

# 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.

## **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 - Final**

Meeting with Board of Directors \*

**June 10, 2025**

**8:00 a.m.**

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](#).

## **Tuesday, June 10, 2025 Meeting Schedule**

08:00 a.m.	FAAME
10:30 a.m.	LC
12:30 p.m.	Break
01:00 p.m.	BOD
03:00 p.m.	CWC

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

Teleconference Locations:

Conference Room • 1545 Victory Boulevard • Glendale, CA 91201

Hotel Raphael • Largo Febo Piazza Navona • Rome, Italy

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

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

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

- 2. CONSENT CALENDAR OTHER ITEMS - ACTION**

- A. Approval of the Minutes of the Finance, Affordability, Asset Management, and Efficiency Committee Meeting for May 13, 2025 [21-4622](#)

**Attachments:** [06102025 FAAME 2A \(05132025\) Minutes](#)

- B. Consider Termination of the Subcommittee on Long-Term Regional Planning Processes and Business Modeling [21-4625](#)

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

- 7-4 Authorize the General Manager to execute a funding agreement extension for support of the Colorado River Board of California, Six Agency Committee, and Colorado River Joint Powers Authority; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-4602](#)

**Attachments:** [06102025 FAAME 7-4 B-L](#)

- 7-5 Adopt a resolution declaring three parcels of real property located in the County of Riverside as exempt surplus land under the Surplus Land Act and authorize their disposal under Metropolitan's surplus land disposal policies and procedures; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Properties located at 12000 West 14th Avenue in the City of Blythe, California and 3137 Wicklow Drive in the City of Riverside, California] [21-4598](#)

- 7-6 Approve Metropolitan's Statement of Investment Policy for fiscal year 2025/26, delegate authority to the Treasurer to invest Metropolitan's funds for fiscal year 2025/26 [21-4599](#)

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

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

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

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

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

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

**4. 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] [21-4601](#)

**5. BOARD INFORMATION ITEMS**

**9-5** Overview of Potential Business Model Financial Refinements [21-4661](#)

**6. COMMITTEE ITEMS**

**a.** Overview of potential drivers of the next biennium budget [21-4627](#)

**7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS**

**a.** Finance, Affordability, Asset Management, and Efficiency activities [21-4624](#)

## **8. FOLLOW-UP ITEMS**

NONE

## **9. FUTURE AGENDA ITEMS**

## **10. ADJOURNMENT**

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

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

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

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**MINUTES**

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

**May 13, 2025**

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

Members present: Directors Alvarez, Armstrong (AB2449 just cause), Bryant, Dennstedt (teleconference posted location), McMillan (teleconference posted location), Miller, Petersen, Pressman (entered after roll call), Quinn, and Seckel.

Members absent: Director Fong-Sakai.

Other Board Members present: Ackerman (teleconference posted location), Camacho, DeJesus (teleconference posted location), Erdman (teleconference posted location), Faessel, Garza (teleconference posted location), Goldberg, Gray (teleconference posted location), Katz, Kurtz, Lewitt, Luna (AB2449 just cause), McCoy, Ortega, and Shepherd Romey.

Director Armstrong indicated he was participating under AB2449 just cause due to a contagious illness. Director Armstrong appeared by audio and on camera.

Director Luna indicated he was participating under AB2449 just cause due to a contagious illness. Director Luna appeared on camera.

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**

None

**CONSENT CALENDAR ITEMS - ACTION**

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

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

### 3. CONSENT CALENDAR -ACTION

7-5      Subject:            Approve and authorize the distribution of Appendix A for use in the issuance and remarketing of Metropolitan's Bonds; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

            Motion:            Approve the draft of Appendix A (**Attachment 1**) attached to this board letter.

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

Ms. Kasaine introduced the item, followed by a presentation from Mr. Smalls summarizing the distribution of Appendix A for use in the issuance and remarketing of Metropolitan bonds. His presentation provided background information on the Appendix A update process, the Board's review and approval procedures, and key highlights of the recent updates. He concluded by outlining anticipated future updates to Appendix A.

After completion of the presentation, 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, Armstrong, Bryant, Dennstedt, McMillan, Miller, Petersen, Quinn, and Seckel.

Noes:                      None

Abstentions:            Director Quinn (item 2A)

Absent:                   Directors Fong-Sakai, and Pressman.

The motion for item 2A passed by a vote of 8 ayes, 0 noes, 1 abstain, and 2 absent.

The motion for item 7-5 passed by a vote of 9 ayes, 0 noes, 0 abstentions, and 2 absent.

Director Armstrong stated he was alone in the room for his vote.

**END OF CONSENT CALENDAR ITEMS**

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

8-2      Subject:            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 adopt 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.

Motion:                    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 adopt 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.

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

Ms. Kasaine introduced the item, followed by a presentation from Mr. Smalls, who provided background on the item and an overview of the proposed resolution. He also outlined the project's financing strategy, including the HDWB interim financing plan, and concluded with a summary of the next steps.

The following Directors provided comments or asked questions:

1. Quinn
2. Dennstedt
3. Miller
4. Lewitt
5. Ortega
6. Petersen

Staff responded to the Directors' comments and questions.

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

The vote was:

Ayes: Directors Alvarez, Armstrong, Bryant, Dennstedt, McMillan, Miller, Pressman, Quinn, and Seckel.

Noes: None

Abstentions: None

Absent: Directors Fong-Sakai, and Petersen.

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

Director Armstrong stated he was alone in the room for his vote.

Director Katz recused himself from Item 8-3 due to a financial interest, as he holds stock in Bank of America. He indicated that he would leave the room during the discussion of this item.

Director Erdman recused himself from Item 8-3 due to a financial interest, as he holds stock in Bank of America. He indicated that he would leave the room during the discussion of this item.

Director Faessel recused himself from Item 8-3 due to a financial interest, as he holds stock in Bank of America. He indicated that he would leave the room during the discussion of this item.

8-3      Subject:            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; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

            Motion:            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.

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

Ms. Kasaine introduced the item, followed by a presentation from Mr. Smalls. He provided background information and an overview of the proposed resolution, then discussed the Master Lease Purchase Program, including its structure and indicative interest rates. He concluded with a summary of the next steps.



The following Directors provided comments or asked questions:

1. Miller
2. Camacho
3. Dennstedt
4. Seckel

Staff responded to the Directors' comments and questions.

After completion of the presentation, Director Bryant made a motion, seconded by Director Seckel, to approve the item 8-3, amended option 1.

The vote was:

Ayes: Directors Alvarez, Armstrong, Bryant, Dennstedt, McMillan, Miller, Pressman, Quinn, and Seckel.

Noes: None

Abstentions: None

Not Voting None

Absent: Directors Fong-Sakai, and Petersen.

The motion for item 8-3 (amended) passed by a vote of 9 ayes, 0 noes, 0 abstentions, and 2 absent.

Director Armstrong stated he was alone in the room for his vote.

8-4 Subject: Adopt resolution to continue Metropolitan's Water Standby Charge for fiscal year 2025/26; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Motion: Adopt resolution to continue Metropolitan's Water Standby Charge for fiscal year 2025/26.

Presented By: Nancy Warfel, Senior Resource Specialist

No presentation was requested.

Director Seckel made a motion, seconded by Director Bryant, to approve 8-4 option 1.

The vote was:

Ayes: Directors Alvarez, Armstrong, Bryant, Dennstedt, McMillan, Miller, Pressman, Quinn, and Seckel.

Noes: None

Abstentions: None

Absent: Directors Fong-Sakai, and Petersen.

The motion for item 8-4 passed by a vote of 9 ayes, 0 notes, 0 abstentions, and 2 absent.

Director Armstrong stated he was alone in the room for his vote.

## 5. BOARD INFORMATION ITEMS

9-4 Subject: Renewal Status of Metropolitan's Property and Casualty Insurance Program

No presentation given.

## 6. COMMITTEE ITEMS

a. Subject: Quarterly Investment Activities Report

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

Mr. Smalls reported on the following:

- Portfolio Overview Credit Quality
- Portfolio Overview Sector Allocation
- Portfolio Overview Statistics
- Portfolio Statistics: Liquidity and Core Segments

The following Directors provided comments or asked questions:

1. Seckel
2. Miller

Staff responded to the Directors' comments and questions.

b. Subject: Bond Financing Overview (SB 450)

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

Mr. Smalls reported on the following:

- SB 450 Requirements
- 2025 Series A Proposed Bond Issuance
- Estimated SB 450 Requirements for the 2025 Series A Proposed Bond Issuance
- Proposed Bond Issuance

The following Directors provided comments or asked questions:

1. Miller

Staff responded to the Directors' comments and questions.

c. Subject: Quarterly Financial Report

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

Ms. Phan reported on the following:

- 3<sup>rd</sup> Quarter Financial Results and Forecast
- Water transactions
- Update on FY 2024/25 Revenue Generation
- Unaudited Basic Financial Statements

The following Directors provided comments or asked questions:

1. Armstrong  
2. Miller  
3. Alvarez

Staff responded to the Directors' comments and questions.

- d. Subject: Overview of potential drivers of the next biennium budget

Presented By: Adam Benson, Group Manager for Finance and Administration

Mr. Benson reported on the following:

- Financial Challenges and Potential Cost Drivers
- Current Budget and 10-yr Financial Forecast
- Pure Water Southern California (PWSC)
- Funding Zero Emission Vehicle (ZEV)

The following Directors provided comments or asked questions:

1. Quinn
2. Alvarez
3. Miller
4. Ortega
5. Katz
6. Bryant

Staff responded to the Directors' comments and questions.

## **7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS**

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

No report was given.

## **8. SUBCOMMITTEE REPORTS AND DISCUSSION**

- a. Subject: Report from Subcommittee on Long-Term Regional Planning Processes and Business Modeling

Director Seckel updated the committee on items discussed at the April 22, 2025, Subcommittee meeting

- b. Subject: Discuss and provide direction to Subcommittee on Long Term Regional Planning Processes and Business Modeling

No direction was given.

**9. FOLLOW-UP ITEMS**

None

**10. FUTURE AGENDA ITEMS**

Directors Seckel and Bryant requested a Board workshop or series of workshops be scheduled. Board Chair Ortega responded that this was already being planned.

**11. ADJOURNMENT**

The meeting adjourned at 11:09 a.m.

C. Martin (Marty) Miller  
Chair



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

# Board Action

- **Board of Directors**

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

6/10/2025 Board Meeting

7-4

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## Subject

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

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## Executive Summary

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

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

### Staff Recommendation: Option #1

#### Option #1

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

**Fiscal Impact:** None

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

#### Option #2

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

**Fiscal Impact:** None

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

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## Alternatives Considered

None

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## Applicable Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Metropolitan Water District Administrative Code Section 11102: Payment of Dues

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

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

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

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

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

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

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

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

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

### **California Environmental Quality Act (CEQA)**

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#### **CEQA determination(s) for Option #1:**

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

#### **CEQA determination(s) for Option #2:**

None required

### **Details and Background**

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#### **Background**

##### Cost-Sharing Agreement Historical Changes

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

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

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

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

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

#### Previous Cost-Sharing Agreement

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

#### New Cost-Sharing Agreement Terms

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



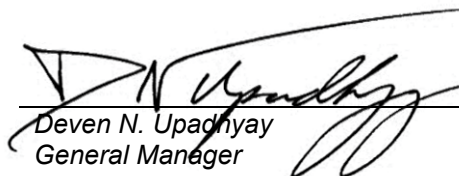
The total funding requests will vary each year of the agreement based on the overall CRB and SAC budgets. A 2025/26 fiscal year payment of \$1,023,408 was previously approved by the Board on June 11, 2024. Therefore, there is no budget impact associated with a one-year extension of the funding agreement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



*Brandon J. Goshi*  
Manager, Water Resource Manager

5/30/2025

*Date*



*Deven N. Upadhyay*  
General Manager

5/30/2025

*Date*



- **Board of Directors**

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

6/10/2025 Board Meeting

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7-8

## Subject

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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

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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

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### 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.

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**Applicable Policy**

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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.

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**California Environmental Quality Act (CEQA)**

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**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

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**Details and Background**

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**Background**

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

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

The license amendment will have the following key provisions:

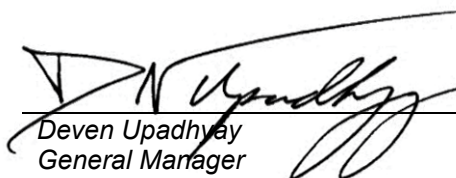
- Subject to Metropolitan's paramount rights reservation
- Four five-year options to extend, providing up to twenty additional years to the term of the license agreement.
- Annual license fee of \$12,000
- Four percent annual fee increases
- Right to reappraise the license fee every five years
- Either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

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



Elizabeth Crosson  
Chief Sustainability, Resilience and  
Innovation Officer

5/28/2025

Date

Deven Upadhyay  
General Manager

5/28/2025

Date**Attachment 1 – Location Map**

Ref# sri12701535

## Location Map

