finance, Affordability, Asset Management, and Efficiency Committee

10:30 a.m. Legal and Claims Committee

12:30 p.m. Break

1:00 p.m. Organization, Personnel, and Effectiveness Committee

2:30 p.m. Board of Directors Meeting

# Tuesday, July 22

9:00 a.m. Executive Committee

10:00 a.m. Subcommittee on Imported Water

June 18, 2025 99

# The Metropolitan Water District of Southern California



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.

#### **EOT Committee**

- D. Erdman, Chair
- S. Faessel, Vice Chair
- D. Alvarez
- G. Bryant
- J. Crawford
- B. Dennstedt
- L. Fong-Sakai
- J. Lewitt
- M. Luna
- J. McMillan
- C. Miller
- M. Petersen
- K. Seckel

# Engineering, Operations, and Technology Committee

Meeting with Board of Directors \*

July 7, 2025

9:00 a.m.

Monday, July 7, 2025
Meeting Schedule

09:00 a.m. EOT 11:00 a.m. LEG 12:45 p.m. Break 01:00 p.m. CWC 02:30 p.m. OWA

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: 862 4397 5848.

Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via 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

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

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

### 2. CONSENT CALENDAR OTHER ITEMS - ACTION

**A.** Approval of the Minutes of the Engineering, Operations, and **21-4776** Technology Committee for May 12, 2025

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

#### 3. CONSENT CALENDAR ITEMS - ACTION

- 7-2 Award a \$1,718,000 construction contract to Myers and Sons
  Construction, LLC to refurbish a washwater reclamation plant basin at the Joseph Jensen Water Treatment Plant; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA
- 7-3 Authorize (1) an amendment to an existing design-build agreement with J.F. Shea Construction Inc. to initiate Phase 2 of the Sepulveda Pump Stations project, including a \$52.96 million increase for a new not-to-exceed amount of \$103.36 million; (2) an increase of \$810,000 to an existing agreement with Carollo Engineers Inc. for a new not-to-exceed amount of \$3.3 million to serve as the owner's advisor; and (3) an increase of \$296,000 to an existing agreement with Parametrix Inc. for a new not-to-exceed amount of \$545,000 for cost estimating and scheduling services; the General Manager has determined that the proposed action is categorically exempt or otherwise not subject to CEQA
- 7-4 Authorize a new on-call five-year professional services agreement with ProcureAmerica, LLC, for a not-to-exceed total amount of \$1.25 million for retail electric utility rate analysis and reduction; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA
- 7-5 Authorize an increase of \$700,000 in change order authority to an existing contract with Power Engineering Construction Co. for urgent diving services at Lake Mathews; the General Manager has determined that the project is exempt or otherwise not subject to CEQA

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

#### 4. OTHER BOARD ITEMS - ACTION

**NONE** 

#### 5. BOARD INFORMATION ITEMS

**9-2** Desert Housing Updates Quarter 4 Fiscal Year 24/25 <u>21-4787</u>

#### 6. COMMITTEE ITEMS

- a. Update on Community Water Fluoridation 21-4804
- b. Pure Water Southern California Quarterly Update 21-4803

# 7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

Engineering Services activities
 Information Technology activities
 Water System Operations activities

21-4777

#### 8. FOLLOW-UP ITEMS

NONE

#### 9. FUTURE AGENDA ITEMS

#### 10. ADJOURNMENT

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# 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.

#### **LEG Committee**

J. Lewitt, Chair

A. Fellow, VC

Communication

A. Kassakhian, VC

Legislation
L. Ackerman

M. Camacho

B. Dennstedt

G. Gray, Emeritus

F. Jung

M. Katz

M. Luna

M. Ramos

G. Shepherd Romey

# Legislation and Communications Committee

Meeting with Board of Directors \*

July 7, 2025

11:00 a.m.

Monday, July 7, 2025
Meeting Schedule

09:00 a.m. EOT 11:00 a.m. LEG

12:45 p.m. Break

01:00 p.m. CWC

02:30 p.m. OWA

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: 873 4767 0235.

Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda teleconference and in-person. To provide public comment by teleconference dial 1-833-548-0276 and enter meeting ID: 876 9484 9772 or to join by computer click here.

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

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

### 2. CONSENT CALENDAR OTHER ITEMS - ACTION

A. Approval of the minutes of the Legislation and Communications 21-4778 Committee for May 12, 2025

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

#### 3. CONSENT CALENDAR ITEMS - ACTION

NONE

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

#### 4. OTHER BOARD ITEMS - ACTION

NONE

#### 5. BOARD INFORMATION ITEMS

NONE

#### 6. COMMITTEE ITEMS

a.	Update on Conservation Outreach	21-4808						
b.	Update on Local Government and Regional Affairs Outreach	21-4811						
c.	Report on Activities from Washington, D.C.	21-4807						
d.	Legislative Update on Delta Conveyance Project	21-4809						
e.	Update on Golden Mussel Regulations	21-4810						
f.	Report on Activities from Sacramento	21-4806						
MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS								
a.	External Affairs activities	21-4779						

#### 8. FOLLOW-UP ITEMS

NONE

7.

#### 9. FUTURE AGENDA ITEMS

#### 10. ADJOURNMENT

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# The Metropolitan Water District of Southern California



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#### **CWC Committee**

- T. McCoy, Chair
- G. Cordero, Vice Chair
- B. Dennstedt
- S. Faessel
- L. Fong-Sakai
- G. Gray, Emeritus
- M. Luna
- J. McMillan
- T. Phan
- M. Ramos
- K. Seckel

# Community and Workplace Culture Committee

Meeting with Board of Directors \*

July 7, 2025

1:00 p.m.

Monday, July 7, 2025	,
Meeting Schedule	

09:00 a.m. EOT 11:00 a.m. LEG 12:45 p.m. Break 01:00 p.m. CWC 02:30 p.m. OWA

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

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

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

A. Approval of the Minutes of the Special Community and Workplace Culture Committee for June 24, 2025

21-4773

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

# 3. CONSENT CALENDAR ITEMS - ACTION

7-1 Amend Metropolitan Administrative Code Division VI (Personnel Matters) to create a Principal Assistant position to the Ethics Officer; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

21-4764

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

#### 4. OTHER BOARD ITEMS - ACTION

**NONE** 

#### 5. BOARD INFORMATION ITEMS

**NONE** 

#### 6. COMMITTEE ITEMS

	a.	Ethics Education	21-4802
	b.	Equal Employment Opportunity Quarterly Statistical Report	21-4798
	C.	Recommended Updates to EEO Complaint and Investigative Procedures for the Board and its Direct Reports	21-4799
	d.	Recommended Updates to Administrative Code 2416	21-4800
	e.	Civil & Inclusive Workplace Training Update	21-4801
<b>7</b> .	MAN	AGEMENT ANNOUNCEMENTS AND HIGHLIGHTS	
	a.	Ethics Officer's report on monthly activities	21-4774
	b.	Diversity, Equity, and Inclusion activities Equal Employment Opportunity activities	21-4775

#### 8. FOLLOW-UP ITEMS

**NONE** 

#### 9. FUTURE AGENDA ITEMS

#### 10. ADJOURNMENT

Page 3

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# The Metropolitan Water District of Southern California



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#### **OWA Committee**

- T. Quinn, Chair
- M. Katz, Vice Chair
- L. Ackerman
- D. Alvarez
- J. Armstrong
- G. Cordero
- D. Erdman
- M. Gold
- IVI. GOIC
- C. Kurtz J. Lewitt
- J. McMillan
- C. Miller
- B. Pressman
- G. Shepherd Romey

# **One Water and Adaptation Committee**

Meeting with Board of Directors \*

July 7, 2025

2:30 p.m.

Monday, July 7, 2025
Meeting Schedule

09:00 a.m. EOT 11:00 a.m. LEG 12:45 p.m. Break 01:00 p.m. CWC 02:30 p.m. OWA

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

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

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

A. Approval of the Minutes of the Meeting One Water and Adaptation Committee for May 12, 2025

21-4769

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

#### 3. **CONSENT CALENDAR ITEMS - ACTION**

NONE

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

#### **OTHER BOARD ITEMS - ACTION** 4.

**NONE** 

#### 5. **BOARD INFORMATION ITEMS**

	9-4	Information on California Aqueduct Subsidence	<u>21-4814</u>	
	9-5	Information on proposed inspection and vendor agreement for Metropolitan's conservation programs	21-4815	
	9-6	Information on Local Supply Exchange Framework	<u>21-4816</u>	
6.	CON	IMITTEE ITEMS		
	a.	Update on Basin States Discussions Regarding Post-2026 Operational Guidelines	21-4813	
	b.	Update on Urban Water Management Plan	21-4819	
	c.	Update on Stormwater Benefits of Turf Replacement	21-4820	
	d.	Introduction to the CAMP4W Assessments and Initial Assessment of Pure Water	21-4821	
	e.	Quarterly Update on CAMP4W	21-4818	
	f.	Bay-Delta Science Summary Update	21-4812	
	g.	Quarterly Conservation Oral Update	21-4817	
7.	MAN	ANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS		
	a.	Bay-Delta Resources activities Colorado River Resources activities	21-4770	

Sustainability, Resilience and Innovation activities Water Resources Management activities

#### SUBCOMMITTEE REPORTS AND DISCUSSION 8.

a.	Report from Subcommittee on Imported Water	21-4771
b.	Discuss and provide direction to Subcommittee on Imported Water	21-4772

### 9. FOLLOW-UP ITEMS

**NONE** 

### 10. FUTURE AGENDA ITEMS

### 11. ADJOURNMENT

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# The Metropolitan Water District of Southern California



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### **FAAME Committee**

- C. Miller, Chair
- D. Alvarez, VC Budget
- J. Armstrong
- G. Bryant
- B. Dennstedt
- L. Fong-Sakai
- J. McMillan
- M. Petersen
- B. Pressman
- T. Quinn
- K. Seckel

# Finance, Affordability, Asset Management, and Efficiency Committee

Meeting with Board of Directors \*

July 8, 2025

8:30 a.m.

Tuesday, July	<sup>,</sup> 8, 2025
Meeting Sch	nedule

08:30 a.m. FAAME 10:30 a.m. LEGAL 12:30 p.m. Break 01:00 p.m. OPE 02:30 p.m. BOD

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

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

### 2. CONSENT CALENDAR OTHER ITEMS - ACTION

**A.** Approval of the Minutes of the Finance, Affordability, Asset Management, and Efficiency Committee Meeting for June 23, 2025

21-4780

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

### 3. CONSENT CALENDAR ITEMS - ACTION

- 7-6 Authorize the General Manager to execute a license agreement with the California Department of Fish and Wildlife to allow the continuance of the Department's Nutria Eradication Program on Metropolitan's Bay Delta Islands located in Contra Costa and San Joaquin Counties; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA
- 7-7 Approve a Treated Water Cost Recovery Rate Structure to be included with the staff proposal for the Fiscal Years 26/27 and 27/28 Biennial Budget and Calendar Years 27 and 28 Rates and Charges; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA
- 7-8 Approve Revisions to Metropolitan's Reserves Policy and Direct
  Staff to Implement Specific Sales Projections for the proposed
  Fiscal Years 26/27 and 27/28 Biennial Budget; the General
  Manager has determined that the proposed action is exempt or
  otherwise not subject to CEQA
- **7-12** Placeholder: Budget Assumptions <u>21-4797</u>

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

4. OTHER BOARD ITEMS - ACTION

NONE

5. BOARD INFORMATION ITEMS

**NONE** 

6. COMMITTEE ITEMS

NONE

### 7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

a. Finance, Affordability, Asset Management, and Efficiency activities 21-4781

8. FOLLOW-UP ITEMS

NONE

- 9. FUTURE AGENDA ITEMS
- 10. ADJOURNMENT

# Finance, Affordability, Asset Management, and Efficiency Committee Page 3

July 8, 2025

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# 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.

### **L&C Committee**

- M. Luna, Chair
- J. McMillan, Vice Chair
- M. Camacho
- J. Crawford
- D. De Jesus
- L. Dick
- C. Douglas
- M. Katz
- C. Kurtz
- C. Miller
- M. Ramos

### **Legal and Claims Committee**

Meeting with Board of Directors \*

July 8, 2025

10:30 a.m.

Tuesday, July 8, 2025 Meeting Schedule

08:30 a.m. FAAME 10:30 a.m. LEGAL 12:30 p.m. Break 01:00 p.m. OPE

02:30 p.m. BOD

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

### 2. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

**A.** General Counsel's report of monthly activities

21-4782

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

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

21-4792

### 3. CONSENT CALENDAR OTHER ITEMS - ACTION

**A.** Approval of the Minutes of the Special Legal and Claims **21-4783** Committee for June 23, 2025

### 4. CONSENT CALENDAR ITEMS - ACTION

- 7-9 Approve amendments to the Metropolitan Water District Administrative Code to conform surplus water provisions to current law and practice, to update the list of active District funds, to clarify benefits and pay for specified employees, to conform the timing of exempt time off awards to current practice, to conform the administration of personal vehicle allowances to current policy, to conform public records procedures to current law, and to make other minor, non-substantive changes; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA
- 7-10 Authorize an increase in the maximum amount payable under contract with Thompson Coburn LLP for legal advice on state and federal energy regulatory and contractual matters by \$300,000 to a maximum amount payable of \$600,000; the General Manager has determined that this proposed action is exempt or otherwise not subject to CEQA

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

### 5. OTHER BOARD ITEMS - ACTION

8-1 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)]

### 6. BOARD INFORMATION ITEMS

NONE

### 7. COMMITTEE ITEMS

21-4805

Page 3

Report on litigation in San Diego County Water Authority v. a. Metropolitan Water District of Southern California, et al., San Francisco County Superior Court Case Nos. CPF-10-510830, CPF-12-512466. CPF-14-514004. CPF-16-515282. CPF-16-515391, CGC-17-563350, and CPF-18-516389; the appeals of the 2010 and 2012 actions, Court of Appeal for the First Appellate District Case Nos. A146901, A148266, A161144, and A162168, and California Supreme Court Case No. S243500; the petition for extraordinary writ in the 2010 and 2012 actions, Court of Appeal for the First Appellate District Case No. A155310; the petition for extraordinary writ in the second 2016 action, Court of Appeal for the First Appellate District Case No. A154325 and California Supreme Court Case No. S251025; the Metropolitan Water District of Southern California v. San Diego County Water Authority cross-complaints in the 2014, 2016, and 2018 actions; and the appeals of the 2014, 2016, and 2018 actions, Court of Appeal for the First Appellate District Case No. A170156; including report on discussions regarding potential settlement of the 2014, 2016, and 2018 actions, including the cross-complaints and Francisco County Superior appeals. San Court Nos.CPF-14-514004, CPF-16-515282, and CPF-18-516389 and Court of Appeal for the First Appellate District Case No. A170156 [Conference with legal counsel – existing litigation; may be heard in closed session pursuant to Gov. Code Sections 54956.9(d)(1)]

### 8. FOLLOW-UP ITEMS

**NONE** 

### 9. FUTURE AGENDA ITEMS

### 10. ADJOURNMENT

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# The Metropolitan Water District of Southern California

Agenda

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### **OPE Committee**

- B. Pressman, Chair
- G. Bryant, Vice Chair
- L. Ackerman
- B. Dennstedt
- C. Douglas
- D. Erdman
- S. Faessel
- M. Katz
- J. Lewitt
- J. McMillan
- M. Ramos
- N. Sutley

Organization, Personnel, and Effectiveness Committee

Meeting with Board of Directors \*

July 8, 2025

1:00 p.m.

Tuesday, July 8, 2025 Meeting Schedule

08:30 a.m. FAAME 10:30 a.m. LEGAL 12:30 p.m. Break

01:00 p.m. OPE 02:30 p.m. BOD

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Teleconference Locations:

Conference Room • 1545 Victory Boulevard • Glendale, CA 91201 Hotel Raphael • Largo Febo Piazza Navona • Rome, Italy

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

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

2. CONSENT CALENDAR OTHER ITEMS - ACTION

Page 2

**A.** Approval of the Minutes of the Organization, Personnel, and **21-4767** Effectiveness Committee for May 12, 2025

### 3. CONSENT CALENDAR ITEMS - ACTION

**7-11** Recurrent Category E Employment Work Schedule Pilot Program

21-4794
Recommendation [CEQA]

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

### 4. OTHER BOARD ITEMS - ACTION

NONE

### 5. BOARD INFORMATION ITEMS

**NONE** 

### 6. COMMITTEE ITEMS

a.	Health and Safety Program Quarterly Update	21-4824
b.	Employee Benefit Overview	21-4826

### 7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

a. Human Resources activitiesSafety, Security, and Protection activities

### 8. FOLLOW-UP ITEMS

NONE

### 9. FUTURE AGENDA ITEMS

### 10. ADJOURNMENT

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# The Metropolitan Water District of Southern California



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### **Board of Directors - Hidden**

**July 8, 2025** 

2:30 PM

Tuesday, July 8, 2025 Meeting Schedule

08:30 a.m. FAAME 10:30 a.m. LEGAL 12:30 p.m. Break 01:00 p.m. OPE 02:30 p.m. BOD

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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

### 1. Call to Order

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	21-4753
В.	Chair's Monthly Activity Report	21-4754
C.	General Manager's summary of activities	21-4755

7-5	Authorize an increase of \$700,000 in change order authority to an existing contract with Power Engineering Construction Co. for urgent diving services at Lake Mathews; the General Manager has determined that the project is exempt or otherwise not subject to CEQA (EOT)	
7-6	Authorize the General Manager to execute a license agreement with the California Department of Fish and Wildlife to allow the continuance of the Department's Nutria Eradication Program on Metropolitan's Bay Delta Islands located in Contra Costa and San Joaquin Counties; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (FAAME)	21-4788
7-7	Approve a Treated Water Cost Recovery Rate Structure to be included with the staff proposal for the Fiscal Years 26/27 and 27/28 Biennial Budget and Calendar Years 27 and 28 Rates and Charges; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (FAAME)	<u>21-4789</u>
7-8	Approve Revisions to Metropolitan's Reserves Policy and Direct Staff to Implement Specific Sales Projections for the proposed Fiscal Years 26/27 and 27/28 Biennial Budget; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (FAAME)	<u>21-4790</u>
7-9	Approve amendments to the Metropolitan Water District Administrative Code to conform surplus water provisions to current law and practice, to update the list of active District funds, to clarify benefits and pay for specified employees, to conform the timing of exempt time off awards to current practice, to conform the administration of personal vehicle allowances to current policy, to conform public records procedures to current law, and to make other minor, non-substantive changes; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (LC)	<u>21-4791</u>
7-10	Authorize an increase in the maximum amount payable under contract with Thompson Coburn LLP for legal advice on state and federal energy regulatory and contractual matters by \$300,000 to a maximum amount payable of \$600,000; the General Manager has determined that this proposed action is exempt or otherwise not subject to CEQA (LC)	21-4793
7-11	Recurrent Category E Employment Work Schedule Pilot Program Recommendation [CEQA] (OPE)	<u>21-4794</u>
7-12	Placeholder: Budget Assumptions (FAAME)	21-4797

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

### 8. OTHER BOARD ITEMS - ACTION

8-1 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)

### 9. BOARD INFORMATION ITEMS

9-1	Report on Conservation Program	21-4761
9-2	Desert Housing Updates Quarter 4 Fiscal Year 24/25 (EOT)	<u>21-4787</u>
9-3	Information on California Aqueduct Subsidence (OWA)	<u>21-4814</u>
9-4	Information on proposed inspection and vendor agreement for Metropolitan's conservation programs (OWA)	<u>21-4815</u>
9-5	Information on Local Supply Exchange Framework (OWA)	<u>21-4816</u>

### 10. OTHER MATTERS

10-1 Discussion of Department Head Performance and Goal Setting [Public employee performance evaluation – General Counsel, General Auditor, General Manager, and Ethics Officer; to be heard in closed session pursuant to Gov. Code Section 54957]

### 11. FOLLOW-UP ITEMS

NONE

### 12. FUTURE AGENDA ITEMS

### 13. ADJOURNMENT

Board of Directors July 8, 2025

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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.



# 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.

tt Suzuki 5/21/2025

Date

General Auditor

5/21/2025 Date

General Manager

Attachment 1 – General Auditor's Internal Audit Plan for FY 2025/26 – (Revised)

Ref# a12707381



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.



**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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# **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.



# 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.

### **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.



### 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
- Human Resources
- Information Technology
- Infrastructure Reliability
- Office of the General Manager
- Power Operations & Planning
- Security

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
- Bay Delta Initiatives
- Business Continuity
- Centralized Grants & Research
- Cybersecurity
- Diversity Equity & Inclusion
- Employee Relations
- Engineering Planning

- Equal Employment Opportunity
- Ethics
- External Affairs
- Integrated Operations Planning & Support Services
- Land Management
- Operational Safety & Regulation
- Program Management

- Revenue & Budget
- Sustainability Resilience & Innovation
- Treasury & Debt Management
- Treatment & Water Quality
- Water Resource Implementation
- Water Resource Planning

### **LOWER AUDIT RISK**

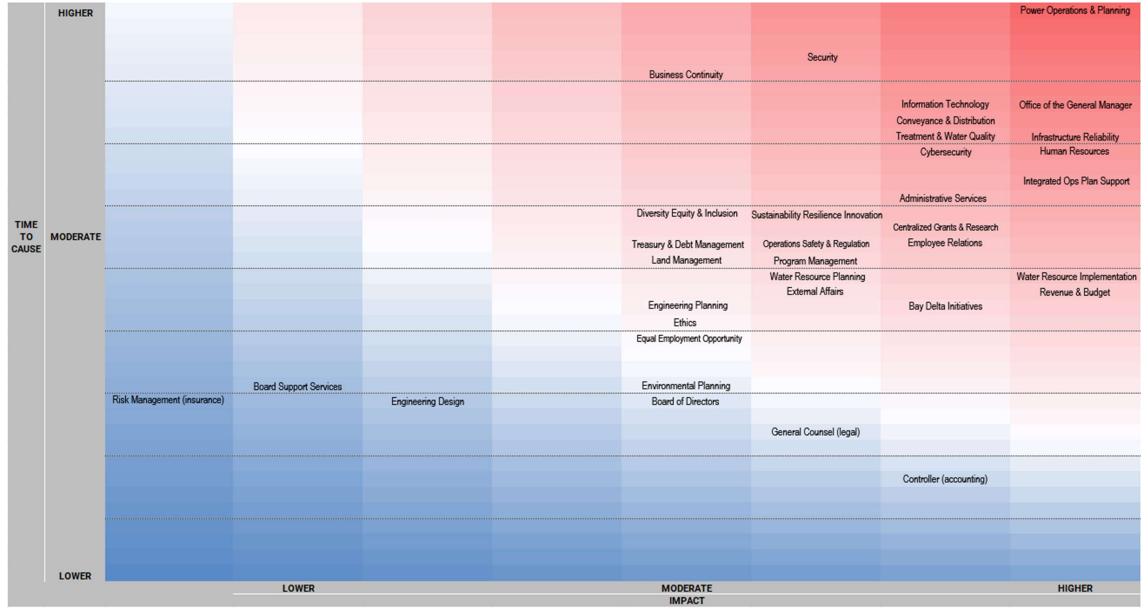
- Board of Directors
- Board Support Services
- Controller (accounting)
- Engineering Design
- Environmental Planning
- General Counsel (legal)
- Risk Management (insurance)





### **HEAT MAP**

The diagram below shows the relationship between time to cause (likelihood + velocity) vs. impact for each Metropolitan auditable area.





# 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.

### 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
	Operat	ional & 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  Carryforward from FY 2024/25	Compare recruiting procedures and technology against industry and sector best practices.	200
6.	Sole Source Contracts  Carryforward from FY 2023/24	Determine if sole-source contracts are issued in accordance with Metropolitan policy.	O <sup>1</sup>
7.	Power Market Operations  Carryforward from FY 2023/24	Review Metropolitan power market operations.	200
8.	State Audit Monitoring  Carryforward from FY 2023/24	Review implementation status of State Auditor recommendations.	200
9.	Bay Delta Disaster Preparedness  Carryforward from FY 2023/24	Review Bay Delta disaster preparedness procedures.	400
10.	CRA Maintenance  Carryforward from FY 2023/24	Review conveyance maintenance program/processes.	160
11.	California Landscape Contractors Association Contract Compliance Carryforward from FY 2023/24	Review contract compliance.	O <sup>1</sup>

TITLE	PRELIMINARY OBJECTIVES	PRELIMINARY BUDGET			
Operational & Compliance Audits (con't)					
12. Pure Water State Funding Audit  Carryforward from FY 2023/24	Determine adherence to state and Board directives for the Pure Water state funding.	400			
13. Reserves/Rate Stabilization Fund  Board directed  Carryforward from FY 2023/24	Determine if reserves are maintained in accordance with the Metropolitan Administrative Code.	01			
14. Real Property Business Management System Project Carryforward from FY 2022/23	Review administration of the Real Property Business Management System Project.	120			
15. CRA Discharge Line Isolation Couplings Rehabilitation Project Carryforward from FY 2022/23	Review administration of the CRA Discharge Line Isolation Couplings Project.	01			
Inforn	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  Carryforward from FY 2024/25	Evaluate district IT processes and controls for alignment with business goals.	200			
18. Cybersecurity: Inventory and Control of SCADA Network Assets Carryforward from FY 2024/25	Determine if Metropolitan actively manages all SCADA network hardware assets.	400			
19. Cybersecurity: Software Asset Inventory & Control Carryforward from FY 2023/24	Determine if Metropolitan actively manages all software on the district network.	80			
20. Oracle Enterprise Business Suite Security  Carryforward from FY 2022/23	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			

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 Board directed	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.	02		
30. Oracle Services Procurement	Advise on new Oracle module implementation.	02		
	Follow-Up Reviews			
Follow-Up on Audits	Follow up on audit recommendation implementation by management.	2,238		
Admin	istration & 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		

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.

<sup>&</sup>lt;sup>2</sup> This project has executive management assigned to it who do not charge hours.



<sup>&</sup>lt;sup>1</sup> This project has reached its maximum budget, and no additional hours will be allocated to it.

### 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



# 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 parentheses<sup>3</sup>:

RISK AREA	AUDITABLE AREA	ENGAGEMENT
Application security	Information Technology	Oracle Enterprise Business Suite Security (20)
Contract administration	Administrative Services	Contract Administrator Program (4)
	Security	Security Contract (1)
Contract compliance	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)

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)

<sup>&</sup>lt;sup>3</sup> The Colorado River Water Users Association (28) is a Board-directed project without a direct district-associated risk area.



## **DEFERRED PROJECTS**

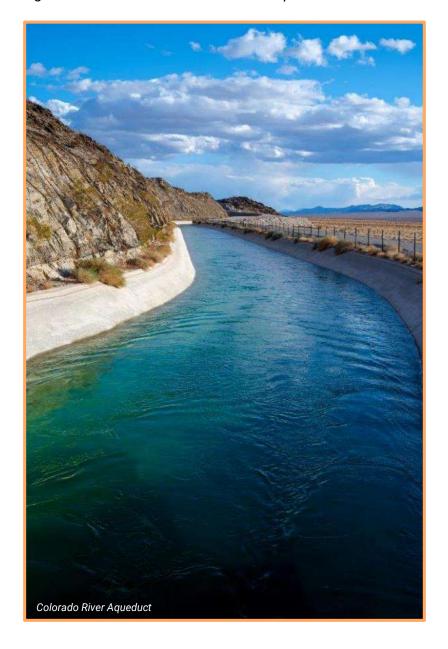
Risks/internal control concerns identified from Board input and management interviews (in high or medium-high areas of the audit risk assessment) are listed below alphabetically and mapped to auditable areas. They will be added to the audit plan as resources and/or time become available:

RISK AREA	AUDITABLE AREA
Accommodations process	Human Resources
Affordability (Board Directed)	Revenue & Budget
Buy v. lease	Integrated Operations Planning & Support Services
Chemical safety	Treatment & Water Quality
Conjunctive use (Board Directed)	Water Resource Planning
Corporate climate assessments	Multiple
CRA reliability	Conveyance & Distribution
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	Multiple
Job descriptions	Human Resources
Knowledge transfer (Board Directed)	Human Resources
MOUs (Board Directed)	Multiple
Operator certification	Integrated Operations Planning & Support Services
Real estate (Board Directed)	Land Management
Total asset management	Infrastructure Reliability
Transfer process	Human Resources
Travel authorization process	Human Resources
Vehicle assignment	Integrated Operations Planning & Support Services

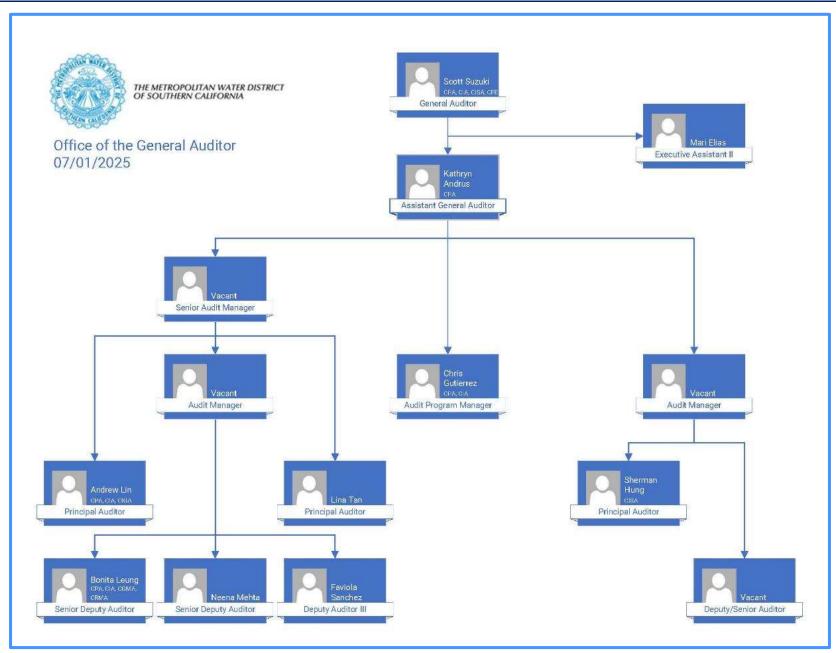
#### RESOURCE PLAN

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.



#### **ORGANIZATION CHART**





#### **STANDARDS**

The following are references to relevant Global Internal Audit Standards.

#### **Domain I: Purpose of Internal Auditing**

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.

#### Standard 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.

#### Standard 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.

#### Standard 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.

#### Standard 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.

#### Standard 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.

#### Standard 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.

#### **Standard 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.

#### **Standard 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.



### **Special Audit Committee**

# General Auditor's Internal Audit Plan for Fiscal Year 2025/26

Item 7-1 June 23, 2025 Item # 7-1 General Auditor's Internal Audit Plan for Fiscal Year 2025/26

### Subject

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

### Purpose

Provide a summary of the Internal Audit Plan for fiscal year 2025/26

### Next Steps

Submit the Internal Audit Plan for Board approval

### Introduction

### Department Overview

- Provide independent, professional, and objective advice to the Board and Metropolitan management in accordance with professional standards issued by The Institute of Internal Auditors
- Assist Metropolitan's Board and management in improving business and financial practices
- Proactively address issues, focusing on governance, risk management, and internal control processes
- Carry out responsibilities in accordance with the Audit Department Charter specified in Metropolitan Administrative Code Section 6451

# Audit Risk Assessment

### Audit Risk Assessment Process

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

- Understand the organization
- Identify, assess, and prioritize risks
- Coordinate with other assurance providers
- Estimate resources
- Propose the audit plan and solicit feedback
- Finalize and communicate the audit plan
- Assess risks continuously
- Update the audit plan and communicate changes

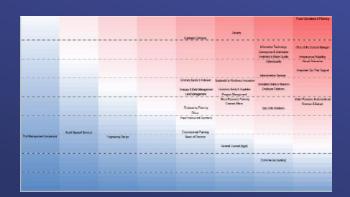
# Audit Risk Assessment

### Audit Risk Assessment Summary

### **Higher Audit Risk Areas**

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

NOTE: A higher audit risk score **DOES NOT** mean that a business area/process is being managed ineffectively or that internal control is not adequate.



### Service Portfolio

- 1. Operational & Compliance Audits
- 2. Information Technology Audits
- 3. Advisory Services
- 4. Follow-Up Reviews
- 5. Administration & Other Activities

### New Engagements

### **Operational & Compliance Audits**

- 1. Security Contract
- 2. Enterprise Risk Management
- 3. P-Card Program
- 4. Contract Administrator Program

### Information Technology Audit

5. Cybersecurity: SCADA Network Software Asset Inventory & Control

### Carryforward Engagements

### **Operational & Compliance Audits**

- 6. Recruiting Process
- 7. Sole Source Contracts
- 8. Power Market Operations
- 9. State Audit Monitoring
- 10. Bay-Delta Disaster Preparedness
- 11. CRA Maintenance
- 12. California Landscape Contractors Association Contract Compliance
- 13. Pure Water State Funding Audit

# Carryforward Engagements (con't)

#### **Operational & Compliance Audits**

- 14. Reserves/Rate Stabilization Fund
- 15. Real Property Business Management System
- 16. CRA Discharge Line Isolation Couplings Rehabilitation Project

#### Information Technology Audits

- 17. IT Governance
- 18. Cybersecurity: Inventory and Control of SCADA Network Assets
- 19. Cybersecurity: Software Asset Inventory & Control
- 20. Oracle Enterprise Business Suite Security

### Advisory Engagements

- 21. Safety Equipment Purchase Process
- 22. GRC Platform
- 23. Grants
- 24. METCON
- 25. WINS
- 26. Enterprise Content Management
- 27. Process Matters Initiative
- 28. Colorado River Water Users Association Review
- 29. Risk Oversight Committee (Power Operations)
- 30. Oracle Services Procurement

### Follow-Up Reviews

- Six prior audit plan
- 13 current audit plan

### Administration & Other Activities

- External Audit Support
- Annual Audit Risk Assessment & Internal Audit Plan
- TeamMate+ Training & Functional Utilization
- Quality Assessment & Improvement Program (QAIP)
- On-Demand Advisory Services
- Directed Ad Hoc

# Assurance & Advisory Coverage

Specific risk areas covered by planned engagements:

# Additional Information

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)

# Assurance & Advisory Coverage (con't)

# Additional Information

RISK AREA	AUDITABLE AREA	ENGAGEMENT
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)
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)

# Assurance & Advisory Coverage (con't)

# Additional Information

RISK AREA	AUDITABLE AREA	ENGAGEMENT
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)

### Deferred Projects

Added to audit plan as resources/time become available:

- Accommodations process
- Affordability (Board Directed)
- Buy v. lease
- Chemical safety
- Conjunctive use (Board Directed)
- Corporate climate assessments
- CRA reliability
- Desert housing
- District temporary/annuitant usage
- Electrical equipment supply chain

# Deferred Projects (con't)

- Employee/contractor conflict of interest
- Investigative process
- Job descriptions
- Knowledge transfer (Board Directed)
- MOUs (Board Directed)
- Operator certification
- Real estate (Board Directed)
- Total asset management
- Transfer process
- Travel authorization process
- Vehicle assignment

### Other Risk Areas

Not included in/removed from audit plan at this time:

- Business continuity
- CARB regulations/fleet exemptions
- Community outreach
- Conservation funding
- Revenue-generating lease/license contracts
- Housing assignments
- Headquarters office space usage
- Invoice review process
- Progressive design-build

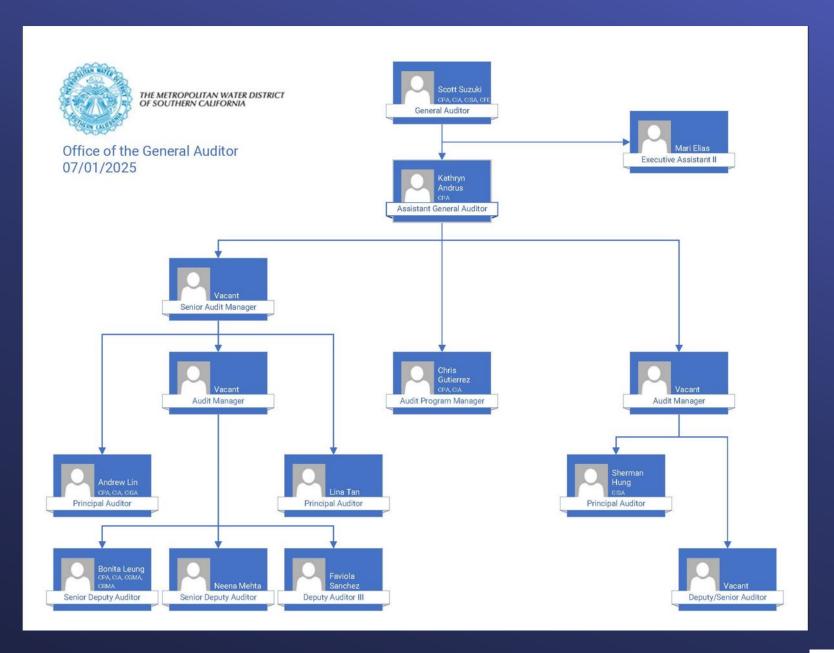
### Other Risk Areas (con't)

- Receiving/inventory
- SBA/DBE program
- Travel/employee reimbursement
- Water sales to non-member agencies

### Resource Plan

- Ten professional audit team members, one administrative professional, two executive managers
- Audit experience includes financial, performance, fraud, compliance, and information technology
- Five licensed Certified Public Accountants (CPA)
- Four Certified Internal Auditors (CIA) and two Certified Information Systems Auditors (CISA)
- 11,817 productive hours of which 7,177 are available for audit and advisory projects
- Productive hours account for the hiring of two audit managers and a senior audit manager during the year

# Organization Chart



June 23, 2025 Special Audit Committee Item # 7-1 Slide 21 170



### Standards

Global Internal Audit Standards applicable to this project:

- Domain I: Purpose of Internal Auditing
- Standard 8.2 Resources
- Standard 9.1 Understanding Governance, Risk Management, Control Processes
- Standard 9.2 Internal Audit Strategy
- Standard 9.4 Internal Audit Plan
- Standard 10.1 Financial Resource Management
- Standard 14.4 Recommendations and Action Plans

# General Auditor's Internal Audit Pan for FY 2025/26

### Project Team

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

# Board Options

### Option 1

• Approve General Auditor's Internal Audit Plan for Fiscal Year 2025/26

### Option 2

• Do not approve General Auditor's Internal Audit Plan for Fiscal Year 2025/26

# Board Options

### Staff Recommendation

• Option I





#### **Board Action**

### 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)**

#### **CEOA** 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

Interim Chief Engineer **Engineering Services** 

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



Sp Jt BOD and Exec Committee and Wksp on EOT Comm

## Arc Flash Protection

Item 7-2 June 24, 2025

# Item 7-2 Arc Flash Protection

## Subject

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

## Purpose

Enhance operational safety of Metropolitan's high-voltage power distribution systems

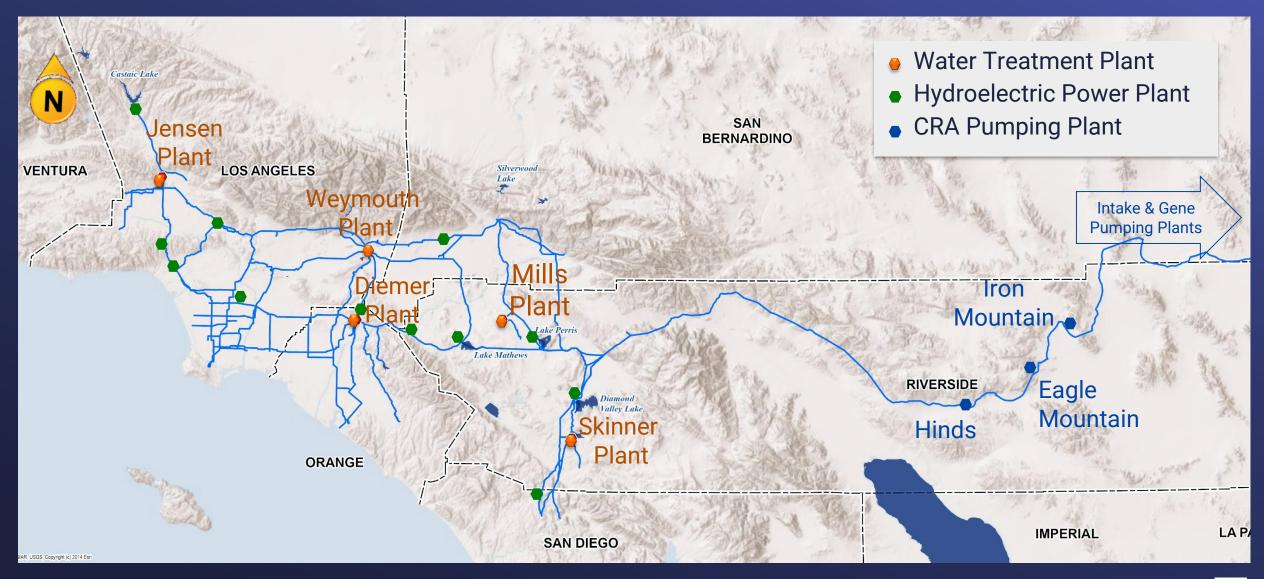
## Recommendation and Fiscal Impact

Authorize an amendment to two existing on-call agreements to complete the second phase of arc flash risk assessment and mitigation at Metropolitan's facilities

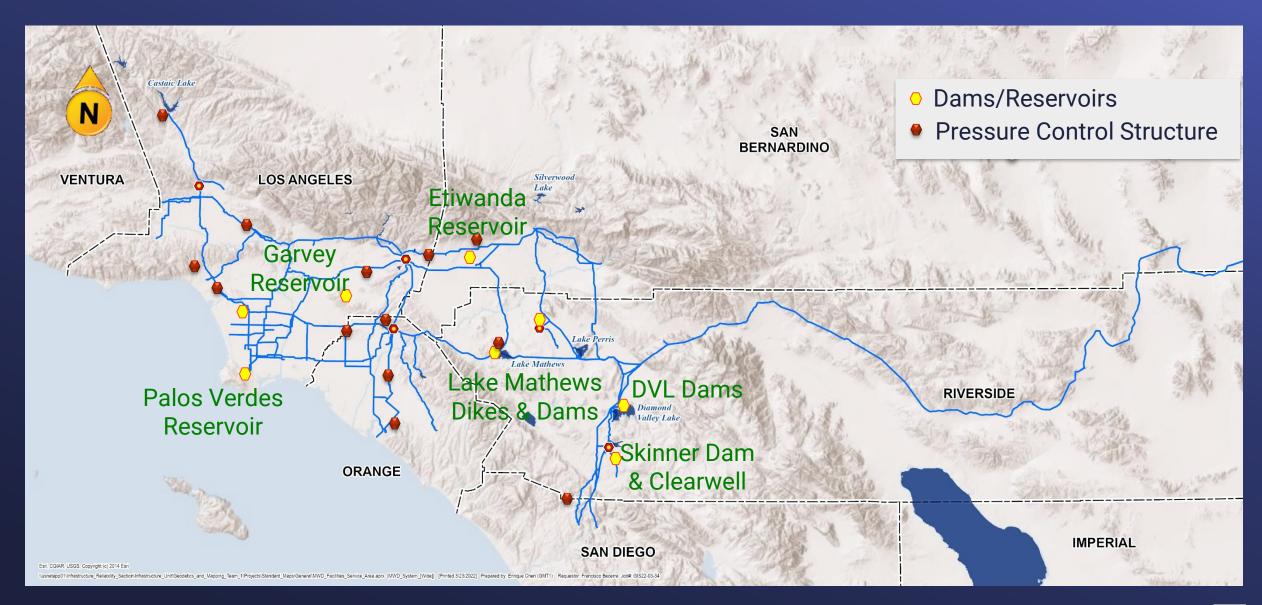
Fiscal Impact - \$3 Million

## Budgeted

## Metropolitan Distribution System



## Metropolitan Distribution System



## Background

- Metropolitan power distribution system
  - Electrical power systems from 480 volts to 230,000 volts
- Arc flash event
  - Sudden and intense release of electrical energy traveling through air
  - Serious risks to personnel safety, equipment integrity & operations
- NFPA regulations
  - Formal arc flash risk assessments
  - Intervals NTE 5 years



Staff Performing Electrical
Maintenance on 230kV Circuit Breaker

## Background

- Metropolitan's Programmatic Safety Response
  - Authorized a comprehensive multi-year initiative in June 2022
  - Risk assessments per NFPA 70E
  - Development of digital system models
  - PPE guidance, safety labels
  - Integration of program findings into long-term O&M and training protocols



Staff Isolating Equipment for Maintenance at Skinner WTP

## Background – Arc Flash Assessment & Mitigation

- Work executed in two phases
- Initial assessment of 41 critical facilities
  - CRA pumping plants, water treatment plants
     & hydroelectric power plants
  - Work by Metropolitan staff & consultant
  - 99% completed to date
- Second phase assessment this action
  - 25 sites including pressure control structures, dams & reservoirs
- Minor review/updates every 5 years in compliance with NFPA regulations



Labeling & Working with Live System

# Arc Flash Protection

## Consultant Scope

- For each facility
  - Perform site investigations
  - Verify electrical single-line diagrams
  - Develop computerized models using ETAP software
  - Conduct arc flash assessment & analysis
  - Recommend improvements
  - Prepare deliverables & submittals

# Arc Flash Protection

## **Alternatives Considered**

- Considered Alternative Utilize only Metropolitan staff
  - Uses internal engineering capabilities
  - Limited availability may delay completion
- Selected Alternative Hybrid approach
  - Maintains compliance & project schedule
  - Efficient resource allocation
  - Balances consultant expertise with internal priorities

# Arc Flash Protection

## Arc Flash Agreements

- Pre-qualified consultants via RFQ 1301
- Amend two agreements
  - Mangan Inc.
  - Burns & McDonnell Western Enterprises Inc.
- Recommended amendment
  - Complete second phase of arc flash risk assessment & mitigation
- For each agreement
  - Amendment amount: \$1,500,000
    - New NTE amount: \$3,750,000
  - SBE participation level: 25%

## Project Schedule

Arc Flash Assessment 2025 2026 2027 First phase Second phase Assessments **Board Action** Completion

## **Board Options**

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.

Option #2
 Do not proceed with the consulting agreements at this time.

## Staff Recommendation

Option #1





## **Board Action**

## 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

5/28/2025 Date

Interim Chief Engineer

**Engineering Services** 

NUS

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.

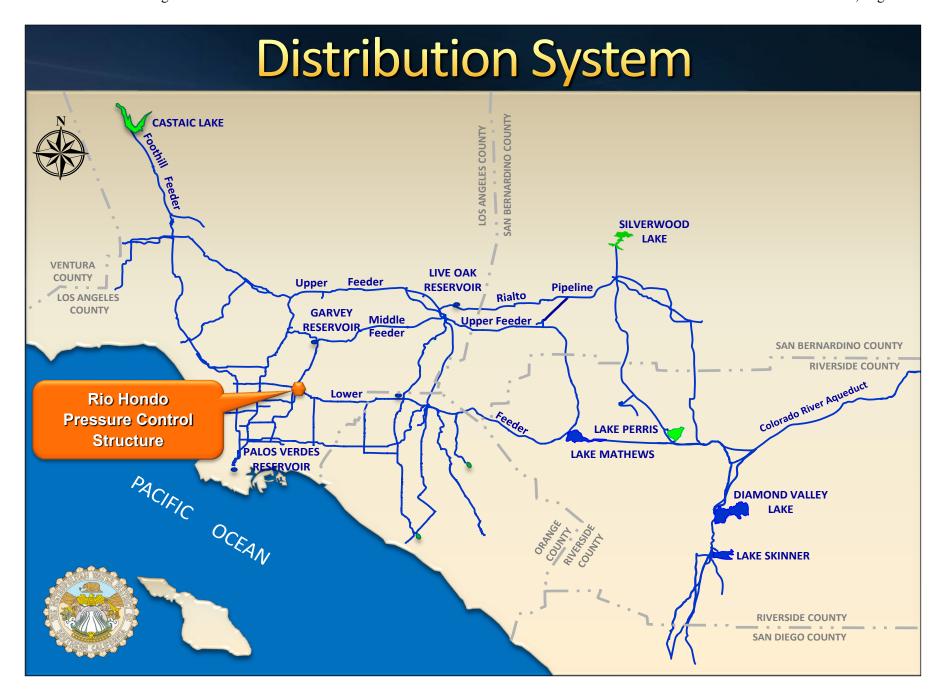
#### Request for Bids No. RFB-DV-454593 Rio Hondo Pressure Control Structure Valve Procurement

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	Total <sup>1</sup>
B&K Valves and Equipment Inc. Olivehurst, CA	\$807,004

<sup>&</sup>lt;sup>1</sup> As a procurement contract, there are no subcontracting opportunities.





Sp Jt BOD and Exec Committee and Wksp on EOT Comm

## Valve Procurement for Rio Hondo Pressure Control Structure

Item 7-3 June 24, 2025

## Item 7-3

Rio Hondo Pressure Control Structure Valve Procurement

## Subject

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

## Purpose

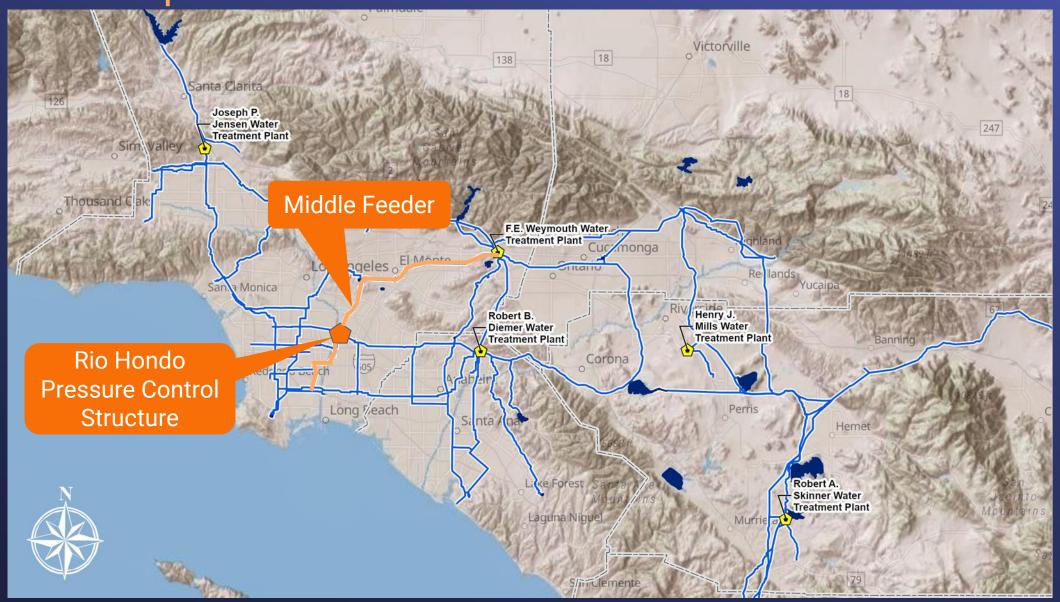
Procurement of pressure regulating valves that have reached end of their service lives and are critical to operations of the facility

## Recommendation and Fiscal Impact

Award procurement contract for replacement globe valves Fiscal Impact – \$975,000

## Budgeted

**Location Map** 



## Background - Rio Hondo Pressure Control Structure (PCS)

- Constructed in 1953
- Provides pressure control for southern portion of Middle Feeder
  - Precise flow regulation is essential to protect the pipeline from excessive pressure
- Valves in continuous service for over 70 years
  - Valves fail periodically
  - Increased maintenance required
  - Replacement parts no longer supported by manufacturer



Existing Original Valves at Rio Hondo PCS

## **Current Staged Approach**

- Stage 1
  - Replace four valves deemed critical to maintaining operations of facility
    - One 16-inch valve
    - Two 12-inch valves
    - One 8-inch globe valve
- Stage 2
  - Replace or rehabilitate valves, piping & mechanical, electrical & control system
- Stages allow time to conduct detailed analysis to rehabilitate entire structure



Aged Piping and Valve System



Conduits & Pull Boxes

## Rio Hondo Pressure Control Structure Valve Procurement

## **Alternatives Considered**

- Considered Alternative Continue repairing existing valves
  - Valves extensively deteriorated
  - Replacement parts challenging to find
- Selected Alternative Procure & replace four new globe valves in-kind
  - Restores facility to full operational capacity

## Rio Hondo Pressure Control Structure Valve Procurement

## Scope of Work

- Contractor
  - Furnish one 16-inch valve, two 12-inch valves & one 8-inch globe valve
- Metropolitan
  - Fabrication inspection & functional testing
  - Submittals review & RFI response
  - Contract administration & project management

## **Bid Results**

## Request for Bid No. RFB-DV-454593

**Bids Received** 

No. of Bidders

Lowest Responsible Bidder

Low Bid

Range of Budgetary Estimates

March 5, 2025

1

B&K Valves & Equipment Inc.

\$807,004

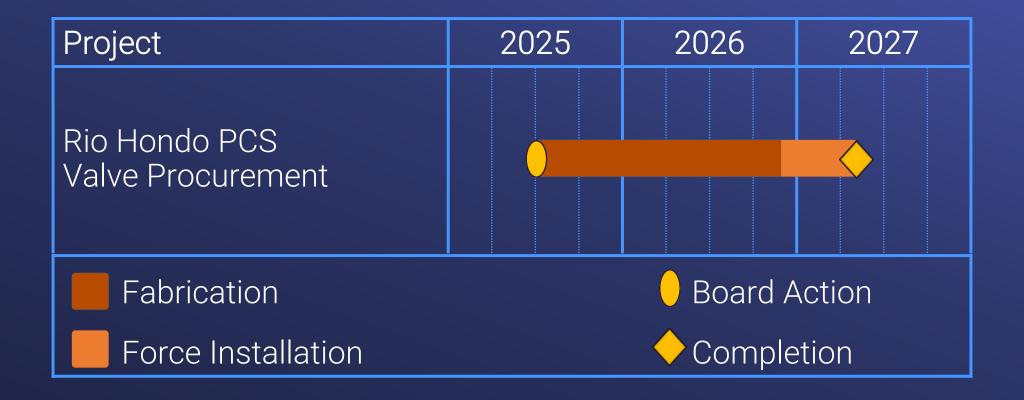
\$550,000 - \$750,000

## Allocation of Funds

### Rio Hondo Pressure Control Structure Valve Procurement

Metropolitan Labor		
Owner Costs (Proj. Mgmt., Contract Admin.)	\$	43,996
Construction Inspection & Support		78,000
Submittals Review		46,000
Contracts		
B&K Valves & Equipment Inc.		807,004
Remaining Budget		-
	Total \$	975,000

## Project Schedule



## **Board Options**

- 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.
- Option #2
   Do not proceed with this project at this time.

## Staff Recommendation

• Option #1





## **Board Action**

## • Board of Directors Finance, Affordability, Asset Management, and Efficiency Committee

6/10/2025 Board Meeting

7-5

#### **Subject**

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]

#### **Executive Summary**

Under the California Surplus Land Act (Government Code Section 54220, et seq.) and the Metropolitan Administrative Code, the sale or lease of excess properties or land requires a board declaration that the land is "surplus land" or "exempt surplus land" as supported by written findings before Metropolitan may dispose of such land consistent with Metropolitan's policies and procedures.

Metropolitan owns three residential properties, totaling approximately 6 acres located in the County of Riverside (**Attachment 1**) that were deemed by staff to be in excess of Metropolitan's current and future foreseeable needs. Staff recommends that the Board adopt the resolution (**Attachment 2**) declaring the properties to be exempt surplus land and direct staff to take necessary actions to sell or otherwise dispose of those properties.

#### **Proposed Action/Recommendation and Options**

#### **Staff Recommendation: Option #1**

#### Option #1

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.

**Fiscal Impact:** Once the properties are disposed of by sale, Metropolitan will receive revenue less disposition expenses at the close of escrow.

Business Analysis: The properties are surplus to Metropolitan's operational and developmental needs.

#### Option #2

Do not surplus the properties and retain ownership and property management obligations for those properties. **Fiscal Impact:** Continued ownership expenses associated with property management, maintenance and security to be incurred indefinitely without offsetting water supply, employee housing or tenant revenue benefits

**Business Analysis:** Metropolitan continues its fee ownership of unused properties and remains exposed to trespassing issues and maintenance expenses.

#### **Alternatives Considered**

Not applicable

#### **Applicable Policy**

Metropolitan Water District Administrative Code §§ 8240-8258 (Disposal of Real Property)

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 44542, dated July 10, 2001, the Board approved Principles of Agreement for a Land Management, Crop Rotation, and Water Supply Program with Palo Verde Irrigation District.

By Minute Item 45053, dated October 22, 2002, the Board authorized entering into agreements for the Palo Verde Irrigation District Land Management, Crop Rotation, and Water Supply Program and community improvement programs.

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

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

Not applicable

#### California Environmental Quality Act (CEQA)

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

The proposed action is exempt from CEQA because it consists of sales of surplus government property, and the parcels are not located in an area of statewide, regional, or areawide concern identified in CEQA Guidelines Section 15206(b)(4). (State CEQA Guidelines Section 15312.)

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

None required

#### **Details and Background**

#### **Background**

Metropolitan owns over 211,700 acres of right-of-way comprised of approximately 175,000 acres of fee property and approximately 36,700 acres of easement and water rights across 12 counties in California. These properties are held for current and future planned uses related to the conveyance, storage, and treatment of water and for environmental mitigation and water conservation purposes. The manner in which Metropolitan achieves its mission of providing adequate and reliable supplies of high-quality water evolves over time. Metropolitan's land requirements adjust in tandem with the evolution of Metropolitan's operations and uses.

Under the Metropolitan Administrative Code and the California Surplus Land Act, excess land that is owned in fee simple by Metropolitan may be disposed of only after the Board takes formal action in a regular public meeting declaring the land as exempt surplus or surplus land and not necessary for Metropolitan's use. To support this process, Metropolitan's Land Management Unit performs a periodic evaluation of fee-owned real property pursuant to Metropolitan Administrative Code Section 8240 for the purpose of determining which properties may have become excess to Metropolitan's current and foreseeable operational requirements and other needs.

#### Basis for Findings that the Properties are Exempt Surplus Land

Two of the subject residential properties were part of Metropolitan's acquisition of approximately 12,819 acres of land from Verbena LLC in the Palo Verde Valley (PVV) in 2015. Metropolitan made this portfolio land purchase to protect and augment its Colorado River supplies through the promotion and support of water-efficient farming and agricultural activity and to acquire landowner water management and fallowing rights. These lands were mainly made up of agricultural holdings but also included two residential properties within the City of Blythe.

Metropolitan's Geodetics staff initially occupied one of the identified PVV properties for several years while surveying the newly acquired properties. Upon completion of the surveys, Geodetics staff vacated the property, and no other use has been identified. The other PVV property has no planned Metropolitan use and was always identified as a property for potential future disposal. The two PVV properties are adjacent to each other and located at 12000 West 14<sup>th</sup> Avenue, Blythe, CA 92225(Riverside County Assessor Parcel Numbers 824-200-045 and 824-200-050.) The first property is made up of 2.42 acres, while the second property is made up of 3.37 acres.

The third subject residential property, which is located in the City of Riverside, was acquired in May 1999 to house an on-call emergency responder for Metropolitan's Lake Mathews Facility. The property is located at 3137 Wicklow Drive, Riverside, CA 92503 (Riverside County Assessor Parcel Number 136-211-023), and it comprises 0.17 acres. The need for extensive repairs and a deterioration of the surrounding neighborhood led to the relocation of the emergency responder to a single-family residence in Riverside that is currently under lease to Metropolitan. This leased property is located within a nearby community that is gated and therefore does not have the neighborhood safety and security concerns of the Metropolitan-owned residence. The leased residence presents a more cost-effective solution to house Metropolitan's emergency responders than Metropolitan-owned and maintained housing in this area.

After extensive evaluation by the operational, water resource management and other teams of Metropolitan, staff considers the three properties to be excess to Metropolitan's needs and recommends that the properties be declared exempt surplus land and sold to generate revenue for Metropolitan to offset operational costs. Benefits of declaring the land surplus and disposal of the subject properties would include the elimination of maintenance and security expenses as well as the avoidance of trespass and nuisance abatement issues associated with any unlawful activities on the properties.

#### **Disposal Process**

The Metropolitan Administrative Code and the Surplus Land Act require the Board to make a written surplus or exempt surplus declaration of land prior to its disposal by way of sale or long-term lease. Department of Housing and Community Development (HCD) guidelines require the submission of such written findings and other documentation at least 30 days prior to disposition. The resolution provided as part of this Board action documents such findings and satisfies other legal requirements.

After this process, Metropolitan's Administrative Code allows for the disposal of property by auction, open listing, and other means that accrue the highest sale price. Staff requests authority to satisfy all requirements related to the disposal of surplus property and to begin the disposition process in accordance with Metropolitan's policies and procedures.

Elizabeth Crosson

6/3/2025 Date

Chief Sustainability, Resilience and

Innovation Officer

6/3/2025

General Manager

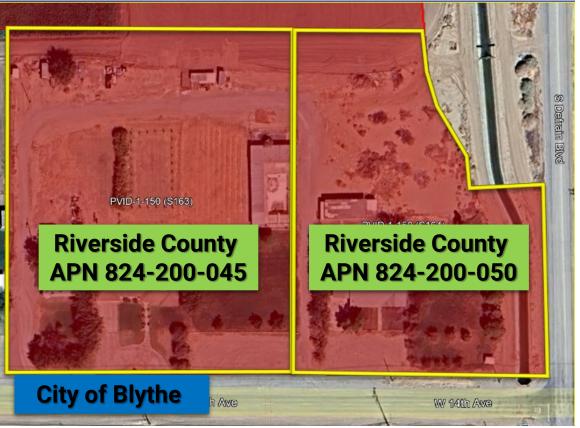
Date

Attachment 1 – Location Map

Attachment 2 - Resolution

Ref# sri12700161





### THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA DECLARING THREE PARCELS OF REAL PROPERTY LOCATED IN THE COUNTY OF RIVERSIDE AS EXEMPT SURPLUS LAND UNDER THE SURPLUS LAND ACT AND AUTHORIZING THEIR DISPOSAL

WHEREAS, the Metropolitan Water District of Southern California ("Metropolitan") is the fee owner of certain real property at 12000 West 14th Avenue in the City of Blythe, California (Riverside County Assessor Parcel Nos. 824-200-045 and 824-200-050) and 3137 Wicklow Drive in the City of Riverside, California (Riverside County Assessor Parcel Nos. 136-211-023) (referred to collectively herein as the "Properties");

WHEREAS, Metropolitan is a metropolitan water district created under the authority of the Metropolitan Water District Act (California Statutes 1927, Chapter 429, as reenacted in 1969 as Chapter 209, as amended) (the "Act") which authorizes Metropolitan amongst other things to buy and sell interests in real property and to spend funds to: facilitate water conservation, water recycling, and groundwater recovery efforts in a sustainable, environmentally sound, and cost-effective manner; acquire water and water rights within or without the state; develop, store, and transport water; provide, sell, and deliver water at wholesale for municipal and domestic uses and purposes; and acquire, construct, operate, and maintain any and all works, facilities, improvements, and property necessary or convenient to the exercise of such powers;

WHEREAS, pursuant to Section 54221(b)(1) of the Surplus Land Act (California Government Code Sections 54220 – 54234) and the Surplus Land Act Guidelines of the California Department of Housing and Community Development, the Board of Directors of Metropolitan (the "Board") must declare the Properties to be "surplus land" or "exempt surplus land" before Metropolitan may take any action to dispose of the Properties, whether by sale or long term lease;

WHEREAS, Government Code Section 54221(f)(1)(N) defines "exempt surplus land" to include real property that is used by a district for agency's use expressly authorized in Government Code Section 54221(c); and

WHEREAS, Section 54221(c)(2) of the Government Code provides that "agency's use" may also include commercial or industrial uses or activities, including nongovernmental retail, entertainment or office development, or be for the sole purpose of investment or generation of revenue if the agency's governing body takes action in a public meeting declaring that the use of the site will directly further the express purpose of agency work or operations.

NOW, THEREFORE, the Board of Directors of The Metropolitan Water District of Southern California does hereby resolve, determine and order as follows:

**Section 1.** Recitals. The recitals set forth above are true and correct and are incorporated into this Resolution by this reference and are made a part of the official findings of the Board of Directors.

Section 2. Board Findings. The Properties are "exempt surplus land" pursuant to California Government Code Section 54221(f)(1)(N) and 54221(c)(2) because the sale of the listed properties would constitute an "agency use" for purposes of the Surplus Land Act, under the grounds set forth in the recitals of this resolution and the board letter accompanying this resolution and incorporated herein by reference. In particular, the sale or disposal of all the Properties would generate revenues that can be used to directly further the water transportation, storage, treatment, delivery of water, and other statutory purposes of Metropolitan and the acquisition, construction, operation and maintenance of public works, facilities, improvements, and property necessary or convenient to the exercise of such powers. The sale of the Properties within the City of Blythe would also further agency purposes and policies by increasing the stock of agricultural workforce housing and commercial parcels available to support water-efficient farming in the region, directly furthering the Colorado River and water conservation policies and plans adopted by the Board and supporting the agricultural economy and local community within the Palo Verde Valley. The sale of the Properties within the City of Riverside would also further agency purposes and policies by

increasing the stock of workforce housing available to support water district and water supply purposes.

**Section 3.** <u>Staff Authorizations.</u> Metropolitan staff is hereby authorized to provide the Department of Housing and Community Development ("HCD") all necessary documentation and to take such actions as deemed necessary or proper to effectuate the purposes of this Resolution and to dispose of the Properties in accordance with Metropolitan's policies and procedures.

I HEREBY CERTIFY, that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California, at its meeting held on June 10, 2025.

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



Special Finance, Affordability, Asset Management and Efficiency Committee

# Declare Three Parcels Exempt Surplus

Item 7-5 June 23, 2025

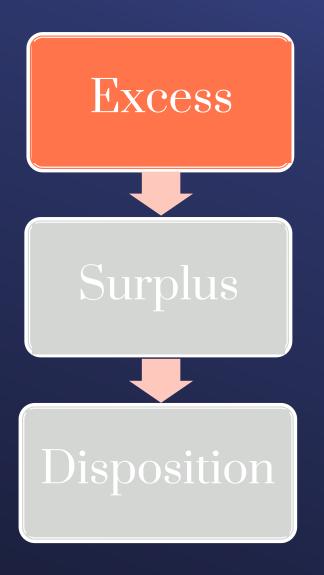
# Overview of Surplus Action

### Subject

 Adopt a resolution declaring three parcels as exempt surplus and authorize their disposal

### Purpose

• The sale of excess properties requires a board declaration before Metropolitan may dispose of such land consistent with Metropolitan's policies and procedures.



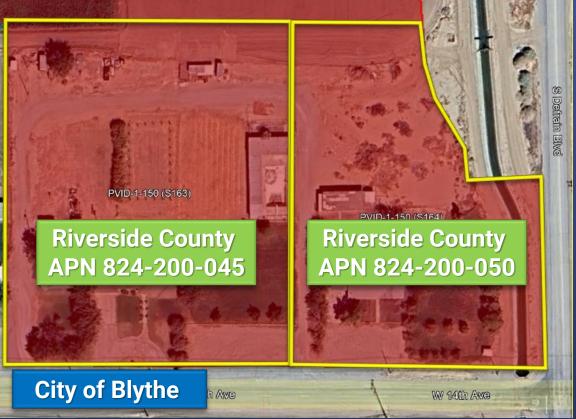
- Periodic Evaluations to determine excess parcels
- Excess parcels presented to Board for consideration as Surplus
- Board declares surplus resolution
- Disposition for sale

### Service Area & CRA Map



### Site Maps





### Option No. 1

### Board Options

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

### Option No. 2

Do not declare the parcels to be surplus to Metropolitan's needs

### Staff Recommendation

Board Options

• Option No. 1





### **Board Action**

### 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

son

Chief Sustainability, Resilience and

Innovation Officer

General Manager

5/28/2025 Date

5/28/2025

Date

///

\_\_

Attachment 1 - Location Map

Ref# sri12701535

### Location Map





Special Finance, Affordability, Asset Management and Efficiency Committee

### Duke Realty Corporation License Amendment

Item 7-8 June 23, 2025

### 7-8 Overview of License Amendment

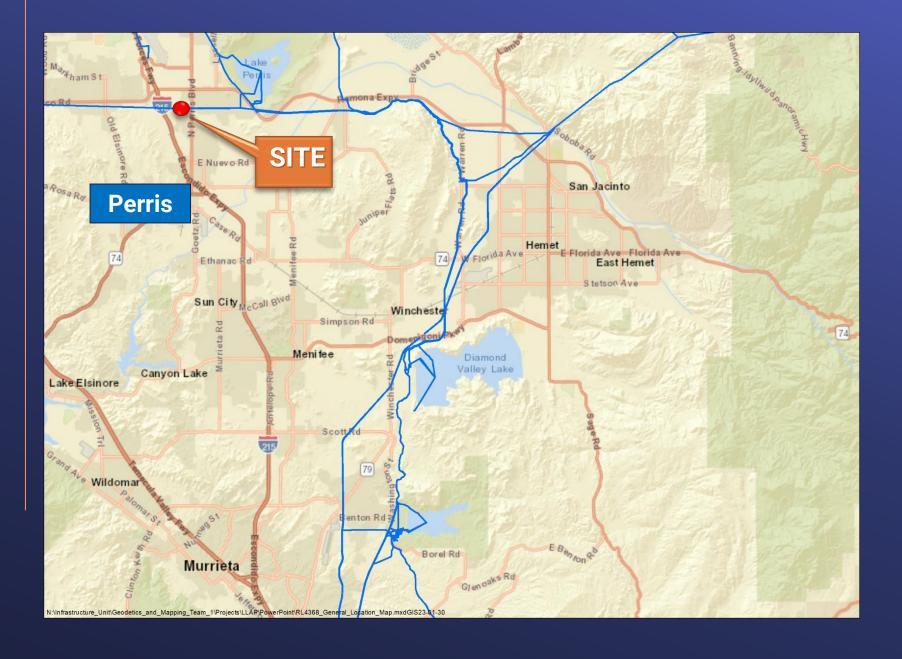
### Subject

Authorize the amendment of an existing license agreement with Duke Realty Corporation to adjust the license fee and extend the term

### Purpose

Allows continued ingress and egress rights across Metropolitan's Colorado River Aqueduct right of way in Perris, California

### General Location Map



Site Map



### 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

## Board

### Option No. 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

### Option No. 2

• Do not approve the license amendment

### Staff Recommendation

Board Options

• Option No. 1





### **Board Action**

#### Board of Directors

### Finance, Affordability, Asset Management, and Efficiency Committee

6/10/2025 Board Meeting

7-10

### **Subject**

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

### **Executive Summary**

The long-term lease of Metropolitan-owned lands to further agency uses and purposes for more than fifteen years requires written documentation that such lands constitute "exempt surplus land" under the California Surplus Land Act (Government Code Section 54220, et seq.). The resolution before the Board declares certain portions of Webb Tract in the Sacramento-San Joaquin Delta region (Attachment 1) as exempt surplus land available for rice farming and other agricultural and ecorestoration and habitat maintenance-related uses that would further Metropolitan's water quality and water supply resiliency goals.

### **Proposed Action/Recommendation and Options**

#### Staff Recommendation: Option #1

#### Option #1

Adopt a resolution declaring approximately 5,497 acres of Metropolitan-owned real property in the Sacramento-San Joaquin Delta, commonly known as Webb Tract, as exempt surplus land under the Surplus Land Act.

**Fiscal Impact:** No direct fiscal impact. The action merely makes a Board finding as to the availability of the land for certain agency uses and its administrative categorization.

**Business Analysis:** The generation of rental payments and other revenues and costs would be dependent on separate Metropolitan action. The current action making an exempt surplus land determination under the Surplus Land Act does not commit Metropolitan to the implementation of any specific future transaction or property use.

#### Option #2

None required.

**Fiscal Impact:** No direct fiscal impact. Existing property management and agency uses of the land would continue to the extent they do not require certain actions under the Surplus Land Act.

**Business Analysis:** Forgo future possible land utilization proposals associated with long-term leases that require actions under the Surplus Land Act.

#### **Alternatives Considered**

Not applicable

### **Applicable Policy**

Metropolitan Water District Administrative Code §§ 8240-8258 (Disposal of Real Property)

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

By Minute Item 53012, dated October 11, 2022, the Board adopted the amended revision and restatement of Bay-Delta Policies, as set forth in Agenda Item 7-9

By Minute 53254, dated May 9, 2023, the Board adopted a resolution to support an approximately \$20.9 million grant application to the Sacramento-San Joaquin Delta Conservancy to develop a multi-benefit landscape opportunity on Webb Tract; and authorized the General Manager to accept the grant if awarded.

Metropolitan Water District of Southern California Climate Action Plan.

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

Not applicable

### California Environmental Quality Act (CEQA)

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

The proposed action is exempt from CEQA because the action consists of the operation, repair, maintenance, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features involving negligible or no expansion of existing or former use and no possibility of significantly impacting the physical environment. In addition, the proposed action consists of minor public or private alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees except for agricultural purposes. (State CEQA Guidelines Sections 15301 and 15304.)

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

None required

### **Details and Background**

#### **Background**

Metropolitan owns the land area commonly known as Webb Tract in Contra Costa County. At the Board's request, Metropolitan staff presented in February 2024 a Delta Islands Strategic, Fiscal, and Risk Analysis, which outlined in part a possible multi-benefit land use strategy for Webb Tract and other Metropolitan land holdings in the Sacramento-San Joaquin Bay-Delta area. This strategy includes the issuance of long-term agricultural leases producing crops such as rice that reduce land subsidence and the advancement of ecorestoration goals while providing greenhouse gas emissions reduction and other environmental benefits and revenues to the district to further its statutory mission.

Before Metropolitan may award leases of land with terms of fifteen years or more or undertake certain other land conveyance-related actions, the Metropolitan is required to take the administrative step of declaring such parcels "exempt surplus land" under the Surplus Land Act and Metropolitan Administrative Code that is available for the furtherance of agency uses and purposes. The requested declaration is set forth in the resolution attached to this board letter (Attachment 2) and will be submitted to the California Department of Housing and Community Development, the entity with oversight over local agency compliance with the Surplus Lands Act. No dispositions or allocations to specific tenants or parties are implemented by this action.

#### **Requested Exempt Surplus Determination**

Staff recommends that the Board adopt the resolution declaring the roughly 5,497 acres making up Webb Tract as exempt surplus land available for long-term lease for rice farming and other agricultural and ecorestoration and habitat maintenance-related uses.

#### Basis for Findings that the Properties are Exempt Surplus Land

The identified Metropolitan-owned parcels in Webb Tract have historically been used for farming, open space, and recreational uses. The attached resolution would continue to make these lands available for agricultural and other property use of these lands, compatible with local ecosystems and habitat. Such activities would promote agency uses and purposes related to water supply and water quality protection through the stopping and reversal of land subsidence, the generation of revenues from rice fields and wetlands uses that could be used to fund Metropolitan projects and activities, increasing levee stability and the prevention of levee failures in the Sacramento-San Joaquin region, and other water-related goals.

6/3/2025 Elizabeth Crosson Date

Chief Sustainability, Resilience and Innovation Officer

Deven Upadhyay Date
General Manager

Attachment 1 – Location Map

**Attachment 2 -Resolution for Exempt Surplus Land** 

Ref# sri12705333



### THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA DECLARING APPROXIMATELY 5,497 ACRES OF METROPOLITAN-OWNED REAL PROPERTY IN THE SACRAMENTO-SAN JOAQUIN DELTA, COMMONLY KNOWN AS WEBB TRACT, AS EXEMPT SURPLUS LAND UNDER THE SURPLUS LAND ACT

WHEREAS, The Metropolitan Water District of Southern California ("Metropolitan") is the fee owner of certain real property located in the Sacramento-San Joaquin Bay Delta region in the County of Contra Costa, commonly known as Webb Tract. Metropolitan is considering devoting up to 5,497 acres of Webb Tract to long-term leases for rice and other crop production and ecorestoration and habitat maintenance-related uses. Such property is also identified as Contra Costa County Assessor Parcel Numbers 026-060-003, 026-060-015, 026-060-016, 026-060-017, 026-060-018, 026-060-019, 026-070-010, 026-070-011, 026-070-012, 026-070-013, 026-070-001, 026-070-006, 026-060-007, 026-060-008, 026-080-004, 026-080-005, 026-080-008, 026-080-009, 026-080-006, 026-080-007 (referred to collectively herein as the "Properties");

WHEREAS, Metropolitan is a metropolitan water district created under the authority of the Metropolitan Water District Act (California Statutes 1927, Chapter 429, as reenacted in 1969 as Chapter 209, as amended) (the "Act") which authorizes Metropolitan amongst other things to buy and sell interests in real property and to spend funds to: facilitate water conservation, water recycling, and groundwater recovery efforts in a sustainable, environmentally sound, and cost-effective manner; acquire water and water rights within or without the state; develop, store, and transport water; provide, sell, and deliver water at wholesale for municipal and domestic uses and purposes; and acquire, construct, operate, and maintain any and all works, facilities, improvements, and property necessary or convenient to the exercise of such powers;

WHEREAS, pursuant to Section 54221(b)(1) of the Surplus Land Act (California Government Code Sections 54220 – 54234) and the Surplus Land Act Guidelines of the California Department of Housing and Community Development, the Board of Directors of Metropolitan (the "Board") must declare the Properties to be "surplus land" or "exempt surplus land" before Metropolitan may take any action to dispose of the Properties, whether by sale or long-term lease;

WHEREAS, Government Code Section 54221(f)(1)(N) defines "exempt surplus land" to include real property that is used by a district for agency's use expressly authorized in Government Code Section 54221(c); and

WHEREAS, Section 54221(c)(2) of the Government Code provides that "agency's use" may also include commercial or industrial uses or activities, including nongovernmental retail, entertainment or office development, or be for the sole purpose of investment or generation of revenue if the agency's governing body takes action in a public meeting declaring that the use of the site will directly further the express purpose of agency work or operations.

NOW, THEREFORE, the Board of Directors of The Metropolitan Water District of Southern California does hereby resolve, determine and order as follows:

**Section 1.** Recitals. The recitals set forth above are true and correct and are incorporated into this Resolution by this reference and are made a part of the official findings of the Board of Directors.

Section 2. <u>Board Findings</u>. The Properties are "exempt surplus land" pursuant to California Government Code Section 54221(f)(1)(N) and 54221(c)(2) because the long-term lease of the Properties would constitute an "agency use" for purposes of the Surplus Land Act, under the grounds set forth in the recitals of this Resolution and the board letter accompanying this Resolution and incorporated herein by reference. In particular, the long-term lease or disposal of all the Properties would generate revenues that can be used to directly further the water transportation, storage, treatment, delivery of water, and other statutory purposes of Metropolitan

and the acquisition, construction, operation and maintenance of public works, facilities, improvements, and property necessary or convenient to the exercise of such powers. The long-term lease of the Properties would also promote agency uses and purposes related to water supply and water quality protection through the stopping and reversal of land subsidence, ecological benefits in the form of habitat for waterfowl and other species, improvements to levee stability and the prevention of levee failures in the Sacramento-San Joaquin region, and other water-related goals.

**Section 3.** <u>Staff Authorizations.</u> Metropolitan staff is hereby authorized to provide the Department of Housing and Community Development ("HCD") all necessary documentation and to take such actions as deemed necessary or proper to effectuate the purposes of this Resolution.

I HEREBY CERTIFY, that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California, at its meeting held on June 10, 2025.

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



Special Finance, Affordability, Asset Management and Efficiency Committee

# Authorize a New Lease on Webb Tract

Item 8-1 June 23, 2025

### 8-1 Overview of New Lease

### Subject

• Authorize a new agricultural lease agreement with Bouldin Farming Company for rice farming and related uses

### Purpose

• Enter into long-term lease to convert existing agricultural land to rice farming, which will increase revenue and market value, and provide land subsidence and ecological benefits

### General Location Map



### Site Map



# Webb Tract Multi-Benefit Mosaic Landscape Projects

Sacramento-San Joaquin Delta Conservancy Grant

- Board approved Phase I Design and outreach for RFP
- \$20.9 million grant funds two projects:
  - Rice Conversion Project up to \$4 million
  - Wetland Restoration Project remaining funds
- Requires 15-year commitment to grow rice or other wet crop

# Webb Tract Rice Conversion Project RFP

- Released February 2025
  - Offered grant funding up to \$3,000/acre as a one-time investment for conversion
  - Two acceptable proposals received

Request for Proposal (RFP)





## Water Resource Management Group

#### Conservation Board Report June 2025

#### **Summary**

This report provides a summary of conservation activities and expenditures for April 2025

#### **Purpose**

Informational

#### **Detailed Report**

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

	Paid <sup>(2)</sup>	Committed <sup>(3)</sup>
Regional Devices	\$3.0 M	\$1.3 M
Member Agency Administered	\$4.6 M	\$4.7 M
Turf Replacement	\$11.3 M	\$27.2 M
Advertising	\$1.0 M	\$0.9 M
Other	\$1.6 M	\$1.3 M
TOTAL	\$21.5 M	\$35.4 M

- (1) The Conservation Program biennial expenditure authorization is \$98.2 million.
- (2) Paid as of 7/1/2024 4/30/2025. Financial reporting on cash basis.
- (3) Committed dollars as of May 10, 2025

Summary of Expenditures in April 2025: \$1,810,684 (1)

Lifetime Water Savings to be achieved by all rebates in April 2025: 2,303 AF

FY2024/25-FY2025/26: 40,101 AF lifetime water savings



#### **Turf Replacement Rebates:**

April: 314,876 ft<sup>2</sup> replaced FY2024/25-FY2025/26: 5,212,921 ft<sup>2</sup> replaced



Trees (part of Turf Replacement Program):

April: 102 trees rebated

FY2024/25-FY2025/26: 1,684 units rebated



#### Toilets:

April: 1,326 units rebated

**Clothes Washers:** 

April: 491 units rebated

FY2024/25-FY2025/26: 13,467 units rebated

FY2024/25-FY2025/26: 6,833 units rebated



#### **Smart Controllers:**

April: 265 units rebated

FY2024/25-FY2025/26: 5,022 units rebated



#### Sprinkler Nozzles:

April: 2,189 units rebated

FY2024/25-FY2025/26: 16,402 units rebated

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



## **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.



## Sustainability, Resilience, Innovation Group

#### Sustainability Resilience, and Innovation GM Monthly Report

#### Summary

Sustainability, Resilience, and Innovation May 2025 Monthly Report

#### **Purpose**

Informational

#### **Detailed Report**

#### **SRI Core Activities**

SRI kicked off implementation efforts for CAMP4W through providing a primer on the Climate Decision-Making Framework for staff throughout Metropolitan and kicking off the assessments of three major projects. The Chief SRI Officer also presented on CAMP4W at the West Basin Caucus, at a Board Inspection Trip at Weymouth, and at SCAG's monthly webinar focused on Water Resilience. Staff presented the 3<sup>rd</sup> Annual Climate Action Plan Report at the One Water Committee, and the team hosted the first internal Climate Vulnerability Summit to take a comprehensive look at climate risks and participated in the One Water Awards and in planning workshops on Process Matters and Asset Management.

#### Sustainability and Resilience

#### Zero-Emission Vehicles (ZEVs) Transition: Advanced Clean Transportation Expo

SRI, Fleet, Operations, and Engineering Services staff working on Metropolitan's transition to ZEVs attended the Advanced Clean Transportation Expo, the world's largest clean energy transportation forum, at the Anaheim Convention Center held April 28-May 1, 2025. Metropolitan attendees engaged with vehicle manufacturers, charging equipment and software providers, and both public and private fleets to learn more about the latest technologies in clean energy vehicles, low-carbon fuels, and services related to the transition to clean energy transportation.





Date of Report: June 10, 2025





Staff attended the Advanced Clean Transportation Expo

#### **Climate Action Plan**

On May 12, 2025, SRI staff presented the 2024 Climate Action Plan (CAP) Implementation, 3<sup>rd</sup> Annual Progress Report (APR) to the One Water and Adaptation Committee. The report, which was released during Earth Week on April 22<sup>rd</sup>, highlights Metropolitan's achievements in 2024 and details progress over the past year on a suite of measures designed to help Metropolitan achieve carbon neutrality by 2045. The report also updates the CAP Greenhouse Gas (GHG) emissions inventory and carbon budget, which tracks how Metropolitan has advanced its GHG reduction goals. The APR highlights the success stories over the past year, including the transition to a vendor-operated off-site IT data center in 2024, powered by 100 percent renewable energy, featuring a closed-loop water recycling system and shared infrastructure, reducing emissions and costs; the turf replacement program and corresponding water savings; the success of the telecommute program in reducing vehicle miles traveled and corresponding emissions; conversion to LED lighting across facilities; commuter fleet electrification; and carbon-free retail electricity purchases. Success Stories from the APR are also featured on the Featured Stories page of the MWD website. Staff presented the APR to member agencies at the May monthly Water Use Efficiency meeting.

SRI staff is participating on the Santa Ana River Watershed Climate Adaptation and Resilience Plan (CARP) Technical Advisory Committee, which is developing a community-informed, stakeholder-driven, and implementation-focused CARP in support of funding regional planning and implementation projects that address the impacts of climate change risks for the region.

SRI staff attended the Agriculture, Food Systems and Waste Streams Event on May 15th at the UCI Beal Innovations Center, hosted by Sustain SoCal. SRI staff engaged with Southern California farmers, researchers, innovators, investors, restaurant workers, non-profits, academics, and corporations to learn about AdTech advancements related to soil health and water use, regenerative agriculture, local farm-to-table initiatives, shifting waste sorting behaviors, and innovations in secondary markets.

#### **Centralized Grant Management Office**

The Centralized Grants Management Office (CGMO) met with MWD staff from the DEI Office, External Affairs, Fleet, and SRI to coordinate and pursue numerous grant funding opportunities that support Metropolitan's workforce development objectives; the education program at Diamond Valley Lake; Fleet's acquisition of ZEVs and installation of EV charging infrastructure; and the prioritization, tracking, and reporting of Metropolitan's grants, research, and innovation projects. CGMO staff also met with representatives from member agencies, local water districts, and community colleges throughout Metropolitan's service area to support the collaborative pursuit of these external funding opportunities.

CGMO staff supported a number of key meetings through May, including the single audit and financial statements audit conducted by MWD's external auditor, DEI's workforce development summit, a meeting with the technology trade delegation from London, and SRI's Climate Vulnerability Risk Assessment summit.

#### **Innovation Pilots and Emerging Technologies**

The Innovation team has been working closely with External Affairs and Audit on the Process Matters initiative, an organization-wide effort for employees to share their ideas to improve the efficiency and effectiveness of Metropolitan's processes. Over 165 ideas from across the organization have been received to improve our processes. In addition, Innovation is hosting a technology trade delegation from London on May 19th including executives from emerging companies.

#### **Environmental Planning**

#### **Environmental and Regulatory Compliance Support**

Environmental Planning Section staff completed preparation of the draft Environmental Impact Report for the Pure Water Southern California program and released the document for public review, which will extend from May 14 to July 14, 2025. For the Webb Tract Wetland Restoration Project, staff completed the California Environmental Quality Act (CEQA) Statutory Exemption Restoration Program application package and submitted it to the California Department of Fish and Wildlife for review and concurrence. During a monitoring for the Weymouth Plant Wheeler Gate Security Improvements project, staff identified two juvenile horned owls that had fallen as they fledged from a nest at a canopy structure. In consultation with the San Dimas Canyon Nature Center Associates and a raptor rescuer, the owls were relocated to a rescue facility, where they are thriving and set to be released in late summer. Environmental monitoring of construction activities continued for the Rialto Pipeline Rehabilitation, Prestressed Concrete Cylinder Pipe Second Lower Feeder Reach 3B, Weymouth Basins 5 to 8 Rehabilitation, Weymouth Asphalt Rehabilitation, and La Verne Shops Upgrades projects. Final monitoring activities occurred for the Perris Valley Pipeline Interstate 215 project as pipeline construction nears completion.







Juvenile Great Horned Owls rescued at the Weymouth Water Treatment Plant

Critical operations and maintenance activities were supported by the Environmental Planning Section. Staff provided CEQA and regulatory clearances and conducted pre-construction surveys and environmental monitoring for activities throughout the service area, including shutdowns of the Rialto Feeder, Glendora Tunnel, and La Verne Pipeline. Staff provided subject matter expert reviews of four proposed and eight amended legislative bills as follows: Assembly Bill (AB) 52 (Native American resources), AB 362 (Water policy: California tribal communities), AB 367 (Water: County of Ventura: fire suppression), AB 372 (Office of Emergency Services: state matching funds: water system infrastructure improvements), AB 975 (California Environmental Quality Act: lake and streambed alteration agreements: exemptions: culverts and bridges), AB 1004 (Tribal financial information: public records: exemption), AB 1227 (California Environmental Quality Act: exemption: wildfire prevention projects), AB 1319 (Protected species: California Endangered Species Act); AB 1485 (Real property tax: documentary transfer tax: exemptions: Native American tribes), and AB 1520 (Public resources: conservation); Senate Bill (SB) 676 (California Environmental Quality Act: judicial streamlining: state of emergency); and Federal Rule 2025-06746; FWS-HQ-ES-2025-0034 (Remove definition of "harm" from Endangered Species Act). In addition, staff reviewed and analyzed CEQA notices for nine external projects to

#### Board Report Sustainability Resilience, and Innovation GM Monthly Report

determine the potential impacts on Metropolitan and protect Metropolitan's right-of-way and facilities; comments letters were prepared and submitted for projects that had the potential for impacts.

Environmental Planning Section continued oversight of reserve management activities to protect valuable natural resources and meet Metropolitan's mitigation obligations. Security patrols were conducted throughout the Lake Mathews Multiple Species Reserve and the Southwestern Riverside County Multi-Species Reserve (MSR) to prevent trespassing, vandalism, poaching, and theft and to protect the reserves' natural and cultural resources, facilities, and equipment. Specific activities at the Lake Mathews Reserve included applying herbicide to mowed areas to prevent regrowth of noxious weeds and repairing patrol roads and fencing. Activities at the MSR included applying herbicide treatments to eliminate invasive plants; coordinating with researchers to conduct Quino checkerspot butterfly, northern harrier, herpetology, and small mammal surveys; conducting rare plant surveys for Parry's spineflower, Palmer's grapplinghook, Munz's onion, Payson's jewelflower, and San Jacinto Valley crownscale; and conducting fire and habitat management. The Alamos Schoolhouse interpretive center was open on Saturdays and hosted 102 visitors during the month.

#### **Land Management**

Nothing to report this month.



### **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.

2

Date of Report: 6/10/2025



## **Board Information**

## Board of Directors Finance, Affordability, Asset Management, and Efficiency Committee

6/10/2025 Board Meeting

9-5

#### **Subject**

Overview of Potential Business Model Financial Refinements

#### **Executive Summary**

In response to the Board's directive in April 2024 to review the Treatment Surcharge and broader business model issues, Metropolitan established an Ad Hoc Working Group of member agency general managers. The group formed a Financial Policies Business Model Support Sub-Working Group (the "Financial Sub-Working Group") to focus on the business model issues relating to financial matters while forming other sub-working groups to address water resources and engineering matters. The Financial Sub-Working Group was tasked with addressing treated water cost recovery, fixed and volumetric revenues, and other key fiscal priorities.

Over the course of more than a dozen workshops, the Financial Sub-Working Group developed proposals across four areas determined to be most relevant to enhance Metropolitan's long-term financial stability. The four key financial areas include: Treated Water Cost Recovery, Unrestricted Reserve Policy, Conservative Water Demand Projections, and Other Fixed Revenues. The discussion in this report reflects a year-long collaborative process informed by member agency input, technical analyses, and independent review and verification by Raftelis Financial Consultants (Raftelis), Metropolitan's external rate consultant.

#### 1. Treated Water Cost Recovery

After twelve (12) months of evaluating alternative approaches to Treated Water Cost Recovery, there is broad recognition that the current 100 percent volumetric structure is inconsistent with the Board's previously adopted Policy Principles on Treated Water. One proposal—supported by a majority of member agency managers—would recover approximately 30 percent of Metropolitan's treatment revenues through a fixed charge, reflecting the agency's fixed costs associated with standby and peaking capacity. The peaking component of this charge would be based on an annual peak day billing determinant. A second alternative proposal, which has significantly less support, follows the same general structure but differs in its billing determinant. Instead of using an annual peak day, it proposes a summer peak day as the basis for the peaking component.

The March 14, 2025, member agency proposal with an annual peak day determinant received support from managers representing 18 member agencies. The alternative March 14, 2025 proposal with a summer peak day determinant is supported by one (1) member agency. One (1) member agency remains neutral, as it does not receive treated water service and is deferring the decision to agencies that receive treated water. The remaining six (6) agencies have not provided feedback on the alternatives.

The Financial Sub-Working Group identified four items for further review in advance of the fiscal year (FY) 2028/29 budget process: (1) a potential Regional Drought Reliability charge; (2) considerations related to incremental peaking billing determinants; (3) refinement of the unused standby charge to better reflect potential use of standby capacity rather than relying solely on volumetric usage; and (4) collaboration with member agencies to identify opportunities to partially or fully decommission unneeded treatment infrastructure.

Features	Option 1: Mar 14, 2025 Proposal w/Annual Peak	Option 2: Alternative Mar 14, 2025 Proposal w/ Summer Peak	
Peaking Capacity Charge	A fixed charge would be collected based on a 3-year trailing maximum annual peak day demand in cubic feet per second (CFS).  Treatment peaking capacity costs ~10 percent of total treatment costs based on allocated revenue requirements		
Standby Capacity Charge	Used Standby Capacity Charge: A fixed charge for used standby capacity would be collected based on a 10-year trailing annual standby use, i.e., 10-year maximum annual use minus average use in acre-feet (AF).  Remaining Standby Capacity Charge: A fixed charge for remaining standby capacity would be collected based on 5-year trailing maximum annual use in AF.  This charge inclusive of the Peaking and Used Standby Charge would add up to 30 percent of the Treatment Revenue Requirements, unless the allocated combined fixed costs are less than 30 percent.		
Volumetric	Remaining (~70 percent) of treatment costs		

There was broad support among member agency managers for phased-in implementation of the Peaking and Standby fixed charges to minimize initial member agency impacts and provide opportunities for member agencies to adjust operations accordingly. These two remaining proposals were developed following extensive data review and presentations by Metropolitan staff, with Raftelis Financial Consultants actively participating throughout the evaluation. Raftelis provided technical input, reviewed cost-of-service (COS) methodologies and conducted an independent assessment of the final proposals. In their memorandum, Raftelis concluded that both offer a reasonable balance between cost recovery principles and Metropolitan's broader objectives and priorities (see **Attachment 1**).

#### 2. Unrestricted Reserve Policy

To enhance financial stability and better address evolving risks, including those driven by climate change, the Financial Sub-Working Group recommends technical refinements to the reserve policy.

- Link reserve percentage to water demand exceedance levels: Adjust reserve percentage based on budgeted exceedance level, with the following assumptions:
  - o 80 percent exceedance = 15 percent reserve percentage;
  - o 70 percent exceedance = 19 percent reserve percentage;
  - o 50 percent exceedance = 25 percent reserve percentage; and
  - Establish a policy to set water demand at 70 percent exceedance for rate setting with a long-term target of 80 percent without relying on one-time revenues or reserve draws.
- Recognize the disconnect between supplies and sales and exclude variable costs from reserve calculations.
- Incorporate protection for treated water sales volatility: Treatment revenue requirements will be incorporated into the Unrestricted Reserves Minimum and Target levels to provide enhanced protection against treated sales volatility. The Treatment Surcharge Stabilization Fund will be consolidated into Unrestricted Reserves to streamline fund management and increase flexibility.
- Exclude uncertain revenues: Unpredictable revenue sources, such as unawarded grants and one-time revenues, should be excluded from reserve calculations to protect against revenue shortfall risks.

Under the 70 percent exceedance scenario, the minimum reserve would increase from \$229 million to \$467 million, while the target reserve would rise from \$645 million to \$1.189 billion. This change would not result in a rate impact, as current projected reserve balances fall within the new minimum and target levels. Importantly, as additional fixed revenues are approved by the Board (e.g., standby and peaking treatment fixed revenues, property taxes, etc.), the minimum and target reserve levels reflected above would be reduced. Furthermore, these target levels do not incorporate the recently announced baseline deliveries under the SDCWA/MWD settlement agreement, which would further reduce both the minimum and target reserve levels.

#### 3. Conservative Water Demand Projections

The Financial Sub-Working Group recommends that Metropolitan establish a policy to set water demand projections at 70 percent exceedance for rate setting, with a long-term target of 80 percent. This approach creates a mechanism to maintain reserves at the target level, providing additional protection against rate spikes.

#### 4. Other Fixed Revenues Under Consideration

The Financial Sub-Working Group recommends that Metropolitan consider adopting and implementing the proposed fixed treatment charges as outlined in the Treated Water Cost Recovery recommendations while continuing to evaluate additional fixed revenue alternatives. Potential fixed revenue alternatives that require additional discussion include:

- Voluntary Level Pay Plan
- Fixed charge for Demand Management (i.e., conservation, Local Resource Program)
- Expansion of current Readiness-to-Serve and Capacity Charge to recover operations and maintenance costs
- Ad Valorem Property Taxes

Metropolitan staff will convene additional meetings with interested member agencies to continue these discussions.

#### **Fiscal Impact**

The recommended refinements do not result in immediate fiscal impacts but are intended to strengthen Metropolitan's long-term financial stability.

Adoption of one of the leading treated water cost recovery options would increase the share of fixed revenues to approximately 30 percent of total revenues, aligning more closely with industry standards for fixed-variable cost recovery. This adjustment would enhance revenue stability by ensuring recovery of standby and peaking treatment capacity costs through fixed charges and would support a more equitable allocation of treatment service costs, consistent with cost-of-service principles.

Proposed updates to the Unrestricted Reserve Policy would further enhance financial resilience by linking reserve targets to conservative water demand projections (70 percent exceedance level, with a long-term target of 80 percent). Under the 70 percent exceedance scenario, the minimum reserve would increase from \$229 million to \$467 million, while the target reserve would rise from \$645 million to \$1.189 billion. This change would not result in a rate impact, as current projected reserve balances fall within the new minimum and target levels. This approach mitigates the risk of underperforming sales, reduces reliance on unplanned reserve draws, and provides greater protection against revenue volatility from treated water sales, supply fluctuations, and uncertain or one-time funding sources.

Collectively, these refinements support Metropolitan's efforts to improve revenue reliability and fiscal resilience under variable supply and demand conditions.

#### **Applicable Policy**

Metropolitan Water District Act Section 124.5: Ad Valorem Tax Limitation

Metropolitan Water District Act Section 130: General Powers to Provide Water Services

Metropolitan Water District Act Section 133: Fixing of Water Rates

Metropolitan Water District Act Section 134: Adequacy of Water Rates; Uniformity of Rates

Metropolitan Water District Act Section 134.5: Water Standby or Availability of Service Charge

Metropolitan Water District Administrative Code Section 4304: Apportionment of Revenues and Setting of Water Rates

Metropolitan Water District Administrative Code Section 4401: Rates

Metropolitan Water District Administrative Code Section 5202: Fund Parameters

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

The following sets forth the proposed schedule for proposed board action on the various policy refinements and business model updates.

- July 2025 Board to consider action to Approve a Treated Water Cost Recovery Rate Structure to be included with the staff proposal for the FY 26/27 and 27/28 Biennial Budget and CYs 27 and 28 Rates and Charges
- July 2025 –Board to consider action to Approve Revisions to Metropolitan's Reserves Policy and Direct Staff to Implement Specific Sales Projections for the proposed FY26/27 and 27/28 Biennial Budget

#### **Details and Background**

#### **Background**

Extreme weather conditions in recent years—swings from severe and extended drought to record-setting wet seasons—pose a unique challenge to Southern California, placing mounting pressure on the year-to-year management of available water resources.

On July 22, 2024, The Metropolitan Water District of Southern California's (Metropolitan) Chair of the Board of Directors, Vice Chair of the Board of Directors for Finance and Planning, and Chair of the CAMP4Water Task Force (Board Leadership) commissioned an Ad Hoc Working Group comprised of the general managers of Metropolitan's 26 member agencies (Ad Hoc Working Group) to analyze Metropolitan's business model and propose business model refinement options, where appropriate. In its July 22nd letter, Board Leadership directed the Ad Hoc Working Group to ensure that it considers five factors and opportunities: (1) treated water cost recovery; (2) Metropolitan's role in member agency local supply development; (3) potential member agency supply exchange program; (4) proportion and components of fixed and volumetric charges; and (5) conservation program and funding source(s). The Ad Hoc Working Group formed three sub-working groups to focus on specific factors. The Financial Sub-Working Group took on the financial factors directed for review.

In accordance with Board Leadership direction and following a series of Ad Hoc Working Group workshops, the Financial Sub-Working Group has developed and reviewed four key proposals aimed at promoting financial stability, ensuring equitable cost recovery, and aligning with previously adopted Policy Principles. These proposals—centered on Treated Water Cost Recovery, Unrestricted Reserve Policy, Conservative Water Demand Projections, and Other Fixed Revenues—reflect an ongoing collaborative effort with member agencies to refine and modernize Metropolitan's financial framework.

#### **Metropolitan System Use by Member Agencies**

Metropolitan plays a critical role in supporting the region's water reliability by delivering both treated and untreated water tailored to the infrastructure and operational needs of its 26 member agencies. The distinction between treated and untreated water usage reflects each agency's strategic approach to water management.

Agencies with robust local treatment capabilities often opt for untreated water to enhance flexibility and reduce costs, while others depend on Metropolitan's treated water to meet public health and service requirements.

Fifteen of the 26 member agencies – Beverly Hills, Calleguas, Compton, Foothill, Fullerton, Glendale, Las Virgenes, Long Beach, Pasadena, San Fernando, San Marino, Santa Ana, Santa Monica, Torrance, and West Basin—receive only treated water. One (1) agency, Inland Empire, exclusively takes untreated water. The remaining 10 agencies —Anaheim, Burbank, Central Basin, Eastern, Los Angeles, MWDOC, San Diego, Three Valleys, Upper San Gabriel, and Western—receive a combination of both treated and untreated supplies. Over the past five years, agencies limited to treated water have accounted for approximately 44 percent of total annual treated water sales, underscoring their significant reliance on Metropolitan's centralized treatment system.

#### The Collaborative Process with Member Agencies

Beginning in May 2024, Metropolitan held 13 workshops, including seven Treated Water Cost Recovery workshops and six Financial Policies Business Model Support Sub-Working Group workshops (the group was renamed in January 2025). These workshops served as a forum for in-depth exploration of treatment system operations, historical treated water usage, COS principles, and alternative rate design methodologies.

The process was supported by multiple rounds of detailed financial and operational analyses, including evaluations of usage data, cost allocations, and rate design impacts. These analyses were performed following workshops to provide member agencies with additional supporting information and to address specific questions and feedback received at the workshops. Input collected throughout the process from member agencies helped shape the direction of the discussions, informed subsequent analyses, and guided the development of alternative options to ensure that the proposed approaches addressed member agency concerns and reflected operational realities.

Raftelis Financial Consultants, Metropolitan's independent rate consultant, played an integral role throughout the Treated Water Cost Recovery process by validating methodologies, providing expert assessments, and ensuring alignment with COS principles and industry best practices. Building on this involvement, Metropolitan engaged Raftelis in late April to conduct an independent review of the two remaining proposals and to prepare a memorandum summarizing their evaluation and findings (**Attachment 1**).

#### **Potential Business Model Financial Refinements**

#### 1. Treated Water Cost Recovery

On April 9, 2024, the Metropolitan Board adopted the FY 2024/25 and FY 2025/26 Biennial Budget that directed staff to work with member agencies to evaluate and analyze the Treatment Surcharge. Specifically, the Board directed staff to address issues identified through the analysis, including potential modifications to the calculation methodology. The Board further emphasized that a final methodology should be prioritized as part of the broader new business model discussion and recommended for adoption as soon as possible, but no later than the approval of the new business model.

Beginning in May 2024, Metropolitan convened a series of 13 workshops with participating member agency managers under the Treated Water Cost Recovery Workgroup—renamed in January 2025 to the Financial Policies Business Model Support Sub-Working Group. These workshops provided a forum for in-depth exploration of treatment system operations, historical treated water usage, COS principles, and alternative rate design methodologies.

Throughout the process, regular status updates were provided to the Subcommittee on Long-Term Regional Planning Processes and Business Modeling Workgroup, the Business Model Review and Refinement Ad Hoc Working Group, and the Finance, Affordability, Asset Management, and Efficiency Committee. The work was grounded in detailed data analysis and consistently informed by Metropolitan's external rate consultant, Raftelis Financial Consultants. Raftelis actively participated by attending meetings, responding to technical questions, offering expert insights, and presenting key information to ensure alignment with COS principles and industry best practices.

Throughout the evaluation process, Metropolitan provided comprehensive data to support the analysis of various peak and standby capacity charge alternatives. This included daily flow records for all member agency meters

from 2014 through 2023, historical treatment plant capacity utilization (by facility and in aggregate), connected capacity by member agency, treatment plant capacities, a review of COS fundamentals, and member agency treated water demands over the same period. Metropolitan's Integrated Operations Planning and Support Service and Water Quality teams participated in these discussions.

For each alternative, agency-specific historical treated water use and demand patterns were incorporated into the billing determinants, expressed in either acre-feet (AF) or cubic feet per second (CFS), depending on the alternative's structure. These billing determinants formed the basis for calculating member agency cost allocations and assessing recovery of the total revenue requirement. The analysis featured illustrative member agency bills looking back over multiple years, showing how costs would have varied based on historical usage patterns and the characteristics of each alternative had these changes already been in place. Year-over-year dollar and percentage changes were calculated to highlight potential variability and sensitivity in agency costs under each scenario.

Results were summarized to reflect a full range of potential impacts—both increases and decreases—offering a clear view of each alternative's distributional effects and revenue stability. This side-by-side comparison, grounded in historical data, was designed to reflect agency-specific operational characteristics. It is important to note that these results are based on historical information—the best available at the time—and do not represent future impacts, as actual demands may differ from past usage patterns.

As part of this extensive review, Metropolitan and member agencies considered:

- Six (6) Treatment Peaking Alternatives
- Nine (9) Treatment Standby Alternatives
- Five (5) separate proposals were introduced by member agencies in January 2025, February 2025, March 2025, March 14, 2025, and March 14, 2025 with Summer Peak.

#### Guiding Framework for Rate Design Solutions

In alignment with the 2017 Adopted Policy Principles and incorporating feedback from member agencies received during the FY 2024/25–2025/26 biennial budget process and subsequent Treated Water Cost Recovery workshops, the Financial Sub-Working Group developed a guiding framework for rate design solutions to support the evaluation of alternatives, facilitate comparisons, and inform discussion and decision-making.

#### 1. Be consistent with industry-standard cost-of-service principles

- Provide a nexus between member agency cost responsibility and benefits received.
- "Rate charged should reflect the cost of having capacity reserved and available for the customer" (AWWA M1 Principles of Water Rates, Fees, and Charges, 7th Edition)

#### 2. Align treatment rates with treatment services received

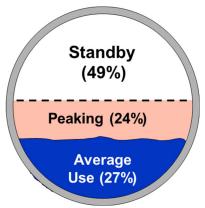
- Align the treated water cost recovery with (1) the service commitments and (2) infrastructure capital investments made by Metropolitan.
- Reflect the cost to maintain the treatment capacity and the treatment benefits received for average, peaking, and standby uses.
- Evaluate the portion of standby capacity that provides regional drought reliability.

#### 3. Enhance rate stability and predictability

- Recover a portion of the treatment costs on fixed charge(s).
- Work closely with member agencies to continue to identify opportunities to partially or fully
  decommission unneeded treatment infrastructure and minimize future operations and maintenance
  (O&M) and capital expenditures.
- Continue to obtain member agency commitment to utilize new or expanded future capacity.

After twelve (12) months of evaluating alternative approaches to Treated Water Cost Recovery, there is broad recognition that action is necessary, as the current 100 percent volumetric structure is inconsistent with the Board's previously adopted Policy Principles on Treated Water.

#### Treatment Plant Capacity, Use, and Cost



The water treatment system is built with a total designed capacity of 3,651 CFS, strategically allocated across various operational categories to meet treated water demand for average use, peaking use, standby for unforeseen demands, and emergency readiness.

Metropolitan's existing COS process already identifies the function of costs to allocate them to standby, peaking, and average use (in the "Allocated Cost" section, pages 70–72 of the Metropolitan Cost-of-Service Report Fiscal Years2024/25 and 2025/26). Metropolitan functionalizes those costs and then combines them into a bundled Treatment Surcharge. For the process of identifying fixed charge alternatives, staff further refined the functionalization of treatment costs to identify peaking and standby capacity costs.

Approximately 27 percent of the system's capacity is dedicated to average use, which represents the routine, ongoing water treatment demand. Another 24 percent of the system's capacity is allocated for peaking use, which is designed to handle short-term demand spikes, such as those that occur during heat waves or seasonal usage increases. While not used constantly, maintaining this capacity incurs substantial readiness costs and results in a notable portion of the treatment cost. The remaining 49 percent of capacity is reserved as treatment standby. This includes both used and unused standby capacity that provides critical system redundancy and allows for operational flexibility during planned maintenance or emergencies. Although this capacity is not frequently used, the associated infrastructure is maintained and kept operational, contributing a considerable share of fixed costs.

Under the current cost recovery model, these costs are recovered entirely through a volumetric surcharge, charging agencies based on the amount of water delivered. While this method is simple and usage-based, it does reflect the full cost of maintaining system capacity but does not account for the varying patterns of system use by member agencies. Additionally, because this model relies solely on volumetric charges, it creates a revenue vulnerability as demand declines, despite the substantial fixed costs required to maintain system capacity, including peaking and standby readiness.

This has led to concerns that agencies with lower water use, with peaking use for a short period of time in a year, are contributing less than the funds needed to support Metropolitan's treatment infrastructure. Recognizing this misalignment, Metropolitan and its member agencies have undertaken a comprehensive review of the rate structure. Through a collaborative, year-long process involving workshops and technical evaluations, two leading proposals have emerged.

Both proposals retain the volumetric approach for recovering the majority of treatment costs but introduce a hybrid model that shifts up to 30 percent of treatment revenue recovery to fixed charges. These fixed costs would be allocated based on each agency's use of standby and peaking capacity, more accurately aligning cost recovery with the drivers of system investment and operational readiness. This change does not increase overall costs but reallocates existing costs to better reflect the infrastructure and service levels required to meet all levels of demand. The remaining 70 percent, or more, of treatment costs would continue to be recovered through volumetric rates, ensuring that usage-based pricing remains a core component of the rate structure.

#### **Leading Proposals**

As a result of an extensive engagement process, two leading proposals have emerged to refine the approach to recovering treated water costs. Both proposals seek to recover up to 30 percent of Metropolitan's total treatment revenue requirements through fixed charges based on the percentage of fixed costs associated with standby and peaking capacity. While they share common foundational elements, the proposals differ in the methodology used to calculate the Treatment Peaking Charge.

Key Difference: Treatment Peaking Charge Determinant

#### Option 1 - March 14, 2025, MA Proposal, Annual Peak Day

 A fixed charge would be collected based on a 3-year trailing maximum <u>annual</u> peak day demand in cubic feet per second (CFS).

#### Option 2 – <u>March 14, 2025, Alternative Proposal, Summer</u> Peak Day

Requirements

Peaking Charge 10%

Remaining Standby Charge 70%

Treatment Revenue

• A fixed charge would be collected based on a 3-year trailing maximum <u>summer</u> peak day demand in CFS.

Features	Option 1: Mar 14, 2025 Proposal w/Annual Peak	Option 2: Mar 14, 2025 Alternative Proposal w/ Summer Peak	
Peaking Capacity	A fixed charge would be collected based on a 3-year trailing maximum annual peak day demand in CFS.	A fixed charge would be collected based on a 3-year trailing maximum summer peak day demand in CFS.	
Charge	Treatment peaking capacity costs ~10 percent of total treatment costs based on allocated revenue requirements.		
Standby Capacity	Used Standby Capacity Charge: A fixed charge for used standby capacity would be collected based on a 10-year trailing annual standby use, i.e., 10-year maximum annual use minus average use in AF.  Remaining Standby Capacity Charge: A fixed charge for remaining standby capacity would be collected based on a 5-year trailing maximum annual use in AF.		
Charge	This charge, inclusive of the Peaking and Used Standby Charge, would add up to 30 percent of the Treatment Revenue Requirements, unless the allocated combined costs are less than 30 percent.		
Volumetric	Remaining (~70 percent) of treatment costs		

Currently, the March 14, 2025, member agency proposal has the most support among member agency managers. Based on recent input:

- The March 14, 2025, proposal has received support from managers representing 18 member agencies.
- The alternative March 14, 2025, proposal with a Summer Peak component has received support from one (1) member agency.
- One (1) member agency has remained neutral, deferring to agencies that receive treated water to guide the decision

The following adjustments / Certifications to Peaking Flows are applicable to all proposals:

- Similar to the existing Capacity Charge, treated water peaking flows resulting from Metropolitan's operational requests (e.g., shutdowns, service disruptions, wet year operations, dry year operations) do not reflect member agency demand on Metropolitan and, therefore, will not be included in an agency's peaking calculations; and,
- All data and adjustments would be fully documented and validated by each agency, following the existing process for Readiness-To-Serve and Capacity Charges.

The Financial Sub-Working Group identified four items for further review in advance of the FY2028/29 budget process: (1) a potential Regional Drought Reliability charge; (2) considerations related to incremental peaking billing determinants; (3) refinement of the unused standby charge to better reflect potential use of standby capacity rather than relying solely on volumetric usage; and (4) collaboration with member agencies to identify opportunities to partially or fully decommission unneeded treatment infrastructure.

There was broad support among member agency managers for phased-in implementation of the Peaking and Standby fixed charges to minimize initial member agency impacts and provide opportunities for member agencies to adjust operations accordingly:

- Peaking = 3-year phase-in
- Standby:
  - o Used = 10-year phase-in
  - o Remaining = 5-year phase-in

In late April, Metropolitan engaged Raftelis to conduct an independent review of the two remaining proposals and to prepare a memorandum summarizing their evaluation and findings. In their memorandum, Raftelis concluded that both proposals offer a reasonable balance between cost recovery principles and Metropolitan's broader objectives and priorities (see **Attachment 1**).

#### Alternatives Considered

The Financial Sub-Working Group developed and evaluated multiple alternatives for recovering treated water costs related to peaking and standby capacity (summarized in **Attachment 2**). While the concept of a regional drought reliability benefit was also analyzed, further discussion is needed. It is recommended that these discussions continue with the goal of incorporating potential changes into Metropolitan's rate structure prior to the FY 2028/29 budget process.

Hypothetical impact analyses were conducted for all proposed alternatives, along with sensitivity analyses illustrating year-over-year changes to fixed charges for member agencies under each scenario. Raftelis reviewed the alternatives and concluded that each presents a reasonable nexus to COS standards.

#### Next Steps

The Financial Sub-Working Group has concluded its technical evaluation of the treated water cost recovery proposals, including detailed assessments of implementation strategies, COS alignment, and legal compliance. Based on board input and recommendation, staff plans to bring back action items in the July/August timeframe.

#### 2. Unrestricted Reserve Policy

The current Unrestricted Reserve Policy, originally adopted with the 1999 Long Range Finance Plan, is governed by Metropolitan Administrative Code § 5202. It is designed to cover revenue shortfall resulting from declines in water transactions, ensuring a minimum of 18 months and up to 42 months of rate protection at the target level. The policy has been generally effective, as Metropolitan has not required emergency rate increases outside of its regular rate-setting process. Unrestricted reserves exceeding the target level may be used for any lawful purpose as determined by the Board. Although the policy aims to provide 3.5 years of rate protection at the target level, it currently lacks a clear policy mechanism to ensure reserves reach and maintain that target level.

The existing reserve calculation is based on hydrologic risk estimates from the 1999 Long Range Finance Plan. However, climate change, which has exacerbated the volatility of both demand and supply, and the associated risks over the years, have highlighted the need for refinements. The minimum reserve level is set to cover 18 months of reserves, comprising the next fiscal year's reserve amount plus half of the subsequent fiscal year's reserve. The target reserve level extends this calculation by an additional two years, totaling 42 months (3.5 years) of reserve coverage.

The current policy assumes that variable supply and power costs decrease when water demand is low, but this is not always the case. During wet years with low demand, power costs may actually increase due to the need to move and store excess water. Additionally, the policy does not account for revenue shortfalls from the Treatment Surcharge during periods of low treated water sales. The Treatment Surcharge Stabilization Fund, which currently has no fund balance, lacks defined minimum and target levels, limiting its effectiveness in providing rate protection.

The reserve policy's minimum and target levels are based on the revenue risk associated with lower water sales. Reserves, however, have been used to address all unforeseen cash shortages, including shortfalls in treated system revenues and to add water to storage during years of surplus. In addition, the policy will lose its effectiveness if rates are not adopted to fully cover costs, such as setting rates based on planned draws from reserves or setting rates based on one-time revenues.

Metropolitan reviewed the calculations for determining the portion of the net revenue requirement that is collected by volumetric water rates. Certain line items that were deducted from the net revenue requirement were no longer appropriate due to climate-related volatility, the uncertain nature of the assumed revenues, and the disconnect between supplies and sales. The reserve percentage was also analyzed in light of recent water transactions and potential demand variability. Historical data indicated that actual water transactions were consistently lower than budgeted projections for eight of the past nine years. By correlating this trend with a revised reserve percentage, the sub-working group recommended aligning the reserve percentage with the budgeted exceedance level—the higher the exceedance level, the lower the volatility, allowing for a lower reserve percentage in the calculation, as shown in Figure 1 below.

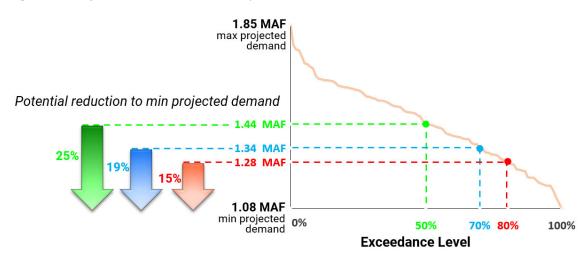


Figure 1: Projected Demand Variability for Calendar Year 2025

To enhance financial stability and better address evolving risks, the sub-working group recommends the following technical refinements to the reserve policy:

- Link reserve percentage to water demand exceedance level: Adjust reserve percentage based on budgeted exceedance level, with the following assumptions:
  - 80 percent exceedance = 15 percent reserve percentage;
  - 70 percent exceedance = 19 percent reserve percentage;
  - o 50 percent exceedance = 25 percent reserve percentage; and
  - o Establish a policy to set water demand at 70 percent exceedance for rate setting with a long-term target of 80 percent without relying on one-time revenues or reserve draws.
- Recognize the disconnect between supplies and sales and exclude variable costs from reserve calculations.
- Incorporate protection for treated water sales volatility: Treatment revenue requirements will be incorporated into the Unrestricted Reserves Minimum and Target levels to provide enhanced protection against treated sales volatility. The Treatment Surcharge Stabilization Fund will be consolidated into Unrestricted Reserves to streamline fund management and increase flexibility.
- Exclude uncertain revenues: Revenue sources that are unpredictable, such as unawarded grants and one-time revenues, should be excluded from reserve calculations to protect against revenue shortfall risks.

Gradually implementing a higher exceedance level (i.e., 80 percent) in rate setting would help reduce risk associated with sales variability, increasing the likelihood that Metropolitan meets its budgeted water transaction projections. This approach creates a mechanism to maintain reserves at the target level, providing additional protection against rate spikes and emergency rate adjustments.

Under the 70 percent exceedance scenario, the minimum reserve would increase from \$229 million to \$467 million, while the target reserve would rise from \$645 million to \$1.189 billion. This change would not result in a rate impact, as current projected reserve balances fall within the new minimum and target levels. Importantly, as additional fixed revenues are approved by the Board (e.g., standby and peaking treatment fixed revenues, property taxes, etc.), the minimum and target reserve levels reflected above would be reduced. Furthermore, these target levels do not incorporate the recently announced baseline deliveries under the SDCWA/MWD settlement agreement, which would further reduce the minimum and target reserve levels.

#### 3. Conservative Water Transactions in Rate Setting

The Financial Sub-Working Group developed a recommendation for adopting a more conservative approach to forecasting water transactions for rate-setting purposes. This proposal is in response to significant and persistent variability in Metropolitan's actual water sales, which have often fallen short of budgeted expectations.

Over the last 25 years, Metropolitan has experienced notable volatility in water transactions. This trend has become more pronounced in recent years, with actual sales in 2019, 2020, 2023, and 2024 falling short of projections by 13 percent to 25 percent. These recurring shortfalls have increased the strain on unrestricted reserves and raised the risk of unplanned revenue deficits, undermining the reliability of rate recovery and financial planning.



Figure 2: Variability of Metropolitan's Historic Water Transactions from Budget

Historically, Metropolitan's biennial budget, along with its rates and charges, has been based on average demand (aligned with a 50 percent exceedance level), meaning there is a 50 percent likelihood that actual demand will meet or exceed the forecast. While this approach was effective during periods of more stable demand, over the past decade, climate change and other factors have increased uncertainty in sales projections, resulting in revenue shortfalls when actual water transactions fall below budgeted levels. Since the exceedance level relies on historical hydrology, adopting a more conservative demand projection would help mitigate financial risk by reducing the likelihood of overestimating sales, thereby safeguarding revenue and reserves.

The Financial Sub-Working Group recommends that Metropolitan establish a policy to use a minimum of 70 percent exceedance level for rate setting during biennial budget development, with a long-term target of 80 percent exceedance level, ensuring financial stability without relying on one-time revenues or reserve draws. Gradually reaching the target of 80 percent exceedance will mitigate sales volatility and create a mechanism for building and maintaining reserves at the target levels, providing additional protection against rate spikes while minimizing the potential initial impacts. This proposal aligns with recommendations on the Unrestricted Reserve Policy and other fixed revenue strategies.

#### 4. Other Fixed Revenue Recommendations

The Financial Sub-Working Group recommends that Metropolitan consider adopting and implementing the proposed fixed treatment charges as outlined in the Treated Water Cost Recovery recommendations while continuing to evaluate additional fixed revenue alternatives.

Potential fixed revenue alternatives that require additional discussion include:

- Voluntary Level Pay Plan
  - Member agencies interested in a Voluntary Level Pay Plan will make recommendations to
     Metropolitan staff. Staff will convene a meeting with the interested member agencies to explore

the alternatives, analyze the impacts, and identify the changes to Metropolitan's policies that would be required for implementation.

- Fixed charge for Demand Management (i.e., conservation, Local Resource Program)
  - Staff will evaluate fixed charges based upon the recommendations made by the water resources sub-working group.
- Expansion of current Readiness-to-Serve and Capacity Charge to recover O&M costs
- Ad Valorem Property Taxes
  - O Staff will evaluate the impacts on rates, charges, and reserves from increasing the ad valorem property tax rate in future budgets.

Metropolitan staff will convene additional meetings with interested member agencies to continue these discussions.

Katano Kasaine

0/3/202

Assistant General Manager/

Chief Financial Officer

6/3/2025

Date

**Committee Meeting** 

Attachment 2 – Appendix A, Summary of Treated Water Cost Recovery Alternatives

Attachment 1 - Raftelis' Technical Memorandum and Presentation for June 10, 2025 FAAME

Ref# cfo12706328

### **TECHNICAL MEMORANDUM**

**To:** Metropolitan Water District of Southern California

From: John Mastracchio, CFA, P.E., John Wright, CPA, Raftelis

**Date:** May 19, 2025

Re: Treatment Surcharge – Peaking Cost Recovery

#### Introduction

This memorandum was prepared for the Metropolitan Water District of Southern California ("Metropolitan"). It summarizes Raftelis' comments on Metropolitan using the annual maximum peak day demands of member agencies, as measured on a three-year trailing basis (Option 1) and using the summer maximum peak day demands of member agencies, as measured on a three-year trailing basis (Option 2) to calculate a new water treatment peaking capacity charge. We understand that Metropolitan is considering adopting one of these cost recovery options and desires input from Raftelis on how this alternative aligns with industry cost-of-service principles and Metropolitan's objectives.

### **Cost-of-Service Principles and Metropolitan Objectives**

According to the American Water Works Association ("AWWA"), water utility rates are generally considered to be fair and equitable when they provide for full cost recovery from customers in proportion to the benefits received and the cost to serve each class of customer.<sup>1</sup> While recovery of the full revenue requirement in a fair and equitable manner is a key objective of the cost-of-service ratemaking process, it is often not the only objective. There are other objectives that can be considered in establishing cost-based rates, including the following:

- Effectiveness in yielding the total revenue requirements (full cost recovery)
- Revenue stability and predictability
- Stability and predictability of the rates themselves from unexpected or adverse changes
- Promotion of efficient resource use
- Fairness in the apportionment of total costs of service among different ratepayers
- Avoidance of undue discrimination (subsidies) within the rates
- Dynamic efficiency in responding to changing supply-and-demand patterns
- Simple and easy to understand and administer
- Legal and defensible

<sup>&</sup>lt;sup>1</sup>AWWA, Manual of Water Supply Practices M1, Seventh Edition.

Metropolitan Water District of Southern California / Treatment Cost Recovery Memo

In considering alternatives for the treatment surcharge, Metropolitan has identified the following high priority objectives:

- 1. Be consistent with industry standard cost of service principles
  - a. Provide a clear nexus between member agency cost responsibility and the benefits received.
  - b. Establish rates that reflect the cost of having capacity reserved and available for member agencies.
- 2. Align treatment rates with treatment services received
  - a. Align the treated water cost recovery with (1) the service commitments, and (2) infrastructure capital investments made by Metropolitan.
  - b. Reflect the cost to maintain the treatment capacity and the treatment benefits received for average, peaking, and standby uses.
  - c. Evaluate the portion of standby capacity that provides regional drought reliability.
- 3. Enhance rate stability and predictability
  - a. Recover a portion of the treatment cost on fixed charge(s)
  - b. Work closely with member agencies to continue to identify opportunities to partially or fully decommission unneeded treatment infrastructure and minimize future operations and maintenance ("O&M") expenses and capital expenditures.
  - c. Continue to obtain member agency commitment to utilize new or expanded future capacity.

# Evaluation of Using a Three-year Trailing Maximum <u>Annual Peak Day Demand as the Basis for the Water</u> Treatment Peaking Capacity Charge

Several member agencies have proposed that Metropolitan utilize a three-year trailing maximum annual peak day demand (Option 1) as the basis or billing determinant for charging member agencies a water treatment peaking capacity charge. Raftelis has reviewed this option in comparison to the objectives described above and finds the option is acceptable from a cost-of-service principles standpoint and reasonably satisfies Metropolitan's other stated objectives. Our review comments are summarized below.

#### **Consistency with Cost-of-Service Principles**

Metropolitan has built water treatment capacity and has made this treatment capacity available to member agencies to utilize anytime throughout the year.<sup>2</sup> Under Option 1, those that use or benefit from the water treatment capacity to satisfy customer water use peaking throughout the year would help pay for the capacity. This directly aligns with the cost-of-service principles discussed above.

For example, some member agencies served by Metropolitan have their highest peak day use in the summer months whereas others have their highest peak day use in the winter months. Furthermore, Metropolitan has built more than sufficient water treatment capacity to satisfy customer peak demands regardless of whether they occur in the summer months or the winter months. Option 1 charges each member agency a

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<sup>&</sup>lt;sup>2</sup> The current capacity of Metropolitan's five water treatment plants is 2,360 million gallons per day (MGD) or 3,651 cubic feet per second (CFS). Metropolitan's peak treatment capacity usage estimated for the 2024/25 budget year is 1,859 CFS.

Metropolitan Water District of Southern California / Treatment Cost Recovery Memo

proportionate share of costs of the use of the system to satisfy its own peak day demands regardless of when the peak occurs. This is referred to as their non-coincident peak – the peak day usage of each member agency regardless of when the system as a whole peaks (i.e., when the total system coincident peak occurs).

Utilizing this approach results in a fair and equitable sharing of the cost of peak treatment capacity in proportion to each member agency's individual needs and how much they use the system overall. Using non-coincident peaking helps to ensure that all member agencies share in the cost of their use of peak treatment capacity fairly and avoids penalizing a group of member agencies just because their individual peak usage is aligned with the system's overall peak or allowing member agencies to use system peaking capacity without sharing in the cost. This outcome can occur if a peaking charge is based on a member agency's contribution to total system coincident peak but their actual agency specific peak occurs at a different time. For example, if the total system coincident peak occurs during the summer months but a member agency's actual peak usage occurs during the fall or winter months, they may receive a lower allocation of costs during the cost-of-service process.

#### **Align Treatment Rates with Treatment Services Received**

Option 1 aligns the peaking capacity charge with the treatment services received. Member agencies that utilize the peak treatment capacity, whenever it is used, share in the cost of infrastructure capital investments that have been made by Metropolitan to make and maintain the capacity available to customers.

#### **Enhance Rate Stability and Predictability**

Option 1, if implemented, would result in a fixed charge that would provide stable and predictable fixed revenues for Metropolitan and rate stability and predictability for member agencies. This is because the basis of billing, i.e., three-year trailing maximum annual peak day demand, incorporates three years of member agency water demand data. Peak day demand for a member agency over the trailing three-year period has the potential to stay consistent for up to three years. In addition, the treatment peaking charge would be set by Metropolitan annually and member agencies would know what their peaking charge will be in the upcoming year, providing them with predictability in their water treatment charges from Metropolitan.

#### **Other Considerations**

This option does not provide member agencies with an incentive to shift their peak usage of treatment capacity during off-peak usage periods, although such an incentive exists with the capacity charge. This incentive may be advantageous to minimize the cost of maintaining treatment capacity to satisfy demands during system peak periods by potentially allowing Metropolitan to decommission more unused capacity. However, Metropolitan's water treatment plants have more than sufficient treatment capacity to meet coincident peak capacity demands and it does not need to incentivize the use of capacity during non-peak periods to be able to accommodate peak usage of treatment capacity.

Metropolitan Water District of Southern California / Treatment Cost Recovery Memo

# Evaluation of Using a Three-year Trailing Maximum <u>Summer Peak Day Demand as the Basis for the Water</u> Treatment Peaking Charge

Another member agency proposal is for Metropolitan to utilize a three-year trailing maximum summer peak day demand (Option 2) as the basis or billing determinant for charging member agencies a water treatment peaking charge. Raftelis has reviewed this option in comparison to the objectives described above and finds that the option is acceptable from a cost-of-service principles standpoint and reasonably satisfies Metropolitan's other stated objectives. Our review comments are summarized below.

#### **Consistency with Cost-of-Service Principles**

Utilizing this option results in full cost recovery of peak treatment capacity in proportion to the use of the capacity during the period when the system realizes its maximum period usage, i.e., during the summer. Using coincident peaking helps to recover costs from those that require Metropolitan to maintain sufficient treatment capacity to meet system peak demands and could help Metropolitan minimize future maintenance and capital expenses.

#### **Align Treatment Rates with Treatment Services Received**

Option 2 aligns the peaking capacity charge with the treatment services received. Member agencies that have their peak capacity demands during the periods when the system peaks share in the cost of infrastructure that has been maintained to make water treatment capacity available to customers during peak usage periods when the system experiences its maximum peak day demands.

#### **Enhance Rate Stability and Predictability**

Option 2, if implemented, would result in a fixed charge that would provide stable and predictable fixed revenues for Metropolitan and rate stability and predictability for member agencies. Peak day summer demand for a member agency over the trailing three-year period has the potential to stay consistent for up to three years. In addition, the treatment peaking charge would be set by Metropolitan annually and member agencies would know what their peaking charge will be in the upcoming year, providing them with predictability in their water treatment charges from Metropolitan.

#### **Other Considerations**

Some utilities charge their customers for their contribution to the use of capacity during the total system coincident peak. A capacity constrained utility may desire to send a price signal to customers to minimize their usage during the time of the total system coincident peak in order better manage limited system capacity. For example, Metropolitan has limited distribution capacity and has adopted a capacity charge that recovers the cost to provide peak capacity within the distribution system. It also provides a price signal to encourage agencies to reduce peak demands on the distribution system and shift demands that occur during the summer period to the winter period, resulting in the benefit of deferring capacity expansion costs.

In the case of Metropolitan's water treatment plants, it has more than sufficient treatment capacity to meet coincident peak capacity demands and it does not need to incentivize the use of water treatment capacity during other periods. Therefore, Option 2, while acceptable from a cost-of-service perspective, may not be the preferred approach if Metropolitan does not desire to incentivize the off-peak usage of the treatment capacity.

Metropolitan Water District of Southern California / Treatment Cost Recovery Memo

#### **Conclusion**

Based on a review of the member agency proposed options for recovery of water treatment peaking costs, both options are consistent with cost-of-service principles, would help to align member agency treatment rates with treatment services received, and provide an enhancement in rate stability and predictability over the existing method of recovery of Metropolitan's water treatment costs. Neither option is a perfect solution from a cost recovery principle standpoint. However, both options reflect a reasonable balance between cost recovery principles and Metropolitan's other objectives and priorities.

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# Review of New Treated Water Cost Recovery Alternatives for Peak Capacity Costs

June 10, 2025

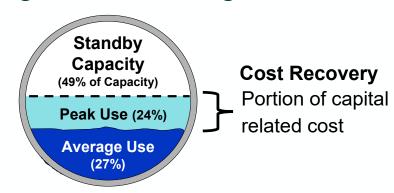


# Review of the March 14, 2025 proposal w/ Annual Peak and w/ Summer Peak

Features	Option 1: Mar 14, 2025 Proposal w/ Annual Peak	Option 2: Alternative Mar 14, 2025 Proposal w/ Summer Peak	
Peaking Capacity	A fixed charge would be collected based on a 3-year trailing <b>maximum annual peak day</b> demand in cubic feet per second (CFS)	A fixed charge would be collected based on a 3- year trailing <b>maximum summer peak day</b> demand in CFS	
Charge	Treatment peaking capacity costs <u>~10%</u> of total treatment costs based on allocated revenue requirements		
Standby Capacity Charge	Used Standby Capacity Charge: A fixed charge for used standby capacity would be collected based on a 10-year trailing annual standby use, i.e. 10-year maximum annual use minus average use in acre feet (AF)  Remaining Standby Capacity Charge: A fixed charge for remaining standby capacity would be collected based on 5-year trailing maximum annual use in AF  This charge inclusive of the Peaking and Used Standby Charge would add up to 30% of the Treatment Revenue Requirements, unless the allocated combined fixed costs are less than 30%.		
Volumetric	Remaining (~70%) of treatment costs		

## What are the Treatment Surcharge Peaking Costs?

- Treatment peaking costs are a portion of capital-related costs. They
  are <u>existing and ongoing costs</u> associated with paying for and
  maintaining the treatment capacity to satisfy peak demand.
- These are <u>not new costs</u> incurred when peak demands occur or caused directly by the peaking usage today.
- These treatment capacity costs are segregated into categories:
  - Capacity available for standby or emergency use
  - Capacity used to satisfy peak demands
  - Capacity used for average demands



# **Cost of Service Guiding Principles**

Full cost recovery in proportion to the benefits received and the cost to serve

May consider other objectives that result in a reasonable fit for the utility.

## Metropolitan's Rate Structure Framework

Stability of revenue and coverage of cost

Fairness

Certainty and predictability

No significant economic disadvantage

Reasonably simple and easy to understand

Dry-year allocation should be based on need

## **Review of Proposed Options**

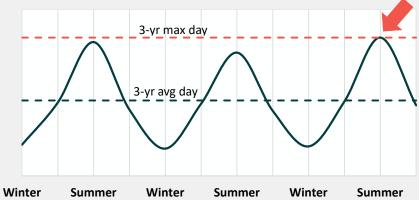


Proposal	Description	Comments
March 14 <sup>th</sup> 3-Yr Trailing Option 1 Annual Peak	<ul> <li>Customers that use MET's water treatment capacity shares in the cost, whenever it is used.</li> </ul>	
		<ul> <li>Avoids allowing MAs to utilize available treatment capacity without having to share in its costs.</li> </ul>
		<ul> <li>Enhancement of rate and revenue stability and predictability over current treatment surcharge.</li> </ul>
		<ul> <li>Since MET has excess treatment capacity available to meet all MA demands, there is no need to incentivize MAs to shift when their maximum use of the treatment capacity occurs. Incentive already exists with capacity charge.</li> </ul>
Option 2 Sum	3-Yr Trailing Summer	<ul> <li>Recovers costs from MA's that require MET to maintain sufficient treatment capacity to meet system peak demands.</li> </ul>
	Peak	<ul> <li>Could help MET minimize future maintenance and capital expenses by allowing MET to decommission more unused capacity.</li> </ul>
		<ul> <li>Enhancement of rate and revenue stability and predictability over current treatment surcharge.</li> </ul>
5		<ul> <li>Provides added incentivize for MAs to shift when their maximum use of the treatment capacity occurs.</li> </ul>

## Option 1 - Annual Maximum Peak Day Demand Measured Over a Trailing 3-Year Period

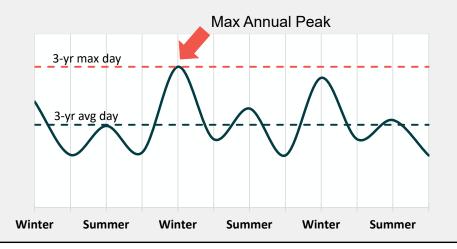
Under Option 1, both
Customers A and B would
pay a peaking charge in
accordance with their peak
use of the system over a
trailing three-year period.

Customer A
(Summer Peak)



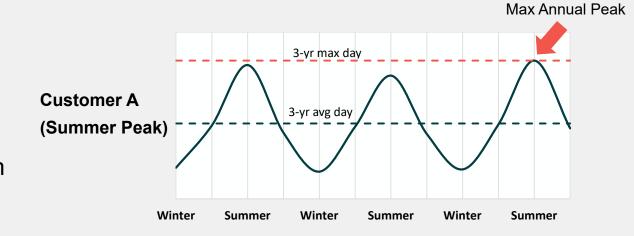
Max Annual Peak

Customer B (Winter Peak)

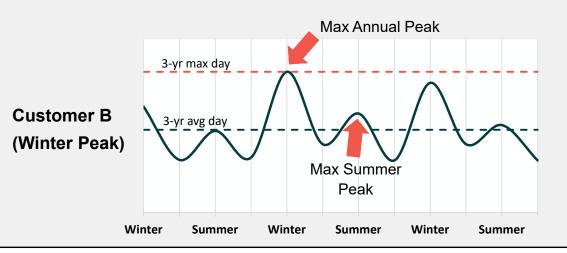


## Option 2- Summer Maximum Peak Day Demands Measured Over a Trailing 3-Year Summer Period

Customer A (peaks in the summer) and would pay a peaking charge in accordance with their peak use of the system



Customer B (peaks in the winter) and would pay a peaking charge that does not reflect their full peak use



## Raftelis Summary Comments on Options 1 & 2

- 1. Both options are consistent with cost-of-service principles
  - Both would help to align water treatment surcharges with treatment services received.
- 2. Both provide an enhancement in rate and revenue stability and predictability over the existing method of recovery of water treatment capacity costs.
- 3. There is no perfect option both provide a reasonable balance between cost recovery and other objectives and priorities.
- 4. Suggest Option 1 (Annual Peak) if MET does not desire to further incentivize the use of treatment peak capacity during off-peak periods

### Appendix A Summary of Treated Water Cost Recovery Alternatives

This appendix summarizes the treated water cost recovery alternatives developed and evaluated by the sub-working group for peaking and standby use. Tables 1 and 2 present these alternatives and illustrate potential billing determinants under each option, supporting the discussions in the main report.

The alternatives were designed to explore different methods for recovering existing costs associated with providing treated water service, particularly for demands related to peaking and standby demands. The analysis included hypothetical impact assessments and a sensitivity analysis of year-over-year changes to Member Agency fixed charges.

Table 1 – Treatment Peaking Cost Recovery Alternatives Analyzed

Table I – Treatment Peaking Cost Recovery Alternatives Analyzed					
	Billing Determinants	Units	Details	Descriptions	
Alt 1	3-yr trailing maximum summer peak day demand	CFS	3-yr trailing max day May-Sep	Proposed in 2017 Treatment Capacity Charge (similar to the current Capacity Charge), represents member agencies' summer peak use.	
Alt 2	3-yr trailing maximum annual peak day demand	CFS	3-yr trailing max day Jan-Dec	Represents member agencies' peak use throughout the year	
Alt 3	3-yr trailing annual incremental peak demand	CFS	3-yr trailing max day Jan-Dec minus 3-yr avg day	Represents member agencies' <i>incremental</i> peak use throughout the year	
Alt 4	3-yr trailing <u>summer</u> <u>incremental</u> peak demand	CFS	3-yr trailing max day May-Sep minus 3-yr avg day	Represents member agencies' <u>incremental</u> peak use during summer and supports local supply development	
Alt 5	3-yr trailing annual incremental seasonally adjusted peak demand	CFS	3-yr trailing seasonal adjusted max day minus 3-yr avg day	Represents member agencies' incremental peak use with seasonal factors to reduce summer peak impact on MWD distribution system	
Alt 6	3-yr trailing <u>average</u> incremental peak demand	CFS	3-yr <b>average</b> trailing of max day Jan-Dec minus avg day	Represents member agencies' average incremental peak use over the 3-year period	
Feb 2025 MA Proposal - Peaking	3-yr trailing maximum annual peak day demand	CFS	3-yr trailing max day Jan-Dec	Recovers treatment peaking costs, capped at 10% of treatment costs, billing determinants same as Alt 2	
Mar 2025 MA Proposal	3-yr trailing maximum annual peak day demand	CFS	3-yr trailing max day Jan-Dec	Same as Alt 2	
Mar 14 2025 MA Proposal – Annual Peaking	3-yr trailing maximum annual peak day demand	CFS	3-yr trailing max day <b>Jan-Dec</b>	Same as Alt 2	
Mar 14 2025 MA Proposal – Summer Peaking	3-yr trailing maximum summer peak day demand	CFS	3-yr trailing max day May-Sep	Same as Alt 1	

### Appendix A Summary of Treated Water Cost Recovery Alternatives

Table 2 – Treatment Standby Cost Recovery Alternatives Analyzed

	Billing Determinants	Units	Details	Descriptions
Alt A	Max of TYRA or 1998-2007 Avg	AF	(TYRA= 10-yr rolling avg)	1998-2007 Represents the basis when MWD made major investments in treatment plants
Alt B	10-yr Trailing Max Year	AF	Max annual usage in the past 10 years	Represents MA's standby use in the past 10-yrs beyond seasonal peak
Alt C	10-yr Trailing Annual Standby Use	AF	10-yr max annual usage minus 10-yr average use	Represents MA's standby use in the past 10-yrs beyond seasonal peak and average use
Alt D	Treatment Connected Capacity	CFS	Sum of Member Agency treated connections	Potential Member Agency capacity to MWD's treatment system
Alt E	Treatment Capacity Reservation	CFS		Capacity requested by each Member Agency
Alt F	Treatment Connected Capacity available for Standby	CFS	Treatment connected capacity minus 3-yr trailing max day (Alt 2)	Potential Member Agency capacity to MWD's treatment system not used in the last 3-yrs but available for emergency use (standby)
Alt G	10-yr Trailing Standby Use	CFS	10-yr max day minus 3-yrs trailing max day (Alt 2)	Represents the standby use as incremental use above peak day flows in the past 10-yrs
Alt H	10-yr Trailing Max Day Flow	CFS	10-yr max day	Represents MA's max use in the past 10 years
Alt I	5-yr Average Annual Demand	AF	5-year rolling average of annual treated demand	Recovers all treatment standby costs, inclusive of Regional Drought Benefits, on fixed charge and offers member agencies greater rate stability and predictability
Jan 2025 MA Proposal	5-yr Average Annual Demand	AF	25% Fixed Charge on 5-yr average annual treated demand	Recovers 25% of Treatment Costs based on 5-year rolling average treated demand. Provides MWD with additional fixed cost recovery and offers member agencies greater rate stability & predictability.
Feb 2025 MA Proposal - Standby	10-yr Trailing Annual Standby Use	AF	10-yr max annual usage minus 10-yr average use	Recovers all treatment standby costs, capped at 20% of Treatment Costs
Mar 2025 MA Proposal	Treatment Fixed Charge	AF	Remaining 30% Treatment Fixed Charge based on a 5-yr average annual treated demand	This charge inclusive of the Peaking Charge adds up to 30% of the Treatment Revenue Requirements.
Mar 14 2025	Used Treatment Standby Charge	AF	10-yr max annual usage minus 10-yr average use	Recovers used treatment standby costs based on 10-yr annual standby use (Alt C)
MA Proposal - Standby	Remaining Treatment Standby Charge	AF	5-yr Trailing Max Annual Demand	Recovers remaining treatment standby costs, up to 30% of treatment costs inclusive of peaking and used standby charges, based on 5-yr max annual demand



Special Finance, Affordability, Asset Management, and Efficiency Committee

Overview of Potential Business Model Refinements

June 23, 2025 Item 9-5

## Item 9-5

Overview of Potential Business Model Refinements

## Subject

Potential Business Model Refinements

### Purpose

 Inform the Board on the recommended proposals for Treated Water Cost Recovery, Unrestricted Reserve Policy Refinements, Conservative Water Demand Projections, and Other Fixed Revenues

# Treated Water Cost Recovery

# Metropolitan System Use by Member Agencies

- Metropolitan plays a critical role in supporting the region's water reliability by delivering both treated and untreated water tailored to the infrastructure and operational needs of its 26 member agencies
  - Fifteen (15) member agencies Beverly Hills, Calleguas, Compton, Foothill, Fullerton,
    Glendale, Las Virgenes, Long Beach, Pasadena, San Fernando, San Marino, Santa Ana, Santa
    Monica, Torrance, and West Basin receive only treated water
  - One (1) agency, Inland Empire, exclusively takes untreated water
  - Ten (10) agencies Anaheim, Burbank, Central Basin, Eastern, Los Angeles, MWDOC, San Diego, Three Valleys, Upper San Gabriel, and Western — receive a combination of both treated and untreated supplies
- Over the past five years, agencies limited to treated water have accounted for approximately 44 percent of total annual treated water sales

# Summary of work completed to-date

## Treated Water Cost Recovery

## 13 Workshops since May 2024

- <u>Participants:</u> member agency managers, Metropolitan staff from Finance, Integrated Operations
  Planning and Support Service and Water Quality teams
- Reviewed key concerns/issues raised by MA's during Budget Adoption with the Treatment Surcharge
- Discussed goals and objectives of the Treated Water Cost Recovery workgroup, previously adopted Policy Principles on Treated Water, and revised past efforts on Treated Water Cost Recovery
- Evaluated MWD's treatment operations, capacity, utilization, cost, and Cost of Service with the support of a rate consultant
  - Metropolitan provided comprehensive data, including daily flow records for all member agency meters from 2014 through 2023; historical treatment plant capacity utilization (by facility and in aggregate); connected capacity by member agency; treatment plant capacities; a review of COS fundamentals; and member agency treated water demands over the same period
  - Metropolitan staff conducted multiple rounds of detailed financial and operational analyses, including evaluations of usage data, cost allocations, hypothetical agency-specific impacts, and year-to-year agency bill change analyses

# Guiding Framework for Rate Design Solutions Consistent with 2017 Adopted Policy Principles and Feedback



## Treatment Rates & Charges Should:

## 1. Be consistent with industry standard cost of service principles

- Provide a clear nexus between member agency cost responsibility and benefits received
  - "Rate charged should reflect the cost of having capacity reserved and available for the customer" (AWWA M1 Principles of Water Rates, Fees, and Charges, 7th Edition)

## 2. Align treatment rates with treatment services received

- a) Align the treated water cost recovery with (1) the service commitments and (2) in frastructure capital investments made by Metropolitan
- b) Reflect the cost to maintain the treatment capacity and the treatment benefits received for average, peaking and standby uses
- c) Evaluate the portion of standby capacity that provides regional drought reliability

## 3. Enhance rate stability and predictability

- a) Recover a portion of the treatment cost on fixed charge(s)
- Working closely with Member Agencies to continue to identify opportunities to partially or fully decommission unneeded treatment infrastructure & minimize future O&M & capital expenditures
- c) Continue obtaining member agency commitment to utilize new or expanded future capacity

# Evaluating Treated Water Cost Recovery

Workgroup developed treated water cost recovery alternatives for Peaking and Standby capacity use:

- > 6 Treatment Peaking Alts evaluated
- > 9 Treatment Standby Alts evaluated
- ➤ 5 separate proposals introduced by MA: January 2025, February 2025, March 2025, March 14 2025, and March 14 2025 with Summer Peak

Leading Proposal, supported by managers representing 18 member agencies

> Option 1 - March 14, 2025 Proposal, Annual Peak Day

Alternative Proposal, proposal by manager representing 1 member agency

> Option 2 - March 14, 2025 Alternative Proposal, Summer Peak Day

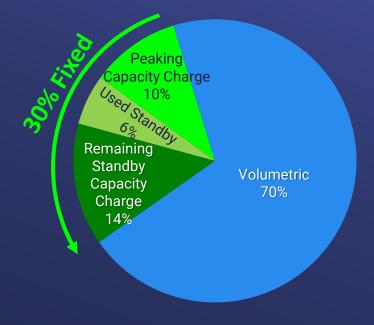
There is broad recognition that action is necessary, as the current 100% volumetric structure is inconsistent with the Board's previously adopted Policy Principles on Treated Water

# Leading Proposals

Support for proposals: 20 received responses (18 for Opt 1, 1 for Opt 2, 1 Neutral)

Features	Option 1: Mar 14, 2025 Proposal w/ Annual Peak (Support by 18 MAs)	Option 2: Mar 14, 2025 Alt Proposal w/ Summer Peak (Proposed by 1 MA)			
Peaking Capacity	A fixed charge would be collected based on a 3-year trailing maximum annual peak day demand in CFS	A fixed charge would be collected based on a 3-year trailing <b>maximum summer peak day</b> demand in CFS			
Charge	Treatment peaking capacity costs <u>~10%</u> of total treatment costs based on allocated revenue requirements				
Standby Capacity Charge	Used Standby Capacity Charge: A fixed charge for used standby capacity would be collected based on a 10-year trailing annual standby use, i.e. 10-year maximum annual use minus average use in AF  Remaining Standby Capacity Charge: A fixed charge for remaining standby capacity would be collected based on 5-yr trailing maximum annual use in AF  This charge inclusive of the Peaking and Used Standby Charge would add up to 30% of the Treatment Revenue Requirements, unless the allocated combined costs are less than 30%.				
Volumetric	Remaining (~70%) of treatment costs				

## Treatment Revenue Requirements



# Adjustments / Certifications to Peaking Flows for All Alternatives

- Similar to the existing Capacity Charge, treated water peaking flows resulting from Metropolitan's operational requests (e.g., shutdowns, service disruptions, wet year operations, dry year operations) do not reflect member agency demand on Metropolitan and therefore, will not be included in an agency's peaking calculations; and,
- All data and adjustments would be fully documented and validated by each agency, following the existing process for RTS and Capacity Charges

# Implementation of New Charges

Member Agency managers support implementation strategies to <u>minimize initial</u> <u>impacts</u> and provide opportunities for MA to adjust operations accordingly

## Treatment **peaking** capacity charge:

3-year phase-in billing determinants (Annual or Summer)

## Treatment **standby** capacity charges:

- Used Standby Capacity: 10-year phase-in
- Remaining Standby Capacity: 5-year phase-in

## Items for further review

The Financial Sub-Working Group identified four items for further review in advance of the FY2028/29 budget process

- Potential Regional Drought Reliability charge;
- Considerations related to incremental peaking billing determinants;
- Refinement of the unused standby capacity charge to better reflect potential use of standby capacity rather than relying solely on volumetric usage; and
- Collaboration with member agencies to identify opportunities to partially or fully decommission unneeded treatment infrastructure

# Workgroup Recommendations on Unrestricted Reserve Policy

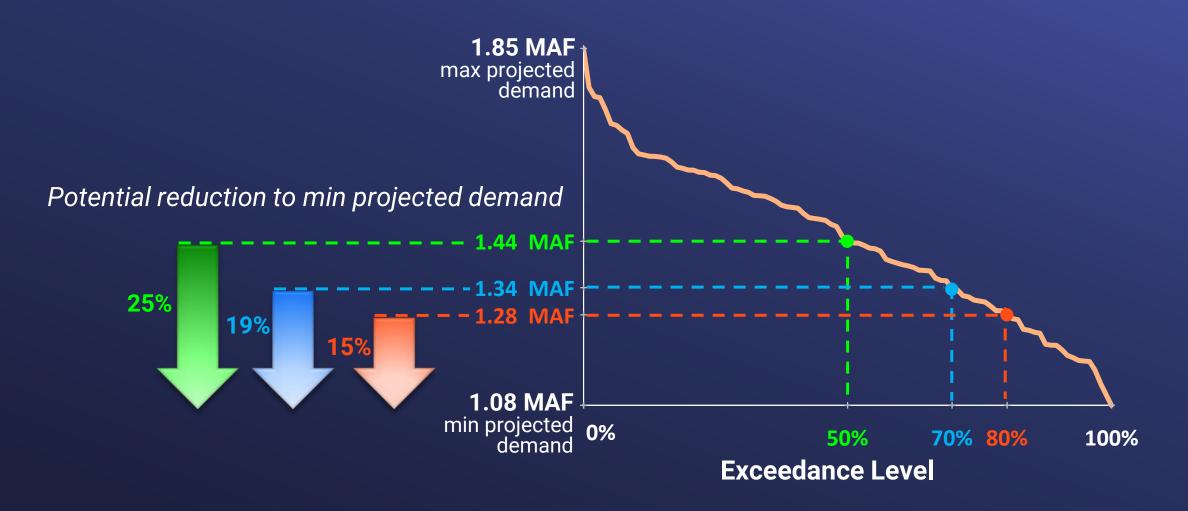
# Variability Metropolitan's Historic Water Transactions

% change from budget



# Projected Demand Variability

Projected Demands (MAF) for Calendar Year 2025



# Recommendations: Unrestricted Reserve Policy Changes

### **Technical Changes:**

- Update the Percent Reserves to reflect recent water sales volatility
  - ✓ Incorporate conservative demand assumptions in rate setting into the calculation
    - > Adopt policy to set water demand at 70% exceedance for rate setting with a long-term target of 80%.
- 2. Recognize the disconnect between supplies and sales
  - ✓ Exclude variable costs from reserve calculations
  - ✓ No correlation between water sales and variable costs
- 3. Incorporate protection for treated water sales volatility
  - ✓ Include Treatment revenue requirements in the Unrestricted Reserve Minimum and Target Levels to enhance volatility protection for treated water sales revenues → Treatment Surcharge Stabilization Fund would be combined into unrestricted reserves
- 4. Adjust required reserve calculation to exclude one-time revenues and unawarded grants

### **Policy Changes**

- Update Admin Code language regarding the appropriate use of reserves in excess of target levels
- Add language specifying the intentional use of reserve for one-time expenditures, unforeseen revenue shortfalls or increases in existing expenditures

## Current Unrestricted Reserve Calculation

for June 30th, 2025, in millions of dollars

	2025/26	2026/27	2027/28	2028/29
	Budget	Forecast	Forecast	Forecast
Gross Revenue Requirement	\$2,274	\$2,408	\$2,597	\$2,773
Less Property Tax	\$334	\$342	\$351	\$359
Less Interest Income, Power Sales & Misc. Revenues	\$120	\$97	\$84	\$86
Less Unawarded Grants & One-time Revenues	\$127	\$20	\$20	\$20
Less Fixed Charges				
RTS Charge	\$185	\$188	\$202	\$219
Capacity Charge	\$46	\$48	\$52	\$56
Net Water Rate Revenue Requirements	\$1,462	\$1,713	\$1,889	\$2,033
Less Variable Costs				
Treatment Surcharge Rev Req.	\$342	\$342	\$362	\$369
SWC Variable Power Costs	\$238	\$236	\$235	\$233
CRA Power Costs	\$93	\$97	\$99	\$102
Fixed Costs Recovered by Water Rate	\$789	\$1,037	\$1,193	\$1,329
Percent Reserved	17.5%	17.5%	17.5%	17.5%
Annual Amount Reserved	\$138	\$181	\$209	\$232

Minimum Reserve Level = 138 + 181 / 2

**= \$229 million** ← 18 months

Target Reserve Level = 138 + 181 + 209 + 232 / 2 = \$645 million ← 42 months

Special Finance, Affordability, Asset Management, and Efficiency Committee

# Proposed Refinements to Unrestricted Reserve Calc.

for June 30th, 2025, in millions of dollars

	2025/2	26	2026/27	2027/28	2028/29
	Budge	et	Forecast	Forecast	Forecast
Gross Revenue Requirement	\$2,2	274	\$2,408	\$2,597	\$2,773
Less Property Tax	Ś	334	\$342	\$351	\$359
Less Interest Income, Power Sales & Misc. Revenues			st required re		
L <del>ess Unawarded Grants &amp; One-time Revenues</del>		e	xclude one-tir	ne revenues ded grants	s and
Less Fixed Charges		_	anawar	aca grants	
RTS Charge Maintain current flexibi		185	\$188	\$202	\$219
Capacity Charge automatically adjust unre		\$46	\$48	\$52	\$56
Net Water Rate Revenue Requireserves for new fixed c	harges	<b>462</b>	\$1,713	\$1,889	\$2,033
Less Variable Costs					
Treatment Surcharge R Incorporate protection for t	the treated	l wate	er sale volatili	ty \$362	\$369
SWC Variable Power Co	actura an ar	مناصصي	as and sales	\$235	\$233
CRA Power Costs Recognize the disconnect k	between st	uppiie	es and sales	\$99	\$102
Fixed Costs Recovered by Water Rate	\$	789	\$1,037	\$1,193	\$1,329
Percent Reserved		7.5%	17.5%	17.5%	17.5%
Annual Amount Reserved	\$	138	\$181	\$209	\$232

Update % Reserved to reflecting 70% exceedance demand used for rate setting

# Updated Unrestricted Reserve Policy - 70% Exceedance Demand

for June 30th, 2025, in millions of dollars

	2025/26	2026/27	2027/28	2028/29
	Budget	Forecast	Forecast	Forecast
Gross Revenue Requirement	\$2,274	\$2,408	\$2,597	\$2,773
Less Property Tax	\$334	\$342	\$351	\$359
Less Interest Income, Power Sales & Misc. Revenues*	\$120	\$97	\$84	\$86
Less Fixed Charges				
RTS Charge	\$185	\$188	\$202	\$219
Capacity Charge	\$46	\$48	\$52	\$56
Net Water Rate Revenue Requirements	\$1,590	\$1,733	\$1,909	\$2,053
Percent Reserved	19%	19%	19%	19%
Annual Amount Reserved	\$302	\$329	\$363	\$390

**Minimum Reserve Level = \$302 + \$329 / 2** = **\$467** million ← 18 months **Target Reserve Level = \$302 + \$329 + \$363 + \$390/2** = **\$1,189** million ← 42 months for 70% Exceedance Demand

<sup>\*</sup> Misc. Revenues – Lease, Non-MA Sales, \$80M State Fund Use and Awarded Grants, excluding one-time revenues such as IRA Fallowing Revenues, \$60M Stored Water Sales, Sales of Assets

# Updated Unrestricted Reserve Policy

for June 30th, 2025, in millions of dollars



# Implementation Strategy

Adopt reserve policy to set water demand at 70% exceedance for rate setting with a long-term target of 80%.

\*Revenue from Reverse Cyclic Program (RCP) pre-sales

# Unrestricted Reserve Policy Refinements

Policy Change – Modify language in Admin Code for appropriate use of reserves in excess of target levels

Funds in excess of the target level shall be utilized as directed by the Board for:

- Funding capital expenditures of the District in lieu of the issuance of additional debt,
- Redemption or defeasance of outstanding bonds or commercial paper,
- Addressing District's pension or OPEB (other post-employment benefit) liabilities (including but not limited to the establishment or funding of a pension trust fund), or
- Meeting other legal or financial obligations.

Additional proposed policy: "Reserves, by nature, are one-time funds; therefore, fiscal prudence dictates that they should <u>not</u> be used to cover ongoing expenditures"

# Workgroup Recommendations on Conservative Water Transactions Assumptions for Water Rate Settings

# Conservative Water Transactions Assumptions Recommendations

Establish a policy to set water demand projections at 70% exceedance for rate setting with a long-term target of 80%.

✓ This approach creates a mechanism to maintain reserves at the target level, providing additional protection against rate spikes

# Other Fixed Revenues

- Voluntary Level Pay Plan
  - Member agencies interested in a Voluntary Level Pay Plan will make recommendations to Metropolitan staff. Staff will convene a meeting with the interested member agencies to explore the alternatives, analyze the impacts, and identify the changes to Metropolitan's policies that would be required for implementation.
- Fixed charge for Demand Management
  - Staff will evaluate fixed charges based upon the recommendations made by the Water Resources Sub-Working Group
- Expansion of current RTS and Capacity Charge to also recover O&M costs
- Ad Valorem Property taxes
  - Staff will evaluate the impacts on rates, charges, and reserves from increasing the ad valorem property tax rate in future budgets

# Next Steps

July 2025 Board Action to Approve a Treated Water Cost Recovery Rate Structure to be included with the staff proposal for the FY 26/27 and 27/28 Biennial Budget and CYs 27 and 28 Rates and Charges

July 2025 Board Action to Approve Revisions to Metropolitan's Reserves Policy and Direct Staff to Implement Specific Sales Projections for the proposed FY26/27 and 27/28 Biennial Budget



## Board Report

### Office of Safety, Security, and Protection

### • OSSP Monthly Activities for May 2025

### **Summary**

This monthly report provides a summary of OSSP activities for May 2025 in the following key areas:

- Security and Emergency Management
  - Security and Emergency Response
  - o Emergency Management Program Update
- Safety, Regulatory, and Training (SRT)
  - Health and Safety Programs
  - Environmental Programs
  - Apprenticeship Programs
  - Safety and Technical Training Programs

### **Purpose**

Informational

### **Attachments**

Attachment 1: Detailed Report – OSSP Monthly Activities for May 2025

Date of Report: June 10, 2025

### Key Activities Report for May 2025

### **Project Highlights**

### **Security and Emergency Management**

### **Security and Emergency Response**

Metropolitan Security Management recently released a request for bid proposals for a new 5-year guard services contract that will run from 2025 to 2030. Metropolitan has traditionally utilized contract guard services to stand fixed posts at all occupied facility entrances, operate the 24/7/365 Security Watch Center located at Eagle Rock, and provide security patrols throughout the service area. In addition to the services that are currently being provided by Metropolitan's security vendor, some additional unique features are being considered for the new contract, including:

- Additional Armed Officers: Armed guards have been deployed at key facilities in the Desert Region. Additional armed officers will be deployed to all main vehicle entrances at Water Treatment Plants.
- Additional Semi-Autonomous robotic guards: Robotic guards are conducting perimeter patrols of critical facilities. They can operate continuously without fatigue, patrol large areas, recharge automatically, and ensure security is maintained around the clock.
- **Security Risk Management Services:** Specialized subject matter experts will provide additional corporate risk management resources and analysis.
- Sacramento Delta Patrol Services: Adding security services to patrol the valuable Delta Island portfolio to mitigate potential human malfeasance, agricultural thefts, environmental crimes, and property damages.



Contract security vehicle patrolling Metropolitan's right-of-way along East Valley Feeder, Sylmar, CA

### **Enhancing Emergency Preparedness: The Strategic Acquisition of Everbridge**

As the threat landscape continues to evolve—with once-unlikely events now becoming common headlines—our legacy systems have become outdated and insufficient to meet current safety standards. Metropolitan has taken a significant step toward modernizing its emergency response capabilities with the acquisition of the Everbridge Mass Notification and Incident Management System.

Everbridge replaces Metropolitan's aging Mass Notification infrastructure with a proactive, fully integrated, and data-driven platform that enables rapid communication, real-time situational awareness, and coordinated emergency responses. This system addresses prior gaps in communication, manual operations, and employee engagement while aligning with industry best practices and compliance expectations.

### Key benefits include:

- Multichannel alerting to reach all stakeholders—staff, emergency services, and external partners—instantly.
- Real-time visualization tools for improved situational awareness and decision-making.
- Geospatial risk monitoring through Visual Command Center and AI-based threat intelligence via Signal.
- Business continuity support through automation and streamlined coordination.

This investment reflects a strategic commitment to employee safety, infrastructure protection, and organizational resilience. Everbridge technology gives Metropolitan the ability to respond faster, smarter, and more effectively to emergencies, helping safeguard lives, assets, and operations.

### **Emergency Management Program Update**

Staff continued to run emergency exercises for responders in the following disciplines and locations: Information Technology, Weymouth Water Treatment Plant, Damage Assistance Teams, and Jensen Water Treatment Plant.



Members of the Information Technology Incident Command Post participating in emergency response training at Union Station Headquarters

Staff remained busy throughout the month as they:

- Monitored the aftermath of a magnitude 5.1 earthquake in Julian on April 14. The earthquake was felt over a wide area but there were no reported impacts on employee safety or Metropolitan operations.
- Presented an overview of Metropolitan operations to the Area D Disaster Management Area Committee
  meeting in Glendora, Los Angeles County on April 17. Area D represents a group of cities in the county
  along the foothills of the San Gabriel Mountains. Some of the Area D cities were impacted by the Eaton
  Fire or sent resources to assist. This type of pre-disaster outreach is important to ensure smooth
  communications when responding to real-time emergencies.
- Monitored a network outage in the Desert Region that impacted telephone and data communications on April 23. Radio and satellite communications remained active, and regular communications returned later that day.
- Supported the Foothill Municipal Water District's efforts in developing a Local Hazard Mitigation Plan.
- Supported Southern California Edison by presenting at their Public Safety Power Shutoff Workshop on April 30.

Staff met with the current Orange County Fire Authority Battalion Chief covering the Diemer Water Treatment Plant. The purpose of this informal meeting was to establish a working relationship with local Fire Department personnel who may respond to the Diemer Plant during a future emergency. We agreed to plan future collaborative training and exercises.



OCFA Battalion Chief Kyle Kuzma met with Carlos Rosas (Diemer Plant) and Ian Whyte (Emergency Management) at the Diemer Water Treatment Plant

The Palos Verdes Dam Emergency Action Plan (EAP) was updated, and copies were shared with the plan holders and the California Office of Emergency Services. Metropolitan is required to update all Dam EAPs annually.

Finally, staff attended the annual conference for the California Emergency Services Association from May 5 through May 8 in San Francisco. They completed FEMA Incident Command System (ICS) training in managing expanding incidents (ICS-300) the same week at the Corona Fire Department.





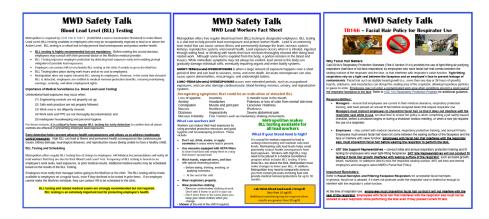
FEMA ICS-300 training, managing expanding incidents, at the Corona Fire Department; CESA Annual Conference in San Francisco

### **Project Highlights**

Safety, Regulatory, and Training

### **SRT Health and Safety Programs**

Three new safety talks were posted on the following topics: Blood Lead Level (BLL) Testing, MWD Lead Workers Fact Sheet, and Facial Hair Policy for Respirator Users.



### **New Safety Talks**

The Safety Team facilitated an unannounced site visit of Cal/OSHA at Union Station Headquarters and submitted a document response package to all 13 categories requested within three working days after the inspection. There has been a significant increase in the incident rate for recordable injuries in the first half of 2025 from a low of 1.5 in 2024 to 2.9 currently. While the incident rate is still below the five-year average of 3.2 and the state average for the industry of 5.1, the rapid increase is a concern. Additional safety talks have been implemented, and management is communicating with employees to ensure they take the time to complete their work safely.

### **SRT Environmental Programs**

The Environmental Team completed: (a) eight hazardous waste pick-ups at various facilities and along Metropolitan Right-of-Ways; (b) underground storage tank testing and inspection days for six facilities, and (c) dewatering notices for four Feeder shutdowns and two unplanned water releases.

An Air Quality Stationary Emergency Standby Generator Engine Bulletin was posted on the IntraMet as guidance to custodians on the major permitting, operational, and maintenance requirements for stationary engines greater than 50 brake horsepower, where additional engine run hour limits and Public Safety Power Shutoff events have been included.

Lastly, the following reports were submitted:

- Hazardous Materials Business Plan updates to the California Environmental Reporting System for six facilities
- Diemer's First Quarter 2025 Self-Monitoring Report for the General De Minimis Permit to the State Water Quality Control Board
- Jensen and Weymouth, First Quarter 2025 Industrial Wastewater Self-Monitoring Report to LA Sanitation

### **SRT Apprenticeship Programs**

SRT Apprenticeship Programs prepare apprentices to become certified mechanics and electricians responsible for maintaining Metropolitan's water treatment and distribution systems. This month, the team facilitated physical abilities testing, which represents the final recruitment phase for Desert Region pre-apprentices. Physical abilities testing is a series of pass/fail activities to measure a candidate's aptitude and ability to perform maintenance work, including shoveling, working at heights, color wire matching, overhead manual dexterity, and simulated confined space work. Approximately 20 candidates participated in the testing at Gene. Once final scoring is completed, candidates will be ranked on an eligibility hiring list.



Pre-apprentice candidate completing simulated confined space activity for physical abilities testing

### **SRT Safety and Technical Training Programs**

The team updated Workplace Violence Prevention training for all Metropolitan employees to foster a safe and respectful work environment. The training is available online through MyLearning and requires annual recertification.

Furthermore, the team collaborated with Operations to implement training on the critical infrastructure protection standards of the North American Electric Reliability Corporation. This training focuses on safeguarding the physical and cyber assets of the electrical grid. Designated employees are enrolled in this certification and must complete the training annually.



### GENERAL MANAGER (DRAFT)

Group-Section:	FLSA Status: Exempt	Salary Grade: FR	
Office of the General	Bargaining Unit:	<b>Job #:</b> 001	
Manager	Unrepresented		

#### **JOB SUMMARY**

This position executes the policies and strategic initiatives set by the Board of Directors with a commitment to integrity, respect, transparency, fiscal and ratepayer responsibility, sustainability and equity. In this capacity, the position is responsible for managing the agency's assets and water resources to ensure a reliable, sustainable and resilient water supply for its member agencies in an environmentally and fiscally responsible manner, including incorporating the impacts of climate change and water initiatives to reduce costs and create new forms of revenue.

As a core member of the Direct Report Team, this position shares in collective accountability for the agency's organizational success. The General Manager is expected to model and foster crossfunctional collaboration, strategic decision-making, and values-based leadership. The General Manager acts as a strategic ally to fellow team members, with a "District-first, department-second" mindset, and is responsible for supporting a healthy organizational culture built on mutual trust, transparency, and peer support.

#### **OVERSIGHT**

Reports to the Board of Directors. Direct supervision of the Assistant General Managers and dotted-line responsibility (functional supervision) for approximately 1800+ employees assigned to various management units.

Participates in and provides recommendations to the Direct Report Team to align with and implement Metropolitan's goals and strategic direction.

#### **JOB DUTIES**

- 1. Manage a diverse workforce and foster inclusive excellence.
- 2. Lead with integrity, model shared values across the Direct Report Team and organization.
- 3. Develop strategic initiatives that reflect input and expertise from multiple areas of the organization.
- 4. Actively contribute to the shared accountability and cultural leadership of the Direct Report Team.
- 5. Establish and maintain effective working relationships with all levels of staff, stakeholder, and political bodies.
- Directs the development and implementation of Board policies, rules, and regulations in accordance with Local, State and Federal law, Metropolitan's Administrative Code and other Board-approved policies.

- 7. Determines administrative policies, programs, and procedures; directs their execution. Monitors program results to ensure that they effectively support Metropolitan's goals and objectives.
- 8. Directs Metropolitan's activities throughout the various employee groups that report to the General Manager through delegation of authority; meet with managers on a regular basis to ensure efficient and cost-effective operations and ensure a culture of inclusivity and opportunities for employee growth and development.
- 9. Approves special studies, reports, and documents for submission to the Board of Directors with recommendations and options for policy determination for Metropolitan. Make presentations to the Board of Directors as required to seek authorization for policy recommendations and to advise them of ongoing activities and programs, capital projects, and other such matters required to maintain Metropolitan's internal operations.
- Directs financial and administrative affairs relating to bond sales, tax levy, determination of revenue requirements, long and short-term capital projects, water resources, ratepayer impacts and water sales to ensure that Metropolitan's short and long-term needs are addressed.
- 11. Directs the development of reliable, sustainable and resilient water resources for Metropolitan to ensure that Southern California's water supply requirements can be met consistent with Metropolitan's goals and objectives established by the Board of Directors.
- 12. Formulates and implements Board authorized policies, set standards and procedures, and administers activities related to Metropolitan's operations to ensure that they comply with applicable laws, regulations, policies, and procedures.
- 13. Directs the creation and maintenance of comprehensive and effective human resources management programs, policies, and systems; policies and practices that support diversity, equity, and inclusion of all employees; facilitates leadership development and training opportunities; and directs and monitors the District's labor relations, labor negotiations, and labor-management programs and initiatives.
- 14. Presents Metropolitan's annual budget for Board consideration and adoption and monitors approved expenditures within the organization to ensure the most efficient use of resources and adherence to established guidelines.
- 15. Represents, and negotiates, Metropolitan's position and interests as directed by the Board in hearings held by the state and federal legislatures, and in meetings with regulatory agencies, state and local governments, and outside interests.
- 16. Performs other related duties as required

Job Title: General Manager

Job Code: 001

Adopted:
Effective:
Revised:
Supersedes:
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#### **EMPLOYMENT STANDARDS** MINIMUM REQUIREMENTS

#### **Education and Experience:**

Bachelor's degree from an accredited college or university, majoring in public administration, business administration, economics, engineering, finance, natural resources or a related field and fourteen years of progressively responsible and directly related managerial experience:

#### OR

Advanced degree from an accredited college or university, majoring in public administration, business administration, economics, engineering, law, finance, natural resources or a related field and twelve years of progressively responsible and directly related managerial experience;

Experience leading an organization with a significant workforce and complex governmental regulation; experience leading an organization with numerous organizational customers; experience with government relations at the state and federal levels; experience in negotiating issues or projects with significant and diverse political interests; or such experience as the Board of Directors deems appropriate.

Required Knowledge of: Federal, state, and local government legislative processes; political processes; administrative practices for a public agency organization with responsibilities for a variety of water issues relating to contract negotiations, water management programs, water resources, and regulatory requirements; regional water resilience and local water project development and implementation; energy and environmental impacts of water management and operations; climate science as it pertains to weather patterns and water availability; communications strategies and tools; Southern California water problems and issues; Urban, agricultural, and environmental water interests; State of California water infrastructure and issues including State Water Project and Delta; Colorado River regulation and rights, and parties who are entitled to Colorado River supplies; current business and organizational management theories and practices; public sector personnel practices and regulations; budgeting practices and procedures; contracting practices and regulations; management and supervisory concepts and techniques; team building; consensus-building best practices; governmental and community relations; contract administration; and complex project management.

Required Skills and Abilities to: Manage a diverse work force; plan, organize, and review the work of subordinates; review work products for quality and validity; encourage and facilitate cooperation among subordinates, peers, stakeholders and political leaders; mentor, develop, and motivate staff; determine training needs of staff; exercise vision, integrity, respect, judgment, and discretion; act with ethics and integrity; research and analyze legislation and evaluate its impact; develop position papers; communicate orally and in writing on administrative and technical topics; provide timely and constructive feedback, represent Metropolitan to regulatory agencies, public agencies, and elected officials; establish and maintain effective and collaborative working relationships with all levels within the organization, member agency managers, outside agencies, elected officials, community-based organizations and the public; use presentation and business applications; supervise preparation of presentations for executive management, Board of Directors, and member agencies; effectively communicate Metropolitan's position on diverse

Job Title: General Manager

Job Code: 001

Adopted: Effective: Revised: Supersedes: Page 3

Metropolitan Water District of Southern California

and competing interests; interface and maintain effective liaison with member agencies, the Board of Directors, elected officials, civic and business leaders and community-based organizations; and travel to various and remote sites within the area, other Metropolitan areas, and out of state.

#### **Certificates, Licenses, and Registrations Requirements**

Employees in this position may be required to obtain and maintain the following certifications, licensing, and registrations:

#### **Certificates**

None

#### Licenses

 Valid California Class C Driver License that allows you to drive in the course of your employment

#### Registrations

None

#### **DESIRABLE QUALIFICATIONS**

- Knowledge of pertinent regulations and laws that impact Metropolitan objectives; or an understanding of water regulations and laws governing a similarly situated water agency
- Knowledge of California water agencies including Metropolitan's member agencies; and active involvement in relevant community, business, or other associations in the candidate's current location.
- Knowledge of interstate water infrastructure and policy issues including negotiations on water rights, projects and contracts.

#### PERFORMANCE CATEGORIES

Performance expectations would typically be tailored to the job and incumbent. The general categories for this job could include but are not limited to:

- Availability of water supply for Southern California
- Organizational culture health and values alignment
- Cross-departmental collaboration and shared decision making
- Mutual support and cohesion within the Direct Report Team
- Sustainability and climate change policy
- Diversity, Inclusion and Equity
- Budget
- Cost containment
- Foster interdepartmental collaboration, remove silos and model behavior to the organization.
- Productivity measures for employee performance
- Customer satisfaction
- Mutually beneficial working relationships with external regulatory and governmental agencies and Metropolitan stakeholders, for example environmental organizations, member agencies, labor groups and Direct Report Team
- Selection and retention of workforce to meet Metropolitan objectives

Job Title: General Manager

Job Code: 001 Adopted:

Effective: Revised: Supersedes: Page 4 Metropolitan Water District of Southern California

#### PHYSICAL DEMANDS, WORK ENVIRONMENT, AND VISION REQUIREMENTS

The physical demands and work environment characteristics described here are representative of those that must be met or may be encountered by an employee to successfully perform the job duties of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the job duties.

**Physical Demands:** The work is sedentary. Typically, the employee may sit comfortably to do the work. However, there may be some walking; standing; bending; carrying of light items such as paper, books, or small parts; driving an automobile, etc. No special physical demands are required to perform the work.

**Work Environment:** The work environment involves everyday risks or discomforts that require normal safety precautions typical of such places as offices, meeting and training rooms, libraries, and residences, e.g., use of safe work practices with office equipment, avoidance of trips and falls, observance of fire regulations and traffic signals, etc. The work area is adequately lighted, heated, and ventilated. Travels that require overnight stays.

**Vision Requirements:** No special vision requirements.

Job Title: General Manager

Job Code: 001

Adopted: Effective: Revised: Supersedes: Page 5



#### **GENERAL MANAGER**

Group-Section:	FLSA Status: Exempt	Salary Grade: FR
Chief Executives Offices	Bargaining Unit:	<b>Job #:</b> 001
	Unrepresented	

#### **JOB SUMMARY**

This position executes the policies and strategic initiatives set by the Board of Directors with a commitment to integrity, respect, transparency, fiscal and ratepayer responsibility, sustainability and equity. In this capacity, the position is responsible for managing the agency's assets and water resources to ensure a reliable, sustainable and resilient water supply for its member agencies in an environmentally and fiscally responsible manner, including incorporating the impacts of climate change and water initiatives to reduce costs and create new forms of revenue.

#### **OVERSIGHT**

Reports to the Board of Directors. Direct supervision of the Assistant General Managers and dotted-line responsibility (functional supervision) for approximately 1800+ employees assigned to various management units.

#### JOB DUTIES

- 1. Directs the development and implementation of Board policies, rules, and regulations in accordance with Local, State and Federal law, Metropolitan's Administrative Code and other Board-approved policies.
- 2. Determines administrative policies, programs, and procedures; directs their execution. Monitors program results to ensure that they effectively support Metropolitan's goals and objectives.
- 3. Directs Metropolitan's activities throughout the various employee groups that report to the General Manager through delegation of authority; meet with managers on a regular basis to ensure efficient and cost-effective operations and ensure a culture of inclusivity and opportunities for employee growth and development.
- 4. Approves special studies, reports, and documents for submission to the Board of Directors with recommendations and options for policy determination for Metropolitan. Make presentations to the Board of Directors as required to seek authorization for policy recommendations and to advise them of ongoing activities and programs, capital projects, and other such matters required to maintain Metropolitan's internal operations.
- Directs financial and administrative affairs relating to bond sales, tax levy, determination of revenue requirements, long- and short-term capital projects, water resources, ratepayer impacts and water sales to ensure that Metropolitan's short- and long-term needs are addressed.
- 6. Directs the development of reliable, sustainable and resilient water resources for Metropolitan to ensure that Southern California's water supply requirements can be met

consistent with Metropolitan's goals and objectives established by the Board of Directors.

- 7. Formulates and implements Board authorized policies, set standards and procedures, and administers activities related to Metropolitan's operations to ensure that they comply with applicable laws, regulations, policies, and procedures.
- 8. Directs the creation and maintenance of comprehensive and effective human resources management programs, policies, and systems; policies and practices that support diversity, equity, and inclusion of all employees; facilitates leadership development and training opportunities; and directs and monitors the District's labor relations, labor negotiations, and labor-management programs and initiatives.
- 9. Presents Metropolitan's annual budget for Board consideration and adoption and monitors approved expenditures within the organization to ensure the most efficient use of resources and adherence to established guidelines.
- 10. Represents, and negotiates, Metropolitan's position and interests as directed by the Board in hearings held by the state and federal legislatures, and in meetings with regulatory agencies, state and local governments, and outside interests.
- 11. Performs other related duties as required

## EMPLOYMENT STANDARDS MINIMUM REQUIREMENTS

#### **Education and Experience:**

 Bachelor's degree from an accredited college or university, majoring in public administration, business administration, economics, engineering, finance, natural resources or a related field and fourteen years of progressively responsible and directly related managerial experience;

#### OR

 Advanced degree from an accredited college or university, majoring in public administration, business administration, economics, engineering, law, finance, natural resources or a related field and twelve years of progressively responsible and directly related managerial experience;

#### AND

 Experience leading an organization with a significant workforce and complex governmental regulation; experience leading an organization with numerous organizational customers; experience with government relations at the state and federal levels; experience in negotiating issues or projects with significant and diverse political interests; or such experience as the Board of Directors deems appropriate.

**Required Knowledge of:** Federal, state, and local government legislative processes; political processes; administrative practices for a public agency organization with responsibilities for a variety of water issues relating to contract negotiations, water management programs, water resources, and regulatory requirements; regional water resilience and local water project

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development and implementation; energy and environmental impacts of water management and operations; climate science as it pertains to weather patterns and water availability; communications strategies and tools; Southern California water problems and issues; Urban, agricultural, and environmental water interests; State of California water infrastructure and issues including State Water Project and Delta; Colorado River regulation and rights, and parties who are entitled to Colorado River supplies; current business and organizational management theories and practices; public sector personnel practices and regulations; budgeting practices and procedures; contracting practices and regulations; management and supervisory concepts and techniques; team building; consensus-building best practices; governmental and community relations; contract administration; and complex project management.

Required Skills and Abilities to: Manage a diverse work force; plan, organize, and review the work of subordinates; review work products for quality and validity; encourage and facilitate cooperation among subordinates, peers, stakeholders and political leaders; mentor, develop, and motivate staff; determine training needs of staff; exercise vision, integrity, respect, judgment, and discretion; act with ethics and integrity; research and analyze legislation and evaluate its impact; develop position papers; communicate orally and in writing on administrative and technical topics; represent Metropolitan to regulatory agencies, public agencies, and elected officials; establish and maintain effective and collaborative working relationships with all levels within the organization, member agency managers, outside agencies, elected officials, community-based organizations and the public; use presentation and business applications; supervise preparation of presentations for executive management, Board of Directors, and member agencies; effectively communicate Metropolitan's position on diverse and competing interests; interface and maintain effective liaison with member agencies, the Board of Directors, elected officials, civic and business leaders and community-based organizations; and travel to various and remote sites within the area, other Metropolitan areas, and out of state.

#### **Certificates, Licenses, and Registrations Requirements**

Employees in this position may be required to obtain and maintain the following certifications, licensing, and registrations:

#### Certificates

None

#### Licenses

 Valid California Class C Driver License that allows you to drive in the course of your employment

#### Registrations

None

#### **DESIRABLE QUALIFICATIONS**

 Knowledge of pertinent regulations and laws that impact Metropolitan objectives; or an understanding of water regulations and laws governing a similarly situated water agency

Job Title: General Manager

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Metropolitan Water District of Southern California

- Knowledge of California water agencies including Metropolitan's member agencies; and active involvement in relevant community, business, or other associations in the candidate's current location.
- Knowledge of interstate water infrastructure and policy issues including negotiations on water rights, projects and contracts.

#### **PERFORMANCE CATEGORIES**

Performance expectations would typically be tailored to the job and incumbent. The general categories for this job could include but are not limited to:

- Availability of water supply for Southern California
- Sustainability and climate change policy
- Diversity, Inclusion and Equity
- Budget
- Cost containment
- Productivity measures for employee performance
- Customer satisfaction
- Mutually beneficial working relationships with external regulatory and governmental agencies and Metropolitan stakeholders, for example environmental organizations, member agencies and labor groups
- Selection and retention of workforce to meet Metropolitan diversity objectives

#### PHYSICAL DEMANDS, WORK ENVIRONMENT, AND VISION REQUIREMENTS

The physical demands and work environment characteristics described here are representative of those that must be met or may be encountered by an employee to successfully perform the job duties of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the job duties.

**Physical Demands:** The work is sedentary. Typically, the employee may sit comfortably to do the work. However, there may be some walking; standing; bending; carrying of light items such as paper, books, or small parts; driving an automobile, etc. No special physical demands are required to perform the work.

**Work Environment:** The work environment involves everyday risks or discomforts that require normal safety precautions typical of such places as offices, meeting and training rooms, libraries, and residences, e.g., use of safe work practices with office equipment, avoidance of trips and falls, observance of fire regulations and traffic signals, etc. The work area is adequately lighted, heated, and ventilated. Travels that require overnight stays.

Vision Requirements: No special vision requirements

Job Title: General Manager

Job Code: 001

Adopted:

Effective: 06/28/20 Revised: 01/15/21 Supersedes: 07/23/07

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## METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CLASSIFICATION DESCRIPTION

Classification Title: Bargaining Unit:		GENERAL MANAGER  00-Executive		
Group:	Executive Offices			
Reports to:	Board of Directors			

#### **JOB SUMMARY**

This position is responsible for the leadership and management of Metropolitan in fulfilling its mission and directly reports to the Board of Directors. In this capacity, the position is responsible for implementing public policies and strategic initiatives, managing the assets and resources, and directing all administrative, operational, and financial activities and water management programs for Metropolitan consistent with Metropolitan's mission, goals, and objectives that are established by the Board of Directors.

**ESSENTIAL FUNCTIONS-** *Essential and other important responsibilities and duties may include, but are not limited to, the following:* 

- 1. Directs the development and implementation of Board policies, rules, and regulations in accordance with Metropolitan's Administrative Code and other Board-approved policies.
- 2. Determines administrative polices, programs, and procedures; direct their execution. Monitor program results to ensure that they effectively support Metropolitan's goals and objectives.
- 3. Directs Metropolitan's activities throughout the various employee groups that reports to the General Manager through delegation of authority; meet with division managers on a regular basis to ensure efficient and cost-effective operations.
- 4. Approves special studies, reports, and documents for submission to the Board of Directors with recommendations for policy determination for Metropolitan. Make presentations to the Board of Directors as required to seek authorization for policy recommendations and to advise them of ongoing divisional activities and programs, capital projects, and other such matters required to maintain Metropolitan's internal operations.
- 5. Directs financial and administrative affairs relating to bond sales, tax levy, determination of revenue requirements, long- and short-term capital projects, water resources, and water sales to ensure that Metropolitan's short- and long-term needs are addressed.

Salary grade change per Board Letter 10-2 dated July 7, 2007

Revised date: 7/23/07 Job Title: General Manager

Job Code: 001

#### Metropolitan Water District of Southern California General Manager

- 6. Directs the development of water resources for Metropolitan to ensure that Southern California's water supply requirements can be met consistent with Metropolitan's goals and objectives established by the Board of Directors.
- 7. Formulates and implement policies, set standards and procedures, and administer activities related to Metropolitan's operations to ensure that they comply with applicable laws, regulations, policies, and procedure
- 8. Present Metropolitan's annual budget for Board consideration and adoption, and monitors approved expenditures within the organization to ensure the most efficient use of resources and adherence to established guidelines.
- 9. Represents Metropolitan's position and interests as directed by the Board in hearings held by the state and federal legislatures, and in meetings with regulatory agencies, state and local governments, and outside interests.
- 10. Performs other related duties as required

#### **MINIMUM QUALIFICATIONS**

#### **Education and Experience**

 Bachelor's degree from an accredited college or university, majoring in public administration, business administration, economics, engineering, finance, or a related field and 12 years of progressively responsible and directly related managerial experience;

#### OR

Advanced degree from an accredited college or university, majoring in public administration, business
administration, economics, engineering, law, finance, or a related field and 10 years of progressively
responsible and directly related managerial experience;

#### OR

• Such experience as the Board of Directors deems appropriate.

#### CERTIFICATES, LICENSES, AND REGISTRATIONS

None

Salary grade change per Board Letter 10-2 dated July 7, 2007

Revised date 7/23/07

Job Title: General Manager

Job Code: 001 Page: 2

#### KNOWLEDGE, SKILLS AND ABILITIES

#### **Knowledge of:**

- Southern California water infrastructure and issues.
- Principles of governmental fiscal management, budgetary control, taxing principles, and bond sales
- Public agency trends as they relate to business practices
- Administrative practices for a public agency organization with responsibilities for a variety of water issues relating to contract negotiations, water management programs, water resources, and regulatory requirements
- Southern California water problems and issues

#### Skill and ability to:

- Manage a large and diverse workforce
- Formulate and implement organizational goals and objectives
- Formulate and implement strategies, programs, policies, and procedures
- Prepare and deliver clear, concise, and well-organized presentations to management, employees, external and member agencies, the Board of Directors, the media, and the general public
- Effectively interface with external governmental and regulatory agencies, high-level officials, and the general public
- Travel to various and remote sites within the area and other Metropolitan areas

#### **PERFORMANCE CATEGORIES**

Performance expectations would typically be tailored to the job and incumbent. The general categories for this job could include but are not limited to:

- Availability of water supply for Southern California
- Budget
- Cost containment
- Productivity measures for employee performance
- Customer satisfaction
- Mutually beneficial working relationships with external regulatory and governmental agencies
- Selection and retention of workforce to meet Metropolitan diversity objectives

#### SUPERVISORY RESPONSIBILITY/ACCOUNTABILITY

#### **Supervisory scope:**

- Dotted-line responsibility (functional supervision) for approximately 1800+ employees assigned to various management units.
- Direct supervision of the Assistant General Manager/Chief Operating Officer, Assistant General Manager/Chief Administrative Officer, Deputy General Manager and Assistant General Manager/Chief Financial Officer

Salary grade change per Board Letter 10-2 dated July 7, 2007 Revised date 7/23/07

Job Title: General Manager

Job Code: 001 Page: 3

# METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CLASSIFICATION DESCRIPTION

Classification Title: Bargaining Unit:		PRESIDENT & CHIEF EXECUTIVE OFFICER				
		01-Unrepresented				
Class Code:		FR	EEOC Category:	1	_Overtime Exempt:	<u>Y</u>
Group:	Executive Offices					
Reports to:	Board of Directors					

#### **JOB SUMMARY**

Directs all administrative, operational, and financial activities and water management programs for Metropolitan. Determines Metropolitan's mission, goals, and objectives in conjunction with the Board of Directors.

#### ESSENTIAL FUNCTIONS AND EXPECTED RESULTS

- 1. Directs the development and implementation of Board policies, rules, and regulations in accordance with Metropolitan's Administrative Code and other Board-approved policies.
- 2. Determines administrative polices, programs, and procedures; direct their execution. Monitor program results to ensure that they effectively support Metropolitan's goals and objectives.
- 3. Directs Metropolitan's activities throughout the various divisions through delegation of authority; meet with division managers on a regular basis to ensure efficient and cost-effective operations.
- 4. Approves special studies, reports, and documents for submission to the Board of Directors with recommendations for policy determination for Metropolitan. Make presentations to the Board of Directors as required to seek authorization for policy recommendations and to advise them of ongoing divisional activities and programs, capital projects, and other such matters required to maintain Metropolitan's internal operations.
- 5. Directs financial and administrative affairs relating to bond sales, tax levy, determination of revenue requirements, long- and short-term capital projects, water resources, and water sales to ensure that Metropolitan's short- and long-term needs are addressed.
- 6. Directs the development of water resources for Metropolitan to ensure that Southern California's water supply requirements can be met.
- 7. Formulates and implement policies, set standards and procedures, and administer activities related to Metropolitan's operations to ensure that they comply with applicable laws, regulations, policies, and procedure

#### Metropolitan Water District of Southern California President & Chief Executive Officer

- 8. Determines Metropolitan's annual budget and monitor expenditures within the organization to ensure the most efficient use of resources and adherence to established guidelines.
- 9. Performs other related duties as required.

#### MINIMUM QUALIFICATIONS

#### **Education and Experience**

 Bachelor's degree from an accredited college or university, majoring in public administration, business administration, economics, engineering, finance, or a related field and 12 years of progressively responsible and directly related managerial experience;

#### OR

• Master's degree from an accredited college or university, majoring in public administration, business administration, economics, engineering, finance, or a related field and 10 years of progressively responsible and directly related managerial experience;

#### OR

• Such experience as the Board of Directors deems appropriate.

#### LICENSES/CERTIFICATION REQUIRED

#### KNOWLEDGE, SKILLS AND ABILITIES

#### **Knowledge of:**

- Principles of governmental fiscal management, budgetary control, taxing principles, and bond sales
- Public agency trends as they relate to business practices
- Administrative practices for a public agency organization with responsibilities for a variety of water issues relating to contract negotiations, water management programs, water resources, and regulatory requirements
- Southern California water problems and issues

#### Skill and ability to:

- Manage a large and diverse workforce
- Formulate and implement organizational goals and objectives
- Formulate and implement strategies, programs, policies, and procedures

Job Title: President & Chief Executive Officer

Job Code: 001

Revised Date: May 21, 2001

Supersedes General Manager dated 12/14/94

#### Metropolitan Water District of Southern California President & Chief Executive Officer

- Prepare and deliver clear, concise, and well-organized presentations to management, employees, external and member agencies, the Board of Directors, the media, and the general public
- Effectively interface with external governmental and regulatory agencies, high-level officials, and the general public
- Travel to various and remote sites within the area and other Metropolitan areas

#### **PERFORMANCE CATEGORIES**

Performance expectations would typically be tailored to the job and incumbent. The general categories for this job could include but are not limited to:

- Availability of water supply for Southern California
- Budget
- Cost containment
- Productivity measures for employee performance
- Customer satisfaction
- Mutually beneficial working relationships with external regulatory and governmental agencies
- Selection and retention of workforce to meet Metropolitan diversity objectives

#### SUPERVISORY RESPONSIBILITY/ACCOUNTABILITY

#### **Supervisory scope:**

- Dotted-line responsibility (functional supervision) for approximately 2100 employees assigned to various divisions
- Project management examples:

Job Title: President & Chief Executive Officer

Job Code: 001

Revised Date: May 21, 2001

Supersedes General Manager dated 12/14/94

# MWD Direct Report Team Operating Agreement

April 2025



#### Team goals and objectives

- Determine how to implement the organizational strategy and direction approved by the Board (based on recommendations of the General Manager)
- Shape healthy culture by enhancing relationships and modeling values
- Establish disciplined internal governance to synchronize performance across all Departments
- Work with, and educate, the Board to align with, and support, the direction of travel of the Direct Report Team

#### Team Members and Team Roles & Responsibilities

#### Team Members

- General Manager
- General Counsel
- General Auditor
- Ethics Officer

#### Team Roles

#### **Strategic Allies**

Direct Report Team members act as strategic partners to one another, focusing on the organization's overall success rather than solely on their departmental interests.

#### **Collaborative Problem-Solvers**

Direct Report Team members work together to address challenges that affect the entire organization. They engage in collaborative decision-making about resource (human and financial) allocation and prioritizing initiatives based on the biennial planning objectives.

#### **Organizational Stewards**

Direct Report Team members consider the needs of the organization beyond the demands of their functional responsibilities. They approach their work with an "MWD first, department second" mindset.

#### Team Responsibilities

#### **Collective Accountability**

Direct Report Team members share accountability for delivering organization-wide goals, and ownership of each goal is allocated to the appropriate team member. They support one another in achieving organizational objectives.

#### **Cross-Functional Collaboration**

Direct Report Team members are responsible for fostering interdepartmental collaboration and breaking down silos and modeling this behavior to the organization. This includes reaching out to colleagues anywhere in the organization to create partnerships that add more value than individual functional teams could achieve alone.

#### **Strategic Decision-Making**

Direct Report Team members are tasked with considering and making decisions that benefit the entire organization, not just their individual departments. The Direct Report Team members make recommendations, based on their areas of expertise, that are beneficial to the District as a whole.

#### **Organizational Culture Building**

Direct Report Team members are responsible for creating and modeling the values-based culture of the organization. This includes building collective ownership in the organization's culture and aligning with its core values and mission.

#### **Peer Support**

Direct Report Team members are expected to support their fellow leaders, sometimes even prioritizing this over supporting their direct reports. This includes having each other's backs, looking out for one another, and providing support when challenges arise.

#### **Communication expectations**

- Regular Direct Report Team meetings
- Text & email communications between meetings

#### Feedback mechanisms

- In person, in meetings if all team members affected.
- In person, 1:1 in private, if only between two team members.
- Timely feedback is key.

#### Conflict resolution

- In person, face-to-face. Either 1:1 or as a team if it affects more than two team members.
- Follow a conflict resolution process:
  - Acknowledge the conflict openly
  - o Define the problem from an organizational perspective
  - o Meet to discuss the issue
  - Analyze the root cause
  - Focus on organizational goals
  - Develop a solution
  - o Implement continuous improvement
- If the Team cannot resolve, request meeting with the Chair of the Board to help resolve.

#### Change requests

Bring to Direct Report Team meeting

• For larger changes, develop a change management plan (e.g., following Kotter's 8 step process or similar).

#### Meeting structure and frequency

- Monthly meetings Direct Report Team
- Quarterly newsletter to all employees with MWD overall and Dept updates
- Semi-annual in person Management Forums

#### Team norms and values

- Direct Report Team is the "First Team" for MWD keep the best interest of MWD first and the interest of individual departments second.
- Team Norms
  - Cohesion across Departments
  - o Clarity on MWD priorities and decision-making process
  - More efficient execution across the organization to optimize resources (human and financial)
  - o Transparent and honest **communications** to build trust

#### Operating Agreement maintenance

 Review this document semi-annually by all Direct Report Team members and update as needed.

#### **DRAFT**

#### General Manager Recruitment Suggestions

(Supplement to the Job Description)

Competence to implement the following priorities of the Board of Directors:

- 1) Organize management and draft policies for successful implementation of CAMP4Water as Metropolitan's organizing mechanism for water resources and infrastructure.
  - a. Formulation of business model components
  - b. Application of evaluative criteria for infrastructure projects
  - c. Facilitation of Board decision-making framework in approval of projects
- 2) Plan and supplement recent initiatives and measures to stabilize workforce and improve employee morale and trust in upper management.
  - a. Work in cooperation and partnership with the three other department heads (i.e. review current department head operating agreement).
  - b. Foster cooperative and productive relationships with bargaining units and employee resource groups to engender trust for the general benefit of Metropolitan as a successful organization.
  - c. Prioritize budget priorities in the next biennium to catch-up on hiring priorities and core-system investments to assure 100% reliability in delivery of core supplies.
- 3) Drive towards an acceptable resolution to Colorado River negotiations to meet 2026 deadline.
  - a. Provide for regular contact and appraisals with U.S. Congressional representatives and Federal agencies.
  - b. Work in partnership with California and lower basin state partners as is possible in Metropolitans interests.
  - c. Work creatively with the Colorado River Board of California and the Governor's Office to seek cooperative initiatives with upper basin states towards resolution of final agreement on post 2026 operations of the Colorado River.

#### Candidate Qualities

- a. Familiarity with Metropolitan and its organizational culture and member agency dynamics.
- b. Leadership skills that compliment work with the board and other department heads.
- c. Management experience and understanding of bargaining unit negotiations.
  - a. High adaptive capacity on strategy in dealing with local, state and federal levels of government.









The Metropolitan Water District of Southern California

**APRIL 2025** 

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## A Special Note from the Board Chair

#### Dear Reader:

On behalf of the Board of Directors of the Metropolitan Water District of Southern California, I am proud to present our Five-Year Implementation Strategy aimed at advancing Metropolitan's climate adaptation efforts. This marks an important milestone in our journey to ensure a sustainable water future for Southern California.

Over the past two years, the Board has undertaken a robust, challenging, and collaborative process with our member agencies to reaffirm our core mission: delivering reliable and high-quality water in the face of the escalating resource, infrastructure, and financial challenges wrought by increasing climate volatility. The Climate Adaptation Master Plan for Water (CAMP4W) is not your typical master plan. Rather than being confined to static binders, it is defined by iterative, adaptive, and innovative decision-making tools and policy directives that institutionalize climate adaptation and adaptive management throughout our agency.

The planning dynamics that have shaped this strategy are critical to understand. Over the last 30 years, we have invested over a billion dollars in water efficiency and demand management, leading to significantly declining water use across Southern California. While this has been an environmental success, it has resulted in reduced water sales and revenue at a time when we face multiple challenges—most notably climate change and the necessity of maintaining our vast, century-old infrastructure that transports water from the Colorado River and Northern California.

Our ongoing transformation from an agency focused solely on importing water to one that actively enhances resilience through local supply diversification demonstrates our commitment to adapting to these challenges. We have already amassed storage of record-setting dry-year supplies made possible by our regional efficiency and conservation achievements, and recent good rain years. Yet, as Metropolitan incentivized the construction of local recycling as well as other forms of demand management, and storage, we drastically reduced the sale of imported water and thus our main source of revenue.

Fortunately, through our local resilience, we gained a head start as the reliability of our imported sources is declining. On the Colorado River, we face increased competition from states like Wyoming, Colorado, Utah, and New Mexico for severely climate-impacted water resources. Since losing half of Southern California's Colorado supplies in 2003, Metropolitan has steadily made innovative investments in farm water conservation, ensuring a more reliable water supply for the Colorado River Aqueduct. A successful resolution to ongoing negotiations among the seven basin states that also include Arizona and Nevada and Mexico, could enable us to replicate these conservation investments across state lines to bolster the overall resilience of not only California, but the entire Southwest. But this will take more innovation and investment to accomplish.

Water resources from Northern California that must pass through the deteriorating Sacramento-San Joaquin Delta and its eroding levees are subject to significant supply risks. Regulatory obstacles and litigation currently exacerbate the difficulty in moving water south, as well as the ability to adapt to climate change. The State of California's potential construction of a \$20 billion underground tunnel to protect from the risk of levee failure provides an alternative in a natural disaster and underscores the magnitude of the challenges we face. Metropolitan would bear the major portion of that cost, while continuing to contribute to the cost of maintaining and improving the current levee system benefitting our region as well as other areas of the State.

To withstand threats to our imported supplies building projects such as the \$8 billion Pure Water Southern California treatment system in Carson, California, deserve serious consideration. Over time they can enable us to reuse billions of gallons of wastewater currently being discharged into the ocean. When and how to build the types of large projects I have described in these paragraphs without overburdening ratepayers, especially those with lower incomes, is a major objective of CAMP4W.

CAMP4W addresses our need to adapt financially, policy-wise, and politically from where we are today in the state of our infrastructure. The CAMP4W effort has facilitated the development of a new decision-making framework, essential for responding effectively to the multidimensional challenges that we are encountering along with the volatile climate.

On behalf of the Board, I would like to thank General Manager Deven Upadhyay for his disciplined and determined leadership; as well as his team, especially Chief Sustainability Officer Liz Crosson who patiently spearheaded the complex effort and who will guide us through its implementation. The team includes our Finance, Water Resources Planning, External Affairs, Engineering & Operations executives and staff as well as our Board support group. Committee Chair Matt Petersen and Vice Chair Karl Seckel brings vision and understanding to this effort; and Board Vice Chair Gail Goldberg and Finance Chair Tim Smith much necessary guidance. Finally, thank you to our member agency managers whose work is not done. I imagine them bringing the pragmatism of Metropolitan's founders striving to define the common benefits of Metropolitan's mission to a region that has been transformed into the 11th largest economy of the world.

I invite you to explore the Climate Adaptation Master Plan for Water and join us in this crucial endeavor. We also urge you to review our most recent SB60 report submitted to the California legislature outlining achievements in conservation, water recycling and groundwater storage. Our most recent report shows how residents have reduced water use by over 45% since the 1990's. It demonstrates that together, we can continue safeguarding our water future and building resilient communities for generations to come.

Adán Ortega, Jr. Chair of the Board Metropolitan Water District of Southern California

IMPLEMENTATION STRATEGY 3

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# Acknowledgements

This progress report for the Climate Adaptation Master Plan for Water would not be possible except for the dedication of Task Force Members, Metropolitan's Staff, and consultants.

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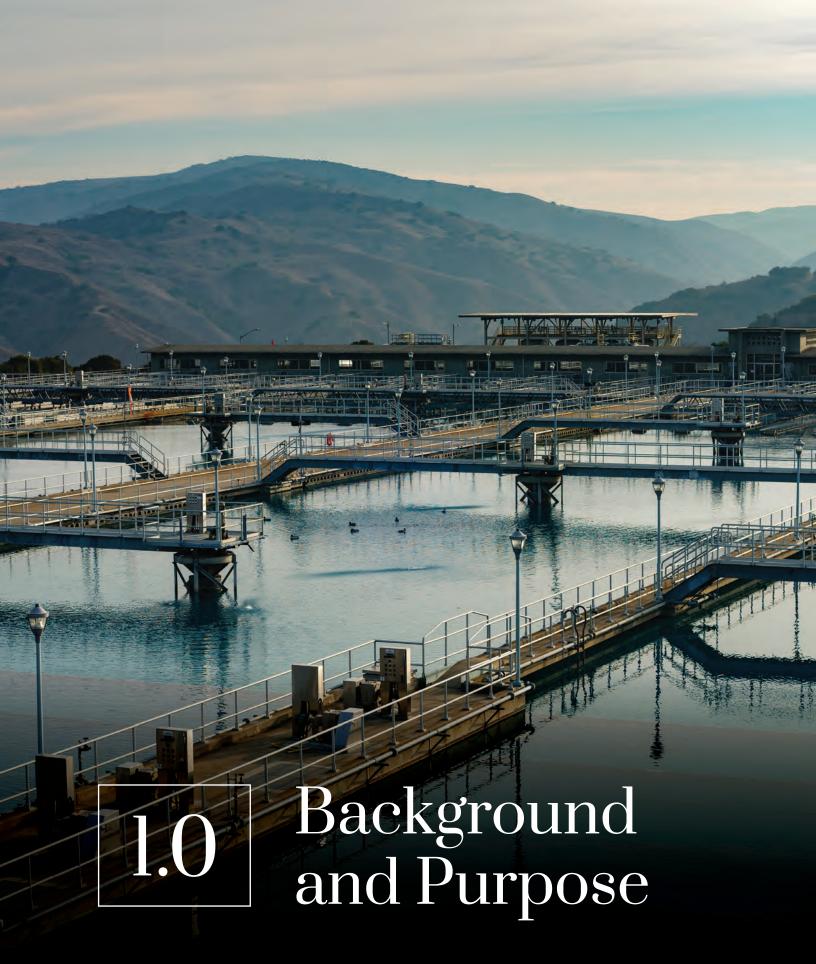
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#### **Project Consultants**

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Hampik Dekermenjian, Hazen and Sawyer

Sarah Dominick, Hazen and Sawyer



Diemer Water Treatment Diemer Water Treatment Plant 1 - January 2025

## 1.1 Problem Statement and Purpose of Climate Adaptation Planning and the CAMP4W Process

Climate change poses a significant threat to Metropolitan's ability to fulfill its mission and to the sources of water supply upon which Southern California relies. Extreme weather conditions in recent years have presented Southern Californians with an unsettling preview of the challenges ahead – weather whiplash is abruptly swinging the state from periods of severe and extended drought to record-setting wet seasons. Hazards from wildfire, extreme heat events, high winds, and sea level rise all pose risk to Metropolitan's critical infrastructure, such as those experienced during the 2025 wildfires, as well as to the ecosystems from which Metropolitan's water supply derives. There is no question that climate change is here and putting mounting pressure on the year-to-year management of our available water resources and infrastructure.

To ensure the continued reliability of water supplies for the communities we serve, Metropolitan embarked on the development of a comprehensive Climate Adaptation Master Plan for Water (CAMP4W), a comprehensive set of policy directives and decision-making tools that ensures the Board of Directors is equipped to consider climate risks to water supplies, water quality, infrastructure, operations, workforce, public health, and financial sustainability to its deliberations and investment decisions. It provides a roadmap to guide future investments and decision-making as we confront our new climate reality in the years and decades ahead.

By adopting the CAMP4W, the Board of Directors has directed staff to analyze planned programs and projects based on specific criteria that ensure consideration of climate change impacts and climate risk vulnerabilities throughout Metropolitan activities and to systematically institutionalize climate adaptation practices and policies to:

- Institute the consideration of climate change impacts and climate risks and vulnerabilities throughout Metropolitan activities;
- Enhance resource planning with the integration of climate and financial information;
- Increase the frequency of updates to resource needs and the factors that drive them;
- Set targets to guide the development of potential projects and programs to increase climate resilience and ensure continued reliability;
- Strengthen decision-making on project and program investments through greater transparency and more holistic and uniform analyses; and
- Establish an adaptive management approach to better manage uncertainty and remain responsive to evolving conditions.

Planning for a future impacted by climate change will support Metropolitan's reliability and resilience goals in a financially sustainable, environmentally responsible, and equitable manner.

#### 1.2 Role of Implementation Strategy within the CAMP4W Process

The Climate Adaptation Master Plan for Water comprises multiple components which together form a living master planning program (Figure 1-1). Rooted in adaptability, Metropolitan's CAMP4W, through its implementation, will facilitate Metropolitan's continued reliability and resilience in the face of change and uncertainty while responding to real world conditions, course correcting as needed, and reducing the risk of over or under development. CAMP4W will allow the Board to balance the risks associated with either creating stranded assets or the devastating risk of having shortages or disruption in service, which would weaken Metropolitan's ability to achieve its core mission to provide safe, reliable water to its Member Agencies.

Through this CAMP4W Implementation Strategy, the Climate Decision-Making Framework, policy directives, partnership goals, and project and program timelines are combined to support near-term climate adaptation decision-making and implementation. Included is a defined set of new and ongoing tasks with an achievable timeline, the progress of which will be reported annually through the CAMP4W Annual Report. Modifications to the strategy will be made as needed to incorporate updated information and lessons learned. This adaptive management approach is depicted in Figure 1-1, presenting the key components in the development and implementation of the CAMP4W process.

Preparing for the future and providing a reliable supply of water to its Member Agencies are not new to Metropolitan. However, the CAMP4W process places adaptation in light of climate change at the forefront of planning, to intentionally look at all aspects of Metropolitan's resources, system and processes through a holistic lens and to transparently inform decision-making.

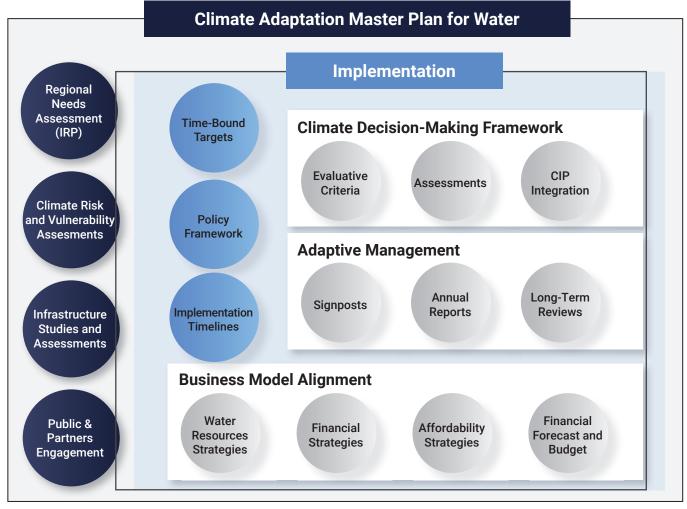


Figure 1-1. Climate Adaptation Planning Components

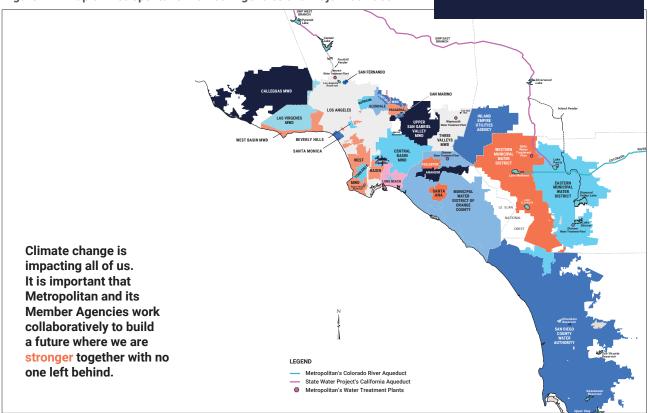
## 1.3 Metropolitan's Resources, System, Assets, and Member Agencies

Metropolitan's mission is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way. To do this, Metropolitan imports supplies from the California Bay-Delta and the Colorado River, leads regional water use efficiency programs, invests in local water resources, and operates and maintains the Colorado River Aqueduct, an expansive range of reservoirs, five water treatment plants, hydroelectric facilities, 830 miles of pipelines including large-diameter pipelines and tunnels and about 400 service connections.

Metropolitan delivers approximately 1.5 billion gallons of water daily to its 26 Member Agencies (Figure 1-2), who serve the 19-million person service area across 5,200 square miles. Member Agencies (Figure 1) vary widely in terms of their size, whether they are retailers or wholesalers, their percent dependence on Metropolitan, and the climate they experience. Climate zones range from the cooler coastal areas to hotter inland regions, while land use ranges from densely urban areas to heavy industrial areas to open agricultural lands, where the volume and nature of water use varies significantly. Nearly one third of the region's population is classified as disadvantaged, indicating that affordability considerations will vary across the region as well (DWR DAC Mapping tool<sup>1</sup>).

Southern California's water supplies are facing major long-term threats, brought on by climate change, emerging contaminants and evolving ecological needs. For example, State Water Project dependent areas faced shortages during the recent drought due to supply shortage and infrastructure constraints, threatening the health and wellbeing of our residents. Metropolitan is committed to helping the region overcome these challenges with careful planning, vision and leadership to ensure our communities have the water they need for generations to come.

Figure 1-2. Map of Metropolitan's Member Agencies and Major Facilities



<sup>1 |</sup> https://water.ca.gov/Work-Withy-Us/Grants-And-Loans/Mapping-Tools)

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#### 1.4 Public and Community Engagement

Ongoing public and community engagement in the CAMP4W process is essential to public support and acceptance for implementation, and importantly public trust. It is the means to ensure transparency and provide opportunities for diverse voices to raise their priorities, concerns, and ideas with Metropolitan and the Member Agencies. Continuing the outreach efforts practiced throughout the CAMP4W development process and advancing the engagement goals are a core element of implementation. Engagement with interested parties, such as the environmental community and community-based organizations, will continue to ensure Metropolitan is integrating local knowledge and issues deeply understood by local and regional partners. In collaboration with the Member Agencies, planned activities include workshops, listening sessions, forums, presentations, tabling at community events and work with community-based and tribal organizations.





Worldwide, agencies are grappling with the reality that climate change is impacting our lives in a multitude of ways. Climate change is resulting in new and different risks and vulnerabilities for water systems and new and different needs for the people who rely on those systems. Decisions are being driven by extreme weather events such as drought, flooding, wildfires, heat waves, and windstorms, as well as sea level rise and the health of ecosystems, and the compounded impacts of climate change on other hazards such as earthquakes. Understanding risks and Metropolitan's vulnerabilities in the face of a changing climate is critical to establishing the region's needs for water supply reliability and infrastructure resilience. By considering potential risks and vulnerabilities, Metropolitan can best prepare to meet the needs of the region by making informed investment decisions and establishing a timeframe for implementation that is adaptable to changing conditions.

Developing strategies to address risks and vulnerabilities can be considered under two main categories. First, Metropolitan must consider effects on water supply reliability, which is impacted by fluctuating periods of drought and high rainfall as well as extreme heat events. Second, Metropolitan must bolster its infrastructure resilience to ensure operations and Member Agency support are maintained during and after hazard events that threaten or disrupt infrastructure.

The following sections discuss the process for evaluating risks and vulnerabilities, identifying water supply needs, and determining infrastructure resilience needs to ensure our water and power infrastructure remains resilient under anticipated future conditions.

#### 2.1 Climate Risks and Vulnerabilities

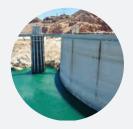
Climate change poses significant risk to Metropolitan including the areas of drought, extreme precipitation, wildfires, sea level rise, extreme heat, and extreme wind events. As Metropolitan plans for the future, it must consider how these events will impact supply reliability and infrastructure resilience as well as how it will impact operations during emergencies. Understanding the risks is critical to properly assessing the best way to address them.



IMPLEMENTATION STRATEGY 11

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### **Multiple Climate Risks Impact** Metropolitan from Water Supply to Infrastructure



Extended Droughts: Water Supply<sup>1</sup>

Both of Metropolitan's major imported water sources, the Colorado River and the Northern Sierra, are threatened by extreme and extended droughts



Sea-level Rise: Water Quality<sup>2</sup>

Increased salinity associated with sea-level rise could impact water quality in the Sacramento-San Joaquin Delta, as well as in coastal water basins situated throughout Metropolitan's service area.



**Extended Droughts: Water Quality** 

Major rain and flooding events also create water quality concerns, such as the increased turbidity of inflows to Metropolitan's Jensen Water Treatment Plant from Castaic Lake in January 2023.



**Drought** 



Reduced **Snowpack** 





Major rain and flooding events can damage Metropolitan's delivery and storage system, such as when Tropical Storm Hilary caused a suspension in deliveries to DWCV storage in 2023.



**Subsidence** 



Rise



Increased Flooding: Infrastructure Damages<sup>5</sup>

Reduced annual snowpack threatens the long-term sustainability of Metropolitan's two major sources of imported water, the Colorado River and the Northern Sierra.





**Flooding** 



**Extreme Heat:** Infrastructure Risks<sup>6</sup>

In addition to its damaging impacts on Metropolitan's existing infrastructure, extreme heat also threatens the health and safety of field staff across our service area



Wildfires: Infrastructure Risks<sup>4</sup>

Wildfires can threaten Metropolitan's water treatment facilities and delivery systems, such as when the Freeway Complex Fire broke out in proximity to the Diemer Water Treatment Plant in November 2008.

- 1 Lake Mead Water Level, July 2022 / courtesy of U.S. Bureau of Reclamation
- 2 Rising tide levels encroach into Bay Delta, December 2020 / courtesy of CA Department of Water Resources
- 3 Storm damage to CRA turnout infrastructure near Whitewater, February 2019
- 4 Hurst Fire (800 acres) starts near Jensen 1/7 10:29 PM
- **5** DWR staff conduct recent snow survey, January 2024/ courtesy of CA Department of Water Resources
- 6 Hughes Fire (10,000 acres) starts near Castaic Lake 1/22 10:53AM

#### 2.2 IRP Needs Assessment

For decades, assessing Metropolitan's water supply needs has been accomplished through a robust integrated planning process and evaluation of projected future conditions, beginning with the 1996 Integrated Water Resources Plan (IRP). Member Agency data has been an integral part of the process, facilitated by Metropolitan's annual outreach to each Member Agency. While Metropolitan has consistently evaluated future uncertainty, the 2020 IRP Needs Assessment saw Metropolitan take its future planning process into an expanded direction with the inclusion of **scenario planning.** 

Metropolitan developed four scenarios (A, B, C and D, see Figure 1-2), which serve to represent the range of potential drivers that impact the region's supply and demand including economic conditions, population growth, regulatory requirements, and climate impacts to name a few. Based on the modeling done during the IRP Needs Assessment (Figure 2-1), the range in the water supply gap was determined, as shown in Table 1.

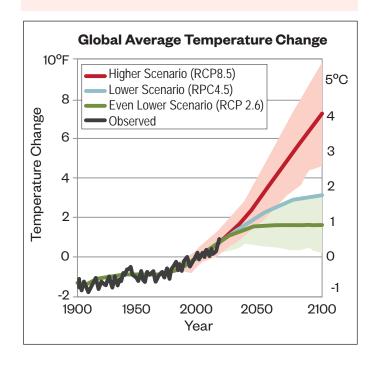
To support an adaptive management process, updates to the IRP Needs Assessment will occur at regular intervals, established based on trends that occur over time rather than reacting to short-term conditions which may reverse on a year-to-year basis. This has resulted in the selection of a five-year IRP Needs Assessment update cycle, as presented in Sections 5 and 6. In addition, there remains the need to keep the Board informed on an annual basis of how certain parameters are tracking over time. This will be accomplished through the Annual Reporting process which is further described in Section 5.3 and presented in the timeline in Section 6.

#### **SCENARIO PLANNING**

Recognizing that a multitude of factors contribute to the demands on Metropolitan and the availability of its supplies, Scenario Planning allows us to examine the boundaries of what is reasonably likely to occur in the future since scenario planning "bookends" the range of possible future needs. By understanding what the supply gap could be under a variety of conditions, Metropolitan is able to decide what direction to plan towards. Next, using the Adaptive Management Approach, Metropolitan will be able to adjust planning targets as real-world conditions reveal where along the spectrum our needs are trending, which will inform incremental investment decisions.



In 2024, Metropolitan's Board voted to plan toward Representative Concentration Pathway (RCP) 8.5, which acknowledges a need to prepare for a more extreme climate impacted future. RCP 8.5 is expressed in Scenarios C and D. By planning toward Scenario D and implementing based on real-world conditions, Metropolitan will balance the need to be prepared while limiting the risk of stranded assets if conditions change.



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## IRP NEEDS ASSESSMENT IDENTIFIED THREE CATEGORIES OF SUPPLY

**Core Supply:** A supply that is generally available and used every year to meet demands under normal conditions and may include savings from efficiency gains through structural conservation.

Flexible Supply: A supply that is implemented on an as-needed basis and may or may not be available for use each year and may include savings from focused, deliberate efforts to change water use behavior.

**Storage:** The capability to save water supply to meet demands at a later time. Converts core supply into flexible supply and evens out variability in supply and demand.

Table 1: How Much Core Supply Do We Need Based on How Much Storage We Develop?						
If we build this much storage	We will need this much additional core supply (conservation reduces demands and "counts" toward core supply needs)					
	IRP Scenario A	IRP Scenario B	IRP Scenario C	IRP Scenario D		
0 TAF	No supply or storage requirements	100 TAF	50 TAF	650 TAF		
100 TAF		70 TAF	15 TAF	600 TAF		
250 TAF		30 TAF	15 TAF	550 TAF		
500 TAF		30 TAF	15 TAF	500 TAF		

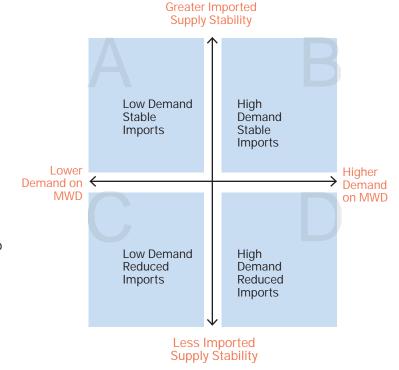
<sup>\*</sup> TAF=thousand acre-feet; 1 acre-foot is the amount of water that would cover an acre of land at 1-foot depth

# UNCERTAINTY AND THE ESTABLISHMENT OF ASSUMPTIONS

There is **inherent uncertainty** whenever an assumption is made, and in the IRP Needs Assessment, each scenario is defined by numerous assumptions. **Scenario planning and adaptive management capture that uncertainty** in the space between each scenario – the spectrum along which realworld conditions are likely to unfold. Each scenario presents a data point along that spectrum, where any number of variables could shift the outcome in one direction or another.

By adapting and modifying investment decisions over time, **Metropolitan will align implementation with real-world conditions** to reduce the risk of over or under developing resources.

Figure 2-1 Summary of IRP Scenarios A, B, C, D



#### 2.3 Infrastructure Resilience

To maintain a reliable water supply, Metropolitan must ensure that its existing and future infrastructure is resilient in the face of a changing climate and the compounding risk associated with natural disasters, such as earthquakes and wildfires. Infrastructure investments are also critical to advancing power reliability, continued system operation, asset management, infrastructure reliability, and energy sustainability. Infrastructure projects are comprised of both replacement and refurbishment (R&R) projects, which serve to maintain the existing system, and new projects to enhance system capabilities.

Metropolitan has a long history of evaluating risks and vulnerabilities to ensure its system is able to support its core mission. Metropolitan identifies potential projects and programs through several planning processes initiated by various groups within Metropolitan, which can be categorized into the five areas shown in Figure 2-2. The Water Supply Reliability component addresses Metropolitan's ability to supply water to meet Member Agency demands under all foreseeable hydrologic conditions. The System Capacity component addresses Metropolitan's ability to convey, treat, and distribute supplies to meet firm demands under peak conditions. The Infrastructure Reliability component addresses Metropolitan's

ability to maintain facilities in readiness to ensure system deliveries. The System Flexibility component addresses Metropolitan's ability to respond to shortterm changes in water supply, water demands, and water quality and meet Member Agency water demands during planned or unplanned facility outages. The Emergency Response component addresses Metropolitan's ability to respond quickly to unplanned outages to restore service. By addressing each of the five reliability components, Metropolitan has developed a robust approach to ensure overall system reliability for its service area. While these processes have effectively identified projects and programs to meet Metropolitan's needs, changing climate conditions and increased uncertainty require additional considerations and criteria in project and program development and evaluation.

CAMP4W enhances the five categories of system reliability planning with climate adaptation considerations and addresses the compounding risks and vulnerabilities Metropolitan faces due to climate threats. Enhancements are reflected in the Policy Framework, Climate Decision-Making Framework, and Adaptation Strategies presented in Sections 4, 5 and 6.

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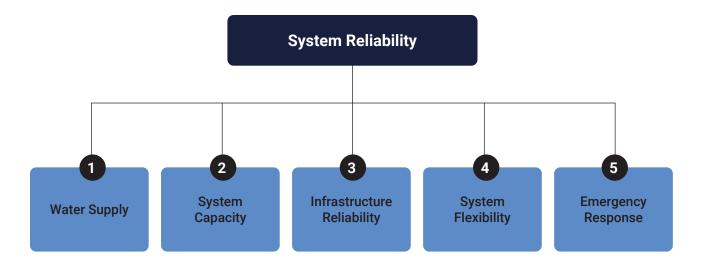


Figure 2-2. System Reliability Strategy

#### 2.4 Water Quality Resilience

Maintaining Metropolitan's high water quality standard is essential to meeting Metropolitan's core mission and imperative to protecting public health. However, the compounding impacts of climate change including wildfires, drought, and extreme weather events, coupled with warming and extreme heat, are introducing new water quality challenges in Metropolitan's water supplies. Some potential climate-induced impacts on water quality include:

- Increased salinity due to saltwater intrusion and higher rates of surface water evaporation.
- Elevated turbidity and pollutant loads caused by high runoff events during extreme wet periods.
- Increased nutrient pollution and associated problems with harmful cyanobacteria blooms (cyanotoxins).
- More frequent reservoir anoxia and associated problems such as elevated manganese and sulfide concentrations.
- Increased chlorine demand and microbial activity such as nitrification in the distribution system.

Adapting to these water quality challenges may require investments in mitigation measures at source waters, more advanced water treatment processes, and improved management of the treated water distribution system. Climate change may push needed investments beyond what is required for general operations and maintenance and instigate a need for strategic infrastructure upgrades to address all water quality vulnerabilities. Additionally, water quality regulatory standards have become more stringent over time and this trend is expected to continue, making it more difficult to balance source water variability with evolving treatment and storage strategies.



For these reasons, water quality-focused adaptation strategies will be critical for long-term water quality resilience. Some actions that Metropolitan may consider through the CAMP4W process include:

- Enhancing research, mitigation, and response planning for high priority climate-induced water quality impacts.
- Expanding field monitoring, including increased use of innovative methods (e.g., automated samplers, remote sensing), to closely track source water quality and improve early detection capabilities at strategic locations.
- Optimizing operational strategies for raw water conveyances and storage reservoirs to mitigate declining water quality trends.
- Investing in infrastructure improvements (e.g., reservoir aeration, hypolimnetic oxygenation systems, chemical treatments to stabilize sediment nutrients) for higher risk parts of the source water system.
- Identifying and advocating for watershed management strategies to reduce point-source and diffuse nutrient and sediment pollution to address emerging water quality issues (e.g., more frequent and severe cyanotoxin-producing blooms, extreme turbidity events).
- Enhancing water treatment operations to address more frequent or extreme water quality challenges through process optimization and technology advancements.
- Upgrading water quality laboratory capabilities to expand sampling capacity, improve detection of new/ emerging pollutants, and accelerate sample turnaround.

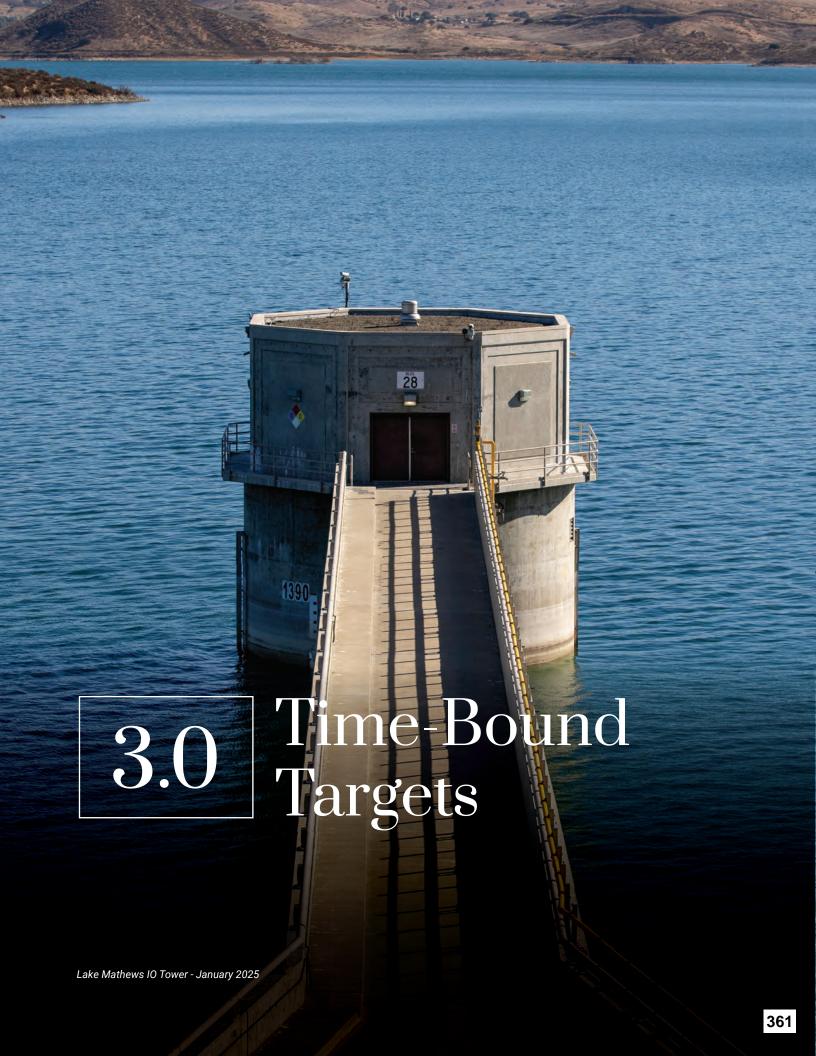
Moving forward, it will be essential to identify impacts and build specific protections around the direct and cascading impacts of climate change. By prioritizing water quality resilience, Metropolitan can safeguard its ability to provide high-quality water to the region even in the face of extreme climate-driven conditions.

#### **Examples of Water Quality Concerns Exacerbated by Climate Change**

Treatment facilities and operations have evolved over time to provide Metropolitan with significant flexibility in terms of level of treatment and ability to blend water from different sources. Climate change is likely to place additional stress on the ability of existing systems to accommodate future variability.

For example, more frequent and severe harmful algal blooms could limit access to certain reservoirs for extended periods, reducing source water availability and increasing pressure on treatment operations. Additionally, shifting demand patterns—driven by long-term reductions in treated water demand and short-term fluctuations between wet and dry years—have created operational challenges, requiring systems to adjust to greater variability in both water quantity and quality. Compounding these challenges, increasingly stringent water quality regulations are expected to drive up treatment costs and may require additional treatment processes.

Proactively planning for these and other stressors is imperative for Metropolitan to remain resilient and adapt in the face of a changing climate, while continuing to deliver high-quality water to the region.





Time-Bound Targets will help guide the Board in making investment decisions. The targets are based on sound data analysis and the needs of the region. They are categorized as resource-based targets and policy-based targets, both of which are critical to informing the Board decisions. Time-Bound Targets pair with the tracking of Signposts. A key aspect of the adaptive management process is to evaluate if Time-Bound Targets require updating based on changing conditions. The following sections present the Time-Bound Targets and Signposts that will support the Implementation Strategy.

### 3.1 Resource-Based Time-Bound Targets

Resource-Based Time-Bound Targets are intended to guide investment decisions by defining the water supply needs required to address the gaps identified in the IRP Needs Assessment. These targets are based on the robust modeling and evaluation process completed during the most recent IRP update but are adaptive. They will be reviewed and may be updated when the IRP Needs Assessment is updated based on current trends and other factors that may impact needs at that time.

• <b>©</b>	CATEGOR	Υ	NEAR TERM	MID TERM	LONG TERM	
Resource- Based Targets Numbers reflect additional supplies unless		Core Supply <sup>1</sup>	N/A	Identify 300 TAF for potential implementation by 2035.  Alternatively, 250 TAF of new storage will reduce core supply need to 200 TAF	Identify 650 TAF for potential implementation by 2045. Alternatively, 250 TAF of new storage will reduce core supply need to 550 TAF or, 500 TAF of new storage will reduce core supply need to 500 TAF	
indicated otherwise	H <sub>2</sub> O	Storage	Identify up to 500 TAF for potential implementation by 2035			
		Flex Supply (Dry Year Equivalent)	Acquire cap	ability for up to 100 TAFY		

### **Notes**

1 Core Supply sub-targets will be considered and may include targets for groundwater remediation and stormwater capture.

To remain adaptive to climate change, the Resource-Based Time-Bound Targets are independent of the selection of a specific future scenario, as no single future scenario can be predicted. By identifying actions needed to close the gap in Scenario D, which aligns with the Board's directive to plan towards Representative Concentration Pathway (RCP) 8.5, we ensure planning coverage across all scenarios. The intentional use of the term "identify" in the Time-Bound Targets for core supply and storage should be noted. This target specifically addresses the need to identify opportunities, where as implementation of selected options will be done at the discretion of the Board over time, based on IRP updates, Signpost tracking, and other factors such as risk tolerance. This ensures we plan appropriately by identifying opportunities early enough to be well informed prior to any investment decision on implementation, given the long lead-time required for project development. This methodology supports Metropolitan's core mission and will facilitate the region being adequately prepared and not unprepared for a given future.

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### 3.2 Policy-Based Time-Bound Targets

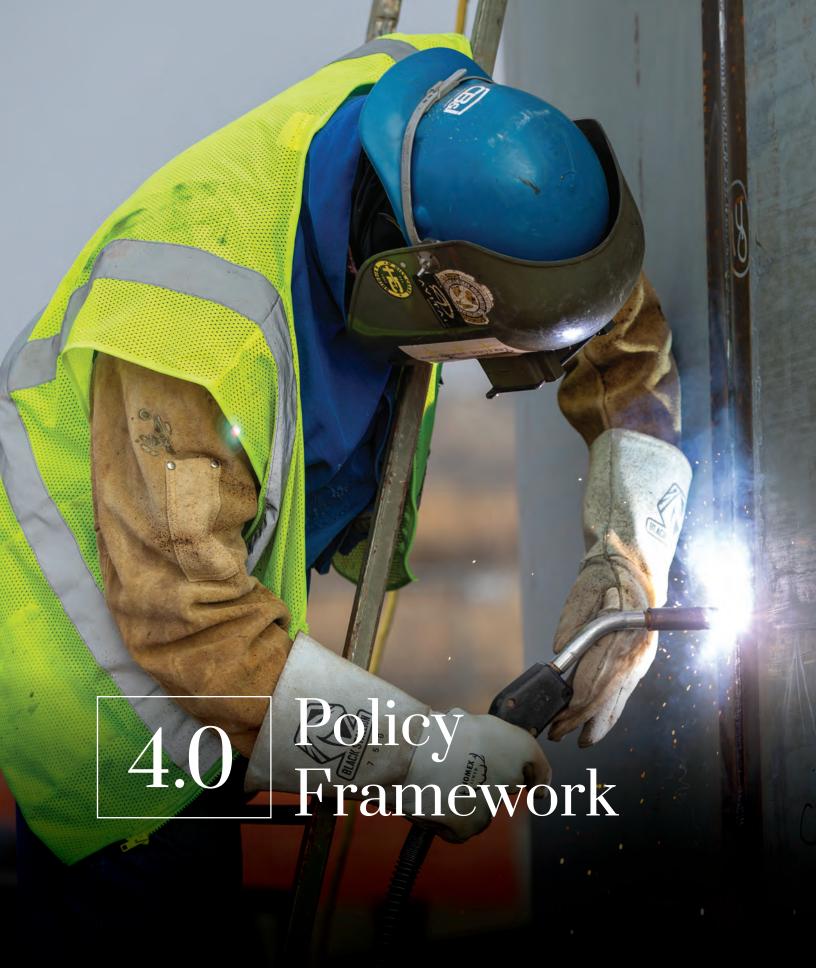
Policy-based Time-Bound Targets are designed to guide Metropolitan's investment decisions towards projects, programs, initiatives, and partnerships that advance the policy objectives identified through the CAMP4W process. Some policy-based Time-Bound Targets identify measures that will encourage resource-based development goals to be met through preferred alternatives (e.g., conservation measures). Others set and support goals that function in parallel to resource-based development (e.g., greenhouse gas emissions targets). As with resource-based targets, policy-based targets are adaptive and can be revised over time as deemed appropriate.

	CATEGO	DRY	NEAR TERM	MID TERM	LONG TERM
Policy-Based Targets		Equitable Supply Reliability	Add 160 CFS capacity to the SWPDA by 2027	Implement additional 130 CFS capacity to SWPDA by 2032	Implement capacity, conveyance, supply, and programs for SWPDA by 2045
	0	Local Agency Supply <sup>1</sup>	Maintain 2.09 to 2.32 MAF (under average year conditions)	2.12 to 2.37 MAF (under average year conditions)	2.14 to 2.40 MAF (under average year conditions)
		Demand Management <sup>2</sup>	Implement structural con	servation programs to a	chieve 300 TAF by 2045
		Regional Water	Assist Retail Agencies to Water Use Efficiency Star		pliance with SWRCB
		Use Efficiency	GPCD target for 2030 <sup>4</sup>	GPCD target for 2035	GPCD target for 2045
	CO <sub>2</sub>	Greenhouse Gas Reduction	N/A	40% below 1990 emission levels by 2030	Carbon Neutral by 2045
	<b>**</b>	Surplus Water Management	Develop capability to mar surplus above Metropolit		
		Community Equity*			
		Water Quality*			
	<u>\$</u>	Imported Water Source Resilience*			

<sup>\*</sup>Time-Bound Targets remain in the development phase and will be refined in 2025.

### **Notes**

- 1 This initial target includes existing (and under construction) local agency supplies and can be augmented to include new local agency supply.
- **2** Used to offset the need for additional core supply and using 2024 as a baseline.
- 3 Each retail water supplier will report progress to the State Water Board annually through a Water Use Objective (WUO) equaling the sum of efficiency budgets for a subset of urban water uses: residential indoor water use, residential outdoor water use, real water loss and commercial, industrial and institutional landscapes
- with dedicated irrigation meters. Each efficiency budget is calculated using a statewide efficiency standard and local service area characteristics (population, climate, etc.).
- 4 Specific GPCD Time-Bound Targets will be identified based on final SWRCB standards. If the Board wishes to set a higher target, it would be designed to track water use efficiency trends by sector over time and will take local conditions, including climate, into consideration.



### 4.1 Climate Adaptation Policy Framework

The Climate Adaptation Policy Framework comprises five high-level policy statements, which support each of the Board-identified priority areas of Reliability, Resilience, Financial Sustainability, Affordability and Equity. In general, the Policy Framework will guide the implementation strategy (Section 6) and efforts to:

- **1.**Systemically integrate climate adaptation to increase climate preparedness, deepen internal knowledge and understanding of impacts, and improve climate hazard response
- **2.** Update existing and set new policies to strengthen the role of <u>adaptive management</u> and <u>climate adaptation</u> in Metropolitan's <u>initiatives and decision making</u>
- **3.** Underscore the value of the Metropolitan Member Agency <u>cooperative</u> and other <u>partnerships</u> in achieving <u>regional climate resilience</u>

### **POLICY FRAMEWORK**

### Reliability

Metropolitan will consider climate risks and integrate climate adaptation and risk reduction strategies into water supply programs, policies, planning, and operations.

### **IMPLEMENTATION EXAMPLES**

- √ Incentives for member agencies to increase regional water resilience
- ✓ Infrastructure projects to improve access to water supplies
- Watershed resilience projects to strengthen imported supplies
- ✓ Programs to actualize benefits from wet weather year
- ✓ Expand monitoring and predictive modeling to anticipate water quality challenges at strategic and high risk locations

### Resilience



Metropolitan will integrate climate risk and vulnerability assessments for climate-related hazards, including drought, extreme heat and precipitation, sea level rise, flooding, and wildfire, using the best available climate science and climate change information into planning, implementation, and operations.

- ✓ Develop Resilient Infrastructure Guidelines
- ✓ Develop response indicators and action plans for primary climate threats to water quality
- ✓ Assess power system vulnerabilities
- Review workforce and equipment safety measures for climate risks
- ✓ Update fire management plans for critical facilities

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### **Financial Sustainability**

Metropolitan will reduce short-term and longterm climate-related financial risks through periodic reviews and potential refinement of its business model, active monitoring and managing of financial conditions, and by maintaining flexible financing alternatives.

- √ Track financial implications of climate-induced expenses
- ✓ Consider updates to reserve policy
- Consider adjustments to fixed and variable rate structures



### Affordability

Metropolitan will continue to support retail user affordability efforts that support our mission to provide regional wholesale water service in the most economically responsible way.

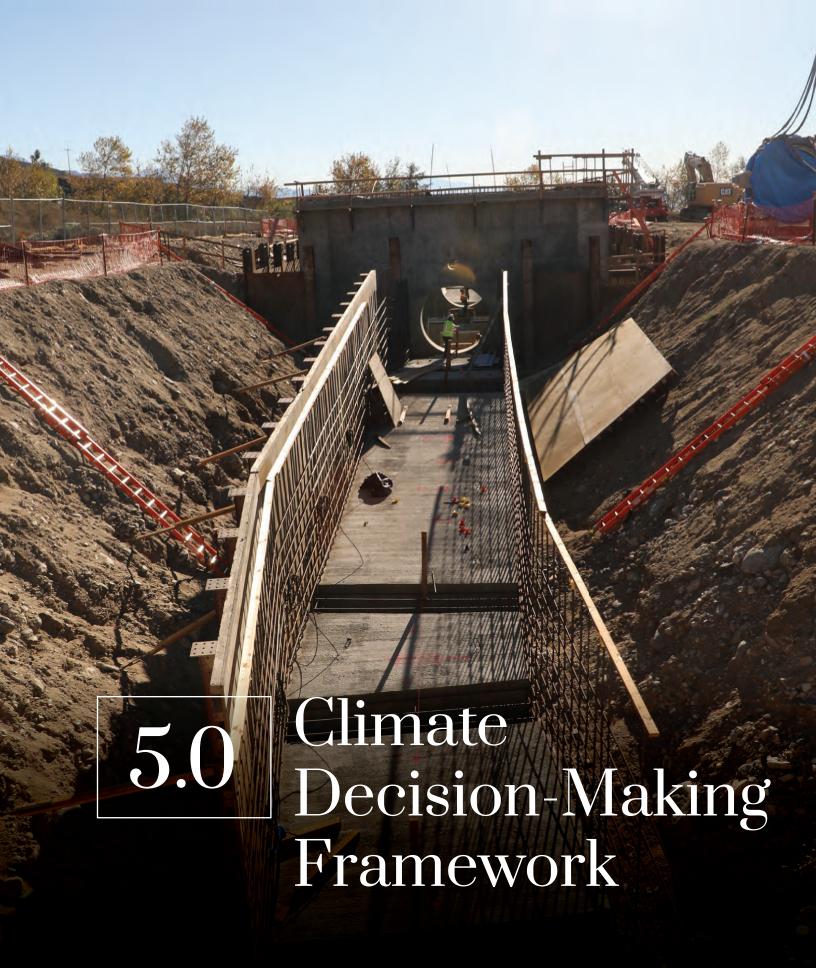
- ✓ Identify new partnerships, grants, and revenue sources for climate adaptation
- ✓ Work with Member Agencies to identify funds for statewide low-income rate assistance
- ✓ Enhance water conservation incentives to reduce financial impacts

### Equity



Metropolitan will engage with the diverse communities we serve to listen, communicate transparently, and co-create solutions for greater equity in climate adaptation planning and implementation.

- $\checkmark \ \text{Develop community engagement standards}$
- ✓ Develop environmental justice and community benefits policy



Rialto Feeder - Inland Feeder Interie Project 4 (December 2024)

The desire to develop a standardized methodology to evaluate climate adaptation investments and inform decision-making was a primary driver for initiating the CAMP4W process. One of the goals from the beginning of the process was to ensure common data and analyses are applied consistently and transparently, and in consideration of a changing climate and deep uncertainty.

The Climate Decision-Making Framework therefore defines a consistent, stepwise process of making project and program investment decisions (Figure 5-1). It is based on Metropolitan priorities and the need to remain reliable and resilient into the future, while considering financial sustainability, affordability, and equity. Figure 5.1 illustrates the high-level Climate Decision-Making Framework.

The following sections provide a more detailed discussion on key components, including the evaluative criteria and the project and program assessment tools and the integration process for how these elements will be infused into Metropolitan's processes. Also presented is the framework for monitoring and reporting as part of the adaptive management process, and the process for continuing to engage the public and interested parties to ensure transparency and input.

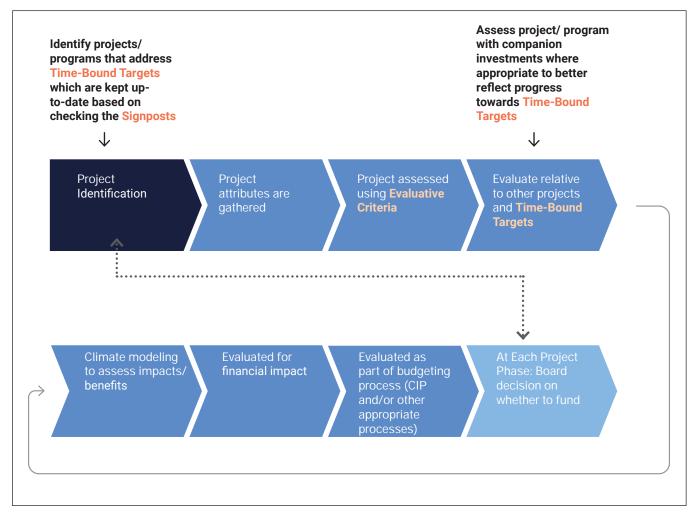


Figure 5-1. Climate Decision-Making Framework

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### 5.1 Evaluative Criteria and Assessment Tools

Evaluative Criteria represents a defined set of metrics used to assess projects and programs and support the Board's decision-making process. Evaluative Criteria are used in collaboration with the Time-Bound Targets and Signposts to support decisions: Time-Bound Targets set the goals, Signposts assess real-world conditions to ensure the targets are appropriate, and Evaluative Criteria facilitates decisions for projects and programs to help Metropolitan move closer to the targets.

Figure 5-2 presents the Evaluative Criteria. Through the CAMP4W process, the Board expressed its preference to select an evaluation process that combines both quantitative and qualitative elements into the comprehensive assessment, supported by a series of questions. The Comprehensive Assessment Form is presented in Appendix A and will be used for all projects and programs evaluated under CAMP4W. This form, once completed, will be presented to the Board along with additional project and program supporting documentation to assist the Board in its deliberations.

The next section illustrates how this assessment approach integrates into the Board's overall decision-making process. Ultimately, decisions will be made by the Board at its discretion, and these tools will help facilitate a uniform, methodical, and transparent assessment process.

		\$
RELIABILITY	RESILIENCE	FINANCIAL SUSTAINABILITY & AFFORDABILITY
Supply Performance Equitable Reliability	Addresses known risks and vulnerabilities Project, Program or Portfolio's ability to perform under climate impacts	Total Cost, Unit Cost, Lifecycle Cost
Assess how a project or program performs under various hydrologic conditions, the extent to which it helps close gaps identified in the IRP Needs Assessment, and how it can address an inequity in supply reliability.	Evaluates how the project or program addresses known risks and vulnerabilities and how it performs under climate impacts.	Assess a project's financial sustainability and affordability based on its unit cost Total Cost, Unit Cost, Lifecycle Cost and other factors.
ADAPTABILITY & FLEXIBILITY	EQUITY	ENVIRONMENTAL CO-BENEFITS
Flexibility of existing assets  Ease / Complexity  Scalability	Programs for underserved communities  Scale of community engagement  Public health benefits  Workforce development	Greenhouse gas emissions Benefits Ecosystem services Habitat/wildlife benefits
Considers how a project or program improves operational flexibility, the difficulty of implementation, and if a program is able to be phased. Flexibility addresses the capability of Metropolitan's system to respond to changes in water supply, water quality, treatment requirements, or demands during planned and unplanned facility outages.	Consideration of underserved communities, scale of community engagement, public health, and workforce development.	Measures greenhouse gas emissions, ecosystem services, and benefits to habitat and wildlife.  Figure 5-2. Evaluative Criteria
unplanned racility outages.	ı	25

### 5.2 Integrated Implementation Processes

CAMP4W integrates climate adaptation into Metropolitan's existing processes to ensure a holistic approach and the efficient and effective delivery of projects and programs. Figure 5-3 presents the overall process. As shown, projects and programs meeting the threshold for CAMP4W evaluation receive additional analysis consistent with the rest of the existing processes.

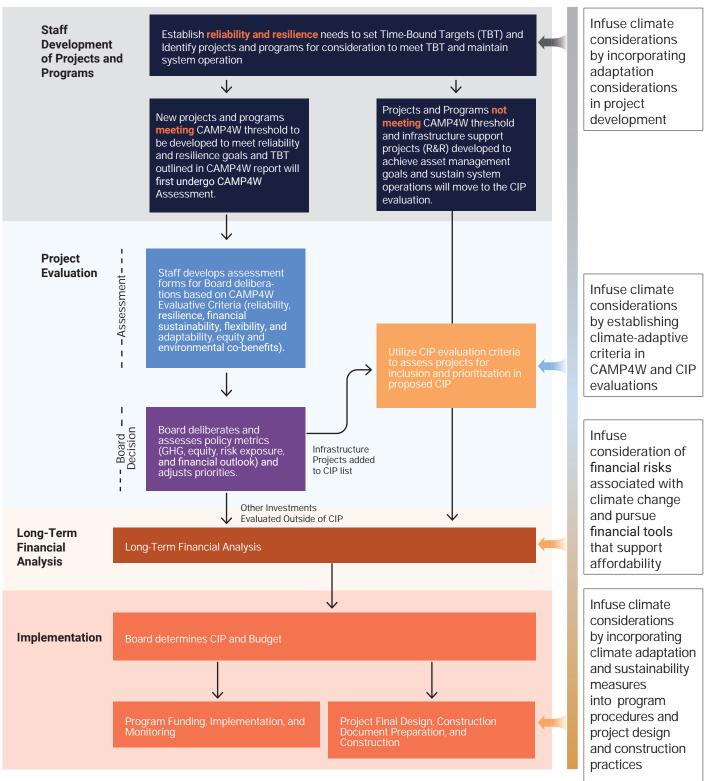


Figure 5-3. Evaluation Process

### 5.3 Adaptive Management, Monitoring and Reporting, and Signposts

Adaptive management is a cornerstone of the CAMP4W process. By embracing the need to be nimble and open to revision and adjustments over time, Metropolitan can manage uncertainty about the future and remain responsive to evolving conditions.

The CAMP4W Annual Report provides the structure for adaptive management by presenting key information on an annual basis to track trends and adjust Time-Bound Targets as needed. It provides a means for informing the Board on progress toward climate resilience and resource reliability.

The Annual Report will be used to support Board deliberations on investment decisions, understand if updates are required to the Time-Bound Targets, and identify any other area that requires an update. Content presented in the CAMP4W Annual Report includes the following:

- The status of each Signpost, which includes Water Supply Reliability Signposts, Infrastructure Signposts, and Financial Signposts, as presented in Section 5.3.1
- Updates on progress towards achieving the Time-Bound-Targets;
- Implementation highlights, which include projects, programs, policies, partnerships, initiatives, and public outreach.

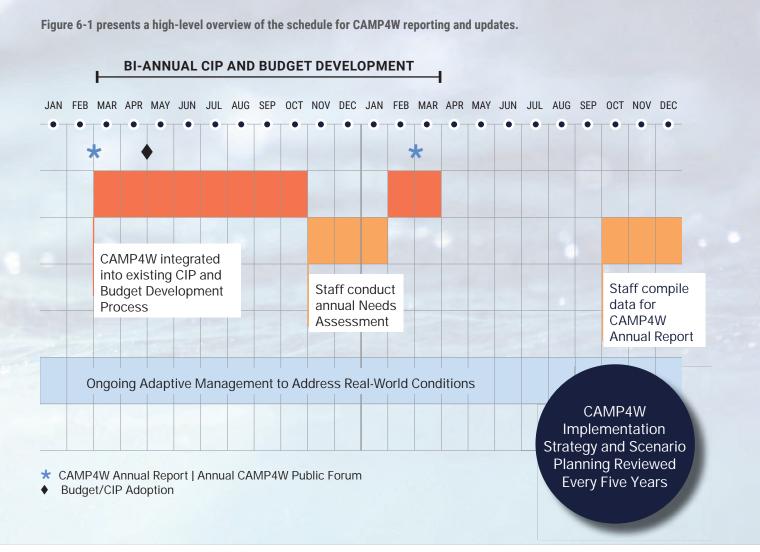


Figure 5-4. Schedule of CAMP4W Reports and Updates

**Tracking Signposts** will allow the Board to make investment decisions based on the most updated review of trends.

5.3.1 Signposts

As the scenario planning approach helps account for a range of potential supply gaps, tracking Signposts will facilitate regular updates to support Board deliberations by providing the most recently available data on an annual basis (see Section 5.3 for a discussion on annual reporting). Signposts serve as measurable indicators of the direction and trends of factors that can significantly impact decisions. Although Signposts do not eliminate uncertainty, they offer a datadriven understanding of patterns, helping to contextualize trends over time and enhance decision-making. The Signposts will serve as an important tool for adaptive management and to support decisions on project and program investments, strategy development, and initiatives. The CAMP4W Annual Report includes ongoing tracking of Signposts for water supply and demand as well as infrastructure and financial Signposts. The Signposts are presented below.

### Demographics **WATER SUPPLY RELIABILITY SIGNPOSTS** Climate change Local agency supply Imported supply Storage

# NFRASTRUCTURE AND FINANCIAL SIGNPOSTS

Frequency of infrastructure R&R from climate related conditions

Cost of infrastructure R&R from climate related conditions

Emergency response frequency due to climate related impacts

Emergency response costs due to climate related impacts



Rialto Feeder - Inland Feeder Interie Project 3 (December 2024)

### 6.1 Overview

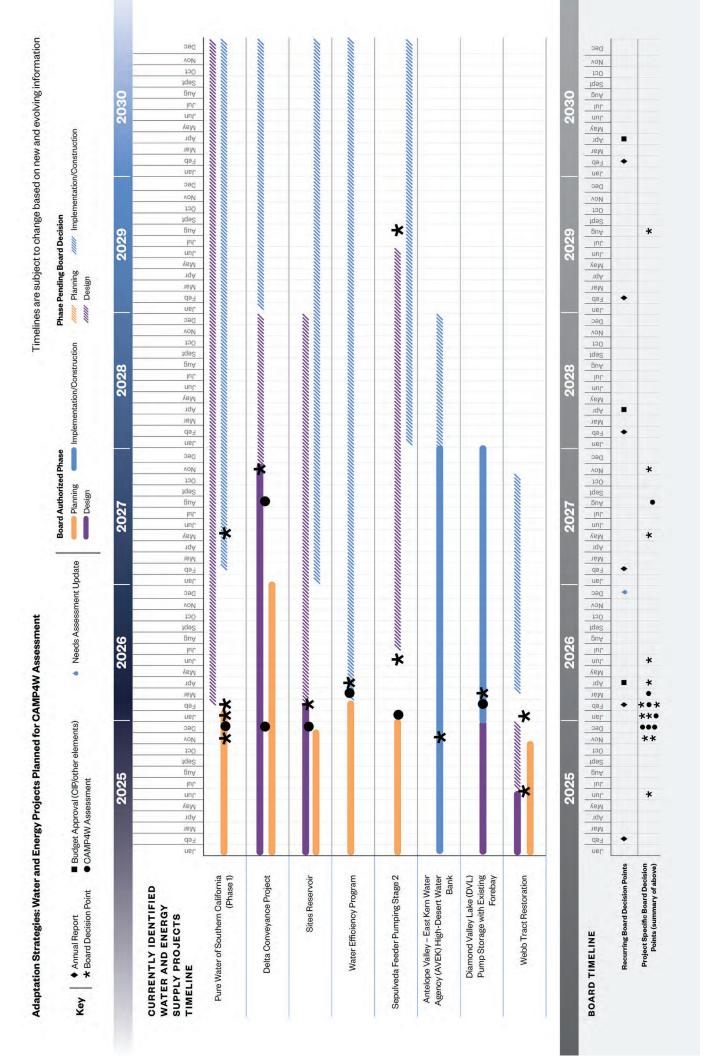
The CAMP4W Time-Bound Targets and Policy Framework drive the development of adaptation strategies (projects, programs, initiatives, etc.) to ensure Metropolitan's reliability and resilience in a climate-impacted future. The Climate Decision-Making Framework focuses the assessment of projects and programs on the Board-identified priorities of Reliability, Resilience, Financial Sustainability and Affordability, Adaptability and Flexibility, Equity and Environmental Co-Benefits. Signposts help guide investment decisions by tracking real-world trends and informing the modification of targets as needed. Those elements define the process for the Board to make decisions over time.

This section presents the five-year timelines for climate adaptation and risk reduction strategies identified to date in the categories of projects, studies, programs, policies, and initiatives (Figures 6-1 and 6-2). While the development of most of the projects listed predated the CAMP4W process, those projects will be assessed using the CAMP4W decision-making framework to ensure consistency with the Board's priorities. Ongoing and newly initiated studies, programs and initiatives are also included as potential sources of new climate adaptation and risk reduction strategies for future Board deliberation.

The timelines presented in Figures 6-1 and 6-2 include anticipated Board decision points as well as key milestones based on currently available information. The timelines provide the Board an overall understanding of the wide range of alternatives available to achieve the region's needs so that the most effective strategies are implemented based on a comprehensive assessment of each option. There is also a brief overview of identified climate adaptation strategies in Sections 6.3 and 6.4. Because this information is based on currently available information and data and each strategy is in a different phase of development, dates and processes are subject to change and will be updated as needed.

### 6.2 Implementation Timelines

The following Figures 6-1 and 6-2 present the implementation timelines for projects, programs, policies, and initiatives. The sections that follow provide a brief overview of each strategy identified. As this is an adaptive plan, the dates and list of strategies will be subject to change over time.



### 6.3 Projects

The adaptive management process will facilitate the selection and implementation of projects following CAMP4W Comprehensive Assessments and Board deliberation. This involves making investment decisions incrementally over time, at various stages (planning, design, implementation, etc).

Below is the initial list of projects that will be assessed under the Climate Decision-Making Framework that are either underway or will be underway in the next five years.

### 6.3.1 Pure Water Southern California Phase Land II

The Pure Water Southern California program is a partnership between the Metropolitan Water District of Southern California and the Los Angeles County Sanitation Districts. The program uses advanced water purification to recycle cleaned wastewater for indirect and direct potable use. It could produce up to 150 million gallons of water daily, enough for 1.5 million people.

### 6.3.2 Delta Conveyance Project

The Delta Conveyance Project is a conveyance project proposed by the California Department of Water Resources. It includes the construction of two new intakes on the Sacramento River in the north Delta, an underground tunnel 45 miles in length and 36 feet in diameter, and a pumping plant to lift water from the terminus of the pipeline into the Bethany Reservoir at the beginning of the California Aqueduct.

### 6.3.3 Sites Reservoir

The Sites Reservoir Project is led by the Sites Project Authority, a joint powers authority made up of irrigation agencies, water districts, cities, and counties in the Sacramento Valley. It is a proposed 1.5-million-acre foot off-stream reservoir designed to capture rainwater that would be integrated with the State Water Project and Central Valley Project.



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### 6.3.4 Water Efficiency Program

Metropolitan's Water Efficiency Team offers a suite of programs and incentives including conservation rebates for indoor and outdoor water-saving measures, investments in innovative efficiency strategies, public outreach and marketing, sponsorships for community-based organizations, and education programs.

### 6.3.5 Sepulveda Feeder Pumping Stage 2

On the western side of the service area, Metropolitan is designing and will construct the first stage of two new pump stations (30 cfs) along its Sepulveda Feeder to allow delivery of up to 22,000 acre-feet of additional water annually from the Diemer and Weymouth Water Treatment Plants during SWP shortages. A potential second stage (160 cfs) is in the planning process and will be evaluated through the CAMP4W process.

### 6.3.6 Antelope Valley-East Kern Water Agency (AVEK) High Desert Water Bank Partnership

The High Desert Water Bank is a partnership with the Antelope Valley-East Kern Water Agency (AVEK) allowing Metropolitan to store and access State Water Project supplies in the Antelope Valley groundwater basin. The project includes recharge basins, recovery and monitoring wells, and a connection to the California Aqueduct. Additional treatment facilities are underway.

### 6.3.7 Diamond Valley Lake (DVL) Pumped Storage with Existing Forebay

Diamond Valley Lake, completed in the 1990s, was built to store up to 810,000 acre-feet of water. The existing adjacent forebay has the potential to provide pumped storage hydropower. Pumped storage hydropower is an energy storage solution where energy is stored and generated by moving water between two reservoirs located at different elevations. At times of low electricity demand, when energy is inexpensive or renewable supplies exceed demand, the excess energy is used to pump water to an upper reservoir; during periods of high electricity demand or cost, the stored water is released through turbines from the upper reservoir into the lower one generating clean energy.

### 6.3.8 Battery Energy Storage Systems

Metropolitan is adding battery energy storage systems (BESS) to existing solar facilities at the Jensen, Skinner, and Weymouth Water Treatment Plants to manage daily power use and costs as well as resilience during emergency events. The projects are partially funded by the California Public Utilities Commission's enhanced incentives for microgrid-capable BESS at critical facilities.

### 6.3.9 Webb Track Restoration

Webb Tract, located in the Sacramento-San Joaquin Delta region, is one of four islands owned by Metropolitan. Funded by the Sacramento-San Joaquin Delta Conservancy's Nature Based Solutions grant program, the Webb Tract Wetland Project is a multi-benefit approach to ecosystem restoration and sustainable farming.

### 6.4 Studies, Programs, Policies, and Initiatives

In addition to an anticipated timeline for evaluating projects (Figure 6-1), the Implementation Strategy includes proactive measures to assess and address climate risks. These strategies include programs, studies, policies, and initiatives (Figure 6-2). Below is an initial set of brief descriptions.

### 6.4.1 Resilient Infrastructure Guidelines

To ensure climate adaptation planning and implementation is integrated across Metropolitan, inclusive of all infrastructure projects including R&R projects and new infrastructure projects, Metropolitan will develop design guidelines based on engineering standards and climate adaptation and risk-reduction considerations.

### 6.4.2 Fire Management Planning

Metropolitan is assessing the fire-related risks and vulnerabilities at all its facilities. Critical facilities will undergo a more thorough assessment and fire management strategies will be developed and considered for implementation.

### 6.4.3 Landscape Guidelines

Metropolitan will develop landscape guidelines for consistent implementation at all Metropolitan facilities to address water efficiency and fire risks.

### 6.4.4 Subsidies for Distribution System Leak Detection

Reducing leaks in the distribution system directly benefits the region by reducing demands on Metropolitan. This program will evaluate alternatives to provide subsidies that will detect system leaks and establish how those subsidies will be developed, funded, and implemented.

### 6.4.5 Nitrification Action Plan and Response Indicators

Nitrification can at times be an issue in chloraminated drinking water systems and is caused by factors such as warm water temperatures and extended water age, due to long detention times during low demand periods. Given anticipated temperature increases and reduced demands, Metropolitan will develop response indicators and an action plan for addressing this water quality related climate threat.

### 6.4.6 Affordability Policy

Metropolitan will develop a policy for considering and integrating affordability considerations, including efforts to support retail agencies' affordability efforts. This will work towards continuing to support Metropolitan's mission to provide regional wholesale water service in the most economically responsible way.



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### 6.4.7 Member Agency Exchange Program

As Metropolitan reviews its current business model, facilitating exchanges among Member Agencies is under consideration. Establishing potential guidelines and conditions will provide options that incorporate Member Agency needs.

### 6.4.8 Community Engagement Standards

Metropolitan will develop community engagement standards to guide engagement activities and programs and inform project and program assessments under the Climate Decision-Making Framework.

### 6.4.9 Local Resources Program Review

Metropolitan has successfully implemented its Local Resources Program for decades, assisting Member Agencies with funding for critical projects that have increased regional reliability. Metropolitan will review the program and refine if needed.

### 6.4.10 Turf Replacement Direct Installation

The turf replacement program may benefit from direct installation, particularly for users with limited means to self-fund the turf replacement. Metropolitan will explore options and evaluate how a program of this type may provide the most benefits, both to increase the number of users and from a cost-effectiveness standpoint.

### 6.4.11 Water-Efficient Turfgrass Alternatives

New technologies and research studies are emerging, and Metropolitan will evaluate how those may benefit the region and how programs may be implemented.

### 6.4.12 Non-Functional Turf Replacement Outreach Campaign

The non-functional turf program provides resources to remove and replace non-functional turf (e.g., turf that serves limited use) with climate appropriate alternatives to reduce demands on Metropolitan. An outreach campaign provides consistent messaging and information for all potential users.

### 6.4.13 Climate Vulnerability and Risk Assessments

Metropolitan developed the initial Climate Vulnerability and Risk Assessment document to help plan towards a future impacted by climate change. To implement the findings of this and planned future efforts, Metropolitan must establish a uniform methodology for performing assessments across its service area.

### 6.4.14 Regional East/West Conveyance System Study

The Regional East/West Conveyance System Study would look at multiple scenarios for conveying untreated Colorado River water; stored water from DVL, AVEK, or Lake Mathews; and future Pure Water Southern California (PWSC) supplies to assess all alternatives.

### 6.4.15 Surface Water Storage Study

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

### 6.4.16 System Flexibility Study

The System Flexibility Study considers Metropolitan's ability to respond to short-term changes in water supply, water demands, and water quality and the ability to meet Member Agency needs during planned or unplanned outages. Metropolitan frequently meets with Member Agencies to discuss the findings and evaluate potential solutions in the event that the modeled conditions were to occur.

### 6.4.17 System Overview Study

The System Overview Study is used to understand how the system can address supply gaps, evaluate facilities required to deliver imported water supply and evaluate policies and guidelines for infrastructure improvements.

### 6.4.18 Watershed Restoration Pilots

Watershed Restoration Pilots support Metropolitan's One Water approach and Bay-Delta Policies to improve water supply resilience in the face of climate change. Investigations will create opportunities for additional science, foster collaborative relationships in the upper watersheds, and establish a methodology for valuing ecosystem services.

### 6.4.19 Brackish Groundwater Desalination Study

The Brackish Groundwater Desalination Study will identify the potential for the development of additional potable water supplies through brackish groundwater desalination. The study will also assess the opportunity for integration in adjacent water distribution systems and regional water systems.

### 6.4.20 Seawater Desalination Study

The Seawater Desalination Study will identify the potential for the development of additional potable water supplies through seawater desalination. The study will also assess the opportunity for integration in adjacent water distribution systems and regional water systems.

### 6.4.21 Colorado River Aqueduct (CRA) Transmission Strategic Plan

Metropolitan's ownership and operation of the CRA and its power transmission system, including five pumping plant facilities along the CRA, is vital to Metropolitan's mission. The CRA Transmission Strategic Plan will provide recommendations for sustainably managing and improving the system for long-term reliability, affordability and resilience.

### 6.4.22 Energy Sustainability Plan Update

Metropolitan will update its 2020 Energy Sustainability Plan (ESP). The ESP's purpose is to facilitate informed energy management and investment decisions through consideration of energy cost containment, system reliability, affordability, environmental co-benefits and climate adaptation.

### 6.4.23 Diamond Valley Lake (DVL) Pumped Storage Expansion Study

Metropolitan will evaluate the potential expansion of the pumped storage program at Diamond Valley Lake to provide additional carbon-free energy to the system.

IMPLEMENTATION STRATEGY 37

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### Metropolitan Water District of Southern California CAMP4W Comprehensive Assessment

Metropolitan is committed to meeting its mission in the face of a changing climate by developing projects and programs that advance Time-Bound Targets, consistent with the Board's priorities. This comprehensive assessment is a key part of the Climate Decision-Making Framework and will be used to support Board deliberations on which projects and programs Metropolitan should pursue.

Project/Program  Title of Project/Program	n/Portfolio at a Glance
Status (planning/design/	/implementation) and Date
Capacity (if applicable)	
Capital Cost C	Operation/Maintenance or Ongoing Cost
Description and how the supplies, reliability and/o	project/program/portfolio supports water or delivery
Portfolio view and addition programs/portfolios	onal potential companion projects/

### Summary of Assessment and Staff Recommendation

Each criteria and attribute presented on the following pages includes a description of the quantitative and qualitative measures relevant to the proposed project or programs, as well as, Metropolitan staff's recommendation.

What Time-Bound Targets Does the Project/Program/Portfolio Address?



Summary of Assessment and Staff Recommendation (see footnote on Page 2 for ranking guidelines)













Financial Sustainability and Affordability a

Adaptability and Flexibility

Equity

Environmental Co-Benefits

See the following pages for a detailed assessment across each Evaluative Criteria category.



### Map or Location Information Related to the Project, Program or Portfolio

ootnote: Ranking Guidelines Overall		
	These <b>rankings</b> define	Exceptional
	which level a project, program or portfolio	Exceptional
	which level a project,	Exceptional Significant
	which level a project, program or portfolio will deliver CAMP4W	Exceptional
	which level a project, program or portfolio will deliver CAMP4W	Exceptional Significant
ootnote: Ranking Guidelines Overall	which level a project, program or portfolio will deliver CAMP4W	Exceptional  Significant  Moderate

The character face it in provide starting and account state of the starting of	Evaluative Criteria	Attributes	Assessment	Value
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4. Are there additional projects programs?  From does this project/programs/portfolio improve the sproject/programs/portfolio improve the sproject/programs/portfolio improve the water supply reliability of existing projects programs supply reliability of existing projects programs systems?  From the supply reliability of existing plans, policies and builds on existing plans, policies and builds on existing plans, policies and  Targets, develope new or improves existing plans, policies and builds on existing plans, policies and  To remain the supply reliability of the supply reliabili	Reliability Supply Performance Equitable Reliability	When will it be operational? What is the useful life of the project/program/portfolio? How will benefits continue beyond the 2045 planning horizon under changing climate conditions?		
S How does this project/programs/ systems?  Ion  proposed project, program, or portfolio advances and an improves existing plans, policies and a builds on existing plans, policies and a formation of the properties and builds on existing plans, policies and properties and builds on existing plans, policies and properties and builds on existing plans, policies and properties are properties.  According to the properties of the properties and properties are properties and builds are properties and builds are properties and builds and builds are properties are properties and builds are properties and builds are properties and builds are properties and builds are properties are properties and builds are properties are properties and builds are properties and builds are properties are properties are properties and builds are properties are properties and builds are properties		A. Are there additional projects/programs/ portfolios that could be added to improve this project/program/portfolio's effectiveness for water supply reliability?		
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CAMP4W   Metropolitan Water District of Southern California CAMP4W Comprehensive Assessment   Page 3 of 8			Very Limited Undetermined or	to some matrice access.  Des not provide any or very limited benefits to those being assessed by ram/portfolio is not determined at this time or the attribute is not
			CAMPAW   Metropolitan Water District of Southern Califor	ia CAMP4W Comprehensive Assessment   Page 3 of 8

Evaluative Criteria	Attributes	Assessment	Value
	1. How does it perform under identified climate vulnerabilities and hazards (e.g., extreme heat, wildfire, sea level rise, flooding)? *Drought is addressed in Reliability		
Resilience	2. How does it maintain system reliability, including delivery and water quality, under identified climate vulnerabilities and hazards		
Addresses known risks and vulnerabilities Project, Program or Portfolio's ability to perform under	(e.g., extreme heat, wildfire, sea level rise, flooding)? *Drought is addressed in Reliability		
clmate impacts	Describe any resilience co-benefits (e.g., selsmic) achieved through this project, program, or portfolio.		
Additional Information			
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		riunted	The project/program/portfolio only addresses few or minor elements of the benefits being assessed by the question/statement or prowdes minor indirect benefits.
		Very Limited Undetermined or North-Applicable	The project/program/portfolio does not provide any or very limited benefits to those being assessed by the question/statement.  The name of the second secon

Assessment		
Evaluative Criteria	Attributes	Assessment
	1. What is the cost of the project?	
	2. What are the projected impacts to rates and budget?	
	If applicable, what is the unit cost/acre foot in current year dollars? For storage projects, what is the cost/capacity?	
Financial Sustainability and Affordability Unit cost	4. Does considering life cycle cost change the Financial Sustainability and Affordability?	Value
	5. Is it eligible for federal and/or state grants? If so, what are the estimated target amount(s)? Is there a local match requirement? If so, how much?	
	6. Does it have a revenue generation component that helps offset costs?	
Additional Information	u	
Please describe how the protection to CAMP4W Time-Bound T partnerships or collaboration initiatives at Metropolitan.	Please describe how the proposed project, program, or portfolio advances the CAMPAW Time-Bound Targets, develops new or improves existing partnerships or collaborations, and builds on existing plans, policies and initiatives at Metropolitan.	
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		Very Limited The project/program/portfolio does not provide any or very limited benefits to those being assessed by the Question/Statement.  The project/program/portfolio is not determined at this time or the attribute is not NorApticable applicable.
		CAMPAW Comprehensive Assessment   Page 5 of 8

Describe how it works with and/or improves the behalf of the carrier described on the behalf of the	1. Describe how it works with analyzin improves the shiply to adjust to server water, change the shiply to adjust to server water, change (varie quality, source water, distribution) interruption)  2. Explain how complex the down-based (a., hearterm value) of an interpretation from an area information from any operation or source and complex to server and complex to server and complex the shiply possing to manage to adjustmentation as any information risk and or complexity of implementation risk and or  A. What is the implementation risk and or complexity of implementation risk and or  Complexity of implementation as any information or portion and waves  A. What is the implementation risk and or complexity of implementation risk and or  Complexity of implementation risk and or	Evaluative Criteria	Attributes	Assessment	Value	
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	CAMPAW   Metropolitan Water District of Southern California CAMP4W Comprehensive Assessment   Page 6 of 8			Undetermined or Not Applicable	o is not determined at this time or the attrib	ibute is not

The content of the	Evaluative Criteria	Attributes	Assessment Value	Value
2. What specific community benefits are included in the project, program, or portfolio?  3. What level of community, tribal, and partner engagement is included in the project, program, or portfolio?  4. Describe the extent and reasons why there is broad community support/opposition or potential for support/opposition or potential for support/opposition.  Seed project, program or portfolio advances existing grass, policies and sand builds on existing plans, policies and sand sand sand sand sand sand sand		What percentage of the area served by the project, program, or portfolio includes underserved communities and what percentage of the project/program/portfolio area is in underserved communities?		
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osed project, program, or portfolio advances significant or improves existing stand builds on existing plans, policies and builds on existing plans, policies and builds on existing plans, policies and the stand builds on existing plans, policies and builds on existing plans, policies and the standard plans, policies and the stan		4. Describe the extent and reasons why there is broad community support/opposition or potential for support/opposition.		
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				Assessment   Page 7 of 8

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	CAMP4W   Metropolitan Water District of Southern California CAMP4W Comprehensive Assessment   Page 8 of 8				Very Limited Undetermined or Not Applicable	The project/program the question/statem The ranking for this p applicable.	n/portfolio does not prent. project/program/por	provide any or very limited l	oenefits to those being his time or the attribute	j assessed b

### Supplemental Information

Description	
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### CAMP4W COMPREHENSIVE ASSESSMENT GUIDANCE DOCUMENT

### 1. Objective and Use

The objective of this Guidance Document is to provide instructional support to Metropolitan staff completing CAMP4W Comprehensive Assessments for projects, programs, and portfolios that meet the threshold for evaluation within the CAMP4W Climate Decision-Making Framework. The assessments are based on the Evaluative Criteria developed by the CAMP4W Task Force and reflect the themes and priorities for Metropolitan moving forward to integrate climate adaptation priorities into investment decisions.

The **Evaluative Criteria** represent a defined set of criteria used to establish a value assessed for projects, programs, or portfolios to support the Board's decision-making process. The Evaluative Criteria are broken out into six components: reliability, resilience, financial sustainability and affordability, adaptability and flexibility, equity, and environmental co-benefits.

Each of the Evaluative Criteria include a series of questions to generate both quantitative and qualitative information from which the project, program, or portfolio can be assessed. Each question will receive a value (**Section 2**), which will assist the Board in deliberations. This process will facilitate understanding to which level a project, program, or portfolio advances Metropolitan's long-term reliability, measured by both the Evaluative Criteria and Time-Bound Targets.

An Evaluation Committee comprised of subject matter experts from various groups within Metropolitan will conduct the Comprehensive Assessments and provide the Board with the information described below to inform decision-making. Each Criteria has an assigned subject matter lead who is responsible for gathering relevant information to make their recommendations. Assignments may be adjusted on a case-by-case basis per the discretion of the Evaluation Committee. The Committee works together to complete the Summary Page, produce supporting materials, and refine the final Assessment. Additional staff subject matter experts can be included in deliberations when necessary, and staff will engage Member Agencies during the assessment process. Staff group leads are defined below:

- > Reliability: Water Resources Management
- > Resilience: Engineering Services
- > Financial Sustainability & Affordability: Finance
- ➤ Adaptability & Flexibility: Water Supply Operations
- > Equity: Diversity, Equity, and Inclusion & External Affairs
- ➤ Environmental Co-Benefits: Sustainability, Resilience, and Innovation

The Comprehensive Assessment is broken into seven sections. The first section, Project/ Program/ Portfolio at a Glance provides an overall assessment and staff recommendations. The following sections discuss how it directly relates to Metropolitan's Evaluative Criteria. **Table 8** presents the glossary of terms used in the assessment.

### 2. Ranking Guide

Key attributes of each of the evaluative criteria are given a value based on the criteria shown in Figures 1 and 2. The rankings define to which level a project, program or portfolio will deliver CAMP4W objectives. A score of **Exceptional** is attributed to a project, program, or portfolio that directly and completely addresses the benefits being assessed by the question or statement. Meanwhile, a score of **Very Limited** is attributed to a project, program, or portfolio that does not provide any or has very limited benefits to those being assessed by the question or statement. Where **Not Yet Determined/Not Applicable** is selected, this indicates that the project, program, or portfolio is still in development and the questions cannot be adequately addressed, or the criteria or attribute is not applicable.

These **rankings** define which level a project, program or portfolio will deliver CAMP4W objectives overall.



Figure 1: Ranking Guidelines at the Overall Level

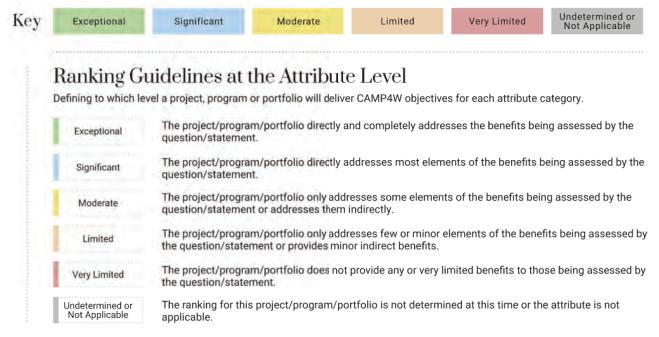


Figure 2: Ranking Guidelines at the Attribute Level

### 3. Project, Program, or Portfolio Location Map

A map of the project, program, or portfolio location should be included showing enough detail to illustrate the extent of the project, program, or portfolio, and show all relevant components to support Board discussions.

### 4. Guidance for each Evaluative Criteria

The following tables provide guidance for staff on how to complete the CAMP4W Comprehensive Assessment by providing further explanation of the intent of each question and recommendations on where to access supportive data and information.

### 4.1 Project/ Program/ Portfolio at a Glance

Table 1. At a Glance

Question or Title of Data Entry	Guidance
Title of Project/Program/Portfolio	Enter project/program/portfolio title.
Status and Date (planning/design/implementation)	Enter planning, design, or implementation based on status at the time the form is being prepared and provide date of assessment completion.
Capacity (if applicable)	Enter values such as acre-feet per year of core supply, acre-feet of storage, additional flex supply, cubic feet per second of conveyance capacity, megawatts and/or kilowatt hours provided.

Capital Cost	Enter the capital cost in current year dollars.
Operation/Maintenance or Ongoing Cost	Enter the operation and maintenance cost in current year dollars.
Description and how the project/program/portfolio supports water supplies, reliability and/or delivery	Explain the benefits of the project/program/portfolio as it relates to providing additional core/flex supply or storage, how it improves reliability within the system, or how it improves delivery. Include information on how it performs during wet and dry years and any restrictions (e.g., requires a new core supply to be effective in dry years, etc.). This description should be written for a general audience and without acronyms or terminology not widely understood. (i.e. instead of referencing specific IRP scenarios, describe as more severe climate conditions or stable or increased demands).
Portfolio view and additional potential companion projects/programs/portfolios	Explain how it functions when combined with other projects/programs/portfolios. May require modeling to assess how projects work together to provide benefits, or how benefits are lessened if other projects were to be implemented.
Summary of Assessment and Staff Recommendation	Summarize the comprehensive evaluation of the project/program/portfolio as it relates to the Evaluative Criteria and Time-Bound Targets. This description should focus on the most important benefits of the proposal, as well as significant limitations that need to be communicated. Avoid acronyms or terminology not widely understood and focus on how this proposal ensures the delivery of Metropolitan's core mission.

In addition to the questions posed above, the CAMP4W Comprehensive Assessment includes selection of which Time-Bound Targets the project, program, or portfolio addresses. The user will select all that apply.

The user will also select the assessment value assigned to each Evaluative Criteria. The assessment value presented as part of the summary will align with the value provided on each individual Evaluative Criteria page, as discussed in the following sections.

### **4.2 Reliability Attributes**

**Table 2** provides an overall summary of the project, program, or portfolio information and staff assessment results related to the Reliability Evaluative Criteria. This section is only relevant to water supply reliability projects, programs and/or portfolios. Energy projects, for example, will only be evaluated using the other five criteria.

It is important that assessment information is consistent to the extent possible across the various projects/programs/portfolios being assessed as part of the CAMP4W Climate Decision-Making Framework. The following sources of information should be used to support this Evaluative Criteria to ensure the assessment is comprehensive.

- Integrated Resources Plan Simulation Model (IRPSIM)
- Historical drought sequence data
- Qualitative description of reliability attributes and/or limitations

In addition to responding to each question, the user will select a value to assign to each question as well as an overall value for this Evaluative Criteria based on the key provided in **Section 2**.

Table 2. Reliability Attributes

Question or Title of Data Entry	Guidance
1. To what extent does it help meet regional supply reliability objectives under changing climate conditions?	If applicable, summarize how it performs using IRPSIM and historical drought sequencing data. Indicate how it performs under multiple scenarios, including Scenarios C and D; include A and B analysis if relevant. This should be described quantitatively based on the projected reduction in future water supply shortages.
2. To what extent does it advance equitable supply reliability?	Indicate how it supports areas within the service area experiencing supply inequity, namely the State Water Project Dependent Areas. Utilize IRPSIM and historical drought sequencing to support the analysis and indicate how it performs under multiple scenarios, including Scenarios C and D; include A and B analysis if relevant.
3. When will it be operational? What is the useful life of the project/program? How will benefits continue beyond the 2045 planning horizon under changing climate conditions?	Based on the most recent estimate at the time, indicate when it will be online and how that relates to the current planning horizon. Indicate how it will continue to perform beyond the current planning horizon (e.g., benefits beyond 2045).
4. Are there additional projects/programs/portfolios that could be	Where companion projects or programs will improve its performance and benefits, list either

added to improve this project/program/portfolio's effectiveness for water supply reliability?	specific projects, programs, or portfolios or categories of projects, programs, or portfolios that would be beneficial. Indicate if a companion project or program would be required or optional.
5. How does this project/program/portfolio improve the water supply reliability of existing projects/programs/systems?	Indicate how existing supply sources and facilities integrate with the project, program, or portfolio and how it will improve their utilization (e.g., perhaps a reservoir will utilize an existing pipeline that would otherwise be underutilized, or perhaps a new conveyance line would better distribute an existing supply).
Additional Information	Utilize this space to further expand on the analysis with any important considerations not covered above and to discuss how it advances the CAMP4W Time-Bound Targets, develops new or improves existing partnerships or collaborations, and builds on existing plans, policies, and initiatives at Metropolitan.
Overall Assessment	Provide a summary of the overall assessment for this Evaluative Criteria based on the previous questions. Explain if certain attributes were considered more significant than others in the recommended overall value determination.

### 4.3 Resilience Attributes

**Table 3** provides an overall summary of the project, program, or portfolio information and staff assessment results related to the Resilience Evaluative Criteria.

It is important that assessment information is consistent to the extent possible across the various projects/programs/portfolios being assessed as part of the CAMP4W Climate Decision-Making Framework. The following sources of information should be used to support this Evaluative Criteria to ensure the assessment is comprehensive.

- Consider link to existing planning processes including system reliability, vulnerability, and flexibility assessments
- Consider industry infrastructure standards for climate resilience and water quality
- Consider Federal and State drinking water standards and total dissolved solids reductions
- Qualitative description of resilience attributes and/or limitations

In addition to responding to each question, the user will select a value to assign to each question as well as an overall value for this Evaluative Criteria based on the key provided in **Section 2**.

**Table 3. Resilience Attributes** 

Question or Title of Data Entry	Guidance
How does it perform under identified climate vulnerabilities and hazards (e.g., extreme heat, wildfire, sea level rise, flooding)?  *Drought is addressed in Reliability	This question is focused on the individual project, program, or portfolio level. Discuss how the project, program, or portfolio itself can withstand climate impacts (e.g., how resilient it is in the face of climate extremes). Reference here any existing vulnerability assessment that may be relevant. This should focus on climate impacts beyond drought to understand how durable the project, program, or portfolio is and what threats it may face.
2. How does it maintain system reliability, including delivery and water quality, under identified climate vulnerabilities and hazards (e.g., extreme heat, wildfire, sea level rise, flooding)?  *Drought is addressed in Reliability	This question is focused on the system level. Discuss how the project, program, or portfolio will help Metropolitan's system as a whole to be more resilient to climate impacts beyond drought (e.g., how will it help Metropolitan face climate extremes).
3. Describe any resilience co-benefits (e.g., seismic) achieved through this project, program, or portfolio.	Explain how it can also strengthen Metropolitan's system in the face of other risks such as seismic risks. Also indicate if the project, program, or portfolio is itself resilient to those risks.
Additional Information	Utilize this space to further expand on the analysis with any important considerations not covered above and to discuss how it advances the CAMP4W Time-Bound Targets, develops new or improves existing partnerships or collaborations, and builds on existing plans, policies, and initiatives at Metropolitan.
Overall Assessment	Provide a summary of the overall assessment for this Evaluative Criteria based on the previous questions. Explain if certain attributes were considered more significant than others in the recommended overall value determination.

### 4.4 Financial Sustainability and Affordability Attributes

**Table 4** provides an overall summary of the project, program, or portfolio information and staff assessment results related to the Financial Sustainability and Affordability Evaluative Criteria.

It is important that assessment information is consistent to the extent possible across the various projects/programs/portfolios being assessed as part of the CAMP4W Climate Decision-Making Framework. The following sources of information should be used to support this Evaluative Criteria to ensure the assessment is comprehensive.

- Project Costs (capital, O&M, life cycle, net present value)
- Qualitative description of potential funding opportunities and/or project partners

In addition to responding to each question, the user will select a value to assign to each question as well as an overall value for this Evaluative Criteria based on the key provided in **Section 2**.

**Table 4. Financial Sustainability and Affordability Attributes** 

Carlo	
Question or Title of Data Entry	Guidance
1. What is the cost impact?	Provide overall cost in current year dollars and anticipated financing plan, if applicable.
2. What are the projected impacts to rate and budget?	Provide the overall cost impact (%) and the average annual cost increase (% over X years).
3. If applicable, what is the unit cost/acre foot in current year dollars? For storage projects, what is the cost/capacity?	For supply projects, provide the cost/acre foot to bring water to Metropolitan's service area.  Point-in-time unit cost: Assumes all debt issued in year one and full operation in year one.  Lifecycle unit cost: Average unit cost over
	project life. Includes replacements and refurbishments costs.
	For storage projects, provide the cost/capacity. For other projects, programs, or portfolios, provide any relevant unit costs.
4. Does considering life cycle cost change the Financial Sustainability and Affordability?	Explain potential life cycle costs of the project, program, or portfolio and how its value changes over time and what impact that may have to rates or other metrics.
4. Is it eligible for federal and/or state grants or other funding sources? If so, what are the estimated target amount(s)? Is there a local match requirement? If so, how much?	Provide an explanation of any federal and/or state grants to Metropolitan including details about any matching requirements. Be clear about which are certain/expected, and which are potential/speculative.
5. Does it have a revenue generation component that helps offset costs?	Provide details of any opportunities for the project, program, or portfolio to have a revenue generation component. Be clear about which are certain/expected, and which are potential/speculative.

Additional Information	Utilize this space to further expand on the analysis with any important considerations not covered above and to discuss how it advances the CAMP4W Time-Bound Targets, develops new or improves existing partnerships or collaborations, and builds on existing plans, policies, and initiatives at Metropolitan.
Overall Assessment	Provide a summary of the overall assessment for this Evaluative Criteria based on the previous questions. Explain if certain attributes were considered more significant than others in the recommended overall value determination.

### 4.5 Adaptability and Flexibility Attributes

**Table 5** provides an overall summary of the project, program, or portfolio information and staff assessment results related to the Adaptability and Flexibility Evaluative Criteria.

It is important that assessment information is consistent to the extent possible across the various projects/programs/portfolios being assessed as part of the CAMP4W Climate Decision-Making Framework. The following sources of information should be used to support this Evaluative Criteria to ensure the assessment is comprehensive.

- Quantitative and qualitative description of potential added system operational flexibility (redundancy, water quality, etc.) and implementation complexity and risks (ROW, timing, partners, etc.)
- Quantitative and qualitative description of scalability (cost, benefits, impacts)
- Qualitative description of impact on day-to-day operations
- Ability to adapt to uncertainties and sustain a specified performance across changing conditions (e.g., demand, legislation, energy costs)

In addition to responding to each question, the user will select a value to assign to each question as well as an overall value for this Evaluative Criteria based on the key provided in **Section 2**.

Table 5. Adaptability and Flexibility Attributes

Question or Title of Data Entry	Guidance
1. Describe how it works with and/or improves the flexibility of existing assets, plans, policies or programs and how it improves the ability to adjust to systemwide changes (water quality, source water, distribution interruption).	Describe how it works with and/or improves the flexibility of existing assets, plans, policies or programs and how it improves the ability to adjust to systemwide changes (water quality, source water, distribution interruption). Include any areas where it reduces the flexibility of existing assets, plans, policies, or programs.

	This should be focused on operational considerations.
2. Explain how complex the day-to-day operations might be (example: staffing, maintenance, preparation).	Describe how it works and how it will be staffed by Metropolitan. Will there be a need for additional staff or training of existing staff? What is the long-term maintenance need of the project or program/?
3. How can it be phased (i.e., near-term value of an initial phase; using phasing to manage existing uncertainty; using phasing to allow for adjustments in the project/program/portfolio as new information is developed)?	Describe if it can be phased to either reduce the initial cost or to allow for flexibility in timing? Is there a benefit of implementing it all at once, or does approaching it in a modular way allow for future adjustments based on changing conditions and/or needs?
4. What is the implementation risk and/or complexity of implementation?	Describe any risks or challenges associated with implementing the project, program, or portfolio, specifically those that could prevent or significantly delay implementation. Are there permits required, if so, are they complicated or difficult to obtain? Are there risks/complications associated with construction? Are there risks if the project, program, or portfolio is delayed?
Additional Information	Utilize this space to further expand on the analysis with any important considerations not covered above and to discuss how it advances the CAMP4W Time-Bound Targets, develops new or improves existing partnerships or collaborations, and builds on existing plans, policies and initiatives at Metropolitan.
Overall Assessment	Provide a summary of the overall assessment for this Evaluative Criteria based on the previous questions. Explain if certain attributes were considered more significant than others in the recommended overall value determination.

### **4.6 Equity Attributes**

**Table 6** provides an overall summary of the project, program, or portfolio information and staff assessment results related to the Equity Evaluative Criteria.

It is important that assessment information is consistent to the extent possible across the various projects/programs/portfolios being assessed as part of the CAMP4W Climate Decision-Making Framework. The following sources of information should be used to support this Evaluative Criteria to ensure the assessment is comprehensive.

- The latest CalEnviroScreen scores and percentiles in project area
- Percent of project, program, or portfolio area considered a Disadvantaged Community (CA Water Code 79505.5)
- Qualitative description of level of community, tribal and partner engagement
- Qualitative description of direct community benefits associated with project/program
- Consider using tool to measure/monetize co-benefits, where appropriate
- Scope of Community Benefits Program proposed

In addition to responding to each question, the user will select a value to assign to each question as well as an overall value for this Evaluative Criteria based on the key provided in **Section 2**. Projects in underserved communities are not inherently positive or negative but depend on how they are executed. Moderate values indicate that the project, program, or portfolio does not exacerbate existing community inequities. Projects addressing the needs of underserved communities score higher under these metrics.

**Table 6. Equity Attributes** 

Question or Title of Data Entry	Guidance
1. What percentage of the area served by the project, program or portfolio includes underserved communities and what percentage of the project/program/portfolio area is in underserved communities?	This is a quantitative assessment. Provide specific CalEnviroScreen and Water Code §79505.5 references. Include information related to area served by the project, program, or portfolio. Assigned values for this attribute should be measured relative and proportional to the total percentage of underserved communities in Metropolitan's service area (~40% in 2024).
2. What specific community benefits are included in the project, program, or portfolio?	Explain the benefits of the project/program/portfolio as it relates to local communities that are impacted by it. Benefits may include workforce opportunities, water quality improvements, urban greening, localized resilience, public health, opportunities for small businesses/disadvantaged business enterprises (DBEs), etc. Provide details of the Community Benefits Program proposed, where applicable. Discuss benefits other than water supply; water supply benefits should be covered in the Reliability section. Also describe any anticipated disruption or harm to underserved communities.

3. What level of community, tribal, and partner engagement is included in the project, program, or portfolio?	Explain the level of community, tribal, and partner engagement that is included in the project, program, or portfolio. Be clear about the difference between past or ongoing engagement and planned or intended engagement.
4. Describe the extent and reasons why there is broad community support/opposition or potential for support/opposition.	Provide additional information on the extent of support or opposition and any reasons why those factors exist, and if there are any ways to mitigate opposition and/or increase support.
Additional Information	Utilize this space to further expand on the analysis with any important considerations not covered above and to discuss how it advances the CAMP4W Time-Bound Targets, develops new or improves existing partnerships or collaborations, and builds on existing plans, policies, and initiatives at Metropolitan.
Overall Assessment	Provide a summary of the overall assessment for this Evaluative Criteria based on the previous questions. Explain if certain attributes were considered more significant than others in the recommended overall value determination.

### 4.7 Environmental Co-Benefits Attributes

**Table 7** provides an overall summary of the project, program, or portfolio information and staff assessment results related to the Environmental Co-Benefits Evaluative Criteria.

It is important that assessment information is consistent to the extent possible across the various projects/programs/portfolios being assessed as part of the CAMP4W Climate Decision-Making Framework. The following sources of information should be used to support this Evaluative Criteria to ensure the assessment is comprehensive.

- GHG and pollutant load estimates
- Qualitative description of ecosystem services and functions provided
- Consider using tool to measure/monetize co-benefits, where appropriate
- Acreage of land impacted; Acre-feet of water provided to ecosystem benefits; or other such metrics

In addition to responding to each question, the user will select a value to assign to each question as well as an overall value for this Evaluative Criteria based on the key provided in Section 2.

### Table 7. Environmental Co-Benefits Attributes

Question or Title of Data Entry	Guidance
1. What are the estimated greenhouse gas emissions or enhanced carbon sequestration, and how does it impact the carbon budget, as defined by the Climate Action Plan?	Provide quantitative information related to the estimated greenhouse gas emissions for the project, program, or portfolio. If applicable, compare to existing project/program/portfolio emissions and describe how it is or is not consistent with assumptions in the 2045 carbon budget. Include any proposed mitigation to reduce or offset estimated emissions, including the potential for carbon sequestration.
2. In what way and to what degree does it provide additional ecosystem services?	Detail any way and to what degree it provides additional ecosystem services, such as benefits to watershed health, forest or natural land management, pollution reduction, or agricultural sustainability (species and habitat benefits are discussed in question #3 below). Where appropriate, describe how those improvements may support water supply, water quality or other functions important to the Metropolitan mission. Are there negative impacts that may be challenging to mitigate?
3. To what extent does it protect, improve, or expand wildlife and fish habitat and/or affect flows in ways that improve ecological functions for native species?	Provide information related to potential benefits to species, habitat, or ecological functions.  Does the project, program, or portfolio contain any elements that improve ecological functions for native species? Where appropriate, describe how those improvements may support water supply, water quality or other functions important to the Metropolitan mission. Are there negative impacts that may be challenging to mitigate?
Additional Information	Utilize this space to further expand on the analysis with any important considerations not covered above and to discuss how it advances the CAMP4W Time-Bound Targets, develops new or improves existing partnerships or collaborations, and builds on existing plans, policies and initiatives at Metropolitan.
Overall Assessment	Provide a summary of the overall assessment for this Evaluative Criteria based on the previous questions. Explain if certain attributes were considered more significant than others in the recommended overall value determination.

**Table 8. CAMP4W Glossary of Terms** 

Term	Definition
Adaptability and Flexibility	Considers how a project, program, or portfolio improves operational flexibility, the difficulty of implementation, and if a program is able to be phased. Flexibility addresses the capability of Metropolitan's system to respond to changes in water supply, water quality, treatment requirements, or demands during planned and unplanned facility outages.
Adaptive Management	A process that encourages the use of new information to respond to changing conditions. Allows Metropolitan to plan for rapid change and adjust based on current real-world conditions
Affordability	Relative cost burden and elastic ability to access (pay for) service and support member agency efforts to provide affordable supply to their customers
AFY	Acre-Feet per Year
CalEnviro Screen	CalEnviroScreen 4.0 is a methodology to identify communities disproportionately burdened by pollution provided by the California Office of Environmental Health Hazard Assessment (OEHHA)
CAMP4W	Climate Adaptation Master Plan for Water
CAP	Climate Action Plan
Capacity	Refers to the project/program/portfolio design parameters, which may include the acre-feet per year, cubic feet per second, megawatts, or other metric depending on the type of project.
CFS	Cubic Feet per Second
Climate Decision- Making Framework	The process by which Metropolitan assesses investment decisions through a methodical, data driven manner while accounting for climate risks and vulnerabilities, Board preferences and financial implications. Builds in the process for adaptively making decisions over time based on evolving conditions
Climate Vulnerability Assessments	Assessments developed to identify infrastructure that is most vulnerable to climate change
Co-Benefits	Benefits the extend beyond the primary purpose of the project/program/portfolio.
Community Benefits Program	Program to identify, fund, and implement local projects that can provide tangible, lasting, and valuable economic and social benefits to the residents, businesses, and organizations impacted by construction and operation of the project.

**Companion Projects** 

Projects that support the project/program/portfolio being assessed, which without the companion project would not be able to function within Metropolitan's system due to connectivity, supply source, power supply, or other, but which have not been combined to form a portfolio for assessment purposes (for example, if a project has multiple potential companion projects to consider).

**Core Supply** 

Supply that is generally available and used every year to meet demands under normal conditions and may include savings from efficiency gains through structural conservation.

**CRA** 

Colorado River Aqueduct

**Demand Management** 

Managing long-term demands through the efficient use of water

Disadvantaged Community

Defined in California in Water Code 79505.5 as a community with an annual mean household income (MHI) that is less than 80 percent of the statewide MHI, and a severely disadvantaged community is defined by an MHI below 60 percent of the statewide MHI.

**Drought Mitigation Projects** 

Projects identified to improve Metropolitan's response to drought in response to the vulnerability experienced in the State Water Project Dependent Areas during the 2020-2022 drought.

**Ecosystem Services** 

Direct and indirect benefits that ecosystems provide humans including, but limited to, drinking water, air quality, flood protection, food, recreation, tourism, and carbon sequestration.

**Ecological Functions** 

Natural processes and interactions within an ecosystem, supporting life and maintaining environmental balance. This includes processes like nutrient cycling, pollination, and habitat formation, which are critical for sustaining biodiversity and ecosystem health.

**Environmental Co-Benefits**  Measures greenhouse gas emissions, ecosystem services, and benefits to habitat and wildlife

**Equitable Supply Reliability** 

All member agencies receive equivalent water supply reliability through an interconnected and robust system of supplies, storage, and programs.

**Equity** 

Fair, just, and inclusive

**Evaluative Criteria** 

Metrics used to assess and rank projects/programs/portfolios; a defined set of criteria used to establish a value for projects, programs, and portfolios which support the Board's decision-making process. Evaluative Criteria are used in collaboration with the Time-Bound Targets and Signposts to support investment decisions.

**Financial Plan** 

Metropolitan's current financial circumstances and its long-term and short-term goals

Flex Supply A supply that is implemented on an as-needed basis and may or may

not be available for use each year and may include savings from

focused, deliberate efforts to change water use behavior.

**Financial Sustainability** Revenues sufficient to cover expenses over the short- and long-term.

Greenhouse Gas Emissions **GHG** 

**IRP** Integrated Water Resources Plan

**IRPSIM** IRPSIM is a water supply and demand mass balance simulation

model, which analyzes the supply-demand gaps.

Life cycle cost Cost over the expected life of the project/program/portfolio inclusive

of capital and operations and maintenance costs and escalation

factors.

**Local Agency Supply** Member Agency supplies

**LRFP** Long-Range Financial Plan

**Member Agency Projects** 

Projects led by Member Agencies that are brought to the Metropolitan Board for funding consideration

**MW** Megawatt

**0&M** Operation and Maintenance

Refers to the time period when the project/program/portfolio will be **Operational** 

online and fully functioning as intended.

Refers to a project/program/portfolio's ability to be implemented in **Phased** 

phases, which may indicate increased flexibility during the adaptive

management process.

**Planning Horizon** Refers to the year in which Metropolitan is currently planning

towards (e.g., 2045 based on the 2020 IRP Needs Assessment).

**Portfolio** A subset of projects/programs that would be implemented together.

A compilation of projects that will be analyzed through the **Project Lists** 

CAMP4W process

R&R Refurbishment and replacement. Refers to projects that are required

> to maintain Metropolitan's existing infrastructure but does not refer to additional capital projects needed to address a specific vulnerability

(climate or earthquake) beyond typical system maintenance

**Regional Water Use** 

**Efficiency** 

Refers to Metropolitan's efforts to assist Retail Agencies with

achieving, or exceeding, compliance with the State Water Resources

Control Board Water Use Efficiency Standards

Ability to always meet water demands. **Reliability** 

**Resilience projects** Capital projects that increase resilience of existing infrastructure

beyond what would be included in a typical R&R project

**Resilience** Ability to withstand and recover from disruptions

**Signposts** Real-world metrics that allow Metropolitan to monitor how

projections align with the real world. Signposts will guide the revision of Time-Bound Targets over time, shaping project and program development and helping inform the Board's investment

decisions at different project stages.

**Source Information** Refers to the source of data or analysis process that should be used to

support the assessment to provide a uniform evaluation process across

projects and programs.

**Storage** The capability to save water supply to meet demands at a later time.

Converts core supply into flexible supply and evens out variability in

supply and demand.

Surplus Water Management Management of excess water available beyond current demands that

is stored for future and anticipated periods of need.

**SWP** State Water Project

**SWPDA** State Water Project Dependent Area

**System Assessment** Documentation of Metropolitan's current system and policies

**TAF** Thousand-Acre-Feet

Task Force for CAMP4W

A group made up of a select list of Metropolitan Board Members, Member Agency Managers, and Metropolitan staff tasked with

guiding the CAMP4W process

**Themes** A series of Board identified priorities developed during the early

phases to represent the values of the CAMP4W planning

process. The Themes inform the development of the Evaluative Criteria so that the assessment of projects/programs/portfolios reflects

these Themes and therefore the Board preferences.

**Time-Bound Targets** A series of resource development targets and policy-based targets that

establish goals to be achieved in the near-, mid-, and long-term.

Time-Bound Targets are set based on current planning targets
(current real-world conditions) and are updated based on Signposts.

Vulnerability
Assessment

**Recommendations** 

Assessment

Recommendations for infrastructure needed to harden the existing system in the face of climate change and other hazards the region

face

**Working Memoranda** Documentation of the CAMP4W process that will form the basis for

the Master Plan.



From: <u>Hudson,Rickita C</u>
To: <u>Hudson,Rickita C</u>

**Subject:** FW: MWDOC Recommendations General Manager Qualities

**Date:** Monday, June 16, 2025 1:44:00 PM

**From:** Board Executive Secretary < <u>BoardExecutiveSecretary@mwdh2o.com</u>>

**Sent:** Friday, June 13, 2025 3:28 PM

**Subject:** MWDOC Recommendations General Manager Qualities

### Directors,

Please see MWDOC recommendations on the general manager qualities that was referenced in the meeting.

Thank you.

From: Linda Ackerman

Sent: Friday, June 6, 2025 1:44 PM

**To:** GaryP; ValeriP

**Cc:** BPressman; GBryant

Subject: [EXTERNAL] General Manager Qualities

Good afternoon, Gary and Valerie,

At our May Board Meeting, Chairman Ortega requested that Board Members provide input on the desired qualities for the next General Manager.

MWDOC's four Board Members held a discussion to identify the qualities we believe are most important for the next General Manager to possess.

On behalf of Directors Dick, Seckel, Erdman, and myself, we've developed the following list of recommended qualities to be considered in the search for the next General Manager.

We appreciate the opportunity to contribute to this process. Please feel free to contact me if you have any questions.

Thank you, Linda Ackerman

### **CHARACTERISTICS**

**Visionary Leader.** Ability to lead MWD through long-term water reliability and resource planning, project and program execution, and financial sustainability, and to align and motivate the Board, staff, member agencies, and stakeholders around common strategic goals. Develops and recommends **mission-focused** strategies and organizational initiatives while thoughtfully carrying out the Board's direction.

**Collaborative and Straightforward.** Ability to build consensus among MWD's diverse member agencies. Maintain **trust and credibility** with the Board, staff, state and federal agencies, elected officials, and regional stakeholders.

**Transparent and Ethical.** Demonstrates and models the highest levels of **integrity, transparency**, and **accountability** in personal conduct, decision-making, and management practices. Ability to foster and sustain a strong ethical culture throughout the organization.

**Innovative and Adaptable.** A forward-thinking and realistic approach to achieving supply reliability and system resilience, while balancing cost-effectiveness, climate impacts, and evolving member agency needs.

### **QUALIFICATIONS**

Applicable Management Experience. Demonstrated success in leading large, complex water agencies with multiple bargaining units, diverse governing boards and intricate operations, financial systems, infrastructure and assets. Articulate and effective communicator with the ability to empower, support, and develop qualified staff.

**State-Wide Water Knowledge.** Strong background in MWD's major water supply sources (Colorado River, State Water Project, local resources) and California water rights. **In-depth knowledge** of the DCP, integrated resource management, storage, groundwater, water use efficiency, and recycled water projects.

**Understanding of MWD's Financial Challenges.** Capable of addressing MWD's declining sales and revenue trends alongside its significant investment needs. **Strong financial acumen** with the ability to manage costs while prioritizing MWD's primary mission to provide adequate and

### reliable regional water service.

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### **Key Leadership Characteristics and Qualifications of the MWD General Manager**

Presented by Northern Caucus Members of MWD Gary Bryant, David de Jesus, Anthony R. Fellow, Ph.D, Cynthia Kurtz and Gretchen Romey Shepherd

An excellent General Manager for the Metropolitan Water District of Southern California will have a well-rounded blend of visionary leadership, collaborative finesse, and a knack for innovation—backed by deep qualifications and respect in water utility management and financial stewardship. Here's an outline of *key leadership characteristics* and *qualifications*.

### **Key Leadership Characteristics**

### 1. Visionary Outlook

- **Strategic foresight**: Anticipates regional water supply needs, integrates climate predictions, future development, and shifting demand.
- **Long-term thinking**: Sets 10–30-year goals around sustainability, resilience, and diversification of water sources.
- **Bold agenda-setting**: Champions ambitious and innovative initiatives such as seawater desalination, recycled water programs, and regional partnerships.

### 2. Collaborative Leadership

- Coalition-builder: Engages member agencies, local governments, regulators, non-profits, and community groups.
- **Cross-agency coordination**: Promotes interoperability with the State Water Project, L.A. County Flood Control, and federal regulators.
- **Internal unity**: Inspires and aligns senior staff, board members, and field teams around shared objectives.

### 3. Ethical Leadership

- **Integrity**: Exemplifies honesty, consistency, and trustworthiness and doing the right thing even when it's difficult or unpopular.
- **Respectful**: Treats individuals with dignity and fairness and listens to diverse opinions.
- Fairness: Avoids favoritism and makes decisions based on fairness and applies rules and standards consistently.
- **Transparent**: Displays openness in decision making and communicates clearly, providing information that stakeholders need to make informed decisions.
- **Responsible**: Takes responsibility for his or her actions and those of his or her team and holds himself or herself and others accountable for ethical behavior and acknowledges limits and open to feedback.

### 4. Innovation and Adaptability

- **Tech-forward mindset**: Explores the possible uses of AI, predictive analytics, and cybersecurity enhancements.
- **Pilot initiatives**: Quick to prototype new water treatment methods, conservation incentive programs, and rate structures.
- **Flexible operational style**: Responds effectively to challenges like drought, emergencies, infrastructure breakdowns, and regulatory shifts.

### **Must-Have Qualifications**

### 1. Board Experience

- It's the board: Demonstrates experience working closely with and communicating effectively with a Board of Directors, including preparing reports, presenting strategic updates, and facilitating alignment between board directives and organizational goals.
- **Director communication**: Engages with individual board members and offers each member equal access to information.

### 2. Water Sector Experience

- **Proven track record:** Manages or deals politically with large-scale water utilities—pumping, treatment, distribution, emergency operations.
- **Technical knowledge:** Displays knowledge of water science, hydrology, treatment engineering, and reservoir/groundwater management.
- **Regulatory fluency:** Displays a working knowledge of EPA, state water quality standards, Delta conveyance rules, and complex pre-forfeiture frameworks.

### 3. Financial and Economic Acumen

- **Budget mastery**: Understands and has experience in overseeing multibillion-dollar capital projects, prioritized spending, and balanced operating budgets.
- **Revenue/Rate strategy**: Practices sensible, yet politically acceptable, rate structuring, funding future capex while supporting affordability.
- **Alternative financing**: Demonstrates successes dealing with grants, bonds, public-private partnerships, and creative funding for conservation programs.

### 4. Stakeholder and Crisis Management

- **Policy influence**: Argues effectively in legislative and regulatory arenas at the local, state and federal levels for water infrastructure funding and policy reform.
- **Public engagement**: Practices transparent, proactive communications to build trust across diverse communities.
- **Emergency leadership**: Practices calm, decisive approach in droughts, wildfires, pipeline failure, or contamination events.

### 5. Organizational & Human Resource Savvy

- **Talent strategy**: Leads professional development, fosters diversity, and helps succession planning.
- **Operational efficiency**: Understands the importance of leadership in influencing and implementing board policies.
- **Stakeholder balance**: Understands the need to balance demands from bargaining units and the financial needs of the organization.

### 6. Innovation Leadership

- Collaborating with startups/research: Partners with universities and tech vendors for pilot projects.
- **Data-driven culture**: Supports R&D efforts, performance dashboards, and operational transparency.
- Environmental and resilience focus: Emphasizes green infrastructure, ecosystem benefits, and future proofing against climate risk.

### **Typical Educational & Professional Credentials**

### 1. Degree / Certification in one or more of the following

- BS in Civil, Environmental, Hydro-engineering.
- BA or BS in Public Administration, Finance, or Environmental Management.
- JD.
- Certified Water Professional (AWWA, CWEA).
- Leadership programs (e.g., AWWA GM Workshop, WHG).
- Proven track record in major infrastructure planning and stakeholder management

### **Summary**

An ideal GM for Metropolitan Water District:

- Crafts and drives a compelling vision addressing drought, climate impacts, and evolving demands.
- Leads inclusively, bringing together government bodies, regulators, utilities, and the public.
- Innovates strategically, championing tech and program pilots to stretch resources.
- **Manages complex finances**, balancing affordability with necessity through diverse funding.
- Executes effectively, ensuring safe, consistent deliveries and resilient infrastructure.
- Communicates effectively with a board and individual members of the board.

In essence: a forward-looking, collaborative, innovation-minded leader equipped with deep water-industry credentials, financial gravitas, technical expertise, and stakeholder charisma.

### **BOARD OF DIRECTORS MEETING**

### <u>June 24, 2025 – 9:30 a.m.</u>

### MWD Headquarters Building/Teleconference Meeting

### NON-INTEREST DISCLOSURE NOTICE BOARD ITEM 10-3

BOARD ITEM Item 10-3 – Update on Labor Negotiations [Conference with Labor Negotiators; to be heard in closed session pursuant to Gov. Code Section 54957.6. Metropolitan representatives: Katano Kasaine, Assistant General Manager, Chief Financial Officer, Adam Benson, Finance Group Manager, and 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.]

This Non-Interest Disclosure Notice is being provided under the California Government Code: Pursuant to Government Code Section 1091.5(a)(9), a District officer or employee does not have a financial interest in a District contract if these conditions are satisfied: (i) his or her interest is that of a person receiving a salary, per diem or reimbursement for expenses from a government entity; (ii) the contract does not directly involve the department of the government entity that employs him or her; and (iii) the interest is disclosed to his or her body or board at the time the contract is considered and is noted in its official record. In accordance with this statute, the following District officers or employees have been, or may be, involved in the bargaining unit negotiations on behalf of management: Marcia Scully, Katano Kasaine, Shane Chapman, Deven Upadhyay, Gifty Beets, Mark Brower, Henry Torres, Tony Zepeda, Adam Benson, and Isamar Munoz Marroquin.

Isamar Munoz Marroquin is a member of the Association of Confidential Employees ("ACE"), which has a salary provision in its Memorandum of Understanding that allows ACE to select an annual salary adjustment from any one of the Memoranda of Understanding for the other bargaining units. Each of the remaining individuals is unrepresented. Under Administrative Code Section 6500(d), unless the Board directs otherwise, the pay rate range for each unrepresented individual except Deven Upadhyay and Marcia Scully, will be adjusted annually to correspond with the annual across-the-board salary adjustment provided to the District's management employees under the Memoranda of Understanding; although actual pay rates for these unrepresented individuals will be determined by their management. The other compensation and benefits for which the unrepresented individuals are eligible are set forth in the Administrative Code.



Sp Jt BOD and Exec Committee and Wksp on EOT Comm

# Capital Investment Plan Process

Item A June 24, 2025

# Item A

Capital Investment Plan Process

# Subject

Capital Investment Plan (CIP) Process

## Purpose

Provide an overview of the CIP process, asset management strategies to mitigate risk, and upcoming capital projects

# Next Steps

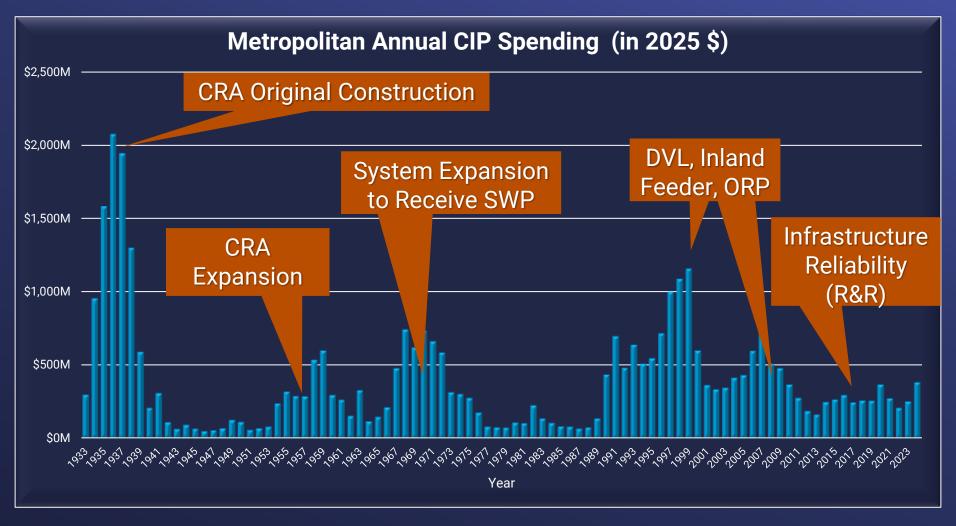
Seek Board input on CIP strategy and return with options later in 2025

# Workshop Capital Investment Plan Process

# Agenda

- Metropolitan's CIP Overview, R&R Scale, Challenges, Big Picture
- Asset Management Sizing the CIP to manage risk
- CIP Status Current Biennium & Next Biennium
- Next Steps

# Current Spending Moderate by Historic Comparison



Current Spending Driven by R&R

# Metropolitan's Complex CIP

Driven by R&R, Constantly Changing, with Large Projects

- Running CIP Includes all capital work without a sunset date
  - Call for projects every budget cycle
  - Re-prioritize and re-plan every cycle
  - Run budget scenarios with Finance
- Challenges
  - Organizational Massive quantity of projects, over 500 non-minor cap projects in current CIP
  - Resources Increasing ops support needed, urgent projects pull from capital work
  - Cost increases Inflation, scope definition
  - Scale Big infrastructure, big projects

# 2018 Process Change – Improved Efficiency

- CIP transition from approval by project phase to fully-appropriated CIP
- Any project in CIP Appendix to the budget can be worked at staff discretion

# AVERAGE ANNUAL % CIP SPEND VS BUDGET R&R ERA (post-2012)





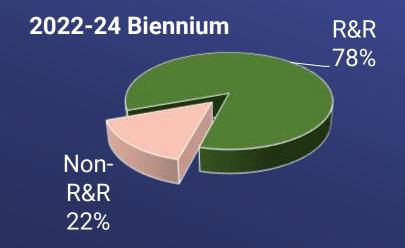
### Capital Investment Plan Appendix

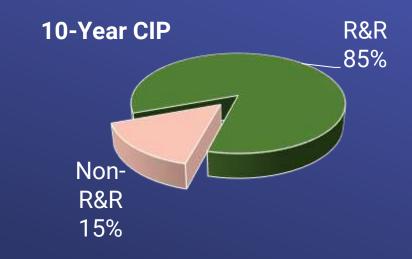
Fiscal Years 2024/25 and 2025/26



# "R&R" Refurbishment and Replacement Drought Projects Reduce R&R Spending

# CIP is Composed Mostly of R&R Projects







CRA Transformers (R&R)



Sepulveda Pumping (non-R&R)

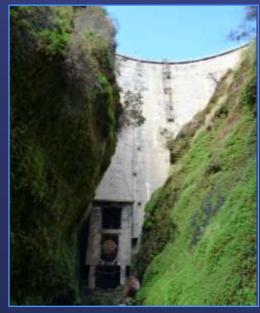
# Urgent Projects Drive Priorities

# CIP is Constantly Changing

- Primary influencer of dynamic plan
- Frequent replanning based on operational & condition data
- Deferrals caused by permitting



Garvey Reservoir Rehab (Prioritized)



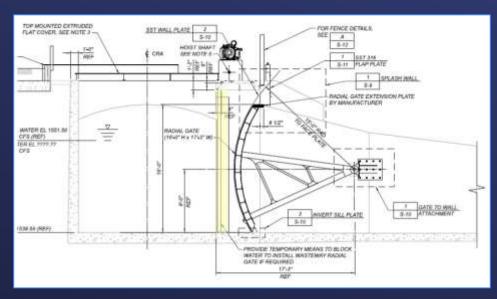
Copper Basin Discharge Valve (Permits)

# **Evolving CIP:**

New Projects Added to Old Projects Each Budget Cycle

# CIP Budget Constraints Create Legacy Projects

- Although projects continuously proposed, call for projects each biennial budget cycle
  - Approx. 100 new projects each biennium
  - Some projects up to 30 years old



Cabazon Radial Gates (old)

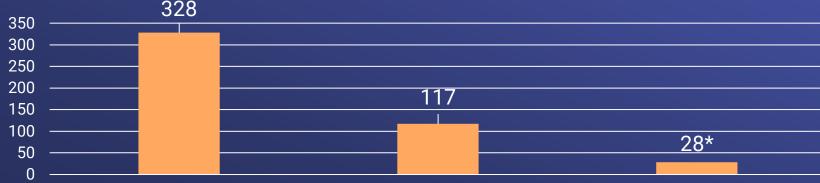


Badlands Tunnel Surge Protection (new)

# Big Infrastructure Means Big Projects High \$

# Large Projects/Programs vs. Small Projects

# Projects w/ Future Spending in Current Budget





Projects <\$10M

Projects \$10-40M

Projects >\$70M

- Source: Planning Worksheet, spending years 2025-2064, esc. 4%/yr
- \* Includes 4 PCCP feeders condensed to one entry



PCCP Rehab Program (\$50M+ each reach)

Jensen Control Room HVAC (~\$1M)

### Across Business Areas \$ in CIP (in M)\*

Vast Amount of Work Dominated by R&R





Jensen WTP Dewatering Facilities



**Desert Housing/Security** 

 Source: Planning Worksheet, spending years 2025-2064, esc. 4%/yr

Green = non-R&R

# Mature CIP Evaluation Process

# Well-Established Review/Prioritization Process – Improving Since Early 2000s

- Proposal Process Every non-fully funded project proposed for review
- Cash Flow Process
- Risk Analysis/Framework
- CIP Evaluation Committee
- InVizion Software
- Prioritization Plan Formed Based On:
  - Budget constraints
  - Project mix

# Proposals and Schedules

# Every Proposed Capital Project is Necessary (and often needed immediately)

# Project proposal

- Operations staff/plant engineers originate
- Includes scope, justification, alternatives analysis, <u>customer need dates</u>
- Reviewed by area managers and approved by group management

# Cash Flow/Estimate-to-Complete

- Every project has a resource-load schedule and cash flow developed
- Cash flow estimated by phase

# CIP Budget Process

# CIP Evaluation – Diverse Reviewers and Scoring Criteria

- ALL projects reviewed by the CIP Evaluation Committee
  - Members represent all business areas
  - Each site/business area visited by committee
  - Scored on justification/driver, service impacts, Member Agency service, revenue generation, sustainability, project status, and RISK

# CIP Data Management and Organization



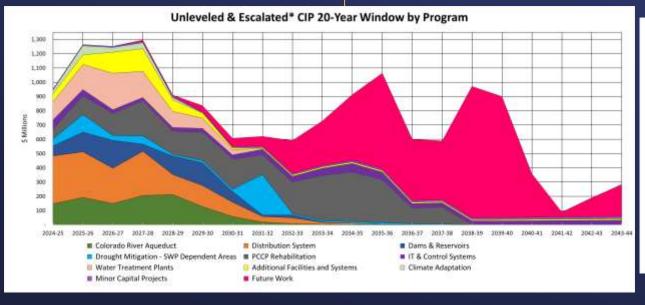
### **InVizion**

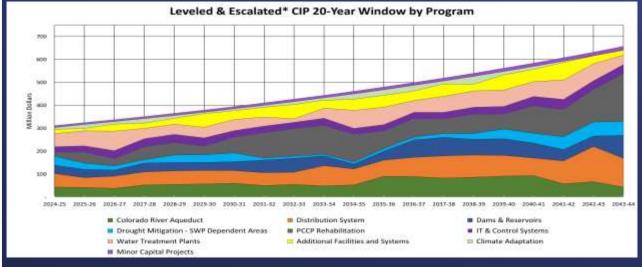
- InVizion Software integrates our project data (programs, scoring) with schedules (cash flows, phase)
  - Developed by some of the original architects of our scheduling software
  - Repository/inventory for current and historic project metadata
  - 'Database with time'
  - Allows 'sandboxing' of multiple budget scenarios

# Plan 'Leveling' and 'Layering'

# InVizion – Budget Constraint Scenario

- Software automatically schedules projects based on budget ceiling and project scoring
- LEVELING pushes projects out one-by-one that don't fit within constraint
- LAYERING applies a project mix algorithm accounting for work across all programs

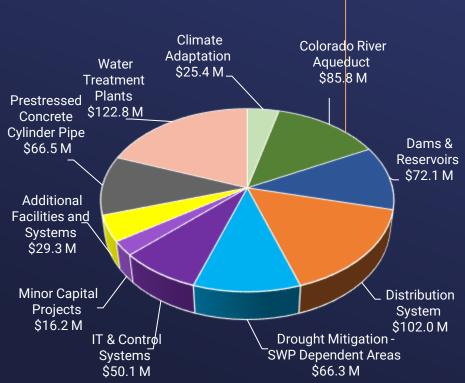


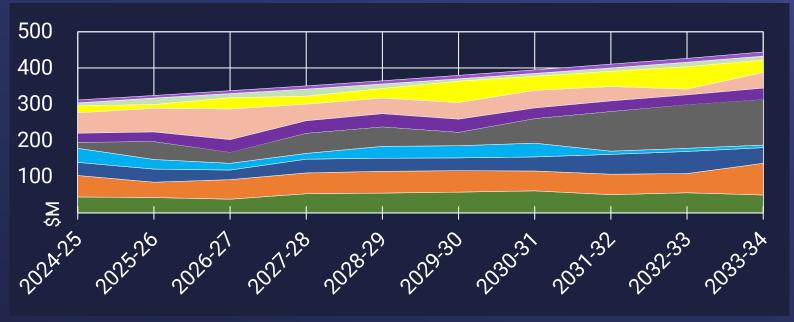


### Results for Current Budget Cycle

- Budget set at \$300M/yr in 2022, escalated at 4%
- Split amongst 10 Programs

#### 2024/26 Biennium

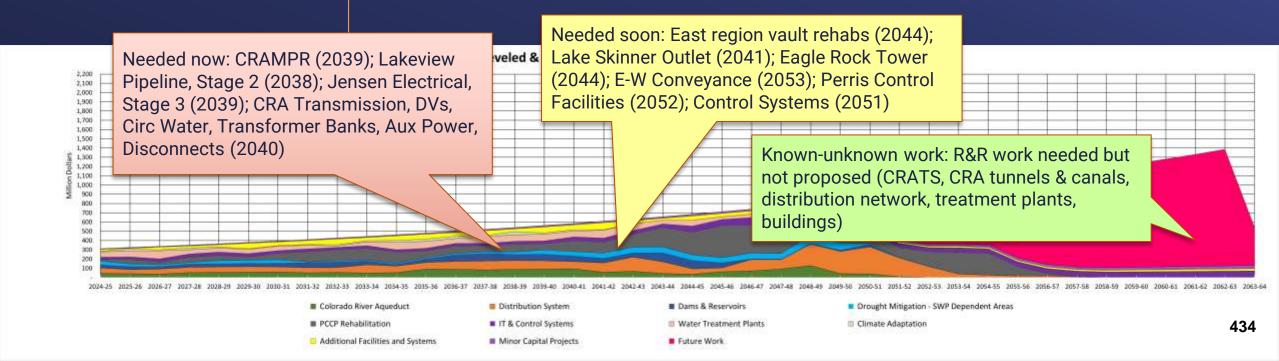




# Extending CIP Beyond 10 Years

#### Pushing R&R Projects Out Increases Risk

- Projects prioritized by needed now, needed soon
- At current 4% escalation, projects will take 40+ years to work off
- Snapshot below, new projects added every 2 years
- Adding risk



## Asset Management

Ricardo Hernandez – Unit Manager Operations Projects & Asset Management Unit

#### Best-in-Class Asset Management Approach

Finding solutions by assessing inputs & data from various sources



#### Metropolitan's Infrastructure

\$31B

Repl. Cost New

Adjusted for inflation only



Adjusted for code & environ. costs



830 mi. of Distribution Pipelines



218 mi. of Tunnels, Siphons, Conduits



5 Water Treatment Plants



15 Hydroelectric Facilities



450 Chemical/Auxiliary Storage Tanks



11,500 Water Regulating Valves (2 in. to 21 ft dia)



5,000 Motors & Pumps



6 Pumping Plants



24 Dams & Reservoirs



308 mi. of Power
Transmission Lines +
1,200 High Voltage Towers



500 Buildings, Shops, & Other Structures



G.F. Napolitano Pure Water Demo Plant

#### Achieve more stable funding over time

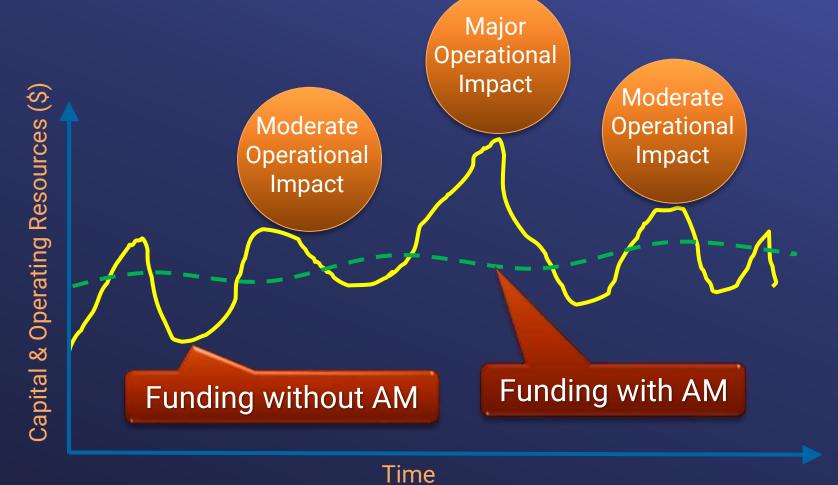
Enhances generational equity for asset investments

## AM Value Proposition

Transparent & defensible investments at the right time



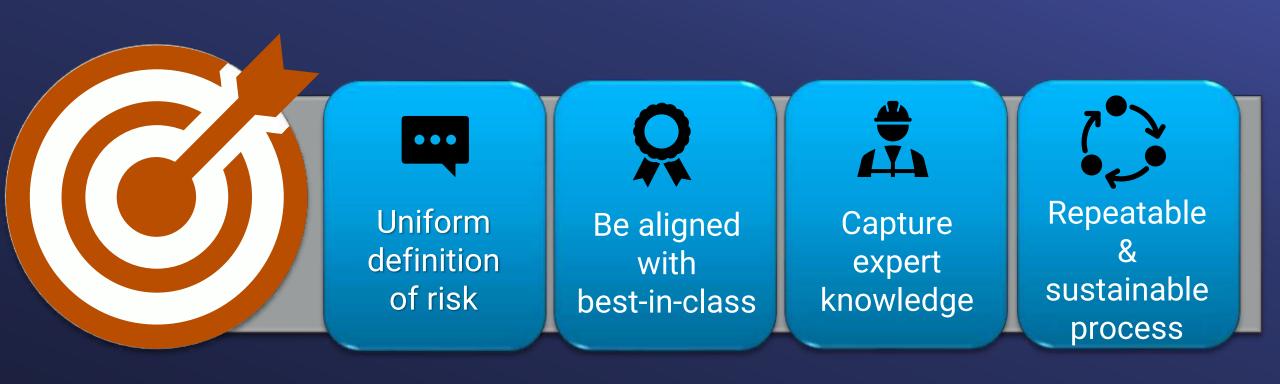




#### Risk Framework

#### Metropolitan's best-in-class approach

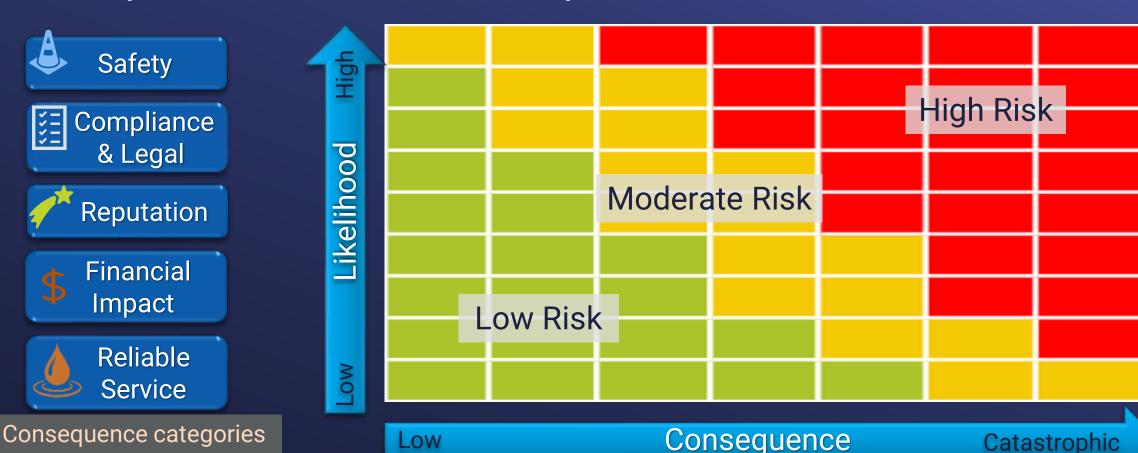
Proactively manage risk of aging infrastructure



#### Risk Framework

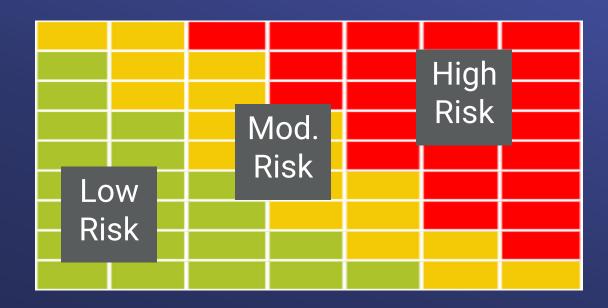
#### How does it work?

- Considers impact of hazards to Metropolitan's mission
- Heatmap boundaries reflect Metropolitan's risk tolerance



## High risk is undesirable & mitigation is high priority

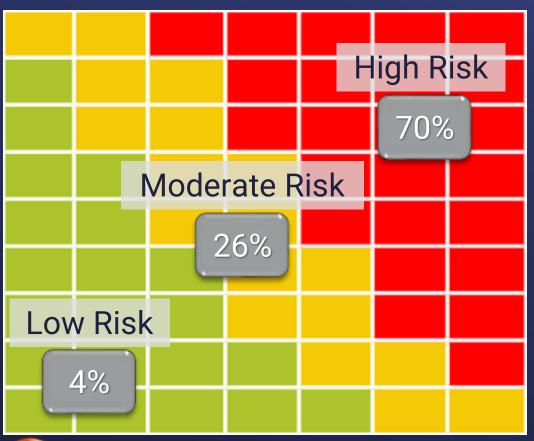
What does the "High Risk" zone mean?

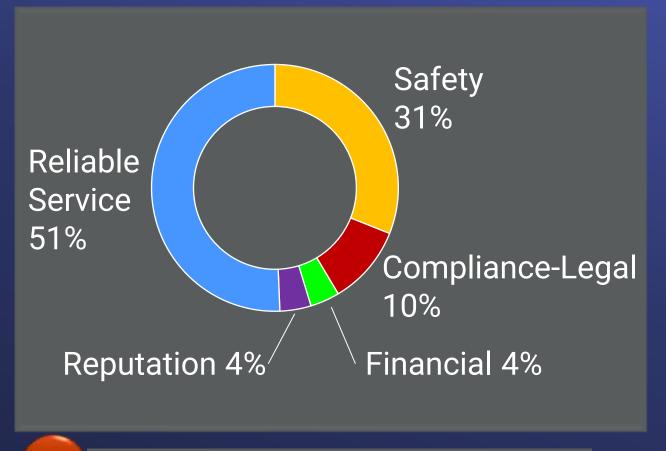


- Examples Consequences
  - Personnel Safety: Single injury requiring medical attention
  - Water Quality: Boil water advisory

#### Risk scores for more than 500 projects were collected last biennium

- Risk drivers gathered for each project
- Current risk will increase as R&R projects continue to be deferred





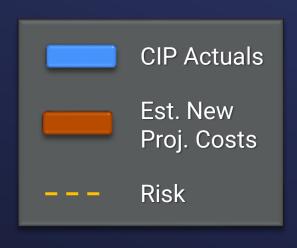
Risk exposure for known CIP projects

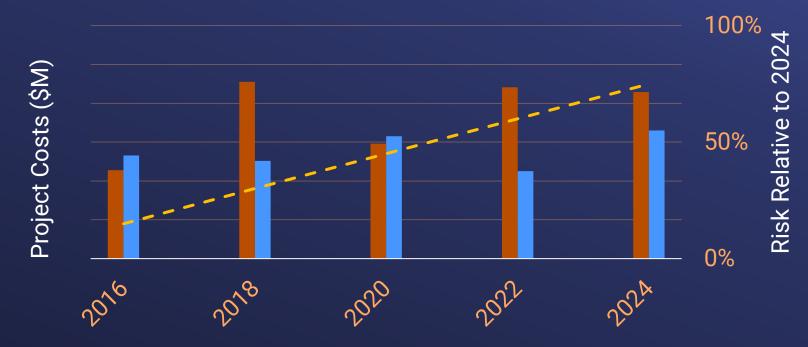
2 Risk drivers for known CIP projects

#### Expected Future Risk Trends

## Risk increases each year as new projects identified

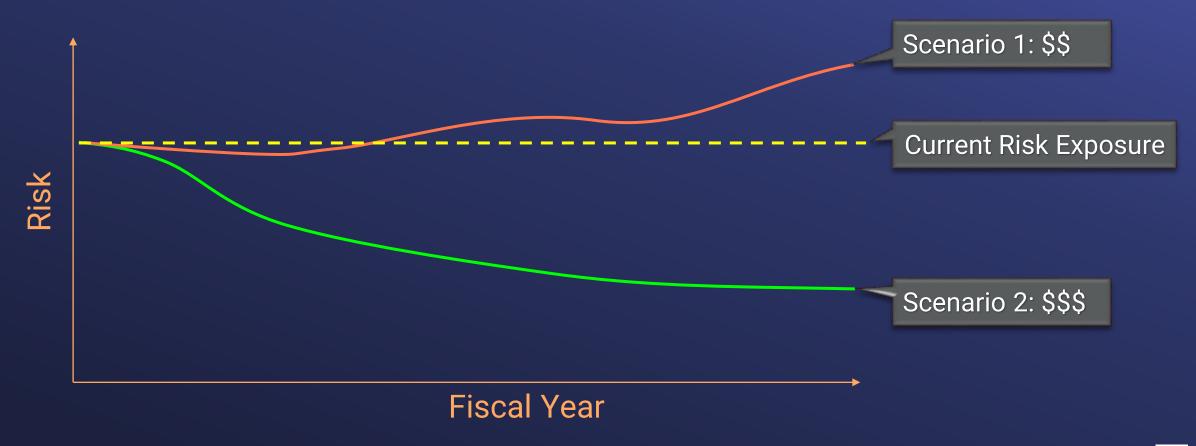
- Approx. 100 new projects per biennium added to backlog
- Avg. project duration: 10-yrs
  - Due to resource constraints





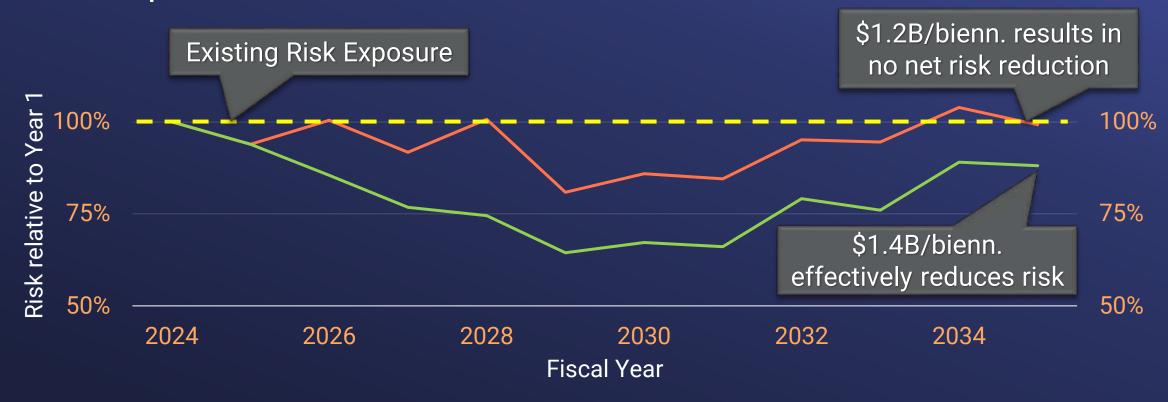
#### Capital investments should keep up with growing risk backlog

- Overall risk will increase if projects continue to be deferred
  - Results in future risk higher than present risk



### Risk Optimization Model – Preliminary 12-yr forecast

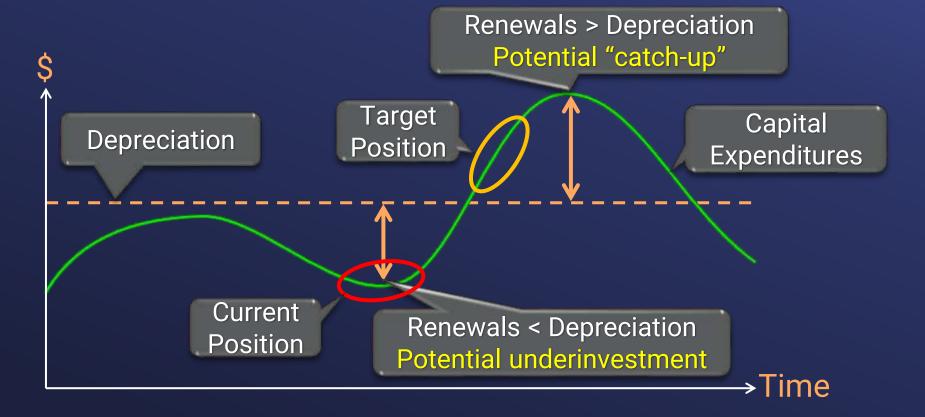
- Based on Metropolitan data from each project
- Considers both existing risk & potential future risks
- Low capital investments will not result in overall risk reduction



#### Common Financial Metrics

#### Asset Sustainability Ratio (ASR)

- Ratio of capital expenditures to depreciation over time
- Long-term Target ASR: 100%

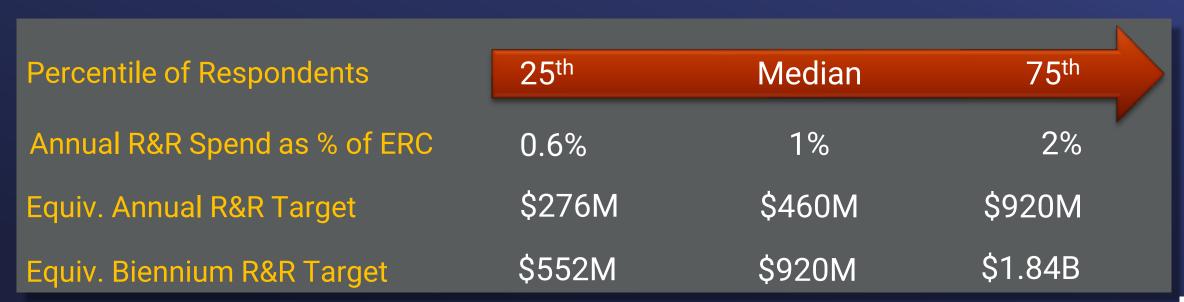


	Metropolitan 5-yr Avg ASR*							
2019	89%							
2020	97%	ng						
2021	86%	easing						
2022	72%	ecre)						
2023	74%							
2024	82%							

\* 2024 Fitch Rating report: Water/Sewer Wholesale Medians – Overall

## Industry Benchmarks System R&R Ratios

- 2023 survey for water transmission
   & distribution pipe networks (aggregate)
- Values are for R&R only & \$46B ERC
- ERC = Estimated replacement cost
- Independent literature search confirmed 0.9% to 2.3%



#### Metropolitan's System R&R Ratio R&R Ratio is the Inverse of Expected Useful Life

- Example: Electrical Equipment
  - Expected useful life: 50 years
  - Est. Annual R&R rate: 2% per year
  - Est. Repl. Costs (Electr Equip only): \$850M

Range of Est. Annual R&R in CIP (Electrical Equipment Only) = \$17M

#### Metropolitan's System R&R Ratio

Estimate for Metropolitan

- Est. min. R&R for Metropolitan: 1.1%
  - Based on expected useful life of current asset groups

Asset Group		Total	2024	Esti					
		Replac. Cost		Est. Repl Costs		Useful		R&R spend	
	Abbrev =	New (SM	) RCN	(5)	W) ERC	Life -	R&R rate	(\$M	ERC-
Pipeline - Major	PL	\$	8,299	\$	12,449	150	0.7%	\$	83.0
Water Treatment	WT	\$	4,587	\$	6,881	100	1.0%	\$	68.8
Reservoir - Raw	RR	\$	4,190	\$	6,286	100	1.0%	\$	62.9
Tunnel	TN	\$	4,983	\$	7,474	150	0.7%	\$	49.8
Chemical System	CH	\$	673	\$	1,010	30	3.3%	\$	33.7
Control System	CT	\$	168	\$	252	10	10.0%	\$	25.2
Building - Operations	BO	\$	1,243	\$	1,865	75	1.3%	\$	24.9
Roads and Fences	RD	\$	410	\$	615	25	4.0%	\$	24.6
Pumping Facility	PU	\$	1,166	\$	1,750	75	1.3%	\$	23.3
Electrical Equipment	EE	\$	567	\$	850	50	2.0%	\$	17.0
Structural	ST	\$	531	\$	796	60	1.7%	\$	13.3
Siphon	SP	\$	1,119	\$	1,678	150	0.7%	\$	11.2
Pipeline - Minor	PM	\$	308	\$	462	50	2.0%	\$	9.2
Communications	CM	\$	112	\$	167	20	5.0%	\$	8.4
Control Facility	CF	\$	415	\$	623	75	1.3%	\$	8.3
Conduit	CD	\$	771	\$	1,156	150	0.7%	\$	7.7
Instrumentation	IN	\$	50	\$	75	10	10.0%	\$	7.5
Power Plant	PP	\$	361	\$	541	75	1.3%	\$	7.2
Canal	CN	\$	686	\$	1,028	150	0.7%	\$	6.9
Metered Connection	MC	\$	219	\$	329	50	2.0%	\$	6.6
Mechanical Equipment	ME	\$	86	\$	130	20	5.0%	\$	6.5
Building - Shops	BS	\$	177	\$	266	50	2.0%	\$	5.3
Reservoir - Finished	RF	\$	268	\$	402	100	1.0%	\$	4.0
Operations Equipment	OE	\$	42	\$	64	25	4.0%	\$	2.5
Building - Residence	BR	\$	51	\$	76	40	2.5%	\$	1.9
HVAC	HV	\$	13	\$	19	15	6.7%	\$	1.3
Flow Meter	FM	\$	29	\$	43	50	2.0%	\$	0.9
Grand Total		\$	31,524	\$	47,285			\$	522
							overall RR =		1.10%

Est. Range of Asset Repl. Cost

Min. Annual R&R Target (1.1%)
Min. Biennium R&R Target (1.1%)

\$46B

\$522M \$1.04B Overall RR = 1.10%

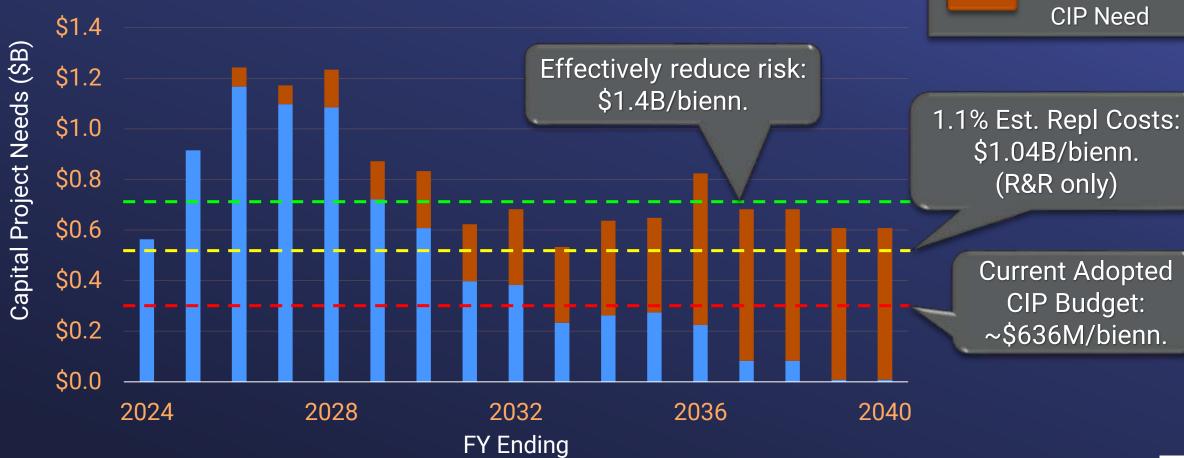
#### Metropolitan's Historic R&R Ratios\*

- Historic range of R&R ratios appear to be less than AWWA median
- Some adjustment to R&R moving forward may be needed



## Actual CIP Backlog & Future Trends

- Capital needs identified by staff\*
- Includes all CIP projects (R&R, drought, etc.)



\*2024 dollars unescalated

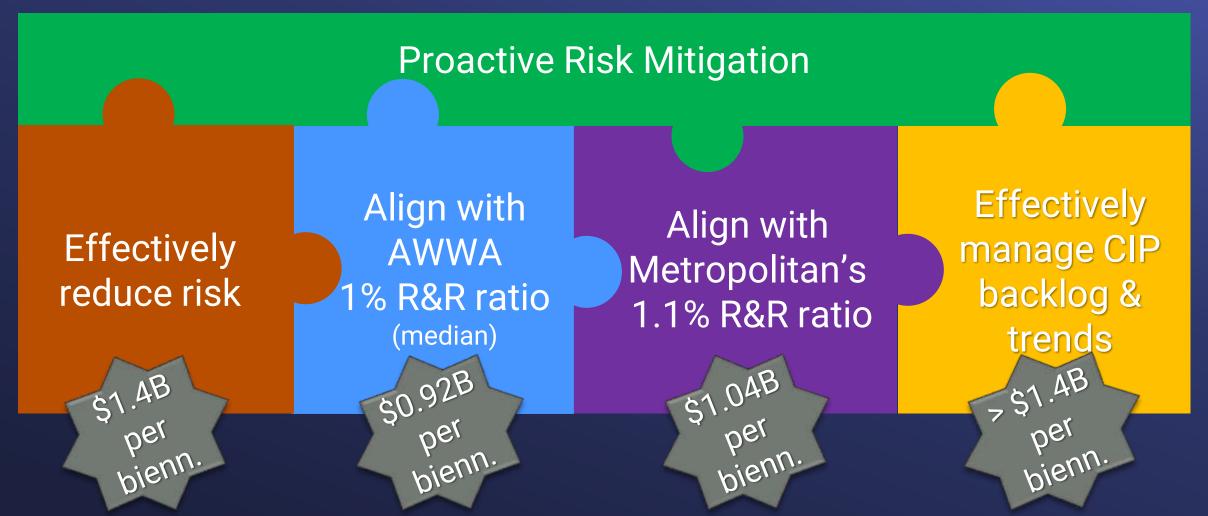
Existing

CIP Need

Est. Future

#### Summary of Various Perspectives

All signs point to an increase in capital investments to mitigate risk



#### Key Takeaways



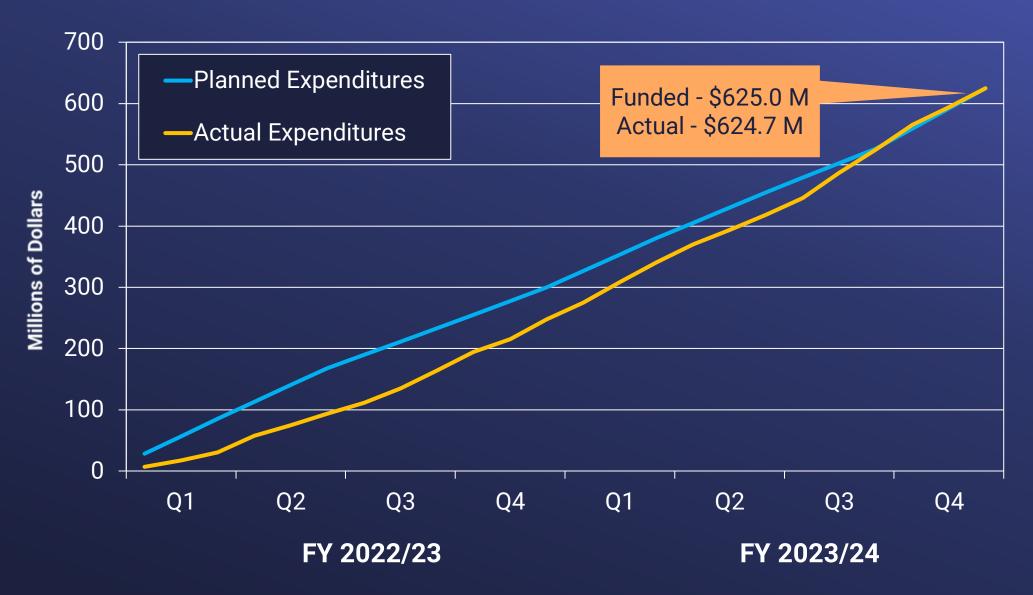
#### Elevated risk due to deferring R&R needs

- Planned Adopted CIP Budget
  - Insufficient to keep up & may impact reliability
- Benchmarks & metrics
  - Potentially underinvesting in R&R
- Increased investment is needed to reduce risk over time
  - Keeping up with R&R requires more staff
- Considerations point to an aspirational R&R biennial spend over \$1 billion
  - Developing strategy for increased ramp-up

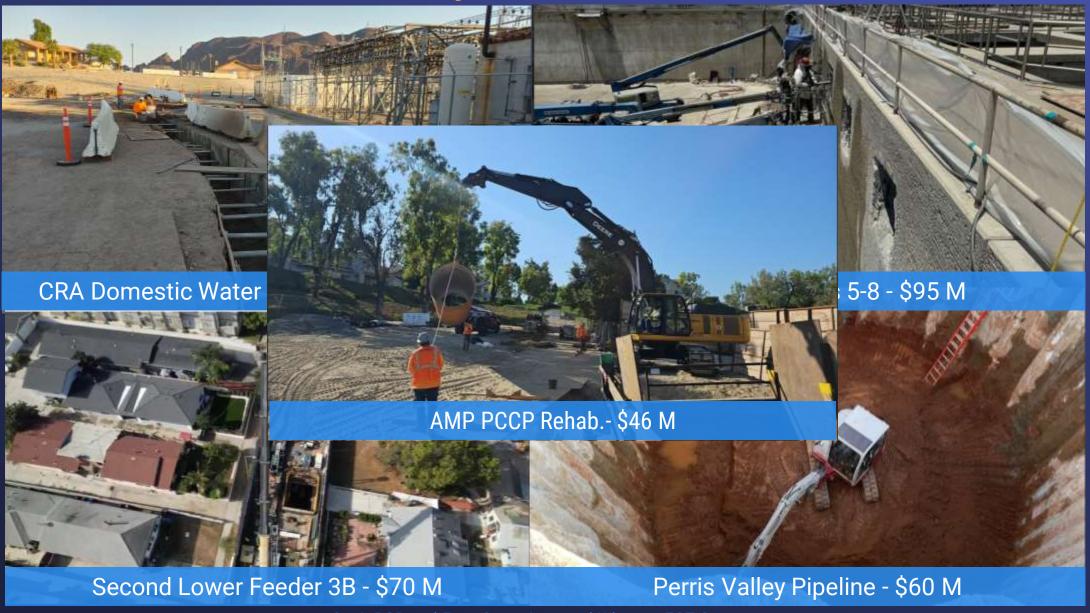
## Update on Capital Investment Funding

Francisco Becerra – Section Manager Program Management Section

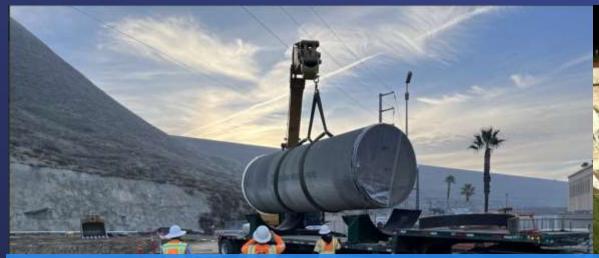
#### Last Biennium CIP Cashflow



#### Current Biennium – R&R Projects in Construction



### **Drought Projects in Construction**



Wadsworth Bypass - \$16 M

Badlands Surge Protection - \$19 M



Sepulveda P.S. Phase 1 - \$50 M

IF/Rialto Intertie - \$16 M

#### Managing the Current Biennium CIP



#### Additional Critical Project Awards For This Biennium

#### **Contracts under \$10 Million**

- Diemer Chemical Tanks Improvements
- Mills Plant Data Communications Conduits
- San Jacinto (S.J.) Diversion
   Structure Slide Gates Replacement

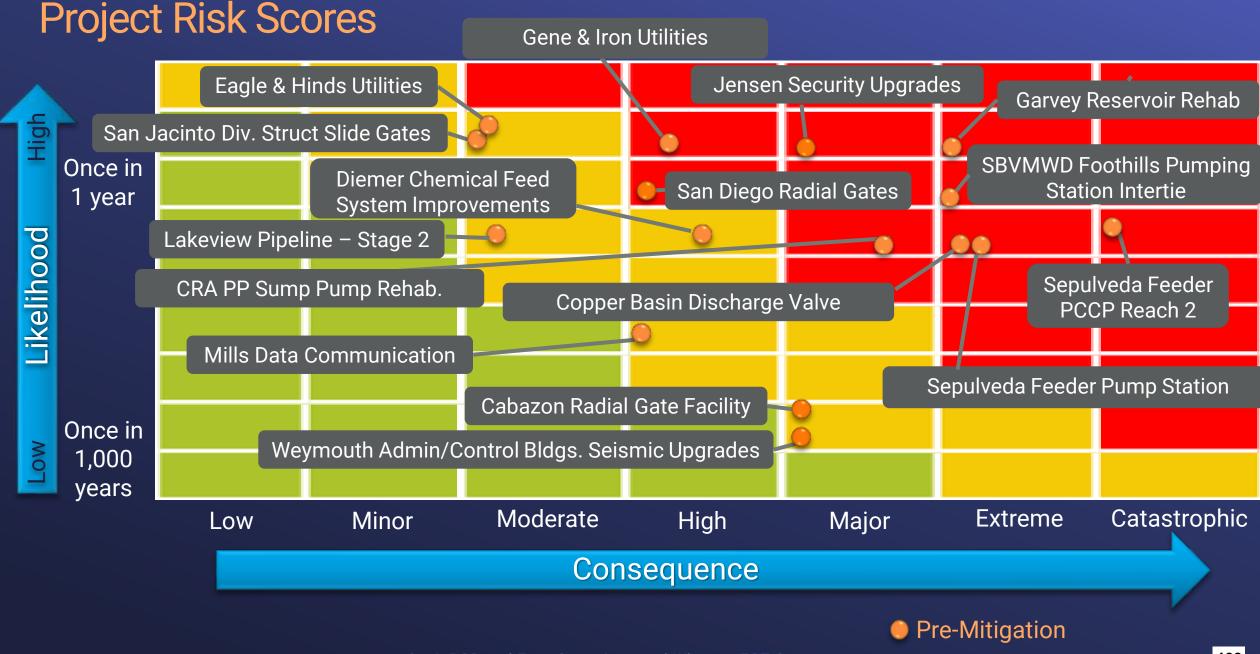
#### Contracts \$10 to \$40 Million

- Cabazon Radial Gate Facility Rehabilitation
- Copper Basin Discharge Valve Replacement
- Eagle & Hinds Pumping Plants Utilities Replacement
- Foothill Pump Station/Inland
   Feeder Intertie\*\*
- Gene & Iron Mtn. Utilities
   Replacement
- Jensen Security Upgrades
- Lakeview Pipeline Stage 2A Relining
- San Diego Canal Radial Gates Rehabilitation
- Weymouth Admin. Bldg. Seismic Upgrade
- CRA Pumping Plants Sump Rehabilitation

#### **Contracts over \$70 Million**

- Garvey Reservoir Rehabilitation
- Sepulveda Pump Stations PDB\*\*
- Sepulveda PCCP Reach 2

\*\*Drought Projects



#### Option 1 – Biennium CIP Expenditure Consistent with Budget

- FY 2024/26: No additional CIP funding this biennium
  - Proceed with 6 high-priority contracts this biennium
  - Proceed with smaller contracts (approx. 12) under \$1 M
  - Defer remaining projects

#### SWP-Dependent Area Drought Project

Sepulveda Pump Stations

R&R Projects Communication Conduits

S.J. Diversion Structure Slide Gates Replacement

Eagle & Hinds P.P. Utilities Replacement

**Diemer Chemical Tanks Improvements** 

Garvey Reservoir Rehabilitation

#### Sepulveda Feeder Pump Stations

- Scope
  - Construct pump stations at Sepulveda & Venice Pressure Control Facilities
  - Reverses flows to deliver 30 cfs to the western SWP dependent areas
- Purpose
  - Improves drought mitigation
  - Improves redundancy
- Current Approach Progressive Design-Build
  - Stage board award of construction packages
    - July 2025 Venice Pump Station
    - Sepulveda Pump Station
  - Constr. Contract Estimate \$55 M to \$65 M (Venice)
    - Total contract cost \$190 M to \$240 M



Rendering of Venice Pump Station

#### Garvey Reservoir Rehabilitation

- Scope
  - Rehabilitate reservoir including replacement of floating cover, liner & strengthening of outlet tower
- Purpose
  - Improves seismic performance
  - Provides operational flexibility during drought operations
  - Complies with Division of Drinking Water regulations
- Constr. Contract Estimate \$75 M to \$90 M
- Board Award October 2025



**Garvey Reservoir** 

#### Eagle Mountain & Hinds Utilities Replacement

- Scope
  - Replace potable & non-potable water distribution piping systems, & wastewater piping
- Purpose
  - Replaced deteriorating water distribution pipe
    - Replaces broken & clogged wastewater pipes & odor issues
  - Reduces repair costs & allows staff to focus on maintenance of CRA system
- Contract Cost: \$18 M to \$20 M
- Planned Board Award: Aug. 2025



**Domestic Water Line Failure** 

#### Option 2 – Request Additional CIP Funds

FY 2024/26: Appropriate \$40 M additional CIP funding

- Proceed with key drought project
- Proceed with contracts identified in Option 1 & four additional R&R contracts
- Defer remaining projects

SWP-Dependent Area Drought Project

Foothill/Inland Feeder Intertie

Additional R&R Projects

Copper Basin Reservoir Discharge Valve Replacement

Gene & Iron Utilities Replacement

**CRA Sump Piping Replacement** 

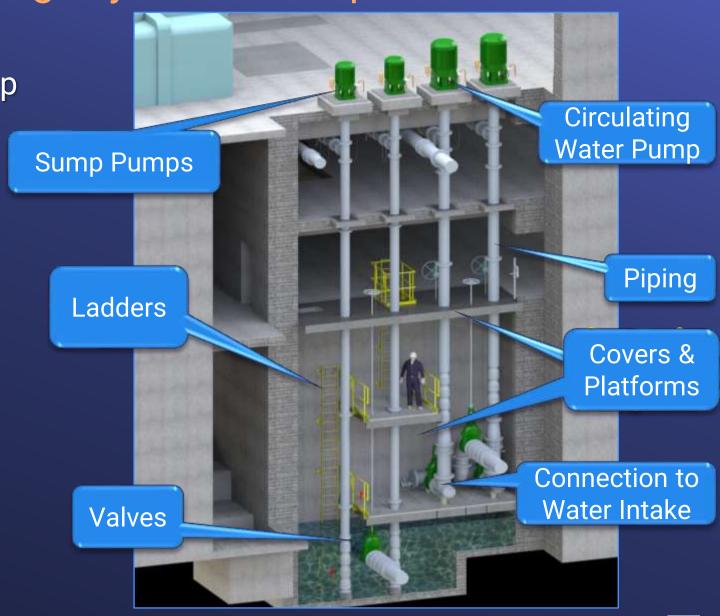
Sepulveda Feeder PCCP Rehab. – Reach 2

### Circulating Water/Sump Discharge Systems – Scope of Work

Scope

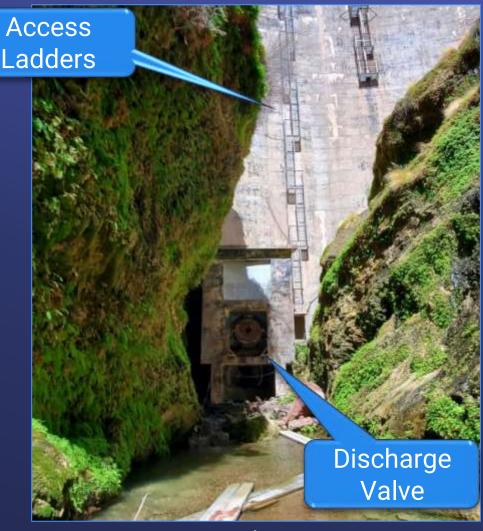
 Replace circulating water & sump discharge systems

- Purpose
  - Enhances CRA water reliability
  - Reduces costly repairs
  - Allows staff to focus on maintenance activities
- Constr. Contract Estimate \$30 M to \$35 M
- Board Award Nov. 2025



#### CRA Copper Discharge Valve Replacement

- Scope
  - Replaces emergency discharge valve, upstream gate valve, corroded catwalk & ladders
  - Makes safety improvements to access road
- Purpose
  - Enhances ability to drain reservoir in emergencies
    - Maintains compliance with Division of Safety of Dams
  - Improves safety by improving road & replacing ladders
- Constr. Contract Estimate \$15 M to \$20 M
- Board Award Dec. 2025

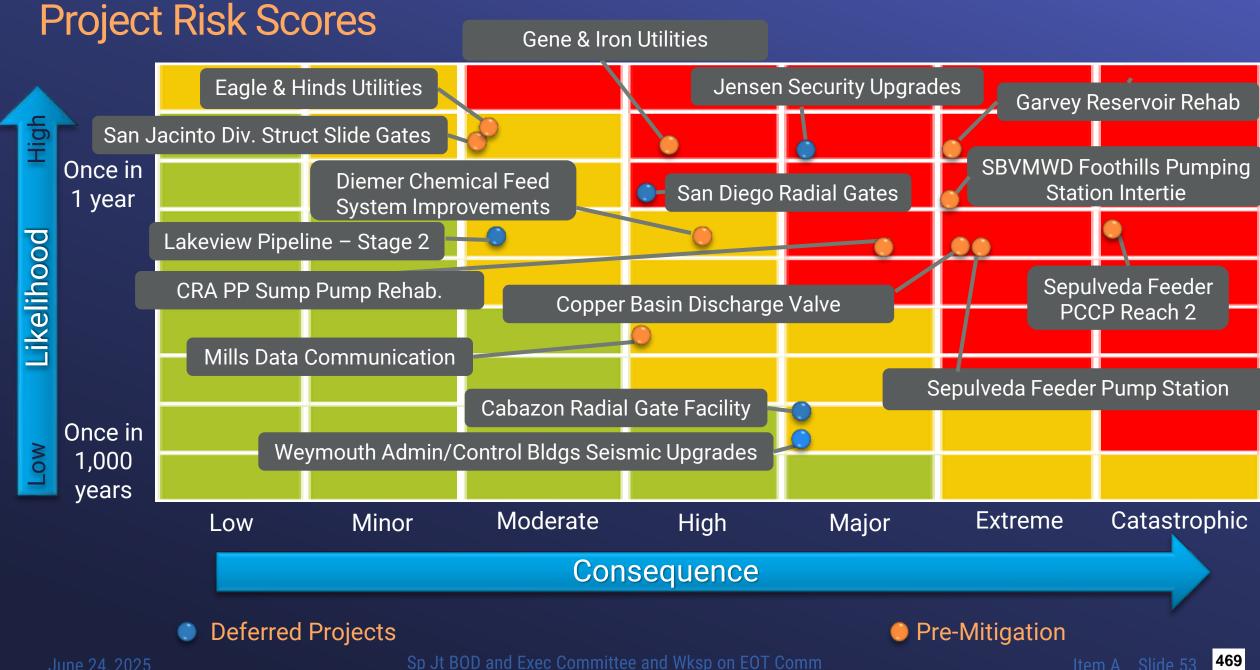


Copper Basin Discharge Structure

## Sepulveda Feeder Reach 2

- Scope
  - Steel line 3.8 miles of PCCP
- Purpose
  - Extends lifespan of pipeline
  - Mitigates PCCP vulnerability
    - Risk of stray current from cathodically protected oil pipelines
    - Addresses 58 pipe segments with wire breaks
- Constr. Contract Estimate
  - \$80 M to \$90 M
- Board Award Fall 2025





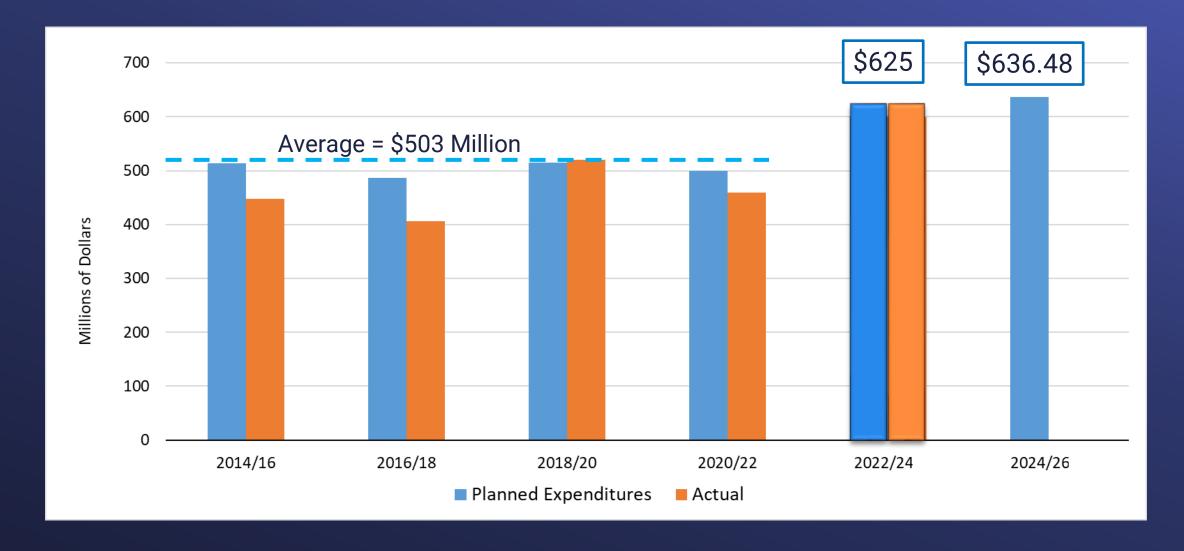
#### Funding Options for FY 2024/26 Biennium

- Planned April 2024 CIP plan
- Option 1 No additional CIP funding
  - Proceed with 6 high-priority contracts
  - Proceed with smaller contracts (approx.
     12) under \$1 M
  - Defer at least 10 projects
- Option 2 Appropriate \$40 M additional CIP funding
  - Proceed with 11 high-priority contracts
  - Proceed with smaller contracts (approx.
     12) under \$1 M
  - Defer at least 5 projects
  - Allows construction of critical R&R projects

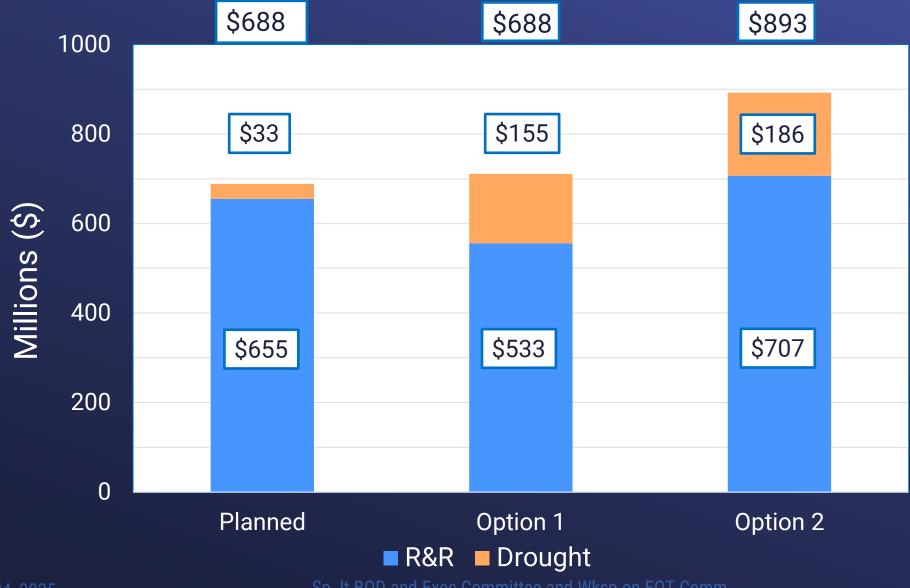
#### Construction Awards this Biennium

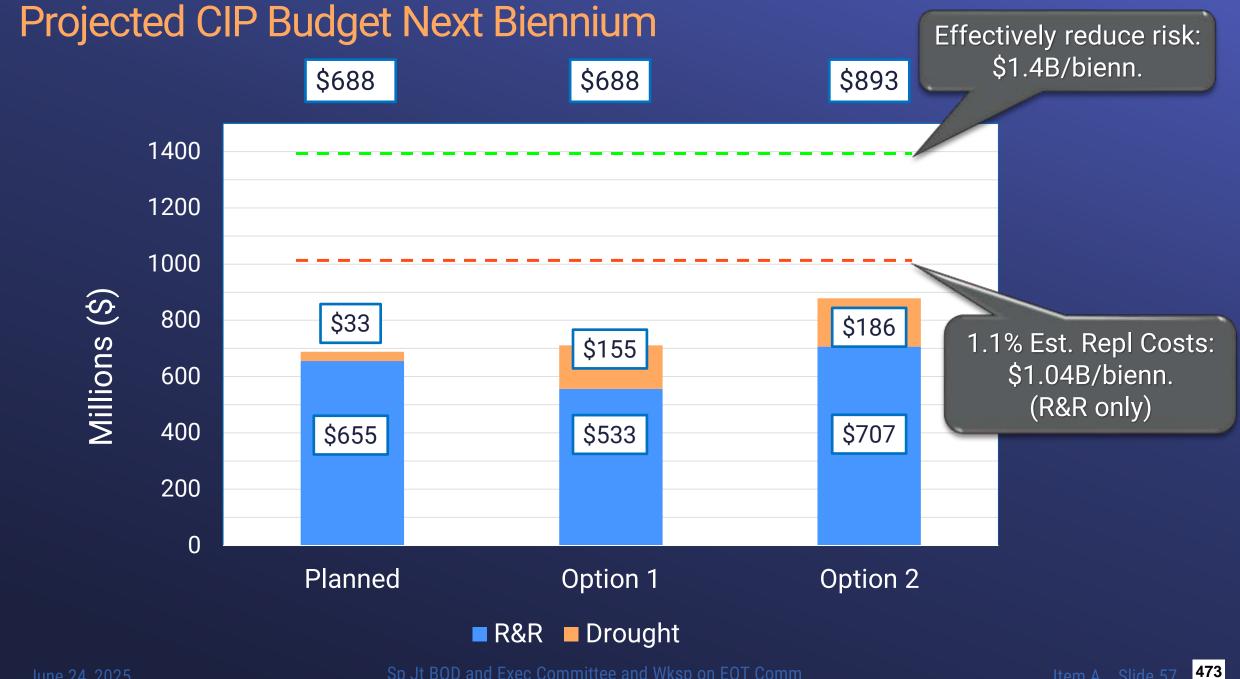
- Sepulveda Pump Stations
- Mills Plant Data Communication Conduits
- S.J. Diversion Structure Slide Gates Replacement
- Eagle & Hinds P.P. Utilities Replacement
- Diemer Chemical Tanks Improvements
- Garvey Reservoir Rehabilitation
- Foothill/Inland Feeder Intertie
- Copper Basin Reservoir Discharge Valve Replacement
- Gene & Iron Utilities Replacement
- CRA Sump Piping Replacement
- Sepulveda Feeder PCCP Rehab. Reach 2
- Option 1 = Projects in Blue
- Option 2 = Projects in Blue & Orange

#### Planned & Actual CIP Expenditures



## Considerations for CIP Budget for FY 2026/28 Decisions in current biennium affect next biennium





#### **Next Steps**

- Continue to manage current biennium budget
- Board Actions for this biennium
  - July Action to award GMP#1 for the Sepulveda Pump Stations Project
  - August Information item on CIP funding & fiscal impacts
  - September Action item to increase CIP funding for this biennium
- Develop CIP and R&R funding strategy for subsequent biennia

