

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

**FINANCE, AFFORDABILITY, ASSET MANAGEMENT, AND EFFICIENCY
COMMITTEE**

August 19, 2025

Chair Miller called the meeting to order at 8:33 a.m.

Members present: Directors Alvarez, Bryant, Dennstedt, Fong-Sakai, McMillan (entered after roll call), Miller, Pressman (teleconference posted location), Quinn (entered after roll call), and Seckel.

Members absent: Directors Armstrong and Petersen.

Other Board Members present: Directors Ackerman, DeJesus (teleconference posted location), Erdman, Faessel, Fellow, Gold (teleconference posted location), Jay, Katz, Kurtz, Lewitt, McCoy, Ortega, and Shepherd Romey.

Committee Staff present: Benson, Crosson, Kasaine, Quilizapa, Rubin, Upadhyay, and Williams.

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

Caty Wagner from Sierra Club California commented on the cost of the Delta Conveyance Project

CONSENT CALENDAR ITEMS - ACTION

2. CONSENT CALENDAR OTHER ITEMS-ACTION

- A. Subject: Approval of the Minutes of the Special Finance, Affordability, Asset Management, and Efficiency Committee Meeting for July 8, 2025

3. CONSENT CALENDAR -ACTION

7-5 Subject: Review and consider the California Public Utilities Commission Final Subsequent Environmental Impact Report, adopt the Commission's findings, and authorize the General Manager to grant a permanent easement to Southern California Edison for overhead electrical transmission purposes on Metropolitan fee-owned property in the County of Riverside and identified as Assessor Parcel Number 189-110-011 and 189-120-005. [REVISED SUBJECT on 8/4/2025]

 Motion: Review and consider the California Public Utilities Commission Final Subsequent Environmental Impact Report, adopt the Commission's findings, and authorize the General Manager to grant a permanent easement to Southern California Edison for overhead electrical transmission purposes on Metropolitan fee-owned property in the County of Riverside and identified as Assessor Parcel Number 189-110-011 and 189-120-005.

No presentation requested.

Director Seckel made a motion, seconded by Director Bryant, to approve the consent calendar consisting of items 2A, and 7-5 option 1.

The vote was:

Ayes: Directors Alvarez, Bryant, Dennstedt, Fong-Sakai, Miller, Pressman, and Seckel.

Noes: None

Abstentions: Directors Dennstedt (item 7-5), and Fong-Sakai (item 2A)

Absent: Directors Armstrong, McMillan, Petersen, and Quinn.

The motion for item 2A passed by a vote of 6 ayes, 0 noes, 1 abstain, and 4 absent.

The motion for item 7-5 passed by a vote of 6 ayes, 0 noes, 1 abstain, and 4 absent.

Director Erdman recused himself from Item 7-5 due to a financial interest, as he holds stock in Southern California Edison. He indicated that he would leave the room during the discussion of this item.

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

The Chair announced that the committee informational items for board consideration 5H and 9-3, and committee informational items 6a and 6b, will be presented prior to the committee items for action, and the closed session action items would be heard at the end of the meeting.

5. BOARD INFORMATION ITEMS

- 5H Subject: Report on list of certified assessed valuations for fiscal year 2025/26 and tabulation of assessed valuations, percentage participation, and vote entitlement of member agencies as of August 19, 2025.
[REVISED SUBJECT 7/25/2025]

Presented By: Sam Smalls, Manager of Treasury and Debt Management

Ms. Kasaine introduced item 5H, followed by a presentation from staff, who summarized the report on certified assessed valuations for fiscal year 2025/26. Staff explained that all six counties submitted the required valuation data, reviewed the impact on member agency vote entitlements, and noted modest percentage shifts but no changes to director entitlements.

Director McMillan entered the meeting.

Director Quinn entered the meeting.

Director Shepherd Romey entered the meeting.

The following Directors provided comments or asked questions:

1. Dennstedt
2. Ortega

Staff responded to the Directors' comments and questions.

- 9-3 Subject: Report on Proposed Agreement for Water Services with the Barona Band of Mission Indians, San Diego County Water Authority, and Ramona Municipal Water District

Presented By: Ethel Young, Resource Specialist

Ms. Crosson introduced item 9-3, followed by a presentation from staff, who reported on a proposed water service agreement with the Barona Band of Mission Indians, the San Diego County Water Authority, and the Ramona Municipal Water District. Staff explained that the agreement would provide service to approximately 1,784 acres on Barona lands, with an initial supply of 860 acre-feet per year and up to 1,500 acre-feet, under the same terms and rates as other Metropolitan customers. This item is scheduled for Board action in September.

6. COMMITTEE ITEMS

- a. Subject: Quarterly Financial Report

Presented By: Khanh Phan, Unit Manager-Rates, Charges & Financial Planning

Ms. Kasaine introduced item 6a, followed by a presentation from staff, who reported on the Quarterly Financial Report for fiscal year 2024/25. Staff noted that water transactions were slightly below budget, year-end reserves are projected above the minimum but below the target, and revenue pressures remain due to lower water sales. They also highlighted upcoming updates on staffing needs and multi-year budget drivers at future meetings.

The following Directors provided comments or asked questions:

1. Seckel
2. Fong-Sakai
3. Shepherd Romey
4. Miller
5. Ortega

Staff responded to the Directors' comments and questions.

b. Subject: Quarterly Investment Activities Report

Presented By: Chris Harris, PFM Asset Management

Ms. Kasaine introduced item 6b, followed by a presentation from Chris Harris, who reported on the Quarterly Investment Activities Report. Staff reviewed market conditions, noted uncertainties around tariffs and fiscal policy, and provided an update on Metropolitan's liquidity, core, and endowment portfolios. They also discussed investment strategies to maintain safety and liquidity and presented actual and projected earnings for fiscal years 2024/25 and 2025/26.

The following Directors provided comments or asked questions:

1. Miller

Staff responded to the Directors' comments and questions.

4. COMMITTEE ITEMS (ACTION FOR BOARD CONSIDERATION)

8-1 Subject: Adopt resolution establishing the Ad Valorem tax rate for fiscal year 2025/26; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Motion: Adopt the resolution establishing the Ad Valorem property tax rate for fiscal year 2025/26.

Presented By: Sam Smalls, Manager of Treasury and Debt Management

Ms. Kasaine introduced item 8-1, followed by a presentation from staff, who summarized the request to adopt a resolution establishing the ad valorem property tax rate for fiscal year 2025/26 at 0.007 percent, consistent with the currently Adopted Budget. Staff provided background on Metropolitan's authority to levy property taxes, explained the purpose of setting the rate to align with long-term financial sustainability and near-term budget priorities, outlined the historical context and fiscal impacts, and concluded with the staff recommendation to approve the resolution.

After completion of the presentation, Director Fong-Sakai made a motion, seconded by Director Seckel, to approve item 8-1 option 1.

The vote was:

Ayes: Directors Alvarez, Bryant, Dennstedt, Fong-Sakai, McMillan, Miller, Pressman, Quinn, and Seckel.

Noes: None

Abstentions: None

Absent: Directors Armstrong, and Petersen.

The motion for item 8-1 passed by a vote of 9 ayes, 0 noes, 0 abstentions, and 2 absent.

Chair Miller announced that the Management Announcements and Highlights would be presented prior to the items to be discussed in closed session.

7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- a. Subject: Financial, Affordability, Asset Management, and Efficiency activities

Mr. Benson gave a standard Finance Activities Report, noting new highlights on recent business model accomplishments and tables showing the first two months of water transactions, which are slightly behind projections. No further updates were provided.

Chair Miller announced that we would have an open session presentation and then go into closed session to discuss items 8-6 and 8-7.

Following the closed session, we would return to items 8-2 and 8-5, as those were both related to the web tract lease decision.

- 8-6 Subject: 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]

Motion: 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 according to the price and terms given in closed session.

Presented By: Steve Johnson, Principal Real Estate Representative

Ms. Crosson introduced item 8-6, followed by a presentation from staff, who summarized the request to authorize a new agricultural lease agreement with Bouldin Farming Company for rice farming and related uses on approximately 2,047 acres of Metropolitan-owned property on Webb Tract in the Sacramento-San Joaquin Bay Delta. Staff provided an overview of the lease and its purpose to generate long-term revenue, enhance property value, and support subsidence reduction and ecological benefits consistent with Delta Conservancy grant requirements, outlined the grant funding conditions and RFP process, and concluded with the staff recommendation to approve the lease.

The following Directors provided comments or asked questions:

1. Alvarez
2. Miller

Staff responded to the Directors' comments and questions.

Directors Fellow and McCoy entered the meeting.

Director Quinn left the meeting.

8-7 Subject: Authorize a new agricultural lease agreement with Lundberg Family Farms for rice farming and related uses on portions of Metropolitan-owned real property in the Sacramento-San Joaquin Bay Delta known as Bacon Island; 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 5,600 gross acres in the area commonly known as Bacon Island, also identified as San Joaquin County Assessor Parcel Numbers 129-050-01, 129-050-02, 129-050-03, 129-050-04, 129-050-05, 129-050-06, 129-050-07, 129-050-08, 129-050-09, 129-050-11, 129-050-12, 129-050-13, 129-050-14, 129-050-15, 129-050-16, 129-050-17, 129-050-18, 129-050-19, 129-050-24, 129-050-25, 129-050-26, 129-050-27, 129-050-28, 129-050-52, 129-050-54, 129-050-55, 129-050-56, 129-050-60; agency negotiators: Steven Johnson, Kevin Webb, and Kieran Callanan; negotiating parties: Anders Lundberg dba Lundberg Family Farms; under negotiation: price and terms; to be heard in closed session pursuant to Government Code Section 54956.8]. [REVISED SUBJECT 8/4/2025]

Motion: Authorize a new agricultural lease agreement with Lundberg Family Farms for rice farming and related uses on portions of Metropolitan-owned real property in the Sacramento-San Joaquin Bay Delta known as Bacon Island according to the price and terms given in closed session.

Presented By: Steve Johnson, Principal Real Estate Representative

Ms. Crosson introduced item 8-7, followed by a presentation from staff, who summarized the request to authorize a new agricultural lease agreement with Lundberg Family Farms for rice farming and related uses on approximately 5,600 acres of Metropolitan-owned property on Bacon Island in the Sacramento-San Joaquin Bay Delta. Staff provided an overview of the lease and its purpose to generate long-term revenue, enhance property value, and support subsidence reduction and ecological benefits, described the Bay-Delta land use strategy, and outlined the RFP process that resulted in two acceptable proposals, concluding with the staff recommendation to approve the lease.

The following Directors provided comments or asked questions:

1. Erdman
2. Alvarez
3. Miller

Staff responded to the Directors' comments and questions.

Following the presentations, the Directors went into closed session to discuss items 8-6 and 8-7.

After returning to Open Session, Bryan Otake, Senior Deputy General Counsel, reported that the committee had voted in closed session to authorize Items 8-6 and 8-7 according to the price and terms given in closed session.

8-2 Subject: Authorize an increase of \$300,000 to an agreement with HydroFocus, Inc. for a new not-to-exceed total amount of \$455,000 for environmental monitoring services on Webb Tract island; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. [REVISED SUBJECT on 8/4/2025]

Motion: Authorize an increase of \$300,000 to an existing agreement with HydroFocus, Inc. for a new not-to-exceed total amount of \$455,000 for environmental monitoring services.

Presented By: Malinda Stalvey, Program Manager - Bay Delta Initiatives

Ms. Crosson introduced item 8-2, followed by a presentation from staff, who summarized the request to authorize a \$300,000 increase to the existing agreement with HydroFocus, Inc., for a new not-to-exceed total of \$455,000 to support environmental and greenhouse gas monitoring on Webb Tract. Staff provided background on Metropolitan's Delta Conservancy grant and ongoing rice and wetland restoration projects, explained the purpose of expanding monitoring to establish carbon credits and track environmental benefits, outlined the projected greenhouse gas reductions and potential revenue, and concluded with the staff recommendation to approve the agreement increase.

The following Directors provided comments or asked questions:

1. Miller

Staff responded to the Directors' comments and questions.

After completion of the presentation, Director Bryant made a motion, seconded by Director Dennstedt, to approve item 8-2 option 1.

The vote was:

Ayes: Directors Alvarez, Bryant, Dennstedt, Fong-Sakai, Miller, Pressman, and Seckel.

Noes: None

Abstentions: None

Absent: Directors Armstrong, McMillian, Petersen, and Quinn.

The motion for item 8-2 passed by a vote of 7 ayes, 0 noes, 0 abstentions, and 4 absent.

8-5 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

Motion: 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.

Presented By: Bryan Otake, Senior Deputy General Counsel

Mr. Otake introduced and presented the item, provided clarification on the resolution, and addressed questions.

The following Directors provided comments or asked questions:

1. Miller
2. Fong-Sakai
3. Seckel
4. Bryant

Staff responded to the Directors' comments and questions.

After completion of the presentation, Director Dennstedt made a motion, seconded by Director Bryant, to approve item 8-5 option 1.

The vote was:

Ayes: Directors Alvarez, Bryant, Dennstedt, Fong-Sakai, Miller, Pressman, and Seckel.

Noes: None

Abstentions: None

Absent: Directors Armstrong, McMillian, Petersen, and Quinn.

The motion for item 8-5 passed by a vote of 7 ayes, 0 noes, 0 abstentions, and 4 absent.

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

Directors Miller and Alvarez requested that Ms. Crosson explore and report back on potential alternative crops that could be cultivated on the Bay-Delta Islands to support revenue generation and provide ecological benefits.

10. ADJOURNMENT

The next meeting will be held on September 9, 2025

The meeting adjourned at 11:32 a.m.

C. Martin (Marty) Miller
Chair