

MINUTES
REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
April 12, 2022

52760 The Board of Directors of The Metropolitan Water District of Southern California met in regular session on Tuesday, April 12, 2022.

Chairwoman Gray called the teleconference meeting to order at 12:41 PM.

52761 The Meeting was opened with an invocation by Mitch Lahouti, Metropolitan Retiree.

52762 The Pledge of Allegiance was given by Director David De Jesus, Three Valleys Municipal Water District.

Chairwoman Gray made remarks regarding Earth Day in honor of Metropolitan employees and the religious holidays celebrated this spring.

52763 Board Secretary Abdo administered the roll call. Those responding present were: Directors Abdo, Ackerman, Atwater, Blois, Camacho, Cordero, De Jesus, Dennstedt, Dick, Erdman, Faessel, Fellow, Fong-Sakai, Gray, Hawkins, Jung, Kassakhian, Kurtz, Lefevre, Luna, McCoy, Miller, Morris, Ortega, Peterson, Phan, Pressman, Quinn, Ramos, Record, Smith, Sutley, Tamaribuchi, and Williams.

Those not responding were: Directors Goldberg, Petersen, and Repenning

Director Apodaca entered the meeting after roll call

Board Secretary Abdo declared a quorum present.

52764 Member Agency Overview: Sunny Wang, Water Resources Manager, City of Santa Monica.

Director Abdo introduced Water Resources Manager, Sunny Wang who presented a member agency overview for the City of Santa Monica.

52765 Chairwoman Gray invited members of the public to address the Board on matters within the Board's jurisdiction.

	Name	Affiliation	Item
1.	Justin Scott-Coe	General Manager at Monte Vista Water District	Water Shortage Emergency Condition Proposed Water Rate Increase & Sites Reservoir Project
2.	Caty Wagner	Sierra Club of California	Water Shortage Emergency Condition Proposed Water Rate Increase & Sites Reservoir Project
3.	Randall Reed	Cucamonga Valley Water District	Water Shortage Emergency Condition Proposed Water Rate Increase & Sites Reservoir Project
4.	Grace Marvin	Sierra Club, Blue Oak Group Chapter Conservation Chair	Proposed Water Rate Increase & Sites Reservoir Project
5.	Doug Obegi	Sr. Attorney, Natural Resources Defense Council, Inc.	Proposed Water Rate Increase & Sites Reservoir Project Committee Assignments
6.	Rosie Lopez	City of San Fernando Resident Youth Education Advocate with Save California Salmon	Sites Reservoir Project
7.	Araceli Moreno		Sites Reservoir Project
8.	Jerry Brown	Executive Director Sites Reservoir	Sites Reservoir Project
9.	Dr. Thomas Williams	Sierra Club	Sites Reservoir Project Proposed Water Rate Increase & Sites Reservoir Project
10.	Janet Hayes	Resident City of Placerville	Project & Bay- Delta Watershed Voluntary Agreements
11.	Name not given	Environmental Water Caucus and Environmental Justice Coalition for Water	Proposed Water Rate Increase & Sites Reservoir Project
12.	Steve Usher	San Diego tax and ratepayer	Sites Reservoir Project
13.	Sydney		Sites Reservoir Project
14.	Elizabeth	Vice Chair, Shingle Springs & Director, Indian Traditional Ecological Knowledge	Sites Reservoir Project

15.	Name not given	Los Angeles resident	Proposed Water Rate Increase & Sites Reservoir Project
16.	Maura Monagan	Policy & Government Affairs Manager, Los Angeles WaterKeeper	Proposed Water Rate Increase & Sites Reservoir Project
17.	Ellen Mackey Patrick	Senior Ecologist, Chair of the Women's Caucus, Metropolitan Employee	General Counsel's Summary of Activities
18.	Porganism	Sacramento Valley	Sites Reservoir Project
19.	Yvonne Martinez Watson	Chair Environmental and Social Justice Committee Sierra Club California	Proposed Water Rate Increase & Sites Reservoir Project
20.	Kasil Willie	Staff Attorney, Safe California Salmon	Sites Reservoir Project
21.	Denise Clarmont	Los Angeles resident	Proposed Water Rate Increase & Sites Reservoir Project
22.	Lionel Motten, MPA	Los Angeles resident	Proposed Water Rate Increase & Sites Reservoir Project
23.	Sherry Ross	Southern California ratepayer	Proposed Water Rate Increase & Sites Reservoir Project

The following Director asked questions or made comments:

Director(s)

1. Quinn

Staff responded to the Directors' comments or questions.

Chairwoman Gray addressed the following: Other Matters and Reports.

52766 Chairwoman Gray asked if there were any changes 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. No amendments were made.

52767 Chairwoman Gray referred to her monthly report, which was previously posted and distributed to the Board. Chairwoman stated she had nothing to add to her report.

52768 Regarding matters relating to Metropolitan's operations and activities, General Manager Hagekhalil, reported on the following:

1. Reported Metropolitan staff returned to working at Headquarters with a hybrid schedule beginning April 2, 2022.
2. Acknowledged Earth Day and highlighted Metropolitan innovation efforts.
3. Reported Metropolitan agendaized a special Organization, Personnel and Technology Committee meeting to discuss the reforms made from the Shaw report.

Additional information on the General Manager's activities may be found in his written monthly report.

52769 General Counsel Scully stated she had nothing to add to her written report.

52770 General Auditor Riss, reported on the following:

1. Reported the Fuel Management report was issued with a less than satisfactory rating. Further details will be discussed at the May Audit & Ethics Committee.
2. Announced his retirement scheduled for June 1, 2022.

Chairwoman Gray and Director Peterson made remarks regarding the General Auditor's retirement announcement.

52771 Ethics Officer Salinas stated he had nothing to add to his report.

Chairwoman Gray addressed the Consent Calendar Items for April 2022.

52772 Chairwoman Gray asked Directors if there were any comments or discussions on the approval of the Minutes of the Regular Meeting for March 8, 2022, the Special Meeting for March 22, 2022, and the Special Meeting for March 29, 2022 (Agenda Item 6A). No comments or requests were made.

Director Camacho announced that pursuant to Government Code section 1090, he receives a per diem from Inland Empire Utilities Agency and will not participate in Item 7-11. He also announced he was disqualified from voting (including abstaining) on a contract between Metropolitan and their member agency and he would not participate in Item 7-11.

Director Ortega abstained himself from the Minutes of the Regular Meeting for March 8, 2022, due to his absence.

Director Phan recused herself for Item 7-17, due to Exponent, Inc. being a client of her employer Rutan & Tucker, LLP.

Director Smith recused himself for Item 7-9, due to his ownership in AT&T stock.

Director Blois recused himself for Item 7-9, due to his ownership in AT&T stock.

Director Dennstedt announced that pursuant to Government Code section 1090, she receives a per diem from Western Municipal Water District and will not participate in Item 7-10. She also announced she was disqualified from voting (including abstaining) on a contract between Metropolitan and their member agency and she would not participate in Item 7-10.

52773 Adopt resolution to continue remote teleconference meetings pursuant to the Brown Act Section 54953(e) for meetings of Metropolitan's legislative bodies for a period of 30 days (Agenda Item 6B).

The following Director asked questions or made comments:

Director(s)

- | |
|-------------|
| 1. Peterson |
|-------------|

Staff responded to the Directors' comments or questions.

52774 Approval of Committee Assignments (Agenda Item 6C).

Director Kassakhian was removed from the Legal & Claims Committee and appointed to the Communications & Legislation Committee.

52775 Chairwoman Gray addressed the Consent Calendar Items – Action for April 2022.

Chairwoman Gray called on the Committee Chairs to give a report of the Consent Calendar Action Items as discussed at their Committees.

52776 Authorize the General Manager to adopt the 2020 Integrated Water Resources Plan Regional Needs Assessment, as set forth in Agenda Item 7-1 board letter.

Director Smith requested that Item 7-2 be voted on separately from Consent Calendar Action Items.

Director Record requested that Item 7-3 be voted on separately from Consent Calendar Action Items.

52777 Authorize an agreement with Stantec Consulting Services, Inc. for a not-to-exceed amount of \$8.5 million for design and equipment procurement to upgrade the control system at the Mills plant; and authorize an increase of \$1.95 million to an agreement with CH2M Hill Engineers, Inc for a new not-to-exceed amount of \$4.435 million to provide specialized technical support for the upgrade, as set forth in Agenda Item 7-4 board letter.

52778 Appropriate \$600 million for projects identified in the Capital Investment Plan for Fiscal Years 2022/23 and 2023/24 and authorize the General Manager to initiate or continue with work on the capital projects described in the Capital Investment Plan Appendix for Fiscal Years 2022/23 and 2023/24 and Minor Capital Projects to be identified during the biennial period, subject to any limits on the General Manager's authority and CEQA requirements, as set forth in Agenda Item 7-5 board letter.

52779 Adopt the CEQA determination that the proposed project was previously addressed in the approved 2014 Mitigated Negative Declaration and related CEQA documentation, and that no further environmental analysis or documentation is required and award a \$17,226,250 contract to Spiniello Infrastructure West, Inc. to reline a portion of the Orange County Feeder; and authorize General Manager to enter into a new 24-month lease agreement, with an 18-month option to extend, at 2750 Bristol Street in Costa Mesa, CA (Assessor's Parcel No. 418 182-05) in an amount not to exceed \$360,000, as set forth in Agenda Item 7-6 board letter.

52780 Adopt the General Manager's Strategic Priorities, as set forth in Agenda Item 7-7 board letter.

52781 Authorize granting a ten-year license agreement, with two, five-year options to New Cingular Wireless, PCS LLC for telecommunication purposes, as set forth in Agenda Item 7-8 board letter.

52782 Authorize granting a ten-year license agreement, with two five-year options to CCATT LLC for telecommunication purposes, as set forth in Agenda Item 7-9 board letter.

52783 Authorize the General Manager to enter into a one-year agreement with Western Municipal Water District, Rubidoux Community Services District, West Valley Water District, and San Bernardino Valley Municipal Water District to provide Rubidoux assistance with water deliveries, subject to a possible extension if approved by the Board following a review by the General Manager on alternative means of addressing Rubidoux's needs, as Amended at Committee and set forth in Agenda Item 7-10 board letter.

52784 Authorize the General Manager to negotiate an agreement consistent with the draft terms of the Metropolitan Water District/Inland Empire Utilities Agency Exchange Agreement, as set forth in Agenda Item 7-11 board letter.

52785 Authorize the General Manager to: secure one-year water transfers with various water districts north of the Sacramento-San Joaquin River Delta for up to 75,000 AF of additional supplies; secure storage and conveyance agreements with the Department of Water Resources and various water districts north of the Sacramento-San Joaquin River Delta to facilitate these transfers consistent with Articles 55 and 56 of Metropolitan's State Water Project Supply Contract; pay up to \$60 million from the State Water Project Budget for such transfers; and grant the General Manager final decision-making authority to determine whether or not to move forward with these transfers following completion of any environmental reviews required under CEQA, subject to the terms and conditions set forth in this letter, as set forth in Agenda Item 7-12 board letter.

Director Quinn requested that Item 7-13 be voted on separately from Consent Calendar Action Items.

Agenda Item 7-14 was withdrawn.

Agenda Item 7-15 was withdrawn.

52786 Express a support position on SB 991 (Newman, D-Fullerton): Public contracts: progressive design-build: local agencies, as set forth in Agenda Item 7-16 board letter.

52787 Authorize an increase in the maximum amount payable under contract with Musick, Peeler & Garrett LLP, for legal services by \$600,000 to an amount not to exceed \$900,000; and authorize an increase in the maximum amount payable under contract with Exponent, Inc. for consultant services by \$300,000 to an amount not to exceed \$400,000, as set forth in Agenda Item 7-17 board letter.

52788 Authorize settlement as contained in Board Letter 7-18 for John Campbell v. The Metropolitan Water District of Southern California, Workers Compensation Appeals Board, Riverside, Case Numbers ADJ11262832, ADJ9311537, ADJ7783020, and ADJ8290584, as set forth in Agenda Item 7-18 board letter.

Chairwoman Gray called for a vote to approve the Consent Calendar Items 6A, 6B, 6C, 7-1, 7-4 through 7-12, and 7-16 through 7-18 **(M.I. 52772 through 52788)**.

Director Apodaca entered the meeting.

Director Morris moved, seconded by Director Fellow that the Board approve the Consent Calendar Items 6A, 6B, 6C, 7-1, 7-4 through 7-12, and 7-16 through 7-18 as follows:

The following is a record of the vote:

Record of Vote on Consent Item(s):		6A, 6B, 6C, 7-1, 7-4 through 7-12, and 7-16 through 7-18							
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	5277	Faessel							
Beverly Hills	4056	Pressman	x	x	4056				
Burbank	2666	Ramos	x	x	2666				
Calleguas Municipal Water District	11552	Blois	x	x	11552				
Central Basin Municipal Water District	17051	Apodaca	x	x	8526				
		Hawkins	x	x	8526				
			Subtotal:		17051				
Compton	553	McCoy	x	x	553				
Eastern Municipal Water District	9492	Record	x	x	9492				
Foothill Municipal Water District	2131	Atwater	x	x	2131				
Fullerton	2255	Jung	x	x	2255				
Glendale	3622	Kassakhian	x	x	3622				
Inland Empire Utilities Agency	13433	Camacho	x	x	13433				
Las Virgenes	2741	Peterson	x	x	2741				
Long Beach	5772	Cordero	x	x	5772				
Los Angeles	70689	Sutley	x	x	23563				
		Petersen							
		Quinn	x	x	23563				
		Luna	x	x	23563				
		Repenning							
			Subtotal:		70689				
Municipal Water Dist. of Orange County	57264	Ackerman	x	x	14316				
		Tamaribuchi	x	x	14316				
		Dick	x	x	14316				
		Erdman	x	x	14316				
			Subtotal:		57264				
Pasadena	3522	Kurtz	x	x	3522				
San Diego County Water Authority	58302	Fong-Sakai	x	x	19434				
		Goldberg							
		Miller	x	x	19434				
		Smith	x	x	19434				
			Subtotal:		58302				
San Fernando	224	Ortega	x	x	224				
San Marino	730	Morris	x	x	730				
Santa Ana	3035	Phan	x	x	3035				
Santa Monica	4352	Abdo	x	x	4352				
Three Valleys Municipal Water District	7753	De Jesus	x	x	7753				
Torrance	3237	Lefevre	x	x	3237				
Upper San Gabriel Valley Mun. Wat. Dist.	11942	Fellow	x	x	11942				
West Basin Municipal Water District	23608	Williams	x	x	11804				
		Gray	x	x	11804				
			Subtotal:		23608				
Western Municipal Water District	12466	Dennstedt	x	x	12466				
Total	337725				332448				
Present and not voting									
Absent	5277								

The motion to approve the Consent Calendar Items 6A, 6B, 6C, 7-1, 7-4 through 7-12, and 7-16 through 7-18 (**M.I. 52772 through 52788**), passed by a vote of 332,448 ayes; 0 noes; 0 abstain; 0 not voting; and 5,277 absent.

***Note: Individual vote tally for Item 6A**

Director Ortega abstained on Item 6A the March 8, 2022 minutes. The motion to approve the Consent Calendar Item 6A passed by a vote of 332,224 ayes; 0 noes; 224 abstain; 0 not voting; and 5,277 absent.

***Note: Individual vote tally for Item 6B**

Director Peterson voted No on Item 6B. The motion to approve the Consent Calendar Item 6B passed by a vote of 329,707 ayes; 2,741 noes; 0 abstain; 0 not voting; and 5,277 absent.

***Note: Individual vote tally for Item 7-6**

Director Dennstedt voted No on item 7-6. The motion to approve the Consent Calendar Item 7-6 passed by a vote of 319,982 ayes; 12,466 noes; 0 abstain; 5,277 not voting; and 0 absent.

***Note: Individual vote tally for Item 7-9**

Directors Blois and Smith recused from item 7-9. The motion to approve the Consent Calendar Item 7-9 passed by a vote of 320,896 ayes; 0 noes; 0 abstain; 11,552 not voting; and 5,277 absent.

***Note: Individual vote tally for Item 7-10**

Director Dennstedt recused from item 7-10. The motion to approve the Consent Calendar Item 7-10 passed by a vote of 319,982 ayes; 0 noes; 0 abstain; 12,466 not voting; and 5,277 absent.

***Note: Individual vote tally for Item 7-11**

Director Camacho recused from item 7-11. The motion to approve the Consent Calendar Item 7-11 passed by a vote of 319,015 ayes; 0 noes; 0 abstain; 13,433 not voting; and 5,277 absent.

***Note: Individual vote tally for Item 7-17**

Director Phan recused from item 7-17. The motion to approve the Consent Calendar Item 7-17 passed by a vote of 329,413 ayes; 0 noes; 0 abstain; 3,035 not voting; and 5,277 absent.

Chairwoman Gray called on Director Smith to discuss Item 7-2.

52789 Adopt the resolution finding that for fiscal years 2022/23 through 2025/26, the ad valorem property tax rate limitation of Metropolitan Water District Act Section 124.5 is not applicable because it is essential to Metropolitan's fiscal integrity to collect ad valorem property taxes in excess of the limitation, as set forth in Agenda Item 7-2 board letter.

Letters received from the San Diego County Water Authority General Counsel Mark Hattam dated February 3, 2022, and April 12, 2022 addressed to General Counsel

Scully will be added to the record. (The letters were received via email on February 3, 2022 at 4:18 pm and April 12, 2022 at 10:47 am.)

Director Smith moved, seconded by Director Miller that the Board approve Item 7-2 Option 2 as follows:

Record of Vote on Item:	7-2 Option 2								
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	5277	Faessel							
Beverly Hills	4056	Pressman	x			x	4056		
Burbank	2666	Ramos	x			x	2666		
Calleguas Municipal Water District	11552	Blois	x			x	11552		
Central Basin Municipal Water District	17051	Apodaca	x			x	8526		
		Hawkins	x			x	8526		
		Subtotal:					17051		
Compton	553	McCoy	x			x	553		
Eastern Municipal Water District	9492	Record	x			x	9492		
Foothill Municipal Water District	2131	Atwater	x			x	2131		
Fullerton	2255	Jung	x			x	2255		
Glendale	3622	Kassakhian	x			x	3622		
Inland Empire Utilities Agency	13433	Camacho	x			x	13433		
Las Virgenes	2741	Peterson	x			x	2741		
Long Beach	5772	Cordero	x			x	5772		
Los Angeles	70689	Sutley	x	x	23563				
		Petersen							
		Quinn	x	x	23563				
		Luna	x			x	23563		
		Repenning							
		Subtotal:			47126		23563		
Municipal Water Dist. of Orange County	57264	Ackerman	x			x	14316		
		Tamaribuchi	x			x	14316		
		Dick	x			x	14316		
		Erdman	x			x	14316		
		Subtotal:					57264		
Pasadena	3522	Kurtz	x			x	3522		
San Diego County Water Authority	58302	Fong-Sakai	x	x	19434				
		Goldberg							
		Miller	x	x	19434				
		Smith	x	x	19434				
		Subtotal:			58302				
San Fernando	224	Ortega	x			x	224		
San Marino	730	Morris	x			x	730		
Santa Ana	3035	Phan	x			x	3035		
Santa Monica	4352	Abdo	x			x	4352		
Three Valleys Municipal Water District	7753	De Jesus	x			x	7753		
Torrance	3237	Lefevre	x			x	3237		
Upper San Gabriel Valley Mun. Wat. Dist.	11942	Fellow	x			x	11942		
West Basin Municipal Water District	23608	Williams	x			x	11804		
		Gray	x			x	11804		
		Subtotal:					23608		
Western Municipal Water District	12466	Dennstedt	x			x	12466		
Total	337725				105428		227020		
Present and not voting									
Absent	5277								

The motion to approve Item 7-2 for Option 2 failed by a vote of 105,428 ayes; 227,020 noes; 0 abstain; 0 not voting; and 5,277 absent.

Director Record moved, seconded by Director Dick that the Board approve Item 7-2 Option 1 as follows:

Record of Vote on Item:		7-2 Option 1							
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	5277	Faessel							
Beverly Hills	4056	Pressman	x	x	4056				
Burbank	2666	Ramos	x	x	2666				
Calleguas Municipal Water District	11552	Blois	x	x	11552				
Central Basin Municipal Water District	17051	Apodaca	x	x	8526				
		Hawkins	x	x	8526				
			Subtotal:		17051				
Compton	553	McCoy	x	x	553				
Eastern Municipal Water District	9492	Record	x	x	9492				
Foothill Municipal Water District	2131	Atwater	x	x	2131				
Fullerton	2255	Jung	x	x	2255				
Glendale	3622	Kassakhian	x	x	3622				
Inland Empire Utilities Agency	13433	Camacho	x	x	13433				
Las Virgenes	2741	Peterson	x	x	2741				
Long Beach	5772	Cordero	x	x	5772				
Los Angeles	70689	Sutley	x	x	23563				
		Petersen							
		Quinn	x	x	23563				
		Luna	x	x	23563				
		Repenning							
			Subtotal:		70689				
Municipal Water Dist. of Orange County	57264	Ackerman	x	x	14316				
		Tamaribuchi	x	x	14316				
		Dick	x	x	14316				
		Erdman	x	x	14316				
			Subtotal:		57264				
Pasadena	3522	Kurtz	x	x	3522				
San Diego County Water Authority	58302	Fong-Sakai	x					x	19434
		Goldberg							
		Miller	x			x	19434		
		Smith	x			x	19434		
			Subtotal:				38868		19434
San Fernando	224	Ortega	x	x	224				
San Marino	730	Morris	x	x	730				
Santa Ana	3035	Phan	x	x	3035				
Santa Monica	4352	Abdo	x	x	4352				
Three Valleys Municipal Water District	7753	De Jesus	x	x	7753				
Torrance	3237	Lefevre	x	x	3237				
Upper San Gabriel Valley Mun. Wat. Dist.	11942	Fellow	x	x	11942				
West Basin Municipal Water District	23608	Williams	x	x	11804				
		Gray	x	x	11804				
			Subtotal:		23608				
Western Municipal Water District	12466	Dennstedt	x	x	12466				
Total	337725				274146		38868		19434
Present and not voting									
Absent	5277								

The motion to approve Item 7-2 Option 1 (**M.I. 52789**) passed by a vote of 274,146 ayes; 38,868 noes; 19,434 abstain; 0 not voting; and 5,277 absent.

Chairwoman Gray called on Assistant General Manager Chief Financial Officer, Katano Kasaine and General Manager Adel Hagekhalil to introduce Item 7-3. Staff provided a brief presentation on option 4.

52790 Approve Item 7-3 Option 4 as introduced:

- Approve the FY 2022/23 and FY 2023/24 Proposed Biennial Budget with overall rate increases of 5 percent in CY 2023 and 5 percent in CY 2024, which includes \$3,794.5M in appropriations for ongoing operations, bond-financed conservation and supply programs, and debt service obligations;
- Authorize the use of \$270M in operating revenues to fund the Capital Investment Plan for FYs 2022/23 and 2023/24;
- Determine the revenue requirements to be \$1,670.9M in FY 2022/23 and \$1,763.6M in FY 2023/24;
- Approve the Ten-Year Financial Forecast
- Adopt resolutions fixing and adopting the Readiness-To-Serve Charge, Capacity Charge, and Water Rates
- Authorize a change in the method of installing, keeping, and rendering all accounts from a modified-accrual basis method of accounting to a cash method of accounting for the purpose of budgeting.

The following Director asked questions or made comments:

	Director(s)
1.	Quinn
2.	Kurtz
3.	Miller
4.	Ramos
5.	Smith
6.	De Jesus

Staff responded to the Directors' comments or questions.

Director Ortega moved, seconded by Director Quinn that the Board approve Item 7-3 Option 4 as follows:

Record of Vote on Item:	7-3 Option 4								
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	5277	Faessel							
Beverly Hills	4056	Pressman	x	x	4056				
Burbank	2666	Ramos	x	x	2666				
Calleguas Municipal Water District	11552	Blois	x	x	11552				
Central Basin Municipal Water District	17051	Apodaca	x	x	8526				
		Hawkins	x	x	8526				
			Subtotal:		17051				
Compton	553	McCoy	x	x	553				
Eastern Municipal Water District	9492	Record	x	x	9492				
Foothill Municipal Water District	2131	Atwater	x	x	2131				
Fullerton	2255	Jung	x	x	2255				
Glendale	3622	Kassakhian	x	x	3622				
Inland Empire Utilities Agency	13433	Camacho	x	x	13433				
Las Virgenes	2741	Peterson	x	x	2741				
Long Beach	5772	Cordero	x	x	5772				
Los Angeles	70689	Sutley	x	x	23563				
		Petersen							
		Quinn	x	x	23563				
		Luna	x	x	23563				
		Repenning							
			Subtotal:		70689				
Municipal Water Dist. of Orange County	57264	Ackerman	x	x	14316				
		Tamaribuchi	x	x	14316				
		Dick	x	x	14316				
		Erdman	x	x	14316				
			Subtotal:		57264				
Pasadena	3522	Kurtz	x	x	3522				
San Diego County Water Authority	58302	Fong-Sakai	x	x	19434				
		Goldberg							
		Miller	x	x	19434				
		Smith	x	x	19434				
			Subtotal:		58302				
San Fernando	224	Ortega	x	x	224				
San Marino	730	Morris	x	x	730				
Santa Ana	3035	Phan	x	x	3035				
Santa Monica	4352	Abdo	x	x	4352				
Three Valleys Municipal Water District	7753	De Jesus	x	x	7753				
Torrance	3237	Lefevre	x	x	3237				
Upper San Gabriel Valley Mun. Wat. Dist.	11942	Fellow	x	x	11942				
West Basin Municipal Water District	23608	Williams	x	x	11804				
		Gray	x	x	11804				
			Subtotal:		23608				
Western Municipal Water District	12466	Dennstedt	x	x	12466				
Total	337725				332448				
Present and not voting									
Absent	5277								

The motion to approve Item 7-3 Option 4 (**M.I. 52790**) passed by a vote of 332,448 ayes; 0 noes; 0 abstain; 0 not voting; and 5,277 absent.

Chairwoman Gray called on Director Quinn to introduce Item 7-13.

52791 (a) Authorize the General Manager to sign the Third Amendment to the 2019 Reservoir Project Agreement with the Sites Project Authority and other participants for participation in the Amendment 3 Workplan process for an amount not to exceed \$20,000,000; and (b) appropriate \$20,000,000 for the Amendment 3 Workplan based on reserving 311,700 acre-feet of storage rights, which is equivalent to approximately 50,000 AF of annual water supply reservoir releases, as set forth in Agenda Item 7-13 board letter.

The following Directors asked questions or made comments:

	Director(s)
1.	Quinn
2.	De Jesus
3.	Camacho
4.	Record
5.	Peterson
6.	Sutley
7.	Morris
8.	Ortega
9.	Abdo
10.	Lefevre
11.	Pressman
12.	Cordero
13.	Tamaribuchi
14.	Ramos

Staff responded to the Directors' comments or questions.

Director Morris moved, seconded by Director Peterson that the Board approve Item 7-13 as follows:

Record of Vote on Item:		7-13							
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	5277	Faessel							
Beverly Hills	4056	Pressman	x	x	4056				
Burbank	2666	Ramos	x			x	2666		
Calleguas Municipal Water District	11552	Blois	x	x	11552				
Central Basin Municipal Water District	17051	Apodaca	x	x	8526				
		Hawkins	x	x	8526				
			Subtotal:		17051				
Compton	553	McCoy	x	x	553				
Eastern Municipal Water District	9492	Record	x	x	9492				
Foothill Municipal Water District	2131	Atwater	x	x	2131				
Fullerton	2255	Jung	x	x	2255				
Glendale	3622	Kassakhian							
Inland Empire Utilities Agency	13433	Camacho	x	x	13433				
Las Virgenes	2741	Peterson	x	x	2741				
Long Beach	5772	Cordero	x			x	5772		
Los Angeles	70689	Sutley	x			x	23563		
		Petersen							
		Quinn	x			x	23563		
		Luna	x			x	23563		
		Repenning							
			Subtotal:				70689		
Municipal Water Dist. of Orange County	57264	Ackerman	x	x	14316				
		Tamaribuch	x	x	14316				
		Dick	x	x	14316				
		Erdman	x	x	14316				
			Subtotal:		57264				
Pasadena	3522	Kurtz							
San Diego County Water Authority	58302	Fong-Sakai	x					x	19434
		Goldberg							
		Miller	x					x	19434
		Smith	x					x	19434
			Subtotal:						58302
San Fernando	224	Ortega	x			x	224		
San Marino	730	Morris	x	x	730				
Santa Ana	3035	Phan	x			x	3035		
Santa Monica	4352	Abdo	x	x	4352				
Three Valleys Municipal Water District	7753	De Jesus	x	x	7753				
Torrance	3237	Lefevre	x	x	3237				
Upper San Gabriel Valley Mun. Wat. Dist.	11942	Fellow	x	x	11942				
West Basin Municipal Water District	23608	Williams	x	x	11804				
		Gray	x	x	11804				
			Subtotal:		23608				
Western Municipal Water District	12466	Dennstedt	x	x	12466				
Total	337725				184616		82386		58302
Present and not voting									
Absent	12421								

The motion to approve Item 7-13 (**M.I. 52791**) passed by a vote of 184,616 ayes; 82,386 noes; 58,302 abstain; 0 not voting; and 12,421 absent.

52792 Chairwoman Gray stated there were no Other Items - Action.

52793 Chairwoman Gray asked if there were questions or need for discussion for Board Information Item 9-1. No requests were made.

52794 Chairwoman Gray asked if there were questions or need for discussion for Board Information Item 9-2. No requests were made.

52795 Chairwoman Gray asked if there were any Other Matters. No requests were made.

52796 Chairwoman Gray asked if there were any Follow-up Items. No requests were made.

52797 Chairwoman Gray asked if there were any future agenda items. No requests were made.

52798 There being no objection, at 4:00 PM Chairwoman Gray adjourned the meeting.


GLORIA D. GRAY
CHAIRWOMAN


JUDY ABDO
SECRETARY

February 3, 2022

MEMBER AGENCIES

Carlsbad
Municipal Water District
City of Del Mar
City of Escondido
City of National City
City of Oceanside
City of Poway
City of San Diego
Fallbrook
Public Utility District
Helix Water District
Lakeside Water District
Olivenhain
Municipal Water District
Olay Water District
Padre Dam
Municipal Water District
Camp Pendleton
Marine Corps Base
Rainbow
Municipal Water District
Ramona
Municipal Water District
Rincon del Diablo
Municipal Water District
San Dieguito Water District
Santa Fe Irrigation District
South Bay Irrigation District
Vallecitos Water District
Valley Center
Municipal Water District
Vista Irrigation District
Yuima
Municipal Water District

OTHER
REPRESENTATIVE

County of San Diego

VIA E-MAIL

Marcia Scully, General Counsel
Metropolitan Water District of Southern California
700 N. Alameda Street
Los Angeles, CA 90012
(mscully@mwdh2o.com)

RE: Board memo 7-1: Set combined public hearing regarding: (1) the proposed water rates and charges for calendar years 2023 and 2024 necessary to meet the revenue requirements for fiscal years 2022/23 and 2023/24, and (2) review of the applicability of the MWD Act Section 124.5 ad valorem property tax limitation for fiscal years 2022/23 through 2025/26; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Dear Ms. Scully:

Under the above-referenced Board Memo 7-1, the MWD Board of Directors next week will consider setting a public hearing on suspension of MWD Act Section 124.5 tax rate limitations for a four-year period for fiscal years 2022/23 through 2025/26. Section 124.5 has a required finding that the collection of property taxes in excess of the statutory limitation is "essential to the fiscal integrity of the district." This determination must be made by the Board of Directors based on evidence in the record. We have the following concerns and objections.

First, we question whether MWD's public notice regarding "review of the applicability" of Section 124.5 provides legally sufficient notice about the real issue at hand, which is whether the statutory property tax limitation – which would otherwise reduce the amount of property taxes assessed and paid in the MWD service area – should be suspended. We reiterate this concern but will not debate the merits again since we have previously exchanged correspondence¹ on this point.

The second concern we have is with the new recommendation by staff to suspend the tax rate limitation for a *four-year period*. When MWD first began suspending the statutory tax reduction in 2014, it provided for an annual public hearing. Beginning in 2016, staff began to conduct a public hearing only once every two-years, as part of the biennial budget process. Now, staff is recommending that the board action cover a four-year period, for fiscal years 2022/23 through 2025/26. We do not believe that it will be possible for the Board to make the requisite evidentiary finding that suspension of the

¹ [Water Authority letter dated February 8, 2020](#) and [MWD letter dated February 10, 2020](#).

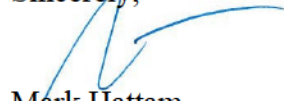
Ms. Scully
February 3, 2022
Page 2

tax rate limitation is essential to the fiscal integrity of the district so far into the future, or for a period longer than the biennial budget under consideration.

Finally, we are concerned that the schedule presented in Board Memo 7-1 will not provide the public, MWD's member agencies, or even the Board itself with the requisite information in time for the public hearing. Board Memo 7-1 references February 8, 2022 Board Information Item 9-2, but that Memo is not yet posted on the website. Are we correct to assume that the complete budget proposal will at least be presented before next week's workshop #1? We are concerned because the February 22 workshop is only two weeks prior to the public hearing and the third workshop on March 7 is one day before the public hearing. If any new information is presented at or in connection with the second and third workshops, there is no practical ability or opportunity for member agencies or the public at large to engage or even for the board itself to review all of the information and make the requisite determination under Section 124.5.

Thank you for your consideration of these matters.

Sincerely,



Mark Hattam
General Counsel

cc: Sandy Kerl, Water Authority GM
Adel Hagekhalil, MWD GM
Water Authority Board of Directors
MWD Board of Directors



Our Region's Trusted Water Leader
San Diego County Water Authority

April 12, 2022

MEMBER AGENCIES

Carlsbad
Municipal Water District
City of Del Mar
City of Escondido
City of National City
City of Oceanside
City of Poway
City of San Diego
Fallbrook
Public Utility District
Helix Water District
Lakeside Water District
Olivenhain
Municipal Water District
Otay Water District
Padre Dam
Municipal Water District
Camp Pendleton
Marine Corps Base
Rainbow
Municipal Water District
Ramona
Municipal Water District
Rincon del Diablo
Municipal Water District
San Dieguito Water District
Santa Fe Irrigation District
South Bay Irrigation District
Vallecitos Water District
Valley Center
Municipal Water District
Vista Irrigation District
Yuima
Municipal Water District
OTHER
REPRESENTATIVE
County of San Diego

VIA EMAIL

Marcia Scully, General Counsel
Metropolitan Water District of Southern California
700 N. Alameda Street
Los Angeles, CA 90012

RE: Board Item 7-3: Approve the proposed biennial budget for fiscal years 2022/23 and 2023/24, which includes the Capital Investment Plan and revenue requirements for fiscal years 2022/23 and 2023/24, and ten-year forecast; adopt resolutions fixing and adopting the water rates and charges for calendar years 2023 and 2024; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA (FI)

Dear Ms. Scully:

The Water Authority has reviewed Board Memo 7-3 and all information provided by MWD as part of its budget process with the Board of Directors and on the MWD website. We have also received and reviewed your April 11, 2022, letter responding to my April 5 letter requesting all the data and the methodology MWD has relied on for establishing its proposed rates and charges. We write to state the following objections and reservations of right on behalf of the Water Authority.

Data and Methodology. We have requested a functional version of the rate model MWD uses to set its rates and charges because it is impossible, as a practical matter, to independently verify MWD's rates, even by employing some of the most experienced rate consultants in the industry, as the Water Authority does. While MWD provides voluminous records, it is not possible without the functional rate model (aka "financial planning model") to fully understand MWD's cost of service analysis or the connection between costs and rates. The methodologies, as gleaned to the extent possible from the voluminous records, are convoluted and rely on calculations that are not included in any of the documentary information MWD has provided.

We continue to object to the refusal to provide MWD's rate model to its own member agencies. *Your policy does not even allow your own member agencies to track how MWD is establishing cost of service or assigning its costs.* As stated in prior communications, we would be willing to review the rate model under agreed-upon terms for confidentiality, even though we strongly believe that all MWD member agencies and the public are entitled to have access to MWD's rate model in order to understand the basis of MWD's rates. Please advise us right away if you are willing to make the rate

Marcia Scully, General Counsel

April 12, 2022

Page 2 of 2

model used for the current rate cycle available to the Water Authority, as it would be extremely helpful in preparing for upcoming long-term planning processes planned by the General Manager with the Board of Directors.

Finally, in response to your April 11, 2022, letter asserting we had access to MWD's 2010-2012 rate model (obtained only by court order), this has no relevance whatsoever to MWD's cost of service and rate-setting in 2022, as your own staff readily admits how dramatically circumstances have changed over the years.

Cost of Service. There are some obvious problems with the cost-of-service analysis provided by staff and intended to support the proposed biennium budget for the 2023 and 2024 calendar years. Extraordinary water transfers (due to drought and SWP cutback to 5%) and other water supply costs (i.e., Sites Reservoir) that have historically been allocated by MWD to its Water Supply Program are now being shifted to the State Water Project (SWP) Program. The extraordinary water transfers needed to replace lost SWP supplies, and the Sites project, are water supply, not transportation costs. We ask MWD to immediately correct this shift in the proposed budget and cost of service analysis to be consistent not only with cost-of-service requirements generally, but also with MWD's own historical past practices. Similarly, allocation of Delta Conveyance costs to transportation is inconsistent both with State Water Project contractual provisions and MWD's historic allocation of these costs, being incurred to improve water supply and water quality. The Water Authority reserves all rights in regards to such matters.

Tax Rate Suspension. I have written to you separately by letter dated February 3, 2022, regarding continued suspension of the ad valorem property tax limitation. While our MWD delegates are hopeful of finding an acceptable and lawful resolution of this issue over the next two years, the Water Authority must again reserve all rights.

General Reservation of Rights. Our agency is hopeful that resolutions may be found to cost of service and other issues under new General Manager Adel Hagekhalil over the next two years, as many strategic planning and rate processes are planned and promised. However, we reserve all rights to ensure that applicable legal requirements are met.

We appreciate MWD's consideration of these matters.

Sincerely,



Mark J. Hattam
General Counsel

cc via email:

Water Authority Board of Directors
MWD Board of Directors
Sandra L. Kerl, SDCWA General Manager
Adel Hagekhalil, MWD General Manager