

# 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.

## **SP LC 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

## **Special Legal and Claims Committee - Final - Revised 1**

Meeting with Board of Directors \*

**June 23, 2025**

**11:00 a.m.**

## **Monday, June 23, 2025 Meeting Schedule**

09:00 a.m. Sp FAAME  
11:00 a.m. Sp LEGAL  
01:00 p.m. Break  
01:30 p.m. Sp AUDIT  
03:00 p.m. Sp IW

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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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

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

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

Cedars-Sinai Imaging Medical Group • 8700 Beverly Blvd., Suite M 313 • Los Angeles, CA 90048

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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))**

2. **MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS**

- A. General Counsel's report of monthly activities [21-4734](#)

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

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

- A. Approval of the Minutes of the Legal and Claims Committee for April 8, 2025 [21-4735](#)

**Attachments:** [06232025 LC 3A \(04082025\) Minutes](#)

4. **CONSENT CALENDAR ITEMS - ACTION**

NONE

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

5. **OTHER BOARD ITEMS - ACTION**

- 8-2** Report on litigation in Alicia Lorentzen v. Metropolitan Water 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] [21-4730](#)

## **6. BOARD INFORMATION ITEMS**

NONE

## **7. COMMITTEE ITEMS**

- a. Update on the Settlement of the SDCWA v Metropolitan Litigation [21-4736](#)  
**Attachments:** [06232025 Special LC 7a Presentation](#)
- b. Discussion of Department Head Performance and Goal Setting [21-4737](#)  
[Public employee performance evaluation – General Counsel; to be heard in closed session pursuant to Gov. Code Section 54957]

## **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**

**LEGAL AND CLAIMS COMMITTEE**

**April 8, 2025**

Chair Luna called the meeting to order at 10:16 a.m.

Members present: Directors Camacho, Crawford, De Jesus, Dick, Douglas, Katz, Kurtz, Luna, McMillan, and Miller.

Members absent: Director Ramos

Other Board Members present: Directors Ackerman, Alvarez, Armstrong, Bryant, Cordero, Dennstedt, Erdman, Fellow, Fong-Sakai (teleconference posted location), Garza, Goldberg, Gray (teleconference posted location), Lefevre (teleconference posted location), Lewitt, McCoy, Ortega, Pressman, Seckel, Shepherd Romey, and Sutley.

Committee Staff present: Beatty, Boucher, Rubin, Scully, and Upadhyay.

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

None

**2. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS**

A. Subject: General Counsel's report of monthly activities

General Counsel Scully reported that settlement negotiations in San Diego County Water Authority v. Metropolitan are ongoing and there will be no closed session report.

### CONSENT CALENDAR ITEMS – ACTION

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

- A.            Subject:            Approval of the Minutes of the Legal and Claims Committee for March 11, 2025.

#### 4. CONSENT CALENDAR ITEMS – ACTION

- |             |         |   |
|-------------|---------|---|
| <b>7-8</b>  | Subject | 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, to streamline reporting on professional services agreements, and make a minor non-substantive change; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA |
|             | Motion  | 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   |
| <b>7-18</b> | Subject | Authorize increase in the maximum 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; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA   |
|             | Motion  | 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   |

The following Directors provided comments or asked questions:

1.        Miller

Staff responded to the Directors questions and comments.

No presentations were given, Director Camacho made a motion, seconded by Director Douglas, to approve item 3A, 7-8, and 7-18.

The vote was:

Ayes: Directors Camacho, Crawford, De Jesus, Dick, Douglas, Katz, Kurtz, Luna, McMillan, and Miller  
Noes: None  
Abstentions: None  
Absent: Directors Ramos

The motion for Item 3A, 7-8 and 7-18 passed by a vote of 10 ayes, 0 noes, 0 abstentions, and 1 absent.

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

Chair Luna called the meeting into closed session.

### **5. OTHER BOARD ITEMS – ACTION**

**8-2**            Subject            Report on litigation in Maria Carmen Zarate v. Metropolitan Water District of Southern California, Los Angeles County Superior Court Case No. 23STCV15786; and 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; 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)]

Presented by:    Henry Torres, Assistant General Counsel

Motion:            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

Chair Luna reported there was no action taken in closed session.

In open session, Director Camacho made a motion, seconded by Director De Jesus to approve the contract increase.

The vote was:

Ayes: Directors Camacho, Crawford, De Jesus, Dick, Douglas, Katz, Kurtz, Luna, McMillan, and Miller  
Noes: None  
Abstentions: None  
Absent: Directors Ramos

The motion for Item 8-2 passed by a vote of 10 ayes, 0 noes, 0 abstentions, and 1 absent.

## **6. BOARD INFORMATION ITEMS**

None

## **7. COMMITTEE ITEMS**

- a.           Subject:       Report on litigation in San Diego County Water Authority v. 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 appeals, San Francisco County Superior Court Case 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)]

Item deferred.

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

None

## **9. FUTURE AGENDA ITEMS**

Director McMillan asked whether the question regarding setting agenda items-having one agenda, which was raised at the March meeting, had been looked into. Chair Luna suggested that there should be a presentation at an upcoming meeting. Chair Ortega stated that it is a subject appropriate to the Executive Committee and should be considered there.



Next meeting will be held on June 10, 2025.

Meeting adjourned at 11:00 a.m.

Miguel Luna  
Chair



Special Legal and Claims Committee

# Overview Settlement of SDCWA v. Metropolitan, et al.

Item 7a

June 23, 2025

## SDCWA v. MWD, et al. Settlement Overview

# Exchange Agreement Price Term

**Previous Agreement:** Unit price tied to MWD transportation rate elements - equivalent to MWD's generally applicable rates for conveyance adopted "pursuant to applicable laws and regulations"

**Current Agreement:**

- Fixed unit price at specified \$ amount
- 10-year price schedule, escalated at 4.6% average annual increase through 2034
  - 2025: \$622/AF – 2034: \$930/AF
- Neutral index for escalation beyond 10 years

SDCWA v.  
MWD, et al.  
Settlement  
Overview

# New Price through 2034

## Exchange Price Term CYs 2025 – 2034

Effective Date	Exchange Price \$ per AF
January 1, 2025	\$622 (Already paying this)
January 1, 2026	\$671
January 1, 2027	\$671
January 1, 2028	\$703
January 1, 2029	\$737
January 1, 2030	\$772
January 1, 2031	\$809
January 1, 2032	\$848
January 1, 2033	\$888
January 1, 2034	\$930

SDCWA v.  
MWD, et al.  
Settlement  
Overview

# New Price Escalator

Years 11 Through Remainder of Term: Price per AF adjustment per Consumer Price Index for All Urban Consumers (CPI-U) for water and sewerage, as published by the U.S. Bureau of Labor Statistics

Index:	Consumer Price Index for All Urban Consumers (CPI-U)
Series ID:	CUUR0000SEHG01
Series Title:	Water and sewerage maintenance in U.S. city average, all urban consumers, not seasonally adjusted
Area:	U.S. city average
Item:	Water and sewerage maintenance
Base Period:	1982-84 = 100

## SDCWA v. MWD, et al. Settlement Overview

# New Fixed Revenue for Metropolitan

**Previous Agreement:** All volumetric unit price for water exchanged

**Current Agreement:** Minimum annual payment for a fixed amount

- Beginning Jan. 1, 2026– SDCWA to pay minimum Exchange Unit Price for 227,000 AF each year regardless of amount of water actually exchanged
- Fixed amount billed in 12 equal installments

SDCWA v.  
MWD, et al.  
Settlement  
Overview

## Flexibility in Deliveries for SDCWA

**Previous Agreement:** Deliveries in 12 equal installments

**Current Agreement:** SDCWA has flexibility to take deliveries as needed and as operationally feasible for MWD and SDCWA

## SDCWA v. MWD, et al. Settlement Overview

### Potential Term Extension

**Previous Agreement:** Term for IID Transfer Water ends in 2047

**Current Agreement:** Potential for automatic extension to match IID Transfer Agreement extension. Otherwise, MWD Board must approve

- Automatic extension, unless:
  - Amount of transfer is reduced by more than 50,000/AF
- The term of the Exchange Agreement for canal lining water remains through 2112



## SDCWA v. MWD, et al. Settlement Overview

# SDCWA Transfers to Benefit Metropolitan Service Area

**Previous Agreement:** All IID conserved water transferred or canal lining water allocated to SDCWA will be made available for exchange

**Current Agreement:** SDCWA may transfer water as follows:

- First Right of Refusal – to MWD Member Agencies
  - May transfer right to receive exchange water deliveries to MA; price to be negotiated between SDCWA and MA; nothing else changes in the exchange of water
- Second Right of Refusal – to MWD
  - May transfer IID and/or canal lining water to MWD at Lake Havasu @ designated price

# SDCWA v. MWD, et al. Settlement Overview

## Metropolitan's Second Right of Refusal – Applicable Purchase Price

Price set at Melded Price of IID and Canal Lining Water Costs

Flow Weighted Average Price Formula	Price \$ per AF
$\frac{\text{Total Annual Transfer Agreement Water Costs} \pm \text{Total Annual Canal Lining Costs}}{\text{Total water available for transfer to SDCWA from IID and total canal water allocated to SDCWA in the year of the offer}}$	\$/AF

## SDCWA v. MWD, et al. Settlement Overview

# SDCWA Transfers to Benefit Metropolitan Service Area – Process and Scope

- Notice timing and process outlined in agreement
- Rights to transfer pertain to the Exchange Agreement between the parties—nothing in the new Exchange Agreement governs SDCWA's ability to make such transfers under IID Agreement, Allocation Agreement for canal lining water, or Colorado River laws, rules, or regulations.

## SDCWA v. MWD, et al. Settlement Overview

### Overview of Other Terms

- Water Ownership - Clarified further nature of exchange transaction by confirming MWD owns the water when Made Available at Lake Havasu.
- Waivers and Releases - SDCWA and Metropolitan each release and waive all claims whether known or unknown
- Dismissals - Pending cases will be dismissed within 21 days of agreement, with prejudice including all complaints, cross-complaints, claims and cross-claims and the cases pending in the Court of Appeal

## SDCWA v. MWD, et al. Settlement Overview

### Overview of Other Terms – Offsetting Benefits

- Any future challenge by SDCWA of any acts or omissions shall not include any claim by SDCWA that Metropolitan is required to and/or has failed to determine “Offsetting Benefits” in connection with any of its prior rates, and/or that Metropolitan is required to and/or has failed to apply “Offsetting Benefits” to the Exchange agreement including to the price for any water delivered under the Exchange Agreement through the Termination Date of the Exchange Agreement.

## SDCWA v. MWD, et al. Settlement Overview

### Overview of Other Terms (Cont'd)

- Payment to MWD – SDCWA to pay attorneys' fees and costs for 2014-2018 cases ~ \$3.77 million within 21 days of filing of dismissals
- The Parties agree to meet every five years during the term of the Agreement to discuss ongoing implementation of the Agreement.
- This does not create a unilateral right of either party to an amendment or modification of the Agreement.



