The Metropolitan Water District of Southern California



The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

Board of Directors - Final - Revised 4

May 14, 2024

2:30 PM

Tuesday, May 14, 2024 Meeting Schedule

08:30 a.m. FAM

10:30 a.m. EIA

12:00 p.m. Break

12:30 p.m. EOP

02:30 p.m. BOD

Agendas, live streaming, meeting schedules, and other board materials are available here: https://mwdh2o.legistar.com/Calendar.aspx. If you have technical difficulties with the live streaming page, a listen-only phone line is available at 1-877-853-5257; enter meeting ID: 891 1613 4145. Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via in-person or teleconference. To participate via teleconference 1-833-548-0276 and enter meeting ID: 815 2066 4276 or click

https://us06web.zoom.us/j/81520664276pwd=a1RTQWh6V3h3ckFhNmdsUWpKR1c2Zz09

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

525 Via La Selva • Redondo Beach, CA 90277 3008 W. 82nd Place • Inglewood, CA 90305

City Hall • 1546 Camden Place • Fullerton, CA 92832

Conference Room • 1545 Victory Blvd. 2nd Floor • Glendale, CA 91201 Douglas/Hicks Law • 5120 W. Goldleaf Circle, #425 • Los Angeles, CA 90056

1. Call to Order

- a. Invocation: Director Thai Viet Phan, City of Santa Ana
- Pledge of Allegiance: Director Glen Peterson, Las Virgenes Municipal Water District
- 2. Roll Call
- 3. Determination of a Quorum
- 4. Opportunity for members of the public to address the Board on matters within the Board's jurisdiction. (As required by Gov. Code §54954.3(a))
- 5. OTHER MATTERS AND REPORTS

Board of Dire	ectors	May 14, 2024
A.	Report on Directors' Events Attended at Metropolitan's Expense	<u>21-3297</u>
	Attachments: 05142024 BOD 5A Report	
В.	Chair's Monthly Activity Report	<u>21-3305</u>
	Attachments: 05142024 BOD 5B Report	
C.	General Manager's summary of activities	21-3299
	Attachments: 05142024 BOD 5C Report	
D.	General Counsel's summary of activities	<u>21-3300</u>
	Attachments: 05142024 BOD 5D Report	
E.	General Auditor's summary of activities	<u>21-3301</u>
	Attachments: 05142024 BOD 5E Report	
F.	Ethics Officer's summary of activities	21-3302
	Attachments: 05142024 BOD 5F Report	
G.	Presentation of 15-year Service Pin to Director Gloria D. Gray	21-3324
Н.	Presentation of 5-year Service Pin to Director S. Gail Goldberg	<u>21-3325</u>
l.	Unveiling Banner Best Tasting Water Awards Berkley Springs International Water Tasting Competition First Place 2021, 2008, and 1998	<u>21-3360</u>

** CONSENT CALENDAR ITEMS -- ACTION **

6. CONSENT CALENDAR OTHER ITEMS - ACTION

A. Approval of the Minutes of the Board of Directors Workshop on Long-Term Planning Processes and Business Modeling for March 18, 2024; Board of Directors Workshop on Proposed Biennial Budget for March 26, 2024; and Board of Directors Meeting for April 9, 2024 (Copies have been submitted to each Director, any additions, corrections, or omissions) 21-3303

21-3331

21-3332

Attachments: 05142024 BOD 6A-1 (03182024) Minutes

05142024 BOD 6A-2 (03262024) Minutes 05142024 BOD 6A-3 (04092024) Minutes

B. Approve Committee Assignments

7. CONSENT CALENDAR ITEMS - ACTION

7-1 Authorize an increase of \$2.35 million to an agreement with HDR Engineering Inc. for a new not-to-exceed total amount of \$5.15 million for final design services for erosion control improvements along the Colorado River Aqueduct; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA (EOT)

Attachments: 05142024 EOT 7-1 B-L

05132024 EOT 7-1 Presentation

7-2 Amend the Capital Investment Plan for fiscal years 2022/2023 and 2023/2024 to include upgrades to the flocculation system at the Joseph Jensen Water Treatment Plant; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EOT)

Attachments: 05142024 EOT 7-2 B-L

05132024 EOT 7-2 Presentation

21-3343

7-3 Authorize the General Manager to enter into an agreement for administrative supplemental labor services containing the following thirty supplemental temporary labor agencies: SuperbTech Inc., AtWork Personnel Services, Project Partners, PSP Group Inc., Johnson Service Group Inc., CathyJon Enterprises Inc. Tryfacta Inc., 22nd Century Technologies Inc., Ronin Staffing LLC, Enterprise Resource Services Inc., Sierra Cybernetics Inc., Morris and Willner Partners, Staffmark Group, Balanced Diversity Solutions, Partners In Diversity Inc., AppleOne Inc., Genesis Global Recruiting, HireGround Personnel Services Inc., Jada Systems Inc., Mantek Solutions Inc, TPS Group, Good People Inc., Info Origin Inc, Harvest Technical Services Inc, TruCapital Partners, Information Management Resources Inc., Kaygen Inc., SoftHQ Inc., Akshar IT Solutions LLC, and Infojini Inc, each with up to four annual renewal options, with a maximum not-to-exceed amount of \$8 million per year for the contract; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EOP)

<u>Attachments</u>: <u>05142024 EOP 7-3 B-L</u>

05142024 EOP 7-3 Presentation

7-4 Approve the Department Head 360 Evaluation process; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EOP)

<u>21-3342</u>

Attachments: 05142024 EOP 7-4 B-L

05142024 EOP 7-4 Presentation

7-5 Authorize the General Manager to execute a new ground license for telecommunications facilities with the City of Pasadena to enhance the reliability of Metropolitan's wireless wide area networks and local area networks; the subject telecom site is located in the city of Pasadena, identified as Los Angeles County Assessor Parcel No. 5705-001-900; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (FAM)

<u>21-3348</u>

Attachments: 05142024 FAM 7-5 B-L

05142024 FAM 7-5 Presentation

7-6 Authorize contracts for Bond Counsel services with Anzel Galvan LLP; Hawkins Delafield & Wood LLP, Katten Muchin Rosenman LLP, Nixon Peabody LLP, and Norton Rose Fulbright US LLP; Co-Bond Counsel services with Amira Jackmon and Law Offices of Alexis S.M. Chiu; and Disclosure Counsel services with Stradling Yocca Carlson & Rauth, P.C. for the period ending June 30, 2027; the General Manager has determined that this action is exempt or otherwise not subject to CEQA (LC)

<u>Attachments</u>: <u>05142024 LC 7-6 B-L</u>

05142024 LC 7-6 Presentation

7-7 Adopt a resolution declaring approximately 6,742 acres of Metropolitan-owned real property in the County of Riverside, located southwest of the City of Blythe, California, and commonly known as the Palo Verde Mesa, 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 (FAM)

Attachments: <u>05142024 FAM 7-7 B-L</u>

7-8 Authorize the waiver of a \$1,052.52 late fee incurred by the U.S. Bureau of Reclamation regarding its payments to Metropolitan for exchanging water under the Agreement Relating to Supplemental Water Among the Metropolitan Water District of Southern California, the San Luis Rey Settlement Parties, and the United States; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. [ADDED ITEM 5/2/2024] (FAM)

Attachments: 05142024 FAM 7-8 B-L

05142024 FAM 7-8 Presentation

** END OF CONSENT CALENDAR ITEMS **

8. OTHER BOARD ITEMS - ACTION

21-3371

21-3374

8-1 Award a \$24,912,000 construction contract to J.F. Shea Construction Inc. for urgent rehabilitation of prestressed concrete cylinder pipe portions of the Allen-McColloch Pipeline; and authorize an increase of \$250,000 to an agreement with Helix Environmental Planning Inc. for a new not-to-exceed amount of \$2,500,000; authorize an amendment to Metropolitan's Project Labor Agreement to add the subject project to the list of covered projects; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. [REVISED SUBJECT 5/1/2024] (EOT)

21-3333

Attachments: 05142024 EOT 8-1 B-L (Revised)

05132024 EOT 8-1 Presentation

8-2 Adopt resolution to continue Metropolitan's Water Standby Charge for fiscal year 2024/25; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (FAM)

21-3346

Attachments: 05142024 FAM 8-2 B-L

05142024 FAM 8-2 Presentation

8-3 Concur with Climate Adaptation Master Plan for Water: Draft Year One Progress Report and Next Steps; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (FAM)

21-3350

Attachments: 05142024 FAM 8-3 B-L

05142024 FAM 8-3 Presentation

8-4 Authorize an option agreement with The AES Corporation, LLC, for a long-term lease of up to 6,742 acres of land in the Palo Verde Valley, California for possible carbon-free energy production and storage purposes, contingent upon further project permits and approvals; the General Manager has determined that the proposed action of issuing an option agreement is exempt or otherwise not subject to CEQA. The property is located southwest of the city of Blythe in Riverside County and commonly known as the Palo Verde Mesa, Riverside County Assessor Parcel Nos. 879-230-001, 879-230-003: 879-230-005; 879-230-008; 879-230-010; 879-230-011; 879-230-012; 879-230-013; 879-230-014; 879-230-015; 879-230-016; 879-230-017; 879-230-018; 879-230-023; 879-230-024; 879-240-001; 879-240-002; 879-240-037: 879-240-038: 879-250-001; 879-250-008: 879-250-011; 879-250-013; 879-250-014; 879-261-019; 879-261-020; 879-261-021; 879-261-022; [Conference with real property negotiators agency negotiators: Kevin Webb and Kieran Callanan; negotiating parties: The AES Corporation, LLC; under negotiation: price and terms; to be heard in closed session pursuant to Government Code Section 54956.8 (FAM)

21-3349

Attachments: 05142024 FAM 8-4 Open Session Presentation

8-5 Receive report on litigation in In re: Aqueous Film-Forming Foams Products Liability Litigation, Master Docket 2:18-mn-2873-RMG, and settlements in: (1) City of Camden, et al. v. 3M Company, Civil Action No.: 2:23-cv-03147-RMG; and (2) City of Camden, et al. v. E.I. DuPont de Nemours and Company (n/k/a EIDP, Inc.), et al., Civil Action No.: 2:23-cv-03230-RMG; and provide direction on response to proposed settlements in: (1) City of Camden, et al. v. Tyco Fire Products LP, et al., Civil Action No.: 2:24-cv-02321-RMG; and (2) other future cases; and authorize an increase in maximum amount payable under contract for legal services with Marten Law LLP in the amount of \$150,000 for a total amount not to exceed \$550,000; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with legal counsel - existing litigation; may be heard in closed session pursuant to Government Code Section 54956.9(d)(1)]. [SUBJECT REVISED 5/8/2024] (LC)

21-3345

8-6 Update on labor negotiations and approve entering into two-year extension of 2022-24 Memorandum of Understanding between The Metropolitan Water District of Southern California and The Association of Confidential Employees; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with Labor Negotiators; to be heard in closed session pursuant to Gov. Code 54957.6. Metropolitan representatives: Katano Kasaine, Assistant General Manager, Chief Financial Officer, Mark Brower, Human Resources Group Manager, and Gifty J. Beets, Human Resources Section Manager of Labor Relations. Employee organization: Association of Confidential Employees]. [REVISED SUBJECT 5/10/2024]

Attachments: <u>05142024 EOP 8-6 B-L</u>

<u>05142024 BOD 8-6 Non-Interest Disclosure Notice - REVISED</u>

9. BOARD INFORMATION ITEMS

9-1 Conservation Report <u>21-3304</u>

Attachments: 05142024 BOD 9-1 Report

9-2 Renewal Status of Metropolitan's Property and Casualty Insurance Program (FAM)

Attachments: 05142024 FAM 9-2 B-L

05142024 FAM 9-2 Presentation

10. OTHER MATTERS

10-1 Update and Training on Headquarters Security Measures [Conference with Tomer Benito, Unit Manager-Security, Office of Safety, Security, and Protection or designated Metropolitan Security Agent on threats to public services or facilities; to be heard in closed session pursuant to Gov. Code Section 54957(a)]

11. FOLLOW-UP ITEMS

NONE

12. FUTURE AGENDA ITEMS

13. ADJOURNMENT

Board of Directors May 14, 2024

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NOTE: Each agenda item with a committee designation will be considered and a recommendation may be made by one or more committees prior to consideration and final action by the full Board of Directors. The committee designation appears in parenthesis at the end of the description of the agenda item, e.g. (EOT). Board agendas may be obtained on Metropolitan's Web site https://mwdh2o.legistar.com/Calendar.aspx

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

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

May 14, 2024 Board Meeting

Item 5A



Metropolitan Water District of Southern California Summary of Events Attended by Directors at Metropolitan's Expense in April 2024

Date(s)	Location	Meeting Hosted by:	Participating Director(s)
April 10-11	Sacramento, CA	Association of California Water Agencies – 2024 ACWA Legislative Symposium	Miguel Luna
April 18-19	Sacramento, CA	DCA Oversight Meeting	Miguel Luna



Board Report

Chair of the Board Adán Ortega Jr.'s Monthly Activity Report – April 2024

Summary

This report highlights my activities as Chair of the Board during the month of April 2024 on matters relating to The Metropolitan Water District of Southern California's business.

Monthly Activities

Key Activities

• Attended Member Agency Board and City Council meetings with General Manager Adel Hagekhalil and Executive Officer Deven Upadhyay. I made seven stops in April: The City of San Fernando, Upper San Gabriel Valley Municipal Water District, Las Virgenes Municipal Water District, Eastern Municipal Water District, City of Long Beach, City of Compton, and West Basin Municipal Water District. We addressed the inter-relation between CAMP4Water, the Biennial Budget Process, Bay-Delta Issues, and the Colorado River, as well as our collective resiliency in addressing the State Water Project Exclusive Areas challenges. We also answered questions and comments from the member agency directors and, in some instances, members of the public, including local elected officials.















Joined General Manager Adel Hagekhalil for a tour of the Grace F. Napolitano Pure Water Southern
California Innovation Center with Congresswoman Grace Napolitano and members of her staff, as well
as officials of the County Sanitation Districts. Congresswoman Napolitano was joined by Congressman
David Rouzer, Chairman of the House Transportation & Infrastructure Committee's Subcommittee on
Water Resources. It was an opportunity to communicate Metropolitan's mission, policies and projects
that warrant congressional support.







Participated in the first-ever gathering of Southern California's local governmental ethics and oversight experts responsible for ensuring transparency, integrity, and public trust. I addressed attendees, acknowledging the work that ethics office employees do in bridging the gap between the rules and regulations and real-life situations faced to make the right choices.



Attended the Colorado River Indian Tribes (CRIT) signing ceremony for the signing of the historic
Colorado River Indian Tribes Water Resiliency Act in the State of Arizona. I joined General Manager Adel
Hagekhalil, and we had the opportunity to meet U.S. Interior Secretary Deb Haaland, Arizona Governor
Katie Hobbs, U.S. Senator Mark Kelly, Central Arizona Project President Terry Goddard, CRIT
Chairwoman Amelia Flores, U.S. and Arizona Department of Water Resources Director Tom Buschatzke.





• I was presented with an award by the Hispanic Coalition of Small Businesses Spheres of Sustainability Summit for the work I have done advancing opportunities for small businesses around California. The event's theme, which I addressed, was "Spheres of Sustainability." I was honored to join Metropolitan Water District Business Outreach and Sustainability experts Liz Crosson, Rick Duarte and Rosa Castro who led panels on the subject. Thank you to General Manager Adel Hagekhalil for joining me at the event.





I had the honor of speaking at a reception honoring three distinguished California water leaders who have recently ascended to lead national and statewide water organizations. Metropolitan Water District Assistant Group Manager Heather Collins, who is the incoming president of the American Water Works Association (AWWA); Association of California Water Agencies (ACWA) President Cathy Green; and ACWA Vice President Ernie Avila from Contra Costa Water District. In



attendance were Metropolitan board members Dennis Erdman, Karl Seckel, Marty Miller, Gail Goldberg, Jacque McMillan, Larry Dick, and General Manager Adel Hagekhalil

Interviews & Correspondence

• I was interviewed by former Assembly Speaker Curt Pringle on his podcast titled "Talking Issues." I provided an overview of Metropolitan's CAMP4W and a basic overview of the district's history, water sources, delivery challenges, system evolution, and plans for future service.

Other Activities

 Celebrated Administrative Professionals Day with staff to honor and express gratitude for their unwavering dedication and hard work. While not all team members could be present, their contributions were acknowledged and deeply appreciated. Their commitment is pivotal to our success, and their efforts are valued daily.



Regularly Scheduled/Ongoing Meetings

I continue to meet regularly to review the Board's organizational issues and coordinate activities with the Board Vice Chairs and Department Heads.



General Manager's Monthly Report



Activities for the Month of April 2024

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Message from the General Manager

May is Water Awareness Month and serves as a reminder of the significance of water in our lives. Here at Metropolitan, it provides us with a platform to amplify to the public our commitment to water stewardship, sustainability and access. Against the backdrop of climate change and other escalating challenges, the month assumes heightened relevance, highlighting the need for collective action by all of us and a profound recognition of water's intrinsic value. To mark this occasion, our staff has orchestrated a multifaceted campaign, including:

One Water Awards: Our second annual One Water Awards event celebrated and promoted innovative approaches to water management and conservation, honoring four leading-edge projects which received funding from Metropolitan's Water Savings Incentive Program. Together, these projects save 200 million gallons of water annually.

Tap Water Day in California: In partnership with WeTap, we and 17 of our member agencies raised consumer awareness on the value and quality of tap water.

Social Media Campaign: Through a series of engaging social media posts throughout the month, we are raising awareness and inspiring dialogue about water-related issues.

Radio Collaboration with <u>KBLA</u>: As part of KBLA's year-long climate initiative, Metropolitan is partnering with the station to address water quality and efficiency topics, amplifying our message through radio broadcasts and expanding on our traditional media activities.

Our promotion of Water Awareness Month is a prelude to more events throughout the year, including a celebration of the 50th Anniversary of our Water Quality Lab this fall. Together these events help to highlight the many vital roles that Metropolitan and our member agencies are undertaking to ensure water quality and reliability, with no one left behind.

General Manager's Monthly Report

We are one,

Adel



"Water is the driving force of all nature."

- Leonardo da Vinci, polymath



Strategic Priorities Update

The General Manager's Strategic Priorities guide actions in key areas of change and opportunity that will strengthen Metropolitan and its ability to fulfill its mission. Review the General Manager's <u>Business Plan for FY23-24</u> and the <u>"SMART Tracker"</u> dashboard of specific actions that advance the Strategic Priorities.



Empower the workforce and promote diversity, equity, and inclusion



Goal Dashboard

8 of 9 Outcomes in process and on target1 Outcome completed

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

Meetings with bargaining units were held to present and receive input to the community planning team's proposal. A presentation and final report will be provided to the Board this summer. The third quarterly desert housing maintenance report submitted to the Board covers January - March 2024.

In partnership with HR and EEO Office, DEI launched pilots of Civil and Inclusive Workplace training for both field and intown/HQ staff. We solicited staff input on the efficacy of this training in our culture transformation efforts. The survey feedback on the pilots was overwhelmingly positive and we will continue working on customization with actual training courses set to roll out in August starting with the Executive Team.



EEO "office hours" have been held twice at each of Metropolitan's four desert facilities.

EEO staff held its second set of office hours at four desert facilities, including Gene, Iron Mountain, Eagle Mountain, and Hinds. During this time, EEO staff were available to meet with Metropolitan employees in the desert region to share more information about the EEO Office's policies and procedures, and to assess any EEO work-related concerns. Additionally in April, the EEO Office conducted its EEO Investigations 101 training. This interactive and informative training was open to all Metropolitan employees and included an overview of the EEO Office and its mission and guiding principles, the complaint intake process, and investigative guidelines for conducting EEO

investigations. The goal of these outreach efforts is to increase awareness of Metropolitan's EEO policies and programs so that Metropolitan employees can better contribute to safeguarding the



Safety

Implemented top three recommendations of the National Safety Council's safety culture assessment.

right to a discrimination-free, harassment-free and retaliation-free workplace for all employees.

An Executive Safety Committee has been established, fulfilling a top recommendation from National Safety Council (NSC). This committee will demonstrate executive leadership support of safety and reinforce the importance of chain of command when finding safety solutions. NSC reported that its focus groups and staff surveys found employees recognize that the safety team's responsibilities have increased with the recent reorganization that established the Office of Safety, Security and Protection and appreciate that the team now supports the entire organization.

Prepare and support the workforce by expanding training and skill development and updating strategies to recruit and retain diverse talent at a time when Metropolitan's needs are evolving and employee expectations about the workplace are changing.

HR's Organizational Development & Training Unit hosted a Communication Skills training for 15 operators at Mills Plant. OD&T also hosted the Ethics Office's first Symposium featuring panels from L.A. Metro, City of L.A, and keynote speaker Ambassador Norman Eisen, who served as the Chief Ethics Officer under President Obama. In partnership with the Diversity Equity & Inclusion Office, OD&T piloted a new training program, conducting a preview and feedback session with 40 Metropolitan employees. OD&T also launched its first "MWD Spotlight Series Lunch & Learn" showcasing jobs that many of us may not be aware of but that are crucial to Metropolitan's overall operation. Forty employees joined to learn about the Dive Team, which supports our science and water quality efforts, collecting water samples from reservoirs, and logging more than 4,400 dives since it was formed in the 1980s.





Goal Dashboard

5 of 5 Outcomes in process and on target

Develop revenue and business model options that support the needs of the member agencies as well as Metropolitan's financial sustainability and climate adaptation needs.

Following the adoption of the biennial budget, the CAMP4W Task Force launched discussion of business model refinement in the April meeting of the Subcommittee on Long-Term Regional Planning Processes and Business Modeling. This discussion will continue in the next meeting, May 30. Affordability discussions continued in the EIA Committee in April with a staff presentation summarizing previous panel discussions and engaging board input on possible recommended actions.

Manage rate pressure on member agencies through attention to programmatic costs, organizational efficiencies, and efforts to secure external funding for projects with broad and multi-purpose benefits.

With the support of the new Centralized Grants Mangement Office, Metropolitan submitted a \$48 million grant application to the US EPA Climate Pollution Reduction Grant program to support the upgrade of 440 trucks to ZEVs. The application was submitted on behalf of a coalition made up of Metropolitan and 10 other water utilities.

On April 5, Metropolitan hosted the first SoCal Water Utilities

Grant Funding

Metropolitan launched a network of water agencies to attract grants to the region.

Grants Network meeting, which aims to increase grant development and management capacity for our member agencies and the region. The hybrid meeting was attended by over 50 water professionals working on grants. Over 70 staff from member agencies, subagencies, and consultants have signed up for future meetings and updates.



Adapt to changing climate and water resources



Goal Dashboard

8 of 11 Outcomes in process and on target

2 Outcomes behind schedule

1 Outcome completed

Provide each member agency access to an equivalent level of water supply reliability through the development of a Climate Adaptation Master Plan for Water (CAMP4) that integrates water resource, financial and climate adaptation planning.

Staff presented the draft Year One Progress Report to the CAMP4W Task Force, which documents progress to date and next steps for 2024. The Progress Report represents a living document that will be updated and refined as additional information is available. It includes initial time-bound targets, evaluative criteria and lays out the team's initial thinking on how projects and programs will be evaluated through CAMP. The team has also compiled an initial list of projects to test the evaluative criteria and is working through those refinements. In May, staff is looking for concurrence with the Decision Making Framework, Progress Report, and next steps.

Metropoiitan staff has been providing input to Accelerating Resilience LA in their analysis of strategies to enhance water efficiency programs and stormwater capture to achieve multi-benefit and equity outcomes. The study, presented to staff this month, is built upon watershed modeling conducted in three areas: Las Virgenes, Lower San Gabriel River, and Long Beach. It offers a valuable model to quantify and monetize multiple benefits, including water supply augmentation, improved water quality, community investment and enhanced ecosystem resilience.

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

The Board approved four new and significant Local Resource Program agreements with a total annual yield of up to 33,566 AF. Staff initiated the annual Local Supply Survey process with the member agencies, and provided numerous water supply updates to member and local agencies throughout the service area.

Metropolitan convened an important workshop to delve into the development of agreements and term sheets with member agencies looking to participate in Pure Water Southern California (PWSC). A second workshop is being held in May, while agency-specific meetings will also be held to discuss terms that may be unique to different agencies.

A meeting was held with LADWP to explore areas of potential coordination between PWSC with Operation NEXT. LADWP is working with the LA Bureau of Sanitation to develop a master plan for water recycling at Hyperion, and this master plan is expected by the end of 2024.

Water Resource Management staff supported Colorado River reliability by conducting an inspection of the Bard and Quechan Seasonal Fallowing Program lands and attending and presenting at a QSA Workshop, the Multi-Species Conservation Program (MSCP) Steering Committee Meeting, and the April meeting of the Colorado River Board. Metropolitan hosted the Colorado River Board meeting at Diamond Valley Lake and included a facilities tour. Meanwhile, water use reductions supported by USBR "bucket 1" funding are ahead of schedule.

Metropolitan leads science efforts in the Bay-Delta as part of our contribution to the protection of ecosystem health, upon which hinges the ability to supply water beyond the Delta. Staff published two peer-reviewed papers in April. The first paper focuses on the hazard risk of contaminants on Chinook salmon in floodplains or rivers and was published in the *Archives of Environmental Contamination and Toxicology*. The second paper focuses on behavioral and distributional changes by fish in the upper water column of the San Francisco Estuary and was published in *Estuaries and Coasts*.



Protect public health, the regional economy, and Metropolitan's assets



Goal Dashboard

5 of 7 Outcomes in process and on target2 Outcomes completed

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

Emergency Preparedness staff conducted Incident Command Post exercises for the Weymouth plant with the Los Angeles County Fire Department.

A first-ever Member Agency Cybersecurity Summit is scheduled for July 11, 2024, and the Office of Cybersecurity is in the early stages of launching a new cyber governance model in preparation for adoption of the new National Institute of Standards and Technology Cybersecurity Framework 2.0. This effort will involve the establishment of a cybersecurity executive steering committee and cybersecurity work group, updating operating policy, and cyber controls targeted at specific operations and practices. The first phase of this effort is targeted for completion by June 30 with the launch of a new steering committee during Q1 of the next fiscal year.

Apply innovation, technology, and sustainable practices across project lifecycles (design,

construction, operations, maintenance, and replacement).

SCADA pilot phase and evaluation is complete; next steps for control system upgrades are being planned for next month.

The Enterprise Content Management System project has launched, and the core team is beginning to develop the project plan, strategy and standards, and engagement processes.

A draft Sustainable Procurement Guide is under review.

In addition to the previously reported ENVISION framework related work, Engineering Services is working to pilot



piloted at Mills Plant and will be used to guide further system upgrades

equipment that minimizes electrical harmonics and maximizes power factor in equipment, ultimately reducing energy usage.



Partner with interested parties and the communities we serve



Goal Dashboard

5 of 7 Outcomes in process and on target

1 Outcome completed

1 Outcome behind schedule

Grow and deepen collaboration and relationships among member agencies, interested parties and leaders on the issues most important to them and toward mutual and/or regional benefits.

Metropolitan sponsored the Los Angeles Neighborhood Initiative 2024 Community Forum, staffing an information table and presenting CAMP4W in a panel discussion on sustainable water projects. Further CAMP4W outreach activities continue with member agency meetings, task force meetings and new materials on the website.

Staff led an Earth Day themed "lunch and learn" webinar for their fellow employees and shared information about six of Metropolitan's programs focused on innovation and sustainability.

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

Metropolitan hosted a two-day CRA inspection trip for the California Indian Manpower Consortium. The group toured and met with staff at Mills, DVL and Gene Camp.

Metropolitan was honored with the Utility of the Year Award by the Greater Los Angeles African-American Chamber of Commerce, during the Chamber's 30th Anniversary Gala. This award is given to the company that has shown the highest level of responsiveness to the African-American and small business community, and it recognizes the work Metropolitan has done to advance diversity and equity through workforce development and increasing the participation of small and minority businesses in contracting.

Executive Summary

This executive summary is added to this report to provide a high-level snapshot of a key accomplishment from each area of the organization. Detailed information is reported in the pages following this summary.

Bay-Delta Resources

Staff published two peer-reviewed papers in April. The first paper focuses on the hazard risk of contaminants on Chinook Salmon in floodplains or rivers and was published in the *Archives of Environmental Contamination and Toxicology*. The second paper focuses on behavioral and distributional changes by fish in the upper water column of the San Francisco Estuary and was published in *Estuaries and Coasts*.

Chief Financial Officer

Debt Management staff developed and coordinated comprehensive presentations among three rating agencies (Moody's, S&P, and Fitch) and Executive Management to secure credit ratings for Metropolitan's upcoming bond sales. The presentations covered Metropolitan's overall vision and strategic priorities, Water Supply Conditions and Resources, Historical Financial Performance, Proposed FY25 and FY26 Budget, and Debt Issuance Overview.

Colorado River Resources

Following the Lower Basin States' commitment to add 3 million acre-feet (MAF) of additional water to Lake Mead through 2026, Mexico agreed in April to participate in that effort through Treaty Minute 330. Under that Minute, Mexico will conserve an additional 400,000 acre-feet of water (above their shortage amounts), through 2026. This new Minute means that the Lower Basin and Mexico will add at least an additional 3.4 MAF of water to Lake Mead by the end of 2026, further stabilizing the Colorado River system while the Colorado River Basin States work on the post-2026 Guidelines. Protecting the Colorado River is now a comprehensive binational effort.

Diversity, Equity & Inclusion

On April 19, 2024, Metropolitan staff attended the Greater Los Angeles African American Chamber of Commerce Awards Gala Annual Economic Award Dinner in Los Angeles, CA. Metropolitan was the recipient of the "Utility of the Year" award.

Engineering Services

In April 2024, Engineering Services staff oversaw the completion of shutdown construction work on several pipeline-related capital projects. Nearly one mile of severely distressed prestressed concrete cylinder pipe (PCCP) on the Allen-McColloch Pipeline (AMP)was successfully rehabilitated during an April shutdown. This allowed the northernmost 23 miles of the AMP to be returned to regular service. In addition, all shutdown work was completed to install carbon fiber reinforced polymer (CFRP) lining to rehabilitate three distressed PCCP segments of the Sepulveda Feeder. Also, the first of two planned shutdowns was completed to rehabilitate PCCP segments of the Second Lower Feeder in the South Bay. And finally, a shutdown was completed to install a bypass pipeline and an isolation valve to interconnect the Wadsworth Pumping Plant with the Eastside Pipeline. This is one of several projects that are underway to deliver water from Diamond Valley Lake to the Rialto Pipeline as part of Metropolitan's drought resilience strategy.

Equal Employment Opportunity Office

To increase awareness of Metropolitan's EEO policies and programs across Metropolitan facilities, and to help safeguard the right to a discrimination-free, harassment-free and retaliation-free workplace for all employees, EEO staff held office hours at four desert facilities, including Gene, Iron Mountain, Eagle Mountain, and Hinds. The office hours took place from April 8, 2024 to April 10, 2024. During this time, EEO staff were available to meet with Metropolitan employees in the desert region to share more information about the EEO Office's policies and procedures, and to assess any EEO work-related concerns. Additionally, on April 16, 2024, the EEO Office conducted its EEO Investigations 101 training. This interactive and informative training was open to all Metropolitan employees and included an overview of the EEO Office and its mission and guiding principles; the

Executive Summary

complaint intake process, and investigative guidelines for conducting EEO investigations. The goal of EEO Investigations training series is to ensure that Metropolitan employees know how to file an EEO complaint, have a better understanding of the complaint process and their rights and responsibilities in the workplace, and to help build a positive rapport with the EEO Office. Lastly, on April 17, 2024, the EEO Office participated in a tour of the Weymouth Water Treatment Plant. The tour included an overview of the Manufacturing Services Unit Shops, the Ozone Facility, the Engineering Services Building, the Fleet Shop, 3D Survey and the Water Quality Laboratory. After the tour, the EEO Office had the opportunity to conduct a presentation for La Verne management on the EEO Office's core guiding principles, EEO protected categories and prohibited conduct, and the EEO complaint and investigative process.

External Affairs

Metropolitan was recognized as the Utility of the Year by the Greater Los Angeles African American Chamber of Commerce. GM Hagekhalil, Metropolitan staff, and local leaders including Mayor Bass attended. (April 19)

Human Resources

HR Benefits Unit coordinated with Financial Finesse to host three financial education webinars on April 2 for all employees and retirees enrolled in the Metropolitan 401(k) or 457(b) plans. These classes are designed to provide valuable information to help participants improve their knowledge and achieve their financial goals.

Information Technology

As generative artificial intelligence (AI) continues to dominate the discourse around workplace productivity tools, Metropolitan's Information Technology department led an initiative earlier this year to issue guidelines around the use of AI technology. The guidelines were developed in collaboration with Metropolitan's legal department, human resources, and bargaining unit leadership and are intended to provide a practical framework for the adoption of Generative AI tools. During the development of the guidelines, IT staff performed extensive research on both the Generative AI technology itself and existing policies that have been deployed in both the public and private sectors. As Metropolitan adopts innovative ways to apply this technology, the Information Technology group will continue to safeguard the important work done at Metropolitan every day.

Safety, Security and Protection

Metropolitan's Security and Emergency Management staff are focused on fostering partnerships with local, state, and federal agencies to enhance our preparedness, resilience, information sharing, and human capital development efforts.

National Safety Council (NSC) met with executive managers to provide highlights received from focused groups and recommended improvement opportunities, including the establishment of an Executive Safety Committee (ESC). Safety supported the CRA tunnel cleaning and Freda Siphon Weko seal installations. Environmental submitted the initial compliance report for Metropolitan's 571 medium- and heavy-duty (MD/HD) on-road vehicles subject to the California Air Resources Board Advanced Clean Fleets (ACF) Regulation and hosted chemical responder/Incident Command annual refresher trainings, drills, and tours at Weymouth and Jensen with attendance from their local fire departments. Apprenticeship and Training continued training efforts, including field training for mechanical and electrical apprentices, conducting practical exams for Advanced Electrical Switching and Valving, and facilitated the Civil Treatment Workplace Pilot Training in collaboration with Diversity, Equity, and Inclusion and Human Resources.

Executive Summary

Sustainability, Resiliency and Innovation

The Sustainability, Resilience, and Innovation (SRI) staff presented to the Climate Adaptation Master Plan for Water (CAMP4W) Task Force and delivered a comprehensive Year One Progress Report to the Metropolitan's Board, committee, and task force, laying out achievements since February 2023 and outlining forthcoming steps for 2024, crucial for potential action at the upcoming board meetings. Additionally, SRI staff played a significant role in releasing Metropolitan's 2023 Climate Action Plan (CAP) Implementation Second Annual Progress Report, detailing the district's strides in greenhouse gas reduction efforts, aligning with the ambitious goal of carbon neutrality by 2045. Furthermore, SRI's involvement in sustainability discussions extended to collaborative panels and presentations, including participation in the California Public Information Officials webinar and presenting reports on water affordability to the Metropolitan's Equity, Inclusion, and Affordability Committee. Concurrently, Metropolitan fostered innovation through the initiation of the SoCal Water Utilities Grants Network, aiming to streamline funding processes and enhance access to critical infrastructure projects. Lastly, Metropolitan's commitment to innovation was evident in its participation in Octane's Innovation Week, where potential technologies for pilot projects were explored, underscoring the organization's dedication to advancing technological solutions for water management challenges. Staff played a crucial role in preparing California Environmental Quality Act documents for capital projects, supporting initiatives such as the F.E. Weymouth Water Treatment Plant certification and Pure Water Southern California draft. Additionally, staff provided regulatory support for Water System Operations activities and conducted oversight of reserve management activities, including habitat restoration and visitor engagement, ensuring compliance with environmental regulations and protecting valuable natural resources.

Water Resource Management

Water Resource Management staff supported Colorado River reliability by conducting an inspection of the Bard and Quechan Seasonal Fallowing Program lands, and attending and presenting at a QSA Workshop, the MSCP Steering Committee Meeting and the April Meeting of the Colorado River Board. Metropolitan hosted the Colorado River Board meeting at Diamond Valley Lake and included a facilities tour. Staff continued to make progress on Local Resource Program implementation by obtaining board approval for four new agreements with a total annual yield of up to 33,566. Staff also presented at the Water Conservation Showcase hosted by PG&E. On the coordination front, staff initiated the annual Local Supply Survey process with the Member Agencies and provided numerous water supply updates to member and local agencies throughout the service area.

Water System Operations

On April 18, the Water Quality Section celebrated its 50-year anniversary with a Member Agency Water Quality Managers meeting. The event included speakers who provided a retrospective overview on the development of the Safe Drinking Water Act (enacted in 1974) and the formation of the Water Quality and Research Branch (as it was called in 1974), a summary of current water quality issues, and an informed prediction of likely water quality issues and regulations over the next five to fifteen years. This special event included several Metropolitan retirees and a message from Metropolitan's General Manager, recognizing the critical role Water Quality staff has played in ensuring Metropolitan's safe water deliveries for southern California.





The Security and Emergency Management Unit staff testing cutting edge security technology at the Weymouth Treatment Plant.



Michael Stone, The Department of Homeland Security's Director to the Private Sector in his first visit to Metropolitan promising to bolster the partnership with the federal agency.

"Securing critical infrastructure demands an unwavering commitment to innovation. We must constantly adapt our technologies and update our strategies, for the threats we face are a relentless cycle."

Eric Acda, Senior Security Specialist – Desert region

PROGRAM DESCRIPTION

The Security and Emergency Management Unit at Metropolitan plays a pivotal role in safeguarding our organization and its personnel from a wide array of potential risks and hazards. Comprising a team of certified professionals with extensive backgrounds in the military, law enforcement, and critical infrastructure, the unit operates under the motto of proactive planning and investment in preventative measures to effectively prepare for and mitigate potential disasters.

Our involvement spans across all aspects of Metropolitan's operations, from designing facilities with security standards and best practices in mind to collaborating with local and federal partners on critical infrastructure protection and implementing advanced security systems and surveillance measures. Additionally, we are deeply committed to training Metropolitan staff on various topics such as workplace violence prevention, de-escalation techniques, and emergency management courses.

IMPORTANCE TO METROPOLITAN

In an environment where predicting improbable events is inherently challenging, our unit recognizes the importance of investing in robust systems and preparing for a diverse range of negative possibilities. This approach not only enhances our organization's flexibility but also ensures its sustainability in the face of unforeseen challenges.

As we continue to evolve and adapt to emerging threats and challenges, our commitment to excellence remains unwavering. We are proud to set the standard for security and emergency management not only within Metropolitan but also across the broader coalition of utilities in California.

Each member of our Security Specialist team brings a unique skillset to the table, ranging from metal theft investigation to expertise in executive protection and body language analysis. This diversity of skills enhances our ability to address a wide range of security challenges effectively.

MEMORABLE MOMENT

One of our proudest accomplishments is the rollout of the Personal Security Awareness training in 2016, which empowered every Metropolitan employee to become a security ambassador and promoted the culture of "if you see something, say something."

Furthermore, our successful acquisition and training in bleeding control have equipped employees to respond effectively to bleeding emergencies, both at work and at home, ultimately saving lives in critical situations.

Water Supply Conditions Report

Water Year 2023-2024

As of 04/30/2024

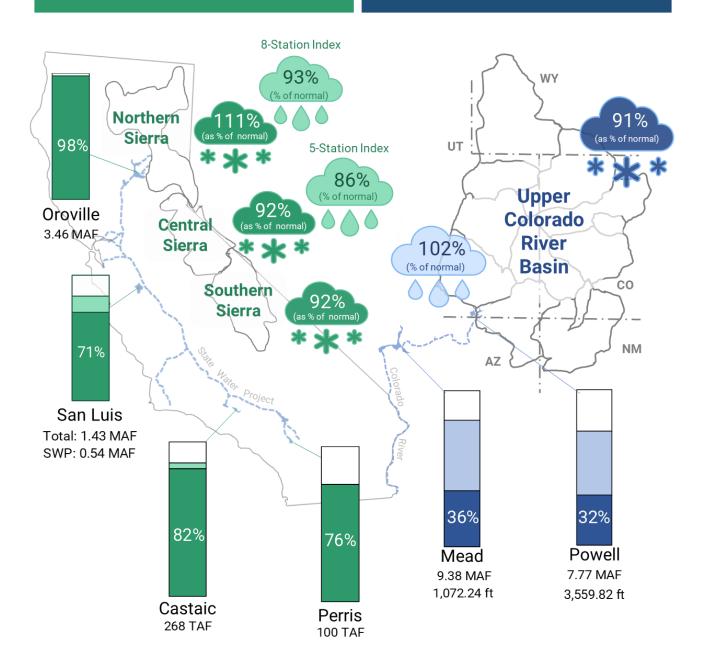
Extended Report: https://www.mwdh2o.com/WSCR

State Water Project Resources

SWP Allocation 40% Table A: 764,600 acre-feet

Colorado River Resources

Projected CRA Diversions 963,000 acre-feet



Reservoir Report

End of Month Reservoir Report

Monthly Update as of: 4/30/2024

Reservoir	Current Storage	Percent of Capacity
Colorado River Basin		
Lake Powell	7,773,996	32%
Lake Mead	9,388,210	36%
DWR		
Lake Oroville	3,460,738	97%
Shasta Lake	4,364,066	96%
San Luis Total	1,429,794	71%
San Luis CDWR	539,167	51%
Castaic Lake	267,719	83%
Silverwood Lake	72,025	96%
Lake Perris	99,560	76%
MWD		
DVL	727,431	90%
Lake Mathews	136,202	75%
Lake Skinner	37,927	86%



Hoover Dam







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

700 N. Alameda Street, Los Angeles, CA 90012 General Information (213) 217-6000 www.mwdh2o.com www.bewaterwise.com General Manager: Adel Hagekhalil Office of the GM (213) 217-6139 OfficeoftheGeneralManager@mwdh2o.com



Office of the General Counsel

Monthly Activity Report – April 2024



Metropolitan Cases

State Water Project Contract Extension Litigation (Sacramento Superior Court

On April 17, 2024, the California Supreme Court denied all petitions seeking review of the decision issued earlier this year by Third District Court of Appeal, which affirmed the validity of the State Water Project (SWP) Contract Extension Amendments (Amendments). As a result, all litigation challenging these Amendments has been concluded.

As previously reported, various environmental groups asserted a panoply of claims challenging the Amendments, most of which centered around alleged violations of CEQA, the Delta Reform Act and the Public Trust Doctrine. On January 5, 2024, the Court of Appeal issued a detailed 50-page opinion rejecting all of them. With respect to the CEQA claims, the court agreed that the Amendments were largely financial in nature and

that the extension of the SWP Contract would not, in and of itself, alter the way the SWP was operated or maintained. With respect to the Delta Reform Act claims, the court held that approval of the Amendments did not constitute a "covered action" requiring certification of consistency with the Delta Plan. Lastly, with respect to the Public Trust Doctrine claims, the court agreed that these Amendments would not have an impact on water that "is imbued with the public trust."

Among other things, the Amendments extend the SWP contracts to 2085 and make certain changes to their financial provisions aimed at maintaining and improving the SWP's fiscal integrity and management. The California Department of Water Resources is now working to implement these changes including, most notably, a new "pay go" system that should make the billing and accounting process for SWP costs much simpler and more transparent.

Matters Impacting Metropolitan

California Adopts New Drinking Water Standard for Hexavalent Chromium

On April 17, 2024, California's State Water Resources Control Board (State Water Board) unanimously approved a new maximum contaminant level (MCL) of 10 parts per billion (ppb) for hexavalent chromium. If approved by the Office of Administrative Law, the MCL will take effect on October 1, 2024. The timing for when water suppliers will be required to comply with the MCL is based on their number of service connections:

Number of Service Connections	Compliance Dates
10,000 or more	2 years after regulation takes effect
1,000 to 9,999	3 years after regulation takes effect
Fewer than 1,000	4 years after regulation takes effect

This is the second time that California has established an MCL for hexavalent chromium. The state first set an MCL of 10 ppb for hexavalent chromium in 2014, but the Sacramento County Superior Court invalidated the MCL in 2017,

finding that the regulation "failed to properly consider the economic feasibility of complying with the MCL." California is the only state to set its own MCL for hexavalent chromium and previously set an MCL of 50 ppb for total chromium that was lower than the federal total chromium MCL of 100 ppb. For more information about the State Water Board's rulemaking process for hexavalent chromium, see

https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/SWRCBDDW-21-003 hexavalent chromium.html.

California Adopts Public Health Goals for PFOA and PFOS

On April 5, 2024, the Office of Environmental Health Hazard Assessment (OEHHA) of the California Environmental Protection Agency adopted Public Health Goals (PHGs) for perfluorooctanoic acid (PFOA) and perfluorooctane sulfonic acid (PFOS) in drinking water of 0.007 parts per trillion (ppt) and 1 ppt, respectively. A PHG is the level of a drinking water contaminant at which adverse health effects are not expected to

occur from a lifetime of exposure. Although PHGs are non-enforceable advisory levels, California's State Water Resources Control Board (State Water Board) will use the PHGs to develop drinking water standards (Maximum Contaminant Levels, or MCLs) for PFOA and PFOS. The State Water Board must set MCLs as close to the PHGs as possible while also considering the technological and economic feasibility of complying with the MCLs, placing primary emphasis on the protection of public health. As explained in this report, EPA recently set Maximum Contaminant Level Goals (non-enforceable health-based goals) for PFOA and PFOS at zero and enforceable MCLs for both PFOA and PFOS at 4.0 ppt. California's MCLs are required to be at least as stringent as EPA's MCLs. Because California has not yet set MCLs for PFOA and PFOS, the new federal MCLs will apply to California public water systems in the meantime.

EPA Designates PFOA and PFOS as CERCLA Hazardous Substances

On April 19, 2024, the U.S. Environmental Protection Agency (EPA) announced a Final Rule designating two of the most common PFAS— PFOA and PFOS, including their salts and structural isomers—as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). This means CERCLA's retroactive, strict, and joint and several liability could apply to current owners and operators of facilities contaminated with PFOA or PFOS; past owners and operators of facilities at the time of a PFOA or PFOS release; persons who "arranged for disposal" or treatment of PFOA or PFOS; and certain transporters of these substances. Furthermore, facilities must report releases of PFOA or PFOS at or above the reportable quantity of one pound within any 24-hour period.

Along with the Final Rule, EPA released a PFAS Enforcement Discretion and Settlement Policy (Enforcement Policy) which states EPA's intention to focus its CERCLA enforcement efforts on significant contributors of PFAS in the environment (e.g., manufacturers of PFAS, federal facilities, and "other industrial parties.") The Enforcement Policy clarifies EPA's intent not to pursue certain parties such as farmers, municipal landfills, community water systems, publicly owned airports, or local fire departments, where equitable factors do not support seeking cleanup costs. Also, when appropriate, EPA can enter into settlements with these parties which will protect them from third

party claims. However, the Enforcement Policy only applies to EPA actions brought under CERCLA and does not prevent private parties from seeking to recover their costs related to PFOA and PFOS under other federal and state laws when EPA is not involved. The Final Rule will be effective 60 days after publication in the Federal Register. Please see EPA's attached "Questions and Answers about Designation of PFOA and PFOS as Hazardous Substances under CERCLA" for more information.



EPA's Questions and Answers about Designation of PFOA and PFOS as Hazardous Substances under CERCLA



EPA's PFAS Enforcement Discretion and Settlement Policy Under CERCLA

EPA Publishes Final National Primary Drinking Water Standards for Six PFAS

On April 26, 2024, EPA published in the Federal Register a final rule under the Safe Drinking Water Act setting enforceable limits for six PFAS in drinking water. The rule sets a maximum contaminant level (MCL) of 4 parts per trillion (ppt) each for the two most studied PFAS -PFOA and PFOS, and an MCL of 10 ppt each for HFPO-DA (commonly referred to as GenX chemicals), PFNA, and PFHxS. The rule also regulates any mixture of two or more of HFPO-DA, PFNA, PFHxS, and PFBS using a hazard index approach of 1 as an MCL (see EPA's attached PFAS National Primary Drinking Water Regulation FAQs for Drinking Water Primacy Agencies for more information). Regulated public water systems have three years to complete their initial monitoring for these chemicals. Systems must include their results in their Annual Water Quality Reports (a.k.a. Consumer Confidence Reports (CCRs)) to customers starting in three years. Systems that detect PFAS above the new standards will have five years to comply with the new MCLs. Water systems must also notify the public if levels of regulated PFAS exceed these new standards. Publishing of the final rule triggered a 45-day window to file a lawsuit challenging the regulation. The rule will become effective June 25, 2024 (i.e., 60 days after the rule was published).



EPA's PFAS National Primary Drinking Water Regulation FAQs for Drinking Water Primacy Agencies

CBR Tax Initiative

The California Business Roundtable has qualified an initiative for the November 2024 ballot, called the Taxpayers Protection and Government Accountability Act. The initiative proposes to amend the California constitution to place broad and wide-reaching restrictions on the adoption of all taxes, fees, and charges by all state and local agencies in California. The initiative, if passed, would apply retroactively to all taxes, fees, or charges passed since January 1, 2022.

As to the state, the initiative would require all taxes adopted by the legislature to also be approved by voters throughout the state. All state and local charges or taxes would be subject to new requirements, including documentation of "actual cost", even though taxes and charges are normally based on projected future rates. Additionally, one initiative requires those charges and taxes must be adopted by the legislative bodies and cannot be delegated to administrative agencies. If any charge or tax is challenged in court, the burden of

proof would now be heightened to a "clear and convincing" standard.

The California Legislature filed a petition for review directly with the California Supreme Court, requesting that the court invalidate the initiative before it is placed on the ballot. On November 26, 2023, the Court accepted the case and issued an order to show cause regarding the following issues: (1) Does the initiative constitute an impermissible attempted revision of the California Constitution by voter initiative?; and (2) Is the initiative measure subject to invalidation on the ground that, if adopted, it would impair essential government functions?

The case has been fully briefed and nearly 100 parties filed amicus briefs, including Association of California Water Agencies (ACWA) and California Special Districts Association (CSDA). The Court has set oral arguments for May 8, 2024, at 1:30 p.m. The Court has no specific deadline to issue a decision following the oral arguments.

Matters Received

Category	Received	<u>Description</u>	
Government Code Claims	3	Claims relating to: (1) reported injuries from falling on a broken utility vault cover in the city of Corona; and (2) two motor vehicle accidents involving MWD vehicles	
Subpoenas	2	(1) Deposition Subpoena for Production of Business Records, served by the plaintiff, in the case Thomas P. Fuhrman v. City of Menifee, Los Angeles County Superior Court, Case No. CVSW2310000, requesting any documents from January 1, 1960, to the present pertaining to Mr. Fuhrman, the real property located at 30701 Lyon Avenue in Hemet, and/or the real property known as "The Wooden Nickel Ranch" located at 25690 Holland Road in Menifee; and (2) Subpoena for employment-related records relating to matter before the Workers' Compensation Appeals Board by a temporary worker	
Requests Pursuant to		<u>Requestor</u>	Documents Requested
the Public Records Act		Association of Confidential Employees (ACE)	Documents for the period January 1, 2012, to date relating to PERB unfair practice charges and grievances filed by ACE against MWD
		California Energy Commission	GIS data showing MWD's boundaries
		Student, California State University San Marcos	Number of participants in the Turf Replacement Program and demographic information about the participants

Requestor Documents Requested

City of Claremont, Recreation and Human Services Department Easement that permits vehicle access to MWD's property adjacent to the Thompson Creek Trail in Claremont

Datum Tech Scoring and contract documents relating

to the Request for Proposal for Multimedia Placement Consulting Services for Water Awareness and

Outreach Campaign

FedTec Proposal documents and

budget/spending on the contract for On-Call Information Technology Services

Jacobs Lake Mathews Forebay PCS and Bypass

reports and reports relating to Lake

Mathews electrical upgrade

Los Cerritos Community

News

Documents showing the increase in MWD water rates that were recently

approved by the Board

Mott MacDonald Lake Mathews Forebay PCS and Bypass

Reports and winning proposals submitted for (1) the Pure Water Southern California program; (2) feasibility studies and detailed investigations for potential east-west conveyance facility; and (3) preliminary investigations for the West Area Water Supply Reliability Improvements and owner's advisor services for progressive design build of the Sepulveda Feeder

Pump Station

Nelson Mullins Riley &

Scarborough

Documents for the period 1986-2016 relating to asbestos-related training courses taken by a certain former MWD employee and projects that the former employee worked on that involved

asbestos

Pro Engineering
Consulting (2 requests)

Data on water pressure to properties in

Winchester and Commerce

Graduate Student, San Diego State University

Annual water quality reports dated before 2017 through the present covering the period before and after the

Woolsey fire

The Sax Agency Scoring sheet for proposals submitted in

response to Request for Proposal for Multimedia Placement Consulting Services for Water Awareness and

Outreach Campaign

Requestor Documents Requested

Sensis Scoring sheets and winning proposal for

> the Request for Proposal for Multimedia Placement Consulting Services for Water Awareness and Outreach Campaign

Transparent California MWD Employee Compensation Report

for 2023

West Yost Modeling data for projected salinity

concentrations in the Colorado River

through 2040

Other Matters 1 Letter from the California Department of Industrial Relations, Labor Commissioner's Office, Retaliation Complaint Investigation Unit stating that this office received an Equal Pay Act complaint regarding the wages and/or working conditions of employees at MWD. Although the letter requires that MWD keep and maintain any relevant records, a copy of the complaint was not provided

PLEASE NOTE

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

Bay-Delta and SWP Litigation

Subject Status

Delta Conveyance Project CEQA Cases

City of Stockton v. California Department of Water Resources

County of Butte v. California Department of Water Resources

County of Sacramento v. California Department of Water Resources

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

Sacramento Area Sewer District v. California Department of Water Resources

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

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

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

Tulare Lake Basin Water Storage District v. California Department of Water Resources

Sacramento County Superior Ct.
(Judge Acquisto)

- DWR is the only named respondent/defendant
- All alleged CEQA violations
- Most allege violations of the Delta Reform Act,
 Public Trust Doctrine and Delta and
 Watershed Protection Acts
- Two allege violations of the fully protected bird statute
- One alleges violations of Proposition 9 (1982) and the Central Valley Project Act
- Second case management conference <u>and</u> <u>hearing on motion for preliminary injunction re</u> <u>geotechnical work</u> set for May 31, 2024
- Deadline for DWR to prepare the administrative record extended to June 14, 2024

Delta Conveyance Project Water Right Permit Litigation

<u>Central Delta Water Agency et al. v. State Water</u> Resources Control Board

Fresno County Superior Court (Judge TBD)

Complaint filed April 16, 2024 alleges that the
 State Water Board must rule on DWR's 2009
 petition to extend the time to perfect its State
 Water Project rights before the State Water
 Board may begin to adjudicate DWR's petition
 to change its water rights to add new points of
 diversion for the Delta Conveyance Project

Consolidated DCP Revenue Bond Validation Action and CEQA Case

Sierra Club, et al. v. California Department of Water Resources (CEQA, designated as lead case)

DWR v. All Persons Interested (Validation)

Validation Action

 Final Judgment and Final Statement of Decision issued January 16, 2024 ruling the bonds are not valid

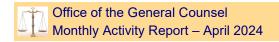
Subject	Status
Sacramento County Superior Ct. (Judge Kenneth C. Mennemeier) 3d District Court of Appeal Case No. C100552	 DWR, Metropolitan and other supporting public water agencies filed Notices of Appeal on or before the February 16, 2024 deadline Eight opposing groups filed Notices of Cross Appeals by March 27, 2024 April 16, 2024 DWR moved to dismiss the cross appeals as untimely May 1, 2024 deadline to file oppositions to motion to dismiss cross appeals
SWP-CVP 2019 BiOp Cases Pacific Coast Fed'n of Fishermen's Ass'ns, et al. v. Raimondo, et al. (PCFFA) Calif. Natural Resources Agency, et al. v. Raimondo, et al. (CNRA) Federal District Court, Eastern Dist. of California, Fresno Division (Judge Thurston)	 SWC intervened in both PCFFA and CNRA cases Federal defendants reinitiated consultation on Oct 1, 2021 March 28, 2024 order extending the Interim Operations Plan and the stay of the cases through the issuance of a new Record of Decision or December 20, 2024, whichever is first
CESA Incidental Take Permit Cases	Administrative records certified in October 2023
Coordinated Case Name <i>CDWR Water Operations Cases</i> , JCCP 5117 (Coordination Trial Judge Gevercer)	Parties are conferring on a merits briefing schedule
Metropolitan & Mojave Water Agency v. Calif. Dept. of Fish & Wildlife, et al. (CESA/CEQA/Breach of Contract)	
State Water Contractors & Kern County Water Agency v. Calif. Dept. of Fish & Wildlife, et al. (CESA/CEQA)	
Tehama-Colusa Canal Auth., et al. v. Calif. Dept. of Water Resources (CEQA)	
San Bernardino Valley Municipal Water Dist. v. Calif. Dept. of Water Resources, et al. (CEQA/CESA/ Breach of Contract/Takings)	
Sierra Club, et al. v. Calif. Dept. of Water Resources (CEQA/Delta Reform Act/Public Trust)	
North Coast Rivers Alliance, et al. v. Calif. Dept. of Water Resources (CEQA/Delta Reform Act/Public Trust)	

Subject	Status
Central Delta Water Agency, et. al. v. Calif. Dept. of Water Resources (CEQA/Delta Reform Act/Public Trust/ Delta Protection Acts/Area of Origin) San Francisco Baykeeper, et al. v. Calif. Dept. of Water Resources, et al. (CEQA/CESA)	
CDWR Environmental Impact Cases Sacramento Superior Ct. Case No. JCCP 4942, 3d DCA Case No. C100302 (20 Coordinated Cases) Validation Action DWR v. All Persons Interested CEQA 17 cases CESA/Incidental Take Permit 2 cases (Judge Arguelles)	 Cases dismissed after DWR rescinded project approval, bond resolutions, decertified the EIR, and CDFW rescinded the CESA incidental take permit January 10, 2020 – Nine motions for attorneys' fees and costs denied in their entirety May 11, 2022, court of appeal reversed the trial court's denial of attorney fees and costs Coordinated cases remitted to trial court for re-hearing of fee motions consistent with the court of appeal's opinion Dec. 26, 2023 order denying fee motions Feb. 26, 2024 deadline to file notice of appeal Six notices of appeal filed
COA Addendum/ No-Harm Agreement North Coast Rivers Alliance v. DWR Sacramento County Superior Ct. (Judge Rockwell)	 Plaintiffs allege violations of CEQA, Delta Reform Act & public trust doctrine Westlands Water District and North Delta Water Agency granted leave to intervene Metropolitan & SWC monitoring Deadline to prepare administrative record last extended to Nov. 18, 2022
Water Management Tools Contract Amendment California Water Impact Network et al. v. DWR Sacramento County Superior Ct. (Judge Aquisto) North Coast Rivers Alliance, et al. v. DWR Sacramento County Super. Ct. (Judge Aquisto)	 Filed September 28, 2020 CWIN and Aqualliance allege one cause of action for violation of CEQA NCRA et al. allege four causes of action for violations of CEQA, the Delta Reform Act, Public Trust Doctrine and seeking declaratory relief SWC motion to intervene in both cases granted Dec. 20, 2022 DWR filed notice of certification of the administrative record and filed answers in both cases

	San Diego County Water Authority v. Metropolitan, et al.			
Cases	Date	Status		
2014, 2016	Aug. 28, 2020	SDCWA served first amended (2014) and second amended (2016) petitions/complaints.		
	April 23	SDCWA filed answers to Metropolitan's cross-complaints.		
	Sept. 30	Based on the Court of Appeal's Sept. 21 opinion (described above), and the Board's Sept. 28 authorization, Metropolitan paid \$35,871,153.70 to SDCWA for 2015-2017 Water Stewardship Rate charges under the Exchange Agreement and statutory interest.		
2017	July 23, 2020	Dismissal without prejudice entered.		
2018	April 21, 2021	SDCWA filed second amended petition/complaint.		
	July 29	Metropolitan filed answer to the second amended petition/complaint and cross-complaint against SDCWA for declaratory relief and reformation.		
	Aug. 31	SDCWA filed answer to Metropolitan's cross-complaint.		
	April 11, 2022	Court entered order of voluntary dismissal of parties' WaterFix claims and cross-claims.		
2014, 2016, 2018	June 11, 2021	Deposition of non-party witness.		
	Aug. 25	Hearing on Metropolitan's motion for further protective order regarding deposition of non-party witness.		
	Aug. 25	Court issued order consolidating the 2014, 2016, and 2018 cases for all purposes, including trial.		
	Aug. 30	Court issued order granting Metropolitan's motion for a further protective order regarding deposition of non-party witness.		
	Aug. 31	SDCWA filed consolidated answer to Metropolitan's cross-complaints in the 2014, 2016, and 2018 cases.		
	Feb. 22	Metropolitan and SDCWA each filed motions for summary adjudication.		
	April 13	Hearing on Metropolitan's and SDCWA's motions for summary adjudication.		
	May 4	Court issued order granting Metropolitan's motion for summary adjudication on cross-claim for declaratory relief that the conveyance facility owner, Metropolitan, determines fair compensation, including any offsetting benefits; and denying its motion on certain other cross-claims and an affirmative defense.		

Cases	Date	Status
2014, 2016, 2018 (cont.)	May 11	Court issued order granting SDCWA's motion for summary adjudication on cross-claim for declaratory relief in the 2018 case regarding lawfulness of the Water Stewardship Rate's inclusion in the wheeling rate and transportation rates in 2019-2020; certain cross-claims and affirmative defenses on the ground that Metropolitan has a duty to charge no more than fair compensation, which includes reasonable credit for any offsetting benefits, with the court also stating that whether that duty arose and whether Metropolitan breached that duty are issues to be resolved at trial; affirmative defenses that SDCWA's claims are untimely and SDCWA has not satisfied claims presentation requirements; affirmative defense in the 2018 case that SDCWA has not satisfied contract dispute resolution requirements; claim, crossclaims, and affirmative defenses regarding applicability of Proposition 26, finding that Proposition 26 applies to Metropolitan's rates and charges, with the court also stating that whether Metropolitan violated Proposition 26 is a separate issue; and cross-claims and affirmative defenses regarding applicability of Government Code section 54999.7, finding that section 54999.7 applies to Metropolitan's rates. Court denied SDCWA's motion on certain other cross-claims and affirmative defenses.
	May 13	Pre-trial conference; court denied Metropolitan's motions in limine.
	May 16-27	Trial occurred but did not conclude.
	May 23, June 21	SDCWA filed motions in limine.
	May 26, June 24	Court denied SDCWA's motions in limine.
	June 3, June 24, July 1	Trial continued, concluding on July 1.
	June 24	SDCWA filed motion for partial judgment.
	July 15	Metropolitan filed opposition to motion for partial judgment.
	Aug. 19	Post-trial briefs filed.
	Sept. 14	Court issued order granting in part and denying in part SDCWA's motion for partial judgment (granting motion as to Metropolitan's dispute resolution, waiver, and consent defenses; denying motion as to Metropolitan's reformation cross-claims and mistake of fact and law defenses; and deferring ruling on Metropolitan's cost causation cross-claim).
	Sept. 21	Metropolitan filed response to order granting in part and denying in part SDCWA's motion for partial judgment (requesting deletion of Background section portion relying on pleading allegations).

Cases	Date	Status
2014, 2016, 2018 (cont.)	Sept. 22	SDCWA filed objection to Metropolitan's response to order granting in part and denying in part SDCWA's motion for partial judgment.
	Sept. 27	Post-trial closing arguments.
	Oct. 20	Court issued order that it will rule on SDCWA's motion for partial judgment as to Metropolitan's cost causation cross-claim simultaneously with the trial statement of decision.
	Dec. 16	Parties filed proposed trial statements of decision.
	Dec. 21	SDCWA filed the parties' stipulation and proposed order for judgment on Water Stewardship Rate claims for 2015-2020.
	Dec. 27	Court entered order for judgment on Water Stewardship Rate claims for 2015-2020 as proposed by the parties.
	March 14, 2023	Court issued tentative statement of decision (tentatively ruling in Metropolitan's favor on all claims litigated at trial, except for those ruled to be moot based on the rulings in Metropolitan's favor)
	March 14	Court issued amended order granting in part and denying in part SDCWA's motion for partial judgment (ruling that Metropolitan's claims for declaratory relief regarding cost causation are not subject to court review).
	March 29	SDCWA filed objections to tentative statement of decision
	April 3	Metropolitan filed response to amended order granting in part and denying in part SDCWA's motion for partial judgment (requesting deletion of Background section portion relying on pleading allegations).
	April 25	Court issued statement of decision (ruling in Metropolitan's favor on all claims litigated at trial, except for those ruled to be moot based on the rulings in Metropolitan's favor)
	Jan. 10, 2024	Parties filed joint status report and stipulated proposal on form of judgment
	Jan. 17	Court issued order approving stipulated proposal on form of judgment (setting briefing and hearing)
	April 3	Court entered final judgment
	April 3	Court issued writ of mandate regarding demand management costs
	April 3	SDCWA filed notice of appeal
	April 17	Metropolitan filed notice of cross-appeal
	July 18	Hearing on prevailing party



Cases	Date	Status
All Cases	April 15, 2021	Case Management Conference on 2010-2018 cases. Court set trial in 2014, 2016, and 2018 cases on May 16-27, 2022.
	April 27	SDCWA served notice of deposition of non-party witness.
	May 13-14	Metropolitan filed motions to quash and for protective order regarding deposition of non-party witness.
	June 4	Ruling on motions to quash and for protective order.

Outside Counsel Agreements				
Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Albright, Yee & Schmit, APC	Employment Matter	211923	05/23	\$60,000
Andrade Gonzalez LLP	MWD v. DWR, CDFW and CDNR Incidental Take Permit (ITP) CESA/CEQA/Contract Litigation	185894	07/20	\$250,000
Aleshire & Wynder	Oil, Mineral and Gas Leasing	174613	08/18	\$50,000
Atkinson Andelson Loya Ruud & Romo	Employee Relations	59302	04/04	\$1,316,937 \$ 1,277,187
	Delta Conveyance Project Bond Validation-CEQA Litigation	185899	09/21	\$250,000
	MWD Drone and Airspace Issues	193452	08/20	\$50,000
	AFSCME Local 1902 in Grievance No. 1906G020 (CSU Meal Period)	201883	07/12/21	\$30,000
	AFSCME Local 1902 v. MWD, PERB Case No. LA-CE-1438-M	201889	09/15/21	\$20,000
	MWD MOU Negotiations**	201893	10/05/21	\$100,000
BDG Law Group, APLC	Gutierrez v. MWD	<u>216054</u>	03/24	<u>\$100,000</u>
Best, Best & Krieger	Bay-Delta Conservation Plan/Delta Conveyance Project (with SWCs)	170697	08/17	\$500,000
	Environmental Compliance Issues	185888	05/20	\$100,000
	Grant Compliance Issues	211921	05/23	\$75,000
	Pure Water Southern California	207966	11/22	\$100,000
	Progressive Design Build	<u>216053</u>	04/24	\$250,000
Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP	FCC and Communications Matters	110227	11/10	\$100,000
Buchalter, a Professional Corp.	Union Pacific Industry Track Agreement	193464	12/07/20	\$50,000

Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Burke, Williams & Sorensen, LLP	Real Property – General	180192	01/19	\$100,000
Solelisell, LLF	Labor and Employment Matters	180207	04/19	\$75,000
	General Real Estate Matters	180209	08/19	\$200,000
	Rancho Cucamonga Condemnation Actions (Grade Separation Project)	207970	05/22	\$100,000
Law Office of Alexis S.M. Chiu*	Bond Counsel	200468	07/21	N/A
Cislo & Thomas LLP	Intellectual Property	170703	08/17	\$100,000
Curls Bartling P.C.*	Bond Counsel	200470	07/21	N/A
Duane Morris LLP	SWRCB Curtailment Process	138005	09/14	\$615,422
Duncan, Weinberg, Genzer & Pembroke	Power Issues	6255	09/95	\$3,175,000
Ellison, Schneider, Harris & Donlan	Colorado River Issues	69374	09/05	\$175,000
Hallis & Dollali	Issues re SWRCB	84457	06/07	\$200,000
Erin Joyce Law, PC	Employment Matter	216039	11/23	\$100,000
Greines, Martin, Stein & Richland LLP	SDCWA v. MWD	207958	10/22	\$100,000
& Richard LLP	Colorado River Matters	207965	11/22	\$100,000
Haden Law Office	Real Property Matters re Agricultural Land	180194	01/19	\$50,000
Hanna, Brophy, MacLean, McAleer & Jensen, LLP	Workers' Compensation	211926	06/23	\$200,000
Hanson Bridgett LLP	SDCWA v. MWD	124103	03/12	\$1,100,000

Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
	Finance Advice	158024	12/16	\$100,000
	Deferred Compensation/HR	170706	10/17	\$500,000
	Tax Issues	180200	04/19	\$50,000
	Alternative Project Delivery (ADP)	207961	10/22	\$250,000
	Ad Valorem Property Taxes	216042	11/23	\$100,000
Hawkins Delafield & Wood LLP*	Bond Counsel	193469	07/21	N/A
Hemming Morse, LLP	Baker Electric v. MWD	211933	08/23	\$100,000
Horvitz & Levy	SDCWA v. MWD	124100	02/12	\$1,250,000
	General Appellate Advice	146616	12/15	\$200,000
	Colorado River	203464	04/22	\$100,000
	Delta Conveyance Bond Validation Appeal	216047	03/24	\$25,000
	PFAS Multi-District Litigation – Appeal	216050	03/24	\$200,000 \$100,000
Innovative Legal Services, P.C.	Employment Matter	211915	01/19/23	\$125,000
Internet Law Center	Cybersecurity and Privacy Advice and Representation	200478	04/13/21	\$100,000
	Systems Integrated, LLC v. MWD	201875	05/17/21	\$100,000
Amira Jackmon, Attorney at Law*	Bond Counsel	200464	07/21	N/A
Jackson Lewis P.C.	Employment: Department of Labor Office of Contract Compliance	137992	02/14	\$45,000
Jones Hall, A Professional Law Corp*	Bond Counsel	200465	07/21	N/A
Kronenberger Rosenfeld, LLP	Systems Integrated, LLC v. MWD	211920	04/23	\$250,000
Kutak Rock LLP	Delta Islands Land Management	207959	10/22	\$10,000

Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Liebert Cassidy Whitmore	Labor and Employment	158032	02/17	\$229,724
vvinuriore	FLSA Audit	180199	02/19	\$50,000
	EEO Advice	216041	12/23	\$100,000
<u>Lieff Cabraser</u> <u>Heimann & Bernstein,</u> <u>LLP</u>	PFAS Multi-District Litigation	<u>216048</u>	03/24	<u>\$100,000</u>
Manatt, Phelps & Phillips	SDCWA v. MWD rate litigation	146627	06/16	\$4,400,000
Fillilips	Raftelis-Subcontractor of Manatt, Agr. #146627: Per 5/2/22 Engagement Letter between Manatt and Raftelis, MWD paid Raftelis Financial Consultants, Inc.	Invoice No. 23949		\$56,376.64 for expert services & reimbursable expenses in SDCWA v. MWD
Marten Law LLP	PFAS Multi-District Litigation	216034	09/23	\$400,000
Meyers Nave Riback Silver & Wilson	Pure Water Southern California	207967	11/22	\$100,000
Sliver & Wilson	PFAS Compliance Issues	207968	11/14/22	\$100,000
Miller Barondess, LLP	SDCWA v. MWD	138006	12/14	\$600,000
Morgan, Lewis & Bockius	SDCWA v. MWD	110226	07/10	\$8,750,000
Bockius	Project Labor Agreements	200476	04/21	\$100,000
Musick, Peeler & Garrett LLP	Colorado River Aqueduct Electric Cables Repair/Contractor Claims	193461	11/20	\$2,500,000
	Arvin-Edison v. Dow Chemical	203452	01/22	\$100,000
	Semitropic TCP Litigation	207954	09/22	\$75,000
Nixon Peabody LLP*	Bond Counsel [re-opened]	193473	07/21	\$100,000
	Special Finance Project	207960	10/22	\$50,000
Norton Rose Fulbright US LLP*	Bond Counsel	200466	07/21	N/A

Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Olson Remcho LLP	Government Law	131968	07/14	\$400,000
	Executive Committee/Ad Hoc Committees Advice	207947	08/22	\$60,000
	Public Records Act	207950	08/22	\$54,000
	Advice/Assistance re Proposition 26/Election Issues	211922	05/23	\$100,000
Pearlman, Brown & Wax, L.L.P.	Workers' Compensation	216037	10/23	\$100,000
Procopio, Cory, Hargreaves & Savitch, LLP	CityWatch Los Angeles Public Records Act Request	216046	02/24	\$75,000
Rains Lucia Stern St. Phalle & Silver, PC	Employment Matter	211919	4/23	\$60,000
Renne Public Law Group, LLP	ACE v. MWD (PERB Case No. LA-CE-1574-M)	203466	05/22	\$100,000
	ACE v. MWD (PERB Case No. LA-CE-1611-M)	207962	10/22	\$50,000
	Employee Relations and Personnel Matters	216045	01/24	\$50,000
Ryan & Associates	Leasing Issues	43714	06/01	\$200,000
	Oswalt v. MWD	211925	05/23	\$100,000
Seyfarth Shaw LLP	Claim (Contract #201897)	201897	11/04/21	\$350,000
	Claim (Contract #203436)	203436	11/15/21	\$350,000
	Claim (Contract #203454)	203454	01/22	\$210,000
	Reese v. MWD	207952	11/22	\$750,000
	General Labor/Employment Advice	211917	3/23	\$100,000
	Civil Rights Department Complaint	211931	07/23	\$100,000
	Crawford v. MWD	216035	09/23	\$100,000
	Tiegs v. MWD	216043	12/23	\$250,000

Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
	Zarate v. MWD	216044	01/24	\$250,000
Sheppard Mullin Richter & Hampton	Rivers v. MWD	207946	07/22	\$250,000
Nonter & Hampton	Lorentzen v. MWD	216036	09/23	\$100,000
Stradling Yocca Carlson & Rauth*	Bond Counsel	200471	07/21	N/A
Theodora Oringher PC	Construction Contracts - General Conditions Update	185896	07/20	\$100,000
Thompson Coburn LLP	NERC Energy Reliability Standards	193451	08/20	\$300,000
Van Ness Feldman, LLP	General Litigation	170704	07/18	\$50,000
LLP	Colorado River MSHCP	180191	01/19	\$50,000
	Bay-Delta and State Water Project Environmental Compliance	193457	10/15/20	\$50,000
	Colorado River Issues	211924	05/23	\$100,000

^{*}Expenditures paid by Bond Proceeds/Finance **Expenditures paid by another group

Board Report

Office of the General Auditor

General Auditor's Report for April 2024

Summary

This report highlights significant activities of the Office of the General Auditor for the month ended April 30, 2024.

Purpose

Informational

Attachments

None

Detailed Report

Audit & Advisory Services

Twenty-nine projects are in progress:

- Twelve audit projects are in the report preparation phase, including:
 - o Two draft reports pending management response (Fuel Regulations, Kennedy/Jenks Contract)
 - Three preliminary draft reports pending management comment (IBI Contract, Surplus Personal Property, Ransomware)
- Thirteen projects are in the execution phase, including eight audits and five advisories.
- Four audit projects are in the planning phase including three new audits added to the audit plan (Sole Source Contracts, Pure Water State Funding, and Software Asset & Inventory Control).

Work priority is being given to carry-forward audits.

Follow-Up Audits

We will follow up on nine audits from prior years. Follow-up audit forms have been received back from management for seven of the audits, and follow-up audit work is in progress for six of the seven.

Board Report (General Auditor's Report for April 2024)

Other General Auditor Activities

1. Confidential Communications

Completed. Collaboration with General Counsel to develop a dual-report format for communicating confidential audit observations and recommendations was completed.

2. FY 2024/25 General Auditor Audit Plan

Work is underway for next fiscal year's audit plan. Twenty-seven meetings with Metropolitan department heads and senior management were completed. Board input for the audit plan was received at the April Audit Subcommittee meeting. We expect to present the audit plan for approval at the June Board of Directors meeting.

3. External Auditor Support

Macias Gini & O'Connell LLP has commenced planning for this fiscal year's external audit. Internal Audit will provide 800 hours of support.

4. Ethics Symposium

The General Auditor and the Deputy General Auditor attended the SoCal Ethics Symposium held at Metropolitan headquarters on April 10 in partnership with LA Metro and the City of Los Angeles. The event focused on sharing insights, challenges, and solutions in the field of government ethics and compliance.

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5. Ethics Training

Internal audit personnel attended the Ethics Training covering Metropolitan's gift rules.



Ethics Office Monthly Report

APRIL 2024

SOUTHERN CALIFORNIA ETHICS SYMPOSIUM

On April 10, the Ethics Office planned and hosted the Southern California Ethics Symposium, co-sponsored by LA Metro and Los Angeles Mayor Karen Bass. The event was the first-ever conference of government ethics and independent oversight officials in Southern California. It featured opening remarks by Board Chair Ortega, and Director Pressman was a speaker on one of three expert panels. There were over 60 participants including staff from the City of Los Angeles Mayor's Office, LA Metro, U.S. Department of Labor Office of Inspector General, Los Angeles City Ethics Commission, and other government agencies.









EDUCATION

At eight separate events in April, staff provided ethics training to over 400 employees, including sessions at Mills and Jensen Water Filtration Plants. Since initiating new trainings last December, the Ethics Office has provided ethics training to over 1,250 employees. Staff presented an Ethics Office overview for ten new hires at New Employee Orientations hosted by Human Resources.

COMPLIANCE

Continued management of the Form 700 annual filing season, which began January 1, 2024, and ended April 2, 2024. Staff continues efforts to obtain full compliance for Metropolitan.

Assisted directors and employees with their Annual, Assuming Office, and Leaving Office Form 700 filings. Assistance included filing for multiple positions, troubleshooting the electronic filing system, and notifications of deadlines.

ADVICE

Addressed 32 advice matters related to the following: conflicts of interest, financial disclosure, gifts, and other ethics-related topics.

INVESTIGATIONS

Received six complaints involving the following allegations:

- An employee received outside income from a restricted source.
- A manager received outside income from a restricted source.
- A manager used derogatory ethnic slurs in the workplace.
- A Metropolitan official verbally disparaged and sexually harassed staff.
- An employee retaliated against a coworker for protected EEO activity.
- An employee was dishonest with a coworker about a work-related matter.

We referred three of these matters to the EEO Office.

ADVICE AND INVESTIGATIVE DATA

Advice Matters	32
Compliance Assistance	21
Complaints Received	6
Investigations Opened	0
Pending Investigations	6

MINUTES

BOARD OF DIRECTORS WORKSHOP ON LONG-TERM PLANNING PROCESSES AND BUSINESS MODELING

THE METROPOLITAN WATER DISTRICT

OF SOUTHERN CALIFORNIA

March 18, 2024

1. CALL TO ORDER

Committee Chair Petersen called the meeting to order at 9:06 a.m.

Directors Dennstedt indicated she is participating under AB 2449 "just cause" regarding illness. Director Dennstedt appeared by audio and on camera.

Director Faessel indicated he is participating under AB 2449 "just cause" regarding legislative duties. Director Faessel appeared by audio and on camera.

The Pledge of Allegiance was given by Vice Chair of the Board S. Gail Goldberg, San Diego County Water Authority

2. ROLL CALL

Board Executive Secretary Hudson administered the roll call.

Board Members present: Abdo (entered after roll call), Alvarez, Bryant, Dennstedt (AB 2449 "just cause"), Dick, Erdman, Faessel (AB 2449 "just cause"), Goldberg, Jung, Kurtz, Lefevre, McMillan (entered after roll call), Miller (entered after roll call) Ortega, Petersen, Peterson (entered after roll call) Quinn (entered after roll call), Seckel, and Sutley (entered after roll call)

Board Members absent: Directors Ackerman Armstrong, Camacho, Cordero, De Jesus, Douglas, Fellow, Fong-Sakai, Garza, Gray, Gualtieri, Kassakhian, Luna, McCoy, Morris, Phan, Pressman, Ramos, and Smith

Director Dennstedt announced during roll call that no one was in the room with her.

3. DETERMINATION OF QUORUM

Board Executive Secretary Hudson determined that a quorum was present.

4. OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD LIMITED TO THE ITEMS LISTED ON THE AGENDA.

No members of the public requested to speak.

Chair Ortega and Vice Chair of the Board Goldberg addressed the Board on matters pertaining to this Workshop.

5. SUBCOMMITTEE ITEMS - CAMP4W TASK FORCE

a. Subject: Member Agency Managers Task Force Members

Cesar Barrera, City of Santa Ana

Nina Jazmadarian, Foothill Municipal Water District Shivaji Deshmukh, Inland Empire Utilities Agency Dave Pedersen, Las Virgenes Municipal Water District

Anatole Falagan, Long Beach Water Department

Anselmo Collins, Los Angeles Department of Water and Power Harvey De La Torre, Municipal Water District of Orange County

Dan Denham, San Diego County Water Authority

Kristine McCaffrey, Calleguas Municipal Water District

Tom Love, Upper San Gabriel Valley Municipal Water District

Craig Miller, Western Municipal Water District Joe Mouawad, Eastern Municipal Water District Stacie Takeguchi, Pasadena Water and Power

Task Force Members present: Member Agency Manager Members Barrera, Deshmukh, Pedersen, Falagan, De La Torre, McCaffrey, Miller, and Takeguchi

Director Abdo entered the meeting.

Director Quinn entered the meeting.

Director Sutley entered the meeting.

Director Dick entered the meeting.

b. Subject: Training Workshop on Climate Adaptation and Scenario Planning

Session 1: Using Climate Science and Modeling

- Question and Answer
- Thought Exercise

Session 2: Scenario Planning

- Question and Answer

Session 3: Climate Adaptation Planning

- Question and Answer
- Introduce Climate Planning Exercise and Breakout Session 1 (Breakout into small groups: less than quorum)

Presented by: Elizabeth Crosson, Chief Sustainability, Resilience, and Innovation Officer

Ms. Crosson introduced Kit Batten, Kit Batten Consulting, who moderated today's Workshop.

Ms. Batten presented the Board with an overview of the workshop agenda and provided her background.

Ms. Batten introduced Alex Hall, UCLA, who presented the Board with an overview of using climate science and modeling.

Ms. Batten introduced Robert Lempert, RAND, who presented the Board with an overview of scenario planning.

Ms. Batten introduced Juliette Hart, Pathways Climate Institute, who presented the Board with adaptation planning and adaptation pathways.

Director McMillan left the meeting.

The following Directors made comments or asked questions:

- 1. Petersen
- 2. Ortega
- 3. Seckel
- 4. Alvarez
- 5. Abdo
- 6. Erdman
- 7. Goldberg
- 8. Sutley

Staff responded to the Directors questions and comments.

Director Seckel left the meeting.

Director Alvarez left the meeting.

Director Miller entered the meeting.

Director Peterson entered the meeting.

Adjourned at 2:02 p.m. and reconvened at 2:35 p.m.

6. ADJOURN TO 2:35 p.m., AFTER COMPLETION OF BREAKOUT SESSION 1

c. Reconvene for Discussion/Reflection on Breakout exercises
 - Climate Planning Exercise and Breakout Session 2
 (Breakout into small groups: less than quorum)

Adjourned at 3:04 p.m. and reconvened at 3:15 p.m.

7. ADJOURN TO 3:35 p.m., AFTER COMPLETION OF BREAKOUT SESSION 2

d. Reconvene for Discussion/Reflection on Breakout exercises
 Session 4: Signposting and CAMP4W Adaptive Management
 - Question and Answer

The following Directors made comments or asked questions:

1. Ortega

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

MATT PETERSEN COMMITTEE CHAIR

None

10. ADJOURNMENT

Meeting adjourned at 4:01 p.m.

BOARD EXECUTIVE SECRETARY

Rickita C. Hudson

MINUTES

BOARD OF DIRECTORS WORKSHOP ON PROPOSED BIENNIAL BUDGET

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

March 26, 2024

1. CALL TO ORDER

Chair Ortega called the meeting to order at 8:32 a.m.

Director Smith indicated he is participating under AB 2449 "just cause" due to illness. Director Smith appeared by audio and on camera.

Director Dennstedt indicated she is participating under AB 2449 "just cause" due to physical injury. Director Dennstedt appeared by audio and on camera.

The Pledge of Allegiance was given by Director John T. Morris, City of San Marino.

2. ROLL CALL

Board Secretary Fong-Sakai administered the roll call.

Board Members present: Directors Abdo (entered after rollcall), Ackerman, Alvarez (entered after rollcall), Armstrong, Bryant, Camacho (entered after rollcall), De Jesus, Dennstedt (AB 2449 "just cause), Dick(entered after rollcall), Douglas, Erdman, Faessel (entered after rollcall), Fellow(entered after rollcall), Fong-Sakai, Garza (entered after rollcall), Gray, Gualtieri (entered after rollcall), Jung, Kurtz, Lefevre (teleconference posted location), McCoy (entered after rollcall), McMillan, Miller, Morris, Ortega, Peterson (entered after rollcall), Quinn (entered after rollcall), Seckel, Smith (AB 2449 "just cause"), and Sutley (entered after rollcall).

Board Members absent: Directors Cordero, Goldberg, Kassakhian, Luna, Petersen, Phan, Pressman, and Ramos.

3. DETERMINATION OF QUORUM

Board Secretary Fong-Sakai determined that a guorum was present.

4. OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD LIMITED TO THE ITEMS LISTED ON THE AGENDA

Name	Affiliation	Item
1. Justin Breck	LA Waterkeeper	5A
2. Nina Jazmadarian	Foothill Municipal Water District	5A
3. Connor Everts	Environmental Justice Coalition for Water	5A

Directors Abdo, Alvarez, Garza, Kurtz, and McCoy entered the meeting.

5. WORKSHOP ITEMS

Directors Camacho, Dick, Faessel, Luna, Peterson, and Sutley entered the meeting.

a. Subject: Proposed biennial budget, which includes the Capital

Investment Plan and revenue requirements for fiscal years 2024/25 and 2025/26; proposed water rates and charges for calendar years 2025 and 2026 to meet revenue requirements for fiscal years 2024/25 and 2025/26; ten-year forecast; and

Cost of Service Report. (Workshop #4) (FAM)

Presented Katano Kasaine, Chief Financial Officer by: Adam Benson, Group Manager, Finance

Arnout Van den Berg, Section Manager, Revenue & Budget

Ms. Kasaine introduced the item and Mr. Benson, who presented the committee with an overview of questions and answers, including MWD Act, ad valorem property tax, and additional debt coverage information. Next, Mr. Van den Berg presented an overview of the rate alternatives and the additional new alternatives.

The following Directors made comments or asked questions:

- 1. De Jesus
- 2. Armstrong
- 3. Smith
- 4. Bryant
- 5. Ortega
- 6. Sutley
- 7. Morris
- 8. Kurtz
- 9. Peterson
- 10. Seckel
- 11. Dennstedt
- 12. Fong-Sakai
- 13. Gualtieri
- 14. Garza
- 15. Miller
- 16. Dick
- 17. Alvarez
- 18. Jung
- 19. Quinn
- 20. Erdman
- 21. Abdo
- 22. Camacho
- 23. Lefevre
- 24. Ackerman
- 25. Fellow
- 26. Faessel
- 27. McMillan

Staff responded to the Directors' questions and comments.

6. FOLLOW UP ITEMS

Director Peterson requested staff respond to the letters sent by City of Pasadena dated March 15, 2024, and Calleguas Municipal Water District dated March 22, 2024.

7. FUTURE AGENDA ITEMS

None

Meeting adjourned at 12:22 p.m.

LOIS FONG-SAKAI SECRETARY OF THE BOARD

✓ADÁN ORTEGA, ÚR. CHAIR OF THE BOARD

MINUTES

REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

April 9, 2024

53577 The Board of Directors of The Metropolitan Water District of Southern California met in a regular session on Tuesday, April 09, 2024.

Chair Ortega called the meeting to order at 2:02 p.m.

Director Cordero is using AB 2449 just cause due to an illness that prevents her from attending in person. Director Cordero appeared by audio and video.

53578 The Meeting was opened with an invocation by Director Ardy Kassakhian, City of Glendale.

53579 The Pledge of Allegiance was given by Director Juan Garza, Central Basin Municipal Water District.

53580 Board Executive Secretary Hudson administered the roll call. Those responding present were: Directors Abdo, Ackerman, Alvarez, Armstrong, Bryant, Camacho Cordero (AB 2449), De Jesus, Dennstedt, Dick, Douglas, Erdman, Fellow, Garza, Gualtieri, Kassakhian, Lefevre (teleconference posted location available for the public), McCoy, McMillan, Miller, Morris, Ortega, Petersen, Peterson, Phan (teleconference posted location available for the public), Pressman (teleconference posted location available for the public), Quinn, Ramos (teleconference posted location available for the public), Seckel, Smith, and Sutley.

Director Cordero announced during the roll that no one was in the room with her 18 years of age or older.

Those not responding were: Director Faessel, Fong-Sakai, Goldberg, Gray, Jung, and Kurtz.

Board Executive Secretary Hudson declared a quorum present.

Directors entered the meeting after the roll call: Director Luna.

Chair Ortega called on Director Kassakhian to introduce the guest Member Agency Manager Chisom Obegolu, Assistant General Manager for Glendale Water and Power. Director Kassakhian and Mr. Obegolu made remarks.

Chair Ortega welcomed Mr. Obegolu for joining the board and encouraged him to comment on matters important to the Glendale Water and Power.

53581 Chair Ortega invited members of the public to address the Board on matters within the Board's jurisdiction and the public hearing (in-person and via teleconference).

	Name	Affiliation	Comment
1.	Jack Humphreville	DWP Committee	Item 8-7
2.	Maura Monagan	Los Angeles Waterkeeper	Item 8-7
3.	Mark Gold	Natural Defenses Resource Council	Item 8-7
4.	Bert Perello	Councilmember City of Oxnard	Item 8-7
5.	Mayor Chris Enegren	Moorpark Mayor	Item 8-7
6.	Sylvia Ornelas	Elsinore Valley Municipal Water District	Item 8-7

Director Ackerman left the meeting.

Chair Ortega addressed the following: Other Matters and Reports.

53582 Chair Ortega asked if there were any corrections to the report of events attended by Directors at Metropolitan's expense during the month of March, as previously posted and distributed to the Board. None were made.

53583 Chair Ortega referred to the Chair's monthly report, which was previously posted and distributed to the Board. In addition, he thanked the General Manager for attending the City of San Fernando City Council meeting.

Chair Ortega asked if there were any questions regarding his report. None were made.

53584 General Manager Hagekhalil provided an update on: the visits to the Member Agencies and City Council meetings; on the trip to Sacramento discussing the resiliency bond; on Metropolitan receiving the utility company of the year award from the Greater Los Angeles African American Chamber of Commerce; on centralized grant office; and astly, on Metropolitan events for the month of April.

Director Luna entered the meeting.

53585 General Counsel Scully introduced Betty Kuo Brinton, Senior Deputy General Counsel, to provide an update on social media and the First Amendment.

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

Director(s)

- 1. Ortega
- 2. Luna

Staff responded to the Directors' comments and questions.

53586 General Auditor Suzuki encouraged the board to attend the inaugural Audit Subcommittee of the Executive Committee on April 20, 2024. He gave an overview of the items to be discussed.

53587 Ethics Officer Salinas stated he had nothing to add to the written report.

53588 Chair Ortega asked the Directors if there were any comments or discussions on the Approval of the Minutes of the Board of Directors Workshop on Proposed Biennial Budget for February 27, 2024, Special Meeting of the Board of Directors for February 27, 2024, and the Board of Directors Meeting for March 12, 2024 (Copies have been submitted to each Director any additions, corrections, or omissions) (Agenda Item 6A). No amendments were made.

53589 Approval of Committee Assignments (Agenda Item 6B). There were no committee assignments at this time.

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

Director Miller and Erdman recused themselves on Consent Calendar Item 7-1 as it involves Thermo Fisher Scientific, a company in which they currently own stock.

53590 a. Certify that the Final PEIR for upcoming projects at the Weymouth plant has been completed in compliance with CEQA and the State CEQA Guidelines; certify that the Board has reviewed and considered the information presented in the Final PEIR; certify that the Final PEIR reflects Metropolitan's independent judgment and analysis; and adopt the Findings, the Statement of Overriding Considerations, and the Mitigation Monitoring and Reporting Program; b. Award three procurement contracts to furnish water quality compliance laboratory equipment for Metropolitan's Water Quality Laboratory, as follows: (1) A \$1,512,882 contract to Agilent Technologies to furnish two GC-MS units and two GC-MS/solid phase microextraction units. (2) A \$726,432 contract to SCIEX to furnish one LC-MS unit. (3) A \$665,441 contract to Thermo Fisher Scientific to furnish four ion chromatography units, as set forth in Agenda Item 7-1 board letter.

53591 Adopt the CEQA determination that final design of the Sepulveda Feeder rehabilitation project is within the scope of the certified 2017 Programmatic Environmental Impact Report for the Prestressed Concrete Cylinder Pipe Rehabilitation Program and authorize a new agreement with HDR Engineering Inc. for a not-to-exceed amount of \$3 million for final design to rehabilitate PCCP portions of the Sepulveda Feeder, as set forth in Agenda Item 7-2 board letter.

53592 Authorize an increase to an existing agreement with HDR Engineering Inc. for a new not-to-exceed amount of \$1,735,000 for design services for the Black Metal Mountain 2.4 kV Electrical Power Upgrades project, as set forth in Agenda Item 7-3 board letter.

53593 Award a \$295,562 contract to The Kepler Group Inc. to implement security improvements at the Gene Pumping Plant, as set forth in Agenda Item 7-4 board letter.

53594 Adopt resolution for the 113th Fringe Area Annexation to Eastern Municipal Water District and Metropolitan, as set forth in Agenda Item 7-5 board letter.

53595 Express support for broadening Metropolitan's board priorities to include funding for Delta levee maintenance in the State of California's climate resiliency bond proposals, AB 1567 (Garcia-D) and SB 867 (Allen-D), as set forth in Agenda Item 7-6 board letter.

Director Morris moved, seconded by Director Gualtieri that the Board approve the Consent Calendar Items 6A, 7-1 through 7-6 as follows:

The following is a record of the vote:

Record of Vote on Consent Item(s):	6A, 7-1 thro	ough 7-6							
	Total				Yes		No		Abstain
Member Agency	Votes	Director	Present	Yes	Vote	No	Vote	Abstain	Vote
Anaheim		Faessel							
Beverly Hills		Pressman	Х	Х	4493				
Burbank		Ramos	Х	Х	3175				
Calleguas Municipal Water District	13073	McMillan	Х	Х	13073				
Central Basin Municipal Water District	19324	Garza	Х	Х	9662				
		Gualtieri	Х	Х	9662				
			Subtotal:		19324				
Compton		McCoy	Х	Х	641				
Eastern Municipal Water District		Armstrong	Х	Х	12060				
Foothill Municipal Water District	2409	Bryant	Х	Х	2409				
Fullerton		Jung							
Glendale	3985	Kassakhian	Х	Х	3985				
Inland Empire Utilities Agency	16030	Camacho	Х	Х	16030				
Las Virgenes	3090	Peterson	Х	Х	3090				
Long Beach	6558	Cordero	Х	Х	6558				
Los Angeles	80172	Sutley	Х	Х	16034				
		Petersen	Х	Х	16034				
		Quinn	Х	Х	16034				
		Luna	Х	Х	16034				
		Douglas	Х	Х	16034				
			Subtotal:		80172				
Municipal Water Dist. of Orange County	64634	Ackerman							
		Seckel	Х	Х	21545				
		Dick	Х	Х	21545				
		Erdman	Х	Х	21545				
			Subtotal:		64634				
Pasadena	3864	Kurtz							
San Diego County Water Authority		Fong-Sakai							
		Goldberg							
		Miller	Х	Х	33601				
		Smith	Х	Х	33601				
			Subtotal:		67201				
San Fernando	260	Ortega	Х	Х	260				
San Marino		Morris	Х	Х	800				
Santa Ana		Phan	Х	Х	3431				
Santa Monica		Abdo	Х	Х	4861			1	
Three Valleys Municipal Water District		De Jesus	Х	Х	8634				
Torrance		Lefevre	Х	X	3590			1	
Upper San Gabriel Valley Mun. Wat. Dist.		Fellow	X	X	13418			1	
West Basin Municipal Water District		Alvarez	X	X	27064			1	
,		Gray	-	**				†	
			Subtotal:		27064			<u> </u>	
Western Municipal Water District	14775	Dennstedt	Х	Х	14775				
Total	386141				373678				
Present and not voting	333.71				2.30.3			<u> </u>	
Absent	12463				<u> </u>			1	

The motion to approve the Consent Calendar Items 6A, 7-1 through 7-6 (M.I. No. 53588, 53590 through 53595)* passed by a vote of 373,678 ayes; 0 noes; 0 abstain; 0 not voting; and 12,463 absent.

Director Cordero, using AB 2449 just cause, appeared on video and did not have anyone over the age of 18 present during the vote.

*Note: Individual vote tally for Item 7-1

Directors Erdman and Miller recused themselves on Consent Calendar Item 7-1 as it involves Thermo Fisher Scientific, a company in which they currently own stock. The motion to approve the Consent Calendar Item 7-1 passed by a vote of 373,678 ayes; 0 noes; 0 abstain; 0 not voting; and 12,463 absent.

*Note: Individual vote tally for Item 7-2

Director Quinn abstained on Consent Calendar Item 7-2. The motion to approve the Consent Calendar Item 7-2 passed by a vote of 357,644 ayes; 0 noes; 16,034 abstain; 0 not voting; and 12,463 absent.

*Note: Individual vote tally for Item 7-3

Director Quinn abstained on Consent Calendar Item 7-3. The motion to approve the Consent Calendar Item 7-3 passed by a vote of 357,644 ayes; 0 noes; 16,034 abstain; 0 not voting; and 12,463 absent.

53596 Adopted option #1 as amended to state that Option #1 is based on an assumption of property taxes in an amount estimated to be collected pursuant to a rate of 0.007%, and use of new sources of revenue and attained efficiencies will prioritize replenishment of the full inspection trip program up to \$1.5 million, first, as well as public education and conservation at the discretion of the General Manager. Option 1 also includes the following actions:

Option 1

- (a) Approved the FY 2024/25 and FY 2025/26 Biennial Budget with overall rate increases of 8.5 percent in CY 2025 and 8.5 percent in CY 2026, which includes:
 - i. Appropriation of \$3,453.2 million for Metropolitan O&M and operating equipment, power costs on the Colorado River Aqueduct (CRA), SWC operations, maintenance, power and replacement costs and SWC capital charges, including Delta Conveyance Planning costs 1, demand management programs including the local resources and Conservation Program, and costs associated with supply programs, for FYs 2024/25 and 2025/26;
 - ii. a continuing appropriation of \$693.9 million for FY 2024/25 and FY 2025/26 for debt service on Metropolitan general obligation and revenue bonds;
 - iii. bond financing \$48.2 million of the budgeted Conservation Program over the biennium; and,
 - iv. bond financing \$129.6 million of the budgeted Supply Program over the biennium.
- (b) Authorized the use of \$350 million in operating revenues to fund the Capital Investment Plan for FYs 2024/25 and 2025/26;

- (c) Determined that the revenue requirements to be paid from rates and charges are \$1,549.5 million in FY 2024/25 and \$1,692.6 million in FY 2025/26;
- (d) Approved the Ten-Year Financial Forecast, as summarized in Figure 2;
- (e) Approved water rates and charges effective January 1, 2025, and January 1, 2026, as shown in Table 5;
- (f) Adopted the Resolution Fixing and Adopting Water Rates To Be Effective January 1, 2025, and 2026, in the form of Attachment 5;
- (g) Adopt the Resolution Fixing and Adopting A Readiness-To-Serve Charge Effective January 1, 2025, in the form of Attachment 6; and,
- (h) Adopted the Resolution Fixing and Adopting A Capacity Charge Effective January 1, 2025, in the form of Attachment 7;
- (i) Metropolitan will work with member agency staff and the CAMP4Water Task Force to understand and analyze the treatment surcharge and specifically address issues that arise from that analysis including but not limited to modifying the way the charge is calculated. A final method will be prioritized as part of the new business model discussion and recommended for adoption as soon as possible thereafter but no later than approval of the new business model. (Agenda Item 8-7).

Chair Ortega opened the discussion for Agenda Item 8-7.

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

Director(s)

- 1. Peterson
- 2. De Jesus
- 3. Dennstedt
- 4. Abdo
- 5. Phan

Staff responded to the Directors' comments and questions.

Director De Jesus moved, seconded by Director Dennstedt that the Board approve a substitute motion for Agenda Item 8-7 as follows:

Chair Ortega called for a vote to substitute motion for Agenda Item 8-7 Option 2.

The following is a record of the vote:

Record of Vote on Item:	8-7 Substitu	te							
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim		Faessel	rrosont		1010	-110	1010	7 Dotain	1010
Beverly Hills		Pressman	х	Х	4493				
Burbank		Ramos	Х		1	х	3175		
Calleguas Municipal Water District		McMillan	X	Х	13073		1		
Central Basin Municipal Water District		Garza	Х		10010	Х	9662		
1		Gualtieri	Х	Х	9662				
			Subtotal:		9662		9662		
Compton	641	McCoy	Х		100	Х	641		
Eastern Municipal Water District		Armstrong	Х			X	12060		
Foothill Municipal Water District		Bryant	Х	Х	2409		1		
Fullerton		Jung							
Glendale		Kassakhian	х			Х	3985		
Inland Empire Utilities Agency		Camacho	X			X	16030		
Las Virgenes		Peterson	X			X	3090		
Long Beach		Cordero	X			X	6558		
Los Angeles		Sutley	X			X	16034		
		Petersen	Х			X	16034		
		Quinn	X			X	16034		
		Luna	X			X	16034		
		Douglas	Х			X	16034		
		2049.40	Subtotal:				80172		
Municipal Water Dist. of Orange Count	64634	Ackerman	0 0.01010				00=		
	0.00.	Seckel	х			х	21545		
		Dick	X			X	21545		
		Erdman	X		1	X	21545		
			Subtotal:				64634		
Pasadena	3864	Kurtz	- and to take				0.00.		
San Diego County Water Authority		Fong-Sakai							
Jan 213go County Water / Marienty	0.20.	Goldberg							
		Miller	Х			Х	33601		
		Smith	X			X	33601		
			Subtotal:				67201		
San Fernando	260	Ortega	Х			X	260		
San Marino		Morris	X	х	800		1 230		
Santa Ana		Phan	X	^	000	Х	3431		
Santa Monica		Abdo	X			X	4861		
Three Valleys Municipal Water District		De Jesus	X	Х	8634		1.551		
Torrance		Lefevre	X	X	3590		†		
Upper San Gabriel Valley Mun. Wat. Di		Fellow	X	X	13418		1		
West Basin Municipal Water District		Alvarez	X	**	133	Х	27064		
		Gray	- '						
			Subtotal:				27064		
Western Municipal Water District	14775	Dennstedt	X	Х	14775				
Total	386141	_ 551041	- ^	^	70854		302824		
Present and not voting	300.41				1 300 4				
Absent	12463						1		

The substitute motion to approve the Board Item 8-7, Option #2 failed by a vote of 70,854 ayes; 302,824 noes; 0 abstain; 0 not voting; and 12,463 absent.

Director Cordero, using AB 2449 just cause, appeared on video and did not have anyone over the age of 18 present during the vote.

Director McMillan left the meeting.

Chair Ortega continued the discussion for Agenda Item 8-7.

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

Director(s)

- 1. Sutley
- 2. Bryant
- 3. Erdman
- 4. Cordero
- 5. Phan
- 6. Garza
- 7. Pressman
- 8. Ortega

Staff responded to the Directors' comments and questions.

Director Smith moved, seconded by Director Peterson that the Board approve a motion for Agenda Item 8-7 Option 1 as amended as follows:

Chair Ortega called for a vote on the motion for Agenda Item 8-7as previously stated.

Director Bryant abstained from Agenda Item 8-7, stating as a Metropolitan Director, he understands the importance of establishing a budget, rates, and charges for the next two years. However, Foothill Municipal Water District, which he represents, has an ongoing dispute with regards to rates and charges it is assessed. Thus, he cannot endorse those rates and charges until the dispute is resolved.

The following is a record of the vote:

Record of Vote on Item:	8-7	Option 1 as amended at Board							
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim		Faessel	riesent	163	VOLE	140	Vote	Abstairi	VOLE
Beverly Hills		Pressman	х	Х	4493				
Burbank		Ramos	X	X	3175				
Calleguas Municipal Water District		McMillan	^		3173				
Central Basin Municipal Water District		Garza	х	Х	9662				
Certifal Basiii Wallicipal Water Bistrict	19024	Gualtieri	X	X	9662				
		Guaitieri	Subtotal:		19324			+	
Compton	6/1	МсСоу	X X	Х	641				
Eastern Municipal Water District		Armstrong	X	X	12060				
Foothill Municipal Water District		Bryant	X		12000				2409
Fullerton		Jung						Х	2403
Glendale		Kassakhian	х	Х	3985				
Inland Empire Utilities Agency		Camacho	X	X	16030				
Las Virgenes		Peterson	X	X	3090		 	1	
Long Beach		Cordero	X	X	6558				
Los Angeles		Sutley	X	X	0000			V	16034
Los Angeles	00172	Petersen			+		1	X	16034
		Quinn	X		+		<u> </u>	X	16034
			X		+		1	X	16034
		Luna	X					X	16034
		Douglas	x Subtotal:		1		1	Х	80172
Marie in al Mater Diet of Orenza County	64694	Ackerman	Subtotal.					-	00172
Municipal Water Dist. of Orange County	04034				04545		-	+	
		Seckel	X	X	21545				
		Dick	X	X	21545				
		Erdman	X	Х	21545				
B 1	0004	liz i	Subtotal:		64634		1		
Pasadena		Kurtz			1		<u> </u>	<u> </u>	
San Diego County Water Authority	67201	Fong-Sakai						<u> </u>	
		Goldberg			00004			<u> </u>	
		Miller	Х	Х	33601			-	
		Smith	X	Х	33601			-	
0 5	000	0.1	Subtotal:		67201			<u> </u>	
San Fernando		Ortega	Х	Х	260			-	
San Marino		Morris	Х	Х	800				
Santa Ana		Phan	Х	Х	3431		-	1	1
Santa Monica		Abdo	Х	Х	4861		-	1	
Three Valleys Municipal Water District		De Jesus	Х	Х	8634		<u> </u>	1	
Torrance		Lefevre	Х	Х	3590		<u> </u>	1	
Upper San Gabriel Valley Mun. Wat. Dist		Fellow	Х	Х	13418		<u> </u>	1	
West Basin Municipal Water District	27064	Alvarez	Х	Х	27064		<u> </u>		
		Gray					<u> </u>	1	
			Subtotal:		27064		ļ	1	
Western Municipal Water District		Dennstedt	Х	Х	14775		<u> </u>	1	
Total	386141				278024		<u> </u>	1	82581
Present and not voting							<u> </u>		
Absent	25536								

The motion to approve the Board Item 8-7, Option #1 (M.I. **53596)** passed by a vote of 278,024 ayes; 0 noes; 82,581 abstain; 0 not voting; and 25,536 absent.

Director Cordero, using AB 2449 just cause, appeared on video and did not have anyone over the age of 18 present during the vote.

53597 a. Approve the draft of Appendix A attached to this board letter (Attachment 1.) b. Authorize the General Manager, or other designee of the Ad Hoc Committee, to finalize, with changes approved by the General Manager and General Counsel, Appendix A. c. Authorize distribution of Appendix A, finalized by the General Manager or other designee of the Ad Hoc Committee, in connection with the sale and/or remarketing of bonds (Agenda Item 8-2).

Director Smith moved, seconded by Director Sutley, that the Board approve the Board Item 8-2 as follows:

Chair Ortega called for a vote on the motion for Agenda Item 8-2 Option 1.

Directors Dick, Phan and Seckel left the meeting.

The following is a record of the vote:

Record of Vote on Item:	8-2								
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	6038	Faessel							
Beverly Hills		Pressman	Х	Х	4493				
Burbank	3175	Ramos	Х	Х	3175				
Calleguas Municipal Water District		McMillan							
Central Basin Municipal Water District		Garza	Х	Х	9662				
		Gualtieri	Х	Х	9662				
			Subtotal:		19324				
Compton	641	МсСоу	Х	Х	641				
Eastern Municipal Water District	12060	Armstrong	Х	Х	12060				
Foothill Municipal Water District	2409	Bryant	Х	Х	2409				
Fullerton	2561	Jung							
Glendale	3985	Kassakhian	Х	х	3985				
Inland Empire Utilities Agency	16030	Camacho	Х	Х	16030				
Las Virgenes	3090	Peterson	Х	Х	3090				
Long Beach	6558	Cordero	Х	Х	6558				
Los Angeles	80172	Sutley	Х	Х	16034				
		Petersen	Х	Х	16034				
		Quinn	Х	Х	16034				
		Luna	Х	Х	16034				
		Douglas	Х	Х	16034				
			Subtotal:		80172				
Municipal Water Dist. of Orange County	64634	Ackerman							
		Seckel							
		Dick							
		Erdman	Х	Х	64634				
			Subtotal:		64634				
Pasadena	3864	Kurtz							
San Diego County Water Authority	67201	Fong-Sakai							
		Goldberg							
		Miller	Х	Х	33601				
		Smith	Х	Х	33601				
			Subtotal:		67201				
San Fernando	260	Ortega	Х	Х	260				
San Marino	800	Morris	Х	Х	800				
Santa Ana	3431	Phan							
Santa Monica		Abdo	Х	Х	4861				
Three Valleys Municipal Water District	8634	De Jesus	Х	Х	8634				
Torrance		Lefevre	Х	Х	3590				
Upper San Gabriel Valley Mun. Wat. Dis		Fellow	Х	Х	13418				
West Basin Municipal Water District	27064	Alvarez	Х	Х	27064				
		Gray							
			Subtotal:		27064				
Western Municipal Water District		Dennstedt	Х	Х	14775				
Total	386141				357174				
Present and not voting									
Absent	28967				<u> </u>				<u> </u>

The motion to approve the Board Item 8-2 (**M.I. No. 53597**) passed by a vote of 357,174 ayes; 0 noes; 0 abstain; 0 not voting; and 28,967 absent.

Director Cordero, using AB 2449 just cause, appeared on video and did not have anyone over the age of 18 present during the vote.

Director Cordero left the meeting.

53598 a. Appropriate \$636.48 million for projects identified in the Capital Investment Plan Appendix for Fiscal Years 2024/25 and 2025/26 and b. Authorize the General Manager to initiate or continue work on the capital projects described in the CIP Appendix for FYs 2024/25 and 2025/26, subject to any limits on the General Manager's authority and CEQA requirements (Agenda Item 8-1).

Director Erdman moved, seconded by Director Camacho, that the Board approve the Board Item 8-1 as follows:

Chair Ortega called for a vote on the motion for Agenda Item 8-1 Option 1.

The following is a record of the vote:

Record of Vote on Item:	8-1								
					Yes		No		Abstain
Member Agency	Total Votes		Present	Yes	Vote	No	Vote	Abstain	Vote
Anaheim		Faessel							
Beverly Hills		Pressman	Х	Х	4493				
Burbank	3175	Ramos	Х	Х	3175				
Calleguas Municipal Water District		McMillan							
Central Basin Municipal Water District	19324	Garza	Х	Х	9662				
		Gualtieri	Х	Х	9662				
			Subtotal:		19324				
Compton		McCoy	Х	Х	641				
Eastern Municipal Water District		Armstrong	Х	Х	12060				
Foothill Municipal Water District		Bryant	Х	Х	2409				
Fullerton		Jung							
Glendale		Kassakhian	Х	Х	3985				
Inland Empire Utilities Agency	_	Camacho	Х	Х	16030				
Las Virgenes		Peterson	Х	Х	3090				
Long Beach		Cordero							
Los Angeles	80172	Sutley	Х	Х	16034				
		Petersen	Х	Х	16034				
		Quinn	Х	Х	16034				
		Luna	Х	Х	16034				
		Douglas	Х	Х	16034				
			Subtotal:		80172				
Municipal Water Dist. of Orange County	64634	Ackerman							
		Seckel							
		Dick							
		Erdman	Х	Х	64634				
			Subtotal:		64634				
Pasadena		Kurtz							
San Diego County Water Authority	67201	Fong-Sakai							
		Goldberg							
		Miller	Х	Х	33601				
		Smith	Х	Х	33601				
			Subtotal:		67201				
San Fernando		Ortega	Х	Х	260				
San Marino		Morris	Х	Х	800				
Santa Ana		Phan							
Santa Monica	_	Abdo	Х	Х	4861				
Three Valleys Municipal Water District		De Jesus	Х	Х	8634				
Torrance		Lefevre	Х	Х	3590				
Upper San Gabriel Valley Mun. Wat. Dist.		Fellow	Х	Х	13418				
West Basin Municipal Water District	27064	Alvarez	Х	Х	27064				
		Gray							
			Subtotal:		27064				
Western Municipal Water District		Dennstedt	Х	Х	14775				
Total	386141				350616				
Present and not voting									
Absent	35525								

The motion to approve the Board Item 8-1 (**M.I. No. 53598**) passed by a vote of 350,616 ayes; 0 noes; 0 abstain; 0 not voting; and 35,525 absent.

Directors Dick and Seckel returned to the meeting.

53599 Review and consider Eastern Municipal Water District's five approved Initial Studies/Mitigated Negative Declarations and two Addenda, and take related CEQA actions, and authorize the General Manager to enter into a Local Resources Program Agreement with Eastern Municipal Water District for the Perris North Basin Groundwater Contamination Prevention and Remediation Program for up to 3,466 AFY of treated groundwater for potable purposes in the Eastern Municipal Water District service area. (Agenda Item 8-3).

Director Quinn moved, seconded by Director Morris, that the Board approve the Board Item 8-3 as follows:

Chair Ortega called for a vote on the motion for Agenda Item 8-3 Option 1.

The following is a record of the vote:

Record of Vote on Item:	8-3								
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	6038	Faessel							
Beverly Hills		Pressman	х	Х	4493				
Burbank		Ramos	Х	Х	3175				
Calleguas Municipal Water District	13073	McMillan							
Central Basin Municipal Water District	19324	Garza	х	Х	9662				
·		Gualtieri	х	х	9662				
			Subtotal:		19324				
Compton	641	McCoy	Х	Х	641				
Eastern Municipal Water District	12060	Armstrong	Х						
Foothill Municipal Water District	2409	Bryant	Х	Х	2409				
Fullerton	2561								
Glendale	3985	Kassakhian	х	х	3985				
Inland Empire Utilities Agency	16030	Camacho	х	х	16030				
Las Virgenes	3090	Peterson	Х	Х	3090				
Long Beach	6558	Cordero							
Los Angeles	80172	Sutley	Х	Х	16034				
		Petersen	Х	х	16034				
		Quinn	х	х	16034				
		Luna	Х	Х	16034				
		Douglas	Х	Х	16034				
			Subtotal:		80172				
Municipal Water Dist. of Orange County	64634	Ackerman							
-		Seckel	Х	Х	21545				
		Dick	Х	Х	21545				
		Erdman	Х	Х	21545				
			Subtotal:		64634				
Pasadena	3864	Kurtz							
San Diego County Water Authority	67201	Fong-Sakai							
		Goldberg							
		Miller	Х	Х	33601				
		Smith	Х	Х	33601				
			Subtotal:		67201				
San Fernando	260	Ortega	Х	Х	260				
San Marino	800	Morris	Х	Х	800				
Santa Ana	3431	Phan							
Santa Monica	4861	Abdo	Х	Х	4861				
Three Valleys Municipal Water District	8634	De Jesus	Х	Х	8634				
Torrance	3590	Lefevre	Х	Х	3590				
Upper San Gabriel Valley Mun. Wat. Dist	13418	Fellow	Х	Х	13418				
West Basin Municipal Water District	27064	Alvarez	Х	Х	27064				
		Gray							
			Subtotal:		27064				
Western Municipal Water District	14775	Dennstedt	Х	Х	14775				
Total	386141				338556				
Present and not voting	12060								
Absent	35525								

The motion to approve the Board Item 8-3 (M.I. No. 53599) passed by a vote of 338,556 ayes; 0 noes; 0 abstain; 12,060 not voting; and 35,525 absent.

Director Armstrong receives per diem, reimbursements, and some medical benefits from Eastern Municipal Water District and did not vote on Item 8-3.

53600 Review and consider the Las Virgenes Municipal Water District and Las Virgenes-Triunfo Joint Powers Authority certified Final Environmental Impact Report and two Addenda and take related CEQA actions, and authorize the General Manager to enter into a Local Resources Program Agreement with Las Virgenes Municipal Water District and Las Virgenes-Triunfo Joint Powers Authority for the PURE Water Project Las Virgenes-Triunfo for up to 5,000 AFY of treated recycled water for potable purposes in the Las Virgenes Municipal Water District service area. (Agenda Item 8-4).

Director Quinn moved, seconded by Director Peterson, that the Board approve the Board Item 8-4 as follows:

Chair Ortega called for a vote on the motion for Agenda Item 8-4 Option 1.

Director Peterson receives per diem and retiree health benefits from Las Virgenes Municipal Water District, he is allowed to participate and vote on Item 8-4.

The following is a record of the vote:

Record of Vote on Item:	8-4								
					Yes		No		Abstain
Member Agency	Total Votes	Director	Present	Yes	Vote	No	Vote	Abstain	Vote
Anaheim		Faessel							
Beverly Hills		Pressman	Х	Х	4493				
Burbank		Ramos	Х	Х	3175				
Calleguas Municipal Water District		McMillan							
Central Basin Municipal Water District	19324	Garza	Х	Х	9662				
		Gualtieri	Х	Х	9662				
			Subtotal:		19324				
Compton		McCoy	Х	Х	641				
Eastern Municipal Water District		Armstrong	Х	Х	12060				
Foothill Municipal Water District		Bryant	Х	Х	2409				
Fullerton		Jung							
Glendale		Kassakhian	Х	Х	3985				
Inland Empire Utilities Agency		Camacho	Х	Х	16030			1	
Las Virgenes		Peterson	Х	Х	3090			1	
Long Beach		Cordero							
Los Angeles	80172	Sutley	Х	Х	16034				
		Petersen	Х	Х	16034				
		Quinn	Х	Х	16034				
		Luna	Х	Х	16034				
		Douglas	Х	Х	16034				
			Subtotal:		80172				
Municipal Water Dist. of Orange County	64634	Ackerman							
		Seckel	Х	Х	21545				
		Dick	Х	Х	21545				
		Erdman	Х	Х	21545				
			Subtotal:		64634				
Pasadena	3864	Kurtz							
San Diego County Water Authority	67201	Fong-Sakai							
-		Goldberg							
		Miller	Х	Х	33601				
		Smith	Х	Х	33601				
			Subtotal:		67201				
San Fernando	260	Ortega	Х	Х	260				
San Marino	800	Morris	Х	х	800				
Santa Ana	3431	Phan							
Santa Monica	4861	Abdo	Х	х	4861				
Three Valleys Municipal Water District	8634	De Jesus	х	х	8634				
Torrance	3590	Lefevre	х	Х	3590				
Upper San Gabriel Valley Mun. Wat. Dis		Fellow	Х	Х	13418				
West Basin Municipal Water District		Alvarez	Х	Х	27064				
·		Gray							
			Subtotal:		27064				
Western Municipal Water District	14775	Dennstedt	Х	Х	14775				
Total	386141				350616				
Present and not voting									
Absent	35525						1	1	

The motion to approve the Board Item 8-4 (**M.I. No. 53600**) passed by a vote of 350,616 ayes; 0 noes; 0 abstain; 0 not voting; and 35,525 absent. Director Lefevre left the meeting.

53601 Review and consider the Lead Agency's certified Final Environmental Impact Report (EIR) and take related CEQA actions, and authorize the General Manager to enter into a Local Resources Program Agreement with the Municipal Water District of

Orange County and South Coast Water District for the Doheny Ocean Desalination Project for up to 5,600 acre-feet per year of treated desalinated seawater for potable purposes in the Municipal Water District of Orange County service area. (Agenda Item 8-5).

Director Quinn moved, seconded by Director Erdman, that the Board approve the Board Item 8-5 as follows:

Chair Ortega called for a vote on the motion for Agenda Item 8-5 Option 1.

Director Erdman receives per diem, reimbursements, and retirement contributions from the Municipal Water District of Orange County, and his son is the current President of the South Coast Water District Board of Directors; he is allowed to participate and vote on Item 8-4.

Directors Dick and Seckel receive per diem, reimbursements, and retirement contributions from the Municipal Water District of Orange County, they will not vote on Item 8-5.

The following is a record of the vote:

Member Agency Anaheim Beverly Hills Burbank Calleguas Municipal Water District Central Basin Municipal Water District Compton Eastern Municipal Water District Foothill Municipal Water District Fullerton Glendale Inland Empire Utilities Agency Las Virgenes Long Beach Los Angeles	4493 3175 13073 19324 641 12060 2409 2561 3985 16030 3090	Faessel Pressman Ramos McMillan Garza Gualtieri McCoy Armstrong Bryant Jung	x x x x x Subtotal: x x	Yes X X X X	Yes Vote 4493 3175 9662 9662 19324	No	No Vote	Abstain	Abstain Vote
Anaheim Beverly Hills Burbank Calleguas Municipal Water District Central Basin Municipal Water District Compton Eastern Municipal Water District Foothill Municipal Water District Fullerton Glendale Inland Empire Utilities Agency Las Virgenes Long Beach	6038 4493 3175 13073 19324 641 12060 2409 2561 3985 16030 3090	Faessel Pressman Ramos McMillan Garza Gualtieri McCoy Armstrong Bryant Jung	x x x x Subtotal: x x	X X X X	4493 3175 9662 9662 19324	No	Vote	Abstain	Vote
Beverly Hills Burbank Calleguas Municipal Water District Central Basin Municipal Water District Compton Eastern Municipal Water District Foothill Municipal Water District Fullerton Glendale Inland Empire Utilities Agency Las Virgenes Long Beach	4493 3175 13073 19324 641 12060 2409 2561 3985 16030 3090	Pressman Ramos McMillan Garza Gualtieri McCoy Armstrong Bryant Jung	x x x Subtotal:	X X X	9662 9662 19324				
Burbank Calleguas Municipal Water District Central Basin Municipal Water District Compton Eastern Municipal Water District Foothill Municipal Water District Fullerton Glendale Inland Empire Utilities Agency Las Virgenes Long Beach	3175 13073 19324 641 12060 2409 2561 3985 16030 3090	Ramos McMillan Garza Gualtieri McCoy Armstrong Bryant Jung	x x x Subtotal:	X X X	9662 9662 19324				
Calleguas Municipal Water District Central Basin Municipal Water District Compton Eastern Municipal Water District Foothill Municipal Water District Fullerton Glendale Inland Empire Utilities Agency Las Virgenes Long Beach	13073 19324 641 12060 2409 2561 3985 16030 3090	McMillan Garza Gualtieri McCoy Armstrong Bryant Jung	x x Subtotal: x	X X	9662 9662 19324				
Central Basin Municipal Water District Compton Eastern Municipal Water District Foothill Municipal Water District Fullerton Glendale Inland Empire Utilities Agency Las Virgenes Long Beach	19324 641 12060 2409 2561 3985 16030 3090	Garza Gualtieri McCoy Armstrong Bryant Jung	x Subtotal: x x	X	9662 19324				
Compton Eastern Municipal Water District Foothill Municipal Water District Fullerton Glendale Inland Empire Utilities Agency Las Virgenes Long Beach	641 12060 2409 2561 3985 16030 3090	Gualtieri McCoy Armstrong Bryant Jung	x Subtotal: x x	X	9662 19324				
Eastern Municipal Water District Foothill Municipal Water District Fullerton Glendale Inland Empire Utilities Agency Las Virgenes Long Beach	12060 2409 2561 3985 16030 3090	McCoy Armstrong Bryant Jung	Subtotal: x x	Х	19324				
Eastern Municipal Water District Foothill Municipal Water District Fullerton Glendale Inland Empire Utilities Agency Las Virgenes Long Beach	12060 2409 2561 3985 16030 3090	Armstrong Bryant Jung	X X						
Eastern Municipal Water District Foothill Municipal Water District Fullerton Glendale Inland Empire Utilities Agency Las Virgenes Long Beach	12060 2409 2561 3985 16030 3090	Armstrong Bryant Jung	х		044				
Foothill Municipal Water District Fullerton Glendale Inland Empire Utilities Agency Las Virgenes Long Beach	2409 2561 3985 16030 3090	Bryant Jung			641				
Fullerton Glendale Inland Empire Utilities Agency Las Virgenes Long Beach	2561 3985 16030 3090	Jung	· ·	Х	12060				
Glendale Inland Empire Utilities Agency Las Virgenes Long Beach	3985 16030 3090		Χ	Х	2409				
Inland Empire Utilities Agency Las Virgenes Long Beach	16030 3090	1.7							
Las Virgenes Long Beach	3090	Kassakhian	Х	Х	3985				
Long Beach		Camacho	Х	Х	16030				
·		Peterson	Х	Х	3090				
Los Angeles		Cordero							
	80172	Sutley	Х	Х	16034				
		Petersen	Х	Х	16034				
		Quinn	Х	Х	16034				
		Luna	Х	Х	16034				
		Douglas	Х	Х	16034				
			Subtotal:		80172				
Municipal Water Dist. of Orange County	64634	Ackerman							
		Seckel	Х						
		Dick	Х						
		Erdman	Х	Х	64634				
			Subtotal:		64634				
Pasadena		Kurtz							
San Diego County Water Authority	67201	Fong-Sakai							
		Goldberg							
		Miller	Х	Х	33601				
		Smith	Х	Х	33601				<u> </u>
			Subtotal:		67201				
San Fernando		Ortega	Х	Х	260				
San Marino		Morris	Х	Х	800			1	
Santa Ana		Phan			4004			1	
Santa Monica		Abdo	Х	Х	4861			1	
Three Valleys Municipal Water District		De Jesus	Х	Х	8634			<u> </u>	
Torrance		Lefevre			40446			1	<u> </u>
Upper San Gabriel Valley Mun. Wat. Dist. West Basin Municipal Water District		Fellow	Х	Х	13418			<u> </u>	
	2/064	Alvarez	Х	Х	27064			<u> </u>	<u> </u>
		Gray	Out to the		07004			1	<u> </u>
Mandam Mandahari Mada Birtis	117	D 1 11	Subtotal:		27064		-	1	
Western Municipal Water District		Dennstedt	Х	Х	14775			1	<u> </u>
Total	386141				347026			<u> </u>	
Present and not voting Absent	39115		1						

The motion to approve the Board Item 8-5 (**M.I. No. 53601**) passed by a vote of 347,026 ayes; 0 noes; 0 abstain; 0 not voting; and 39,115 absent.

53602 Review and consider the Los Angeles Department of Water and Power's certified Environmental Impact Report (EIR) and Addendum, and take related CEQA actions, and authorize the General Manager to enter into a Local Resources Program Agreement with the Los Angeles Department of Water and Power for the Los Angeles Groundwater Replenishment Project for up to 19,500 acre-feet per year (AFY) of potable recycled

water through groundwater replenishment in the San Fernando Valley. (Agenda Item 8-6).

Director Quinn moved, seconded by Director Douglas, that the Board approve the Board Item 8-6 as follows:

Chair Ortega called for a vote on the motion for Agenda Item 8-6 Option 1.

Director Sutley receives per diem from the City of Los Angeles for her service on the Metropolitan Board and receives income as an employee. Item 8-6 involves her employing department, she recused herself from the matter and left the meeting.

Director Douglas, Luna, Petersen, and Quinn receive per diem from the City of Los Angeles for service on the Metropolitan Board; they are allowed to participate and vote on Item 8-6.

Director Pressman recused himself from Item 8-6 because City of Los Angeles is a business client, he was placed in the waiting room on Zoom during the vote.

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

Director(s)

1. Miller

Staff responded to the Directors' comments and questions.

The following is a record of the vote:

Record of Vote on Item:	8-6								
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim		Faessel	riesein	163	Vote	140	Vote	Abstairi	VOLE
Beverly Hills		Pressman	х						
Burbank		Ramos	X	Х	3175				
Calleguas Municipal Water District		McMillan		^	3173			+	
Central Basin Municipal Water District		Garza	х	Х	9662			+	
Central Basin Municipal Water District	19324	Gualtieri	X	X	9662			1	
		Guartieri	Subtotal:	^	19324			1	
Compton	641	МсСоу	X X	Х	641			1	
Eastern Municipal Water District		Armstrong	X	X	12060				
Foothill Municipal Water District		Bryant	X	X	2409		 	+	
Fullerton		Jung	^		2403		 	+	
Glendale		Kassakhian	х	Х	3985				
Inland Empire Utilities Agency		Camacho	X	X	16030				
Las Virgenes		Peterson	X	X	3090				
Long Beach		Cordero	^	^	3090				
Los Angeles		Sutley							
Los Arigeles	00172	Petersen			20043				
		Quinn	X	X	20043				
		Luna	X	X	20043		1		
		Douglas	X		20043		1		
		Douglas	Subtotal:	Х	80172		1		
Municipal Water Diet, of Orange County	64624	Ackerman	Subiolai.		00172		1		
Municipal Water Dist. of Orange County	04034	Seckel	· · ·		21545		<u> </u>	+	
		Dick	X	X	21545				
		Erdman	X	X	21545				
		Eruman	x Subtotal:	Х	64634				
Decadana	2004	17	Subtotal.		04034				
Pasadena		Kurtz	 						
San Diego County Water Authority	67201	Fong-Sakai	 						
		Goldberg Miller	.		22004				
			X	X	33601				
		Smith	X	Х	33601				
Can Farnanda	260	Ortogo	Subtotal:		67201			-	
San Fernando		Ortega	X	X	260				
San Marino		Morris	Х	Х	800		-	1	
Santa Manian		Phan	. .		4004		-		
Santa Monica		Abdo	X	X	4861		 	1	
Three Valleys Municipal Water District	1	De Jesus	Х	Х	8634		 	1	
Torrance		Lefevre	.		40440		 	1	
Upper San Gabriel Valley Mun. Wat. Dist.		Fellow	X	Х	13418		1	1	
West Basin Municipal Water District	27064	Alvarez	Х	Х	27064		1	1	
		Gray	0.44		07001		1	1	
Marahama Mansiain al Marahama Dinini	447	D 1 11	Subtotal:		27064		1	1	
Western Municipal Water District		Dennstedt	Х	Х	14775		-	1	
Total	386141				342533		-	1	
Present and not voting	4493							1	
Absent	39115	<u> </u>							

The motion to approve the Board Item 8-6(**M.I. No. 53602**) passed by a vote of 342,533 ayes; 0 noes; 0 abstain; 4,493 not voting; and 39,115 absent.

53603 Chair Ortega asked if there were questions or need for discussion on Board Information Item 9-1, 9-2, or 9-3. No requests were made.

53604 Chair Ortega asked if there were any Other Matters Items. There were none.

53605 Chair Ortega asked if there were any Follow-Up Items. There were none.

53606 Chair Ortega asked if there were any Future Agenda Items. Director Miller requested that Metropolitan do an assessment of the LRP program in its entirety to see how it is relevant to the future, whether or not Metropolitan can afford it, and if there are modifications that need to be made to the program.

Board Vice Chair Sutley requested that the acreage of over 30,000-acre feet be placed in the camp process so that it can be dealt with as part of the new water source received in the future.

53607 There being no objection, at 3:50 p.m., Chair Ortega adjourned the meeting.

RICKITA HUDSON BOARD EXECUTIVE SECRETARY

Rickita C. Hudson

ADÁN ORTEGA, JR. CHAIR OF THE BOARD



Board Action

Board of Directors Engineering, Operations, and Technology Committee

5/14/2024 Board Meeting

7-1

Subject

Authorize an increase of \$2.35 million to an agreement with HDR Engineering Inc. for a new not-to-exceed total amount of \$5.15 million for final design services for erosion control improvements along the Colorado River Aqueduct; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Over the 83-year service life of the Colorado River Aqueduct (CRA), the original stormwater management features have deteriorated, and now strong storms are more frequently causing severe erosion over the aqueduct's underground cut-and-cover conduits. Once exposed, the unreinforced conduits are vulnerable to structural damage from rock and debris flows and potential undermining of the conduit foundation. Specific sites along the aqueduct have been identified where recurring erosion damage occurs during storm events. This project constructs erosion control features at 23 conduit locations along the CRA, which are vulnerable to damage during storm events.

This action authorizes an increase to an existing agreement with HDR Engineering Inc. (HDR) for final design services for erosion control improvements along the CRA system. This project will maintain the overall reliability of water delivery through the CRA to Metropolitan's service area. See **Attachment 1** for the Allocation of Funds, **Attachment 2** for the List of Subconsultants, and **Attachment 3** for the Location Map.

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

Staff Recommendation: Option #1

Option #1

Authorize an increase of \$2.35 million to an agreement with HDR Engineering Inc. for a new not-to-exceed amount of \$5.15 million for final design of erosion control structures along the CRA system.

Fiscal Impact: Expenditure of \$4.3 million in capital funds. Approximately \$20,000 in capital funds will be incurred in the current biennium and have been previously authorized. The remaining capital expenditures will be funded from the next Capital Investment Plan (CIP) budget.

Business Analysis: This option will enhance the reliability of the CRA and reduce the risk of damage during storm events and unplanned outages.

Option #2

Do not proceed with this project at this time.

Fiscal Impact: None

Business Analysis: This option would forego an opportunity to reduce the risk of damage to the CRA conveyance system.

Alternatives Considered

Alternatives considered for completing final design activities for the CRA Conduit Erosion Control Improvements project included assessing the availability and capability of in-house Metropolitan staff to conduct this work. Metropolitan's staffing strategy for utilizing consultants and in-house Metropolitan staff has been: (1) to assess

current work assignments for in-house staff to determine the potential availability of staff to conduct this work; and (2) for long-term rehabilitation projects when resource needs exceed available in-house staffing or require specialized technical expertise.

After assessing the current workload for in-house staff and the relative priority of this project, staff recommends the use of a professional services agreement to complete the subject project. This approach will allow for the completion of not only this program, but also other budgeted capital projects within their current schedules.

Applicable Policy

Metropolitan Water District Administrative Code Section 8121: General Authority of the General Manager to Enter Contracts

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

By Minute Item 52733, dated March 8, 2022, the Board authorized an increase to an agreement with HDR Engineering Inc. for preliminary design of CRA Erosion Control Improvements.

By Minute Item 52778, dated April 12, 2022, the Board appropriated a total of \$600 million for projects identified in the Capital Investment Plan for Fiscal Years 2022/2023 and 2023/2024.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is exempt from CEQA because it involves only feasibility or planning studies for possible future actions which the Board has not approved, adopted, or funded. (Public Resources Code Section 21080.21; State CEQA Guidelines Section 15262.) In addition, the proposed action is exempt from CEQA because it consists of basic data collection, research, experimental management, and resource evaluation activities that do not result in a serious or major disturbance to an environmental resource. These may be strictly for information-gathering purposes or as part of a study leading to an action that a public agency has not yet approved, adopted, or funded. (State CEQA Guidelines Section 15306.)

CEQA determination for Option #2:

None required

Details and Background

Background

The CRA is a 242-mile-long conveyance system that transports water from the Colorado River to Lake Mathews. It consists of five pumping plants, 124 miles of tunnels, siphons, and reservoirs, 64 miles of canals, and 55 miles of cut-and-cover conduits. The aqueduct was constructed in the late 1930s and was placed into service in 1941.

Along the 55 miles of cut-and-cover conduits, selected locations allow stormwater flows to cross the aqueduct. Originally, a series of berms and diversion devices channeled storm flows safely over the aqueduct at these crossings. The diversion and flood control devices have deteriorated over time, and now heavy storm events often cause severe erosion, exposing the aqueduct conduits. Once exposed, the unreinforced conduits are vulnerable to structural damage from rock and debris flows and potential undermining of the conduit foundation.

In October 2018, major storms caused extensive erosion over the cut-and-cover conduits at 36 sites along a nine-mile stretch of the CRA west of the Hinds Pumping Plant. The storms also damaged patrol roads, earthen berms, and drainage channels. Metropolitan forces made short-term repairs to patrol roads and restored ground cover over the cut-and-cover conduit. Due to the extent of the damage, Metropolitan's Board awarded a construction contract in April 2019 to re-establish the original berms and drains that historically served to channel storm flows across the CRA conduit. In light of the 2018 storm event, Metropolitan's Board authorized preliminary design for erosion control structures along the CRA. Twenty-three areas along a 55-mile stretch of the aqueduct were identified with a history of recurring erosion damage during storm events. Preliminary design for

the erosion control improvements is complete, and staff recommends proceeding to final design. This project has been reviewed in accordance with Metropolitan's CIP prioritization criteria and was approved by Metropolitan's CIP evaluation team to be included in the CRA Reliability Program.

CRA Conduit Erosion Control Improvements – Final Design

Planned work includes constructing permanent erosion protection features such as riprap revetment blankets, grade control structures, concrete slabs, berm improvements, and sheet pile cutoff walls at 23 conduit locations that are vulnerable to erosion during storm events. The recommended improvements are designed to minimize the need for significant maintenance following future storm events and are configured to prevent potential inundation of facilities in the vicinity, including bridges, local roads, and utility lines.

Planned final design activities will include: (1) preparing drawings and specifications, which will include the design of permanent erosion protection features as mentioned above; (2) preparing the environmental documentation and seeking board adoption of the CEQA determination, as necessary; (3) obtaining environmental permits with jurisdictional agencies; (4) developing the engineer's cost estimate; (5) conducting a constructability review workshop; and (6) advertising and receiving competitive bids. Biological and habitat surveys of the 23 impacted areas will be conducted. Staff will evaluate the project's potential environmental impacts and prepare the appropriate environmental documentation.

A total of \$4.3 million is required for this work. Allocated funds for professional services include \$2.35 million for the final design activities by HDR as described below; \$75,000 for a constructability review; \$220,000 for geotechnical investigations; \$50,000 for a topographic survey that will capture the latest site terrain since various storms have affected the region recently; and \$240,000 for preparation of environmental documentation and providing support of permitting efforts with multiple jurisdictional agencies. Specialty firms will prepare the environmental documentation, conduct the constructability review, geotechnical investigations, and topographic surveys under contracts planned to be executed under the General Manager's Administrative Code authority to award contracts of \$250,000 or less. Allocated funds for Metropolitan staff activities include \$485,000 for technical oversight and review of the consultant's work; \$116,000 for support and review of environmental documentation and permits coordination with various regulatory agencies; \$577,000 for project management, bidding and advertising, and project controls; and \$187,000 for remaining budget. **Attachment 1** provides the allocation of the required funds.

As described above, the final design will be performed by HDR and Metropolitan staff. Engineering Services' performance metric target range for final design with a construction cost of more than \$3 million is 9 to 12 percent. For this project, the performance metric goal for final design is 7.1 percent of the total construction cost. The total estimated cost for design is \$2.835 million, which includes \$2.35 million for HDR and \$485,000 for Metropolitan staff design and consultant review. The estimated cost of construction for the CRA Conduit Erosion Control Improvements project is anticipated to range from \$40 million to \$45 million.

Engineering Services (HDR Engineering Inc.) – Amendment of Existing Agreement

HDR Engineering Inc. (HDR) was selected for this project through a competitive process via Request for Proposals No. 1286. In March 2022, Metropolitan's Board authorized an agreement with HDR for preliminary design of the CRA Conduit Erosion Control Improvements. HDR has completed preliminary design and is recommended to provide engineering services for final design. The planned activities include: (1) development of final design drawings and specifications as detailed above; (2) technical assistance through bidding; (3) participation in a constructability review workshop; and (4) preparation of an engineer's cost estimate. HDR completed preliminary design for this project.

This action authorizes an increase of \$2.35 million to the existing agreement with HDR for a new not-to-exceed amount of \$5.15 million to provide engineering design services for the CRA Conduit Erosion Control Improvements. For this agreement, Metropolitan has established a Small Business Enterprise participation level of 25 percent. HDR has agreed to meet this level of participation. The planned subconsultants for this work are listed in **Attachment 2**.

Project Milestone

January 2026 - Completion of final design & advertisement for construction bids

Jφήn V. Bednarski

Date

4/18/2024

Manager/Chief Engineer Engineering Services

Adel Hagekhalil General Manager 4/29/2024

Date

Attachment 1 - Allocation of Funds

Attachment 2 - Planned Subconsultants

Attachment 3 – Location Map

Ref# es12696398

Allocation of Funds for CRA Conduit Erosion Control Improvements

	Current Board Action (May 2024)				
Labor					
Studies & Investigations	\$	-			
Final Design		485,000			
Owner Costs (Program mgmt.,		691,000			
envir. support)					
Submittals Review & Record Drwgs.		-			
Construction Inspection & Support		-			
Metropolitan Force Construction		-			
Materials & Supplies		-			
Incidental Expenses		2,000			
Professional/Technical Services					
HDR Engineering, Inc		2,350,000			
Environmental Consultant		240,000			
Geotechnical Investigations		220,000			
Topographic Survey		50,000			
Constructability Review		75,000			
Contracts		-			
Remaining Budget		187,000			
Total	\$	4,300,000			

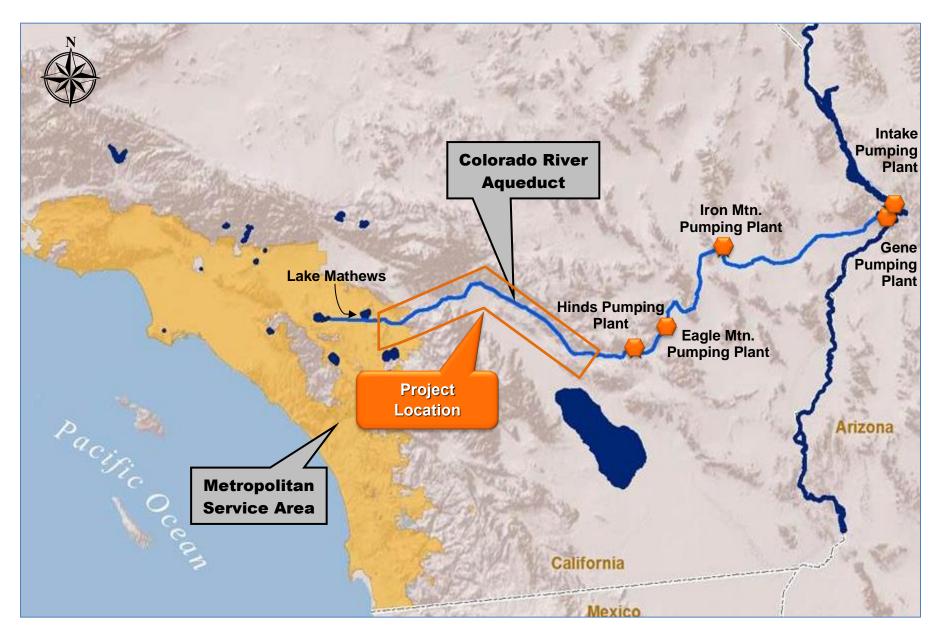
The total amount expended to date is approximately \$3.2 million. The total estimated cost to complete the CRA Conduit Erosion Control Improvements, including the amount appropriated to date, funds allocated for the work described in this action, and future construction costs, is anticipated to range from \$48 million to \$60 million.

The Metropolitan Water District of Southern California

Subconsultants for Agreement with HDR Engineering Inc.

Subconsultant and Location	Service Category; Specialty
CWE Corp. Fullerton, California	Civil Engineering
WEST Consultants Inc. San Diego, California	Hydrology
DRP Engineering Inc. Alhambra, California	Environmental Engineering
C-Below Corona, California	Utility Potholing
Aurora Industrial Hygiene San Diego, California	Industrial Hygiene Consultant

Location Map





Engineering, Operations, & Technology Committee

Colorado River Aqueduct Erosion Control Improvements

Item 7-1 May 13, 2024

Item 7-1 CRA Erosion Control Improvements

Subject

Authorize an increase of \$2.35 million to an agreement with HDR Engineering Inc. for a new not-to-exceed total amount of \$5.15 million for final design services for erosion control improvements along the Colorado River Aqueduct (CRA)

Purpose

Enhance resiliency of the CRA conveyance system to storm events

Recommendation and Fiscal Impact

Authorize an increase to an existing agreement for final design services for erosion control improvements along the CRA Fiscal impact of \$4.3 M

Budgeted

Location Map



Background

- Original berm & diversion devices protecting conduits have deteriorated
- High-intensity, sediment-laden storm runoff erodes soil & exposes cut-andcover conduit
- Exposed conduits are vulnerable to structural damage from large debris and/or vehicles



CRA Conduit Exposure from Storm (Oct. 2018)



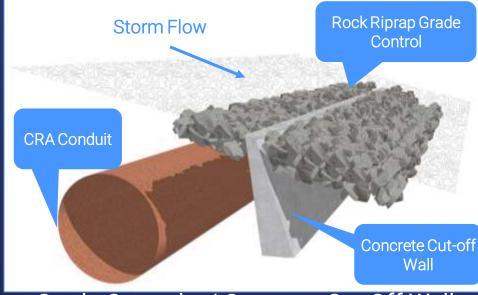
CRA Exposure from Hurricane Hilary (Aug. 2023)

Planned Work

- Install permanent erosion protection features at 23 locations
 - Grade control structures
 - Concrete cut-off walls
 - Concrete slabs
 - Rock riprap revetment blankets
 - Berm improvements



Erosion Control Improvements Area



Grade Control w/ Concrete Cut-Off Wall

CRA Erosion Control Improvements

Alternatives Considered

- Alternative Considered Utilize in-house Metropolitan staff to conduct final design activities
 - Limited availability of staff to conduct work
- Selected Alternative Use consultant to develop final design
 - Metropolitan staff to provide technical input and oversight

CRA Erosion Control Improvements

HDR Engineering Inc. - Agreement Amendment

- Competitively selected under RFP 1286
 - Completed preliminary design
- Scope of Work
 - Develop final design drawings & specifications
 - Prepare cost estimate
 - Participate in constructability review
 - Technical assistance during permitting & bidding
- Amendment amount: \$2,350,000
- New NTE amount: \$5,150,000
- SBE participation level: 25%

CRA Erosion Control Improvements

Metropolitan – Scope of Work

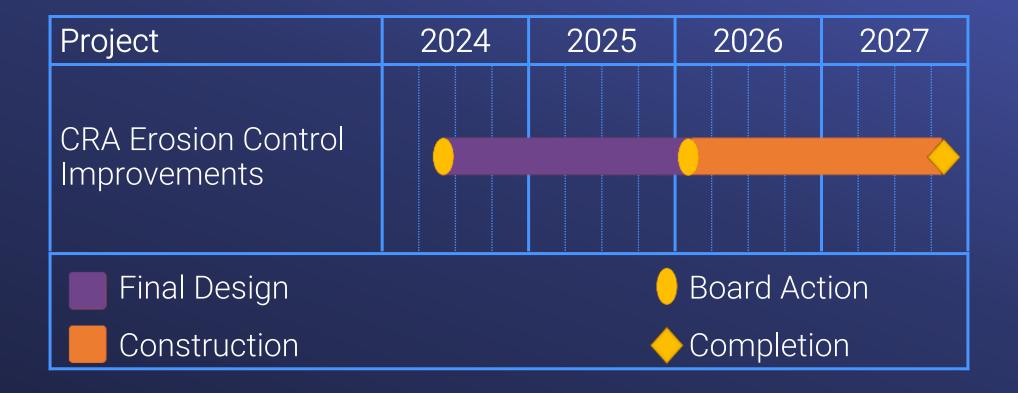
- Provide technical oversight
- Conduct additional topographic surveys & geotechnical investigations support
- Coordinate permitting process with local jurisdictions
- Prepare environmental documentation
- Conduct constructability review
- Perform project management & project controls

Allocation of Funds

CRA Erosion Control Improvements

Metropolitan Labor	
Final Design	\$ 485,000
Owner Costs (Proj. Mgmt., Contract Admin., Envir. Support)	691,000
Materials & Incidentals	2,000
Professional/Technical Services	
HDR Engineering Inc.	2,350,000
Environmental Consultant	240,000
Geotechnical Investigations	220,000
Topographic Survey	50,000
Constructability Review	75,000
Remaining Budget	187,000
Tota	I \$ 4,300,000

Project Schedule



Board Options

Option #1

Authorize an increase of \$2.35 million to an agreement with HDR Engineering Inc. for a new not-to-exceed amount of \$5.15 million for final design of erosion control structures along the CRA system.

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

Staff Recommendation

Option #1





Board Action

Board of Directors Engineering, Operations, and Technology Committee

5/14/2024 Board Meeting

7-2

Subject

Amend the Capital Investment Plan for fiscal years 2022/23 and 2023/2024 to include upgrades to the flocculation system at the Joseph Jensen Water Treatment Plant; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

California experienced multiple atmospheric rivers in late 2022 and early 2023 and one of the wettest three-week periods on record in January 2023, which caused a mudslide into Castaic Lake and impacted the turbidity levels of water entering the Joseph Jensen Water Treatment Plant (Jensen plant). The sudden increase in turbidity levels led to damage to critical components of the flocculation equipment in several basins as the equipment drive assemblies were forced to operate outside of their normal ranges for an extended time. Staff performed interim repairs to bring the basins back to service and investigated the root cause of the damage. The evaluation conducted by staff, with the support of a specialized vendor, concluded that upgrades to the equipment are needed to handle extended turbidity spikes like the one described above, which will likely become more common due to climate change.

This action amends the Capital Investment Plan (CIP) for fiscal years 2022/23 and 2023/24 to include upgrades to the Jensen plant's flocculation system. See **Attachment 1** for the Allocation of Funds and **Attachment 2** for the Location Map.

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

Staff Recommendation: Option #1

Option #1

Amend the Capital Investment Plan for fiscal years 2022/23 and 2023/24 to include upgrades to the flocculation system at the Joseph Jensen Water Treatment Plant.

Fiscal Impact: Expenditure of \$460,000 in capital funds. It is not anticipated that the addition of the project listed above to the CIP will increase CIP expenditures in the current biennium beyond those that have been previously appropriated by the Board. Approximately \$50,000 will be incurred in the current biennium and has been previously appropriated. The remaining funds from this action are accounted for and appropriated under the next biennial budget.

Business Analysis: This option will enhance the reliability and operating efficiency of the Jensen plant.

Option #2

Do not proceed with this project at this time.

Fiscal Impact: None

Business Analysis: This option would forgo an opportunity to reduce the risk of damage to the Jensen plant's flocculation system. Flocculation basins will be removed from service if flocculation equipment fails during a high-influent turbidity event until repairs are completed.

Alternatives Considered

Staff considered implementing flocculation equipment upgrades under a minor capital project. This option would target upgrades for equipment with the highest likelihood of failure. However, after completion of a root cause analysis for the failed equipment, it was determined that partial upgrade strategies would not reduce the risk of repeated failures of the flocculation system. Staff has concluded that the recent high-turbidity event most likely damaged rotating flocculation equipment that is not yet exhibiting signs of failure, and a comprehensive upgrade plan must include this equipment to prevent its failure in the near future. Staff determined that the current approach to upgrade the plant's flocculator system is the most effective approach to sustain operations during unexpected weather events. Consequently, it is recommended that this project be added to the CIP in the current biennium.

Applicable Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Related Board Actions

By Minute Item 51598, dated May 14, 2019, the Board awarded a contract for the rehabilitation of eight flocculators in Module Nos. 2 and 3 at the Jensen plant.

By Minute Item 52778, dated April 12, 2022, the Board appropriated a total of \$600 million for projects identified in the Capital Investment Plan for Fiscal Years 2022/2023 and 2023/2024.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action to amend the Capital Investment Plan to include upgrades to the flocculation system at the Jensen plant is not defined as a project under CEQA because it involves the creation of government funding mechanisms or other government fiscal activities that do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. (State CEQA Guidelines Section 15378(b)(4)).

CEQA determination for Option #2:

None required

Details and Background

Background

The Jensen plant was placed into service in 1972 and treats raw water from the West Branch of the California State Water Project (SWP), which flows through a series of reservoirs in the Sierra Pelona Mountains, the last of which includes Castaic Lake with a storage capacity of 324,000 acre-feet.

Flocculation, sedimentation, and filtration are important unit processes within a conventional surface water treatment plant. Modules No. 2 and 3 at the Jensen plant contain a total of eight flocculation/sedimentation basins designed in the early 1990s to accommodate a wide range of source water quality from the West Branch of the SWP. The flocculation portion of each basin contains six flocculators comprised of horizontal rotating shafts with paddle arms, which slowly mix the coagulation chemicals to promote the formation of larger particles that settle out in the sedimentation basins.

The Jensen plant's flocculators treat a wide range of flows and influent water quality conditions on a continuous basis. As influent source water turbidity and other water quality parameters fluctuate seasonally, operational adjustments are made to meet settled water treatment goals and maintain a high plant efficiency. Examples of adjustments include modifications to coagulant chemical feed rates and the introduction of additional coagulant aids. For additional chemicals to effectively reduce turbidity and other parameters, the speed of rotating flocculation equipment must be increased, and sufficient time must be allotted for the particles to combine and

settle. When the required rotating speed of the flocculation equipment exceeds maximum design targets, failures typically include shaft and bearing misalignment, breaking of shear pins, and ultimately failure of rotating equipment supports evidenced by cracked grout and concrete foundations, and in some cases cracked and sheared anchor bolts, which hold equipment in place.

The Jensen flocculation equipment was designed to meet anticipated water quality conditions at the plant and has served the Jensen plant without issue since the original construction in the 1990s. In recent years, mechanical components of the flocculation equipment were refurbished to extend their service life. However, the design criteria for the flocculation system was not upgraded at that time to treat water with very high-turbidity spikes for an extended period.

In recent years, there has been an increased frequency and strength of rain events in the vicinity of the SWP and the Jensen plant. These events have impacted the range of source water quality from the West Branch of the SWP and stressed the design limits of Jensen's treatment capabilities beyond their original design criteria. In November 2022, source waters contaminated by an unprecedented mudslide at Castaic Lake reached the Jensen plant. The elevated levels of suspended materials in the water entering the plant led to damage to critical components of the flocculation equipment. Subsequent mudslides in January and March 2023 in the Castaic water shed again elevated turbidity levels entering the plant, which further strained the equipment. Basin outages were required to perform temporary repairs.

Staff recommends moving forward with upgrades to the Jensen flocculation system at this time to enhance operational resiliency during increasingly frequent water quality extremes in the Jensen plant's source water affecting plant operations.

In April 2022, the Board appropriated funds and authorized the General Manager to initiate or proceed with work on all capital projects identified in the CIP, subject to any limits on the General Manager's authority and CEQA requirements. Board authorization is required to commence work on new projects that were not originally included in the board-authorized CIP. This action amends the CIP to include the Jensen Flocculator System Upgrades project. It is not anticipated that the addition of this project to the CIP will increase CIP expenditures in the current biennium beyond the amount appropriated by the Board. Funds required for work to be performed pursuant to the subject projects after fiscal year 2023/24 will be budgeted within the Capital Investment Plan Appropriation for Fiscal Years 2024/25 and 2025/26. This project has been reviewed in accordance with Metropolitan's CIP prioritization criteria and was approved by Metropolitan's CIP Evaluation Team to be included in the Treatment Plant Reliability Program.

Jensen Flocculator System Upgrades - Design

Planned improvements include structural reinforcement for rotating equipment and anchorage; verification and alignment of flocculator shafts, bearings, and related equipment; and inspection and replacement of worn or damaged flocculator components. Planned design activities include conducting field surveys, design of long-term upgrades to extend the lifespan of existing equipment; preparation of drawings and specifications for construction of these upgrades; and project management. Metropolitan staff will perform all work.

A total of \$460,000 is allocated for this work. Allocated funds include \$28,000 for field investigations; \$288,000 for design activities as described above; \$82,000 for shutdown planning, project controls, and project management; and \$62,000 for remaining budget.

Engineering Services' performance metric target range for final design of projects with a construction cost of less than \$3 million is 9 to 15 percent. For this project, the performance metric goal for final design is approximately 13.7 percent of the total construction cost. The estimated cost of construction to upgrade the Jensen plant flocculator system is anticipated to range from \$2.1 million to \$2.4 million.

Project Milestone

April 2025 - Completion of design of upgrades to the Jensen flocculator system

John V. Bednarski

4/18/2024 Date

Manager/Chief Engineer

Engineering Services

4/29/202

Adel Hagekhalil General Manager Date

Attachment 1 - Allocation of Funds

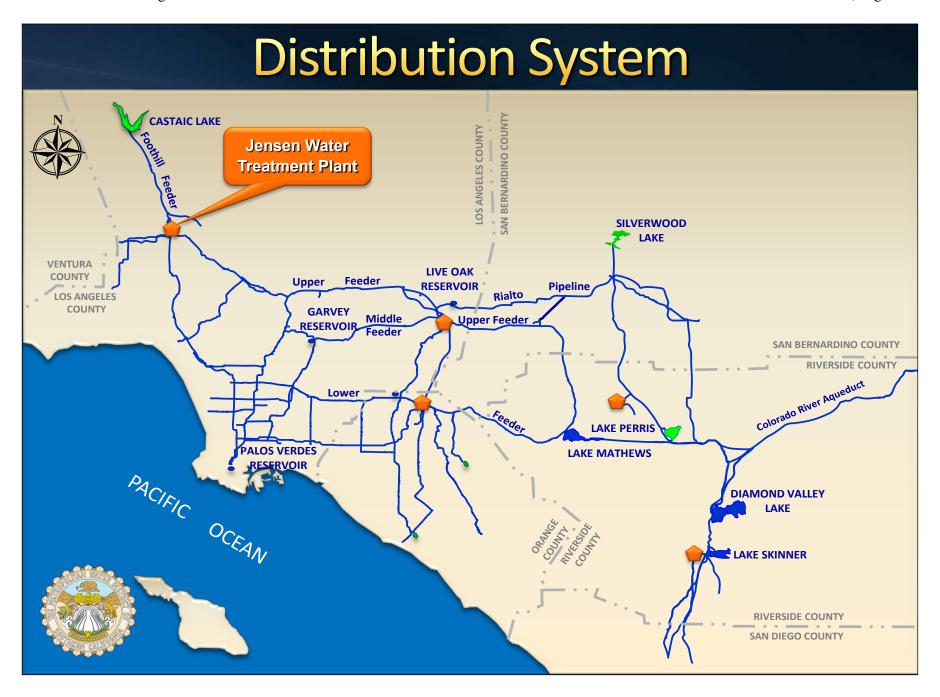
Attachment 2 – Location Map

Ref# es12699345

Allocation of Funds for Jensen Flocculator System Upgrades

	Current Board Action (May 2024)					
Labor						
Studies & Investigations	\$	28,000				
Final Design		288,000				
Owner Costs (Program mgmt.,		82,000				
shutdown planning)						
Submittals Review & Record Drwgs.		-				
Construction Inspection & Support		-				
Metropolitan Force Construction		-				
Materials & Supplies		-				
Incidental Expenses		-				
Professional/Technical Services		-				
Right-of-Way		-				
Equipment Use		-				
Contracts		-				
Remaining Budget		62,000				
Total	\$	460,000				

This is the initial allocation of funds for the Jensen Flocculator System Upgrades project. The total estimated cost to complete the project, including the funds allocated for the work described in this action, and future construction costs, is anticipated to range from \$2.8 million to \$3.4 million.





Engineering, Operations, & Technology Committee

Jensen Flocculation Upgrades

Item 7-2 May 13, 2024

Item 7-2 Jensen Flocculation Upgrades

Subject

Amend the Capital Investment Plan for fiscal years 2022/2023 and 2023/2024 to include upgrades to the flocculation system at the Joseph Jensen Water Treatment Plant

Purpose

Upgrade the flocculation system to handle extended turbidity spikes and unfavorable water quality conditions, which are expected to become more common due to climate change

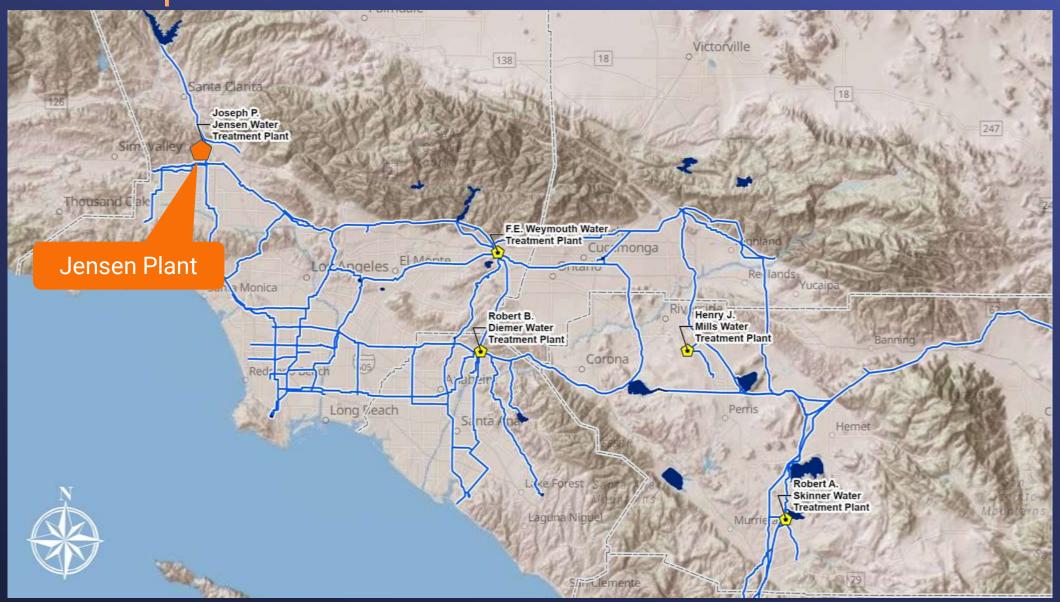
Recommendation and Fiscal Impact

Amend the Capital Investment Plan to include the upgrades to the flocculation system

Fiscal Impact of \$460,000

Not Budgeted

Location Map



Background

- Flocculator Basin
 - Six flocculator shafts per basin
- Equipment refurbished in 2020
 - Rotating equipment upgraded to stainless steel & fiber reinforced polymer (FRP) for extended life



Flocculator shafts and paddle wheels



Flocculator Bearing Block

Background - Climate Impact

- Late 2022 through early 2023 extreme climate conditions
- Debris flow from watershed runoff highest turbidity event recorded
- All treated water quality requirements met



Flow Direction

Flow Direction

Jensen Basin - Feb. 2023

Castaic Lake - Jan. 2023

Background - Impacts to Flocculation System

- Critical damage to equipment anchorage
- Necessary repairs completed Aug 2023
 - Partial anchorage repairs & shaft alignment in two basins
- Similar upgrades required at other flocculator shafts for long term resiliency



Anchorage failure at Basin 10



Structural reinforcement at bearing completed at Basin 10

Planned Work

- Structural reinforcement for rotating equipment anchorage
- Alignment of shafts & bearings
- Replacement of worn or damaged components

Alternatives Considered

- Implement flocculation equipment upgrades under a minor capital project
 - Upgrades for equipment with highest likelihood of failure
 - Analysis concluded this would not enhance longterm resiliency
- Selected Alternative comprehensive flocculator upgrades
 - Strengthens anchorage & fixes shaft alignment for all flocculators
 - Complete upgrade plan to prevent unplanned basin outages

Scope of Work

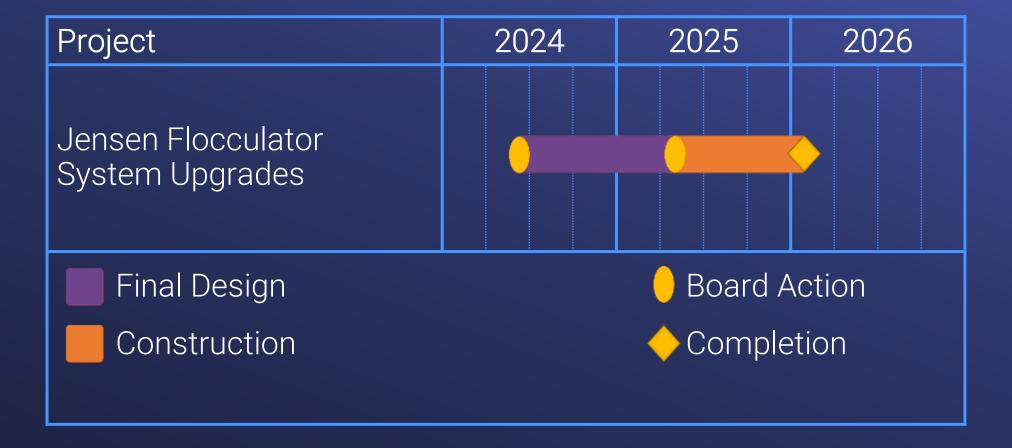
- Field investigations
- Develop final design drawings & specifications
- Prepare cost estimate
- Prepare environmental documentation

Allocation of Funds

Jensen Flocculator System Upgrades

Metropolitan Labor	
Studies & Investigations	\$ 28,000
Final Design	288,000
Owner Costs (Proj. Mgmt., Contract Admin., Envir. Support)	82,000
Remaining Budget	62,000
Total	\$ 460,000

Project Schedule



Board Options

- Option #1
 Amend the Capital Investment Plan for fiscal years 2022/2023 and 2023/2024 to include upgrades to the flocculation system at the Joseph Jensen Water Treatment Plant.
- Option #2
 Do not proceed with this project at this time.

Staff Recommendation

Option #1





Board Action

Board of Directors Ethics, Organization, and Personnel Committee

5/14/2024 Board Meeting

7-3

Subject

Authorize the General Manager to enter into an agreement for administrative supplemental labor services containing the following thirty supplemental temporary labor agencies: SuperbTech Inc., AtWork Personnel Services, Project Partners, PSP Group Inc., Johnson Service Group Inc., CathyJon Enterprises Inc. Tryfacta Inc., 22nd Century Technologies Inc., Ronin Staffing LLC, Enterprise Resource Services Inc., Sierra Cybernetics Inc., Morris and Willner Partners, Staffmark Group, Balanced Diversity Solutions, Partners In Diversity Inc., AppleOne Inc., Genesis Global Recruiting, HireGround Personnel Services Inc., Jada Systems Inc., Mantek Solutions Inc, TPS Group, Good People Inc., Info Origin Inc, Harvest Technical Services Inc, TruCapital Partners, Information Management Resources Inc., Kaygen Inc., SoftHQ Inc., Akshar IT Solutions LLC, and Infojini Inc, each with up to four annual renewal options, with a maximum not-to-exceed amount of \$8 million per year for the contract; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Administrative Labor Supplemental Labor Contract

Metropolitan issued RFP No. 427216 for administrative agency temporary services on July 3, 2023. A total of fifty-one (51) proposals were received and considered as part of the RFP process. Based on the results of the process, the following list of thirty (30) respondents were selected:

Respondent	S/DVBE	Achieved S/DVBE Participation	RBE
SuperbTech Inc.	Yes	Yes	Yes
AtWork Personnel Services	Yes	Yes	Yes
Project Partners	Yes	Yes	Yes
PSP Group Inc.	Yes	Yes	Yes
Johnson Service Group Inc.	No	Yes	Yes
CathyJon Enterprises Inc.	No	No	Yes
Tryfacta Inc.	No	Yes	No
22nd Century Technologies Inc.	No	Yes	No
Ronin Staffing LLC	Yes	Yes	Yes
Enterprise Resource Services Inc.	Yes	Yes	Yes
Sierra Cybernetics Inc.	Yes	Yes	Yes
Morris and Willner Partners	Yes	Yes	Yes
Staffmark Group	No	No	No
Balanced Diversity Solutions	Yes	Yes	Yes
Partners In Diversity Inc.	Yes	Yes	Yes
AppleOne Inc.	No	No	Yes

	S/DVBE	Achieved S/DVBE	RBE
Respondent		Participation	
Genesis Global Recruiting	No	Yes	Yes
HireGround Personnel Services Inc.	No	No	Yes
Jada Systems Inc.	Yes	Yes	Yes
Mantek Solutions Inc.	Yes	Yes	Yes
TPS Group	Yes	Yes	Yes
Good People Inc.	Yes	Yes	Yes
Info Origin Inc.	No	Yes	No
Harvest Technical Services Inc.	Yes	Yes	No
TruCapital Partners	Yes	Yes	Yes
Information Management Resources Inc.	Yes	Yes	Yes
Kaygen Inc.	Yes	Yes	Yes
SoftHQ Inc.	No	Yes	Yes
Akshar IT Solutions LLC	No	Yes	No
Infojini Inc.	No	Yes	No

The proposals were reviewed to determine compliance with the instructions set forth in the RFP and evaluated by the evaluation committee according to the requirements set out in the RFP based on the following criteria:

- Firm Qualifications
- Cost Proposal
- Record of Past Performance
- Business Outreach Program (SBE/DVBE)
- Business Outreach Program (RBE)
- Staff Qualifications
- Industry Knowledge of Temporary Services

The full cost of this contract is covered within existing Group budgets. Expenditures are currently budgeted and approved under the individual projects or will be paid using existing Operations & Maintenance (O&M) funds.

No additional appropriations are requested.

Metropolitan is not obligated to spend the full contract authority. The requested authority will only be used if needed, and the full cost of the supplemental labor will be covered within the existing authorized budget.

Supplemental labor agreements allow Metropolitan to address core operational staffing needs that occur due to vacancies and help address peak workloads. Examples include support of ongoing projects, core operational needs such as addressing desert housing, and to provide operational support due to position vacancies.

Metropolitan is seeking authority to establish a contract from RFP No. 427216 that provides flexibility to secure supplemental labor from thirty (30) different vendors to address the complex and varied staffing needs of the District. The Contract Authority for RFP No. 427216 will not exceed \$8 million per year.

Staff recommends authorizing the General Manager to establish an agreement to include the thirty (30) supplement labor agencies listed with a total not to exceed contract authority of \$8 million per year with four (4) annual renewal options.

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

Staff Recommendation: Option #1

Option #1

Authorize the General Manager to enter into an agreement for administrative supplemental labor services containing the following thirty supplemental temporary labor agencies: SuperbTech Inc., AtWork Personnel Services, Project Partners, PSP Group Inc., Johnson Service Group Inc., CathyJon Enterprises Inc. Tryfacta Inc., 22nd Century Technologies Inc., Ronin Staffing LLC, Enterprise Resource Services Inc., Sierra Cybernetics Inc., Morris and Willner Partners, Staffmark Group, Balanced Diversity Solutions, Partners In Diversity Inc., AppleOne Inc., Genesis Global Recruiting, HireGround Personnel Services Inc., Jada Systems Inc., Mantek Solutions Inc., TPS Group, Good People Inc., Info Origin Inc, Harvest Technical Services Inc., TruCapital Partners, Information Management Resources Inc., Kaygen Inc., SoftHQ Inc., Akshar IT Solutions LLC, and Infojini Inc, each with up to four annual renewal options, with a maximum not-to-exceed amount of \$8 million per year for the contract.

Fiscal Impact: None; expenditures are budgeted and approved under the individual projects or paid using existing O&M funds.

Business Analysis: The supplemental labor agreement allows Metropolitan to meet staff needs during peak workloads and to maintain operational continuity due to position vacancies.

Option #2

Do not authorize the General Manager to enter into the supplemental labor agreement.

Fiscal Impact: None

Business Analysis: Metropolitan would need to end the use of existing supplemental labor individuals and determine how to maintain core operational service levels without this staffing support.

Alternatives Considered

There are limited viable alternatives due to the nature of Metropolitan's work. The recommended vendors all participated in a competitive RFP process No. 427216. All expenditures are budgeted and approved or would be paid using existing O&M funds.

Applicable Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

Not applicable

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

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

CEQA determination for Option #2:

None required

Mark Brower 5/2/2024

Date

Human Resources Group Manager

Adel Hagekhalil Date General Manager

Ref# hr12693447



Ethics, Organization, and Personnel Committee

Authorize Contract for Administrative Supplement Labor Services

Item 7-3 May 14, 2024

Item # 7-3

Authorize
General
Manager to
enter into
contract with
Administrative
Supplemental
Labor Agencies

Subject

Authorize the General Manager to enter a one-year agreement for administrative supplemental labor services containing thirty supplemental labor agencies, each with up to four annual renewal options, with contract authority not-to-exceed amount of \$8 million per the contract year.

Purpose

Supplemental labor contracts allow Metropolitan to address core operational staffing needs that occur due to vacancies, project support, and help address peak workloads.

Recommendation and Fiscal Impact

Authorize the General Manager to enter into an agreement for administrative supplemental labor services containing thirty agencies, each with up to four annual renewal options, with a maximum not-to-exceed amount of \$8 million per year for the budgeted contract.

Budgeted

Background

Supplemental Labor Contract

- Metropolitan issued RFP No. 427216 for administrative agency temporary services on July 3, 2023.
- Fifty-one (51) proposals were received and considered as part of the RFP process.
- Based on the results of the process, thirty (30) respondents were selected.

Background

Supplemental Labor Contract

- Proposals were reviewed and evaluated by the committee based on the following criteria:
 - Firm Qualifications
 - Cost Proposal
 - Record of Past Performance
 - Business Outreach Program (SBE/DVBE)
 - Business Outreach Program (RBE)
 - Staff Qualifications
 - Industry Knowledge of Temporary Services

Contract Details

Supplemental Labor Contract

- Contract authority of not to exceed \$8 million per contract year.
- Provides the flexibility to secure supplemental labor from thirty (30) different vendors.
- Renews each year on July lst.
- Expires June 30th of each year with optional renewal up to 2029.
- Full cost of contract is covered with existing Group budgets.

Supplemental Labor Contract

Contract Details

Respondent	Amount	Respondent	Amount
Superb Tech, Inc.	\$150,000	AppleOne, Inc	\$200,000
AtWork Personnel Services	\$150,000	Genesis Global Recruiting	\$150,000
Project Partners	\$150,000	HireGround Personnel Services, Inc.	\$150,000
PSP Group Inc.	\$200,000	Jada Systems, Inc.	\$150,000
Johnson Service Group, Inc.	\$500,000	Mantek Solutions, Inc.	\$400,000
CathyJon Enterprises, Inc.	\$150,000	TPS Group	\$150,000
TryFacta, Inc.	\$200,000	Good People, Inc.	\$150,000
22 nd Century Technologies, Inc.	\$200,000	Info Origin, Inc.	\$150,000
Ronin Staffing, LLC	\$150,000	Harvest Technical Services, Inc.	\$300,000
Enterprise Resources Services, Inc	\$150,000	TruCapital Partners	\$300,000
Sierra Cybernetics, Inc.	\$200,000	Information Management Resources, Inc.	\$300,000
Morris and Willner Partners	\$200,000	Kaygen, Inc.	\$150,000
Staffmark Group	\$200,000	SoftHQ, Inc.	\$300,000
Balanced Diversity, Inc.	\$150,000	Akshar IT Solutions, LLC	\$150,000
Partners in Diversity, Inc.	\$300,000	Infojini, Inc.	\$400,000

Options

Option #1: Authorize the General Manager to enter into an agreement for administrative supplemental labor services containing the following thirty supplemental temporary labor agencies: SuperbTech, Inc., AtWork Personnel Services, Project Partners, PSP Group Inc., Johnson Service Group, Inc., CathyJon Enterprises, Inc. Tryfacta, Inc., 22nd Century Technologies, İnc., Ronin Staffing, LLC, Enterprise Resource Services, Inc., Sierra Cybernetics, Inc., Morris and Willner Partners, Staffmark Group, Balanced Diversity Solutions, Partners In Diversity, Inc., AppleOne, Inc., Genesis Global Recruiting, HireGround Personnel Services, Inc., Jada Systems, Inc., Mantek Solutions, Inc, TPS Group, Good People Inc., Info Origin Inc, Harvest Technical Services Inc, TruCapital Partners, Information Management Resources, Inc., Kaygen Inc., SoftHQ, Inc., Akshar IT Solutions LLC, and Infojini Inc, each with up to four annual renewal options, with a maximum notto-exceed amount of \$8 million per year for the contract

Options

Option #2: Do not authorize the General Manager to enter into the supplemental labor agreement.

Option #1

Staff Recommendation





Board Action

Board of Directors Ethics, Organization, and Personnel Committee

5/14/2024 Board Meeting

7-4

Subject

Approve the Department Head 360° Evaluation Process; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

On March 12, 2024, the Board established the Ad Hoc Committee for the Department Heads Evaluation Process (Ad Hoc Committee) to provide recommendations for Metropolitan's annual Department Head evaluation process. There was consensus during the 2023/24 process to address issues including implementation of a 360°-degree evaluation component, hiring a consultant to facilitate the process for the Board, and changing the practice of the board providing anonymous feedback to Department Heads.

The Ad Hoc Committee met on April 5 to discuss proposed updates to the process based on Board discussions during the 2022/23 Department Head evaluation process. The proposed 360°-degree evaluation process includes integrating input from:

- Department Heads: General Manager, General Counsel, General Auditor, and Ethics Officer
- Direct Reports and Peers: Employees reporting to Department Heads, Department Heads reviewing each other, and Peers selected by the Department Heads
- Board of Directors

The process will be coordinated by an external consultant. A contract has been established with Catapult For Change to facilitate the process. Eleanor Allen, of Catapult For Change, will collect written feedback from reviewers and Department Heads, conduct interviews of reviewers and Department Heads, prepare individual reports for each Department Head and a summary report for the Board's review, which will include themes of the feedback received and organizational goals for 2024/25 based on the feedback. The consultant will not disclose the origin of the feedback provided to a Department Head concerning input from other Department Heads, Direct Reports, and Peers. The confidential input obtained from the 360° evaluation process will empower Department Heads to enhance collaboration amongst themselves and with their direct reports, as well as to shape their goals for the 2024/25 review period.

Process:

The attached chart (Attachment 1) provides details on the process. Key milestones include:

5/14: Ethics, Organization, and Personnel Committee and Board approve process

5/15-6/21: Department Heads and Direct Reports/Peers complete surveys and interviews

6/24: Consultant meets with each Department Head to provide feedback for individual plans

7/8-9: Department Heads present 2023/24 accomplishments 2024/25 goals to home committees

7/9: Consultant provides 360°- Evaluation Summary Report to Board Members

140

7/9: Evaluation Survey links are sent to Board Members to complete

7/29: Deadline for Board members to submit completed evaluations

8/20: Provide confidential summary reports to Board members

8/27: Board Meeting to discuss Department Head Performance Evaluations and Compensation

Recommendations

The proposed process meets the requirements as stated in the Administrative Code Section 6210 of Metropolitan's Administrative Code: Department Heads (General Manager, General Counsel, Auditor, and Ethics Officer). Each Department Head shall provide a narrative summary and presentation to the home committees at the July meetings concerning accomplishments in performance areas deemed relevant by the Board, including but not limited to strategic leadership, operational leadership, Board relationships, and results. In July, each member of the Board shall submit an evaluation form for each Department Head. At its August meeting, the Board shall discuss the evaluation results and determine an overall performance rating for each Department Head. Each member of the Board shall properly execute their right and duty to actively participate in the annual evaluation of each Department Head.

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

Ad Hoc Committee Recommendation: Option #1

Option #1

Approve the Department Head 360° Evaluation Process

Fiscal Impact: None Business Analysis: None

Option #2

Do not approve the Department Head 360° Evaluation process

Fiscal Impact: None Business Analysis: None

Applicable Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Metropolitan Water District Administrative Code Section 2416 Duties and Functions (Executive Committee)

Metropolitan Water District Administrative Code Section 2451 Duties and Functions. (Legal and Claims Committee)

Metropolitan Water District Administrative Code Section 2471 Duties and Functions (Ethics, Organization, and Personnel Committee)

Metropolitan Water District Administrative Code Section 6210 Employee Evaluation

Metropolitan Water District Administrative Code Section 6208 Pay Rate Administration

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

Not applicable

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

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

CEQA determination for Option #2:

None required

Details and Background

Background

At the Ethics, Organization, and Personnel Committee in April 2023, the committee discussed updating the Department Head evaluation process including integration of best practices (**Attachment 2**), implementation of a 360°-degree evaluation component, and hiring a professional to facilitate the process for the Board. Additionally, the committee deliberated on the past practice of anonymously conveying Directors' comments to Department Heads. The consensus was to revise the process, eliminating anonymity for Directors' comments. Department Heads will now receive individualized reports detailing comments from each Director, along with a thematic summary highlighting key priorities to focus on for the upcoming year for presentation to the Board.

The Ad Hoc Committee reviewed updated 360°-degree evaluation questions, which are based on performance areas (strategic leadership, operational leadership, Board relationships, and results) as stated in Section 6210 of the Administrative Code, best practices, and mapped the evaluation questions to the previous questions to ensure that all areas are included.

Barry D. Pressman, M.D.

4/30/2024 Date

Chair, Ethics, Organization, and Personnel

Committee

Attachment 1 - Department Head Evaluation Process

Attachment 2 - Best Practices

Ref# hr12698299

2024 360-degree Review and Evaluation Process - Metropolitan

	6-May	13-May	20-May	27-May	3-Jun	10-Jun	17-Jun	24-Jun	1-Jul	8-Jul	15-Jul	22-Jul	29-Jul	5-Aug	12-Aug	19-Aug	26-Aug	2-Sep
Internal Reviews of Department																		
Heads																		
Send assessment to Department																		
Heads and Direct Reports		15-May																
'																		
Interviews of Department Heads,																		
Direct Reports, and other observers																		
Develop draft summary report of Peer																		
and Direct Report feedback for																		
Department Heads																		
Department rieaus																		
Develop confidential personalized																		
report for each Department Head																		
Meet with each Department Head to																		\vdash
provide feedback and create																		
individual development plans																		
Board Member Evaluations of																		
Department Heads																		
Metropolitan Board and																	8/27/2024	
Committee Meetings		May 13 & 14		28-May		June 10 & 11		25-Jun		July 8 & 9 Special Exec		23-Jul				Aug 19-20	Special	
Process update to the EOP																	Board	
Committee & Board approval of the		14-May																
1		14-1-ldy																
process Dept Heads present 2023/24																		
accomplishments and 2024/25 goals										July 8 & 9								
to the Home Committees										July 0 to 3								
to the Home Committees																		
Consultant provides 360° Evaluation										9-Jul								
Summary Report to Board Members										5-Jul								
Fralization Companylinks are combine																		
Evaluation Survey links are sent to Board Members to complete										9-Jul								
Board Members to complete																		
Board Members complete evaluation										9-Jul			29-Jul					
surveys for each Department Head										9-Jul			29-Jul					
Review summary report with Ad Hoc														9-Aug				
Committee Chair and Board Chair														8				
Provide confidential summary report																		
to Board members																20-Aug		
Board Meeting to discuss																		
Department Head Performance																		
Evaluations and Compensation																	27-Aug	
Recommendations																		

5/14/2024 Board Meeting 7-4 Attachment 2, Page 1 of 2



Attachment 2

Catapult For Change Eleanor Allen, P.E., NAE Executive Performance Evaluation - Best Practices

The Board evaluation of executive performance is a critical task that can positively impact the organization's trajectory. Ensuring objectivity, strategic alignment, and comprehensive feedback is essential for effective evaluations. Our process follows best practices for executive performance evaluations. Key points are summarized below and links to relevant articles are provided if you wish to read further.

The proposed process includes the following best practices:

1. Board Involvement and Insight:

- o Involve relevant stakeholders, such as **board members**, in the evaluation process.
- Recognize that board members may lack proximity or insight into day-to-day operations.
 Their feedback should focus on strategic alignment and overall impact.
- Conduct annual formal reviews of executive performance. Regular evaluations ensure ongoing alignment with organizational goals and expectations.

2. 360-Degree Feedback:

- Use a **360-degree confidential evaluation** process that involves input from various stakeholders, including board members, peers, and direct reports.
 - Go beyond day-to-day tasks and evaluate executives' contributions to the entire company ecosystem.
 - Consider their role in fostering innovation, managing stakeholders, and shaping organizational culture.
 - Evaluate how well executives align their leadership strategies with the broader organizational strategy.
 - Consider their impact on Metropolitan's future, industry positioning, and long-term goals.
- o Include a self-assessment for the Department Head to complete using the same assessment criteria as the other reviewers.
- Have the person tasked with leading the evaluation process meet with reviewers after they provide written feedback to ensure clarity and understanding of the feedback.
- Provide Department Heads with a feedback meeting and a written report summarizing a holistic view of their performance from all stakeholders. This shall include a comparison of their self-assessment vs. how their performance is perceived by others.
 - Share feedback with Department Heads anonymously and not attributed to specific evaluators.

5/14/2024 Board Meeting 7-4 Attachment 2, Page 2 of 2



3. Clear Expectations and Goal-Setting:

- Set clear performance expectations for executives. Define specific goals, objectives, and key performance indicators (KPIs) aligned with the organization's strategic direction.
 - Develop **organizational goals** for 2024-2025 will be developed by the Department Heads using input from the 2023-2024 assessments.
 - Create individual development plans for each Department Head for their own professional development goals in 2024-2025 using the input from the 2023-2024 assessments.

4. Benchmarking for Salary Setting:

- Use external salary benchmarks to assess executive compensation.
- Regularly review compensation packages to ensure competitiveness and alignment with industry standards.
- **Note:** This task will be completed following the performance evaluation.

Articles for further information:

- 1. <u>Executive Evaluation and Compensation</u> BoardSource
- 2. <u>How to Conduct Great Performance Reviews</u> Society for Human Resources Management (SHRM)
- 3. How to Conduct an Executive Performance Review: Templates and Best Practices Zavvy



Ethics, Organization, and Personnel Committee

Approve the Department Head 360° Evaluation Process

Item 7-4 May 14, 2024

Subject

Approve the Department Head 360° Evaluation Process

Item #7-4
Department
Head
Evaluation
Process

Purpose

Update Department Head 360° Evaluation Process

Department Head Evaluation Process

Consensus during the 2023/24 process

- Immediate (completed)
 - Eliminating anonymity of Directors' comments
 - Individualized reports detailing comments from each Director
- Future
 - Integration of best practices
 - Implementation of a 360°-degree evaluation
 - Professional to facilitate the process for the Board

Department Head Evaluation Process

Ad Hoc Committee

- Established March 2024 by the Board
 - Provide recommendations for Metropolitan's annual Department Head evaluation process

Department Head Evaluation Process

Ad Hoc Committee

- Reached consensus on proposed updates based on Board discussions during the 2022/23 Department Head evaluation process
 - Proposed 360°-degree evaluation process input from:
 - Department Heads
 - General Manager
 - General Counsel
 - General Auditor
 - Ethics Officer
 - Direct Reports and Peers
 - Employees reporting to Department Heads
 - Department Heads reviewing each other
 - Peers selected by the Department Heads
 - Board of Directors

360° Review and Evaluation Process Internal Reviews of Department Heads Facilitated by Consultant

	May	June	July	August
Send assessment to				
Department Heads and Direct Reports				
_				
Interviews of Department				
Heads, Direct Reports, and				
other observers				
Develop draft summary				
report of Peer and Direct				
Report feedback for				
Department Heads				
Develop confidential				
personalized report for each				
Department Head				
Meet with each Department				
Head to provide feedback				
and create individual				
development plans				

360° Review and Evaluation Process Board Member Evaluations of Department Heads

Week of	May	June	July	August
Process update to the EOP & Board				
approval of the process				
Dept Heads present 2023/24				
accomplishments and 2024/25 goals				
to the Home Committees				
Consultant provides 360° Evaluation				
Summary Report to Board Members				
Evaluation Survey links are sent to				
Board Members to complete				
Board completes evaluation surveys				
Review summary report with Ad Hoc				
Committee Chair/Board Chair				
Provide confidential summary report to				
Board members				
Board Meeting to discuss Department				
Head Performance Evaluations and				
Compensation Recommendations				

Next Steps

- Initiate 360° process
- June
 - Discuss salary survey
 - Comparator agencies and process
- July
 - Department Heads report to Home Committees
 - Summary reports and survey sent to Board
- August
 - Discussion of Department Head Performance Evaluations
 - Report on Department Head Salary Survey
 - Discuss and Approve Compensation
 Recommendations for General Manager, General
 Counsel, General Auditor and Ethics Officer

Department Head 360° Evaluation Process

Board Options

- Option #1
 Approve the Department Head 360°
 Evaluation Process
- Option #2
 Do not approve the Department Head 360°
 Evaluation process

Department Head 360° Evaluation Process

Ad Hoc Committee Recommendation

Option #1
 Approve the Department Head 360° Evaluation Process





Board Action

Board of Directors Finance and Asset Management Committee

5/14/2024 Board Meeting

7-5

Subject

Authorize the General Manager to execute a new ground license for telecommunications facilities with the City of Pasadena to enhance the reliability of Metropolitan's wireless wide area networks and local area networks; the subject telecom site is located in the City of Pasadena, identified as Los Angeles County Assessor Parcel No. 5705-001-900; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

This proposed action authorizes the General Manager to execute a new ground license with the City of Pasadena for a Microwave Tower that will serve as a new communications link to the nearby Eagle Rock Operations Command Center (OCC), Union Station Headquarters, and Garvey Reservoir site. The site is located at 1530 Glen Oaks Boulevard in the City of Pasadena (**Attachment 1**)

The current microwave equipment was installed in 2003 at a nearby location and experiences recurring communications disruptions. New equipment and infrastructure at the proposed site will increase the reliability of transmitting communications data. This Information Technology Group system upgrade project was presented and funded as part of a minor cap (P-105234) and CIP (15518) project for the 2021/22 fiscal year in the amount of \$399,000.

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

Staff Recommendation: Option #1

Option #1

Authorize the General Manager to execute a new ground license for telecommunications facilities with the City of Pasadena to enhance the reliability of Metropolitan's wireless wide area networks and local area networks

Fiscal Impact: Metropolitan's annual rent for the site will start at \$27,000.00 with 3.5 percent annual increases.

Business Analysis: This action will increase the reliability of Metropolitan's wireless wide area networks (WAN) and local area networks (LAN) communications systems.

Option #2

Do not authorize the new ground license.

Fiscal Impact: Forgo the opportunity to increase Metropolitan's WAN and LAN communications reliability. **Business Analysis**: Metropolitan would continue to encounter recurring communications disruptions and reliability issues.

Business Analysis: Metropolitan would continue to encounter recurring communications disruptions and reliability issues.

Alternatives Considered

Not applicable

Applicable Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Metropolitan Water District Administrative Code Section 8121: General Authority of the General Manager to Enter Contracts

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

Not applicable

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is exempt from CEQA because it involves the operation, maintenance, leasing, 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). Additionally, the proposed action is exempt from CEQA because it consists of replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced (State CEQA Guidelines Section 15302). Also, the proposed action is exempt from CEQA because it consists of minor public or private alterations in the condition of land, water, and/or vegetation that do not involve removing healthy, mature, scenic trees except for forestry or agricultural purposes. (State CEQA Guidelines Section 15304).

CEQA determination for Option #2:

None required

Details and Background

Metropolitan's wireless WAN and LAN presently comprises a network of 72 transmission tower sites covering a 5,200 square mile area, including the entire distribution system and the Colorado River Aqueduct. The microwave radio WAN and LAN transport data and communications to the OCC, Union Station Headquarters, Garvey Reservoir, and various other Metropolitan facilities. For some types of data, microwave radio is the primary communications system; however, microwave radio may be a backup communications system for other types of data.

The current microwave equipment was installed in 2003 and involves a passive repeater tower on a nearby site facing an on-site building that leads to line of sight and signal interference issues resulting in recurring communications disruptions.

Metropolitan's Information Technology Group has identified a site on a mountaintop in the City of Pasadena that will provide Metropolitan with better elevation and a direct line of sight to the OCC, Union Station Headquarters, and Garvey Reservoir. Metropolitan's Information Technology Group is seeking to install a new Microwave Tower at the site, which will enhance system redundancy and reliability and support the future growth of Metropolitan's IT infrastructure. The tower height will be limited to 35 feet per the City of Pasadena's requirements.

The proposed license agreement will have the following key provisions:

- 10-year base term with one ten-year option to renew by mutual consent.
- An initial annual license fee of \$27,000.00.
- Annual fixed license fee increases of 3.5 percent as provided in Pasadena Municipal Code Section 12.22.180(E)(3).
- Metropolitan will be responsible for the utilities and maintenance of the site.

4/24/2024

Elizabeth Crosson

Date

Chief Sustainability, Resilience and

Innovation Officer

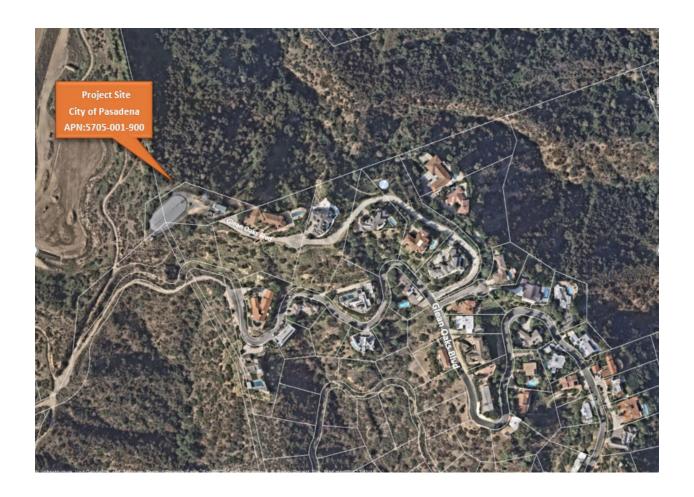
4/26/2024

Adel Hagekhalil General Manager Date

Attachment 1 - General Location Map

Ref# sri12691198

Attachment 1 - General Location Map







The City of Pasadena Telecommunications License Agreement

Item 7-5 May 14, 2024

Overview of License Agreement

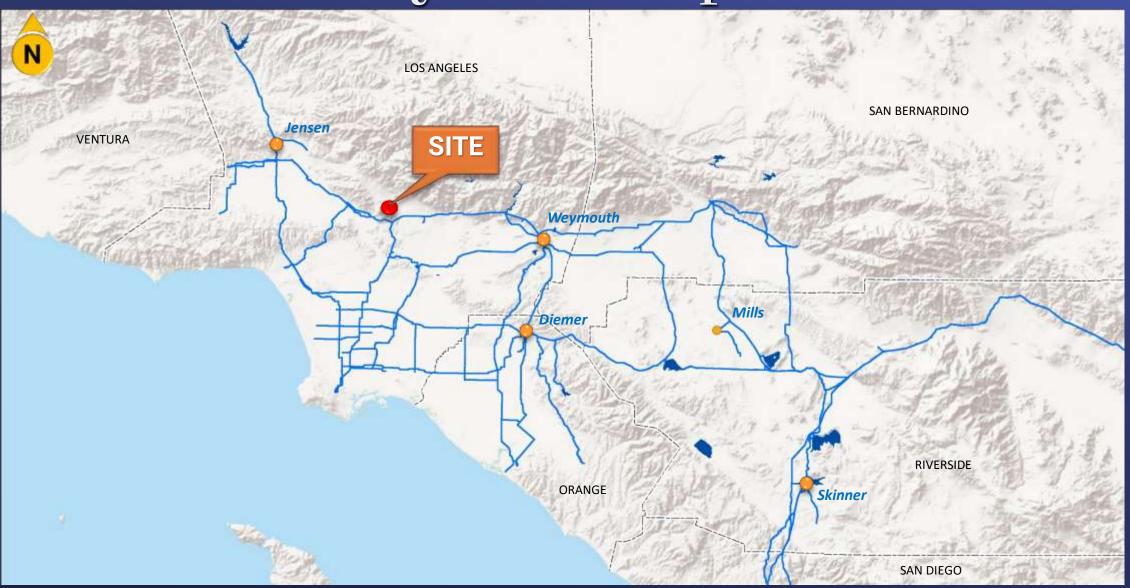
Subject

 Authorize the General Manager to execute a new telecommunications license agreement with the City of Pasadena.

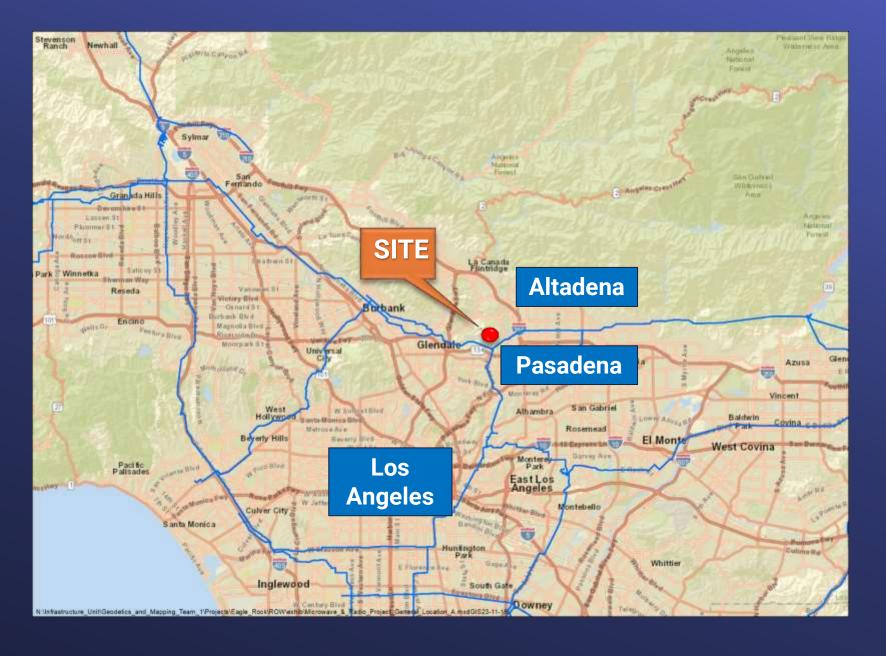
Purpose

• To enhance the reliability of Metropolitan's wireless wide area networks (WAN) and local area networks (LAN).

Distribution System Map



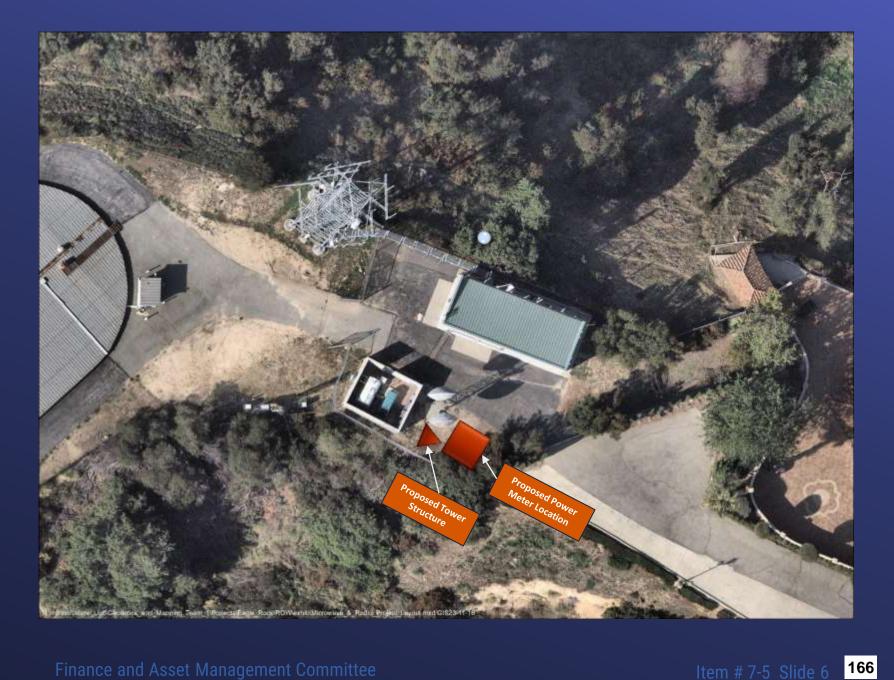
General Location Map



Site Map



Project Layout



Key Provisions

- 10-year base term with one, 10-year option to renew.
- Annual License fee of \$27,000
- Fixed License fee increases 3.5%
- Metropolitan will be responsible for the utilities and maintenance of site.

Board Options

Option No. 1

• Authorize the General Manager to enter into a new 10-year ground license agreement with the City of Pasadena.

Option No. 2

• Do not authorize the new ground license agreement.

Staff Recommendation

Board Options

• Option No. 1





Board Action

Board of Directors Legal and Claims Committee

5/14/2024 Board Meeting

7-6

Subject

Authorize contracts for Bond Counsel services with Anzel Galvan LLP, Hawkins Delafield & Wood LLP, Katten Muchin Rosenman LLP, Nixon Peabody LLP, and Norton Rose Fulbright US LLP; Co-Bond Counsel services with Amira Jackmon and Law Offices of Alexis S.M. Chiu; and Disclosure Counsel services with Stradling Yocca Carlson & Rauth, P.C. for the period ending June 30, 2027; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Metropolitan establishes a pool of Bond Counsel and Co-Bond Counsel and selects Disclosure Counsel every three years. Bond and/or Co-Bond Counsel make proposals and are selected from the pool to provide services and advice required for individual bond transactions by Metropolitan and for other tax and financial matters. Costs for Bond and Co-Bond Counsel are generally paid from bond proceeds. The last selection of counsel for the pool was approved by the Board in 2021. Inclusion in the pool is not a guarantee of work. The contracts with the firms in the current pool expire June 30, 2024. Staff is requesting authority to enter into contracts with five firms for Bond Counsel services, two firms for Co-Bond Counsel services, and a single firm for Disclosure Counsel services through June 2027.

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

Staff Recommendation: Option #1

Option #1

- a. Authorize contracts for Bond Counsel services with Anzel Galvan LLP, Hawkins Delafield & Wood LLP, Katten Muchin Rosenman LLP, Nixon Peabody LLP, and Norton Rose Fulbright US LLP; Co-Bond Counsel services with Amira Jackmon and Law Offices of Alexis S.M. Chiu; and Disclosure Counsel services with Stradling Yocca Carlson & Rauth, P.C. for the period ending June 30, 2027; and
- b. Determine that Bond Counsel, Co-Bond Counsel, and Disclosure Counsel fees may be approved by the General Counsel in amounts sufficient to procure Bond Counsel, Co-Bond Counsel, or Disclosure Counsel services for bond issues and for legal advice, as described in this board letter.

Fiscal Impact: Variable, depending on number and structure of bond and financial transactions. **Business Analysis:** The municipal bond market requires the engagement of Bond Counsel and Disclosure Counsel for the issuance and offering of municipal debt. This option supports the quick and efficient hiring of Bond Counsel and Disclosure Counsel to respond to favorable market opportunities. Selection of the firms recommended for the Bond and Co-Bond Counsel pool provides options in the event any of the firms are unavailable to participate in a given financing and provides cost alternatives.

Option #2

Do not authorize the General Counsel to retain Bond Counsel, Co-Bond Counsel, and Disclosure Counsel as described in this board letter.

Fiscal Impact: Potential for higher costs with the engagement of Bond Counsel, Co-Bond Counsel, and Disclosure Counsel on a transaction by transaction basis.

Business Analysis: The municipal bond market requires the engagement of Bond Counsel and Disclosure Counsel for the issuance and offering of municipal debt. Not determining that the General Counsel may approve Bond Counsel, Co-Bond Counsel, and Disclosure Counsel fees as described in this board letter reduces the ability of Metropolitan to engage counsel for individual transactions quickly and may result in increased fees.

Alternatives Considered

Engaging Bond Counsel, Co-Bond Counsel, and Disclosure Counsel on a transaction by transaction basis. This approach, however, could lead to higher overall costs for legal services and increase the time required to engage counsel for individual transactions.

Applicable Policy

Metropolitan Water District Administrative Code Section 6430(d): General Counsel's employment of attorneys to render special counsel services.

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities.

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

The last selection of Bond Counsel, Co-Bond Counsel, and Disclosure Counsel was approved by the Board on May 11, 2021, which covered contracts for the period ending June 30, 2024.

Summary of Outreach Completed

Staff solicited proposals from 20 firms and received responses from 8 firms for Bond Counsel, 3 for Co-Bond Counsel, and 6 for Disclosure Counsel. Firms were reviewed for expertise, experience, and cost.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it will not result in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. (State CEQA Guidelines Section 15378(a)).

CEQA determination for Option #2:

None required

Details and Background

Background

Metropolitan retains outside counsel to assist with the issuance and offering of its bonds, notes, and commercial paper and negotiation of related agreements, such as extension of liquidity facilities supporting variable rate bonds; to advise on interest rate swaps and other instruments connected with such indebtedness; and to provide legal and tax advice on matters affecting Metropolitan's finances.

The municipal bond market requires the engagement of Bond Counsel for the issuance of municipal debt. An opinion from nationally recognized Bond Counsel as to the validity of the bonds and the tax exemption of interest on the bonds is circulated to potential investors, delivered at closing, and attached to each bond. Co-Bond Counsel are also engaged by Metropolitan to add additional support and expertise to certain transactions. Co-Bond Counsel can provide a lower-cost support option, depending upon the transaction's scope, complexity, and timing.

Metropolitan retains a dedicated and separate Disclosure Counsel in connection with the offering and remarketing of its bonds. Some of the benefits of using a separate Disclosure Counsel include assuring consistency across disclosures, knowledge of ongoing regulatory challenges for California water agencies, and expertise in the development of disclosure policies, continuing disclosure procedures, and training for the Board and staff.

Historically, the Board has authorized, and the General Counsel has executed, three-year contracts with a pool of qualified firms for Bond Counsel and Co-Bond Counsel services. The Board has also previously authorized the execution of a three-year contract with a single firm to provide Disclosure Counsel services. Expenditures under these contracts are paid from bond proceeds or Metropolitan funds and are generally capped on a transaction by transaction basis, as deemed appropriate by the General Counsel. This practice enables Metropolitan to access the credit markets quickly and efficiently. Before work on a debt transaction begins, Legal Department staff describes the transaction to firms in the pool and solicits fee quotes. Staff assigns responsibilities to Bond and Co-Bond Counsel firms based upon each firm's expertise, experience with the particular transaction structure, fee quote for the specific transaction, and availability of attorneys. Additional services under the contracts are billed at hourly rates that would remain stable for the three-year term of the contracts.

The current contracts for Bond Counsel, Co-Bond Counsel, and Disclosure Counsel expire on June 30, 2024. On February 15, 2024, Metropolitan issued a Request for Proposals and Firm Qualifications to Serve as Bond Counsel, Co-Bond Counsel, or Disclosure Counsel to 20 firms with appropriate experience. Eleven firms submitted proposals. Legal Department staff evaluated the proposals based upon: experience involving municipal bond issues nationally, in California, and for water utilities; expertise in financial representation of government agencies; qualifications of the staff to be assigned to Metropolitan matters; location and availability of the staff; general depth of staffing; knowledge of Metropolitan; and fee structure.

Based on the review team's recommendation and concurrence by the Office of the Chief Financial Officer, the law firms of Anzel Galvan LLP, Hawkins Delafield & Wood LLP, Katten Muchin Rosenman LLP, Nixon Peabody LLP, and Norton Rose Fulbright US LLP are recommended to form the Bond Counsel pool. Amira Jackmon and Law Offices of Alexis S.M. Chiu are recommended to form the Co-Bond Counsel pool. And, Stradling Yocca Carlson & Rauth, P.C. is recommended to serve as Disclosure Counsel.

The legal costs for bond issues are generally paid from bond proceeds and are contingent on the successful completion of the transaction. For the previous three-year period, for each bond issuance, the combined Bond Counsel and Co-Bond Counsel fees ranged from \$25,000 to \$75,000 and from \$40,000 to \$68,000 for Disclosure Counsel services. Costs for legal advice on existing bond transactions (for example remarketing of variable debt or replacement of liquidity facilities), tax law interpretations, and other questions related to tax and financial matters are paid from Metropolitan funds.

Staff recommends that Metropolitan enter into contracts with the referenced firms effective through June 30, 2027, to provide services on particular transactions and related legal advice in amounts as the General Counsel deems appropriate during the contract term.

General Counsel

5/7/2024

Date

Ref# I12698334



Legal and Claims Committee

Authorize Contracts for Bond, Co-Bond and Disclosure Counsel Services

Item 7-6 May 13, 2024

Time: 5 mins.

Item # 7-6

Establish Pool of Bond & Disclosure Counsel Firms

Subject

Approve contracts for bond counsel services

Purpose

Establish pool of counsels to provide services and advice required for the issuance of bonds and for other tax and financial matters

Item # 7-6

Establish Pool of Bond & Disclosure Counsel Firms

Recommendation

Authorize contracts for legal services related to Metropolitan's issuance of bonds and management of debt portfolio, for the three-year period ending June 30, 2027

Fiscal Impact

Variable, depending on number and structure of bond and financial transactions.

Request

- Authority to enter into agreement with firms
 - 5 bond counsel
 - 2 co-bond counsel
 - 1 disclosure counsel

Selection of Firms

Outreach & Selection

- Overview of market
- Outreach to 20 firms
- 11 proposals received

Selection Criteria

Outreach & Selection

- Recent experience
- Specific qualifications
- Location and availability
- Fees

Recommended Firms

Bond Counsel

- Bond Counsel
 - Anzel Galvan LLP
 - Hawkins Delafield & Wood LLP
 - Katten Muchin Rosenman LLP
 - Nixon Peabody LLP
 - Norton Rose Fulbright US LLP

Recommended Firms

Co-Bond Counsel

- Co-Bond Counsel
 - Law Offices of Alexis Chiu
 - Amira Jackmon

Recommended Firms

Disclosure Counsel

- Disclosure Counsel
 - Stradling Yocca Carlson & Rauth, P.C.

Cost for Services

Paid from bond proceeds

Fees

- Bond issuances
- Recent bond transaction fees, per transaction, have ranged from:
 - \$25,000 to \$75,000 Bond/Co-Bond Counsel
 - \$40,000 to \$68,000 Disclosure Counsel
- Paid from general Metropolitan funds
 - Remarketing of existing bonds
 - Tax advice

Option #1

Board Options

a. Authorize contracts for Bond Counsel services with Anzel Galvan LLP, Hawkins Delafield & Wood LLP, Katten Muchin Rosenman LLP, Nixon Peabody LLP, and Norton Rose Fulbright US LLP; Co-Bond Counsel services with Amira Jackmon and Law Offices of Alexis S.M. Chiu; and Disclosure Counsel services with Stradling Yocca Carlson & Rauth, P.C. for the period ending June 30, 2027; and

Board Options

b. Determine that Bond Counsel, Co-Bond Counsel, and Disclosure Counsel fees may be approved by the General Counsel in amounts sufficient to procure Bond Counsel, Co-Bond Counsel, or Disclosure Counsel services for bond issues and for legal advice, as described in this board letter.

Option #2

Do not authorize the General Counsel to retain Bond Counsel, Co-Bond Counsel, and Disclosure Counsel as described in this board letter. • Option #1

Staff Recommendation





Board Action

Board of Directors Finance and Asset Management

5/14/2024 Board Meeting

7-7

Subject

Adopt a resolution declaring approximately 6,742 acres of Metropolitan-owned real property in the County of Riverside, located southwest of the City of Blythe, California, and commonly known as the Palo Verde Mesa, as exempt surplus land under the Surplus Land Act; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Updates in recent years to the California Surplus Land Act (Government Code 54220, et seq.) require local public agencies like Metropolitan to declare in writing land that it may consider subjecting to certain types of long-term leases as either "surplus land" or "exempt surplus land (Attachment 1)." Metropolitan currently owns approximately 6,742 acres of non-irrigated land in Riverside County, which is often referred to as the Palo Verde Mesa. This land has historically been considered by Metropolitan as land best used for alternative energy generation and other uses that support Metropolitan water facilities and other improvements, operations, and agency activities.

The resolution (Attachment 2) before the Board memorializes in written form the land's status as "exempt surplus land" that might be used in a manner that furthers Metropolitan's agency uses and authorities under the Metropolitan Water District Act and makes other findings, as required by recent updates to the California Surplus Land Act. This resolution does not change long-standing Metropolitan plans and policies for the lands in question and merely presents such possible future uses in a written form required by recent Surplus Land Act provisions.

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

Staff Recommendation: Option 1

Option #1

Adopt a resolution declaring approximately 6,742 acres of Metropolitan-owned real property in the County of Riverside, located southwest of the City of Blythe, California, and commonly known as the Palo Verde Mesa, as exempt surplus land under the Surplus Land Act.

Fiscal Impact: No immediate change in current fiscal obligations to pay for ongoing land management and holdings costs. This is an administrative designation only and does not commit Metropolitan to any specific contractual or other obligations.

Business Analysis: This option is in alignment with Metropolitan's Climate Action Plan.

Option #2

Do not adopt the resolution declaring the subject parcels as exempt surplus land under the Surplus Lands Act. **Fiscal Impact:** Forgo future possible revenue opportunities or reduced energy costs to offset operating costs. **Business Analysis:** Forgo future possible land utilization proposals that require actions under the Surplus Land Act.

Applicable Policy

Metropolitan Water District Administrative Code Section 8230: Grants of Real Property Interests.

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 41222, dated January 10, 1995, the Board adopted a policy that Metropolitan continue to seek ways to increase the reliability of its Colorado River Aqueduct operations and supplies in order to operate that facility at capacity as much of the time as is feasible.

By Minute Item 42820, dated February 10, 1998, the Board approved the policy principle on a Colorado River Resources Strategy supporting Metropolitan's interests and increasing its dependable entitlements to Colorado River water, while collaborating with other California Colorado River agencies.

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

Metropolitan Water District of Southern California Climate Action Plan.

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

The resolution makes declarations and administrative findings under the Surplus Land Act and does not commit Metropolitan to any specific future contract or use of the subject lands. District approval of any actual, future use of the subject lands, such as for alternative energy generation and battery storage uses, would be subject to separate action.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

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

CEQA determination for Option #2:

None required

Details and Background

Background

Metropolitan acquired the approximately 6,742 acres making up the Palo Verde Mesa property, which is located 12 miles southwest of the City of Blythe, as part of its portfolio land purchase from the San Diego Gas & Electric Company in 2001. The land is not currently irrigated but does lie within the Palo Verde Irrigation District service area.

Metropolitan has historically earmarked this land for different possible agency uses, including renewable energy generation to support Metropolitan water-related facilities and other improvements and operations and the generation of revenue to support district functions. In May 2022, the Metropolitan Board of Directors also approved a Climate Action Plan, which established an organizational goal of carbon neutrality by 2045. Additionally, the California Renewables Portfolio Standard Program (SB 100) mandates that emissions from retail electricity be reduced over time. Consistent with these goals, Metropolitan is promoting the generation and procurement of carbon-free electricity consistent with its carbon neutrality goal. This strategy includes the promotion of low-carbon and carbon-free electricity in the marketplace and also combats climate change that threatens Metropolitan's water supply resiliency and water quality goals.

The current action would memorialize the historic land management designations and proposed agency uses of the land and the different Metropolitan policies applicable to it. This action is further intended to memorialize in a single document the different declarations and findings required by more recent changes to the Surplus Land Act

Elizabeth Crosson

Date

Chief Sustainability, Resilience and

Innovation Officer

5/7/2024

5/2/2024

Adel Hagekhalil General Manager *Date*

Attachment 1 - General Location Map

Attachment 2 - Resolution Declaring Palo Verde Mesa Exempt Surplus Land

Ref# sri12697967



THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

RESOLUTION NO.	
RESOLUTION NO.	

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA DECLARING APPROXIMATELY 6,742 ACRES OF METROPOLITAN-OWNED REAL PROPERTY IN THE COUNTY OF RIVERSIDE, LOCATED SOUTHWEST OF THE CITY OF BLYTHE, CALIFORNIA, AND COMMONLY KNOWN AS THE PALO VERDE MESA, AS EXEMPT SURPLUS LAND UNDER THE SURPLUS LAND ACT

WHEREAS, the Metropolitan Water District of Southern California ("Metropolitan") is the fee owner of approximately 6,742 acres of land in certain unincorporated portions of Riverside County and commonly referred to as the Palo Verde Mesa (Riverside County Assessor Parcel Nos. 879-230-001, 879-230-003; 879-230-005; 879-230-008; 879-230-010; 879-230-011; 879-230-012; 879-230-013; 879-230-014; 879-230-015; 879-230-016; 879-230-017; 879-230-018; 879-230-023; 879-240-001; 879-240-002; 879-240-037; 879-240-038; 879-250-001; 879-250-008; 879-250-011; 879-250-013; 879-250-014; 879-261-019; 879-261-020; 879-261-021; 879-261-022) (referred to collectively herein as the "Properties");

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

WHEREAS, the Act further authorizes Metropolitan to provide, generate, and deliver electric power within or without the state of California for the purpose of developing, storing, and distributing water;

WHEREAS, Metropolitan in particular was founded and created in part to build and operate the 242-mile long Colorado River Aqueduct, made up of 150 miles of canals, siphons, conduit and pipelines and five pumping plants to lift water over mountains so that water deliveries can then flow west by gravity. Critical sections of this Colorado River Aqueduct infrastructure thus require the generation and use of electrical power;

WHEREAS, in May 2022, the Metropolitan Board of Directors approved a Climate Action Plan, which established an organizational goal of carbon neutrality by 2045, and Metropolitan also purchases electricity from a California power marketplace which, under the California Renewables Portfolio Standard Program (SB 100), is subject to a 2045 goal of powering all retail electricity sold in California and state agency electricity needs with renewable and zero-carbon resources;

WHEREAS, the leasing or long-term commitment of the Properties for carbon-free energy and battery storage uses would potentially help Metropolitan meet its carbon neutrality goals and also increase the availability of low-carbon and carbon-free electricity in the marketplace for Metropolitan use for Metropolitan water facilities and other improvements and operations, as authorized in the Act and set forth in Metropolitan's Climate Action Plan, and also combat climate change and address adverse power conditions near Metropolitan facilities and systems;

WHEREAS, the leasing of the lands for the purposes identified herein would also further Metropolitan's stated mission to operate and power its water facilities and other improvements and operations in a sustainable, environmentally sound, and cost-effective manner, as expressed in the following actions: (1) By Minute Item 41222, dated January 10, 1995, the Board adopted a policy that Metropolitan continue to seek ways to increase the reliability of its Colorado River Aqueduct operations and supplies in order to operate that facility at capacity as much of the time as is feasible; (2) By Minute Item 42820, dated February 10, 1998, the Board approved the policy principle on a Colorado River Resources Strategy supporting Metropolitan's interests and increasing its dependable entitlements to Colorado River water, while collaborating with other California Colorado River agencies; and (3) By Minute Item 48766, dated August 16, 2011, the Board adopted policy principles for managing Metropolitan's real property assets;

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

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

WHEREAS, Section 54221(c)(1) of the Government Code provides that "agency's use" may also include commercial or industrial uses or activities, including nongovernmental retail, entertainment, or office development, or be for the sole purpose of investment or generation of revenue if the agency's governing body takes action in a public meeting declaring that the use of the site will directly further the express purpose of agency work or operations.

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

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

Section 2. Board Findings. The Properties are "exempt surplus land" pursuant to California Government Code Section 54221(f)(1)(J) and 54221(c)(1) because the long-term lease and use of the Properties for carbon-free energy generation and energy storage would constitute an "agency use" for purposes of the Surplus Land Act, under the grounds set forth in the recitals of this Resolution and the board letter accompanying this Resolution and for the following additional reasons: (a) the Board further finds and declares that the leasing or use of the Properties for carbon-free energy generation and storage would further Metropolitan's stated mission to operate and power its water facilities and other improvements and operations in a sustainable, environmentally sound, and cost-effective manner; and (b) the Properties would be used to generate offsetting lease revenues that will directly further the express purpose of agency work or operations of water conveyance, treatment and distribution through the use of revenues therefrom for water district operations and maintenance and capital programs.

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

I HEREBY CERTIFY, that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California, at its meeting held on May 14, 2024.

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



Board Action

Board of Directors Finance and Asset Management Committee

5/14/2024 Board Meeting

7-8

Subject

Authorize the waiver of a \$1,052.52 late fee incurred by the U.S. Bureau of Reclamation regarding its payments to Metropolitan for exchanging water under the Agreement Relating to Supplemental Water Among the Metropolitan Water District of Southern California, the San Luis Rey Settlement Parties, and the United States; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

As part of the settlement of the San Luis Rey Indians' water rights claim, the U.S. Bureau of Reclamation (Reclamation) agreed to pay Metropolitan for delivery of approximately 16,000 acre-feet per year of supplemental water supplies to facilitate an exchange of Metropolitan water supplies for the San Luis Rey Settlement Parties, which includes the San Luis Rey Indians. Metropolitan, Reclamation, and the Settlement Parties entered into an Agreement Relating to Supplemental Water in 2003 to facilitate this exchange under which Reclamation provides approximately 16,000 acre-feet of water per year to Metropolitan and Metropolitan provides an equal amount for use by the Settlement Parties. Reclamation agreed to pay Metropolitan for delivery of the water in compliance with Metropolitan's billing and payment provisions, set forth in Sections 4507 and 4508 of Metropolitan's Administrative Code. For the first time since 2003, Reclamation's payment on the January 2024 invoice was late. Reclamation explained it had inadvertently paid the February 2024 invoice, and when it realized the January one was unpaid, it immediately wired the money. Payment was received 12 days late. Section 4508 imposes a two percent late fee for delinquent payments that may not be waived without Metropolitan Board approval. For the January 2024 invoice, a late fee of \$1,052.52 was assessed. Staff recommends waiving the late fee because it was inadvertent, unprecedented, and immediately corrected.

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

Staff Recommendation: Option #1

Option #1

Authorize the waiver of a \$1,052.52 late fee incurred by the U.S. Bureau of Reclamation regarding its payments to Metropolitan for exchanging water under the Agreement Relating to Supplemental Water Among the Metropolitan Water District of Southern California, the San Luis Rey Settlement Parties, and the United States.

Fiscal Impact: Forego a \$1,052.52 late fee

Business Analysis: Reclamation's request for waiver of the late fee is reasonable

Option #2

Do not authorize the waiver of a \$1,052.52 late fee incurred by Reclamation.

Fiscal Impact: \$1.052.52

Business Analysis: Strict enforcement of the late fee

Alternatives Considered

Same as the options above

Applicable Policy

Metropolitan Water District Administrative Code Section 4508: Additional Payment and Reporting in the Event of Delinquency in Payment for Water

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

None

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it will not result in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. (State CEQA Guidelines Section 15378(a)).

CEQA determination for Option #2:

None required

Details and Background

Congress approved the San Luis Rey Indian Water Rights Settlement Act in 1988, settling litigation brought by the San Luis Rey Indians in 1969 to claims to reserved tribal water rights from the San Luis Rey River in San Diego County. With the litigation, the tribes sought to quantify and secure their water rights. The process took decades to complete with a final settlement agreement signed in 2012.

As part of the settlement, Reclamation agreed to pay Metropolitan for delivery of approximately 16,000 acre-feet per year of supplemental water supplies to facilitate an exchange of Metropolitan water supplies for the San Luis Rey Settlement Parties, which includes the San Luis Rey Indians. Metropolitan, Reclamation, and the Settlement Parties entered into an Agreement Relating to Supplemental Water in 2003 to facilitate this exchange under which Reclamation provides approximately 16,000 acre-feet of water per year to Metropolitan and Metropolitan provides an equal amount for use by the Settlement Parties. In paragraph 6(e) of the Agreement, Reclamation agreed to pay Metropolitan for delivery of the water in compliance with Metropolitan's billing and payment provisions, set forth in Sections 4507 and 4508 of Metropolitan's Administrative Code.

For the first time since 2003, Reclamation's payment on the January 2024 Invoice No. 11397 was late. Reclamation explained it had inadvertently paid the February 2024 invoice, and when it realized the January payment was unpaid, it immediately wired the money. Due on March 28, 2024, payment was not received until April 9, 2024—12 days late.

Section 4508 imposes a two percent late fee for delinquent payments that may not be waived without Metropolitan Board approval. Section 4508 provides:

§ 4508. Additional Payment and Reporting in the Event of Delinquency in Payment for Water.

In the event any member public agency shall be delinquent in the payment for water delivered and other charges as invoiced by the District, an additional charge equal to two (2) percent of such delinquent payment for each month or portion thereof that such payment remains delinquent shall be assessed, and the member public agency shall pay such charge to the District in addition to the amount of such delinquent payment. Notwithstanding the above, if the total period of delinquency does not exceed five (5)

business days, the additional charge shall be equal to one (1) percent of such delinquent payment. Invoices for delinquencies including additional charges shall be mailed not later than the tenth day of each month. In the event any member public agency shall be delinquent for more than thirty (30) days in the payment for water, such delinquency shall be reported by the General Manager to the Board of Directors of the District at its next meeting. The Board, in its discretion and upon such other conditions as it may prescribe after giving the member public agency a reasonable opportunity to be heard, may order the termination of service to such member public agency until all delinquent payments, including additional charges, are made to the District or may authorize such other actions as may be legally available to effectuate collection.

For the January 2024 invoice, a late fee of \$1,052.52 was assessed and sent to Reclamation in Invoice No. 49629. Staff recommends waiving the late fee because it was inadvertent, unprecedented, and immediately corrected.

> Deven Upadhy Executive Officer & Assistant General

5/8/2024 Date

Manager

Adel Hagekhalil General Manager 5/8/2024 Date

Ref# I12695467



Finance and Asset Management Committee

Authorize waiver of late fee incurred by U.S. Bureau of Reclamation

Item 7-8 May 14, 2024

Introduction

Subject

Authorize the waiver of a \$1,052.52 late fee incurred by the U.S. Bureau of Reclamation regarding its payments to Metropolitan for exchanging water under the Agreement Relating to Supplemental Water Among the Metropolitan Water District of Southern California, the San Luis Rey Settlement Parties, and the United States

Introduction

Purpose

Waive \$1,052.52 late fee incurred by the U.S. Bureau of Reclamation

Recommendation and Fiscal Impact

Waive and forego \$1,052.52 late fee

Budgeted Not applicable

Presentation Length 5 minutes

Background

- U.S. Bureau of Reclamation (USBR) agreed as part of San Luis Rey Indian water rights settlement to exchange deliveries of water with Metropolitan on behalf of the Settlement Parties
- Agreement incorporates Metropolitan Administrative Code Sections 4507 and 4508 regarding payment for the cost of water deliveries
- Section 4508 requires a two percent late fee that may only be waived by the Board

Request to waive late fee

- USBR January 2024 payment was 12 days late due to mistake
- Late fee of \$1,052.52 was assessed
- USBR requested waiver of late fee
- Staff recommends waiver because late payment was inadvertent, unprecedented, and immediately corrected

Option #1

Board Options Authorize the waiver of a \$1,052.52 late fee incurred by the U.S. Bureau of Reclamation regarding its payments to Metropolitan for exchanging water under the Agreement Relating to Supplemental Water Among the Metropolitan Water District of Southern California, the San Luis Rey Settlement Parties, and the United States

• Option #2

Do not authorize the waiver of a \$1,052.52 late fee incurred by Reclamation

Staff Recommendation

Option #1

Authorize the waiver of a \$1,052.52 late fee incurred by the U.S. Bureau of Reclamation regarding its payments to Metropolitan for exchanging water under the Agreement Relating to Supplemental Water Among the Metropolitan Water District of Southern California, the San Luis Rey Settlement Parties, and the United States





Board Action

Board of Directors Engineering, Operations, and Technology Committee

5/14/2024 Board Meeting

Revised 8-1

Subject

Award a \$24,912,000 construction contract to J.F. Shea Construction Inc. for urgent rehabilitation of prestressed concrete cylinder pipe portions of the Allen-McColloch Pipeline; and authorize an increase of \$250,000 to an agreement with Helix Environmental Planning Inc. for a new not-to-exceed amount of \$2,500,000; and authorize an amendment to Metropolitan's Project Labor Agreement to add the subject project to the list of covered projects; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

The Allen-McColloch Pipeline (AMP) extends 25 miles, delivering treated water from the Diemer plant in Yorba Linda to south Orange County. Constructed in the late 1970s, the AMP consists of approximately 8.7 miles of prestressed concrete cylinder pipe (PCCP), with the remainder mainly consisting of welded steel pipe. A recent electromagnetic inspection of the PCCP portions of the AMP identified significant wire breaks, warranting urgent rehabilitation. A February 2024 board action authorized Stage 1 of a two-stage effort to rehabilitate distressed PCCP segments of the AMP. Stage 1 rehabilitated nearly one mile of PCCP in April 2024 and allowed the northernmost 23 miles of the AMP to be returned to service. Staff recommends proceeding with Stage 2 construction activities to rehabilitate approximately 2.4 miles of the PCCP portions of the AMP.

This action recommends the award of a \$24,912,000 construction contract to J.F. Shea Construction Inc. to rehabilitate approximately 2.4 miles of PCCP portions of the AMP during a June to December 2024 shutdown. This action also authorizes an amendment to an agreement with Helix Environmental Planning Inc. for environmental support during construction and an amendment to Metropolitan's Project Labor Agreement (PLA) to add the AMP Urgent PCCP Rehabilitation Stage 2 Project to the list of covered projects. See Attachment 1 for the Allocation of Funds, Attachment 2 for the Abstract of Bids, Attachment 3 for the Subcontractors for Low Bidder, and Attachment 4 for the Location Map. This action also amends an existing agreement for environmental planning support for the rehabilitation of the AMP.

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

Staff Recommendation: Option #1

Option #1

- a. Award a \$24,912,000 contract to J.F. Shea Construction Inc. to rehabilitate approximately 2.4 miles of PCCP portions of the Allen-McColloch Pipeline.
- b. Authorize an increase of \$250,000 to an agreement with Helix Environmental Planning Inc. for a new not-to-exceed amount of \$2,500,000.
- b.c. Amend Metropolitan's Project Labor Agreement to include the Allen-McColloch Urgent PCCP Rehabilitation Stage 2 Project.

Fiscal Impact: Expenditures of \$31,900,000 in capital funds. Approximately \$200,000 will be incurred in the current biennium and have been previously authorized. The remaining funds for this action are accounted for in the Capital Investment Plan (CIP) budget for the next biennium.

Business Analysis: This option will protect Metropolitan's assets, enhance delivery reliability to member agencies, and complete rehabilitation of distressed PCCP pipe segments on the AMP in a timely manner.

Option #2

Do not award a construction contract to rehabilitate the AMP, and do not amend an agreement for environmental planning support at this time.

Fiscal Impact: None

Business Analysis: This option would forgo an opportunity to enhance reliability and extend the service life of the AMP. This option could lead to higher repair costs, more extensive repairs, and unplanned shutdowns.

Alternatives Considered

Staff considered rehabilitating only the distressed PCCP segments in the southern portion of the AMP, not the entire 2.4-mile reach. This option would focus on the rehabilitation of 18 distressed pipe segments for which the number of wire breaks currently exceeds the urgent rehabilitation threshold of 20 wire breaks. However, in the past, the AMP has required several urgent repairs to its PCCP segments. Due to the shorter-than-expected service life of its PCCP segments, all PCCP within the AMP will need to be lined with new steel liner pipe or replaced at some time.

The selected option will completely rehabilitate the southernmost PCCP portions of the AMP by relining with new steel liners. This approach was chosen after consultation with the Municipal Water District of Orange County and its member agencies. These discussions determined that the southern reach of the AMP could be shut down for a longer duration by utilizing alternative water delivery sources during the extended shutdown. This alternative is a cost-effective approach that manages the risks associated with the AMP, minimizes the service interruption to member agencies, and furthers Metropolitan's program goal of rehabilitating all PCCP within the AMP. This option ensures that this will be the last shutdown needed for PCCP rehabilitation of the southern three miles of the AMP.

Applicable Policy

Metropolitan Water District Administrative Code Section 8121: General Authority of the General Manager to Enter Contracts

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

By Minute Item 52778, dated April 12, 2022, the Board appropriated a total of \$600 million for projects identified in the CIP for Fiscal Years 2022/23 and 2023/24.

By Minute Item 53004, dated October 11, 2022, the Board authorized the General Manager to sign a PLA with the trade councils of Los Angeles, Orange, Riverside, San Bernardino, San Diego Counties, and the Tri-Counties and the signatory unions.

By Minute Item 53533, dated February 12, 2024, the Board authorized an increase in change order authority for three existing contracts to conduct urgent rehabilitation of the AMP.

Summary of Outreach Completed

Metropolitan has partnered extensively with the Municipal Water District of Orange County (MWDOC) in developing its shutdown and rehabilitation strategy. In addition, Metropolitan staff have met with City of Lake Forest, City of Mission Viejo, and Orange County Flood Control District officials and initiated the permitting process with those agencies; met with local home-owners associations to provide information about the project and solicit input; and distributed flyers to neighborhoods impacted by Stage 1 work and will do the same with Stage 2 work communities.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed action involves the repair of an existing pipeline to prevent or mitigate an emergency. Accordingly, the proposed action qualifies for a statutory emergency exemption. (Public Resources Code Section 21080(b)(4)); State CEQA Guidelines Section 15269.

CEQA determination for Option #2:

None required

Details and Background

Background

The AMP is a 25-mile-long pipeline constructed in the late 1970s that conveys treated water from the Diemer plant in Yorba Linda to southern Orange County. The northernmost 15.9-mile portion of the AMP consists of welded steel pipe, the next 8.7-mile portion consists of PCCP that varies in diameter from 78 inches to 54 inches, and the southernmost 0.4-mile portion consists of pre-tensioned concrete pipe. Metropolitan acquired the AMP from the MWDOC in 1985. The AMP delivers water to MWDOC and its retail agencies.

Over the last several decades, water agencies throughout the United States and several other countries have found that, under certain conditions, PCCP lines have a reduced service life and elevated risk of failure as compared with other types of pipes. PCCP failures can be catastrophic and can occur without forewarning, compromising system reliability and resulting in significant costs due to interruption of service, unplanned major repairs, and potential damages to third-party properties. In response to this risk, Metropolitan initiated a comprehensive program in September 2011 to inspect, manage, and rehabilitate its 163 miles of PCCP lines spanning across 27 pipelines. This program is focused on rehabilitating five priority feeders comprising approximately 100 miles of PCCP while inspecting all PCCP pipelines on a regular basis.

The AMP is one of the five priority pipelines and is inspected on a routine basis. In November 2023, an electromagnetic inspection was conducted on the PCCP portions of the AMP, the fifth inspection of this pipeline since 2000. In December 2023, Metropolitan received an inspection report that identified 81 new distressed pipe segments; 44 pipe segments had 20 or more wire breaks, with one pipe segment having 130 wire breaks. Staff evaluated the potential risks due to the prestressing wire breaks and concluded that the distressed PCCP segments must be rehabilitated as soon as possible. To mitigate the immediate risks to the AMP, its operating pressure was immediately lowered in early December 2023. The reduced pressure will be in effect until the distressed portions of the pipeline are rehabilitated.

In February 2024, Metropolitan's Board authorized a two-stage approach to address the AMP's distressed pipe segments. Under Stage 1, change orders to existing construction contracts are being utilized to rehabilitate approximately 4,500 feet of PCCP segments, including relining approximately 2,100 feet of PCCP upstream of OC-88 Pump Station (OC-88), installing a temporary bulkhead just downstream of OC-88, and relining approximately 2,400 feet downstream of that bulkhead. The work upstream of the temporary bulkhead was completed during a three-week shutdown this April, and the work downstream of the bulkhead is in progress.

Stage 1 addresses all critically distressed PCCP pipe segments upstream of OC-88 and a portion of the PCCP downstream of that point. The temporary bulkhead installed near OC-88 allowed Metropolitan to restore service to the upstream service connections after a relatively short three-week shutdown. The bulkhead also allows for OC-88, the single largest service connection along the AMP, to remain in service and allows the extended outage of the lower portion of AMP.

Stage 2 will rehabilitate approximately 2.4 miles of PCCP segments, which will complete the rehabilitation of the pipe downstream of OC-88. Final design for Stage 2 is complete, and staff recommends proceeding with construction at this time.

Allen-McColloch Pipeline Urgent PCCP Rehabilitation Stage 2 - Construction

This project will reline approximately 12,700 feet of PCCP, including approximately 8,250 feet of existing 66-inch internal diameter PCCP with new 60-inch outer diameter cement-mortar lined steel pipe, and approximately 4,450 feet of existing 54-inch internal diameter PCCP with new 48-inch diameter outer diameter cement-mortar lined welded steel pipe. Contract work includes installation of temporary traffic controls; excavation and construction of 11 temporary liner installation portals; installation, welding, and grouting of the new steel liner and closure pieces at the portals; backfill and compaction of excavations; resurfacing and removal of temporary traffic controls and restoration of street surfaces per local agency requirements; removal of the temporary bulkhead; and disinfection of the rehabilitated portion of the pipeline. Metropolitan forces will shut down the pipeline prior to removal of the temporary bulkhead and restore water deliveries to all service connections along the AMP.

A total of \$31.9 million is allocated for this work. In addition to the amount of the contract described below, other funds to be allocated include \$2,528,000 for construction management and inspection; \$1,588,000 for Metropolitan force construction activities as described above; \$899,000 for submittals review, technical support during construction, responding to requests for information, and preparation of record drawings; \$847,000 for contract administration, environmental monitoring, and project management; \$293,000 for appraisals and fees for property leases and acquisition of temporary construction easements; and \$833,000 for remaining budget. Brown and Caldwell will provide specialized engineering support under an existing board-authorized agreement.

Attachment 1 provides the allocation of the required funds.

Award of Construction Contract (J.F. Shea Construction Inc.)

Specification No. 2108 for the construction of Allen-McColloch Pipeline Urgent PCCP Rehabilitation was advertised to prequalified contractors for bids on March 25, 2024. As shown in **Attachment 2**, two bids were received and opened on April 12, 2024. The low bid from J.F. Shea Construction Inc. in the amount of \$24,912,000 complies with the requirements of the specifications. The other bid was in the amount of \$34,407,000, while the engineer's estimate for this project was \$25.8 million. For this contract, Metropolitan established a Small Business Enterprise participation level of at least five percent of the total bid amount. J.F. Shea Construction Inc. has agreed to meet this level of participation. The subcontractors for this contract are listed in **Attachment 3**.

This action awards a \$24,912,000 contract to J.F. Shea Construction Inc. for the construction of the AMP Urgent Rehabilitation – Stage 2. As described above, Metropolitan staff will perform construction management and inspection. Engineering Services' performance metric target range for construction management and inspection of projects with construction greater than \$3 million is 9 to 12 percent. For this project, the performance metric goal for inspection is 7.8 percent of the total construction cost (\$32,500,000), which includes the construction contract (\$24,912,000), Metropolitan force construction (\$1,588,000), and previously allocated funds for steel pipe procurement (\$6,000,000). The total estimated cost to complete the rehabilitation of Stages 1 and 2 of the AMP, including the amount appropriated to date and this current board action, is \$67 million.

Environmental Planning Support (Helix Environmental Planning Inc.) – Amendment to Existing Agreement

This action authorizes an increase of \$250,000 to an existing agreement with Helix Environmental Planning Inc. (Helix) for a new not-to-exceed total of \$2.5 million. This existing multi-year environmental planning agreement, authorized by Metropolitan's Board in August 2017, provides dedicated support to Metropolitan's PCCP rehabilitation program. Helix was selected through a competitive process via Request for Proposals No. 1157 based on its extensive experience with CEQA compliance and environmental clearances, its specific experience with pipeline projects through urban areas, and its experience with projects in environmentally sensitive locations. This work is highly specialized, and Metropolitan has insufficient technical staff in-house to perform this work.

Helix will prepare environmental documentation and perform the monitoring necessary to comply with environmental regulations for construction of the AMP Stage 2 project. The increase in the Helix agreement supplements the existing agreement capacity to cover costs for the construction phase of the AMP Stage 2 project.

This action authorizes a \$250,000 amendment to an agreement with Helix Environmental Planning Inc. for a new amount not to exceed \$2.5 million for environmental support for the rehabilitation of the AMP.

The subconsultants planned for this agreement are Rincon Associates Inc. and Linscott, Law & Greenspan Engineers

Project Labor Agreement Amendment

In October 2022, Metropolitan's Board authorized a PLA with the trade councils of Los Angeles, Orange, Riverside, San Bernardino, San Diego Counties, Tri-Counties, and the signatory unions. It approved its use as a bid condition for select construction contracts within the CIP. The PLA currently includes a list of 33-34 covered projects and provides a stream-linedstreamlined process for adding projects to the PLA within the 5-year term of the PLA, contingent upon board approval. Based on the anticipated cost of construction, complexity of construction, and anticipated number of trades involved in construction, staff recommends adding the AMP Urgent PCCP Rehabilitation Stage 2 Project to the PLA's list of covered projects. Following board approval of this amendment to the covered projects list, staff will seek similar approval by the signatory unions in accordance with the amendment procedures of the PLA.

Summary

The urgent work on the AMP, recommended in this action, will rehabilitate approximately 2.4 miles of PCCP segments, which will complete the rehabilitation of the pipe downstream of OC-88. The recommended activities effectively accelerate Metropolitan's overall planned activities to rehabilitate the PCCP portions of the AMP ahead of the schedule that is currently shown in the current CIP Appendix. This action also authorizes an amendment to Metropolitan's Project Labor Agreement to add the AMP Urgent PCCP Rehabilitation Stage 2 Project to the list of covered projects. Planned CIP expenditures for Metropolitan's overall PCCP program for the upcoming biennium will be adjusted accordingly upon board approval of the recommended urgent relining work on the AMP.

Project Milestone

February 2025 – Completion of construction

ohn V. Bednarski

Manager/Chief Engineer

Engineering Services

Adel Hagekhalil

General Manager

5/1/2024

5/1/2024

Date

Date

Attachment 1 - Allocation of Funds

Attachment 2 - Abstract of Bids

Attachment 3 - Subcontractors for Low Bidder

Attachment 4 - Location Map

Ref# es12702380

Allocation of Funds for Allen-McColloch Pipeline Urgent PCCP Rehabilitation

	Current Board Action (May 2024)	
Labor		
Studies & Investigations	\$	-
Final Design		-
Owner Costs (Program mgmt.,		669,000
envir. monitoring)		
Submittals Review & Record Drwgs.		770,000
Construction Inspection & Support		2,518,000
Metropolitan Force Construction		1,438,000
Materials & Supplies		110,000
Incidental Expenses		52,000
Professional/Technical Services		
Helix Environmental		250,000
Brown and Caldwell		129,000
Public outreach		50,000
Hazardous materials testing		20,000
Right-of-Way	•	149,000
Equipment Use		-
Contracts		-
J.F. Shea Construction Inc.		24,912,000
Remaining Budget		833,000
Total	\$	31,900,000

The amount expended to date to rehabilitate prestressed concrete cylinder pipe (PCCP) portions of the Allen-McColloch Pipeline is \$10.5 million. The total estimated cost to complete Stages 1 and 2, Urgent PCCP Rehabilitation of the Allen-McColloch Pipeline, including the funds allocated for the work described in this action, is \$67 million.

The Metropolitan Water District of Southern California

Abstract of Bids Received on April 12, 2024, at 2:00 P.M.

Specifications No. 2108

Allen-McColloch Pipeline Urgent PCCP Rehabilitation

The work consists of rehabilitating approximately 12,700 feet of PCCP, including approximately 8,250 feet of existing 66-inch internal diameter PCCP with new 60-inch outer diameter, cement-mortar lined steel pipe, and approximately 4,450 feet of existing 54-inch internal diameter PCCP with new 48-inch diameter outer diameter, cement-mortar lined welded steel pipe. The work includes installation of temporary traffic controls; excavation and construction of 11 temporary liner installation portals; installation, welding, and grouting of the new steel liner and closure pieces at the portals; removal of a temporary bulkhead; cleaning and disinfection of the pipeline; backfill and compaction of excavations; resurfacing and removal of temporary traffic controls and restoration of street surfaces per local agency requirements; and removal of the temporary bulkhead.

Engineer's estimate: \$25.8 million

Bidder and Location	Total	SBE \$	SBE %	Met SBE ¹
J.F. Shea Construction Inc Walnut, CA	\$ 24,912,000	\$3,415,850	14	Yes
Kiewit Infrastructure West Co. Santa Fe Springs, CA	\$ 34,407,000	-	-	-

¹ Small Business Enterprise (SBE) participation level established at five percent for this contract.

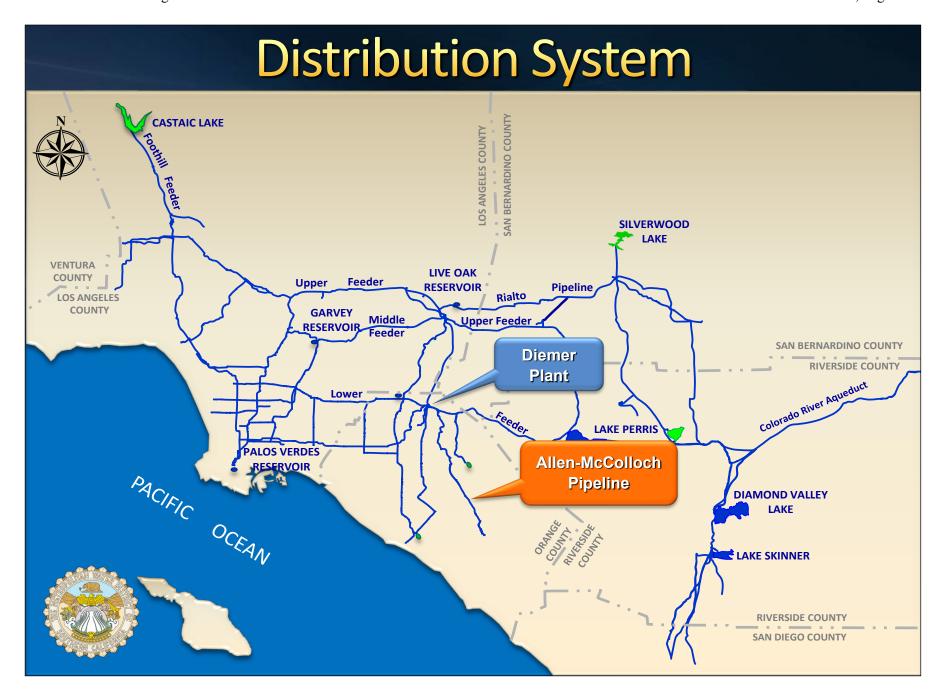
The Metropolitan Water District of Southern California

Subcontractors for Low Bidder

Specifications No. 2108 Allen-McColloch Pipeline Urgent PCCP Rehabilitation

Low bidder: J. F. Shea Construction Inc.

Subcontractor and Location	Service Category, Specialty
Dean's Certified Welding Temecula, CA	Welding
Cell-Crete Monrovia, CA	Grout
Capital Industrial Huntington Beach, CA	Paint
Penhall Anaheim, CA	Saw cutting
Environmental Construction Group Signal Hill, CA	Abatement
Onyx Paving Anaheim, CA	AC Paving





Engineering, Operations, & Technology Committee

Allen-McColloch Pipeline Urgent PCCP Rehabilitation Stage 2

Item 8-1 May 13, 2024

Item 8-1 Allen-McColloch Pipeline Urgent PCCP Rehab Stage 2

Subject

Award a \$24,912,000 construction contract to J.F. Shea Construction Inc. for urgent rehabilitation of prestressed concrete cylinder pipe portions of the Allen-McColloch Pipeline; authorize an increase of \$250,000 to an agreement with Helix Environmental Planning Inc. for a new not-to-exceed amount of \$2,500,000; and authorize an amendment to Metropolitan's Project Labor Agreement to add the subject project to the list of covered projects

Purpose

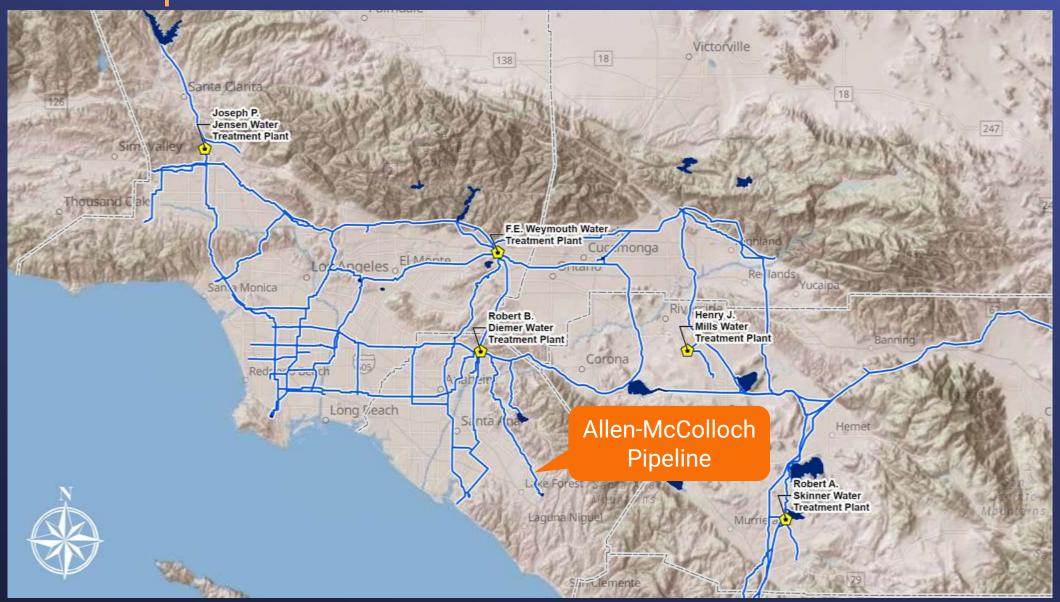
This action rehabilitates approximately 2.4 miles of the Allen-McColloch Pipeline (AMP)

Recommendation and Fiscal Impact

Award a construction contract for the PCCP rehabilitation of the AMP and authorize an increase to an agreement for environmental support Fiscal Impact of \$31.9 million

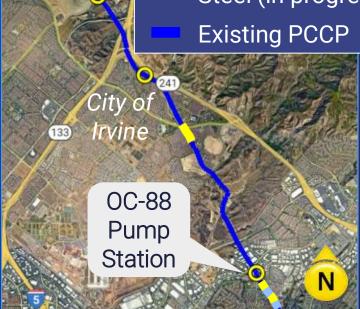
Budgeted

Location Map

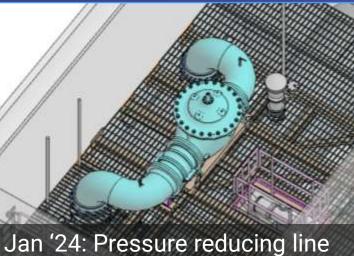


AMP Urgent PCCP Rehab Recap

- Steel (Apr '24)
- CFRP (Apr '24)
- Steel (in progress)



AMP Stage 1 overview



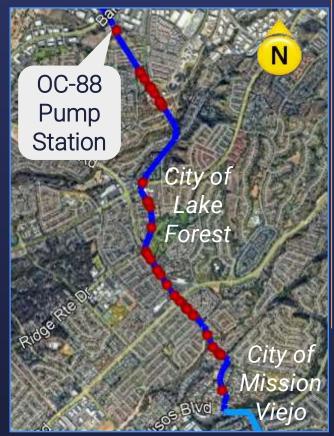








AMP Urgent PCCP Rehab - Stage 2 Alternatives



Distressed segments - Stage 2

Initial Option

Rehabilitate only distressed pipe segments

- Focus on 18 pipe segments with 20 to 130 wire breaks
- Does not address shorter than expected service life of AMP PCCP

Selected Option

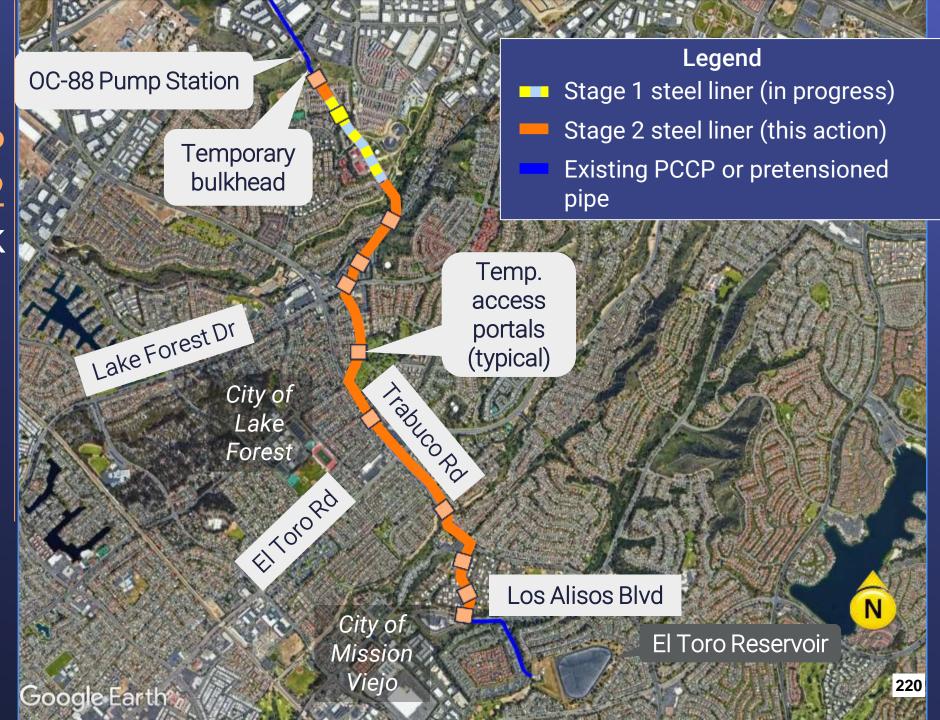
Complete steel relining of all PCCP downstream of OC-88

- Approach selected after consultation with MWDOC
- Efficient and cost-effective
- Minimizes service interruptions and reduces risks of PCCP failure

AMP Urgent PCCP Rehab. - Stage 2 Scope of Work

Reline 12,700 ft of PCCP:

- Temp. traffic controls
- Temp. portals (11)
- Installation, welding & grouting of new liner
- Backfill & compaction
- Restoration of streets& disturbed areas



AMP Urgent PCCP Rehabilitation Stage 2

Metropolitan Scope of Work

- Shutdown & return to service
- Construction management & inspection
- Contract administration, engineering support
- Environmental monitoring, public outreach & project management





Bid Results

Specifications No. 2108*

Bids Received April 12, 2024

No. of Bidders

Lowest Responsible Bidder J.F. Shea Construction Inc.

Low Bid \$24,912,000

Other Bid \$34,407,000

Engineer's Estimate \$25,800,000

SBE Participation** 14%

^{*}Contract included in PLA

^{**}SBE (Small Business Enterprise) participation level set at 5%

AMP Urgent PCCP Rehabilitation Stage 2

Helix Environmental Planning Inc. – Agreement Amendment

- Selected via RFP No. 1157
- Perform monitoring during construction
- Prepare environmental documentation to comply with environmental regulations
- Increase of \$250,000 for a new NTE amount of \$2.5 M

Allocation of Funds

Allen-McColloch Pipeline Urgent PCCP Rehabilitation – Stage 2

Metropolitan Labor

Owner Costs (Proj. Mgmt., Contract Admin., Envir. Supp	ort) \$ 669,000
Construction Inspection & Support	2,518,000
Force Construction	1,438,000
Submittals Review, Tech. Support, Record Dwgs.	770,000
Materials & Incidentals	162,000
Professional/Technical Services	449,000
Right-of-Way	149,000
Contracts	
J.F. Shea Construction Inc.	24,912,000
Remaining Budget	833,000
	Tatal 0 21 000 000

Project Schedule



Board Options

- Option #1
 - a. Award a \$24,912,000 contract to J.F. Shea Construction Inc. to rehabilitate approximately 2.4 miles of PCCP portions of the Allen-McColloch Pipeline.
 - b. Authorize an increase of \$250,000 to an agreement with Helix Environmental Planning Inc. for a new not-to-exceed amount of \$2,500,000.
 - c. Amend Metropolitan's Project Labor Agreement to include the Allen-McColloch Urgent PCCP Rehabilitation Stage 2 Project.
- Option #2

Do not award a construction contract to rehabilitate the AMP and do not amend an agreement for environmental planning support at this time.

Staff Recommendation

Option #1





Board Action

Board of Directors Finance and Asset Management Committee

5/14/2024 Board Meeting

8-2

Subject

Adopt resolution to continue Metropolitan's Water Standby Charge for fiscal year 2024/25; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

This action continues the Standby Charge at a rate ranging from \$0.66 to \$14.20 per year for each acre or parcel (if less than an acre) of nonexempt real property within the service area of member agencies that have elected since fiscal year (FY) 1993/94 to pay all or a portion of their Readiness-to-Serve (RTS) Charge obligation through the Standby Charge. The Standby Charge has been collected for those agencies at rates that do not exceed the rates set in FY 1993/94. Continuance of the Standby Charge generates funds that are applied against the participating member agencies' RTS Charge obligation.

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

Staff Recommendation: Option #1

Option #1

Adopt the resolution to continue the Standby Charge for fiscal year 2024/25.

Fiscal Impact: None for Metropolitan, because the Standby Charge revenue of \$44.0 million (approximately) would be applied towards the RTS Charge obligation of the participating member agencies. Any RTS Charge obligation not met by the Standby Charge will be due to Metropolitan pursuant to the agencies' RTS Charge obligation.

Business Analysis: This option involves the collection of charges that result in fixed revenues of \$44.0 million (approximately) to pay all or a portion of the RTS Charge of participating member agencies, which is done at the prior option of the participating member agencies.

Option #2

Do not adopt the resolution to continue the Standby Charge for fiscal year 2024/25, which would require the participating member agencies to pay the full RTS Charge directly to Metropolitan, rather than having a portion collected through the Standby Charge.

Fiscal Impact: None for Metropolitan, because member agencies would pay the full RTS Charge directly to Metropolitan, including the \$44.0 million (approximately) that would have been collected in FY 2024/25 through the continuation of the Standby Charge.

Business Analysis: This option would require the collection of \$44.0 million (approximately) not approved to be collected through the Standby Charge to be collected through the full RTS Charge.

Alternatives Considered

Not applicable

Applicable Policy

Metropolitan Water District Act Section 61: Ordinances, Resolutions and Orders

Metropolitan Water District Act Section 133: Fixing of Water Rates

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

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

Metropolitan Water District Administrative Code Section 4301(a): Cost of Service and Revenue Requirement

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

Metropolitan Water District Administrative Code Section 4305: Setting of Charges to Raise Fixed Revenue

Metropolitan Water District Administrative Code Section 4507: Billing and Payment for Water Deliveries

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

By Minute Item 53217, dated April 11, 2023, the Board adopted the resolution fixing and adopting a Readiness-to-Serve Charge for CY 2024.

By Minute Item 8-7, dated April 9, 2024, the Board adopted the resolution fixing and adopting a Readiness-to-Serve Charge for CY 2025.

Summary of Outreach Completed

Not applicable

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. (State CEQA Guidelines Section 15378(b)(4)).

CEQA determination for Option #2:

None required

Details and Background

Background

On April 11, 2023, Metropolitan's Board of Directors adopted Resolution 9341, fixing and adopting the RTS Charge for the calendar year (CY) 2024. On April 9, 2024, the Board adopted Resolution 8-7, fixing and adopting the RTS Charge for CY 2025. The proposed resolution (**Attachment 1**) provides participating member agencies the ability to continue having a portion of their RTS Charge collected by the Standby Charge within their respective service areas for FY 2024/25, which covers a portion of each of the calendar year (CYs) 2024 and 2025. **Attachment 1** is a form of resolution that, if adopted by the Board, will continue the Standby Charge for FY 2024/25.

The amount of the Standby Charge, per acre or per parcel (if less than an acre), within each of the participating member agencies, has not exceeded the rates set in FY 1993/94 and has been collected within the service areas of 22 of Metropolitan's 26 member agencies that had elected to pay all or a portion of their respective RTS Charge through the Standby Charge since then. Metropolitan proposes to continue the Standby Charge for the

coming fiscal year at rates not exceeding the rates set in FY 1993/94, and therefore, no additional statutory procedures are required for approval.

The resolution also authorizes the General Manager to act upon applications for exemption of certain lands from the collection of the Standby Charge in accordance with the terms and conditions for exemption specified in the resolution. In addition, the resolution provides for an appeal process to review and make recommendations to the Board on appeals by property owners who have been denied the exemption, with final determinations to be made by the Board. The exemption criteria are the same as those adopted for prior years and will be subject to specific guidelines set by the General Manager.

Funds collected from the proposed continuation of the Standby Charge will be segregated to ensure that they are used only for the purposes for which the Standby Charge was collected. **Attachment 2** is the Notice to Member Agencies of Proposed Adoption of Readiness-to-Serve Charge and Capacity Charge for Calendar Year 2025 and Continuation of Standby Charge for Fiscal Year 2024/25, sent to member agencies via email on February 12, 2024.

Atano Kasaine 5/6/2024

Date

Assistant General Manager/ Chief Financial Officer -

Adel Hagekhalil Date

Adei Hagekhalli General Manager

Attachment 1 – Resolution of The Board of Directors of The Metropolitan Water District of Southern California Continuing the Water Standby Charge for Fiscal Year 2024/25

Attachment 2 – Notice to Member Agencies of Proposed Adoption of Readiness-to-Serve Charge and Capacity Charge for Calendar Year 2025 and Continuation of Standby Charge for Fiscal Year 2024/25

Ref# cfo12693289

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

RESOLUTION XXXX

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CONTINUING THE WATER STANDBY CHARGE FOR FISCAL YEAR 2024/25

The Board of Directors of the Metropolitan Water District of Southern California (the "Board"), hereby finds that:

- 1. At its meeting on April 11, 2023, the Board adopted Resolution 9341 "Resolution of the Board of Directors of The Metropolitan Water District of Southern California Fixing and Adopting a Readiness-to-Serve Charge Effective January 1, 2024;"
- 2. At its meeting on April 9, 2024, the Board adopted Resolution 9354 "Resolution of the Board of Directors of The Metropolitan Water District of Southern California Fixing and Adopting a Readiness- to-Serve-Charge Effective January 1, 2025;"
- 3. Certain member public agencies ("member agencies") of Metropolitan have previously elected to pay all or a portion of their Readiness-to-Serve ("RTS") Charge obligation through the continuance of the Metropolitan water standby charge ("Standby Charge") collected from parcels within those member agencies;
- 4. Metropolitan is willing to comply with the requests of those member agencies opting to have Metropolitan continue to collect the Standby Charge within their respective territories, on the terms and subject to the conditions contained herein;
- 5. Section 134.5 of the Metropolitan Water District Act authorizes the Board to collect a service charge from member agencies or, as an alternative, to collect a service charge as a standby charge against individual parcels within the district;
- 6. Metropolitan first established the Standby Charge in 1992, pursuant to the procedures authorized by Section 134.5 of the Metropolitan Water District Act and the Uniform Standby Charge Procedures Act ("USCPA"), Sections 54984-54984.9, inclusive, of the Government Code;
- 7. The Standby Charge has not exceeded the rates set in fiscal year 1993/94, and in fiscal year 1995/96 was reduced to \$0.00 for the member agencies electing not to have any portion of their RTS Charge obligation collected through the Standby Charge;
- 8. The Standby Charge is not subject to the procedures set forth in Article XIII D, Section 4 of the California Constitution effective July 1, 1997 (Proposition 218), as the Standby Charge has not exceeded the rates set in fiscal year 1993/94, has not exceeded the amount of the Standby Charge existing in fiscal year 1996/97 when Proposition 218 became effective, and the proceeds of the Standby Charge are used for purposes specified in Section 5 of Article XIII D; and
- 9. The particular charge, per acre or per parcel, applicable to land within each member agency, the method of its calculation, and the specific data used in its determination are as specified in the Engineer's Report dated April 2024, supporting the RTS Charge and Standby Charge option (the "Engineer's Report"), which is attached hereto and on file with the Board Executive Secretary of Metropolitan; and
- 10. Written notice of the intention of Metropolitan's Board to consider and take action at its regular meeting of May 14, 2024, to continue the Standby Charge for fiscal year 2024/25 was given to each of

Metropolitan's member agencies.

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

Section 1. That the Board of Directors of Metropolitan, pursuant to the Engineer's Report, finds that lands within Metropolitan are benefited as described in such report and on that basis, hereby continues its Standby Charge for fiscal year 2024/25 on lands within requesting member agencies of Metropolitan to which the water system is made available for any purpose, whether water is actually used or not, as specified in the Engineer's Report.

Section 2. That the rates of such Standby Charge, per acre of land, or per parcel of land less than an acre, as shown in the Engineer's Report, may vary by member agency, and shall not exceed the amount of the fiscal year 1996/97 Standby Charge for the member agency. The Standby Charge applicable to each electing member agency, the method of its calculation, and the specific data used in its determination are as specified in the Engineer's Report which was prepared by a registered professional engineer certified by the state of California, water resources professional, and financial professional, which methodology is in accordance with Section 134.5 of the Metropolitan Water District Act and reflects the range of costs provided in Metropolitan's Fiscal Years 2024/25 and 2025/26 Cost of Service Report for Proposed Rates and Charges.

Section 3. That the Standby Charge, per acre of land, or per parcel of land less than an acre, applicable to land within each electing member agency as allocated in the Engineer's Report shall be as follows for fiscal year 2024/25:

2024/25 Water Standby Charge

Member Agency	Amount
Anaheim	\$8.55
Beverly Hills	
Burbank	14.20
Calleguas MWD	9.58
Central Basin MWD	10.44
Inland Empire Utilities Agency	7.59
Coastal MWD*	11.60
Compton	0.66
Eastern MWD****	6.94
Foothill MWD	10.28
Fullerton	10.71
Glendale	12.23
Las Virgenes MWD	8.03
Long Beach	12.16
Los Angeles	
MWD of Orange Co.**	10.09
Pasadena	11.73
San Diego CWA***	11.51
San Fernando	0.00
San Marino	8.24
Santa Ana	7.88
Santa Monica	
Three Valleys MWD	12.21
Torrance	12.23
Upper San Gabriel Valley MWD	9.27
West Basin MWD	
Western MWD of Riverside Co.	9.23

Section 4. That the Standby Charge shall continue to be collected on the tax rolls, together with the *ad valorem* property taxes that are levied by Metropolitan for the payment of pre-1978 voter approved indebtedness. The amounts of the Standby Charge are continued at amounts that are not estimated to exceed a member agency's RTS Charge obligation. However, any amounts collected shall be applied as a credit against the applicable member agency's RTS Charge obligation. After such member agency's RTS Charge allocation is fully satisfied, any additional collections shall be credited to other outstanding obligations of such member agency to Metropolitan that funds the capital costs or maintenance and operation expenses for Metropolitan's water system, or future RTS Charge obligations of such agency. Any member agency requesting to have all or a portion of its RTS Charge obligation collected through the Standby Charge levies within its territory as provided herein shall pay any portion not collected through net Standby Charge collections to Metropolitan within fifty (50) days after Metropolitan issues an invoice for the remaining RTS Charge obligations for such member agency, as provided in Administrative Code Section 4507.

Section 5. That the following exemption procedures apply:

- (a) It is the intent of the Board that the following lands shall be exempt from the Standby Charge: (1) lands owned by the Government of the United States, the state of California, or by any political subdivision thereof or any entity of local government; (2) lands permanently committed to open space and maintained in their natural state that are not now and will not in the future be supplied water; (3) lands not included in (1) or (2) above, which the General Manager, in his discretion, finds do not now and cannot reasonably be expected to derive a benefit from the projects to which the proceeds of the Standby Charge will be applied; and (4) lands within any member public agency, subagency, or city if the governing body of such public entity elects and commits to pay out of funds available for that purpose, in installments at the time and in the amounts established by Metropolitan, the entire amount of the Standby Charge which would otherwise be collected from lands within those public entities. However, no exemption from the Standby Charge shall reduce the applicable member agency's RTS Charge obligation. The General Manager may develop and implement additional criteria and guidelines for exemptions in order to effectuate the intent expressed herein.
- (b) The General Manager shall establish and make available to interested applicants procedures for filing and consideration of applications for exemption from the Standby Charge pursuant to subsections (2) and (3) of Section 5(a) above. All applications for such exemption and documents supporting such claims must be received by Metropolitan in writing on or before December 31, 2024. The General Manager is further directed to review any such applications for exemption submitted in a timely manner to determine whether the lands to which they pertain are eligible for such exemption and to allow or disallow such applications based upon those guidelines. The General Manager shall also establish reasonable procedures for the filing and timing of the appeals from his determination. The procedures will be on file and available for review by interested parties at Metropolitan's headquarters.
- (c) The Finance and Asset Management Committee of Metropolitan's Board of Directors shall hear appeals from determinations by the General Manager to deny or qualify an application for exemption from the Standby Charge. The Finance and Asset Management Committee shall consider such appeals and make recommendations to the Board to affirm or reverse the General Manager's determinations. The Board shall act upon such recommendations and its decision as to such appeals shall be final.

Section 6. That no exemption from the Standby Charge shall reduce the applicable member agency's RTS Charge obligation, nor shall any failure to collect, or any delay in collecting, any Standby Charge excuse or delay

^{*} Applicable to parcels included within territory of former Coastal MWD.

^{**} Exclusive of parcels included within territory of former Coastal MWD.

Includes reorganization of Fallbrook Public Utility District parcels out from San Diego County Water Authority to Eastern MWD.

payment of any portion of the RTS Charge when due.

Section 7. That the RTS Charge is collected by Metropolitan as a rate, fee or charge from its member agencies, and is not a fee or charge imposed upon real property or upon persons as incidents of property ownership, and the Standby Charge is collected within the respective territories of electing member agencies as a mechanism for collection of the RTS Charge. In the event that the Standby Charge, any portion thereof, or the collection of the Standby Charge, is determined to be an unauthorized or invalid fee, charge or assessment by a final judgment in any proceeding at law or in equity, which judgment is not subject to appeal, or if the collection of the Standby Charge shall be permanently enjoined and appeals of such injunction have been declined or exhausted, or if Metropolitan shall determine to rescind or revoke the Standby Charge, then no further Standby Charge shall be collected within any member agency and each member agency which has requested the continuation of the Metropolitan Standby Charge as a means of collecting its RTS Charge obligation shall pay such RTS Charge obligation in full, as if such Standby Charge had never been sought.

Section 8. That the General Manager is hereby authorized and directed to take all necessary action to secure the collection of the Standby Charge by the appropriate county officials, including payment of the reasonable cost of collection.

Section 9. That the General Manager and the General Counsel are hereby authorized to do all things necessary and desirable to accomplish the purposes of this Resolution, including, without limitation, the commencement or defense of litigation.

Section 10. That if any provision of this Resolution or the application to any member agency, property or person whatsoever is held invalid, that invalidity shall not affect other provisions or applications of this Resolution which can be given effect without the invalid portion or application, and to that end the provisions of this Resolution are severable.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California, at its meeting held on May 14, 2024.

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

NOTICE TO MEMBER AGENCIES OF PUBLIC HEARING FOR PROPOSED RATES FOR CALENDAR YEARS 2025 AND 2026, AND CHARGES FOR CALENDAR YEAR 2025, TO MEET THE REVENUE REQUIREMENTS FOR FISCAL YEARS 2024/25 AND 2025/26

Notice is hereby given to each member public agency of The Metropolitan Water District of Southern California ("Metropolitan") that at its regular meeting to be held March 12, 2024 (or such other date as the Board shall hold its regular meeting in such month), Metropolitan's Finance, Audit Insurance, and Real Property ("FAIRP") Committee will hold a public hearing at 12:00 p.m. in the Board Room of Metropolitan's headquarters building at 700 North Alameda Street, Los Angeles, California before Metropolitan's Board of Directors, at which interested parties may present their views regarding the proposed rates for Calendar Years ("CY") 2025 and 2026, and charges for CY 2025, to meet the revenue requirements for Fiscal Years ("FY") 2024/25 and 2025/26.

Notice is hereby given to each member public agency of Metropolitan that at its regular meeting to be held April 9, 2024 (or such other date as the Board shall hold its regular meeting in such month), Metropolitan's Board of Directors will consider whether to adopt its water rates for Calendar Years 2025 and 2026, and charges for CY 2025, including the readiness-to-serve charge and capacity charge, to meet the revenue requirements for FYs 2024/25 and 2025/26.

The schedule for presentation of the proposed FYs 2024/25 and 2025/26 Biennial Budget and proposed rates and charges effective January 1, 2025 and January 1, 2026 to meet the revenue requirements for FY 2024/25 and 2025/26 is as follows:

FAIRP Committee: present FY 2024/25 and 2025/26 Biennial Budget, and water rates and charges; hold Workshop #1	February 12, 2024
FAIRP Committee: Workshop #2	February 27, 2024
FAIRP Committee: Workshop #3	March 12, 2024
Public Hearing on proposed water rates and charges	March 12, 2024
FAIRP Committee: Workshop #4, if needed	March 26, 2024
FAIRP Committee: Recommended Biennial Budget and Calendar Year	April 8, 2024
Board Action regarding Biennial Budget and Calendar Year rates and charges	April 9, 2024

The Board reserves the right to make changes to any of these rates and charges as a result of comments received at the public hearing.

Notice is also hereby given to each member public agency of Metropolitan that at its regular meeting to be held May 13, 2024 (or such other date as the Board shall hold its regular meeting in such month), the Board will consider whether to adopt the General Manager's recommendation to continue Metropolitan's water standby charge for fiscal year 2024/25 under authority of Section 134.5 of the

Metropolitan Water District Act on land within Metropolitan at the same rates, per acre of land, or per parcel of land less than an acre, as presently in effect.

Any such water standby charge will be continued as a means of collecting the readiness-to-serve charge.

Information about the proposed FYs 2024/25 and 2025/26 Biennial Budget and proposed rates and charges effective January 1, 2025 and January 1, 2026 to meet the revenue requirements for FYs 2024/25 and 2025/26 is available at www.mwdh2o.com and may also be requested from the Board Executive Secretary at (213) 217- 6291.

Dated: February 12, 2024

Katano Kasaine

Kateno Kernin'

Assistant General Manager/Treasurer/Chief Financial Officer

PROOF OF SERVICE

STATE OF CALIFORNIA)	
)	SS
COUNTY OF LOS ANGELES)	

I am employed in the County of Los Angeles, State of California. I am over the age of 18 years and am employed by The Metropolitan Water District of Southern California; my business address is 700 North Alameda Street, Los Angeles, California 90012.

On February 12, 2024, I served the foregoing document described as:

NOTICE TO MEMBER AGENCIES OF PUBLIC HEARING FOR PROPOSED RATES FOR CALENDAR YEARS 2025 AND 2026, AND CHARGES FOR CALENDAR YEAR 2025, TO MEET THE REVENUE REQUIREMENTS FOR FISCAL YEARS 2024/25 AND 2025/26

on the Metropolitan member public agencies via electronic mail (email) to the following email addresses:

cobegolu@glendaleca.gov; chris.garner@lbwater.org; Martin.adams@ladwp.com; cbilezerian@torranceca.gov; cparker@anaheim.net; cmiller@wmwd.com; ddenham@sdcwa.org; dpedersen@lvmwd.com; edwardc@westbasin.org; garry.hofer@amwater.com; hdelatorre@mwdoc.com; mouawadj@emwd.org; kmccaffrey@calleguas.com; mlitchfield@tvmwd.com; nsaba@santa-ana.org;nina.jaz@fmwd.com; PEskandar@cityofSanMarino.org; rwilson@burbankca.gov; sepstein@beverlyhills.org; sdeshmukh@ieua.org; sjackson@cityofpasadena.net; Stephen.Bise@cityoffullerton.com; sunny.wang@smgov.net; tom@usgvmwd.org; vmeza@comptoncity.org; vponto@bwslaw.com; wjohnson@sfcity.org

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed on February 12, 2024, at Los Angeles, California.





Finance and Asset Management Committee

Water Standby Charge for Fiscal Year 2024/25

Item 8-2 May 14 , 2024 Item 8-2

Water Standby Charge for Fiscal Year 2024/25

Subject

Adopt resolution to continue Metropolitan's Water Standby Charge for fiscal year 2024/25

Purpose

Adopt resolution to continue Metropolitan's Water Standby Charge for fiscal year 2024/25

Next Steps

None

Standby Charge Background

- Section 134.5 of the Metropolitan Water District Act authorizes the Board to collect a service charge from member agencies or, as an alternative, to collect a service charge as a standby charge against individual parcels within the district
- Since FY 1993/94, 22 member agencies of Metropolitan have previously elected to pay all or a portion of their Readiness-to-Serve ("RTS") Charge obligation through the continuance of the Metropolitan water standby charge ("Standby Charge") collected from parcels within those member agencies;
 - Option to start participating is no longer available

RTS Charges for FY 2024/25 (\$174 million)

Standby Charges, \$43.7M

Net RTS Charges, \$130.3M

Standby Charge Rates

- Standby Charge, per acre of land, or per parcel of land less than an acre, may vary by member agency, and shall not exceed the amount of the fiscal year 1993/94 Standby Charge for the member agency
 - Engineer's Report specified the method of Standby Charge calculation, and the specific data used in its determination
- Charge per acre or parcel, if less than an acre, for FY 2024/25 ranges from \$0.66 to \$14.20
- Produces annual net revenue of about \$43.7 million for those 22 electing agencies' RTS Charge obligation in FY 2024/25
- Standby Charges ~ 2% of \$2.16 billion total revenues or 25% of \$174 million RTS revenues for FY 2024/25

Board Actions on RTS and Standby Charges

April 2024: Board adopted the Readiness-to-Serve Charge for CY 2025 at

\$181 million

May 2024: Board to consider Resolution to continue Water Standby Charge

for FY 2024/25

Board Options

Option #1 – Adopt the resolution to continue the Standby Charge for fiscal year 2024/25

Option #2 – Do not adopt the resolution to continue the Standby Charge for fiscal year 2024/25, which would require the participating member agencies to pay the full RTS Charge directly to Metropolitan, rather than having a portion collected through the Standby Charge

Staff Recommendation

Option #1 – Adopt the resolution to continue the Standby Charge for fiscal year 2024/25





Board Action

Board of Directors Finance and Asset Management Committee

5/14/2024 Board Meeting

8-3

Subject

Concur with the Climate Adaptation Master Plan for Water: Draft Year One Progress Report and Next Steps; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

In February 2023, the Board directed staff to integrate water resources, climate, and financial planning into a Climate Adaptation Master Plan for Water (CAMP4W or Master Plan). Specifically, the Master Plan will include: (1) Climate and Growth Scenarios; (2) Time-Bound Targets; (3) A Framework for Climate Decision-Making and Reporting; (4) Policies, Initiatives, and Partnerships; and (5) Business Models and Funding Strategies. CAMP4W will increase Metropolitan's understanding of the climate risks to water supplies, infrastructure, operations, workforce, and financial sustainability. CAMP4W will also develop decision-making tools and long-term planning guidance for adapting to climate change to strengthen Metropolitan's ability to fulfill its mission.

This item presents the Draft Climate Adaptation Master Plan for Water Year One Progress Report (Draft Report). The Draft Report documents progress since February 2023 and sets up the next steps for 2024, including a discussion of Metropolitan's business model and funding strategies, identified Go Projects, policy recommendations, partnership opportunities, and the adaptive management approach. Progress to date includes work to establish the values and priorities of the Board and Member Agencies, components of a Climate Decision-Making Framework, Time-Bound Targets, and the process for identifying projects and programs for evaluation.

Concurrence with the Draft Report confirms that the Report reflects the progress to date, recognizing that components are subject to change based on new information and analyses. CAMP4W is an iterative process that will require refinement and updating to ensure decision-making is based on the best available information under uncertain conditions. Concurrence would also confirm the Board's agreement with moving forward on the next steps identified in Sections 4-6 of the Draft Report on Business Model and Affordability; Policy, Initiatives and Partnerships; and Adaptive Management.

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

Staff Recommendation: Option #1

Option #1

Concur with the Climate Adaptation Master Plan for Water: Draft Year One Progress Report and Next Steps

Fiscal Impact: None at this phase

Business Analysis: Concurrence with next steps, in particular, provides guidance to staff on the CAMP4W process moving forward.

Option #2

Do not concur with the Report.

Fiscal Impact: None at this phase

Business Analysis: Without concurrence with next steps, in particular, staff will not have guidance on the

8-3

identified next steps for CAMP4W process moving forward.

Alternatives Considered

N/A Applicable Policy

5/14/2024 Board Meeting

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 52776, dated April 12, 2022, the Board adopted the 2020 Integrated Water Resources Plan Needs Assessment.

By Minute Item 52946, dated August 15, 2022, the Board adopted a resolution affirming Metropolitan's call to action and commitment to regional reliability for all member agencies.

By Minute Item 53381, dated September 12, 2023, the Board approved the use of Representative Concentration Pathway (RCP) 8.5 for planning purposes in the Climate Adaptation Master Plan for Water

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

Future presentation of different components of the Master Plan to committees and full board concurrence at meetings and dates set forth in the chart and text below.

Summary of Outreach Completed

Staff continues to engage Member Agencies, their Boards and Councils, as well as the public in the CAMP4W process. The General Manager held several Listening Sessions with environmental and community-based organizations and is planning additional sessions with different sectors in 2024.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

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

CEQA determination for Option #2:

None required

Details and Background

Background

Draft CAMP4W Year One Progress Report

The Draft CAMP4W Year One Progress Report (Draft Report) documents Metropolitan's progress to date and provides the next steps for developing a Draft Master Plan in December 2024. Since February 2023, the Board and Member Agencies have regularly and substantially engaged with Metropolitan staff to understand and assess climate risks, set priorities and goals for climate adaptation, and develop a Climate Decision-Making Framework to inform the Board's investment decisions. Working Memoranda #1-6, Board and Member Agency discussions and comment letters, public input, technical modeling, and analysis are compiled in the Draft Report.

Staff requests board concurrence with the Draft Report confirming the Board's agreement that the Report reflects the progress to date, recognizing that components are subject to change based on new information and analyses. Similar to the Long-Range Finance Plan Needs Assessment, the Draft Report is an important tool in the CAMP4W process. It documents input from the Board and Member Agencies to date, creates a foundation in climate adaptation needs and planning, and provides a framework for climate-based decision-making. Acknowledging that this is an iterative process, the Board will have many opportunities to adjust CAMP4W

components based on new information, analyses, and lessons learned. Concurrence would also support moving forward on the next steps identified in Sections 4-6 of the Draft Report on Business Model and Affordability; Policy, Initiatives and Partnerships; and Adaptive Management.

The complete Draft Report is included as Attachment 1. Today's committee discussion will focus on adjustments made based on recent Board and Member Agency comments (Attachment 2) as well as the identified next steps.

2024 CAMP4W Next Steps

Specific Next Steps proposed thus far in Sections 4-6 include:

Business Model and Affordability

- → Establish the schedule for ongoing integration of financial planning into CAMP4W
- → Incorporate risk analysis into the Board's investment decision-making
- → Consider business model alternatives
- → Identify how Metropolitan can pursue options that advance affordability and equity goals

Policies, Initiatives, and Partnerships

- → Develop and consider policies and initiatives
- → Explore Metropolitan and Member Agency partnership opportunities
- → Pursue external partnership and collaboration opportunities
- → Continue community engagement

Adaptive Management

- → Refine Adaptive Management and how to institutionalize it into Metropolitan's processes
- → Further develop Signposts and specific metrics
- → Develop CAMP4W Annual Report Template
- → Refine process for integrating CAMP4W projects into CIP and budget
- → Identify early "Go Projects" and program opportunities
- → Continue development of dashboard and digital support tools

DRAFT 2024 CAMP4W Task Force and Committee Meeting Schedule and Discussion Topics

CAMP4W Task Force	Discussion Topic
May 30	Business Model Refinement (then moves into parallel track)
June 26	Parallel Planning Processes and Climate Vulnerability Assessment
July 24	Signposts / Annual Report Template /Time-Bound Targets
August 28	Refined Evaluative Criteria / Example Project Scoring

September 25	Institutionalizing CAMP4W in Board Processes, CIP, Budget
October 23	CAMP4W Partnerships and Collaboration
November 27	Business Model Refinement Update
December	Go Projects and Programs

Other Committees	Discussion Topic
June / July	Legislation and Communications Committee: Community Engagement Update
August	One Water and Stewardship Committee: Policies and Initiatives
September	One Water and Stewardship Committee: Programs Update (LRP, SWM, WUE)

Elizabeth Crosson Chief Sustainability, Resilience and Innovation Officer

Date

Adel Hagekhalil General Manager

Date

Attachment 1 – Draft CAMP4W Year One Progress Report

Attachment 2 - Compilation of Comments Submitted by Member Agencies

Ref# sri12695013

DRAFT



Year One Progress Report



Metropolitan Water District of Southern California

MAY 2024



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Adapting to Extreme Conditions brought on by a Changing Climate.

Atmospheric River

Earthquake

La Niña

Salinity

Sea-Level Rise

Heat

Acknowledgements

This progress report for the Climate Adaptation Master Plan for Water would not be possible except for the dedication of Task Force Members, Metropolitan's Staff, and consultants.

Task Force Members

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Matt Petersen (Task Force Chair), City of Los Angeles
Karl Seckel (Task Force Vice Chair), Municipal Water District
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Executive Summary

CAMP4W Problem Statement

Extreme weather conditions in recent years have presented Southern Californians with an unsettling preview of the challenges ahead – weather whiplash is abruptly swinging the state from periods of severe and extended drought to record-setting wet seasons. There is no question that climate change is here and putting mounting pressure on the year-to-year management of all our available water resources. To ensure the continued reliability of water supplies for the communities we serve, Metropolitan is developing a Climate Adaptation Master Plan for Water (CAMP4W), that will increase Metropolitan's understanding of the climate risks to water supplies, water quality, infrastructure, operations, workforce, public health, and financial sustainability. It will provide a roadmap that will guide our future capital investments and business model as we confront our new climate reality in the years and decades ahead.

This CAMP4W Year One Progress Report presents an overview of the work Metropolitan has done to date and maps out the work to be done through the remainder of 2024 and beyond.



CAMP4W Joint Task Force Charter

On November 21, 2023, Metropolitan's Board of Directors chartered a Joint Task Force of Board Members and Member Agency Managers to oversee the development of the CAMP4W process and Master Plan. CAMP4W was designed to include the following components:

- Climate and Growth Scenarios: Utilize climate scenarios based on RCP 8.5 as set by the Board and regularly updated to reflect real-world conditions and climate risks—to assess and set ranges of variability of water supplies from the State Water Project, the Colorado River, and regional hydrology as well as regional growth scenarios that indicate demands of different Member Agencies.
- Time-Bound Targets: Set near-, mid-, and long-term targets for core supply, flex supply, local agency supply, storage, equitable supply reliability, conservation, demand management and efficiency programs, and other targets as needed and identified.
- Framework for Climate Decision-Making and Reporting: Establish a Climate Decision-Making Framework for the Board of Directors to align Metropolitan's project-level investments with a set of Evaluative Criteria developed to match the values and priorities of the Board while

- complementing Member Agencies' individual plans and investments. The framework is part of an adaptive management approach and provides a platform for regular reporting—at least annually—on progress toward the targets and other indicators established by the master plan.
- Policies, Initiatives, and Partnerships: Implement policies, initiatives, and regional partnerships that will achieve the resource-based and policy-based targets in order to address (1) the range of potential regional supply gaps among Member Agencies and (2) infrastructure or financial constraints.
- Business Models and Funding Strategies: Assess and recommend business model options and rate enhancements—as well as strategies to secure funding at the State and Federal levels—that help achieve the targets while ensuring long term financial sustainability, equity, and affordability.



Reflecting the Values and Goals of the Joint Task Force through the CAMP4W Themes

Stronger together. Working collaboratively is a cornerstone of the CAMP4W process. The Task Force has committed itself to prepare Metropolitan and its Member Agencies for an uncertain future by developing a process for evaluating and prioritizing capital investments and programs that support a reliable and resilient supply of water resources. Founded on the themes of reliability, resilience, financial sustainability, affordability, and equity, CAMP4W will foster collaboration throughout the region by applying a "stronger together" approach.



Reliability

Ability to consistently meet Member Agency water demands.



Resilience

Ability to withstand and recover from disruptions.



Financial

Sustainability

Revenues sufficient to cover expenses over the short and long-term.



Affordability

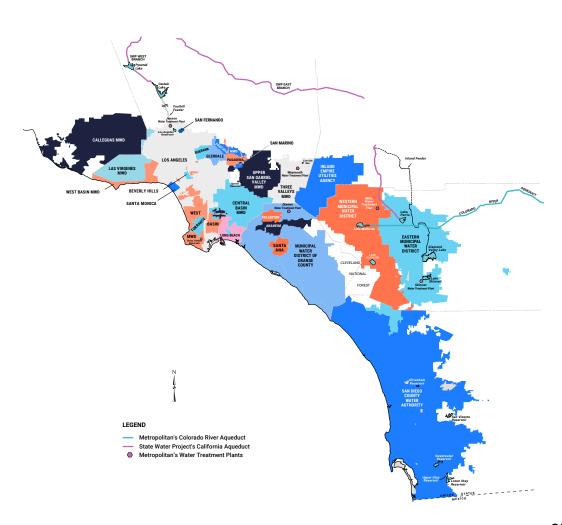
Relative cost burden and elastic ability to access (pay for) service and support Member Agency efforts to provide affordable supply to their customers.



Equity

Fair, just, and inclusive.





As Metropolitan embarks on preparing for the future through planning under deep uncertainty, it is as important as ever that we make informed, educated, and intentional decisions on where and how we invest. We must balance the need to be prepared for the future, with the need to balance costs and not over build or create. stranded assets. As an agency responsible for supplying water to our 26 Member Agencies, who serve the 19-million person service area across 5,200 square miles, the impacts of our decisions are far reaching.

PLANNING UNDER DEEP UNCERTAINTY

Worldwide, agencies are grappling with the impacts of climate change on our planet, resources, infrastructure, and workforce. In the past, analyses heavily relied on historical data to anticipate what might come in the future. With climate change, looking at the past to predict the future is less reliable. We must plan differently and be prepared for a level of volatility that we did not face in the past. It is as important as ever to be nimble in our planning, decision-making, and implementation process. For this, Metropolitan is employing an Adaptive Management Approach.

ADAPTIVE MANAGEMENT

Metropolitan recognizes that planning under deep uncertainty requires flexibility and adaptability and acknowledges that future projections represent a range of possible outcomes with varying levels of resource development needs. Adaptive management allows Metropolitan to make investment decisions incrementally and refining decisions over time, based on evolving information and real-world conditions following the Climate Decision-Making Framework.

THE CLIMATE DECISION-MAKING FRAMEWORK

The Climate Decision-Making Framework provides a process for evaluating projects to inform the Board's decision-making about investments. Key metrics used in the process include Evaluative Criteria that projects and programs are evaluated under, while striving to achieve established Time-Bound Targets. We regularly must track real-world Signposts to identify if the conditions under which the Time-Bound Targets were developed remain relevant or need to be adjusted.

EVALUATIVE CRITERIA

A defined set of criteria used to establish a score for projects and programs which support the Board's decision-making process. Evaluative Criteria are used in collaboration with the Time-Bound Targets and Signposts to support investment decisions.

TIME-BOUND TARGETS

A series of resource development targets and policy-based targets that establish goals to be achieved in the near-, mid-, and longterm. Time-Bound Targets are set based on current planning targets (current real-world conditions) and are updated based on Signposts.

SIGNPOSTS

Real-world metrics that allow Metropolitan to monitor how projections align with the real world. Signposts will guide the revision of Time-Bound Targets over time, shaping project and program development and helping inform the Board's investment decisions at different project stages.







Climate Decision-Making Framework Overview

The Climate Decision-Making Framework is intended to define a consistent, stepwise process of making project and program investment decisions. It is based on Metropolitan priorities and the need to remain reliable and resilient into the future, while considering financial sustainability, affordability, and equity. Figure 1 illustrates the Climate Decision-Making

Framework, which will continue to be refined and tested over the remainder of 2024 as the comprehensive CAMP4W is completed. Over time, Metropolitan will also have the opportunity to refine the framework in the future through the Adaptive Management process as conditions change and the region adapts.

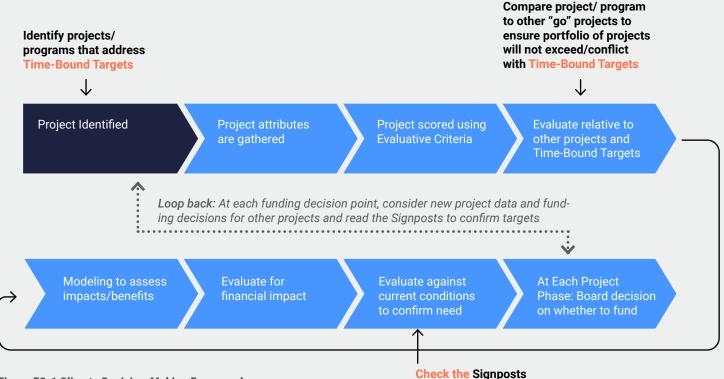


Figure ES-1 Climate Decision-Making Framework

Summary of CAMP4W Adaptive Management Approach

The Climate Decision-Making Framework utilizes three key elements including Evaluative Criteria, Time-Bound Targets, and Signposts to support the decision process and allow Metropolitan to refine decisions over time through an adaptive management approach. Each of these three elements were developed to represent actionable metrics that support the Board as expressed in the CAMP4W Themes. The following pages summarize the Evaluative Criteria, Time-Bound Targets, and Signposts under each Theme. Section 2 provides additional discussion on each of the three elements.



Five CAMP4W Themes include **reliability**, **resilience**, **financial sustainability**, **affordability**, **and equity** and reflect the Board values. They serve as overarching guiding principles for the CAMP4W process and are reflected in the Evaluative Criteria, Time-Bound Targets, and Signposts.

Evaluative Criteria

The Evaluative Criteria represent a defined set of criteria used to establish a score for projects and programs which support the Board's decision-making process. Evaluative Criteria are used in collaboration with the Time-Bound Targets and Signposts to support investment decisions. The scoring components within each Evaluative Criteria category will be refined over 2024, as will the points distribution presented below. Evaluative Criteria and the scoring process will consist of quantifiable, meaningful, and measurable metrics. This approach supports a data-driven evaluation process for projects and programs.

		\$
RELIABILITY 25 POINTS	RESILIENCE 25 POINTS	FINANCIAL SUSTAINABILITY & AFFORDABILITY 20 POINTS
Supply Performance Equitable Reliability	Addresses known vulnerabilities Project's ability to perform under climate impacts	Unit cost
Assess how a project or program performs under various hydrologic conditions, the extent to which it helps close gaps identified in the IRP Needs Assessment, and how it can address an inequity in supply reliability.	Evaluates how the project or program addresses known vulnerabilities and how it performs under climate impacts.	Assess a project's financial sustainability and affordability based on its unit cost.
	rh1	
ADAPTABILITY & FLEXIBILITY 10 POINTS	EQUITY 10 POINTS	ENVIRONMENTAL CO-BENEFITS 10 POINTS
	The state of the s	

Time-Bound Targets

Below is a summary of the initial resource development targets and policy-based targets that will be expanded over the coming year. Section 2 presents additional categories of Time-Bound Targets that will also be explored. As part of the Adaptive Management process, the Time-Bound Targets may shift over time as modeling and other analyses are updated. The process and time frame for these updates will be refined over 2024, with the goal of providing an initial update by the end of 2024.

. O	CATEGORY	NEAR TERM	MID TERM	LONG TERM	
Resource- Based Targets Numbers reflect additional supplies unless indicated otherwise Core Sup Resource- Based Targets Storage Storage	Core Supply ¹	N/A	Identify 300 TAF for potential implementation by 2035. Alternatively, 250 TAF of new storage will reduce core supply need to 200 TAF	Identify 650 TAF for potential implementation by 2045. Alternatively, 250 TAF of new storage will reduce core supply need to 550 TAF or, 500 TAF of new storage will reduce core supply need to 500 TAF	
	Storage	Identify up to 500 TAF for potential implementation by 2035			
	Flex Supply (Dry Year Equivalent)	Acquire capability for up to 100 TAFY			
	CATEGORY	NEAR TERM	MID TERM	LONG TERM	
Targets	Equitable Supply Reliability	Add 160 CFS capacity to the SWPDA by 2026	Implement additional 130 CFS capacity to SWPDA by 2032	Implement capacity, conveyance, supply, and programs for SWPDA by 2045	
	Local Agency Supply ²	Maintain 2.09 to 2.32 MAF (under average year conditions)	2.12 to 2.37 MAF (under average year conditions)	2.14 to 2.40 MAF (under average year conditions)	
	Demand Management ³	Implement structural conservation	by 2045		
	Regional Water Use	Assist Retail Agencies to achieve, or exceed, compliance with SWRCB Water Use Efficiency Standards ⁴			
	Efficiency	GPCD target for 2030⁵	GPCD target for 2035	GPCD target for 2045	
	Greenhouse Gas Reduction	N/A	40% below 1990 emission levels by 2030	Carbon Neutral by 2045	
	Surplus Water Management	Develop capability to manage up to 500 TAFY of additional wet year surplus above Metropolitan's Storage Portfolio and WSDM action			

Notes

- **1** Core Supply sub-targets will be considered later this year and may include targets for groundwater remediation and stormwater capture.
- **2** This initial target includes existing (and under construction) local agency supplies and can be augmented later this year to include new local agency supply.
- **3** Used to offset the need for additional core supply and using 2024 as a baseline.
- **4** Each retail water supplier will report progress to the State Water Board annually through a Water Use Objective (WUO) equaling the sum of efficiency budgets for a subset of urban water uses: residential indoor water use, residential outdoor water use, real water loss and commercial, industrial and institutional landscapes with dedicated irrigation meters. Each efficiency budget is calculated using a statewide efficiency standard and local service area characteristics (population, climate, etc.).
- **5** Specific GPCD Time-Bound Targets will be identified later this year based on final SWRCB standards. If the Board wishes to set a higher target, it would be designed to track water use efficiency trends by sector over time and will take local conditions, including climate, into consideration.

Signposts

A key part of the Adaptive Management process involves reading the Signposts to understand the real-world conditions and determine if the Time-Bound Targets need to be revised, which would in turn impact investments. The complete CAMP4W will include a comprehensive and detailed list of Signposts that Metropolitan will be tracking. Below is a summary of the initial categories, which will be expanded upon over the coming year.

Proposed Signposts Metrics Examples

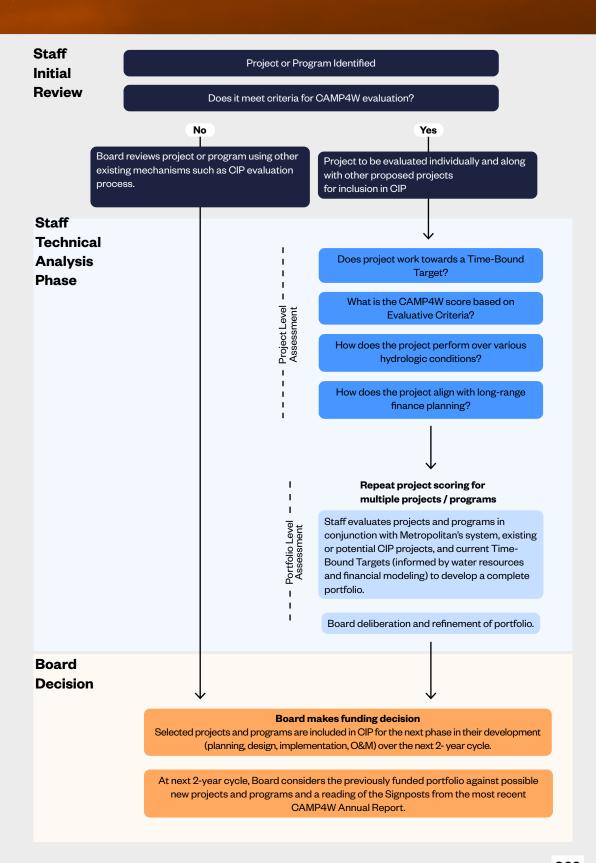
Signposts should be measurable, updatable, and readily available

DEMAND	SUPPLY	INFRASTRUCTURE	FINANCIAL
Population	Climate Change Indicators	Unexpected Shutdowns	O&M Trends
Economy	Regulations	Infrastructure Loss	Capital Cost Trends
Local Agency Supply	Storage	Emergency Response	Emergency Response Costs
Demand Management	Water Quality	Power Interruptions	
Regulations		Connectivity and Robustness	S
		Infrastructure Capability	

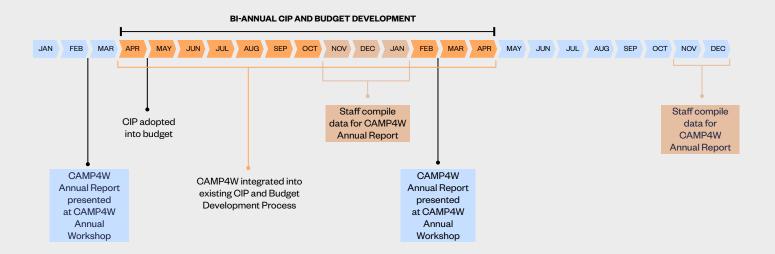


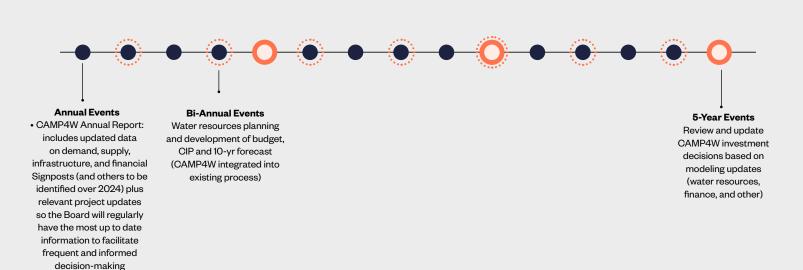
Board Deliberation Process

The Board deliberation process will be integrated into Metropolitan's existing processes while allowing for additional evaluation of CAMP4W projects and programs as outlined in the Climate Decision-Making Framework.



Integrating CAMP4W Into Metropolitan's **Existing Processes**

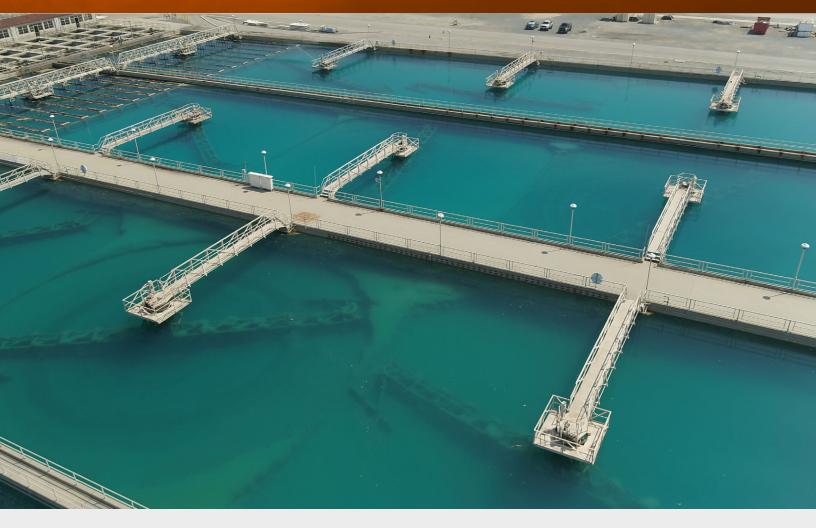






 CAMP4W Annual Workshop Local Supply Updates

Next Steps



Business Model

- ▶ Develop mutual understanding of current business model and objectives for refinement
- ► Establish the schedule for ongoing integration with the 10-year financial forecast
- ▶ Incorporate risk analysis into the Board's investment decision-making
- ▶ Consider business model alternatives
- ▶ Identify how Metropolitan can pursue options that advance affordability and equity goals

Policies, Initiatives, and Partnerships

- ▶ Develop and consider policies and initiatives
- ► Explore Metropolitan and Member Agency partnership opportunities
- ▶ Pursue external partnership and collaboration opportunities
- ► Continue community engagement

Adaptive Management

- ▶ Refine Adaptive Management and how to institutionalize it into Metropolitan's processes
- ► Further develop Signposts and specific metrics
- ▶ Develop CAMP4W Annual Report Template
- ▶ Refine process for integrating CAMP4W projects into CIP and budget
- ▶ Identify early "Go Projects" and program opportunities
- ► Continue development of dashboard and digital support tools

CAMP4W Background, Need, and Outcome

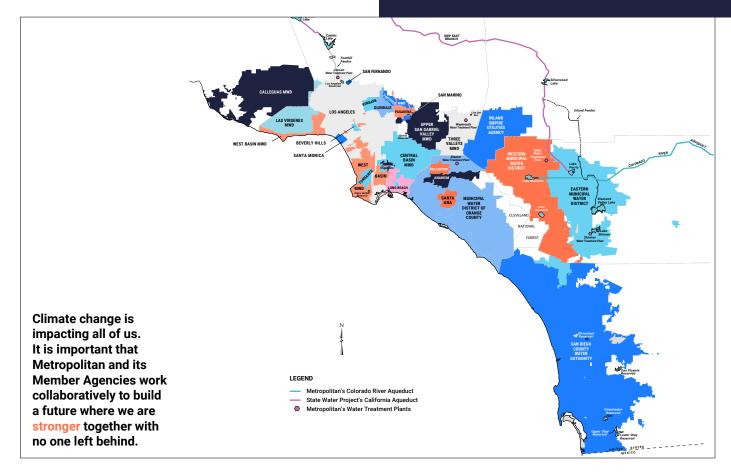
1.1 Summary of Metropolitan's System, Assets, and Member Agencies

Metropolitan's mission is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way. To do this, Metropolitan delivers approximately 1.5 billion gallons of water daily to its 26 Member Agencies, who serve the 19-million person service area across 5,200 square miles. Metropolitan operates and maintains an expansive range of reservoirs, five water treatment plants, hydroelectric facilities, 830 miles of pipelines including large-diameter pipelines and tunnels and about 400 service connections.

Metropolitan's 26 Member Agencies, presented on the map, vary widely in terms of their size, whether they are retailers or wholesalers, the climate they experience, and their percent dependence on Metropolitan.

Climate zones range from the cooler coastal areas to hotter inland regions, while land use ranges from densely urban areas to heavy industrial areas to open agricultural lands, where the volume and nature of water use varies significantly. Nearly one third of the region's population is classified as disadvantaged, indicating that affordability considerations will vary across the region (DWR DAC Mapping tool, https://water.ca.gov/Work-Withy-Us/Grants-And-Loans/Mapping-Tools).

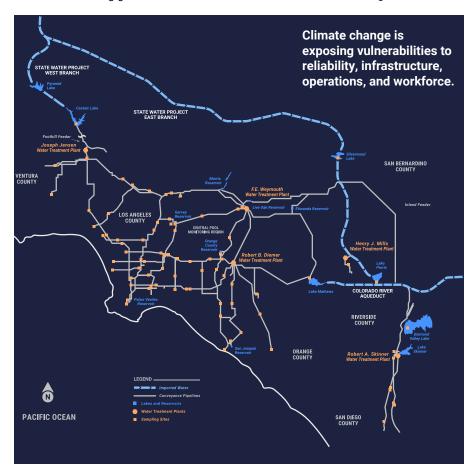
Southern California's water supplies are facing major long-term threats, brought on by climate change, emerging contaminants and evolving ecological needs. For example, State Water Project dependent areas faced shortages during the recent drought due to supply shortage and infrastructure constraints, threatening the health and wellbeing of our residents. Metropolitan is committed to helping the region overcome these challenges with careful planning, vision and leadership to ensure our communities have the water they need for generations to come.



1.2 Purpose and Need for Climate Adaptation Planning

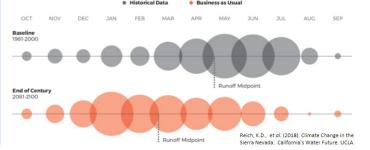
Worldwide, agencies are grappling with the reality that climate change is impacting our lives in a multitude of ways. Extreme weather events such as drought, flooding, wildfires, heat waves, and windstorms, as well as sea level rise and the compounded impacts of climate change on other hazards such as earthquakes, are driving decisions. Metropolitan faces these challenges and must prepare for the future.

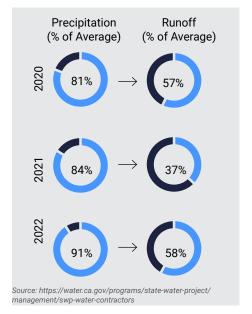
Preparing for the future and providing a reliable supply of water to its Member Agencies is not new to Metropolitan. What the CAMP4W process addresses is the need to put climate change at the forefront, to intentionally look at all aspects of Metropolitan's system through that lens, and to recognize that hard decisions will need to be made and a transparent process will need to be in place.

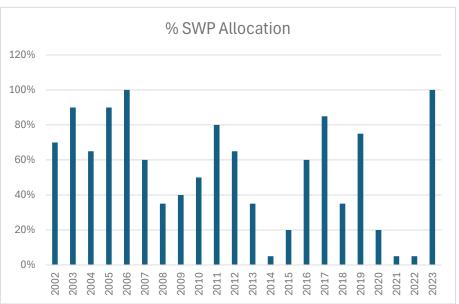


IMPACTS TO RUNOFF: CLIMATE CHANGE STRESSES THE WATERSHEDS FEEDING OUR STORAGE

- · Less snow and more rain
- · More frequent and hotter fires
- · More frequent and severe flooding
- Longer and drier dry periods



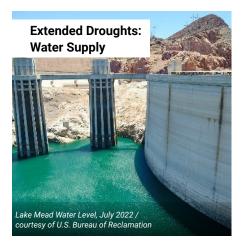




Reliability of runoff efficiency and supplies are decreasing

Impacts Beyond Drought

Metropolitan faces many challenges operating in a changed climate.



Both of Metropolitan's major imported water sources, the Colorado River and the Northern Sierra, are threatened by extreme and extended droughts.





Increased salinity associated with sea-level rise could impact water quality in the Sacramento-San Joaquin Delta, as well as in coastal water basins situated throughout Metropolitan's service area.

Rising tide levels encroach into Bay Delta, December

2020 / courtesy of CA Department of Water Resources



Major rain and flooding events can damage Metropolitan's delivery and storage system, such as when Tropical Storm Hilary caused a suspension in deliveries to DWCV storage in 2023.



Major rain and flooding events also create water quality concerns, such as the increased turbidity of inflows to Metropolitan's Jensen Water Treatment Plant from Castaic Lake in January 2023.



Wildfires can threaten Metropolitan's water treatment facilities and delivery systems, such as when the Freeway Complex Fire broke out in proximity to the Diemer Water Treatment Plant in November 2008.



Reduced annual snowpack threatens the longterm sustainability of Metropolitan's two major sources of imported water, the Colorado River and the Northern Sierra.



In addition to its damaging impacts on Metropolitan's existing infrastructure, extreme heat also threatens the health and safety of field staff across our service area.

1.3 Summary of Planning Efforts to Date

IRP Needs Assessment

Metropolitan's robust integrated planning process and evaluation of projected future conditions has guided Metropolitan for decades, starting with the 1996 Integrated Water Resources Plan (IRP). Member Agency data has been an integral part of the process, facilitated by Metropolitan's annual outreach to each Member Agency. While Metropolitan has consistently evaluated future uncertainty, the 2020 IRP Needs Assessment saw Metropolitan take its future planning processes into an expanded direction with the inclusion of scenario planning.

Metropolitan developed four scenarios (A, B, C and D, see Figure 1-2), which serve to represent the range of potential drivers that impact the region's supply and demand including economic conditions, population growth, regulatory requirements, and climate impacts to name a few. Based on the modeling done during the IRP Needs Assessment (Figure 1-2), the range in the water supply gap was determined, as shown in Table 1. This analysis forms the basis for the Adaptive Management metrics discussed in Section 2.2.

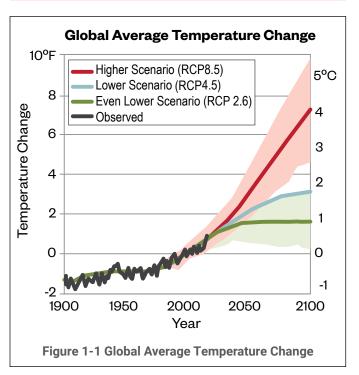


SCENARIO PLANNING

Recognizing that a multitude of factors contribute to the demands on Metropolitan and the availability of its supplies, Scenario Planning allows us to examine the boundaries of what is reasonably likely to occur in the future since scenario planning "bookends" the range of possible future needs. By understanding what the supply gap could be under a variety of conditions, Metropolitan is able to decide what direction to plan towards. Next, using the Adaptive Management Approach, Metropolitan will be able to adjust planning targets as real-world conditions reveal where along the spectrum our needs are trending, which will inform incremental investment decisions.



In 2024, Metropolitan's Board voted to plan toward Representative Concentration Pathway (RCP) 8.5, which acknowledges a need to prepare for a more extreme climate impacted future. RCP 8.5 is expressed in Scenarios C and D. By planning toward Scenario D and implementing based on real-world conditions Metropolitan will balance the need to be prepared while limiting the risk of stranded assets if conditions change.



IRP NEEDS ASSESSMENT IDENTIFIED THREE CATEGORIES OF SUPPLY

Core Supply: A supply that is generally available and used every year to meet demands under normal conditions and may include savings from efficiency gains through structural conservation.

Flexible Supply: A supply that is implemented on an as-needed basis and may or may not be available for use each year and may include savings from focused, deliberate efforts to change water use behavior.

Storage: The capability to save water supply to meet demands at a later time. Converts core supply into flexible supply and evens out variability in supply and demand.

Table 1: How Much Core Supply Do We Need Based on How Much Storage We Develop?

If we build this much storage	We will need this much additional core supply (conservation reduces demands and "counts" toward core supply needs)			
	IRP Scenario A	IRP Scenario B	IRP Scenario C	IRP Scenario D
0 TAF	No supply or storage requirements	100 TAF	50 TAF	650 TAF
100 TAF		70 TAF	15 TAF	600 TAF
250 TAF		30 TAF	15 TAF	550 TAF
500 TAF		30 TAF	15 TAF	500 TAF

^{*} TAF=thousand acre-feet; 1 acre-foot is the amount of water that would cover an acre of land at 1-foot depth

Long-Range Finance Plan

To address the reliability gaps identified in the IRP Needs Assessment, Metropolitan has begun the multi-phased, multi-year Long-Range Financial Plan (LRFP) development process. The initial LRFP Needs Assessment (LRFP-NA) builds upon the IRP Needs Assessment and is consistent with the goals and objectives of the CAMP4W process pertaining to resilience, reliability, financial sustainability, affordability, and equity.

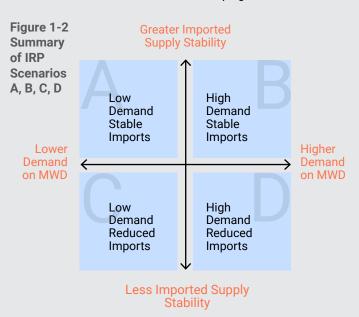


Iterative process: Ongoing and iterative financial planning will be integrated with CAMP4W so as to incorporate updated resource needs and inform investment decisions.

UNCERTAINTY AND THE ESTABLISHMENT OF ASSUMPTIONS

There is **inherent uncertainty** whenever an assumption is made, and in the IRP Needs Assessment, each scenario is defined by numerous assumptions. **Scenario planning and adaptive management capture that uncertainty** in the space between each scenario – the spectrum along which real-world conditions are likely to unfold. Each scenario presents a data point along that spectrum, where any number of variables could shift the outcome in one direction or another.

By adapting and modifying investment decisions over time, **Metropolitan will align implementation with real-world conditions** to reduce the risk of over or under developing resources.



THE LONG-RANGE FINANCE PLAN - NEEDS ASSESSMENT

The LRFP-NA provides high-level guidance on the rate impacts and funding opportunities and is designed to:

- Provide high-level financial analysis of rate and tax impacts under the IRP scenarios.
- Discuss the primary capital financing and funding methods Metropolitan has at its disposal.
- Introduce potential financial tools that could become components of a tailored financial strategy.
- Catalogue Metropolitan's key policies related to the capital markets.

The next phase of the LRFP will consider additional capital needs to address other vulnerabilities in addition to drought and assess the impacts of specific projects. Ongoing long-term finance planning will be an integrated part of the CAMP4W process.

Vulnerability Assessments, Hazard Mitigation, and Emergency Response

Climate Vulnerability and Risk Assessment: In conjunction with this process, Metropolitan has prepared a Climate Vulnerability and Risk Assessment (CVRA) to investigate how it is currently incorporating climate change risk into its planning and operational activities. The CVRA will inform the CAMP4W process by identifying how Metropolitan is currently managing risk associated with climate change and provide structural recommendations that will enable it to better adapt.

Strategic Infrastructure Resilience Planning: The Strategic Infrastructure Resilience Plan (SIRP) is a multi-hazard and multidisciplinary plan that will address Metropolitan's ability to manage an event or risk as it unfolds, covering the water and electric power systems owned and operated by Metropolitan. The focus will be on restoring any lost or reduced services to Member Agencies in a timely manner following an event. The timeliness of service restoration will focus on the Member Agency's public health and safety needs and the regional socio-economics as related to water use.

Local Hazard Mitigation Planning: Metropolitan is developing a Local Hazard Mitigation Plan (LHMP) as part of its ongoing reliability efforts. The LHMP will document the risks from natural hazards such as earthquakes, drought,

and wildfires and identify goals and strategies for mitigating those risks. The LHMP is vital to help maintain Metropolitan's mission to provide its service area with reliable supplies even in emergencies caused by unplanned natural events.

Facility Reliability Assessments and Emergency Response Planning: Metropolitan invests in maintaining a reliable system and in its capability to respond to emergencies and restore service. MWD has formal emergency response plans that include staff, materials, and facilities needed to repair systems and restore service. The exercising and assessment of these plans identify projects that increase the resilience and sustainability of Metropolitan's infrastructure. These plans are regularly exercised and periodically assessed.

Additionally, Metropolitan conducts regular system reliability assessments to identify vulnerabilities that can lead to unplanned outages and proposes options to reduce these vulnerabilities.

Projects that are identified in this process that are not R&R projects will be evaluated in the CAMP4W process.



1.4 CAMP4W Process Overview

In February 2023, the Board directed staff to integrate its water resources, climate, and financial planning into a Climate Adaptation Master Plan for Water (CAMP4W). Metropolitan conducted a series of workshops with the Board and held regular meetings with Member Agency Managers throughout 2023. To further facilitate the development of the CAMP4W in a timely and transparent manner, a Joint Task Force was chartered by the Board on November 21, 2023. The Task Force is made up of Board members and Member Agency Managers, and is supported by Metropolitan staff. Staff have been developing the CAMP4W through iterative steps to allow for Board and Member Agency input at each step. The process involved outreach and engagement efforts, to encourage public input.

CAMP4W involves a multi-year iterative process in which various aspects of the process build upon one another (Figure 1-3). The initial development tasks outlined for the Task Force includes the development of this report through April 2024. The development of the remaining CAMP4W components will continue throughout the remainder of 2024.

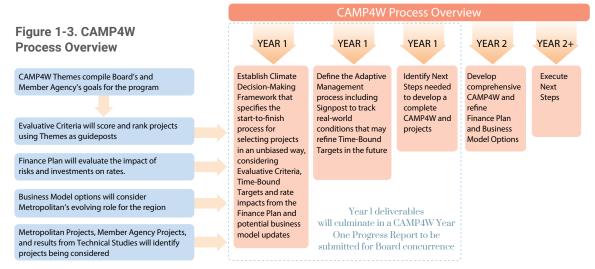
Preliminary objectives (that will be refined through the process) include:

- Increase the resilience and reliability of Southern California's water supplies
- Build greater equity into our regional water storage and delivery systems, so that all our 26 Member Agencies have access to reliable water supplies, even in severe drought periods
- Pursue collaborative cost-sharing partnerships and promote affordability initiatives as we make the necessary investments to adapt Southern California's water infrastructure to the demands of the 21st century
- Clearly understand the Metropolitan/Member Agency network of water resource supplies and infrastructure to determine opportunities to provide additional connectivity.
- Understand the climate risks and vulnerabilities the network is facing



CAMP4W will increase Metropolitan's understanding of the climate risks to water supplies, infrastructure, operations, workforce, and financial sustainability. CAMP4W will also develop decision-making tools and long-term planning guidance for adapting to climate change, to strengthen Metropolitan's ability to fulfill its mission.

- Identify adaptation strategies that strengthen the network and reduce vulnerabilities
- · Identify opportunities to expand water resources
- Identify opportunities for strategic sharing of resources and infrastructure across Member Agencies to maximize all potential local supply options
- Develop a financial strategy to fund capital investments and equitably share both water supplies and costs among Member Agencies
- Develop a business model that supports Metropolitan's role into the future
- Explore partnerships with outside agencies and stakeholders to work towards our common goals.



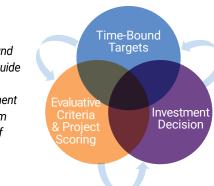
Climate Decision-Making Framework

2.1 Overall Climate Decision-Making Framework Process

The Climate Decision-Making Framework establishes the process by which projects and programs will be evaluated through CAMP4W to inform the Board's investment decisions. Figure 2-1 presents this process and identifies key considerations. To support the Adaptive Management process, which is at the cornerstone of CAMP4W, three key areas have been developed as part of the Year One effort. These include the Evaluative Criteria and Time Bound Targets (discussed in this section) and Signposts (discussed in Section 6).

Part of the Decision-Making Process

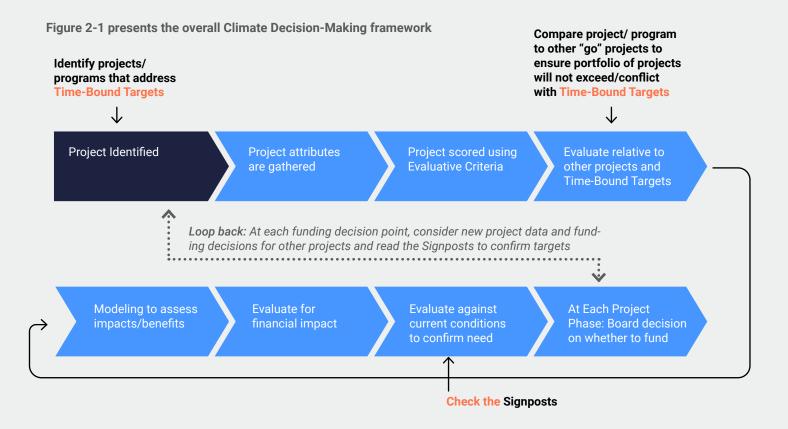
Time-Bound Targets guide project development and inform scoring of projects



Adaptive Management

- 1. Provides a framework for decision support through time. Iterative process over time to
- balance the risk of shortage and overinvesting.
 - Updates resource
- 3. development needs and Time-Bound Targets based on updated projections and Signposts

Signposts inform how conditions are changing



2.2 Adaptive Management

As a living document, CAMP4W will be adjusted based on changing conditions to support Board decisions and provide the most up to date information available. More comprehensive updates will occur at intervals agreed upon by the Joint Task Force, such as at 5-year intervals as discussed in Section 6, or potentially driven by the frequency of updates to the California Climate Change Assessment and/or the release of the Intergovernmental Panel on Climate Change (IPCC) Assessment Reports. Through this adaptive management process, the Board will have multiple points along each project's trajectory to make informed decisions on investments as projects move from one phase to the next (Figure 2.2)

Adaptive Management Process

Planning for Rapid Change and Adjusting based on Real World Conditions

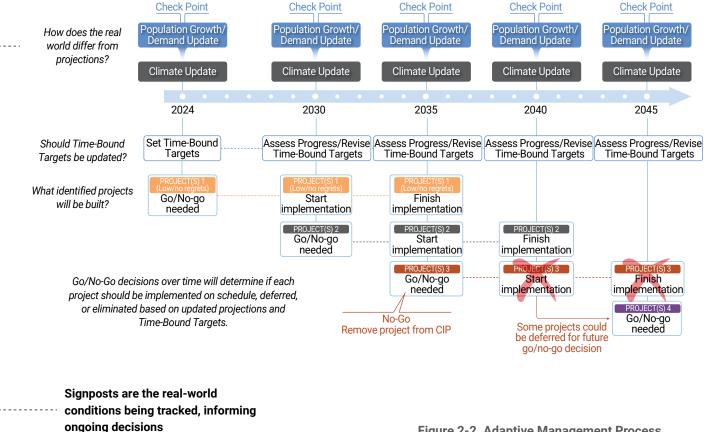


Figure 2-2. Adaptive Management Process

2.2.1 Evaluative Criteria

Evaluative Criteria are a key part of the Climate Decision-Making process. Figure 2-3 presents the proposed Evaluative Criteria that will be workshopped with the Board and Member Agencies through 2024. The scoring components within each Evaluative Criteria category will be refined over 2024, as will the points distribution presented below.

Evaluative Criteria and the scoring process will consist of quantifiable, meaningful, and measurable metrics. This approach supports a data-driven evaluation process for projects and programs.

Evaluative Criteria

Evaluative Criteria are being developed based on the CAMP4W Themes of reliability, resilience, financial sustainability, affordability, and equity.



2.2.2 Time-Bound Targets

Figure 2-4 presents an initial set of Time-Bound Targets which will be refined over 2024 and may include additional categories, such as those presented below. As part of the Adaptive Management process, the Time-Bound Targets may shift over time as modeling and other analyses are updated. The process and time frame for these updates will be refined over 2024, with the goal of providing an initial update by the end of 2024.

• ©	CATEGORY	NEAR TERM	MID TERM	LONG TERM	
Resource- Based Targets Numbers reflect additional supplies unless	Core Supply ¹	N/A	Identify 300 TAF for potential implementation by 2035. Alternatively, 250 TAF of new storage will reduce core supply need to 200 TAF	Identify 650 TAF for potential implementation by 2045. Alternatively, 250 TAF of new storage will reduce core supply need to 550 TAF or, 500 TAF of new storage will reduce core supply need to 500 TAF	
indicated otherwise	Storage	Identify up to 500 TAF for potential implementation by 2035			
	Flex Supply (Dry Year Equivalent)	Acquire capability for up to 100 TAFY			
	CATEGORY	NEAR TERM	MID TERM	LONG TERM	
Policy-Based Targets	Equitable Supply Reliability	Add 160 CFS capacity to the SWPDA by 2026	Implement additional 130 CFS capacity to SWPDA by 2032	Implement capacity, conveyance, supply, and programs for SWPDA by 2045	
	Local Agency Supply ²	Maintain 2.09 to 2.32 MAF (under average year conditions)	2.12 to 2.37 MAF (under average year conditions)	2.14 to 2.40 MAF (under average year conditions)	
	Demand Management ³	Implement structural conservation programs to achieve 300 TAF by 2045			
	Regional Water Use	Assist Retail Agencies to achieve, or exceed, compliance with SWRCB Water Use Efficiency Standards ⁴			
	Efficiency	GPCD target for 2030⁵	GPCD target for 2035	GPCD target for 2045	
	Greenhouse Gas Reduction	N/A	40% below 1990 emission levels by 2030	Carbon Neutral by 2045	
	Surplus Water Management	plus Water Management Develop capability to manage up to 500 TAFY of additional wet year surplus Metropolitan's Storage Portfolio and WSDM action		ear surplus above	

Figure 2-4 Time-Bound Targets

Notes

- 1 Core Supply sub-targets will be considered later this year and may include targets for groundwater remediation and stormwater capture.
- 2 This initial target includes existing (and under construction) local agency supplies and can be augmented later this year to include new local agency supply.
- 3 Used to offset the need for additional core supply and using 2024 as a baseline.
- 4 Each retail water supplier will report progress to the State Water Board annually through a Water Use Objective (WUO) equaling the sum of efficiency budgets for a subset of urban water uses: residential indoor water use, residential outdoor water use, real water loss and commercial, industrial and institutional landscapes with dedicated irrigation meters. Each efficiency budget is calculated using a statewide efficiency standard and local service area characteristics (population, climate, etc.).
- **5** Specific GPCD Time-Bound Targets will be identified later this year based on final SWRCB standards. If the Board wishes to set a higher target, it would be designed to track water use efficiency trends by sector over time and will take local conditions, including climate, into consideration.

Time-Bound Targets Defined

CORE SUPPLY STORAGE FLEX SUPPLY Refers to an asset that allows Includes resource management actions Refers to resource management actions that augment supply or reduce Metropolitan to capture water during implemented as needed (e.g., water Metropolitan demand and remain times of surplus to use when it is transfers, fallowing programs), including available each year and are based on the savings from deliberate efforts to needed. Can include surface storage, outcome of the IRP Needs Assessment, groundwater storage, or other. Values change water use behavior. and which can be refined through the presented are based on the outcome adaptive management process. of the IRP Needs Assessment, which can be refined through the adaptive management process **REGIONAL WATER USE LOCAL AGENCY SUPPLY DEMAND MANAGEMENT EFFICIENCY** Includes existing (and under Target is used to offset the need for Each retail water supplier will report construction) local agency supplies additional core supply and uses 2024 as progress to the State Water Board and can be augmented later this year to a baseline. annually through a Water Use Objective include new local agency supply. (WUO) equaling the sum of efficiency budgets for a subset of urban water uses: residential indoor water use, residential outdoor water use, real water loss and commercial, industrial and **GREENHOUSE GAS REDUCTION SURPLUS WATER MANAGEMENT** institutional landscapes with dedicated irrigation meters. Each efficiency budget is calculated using a statewide efficiency Refers to goals for reducing the Refers to management of water standard and local service area GHG emissions that are integrated available under certain conditions, which characteristics (population, climate, etc.) into individual project or program exceeds what is required at the time to considerations meet demands. Specific GPCD Time-Bound Targets will be identified later this year based on final SWRCB standards as well **EQUITABLE SUPPLY** as Metropolitan's overall demand **RELIABILITY** management target. The target will be designed to track water use efficiency Targets to address a known inequity in trends by sector over time and will take

Additional Time-Bound Targets will be considered throughout 2024 and will include categories such as the following:

Community Equity: Focus on investing in underserved communities, affordability measures and providing meaningful community engagement.

supply reliability, such as those identified

in the August 16, 2022 Board resolution

and ensuing commitment to regional

reliability.

New Local Supply: Targets around local and Member Agency supply and/or program development.

Water Quality: Ensuring research, innovation, and progress in addressing emerging contaminants of concern and new regulatory requirements.

Infrastructure Resilience: Investments necessary to meet growing climatedriven vulnerabilities during and after disruptions.

Imported Water Source Resilience:

Investment in protecting source watersheds and existing infrastructure to reduce risks presented by accelerated climate change.

local conditions, including climate, into

consideration

Ecosystem Health: Measurable improvements to natural systems that provide value, resilience and regulatory benefits to water supplies.

Development of Adaptation Strategies

3.1 Development of Adaptation Strategies

The CAMP4W themes and Time-Bound Targets form the foundation in the selection of projects and programs to be considered for CAMP4W evaluation. They may be projects for new or improved infrastructure or rehabilitation and repair (R&R) with climate adaptation enhancements. They may also be programs to improve resource management or increase structural conservation, that do not have an infrastructure component. The CAMP4W process has been designed to evaluate projects and programs that are intended to address climate adaptation needs. Because of this, not all projects that require Board approval will go through the CAMP4W process. Projects needed to maintain existing infrastructure and those that are not related to climate resilience will not be required to go through the process, however, the Board may request a CAMP4W evaluation if it would help inform their approval decisions. The distinction will be refined through the CAMP4W process over 2024.

Capital Projects: Every two years, the Metropolitan Board approves a biennial budget which includes its Capital Investment Plan (CIP). The CIP prioritizes needed capital investments to support core infrastructure refurbishment and replacement work, along with key additional initiatives like drought mitigation portfolio projects and sustainability initiatives. As part of Metropolitan's biennial budget process, Engineering Services Group develops a recommended two-year budget and expenditure plan for the CIP using a rigorous evaluation process that includes a risk analysis to identify and prioritize projects for implementation. During the CIP development process, all new and existing projects are evaluated against an objective set of criteria to ensure existing and future capital investments are aligned with Metropolitan's priorities for water supply reliability, water quality, and public safety.

The CIP evaluation criteria cover four characteristics or objectives for capital projects: Project Justification, Directive, Service Disruption, and Cost/Sustainability/Customer Service. In addition, a multiplier is applied to a project rating to factor in a risk assessment. For the evaluation, a CIP Evaluation Committee comprised of staff from Operations, Water Resource Management, Real Property, Engineering Services, Finance, Information Technology, Environmental Planning, Safety & Regulation, and External Affairs evaluate and score all project proposals. An iterative process is employed to first score and rank every new and existing project, and then solicit feedback

Characteristics or Objectives for Metropolitan Capital Planning



Project Justification



Directive



Service Disruption



Cost/Sustainability/Customer Service

from project sponsors, resource providers, and management to establish schedules and cash flow requirements. The resulting CIP for the upcoming two-year cycle comprises a mix of projects supporting Metropolitan's strategic plan and financial targets.

Replacement and Refurbishment Projects: System related tasks, such as conveyance pipeline or pump station repairs and other activities such as system-wide paving and roofing are categorized as replacement and refurbishment (R&R) projects. Many projects are non-discretionary and are timed for implementation to ensure continued operational function. Thus, CAMP4W evaluations will focus on investments aimed to meet CAMP4W resource-based and policy-based projects, as well as those projects or programs beyond an identified threshold that are designed to address a known climate vulnerability.

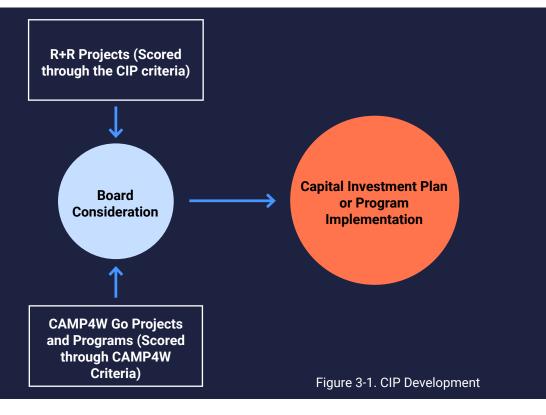
The CIP adopted for FY 2024/25 and 2025/26 includes ten programs ranging from Climate Adaptation and Drought Mitigation for SWP dependent areas to programs focused on elements of Metropolitan's regional water system including Dams and Reservoirs, Treatment Plant Reliability, and Water Quality. Projects within each program include new infrastructure as well as R&R. The Climate Decision-Making Framework (including the Evaluative Criteria developed through the CAMP4W process) will be used to evaluate investments that go beyond identified R&R needs. The intention is to not create a new or separate CIP timeline and process for CAMP4W evaluated projects, but rather to integrate CAMP4W evaluations into the existing CIP and budget approval process and timeline. Section 6 presents a discussion on the timeline and process that CAMP4W will be integrated into.

An important outcome of the CAMP4W planning process includes establishing the threshold that determines whether a project or program will be evaluated under the CAMP4W process. Some projects that are of a certain type or size will continue to be evaluated through Metropolitan's established CIP process while others will be evaluated under CAMP4W. Both evaluation pathways will lead to one comprehensive CIP.

Programs and Non-Capital Projects: Metropolitan is continually considering programs and projects to improve water and energy resource management and conservation. Examples include groundwater banking, conjunctive use, power sourcing, water efficiency direct install programs and more. These may not have associated infrastructure or physical assets and would not be evaluated within the CIP process. Nevertheless, they can be powerful climate adaptation strategies and will be considered within the CAMP4W process.

Urgent and/or Emergency Projects: The CAMP4W process is not intended to hinder the existing process for pursuing and implementing projects of an urgent or emergency nature, as will be further defined over 2024.

Focusing the projects and programs to be evaluated through the CAMP4W process allows the Board to make informed investment decisions that improve Metropolitan's adaptation to a changing climate and future uncertainty.



3.2 Project and Program **Evaluation Process**

Determining which Metropolitan project and programs will be evaluated through the CAMP4W Climate Decision-Making Framework will be a collaborative process for staff.

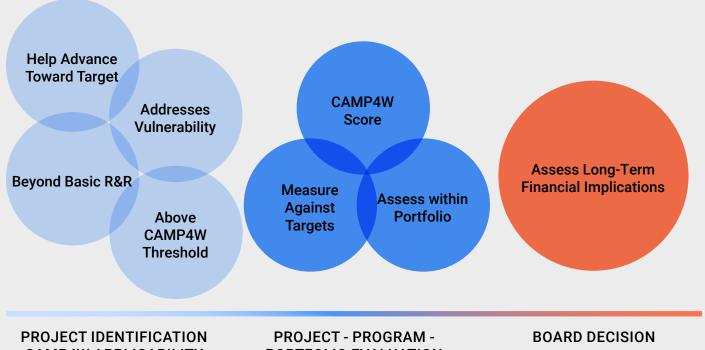
Once a proposed investment is identified as a CAMP4W project or program, it will be scored using the Evaluative Criteria, which were designed to focus investments on the guiding principles of the CAMP4W process: Reliability, Resilience, Financial Sustainability, Affordability and Equity. Using Metropolitan's system and financial models, project scores will be developed to reflect assessments of within Metropolitans existing system and modeled future conditions. It will also reflect potential financial impacts over time. These elements are laid out below.

Figure 3-1 presents an overview of the Board deliberation process for evaluating projects, programs, and portfolios, which is further discussed below.

DETERMINING CAMP4W CONSIDERATION

A "yes" answer to any of the following three questions means a project or program will be considered through the CAMP4W process.

- · Is the project or program providing a new core supply, flex supply, or storage, or is the project supporting a new core supply, flex supply or storage project?
- Is the project or program addressing a known vulnerability to an asset(s) and does it involve improvements beyond what would be required to perform traditional R&R for that asset?
- · Does the project or program work towards meeting a Time-Bound Target?
- Does the project or program exceed a certain flow based threshold (CFS or AFY) or cost threshold (capital or O&M cost)?



CAMP4W APPLICABILITY

PORTFOLIO EVALUATION

Modeling outputs will work together with the Evaluative Criteria, Time-Bound Targets, and Signposts described in Sections 2 and 6. Once a supply or storage project is identified as a potential opportunity, it will be modeled using Metropolitan's system model. This will estimate the project's benefits over time, which can be referred to as its "effective yield" - meaning the amount of water it would be expected to supply given factors such as fluctuating rainfall patterns or other factors. These values will be part of the scoring process using the Evaluative Criteria. Modeling outputs will also be used to demonstrate how a project is helping reach the Time-Bound Targets. Finally, during the ongoing adaptive management process, when Signposts are read and modeling assumptions are adjusted, the Board will be able to see how the project is expected to perform based on refined real-world conditions. This will allow the Board to revise investment decisions at each phase of a project or program as new information that impacts its benefit and performance becomes available.

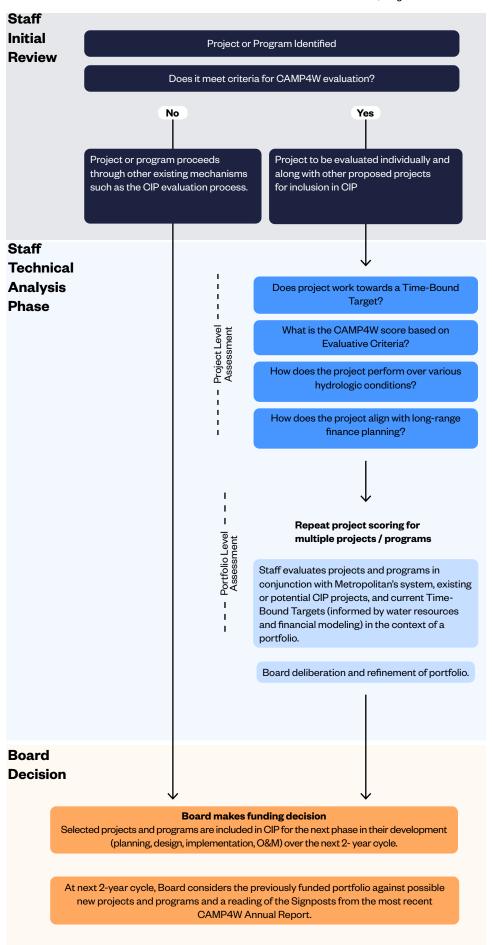
3.2.1 Portfolio Evaluation

Considering projects and programs as part of a portfolio will allow Metropolitan to understand the overall benefits of each project component as it relates to the whole. Staff will provide project and program evaluations as standalone evaluations along with a view on how a particular project or program would function within a portfolio. This provides a deeper understanding of the project or program's benefits and costs. Evaluating proposed projects and programs in portfolios addresses two key questions:

How will multiple potential supply and storage projects complement or interfere with one another?

- The Board will need to understand how potential supply and storage projects function together. If two projects address the same issue and do not complement one another, this is valuable information that will help Metropolitan understand that this is an "either/or" decision point.
- The Board will need to understand when a project is not a standalone project. Some examples include:
 - A storage project that requires a conveyance pipeline, pumping stations, and a new supply of energy. These could be considered separate project, but to fully understand the investment commitment, these projects should be evaluated together.
 - A supply project that would only make sense if a separate conveyance project was built.
 If the conveyance project is being considered separately, it would be critical to understand that the benefits from the new supply would only be seen if the conveyance project is built.

How do projects that are not



directly related to new supply or storage elements fit into the whole?

- Projects that improve system resilience and address a known vulnerability should be included in portfolios to create system wide reliability and resilience.
- Variability in the timing and development of different projects may not allow complete portfolios to be scored using the Evaluative Criteria, but providing the context of portfolios for projects and programs under consideration will provide a more comprehensive look at the benefits, risks, and true costs of proposed investments.

Metropolitan will continue to collaborate with Member Agencies, who have an in depth understanding of their local supplies, projects, programs and potential solutions.

PORTFOLIO: A GROUPING OF PROJECTS TO BE EVALUATED TOGETHER TO UNDERSTAND HOW THEY INTERACT

To the extent that a sufficient number and variety of projects are available to evaluate simultaneously at any given time, considering projects and programs in the context of portfolios will allow Metropolitan to see how they do or do not work together. By combining a portfolio evaluation with system modeling, we will be able to best understand what projects and programs can deliver the best results. As discussed in Section 6, CAMP4W projects/programs and portfolios will also be evaluated through the CIP and budget process to ensure comprehensive integration with all of Metropolitan's activities.



3.2.2 Assess Long-term Financial Implications

Affordability and financial sustainability are key themes identified by the Board that guide the CAMP4W process. It is critical that the financial impacts of any proposed project or program be understood as part of the evaluation process as they can have significant impacts on Metropolitan, its Member Agencies, and ultimately retail customers.

As is further described in Section 4, Metropolitan is developing a Long-Range Finance Plan (LRFP). A key outcome of this effort is the development of a financial model that allows the Board to understand the financial impacts of new projects and programs. Evaluating projects and programs through this lens will help Metropolitan remain financially sustainable and as affordable as it can.

The scoring process and Evaluative Criteria discussed in Section 2 recognize the importance of considering financial impacts of projects early on and throughout the adaptive management process. Unit cost is is the financial metric identified in the Evaluative Criteria. While Unit Cost is anticipated to be the financial metric used to score an individual project or program, Debt Leverage is expected to be a primary financial metric when evaluating a portfolioview.

Unit Cost includes both the cost per acre-foot of supply or storage, or the cost per unit for other projects or programs that are not supply or storage-related. This flexibility in the "unit" definition allows this metric to be utilized in a Financial metrics that will be integrated into the Evaluative Criteria include unit cost and debt leverage. Full financial evaluation will be integrated by including the CAMP4W process in Metropolitan's existing budget development process.

consistent manner against projects or programs of a similar type. Tracking the "effective unit cost" is important to consider in the evaluation of a project or program. The effective yield of a project (based on modeling outputs) as opposed to the gross yield or design capacity, is most relevant as the effective yield can vary based on hydrologic conditions, project share among participants, or other factors. While total costs will be documented, for the purpose of CAMP4W analysis, unit costs will reflect the cost to Metropolitan as opposed to total unit cost.

When an identified project cost falls within the range of unit costs assumed in the LRFP, a project score will positively reflect this. Where a project is more costly than the LRFP assumed unit costs, additional evaluation will be required to determine if the project should be considered further. This evaluation would include consideration for other multibenefits the project brings, exploration of alternative projects that address the need at a lower cost, and how critical the need for the project is. When a project is to be considered further, it's financial impacts will be evaluated as part of the Climate-Decision Making Framework.

Debt Leverage

Does the cost align with the assumptions in the LRFP?

How do costs compare with other projects or programs that provide like benefits?

Is this project within Metropolitan's financial capacity, and how much of the agency's capacity does it consume?

Debt Leverage focuses on (a) how much of Metropolitan's forecasted bond capacity a project and/or program would utilize; and (b) the projected annual debt service coverage requirements on the aggregate debt issued. Whether a project or program is eligible to be funded through bonds can have a significant impact on Metropolitan's short- and long-term costs. The ability to bond finance a project allows for generational equity – whereby current and future rate customers, who enjoy the benefits of a project or program, will pay their "fair share" of the associated costs. When aggregating projects and programs into a portfolio to address Metropolitan's overall reliability and resilience objectives, it is important to understand the combined financial costs and constraints. This financial metric will aid in determining the relative cost burden of a portfolio while meeting certain minimum annual debt service coverage thresholds. The combination of these two debt metrics (in addition to unrestricted reserve balances) reflect the key credit factors that impact Metropolitan's ratings, access to the capital markets, and cost of borrowing.

Business Model and Affordability

4.1 Role of Long-Range Finance Plan

The Long-Range Finance Plan (LRFP) is integral to planning for resource management to address climate adaptation and the reliability gaps identified in the IRP Needs Assessment. The initial Long-Range Finance Plan Needs Assessment (LRFP-NA) is the first phase in the process of providing the Board with information to support its decisions on a finance plan for funding new capital investments through 2045. The initial phase estimates the scale of potential capital investment requirements and overall water rate impacts associated with the four demand and supply scenarios taken from the 2020 IRP-Needs Assessment, which focuses on reliability and resilience to drought.

The ongoing long-range financial planning will consider the projects and programs needed to address all climate hazards. This will continue as the CAMP4W process progresses past the development of the decision-making framework and into the identification of specific proposed capital projects and programs that the Board determines are appropriate to achieve the Time-Bound Targets. Ongoing and iterative financial planning will be integrated with CAMP4W so as to incorporate updated resource needs and inform investment decisions.

Long-range finance planning will provide a tailored financial analysis to outline funding and financing strategies based on Board input on policy goals and objectives and the outputs from the CAMP4W planning process.

SUMMARY OF LRFP-NEEDS ASSESSMENT:

The LRFP-NA provides high-level guidance on the rate impacts and funding demands Metropolitan must consider for the water resource development needs identified in the IRP. Cost assumptions were developed based on estimated unit cost per acre-foot of either supply or storage as follows:

- Core supply unit cost: \$3,000/AF (2023\$).
- Storage unit cost: \$300/AF of storage capacity (2023\$).
- Flex supply unit cost: \$600/AF.

Rate and capital investment values are anticipated to change as the CAMP4W process continues and projectand program-specific costs are evaluated, consistent with an adaptive management approach to planning. Project and program development will further impact the categories of projects or programs needed (supply, storage, conveyance, increased system flexibility, system resilience projects, conservation programs, etc.), which will impact the total estimated costs.



Future updates to Metropolitan's finance planning process will be accomplished as part of the comprehensive CAMP4W process discussed in Section 6.

Financial planning to support identification of risk tolerance: Resource development decisions come with inherent risks and tradeoffs. One of the key risks facing Metropolitan is that demand conditions could deviate substantially from the capacity created by the selected development portfolio over the near- and long-term. Under the existing rate structure, if demand is lower than forecasted, it could result in higher rates. If demand is higher than forecasted, it could result in water shortages. Any resource development portfolio needs to balance rate increases against risks to reliability. To quantify the impacts of these risks, staff analyzed the rate impacts and net shortages caused by different demand levels on the IRP scenarios A through D. For example, assume that Metropolitan plans and develops resources to meet the demands in IRP D, but that projected demand does not materialize. Instead, assume what occurs is lower demands as projected in IRP A. In this sensitivity analysis, the over-development of core supply and storage to meet the unrealized projected demand in IRP D would result in substantially higher rates. The overall annual rate increase under this framework, based on Metropolitan's current rate structure, increases from 7.1 percent to 10.9 percent over the forecast period through 2032 and from 5.6 percent to 8.1 percent through 2045, assuming development of 250 TAF of storage. The additional costs associated with resilience to hazards beyond drought would further impact these calculations. Conversely, if Metropolitan plans to meet the conditions outlined in IRP A (no new resource development), but experiences the demands of

IRP D, Metropolitan could experience shortages of up to 300 TAF from 8 percent to 14 percent of the time through 2032. For the forecast period through 2045, Metropolitan could experience maximum shortages of up to 1.2 MAF from 0 percent to 66 percent of the time. These examples underscore the importance of an adaptive management approach that enables Metropolitan to regularly read the Signposts and make adjustments to minimize risks.



The iterative process between the CAMP4W project/ program evaluation and long-range finance planning will support the goal of identifying the most cost-effective decisions to meet the region's needs and risk tolerance. A key factor in the decision-making process will be to determine how best to balance risk and cost.



4.2 Business Model

Metropolitan's core business is structured around the sale of treated and untreated water through the importation of water. To conduct this core business, Metropolitan must develop and maintain a network of supportive facilities, which includes conveyance facilities, storage facilities, treatment facilities, and other associated infrastructure. Metropolitan must also undertake additional responsibilities such as regional planning, design, water quality monitoring, maintenance, permitting, and other tasks necessary to provide a reliable supply of treated and untreated water. The Board and Member Agencies have expressed an interest in evolving Metropolitan's role in the region for financial sustainability purposes and to foster further development of local supply and storage options to address the reduced reliability of imported supplies. With the whiplash of alternating severely dry and severely wet weather, water demands and supplies follow a similar fluctuation and can disrupt necessary revenue streams. While the current Business Model has successfully facilitated the delivery of safe and reliable water for decades, adjustments to Metropolitan's business model could improve the ability of Metropolitan to serve the needs of its Member Agencies in the face of a changing climate and the level of investment necessary to prepare Metropolitan for the future. Metropolitan will be discussing the purpose, desired outcome, and components of the Business Model with the Board and Member Agencies in 2024. This is intended to involve reviewing Metropolitan's current Business Model, identifying the problem statement, evaluating the role Metropolitan may take moving forward, and determining how the existing Business Model should be updated and revised to address Metropolitan's problem statement and goals. As a twodirectional process, some Business Model decisions may impact other CAMP4W components at the same time as those components may inform the Business Model decisions.

Across the nation utilities are faced with the challenge of evaluating their ability to maintain financial sustainability in the face of an uncertain climate, increased operational and capital costs, aging infrastructure, and expectations of greater equity (such the need to invest disproportionally in areas that historically have experienced under investment). Metropolitan faces similar challenges and has the added challenge of facing the potential for reduced water demands due to climate volatility, conservation and increased local supply.

These challenges support the examination of Metropolitan's existing revenue structure and the consideration of new revenue structures to support Metropolitan's continued role in the region and financial sustainability.



Metropolitan will be exploring multiple components that could be included in the updated Business Model to ensure the Business Model facilitates:

- · Addressing equity and fairness concerns in current rates and charges, including the treatment surcharge.
- · Capturing the value of Metropolitan's role in conservation, water use efficiency and local water resources development.
- Exchange of water resources and sharing of assets between Member Agencies.
- Expanding local capacity and regional benefits through Metropolitan co-investing in local resource development.
- Providing regional support to Member Agencies to develop affordability strategies for their customers across the region, including but not limited to technical or policy guidance, advocacy for state and federal action or funding, and fiscal capacity to facilitate external grants or other funding.
- · Identifying additional revenue streams through increased monetization of assets and properties, grants, and service delivery.
- Exploring mechanisms for expanding financial capacity to make necessary investments and considering the balance between fixed and volumetric rates.

4.3 Addressing Affordability

A series of affordability panel discussions were conducted during Equity, Inclusion, and Affordability (EIA) Board Committee meetings in 2023 and early 2024. These affordability discussions are informing the Board's CAMP4W process and expanded on initial CAMP4W thematic statements on affordability and equity, which serve as guideposts in the development of the Climate Decision-Making Framework and evaluative criteria. Each panel was comprised of representatives from different sectors, including but not limited to non-governmental organizations, Member Agencies, utilities, and researchers. Metropolitan's role as a wholesale water provider naturally focuses its affordability strategies on the rates charged to its Member Agencies, not to retail customers. However, Metropolitan efforts to provide tools, direct programs, and support funding mechanisms can directly affect Member Agencies and the customers they serve. Metropolitan and its Member Agencies are also informed by California's

Human Right to Water (HR2W) Policy, AB 685 (2012), which states that "...every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes." Although not applicable to Metropolitan or other local agencies, this policy broadly applies to state agencies when revising, adopting, or establishing policies, regulations, or criteria. Currently domestic HR2W minimum indoor water use during curtailment is recognized as 55 gal./person/day (GPCD), reference Cal. Code Regs. Tit. 23, § 878.1.

Based on the affordability panels, Board and Member Agency input and community engagement thus far, staff will pursue options in the following categories during the CAMP4W process in 2024. Additional items can be added based on ongoing discussions and feedback.

 Statewide and Federal Advocacy: There was consensus among many panelists for Metropolitan to take an active role in advocating for statewide and federal policies that support water affordability. This includes supporting



legislation for statewide low-income rate assistance programs and seeking federal funding opportunities to offset the costs of essential water infrastructure projects.

- Collaboration and Information Sharing: Increased collaboration and information sharing among Member Agencies on successful affordability and conservation programs would allow agencies to learn from each other and adopt best practices suited to their unique circumstances.
- Leverage Non-Rate Revenues: Metropolitan could explore utilizing non-rate revenues to fund affordability programs. This approach could involve leveraging assets, partnerships, and grants to support low-income communities and conservation programs targeting disadvantaged communities. As an example, SFPUC uses approximately \$12 Million in annual real property lease revenue to fund its low-income assistance program.
- Investment in Education and Outreach: Discussions stressed the need for Metropolitan to invest in educational initiatives to ensure that affordability programs reach and are utilized by those most in need. This could

- involve targeted outreach efforts and partnerships with community organizations to raise awareness about available assistance programs.
- Policy and Program Innovation: Metropolitan was encouraged to continue exploring innovative policies and programs that address both system-level and householdlevel affordability challenges. This might involve working with Member Agencies on exploring new billing structures, subsidies for low-income households, and programs that reduce the water bill impact on vulnerable populations.
- Needs Assessment and Metrics: Methodologies to identify, assess and address any inequities in benefits and services provided helps Metropolitan appropriately target its resources and programs. The team will also explore Time-Bound Targets focused on benefiting underserved communities, ensuring meaningful community engagement as well as options for advancing greater affordability for Board consideration through the CAMP4W process.



NEXT STEPS

- ► Develop mutual understanding of current business model and objectives for refinement
- ► Establish the schedule for ongoing integration with the 10-year financial forecast
- ► Incorporate risk analysis into the Board's investment decisionmaking
- ► Consider business model alternatives
- ► Identify how Metropolitan can pursue options that advance affordability and equity goals

Policies and Initiatives

5.1 Policies and Initiatives

Policies will provide direction in how Metropolitan will achieve resource development goals, establish new or maintain existing initiatives, where initiatives include specific programs, issues for further study or research, or other activities identified by the Board to pursue CAMP4W goals. Some areas where Metropolitan has or will be focusing policy efforts are expressed in the Policy-Based Time-Bound Targets (Section 2). Additional polices and initiatives will also be developed in this process. Areas of development for 2024 are included below.

SHAPING OUR FUTURE

Policies that focus on being equitable, forward-thinking, and environmentally sustainable can shape the direction Metropolitan takes into the future, impacting investment decisions and the footprint we leave behind.



EQUITABLE SUPPLY RELIABILITY

While Metropolitan's Resource-Development targets identify the supply and storage needs for long-term reliability, the decision to specifically focus on areas experiencing inequity is driven by policy-based targets. Metropolitan's policy goals can further identify the types of measures it will prioritize towards meeting these goals.



LOCAL AGENCY SUPPLY DEVELOPMENT

The IRP Needs Assessment assumes a certain amount of local supply will remain available overtime. By developing policies that focus on supporting Member Agencies in their efforts to protect, preserve, and share those supplies, Metropolitan will define its preference towards continuing to support local supply reliability as a key resource.



CONSERVATION AND EFFICIENCY

Metropolitan embraces Making Conservation a California Way of Life, by considering policies and programs that capture the true value of water efficiency and conservation to achieve our goals of long-term reliability, resilience and financial sustainability. This includes policies to support Member Agency compliance with SWRCB standards.



RESILIENT INFRASTRUCTURE

Assessing climate risks and expanding Metropolitan's current robust process of asset protection is critical. As our climate and risks shift, policies that direct Metropolitan to identify and address risks based on future conditions will help guide investment decisions.



SUSTAINABILITY

As an environmental steward, current and new Metropolitan policies can contribute to long-term environmental sustainability including reducing our greenhouse gas emissions, increasing energy and water efficiency, pursuing renewable energy and reducing waste.



SURPLUS WATER MANAGEMENT

Policies can support Metropolitan's management of surplus water such as during flooding events or when excess recycled water is available, by developing additional storage within existing basins and reservoirs and through new opportunities.



ECOSYSTEM AND HABITAT BENEFITS

Healthy ecosystems can impact water quality, water supply, and infrastructure resilience. Policies can drive investment to make the ecosystem more resilient to fires, flooding and other risks, protect the water quality coming from the watershed, influence supply reliability, and protect infrastructure from risk of loss or damages.



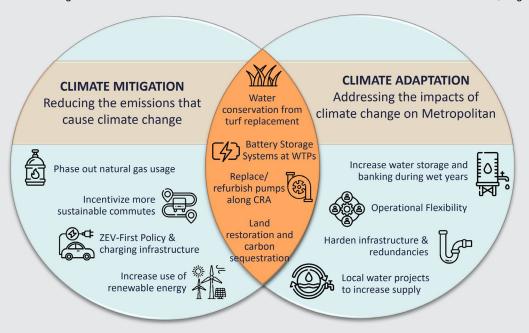
COMMUNITY EQUITY AND AFFORDABILITY

Metropolitan is committed to diversity, equity, and inclusion, through policies such as mitigating impacts to disadvantaged communities or engaging underrepresented communities in workforce development, and those that consider affordability and Metropolitan's role as a wholesaler.



WORKFORCE DEVELOPMENT

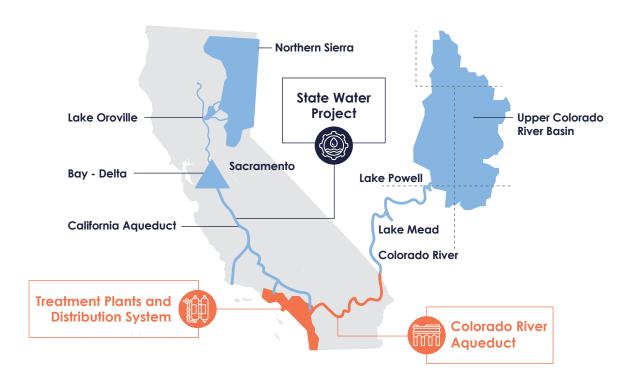
Preparing for a future with increased climate extremes drives the need for critical policies surrounding workforce development goals and Metropolitan's process for protecting employees operating under extreme or otherwise risky conditions.



5.2 Partnership Opportunities

Throughout the CAMP4W process, the Board and Member Agencies have expressed a shared commitment to working collaboratively to prepare for a changing climate. Discussions have emphasized the importance of partnerships and collaboration among Metropolitan and Member Agencies as we work towards identifying adaptive solutions that meet our Resource- and Policy-Based Targets and provide regional benefits.

Collaboration with external partners, both within and outside of Metropolitan's service area such as those who rely on the same sources of our imported water, is also critical in achieving Metropolitan's goals. As shown in Figure 5-2, Metropolitan's assets and supplies cross multiple regions. Considering how to expand integrated planning and collaboration through "out of the box" thinking could result in broader benefits, such as increased reliability and cost savings.



5.2.1 Metropolitan and Member Agency Partnerships Opportunities

Metropolitan has long partnered with Member Agencies on projects and programs through its Local Resources Program (LRP). This program facilitates Metropolitan contributing funds to Member Agency projects that increase local water supplies and reduces the region's dependence on imported water, thereby reducing Metropolitan's resource development needs.



Demand Management



Surplus Water Management



Member Agency Exchange



Local Resources Program



Community Engagement



Grants & Technical Assistance

As Metropolitan contemplates the most effective and efficient use of its financial resources, exploring additional opportunities to maximize the use of existing assets within the region is a critical piece of the evaluation process. This could include water supply elements, such as exploring additional storage opportunities within the groundwater basins or evaluation of excess supply options, as well as resilience opportunities or opportunities to support conservation and other programs. CAMP4W will facilitate discussions among Metropolitan and Member Agencies to understand the extent to which collaboration should be planned for and what Metropolitan's role will be.

Additionally, through the CAMP4W process, Metropolitan will establish how Metropolitan can facilitate similar partnerships between Member Agencies. This could include facilitating discussions on opportunities to convey water from an agency with excess supply but limited storage to an agency with excess storage but limited supply availability, or by facilitating how this type of exchange would work financially and operationally.

CAMP4W will establish the extent to which Metropolitan and Member Agencies intend to work collaboratively towards shared goals by maximizing the assets we already have, and being strategic in how we identify new reliability and resilience projects.

5.2.2 Additional External Partnership and Collaboration Opportunities

Shared goals and challenges present opportunities for Metropolitan to continue to explore partnerships with other water suppliers, State and Federal agencies, business and agricultural interests, community-based and environmental organizations, and many other entities. Metropolitan is actively working with business and agricultural entities on projects and research on new approaches that improve water efficiency and offer other benefits for carbon capture and sequestration. Metropolitan is also building relationships with community-based and environmental organizations to support their efforts to build capacity to undertake larger projects and programs in collaboration with public agencies. Beyond the value of understanding the needs and interests of other communities and industries, these efforts better leverage grant funding for the region as it becomes available through state and federal programs.

Metropolitan's interests extend far beyond the boundaries of its service area. As a wholesaler of imported water, it relies on supplies that are also critical to other agencies and communities in California and the West. Metropolitan has long partnered with water districts, community organizations and agencies within the Bay-Delta watershed and within the Colorado River Basin. As each of these regions face similar climate vulnerabilities and challenges, opportunities to co-invest, maximize local resources, and diversify water supplies will grow in importance.

In upcoming conversations on the Business Model and specific project and program investments, new and expanded partnership models will be considered to:

- 1. Enhance opportunities to maximize co-benefits
- 2. Improve returns on investment and financial outcomes
- 3. Increase efficiencies
- 4. Build relationships and trust



LOS ANGELES COUNTY SANITATION DISTRICTS

Metropolitan is partnering with LACSD on Pure Water Southern California, a proposed water reuse program that would redirect treated wastewater into an advanced water treatment facility to produce up to 150 million gallons per day of purified water. If approved, this program would reduce discharges to the ocean, increase local water supply, reduce pressure on imported sources of water, leverage district resources and assets, and allow the two agencies to share the costs.



AGRICULTURAL PARTNERS IN PALO VERDE VALLEY

Metropolitan continues to work with farmers along the Colorado River to conserve water and invest in water efficiency and soil health measures. This partnership results in water savings, local economic benefit, soil health and increased potential to store atmospheric carbon.

5.3 Community Engagement

Public engagement in the CAMP4W process is essential to public support and acceptance for implementation, and importantly public trust. It is the means to ensure transparency and provide opportunities for diverse voices to raise their priorities, concerns, and ideas with Metropolitan and the Member Agencies. In the first year, Metropolitan focused on developing communication tools and engagement strategies in collaboration with Member Agencies. CAMP4W has a prominent presence on Metropolitan's website (mwdh2o.com/camp4w) with information and a library of resources. A video was created along with an information sheet to communicate the purpose and key ideas. Four listening sessions were held with environmental and community-based organizations to seek their input on themes, evaluative criteria, community equity and more. Metropolitan has presented CAMP4W in numerous public meetings, including to the boards of several Member Agencies as part of presentations by the Chair of the Board and the General Manager. Community engagement activities will increase over the coming months to ensure the Task Force has the benefit of community input in preparing the full plan for Board consideration. In collaboration with the Member Agencies, planned activities include workshops, listening sessions, forums, presentations, tabling at community events and work with community-based and tribal organizations.

- ► Develop and consider policies and initiatives
- ► Explore Metropolitan and Member Agency partnership opportunities
- ► Pursue external partnership and collaboration opportunities
- ► Continue community engagement

Adaptive Management

6.1 Adaptive Management Approach

Through the CAMP4W process, the Board and Member Agencies have identified the adaptive management approach to be the path forward as Metropolitan embarks on its journey into this era of planning under deep uncertainty. Adaptive management will allow Metropolitan to continuously re-evaluate real-world conditions to adjust investment decisions based on the best available information at the time a decision needs to be made. It will allow Metropolitan to make decisions and course correct if conditions change or alternatives become available.

Phased decision-making is not new to Metropolitan. Significant projects have been assessed by the Board incrementally, allowing the Board to weigh the project or program's benefits and costs at natural intervals. The adaptive management framework embraces this established process and adds specific metrics to track real-world conditions. This allows CAMP4W evaluations and inputs to be adjusted when needed. Figure 6-2 presents the Adaptive Management Process.

Incremental decisions based on real-world conditions will allow the Board to avoid, to the maximum extent possible, over or under investing. Committing to advance early phases of a project or program in the short term does not force Metropolitan to commit to funding that project over the long term if conditions or information changes. The Board will ultimately have the flexibility to change course, when needed, through the Adaptive Management process.

Adaptive Management Process

Planning for Rapid Change and Adjusting based on Real World Conditions

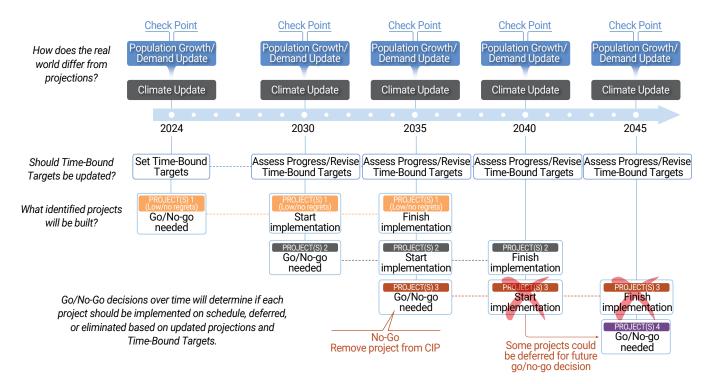


Figure 6-1 Adaptive Management Process

6.2 Signposts and Monitoring

A key part of the Adaptive Management Process involves reading Signposts to understand the real-world conditions and determine if the Time-Bound Targets need to be revised, which would in turn impact investment decisions. The Signposts must be based on metrics that are measurable and readily available so that Metropolitan staff can provide valuable updates to the Board.

Throughout 2024, the Task Force will work towards developing specific metrics under each of the categories shown in Figure 6-2. These metrics will be reviewed annually and presented to the Board as part of the CAMP4W Annual Report, as discussed further in the following section. The regularly updated Signpost data will be a critical factor in the Adaptive Management process and will facilitate the Board's ability to make informed, incremental decisions based on up-to-date information. With the CAMP4W process designed to align with Metropolitan's current CIP program, the Board will be positioned to change course as needed over time.

Proposed Signposts Metrics Examples

Signposts should be measurable, updatable, and readily available

DEMAND	SUPPLY	INFRASTRUCTURE	FINANCIAL	
Population	Climate Change Indicators	Unexpected Shutdowns	O&M Trends	
Economy	Regulations	Infrastructure Loss	Capital Cost Trends	
Local Agency Supply	Storage	Emergency Response	Emergency Response Costs	
Demand Management Water Quality		Power Interruptions		
Regulations		Connectivity and Robustness		
Figure 6-2 Adaptive Management Process		Infrastructure Capability		

6.3 CAMP4W Reporting and Updates

Adaptive management requires monitoring of conditions over time and revisiting past decisions on a regular basis. The CAMP4W planning process has been designed to follow a five-year cadence to ensure the Board has the information necessary to advance projects. This process will be done in three phases:

Annually. Metropolitan staff will prepare a CAMP4W Annual Report and hold a CAMP4W Annual Workshop to provide the Board with the tools it needs to understand the impacts of past decisions and to make informed decisions going forward. The first update will be prepared by the end of 2024. The annual report will include:

• Reading of the Signposts: Metropolitan will prepare a summary report that lists each signpost and provides an update on data, trends, or a timeframe when an update would be available, depending on the Signpost (e.g., population trends can be provided annually, but global climate

projections will not be updated at that same frequency).

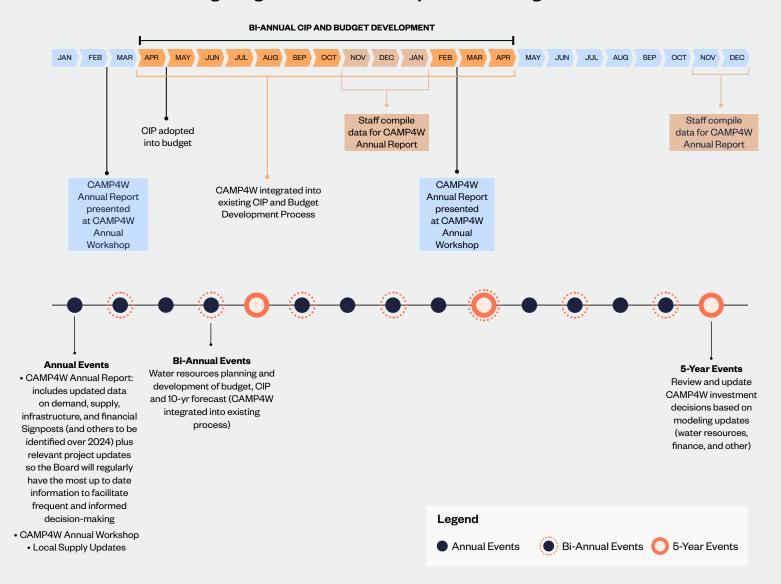
- · Recommended updates to the Time-Bound Targets: Based on findings from the reading of the Signposts, Metropolitan will revisit the Time-Bound Targets if the new information suggests that developing towards the then-current Time-Bound Targets will result in over- or under-developing.
- Project updates as needed: Metropolitan will include a brief update on projects or programs included in the previous CIP as well as updates on any projects or programs.

Bi-annually. CAMP4W projects and programs will be evaluated for inclusion in the bi-annual CIP and budget. Project and program evaluation will follow the evaluation process discussed in Section 3. This will be informed by the Annual Report, Signposts, and Time-Bound Targets as well as the CIP and budget process.

Every Five Years. As time goes by and conditions change, more extensive planning and evaluation will be needed. This five year update will include a comprehensive CAMP4W update, inclusive of water resources and finance updates.

Figure 6-3 CAMP4W Deliverable Timeframe

Integrating CAMP4W into Metropolitan's Existing Processes



6.4 Identification of Go Projects and Programs

As discussed in Section 3, the CAMP4W projects to include in the CIP and budget will be developed based on a robust evaluation at the project and program level. These projects and programs will be evaluated for funding of a given phase (planning, design, implementation, O&M), and through the Adaptive Management process, Metropolitan will have the opportunity to continue to fund subsequent phases, put a project or program on hold until further information is made available, or to remove a project from the CIP. This will provide the Board with control over the catalogue of investment decisions made over time, while allowing progress to continue to progress annually.

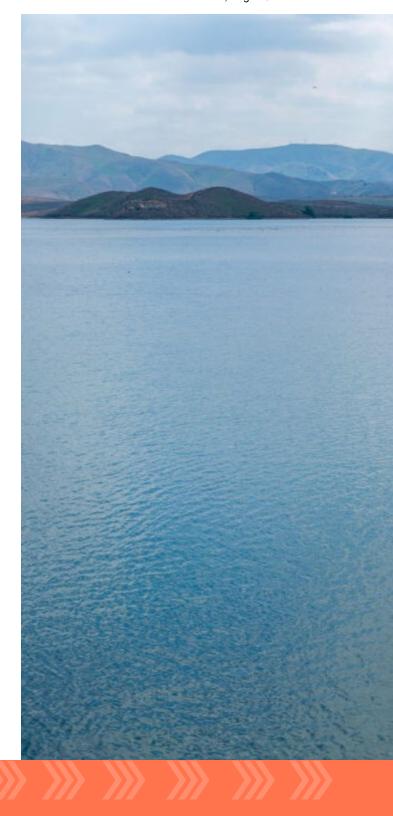


As the initial CAMP4W plan is developed over 2024, a series of "Go" projects and programs will be identified. Early advancement of these projects and programs would occur prior to the completion of the CAMP4W process as described in Section 6.3. These projects and programs will represent the first subset of projects and programs identified to meet critical Time-Bound Targets and will consist of projects and programs already being evaluated by the Board, including the State Water Project Dependent Areas Go Projects listed below. Use of Evaluative Criteria will support alignment with Board priorities and early advancement will allow the Board to make immediate progress toward goals.

As will be further defined over 2024, Metropolitan's evaluation of future projects will take into consideration any updates to the Time-Bound Targets that may arise as the modeling assumptions are refined to reflect the most up-to-date data available, which may result in revisions to the Time-Bound Targets.

State Water Project Dependent Areas Go Projects

Project Type	Project Title	Project Phase
	Wadsworth Bypass Line	In Construction
System Flexibility Improvements:	Inland Feeder/Rialto Pipeline Intertie	In Construction
DVL Storage to Rialto Pipeline Delivery	Inland Feeder Badlands Tunnel Surge Protection Facility	In Construction
	Sepulveda Feeder Pumping Stage 1	In Construction
System	Sepulveda Feeder Pumping Stage 1	In Construction
Flexibility Improvements: Operational	Burbank Service Connection B-5 to B-5A Shift	In Planning/ Design
Shift	TVMWD Miramar Pumpback Upgrade	In Planning/ Design



NEXT STEPS

- ► Refine Adaptive Management and how to institutionalize it into Metropolitan's processes
- ► Further develop Signposts and specific metrics
- ► Develop CAMP4W Annual Report Template
- ► Refine process for integrating CAMP4W projects into CIP and budget
- ► Identify early "Go Projects" and program opportunities
- ► Continue development of dashboard and digital support tools



The Metropolitan Water District of Southern California

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

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Attachm	ent 2 - Member	Agency written	comments on CAMP4W Year One Progress Report distributed May 2024		
Date	Agency	Category	Comment	Response	
	Calleguas Municipal Water District	Member Agency Involvement	We appreciate the documentation of the State Water Project Dependent Area Go Projects in Section of 6.4 of the Progress Report. Pursuant to the Metropolitan Board's commitment in its August 16, 2022 "Call to Action" resolution and commitment to regional reliability for all member agencies, the inclusion of these projects demonstrates that the CAMP4W process can respond to climate change even as the details of the plan continue to be developed. The involvement of the six member agencies in the SWP-D area in developing potential solutions, including the State Water Project Dependent Area Go Projects, provides a model of cooperative adaptation.	Noted. See revision on Page 3-5.	
	Calleguas Municipal Water District	Involvement	Section 3.2.1 has an excellent description of how the individual projects may contribute to the performance of a portfolio as a whole. While Metropolitan staff and its consultants have expertise on Metropolitan's resource mix and facilities, member agency managers possess knowledge that may uniquely contribute to the analysis of CAMP4W projects and portfolios. In particular, the member agency managers are best positioned to inform Metropolitan's analyses on probable local responses to Metropolitan's resource strategies. As with the member agency collaboration to develop solutions to address issues in the SWP-D areas and the ongoing coordination with Metropolitan's Pure Water SoCal and the City of Los Angeles' Operation Next, including explicit coordination with and input from member agencies in the portfolio evaluation process will improve that process.	discussions and further Member Agency input. Metropolitan welcomes your ideas on how to best expand on these concepts, including input on opportunities for additional collaboration among Metropolitan and Member Agencies.	
			In previous comments on the CAMP4W process, Calleguas has noted that Board governance is critical to equity considerations in aligning who pays, who benefits, and who decides. The issue has also been raised by others on the CAMP4W Task Force; in fact, it was the most commonly cited additional issue by Task Force members, as discussed at the April 24, 2024 Task Force meeting. We recognize governance is a politically fraught issue, but ignoring it may perpetuate structural distortions in the decisions we collectively face in adapting to climate change. We believe discussing the origin of the current governance structure, the diversity of member agencies' current financial and resource interests, and how best to meet our collective future challenges would usefully inform the business model.	Noted. This suggestion will be addressed in Business Model refinement discussions.	
			Additionally, we appreciate the documentation of the priority of addressing the treated water surcharge as part of the business model discussion. The Metropolitan Board's commitment to prioritize this issue was included in its adoption of biennial budget on April 9, 2024 as follows: Metropolitan will work with member agency staff and the CAMP4Water Task Force to understand and analyze the treatment surcharge and specifically address issues that arise from that analysis including but not limited to modifying the way the charge is calculated. A final method will be prioritized as part of the new business model discussion and recommended for adoption as soon as possible thereafter but no later than approval of the new business model.	Noted. This suggestion will be addressed in Business Model refinement discussions.	
	Calleguas Municipal Water District	Overall	Multiple editorial comments	Revised.	
5/3/2024	Inland Empire Utilities Agency	Time-Bound Targets	We believe that prior to finalization of the Time-Bound Targets, it would be helpful for all stakeholders to continue to discuss and understand their basis, rationale, and implications. This would help ensure the targets provide meaningful guideposts for evaluating potential investments, similar to the resource targets in previous planning efforts. Key issues to address include: 1) The data, assumptions, and modeling supporting the draft targets 2) Alignment of target amounts and timing with supply and demand projections 3) Lessons learned from Metropolitan's experience in achieving previous IRP targets	Noted. Additional discussions over 2024 surrounding the Time-Bound Targets and Signposts will include discussion on each of these elements.	

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	Elsinore Valley Municipal Water District	Commitment to Public Health	Many things will change when this planning process is over, however, we want to be assured that Metropolitan remains committed above all else, to ensuring and protecting public health. As a public water system, and in coordination with your mission 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, that is your primary responsibility. While we appreciate scenario planning, adaptive management, conservation, efficiency, carbon neutrality, environmental stewardship, and innovation, these become secondary to ensuring and protecting public health. If you need examples of those systems that prioritized other things, including cost, please be reminded of Flint, Michigan, and most recently, Jackson, Mississippi. Water Quality is at the core of ensuring and protecting public health. Water quality regulations for Maximum Contaminant Levels, or Response Levels, require three years or less to comply – including piloting treatment options, designing treatment facilities, building the facilities themselves, and operating them to meet state and or federal deadlines. While I appreciate the CAMP benefits, this process does not allow for water quality regulation compliance timelines, nor does it allow for public health assurance.	Public health impacts have and will remain critical to Metropolitan. The CAMP4W process does not hinder Metropolitan's ability to continue its high standard of water quality and public health protection. On the contrary, CAMP4W addresses climate threats comprehensively to ensure that Metropolitan's core mission, to deliver safe and realiable water, continues to be possible in an uncertain furture.	
	Elsinore Valley Municipal Water District	Commitment to Public Health	System Water Quality should also be exempt from the CAMP process. For example, the extended Nitrification issue Metropolitan experienced this year. This was not the first time this has happened, and with demands remaining below average, this will more than likely occur more frequently. While from a CAMP perspective it may seem System Water Quality Improvements belong within this process, from a Water Quality and Public Health perspective, they do not. Nitrification is an acute public health issue. The world-class water quality experts Metropolitan has employed should have the flexibility to make system water quality recommendations that go directly to the Board of Directors for consideration. Member Agencies and Sub-Retail Agencies count on the highest quality water from Metropolitan consistently for direct customer delivery as well as blending to meet a wide variety of drinking water regulations.	prevent Metropolitan from responding appropriately to urgent or acute needs. The Climate Decision-Making Framework will facilitate the Board in making informed investment decisions over time, from a long-term planning standpoint and from a biannual CIP and budget standpoint, while taking into consideration a multitude of climate risks that Metropolitan and the region faces. This long-term planning process is intended to better prepare Metropolitan over time, with the goal of being	
	Elsinore Valley Municipal Water District	Commitment to Public Health	Elsinore Valley Municipal Water District strongly recommends the following: 1. A statement be added to the Executive Summary reaffirming Metropolitan's commitment to public health in all climate conditions rather than being left for inference. 2. Water Quality improvements or investments that are necessary for regulatory compliance be exempted from the CAMP4W process. 3. System Water Quality improvements that address acute public health issues and threats be exempted from the CAMP4W process.	Language has been added to the executive summary to address comment #1. Regarding items 2 and 3, since the CAMP4W process is not intended to prohibit or negatively impact water quality improvements or rapid decision making for urgent matters, at this time there appears to be no reason to exempt certain types of projects from the process. It should be noted that the threshold for what projects are to be considered through the CAMP4W process has not been fully defined, as discussed in Section 3.2, but initial Task Force discussions identified the potential of including a cost-based and size-based metric for determining what projects and programs would be processed within CAMP4W, where CAMP4W is intended to be integrated into the existing CIP and budget process/timeframe.	
5/3/2024	City of Los Angeles	Investments	As Metropolitan embarks on charting the course of its future, there must be recognition of the significant historical investments Member Agencies have made into Metropolitan, as well as their own local supplies, that provide significant benefits for the entire region of Metropolitan's service territory.	Noted.	
5/3/2024	City of Los Angeles	Scenario Planning	Scenario Planning – Metropolitan's CAMP4W process should incorporate the best information and assumptions into the adaptive management process. For example, scenarios developed during Metropolitan's 2020 Integrated Resource Plan based on past assumptions, studies, and/or reports may no longer reflect the latest social and economic conditions and trends and should be evaluated and updated if necessary. Scenarios that will be used for multi-billion dollar investment decisions are extremely important to the evaluation and outcome.	See revisions to Section 2.2.2. Modeling will be updated as part of the adaptive management process, which will allow the Board to utilize the most up-to-date information available when investment decisions are made. While these updates will be made regularly thereafter, the IRP defined four scenarios will continue to be utilized, with the assumptions used in the modeling process being updated over time to reflect the most recent available information at the time.	
5/3/2024	City of Los Angeles	Adaptive Management	Adaptive Management – Metropolitan should establish a transparent process for adaptive management, up front, by identifying the current trend and potential signposts when evaluation and/or decisions will be made on major investments, along with identifying potential off-ramps. A data-driven approach using the latest available information and trends will establish an accurate starting point.	Agreed. Metroplitan will be updating the assumptions utilized in the 2020 IRP to provide the Board with the most relevant data available as decisions are made.	

5/3/2024	City of Los Angeles	Signposts	Signposts – Signposts that may influence water demand forecasts need to be established up front	The Signpost cateogries presented in Section 6 will be further developed
3/3/202	on, o. 2007gc.co	38. , poste	and continually monitored. For example, "Equitable Supply Access" or "Supply Access Equity" signposts are reflected in the 2022 Human Health and Safety allocation in the State Water Project dependent areas due to limited access to regional supplies and storage. Additional signposts, such as housing, wages, and inflation impacts should be evaluated because of the significant influence on the demand forecasts.	throughout 2024, with specific metrics developed under each category based on discussions with the Task Force, industry standards, and
5/3/2024	City of Los Angeles	Business Model	Business Model – A clear understanding of the purpose and desired outcome of Metropolitan's business model is necessary as deliberations of a new business model begin. A comprehensive analysis, including a gap analysis and current business model risks, would be helpful for transparency before any potential restructuring of Metropolitan's current rate and financial structure.	Noted. Text added to Section 4.2 to refer to defining the purpose and desired outcome. The Task Force will be involved throughout the process which may involve identification of additional action items and next steps.
5/3/2024	City of Los Angeles	Fixed Revenues	Fixed Revenues – It is important to have agreement and clear understanding of what constitutes as fixed revenue for Metropolitan when determining if fixed revenues are balanced with fixed expenses. Metropolitan's minimum annual sales of approximately 1.2 million acre-feet based on lowest forecasted sales and the San Diego County Water Authority-Imperial Irrigation District water exchange revenues should be considered as fixed revenue, in addition to other fixed revenue from property taxes, capacity, standby, and readiness-to-serve charges. In considering changes in the balance of fixed versus variable charges, MWD should evaluate the impact on supply reliability, affordability, and the need to conserve water.	Noted. Business model discussions will be based on Metropolitan's current and projected financial considerations. This suggestion will be addressed in Business Model refinement discussions.
5/3/2024	City of Los Angeles	Transparency	Transparency is paramount, especially a transparent adaptive management approach that can preserve rate affordability, using data-driven analyses to make strategic and timely investments while ensuring we address the climate crisis and its impacts, which is the intention of the CAMP4W process and plan. Any new financial and business model refresh should be made with the commitment to avoid unintended liabilities and financial burdens to its Member Agencies and their customers. The City of Los Angeles understands that comments raised by Board Directors and Member Agency Managers in recent CAMP4W meetings will be addressed and incorporated into the CAMP4W report and documentation before Metropolitan advances its planning efforts.	As a Board-led process, the CAMP4W process is evolving in a transparent, collaborative manner, such that comments and discussion items are being integrated into the CAMP4W process as it unfolds. As the business model discussions are in the early stages, and will be a critical development over 2024, the CAMP4W Year One Progress Report will not fully capture all comments pertaining to that topic. However, as 2024 progresses, additional Working Memoranda will be developed across a range of topics as committed to in the Year One Progress Report. These items will be further discussed at subsequent meetings, reflected in Working Memoranda, and incorporated into the comprehesive CAMP4W, which will be revised subsequently through the adaptive management process.
	Las Virgenes Municipal Water District	Time-Bound Targets	Page 2, Last Paragraph. The time-bound target categories listed do not match the categories shown on pages ES-7 and 2-4. Add "equitable supply reliability" and "local agency supply" to the first sentence. "The Draft Report also includes a preliminary list of Signposts that will be used to monitor real-world conditions and inform adjustments to Evaluative Criteria and Time-Bound Targets, including core supply, flex supply, local agency supply, storage, equitable supply reliability, and conservation and efficiency programs."	See response under 5/3/2024 comment (duplicate)
	Las Virgenes Municipal Water District	Time-Bound Targets	Time-Bound Targets. The dates and time-bound target categories listed do not match the dates and categories shown on pages ES-7 and 2-4. Consider modifying this sentence. "Set near-, mid-, and long-term targets for core supply, flex supply, local agency supply, storage, equitable supply reliability, conservation and efficiency programs, and other targets as needed and identified."	
, ,	Las Virgenes Municipal Water District	Policies, Initiatives and Partnerships	Policies, Initiatives, and Partnerships. The range of potential regional supply gaps among Member Agencies needs to be addressed, as well as the infrastructure constraints. Please modify this sentence. "Implement policies, initiatives, and regional partnerships that will achieve the resource-based and policy-based targets in order to address (1) the range of potential regional supply gaps among Member Agencies and (2) infrastructure constraints".	See response under 5/3/2024 comment (duplicate)

	Las Virgenes	Time-Bound Targets	Pages ES-7 and 2-4. Time-Bound Targets Table. After listening to the dialogue at the	See response under 5/3/2024 comment (duplicate)
1	Municipal Water		Joint Task Force Meetings, we agree with other agencies that regional GPCD targets	
	District		should not be used. There are equity issues associated with regional GPCD targets due	
			to differences in land use and climate zones within Metropolitan's service area. Member	
			Agencies should not be "evaluated" based on a regional GPCD target. Each Member	
			Agency should identify, track, and monitor their own GPCD target. We support the other	
			time-bound targets identified for Demand Management and Regional Water Use	
			Efficiency.	
	Las Virgenes	Signposts	Pages ES-8 and 2-5. Signposts. Another signpost for consideration under the supply	Revised.
	Municipal Water		category is "Infrastructure Capability". Infrastructure performance should be tracked and	
	District		monitored regularly. The information collected can be used to identify future adaptive	
			management actions and help ensure equitable supply reliability.	
	Las Virgenes	Section 1	Page 1-1, Insert – Top of Page. As indicated in the August 16, 2022, Board Letter and	See response under 5/3/2024 comment (duplicate)
	Municipal Water		Resolution affirming Metropolitan's call to action and commitment to regional reliability, the	
	District		unprecedented challenges faced by the agencies in the State Water Project-dependent	
			areas were due to infrastructure constraints and water supply shortages. Please modify	
			the text in this paragraph. "Infrastructure constraints coupled with three consecutive years	
			of recent drought left the State Water Project-dependent areas with shortages, threatening	
			the health and wellbeing of our residents".	
4/3/2024	Las Virgenes	Section 1	Page 1-7, Middle of Page. A few bullet points refer to the "network". The meaning of	See response under 5/3/2024 comment (duplicate)
	Municipal Water		"network" is unclear. Consider modifying the fourth bullet. "Clearly understand the	
	District		Metropolitan/Member Agency network of water resource supplies and infrastructure to	
			determine opportunities to provide additional connectivity".	
5/3/2024	Las Virgenes	Process	Item 3b – PowerPoint Presentation, LTRPPBM Subcommittee March 27, 2024	Agreed. The determination of projects and programs that will be
	Municipal Water		•Slide 16. This slide illustrates which projects will be assessed in CAMP4W. This is an important	evaluated through CAMP4W as well as the Board deliberation process
	District		topic which merits further discussion at the Joint Task Force Meetings. It appears R&R projects	will be refined through 2024.
			will be scored through the standard CIP process while all other projects will be scored through the	=
			CAMP4W process. Our concern is that too many CIP projects might be sent to the CAMP4W Joint	
			Task Force making the process slow and burdensome. We recommend that the Joint Task Force	
			reviews and scores projects with a strong nexus to climate adaptation and drought mitigation. All	
			other projects (e.g., R&R, regulatory, facility expansions, process improvements, seismic	
			upgrades, security, etc.) should be reviewed and scored through the standard CIP process. Also,	
			because of their knowledge and background, it might be appropriate for Metropolitan staff to	
			provide the initial screening to determine which projects or programs should be reviewed by the	
			Joint Task Force. Staff can summarize and present the screening results to the Joint Task Force as	
			needed.	
	Las Virgenes	Time-Bound Targets	Page ES-2, Time-Bound Targets. The dates and time-bound target categories listed do	Agreed; revised.
	Municipal Water		not match the dates and categories shown on pages ES-7 and 2-4. Consider modifying	
	District		this sentence. "Set near-, mid-, and long-term targets for core supply, flex supply, local	
			agency supply, storage, equitable supply reliability, conservation and efficiency programs,	
			and other targets as needed and identified."	
	Las Virgenes	Policies, Initiatives	Page ES-2, Policies, Initiatives, and Partnerships. The range of potential regional supply	See revisions.
	Municipal Water	and Partnerships	gaps among Member Agencies needs to be addressed, as well as the infrastructure	
	District		constraints. Please modify this sentence. "Implement policies, initiatives, and regional	
			partnerships that will achieve the resource-based and policy-based targets in order to	
			address (1) the range of potential regional supply gaps among Member Agencies and (2)	
			infrastructure constraints".	
	Las Virgenes	Time-Bound Targets	Pages ES-7 and 2-4, Time-Bound Targets Table. After listening to the dialogue at the	See revisions.
	Municipal Water		Joint Task Force Meetings, we agree with other agencies that regional GPCD targets	
	District		should not be used. There are equity issues associated with regional GPCD targets due	
			to differences in land use and climate zones within Metropolitan's service area. Member	
			Agencies should not be "evaluated" based on a regional GPCD target. Each Member	
			Agency should identify, track, and monitor their own GPCD target. We support the other	
			time-bound targets identified for Demand Management and Regional Water Use	

	Las Virgenes	Signposts	Pages ES-8 and 6-2, Signposts. We support the four infrastructure signposts presented.	Agreed; revised.
	Municipal Water		Another infrastructure signpost for consideration is "connectivity and robustness". The	
	District		events of 2022 that occurred in the State Water Project-dependent areas were a clear	
			signpost that significant infrastructure constraints existed and needed to be addressed.	
			Infrastructure performance in terms of connectivity and robustness should be tracked and	
			monitored regularly. The information collected can be used to identify future adaptive	
			management actions and help ensure equitable supply reliability.	
5/3/2024	Las Virgenes	Process	Pages ES-9 and 3-4, Flow Chart. The flow chart suggests that Metropolitan staff will	The CAMP4W process is being developed to be transparent and inclusive.
	Municipal Water	FIOCESS	conduct the project-level and portfolio-level assessments. We recommend that a scoring	The scoring process will be conducted by Metropolitan staff and reported
			l . ' ' '	, , ,
	District			
			assembled to conduct these assessments.	information and provide comment uniformly.
5/3/2024	Las Virgenes	Process	Page 1-1, Insert – Top of Page. As indicated in the August 16, 2022, Board Letter and	See revisions.
	Municipal Water		Resolution affirming Metropolitan's call to action and commitment to regional reliability, the	
	District		unprecedented challenges faced by the agencies in the State Water Project-dependent	
			areas were due to infrastructure constraints and water supply shortages. Please modify	
			the text in this paragraph. "Infrastructure constraints coupled with three consecutive years	
			of recent drought left the State Water Project-dependent areas with shortages, threatening	
			the health and wellbeing of our residents".	
5/3/2024	Las Virgenes	Section 1	Page 1-7, Middle of Page. A few bullet points refer to the "network". The meaning of	Revised.
	Municipal Water		"network" is unclear. Consider modifying the fourth bullet. "Clearly understand the	
	District		Metropolitan/Member Agency network of water resource supplies and infrastructure to	
	DISTRICT		determine opportunities to provide additional connectivity".	
F /2 /2024	Las Virganas	Time-Bound Targets		Revised.
	Las Virgenes	Time-Bound Targets	1 5	Revised.
	Municipal Water		nine time-bound target categories. A definition for Equitable Supply Reliability is not	
	District		included. Please include a definition for Equitable Supply Reliability. We also ask that the	
			definition includes a reference to the August 16, 2022, Board resolution and commitment	
			to regional reliability.	
5/3/2024	Las Virgenes	CIP development	Page 3-2, Figure 3-1 CIP Development. This figure illustrates two possible evaluation	The distinction between which projects and programs will be evaluated
	Municipal Water		pathways leading to one comprehensive Capital Investment Plan. It appears R&R	using the CAMP4W process will be refined over 2024, including what
	District		projects will be scored through the standard CIP process while all other projects will be	threshold or other factors would apply.
			scored through the CAMP4W process. Our concern is that too many CIP projects might	
			be scored through the CAMP4W process making the process slow and burdensome. We	
			recommend that only projects with a strong nexus to climate adaptation and drought	
			mitigation be scored using the CAMP4W evaluation pathway. All other projects (e.g.,	
			R&R, regulatory, facility expansions, process improvements, seismic upgrades, security,	
			letc.) should be reviewed and scored through the standard CIP evaluation pathway.	
5/3/2024	Las Virgenes	Process	Page 3-3, Insert, Determining CAMP4W Consideration. The criteria shown to determine if	Added additional bullet
	Municipal Water	1100033	a project or program should be considered through the CAMP4W process needs to be	Added additional bullet.
	•		expanded. Any project or program that advances a CAMP4W time-bound target (i.e.,	
	District			
			resource-based and/or policy-based) should be considered through the CAMP4W	
= /0 /005			process.	
	Las Virgenes	Business Model	Page 4-5, Next Steps, Revised Business Model. The Next Steps should include some	Revised.
	Municipal Water		initial Business Model investigations including: (1) Review and summarize Metropolitan's	
	District		current Business Model so everybody is starting from the same point, (2) Clearly identify	
			the problem Metropolitan is trying to address, (3) determine the role of Metropolitan	
			moving forward (e.g., importer of supplemental water supplies or an expanded role to	
			include local resources ownership and development, etc. and (4) determine how the	
			existing Business Model should be updated/revised to address Metropolitan's problem	
			statement and goals.	
5/3/2024	Las Virgenes	Business Model	•We recognize the importance of revising Metropolitan's Business Model at this time and	Noted. This suggestion will be addressed in Business Model refinement
	Municipal Water		commend Metropolitan for initiating this effort.	discussions.
	District		•The challenge at this point will be to expedite and focus this effort so something	
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			•We strongly support the idea of forming a subgroup of the Business Model Workgroup to	
			, , ,	

 San Diego County Water Authority	Evaluation process	It is our understanding that the May draft Report will be revised to be clear that no projects or programs will be evaluated through the CAMP4W process until the scenarios are updated and time bound targets modified accordingly. Based on this understanding, we are pleased to express concurrence with the Report as a statement of where we are in the CAMP4W process at this moment in time, as a progress report—not as a basis for planning, reviewing, nor approving programs or projects	Consistent with an Adaptive Management approach, staff will be annually updating the inputs to the IRP needs assessment and resulting scenarios, and the Board may choose to adjust Time-Bound Targets accordingly. Staff will provide an annual update of inputs by the end of 2024. Starting in 2026, annual updates will be provided in the beginning of each year. These annual updates will help inform Board investment decisions over time. However, the Board can and should make timely decisions on programs and projects as opportunities become ripe for consideration, which may often be determined by external forces and timelines. Annual updates help ensure that decisions are made with the best available information while scenario planning contextualizes that information in the inherent uncertainties of forecasting the future.
San Diego County Water Authority		We look forward to board deliberation of the many issues to be addressed as part of the ongoing CAMP4W process as described in the draft Report. At the forefront, we would like to focus again on two critical foundational issues as part of the board's next steps: 1) how to maximize use of existing resources and facilities, including member agency local resource investments, before approving new MWD projects and programs; and 2) updating the planning premise ("scenario") used to set the ("time-bound") water supply development targets in Section 2's "decision making framework" to reflect current, real world conditions ("plausible reality") before any projects or programs are presented to the board through the evaluative process.	Noted. See responses below.
 San Diego County Water Authority	Process	We provided detailed comments on the February 29 CAMP4W Report focusing at a high level on affordability, adaptive management, equity, and reliability. We reiterate these concerns, which many other board members also expressed, but which are not yet addressed in the current draft progress Report. Again, we look forward to ongoing productive discussion among board members.	Noted. Each of these topics will be further discussed as the process continues through 2024.
San Diego County Water Authority	Adaptive Management	As MWD board members, we are all accountable to MWD ratepayers and the agencies we represent. Water Authority board members expect MWD to update ("adaptively manage") the water supply development targets in the Report given broad agreement that Scenario D does not present a "plausible" future for the near-, mid-, nor long-term and could result in unnecessary rate increases and stranded assets that member agencies and their ratepayers can ill afford. We appreciate the assurances from staff that this update will be done before the MWD Board is asked to approve any new water supply or climate investments. We also appreciate assurances by staff that MWD will first build into the planning process the ability to maximize the use of all existing resources and facilities (MWD and member agency) before recommending or advancing new projects that may as a result, not be necessary.	Metropolitan will be updating the assumptions used in the 2020 IRP to refine the scenarios and evaluate whether there has been any change in the projected gap. Metropolitan's Board has directed staff to plan towards RCP 8.5, which aligns with Scenarios C and D. Planning towards a supply gap that could occur and adaptively managing investment decisions over time is intended to reduce the risk of being ill prepared in the future (allocations and shortages) while reducing the risk of stranded assets (over-development). This iterative process will be further defined over 2024 and will continue to be a Board-led process, whereby risk tolerance in either direction will be refined. The 2024 process will also explore Metropolitan and Member Agencies' interests in collaborating further, which will be a key part of the 2024 process.
 San Diego County Water Authority	Affordability	The most important measure MWD can take to address affordability in Southern California is to carefully plan and mitigate its own spending to "right-size" current and future investments according to the needs of its member agencies and affordability constraints. This must be done working in close collaboration with MWD's 26-member agency customers and we look forward to continued reports on staff's efforts to do so.	Agreed and noted.

	10 Agency Letter (EMWD, FMWD,		The Draft Report outlines progress since February 2023 and delineates the next steps for 2024. Progress to date encompasses efforts to establish the values and priorities of the Board and	Staff seeks Board concurrence that the Draft Report is representative of the planning process to date as well as the delineated next steps. This
ľ	MWDOC, Pasadena		Member Agencies, components of a Climate Decision-Making Framework, Time-Bound Targets,	recognizes that the CAMP4W is an iterative process subject to change
	Water and Power,		and the process for identifying projects and programs for evaluation.	based on new information and analyses. This action of concurrence is not
	Three Valleys		, , , , , ,	a statement or adoption of policy.
	MWD, Upper San		How will the Board action of a "Concurrence" impact the dynamic nature of this process? We seek	i i i i i i i i i i i i i i i i i i i
	Gabriel Valley		confirmation that this action does not equate to a board-adopted policy.	
	MWD, Western			
	Water and the			
1	cities of Burbank,			
	Glendale, and Santa			
	Monica)			
5/6/2024	10 Agency Letter	Time-Bound Targets	The description of the Joint Task Force Charter (page 3-2) references "Time-Bound Targets: Set	See revised language. Additional modifications will be discussed over
	(EMWD, FMWD,		targets to achieve by 2026, 2032, and 2045 for efficiency, conservation (including GPCD across the	1
	MWDOC, Pasadena		entire service area)." However, to align with the discussions and outcomes of the Task Force,	
1	Water and Power,		footnote 5 on pages ES-7 and 2-4 states, "Specific [targets] will be identified later this year based	
	Three Valleys		on final SWRCB standards as well as Metropolitan's overall demand management target. The	
	MWD, Upper San		target will be designed to track water use efficiency trends by sector over time and will take local	
	Gabriel Valley		conditions, including climate, into consideration."	
	MWD, Western		conditions, moreaning annually into constant actions	
	Water and the		We, the undersigned, express concern regarding the use of Gallons Per Capita Per Day (GPCD) as a	
1	cities of Burbank,		time-bound target of value. Calculating a community's total water use per capita does not	
	Glendale, and Santa		accurately measure water use efficiency. A gross GPCD value fails to account for the unique water	
	Monica)		needs of different communities within the Metropolitan's service area. Arid communities	
	.v.oou,		requiring more irrigation for parks, fields, schools, and yards would be disadvantaged, as would	
			communities hosting water-intensive businesses such as food and beverage production,	
			manufacturing, and agriculture. Additionally, the GPCD metric favors population centers along the	
			coast with milder climates and lower irrigation demands.	
5/6/2024	10 Agency Letter	Time-Bound Targets	To maintain equity in measurement, any target involving GPCD should consider only indoor	See revised language. Additional modifications will be discussed over
	(EMWD, FMWD,		residential GPCD—total residential water use divided by total residential population. While not	2024.
ĺ	MWDOC, Pasadena		perfect, this approach would offer a more equitable comparison of communities within	
,	Water and Power,		Metropolitan's service area. Assigning a regional GPCD target that averages data from all	
	Three Valleys		communities within Metropolitan would not benefit the Metropolitan member agency family.	
	MWD, Upper San		Furthermore, dividing the total water produced or imported within the service area by the	
	Gabriel Valley		population lacks meaning, considering the dynamic factors of population growth, industrial	
	MWD, Western		changes, fluctuating weather patterns, and the increasing demand for outdoor irrigation due to	
	Water and the		climate change.	
	cities of Burbank,			
(Glendale, and Santa			
	Monica)			
5/6/2024	10 Agency Letter	Evaluation process	We are pleased to note that Section 2.2.1 outlines the proposed Evaluative Criteria, which will	See updated language on Section 2.2.1 and the executive summary.
ĺ	(EMWD, FMWD,		undergo workshops with the Board and Member Agencies throughout 2024. Additionally, it	
Í	MWDOC, Pasadena		specifies that the scoring components of each Evaluative Criteria category will be refined over the	
[]	Water and Power,		course of 2024, as depicted in the points distribution illustrated on pages ES-6 and 2-3.	
	TI 1/1			
	Three Valleys			
[MWD, Upper San		It is important to highlight that the Evaluative Criteria Scoring will consist of quantifiable,	
	,		It is important to highlight that the Evaluative Criteria Scoring will consist of quantifiable, meaningful, and measurable metrics. This approach supports a data-driven evaluation process for	
	MWD, Upper San			
	MWD, Upper San Gabriel Valley		meaningful, and measurable metrics. This approach supports a data-driven evaluation process for	
	MWD, Upper San Gabriel Valley MWD, Western		meaningful, and measurable metrics. This approach supports a data-driven evaluation process for	
1	MWD, Upper San Gabriel Valley MWD, Western Water and the		meaningful, and measurable metrics. This approach supports a data-driven evaluation process for	
1	MWD, Upper San Gabriel Valley MWD, Western Water and the cities of Burbank,		meaningful, and measurable metrics. This approach supports a data-driven evaluation process for	

5/6/2024	10 Agency Letter	Evaluation process	Considering projects and programs as part of a portfolio will enable Metropolitan to grasp the	The CAMP4W process itself will be designed for transparency and	
3/0/2024	(EMWD, FMWD,	Lvaidation process	comprehensive benefits of each project component in relation to the whole. Staff will furnish	discussion with the Task Force. As such, staff output will be presented to	
	MWDOC, Pasadena		project and program evaluations as standalone assessments, coupled with insights into how a	the Task Force as a whole.	
	Water and Power,			the rask roice as a whole.	
	· ·		particular project or program would integrate within a portfolio.		
	Three Valleys		NA		
	MWD, Upper San		We recommend the establishment of a scoring committee comprising Metropolitan staff and		
	Gabriel Valley		representatives from Member Agencies to conduct these assessments.		
	MWD, Western				
	Water and the				
	cities of Burbank,				
	Glendale, and Santa				
	Monica)				
5/6/2024	10 Agency Letter	Business Model	Section 4.2 includes a list of components that could be included in the updated Business Model	This suggestion will be addressed in Business Model refinement	
	(EMWD, FMWD,		discussions.	discussions.	
	MWDOC, Pasadena				
	Water and Power,		We suggest that the section initiates with (1) a clear understanding of Metropolitan's current		
	Three Valleys		Business Model; (2) identification of the problem Metropolitan is addressing, categorized as a		
	MWD, Upper San		factor of Metropolitan's role and core function, Rate refinement, or New revenue opportunities;		
	Gabriel Valley		and then (3) identification of the components Metropolitan will include in the Business Model		
	MWD, Western		discussion with respect to the problem(s) and goals.		
	Water and the				
	cities of Burbank,				
	Glendale, and Santa				
	Monica)				
5/6/2024	10 Agency Letter	Business Model	In addition, updating the Business Model is foundational and critical to Metropolitan's future,	Noted. This suggestion will be addressed in Business Model refinement	
, ,	(EMWD, FMWD,		therefore we encourage ample time and resources be allocated for the robust deliberation that	discussions.	
	MWDOC, Pasadena		needs to occur to accomplish the task successfully.		
	Water and Power,		,		
	Three Valleys		We offer the following graphic to illustrate the interrelation of the three primary problem/goal		
	MWD, Upper San		factors.		
	Gabriel Valley		Table 13.		
	MWD, Western				
	Water and the				
	cities of Burbank,				
	Glendale, and Santa				
	,				
	Monica)				
			METI- D.I. 0		
			MET's Role & Core Function		
			Corcination		
			New		
			Revenue		
			Oppotunities Refinement		
-					
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-					

Attachment 2 – Member Agency Comments Received

Draft CAMP4W Year One Progress Report

Calleguas Municipal Water District

Inland Empire Utilities Agency

San Diego County Water Authority

Las Virgenes Municipal Water District

City of Los Angeles

City of Burbank Water and Power

Eastern Municipal Water District

Foothill Municipal Water District

City of Glendale Water Services

Municipal Water District of Orange County

Pasadena Water and Power

City of Santa Monica

Three Valleys Municipal Water District

Upper San Gabriel Valley Municipal Water District

Western Municipal Water District

From: Kristine McCaffrey
To: Camp4Water

Cc: Henry Graumlich; Ian Prichard; Jacquelyn McMillan; Schaffer, Carolyn A

Subject: Calleguas Comments on CAMP4W Draft Year One Progress Report

Date: Friday, May 3, 2024 11:47:32 AM

Thank you for the opportunity to submit comments on the CAMP4W Draft Year One Progress Report. It is our understanding that these comments will help inform the presentation of the Progress Report to the Metropolitan Board's Finance and Asset Management Committee on May 14, 2024 and the subsequent implementation of CAMP4W through the Subcommittee on Long-Term Regional Planning Processes and Business Modeling (CAMP4W Task Force).

Member Agency Involvement

We appreciate the documentation of the State Water Project Dependent Area Go Projects in Section of 6.4 of the Progress Report. Pursuant to the Metropolitan Board's commitment in its August 16, 2022 "Call to Action" resolution and commitment to regional reliability for all member agencies, the inclusion of these projects demonstrates that the CAMP4W process can respond to climate change even as the details of the plan continue to be developed. The involvement of the six member agencies in the SWP-D area in developing potential solutions, including the State Water Project Dependent Area Go Projects, provides a model of cooperative adaptation.

Section 3.2.1 has an excellent description of how the individual projects may contribute to the performance of a portfolio as a whole. While Metropolitan staff and its consultants have expertise on Metropolitan's resource mix and facilities, member agency managers possess knowledge that may uniquely contribute to the analysis of CAMP4W projects and portfolios. In particular, the member agency managers are best positioned to inform Metropolitan's analyses on probable local responses to Metropolitan's resource strategies. As with the member agency collaboration to develop solutions to address issues in the SWP-D areas and the ongoing coordination with Metropolitan's Pure Water SoCal and the City of Los Angeles' Operation Next, including explicit coordination with and input from member agencies in the portfolio evaluation process will improve that process.

Business Model, Governance, and the Treated Water Surcharge

In previous comments on the CAMP4W process, Calleguas has noted that Board governance is critical to equity considerations in aligning who pays, who benefits, and who decides. The issue has also been raised by others on the CAMP4W Task Force; in

fact, it was the most commonly cited additional issue by Task Force members, as discussed at the April 24, 2024 Task Force meeting. We recognize governance is a politically fraught issue, but ignoring it may perpetuate structural distortions in the decisions we collectively face in adapting to climate change. We believe discussing the origin of the current governance structure, the diversity of member agencies' current financial and resource interests, and how best to meet our collective future challenges would usefully inform the business model.

Additionally, we appreciate the documentation of the priority of addressing the treated water surcharge as part of the business model discussion. The Metropolitan Board's commitment to prioritize this issue was included in its adoption of biennial budget on April 9, 2024 as follows:

Metropolitan will work with member agency staff and the CAMP4Water Task Force to understand and analyze the treatment surcharge and specifically address issues that arise from that analysis including but not limited to modifying the way the charge is calculated. A final method will be prioritized as part of the new business model discussion and recommended for adoption as soon as possible thereafter but no later than approval of the new business model.

We look forward to working with the Metropolitan Board and staff and our fellow Metropolitan member agencies to ensure that CAMP4W and business model processes deliver on this Board commitment.

Thank you for your consideration of these comments on behalf of Calleguas.

Kristine McCaffrey, P.E.
General Manager
Calleguas Municipal Water District

From: Shivaji Deshmukh
To: Camp4Water

Cc: Christiana Daisy; Michael Hurley

Subject: CAMP4W Taskforce: Comments on Draft Year One Progress Report

Date: Friday, May 3, 2024 5:01:09 PM

Attachments: <u>ieualogo blue 16456a e608be46-8d11-4c13-af88-f446139fe507.png</u>

werehiring d10e3190-0baa-4cb0-b4be-5ef696e27881.pnq connectwithus c8082cf8-163c-45e4-ba36-ed66c63e7a1a.pnq 4 twitter f83a9290-b3c0-4273-b13a-0c4780600cde.pnq 01 facebook 32d369e2-d6a3-4107-adea-0fc504dbecee.pnq 2 instagram daefae77-223a-4342-b4cb-b3878148da63.pnq 5 indeed fbd1807f-9c70-4ca0-bad7-a78d5355d628.pnq 3 youtube 1e27c064-35b0-451a-a59a-9be6498225f4.pnq

Dear Ms. Crosson,

On behalf of the Inland Empire Utilities Agency (IEUA), I would like to provide comments on the Climate Adaptation Master Plan for Water (CAMP4W) Year One Progress Report. We appreciate the significant work that has gone into developing this initial framework for adapting to climate change impacts on our region's water resources and infrastructure.

The draft report lays a solid foundation by defining the CAMP4W themes, establishing the Climate Decision-Making Framework with Evaluative Criteria, and proposing initial Time-Bound Targets and Signposts to guide adaptive management. These elements provide a starting point for this critical long-term planning effort.

We believe that prior to finalization of the Time-Bound Targets, it would be helpful for all stakeholders to continue to discuss and understand their basis, rationale, and implications. This would help ensure the targets provide meaningful guideposts for evaluating potential investments, similar to the resource targets in previous planning efforts.

Key issues to address include:

- 1) The data, assumptions, and modeling supporting the draft targets
- 2) Alignment of target amounts and timing with supply and demand projections
- 3) Lessons learned from Metropolitan's experience in achieving previous IRP targets

We request that Metropolitan engage in further dialogue with member agencies and stakeholders in the coming months to build shared understanding around the specific targets and how they will guide climate adaptation investments.

IEUA is committed to working collaboratively through the CAMP4W process to establish ambitious yet achievable targets for ensuring the long-term reliability, resilience, and sustainability of our region's water resources amidst a changing climate. We view this as an iterative process with opportunities to adjust course as conditions evolve and new information emerges.

Thank you for considering our input. We look forward to continued engagement as Metropolitan further develops its long-term climate adaptation strategy.

Shivaji Deshmukh, P.E.

General Manager



"Water Smart - Thinking in Terms of Tomorrow" 6075 Kimball Ave / Chino, California 91708
Tel: 909-993-1730 / Fax: (909) 993-1985 EMail: sdeshmukh@ieua.org Website: www.ieua.org



May 2, 2024

Matt Petersen, Chair of Subcommittee on Long-Term Regional Planning Processes and Business Modeling
Gail Goldberg, Board Vice Chair
Adán Ortega, Board Chair
Metropolitan Water District of Southern California
700 N. Alameda Street
Los Angeles, CA 90012
Electronic copy via email Camp4Water@mwdh2o.com

RE: Comments on April 24 CAMP4W Draft Year One Report¹

Dear Chair Petersen, Board Vice Chair Goldberg, and Board Chair Ortega:

First, I want to thank each of you for your many hours and work to date advancing the CAMP4W process on behalf of our board of directors, with the hope and promise of making historic changes to ensure the long-term sustainability of MWD. I also want to acknowledge and express my appreciation for the dedicated work by General Manager Hagekhalil and his staff over the past several months, culminating in the draft Year One Progress Report ("Report") presented at the April 24 Subcommittee on Long-Term Regional Planning Processes and Business Modeling.

It is our understanding that the May draft Report will be revised to be clear that no projects or programs will be evaluated through the CAMP4W process until the scenarios are updated and time bound targets modified accordingly. Based on this understanding, we are pleased to express concurrence with the Report as a statement of where we are in the CAMP4W process at this moment in time, as a progress report—not as a basis for planning, reviewing, nor approving programs or projects.

We look forward to board deliberation of the many issues to be addressed as part of the ongoing CAMP4W process as described in the draft Report. At the forefront, we would like to focus again on two critical foundational issues as part of the board's next steps: 1) how to maximize use of existing resources and facilities, including member agency local resource investments, before approving new MWD projects and programs; and 2) updating the planning premise ("scenario") used to set the ("time-bound") water supply development targets in Section 2's "decision making framework" to reflect current, real world conditions ("plausible reality") before any projects or programs are presented to the board through the evaluative process.

¹ We provided <u>preliminary input on the proposed CAMP4W evaluative criteria on December 10, 2023</u> and <u>comments on the February 29 CAMP4W Subcommittee report 3b on March 12, 2024</u>, and incorporate those letters by reference.

We provided detailed <u>comments on the February 29 CAMP4W Report</u> focusing at a high level on affordability, adaptive management, equity, and reliability. We reiterate these concerns, which many other board members also expressed, but which are not yet addressed in the current draft progress Report. Again, we look forward to ongoing productive discussion among board members.

As MWD board members, we are all accountable to MWD ratepayers and the agencies we represent. Water Authority board members expect MWD to update ("adaptively manage") the water supply development targets in the Report given broad agreement that Scenario D does not present a "plausible" future for the near-, mid-, nor long-term and could result in unnecessary rate increases and stranded assets that member agencies and their ratepayers can ill afford. We appreciate the assurances from staff that this update will be done before the MWD Board is asked to approve any new water supply or climate investments. We also appreciate assurances by staff that MWD will first build into the planning process the ability to maximize the use of all existing resources and facilities (MWD and member agency) before recommending or advancing new projects that may as a result, not be necessary.

The most important measure MWD can take to address affordability in Southern California is to carefully plan and mitigate its own spending to "right-size" current and future investments according to the needs of its member agencies and affordability constraints. This must be done working in close collaboration with MWD's 26-member agency customers and we look forward to continued reports on staff's efforts to do so.

Sincerely.

cc: CAMP4W Task Force Members

fors tong-taking

MWD Board of Directors

Lois Fong-Sakai, CAMP4W Task Force Member on behalf of Water Authority's MWD Delegation

Adel Hagekhalil, MWD General Manager

Liz Crosson, MWD Sustainability, Resiliency, and Innovation Officer

Dan Denham, Water Authority General Manager and CAMP4W Task Force Member

Marty Miller, Water Authority MWD Delegate

Tim Smith, Water Authority MWD Delegate and Finance and Asset Management Chair

Water Authority Board of Directors

² Like MWD, the Water Authority is grappling with the financial impacts of reduced sales and focused on avoiding stranding assets or making investments that may not be necessary.

May 3, 2024

Las Virgenes Municipal Water District

Member Agency Comments

LTRPPBM Subcommittee April 24, 2024

Climate Adaptation Master Plan for Water – Draft Year One Progress Report

- Page ES-2, Time-Bound Targets. The dates and time-bound target categories listed do not match
 the dates and categories shown on pages ES-7 and 2-4. Consider modifying this sentence. "Set
 near-, mid-, and long-term targets for core supply, flex supply, local agency supply, storage,
 equitable supply reliability, conservation and efficiency programs, and other targets as needed
 and identified."
- Page ES-2, Policies, Initiatives, and Partnerships. The range of potential regional supply gaps among Member Agencies needs to be addressed, as well as the infrastructure constraints.
 Please modify this sentence. "Implement policies, initiatives, and regional partnerships that will achieve the resource-based and policy-based targets in order to address (1) the range of potential regional supply gaps among Member Agencies and (2) infrastructure constraints".
- Pages ES-7 and 2-4, Time-Bound Targets Table. After listening to the dialogue at the Joint Task
 Force Meetings, we agree with other agencies that regional GPCD targets should not be used.
 There are equity issues associated with regional GPCD targets due to differences in land use and
 climate zones within Metropolitan's service area. Member Agencies should not be "evaluated"
 based on a regional GPCD target. Each Member Agency should identify, track, and monitor their
 own GPCD target. We support the other time-bound targets identified for Demand
 Management and Regional Water Use Efficiency.
- Pages ES-8 and 6-2, Signposts. We support the four infrastructure signposts presented. Another
 infrastructure signpost for consideration is "connectivity and robustness". The events of 2022
 that occurred in the State Water Project-dependent areas were a clear signpost that significant
 infrastructure constraints existed and needed to be addressed. Infrastructure performance in
 terms of connectivity and robustness should be tracked and monitored regularly. The
 information collected can be used to identify future adaptive management actions and help
 ensure equitable supply reliability.
- Pages ES-9 and 3-4, Flow Chart. The flow chart suggests that Metropolitan staff will conduct the
 project-level and portfolio-level assessments. We recommend that a scoring committee
 consisting of Metropolitan staff and representatives from Member Agencies be assembled to
 conduct these assessments.
- Page 1-1, Insert Top of Page. As indicated in the August 16, 2022, Board Letter and Resolution
 affirming Metropolitan's call to action and commitment to regional reliability, the unprecedented
 challenges faced by the agencies in the State Water Project-dependent areas were due to
 infrastructure constraints and water supply shortages. Please modify the text in this paragraph.
 "Infrastructure constraints coupled with three consecutive years of recent drought left the State

- Water Project-dependent areas with shortages, threatening the health and wellbeing of our residents".
- Page 1-7, Middle of Page. A few bullet points refer to the "network". The meaning of "network" is unclear. Consider modifying the fourth bullet. "Clearly understand the Metropolitan/Member Agency network of water resource supplies and infrastructure to determine opportunities to provide additional connectivity".
- Page 2-5, Time-Bound Targets Defined. The table includes a definition for eight of the nine timebound target categories. A definition for Equitable Supply Reliability is not included. Please include a definition for Equitable Supply Reliability. We also ask that the definition includes a reference to the August 16, 2022, Board resolution and commitment to regional reliability.
- Page 3-2, Figure 3-1 CIP Development. This figure illustrates two possible evaluation pathways leading to one comprehensive Capital Investment Plan. It appears R&R projects will be scored through the standard CIP process while all other projects will be scored through the CAMP4W process. Our concern is that too many CIP projects might be scored through the CAMP4W process making the process slow and burdensome. We recommend that only projects with a strong nexus to climate adaptation and drought mitigation be scored using the CAMP4W evaluation pathway. All other projects (e.g., R&R, regulatory, facility expansions, process improvements, seismic upgrades, security, etc.) should be reviewed and scored through the standard CIP evaluation pathway.
- Page 3-3, Insert, Determining CAMP4W Consideration. The criteria shown to determine if a
 project or program should be considered through the CAMP4W process needs to be expanded.
 Any project or program that advances a CAMP4W time-bound target (i.e., resource-based
 and/or policy-based) should be considered through the CAMP4W process.
- Page 4-5, Next Steps, Revised Business Model. The Next Steps should include some initial
 Business Model investigations including: (1) Review and summarize Metropolitan's current
 Business Model so everybody is starting from the same point, (2) Clearly identify the problem
 Metropolitan is trying to address, (3) determine the role of Metropolitan moving forward (e.g.,
 importer of supplemental water supplies or an expanded role to include local resources
 ownership and development, etc. and (4) determine how the existing Business Model should be
 updated/revised to address Metropolitan's problem statement and goals.

Revised Business Model – General Comments

- We recognize the importance of revising Metropolitan's Business Model at this time and commend Metropolitan for initiating this effort.
- The challenge at this point will be to expedite and focus this effort so something meaningful can be produced and implemented by early 2025.
- We strongly support the idea of forming a subgroup of the Business Model Workgroup to address the Water Treatment Surcharge concerns that were recently raised at the Proposed Biennial Budget Workshops.



May 3, 2024

Ms. Liz Crosson Chief Sustainability, Resilience, and Innovation Officer Metropolitan Water District of Southern California 700 N. Alameda Street Los Angeles, CA 90012

Dear Ms. Crosson:

Subject: Comments on the Climate Adaptation Master Plan for Water - Draft Year One Progress Report

The City of Los Angeles appreciates continued opportunities to collaborate with the Metropolitan Water District of Southern California (Metropolitan), fellow Board members, and Member Agencies during the Climate Adaptation Master Plan for Water (CAMP4W) preparation.

As Metropolitan embarks on charting the course of its future, there must be recognition of the significant historical investments Member Agencies have made into Metropolitan, as well as their own local supplies, that provide significant benefits for the entire region of Metropolitan's service territory.

Below are additional comments for Metropolitan's consideration following the recent Joint Task Force Meeting held last week on April 24, 2024.

Scenario Planning – Metropolitan's CAMP4W process should incorporate the best information and assumptions into the adaptive management process. For example, scenarios developed during Metropolitan's 2020 Integrated Resource Plan based on past assumptions, studies, and/or reports may no longer reflect the latest social and economic conditions and trends and should be evaluated and updated if necessary. Scenarios that will be used for multi-billion dollar investment decisions are extremely important to the evaluation and outcome.

Adaptive Management – Metropolitan should establish a transparent process for adaptive management, up front, by identifying the current trend and potential signposts



LASAN and L.A. Compost *Growing Community Through Compost in the City of LA* Proposal for USDA Composting and Food Waste Reduction Grant Page 2 of 2

when evaluation and/or decisions will be made on major investments, along with identifying potential off-ramps. A data-driven approach using the latest available information and trends will establish an accurate starting point.

Signposts – Signposts that may influence water demand forecasts need to be established up front and continually monitored. For example, "Equitable Supply Access" or "Supply Access Equity" signposts are reflected in the 2022 Human Health and Safety allocation in the State Water Project dependent areas due to limited access to regional supplies and storage. Additional signposts, such as housing, wages, and inflation impacts should be evaluated because of the significant influence on the demand forecasts.

Business Model – A clear understanding of the purpose and desired outcome of Metropolitan's business model is necessary as deliberations of a new business model begin. A comprehensive analysis, including a gap analysis and current business model risks, would be helpful for transparency before any potential restructuring of Metropolitan's current rate and financial structure.

Fixed Revenues – It is important to have agreement and clear understanding of what constitutes as fixed revenue for Metropolitan when determining if fixed revenues are balanced with fixed expenses. Metropolitan's minimum annual sales of approximately 1.2 million acre-feet based on lowest forecasted sales and the San Diego County Water Authority-Imperial Irrigation District water exchange revenues should be considered as fixed revenue, in addition to other fixed revenue from property taxes, capacity, standby, and readiness-to-serve charges. In considering changes in the balance of fixed versus variable charges, MWD should evaluate the impact on supply reliability, affordability, and the need to conserve water.

Transparency is paramount, especially a transparent adaptive management approach that can preserve rate affordability, using data-driven analyses to make strategic and timely investments while ensuring we address the climate crisis and its impacts, which is the intention of the CAMP4W process and plan. Any new financial and business model refresh should be made with the commitment to avoid unintended liabilities and financial burdens to its Member Agencies and their customers. The City of Los Angeles understands that comments raised by Board Directors and Member Agency Managers in recent CAMP4W meetings will be addressed and incorporated into the CAMP4W report and documentation before Metropolitan advances its planning efforts.

Sincerely,

Nancy Sutley
Tracy Quinn
On behalf of the City of Los Angeles Delegation

Cc: Chair Adan Ortega MWD Board of Directors Adel Hagekhalil























May 6, 2024

CAMP4W Task Force
Subcommittee on Long-Term Regional Planning Processes and Business Modeling
700 North Alameda Street
Los Angeles, CA 90012-2944

Subject: Member Agency Input on CAMP4W Year One Progress Report

Dear CAMP4W Task Force Members,

As participating member agencies in the Climate Adaptation Master Plan for Water (CAMP4W), we value the opportunity to contribute to discussions vital for ensuring Metropolitan's ability to reliably serve customers amidst climate-related threats to water supply.

As we conclude the inaugural year of the CAMP4W process, we are pleased with the collaborative efforts and meaningful dialogue that has shaped our shared vision for Metropolitan's future. The Year One Progress Report underscores the benefits of agency collaboration while acknowledging the significant task ahead.

Since the inception of the Joint Task Force on November 21, 2023, substantial progress has been achieved across key areas including Time-Bound Targets, Framework for Climate Decision-Making and Reporting, and Business Models and Funding Strategies. While we commend the progress made, we offer the following comments to ensure the Year One Progress Report provides clarity in specific areas as the process continues into 2024.

Thank you,

Richard Wilson, P. E. Assistant General Manager Burbank Water & Power

be Governal

Joe Mouawad, P.E. General Manager Eastern Municipal Water District



Nina Jazmadarian General Manager Foothill Municipal Water District

Chisom Obegolu Assistant General Manager of **Water Services** City of Glendale

Harvey De La Torre General Manager Municipal Water District of

Orange County

Havy F. O. f. Tore

Stacie N. Takeguchi, P.E. Assistant General Manager -Water

Stack N. Takeguchi

Pasadena Water and Power

Sunny Wang, P.E. Water Resources Manager City of Santa Monica

Matthew H. Litchfield, P.E. General Manager Three Valleys Municipal Water District

Tom A. Love General Manager **Upper San Gabriel Valley** Municipal Water District

Craig Miller, P.E. General Manager Western Municipal Water District

The Draft Report outlines progress since February 2023 and delineates the next steps for 2024. Progress to date encompasses efforts to establish the values and priorities of the Board and Member Agencies, components of a Climate Decision-Making Framework, Time-Bound Targets, and the process for identifying projects and programs for evaluation.

How will the Board action of a "Concurrence" impact the dynamic nature of this process? We seek confirmation that this action does not equate to a board-adopted policy.

TIME-BOUND TARGETS

PAGES 3-2, ES-7, AND 2-4

The description of the Joint Task Force Charter (page 3-2) references "Time-Bound Targets: Set targets to achieve by 2026, 2032, and 2045 for efficiency, conservation (including GPCD across the entire service area)." However, to align with the discussions and outcomes of the Task Force, footnote 5 on pages ES-7 and 2-4 states, "Specific [targets] will be identified later this year based on final SWRCB standards as well as Metropolitan's overall demand management target. The target will be designed to track water use efficiency trends by sector over time and will take local conditions, including climate, into consideration."

We, the undersigned, express concern regarding the use of Gallons Per Capita Per Day (GPCD) as a time-bound target of value. Calculating a community's total water use per capita does not accurately measure water use efficiency. A gross GPCD value fails to account for the unique water needs of different communities within the Metropolitan's service area. Arid communities requiring more irrigation for parks, fields, schools, and yards would be disadvantaged, as would communities hosting water-intensive businesses such as food and beverage production, manufacturing, and agriculture. Additionally, the GPCD metric favors population centers along the coast with milder climates and lower irrigation demands.

To maintain equity in measurement, any target involving GPCD should consider only indoor residential GPCD—total residential water use divided by total residential population. While not perfect, this approach would offer a more equitable comparison of communities within Metropolitan's service area. Assigning a regional GPCD target that averages data from all communities within Metropolitan would not benefit the Metropolitan member agency family. Furthermore, dividing the total water produced or imported within the service area by the population lacks meaning, considering the dynamic factors of population growth, industrial changes, fluctuating weather patterns, and the increasing demand for outdoor irrigation due to climate change.

EVALUATIVE CRITERIA SCORING

PAGES ES-6 AND 2-3

We are pleased to note that Section 2.2.1 outlines the proposed Evaluative Criteria, which will undergo workshops with the Board and Member Agencies throughout 2024. Additionally, it specifies that the scoring components of each Evaluative Criteria category will be refined over the course of 2024, as depicted in the points distribution illustrated on pages ES-6 and 2-3.

It is important to highlight that the Evaluative Criteria Scoring will consist of quantifiable, meaningful, and measurable metrics. This approach supports a data-driven evaluation process for projects and programs.

PORTFOLIO EVALUATION

PAGE 3-4

Considering projects and programs as part of a portfolio will enable Metropolitan to grasp the comprehensive benefits of each project component in relation to the whole. Staff will furnish project and program evaluations as standalone assessments, coupled with insights into how a particular project or program would integrate within a portfolio.

We recommend the establishment of a scoring committee comprising Metropolitan staff and representatives from Member Agencies to conduct these assessments.

BUSINESS MODEL

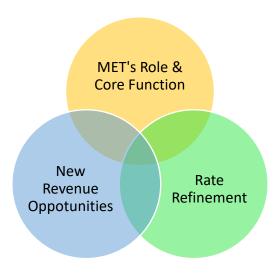
PAGE 4-3

Section 4.2 includes a list of components that could be included in the updated Business Model discussions.

We suggest that the section initiates with (1) a clear understanding of Metropolitan's current Business Model; (2) identification of the problem Metropolitan is addressing, categorized as a factor of Metropolitan's role and core function, Rate refinement, or New revenue opportunities; and then (3) identification of the components Metropolitan will include in the Business Model discussion with respect to the problem(s) and goals.

In addition, updating the Business Model is foundational and critical to Metropolitan's future, therefore we encourage ample time and resources be allocated for the robust deliberation that needs to occur to accomplish the task successfully.

We offer the following graphic to illustrate the interrelation of the three primary problem/goal factors.





Finance and Asset Management Committee

Climate Adaptation Master Plan for Water – Draft Year One Progress Report and Next Steps

Item 8-3 May 14, 2024

Item 8-3

Climate Adaptation
Master Plan for Water Draft Year One
Progress Report

Subject

Concur with the Climate Adaptation Master Plan for Water – Draft Year One Progress Report and Next Steps

Purpose

The CAMP4W Draft Year One Progress Report documents progress since February 2023 and sets up next steps for 2024. Concurrence confirms that the Report reflects the progress to date and identifies next steps for 2024 recognizing that Report components are subject to change based on new information and analyses.

Climate Adaptation
Master Plan for Water

Year One Progress Report Sections

CAMP4W Year One Progress Report

2024 Next Steps



Section I: Background, Need and Outcome

Section 2: Climate Decision-Making Framework

Section 3: Development of Adaptation Strategies

Section 4: Business Model and Affordability

Section 5: Policies Initiatives and Partnerships

Section 6: Adaptive Management



CAMP4W Year One Progress Report

Member Agency Comments

7 Comment Letters representing 16 Agencies

Key focus areas

- 1. CAMP4W Annual Report and Data Updates
- 2. Water Use Efficiency Time-Bound Target (GPCD)
- 3. Member Agency Role in CAMP4W
- 4. Importance of Water Quality and Public Health
- 5. Business Model Considerations



CAMP4W Annual Reports and Data Updates



Concern

Assumptions used in the 2020 IRP Needs Assessment related to available supplies and demands need to be reviewed regularly, and Time-Bound Targets adjusted accordingly, to inform Board investment decisions.

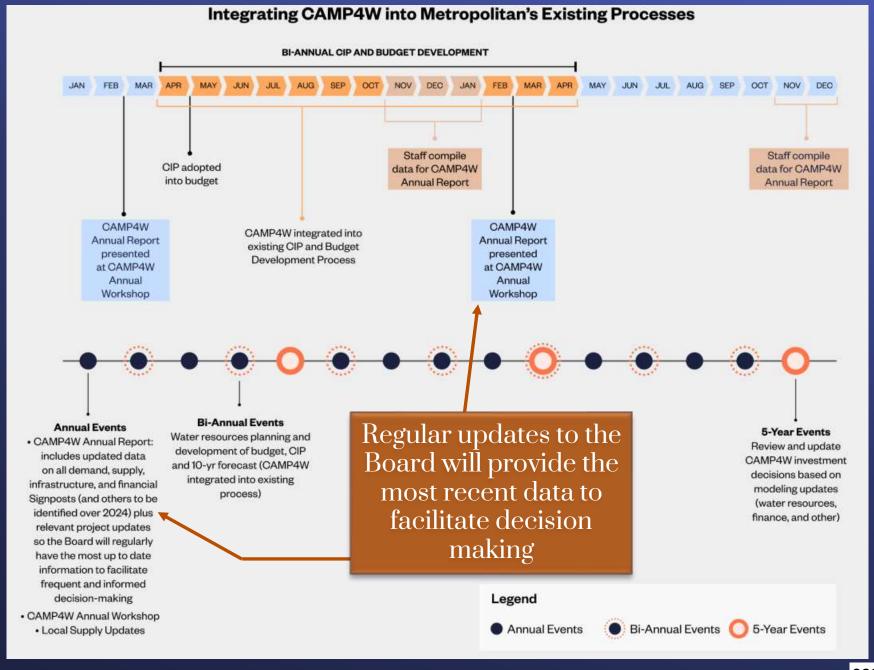
Response

Consistent with an Adaptive Management approach, staff will be annually updating the inputs to the IRP Needs Assessment and resulting scenarios, and the Board may choose to adjust Time-Bound Targets accordingly. Staff will provide an annual update of inputs by the end of 2024. Starting in 2026, annual updates will be provided in the beginning of each year. (pgs. ES-7, ES-10, 2-4, 6-2, 6-3)

Section 6: Adaptive Management

Institutionalizing Adaptive Management





Water Use Efficiency Time-Bound Target

Concern

Total GPCD does not account for economic growth, agricultural uses and differing climate conditions. Member agencies should not be evaluated based on GPCD.

Response

Footnote 5, pgs. ES-7 & 2-4:

Specific GPCD Time-Bound Targets will be identified later this year based on final SWRCB standards. If the Board wishes to set a higher target, it would be designed to track water use efficiency trends by sector over time and will take local conditions, including climate, into consideration.



Member Agency Role in CAMP4W



Concern

Member Agency managers (MAM) are uniquely positioned to assess and inform local resource challenges and opportunities. SWP-D process provides a model of cooperative adaptation and Member Agencies should be involved in project and program evaluation.

Response

CAMP4W will continue to be a transparent process with oversight from the CAMP4W Task Force. Metropolitan staff will also continue to consult MAMs through its monthly meetings as well as topically-focused strategy sessions to inform inputs to the modeling, projects and programs. While Met staff will conduct initial scoring of Metropolitan projects and programs, methodologies and results will be discussed with and open to feedback from the Task Force.

Water Quality and Public Health



Concern

Seeking assurance that Metropolitan remains committed to protecting public health, that acute public health issues will be addressed expeditiously and requests that water quality improvements and investments be exempt from the CAMP4W process.

Response

Revisions made to reinforce Metropolitan's commitment to public health and clarify that CAMP4W is not intended to hinder urgent or emergency projects. CAMP4W is a long-term planning process to prepare Metropolitan for changes over time, which could help prepare for long term water quality risks exacerbated by climate change. The Task Force will also be identifying additional thresholds for inclusion in the CAMP4W process in 2024 and can take these concerns into account. (pgs. ES-1, 3-2)

Business Model Considerations



Comments/Concerns:

- Suggests focus on developing a clear understanding of Metropolitan's current Business Model and identification of the problem Metropolitan is addressing (suggests categories of Met's role and core function; rate refinement; new revenue opportunities) before identifying the Business Model components to address
- Need a clear understanding of the purpose and desired outcome of Business Model refinement
- A gap analysis and understanding current business model risks would inform Business Model discussion
- Treatment Surcharge was prioritized in the Biennial Budget adoption and that discussion should proceed
- Metropolitan should consider its minimum annual sales as fixed revenue
- Business Model discussion should address Board Governance
- Encourage ample time and resources be allocated for the robust deliberation needed to be successful

2024 Next Steps

Draft Year One Progress Report Sections 4

Business Model

- → Establish the schedule for ongoing integration of finance planning into CAMP4W
- → Incorporate risk analysis into the Board's investment decisionmaking
- → Consider business model alternatives
- → Identify how Metropolitan can pursue options that advance affordability and equity goals



2024 Next Steps

Draft Year One Progress Report Section 5

Policies, Initiatives, and Partnerships

- → Develop and consider policies and initiatives
- → Explore Metropolitan and Member Agency partnership opportunities
- → Pursue external partnership and collaboration opportunities
- → Continue community engagement



2024 Next Steps

Draft Year One Progress Report Section 6

Adaptive Management

- → Refine Adaptive Management and how to institutionalize it into Metropolitan's processes
- → Further develop Signposts and specific metrics
- → Develop CAMP4W Annual Report Template
- → Refine process for integrating CAMP4W projects into CIP and budget
- → Identify early "Go Projects" and program opportunities
- → Continue development of dashboard and digital support tools



Draft 2024 CAMP4W Task Force and Committee Meetings

CAMP4W Task Force	Discussion Topic		
May 30	Business Model Refinement (then moves into parallel track)		
June 26	Parallel Planning Processes and Climate Vulnerability Assessment		
July 24	Signposts / Annual Report Template /Time-Bound Targets		
August 28	Refined Evaluative Criteria / Example Project Scoring		
September 25	Institutionalizing CAMP4W in Board Processes, CIP, Budget	Other Committees	Discussion Topic
October 23	CAMP4W Partnerships and Collaboration	June / July	Legislation and Communications Committee: Community Engagement Update
November 27	Business Model Refinement Update		
December	Go Projects and Programs	August	One Water and Stewardship
	Finance and Asset Manager		Committee: Policies and Initiatives
May 14, 2024		September	One Water and Stewardship Committee: Programs Update (LRP, SWM, WUE) 334

Board Options

Option No. 1

Concur with the Climate Adaptation Master Plan for Water: Draft Year One Progress Report and Next Steps

Option No. 2

Do not concur

Board Options

Staff Recommendation Option No. 1







Renewable Energy Proposal – Palo Verde Mesa Property

Item 8-4 May 14, 2024

Overview of Lease

Subject

• Authorize an option agreement with The AES Corporation, LLC, for a long-term lease of up to 6,742 acres of land in the Palo Verde Valley, California

Purpose

• For carbon-free energy production and storage purposes to increase revenues or reduce energy costs and be in alignment with Metropolitan's 2022 Climate Action Plan

Agenda

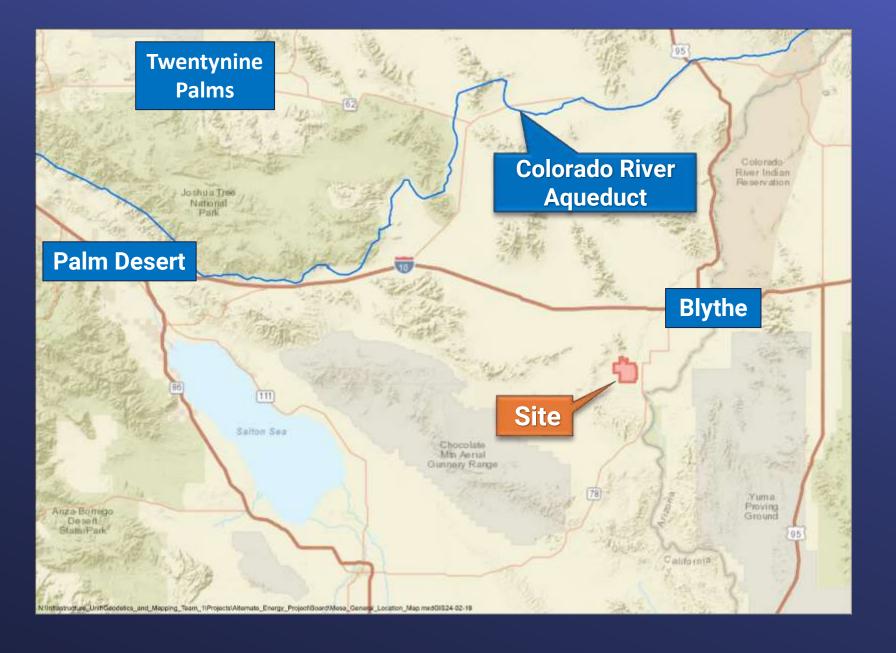
Todays Board Action

- Location and Background on Palo Verde Mesa Property
- Introduction to AES
- Price and Terms of Option Agreement in closed session

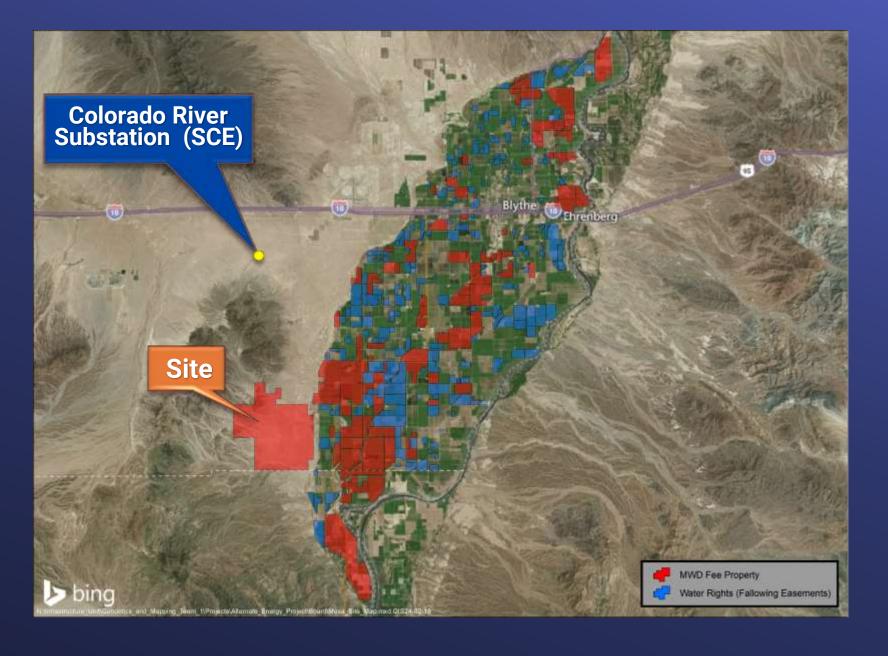
Service Area & CRA Map - PVID



General Location Map



Site Map



Background on Palo Verde Mesa

- 2001 Property Purchased for \$42.5m
 - San Diego Gas & Electric Company
 - 16,344 acres
 - 9,602 acres of agricultural land
 - 6,742 acres on the Palo Verde Mesa
- Palo Verde Mesa Land is desirable land for carbon free energy generation
- 2010-l4 Explored Renewable Energy
 - BrightSource Energy, Inc

Twin Palms & Twin Palms II

AES & Metropolitan Water District





Accelerating the future of energy together



Who We Are

Our Team

- → Chance Staley, Development Manager
- → Drew Demos, Director of Land Acquisition
- → Ken Koch, Permitting Project Manager



AES Purpose & Values

Accelerating the future of energy, together.



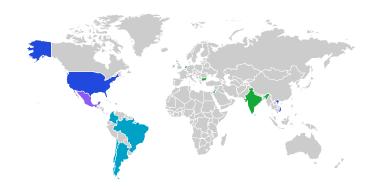
Safety first



Highest standards



All together



AES: a unique culture of excellence, innovation and customer-centric product development.





uplight



7X
Edison Award Winner







ΔMS



AES' clean energy business in the US











550 Projects

26 States



Operating clean energy resources

51 GW
Clean energy projects in development



Fluence Energy, our joint venture with Siemens, was recognized in 2023 as the #1 Global Provider of Battery-Based Storage Systems by S&P Global Commodity Insights, reflecting AES' global leadership in energy storage.

Recognized for our commitment to sustainability









Bloomberg NEW ENERGY FINANCE

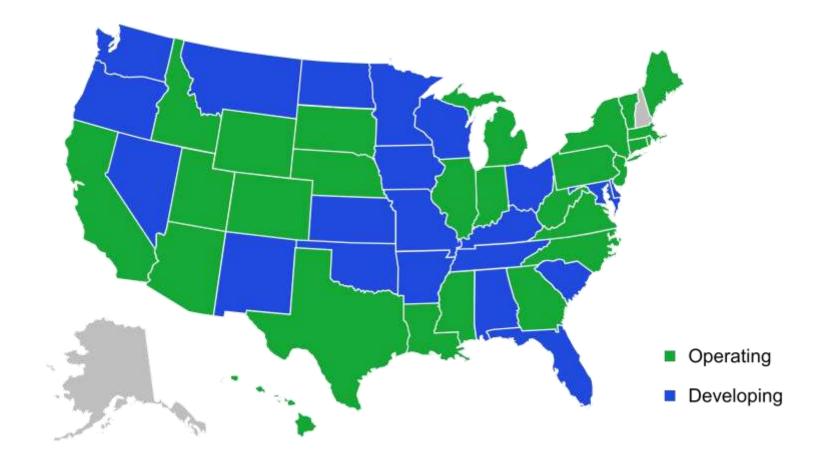
We are proud to be recognized by BloombergNEF for the past three years as one of the top two Sellers of Clean Energy to Corporations Through PPAs, reflecting our leadership in cocreating innovative energy solutions with our partners.

AES' clean energy business in the US

portfolio

6.9 GW operating

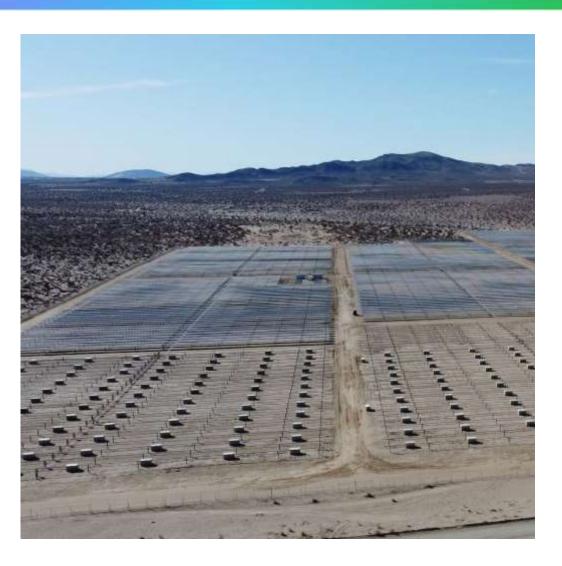
51 GW in development





California Resume





Project Timeline

2024-2026 Development / Siting / **Permitting**



2028 **Operations**



2026-2028 Construction



Board Actions

Today's Action

 Have the board review and approve the key terms of the option agreement in closed session today

Future Action

• At a future date, once the project has been defined, the Board acting as a responsible agency will need to make a determination on the adequacy of the CEQA documents before issuing the lease





Board Action

Board of Directors Ethics, Organization, and Personnel Committee

5/14/2024 Board Meeting

8-6

Subject

Update on labor negotiations and approve entering into two-year extension of 2022-24 Memorandum of Understanding between The Metropolitan Water District of Southern California and The Association of Confidential Employees; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with Labor Negotiators; to be heard in closed session pursuant to Gov. Code 54957.6. Metropolitan representatives: Katano Kasaine, Assistant General Manager, Chief Financial Officer, Mark Brower, Human Resources Group Manager, and Gifty J. Beets, Human Resources Section Manager of Labor Relations. Employee organization: Association of Confidential Employees]

Executive Summary

The current Memorandum of Understanding (MOU) between Metropolitan and The Association of Confidential Employees (ACE) is set to expire on December 31, 2024. The parties have negotiated changes to a defined list of issues and have reached a tentative agreement, extending the term of the parties' agreement by two years, to December 31, 2026. The tentative agreement is attached (Attachment 1) and before the Board for approval and adoption and is contingent upon ratification by the ACE membership.

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

Staff Recommendation: Option #1

Option #1

Authorize the General Manager to exercise discretion under Administrative Code Section 610(k) to enter into a new Memorandum of Understanding with ACE.

Fiscal Impact: The cost of the new MOU for the 134 budgeted ACE positions is approximately \$2.4 million in FY 2023/24, \$4.1 million in FY 2024/25, \$7.9 million in FY 2025/26.

Business Analysis: If approved, the MOU with ACE will be implemented.

Option #2

Do not authorize agreement; direct staff to continue negotiations with ACE.

Fiscal Impact: Unknown

Business Analysis: If the agreement is not approved, there will be no agreement with ACE, and the parties will resume negotiations.

Alternatives Considered

Note applicable

Applicable Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Metropolitan Water District Administrative Code Section 6101(k): As a result of negotiations, as set forth in Section 6101 (k), the General Manager is authorized with Board approval to enter into a contractual agreement with ACE.

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

Not applicable

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA (Public Resources Code Section 21065, State CEQA Guidelines Section 15378) because it involves continuing administrative or maintenance activities which will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not defined as a project under CEQA because it involves the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

Option #2:

None required

Details and Background

Background

ACE represents 134 budgeted positions, including Security Specialists, Health & Safety personnel, Legislative Representatives, Legal support staff and Legal Counselors, Equal Employment Opportunity Analysts and Managers, and most positions performing work in the Ethics and Human Resources Departments. Most classifications in ACE are FLSA exempt and not eligible for overtime.

Key economic elements of the tentative agreement are consistent with provisions recently approved by the Board for other bargaining units as follows:

- This action extends the MOU by two years, with a new end date of December 31, 2026.
- Each of the two additional years provide an across-the-board salary increase. In the first full pay period of July 2025 and July 2026, an across-the-board increase will be provided of 4 percent.
- One-time merit wage adjustment of 5.5 percent effective July 1, 2023 in addition to the 3 percent COLA already received for 2023.
- One-time lump sum payment of three thousand five hundred dollars (\$3,500) to current employes who were unable to utilize teleworking options on a regular or recurrent basis during the pandemic.
- An additional 40 hours of Management Exempt Time Off effective January 1, 2025 for exempt employees who do not earn overtime; and an allotment to cover the period of FY 2022/23.
- Modify Fatigue Time language consistent with the AFSCME agreement.
- 5 percent incentive pay to employees assigned at Gene Camp and Intake. 15 percent incentive pay to employees assigned to Eagle Mountain, Hinds, and Iron Mountain. This will replace the remote location pay employees assigned in the desert currently receive.
- Update to medical language, consistent with Metropolitan philosophy of paying for coverage of one HMO Plan. Also provides additional enhancements to Desert staff who face limited medical options.

Other important language and policy issues in the tentative agreement include:

- Updated recruitment and selection language to provide efficiencies to accelerate the hiring process and in compliance with the state audit.
- An agreement to conduct a classification study.

The tentative agreement also includes language to reopen subjects such as teleworking, Temporary Upgrade Assignment, and Limited Term Employees during the course of the extended MOU.

Mark A. Brower,

Date

Human Resources Group Manager

Adel Hagekhalil Date
General Manager

Attachment 1 – Tentative Agreement Between Metropolitan Water District of Southern California and the Association of Confidential Employees

TENTATIVE AGREEMENT BETWEEN METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA AND THE ASSOCIATION OF CONFIDENTIAL EMPLOYEES

Pursuant to the 2023-24 Reopener negotiations, which incorporated ACE's request under Favored Nations, the District and ACE have reached agreement on a package that will extend the 2023-24 MOU by two (2) years through December 31, 2026. In addition, the parties have reached tentative agreement on the following:

- 1. Article II, Section 1 Salaries and one-time COVID Essential Worker Pay
- 2. Article II, Section 5 Fatigue Time
- 3. Article III, Section 17 Management Exempt Time Off
- 4. Article III, Section 2 Medical Benefits
- 5. Article IV, Section 3 Recruitment & Selection
- 6. NEW Desert Branch Location Pay
- 7. NEW Classification Study

The parties agree to continue negotiations on the following topics:

- 1. Article IV, Section 1 Limited-Term Employees (no earlier than July 1, 2025)
- 2. Article IV, Section 7 Temporary Upgrade
- 3. Article V, Section 5 Grievance Procedures
- 4. Teleworking
- 5. Release Time

The parties have reached tentative agreement on a Reopener MOU, the terms of which are attached. Such agreement is tentative until agreement by the Board of Directors. However, the General Manager agrees to recommend its approval to the Board. The Union likewise agrees to recommend positive ratification to its membership.

For the District:	For ACE: OSan chez	
Lista Beets		
Gifty J. Beets Employee Relations Officer	Olivia Sanchez President	
Employee relations officer	Tesident	
Date: 5/9/24	Date: 5-9-24	

Article II, Section 1 – Salaries and one-time COVID Essential Worker Pay

- 1.6 Equity Wage Adjustment: All individuals currently in job classifications within the ACE bargaining unit-shall receive an equity wage adjustment effective the pay period including July 1, 2023, of 5.5%.
- 1.7 COLA: Effective the first day of the pay period including July 1, 2025, there shall be an increase of 4% (four percent) for each employee who is represented by the bargaining unit as of that date. Should additional COLAs be granted to any of the other bargaining units for the fiscal year, the District agrees that it will provide those same increases to ACE.
- 1.8 COLA: Effective the first day of the pay period including July 1, 2026, there shall be an increase of 4% (four percent) for each employee who is represented by the bargaining unit as of that date. Should additional COLAs be granted to any of the other bargaining units for the fiscal year, the District agrees that it will provide those same increases to ACE.
- 1.9 The District shall provide a one-time lump-sum non-PERSable COVID Essential Worker payment to current eligible employees in the amount of Three Thousand Five Hundred Dollars (\$3,500) within 90 days following approval of this MOU by the Board of Directors. To be eligible for this payment, employees must have met the following criterion during the time-period of April 2020 to April 2022:
 - 1) the employee must have been required by the District to report to work on a daily basis; and
 - 2) the employee must not have been able to utilize teleworking options on a regular/recurring basis,

ACE and the District agree to develop a list of ACE employees who continued to work without the ability to telework on a regular/recurring basis during April 2020 to April 2022. Employees who have left District employment as of the date of the adoption of this Agreement by the Board of Directors shall not be eligible for this lump sum payment.

1.10 The terms described above shall become effective once Metropolitan's Board of Directors and ACE formally approve this tentative agreement, and will apply to the current ACE membership.

Article II, Section 5: Fatigue Time

The intent of fatigue time is to provide a sufficient time for rest between a significant period of work and the start of the next regularly scheduled workday by replacing regularly scheduled straight time hours with paid rest time.



- 5.1 An employee shall be eligible for fatigue time if any of the following apply:
 - A. They have worked an extension of their workday and their extension has been completed with less than eight (8) hours between the completion of the extension and the start of the employee's next regularly scheduled shift.
 - B. They have worked scheduled overtime on a day off which overtime has been completed with less than eight (8) hours between the completion of the overtime and the start of the employee's next regularly scheduled shift.
 - C. They were <u>called back to work</u> pursuant to Section 3.1 Call Back <u>and the work has</u> been completed with less than eight hours, plus commute time, before the start of their next regularly scheduled shift.
 - D. They have worked a portion of his regular work shift and is excused to rest prior to working their next regularly scheduled shift.
 - E. They are excused for the remainder of a night, overtime, and shutdown assignment that ends early, in order to return to their next regularly scheduled shift.
- 5.2 When an employee is eligible for fatigue time, they shall not be required to report to work for up to eight (8) hours plus commute time after the completion of the overtime or the extension of their workday and shall receive full pay for any regularly scheduled hours not worked.
- 5.3 Each year ACE shall elect to adjust this Fatigue Time provision, to reflect any changes to compensation as negotiated by AFSCME, Local I902 (Bargaining Unit 02). Such adjustment shall be made in the same manner as outlined in Article III, Section 1.2, meaning that ACE shall elect adjustments to Fatigue Time, whether such adjustments represent increases or decreases to compensation.

Article III, Section 17.9- Management Exempt Time Off

- a) Each calendar year, all exempt classifications that do not earn overtime shall receive an annual allotment of 40 hours of Management Exempt Time Off to be used within the calendar year it is allotted. The annual allotment of Management Exempt Time Off becomes available for use the first District business day of the calendar year and shall not roll over into the following calendar year. Only employees that are active at the time of distribution on the first business day of the calendar year will be eligible for the hours. Any unused portion of Management Exempt Time Off will be automatically cashed out by the District to the employee on the pay period that includes November 15 of each calendar year.
- b) Effective January 1, 2025 and each calendar year thereafter, exempt employees that do not earn overtime with a current overall annual evaluation rating of



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Meets Standards and above for the prior evaluation year, shall receive an additional annual allotment of 40 hours of Exempt Time Off to be used within the calendar year it is allotted. The annual allotment of Management Exempt Time Off becomes available for use the first District business day of the calendar year and shall not roll over into the following calendar year. Only employees that are active at the time of distribution on the first business day of the calendar year will be eligible for the hours. Any unused portion of Management Exempt Time Off will be automatically cashed out by the District to the employee on the pay period that includes November 15 of each calendar year.

- 1) The District will provide an additional allotment as described in 17.9b to ACE exempt employees that were a part of the ACE bargaining unit and the evaluation period from July 1, 2022 June 30, 2023. This shall be implemented as soon as administratively possible.
- c) For both a and b, a member shall make a request for Exempt Time Off to their direct supervisor. The District shall determine whether or not a request for Exempt Time off shall be granted. However, an employee's timely request for Exempt Time Off under this provision shall only be denied for good and sufficient business reasons.

Article III, Section 2 – Medical Benefits

- 2.1 The District shall continue to provide medical plans maintained by the <u>California</u> Public Employees' Retirement System ("<u>Cal</u>PERS").
- 2.2 The District's monthly contribution shall be equal to 100% of the total premium of the <u>highest cost</u> Health Maintenance Organization ("HMO") <u>basic</u> medical plan <u>for either CalPERS</u> <u>Region 2 or CalPERS Region 3</u>, whichever is higher, but shall not exceed the monthly premium for the medical plan selected by the employee.
- 2.3 <u>Desert employees enrolled in PERS Gold (formerly Pers Choice) or PERS Platinum</u> (formerly PERSCare) will continue to receive the dollar amounts specified below and shall continue receiving such amounts through the term of the MOU.

Employee Only: \$172/month Employee + 1 Dependent: \$343/month Employee + 2 or More Dependents: \$445/month

Effective January 1, 2024 through December 31, 2026, Desert Region employees enrolled in PERS Gold or Platinum PPO through Metropolitan will continue to receive the amounts listed above as a taxable cash incentive. In addition, Desert Region employees enrolled in PERS Gold or Platinum PPO with an employee cost shall receive an additional credit equivalent to the employee cost. This credit shall be applied within the employee's paycheck at the same time as the deduction.



- 2.4 An employee who opts out of District provided medical insurance will receive \$125 per month (\$1,500 per year), provided the employee provides proof of alternative medical insurance coverage.
- 2.5 If subsequent to December 31, 2026, the insurance premium increases and the parties have not agreed to an increased District contribution, then the District's contribution shall <u>continue</u> at the <u>same</u> amount <u>reflected above in Sections 26.1 through 26.4</u> until the parties agree in writing to change the District's contributions.
- 2.6 The parties agree to establish a Health Benefits Advisory Committee, at the request of either party. The Committee will examine such issues as benefit levels, plan design, administration, and cost containment. Committee recommendations will be presented to the parties for their use in negotiations for a successor Agreement. Additionally, the Benefits home page on the MWD Intramet provides various resources about medical and other benefits available to employees and their families.

Article IV, Section 3 – Recruitment & Selection

- 1 The following definitions shall apply to this Article.
 - 3.1.1. *Employee* Category A, Category B and Category E employees as referenced in ARTICLEIV/SECTION 1 CATEGORIES OF EMPLOYMENT, are eligible to participate in the Internal Recruitment Process.
 - 3.1.2. *Recruitment* Process of locating individuals to fill the District's personnel (staffing) requirements.
 - 3.1.3. Selection The goal of the selection process is to identify qualified candidates in an equitable, fair, objective and transparent manner and rank them according to their assessed scores. The hiring manager has the obligation to select the best-qualified candidate for a vacant position from amongst the qualified candidates.
 - 3.1.4. Screening of Material HR Recruiters shall screen resumes to determine who meets the minimum qualifications. Specifics of minimum qualifications related to degree and experience will be clearly defined and documented in advance of any job announcement.
 - 3.1.5. Employment Testing A test is an instrument administered by the Human Resources Group, used as a basis for any <u>selection</u> decision including, but not limited to, hiring and competitive-bid promotion. Such tests may measure aptitude, achievement, and other proficiencies. Examples include, but are not limited to, a review of records, interview, typing, computer skills, basic skills, job knowledge, work sample or other <u>cognitive</u>, <u>physical ability or</u> demonstration tests deemed reliable and job-related as approved by the Human Resources Group Manager.



- 3.1.6. Panel Member A panel member is an individual participating in the formal/structured interview, and may be an internal employee or an external subject matter expert. A conflict of interest form is required to be completed by panel members.
- 3.1.7 Panel Interview -- The purpose of the panel interview is to give each candidate an equal opportunity to reveal the knowledge, skills and abilities which would enable them to perform the job. The interview consists of an evaluation of work-related experience, knowledge and training.
- 3.1.8. Final Hiring Interview Recommendation (FHIR) An FHIR list may be developed through a recruitment process as outlined below. The posting announcement will specifically state that recruitment process will be used to develop an FHIR or eligibility list. The FHIR list may be used for up to twelve (12) months, and may be extended for a specific period of time with mutual agreement of the Human Resources Group Manager and ACE. The FHIR list may be closed by the HR Group Manager once there are three (3) or fewer candidates remaining.
- 3.1.9 Feedback for Internal Candidates Upon request by any internal candidate, the District shall provide the candidate with feedback through a debriefing where they can receive their score, ranking and rater feedback. Any request for feedback shall be made no later than 90 days after receipt of recruitment results, to provide the most relevant and meaningful feedback.

3.2 Recruitment and Selection Process

3.2.1 Transfers:

- (1) Before an Internal or Open Recruitment is conducted, the District will first consider employees on a Transfer List prior to a job announcement for a vacant position and follow the process described in Article III/Section 8 Employee-Initiated Transfers.
 - a) The District will post the requisition utilizing the Internal Recruitment process if:
 - i. no person is on the transfer list for the relevant position;
 - ii. a transfer list candidate is not hired;
 - iii. or a FHIR list does not exist.

The Internal and Open recruitment processes below shall follow the same guiding principles.

- 3.2.2 Internal Recruitment:
- (1) No external candidates will be invited to apply during the Filing Period.
- (2) The District may run an Open Recruitment prior to the completion of an Internal only Recruitment or instead of an Internal only Recruitment if any of the following exceptions exist:

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- (a) Three (3) or fewer internal candidates applied;
- (b) The vacancy requires specialized skills not known to exist in the current workforce (ex: Security Specialist)
- (c) Documented evidence showing the last recruitment for that specific classification had three (3) or fewer applicants. In this instance, a specific classification cannot move directly to Open Recruitment more than 3 consecutive times;
- (d) There is a <u>need for external outreach for a job classification where</u> underutilization is identified or where significant underrepresentation exists to ensure a diverse candidate pool as determined by the Equal Employment Opportunity Office and/or Office of Diversity, Equity and Inclusion;
- (e) If an employee is on leave during the entire filling period and returns from leave before the next phase of the recruitment process, the employee will be allowed to submit their application within five (5) working days of returning from leave or file prior to the date of test whichever comes first.
- (3) After a hire is selected by the Hiring Manager, unhired qualified candidates will be added to the FHIR List and are eligible to be considered for hire for subsequent vacancies in the same classification for up to twelve (12) months.

3.3.3 Open Recruitment:

- (1) A job announcement will be posted as an Open Recruitment if the vacancy was not filled using the Transfer (Section 3.2.1) or Internal Recruitment (Section 3.2.3) processes and is subject to the Filing Period.
- (2) After a hire is selected by the Hiring Manager, unhired qualified internal and external candidates will be added to the FHIR List and are eligible to be considered for hire for subsequent vacancies in the same classification for up to twelve (12) months.

3.3.4 FHIR Lists:

- (1) The FHIR list shall be developed utilizing a specific posting that states it is building an FHIR or eligibility list.
 - a) The FHIR list will be valid for twelve (12) months from the date a candidate accepts the position for the original requisition, or it is mutually agreed upon by the Human Resource Group Manager and ACE to extend for a specific period of time. The FHIR list may be closed once there are three (3) or fewer candidates remaining.
 - b) <u>HR will provide the Hiring Manager with the top five ranked candidates.</u> In the case of tie ranks, more than five candidates may be provided to the Hiring Manager.
 - c) All provided candidates must be interviewed by the Hiring

 Manager. A candidate must be selected by the Hiring

 Manager from the FHIR. Candidates not selected will return





to the FHIR for future consideration. If all eligible candidates on the FHIR list elect to not be considered for a specific vacancy, Human Resources will open a new recruitment specific to the need.

Example, if there is a FHIR and all listed candidates elect not to accept the position based on specific location. In this instance, HR can open a new recruitment for that specific classification and location, beginning with Transfers, then Internal per the process above, and then Open Recruitment, which would result in a new FHIR for that specific location.

d) <u>Upon completion of all phases of the assessment process, the</u>
<u>applicants will be ranked from highest to lowest cumulative score.</u>

<u>Based on the testing process, a FHIR list may be established by classification and location. The FHIR list will be maintained by Human Resources and shall follow the guidance above regarding use and retention of FHIR lists.</u>

3.3.5 Internal Only Job Bid Promotion Process:

- (1) Upon staffing requisition approval by Budget and HR, a recruitment may be conducted within a specific Group, Section, Unit or Team to fill a position in which there is no vacant position number. These recruitments shall follow the same process used for Internal Recruitments.
- (2) This is not intended to circumvent the in-family promotion process (management requested promotion process). This process will not be utilized when employees on a team or unit could reasonably promote to the position through in-family promotion.
- (3) Applications will be reviewed for minimum qualifications by Human Resources. Upon completion of the recruitment process, the Hiring Manager will complete the Final Hiring Interview Recommendation Form to notify Human Resources of their decision of which candidate to hire and HR shall notify all candidates whether they were (un)successful in the recruitment at approximately the same period.
- (4) At no time are positions/requisitions which are posted utilizing this process permitted to utilize the Open or FHIR processes.

3.6. Job Announcement and Application Filing Process

3.6.1. Job Announcement

Job announcements will be advertised through the District's available communication mediums, including but not limited to website and email.



The District shall also include, at minimum, the following in all job announcements:
Number of openings, open/closed dates, work schedule (days/hours),
Group/Section/Unit/Team, work location, bargaining unit, minimum and maximum hourly rate, teleworking options (if applicable), overview and/or summary which is reflective of job description, job duties, minimum requirements (education, experience, certifications, licenses).

3.6.2. Filing Period

- (1) The filing period for submitting applications will be a minimum of 10 working days and shall be indicated on the job announcement.
- (2) Employees on disability or workers' compensation leave are permitted to apply for vacant positions following the same timelines and testing procedures as other applicants, provided their participation is within their medical restrictions.

3.6.3. Application

Each employee applying for a position shall complete an application.

3.6.4. Exemptions

An employee shall be excluded from the recruitment and selection process if that individual:

- (1) Has a current overall performance evaluation rating of less than "meets standards;" or
- (2) Has received an appealable disciplinary action in the last six (6) months.
- (3) Has not completed their current probationary period.

3.7 Selection Process

3.7.1 Invitation to Test

Qualified employees shall be notified of the time and location of a test at least three (3) days in advance. For purposes of this Section, Recurrent employees (defined as Category E employees under Article IV. Section 1.1 of the Agreement) shall be permitted to apply for positions as "internal" candidates.

3.7.2 Release/Leave Time

- (1) If requested, an employee shall be entitled to release time to participate in and commute to, a test.
- (2) Alternatively, an employee may use accumulated annual leave or personal leave to participate in and commute to, a test.
- (3) The employee shall give reasonable, prior notice of his/her need for release or leave time.



NEW – Desert Branch Location Pay

The intention of this Article X is to improve recruitment and retention at Metropolitan's desert facilities. The sunsetting of the previous program, Desert Remote Location Pay and the terms of the newly negotiated Incentive Pay shall be as follows:

- X. The Incentive Pay program will be setup to provide a Desert Branch Assignment Premium to qualifying employees as follows:
- X.1. Effective January 21, 2024, employees assigned to work in desert facilities will be eligible to receive one of the premium pay options below:
 - 1) 5% for all employees assigned to Gene Camp or Intake.
 - 2) <u>15% for all employees assigned to Hinds Pumping Plant, Eagle Mountain, or Iron</u> Mountain.
 - 3) This incentive pay will be applicable to the base pay for the normal work schedule. This incentive pay will not apply to overtime/additional hours.
- X.2. Following approval by Metropolitan's Board of Directors and the ACE membership, employees shall begin entering the incentive pay premium as part of their bi-weekly payroll, (including authorized medical leaves) for pay period beginning 2/28/24 on or around the first week of March. A retroactive payment for the period of 1/21/24 through 2/17/24 will be processed as soon as administratively possible.
- X.3. This incentive payment program for Desert Branch Locations applies specifically to regular full-time employees at these locations, and does not apply to any other category of employment.
- X.4. Qualifying service at a Desert Branch Location shall include:
 - A. Assignment to a Desert Branch Location as the regular reporting location.
 - 1. Employees temporarily assigned to a desert facility for assignments of 30 days or more will be eligible for the premium associated with the facility they are assigned to for the entirety of the time at the location.
 - B. <u>All scheduled and assigned hours in a paid status, not including overtime/additional hours</u> and including authorized medical leaves.
- X.5. Employees assigned to a Desert Branch Location after the date the Incentive Pay program is implemented as agreed above, shall begin qualifying on the first day of the pay period of assignment to the Desert Branch Location.

NEW - Classification Study

a. This study will analyze compensation and job specifications and develop a policy relating to compression, compaction, and market percentile comparison (e.g., 75th or 90th percentile).

Mo

- b. The study will include a review for redundancy and unused job descriptions within ACE; any job description that is determined to be redundant or no longer necessary shall be subject to meet and confer between the parties. In no event shall this study result in the elimination of any occupied position.
- c. This study will review driver's license requirements within class descriptions.
- d. The District agrees to begin this study no later than October 2024 and will complete this study by the end of the contract extension, December 31, 2026.
- e. In no event shall this classification study result in a reduction of the base pay for any ACE employee.
- f. The parties have discussed ACE's concerns of different base pay assigned to classifications in ACE versus other bargaining units. The desire of the parties is to not have such pay differentials exist. The parties have agreed to reconvene if this is discovered.



BOARD MEETING May 14, 2024 – 2:30 p.m. MWD Headquarters Building/Teleconference Meeting

NON-INTEREST DISCLOSURE NOTICE BOARD ITEM 8-6.

BOARD ITEM Item 8-6. — Update on labor negotiations and approve entering into two-year extension of 2022-2024 Memorandum of Understanding between The Metropolitan Water District of Southern California and the Association of Confidential Employees; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with Labor Negotiators; to be heard in closed session pursuant to Gov. Code 54957.6. Metropolitan representatives: Katano Kasaine, Assistant General Manager, Chief Financial Officer, Mark Brower, Human Resources Group Manager, Gifty J. Beets, Human Resources Section Manager of Labor Relations and Adam Benson, Finance Group Manager. Employee organizations: Association of Confidential Employees.]

This Non-Interest Disclosure Notice is being provided under the California Government Code: Pursuant to Government Code Section 1091.5(a)(9), a District officer or employee does not have a financial interest in a District contract if these conditions are satisfied: (i) his or her interest is that of a person receiving a salary, per diem or reimbursement for expenses from a government entity; (ii) the contract does not directly involve the department of the government entity that employs him or her; and (iii) the interest is disclosed to his or her body or board at the time the contract is considered and is noted in its official record. In accordance with this statute, the following District officers or employees have been, or may be, involved in the bargaining unit negotiations on behalf of management:

Adel Hagekhalil, Marcia Scully, Katano Kasaine, Shane Chapman, Deven Upadhyay, Gifty Beets, Mark Brower, Adam Benson, Henry Torres, Tony Zepeda, Gonzalo Barriga Jr., Mohsen Mortada, Isamar Munoz Marroquin, and Diana Vidal.

Isamar Munoz Marroquin and Diana Vidal are members of the Association of Confidential Employees ("ACE"), which have a salary provision in its Memorandum of Understanding that allows ACE to select an annual salary adjustment from any one of the Memoranda of Understanding for the other bargaining units. Each of the remaining individuals is unrepresented. Under Administrative Code Section 6500(d), unless the Board directs otherwise, the pay rate range for each unrepresented individual except Adel Hagekhalil and Marcia Scully, will be adjusted annually to correspond with the annual across-the-board salary adjustment provided to the District's management employees under the Memoranda of Understanding; although actual pay rates for these unrepresented individuals will be determined by their management. The other compensation and benefits for which the unrepresented individuals are eligible are set forth in the Administrative Code.



Board Report

Water Resource Management Group

Conservation Board Report May 2024

Summary

This report provides a summary of conservation activity and expenditures for March 2024.

Purpose

Informational

Detailed Report

Conservation Expenditures – FY2022/23 & FY2023/24 (1)

	Paid ⁽²⁾	Committed ⁽³⁾
Regional Devices	\$12.9 M	\$3.7 M
Member Agency Administered	\$10.6 M	\$4.6 M
Turf Replacement	\$42.3 M	\$22.9 M
Advertising	\$9.4 M	\$1.1 M
Other	\$3.9 M	\$1.7 M
TOTAL	\$79.1 M	\$34.0 M

⁽¹⁾ The Conservation Program biennial expenditure authorization is \$86 million.

⁽²⁾ Paid as of 7/1/2022 - 3/31/2024. Financial reporting on cash basis.

⁽³⁾ Committed dollars as of April 10, 2024

Summary of Expenditures in March 2024: \$3,445,294 (1)

Lifetime Water Savings to be achieved by all rebates in March 2024: 6,828 AF

FY2022/23-FY2023/24: 118,329 AF lifetime water savings



Turf Replacement Rebates:

March: 1,010,106 ft² replaced

FY2022/23-FY2023/24: 19,825,385 ft² replaced



Clothes Washers:

March: 962 units rebated

FY2022/23-FY2023/24: 20,434 units rebated



Smart Controllers:

March: 795 units rebated

FY2022/23-FY2023/24: 17,723 units rebated



Toilets:

March: 3,153 units rebated

FY2022/23-FY2023/24: 40,227 units rebated



Rain Barrels and Cisterns:

March: 234 units rebated

FY2022/23-FY2023/24: 4,267 units rebated



Sprinkler Nozzles:

March: 4,058 units rebated

FY2022/23-FY2023/24: 40,908 units rebated

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



Board Information

Board of Directors Finance and Asset Management Committee

5/14/2024 Board Meeting

9-2

Subject

Renewal Status of Metropolitan's Property and Casualty Insurance Program

Executive Summary

Pursuant to Metropolitan's Administrative Code, this letter reviews the current status of Metropolitan's insurance coverages and anticipated charges for fiscal year (FY) 2024/25. The premium estimates that follow are expected costs, but not actual quotes, at this writing. These expected costs are derived from Metropolitan's broker's experience with our current insurance carriers, other insurers that may be willing to quote our program, and the condition of the current marketplace overall. At this writing, we have reasonable confidence that the estimates or "indications" provided by the insurance carriers will not exceed the aggregate total estimated. Our broker will provide actual binding quotes once the insurance carriers have completed their review of Metropolitan's underwriting and risk profile information. In June, staff will present a board letter to request authority to purchase insurance based on those actual quoted premiums for the various lines of coverage.

Fiscal Impact

The total premium costs are anticipated to increase from \$1.838 million for FY 2023/24 to approximately \$2.093 million for FY 2024/25.

Applicable Policy

Metropolitan Water District Administrative Code Section 6413: Insurance Program Metropolitan Water District Administrative Code Section 9101: Risk Retention and Procurements of Insurance

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

This letter is in preparation for a June board action; a separate board letter will be presented to the Board to approve the purchase of the insurance coverage for FY 2024/25.

Details and Background

Background

The following list includes the Casualty and Property Insurance Program lines of insurance, with coverage amounts, which expire June 30, 2024.

- \$25 million aircraft liability coverage; \$10 million liability for Unmanned Aerial Vehicles, and aircraft hull coverage up to the planes' assessed values.
- \$5 million Crime coverage for exposures such as fraud, theft, faithful performance, and employee dishonesty in excess of a \$150,000 deductible.
- \$75 million General Liability coverage in excess of a \$25 million self-insured retention.

- \$60 million Fiduciary and Employee Benefits Liability coverage in excess of a \$25 million self-insured retention.
- \$65 million Public Officials, Directors, and Officers Liability (D&O) coverage in excess of a \$25 million self-insured retention.
- Statutory Workers' Compensation, and \$1 million Employers Liability coverage, in excess of a \$5 million self-insured retention; statutory coverage for Washington, D.C. employees.
- Stated property value up to \$25 million Property Damage coverage limit.

Metropolitan's property and casualty excess and specialty insurance renewal cost is expected to increase by about 14 percent over FY 2023/24. The cost increase is due to a continuation of significant global trends and factors affecting the insurance market. These include lingering economic fallout from the global pandemic, increased frequency of climate change-induced mega-catastrophic weather events such as extreme storms and historic wildfires, and a continuation of significant social and political unrest. Though declining, continuing inflation resulting from national and international factors is putting additional upward price pressure on the insurance market. These events and conditions, in addition to pre-existing pricing pressure trends, are causing both higher insurance market pricing, and more restrictive policy terms and conditions. Metropolitan is somewhat well positioned by being significantly self-insured; consequently, the effect of price increases and policy restrictions are expected to be somewhat muted, but nonetheless will continue to be more noticeable than during the pre-pandemic era. The rate of cost increases for the coming year is expected to be similar to that experienced for FY 2023/24.

Attachment 1 compares the current coverages and premiums to those projected for FY 2024/25. These projections are pegged to the upper end of the expected price range. Premiums for the two layers of excess General Liability make up the largest portion of Metropolitan's casualty insurance budget. We expect up to a 15 percent premium increase from an aggregate amount of \$1,180,313 for FY 2023/24 to a projected \$1,357,360 for the coming year due to the factors discussed above and an anticipated wildfire surcharge for risks in California. The excess fiduciary policy premiums are anticipated to also rise by about 15 percent, from \$96,989, to an anticipated \$111,540. The excess D&O policies are projected to cost about \$362,100, up 12 percent from \$323,318 in FY 2023/24. Premiums for excess workers' compensation, and the first dollar coverage policy for Washington, D.C. employees, are expected to rise more mildly by up to 10 percent, from a combined \$129,111 in the current fiscal year to an estimated \$142,000 for FY 2024/25. To add context for this price trend, from FYs 2002/03 to 2005/06, the self-insured retention for workers' compensation coverage was incrementally raised from \$1 million to \$5 million in response to terror-risk-related premium spikes in that line of coverage. The rationale to increase the self-insured retention was that the premiums saved over a ten-year period would offset the financial risk of a "once in a decade" claim that would exceed the self-insurance coverage in that particular year. That analysis was based on calculations derived from the annual actuarial study. Metropolitan's risk exposure has remained stable since that review.

Because premiums for this line of coverage stabilized and then later decreased, Metropolitan maintained the self-insured retention of \$5 million, but raised the coverage limit from \$25 million to \$50 million in FY 2010/11. In FY 2015/16, Metropolitan was able to obtain excess workers' compensation coverage with statutory limits over the \$5 million retention without a price increase. As premiums are expected to be mildly to moderately higher than last year, at this time staff anticipates maintaining the same self-insured retention and coverage limit. Over the last five years, excess workers' compensation premiums have remained fairly stable with increases due mostly to increasing medical industry costs and inflation. Beginning in FY 2010/11, Metropolitan purchased a separate "first dollar" policy for the Washington, D.C. employees. That first dollar policy cost \$1,296 last year and is included in Metropolitan's total premium figure for workers' compensation coverage.

For all coverages staff continues to explore the cost-benefit of various options to maximize coverage without significantly increasing premium costs, and other options to reduce premium costs without increasing Metropolitan's risk exposure. Staff also reviews and analyzes the suitability of the retention levels and coverage limits along with input from actuaries and comparisons to other organizations. As long as premium

costs and Metropolitan's risk exposures remain stable, the actuarial recommendations for retention and excess coverage levels remain in place. Staff continues to review and evaluate the viability of obtaining other lines of coverage such as fire, flood, cyber liability, and earthquake coverage as risks and needs change. In past years, Metropolitan has not purchased these coverages because it has not been financially favorable, compared with the risk exposure, and because Metropolitan can raise funds if repairs are required. Metropolitan did a deeper dive into cyber liability coverage and obtained board authority of up to \$100,000 to obtain a policy to provide expertise and logistics, and if necessary to finance some of that risk. The costs were still too high, and above the approved board authority amount, and consequently the policy was not purchased for FY 2022/23. Staff continues to seek cost effective options to insure a portion of the potential cyber liability exposure as an addition to Metropolitan's robust cyber liability defense.

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Premium costs for other excess and specialty policies will vary by line of coverage but are expected to have varying cost increases due to inflationary pressures described earlier, and also due to increased claims payment trends globally in some lines of coverage. The Aircraft Liability and Hull Policy premium is expected to increase from \$89,735 paid in FY 2023/24 to an estimated \$99,000. Metropolitan's Crime policy premium is anticipated to rise by approximately five percent from \$11,401 to about \$12,000.

Metropolitan also maintains a property damage policy due to fire damage that occurred near the Diemer Facility in the fall of 2009. This policy was originally purchased in order to obtain reimbursement of over \$500,000 from the Federal Emergency Management Agency for damage repair. Last year the premium renewal cost \$7,350 due to continued wildfire-related losses in the western United States weighing on the insurance market and is expected to rise again by up to 25 percent, to an estimated \$9,200 for FY 2024/25.

Metropolitan also carries Travel Accident and Special Contingency three-year duration policies, last purchased in fiscal 2022/23, which are not up for renewal until July 2025. In 2022, the renewal premiums cost \$21,633 and \$4,442 respectively.

To complete the insurance renewal for FY 2024/25, with similar limits and retentions, staff anticipates renewal premium costs of about \$2.093 million compared with approximately \$1.838 million for FY 2023/24.

Timing and Urgency

This letter provides an update on the activities and estimated costs for the July 1, 2024 insurance renewal.

Project Milestone(s)

This is an ongoing annual process to renew or replace existing insurance coverages, or add or modify coverages to the portfolio as Metropolitan's needs and market conditions dictate.

> 4/25/2024 Katano Kasaine

Assistant General Manager/

Date

Chief Financial Officer

4/29/2024

del Hagekhalil

Date

General Manager

Metropolitan's Casualty and Property Insurance Program Insurance Premium Comparison In Dollars

Insurance Policy Type	Self-Insured Retention (SIR)	Coverage Limits	2023/24 Insurance Premiums	2024/25 Estimated Premium Cost	2024/25 Estimated Insurance Premium Cost Change	2024/25 Estimated Insurance Premium % Change
Excess General Liability	\$25 million	\$75 million	1,180,313	1,357,360	177,047	15%
Fiduciary and Employee Benefits Liability	\$25 million	\$60 million	96,989	111,540	14,551	15%
Public Officials Directors and Officers Liability	\$25 million	\$65 million	323,318	362,100	38,782	12%
Crime	\$150,000	\$5 million	11,401	12,000	599	5%
Aircraft Liability and Hull	\$7,500	\$25 million	89,735	99,000	9,265	10%
Excess Workers' Compensation, CA	\$5 million	Statutory	127,944	140,740	12,796	10%
Excess Workers' Compensation, D.C.	\$0	Statutory	1,167	1,260	93	8%
Property	\$0	Asset value	7,350	9,200	1,850	25%
Special Contingency *	\$0	\$5 million	4,442	NA	NA	NA
Travel Accident *	\$0	\$250,000	21,633	NA	NA	NA
Total Premiums	NA	NA	1,838,217	2,093,200	254,983	14%

Premium costs for two layers of General Liability, Fiduciary and Employee Benefits Liability, and Public Officials Directors and Officers Liability coverage.

^{*} Three-year policies last purchased July 2022. Premium costs were \$4,442 for Special Contingency and \$21,633 for Travel Accident.



Finance and Asset Management Committee

Renewal Status of Metropolitan's Property and Casualty Insurance Program

Item 9-2 May 14, 2024

Item 9-2

Status of MWD's Property & Casualty Insurance Program

Subject

Renewal Status of Metropolitan's Property and Casualty Insurance Program

Purpose

Review the Current Property and Casualty Insurance Program and provide a preview of the upcoming insurance renewal

Next Steps

Present Options and request Board approval to renew and replace coverages at the June Committee meeting

Review

Review the Current Program

Provide Cost Estimates for this year's Insurance Renewal

Review

Self-Insured Retentions

Claims Programs to Manage Self-Insured Retentions

Liability / Property

Workers' Compensation

Excess and Specialty Insurance Coverages

Self-Insured Retention

General Liability

\$25 million

Workers' Compensation

\$ 5 million

Property Damage *

Self-Insured

* Excluding Stand Alone Property Insurance Coverage

Claims Programs

Liability & Property

Risk Management Unit
Third Party Claims Administrator
MWD General Counsel

Workers' Compensation

Workers' Compensation / Medical Unit Third Party Claims Administrator MWD General Counsel

Excess Insurance

General Liability

Workers' Compensation

Public Officials, Directors & Officers Liability

Fiduciary & Employee Benefit Liability

\$75 million

Statutory

\$65 million

\$60 million

Metropolitan's Excess General Liability Coverage Layers and Limits

In Million Dollars

Excess Coverage	SIR	AEGIS 1 st Layer	EIM 2 nd Layer	Coverage Limits
General Liability	25	35	40	100
Fiduciary Liability	25	35	25	85
Directors & Officers Liability	25	25	40	90

Associated Electric & Gas (AEGIS)
Energy Insurance Mutual (EIM)
Self-Insured Retention (SIR)

Periodic Review

Periodic review of self-insured retention and excess coverage limits to ensure appropriate levels

- Actuarial Study, Insurance Broker and Staff Reviews
- Metropolitan's operations and risks remain stable
- Embedded safety programs in operations
- Environmental, Health & Safety training and monitoring
- Claims Management Programs
- Access to Capital

Specialty Insurance Aircraft Liability

Aircraft Hull

Property Damage

Crime

Special Risk *

Travel Accident *

\$25 million

Assessed Value

Assessed Value

\$5 million

\$5 million

\$250,000

^{* 3-}year coverages last purchased FY 2022/2023

Metropolitan's Property and Casualty Insurance Program 2024/25 Outlook

14% Overall Cost Increase

Factors Driving Expected Cost Increase

- Continued higher Global and US inflation rates due to continuation of post-pandemic supply chain issues, Russia-Ukraine, and Middle East military conflicts causing market fluctuations and uncertainty
- Climate change induced mega-catastrophic weather events such as extreme storms and historic wildfires
- Domestic and Global political and social unrest

Total Policy Renewal is estimated to increase from

\$1.84 million

\$2.10 million

Excess Insurance Premiums (in dollars)

Coverage Type	2023/24 Actual	2024/25 Projection	2024/25 % Change
General Liability	1,180,313	1,357,360	15%
Fiduciary and Employee Benefit Liability	96,989	111,540	15%
Public Officials Directors & Officers Liability	323,318	362,100	12%
Workers' Compensation	129,111	142,000	10%

Excess Insurance Premiums (in dollars)

Coverage Type	2023/24 Actual	2024/25 Projection	2024/25 % Change
Aircraft Hull & Liability	89,735	99,000	10%
Crime	11,401	12,000	5%
Property *	7,350	9,200	25%
Total Premiums	1,838,217	2,093,200	14%

^{*} Stand alone coverage for three structures previously damaged by fire

Excess Insurance Premiums (in dollars)

Coverage Type	2022/23 Actual
Special Contingency	4,442
Travel Accident	21,633
Premium Costs	26,075

❖ 3-year policies purchased in 2022 / 2023

Metropolitan's Property and Casualty Insurance Program Premium Comparison by Fiscal Year



^{*} Includes renewal cost of 3-year duration policies for Travel Accident and Special Contingency policies

