

# 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.

## Agenda

### Board of Directors - Final - Revised 3

**May 13, 2025**

**12:00 PM**

<b>Tuesday, May 13, 2025 Meeting Schedule</b>
08:00 a.m. FAAME 10:30 a.m. CWC 11:30 a.m. Break 12:00 p.m. BOD

Written public comments received by 5:00 p.m. the business day before the meeting is scheduled will be posted under the Submitted Items and Responses tab available here: <https://mwdh2o.legistar.com/Legislation.aspx>.

The listen-only phone line is available at 1-877-853-5257; enter meeting ID: 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 teleconference and in-person. To provide public comment by teleconference dial 1-833-548-0276 and enter meeting ID: 815 2066 4276 or to join by computer [click here](#).

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

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### 1. Call to Order

- a. Invocation: Director James Crawford, Central Basin Municipal Water District
- b. Pledge of Allegiance: Director Cynthia Kurtz, City of Pasadena

### 2. Roll Call

### 3. Determination of a Quorum

### PUBLIC HEARING



Public Hearing to receive staff and recognized employee organizations presentations on the status of job vacancies and recruitment/retention efforts, as required by Government Code § 3502.3 (Assembly Bill 2561), and to receive public comment

[21-4537](#)

**Attachments:** [05132025 BOD Public Hearing AB 2561 Report](#)  
[05132025 BOD Public Hearing Presentation \(Revised\)](#)  
[05132025 BOD Public Hearing ACE Presentation](#)  
[05132025 BOD Public Hearing AFSCME Presentation](#)

**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**

A. Report on Directors' Events Attended at Metropolitan's Expense

[21-4478](#)

**Attachments:** [05132025 BOD 5A Report \(Revised\)](#)

B. Chair's Monthly Activity Report

[21-4479](#)

**Attachments:** [05132025 BOD 5B Report](#)

C. General Manager's summary of activities

[21-4480](#)

**Attachments:** [05132025 BOD 5C Report](#)

D. General Counsel's summary of activities

[21-4481](#)

**Attachments:** [05132025 BOD 5D Report](#)

E. General Auditor's summary of activities

[21-4482](#)

**Attachments:** [05132025 BOD 5E Report](#)

F. Ethics Officer's summary of activities

[21-4483](#)

**Attachments:** [05132025 BOD 5F Report](#)

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

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



- A. Approval of the Minutes of the Board of Directors Meeting for April 8, 2025 [21-4484](#)

**Attachments:** [05122025 BOD 6A \(04082025\) Minutes](#)

- B. Approve Committee Assignments

## 7. CONSENT CALENDAR ITEMS - ACTION

- 7-1 Approve amending the list of Metropolitan officials required to take AB 1234 state ethics training to include all Form 700 filers; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (CWC) [21-4485](#)

**Attachments:** [05132025 CWC 7-1 B-L \(Revised Attachment\)](#)  
[05132025 CWC 7-1 Presentation](#)

- 7-2 Amend the Capital Investment Plan for Fiscal Years 2024/25 and 2025/26 to include the ozone contactor expansion joint improvements at the F.E. Weymouth Water Treatment Plant; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EOT) [21-4490](#)

**Attachments:** [05132025 EOT 7-2 B-L](#)  
[05122025 EOT 7-2 Presentation](#)

- 7-3 Authorize on-call agreements with Hazen and Sawyer, Jacobs Engineering Group, Inc., and Mott MacDonald Group Inc. in amounts not to exceed \$1 million each to support engineering planning for water system resiliency and energy planning projects; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EOT) [21-4492](#)

**Attachments:** [05132025 EOT 7-3 B-L](#)  
[05122025 EOT 7-3 Presentation](#)

- 7-4 Award a \$457,498 construction contract to IPI Construction to upgrade the heating, ventilation, and air conditioning systems in the control rooms at the Joseph Jensen Water Treatment Plant; the General Manager has determined that the proposed action is categorically exempt or otherwise not subject to CEQA (EOT) [21-4493](#)

**Attachments:** [05132025 EOT 7-4 B-L \(Revised Attachment\)](#)  
[05122025 EOT 7-4 Presentation](#)



- 7-5** Approve and authorize the distribution of Appendix A for use in the issuance and remarketing of Metropolitan's Bonds; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (FAAME) **[21-4494](#)**

**Attachments:** [05132025 FAAME 7-5 B-L](#)  
[05132025 FAAME 7-5 Presentation](#)

- 7-6** Authorize an amendment to LRP Agreement to extend the start of operation deadline for San Diego Pure Water North City Project Phase 1; adopt CEQA determination that the proposed action was previously addressed in the City of San Diego's adopted 2018 Final EIR/EIS and that no further CEQA review is required (OWA) **[21-4499](#)**

**Attachments:** [05132025 OWA 7-6 B-L](#)  
[05122025 OWA 7-6 Presentation](#)

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

**8. OTHER BOARD ITEMS - ACTION**

- 8-1** Award a \$131 million procurement contract to Siemens Energy Inc. to furnish 35 high voltage power transformers; authorize the General Manager to execute change orders for the CRA transformer procurement contract up to an aggregate amount not to exceed \$42.5 million; and authorize an increase of \$6.5 million to an agreement with HDR Engineering Inc. for a new not-to-exceed amount of \$8.2 million for final design services to replace the high-voltage transformers at the five CRA pumping plants; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EOT) **[21-4489](#)**

**Attachments:** [05132025 EOT 8-1 B-L](#)  
[05122025 EOT 8-1 Presentation](#)



- 8-2** Adopt CEQA determination that the proposed action was previously addressed in the adopted 2017 Mitigated Negative Declaration, Addenda Nos. 1, 2 and 3 and related CEQA actions; and adopt resolution that (1) authorizes the execution and delivery of an amended and restated agreement between Antelope Valley-East Kern Water Agency and Metropolitan for the High Desert Water Bank Program, (2) approves the project financing, and (3) authorizes the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer to negotiate, execute, and deliver various related agreements and documents. [REVISED SUBJECT on 5/2/2025] (FAAME) **21-4495**

**Attachments:** [05132025 FAAME 8-2 B-L](#)  
[05132025 FAAME 8-2 Presentation](#)  
[9374 Resolution.pdf](#)

- 8-3** Adopt a resolution authorizing a master equipment lease-purchase program of up to \$35 million outstanding balance from time to time and providing for related documents and actions; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (FAAME) **21-4496**

**Attachments:** [05132025 FAAME 8-3 B-L](#)  
[05132025 FAAME 8-3 Presentation](#)  
[9375 Resolution.pdf](#)

- 8-4** Adopt resolution to continue Metropolitan's Water Standby Charge for fiscal year 2025/26; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (FAAME) **21-4497**

**Attachments:** [05132025 FAAME 8-4 B-L](#)  
[05132025 FAAME 8-4 Presentation](#)  
[9376 Resolution.pdf](#)

- 8-5** Authorize the General Manager to amend the Delivery and Exchange Agreement between Metropolitan and Coachella for 35,000 acre-feet; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (OWA) **21-4498**

**Attachments:** [05132025 OWA 8-5 B-L \(Revised Attachment\)](#)  
[05132025 OWA 8-5 Presentation](#)



## 9. BOARD INFORMATION ITEMS

- 9-1 Report on Conservation Program [21-4488](#)

**Attachments:** [05132025 BOD 9-1 Report](#)

- 9-2 Report on status of job vacancies and recruitment/retention efforts as required by Government Code § 3502.3 (Assembly Bill 2561). [WITHDRAWN on 5/5/2025] (CWC) [21-4487](#)

- 9-3 Recurrent Category E Employment Work Schedule Pilot Program Status Update and Next Steps (OPE) [21-4486](#)

**Attachments:** [05132025 OPE 9-3 B-L](#)  
[05132025 OPE 9-3 Presentation](#)

- 9-4 Renewal Status of Metropolitan's Property and Casualty Insurance Program (FAAME) [21-4536](#)

**Attachments:** [05132025 FAAME 9-4 B-L](#)  
[05132025 FAAME 9-4 Presentation](#)

- 9-5 Colorado River Aqueduct High Voltage Transmission System – Affected Systems Mitigation Agreements (EOT) [21-4491](#)

**Attachments:** [05132025 EOT 9-5 B-L](#)  
[05122025 EOT 9-5 Presentation](#)

## 10. OTHER MATTERS

- 10-1 Update on General Manager Recruitment Process. [ADDED SUBJECT on 5/5/2025] [21-4560](#)

**Attachments:** [05132025 BOD 10-1 Presentation](#)

- 10-2 Public Employment – General Manager [To be heard in closed session pursuant to Gov. Code Section 54957]. [REVISED SUBJECT on 5/8/2025] [21-4561](#)

- 10-3 Authorize General Manager selection process, including direction on hiring a recruiter; the General Manager has determined that the proposed action is exempt and not subject CEQA. [ADDED SUBJECT 5/8/2025] [21-4564](#)

## 11. FOLLOW-UP ITEMS



NONE

## **12. FUTURE AGENDA ITEMS**

## **13. ADJOURNMENT**

**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.





THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

# Board Information

## • Board of Directors

5/13/2025 Board Meeting

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### Subject

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Public Hearing to receive staff and recognized employee organizations presentations on the status of job vacancies and recruitment/retention efforts, as required by Government Code §3502.3 (Assembly Bill 2561), and to receive public comment

### Executive Summary

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California Assembly Bill 2561 adds Section 3502.3 to Government Code, Chapter 10, Section 3500 more commonly known and cited as the Meyers-Milias-Brown Act. It is intended to address the following items:

- (a) Job vacancies in local government are a widespread and significant problem for the public sector affecting occupations across wage levels and educational requirements.
- (b) High job vacancies impact public service delivery and the workers who are forced to handle heavier workloads, with understaffing leading to burnout and increased turnover that further exacerbate staffing challenges.
- (c) There is a statewide interest in ensuring that public agency operations are appropriately staffed and that high vacancy rates do not undermine public employee labor relations.

To address these, the new section requires Metropolitan to present the status of vacancies and recruitment and retention efforts in a public hearing before our Board of Directors. If the Board of Directors will be adopting an annual or multiyear budget during the fiscal year, then the presentation must occur prior to the adoption of the final budget. During this public hearing before the Board of Directors, Metropolitan shall identify any necessary changes to policies, procedures, and recruitment activities that may lead to obstacles in the hiring process. Additionally, our recognized bargaining units shall be entitled to make a presentation at the same public hearing before the Board of Directors, where Metropolitan is presenting this information.

### Applicable Policy

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Metropolitan Water District Administrative Code Section 6207: Positions Authorized. Metropolitan Water District Operating Policy H-10 Recruitment and Selection

### California Environmental Quality Act (CEQA)

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#### 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 the proposed action will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment and involves continuing administrative activities, such as general policy and procedure making (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).



**CEQA determination for Option #2:**

None required

**Details and Background**

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**Background**

Assembly Bill 2561 adds Section 3502.3 of the Government Code chapter more commonly cited as the “Meyers-Milias-Brown Act.” This section states:

- (a) (1) A public agency shall present the status of vacancies and recruitment and retention efforts during a public hearing before the governing board at least once per fiscal year.
  - (2) If the governing board will be adopting an annual or multiyear budget during the fiscal year, the presentation shall be made prior to the adoption of the final budget.
  - (3) During the hearing, the public agency shall identify any necessary changes to policies, procedures, and recruitment activities that may lead to obstacles in the hiring process.
- (b) The recognized employee organization for a bargaining unit shall be entitled to make a presentation at the public hearing at which the public agency presents the status of vacancies and recruitment and retention efforts for positions within that bargaining unit.
- (c) If the number of job vacancies within a single bargaining unit meets or exceeds 20 percent of the total number of authorized full-time positions, the public agency shall, upon request of the recognized employee organization, include all of the following information during the public hearing:
  - (1) The total number of job vacancies within the bargaining unit.
  - (2) The total number of applicants for vacant positions within the bargaining unit.
  - (3) The average number of days to complete the hiring process from when a position is posted.
  - (4) Opportunities to improve compensation and other working conditions.
- (d) This section shall not prevent the governing board from holding additional public hearings about vacancies.
- (e) The provisions of this section are severable. If any provision of this section or its application is held invalid, the invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.
- (f) For purposes of this section, “recognized employee organization” has the same meaning as defined in subdivision (a) of Section 3501. This is defined as either: (1) Any organization that includes employees of a public agency and represents them in their relations with that public agency, or (2) Any organization that seeks to represent employees of a public agency.



**ANALYSIS:**

An analysis of vacancies of regular budgeted positions was conducted on March 18, 2025. The following chart shows the results of that analysis.

<b>Barg Unit</b>	<b>No. of Positions</b>	<b>No. Filled</b>	<b>No. Vacant</b>	<b>% Filled</b>	<b>% Vacant</b>
DEPT HEAD – 00	4	4	0	100%	0%
UNREP – 01	43	39	4	91%	9%
AFSCME - 02	1347	1212	135*	90%	10%
SA - 03	99	85	14	86%	14%
MAPA - 04	362	330	32	91%	9%
ACE - 05	147	132	15	90%	10%
<b>Total</b>	<b>2002</b>	<b>1802</b>	<b>200</b>	<b>90%</b>	<b>10%</b>

\*15 of these are apprentice positions. Offers have been extended.

Metropolitan is below the 20 percent threshold by bargaining unit and overall. For calendar year 2024, 183 full-time equivalent positions were filled.

<b>Barg Unit</b>	<b>No. of Pos Filled by External Hire</b>	<b>No. of Pos Filled by Internal Job Bid</b>	<b>No. of Pos Filled by Transfer</b>	<b>Total by BU</b>
Unrep - 01	2	3	0	5
AFSCME - 02	78	23	12	113
SA - 03	1	6	1	8
MAPA - 04	5	38	0	43
ACE - 05	10	4	0	14
<b>Total</b>	<b>96</b>	<b>74</b>	<b>13</b>	<b>183</b>

On average, 45 percent of all recruitments completed result in an internal hire. Calendar year 2024 had a slightly higher-than-average internal fill rate of 47.5 percent. This provides internal advancement; however, it does not impact the overall vacancy rate. A vacancy filled by an internal applicant moves the vacancy to a new area. Which, in most cases, initiates another recruitment.

On average, Metropolitan has a 5.19 percent turnover, including both retirements and other separations. Retirements account for 3.94 percent, and other separations account for 1.25 percent. For calendar year 2024, Metropolitan's turnover was 4.29 percent. Retirements accounted for 3.20 percent, and other separations accounted for 1.09 percent. The relatively low turnover rate can be attributed to our meaningful work, pension plan, competitive wages, and stable benefits.

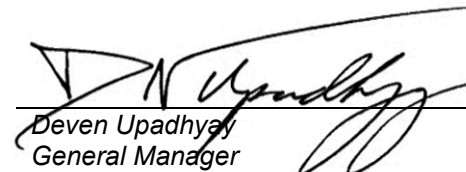
Recruitment has been making changes to fill vacancies in a reduced timeframe. In October 2022, Metropolitan created revised Recruitment and Selection Procedures as well as updated Operating Policy H-10 Recruitment and Selection. In addition, new Memorandum of Understanding language has created the opportunity to use eligibility lists. These lists will shorten the time it takes to fill those positions in which there is a high number of vacancies.

Additional measures are being taken to significantly reduce the vacancies and position ourselves to fill future positions as they become vacant. Human Resources recently conducted a staffing analysis of the recruitment function to determine what resources are needed to achieve this goal. Based on this analysis, Human Resources is in the process of ramping up with surge staffing to increase the number of recruiters and support staff to have a positive impact and bring our vacancy rate down to near zero. There will always be a certain level of vacancies by the nature of turnover. However, the above proactive measures will position Metropolitan to be positively positioned to address vacancies as they occur in a timely manner. As part of the budget process, Human



Resources will also be requesting additional full-time regular positions to stabilize the minimum ongoing staffing needs of the recruitment team. The minimum ongoing staff is currently supplemented with temporary employees. The recent staffing analysis of the recruitment function supports the need for these additional full-time regular employees in addition to the surge staffing referenced earlier.

  
\_\_\_\_\_  
Mark Brower  
Human Resources Group Manager  
5/7/2025  
Date

  
\_\_\_\_\_  
Deven Upadhyay  
General Manager  
5/7/2025  
Date

Ref# hr12703935





Board of Directors

# Public Hearing: Assembly Bill 2561 – Public Agency Vacancy Reporting Requirements

Board Meeting  
May 13, 2025



# Public Hearing: Assembly Bill 2561

## Subject

Public Hearing to receive staff and recognized employee organizations presentations on the status of job vacancies and recruitment/retention efforts, as required by Government Code §3502.3 (Assembly Bill 2561), and to receive public comment

## Purpose

Informational



## Background

- Assembly Bill 2561 (AB 2561), effective January 1, 2025
  - Amends Government Code, Chapter 10, Section 3500 with addition of Section 3502.3
  - Objective is to address staffing shortages, promote transparency, improve recruitment and retention efforts, and ensure that recognized employee organizations have a platform to voice concerns.



# Requirements

- Public hearing before the Board of Directors
  - At least once per fiscal year.
  - Must be done before budget adoption.
  - Status of job vacancies by Bargaining Unit.
  - Discuss ongoing recruitment and retention efforts.
- Bargaining Units
  - Recognized Bargaining Units have the right to make presentations at the public hearing related to the vacancies in their respective bargaining units.
  - Recognized employee organizations were notified of the public hearing in accordance with Government Code § 3502.3.



# Vacancy Overview of Authorized Full-Time Positions

Analysis was conducted on March 18, 2025

Barg Unit	No. of positions	No. filled	No. vacant	% filled	% vacant
DEPT HEAD – 00	4	4	0	100%	0%
UNREP – 01	43	39	4	91%	9%
AFSCME - 02	1342	1207	135*	90%	10%
SA - 03	99	85	14	86%	14%
MAPA - 04	356	324	32	91%	9%
ACE - 05	145	130	15	90%	10%
Total	1989	1789	200	90%	10%

\*15 of these are apprentice positions. Offers have been extended.

This overview reflects positions authorized in the District's adopted budget for the current fiscal year and excludes temporary and part-time roles.



# Current Recruitment Activity

## Current Recruitment Status

Recruitment Status	Sum of Total	Percentage
Beginning	62	31%
Middle	28	14%
Final	54	27%
No Requisition	53	27%
Total	197	100%



# Recruitment Data CY 2024

## Recruitment Data for Calendar Year 2024

Barg Unit	No. of Pos Filled by External Hire	No. of Pos Filled by Internal Hire	No. of Pos Filled by Transfer	Total by BU
Unrep - 01	2	3	0	5
AFSCME - 02	78	23	12	113
SA - 03	1	6	1	8
MAPA - 04	5	38	0	43
ACE - 05	10	4	0	14
Total	96	74	13	183



# Separations vs. Hires – 6 Year Trend

	Separations			Hires			
Calendar Year	Retirements	Other Separations	Total Separations	External Hire	Internal Hire	Transfer	Total Pos Filled
2019	88	32	120	155	87	14	256
2020	60	17	77	95	70	22	187
2021	98	28	126	80	56	11	147
2022	83	28	111	111	66	20	197
2023	65	19	84	121	77	18	216
2024	64	22	86	96	74	13	183
AVG	76	24	100	110	72	16	198



## Use of Temporary Staffing

- MWD utilizes temporary and limited-term staff in key operational areas to maintain service levels and support projects as needed.
- Temporary staffing is used in compliance with MWD's operating policies.



## Identified Challenges Impacting Vacancy Reduction

- Recruitment timeline efficiencies have varying impacts to them.
  - Established benchmark timelines to identify areas where efficiencies can be gained.
- Limited internal recruitment capacity.
  - Surge Staffing within Recruitment:
    - Additional Limited Term recruitment staff
    - Request for additional full-time positions through budget cycle. Achieve stabilized staffing level.



## Identified Challenges Impacting Vacancy Reduction

- Communication gaps between hiring managers and HR caused lags in candidate selection.
  - Process Enhancements
- MWD has implemented procedural clarifications, timeline benchmarks, and new MOU language in response to these issues.
  - Process Enhancements
    - Eligibility lists
    - Prioritizing recruitments for entry to mid-level
    - Establishing benchmark timelines
    - Clarifying process and order
      - i.e., PCN Administration



# Recruitment and Retention Efforts

- Retention
  - Competitive compensation and benefits
  - Improvements to workforce communication
  - Meaningful work
- Investments in employees
  - Ongoing workforce assessment
  - Tuition reimbursement
  - Reinstatement of Employee Inspection Trips
  - Training



## Active Solutions

- Next Steps
  - 42% of current vacancies in final and middle stages
  - Surge Staffing
  - Instituted Eligibility list
  - Improvements to Communication
  - Ongoing Workforce Assessments
  - Employee Connection
  - Highlighting Benefits – 17% increase in tuition reimbursement participation
  - Continued investment in Employee Training



# Questions?







# Association of Confidential Employees Vacancy Reporting AB 2561

Board of Directors Meeting

May 13, 2025

Item 3 Public Hearing





# Presentation Overview

- Overview of ACE
- Vacancy Rate and Staffing Concerns
- Use of Temporary Staff
- Objective of AB 2561



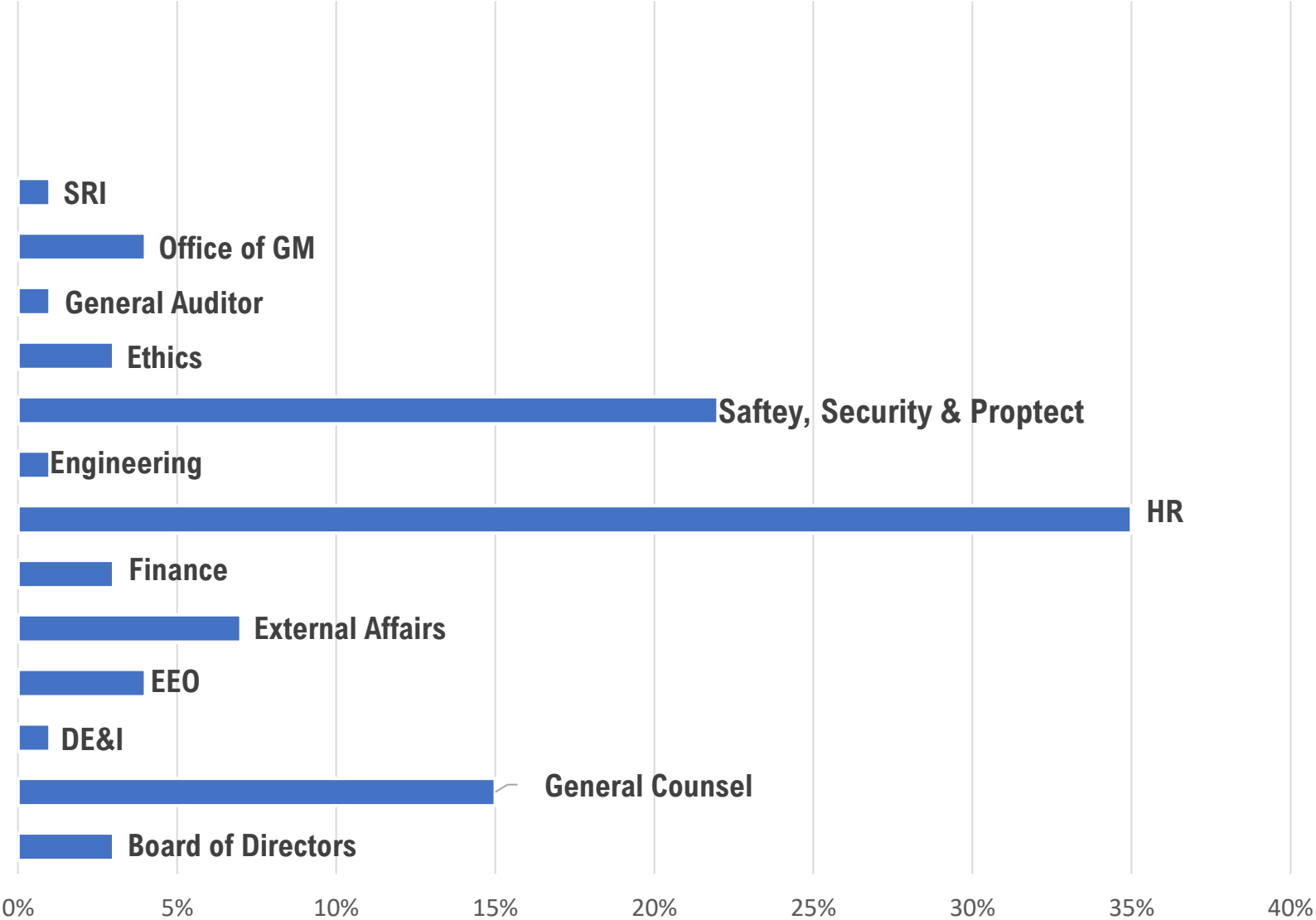
# ACE Represented Employees as of May 2025

- 146 employees = 132 regular and 14 temporary
- 128 non-manager, 15 supervisory and 3 manager non-supervisory
- ACE employees are supervised by ACE, MAPA and Unrepresented supervisors including Board direct reports
- Work at various facilities across the District, e.g., Gene, DVL, Jensen, Lake Mathews, Mills, Weymouth, Sacramento and Washington D.C.; majority report to Union Station
- Security Specialist, Admin & HR Analyst, EHS Field Specialist,, Executive and Admin Assistants, Board Specialist, EEO Investigator, Controller, Deputy General Counsel, Government & Legislative Representatives, Training Specialist



# ACE Represented Employees as of May 7, 2025

146 Employees





# ACE Vacancy Rate = 10%

- 147 budget PCNs; 132 filled, 15 unfilled

Classification	Regular	Full Time	Group
Special Projects Manager	R	F	OFFICE OF THE GENERAL MANAGER
Ethics Policy Analyst	R	F	OFFICE OF ETHICS
Ethics Policy Analyst	R	F	OFFICE OF ETHICS
Assistant Ethics Officer	R	F	OFFICE OF ETHICS
Sr Dpty General Counsel (C)	R	F	GENERAL COUNSEL
Executive Assistant II (C)	R	F	OFFICE OF THE GENERAL AUDITOR
Asst Board Administrator	R	F	BOARD OF DIRECTORS
Assoc Security Specialist (C)	R	F	OFF OF SAFETY,SECURITY&PROTECT
Sr Training Administrator (C)	R	F	OFF OF SAFETY,SECURITY&PROTECT
Training Specialist (C)	R	F	OFF OF SAFETY,SECURITY&PROTECT
Sr Training Specialist (C)	R	F	OFF OF SAFETY,SECURITY&PROTECT
HR Assistant III (C)	R	F	HUMAN RESOURCES GROUP
Sr HR Training Specialist (C)	R	F	HUMAN RESOURCES GROUP
Sr Admin Analyst (C)	R	F	HUMAN RESOURCES GROUP
Human Resources Analyst III(C)	R	F	HUMAN RESOURCES GROUP



# Positions Not Budgeted in ACE

- 21 non budgeted PCNs; 14 filled, 7 unfilled all regular, full-time positions

<b>HUMAN RESOURCES GROUP</b>	<b>17</b>
Filled	11
Admin Assistant III (C)	1
HR Assistant I (C)	1
HR Assistant II (C)	3
HR Assistant III (C)	2
Human Resources Analyst II (C)	2
Human Resources Analyst III(C)	1
Pr HRIS Analyst (C)	1
Not Filled	6
Employee Relations Specialist	2
HR Assistant II (C)	3
HR Assistant III (C)	1

<b>OFF OF SAFETY, SECURITY &amp; PROTECT</b>	<b>1</b>
Filled	1
Sr Admin Analyst (C)	1
<b>OFFICE OF ETHICS</b>	<b>2</b>
Filled	1
Pr Admin Analyst (C)	1
Not Filled	1
Pr Admin Analyst (C)	1
<b>OFFICE OF THE GENERAL MANAGER</b>	<b>1</b>
Filled	1
Executive Strategist	1
Total	21



# Human Resource Employees

Employees in Human Resources					Recruitment Staff		
Year (June 30 or approx.)	Regular	Temporary	Total	Agency Temps (Fiscal Year)*	Recruitment Regular Employees	Recruitment Temporary Employees	Total Recruitment Employees
2011	47	0	47		4	0	4
2012	44	1	45		5	1	6
2013	39	3	42		5	1	6
2014	40	1	41		6	0	6
2015	42	2	44		7	1	8
2016	39	1	40**		7	0	7
2017	38	1	39		6	0	6
2018	38	3	41		6	2	8
2019	39	8	47		7	5	12
2020	40	7	47		6	4	10
2021	41	7	48		6	2	8
2022	39	7	46***	5	8	1	9
2023	38	8	46	3	8	1	9
2024	42	13	55	14	8	3	11
2025 (May)	44	12	56	5	8	3	11

\* Fiscal year data 2021/2022, 2022/2023, 2023/2024, 2024/2025

\*\* Risk Management no longer reporting to HR; transferred 3 positions

\*\*\* EEO no longer reporting to HR; transferred 2 FTE + 1 Agency Temp & reassigned 1 FTE to HRIS



## Temporary Employees in Human Resources

Class	Empl Class	Service	Start Date	Planned End Date	Disposition	Supv Name
<b>Admin Assistant III (C)</b>	District Temp Med and PERS	0.97	6/12/2023	6/19/2024	Agency temp converted to DT	Breaux-Burns,Carmondy L
<b>HR Assistant III (C)</b>	District Temp Med and PERS	1.1	10/30/2023	12/12/2024		Recruitment/Class Comp
<b>Employee Relations Specialist</b>	District Temp Med and PERS	0.91	1/8/2024	1/31/2025		Employee Relations
<b>HR Assistant II (C)</b>	District Temp Med and PERS	1.08	2/5/2024	2/21/2025		Training & Org Development
<b>HR Assistant I (C)</b>	District Temp Med and PERS	2.62	10/2/2023	4/2/2025	extended to 8/30/25 for a total of 22 months as a DT - prior to that served as an agency temp. ACE opposes violation of OP H-08	HR Group Manager's Office
<b>Human Resources Analyst III(C)</b>	District Temp Med and PERS	1.16	1/8/2024	4/30/2025	extended from 12/13/24 to 4/30/25 for a total of 15+ months as a DT; reasons provided by HR "backfill". Violation of OP H-08 backfill not to exceed 1 yr.	Breaux-Burns,Carmondy L
<b>HR Assistant II (C)</b>	District Temp Med and PERS	0.89	4/15/2024	6/4/2025		Employee Relations
<b>Pr HRIS Analyst (C)</b>	Annuitant	23.11	2/10/2020	6/30/2025	extended multiple times; per HR working on various projects, none meet the requirements for use of an annuitant; other DT are performing same work. Violation of OP H-02	HRIS
<b>HR Assistant III (C)</b>	District Temp Med and PERS	0.16	1/6/2025	12/19/2025		Breaux-Burns,Carmondy L
<b>HR Assistant II (C)</b>	District Temp Med and PERS	0.35	10/28/2024	4/28/2026		Recruitment/Class Comp
<b>HR Assistant III (C)</b>	Limited Term Employee	1.95	5/1/2023	5/1/2026		Recruitment/Class Comp
<b>Human Resources Analyst III(C)</b>	District Temp Med and PERS	0.31	11/12/2024	5/12/2026		HRIS
<b>Admin Assistant III (C)</b>	Annuitant	1.04	2/20/2024	2/20/2027		Training & Org Development
<b>Human Resources Analyst II (C)</b>	Limited Term Employee	0.58	8/5/2024	8/5/2027		HRIS
<b>HR Assistant II (C)</b>	Limited Term Employee	2.27	Not Provided	Not provided	Agency temp converted to LTE	Breaux-Burns,Carmondy L



# HR Represented Employees

- Concerns
  - Lack of appropriate staffing levels in HR, especially in recruitment
  - Overuse of temporary employees
  - Non-adherence to Operating Policies and MOU obligations
  - Reallocation of approved positions
  - Outsourcing of ACE negotiated work, e.g., recruitment, reasonable accommodation
  - Wellbeing of ACE members in HR
- Issues have caused
  - Burnout due to over working and lack of work/life balance, stress, low morale
  - Conflict between regular and temporary employees
  - Distrust of HR by the organization
  - Bad mouthing of HR by employees and managers outside of HR



# Limited Term Employees

- Agreed to category of Limited Term Employee (LTE) in Dec 2019
  - The use of Limited Term employees shall only be for **specific projects with specifically defined project scopes and time frames.**
  - **Hired for no more than 36 months** but can be released prior. Time served as Agency or District Temp will count toward 36-month term limit. No consecutive LTE assignment.
  - District is required to meet with ACE on how LTE will be utilized **prior to hiring an LTE. Must provide a quarterly report to ACE** showing Limited Term assignment, job title and scope of work.



# Proposed Biennial Budget for FYs 2024/25 and 2025/26

February 27, 2024

## Descriptions of 19 New Positions

	Job Classification	Group	Job Description / Justification
1	Pr EEO Analyst (C)	Equal Employment Opportunity Office	Support critical EEO Reporting process
2	Pr Resource Specialist	Office of Sustainability Resilience & Innovation	Grant coordinator – ensure standard operating procedures are in compliance
3	Admin Assistant I	Office of Sustainability Resilience & Innovation	Provide business management support to SRI Group
4	Assoc Engineer	Engineering Services	Condition Assessment/Risk Mgt. and Pressure vessels
5	Engineer	Engineering Services	CIP Expansion – increase in projects to manage
6	Engineer	Engineering Services	CIP Expansion – increase in projects to manage
7	Engineer	Engineering Services	CIP Expansion – increase in projects to manage
8	Admin Assistant III	Engineering Services	Increase in consultant invoices and contracts
9	Sr Training Specialist (C)	Office of Safety Security and Protection	Staff required for regulatory forklift and towing training
10	Pr Info Tech Analyst	Information Technology	Core cybersecurity function of protecting our current operating systems and applications
11	HR Assistant III (C)	Human Resources	Support existing and new programs for Benefits, Health & Voluntary Benefits and Deferred Compensation
12	Pr Admin Analyst (C)	Human Resources	Will ensure compliance with the DOT Drug and Alcohol Testing Program along with medical accommodations
13	Human Resources Analyst III(C)	Human Resources	Ensure maintenance of recruitment improvements including reduced time to fill
14	Human Resources Analyst III(C)	Human Resources	Provide needed support to the Recruiters and Class/Comp Analyst improving time to fill
15	Storekeeper I	Finance and Administration	Position needed to ensure full operation of the inventory control team
16	Pr Accountant	Finance and Administration	Grant accounting - This position will ensure compliance with financial requirements, transparency, and accuracy in reporting grant expenditures and reimbursements
17	Pr Admin Analyst	Finance and Administration	Financial Systems - This position will support existing and planned financial systems upgrades that are necessary for critical operations
18	Executive Assistant II (C)	Office of the General Auditor	Position will be responsible for administrative responsibilities that have been spread out to current audit staff
19	Senior Audit Manager	Office of the General Auditor	The Office of the General Auditor is expanding IT Audit coverage and requires staff who specialize in IT audit to oversee the expansion.



# Temporary Agency Labor – Agency Workers

- Different than a Limited Term Employee, District Temporary or Annuitant – all District employees
- Agency worker is not a District employee rather hired and paid by a staffing agency or organization and supplied to the District

Fiscal Year	Total Temp Labor	HR Temp Labor
2021-2022	31	5
2022-2023	55	3
2023-2024	93	14
2024-2025	71	5



# Objectives of AB 2561

- Address Staffing shortages through transparency and collaboration with the bargaining units
- RFI and PRA to obtain information
- Collaboration and conversations before hearing
- Other public sector organizations and taking a more collaborative approach



# Thank you



Association of  
Confidential  
Employees



# AFSCME Local 1902

MWD AB 2561 Hearing  
May 13, 2025

## Presenters:

- Alan Shanahan, Exec. President
- Laura Garcia, Exec. Vice-President
- Amparo Munoz, Exec. Secretary





# Alan Shanahan, Executive President

AFSCME Officer since 2009

AFSCME Intl Vice-President (CA) 2016-2024

AFSCME California Board 2009-Present

CA DOL IACRA Pre-Apprentice Chair, 2018/19

## MWD Planner/Scheduler Mills Plant

2009 Graduate MWD Mechanical  
Apprenticeship

1997-98 MWD Comms/Microwave Weymouth

2003 MWD SCADA USHQ

22+ years of service





1. Introductions/Presenters
2. AFSCME Member Work
3. AB2561 Intent & Defining Vacancy
4. MWD & AFSCME Data
5. Notices/Impediments/Concerns
6. Personnel Levels by Bargaining Unit
7. Temporary Employee Use/Compliance
8. Professional Services Augmenting Positions
9. Understaffing Impacts on Maintenance & Employee Safety
10. Understaffing Impacts to Public Service
11. Cascading Effects from Understaffing
12. AFSCME Conclusions
13. Questions and Discussion













# Gov't Code § 3502.3 (AB 2561)

*— A Right to Be Heard, A  
Duty to Be Transparent*

**California Government Code § 3502.3**, enacted through **AB 2561**, grants public sector unions the legal right to present staffing and labor condition analysis directly to the governing body.

This isn't a loophole or a protest — it's law. And it was written to protect **the public's right to know** how their money is spent and who is doing the work that sustains California's most essential services.



# What This Is — What It Is Not

*We are here because we believe  
MWD can be better, stronger,  
and more trusted when we align  
our policies with our principles  
— and with the law.*

- This presentation is **not about scoring points** or declaring winners
- It's about **ensuring public trust** in an agency that serves 19 million Californians
- It's about **upholding transparency, equity, and accountability** — values embedded in the law
- This is about representing **AFSCME members which currently account for ~70%** of positions at MWD.

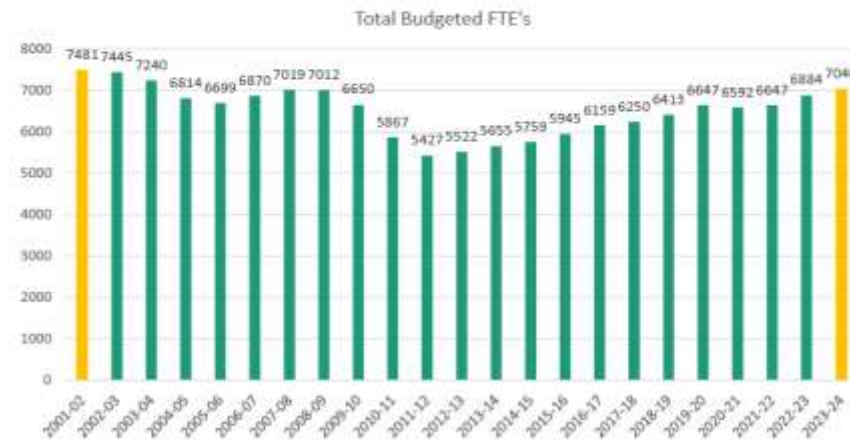


# What It Looks Like

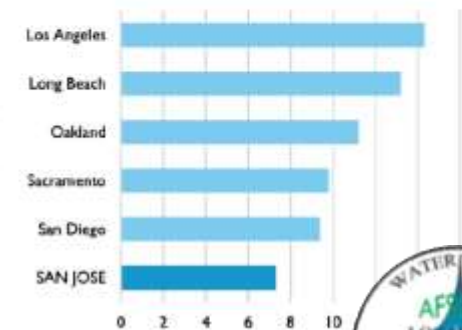
*“Without data, you are just another person with an opinion”  
— W. Edwards Deming*



**San Jose Budgets 441 fewer full-time positions than 20 years ago, the lowest staffing of any large city in California.**



Authorized Full-Time Equivalent Positions per 1,000 Residents





# What is a Vacancy?

**A Position on Paper — Not in Practice**

*Vacancy isn't savings. It's silence where service should be.*

- **The intent of AB2561** is to determine current and future operational needs including persistent job vacancies and to partner with Unions in a transparent manner.
- Simply providing data which shows how many positions are in a bargaining unit, how many are filled, and how many are being recruited does not provide the full picture.
- **AFSCME** believes **extensive data and analysis is necessary** to inform the **Board** and **Public** about actual personnel needs to maintain and be prepared for emergency needs during the **budget process** and meet **intent of AB2561**.





**Data Provided by MWD**  
**May 5, 2025, 7:09PM**

<b>Barg Unit</b>	<b># of positions</b>	<b># filled</b>	<b># vacant</b>	<b>% filled</b>	<b>% vacant</b>
<b>Dept Head - 00</b>	5	5	0		<b>0%</b>
<b>Unrep - 01</b>	43	39	4		<b>9%</b>
<b>AFSCME - 02</b>	1347	1212	135		<b>10%</b>
<b>SA - 03</b>	99	85	14		<b>14%</b>
<b>MAPA - 04</b>	362	330	32		<b>9%</b>
<b>ACE - 05</b>	147	132	15		<b>10%</b>
<b>Totals</b>	2003	1803	200		<b>10%</b>



## Is this the Correct MWD Data? Revision Found on Board Website

Barg Unit	No. of positions	No. filled	No. vacant	% filled	% vacant
DEPT HEAD – 00	4	4	0	100%	0%
UNREP – 01	43	39	4	91%	9%
AFSCME - 02	1342	1207	135*	90%	10%
SA - 03	99	85	14	86%	14%
MAPA - 04	356	324	32	91%	9%
ACE - 05	145	130	15	90%	10%
Total	1989	1789	200	90%	10%

\*15 of these are apprentice positions. Offers have been extended.



# May 8, 2025: HR Acted as a Barrier to Transparency

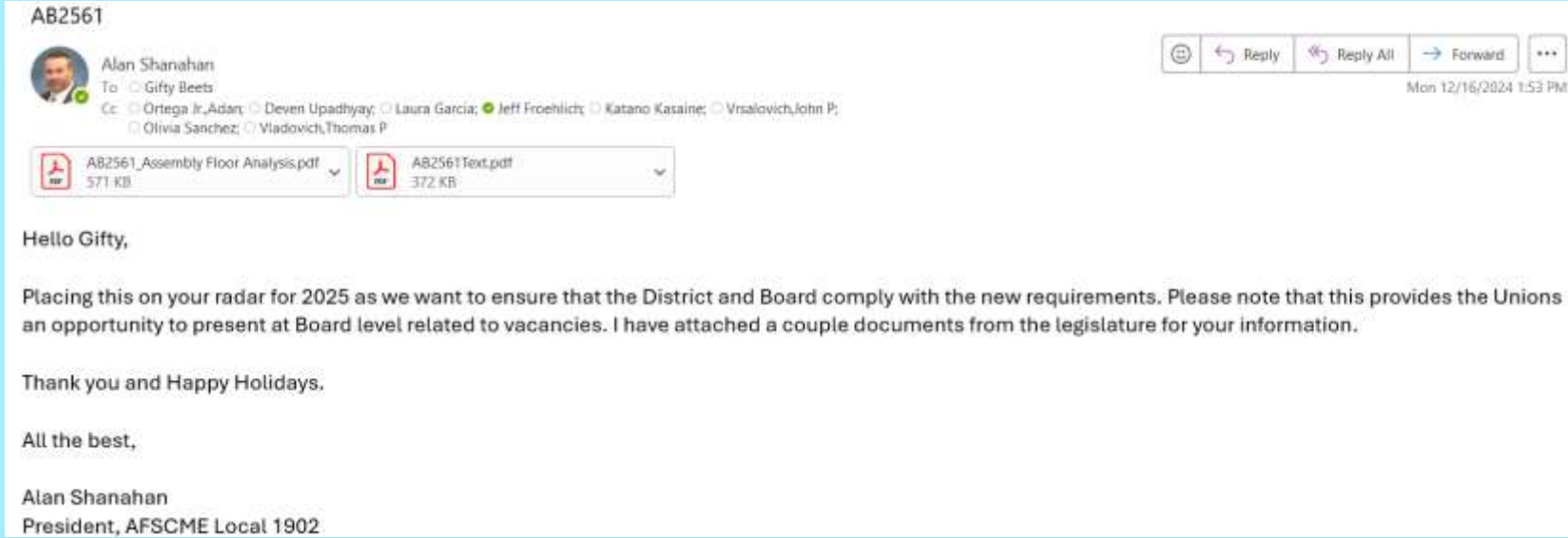
*—Roadblocks for the  
People of California*

- MWD's Human Resources department delayed, denied, and withheld data critical to this process
- These delays actively hindered AFSCME's ability to carry out its responsibility under § 3502.3
- **Our role under this law is not optional — it is an obligation.**
- The intent of the law was to create transparency and analyze data to better inform this Board and the public of operational needs.



Dec 2024

# Starting the Dialogue



**December 2024**  
**AFSCME AB2561**  
**Notification Email to HR**  
*CC'd: Board Chair, General Manager, CFO, MAPA, ACE, and Supervisors*

**From:** Beets, Gifty J <GBeets@mwdh2o.com>  
**Sent:** Monday, December 16, 2024 6:43 PM  
**To:** Alan Shanahan <ashanahan@afscme1902.org>  
**Cc:** Ortega Jr., Adan <AOrtegaJr@mwdh2o.com>; Upadhyay, Deven N <DUpadhyay@mwdh2o.com>; Laura Garcia <lgarcia@afscme1902.org>; Jeff Froehlich <jfroehlich@afscme1902.org>; Kasaine, Katano <KKasaine@mwdh2o.com>  
**Subject:** RE: AB2561

Hi Alan,

Thank you for the information. The District is aware and will be in compliance.

Thank you for sharing and happy holidays to your team and family!

Gifty



Dec 2024

# Reasonable Request, Lack of Response & Collaboration

RE: AB2561



Alan Shanahan

To ○ Beets,Gifty J

Cc ○ Ortega Jr.,Adan; ○ Upadhyay,Deven N; ○ Laura Garcia; ● Jeff Froehlich; ○ Kasaine,Katano; ○ Amparo Munoz

You replied to this message on 2/27/2025 10:16 AM.

Thank you, please provide us with at least 60 days notice prior to sessions as we know the district has a long planning process and multiple sessions.

Happy Holidays!

Alan Shanahan

**AFSCME Respectfully asked for 60 days to  
prepare the presentation**



Dec 2024 FEB 2025 MAR2025

# More Delays, Bad Information

RE: AB2561 Date Verification



Beets, Gifty J <GBeets@mwdh2o.com>

To: Alan Shanahan

Cc: Laura Garcia; Jeff Froehlich; Trinh, Mimi

This sender GBeets@mwdh2o.com is from outside your organization.

You replied to this message on 3/17/2025 6:20 PM.

Reply Reply All Forward ...

Mon 3/17/2025 6:19 PM

Hi Alan,

I will provide the exact date and time as soon as I get it. Right now, looks like I was being informed that it is happening the week of May 11, 2025. Sorry for the confusion.

Gifty

**From:** Alan Shanahan <[ashanahan@afscme1902.org](mailto:ashanahan@afscme1902.org)>

**Sent:** Monday, March 17, 2025 9:13 AM

**To:** Beets, Gifty J <[GBeets@mwdh2o.com](mailto:GBeets@mwdh2o.com)>

**Cc:** Laura Garcia <[lgarcia@afscme1902.org](mailto:lgarcia@afscme1902.org)>; Jeffrey Froehlich <[jfroehlich@afscme1902.org](mailto:jfroehlich@afscme1902.org)>; Trinh, Mimi <[MT Trinh@mwdh2o.com](mailto:MT Trinh@mwdh2o.com)>

**Subject:** AB2561 Date Verification

Hello Gifty,

Thank you for the response, can you please verify the date as you stated May 11, 2025, and that is a Sunday. It is our understanding that MWD committees are scheduled for May 12/13, 2025 and full Board May 13, 2025.

Mar 17 – HR continues to provide vague elusive information





Dec 2024 FEB 2025 MAR2025 APR2025

# April Withholding

## AB 2561 Update to Board



Beets, Gifty J <GBeets@mwdh2o.com>

To ✓ Alan Shanahan; ○ Laura Garcia

This sender GBeets@mwdh2o.com is from outside your organization.

You replied to this message on 4/2/2025 1:34 PM.

Reply

Reply All

Forward



Wed 4/2/2025 11:46 AM

Good morning,

This is to officially notify you that on May 13, 2025, the District will be providing an update on AB 2561 related to public agency vacancy reporting requirements to the entire Board. The District's presentation is expected to last approximately 15 minutes. Although the District does not anticipate your bargaining unit having a 20% vacancy rate, AFSCME is welcome to also present to the Board as part of this presentation. Please let me know as soon as possible if you intend to do so and how much time you may need.

Thank you so much!

Gifty

Apr 2 – MWD Provides AB2561 Notice and correct hearing date.

Apr 2 – AFSCME/MWD Emails regarding staff presentation length, 20%, RFI.

Apr 16 – Brown Act discussions going back and forth and HR makes statement that Chair may not have discussion if materials presented day of meeting. AFSCME does not agree with not holding discussion and will attempt to provide materials 72 hours in advance of meeting.

Apr 21 – AFSCME sends RFI to HR

Apr 24 – HR responds providing current MHR803 report and begins challenging RFI purpose, intended, and will only share MWD presentation materials under Brown Act access.





Dec 2024 FEB 2025 MAR2025 APR2025

# RFI Impediments

This letter responds to your April 21, 2025, Request for Information submitted on behalf of AFSCME Local 1902 regarding the District's upcoming presentation to the Board of Directors scheduled for May 13, 2025, pursuant to Government Code section 3502.3 (AB 2561). We appreciate your engagement and provide the following responses to the items listed in your request:

1. Full and complete copies of all materials that will be presented by the district during this hearing.  
The District is currently preparing materials for the May 13 Board presentation. At this time, the content remains in draft form and is undergoing internal review. As such, there are no finalized materials available for release. It is appropriate and consistent with legal standards for the District not to disclose draft or pre-decisional materials, which are protected under the deliberative process privilege. Once finalized and formally scheduled for Board presentation, the materials will be made available in accordance with the Brown Act and applicable disclosure obligations.
2. Full and complete copy of the District MHR803 report for the pay period that includes April 15th for calendar years 2000 – 2025. Please do not remove or eliminate any data as it is imperative to the AFSCME presentation to see how the entire district was staffed during these time periods. To provide clarity, this will result in AFSCME being provided with one MHR803 report for each calendar year.  
This request seeks MHR803 reports for the April 15 pay period for each calendar year from 2000 through 2025. To ensure a clear understanding of your intent and avoid unnecessary compilation of voluminous historical data, the District respectfully requests that AFSCME clarify the specific purpose and intended use of this information. Once we better understand the scope and how this data relates to your AB 2561 presentation, we will evaluate the feasibility and timeline of responding as the District does not maintain 803 reports beyond a year. Attached is the 803A report for April 2025.

Apr 2 – MWD Provides AB2561 Notice and correct hearing date.

Apr 2 – AFSCME/MWD Emails regarding staff presentation length, 20%, RFI.

Apr 16 – Brown Act discussions going back and forth and HR makes statement that Chair may not have discussion if materials presented day of meeting. AFSCME does not agree with not holding discussion and will attempt to provide materials 72 hours in advance of meeting.

Apr 21 – AFSCME sends RFI to HR

Apr 24 – HR responds providing current MHR803 report and begins challenging RFI purpose, intended, and will only share MWD presentation materials under Brown Act access.



AFSCME is seeking some clarity on the AB2561 presentation process. AFSCME reviewed the MWD Board agenda and noticed that there are two positions on the agenda 4.a. & 9-2 (agenda attached) for presentations on AB2561. As the district is aware, AB2561 provides that the BU and employer present on this at the same meeting but it appears that the district has generated an additional agenda item 9-2 (*Report on status of job vacancies and recruitment/retention efforts as required by Government Code § 3502.3 (Assembly Bill 2561) (CWC)*) on top of 4.a. which is lumped into public comment.

It is our understanding of the law and its intent that, the presentations should then trigger discussion by the legislative body including ability to answer question not just limited to a public comment which the board cannot discuss, debate, or ask questions of speakers. As we have seen at other public agencies, that are complying with the law, the legislative bodies are placing AB2561 presentations for employer and BUs on the same agenda item, not as a public comment agenda item to ensure that legislative bodies can have discussion, debate and ask questions of presenters.

Therefore, because the district decided not to engage in the M&C process on AB2561 as it relates to its decisional effects and impacts, AFSCME is requesting clear and decisive responses to the items listed below. This will enable AFSCME to better understand how the district intends to comply with the law, how AFSCME and its members are impacted, whether the format and submission process is reasonable, and determine whether the district is meeting the plain language and intent of the law.

1. Please inform AFSCME as to when the district intends to hold a public meeting for its next budget approval. **Our next budget will get released in January 2026, then we typically hold workshops (4 total) in February and March, with adoption in April. We will likely have this hearing next fiscal year in March 2026.**
  1. If the district does not have a specific date, please provide an approximation such as July 2025 or June 2026, etc.
2. Please inform AFSCME as to whether the district is presenting during 4.a. and/or 9-2. **4a. 9-2 has been withdrawn.**
3. Please inform AFSCME as to whether its public comment policy, which limits public comment to 3 minutes, is applying to 4.a. which clearly states the agenda item is per Gov Code §54954.3(a) while AB2561 falls under Gov Code §3502.3 not §54954.3(a) which speaks to public comment, not AB2561/§3502.3. **It is not applying to AFSCME's presentation.**
  1. As the district is aware, it must apply the rules/policy on public commentators time equally and be announced at the meeting if it is being changed and the parties did not bargain a limit on BU presentation length.



Dec 2024 FEB 2025 MAR2025 APR2025

# Delay, Delay, Delay

RE: AB2561 RFI



Alan Shanahan

To ○ Munoz Marroquin,Isamar

Cc ● Jeff Froehlich; ○ Laura Garcia; ○ Amparo Munoz; ○ Beets,Gifty J; ○ Kraynek,Angela C



Fri 4/25/2025 9:11 AM

This letter responds to your April 21, 2025, Request for Information submitted on behalf of AFSCME Local 1902 regarding the District's upcoming presentation to the Board of Directors scheduled for May 13, 2025, pursuant to Government Code section 3502.3 (AB 2561). We appreciate your engagement and provide the following responses to the items listed in your request:

1. Full and complete copies of all materials that will be presented by the district during this hearing.  
The District is currently preparing materials for the May 13 Board presentation. At this time, the content remains in draft form and is undergoing internal review. As such, there are no finalized materials available for release. It is appropriate and consistent with legal standards for the District not to disclose draft or pre-decisional materials, which are protected under the deliberative process privilege. Once finalized and formally scheduled for Board presentation, the materials will be made available in accordance with the Brown Act and applicable disclosure obligations. Please provide the report once it has been submitted to the board which then makes it a public record.
2. Full and complete copy of the District MHR803 report for the pay period that includes April 15th for calendar years 2000 – 2025. Please do not remove or eliminate any data as it is imperative to the AFSCME presentation to see how the entire district was staffed during these time periods. To provide clarity, this will result in AFSCME being provided with one MHR803 report for each calendar year.  
This request seeks MHR803 reports for the April 15 pay period for each calendar year from 2000 through 2025. To ensure a clear understanding of your intent and avoid unnecessary compilation of voluminous historical data, the District respectfully requests that AFSCME clarify the specific purpose and intended use of this information. Once we better understand the scope and how this data relates to your AB 2561 presentation, we will evaluate the feasibility and timeline of responding as the District does not maintain 803 reports beyond a year. Attached is the 803A report for April 2025. The scope, purpose and intended use is clear, and is sought under AB2561 which the district is aware and it deals with vacancy rates, and does not preclude historical inclusion. Further, the report requested which you just sent a version, and as the district is again aware, is accessible by all persons in MWD and are not confidential. Please provide whether the district will provide the information or not by Monday, April 28, 2025, so that we can move to PERB, Grievance and also disclose to the GM and Board the unnecessary challenges even in the face of obvious basis and purpose which a reasonable person could see falls in the scope of MMBA, law, etc. PLEASE PROVIDE THIS DATA IN .CSV OR .XLSX FORMAT
3. Full and complete copy of additional PCNs which were authorized by the Board when approving the various CIP Projects related to Ozone facilities at the various Water Treatment Plants. For example, when the Board approved Ozone CIP for Diemer, it included 3 additional PCNs for that worksite.  
We understand this request pertains to additional Position Control Numbers (PCNs) authorized by the Board in connection with ozone-related capital improvement projects at various Water Treatment Plants. To conduct a focused and efficient review, we respectfully request that AFSCME provide additional parameters—such as:
  - Specific project names or treatment plant locations; All ozone projects at MWD Water Treatment Plants: Jensen, Weymouth, Diemer, Mills, Skinner.
  - Relevant fiscal years; As they are district records, the district is in a better position to determine this as the Ozone Projects were built in the 90s to present day and were approximately on 5 projects and a demo plant.
  - Whether the request is limited to Board letters resulting in Board-approved PCNs or other documents. That would be acceptable.

Once clarified, the District will review available records and provide responsive documents, as appropriate.





Dec 2024

FEB 2025

MAR2025

APR2025

MAY2025

# Impeding AFSCME

## Timeline of Events: May 1–8, 2025

- **May 1** – AFSCME and MWD HR have a phone discussion regarding RFI materials and alternatives to the unavailable 803 reports.
- **May 2** – AFSCME emails HR requesting clarification on AB 2561, noting refusal to meet and confer effects/impacts, and highlighting agenda errors.
- **May 5** – RFI data is finally provided by HR — after 7:00 p.m. (Providing the people of California and AFSCME seven days to comply with AB 2561.
- **May 6** – Ongoing emails between AFSCME and HR regarding meet & confer, agenda corrections, 2026 budget presentations, PowerPoint submission needs, and publication of materials.
- **May 7** – AFSCME alerts HR that agenda errors remain; Item 4.a. no longer accurate; submission deadline for May 8 deemed unreasonable.
- **May 8** – AFSCME submits materials to the Board Secretary and asserts that per the **Brown Act**, it is MWD's responsibility to distribute materials to the Board and public. AFSCME ensures legal compliance by including the Secretary in the email chain.

## Final Week: Procedural Delay & Legal Compliance





# Barriers to Transparency & Collaboration

May 6 – Ongoing email exchange between AFSCME and District regarding:

- HR refused to meet and confer, then provided fragmented, incomplete data
- Agenda materials included formatting and content errors
- AFSCME faced separate and unreasonable submission deadlines, undermining transparency
- Logistical hurdles for PowerPoint and public posting appeared punitive, despite AFSCME initiating dialogue in December 2024
- The 2026 Budget AB2561 presentation misrepresented the process and intent of the law

## AB2561 Collaboration To Address Operational Needs

AB2561 Fact Sheet states, *"This bill promotes transparency, improves recruitment and retention strategies, and encourages timely collaboration between public agencies and employee organizations to address critical workforce challenges."*

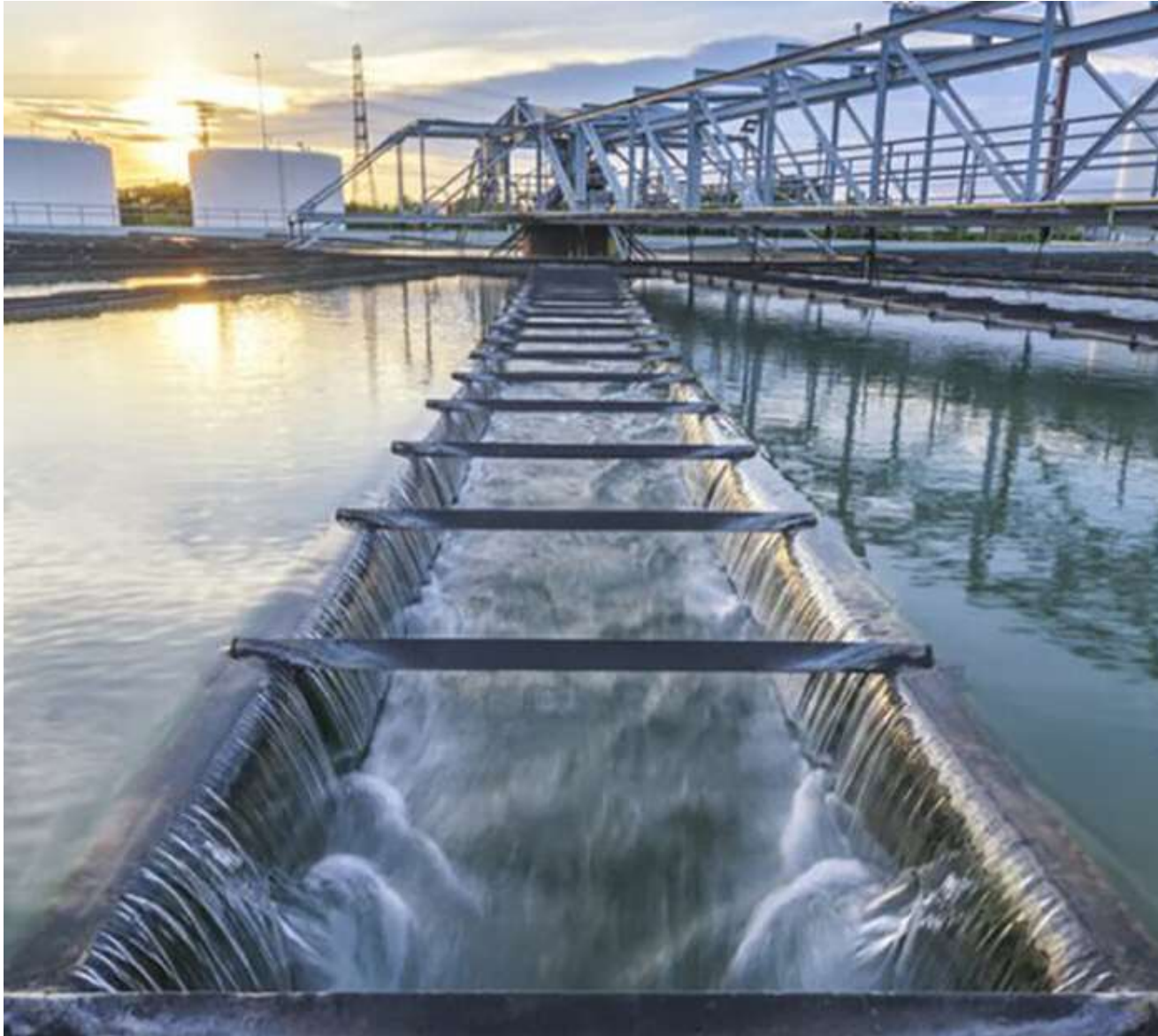


## 2026 Budget Approval Timeline

AB2561 Legislative Digest states, *"The act requires the governing body of a public agency to...consider fully presentations that are made by the employee organization on behalf of its members before arriving at a determination of policy or course of action."*







# AFSCME Stands For MWD Resilience

- After five months of misinformation, deflection, and delay, AFSCME Local 1902 stands firm — not just for our members, but for the 19 million Californians who depend on us.
- Despite barriers, we took the fragmented data, cleaned it, and built this report to begin what we hope is the **first of many honest, public-facing conversations** about staffing, safety, and service at MWD.





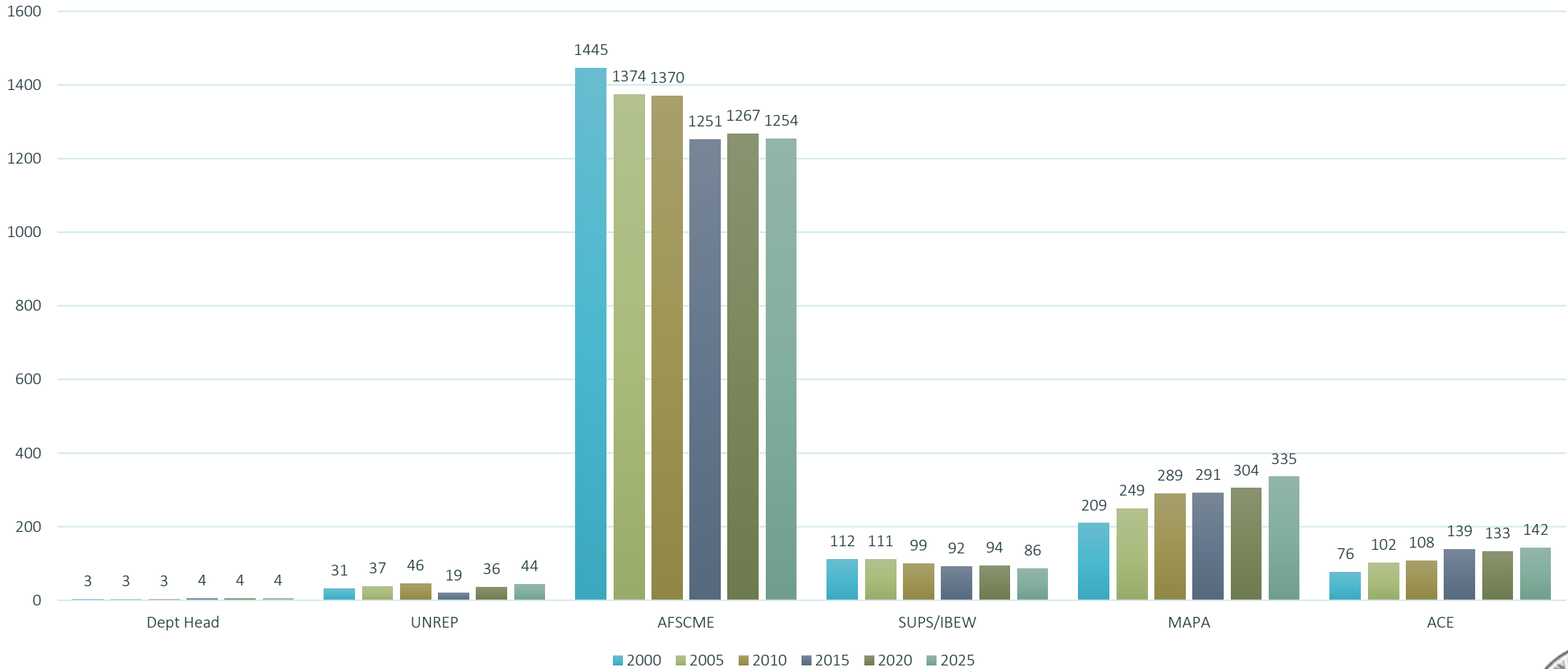
*“I do solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California... and that I will faithfully discharge the duties upon which I am about to enter.”*

***— Oath of Office, MWD Public Service Employees***





# REPRESENTATIONAL GROUPS 2000 - 2025





## OPERATING POLICIES

O.P. NUMBER	TITLE	ISSUE DATE	REVISION DATE
H-08	Temporary Workers	08/27/02	6/2/05

### Annual Compliance Review

6. Once a temporary worker reaches his or her completion date, the worker is released. Thereafter, the worker is ineligible during the next six months for rehire as a temporary worker.

7. Prior notice for time extension must be provided to the affected bargaining unit. The Chief Operating Officer shall approve any time extensions.

8. Temporary workers may only be used for the following categories of assignments:

- Capital projects;
- Grant funded projects;
- Seasonal positions;
- Specific term-limited projects; and
- Temporary replacement for regular employees on leave.

10. Human Resources performs an annual review of temporary workers to ensure that the policy is being applied correctly.

- facilitating the placement of temporary labor; and
- conducting annual compliance reviews.
- providing quarterly reports to the Bargaining Units containing the names of temporary workers and the following information on each temporary worker:
  - work classification;
  - start date;
  - planned release date;
  - category of assignment;
  - organizational placement; and
  - Metropolitan supervisor.



# Who Works for MWD?

Contracting Analysis of MWD

by AFSCME Local 1902





# Laura Garcia, Exec. Vice-President

AFSCME California Board 2021-Present

MWD Administrative Analyst, WRM USHQ  
13 years of service

## History:

- 2012: Administrative Assistant I in Human Resources, Agency Temporary hire via Apollo Professional Solutions (Agency: 38% mark-up, as of 2018)
- 2013: District Temporary in HR
- October 2013: Hired as full-time regular in the Engineering Services Group





# Problem: Two Decades of Delay

*While AFSCME pushes to build the workforce, MWD keeps outsourcing — and shifting the blame.*

**Since 2004, AFSCME Local 1902 has raised concerns about the District's continued outsourcing of work that should rightfully be performed by our members.**

Management asserts that hiring is restricted by the Board and that capital project workloads are too unpredictable to support stable labor planning.

These justifications have been used to sideline union labor for over two decades — not as a matter of necessity, but as a matter of choice.



# Solution: The Evidence Was Always There

We're not guessing — we're  
showing the full picture

- Highlight where hiring justification already exists
- Present data in full context — not in isolation
- Map contracted work to existing MWD classifications
- Compare costs, classifications, and scope differences
- Clarify risks and tradeoffs between outsourcing and internal staffing



# Professional Services Reports

## Oaths Don't Come with Invoices

*You are seeing the contract numbers — not the people missing from them.*

- Consolidates reporting from 2018 through April 2025 agreements:
  - 2018: 356
  - 2021: 360
  - 2023: 397
  - 2024: 423
- Summarizes total expenditures
  - 2020-21: \$16 M
  - 2021-22: \$19 M
  - 2022-23: \$31 M
  - 2023-24: \$47 M
  - 2024-25: \$34M, with \$62M budget
- Data can be sorted by various criteria



# Limitations

- Incomplete Data
  - Budget data only available for 4 past fiscal years (FY2020-21)
- Some expenditures predate review period
  - Data collected from various reports back to 2018





---

**10 consultants** were paid **over \$1 million each** in a single year

---

Together, they received **51 contracts** — nearly **1 in 5** awarded by MWD

---

These are public dollars, but the work is being handed to private firms with no long-term obligation to the people of California

# FY 2023-24 Top Consultants

*Million-Dollar Contracts, Zero Public  
Accountability*





# FY 2023-24 Top Consultants (1M+)

## *continued*

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AECOM & BC TEAM (\$6.6M)

---

BLACK & VEATCH CORPORATION (\$3.8M+\$1.3M= \$5.1M)

---

HDR ENGINEERING, INC. (\$2.2.M+\$1.4M= Total \$3.6)

---

STANTEC CONSULTING SERVICES, INC. (\$2.1M+\$1.2M= \$3.3 M)

---

BROWN AND CALDWELL (\$1.6M)

---

PURE TECHNOLOGIES U.S., INC. (\$1.3M)

---

JACOBS ENGINEERING GROUP, INC. (\$1.2M)

---

STANTEC CONSULTING SERVICES, INC. (\$1.2M)

---

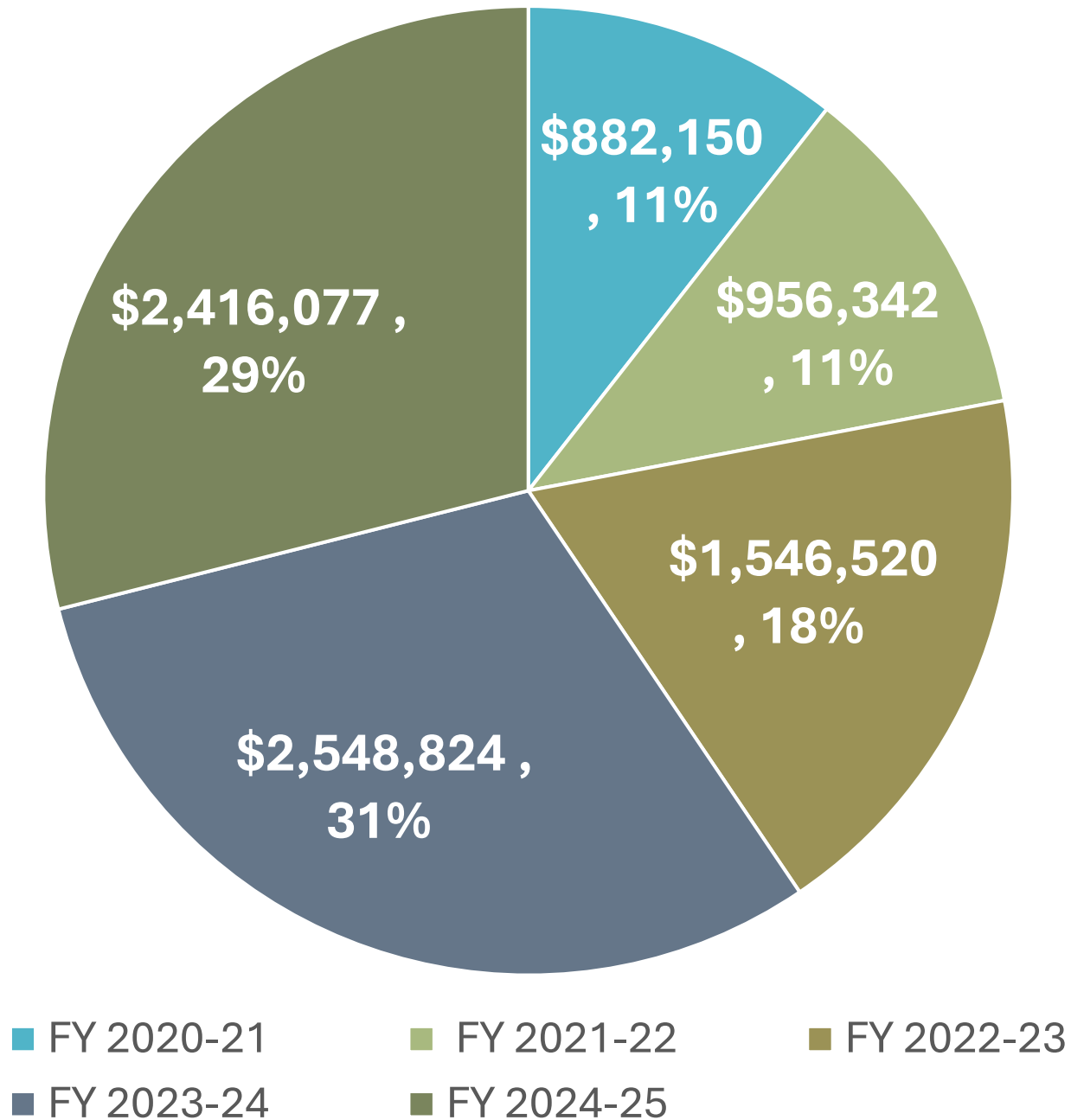
MOTT MACDONALD GROUP, INC.(\$1.1M)

---

LA CANADA DESIGN GROUP, INC. (\$1.1M)



# Information Technology- Professional Services



*IT contracting has nearly tripled since 2021 — leaving MWD's public workforce behind and Californians exposed.*





# AFSCME IT Classifications include:

---

Information Technology (IT) Analyst

---

IT Enterprise Application Analyst

---

IT Network Engineer

---

IT Software Developer

---

IT System Administrator

---

IT Support Analyst (cybersecurity)



- February 11 MWD Board Meeting, AFSCME publicly opposed Item 7-3 — a \$6 million contract with Computer Aid for 24/7 cybersecurity staffing
- MWD framed it as “temporary staff augmentation,” but this is not temporary — it’s structural outsourcing
- January 2024: District did their last recruitment for an IT Support Analyst in Cybersecurity

#### AFSCME Hourly Salary Range for

- Sr IT Support Analyst \$55.59-73.04
- Sr IT Software Developer \$57.22-74.97

#### Computer Aid hourly rate for:

- Cybersecurity Analyst \$126.54
- Cybersecurity Engineer \$230.07

# IT Support Analyst vs. Computer Aid Agrmt

## Paying More to Bypass the People Who Serve California

*MWD stopped hiring union talent — and started overpaying contractors to do the same work without the oath.*





- In FY 2023–24, MWD paid Computer Aid **\$875,000** — equal to **3–4 full-time positions (FTE)**
- New \$6 million contract equals **23–30 FTEs** — but **none are sworn public employees**

**MWD created this crisis by downsizing IT over time.**

Now, the Board is being told there’s “no choice” but to outsource — while internal positions remain frozen or eliminated. Temporary workers who know our systems have no full-time position to move into.

**This is a system designed to fail — and the public will be left holding the risk.**

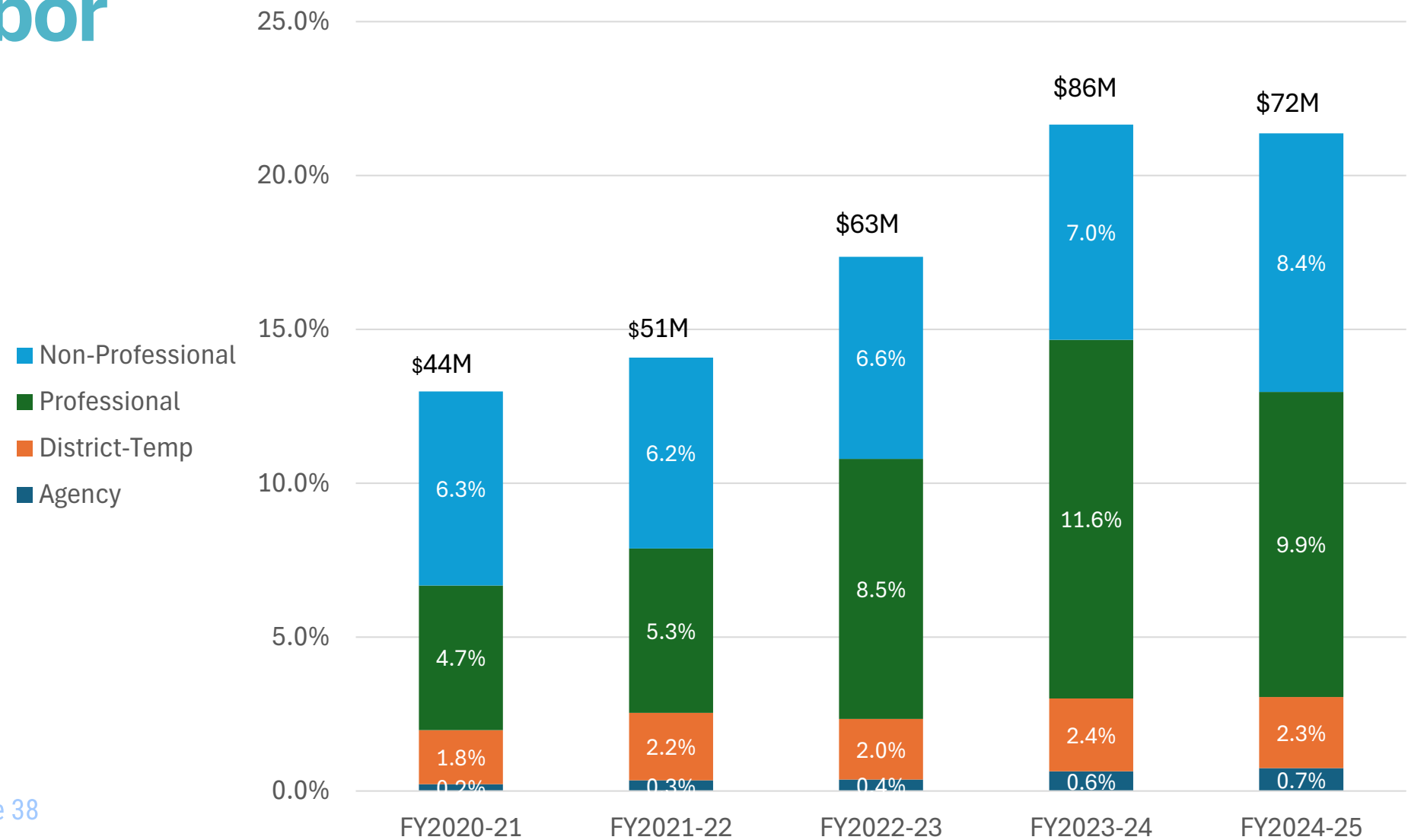
# Example: Computer Aid Agreement

*February 11, 2025: A Risk Manufactured  
Over Time*





# MWD Contracting as a Percentage of In-House Labor





- MWD develops a **20-year forecast** of water demand and supply
- The **Integrated Resource Plan (IRP)** accounts for drought, population growth, and climate impacts
- Yet, there is **no equivalent workforce plan** — even though staffing is just as essential to delivering safe, reliable water

# MWD Plans for Water — But Not for Workers

**Planning for Water, Forgetting the People  
Who Deliver It**

*The future of California's water is mapped  
out — but the workforce behind it is left out.*





- MWD does not forecast labor like it forecasts water
- **“Workload unpredictability”** is used to justify shrinking staff and expanding private contracts
- But project timelines, asset lifecycles, and maintenance demands are **well-documented** — the truth is, there’s plenty of work
- The real question isn’t *if* there’s work — it’s **who’s being allowed to do it**

# The Illusion of Planning — Built to Justify Less People

## Forecasting the Future — Then Outsourcing It

*MWD’s labor plans don’t reflect reality — they’re built to justify fewer workers and more contracts.*





Category	Impact of Outsourcing
Litigation Liability	<b>Higher</b> — reduced oversight, unclear accountability
Institutional Knowledge	<b>Greatly Reduced</b> — contractors walk out with critical know-how
Loyalty & Morale	<b>Lower</b> — internal staff sidelined and feel disrespected
Emergency Response	<b>Significantly Reduced</b> — contractors lack mission training and continuity
Abuse / “Pay for Play”	<b>Increased</b> — repeated, high-value contracts with limited transparency
Flexibility	<b>High</b> — but only for the contractor, not the District
Attrition Risk	<b>High</b> — experienced staff are leaving or being pushed out
Strategic Planning	<b>Firefighting</b> — no capacity left for long-term workforce strategy

# The Real Cost of Contracting: What MWD is Risking

**Short-Term Fixes. Long-Term Fallout.**

*Outsourcing doesn't solve problems — it just buries them until they explode.*



- **Understaffing in O&M, Engineering, and IT** means internal teams are doing more with less — or not at all
- **Contractors don't swear an oath to protect public health and infrastructure** — AFSCME members do
- **Slide-of-hand budgeting is shifting resources out of the public eye**, and out of public control
- Critical safety considerations are being **outsourced, or worse failing to be considered**, while MWD continues high-risk capital projects

# Risk to California & MWD Employees





**Critical safety considerations and long-term asset management is being set aside** while MWD expands high-risk, capital-intensive operations

**OSHA 1910 Subpart S and General Duty Clause (Section 5(a)(1))** require that employers provide safe systems of work — including sufficient staffing, training, and hazard documentation

**NERC CIP-004 and CIP-007 standards** mandate cyber-physical system protections, secure access controls, and incident response protocols — these functions are stunted without trained, in-house IT and safety personnel

**Asset documentation, safety procedures, and incident tracking** are increasingly fragmented as internal roles are outsourced or eliminated — putting both employees and the public at risk

# When Safety Becomes a Footnote

**Capital projects are growing** — but safety staffing is shrinking. The risks aren't hypothetical. They're documented.





Metropolitan-specific bill proposal for 2025 regarding an amendment to the Public Contract Code; that item is included as a priority, although sponsorship of a bill is contingent on receiving the necessary board authorization.

The 2025 Legislative Priorities and Principles below are respectfully submitted for consideration and discussion; input from the Board will be incorporated into the final draft, which will be coming back in December 2024 for adoption by the Board.

## What Happened?

In December 2024, MWD pushed to raise the limit on non-competitive bid contracts from **\$25,000 to \$150,000**, citing urgency to address backlog and accelerate project delivery.

## Why This Matters:

This action attempts to circumvent **California's legislative safeguards** designed to ensure **transparency, fairness, and public accountability** in public infrastructure spending.

# December 2024: MWD's began work to Amend the Public Contract Code

*November 19, 2024, Item 9.3*





In 2004, AFSCME Local 1902 and 450 members wrote to the board and asked this Board to adopt the same standard used for Professional Engineers: **prove that the work truly can't be done in-house before contracting it out.**

# What's Next: A Call for Leadership, Not Just Labor

Twenty years later, we're asking again — but this time, with even more urgency.





**We're asking the Board to lead — not follow a false narrative of scarcity.**

**Direct District staff to rebuild the internal workforce** — especially in critical classifications

**Pause further budget increases for:**

- Professional services
- Agency temps
- District temps

**Hold leadership accountable** to staffing plans that prioritize long-term public service over contracts

Californians trust  
MWD with their  
water — they  
should be able to  
trust us with the  
workforce too





**Amparo Muñoz, Executive Secretary**

AFSCME Safety Comm. Co-Chair  
Maintenance Engineering Team (MET)  
Sr. Engineering Tech La Verne  
2.5 years of service



**Chair, Underground Safety Board Office of Energy Infrastructure Safety**

Appointed April 11, 2018 by Speaker of the Assembly Anthony Rendon.

Chair Muñoz, of Fontana, works as a Senior Engineering Tech at the Metropolitan Water District of Southern California. Before that, Member Muñoz worked as a Maintenance and Engineering Manager at Steelscape, an **Asset Manager** for the City of Rialto, and a Maintenance Planner for Gilead Sciences and Aspect Solutions USA. She received her Bachelor of Science Degree in Biology at California State University at Los Angeles.

Member Muñoz was voted Board Chair on January 9, 2023 and was reelected on January 8, 2024.





# AFSCME Staffing Trends Analysis: 2000–2025

From 2000 and 2025, AFSCME-represented classifications at MWD experienced a net staffing reduction of 193 positions, representing a 13.36% overall decrease. This downward trend in union-represented staffing coincides with MWD's increasing reliance on contracted, interim, and temporary labor.

Key concerns include the elimination of skilled technical roles, operational support positions, and information technology classifications that once formed the backbone of internal services.



# AFSCME Staffing Trends Analysis: 2000–2025

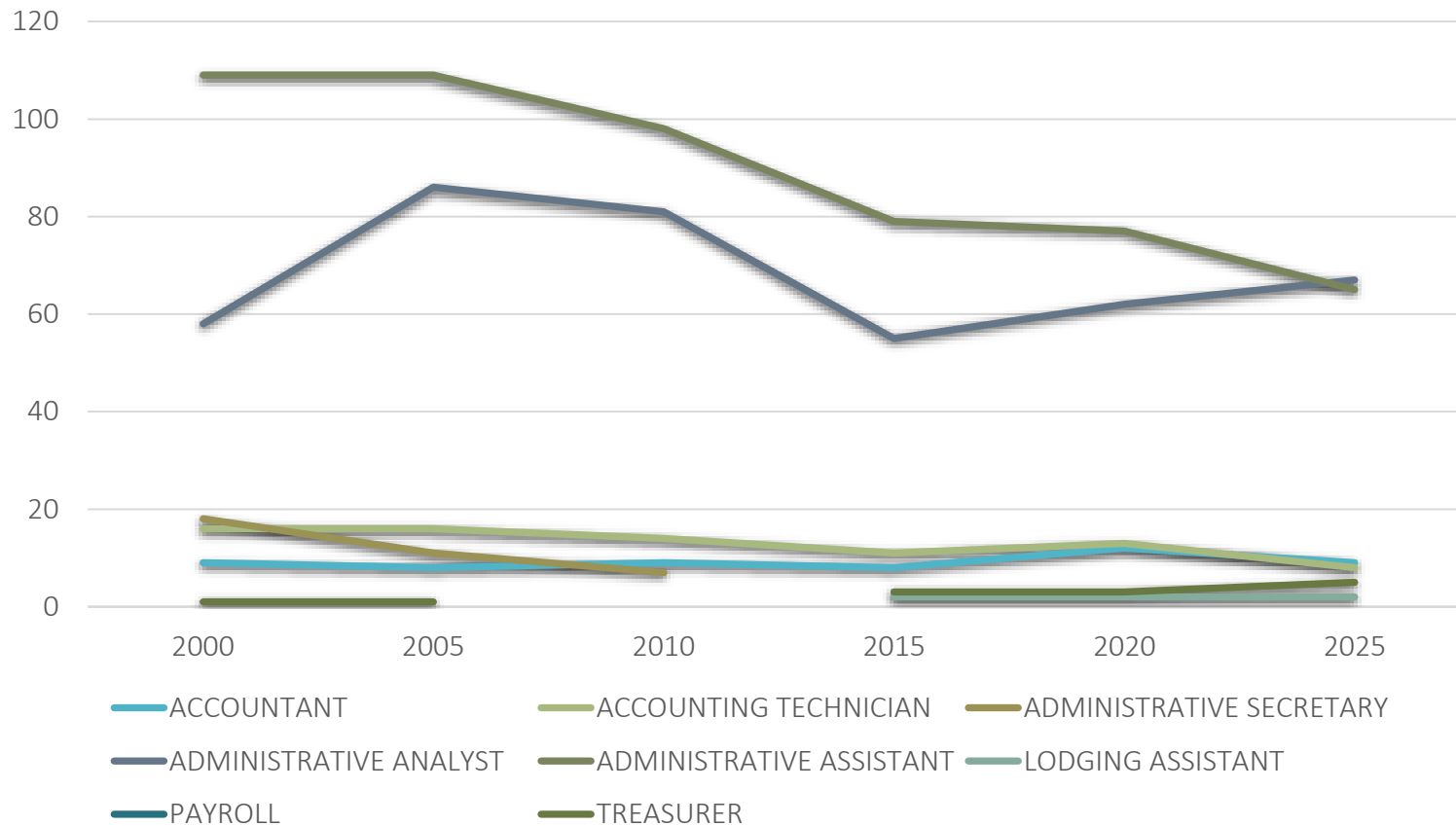
Year	Total AFSCME Positions
2000	1,445
2005	1,374
2010	1,370
2015	1,251
2020	1,266
2025	1,252

Net Change (2000–2025): -193 positions

Percent Change: -13.36%



Staffing Trend of Administrative And Financial Job Families



Job Families	2000	2005	2010	2015	2020	2025
ACCOUNTANT	9	8	9	8	12	9
ACCOUNTING TECHNICIAN	16	16	14	11	13	8
ADMINISTRATIVE SECRETARY	18	11	7			
ADMINISTRATIVE ANALYST	58	86	81	55	62	67
ADMINISTRATIVE ASSISTANT	109	109	98	79	77	65
LODGING ASSISTANT				2	2	2
PAYROLL						3
TREASURER	1	1		3	3	5
<b>GRAND TOTAL OF YEAR</b>	<b>211</b>	<b>231</b>	<b>209</b>	<b>158</b>	<b>169</b>	<b>159</b>

## Administrative & Financial Job Families



### Administrative Assistant

- Declined 40% from 2000 to 2025.
- This poses a threat to operational coordination, document control, and staff support



### Accounting Technician

- Decline 50%
- Increasing risks related to compliance reconciliation, and audit vulnerability



### Administrative Secretary

- Positions were eliminated entirely,
- Reducing high-level administrative continuity



### Treasurer Staffing has increased

- Payroll appears late in implementation
- Raising concerns about systemic financial capacity building





# Staffing Shortage Impacts in Administrative and Financial Roles

Risk	Description	Explanation
Administrative Gridlock	Without sufficient staffing in administrative and financial roles, MWD is facing an internal bottleneck that blocks progress on climate adaptation, operational modernization, and strategic growth.	Current payroll systems are outdated and built on decades of fragmented data, putting any transition like the PeopleSoft transition at risk without proper cleanup and business process support.
Continuity of Operations	Administrative attrition erodes emergency readiness and scheduling capacity.	Insufficient admin coverage may delay emergency coordination or scheduling logistics.
Critical Tasks Transferred out of Class	As administrative support decreases, more admin tasks are reassigned to operational staff.	Diverts operations and maintenance personnel from core duties, impacting field efficiency.
Managerial Efficiency	Professional staff are burdened with admin responsibilities.	Limits strategic efficiency by pulling skilled staff into support functions.
Financial Oversight	Understaffed finance teams increase risk of late filings or audit findings.	Increases the likelihood of compliance issues and missed financial reporting deadlines.
Documentation Integrity	Loss of admin roles hinders historical knowledge retention.	Reduces continuity of internal records and procedural memory across departments.

## Administrative Gridlock

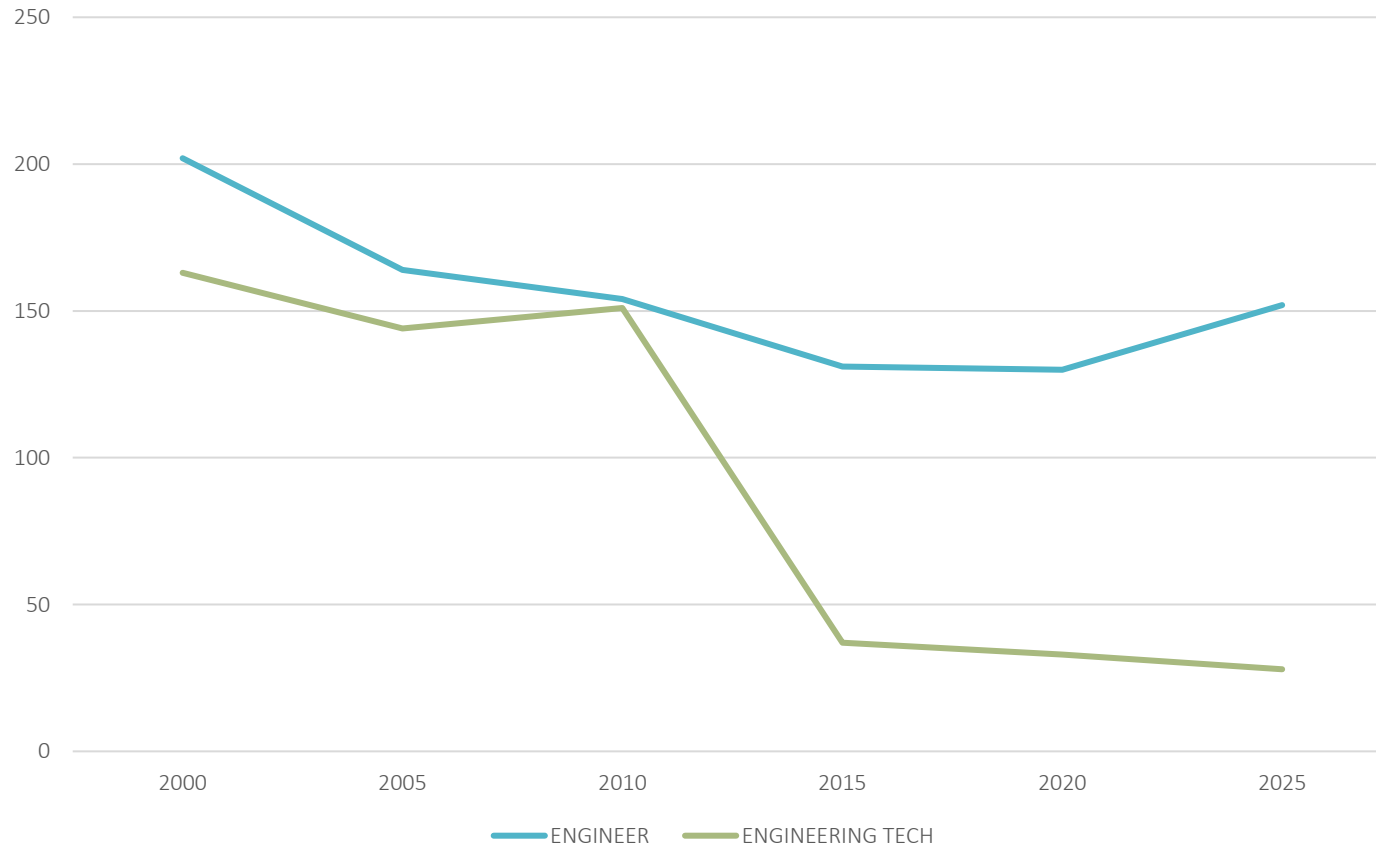
When the Frontline Bogs Down the Backbone Breaks  
*Administrative shortages don't just slow us down — they stall the system.*





# Engineer & Engineering Tech Job Families

Staffing Trend of Engineer and Engineering Tech Job Families



Job Families	2000	2005	2010	2015	2020	2025
ENGINEER	202	164	154	131	130	152
ENGINEERING TECH	163	144	151	37	33	28
<b>GRAND TOTAL OF YEAR</b>	<b>365</b>	<b>308</b>	<b>305</b>	<b>168</b>	<b>163</b>	<b>180</b>



**Design–Execution Gap:** Contractor-led projects lack long-term planning; poor handoffs burden internal teams.



**Dependency on Operations:** Maintenance staff pulled from core work to support project gaps.



**Aging Assets, Delayed Response:** With fewer engineers and techs available, MWD's ability to diagnose and plan for the replacement or repair of its own assets cannot keep pace with aging equipment or climate change impacts.



**Budget vs. Results Paradox:** Engineering budget grows, but internal capacity shrinks.



# Design. Deliver. Disappear.

*Outsourced engineering completes projects  
— with no plan to maintain them*

Risk	Description	Explanation
Loss of Institutional Knowledge	Outsourcing weakens continuity of internal engineering expertise and site history.	AWWA and ISO 55000 emphasize the need for internal engineering for system stewardship.
Fragmented Asset Management	Contractors may not maintain consistent records, disrupting lifecycle asset planning.	Inconsistent data and asset records increase system vulnerability and planning errors.
Regulatory Misalignment	External teams may not adhere to regulatory and procedural standards tailored to MWD.	Only in-house staff are trained in MWD-specific compliance, safety, and reporting.
Delayed Maintenance & Capital Projects	Stretching internal staff delays essential maintenance and project delivery.	MWD risks falling behind on mission-critical work, affecting reliability and safety.
Higher Long-Term Costs	Short-term contracting often leads to rework, inefficiencies, and repeated costs.	External consultants cost more over time due to scope gaps and change orders.
Reduced Public Trust	Service lapses or failures attributed to outsourcing diminish public confidence.	Communities expect accountability from public servants, not private vendors.

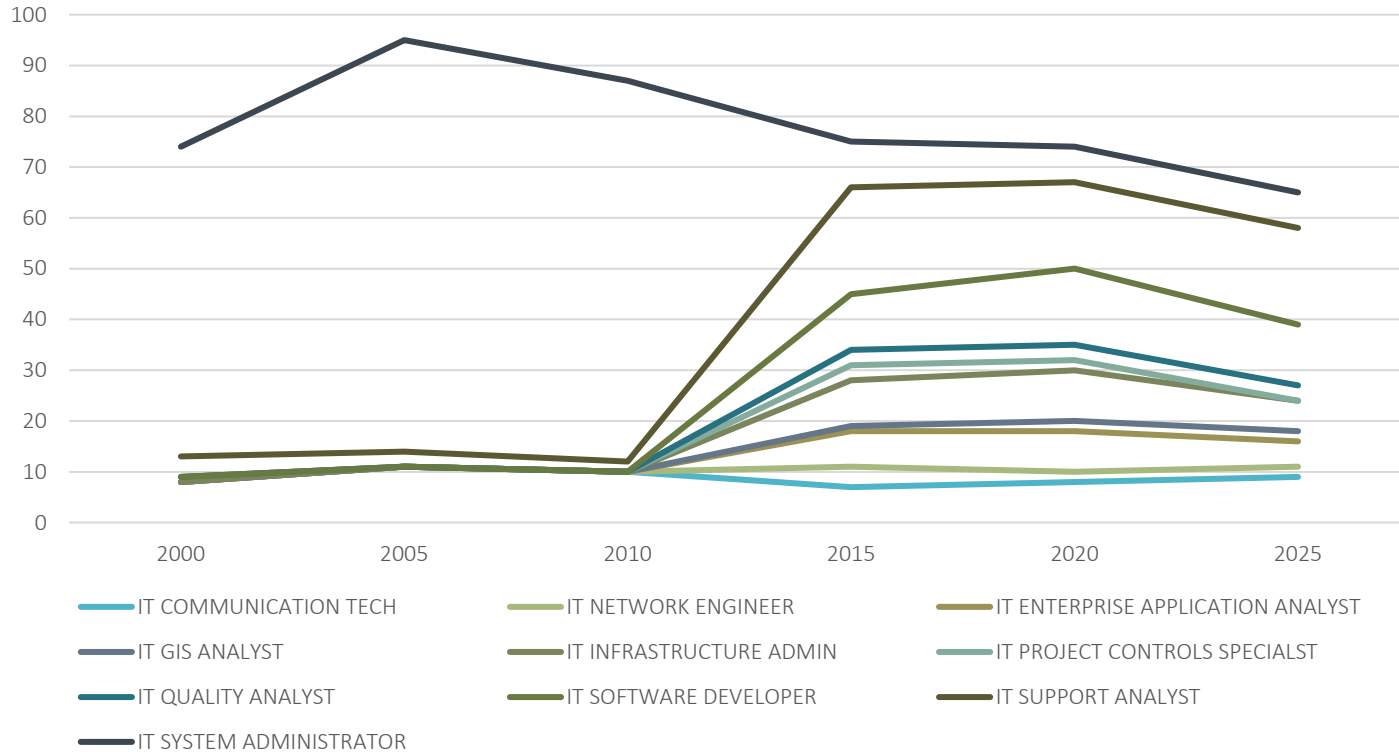
## When Loyalty is Subcontracted

### Hired Hands, Missing Minds

*Contractors may deliver projects — but not the deep knowledge or accountability Californians deserve.*



### Staffing Trend for IT Job Families



Job Families	2000	2005	2010	2015	2020	2025
IT COMMUNICATION TECH	8	11	10	7	8	9
IT NETWORK ENGINEER				4	2	2
IT ENTERPRISE APPLICATION ANALYST				7	8	5
IT GIS ANALYST				1	2	2
IT INFRASTRUCTURE ADMIN				9	10	6
IT PROJECT CONTROLS SPECIALST	1			3	2	
IT QUALITY ANALYST				3	3	3
IT SOFTWARE DEVELOPER				11	15	12
IT SUPPORT ANALYST	4	3	2	21	17	19
IT SYSTEM ADMINISTRATOR	61	81	75	9	7	7
<b>GRAND TOTAL OF YEAR</b>	<b>74</b>	<b>95</b>	<b>87</b>	<b>75</b>	<b>74</b>	<b>65</b>

## IT Staffing Risks to California's Water Reliability



### Shrinking System Resilience

IT staffing has dropped 32% since 2005. Fewer experts are managing more complex, digital infrastructure — increasing risks of outages, delays, and cyber threats to 19 million Californians.



### Outsourcing Replaces Stewardship

System Admin roles dropped from 81 to 7. MWD now relies on vendors who serve contracts, not Californians. Long-term knowledge is walking out the door.



### Bad Data, Bad Decisions

Inconsistent staffing across key analyst roles has left data fragmented and unreliable. AI can't fix broken inputs — it magnifies them.



### Oversight or Optics?

AB2561 ensures AFSCME can bring the truth to the Board. But without real investment in public IT workers, governance risks becoming performative — with the public bearing the consequences.





# The Cloud Won't Save You

*MWD is uploading broken processes and calling it progress  
— without the people to make it work*

Risk	Description	Explanation
Reduced Internal IT Capacity	Staffing in IT has dropped by 32% since 2005 despite increasing digital reliance.	AWWA (2020) and ISO/IEC 27001 emphasize the need for dedicated internal teams to ensure secure, reliable IT infrastructure. Reduced staffing undermines this resilience.
Unharmonized & Fragmented Data	Engineering and operations data enters MWD systems inconsistently from multiple outsourced sources.	ISO 8000 and WRF (Project #4667) highlight that fragmented data across siloed systems leads to long-term inefficiencies, audit risks, and poor asset management.
Outsourced IT Without Governance	MWD has outsourced IT roles without union bargaining or long-term workforce planning.	According to AWWA's Workforce Guide and EPA's Water Sector Workforce Initiative, outsourcing without in-house oversight degrades institutional knowledge and increases system risk.
Inability to Deliver Data-Driven Efficiency	AI and automation goals are unattainable without dedicated staff to align systems with internal workflows.	The WRF (2020) study and ISO 55000 stress that effective asset and data management requires internal subject matter experts to align digital tools with operational needs.
Cloud Overinvestment Without Workflow Redesign	Legacy paper processes are being transferred to cloud platforms without actual efficiency gains.	Simply digitizing inefficient processes inflates cloud costs and adds complexity without improving outcomes, per AWWA Tech Brief: 'IT & OT Convergence' (2021).
Vendor Lock-In and Knowledge Drain	MWD is not investing in developing internal IT and data expertise, instead depending on external vendors to manage essential systems and fixes.	This creates a cycle of dependency where vendors control critical knowledge and can dictate costs. According to WRF #4667 and ISO 55000, sustainable utilities invest in internal capacity to preserve institutional knowledge and ensure system continuity. MWD staffing trend undermines California's public workforce and its long-term resilience.

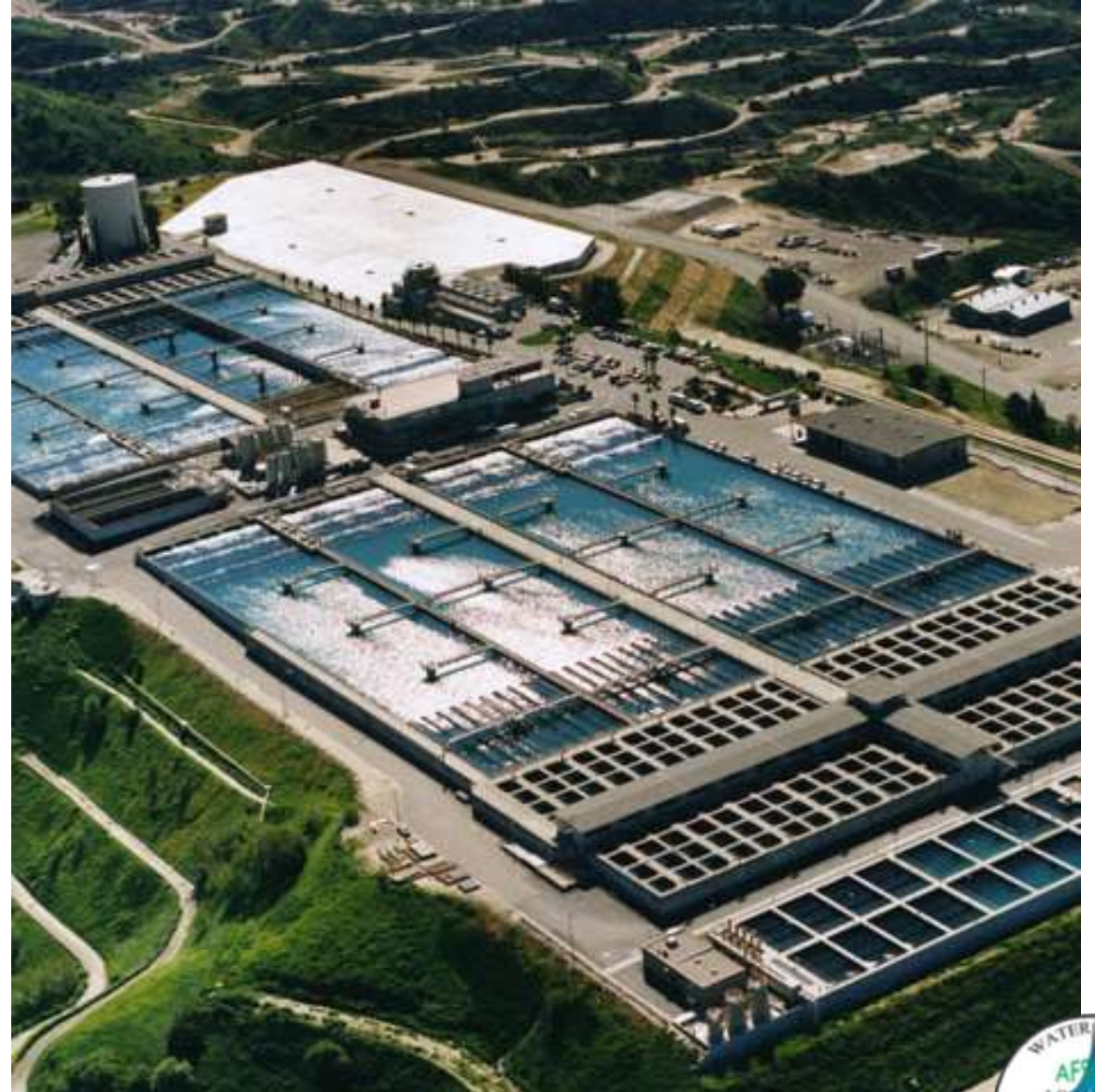
## When Data Lies and No One Knows Why

*As IT staff vanish, California's most critical systems are left in the hands of those who don't answer to the public.*



# Staffing Levels at Robert D. Diemer Treatment Plant: A Closer Look

*Beneath the Surface: Staffing Realities at Diemer*





## Diemer Plant 10-year Staffing Analysis

Job Family	2015	2025
ADMINISTRATIVE ASSISTANT	2	2
CHEMIST	1	1
ENGINEER	1	1
ENVIRONMENTAL SPECIALIST	1	1
INSTRUMENTATION AND CONTROL TECHNICIAN	8	5
INTERIM		2
OM TECHNICIAN ELECTRICAL MECHANICAL CRAFT	45	38
PLANNER/SCHEDULER	1	1
STOREKEEPER	1	1
WATER TREATMENT PLANT OPERATOR	14	13
Grand Total	74	65

## Workforce Shifts at the Diemer Treatment Plant (2015–2025)

### Overall Staff Decline

- **Total staff decreased by 12% over 10 years (from 74 in 2015 to 65 in 2025)**

Reductions occurred **without corresponding reductions in operational risk**



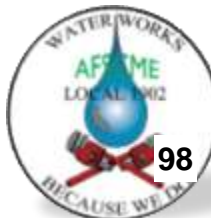


# Critical Jobs Staffing Analysis

- **OM Technicians (Electrical/Mechanical Craft)**
  - Down from 45 → 38 (15.6% decrease)
  - These are core maintenance positions essential to system reliability and emergency response
- **Instrumentation & Control Technicians**
  - Dropped from 8 → 5
  - Reduced capacity to monitor, calibrate, and respond to real-time water quality and equipment signals
- **Water Treatment Plant Operators**
  - Slight decline from 14 → 13
  - Even minimal cuts in this group affect regulatory compliance and shift coverage

## Diemer 10-year O& Maintenance Analysis

O & M Department Name	2015	2025
CONTROL SYSTEMS TEAM, DIEMER	8	5
DIEMER UNIT	3	3
EAST FLEET TEAM	2	2
ELECTRICAL O&M TEAM, DIEMER	14	12
MECHANICAL O&M TEAM, DIEMER	13	11
<b>ORANGE COUNTY TEAM</b>	<b>16</b>	<b>14</b>
TREAT PLANT LAB TEAM	1	1
TREATMENT O&M TEAM, DIEMER	14	14
TREATMENT PLANT PM TEAM	1	1
WAREHOUSING TEAM	1	1
WESTERN SES/SRS SITE SUPPORT TEAM	1	1
<b>Grand Total</b>	<b>74</b>	<b>65</b>





EASTERN REGION UNIT: ORANGE COUNTY TEAM (1209)								
FORECASTED LABOR HOURS PMS ONLY								
Monthly PM's					Yearly PM's			
FREQUENCY	LABORHRS	Cadence	Sum of Hours		FREQUENCY	LABORHRS	Cadence	Sum of Hours
1	623	12	7,476.00		1	3597	1.00	3,597.00
2	29	6	174.00		2	696	0.50	348.00
3	75	4	300.00		3	128	0.33	42.24
4	451	3	1,353.00		4	104	0.25	26.00
6	1756	2	3,512.00		5	660	0.20	132.00
	Forecasted Hours		12,815.00			Forecasted Hours		4,145.24

Total Hours	World Class 55%	MWD 40%	WC ANNUAL 55%	MWD ANNUAL 40%
36	19.8	14.4	1029.6	748.8

Annual Forecasted Hours	16960.24
WC Crew Needed	16.47
MWD Crew Needed	22.65
2025 Crew	14
Current Deferred Maintenance Hours	(6,477.04)

Staffing Increase Needed for PMs only				
0%	20%	40%	50%	60%
14	16.8	19.6	21	22.4

# Deferred Maintenance = Compounded Risk





## Current State: Equipment and Asset Data Standardization

### Current State

#### Lack of Asset Standardization

##### GAP

- Assets lack an installation date
- Asset lack condition and criticality
- Assets lack Manufacturer
- Assets lack a model number
- Assets lack serial number
- Assets lack a custodian
- Assets lack classifications
- Assets lack failure code

### Prevents

#### Visibility for Level of Effort of O&M

##### IMPACT

- Prevents prioritizing the replacement of aging and poor condition assets
- Prevents prioritizing critical assets
- Prevents standardized preventative maintenance job plans
- Prevents right size inventory
- Prevents a functioning reliability programs
- Prevents appropriate staffing levels

Contributes to a culture of a siloed approach that directly correlates to inefficiencies and investment mismatch

## Current State: PM Labor Standardization

### Current State

#### Lack of PM Est. Hours Standardization

##### GAP

- PMs currently lack accurate estimated work hours
- PMs currently lack accurate crafts and quantities of crafts
- PMs are currently not timed to coincide with labor availability
- PMs have not been reviewed for frequency effectiveness

### Prevents

#### Visibility of Required Workforce

##### IMPACT

- Estimated hours, craft and craft quantity are used to determine staffing and workforce needs
- PMs should be annually smoothed to align PM completion with labor availability
- PMs should be reviewed periodically to review effectiveness
- PMs should be reviewed after a CM for PM effectiveness

Contributes to the creation of skeleton crews and a culture that lacks transparency and reduced confidence

## Building on KPIs: Adherence to Grace Periods

### Current State

#### Misaligned with Industry Standards

##### Full Frequency

- Teams are allocated a full frequency to complete the PM, thus reducing visibility of resource demands
- Delay in PM execution can give the false impression that PMs should be completed more frequently than needed
- Increases administrative workload for all team members, reducing field labor
- Creates an artificial accumulation of incomplete labor.

### Future State

#### Align with Industry Standards

##### Grace Periods

- Increases transparency of actual workload
- Increases transparency of staffing needed
- Increases transparency of the actual cadence to PMS, so that frequencies can be adjusted
- Increases the autonomy of the roles within Maintenance Management as problem solving becomes paramount to success
- Aligns with Business Best Practices

Grace Periods that adhere to industry standards allow us to maintain transparency and foster Maintenance Management Maturity

With 6,477 hours of unaddressed work annually, Team 1209 isn't keeping pace with operational needs — and the gap is growing.



## AFSCME Safety Committee Commitments



Educate our membership on current safety regulations



Empower Members To IDENTIFY, ADDRESS, AND RESOLVE SAFETY CONCERNS



lead by example, showing empathy, support, and a willingness to engage in courageous conversation to steer the safety culture



Continuous Improvement providing members a process to ensure that our safety program is effective and ever evolving

## AFSCME Safety Committee Goals



### Our Safety Advocacy Goals

- Be the unified voice for members whose safety concerns are being overlooked
- Strengthen local safety committees to address issues quickly and effectively
- Create a safe environment for speaking up by eliminating fear of retaliation
- Encourage courage and leadership in members to raise and address safety concerns
- Work collaboratively with management to resolve safety issues — and elevate concerns when all efforts at resolution have been exhausted, because our families depend on us coming home safe

The GAP in hours does not include Training or Safety. This is leading to a decline in safety culture and a reduction of skills.







# Highlights of Concern for the Report



**Sustained 13% workforce reduction** over 25 years despite infrastructure expansion and population growth.



**Engineering classifications** are among the hardest hit, with major losses in both **technical** (O&M, Lineman) and **administrative support roles**.



**Information Technology** roles like **IT System Administrator** and **Project Controls Specialist** have been cut or wiped out, potentially reflecting outsourcing trends.



A concerning drop in **public-facing, clerical, and creative classifications** (mailroom, reprographics, photographer), many of which appear to be quietly eliminated.



Meanwhile, **“Interim” roles** and **inspector positions** have surged, possibly suggesting greater reliance on **temporary, project-based, or contracted staffing models**.





# A Call to Rebuild — With Trust and With Data

After 25 years of workforce data, AFSCME's greatest concern isn't just about staffing levels — it's about the erosion of **trust, morale, and shared purpose** between MWD and its workforce.

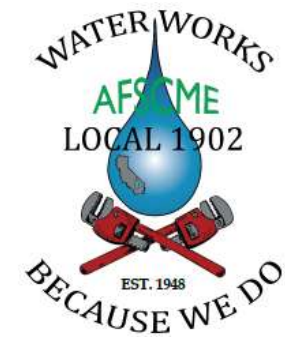
This is about recognizing the opportunity to build **a bridge forward** — where data isn't a weapon, but a tool for collaboration.





# Conclusions

- AFSCME believes based on our preliminary analysis, **MWD requires an estimated 350–400 additional positions** to meet operational demand.
- **Systemic understaffing** continues to strain our workforce — even as new programs and projects are introduced.
- This effort must not stop here — **ongoing staffing assessment is critical** to long-term success.
- AFSCME has been **proactive and collaborative**: your Board has already approved a **staffing level and OT study** in our MOU.
- Our members bring **deep knowledge, technical skill, and operational insight** to this organization.
- We are ready to **support further analysis and partner** in building a staffing model that works for California's future.



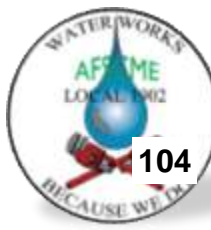
JANUARY 1, 2022 – DECEMBER 31, 2026

MEMORANDUM OF UNDERSTANDING BETWEEN  
THE METROPOLITAN WATER DISTRICT OF  
SOUTHERN CALIFORNIA  
AND  
THE EMPLOYEES ASSOCIATION OF THE  
METROPOLITAN WATER DISTRICT OF SOUTHERN  
CALIFORNIA, AFSCME LOCAL 1902

- 1.5.5. The following items will be removed from the 2022-23 MOU re-openers and dealt with in a 2024 reopener, and the parties agree to make every reasonable effort to complete those negotiations by July 2026. The parties may agree to reopen sooner by mutual agreement, but no sooner than July 1, 2024:

## B. Staffing Study

1. The parties mutually agree to study appropriate staffing levels and overtime for the AFSCME bargaining unit for presentation to the MWD Board of Directors and use in determining reasonable staffing levels and workloads.





# Best Practice References

## 1. AWWA (American Water Works Association) – Workforce Management Guidance:

"Managing Workforce Challenges: A Guide for Public Water Utilities" (AWWA, 2004) emphasizes the need for *"retaining institutional knowledge and ensuring internal capacity for mission-critical support services."*

Reductions in administrative roles were flagged as a top risk in succession planning and emergency operations continuity.

## 2. EPA Water Workforce Initiative:

Recommends **retaining multigenerational support staff** to bridge data systems, documentation, and compliance work—roles often held by administrative support classifications.

## 3. Water Research Foundation (WRF) – Report #4667:

Warns against **"hollowing out the middle layer"** (e.g., technicians, analysts, admin roles), as this *"creates fragility in emergency response, financial compliance, and long-term planning."*

4. Water Research Foundation (2017). *Advancing Workforce Development Programs for the Water Sector*. Project #4667. Denver, CO.

5. OSHA, "General Industry Standards" (29 CFR Part 1910)

6. NERC CIP Standards (CIP-004-7, CIP-007-6)

7. U.S. EPA, *Cybersecurity Best Practices for the Water Sector*, 2021





## May 13, 2025 Board Meeting

**Revised  
Item 5A**



### Metropolitan Water District of Southern California Summary of Events

**Attended by Directors at Metropolitan's Expense in April 2025**

<b>Date(s)</b>	<b>Location</b>	<b>Meeting Hosted by:</b>	<b>Participating Director(s)</b>
April 17-18	Sacramento, CA	Delta Construction Authority Oversight Committee Meeting	Miguel Luna Jacque McMillan
April 17	Los Banos	Bowles Farm	Adán Ortega, Jr.
April 28	Sacramento, CA	Legislative Meetings	Jay Lewitt* Adán Ortega, Jr.

\*Added Jay Lewitt





THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

# Board Report

## ● Chair of the Board Adán Ortega Jr.'s Monthly Activity Report – April 2025

### Summary

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This report highlights my activities as Chair of the Board, as well as Board Member highlights during the month of April 2025 on matters relating to The Metropolitan Water District of Southern California's business.

### Monthly Activities

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#### Key Activities

- Attended the Spirit of St. Mary Awards Luncheon hosted by Dignity Health St. Mary Medical Center in Long Beach, honoring Director Gloria Cordero with the prestigious Spirit of St. Mary Award. This award recognizes individuals who embody the values of human kindness in their daily lives and make a meaningful impact on the well-being of others. Her dedication, kindness, and passion have made a tremendous impact on the City of Long Beach and beyond. Former Metropolitan General Manager Ron Gastelum and Long Beach Water Department General Manager Anatole Falagan were in attendance.



- Joined the swearing-in of Director Gretchen Shepherd Romey, who was appointed to the Metropolitan Board to represent the City of San Marino. Shepherd Romey has been a San Marino City Council member since 2017 and is serving her second term as mayor. She succeeds John T. Morris, who represented San Marino on Metropolitan's 38-member Board since January 1990. Director Shepherd Romey's experience as a lawyer, civic leader, and mayor will allow her to bring to the Board a grounded perspective about regional water policy, which is welcome at this time of transformational change at Metropolitan.





- Provided remarks at Metropolitan's Wildflower Trail Naming Dedication event at Diamond Valley Lake in honor of Judy Abdo, our longtime Metropolitan board member and water conservation advocate who encouraged Southern Californians to embrace landscaping with native and drought-tolerant plants. She was thanked for her 28 distinguished years of service on Metropolitan's Board, representing the city of Santa Monica, making her legacy one of the longest-standing in the organization's history. I joined other members of the Metropolitan family, along with Judy Abdo's family, and community members, all of whom celebrated her achievements and accomplishments. Speakers included Board Vice Chair Nancy Sutley; Director Tony Fellow, Chair of the Ad Hoc Committee on Facilities Naming; Director Mark Gold; General Manager Deven Upadhyay; Former Director Glenn Peterson; and Former Board Chair Tim Brick. Board Vice Chair Michael Camacho, Board Members Brenda Dennstedt, Cynthia Kurtz, Jeff Armstrong, and Tana McCoy were also in attendance.



- Participated with General Manager Deven Upadhyay in a roundtable discussion with stakeholders from the environmental and agricultural community, which took place in Los Banos, California.
- Served as a speaker at the American Society of Civil Engineers (ASCE) Infrastructure Symposium in Long Beach, CA. I addressed the future of water infrastructure in California with the recent adoption of the Climate Adaptation Master Plan for Water (CAMP4Water). Following my speech, there was a robust discussion about climate change, the Delta Conveyance Project, Colorado River challenges, PureWater



SoCal, equity of services, leadership, and opportunities for water exchanges. I thanked my great friend, Yazdan Emrani, and the organizing committee for inviting me to return to one of the most engaging and stimulating forums about infrastructure in California.



- Attended a Pure Water Southern California tour alongside Congressional DC staff, where I had the opportunity to discuss the importance of the Colorado River to Southern California. The tour included a robust and engaging exchange of questions and discussion.
- Advocated with General Manager Deven Upadhyay and Metropolitan representatives in Sacramento for key water infrastructure and climate resilience priorities. We met with several legislative offices, including Assemblymembers Greg Wallis, Office of Pro Tem Mike McGuire, Senator Catherine Blakespear, Governor Gavin Newsom and members of his administration, as well as staff for Speaker Robert Rivas, Assemblymember Tina McKinnor, and Assemblymember Steve Bennett.

### Special Activities

- Participated in the RSAC 2025 CEO Roundtable Discussion that was led by the 8<sup>th</sup> U.S. Secretary of the Department of Homeland Security, Kristi Noem. I was able to share recommendations to help the administration's efforts to deal with cybersecurity vulnerabilities in the infrastructure sector.





### **Announcements**

**Expense Reports:** I received one request to approve expense reports past the 90-day submission requirement. I have the authority to waive such requests, but I will continue to report the number of such requests in future monthly reports.

### **Regularly Scheduled/Ongoing Meetings**

I continue to meet regularly to review the Board's organizational issues and coordinate activities with the Board Vice Chairs, the General Manager, and his executive team.





# General Manager's Monthly Report



Activities for the Month of April 2025





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# Message from the General Manager

Metropolitan reached significant milestones this month in our continuing efforts to ensure future reliability and adapt to a changing climate. The Board adopted an Implementation Strategy for climate adaptation planning (CAMP4W) and also heard recommendations for business model refinements to help maintain financial sustainability while managing growing demands for investment.

Both of these milestones are the product of many months of discussion and analysis. They are deeply rooted in Metropolitan's collaborative structure and reflect the diverse expertise of countless people within Metropolitan and its member agencies.

CAMP4W has been a board driven initiative since its origin at the February 2023 board retreat, and critical work was achieved through an innovative Task Force model set forth by Chair Ortega in which 14 member agency managers jointly served alongside board members.

At the request of Board leadership, Business Model refinements have been ideated, scoped and prioritized through working groups of member agency managers and guided by a "liaison group" of managers who helped steer an inclusive process. As stated in the April "Report by the Business Model Review and Refinement Ad Hoc Working Group," the resulting work "required a significant time commitment" from the member agency managers. For their commitment of time and energy, I am deeply grateful.

CAMP4W and a refined business model work in tandem to ensure Metropolitan can make the strategic investments needed to remain resilient and reliable as our climate changes.

The work thus far has been shaped by collaboration and teamwork. I believe that we will successfully tackle the challenges ahead, because we will continue working together every step of the way.

Deven Upadhyay  
General Manager





# 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 [Business Plan for FY24-25](#) and the ["SMART Tracker"](#) dashboard of specific actions that advance the Strategic Priorities.



## Empower the workforce and promote diversity, equity, and inclusion



### Goal Dashboard

6 Outcomes on target and two Outcomes 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.

In April, staff provided the Board a quarterly update on the Desert Housing and Recreation Interim Action Plan. Of the 37 identified projects, 25 have been completed. Additionally, 61 out of 88 housing refurbishments are finished. To date, \$10 million of the \$15.5 million budget has been expended.

EEO staff held office hours at Metropolitan's four Desert facilities on April 23 and April 30. During this time, EEO staff were available to meet with 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. These office hours are part of the objective to increase awareness of Metropolitan's EEO policies and programs and to help safeguard the right to a discrimination-free, harassment-free, and retaliation-free workplace for all employees.

National Safety Council (NSC) is developing training slides for safety leadership, and safety staff has approved the proposed curriculum from NSC. Meanwhile, the latest revision of HSE 101.5 Safety Committee Procedures is in review with the bargaining units.

The GM and Auditor have worked closely to improve coordination during the audit process. In March and April, staff provided the Auditor with six audit responses and status updates on the implementation of past audits, bringing up to date all current audit responses.



### EEO Office Hours

Office hours were held in all four Desert facilities to improve access to EEO staff for all employees



■ Prepare and support the workforce by expanding training and skill development and updating strategies to recruit and retain diverse talent, to meet the evolving needs and expectations of the workplace.

Participated in ten events that ranged from Desert region career fairs and regional workforce development meetings with CRIT, educational institutions, and community organizations. Coordinated in person and virtual sessions with community organizations, including a Step into Tech webinar around careers in water. The webinar increased awareness of the water sector, job and internship opportunities with K-12, community colleges, CSUs, and communities we serve.

The Organizational Development & Training Unit developed a program for new Engineering Services team managers to supplement district-wide training, and sessions were held over the last six months on tailored management topics.

In addition, succession planning and skill development have been supported by the Career Launch Program. This year's program culminated with Module 6, which was held this month and included presentations on the Pure Water Southern California Program and the Property Planning & Acquisitions Unit. Next year's Program will start in the Fall of 2025.

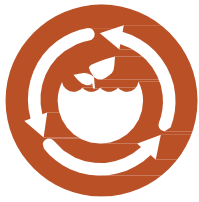
The Organizational Development & Training Unit is rolling out a survey to employees to schedule the MPA cohort program, to support employee skill development. We have met with four universities (CA Baptist, Cal Poly Pomona, CSU Northridge, and UAGC) and will be scheduling online information sessions for interested parties in May (for a Fall session start).



## Career Launch

**Six sessions composed a successful program to support succession planning and cross-functional skill development**





## Sustain Metropolitan's mission with a strengthened business model



### Goal Dashboard

5 Outcomes in process. 1 Outcome behind schedule.

- 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.

On April 22, the CAMP4W Taskforce enthusiastically received the business model refinement proposals and agreed to send each proposal to its home committee.

The home committees (One Water, EOT, FAAME) are expected to begin discussing the proposals in June, and member agency ad hoc groups will continue to meet to further develop proposals accordingly.

- Identify and secure programmatic cost savings, organizational efficiencies and external funding.

Metropolitan convened another meeting of the Southern California Water Utilities Grants Network, which shared with member agencies and others information about upcoming grants and application deadlines; how Prop. 4 funds are developing relative to the state's budget; and requirements for federal grant compliance and audits.



### Business Model

Refinement proposals were presented to the CAMP4W Task Force.





## Adapt to changing climate and water resources



### Goal Dashboard

10 Outcomes in process. 1 Outcome behind schedule.

#### ■ Provide each member agency access to an equivalent level of water supply reliability.

The Board adopted the implementation strategy of the Climate Adaptation Master Plan for Water (CAMP4W), culminating two years of development and an extensive board-led process to better prepare for resource uncertainties in a climate-changed future. The action provides a roadmap to guide investments and decision-making on proposed water projects and programs. It sets “time-bound” targets for identifying needed supplies and initiates a policy framework that helps integrate climate adaptation and risk reduction strategies into Metropolitan’s programs, planning, and operations. As stated above, related work to refine the business model is underway in anticipation of the financial demands of future investment needs.

The Water Resources Sub-Working Group reviewed and discussed the Local Resources Program and Conservation program incentive approaches and their regional benefits. Among the Business Model recommendations was for staff to continue these approaches and initiate a process to further refine program elements and incentive rates. Further, the recommendation was made for the Finance Group to explore an alternative revenue collection approach to fund the Local Resources and Conservation programs, recognizing that revenues supporting both programs are currently collected on the variable water rate, which is directly affected by sales reduction that results from their successful implementation.

Metropolitan has also reviewed and mutually terminated six of the nine Conjunctive Use Programs that have been inactive, concentrating management of water into groundwater basins by focusing on the programs that are still active. This follows work to support groundwater recharge through implementation of a Reverse Cyclic Program (RCP), which provides member agencies with a means of balancing current and future expenditures and water deliveries. For agencies with Groundwater Storage, the RCP can work in tandem with the Cyclic Program over multiple years to effectively manage wet year supply opportunities.

Projects are advancing toward the objective of enhancing the long-term water supply reliability for the State Water Project dependent areas, with construction expected to be complete in June 2025 for the Inland Feeder Badlands Tunnel Surge Protection and the Wadsworth Pump Plant Bypass. For the



### CAMP4W Approval

**Board adoption of  
Implementation Strategy  
launches use of new  
evaluative criteria and  
efforts to integrate  
climate adaptation into all  
aspects of our work.**



Sepulveda Feeder pump stations, a guaranteed maximum price (GMP) cost analysis was completed by an independent cost estimator, and we established a three-GMP approach based on the separation of work packages into Venice Pump Station, Sepulveda Slope Stabilization, and Sepulveda Pump Station. The GMP for Venice Pump Station construction is expected to be awarded in the summer of 2025.

■ **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 climate change.**

Metropolitan continues to track the development of irrigation technologies. Palo Verde and Imperial farmers have shown interest in the automated headgate technology developed by Rubicon Water; however, cost is a barrier to widespread implementation (\$100k–\$200k per field). Metropolitan will seek to assist its Palo Verde lessees in pursuing grant funding if appropriate state funding becomes available (such as another round of SWEEP grants). Some PVID farmers have been working with the Riverside County Farm Bureau, who could act as a local distribution partner.

Metropolitan is preparing a healthy soils pilot, which would introduce soil biologicals on a newly or recently planted alfalfa field in the Palo Verde Valley on Metropolitan land to study the effect on yield, water holding capacity, plant health, plant quality, and soil health. The WaterStart organization recently provided funding to begin this pilot, and Metropolitan will provide some matching funds to provide an on-site digester to inject the biologicals into the irrigation system.

In pursuit of other agricultural best practices, Metropolitan is seeking to convert portions of farming on our Delta islands to rice, which can limit or reverse land subsidence while also providing ecological benefits and reduce greenhouse gas emissions. Metropolitan's tenant farmer will be planting rice on 355 acres within Holland Tract in Spring 2025. On Webb Tract, we are in the final stages of the RFP process to secure a rice farming tenant for up to 1,300 acres. On Bacon Island we anticipate receiving agriculture lease proposals in mid-May in response to our RFP, which prioritized crops that reduce land subsidence.

The California Department of Fish & Wildlife (CDFW) submitted comments on Metropolitan's Draft Statutory Exemption for Restoration Projects (SERP) application for the Webb Tract Wetland Restoration Project. Staff is preparing the final SERP application for submittal.

Metropolitan released its third Annual Climate Action Plan Report on Earth Day, April 22. The district continues to be on track towards its 2045 carbon neutrality goal through the purchase and production of carbon-free energy, the deployment of renewable diesel and zero emission equipment, additional water efficiency measures as well as other important GHG reducing initiatives. The Annual Report includes the 2023 GHG Inventory, status of implementation strategies and highlights from the last year.

Climate impacts and benefits have been integrated into Metropolitan's updated CIP scoring criteria to better prioritize projects in the next biennium.



## Climate Action Plan

**The 3rd Annual Climate Action Plan Report shows the District on track towards its 2045 carbon neutrality goal**



The Water Use Efficiency Coordinator meeting was held in person this April at Union Station. Long Beach Utilities shared their implementation approach for the “Conservation as a California Way of Life” regulation, including landscape transformations and “boots on the ground” community outreach. CalWEP also presented updates on key task forces, including grants, education and outreach, water loss, and commercial and industrial programs—all designed to support agencies in their efforts. Additionally, there was a presentation highlighting the Member Agency Administered Program, which provides funding for local projects that support legislative compliance.

As we approach the 2025 One Water Awards in May, we intend to promote conservation and engage with the CII sector through evergreen materials being created and leveraging the Awards event.



## Protect public health, the regional economy, and Metropolitan’s assets



### Goal Dashboard

9 Outcomes in process and on target.

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

Dam safety remains a priority. The dam assessment for Lake Mathews is complete. The assessment for Lake Skinner is about 90 percent complete. A dam monitoring system for Garvey has been installed. The installation for the DVL system upgrade began in March, and the forecasted completion is on target.

Staff provided an Annual Infrastructure Resilience Update to the Board this month and is preparing the 2025 seismic report.

The Cyber Security Operations Center Co-Managed Services started on March 1. The consultant is implementing process changes to incorporate the new service into Metropolitan's cyber defense and incident response plans.

All Emergency Operations Center (EOC) positions are staffed. Per America’s Water Infrastructure Act (AWIA), Risk Assessment has been completed, self-certified and filed with the EPA. We are on track to complete the Emergency Response Plan (ERP) update, per AWIA, by the September 2025 deadline.



### Risk Assessment

**EPA required risk assessment is completed, and we are on schedule to complete the Emergency Response Plan update by the September 2025 deadline.**



■ **Apply innovation, technology, and sustainable practices across project lifecycles.**

Contracting Services and SRI are rolling out the sustainable procurement initiative, to improve the ability of our procurement practices to emphasize sustainability factors. Training webinars with district stakeholders and end-users will be scheduled in May.



## **Partner with interested parties and the communities we serve**



### **Goal Dashboard**

**5 Outcomes on target. 1 Outcome uncertain pending federal developments.**

■ **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.**

Information on the adoption of the CAMP4W Implementation Strategy was shared in a press release and Metropolitan's e-news letter. The CAMP4W web page is a comprehensive resource for documents such as the Implementation Strategy, Annual Report, working memos, and other source material.

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

The team continues to strengthen relationships with Colorado River Indian Tribes (CRIT) and surrounding native nations. The team has participated in the CRIT Education Advisory Committee, collaborating with regional partners on workforce development strategies. Support also extended to the CRIT Language Bootcamp, where a resource table was hosted at this culturally significant event celebrating the Mojave, Chemehuevi, Hopi, and Navajo nations. Staff continues to conduct information sessions regarding careers in water.



# Executive Summary

*This executive summary is added to this report to provide a high-level snapshot of key accomplishments from each area of the organization.*

## **Bay-Delta Resources**

A request for proposals was released for farming operations on Bacon Island. A site walk on Bacon Island with interested parties was conducted on April 10. Water meter installations on Bouldin Island and Webb Tract to comply with SB 88 were completed in early April.

The California Department of Fish & Wildlife submitted comments on Metropolitan's Draft Statutory Exemption for Restoration Projects (SERP) application for the Webb Tract Wetland Restoration Project. Staff is preparing the final SERP application for submittal later in April.

## **Chief Financial Officer**

Over the past several months, staff has been working on the development of a new financing program that would enable the implementation of the Board's approval of financing for the purchase of replacement Fleet vehicles to support the ZEV Transition Program. Staff will be presenting a board action in May for the authorizing resolution.

## **Colorado River Resources**

Following a federal government pause in approving new conservation agreements, in April, the Bureau of Reclamation (Reclamation) signed a System Conservation Agreement with Metropolitan and Bard Water District (Bard) to increase the size of the seasonal fallowing program this year. That new agreement will allow Bard to line a major canal in their service area this year, while adding additional water to Lake Mead. Metropolitan is hoping that a similar agreement can be signed with Reclamation soon to extend fallowing in Palo Verde Irrigation District through 2026.

## **Diversity, Equity & Inclusion**

The Business Outreach Team actively engaged with the small business community through key events like the Secrets to Success: Thriving in 2025 conference and the Business Development Series, fostering partnerships, and promoting Metropolitan's mission. Simultaneously, Workforce Development efforts remained strong, with staff participating in job fairs, tech career events, and regional collaborations such as the CRIT Language Bootcamp and Education Advisory Committee. These initiatives highlight Metropolitan's ongoing commitment to supporting diverse businesses and building an inclusive regional workforce.

## **Engineering Services**

To provide orientation for new hires and to promote collaboration among Metropolitan Groups, Engineering Services has been conducting a Career Launch Program for new engineering staff since 2012. The program currently consists of six modules including Metropolitan Organization; Engineering's Mission; Water Conveyance, Treatment, and Distribution Systems; Operations Planning and Water Resources; Metropolitan Initiatives; "Meet the Managers"; and a facility field trip. Presentations and discussions were led by Engineering/Operations managers, field staff, project managers, and the business team. The 2024–25 program, which included 30 participants, started in September and concluded in April. Engineering Services conducts this training to empower staff and provide proactive career support for new hires.

## **Equal Employment Opportunity Office**

EEO staff held office hours at four Desert facilities, including Gene, Iron Mountain, Eagle Mountain, and Hinds. The office hours took place on April 23, 2025 and April 30, 2025. During this time, EEO staff was 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. And on April 29th, EEO conducted a concurrence process training for Finance and Administration managers.

## External Affairs

Metropolitan renamed the Wildflower Trail at [Diamond Valley Lake](#) in honor of former Board Director Judy Abdo, a conservation advocate who encouraged Southern Californians to landscape with native and drought-tolerant plants during her 28-year tenure. During the April 17, 2025 ceremony, Chair Ortega, Vice Chairs Camacho and Sutley, Directors Armstrong, Dennstedt, Erdman, Fellow, Gold, Kurtz, and McCoy, GM Upadhyay, former board chair Timothy Brick, and Metropolitan staff participated in the dedication. A new plaque in her honor was unveiled, mounted on a boulder marking the entrance to the popular [trail](#).

## Human Resources

The Organizational Development & Training worked with External Affairs to re-launch Employee Inspection Trips. The first of five two-day trips left from Weymouth (following a plant and Water Quality Lab tour) then stopped at Diamond Valley Lake, Gene Camp, Intake, and Cooper Basin.

The Business Support Team planned, organized, and coordinated a “Building Resiliency” wellness webinar. The live webcast was held April 30, 2025, and hosted by Kaiser Permanente. The webinar provided employees with the opportunity to identify how stress affects both the body and mind. Employees were invited to explore what resiliency means and create a realistic action plan to respond more healthily to everyday challenges.

## Information Technology

New fiber service has been activated at Gene Camp, supporting our business applications via Lumen Telecommunication. Improvements to the Desert region will continue as we transition from microwave technology to fiber services, serving as our primary communication channel. Additional analysis will be conducted to determine the overall support and features that the fiber services will be providing in the near future.

## Operations Groups

Shutdown work of the Eastside Pipeline and Wadsworth Pump Plant concluded with the installation of an 84-inch butterfly valve for the newly constructed Wadsworth Bypass. This valve completes the bypass, allowing the Wadsworth Pump Plant to release water from Diamond Valley Lake into the forebay while simultaneously pumping it back up the Inland Feeder toward Devil Canyon. As one of four drought mitigation projects currently under construction, the Wadsworth Bypass will help deliver DVL water to State Water Project dependent areas along the Rialto Pipeline, enhancing overall drought resiliency.

## Safety, Security and Protection

Metropolitan’s Security and Emergency Management Unit is proud to launch a groundbreaking pilot program—introducing robotics into our facility security operations. What may seem like one small step for the robotic security dog is, in fact, a significant leap forward in modernizing how we protect critical infrastructure. This pilot marks the beginning of a transformative shift toward integrating advanced technologies that offer greater precision, 24/7 situational awareness, and real-time threat analysis. Equipped with high-definition imaging and autonomous capabilities, these robotic systems are designed to enhance our ability to monitor, assess, and respond to security challenges more effectively than ever before. This initiative represents a forward-thinking approach to security—one that aligns with our commitment to innovation, resilience, and operational excellence. We look forward to the insights this pilot will deliver and the future opportunities it may unlock.

Emergency Management continued training field staff to manage local emergencies through use of the Incident Command System. Metropolitan also hosted the quarterly Board of Director meeting for the California Utilities



Emergency Association and assisted the Sustainability, Resiliency, and Innovation Office by co-facilitating a visit to the Eaton Fire burn scar for representatives from outside water agencies.

The Safety Team completed various lead and ventilation assessments and inspection of x-ray machine with CDPH. The Environmental Team submitted various regulatory compliance reports for air quality, wastewater, and hazardous materials. Apprenticeship completed written testing and interviews for recruiting apprentices for the Desert Region. Safety and Technical Training began delivering updated lead training to include regulatory changes.

## **Sustainability, Resiliency and Innovation**

As part of Metropolitan's *Process Matters* initiative, which launched at the beginning of April and will continue over the next 90 days, the Innovation Team is supporting employee engagement and the development of cross-functional solutions to improve internal operations. Working in coordination with External Affairs, SRI, and Audit staff, the team helped design and promote mechanisms for staff to submit ideas. It facilitated lunchtime collaboration events to spark dialogue and surface opportunities. Through this work, the team advanced its mission to identify and accelerate practical improvements that enhance efficiency, reduce delays, and better serve Metropolitan's member agencies and ratepayers.

## **Water Resource Management**

In the area of Local Supply planning and regional coordination, the annual Local Supply Survey process was initiated with the member agencies. In the conservation area, staff held landscape training and certification classes and co-hosted a class with SoCalGas. Staff also met with and presented at a landscape symposium and provided a technical presentation at the Landscape Area Measurement Roundtable. In the State Water Project area, staff participated in a DWR workshop from their Subsidence Taskforce, a technical workgroup on Santa Ana Valley Pipeline area infrastructure improvements, and continued work on agricultural leases on Metropolitan's Delta Islands. In the Colorado River Area, staff led and participated in the Colorado River Basin Salinity Control Forum, participated with the California agencies and Lower Basin states to develop alternatives to the post 2026 guidelines, reviewed the draft 2024 Water Accounting Report to ensure accurate accounting of Colorado River use, and finalized agreements for funding and forbearance of system water for USBR Bucket 1 and Bucket 2 System Conservation Implementation Agreements.





## Office of Diversity, Equity & Inclusion

### PROGRAM DESCRIPTION

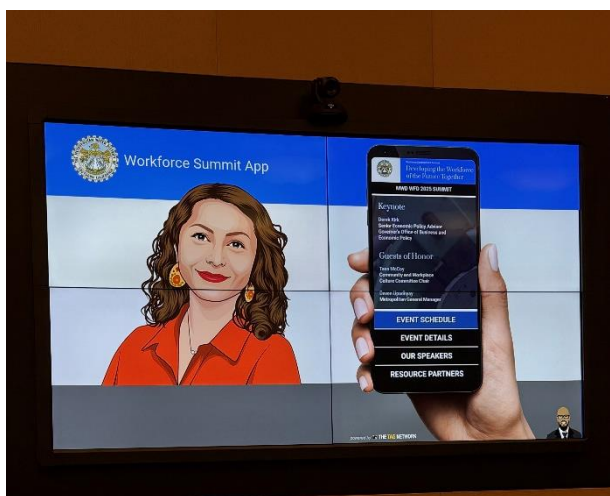
The month of May kicked off with a dynamic and engaging day at Metropolitan's Inaugural Workforce Development Summit, entitled "Developing the Workforce of the Future Together." The summit was developed in partnership with Metropolitan's Member Agencies specifically for practitioners in the fields of workforce development and human resources to create an information-sharing space. Attendees were able to explore collective insights to advance a coordinated regional workforce development strategy. Metropolitan, in collaboration with our regional partners, brought key sectors together during the Workforce Development Summit on May 1st.

### IMPORTANCE TO METROPOLITAN

Metropolitan served as the key organizer for the event and established a new member agency working group to ensure the event would effectively address the wide range of experiences, needs and challenges. Regional experts in education, technology and community partnerships came together to address current workforce development challenges and provide best practices to support local, diverse water and wastewater agencies. No single agency or initiative will solve the long-standing challenges (i.e. silver tsunami) that the water industry faces. Only by coming together and connecting the work of educational institutions, community organizations, and industry leaders to create responsive curricula and programs to drive meaningful change. This inaugural summit, intended to be an annual event, aligns and supports Metropolitan's key workforce development priorities of developing and identifying career/educational pathways, supporting Metropolitan and member agency collaboration to share knowledge, increase industry awareness for regional collaboration and success.

### MEMORABLE MOMENT

In a day full of memorable moments, one stand out was the soft launch of Metropolitan's workforce development cloud-based web application. The app helps Metropolitan staff track and manage public engagement. The digital ecosystem supports connection and outreach efforts and provides enhanced access to job opportunities at Metropolitan and the member agencies in one location. The app underscores Metropolitan's commitment and legacy of innovating to meet the moment and investment in people to power water for generations to come.



Welcome from Senator Alex Padilla



Staff from Calleguas MWD at Metropolitan's Inaugural Workforce Development Summit



# Water Supply Conditions Report

Water Year 2024-2025

As of 04/30/2025

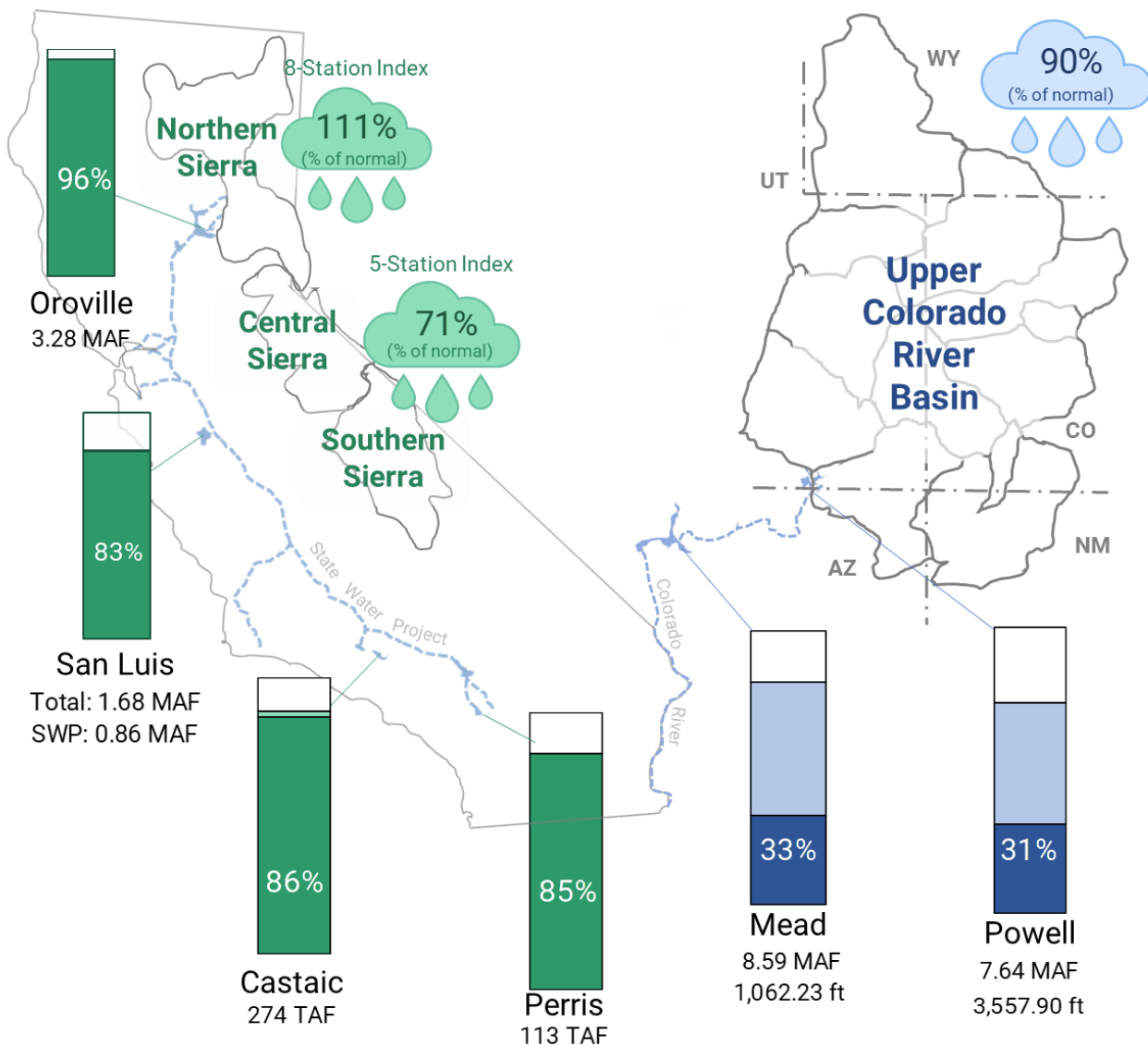
Extended Report: <https://www.mwdh2o.com/WSCR>

## State Water Project Resources

SWP Allocation  
50% Table A: 955,750 acre-feet

## Colorado River Resources

Projected CRA Diversions  
994,000 acre-feet





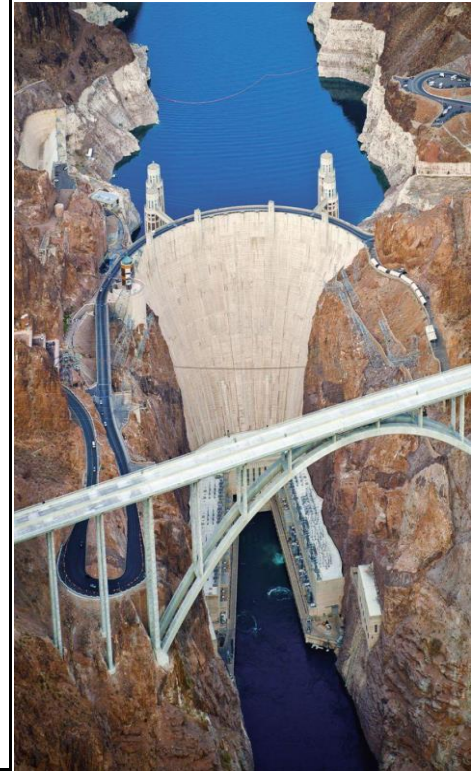
# Reservoir Report

## End of Month Reservoir Report

Monthly Update as of:

4/30/2025

<u>Reservoir</u>	<u>Current Storage</u>	<u>Percent of Capacity</u>
<b><i>Colorado River Basin</i></b>		
Lake Powell	7,635,296	31%
Lake Mead	8,575,000	33%
<b><i>DWR</i></b>		
Lake Oroville	3,286,824	96%
San Luis CDWR	849,330	80%
Castaic Lake	275,523	85%
Silverwood Lake	72,379	97%
Lake Perris	113,352	86%
<b><i>MWD</i></b>		
DVL	781,504	96%
Lake Mathews	153,032	84%
Lake Skinner	30,751	70%



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](http://www.mwdh2o.com) [www.bewaterwise.com](http://www.bewaterwise.com)

General Manager: Deven Upadhyay  
Office of the GM (213) 217-6139  
[OfficeoftheGeneralManager@mwdh2o.com](mailto:OfficeoftheGeneralManager@mwdh2o.com)





## Metropolitan Cases

### ***Alicia Lorentzen v. Metropolitan*** **(Los Angeles County Superior Court)**

On April 4, 2025, Metropolitan filed a motion for summary judgment or, in the alternative, summary adjudication, seeking pre-trial dismissal of all or

part of the case. The motion hearing is scheduled for June 26, 2025. As previously reported, trial is scheduled to begin July 28, 2025.

## Cases to Watch

### ***Howard Jarvis Taxpayers Assn. v. Coachella Valley Water District***

The California Supreme Court denied Coachella Valley Water District's (CVWD) petition for review and depublication on April 30, 2025. CVWD sought relief following the Court of Appeal's January 31, 2025 decision, *Howard Jarvis Taxpayers Assn. v. CVWD*, holding that its domestic water rates are unlawful and that plaintiffs have a right to a refund under Article XIII C of the California Constitution (as enacted and amended by Propositions 218 in 1996 and 26 in 2010).

CVWD's charges domestic customers using potable water three times the rate it charges agricultural customers using untreated

Colorado River water. CVWD argued all higher supplemental water costs must be allocated to domestic users based on the theory that agricultural customers must have paid more in property taxes over time than later developed land owned by domestic customers. However, CVWD did not provide calculations of the historical property tax payments. Additionally, a cost-of-service report provided to CVWD concluded costs incurred by CVWD were uniform for providing water service to either class of customers. Accordingly, the Court of Appeal upheld the invalidation of CVWD's water rates and also upheld the ruling that plaintiffs have a right to a refund remedy under Propositions 218 and 26, as well as due process rights.

## Matters Concluded and/or Terminated

### ***AFSCME Local 1902 v. MWD*** **(Hearing Officer Appeal)**

In this hearing officer appeal matter, Local 1902 contended that Metropolitan improperly removed one of their members from the standby rotation. Metropolitan disputed Local 1902's contentions. After extensive negotiation, the parties agreed to

resolve this matter by MWD issuing a lump sum payment of \$4,116.96 to the employee. In exchange, AFSCME withdrew the pending hearing officer appeal and withdrew a related complaint with the Public Employee Relations Board, thereby resolving both matters.





## Matters Received

<u>Category</u>	<u>Received</u>	<u>Description</u>										
Subpoenas	3	<p>Subpoena for employment, wage, medical and workers compensation claim records relating to a matter before the Workers' Compensation Appeals Board</p> <p>Deposition Subpoena for Production of Business Records that requests personnel, wage, claims, and medical records for a matter unrelated to MWD</p> <p>Subpoena Duces Tecum Without Deposition in the case <i>National HR Solutions, Inc. v. Bluewave Insurance, Inc.</i>, filed in Palm Beach County, Florida circuit court, seeking payroll, time, personnel, and claims records of temporary employees from the employment agency 22nd Century Technologies or its affiliates</p>										
Government Code Claims	2	Claims relating to: (1) an accident involving an MWD vehicle; and (2) lost profits due to a construction project blocking the driveways to a gas station										
Requests Pursuant to the Public Records Act	21	<table><tr><th><u>Requestor</u></th><th><u>Documents Requested</u></th></tr><tr><td>Associated Press</td><td>Records relating to incidents involving the Perris Valley Pipeline, La Verne Conveyance and Distribution, and Sepulveda Feeder and MWD policies around reporting accidents and incidents</td></tr><tr><td>Association of Confidential Employees and Management (ACE) and Professional Employees Association (MAPA/AFSCME Local 1001)</td><td>Documents and communications that reflect the process, methodology, and factors used to calculate vacancy rates and data related to public agency vacancy reporting requirements which will be presented to the MWD Board on May 13, 2025, and data used for MWD's annual Nondiscrimination Program</td></tr><tr><td>Atlas</td><td>Proposals, evaluation scores, executed contract, and contract amendments for On-Site Inspection and Construction Contract Administration Services</td></tr><tr><td>CCS Global Tech</td><td>Contracts, winning proposals and bid tabulation for On-Call Information Technology Quality Assurance and Control, Project Management, and Business Analysis</td></tr></table>	<u>Requestor</u>	<u>Documents Requested</u>	Associated Press	Records relating to incidents involving the Perris Valley Pipeline, La Verne Conveyance and Distribution, and Sepulveda Feeder and MWD policies around reporting accidents and incidents	Association of Confidential Employees and Management (ACE) and Professional Employees Association (MAPA/AFSCME Local 1001)	Documents and communications that reflect the process, methodology, and factors used to calculate vacancy rates and data related to public agency vacancy reporting requirements which will be presented to the MWD Board on May 13, 2025, and data used for MWD's annual Nondiscrimination Program	Atlas	Proposals, evaluation scores, executed contract, and contract amendments for On-Site Inspection and Construction Contract Administration Services	CCS Global Tech	Contracts, winning proposals and bid tabulation for On-Call Information Technology Quality Assurance and Control, Project Management, and Business Analysis
<u>Requestor</u>	<u>Documents Requested</u>											
Associated Press	Records relating to incidents involving the Perris Valley Pipeline, La Verne Conveyance and Distribution, and Sepulveda Feeder and MWD policies around reporting accidents and incidents											
Association of Confidential Employees and Management (ACE) and Professional Employees Association (MAPA/AFSCME Local 1001)	Documents and communications that reflect the process, methodology, and factors used to calculate vacancy rates and data related to public agency vacancy reporting requirements which will be presented to the MWD Board on May 13, 2025, and data used for MWD's annual Nondiscrimination Program											
Atlas	Proposals, evaluation scores, executed contract, and contract amendments for On-Site Inspection and Construction Contract Administration Services											
CCS Global Tech	Contracts, winning proposals and bid tabulation for On-Call Information Technology Quality Assurance and Control, Project Management, and Business Analysis											





<u>Requestor</u>	<u>Documents Requested</u>
Center for Contract Compliance (7 requests)	Contract and bid information for Landscape Maintenance, Tree Trimming Services, and/or Tree Removal Maintenance at: (1) Mills Water Treatment Plant; (2) Diemer Water Treatment Plant; (3) Live Oak Reservoir, (4) Palos Verdes Reservoir; (5) Weymouth Water Treatment Plant; (6) Union Station; and (7) Contract and bidder information for Reinforcing Steel Installation at the Diemer Water Treatment Plant
Fusco Engineering	MWD existing water line plans near project on Western Avenue in the city of Torrance
Met3 Development/Consulting	Information on existing water main adjacent to project on Summit in the city of Rancho Cucamonga
MWD Supervisors Association	Communications relating to the advertisement of the employment opportunity for Operations & Maintenance Technician IV - Mechanical (Conveyance & Distribution)
PLSA Engineering	Water public improvement plans near project on Walnut Avenue in the city of Signal Hill
Private Citizens (3 requests)	(1) Contract, task orders, and invoices for As-Needed Encampment Abatement & General Clean-up Services for San Diego County Sites; (2) Data on rebates for rain barrels over the last five years; and (3) Deeds between Maria Harger and MWD in the city of Lakeview in Riverside County
San Diego County Water Authority	Data on MWD testing of untreated water for PFAS
TKE Engineering	Drawings of any underground utilities near the project along Warren Road in the city of San Jacinto
Tryfacta	List of positions, number of positions filled, total spent under the contract, rate card for each awarded vendor, and MWD point of contact for: (1) Temporary Labor Services - Professional/Administrative, Scientific and Technical; and (2) Skilled/Technical Temp Labor Staffing





<u>Category</u>	<u>Received</u>	<u>Description</u>
Other Matters	1	Wage garnishment



#### 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
<b>Delta Conveyance Project CEQA Cases</b>  <i>Tulare Lake Basin Water Storage District v. California Department of Water Resources</i> (case name for the consolidated cases)  <i>City of Stockton v. California Department of Water Resources</i>  <i>County of Butte v. California Department of Water Resources</i>  <i>County of Sacramento v. California Department of Water Resources</i>  <i>County of San Joaquin et al. v. California Department of Water Resources</i>  <i>Sacramento Area Sewer District v. California Department of Water Resources</i>  <i>San Francisco Baykeeper, et al. v. California Department of Water Resources</i>  <i>Sierra Club, et al. v. California Department of Water Resources</i>  <i>South Delta Water Agency and Rudy Mussi Investment L.P. v. California Department of Water Resources</i>  <i>Sacramento County Superior Ct. (Judge Acquisto)</i>  3d District Court of Appeal Case No. C101878	<ul style="list-style-type: none"> <li>DWR is the only named respondent/defendant</li> <li>All alleged CEQA violations</li> <li>Most allege violations of the Delta Reform Act, Public Trust Doctrine and Delta and Watershed Protection Acts</li> <li>Two allege violations of the fully protected bird statute</li> <li>One alleges violations of Proposition 9 (1982) and the Central Valley Project Act</li> <li>Deadline for DWR to prepare the administrative record extended to Jan. 31, 2025</li> <li>June 20, 2024 trial court issued a preliminary injunction halting pre-construction geotechnical soil testing until DWR certifies that the DCP is consistent with the Delta Plan</li> <li>Aug. 19, 2024 DWR appealed the injunction</li> <li>Oct. 24, 2024 cases ordered consolidated for all purposes under <i>Tulare Lake Basin Water Storage District v. California Department of Water Resources</i></li> <li>Feb. 6, 2025 DWR filed its opening brief on appeal of the preliminary injunction halting preconstruction geotechnical work</li> <li><del>March 21, 2025</del> <u>April 9, 2025</u>, trial court <del>hearing-ordered</del> DWR's motion for stay of enforcement of injunction to allow the DCA to resume preconstruction geotechnical work</li> <li>Aug. 8, 2025 next case management conference</li> </ul>
<b>Delta Conveyance Project Water Right Permit Litigation</b>  <i>Central Delta Water Agency et al. v. State Water Resources Control Board</i>  Fresno County Superior Court (Judge <del>Lisa Gamoian</del> <u>Maria Diaz</u> )	<ul style="list-style-type: none"> <li>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</li> <li><del>Sept. 19 hearing date for State Water Resources Control Board demurrer (motion to dismiss) and motion to strike and DWR's demurrer (motion to dismiss) taken off calendar by court entered stipulation of the parties after DWR withdrew the 2009 petition</del></li> </ul>





Subject	Status
	<p><u>to extend its SWP water rights May 1, 2025 deadline for plaintiffs to file a First Amended Complaint, which plaintiffs missed</u></p> <ul style="list-style-type: none"><li>• <u>June 4, 2025, hearing on State Water Contractors' motion to intervene</u></li><li>• August 27, 2025 Case Management Conference</li></ul>
<p><b>Consolidated DCP Revenue Bond Validation Action and CEQA Case</b></p> <p><i>Sierra Club, et al. v. California Department of Water Resources</i> (CEQA, designated as lead case)</p> <p><i>DWR v. All Persons Interested</i> (Validation)</p> <p>Sacramento County Superior Ct. (Judge Kenneth C. Mennemeier)</p> <p>3d District Court of Appeal Case No. C100552</p>	<ul style="list-style-type: none"><li>• <b>Validation Action</b></li><li>• Final Judgment and Final Statement of Decision issued January 16, 2024 ruling the bonds are not valid</li><li>• DWR, Metropolitan and other supporting public water agencies filed Notices of Appeal on or before the February 16, 2024 deadline</li><li>• Eight opposing groups filed Notices of Cross Appeals by March 27, 2024</li><li>• April 16, 2024 DWR moved to dismiss the cross appeals as untimely</li><li>• October 4, 2024 DWR's and Supporting SWP Contractors' Joint Opening Brief and Appellants' Appendix filed</li><li>• October 15, 2024 DWR's and Supporting SWP Contractors' joint motion for calendar preference was granted; the appeal will be accorded priority pursuant to statutory provisions, which should accelerate oral argument and the court's decision once briefing is completed in about March 2025</li><li>• Respondents' and Cross-Appellants' briefs filed Dec. 31, 2024 and Jan. 2, 2025</li><li>• DWR's and Supporting SWP Contractors' filed reply to Howard Jarvis Taxpayers Association's opposition brief Feb. 11, 2025</li><li>• DWR's and Supporting SWP Contractors' combined opposition to cross-appeals and reply brief filed April 1, 2025</li><li>• Cross-Appellants' reply briefs due May 12, 2025</li></ul>





Subject	Status
<p><b>2025 Delta Conveyance Program Revenue Bond Validation</b></p> <p><i>Department of Water Resources v. All Persons Interested, etc.</i></p> <p>Sacramento County Superior Court (Judge TBD)</p>	<ul style="list-style-type: none"> <li>Jan. 6, 2025, the Department of Water Resources (DWR) adopted a new bond resolution</li> <li>Jan. 7, DWR filed a complaint seeking a judgment validating its authority to issue the bonds under the CVP Act</li> <li>Jan. 27, 2025 summons issued</li> <li>Feb. 27, 2026 Case Management Conference</li> <li>March 25, 2025 deadline to file answers</li> <li>15 answers filed, 10 in opposition and 5 in support</li> <li><del>Two motions to dismiss filed; the first noticed for a June 12, 2025 hearing, the second for October 8, 2025 on two motions to dismiss</del></li> </ul>
<p><b>SWP-CVP 2019 BiOp Cases</b></p> <p><i>Pacific Coast Fed'n of Fishermen's Ass'ns, et al. v. Raimondo, et al. (PCFFA)</i></p> <p><i>Calif. Natural Resources Agency, et al. v. Raimondo, et al. (CNRA)</i></p> <p>Federal District Court, Eastern Dist. of California, Fresno Division (Judge Thurston)</p>	<ul style="list-style-type: none"> <li>SWC intervened in both <i>PCFFA</i> and <i>CNRA</i> cases</li> <li>Federal defendants reinitiated consultation on Oct 1, 2021</li> <li>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</li> </ul>
<p><b>2020 CESA Incidental Take Permit Cases</b></p> <p><b>Coordinated Case Name <i>CDWR Water Operations Cases, JCCP 5117</i> (Coordination Trial Judge Gevercer)</b></p> <p><i>Metropolitan &amp; Mojave Water Agency v. Calif. Dept. of Fish &amp; Wildlife, et al. (CESA/CEQA/Breach of Contract)</i></p> <p><i>State Water Contractors &amp; Kern County Water Agency v. Calif. Dept. of Fish &amp; Wildlife, et al. (CESA/CEQA)</i></p> <p><i>San Bernardino Valley Municipal Water Dist. v. Calif. Dept. of Water Resources, et al. (CEQA/CESA/ Breach of Contract/Takings)</i></p> <p><i>Sierra Club, et al. v. Calif. Dept. of Water Resources (CEQA/Delta Reform Act/Public Trust)</i></p>	<ul style="list-style-type: none"> <li>Administrative records certified in October 2023</li> <li>Order entered to delay setting a merits briefing schedule by 90 days and extending the time to bring the action to trial by six months</li> <li>Deadline to bring all the coordinated cases to trial is now December 5, 2025</li> <li>December 2024 three petitioner groups filed requests for dismissal without prejudice</li> <li>Remaining petitioner groups meeting and conferring in light of the new, 2024 CESA Incidental Take Permit</li> <li>SF Baykeeper dismissed its case on March 18, 2025</li> <li><del>May 2</del> <b>July 11</b>, 2025 Case Management Conference</li> </ul>





Subject	Status
<b>2024 CESA Incidental Take Permit Cases</b>	
<i>San Francisco Baykeeper, et al. v. California Department of Water Resources</i> (CEQA, Delta Reform Act, Public Trust Doctrine)	Cases challenge DWR's Final EIR and the California Department of Fish and Wildlife's California Endangered Species Act Incidental Take Permit for the updated Long Term Operations plan for the State Water Project
Sacramento County Superior Ct. Case No. 24WM000185 (Judge Arguelles)	<ul style="list-style-type: none"><li>• <a href="#"><u>June 6, 2025 Case Management Conference in Tehama-Colusa Canal Authority, et al. v. California Department of Water Resources, et al.</u></a></li></ul>
<i>California Sportfishing Protection Alliance, et al. v. California Department of Water Resources, et al.</i> (CEQA, CESA, Delta Reform Act, Public Trust Doctrine)	
Sacramento County Superior Ct. Case No. 24WM000181 (Judge Arguelles)	
<i>Tehama-Colusa Canal Authority, et al. v. California Department Of Water Resources, et al.</i> (CEQA)	
Sacramento County Superior Ct. Case No. 24WM000183 (Judge Rockwell)	
<i>Central Delta Water Agency and South Delta Water Agency v. California Department of Water Resources</i> (CEQA, Delta Reform Act, Watershed Protection Acts, Public Trust Doctrine)	
Sacramento County Superior Ct. Case No. 24WM000186 (Judge Acquisto)	





Subject	Status
<p><b>CDWR Environmental Impact Cases</b>  <b>Sacramento Superior Ct. Case No. JCCP 4942,</b>  <b>3d DCA Case No. C100302</b>  <b>(20 Coordinated Cases)</b></p> <p>Validation Action  <i>DWR v. All Persons Interested</i></p> <p>CEQA  17 cases</p> <p>CESA/Incidental Take Permit  2 cases</p> <p>(Judge Arguelles)</p>	<ul style="list-style-type: none"> <li>• Cases dismissed after DWR rescinded project approval, bond resolutions, decertified the EIR, and CDFW rescinded the CESA incidental take permit</li> <li>• January 10, 2020 – Nine motions for attorneys’ fees and costs denied in their entirety</li> <li>• May 11, 2022, court of appeal reversed the trial court’s denial of attorney fees and costs</li> <li>• Coordinated cases remitted to trial court for re-hearing of fee motions consistent with the court of appeal’s opinion</li> <li>• Dec. 26, 2023 order denying fee motions</li> <li>• Six notices of appeal filed</li> <li>• Appellants’ opening briefs and appendices filed Oct. 29 and Oct. 31</li> <li>• Feb. 13, 2025 DWR filed its omnibus respondents’ (opposition) brief</li> <li>• Reply briefs due May 5, 2025</li> </ul>
<p><b>Water Management Tools Contract Amendment</b></p> <p><i>California Water Impact Network et al. v. DWR</i>  Sacramento County Superior Ct.  (Judge Acquisto)</p> <p><i>North Coast Rivers Alliance, et al. v. DWR</i>  Sacramento County Super. Ct.  (Judge Acquisto)</p>	<ul style="list-style-type: none"> <li>• Filed September 28, 2020</li> <li>• CWIN and Aqualliance allege one cause of action for violation of CEQA</li> <li>• NCRA et al. allege four causes of action for violations of CEQA, the Delta Reform Act, Public Trust Doctrine and seeking declaratory relief</li> <li>• SWC motion to intervene in both cases granted</li> <li>• Dec. 20, 2022 DWR filed notice of certification of the administrative record and filed answers in both cases</li> </ul>





***San Diego County Water Authority v. Metropolitan, et al.***

Cases	Date	Status
<b>2014, 2016</b>	Sept. 30	Based on the Court of Appeal's Sept. 21 opinion in the parties' earlier 2010/2012 cases, 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.
<b>2017</b>	July 23, 2020	Dismissal without prejudice entered.
<b>2018</b>	April 11, 2022	Court entered order of voluntary dismissal of parties' WaterFix claims and cross-claims.
<b>2014, 2016, 2018</b>	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.
	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, cross-claims, and affirmative defenses regarding applicability of





Cases	Date	Status
<b>2014, 2016, 2018 (cont.)</b>		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 16-27	Trial occurred but did not conclude.
	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).
	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)





Cases	Date	Status
<b>2014, 2016, 2018 (cont.)</b>	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
	May 3	Participating member agencies filed notice of appeal
	May 31	Parties filed opening briefs on prevailing party
	June 28	Parties filed response briefs on prevailing party
	July 17	Court issued tentative ruling that there is no prevailing party due to mixed results
	July 18	Hearing on prevailing party; court took matter under submission, stating it expects to rule in mid-Aug.
	Aug. 15	Court issued ruling that Metropolitan is the prevailing party and is entitled to SDCWA's payment of its litigation costs and fees under the Exchange Agreement
	Sept. 25	Court issued order extending time for Metropolitan to file its memorandum of costs and motion for attorneys' fees
	Sept. 27	Metropolitan filed its memorandum of costs in the amount of \$372,788.64





Cases	Date	Status
<b>2014, 2016, 2018 (cont.)</b>	Oct. 18	Parties filed a joint application to extend the briefing schedule in the Court of Appeal
	Oct. 21	Court of Appeal granted parties' joint briefing schedule; briefing begins April 11, 2025 and ends October 10, 2025
	Oct. 29	SDCWA filed its motion to tax (reduce) Metropolitan's costs
	Nov. 26	SDCWA withdrew its motion to tax (reduce) Metropolitan's costs and requested that the court cancel the Dec. 11 motion hearing
	Dec. 17	The court entered the parties' stipulated order that Metropolitan's recoverable attorneys' fees are \$3,402,408.71 and its recoverable costs are \$372,788.64; unless the Court of Appeal reverses the order that Metropolitan is the prevailing party, SDCWA is to pay Metropolitan these amounts, plus interest; and briefing on Metropolitan's motion for attorneys' fees is vacated.
	Dec. 17	The court issued an order reassigning the cases from the Honorable Anne-Christine Massullo to the Honorable Ethan P. Schulman.
	Jan. 28, 2025	Court of Appeal granted parties' modified joint briefing schedule; briefing begins July 11, 2025 and ends January 9, 2026.
<b>All Cases</b>	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	222524	11/24	\$75,000
	Employment Matter	222529	12/24	\$50,000
	Employment Matter	222536	03/25	\$50,000
	Employment Matter	222542	03/25	\$50,000
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
Anzel Galvan LLP	Bond Issues	220411	07/24	N/A
Atkinson Andelson Loya Ruud & Romo	Employee Relations	59302	04/04	\$1,316,937
	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
	MWD MOU Negotiations**	201893	10/05/21	\$100,000
	Misconduct Investigation	222533	01/25	\$25,000
	Ethics Investigation	222534	01/25	\$25,000
	PRA Issues	222539	02/25	\$20,000
	<u>Sanchez Job Audit Appeal</u>	<u>222551</u>	<u>03/25</u>	<u>\$50,000</u>
	<u>Gutierrez Job Audit Appeal</u>	<u>222552</u>	<u>03/25</u>	<u>\$50,000</u>
	<u>RFIs by AFSCME Local 1902</u>	<u>222554</u>	<u>03/25</u>	<u>\$20,000</u>
BDG Law Group, APLC	Gutierrez v. MWD	216054	03/24	\$250,000
	<u>Hagekhalil Defense in Kasaine Litigation</u>	<u>222547</u>	<u>03/25</u>	<u>\$250,000</u>





Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
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	<del>\$150,000</del> <u>\$250,000</u>
	Pure Water Southern California	207966	11/22	\$250,000
	Progressive Design Build	216053	04/24	\$250,000
Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP	FCC and Communications Matters	110227	11/10	\$100,000
Brown White & Osborn LLP	Employment Matter	222523	10/24	\$50,000
	Employment Matter	222525	11/24	\$50,000
Buchalter, a Professional Corp.	Union Pacific Industry Track Agreement	193464	12/07/20	\$50,000
Burke, Williams & Sorensen, LLP	Real Property – General	180192	01/19	\$100,000
	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
	Bond Counsel	220409	07/24	N/A
Castañeda + Heidelman LLP	Employment Matter	216055	04/24	\$100,000
	Employment Matter	222530	11/24	\$100,000
Cislo & Thomas LLP	Intellectual Property	170703	08/17	\$100,000
Curls Bartling P.C.*	Bond Counsel	200470	07/21	N/A
Davis Wright Tremaine, LLP	Advice and Representation re Potential Litigation	220424	10/24	\$250,000
	<u>Kasaine v. MWD</u>	<u>222543</u>	<u>03/25</u>	<u>\$250,000</u>





Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Duane Morris LLP	SWRCB Curtailment Process	138005	09/14	\$615,422
Duncan, Weinberg, Genzer & Pembroke	Power Issues	6255	09/95	\$3,175,000
<del>Ellison, Schneider, Harris &amp; Donlan</del>	<del>Colorado River Issues</del>	<del>69374</del>	<del>09/05</del>	<del>\$175,000</del>
	<del>Issues re SWRCB</del>	<del>84457</del>	<del>06/07</del>	<del>\$200,000</del>
Erin Joyce Law, PC	Ethics Advice	216058	05/24	\$100,000
Glaser Weil Fink Howard Jordan & Shapiro	Employment Matter	220395	7/24	\$160,000
Greines, Martin, Stein & Richland LLP	SDCWA v. MWD	207958	10/22	\$100,000
	Colorado River Matters	207965	11/22	\$100,000
Hackler Flynn & Associates	Government Code Claim Advice	216059	5/24	\$150,000
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	\$500,000
Hanson Bridgett LLP	Finance Advice	158024	12/16	\$100,000
	Deferred Compensation/HR	170706	10/17	\$600,000
	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
Hausman & Sosa, LLP	Jones v. MWD	216056	05/24	\$100,000
	Villavicencio v. MWD	220426	10/24	\$100,000
	Jensen Operator Standby Removal	222522	10/24	\$100,000
	<u>Villa NOIS Appeal</u>	<u>222553</u>	<u>03/25</u>	<u>\$50,000</u>





Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Hawkins Delafield & Wood LLP*	Bond Counsel	193469	07/21	N/A
	Bond Counsel	220405	07/24	N/A
Hemming Morse, LLP	Baker Electric v. MWD	211933	08/23	\$175,000
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
Innovative Legal Services, P.C.	Employment Matter	211915	01/19/23	\$175,000
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
Katten Muchin Rosenman LLP	Bond Counsel	220412	07/24	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	\$160,000
Lesnick Prince & Pappas LLP	Kidde-Fenwal Bankruptcy	216061	06/24	\$50,000





Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Liebert Cassidy Whitmore	Labor and Employment	158032	02/17	\$244,741
	FLSA Audit	180199	02/19	\$50,000
	EEO Advice	216041	12/23	\$250,000
Lieff Cabraser Heimann & Bernstein, LLP	PFAS Multi-District Litigation	216048	03/24	\$200,000
Manatt, Phelps & Phillips	SDCWA v. MWD rate litigation	146627	06/16	\$4,400,000
	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	\$550,000
	PFAS-Related Issues (PWSC)	220414	08/24	\$100,000
	Perris Valley Pipeline Project	220415	07/24	\$100,000
	PFAS-Related Issues (General)	220413	10/24	\$50,000
Meyers Nave Riback Silver & Wilson	Pure Water Southern California	207967	11/22	\$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
	Project Labor Agreements	200476	04/21	\$100,000
Musick, Peeler & Garrett LLP	Colorado River Aqueduct Electric Cables Repair/Contractor Claims	193461	11/20	\$3,250,000
	Arvin-Edison v. Dow Chemical	203452	01/22	\$150,000
	Semitropic TCP Litigation	207954	09/22	\$75,000
	Employment Matter	220417	08/24	\$100,000





Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Nixon Peabody LLP*	Bond Counsel [re-opened]	193473	07/21	N/A
	Special Finance Project	207960	10/22	\$50,000
	Bond Counsel	220404	07/24	N/A
Norton Rose Fulbright US LLP*	Bond Counsel	200466	07/21	N/A
	Bond Counsel	220407	7/24	N/A
Olson Remcho LLP	Government Law	131968	07/14	\$600,000
	<del>Executive Committee/Ad Hoc Committees Advice</del>	<del>207947</del>	<del>08/22</del>	<del>\$60,000</del>
	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
	Public Records Act Requests	220399	7/24	\$75,000
Redwood Public Law, LLP	PRA and Conflicts Issues	222540	02/25	\$150,000
	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
	ACE v. MWD (PERB Case No. LA-CE-1729-M)	220421	09/24	\$35,000
	AFSCME v. MWD (PERB Case No. LA-CE-1733-M)	220422	09/24	\$35,000
	AFSCME v. MWD (PERB Case No. LA-CE-1738-M)	220425	10/24	\$35,000





Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
	SAMWD v. MWD (PERB Case No. LA-CE-1745-M)	220527	11/24	\$35,000
	AFSCME v. MWD (PERB Case No. LA-CE-1746-M)	222528	11/24	\$35,000
Melanie Ross Law P.C.	Tiegs v. MWD	222535	01/25	\$25,000
Ryan & Associates	Leasing Issues	43714	06/01	\$200,000
	Oswalt v. MWD	211925	05/23	<del>\$100,000</del> <u>\$250,000</u>
	Unlawful Encroachment on Metropolitan Rights-of-Way	216065	06/24	\$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	\$900,000
	General Labor/Employment Advice	211917	3/23	\$250,000
	Civil Rights Department Complaint	211931	07/23	\$100,000
	Crawford v. MWD	216035	09/23	\$525,000
	Tiegs v. MWD	216043	12/23	<del>\$525,000</del> <u>\$825,000</u>
	Zarate v. MWD	216044	01/24	\$500,000
Shaw Law Group, PC	Administrative Investigation	222531	12/24	\$30,000
Sheppard Mullin Richter & Hampton LLP	Lorentzen v. MWD	216036	09/23	\$250,000
	Iverson v. MWD	222532	12/24	\$100,000
Stradling Yocca Carlson & Rauth*	Bond Counsel	200471	07/21	N/A
	Bond Counsel	220408	7/24	N/A





Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
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
	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	\$250,000

\*Expenditures paid by Bond Proceeds/Finance

\*\*Expenditures paid by another group





## Office of the General Auditor

### • General Auditor's Report for April 2025

#### Summary

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This report highlights significant activities of the Office of the General Auditor for the month ended April 30, 2025.

#### Purpose

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Informational

#### Attachments

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Two reports were issued during this period:

1. Operational Audit: Fallowed Land (Board Directed)
2. Advisory Brief: Mutual Benefit Leases Rapid Review

#### Detailed Report

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##### Audit & Advisory Projects

Twenty-four projects are in progress:

- Six audit projects are in the report preparation phase.
  - No management responses are outstanding.
  - One new audit project was added this month per Board direction:
    - Conjunctive Use
- Eighteen projects are in the execution phase, including nine audits and nine advisories.

Work priority is being given to the seven carryforward audits.

##### Report Details

1. **Operational Audit: Fallowed Land** issued April 28, 2025.
  - Audit scope included the review of the fallowed land process for the period August 1, 2023 through June 30, 2024.
  - Three (3) recommendations with the following rating: three **Priority 3**.
2. **Advisory Brief: Mutual Benefit Leases Rapid Review**
  - Advisory scope included the review of mutual benefit leases, specifically office space leases.
  - Nine (9) advisory recommendations.

Date of Report: May 13, 2025



## Board Report (General Auditor's Report for April 2025)

### **Follow-Up Reviews**

Thirteen audits are in the follow-up phase:

- Nine follow-up reviews are in progress.
- Four follow-up reviews have not been started.

No follow-up review forms are overdue.

### **Other General Auditor Activities**

#### **1. Customer Service Survey**

Post-audit engagement customer survey developed and issued for two recently completed audits. The survey will be issued for all new audits going forward.

#### **2. Annual Risk Assessment**

**Completed.** The General Auditor's risk assessment methodology was refreshed and presented at the April meeting of the Audit Committee. Board input on risk areas and internal control concerns was solicited. Additionally, meetings with management have concluded, and input received has been incorporated into the risk assessment.

#### **3. Annual Audit Plan**

The FY 2025/26 audit plan is in development and will be presented to the Board for approval at the June meetings of the Audit Committee and Board of Directors.

#### **4. Senior Audit Manager Recruitment**

Recruitment brochure finalized, job posted, and recruitment actively in progress.

#### **5. External Resources RFQ**

Collaboration with Contracting Services and General Counsel to draft and issue an RFQ for specialty internal audit services is ongoing.

#### **6. Global Internal Audit Standards**

Evaluation and adoption of the updated standards issued by the Institute of Internal Auditors, effective January 9, 2025, is in progress. Board roles and responsibilities, per the Standards, will be presented as an information item at the September meeting of the Audit Committee.

#### **7. Training**

Audit staff attended Generative AI Case Studies: Lessons Learned in Public Sector Audit Shops, Controlling the Risk of Asset Misappropriation, and fraud training.





Office of the General Auditor

# Operational Audit: Fallowed Land

Project Number: 23-13  
April 28, 2025



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Recommendation 1
- 4 **Observation 2: Management Monitoring**  
Recommendation 2
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- 6 **Evaluation of Management's Response & Audit Team**
- 7 **Appendix A: Supplemental Information**  
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- 10 **Appendix C: Management's Response**



# Executive Summary

## BACKGROUND

In August 2004, Metropolitan entered into an agreement with the Palo Verde Irrigation District (PVID) to implement a 35-year forbearance and fallowing program (Program). The Program developed a flexible water supply of up to 125,000 acre-feet per year through non-irrigation of qualified farmlands in the Palo Verde Valley area, which occupies approximately 190 square miles in Riverside and Imperial Counties. PVID encompasses approximately 131,000 acres.

From 2005 to 2006, Metropolitan entered into long-term agreements with PVID and 99 landowners to fallow the qualified farmlands through July 2040. Under the terms of the agreements, at Metropolitan's discretion, participants would not irrigate up to 35% of their land and the water savings from this fallowing would be made available to Metropolitan. In exchange, Metropolitan makes payments to these landowners for fallowing their lands and to PVID to compensate them for related administrative costs. The agreements allow Metropolitan and PVID to enter onto and inspect the fallowed land to monitor and enforce contract compliance.

The annual payment to the landowners for Contract Year (CY) 23/24 was \$1,002.65 per fallowed acre. The CY 23/24 started on August 1, 2023 and went through July 31, 2024. As of June 30, 2024, Metropolitan paid \$18.2 million to landowners for a 100% call under the current Program and approximately \$311,000 to PVID for related administration costs.

Metropolitan presently owns approximately 29,180 acres of land within the PVID, having added the acquisition of land from Verbena LLC in 2015 to the land purchased in 2001 from San Diego Gas & Electric Co., making Metropolitan the largest landowner in the valley. Metropolitan leases approximately 18,100 acres to six agricultural tenants. These leases allow Metropolitan to call for fallowing of up to 50% of the land under the Program. During a fallowing call, Metropolitan reimburses tenants the prorated rent of up to the agreed-upon rate per irrigated acre (currently \$150 or \$175) and a water toll of up to \$80 per irrigated acre. The tenant reimbursements were approximately \$2.6 million for CY 23/24.

The total amount of water conserved by the Program in calendar year 2023 was 87,256 acre-feet, of which 15,749 acre-feet was water made available to Metropolitan, and the remaining balance of 71,507 acre-feet was water left in Lake Mead, behind Hoover Dam, as system conservation water.

## WHAT WE DID

Our audit scope for this Board-directed engagement included the fallowed land process from August 1, 2023 to June 30, 2024.

Our audit objectives were to:

- (1) Evaluate Water Resource Management monitoring procedures for the fallowed land process, from fallowing call notification to inspection of fallowed land.
- (2) Determine if defined fallowed land acreage matches actual fallowed land acreage on the ground.

## WHAT WE CONCLUDED

- (1) Some monitoring procedures for the fallowed land program should be improved.
- (2) Defined fallowed land acreage matched actual fallowed land acreage on the ground.

## WHAT WE RECOMMEND

We recommend Metropolitan: (1) conduct formal reviews of PVID fallowed land inspections, document these reviews, and develop associated procedures; (2) review fallowed land reports prepared by Water Resource Management staff, document reviews of fallowed land reporting, and prepare associated procedures; and (3) ensure General Manager reviews of fallowed land call notices are documented before issuance and prepare associated procedures.

Management agreed with our observations and recommendations.

## NUMBER OF RECOMMENDATIONS



**PRIORITY 1**  
Response time:  
Immediate



**PRIORITY 2**  
Response time:  
Within 90 days



**PRIORITY 3**  
Response time:  
Within 180 days





THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** April 28, 2025  
**To:** Audit Committee  
**From:** Scott Suzuki, CPA, CIA, CISA, CFE, General Auditor  
**Subject:** Operational Audit: Fallowed Land  
(Project Number 23-13)

This report presents the results of our audit of the fallowed land process as directed by the Board.

Results, including our observations and recommendations, follow this letter. Supplemental information, including our scope and objectives, is included in Appendix A. Appendix B includes a description of our new recommendation priority rating system. Finally, management's response to our audit is now included in Appendix C.

We appreciate the cooperation and courtesies provided by the Water Resource Management Group.

The results in this report will be summarized for inclusion in a status report to the Board. If you have any questions regarding our audit, please do not hesitate to contact me directly at 213.217.6528 or Assistant General Auditor Kathryn Andrus at 213.217.7213.

#### Attachments

cc: Board of Directors  
General Manager  
General Counsel  
Ethics Officer  
Office of the General Manager Distribution  
Assistant General Managers  
Water Resource Management Group Distribution  
External Auditor



# RESULTS

## RECOGNITION

Positive aspects observed during our audit include:

- Water Resource Management (WRM) conducted inspections of fallowed land twice a year and prepared inspection reports.
- Palo Verde Irrigation District (PVID) conducted inspections of fallowed land throughout the contract year.
- WRM prepared the annual verification reports jointly with PVID and the United States Bureau of Reclamation (USBR).

## RESULTS OVERVIEW

	OBSERVATION	RISK	RECOMMENDATION	MANAGEMENT AGREEMENT
PRIORITY 1				
	None			
PRIORITY 2				
	None			
PRIORITY 3				
1	PVID fallowed land inspections were not formally reviewed by the district.	Land not fallowed per contractual requirements Contractor not fulfilling duties Financial loss	Conduct formal reviews of PVID fallowed land inspections. Document reviews. Develop procedures.	Agree
2	Management did not review reporting prepared by staff for fallowed lands.	Staff oversight/unaccountability Financial loss Land not fallowed as contracted for	Review fallowed land inspection reports. Document reviews. Prepare procedures.	Agree
3	Fallowing call notice approval by the General Manager was documented after the notices were issued.	Fallowing call not aligning with organizational objectives/strategies	Document approval for fallowed land call notices prior to issuance. Prepare procedures.	Agree





## OBSERVATIONS & RECOMMENDATIONS

### 1 Contractor Monitoring

*PVID fallowed land inspections were not formally reviewed by the district.*

#### Priority 3

*Reviewing contractor land inspections and formalizing database review reduces the risk of land not fallowed per contractual requirements, the contractor not fulfilling their duties, and financial losses from inaccurate/incomplete landowner and fallowing data.*

PVID completes fallowed land inspections; however, the district does not formally review these inspections.

Additionally, WRM staff reviews information in the PVID database as part of semi-annual inspections; however, there are no procedures for this review.

#### Recommendation 1

We recommend management:

- (1) Conduct formal reviews of PVID fallowed land inspections.
- (2) Document reviews of the inspections.
- (3) Develop associated procedures for reviewing PVID inspections and information in the PVID database.

#### Management Response

**Agree.**

Prior to WRM conducting field inspections, WRM and PVID will meet and review PVID's inspection activities.

As part of WRM's field inspection report, WRM will include PVID's inspection results of fields that WRM are inspecting. WRM will develop a flowchart procedure.

The estimated implementation date is the fourth quarter of calendar year 2025.

### 2 Management Monitoring

*Management did not review reporting prepared by staff for fallowed lands.*

WRM staff perform and document the inspections of fallowed land semi-annually; however, there was no management review of these reports.

Additionally, a fallowed land verification report is prepared annually in conjunction with USBR that includes fallowing call information, fallowed land data, and estimated conserved water. There was no documented management review of the fallowed land verification report.

Finally, there are no procedures for completing these management reviews nor the collaborative process involved with USBR in preparing the fallowed land verification report.





**Priority 3**

*Management review of reports prepared by staff and formalizing these reviews reduces the risk of staff oversight/unaccountability, financial loss from inaccurate reported water savings, and land not being fallowed as contracted for.*

**Recommendation 2**

We recommend management:

- (1) Review fallowed land inspection reports prepared by staff.
- (2) Document review of these reports and the fallowed land verification report.
- (3) Prepare procedures for these reviews and the joint fallowed land verification process with USBR.

**Management Response**

**Agree.**

WRM staff will submit report to management for review and management will reply with a response of the report. WRM will prepare a flowchart outlining the collaboration among WRM, PVID and USBR preparing the report.

The estimated implementation date is in the 2<sup>nd</sup> half of calendar year 2025.

### 3 Following Call Notice Review

*Following call notice approval by the General Manager was documented after the notices were issued.*

Following call notices are the first step in notifying landowners of Metropolitan's desire to effect fallowed land. There is a process where staff prepare a notice template that is reviewed by the General Manager, and then customized for each landowner; however, there are no procedures for this process.

For the Contract Year 2023/24 following call notice, the General Manager's review and approval was obtained verbally before the notices were sent out, but the routed document was formally approved by the General Manager approximately two months after the following call notices were issued.

**Priority 3**

*Documenting General Manager approval of fallowing call notices before issuance reduces the risk of the fallowing call not aligning with organizational objectives/strategies.*

**Recommendation 3**

We recommend management:

- (1) Ensure General Manager approval for fallowed land call notices is documented prior to issuance.
- (2) Prepare procedures for preparation, authorization, and issuance of fallowed land call notices.





**Management Response**  
**Agree.**

An additional step will be added to the current WRM SharePoint surnaming procedure such that when the General Manager has given approval outside of the established procedure, WRM will reply in an email message that includes the General Manager in the message that the following call notice was approved by the General Manager before sending the notice.

The estimated implementation date is July 2025.

**EVALUATION OF MANAGEMENT'S RESPONSE**

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Internal Audit considers management's response appropriate to the recommendations and their corrective actions should resolve the conditions identified in the report.

**AUDIT TEAM**

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Leo Roldan, CPA, CIA, CGMA, Principal Auditor (retired)  
Neena Mehta, Senior Auditor





## APPENDIX A: SUPPLEMENTAL INFORMATION

### ADDITIONAL INFORMATION

On August 12, 2021, Metropolitan entered into a Funding Agreement with the United States Bureau of Reclamation (USBR), the Central Arizona Water Conservation District (CAWCD), and the Southern Nevada Water Authority (SNWA). The Funding Agreement funds fallowing in the Palo Verde Valley that is within the Program limits but is in excess of Metropolitan's minimum fallowing calls, and water conserved by this additional fallowing is left in Lake Mead as system conservation water.

Fallowing under the Funding Agreement began on August 1, 2021, but was terminated as of July 31, 2023, to allow Metropolitan and PVID to conserve water under USBR's Lower Colorado Conservation Program, which started on August 1, 2023. From January 1, 2023 to July 31, 2023, the Program's fallowing level was at 75%, with conservation from the equivalent of a 25% call being made available to Metropolitan, and the conservation from the equivalent of a 50% call being used to create system conservation water.

On December 20, 2023, under the USBR's Lower Colorado Conservation Program, Metropolitan entered into a System Conservation Implementation Agreement (SCIA) with USBR. The SCIA funds the full Program for three contract years, starting August 1, 2023, and continuing through July 31, 2026. During these three years, the Program is fallowing at the maximum level, and all conserved water is to be left in Lake Mead as system conservation water pursuant to the terms of the SCIA.

### SCOPE & OBJECTIVES

Our audit scope included the fallowed land process from August 1, 2023 to June 30, 2024.

Our audit objectives were to:

- (1) Evaluate Water Resource Management monitoring procedures for the fallowed land process, from fallowing call notification to inspection of fallowed land.
- (2) Determine if defined fallowed land acreage matches actual fallowed land acreage on the ground.

### EXCLUSIONS

Our audit scope did not include: (1) Metropolitan fallowing calls prior to CY 23/24; (2) Landowner's qualified land for fallowing; (3) Land ownership and tenant subordination agreements; (4) Landowner payments of taxes and tolls; (5) Land management measures; (6) Payment and recording of PVID reimbursable costs; (7) annual payments to landowners and their recording; (8) Amortization of participation rights (one-time signup payments); (9) Intentionally Created Surplus (saved water from fallowing banked at Lake Mead); (10) Metropolitan lease lands; (11) Funding agreement with USBR, CAWCD, and SNWA; (12) System conservation implementation agreement with USBR; (13) Joint USBR reporting.

### PRIOR AUDIT COVERAGE

We completed the following audit with a similar scope: Metropolitan Leased Lands in PVID, Project Number 19-2500-00, issued on February 20, 2020.





## AUTHORITY

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We performed this audit as directed by the Board and in accordance with our FY 2023/24 Audit Plan approved by the Board.

## PROFESSIONAL INTERNAL AUDIT STANDARDS

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Our audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing issued by the International Internal Audit Standards Board.

## FOLLOW-UP REVIEWS

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The Office of the General Auditor has implemented a new follow-up process to ensure management has effectively implemented corrective action related to our recommendations. Management is required to report recommendation implementation status to our office within six months following the issuance of this report, and a first follow-up review will occur shortly thereafter. All audit recommendations are expected to be implemented within a year of this report, and if necessary, a second follow-up review will occur approximately six months after issuance of the first follow-up review report. Any audit recommendations not implemented after the second follow-up review will be shared with the Board/Audit Subcommittee of the Executive Committee at its next scheduled meeting.

## INTERNAL CONTROL SYSTEM

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An internal control system is a continuously operating and integrated component of Metropolitan's operations. Internal controls are implemented by the Metropolitan management and seek to provide reasonable (not absolute) assurance that Metropolitan's business objectives will be achieved. However, limitations are inherent in any internal control system, no matter how well designed, implemented, or operated. Because of these limitations, errors or irregularities may occur and may not be detected. Specific examples of limitations include, but are not limited to, poor judgment, carelessness, management override, or collusion. Accordingly, our audit would not necessarily identify all internal control weaknesses or resultant conditions affecting operations, reporting, or compliance. Additionally, our audit covers a point in time and may not be representative of a future period due to changes within Metropolitan and/or external changes impacting Metropolitan.

## METROPOLITAN'S RESPONSIBILITY FOR INTERNAL CONTROL

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It is important to note that Metropolitan management is responsible for designing, implementing, and operating a system of internal controls. The objectives of internal controls are to provide reasonable assurance as to the reliability and integrity of information; compliance with policies, plans, procedures, laws, and regulations; the safeguarding of assets; the economic and efficient use of resources; and the accomplishment of established goals and objectives. In fulfilling this responsibility, management judgment is required to assess the expected benefits and related costs of internal control policy and procedures and to assess whether those policies and procedures can be expected to achieve Metropolitan's operational, reporting, and compliance objectives.





## APPENDIX B: PRIORITY RATING DEFINITIONS

The Office of the General Auditor utilizes a priority rating system to provide management a measure of urgency in addressing the identified conditions and associated risks. We assess the significance of each observation identified during the audit using professional judgment and assign priority ratings to each recommendation using the criteria listed below. Factors taken into consideration in assessing the priority include the likelihood of a negative impact if not addressed, the significance of the potential impact, and how quickly a negative impact could occur.

PRIORITY			
<b>Definition</b>	Observation is <i>serious</i> enough to warrant <i>immediate</i> corrective action. The condition may represent a <i>serious</i> financial, operational, or compliance risk. A priority 1 recommendation may result from a <i>key</i> control(s) being absent, not adequately designed, or not operating effectively.	Observation is of a <i>significant</i> nature and warrants <i>prompt</i> corrective action. It may represent a moderate financial, operational, or compliance risk. A priority 2 recommendation may result from a <i>process</i> or less critical control(s) not being adequate in design and/or not operating effectively on a consistent basis.	Observation involves an internal control issue or compliance lapse that can be corrected in the <i>timely</i> course of <i>normal</i> business. A priority 3 recommendation may result from a <i>process</i> or control that <i>requires</i> enhancement to better support Metropolitan's objectives and manage risk.
<b>Response Time</b>	Immediate	Within 90 Days of report issuance	Within 180 Days of report issuance





## APPENDIX C: MANAGEMENT'S RESPONSE

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THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** March 27, 2025

**To:** Scott Suzuki, General Auditor

**From:** Brandon Goshi, Interim Group Manager, Water Resource Management

**cc:** Deven Upadhyay, General Manager  
Mohsen Mortada, Chief of Staff  
John Bednarski, Interim Assistant General Manager, Water and Technical Resources

**Subject:** Management Response to Audit Number 23-13

**The General Manager has reviewed and concurs with the following response.**

Please find below the Water Resource Management Group Manager response to the Operational Audit: Fallowed Land (23-13). Since the audit was conducted, the Supply Acquisition Team has discussed strategies for reporting and documenting the program activity. We appreciate the Audit Team time invested to evaluate the progress of the Palo Verde Irrigation District Fallowing Program (Program). The feedback provided by the Audit Team will help improve the administration of the Program. We also appreciate the Audit Team guidance and patience as we navigated through the new audit process. Your partnership will continue to be important as we implement the recommendations.

Thank you for your continued partnership and please do not hesitate to contact me if you would like to discuss the response or any other matters related to this audit.

A handwritten signature in black ink, appearing to be "B. Goshi".

Brandon Goshi, Interim Group Manager – Water Resource Management

Signed by:

A handwritten signature in black ink, appearing to be "John V. Bednarski".

John Bednarski, Interim Assistant General Manager – Water and Technical Resources

A handwritten signature in black ink, appearing to be "Deven Upadhyay".

Deven Upadhyay, General Manager





Docusign Envelope ID: 3A92B5EB-F5E4-4002-875B-CFC2B9ABE694

## Operational Audit: Fallowed Land Project Number 23-13 Management Response

<b>OBSERVATION 1</b>		<b>Contractor Monitoring</b> PVID completes fallowed land inspections; however, the district does not formally review these inspections.  Additionally, WRM staff reviews information in the PVID database as part of semi-annual inspections; however, there are no procedures for this review.
<b>RECOMMENDATION 1</b> <b>PRIORITY 3</b>		We recommend management: (1) Conduct formal reviews of PVID fallowed land inspections. (2) Document reviews of the inspections. (3) Develop associated procedures for reviewing PVID inspections and information in the PVID database.
X	<b>AGREE</b>	<b>MANAGEMENT ACTION PLAN</b> Prior to WRM conducting field inspections, WRM and PVID will meet and review PVID's inspection activities. As part of WRM's field inspection report, WRM will include PVID's inspection results of fields that WRM are inspecting. WRM will develop a flowchart procedure.
		<b>ESTIMATED IMPLEMENTATION</b> The fourth quarter of calendar year 2025.
	<b>PARTIALLY AGREE</b>	<b>EXPLANATION</b> [insert]
	<b>DO NOT AGREE</b>	

FORM

MANAGEMENT RESPONSE FORM

PAGE

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NOVEMBER 2023 (Rev. N/A)





Docusign Envelope ID: 3A92B5EB-F5E4-4002-875B-CFC2B9ABE694

<b>OBSERVATION 2</b>		<b>Management Monitoring</b>	
		WRM staff perform and document the inspections of fallowed land semi-annually; however, there was no management review of these reports.	
		Additionally, a fallowed land verification report is prepared annually in conjunction with USBR that includes fallowing call information, fallowed land data, and estimated conserved water. There was no documented management review of the fallowed land verification report.	
		Finally, there are no procedures for completing these management reviews nor the collaborative process involved with USBR in preparing the fallowed land verification report.	
<b>RECOMMENDATION 2</b>		We recommend management:	
<b>PRIORITY 3</b>		(1) Review fallowed land inspection reports prepared by staff.	
		(2) Document review of these reports and the fallowed land verification report.	
		(3) Prepare procedures for these reviews and the joint fallowed land verification process with USBR.	
<b>X</b>	<b>AGREE</b>	<b>MANAGEMENT ACTION PLAN</b>	WRM staff will submit report to management for review and management will reply with a response of the report. WRM will prepare a flowchart outlining the collaboration among WRM, PVID and USBR preparing the report.
		<b>ESTIMATED IMPLEMENTATION</b>	2 <sup>nd</sup> half of calendar year 2025.
	<b>PARTIALLY AGREE</b>	<b>EXPLANATION</b>	[insert]
	<b>DO NOT AGREE</b>		

FORM

MANAGEMENT RESPONSE FORM

PAGE

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NOVEMBER 2023 (Rv. N/A)





Docusign Envelope ID: 3A92B5EB-F5E4-4002-875B-CFC2B9ABE694

<b>OBSERVATION 3</b>		<b>Fallowing Call Notice Review</b>	
		<p>Fallowing call notices are the first step in notifying landowners of Metropolitan's desire to effect fallowed land. There is a process where staff prepare a notice template that is reviewed by the General Manager, and then customized for each landowner; however, there are no procedures for this process.</p> <p>For the Contract Year 2023/24 fallowing call notice, the General Manager's review and approval was obtained verbally before the notices were sent out, but the routed document was formally approved by the General Manager approximately two months after the fallowing call notices were issued.</p>	
<b>RECOMMENDATION 3</b>		We recommend management:	
<b>PRIORITY 3</b>		<p>(1) Ensure General Manager approval for fallowed land call notices is documented prior to issuance.</p> <p>(2) Prepare procedures for preparation, authorization, and issuance of fallowed land call notices.</p>	
X	<b>AGREE</b>	<b>MANAGEMENT ACTION PLAN</b>	An additional step will be added to the current WRM SharePoint surnaming procedure such that when the General Manager has given approval outside of the established procedure, WRM will reply in an email message that includes the General Manager in the message that the fallowing call notice was approved by the General Manager before sending the notice.
		<b>ESTIMATED IMPLEMENTATION</b>	[July/2025]
	<b>PARTIALLY AGREE</b>	<b>EXPLANATION</b>	[insert]
	<b>DO NOT AGREE</b>		

FORM

MANAGEMENT RESPONSE FORM

PAGE

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NOVEMBER 2023 (Rv. N/A)







# OFFICE OF THE GENERAL AUDITOR

## Advisory Brief

### Rapid Review: Mutual Benefit Leases

April 30, 2025

Project No. 24-49

### INTRODUCTION

The Office of the General Auditor (Internal Audit) and the Office of Ethics collaborate on contemporary district topics and recently discussed mutual benefit leases, specifically office space leases. Consistent with the purpose of the internal audit, which is to provide value-added advice to management, we performed a Rapid Review to evaluate certain aspects of the district's mutual benefit leasing practices. This review aims to answer the following questions about mutual benefit leasing of office space (excluding day permits, short-term use of facilities, or similar arrangements):

1. Does the district have sufficient policies and procedures for administering mutual benefit leases?
2. Are avoided costs and acquired benefits appropriately documented and disclosed for mutual benefit leases?
3. Is the district fairly compensated for the lease revenue foregone?
4. Are mutual benefit leases issued transparently and fairly?
5. Are mutual benefit leases properly accounted for?
6. Do mutual benefit leases appropriately address conflicts of interest and other ethics considerations?

Internal Audit is piloting Rapid Reviews, which aim to swiftly examine a contemporary subject, offer analysis, and provide recommendations. This Rapid Review, an advisory service governed by professional internal auditing standards, involves procedures that are substantially less in scope than an audit. Issues identified may not be as fully developed had traditional audit procedures been performed.

### BACKGROUND

Mutual benefit leases are arrangements in which Metropolitan allows an external party to use its facilities or properties, typically in exchange for non-monetary contributions (in-kind benefits) rather than traditional rental payments. These in-kind contributions must provide a tangible benefit to the district, such as reduced costs, enhanced services, or other advantages aligned with Metropolitan's mission and strategic objectives. As of this report date, management stated that the district has only one mutual benefit lease involving the use of office space.

On August 28, 2023, the Engineering Services Group provided a Mutual Benefits Justification memorandum to the Real Property Group concerning a lease agreement with AECOM that allows AECOM to occupy 2,954 square feet of office space (and two parking spaces) at Metropolitan's headquarters facility under the following terms:

- Lease Term: May 1, 2024 to April 30, 2027; the total lease period is three years, with an option to extend the lease for an additional two years.
- Lease Compensation: The rental value of the office space is waived in exchange for in-kind contributions under AECOM's professional services agreement.
- Tenant Obligations: AECOM is responsible for paying personal property taxes on any fixtures they place in the leased premises.

The rental value of the office space, calculated at \$106,344 annually (not evaluated by Internal Audit but based upon a recently executed market rate lease with the San Diego County Water Authority for office space at Union Station) by the Land Management Unit (Office of Sustainability, Resilience, and Innovation), is documented in the Property Use Request Form.



The lease was signed on July 10, 2024, under authority delegated to the General Manager by Administrative Code Section 8230.

## **INTERNAL AUDIT ASSESSMENT**

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### **Policies and Procedures**

While management indicated they followed existing guidelines and tools (e.g., Property Use Request Form) in compliance with the Administrative Code, Metropolitan does not have policies explicitly outlining the criteria for entering into mutual benefit leases, nor are there detailed procedures for administering mutual benefit leases. Finally, no policy discusses how mutual benefit leases will be made available to third parties. This creates potential inconsistencies in the screening/evaluation, selection, and approval of mutual benefit leases.

### **Documentation and Disclosure**

While the Property Use Request Form documents avoided costs (e.g., reduced overhead rates for consultant services) and acquired benefits (e.g., facilitating collaboration by being at district headquarters), there is no process in place to ensure that the benefits of mutual benefit leases are quantifiable, appropriately disclosed to senior management and the Board, or supported with adequate documentation and justification. A failure to formally assess and document compensation to the district could make it difficult to prove that the lease terms are fair, leaving Metropolitan vulnerable to legal challenges asserting that public funds were improperly allocated.

Metropolitan's lease agreement with AECOM for office space at Metropolitan's headquarters was reported to the Board by Real Property in their Quarterly Report for FY 2024/25 Q1 as a mutual benefit lease. However, it does not specifically mention the complete waiver of rent. Note that this quarterly report is a non-agenda report.

### **Compensation**

The lease agreement with AECOM does not clearly define the services provided, the monetary value of these services, or performance expectations in lieu of rent paid. While the clause gives Metropolitan sole discretion to evaluate the mutual benefits, the reduced overhead rates were not included in the original lease and were negotiated separately, which lacks transparency. Additionally, monitoring mechanisms to track the realization of anticipated benefits over the lease term are insufficient. This could result in the district not recovering rent waived on the premise of mutual benefit.

### **Transparency and Fairness**

Metropolitan issued a request for proposal (RFP) for Pure Water Southern California management services in 2022 that included language stating the district would negotiate the provision of office space at the district headquarters outside of the RFP process. The RFP provision to defer office space negotiations outside the procurement process could influence vendor bids due to differing assumptions among bidders on how their proposals will be assessed. Additionally, conducting negotiations after the RFP process may raise concerns about preferential treatment, potentially creating the perception that negotiations deviated from competitive procurement criteria. It also raises questions as to whether all costs were properly evaluated. The current process creates ambiguity and raises questions about transparency and fairness.

### **Accounting**

There are no procedures to notify or consult the district controller regarding mutual benefit clauses in lease agreements. As a result, key financial information, such as the market value of waived rent or reduced overhead rates, may not be consistently recorded in the district's financial statements. While likely immaterial to the financial statements as a whole, this omission understates expenses and does not align with generally accepted accounting principles.

Separately, a federal grant from the United States Bureau of Reclamation to advance Pure Water Southern California will reimburse program management expenses with a 3-to-1 non-federal cost share. Unless the waived rent is separately tracked and added back to the project cost later, waiving the rent in return for a reduced labor fee will lead to understated project costs and less reimbursement from the grant.



**Conflicts of Interest and Other Ethics Considerations**

Mutual benefit leases could involve organizations with district employees and/or Board members on the organization's governing board. Unlike professional services and other district agreements, Metropolitan lacks formal policies or procedures for identifying and addressing potential conflicts of interest in mutual benefit leases (e.g., there are no documented processes to ensure transparency when Metropolitan employees or Board members hold dual roles or have relationships with organizations involved in lease agreements; there are no screening processes to assess whether there is a prohibitive conflict of interest). The result of this may lead to the appearance of favoritism/inequity. In some cases, a Board member or employee having a financial interest (as defined by state law) could prevent the lease altogether or render an already executed lease void (Government Code 1090). Note that directors are not allowed to discuss real estate transactions or contract selection matters outside of public meetings with staff (Administrative Code 7125).

**INTERNAL AUDIT CONCLUSION**

Metropolitan's mutual benefit leasing practices should be updated to improve governance, transparency, and accountability.

1. There are insufficient policies and procedures for administering mutual benefits leases.
2. There is no standardized process to ensure that mutual benefits leases are properly documented and disclosed to senior management and the Board.
3. There is no monitoring of avoided costs to ensure the district is fairly compensated for lease revenue forgone.
4. The process for issuing mutual benefits leases may result in leases not being issued transparently and fairly.
5. Current practices could result in mutual benefit leases not being properly accounted for.
6. The mutual benefit lease process does not appropriately address potential conflicts of interest.

The lack of formal policies, vague lease terms, insufficient monitoring, and absence of conflict-of-interest procedures increase risks, namely related to public trust.

**INTERNAL AUDIT RECOMMENDATIONS**

**Develop Policies and Procedures.** Written policies that formalize criteria for mutual benefit leases should be developed. The policy should require these leases to serve the district's authorized purposes and be documented. Other elements should include acceptable documentation of the nature and value of in-kind contributions, evaluation standards and screening requirements, monitoring requirements, approval processes, and how mutual benefit leases are to be made available. Adequate compensation in a lease includes financial compensation or other tangible benefits commensurate with the value of the property being leased. The policy framework should also incorporate existing tools, such as the Property Use Request Form.

**Revise RFP Process.** When applicable, all potential mutual benefit arrangements, such as reduced rent or rent-free office space (including space and value), should be disclosed to all potential respondents and evaluated as part of the RFP process. Respondents should be required to quantify the value of in-kind contributions in their proposals for transparency and comparability.

**Enhance Lease Agreement Language.** Lease agreements should clearly define in-kind contributions, including specific deliverables, timelines, and monetary valuations, and leases with mutual benefit provisions should replace discretionary language, such as "sole discretion to evaluate benefits," with objective performance criteria. Further, there should be an evaluation of potential legal issues related to terminating a mutual benefit lease if non-monetary/in-kind benefits are not provided as anticipated.

**Revise Administrative Code.** Administrative Code Section 8230 should be revised so the Board approves all office space-related mutual benefit leases regardless of dollar amount or term.



**Strengthen Documentation and Justification.** In-depth cost-benefit analyses should be developed for all mutual benefit leases, demonstrating that in-kind contributions equal or exceed waived rent. Additionally, documentation of all agreements and justifications should be maintained.

**Implement Performance Metrics and Monitoring.** Measurable and quantifiable criteria for evaluating tenant contributions should be established, compliance should be monitored throughout the lease term, and periodic audits or reviews should be conducted to ensure mutual benefits are realized.

**Improve Public Disclosure.** The terms, benefits, and justifications for mutual benefit leases should be discussed in Board meetings or presented in Board reports with specific mutual benefit lease details (e.g., term, reduced/waived rent) unless confidentiality is legally required.

**Collaborate with Finance.** The district's controller should be notified and consulted regarding mutual benefit leases. Specifically, this could include recording the mutual benefit as a project expense equivalent to the market value of the lease to account for the reduced burdened rates provided by the consultant/contractor.

**Establish Conflict of Interest Policies and Procedures.** Policies should be developed for identifying, managing, and disclosing conflicts of interest in mutual benefit leases. Specifically, procedures should ensure that district employees and Board members with potential conflicts of interest are not involved in the associated lease negotiations or discussions. Finally, consultation with the Office of Ethics should be sought for guidance on lease involvement (e.g., lease negotiation, signing) by district employees before any participation by an employee and any future Board action.

By implementing the above recommendations, Metropolitan can strengthen its leasing process, improve internal controls, and enhance its reputation for responsible governance and public stewardship. When properly managed, mutual benefit leasing can support the district's strategic objectives by reducing costs, fostering greater collaboration with partnering organizations, and maximizing the use of underutilized office space. These agreements can potentially advance Metropolitan's mission while maintaining transparency, accountability, and public trust.

## ACKNOWLEDGEMENTS

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This Rapid Review was performed by:

- 💧 Chris Gutierrez, CPA, CIA, Audit Program Manager
- 💧 Andrew Lin, CPA, CIA, CIGA, Principal Auditor

With the cooperation of:

- 💧 Engineering Services Group
- 💧 Office of Sustainability, Resilience, and Innovation

And in collaboration with the:

- 💧 Office of the Ethics Officer
- 💧 Office of the General Counsel

## OFFICE OF THE GENERAL AUDITOR COMMUNICATIONS

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This Advisory Brief was prepared by the Office of the General Auditor, an internal audit function of the Metropolitan Water District of Southern California serving the Board of Directors and management. Questions regarding this communication may be directed to General Auditor Scott Suzuki at [ssuzuki@mwdh2o.com](mailto:ssuzuki@mwdh2o.com) or Assistant General Auditor Kathryn Andrus at [kandrus@mwdh2o.com](mailto:kandrus@mwdh2o.com).





## Monthly Report

April 2025

### EDUCATION Program

Ethics staff presented an Ethics Office overview at new employee orientations hosted by Human Resources; provided an overview of the Prohibited Director Communications policy to the Community and Workplace Culture Committee; distributed a fact sheet to directors on Prohibited Director Communications; and issued the quarterly ethics newsletter.

Assistant Ethics Officer Kelli Shope and Administrative Analyst Hilda Rodriguez completed the Society of Corporate Compliance and Ethics (SCCE) Basic Compliance and Ethics Academy program. The four-day program featured sessions including: *Organizational Ethics; Conflicts of Interest; Education and Training; Raising a Concern and Investigations; Compliance Oversight and Structure; Compliance Risk Assessment; and Best Practices, Benchmarking, and Perspectives* among other courses.

Staff also attended panel sessions hosted by the Council on Governmental Ethics Laws: *Getting the Message: Measuring the Impact of Your Training and Violations and Punishment--Ethics Professionals Highlight Real Cases.*

### COMPLIANCE Program

**Form 700/Filing Officer Duties** – Pursuant to state law and the Administrative Code, Compliance staff assisted directors and employees with their Annual, Assuming Office, and Leaving Office Form 700 filings. Assistance included troubleshooting the electronic



filing system and issuing notices of deadlines. In total, staff addressed 43 compliance-related matters for Metropolitan Directors and staff related to Form 700. Staff also secured re-certification of Metropolitan's Form 700 electronic filing system, periodically required by state law.

**Annual Form 700 Compliance** – As of April 30, five directors and 61 employees had not yet filed their Annual Form 700. While typically due April 1, the annual Form 700 filing deadline was extended to June 2, 2025 for qualifying filers due to the January fires in Los Angeles County. Staff will continue efforts to reach 100% compliance by June 2.

**Conflict of Interest Code** – Staff evaluated three job descriptions, designated the positions as Form 700 filing positions, and determined the level of disclosure for each position. The positions have been added provisionally to the COI Code pending final approval during the biennial COI Code amendment process.

**AB 1234 Compliance** –84% of Metropolitan officials required to take biennial AB 1234 state ethics training are in compliance. Nine officials are not in compliance. Staff will continue efforts to seek 100% compliance.

## ADVICE Program

Advice staff addressed 33 time-sensitive advice requests for directors and employees related to the following ethics areas: conflicts of interest, financial disclosure, recusals, gifts from vendors, manager gifts to subordinate staff members, political activities, and other ethics-related topics.

Examples of advice requested:

- Whether a blackout period between contractors and staff is required during an active RFQ process.
- Whether an employee's prohibited gift can be "cured" during the 30-day cure period, pursuant to state regulations.
- Whether employees may accept lunch from a vendor at a sales pitch meeting.
- Whether political donations must be reported on Form 700.
- Whether an ethics policy prevents directors from serving as a reference for individuals seeking Metropolitan employment.

Staff also helped identify and advise on potential conflicts of interest in Committee and Board agenda items.



## INVESTIGATION Program

**Complaints Received** – The Ethics Office received six new complaints involving the following allegations:

- A Metropolitan contractor mistreating their employee. [Referred to HR]
- Employee not performing work during paid work hours. [Referred to HR]
- Two instances of misuse of authority by employees for personal gain. [Under review]
- Misuse of authority by a manager for personal gain. [Under review]
- Retaliation by a manager against an employee for reporting potential workplace violations. [Under review]

**Open Complaints and Investigations** – As of April 30, 2025, the Investigation Program is managing a total of 16 open complaints and two open ethics investigations.

**Resolved Complaints** – Six allegations of potential ethics violations were resolved following preliminary reviews. It took an average of 27 days to review and resolve these matters.

## SNAPSHOT for April 2025

Advice Matters

**33**

Pending Complaints

**16**

Compliance Assistance

**43**

Investigations Opened

**1**

New Complaints Received

**6 (78 to date, FY 24-25)**

Pending Investigations

**2**

### Mission

The Ethics Office promotes the highest standards of government integrity to support Metropolitan's mission through an independent and comprehensive program that enhances trust, transparency, and accountability for the benefit of the workforce and the public it serves.

### Vision

Our vision is to be a leader in governmental ethics with an unparalleled commitment to supporting an ethical organizational culture.



**MINUTES**  
**MEETING OF THE**  
**BOARD OF DIRECTORS**  
**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**April 8, 2025**

**53415** The Board of Directors of The Metropolitan Water District of Southern California met in on Tuesday, April 08, 2025.

Chair Ortega called the meeting to order at 12:00 p.m.

**53416** The Meeting was opened with an invocation by Director Larry Dick, Municipal Water District of Orange County.

**53417** The Pledge of Allegiance was given by Director Jay Lewitt, Las Virgenes Municipal Water District.

**53418** Board Executive Secretary Hudson administered the roll call. Those responding present were: Directors Ackerman, Alvarez, Armstrong, Bryant, Camacho, Cordero, Crawford, De Jesus, Dennstedt, Dick, Douglas, Erdman, Fellow, Fong-Sakai, Garza, Gold, Goldberg, Gray (teleconference posted location available for the public), Jung (teleconference posted location available for the public), Katz, Kurtz, Lefevre (teleconference posted location available for the public), Lewitt, Luna, McCoy, McMillan, Miller, Ortega, Petersen, Pressman, Quinn, Ramos, Seckel, Shepherd Romey, and Sutely.

Those not responding were: Directors Faessel and Phan.

Board Executive Secretary Hudson declared a quorum present.

Director(s) entered after roll call: Kassakhian.

**53419** Chair Ortega invited members of the public to address the Board on matters within the Board's jurisdiction (in-person and via teleconference).

	Name	Affiliation	Comment
1.	Joe Mouawad	Eastern Municipal Water District	Item 7-9
2.	Scott Quady	Calleguas Municipal Water District	Item 7-9
3.	Raul Avila	Calleguas Municipal Water District	Item 7-9



- |    |                |   |          |
|----|----------------|---|----------|
| 4. | Bruce Reznik   | LA Water Keepers                          | Item 7-6 |
| 5. | Tony Trembly   | Council Member City of Camarillo          | Item 7-9 |
| 6. | Gary Bobker    | Program Director, Friends of the River    | Item 7-6 |
| 7. | John Mendoza   | City of Pomona                            | Item 7-9 |
| 8. | Philips Musgow | Executive Director San Diego Coast Keeper | Item 7-6 |

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

Director(s)

1. Dick

Chair Ortega addressed the following: Other Matters and Reports.

**53420** 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.

**53421** Chair Ortega referred to the Chair's monthly report, which was previously posted and distributed to the Board. In addition, he announced that Metropolitan will observe Armenian History Month with recognition on social media platforms and celebrate Earth Week. Lastly, recognition of the efforts of the administrative team at the desert facilities on social media in honor of Administrative Professionals Day on April 23. Chair Ortega asked if there were any questions. None were made.

Director Kassakhian entered the meeting.

**53422** General Manager Upadhyay, in addition to his written report, on the following items: The San Jacinto Tunnel facility was named in honor of former Chair and Director Randy Record. During the event, staff conducted tunnel tours, and a video was shown of the tunnel. The Diamond Valley Lake naming event is approaching, so please RSVP. The process matters memorandum to the workforce, with a ninety-day deadline to receive feedback on streamlining and improving effectiveness.

Lastly, spotlight on Metropolitan Employee Robert Velasquez retiring with 32 years of service. JR Rhodes and Robert Velasquez made remarks. Chair Ortega asked if there were any questions. None were made.

**53423** General Counsel Scully stated she had nothing to add to her written report and that she will be absent from the May meetings, Assistant General Counsel Heather Beatty will be her delegate.



**53424** General Auditor Suzuki, in addition to his written report, the next audit committee meeting will be on April 22nd, and Kathryn Andrus has been promoted to Assistant General Auditor.

**53425** Ethics Officer Salinas, in addition to his written report, Ethics is reassessing the ethics program, the visit with City of Anaheim Ethics Officer, and Form 700 filers should be required to take AB1234, and a board letter will be presented on the item next month. Chair Ortega asked if there were any questions. None were made.

**53426** Induction of new Director Gretchen Shepherd Romey from City of San Marino. General Counsel confirmed the credentials are in order. Chair Ortega and Director Shepherd Romey made remarks.

Chair Ortega announced that the agenda would be taken out of order. Item 7-9 will be heard first followed by Item 6C.

**53427** Express support if amended for AB523 (Irwin) Metropolitan Water Districts: alternative representative, as set forth in Agenda Item 7-9 board letter.

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

Director(s)

1. Dick
2. De Jesus
3. Armstrong
4. Sutley
5. Katz
6. Ramos
7. Pressman
8. McMillan
9. Dennstedt
10. Luna
11. Lewitt
12. Camacho
13. Kassakhian
14. Shepherd Romey
15. Ackerman
16. Garza
17. Ortega

Motion by Armstrong, seconded by Camacho to approve Consent Calendar Items 7-9.

Chair Ortega called for a vote to approve the Consent Calendar Item 7-9.

Director Gray left the meeting.



The following is a record of the vote:

Record of Vote on Consent Item(s): 7-9									
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	6306	Faessel							
Beverly Hills	4677	Pressman	x	x	4677				
Burbank	3330	Ramos	x			x	3330		
Calleguas Municipal Water District	13627	McMillan	x	x	13627				
Central Basin Municipal Water District	20265	Garza	x	x	10133				
		Crawford	x	x	10133				
			Subtotal:		20265				
Compton	678	McCoy	x	x	678				
Eastern Municipal Water District	13623	Armstrong	x	x	13623				
Foothill Municipal Water District	2543	Bryant	x					x	2543
Fullerton	2766	Jung	x			x	2766		
Glendale	4165	Kassakhian	x	x	4165				
Inland Empire Utilities Agency	17103	Camacho	x	x	17103				
Las Virgenes	3224	Lewitt	x	x	3224				
Long Beach	6805	Cordero	x	x	6805				
Los Angeles	83835	Sutley	x			x	16767		
		Petersen	x			x	16767		
		Quinn	x			x	16767		
		Luna	x			x	16767		
		Douglas	x			x	16767		
			Subtotal:				83835		
Municipal Water Dist. of Orange County	68102	Ackerman	x			x	17026		
		Seckel	x			x	17026		
		Dick	x			x	17026		
		Erdman	x			x	17026		
			Subtotal:				68102		
Pasadena	4042	Kurtz	x					x	4042
San Diego County Water Authority	70158	Fong-Sakai	x	x	17540				
		Goldberg	x	x	17540				
		Miller	x	x	17540				
		Katz	x	x	17540				
			Subtotal:		70158				
San Fernando	274	Ortega	x	x	274				
San Marino	836	Shepherd Romey	x	x	836				
Santa Ana	3569	Phan							
Santa Monica	5055	Gold	x			x	5055		
Three Valleys Municipal Water District	9019	De Jesus	x			x	9019		
Torrance	3781	Lefevre	x	x	3781				
Upper San Gabriel Valley Mun. Wat. Dis	14079	Fellow	x	x	14079				
West Basin Municipal Water District	28764	Alvarez	x			x	28764		
		Gray							
			Subtotal:				28764		
Western Municipal Water District	15689	Dennstedt	x	x	15689				
<b>Total</b>	<b>406315</b>				<b>188984</b>		<b>200871</b>		<b>6585</b>
<b>Present and not voting</b>									
<b>Absent</b>	<b>9875</b>								

The motion to approve the Consent Calendar Item 7-9 (**M.I. No. 53427**) failed by a vote of 188,984 ayes; 200,871 noes; 6,585 abstain; 0 not voting; and 9,875 absent.



**53428** Nomination and Election of nonofficer member of the Executive Committee for two-year term effective March 11, 2025: Director Jung. (Agenda Item 6B)

Chair Ortega called for a vote to approve the Consent Calendar Item 6B.



The following is a record of the vote:

Record of Vote on Item:	6B								
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	6306	Faessel							
Beverly Hills	4677	Pressman	x	x	4677				
Burbank	3330	Ramos	x	x	3330				
Calleguas Municipal Water District	13627	McMillan	x	x	13627				
Central Basin Municipal Water District	20265	Garza	x	x	10133				
		Crawford	x	x	10133				
			Subtotal:		20265				
Compton	678	McCoy	x	x	678				
Eastern Municipal Water District	13623	Armstrong	x	x	13623				
Foothill Municipal Water District	2543	Bryant	x	x	2543				
Fullerton	2766	Jung	x	x	2766				
Glendale	4165	Kassakhian	x	x	4165				
Inland Empire Utilities Agency	17103	Camacho	x	x	17103				
Las Virgenes	3224	Lewitt	x	x	3224				
Long Beach	6805	Cordero	x	x	6805				
Los Angeles	83835	Sutley	x	x	20959				
		Petersen							
		Quinn	x	x	20959				
		Luna	x	x	20959				
		Douglas	x	x	20959				
			Subtotal:		83835				
Municipal Water Dist. of Orange County	68102	Ackerman	x	x	17026				
		Seckel	x	x	17026				
		Dick	x	x	17026				
		Erdman	x	x	17026				
			Subtotal:		68102				
Pasadena	4042	Kurtz	x	x	4042				
San Diego County Water Authority	70158	Fong-Sakai	x	x	17540				
		Goldberg	x	x	17540				
		Miller	x	x	17540				
		Katz	x	x	17540				
			Subtotal:		70158				
San Fernando	274	Ortega	x	x	274				
San Marino	836	Shepherd R	x	x	836				
Santa Ana	3569	Phan							
Santa Monica	5055	Gold	x	x	5055				
Three Valleys Municipal Water District	9019	De Jesus	x	x	9019				
Torrance	3781	Lefevre	x	x	3781				
Upper San Gabriel Valley Mun. Wat.	14079	Fellow	x	x	14079				
West Basin Municipal Water District	28764	Alvarez	x	x	28764				
		Gray							
			Subtotal:		28764				
Western Municipal Water District	15689	Dennstedt	x	x	15689				
<b>Total</b>	<b>406315</b>				<b>396440</b>				
<b>Present and not voting</b>									
<b>Absent</b>	<b>9875</b>								

The motion to approve the Consent Calendar Item 6B (**M.I. No. 53428**) passed by a vote of 396,440 ayes; 0 noes; 0 abstain; 0 not voting; and 9,875 absent.



**53429** Chair Ortega asked the Directors if there were any comments or discussions on the Approval of the Minutes of the Special Audit Subcommittee of the Executive Committee for November 20, 2024; Ethics, Organization, and Personnel Committee for February 10, 2025; Ethics, EEO, Diversity, Equity & Inclusion Committee for March 10, 2025; and Board of Directors Meetings for February 11, 2025 and March 11, 2025 (Agenda Item 6A). None were made.

**53430** Approve and appoint Committee Assignments. Appoint Director Shepherd Romey as a member of the Legislation and Communications Committee and the One Water and Adaptation Committee (Agenda Item 6C).

Chair Ortega asked if there were any questions on the committee appointments. No comments were made.

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 Bryant disclosed on Item 7-12 that he receives per diem reimbursements and other benefits from Foothill Municipal Water District for service on the Board, and due to section 56, he will not vote, including abstaining on the item, which is an agreement between Metropolitan and Foothill.

Director De Jesus disclosed on Item 7-13 that he receives per diem reimbursements and other benefits from Three Valleys Municipal Water District for service on the Board, and due to section 56, he will not vote, including abstaining on the item, which is an agreement between Metropolitan and Three Valleys.

Director Crawford disclosed on Item 7-14 that he receives per diem reimbursements and other benefits from Central Basin Municipal Water District for service on the Board, for which he declines reimbursement, and due to section 56, he will not vote, including abstaining on the item, which is an agreement between Metropolitan and Central Basin.

Director Garza disclosed on Item 7-14 that he receives per diem reimbursements and other benefits from Central Basin Municipal Water District for service on the Board, and due to section 56, he will not vote, including abstaining on the item, which is an agreement between Metropolitan and Central Basin.

Director Cordero disclosed on Items 7-14 and 7-15 that she receives per diem reimbursements and other benefits from the City of Long Beach for service on the Board. In addition, her spouse is a City of Long Beach employee. She can participate on the items.

Director Ackerman disclosed on Item 7-16 that she receives per diem reimbursements and other benefits from the Municipal Water District of Orange County for service on the Board. In addition, she is recusing herself because her spouse performs consulting services for the Municipal Water District of Orange County. She will not vote on the item and will leave the meeting until the completion of the item.



Director Ackerman left the meeting.

Director Dick disclosed on Item 7-16 that he receives per diem reimbursements and other benefits from Municipal Water District of Orange County for service on the Board, and due to section 56 he will not vote, including abstaining on the item, which is an agreement between Metropolitan and Municipal Water District of Orange County.

Director Erdman disclosed on Item 7-16, which is an agreement between Metropolitan and Municipal Water District of Orange County, that he receives per diem reimbursements and other benefits from Municipal Water District of Orange County for service on the Board. He can participate on the item.

Director Seckel disclosed on Item 7-16 that he receives per diem reimbursements and other benefits from the Municipal Water District of Orange County for service on the Board, and due to section 56 he will not vote, including abstaining on the item, which is an agreement between Metropolitan and the Municipal Water District of Orange County.

Director McCoy disclosed on Item 7-17, which is an agreement between Metropolitan and the City of Compton, that she does not receive per diem, but she is entitled to receive a per diem reimbursement or other benefits for her services on the Board. She can participate on the item.

#### Consent Calendar Items- Action

**53431** Authorize an increase of \$1.0 million to a professional services agreement with GridSME for a new not-to-exceed total amount of \$1.245 million for electric transmission planning and NERC-related electric reliability compliance services, as set forth in Agenda Item 7-1 board letter.

**53432** Authorize an agreement with Red8 in an amount not to exceed \$850,000 for the implementation of the Data Storage Infrastructure Refresh project, as set forth in Agenda Item 7-2 board letter.

**53433** Authorize an agreement with Metal Toad Media Inc. for a new fixed cost of \$299,000 per year with a not-to-exceed amount of \$996,200 for the duration of the three-year agreement to host, manage, and maintain Metropolitan's external websites, as set forth in Agenda Item 7-3 board letter.

**53434** Authorize an increase of \$3.3 million to an existing agreement with Stantec Consulting Services Inc. for a new not-to-exceed total amount of \$4.99 million for final design of a mechanical dewatering facility at the Jensen plant, as set forth in Agenda Item 7-4 board letter.

**53435** Authorize an amendment to a reimbursable agreement with BH Luxury Residences LLC to provide design review and inspection-related activities for the relocation of the Santa Monica Feeder, as set forth in Agenda Item 7-5 board letter.

**53436** Approve Climate Adaptation Master Plan for Water Five-Year Implementation Strategy, as set forth in Agenda Item 7-6 board letter.



**53437** Adopt resolutions fixing and adopting a Readiness-to-Serve Charge and a Capacity Charge for calendar year (CY) 2026, as set forth in Agenda Item 7-7 board letter.

**53438** Approve amendments to the Metropolitan Water District Administrative Code to conform oversight of the General Auditor and Audit Department duties and responsibilities to the current committee structure, streamline reporting on professional services agreement, and make a minor non-substantive change as set forth in Agenda Item 7-8 board letter.

**53439** Approve the attached salary schedule, as set forth in Agenda Item 7-10 board letter.

**53440** Authorize the General Manager to extend California Contractor Forbearance for Intentionally Created Surplus, as set forth in Agenda Item 7-11 board letter.

**53441** Authorize the General Manager to terminate the Foothill Area Conjunctive Use Program Agreement, as set forth in Agenda Item 7-12 board letter.

**53442** Authorize the General Manager to terminate the Live Oak Basin Conjunctive Use Program Agreement, as set forth in Agenda Item 7-13 board letter.

**53443** Authorize the General Manager to terminate the Long Beach Conjunctive Use Program Agreement, as set forth in Agenda Item 7-14 board letter.

**53444** Authorize the General Manager to terminate the Long Beach Expansion into the Lakewood Conjunctive Use Program Agreement, as set forth in Agenda Item 7-15 board letter.

**53445** Authorize the General Manager to terminate the Orange County Conjunctive Use Program Agreement, as set forth in Agenda Item 7-16 board letter.

**53446** Authorize the General Manager to terminate the Compton Conjunctive Use Program Agreement, as set forth in Agenda Item 7-17 board letter.

**53447** Authorize the General Counsel to increase the amount payable under contract with outside counsel, Liebert Cassidy Whitmore, in the amount of \$200,000 for a total amount not to exceed \$450,000, as set forth in Agenda Item 7-18 board letter.

Director Sutley moved, seconded by Director Camacho, that the Board approve the Consent Calendar Items 6A, 6C, 7-1 through 7-8, and 7-10 through 7-18.

Chair Ortega called for a vote to approve the Consent Calendar Items 6A, 6C, 7-1 through 7-8, and 7-10 through 7-18.



The following is a record of the vote:

Record of Vote on Consent Item(s): 6A, 6C, and 7-1 to 7-8 and 7-10 through 7-18									
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	6306	Faessel							
Beverly Hills	4677	Pressman	x	x	4677				
Burbank	3330	Ramos	x	x	3330				
Calleguas Municipal Water District	13627	McMillan	x	x	13627				
Central Basin Municipal Water District	20265	Garza	x	x	10133				
		Crawford	x	x	10133				
			Subtotal:		20265				
Compton	678	McCoy	x	x	678				
Eastern Municipal Water District	13623	Armstrong	x	x	13623				
Foothill Municipal Water District	2543	Bryant	x	x	2543				
Fullerton	2766	Jung	x	x	2766				
Glendale	4165	Kassakhian	x	x	4165				
Inland Empire Utilities Agency	17103	Camacho	x	x	17103				
Las Virgenes	3224	Lewitt	x	x	3224				
Long Beach	6805	Cordero	x	x	6805				
Los Angeles	83835	Sutley	x	x	16767				
		Petersen	x	x	16767				
		Quinn	x	x	16767				
		Luna	x	x	16767				
		Douglas	x	x	16767				
			Subtotal:		83835				
Municipal Water Dist. of Orange County	68102	Ackerman							
		Seckel	x	x	22701				
		Dick	x	x	22701				
		Erdman	x	x	22701				
			Subtotal:		68102				
Pasadena	4042	Kurtz	x	x	4042				
San Diego County Water Authority	70158	Fong-Sakai	x	x	17540				
		Goldberg	x	x	17540				
		Miller	x	x	17540				
		Katz	x	x	17540				
			Subtotal:		70158				
San Fernando	274	Ortega	x	x	274				
San Marino	836	Shepherd R	x	x	836				
Santa Ana	3569	Phan							
Santa Monica	5055	Gold	x	x	5055				
Three Valleys Municipal Water District	9019	De Jesus	x	x	9019				
Torrance	3781	Lefevre	x	x	3781				
Upper San Gabriel Valley Mun. Wat. Dist.	14079	Fellow	x	x	14079				
West Basin Municipal Water District	28764	Alvarez	x	x	28764				
		Gray							
			Subtotal:		28764				
Western Municipal Water District	15689	Dennstedt	x	x	15689				
<b>Total</b>	<b>406315</b>				<b>396440</b>				
<b>Present and not voting</b>									
<b>Absent</b>	<b>9875</b>								

The motion to approve the Consent Calendar Items 6A, 6C, 7-1 through 7-8, and 7-10 through 7-18 (**M.I. No. 53429 through 53447\***) passed by a vote of 399,980 ayes; 0 noes; 0 abstain; 0 not voting; and 6,335 absent.



\*Director Bryant did not vote on Item 7-12 (**M.I. 53441**) passed by a vote of 393,897 ayes; 0 noes; 0 abstain; 2,543 not voting; and 9,875 absent.

\*Director De Jesus did not vote on Item 7-13 (**M.I. 53442**) passed by a vote of 387,421 ayes; 0 noes; 0 abstain; 9,019 not voting; and 9,875 absent.

\*Directors Crawford and Garza did not vote on Item 7-14 (**M.I. 53443**) passed by a vote of 376,175 ayes; 0 noes; 0 abstain; 20,265 not voting; and 9,875 absent.

\* Directors Dick and Seckel did not vote on Item 7-16 (**M.I. 53445**) passed by a vote of 396,440 ayes; 0 noes; 0 abstain; 0 not voting; and 9,875 absent.

Director Ackerman entered the meeting.

**53448** Adopt the CEQA determination that the proposed action was previously addressed in the certified 2024 Final Environmental Impact Report and related documentation, and that no further environmental analysis or documentation is required and authorize an increase of \$12.4 million to an agreement with La Cañada Design Group Inc. for a new not-to-exceed total amount of \$16.8 million for final design to upgrade the Michael J. McGuire Water Quality Laboratory (Board Item 8-1).

**53449** Authorize an increase in the maximum amount payable under contract for legal services with Seyfarth Shaw LLP, in the amount of \$250,000 for a total amount not to exceed \$750,000 (Board Item 8-2).

Director Garza moved, seconded by Director Camacho, that the Board approve Board Items 8-1 and 8-2.

Chair Ortega called for a vote to approve Board Items 8-1 and 8-2.



The following is a record of the vote:

Record of Vote on Item:	8-1 & 8-2								
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	6306	Faessel							
Beverly Hills	4677	Pressman	x	x	4677				
Burbank	3330	Ramos	x	x	3330				
Calleguas Municipal Water District	13627	McMillan	x	x	13627				
Central Basin Municipal Water District	20265	Garza	x	x	10133				
		Crawford	x	x	10133				
			Subtotal:		20265				
Compton	678	McCoy	x	x	678				
Eastern Municipal Water District	13623	Armstrong	x	x	13623				
Foothill Municipal Water District	2543	Bryant	x	x	2543				
Fullerton	2766	Jung	x	x	2766				
Glendale	4165	Kassakhian	x	x	4165				
Inland Empire Utilities Agency	17103	Camacho	x	x	17103				
Las Virgenes	3224	Lewitt	x	x	3224				
Long Beach	6805	Cordero	x	x	6805				
Los Angeles	83835	Sutley	x	x	16767				
		Petersen	x	x	16767				
		Quinn	x	x	16767				
		Luna	x	x	16767				
		Douglas	x	x	16767				
			Subtotal:		83835				
Municipal Water Dist. of Orange County	68102	Ackerman	x	x	17026				
		Seckel	x	x	17026				
		Dick	x	x	17026				
		Erdman	x	x	17026				
			Subtotal:		68102				
Pasadena	4042	Kurtz	x	x	4042				
San Diego County Water Authority	70158	Fong-Sakai	x	x	17540				
		Goldberg	x	x	17540				
		Miller	x	x	17540				
		Katz	x	x	17540				
			Subtotal:		70158				
San Fernando	274	Ortega	x	x	274				
San Marino	836	Shepherd Ror	x	x	836				
Santa Ana	3569	Phan							
Santa Monica	5055	Gold	x	x	5055				
Three Valleys Municipal Water District	9019	De Jesus	x	x	9019				
Torrance	3781	Lefevre	x	x	3781				
Upper San Gabriel Valley Mun. Wat. Dis	14079	Fellow	x	x	14079				
West Basin Municipal Water District	28764	Alvarez	x	x	28764				
		Gray							
			Subtotal:		28764				
Western Municipal Water District	15689	Dennstedt	x	x	15689				
<b>Total</b>	<b>406315</b>				<b>396440</b>				
<b>Present and not voting</b>									
<b>Absent</b>	<b>9875</b>								

The motion to approve the Board Items 8-1 and 8-2 (**M.I. No. 53448 and 53449**) passed by a vote of 396,440 ayes; 0 noes; 0 abstain; 0 not voting; and 9,875 absent.



**53450** Chair Ortega asked if there were questions or a need for discussion on Board Information Items 9-1, 9-2 and 9-3. No requests were made.

**53451** Chair Ortega stated we have no other matters.

**53452** Chair Ortega asked if there were any Follow-Up Items. No requests were made.

**53453** Chair Ortega asked if there were any Future Agenda Items. No requests were made.

**53454** There being no objection, the meeting was adjourned at 1:42 p.m.



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**RICKITA HUDSON**

**BOARD EXECUTIVE SECRETARY**



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**ADÁN ORTEGA, JR.**  
**CHAIR OF THE BOARD**





- **Board of Directors**  
***Community and Workplace Culture Committee***

5/13/2025 Board Meeting

7-1

## Subject

Approve amending the list of Metropolitan officials required to take AB 1234 state ethics training to include all Form 700 filers; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

## Executive Summary

Under Metropolitan's Administrative Code, the Ethics Officer has responsibility for various ethics-related education and compliance mandates. In part, the Administrative Code requires the Ethics Officer to monitor and maintain compliance records for Metropolitan officials designated by the Board of Directors to take biennial state ethics training (AB 1234), seek AB 1234 training compliance from Metropolitan officials not in compliance, and certify Directors' compliance with AB 1234 training.

Under state law, an agency's governing body designates which employees are required to take biennial AB 1234 ethics training. Metropolitan's current list of employees designated to take this training is outdated and does not include many new, high-level positions. The Ethics Officer proposes that the Board amend the list of Metropolitan officials required to take AB 1234 ethics training to include all Form 700 filers. This would align with the Board's expectation that the Ethics Office expand Metropolitan's ethics education program, create an objective standard for determining AB 1234 training requirements, and mirror the ethics training requirements of other local agencies, including several member agencies. Further, this proposal would avoid frequent board actions to update the list of designated employees each time the Ethics Office proposes that new positions be added to the list.

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

### Staff Recommendation: Option #1

#### Option #1

Approve amending the list of Metropolitan officials required to take AB 1234 state ethics training to include all Form 700 filers.

**Fiscal Impact:** There is minimal fiscal impact associated with this board action.

**Business Analysis:** If approved, the AB 1234 compliance program will be more streamlined, and Form 700 filers will be more aware of their public service obligations.

#### Option #2

Do not approve amending the list of Metropolitan officials required to take AB 1234 state ethics training to include all Form 700 filers.

**Fiscal Impact:** None

**Business Analysis:** If not approved, the Ethics Officer will propose to the Board amendments to the list of designated officials each time a need arises and Form 700 filers will not receive state ethics training to reinforce their public service obligations.



## Alternatives Considered

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Not applicable

## Applicable Policy

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Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

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Not applicable

## California Environmental Quality Act (CEQA)

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

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

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

None required

## Details and Background

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### Background

Assembly Bill 1234 (AB 1234) requires that local agency officials take biennial state ethics training covering conflicts of interest, misuse of public resources, gifts, and other ethics-related topics. Under Metropolitan's Administrative Code, the Ethics Officer is responsible for ensuring Metropolitan's compliance with AB 1234. This includes monitoring AB 1234 compliance, maintaining compliance records, seeking training certificates from non-compliant officials, and certifying directors' compliance. The Ethics Officer also provides AB 1234 training to directors and designated employees every other year through an outside law firm or online course.

State law generally tasks local agency governing boards with designating which agency employees are required to take AB 1234 ethics training. The current list of designated officials required to take AB 1234 training was created prior to the current Ethics Officer joining Metropolitan and prior to the Board of Directors increasing the Ethics Officer's responsibilities for AB 1234 compliance and ethics education.

The list of Metropolitan officials currently designated to take AB 1234 training includes:

- Directors
- General Manager
- Chief Financial Officer
- Treasurer
- Assistant Treasurer
- Budget and Treasury Manager
- Investment Management Specialist
- Assistant General Managers
- Ethics Officer
- Ethics Office staff
- General Auditor
- Deputy General Auditor
- General Counsel
- Assistant General Counsels
- Deputy General Counsels
- Senior Deputy General Counsels
- Chief Deputy General Counsels



- Chief Administrative Officer
- Controller

The list of designated officials is outdated and does not include several new or revised Metropolitan positions, including the Chief of Staff, Chief DEI and EEO Officers, Principal Deputy General Counsel, and Chief Sustainability, Resiliency and Innovation Officer positions.

After managing additional AB 1234 and ethics education responsibilities in recent years, the Ethics Officer requests that the Board approve expanding the list of Metropolitan officials required to take AB 1234 state ethics training to include all Form 700 filers. This proposal aligns with the Board's expectation that the Ethics Officer provide more ethics training to Metropolitan officials and, specifically, more ethics training to Form 700 filers (Admin. Code section 7605).

This proposal also aligns with the Ethics Officer's view that having more Metropolitan officials receive AB 1234 training certification every two years will help increase our officials' knowledge of state ethics laws, reinforce the obligations of public service, prevent inadvertent ethics violations and related investigations, and reflect positively on Metropolitan as a whole. Further, updating the designated officials list in this manner would create a bright line standard for identifying which employees are required to take AB 1234 training and is more efficient long-term than seeking Board approval each time the Ethics Officer proposes a position be added to the list. This proposal also mirrors the approach taken by many local government agencies, including Metropolitan member agencies (e.g. City of Los Angeles, City of Beverly Hills, City of Anaheim).

Under the Administrative Code, it is the Ethics Officer's responsibility (with final approval from the FPPC) to designate which Metropolitan employees are required to file Form 700 financial disclosure forms ("Form 700 filers") pursuant to state law. The Ethics Officer's determination on whether a position requires filing a Form 700 is based on state standards. Generally, persons holding Metropolitan positions are designated as Form 700 filers if they make or participate in making district decisions which may affect financial interests (See **Attachment 1** for a list of current positions required to file Form 700).

Because Form 700 filers are involved in the type of government decision-making requiring disclosure of personal financial information, employees designated in these positions should also be designated for additional ethics training to help ensure they understand their ethical obligations in carrying out their official duties at Metropolitan. AB 1234 training reinforces the obligations of public service and also covers state ethics provisions that apply to Metropolitan employees but are not addressed by internal policies or covered in other trainings. AB 1234 training is provided by the state at no charge to local agencies.

  
Abel Salinas  
Ethics Officer

5/5/2025  
Date

## **Attachment 1 – Positions Required to File Form 700 (Revised)**

Ref# e12703969



<b>Positions Required to File Form 700</b>
Accounts Payable Team Manager
Agricultural Liason
Aircraft Pilot
Assistant Controller - Accounting Unit Manager
Assistant Controller - Financial Reporting Unit Manager
Assistant Ethics Officer
Assistant General Auditor
Assistant General Counsel
Assistant General Manager/ External Affairs
Assistant General Manager/Chief Administrative Officer
Assistant General Manager/Chief Financial Officer
Assistant General Manager/Chief Operating Officer
Assistant General Manager/Strategic Water Initiatives
Assistant Group Manager
Assistant Treasurer
Assistant Unit Manager - Conveyance & Distribution
Associate Deputy General Counsel
Bay-Delta Initiatives Manager
Bay-Delta Initiatives Policy Manager
Board Administrator
Board Executive Officer
Board Executive Secretary
Capital Investment Plan Team Manager
Chief Diversity, Equity and Inclusion Officer
Chief EEO Investigator
Chief of Staff
Chief Photographer



Chief Safety, Security and Protection Officer
Chief Sustainability, Resilience and Innovation Officer
Chief Sustainability, Resiliency and Innovation Officer
Chief Videographer
Classification & Compensation Manager
Climate Action Plan Program Manager
Compliance and Reporting Manager
Construction Inspector III
Construction Inspector IV
Construction Inspector V
Consultants Who Manage Public Investments
Controller
Debt Management Specialist
Deferred Compensation Investment Committee Member
DEI - Outreach & Engagement Specialist
DEI Workforce Development Manager
Deputy Auditor III
Deputy Chief Diversity, Equity and Inclusion Officer
Deputy Chief EEO Officer
Deputy Ethics Officer
Deputy General Auditor
Deputy General Counsel
Director of Information Technology Services
Education Team Manager
Engineer
Environmental Planning Unit Manager
Environmental Specialist
Equal Employment Opportunity Manager



Equal Employment Opportunity Officer
Ethics Officer
Executive Advisor - Water Res and Capital Improvements
Executive Legislative Representative
Executive Officer and Assistant General Manager/ Water and Technical Resources
Executive Strategist
Finance Services Unit Manager
Fleet Coordinator
General Auditor
General Counsel
General Manager
Government and Regional Affairs Representative
Graphic Arts Designer
Graphic Technician III
Group Manager - Conveyance & Distribution
Group Manager - Engineering Services
Group Manager - External Affairs
Group Manager - Finance
Group Manager - Human Resources
Group Manager - Information Technology
Group Manager - Real Property
Group Manager - Water Resource Management
Group Manager - Water System Operations
Human Resources Info Systems Manager
Human Resources Manager I
Human Resources Manager II
Human Resources Manager III
Human Resources Strategic Partner



Human Resources Strategic Program Manager
Hydroelectric Specialist II
Info Gov & Enterprise Content Mgt Specialist
Information Technology Architect
Information Technology Architect - Enterprise Software
Information Technology Communication Technician III
Information Technology Service Manager
Information Technology Specialist - Disaster Recovery
Inspection Trip Manager
Inspection Trip Specialist
Inspections Trip Team Manager
Instrumentation & Control Technician Specialist
Inventory Coordinator
Investment Management Specialist
Land Surveyor
Landscape Maintenance Coordinator
Law Office Administrator
Legislative Services Team Manager
Management Principal Administrative Analyst
Manager of Administrative Services
Manager of Bay - Delta Science and Regulatory Strategy
Manager of Bay-Delta Programs
Manager of Colorado River Resources
Manager of Treasury and Debt Management
Microcomputer Technology Supervisor
Occupational Health & Safety Specialist III
Occupational Safety & Health Specialist
Operations & Maintenance Supervisor



Organizational Development & Training Manager
Outreach Program Manager, Project Labor Agreements
Plant Laboratory Supervisor
Power Planning Specialist
Principal Administrative Analyst
Principal Architect
Principal Auditor
Principal Benefits Analyst
Principal Buyer
Principal Deputy General Counsel
Principal EEO Analyst
Principal Employee Relations Specialist
Principal Engineer
Principal Engineering Technician
Principal Environmental Specialist
Principal Equal Employment Opportunity Analyst
Principal Government and Regional Affairs Representative
Principal Human Resources Info Systems Analyst
Principal Human Resources Training Specialist
Principal Information Technology Analyst
Principal Information Technology Network Engineer
Principal Land Surveyor
Principal Legislative Representative
Principal Project Controls Specialist
Principal Public Affairs Representative
Principal Real Estate Representative
Principal Resource Specialist
Principal Systems Analyst



Principal Training Administrator
Principal Water Quality Specialist
Production Planner
Program Manager - Audit
Program Manager - Bay-Delta Initiatives
Program Manager - Business Continuity
Program Manager - Business Outreach
Program Manager - Community Relations
Program Manager - Corporate Resources
Program Manager - Creative Design
Program Manager - Dam Safety Initiatives
Program Manager - Emergency Management
Program Manager - Engineering
Program Manager - Fleet
Program Manager - Information Technology
Program Manager - Innovation
Program Manager - Operations
Program Manager - Power Scheduling & Trading
Program Manager - Press Office
Program Manager - Real Property
Program Manager - Regional Recycled Water
Program Manager - Safety, Regulatory & Training
Program Manager - Water Resource
Program Manager - Web
Program Manager I
Program Manager II
Program Manager III
Quality Assurance Officer



Real Estate Representative III
Resource Specialist
Section Manager - Business Outreach
Section Manager - Conveyance & Distribution
Section Manager - Customer & Community Services
Section Manager - Engineering Services
Section Manager - Environmental Planning
Section Manager - Human Resources
Section Manager - Legislative Services
Section Manager - Media Services
Section Manager - Member Services & Public Outreach
Section Manager - Operations Support Services
Section Manager - Ops Safety & Regulatory Services
Section Manager - Power Operations & Planning
Section Manager - Real Property
Section Manager - Revenue & Budget
Section Manager - Sustainability and Resilience
Section Manager - Water Operations & Planning
Section Manager - Water Quality
Section Manager - Water Resource Management
Section Manager - Water Treatment
Section Mgr-Equal Employ Opp
Senior Administrative Analyst
Senior Architect
Senior Buyer
Senior Crane Certification Technician
Senior Cross Connection Technician
Senior Deputy Auditor



Senior Deputy General Counsel
Senior Deputy General Counsel - Labor Relations
Senior Employee Relations Specialist
Senior Engineer
Senior Engineering Technician
Senior Environmental Health & Safety Field Specialist
Senior Environmental Specialist
Senior Government and Regional Affairs Representative
Senior Information Systems Auditor
Senior Information Technology Communications Technician
Senior Information Technology Project Controls Specialist
Senior Lab Information Systems Specialist
Senior Legal Technology Specialist
Senior Occupational Safety & Health Specialist
Senior Project Controls Specialist
Senior Real Estate Representative
Senior Resource Specialist
Senior System Operations Technician
Senior System Operator
Senior Technical Writer
Senior Training Administrator
Senior Water Quality Specialist
Senior Water Quality Technician
Special Assistant to the General Manager
Special Projects Manager
Staff Assistant to the General Manager
Strategic Communication and Policy Advisor
Survey & Mapping Technician IV



Team Manager - Admin Services Business Mgt
Team Manager - Budget
Team Manager - Business Applications
Team Manager - Business Intelligence Systems
Team Manager - Chemistry
Team Manager - Community Relations
Team Manager - Construction Contracts
Team Manager - Construction Management I
Team Manager - Construction Management II
Team Manager - Control System Applications
Team Manager - Corrosion Control
Team Manager - Creative Design
Team Manager - Database
Team Manager - Design
Team Manager - Design Support
Team Manager - Design Technology
Team Manager - Engineering Administration
Team Manager - Engineering Compliance
Team Manager - Enterprise Applications
Team Manager - Enterprise GIS & CAD
Team Manager - Enterprise Water Systems Programs
Team Manager - Environmental Planning
Team Manager - Environmental Program Support
Team Manager - External Affairs Business Management
Team Manager - Facilities Planning
Team Manager - Facility Operations
Team Manager - Field Survey
Team Manager - Financial Reporting & Plant Asset



Team Manager - Geodetics & Mapping
Team Manager - Graphic Design
Team Manager - Health & Safety Program Support
Team Manager - Human Resources Business Support
Team Manager - Hydraulics & System Modeling
Team Manager - Hydroelectric Engineering & Maintenance
Team Manager - Information Security
Team Manager - Internal Controls & Water Inventory
Team Manager - Inventory Control
Team Manager - IT Administration
Team Manager - IT Business Analysis
Team Manager - IT Client Systems Support
Team Manager - IT Network Systems
Team Manager - IT Program Project Support
Team Manager - IT Quality Assurance
Team Manager - IT Service Desk
Team Manager - Laboratory Support
Team Manager - Land Planning & Management
Team Manager - Limnology & Reservoir
Team Manager - Maintenance Engineering
Team Manager - Materials & Metallurgy
Team Manager - Microbiology Compliance
Team Manager - Operations Applications Services
Team Manager - Operations Compliance
Team Manager - Operations Control Center
Team Manager - Operations Planning
Team Manager - Power Operations & Scheduling
Team Manager - Procurement



Team Manager - Professional Contracting Services
Team Manager - Program Management
Team Manager - Project Support
Team Manager - Property Management
Team Manager - Pump Plant
Team Manager - Quality Assurance & Compliance
Team Manager - Real Property Business Management
Team Manager - Records Management & Imaging Services
Team Manager - Reservoir Management
Team Manager - Resource Development
Team Manager - Resource Planning
Team Manager - Right of Way Acquisition
Team Manager - Safety & Regulatory Services Site Support
Team Manager - Safety of Dams
Team Manager - SafetyRegTechTraining
Team Manager - Security
Team Manager - Server Administration
Team Manager - Substructures
Team Manager - Supply Acquisition
Team Manager - Technical Control
Team Manager - Technical Writing
Team Manager - Telecommunications
Team Manager - Treasury Operations
Team Manager - Warehouse
Team Manager - Water Efficiency
Team Manager - WaterReuse&ProcessDev
Team Manager - WRM Business Mgmt
Team Manager - WSO Business Mgmt



Team Manager I
Team Manager II
Team Manager III
Team Manager IV
Team Manager V
Team Manager VI
Team Manager VII
Training Administrator
Treasurer
Unit Manager - Application Services
Unit Manager - Apprentice & Technical Training
Unit Manager - Audit
Unit Manager - Benefits Services
Unit Manager - Budget
Unit Manager - Chemistry
Unit Manager - Classification, Compensation & Recruitment
Unit Manager - Construction Services
Unit Manager - Contracting Services
Unit Manager - Conveyance & Distribution
Unit Manager - Document Services
Unit Manager - Education
Unit Manager - Engineering Services
Unit Manager - Environmental Planning
Unit Manager - Facility Management
Unit Manager - Fleet Services
Unit Manager - Grants & Research
Unit Manager - Implementation Projects & Studies
Unit Manager - Imported Supply



Unit Manager - Information Security Services
Unit Manager - IT Infrastructure
Unit Manager - IT Program Mgmt Office
Unit Manager - IT Project Planning
Unit Manager - IT Security
Unit Manager - Laboratory Services
Unit Manager - Land Management
Unit Manager - Manufacturing Services
Unit Manager - Microbiology
Unit Manager - Operations Planning & Programs
Unit Manager - Operations Projects & Asset Mgt
Unit Manager - Planning & Acquisition
Unit Manager - Power & Equipment Reliability
Unit Manager - Power Compliance and Programs
Unit Manager - Rates Charges & Finance Plan
Unit Manager - Reporting
Unit Manager - Risk Management
Unit Manager - Safety and Environmental Services
Unit Manager - Security
Unit Manager - System Analysis
Unit Manager - System Operations
Unit Manager - Water Purification
Unit Manager - Water Treatment Plant
Workers Compensation Manager



## Community and Workplace Culture Committee



# Proposal to Amend list of Employees Designated to take AB 1234 State Ethics Training

Item 7-1

May 13, 2025



## Item 7 - 1

### Subject/Background

Proposal to require all Form 700 filers to take AB 1234 state ethics training.

### Purpose

To align with the Board's mandate of increased ethics education for Form 700 filers, to increase employee awareness of state ethics obligations, and to create an efficient and objective standard for determining AB 1234 training requirements.



# AB 1234 Ethics Training Topics

## Item 7 - 1

- Conflicts of Interest
- Misuse of Public Resources
- Gifts
- Honoraria
- Public Records Act
- Due Process
- Public Contracting Laws
- Brown Act
- Other



# Positions Currently Designated to Take AB 1234 Training

- General Manager
- General Counsel
- General Auditor
- Ethics Officer
- Chief Financial Officer
- Treasurer
- Assistant Treasurer
- Budget and Treasury Mgr.
- Investment Mgt. Specialist
- Assistant General Managers
- Ethics Office staff
- Deputy General Auditor
- Assistant General Counsels
- Deputy General Counsels
- Sr. Deputy General Counsel
- Chief Deputy Gen Counsel
- Chief Administrative Officer
- Controller



## Positions Not Currently Designated to take AB 1234 Training

### Examples:

- Board Executive Officer
- Chief of Staff
- Chief Safety Security & Protection Officer
- Chief Sustainability Resiliency Officer
- Chief Equal Employment Officer
- Chief Diversity, Equity & Inclusion Officer
- Principal Deputy General Counsel
- Section Manager Revenue & Budget
- Special Assistant to the General Manager



## Item 7 - 1

# Purpose of Proposal

- Addresses Board mandate that the Ethics Office provide supplemental ethics training to Form 700 filers.
- Aligns with Ethics Education Program objectives and other agencies, including member agencies, adopting this standard.
- Potentially helps avoid ethics violations and investigations through increased awareness and guidance.
- Reinforces the obligations of public service and educates on certain state ethics laws not addressed by internal policies or other trainings.
- Establishes an objective, bright line standard for determining which positions are designated for AB 1234 training.



## Board Options

### Option #1

Approve amending the list of Metropolitan officials required to take AB 1234 state ethics training to include all Form 700 filers.

### Option #2

Do not approve amending the list of Metropolitan officials required to take AB 1234 state ethics training to include all Form 700 filers.









- **Board of Directors**  
***Engineering, Operations, and Technology Committee***

5/13/2025 Board Meeting

7-2

## Subject

Amend the Capital Investment Plan for fiscal years 2024/25 and 2025/26 to include the ozone contactor expansion joint improvements at the F.E. Weymouth Water Treatment Plant; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

## Executive Summary

The ozone contactors at the F.E. Weymouth Water Treatment Plant (Weymouth plant) consist of four large concrete basins, in which the plant's inlet water is mixed with ozone and then conveyed through a common outlet channel to the next step in the treatment process. The outlet channel and contactors are sealed at the seams to minimize water leakage. Recent inspections of the ozone contactors have revealed leakage around the common outlet channel, likely resulting from a degraded concrete wall expansion joint. Timely implementation of expansion joint improvements will reduce the risk of an unplanned shutdown and address the leakage in a timely and cost-effective manner while maintaining reliability of the contactors.

This action amends the Capital Investment Plan (CIP) for fiscal years 2024/25 and 2025/26 to include improvements to the Weymouth plant's ozone contactor expansion joints. 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 2024/25 and 2025/26 to include the ozone contactor expansion joint improvements at the F.E. Weymouth Water Treatment Plant.

**Fiscal Impact:** Expenditure of \$330,000 in capital funds. All costs will be incurred in the current biennium and have been previously appropriated. 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.

**Business Analysis:** This option will enhance the continued reliability of the ozone contactors and the Weymouth plant's ozonation system.

#### Option #2

Do not proceed with this project at this time.

**Fiscal Impact:** None

**Business Analysis:** Under this option, staff would continue monitoring the leakage and performing short-term repairs. Increased leakage from the contactor expansion joint may lead to an unplanned shutdown to perform emergency repairs.



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## Alternatives Considered

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Staff considered incorporating the project into the next biennial CIP Budget. This option would delay the implementation of the recommended improvements to address leakage within the contactor building, potentially exacerbating the deteriorating condition of the joint seals and leading toward more costly future rehabilitation. Staff determined that the current approach to begin improvements for the ozone contactors expansion joints within the current biennium will reduce the risk of an unplanned shutdown and will address the leakage in a timely and cost-effective manner.

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## Applicable Policy

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Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

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By Minute Item 53598, dated April 9, 2024, the Board appropriated a total of \$636.48 million for projects identified in the Capital Investment Plan for Fiscal Years 2024/2025 and 2025/2026.

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## California Environmental Quality Act (CEQA)

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### 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).) In addition, the study and design associated with the ozone contactor joint system is exempt from CEQA because it consists of basic data collection, research, experimental management, and resource evaluation activities which 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

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## Details and Background

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### Background

The Weymouth plant was placed into service in 1941 with an initial capacity of 100 million gallons per day (mgd) and was expanded twice to its current capacity of 520 mgd. The plant delivers a blend of waters from the Colorado River Aqueduct and the State Water Project to Metropolitan's Central Pool portion of the distribution system and an exclusive service area. The Weymouth plant utilizes ozone as the primary disinfectant to reduce the formation of disinfection by-products for compliance with current drinking water regulations and to control taste-and-odor-causing compounds and algal toxins. The plant is located in the city of La Verne.

The Weymouth plant's ozone contactor structure was placed into service in 2016. The facility features four rectangular concrete contactors arranged in series along their length and two galleries that house essential instrumentation and control equipment. Each contactor is 160 feet long, 48 feet wide, and 30 feet tall. The concrete walls along the length of Contactors 2 and 3 are adjacent, relying on an expansion joint between the walls to allow for thermal expansion and contraction caused by temperature fluctuations. A similar expansion joint is located in the middle of each contactor. The two instrumentation galleries are located between Contactors 1 and 2 and between Contactors 3 and 4. The plant's inlet water is mixed with ozone in the contactors and then conveyed through a common outlet channel to the next step in the treatment process.

Minor leakage and deterioration of caulking located in the ozone contactor's joint, located between Contactors 2 and 3, was first identified by Metropolitan staff during routine inspections performed in 2021. Staff successfully controlled the leakage using joint sealant injections and performed periodic inspections to evaluate the effectiveness of the joint sealant over time. In December 2024, increased leakage was observed around the



previously repaired areas. Staff once again stopped the leak with a short-term temporary repair. Staff concluded that additional investigation is required, and likely water stop improvements in the area where these contactors adjoin the common outlet channel are needed to prevent recurrent leakage. To maintain the reliability of the contactors, staff recommends moving forward with investigations and design of permanent improvements to the Weymouth ozone contactor expansion joint at this time.

In April 2024, 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 not originally included in the Board-authorized CIP. This action amends the CIP to include the Weymouth Ozone Contactor Expansion Joint Improvements 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 2025/26 will be budgeted within the Capital Investment Plan Appropriation for fiscal years 2026/27 and 2027/28. 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 Water Treatment Plants Program.

### **Weymouth Ozone Contactor Expansion Joint Improvements – Design**

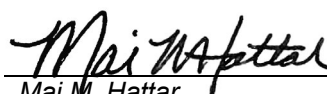
Planned improvements include replacement of the existing expansion joint between Contactors 2 and 3, addition of a water stop, and minor structural modifications of the contactor/channel concrete walls to accommodate the joint replacement and water stop installation. Planned design activities include conducting a comprehensive evaluation of joint and water stop systems suitable to the ozone contactors; preparation of drawings and specifications for construction of the recommended improvements; advertisement and receipt of competitive bids; and project management. All design phase activities will be performed by Metropolitan staff.

A total of \$330,000 is allocated for this work. Allocated funds include \$74,000 for field investigations; \$141,000 for design activities described above; \$84,000 for shutdown planning, bidding and project management; and \$31,000 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 14.1 percent of the total construction cost. The estimated cost of construction for the contactor expansion joint improvements at Weymouth is anticipated to range from \$1.0 million to \$1.2 million.

### **Project Milestone**

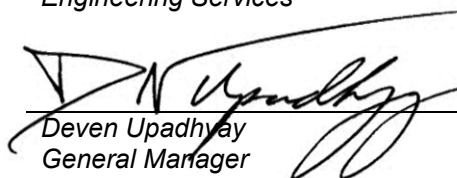
September 2025 – Complete design of Weymouth Ozone Contactor Expansion Joint Improvements



Mai M. Hattar  
Interim Chief Engineer  
Engineering Services

4/28/2025

Date



Deven Upadhyay  
General Manager

4/28/2025

Date

### **Attachment 1 – Allocation of Funds**

### **Attachment 2 – Location Map**

Ref# es12708226



### Allocation of Funds for Weymouth Ozone Contactor Expansion Joint Improvements

	<b>Current Board Action (May 2025)</b>
Labor	
Studies & Investigations	74,000
Final Design	141,000
Owner Costs (Program mgmt., shutdown planning)	84,000
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	31,000
<b>Total</b>	<b>\$ 330,000</b>

This is the initial allocation of funds to improve the expansion joint at the Weymouth plant's ozone contactors. The total estimated cost to complete this project, including the funds allocated for the work described in this action, and future construction costs, is anticipated to range from \$1.3 million to \$1.5 million.









Engineering, Operations, & Technology Committee

# Weymouth Ozone Contactor Expansion Joint Improvements

Item 7-2

May 12, 2025



## Item 7-2

### Weymouth Ozone Contactor Expansion Joint Improvements

#### Subject

Amend the Capital Investment Plan for Fiscal Years 2024/25 and 2025/26 to include the ozone contactor expansion joint improvements at the F.E. Weymouth Water Treatment Plant

#### Purpose

Design improvements to the Weymouth ozone contactor expansion joint to maintain the long-term reliability of the contactors

#### Recommendation and Fiscal Impact

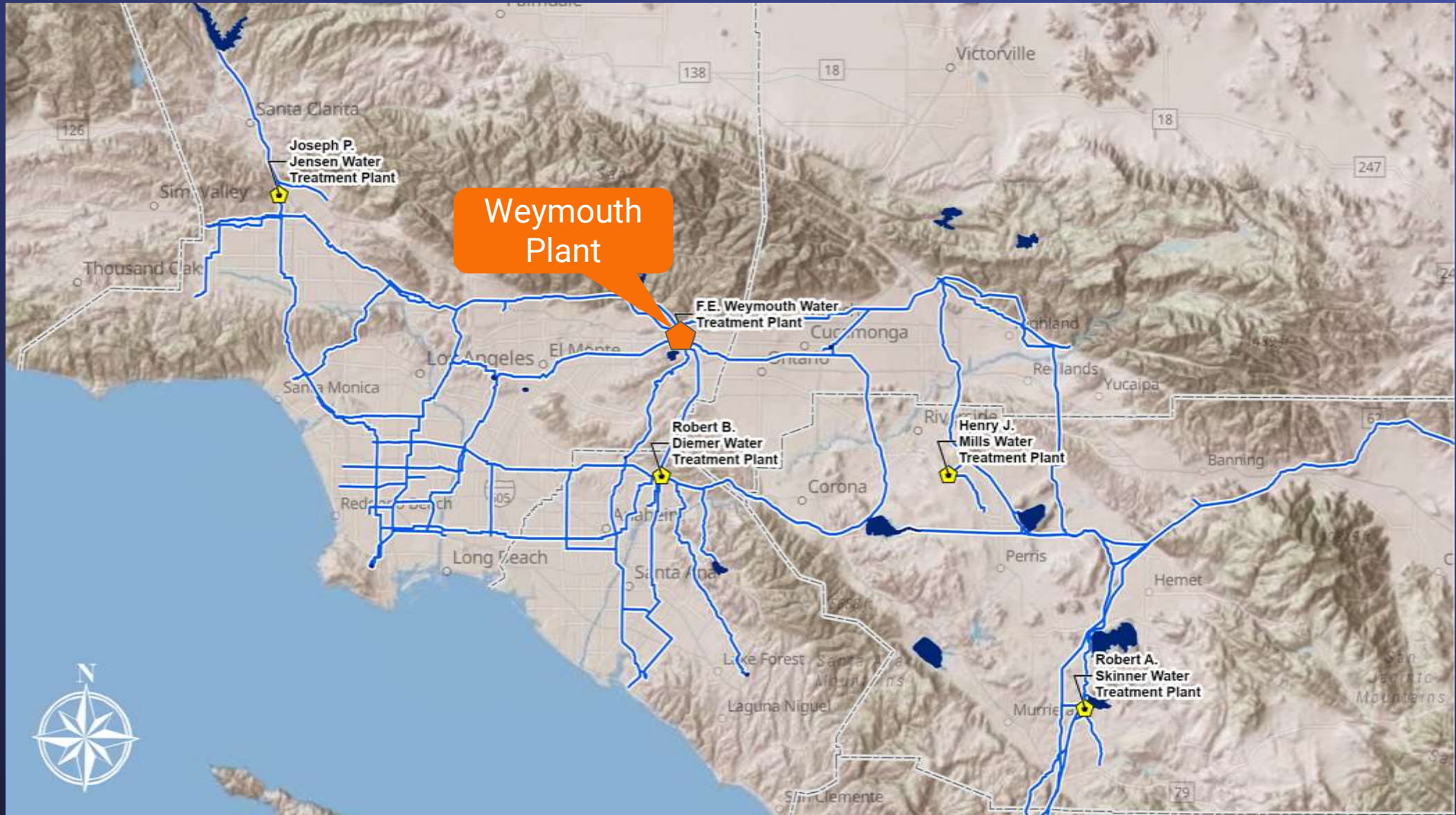
Amend the Capital Investment Plan (CIP) to include improvements to the ozone contactor expansion joints

Fiscal Impact – \$ 330,000

#### Non-Budgeted



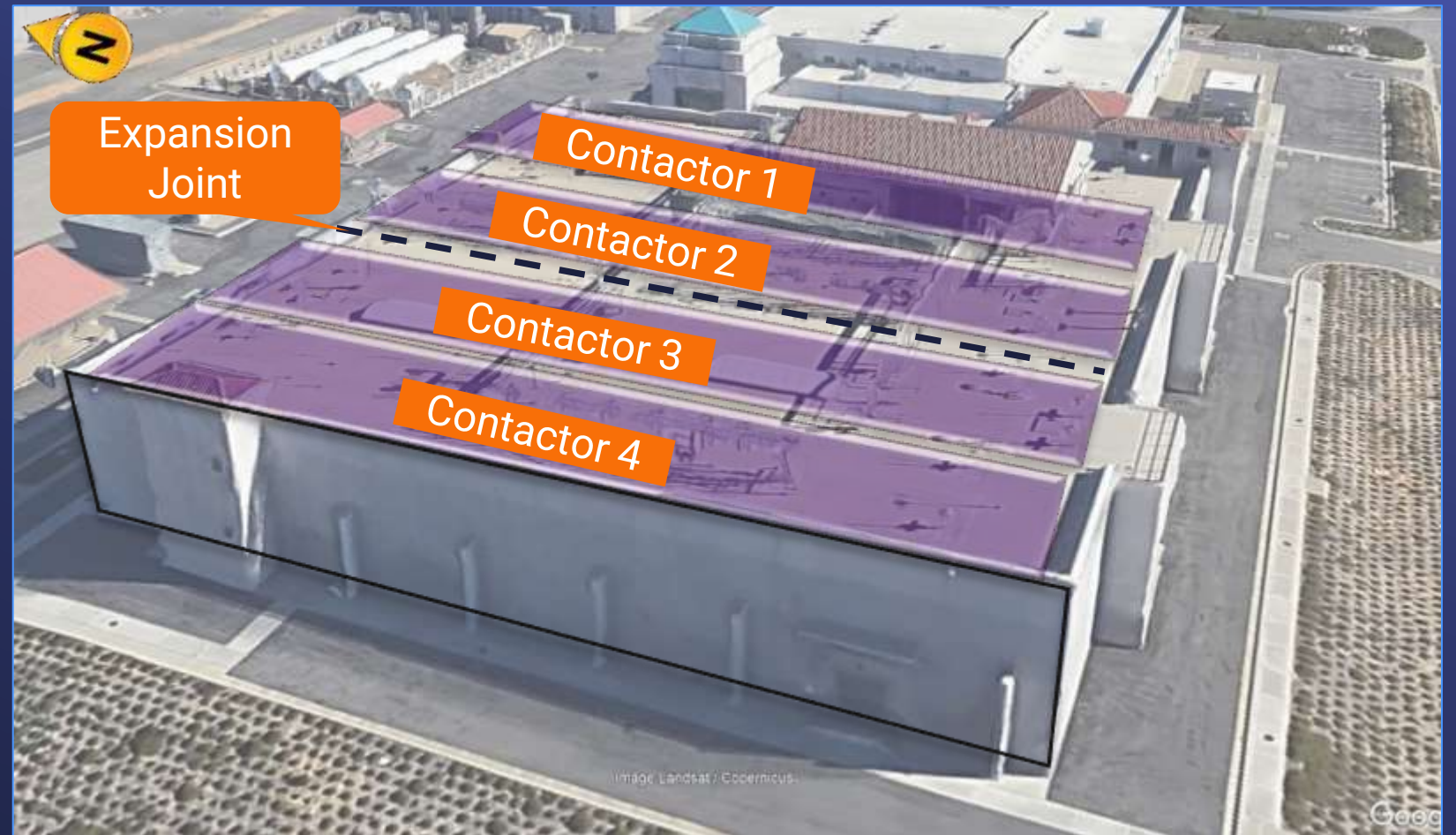
# Location Map





# Weymouth Ozone Contactor Expansion Joint Improvements

## Background

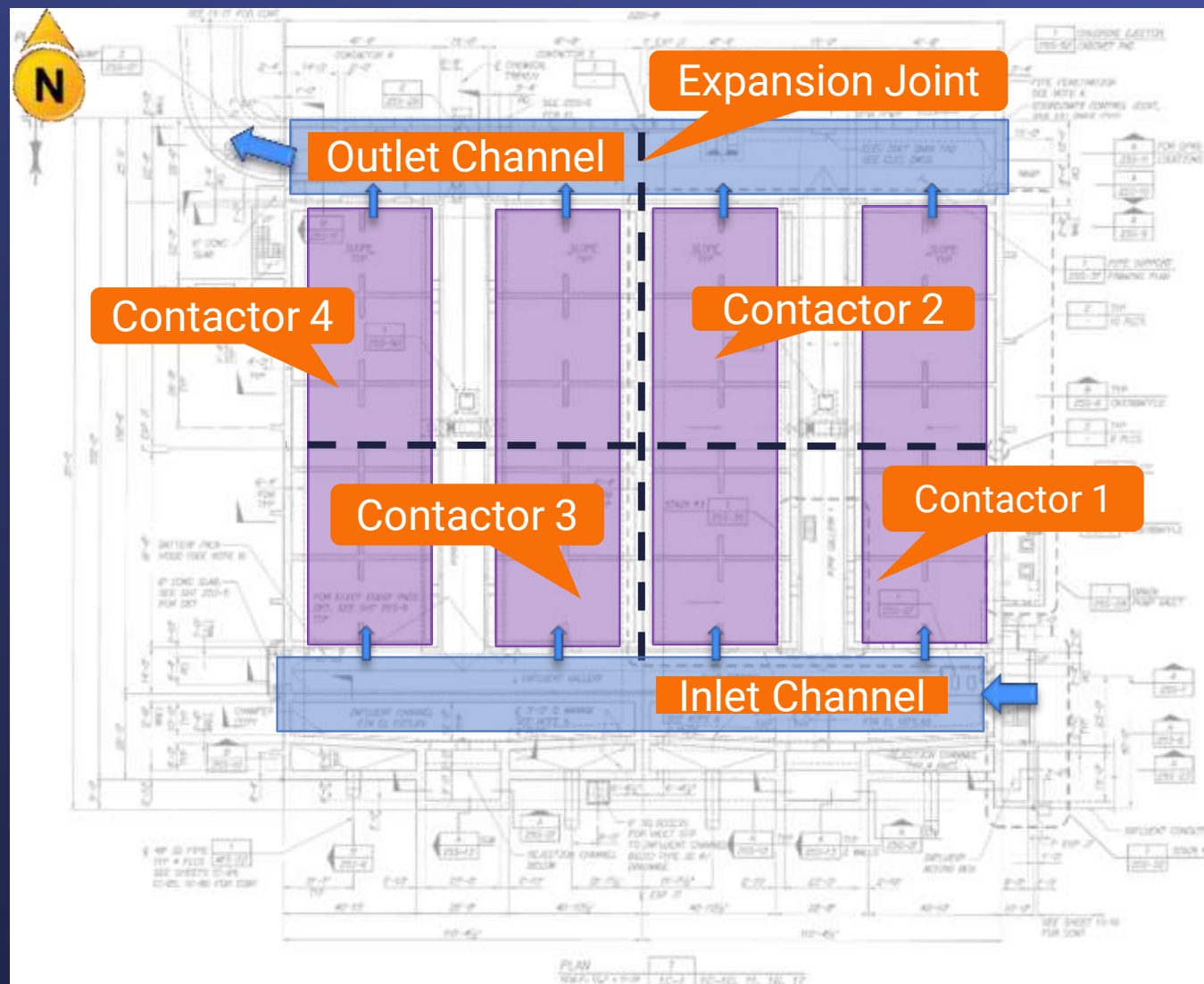


Ozone Contactor Structure



# Background

## Weymouth Ozone Contactor Expansion Joint Improvements





# Weymouth Ozone Contactor Expansion Joint Improvements

## Background

- Ozone Contactor Structure Outlet Gallery



Expansion Joint Leak



# Weymouth Ozone Contactor Expansion Joint Improvements

## Alternatives Considered

- Considered Alternative – Implement upgrades under next biennial CIP budget
  - Condition of deteriorating joint seals could worsen
- Selected Alternative – Implement improvements in current biennial CIP
  - Reduces risk of unplanned shutdown
  - Addresses leakage in timely manner



# Weymouth Ozone Contactor Expansion Joint Improvements

## Scope of Work

- Conduct field investigations
- Develop final design drawings & specifications
- Prepare cost estimate, plan shutdown, bidding & project management



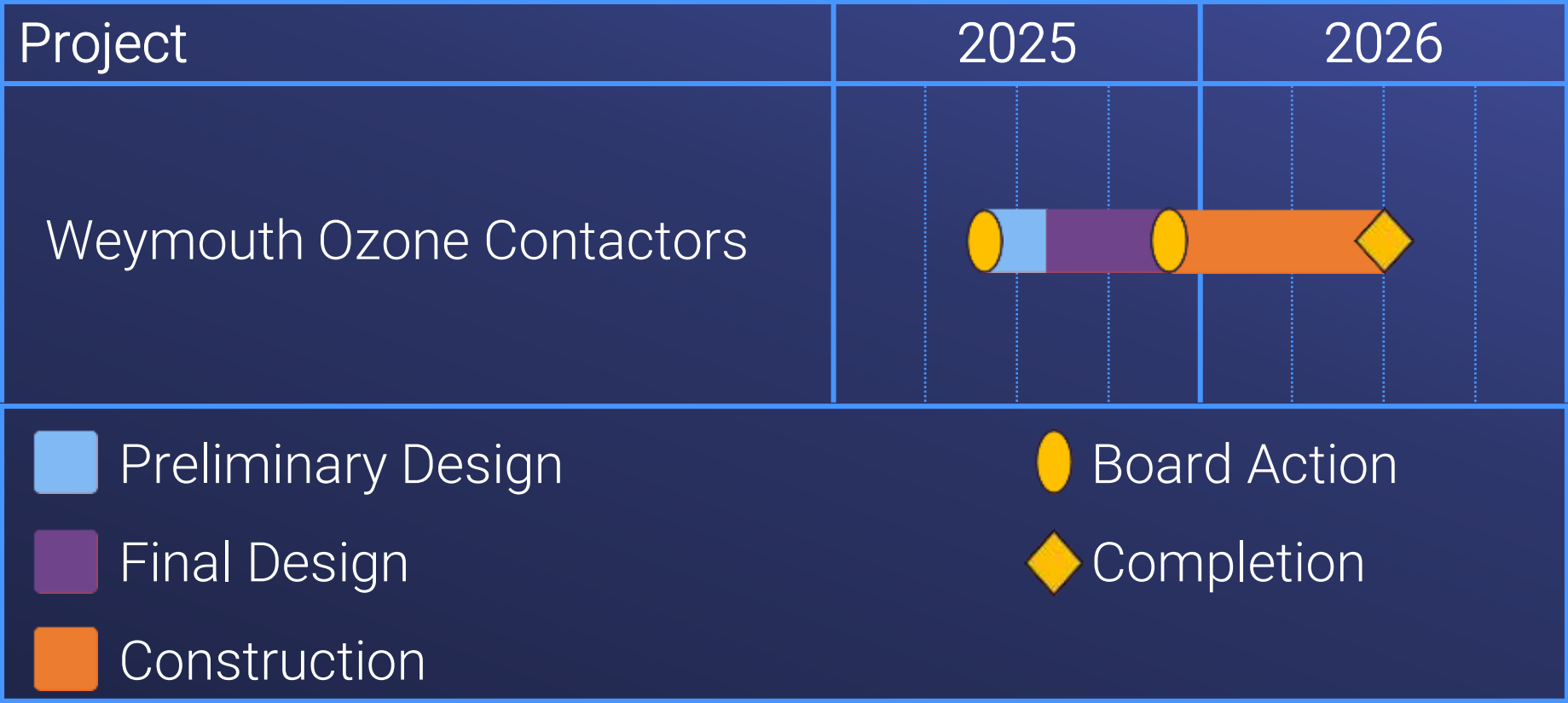
# Allocation of Funds

## Weymouth Ozone Contactor Expansion Joint Improvements

Metropolitan Labor		
Studies & Investigations	\$	74,000
Final Design		141,000
Owner Costs		84,000
Remaining Budget		31,000
Total		\$ 330,000



# Project Schedule





# Board Options

- Option #1

Amend the Capital Investment Plan for fiscal years 2024/25 and 2025/26 to include the ozone contactor expansion joint improvements at the F.E. Weymouth Water Treatment Plant.

- Option #2

Do not proceed with this project at this time.



# Staff Recommendation

- Option #1









- **Board of Directors**  
***Engineering, Operations, and Technology Committee***

5/13/2025 Board Meeting

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7-3

## Subject

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Authorize on-call agreements with Hazen and Sawyer, Jacobs Engineering Group Inc., and Mott MacDonald Group Inc. in amounts not to exceed \$1 million each to support engineering planning for water system resiliency and energy planning projects; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

## Executive Summary

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A series of technical studies and investigations are currently being planned to focus on the subjects of maintaining future water system resilience and enhancing energy sustainability. Staff's strategy for managing planning-phase studies is to rely on in-house engineering staff to accomplish the base load of work, while professional services agreements are selectively utilized to handle work above this base load or where specialized services are required. This action authorizes three new professional services agreements, with maximum amounts of \$1 million each, to support engineering planning studies for water system resiliency and energy projects. See **Attachment 1** for the List of Subconsultants.

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

---

### Staff Recommendation: Option #1

#### Option #1

Authorize on-call agreements with Hazen and Sawyer, Jacobs Engineering Group Inc., and Mott MacDonald Group Inc. in amounts not to exceed \$1 million each for engineering planning services.

**Fiscal Impact:** Up to \$3,000,000 from Engineering Services Group's board-approved operations and maintenance budget for fiscal years 2024/25 and 2025/26.

**Business Analysis:** Contracting with multiple firms provides a flexible and efficient means for Metropolitan to obtain needed technical services and complete planned initiatives per board-adopted schedules.

#### Option #2

Do not authorize the consulting agreements at this time.

**Fiscal Impact:** None

**Business Analysis:** Under this option, Metropolitan staff would perform the engineering planning activities or request board authorization for agreements on a project-specific basis. This option would forego an opportunity to reduce administrative costs or address urgent projects promptly.

## Alternatives Considered

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Staff initially considered using project-specific agreements instead of additional on-call agreements. Project-specific agreements are negotiated for an amount needed to cover a specific project, with agreements over \$250,000 requiring approval by the Board. The current approach of utilizing multiple on-call agreements is recommended to ensure that staff can efficiently execute the planned work over the upcoming biennium. On-call



agreements allow staff to streamline administrative procedures, reduce costs, and enable requested studies and planning activities to move forward without delay.

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**Applicable Policy**

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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

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

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Not applicable

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**California Environmental Quality Act (CEQA)**

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**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.)

**CEQA determination for Option #2:**

None required

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**Details and Background**

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**Background**

The exposure of Metropolitan's water and energy systems to climate variability has prompted the integration of resilience and sustainability goals into its long-term planning efforts. Promoting sustainable practices in water management helps ensure the availability of safe, clean, and sufficient water to meet current and future needs while minimizing negative environmental and social impacts. Several studies are necessary to support Metropolitan's long-term planning efforts to achieve these sustainability and resilience goals.

These studies include identifying potential risks and vulnerabilities to Metropolitan water and energy systems and developing and prioritizing mitigation measures. Potential studies may include investing in new water technologies and modernizing water treatment plants, interconnection, or pump stations. Similarly, integrating resilience and sustainability into energy projects may include exploring options to diversify power resources or develop energy storage systems and microgrids.

**Agreements for Engineering Planning Services – Hazen and Sawyer, Jacobs Engineering Group Inc., and Mott MacDonald Group Inc.**

Request for Qualification (RFQ) No. 1381 was issued in August 2024 to establish a pool of qualified firms to support planning-phase studies related to water and power facilities. Planning services under the RFQ were divided into two categories: Category 1 – Vulnerability, Reliability, and Resilience Assessments, and Category 2 – Sustainability Initiatives and Renewable Power Strategic Development. Respondents were allowed to provide qualifications for one or both categories. Services to be provided under the resulting agreements were identified in the RFQ. Category 1 services include conducting vulnerability, reliability, and risk assessments, developing strategies to enhance system resilience, evaluating the cost-effectiveness of proposed measures, and assisting in emergency response planning. Category 2 services include conducting studies to support Metropolitan in advancing sustainability initiatives related to water supply, water quality, and power.

Consultants submitted Statements of Qualifications (SOQs) for one or both categories. Twelve firms submitted SOQs, which were then evaluated based on qualifications, key personnel, experience related to planned studies, past performance, and business outreach. Through this process, all 12 firms were prequalified to provide services under one or both of the above categories and will be eligible for project-specific agreements within the categories of work for which they were prequalified.



New on-call agreements are recommended to be awarded at this time to three prequalified firms based on staff's current assessment of technical resources needed for studies planned over the next several years. New agreements are recommended with Hazen and Sawyer, Jacobs Engineering Group Inc., and Mott MacDonald Group Inc. These firms were selected through the evaluation process described above.

This action authorizes on-call agreements with Hazen and Sawyer, Jacobs Engineering Group Inc., and Mott MacDonald Group Inc. in an amount not to exceed \$1 million each per contract. The maximum duration of the agreements will be three years. Staff will return to the Board in the future to authorize additional agreements if a need for such work is identified. For each agreement, Metropolitan has established a Small Business Enterprise participation level of 25 percent of the amount of the agreement. All three firms have committed to meeting this level of participation.

### ***Summary***

This action authorizes three on-call agreements for engineering planning services with Hazen and Sawyer, Jacobs Engineering Group Inc., and Mott MacDonald Group Inc. in an amount not exceeding \$1 million each per contract for a maximum duration of three years.

 Mai M. Hattar Interim Chief Engineer Engineering Services	4/22/2025 Date
 Deven Upadhyay General Manager	4/22/2025 Date

### **Attachment 1 – Listing of Subconsultants**

Ref# es12704624



**The Metropolitan Water District of Southern California**  
**Subconsultants for Agreement with Hazen and Sawyer**

<b>Subconsultant and Location</b>	<b>Service Category; Specialty</b>
Proteus Consulting LLP San Diego, CA	Water Supply Planning
ARUP Los Angeles, CA	Resilience, Risk Analysis, Sustainability and Energy
Yao Engineering Pasadena, CA	Power System Planning
V&A Consulting Engineers Inc. Oakland, CA	Corrosion
Optive Denver, CO	Cyber Security and Asset Inventory
Lettis Consultants International Inc. Valencia, CA	Seismic
GeoPentech Santa Ana, CA	Dams and Structures
ASK Energy Inc. Carlsbad, CA	Energy Planning and Condition Assessment
AESC Inc. Carlsbad, CA	Grid Interconnection and Utility Coordination
Mechanical Solutions Inc. Whippany, NJ	Solidworks FEA
WE3Lab Stanford, CA	Grid Modeling and Load Management
Rincon Consultants Inc. Los Angeles, CA	Water Supply/Resilience, Risk Analysis, Sustainability and Energy
Scott Foster Engineering Inc. La Cañada, CA	Hydraulics



**The Metropolitan Water District of Southern California**  
**Subconsultants for Agreement with Jacobs Engineering Group Inc.**

<b>Subconsultant and Location</b>	<b>Service Category; Specialty</b>
DRP Engineering Inc. Monterey Park, CA	CAD Design Services, Conveyance Design
LEE & RO Inc. City of Industry, CA	Electrical Engineering Services
Trussel Technologies Inc. Pasadena, CA	Anthropogenic Hazards, Regulatory and Permitting



**The Metropolitan Water District of Southern California**  
**Subconsultants for Agreement with Mott MacDonald Group Inc.**

<b>Subconsultant and Location</b>	<b>Service Category; Specialty</b>
Ascend Analytics Boulder, CO	Renewable Energy
Energy Experts International Redwood City, CA	Energy Supply and System Planning





Engineering, Operations, & Technology Committee

# Professional Services Agreements for Water and Power Facilities Engineering Planning

Item 7-3

May 12, 2025



## Item 7-3

### Professional Services Agreements for Water & Power Engineering Planning

#### Subject

Authorize on-call agreements with Hazen and Sawyer, Jacobs Engineering Group Inc., and Mott MacDonald Group Inc. in amounts not to exceed \$1 million for water system resiliency and energy planning projects

#### Purpose

Contracting with multiple firms provides flexibility and an efficient means for Metropolitan to obtain needed technical services and to complete planning studies that can lead to capital projects

#### Recommendation and Fiscal Impact

Authorize agreements for planning services

Fiscal Impact – Up to \$3 M in O&M

#### Budgeted



# Upcoming *Integrated Strategy for Infrastructure Reliability* Studies & Activities

System Reliability Strategy	2025	2026	2027
<ul style="list-style-type: none"><li>Equitable Supply Reliability Identification</li><li>Equitable Supply Reliability Mitigation Projects</li><li>System Reliability Study/System Flexibility Study</li><li>System Reliability Study/Operational System Overview Study</li><li>Evaluation of Regional Storage Portfolio - Spatial &amp; System Considerations</li><li>Strategic Infrastructure Resilience Plan/Plan Implementation</li></ul>	      		



# Power Sustainability, Reliability & Resilience Initiatives

- Assist with development of overall energy development strategy
- Assess power system sustainability & resilience against natural & man-made hazards
- Planned studies
  - Energy Sustainability Plan Update
  - Renewable Energy Optimization Studies
  - Energy Storage Studies



Weymouth Solar Farm



Jensen Battery Energy Storage System (BESS) Installation



Professional  
Services  
Agreements  
for  
Water & Power  
Engineering  
Planning

## Professional Services Agreements

- Approved individually by the Board over \$250 K
- Project-Specific Agreements
  - Used for projects with extended duration or larger scope
- On-Call Agreements
  - Typically utilized for short-term assignments, urgent projects, etc.
  - Allows for flexibility & expedited delivery of planning activities
  - Work is not guaranteed to consultants



Professional  
Services  
Agreements  
for  
Water & Power  
Engineering  
Planning

## Request for Qualifications (RFQ) 1381

- 12 firms responded
- All firms qualified in one or two categories
  - Water system vulnerability, reliability & resilience assessments
  - Sustainability initiatives & renewable power strategic development
- Agreements subject to 25% SBE participation
- Three firms recommended for agreements at this time
- Services to be provided include
  - Conduct reliability & resilience assessments
  - Develop strategies for enhancing system resilience
  - Emergency response planning
  - Advance sustainability initiatives related to water supply, water quality & power



Professional  
Services  
Agreements  
for  
Water & Power  
Engineering  
Planning

## Alternatives Considered

- Considered Alternative – Utilize project-specific agreements
  - Requires multiple individual board authorizations
- Selected Alternative – Utilize on-call agreements
  - More effectively execute planned work
    - Streamlines administrative procedures & reduces costs
  - Initiate studies without delay



# Board Options

- Option #1

Authorize on-call agreements with Hazen and Sawyer, Jacobs Engineering Group Inc., and Mott MacDonald Group Inc. in amounts not to exceed \$1 million each for engineering planning services.

- Option #2

Do not authorize the consulting agreements at this time.



# Staff Recommendation

- Option #1









- **Board of Directors**  
***Engineering, Operations, and Technology Committee***

5/13/2025 Board Meeting

7-4

## Subject

Award a \$457,498 construction contract to IPI Construction to upgrade the heating, ventilation, and air conditioning systems in the control rooms at the Joseph Jensen Water Treatment Plant; the General Manager has determined that the proposed action is categorically exempt or otherwise not subject to CEQA

## Executive Summary

The occurrence of wildfires in the vicinity of the Joseph Jensen Water Treatment Plant (Jensen plant) has increased in recent years. During these fire events, smoke and embers travel onto the plant site, prompting staff to use enhanced respiratory personal protective equipment in the main and secondary control rooms so that they can maintain critical plant operations. The existing heating, ventilation, and air conditioning (HVAC) systems in both control rooms require upgrades to mitigate smoke infiltration, enhance personnel safety, and increase operational resiliency.

This action awards a construction contract for upgrades to the HVAC systems at the Jensen plant's primary and secondary control rooms to mitigate smoke infiltration. 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.

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

### Staff Recommendation: Option #1

#### Option #1

Award a \$457,498 construction contract to IPI Construction for upgrades to the heating, ventilation, and air conditioning systems in the control rooms at the Joseph Jensen Water Treatment Plant.

**Fiscal Impact:** \$800,000 in capital funds. All costs will be incurred in the current biennium and have been previously authorized.

**Business Analysis:** This option will enhance worker safety and the resiliency 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 enhance worker safety and resiliency at the Jensen plant. Under this option, staff would continue to rely solely on the use of respiratory personal protection equipment when air quality within the control rooms is impacted by wildfire smoke.

## Alternatives Considered

Staff considered procuring the HVAC equipment and utilizing Metropolitan forces for installation and commissioning. After assessing the current in-house construction support commitments and upcoming maintenance needs of critical water delivery and conveyance facilities, staff recommends the use of a contractor to procure and install HVAC equipment. The selected alternative will maintain staff's ability to meet construction



deadlines for ongoing projects while maintaining enough reserve capacity to perform annual maintenance at other Metropolitan facilities. This approach will also minimize operational disruptions and ensure timely construction completion.

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**Applicable Policy**

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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)**

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By Minute Item 53598, dated April 9, 2024, the Board appropriated a total of \$636.6 million for projects identified in the Capital Investment Plan for Fiscal Years 2024/2025 and 2025/2026.

---

**California Environmental Quality Act (CEQA)**

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**CEQA determination for Option #1:**

The proposed action to award the contract to upgrade the HVAC system is exempt under CEQA because it involves repair, maintenance, and minor alterations of existing public structures, facilities, and mechanical equipment involving negligible or no expansion of existing or former use and no possibility of significantly impacting the physical environment. In addition, 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 Sections 15301 and 15302).

**CEQA determination for Option #2:**

None required

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**Details and Background**

---

**Background**

The Jensen plant was placed into service in 1972. It treats raw water from the West Branch of the California State Water Project and delivers it to Metropolitan's Central Pool and exclusive service areas on the west side of the distribution system. The Jensen plant is located in Granada Hills and is surrounded by vegetated undeveloped hills and mountains prone to wildfire.

The Jensen plant's primary control room is backed up by a secondary control room located in the ozone generation building. Staff responsible for operating the plant is located in one of the two control rooms at all times. The HVAC systems for each control room meet minimum code requirements, but they were not designed to filter and remove smoke infiltration caused by wildfires. During the last three major fire events near the Jensen plant, the Saddle Ridge Fire in October 2019, the Victor Fire in July 2023, and the Hurst Fire in January 2025, smoky conditions in both control rooms caused plant staff to rely on N100 particulate masks and self-contained breathing apparatus with emergency oxygen bottles so that they could safely operate the plant during the smoky conditions. Poor air quality conditions remained at the plant site for several days after the fires were contained.

An upgraded HVAC system with smoke infiltration control was installed at the Diemer plant's control room in 2017 following wildfires near that plant site. The enhanced HVAC system has successfully allowed staff to safely continue plant operations through heavy smoke conditions during a nearby wildfire event in October 2020. The proposed enhancements to the Jensen HVAC system will mimic the improvements that were made at the Diemer plant.

Final design for the HVAC system upgrades at the Jensen plant's control rooms has now been completed, and staff recommends the award of a construction contract at this time.



**Jensen Control Room HVAC System Upgrades – Construction**

The scope of the construction contract includes furnishing and installation of HVAC equipment with enhanced smoke filtration control at the Jensen plant's primary and secondary control rooms. The work also includes modifications to the existing HVAC ductwork, support structures, and electrical system; replacement of the control room entry double doors; sealing and repairing openings in ceiling tiles, walls, and floors; and abatement of asbestos and lead-containing materials. Metropolitan forces will modify programming within the Supervisory Control and Data Acquisition system and relocate the plant's control room functions to facilitate construction.

A total of \$800,000 is required for this work. In addition to the amount of the contract described below, other allocated funds include: \$90,000 for Metropolitan force work as described above; \$81,000 for construction management and inspection; \$77,000 for submittals review, technical support during construction, responding to requests for information, and preparation of record drawings; \$43,000 for contract administration, environmental monitoring, and project management; and \$51,502 for the remaining budget. **Attachment 1** provides the allocation of the required funds.

***Award of Construction Contract (IPI Construction)***

Specification No. 2054A to upgrade the HVAC systems in the main and secondary control rooms at the Jensen plant was advertised for bids on February 3, 2025. As shown in **Attachment 2**, three bids were received and opened on March 19, 2025. The low bid from IPI Construction, in the amount of \$457,498 complies with the requirements of the specifications. The other bids ranged from approximately \$483,000 to \$977,000, while the engineer's estimate for this project was \$500,000. Metropolitan established a Small Business Enterprise (SBE) participation level of at least 25 percent of the bid amount for this contract. IPI Construction is a certified SBE firm and thus achieves 100 percent participation. The subcontractors for this contract are listed in **Attachment 3**.

This action awards a \$457,498 contract to IPI Construction to upgrade the HVAC systems in the primary and secondary control rooms at the Jensen plant. As mentioned above, Metropolitan staff will perform construction management and inspection. Engineering Services' performance metric target range for construction management and inspection of projects with construction costs less than \$3 million is 9 to 15 percent. For this project, the performance metric for inspection is 14.8 percent of the total construction cost (\$547,498), which includes the construction contract (\$457,498) and Metropolitan force construction (\$90,000).

***Project Milestone***

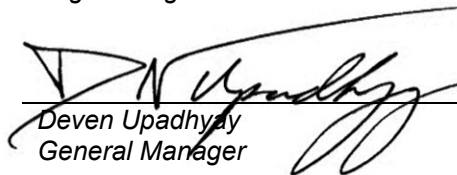
June 2026 – Completion of HVAC systems upgrades at the Jensen plant's control rooms



Mai M. Hattar  
Interim Chief Engineer  
Engineering Services

4/28/2025

Date



Deven Upadhyay  
General Manager

4/28/2025

Date

**Attachment 1 – Allocation of Funds****Attachment 2 – Abstract of Bids****Attachment 3 – Subcontractors for Low Bidder****Attachment 4 – Location Map**

Ref# es12708451



### Allocation of Funds for Jensen Control Rooms HVAC System Upgrades

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	<b>Current Board Action (May 2025)</b>
Labor	
Studies & Investigations	\$ -
Final Design	-
Owner Costs (Program mgmt., contract admin.)	43,000
Submittals Review & Record Drwgs.	77,000
Construction Inspection & Support	81,000
Metropolitan Force Construction	90,000
Materials & Supplies	-
Incidental Expenses	-
Professional/Technical Services	-
Right-of-Way	-
Equipment Use	-
Contracts	-
IPI Construction	457,498
Remaining Budget	51,502
<b>Total</b>	<b>\$ 800,000</b>

The total amount expended to date to upgrade the HVAC systems at the Jensen plant's control rooms is approximately \$600,000. The total estimated cost to complete the upgrades, including the amount appropriated to date and funds allocated for the work described in this action, is \$1.4 million.



**The Metropolitan Water District of Southern California**

**Abstract of Bids Received on March 19, 2025, at 2:00 P.M.**

**Specifications No. 2054A**

**Joseph Jensen Water Treatment Plant Control Room Wildfire Smoke Control**

The work includes furnishing and installation of HVAC equipment with enhanced smoke filtration control at the Jensen plant's primary and secondary control rooms, including modifications of existing HVAC ductwork, support structures, and electrical features; replacement of control room entry double doors; sealing and repair of openings in ceiling tiles, walls and floors; and abatement of asbestos and lead-containing materials.

**Engineer's estimate: \$500,000**

<b>Bidder and Location</b>	<b>Total</b>	<b>SBE \$</b>	<b>SBE %</b>	<b>Met SBE<sup>1</sup></b>
<b>IPI Construction Panorama City, CA</b>	<b>\$457,498</b>	<b>\$457,498</b>	<b>100%</b>	<b>Yes</b>
Golden Sun Firm & Co. Inc. Van Nuys, CA	\$483,875	-	-	-
Minako America Corp. Gardena, CA	\$977,700	-	-	-

<sup>1</sup> Small Business Enterprise (SBE) participation level was established at 25 percent for this contract.



**The Metropolitan Water District of Southern California****Subcontractors for Low Bidder****Specifications No. 2054A****Joseph Jensen Water Treatment Plant Control Room Wildfire Smoke Control****Low bidder: IPI Construction**

<b>Subcontractor</b>	<b>Service Category; Specialty</b>
Commerce Air Conditioning Company Tarzana, CA	HVAC
Digital Technologies Inc. Ontario, CA	Electrical
Karcher Interior Systems Inc. Orange, CA	Firestopping
Unlimited Environmental Inc. Santa Fe Springs, CA	Demolition/Abatement









Engineering, Operations, & Technology Committee

# Jensen Control Rooms HVAC System Upgrades

Item 7-4

May 12, 2025



## Item 7-4 Jensen Control Rooms HVAC System Upgrades

### Subject

Award a \$457,498 construction contract to IPI Construction to upgrade the heating, ventilation, and air conditioning systems in the control rooms at the Joseph Jensen Water Treatment Plant

### Purpose

Enhance worker safety and resiliency of the Jensen plant during wildfire events

### Recommendation and Fiscal Impact

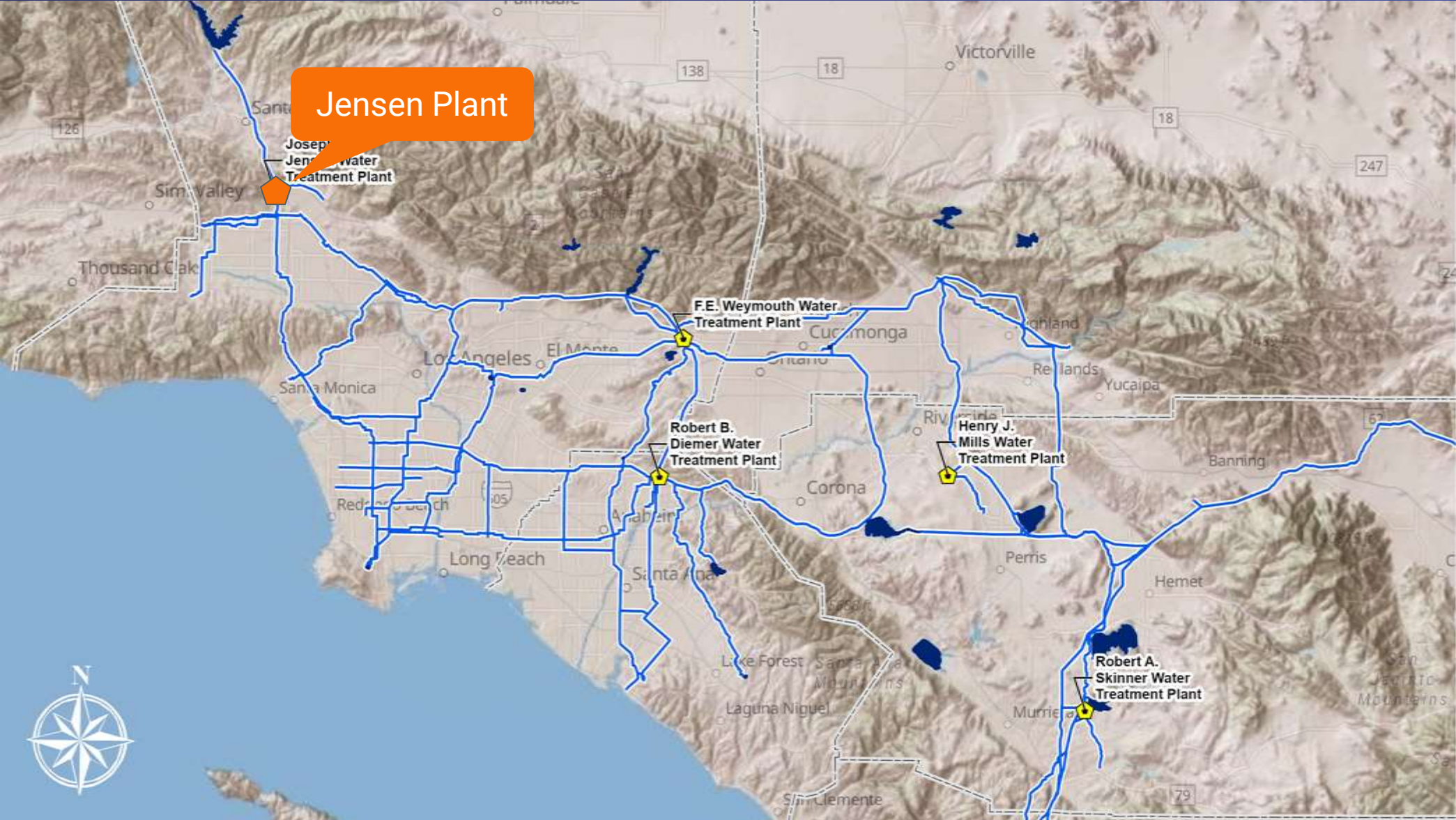
Award a construction contract to upgrade the heating, ventilation, and air conditioning systems in the control rooms at the Jensen plant

Fiscal Impact – \$800,000

### Budgeted



# Location Map





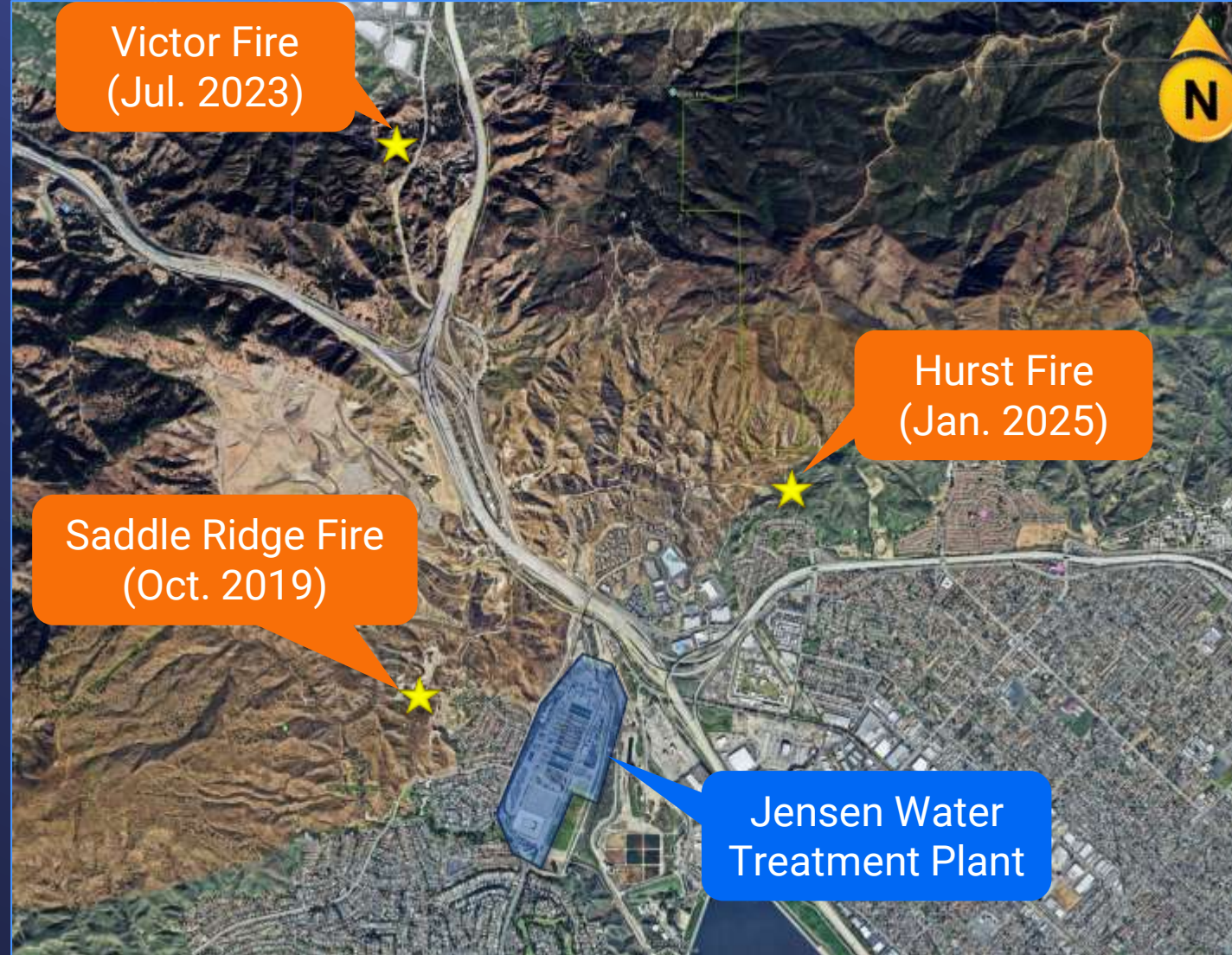
# Background

- Jensen staff occupy one of two control rooms at all times:
  - Primary in administration building
  - Secondary in ozone generation building
- HVAC systems meet code requirements, but not designed to remove smoke infiltration
- Diemer upgraded their control room HVAC systems in 2017
  - Successfully mitigated smoke during Blue Ridge Fire in October 2020



# Recent Fires Near Jensen Plant

- Increasing wildfire events in recent years
- Staff follows Metropolitan's Wildfire Smoke Protection Procedures
- During the Saddle Ridge Fire
  - Smoky conditions persisted for multiple days
  - P100/N95 particulate masks provided
  - Air purifying respirators & SCBA with breathable air were available for voluntary use





# Recent Fires Near Jensen Plant



Hurst Fire (Jan. 2025) – Looking South



Hurst Fire (Jan. 2025) – From Jensen Admin Bldg.



## Jensen Control Rooms HVAC System Upgrades

### Alternatives Considered

- Considered Alternative – Procure HVAC equipment & utilize Metropolitan forces to complete control room upgrades
  - Existing construction support commitments exceed available in-house resources
- Selected Alternative – Use a contractor to procure & install HVAC equipment



## Jensen Control Rooms HVAC System Upgrades

### Scope of Work – Contractor

- Furnish & install enhanced smoke filtration HVAC equipment
- Modify existing ductwork, support structures & electrical systems
- Replace control room doors & seal openings



## Jensen Control Rooms HVAC System Upgrades

### Scope of Work – Metropolitan Staff

- Modify SCADA programming
- Relocate control room functions during construction activities
- Construction management
- Construction support & submittal review
- Project management & contract administration



# Bid Results

## Specifications No. 2054A

Bids Received	March 19, 2025
No. of Bidders	3
Lowest Responsible Bidder	IPI Construction
Lowest Qualified Bid	\$457,498
Range of Other Bids	\$483,875 – \$977,700
Engineer's Estimate	\$500,000
SBE Participation*	100%

\*SBE (Small Business Enterprise) participation level set at 25%



# Allocation of Funds

## Jensen Control Rooms HVAC System Upgrades

### Metropolitan Labor

Owner Costs (Proj. Mgmt., Contract Admin.)	\$	43,000
Submittals Review & Record Drwgs.		77,000
Construction Inspection & Support		81,000
Metropolitan Force Construction		90,000

### Contracts

IPI Construction		457,498
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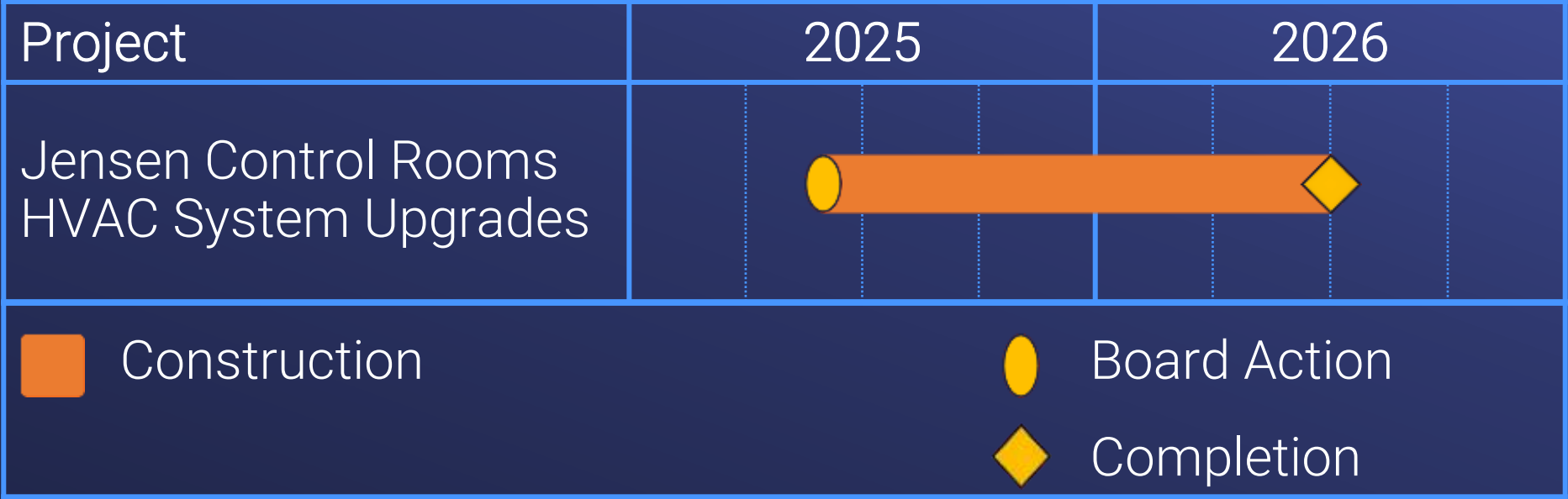
Remaining Budget		51,502
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Total	\$	800,000
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# Project Schedule





# Board Options

- Option #1

Award a \$457,498 construction contract to IPI Construction for upgrades to the heating, ventilation, and air conditioning systems in the control rooms at the Joseph Jensen Water Treatment Plant.

- Option #2

Do not proceed with this project at this time.



# Staff Recommendation

- Option #1









- **Board of Directors**

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

5/13/2025 Board Meeting

7-5

---

## Subject

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

---

## Executive Summary

This board letter requests authorization to finalize and include Appendix A in Metropolitan's bond offering statements for use with future debt financings. With board approval, staff will finalize Appendix A for distribution to potential investors as part of an offering statement. The first of three or more potential financings for calendar year 2025 is expected to price on or about June 4, 2025; however, distribution of the preliminary offering statement to investors is expected to occur on May 27, 2025. This window of time, between the distribution of the preliminary offering statement and the pricing date, enables Metropolitan and its underwriting team to market the bonds for broad investor participation to achieve the best pricing execution that produces the lowest debt service costs.

---

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

### Staff Recommendation: Option #1

#### Option #1

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

**Fiscal Impact:** Approval will enable Metropolitan to undertake bond issuances and remarketings to meet the District's commitments for existing debt obligations, including mandatory tenders, in the most cost-effective manner in the current market.

**Business Analysis:** It is Metropolitan's practice to actively manage its debt portfolio in an efficient and cost-effective manner. This approval will enable staff to accomplish this objective and to transition certain short-term obligations to long-term bonds, thereby relieving cashflow pressures.

#### Option #2

Do not approve Option #1

**Fiscal Impact:** Metropolitan would not have a current securities disclosure document in order to participate in bond financings and, therefore, would not be able to meet the District's commitments for existing debt obligations in the most cost-effective manner in the current market. Instead, Metropolitan would be required to use reserves on hand to meet its existing debt obligations, lowering reserve balances below the required minimums.

**Business Analysis:** Metropolitan would forgo the opportunity to access the capital markets to actively manage its debt portfolio in an efficient and cost-effective manner.



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**Alternatives Considered**

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Not applicable

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**Applicable Policy**

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Metropolitan Water District Disclosure Procedures

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

---

Not applicable

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**Summary of Outreach Completed**

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Not applicable

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**California Environmental Quality Act (CEQA)**

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**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

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**Details and Background**

---

**Background**

Metropolitan's securities markets disclosures provide information to investors about Metropolitan's water supply, conservation and water shortage measures, regional water resources, water delivery system, capital investment plan, governance and management, revenues and expenses (including historical and projected), and power sources and costs in an appendix to its offering statements titled Appendix A, which is included as **Attachment 1**. Federal securities regulations require that bond disclosures not misstate facts that would be material to a reasonable investor in Metropolitan's bonds or omit material facts that, if undisclosed, would mislead investors.

Metropolitan's procedures to ensure compliance with federal securities regulations include, among others, board review and approval of Appendix A. Metropolitan's procedures provide for the Board's biannual approval of Appendix A, unless there are no financial transactions requiring an update. The Board's approval of the disclosures in Appendix A will support offering statements for financings through the next biannual update. Appendix A may also be updated to describe events that occur after the distribution of this letter. For example, Appendix A will be updated to include the latest quarterly financial results update for fiscal year 2024-25 (Q3 FY25 Update) that will be presented to the Board concurrently with this agenda item (item 6b). However, material updates to Appendix A for financings made before the Board's next biannual update will be provided to the Board for review and comment in advance of its use.

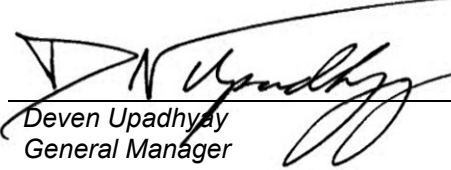
**Attachment 2** reflects changes to Appendix A that have been made to the disclosure since the Board's prior approval of Appendix A on August 9, 2024. With respect to financial information contained in Metropolitan's biennial budget, Appendix A reflects staff's 2<sup>nd</sup> Quarter projections for fiscal year 2024/25 and, for other years, the adopted budget for fiscal years 2024-25 and 2025-26. As mentioned above, however, staff expects to update applicable financial information with Q3 FY25 Update information in the final version of Appendix A. In addition, there are updates reflecting Metropolitan's current water conditions, and updates on legal and water quality regulatory issues. There is also additional language on Metropolitan's wildfire risk management response and an overview of Metropolitan's risk exposure to grants.



After Appendix A is approved, staff will continue to work with a finance team, including disclosure counsel, bond counsel, underwriters, a municipal advisor, counsel for underwriters, and remarketing agents, where applicable, to finalize bond offering statements that include or incorporate Appendix A. Once completed, the General Manager, or other designee of the Ad Hoc Committee authorized in Metropolitan's bond resolutions, will authorize distribution of the bond offering statements. The Ad Hoc Committee is comprised of the Chair of the Board, the Chair of the Finance Affordability, Asset Management and Efficiency Committee, and the General Manager.

The bond offering statements will then be electronically distributed to potential investors to provide material information concerning the issuance of bonds and the financial and operating condition of Metropolitan to assist with investment decisions concerning the bonds. As part of Metropolitan's most recent offering statements, Appendix A will be posted on the Budget & Finance page of Metropolitan's website ([MWD | Financial Reports & Documents \(mwdh2o.com\)](https://www.mwdh2o.com)), on our investor relations portal ([Bonds, Documents, Resources | Metropolitan | BondLink \(buymetwaterbonds.com\)](https://www.bondsdocumentsresources.com)) and on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ([Municipal Securities Rulemaking Board::EMMA \(msrb.org\)](https://www.msrb.org)).

  
\_\_\_\_\_  
Katano Kasaine  
Assistant General Manager/  
Chief Financial Officer  
5/2/2025  
Date

  
\_\_\_\_\_  
Deven Upadhyay  
General Manager  
5/2/2025  
Date

**Attachment 1 – Appendix A**

**Attachment 2 – Appendix A (redline marked against prior approved Appendix A of August 9, 2024)**

Ref# cfo12701243



*Board Distribution Draft, 04/28/25*

## APPENDIX A

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### The Metropolitan Water District of Southern California

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## INTRODUCTION

*This Appendix A provides general information regarding The Metropolitan Water District of Southern California (“Metropolitan”), including information regarding Metropolitan’s operations and finances. Certain statements included or incorporated by reference in this Appendix A constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “project,” “expect,” “estimate,” “budget” or other similar words. Such statements are based on facts and assumptions set forth in Metropolitan’s current planning documents including, without limitation, its most recent biennial budget. The achievement of results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Actual results may differ from Metropolitan’s forecasts. Metropolitan is not obligated to issue any updates or revisions to the forward-looking statements in any event.*

*Metropolitan maintains a website that may include information on programs or projects described in this Appendix A; however, none of the information on Metropolitan’s website is incorporated by reference herein or is intended to assist investors in making an investment decision or to provide any additional information with respect to the information included in this Appendix A. The information presented on Metropolitan’s website is not part of the Official Statement and should not be relied upon in making investment decisions.*

### **Formation and Purpose**

Metropolitan is a metropolitan water district created in 1928 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”). The Act authorizes Metropolitan to: levy property taxes within its service area; establish water rates; impose charges for water standby and service availability; incur general obligation bonded indebtedness and issue revenue bonds, notes and short-term revenue certificates; execute contracts; and exercise the power of eminent domain for the purpose of acquiring property. In addition, Metropolitan’s Board of Directors (the “Board”) is authorized to establish terms and conditions under which additional areas may be annexed to Metropolitan’s service area.

Metropolitan’s primary purpose is to provide a supplemental supply of water for domestic and municipal uses at wholesale rates to its member agencies. If additional water is available, such water may be sold for other beneficial uses. As a water wholesaler, Metropolitan has no retail customers.

The mission of Metropolitan, as promulgated by the Board, 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.

Metropolitan’s rates and charges for water transactions and availability are set by its Board and are not subject to regulation or approval by the California Public Utilities Commission or any other state or federal agency. Metropolitan imports water from two principal sources: northern California via the Edmund G. Brown California Aqueduct (the “California Aqueduct”) of the State Water Project owned by the State of California (the “State” or “California”) and the Colorado River via the Colorado River Aqueduct (“CRA”) owned by Metropolitan. See “METROPOLITAN’S WATER SUPPLY” in this Appendix A.



## Member Agencies

Metropolitan is comprised of 26 member agencies, all of which are public entities, including 14 cities, 11 municipal water districts, and one county water authority, which collectively serve the residents and businesses of more than 300 cities and unincorporated communities. Member agencies request water from Metropolitan at various delivery points within Metropolitan's system and pay for such water at uniform rates established by the Board for each class of water service. Metropolitan's water is a supplemental supply for its member agencies, most of whom have local supplies and other sources of water. See "METROPOLITAN REVENUES–Principal Customers" in this Appendix A for a listing of the ten member agencies representing the highest level of water transactions and revenues of Metropolitan during the fiscal year ended June 30, 2024. No member agency is required to purchase water from Metropolitan, but all member agencies are required to pay readiness-to-serve charges whether or not they purchase water from Metropolitan. See "METROPOLITAN REVENUES–Rate Structure," and "–Other Charges" in this Appendix A. Local supplies include water produced by local agencies from various sources including but not limited to groundwater, surface water, locally-owned imported supplies, recycled water, and seawater desalination (see "REGIONAL WATER RESOURCES" in this Appendix A). Metropolitan's member agencies may develop additional sources of water and Metropolitan provides support for several programs to develop these local resources. See also "REGIONAL WATER RESOURCES–Local Water Supplies" in this Appendix A.

The following table lists the 26 member agencies of Metropolitan.

Municipal Water Districts		Cities		County Water Authority
Calleguas	Las Virgenes	Anaheim	Los Angeles	San Diego <sup>(1)</sup>
Central Basin	Orange County	Beverly Hills	Pasadena	
Eastern	Three Valleys	Burbank	San Fernando	
Foothill	West Basin	Compton	San Marino	
Inland Empire Utilities Agency		Fullerton	Santa Ana	
Upper San Gabriel Valley		Glendale	Santa Monica	
Western of Riverside County		Long Beach	Torrance	

<sup>(1)</sup> The San Diego County Water Authority, Metropolitan's largest customer based on water transactions for fiscal year 2023-24, is a plaintiff in litigation challenging certain rates adopted by the Board and asserting other claims against Metropolitan. See "METROPOLITAN REVENUES–Litigation Challenging Rate Structure" in this Appendix A.

## Service Area

Metropolitan's service area comprises approximately 5,200 square miles and includes all or portions of the six counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura. When Metropolitan began delivering water in 1941, its service area consisted of approximately 625 square miles. Its service area has increased by 4,575 square miles since that time. The expansion was primarily the result of annexation of the service areas of additional member agencies.

Metropolitan estimates that approximately 18.6 million people lived in Metropolitan's service area (as of July 2024), based on official estimates from the California Department of Finance and on population distribution estimates from the Southern California Association of Governments ("SCAG") and the San Diego Association of Governments ("SANDAG"). The economy of Metropolitan's service area is exceptionally diverse. In 2023, the economy of the six counties which contain Metropolitan's service area had a gross domestic product larger than all but eleven nations of the world. Metropolitan has historically provided between 40 and 60 percent of the water used annually within its service area. For additional



economic and demographic information concerning the six county area containing Metropolitan's service area, see Appendix E--"SELECTED DEMOGRAPHIC AND ECONOMIC INFORMATION FOR METROPOLITAN'S SERVICE AREA."

The climate in Metropolitan's service area ranges from moderate temperatures throughout the year in the coastal areas to hot and dry summers in the inland areas. Since 2000, annual rainfall has ranged from approximately 4 to 23 inches along the coastal area, 6 to 42 inches in foothill areas, and 5 to 22 inches in inland areas. See also "METROPOLITAN'S WATER SUPPLY--General Overview," "--Current Water Conditions, and "--Climate Action Planning and Other Environmental, Social and Governance Initiatives," and "WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES."

## **GOVERNANCE AND MANAGEMENT**

### **Board of Directors**

Metropolitan is governed by a 38-member Board of Directors, made up of representatives from all of Metropolitan's 26 member agencies. Each member agency is entitled to have at least one representative on the Board, plus an additional representative for each full five percent of the total assessed valuation of property in Metropolitan's service area that is within the member agency. Changes in relative assessed valuation do not terminate any director's term. In 2019, California Assembly Bill 1220 (Garcia) amended the Act to provide that "A member public agency shall not have fewer than the number of representatives the member public agency had as of January 1, 2019." Accordingly, the Board may, from time to time, have more than 38 directors.

The Board includes business, professional, and civic leaders. Directors are appointed by member agencies in accordance with those agencies' processes and the Act. They serve on the Board without compensation from Metropolitan. Voting is based on assessed valuation, with each member agency being entitled to cast one vote for each \$10 million or major fractional part of \$10 million of assessed valuation of property within the member agency, as shown by the assessment records of the county in which the member agency is located. The Board administers its policies through the Metropolitan Water District Administrative Code (the "Administrative Code"), which was adopted by the Board in 1977. The Administrative Code is periodically amended to reflect new policies or changes to existing policies that occur from time to time.

### **Management**

Metropolitan's day-to-day management is under the direction of its General Manager, who serves at the pleasure of the Board, as do Metropolitan's General Counsel, General Auditor, and Ethics Officer. Following are biographical summaries of Metropolitan's principal executive officers.

*Deven Upadhyay, General Manager* – Mr. Upadhyay was appointed as General Manager on January 29, 2025, having served as Interim General Manager since June 2024. Prior to such appointment, Mr. Upadhyay served as Metropolitan's Executive Officer and Assistant General Manager of Water Resources and Engineering. In such role, he focused primarily on key Metropolitan strategies and innovative planning efforts for the Colorado River and the State Water Project. He was responsible for managing the engineering services and water resources management groups, and the Colorado River and Bay Delta programs. Prior to that position, Mr. Upadhyay was formerly Metropolitan's Chief Operating Officer from November 2017. He has over 25 years of experience in the water industry. He joined Metropolitan in 1995, beginning as a Resource Specialist and then left Metropolitan in 2005 to work at the Municipal Water District of Orange County. In 2008, he returned to Metropolitan as a Budget and Financial Planning Section Manager and became a Water Resource Management Group Manager in 2010.



Mr. Upadhyay has a Bachelor of Arts degree in economics from the California State University, Fullerton and a master's degree in public administration from the University of La Verne.

Mr. Upadhyay has announced his retirement, which is planned for the end of calendar year 2025. Metropolitan's Board is expected to initiate the recruitment process in the coming months for a new General Manager to succeed Mr. Upadhyay following his retirement. It is anticipated that Mr. Upadhyay will continue as General Manager until a successor has been appointed and has assumed such position.

*Marcia Scully, General Counsel* – Ms. Scully was appointed as Metropolitan's General Counsel in March 2012. She previously served as Metropolitan's Interim General Counsel from March 2011 to March 2012. Ms. Scully joined Metropolitan in 1995, after a decade of private law practice, providing legal representation to Metropolitan on construction, employment, Colorado River and significant litigation matters. From 1981 to 1985 she was assistant city attorney for the City of Inglewood. Ms. Scully served as president of the University of Michigan's Alumnae Club of Los Angeles and is a recipient of the 1996 State Bar of California, District 7 President's Pro Bono Service Award and the Southern California Association of Non-Profit Housing Advocate of the Year Award. She is also a member of the League of Women Voters for Whittier and was appointed for two terms on the City of Whittier's Planning Commission, three years of which were served as chair. Ms. Scully earned a bachelor's degree in liberal arts from the University of Michigan, a master's degree in urban planning from Wayne State University and her law degree from Loyola Law School.

*Scott Suzuki, General Auditor* – Mr. Suzuki assumed the position of General Auditor in February 2023. As general auditor, Mr. Suzuki independently reviews internal controls, financial records and reports, develops a flexible annual audit plan, ensures that assets and resources are properly accounted for and safeguarded against waste, loss or misuse, and administers Metropolitan's contract for audit services with an independent public accounting firm. Prior to joining Metropolitan, Mr. Suzuki served the County of Orange for almost 21 years in various auditing and accounting roles, concluding as assistant director of internal audit. He also held auditor positions at Home-Base, Deloitte, and the California State University system. Mr. Suzuki holds a Bachelor of Arts degree in business economics from the University of California, Los Angeles. He holds a certified public accountant (CPA) license and certified internal auditor (CIA), certified information systems auditor (CISA), and certified fraud examiner (CFE) designations.

*Abel Salinas, Ethics Officer* – Mr. Salinas was appointed as Metropolitan's Ethics Officer in July 2019. He is responsible for leading an independent oversight department, which includes ethics-related policymaking, education, advice, compliance and investigations. Prior to joining Metropolitan, Mr. Salinas worked as a Special Agent in Charge at the U.S. Department of Labor-Office of Inspector General. Mr. Salinas holds a bachelor's degree in criminal justice from Pan American University and a master's degree in policy management from Georgetown University. He holds a Certified Compliance and Ethics Professional designation.

*Katano Kasaine, Assistant General Manager/Chief Financial Officer* – Ms. Kasaine is responsible for directing Metropolitan's financial activities, including accounting and financial reporting, debt issuance and management, financial planning and strategy, managing Metropolitan's investment portfolio, budget administration, financial analysis, financial systems management, and developing rates and charges. In addition, she is responsible for human resources, the diversity, equity and inclusion office, administrative services, risk management, and business continuity activities. Before joining Metropolitan in August 2019, Ms. Kasaine worked at the City of Oakland for 25 years, holding various leadership positions, notably as the city's Finance Director/Treasurer. She holds a bachelor's degree in business administration from Dominican University in San Rafael, California and a master's degree in public health from Loma Linda University.



*John Bednarski, Assistant General Manager of Water Resources and Technical Services* – Mr. Bednarski was appointed as Assistant General Manager of Water Resources and Technical Services in March 2025, having served as Interim Assistant General Manager of Water Resources and Technical Services since June 2024. In this role, Mr. Bednarski oversees the activities of the engineering services group, the water resources management group, the Bay-Delta initiatives group, and the office of safety, security, and protection. Mr. Bednarski joined Metropolitan in 1991 after a decade at the City of Los Angeles Department of Water and Power. A majority of Mr. Bednarski's career at Metropolitan has been in the area of managing the design and construction of large infrastructure projects and programs, including the Inland Feeder Program. More recently, he has managed the development of the Pure Water Southern California Program. Prior to his current assignment, Mr. Bednarski was the Chief Engineer at Metropolitan for five and a half years. In this role, he was responsible for overseeing the planning, design and construction of Metropolitan's capital infrastructure, as well as the dam safety initiatives program. Mr. Bednarski has a bachelor's degree in chemistry from Claremont McKenna College and master's degrees in environmental engineering and public administration from the University of Southern California. Mr. Bednarski is a licensed professional civil engineer in the State of California.

*Shane Chapman, Assistant General Manager, Operations* – Mr. Chapman is responsible for the strategic direction and management of Metropolitan's operations. His primary responsibilities include managing water system operations, information technology and cybersecurity. Prior to his current position, Mr. Chapman previously was Metropolitan's Chief Administrative Officer from January 2018 until September 2022. He joined Metropolitan as a Resource Specialist in 1991, progressing to the level of Program Manager in 2001. He became the Revenue, Rates and Budget Manager in 2003 and Assistant Group Manager in Water System Operations in 2006. Mr. Chapman previously served as General Manager of the Upper San Gabriel Valley Municipal Water District for seven years. Mr. Chapman has a Bachelor of Arts degree in economics from Claremont McKenna College and a master's degree in public administration from the University of Southern California.

*Dee Zinke, Assistant General Manager, External Affairs* – Ms. Zinke has been responsible for Metropolitan's communications, public outreach, education, member services, and legislative matters since January 2016. She joined Metropolitan in 2009 as Manager of the Legislative Services Section. Before coming to Metropolitan, Ms. Zinke was the Manager of Governmental and Legislative Affairs at the Calleguas Municipal Water District. Prior to her public service, she worked in the private sector as the Executive Officer and Senior Legislative Advocate for the Building Industry Association of Greater Los Angeles and Ventura Counties and as Director of Communications for E-Systems, a defense contractor specializing in communication, surveillance and navigation systems, based in Washington, D.C. Ms. Zinke holds a Bachelor of Arts degree in communication and psychology from Virginia Polytechnic Institute and State University.

## **Employee Relations**

The total number of regular full-time Metropolitan employees included in the fiscal year 2024-25 budget is 1,965. As of March 10, 2025, 1,790 positions were filled. Of the filled positions, 1,202 were represented by AFSCME Local 1902, 84 by the Supervisors Association, 331 by the Management and Professional Employees Association and 133 by the Association of Confidential Employees. The remaining 40 employees are unrepresented. The four bargaining units represent 98 percent of Metropolitan's current employees. The Memorandum of Understanding ("MOU") with each of AFSCME Local 1902, the Management and Professional Employees Association, the Association of Confidential Employees, and the Supervisors Association extends through December 31, 2026.



## **Risk Management**

Metropolitan is exposed to various risks of loss related to, among other things, the design and construction of facilities, and the treatment and delivery of water. With the assistance of third-party claims administrators, Metropolitan is self-insured for property losses, liability, and workers' compensation. Metropolitan self-insures the first \$25 million per liability occurrence, with commercial general liability coverage of \$75 million in excess of the self-insured retention. The \$25 million self-insured retention is maintained as a separate restricted reserve. Metropolitan is also self-insured for loss or damage to its property, with the \$25 million self-insured retention also being accessible for emergency repairs and Metropolitan property losses. In addition, Metropolitan obtains other excess and specialty insurance coverages such as directors' and officers' liability, fiduciary liability, cyber, and aircraft hull and liability coverage.

Metropolitan self-insures the first \$5 million for workers' compensation with statutory excess coverage. The self-insurance retentions and reserve levels currently maintained by Metropolitan may be modified by the Board at its sole discretion.

See also Note 16 to Metropolitan's audited financial statements in Appendix B for additional information on Metropolitan's self-insurance and insurance coverage limits.

## **Cybersecurity**

Metropolitan has adopted and maintains an active Cybersecurity Program ("CSP") that includes policies reviewed by Metropolitan's Office of Enterprise Cybersecurity, Audit department and independent third-party auditors and consultants. Metropolitan has appointed an Information Security Officer who is responsible for overseeing the annual review of the CSP and its alignment with Metropolitan's Strategic Plan. Metropolitan's policies and procedures on information governance, risk management, and compliance are consistent with best practices outlined by the Cybersecurity and Infrastructure Security Agency (CISA) Shields Up initiative and are consistent with the requirements prescribed by the America's Water Infrastructure Act (AWIA) for risk assessment and emergency response. Metropolitan's Cybersecurity Team is responsible for identifying cybersecurity risks to Metropolitan, preventing, investigating, and responding to any cybersecurity incidents, and providing guidance and education on the implementation of new technologies at Metropolitan. All persons or entities authorized to use Metropolitan's computer resources are required to participate in Metropolitan's Cybersecurity Awareness Training, which is conducted annually. See also "RISK FACTORS – Cybersecurity; Other Safety and Security Risks" in the front part of this Official Statement.

## **Business Continuity**

Metropolitan maintains a Business Continuity Program that aligns with industry best practices to ensure that plans are in place across the organization to mitigate, respond to and recover from disruptive events that may impact normal operations. In accordance with its Operating Policy A-06, Emergency Management and Business Continuity, Metropolitan's plans ensure that resiliency strategies are in place to continue critical operations in the event of impacts to information technology systems, facilities and infrastructure, staffing levels, key vendors and resources. Using a continuous improvement model, Business Continuity Plans are reviewed, updated and exercised on a regular basis.



## METROPOLITAN'S WATER SUPPLY

### General Overview

Metropolitan's principal sources of water supplies are the State Water Project and the Colorado River. See "State Water Project" and "Colorado River Aqueduct." Metropolitan receives water delivered from the State Water Project under provisions of a State water supply contract, including contracted supplies, use of carryover storage in the San Luis Reservoir, and surplus supplies. Metropolitan holds rights to a basic apportionment of Colorado River water and has priority rights to an additional amount depending on the availability of surplus supplies. However, since 2003 no unused surplus has been available for California beyond the basic apportionment. Water management programs supplement these Colorado River supplies. To secure additional supplies, Metropolitan also has groundwater banking partnerships and water transfer and storage arrangements within and outside its service area. Metropolitan's principal water supply sources, and other supply arrangements and water management programs are more fully described in this Appendix A.

Metropolitan's water supply contract with the State (as amended, the "State Water Contract") provides for up to 1,911,500 acre-feet contracted amount of State Water Project supplies annually as set forth in "Table A" of Metropolitan's State Water Contract ("Table A State Water Project water" as further described under "State Water Project – State Water Contract"). The amount of State Water Project water available for allocation under the State Water Contract each year is determined by the California Department of Water Resources ("DWR") based on existing supplies in storage, forecasted hydrology, and other factors, including water quality and environmental flow obligations and other operational considerations. Over the ten-year period 2015 through 2024, Metropolitan's State Water Project allocation ranged from five percent to 100 percent of contracted amounts, averaging approximately 45 percent, which is equal to roughly 860,000 acre-feet annually. (An acre-foot is the amount of water that will cover one acre to a depth of one foot and equals approximately 325,851 gallons, which represents the needs of three average families in and around the home for one year within Metropolitan's service area.)

From calendar year 2015 through 2024, the amount of water delivered to Metropolitan's service area via the State Water Project infrastructure, including water from allocated supplies, human health and safety supplies, carryover, flexible storage from Castaic Lake and Lake Perris, water transfer, groundwater banking and exchange programs delivered through the California Aqueduct varied from a low of 468,000 acre-feet in calendar year 2022 to a high of 1,473,000 acre-feet in 2017. See also "Current Water Conditions."

Metropolitan's rights to Colorado River water include a fourth priority right to 550,000 acre-feet of Colorado River water annually (its basic apportionment) and a fifth priority right to an additional 662,000 acre-feet annually (when surplus is available, which availability has been limited since 2003). Metropolitan has additional available Colorado River supplies, totaling up to approximately 526,000 acre-feet per year, under water supply programs, transfer, exchanges, and certain conservation and storage agreements. Over the ten-year period 2015 through 2024, Metropolitan's net diversions of Colorado River water have averaged approximately 892,000 acre-feet annually, with annual volumes dependent primarily on programs to augment supplies, including transfers of conserved water from agriculture.

Stored water is a critical component of Metropolitan's annual water supply and year-to-year operations. Metropolitan's storage capacity, which includes reservoirs, conjunctive use and other groundwater storage programs within Metropolitan's service area and groundwater and surface storage accounts delivered through the State Water Project or CRA, is approximately 6.0 million acre feet. Storage capacity provides the water system with year-to-year water supply carry-over capability and a mechanism to assist Metropolitan in providing consistent water supply reliability notwithstanding fluctuations in



available supply. Metropolitan's storage as of January 1, 2025 is preliminarily estimated to be 4.53 million acre-feet. See "–Storage Capacity and Water in Storage."

The water supply for Metropolitan's service area is provided in part by Metropolitan and in part by non-Metropolitan sources available to Metropolitan's member agencies. The demand for supplemental water supplies provided by Metropolitan is dependent on water use at the retail consumer level and the amount of locally supplied and conserved water. From calendar years 2015 through 2024, Metropolitan's water transactions (including water sales, exchanges and wheeling) with member agencies have averaged approximately 1.54 million acre-feet annually.

Metropolitan faces a variety of long-term challenges in providing adequate, reliable and high-quality supplemental water supplies for Southern California. These challenges include, among others: (1) population changes within the service area; (2) increased competition for low-cost water supplies; (3) variable weather conditions, including extended drought periods; (4) increased environmental regulations; and (5) climate change. Metropolitan's resources and strategies for meeting these long-term challenges are set forth in its Integrated Water Resources Plan (the "IRP"). See "–Climate Adaptation Master Plan for Water (CAMP4W) – *Background*" and "– *IRP Regional Needs Assessment*." In addition, Metropolitan manages water supplies in response to the prevailing hydrologic conditions by implementing its Water Surplus and Drought Management ("WSDM") Plan, and in times of prolonged or severe shortages, the Water Supply Allocation Plan (the "Water Supply Allocation Plan"). See "WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES–Water Surplus and Drought Management Plan" and "–Water Supply Allocation Plan" in this Appendix A. The Water Supply Allocation Plan provides for the equitable distribution of available limited water supplies region-wide in case of extreme water shortages within Metropolitan's service area. The Water Supply Allocation Plan has not been implemented for fiscal year 2024-25 and is not expected to be implemented for fiscal year 2025-26. See also "–Current Water Conditions."

Hydrologic conditions can have a significant impact on Metropolitan's imported water supply sources. California's climate is such that most of the annual precipitation occurs during late fall and winter. For Metropolitan's State Water Project supplies, precipitation in the form of rain in the Feather River watershed helps replenish storage levels in Lake Oroville, a key State Water Project facility, during fall and winter. Precipitation in the form of snow in California's Northern Sierra provides the additional storage for the subsequent runoff from the spring snowmelt that helps satisfy regulatory requirements in the San Francisco Bay/Sacramento-San Joaquin River Delta ("Bay-Delta") bolstering water supply reliability in the same year. See "–State Water Project – Bay-Delta Proceedings Affecting State Water Project." The source of Metropolitan's Colorado River supplies is primarily the watersheds of the Upper Colorado River Basin in the states of Colorado, Utah, and Wyoming. See "–Colorado River Aqueduct." Although precipitation in the Upper Colorado River Basin is primarily observed in the winter and spring, summer storms are common and can affect water supply conditions.

Uncertainties from potential future temperature and precipitation changes in a climate driven by increased concentrations of atmospheric carbon dioxide and other greenhouse gases ("GHGs") also present challenges. Areas of concern to California water planners identified by researchers include: reduction in Sierra Nevada and Colorado Basin snowpack; increased intensity and frequency of extreme weather events; shifting runoff patterns to earlier in the year when reservoir storage is more constrained due to flood protection; saltwater intrusion to water supplies (including as may be attributable to rising sea levels, high-tide events, and damage or erosion of levees) and potential cutbacks of deliveries of imported water. While the range of potential impacts from climate change remain subject to further study, climate change is among the uncertainties that Metropolitan seeks to address through its planning processes. See "–Climate Adaptation Master Plan for Water (CAMP4W)" and "–Climate Action Planning and Other Environmental, Social and Governance Initiatives."



## Current Water Conditions

California's annual precipitation can vary greatly from year to year and region to region. A Water Year begins on October 1 and ends on the following September 30. Water Year 2025, which began on October 1, 2024, had a dry start until the first storms arrived in late November 2024 bringing almost seven inches of rain in just two days to the Northern Sierra, however the impact to the Central and Southern Sierra was quite muted. Conditions in the Northern Sierra continued to stay above average especially after storms that brought 25 inches of precipitation in February and March combined. Precipitation in February also helped bring Central and Southern Sierra closer to average conditions.

The State Water Project allocation for calendar year 2025 started at five percent of contracted amounts on December 2, 2024, but was subsequently increased (through three increases) to 40 percent as of March 25, 2025, or 764,600 acre-feet for Metropolitan. This allocation takes into account State Water Project contractors' 2025 carryover supplies, existing storage in State Water Project facilities, estimate of future runoff, and operational and regulatory requirements. Changes to the 2025 allocation may occur and are dependent on the developing hydrologic conditions.

As of April 8, 2025, northern Sierra precipitation was 118 percent of the 30-year average for the time of year, while the snowpack measured at 117 percent of the 30-year April 1st peak average. As of April 1, 2025, the median water year unimpaired runoff forecast for the Sacramento River was 21.4 million acre-feet or 121 percent of the 30-year average. As of April 7, 2025, Lake Oroville, a key State Water Project facility, was at 3.08 million acre-feet or 120 percent of the historical average for this date, while the State Water Project share of San Luis Reservoir was at 1.01 million acre-feet for the State Water Project or 95 percent of its capacity in the shared San Luis Reservoir.

As of April 8, 2025, the Upper Colorado River Basin precipitation was 92 percent of the 30-year median for the time of year, while the snowpack measured at 83 percent of the 30-year April 1st peak median. As of April 3, 2025, the median water year runoff forecast into Lake Powell was 71 percent of the 30-year average. Despite near-normal precipitation at such point in time, the Colorado River Basin is still experiencing an extended drought. On April 13, 2025, the total system storage in the Colorado River Basin was 40 percent of capacity or 23.65 million acre-feet. See “–Colorado River Aqueduct – Colorado River Operations: Surplus and Shortage Guidelines.” As of April 8, 2025, Metropolitan estimates approximately 807,000 acre-feet of Colorado River water to be available to Metropolitan in calendar year 2025, which includes approximately 277,700 acre-feet pursuant to the Exchange Agreement (defined below) between Metropolitan and San Diego County Water Authority (“SDCWA”). Additional Colorado River supply tends to be available from higher priority water users as the year progresses. Based on recent higher priority water use, Metropolitan expects final Colorado River supplies to be approximately 946,000 acre-feet.

Metropolitan's storage as of January 1, 2025, is preliminarily estimated to be 4.53 million acre-feet. This is the highest beginning-of-year total water storage in Metropolitan's history. See “–Storage Capacity and Water in Storage.” As of April 10, 2025, Metropolitan's projected amount of surplus supply to manage in calendar year 2025 was approximately 27,000 acre-feet based upon its demand estimate of 1.55 million acre-feet, and its supply estimate of 1.57 million acre-feet.

## Climate Adaptation Master Plan for Water (CAMP4W)

**Background.** Historically, since 1996, Metropolitan's principal water resources planning document has been its Integrated Water Resources Plan (the IRP as defined above). The purpose of the IRP was the development of a portfolio of preferred resources to meet the water supply reliability and water quality needs for the region in a cost-effective and environmentally sound manner. Originally developed by Metropolitan, its member agencies, sub-agencies and groundwater basin managers, the first IRP was



adopted by the Board in January 1996 as a long-term planning guideline for resources and capital investments over a 25-year planning cycle through 2020. Utilizing an adaptive management approach, an IRP update was subsequently undertaken approximately every five years (*i.e.*, in 2004, 2010 and 2015), covering a 25-year planning period.

In February 2020, in connection with the development of its next IRP, Metropolitan initiated a new two-phase process for its long-term resource planning, which will initially guide a 25-year planning cycle through 2045. The two phases consist of: (i) a needs assessment phase, and (ii) an implementation phase. Metropolitan's new planning process builds upon Metropolitan's adaptive management strategy by utilizing a scenario planning approach. Under this approach, Metropolitan anticipates ranges for how much water Southern California can expect from its imported and local supplies, as well as regional water demands, across four plausible scenarios, each assuming specific forecasts of climate change impacts to imported supplies and different regional water demands. By evaluating these multiple scenarios, Metropolitan can inform decisions and action plans for the implementation of programs and projects needed to maintain reliable water supplies through the year 2045.

***IRP Regional Needs Assessment.*** The first phase of Metropolitan's new resource planning process concluded with the preparation of the 2020 IRP Regional Needs Assessment (the "Regional Needs Assessment"), which was adopted by the Board in April 2022. The Regional Needs Assessment identified potential gaps between the expected supplies and the forecasted demands in Southern California across the four planning scenarios. The assessment further identified the amount of new core supplies, flexible supplies and storage that would be needed to address the predicted gaps. A core supply is water that would generally be available and used every year to meet demands under normal conditions and may include savings from conservation. A flexible supply is 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 provides the capability to save water supply to meet demands at a later time; storage converts core supply into flexible supply and evens out variability in supply and demand. Among other things, the Regional Needs Assessment found that the portion of Metropolitan's service area that can only receive Metropolitan's supplies through the State Water Project (the "SWP Dependent Area") is vulnerable to Northern California drought and regulatory restrictions, and that additional resources must be made available to those areas. In addition, the Regional Needs Assessment addressed the possibility of shortage in three of the four planning scenarios, after exhausting available and accessible supplies. Only in a future with low demands and stable imported supplies would Southern California avoid shortage without additional water supply and system reliability investments.

A comprehensive Regional Needs Assessment update is anticipated to be made on an approximately five-year cycle, however the decision for the timing of future updates will depend upon developments that impact Metropolitan's supply or demand assumptions. The inputs to the Regional Needs Assessment analysis will be reviewed and reassessed annually as needed to support CAMP4W (defined below) and the adaptive management decision-making process.

***CAMP4W.*** In February 2023, the Board directed staff to integrate water resources, climate considerations, and financial planning into a comprehensive Climate Adaptation Master Plan for Water ("CAMP4W"), the second phase of Metropolitan's long-term resource planning process. CAMP4W incorporates the results and findings of the Regional Needs Assessment into a collaborative process to identify and evaluate integrated regional solutions. The intent of CAMP4W is to translate the high-level portfolio analysis from the Regional Needs Assessment into guidance for specific policies, programs, and projects to address the findings and mitigate the potential shortages. As part of the CAMP4W process, Metropolitan has established a Joint Task Force comprised of Metropolitan Board directors and general managers from its member agencies.



CAMP4W comprises multiple components which together will form an ongoing master planning program. Foundational inputs to the planning process and implementation decisions include (a) the Regional Needs Assessment; (b) climate risk and vulnerability assessments; (c) ongoing infrastructure studies and assessments; and (d) regular public and partner engagement.

In April 2025, Metropolitan's Board approved a CAMP4W Implementation Strategy. The CAMP4W Implementation Strategy outlines steps for implementing and institutionalizing climate adaptation at Metropolitan. The components of the CAMP4W Implementation Strategy include: (1) both resource-based and policy-based time-bound targets to guide investment decisions; (2) a Climate Adaptation Policy Framework, which comprises five high-level policy statements, which support each of the Board-identified priority areas of reliability, resilience, financial sustainability, affordability and equity; (3) a Decision-Making Framework that defines a consistent, stepwise process for assessing projects and programs; (4) an adaptive management approach to monitoring, reporting, and adjusting, including a CAMP4W annual report to track trends and adjust time-bound targets as needed; and (5) implementation timelines, which will lay out key milestones over the next five years.

As part of the integration of financial planning into CAMP4W, Metropolitan's business model is currently under review in a parallel process. To undertake the business model review, an Ad Hoc Working Group comprised of Metropolitan's General Manager and the managers of its 26 member agencies was formed to review and recommend refinement of Metropolitan's business model. Among other things, the Ad Hoc Working Group is currently developing a set of financial policies for Board consideration with recommendations for: (i) the recovery of treated water costs; (ii) the proportion and components of fixed and volumetric charges to be considered in Metropolitan's future rate-setting; (iii) Metropolitan's reserve policies; and (iv) the basis for the establishment of water sales assumptions for future budgeting purposes. Future areas of focus of the business model review process are expected to include consideration of (a) water resources programs for the management of water supply and revenues, and (b) Metropolitan's level of service policy and available options to enhance system reliability and flexibility. Any final decisions from the business model review will be integrated into CAMP4W assumptions and analyses at the appropriate time as the CAMP4W planning process continues.

Information and materials relating to Metropolitan's 2020 IRP Regional Needs Assessment and ongoing development of its CAMP4W are available at: <https://www.mwdh2o.com/how-we-plan/>. The materials and other information set forth on Metropolitan's website are not incorporated into this Appendix A and should not be construed to be a part of this Appendix A by virtue of the foregoing reference to such materials and website.

Specific projects and programs identified by Metropolitan in connection with the implementation of CAMP4W are subject to Board consideration and approval, as well as environmental and regulatory documentation and compliance.

### **Climate Action Planning and Other Environmental, Social and Governance Initiatives**

**General; Background.** Metropolitan has long supported sustainability efforts. Dating back to its founding in 1928, planners and engineers designed the CRA to deliver water primarily by gravity across 242 miles of California desert to the State's south coastal plain. Metropolitan recognized the need for a reliable supply of power by investing in the construction of Hoover Dam and Parker Dam. Together, these dams produce clean, carbon-free energy that have historically supplied more than half of the energy needed to power the CRA pumps. See "METROPOLITAN EXPENSES—Power Sources and Costs; Related Long-Term Commitments – *Colorado River Aqueduct*" in this Appendix A.



In the decades that followed, Metropolitan has continued to make investments in clean energy and energy-efficient design to reduce GHG emissions, as well as climate adaptation investments to bolster water supply availability, particularly during times of drought. In addition, Metropolitan has partnered with the scientific community, including academic research institutions and the private sector, to test and ultimately implement advanced technologies that monitor and enhance Metropolitan's water supplies. Metropolitan's efforts to date in this area have focused not only on the goal of achieving broad environmental sustainability and efficiency objectives but also environmental risk mitigation.

Metropolitan has adopted several planning documents that address the core issues of environmental sustainability, improving climate resiliency of operations, and advancing the goal of carbon neutrality. These documents include the Climate Action Plan (discussed below), the Energy Sustainability Plan, Metropolitan's Capital Investment Plan, and its IRP and CAMP4W (discussed above). Metropolitan coordinates its ongoing sustainability efforts through its Chief Sustainability, Resilience, and Innovation Officer ("SRI Officer").

Information and materials related to Metropolitan's planning actions associated with climate change are available at: <https://www.mwdh2o.com/planning-for-tomorrow/addressing-climate-change/>. The materials and other information set forth on Metropolitan's website are not incorporated into this Appendix A and should not be construed to be a part of this Appendix A by virtue of the foregoing reference to such materials and website.

***Climate Change Adaptation.*** Climate change is expected to increase average temperatures across the western United States. In the Colorado River Basin, that is expected to result in decreased runoff and lower flows as less snow is coupled with increased evapotranspiration from trees and plants. In the Sierra Nevada, precipitation is anticipated to increasingly fall as rain in a few large storms, rather than as snow. Sierra snowpack, a critical storage tool in California's water management as it holds water high in the mountains until peak summer demand, has been projected to decrease by up to 65 percent by the end of the century. In the local Southern California region, climate change threatens groundwater basins with saltwater intrusion and less natural replenishment. These factors are expected to reduce the reliability of Metropolitan's imported water supply for Southern California.

Metropolitan has long recognized the threat to its water supply posed by these long-term impacts and has been addressing climate change for 25 years through its IRP. Pursuant to its IRP, Metropolitan has invested in local supplies, developed new storage, and increased the flexibility of its water system facilities to be able to take delivery of water from diverse sources when available. Below are a few examples:

- Metropolitan has increased the water storage capacity of its dams and reservoirs by more than 13-fold since 1990 and has built the Inland Feeder, a large conveyance pipeline that allows for the movement of water into that storage. See "METROPOLITAN'S WATER DELIVERY SYSTEM" in this Appendix A. These investments provide a valuable opportunity to capture water in wet years and save it for dry ones.
- Metropolitan has increased the operational flexibility of its water delivery system through infrastructure improvements, such as the Inland Feeder, which provides the ability to capture and store high allocations of State Water Project supplies when available, and agreements to deliver Colorado River water supplies when State supplies are in drought, and vice versa. See "–Water Transfer, Storage and Exchange Programs."
- Metropolitan has invested approximately \$954 million in conservation programs since 1990, which have helped decrease potable per capita water consumption over time in Metropolitan's service area. Metropolitan plans to continue to expand these efforts into the future. Per capita water



consumption in Metropolitan's service area has declined from 209 gallons per person per day in 1990 to 114 gallons per person per day in 2023. Extraordinarily cool and wet hydrologic conditions along with drought conservation measures that carried over from 2022 contributed to a sharp decline in gallons per capita consumption in 2023. See "WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES" in this Appendix A.

- Metropolitan's Local Resources Program accelerates the development of local water supply reliability projects by incentivizing agencies within Metropolitan's service area to construct recycled water, groundwater recovery and seawater desalination projects. Since 1982, Metropolitan has invested approximately \$548 million in recycled water projects and \$207 million in groundwater recovery projects. See "REGIONAL WATER RESOURCES–Local Water Supplies" in this Appendix A.
- Metropolitan has partnered with other utilities and organizations across the nation to understand both the effects of climate change and potential opportunities to build resilience. These collaborators include the Water Utility Climate Alliance, a collaboration of large water providers working on climate issues affecting the country's water agencies, and the California Resilience Challenge, a collaboration of businesses, utilities, and non-profit organizations developing climate adaptation planning projects.

In addition to impacts on water supply, the effects of climate change, such as wildfires, drought, and extreme weather events coupled with warming and extreme heat, are expected to increase the variability of water quality in Metropolitan's water supplies. The performance and condition of many of Metropolitan's assets are also likely to degrade more rapidly as climate change amplifies the weather conditions that drive their exposure to climate hazards. Changes to the energy markets resulting from California's decarbonization efforts in response to climate change and the impacts of more extreme or more frequent severe weather events and drought on energy infrastructure and available energy supplies (such as hydroelectricity) are also likely to occur. As discussed above under "–Climate Adaptation Master Plan for Water (CAMP4W) – *CAMP4W*," climate risk and vulnerability assessment and the further development of potential adaptation strategies are being undertaken by Metropolitan as part of its CAMP4W long-term planning process.

***Climate Action Plan.*** In May 2022, Metropolitan adopted a Climate Action Plan, a comprehensive planning document that outlines Metropolitan's strategy for reducing GHG emissions associated with Metropolitan's future construction, operation, and maintenance activities. The Climate Action Plan includes an analysis of Metropolitan's historical GHG emissions, a forecast of future GHG emissions, sets a GHG reduction target for reducing emissions consistent with applicable state policies, and identifies a suite of specific GHG reduction actions that Metropolitan can implement to achieve its adopted targets. The Climate Action Plan establishes a GHG emissions reduction goal of 40 percent by 2030 and carbon neutrality by 2045. The Climate Action Plan includes nine strategies that target the reduction of direct emissions from natural gas and fuel combustion by supporting the transition to a zero emissions vehicle fleet and reduction of natural gas combustion; reducing indirect emissions associated with electricity consumption through improved energy efficiency and utilizing low-carbon and carbon-free electricity; and implementing GHG reduction measures that incentivize sustainable employee commutes and increase waste diversion; increasing water conservation and local water supply; and investigating and implementing carbon capture and carbon sequestration opportunities on Metropolitan-owned lands.

Metropolitan's Climate Action Plan includes an implementation strategy, annual GHG inventories, a public-facing tracking and monitoring tool to ensure progress towards meeting its goal, and five-year updates to capture new and emerging technologies for GHG emissions reductions. The strategies included



in the Climate Action Plan provide the co-benefits of improved infrastructure reliability, greater energy resiliency, and expected reduced costs associated with energy procurement and maintenance.

***Energy Sustainability.*** Metropolitan meets its energy demands through its investments in hydroelectric and solar power and the purchase of more than 2,000 GWh of electricity annually from the regional power grid. In November 2020, Metropolitan developed an Energy Sustainability Plan. The Energy Sustainability Plan includes a framework of sustainable actions focused on energy cost containment, reliability, affordability, conservation and adaptation, including reconfiguring certain existing power plants and variable-speed pump drives at pumping stations, and assessing the integration of islanded operations for microgrid purposes. Metropolitan invests in renewable energy resources, including buying and generating hydroelectric power to help meet much of its electricity needs. Currently, over three-quarters of Metropolitan's pumping and water treatment energy needs are met through renewable/sustainable energy resources. In addition to using power generated at Parker and Hoover Dams, Metropolitan has built 15 in-stream hydroelectric plants throughout its distribution system with a total capacity of about 130 megawatts. Metropolitan has also installed 3.5 megawatts of photovoltaic solar power at its facilities and is implementing a project to add battery energy storage at three of its water treatment plants to store green energy when power rates are low and discharge that energy when rates are higher. The completion of construction of the project to add battery storage at the three treatment plants is expected to be completed in 2026.

***Diversity, Equity and Inclusion and Governance.*** In its dedication to improving workplace culture for all employees, in October 2021, Metropolitan's Board adopted a statement pledging its support of diversity, equity and inclusion initiatives. The Statement of Commitment is the result of a collaborative discussion among the 38-member Board and provides guidance so that staff can develop, implement and maintain policies and practices to support diversity, equity and inclusion. In May 2022, Metropolitan hired its first Chief Diversity, Equity and Inclusion officer to help plan, develop, and implement strategies and initiatives designed to ensure that Metropolitan is a diverse and inclusive organization.

## **State Water Project**

### **Background and Current Supply**

One of Metropolitan's two major sources of water is the State Water Project, which is owned by the State, and managed and operated by DWR. The State Water Project is the largest state-built, multipurpose, user-financed water project in the country. It was designed and built primarily to deliver water, but also provides flood control, generates power for pumping, is used for recreation, and enhances habitat for fish and wildlife. The State Water Project provides irrigation water to 750,000 acres of farmland, mostly in the San Joaquin Valley, and provides municipal and industrial water to approximately 27 million of California's estimated 39.1 million residents, including the population within the service area of Metropolitan.

The State Water Project's watershed encompasses the mountains and waterways around the Feather River, the principal tributary of the Sacramento River, in the Sacramento Valley of Northern California. Through the State Water Project, Feather River water stored in and released from Oroville Dam (located about 70 miles north of Sacramento, east of the city of Oroville, California) and unregulated flows diverted directly from the Bay-Delta are transported south through the Central Valley of California, over the Tehachapi Mountains and into Southern California, via the California Aqueduct, to three delivery points near the northern and eastern boundaries of Metropolitan's service area. The total length of the California Aqueduct is approximately 444 miles. See "METROPOLITAN'S WATER DELIVERY SYSTEM—Primary Facilities and Method of Delivery —*State Water Project*" in this Appendix A.



As more fully described under “– State Water Contract – General Terms of the Contract,” under the terms of each State water supply contract, DWR provides the initial allocation estimate of State Water Project water for the following calendar year by each December 1. Based upon updated runoff forecast and environmental, regulatory and operational constraints, DWR’s total water supply availability projections are refined during the calendar year and allocations to the State Water Project contractors are adjusted accordingly. On December 2, 2024, DWR announced an initial calendar year 2025 allocation of five percent of contracted amounts, based on DWR’s assessment of reservoir storage and an assumption of future precipitation. Since then, DWR has increased the allocation four times to the current 40 percent of State Water Project contractors’ requested Table A amounts. Further changes to the 2025 allocation may occur and are dependent on the developing hydrologic conditions. In addition, Metropolitan began 2025 with approximately 303,000 acre-feet of State Water Project carryover supplies from calendar year 2024. See “– Water Transfer, Storage and Exchange Programs” and “–Storage Capacity and Water in Storage.” See also “–Current Water Conditions.”

### **State Water Contract**

***General Terms of the Contract.*** In 1960, Metropolitan signed a water supply contract (as amended, the “State Water Contract”) with DWR to receive water from the State Water Project. Metropolitan is one of 29 agencies and districts that have long-term contracts for water service from DWR (known collectively as the “State Water Project contractors” and sometimes referred to herein as “Contractors”). Metropolitan is the largest of the State Water Project contractors in terms of the number of people it serves (approximately 19 million), the share of State Water Project water that it has contracted to receive (approximately 46 percent), and the percentage of total annual payments made to DWR by agencies with State water supply contracts (approximately 50 percent for calendar year 2024). Metropolitan received its first delivery of State Water Project water in 1972.

Pursuant to the terms of the State water supply contracts, all water supply related expenditures for capital and operations, maintenance, power, and replacement costs associated with the State Water Project facilities are paid for by the State Water Project contractors as components of their annual payment obligations to DWR. In exchange, Contractors have the right to participate in the system, with an entitlement to water service from the State Water Project and the right to use the portion of the State Water Project conveyance system necessary to deliver water to them. Each year DWR estimates the total State Water Project water available for delivery to the State Water Project contractors and allocates the available project water among the State Water Project contractors in accordance with the State Water Project supply contracts.

Under its State Water Contract, Metropolitan has a contractual right to its proportionate share of the State Water Project water that DWR determines annually is available for allocation to the Contractors. This determination is made by DWR each year based on existing supplies in storage, forecasted hydrology, and other factors, including water quality and environmental flow obligations and other operational considerations. Available State Water Project water is then allocated to the Contractors in proportion to the amounts set forth in “Table A” of their respective State water supply contract (sometimes referred to herein as Table A State Water Project water); provided, that in accordance with the terms of the State water supply contracts, the State may allocate on some other basis if such action is required to meet minimum demands of contractors for domestic supply, fire protection, or sanitation during the year. Pursuant to Table A of its State Water Contract, Metropolitan is entitled to approximately 46 percent of the total annual allocation made available to State Water Project contractors each year. Metropolitan’s State Water Contract, under a 100 percent allocation, provides Metropolitan 1,911,500 acre-feet of water. The 100 percent allocation is referred to as the contracted amount. See also “–Current Water Conditions” for information regarding Metropolitan’s allocation of State Water Project water for 2024. The term of Metropolitan’s State Water Contract currently extends to December 31, 2085, or until all DWR bonds issued to finance construction of



State Water Project facilities are repaid, whichever is longer. Upon expiration of the State Water Contract term, Metropolitan has the option to continue service under substantially the same terms and conditions. See also “*–Amendment of Contract Term.*”

***Project Improvement Amendments.*** Metropolitan’s State Water Contract has been amended a number of times since its original execution and delivery. Several of the amendments, entered into by DWR and various subsets of State Water Project contractors, relate to the financing and construction of a variety of State Water Project facilities and improvements and impose certain cost responsibility therefor on the affected Contractors, including Metropolitan. For a description of Metropolitan’s financial obligations under its State Water Contract, including with respect to such amendments, see “METROPOLITAN EXPENSES–State Water Contract Obligations” in this Appendix A.

***Water Management Amendments.*** Metropolitan and other State Water Project contractors have undertaken negotiations with DWR to amend their State water supply contracts to clarify the criteria applicable to certain water management tools including single and multi-year water transfers and exchanges. The water management provisions amendment allows for greater flexibility for transfers and exchanges among the State Water Project contractors. Specifically, the amendment confirms existing practices for exchanges, allows more flexibility for non-permanent water transfers, and allows for the transfer and exchange of certain portions of Article 56 carryover water (see “*–Water Transfer, Storage and Exchange Programs – State Water Project Agreements and Programs – Metropolitan Article 56 Carryover*”). DWR certified a final EIR for the water management amendments in August 2020. In September 2020, North Coast Rivers Alliance, California Water Impact Network and others separately filed two lawsuits challenging DWR’s final EIR and approval of the State water supply contract water management provisions amendment under the California Environmental Quality Act (“CEQA”). North Coast Rivers Alliance also alleges violations of the Delta Reform Act, and public trust doctrine, and seeks declaratory and injunctive relief. The cases were deemed related and assigned to the same judge. DWR filed notice of certification of the administrative record and filed answers in both cases on December 20, 2022. Any adverse impact of this litigation and rulings on Metropolitan’s State Water Project supplies cannot be determined at this time. Despite the pending litigation, enough of the State Water Project contractors approved and executed the amendment as required by DWR for it to be deemed fully executed. The amendments went into effect on February 28, 2021. The State Water Contractors association, made up of 27 State Water Project contractors, has intervened in the two related cases to protect the interests of the Contractors.

***Amendments for Allocation of Conveyance Costs.*** Metropolitan and other State Water Project contractors embarked on a third public process to further negotiate proposed amendments to their State water supply contracts related to cost allocation for a potential Delta Conveyance project. Pursuant to the terms of a prior settlement, negotiations for this State Water Project contract amendment were completed in public. In March 2021, DWR and the State Water Project contractors concluded public negotiations and reached an Agreement in Principle (the “Delta Conveyance AIP”) that will be the basis for amendment of the State water supply contracts. The future contract amendment contemplated by the Delta Conveyance AIP would provide a mechanism that would allow for the costs related to any Delta Conveyance project to be allocated and collected by DWR. The Delta Conveyance AIP also provides for the allocation of benefits for any Delta Conveyance project in proportion to each State Water Project contractor’s participation. DWR will maintain a table reflecting decisions made by public agency governing boards regarding that agency’s participation. Contract language for the proposed amendments is still under development. See “*–Bay-Delta Planning Activities*” and “*–Delta Conveyance*” under “Bay-Delta Proceedings Affecting State Water Project” below.



### **Coordinated Operations with Central Valley Project**

***Coordinated Operations Agreement.*** DWR operates the State Water Project in coordination with the federal Central Valley Project, which is operated by the Bureau of Reclamation. Since 1986, the coordinated operations have been undertaken pursuant to a Coordinated Operations Agreement for the Central Valley Project and State Water Project (the “COA”). The COA defines how the State and federal water projects share water quality and environmental flow obligations imposed by regulatory agencies. The agreement calls for periodic review to determine whether updates are needed in light of changed conditions. After completing a joint review process, DWR and the Bureau of Reclamation agreed to amend the COA to reflect water quality regulations, biological opinions and hydrology updated since the 1986 agreement was signed. On December 13, 2018, DWR and the Bureau of Reclamation executed an Addendum to the COA (the “COA Addendum”). The COA Addendum provides for DWR’s adjustment of State Water Project operations to modify pumping operations, as well as project storage withdrawals to meet in-basin uses, pursuant to revised calculations based on Water Year types. The COA Addendum shifts responsibilities for meeting obligations between the Central Valley Project and the State Water Project, resulting in a shift of approximately 120,000 acre-feet in long-term average annual exports from the State Water Project to the Central Valley Project.

See also “– Endangered Species Act and Other Environmental Considerations Relating to Water Supply – Endangered Species Act Considerations – State Water Project.”

### **Bay-Delta Proceedings Affecting State Water Project**

***General.*** In addition to being a source of water for diversion into the State Water Project, the Bay-Delta is the source of water for local agricultural, municipal, and industrial needs. The Bay-Delta also supports significant resident and anadromous fish and wildlife resources, as well as recreational uses of water. Both the State Water Project’s upstream reservoir operations and its Bay-Delta diversions can at times affect these other uses of Bay-Delta water directly, or indirectly, through impacts on Bay-Delta water quality. A variety of proceedings and other activities are ongoing with the participation of various State and federal agencies, as well as California’s environmental, urban and agricultural communities, in an effort to develop long-term, collectively negotiated solutions to the environmental and water management issues concerning the Bay-Delta. Metropolitan actively participates in these proceedings. Metropolitan cannot predict the outcome of any of the litigation or regulatory processes described below but believes that a materially adverse impact on the operation of State Water Project pumps could negatively impact Metropolitan’s State Water Project deliveries and/or Metropolitan’s water reserves.

***SWRCB Regulatory Activities and Decisions.*** The State Water Resources Control Board (the “SWRCB”) is the agency responsible for setting water quality standards and administering water rights throughout California. The SWRCB exercises its regulatory authority over the Bay-Delta by means of public proceedings leading to regulations and decisions that can affect the availability of water to Metropolitan and other users of State Water Project water. These include the Water Quality Control Plan (“WQCP”) for the San Francisco Bay/Sacramento-San Joaquin Delta Estuary, which establishes the water quality objectives and proposed flow regime of the estuary, and water rights decisions, which assign responsibility for implementing the objectives of the WQCP to users throughout the system by adjusting their respective water rights permits.

Since 2000, SWRCB’s Water Rights Decision 1641 (“D-1641”) has governed the State Water Project’s ability to export water from the Bay-Delta for delivery to Metropolitan and other agencies receiving water from the State Water Project. D-1641 allocated responsibility to water rights holders for meeting flow requirements and salinity and other water quality objectives established earlier by the WQCP.



The WQCP gets reviewed periodically and new standards and allocations of responsibility can be imposed on the State Water Project as a result. The SWRCB's current review and update of the WQCP is being undertaken in phased proceedings. In December 2018, the SWRCB completed Phase 1 of the WQCP proceedings, adopting the plan amendments and environmental documents to support new flow standards for the Lower San Joaquin River tributaries and revised southern Delta salinity objectives. The Phase 1 plan amendments include certain "unimpaired flow" requirements on the three San Joaquin River tributaries. The term unimpaired flow is used to describe a theoretically available water supply assuming existing river channel conditions in the absence of storage and stream diversions. It is theoretical and it does not represent such conditions as they have occurred historically. Various stakeholders filed suit against the SWRCB challenging these Phase 1 plan amendments. In March 2024, the Sacramento Superior Court upheld the Phase 1 plan amendments, denying the challengers' claims. The decision is being appealed by affected water agencies and environmental groups.

Plan amendments being considered as part of Phase 2 of the WQCP proceedings are focused on the Sacramento River and its tributaries, Delta eastside tributaries, Delta outflows, and interior Delta flows. The SWRCB has also encouraged all stakeholders to work together to reach one or more Voluntary Agreements for consideration by the SWRCB that could implement the proposed amendments to the WQCP through a variety of tools, including non-flow habitat restoration for sensitive salmon and smelt species, while seeking to protect water supply reliability. Metropolitan is participating in the Phase 2 proceedings and Voluntary Agreement negotiations. On March 29, 2022, Metropolitan's General Manager signed a Memorandum of Understanding Advancing a Term Sheet for the Voluntary Agreements to Update and Implement the Bay-Delta Water Quality Control Plan, and Other Related Actions (the "VA MOU"). Other parties include the California Natural Resources Agency ("Natural Resources"), the California Environmental Protection Agency, the California Department of Fish and Wildlife ("CDFW"), the Bureau of Reclamation, DWR, the State Water Contractors association and additional agricultural and municipal water users. Under the VA MOU, the parties "seek to take a comprehensive approach to integrate flow and non-flow measures, including habitat restoration, subject to ongoing adaptive management based on a science program" as described in an attached term sheet. The proposed approach under the VA MOU provides for implementation over eight years with a potential extension to up to 15 years. To be implemented any Voluntary Agreement package of agreed upon flow and non-flow measures would need to be reviewed by the SWRCB and formally considered and adopted as part of a comprehensive update to the WQCP.

In September 2023, the staff for the SWRCB released a Draft Staff Report/Substitute Environmental Document (the "Draft Staff Report") for the WQCP Phase 2 updates for the Sacramento River watershed, Delta eastside tributaries, interior Delta, and Delta. The Draft Staff Report analyzes several alternatives for WQCP updates, including the proposed Healthy Rivers and Landscapes (HRL) proposal (previously referred to as "Voluntary Agreements"), several variations of unimpaired hydrograph outflow objectives, several modular alternatives that would limit State Water Project and Central Valley Project operations, and several narrative objectives. As described in the Draft Staff Report, the SWRCB could adopt more than one alternative, providing for layered implementation. The Draft Staff Report's Proposed Action includes a flow objective of 55 percent of the unimpaired hydrograph. The Draft Staff Report's Proposed Action flow objective is predicted to result in an annual average reduction of 446,000 acre-feet for southern California municipal supplies, which provides an estimate of the potential water cost for Metropolitan. The public comment period for the Draft Staff Report closed on January 19, 2024. Metropolitan provided comments individually and through the State Water Contractors association. In October 2024, the SWRCB released draft revisions to the WQCP Phase 2 updates for public review. The SWRCB staff is expected to consider public comments and finalize the Staff Report in calendar year 2025. The eventual consideration by the SWRCB of adoption of Phase 2 updates to the WQCP is expected to occur in calendar year 2025 or later.



**Bay-Delta Planning Activities.** In 2000, several State and federal agencies released the CALFED Bay-Delta Programmatic Record of Decision and Environmental Impact Report/Environmental Impact Statement (“EIR/EIS”) that outlined and disclosed the environmental impacts of a 30-year plan to improve the Bay-Delta’s ecosystem, water supply reliability, water quality, and levee stability. CALFED is the consortium of State and federal agencies with management and regulatory responsibilities in the San Francisco Bay/ Sacramento-San Joaquin Delta Estuary. The CALFED Record of Decision remains in effect and many of the State, federal, and local projects begun under CALFED continue.

In 2006, multiple State and federal resource agencies, water agencies, and other stakeholder groups entered into a planning agreement for the Bay-Delta Conservation Plan (“BDCP”). The BDCP was originally conceived as a comprehensive conservation strategy for the Bay-Delta designed to restore and protect ecosystem health, water supply, and water quality within a stable regulatory framework to be implemented over a 50-year time frame with corresponding long-term permit authorizations from fish and wildlife regulatory agencies. The BDCP includes both alternatives for new water conveyance infrastructure and extensive habitat restoration in the Bay-Delta.

The existing State Water Project Delta water conveyance system needs to be improved and modernized to address operational constraints on pumping in the south Delta as well as risks to water supplies and water quality from climate change, earthquakes, and flooding. Operational constraints are largely due to biological opinions and incidental take permits to which the State Water Project is subject that substantially limit the way DWR operates the State Water Project.

In 2015, the State and federal lead agencies proposed an alternative implementation strategy and new alternatives to the BDCP to provide for the protection of water supplies conveyed through the Bay-Delta and the restoration of the ecosystem of the Bay-Delta. The alternative strategy included planned water conveyance improvements to be implemented by DWR and the Bureau of Reclamation as a standalone project with the required habitat restoration limited to that directly related to construction mitigation (the originally proposed “California WaterFix” that was subsequently withdrawn and reconfigured as an alternative Delta conveyance project as described under “–Delta Conveyance” below), and ecosystem improvements and habitat restoration more generally, which are being undertaken under a more phased approach.

**Delta Conveyance.** On April 29, 2019, Governor Newsom issued an executive order directing identified State agencies to develop a comprehensive statewide strategy to build a climate-resilient water system, directing the State agencies to inventory and assess the current planning for modernizing conveyance through the Bay-Delta with a new single tunnel project (rather than the previously contemplated two-tunnel California WaterFix). Consistent with the Governor’s direction, in January 2020, DWR commenced a formal environmental review process under CEQA for a proposed single tunnel Delta Conveyance Project. DWR certified its Final EIR and approved the Bethany Reservoir Alignment alternative on December 21, 2023. The approved conveyance facilities include intake structures on the Sacramento River, with a total capacity of 6,000 cfs, and a single tunnel to convey water to a new pumping facility in the south Delta that would lift water into the existing Bethany Reservoir, part of the California Aqueduct. On November 8, 2024 and December 6, 2024, respectively, the United States Fish and Wildlife Service (“USFWS”) and the National Marine Fisheries Service (“NMFS”) issued programmatic biological opinions which would include the Delta Conveyance Project operations under the federal Endangered Species Act (“ESA”). See also “–Endangered Species Act and Other Environmental Considerations Relating to Water Supply –Endangered Species Act Considerations – State Water Project.” On February 14, 2025, CDFW issued an incidental take permit for the Delta Conveyance Project. Additional permitting processes, including ESA biological opinions for Delta Conveyance Project construction, the U.S. Army Corps of Engineers Clean Water Act section 404 dredge-and-fill permit, the SWRCB Change in Point of



Diversion petition and the Delta Stewardship Council Delta Plan Consistency certification, are expected to continue through at least the end of 2026.

Ten lawsuits have been filed by various organizations, including Tulare Lake Basin Water Storage District, Sierra Club, City of Stockton, County of San Joaquin, County of Butte, Sacramento Area Sewer District, County of Sacramento, San Francisco Baykeeper, South Delta Water Agency and North Delta Water Agency, challenging the adequacy of DWR's Final EIR under CEQA and several other environmental laws. They have been consolidated for all purposes. Motions for preliminary injunctive relief seeking to halt pre-construction geotechnical work to characterize subsurface soil and groundwater conditions were granted in five of the cases on June 21, 2024 enjoining such geotechnical work until DWR completes the Delta Plan certification of consistency procedure required under the Delta Reform Act. DWR filed a motion to modify the injunction to allow some geotechnical work to continue or, the alternative, to temporarily stay the injunction pending a decision on the merits in DWR's appeal, which the trial court denied. On August 19, 2024, DWR filed notices of appeal, appealing the injunction in each of the cases. The court of appeal denied DWR's motion to stay the injunction pending adjudication of its appeal on the merits. In October 2024, DWR filed a certification of consistency for a portion of the geotechnical work described in the Final EIR for the Delta Conveyance Project. Four groups filed appeals with the Delta Stewardship Council, which held a hearing on December 19, 2024. On January 23, 2025, the Delta Stewardship Council dismissed the four appeals for lack of jurisdiction, finding that the proposed geotechnical activities were not a covered action under the Delta Reform Act. On February 6, 2025, DWR filed its opening brief on appeal of the preliminary injunction halting preconstruction geotechnical work. On February 25, 2025, DWR filed a motion in the trial court for stay of enforcement of injunction to allow resumption of preconstruction geotechnical work in light of the certification and appeal process at the Delta Stewardship Council. A hearing occurred on March 21, 2025. On April 9, 2025, the trial court issued a ruling denying the motion.

On August 20, 2020, the U.S. Army Corps of Engineers ("Army Corps"), the lead agency for the Delta Conveyance Project under the National Environmental Policy Act ("NEPA"), issued a notice of intent of the development of the EIS for the Delta Conveyance Project. On December 16, 2022, the Army Corps released the Draft EIS for public and agency comment under NEPA. The comment period closed on March 16, 2023. Certification of the Final EIS by the Army Corps is anticipated in mid-2025, although timing is uncertain given the change in presidential administrations.

Metropolitan's Board has previously authorized Metropolitan's participation in two joint powers agencies relating to a Bay-Delta conveyance project (originally formed in connection with California WaterFix): the Delta Conveyance Design and Construction Authority (the "DCA"), formed by the participating water agencies to actively participate with DWR in the design and construction of the conveyance project in coordination with DWR and under the control and supervision of DWR; and the Delta Conveyance Finance Authority (the "Financing JPA"), formed by the participating water agencies to facilitate financing for the conveyance project. The DCA is providing engineering and design activities to support DWR's planning and environmental analysis for the potential new Delta Conveyance Project.

In August 2020, the DCA released preliminary cost information for the proposed Delta Conveyance Project based on an early cost assessment prepared by the DCA. The DCA's early assessment was based on preliminary engineering, not a full conceptual engineering report, and includes project costs for construction, management, oversight, mitigation, planning, soft costs, and contingencies. Based on these assumptions, the DCA's early project cost assessment estimate was approximately \$15.9 billion in 2020 un-discounted dollars, which includes a 44 percent overall contingency applied to the preliminary construction costs. In May 2024, the DCA released an updated cost estimate for the Bethany Reservoir Alignment configuration of the Delta Conveyance Project as approved by DWR. The updated total project cost estimate includes construction and other program costs (including, among other things, planning, design, construction management, land acquisition, environmental mitigation and costs of a community



benefit program), as well as certain contingency and risk treatment costs to address uncertainty at the conceptual stage of project development. The updated total project cost estimate considers items such as labor, materials, equipment, level of effort, and other relevant cost items for a defined scope of work as described in the Delta Conveyance Project Final EIR certified by DWR in December 2023 and the supporting engineering project report prepared by the DCA. The updated total project cost estimate prepared by the DCA is primarily intended to support project financial and economic analysis and to provide guidance for further project development. If constructed, actual project costs would depend on actual labor and material costs, competitive market conditions, actual site conditions, final project scope, implementation schedule, continuity of personnel and engineering, and other variable factors. Based on these assumptions, the DCA's updated total cost estimate is approximately \$20.1 billion in 2023 un-discounted dollars, which includes a 30 percent overall contingency applied to the construction cost estimate, and a contingency between 15 percent and 30 percent added to each element of other program costs. The DCA is also evaluating potential design modifications and construction innovations to enhance cost efficiency and feasibility.

At its December 8, 2020 Board meeting, Metropolitan's Board authorized the General Manager to execute a funding agreement with DWR and commit funding for a Metropolitan participation level of 47.2 percent of the approximately \$340.7 million of estimated costs of preliminary design, environmental planning and other pre-construction activities needed over the four years 2021 through 2024 to assist in the environmental process for the proposed Delta Conveyance Project. Metropolitan contributed \$160.8 million over the four years 2021 through 2024. Seventeen other State Water Project contractors also approved and contributed funding for the planning and pre-construction costs. Those contributions will fund planning and further design and engineering through 2025. The funding agreement provides that funds will be reimbursed to Metropolitan if the project is approved and when the first bonds, if any, for the project are issued. In connection with approving the funding agreement, at its December 2020 Board meeting, the Board also authorized the General Manager to execute an amendment to the DCA joint exercise of powers agreement. The amendment, which was effective December 31, 2020, addressed changes in the anticipated participation structure for the proposed Delta Conveyance Project from that contemplated for California WaterFix.

At its December 10, 2024 Board meeting, Metropolitan's Board approved additional funding by Metropolitan of approximately \$142.0 million for its share of the estimated \$300.0 million of planning and pre-construction costs of the Delta Conveyance Project anticipated for 2026 and 2027. A portion of Metropolitan's approved funding amount may be offset by certain amounts Metropolitan expects to receive back from DWR under its State Water Contract by the end of 2025 in the amount of \$75.0 million. Seventeen other State Water Project contractors have also approved funding a share of the preconstruction costs for this two-year period. The amended funding agreement continues to provide that all funds contributed from 2020-2027 will be reimbursed to Metropolitan if the project is approved and implemented, and when the first bonds, if any, for the project are issued.

Metropolitan's December 10, 2024 action to approve an amendment to the 2020 funding agreement to fund planning and preconstruction costs for 2026-2027 does not commit Metropolitan to participate in the Delta Conveyance Project. Any final decision to commit to the Delta Conveyance Project and incur final design and construction costs would require further Board approval, which is currently anticipated in 2027, after key permits are obtained, which is anticipated by end of 2026.

On August 6, 2020, DWR adopted certain resolutions to authorize the issuance of bonds to finance costs of the Delta Conveyance Project environmental review, planning, design and, if and when such a project is approved, the costs of acquisition and construction thereof. The same day, it filed a complaint in Sacramento County Superior Court seeking to validate its authority to issue the bonds. Fourteen answers were filed in the validation action. In May 2023, a bench trial was conducted by the court in connection



with the validation action. On January 16, 2024, the Sacramento County Superior Court denied DWR's request for a validation order, finding that DWR exceeded its statutorily delegated authority when it adopted the bond resolutions to authorize the issuance of its bonds to finance the Delta Conveyance Project. On February 14, 2024, Metropolitan and four other supporting public water agencies filed a Notice of Appeal in California's Court of Appeal, Third Appellate District, of the Sacramento County Superior Court's ruling denying DWR's request for an order validating bond resolutions to finance the Delta Conveyance Project. DWR filed a Notice of Appeal on February 16, 2024. Eight cross appeals were filed by March 2024. In April 2024, DWR filed a motion to dismiss the cross appeals as untimely. In May 2024, DWR's motion to dismiss the cross appeals was denied without prejudice to renewing the motion in the merits briefing. The joint opening brief of DWR and the supporting public agencies was filed on October 4, 2024. Respondents and cross-appellants filed briefs on December 31, 2024 and January 2, 2025. DWR and the supporting agencies filed their combined reply and cross-respondents' brief on April 1, 2025. No date for oral argument has been scheduled.

On January 7, 2025, DWR filed a validation action in Sacramento County Superior Court seeking to validate a new bond resolution and confirm DWR's authority to issue revenue bonds to finance the planning, design, construction, maintenance and other capital costs of the Delta Conveyance program. DWR is pursuing this second validation action for the new bonds in parallel with its appeal of the decision rendered in its 2020 validation action over the 2020 bonds in case the appeal in the 2020 cases is unsuccessful. Answers were due no later than March 25, 2025. As of April 1, 2025, Metropolitan, Coachella Valley Water District ("CVWD"), Santa Clarita Valley Water Agency, Santa Clara Water Agency, and Mojave Water Agency have filed answers in support of DWR's position; ten answers were filed raising affirmative defenses in opposition, and two parties have filed demurrers seeking to dismiss the case because an appeal is pending on the validity of the 2020 bond resolutions. A hearing on the first demurrer is noticed for June 12, 2025; a hearing on the second demurrer is noticed for October 8, 2025.

Additional lawsuits could be filed in the future with respect to the Delta Conveyance Project and may impact the anticipated timing and costs.

## **Colorado River Aqueduct**

### **Background**

The Colorado River was Metropolitan's original source of water after Metropolitan's establishment in 1928. Metropolitan has a legal entitlement to receive water from the Colorado River under a permanent service contract with the Secretary of the Interior. Water from the Colorado River and its tributaries is also available to other users in California, as well as users in the states of Arizona, Colorado, Nevada, New Mexico, Utah, and Wyoming (collectively, the "Colorado River Basin States"), resulting in both competition and the need for cooperation among these holders of Colorado River entitlements. In addition, under a 1944 treaty, Mexico has the right to delivery of 1.5 million acre-feet of Colorado River water annually except as provided under shortage conditions described in Treaty Minute 323. The United States and Mexico agreed to conditions for reduced deliveries of Colorado River water to Mexico in Treaty Minute 323, adopted in 2017. Treaty Minute 323 established the rules under which Mexico agreed to take shortages and create reservoir storage in Lake Mead. Those conditions are in parity with the requirements placed on the Lower Basin States (defined below) in the Lower Basin Drought Contingency Plan (described under "– Colorado River Operations: Surplus and Storage Guidelines – *Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead*"). Mexico can also schedule delivery of an additional 200,000 acre-feet of Colorado River water per year if water is available in excess of the requirements in the United States and the 1.5 million acre-feet allotted to Mexico.



Construction of the CRA, which is owned and operated by Metropolitan, was undertaken by Metropolitan to provide for the transportation of its Colorado River water entitlement to its service area. The CRA originates at Lake Havasu on the Colorado River and extends approximately 242 miles through a series of pump stations and reservoirs to its terminus at Lake Mathews in Riverside County. Up to 1.25 million acre-feet of water per year may be conveyed through the CRA to Metropolitan's member agencies, subject to the availability of Colorado River water for delivery to Metropolitan as described below. Metropolitan first delivered CRA water to its member agencies in 1941.

### **Colorado River Water Apportionment and Seven-Party Agreement**

Pursuant to the federal Boulder Canyon Project Act of 1928, California is apportioned the use of 4.4 million acre-feet of water from the Colorado River each year plus one-half of any surplus that may be available for use collectively in the Lower Basin States of Arizona, California and Nevada. Under an agreement entered into in 1931 among the California entities that expected to receive a portion of California's apportionment of Colorado River water (the "1931 Seven-Party Agreement") and which has formed the basis for the distribution of Colorado River water made available to California, Metropolitan holds the fourth priority right to 550,000 acre-feet per year. This is the last priority within California's basic apportionment. In addition, Metropolitan holds the fifth priority right to 662,000 acre-feet of water, which is in excess of California's basic apportionment. Until 2003, Metropolitan had been able to take full advantage of its fifth priority right as a result of the availability of surplus water and water apportioned to Arizona and Nevada that was not needed by those states. However, during the 1990s Arizona and Nevada increased their use of water from the Colorado River, and by 2002 no unused apportionment was available for California. As a result, California has limited its annual use to 4.4 million acre-feet since 2003, not including supplies made available under water supply programs such as Intentionally Created Surplus ("ICS") and certain conservation and storage agreements. In addition, a severe drought in the Colorado River Basin from 2000-2004 reduced storage in system reservoirs, ending the availability of surplus deliveries to Metropolitan. Prior to 2003, Metropolitan could divert over 1.25 million acre-feet in any year. Since 2003, Metropolitan's net diversions of Colorado River water have ranged from a low of 538,000 acre-feet in 2019 to a high of approximately 1,179,000 acre-feet in 2015. Average annual net diversions over the ten-year period 2015 through 2024 were approximately 892,000 acre-feet, with annual volumes dependent primarily on programs to augment supplies, including transfers of conserved water from agriculture and water made available to Metropolitan pursuant to the Exchange Agreement, in exchange for which Metropolitan delivers a like amount to SDCWA from any Metropolitan supply. See "– Quantification Settlement Agreement", "– Metropolitan and San Diego County Water Authority Exchange Agreement", and "– Colorado River Operations: Surplus and Shortage Guidelines." See also "–Current Water Conditions" and "–Water Transfer, Storage and Exchange Programs – Colorado River Aqueduct Agreements and Programs." In 2024, Metropolitan's total available Colorado River supply was just over 1.0 million acre-feet. A portion of the available supply was left in Lake Mead. Although this water could have been stored in Metropolitan's Lake Mead ICS supplies, Metropolitan elected to have it become system water pursuant to the system conservation implementation agreements ("System Conservation Agreements") entered into with the Bureau of Reclamation under the Lower Colorado River Basin System Conservation and Efficiency Program for an enhancement of Metropolitan's commercial, industrial, and institutional turf replacement program incentive and for design and construction of facilities for the Antelope Valley-East Kern High Desert Water Bank Program. See also "–Storage Capacity and Water in Storage."

The following table sets forth the existing priorities of the California users of Colorado River water established under the 1931 Seven-Party Agreement.



**PRIORITIES UNDER THE CALIFORNIA 1931 SEVEN-PARTY AGREEMENT<sup>(1)</sup>**

<b>Priority</b>	<b>Description</b>	<b>Acre-Feet Annually</b>
1	Palo Verde Irrigation District gross area of 104,500 acres of land in the Palo Verde Valley	} 3,850,000
2	Yuma Project in California not exceeding a gross area of 25,000 acres in California	
3(a)	Imperial Irrigation District and other lands in Imperial and Coachella Valleys <sup>(2)</sup> to be served by All-American Canal	
3(b)	Palo Verde Irrigation District – 16,000 acres of land on the Lower Palo Verde Mesa	
4	Metropolitan Water District of Southern California for use on the coastal plain	550,000
	<b>SUBTOTAL</b>	4,400,000
5(a)	Metropolitan Water District of Southern California for use on the coastal plain	550,000
5(b)	Metropolitan Water District of Southern California for use on the coastal plain <sup>(3)</sup>	112,000
6(a)	Imperial Irrigation District and other lands in Imperial and Coachella Valleys to be served by the All-American Canal	} 300,000
6(b)	Palo Verde Irrigation District – 16,000 acres of land on the Lower Palo Verde Mesa	
	<b>TOTAL</b>	5,362,000
7	Agricultural use in the Colorado River Basin in California	Remaining surplus

Source: Metropolitan.

<sup>(1)</sup> Agreement dated August 18, 1931, among Palo Verde Irrigation District, Imperial Irrigation District, Coachella Valley County Water District, Metropolitan, the City of Los Angeles, the City of San Diego and the County of San Diego. These priorities were memorialized in the agencies' respective water delivery contracts with the Secretary of the Interior.

<sup>(2)</sup> The Coachella Valley Water District serves Coachella Valley.

<sup>(3)</sup> In 1946, the City of San Diego, the San Diego County Water Authority, Metropolitan and the Secretary of the Interior entered into a contract that merged and added the City and County of San Diego's rights to storage and delivery of Colorado River water to the rights of Metropolitan.

**Quantification Settlement Agreement**

The Quantification Settlement Agreement ("QSA"), which was executed by the CVWD, Imperial Irrigation District ("IID"), and Metropolitan in October 2003, together with various QSA-related agreements including those in which SDCWA is a party, established Colorado River water use limits for IID and CVWD, and provided for specific acquisitions of conserved water and water supply arrangements. The QSA and related agreements provide a framework for Metropolitan to enter into other cooperative Colorado River supply programs and set aside several disputes among California's Colorado River water agencies.



Specific programs under the QSA and related agreements include lining portions of the All-American and Coachella Canals, which were completed in 2009 and conserve over 98,000 acre-feet annually. Metropolitan receives this water and delivers over 77,000 acre-feet of exchange water annually to SDCWA, and provides 16,000 acre-feet of water annually by exchange to the United States for use by the La Jolla, Pala, Pauma, Rincon, and San Pasqual Bands of Mission Indians, the San Luis Rey River Indian Water Authority, the City of Escondido, and the Vista Irrigation District. Water became available for exchange with the United States following a May 17, 2017 notice from the Federal Energy Regulatory Commission (“FERC”) satisfying the last requirement of Section 104 of the San Luis Rey Indian Water Rights Settlement Act (Title I of Public Law 100-675, as amended). The QSA and related agreements also authorized the transfer of conserved water annually by IID to SDCWA (up to a maximum amount in 2021 of 205,000 acre-feet, then stabilizing to 200,000 acre-feet per year). Metropolitan receives this water and delivers an equal amount of exchange water annually to SDCWA. See description under “– Metropolitan and San Diego County Water Authority Exchange Agreement” below; see also “METROPOLITAN REVENUES–Principal Customers” in this Appendix A. Also included under the QSA related agreements is a delivery and exchange agreement between Metropolitan and CVWD that provides for Metropolitan, when requested, to deliver annually up to 35,000 acre-feet of Metropolitan’s State Water Project contractual water to CVWD by exchange with Metropolitan’s available Colorado River supplies.

#### **Metropolitan and San Diego County Water Authority Exchange Agreement**

No facilities exist to deliver conserved water acquired by SDCWA from IID and water allocated to SDCWA that has been conserved as a result of the lining of the All-American and Coachella Canals. See “–Quantification Settlement Agreement.” Accordingly, in 2003, Metropolitan and SDCWA entered into an exchange agreement (the “Exchange Agreement”), pursuant to which SDCWA makes available to Metropolitan at its intake at Lake Havasu on the Colorado River the conserved Colorado River water SDCWA receives under the QSA related agreements. Metropolitan delivers an equal volume of water from its own sources of supply through its delivery system to SDCWA. The Exchange Agreement limits the amount of water that Metropolitan delivers to 277,700 acre-feet per year, except that an additional 5,000 acre-feet was exchanged in 2021 and an additional 2,500 acre-feet was exchanged in 2022. In consideration for the exchange of the conserved water made available to Metropolitan by SDCWA with the exchange water delivered by Metropolitan, SDCWA pays the agreement price. The price payable by SDCWA is calculated using the charges set by Metropolitan’s Board from time to time to be paid by its member agencies for the conveyance of water through Metropolitan’s facilities. See “METROPOLITAN REVENUES–Litigation Challenging Rate Structure” in this Appendix A for a description of Metropolitan’s charges for the conveyance of water through Metropolitan’s facilities and litigation in which SDCWA is challenging such charges. The term of the Exchange Agreement, as it relates to conserved water transferred by IID to SDCWA, extends through 2047, and as it relates to water allocated to SDCWA that has been conserved as a result of the lining of the All-American and Coachella Canals, extends through 2112; subject, in each case, to the right of SDCWA, upon a minimum of five years’ advance written notice to Metropolitan, to permanently reduce the aggregate quantity of conserved water made available to Metropolitan under the Exchange Agreement to the extent SDCWA decides continually and regularly to transport such conserved water to SDCWA through alternative facilities (which do not presently exist). In 2023, the water delivered to Metropolitan by SDCWA for exchange was approximately 227,700 acre-feet, consisting of 150,000 acre-feet of IID conservation plus 77,700 acre-feet of conserved water from the Coachella Canal and All-American Canal lining projects. The volume from IID conservation exchanged under the agreement in 2023 was less than the stabilized volume of 200,000 acre-feet described above because 50,000 acre-feet were left in Lake Mead as a part of System Conservation Agreements among the Bureau of Reclamation, Metropolitan, SDCWA, and IID under the Bureau of Reclamation’s Lower Colorado River Basin System Conservation and Efficiency Program. Similarly, in 2024, the volume from IID conservation exchanged under the agreement was less than the stabilized volume of 200,000 acre-feet by 50,000 acre-feet as a part of System Conservation Agreements entered into among the Bureau of Reclamation, Metropolitan,



SDCWA, and IID under the Bureau of Reclamation's Lower Colorado River Basin System Conservation and Efficiency Program. These agreements provide for the potential for similar reductions in the exchanged amount in 2025 and 2026, although no reductions are expected at this time. See “– Colorado River Operations: Surplus and Shortage Guidelines – *Lower Colorado River Basin System Conservation and Efficiency Program*” below.

### **Colorado River Operations: Surplus and Shortage Guidelines**

**General.** The Secretary of the Interior is vested with the responsibility of managing the mainstream waters of the lower Colorado River pursuant to federal law. Each year, the Secretary of the Interior is required to declare the Colorado River water supply availability conditions for the Lower Basin States in terms of “normal,” “surplus” or “shortage” and has adopted operations criteria in the form of guidelines to determine the availability of surplus or potential shortage allocations among the Lower Basin States and reservoir operations for such conditions.

**Interim Surplus Guidelines.** In January 2001, the Secretary of the Interior adopted guidelines (the “Interim Surplus Guidelines”), initially for use through 2016, in determining the availability and quantity of surplus Colorado River water available for use in California, Arizona and Nevada. The Interim Surplus Guidelines were amended in 2007 and now extend through 2026. The purpose of the Interim Surplus Guidelines was to provide mainstream users of Colorado River water, particularly those in California and Nevada who had been utilizing surplus flows, a greater degree of predictability with respect to the availability and quantity of surplus water. Under the Interim Surplus Guidelines, Metropolitan initially expected to divert up to 1.25 million acre-feet of Colorado River water annually under foreseeable runoff and reservoir storage scenarios from 2004 through 2016. However, as described above, an extended drought in the Colorado River Basin reduced these initial expectations, and Metropolitan has not received any surplus water since 2002 and does not expect to receive any surplus water in the foreseeable future.

**Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead.** In May 2005, the Secretary of the Interior directed the Bureau of Reclamation to develop additional strategies for improving coordinated management of the reservoirs of the Colorado River system. In November 2007, the Bureau of Reclamation issued a Final EIS regarding new federal guidelines concerning the operation of the Colorado River system reservoirs, particularly during drought and low reservoir conditions. These guidelines provide water release criteria from Lake Powell and water storage and water release criteria from Lake Mead during shortage and surplus conditions in the Lower Basin, provide a mechanism for the storage and delivery of conserved system and non-system water in Lake Mead, and extend the Interim Surplus Guidelines through 2026 (as noted above) (the “2007 Interim Guidelines”). The Secretary of the Interior issued the final guidelines through a Record of Decision signed in December 2007. The Record of Decision and accompanying agreement among the Colorado River Basin States protect reservoir levels by reducing deliveries during low inflow periods, encouraging agencies to develop conservation programs and allowing the Colorado River Basin States to develop and store new water supplies. The Colorado River Basin Project Act of 1968 insulates California from shortages in all but the most extreme hydrologic conditions. Consistent with these legal protections, under the guidelines, Arizona and Nevada are first subject to the initial annual shortages identified by the Secretary in a shared amount of up to 500,000 acre-feet.

The guidelines also created the ICS program, which allows water contractors in the Lower Basin States to store conserved water in Lake Mead. Under this program, ICS water (water that has been conserved through an extraordinary conservation measure, such as land fallowing) is eligible for storage in Lake Mead by Metropolitan. ICS can be created through 2026 and delivered through 2036. See the table entitled “Metropolitan’s Water Storage Capacity and Water in Storage” under “–Storage Capacity and Water in Storage.” Under the guidelines and the subsequent Colorado River Drought Contingency Plan



Authorization Act, California can create and deliver up to 400,000 acre-feet of extraordinary conservation ICS (“EC ICS”) annually and accumulate up to 1.5 million acre-feet of EC ICS in Lake Mead. In December 2007, California contractors for Colorado River water executed the California Agreement for the Creation and Delivery of Extraordinary Conservation Intentionally Created Surplus (the “California ICS Agreement”), which established terms and conditions for the creation, accumulation, and delivery of EC ICS by California contractors receiving Colorado River water. Under the California ICS Agreement, the State’s EC ICS creation, accumulation, and delivery limits provided to California under the 2007 Interim Guidelines are apportioned between IID and Metropolitan. No other California contractors were permitted to create or accumulate ICS. Under the terms of the agreement, IID is allowed to store up to 25,000 acre-feet per year of EC ICS in Lake Mead with a cumulative limit of 50,000 acre-feet, in addition to any acquired Binational ICS water (water that has been conserved through conservation projects in Mexico). Metropolitan is permitted to use the remaining available ICS creation, delivery, and accumulation limits provided to California.

The Secretary of the Interior delivers the stored ICS water to Metropolitan in accordance with the terms of December 13, 2007, January 6, 2010, and November 20, 2012 Delivery Agreements between the United States and Metropolitan. As of January 1, 2025, Metropolitan had an estimated 1,544,000 acre-feet in its ICS accounts. These ICS accounts include water conserved by fallowing in the Palo Verde Valley, projects implemented with IID in its service area, groundwater desalination, the Warren H. Brock Reservoir Project, and international agreements that converted water conserved by Mexico to the United States. Additionally, approximately 39,000 acre-feet was left in Lake Mead in 2024. This water became system water pursuant to System Conservation Agreements with the Bureau of Reclamation under the Lower Colorado River Basin System Conservation and Efficiency Program and the exact volume will be finalized on May 15, 2025. See also “– Colorado River Water Apportionment and Seven-Party Agreement” above.

***Colorado River Drought Contingency Plans.*** Since the 2007 Lower Basin shortage guidelines were issued for the coordinated operations of Lake Powell and Lake Mead, the Colorado River has continued to experience drought conditions. The seven Colorado River Basin States, the U.S. Department of the Interior (“Department of the Interior”) through the Bureau of Reclamation, and water users in the Colorado River Basin, including Metropolitan, began developing Drought Contingency Plans (“DCPs”) to reduce the risk of Lake Powell and Lake Mead declining below critical elevations through 2026.

In April 2019, the President of the United States signed the Colorado River Drought Contingency Plan Authorization Act (referenced above), directing the Secretary of the Interior to sign and implement four DCP agreements related to the Upper and Lower Basin DCPs without delay. The agreements were executed and the Upper and Lower Basin DCPs became effective on May 20, 2019. The Lower Basin Drought Contingency Plan Agreement requires California, Arizona and Nevada to store defined volumes of water in Lake Mead at specified lake levels. California would begin making contributions if Lake Mead’s elevation is projected to be 1,045 feet above sea level or below on January 1. Depending on the lake’s elevation, California’s contributions would range from 200,000 to 350,000 acre-feet a year (“DCP Contributions”). Pursuant to intrastate implementation agreements and a settlement agreement with IID, Metropolitan will be responsible for 90 percent of California’s DCP Contributions under the Lower Basin DCP. CVWD will be responsible for 7 percent of California’s required DCP Contributions. While IID is not a party to the DCP, if Metropolitan is required to make a DCP contribution, IID will assist Metropolitan in making DCP contributions by contributing the lesser of either: (a) three percent of California’s DCP contribution or (b) the amount of water IID has stored with Metropolitan. The terms of the settlement agreement with IID referenced above and the mechanism by which IID will contribute to California’s DCP Contributions is described in more detail under “–Water Transfer, Storage and Exchange Programs – Colorado River Aqueduct Agreements and Programs – *California ICS Agreement Intrastate Storage Provisions*” in this Appendix A. No DCP contribution is required by California in 2025.



Implementation of the Lower Basin DCP enhances Metropolitan's ability to store water in Lake Mead and ensures that water in storage can be delivered later. The Lower Basin DCP increases the total volume of water that California may store in Lake Mead by 200,000 acre-feet, for a total of 1.7 million acre-feet, which Metropolitan will have the right to use. However, under the September 12, 2019 DCP Contributions and ICS Accumulation Limits Sharing Agreement, California agreed to make up to 50,000 acre-feet of its accumulation space available to Arizona through 2026. Arizona has used this accumulation space, therefore making the effective increase in the volume of water California may store 1.65 million acre-feet. Both EC ICS and Binational ICS count towards the total volume of water that California may store in Lake Mead. Water stored as ICS will be available for delivery as long as Lake Mead's elevation remains above 1,025 feet. Previously, that water could have become inaccessible below a Lake Mead elevation of 1,075 feet. DCP Contributions may be made through conversion of existing ICS, including at times when Lake Mead's elevation falls below 1,025 feet, allowing Metropolitan to deliver the full amount of its basic apportionment and available water under its CRA water transfer and exchange programs even in years when a DCP Contribution is required. DCP Contributions made through conversion of existing ICS become DCP ICS. DCP Contributions may also be made by leaving water in Lake Mead that there was a legal right to have delivered. This type of DCP Contribution becomes system water and may not be recovered. Rules are set for delivery of DCP ICS through 2026 and between 2027-2057. The Lower Basin DCP will be effective through 2026, however, the SEIS (which is described under "*Ongoing Activities Relating to Colorado River Operations*" below) could alter provisions of the DCP.

**Lake Mead 500+ Plan.** In December 2021, Metropolitan, the Department of the Interior, the Arizona Department of Water Resources, the Central Arizona Project, and the Southern Nevada Water Authority ("SNWA") executed a memorandum of understanding for an agreement to invest up to \$200 million in projects over the two years 2022 and 2023 to keep Lake Mead from dropping to critically low levels. The agreement, known as the "500+ Plan," aimed to add 500,000 acre-feet of additional water to Lake Mead in both 2022 and 2023 by facilitating actions to conserve water across the Lower Colorado River Basin through voluntary measures such as creation of system conservation, creation of ICS and decreases in planned ICS releases. The additional water, enough water to serve about 1.5 million households per year, would add about 16 feet total to the reservoir's level. Under the memorandum of understanding, the Arizona Department of Water Resources committed to provide up to \$40 million to the initiative over two years, with Metropolitan, the Central Arizona Project and SNWA each agreeing to contribute up to \$20 million. The federal government planned to match those commitments, providing an additional \$100 million. As of the end of calendar year 2022, over 500,000 acre-feet of additional water was added to Lake Mead. Metropolitan's financial contribution through the end of calendar year 2022 totaled approximately \$4 million. In 2023, existing conservation projects for the Lower Colorado River Basin were terminated to allow the programs to enroll in the Bureau of Reclamation's Lower Colorado River Basin System Conservation and Efficiency Program as part of the Inflation Reduction Act of 2022 (the "IRA"), which included funds (described below) to assist in addressing the Lower Colorado River drought conditions. California Lower Colorado River Basin contract and entitlement holders have continued to pursue a goal of conserving 400,000 acre-feet annually through 2026. See also "*Endangered Species Act and Other Environmental Considerations Relating to Water Supply – Endangered Species Act Considerations - Colorado River.*"

**Lower Colorado River Basin System Conservation and Efficiency Program.** The United States Congress appropriated \$4 billion for drought mitigation in the IRA. Using funds made available through the IRA, the Bureau of Reclamation established the Lower Colorado River Basin System Conservation and Efficiency Program as part of a commitment made by the U.S. Department of the Interior on August 16, 2022 to take actions designed to address the unprecedented drought in the Lower Colorado River Basin. The program is continuing the process of negotiating terms for selected projects for funding proposed by Colorado River water delivery contract or entitlement holders for system conservation and efficiencies in the Lower Colorado River Basin that also lead to additional conservation and bridge the immediate



conservation need while moving toward improved system efficiency and more durable long-term solutions. Metropolitan submitted several proposals for funding system conservation in both the short- and long-term.

Metropolitan has executed agreements with the Bureau of Reclamation pursuant to which the Bureau of Reclamation, rather than Metropolitan, agreed to pay for conserved water from Metropolitan's PVID Land Management, Crop Rotation and Water Supply Program from August 1, 2023 to July 31, 2026, from the Quechan Forbearance Program for calendar years 2023 through 2026, and from the Bard Seasonal Flowing Program for calendar years 2024 through 2026. Water generated from these programs and these time periods will benefit Lake Mead as system water rather than accrue to Metropolitan. See also "METROPOLITAN REVENUES –Federal Funding."

In addition, as referenced under "– Metropolitan and San Diego County Water Authority Exchange Agreement" above, in August 2024, Metropolitan's Board authorized the execution by Metropolitan of 2024 System Conservation Agreements among the Bureau of Reclamation, Metropolitan, SDCWA, and IID for Metropolitan's joint participation in IID's system conservation program with the Bureau of Reclamation for calendar years 2024 through 2026. Under these System Conservation Agreements, with IID's and SDCWA's consent, up to 100,00 acre-feet of water conserved by IID annually during 2024 through 2026 that would otherwise be transferred to SDCWA and exchanged under the Exchange Agreement will be made available as system conservation as a part of IID's System Conservation Agreement with the Bureau of Reclamation. To the extent that water otherwise intended for transfer to SDCWA and exchange under the Exchange Agreement is made available as system water, SDCWA will be required to purchase a like amount of water from Metropolitan at Metropolitan's full-service water rate. Each year, IID, Metropolitan, and SCDWA will mutually agree on the volume of water, if any, from the IID-SDCWA transfer program that will be made available as system conservation under IID's System Conservation Agreement with the Bureau of Reclamation for that year. A total of 50,000 acre-feet was made available in 2024 under this agreement.

Metropolitan has also executed three System Conservation Agreements with the Bureau of Reclamation where the Bureau of Reclamation will fund new conservation programs and enhancements of existing programs. Water generated from these programs will benefit Lake Mead as system water. These agreements include funding by the Bureau of Reclamation of up to \$95.8 million for an enhancement of Metropolitan's commercial, industrial, and institutional turf replacement program, up to \$82.0 million for design and construction facilities for the Antelope Valley-East Kern High Desert Water Bank Program, and up to \$8.0 million for Metropolitan's leak detection and repair program for disadvantaged communities. In total, Metropolitan has committed to conserve and create 269,296 acre-feet of system water over a ten-year period under these three agreements. See also "METROPOLITAN REVENUES – Federal Funding."

***Ongoing Activities Relating to Colorado River Operations.*** Before the DCP and 2007 Lower Basin shortage guidelines terminate in 2026, the U.S. Department of the Interior through the Bureau of Reclamation, the seven Colorado River Basin States, and water users in the Colorado River Basin, including Metropolitan, are expected to develop new shortage guidelines for the management and operation of the Colorado River.

In a process separate from the post-2026 guidelines development process, in November 2022, the Bureau of Reclamation initiated an expedited process to modify the 2007 Interim Guidelines for Colorado River operations in 2023, 2024, and possibly through 2026 to address the potential for continued low-runoff conditions and water shortages in the Colorado River Basin. In April 2023, the Bureau of Reclamation released a draft Supplemental Environmental Impact Statement ("SEIS") for public comment to modify the 2007 Interim Guidelines for proposed changes to operations starting in 2024 and to inform potential operations in 2025 and 2026 that would include reduced releases from Glen Canyon Dam and increased lower basin shortages. On May 22, 2023, representatives of the States of Arizona, California, and Nevada (the "Lower Basin States") sent a letter to the Bureau of Reclamation outlining the terms of a consensus



proposal to conserve an additional volume of at least three million acre-feet of Colorado River water in the lower basin by the end of calendar year 2026, with at least 1.5 million acre-feet of that additional total being conserved by the end of calendar year 2024 (the “Lower Basin Plan”). This conservation would be in addition to existing shortage apportionments and DCP contribution obligations under the current 2007 Interim Guidelines, Lower Basin DCP, and Treaty Minute 323.

Also on May 22, 2023, the Department of the Interior temporarily withdrew the draft SEIS so that it could fully analyze the effects of the proposal submitted by the Lower Basin States. Subsequently, and following the release of a revised draft SEIS in October 2023, on March 5, 2024, the Bureau of Reclamation released its Final SEIS selecting the Lower Basin Plan as the “Preferred Alternative” for Colorado River operations through 2025. The Bureau of Reclamation issued a Record of Decision to modify the 2007 Interim Guidelines consistent with the Lower Basin Plan in May 2024. The modified guidelines will also be used to set operating conditions in 2026.

Under the Lower Basin Plan, California is anticipated to conserve at least 1.6 million acre-feet of the additional three million acre-feet by the end of 2026. It is expected that up to 2.3 million acre-feet of the conservation will be made through projects implemented under the Bureau of Reclamation’s Lower Colorado River Basin System Conservation and Efficiency Program and funded through the IRA (as referenced above under “Lower Colorado River Basin System Conservation and Efficiency Program”), with the remainder achieved through other compensated and uncompensated conservation. Uncompensated conservation commitments may be met with the use of newly created EC ICS. Any ICS designated as meeting the new conservation goal cannot be delivered, transferred or assigned through December 31, 2026. See also “*Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead.*”

On October 11, 2023, the Bureau of Reclamation also submitted a request for initiation of formal consultation to USFWS for short-term additional reduction in Colorado River flows and activities provided under the Lower Colorado River Multi-Species Conservation Program beginning in water accounting year 2023 and ending with the issuance of a new biological opinion to cover new or revised post-2026 Colorado River operating guidelines. This new biological opinion would provide the additional ESA coverage for flow reductions anticipated in the Lower Basin Plan. This process is ongoing. See also “*Endangered Species Act and Other Environmental Considerations Relating to Water Supply – Endangered Species Act Considerations - Colorado River.*”

On June 16, 2023, the Department of the Interior formally initiated the process for the development of new post-2026 operating guidelines to replace the 2007 Interim Guidelines and coordinated management strategies and published a Notice of Intent in the Federal Register to prepare the EIS related to such post-2026 guidelines and to solicit comments and hold public scoping meetings on their development. The public scoping period closed on August 15, 2023. On March 6, 2024, the Upper Basin states of Wyoming, Colorado, New Mexico and Utah submitted a proposal for evaluation by the Bureau of Reclamation in the EIS (the “Upper Division States Alternative”). The Upper Division States Alternative proposed water supply reductions would be made on the Lower Basin States based on the combined volume in Lake Mead and Lake Powell, with reductions to be determined using actual water conditions in October, rather than predictions in August as currently employed under the 2007 Interim Guidelines. The Upper Division States Alternative also includes rules for Glen Canyon Dam releases. The Lower Basin States (California, Arizona, and Nevada) submitted a joint proposal for evaluation on March 6, 2024. The proposal submitted by the Lower Basin States for evaluation by the Bureau of Reclamation (the “Lower Basin Alternative”) includes new higher reductions in water supply across a wider range of system conditions than those implemented in the 2007 Interim Guidelines, including reductions for California. Under this proposal, reductions to water users in the Lower Basin would be determined based on the total live storage in seven reservoirs in the Colorado River Basin (referred to as total system contents), including Lakes Powell, Mead, Mohave,



Havasu as well as Flaming Gorge, Blue Mesa, and Navajo Reservoirs. Reductions for Lower Basin water users are proposed to phase-in starting when the collective volume at these reservoirs is less than 69 percent of water that can be withdrawn. Reductions for Lower Basin water users are proposed to reach a static level of 1.5 million acre-feet when the collective volume at these reservoirs is less than 58 percent and California's proposed share of this 1.5 million acre-foot reduction is 440,000 acre-feet. Further reductions are assumed when the collective volume at these reservoirs is less than 38 percent, however, the proposal did not include details for how those additional reductions would be shared at a state level. The Lower Basin Alternative also includes rules for Glen Canyon Dam releases.

On November 20, 2024, the Department of the Interior released five proposed alternatives that they intend to analyze as part of the post-2026 operating guidelines. The range of alternatives includes a "Basin Hybrid Alternative" that is intended to reflect components from Upper Division States Alternative, the Lower Basin Alternative, and proposals and concepts submitted by the affected Tribal Nations. On January 17, 2025, the Bureau of Reclamation published an Alternatives Report documenting the alternatives released in November 2024, which are anticipated to be carried over for analysis in the draft Environmental Impact Statement ("DEIS") that is under development by the Bureau of Reclamation. The Alternatives Report provides a detailed description of the operational elements for each alternative, and compares the operational elements across each alternative. The expected impacts to California and Metropolitan of the current alternatives proposed for consideration by the Bureau of Reclamation in the development of the post-2026 operating guidelines are still unknown and subject to analysis by the Bureau of Reclamation, the selection of a Preferred Alternative, and continued negotiations. However, Metropolitan anticipates it will have access to its ICS storage account in Lake Mead through 2036. The DEIS is expected to be published in December of 2025.

As of January 1, 2025, Metropolitan's storage in Lake Mead was preliminarily estimated to be approximately 1.54 million acre-feet. The total amount Metropolitan has stored in Lake Mead is expected to provide flexibility to Metropolitan in meeting potential additional water reductions that may occur under new post-2026 operating guidelines. See "—Storage Capacity and Water in Storage."

## **Endangered Species Act and Other Environmental Considerations Relating to Water Supply**

### **Endangered Species Act Considerations - State Water Project**

**General.** DWR has altered the operations of the State Water Project to accommodate species of fish listed as threatened or endangered under the federal ESA and/or California ESA.

The federal ESA requires that before any federal agency authorizes, funds, or carries out an action that may affect a listed species or designated critical habitat, it must consult with the appropriate federal fishery agency (either the NMFS or the USFWS depending on the species) to determine whether the action would jeopardize the continued existence of any threatened or endangered species, or adversely modify habitat critical to the species' needs. The result of the consultation is known as a "biological opinion." In a biological opinion, a federal fishery agency determines whether the action would cause jeopardy to a threatened or endangered species or adverse modification to critical habitat; and if jeopardy or adverse modification is found, recommends reasonable and prudent alternatives that would allow the action to proceed without causing jeopardy or adverse modification. If no jeopardy or adverse modification is found, the fish agency issues a "no jeopardy opinion." The biological opinion also includes an "incidental take statement." The incidental take statement allows the action to go forward even though it will result in some level of "take," including harming or killing some members of the species, incidental to the agency action, provided that the agency action does not jeopardize the continued existence of any threatened or endangered species and complies with reasonable mitigation and minimization measures recommended by the federal fishery agency or as incorporated into the project description.



The California ESA generally requires an incidental take permit or consistency determination for any action that may cause take of a State-listed species of fish or wildlife. To issue an incidental take permit or consistency determination, CDFW must determine that the impacts of the authorized take will be minimized and fully mitigated and will not cause jeopardy.

***Federal ESA–Biological Opinions.*** On August 2, 2016, DWR and the Bureau of Reclamation requested that USFWS and NMFS reinitiate federal ESA consultation on the coordinated operations of the State Water Project and the federal Central Valley Project to update them with the latest best available science and lessons learned operating under the prior 2008 and 2009 biological opinions. In January 2019, the Bureau of Reclamation submitted the initial biological assessment to USFWS and NMFS. The biological assessment contains a description of the Bureau of Reclamation’s and DWR’s proposed long-term coordinated operations plan (the “2019 Long-Term Coordinated Operations Plan”). On October 22, 2019, USFWS and NMFS issued new federal biological opinions (the “2019 biological opinions”) that provided incidental take coverage for the 2019 Long-Term Coordinated Operations Plan. On February 18, 2020, the Bureau of Reclamation signed a Record of Decision, pursuant to NEPA, completing its environmental review and adopting the 2019 Long-Term Coordinated Operations Plan.

In 2021, in accordance with direction provided by an executive order of then President Biden following his assumption of office, the U.S. Department of Commerce and the Department of the Interior heads reviewed the 2019 biological opinions, and on September 30, 2021, the Bureau of Reclamation Regional Director for Interior Region 10 sent a letter to the USFWS and NMFS re-initiating consultation on the long-term operations of the state and federal water projects. The consultation process requires the Bureau of Reclamation and DWR to develop a biological assessment describing the proposed operating criteria and perform an effects analysis. NMFS and USFWS are required to review the biological assessment and determine whether the proposed operating criteria would cause jeopardy or adverse modification of critical habitat. On November 15, 2024, the Bureau of Reclamation released the final EIS for the long-term operation of the Central Valley Project and the State Water Project.

The final EIS considers four alternatives and a no-action alternative for the operation of the Central Valley Project and the State Water Project, and addresses the review of the 2019 biological opinions. The final EIR identifies as the “preferred alternative” a new framework for Shasta Reservoir operations to benefit winter-run Chinook salmon; revised operational criteria for Delta exports; and supports implementation of the Healthy Rivers and Landscapes Program to provide more Delta outflow/habitat restoration in the Bay-Delta. See “– State Water Project – Bay-Delta Proceedings Affecting State Water Project – *SWRCB Regulatory Activities and Decisions.*”

On November 8, 2024, and December 6, 2024, respectively, the USFWS and the NMFS issued new biological opinions for the re-initiation of consultation of the long-term operations of the Central Valley Project and State Water Project, superseding the 2019 biological opinions. The Bureau of Reclamation signed the Record of Decision on December 19, 2024, completing its environmental review and approving the Long-Term Operation of the Central Valley Project and the State Water Project (the “2024 Long-Term Coordinated Operations Plan”), adopting the preferred alternative. Under the 2024 biological opinions, State and federal operational criteria for Delta export requirements are consistent. Metropolitan does not anticipate any significant impact to water supply from the 2024 biological opinions.

Since taking office in January 2025, the President of the United States issued several Executive Orders relevant to the 2024 biological opinions, including Executive Order “Emergency Measures to Provide Water Resources in California and Improve Disaster Response in Certain Areas,” and “Putting People over Fish: Stopping Radical Environmentalism to Provide Water to Southern California.” Whether any specific actions that may result from these Executive Orders could impact the continued implementation of the 2024 biological opinions is not yet known.



**Federal ESA–Litigation.** On December 2, 2019, a group of non-governmental organizations, including commercial fishing groups and the Natural Resources Defense Council (the “NGOs”), sued USFWS and NMFS, alleging the 2019 biological opinions were arbitrary and capricious, later amending the lawsuit to include claims under the federal ESA and NEPA related to decisions made by the Bureau of Reclamation. On February 20, 2020, Natural Resources, the California Environmental Protection Agency, and the California Attorney General (collectively, the “State Petitioners”) sued the federal agencies, making similar allegations. The State Water Contractors association intervened in both cases to defend the 2019 biological opinions. After a series of State motions for injunctive relief in 2020 and 2021, the State and federal governments agreed on an interim operations plan (“IOP”) in 2022 and 2023 to address drought conditions and to better align Central Valley Project operations with the State Water Project, as it is operated under its California ESA incidental take permit. After extensive briefing, the court ultimately approved the IOP as a consent decree in 2022 and 2023, and a decision is pending in regard to the 2024 IOP. As part of the IOP orders, the court stayed the litigation in anticipation of the new 2024 biological opinions. Metropolitan is unable to predict the outcome of this litigation or any potential effect on Metropolitan’s State Water Project water supplies. The stay previously in effect expired in December 2024 and the parties are discussing whether to proceed with the litigation.

**California ESA– DWR Incidental Take Permit.** As described above, operations of the State Water Project require both federal ESA and California ESA authorizations. On March 27, 2020, DWR released a final EIR and Notice of Determination describing and adopting a State Water Project long-term operations plan with additional operational restrictions and additional conservation commitments. On March 31, 2020, CDFW issued an incidental take permit for the State Water Project that included further operational restrictions and outflow. As issued, the incidental take permit reduces State Water Project deliveries by more than 200,000 acre-feet on an average annual basis as compared to the 2019 biological opinions and includes \$218 million over a ten-year period in environmental commitments for the State Water Project.

On October 28, 2024, DWR approved a Notice of Determination describing and adopting a new State Water Project long-term operations plan with additional operational restrictions and additional conservation commitments. On October 30, 2024, DWR issued its final EIR with respect to such plan. On November 4, 2024, the CDFW issued an incidental take permit for the new State long-term operation plan (the “CESA 2024 ITP”). The permit covers five species protected under the California ESA, including Delta smelt, longfin smelt, white sturgeon, winter-run Chinook salmon and spring-run Chinook salmon. The CESA 2024 ITP does not result in additional water supply or fiscal impacts, and the 2024 State Water Project long-term operations plan is consistent with the federal 2024 Long-Term Coordinated Operations Plan.

**California ESA - DWR Permit Litigation.** On April 28, 2020, Metropolitan and the Mojave Water Agency (“Mojave”) jointly sued CDFW, DWR and Natural Resources, alleging that the California ESA 2020 incidental take permit and final EIR violate CEQA and the California ESA. Metropolitan and Mojave also allege that DWR breached the State Water Contract and the implied covenant of good faith and fair dealing by, among other things, accepting an incidental take permit containing mitigation requirements in excess of that required by law. Subsequently, two State Water Project contractors and a Metropolitan member agency joined with Metropolitan and Mojave in a first amended complaint. Various other water agencies, including the State Water Contractors association, also filed CEQA and CESA actions, or subsequently joined in a first amended complaint in which the individual water contractors allege causes of action for breach of contract and the implied covenant of good faith and fair dealing. In addition, another State Water Project contractor, the San Bernardino Valley Municipal Water District (“SBVMWD”), filed a complaint alleging violations of CEQA and CESA, as well as breach of contract and the implied covenant of good faith and fair dealing, unconstitutional takings, and anticipatory repudiation of contract. Several federal Central Valley Project water contractors also filed a CEQA challenge. Four other lawsuits have been filed by certain commercial fishing groups and an American Indian tribe, several environmental groups,



and two in-Delta water agencies challenging the 2020 final EIR as inadequate under CEQA and alleging violations of the Delta Reform Act, public trust doctrine and, in one of the cases, certain water right statutes.

All eight cases have been coordinated in Sacramento County Superior Court. On May 7, 2021, the coordination trial judge ordered the CEQA and CESA causes of action as well as certain other administrative record-based claims alleged by petitioners in several other cases bifurcated from the State Water Project contractors' respective contractual and unconstitutional takings causes of action, with the CEQA and CESA causes of action to be tried first. The administrative records were certified in the fall of 2023. The parties are currently meeting and conferring on a merits briefing schedule for the CEQA and CESA claims. Metropolitan and other State Water Project contractor parties are considering whether to dismiss their cases.

Legal challenges to the CESA 2024 ITP have been filed by Central Delta Water Agency, South Delta Water Agency, Tehama-Colusa Canal Authority, San Luis & Delta Mendota Water Authority, Friant Water Authority, Glenn-Colusa Irrigation District, Reclamation District 108, Natomas Central Mutual Water Company, Sutter Mutual Water Company, Sacramento River Settlement Contractors and Westlands Water District.

Metropolitan is unable to assess at this time the likely outcome of litigation relating to the California ESA 2020 incidental take permit or the 2024 CESA ITP, including any future litigation or any future claims that may be filed, or any potential effect on Metropolitan's State Water Project water supplies.

#### **Endangered Species Act Considerations - Colorado River**

Federal and state environmental laws protecting fish species and other wildlife species have the potential to affect Colorado River operations. A number of species that are on either "endangered" or "threatened" lists under the federal and state ESAs are present in the area of the Lower Colorado River, including among others, the bonytail chub, razorback sucker, southwestern willow flycatcher, and Yuma clapper rail. To address this issue, a broad-based state/federal/tribal/private regional partnership that includes water, hydroelectric power and federal and state wildlife management agencies in Arizona, California, and Nevada have developed a multi-species conservation program for the main stem of the Lower Colorado River (the Lower Colorado River Multi-Species Conservation Program or "MSCP"). The MSCP provides Metropolitan federal and state ESA compliance for any incidental take of protected species resulting from current and future water and power operations of its Colorado River facilities and to minimize any uncertainty from additional listings of endangered species. The MSCP also covers operations of federal dams and power plants on the river that deliver water and hydroelectric power for use by Metropolitan and other agencies. The MSCP covers 27 species and habitat in the Lower Colorado River from Lake Mead to the Mexican border for a term of 50 years (commencing in 2005). Over the 50-year term of the program, the total cost to Metropolitan is estimated to be about \$88.5 million (in 2003 dollars), with annual costs ranging between \$0.8 million and \$4.7 million (in 2003 dollars).

On December 7, 2023, the USFWS issued a biological opinion to the Bureau of Reclamation that provided additional incidental take due to reductions in Colorado River flows in excess of flow-related covered actions and activities provided under the Lower Colorado River Multi-Species Conservation Program, beginning October 1, 2023 and ending with the issuance of a future biological opinion to cover new or revised post-2026 Colorado River operating guidelines. The consultation for this biological opinion was initiated due to the anticipated reduction in flow between Hoover Dam and the Imperial Dam due to the proposed 500+ Plan conservation activities described under "–Colorado River Aqueduct – Colorado River Operations: Surplus and Shortage Guidelines – Lake Mead 500+ Plan." This biological opinion is currently being utilized by the Bureau of Reclamation as part of the MSCP.



### **Invasive Species - Mussel Control Programs**

Invasive zebra and quagga mussels are established in many regions of the United States and golden mussels have recently been detected in California (first detection in North America). Mussels can reproduce quickly and, if left unmanaged, can reduce flows by clogging intakes and raw water conveyance systems, alter or destroy fish habitats, and affect lakes and beaches. Mussel management activities may require changes in water delivery protocols to reduce risks of spreading mussel populations and increase operation and maintenance costs.

In January 2007, quagga mussels were discovered in Lake Mead. All pipelines and facilities that transport raw Colorado River water are considered to be infested with quagga mussels. Metropolitan has a quagga mussel control plan, approved by the CDFW to address the presence of mussels in the CRA system and limit further spread of mussels. Year-round monitoring for mussel larvae is conducted at various locations in the CRA system and at select non-infested areas of Metropolitan's system (*e.g.*, Diamond Valley Lake), and some locations in the State Water Project. Shutdown inspections have demonstrated that control activities effectively limit mussel infestation in the CRA. Metropolitan's costs for controlling quagga mussels in the CRA system, including chlorination, raw water discharge control, and monitoring are approximately \$7-10 million per year.

In July 2024, Colorado Parks and Wildlife announced that zebra mussel larvae were detected in the Colorado River upstream of Lake Powell but no veligers or adult mussels were discovered in extensive follow up monitoring. However, five dead adult mussels were found when Highline Lake was drained as part of the eradication plan. The potential impact of zebra mussels in a region of the Colorado River that does not currently have quagga mussels is not currently known.

Adult quagga mussels were detected in the West Branch of the State Water Project in 2016 and 2021, and since 2023, veligers (larval stage of quagga mussels) have been consistently detected in water leaving Castaic Lake through Metropolitan's Foothill Feeder. Although the number of adult mussels and veligers detected so far is relatively low, a reproducing population of quagga mussels is now established in the West Branch of the State Water Project, and the eventual extent of infestation and magnitude of impacts cannot be easily predicted at this time. Metropolitan is investigating potential control measures for water leaving Castaic Lake to minimize downstream impacts and protect infrastructure. Releases of raw water from Castaic Lake for groundwater replenishment now require a raw water discharge plan approved by CDFW.

In October 2024, golden mussels were detected in the Bay-Delta in the Port of Stockton. This was the first known occurrence of golden mussels in North America. Since their initial discovery, golden mussels have been found throughout the southern Delta, in O'Neill Forebay at San Luis Reservoir, a joint facility of the State Water Project and the CVP, and extending as far south as the Coastal Aqueduct branch about 100 miles south of San Luis Reservoir. CDFW is coordinating surveys and sampling throughout the Delta to determine the speed and extent of the mussels' spread and a state taskforce is assessing potential control measures. Golden mussels have not yet been detected in Metropolitan's local supplies but given their ability for rapid spread, further colonization is expected. Metropolitan is working with CDFW, DWR, and other affected agencies to assess impacts and develop potential control measures. There are currently no restrictions on Metropolitan's operations due to the presence of golden mussels in the State Water Project.



## Water Transfer, Storage and Exchange Programs

### General

To supplement its State Water Project and Colorado River water supplies, Metropolitan has developed and actively manages a portfolio of water supply programs, including water transfers, storage, and exchange agreements. Supplies are conveyed through the California Aqueduct, utilizing Metropolitan's rights under its State Water Contract to use the portion of the State Water Project conveyance system necessary to deliver water to it, or through available CRA capacity. Consistent with its long-term planning efforts, Metropolitan continues to pursue voluntary water transfer and exchange programs with State, federal, public and private water districts, and individuals to help mitigate supply/demand imbalances and provide additional dry-year supply sources. A summary description of Metropolitan's supply programs is set forth below. In addition to the arrangements described below, Metropolitan is entitled to storage and access to stored water in connection with various storage programs and facilities. See "Colorado River Aqueduct" above, as well as the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "Storage Capacity and Water in Storage" below.

### State Water Project Agreements and Programs

In addition to the basic State Water Project contract provisions, Metropolitan has other contract rights that accrue to the overall value of the State Water Project. Because each Contractor is paying for physical facilities, they also have the right to use the facilities to move water supplies associated with agreements, water transfers and water exchanges. Metropolitan has entered into agreements and exchanges with third parties that provide additional water supplies.

Existing and potential water transfers and exchanges are an important element for improving the water supply reliability within Metropolitan's service area and accomplishing the reliability goal set by Metropolitan's Board. Under voluntary water transfers and exchanges with agricultural users, agricultural communities may periodically sell or conserve a portion of their agricultural water supply to make it available to support the State's urban areas. The portfolio of supplemental supplies that Metropolitan has developed to be conveyed through the California Aqueduct extend from north of the Bay-Delta to Southern California. Certain of these arrangements are described below.

***Castaic Lake and Lake Perris.*** Metropolitan has contractual rights to withdraw up to 65,000 acre-feet of water in Lake Perris (East Branch terminal reservoir) and 153,940 acre-feet of water in Castaic Lake (West Branch terminal reservoir), in addition to the annual "Table A" allocation. Any water used must be returned to the State Water Project within five years or it is deducted from allocated amounts in the sixth year. Metropolitan's preliminarily estimated storage balance as of January 1, 2025, is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "Storage Capacity and Water in Storage" below.

***Metropolitan Article 56 Carryover.*** Metropolitan has the right to store in San Luis Reservoir, its allocated contract amount for delivery in subsequent years. Metropolitan can store between 100,000 and 200,000 acre-feet per year, depending on the final "Table A" allocation. Metropolitan's preliminarily estimated storage balance as of January 1, 2025, is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "Storage Capacity and Water in Storage" below.

***Yuba River Accord.*** Metropolitan entered into an agreement with DWR in December 2007 to purchase a portion of the water released by the Yuba County Water Agency ("YCWA"). YCWA was involved in a SWRCB proceeding in which it was required to increase Yuba River fishery flows. Within the framework of agreements known as the Yuba River Accord, DWR entered into an agreement for the long-term purchase of water from YCWA. The agreement permits YCWA to transfer additional supplies at



its discretion. Metropolitan, other State Water Project contractors, and the San Luis & Delta-Mendota Water Authority entered into separate agreements with DWR for the purchase of portions of the water made available. Metropolitan's agreement allows Metropolitan to purchase, in dry years through 2025, available water supplies which have ranged from approximately 8,135 acre-feet to 67,068 acre-feet per year. YCWA has proposed to extend the water transfer program through 2050, and certified a Final Supplemental Environmental Impact Report on September 17, 2024 for the extension. The SWRCB has scheduled a public hearing for July and August 2025 on YCWA's pending water rights petition for the long-term transfer.

Metropolitan has also developed other groundwater storage and exchange programs, certain of which are described below. See "METROPOLITAN'S WATER DELIVERY SYSTEM–Water Quality and Treatment" in this Appendix A for information regarding certain water quality regulations and developments that impact or may impact some of Metropolitan's groundwater storage programs.

***Arvin-Edison/Metropolitan Water Management Program.*** In December 1997, Metropolitan entered into an agreement with the Arvin-Edison Water Storage District ("Arvin-Edison"), an irrigation agency located southeast of Bakersfield, California. Under the program, Arvin-Edison stores water on behalf of Metropolitan. In January 2008, Metropolitan and Arvin-Edison amended the agreement to enhance the program's capabilities and to increase the delivery of water to the California Aqueduct. To facilitate the program, new wells, spreading basins, and a return conveyance facility connecting Arvin-Edison's existing facilities to the California Aqueduct were constructed. The agreement provides Metropolitan priority use of Arvin-Edison's facilities to convey high-quality water available on the east side of the San Joaquin Valley to the California Aqueduct. Up to 350,000 acre-feet of Metropolitan's water may be stored, and Arvin-Edison is obligated to return up to 75,000 acre-feet of stored water in any year to Metropolitan, upon request. The agreement also contains a provision, referred to as the "Water Quality Sub-Account" or "WQSA" provision, pursuant to which Metropolitan may take delivery of a portion of Arvin Edison's surface water supplies in the spring and return an equal amount to Arvin Edison, typically in the same year during the summer when Arvin needs supplies most for irrigation. The agreement terminates in 2035 unless extended. Metropolitan's preliminarily estimated storage account balance under the Arvin-Edison program as of January 1, 2025 is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "–Storage Capacity and Water in Storage" below. As a result of detecting 1,2,3-trichloropropane ("TCP") in Arvin-Edison wells above the maximum contaminant level ("MCL") in 2018, Metropolitan suspended the return of groundwater from the program until the water quality concerns can be further evaluated and managed. Instead, Metropolitan has requested that Arvin-Edison provide only surface water that can satisfy DWR's standards for direct pump-back into the California Aqueduct, or alternative methods satisfactory to Metropolitan, in order to meet both the DWR pump-in requirements and Metropolitan's request for the return of water. In 2024, Metropolitan did not recover any water stored with Arvin-Edison under the program, but Metropolitan and Arvin-Edison did exchange 10,777 acre-feet under the WQSA provision. As of January 1, 2025, Metropolitan has returned 9,942 acre-feet of the 10,777 acre-feet back to Arvin-Edison. Metropolitan does not currently anticipate recovering supplies from the Arvin-Edison program in 2025 but may explore opportunities for additional WQSA exchanges upon Arvin-Edison's request. Additionally, in September 2025, the SWRCB will consider putting the Kern County Subbasin on probationary status under the State's Sustainable Groundwater Management Act which could potentially impact operation of this program.

In October 2021, Arvin-Edison sued The Dow Chemical Company, Shell Oil Company, and others regarding TCP in Arvin-Edison's groundwater. According to Arvin-Edison's complaint, the defendants are the manufacturers and distributors of the TCP that caused the contamination of Arvin-Edison's groundwater supplies. Arvin-Edison alleges that the widespread presence of TCP at concentrations above the MCL in its wells has caused certain of its water banking partners (including Metropolitan) to reduce and/or suspend their water banking and management programs. Based upon a mitigation feasibility study dated November 4, 2021 prepared for Arvin-Edison, Arvin-Edison estimates that treatment would cost



approximately \$465 million, which includes capital costs and the present worth of operation and maintenance treatment costs over a 50-year period. The litigation is ongoing with a jury trial set for September 8, 2025. If Arvin-Edison prevails in its litigation, a monetary recovery, if any, would be available to offset costs associated with treatment facilities to remediate the groundwater contamination.

***Semitropic/Metropolitan Groundwater Storage and Exchange Program.*** In 1994, Metropolitan entered into an agreement with the Semitropic Water Storage District (“Semitropic”), located adjacent to the California Aqueduct north of Bakersfield, to store water in the groundwater basin underlying land within Semitropic. The minimum annual yield available to Metropolitan from the program is 38,200 acre-feet of water, and the maximum annual yield is 239,700 acre-feet of water depending on the available unused capacity and the State Water Project allocation. The agreement extends to November 4, 2035.

In 2021, Metropolitan’s Board approved an agreement with SDCWA for the purchase by Metropolitan of 4,200 acre-feet and a lease of 5,000 acre-feet of return capacity from SDCWA’s Semitropic Program for 2022. Similarly, in 2023, Metropolitan and SDCWA executed an agreement for Metropolitan to purchase 4,200 acre-feet and lease of 4,381 acre-feet of delivery capacity from SDCWA’s Semitropic Program. The agreement provided for improved regional reliability and also allows for the exchange of previously stored water with Metropolitan in the future.

Metropolitan’s preliminarily estimated storage account balance under the Semitropic program, as of January 1, 2025, which includes water purchased under the agreements with SDCWA, is shown in the table entitled “Metropolitan’s Water Storage Capacity and Water in Storage” under “–Storage Capacity and Water in Storage” below. In September 2025, the SWRCB will consider putting the Kern County Subbasin on probationary status under the State’s Sustainable Groundwater Management Act which could potentially impact operation of this program.

TCP has been detected in the groundwater supplies within Semitropic; however, detection levels at the turn-in locations for the Semitropic program have remained below the MCL and, to date, the return of groundwater to Metropolitan under the program has not been impacted. In October 2021, Semitropic, as well as its several affiliated improvement districts (collectively referred to in this paragraph as “Semitropic”), sued The Dow Chemical Company, Shell Oil Company, and others regarding TCP in Semitropic’s groundwater. According to Semitropic’s complaint, the defendants are the manufacturers and distributors of the TCP that caused the contamination of Semitropic’s groundwater supplies. The litigation is ongoing with a jury trial set for July 27, 2026. If Semitropic prevails in its litigation, a monetary recovery, if any, would be available to offset costs associated with any needed treatment facilities to remediate the groundwater contamination.

***Kern Delta Storage Program.*** Metropolitan entered into an agreement with Kern Delta Water District (“Kern Delta”) in May 2003, for a groundwater banking and exchange transfer program to allow Metropolitan to store up to 250,000 acre-feet of State Water Contract water in wet years and to permit Metropolitan, at Metropolitan’s option, a return of up to 50,000 acre-feet of water annually during hydrologic and regulatory droughts. The agreement extends through December 2029. Metropolitan’s preliminarily estimated storage account balance under this program as of January 1, 2025 is shown in the table entitled “Metropolitan’s Water Storage Capacity and Water in Storage” under “–Storage Capacity and Water in Storage” below.

***Mojave Storage Program.*** Metropolitan entered into a groundwater banking and exchange transfer agreement with Mojave in October 2003. The agreement allows for Metropolitan to store water in an exchange account for later return. The agreement allows Metropolitan to annually withdraw Mojave State Water Project contractual amounts, after accounting for local needs. Under a 100 percent allocation, the State Water Contract provides Mojave 89,800 acre-feet of water. This agreement was amended in 2011 to



allow for the cumulative storage of up to 390,000 acre-feet. The agreement extends through December 2035. Metropolitan's preliminarily estimated storage account balance under this program as of January 1, 2025, is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "–Storage Capacity and Water in Storage" below.

***Antelope Valley-East Kern Storage and Exchange Program.*** In 2016, Metropolitan entered into an agreement with the Antelope Valley-East Kern Water Agency ("AVEK"), the third largest State Water Project contractor, to both exchange supplies and store water in the Antelope Valley groundwater basin. Under the exchange, AVEK would provide at least 30,000 acre-feet over ten years of its unused Table A State Water Project water to Metropolitan. For every two acre-feet provided to Metropolitan as part of the exchange, AVEK would receive back one acre-foot in the future. For the one acre-foot that is retained by Metropolitan, Metropolitan would pay AVEK under a set price schedule based on the State Water Project allocation at the time. Under this agreement, AVEK also provides Metropolitan up to 30,000 acre-feet of storage. The agreement will remain in effect until the AVEK High Desert Water Bank Program (described below) is able to return water to Metropolitan. Metropolitan's preliminarily estimated storage account balance under this program as of January 1, 2025, is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "–Storage Capacity and Water in Storage" below.

***Antelope Valley-East Kern High Desert Water Bank Program.*** In 2019, Metropolitan entered into an agreement with AVEK for a groundwater banking program referred to as the High Desert Water Bank Program. The original estimated cost of construction of the facilities to be funded by Metropolitan to implement the program was \$131 million, but the estimated cost subsequently increased to \$211 million due to inflation, finalization of the off-site power distribution design, and revisions to the design. In September 2023, Metropolitan's Board authorized \$80 million for the additional costs. In 2024, all recharge facilities were completed and Metropolitan began storing water in September 2023. Metropolitan's preliminarily estimated storage account balance under this program as of January 1, 2025, is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "–Storage Capacity and Water in Storage" below. Water quality testing of the deeper recovery wells installed in 2021 revealed that arsenic levels in all four wells were above the federal and State MCL of 10 micrograms per liter ("µg/L"), ranging from 11 to 19 µg/L. Arsenic naturally occurs in the Antelope Valley groundwater basin, with levels detected throughout the basin but such levels are generally higher in the deeper aquifer. Based on the current water quality data, recovered water from the High Desert Water Bank Program requires treatment before delivery to the California Aqueduct. Metropolitan is working with AVEK to complete additional groundwater modeling and analysis to understand arsenic's behavior in the basin, identify other constituents of concern, and optimize the design of the remaining recovery wells and treatment system. In May 2025, Staff will present for Board consideration the execution of an amendment and restatement of the agreement between Metropolitan and AVEK, to among other things, provide for the financing (and re-financing) of certain costs of construction of the facilities funded by Metropolitan in connection with the program. See "METROPOLITAN EXPENSES—Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations – Subordinate Parity Obligations – *Anticipated Incurrence of Financial Obligation.*" Staff will return to the Board in Fall 2025 to request authorization for additional costs related to the recommended treatment system. Following completion of construction, which is expected by the end of 2027, Metropolitan would have the right to store up to 70,000 acre-feet per year of its unused Table A State Water Project water or other supplies in the Antelope Valley groundwater basin for later return. The maximum storage capacity for Metropolitan supplies would be 280,000 acre-feet. At Metropolitan's direction, up to 70,000 acre-feet of stored water annually would be available for return by direct pump back into the East Branch of the California Aqueduct. Upon full completion of construction (expected by the end of 2027), this program would provide additional flexibility to store and recover water for emergency or water supply needs through 2057.



As described under “–Colorado River Aqueduct –Colorado River Operations: Surplus and Shortage Guidelines – *Lower Colorado River Basin System Conservation and Efficiency Program*,” Metropolitan has entered into an agreement with the Bureau of Reclamation pursuant to which the Bureau of Reclamation has agreed to fund a portion of the costs of design and construction of the High Desert Water Bank Program facilities and Metropolitan has agreed to create and conserve specified quantities of water for the benefit of Lake Mead as system water by reducing its order and delivery of Colorado River water supplies by such amounts over a ten-year period. See also “METROPOLITAN REVENUES–Federal Funding.”

***San Gabriel Valley Municipal Water District and Other Exchange Programs.*** In 2013, Metropolitan entered into an agreement with the San Gabriel Valley Municipal Water District (“SGVMWD”). Under this agreement, Metropolitan delivers treated water to a SGVMWD subagency in exchange for twice as much untreated water in Metropolitan’s cyclic account in the Main San Gabriel groundwater basin. Metropolitan’s member agencies can then use the groundwater supplies to meet their needs. Metropolitan can exchange and purchase at least 5,000 acre-feet per year minus the exchanged water from SGVMWD. This program is routinely used by Metropolitan and has the potential to increase Metropolitan’s reliability by providing 115,000 acre-feet through 2035.

***Coordinated Operating, Water Storage, Exchange, and Delivery Agreement with Irvine Ranch Water District.*** In 2011, Metropolitan entered into an agreement with the Municipal Water District of Orange County (“MWDOC”) and the Irvine Ranch Water District (“IRWD”). Through the agreement, Metropolitan facilitates exchanges of State Water Project supplies that IRWD obtains through unbalanced exchanges with other State Water Project contractors. IRWD stores exchanged water in its groundwater bank at Strand and Stockdale Ranches. A portion of the water is returned to the partnering State Water Project contractor and the remaining portion remains in IRWD’s water bank for future delivery to Metropolitan’s service area. MWDOC/IRWD can take delivery of stored water through Metropolitan’s distribution system and pays the Metropolitan full-service water rate. Metropolitan can also borrow stored supplies when needed and return an equal amount of water to IRWD’s bank in future years. This agreement extends to November 2035 and enhances regional reliability by providing Metropolitan’s service area with access to additional supplies.

***San Bernardino Valley Municipal Water District Exchange Program.*** In 2020, Metropolitan signed a coordinated operating and surplus water agreement with SBVMWD. In 2021, in accordance with the terms of such agreement, Metropolitan’s Board authorized an agreement with SBVMWD that provides a framework which allows for the exchange of both local and State Water Project supplies. The exchanges are equal if they occur within the same calendar year and up to two-to-one if water is returned in a subsequent calendar year. The agreement, which extends through December 31, 2031, provides for improved coordination to respond to outages and emergencies of either party.

***Sites Reservoir Storage Project.*** The Sites Reservoir is a proposed reservoir project of approximately 1.5 million acre-feet to be located in Colusa County, that is being developed by the Sites Project Authority, a joint exercise of powers authority. The water stored in the proposed project would be diverted from the Sacramento River. As currently proposed, the Sites Reservoir would have dedicated water storage and yield that would be used for fishery enhancement, water quality, and other environmental purposes. The proposed project could also provide an additional water supply that could be used for dry-year benefits. Metropolitan is a member of the Sites Reservoir Committee, a group of 22 agencies that are participating in certain planning activities in connection with the proposed development of the project, including project permitting and proposed reservoir operations. In April 2022, Metropolitan’s Board approved \$20 million in funding for Metropolitan’s continued participation in such planning activities. The Sites Project Authority Board, with a recommendation from the Sites Reservoir Committee, approved the Final EIR and approved the Sites Reservoir project on November 17, 2023. The Sites Project Authority Board has extended the schedule for continuing planning activities through early 2026. No additional



funding commitments from participating agencies will be required during this time. Metropolitan's agreement to participate in the funding of the current phase of project development does not commit Metropolitan to participate in the Sites Reservoir project in the future.

***Other Ongoing Activities.*** In October 2024, the Board authorized the General Manager to execute agreements with Western Canal Water District and Richvale Irrigation District providing for a one-time option payment of \$250,000 each for the first right to purchase their available annual Feather River water transfer supplies during 2025 through 2027. In February 2025, the Board authorized the General Manager to execute single-year State Water Project water management transactions during 2025 and 2026 to manage for both drought and surplus conditions. This authorization included allowing for the sale of surplus water outside of the service area in order to generate new revenues assumed in the biennial budget for fiscal years 2024-25 and 2025-26. The sale of surplus water was authorized subject to certain conditions, including that Metropolitan projects that it will be adding to storage accessible by the SWP Dependent Area.

### **Colorado River Aqueduct Agreements and Programs**

Metropolitan has taken steps to augment its share of Colorado River water through agreements with other agencies that have rights to use such water, including through cooperative programs with other water agencies to conserve and develop supplies and through programs to exchange water with other agencies. These supplies are conveyed through the CRA. Metropolitan determines the delivery schedule of these supplies throughout the year based on changes in the availability of State Water Project and Colorado River water. Under certain of these programs, water may be delivered to Metropolitan's service area in the year made available or in a subsequent year as ICS water from Lake Mead storage. See "*Colorado River Aqueduct –Colorado River Operations: Surplus and Shortage Guidelines – Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead.*"

***IID/Metropolitan Conservation Agreement.*** Under a 1988 water conservation agreement, as amended in 2003 and 2007 (the "1988 Conservation Agreement") between Metropolitan and IID, Metropolitan provided funding for IID to construct and operate a number of conservation projects that have conserved up to 109,460 acre-feet of water per year that has been provided to Metropolitan. As amended, the agreement's initial term has been extended to at least 2041 or 270 days after the termination of the QSA. Under a 2014 letter agreement, starting in 2016, 105,000 acre-feet of conserved water are made available by IID to Metropolitan each year. Under the QSA and related agreements, Metropolitan, at the request of CVWD, forgoes up to 20,000 acre-feet of this water each year for diversion by CVWD from the Coachella Canal. In each of 2018 and 2019, CVWD's requests were for 0 acre-feet, leaving 105,000 acre-feet in 2018 and 2019 for Metropolitan. In December 2019, Metropolitan signed a revised agreement with CVWD in which CVWD will limit its annual request of water from this program to 15,000 acre-feet through 2026. See "*Colorado River Aqueduct –Quantification Settlement Agreement.*"

***Palo Verde Land Management, Crop Rotation and Water Supply Program.*** In August 2004, Metropolitan and Palo Verde Irrigation District ("PVID") signed the program agreement for a Land Management, Crop Rotation and Water Supply Program. Under this program, participating landowners in the PVID service area are compensated for reducing water use by not irrigating a portion of their land. This program provides up to 133,000 acre-feet of water to be available to Metropolitan in certain years. The term of the program is 35 years. Following began on January 1, 2005. The following table shows annual volumes of water saved and made available to Metropolitan during the 10 calendar years 2015 through 2024 under the Land Management, Crop Rotation and Water Supply Program with PVID:



**WATER AVAILABLE FROM PVID LAND MANAGEMENT,  
CROP ROTATION AND WATER SUPPLY PROGRAM**

Calendar Year	Volume (acre-feet)
2015	94,500
2016	125,400
2017	111,800
2018	95,800
2019	44,500
2020	43,900
2021	42,305
2022	29,736
2023	15,749
2024	0 (est)

*Source: Metropolitan.*

This program is being funded by the federal government for the period from August 1, 2023 to July 31, 2026 pursuant to the Lower Colorado River Basin System Conservation and Efficiency Program established by the Bureau of Reclamation. Water generated from the program during that time period will benefit Lake Mead as system water rather than accrue to Metropolitan. See “–Colorado River Aqueduct – Colorado River Operations: Surplus and Shortage Guidelines – *Lower Colorado River Basin System Conservation and Efficiency Program.*”

***Bard Water District Seasonal Fallowing Program.*** In 2019, Metropolitan entered into agreements with Bard Water District (“Bard”) and farmers within the Bard Unit, to provide incentives for land fallowing under the Bard Seasonal Fallowing Program. The program reduces water consumption in Bard and that helps augment Metropolitan’s Colorado River supplies. It incentivizes farmers to fallow their land for four months in exchange for a fixed payment per irrigable acre (initially, \$452), escalated annually. Metropolitan estimates water savings of approximately 2.0 acre-feet per fallowed acre. Bard diverts Colorado River water for crop irrigation grown year-round in the warm dry climate. Farmers typically grow high-value crops in the winter (vegetable crops) followed by a lower-value, water-intensive, field crop (such as Bermuda and Sudan grass, small grains, field grains, or cotton) in the spring and summer. Participating farmers will reduce their water consumption through land fallowing of up to 3,000 acres in aggregate annually between April and July. For calendar years 2024 through 2026, this program is being funded by the federal government pursuant to the Lower Colorado River Basin System Conservation and Efficiency Program established by the Bureau of Reclamation. In calendar year 2025, the incentive payment is \$570.00 per irrigable acre fallowed. The program is currently scheduled to end on December 31, 2026. Water generated from the program during that time period will benefit Lake Mead as system water rather than accrue to Metropolitan. See “–Colorado River Aqueduct –Colorado River Operations: Surplus and Shortage Guidelines – *Lower Colorado River Basin System Conservation and Efficiency Program.*”

***Quechan Forbearance Program.*** In 2005, Metropolitan entered into a settlement agreement in Arizona v. California with the Quechan Indian Tribe (the “Quechan Tribe”) and other parties. The Quechan Tribe uses Colorado River water on the Fort Yuma Indian Reservation. In addition to the amount of water decreed for the benefit of the Reservation in the 1964 Arizona v. California decree, under the 2005 settlement agreement, the Quechan Tribe is entitled to (a) 20,000 acre-feet of diversions from the Colorado River or (b) the amount necessary to supply the consumptive use required for irrigation of a specified number of acres, and for the satisfaction of related uses, whichever is less. Of the additional diversions,



13,000 acre-feet became available to the Quechan Tribe in 2006. An additional 7,000 acre-feet will become available to the Quechan Tribe in 2035. Metropolitan agreed to provide annual incentive payments to the Quechan Tribe if the tribe forbore diversion of the additional water, thereby allowing Metropolitan to divert it. The value of these payments was \$125 per acre-foot in 2006 and is escalated at 2.5 percent per year. In 2025, the payment is \$194.96 per acre-foot. For calendar years 2023 through 2026, this program is being funded by the federal government pursuant to the Lower Colorado River Basin System Conservation and Efficiency Program established by the Bureau of Reclamation. Water generated from the program during that time period will benefit Lake Mead as system water rather than accrue to Metropolitan. See “–Colorado River Aqueduct –Colorado River Operations: Surplus and Shortage Guidelines – *Lower Colorado River Basin System Conservation and Efficiency Program.*”

***Quechan Tribe of the Fort Yuma Indian Reservation Seasonal Fallowing Pilot Program.*** In December 2021, Metropolitan entered into a two-year agreement with the Quechan Tribe to launch the voluntary Quechan Seasonal Fallowing Pilot Program (the “Pilot Program”) for fallowing in 2022 and 2023. In December 2023, Metropolitan and the Quechan Tribe amended the agreement to extend the Pilot Program for an additional three years through 2026. Under the Pilot Program, Metropolitan provides incentives to farmers on Quechan tribal land for land fallowing that reduces water consumption to help augment Metropolitan’s Colorado River supplies. Desert agriculture realizes a market advantage in the winter for high-value vegetables such as lettuce and broccoli. In the hot summer, farmers typically grow lower-value, water-intensive commodities such as grains and grasses. Farmers participating in the Pilot Program agree to decrease their water consumption through land fallowing of up to 1,600 acres annually during April through July. In calendar year 2023, 148 acres were fallowed and in calendar year 2024, 159 acres were fallowed. Metropolitan provided \$503.29 and \$530.61 per irrigable acre fallowed, respectively. The payment is escalated annually. In calendar year 2025, the incentive payment is \$547.74 per irrigable acre fallowed. Metropolitan estimates water savings between 1.5 and 2.0 acre-feet per irrigable acre fallowed, with actual savings to be determined throughout the Pilot Program.

***Lake Mead Storage Program.*** As described under “–Colorado River Aqueduct –Colorado River Operations: Surplus and Shortage Guidelines – *Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead,*” Metropolitan has entered into agreements to set forth the guidelines under which ICS water is developed and stored in and delivered from Lake Mead. The amount of water stored in Lake Mead must be created through extraordinary conservation, system efficiency, tributary, imported, or binational conservation methods. Metropolitan has participated in projects to create ICS as described below:

**Drop 2 (Warren H. Brock) Reservoir.** In 2008, Metropolitan, CAWCD and SNWA provided funding for the Bureau of Reclamation’s construction of an 8,000 acre-foot off-stream regulating reservoir near Drop 2 of the All-American Canal in Imperial County (officially named the Warren H. Brock Reservoir). Construction was completed in October 2010. The Warren H. Brock Reservoir conserves about 70,000 acre-feet of water per year by capturing and storing water that would otherwise be lost from the system. In return for its funding, Metropolitan received 100,000 acre-feet of water that was stored in Lake Mead for its future use and has the ability to receive up to 25,000 acre-feet of water in any single year. Besides the additional water supply, the addition of the Warren H. Brock Reservoir adds to the flexibility of Colorado River operations by storing underutilized Colorado River water orders caused by unexpected canal outages, changes in weather conditions, and high tributary runoff into the Colorado River. As of January 1, 2025, Metropolitan had taken delivery of 35,000 acre-feet of this water and had 65,000 acre-feet remaining in storage.

**International Water Treaty Minutes 319 and 323.** In November 2012, as part of the implementation of Treaty Minute 319, Metropolitan executed agreements in support of a program to augment Metropolitan’s Colorado River supply between 2013 through 2017 through an international pilot project in Mexico. Metropolitan’s total share of costs was \$5 million for 47,500 acre-feet of project supplies. In December 2013, Metropolitan and IID executed an agreement under which IID paid half of Metropolitan’s program



costs, or \$2.5 million, in return for half of the project supplies, or 23,750 acre-feet. As such, 23,750 acre-feet of Intentionally Created Mexican Allocation was converted to Binational ICS and credited to Metropolitan's binational ICS water account in 2017. See “–Colorado River Aqueduct –Colorado River Operations: Surplus and Shortage Guidelines – *Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead.*” In September 2017, as part of the implementation of Treaty Minute 323, Metropolitan agreed to fund additional water conservation projects in Mexico that will yield approximately 27,275 acre-feet of additional supply for Metropolitan by 2026 at a cost of approximately \$3.75 million. In 2020, Metropolitan made the first payment related to Treaty Minute 323 of \$1.25 million, and 9,092 acre-feet of Intentionally Created Mexican Allocation was converted to Binational ICS and credited to Metropolitan's binational ICS water account. In October 2023, the next payment of \$1.25 million was made, however the crediting of 9,092 acre-feet of Binational ICS was delayed until 2026 to preserve ICS accumulation space. The final payment of \$1.25 million is expected to be made in 2026 and an additional 9,091 acre-feet of Intentionally Created Mexican Allocation will be converted to Binational ICS and credited to Metropolitan's binational ICS water account.

***Storage and Interstate Release Agreement with Nevada.*** In May 2002, SNWA and Metropolitan entered into an Agreement Relating to Implementation of Interim Colorado River Surplus Guidelines, in which SNWA and Metropolitan agreed to the allocation of unused apportionment as provided in the Interim Surplus Guidelines and on the priority of SNWA for interstate banking of water in Arizona. SNWA and Metropolitan entered into a storage and interstate release agreement on October 21, 2004. Under this agreement, SNWA can request that Metropolitan store unused Nevada apportionment in California. The amount of water stored through 2014 under this agreement was approximately 205,000 acre-feet. In October 2015, SNWA and Metropolitan executed an additional amendment to the agreement under which Metropolitan paid SNWA approximately \$44.4 million and SNWA stored an additional 150,000 acre-feet with Metropolitan during 2015. Of that amount, 125,000 acre-feet have been added to SNWA's storage account with Metropolitan, increasing the total amount of water stored to approximately 330,000 acre-feet. In subsequent years, SNWA may request recovery of the stored water. When SNWA requests the return of any of the stored 125,000 acre-feet, SNWA will reimburse Metropolitan for an equivalent proportion of the \$44.4 million plus inflation based on the amount of water returned. SNWA has not yet requested the return of any of the water stored with Metropolitan and it is not expected that SNWA will request a return of any of the stored water before 2026.

***California ICS Agreement Intrastate Storage Provisions.*** As described under “–Colorado River Aqueduct –Colorado River Operations: Surplus and Shortage Guidelines – *Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead,*” in 2007, IID, Metropolitan and other Colorado River contractors in California executed the California ICS Agreement, which divided California's ICS storage space in Lake Mead between Metropolitan and IID. Pursuant to various amendments to the California ICS Agreement, IID is permitted to store up to 100,000 acre-feet per year of conserved water within Metropolitan's system with a cumulative limit of 200,000 acre-feet, for the three-year term. When requested by IID, Metropolitan has agreed to return to IID the lesser of either 50,000 acre-feet per year, or in a year in which Metropolitan's member agencies are under a shortage allocation, 50 percent of the cumulative amount of water IID has stored with Metropolitan under the 2015 amendment. IID currently has 151,000 acre-feet of water stored with Metropolitan pursuant to the terms of the California ICS Agreement and its amendment.

In October 2021, Metropolitan and IID further agreed to store and return in 2026 an additional 54,000 acre-feet for IID. Further, under this agreement, if Metropolitan does not have sufficient ICS to make a DCP contribution in 2026, Metropolitan may use the stored water to do so. The agreement provides that from 2021 through 2026, IID would be permitted to store up to an additional 25,000 acre-feet per year (with an accumulation limit of an additional 50,000 acre-feet) of conserved water in Metropolitan's Lake Mead ICS account. While IID will still not be a party to the DCP, if Metropolitan is required to make a DCP contribution, IID will assist Metropolitan in making DCP contributions by contributing the lesser of either: (a) three percent of California's DCP contribution; or (b) the amount of water IID has stored with



Metropolitan. Between 2021 and 2023, IID had stored and accumulated 34,528 acre-feet of conserved water in Metropolitan's Lake Mead ICS account. IID did not elect to store any additional water in Metropolitan's Lake Mead ICS account for 2024. Under the above-described agreements, IID has stored a total of approximately 250,000 acre-feet with Metropolitan.

### **State Water Project and Colorado River Aqueduct Arrangements**

***Metropolitan/CVWD/Desert Water Agency Amended and Restated Agreement for the Exchange and Advance Delivery of Water.*** Metropolitan has agreements with CVWD and the Desert Water Agency ("DWA") under which Metropolitan exchanges its Colorado River water for the agencies' State Water Project contractual water and other State Water Project water acquisitions on an annual basis. Because CVWD and DWA do not have a physical connection to the State Water Project, Metropolitan takes delivery of CVWD's and DWA's State Water Project supplies and delivers a like amount of Colorado River water to the agencies. In accordance with these agreements, Metropolitan may deliver Colorado River water in advance of receiving State Water Project supplies to these agencies for storage in the Upper Coachella Valley groundwater basin. In years when it is necessary to augment available supplies to meet local demands, Metropolitan may meet the exchange delivery obligation through drawdowns of the advance delivery account, in lieu of delivering Colorado River water in that year. Metropolitan's preliminarily estimated storage account balance under the CVWD/DWA program as of January 1, 2025 is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "–Storage Capacity and Water in Storage" below. In addition to the storage benefits of the CVWD/DWA program, Metropolitan receives water quality benefits with increased deliveries of lower salinity water from the State Water Project in lieu of delivering higher saline Colorado River water. In December 2019, the exchange agreements were amended to provide more flexibility and operational certainty for the parties involved. Additionally, under the amended agreements, CVWD and DWA pay a portion of Metropolitan's water storage management costs in wet years, up to a combined total of \$4 million per year.

### **Storage Capacity and Water in Storage**

Metropolitan's storage capacity, which includes reservoirs, conjunctive use and other groundwater storage programs within Metropolitan's service area and groundwater and surface storage accounts delivered through the State Water Project or CRA, is approximately 6.0 million acre-feet. In 2024, approximately 750,000 acre-feet of total stored water in Metropolitan's reservoirs and other storage resources was emergency storage. Metropolitan's emergency storage is a regional planning objective established periodically to prevent severe water shortages for the region in the event of supply interruptions from catastrophic earthquakes or similar events (see "METROPOLITAN'S WATER DELIVERY SYSTEM–Seismic Considerations and Emergency Response Measures" in this Appendix A). The current emergency storage objective of 750,000 acre-feet is based on an outage duration of 6 to 12 months, retail water demand reduction of 25 to 35 percent based on achievable conservation actions, and aggregated loss of 10 to 20 percent of local production. Retail demand calculations for purposes of the emergency storage objective were based on a 2015 IRP forecast of demand for the year 2018 under average conditions. Metropolitan replenishes its storage accounts when available imported supplies exceed demands. Metropolitan's ability to replenish water storage, both in the local groundwater basins and in surface storage and banking programs, has been limited by Bay-Delta pumping restrictions under the biological opinions issued for listed species. See "–Endangered Species Act and Other Environmental Considerations Relating to Water Supply –Endangered Species Act Considerations – State Water Project – *Federal ESA-Biological Opinions.*" Effective storage management is dependent on having sufficient years of excess supplies to store water so that it can be used during times of shortage. See "WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES" in this Appendix A. Metropolitan's storage as of January 1, 2025 was preliminarily estimated to be 4.53 million acre-feet. This is the highest beginning-of-year total water storage in Metropolitan's history. The following table shows three years of Metropolitan's water in storage as of January 1, including emergency storage.



**METROPOLITAN'S WATER STORAGE CAPACITY AND WATER IN STORAGE<sup>(1)</sup>**  
**(in Acre-Feet)**

<b>Water Storage Resource</b>	<b>Storage Capacity</b>	<b>Water in Storage January 1, 2025</b>	<b>Water in Storage January 1, 2024</b>	<b>Water in Storage January 1, 2023</b>
<b><u>Colorado River Aqueduct</u></b>				
Lake Mead ICS <sup>(2)</sup>	<u>1,622,000</u>	<u>1,544,000</u>	<u>1,544,000</u>	<u>1,128,000</u>
<b>Subtotal</b>	<b>1,622,000</b>	<b>1,544,000</b>	<b>1,544,000</b>	<b>1,128,000</b>
<b><u>State Water Project</u></b>				
Arvin-Edison Storage Program <sup>(3)</sup>	350,000	100,000	100,000	119,000
Semitropic Storage Program	350,000	227,000	190,000	158,000
Kern Delta Storage Program	250,000	142,000	140,000	126,000
Mojave Storage Program	330,000	19,000	19,000	19,000
AVEK Storage Program	30,000	27,000	27,000	27,000
AVEK High Desert Water Bank	280,000 <sup>(4)</sup>	45,000	11,000	0
Castaic Lake and Lake Perris <sup>(5)</sup>	219,000	219,000	219,000	3,000
State Water Project Carryover <sup>(6)</sup>	<u>529,000</u>	<u>383,000</u>	<u>325,000</u>	<u>39,000</u>
<b>Subtotal</b>	<b>2,338,000</b>	<b>1,163,000</b>	<b>1,031,000</b>	<b>491,000</b>
<b><u>Within Metropolitan's Service Area</u></b>				
Diamond Valley Lake <sup>(7)</sup>	810,000	788,000	753,000	494,000
Lake Mathews and Lake Skinner <sup>(7)</sup>	226,000	188,000	207,000	194,000
Conjunctive Use Programs <sup>(8)</sup>	<u>210,000</u>	<u>84,000</u>	<u>56,000</u>	<u>10,000</u>
<b>Subtotal</b>	<b>1,246,000</b>	<b>1,060,000</b>	<b>1,016,000</b>	<b>698,000</b>
<b><u>Other Programs</u></b>				
DWA / CVWD Advance Delivery Account	800,000	381,000	205,000	281,000
Emergency Storage	<u>381,000</u>	<u>381,000</u>	<u>381,000</u>	<u>381,000</u>
<b>Total</b>	<b><u>6,387,000</u></b>	<b><u>4,529,000</u><sup>(9)</sup></b>	<b><u>4,177,000</u></b>	<b><u>2,979,000</u></b>

Source: Metropolitan.

- (1) Water storage capacity and water in storage are rounded and measured based on engineering estimates and are subject to change. Information as of January 1, 2025 is based on preliminary estimates.
- (2) Balance does not include water stored for IID in the IID ICS Sub-account. See “–Water Transfer, Storage and Exchange Programs – Colorado River Aqueduct Agreements and Programs – *California ICS Agreement Intrastate Storage Provisions*.” See also “– Colorado River Aqueduct – Colorado River Operations: Surplus and Shortage Guidelines – *Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead*” and “– Colorado River Drought Contingency Plans” for additional information regarding the Lake Mead ICS program and use of ICS water.
- (3) Metropolitan has suspended the return of groundwater from the Arvin-Edison storage program. Stored supplies can still be recovered via surface water exchange. See “–Water Transfer, Storage and Exchange Programs – State Water Project Agreements and Programs – *Arvin-Edison/Metropolitan Water Management Program*.” See also “METROPOLITAN'S WATER DELIVERY SYSTEM–Water Quality and Treatment.”
- (4) This reflects the full storage capacity as the recharge basins have been constructed. Full recharge and recovery operation anticipated by 2027. See “–Water Transfer, Storage and Exchange Programs – State Water Project Agreements and Programs – *Antelope Valley-East Kern High Desert Water Bank Program*.”
- (5) Flexible storage allocated to Metropolitan under its State Water Contract. Withdrawals must be returned within five years.
- (6) The total storage capacity as carryover in San Luis Reservoir varies year-to-year as the contractual annual storage limit combines with the remaining balance from the previous year. The contractual annual storage limit for calendar year 2025 reflects the limit at the current 35% SWP Table A Allocation. Includes carryover of Metropolitan, Coachella Valley Water District, and Desert Water Agency. See “–Water Transfer, Storage and Exchange Programs – State Water Project Agreements and Programs – *Metropolitan Article 56 Carryover*.”
- (7) Storage in Metropolitan reservoirs includes 369,000 acre-feet of emergency storage.
- (8) Cyclic storage water was removed from this line item and is now categorized as a pre-delivery. As a result of the termination of six of Metropolitan's conjunctive use agreements effective June 30, 2025, the total groundwater storage capacity will be reduced from 210,000 acre-feet to 115,000 acre-feet.
- (9) Represents Metropolitan's historical highest level of water in storage.



## **WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES**

### **Water Surplus and Drought Management Plan**

In addition to the long-term planning guidelines and strategy provided by its IRP, Metropolitan has developed its WSDM Plan for the on-going management of its resources and water supplies in response to hydrologic conditions. The WSDM Plan, which was adopted by Metropolitan's Board in April 1999, evolved from Metropolitan's experiences during the droughts of 1976-77 and 1987-92. The WSDM Plan is a planning document that Metropolitan uses to guide inter-year and intra-year storage operations. The WSDM Plan splits resource actions into two major categories: surplus actions and shortage actions. The surplus actions emphasize storage of surplus water inside the region, followed by storage of surplus water outside the region. The shortage actions emphasize critical storage programs and facilities and conservation programs that make up part of Metropolitan's response to shortages. Implementation of the plan is directed by a WSDM team, made up of Metropolitan staff, that meets regularly throughout the year and more frequently between November and April as hydrologic conditions develop. The WSDM team develops and recommends storage actions to senior management on a regular basis and provides updates to the Board on hydrological conditions, storage levels and planned storage actions through detailed reports.

### **Conservation**

Conservation and water efficiency programs are part of Metropolitan's resource management strategy, and are an integral component of Metropolitan's IRP, WSDM Plan, and Water Supply Allocation Plan (described below). The central objective of Metropolitan's water conservation program is to help ensure adequate, reliable and affordable water supplies for Southern California by actively promoting efficient water use. The importance of conservation to the region has increased in recent years because of periods of occurring drought conditions in the State Water Project watershed and court-ordered restrictions on Bay-Delta pumping, as described under "METROPOLITAN'S WATER SUPPLY–State Water Project – Bay-Delta Proceedings Affecting State Water Project" and "–Endangered Species Act and Other Environmental Considerations Relating to Water Supply –Endangered Species Act Considerations-State Water Project – *Federal ESA-Biological Opinions*" in this Appendix A. Ongoing drought conditions in the Colorado River have further emphasized the need for additional conservation efforts. See "METROPOLITAN'S WATER SUPPLY–Colorado River Aqueduct –Colorado River Operations: Surplus and Shortage Guidelines" in this Appendix A. Conservation reduces the need to import water to deliver to member agencies through Metropolitan's system.

Metropolitan's conservation program has largely been developed to assist its member agencies in meeting the conservation goals established by the 2015 IRP Update. See "METROPOLITAN'S WATER SUPPLY–Climate Adaptation Master Plan for Water (CAMP4W) – *Background*" in this Appendix A. All users of Metropolitan's system benefit from the reduced infrastructure costs and system capacity made available by investments in demand management programs like the Conservation Credits Program. Under the terms of Metropolitan's Conservation Credits Program, Metropolitan administers regional conservation programs and co-funds member agency conservation programs designed to achieve greater water use efficiency in residential, commercial, industrial, institutional and landscape uses. Spending by Metropolitan and its member agencies on active conservation incentives, including rebates for water-saving plumbing fixtures, appliances and equipment totaled about \$56 million in fiscal year 2023-24. In addition, Metropolitan also spent \$3 million in water conservation outreach and education. During fiscal year 2023-24, water savings achieved through new and prior-year conservation investments under Metropolitan's Conservation Credits Program were approximately 210,000 acre-feet.

Metropolitan has worked proactively with its member agencies to conserve water supplies in its service area, and significantly expanded its water conservation and outreach programs and increased



funding for conservation incentive programs. See “METROPOLITAN REVENUES–Rate Structure” in this Appendix A.

Metropolitan’s member agencies and retail water suppliers in Metropolitan’s service area also can implement water conservation and allocation programs, and some of the retail suppliers in Metropolitan’s service area have initiated conservation measures.

State legislation has provided an additional catalyst for conservation by member agencies and retail suppliers. Legislation approved in November 2009 set a statewide conservation target for urban per capita potable water use of 20 percent reductions (from a baseline per capita use determined utilizing one of four State-approved methodologies) by 2020 (with credits for existing conservation) at the retail level. Legislation approved in 2018 (Assembly Bill 1668 and Senate Bill 606) directed the SWRCB to adopt water use efficiency standards for all residential water use and outdoor commercial, industrial, and institutional water use and also performance measures for indoor commercial, industrial, and institutional water use. Pursuant to such directive, on July 3, 2024, the SWRCB adopted a new regulation, termed “Making Conservation a California Way of Life,” which will require urban retail water suppliers to calculate a water use objective annually, beginning January 1, 2025, based on the characteristics of the supplier’s service area, and beginning January 1, 2027, demonstrate compliance with its objectives, implement established performance standards, and submit annual progress reports.

### **Water Supply Allocation Plan**

In times of prolonged or severe water shortages, Metropolitan manages its water supplies through the implementation of its Water Supply Allocation Plan. The Water Supply Allocation Plan allocates Metropolitan’s water supplies among its member agencies, based on principles contained in the WSDM Plan, to reduce water use and drawdowns from water storage reserves. The Water Supply Allocation Plan was originally approved by Metropolitan’s Board in February 2008, and has been implemented three times since its adoption, including most recently in April 2015. The Water Supply Allocation Plan provides a formula for equitable distribution of available water supplies in case of extreme water shortages within Metropolitan’s service area and if needed is typically approved in April with implementation beginning in July. In December 2014, the Board approved certain adjustments to the formula for calculating member agency supply allocations during subsequent periods of implementation of the Water Supply Allocation Plan. Although the Act gives each of Metropolitan’s member agencies a preferential entitlement to purchase a portion of the water served by Metropolitan (see “METROPOLITAN REVENUES–Preferential Rights” in this Appendix A), historically, these rights have not been used in allocating Metropolitan’s water. Metropolitan’s member agencies and retail water suppliers in Metropolitan’s service area also may implement water conservation and allocation programs within their respective service territories in times of shortage. Based upon current hydrology and Metropolitan’s available storage balances, the Water Supply Allocation Plan has not been implemented for fiscal year 2024-25.

### **Variability in Hydrological Conditions in Recent Years**

Hydrologic conditions can have a significant impact on Metropolitan’s imported water supply sources. In California, hydrological conditions have varied considerably in recent years. The Water Years 2020 through 2022 combined ranked as the three driest years in California’s precipitation record. In calendar years 2021 and 2022, DWR’s allocations to State Water Project contractors were five percent of contracted amounts, and it was the first time in the history of the State Water Project with two consecutive years at five percent of contracted amounts. Metropolitan has planned and prepared for dry conditions by investing in vital infrastructure to increase its storage capacity and enhance operational flexibility. Beginning in early 2021, Metropolitan implemented certain operational measures and programs to minimize State Water Project deliveries, in response to dry conditions. These actions included delivering Diamond Valley Lake water for the first time to the Henry J. Mills Treatment Plant and expanding the



delivery of Colorado River water. These measures were made possible by Metropolitan's continued investment in facility upgrades and improvements. Metropolitan also paid for several member agencies to shift from service connections that utilize State Water Project supplies to service connections that use Colorado River water to conserve State Water Project supplies. In addition to the five percent allocation in 2022, for the first time in history, DWR used a provision of the SWP Contract to allocate water on a basis other than Table A to meet minimum demands of Contractors for human health and safety needs. Metropolitan requested and received from DWR delivery of certain human health and safety supplies to the SWP Dependent Area. In calendar year 2022, in addition to the human health and safety supplies and mandatory water use reductions for the SWP Dependent Area agencies, Metropolitan met the water demands in its service area using a combination of CRA deliveries, storage reserves and supplemental water transfers and purchases.

Following the record dry period in California's statewide precipitation in Water Years 2020 through 2022, an extreme amount of precipitation and snowfall occurred in California during the winter of 2023. For the first time since 2006, DWR was able to allocate the full contracted amounts of the State Water Project, allowing for a 100 percent allocation to the State Water Project contractors. Similar to conditions in California, water year 2023 was also extraordinarily wet in the Colorado River Basin. With guidance by its WSDM Plan surplus actions, the supplies available from the wet hydrologic conditions in 2023, allowed Metropolitan to begin refilling Diamond Valley Lake, replenishing the Castaic Lake and Lake Perris flexible storage accounts, and adding storage to San Luis Reservoir as Article 56c carryover, groundwater banks in the San Joaquin Valley, and to Lake Mead. Metropolitan added approximately 1.2 million acre-feet into its storage accounts in calendar year 2023 and ended the year with, at the time, a record-high amount of dry-year storage. See "METROPOLITAN'S WATER SUPPLY–Water Transfer, Storage and Exchange Programs – State Water Project Agreements and Programs – *Metropolitan Article 56 Carryover*."

In calendar year 2024, the State Water Project watersheds received above average snowpack and near-normal precipitation and runoff. However, the presence of threatened and endangered fish species near State Water Project pumping facilities affected the ability to move water from the Delta and resulted in a final SWP Table A allocation of 40 percent. Meanwhile, the Upper Colorado River Basin received an above average snowpack and near-average precipitation, with runoff at 82 percent of normal in calendar year 2024. The above normal water year enabled Metropolitan to put additional water into Metropolitan's storage accounts in calendar year 2024, including puts into San Luis Reservoir and groundwater banks in the San Joaquin Valley. As a result, Metropolitan ended calendar year 2024 with a new record high amount of dry-year storage.

Metropolitan strategically stores water when available to increase regional water supply reliability, manage supplies during dry years, and provide emergency supplies. Storage capacity provides the water system with year-to-year water supply carry-over capability and a mechanism to assist Metropolitan in providing consistent water supply reliability notwithstanding fluctuations in available supply. Metropolitan has committed to providing equitable reliability to the SWP Dependent Area by increasing access to existing supplies and storage, and development of new supplies and storage, and is investing in infrastructure improvements designed to allow water stored in Diamond Valley Lake and Lake Mead to be delivered to more communities. See also "METROPOLITAN'S WATER SUPPLY–Water Transfer, Storage and Exchange Programs – State Water Project Agreements and Programs – *Other Ongoing Activities*."



## REGIONAL WATER RESOURCES

### General

The water supply for Metropolitan's service area is provided in part by Metropolitan and in part by non-Metropolitan sources available to members. Non-Metropolitan sources include water imported by the City of Los Angeles (the "City") from the Owens Valley/Mono Basin east of the Sierra Nevada through the City's Los Angeles Aqueduct to serve customers of the City. See "– Los Angeles Aqueduct." The balance of water within the region is produced locally, from sources that include groundwater and surface water production, recycled water and recovery of contaminated or degraded groundwater, and seawater desalination. Programs to develop these local resources include projects funded by Metropolitan's Local Resources Program (the "LRP"), as well as local agency funded programs. See "–Local Water Supplies."

Based on a ten-year average from calendar years 2014 through 2023 (the most recent full year information available), non-Metropolitan sources met about 55 percent of the region's water needs. These non-Metropolitan sources of supply fluctuate in response to variations in rainfall. During prolonged periods of below-normal rainfall, local water supplies decrease. Conversely, prolonged periods of above-normal rainfall increase local supplies. Sources of groundwater basin replenishment include local precipitation, runoff from the coastal ranges, and artificial recharge with imported water supplies. In addition to runoff, recycled water provides an increasingly important source of replenishment water for the region.

Metropolitan's member agencies are not required to purchase or use any of the water available from Metropolitan. Some agencies depend on Metropolitan to supply nearly all of their water needs, regardless of the weather. Other agencies, with local surface reservoirs or aqueducts that capture rain or snowfall, rely on Metropolitan more in dry years than in wet years. Agencies with ample groundwater supplies purchase Metropolitan water primarily to supplement local supplies and to recharge groundwater basins. Consumer demand and locally supplied water vary from year to year, resulting in variability in the volume of Metropolitan's water transactions.

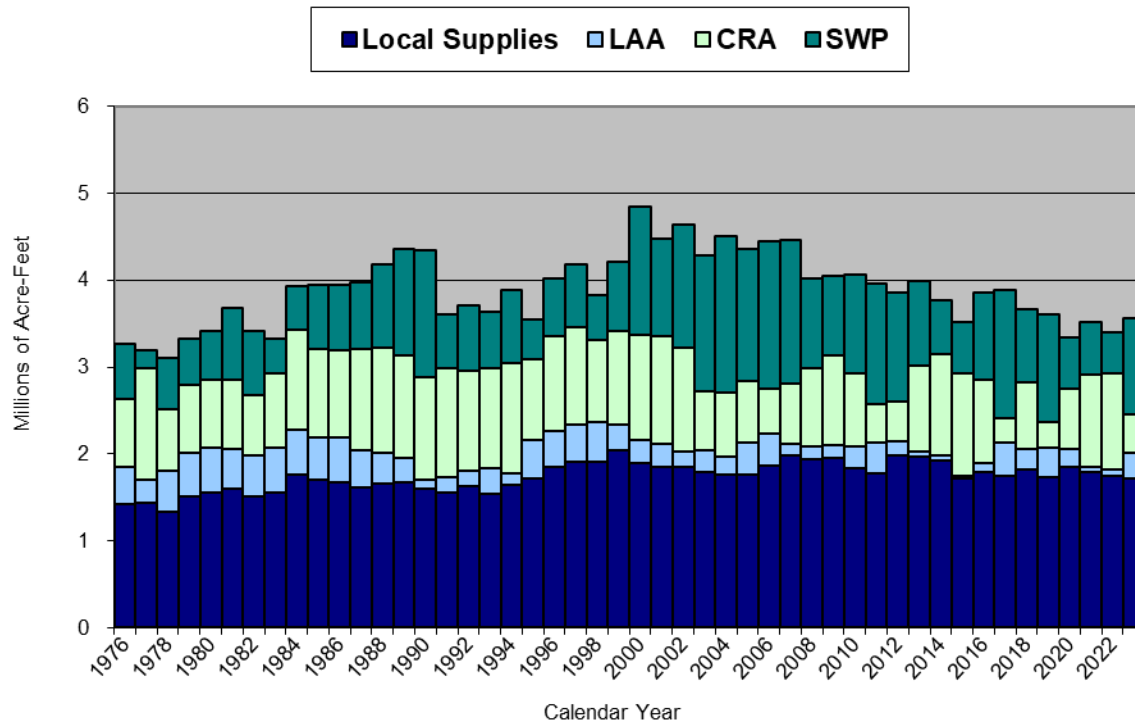
In recent years, supplies and demands have been affected by extreme weather variability (including drought and wet weather and drought), water use restrictions, economic conditions, and environmental laws, regulations and judicial decisions, as described in this Appendix A under "METROPOLITAN'S WATER SUPPLY." The demand for supplemental supplies provided by Metropolitan is dependent on water use at the retail consumer level and the amount of locally supplied and conserved water. See "WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES" in this Appendix A and "–Local Water Supplies" below.

Future reliance on Metropolitan supplies will depend on, among other things, current and future local projects that may be developed and the amount of water that may be derived from sources other than Metropolitan. For information on Metropolitan's water revenues, see "METROPOLITAN REVENUES" and "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.

The following graph shows a summary of the regional sources of water supply for calendar years 1976 to 2023 (the most recent full year information available). In the graph below, LAA refers to the Los Angeles Aqueduct. See "–Los Angeles Aqueduct." The graph below includes updated local supply numbers that include Santa Ana River baseflow below Prado Dam, which was not included from 1980 through 2009.



### Sources of Water Supply in the Metropolitan Service Area (1976-2023)



Source: Metropolitan.

The major sources of water available to some or all of Metropolitan's member agencies in addition to supplies provided by Metropolitan are described below.

#### Los Angeles Aqueduct

The City of Los Angeles, through its Department of Water and Power ("LADWP"), operates its Los Angeles Aqueduct system to import water from the Owens Valley and the Mono Basin on the eastern slopes of the Sierra Nevada in eastern California. Water imported by the City on the Los Angeles Aqueduct system comes primarily from surface water rights of the City in eastern Sierra Nevada watersheds along various streams, creeks and rivers in the Mono Basin, Long Valley and Owens Valley, and groundwater resources in the Owens Valley from the City's ownership of approximately 330,000 acres of land and associated water rights. This water supply of the City, which serves LADWP's customers, currently meets about five percent of the region's water needs based on a ten-year average from calendar years 2014 through 2023 (the most recent full year information available).

Surface runoff (snowmelt) is subject to substantial annual variability, which influences the amount of water delivered by the Los Angeles Aqueduct. In addition, the City is subject to several environmental commitments in the Mono Basin and Owens Valley which impact the availability of water to the City for import on the Los Angeles Aqueduct. These include: (i) the SWRCB's Mono Lake Basin Water Rights Decision 1631, which limits the City's water exports from the Mono Basin based on Mono Lake's surface elevation; and (ii) the City's legal obligations under a long-term groundwater management plan relating to the City's groundwater resources in the Owens Valley.

Los Angeles Aqueduct water deliveries to the City vary from one year to the next. Since calendar year 2014, Los Angeles Aqueduct water deliveries to the City have varied from as little as 33,000 acre-feet



in calendar year 2015 to as much as 380,000 acre-feet of water in calendar year 2017. Average water deliveries to the City from the Los Angeles Aqueduct were approximately 196,000 acre-feet per calendar year between calendar years 2019 and 2023 (meeting approximately 41 percent of the City's annual water needs). However, during calendar year 2023, water deliveries to the City from the Los Angeles Aqueduct were approximately 299,000 acre-feet (meeting approximately 67 percent of the City's water need for calendar year 2022). Consequently, the amount of water purchased by the City from Metropolitan also varies with the fluctuations of Los Angeles Aqueduct supply. During the past five calendar years 2019 through 2023, the City's water purchases from Metropolitan (billed water transactions) ranged from a low of 103,000 acre-feet in calendar year 2019 to a high of 367,000 acre-feet in calendar year 2021.

### **Local Water Supplies**

Local water supplies are made up of groundwater, groundwater recovery, surface runoff, recycled water, and seawater desalination. Metropolitan supports local resources development through its LRP, which provides financial incentives of up to \$340 per acre-foot of water production (based on actual project unit costs that exceed Metropolitan's water rates) from local water recycling, groundwater recovery, and seawater desalination projects. LRP agreement terms are for 25 years and terminate automatically if construction does not commence within two full fiscal years of agreement execution or if water deliveries are not realized within four full fiscal years of agreement execution. Metropolitan utilizes conjunctive use of groundwater to encourage storage in groundwater basins. Member agencies and other local agencies have also independently funded and developed additional local supplies, including groundwater clean-up, recycled water and desalination of brackish or high salt content water. See also "METROPOLITAN'S WATER DELIVERY SYSTEM–Water Quality and Treatment" in this Appendix A for information regarding certain water quality regulations and developments that impact or may impact certain local groundwater supplies.

Metropolitan's water transaction projections are based in part on projections of locally-supplied water. Projections of future local supplies are based on estimated yields of projects that are currently producing water or are under construction at the time a water transaction projection is made. Estimated yields of projects currently producing water are calculated based on the projects' previous four-year production average. Estimated yields of projects that are under construction at the time a water transaction projection is made are based on data provided by the member agencies. See "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES–Water Transactions Projections" and "METROPOLITAN'S WATER SUPPLY–Climate Adaptation Master Plan for Water (CAMP4W)" in this Appendix A.

**Groundwater.** Local groundwater basins are the region's largest source of local supply. Since 2014, approximately 1.10 million acre-feet per year, about one-third of the annual water demands for the approximately 18.6 million residents of Metropolitan's service area, are met through local groundwater production. Local groundwater basins are supported by stormwater and urban runoff, recycled water, and imported water used for replenishing basins and for creating seawater barriers that protect coastal aquifers from seawater intrusion.

**Member Agency Storage Programs.** Metropolitan has developed a number of local programs to work with its member agencies to increase storage in groundwater basins. Metropolitan has encouraged storage through its cyclic and conjunctive use storage programs. These programs allow Metropolitan to deliver water into a groundwater basin in advance of agency demands. Metropolitan has drawn on dry-year supply from nine contractual conjunctive use storage programs to address shortages from the State Water Project and the CRA.

Cyclic storage agreements allow pre-delivery of imported water for recharge into groundwater basins in excess of an agency's planned and budgeted deliveries making best use of available capacity in conveyance pipelines, use of storm channels for delivery to spreading basins, and use of spreading basins.



This water is then purchased at a later time when the agency has a need for groundwater replenishment deliveries.

Conjunctive use agreements provide for storage of imported water that can be called for use by Metropolitan during dry, drought, or emergency conditions. During a dry period, Metropolitan has the option to call water stored in the groundwater basins pursuant to its contractual conjunctive use agreements. At the time of the call, the member agency pays Metropolitan the prevailing rate for that water. Nine conjunctive use projects provide about 210,000 acre-feet of groundwater storage and have a combined extraction capacity of about 70,000 acre-feet per year. See the table entitled “Metropolitan’s Water Storage Capacity and Water in Storage” under “METROPOLITAN’S WATER SUPPLY–Storage Capacity and Water in Storage” in this Appendix A. On April 8, 2025, Metropolitan’s Board authorized the General Manager to terminate six of the conjunctive use agreements effective June 30, 2025. The termination of the six agreements will result in a reduction of the total groundwater storage from 210,000 acre-feet to 115,000 acre-feet. Extraction capacity will be reduced from 70,000 acre-feet to 38,000 acre-feet.

**Reverse Cyclic Program.** In 2022, Metropolitan’s Board authorized the General Manager to enter into reverse-cyclic agreements with participating member agencies to preserve the availability of Metropolitan’s State Water Project supplies. Metropolitan’s General Manager initiated deferrals under the Reverse-Cyclic Program (“RCP”) when the General Manager determined that the supply conditions warranted deferring the use of State Water Project supplies due to the risk of shortage of these supplies. Metropolitan executed agreements with Calleguas Municipal Water District, Three Valleys Municipal Water District, and Upper San Gabriel Valley Municipal Water District in 2022. Under these agreements and at Metropolitan’s request, participating member agencies agreed to defer Metropolitan deliveries of 25,000 acre-feet of water (in aggregate) purchased in calendar year 2022 to allow Metropolitan to preserve its State Water Project supplies. Metropolitan billed participating member agencies the 2022 full-service rate and applicable treatment charge. In doing so, the participating member agencies avoid paying the projected higher service rate that would be in place when Metropolitan makes the deferred delivery. Metropolitan will deliver water to the participating member agencies no later than December 2027, which is five full calendar years from the date of purchase.

In late 2024, Metropolitan’s Board authorized the General Manager to enter into reverse-cyclic agreements with participating member agencies to allow member agencies to pre-purchase an aggregate total of up to 100,000 acre-feet between November 19, 2024 and December 31, 2025. Ten member agencies made reverse-cyclic purchases in December 2024 for 100,000 acre-feet in aggregate at the 2024 full-service treated rate. Metropolitan will complete the deferred deliveries by December 2029, within five full years from the purchase date. These new revenues help Metropolitan achieve, for fiscal year 2024-25, the Board’s approved directive in the current adopted budget to generate up to \$60 million in new, one-time revenues in each of fiscal years 2024-25 and 2025-26 and manage unrestricted cash reserves in accordance with Board-approved policies.

**Recovered Groundwater.** Contamination of groundwater supplies is a growing threat to local groundwater production. Metropolitan has been supporting increased groundwater production and improved regional supply reliability by offering financial incentives to agencies for the production and treatment of degraded groundwater since 1989 through the LRP. Metropolitan has executed LRP agreements with local agencies to provide financial incentives to 28 projects that recover contaminated groundwater with total contract yields of about 125,000 acre-feet per year. Total groundwater recovery use under executed agreements with Metropolitan was estimated to be approximately 51,216 acre-feet in calendar year 2023. Additionally, 77,644 acre-feet of recovered groundwater was produced by local agencies through other independently funded and developed sources in 2023.

**Surface Runoff.** Local surface water resources consist of runoff captured in storage reservoirs and diversions from streams. Since 2014, member agencies have used an average of 82,000 acre-feet per calendar year of local surface water. Local surface water supplies are heavily influenced by year to year



local weather conditions, varying from a high during such period of 148,000 acre-feet in calendar year 2023 to a low of 37,500 acre-feet in calendar year 2016.

Stormwater is another local water supply and is surface runoff that is captured and contained on-site or used for groundwater recharge as opposed to captured in storage reservoirs or diverted from streams, treated, and integrated into a distribution system. Since 2000, more than 1.1 million acre-feet of stormwater and urban runoff was captured on average by local agencies and used on-site or recharged into a groundwater basin. In 2020, Metropolitan launched two pilot programs to better understand the costs and benefits of stormwater capture, yield, and use. One program examines opportunities to capture stormwater for direct use and the other explores stormwater capture for groundwater recharge. The programs accepted applications through December 31, 2021. Together, Metropolitan committed up to \$12.5 million under these programs. The projects funded under these programs are in either the design, construction, or monitoring phase. The pilot programs are expected to last at least five years, including the construction and monitoring phases. The data collected during the pilot programs will assist Metropolitan in evaluating the water supply benefits of stormwater capture and provide guidance for future funding strategies.

***Recycled Water-Local Agency Projects.*** Metropolitan has supported recycled water use to offset water demands and improve regional supply reliability by offering financial incentives to agencies for production and sales of recycled water since 1982 through the LRP. Since the inception of the LRP, Metropolitan has executed agreements with local agencies to provide financial incentives to 88 recycled water projects with total expected contract yields of about 350,200 acre-feet per year. During fiscal year 2023-24, Metropolitan provided incentives for approximately 45,400 acre-feet of recycled water under these agreements.

Additionally, 433,000 acre-feet of recycled water (including wastewater discharged to the Santa Ana River that percolates into downstream groundwater basins) was produced in fiscal year 2023-24 by local agencies through other independently funded and developed sources. Total recycled water use under executed agreements with Metropolitan currently in place is estimated to be approximately 54,000 acre-feet in calendar year 2025.

Metropolitan also supports recycled water conversions for property owners through the On-Site Retrofit Program. The On-Site Retrofit Program provides a financial incentive of \$195 per acre-foot of estimated offset water for ten years to property owners who convert an imported water demand to a recycled water system. As of January 1, 2025 the On-Site Retrofit Program has provided \$15.8 million to 550 projects that offset approximately 15,360 acre-feet per year of imported water supplies.

***Recycled Water-Metropolitan Pure Water Southern California Program.*** Since 2010, Metropolitan has been evaluating the potential and feasibility of implementing a regional recycled water program, now referred to as Pure Water Southern California (“PWSC”). Chronic drought conditions have resulted in significant reductions in local surface supplies and groundwater production and have increased the need for recharge supplies to groundwater and surface water reservoirs to improve their sustainable yields and operating integrity. Despite wet conditions in water years 2023 and 2024, many groundwater basins remain below sustainable levels. In 2015, Metropolitan executed an agreement with the Los Angeles County Sanitation Districts (“LACSD”) to implement a demonstration project and to establish a framework of terms and conditions of PWSC. In 2024, Metropolitan executed a new agreement with LACSD to memorialize LACSD’s commitment to share in the operation of PWSC by taking responsibility for the development and operation of the membrane bioreactor (“MBR”) facility. The objectives of PWSC are to enable the potential reuse of up to 150 million gallons per day (“mgd”) or an average of 155,000 acre-feet per year of cleaned wastewater effluent from LACSD’s A.K. Warren Facility (formerly the Joint Water Pollution Control Plant). Purified water from a new advanced treatment plant could be delivered through pipelines to the region’s groundwater basins, industrial facilities for indirect potable reuse (“IPR”), two of Metropolitan’s water treatment plants for raw water augmentation (“RWA”), and potentially introduced into one or more of Metropolitan’s treated water feeders for treated water augmentation (“TWA”).



Construction of a 0.5-mgd advanced water treatment demonstration plant was approved in 2017 and was completed in September 2019. Testing and operation of the demonstration plant began in October 2019 to confirm treatment costs and provide the basis for regulatory approval of the proposed treatment process. The tertiary MBR first testing phase was completed in 2021 and has been followed by secondary MBR testing which was completed in 2023. The testing program returned to tertiary MBR testing in 2024. The testing will form the basis for the design, operation, and optimization of the advanced treatment plant, and will help inform Metropolitan's Board decision whether to move forward with the potential full-scale program. If approved, design and construction of PWSC would be expected to take approximately eight years and occur in two phases. Phase 1, which, if completed, would be expected to have a capacity of approximately 115 mgd; and Phase 2, which if completed, would be expected to increase capacity by approximately 35 mgd, for a total of treatment plant capacity of 150 mgd. It is possible that the two main phases for the construction of PWSC may be implemented in stages or subphases as work progresses.

If implemented, PWSC as proposed would have the flexibility to produce purified water suitable for Direct Potable Reuse ("DPR") through RWA at two of Metropolitan's treatment plants (Weymouth and Diemer). The SWRCB Division of Drinking Water ("DDW") has adopted new regulations for DPR in California that would allow recycled water to be used directly in the potable water system without first passing through an environmental buffer, such as groundwater or a lake, prior to using it as potable water. With these regulations in place, a greater percentage of water produced by PWSC would be available for the potable water system.

On November 10, 2020, Metropolitan's Board voted to begin environmental planning work on PWSC. The Notice of Preparation was published in September 2022 with scoping meetings held in October 2022. The draft EIR is scheduled for completion in the second quarter of 2025, with an action requesting Board approval anticipated to occur at the beginning of 2026. The biennial budget for fiscal years 2024-25 and 2025-26 includes \$9 million for planning costs of PWSC as part of the operations and maintenance budget.

Metropolitan has been active in pursuing partnerships with other agencies in connection with the development of PWSC. In November 2020, Metropolitan and LACSD executed an amendment to their then existing collaboration agreement to contribute up to approximately \$4.4 million for the environmental planning phase costs. The agreement was further amended and restated in September 2024 to establish roles and responsibilities for the development of PWSC, including design of treatment facilities, joint operation of the demonstration facility, operator training, and sharing of grant funds. In December 2020, Metropolitan and SNWA executed a funding agreement under which SNWA will contribute up to \$6 million for the environmental planning costs for PWSC. In the event either SNWA or Metropolitan decides not to proceed or participate in PWSC in the future, SNWA's financial contribution to PWSC's environmental planning would be returned by Metropolitan. In 2021, Metropolitan signed an agreement with certain Arizona parties (Central Arizona Project and Arizona DWR) for a \$6 million financial contribution similar to the SNWA agreement. In April 2024, Metropolitan began a collaborative process with the Metropolitan member agencies that would be interested in purchasing water from PWSC to develop a formal agreement by early 2026.

Metropolitan received \$80 million in grant funding for PWSC from the State of California in the State's fiscal year 2022-23 budget. Work performed under this funding will continue into 2026. In May 2024, the Bureau of Reclamation announced Metropolitan was awarded grant funding of \$99 million to advance PWSC planning and design efforts. In November 2024, the Bureau of Reclamation notified Metropolitan that it had awarded an additional \$26 million to Metropolitan in grant funding. Metropolitan and the Bureau of Reclamation entered into an agreement for the full \$125.4 million in grants in January 2025. Funding provided from the federal government through these grants can only provide 25 percent of the costs, thus requiring 75 percent in non-federal matching funds. Metropolitan is working to identify various sources of matching funds that will help utilize this grant funding. See also "METROPOLITAN REVENUES-Federal Funding."



If approved, the total costs of design and construction of Phase 1 of PWSC are currently estimated to be approximately \$6.4 billion (in 2023 dollars). If ultimately undertaken, the amount of the costs of design and construction of PWSC costs that may be incurred by Metropolitan would be dependent on, among other things, the ultimate design and timing of any approved project, the availability and receipt of potential grant funding sources, and the level of contributions from potential PWSC partners that may participate in any such approved project. The amount of any partner carried costs has not been determined at this time.

Metropolitan's Board has not approved PWSC and the costs of design and construction are not included in Metropolitan's Capital Investment Plan ("CIP"). However, for planning purposes, Metropolitan has made certain assumptions about the potential capital costs that may be incurred by Metropolitan over the ten-year financial forecast provided in its biennial budget for fiscal years 2024-25 and 2025-26, including with respect to projected future debt financing for a portion of PWSC costs, certain assumptions regarding the potential amounts of and sources of funding for PWSC that may be available from grants and contributions by potential partners. Metropolitan's financial projections for fiscal years 2024-25 through 2028-29 assume that if PWSC is approved and implemented a portion of the capital costs incurred by Metropolitan in connection with any approved project would be financed with proceeds of revenue bonds to be issued by Metropolitan during the five-year projection period. See "CAPITAL INVESTMENT PLAN" for additional information regarding the capital expenditures Metropolitan currently assumes may be incurred with respect to PWSC (if approved) in addition to its projected CIP expenditures for fiscal years 2024-25 through 2028-29. See also "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A for additional information regarding the future debt financing Metropolitan has assumed may be incurred with respect to PWSC (if approved).

***Seawater Desalination.*** Metropolitan supports seawater desalination as a part of the region's supply portfolio as well as a mechanism to increase regional supply resiliency under different climate change and population growth scenarios.

In 2007, the Board approved Metropolitan's role as a regional facilitator for seawater desalination. This includes supporting local projects during permitting and providing technical assistance when requested. Metropolitan's regional facilitation includes active participation in organizations advocating for desalination and salinity management, including CalDesal and the Southern California Salinity Coalition within California, and the Multi-State Salinity Coalition nationally. Metropolitan also participates in the National Alliance for Water Innovation ("NAWI"). NAWI is a Department of Energy-led, \$100 million research effort focused on accelerating the commercialization of early-stage desalination technologies. New technologies developed by NAWI could reduce cost and environmental barriers to seawater desalination in California.

In October 2014, seawater desalination projects became eligible for funding under Metropolitan's LRP. There is currently one local seawater desalination project in the design stage that could receive LRP incentives. South Coast Water District ("South Coast") is designing a 5-mgd Doheny Ocean Desalination project (the "Doheny Project") in south Orange County. South Coast has obtained key State permits for the Doheny Project and has awarded a Phase 1 progressive design-build-operate-maintain contract. In April 2024, Metropolitan's Board authorized the General Manager to enter into an LRP Agreement with the Municipal Water District of Orange County and South Coast for the Doheny Project for up to 5,600 acre-feet per year.

In 2015, Poseidon Resources LLC ("Poseidon") began operating the 56,000 acre-foot per year (50-mgd) Carlsbad Desalination Project and associated pipeline. SDCWA has a purchase agreement with Poseidon for a minimum of 48,000 acre-feet per year with an option to purchase an additional 8,000 acre-feet per year.



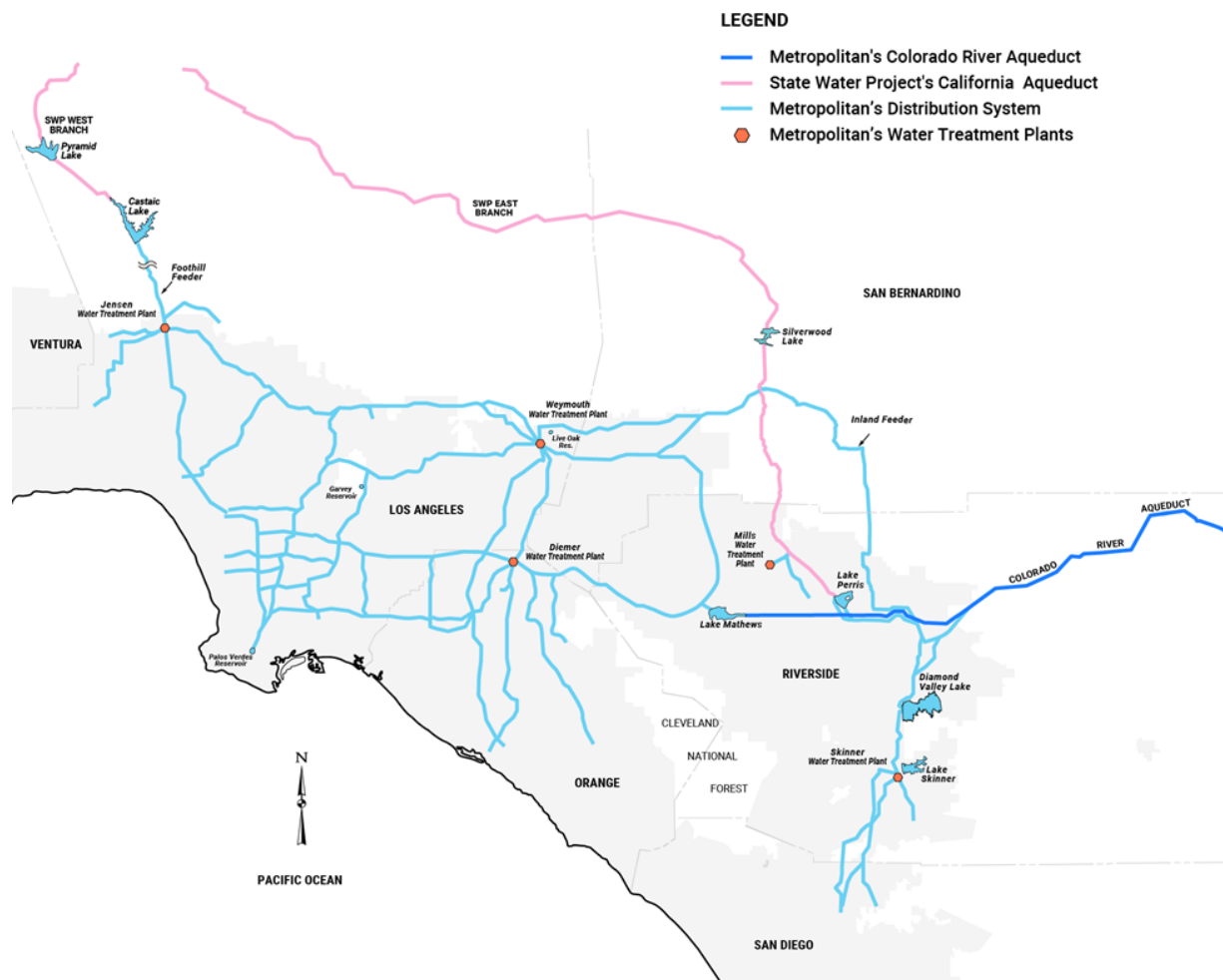
## METROPOLITAN'S WATER DELIVERY SYSTEM

### Primary Facilities and Method of Delivery

Metropolitan's water delivery system is made up of three basic components: the Colorado River Aqueduct (CRA), the California Aqueduct of the State Water Project, and Metropolitan's water distribution system. Metropolitan's delivery system is integrated and designed to meet the differing needs of its member agencies. Metropolitan seeks redundancy in its delivery system to assure reliability in the event of an outage. Improvements are designed to increase the flexibility of the system. Since local sources of water are generally used to their maximum each year, growth in the demand for water is partially met by Metropolitan. The operation of Metropolitan's water system is being made more reliable through the rehabilitation of key facilities as needed, improved preventive maintenance programs and the upgrading of Metropolitan's operational control systems. See "CAPITAL INVESTMENT PLAN" in this Appendix A.

The graphic that follows depicts Metropolitan's water delivery system, which is further described below.

## METROPOLITAN'S WATER DELIVERY SYSTEM



Source: Metropolitan.



**Colorado River Aqueduct.** Work on the CRA commenced in 1933 and water deliveries started in 1941. Additional facilities were completed by 1961 to meet additional requirements of Metropolitan's member agencies. The CRA is 242 miles long, starting at the Lake Havasu intake and ending at the Lake Mathews terminal reservoir. Metropolitan owns all the components of the CRA, which include five pumping plants, 64 miles of canal, 92 miles of tunnels, 55 miles of concrete conduits, four reservoirs, and 144 underground siphons totaling 29 miles in length. The pumping plants lift the water approximately 1,617 feet over several mountain ranges to Metropolitan's service area. See "METROPOLITAN'S WATER SUPPLY-Colorado River Aqueduct" in this Appendix A.

**State Water Project.** The initial portions of the State Water Project serving Metropolitan were completed in 1973. The State Water Project, managed and operated by DWR, is one of the largest water supply projects undertaken in the history of water development. The State Water Project facilities dedicated to water delivery consist of a complex system of dams, reservoirs, power plants, pumping plants, canals and aqueducts to deliver water. Water from rainfall and snowmelt runoff is captured and stored in State Water Project conservation facilities and then delivered through State Water Project transportation facilities to water agencies and districts located throughout the Upper Feather River, Bay Area, Central Valley, Central Coast, and Southern California. Metropolitan receives water from the State Water Project through the main stem of the aqueduct system, the California Aqueduct, which is 444 miles long and includes 381 miles of canals and siphons, 49 miles of pipelines or tunnels and 13 miles of channels and reservoirs.

As described herein, Metropolitan is the largest (in terms of number of people it serves, share of State Water Project water it has contracted to receive, and percentage of total annual payments made to DWR therefor) of 29 agencies and districts that have entered into contracts with DWR to receive water from the State Water Project. Contractors pay all costs of the facilities in exchange for participation rights in the system. Thus, Contractors also have the right to use the portion of the State Water Project conveyance system necessary to deliver water to them at no additional cost as long as capacity exists. See "METROPOLITAN'S WATER SUPPLY-State Water Project" in this Appendix A.

**Distribution System.** Metropolitan's distribution system is a complex network of facilities which routes water from the CRA and State Water Project to Metropolitan's member agencies. The water distribution system includes components that were built beginning in the 1930s and through the present. Metropolitan owns all of these components, including nine reservoirs, five regional treatment plants, over 800 miles of transmission pipelines, feeders and canals, and 15 hydroelectric plants with an aggregate capacity of 130 megawatts.

In 2022, Metropolitan committed to equivalent water supply reliability for all member agencies. Based on performance during the 2020-2022 drought, improvements to the distribution system are planned or underway to achieve this commitment.

**Diamond Valley Lake.** Diamond Valley Lake, a man-made reservoir, built, owned and operated by Metropolitan, is located southwest of the city of Hemet, California. Excavation at the project site began in May 1995. Diamond Valley Lake was completed in March 2000, at a total cost of \$2 billion, and was in full operation in December 2001. It covers approximately 4,410 acres and has capacity to hold approximately 810,000 acre-feet or 265 billion gallons of water. Imported water is delivered to Diamond Valley Lake during surplus periods. The reservoir provides more reliable delivery of imported water from the State Water Project during summer months, droughts and emergencies. In addition, Diamond Valley Lake can provide more than one-third of Southern California's water needs from storage for approximately six months after a major emergency (assuming that there has been no impairment of Metropolitan's internal distribution network). See the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "METROPOLITAN'S WATER SUPPLY-Storage Capacity and Water in Storage" in this Appendix A for the amount of water in storage at Diamond Valley Lake.



***Inland Feeder.*** Metropolitan's Inland Feeder is a 44-mile-long conveyance system that connects the State Water Project to Diamond Valley Lake and the CRA. Construction of the Inland Feeder was completed in September 2009 at a total cost of \$1.14 billion. The Inland Feeder provides greater flexibility in managing Metropolitan's major water supplies and allows additional 1,000 cfs from the East Branch of the California Aqueduct to be moved into Metropolitan's service area, primarily into Diamond Valley Lake for storage.

***Operations Control Center.*** Metropolitan's water conveyance and distribution system operations are coordinated from the Eagle Rock Operations Control Center (the "OCC") centrally located in Los Angeles County. The OCC plans, balances and schedules daily water and power operations to meet member agencies' demands, taking into consideration the operational limits of the entire system.

## **Water Quality and Treatment**

***General.*** Metropolitan filters and disinfects water at five water treatment plants: the F.E. Weymouth Treatment Plant in La Verne, the Joseph Jensen Treatment Plant in Granada Hills, the Henry J. Mills Treatment Plant in Riverside, the Robert B. Diemer Treatment Plant in Yorba Linda, and the Robert A. Skinner Treatment Plant in Winchester. In recent years, the plants typically treat between 0.8 billion and 1.0 billion gallons of water per day and have a maximum capacity of approximately 2.4 billion gallons per day. Approximately 50 percent of Metropolitan's water deliveries are treated water.

Metropolitan is operating in compliance with current State and federal drinking water regulations and permit requirements.

Federal and state regulatory agencies routinely identify potential contaminants and establish new water quality standards. Metropolitan continually monitors new water quality laws and regulations and frequently comments on new legislative proposals and regulatory rules. New water quality standards could affect the availability of water and impose significant compliance costs on Metropolitan. The federal Safe Drinking Water Act ("SDWA") establishes drinking water quality standards, monitoring, and public notification and enforcement requirements for public water systems. To achieve these objectives, the U.S. Environmental Protection Agency (the "USEPA"), as the lead regulatory authority, promulgates national drinking water regulations and develops the mechanism for individual states to assume primary enforcement responsibilities. The SWRCB DDW has primary responsibility for the regulation of public water systems in the State. Drinking water delivered to customers must comply with statutory and regulatory water quality standards designed to protect public health and safety. Metropolitan operates its five water treatment plants under a domestic water supply permit issued by DDW, which is amended, as necessary, such as when significant facility modifications occur. Metropolitan operates and maintains water storage, treatment and conveyance facilities, implements watershed management and protection activities, performs inspections, monitors drinking water quality, and submits monthly and annual compliance reports. In addition, public water system discharges to state and federal waters are regulated under general National Pollutant Discharge Elimination System ("NPDES") permits. These NPDES permits, which the SWRCB issued to Metropolitan, contain numerical effluent limitations, monitoring, reporting, and notification requirements for water discharges from the facilities and pipelines of Metropolitan's water supply and distribution system.

***Groundwater.*** As described herein, Metropolitan has established five groundwater storage programs with other water agencies that allow Metropolitan to store available supplies in the Central Valley for return later. These programs help manage supplies by putting into storage surplus water in years when it is available and converting that to dry year supplies to be returned when needed. These programs can also provide emergency supplies. See "METROPOLITAN'S WATER SUPPLY—Water Transfer, Storage and Exchange Programs—State Water Project Agreements and Programs" and "—Storage Capacity and Water in Storage" in this Appendix A. Generally, water returned to Metropolitan under these groundwater storage



programs (“return water”) may be made available in one of two ways: by direct pump back from a groundwater well to the California Aqueduct or, when available, by an exchange with a supply already in the aqueduct. Water quality issues can arise in water returned by direct pumping as a result of the presence of a water quality contaminant in the groundwater storage basin and due to the imposition of stricter water quality standards by federal or State regulation.

In 2017, the SWRCB adopted a regulation setting an MCL for TCP of five parts per trillion (“ppt”) based upon a running annual average. TCP is a manufactured chemical used as a cleaning and degreasing solvent and has been found at industrial and hazardous waste sites. It is also associated with pesticide products used in agricultural practices. TCP has been recognized by the State of California as a likely human carcinogen. In January 2018, the regulation went into effect. Under the regulation, drinking water agencies are required to perform quarterly monitoring of TCP. There have been no detections of this chemical in Metropolitan’s system. However, TCP has been detected above the MCL in groundwater wells of three of Metropolitan’s groundwater storage program partners through monitoring performed by these agencies. Levels detected in groundwater wells of Arvin-Edison are the highest and impact Metropolitan’s ability to put water into storage and take return water under that program. As noted under “METROPOLITAN’S WATER SUPPLY–Water Transfer, Storage and Exchange Programs –State Water Project Agreements and Programs – *Arvin-Edison/Metropolitan Water Management Program*” in this Appendix A, Metropolitan has suspended the return of groundwater by direct pump back into the State Water Project from this program until the water quality concerns can be further evaluated and managed. When surface water storage is available to Arvin-Edison, it may provide that water to Metropolitan in lieu of groundwater and deduct an equivalent amount from Metropolitan’s groundwater storage account. In 2023, Metropolitan took return of approximately 19,000 acre-feet via surface water exchanges under this arrangement. Metropolitan did not take any return of supplies in 2024. In 2025, Metropolitan is exploring opportunities to access stored water via surface water exchanges. However, the potential exchange amount to be available through surface water exchanges is significantly less than Metropolitan’s contractual capacity. The levels of TCP detected at Metropolitan’s other groundwater storage programs are much lower and impact fewer groundwater wells. Metropolitan is evaluating the effects of TCP on the return capability of those programs.

Possible remediation measures include, for example, return water with other surface water supplies, removal of wells from service, return water by exchange, or treatment. Additional capital and/or operation and maintenance costs could be incurred by Metropolitan in connection with remediation options, but the magnitude of such costs is not known at this time. To the extent return water under one or more groundwater storage programs could not be utilized due to groundwater quality, the available supply of stored water during extended drought or emergency periods would be reduced.

**Perchlorate.** Perchlorate is both a naturally occurring and man-made chemical used in the production of rocket fuel, missiles, fireworks, flares and explosives. It is also sometimes present in bleach and in some fertilizers. Groundwater in the Henderson, Nevada (“Henderson”) area has been contaminated with perchlorate as a result of two former chemical manufacturing facilities, and there are ongoing remediation programs to mitigate its release into the Las Vegas Wash and the downstream Colorado River. On July 21, 2020, the USEPA withdrew its 2011 determination to regulate perchlorate under the SDWA and issued a new determination that perchlorate does not meet the statutory criteria for regulation. Thus, there is currently no federal drinking water standard for perchlorate, which could potentially affect remediation efforts at two sites in the Henderson area (described below). The Natural Resources Defense Council (the “NRDC”) challenged the USEPA’s action, and the U.S. Court of Appeals for the District of Columbia ruled in May 2023 that the USEPA must regulate perchlorate. In January 2024, the USEPA agreed to propose a maximum contaminant level goal (“MCLG”) and a national primary drinking water regulation (“NPDWR”) for perchlorate by November 21, 2025, and to publish a final MCLG and NPDWR for perchlorate by May 21, 2027.



California is reviewing its MCL for perchlorate in light of a revised Public Health Goal (“PHG”) of 1 µg/L adopted in February 2015. PHGs are established by the California Office of Environmental Health Hazard Assessment (“OEHHA”) and used as the basis for the development of a State regulation setting an MCL. The SWRCB is required to set an MCL for a chemical as close to the PHG as is technologically and economically feasible, placing primary emphasis on the protection of public health. DDW is conducting an in-depth risk management analysis to determine whether to revise the perchlorate MCL of 6 µg/L. The detection limit for purposes of reporting (“DLR”) for perchlorate was lowered to 2 µg/L in July 2021, and it was further reduced to 1 µg/L in January 2024. With a revised DLR, new occurrence data can be collected to support the development of a revised California MCL for perchlorate, if appropriate. If California’s MCL for perchlorate is revised to a level less than 6 µg/L, it will be important for the oversight agencies, the USEPA and the Nevada Division of Environmental Protection, to ensure that the perchlorate contamination originating at the two former chemical manufacturing facilities in Henderson is remediated to a level that minimizes impacts to the Colorado River and that perchlorate concentrations at Metropolitan’s Whitsett Intake at Lake Havasu stay at levels below California’s MCL. Metropolitan was successful in 2023 in advocating for the USEPA and the Nevada Division of Environmental Protection to require the Nevada Environmental Response Trust (“NERT,” which is responsible for cleaning up the former site of one of the chemical manufacturers in Henderson) to use California’s current MCL of 6 µg/L for perchlorate, California’s PHG for perchlorate of 1 µg/L, California’s current MCL of 50 µg/L for total chromium, and California’s then-proposed, and now adopted, MCL of 10 µg/L for hexavalent chromium as to-be-considered criteria (“TBCs”) for remedial action objectives. The designation of these regulatory levels as TBCs requires the NERT to explicitly consider these values throughout the upcoming feasibility study and to follow all applicable guidance related to doing so. The feasibility study is the mechanism for the development, screening, and detailed evaluation of alternative remedial actions. Metropolitan will continue to monitor the cleanup of the two former chemical manufacturing facilities in Henderson and to monitor and participate in federal and state rulemaking proceedings.

**PFAS.** In recent years, state and federal agencies have undertaken a variety of efforts towards the development of legislation, laws and regulations regarding per- and poly-fluoroalkyl substances (“PFAS”), PFAS are substances widely used in consumer and industrial products such as fabrics, carpets, firefighting foams, food packaging, and nonstick cookware and are known for their nonstick, waterproof, and heat and stain resistant properties. Perfluorooctane sulfonate (“PFOS”) and perfluorooctanoic acid (“PFOA”) are the two most common synthetic organic chemicals in the group of compounds referred to as PFAS. In August 2019, DDW lowered the notification levels (“NLs”) for PFOS from 13 ppt to 6.5 ppt and for PFOA from 14 ppt to 5.1 ppt. NLs are non-regulatory, precautionary health-based measures for concentrations of chemicals in drinking water that warrant notification and further monitoring and assessment. If a chemical concentration is greater than its NL in drinking water that is provided to consumers, DDW recommends that the utility inform its customers and consumers about the presence of the chemical, and about health concerns associated with exposure to it. In February 2020, DDW lowered the response levels (“RLs”) for PFOA and PFOS from 70 ppt for individual or combined concentrations to 10 ppt for PFOA and 40 ppt for PFOS. An RL is set higher than an NL and represents a chemical concentration level at which DDW recommends a water system consider taking a water source out of service or providing treatment if that option is available to them. Legislation that took effect on January 1, 2020 (California Assembly Bill 756) requires that water systems that receive a monitoring order from the SWRCB and detect levels of PFAS that exceed their respective RL must either take a drinking water source out of use or provide specified public notification if they continue to supply water above the RL. In March 2021, DDW issued an NL of 0.5 parts per billion (“ppb”) and an RL of 5 ppb for perfluorobutane sulfonic acid (“PFBS”), another PFAS chemical. In October 2022, the SWRCB issued an NL of 3 ppt and an RL of 20 ppt for perfluorohexane sulfonic acid (“PFHxS”). Also in October 2022, the SWRCB issued a general order requiring select public water systems to monitor for PFAS. In April 2024, OEHHA adopted PHGs for PFOA at 0.007 ppt and PFOS at 1 ppt, a further step in the process of establishing MCLs in drinking water.



In 2016, the USEPA established non-enforceable and non-regulatory health advisories for PFOA and PFOS at single or combined concentrations of 70 ppt in treated drinking water. These advisories indicate the level of drinking water contamination below which adverse health effects are not expected to occur. On June 15, 2022, the USEPA established new interim, updated drinking water health advisories for PFOA and PFOS to replace the health advisories established in 2016. The non-enforceable and non-regulatory interim, updated lifetime health advisories for PFOA and PFOS in drinking water are established at concentrations of 0.004 ppt and 0.02 ppt, respectively. In its announcement, the USEPA noted that such concentrations are below the ability to detect under current detection methods. On June 15, 2022, the USEPA also established final health advisories for GenX chemicals (as defined below) and for PFBS of 10 ppt and 2,000 ppt, respectively.

In February 2021, the USEPA announced proposed revisions to the Fifth Unregulated Contaminant Monitoring Rule (“UCMR 5”) for public water systems. On December 27, 2021, the USEPA published the final UCMR 5 for public water systems which includes monitoring for 29 PFAS in drinking water. UCMR 5 required pre-sampling preparations in 2022, and requires sample collection from 2023 through 2025, with reporting of final results through 2026.

On March 3, 2021, the USEPA published its final regulatory determination to regulate PFOA and PFOS in drinking water. On April 10, 2024, the USEPA announced final regulations establishing the first national drinking water standards for six PFAS. The regulations became effective on June 25, 2024. The regulations set numeric limits for five individual PFAS: PFOA, PFOS, perfluorononanoic acid (“PFNA”), hexafluoropropylene oxide dimer acid (commonly known as “GenX chemicals”), and PFHxS. In addition, the regulations set a hazard index MCL for any two or more of four PFAS as a mixture: PFNA, PFHxS, GenX chemicals, and PFBS. Under the regulations, the USEPA has set: (1) legally enforceable MCLs of 4 ppt for PFOA and PFOS; (2) non-enforceable health-based MCLGs for PFOA and PFOS at 0; (3) an MCL and MCLG of 10 ppt for PFNA, PFHxS and GenX chemicals; and (4) a hazard index of 1.0 as the MCL and MCLG for any mixture containing two or more of the four PFAS: PFNA, PFHxS, GenX chemicals, and PFBS. The hazard index is a tool used to evaluate health risks from exposure to multiple chemicals. To determine the hazard index for these four PFAS, water systems will be required to compare the amount of each of the four PFAS in drinking water to its associated Health Based Water Concentration (“HBWC”), which is the level below which no health effects are expected for that PFAS. Water systems would add the comparison value for each PFAS (expressed as a fraction) contained within the mixture. If the sum value is greater than 1.0, it would be an exceedance of the hazard index MCL for PFNA, PFHxS, GenX chemicals, and PFBS. The adopted rule requires public water systems to monitor for the regulated PFAS, notify the public if monitoring detects such PFAS at levels that exceed the regulatory standards, and reduce the levels of such PFAS in drinking water if they exceed the standards. Regulated public water systems will have three years to complete their initial monitoring for these PFAS and must include information about the results of their monitoring in their annual water quality reports to customers. Public water systems that detect PFAS above the new standards will have five years to implement solutions to reduce the PFAS to meet the standards. On June 7, 2024, American Water Works Association and the Association of Metropolitan Water Agencies filed a Petition for Review asking the D.C. Circuit Court to decide whether the USEPA acted appropriately in setting MCLs and MCLGs for six PFAS. Subsequently, the National Association of Manufacturers, American Chemistry Council, and The Chemours Company FC, LLC filed petitions for review, and the NRDC and several community groups filed motions to intervene in support of USEPA’s final rule. On February 7, 2025, the D.C. Circuit Court granted the USEPA’s motion to stay the legal challenges for 60 days to give the new Administration time to review the USEPA’s April 2024 PFAS rule. On April 8, 2025, the USEPA asked for an additional 30 days to allow new agency leadership to review the rule. The D.C. Circuit Court granted the USEPA’s request and directed the USEPA to file a motion to govern future proceedings in the case by May 12, 2025.



On January 19, 2021, the USEPA announced that it was considering whether to designate PFOA and PFOS as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (“CERCLA”) and/or hazardous waste under the Resource Conservation and Recovery Act (“RCRA”). On September 6, 2022, the USEPA issued a proposed rule designating PFOA and PFOS as hazardous substances under CERCLA. On April 13, 2023, the USEPA requested public input on whether to designate: (i) seven additional PFAS (PFBS, PFHxS, PFNA, GenX, PFBA, PFHxA, and perfluorodecanoic acid (“PFDA”), (ii) precursors to these seven PFAS and to PFOA and PFOS, and (iii) groups or categories of PFAS, as hazardous substances under CERCLA. Metropolitan provided comments on these proposals and urged the USEPA to further evaluate the potentially significant impacts of the proposed CERCLA designation on water and wastewater utilities. On May 8, 2024, the USEPA published its final rule designating PFOA and PFOS, including their salts and structural isomers, as CERCLA hazardous substances. On June 10, 2024, the Chamber of Commerce of the United States of America, Associated General Contractors of America, Inc., and National Waste & Recycling Association filed a Petition for Review, asking the D.C. Circuit Court to decide whether the USEPA acted appropriately in designating PFOA and PFOS as CERCLA hazardous substances. The American Chemistry Council and others have also filed petitions for review. The NRDC and other groups have moved to intervene in defense of the USEPA’s final rule. On February 24, 2025, the D.C. Circuit Court granted the USEPA’s motion to stay the legal challenges for 60 days to give the new Administration time to review the USEPA’s May 2024 CERCLA rule. The court ordered the USEPA to file motions to govern future proceedings in the cases on April 25, 2025.

On February 8, 2024, the USEPA issued two proposed rules: (1) listing 9 PFAS (PFOA, PFOS, PFBS, HFPO-DA or GenX, PFNA, PFHxS, PFDA, PFHxA, and PFBA) as hazardous constituents under the RCRA; and (2) amending RCRA’s definition of “hazardous waste” to clarify the USEPA’s authority to address releases of all substances that meet the definition of hazardous waste under RCRA. These two proposed rules may be the first step in the USEPA possibly naming these PFAS as RCRA hazardous waste. Listing any PFAS as hazardous waste under RCRA would result in the automatic designation of that PFAS as a hazardous substance under CERCLA. Metropolitan will continue to monitor and participate in federal and state rulemaking proceedings.

PFOA and PFBS have not been detected in Metropolitan’s imported or treated water supplies. In each year from 2019 through 2023, Metropolitan detected in its supplies low levels of PFHxA, which is not acutely toxic or carcinogenic and is not currently regulated in California or at the federal level. In 2021, Metropolitan detected for the first time in its supplies low levels of perfluorobutanoic acid (“PFBA”), perfluoropentanoic acid (“PFPeA”), and PFOS. Low levels of PFBA and PFPeA were again detected in Metropolitan’s supplies in 2022, and low levels of PFBA were also detected in Metropolitan’s supplies in 2023. In 2024, the only PFAS detected was PFDA, which was found at a very low level in source water. Metropolitan has not identified any specific sources of these PFAS that have reached its water supplies, and the occasional PFAS detections remain well below the State’s required reporting values and levels requiring notification or response.

Although Metropolitan has not identified any specific sources of these PFAS in its supplies, PFHxA is a common PFAS believed to be an impurity that is inadvertently produced during the manufacture of other PFAS. It is also a breakdown product from lubricants, coatings on food packaging, and household products. PFOS is widely used in surface treatments of carpets, textiles, leather, paper, and cardboard, as a surfactant in extinguishing foams, as a mist suppressant in chrome plating, and as a surfactant in the mining and oil industries. PFBA is a breakdown product of other PFAS that are used in stain-resistant fabrics, paper food packaging, and carpets; it is also used for manufacturing photographic film. It has been used as a substitute for longer chain perfluoroalkyl carboxylic acids in consumer products. PFPeA is a breakdown product of stain- and grease-proof coatings on food packaging, couches, and carpets. PFOA and PFOS have also been detected in groundwater wells in the region, including those of certain member agencies.



Metropolitan may experience increased demands for its imported water to help offset the potential loss of any affected local supplies.

More than 10,000 cases regarding PFAS in aqueous film-forming foams (“AFFF”) have been filed in the AFFF Multi-District Litigation (“MDL”) Master Docket No. 2:18-mn-2873-RMG (the “AFFF MDL”) since 2018. On June 2, 2023, E.I. Du Pont de Nemours and Company (n/k/a EIDP, Inc.), DuPont de Nemours Inc., The Chemours Company, The Chemours Company FC, LLC, and Corteva, Inc. (collectively, “DuPont”) announced a proposed settlement with all eligible public water systems (“PWSs”) in which DuPont agreed to pay \$1.185 billion (the “DuPont Settlement”). On June 22, 2023, the 3M Company (“3M”) announced a proposed settlement with eligible PWSs in which, starting in July 2024, 3M would pay PWSs between \$10.5 billion and \$12.5 billion (“3M Settlement”), which would be the largest contaminated drinking water settlement in U.S. history. On April 12, 2024, Tyco Fire Products LP (“Tyco”) announced a proposed class action settlement with all eligible PWSs where it agreed to pay \$750 million (“Tyco Settlement”). The class of PWSs in the Tyco Settlement includes any PWS that has detected PFAS in its drinking water sources as of May 15, 2024. On May 21, 2024, BASF Corporation agreed to pay \$316.5 million to all eligible PWSs as part of a proposed class action settlement (“BASF Settlement”). The class of PWSs in the BASF Settlement is the same as the class of PWSs in the Tyco Settlement. The terms of the Tyco and BASF Settlements are substantially similar to those in the 3M and DuPont Settlements. All eligible PWSs will be automatically included in the settlements and bound by the settlements’ very broad release provisions unless they “opt out” by the deadlines applicable to the respective settlements. The funds in each settlement proposal would then be allocated among all eligible PWSs that do not “opt out” and who submit claims to the funds. The settlement classes in each of these settlements could include thousands of PWSs.

In order to preserve its rights to pursue independent legal action for potential future claims, on November 14, 2023, Metropolitan’s Board voted to opt out of both the DuPont and 3M Settlements. Metropolitan submitted its opt-out requests by the deadlines, and confirmed its requests to opt out of the DuPont and 3M Settlements have been accepted. However, Metropolitan continues to evaluate the potential impact of one of the parties’ guidance documents regarding the settlements which the judge approved and which indicates that even if a wholesaler opts out of the settlements, if its retail customer is a settlement class member, the broad releases would extend to the wholesaler as to the water it provided to the settlement class member except to the extent the wholesaler shows it had the obligation for and bore unreimbursed PFAS-treatment costs for that water independent of the retail customer. The judge granted final approval of the DuPont Settlement on February 8, 2024. Final approval of the 3M Settlement was granted on March 29, 2024. On June 11, 2024, the judge granted preliminary approval of the Tyco Settlement, and on July 3, 2024, granted preliminary approval of the BASF Settlement. The last day to opt out of the Tyco Settlement was September 23, 2024, and the last day to opt out of the BASF Settlement was October 15, 2024. Metropolitan opted out of both settlements. The final fairness hearing on the Tyco Settlement and the BASF Settlement took place on November 1, 2024. On November 22, 2024, the judge gave final approval of both the Tyco and BASF Settlements.

### **Seismic Considerations and Emergency Response Measures**

**General.** Metropolitan’s system overlays a region of high seismicity. The conveyance and distribution systems traverse numerous faults capable of generating large magnitude earthquakes and some of Metropolitan’s treatment plants, pressure control facilities, and other structures have the potential of experiencing high levels of earthquake-induced shaking. To mitigate this risk, Metropolitan routinely assesses the seismic hazards and potential risks to its facilities. It makes strategic investments through projects to limit overall system damage, improve post-earthquake recovery time, and reduce the impacts felt by the population and businesses. Metropolitan’s strategy utilizes a defense-in-depth approach to prepare for and respond to the event adequately. Metropolitan’s defense-in-depth approach includes the following priorities: (1) provide a diversified water supply portfolio, increase system flexibility, and



maintain adequate levels of emergency storage to be able to withstand the potential disruption of imported supplies; (2) prevent damage to water delivery infrastructure in probable seismic events and limit damage in extreme events through the systematic review and upgrade of facilities for which deficiencies are identified; and (3) minimize the duration of water delivery interruptions through a dedicated emergency response and recovery organization, including in-house design, construction, and fabrication capability.

As part of its goal to increase the diversification of the local water portfolio, Metropolitan has provided monetary assistance to member agencies to develop new local water supplies. Increased and improved diversification of local supplies also improves the region's reliability in the event of a significant seismic event. In addition, Metropolitan is evaluating the feasibility of implementing the regional recycled water program referred to as PWSC. See "REGIONAL WATER RESOURCES–Local Water Supplies – *Recycled Water-Metropolitan Pure Water Southern California Program*" in this Appendix A. If completed, it is expected that PWSC would provide up to 150 million gallons per day of advanced treated recycled water for groundwater replenishment. The program, if completed, could provide an additional reliable water source within Metropolitan's service area in the event of an interruption of imported supplies.

In 2000, Metropolitan completed Diamond Valley Lake, an 810,000-acre-foot capacity reservoir located on the coastal side of the San Andreas Fault. With the completion of Diamond Valley Lake, Metropolitan nearly doubled its available in-region surface storage and improved its ability to capture water from Northern California in wet years. Water from Diamond Valley Lake can supply four of Metropolitan's five water treatment plants. Planned system flexibility improvements currently in design and construction will make it possible to transport water from Diamond Valley Lake throughout Metropolitan's distribution system. Diamond Valley Lake, along with the other in-region reservoirs, are used to maintain a six-month emergency storage reserve outside of the operational storage in case of disruption of the imported water supplies. See "–Primary Facilities and Method of Delivery –*Diamond Valley Lake*."

Metropolitan has developed a Seismic Upgrade Program to systematically evaluate its above-ground facilities for seismic risk and prioritize its upgrade effort. Structures undergo an initial rapid evaluation and, if a potential deficiency is identified, will then undergo a detailed structural evaluation to assess the required upgrades. Deficient facilities are upgraded to meet current seismic standards based on criticality to the water delivery system. Previous projects include seismic upgrades to the pump plant buildings for the CRA and upgrades to various facilities at Metropolitan's treatment plants, such as wash water tanks, filter basins, and administration buildings. For existing pipelines, seismic resilience will be incorporated as a component of pipeline rehabilitation projects. Metropolitan will evaluate each upgrade individually to balance risk, performance, and cost-effectiveness. Metropolitan is currently implementing a long-term program to replace or reline its prestressed concrete cylinder pipe with a welded steel pipe to extend its service life. Providing a steel liner insert will also improve the seismic performance of these pipelines. Another example of Metropolitan's continued effort to enhance the seismic resilience of its pipelines is the completion in early 2023 of a project to install earthquake-resistant ductile iron pipe at a location where the CRA crosses the Casa Loma Fault.

Metropolitan has an ongoing surveillance program that monitors the safety and structural performance of its dams and reservoirs permitted by DWR's Division of Safety of Dams. Operating personnel perform regular inspections that include monitoring and analyzing seepage flows and pressures. Engineers responsible for dam safety review the inspection data and monitor each dam's horizontal and vertical movements. Major on-site inspections are performed at least twice each year. Instruments that transmit seismic acceleration time histories for analysis are installed at critical sites when a dam is subjected to strong motion during an earthquake.

Metropolitan has developed an emergency plan that calls for specific response levels appropriate to an earthquake's magnitude and location. Included in this plan are various communication tools, as well as a structured plan of management that varies with the severity of the event. Pre-designated personnel



follow detailed steps for field facility inspection and distribution system patrol. Approximately 200 employees are designated to respond immediately if seismic events exceed a certain magnitude. An Emergency Operations Center (“EOC”) is maintained at the OCC. The OCC/EOC, specifically designed to be earthquake resistant, contains communication equipment, including a radio transmitter, microwave capability, and a response line linking Metropolitan with its member agencies and DWR. The OCC/EOC also has the capability of communicating with other utilities, County EOCs, and the State’s Office of Emergency Services. Metropolitan also maintains in-house capability to address two major pipeline breaks simultaneously as part of its emergency response plan to restore operation shortly after a significant seismic event.

In conjunction with DWR and LADWP, Metropolitan has formed the Seismic Resilience Water Supply Task Force to collaborate on studies and mitigation measures aimed at improving the reliability of imported water supplies to Southern California. Specific task force goals include revisiting historical assumptions regarding potential aqueduct outages after a seismic event; establishing a common understanding about individual agency aqueduct vulnerability assessments, projected damage scenarios, and planning assumptions; and discussing ideas for improving the resiliency of Southern California’s imported water supplies through multi-agency cooperation. The task force has established multi-year goals and will continue to meet on these issues and develop firm plans for mitigating seismic vulnerabilities.

Metropolitan’s resiliency efforts include manufacturing, pipe fabrication, and coating capabilities in its facilities in La Verne, California. Investments to upgrade the La Verne shop facilities in order to enhance and expand Metropolitan’s capacity to provide fabrication, manufacturing, and coating services for rehabilitation work, maintenance activities, and capital projects are ongoing. Building improvements to the shop facilities will be completed in early 2025, and refurbishment or replacement of the remaining aging equipment will follow. Metropolitan can also provide manufacturing, coating, and fabrication services upon request through reimbursable agreements to member agencies and DWR. These agreements have enhanced timely and cost-effective emergency response capabilities. Materials to fabricate pipe and other appurtenant fittings are kept on site. In the event of earthquake damage, Metropolitan has taken measures to provide the capacity to design and fabricate pipe and manufacture fittings. Metropolitan is also staffed to perform emergency repairs.

DWR has in place a seismic assessment program that evaluates the State Water Project’s vulnerability to seismic events and makes recommendations for improvements. The assessment is important because the California Aqueduct crosses many major faults. The State Water Project delivers water supplies from Northern California that must traverse the Bay-Delta through hundreds of miles of varying levels of engineered levees that are potentially susceptible to significant damage due to flood and seismic risk. In the event of a failure of the Bay-Delta levees, the quality of the Bay-Delta’s water could be severely compromised as saltwater comes in from the San Francisco Bay. Metropolitan’s supply of State Water Project water would be adversely impacted if pumps that move Bay-Delta water southward to the Central Valley and Southern California are shut down to contain the saltwater intrusion. Metropolitan estimates that stored water supplies, CRA supplies and local water resources that would be available in case of a levee breach or other interruption in State Water Project supplies would meet demands in Metropolitan’s service area for approximately six months. See “METROPOLITAN’S WATER SUPPLY–Storage Capacity and Water in Storage” in this Appendix A.

Metropolitan, in cooperation with the other State Water Project contractors, developed recommendations to DWR for emergency preparedness measures to maintain continuity in export water supplies and water quality during seismic and other emergency events, which recommendations have been implemented or implementation is in progress. These measures include improvements to emergency construction materials stockpiles in the Bay-Delta, improved emergency contracting capabilities, strategic levee improvements and other structural measures of importance to Bay-Delta water export interests, including development of an emergency freshwater pathway to export facilities in a severe earthquake.



See also “RISK FACTORS – Earthquakes, Floods, Wildfires and Other Disasters” in the front part of this Official Statement.

### **Wildfires Risk Management Response**

Wildfires are an ever-present reality in California. In January 2025, a series of fires fueled by windstorms ignited in Southern California. According to reports by the California Department of Forestry and Fire Protection (“CalFire”), the fires burned over 57,000 acres and destroyed more than 18,000 homes and structures in the Southern California region (the “January 2025 Wildfires”). The most destructive of such fires, the Palisades Fire and the Eaton Fire, occurred within the County of Los Angeles.

Throughout the windstorm and fire events, Metropolitan activated its EOC to monitor the situation. Incident command posts were also activated to respond to developments as needed. Metropolitan coordinated with emergency management agencies throughout the January 2025 Wildfires, and made certain adjustments to its system operations to enhance flexibility and support response efforts for affected member agencies. In addition, Metropolitan provided mutual assistance, particularly in connection with the Eaton Fire, to impacted agencies. While certain staff in the affected areas were relocated during the January 2025 Wildfires, and Metropolitan experienced certain power outages requiring the use of back-up generators, there were no significant impacts or disruption to Metropolitan’s operations. Metropolitan did not experience any significant damage to Metropolitan’s facilities resulting from the January 2025 Wildfires.

Water conveyance facilities generally consist of pipelines and connections, flow control facilities, tanks, reservoirs, wells, treatment stations and pumping stations, which are not typically vulnerable to damage by wildfires. The above ground facilities within the Water System, such as treatment plants, operations centers, pressure control structures, and telecommunications sites (often on or near mountain peaks where wildfires may occur), are more vulnerable, but are generally designed to be tolerant to damage by wildfires through the use of fire resistant material where possible, such as concrete, steel and masonry blocks. Metropolitan maintains standby power generators at all critical facilities to provide for continued operations in the event of widespread disruptions to the electric grid or other power outages that may occur as a result of a significant fire.

Metropolitan is preparing fire management plans for each of its facilities or campuses that will include pre-suppression, suppression, and post-suppression activities. The plans will be based on a risk assessment that considers location, facility conditions, criticality of the facility to operations, sensitive habitat within and adjacent to the facility, and fire risk. A desktop assessment has been completed and approximately 27 campuses were identified as having a higher risk or criticality; these campuses will be the initial focus. A report for each campus with recommendations will be completed and will help inform future implementation for structure hardening, creation of defensible space, and landscape improvements. To complement the fire management plans, Metropolitan is developing sustainable landscape guidelines. These will be master guidelines for use throughout Metropolitan, and include appropriate design, plant selection, and maintenance to minimize fire risk as landscape can provide an effective barrier or deterrent. Both the fire management plans and sustainable landscape guidelines are being developed to adhere to existing laws and regulations. Staff is working closely with CalFire and monitoring changes to fire hazard zone mapping and updates to State regulations.

Metropolitan also continues to actively prepare for wildfires by collaborating with partner agencies such as CalFire, DWR, and counties to implement preparedness measures to protect watersheds. Examples of these efforts include removing brush from fire prone areas, as well as removing by-products of large fires such as ash, fire retardant, and other debris that could negatively affect water quality. In September 2024, Metropolitan’s Board approved a funding contribution towards three forest restoration programs, through a financing mechanism managed by the Blue Forest non-profit corporation, a third-party organization.



Metropolitan's contribution is directed toward three forest restoration projects in the northern Sierra: two in the Feather River watershed above Lake Oroville and one in Upper Butte Creek. The programs, to be implemented by Lassen National Forest, Plumas National Forest, Sierra Institute and other organizations, will include pilot investigations aimed toward a better understanding of the effect of improving watershed health on water quality, water supply, habitat protection, wildfire risk reduction, and carbon sequestration. The restoration efforts vary by watershed but include forest thinning, forest restoration after a wildfire and protection of areas not recently burned.

During and after nearby wildfire events, Metropolitan coordinates with local fire departments, as well as participating in joint training and exercises throughout the year. Metropolitan tests its emergency communications processes through regular tests of emergency radio networks, satellite phones, mass-communication alerting systems, and online information sharing systems.

See also "RISK FACTORS – Earthquakes, Floods, Wildfires and Other Disasters" in the front part of this Official Statement.

### **Security Measures**

Metropolitan's water and energy facilities are federally-determined critical infrastructure. Metropolitan deploys multiple layers of physical security and collaborates with federal and state partners to mitigate malevolent threats. It manages a physical security system consisting of electronic access controls, a surveillance and intrusion warning system, and a round-the-clock security watch center. Metropolitan maintains professional, in-house security specialists and retains a 200+ contract security guard force. It directs a capital improvement program to harden physical infrastructure. Metropolitan collaborates with key federal and State security partners, which entails on-site consultations, inter-agency mock exercises, real-time monitoring, and first response coordination. It follows the chain-of-custody protocols of the FERC and the North American Electric Reliability Corporation. Finally, Metropolitan complies with regulations authorized under the Bioterrorism Response Act of 2002, the Aviation and Transportation Security Act of 2001, and the America's Water Infrastructure Act of 2018.

## **CAPITAL INVESTMENT PLAN**

### **General Description**

Metropolitan's current Capital Investment Plan (the "Capital Investment Plan" or "CIP") describes Metropolitan's infrastructure and system reliability projects, either as new assets, upgrades to existing capital assets, or refurbishment and replacements of existing facilities. The CIP is Metropolitan's planning document to ensure asset reliability, enhance operational efficiency and flexibility, and ensure compliance with water quality regulations.

Metropolitan's CIP is regularly reviewed and updated. Metropolitan's biennial budget process includes a review of the projected long-term capital needs and the development of a capital expenditure forecast for the next ten years, as well as the identification of the capital priorities of Metropolitan over the biennial budget term. The award of major contracts and professional services agreements is subject to approval by Metropolitan's Board. Pursuant to the Administrative Code, following the adoption of the biennial budget, a Board action is presented to (1) appropriate the total amount of approved biennial CIP expenditures and (2) authorize the General Manager to initiate or proceed with work on capital projects identified in the CIP for such biennial period. The amount and timing of borrowings to fund capital expenditures will depend upon the status of construction activity and water demands within Metropolitan's service area, among other factors. From time to time, projects that have been undertaken are delayed, redesigned, or deferred by Metropolitan for various reasons, and no assurance can be given that a project in the CIP will be completed in accordance with its original schedule or that any project will be completed



as currently planned. In addition, from time to time, when circumstances warrant, Metropolitan's Board may approve capital expenditures other than or in addition to those contemplated by the CIP at the time of the then-current biennial budget.

### Projection of Capital Investment Plan Expenditures

The table below sets forth the projected CIP expenditures by project type for the fiscal years ending June 30, 2025 through 2029, as reflected in the biennial budget for fiscal years 2024-25 and 2025-26.

In addition to the projected CIP expenditures, a projection of estimated capital expenditures by Metropolitan for PWSC for the fiscal years ending June 30, 2025 through June 30, 2029 has been provided in the table below in the event PWSC is approved by Metropolitan's Board as a CIP project, as reflected in the ten-year expenditures projection provided in Metropolitan's biennial budget for fiscal years 2024-25 and 2025-26. The PWSC program is not currently included in Metropolitan's CIP as a capital program. It is currently anticipated that Metropolitan's Board will consider whether to include PWSC in the CIP in 2026. For a description of PWSC, see "REGIONAL WATER RESOURCES–Local Water Supplies – Recycled Water-Metropolitan Pure Water Southern California Program" in this Appendix A.

Metropolitan's actual capital expenditures are subject to change as projects progress or are advanced. The biennial budget is updated every two years as a result of the periodic review and adoption of the capital budget by Metropolitan's Board. See "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.

#### CAPITAL INVESTMENT PLAN PROJECTION OF EXPENDITURES<sup>(1)</sup> (Fiscal Years Ending June 30 - Dollars in Thousands)

	2025	2026	2027	2028	2029	Total
Infrastructure R&R	\$ 223,275	\$ 254,200	\$ 276,461	\$ 296,624	\$ 297,679	\$1,348,239
Infrastructure Upgrade	6,799	5,076	8,100	1,861	9,163	30,999
Regulatory Compliance	1,047	1,141	1,135	1	7,195	10,519
Stewardship	19,633	13,108	16,299	36,917	16,028	101,985
Supply Reliability	3,275	11,315	8,118	8	0	22,716
System Flexibility	55,084	27,007	19,271	15,186	32,871	149,419
Water Quality	2,887	12,633	8,075	361	2,060	26,016
<b>CIP Total</b>	<b>\$ 312,000</b>	<b>\$ 324,480</b>	<b>\$ 337,459</b>	<b>\$ 350,958</b>	<b>\$ 364,996</b>	<b>\$1,689,893</b>
PWSC <sup>(2)</sup>	0	0	1,052,057	1,333,219	1,805,740	4,191,016
<b>Total CIP and PWSC<sup>(2)</sup></b>	<b>\$ 312,000</b>	<b>\$ 324,480</b>	<b>\$1,389,516</b>	<b>\$1,684,177</b>	<b>\$2,170,736</b>	<b>\$5,880,909</b>

Source: Metropolitan.

(1) Projected CIP expenditures for fiscal years 2024-25 through 2028-29 are based on the ten-year financial forecast provided in the biennial budget for fiscal years 2024-25 and 2025-26.

(2) PWSC is not a capital program in Metropolitan's CIP, but the projected capital expenditures based on the most recent cost estimates have been included for planning purposes. Approval by Metropolitan's Board is required to include PWSC in the CIP, which has not occurred. The projected capital expenditures for PWSC, if approved, as set forth in the table above reflect Metropolitan's share of total estimated capital costs expected to be incurred for the project in the specified years without any offset for potential grant funding sources or contributions from potential partners. Metropolitan's projections of future debt financing in the event PWSC is approved assumes that a portion of the projected capital expenditures for PWSC (approximately \$325.3 million in fiscal year 2026-27, \$482.4 million in fiscal year 2027-28, and \$653.4 million in fiscal year 2028-29) will be funded from other sources, including grants and contributions from potential partners.



In developing the CIP, projects are reviewed, scored, and prioritized towards the objectives of ensuring the sustainable delivery of reliable, high-quality water, while meeting all regulatory requirements and maintaining affordability. Additional capital costs may arise in the future as a result of, among other things, federal and state water quality regulations, project changes and mitigation measures necessary to satisfy environmental and regulatory requirements, and additional facilities' needs. See "METROPOLITAN'S WATER DELIVERY SYSTEM—Water Quality and Treatment" in this Appendix A.

Construction projects included in the CIP are subject to ordinary construction risks and delays, including but not limited to: inclement weather or natural hazards affecting work and timeliness of completion; contractor claims, underperformance, or nonperformance; work stoppages or slowdowns; unanticipated project site conditions encountered during construction; errors or omissions in contract documents requiring change orders; and/or higher than anticipated construction bids or costs (including as a result of steeper inflationary increases or tariffs), any of which could affect the costs and availability of, or delivery schedule for, equipment, components, materials, labor or subcontractors, and result in increased CIP costs. The majority of Metropolitan's construction projects exceeding \$5 million awarded before October 10, 2027 will be covered by a project labor agreement ("PLA") between labor unions and construction contractors, which will reduce the risk of work stoppages or slowdowns. The term of the PLA expires on such date, although it may be extended. Planned schedules for some projects have been extended to accommodate continuing supply chain issues, particular long fabrication times for electrical components such as transformers, switchgear, and other highly specialized equipment. Although not currently anticipated, additional delays in the future are possible.

### **Capital Investment Plan Financing**

The CIP requires debt financing (see "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A) as well as pay-as-you-go funding. In connection with the biennial budget process and the development of the ten-year financial forecast provided therein, an internal funding objective is established for the funding of capital program expenditures from current revenues. An internal funding objective to fund 56 percent and 54 percent of capital program expenditures from current revenues for fiscal years 2024-25 and 2025-26, respectively, was established in connection with the adoption of the biennial budget for fiscal years 2024-25 and 2025-26. The remainder of capital program expenditures are expected to be funded through the issuance from time to time of water revenue bonds, which are payable from Net Operating Revenues. However, as in prior years, pay-as-you-go funding or debt financing may be reduced or increased by the Board at any time.

For planning purposes, Metropolitan has estimated the potential capital costs of PWSC that may be incurred by Metropolitan over the ten-year financial forecast provided in its biennial budget for fiscal years 2024-25 and 2025-26 as set forth for fiscal years 2026-27 through 2028-29 in the table above. In addition, Metropolitan's financial forecast includes assumptions with respect to future debt financing for a portion of the costs of PWSC, including assumptions regarding the potential amounts of and sources of funding for PWSC that may be available from grants and contributions by potential partners.

Metropolitan's financial projections for fiscal years 2024-25 through 2028-29 assume approximately \$640 million of the projected CIP expenditures (excluding any projected capital expenditures associated with PWSC) will be funded by revenue bonds over such period, which may include remaining proceeds from prior bond issuances. In fiscal year 2024-25, Metropolitan issued \$280 million of revenue bonds to finance a portion of projected capital expenditures in fiscal years 2024-25 and 2025-26. Projections for fiscal years 2024-25 through 2028-29 with PWSC assume \$3,380 million in additional water revenue bonds over such period to finance a portion of the CIP, and Metropolitan's estimated share of the projected capital costs of PWSC if it is approved as a capital project, taking into account Metropolitan's assumptions with respect to the amount of funding that may be available from grants and contributions from potential partners. These revenue bonds may be issued either as Senior Revenue Bonds under the Senior Debt



Resolutions or as Subordinate Revenue Bonds under the Subordinate Debt Resolutions (each as defined under “METROPOLITAN EXPENSES—Limitations on Additional Revenue Bonds” in this Appendix A). The cost of these projected bond issues is reflected in the financial projections under “HISTORICAL AND PROJECTED REVENUES AND EXPENSES” in this Appendix A.

### **Major Projects of Metropolitan’s Capital Investment Plan**

**Colorado River Aqueduct Facilities.** As previously noted, deliveries through the CRA began in 1941. Through annual inspections and maintenance activities, the performance and reliability of the various components of the CRA are regularly evaluated. Projects under the CRA facilities program are designed to replace or refurbish facilities and components on the CRA system in order to reliably convey water from the Colorado River to Southern California. The current projected cost estimate for all prior and planned refurbishment or replacement projects under the CRA facilities program from fiscal year 1998-99 through fiscal year 2033-34 is \$1.03 billion. Costs through February 28, 2025 were \$544.8 million. Budgeted aggregate capital expenditures for improvements on the CRA for fiscal years 2024-25 and 2025-26 are \$85.8 million.

**Distribution System – Prestressed Concrete Cylinder Pipe.** Metropolitan’s distribution system (see “METROPOLITAN’S WATER DELIVERY SYSTEM” in this Appendix A.) includes 163 miles of prestressed concrete cylinder pipe (“PCCP”). In response to PCCP failures experienced by other water utilities, Metropolitan initiated the PCCP Assessment Program in December 1996 to evaluate the condition of its PCCP lines and investigate inspection and refurbishment methods. As part of this program, Metropolitan began making spot repairs of distressed PCCP segments as they were identified. However, rather than continue with reactive and relatively high-unit cost spot repairs, in 2013 Metropolitan initiated a long-term capital program to prioritize and proactively rehabilitate with welded steel liner approximately 100 miles of PCCP in five pipelines. Significant projects over the next several years include relining of portions of Second Lower Feeder, Sepulveda Feeder, and Allen McColloch Pipeline. Pipeline rehabilitation is prioritized based on the condition, risk of failure, and the criticality of the pipeline. The estimated cost to reline all 100 miles of PCCP is approximately \$5.2 billion. Through February 28, 2025, approximately 21.8 miles have been relined and completion of the remainder is expected to take over 30 years. Costs through February 28, 2025, for all PCCP rehabilitation work (including the prior repairs) were \$484.6 million. Budgeted aggregate capital expenditures for PCCP rehabilitation for fiscal years 2024-25 and 2025-26 are \$66.5 million.

**Distribution System – Refurbishments and Improvements.** In addition to the long-term program to rehabilitate Metropolitan’s PCCP lines, several other components of the distribution system, including dams and reservoirs, are being refurbished and/or improved. Significant projects over the next several years include retrofitting of the distribution system to improve resiliency against earthquake; rehabilitation of reservoirs, relining of pipelines; and refurbishment of pump stations, pressure control structures, hydroelectric plants, and service connections. The projected cost estimate for refurbishment or replacement projects, other than the PCCP relining, from fiscal year 2004-05 through fiscal year 2033-34 is \$1.4 billion. Costs through February 28, 2025, totaled approximately \$606.2 million. For fiscal years 2024-25 and 2025-26, budgeted aggregate capital expenditures for refurbishing and improvements on the distribution system, other than PCCP rehabilitation, are \$174.1 million.

**Drought Response and System Flexibility.** In response to the recent historic statewide drought that ended in 2023, several drought response projects that address decreasing water supplies both in specific parts of Metropolitan’s service area and across the entire district have been added to the CIP. This is in addition to the ongoing projects to increase the system flexibility of Metropolitan’s water supply and delivery infrastructure to meet service demands. Metropolitan continues investigating capital improvements that mitigate drought impacts and more projects are expected to be developed in the coming years. Some of the projects commenced in the last two years. Significant projects in this category include Inland Feeder-



Rialto Pipeline Intertie, Inland Feeder-Foothill Pump Station Intertie, Wadsworth Pumping Plant Bypass Pipeline, Badlands Tunnel Surge Protection Facility, Sepulveda Feeder Pump Stations, Sepulveda Feeder West Area Water Supply Reliability Pipeline Improvements, Sepulveda Canyon PCS to Venice PCS Valve Replacements, and Perris Valley Pipeline Tunnels. The current projected cost estimate for the prior and planned drought response and system flexibility projects from fiscal year 2004-05 through fiscal year 2033-34 is \$488.4 million, with \$311.4 million spent through February 28, 2025 for improving system flexibility. Budgeted aggregate capital expenditures for drought response and system flexibility projects for fiscal years 2024-25 and 2025-26 are \$66.3 million.

**Water Treatment Plant Improvements.** The F. E. Weymouth Water Treatment Plant, which was placed into service in 1941, is Metropolitan's oldest water treatment facility. Four more water treatment plants were constructed throughout Metropolitan's service area with the Henry J. Mills Water Treatment Plant being the newest water treatment facility, which was placed into service in 1978. These plants treat water from the CRA and/or the State Water Project. These plants have been subsequently expanded since their original construction. Metropolitan has completed numerous upgrades and refurbishment/replacement projects to maintain the plants' reliability and improve efficiency. Significant projects over the next several years include refurbishment of settling basins and strengthening of inlet channels at the Weymouth plant, rehabilitation of filtration system at the Robert B. Diemer Water Treatment Plant, second stage of electrical upgrades at the Mills plant, ozonation system upgrade at the Joseph Jensen Water Treatment Plant, and chemical system rehabilitation at the Robert A. Skinner Plant. The cost estimate for all prior and projected improvements at all five plants, not including the ozone facilities and water treatment capacity expansions, from fiscal year 2004-05 through fiscal year 2033-34 is approximately \$1.7 billion, with \$1.2 billion spent through February 28, 2025. Budgeted aggregate capital expenditures for improvements at all five plants for fiscal years 2024-25 and 2025-26 are \$122.8 million.

## METROPOLITAN REVENUES

### General

Until water deliveries began in 1941, Metropolitan's activities were, by necessity, supported entirely through the collection of *ad valorem* property taxes. Since the mid-1980s, water revenues, which includes revenues from water sales, wheeling and exchanges, have provided approximately 80 percent of total revenues annually. Over that period, *ad valorem* property taxes have accounted for about 11 percent of total revenues, and in fiscal year 2023-24, *ad valorem* property taxes accounted for approximately 12 percent of total revenues. See "–Revenue Allocation Policy and Tax Revenues." The remaining revenues have been derived principally from the sale of hydroelectric power, interest on investments, and additional revenue sources (water standby charges and availability of service charges) beginning in 1992. *Ad valorem* taxes do not constitute a part of Operating Revenues and are not available to make payments with respect to the water revenue bonds issued by Metropolitan.

The basic rate for untreated water service for domestic and municipal uses is \$912 per acre-foot, which became effective January 1, 2025. The basic rate for untreated water service for domestic and municipal uses will increase to \$984 per acre-foot effective January 1, 2026. See "–Rate Structure" and "–Water Rates." The *ad valorem* tax rate for Metropolitan purposes had been gradually reduced from a peak equivalent rate of 0.1250 percent of full assessed valuation in fiscal year 1945-46 to 0.0035 percent of full assessed valuation for fiscal year 2023-24. Metropolitan's biennial budget for fiscal years 2024-25 and 2025-26 assumes the Board will increase the *ad valorem* tax rate beginning in fiscal year 2024-25. In August 2024, as contemplated by the biennial budget for fiscal years 2024-25 and 2025-26, the Board established the *ad valorem* tax rate for fiscal year 2024-25 to 0.0070 percent. The rates charged by Metropolitan represent the cost of Metropolitan's wholesale water service to its member agencies, and not the cost of water to the ultimate consumer. Metropolitan does not exercise control over the rates charged by its member agencies or their subagencies to their customers.



## Summary of Revenues by Source

The following table sets forth Metropolitan's sources of revenues for the five fiscal years ended June 30, 2024. Data for the three fiscal years ended on or prior to June 30, 2022 is presented on a modified accrual basis, consistent with Metropolitan's budgetary reporting for such fiscal years. In fiscal year 2022-23, the basis for budgeting was changed, therefore data for the fiscal years ended June 30, 2023 and 2024 is presented on a cash basis. All information is unaudited. Audited financial statements for the fiscal years ended June 30, 2024, and June 30, 2023, are included in APPENDIX B—"THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND JUNE 30, 2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2025 AND 2024 (UNAUDITED)."

### SUMMARY OF REVENUES BY SOURCE<sup>(1)</sup> Fiscal Years Ended June 30 (Dollars in Millions)

	Modified Accrual			Cash	
	2020	2021	2022	2023	2024
Water Revenues <sup>(2)</sup>	\$ 1,188	\$ 1,405	\$ 1,515	\$ 1,323	\$ 1,167
Taxes, Net <sup>(3)</sup>	147	161	147	136	124
Additional Revenue Sources <sup>(4)</sup>	165	165	172	184	197
Interest on Investments	20	10	7	21	42
Hydroelectric Power Sales	16	19	8	6	13
Other Revenues <sup>(5)</sup>	14	14	39	166	99
Total Revenues	<u>\$ 1,550</u>	<u>\$ 1,774</u>	<u>\$ 1,888</u>	<u>\$ 1,836</u>	<u>\$ 1,642</u>

Source: Metropolitan.

(1) Does not include any proceeds from the sale of bonded indebtedness.

(2) Water revenues include revenues from water sales, exchanges, and wheeling.

(3) *Ad valorem* taxes levied by Metropolitan are applied solely to the payment of outstanding general obligation bonds of Metropolitan and to State Water Contract (sometimes referred to as "SWC") obligations; taxes available to pay for SWC O&M costs are reflected as Other Revenue.

(4) Includes revenues derived from water standby charges, readiness-to-serve, and capacity charges.

(5) Includes miscellaneous revenues and Build America Bonds (BABs) subsidy payments of \$2.9 million in fiscal year 2019-20, and \$0 in fiscal year 2020-21 and thereafter. All of Metropolitan's then-outstanding BABs were redeemed on July 1, 2020. Includes property taxes applied to SWC O&M Costs of \$21.0 million in fiscal year 2021-22, \$62.4 million in fiscal year 2022-23, and \$77.6 million in fiscal year 2023-24. Fiscal year 2022-23 also includes \$80 million in grant funding from the State for PWSC.

## Revenue Allocation Policy and Tax Revenues

The Board determines the water revenue requirement for each fiscal year after first projecting the *ad valorem* tax levy for that year. The tax levy for any year is subject to limits imposed by the State Constitution, the Act and Board policy and to the requirement under the State Water Contract that in the event that Metropolitan fails or is unable to raise sufficient funds by other means, Metropolitan must levy upon all property within its boundaries not exempt from taxation a tax or assessment sufficient to provide for all payments under the State Water Contract. See "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A. The Act limits Metropolitan's tax levy to the amount needed to pay debt service on Metropolitan's general obligation bonds and to satisfy a portion of Metropolitan's State Water Contract obligations. However, Metropolitan has the authority to impose a greater tax levy if,



following a public hearing, the Board finds that such revenue is essential to Metropolitan's fiscal integrity. For each fiscal year since 2013-14, the Board has exercised that authority and voted to suspend the tax limit clause in the Act, maintaining the fiscal year 2012-13 *ad valorem* tax rate to pay for a greater portion of Metropolitan's State Water Contract obligations. More recently, in 2022, the Board exercised its authority under the Act to suspend the tax limit clause for each of fiscal years 2022-23 through 2025-26. As noted above, in August 2024, the Board increased the *ad valorem* tax rate for fiscal year 2024-25. Any deficiency between tax levy receipts and Metropolitan's State Water Contract obligations is expected to be paid from Operating Revenues, as defined in the Senior Debt Resolutions (defined in this Appendix A under "METROPOLITAN EXPENSES—Limitations on Additional Revenue Bonds").

## Water Revenues

**General; Authority.** Water rates are established by the Board and are not subject to regulation or approval by the California Public Utilities Commission or by any other local, State, or federal agency. In accordance with the Act, water rates must be uniform for like classes of service. Metropolitan, a wholesaler, provides one type of service: full-service water service (treated or untreated). See "—Classes of Water Service."

No member agency of Metropolitan is obligated to purchase water from Metropolitan. Consumer demand and locally supplied water vary from year to year, resulting in variability in water revenues to Metropolitan. See "REGIONAL WATER RESOURCES" in this Appendix A. Metropolitan uses its financial reserves and budgetary tools to manage the financial impact of the variability in revenues due to fluctuations in annual water transactions. See "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.

**Payment Procedure.** Water is delivered to the member agencies on demand and is metered at the point of delivery. Member agencies are billed monthly and a late charge of one percent of the delinquent payment is assessed for a payment that is delinquent for no more than five business days. A late charge of two percent of the amount of the delinquent payment is charged for a payment that is delinquent for more than five business days for each month or portion of a month that the payment remains delinquent. Metropolitan has the authority to suspend service to any member agency delinquent for more than 30 days. Delinquencies have been rare; in such instances late charges have been collected. No service has been suspended because of delinquencies.

**Water Revenues.** The following table sets forth water transactions (which include water sales, exchanges, and wheeling) in acre-feet and water revenues (which include revenues from water sales, exchanges, and wheeling) for the five fiscal years ended June 30, 2024. As reflected in the table below, water revenues for the fiscal year ended June 30, 2024, aggregated \$1,167.4 million (on a cash basis), of which \$994.1 million was generated from water sales and \$173.2 million was generated from exchanges and wheeling. Water revenues of Metropolitan for the fiscal years ended June 30, 2024, and June 30, 2023, on an accrual basis, are shown in Metropolitan's audited financial statements included in Appendix B.



**SUMMARY OF WATER TRANSACTIONS AND REVENUES**  
**Fiscal Years Ended June 30<sup>(1)</sup>**

<b>Fiscal Year</b>	<b>Water Transactions in Acre-Fee Member Agencies</b>	<b>Water Transactions in Acre-Feet Other</b>	<b>Water Transactions in Acre-Feet Total<sup>(2)</sup></b>	<b>Water Revenues<sup>(3)</sup> (\$ in millions)</b>	<b>Dollars Per Acre-Foot<sup>(4)</sup></b>	<b>Average Dollars Per 1,000 Gallons</b>
2020	1,367,819	51,337	1,419,156	1,188.0	837	2.57
2021	1,573,965	75,551	1,649,516	1,404.7	892	2.61
2022	1,645,805	36,027	1,681,833	1,515.1	921	2.76
2023 <sup>(5)</sup>	1,410,388	13,076	1,423,464	1,322.7	938	2.88
2024	1,169,263	72,760	1,242,023	1,167.4	998	3.06

*Source: Metropolitan.*

- (1) Information for the fiscal years 2019-20 through 2021-22 is presented on a modified accrual basis; information for fiscal years 2022-23 and 2023-24 is presented on a cash basis.
- (2) Water transactions include water sales, exchanges and wheeling with member agencies and third parties.
- (3) Water Revenues include revenues from water sales, exchanges, and wheeling. Water Revenues from wheeling and exchange transactions were \$140.1 million, \$167.0 million, \$165.0 million \$148.8 million and \$173.2 million in the fiscal years ended June 30, 2020 through 2024, respectively.
- (4) Dollars per acre-foot is calculated using water transactions with member agencies only.
- (5) Fiscal Year 2023 has been updated to include 24,612 acre-feet of reverse cyclic program transactions.

**Principal Customers**

Total water transactions accrued for the fiscal year ended June 30, 2024, were 1.19 million acre-feet, generating \$1.22 billion in water revenues for such period, on an accrual basis. Metropolitan's ten largest water customers for the year ended June 30, 2024 are shown in the following table, on an accrual basis. SDCWA has filed litigation challenging Metropolitan's rates. See "–Litigation Challenging Rate Structure."

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**TEN LARGEST WATER CUSTOMERS**  
**Year Ended June 30, 2024<sup>(1)</sup>**  
**Accrual Basis**

<b>Agency</b>	<b>Water Revenues <sup>(2)</sup> (in Millions)</b>	<b>Percent of Total</b>	<b>Water Transactions in Acre Feet<sup>(3)</sup></b>	<b>Percent of Total</b>
San Diego CWA	\$ 206.8	17.0%	310,993	26.1%
City of Los Angeles	155.6	12.8	139,834	11.8
West Basin MWD	115.5	9.5	99,738	8.4
MWD of Orange County	113.0	9.3	93,840	7.9
Eastern MWD	102.0	8.4	100,71	8.5
Calleguas MWD	85.0	7.0	69,328	5.8
Western MWD of Riverside County	67.0	5.5	63,268	5.3
Upper San Gabriel Valley MWD	58.1	4.8	45,460	3.8
Three Valleys MWD	48.5	4.0	67,398	5.7
Inland Empire Utilities Agency	33.5	2.8	38,416	3.2
<b>Total</b>	<b>\$ 985.0</b>	<b>81.1 %</b>	<b>1,028,929</b>	<b>86.5%</b>
<b>Total Water Revenues <sup>(2)</sup></b>	<b>\$ 1,216.1</b>	<b>Total Acre-Feet <sup>(3)</sup></b>	<b>1,190,069</b>	

*Source: Metropolitan.*

<sup>(1)</sup> All information in this table is presented on an accrual basis.

<sup>(2)</sup> Water Revenues include revenues from water sales, exchanges, and wheeling.

<sup>(3)</sup> Water Transactions include water sales, exchanges, and wheeling with member agencies.

## Rate Structure

The following rates and charges are elements of Metropolitan's unbundled rate structure effective as of January 1, 2025. See also "–Water Rates."

**Supply Rates.** The Supply Rate is a volumetric rate charged on Metropolitan's water sales. The Supply Rate supports a regional integrated approach through the uniform, postage stamp rate. The Supply Rate is calculated as the amount of the total supply revenue requirement divided by the estimated amount of water sales. Per Board direction in December 2021, all demand management costs (regardless of funding source, such as bond financing or current revenues) comprise a portion of the costs of supply and are collected on the supply rate.

**System Access Rate.** The System Access Rate recovers the cost of the conveyance, distribution, and storage of water on an average annual basis through a uniform, volumetric rate. The System Access Rate is charged for each acre-foot of water transported by Metropolitan, regardless of the ownership of the water being transported. The System Access Rate is charged for each acre-foot of water transported by Metropolitan to its member agencies and delivered as a full-service water transaction.

**System Power Rate.** The System Power Rate recovers the cost of energy required to pump water to Southern California through the State Water Project and CRA. The cost of power is recovered through a uniform volumetric rate. The System Power Rate is applied to all deliveries of Metropolitan water member agencies.



***Treatment Surcharge.*** The Treatment Surcharge recovers all of the costs of providing treatment capacity and operations through a uniform, volumetric rate per acre-foot of treated water transactions. The Treatment Surcharge is charged for all treated water transactions.

The amount of each of these rates since January 1, 2020, is shown in the table entitled “SUMMARY OF WATER RATES” under “–Water Rates” below.

### **Other Charges**

The following paragraphs summarize the additional charges for the use of Metropolitan’s distribution system:

***Readiness-to-Serve Charge.*** The Readiness-to-Serve Charge (“RTS”) recovers the cost of the portion of the system that is available to provide emergency service and available capacity during outages and hydrologic variability. The RTS is a fixed charge that is allocated among the member agencies based on a ten-fiscal year rolling average of firm demands. Water transfers and exchanges, except SDCWA Exchange Agreement transactions, are included for purposes of calculating the ten-fiscal year rolling average. The Standby Charge, described below, will continue to be collected at the request of a member agency and applied as a direct offset to the member agency’s RTS obligation. The RTS (including RTS charge amounts collected through the Standby Charge) generated \$135.0 million in fiscal year 2021-22, \$144.4 million in fiscal year 2022-23, and \$160.4 million in fiscal year 2023-24. Based on the adopted rates and charges, the RTS (including RTS charge amounts expected to be collected through the Standby Charge described below) is projected to generate \$174.0 million in fiscal year 2024-25, and \$184.5 million in fiscal year 2025-26.

***Water Standby Charges.*** The Standby Charge is authorized by the State Legislature and has been levied by Metropolitan since fiscal year 1992-93. Metropolitan will continue to levy the Standby Charge only within the service areas of the member agencies that request that the Standby Charge be utilized to help fund a member agency’s RTS obligation. See “– Readiness-to-Serve Charge” above. The Standby Charge for each acre or parcel of less than an acre will vary from member agency to member agency, reflecting current rates, which have not exceeded the rates set in fiscal year 1993-94, and range from \$5 to \$15 for each acre or parcel less than an acre within Metropolitan’s service area, subject to specified exempt categories. Standby charges are assessments under the terms of Proposition 218, a State constitutional ballot initiative approved by the voters on November 5, 1996, but Metropolitan’s current standby charges are exempt from Proposition 218’s procedural requirements. See “–California Ballot Initiatives.”

Twenty-two of Metropolitan’s member agencies collect their RTS charges through Standby Charges. RTS charges, on a cash basis, collected by means of such Standby Charges were \$42.0 million in fiscal year 2021-22, \$43.7 million in fiscal year 2022-23, and \$43.3 million in fiscal year 2023-24. These amounts are included in the RTS generated revenues and projections described above.

***Capacity Charge.*** The Capacity Charge recovers costs incurred to provide peak capacity within Metropolitan’s distribution system. The Capacity Charge provides a price signal to encourage agencies to reduce peak demands on the distribution system and to shift demands that occur during the May 1 through September 30 period into the October 1 through April 30 period. This results in more efficient utilization of Metropolitan’s existing infrastructure and deferring capacity expansion costs. Each member agency will pay the Capacity Charge per cfs based on a three-year trailing peak (maximum) day demand, measured in cfs. Each member agency’s peak day is likely to occur on different days; therefore, this measure approximates peak week demands on Metropolitan. The Capacity Charge was \$10,600 per cfs effective as of January 1, 2023, \$11,200 per cfs effective as of January 1, 2024, and \$13,000 per cfs effective as of January 1, 2025. The Capacity Charge will be \$14,500 per cfs effective as of January 1, 2026. The Capacity Charge generated \$37.0 million in fiscal year 2021-22, and \$37.8 million in fiscal year 2022-23, and \$36.1



million in fiscal year 2023-24. Based on the adopted rates and charges, the Capacity Charge is projected to generate \$39.8 million in fiscal year 2024-25, and \$45.9 million in fiscal year 2025-26.

### Classes of Water Service

Metropolitan, as a wholesaler, provides one type of service: full-service water service (treated or untreated). Metropolitan has one class of customers: its member agencies. On August 18, 2020, the Board repealed the Administrative Code sections that established the wheeling service it previously made available to its member agencies (short-term wheeling service under one year) and the pre-set wheeling rate for that wheeling service. As a result of the Board's action, short-term wheeling to member agencies is now determined on a case-by-case basis by contract, as has been done for wheeling service for member agencies lasting more than one year and wheeling for third parties. The level of rate unbundling in Metropolitan's rate structure provides transparency to show that rates and charges recover only those functions involved in the applicable service, and that no cross-subsidy of costs exists. Metropolitan's cost of service process and resulting unbundled rate structure ensures that its wholesale customers pay for only those services they elect to receive.

The applicable rate components and fixed charges for each class of water service are shown in the chart below.

#### Current Services and Rate Components

Service	Rates & Charges That Apply					
	System Access	System Power	Supply	Readiness-to-Serve	Capacity Charge	Treatment Surcharge
Full Service Untreated	Yes	Yes	Yes	Yes	Yes	No
Full Service Treated	Yes	Yes	Yes	Yes	Yes	Yes

Metropolitan offers five programs that encourage the member agencies to increase groundwater and emergency storage and for which certain Metropolitan charges are inapplicable.

(1) *Conjunctive Use Program.* The Conjunctive Use Program is operated through individual agreements with member and retail agencies for groundwater storage within Metropolitan's service area. Wet year imported supplies are stored to enhance reliability during dry, drought, and emergency conditions. Metropolitan has the option to call water stored in the groundwater basins for the participating member agency pursuant to its contractual conjunctive use agreement. At the time of the call, the member agency pays the prevailing rate for that water, but the deliveries are excluded from the calculation of the Capacity Charge because Conjunctive Use Program deliveries are made at Metropolitan's discretion. Conjunctive use programs may also contain cost-sharing terms related to operational costs. Metropolitan has determined to terminate six of its conjunctive use agreements effective June 30, 2025. See "REGIONAL WATER RESOURCES—Local Water Supplies" in this Appendix A.

(2) *Cyclic Program.* The Cyclic Program refers collectively to the existing Cyclic Program agreements and the Cyclic Cost-Offset Program approved in 2019. This Program is operated through individual agreements with member agencies for groundwater or surface water storage or pre-deliveries within Metropolitan's service area. Wet-year imported supplies are stored to enhance reliability during dry, drought, and emergency conditions. Deliveries to the cyclic accounts are at Metropolitan's discretion while member agencies have discretion on whether they want to accept the water. At the time the water is delivered from the cyclic account, the prevailing full service rate applies, but deliveries are excluded from the calculation of the Capacity Charge because Cyclic Program deliveries are made at Metropolitan's discretion. Cyclic agreements may also contain a credit payable to the member agencies under terms



approved by the Board in April 2019 and amended by the Board in August 2023 for the Cyclic Cost-Offset Program. See “REGIONAL WATER RESOURCES–Local Water Supplies” in this Appendix A.

(3) *Reverse-Cyclic Program.* The Reverse-Cyclic Program is operated through individual agreements with member agencies. These agreements allowed member agencies to purchase water in calendar year 2022 and 2024 for delivery in a future wet year. Metropolitan will deliver the water within five years at its sole discretion. Under the Program, billing occurs before delivery is made at the full-service water rate, plus the treatment surcharge, if applicable, and the purchases are counted towards the member agency’s Readiness-to-Serve Charge. However, deliveries are excluded from the calculation of the Capacity Charge because Reverse-Cyclic Program deliveries are made at Metropolitan’s discretion.

(4) *Emergency Storage Program.* The Emergency Storage Program is used for delivering water for emergency storage in surface water reservoirs and storage tanks. Emergency Storage Program purposes include initially filling a newly constructed reservoir or storage tank and replacing water used during an emergency. Because Metropolitan could interrupt delivery of this water, Emergency Storage Program Deliveries are excluded from the calculation of the RTS Charge and the Capacity Charge.

(5) *Operational Shift Cost Offset Program.* The OSCOP is operated through individual agreements with member agencies. Through these agreements, cost-offset credits are offered to member agencies to offset the estimated additional costs and risks incurred by an agency as a result of voluntary operational changes requested by Metropolitan for the purpose of maximizing Metropolitan’s water resources. All water delivered under the OSCOP is billed at Metropolitan’s applicable full-service rate. Credits are reported as supply program costs.

The applicable rate components and fixed charges applicable for each such program are shown in the following chart.

#### **Current Programs and Rate Components**

Program	Supply	Rates & Charges That Apply			
		System Access	System Power	Readiness-to-Serve	Capacity Charge
Full Service	Yes	Yes	Yes	Yes	Yes
Conjunctive Use	Yes	Yes	Yes	Yes	No
Cyclic	Yes	Yes	Yes	Yes	No
Reverse-Cyclic	Yes	Yes	Yes	Yes	No
Emergency Storage	Yes	Yes	No	Yes	No
Operational Shift Cost Offset	Yes	Yes	Yes	Yes	Yes

#### **Water Rates**

The following table sets forth Metropolitan’s water rates by category beginning January 1, 2020. See also “MANAGEMENT’S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES–Water Revenues” in this Appendix A. In addition to the base rates for untreated water sold in the different classes of service, the columns labeled “Treated” include the surcharge that Metropolitan charges for water treated at its water treatment plants. See “–Rate Structure” and “–Classes of Water Service” for descriptions of current rates. See also “–Litigation Challenging Rate Structure” for a description of litigation challenging Metropolitan’s water rates.



**SUMMARY OF WATER RATES  
(Dollars Per Acre-Foot)**

	<b>SUPPLY RATE</b>		<b>SYSTEM ACCESS RATE</b>	<b>WATER STEWARDSHIP RATE<sup>(1)</sup></b>	<b>SYSTEM POWER RATE</b>	<b>TREATMENT SURCHARGE</b>
	<b>Tier 1<sup>(4)</sup></b>	<b>Tier 2<sup>(4)</sup></b>				
January 1, 2020	\$ 208	\$295	\$346	\$ 65	\$ 136	\$ 323
January 1, 2021	\$ 243	\$285	\$373	N/A	\$ 161	\$ 327
January 1, 2022	\$ 243	\$285	\$389	N/A	\$ 167	\$ 344
January 1, 2023	\$ 321	\$530	\$368	N/A	\$ 166	\$ 354
January 1, 2024	\$ 332	\$531	\$389	N/A	\$ 182	\$ 353
January 1, 2025*	\$ 290	N/A	\$463	N/A	\$ 159	\$ 483
January 1, 2026*	\$ 313	N/A	\$492	N/A	\$ 179	\$ 544

	<b>FULL SERVICE TREATED<sup>(2)</sup></b>		<b>FULL SERVICE UNTREATED<sup>(3)</sup></b>	
	<b>Tier 1<sup>(4)</sup></b>	<b>Tier 2<sup>(4)</sup></b>	<b>Tier 1<sup>(4)</sup></b>	<b>Tier 2<sup>(4)</sup></b>
January 1, 2020	\$ 1,078	\$ 1,165	\$ 755	\$ 842
January 1, 2021	\$ 1,104	\$ 1,146	\$ 777	\$ 819
January 1, 2022	\$ 1,143	\$ 1,185	\$ 799	\$ 841
January 1, 2023	\$ 1,209	\$ 1,418	\$ 855	\$ 1,064
January 1, 2024	\$ 1,256	\$ 1,455	\$ 903	\$ 1,102
January 1, 2025*	\$ 1,395	N/A	\$ 912	N/A
January 1, 2026*	\$ 1,528	N/A	\$ 984	N/A

*Source: Metropolitan.*

\* Rates effective January 1, 2025 and January 1, 2026 were adopted by Metropolitan's Board on April 9, 2024.

- (1) Through December 31, 2020, a Water Stewardship Rate was charged on each acre-foot of water delivered by Metropolitan, except on SDCWA Exchange Agreement deliveries in calendar years 2018, 2019, and 2020, and allocated to Metropolitan's transportation rates. The Water Stewardship Rate was designed to provide a dedicated source of funding for conservation and local resources development through a uniform, volumetric rate. The Water Stewardship Rate has not been collected on water transactions after December 31, 2020. In November 2021, the Board directed staff to allocate all demand management costs to Metropolitan's supply elements. See also – "Litigation Challenging Rate Structure" below.
- (2) Full service treated water rates are the sum of the applicable Supply Rate, System Access Rate, System Power Rate, Treatment Surcharge, and Water Stewardship Rate (for 2020).
- (3) Full service untreated water rates are the sum of the applicable Supply Rate, System Access Rate, System Power Rate, and the Water Stewardship Rate (for 2020).
- (4) Metropolitan's rate structure effective through December 31, 2024 allowed member agencies to choose to purchase water from Metropolitan by means of a Purchase Order. The Purchase Orders were voluntary agreements that determined the amount of water that a member agency could purchase at the Tier 1 Supply Rate. Under the Purchase Orders, member agencies had the option to purchase a greater amount of water (based on past purchase levels) over the term of the Purchase Order at the Tier 2 Supply Rate. For member agencies that did not have Purchase Orders in effect, the Tier 2 Supply Rates applied for purchase amounts exceeding a calculated base amount (based on past purchase levels). Commencing January 1, 2025, Purchase Order commitments and the Tier 1 and Tier 2 supply rate are not components of the Metropolitan rate structure. All water purchases are at a single Supply Rate. See "–Rate Structure – Supply Rates." Metropolitan expects to revisit Purchase Order commitments and structure as needed through the business model review during the CAMP4W planning process. See "METROPOLITAN'S WATER SUPPLY – Climate Adaptation Master Plan for Water (CAMP4W)."



## Financial Reserve Policy

Metropolitan's reserve policy provides for a minimum reserve requirement and target amount of unrestricted reserves at June 30 of each year. The minimum reserve requirement at June 30 of each year is equal to the portion of fixed costs estimated to be recovered by water revenues for the 18 months beginning with the immediately succeeding July. Funds representing the minimum reserve requirement are held in the Revenue Remainder Fund. Any funds in excess of the minimum reserve requirement are held in the Water Rate Stabilization Fund. The target amount of unrestricted reserves is equal to the portion of the fixed costs estimated to be recovered by water revenues during the two years immediately following the 18-month period used to calculate the minimum reserve requirement. Funds in excess of the target amount are to be utilized for capital expenditures in lieu of the issuance of additional debt, or for the redemption, defeasance or purchase of outstanding bonds or commercial paper as determined by the Board. Provided that the fixed charge coverage ratio is at or above 1.2, amounts in the Water Rate Stabilization Fund may be expended for any lawful purpose of Metropolitan, as determined by the Board. See "CAPITAL INVESTMENT PLAN–Capital Investment Plan Financing" in this Appendix A.

At June 30, 2024, unrestricted reserves, which consist of the Water Rate Stabilization Fund and the Revenue Remainder Fund, were estimated to total \$323.0 million on a cash basis. As of June 30, 2024, the minimum reserve requirement was \$266.6 million, and the target reserve level was \$665.9 million.

Metropolitan projects that unrestricted reserves as of June 30, 2025 will be approximately \$492.8 million on cash basis. This projection is based on the assumptions set forth in the table entitled "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" under "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A and includes \$125.6 million in revenues from the reverse cyclic program. See "REGIONAL WATER RESOURCES–Local Water Supplies – *Reverse-Cyclic Program*" in this Appendix A.

## California Ballot Initiatives

Proposition 218, a State ballot initiative known as the "Right to Vote on Taxes Act," was approved by the voters on November 5, 1996 adding Articles XIIC and XIID to the California Constitution. Article XIID provides substantive and procedural requirements on the imposition, extension or increase of any "fee" or "charge" levied by a local government upon a parcel of real property or upon a person as an incident of property ownership. As a wholesaler, Metropolitan serves water to its member agencies, not to persons or properties as an incident of property ownership. Thus, water rates charged by Metropolitan to its member agencies are not property related fees and charges and therefore are exempt from the requirements of Article XIID. Fees for retail water service by Metropolitan's member agencies or their agencies are subject to the requirements of Article XIID.

Article XIID also imposes certain procedures with respect to assessments. Under Article XIID, "standby charges" are considered "assessments" and must follow the procedures required for "assessments," unless they were in existence on the effective date of Article XIID. Metropolitan has imposed its water standby charges since 1992 and therefore its current standby charges are exempt from the Article XIID procedures. Changes to Metropolitan's current standby charges could require notice to property owners and approval by a majority of such owners returning mail-in ballots approving or rejecting any imposition or increase of such standby charge. Twenty-two of Metropolitan's member agencies have elected to collect all or a portion of their readiness-to-serve charges through standby charges. See "–Other Charges – *Readiness-to-Serve Charge*" and "– *Water Standby Charges*" above. Even if Article XIID is construed to limit the ability of Metropolitan and its member agencies to impose or collect standby charges, the member agencies will continue to be obligated to pay the Readiness-to-Serve charges.

Article XIIC makes all taxes either general or special taxes and imposes voting requirements for each kind of tax. It also extends the people's initiative power to reduce or repeal previously authorized local



taxes, assessments, fees and charges. This extension of the initiative power is not limited by the terms of Article XIII C to fees imposed after November 6, 1996 or to property-related fees and charges and, absent other authority could result in retroactive reduction in existing taxes, assessments or fees and charges.

Proposition 26, a State ballot initiative aimed at restricting regulatory fees and charges, was approved by a majority of California voters on November 2, 2010. Proposition 26 broadens the definition of “tax” in Article XIII C of the California Constitution to include: levies, charges and exactions imposed by local governments, except for charges imposed for benefits or privileges or for services or products granted to the payor (and not provided to those not charged) that do not exceed their reasonable cost; regulatory fees that do not exceed the cost of regulation and are allocated in a fair or reasonable manner; fees for the use of local governmental property; fines and penalties imposed for violations of law; real property development fees; and assessments and property-related fees imposed under Article XIII D of the California Constitution. Special taxes imposed by local governments including special districts are subject to approval by two-thirds of the electorate. Proposition 26 applies to charges imposed or increased by local governments after the date of its approval. Metropolitan believes its water rates and charges are not taxes under Proposition 26. SDCWA’s lawsuit challenging the rates adopted by Metropolitan in April 2012 (part of which became effective January 1, 2013 and part of which became effective January 1, 2014) alleged that such rates violate Proposition 26. On June 21, 2017, the California Court of Appeal ruled that whether or not Proposition 26 applies to Metropolitan’s rates, the System Access Rate and System Power Rate challenged by SDCWA in such lawsuit comply with Proposition 26. SDCWA’s lawsuits challenging the rates adopted by Metropolitan in April 2014, April 2016, and April 2018 also alleged that such rates violate Proposition 26. On May 11, 2022, the San Francisco Superior Court ruled that Proposition 26 applies to Metropolitan’s rates and charges. See “–Litigation Challenging Rate Structure.” The trial court decision is subject to appeal. Under Proposition 26, the agency holds the burden of proof in a rate or charge challenge. Otherwise, due to the uncertainties of evolving case law and potential future judicial interpretations of Proposition 26, Metropolitan is unable to predict at this time the extent to which Proposition 26, if ultimately determined to apply to Metropolitan’s rates and charges, would impose stricter standards on Metropolitan’s setting of rates and charges.

Propositions 218 and 26 were adopted as measures that qualified for the ballot pursuant to the State’s initiative process. Other initiative measures have been proposed from time to time, or could be proposed in the future, which if qualified for the ballot, could be adopted, or legislative measures could be approved by the Legislature, which may place limitations on the ability of Metropolitan or its member agencies to increase revenues or to increase appropriations in the future, or, if such measures are retroactive, affect previously adopted revenue increasing actions. Such measures may further affect Metropolitan’s ability to collect taxes, assessments or fees and charges, which could have an adverse effect on Metropolitan’s revenues.

### **Preferential Rights**

Section 135 of the Act gives each of Metropolitan’s member agencies a preferential right to purchase for domestic and municipal uses within the agency a portion of the water served by Metropolitan, based upon a ratio of all payments on tax assessments and otherwise, except purchases of water, made to Metropolitan by the member agency compared to total payments made by all member agencies on tax assessments and otherwise since Metropolitan was formed, except purchases of water. Historically, these rights have not been used in allocating Metropolitan’s water. In 2004, the California Court of Appeal upheld Metropolitan’s methodology for calculation of the respective member agencies’ preferential rights under Section 135 of the Act. SDCWA’s litigation challenging Metropolitan’s rate structure also challenged Metropolitan’s exclusion of payments for Exchange Agreement deliveries from the calculation of SDCWA’s preferential right. On June 21, 2017, the California Court of Appeal held that SDCWA’s payments under the Exchange Agreement must be included in the preferential rights calculation. See “–Litigation Challenging Rate Structure.”



## Litigation Challenging Rate Structure

Through several lawsuits filed by SDCWA since 2010, SDCWA has challenged the rates adopted by Metropolitan's Board in 2010, 2012, 2014, 2016 and 2018. Each of these lawsuits and the status thereof are briefly described below.

**The 2010 and 2012 Cases.** SDCWA filed *San Diego County Water Authority v. Metropolitan Water District of Southern California, et al.* on June 11, 2010 challenging the rates adopted by the Board on April 13, 2010, which became effective January 1, 2011 and January 1, 2012 (the "2010 Case"). The complaint requested a court order invalidating the rates adopted April 13, 2010, and that Metropolitan be mandated to allocate certain costs associated with the State Water Contract and the Water Stewardship Rate to water supply rates and not to transportation rates.

As described under "METROPOLITAN'S WATER SUPPLY-Colorado River Aqueduct – Metropolitan and San Diego County Water Authority Exchange Agreement" in this Appendix A, the contract price payable by SDCWA under the Exchange Agreement between Metropolitan and SDCWA is Metropolitan's transportation rates. Therefore, SDCWA also alleged that Metropolitan breached the Exchange Agreement by allocating certain costs related to the State Water Contract and the Water Stewardship Rate to its transportation rates because it resulted in an overcharge to SDCWA for water delivered pursuant to the Exchange Agreement.

On June 8, 2012, SDCWA filed a new lawsuit challenging the rates adopted by Metropolitan on April 10, 2012 and effective on January 1, 2013 and January 1, 2014 (the "2012 Case") based on similar claims, and further alleging that Metropolitan's rates adopted in 2012 violated Proposition 26.

Following a trial of both lawsuits in two phases and subsequent trial court ruling, the parties appealed. On June 21, 2017, the California Court of Appeal ruled that Metropolitan may lawfully include its State Water Project transportation costs in the System Access Rate and System Power Rate that are part of the Exchange Agreement's price term, and that Metropolitan may also lawfully include the System Access Rate in its wheeling rate, reversing the trial court decision on this issue. The court held Metropolitan's allocation of the State Water Project transportation costs as its own transportation costs is proper and does not violate the Wheeling Statutes (Water Code, §1810, *et seq.*), Proposition 26 (Cal. Const., Article XIII C, §1, subd. (e)), whether or not that Proposition applies to Metropolitan's rates, California Government Code Section 54999.7, the common law, or the terms of the parties' Exchange Agreement.

The Court of Appeal also ruled that the record did not support Metropolitan's inclusion of its Water Stewardship Rate as a transportation cost in the Exchange Agreement price or the wheeling rate, under the common law and the Wheeling Statutes. The court noted that its holding does not preclude Metropolitan from including the Water Stewardship Rate in Metropolitan's full-service rate. See also "–Rate Structure – Water Stewardship Rate" above.

The Court of Appeal held that because the Water Stewardship Rate was included in the Exchange Agreement price, there was a breach by Metropolitan of the Exchange Agreement in 2011 through 2014 and remanded the case to the trial court for a redetermination of damages in light of its ruling concerning the Water Stewardship Rate. The Court of Appeal also found that the Exchange Agreement may entitle the prevailing party to attorneys' fees for both phases of the case, and directed the trial court on remand to make a new determination of the prevailing party, if any.

On September 27, 2017, the California Supreme Court denied SDCWA's petition for review, declining to consider the Court of Appeal's decision. The Court of Appeal's decision is therefore final.

After tendering payment in 2019 which SDCWA rejected, in February 2021, Metropolitan paid to SDCWA the same amount previously tendered of \$44.4 million for contract damages for SDCWA's Water



Stewardship Rate payments from 2011 to 2014 and pre-judgment and post-judgment interest. In September 2021, following a 2021 Court of Appeal opinion clarifying that its Water Stewardship Rate ruling applies to later years, Metropolitan paid to SDCWA the amount of \$35.9 million for SDCWA's Water Stewardship Rate payments from 2015 to 2017 and pre-judgment interest. These payments included all amounts sought related to breach of the Exchange Agreement resulting from the inclusion of the Water Stewardship Rate in the contract price for Exchange Agreement transactions occurring from 2010 until the Water Stewardship Rate was no longer charged in the contract price for Exchange Agreement transactions, beginning in 2018 (See “–Rate Structure” above). The payments included \$58.1 million withdrawn from the Exchange Agreement Set-Aside Fund (See “–Financial Reserve Policy” above) and \$22.1 million withdrawn from reserves (the remainder of the statutory interest).

Following the issuance of an order of the Superior Court and Metropolitan's appeal, on March 17, 2022, the Court of Appeal held that SDCWA was the prevailing party in the 2010 and 2012 cases and was therefore entitled to attorney's fees under the parties' Exchange Agreement and litigation costs. On March 21, 2022, Metropolitan paid to SDCWA \$14,296,864.99 (\$13,397,575.66 fees award, plus statutory interest) and \$352,247.79 for costs (\$326,918.34 costs award, plus statutory interest).

On July 27, 2022, Metropolitan paid SDCWA \$411,888.36 for attorneys' fees on appeals of post-remand orders.

***The 2014, 2016 and 2018 Cases.*** SDCWA has also filed lawsuits challenging the rates adopted in 2014, 2016 and 2018 and asserting breach of the Exchange Agreement. Metropolitan filed cross-complaints in the three cases, asserting claims relating to rates and the Exchange Agreement, including reformation.

The operative Petitions for Writ of Mandate and Complaints allege the same Water Stewardship Rate claim and breach of the Exchange Agreement as in the 2010 and 2012 cases, but because Metropolitan paid the amounts sought to SDCWA, and the writ in the 2010 and 2012 cases encompasses these claims, Metropolitan contended that these claims and cross-claims are moot. The cases also alleged that in 2020 and 2021, Metropolitan misallocated its California WaterFix costs as transportation costs and breached the Exchange Agreement by including those costs in the transportation rates charged. In April 2022, the parties requested the court's dismissal with prejudice of the claims and cross-claims relating to California WaterFix. The cases also claim Metropolitan's wheeling rate fails to provide wheelers a reasonable credit for “offsetting benefits” pursuant to Water Code Section 1810, *et seq.*, and that Metropolitan breached the Exchange Agreement by failing to reduce the price for an “offsetting benefits” credit. The cases additionally requested a judicial declaration that Proposition 26 applies to Metropolitan's rates and charges, and a judicial declaration that SDCWA is not required to pay any portion of a judgment in the litigation. Metropolitan filed cross-complaints in each of these cases, asserting claims relating to rates and the Exchange Agreement.

The cases were stayed pending resolution of the 2010 and 2012 cases, but the stays were subsequently lifted and the cases were consolidated in the San Francisco Superior Court.

Metropolitan and SDCWA each filed motions for summary adjudication of certain issues in the 2014, 2016 and 2018 cases with the court. Summary adjudication is a procedure by which a court may determine the merits of a particular claim or affirmative defense, a claim for damages, and/or an issue of duty before trial.

On May 4, 2022, the San Francisco Superior Court issued an order granting Metropolitan's motion for summary adjudication on its 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.



On May 11, 2022, the San Francisco Superior Court issued an order granting SDCWA's motion for summary adjudication on: Metropolitan's cross-claim in the 2018 case for a declaration with respect to the lawfulness of the Water Stewardship Rate's inclusion in the wheeling rate and transportation rates in 2019 and 2020; certain Metropolitan 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 pursuant to Water Code section 1811(c), with the court also stating that whether that duty arose and whether Metropolitan breached that duty were issues to be resolved at trial; Metropolitan's affirmative defenses that SDCWA's claims were untimely and SDCWA had not satisfied claims presentation requirements; Metropolitan's affirmative defense in the 2018 case that SDCWA had not satisfied dispute resolution requirements under the Exchange Agreement; SDCWA's claim, Metropolitan's cross-claims, and Metropolitan's affirmative defenses regarding the 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 Metropolitan's cross-claims and affirmative defenses regarding the applicability of Government Code section 54999.7, finding that section 54999.7 applies to Metropolitan's rates. The court denied SDCWA's motion on certain other Metropolitan cross-claims and affirmative defenses.

Damages sought by SDCWA in connection with its claims for offsetting benefits credit under the Exchange Agreement exceed \$334 million for the six years (2015 through 2020) at issue in these cases. In the event that SDCWA were to prevail in a final adjudication of this issue, a determination of offsetting benefits credit due to SDCWA, if any, could impact the Exchange Agreement price in future years.

Trial of the 2014, 2016 and 2018 cases occurred May 16 to July 1, 2022 and the parties filed post-trial briefs on August 19, 2022.

On December 27, 2022, the court entered the parties' stipulation memorializing the earlier resolution of the Water Stewardship Rate claims in SDCWA's favor based on the 2021 Court of Appeal decision in the 2010 and 2012 cases.

On March 14, 2023, the court issued an order on SDCWA's motion for partial judgment to address Metropolitan's request for a declaration on its cost causation obligations when setting rates. The court ruled that this is not a proper subject for declaratory relief.

On April 25, 2023, the court issued its final statement of decision concerning the trial in the 2014, 2016, and 2018 cases. For each claim litigated at trial, the court ruled in favor of Metropolitan or found the claim to be moot based on the rulings in Metropolitan's favor. In particular, the court concluded: (1) the duty to include a reasonable credit for any offsetting benefits pursuant to the Wheeling Statutes did not arise and Metropolitan did not breach the Exchange Agreement by failing to calculate a reasonable credit for any offsetting benefits; (2) because Metropolitan did not breach the Exchange Agreement, the court need not address damages; (3) Metropolitan's conditional claims to reform the Exchange Agreement, if SDCWA prevailed, are moot; (4) Metropolitan's conditional claim for a declaration of its rights and duties under the Wheeling Statutes, if SDCWA prevailed on its claim that the Wheeling Statutes apply to the Exchange Agreement is moot (the court stated that while it finds offsetting benefits under the Wheeling Statutes do not apply to the Exchange Agreement's price term, the court "has made no express finding whether the Wheeling Statutes apply"); (5) SDCWA's rate challenges are rejected; and (6) SDCWA's request for a declaration that it could not be required to contribute to a damages, fees, or costs award in the cases is moot.

On April 3, 2024, the court issued a final judgment memorializing the pre-trial and post-trial decisions and stipulations described above. The judgment included entry of judgment in favor of SDCWA on breach of contract in the 2014 and 2016 cases, due to the inclusion of Water Stewardship Rate claims and the parties' stipulation; and entry of judgment in favor of Metropolitan on breach of contract in the 2018 case, which concerned only the offsetting benefits claim. On April 3, 2024, the court also issued a writ of mandate commanding Metropolitan to exclude demand management costs (previously collected



through the Water Stewardship Rate) from its pre-set wheeling rate and transportation rates, a practice Metropolitan earlier ceased.

Also on April 3, 2024, SDCWA filed its notice of appeal from the final judgment. On April 17, 2024, Metropolitan filed a notice of cross-appeal, and on May 3, 2024, the seven member agencies that have joined the litigation as interested parties in support of Metropolitan filed a notice of appeal.

Both Metropolitan and SDCWA contended that it was the prevailing party in these cases and is therefore entitled to an award of fees and costs under the Exchange Agreement. Following a hearing on July 18, 2024, the Superior Court held that Metropolitan was the prevailing party in the 2014, 2016 and 2018 cases and is therefore entitled attorney's fees under the parties' Exchange Agreement and litigation costs. The prevailing party decision is subject to appeal.

The parties have engaged in settlement discussions. The Court of Appeal agreed to the parties' request to postpone appellate briefing at this time. Metropolitan is unable to assess at this time the likelihood of success of the pending appeal, or any other possible appeals, settlements or any future claims.

### **Other Revenue Sources**

**Hydroelectric Power Revenues.** Metropolitan has constructed 15 small hydroelectric plants on its distribution system. The combined generating capacity of these plants is approximately 130 megawatts, and is dependent on available water sources. The plants are located in Los Angeles, Orange, Riverside, and San Diego Counties at existing pressure control structures and other locations.

In addition, the power requirements for the CRA are offset, in part, by Metropolitan's hydroelectric power generation entitlements from Hoover and Parker dams. A net revenue stream results when the CRA power needs are less than Metropolitan's Hoover and Parker power entitlements, and in which the excess energy is imported and sold into the California Independent System Operator ("CAISO") market.

Since 2000, annual energy generation sales revenues have ranged between \$6.0 million and nearly \$44.9 million, fluctuating with available water supplies. Energy generation sales revenues, on a cash basis, were \$13.1 million for fiscal year 2023-24.

**Investment Income.** In fiscal years 2021-22, 2022-23, and 2023-24, Metropolitan's earnings on investments, including adjustments for gains and losses and premiums and discounts, including construction account and trust fund earnings, excluding gains and losses on swap terminations (if any), on a cash basis (unaudited) were \$11.3 million, \$22.5 million, and \$45.0 million, respectively.

### **Federal Funding**

Metropolitan has received a number of commitments for federal funding in recent years in the form of grants awarded by, and agreements entered into with, the Bureau of Reclamation under programs administered by the Bureau of Reclamation pursuant to funding appropriations made by Congress under provisions of the Infrastructure Investment and Jobs Act (P.L. 11758) enacted by Congress in November 2021 (the "IIJA"), and the Inflation Reduction Act (P.L. 117169) enacted by Congress in August 2022 (the "IRA"). In total, these federal commitments aggregate approximately \$517.8 million in funding to Metropolitan that is expected to be received over the period from 2024 to 2031.

Federal grants made available to Metropolitan under the IIJA funding provisions consist of approximately \$144.8 million in aggregate in grants awarded to fund a portion of the costs of various water efficiency, drought response, water recycling, and other eligible projects of Metropolitan; the most significant of which is \$125.4 million in grant funding awarded by the Bureau of Reclamation for PWSC (see "REGIONAL WATER RESOURCES—Local Water Supplies —*Recycled Water-Metropolitan Pure*



*Water Southern California Program*”) as a large-scale water reuse and recycling project. Funding under these grant programs are subject to applicable cost-sharing requirements, and funds will be disbursed to Metropolitan as reimbursement for a portion of the costs incurred. Funding for these grant programs was appropriated by Congress and made available to the Bureau of Reclamation in installments from federal fiscal year 2022 through federal fiscal year 2026. Funding provided to the Bureau of Reclamation for these grant programs is considered as available for obligation until expended (meaning that the agency can legally commit these funds to a specific purpose, and those funds remain usable for that purpose until they are fully spent, or until the period of availability expires). As of April 15, 2025, the anticipated payments expected to be received by Metropolitan as of such date under executed grant agreements have been received.

The funding provisions of the IRA provided significant mandatory appropriations to the Bureau of Reclamation to be made available from federal fiscal year 2022 through federal fiscal year 2026 (or 2031 for certain programs). The majority of such IRA funding was provided for drought mitigation in states and territories within the Bureau of Reclamation’s area of operation, with priority given to the Colorado River Basin and areas experiencing long-term drought. As described under “METROPOLITAN’S WATER SUPPLY–Colorado River Aqueduct–Colorado River Operations: Surplus and Shortage Guidelines – *Lower Colorado River Basin System Conservation and Efficiency Program*,” Metropolitan has entered into a number of System Conservation Agreements with the Bureau of Reclamation under the Lower Colorado River Basin System Conservation and Efficiency Program established by the Bureau with funding made available under the IRA. These agreements represent approximately \$373.0 million of the federal funding commitments made to Metropolitan.

These agreements include three agreements (together with related amendments) with the Bureau of Reclamation pursuant to which the Bureau of Reclamation, rather than Metropolitan, agreed to pay for conserved water from Metropolitan’s PVID Land Management, Crop Rotation and Water Supply Program and Bard Seasonal Fallowing Program for a specified three-year period, and from Metropolitan’s Quechan Forbearance Program, for a specified a four-year period, in exchange for which the conserved water from these programs will be added to Lake Mead as Colorado River system water. These agreements are anticipated to represent approximately \$187.1 million in funding in aggregate over the period August 1, 2023 through December 31, 2026. Payments under the agreement (and the program extension amendment) related to Metropolitan’s Quechan Forbearance Program are made directly by the Bureau of Reclamation to Metropolitan’s program partner, the Quechan Tribe. Payments under the other agreements are made to Metropolitan and then Metropolitan administers the programs. See “METROPOLITAN’S WATER SUPPLY–Water Transfer, Storage and Exchange Programs –Colorado River Aqueduct Agreements and Programs” for a description of these Metropolitan programs. As of April 15, 2025, the anticipated payments expected to be received by Metropolitan as of such date from the Bureau of Reclamation under these agreements have been received.

Other agreements entered into between Metropolitan and the Bureau of Reclamation consist of long-term conservation agreements pursuant to which the Bureau of Reclamation has agreed to provide up to \$186.0 million in funding for conservation programs and projects of Metropolitan and Metropolitan has agreed to provide conserved water to Lake Mead as Colorado River system water over a ten-year period. Funding to be provided by the Bureau of Reclamation under these agreements includes: (i) up to \$82.0 million to fund design and construction of facilities for the AVEK High Desert Water Bank Program (see “METROPOLITAN’S WATER SUPPLY–Water Transfer, Storage and Exchange Programs –State Water Project Agreements and Programs–*Antelope Valley-East Kern High Desert Water Bank Program*”); (ii) up to \$95.8 million to fund Metropolitan’s existing turf replacement program, which provides financial incentives to residents and businesses to convert grass to more sustainable, water-efficient landscaping; and (iii) up to \$8.0 million for the establishment by Metropolitan of a leak detection and repair program in disadvantaged communities. Payments under these agreements are to be made by the Bureau of Reclamation to Metropolitan upon satisfaction by Metropolitan of project milestones. Payment amounts will be based on incurred costs to meet completed project milestones and will be determined on a quarterly basis, and documentation requirements. Prior to receiving funds under these agreements, California’s



Colorado River water agencies must execute a forbearance agreement confirming that the conserved water will not be consumptively used. The forbearance agreement is anticipated to be executed in the summer of 2025.

President Trump has issued a number of presidential executive orders since taking office, including executive orders outlining the Administration's policy goals and directives for, among other things, infrastructure development in certain areas. One such executive order initially directed an immediate pause of funding allocated to infrastructure projects under the IJIA and IRA during a 90-day review period. Certain of these executive actions have been the subject of judicial challenges. The outcome of these executive orders and subsequent official and unofficial actions that have been or may be taken at the federal level has not yet been determined and their ultimate impact, if any, on unspent funding appropriated by IJIA and IRA as well as obligated grants that have not yet been fully paid out is not yet known. See also "RISK FACTORS – Federal Policy and Funding Risks" in the front part of this Official Statement.

### **Investment of Moneys in Funds and Accounts**

The Board has delegated to the Treasurer the authority to invest funds. All moneys in any of the funds and accounts established pursuant to Metropolitan's water revenue or general obligation bond resolutions are managed by the Treasurer in accordance with Metropolitan's Statement of Investment Policy. All Metropolitan funds available for investment are currently invested in United States Treasury and agency securities, supranationals, commercial paper, negotiable certificates of deposit, bank deposits (certificate of deposit), corporate notes, municipal bonds, government-sponsored enterprise, money market funds, California Asset Management Program ("CAMP") and the California Local Agency Investment Fund ("LAIF"). CAMP is a program created through a joint powers agency as a pooled short-term portfolio and cash management vehicle for California public agencies. CAMP is a permitted investment for all local agencies under California Government Code Section 53601(p). LAIF is a voluntary program created by statute as an investment alternative for California's local governments and special districts. LAIF permits such local agencies to participate in an investment portfolio, which invests billions of dollars, managed by the State Treasurer's Office.

The Statement of Investment Policy provides that in managing Metropolitan's investments, the primary objective shall be to safeguard the principal of the invested funds. The secondary objective shall be to meet all liquidity requirements and the third objective shall be to achieve a return on the invested funds. Although the Statement of Investment Policy permits investments in some government-sponsored enterprise, the portfolio does not include any of the special investment vehicles related to sub-prime mortgages. Metropolitan's current investments comply with the Statement of Investment Policy.

As of March 31, 2025, the total market value (cash-basis) of all Metropolitan invested funds was \$1.4 billion. The market value of Metropolitan's investment portfolio is subject to market fluctuation and volatility and general economic conditions. Over the three years ended March 31, 2025, the market value of the month-end balance of Metropolitan's investment portfolio (excluding bond reserve funds) averaged approximately \$1.2 billion. The minimum month-end balance of Metropolitan's investment portfolio (excluding bond reserve funds) during such period was approximately \$979.9 million on October 31, 2024. See Note 3 to Metropolitan's audited financial statements in Appendix B for additional information on the investment portfolio.

Metropolitan's Administrative Code requires that (1) the Treasurer provide an annual Statement of Investment Policy for approval by Metropolitan's Board, (2) the Treasurer provide a monthly investment report to the Board and the General Manager showing by fund the description, maturity date, yield, par, cost and current market value of each security, and (3) the General Counsel review as to eligibility the securities invested in by the Treasurer for that month and report his or her determinations to the Board. The Board approved the Statement of Investment Policy for fiscal year 2024-25 on June 11, 2024.



Subject to the provisions of Metropolitan's water revenue or general obligation bond resolutions, obligations purchased by the investment of bond proceeds in the various funds and accounts established pursuant to a bond resolution are deemed at all times to be a part of such funds and accounts and any income realized from investment of amounts on deposit in any fund or account therein will be credited to such fund or account. The Treasurer is required to sell or present for redemption any investments whenever it may be necessary to do so in order to provide moneys to meet required payments or transfers from such funds and accounts. For the purpose of determining at any given time the balance in any such funds, any such investments constituting a part of such funds and accounts will be valued at the then estimated or appraised market value of such investments.

All investments, including those authorized by law from time to time for investments by public agencies, contain certain risks. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under Metropolitan's water revenue or general obligation revenue bond resolutions, or other amounts held by Metropolitan, could have a material adverse effect on Metropolitan's finances. These risks may be mitigated, but are not eliminated, by limitations imposed on the portfolio management process by Metropolitan's Statement of Investment Policy.

The Statement of Investment Policy requires that investments have a minimum credit rating of "A-1/P-1/F1" for short-term securities and "A" for longer-term securities, without regard to modifiers, at the time of purchase. If a security is downgraded below the minimum rating criteria specified in the Statement of Investment Policy, the Treasurer shall determine a course of action to be taken on a case-by-case basis considering such factors as the reason for the downgrade, prognosis for recovery, or further rating downgrades, and the market price of the security. The Treasurer is required to note in the Treasurer's monthly report any securities which have been downgraded below Policy requirements and the recommended course of action.

The Statement of Investment Policy also limits the amount of securities that can be purchased by category, as well as by issuer, and prohibits investments that can result in zero interest income. Metropolitan's securities are settled on a delivery versus payment basis and are held by an independent third-party custodian. See Metropolitan's financial statements included in APPENDIX B- "THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND JUNE 30, 2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2025 AND 2024 (UNAUDITED)" for a description of Metropolitan's investments at June 30, 2024, and March 31, 2025.

Metropolitan retains an outside investment firm to manage its core portfolio, a portion of the liquidity portfolio, and the Endowment Portfolio. The Endowment Portfolio includes the Lake Matthews Trust, DVR Multi-Species Reserve Fund, Habitat Maintenance Fund-Lower Colorado, Water Utility Climate Alliance Membership, and the HCP Remedial Measures Fund. This firm managed approximately \$895.3 million in total investments on behalf of Metropolitan as of March 31, 2025. All outside managers are required to adhere to Metropolitan's Statement of Investment Policy.

Metropolitan's Statement of Investment Policy may be changed at any time by the Board (subject to State law provisions relating to authorized investments). There can be no assurance that State law and/or the Statement of Investment Policy will not be amended in the future to allow for investments that are currently not permitted under State law or the Statement of Investment Policy, or that the objectives of Metropolitan with respect to investments or its investment holdings at any point in time will not change.



## METROPOLITAN EXPENSES

### General

The following table sets forth a summary of Metropolitan's expenses, by major function, for the five years ended June 30, 2024. Data for the three fiscal years ended on or prior to June 30, 2022 is presented on a modified accrual basis, consistent with Metropolitan's budgetary reporting for such fiscal years. In fiscal year 2022-23, the basis for budgeting was changed, therefore data for the fiscal years ended June 30, 2023 and 2024 is presented on a cash basis. All information is unaudited. Expenses of Metropolitan for the fiscal years ended June 30, 2024 and June 30, 2023, on an accrual basis, are shown in Metropolitan's audited financial statements included in Appendix B.

### SUMMARY OF EXPENSES Fiscal Years Ended June 30 (Dollars in Millions)

	Modified Accrual			Cash	
	2020	2021	2022	2023	2024
Operation and Maintenance Costs <sup>(1)(2)</sup>	\$ 641	\$ 636	\$ 797	\$ 940	\$ 896
Total State Water Project <sup>(3)</sup>	519	547	547	579	708
Total Debt Service	185	286	283	301	327
Construction Expenses from Revenues <sup>(4)</sup>	39	110	135	135	35
Other <sup>(5)</sup>	6	6	55	7	9
Total Expenses (net of reimbursements)	<u>\$ 1,390</u>	<u>\$ 1,585</u>	<u>\$ 1,817</u>	<u>\$ 1,962</u>	<u>\$ 1,975</u>

Source: Metropolitan.

- (1) Includes operation and maintenance, debt administration, conservation and local resource programs, CRA power, and water supply expenses. Fiscal year 2020-21, fiscal year 2021-22, fiscal year 2022-23, and fiscal year 2023-2024 include \$25 million, \$25 million, \$34.5 million, and \$64.5 million for Delta Conveyance expenses, respectively. See "METROPOLITAN'S WATER SUPPLY-State Water Project – Bay-Delta Proceedings Affecting State Water Project – Delta Conveyance."
- (2) The higher level of increases in Operation and Maintenance costs in fiscal years 2021-22 and 2022-23 over prior years primarily reflects significant increases in the costs of chemicals and other materials resulting from shortages or supply chain issues and higher than average CRA power and supply program costs.
- (3) Includes operating and capital expense portions and Delta Conveyance.
- (4) At the discretion of the Board, in any given year, Metropolitan may increase or decrease funding available for construction disbursements to be paid from revenues. Does not include expenditures of bond proceeds.
- (5) Includes operating equipment. Fiscal year 2021-22 includes \$51 million for SDCWA litigation payments.

### Revenue Bond Indebtedness and Other Obligations

As of June 2, 2025, Metropolitan will have total outstanding indebtedness secured by a lien on Net Operating Revenues of \$4.08 billion. This indebtedness is comprised of (a)(i) \$2.87 billion of Senior Revenue Bonds issued under the Senior Debt Resolutions (each as defined below), which includes \$2.54 billion of fixed rate Senior Revenue Bonds, and \$331.9 million of variable rate Senior Revenue Bonds (of which \$147.7 million are being refunded by Metropolitan's Water Revenue Refunding Bonds, 2025 Series A (the "2025A Bonds") as described under "PLAN OF REFUNDING" in the front part of this Official Statement); and (ii) \$99.4 million of senior lien short-term notes issued pursuant to Metropolitan's Short-Term Revolving Credit Facility (described below), which bear interest at a variable rate, and which are Senior Parity Obligations (which includes all obligations payable from Net Operating Revenues on parity with the Senior Revenue Bonds) (see "Outstanding Senior Revenue Bonds and Senior Parity Obligations – Senior Parity Obligations"); and (b) \$1.10 billion of Subordinate Revenue Bonds issued under



the Subordinate Debt Resolutions (each as defined below), which includes \$650.7 million of fixed rate Subordinate Revenue Bonds, and \$452.6 million of variable rate Subordinate Revenue Bonds. In addition, Metropolitan has \$272.9 million of fixed-payor interest rate swaps which provides a fixed interest rate hedge to an equivalent amount of variable rate debt. Metropolitan's revenue bonds and other revenue obligations are more fully described below.

### REVENUE BOND INDEBTEDNESS AND OTHER OBLIGATIONS

(as of June 2, 2025)

	Variable Rate	Fixed Rate	Total
Senior Lien Revenue Bonds	\$ 331,875,000	\$ 2,541,060,000	\$ 2,872,935,000
Senior Lien Short-Term Notes	99,400,000	—	99,400,000
Subordinate Lien Revenue Bonds	452,550,000	650,695,000	1,103,245,000
<b>Total</b>	<b>\$ 883,825,000</b>	<b>\$ 3,191,755,000</b>	<b>\$ 4,075,580,000</b>
Fixed-Payor Interest Rate Swaps	(272,870,000)	272,870,000	—
<b>Net Amount (after giving effect to Swaps)</b>	<b>\$ 610,955,000</b>	<b>\$ 3,464,625,000</b>	<b>\$ 4,075,580,000</b>

*Source: Metropolitan.*

As described under “—Outstanding Senior Revenue Bonds and Senior Parity Obligations—Senior Parity Obligations,” in March 2024, Metropolitan entered into a Short-Term Revolving Credit Facility pursuant to which Metropolitan may issue senior lien short-term notes from time-to-time, bearing interest at a variable rate, and payable on parity with Metropolitan's Senior Revenue Bonds. As of June 2, 2025, \$99,400,000 of senior lien short-term notes will be outstanding under such Short-Term Revolving Credit Facility.

### Limitations on Additional Revenue Bonds

Resolution 8329, adopted by Metropolitan's Board on July 9, 1991, as amended and supplemented (the “Master Senior Resolution,” and collectively with all such supplemental resolutions, the “Senior Debt Resolutions”), provides for the issuance of Metropolitan's senior lien water revenue bonds. The Senior Debt Resolutions establish limitations on the issuance of additional obligations payable from Net Operating Revenues. Under the Senior Debt Resolutions, no additional bonds, notes or other evidences of indebtedness payable out of Operating Revenues may be issued having any priority in payment of principal, redemption premium, if any, or interest over any water revenue bonds authorized by the Senior Debt Resolutions (“Senior Revenue Bonds”) or other obligations of Metropolitan having a lien and charge upon, or being payable from, the Net Operating Revenues on parity with such Senior Revenue Bonds (“Senior Parity Obligations”). No additional Senior Revenue Bonds or Senior Parity Obligations may be issued or incurred unless the conditions of the Senior Debt Resolutions have been satisfied.

Resolution 9199, adopted by Metropolitan's Board on March 8, 2016, as amended and supplemented (the “Master Subordinate Resolution,” and collectively with all such supplemental resolutions, the “Subordinate Debt Resolutions,” and together with the Senior Debt Resolutions, the “Revenue Bond Resolutions”), provides for the issuance of Metropolitan's subordinate lien water revenue bonds and other obligations secured by a pledge of Net Operating Revenues that is subordinate to the pledge securing Senior Revenue Bonds and Senior Parity Obligations. The Subordinate Debt Resolutions establish limitations on the issuance of additional obligations payable from Net Operating Revenues. Under the Subordinate Debt Resolutions, with the exception of Senior Revenue Bonds and Senior Parity Obligations, no additional bonds, notes or other evidences of indebtedness payable out of Operating Revenues may be issued having any priority in payment of principal, redemption premium, if any, or interest over any subordinate water revenue bonds authorized by the Subordinate Debt Resolutions (“Subordinate Revenue



Bonds” and, together with Senior Revenue Bonds, “Revenue Bonds”) or other obligations of Metropolitan having a lien and charge upon, or being payable from, the Net Operating Revenues on parity with the Subordinate Revenue Bonds (“Subordinate Parity Obligations”). No additional Subordinate Revenue Bonds or Subordinate Parity Obligations may be issued or incurred unless the conditions of the Subordinate Debt Resolutions have been satisfied.

The laws governing Metropolitan’s ability to issue water revenue bonds currently provide two additional limitations on indebtedness that may be incurred by Metropolitan. The Act provides for a limit on general obligation bonds, water revenue bonds and other evidences of indebtedness of 15 percent of the assessed value of all taxable property within Metropolitan’s service area. As of June 2, 2025, outstanding general obligation bonds, water revenue bonds and other evidences of indebtedness in the amount of \$4.09 billion represented approximately 0.10 percent of the fiscal year 2024-25 taxable assessed valuation of \$4,063.1 billion. The second limitation under the Act specifies that no revenue bonds may be issued, except for the purpose of refunding, unless the amount of net assets of Metropolitan as shown on its balance sheet as of the end of the last fiscal year prior to the issuance of such bonds, equals at least 100 percent of the aggregate amount of revenue bonds outstanding following the issuance of such bonds. The net assets of Metropolitan at June 30, 2024 were \$7.37 billion. The aggregate amount of revenue bonds outstanding as of June 2, 2025 will be \$3.98 billion. The limitation does not apply to other forms of financing available to Metropolitan. Audited financial statements including the net assets of Metropolitan as of June 30, 2024 and June 30, 2023 are shown in Metropolitan’s audited financial statements included in APPENDIX B–“THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND JUNE 30, 2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2025 AND 2024 (UNAUDITED).”

Metropolitan provides no assurance that the Act’s limitations on indebtedness will not be revised or removed by future legislation. Limitations under the Revenue Bond Resolutions respecting the issuance of additional obligations payable from Net Operating Revenues on parity with the Senior Revenue Bonds and Subordinate Revenue Bonds of Metropolitan will remain in effect so long as any Senior Revenue Bonds and Subordinate Revenue Bonds authorized pursuant to the applicable Revenue Bond Resolutions are outstanding, provided however, that the Revenue Bond Resolutions are subject to amendment and supplement in accordance with their terms.

### **Variable Rate Exposure Policy**

As of June 2, 2025, Metropolitan had outstanding \$431.3 million of variable rate obligations issued as Senior Revenue Bonds under the Senior Debt Resolutions and variable rate short-term notes incurred as Senior Parity Obligations under Metropolitan’s Short-Term Revolving Credit Facility (described under “–Outstanding Senior Revenue Bonds and Senior Parity Obligations” below). In addition, as of June 2, 2025, \$452.6 million of variable rate Subordinate Revenue Bonds issued under the Subordinate Debt Resolutions were outstanding (described under “–Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations” below).

As of June 2, 2025, of Metropolitan’s \$883.8 million of variable rate obligations, \$272.9 million of such variable rate demand obligations are treated by Metropolitan as fixed rate debt, by virtue of interest rate swap agreements (described under “–Outstanding Senior Revenue Bonds and Senior Parity Obligations – Variable Rate and Swap Obligations – *Interest Rate Swap Transactions*” below), for the purpose of calculating debt service requirements. The remaining \$611.0 million of variable rate obligations represent approximately 15.0 percent of total outstanding water revenue secured indebtedness (including Senior Revenue Bonds and Senior Parity Obligations and Subordinate Revenue Bonds and Subordinate Parity Obligations), as of June 2, 2025.



Metropolitan's variable rate exposure policy requires that variable rate debt be managed to limit net interest cost increases within a fiscal year as a result of interest rate changes to no more than \$5 million. In addition, the maximum amount of variable interest rate exposure (excluding variable rate bonds associated with interest rate swap agreements) is limited to 40 percent of total outstanding water revenue bond debt. Variable rate debt capacity will be reevaluated as interest rates change and managed within these parameters.

## **Outstanding Senior Revenue Bonds and Senior Parity Obligations**

### **Senior Revenue Bonds**

The water revenue bonds issued under the Senior Debt Resolutions to be outstanding as of June 2, 2025 are set forth below:

### **Outstanding Senior Revenue Bonds**

<b>Name of Issue</b>	<b>Principal Outstanding</b>
Water Revenue Refunding Bonds, 2011 Series C	\$ 29,315,000
Water Revenue Bonds, 2015 Authorization, Series A	35,120,000
Water Revenue Refunding Bonds, 2016 Series A	112,415,000
Special Variable Rate Water Revenue Refunding Bonds, 2016 Series B-2 <sup>(1)</sup>	25,325,000
Water Revenue Bonds, 2017 Authorization, Series A <sup>(1)</sup>	24,275,000
Water Revenue Refunding Bonds, 2018 Series B	109,285,000
Water Revenue Refunding Bonds, 2019 Series A	218,090,000
Water Revenue Bonds, 2020 Series A	207,355,000
Water Revenue Refunding Bonds, 2020 Series C	245,970,000
Water Revenue Bonds, 2021 Series A	188,890,000
Water Revenue Refunding Bonds, 2021 Series B	62,105,000
Water Revenue Refunding Bonds, 2022 Series A	258,280,000
Water Revenue Refunding Bonds, 2022 Series B	253,365,000
Special Variable Rate Water Revenue Refunding Bonds, 2022 Series C-1 <sup>(2)</sup> and C-2 <sup>(1)</sup>	282,275,000
Water Revenue Bonds, 2023 Series A	249,025,000
Water Revenue Refunding Bonds, 2024 Series A	363,575,000
Water Revenue Bonds, 2024 Series C	208,270,000
<b>Total</b>	<b>\$2,872,935,000</b>

*Source: Metropolitan.*

<sup>(1)</sup> Outstanding variable rate obligation.

<sup>(2)</sup> To be refunded by Metropolitan's 2025A Bonds.

### **Variable Rate Bonds and Swap Obligations**

As of June 2, 2025, of Metropolitan's \$2.87 billion of outstanding Senior Revenue Bonds, \$331.9 million were variable rate Senior Revenue Bonds issued under the Senior Debt Resolutions (described under this caption "–Variable Rate Bonds and Swap Obligations") in either a daily mode or a weekly mode and supported by standby bond purchase agreements between Metropolitan and various liquidity providers ("Liquidity Supported Senior Revenue Bonds").



**Liquidity Supported Senior Revenue Bonds.** Metropolitan’s outstanding variable rate demand obligations issued under the Senior Debt Resolutions, totaling \$331.9 million as of June 2, 2025, consisted of \$49.6 million principal amount of variable rate Senior Revenue Bonds, the interest rates on which are currently reset on a daily basis, and \$282.3 million principal amount of variable rate Senior Revenue Bonds, the interest rates on which are reset on a weekly basis. The variable rate demand obligations bearing interest at a daily rate are subject to optional tender on any business day with same day notice by the owners thereof and mandatory tender upon specified events. The variable rate demand obligations bearing interest at a weekly rate are subject to optional tender on any business day upon seven days’ notice by the owners thereof and mandatory tender upon specified events. Such variable rate demand obligations are supported by standby bond purchase agreements between Metropolitan and liquidity providers that provide for purchase of variable rate bonds by the applicable liquidity provider upon tender of such variable rate bonds and a failed remarketing. Metropolitan has secured its obligation to repay principal and interest advanced under the standby bond purchase agreements as Senior Parity Obligations. A decline in the creditworthiness of a liquidity provider will likely result in an increase in the interest rate of the applicable variable rate bonds, as well as an increase in the risk of a failed remarketing of such tendered variable rate bonds. Variable rate bonds purchased by a liquidity provider (“bank bonds”) would initially bear interest at a per annum interest rate equal to, depending on the liquidity facility, either: (a) the highest of (i) the Prime Rate, (ii) the Federal Funds Rate plus one-half of a percent, or (iii) seven and one-half percent (with the spread or rate increasing in the case of each of (i), (ii) and (iii) of this clause (a) by one percent after 60 days); or (b) the highest of (i) the Prime Rate plus one percent, (ii) Federal Funds Rate plus two percent, and (iii) seven percent (with the spread or rate increasing in the case of each of (i), (ii) and (iii) of this clause (b) by one percent after 90 days). To the extent such bank bonds have not been remarketed or otherwise retired as of the earlier of the 60<sup>th</sup> day following the date such bonds were purchased by the liquidity provider or the stated expiration date of the related liquidity facility, Metropolitan’s obligation to reimburse the liquidity provider may convert the term of the variable rate bonds purchased by the liquidity provider into a term loan payable under the terms of the current liquidity facilities in semi-annual installments over a period ending on the third anniversary of the date on which the variable rate bonds were purchased by the liquidity provider. In addition, upon an event of default under any such liquidity facility, including a failure by Metropolitan to perform or observe its covenants under the applicable standby bond purchase agreement, a default in other specified indebtedness of Metropolitan, or other specified events of default (including a reduction in the credit rating assigned to Senior Revenue Bonds issued under the Senior Debt Resolutions by any of Fitch, S&P or Moody’s below “A–” or “A3”), the liquidity provider could require all bank bonds to be subject to immediate mandatory redemption by Metropolitan.

The following table lists the current liquidity providers, the current expiration date of each facility, and the principal amount of outstanding variable rate demand obligations covered under each facility as of June 2, 2025.

**Liquidity Facilities and Expiration Dates**

<b>Liquidity Provider</b>	<b>Bond Issue</b>	<b>Principal Outstanding</b>	<b>Facility Expiration</b>
TD Bank, N.A.	2016 Series B-2	\$ 25,325,000	January 2026
TD Bank, N.A.	2022 Series C-1 <sup>(1)</sup>	147,650,000	January 2026
PNC Bank, N.A.	2017 Authorization Series A	24,275,000	January 2026
PNC Bank, N.A.	2022 Series C-2	134,625,000	January 2026
<b>Total</b>		<b>\$ 331,875,000</b>	

*Source: Metropolitan.*

<sup>(1)</sup> To be refunded by Metropolitan’s 2025A Bonds.



***Interest Rate Swap Transactions.*** By resolution adopted on September 11, 2001, Metropolitan's Board authorized the execution of interest rate swap transactions and related agreements in accordance with a master swap policy, which was subsequently amended by resolutions adopted on July 14, 2009 and May 11, 2010. Metropolitan may execute interest rate swaps if the transaction can be expected to reduce exposure to changes in interest rates on a particular financial transaction or in the management of interest rate risk derived from Metropolitan's overall asset/liability balance, result in a lower net cost of borrowing or achieve a higher net rate of return on investments made in connection with or incidental to the issuance, incurring or carrying of Metropolitan's obligations or investments, or manage variable interest rate exposure consistent with prudent debt practices and Board-approved guidelines. The Assistant General Manager, Finance & Administration reports to the Finance and Asset Management Committee of Metropolitan's Board each quarter on outstanding swap transactions, including notional amounts outstanding, counterparty exposures and termination values based on then-existing market conditions.

Metropolitan currently has one type of interest rate swap, referred to in the table below as "Fixed Payor Swaps." Under this type of swap, Metropolitan receives payments that are calculated by reference to a floating interest rate and makes payments that are calculated by reference to a fixed interest rate.

Metropolitan's obligations to make regularly scheduled net payments under the terms of the interest rate swap agreements are payable on a parity with the Senior Parity Obligations. Termination payments under the 2002A and 2002B interest rate swap agreements would be payable on a parity with the Senior Parity Obligations. Termination payments under all other interest rate swap agreements would be on parity with the Subordinate Parity Obligations.

The periodic payments due to Metropolitan from counterparties under its outstanding interest rate swap agreements were previously calculated by reference to the London interbank offering rate ("LIBOR"). On June 30, 2023, LIBOR rates for all tenors used to determine the periodic payments due to Metropolitan from swap counterparties ceased to be published. Prior to such date, Metropolitan adopted the terms of the ISDA 2020 IBOR Fallbacks Protocol for its existing swap agreements. Under the terms of the ISDA 2020 IBOR Fallbacks Protocol, the floating rate calculations based on a USD LIBOR rate switched to a term-adjusted Secured Overnight Financing rate ("SOFR") plus an adjustment. For Metropolitan swaps that had used one-month and three-month LIBOR, the new floating rate for one-month LIBOR will be SOFR plus 0.11448 basis points ("bps"), and the new floating rate for three-month LIBOR will be SOFR plus 0.26161 bps.

The following swap transactions were outstanding as of June 2, 2025:

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**FIXED PAYOR SWAPS:**

<b>Designation</b>	<b>Notional Amount Outstanding</b>	<b>Swap Counterparty</b>	<b>Fixed Payor Rate</b>	<b>Metropolitan Receives</b>	<b>Maturity Date</b>
2002 A	\$ 12,270,000	Morgan Stanley Capital Services, Inc.	3.300%	57.74% x (SOFR plus 11.448 bps)	07/1/2025
2002 B	4,590,000	JPMorgan Chase Bank	3.300	57.74% x (SOFR plus 11.448 bps)	07/1/2025
2003	97,777,500	Wells Fargo Bank	3.257	61.20% x (SOFR plus 11.448 bps)	07/1/2030
2003	97,777,500	JPMorgan Chase Bank	3.257	61.20% x (SOFR plus 11.448 bps)	07/1/2030
2004 C	4,672,250	Morgan Stanley Capital Services, Inc.	2.980	61.55% x (SOFR plus 11.448 bps)	10/1/2029
2004 C	3,822,750	Citigroup Financial Products, Inc.	2.980	61.55% x (SOFR plus 11.448 bps)	10/1/2029
2005	25,980,000	JPMorgan Chase Bank	3.360	70.00% x (SOFR plus 26.161 bps)	07/1/2030
2005	<u>25,980,000</u>	Citigroup Financial Products, Inc.	3.360	70.00% x (SOFR plus 26.161 bps)	07/1/2030
<b>Total</b>	<b>\$ 272,870,000</b>				

*Source: Metropolitan.*

These interest rate swap agreements entail risk to Metropolitan. One or more counterparties may fail or be unable to perform, interest rates may vary from assumptions, Metropolitan may be required to post collateral in favor of its counterparties and Metropolitan may be required to make significant payments in the event of an early termination of an interest rate swap. Metropolitan seeks to manage counterparty risk by diversifying its swap counterparties, limiting exposure to any one counterparty, requiring collateralization or other credit enhancement to secure swap payment obligations, and by requiring minimum credit rating levels. Initially, swap counterparties must be rated at least “Aa3” or “AA-”, or equivalent by any two of the nationally recognized credit rating agencies; or use a “AAA” subsidiary as rated by at least one nationally recognized credit rating agency. Should the credit rating of an existing swap counterparty drop below the required levels, Metropolitan may enter into additional swaps if those swaps are “offsetting” and risk-reducing swaps. Each counterparty is initially required to have minimum capitalization of at least \$150 million. See Note 5(e) in Metropolitan’s audited financial statements in Appendix B.

Early termination of an interest rate swap agreement could occur due to a default by either party or the occurrence of a termination event (including defaults under other specified swaps and indebtedness, certain acts of insolvency, if a party may not legally perform its swap obligations, or, with respect to Metropolitan, if its credit rating is reduced below “BBB-” by Moody’s or “Baa3” by S&P (under most of the interest rate swap agreements) or below “BBB” by Moody’s or “Baa2” by S&P (under one of the interest rate swap agreements)). As of March 31, 2025, Metropolitan would have been required to pay to its counterparties termination payments if its swaps were terminated on that date. Metropolitan’s net exposure to its counterparties for all such termination payments on that date was approximately \$4.5 million. Metropolitan does not presently anticipate early termination of any of its interest rate swap agreements due to default by either party or the occurrence of a termination event. However, Metropolitan has previously exercised, and may in the future exercise, from time to time, optional early termination provisions to terminate all or a portion of certain interest rate swap agreements.



Metropolitan is required to post collateral in favor of a counterparty to the extent that Metropolitan's total exposure for termination payments to that counterparty exceeds the threshold specified in the applicable swap agreement. Conversely, the counterparties are required to release collateral to Metropolitan or post collateral for the benefit of Metropolitan as market conditions become favorable to Metropolitan. As of March 31, 2025, Metropolitan had no collateral posted with any counterparty. The highest, month-end, amount of collateral posted was \$36.8 million, on June 30, 2012, which was based on an outstanding swap notional amount of \$1.4 billion at that time. The amount of required collateral varies from time to time due primarily to interest rate movements and can change significantly over a short period of time. See "METROPOLITAN REVENUES—Financial Reserve Policy" in this Appendix A. In the future, Metropolitan may be required to post additional collateral, or may be entitled to a reduction or return of the required collateral amount. Collateral deposited by Metropolitan is held by the counterparties; a bankruptcy of any counterparty holding collateral posted by Metropolitan could adversely affect the return of the collateral to Metropolitan. Moreover, posting collateral limits Metropolitan's liquidity. If collateral requirements increase significantly, Metropolitan's liquidity may be materially adversely affected. See "METROPOLITAN REVENUES—Financial Reserve Policy" in this Appendix A.

### **Senior Parity Obligations**

***Short-Term Revolving Credit Facility.*** In March 2024, Metropolitan entered into a note purchase and continuing covenant agreement with Bank of America, N.A. ("BANA"), for the purchase by BANA and sale by Metropolitan from time-to-time of short-term flexible rate revolving notes (the "Short-Term Revolving Credit Facility"). Pursuant to the Short-Term Revolving Credit Facility, Metropolitan may borrow, pay down and re-borrow amounts through the issuance and sale from time to time of short-term notes (with maturity dates not exceeding one year from their delivery date), in an aggregate principal amount not to exceed \$400 million (including, subject to certain terms and conditions, notes to refund maturing notes) to be purchased by BANA during the term of BANA's commitment to purchase notes thereunder, which commitment currently extends to March 19, 2027. As of June 2, 2025, Metropolitan had \$99.4 million principal amount of tax-exempt short-term notes outstanding under the Short-Term Revolving Credit Facility.

Notes under the Short-Term Revolving Credit Facility bear interest at a fluctuating rate of interest per annum equal to: (A) for taxable borrowings, SOFR as administered by the Federal Reserve Bank of New York (or a successor administrator) as determined for each day in accordance with the Short-Term Revolving Credit Facility ("Daily Simple SOFR" as further defined in the Short-Term Credit Facility) plus 0.80 percent (so long as the current credit ratings on Metropolitan's Senior Revenue Bonds issued under the Senior Debt Resolutions are maintained); and (B) for tax-exempt borrowings, 80 percent of Daily Simple SOFR plus 0.60 percent (so long as the current credit ratings on Metropolitan's Senior Revenue Bonds issued under the Senior Debt Resolutions are maintained), subject, in each case to an applicable maximum interest rate, which shall not, in any case, exceed 18 percent. Subject to the satisfaction of certain terms and conditions, any unpaid principal borrowed under the Short-Term Revolving Credit Facility remaining outstanding at the March 19, 2027 stated commitment expiration date of the Short-Term Revolving Credit Facility may be refunded by and exchanged for term notes payable by Metropolitan in approximately equal semi-annual principal installments over a period of approximately three years. Any such term notes will bear interest at a fluctuating rate of interest per annum equal to, for each day: (A) for taxable borrowings, (1) the greatest of (i) the Prime Rate plus one percent, (ii) the Federal Funds Rate in effect at such time plus two percent, and (iii) ten percent (such rate as from time to time in effect, the "Taxable Base Rate"), plus (2) two percent; and (B) for tax-exempt borrowings, (1) the greatest of (i) the Prime Rate plus one percent, (ii) the Federal Funds Rate in effect at such time plus two percent, and (iii) seven percent (such rate as from time to time in effect, the "Tax-Exempt Base Rate"), plus (2) two percent.

Under the Short-Term Revolving Credit Facility, upon a failure by Metropolitan to pay principal of or interest on any note thereunder, a failure by Metropolitan to perform or observe its covenants, a default



in other specified indebtedness of Metropolitan, certain acts of bankruptcy or insolvency, or other specified events of default (including if any of Fitch, S&P or Moody's shall have assigned a credit rating below "A-" or "A3," or if each of Fitch, S&P and Moody's shall have assigned a credit rating below "BBB-" or "Baa3," to Senior Revenue Bonds issued under the Senior Debt Resolutions), BANA has the right to terminate its commitments and may accelerate (depending on the event, seven days after the occurrence, or for certain events, only after 180 days' notice, or, in connection with certain acts of bankruptcy or insolvency or in the event of an acceleration of Metropolitan debt by another lender, credit enhancer or swap counterparty, immediately) Metropolitan's obligation to repay its borrowings.

Metropolitan has secured its obligation to pay principal and interest on notes evidencing borrowings under the Short-Term Revolving Credit Facility as Senior Parity Obligations.

In connection with the execution of the Short-Term Revolving Credit Facility, Metropolitan designated the principal and interest payable on the notes issued thereunder as Excluded Principal Payments under the Senior Debt Resolutions and thus, for purposes of calculating Maximum Annual Debt Service, included the amount of principal and interest due and payable under the Short-Term Revolving Credit Facility on a schedule of Assumed Debt Service for any outstanding draws.

Metropolitan has previously entered, and may in the future enter, into one or more other or alternative short-term revolving credit facilities, the repayment obligations of Metropolitan under which may be secured as either Senior Parity Obligations or Subordinate Parity Obligations.

## **Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations**

### **Subordinate Revenue Bonds**

The water revenue bonds issued under the Subordinate Debt Resolutions outstanding as of June 2, 2025, are set forth below:

### **Outstanding Subordinate Revenue Bonds**

<b>Name of Issue</b>	<b>Principal Outstanding</b>
Subordinate Water Revenue Refunding Bonds, 2017 Series A	\$ 140,660,000
Subordinate Water Revenue Bonds, 2018 Series B	57,740,000
Subordinate Water Revenue Refunding Bonds, 2019 Series A	150,340,000
Subordinate Water Revenue Refunding Bonds, 2020 Series A	125,570,000
Subordinate Water Revenue Refunding Bonds, 2021 Series A <sup>(1)</sup>	222,160,000
Subordinate Water Revenue Refunding Bonds, 2024 Series B-1 <sup>(1)</sup>	80,390,000
Subordinate Water Revenue Refunding Bonds, 2024 Series B-2 <sup>(2)</sup>	89,445,000
Subordinate Water Revenue Refunding Bonds, 2024 Series B-3 <sup>(3)</sup>	86,940,000
Subordinate Water Revenue Refunding Bonds, 2024 Series D <sup>(1)</sup>	150,000,000
<b>Total</b>	<b>\$1,103,245,000</b>

*Source: Metropolitan.*

<sup>(1)</sup> Outstanding variable rate obligations.

<sup>(2)</sup> Initially delivered in a term rate mode at a fixed interest rate to July 1, 2029.

<sup>(3)</sup> Initially delivered in a term rate mode at a fixed interest rate to July 1, 2031.

### **Variable Rate Bonds**

As of June 2, 2025, of the \$1.10 billion outstanding Subordinate Revenue Bonds, \$452.6 million were variable rate obligations. The outstanding variable rate obligations include Subordinate Revenue



Bonds that are variable rate demand obligations supported by standby bond purchase agreements between Metropolitan and a liquidity provider (“Liquidity Supported Subordinate Revenue Bonds”).

***Liquidity Supported Subordinate Revenue Bonds.*** As of June 2, 2025, Metropolitan will have \$452.6 million of outstanding Liquidity Supported Subordinate Revenue Bonds issued under the Subordinate Debt Resolutions as variable rate Subordinate Revenue Bonds, the interest rates on which are currently reset on a weekly basis. While bearing interest at a weekly rate, such variable rate demand obligations are subject to optional tender on any business day upon seven days’ notice by the owners thereof and mandatory tender upon specified events. Such variable rate demand obligations are supported by standby bond purchase agreements each by and between Metropolitan and Bank of America, N.A., as liquidity provider, that provide for the purchase of the applicable variable rate bonds by the liquidity provider upon tender of such variable rate bonds and a failed remarketing. Metropolitan has secured its obligation to repay principal and interest advanced under each standby bond purchase agreement as First Tier Parity Obligations payable on parity with the Subordinate Revenue Bonds. A decline in the creditworthiness of the liquidity provider will likely result in an increase in the interest rate of the applicable variable rate bonds, as well as an increase in the risk of a failed remarketing of such tendered variable rate bonds. Variable rate bonds purchased by the liquidity provider (“bank bonds”) would initially bear interest at a per annum interest rate equal to, the highest of (i) the Prime Rate plus one percent, (ii) Federal Funds Rate plus two percent, and (iii) seven percent (with the spread or rate increasing in the case of each of (i), (ii) and (iii) of this clause by one percent after 90 days). To the extent such bank bonds have not been remarketed or otherwise retired as of the earlier of the 90th day following the date such bonds were purchased by the liquidity provider or the stated expiration date of the liquidity facility, Metropolitan’s obligation to reimburse the liquidity provider may convert the term of the variable rate bonds purchased by the liquidity provider into a term loan payable under the terms of the liquidity facility in ten equal semi-annual installments over a period ending on the fifth anniversary of the date on which the variable rate bonds were purchased by the liquidity provider. In addition, upon an event of default under the liquidity facility, including a failure by Metropolitan to pay principal or interest due to the liquidity provider, failure by Metropolitan to perform or observe its covenants under the standby bond purchase agreement, a default in other specified indebtedness of Metropolitan, or other specified events of default (including a reduction in the credit rating assigned to Senior Revenue Bonds issued under the Senior Debt Resolutions by any of Fitch, S&P or Moody’s below “A–” or “A3,” as applicable), the liquidity provider could require all bank bonds to be subject to immediate mandatory redemption by Metropolitan.

The following table lists the current liquidity provider, the current expiration date of each facility, and the principal amount of outstanding variable rate demand obligations covered under each facility as of June 2, 2025.

#### **Liquidity Facilities and Expiration Dates**

<b>Liquidity Provider</b>	<b>Bond Issue</b>	<b>Principal Outstanding</b>	<b>Facility Expiration</b>
Bank of America, N.A.	2021 Series A	\$222,160,000	June 2025 <sup>(1)</sup>
Bank of America, N.A.	2024 Series B-1	80,390,000	June 2027
Barclays Bank PLC	2024 Series D	150,000,000	September 2027
<b>Total</b>		<b>\$452,550,000</b>	

*Source: Metropolitan.*

<sup>(1)</sup> Metropolitan intends to extend or replace this Liquidity Facility prior to its expiration date.



### **Term Rate Mode Bonds**

As of June 2, 2025, Metropolitan will have outstanding approximately \$176.4 million of Subordinate Revenue Bonds bearing interest in a term rate mode, comprised of \$89.4 million of 2024 Series B-2 Bonds and \$86.9 million of 2024 Series B-3 Bonds (collectively, the “Term Rate Mode Bonds”). The Term Rate Mode Bonds initially bear interest at a fixed rate for a specified period from their date of issuance, after which: (i) there shall be determined a new interest mode for the applicable series of bonds (which may be a flexible index mode, an index mode, a daily mode, a weekly mode or a short-term mode), (ii) the Term Rate Mode Bonds may continue under the term rate mode for another specified period or (iii) the Term Rate Mode Bonds may be converted to bear fixed interest rates through the maturity date thereof. The owners of the Term Rate Mode Bonds of a series must tender for purchase, and Metropolitan must purchase, all of the Term Rate Mode Bonds of such series on the specified scheduled mandatory purchase date of each term rate period for such series. The Term Rate Mode Bonds outstanding as of June 2, 2025, are summarized in the following table:

#### **Term Rate Mode Bonds**

<b>Bond Issue</b>	<b>Original Principal Amount Issued</b>	<b>Next Scheduled Mandatory Purchase Date</b>
2024 Series B-2	\$ 89,445,000	July 1, 2029
2024 Series B-3	86,940,000	July 1, 2031
<b>Total</b>	<b>\$ 176,385,000</b>	

*Source: Metropolitan.*

Metropolitan will pay the principal of, and interest on, the Term Rate Mode Bonds on parity with its other Subordinate Revenue Bonds and Subordinate Parity Obligations. Metropolitan anticipates that it will pay the purchase price of tendered Term Rate Mode Bonds from the proceeds of remarketing such Term Rate Mode Bonds or from other available funds. Metropolitan’s obligation to pay the purchase price of any such tendered Term Rate Mode Bonds is a special limited obligation of Metropolitan payable solely from Net Operating Revenues subordinate to the Senior Revenue Bonds and Senior Parity Obligations and on parity with the other outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations. Metropolitan has not secured any liquidity facility or letter of credit to support the payment of the purchase price of the Term Rate Mode Bonds on any mandatory purchase date. Failure to pay the purchase price of any Term Rate Mode Bonds on a scheduled mandatory purchase date for such Term Rate Mode Bonds for a period of five business days following written notice by any Owner of such Term Rate Mode Bonds will constitute an event of default under the Subordinate Debt Resolutions, upon the occurrence and continuance of which the owners of 25 percent in aggregate principal amount of the Subordinate Revenue Bonds then outstanding may elect a bondholders’ committee to exercise rights and powers of such owners under the Subordinate Debt Resolutions, including the right to declare the entire unpaid principal of the Subordinate Revenue Bonds then outstanding to be immediately due and payable.

### **Subordinate Parity Obligations**

***Anticipated Incurrence of Financial Obligation.*** As described under “INTRODUCTION – Subordinate Obligations Anticipated to be Incurred by Metropolitan” in the front part of this Official Statement, in May 2025, Staff will present for Board consideration the execution of an amendment and restatement of the agreement between Metropolitan and AVEK for the High Desert Water Bank Program to provide for the financing (and re-financing) of certain costs of construction of the program facilities to be funded by Metropolitan. To effect such financing, it is anticipated that bonds will be issued by the Antelope Valley East Kern Water Agency Financing Authority (“AVEKFA”). A portion of the proceeds of such AVEKFA bonds are expected to be applied to refund and retire Metropolitan’s \$99.4 million outstanding principal amount of senior lien short-term notes issued pursuant to Metropolitan’s Short-Term Revolving



Credit Facility. The AVEKFA bonds[, if approved by AVEKFA,] are anticipated to be issued by AVEKFA in the summer of 2025. Under the amended and restated agreement, if approved by the Board, Metropolitan will be obligated to make installment payments to AVEK for its right to use the program facilities in amounts sufficient to provide for the repayment of the principal of and interest on the bonds to be issued by AVEKFA. The obligation of Metropolitan to pay such installment payments are expected to constitute First Tier Parity Obligations of Metropolitan, payable on parity with Metropolitan's Subordinate Revenue Bonds.

### Other Junior and Anticipated Obligations

**Commercial Paper Notes.** Metropolitan currently is authorized to issue up to \$400,000,000 of Commercial Paper Notes payable from Net Operating Revenues on a basis subordinate to both the Senior Revenue Bonds and Senior Parity Obligations and to the Subordinate Revenue Bonds and Subordinate Parity Obligations. Although no Commercial Paper Notes are currently outstanding, the authorization remains in full force and effect and Metropolitan may issue Commercial Paper Notes from time to time.

**Capital Lease Financing.** In May 2025, Metropolitan's Board is expected to consider for approval authority for the execution and delivery by Metropolitan of a master equipment lease/purchase agreement (the "Lease/Purchase Agreement") with Banc of America Public Capital Corp in an aggregate principal amount of not to exceed \$35,000,000. Pursuant to the Lease/Purchase Agreement, if approved, Metropolitan may acquire and lease vehicles and other equipment in exchange for the payment of certain rental payments. If authorized by the Board, Metropolitan's payment obligation under the Lease/Purchase Agreement may be secured by one or a combination of the following: (i) some or all of the vehicle or other equipment leased under the Lease/Purchase Agreement; and/or (ii) Net Operating Revenues, including as Senior Parity Obligations under the Master Resolution or as Subordinate Parity Obligations (either as First Tier Parity Obligations or Second Tier Parity Obligations) under the Master Subordinate Resolution. The term and interest rate payable with respect to each asset acquired and leased under the Lease/Purchase Agreement will be determined at the commencement of the lease for such asset.

### General Obligation Bonds

As of June 2, 2025, \$17,155,000 aggregate principal amount of general obligation bonds payable from *ad valorem* property taxes were outstanding. See "METROPOLITAN REVENUES-General" and "Revenue Allocation Policy and Tax Revenues" in this Appendix A. Metropolitan's revenue bonds are not payable from the levy of *ad valorem* property taxes.

General Obligation Bonds	Amount Issued <sup>(1)</sup>	Principal Outstanding
Waterworks General Obligation Refunding Bonds, 2019 Series A	\$16,755,000	\$ 3,490,000
Waterworks General Obligation Refunding Bonds, 2020 Series A	13,665,000	13,665,000
<b>Total</b>	<b>\$30,420,000</b>	<b>\$17,155,000</b>

Source: Metropolitan.

<sup>(1)</sup> Voters authorized Metropolitan to issue \$850,000,000 of Waterworks General Obligation Bonds, Election 1966, in multiple series, in a special election held on June 7, 1966. This authorization has been fully utilized. This table lists bonds that refunded such Waterworks General Obligation Bonds, Election 1966.

### State Water Contract Obligations

**General.** As described herein, in 1960, Metropolitan entered into its State Water Contract with DWR to receive water from the State Water Project. All expenditures for capital and operations, maintenance, power and replacement costs associated with the State Water Project facilities used for water delivery are paid for by the 29 Contractors that have executed State water supply contracts with DWR,



including Metropolitan. Contractors are obligated to pay allocable portions of the cost of construction of the system and ongoing operating and maintenance costs, regardless of quantities of water available from the project. Other payments are based on deliveries requested and actual deliveries received, costs of power required for actual deliveries of water, and offsets for credits received. In exchange, Contractors have the right to participate in the system, with an entitlement to water service from the State Water Project and the right to use the portion of the State Water Project conveyance system necessary to deliver water to them at no additional cost as long as capacity exists. Metropolitan's State Water Contract accounts for nearly one-half of the total entitlement for State Water Project water contracted for by all Contractors.

DWR and other State Water Project contractors, including Metropolitan, have executed an amendment to extend their State water supply contracts from 2035 to 2085 and to make certain changes related to the financial management of the State Water Project in the future. See "METROPOLITAN'S WATER SUPPLY—State Water Project – State Water Contract" in this Appendix A.

Metropolitan's payment obligation for the State Water Project for the fiscal year ended June 30, 2024 was estimated to be \$707.7 million, which amount reflects prior year's credits of \$63.5 million. For the fiscal year ended June 30, 2024, Metropolitan's payment obligations under the State Water Contract were approximately 35.8 percent of Metropolitan's total annual expenses. A portion of Metropolitan's annual property tax levy is for payment of State Water Contract obligations, as described above under "METROPOLITAN REVENUES—Revenue Allocation Policy and Tax Revenues" in this Appendix A. Any deficiency between tax levy receipts and Metropolitan's State Water Contract obligations is expected to be paid from Operating Revenues, as defined in the Senior Debt Resolutions. See Note 11(a) to Metropolitan's audited financial statements in Appendix B for an estimate of Metropolitan's payment obligations under the State Water Contract. See also "—Power Sources and Costs; Related Long-Term Commitments" for a description of current and future costs for electric power required to operate State Water Project pumping systems and a description of litigation involving the federal relicensing of the Hyatt-Thermalito hydroelectric generating facilities at Lake Oroville.

Metropolitan capitalizes its share of the State Water Project capital costs as participation rights in State Water Project facilities as such costs are billed by DWR. Unamortized participation rights essentially represent a prepayment for future water deliveries through the State Water Project system. Metropolitan's share of system operating and maintenance costs are annually expensed.

DWR and various subsets of the State Water Project contractors have entered into amendments to the State water supply contracts related to the financing of certain State Water Project facilities. The amendments establish procedures to provide for the payment of construction costs financed by DWR bonds by establishing separate subcategories of charges to produce the revenues required to pay all of the annual financing costs (including coverage on the allocable bonds) relating to the financed project. If any affected Contractor defaults on payment under certain of such amendments, the shortfall may be collected from the non-defaulting affected Contractors, subject to certain limitations.

These amendments represent additional long-term obligations of Metropolitan, as described below.

***Devil Canyon-Castaic Contract.*** On June 23, 1972, Metropolitan and five other Southern California public agencies entered into a contract (the "Devil Canyon-Castaic Contract") with DWR for the financing and construction of the Devil Canyon and Castaic power recovery facilities, located on the aqueduct system of the State Water Project. Under this contract, DWR agreed to build the Devil Canyon and Castaic facilities, using the proceeds of revenue bonds issued by DWR under the State Central Valley Project Act. DWR also agreed to use and apply the power made available by the construction and operation of such facilities to deliver water to Metropolitan and the other contracting agencies. Metropolitan, in turn, agreed to pay to DWR 88 percent of the debt service on the revenue bonds issued by DWR. The bonds matured and were fully retired on July 1, 2022, and thus there are no further debt service obligations for Metropolitan. Additionally, Metropolitan agreed to pay 78.5 percent of the ongoing operation and



maintenance expenses of the Devil Canyon facilities and 96 percent of the operation and maintenance expenses of the Castaic facilities.

**Off-Aqueduct Power Facilities.** In addition to system “on-aqueduct” power facilities costs, DWR has, either on its own or by joint venture, financed certain off-aqueduct power facilities. The power generated is utilized by the system for water transportation and other State Water Project purposes. Power generated in excess of system needs is marketed to various utilities and the CAISO. Metropolitan is entitled to a proportionate share of the revenues resulting from sales of excess power. By virtue of a 1982 amendment to the State Water Contract and the other water supply contracts, Metropolitan and the other water Contractors are responsible for paying the capital and operating costs of the off-aqueduct power facilities regardless of the amount of power generated.

**East Branch Enlargement Amendment.** In 1986, Metropolitan’s State Water Contract and the water supply contracts of certain other State Water Project contractors were amended for the purpose, among others, of financing the enlargement of the East Branch of the California Aqueduct. Under the amendment, enlargement of the East Branch can be initiated either at Metropolitan’s request or by DWR finding that enlargement is needed to meet demands. In November 2023, DWR prepared a final report for East Branch Enlargement cost reallocation methods. The report describes the methods used to determine the East Branch Enlargement cost allocation with the distinction between enlargement and improvement categories and the associated cost recovery methodology. Discussions among Metropolitan, the other State Water Project contractors on the East Branch, and DWR on any timetable and plan for future East Branch enlargement actions have been deferred.

The amendment establishes a separate subcategory of the Transportation Charge under the State water supply contracts for the East Branch Enlargement and provides for the payment of costs associated with financing and operating the East Branch Enlargement. Under the amendment, the annual financing costs for such facilities financed by bonds issued by DWR are allocated among the participating State Water Project contractors based upon the delivery capacity increase allocable to each participating Contractor. Such costs include, but are not limited to, debt service, including coverage requirements, deposits to reserves, and certain operation and maintenance expenses, less any credits, interest earnings or other moneys received by DWR in connection with this facility.

If any participating Contractor defaults on payment of its allocable charges under the amendment, among other things, the non-defaulting participating Contractors may assume responsibility for such charges and receive delivery capability that would otherwise be available to the defaulting participating Contractor in proportion to the non-defaulting Contractor’s participation in the East Branch Enlargement. If participating Contractors fail to cure the default, Metropolitan will, in exchange for the delivery capability that would otherwise be available to the defaulting participating Contractor, assume responsibility for the capital charges of the defaulting participating Contractor.

**Water System Revenue Bond Amendment.** In 1987, Metropolitan’s State Water Contract and other water supply contracts were amended for the purpose of financing State Water Project facilities through revenue bonds. This amendment establishes a separate subcategory of the Delta Water Charge and the Transportation Charge under the State water supply contracts for projects financed with DWR water system revenue bonds. This subcategory of charge provides the revenues required to pay the annual financing costs of the bonds and consists of two elements. The first element is an annual charge for repayment of capital costs of certain revenue bond financed water system facilities under the existing water supply contract procedures. The second element is a water system revenue bond surcharge to pay the difference between the total annual charges under the first element and the annual financing costs, including coverage and reserves, of DWR’s water system revenue bonds.

If any Contractor defaults on payment of its allocable charges under this amendment, DWR is required to allocate a portion of the default to each of the non-defaulting Contractors, subject to certain



limitations, including a provision that no non-defaulting Contractor may be charged more than 125 percent of the amount of its annual payment in the absence of any such default. Under certain circumstances, the non-defaulting Contractors would be entitled to receive an allocation of the water supply of the defaulting Contractor.

The following table sets forth Metropolitan's projected costs of State Water Project water based upon DWR's Appendix B to Bulletin 132-23 (an annual report (for this purpose, the 2023 report) produced by DWR setting forth data and computations used by the State in determining State Water Project contractors' Statements of Charges), Metropolitan's share of the forecasted costs associated with the planning of a single tunnel Bay-Delta conveyance project (see "METROPOLITAN'S WATER SUPPLY—State Water Project—Bay-Delta Proceedings Affecting State Water Project—*Bay-Delta Planning Activities*" and "—*Delta Conveyance*" in this Appendix A), and power costs forecasted by Metropolitan.

The projections for fiscal years 2024-25 through 2028-29 reflect Metropolitan's biennial budget for fiscal years 2024-25 and 2025-26, which includes a ten-year financial forecast, and are on a cash basis. See also "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A. The projections reflect certain assumptions concerning future events and circumstances which may not occur or materialize. Actual costs may vary from these projections if such events and circumstances do not occur as expected or materialize, and such variances may be material.

**PROJECTED COSTS OF METROPOLITAN  
FOR STATE WATER CONTRACT AND DELTA CONVEYANCE  
(Dollars in Millions)**

<b>Year Ending June 30</b>	<b>Capital Costs<sup>(1)</sup></b>	<b>Minimum OMP&amp;R<sup>(1)</sup></b>	<b>Power Costs<sup>(2)</sup></b>	<b>Refunds &amp; Credits<sup>(1)</sup></b>	<b>Delta Conveyance <sup>(3)(4)</sup></b>	<b>Total<sup>(5)</sup></b>
2025	\$ 197	\$ 331	\$ 119	\$ (67)	\$ 12	\$ 592
2026	\$ 193	\$ 345	\$ 242	\$ (76)	\$ —	\$ 704
2027	\$ 200	\$ 365	\$ 240	\$ (58)	\$ —	\$ 747
2028	\$ 210	\$ 387	\$ 239	\$ (59)	\$ —	\$ 777
2029	\$ 228	\$ 406	\$ 237	\$ (57)	\$ —	\$ 813

*Source: Metropolitan.*

- (1) Capital Costs, Minimum Operations, Maintenance, Power and Replacement ("OMP&R") and Refunds and Credits projections are based on DWR's Appendix B to Bulletin 132-23.
- (2) Power costs are forecasted by Metropolitan based on a State Water Project allocation of 50 percent in calendar year 2025, 48 percent in calendar year 2026, 47 percent in calendar year 2027, 46 percent in calendar year 2028, and 44 percent in calendar year 2029. Availability of State Water Project supplies vary, and deliveries may include transfers and storage. All deliveries are based upon availability, as determined by hydrology, water quality and wildlife conditions. See "METROPOLITAN'S WATER SUPPLY—State Water Project" and "—Endangered Species Act and Other Environmental Considerations Relating to Water Supply" in this Appendix A.
- (3) Based on Metropolitan's share of the forecasted planning costs for a single tunnel project. Does not include any capital costs associated with any future Bay-Delta conveyance project.
- (4) In December 2024, the Board authorized the expenditure of \$141.6 million for Delta Conveyance planning costs in 2026 and 2027. These additional planning costs were not included in Metropolitan's adopted biennial budget for fiscal years 2024-25 and 2025-26 and the ten-year financial forecast. See "METROPOLITAN'S WATER SUPPLY—State Water Project—Bay-Delta Proceedings Affecting State Water Project—*Delta Conveyance*" in this Appendix A.
- (5) Totals may not add due to rounding.



## Power Sources and Costs; Related Long-Term Commitments

Current and future costs for electric power required for operating the pumping systems of the CRA and the State Water Project are a substantial part of Metropolitan's overall expenses. Metropolitan's power costs include various ongoing fixed annual obligations under its contracts with the U.S. Department of Energy Western Area Power Administration and the Bureau of Reclamation for power from the Hoover Power Plant and Parker Power Plant, respectively. Under the terms of the Hoover Power Plant and Parker Power Plant contracts, Metropolitan purchases energy to pump water through the CRA. Expenses for electric power for the CRA for the fiscal years 2022-23 and 2023-24 were approximately \$161.9 million and \$42.8 million, respectively. Payments made under the Hoover Power Plant and Parker Power Plant contracts are operation and maintenance expenses. Expenses for electric power and transmission service for the State Water Project for fiscal years 2022-23 and 2023-24 were approximately \$96.2 million and \$234.1 million, respectively. Electricity markets are subject to volatility and Metropolitan is unable to give any assurance with respect to the magnitude of future power costs.

***Colorado River Aqueduct.*** Approximately 50 percent of the annual power requirements for pumping at full capacity (1.25 million acre-feet of Colorado River water) in Metropolitan's CRA are secured through long-term contracts for energy generated from federal facilities located on the Colorado River (Hoover Power Plant and Parker Power Plant). Payments made under the Hoover Power Plant and Parker Power Plant contracts are operation and maintenance expenses. These contracts provide Metropolitan with reliable and economical power resources to pump Colorado River water to Metropolitan's service area.

As provided for under the Hoover Power Allocation Act of 2011 (H.R. 470), Metropolitan has executed a 50-year agreement with the Western Area Power Administration for the continued purchase of electric energy generated at the Hoover Power Plant through September 2067, succeeding Metropolitan's prior Hoover contract that expired on September 30, 2017.

Depending on pumping conditions, Metropolitan can require additional energy in excess of the base resources available to Metropolitan from the Hoover Power Plant and Parker Power Plant. The remaining up to approximately 50 percent of annual pumping power requirements for full capacity pumping on the CRA is obtained through energy purchases from municipal and investor-owned utilities, third party suppliers, or the CAISO markets. Metropolitan is a member of the Western Systems Power Pool ("WSPP") and utilizes its industry standard form contract to make wholesale power purchases at market cost. The long-term drought conditions have reduced the water level of Lake Mead and led to declining generation output from Hoover Dam, a condition that is expected to remain for the next several years. This, combined with continued high pumping demand on the CRA, will likely lead to increased reliance on supplemental energy purchases from the WSPP or CAISO markets and continued higher than normal energy costs for the CRA.

Gross diversions of water from Lake Havasu for fiscal years 2022-23 and 2023-24 were approximately 956,382 acre-feet and 707,364 acre-feet, respectively, including Metropolitan's basic apportionment of Colorado River water and supplies from water transfer and storage programs. In fiscal years 2022-23 and 2023-24, Metropolitan purchased approximately 962,595 megawatt-hours and 486,201 megawatt-hours, respectively, of additional energy.

Metropolitan has agreements with the Arizona Electric Power Cooperative ("AEP") to provide transmission and energy purchasing services to support CRA power operations. The term of these agreements extends to December 31, 2035. AEP's subsidiary, ACES, provides energy scheduling services for Metropolitan's share of Hoover and Parker generation and CRA pumping load.



**State Water Project.** The State Water Project's power requirements are met from a diverse mix of resources, including State-owned hydroelectric generating facilities and short-term contracts entered into by DWR. These resources represent approximately 46 percent of the State Water Project's estimated power requirements for 2024. The remainder of the State Water Project power needs is met by purchases from the CAISO.

DWR is seeking renewal of the license issued by FERC for the State Water Project's Hyatt-Thermalito hydroelectric generating facilities at Lake Oroville. A Settlement Agreement containing recommended conditions for the new license was submitted to FERC in March 2006. That agreement was signed by over 50 stakeholders, including Metropolitan and other State Water Project contractors. With only a few minor modifications, FERC staff recommended that the Settlement Agreement be adopted as the condition for the new license. DWR issued a final EIR for the relicensing project on July 22, 2008.

Regulatory permits and authorizations are also required before the new license can take effect. In December 2016, NMFS issued a biological opinion setting forth the terms and conditions under which the relicensing project must operate in order to avoid adverse impacts to threatened and endangered species. This was the last major regulatory requirement prior to FERC issuing a new license. Metropolitan anticipates that FERC will issue the new license; however, the timeframe for FERC approval is not currently known. However, FERC has issued one-year renewals of the existing license since its initial expiration date on January 31, 2007 and is expected to issue successive one-year renewals until a new license is obtained.

DWR receives transmission service from the CAISO. The transmission service providers participating in the CAISO may seek increased transmission rates, subject to the approval of FERC. DWR has the right to contest any such proposed increase. DWR may also be subject to increases in the cost of transmission service as new electric grid facilities are constructed.

Numerous legislative bills and Executive Orders have been enacted over the years addressing California's GHG emissions that ultimately affect energy prices. The California Global Warming Solutions Act of 2006 (AB 32, Núñez), required California to reduce its GHG emissions to 1990 levels by 2020. SB 32 (2016, Pavley) extended AB 32 by requiring the State to reduce GHG emissions to 40 percent below 1990 levels by 2030. In 2018, Governor Brown signed SB 100 (de León) and Executive Order B-55-18, establishing the policy of the State that eligible renewable energy resources and zero-carbon resources supply 100 percent clean energy to all California end-use customers and State agencies by December 31, 2045. SB 100 also increased the 2030 Renewables Portfolio Standard ("RPS") requirement for retail electric utilities from 50 percent to 60 percent. Metropolitan and DWR are not subject to the RPS requirements. However, as a State agency, DWR is subject to the Executive Order. DWR has an existing climate action plan in order to achieve carbon neutrality by 2045. SB 1020 (2022, Laird) accelerated the date by which State agencies, including DWR, must procure 100 percent of electricity from eligible renewable energy resources and zero-carbon resources from December 31, 2045 to December 31, 2035, and would mandate certain criteria and process requirements that would apply to DWR in connection with its procurement of renewable and zero-carbon resources for the State Water Project.

On October 9, 2019, Governor Newsom signed SB 49 into law. SB 49 requires Natural Resources, in collaboration with the California Energy Commission and DWR, to assess by January 1, 2022 the opportunities and constraints for potential operational and structural upgrades to the State Water Project to aid California in achieving its climate and energy goals, and to provide associated recommendations consistent with California's energy goals. DWR submitted its draft SB 49 report to the Governor's office for review in April 2022.



## Defined Benefit Pension Plan and Other Post-Employment Benefits

Metropolitan is a member of the California Public Employees' Retirement System ("PERS"), a multiple-employer pension system that provides a contributory defined-benefit pension for substantially all Metropolitan employees. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State. PERS is a contributory plan deriving funds from employee contributions as well as from employer contributions and earnings from investments. A menu of benefit provisions is established by State statutes within the Public Employees' Retirement Law. Metropolitan selects optional benefit provisions from the benefit menu by contract with PERS.

Metropolitan makes contributions to PERS based on actuarially determined employer contribution rates. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration ("PERS Board"). Employees hired prior to January 1, 2013 are required to contribute 7.00 percent of their earnings (excluding overtime pay) to PERS. Pursuant to the current memoranda of understanding, Metropolitan contributes the requisite 7.00 percent contribution for all employees represented by the Management and Professional Employees Association, the Association of Confidential Employees, Supervisors and Professional Personnel Association and AFSCME Local 1902 and who were hired prior to January 1, 2012. Employees in all four bargaining units who were hired on or after January 1, 2012 but before January 1, 2013, pay the full 7.00 percent contribution to PERS for the first five years of employment. After the employee completes five years of employment, Metropolitan contributes the requisite 7.00 percent contribution. Metropolitan also contributes the entire 7.00 percent on behalf of unrepresented employees. Employees hired on or after January 1, 2013 and who are "new" PERS members as defined by the Public Employees' Pension Reform Act of 2013 pay a member contribution of 8.00 percent in fiscal year 2023-24 through 2025-26. In addition, Metropolitan is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members.

The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by PERS. The fiscal year contributions were/are based on the following actuarial reports and discount rates:

<b>Fiscal Year</b>	<b>Actuarial Valuation</b>	<b>Discount Rate</b>
2021-22	June 30, 2019	7.00%
2022-23	June 30, 2020	7.00%
2023-24	June 30, 2021	6.80%
2024-25	June 30, 2022	6.80%
2025-26	June 30, 2023	6.80%

The most recent actuarial valuation reports of PERS, as well as other information concerning benefits and other matters concerning the PERS plan, are available on the PERS website at <https://www.calpers.ca.gov/page/employers/actuarial-resources/public-agency-actuarial-valuation-reports>. Such information is not incorporated by reference herein. Metropolitan cannot guarantee the accuracy of such information. Actuarial valuations are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial valuations will change with the future experience of the pension plans.



In July 2021, PERS' Funding Risk Mitigation Policy triggered an automatic discount rate reduction from 7.00 percent to 6.80 percent due to the double-digit investment return for fiscal year 2021 to offset the cost of reducing the expected volatility of future investment returns.

On November 17, 2021, the PERS Board adopted new actuarial assumptions based on the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rate of salary increases, and inflation assumption for public agencies. The PERS Board also changed the strategic asset allocation, capital market assumptions, and economic assumptions all of which support the new 6.80 percent discount rate. In addition, the PERS Board reduced the inflation assumption from 2.50 percent to 2.30 percent. These changes were incorporated in the June 30, 2021 valuation, which impacted Metropolitan's required contribution for fiscal year 2023-24.

Metropolitan was required to contribute 35.74 percent and 33.98 percent of annual projected payroll for fiscal years 2022-23 and 2023-24, respectively. Metropolitan's actual contribution for fiscal years 2022-23 and 2023-24 were \$88.2 million or 35.31 percent of annual covered payroll and \$89.7 million or 32.04 percent of annual covered payroll, respectively. The fiscal years 2022-23 and 2023-24 actual contribution included \$10.6 million or 4.24 percent and \$10.9 million or 3.89 percent of annual covered payroll, respectively, for Metropolitan's pick-up of the employees' 7.00 percent share. For fiscal years 2024-25 and 2025-26, Metropolitan is required to contribute 37.52 percent and 36.88 percent of annual projected payroll, respectively, in addition to member contributions paid by Metropolitan.

Metropolitan's required contributions to PERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. The PERS Board has adjusted and may in the future further adjust certain assumptions used in the PERS actuarial valuations, which may increase Metropolitan's required contributions to PERS in future years. Accordingly, Metropolitan cannot provide any assurances that its required contributions to PERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions.

The PERS Board adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The policy shortened the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the policy removed the five-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumption changes and non-investment gains/losses. The policy removed the five-year ramp-down on investment gains/losses. These changes applied only to new unfunded accrued liability bases established on or after June 30, 2019.



The following table shows the funding progress of Metropolitan's pension plan.

<b>Valuation Date</b>	<b>Accrued Liability (\$ in billions)</b>	<b>Market Value of Assets (\$ in billions)</b>	<b>Unfunded Accrued Liability (\$ in billions)</b>	<b>Funded Ratio</b>
6/30/23 <sup>(1)</sup>	\$2.982	\$2.091	\$(0.891)	70.1%
6/30/22	\$2.875	\$2.015	\$(0.859)	70.1%
6/30/21	\$2.752	\$2.228	\$(0.524)	81.0%
6/30/20	\$2.625	\$1.848	\$(0.777)	70.4%
6/30/19	\$2.534	\$1.810	\$(0.724)	71.4%

*Source: California Public Employees' Retirement System*

<sup>(1)</sup> Most recent actuarial valuation available.

The market value of assets reflected above is based upon the most recent actuarial valuation as of June 30, 2023. The June 30, 2023 valuation report will be used to establish the contribution requirements for fiscal year 2025-26. Increased volatility has been experienced in the financial markets in recent years. Significant losses in market value or failure to achieve projected investment returns could substantially increase unfunded pension liabilities and future pension costs.

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The following tables show the changes in Net Pension Liability and related ratios of Metropolitan's pension plan.

(Dollars in thousands)	06/30/24	06/30/23	Increase/ (Decrease)
<b>Total Pension Liability</b>	\$ 2,926,787	\$ 2,807,458	\$ 119,329
<b>Plan Fiduciary Net Position</b>	2,092,884	2,016,832	76,052
<b>Plan Net Pension Liability</b>	\$ 833,903	\$ 790,626	\$ 43,277
Plan fiduciary net positions as a % of the total pension liability	71.51%	71.84%	
Covered payroll	\$ 249,812	\$ 241,288	
Plan net pension liability as a % of covered payroll	333.81%	327.67%	

(Dollars in thousands)	06/30/23	6/30/22	Increase/ (Decrease)
<b>Total Pension Liability</b>	\$ 2,807,458	\$ 2,669,675	\$ 137,783
<b>Plan Fiduciary Net Position</b>	2,016,832	2,229,075	(212,243)
<b>Plan Net Pension Liability</b>	\$ 790,626	\$ 440,600	\$ 350,026
Plan fiduciary net positions as a % of the total pension liability	71.84%	83.50%	
Covered payroll	\$ 241,288	\$ 235,294	
Plan net pension liability as a % of covered payroll	327.67%	187.26%	

Source: GASB 68 Accounting Report for the respective measurement date prepared for Metropolitan by the California Public Employees' Retirement System.

The Net Pension Liability for Metropolitan's Miscellaneous Plan for the fiscal years ended June 30, 2023 and 2024 were measured as of June 30, 2022 and June 30, 2023, respectively, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of June 30, 2021 and June 30, 2022, respectively.

For more information on the plan, see APPENDIX B—"THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND JUNE 30, 2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2025 AND 2024 (UNAUDITED)."

Metropolitan currently provides post-employment medical insurance to retirees and pays the post-employment medical insurance premiums to PERS. On January 1, 2012, Metropolitan implemented a longer vesting schedule for retiree medical benefits, which applies to all new employees hired on or after January 1, 2012. Payments for this benefit were \$14.9 million in fiscal year 2022-23 and \$15.3 million in fiscal year 2023-24. Employees are not required to contribute to the plan. Under Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits*



*Other Than Pensions*, Metropolitan is required to account for and report the outstanding obligations and commitments related to such benefits, commonly referred to as other post-employment benefits (“OPEB”), on an accrual basis.

The actuarial valuations dated June 30, 2021 and June 30, 2023, were released in May of 2022 and April of 2024, respectively. The 2021 valuation indicated that the Actuarially Determined Contribution (“ADC”) in fiscal years 2022-23 and 2023-24 were \$14.9 million and \$15.3 million, respectively, and the 2023 valuation indicated that the ADC will be \$23.0 million and \$23.7 million in fiscal years 2024-25 and 2025-26, respectively. The ADC consists of two parts: (1) the normal cost, which represents the annual cost attributable to service earned in a given year and (2) the layered amortization of Unfunded Actuarial Liability as a level percentage of payroll.

The actuarial assumptions included the following:

	<b>June 30, 2023 Valuation</b>	<b>June 30, 2021 Valuation</b>
Actuarial Cost Method	Entry Age, level percentage of payroll	Entry age, level percentage of payroll
Amortization Method/Period	Level percentage of payroll over 23 year closed period from 6/30/2014 plus 15-year closed layers of future gains/losses/assumption changes/plan changes	Level percentage of payroll over 23 year closed period (15 years remaining on measurement date 6/30/20)
Asset Valuation Method	Gains/losses on the Actuarial Value of Assets spread over 5-year rolling periods with corridor of 80% and 120% of market value	Investment gains/losses spread over 5 year rolling period with corridor of 80% and 120% of fair value
Investment Rate of Return	6.75%	6.75%
Inflation	2.80%	3.00%
Mortality, Disability, Termination, Retirement	CalPERS Assumptions set in 2021	CalPERS 2000-2019 Experience Study
Health Care Cost Trends	Pre-Medicare -12.72% for 2023, grading down to 4.14% for 2076 Medicare –8.45% for 2023, grading down to 4.14% for 2076	Pre-Medicare - 6.80% for 2023, grading down to 3.83% for 2076 and later Medicare –5.40% for 2022, grading down to 3.83% for 2076 and later
Mortality Improvement	Base 2017 rates are projected generationally for future years using 80% of the Society of Actuaries’ Scale MP-2020	Mortality projected fully generational with Scale MP-2021

As of June 30, 2023, the date of the most recent OPEB actuarial valuation report, the unfunded actuarial liability was estimated to be \$122.1 million and projected to be \$125.0 million at June 30, 2024.

In September 2013, Metropolitan’s Board established an irrevocable OPEB trust fund with the California Employers’ Retiree Benefit Trust Fund. The market value of assets in the trust as of June 30, 2024 was \$380.2 million. As part of its biennial budget process, the Board approved the full funding of the ADC for fiscal years 2024-25 and 2025-26.



In recent years, financial markets have experienced increased volatility. Factors such as declines in the market value of the OPEB trust fund, failure to achieve projected investment returns, and the recent increase in the 2025 CalPERS premium rates driven by higher service costs, increased use of high-cost specialty drugs, and the anticipated impact of the IRA could negatively affect the trust fund's funding status. These challenges may also lead to higher ADCs in the future.

The following tables show the changes in Net OPEB Liability and related ratios of Metropolitan's OPEB plan.

(Dollars in thousands)	06/30/24	6/30/23	Increase/ (Decrease)
<b>Total OPEB Liability</b>	\$ 493,593	\$ 443,189	\$ 50,404
<b>Plan Fiduciary Net Position</b>	345,288	328,536	16,752
<b>Plan Net OPEB Liability</b>	\$ 148,305	\$	\$ 33,652
Plan fiduciary net positions as a % of the total OPEB liability	69.95%	74.13%	
Covered payroll	\$ 249,812	\$ 241,288	
Plan net OPEB liability as a % of covered payroll	59.37%	47.52%	

(Dollars in thousands)	06/30/23	6/30/22	Increase/ (Decrease)
<b>Total OPEB Liability</b>	\$ 443,189	\$ 429,603	\$ 13,586
<b>Plan Fiduciary Net Position</b>	328,536	377,321	(48,785)
<b>Plan Net OPEB Liability</b>	\$ 114,653	\$ 52,282	\$ 62,371
Plan fiduciary net positions as a % of the total OPEB liability	74.13%	87.83%	
Covered payroll	\$ 241,288	\$ 235,294	
Plan net OPEB liability as a % of covered payroll	47.52%	22.22%	

Source: GASB Statement No. 74/75 Report for the respective fiscal year prepared for Metropolitan by its actuary for the Retiree Healthcare Plan.

The Net OPEB Liability for the years ended June 30, 2023 and 2024 were measured as of June 30, 2022 and June 30, 2023, respectively, and the Total OPEB Liability used to calculate the Net OPEB Liability as of such dates were determined by an annual actuarial valuation as of June 30, 2021 and 2023, respectively.

For more information on the OPEB plan, see APPENDIX B—"THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND JUNE 30, 2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2025 AND 2024 (UNAUDITED)."



## HISTORICAL AND PROJECTED REVENUES AND EXPENSES

The “Historical and Projected Revenues and Expenses” table below for fiscal years 2021-22 through 2028-29, provides a summary of revenues and expenses of Metropolitan prepared on a cash basis. This is consistent with Metropolitan’s current budgetary reporting method. Under cash basis accounting, water sales revenues are recorded when received (two months after billed) and expenses when paid (approximately one month after invoiced). The table does not reflect the accrual basis of accounting, which is used to prepare Metropolitan’s annual audited financial statements. Under accrual accounting, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of the timing of related cash flows.

The financial projection for fiscal year 2024-25 in the table below is based on actual results through December 2024 and revised projections for the balance of the fiscal year. The financial projections for fiscal years 2025-26 through 2028-29 in the table below reflect the biennial budget for fiscal years 2024-25 and 2025-26 as well as a ten-year financial forecast provided therein on a cash basis. The financial projections include Metropolitan’s share of the forecasted costs associated with the planning of a single tunnel Bay-Delta conveyance project and certain costs associated with PWSC. See “METROPOLITAN’S WATER SUPPLY–State Water Project –Bay-Delta Proceedings Affecting State Water Project – *Bay-Delta Planning Activities*” and “– *Delta Conveyance*” and “REGIONAL WATER RESOURCES–Local Water Supplies – Recycled Water-Metropolitan Pure Water Southern California Program” in this Appendix A.

The projections are based on assumptions concerning future events and circumstances that may impact revenues and expenses and represent management’s best estimates of results at this time. See the footnotes to the table below entitled “HISTORICAL AND PROJECTED REVENUES AND EXPENSES” and “MANAGEMENT’S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES” for relevant assumptions, including projected water transactions and the average annual increase in the effective water rate, and “MANAGEMENT’S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES” for a discussion of potential impacts. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the projection period will vary from the projections and the variations may be material. The budget and projection information, and all other forward-looking statements in this Appendix A, are based on current expectations and are not intended as representations of facts or guarantees of future results.

The presentation below is consistent with Metropolitan’s current budgetary reporting method. Metropolitan will continue to calculate compliance with its rate covenants, limitations on additional bonds and other financial covenants in the Resolutions in accordance with their terms.

The presentation below differs from that previously presented in certain of Metropolitan’s prior offering documents and continuing disclosure annual report filings with respect to the actual and expected use of certain funds on hand and the application of Reserve Transfers as offsets to operating and maintenance expenses and as Additional Revenues, respectively. Metropolitan now consistently applies these funds as set forth in the table below, which impacted the bond and fixed-charge coverage calculation in fiscal year 2021-22 through fiscal year 2024-25. O&M, CRA Power and Water Transfer Costs were updated to reflect the set-aside of \$12.8 million in fiscal year 2020-21, and the use of \$26.5 million in fiscal year 2021-22 from the Exchange Agreement Set-Aside Fund to offset the \$50.5 million payment to SDCWA in connection with the litigation challenging Metropolitan’s rates. See “METROPOLITAN REVENUES–Litigation Challenging Rate Structure” in this Appendix A. Lastly, Reserve Transfers of \$153 million in fiscal year 2022-23, and \$229 million in 2023-24 are reflected in the table below.

Metropolitan’s resource planning projections are developed using a comprehensive analytical process that incorporates demographic growth projections from recognized regional planning entities, historical and projected data acquired through coordination with local agencies, and the use of generally accepted empirical and analytical methodologies. Due to the unpredictability of future hydrologic



conditions, Metropolitan's projected supplemental wholesale water transactions may vary considerably. Metropolitan's Water Resource Management provided projections of the volume of annual water transactions for the biennial budget for fiscal years 2024-25 and 2025-26 and ten-year financial forecast. Based on those projections and water sales in recent years, Metropolitan incorporated more conservative assumptions for water transactions in its biennial budget for fiscal years 2024-25 and 2025-26 and its ten-year financial forecast. The water transactions projections used to determine water rates and charges assume a transition from recent hydrologic conditions to average year hydrology. Actual water transactions are likely to vary from projections. As shown in the chart entitled "Historical Water Transactions" below, water transactions can vary significantly from average and demonstrates the degree to which Metropolitan's commitments to meet supplemental demands can impact water transactions. In years when actual transactions exceed projections, the revenues from water transactions during the fiscal year will exceed budget, potentially resulting in an increase in financial reserves. In years when actual transactions are less than projections, Metropolitan uses various tools to manage reductions in revenues, such as reducing expenses below budgeted levels, reducing funding of capital projects from revenues, and drawing on reserves. See "METROPOLITAN REVENUES—Financial Reserve Policy" in this Appendix A. See also "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES—Projected Fiscal Year 2024-25 Financial Results." Metropolitan considers actual transactions, revenues and expenses, and financial reserve balances in setting rates for future fiscal years.

As described above, the financial projection for fiscal year 2024-25 includes actual results through December 2024. Financial projections for fiscal years 2025-26 through 2028-29 reflect the biennial budget for fiscal years 2024-25 and 2025-26 and ten-year financial forecast provided therein on a cash basis. This includes the issuance of \$3,380 million of bonds for fiscal years 2024-25 through 2028-29 to finance a portion of the costs of the CIP including, for planning purposes, certain projected costs of PWSC if a project is approved. The projections also assume the issuance of an additional bonds during the same period to finance other capital expenditures of Metropolitan relating to conservation and supply programs, as described herein. See "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES" and "CAPITAL INVESTMENT PLAN—Capital Investment Plan Financing" in this Appendix A.

Water transactions with member agencies were 1.65 million acre-feet in fiscal year 2021-22, 1.39 million acre-feet for fiscal year 2022-23, and 1.17 million acre-feet in fiscal year 2023-24. Water transactions are projected to 1.35 million acre-feet for fiscal year 2024-25, 1.34 million acre-feet for fiscal year 2025-26, 1.34 million acre-feet for fiscal year 2026-27, 1.35 million acre-feet for fiscal year 2027-28 and 1.35 million acre-feet for fiscal year 2028-29. Water transactions for fiscal year 2024-25 include 100,000 acre-feet pre-purchased by member agencies under Metropolitan's reverse cyclic program. See "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES—Projected Fiscal Year 2024-25 Financial Results." Rates and charges increased by 8.5 percent for calendar year 2025, and will increase by 8.5 percent for calendar year 2026. Rates and charges are projected to increase by 11.5 percent for calendar year 2027, 11.5 percent for calendar year 2028, and 5.0 percent for calendar year 2029. Actual rates and charges to be effective in calendar year 2027 and thereafter are subject to adoption by Metropolitan's Board.

The biennial budget for fiscal years 2024-25 and 2025-26 assumes additional arrangements enabled by Metropolitan's record high storage reserves anticipated to generate revenues of \$60 million per year.

Financial projections for fiscal years 2024-25 through 2028-29 reflect a greater portion of Metropolitan's State Water Contract obligations being paid from property taxes. As assumed by the biennial budget for fiscal years 2024-25 and 2025-26, the Board increased the *ad valorem* tax rate to 0.0070 percent of full assessed valuation beginning in fiscal year 2024-25.

The projections were prepared by Metropolitan and have not been reviewed by independent certified public accountants or any entity other than Metropolitan. Dollar amounts are rounded.



**HISTORICAL AND PROJECTED REVENUES AND EXPENSES<sup>(a)</sup>**  
**Fiscal Years Ended June 30**  
**(Dollars in Millions)**

	Actual			Projected				
	2022 <sup>(o)</sup>	2023	2024	2025	2026	2027	2028	2029
	Actual	Actual	Actual	Projected	Adopted Budget	10-Yr. Forecast	10-Yr. Forecast	10-Yr. Forecast
Water Revenues <sup>(b)</sup>	\$ 1,523	\$ 1,323	\$1,167	\$ 1,486	\$ 1,511	\$ 1,659	\$ 1,862	\$ 2,018
Other Charge Revenues <sup>(c)</sup>	171	182	196	214	230	242	281	335
Total Operating Revenues	1,693	1,505	1,364	1,700	1,741	1,901	2,143	2,353
O&M, CRA Power and Water Transfer Costs <sup>(d)</sup>	(770)	(864)	(760)	(860)	(920)	(1,006)	(1,061)	(1,110)
Total SWC OMP&R and Power Costs <sup>(e)</sup>	(374)	(412)	(543)	(263)	(372)	(407)	(428)	(455)
Total Operation and Maintenance	(1,144)	(1,275)	(1,303)	(1,123)	(1,292)	(1,413)	(1,489)	(1,565)
Net Operating Revenues	\$ 549	\$ 229	\$ 61	\$ 577	\$ 449	\$ 487	\$ 653	\$ 788
Additional Revenue Sources								
Miscellaneous Revenue <sup>(f)</sup>	23	24	21	108	159	52	48	48
Reserve Transfers <sup>(g)</sup>	—	153	229	—	—	—	—	—
Sales of Hydroelectric Power <sup>(h)</sup>	9	6	13	12	18	15	13	12
Interest on Investments <sup>(i)</sup>	10	21	42	28	45	42	43	46
Total Additional Revenues	42	204	305	148	222	109	104	107
Adjusted Net Operating Revenues <sup>(j)</sup>	\$591	\$434	\$366	\$725	\$671	\$596	\$757	\$895
Senior Obligations	(178)	(172)	(197)	(208)	(198)	(234)	(280)	(418)
Subordinate Obligations	(97)	(121)	(125)	(131)	(151)	(134)	(138)	(56)
Senior and Subordinate Obligations <sup>(k)</sup>	(275)	(293)	(322)	(339)	(349)	(368)	(418)	(474)
Funds Available from Operations	\$ 316	\$ 141	\$ 44	\$ 386	\$ 322	\$ 228	\$ 340	\$ 421
Debt Service Coverage (DSC) on all Senior Bonds	3.32	2.52	1.86	3.48	3.40	2.55	2.71	2.14
DSC on all Senior and Subordinate Bonds <sup>(l)</sup>	2.15	1.48	1.14	2.14	1.92	1.62	1.81	1.89
Operating Equipment Expense	(4)	(7)	\$ (9)	\$ (10)	\$ (10)	\$ (11)	\$ (11)	\$ (12)
Pay-As-You Go Construction	(135)	(135)	(35)	(175)	(175)	(175)	(250)	(275)
Pay-As-You Go Funded from Replacement & Refurbishment Fund Reserves	1	2	—	—	—	—	—	—
Total SWC Capital Costs Paid from Current Year Operations	—	—	—	—	—	—	—	—
Remaining Funds Available from Operations	\$ 177	\$ —	\$ —	\$ 201	\$ 137	\$ 42	\$ 78	\$ 133
Fixed Charge Coverage <sup>(m)</sup>	2.15	1.48	1.14	2.14	1.92	1.62	1.81	1.89
Property Taxes <sup>(n)</sup>	\$ 160	\$ 198	\$ 202	\$ 331	\$ 334	\$ 342	\$ 351	\$ 359
General Obligation Bonds Debt Service Paid from Property Taxes	(8)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
SWC Capital Costs Paid from Property Taxes	(140)	(133)	(122)	(130)	(117)	(142)	(151)	(170)
SWC O&M Costs Paid from Property Taxes	(12)	(62)	(78)	(199)	(215)	(198)	(197)	(187)

Source: Metropolitan.

(Footnotes to table are on next pages)



(Footnotes to table on prior page)

- (a) Unaudited. Totals may not add due to rounding. Prepared on a cash basis. The projection for fiscal year 2024-25 is based on actual results through December 2024 and revised projections for the balance of the fiscal year. Projections for fiscal year 2025-26 through fiscal year 2028-29 are based on assumptions and estimates used in the biennial budget for fiscal years 2024-25 and 2025-26 and ten-year financial forecast provided therein and reflect the projected issuance of additional bonds. See “MANAGEMENT’S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES” in this Appendix A.
- (b) Water Revenues include revenues from water sales, exchanges, and wheeling. During the fiscal years ended June 30, 2022, 2023, and 2024, annual water transactions with member agencies (in acre-feet) were 1.65 million, 1.39 million, and 1.17 million, respectively. See the table entitled “Summary of Water Transactions and Revenues” under “METROPOLITAN REVENUES–Water Revenues” in this Appendix A. The water transactions projections (in acre-feet) are 1.35 million acre-feet for 2024-25, 1.34 million acre-feet for fiscal year 2025-26, 1.34 million acre-feet for fiscal years 2026-27, 1.35 million acre-feet for 2027-28, and 1.35 million acre-feet for fiscal years 2028-29. Projections reflect adopted overall rate and charge increase of 8.5 percent for each of the calendar years 2025 and 2026. Rates and charges are projected to increase 11.5 percent for calendar year 2027, 11.5 percent for calendar year 2028, and 5.0 percent for calendar year 2029, subject to adoption by Metropolitan’s Board. See “MANAGEMENT’S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES” in this Appendix A.
- (c) Includes revenues from water standby, readiness-to-serve, and capacity charges. The term Operating Revenues excludes *ad valorem* taxes. See “METROPOLITAN REVENUES–Other Charges” in this Appendix A.
- (d) Water Transfer Costs and PWSC planning costs (described under “REGIONAL WATER RESOURCES–Local Water Supplies – *Recycled Water-Metropolitan Pure Water Southern California Program*” in this Appendix A) are included in operation and maintenance expenses for purposes of calculating the debt service coverage on all Obligations. Operation and maintenance expenses also include \$24.0 million in fiscal year 2021-22 in connection with the SDCWA litigation challenging Metropolitan’s rates (\$50.5 million is the total paid in fiscal year 2021-2022, with the balance paid from the Exchange Agreement Set-Aside Fund). See METROPOLITAN REVENUES–Litigation Challenging Rate Structure” in this Appendix A. O&M, CRA Power and Water Transfer Costs are net of grant funds to be applied to fund planning costs of PWSC (see “REGIONAL WATER RESOURCES–Local Water Supplies – *Recycled Water-Metropolitan Pure Water Southern California Program*”) and California WaterFix refund monies held and applied to offset Delta Conveyance costs (\$4.5 million in fiscal year 2022-23 and \$30 million in fiscal year 2023-24). Also net of conservation and supply programs expenses expected to be paid from bond proceeds. See footnote (k) below.
- (e) Includes on- and off-aqueduct power and operation, maintenance, power and replacement costs payable under the State Water Contract and Delta Conveyance planning costs. See “METROPOLITAN EXPENSES–State Water Contract Obligations” in this Appendix A. See also “METROPOLITAN’S WATER SUPPLY–State Water Project –Bay-Delta Proceedings Affecting State Water Project –*Bay-Delta Planning Activities*” and “–*Delta Conveyance*” in this Appendix A. SWC OMP&R costs are net of (offset by) amounts paid from property taxes as detailed in the table above. See footnote (n) below.
- (f) May include lease and rental net proceeds, net proceeds from sale of surplus property, reimbursements and PWSC contributions. In fiscal year 2024-25 includes approximately \$47.3 million prior year IRA funding revenues. Includes \$60 million in revenues for fiscal year 2025-26 anticipated to be generated from additional arrangements enabled by Metropolitan’s record high storage reserves.
- (g) Reflects transfers from the Water Stewardship Fund, the Water Treatment Surcharge Stabilization Fund, and the Water Rate Stabilization Fund of \$153 million in fiscal year 2022-23, and transfers from the Water Rate Stabilization Fund and General Fund of \$229 million in fiscal year 2023-24.
- (h) Includes CRA power sales.
- (i) Does not include interest applicable to Bond Construction Funds, the Excess Earnings Funds, other trust funds and the Deferred Compensation Trust Fund. Includes net gain or loss on investments.
- (j) Adjusted Net Operating Revenues is the sum of all available revenues that the revenue bond resolutions specify may be considered by Metropolitan in setting rates and issuing additional Senior Revenue Bonds and Senior Parity Obligations and Subordinate Revenue Bonds and Subordinate Parity Obligations.

(Footnotes continue on next page)



(Footnotes continued from prior page)

- (k) Includes debt service on outstanding Senior Revenue Bonds, Senior Parity Obligations, Subordinate Revenue Bonds, Subordinate Parity Obligations, and additional Revenue Bonds (projected). Assumes bond issuances of approximately \$130 million in fiscal year 2024-25, approximately \$150 million in fiscal year 2025-26, approximately \$900 million in fiscal year 2026-27, approximately \$950 million in fiscal year 2027-28, and approximately \$1,250 million in fiscal year 2028-29. See “CAPITAL INVESTMENT PLAN–Capital Investment Plan Financing” in this Appendix A. In fiscal year 2024-25, Metropolitan issued \$309.1 million of Senior Revenue Bonds and Subordinate Revenue Bonds for the capital expenditures occurring in fiscal years 2024-25 and 2025-26. Also assumes the issuance of approximately \$215 million of bonds for other capital expenditures relating to conservation and supply programs in calendar year 2024, and \$29 million and \$19 million of bonds for other capital expenditures relating to conservation in fiscal years 2024-25 and 2025-26, respectively. Metropolitan has issued \$48.2 million of Senior Revenue Bonds to finance capital expenditures associated with the conservation program. Metropolitan has issued \$99.4 million of short-term notes consisting of Senior Parity Obligations to provide interim financing to fund capital expenditures related to the AVEK High Desert Water Bank Program. Such notes are expected to be refinanced through a financing to be undertaken by AVEKFA and the incurrence by Metropolitan of Subordinate Parity Obligations. See also “METROPOLITAN WATER SUPPLY–Water Transfer, Storage and Exchange Programs –State Water Project Agreements and Programs – *Antelope Valley-East Kern High Desert Water Bank Program*” and “METROPLITAN EXPENSES–Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations –Subordinate Parity Obligations – *Anticipated Incurrence of Financial Obligation*” in this Appendix A.
- (l) Adjusted Net Operating Revenues, divided by the sum of debt service on outstanding Senior Revenue Bonds, Senior Parity Obligations, Subordinate Revenue Bonds and Subordinate Parity Obligations and additional Revenue Bonds (projected). See “METROPOLITAN EXPENSES–Outstanding Senior Revenue Bonds and Senior Parity Obligations” and “–Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations” in this Appendix A.
- (m) Adjusted Net Operating Revenues, divided by the sum of State Water Contract capital costs paid from current year operations and debt service on outstanding Senior Revenue Bonds, Senior Parity Obligations, Subordinate Revenue Bonds and Subordinate Parity Obligations, and additional Revenue Bonds (projected).
- (n) *Ad valorem* tax rate increased to 0.0070 percent of full assessed valuation beginning in fiscal year 2024-25.
- (o) Information for fiscal year 2021-22 is presented on a cash basis in this table, consistent with Metropolitan’s current accounting method for budgetary purposes. Metropolitan’s accounting method changed from modified accrual basis to cash basis beginning with fiscal year 2022-23. Historical information through fiscal year 2021-22 in the table entitled “Summary of Revenues by Source” under the caption “METROPOLITAN REVENUES – Summary of Revenues by Source” and in the table entitled “Summary of Expenses” under the caption “METROPOLITAN EXPENSES – General” in this Appendix A reflect the modified accrual basis of accounting previously used by Metropolitan for budgetary purposes.

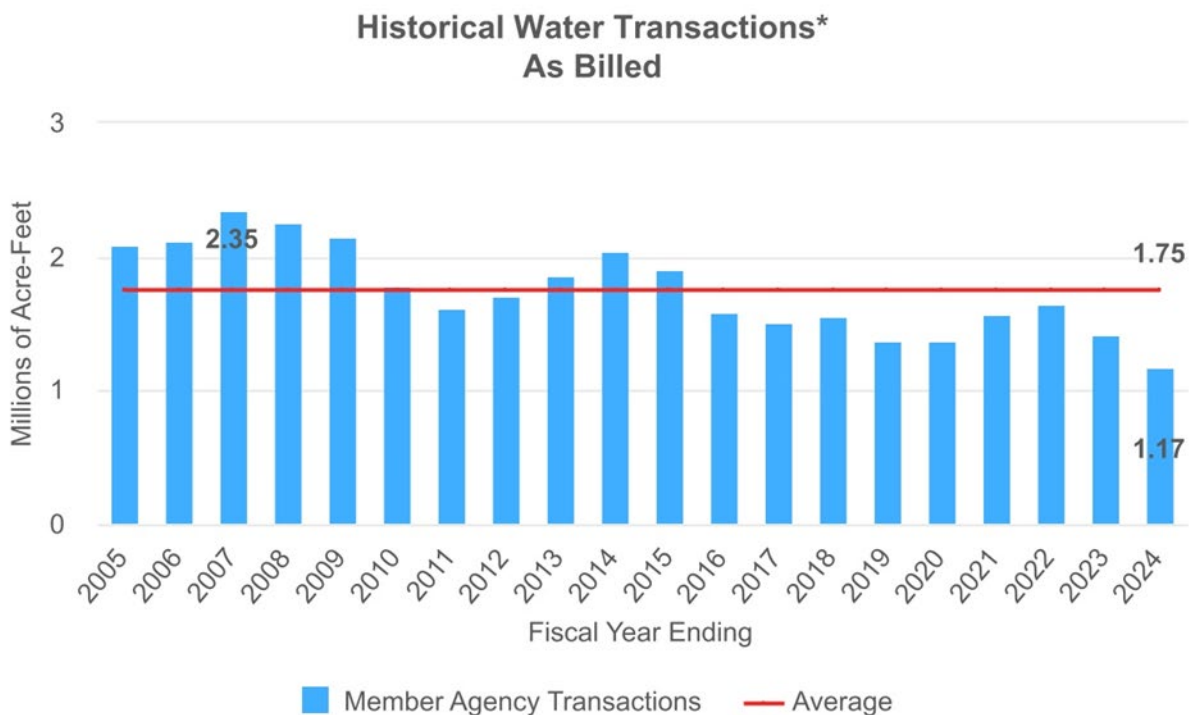
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## MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES

### Water Transactions Projections

The water transactions with member agencies in the table above for fiscal year 2021-22 were 1.65 million acre-feet, 1.41 million acre-feet for fiscal year 2022-23, and 1.17 million acre-feet for fiscal year 2023-24. The water transaction forecast is 1.35 million acre-feet for fiscal year 2024-25, 1.34 million acre-feet for fiscal year 2025-26, 1.34 million acre-feet for fiscal year 2026-27, 1.35 million acre-feet for 2027-28, and 1.35 million acre-feet for fiscal year 2028-29, consistent with the biennial budget and ten-year financial forecast. For purposes of comparison, Metropolitan's highest level of water transactions during the past 20 fiscal years was approximately 2.35 million acre-feet in fiscal year 2006-07 and the lowest was 1.17 million acre-feet in fiscal year 2023-24. The chart below shows the volume of water transactions with member agencies over the last 20 fiscal years.



\* Water transactions include sales, exchanges, and wheeling with member agencies.

### Water Revenues

Metropolitan projects revenues from water transactions will be about 75 percent of its total revenues after implementation of the adopted biennial budget for fiscal years 2024-25 and 2025-26. In adopting the budget and rates and charges for each fiscal year, Metropolitan's Board reviews the anticipated revenue requirements and projected water transactions to determine the rates necessary to produce the required revenues to be derived from water transactions during the fiscal year. Metropolitan sets rates and charges estimated to provide operating revenues sufficient, with other sources of funds, to provide for payment of its expenses. See "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.



Metropolitan's Board regularly adopts annual increases in water rates. See "METROPOLITAN REVENUES—Rate Structure" and "—Classes of Water Service" in this Appendix A. On April 9, 2024, the Board adopted average increases in rates and charges of 8.5 percent, which will become effective on each of January 1, 2025 and January 1, 2026. Rates and charges are projected to increase 11.5 percent for calendar year 2027, 11.5 percent for calendar year 2028, and 5.0 percent for calendar year 2029. Actual rates and charges to be effective in calendar year 2027 and thereafter are subject to adoption by Metropolitan's Board.

### **Projected Fiscal Year 2024-25 Financial Results**

Projections for fiscal year 2024-25, in the table above, are based on actual results through December 2024 and revised projections for the balance of the fiscal year. Water revenues for fiscal year 2024-25 are estimated to be \$1,486 million, approximately \$68 million more than budget projections. This increase in projected water revenues is primarily due to 100,000 acre-feet of reverse cyclic transactions with member agencies generating \$125.6 million. See also "REGIONAL WATER RESOURCES—Local Water Supplies – *Reverse Cyclic Program*" in this Appendix A.

Operation and maintenance expenses in fiscal year 2024-25 are estimated to be \$1,123 million, which represents approximately 55 percent of total estimated costs for fiscal year 2024-25. These expenditures include the costs of labor, electrical power, materials and supplies of both Metropolitan and its contractual share of the State Water Project. Metropolitan's operation and maintenance expenses are estimated to be \$146 million lower than budget in fiscal year 2024-25, which is primarily due to lower than expected costs associated with the State Water Contract and the AVEK High Desert Water Bank Program for such fiscal year. Comparatively, operations and maintenance expenditures in fiscal year 2023-24 were \$1,303 million, which represented approximately 66 percent of total costs. Overall, estimated expenditures for the twelve months ending June 30, 2025 are estimated to be \$2,062 million, which is under budget by \$187 million.

Metropolitan maintains cash reserves as a tool to manage the fluctuations in revenues and/or increases in expenses. Water revenues vary based on Metropolitan's water transactions, which are primarily driven by demand for Metropolitan's water supplies. Expenses may vary on a host of factors, including but not limited to construction costs, chemical costs for treatment, power costs, hydroelectric power production, variable rate debt costs, among other potential types of costs Metropolitan incurs. Metropolitan's unrestricted reserves provide the flexibility to increase rates on a scheduled basis as opposed to when additional revenues are needed intermittently. Metropolitan determined that it was appropriate to use a portion of its unrestricted reserves and other available funds in fiscal year 2023-24 to pay for permitted expenditures as a result of the rapid change in hydrology that were projected to reduce demand for Metropolitan supplies, and hence projected water revenues. Results for fiscal year 2023-24 reflected the use of approximately \$229 million of unrestricted reserves related to operating and maintenance. Projections for fiscal year 2024-25 do not anticipate using unrestricted reserves related to operating and maintenance.

Fiscal year 2024-25 senior revenue bond debt service coverage (on a cash basis) is estimated to be 3.48x. Fiscal year 2024-25 aggregate revenue bond debt service coverage (on a cash basis) is estimated to be 2.14x and the fixed charge coverage is estimated to be 2.14x. Fiscal year 2024-25 capital expenditures, estimated at \$382 million, are being partially funded by the proceeds of bonds issued in fiscal year 2023-24 for such purpose, grant funding, and the remainder from pay-as-you-go funding. Metropolitan's unrestricted reserves are projected to be approximately \$493 million on a cash basis at June 30, 2025. See "METROPOLITAN REVENUES—Financial Reserve Policy" in this Appendix A.

Financial projections for fiscal years 2025-26 through 2028-29 are reflected in the biennial budget for fiscal years 2024-25 and 2025-26 and ten-year financial forecast provided therein. The fiscal year



2024-25 and 2025-26 biennial budget and rates set the stage for predictable and reasonable rate increases over the ten-year planning period, with adopted overall rate increases of 8.5 percent for calendar year 2025 and 8.5 percent for calendar year 2026. The biennial budget for fiscal years 2024-25 and 2025-26 and ten-year financial forecast assumes rate increases of 11.5 percent for calendar year 2027, 11.5 percent for calendar year 2028 and 5.0 percent for calendar year 2029. Actual rates and charges to be effective in calendar year 2027 and thereafter are subject to adoption by Metropolitan's Board as part of the biennial budget process, at which point the ten-year forecast will be updated as well. Increases in rates and charges reflect the impact of reduced water transactions projections, increasing operations and maintenance costs, and increasing State Water Project costs, when compared to prior fiscal years.

Metropolitan's financial results during the fiscal years 2024-25 through 2028-29 may be impacted by current and subsequent developments relating to, among other things, the effects of changing hydrological conditions (including drought and extreme wet weather), unanticipated changes in member agencies' demands, new legislation, changes in environmental compliance requirements, unfavorable court decisions, and inflation and other national and regional economic conditions, as well as other unforeseen events.

See also the "Management's Discussion and Analysis" contained in APPENDIX B- "THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND JUNE 30, 2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2025 AND 2024 (UNAUDITED)."



Board Distribution Draft, ~~08/09/24~~[04/28/25](#)

## APPENDIX A

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### The Metropolitan Water District of Southern California

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## INTRODUCTION

*This Appendix A provides general information regarding The Metropolitan Water District of Southern California (“Metropolitan”), including information regarding Metropolitan’s operations and finances. Certain statements included or incorporated by reference in this Appendix A constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “project,” “expect,” “estimate,” “budget” or other similar words. Such statements are based on facts and assumptions set forth in Metropolitan’s current planning documents including, without limitation, its most recent biennial budget. The achievement of results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Actual results may differ from Metropolitan’s forecasts. Metropolitan is not obligated to issue any updates or revisions to the forward-looking statements in any event.*

*Metropolitan maintains a website that may include information on programs or projects described in this Appendix A; however, none of the information on Metropolitan’s website is incorporated by reference herein or is intended to assist investors in making an investment decision or to provide any additional information with respect to the information included in this Appendix A. The information presented on Metropolitan’s website is not part of the Official Statement and should not be relied upon in making investment decisions.*

### Formation and Purpose

Metropolitan is a metropolitan water district created in 1928 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”). The Act authorizes Metropolitan to: levy property taxes within its service area; establish water rates; impose charges for water standby and service availability; incur general obligation bonded indebtedness and issue revenue bonds, notes and short-term revenue certificates; execute contracts; and exercise the power of eminent domain for the purpose of acquiring property. In addition, Metropolitan’s Board of Directors (the “Board”) is authorized to establish terms and conditions under which additional areas may be annexed to Metropolitan’s service area.

Metropolitan’s primary purpose is to provide a supplemental supply of water for domestic and municipal uses at wholesale rates to its member agencies. If additional water is available, such water may be sold for other beneficial uses. As a water wholesaler, Metropolitan has no retail customers.

The mission of Metropolitan, as promulgated by the Board, 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.

Metropolitan’s rates and charges for water transactions and availability are set by its Board and are not subject to regulation or approval by the California Public Utilities Commission or any other state or federal agency. Metropolitan imports water from two principal sources: northern California via the Edmund G. Brown California Aqueduct (the “California Aqueduct”) of the State Water Project owned by the State of California (the “State” or “California”) and the Colorado River via the Colorado River Aqueduct (“CRA”) owned by Metropolitan. See “METROPOLITAN’S WATER SUPPLY” in this Appendix A.



## Member Agencies

Metropolitan is comprised of 26 member agencies, all of which are public entities, including 14 cities, 11 municipal water districts, and one county water authority, which collectively serve the residents and businesses of more than 300 cities and unincorporated communities. Member agencies request water from Metropolitan at various delivery points within Metropolitan's system and pay for such water at uniform rates established by the Board for each class of water service. Metropolitan's water is a supplemental supply for its member agencies, most of whom have local supplies and other sources of water. See "METROPOLITAN REVENUES–Principal Customers" in this Appendix A for a listing of the ten member agencies representing the highest level of water transactions and revenues of Metropolitan during the fiscal year ended June 30, 2024. No member [agency](#) is required to purchase water from Metropolitan, but all member agencies are required to pay readiness-to-serve charges whether or not they purchase water from Metropolitan. See "METROPOLITAN REVENUES–Rate Structure," "~~Member Agency Purchase Orders~~" and "–Other Charges" in this Appendix A. Local supplies include water produced by local agencies from various sources including but not limited to groundwater, surface water, locally-owned imported supplies, recycled water, and seawater desalination (see "REGIONAL WATER RESOURCES" in this Appendix A). Metropolitan's member agencies may develop additional sources of water and Metropolitan provides support for several programs to develop these local resources. See also "REGIONAL WATER RESOURCES–Local Water Supplies" in this Appendix A.

The following table lists the 26 member agencies of Metropolitan.

Municipal Water Districts		Cities		County Water Authority
Calleguas	Las Virgenes	Anaheim	Los Angeles	San Diego <sup>(1)</sup>
Central Basin	Orange County	Beverly Hills	Pasadena	
Eastern	Three Valleys	Burbank	San Fernando	
Foothill	West Basin	Compton	San Marino	
Inland Empire Utilities Agency		Fullerton	Santa Ana	
Upper San Gabriel Valley		Glendale	Santa Monica	
Western of Riverside County		Long Beach	Torrance	

<sup>(1)</sup> The San Diego County Water Authority, Metropolitan's largest customer based on water transactions for fiscal year 2023-24, is a plaintiff in litigation challenging certain rates adopted by the Board and asserting other claims against Metropolitan. See "METROPOLITAN REVENUES–Litigation Challenging Rate Structure" in this Appendix A.

## Service Area

Metropolitan's service area comprises approximately 5,200 square miles and includes all or portions of the six counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura. When Metropolitan began delivering water in 1941, its service area consisted of approximately 625 square miles. Its service area has increased by 4,575 square miles since that time. The expansion was primarily the result of annexation of the service areas of additional member agencies.

Metropolitan estimates that approximately 18.6 million people lived in Metropolitan's service area (as of July ~~2023~~2024), based on official estimates from the California Department of Finance and on population distribution estimates from the Southern California Association of Governments ("SCAG") and the San Diego Association of Governments ("SANDAG"). The economy of Metropolitan's service area is exceptionally diverse. In 2023, the economy of the six counties which contain Metropolitan's service area had a gross domestic product larger than all but eleven nations of the world. Metropolitan has historically provided between 40 and 60 percent of the water used annually within its service area.



For additional economic and demographic information concerning the six county area containing Metropolitan's service area, see Appendix E—"SELECTED DEMOGRAPHIC AND ECONOMIC INFORMATION FOR METROPOLITAN'S SERVICE AREA."

The climate in Metropolitan's service area ranges from moderate temperatures throughout the year in the coastal areas to hot and dry summers in the inland areas. Since 2000, annual rainfall has ranged from approximately 4 to 23 inches along the coastal area, 6 to 42 inches in foothill areas, and 5 to 22 inches in inland areas. See also "METROPOLITAN'S WATER SUPPLY-General Overview," "~~Water Conditions in Recent Years~~," "Current Water Conditions, and "Climate Action Planning and Other Environmental, Social and Governance Initiatives," and "WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES~~Drought Response Actions~~MEASURES."

## GOVERNANCE AND MANAGEMENT

### Board of Directors

Metropolitan is governed by a 38-member Board of Directors, made up of representatives from all of Metropolitan's 26 member agencies. Each member agency is entitled to have at least one representative on the Board, plus an additional representative for each full five percent of the total assessed valuation of property in Metropolitan's service area that is within the member agency. Changes in relative assessed valuation do not terminate any director's term. In 2019, California Assembly Bill 1220 (Garcia) amended the Act to provide that "A member public agency shall not have fewer than the number of representatives the member public agency had as of January 1, 2019." Accordingly, the Board may, from time to time, have more than 38 directors.

The Board includes business, professional, and civic leaders. Directors are appointed by member agencies in accordance with those agencies' processes and the Act. They serve on the Board without compensation from Metropolitan. Voting is based on assessed valuation, with each member agency being entitled to cast one vote for each \$10 million or major fractional part of \$10 million of assessed valuation of property within the member agency, as shown by the assessment records of the county in which the member agency is located. The Board administers its policies through the Metropolitan Water District Administrative Code (the "Administrative Code"), which was adopted by the Board in 1977. The Administrative Code is periodically amended to reflect new policies or changes to existing policies that occur from time to time.

### Management

Metropolitan's day-to-day management is under the direction of its General Manager, who serves at the pleasure of the Board, as do Metropolitan's General Counsel, General Auditor, and Ethics Officer. Following are biographical summaries of Metropolitan's principal executive officers.

~~Adel Hagekhalil, General Manager—Mr. Hagekhalil was appointed as General Manager in June 2021. Before joining Metropolitan, Mr. Hagekhalil was appointed in 2018 by Los Angeles Mayor Eric Garcetti to serve as the executive director and general manager of the City of Los Angeles' Bureau of Street Services. His responsibilities included oversight of the management, maintenance and improvement of the city's network of streets, sidewalks, trees and bikeways. Mr. Hagekhalil also focused on climate change adaptation and multi-benefit integrated active transportation corridors. Previously, he served nearly 10 years as assistant general manager of the Los Angeles' Bureau of Sanitation, overseeing the city's wastewater collection system, stormwater and watershed protection program, water quality compliance, advance planning and facilities. He also helped develop the city's 2040 One Water LA Plan, a regional watershed approach to integrate water supply, reuse, conservation, stormwater management~~



~~and wastewater facilities planning. Mr. Hagekhalil is a member of the American Public Works Association as well as the Water Environment Federation (“WEF”), which recognized him in 2019 as a WEF Fellow for his contribution to enhancing and forwarding the water industry. He also served for more than a decade as a board member of the National Association of Clean Water Agencies, including a term as president. Mr. Hagekhalil is a registered civil engineer and national board certified environmental engineer. He earned his bachelor’s and master’s degrees in civil engineering from the University of Houston, Texas.~~

~~On June 13, 2024, at a special meeting of the Board, the Board placed Mr. Hagekhalil on administrative leave from the position of General Manager, for up to 90 days, to investigate various allegations. Mr. Deven Upadhyay, Metropolitan’s Executive Officer and Assistant General Manager of Water Resources and Engineering, was appointed by the Board to serve as Interim General Manager while such investigation is being undertaken.~~

~~Deven Upadhyay, *Interim General Manager/Executive Officer and Assistant General Manager, Water Resources and Engineering*~~ – Mr. Upadhyay was appointed as General Manager on January 29, 2025, having served as Interim General Manager ~~on~~since June 13, 2024. Prior to such appointment, Mr. Upadhyay ~~was serving~~served as Metropolitan’s Executive Officer and Assistant General Manager of Water Resources and Engineering. In such role, he focused primarily on key Metropolitan strategies and innovative planning efforts for the Colorado River and the State Water Project. He was responsible for managing the engineering services and water resources management groups, and the Colorado River and Bay Delta programs. Prior to that position, Mr. Upadhyay was formerly Metropolitan’s Chief Operating Officer from November 2017. He has over 25 years of experience in the water industry. He joined Metropolitan in 1995, beginning as a Resource Specialist and then left Metropolitan in 2005 to work at the Municipal Water District of Orange County. In 2008, he returned to Metropolitan as a Budget and Financial Planning Section Manager and became a Water Resource Management Group Manager in 2010. Mr. Upadhyay has a Bachelor of Arts degree in economics from the California State University, Fullerton and a master’s degree in public administration from the University of La Verne.

Mr. Upadhyay has announced his retirement, which is planned for the end of calendar year 2025. Metropolitan’s Board is expected to initiate the recruitment process in the coming months for a new General Manager to succeed Mr. Upadhyay following his retirement. It is anticipated that Mr. Upadhyay will continue as General Manager until a successor has been appointed and has assumed such position.

*Marcia Scully, General Counsel* – Ms. Scully was appointed as Metropolitan’s General Counsel in March 2012. She previously served as Metropolitan’s Interim General Counsel from March 2011 to March 2012. Ms. Scully joined Metropolitan in 1995, after a decade of private law practice, providing legal representation to Metropolitan on construction, employment, Colorado River and significant litigation matters. From 1981 to 1985 she was assistant city attorney for the City of Inglewood. Ms. Scully served as president of the University of Michigan’s Alumnae Club of Los Angeles and is a recipient of the 1996 State Bar of California, District 7 President’s Pro Bono Service Award and the Southern California Association of Non-Profit Housing Advocate of the Year Award. She is also a member of the League of Women Voters for Whittier and was appointed for two terms on the City of Whittier’s Planning Commission, three years of which were served as chair. Ms. Scully earned a bachelor’s degree in liberal arts from the University of Michigan, a master’s degree in urban planning from Wayne State University and her law degree from Loyola Law School.

*Scott Suzuki, General Auditor* – Mr. Suzuki assumed the position of General Auditor in February 2023. As general auditor, Mr. Suzuki ~~will~~ independently ~~review~~reviews internal controls, financial records and reports, ~~develop~~develops a flexible annual audit plan, ~~ensure~~ensures that assets and resources are properly accounted for and safeguarded against waste, loss or misuse, and



~~administer~~administers Metropolitan's contract for audit services with an independent public accounting firm. Prior to joining Metropolitan, Mr. Suzuki served the County of Orange for almost 21 years in various auditing and accounting roles, concluding as assistant director of internal audit. He also held auditor positions at Home-Base, Deloitte, and the California State University system. Mr. Suzuki holds a Bachelor of Arts degree in business economics from the University of California, Los Angeles. He holds a certified public accountant (CPA) license and certified internal auditor (CIA), certified information systems auditor (CISA), and certified fraud examiner (CFE) designations.

*Abel Salinas, Ethics Officer* – Mr. Salinas was appointed as Metropolitan's Ethics Officer in July 2019. He is responsible for leading an independent oversight department, which includes ethics-related policymaking, education, advice, compliance and investigations. Prior to joining Metropolitan, Mr. Salinas worked as a Special Agent in Charge at the U.S. Department of Labor-Office of Inspector General. Mr. Salinas holds a bachelor's degree in criminal justice from Pan American University and a master's degree in policy management from Georgetown University. He holds a Certified Compliance and Ethics Professional designation.

*Katano Kasaine, Assistant General Manager/Chief Financial Officer* – Ms. Kasaine is responsible for directing Metropolitan's financial activities, including accounting and financial reporting, debt issuance and management, financial planning and strategy, managing Metropolitan's investment portfolio, budget administration, financial analysis, financial systems management, and developing rates and charges. In addition, she is responsible for human resources, the diversity, equity and inclusion office, administrative services, risk management, and business continuity activities. Before joining Metropolitan in August 2019, Ms. Kasaine worked at the City of Oakland for 25 years, holding various leadership positions, notably as the city's Finance Director/Treasurer. She holds a bachelor's degree in business administration from Dominican University in San Rafael, California and a master's degree in public health from Loma Linda University.

*John Bednarski, Assistant General Manager of Water Resources and Technical Services* – Mr. Bednarski was appointed as Assistant General Manager of Water Resources and Technical Services in March 2025, having served as Interim Assistant General Manager of Water Resources and Technical Services ~~—On~~since June 25, 2024, ~~Mr. Upadhyay named Mr. Bednarski to serve as the Interim Assistant General Manager of Water Resources and Technical Services during Mr. Upadhyay's tenure as Interim General Manager.~~ In this role, Mr. Bednarski oversees the activities of the engineering services group, the water resources management group, the Bay-Delta initiatives group, and the office of safety, security, and protection. Mr. Bednarski joined Metropolitan in 1991 after a decade at the City of Los Angeles Department of Water and Power. A majority of Mr. Bednarski's career at Metropolitan has been in the area of managing the design and construction of large infrastructure projects and programs, including the Inland Feeder Program ~~and~~. More recently, he has managed the development of the Pure Water Southern California Program. Prior to his current ~~interim~~ assignment, Mr. Bednarski was the Chief Engineer at Metropolitan for five and a half years. In this role, he was responsible for overseeing the planning, design and construction of Metropolitan's capital infrastructure, as well as the dam safety initiatives program. Mr. Bednarski has a bachelor's degree in chemistry from Claremont McKenna College and ~~masters'~~master's degrees in environmental engineering and public administration from the University of Southern California. Mr. Bednarski is a licensed professional civil engineer in the State of California.

*Shane Chapman, Assistant General Manager, Operations* – Mr. Chapman is responsible for the strategic direction and management of Metropolitan's operations. His primary responsibilities include managing water system operations, information technology and cybersecurity. Prior to his current position, Mr. Chapman previously was Metropolitan's Chief Administrative Officer from January 2018 until September 2022. He joined Metropolitan as a Resource Specialist in 1991, progressing to the level of Program Manager in 2001. He became the Revenue, Rates and Budget Manager in 2003 and Assistant



Group Manager in Water System Operations in 2006. Mr. Chapman previously served as General Manager of the Upper San Gabriel Valley Municipal Water District for seven years. Mr. Chapman has a Bachelor of Arts degree in economics from Claremont McKenna College and a master's degree in public administration from the University of Southern California.

*Dee Zinke, Assistant General Manager, External Affairs* – Ms. Zinke has been responsible for Metropolitan's communications, public outreach, education, member services, and legislative matters since January 2016. She joined Metropolitan in 2009 as Manager of the Legislative Services Section. Before coming to Metropolitan, Ms. Zinke was the Manager of Governmental and Legislative Affairs at the Calleguas Municipal Water District. Prior to her public service, she worked in the private sector as the Executive Officer and Senior Legislative Advocate for the Building Industry Association of Greater Los Angeles and Ventura Counties and as Director of Communications for E-Systems, a defense contractor specializing in communication, surveillance and navigation systems, based in Washington, D.C. Ms. Zinke holds a Bachelor of Arts degree in communication and psychology from Virginia Polytechnic Institute and State University.

## Employee Relations

The total number of regular full-time Metropolitan employees included in the fiscal year 2024-25 budget is 1,965. As of ~~July 1, 2024, 1,819~~March 10, 2025, 1,790 positions were filled. Of the filled positions, ~~1,236~~1,202 were represented by AFSCME Local 1902, ~~93~~84 by the Supervisors Association, ~~317~~331 by the Management and Professional Employees Association and ~~132~~133 by the Association of Confidential Employees. The remaining ~~414~~40 employees are unrepresented. The four bargaining units represent 98 percent of Metropolitan's current employees. The Memorandum of Understanding ("MOU") with each of AFSCME Local 1902, the Management and Professional Employees Association, the Association of Confidential Employees, and the Supervisors Association extends through December 31, 2026.

## Risk Management

Metropolitan is exposed to various risks of loss related to, among other things, the design and construction of facilities, and the treatment and delivery of water. With the assistance of third-party claims administrators, Metropolitan is self-insured for property losses, liability, and workers' compensation. Metropolitan self-insures the first \$25 million per liability occurrence, with commercial general liability coverage of \$75 million in excess of the self-insured retention. The \$25 million self-insured retention is maintained as a separate restricted reserve. Metropolitan is also self-insured for loss or damage to its property, with the \$25 million self-insured retention also being accessible for emergency repairs and Metropolitan property losses. In addition, Metropolitan obtains other excess and specialty insurance coverages such as directors' and officers' liability, fiduciary liability, cyber, and aircraft hull and liability coverage.

Metropolitan self-insures the first \$5 million for workers' compensation with statutory excess coverage. The self-insurance retentions and reserve levels currently maintained by Metropolitan may be modified by the Board at its sole discretion.

[See also Note 16 to Metropolitan's audited financial statements in Appendix B for additional information on Metropolitan's self-insurance and insurance coverage limits.](#)



## Cybersecurity

Metropolitan has adopted and maintains an active Cybersecurity Program (“CSP”) that includes policies reviewed by Metropolitan’s Office of Enterprise Cybersecurity, Audit department and independent third-party auditors and consultants. Metropolitan has appointed an Information Security Officer who is responsible for overseeing the annual review of the CSP and its alignment with Metropolitan’s Strategic Plan. Metropolitan’s policies and procedures on information governance, risk management, and compliance are consistent with best practices outlined by the Cybersecurity and Infrastructure Security Agency (CISA) Shields Up initiative and are consistent with the requirements prescribed by the America’s Water Infrastructure Act (AWIA) for risk assessment and emergency response. Metropolitan’s Cybersecurity Team is responsible for identifying cybersecurity risks to Metropolitan, preventing, investigating, and responding to any cybersecurity incidents, and providing guidance and education on the implementation of new technologies at Metropolitan. All persons or entities authorized to use Metropolitan’s computer resources are required to participate in Metropolitan’s Cybersecurity Awareness Training, which is conducted annually. See also “RISK FACTORS – Cybersecurity; Other Safety and Security Risks” in the front part of this Official Statement.

## Business Continuity

Metropolitan maintains a Business Continuity Program that aligns with industry best practices to ensure that plans are in place across the [District organization](#) to mitigate, respond to and recover from disruptive events that may impact normal operations. In accordance with its Operating Policy A-06, Emergency Management and Business Continuity, Metropolitan’s plans ensure that resiliency strategies are in place to continue critical operations in the event of impacts to information technology systems, facilities and infrastructure, staffing levels, key vendors and resources. Using a continuous improvement model, Business Continuity Plans are reviewed, updated and exercised on a regular basis.

## METROPOLITAN’S WATER SUPPLY

### General Overview

Metropolitan’s principal sources of water supplies are the State Water Project and the Colorado River. See “–State Water Project” and “–Colorado River Aqueduct.” Metropolitan receives water delivered from the State Water Project under provisions of a State water supply contract, including contracted supplies, use of carryover storage in the San Luis Reservoir, and surplus supplies. Metropolitan holds rights to a basic apportionment of Colorado River water and has priority rights to an additional amount depending on the availability of surplus supplies. [However, since 2003 no unused surplus has been available for California beyond the basic apportionment.](#) Water management programs supplement these Colorado River supplies. To secure additional supplies, Metropolitan also has groundwater banking partnerships and water transfer and storage arrangements within and outside its service area. Metropolitan’s principal water supply sources, and other supply arrangements and water management programs are more fully described in this Appendix A.

Metropolitan’s water supply contract with the State (as amended, the “State Water Contract”) provides for up to 1,911,500 acre-feet contracted amount of State Water Project supplies annually as set forth in “Table A” of Metropolitan’s State Water Contract (“Table A State Water Project water” as further described under “–State Water Project – State Water Contract”). The amount of State Water Project water available for allocation under the State Water Contract each year is determined by the California Department of Water Resources (“DWR”) based on existing supplies in storage, forecasted hydrology, and other factors, including water quality and environmental flow obligations and other operational considerations. Over the ten-year period ~~2014~~[2015](#) through ~~2023~~[2024](#), Metropolitan’s State



Water Project allocation ranged from five percent to 100 percent of contracted amounts, averaging approximately ~~41~~45 percent, which is equal to roughly ~~784,000~~860,000 acre-feet annually. (An acre-foot is the amount of water that will cover one acre to a depth of one foot and equals approximately 325,851 gallons, which represents the needs of three average families in and around the home for one year within Metropolitan's service area.)

From calendar year ~~2014~~2015 through ~~2023~~2024, the amount of water delivered to Metropolitan's service area via the State Water Project infrastructure, including water from allocated supplies, human health and safety supplies, carryover, flexible storage from Castaic Lake and Lake Perris, water transfer, groundwater banking and exchange programs delivered through the California Aqueduct varied from a low of ~~457,000~~468,000 acre-feet in calendar year 2022 to a high of ~~1,374,000~~1,473,000 acre-feet in 2017. See also "~~Water Conditions in Recent Years~~" and "Current Water Conditions."

Metropolitan's rights to Colorado River water include a fourth priority right to 550,000 acre-feet of Colorado River water annually (its basic apportionment) and a fifth priority right to an additional 662,000 acre-feet annually (when surplus is available, which availability has been limited since 2003). Metropolitan has additional available Colorado River supplies, totaling up to approximately 526,000 acre-feet per year, under water supply programs, transfer, exchanges, and certain conservation and storage agreements. Over the ten-year period ~~2014~~2015 through ~~2023~~2024, Metropolitan's net diversions of Colorado River water have averaged approximately ~~917,020~~892,000 acre-feet annually, with annual volumes dependent primarily on programs to augment supplies, including transfers of conserved water from agriculture.

Stored water is a critical component of Metropolitan's annual water supply and year-to-year operations. Metropolitan's storage capacity, which includes reservoirs, conjunctive use and other groundwater storage programs within Metropolitan's service area and groundwater and surface storage accounts delivered through the State Water Project or CRA, is approximately 6.0 million acre feet. Storage capacity provides the water system with year-to-year water supply carry-over capability and a mechanism to assist Metropolitan in providing consistent water supply reliability notwithstanding fluctuations in available supply. Metropolitan's storage as of January 1, ~~2024 was~~2025 is preliminarily estimated to be ~~4.18~~4.53 million acre-feet. See "–Storage Capacity and Water in Storage."

The water supply for Metropolitan's service area is provided in part by Metropolitan and in part by non-Metropolitan sources available to Metropolitan's member agencies. The demand for supplemental water supplies provided by Metropolitan is dependent on water use at the retail consumer level and the amount of locally supplied and conserved water. From calendar years ~~2014~~2015 through ~~2023~~2024, Metropolitan's water transactions (including water sales, exchanges and wheeling) with member agencies have averaged approximately ~~1.56~~1.54 million acre-feet annually.

Metropolitan faces a variety of long-term challenges in providing adequate, reliable and high-quality supplemental water supplies for Southern California. These challenges include, among others: (1) population changes within the service area; (2) increased competition for low-cost water supplies; (3) variable weather conditions, including extended drought periods; (4) increased environmental regulations; and (5) climate change. Metropolitan's resources and strategies for meeting these long-term challenges are set forth in its Integrated Water Resources Plan, ~~as updated from time to time. See "Integrated Water Resources Plan and~~ (the "IRP"). See "–Climate Adaptation Master Plan for Water (CAMP4W) – Background" and "– IRP Regional Needs Assessment." In addition, Metropolitan manages water supplies in response to the prevailing hydrologic conditions by implementing its Water Surplus and Drought Management ("WSDM") Plan, and in times of prolonged or severe shortages, the Water Supply Allocation Plan (the "Water Supply Allocation Plan"). See "WATER SUPPLY



MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES–Water Surplus and Drought Management Plan” and “–Water Supply Allocation Plan” in this Appendix A. The Water Supply Allocation Plan provides for the equitable distribution of available limited water supplies region-wide in case of extreme water shortages within Metropolitan’s service area. ~~Implementation of the~~The Water Supply Allocation Plan has not been implemented for fiscal year 2024-25 and is not expected to be implemented for fiscal year 2025-26. See also “–Current Water Conditions.”

Hydrologic conditions can have a significant impact on Metropolitan’s imported water supply sources. California’s climate is such that most of the annual precipitation occurs during late fall and winter. For Metropolitan’s State Water Project supplies, precipitation in the form of rain in the Feather River watershed helps replenish storage levels in Lake Oroville, a key State Water Project facility, during fall and winter. Precipitation in the form of snow in California’s Northern Sierra provides the additional storage for the subsequent runoff from the spring snowmelt that helps satisfy regulatory requirements in the San Francisco Bay/Sacramento-San Joaquin River Delta (“Bay-Delta”) bolstering water supply reliability in the same year. See “–State Water Project – Bay-Delta Proceedings Affecting State Water Project.” The source of Metropolitan’s Colorado River supplies is primarily the watersheds of the Upper Colorado River Basin in the states of Colorado, Utah, and Wyoming. See “–Colorado River Aqueduct.” Although precipitation in the Upper Colorado River Basin is primarily observed in the winter and spring, summer storms are common and can affect water supply conditions.

Uncertainties from potential future temperature and precipitation changes in a climate driven by increased concentrations of atmospheric carbon dioxide and other greenhouse gases (“GHGs”) also present challenges. Areas of concern to California water planners identified by researchers include: reduction in Sierra Nevada and Colorado Basin snowpack; increased intensity and frequency of extreme weather events; shifting runoff patterns to earlier in the year when reservoir storage is more constrained due to flood protection; saltwater intrusion to groundwater~~water~~ supplies; ~~and (including as may be attributable to~~ rising sea levels ~~resulting in increased risk of damage from storms~~, high-tide events, and ~~the damage or~~ erosion of levees) and potential cutbacks of deliveries of imported water. While the range of potential impacts from climate change remain subject to further study, climate change is among the uncertainties that Metropolitan seeks to address through its planning processes. See “~~Integrated Water Resources Plan and~~ Climate Adaptation Master Plan for Water (CAMP4W)” and “–Climate Action Planning and Other Environmental, Social and Governance Initiatives.”

### ~~Water~~ Conditions in Recent Years

~~A Water Year begins on October 1 and ends on the following September 30. Water Years 2020 through 2022 represented a record dry period in California’s statewide precipitation. In calendar years 2021 and 2022, DWR’s allocation to State Water Project contractors was five percent of contracted amounts, or 95,575 acre feet for Metropolitan per year, and it was the first time in the history of the State Water Project with two consecutive years at five percent of contracted amounts. In addition to its allocation of State Water Project contracted amounts, in 2022, due to the historically dry conditions, Metropolitan received delivery from DWR of an additional approximately 134,000 acre feet of human health and safety supplies under a provision of the State water supply contract. This additional supply was returned to DWR by Metropolitan in calendar year 2023. See “CONSERVATION AND WATER SHORTAGE MEASURES–Drought Response Actions.”~~

~~Water Year 2023 (October 1, 2022 through September 30, 2023) also started as a dry year but a series of atmospheric rivers occurred in California during the winter of 2023, bringing extreme precipitation and a massive amount of snowfall. On April 20, 2023, DWR established the final State Water Project allocation for calendar year 2023 at 100 percent of contracted amounts, or 1,911,500 acre feet for Metropolitan. This made calendar year 2023 the first time since 2006 that DWR was able to~~



~~allocate the full contracted amounts of the State Water Project. Such extreme hydrology following a severe multi-year drought may become more common in the future in California due to the effects of climate change.~~

~~The amount of water delivered to Metropolitan's service area from its available State Water Project supplies can be constrained by local conditions, preventive maintenance or emergency outages of physical facilities, operational considerations due to water quality, and the State Water Project allocation. In calendar year 2023, Metropolitan took delivery into its service area of 1.06 million acre feet of supplies via the State Water Project infrastructure, excluding supplies taken on behalf of Desert Water Agency ("DWA") and Coachella Valley Water District ("CVWD") pursuant to a set of agreements between and/or among Metropolitan, DWA and CVWD (see "State Water Project and Colorado River Aqueduct Arrangements—Metropolitan/CVWD/Desert Water Agency Amended and Restated Agreement for the Exchange and Advance Delivery of Water"). After the sequence of atmospheric rivers that occurred during the winter of 2023, in March 2023, DWR made available interruptible supplies in addition to the then applicable allocation of 75 percent of contracted amounts. Metropolitan took delivery of approximately 134,000 acre feet of those interruptible supplies and used them to start refilling Diamond Valley Lake (approximately 32,000 acre feet included in the deliveries to Metropolitan's service area) and start replenishment of the Castaic Lake and Lake Perris flexible storage accounts. With the increased State Water Project allocation to 100 percent, Metropolitan was also able to repay the 134,000 acre feet of human health and safety water provided by DWR in 2022 (described above), further replenish the Castaic Lake and Lake Perris flexible accounts and add maximum contractual storage in San Luis Reservoir as Article 56 carryover. See "Water Transfer, Storage and Exchange Programs—State Water Project Agreements and Programs—Metropolitan Article 56 Carryover." Metropolitan further stored approximately 55,000 acre feet in the groundwater banks in the San Joaquin valley. The volume able to be stored in the groundwater banks was somewhat limited by the historic flooding in the San Joaquin valley that hindered the groundwater banks' operations. In addition, of Metropolitan's available State Water Project supplies, approximately 8,000 acre feet could not be delivered to one of Metropolitan's member agencies for groundwater replenishment due to local conditions and approximately 19,000 acre feet could not be delivered in the East Branch of the California Aqueduct due to DWR outages in late 2023. These 27,000 acre feet of undelivered volumes were approved by DWR for delivery in 2024 and are included in Metropolitan's State Water Project carryover storage. See the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "Storage Capacity and Water in Storage."~~

### Current Water Conditions

California's annual precipitation can vary greatly from year to year and region to region. A Water Year begins on October 1 and ends on the following September 30. Water Year 2025, which began on October 1, 2024, had a dry start until the first storms arrived in late November 2024 bringing almost seven inches of rain in just two days to the Northern Sierra, however the impact to the Central and Southern Sierra was quite muted. Conditions in the Northern Sierra continued to stay above average especially after storms that brought 25 inches of precipitation in February and March combined. Precipitation in February also helped bring Central and Southern Sierra closer to average conditions.

~~After a slow start to Water Year 2024 with below average hydrologic conditions, a series of atmospheric rivers in January and early February brought much needed precipitation to the northern Sierra.~~ The State Water Project allocation for calendar year ~~2024~~2025 started at ~~ten~~five percent of contracted amounts on December ~~12~~1, ~~2023~~2024, but was subsequently increased (through three increases) to 40 percent as of ~~April 23~~March 25, ~~2024~~2025, or 764,600 acre-feet for Metropolitan. This allocation takes into account ~~snow survey measurements and data through June 1, 2024.~~State Water Project contractors' 2025 carryover supplies, existing storage in State Water Project facilities, estimate of



future runoff, and operational and regulatory requirements. Changes to the 2025 allocation may occur and are dependent on the developing hydrologic conditions.

As of ~~August~~April 8, ~~2024~~2025, northern Sierra precipitation was ~~90~~118 percent of the 30-year average for the time of year, while the snowpack ~~peaked on April 1, 2024 at 123~~measured at 117 percent of the 30-year April 1st peak average. As of ~~June 11~~April 1, ~~2024~~2025, the median water year unimpaired runoff forecast for the Sacramento River was ~~17.4~~21.4 million acre-feet or ~~99~~121 percent of the 30-year average. As of ~~August~~April 7, ~~2024~~2025, Lake Oroville, a key State Water Project facility, was at ~~2.65~~3.08 million acre-feet or 120 percent of the historical average for this date, while the State Water Project share of San Luis Reservoir was at ~~413,734~~1.01 million acre-feet for the State Water Project or ~~399~~5 percent of its capacity in the shared San Luis Reservoir. ~~Environmental and regulatory constraints are limiting DWR's ability to export water from the Delta. See "State Water Project Bay Delta Proceedings Affecting State Water Project" and "Endangered Species Act and Other Environmental Considerations Relating to Water Supply."~~

As of ~~August~~April 8, ~~2024~~2025, the Upper Colorado River Basin precipitation was ~~98~~92 percent of the 30-year median for the time of year, while the snowpack ~~peaked on April 3, 2024 at 115~~measured at 83 percent of the 30-year April 1st peak median. As of ~~August 1~~April 3, ~~2024~~2025, the median water year runoff forecast into Lake Powell was ~~83~~71 percent of the 30-year average. Despite ~~normal~~near-normal precipitation at such point in time, the Colorado River Basin is still experiencing an extended drought. On ~~August 4~~April 13, ~~2024~~2025, the total system storage in the Colorado River Basin was ~~44~~40 percent of capacity or ~~25.85~~23.65 million acre-feet. See "Colorado River Aqueduct – Colorado River Operations: Surplus and Shortage Guidelines." As of ~~August 6~~April 8, ~~2024~~2025, Metropolitan estimates approximately ~~910,100~~807,000 acre-feet of Colorado River water to be available to Metropolitan in calendar year ~~2024~~2025, which includes approximately 277,700 acre-feet pursuant to the Exchange Agreement (defined below) between Metropolitan and San Diego County Water Authority ("SDCWA"), ~~to be available to Metropolitan~~. Additional Colorado River supply tends to be available from higher priority water users as the year progresses. Based on recent higher priority water use, Metropolitan expects final Colorado River supplies to be approximately ~~930,000~~946,000 acre-feet.

Metropolitan's storage as of January 1, ~~2024, was~~2025, is preliminarily estimated to be ~~4.18~~4.53 million acre-feet. This is the highest beginning-of-year total water storage in Metropolitan's history. See "Storage Capacity and Water in Storage." As of ~~August 7~~April 10, ~~2024~~2025, Metropolitan's projected amount of surplus supply to manage in calendar year ~~2024~~2025 was approximately ~~315,000~~27,000 acre-feet based upon its demand estimate of ~~1.36~~1.55 million acre-feet, and its supply estimate of ~~1.68~~1.57 million acre-feet.

### ~~Integrated Water Resources Plan and~~ Climate Adaptation Master Plan for Water (CAMP4W)

~~Overview and Background. The Integrated Water Resources Plan (the "IRP") is~~Historically, since 1996, Metropolitan's principal water resources planning document. Metropolitan, its member agencies, sub-agencies and groundwater basin managers developed Metropolitan's first IRP as a long-term planning guideline for resources and capital investments over a 25-year planning cycle. has been its Integrated Water Resources Plan (the IRP as defined above). The purpose of the IRP was the development of a portfolio of preferred resources to meet the water supply reliability and water quality needs for the region in a cost-effective and environmentally sound manner. ~~The Originally developed by Metropolitan, its member agencies, sub-agencies and groundwater basin managers, the first IRP was adopted by the Board in January 1996 to cover a as a long-term planning guideline for resources and capital investments over a 25-year planning cycle through 2020. An~~Utilizing an adaptive management



approach, an IRP update ~~has been~~was subsequently undertaken approximately every five years (*i.e.*, in 2004, 2010 and 2015)~~), covering a 25-year planning period.~~

In February 2020, in connection with the development of its next IRP, Metropolitan initiated a new two-phase process for ~~the development of the 2020 IRP~~its long-term resource planning, which will initially guide a 25-year planning cycle through 2045. The ~~development of the 2020 IRP utilizing this new process is ongoing, and was intended to include two phases: (i) a Regional Needs Assessment (which was completed in April 2022), and (ii) a Phase 2 One Water Implementation Phase. This intended second phase subsequently became the development process for the Climate Adaption Master Plan for Water (“CAMP4W”) process, which is currently in progress. The Regional Needs Assessment and CAMP4W are described below. See “2020 IRP Regional Needs Assessment” and “Climate Adaption Master Plan for Water.”~~two phases consist of: (i) a needs assessment phase, and (ii) an implementation phase.~~2020 IRP Regional Needs Assessment.~~ Metropolitan’s new planning process ~~for the 2020 IRP~~ builds upon Metropolitan’s adaptive management strategy by utilizing a scenario planning approach. Under this approach, Metropolitan anticipates ranges for how much water Southern California can expect from its imported and local supplies, as well as regional water demands, across four plausible scenarios, each assuming specific forecasts of climate change impacts to imported supplies and different regional water demands. By evaluating these multiple scenarios, Metropolitan can inform decisions and action plans for the implementation of programs and projects needed to maintain reliable water supplies through the year 2045.

~~The initial development of the 2020 IRP utilizing this approach was completed in April 2022, with the adoption by the Board of the 2020 IRP Regional Needs Assessment. The first phase of Metropolitan’s new resource planning process concluded with the preparation of the 2020 IRP Regional Needs Assessment analyzed (the “Regional Needs Assessment”), which was adopted by the Board in April 2022. The Regional Needs Assessment identified potential gaps between the expected supplies and the forecasted demands in Southern California across the four IRP scenarios characterized by divergent outcomes of imported supply stability and water demands on Metropolitan.~~

planning scenarios. The assessment further identified the amount of new core supplies, flexible supplies and storage that would be needed to address the predicted gaps. A core supply is water that would generally be available and used every year to meet demands under normal conditions and may include savings from conservation. A flexible supply is 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 provides the capability to save water supply to meet demands at a later time; storage converts core supply into flexible supply and evens out variability in supply and demand. Among other things, the Regional Needs Assessment found that ~~The Regional Needs Assessment outcomes can be summarized through a set of findings grounded in the scenario reliability analysis. The findings fall within five key focus areas:~~

• ~~SWP Dependent Areas—addressing identified vulnerabilities in~~ the portion of Metropolitan’s service area ~~dependent upon that can only receive Metropolitan’s supplies through the State Water Project deliveries (the “SWP Dependent Areas”);~~ Area”) is vulnerable to Northern California drought and regulatory restrictions, and that additional resources must be made available to those areas. In addition, the Regional Needs Assessment addressed the possibility of shortage in three of the four planning scenarios, after exhausting available and accessible supplies. Only in a future with low demands and stable imported supplies would Southern California avoid shortage without additional water supply and system reliability investments.

A comprehensive Regional Needs Assessment update is anticipated to be made on an approximately five-year cycle, however the decision for the timing of future updates will depend upon



developments that impact Metropolitan's supply or demand assumptions. The inputs to the Regional Needs Assessment analysis will be reviewed and reassessed annually as needed to support CAMP4W (defined below) and the adaptive management decision-making process.

CAMP4W. In February 2023, the Board directed staff to integrate water resources, climate considerations, and financial planning into a comprehensive Climate Adaptation Master Plan for Water ("CAMP4W"), the second phase of Metropolitan's long-term resource planning process. CAMP4W incorporates the results and findings of the Regional Needs Assessment into a collaborative process to identify and evaluate integrated regional solutions. The intent of CAMP4W is to translate the high-level portfolio analysis from the Regional Needs Assessment into guidance for specific policies, programs, and projects to address the findings and mitigate the potential shortages. As part of the CAMP4W process, Metropolitan has established a Joint Task Force comprised of Metropolitan Board directors and general managers from its member agencies.

CAMP4W comprises multiple components which together will form an ongoing master planning program. Foundational inputs to the planning process and implementation decisions include (a) the Regional Needs Assessment; (b) climate risk and vulnerability assessments; (c) ongoing infrastructure studies and assessments; and (d) regular public and partner engagement.

In April 2025, Metropolitan's Board approved a CAMP4W Implementation Strategy. The CAMP4W Implementation Strategy outlines steps for implementing and institutionalizing climate adaptation at Metropolitan. The components of the CAMP4W Implementation Strategy include: (1) both resource-based and policy-based time-bound targets to guide investment decisions; (2) a Climate Adaptation Policy Framework, which comprises five high-level policy statements, which support each of the Board-identified priority areas of reliability, resilience, financial sustainability, affordability and equity; (3) a Decision-Making Framework that defines a consistent, stepwise process for assessing projects and programs; (4) an adaptive management approach to monitoring, reporting, and adjusting, including a CAMP4W annual report to track trends and adjust time-bound targets as needed; and (5) implementation timelines, which will lay out key milestones over the next five years.

As part of the integration of financial planning into CAMP4W, Metropolitan's business model is currently under review in a parallel process. To undertake the business model review, an Ad Hoc Working Group comprised of Metropolitan's General Manager and the managers of its 26 member agencies was formed to review and recommend refinement of Metropolitan's business model. Among other things, the Ad Hoc Working Group is currently developing a set of financial policies for Board consideration with recommendations for: (i) the recovery of treated water costs; (ii) the proportion and components of fixed and volumetric charges to be considered in Metropolitan's future rate-setting; (iii) Metropolitan's reserve policies; and (iv) the basis for the establishment of water sales assumptions for future budgeting purposes. Future areas of focus of the business model review process are expected to include consideration of (a) water resources programs for the management of water supply and revenues, and (b) Metropolitan's level of service policy and available options to enhance system reliability and flexibility. Any final decisions from the business model review will be integrated into CAMP4W assumptions and analyses at the appropriate time as the CAMP4W planning process continues.

~~• Storage—storage capacity, put/take capabilities, and accessibility as critical considerations in reliability and reducing the need for new core supply development;~~

~~• Retail Demand/Demand Management—managing variability in demand through appropriate regional measures and efficient water use;~~



- ~~Metropolitan Imported Supplies~~—maintaining existing imported supply reliability and addressing risks to existing imported supplies from various drivers of uncertainty; and

- ~~Local Supply~~—maintaining existing and developing new local supplies as a critical element of managing demands on Metropolitan.

~~The Regional Needs Assessment presents key technical findings and examines the effectiveness of generalized portfolio categories. The Regional Needs Assessment also frames and guides the establishment of more specific targets to maintain reliability over the planning period and informs Metropolitan's Board on resource investment decisions as well as the establishment of a plan to fund them. In light of the future uncertainties inherent in long term resource planning, including uncertainties about climate change and regulatory requirements, as well as Southern California's population and economy, this scenario planning approach better prepares the region for a wider range of potential outcomes by identifying solutions and policies across a variety of possible future conditions. This strategy is designed to enable Metropolitan and its member agencies to manage future challenges and changes in California's water conditions and to balance investments with water reliability benefits.~~

~~The Board's adoption of the 2020 IRP Regional Needs Assessment allows the analysis and findings to serve as a foundation for the CAMP4W process, which is described below.~~

~~**Climate Adaptation Master Plan for Water.** The current phase of water resource planning expands the intended 2020 IRP implementation into a more comprehensive CAMP4W. CAMP4W will integrate water resource, climate resilience and financial planning into a cohesive strategy and approach. Metropolitan incorporates the results and findings of the Regional Needs Assessment into a collaborative process to identify integrated regional solutions. The intent of CAMP4W is to translate the high level portfolio analysis from the 2020 IRP Regional Needs Assessment into guidance for specific policies, programs, and projects to address the findings and mitigate the potential shortages. Comprehensive, adaptive management strategy and evaluation criteria will be developed to guide these specific actions. Criteria are being developed through a climate lens with the goal of ensuring that climate resilience and water supply reliability are the primary focus areas. The adaptive management strategy will also establish a process for monitoring key reliability indicators to support decision making.~~

Information and materials relating to Metropolitan's 2020 IRP Regional Needs Assessment and ongoing development of its CAMP4W are available at: <https://www.mwdh2o.com/how-we-plan/integrated-resource-plan/>. The materials and other information set forth on Metropolitan's website are not incorporated into this Appendix A and should not be construed to be a part of this Appendix A by virtue of the foregoing reference to such materials and website.

Specific projects [and programs](#) identified by Metropolitan in connection with the implementation of ~~the 2020 IRP and~~ CAMP4W are subject to Board consideration and approval, as well as environmental and regulatory documentation and compliance.

### **Climate Action Planning and Other Environmental, Social and Governance Initiatives**

**General; Background.** Metropolitan has long supported sustainability efforts, ~~dating~~. [Dating](#) back to its founding in 1928, ~~when~~ planners and engineers designed the CRA to deliver water primarily by gravity across 242 miles of California desert to the State's south coastal plain. Metropolitan recognized the need for a reliable supply of power by investing in the construction of Hoover Dam and Parker Dam. Together, these dams produce clean, carbon-free energy that have historically supplied more



than half of the energy needed to power the CRA pumps. See “METROPOLITAN EXPENSES–Power Sources and Costs; Related Long-Term Commitments – *Colorado River Aqueduct*” in this Appendix A.

In the decades that followed, Metropolitan has continued to make investments in clean energy and energy-efficient design to reduce GHG emissions, as well as climate adaptation investments to bolster water supply availability, particularly during times of drought. In addition, Metropolitan has partnered with the scientific community, including academic research institutions and the private sector, to test and ultimately implement advanced technologies that monitor and enhance Metropolitan’s water supplies. Metropolitan’s efforts to date in this area have focused not only on the goal of achieving broad environmental sustainability and efficiency objectives but also environmental risk mitigation.

Metropolitan has adopted several planning documents that address the core issues of environmental sustainability, improving climate resiliency of operations, and advancing the goal of carbon neutrality. These documents include the Climate Action Plan (discussed below), the Energy Sustainability Plan, Metropolitan’s Capital Investment Plan, and its IRP and CAMP4W (discussed above). Metropolitan coordinates its ongoing sustainability efforts through its Chief Sustainability, Resilience, and Innovation Officer (“SRI Officer”).

Information and materials related to Metropolitan’s planning actions associated with climate change are available at: <https://www.mwdh2o.com/planning-for-tomorrow/addressing-climate-change/>. The materials and other information set forth on Metropolitan’s website are not incorporated into this Appendix A and should not be construed to be a part of this Appendix A by virtue of the foregoing reference to such materials and website.

***Climate Change Adaptation.*** Climate change is expected to increase average temperatures across the western United States. In the Colorado River Basin, that is expected to result in decreased runoff and lower flows as less snow is coupled with increased evapotranspiration from trees and plants. In the Sierra Nevada, precipitation is anticipated to increasingly fall as rain in a few large storms, rather than as snow. Sierra snowpack, a critical storage tool in California’s water management as it holds water high in the mountains until peak summer demand, has been projected to decrease by up to 65 percent by the end of the century. In the local Southern California region, climate change threatens groundwater basins with saltwater intrusion and less natural replenishment. These factors are expected to reduce the reliability of Metropolitan’s imported water supply for Southern California.

Metropolitan has long recognized the threat to its water supply posed by these long-term impacts and has been addressing climate change for 25 years through its IRP. Pursuant to its IRP, Metropolitan has invested in local supplies, developed new storage, and increased the flexibility of its water system facilities to be able to take delivery of water from diverse sources when available. Below are a few examples:

- Metropolitan has increased the water storage capacity of its dams and reservoirs by more than 13-fold since 1990 and has built the Inland Feeder, a large conveyance pipeline that allows for the movement of water into that storage. See “METROPOLITAN’S WATER DELIVERY SYSTEM” in this Appendix A. ~~In years when snowpack is low, these~~ [These](#) investments provide a valuable opportunity to capture water in wet years and save it for dry ones.
- Metropolitan has increased the operational flexibility of its water delivery system through infrastructure improvements, such as the Inland Feeder, which provides the ability to capture and store high allocations of State Water Project supplies when available, and agreements to deliver



Colorado River water supplies when State supplies are in drought, and vice versa. See “–Water Transfer, Storage and Exchange Programs.”

- Metropolitan has invested approximately \$~~940~~954 million in conservation programs since 1990, which have helped decrease potable per capita water consumption over time in Metropolitan’s service area ~~from 209 gallons per person per day in 1990 to 126 gallons per person per day in 2022—a 40 percent reduction.~~ Metropolitan plans to continue to expand these efforts into the future. See “Per capita water consumption in Metropolitan’s service area has declined from 209 gallons per person per day in 1990 to 114 gallons per person per day in 2023. Extraordinarily cool and wet hydrologic conditions along with drought conservation measures that carried over from 2022 contributed to a sharp decline in gallons per capita consumption in 2023. See “WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER STORAGE/SHORTAGE MEASURES” in this Appendix A.
- Metropolitan’s Local Resources Program accelerates the development of local water supply reliability projects by incentivizing agencies within Metropolitan’s service area to construct recycled water, groundwater recovery and seawater desalination projects. Since 1982, Metropolitan has invested approximately \$~~542~~548 million in recycled water projects and \$~~199~~207 million in groundwater recovery projects. See “REGIONAL WATER RESOURCES–Local Water Supplies” in this Appendix A.
- Metropolitan has partnered with other utilities and organizations across the nation to understand both the effects of climate change and potential opportunities to build resilience. These collaborators include the Water Utility Climate Alliance, a collaboration of large water providers working on climate issues affecting the country’s water agencies, and the California Resilience Challenge, a collaboration of businesses, utilities, and non-profit organizations developing climate adaptation planning projects.

In addition to impacts on water supply, the effects of climate change, such as wildfires, drought, and extreme weather events coupled with warming and extreme heat, are expected to increase the variability of water quality in Metropolitan’s water supplies. The performance and condition of many of Metropolitan’s assets are also likely to degrade more rapidly as climate change amplifies the weather conditions that drive their exposure to climate hazards. Changes to the energy markets resulting from California’s decarbonization efforts in response to climate change and the impacts of more extreme or more frequent severe weather events and drought on energy infrastructure and available energy supplies (such as hydroelectricity) are also likely to occur. As discussed above under “–Climate Adaptation Master Plan for Water (CAMP4W) – CAMP4W,” climate risk and vulnerability assessment and the further development of potential adaptation strategies are being undertaken by Metropolitan as part of its CAMP4W long-term planning process.

***Climate Action Plan.*** In May 2022, Metropolitan adopted a Climate Action Plan, a comprehensive planning document that outlines Metropolitan’s strategy for reducing GHG emissions associated with Metropolitan’s future construction, operation, and maintenance activities. The Climate Action Plan includes an analysis of Metropolitan’s historical GHG emissions, a forecast of future GHG emissions, sets a GHG reduction target for reducing emissions consistent with applicable state policies, and identifies a suite of specific GHG reduction actions that Metropolitan can implement to achieve its adopted targets. The Climate Action Plan establishes a GHG emissions reduction goal of 40 percent by 2030 and carbon neutrality by 2045. The Climate Action Plan includes nine strategies that target the reduction of direct emissions from natural gas and fuel combustion by supporting the transition to a zero emissions vehicle fleet and reduction of natural gas combustion; reducing indirect emissions associated with electricity consumption through improved energy efficiency and utilizing low-carbon and



carbon-free electricity; and implementing GHG reduction measures that incentivize sustainable employee commutes and increase waste diversion; increasing water conservation and local water supply; and investigating and implementing carbon capture and carbon sequestration opportunities on Metropolitan-owned lands.

Metropolitan's Climate Action Plan includes an implementation strategy, annual GHG inventories, a public-facing tracking and monitoring tool to ensure progress towards meeting its goal, and five-year updates to capture new and emerging technologies for GHG emissions reductions. The strategies included in the Climate Action Plan provide the co-benefits of improved infrastructure reliability, greater energy resiliency, and expected reduced costs associated with energy procurement and maintenance.

***Energy Sustainability.*** Metropolitan meets its energy demands through its investments in hydroelectric and solar power and the purchase of more than 2,000 GWh of electricity annually from the regional power grid. In November 2020, Metropolitan developed an Energy Sustainability Plan. The Energy Sustainability Plan includes a framework of sustainable actions focused on energy cost containment, reliability, affordability, conservation and adaptation, including reconfiguring certain existing power plants and variable-speed pump drives at pumping stations, and assessing the integration of islanded operations for microgrid purposes. Metropolitan invests in renewable energy resources, including buying and generating hydroelectric power to help meet much of its electricity needs. Currently, over three-quarters of Metropolitan's pumping and water treatment energy needs are met through renewable/sustainable energy resources. In addition to using power generated at Parker and Hoover Dams, Metropolitan has built 15 in-stream hydroelectric plants throughout its distribution system with a total capacity of about 130 megawatts. Metropolitan has also installed 3.5 megawatts of photovoltaic solar power at its facilities and is implementing a project to add battery energy storage at three of its water treatment plants to store green energy when power rates are low and discharge that energy when rates are higher. The completion of construction of the project to add battery storage at the three treatment plants is expected to ~~occur by the end of~~ be completed in 2026.

***Diversity, Equity and Inclusion and Governance.*** In its dedication to improving workplace culture for all employees, in October 2021, Metropolitan's Board adopted a statement pledging its support of diversity, equity and inclusion initiatives. The Statement of Commitment is the result of a collaborative discussion among the 38-member ~~board~~ Board and provides guidance so that staff can develop, implement and maintain policies and practices to support diversity, equity and inclusion. In May 2022, Metropolitan hired its first Chief Diversity, Equity and Inclusion officer to help plan, develop, and implement strategies and initiatives designed to ensure that Metropolitan is a diverse and inclusive organization.

## **State Water Project**

### **Background and Current Supply**

One of Metropolitan's two major sources of water is the State Water Project, which is owned by the State, and managed and operated by DWR. The State Water Project is the largest state-built, multipurpose, user-financed water project in the country. It was designed and built primarily to deliver water, but also provides flood control, generates power for pumping, is used for recreation, and enhances habitat for fish and wildlife. The State Water Project provides irrigation water to 750,000 acres of farmland, mostly in the San Joaquin Valley, and provides municipal and industrial water to approximately 27 million of California's estimated 39.1 million residents, including the population within the service area of Metropolitan.



The State Water Project's watershed encompasses the mountains and waterways around the Feather River, the principal tributary of the Sacramento River, in the Sacramento Valley of Northern California. Through the State Water Project, Feather River water stored in and released from Oroville Dam (located about 70 miles north of Sacramento, east of the city of Oroville, California) and unregulated flows diverted directly from the Bay-Delta are transported south through the Central Valley of California, over the Tehachapi Mountains and into Southern California, via the California Aqueduct, to three delivery points near the northern and eastern boundaries of Metropolitan's service area. The total length of the California Aqueduct is approximately 444 miles. See "METROPOLITAN'S WATER DELIVERY SYSTEM—Primary Facilities and Method of Delivery—*State Water Project*" in this Appendix A.

~~From calendar year 2014 through 2023, the amount of water delivered to Metropolitan's service area via the State Water Project infrastructure, including water from allocated supplies, human health and safety supplies, carryover, flexible storage from Castaic Lake and Lake Perris, water transfer, groundwater banking and exchange programs delivered through the California Aqueduct varied from a low of 457,000 acre feet in calendar year 2022 to a high of 1,374,000 acre feet in 2017.~~

As more fully described under "— State Water Contract — General Terms of the Contract," under the terms of each State water supply contract, DWR provides the initial allocation estimate of State Water Project water for the following calendar year by each December 1. Based upon updated runoff forecast and environmental, regulatory and operational constraints, DWR's total water supply availability projections are refined during the calendar year and allocations to the State Water Project contractors are adjusted accordingly. On December 12, 2023~~2024~~, DWR announced an initial calendar year ~~2024~~2025 allocation of ~~ten~~five percent of contracted amounts, based on DWR's assessment of reservoir storage and an assumption of ~~dry conditions~~. ~~On February 21, 2024, DWR increased the State Water Project annual allocation to 15 percent of State Water Project contractors' requested Table A amounts. DWR subsequently~~future precipitation. Since then, DWR has increased the allocation ~~on March 22, 2024 to 30 percent of State Water Project contractors' requested Table A amounts, and again increased the State Water Project annual allocation on April 23, 2024 to~~four times to the current 40 percent of State Water Project contractors' requested Table A amounts. Further changes to the ~~2024~~2025 allocation may occur and are dependent on the developing hydrologic conditions. In addition, Metropolitan began ~~2024~~2025 with approximately ~~227,000~~303,000 acre-feet of State Water Project carryover supplies from calendar year ~~2023~~2024. See "—Water Transfer, Storage and Exchange Programs" and "—Storage Capacity and Water in Storage." See also "~~Water Conditions in Recent Years~~" and "~~Current Water Conditions.~~"

### **State Water Contract**

***General Terms of the Contract.*** In 1960, Metropolitan signed a water supply contract (as amended, the "State Water Contract") with DWR to receive water from the State Water Project. Metropolitan is one of 29 agencies and districts that have long-term contracts for water service from DWR (known collectively as the "State Water Project contractors" and sometimes referred to herein as "Contractors"). Metropolitan is the largest of the State Water Project contractors in terms of the number of people it serves (approximately 19 million), the share of State Water Project water that it has contracted to receive (approximately 46 percent), and the percentage of total annual payments made to DWR by agencies with State water supply contracts (approximately 50 percent for calendar year 2024). Metropolitan received its first delivery of State Water Project water in 1972.

Pursuant to the terms of the State water supply contracts, all water supply related expenditures for capital and operations, maintenance, power, and replacement costs associated with the State Water Project facilities are paid for by the State Water Project contractors as components of their annual payment obligations to DWR. In exchange, Contractors have the right to participate in the system, with



an entitlement to water service from the State Water Project and the right to use the portion of the State Water Project conveyance system necessary to deliver water to them. Each year DWR estimates the total State Water Project water available for delivery to the State Water Project contractors and allocates the available project water among the State Water Project contractors in accordance with the State Water Project supply contracts.

Under its State Water Contract, Metropolitan has a contractual right to its proportionate share of the State Water Project water that DWR determines annually is available for allocation to the Contractors. This determination is made by DWR each year based on existing supplies in storage, forecasted hydrology, and other factors, including water quality and environmental flow obligations and other operational considerations. Available State Water Project water is then allocated to the Contractors in proportion to the amounts set forth in “Table A” of their respective State water supply contract (sometimes referred to herein as Table A State Water Project water); provided, that in accordance with the terms of the State water supply contracts, the State may allocate on some other basis if such action is required to meet minimum demands of contractors for domestic supply, fire protection, or sanitation during the year. Pursuant to Table A of its State Water Contract, Metropolitan is entitled to approximately 46 percent of the total annual allocation made available to State Water Project contractors each year. Metropolitan’s State Water Contract, under a 100 percent allocation, provides Metropolitan 1,911,500 acre-feet of water. The 100 percent allocation is referred to as the contracted amount. See also “–Current Water Conditions” for information regarding Metropolitan’s allocation of State Water Project water for 2024.

The term of Metropolitan’s State Water Contract currently extends to December 31, 2085, or until all DWR bonds issued to finance construction of State Water Project facilities are repaid, whichever is longer. Upon expiration of the State Water Contract term, Metropolitan has the option to continue service under substantially the same terms and conditions. See also “–*Amendment of Contract Term.*”

***Project Improvement Amendments.*** Metropolitan’s State Water Contract has been amended a number of times since its original execution and delivery. Several of the amendments, entered into by DWR and various subsets of State Water Project contractors, relate to the financing and construction of a variety of State Water Project facilities and improvements and impose certain cost responsibility therefor on the affected Contractors, including Metropolitan. For a description of Metropolitan’s financial obligations under its State Water Contract, including with respect to such amendments, see “METROPOLITAN EXPENSES–State Water Contract Obligations” in this Appendix A.

***Water Management Amendments.*** Metropolitan and other State Water Project contractors have undertaken negotiations with DWR to amend their State water supply contracts to clarify the criteria applicable to certain water management tools including single and multi-year water transfers and exchanges. The water management provisions amendment allows for greater flexibility for transfers and exchanges among the State Water Project contractors. Specifically, the amendment confirms existing practices for exchanges, allows more flexibility for non-permanent water transfers, and allows for the transfer and exchange of certain portions of Article 56 carryover water (see “–Water Transfer, Storage and Exchange Programs – State Water Project Agreements and Programs – *Metropolitan Article 56 Carryover*”). DWR certified a final EIR for the water management amendments in August 2020. In September 2020, North Coast Rivers Alliance, California Water Impact Network and others separately filed two lawsuits challenging DWR’s final EIR and approval of the State water supply contract water management provisions amendment under the California Environmental Quality Act (“CEQA”). North Coast Rivers Alliance also alleges violations of the Delta Reform Act, and public trust doctrine, and seeks declaratory and injunctive relief. The cases were deemed related and assigned to the same judge. DWR filed notice of certification of the administrative record and filed answers in both cases on December 20, 2022. Any adverse impact of this litigation and rulings on Metropolitan’s State Water



Project supplies cannot be determined at this time. Despite the pending litigation, enough of the State Water Project contractors approved and executed the amendment as required by DWR for it to be deemed fully executed. The amendments went into effect on February 28, 2021. The State Water Contractors association, made up of 27 State Water Project contractors, has intervened in the two related cases to protect the interests of the Contractors.

~~**Amendment of Contract Term.** In 2014, DWR and the State Water Project contractors reached an Agreement in Principle (the “Agreement in Principle”) on an amendment to extend their State water supply contracts to December 31, 2085 and to make certain other changes related to financial management of the State Water Project. The Agreement in Principle served as the “proposed project” for purposes of the environmental review required under CEQA, which such review was completed in December 2018. Following DWR’s approval of the proposed project, three separate lawsuits were filed: one by DWR seeking to validate the contract extension amendment, and two by environmental groups and other entities challenging DWR’s approval of the amendment and the adequacy of the underlying environmental review. These cases were deemed related by the court and assigned to a single judge. After a three-day trial in January 2022, the court issued a final statement of decision on March 9, 2022, in which it ruled that the amendments were valid and rejected all other challenges and claims. On January 5, 2024, the Third District Court of Appeal affirmed the decision. Appellants have filed petitions for review by the California Supreme Court. Any potential adverse impact of the appeals on Metropolitan’s State Water Project supplies cannot be determined at this time. As of May 1, 2023, 27 of the 29 State Water Project contractors, including Metropolitan, had executed the amendment, exceeding the DWR established thresholds needed for the amendment to become effective. These Contractors also executed waivers allowing the amendment to be implemented notwithstanding the pending litigation. As a result, the contract extension amendment became effective on January 1, 2023 and the term of the water supply contracts of the State Water Project contractors executing the amendment was extended to December 31, 2085. While an adverse outcome in the pending appeal could potentially affect the ongoing validity and future implementation of the amendment, Metropolitan considers the risk to be low given the favorable outcome at trial and the Court of Appeal.~~

**Amendments for Allocation of Conveyance Costs.** Metropolitan and other State Water Project contractors embarked on a third public process to further negotiate proposed amendments to their State water supply contracts related to cost allocation for a potential Delta Conveyance project. Pursuant to the terms of a prior settlement, negotiations for this State Water Project contract amendment were completed in public. In March 2021, DWR and the State Water Project contractors concluded public negotiations and reached an Agreement in Principle (the “Delta Conveyance AIP”) that will be the basis for amendment of the State water supply contracts. The future contract amendment contemplated by the Delta Conveyance AIP would provide a mechanism that would allow for the costs related to any Delta Conveyance project to be allocated and collected by DWR. The Delta Conveyance AIP also provides for the allocation of benefits for any Delta Conveyance project in proportion to each State Water Project contractor’s participation. DWR will maintain a table reflecting decisions made by public agency governing boards regarding that agency’s participation. Contract language for the proposed amendments is [still](#) under development. See “–Bay-Delta Planning Activities” and “–Delta Conveyance” under “Bay-Delta Proceedings Affecting State Water Project” below.

### **Coordinated Operations with Central Valley Project**

**Coordinated Operations Agreement.** DWR operates the State Water Project in coordination with the federal Central Valley Project, which is operated by the Bureau of Reclamation. Since 1986, the coordinated operations have been undertaken pursuant to a Coordinated Operations Agreement for the Central Valley Project and State Water Project (the “COA”). The COA defines how the State and federal water projects share water quality and environmental flow obligations imposed by regulatory agencies.



The agreement calls for periodic review to determine whether updates are needed in light of changed conditions. After completing a joint review process, DWR and the Bureau of Reclamation agreed to amend the COA to reflect water quality regulations, biological opinions and hydrology updated since the 1986 agreement was signed. On December 13, 2018, DWR and the Bureau of Reclamation executed an Addendum to the COA (the “COA Addendum”). The COA Addendum provides for DWR’s adjustment of State Water Project operations to modify pumping operations, as well as project storage withdrawals to meet in-basin uses, pursuant to revised calculations based on Water Year types. The COA Addendum ~~will shift~~shifts responsibilities for meeting obligations between the Central Valley Project and the State Water Project, resulting in a shift of approximately 120,000 acre-feet in long-term average annual exports from the State Water Project to the Central Valley Project.

See also “– Endangered Species Act and Other Environmental Considerations Relating to Water Supply – Endangered Species Act Considerations – State Water Project.”

~~In executing the COA Addendum, DWR found the agreement to be exempt from environmental review under CEQA as an ongoing project and that the adjustments in operations are within the original scope of the project. On January 16, 2019, commercial fishing groups and an American Indian tribe (“petitioners”) filed a lawsuit against DWR alleging that entering the COA Addendum violated CEQA, the Delta Reform Act, and the public trust doctrine. Westlands Water District (“Westlands”) and North Delta Water Agency have been granted approval to intervene in the lawsuit. The petitioners are still in the process of preparing the administrative record. The effect of this lawsuit on the COA Addendum and State Water Project operations cannot be determined at this time.~~

#### ~~2017 Oroville Dam Spillway Incident~~

~~Oroville Dam, the earthfill embankment dam on the Feather River which impounds Lake Oroville, is operated by DWR as a facility of the State Water Project. On February 7, 2017, the main flood control spillway at Oroville Dam, a gated and concrete lined facility, experienced significant damage as DWR released water to manage higher inflows driven by continued precipitation in the Feather River basin. The damaged main spillway impaired DWR’s ability to manage lake levels causing water to flow over the emergency spillway structure, an ungated, 1,730-foot-long concrete barrier located adjacent to the main flood control spillway structure. Use of the emergency spillway structure resulted in erosion that threatened the stability of the emergency spillway structure. This concern prompted the Butte County Sheriff to issue an evacuation order for approximately 200,000 people living in Oroville and the surrounding communities.~~

~~On November 1, 2018, DWR completed reconstruction of the main spillway to its original design capacity of approximately 270,000 cubic feet per second (“cfs”), a capacity almost twice its highest historical outflow. Work on the emergency spillway was substantially completed in April 2019. Mitigation measures such as slope revegetation were completed in 2021. DWR has estimated the total costs of the recovery and restoration project prior to any federal or other reimbursement to be approximately \$1.2 billion. As of January 2024, DWR had received or expected to receive reimbursement of a total of approximately \$617 million of these costs under the Public Assistance Program of the Federal Emergency Management Agency (“FEMA”). Remaining costs of about \$567 million were charged to the State Water Project contractors under the State water supply contracts, of which Metropolitan’s share totaled about \$259 million. DWR financed these remaining costs with DWR bonds.~~

~~Various lawsuits were filed against DWR asserting claims for property damage, economic losses, environmental impacts and civil penalties related to this incident. Neither Metropolitan nor any other State Water Project contractor was named as a defendant in any of these lawsuits. These cases, which~~



~~were coordinated in Sacramento Superior Court (Case No. JCCP 4974), have now been resolved, either through decisions in favor of DWR or settlements with terms favorable to DWR. Cumulative payments for all claims related to the Oroville Dam spillway incident totaled less than \$40 million.~~

~~The State water supply contracts provide that Metropolitan and the other State Water Project contractors are not liable for any claim of damage of any nature arising out of or connected to the control, carriage, handling, use, disposal or distribution of State Water Project water prior to the point where it reaches their turnouts. However, DWR has asserted that regardless of legal liability all costs of the State Water Project system must be borne by State Water Project contractors. Thus, DWR indicated its intent to bill the State Water Project contractors for any expenditures related to litigation (cost of litigation, settlements, damages awards/verdicts) arising from the Oroville Dam spillway incident and costs incurred by DWR to date have been reflected in DWR charges. Metropolitan has established that all charges related to this litigation are being paid under protest, and it has an existing tolling agreement with DWR to preserve its legal right to seek recovery of these charges and/or dispute any future charges that DWR may seek to assess related to such litigation.~~

### **Bay-Delta Proceedings Affecting State Water Project**

**General.** In addition to being a source of water for diversion into the State Water Project, the Bay-Delta is the source of water for local agricultural, municipal, and industrial needs. The Bay-Delta also supports significant resident and anadromous fish and wildlife resources, as well as recreational uses of water. Both the State Water Project's upstream reservoir operations and its Bay-Delta diversions can at times affect these other uses of Bay-Delta water directly, or indirectly, through impacts on Bay-Delta water quality. A variety of proceedings and other activities are ongoing with the participation of various State and federal agencies, as well as California's environmental, urban and agricultural communities, in an effort to develop long-term, collectively negotiated solutions to the environmental and water management issues concerning the Bay-Delta. Metropolitan actively participates in these proceedings. Metropolitan cannot predict the outcome of any of the litigation or regulatory processes described below but believes that a materially adverse impact on the operation of State Water Project pumps could negatively impact Metropolitan's State Water Project deliveries and/or Metropolitan's water reserves.

**SWRCB Regulatory Activities and Decisions.** The State Water Resources Control Board (the "SWRCB") is the agency responsible for setting water quality standards and administering water rights throughout California. The SWRCB exercises its regulatory authority over the Bay-Delta by means of public proceedings leading to regulations and decisions that can affect the availability of water to Metropolitan and other users of State Water Project water. These include the Water Quality Control Plan ("WQCP") for the San Francisco Bay/Sacramento-San Joaquin Delta Estuary, which establishes the water quality objectives and proposed flow regime of the estuary, and water rights decisions, which assign responsibility for implementing the objectives of the WQCP to users throughout the system by adjusting their respective water rights permits.

Since 2000, SWRCB's Water Rights Decision 1641 ("D-1641") has governed the State Water Project's ability to export water from the Bay-Delta for delivery to Metropolitan and other agencies receiving water from the State Water Project. D-1641 allocated responsibility to water rights holders for meeting flow requirements and salinity and other water quality objectives established earlier by the WQCP.

The WQCP gets reviewed periodically and new standards and allocations of responsibility can be imposed on the State Water Project as a result. The SWRCB's current review and update of the WQCP is being undertaken in phased proceedings. In December 2018, the SWRCB completed Phase 1 of the WQCP proceedings, adopting the plan amendments and environmental documents to support new flow



standards for the Lower San Joaquin River tributaries and revised southern Delta salinity objectives. The Phase 1 plan amendments include certain “unimpaired flow” requirements on the three San Joaquin River tributaries. The term unimpaired flow is used to describe a theoretically available water supply assuming existing river channel conditions in the absence of storage and stream diversions. It is theoretical and it does not represent such conditions as they have occurred historically. Various stakeholders filed suit against the SWRCB challenging these Phase 1 plan amendments. In March 2024, the Sacramento Superior Court upheld the Phase 1 plan amendments, denying the challengers’ claims. The decision is ~~subject to appeal~~[being appealed by affected water agencies and environmental groups](#).

Plan amendments being considered as part of Phase 2 of the WQCP proceedings are focused on the Sacramento River and its tributaries, Delta eastside tributaries, Delta outflows, and interior Delta flows. The SWRCB has also encouraged all stakeholders to work together to reach one or more Voluntary Agreements for consideration by the SWRCB that could implement the proposed amendments to the WQCP through a variety of tools, including non-flow habitat restoration for sensitive salmon and smelt species, while seeking to protect water supply reliability. Metropolitan is participating in the Phase 2 proceedings and Voluntary Agreement negotiations. On March 29, 2022, Metropolitan’s General Manager signed a Memorandum of Understanding Advancing a Term Sheet for the Voluntary Agreements to Update and Implement the Bay-Delta Water Quality Control Plan, and Other Related Actions (the “VA MOU”). Other parties include the California Natural Resources Agency (“Natural Resources”), the California Environmental Protection Agency, the California Department of Fish and Wildlife (“CDFW”), the Bureau of Reclamation, DWR, the State Water Contractors association and additional agricultural and municipal water users. Under the VA MOU, the parties “seek to take a comprehensive approach to integrate flow and non-flow measures, including habitat restoration, subject to ongoing adaptive management based on a science program” as described in an attached term sheet. The proposed approach under the VA MOU provides for implementation over eight years with a potential extension to up to 15 years. To be implemented any Voluntary Agreement package of agreed upon flow and non-flow measures would need to be reviewed by the SWRCB and formally considered and adopted as part of a comprehensive update to the WQCP.

In September 2023, the staff for the SWRCB released a Draft Staff Report/Substitute Environmental Document (the “Draft Staff Report”) for the WQCP Phase 2 updates for the Sacramento River watershed, Delta eastside tributaries, interior Delta, and Delta. The Draft Staff Report analyzes several alternatives for WQCP updates, including the proposed Healthy Rivers and Landscapes (HRL) proposal (previously referred to as “Voluntary Agreements”), several variations of unimpaired hydrograph outflow objectives, several modular alternatives that would limit State Water Project and Central Valley Project operations, and several narrative objectives. As described in the Draft Staff Report, the SWRCB could adopt more than one alternative, providing for layered implementation. The Draft Staff Report’s Proposed Action includes a flow objective of 55 percent of the unimpaired hydrograph. The Draft Staff Report’s Proposed Action flow objective is predicted to result in an annual average reduction of 446,000 acre-feet for southern California municipal supplies, which provides an estimate of the potential water cost for Metropolitan. The public comment period for the Draft Staff Report closed on January 19, 2024. Metropolitan provided comments individually and through the State Water Contractors association. [In October 2024, the SWRCB released draft revisions to the WQCP Phase 2 updates for public review.](#) The SWRCB staff ~~will~~[is expected to](#) consider public comments and finalize the Staff Report in ~~the first quarter of~~ calendar year 2025. The eventual consideration by the SWRCB of adoption of Phase 2 updates to the WQCP is expected to occur in ~~the second quarter of~~ calendar year 2025 or later.

**Bay-Delta Planning Activities.** In 2000, several State and federal agencies released the CALFED Bay-Delta Programmatic Record of Decision and Environmental Impact Report/Environmental Impact Statement (“EIR/EIS”) that outlined and disclosed the environmental impacts of a 30-year plan to



improve the Bay-Delta's ecosystem, water supply reliability, water quality, and levee stability. CALFED is the consortium of State and federal agencies with management and regulatory responsibilities in the San Francisco Bay/ Sacramento-San Joaquin Delta Estuary. The CALFED Record of Decision remains in effect and many of the State, federal, and local projects begun under CALFED continue.

In 2006, multiple State and federal resource agencies, water agencies, and other stakeholder groups entered into a planning agreement for the Bay-Delta Conservation Plan ("BDCP"). The BDCP was originally conceived as a comprehensive conservation strategy for the Bay-Delta designed to restore and protect ecosystem health, water supply, and water quality within a stable regulatory framework to be implemented over a 50-year time frame with corresponding long-term permit authorizations from fish and wildlife regulatory agencies. The BDCP includes both alternatives for new water conveyance infrastructure and extensive habitat restoration in the Bay-Delta.

The existing State Water Project Delta water conveyance system needs to be improved and modernized to address operational constraints on pumping in the south Delta as well as risks to water supplies and water quality from climate change, earthquakes, and flooding. Operational constraints are largely due to biological opinions and incidental take permits to which the State Water Project is subject that substantially limit the way DWR operates the State Water Project.

In 2015, the State and federal lead agencies proposed an alternative implementation strategy and new alternatives to the BDCP to provide for the protection of water supplies conveyed through the Bay-Delta and the restoration of the ecosystem of the Bay-Delta, ~~termed~~. The alternative strategy included planned water conveyance improvements to be implemented by DWR and the Bureau of Reclamation as a standalone project with the required habitat restoration limited to that directly related to construction mitigation (the originally proposed "California WaterFix" and "California EcoRestore," respectively. Planned water conveyance improvements, California WaterFix (a proposed project that was subsequently withdrawn and reconfigured as an alternative Delta conveyance project as described under "Delta Conveyance" below), would have been implemented by DWR and the Bureau of Reclamation as a stand-alone project with the required habitat restoration limited to that directly related to construction mitigation. Ecosystem and ecosystem improvements and habitat restoration more generally, California EcoRestore, would be which are being undertaken under a more phased approach.

~~**California EcoRestore.** As part of California EcoRestore, which was initiated in 2015, the State is pursuing more than 30,000 acres of Delta habitat restoration. As of the end of the first five-year period of 2015 through December 2020, California EcoRestore was on track to restore 3,500 acres of non-tidal wetland and projected to restore 14,000 acres of tidal and subtidal habitat, 18,580 acres of floodplain, and 1,650 acres of riparian and upland habitat, exceeding initial estimates. Over such period, California EcoRestore represented an investment of approximately \$500 million for implementation and planning costs. This includes certain amounts being paid by the State Water Project contractors, including Metropolitan, for the costs of habitat restoration required to mitigate State and federal water project impacts pursuant to the biological opinions. Work on several California EcoRestore projects is ongoing. The overall estimated cost to complete the current list of 32 California EcoRestore projects is \$750 to \$950 million, with approximately half expected to be paid from the State Water Project by State Water Project contractors and half from other funding sources. See also "Endangered Species Act and Other Environmental Considerations Relating to Water Supply—Endangered Species Act Considerations—State Water Project."~~

**Delta Conveyance.** On April 29, 2019, Governor Newsom issued an executive order directing identified State agencies to develop a comprehensive statewide strategy to build a climate-resilient water system, directing the State agencies to inventory and assess the current planning for modernizing conveyance through the Bay-Delta with a new single tunnel project (rather than the previously



contemplated two-tunnel California WaterFix). Consistent with the Governor's direction, in January 2020, DWR commenced a formal environmental review process under CEQA for a proposed single tunnel Delta Conveyance Project. ~~On July 27, 2022, DWR released the Delta Conveyance Project Draft EIR for public and agency comment under CEQA.~~ DWR certified its Final EIR ~~on December 8, 2023~~ and approved the Bethany Reservoir Alignment alternative on December 21, 2023. The approved conveyance facilities include intake structures on the Sacramento River, with a total capacity of 6,000 cfs, and a single tunnel to convey water to a new pumping facility in the south Delta that would lift water into the existing Bethany Reservoir, part of the California Aqueduct. ~~Additional permitting processes, including federal and State~~ On November 8, 2024 and December 6, 2024, respectively, the United States Fish and Wildlife Service ("USFWS") and the National Marine Fisheries Service ("NMFS") issued programmatic biological opinions which would include the Delta Conveyance Project operations under the federal Endangered Species Act ("ESA") ~~permits. See also "Endangered Species Act and Other Environmental Considerations Relating to Water Supply – Endangered Species Act Considerations – State Water Project."~~ On February 14, 2025, CDFW issued an incidental take permit for the Delta Conveyance Project. Additional permitting processes, including ESA biological opinions for Delta Conveyance Project construction, the U.S. Army Corps of Engineers Clean Water Act section 404 dredge-and-fill permit, the SWRCB Change in Point of Diversion petition and the Delta Stewardship Council Delta Plan Consistency certification, are expected to continue through at least the end of 2026.

Ten lawsuits have been filed by various organizations, including Tulare Lake Basin Water Storage District, Sierra Club, City of Stockton, County of San Joaquin, County of Butte, Sacramento Area Sewer District, County of Sacramento, San Francisco Baykeeper, South Delta Water Agency and North Delta Water Agency, challenging the adequacy of DWR's Final EIR under CEQA and several other environmental laws. They have been consolidated for all purposes. Motions for preliminary injunctive relief seeking to halt pre-construction geotechnical work to characterize subsurface soil and groundwater conditions were granted in five of the cases on June 21, 2024 enjoining such geotechnical work until DWR completes the Delta Plan certification of consistency procedure required under the Delta Reform Act. DWR ~~has~~ filed a motion to modify the injunction to allow some geotechnical work to continue or, the alternative, to temporarily stay the injunction pending a decision on the merits in DWR's appeal. ~~A hearing on the matter has been scheduled for August 23, 2024, which the trial court denied.~~ On August 19, 2024, DWR filed notices of appeal, appealing the injunction in each of the cases. The court of appeal denied DWR's motion to stay the injunction pending adjudication of its appeal on the merits. In October 2024, DWR filed a certification of consistency for a portion of the geotechnical work described in the Final EIR for the Delta Conveyance Project. Four groups filed appeals with the Delta Stewardship Council, which held a hearing on December 19, 2024. On January 23, 2025, the Delta Stewardship Council dismissed the four appeals for lack of jurisdiction, finding that the proposed geotechnical activities were not a covered action under the Delta Reform Act. On February 6, 2025, DWR filed its opening brief on appeal of the preliminary injunction halting preconstruction geotechnical work. On February 25, 2025, DWR filed a motion in the trial court for stay of enforcement of injunction to allow resumption of preconstruction geotechnical work in light of the certification and appeal process at the Delta Stewardship Council. A hearing occurred on March 21, 2025. On April 9, 2025, the trial court issued a ruling denying the motion.

On August 20, 2020, the U.S. Army Corps of Engineers ("Army Corps"), the lead agency for the Delta Conveyance Project under the National Environmental Policy Act ("NEPA"), issued a notice of intent of the development of the EIS for the Delta Conveyance Project. On December 16, 2022, the Army Corps released the Draft EIS for public and agency comment under NEPA. The comment period closed on March 16, 2023. Certification of the Final EIS by the Army Corps is ~~not expected before the end of 2024~~ anticipated in mid-2025, although timing is uncertain given the change in presidential administrations.



Metropolitan's Board has previously authorized Metropolitan's participation in two joint powers agencies relating to a Bay-Delta conveyance project (originally formed in connection with California WaterFix): the Delta Conveyance Design and Construction Authority (the "DCA"), formed by the participating water agencies to actively participate with DWR in the design and construction of the conveyance project in coordination with DWR and under the control and supervision of DWR; and the Delta Conveyance Finance Authority (the "Financing JPA"), formed by the participating water agencies to facilitate financing for the conveyance project. The DCA is providing engineering and design activities to support DWR's planning and environmental analysis for the potential new Delta Conveyance Project.

In August 2020, the DCA released preliminary cost information for the proposed Delta Conveyance Project based on an early cost assessment prepared by the DCA. The DCA's early assessment was based on preliminary engineering, not a full conceptual engineering report, and includes project costs for construction, management, oversight, mitigation, planning, soft costs, and contingencies. Based on these assumptions, the DCA's early project cost assessment estimate was approximately \$15.9 billion in 2020 un-discounted dollars, which includes a 44 percent overall contingency applied to the preliminary construction costs. In May 2024, the DCA released an updated cost estimate for the Bethany Reservoir Alignment configuration of the Delta Conveyance Project as approved by DWR. The updated total project cost estimate includes construction and other program costs (including, among other things, planning, design, construction management, land acquisition, environmental mitigation and costs of a community benefit program), as well as certain contingency and risk treatment costs to address uncertainty at the conceptual stage of project development. The updated total project cost estimate considers items such as labor, materials, equipment, level of effort, and other relevant cost items for a defined scope of work as described in the Delta Conveyance Project Final EIR certified by DWR in December 2023 and the supporting engineering project report prepared by the DCA. The updated total project cost estimate prepared by the DCA is primarily intended to support project financial and economic analysis and to provide guidance for further project development. If constructed, actual project costs would depend on actual labor and material costs, competitive market conditions, actual site conditions, final project scope, implementation schedule, continuity of personnel and engineering, and other variable factors. Based on these assumptions, the DCA's updated total cost estimate is approximately \$20.1 billion in 2023 un-discounted dollars, which includes a 30 percent overall contingency applied to the construction cost estimate, and a contingency between 15 percent and 30 percent added to each element of other program costs. The DCA is also evaluating potential design modifications and construction innovations to enhance cost efficiency and feasibility.

~~Approximately \$340.7 million of investment was estimated to be needed over four years (2021 through 2024) to fund planning and pre-construction costs for the proposed Delta Conveyance Project.~~ At its December 8, 2020 Board meeting, Metropolitan's Board authorized the General Manager to execute a funding agreement with DWR and commit funding for a Metropolitan participation level of 47.2 percent of ~~such~~ the approximately \$340.7 million of estimated costs of preliminary design, environmental planning and other pre-construction activities needed over the four years 2021 through 2024 to assist in the environmental process for the proposed Delta Conveyance Project. ~~Metropolitan's 47.2 percent share represents an estimated funding commitment of~~ Metropolitan contributed \$160.8 million over the four years 2021 through 2024. ~~Eighteen~~ Seventeen other State Water Project contractors also ~~have~~ approved and contributed funding ~~a share of~~ for the planning and pre-construction costs. ~~Like prior agreements for BDCP and California WaterFix, the~~ Those contributions will fund planning and further design and engineering through 2025. The funding agreement provides that funds ~~would~~ will be reimbursed to Metropolitan if the project is approved and when the first bonds, if any, for the project are issued. In connection with approving the funding agreement, at its December 2020 Board meeting, the Board also authorized the General Manager to execute an amendment to the DCA joint exercise of powers agreement. The amendment, which was effective December 31, 2020, addressed changes in the



anticipated participation structure for the proposed Delta Conveyance Project from that contemplated for California WaterFix.

At its December 10, 2024 Board meeting, Metropolitan's Board approved additional funding by Metropolitan of approximately \$142.0 million for its share of the estimated \$300.0 million of planning and pre-construction costs of the Delta Conveyance Project anticipated for 2026 and 2027. A portion of Metropolitan's approved funding amount may be offset by certain amounts Metropolitan expects to receive back from DWR under its State Water Contract by the end of 2025 in the amount of \$75.0 million. Seventeen other State Water Project contractors have also approved funding a share of the preconstruction costs for this two-year period. The amended funding agreement continues to provide that all funds contributed from 2020-2027 will be reimbursed to Metropolitan if the project is approved and implemented, and when the first bonds, if any, for the project are issued.

Metropolitan's December ~~8~~10, ~~2020~~2024 action to approve an amendment to the 2020 funding of agreement to fund planning and ~~pre-construction~~preconstruction costs for 2026-2027 does not commit Metropolitan to participate in the Delta Conveyance Project. ~~Any additional funding for planning and pre-construction costs would require Board approval, a vote on which is expected to be considered in 2024 or later.~~ Any final decision to commit to the Delta Conveyance Project and incur final design and construction costs would require further Board approval, ~~a vote on which is not expected to occur until currently anticipated in 2027,~~ after key permits are obtained, ~~likely in 2025 or later~~which is anticipated by end of 2026.

On August 6, 2020, DWR adopted certain resolutions to authorize the issuance of bonds to finance costs of the Delta Conveyance Project environmental review, planning, design and, if and when such a project is approved, the costs of acquisition and construction thereof. The same day, it filed a complaint in Sacramento County Superior Court seeking to validate its authority to issue the bonds. Fourteen answers were filed in the validation action. In May 2023, a bench trial was conducted by the court in connection with the validation action. On January 16, 2024, the Sacramento County Superior Court denied DWR's request for a validation order, finding that DWR exceeded its statutorily delegated authority when it adopted the bond resolutions to authorize the issuance of its bonds to finance the Delta Conveyance Project. On February 14, 2024, Metropolitan and four other supporting public water agencies filed a Notice of Appeal in California's Court of Appeal, Third Appellate District, of the Sacramento County Superior Court's ruling denying DWR's request for an order validating bond resolutions to finance the Delta Conveyance Project. DWR filed a Notice of Appeal on February 16, 2024. Eight cross appeals were filed by March 2024. In April 2024, DWR filed a motion to dismiss the cross appeals as untimely. In May 2024, DWR's motion to dismiss the cross appeals was denied without prejudice to renewing the motion in the merits briefing. ~~The parties filed a merits briefing schedule.~~joint opening brief of DWR and the supporting public agencies was filed on October 4, 2024. Respondents and cross-appellants filed briefs on December 31, 2024 and January 2, 2025. DWR and the supporting agencies filed their combined reply and cross-respondents' brief on April 1, 2025. No date for oral argument has been scheduled.

On January 7, 2025, DWR filed a validation action in Sacramento County Superior Court seeking to validate a new bond resolution and confirm DWR's authority to issue revenue bonds to finance the planning, design, construction, maintenance and other capital costs of the Delta Conveyance program. DWR is pursuing this second validation action for the new bonds in parallel with its appeal of the decision rendered in its 2020 validation action over the 2020 bonds in case the appeal in the 2020 cases is unsuccessful. Answers were due no later than March 25, 2025. As of April 1, 2025, Metropolitan, Coachella Valley Water District ("CVWD"), Santa Clarita Valley Water Agency, Santa Clara Water Agency, and Mojave Water Agency have filed answers in support of DWR's position; ten answers were filed raising affirmative defenses in opposition, and two parties have filed demurrers



[seeking to dismiss the case because an appeal is pending on the validity of the 2020 bond resolutions. A hearing on the first demurrer is noticed for June 12, 2025; a hearing on the second demurrer is noticed for October 8, 2025.](#)

Additional lawsuits could be filed in the future with respect to the Delta Conveyance Project and may impact the anticipated timing and costs.

## **Colorado River Aqueduct**

### **Background**

The Colorado River was Metropolitan's original source of water after Metropolitan's establishment in 1928. Metropolitan has a legal entitlement to receive water from the Colorado River under a permanent service contract with the Secretary of the Interior. Water from the Colorado River and its tributaries is also available to other users in California, as well as users in the states of Arizona, Colorado, Nevada, New Mexico, Utah, and Wyoming (collectively, the "Colorado River Basin States"), resulting in both competition and the need for cooperation among these holders of Colorado River entitlements. In addition, under a 1944 treaty, Mexico has the right to delivery of 1.5 million acre-feet of Colorado River water annually except as provided under shortage conditions described in Treaty Minute 323. The United States and Mexico agreed to conditions for reduced deliveries of Colorado River water to Mexico in Treaty Minute 323, adopted in 2017. Treaty Minute 323 established the rules under which Mexico agreed to take shortages and create reservoir storage in Lake Mead. Those conditions are in parity with the requirements placed on the Lower Basin States (defined below) in the Lower Basin Drought Contingency Plan (described under "– Colorado River Operations: Surplus and Storage Guidelines – *Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead*"). Mexico can also schedule delivery of an additional 200,000 acre-feet of Colorado River water per year if water is available in excess of the requirements in the United States and the 1.5 million acre-feet allotted to Mexico.

Construction of the CRA, which is owned and operated by Metropolitan, was undertaken by Metropolitan to provide for the transportation of its Colorado River water entitlement to its service area. The CRA originates at Lake Havasu on the Colorado River and extends approximately 242 miles through a series of pump stations and reservoirs to its terminus at Lake Mathews in Riverside County. Up to 1.25 million acre-feet of water per year may be conveyed through the CRA to Metropolitan's member agencies, subject to the availability of Colorado River water for delivery to Metropolitan as described below. Metropolitan first delivered CRA water to its member agencies in 1941.

### **Colorado River Water Apportionment and Seven-Party Agreement**

Pursuant to the federal Boulder Canyon Project Act of 1928, California is apportioned the use of 4.4 million acre-feet of water from the Colorado River each year plus one-half of any surplus that may be available for use collectively in the Lower Basin States of Arizona, California and Nevada. Under an agreement entered into in 1931 among the California entities that expected to receive a portion of California's apportionment of Colorado River water (the "1931 Seven-Party Agreement") and which has formed the basis for the distribution of Colorado River water made available to California, Metropolitan holds the fourth priority right to 550,000 acre-feet per year. This is the last priority within California's basic apportionment. In addition, Metropolitan holds the fifth priority right to 662,000 acre-feet of water, which is in excess of California's basic apportionment. Until 2003, Metropolitan had been able to take full advantage of its fifth priority right as a result of the availability of surplus water and water apportioned to Arizona and Nevada that was not needed by those states. However, during the 1990s Arizona and Nevada increased their use of water from the Colorado River, and by 2002 no unused apportionment was available for California. As a result, California has limited its annual use to



4.4 million acre-feet since 2003, not including supplies made available under water supply programs such as Intentionally Created Surplus (“ICS”) and certain conservation and storage agreements. In addition, a severe drought in the Colorado River Basin from 2000-2004 reduced storage in system reservoirs, ending the availability of surplus deliveries to Metropolitan. Prior to 2003, Metropolitan could divert over 1.25 million acre-feet in any year. Since 2003, Metropolitan’s net diversions of Colorado River water have ranged from a low of ~~537,607~~538,000 acre-feet in 2019 to a high of approximately 1,179,000 acre-feet in 2015. Average annual net diversions over the ten-year period ~~2014~~2015 through ~~2023~~2024 were ~~917,020~~approximately 892,000 acre-feet, with annual volumes dependent primarily on programs to augment supplies, including transfers of conserved water from agriculture and water made available to Metropolitan pursuant to the Exchange Agreement, in exchange for which Metropolitan delivers a like amount to SDCWA from any Metropolitan supply. See “– Quantification Settlement Agreement”, “–Metropolitan and San Diego County Water Authority Exchange Agreement”, and “– Colorado River Operations: Surplus and Shortage Guidelines.” See also “–Current Water Conditions” and “–Water Transfer, Storage and Exchange Programs – Colorado River Aqueduct Agreements and Programs.” In ~~2023~~2024, Metropolitan’s total available Colorado River supply was just over ~~1.1~~1.0 million acre-feet. A portion of the available supply was left in Lake Mead. Although this water could have been stored in Metropolitan’s Lake Mead ICS supplies, Metropolitan elected to have it become system water pursuant to the system conservation implementation agreements (“System Conservation Agreements”) entered into with the Bureau of Reclamation under the Lower Colorado River Basin System Conservation and Efficiency Program for an enhancement of Metropolitan’s commercial, industrial, and institutional turf replacement program incentive and for design and construction of facilities for the Antelope Valley-East Kern High Desert Water Bank Program. See also “–Storage Capacity and Water in Storage.”

The following table sets forth the existing priorities of the California users of Colorado River water established under the 1931 Seven-Party Agreement.

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#### PRIORITIES UNDER THE CALIFORNIA 1931 SEVEN-PARTY AGREEMENT<sup>(1)</sup>

Priority	Description	Acre-Feet Annually
1	Palo Verde Irrigation District gross area of 104,500 acres of land in the Palo Verde Valley	} 3,850,000
2	Yuma Project in California not exceeding a gross area of 25,000 acres in California	
3(a)	Imperial Irrigation District and other lands in Imperial and Coachella Valleys <sup>(2)</sup> to be served by All-American Canal	
3(b)	Palo Verde Irrigation District – 16,000 acres of land on the Lower Palo Verde Mesa	
4	Metropolitan Water District of Southern California for use on the coastal plain	550,000
	<b>SUBTOTAL</b>	4,400,000
5(a)	Metropolitan Water District of Southern California for use on the coastal plain	} 550,000



5(b)	Metropolitan Water District of Southern California for use on the coastal plain <sup>(3)</sup>	112,000
6(a)	Imperial Irrigation District and other lands in Imperial and Coachella Valleys to be served by the All-American Canal	300,000
6(b)	Palo Verde Irrigation District – 16,000 acres of land on the Lower Palo Verde Mesa	
	<b>TOTAL</b>	5,362,000
7	Agricultural use in the Colorado River Basin in California	Remaining surplus

*Source: Metropolitan.*

- (1) Agreement dated August 18, 1931, among Palo Verde Irrigation District, Imperial Irrigation District, Coachella Valley County Water District, Metropolitan, the City of Los Angeles, the City of San Diego and the County of San Diego. These priorities were memorialized in the agencies' respective water delivery contracts with the Secretary of the Interior.
- (2) The Coachella Valley Water District serves Coachella Valley.
- (3) In 1946, the City of San Diego, the San Diego County Water Authority, Metropolitan and the Secretary of the Interior entered into a contract that merged and added the City and County of San Diego's rights to storage and delivery of Colorado River water to the rights of Metropolitan.

### **Quantification Settlement Agreement**

The Quantification Settlement Agreement ("QSA"), which was executed by the ~~Coachella Valley Water District~~ ("CVWD"), Imperial Irrigation District ("IID"), and Metropolitan in October 2003, together with various QSA-related agreements including those in which SDCWA is a party, established Colorado River water use limits for IID and CVWD, and provided for specific acquisitions of conserved water and water supply arrangements. The QSA and related agreements provide a framework for Metropolitan to enter into other cooperative Colorado River supply programs and set aside several disputes among California's Colorado River water agencies.

Specific programs under the QSA and related agreements include lining portions of the All-American and Coachella Canals, which were completed in 2009 and conserve over 98,000 acre-feet annually. Metropolitan receives this water and delivers over 77,000 acre-feet of exchange water annually to SDCWA, and provides 16,000 acre-feet of water annually by exchange to the United States for use by the La Jolla, Pala, Pauma, Rincon, and San Pasqual Bands of Mission Indians, the San Luis Rey River Indian Water Authority, the City of Escondido, and the Vista Irrigation District. Water became available for exchange with the United States following a May 17, 2017 notice from the Federal Energy Regulatory Commission ("FERC") satisfying the last requirement of Section 104 of the San Luis Rey Indian Water Rights Settlement Act (Title I of Public Law 100-675, as amended). The QSA and related agreements also authorized the transfer of conserved water annually by IID to SDCWA (up to a maximum amount in 2021 of 205,000 acre-feet, then stabilizing to 200,000 acre-feet per year). Metropolitan receives this water and delivers an equal amount of exchange water annually to SDCWA. See description under "– Metropolitan and San Diego County Water Authority Exchange Agreement" below; see also "METROPOLITAN REVENUES–Principal Customers" in this Appendix A. Also included under the QSA related agreements is a delivery and exchange agreement between Metropolitan and CVWD that provides for Metropolitan, when requested, to deliver annually up to 35,000 acre-feet of Metropolitan's State Water Project contractual water to CVWD by exchange with Metropolitan's available Colorado River supplies.



### **Metropolitan and San Diego County Water Authority Exchange Agreement**

No facilities exist to deliver conserved water acquired by SDCWA from IID and water allocated to SDCWA that has been conserved as a result of the lining of the All-American and Coachella Canals. See “–Quantification Settlement Agreement.” Accordingly, in 2003, Metropolitan and SDCWA entered into an exchange agreement (the “Exchange Agreement”), pursuant to which SDCWA makes available to Metropolitan at its intake at Lake Havasu on the Colorado River the conserved Colorado River water SDCWA receives under the QSA related agreements. Metropolitan delivers an equal volume of water from its own sources of supply through its delivery system to SDCWA. The Exchange Agreement limits the amount of water that Metropolitan delivers to 277,700 acre-feet per year, except that an additional 5,000 acre-feet was exchanged in 2021 and an additional 2,500 acre-feet was exchanged in 2022. In consideration for the exchange of the conserved water made available to Metropolitan by SDCWA with the exchange water delivered by Metropolitan, SDCWA pays the agreement price. The price payable by SDCWA is calculated using the charges set by Metropolitan’s Board from time to time to be paid by its member agencies for the conveyance of water through Metropolitan’s facilities. See “METROPOLITAN REVENUES–Litigation Challenging Rate Structure” in this Appendix A for a description of Metropolitan’s charges for the conveyance of water through Metropolitan’s facilities and litigation in which SDCWA is challenging such charges. The term of the Exchange Agreement, as it relates to conserved water transferred by IID to SDCWA, extends through 2047, and as it relates to water allocated to SDCWA that has been conserved as a result of the lining of the All-American and Coachella Canals, extends through 2112; subject, in each case, to the right of SDCWA, upon a minimum of five years’ advance written notice to Metropolitan, to permanently reduce the aggregate quantity of conserved water made available to Metropolitan under the Exchange Agreement to the extent SDCWA decides continually and regularly to transport such conserved water to SDCWA through alternative facilities (which do not presently exist). In 2023, the ~~preliminary estimate of~~ water delivered to Metropolitan by SDCWA for exchange was approximately 227,700 acre-feet, consisting of 150,000 acre-feet of IID conservation plus 77,700 acre-feet of conserved water from the Coachella Canal and All-American Canal lining projects. The volume from IID conservation exchanged under the agreement in 2023 was less than the stabilized volume of 200,000 acre-feet described above because 50,000 acre-feet were left in Lake Mead as a part of ~~2023 system conservation agreements~~ System Conservation Agreements among the Bureau of Reclamation, Metropolitan, SDCWA, and IID under the Bureau of Reclamation’s Lower Colorado River Basin System Conservation and Efficiency Program. Similarly, in 2024, the volume from IID conservation exchanged under the agreement was less than the stabilized volume of 200,000 acre-feet by 50,000 acre-feet as a part of System Conservation Agreements entered into among the Bureau of Reclamation, Metropolitan, SDCWA, and IID under the Bureau of Reclamation’s Lower Colorado River Basin System Conservation and Efficiency Program. These agreements provide for the potential for similar reductions in the exchanged amount in 2025 and 2026, although no reductions are expected at this time. See “– Colorado River Operations: Surplus and Shortage Guidelines – Lower Colorado River Basin System Conservation and Efficiency Program” below.

### **Colorado River Operations: Surplus and Shortage Guidelines**

**General.** The Secretary of the Interior is vested with the responsibility of managing the mainstream waters of the lower Colorado River pursuant to federal law. Each year, the Secretary of the Interior is required to declare the Colorado River water supply availability conditions for the Lower Basin States in terms of “normal,” “surplus” or “shortage” and has adopted operations criteria in the form of guidelines to determine the availability of surplus or potential shortage allocations among the Lower Basin States and reservoir operations for such conditions.

**Interim Surplus Guidelines.** In January 2001, the Secretary of the Interior adopted guidelines (the “Interim Surplus Guidelines”), initially for use through 2016, in determining the availability and quantity of surplus Colorado River water available for use in California, Arizona and Nevada. The



Interim Surplus Guidelines were amended in 2007 and now extend through 2026. The purpose of the Interim Surplus Guidelines was to provide mainstream users of Colorado River water, particularly those in California and Nevada who had been utilizing surplus flows, a greater degree of predictability with respect to the availability and quantity of surplus water. Under the Interim Surplus Guidelines, Metropolitan initially expected to divert up to 1.25 million acre-feet of Colorado River water annually under foreseeable runoff and reservoir storage scenarios from 2004 through 2016. However, as described above, an extended drought in the Colorado River Basin reduced these initial expectations, and Metropolitan has not received any surplus water since 2002 and does not expect to receive any surplus water in the foreseeable future.

***Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead.*** In May 2005, the Secretary of the Interior directed the Bureau of Reclamation to develop additional strategies for improving coordinated management of the reservoirs of the Colorado River system. In November 2007, the Bureau of Reclamation issued a Final EIS regarding new federal guidelines concerning the operation of the Colorado River system reservoirs, particularly during drought and low reservoir conditions. These guidelines provide water release criteria from Lake Powell and water storage and water release criteria from Lake Mead during shortage and surplus conditions in the Lower Basin, provide a mechanism for the storage and delivery of conserved system and non-system water in Lake Mead, and extend the Interim Surplus Guidelines through 2026 (as noted above) ([the “2007 Interim Guidelines”](#)). The Secretary of the Interior issued the final guidelines through a Record of Decision signed in December 2007. The Record of Decision and accompanying agreement among the Colorado River Basin States protect reservoir levels by reducing deliveries during low inflow periods, encouraging agencies to develop conservation programs and allowing the Colorado River Basin States to develop and store new water supplies. The Colorado River Basin Project Act of 1968 insulates California from shortages in all but the most extreme hydrologic conditions. Consistent with these legal protections, under the guidelines, Arizona and Nevada are first subject to the initial annual shortages identified by the Secretary in a shared amount of up to 500,000 acre-feet.

The guidelines also created the ICS program, which allows water contractors in the Lower Basin States to store conserved water in Lake Mead. Under this program, ICS water (water that has been conserved through an extraordinary conservation measure, such as land fallowing) is eligible for storage in Lake Mead by Metropolitan. ICS can be created through 2026 and delivered through 2036. See the table entitled “Metropolitan’s Water Storage Capacity and Water in Storage” under “–Storage Capacity and Water in Storage.” Under the guidelines and the subsequent Colorado River Drought Contingency Plan Authorization Act, California can create and deliver up to 400,000 acre-feet of extraordinary conservation ICS (“EC ICS”) annually and accumulate up to 1.5 million acre-feet of EC ICS in Lake Mead. In December 2007, California contractors for Colorado River water executed the California Agreement for the Creation and Delivery of Extraordinary Conservation Intentionally Created Surplus (the “California ICS Agreement”), which established terms and conditions for the creation, accumulation, and delivery of EC ICS by California contractors receiving Colorado River water. Under the California ICS Agreement, the State’s EC ICS creation, accumulation, and delivery limits provided to California under the 2007 ~~interim shortage guidelines~~ [Interim Guidelines](#) are apportioned between IID and Metropolitan. No other California contractors were permitted to create or accumulate ICS. Under the terms of the agreement, IID is allowed to store up to 25,000 acre-feet per year of EC ICS in Lake Mead with a cumulative limit of 50,000 acre-feet, in addition to any acquired Binational ICS water (water that has been conserved through conservation projects in Mexico). Metropolitan is permitted to use the remaining available ICS creation, delivery, and accumulation limits provided to California.

The Secretary of the Interior delivers the stored ICS water to Metropolitan in accordance with the terms of December 13, 2007, January 6, 2010, and November 20, 2012 Delivery Agreements between the United States and Metropolitan. As of January 1, ~~2024~~[2025](#), Metropolitan had an estimated 1,544,000



acre-feet in its ICS accounts. These ICS accounts include water conserved by fallowing in the Palo Verde Valley, projects implemented with IID in its service area, groundwater desalination, the Warren H. Brock Reservoir Project, and international agreements that converted water conserved by Mexico to the United States. Additionally, approximately 39,000 acre-feet was left in Lake Mead in 2024. This water became system water pursuant to System Conservation Agreements with the Bureau of Reclamation under the Lower Colorado River Basin System Conservation and Efficiency Program and the exact volume will be finalized on May 15, 2025. See also “– Colorado River Water Apportionment and Seven-Party Agreement” above.

***Colorado River Drought Contingency Plans.*** Since the 2007 Lower Basin shortage guidelines were issued for the coordinated operations of Lake Powell and Lake Mead, the Colorado River has continued to experience drought conditions. The seven Colorado River Basin States, the U.S. Department of the Interior (“Department of the Interior”) through the Bureau of Reclamation, and water users in the Colorado River Basin, including Metropolitan, began developing Drought Contingency Plans (“DCPs”) to reduce the risk of Lake Powell and Lake Mead declining below critical elevations through 2026.

In April 2019, the President of the United States signed the Colorado River Drought Contingency Plan Authorization Act (referenced above), directing the Secretary of the Interior to sign and implement four DCP agreements related to the Upper and Lower Basin DCPs without delay. The agreements were executed and the Upper and Lower Basin DCPs became effective on May 20, 2019. The Lower Basin Drought Contingency Plan Agreement requires California, Arizona and Nevada to store defined volumes of water in Lake Mead at specified lake levels. California would begin making contributions if Lake Mead’s elevation is projected to be 1,045 feet above sea level or below on January 1. Depending on the lake’s elevation, California’s contributions would range from 200,000 to 350,000 acre-feet a year (“DCP Contributions”). Pursuant to intrastate implementation agreements and a settlement agreement with IID, Metropolitan will be responsible for 90 percent of California’s DCP Contributions under the Lower Basin DCP. CVWD will be responsible for 7 percent of California’s required DCP Contributions. While IID is not a party to the DCP, if Metropolitan is required to make a DCP contribution, IID will assist Metropolitan in making DCP contributions by contributing the lesser of either: (a) three percent of California’s DCP contribution or (b) the amount of water IID has stored with Metropolitan. The terms of the settlement agreement with IID referenced above and the mechanism by which IID will contribute to California’s DCP Contributions is described in more detail under “–Water Transfer, Storage and Exchange Programs –Colorado River Aqueduct Agreements and Programs – *California ICS Agreement Intrastate Storage Provisions*” in this Appendix A. No DCP contribution is required by California in ~~2024~~2025.

Implementation of the Lower Basin DCP enhances Metropolitan’s ability to store water in Lake Mead and ensures that water in storage can be delivered later. The Lower Basin DCP increases the total volume of water that California may store in Lake Mead by 200,000 acre-feet, for a total of 1.7 million acre-feet, which Metropolitan will have the right to use. However, under the September 12, 2019 DCP Contributions and ICS Accumulation Limits Sharing Agreement, California agreed to make up to 50,000 acre-feet of its accumulation space available to Arizona through 2026. Arizona has used this accumulation space, therefore making the effective increase in the volume of water California may store 1.65 million acre-feet. Both EC ICS and Binational ICS count towards the total volume of water that California may store in Lake Mead. Water stored as ICS will be available for delivery as long as Lake Mead’s elevation remains above 1,025 feet. Previously, that water ~~would likely~~could have become inaccessible below a Lake Mead elevation of 1,075 feet. DCP Contributions may be made through conversion of existing ICS, including at times when Lake Mead’s elevation falls below 1,025 feet, allowing Metropolitan to deliver the full amount of its basic apportionment and available water under its CRA water transfer and exchange programs even in years when a DCP Contribution is required. DCP Contributions made through conversion of existing ICS become DCP ICS. DCP Contributions may also



be made by leaving water in Lake Mead that there was a legal right to have delivered. This type of DCP Contribution becomes system water and may not be recovered. Rules are set for delivery of DCP ICS through 2026 and between 2027-2057. The Lower Basin DCP will be effective through 2026, however, the SEIS (which is described under “*Ongoing Activities Relating to Colorado River Operations*” below) could alter provisions of the DCP.

***Lake Mead 500+ Plan.*** In December 2021, Metropolitan, the Department of the Interior, the Arizona Department of Water Resources, the Central Arizona Project, and the Southern Nevada Water Authority (“SNWA”) executed a memorandum of understanding for an agreement to invest up to \$200 million in projects over the two years 2022 and 2023 to keep Lake Mead from dropping to critically low levels. The agreement, known as the “500+ Plan,” aimed to add 500,000 acre-feet of additional water to Lake Mead in both 2022 and 2023 by facilitating actions to conserve water across the Lower Colorado River Basin through voluntary measures such as creation of system conservation, creation of ICS and decreases in planned ICS releases. The additional water, enough water to serve about 1.5 million households per year, would add about 16 feet total to the reservoir’s level. Under the memorandum of understanding, the Arizona Department of Water Resources committed to provide up to \$40 million to the initiative over two years, with Metropolitan, the Central Arizona Project and SNWA each agreeing to contribute up to \$20 million. The federal government planned to match those commitments, providing an additional \$100 million. As of the end of calendar year 2022, over 500,000 acre-feet of additional water was added to Lake Mead. Metropolitan’s financial contribution through the end of calendar year 2022 totaled approximately \$4 million. In 2023, existing conservation projects for the Lower Colorado River Basin were terminated to allow the programs to enroll in the Bureau of Reclamation’s Lower Colorado River Basin System Conservation and Efficiency Program as part of the Inflation Reduction Act of 2022 (the “IRA”), which included funds (described below) to assist in addressing the Lower Colorado River drought conditions. California Lower Colorado River Basin contract and entitlement holders ~~continue~~have continued to pursue a goal of conserving 400,000 acre-feet annually through 2026. See also “Endangered Species Act and Other Environmental Considerations Relating to Water Supply – Endangered Species Act Considerations - Colorado River.”

***Lower Colorado River Basin System Conservation and Efficiency Program.*** The United States Congress appropriated \$4 billion for drought mitigation in the IRA. Using funds made available through the IRA, the Bureau of Reclamation established the Lower Colorado River Basin System Conservation and Efficiency Program as part of a commitment made by the U.S. Department of the Interior on August 16, 2022 to take actions designed to address the unprecedented drought in the Lower Colorado River Basin. The program is ~~in continuing~~ the process of ~~selecting~~negotiating terms for selected projects for funding proposed by Colorado River water delivery contract or entitlement holders for system conservation and efficiencies in the Lower Colorado River Basin that also lead to additional conservation and bridge the immediate conservation need while moving toward improved system efficiency and more durable long-term solutions. Metropolitan submitted several proposals for funding system conservation in both the short- and long-term.

~~In the short term,~~ Metropolitan has executed ~~contracts~~agreements with the Bureau of Reclamation pursuant to which the Bureau of Reclamation, rather than Metropolitan, ~~will~~agreed to pay for conserved water from Metropolitan’s PVID Land Management, Crop Rotation and Water Supply Program from August 1, 2023 to July 31, 2026, ~~and~~ from the Quechan Forbearance Program for calendar years 2023 through ~~2025~~2026, and from the Bard Seasonal Fallowing Program for calendar years 2024 through 2026. Water generated from these programs and these time periods will benefit Lake Mead as system water rather than accrue to Metropolitan. ~~Later in 2024, Metropolitan also anticipates executing an additional contract with the Bureau of Reclamation where the Bureau of Reclamation will pay for conserved water from Metropolitan’s Bard Seasonal Fallowing Program for calendar years 2024 through 2026 and water generated from that program during that time period will benefit Lake Mead as~~



~~system water rather than accrue to Metropolitan.~~ See also [“METROPOLITAN REVENUES – Federal Funding.”](#)

~~In the long term, Metropolitan has submitted a proposal for the creation of system water through adoption of new conservation and local supply programs, or enhancements of existing programs. Negotiations on long term system conservation are still on going.~~

In addition, as referenced under “– Metropolitan and San Diego County Water Authority Exchange Agreement” above, in August 2024, Metropolitan’s Board authorized the execution by Metropolitan of 2024 System Conservation Agreements among the Bureau of Reclamation, Metropolitan, SDCWA, and IID for Metropolitan’s joint participation in IID’s system conservation program with the Bureau of Reclamation for calendar years 2024 through 2026. Under these System Conservation Agreements, with IID’s and SDCWA’s consent, up to 100,00 acre-feet of water conserved by IID annually during 2024 through 2026 that would otherwise be transferred to SDCWA and exchanged under the Exchange Agreement will be made available as system conservation as a part of IID’s System Conservation Agreement with the Bureau of Reclamation. To the extent that water otherwise intended for transfer to SDCWA and exchange under the Exchange Agreement is made available as system water, SDCWA will be required to purchase a like amount of water from Metropolitan at Metropolitan’s full-service water rate. Each year, IID, Metropolitan, and SCDWA will mutually agree on the volume of water, if any, from the IID-SDCWA transfer program that will be made available as system conservation under IID’s System Conservation Agreement with the Bureau of Reclamation for that year. A total of 50,000 acre-feet was made available in 2024 under this agreement.

Metropolitan has also executed three System Conservation Agreements with the Bureau of Reclamation where the Bureau of Reclamation will fund new conservation programs and enhancements of existing programs. Water generated from these programs will benefit Lake Mead as system water. These agreements include funding by the Bureau of Reclamation of up to \$95.8 million for an enhancement of Metropolitan’s commercial, industrial, and institutional turf replacement program, up to \$82.0 million for design and construction facilities for the Antelope Valley-East Kern High Desert Water Bank Program, and up to \$8.0 million for Metropolitan’s leak detection and repair program for disadvantaged communities. In total, Metropolitan has committed to conserve and create 269,296 acre-feet of system water over a ten-year period under these three agreements. See also “METROPOLITAN REVENUES – Federal Funding.”

***Ongoing Activities Relating to Colorado River Operations.*** Before the DCP and 2007 Lower Basin shortage guidelines terminate in 2026, the U.S. Department of the Interior through the Bureau of Reclamation, the seven Colorado River Basin States, and water users in the Colorado River Basin, including Metropolitan, are expected to develop new shortage guidelines for the management and operation of the Colorado River.

In a process separate from the post-2026 guidelines development process, in November 2022, the Bureau of Reclamation initiated an expedited process to modify the 2007 ~~interim guidelines~~[Interim Guidelines](#) for Colorado River operations in 2023, 2024, and possibly through 2026 to address the potential for continued low-runoff conditions and water shortages in the Colorado River Basin. In April 2023, the Bureau of Reclamation released a draft Supplemental Environmental Impact Statement (“SEIS”) for public comment to modify the 2007 ~~interim guidelines~~[Interim Guidelines](#) for proposed changes to operations starting in 2024 and to inform potential operations in 2025 and 2026 that would include reduced releases from Glen Canyon Dam and increased lower basin shortages. On May 22, 2023, representatives of the States of Arizona, California, and Nevada (the “Lower Basin States”) sent a letter to the Bureau of Reclamation outlining the terms of a consensus proposal to conserve an additional volume of at least three million acre-feet of Colorado River water in the lower basin by the end of



calendar year 2026, with at least 1.5 million acre-feet of that additional total being conserved by the end of calendar year 2024 (the “Lower Basin Plan”). This conservation would be in addition to existing shortage apportionments and DCP contribution obligations under the current 2007 ~~interim guidelines~~Interim Guidelines, Lower Basin DCP, and Treaty Minute 323.~~On~~

Also on May 22, 2023, the Department of the Interior ~~announced that it was temporarily withdrawing~~withdrew the draft SEIS so that it could fully analyze the effects of the proposal submitted by the Lower Basin States. ~~In October 2023, the Bureau of Reclamation released~~Subsequently, and following the release of a revised draft SEIS, ~~which was published in the Federal Register on~~in October 27, 2023. ~~The revised draft SEIS analyzed two alternatives in detail: a “No Action Alternative” and the Lower Basin Plan proposal as the “Proposed Action” alternative. The revised draft SEIS also reflected the improved hydrology in the Colorado River Basin since the original draft SEIS analysis. In light of these improved conditions, the probability of Lake Powell and Lake Mead falling below critical elevation levels during the 2024 through 2026 timeframe that any adopted modifications of the 2007 interim guidelines would be operable has been reduced.~~On, on March 5, 2024, the Bureau of Reclamation released its Final SEIS selecting the Lower Basin Plan as the “Preferred Alternative” for Colorado River operations through 2025. The Bureau of Reclamation issued a Record of Decision to modify the 2007 ~~interim guidelines~~Interim Guidelines consistent with the Lower Basin Plan in May 2024. The modified guidelines will also be used to set operating conditions in 2026.

Under the Lower Basin Plan, California is anticipated to conserve at least 1.6 million acre-feet of the additional three million acre-feet by the end of 2026. It is expected that up to 2.3 million acre-feet of the conservation will be made through projects ~~submitted to, and if awarded,~~ implemented under the Bureau of Reclamation’s Lower Colorado River Basin System Conservation and Efficiency Program and funded through the IRA (as referenced above under “~~–Lake Mead 500+ Plan~~Lower Colorado River Basin System Conservation and Efficiency Program”), with the remainder achieved through other compensated and uncompensated conservation. Uncompensated conservation commitments may be met with the use of newly created EC ICS. Any ICS designated as meeting the new conservation goal cannot be delivered, transferred or assigned through December 31, 2026. See also “~~–Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead.~~”

On October 11, 2023, the Bureau of Reclamation also submitted a request for initiation of formal consultation to ~~the U.S. Fish and Wildlife Service (“USFWS”)~~ for short-term additional reduction in Colorado River flows and activities provided under the Lower Colorado River Multi-Species Conservation Program beginning in water accounting year 2023 and ending with the issuance of a new biological opinion to cover new or revised post-2026 Colorado River operating guidelines. This new biological opinion would provide the additional ESA coverage for flow reductions anticipated in the ~~SEIS Proposed Action alternative~~Lower Basin Plan. This process is ongoing. See also “–Endangered Species Act and Other Environmental Considerations Relating to Water Supply – Endangered Species Act Considerations - Colorado River.”

On June 16, 2023, the Department of the Interior formally initiated the process for the development of new post-2026 operating guidelines to replace the 2007 ~~interim–shortage guidelines~~Interim Guidelines and coordinated management strategies and published a Notice of Intent in the Federal Register to prepare the EIS related to such post-2026 guidelines and to solicit comments and hold public scoping meetings on their development. The public scoping period closed on August 15, 2023. ~~The Bureau of Reclamation is currently developing alternatives for evaluation in the EIS.~~ On March 6, 2024, the Upper Basin states of Wyoming, Colorado, New Mexico and Utah submitted a proposal for evaluation by the Bureau of Reclamation in the EIS (the “Upper Division States Alternative”). The Upper Division States Alternative proposed water supply reductions would be made on the Lower Basin States based on the combined volume in Lake Mead and Lake Powell, with



reductions to be determined using actual water conditions in October, rather than predictions in August as currently employed under ~~the 2007 interim shortage guidelines~~[the 2007 Interim Guidelines](#). The Upper Division States Alternative also includes rules for Glen Canyon Dam releases. The Lower Basin States (California, Arizona, and Nevada) submitted a joint proposal for evaluation on March 6, 2024. The proposal submitted by the Lower Basin States for evaluation by the Bureau of Reclamation (the “Lower Basin Alternative”) includes new higher reductions in water supply across a wider range of system conditions than those implemented in ~~the 2007 interim guidelines~~[the 2007 Interim Guidelines](#), including reductions for California. Under this proposal, reductions to water users in the Lower Basin would be determined based on the total live storage in seven reservoirs in the Colorado River Basin (referred to as total system contents), including Lakes Powell, Mead, Mohave, Havasu as well as Flaming Gorge, Blue Mesa, and Navajo Reservoirs. Reductions for Lower Basin water users are proposed to phase-in starting when the collective volume at these reservoirs is less than 69 percent of water that can be withdrawn. Reductions for Lower Basin water users are proposed to reach a static level of 1.5 million acre-feet when the collective volume at these reservoirs is less than 58 percent and California’s proposed share of this 1.5 million acre-foot reduction is 440,000 acre-feet. Further reductions are assumed when the collective volume at these reservoirs is less than 38 percent, however, the proposal did not include details for how those additional reductions would be shared at a state level. The Lower Basin Alternative also includes rules for Glen Canyon Dam releases.

~~The~~ [On November 20, 2024, the Department of the Interior released five proposed alternatives that they intend to analyze as part of the post-2026 operating guidelines. The range of alternatives includes a “Basin Hybrid Alternative” that is intended to reflect components from Upper Division States Alternative, the Lower Basin Alternative, and proposals and concepts submitted by the affected Tribal Nations. On January 17, 2025, the Bureau of Reclamation published an Alternatives Report documenting the alternatives released in November 2024, which are anticipated to be carried over for analysis in the draft Environmental Impact Statement \(“DEIS”\) that is under development by the Bureau of Reclamation. The Alternatives Report provides a detailed description of the operational elements for each alternative, and compares the operational elements across each alternative. The expected impacts to California and Metropolitan of the current alternatives proposed for consideration by the Bureau of Reclamation in the development of the post-2026 operating guidelines are still unknown and subject to analysis by the Bureau of Reclamation, the selection of a Preferred Alternative, and continued negotiations. ~~The draft Environmental Impact Statement \(“~~\[However, Metropolitan anticipates it will have access to its ICS storage account in Lake Mead through 2036. The DEIS\]\(#\)~~”\)~~ is expected to be published in December ~~2024-~~\[of 2025\]\(#\).](#)

As of January 1, ~~2024~~[2025](#), Metropolitan’s storage in Lake Mead was [preliminarily](#) estimated to be approximately 1.54 million acre-feet. ~~This storage~~[The total amount Metropolitan has stored in Lake Mead](#) is expected to provide flexibility to Metropolitan in meeting potential additional water reductions that may occur under new post-~~2026-~~[2026](#) operating guidelines. See “–Storage Capacity and Water in Storage.”

~~**Related Litigation – Navajo Nation Suit.** In 2003, the Navajo Nation filed litigation against the Department of the Interior, specifically the Bureau of Reclamation and the Bureau of Indian Affairs, alleging that the Bureau of Reclamation has failed to determine the extent and quantity of the water rights of the Navajo Nation in the Colorado River and that the Bureau of Indian Affairs has failed to otherwise protect the interests of the Navajo Nation. The complaint challenged the adequacy of the environmental review for the Interim Surplus Guidelines (described under “–Colorado River Operations: Surplus and Shortage Guidelines– Interim Surplus Guidelines”) and sought to prohibit the Department of the Interior from allocating any “surplus” water until such time as a determination of the rights of the Navajo Nation is completed. Metropolitan and other California water agencies filed motions to intervene in this action. In October 2004, the court granted the motions to intervene and stayed the litigation to allow negotiations~~



~~among the Navajo Nation, federal defendants, Central Arizona Water Conservation District, State of Arizona and Arizona Department of Water Resources. After years of negotiations, a tentative settlement was proposed in 2012 that would have provided the Navajo Nation with specified rights to water from the Little Colorado River and groundwater basins under the reservation, along with federal funding for the development of water supply systems on the tribe's reservation. The proposed agreement was rejected by tribal councils for both the Navajo and the Hopi, who were seeking to intervene. In June 2013, the Navajo Nation amended its complaint and added a legal challenge to the Lower Basin Shortage Guidelines adopted by the Secretary of the Interior in 2007 that allow Metropolitan and other Colorado River water users to store water in Lake Mead (described under "~~Colorado River Operations: Surplus and Shortage Guidelines—Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead~~"). Metropolitan has used these new guidelines to store over 1,000,000 acre-feet of water in Lake Mead, a portion of which has been delivered, and the remainder of which may be delivered at Metropolitan's request in future years.~~

~~Following years of procedural challenges and appeals, on June 22, 2023, the U.S. Supreme Court issued its ruling in the *Department of Interior v. Navajo Nation* and *State of Arizona v. Navajo Nation* consolidated cases. The Court held that the 1868 treaty establishing the Navajo Reservation reserved necessary water to accomplish the purpose of the Navajo Reservation, but did not require the United States to take affirmative steps to secure the water for the Navajo Nation. As a result the Lower Basin Shortage Guidelines remain in effect and unchanged.~~

## Endangered Species Act and Other Environmental Considerations Relating to Water Supply

### Endangered Species Act Considerations - State Water Project

**General.** DWR has altered the operations of the State Water Project to accommodate species of fish listed as threatened or endangered under the federal ESA and/or California ESA.

The federal ESA requires that before any federal agency authorizes, funds, or carries out an action that may affect a listed species or designated critical habitat, it must consult with the appropriate federal fishery agency (either the ~~National Marine Fisheries Service ("NMFS")~~ or the USFWS depending on the species) to determine whether the action would jeopardize the continued existence of any threatened or endangered species, or adversely modify habitat critical to the species' needs. The result of the consultation is known as a "biological opinion." In a biological opinion, a federal fishery agency determines whether the action would cause jeopardy to a threatened or endangered species or adverse modification to critical habitat; and if jeopardy or adverse modification is found, recommends reasonable and prudent alternatives that would allow the action to proceed without causing jeopardy or adverse modification. If no jeopardy or adverse modification is found, the fish agency issues a "no jeopardy opinion." The biological opinion also includes an "incidental take statement." The incidental take statement allows the action to go forward even though it will result in some level of "take," including harming or killing some members of the species, incidental to the agency action, provided that the agency action does not jeopardize the continued existence of any threatened or endangered species and complies with reasonable mitigation and minimization measures recommended by the federal fishery agency or as incorporated into the project description.

The California ESA generally requires an incidental take permit or consistency determination for any action that may cause take of a State-listed species of fish or wildlife. To issue an incidental take permit or consistency determination, CDFW must determine that the impacts of the authorized take will be minimized and fully mitigated and will not cause jeopardy.

**Federal ESA—Biological Opinions.** On August 2, 2016, DWR and the Bureau of Reclamation requested that USFWS and NMFS reinstate federal ESA consultation on the coordinated operations of



the State Water Project and the federal Central Valley Project to update them with the latest best available science and lessons learned operating under the prior 2008 and 2009 biological opinions. In January 2019, the Bureau of Reclamation submitted the initial biological assessment to USFWS and NMFS. The biological assessment contains a description of the Bureau of Reclamation's and DWR's proposed long-term coordinated operations plan (the "2019 Long-Term Coordinated Operations Plan"). On October 22, 2019, USFWS and NMFS issued new federal biological opinions (the "2019 biological opinions") that ~~provide~~provided incidental take coverage for the 2019 Long-Term Coordinated Operations Plan. On February 18, 2020, the Bureau of Reclamation signed a Record of Decision, pursuant to NEPA, completing its environmental review and adopting the 2019 Long-Term Coordinated Operations Plan.

~~The 2019 Long-Term Operations Plan incorporates and updates many of the requirements contained in the previous 2008 and 2009 biological opinions. It also includes over \$1 billion over a ten-year period in costs for conservation, monitoring and new science, some of which is in the form of commitments carried forward from the previous biological opinions. Those costs are shared by the State Water Project and the federal Central Valley Project. The prior 2008 and 2009 biological opinions resulted in an estimated reduction in State Water Project deliveries of 0.3 million acre feet during critically dry years to 1.3 million acre feet in above normal Water Years as compared to the previous baseline. The 2019 Long-Term Operations Plan and 2019 biological opinions were originally expected to increase State Water Project deliveries by an annual average of 200,000 acre feet as compared to the previous biological opinions, although this possible increase in supply was never realized due to State permit requirements.~~

~~On January 20, In 2021, President Biden issued an Executive Order on Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis (the "President's Executive Order on Public Health and the Environment") directing all executive departments and agencies to immediately review, and, as appropriate and consistent with applicable law, take action to address the promulgation of federal regulations and other actions during the prior four years for consistency with the new administration's policies. Among numerous actions identified for review in accordance with direction provided by an executive order of then President Biden following his assumption of office, the U.S. Department of Commerce and the Department of the Interior heads reviewed the 2019 biological opinions. On, and on September 30, 2021, the Bureau of Reclamation Regional Director for Interior Region 10 sent a letter to the USFWS and NMFS re-initiating consultation on the long-term operations of the state and federal water projects. The consultation process requires the Bureau of Reclamation and DWR to develop a biological assessment describing the proposed operating criteria and perform an effects analysis. NMFS and USFWS are required to review the biological assessment and determine whether the proposed operating criteria would cause jeopardy or adverse modification of critical habitat. On February 28, 2022, the Notice of Intent was published in the Federal Register officially starting the federal ESA and NEPA process. On July 26 November 15, 2024, the Bureau of Reclamation released a public Draft the final EIS for the long-term operation of the Central Valley Project and the State Water Project.~~

The Draft final EIS considers four alternatives and ~~two sub-alternatives, as well as~~ a no-action alternative for the operation of the Central Valley Project and the State Water Project, and addresses the review of the 2019 biological opinions ~~required by the President's Executive Order on Public Health and the Environment. The Bureau of Reclamation is taking public comment on the Draft EIS through September 9, 2024.~~ The final EIR identifies as the "preferred alternative" a new framework for Shasta Reservoir operations to benefit winter-run Chinook salmon; revised operational criteria for Delta exports; and supports implementation of the Healthy Rivers and Landscapes Program to provide more Delta



outflow/habitat restoration in the Bay-Delta. See “– State Water Project – Bay-Delta Proceedings Affecting State Water Project – SWRCB Regulatory Activities and Decisions.”

On November 8, 2024, and December 6, 2024, respectively, the USFWS and the NMFS issued new biological opinions for the re-initiation of consultation of the long-term operations of the Central Valley Project and State Water Project, superseding the 2019 biological opinions. The Bureau of Reclamation signed the Record of Decision on December 19, 2024, completing its environmental review and approving the Long-Term Operation of the Central Valley Project and the State Water Project (the “2024 Long-Term Coordinated Operations Plan”), adopting the preferred alternative. Under the 2024 biological opinions, State and federal operational criteria for Delta export requirements are consistent. Metropolitan does not anticipate any significant impact to water supply from the 2024 biological opinions.

Since taking office in January 2025, the President of the United States issued several Executive Orders relevant to the 2024 biological opinions, including Executive Order “Emergency Measures to Provide Water Resources in California and Improve Disaster Response in Certain Areas,” and “Putting People over Fish: Stopping Radical Environmentalism to Provide Water to Southern California.” Whether any specific actions that may result from these Executive Orders could impact the continued implementation of the 2024 biological opinions is not yet known.

***Federal ESA–Litigation.*** On December 2, 2019, a group of non-governmental organizations, including commercial fishing groups and the Natural Resources Defense Council (the “NGOs”), sued USFWS and NMFS, alleging the 2019 biological opinions were arbitrary and capricious, later amending the lawsuit to include claims under the federal ESA and NEPA related to decisions made by the Bureau of Reclamation. On February 20, 2020, Natural Resources, the California Environmental Protection Agency, and the California Attorney General (collectively, the “State Petitioners”) sued the federal agencies, making similar allegations. The State Water Contractors association intervened in both cases to defend the 2019 biological opinions. After a series of State motions for injunctive relief in 2020 and 2021, the State and federal governments agreed on an interim operations plan (“IOP”) in 2022 and 2023 to address drought conditions and to better align Central Valley Project operations with the State Water Project, as it is operated under its California ESA incidental take permit. After extensive briefing, the court ultimately approved the IOP as a consent decree in 2022 and 2023, and a decision is pending in regard to the 2024 IOP. As part of the IOP orders, the court ~~has~~ stayed the litigation in anticipation of ~~the new 2024 biological opinions by the end of 2024~~. Metropolitan is unable to predict the outcome of ~~any this~~ litigation or any potential effect on Metropolitan’s State Water Project water supplies. The stay previously in effect expired in December 2024 and the parties are discussing whether to proceed with the litigation.

***California ~~ESA–DWR~~ESA– DWR Incidental Take Permit–Litigation.*** As described above, operations of the State Water Project require both federal ESA and California ESA authorizations. ~~DWR described and analyzed its proposed State Water Project long-term operations plan for purposes of obtaining a new California ESA permit in its November 2019 Draft EIR under CEQA. Its 2019 Draft EIR proposed essentially the same operations plan as for the federal 2019 biological opinions, with the addition of operations for the State only listed species, Longfin smelt. In December 2019, DWR submitted its application for an incidental take permit under the California ESA to CDFW, with a modified State operation plan that added new outflow and environmental commitments.~~ On March 27, 2020, DWR released ~~its~~ a final EIR and Notice of Determination, ~~describing and adopting a State operation~~ Water Project long-term operations plan with additional operational restrictions and additional conservation commitments. On March 31, 2020, CDFW issued an incidental take permit for the State Water Project that included further operational restrictions and outflow. As issued, the incidental take permit reduces State Water Project deliveries by more than 200,000 acre-feet on an average annual basis



as compared to the 2019 biological opinions and includes \$218 million over a ten-year period in environmental commitments for the State Water Project.

On October 28, 2024, DWR approved a Notice of Determination describing and adopting a new State Water Project long-term operations plan with additional operational restrictions and additional conservation commitments. On October 30, 2024, DWR issued its final EIR with respect to such plan. On November 4, 2024, the CDFW issued an incidental take permit for the new State long-term operation plan (the “CESA 2024 ITP”). The permit covers five species protected under the California ESA, including Delta smelt, longfin smelt, white sturgeon, winter-run Chinook salmon and spring-run Chinook salmon. The CESA 2024 ITP does not result in additional water supply or fiscal impacts, and the 2024 State Water Project long-term operations plan is consistent with the federal 2024 Long-Term Coordinated Operations Plan.

**California ESA - DWR Permit Litigation.** On April 28, 2020, Metropolitan and the Mojave Water Agency (“Mojave”) jointly sued CDFW, DWR and Natural Resources, alleging that the ~~new~~ California ESA 2020 incidental take permit and final EIR violate CEQA and the California ESA. Metropolitan and Mojave also allege that DWR breached the State Water Contract and the implied covenant of good faith and fair dealing by, among other things, accepting an incidental take permit containing mitigation requirements in excess of that required by law. Subsequently, two State Water Project contractors and a Metropolitan member agency joined with Metropolitan and Mojave in a first amended complaint. Various other water agencies, including the State Water Contractors association, also filed CEQA and CESA actions, or subsequently joined in a first amended complaint in which the individual water contractors allege causes of action for breach of contract and the implied covenant of good faith and fair dealing. In addition, another State Water Project contractor, the San Bernardino Valley Municipal Water District (“SBVMWD”), filed a complaint alleging violations of CEQA and CESA, as well as breach of contract and the implied covenant of good faith and fair dealing, unconstitutional takings, and anticipatory repudiation of contract. Several federal Central Valley Project water contractors also filed a CEQA challenge. Four other lawsuits have been filed by certain commercial fishing groups and an American Indian tribe, several environmental groups, and two in-Delta water agencies challenging the 2020 final EIR as inadequate under CEQA and alleging violations of the Delta Reform Act, public trust doctrine and, in one of the cases, certain water right statutes.

All eight cases have been coordinated in Sacramento County Superior Court. On May 7, 2021, the coordination trial judge ordered the CEQA and CESA causes of action as well as certain other administrative record-based claims alleged by petitioners in several other cases bifurcated from the State Water Project contractors’ respective contractual and unconstitutional takings causes of action, with the CEQA and CESA causes of action to be tried first. The administrative records were certified in the fall of 2023. The parties are currently meeting and conferring on a merits briefing schedule for the CEQA and CESA claims. Metropolitan and other State Water Project contractor parties are considering whether to dismiss their cases.

Legal challenges to the CESA 2024 ITP have been filed by Central Delta Water Agency, South Delta Water Agency, Tehama-Colusa Canal Authority, San Luis & Delta Mendota Water Authority, Friant Water Authority, Glenn-Colusa Irrigation District, Reclamation District 108, Natomas Central Mutual Water Company, Sutter Mutual Water Company, Sacramento River Settlement Contractors and Westlands Water District.

Metropolitan is unable to assess at this time the likely outcome of litigation relating to the California ESA 2020 incidental take permit or the 2024 CESA ITP, including any future litigation or any



future claims that may be filed, or any potential effect on Metropolitan's State Water Project water supplies.

### **Endangered Species Act Considerations - Colorado River**

Federal and state environmental laws protecting fish species and other wildlife species have the potential to affect Colorado River operations. A number of species that are on either "endangered" or "threatened" lists under the federal and state ESAs are present in the area of the Lower Colorado River, including among others, the bonytail chub, razorback sucker, southwestern willow flycatcher, and Yuma clapper rail. To address this issue, a broad-based state/federal/tribal/private regional partnership that includes water, hydroelectric power and federal and state wildlife management agencies in Arizona, California, and Nevada have developed a multi-species conservation program for the main stem of the Lower Colorado River (the Lower Colorado River Multi-Species Conservation Program or "MSCP"). The MSCP provides Metropolitan federal and state ESA compliance for any incidental take of protected species resulting from current and future water and power operations of its Colorado River facilities and to minimize any uncertainty from additional listings of endangered species. The MSCP also covers operations of federal dams and power plants on the river that deliver water and hydroelectric power for use by Metropolitan and other agencies. The MSCP covers 27 species and habitat in the Lower Colorado River from Lake Mead to the Mexican border for a term of 50 years (commencing in 2005). Over the 50-year term of the program, the total cost to Metropolitan is estimated to be about \$88.5 million (in 2003 dollars), with annual costs ranging between \$0.8 million and \$4.7 million (in 2003 dollars).

On December 7, 2023, the USFWS issued a biological opinion to the Bureau of Reclamation that provided additional incidental take due to reductions in Colorado River flows in excess of flow-related covered actions and activities provided under the Lower Colorado River Multi-Species Conservation Program, beginning October 1, 2023 and ending with the issuance of a future biological opinion to cover new or revised post-2026 Colorado River operating guidelines. The consultation for this biological opinion was initiated due to the anticipated reduction in flow between Hoover Dam and the Imperial Dam due to the proposed 500+ Plan conservation activities described under "–Colorado River Aqueduct – Colorado River Operations: Surplus and Shortage Guidelines – Lake Mead 500+ Plan." This biological opinion is currently being utilized by the Bureau of Reclamation as part of the MSCP.

### **Invasive Species - Mussel Control Programs**

~~Zebra~~[Invasive zebra](#) and quagga mussels are established in many regions of the United States [and golden mussels have recently been detected in California \(first detection in North America\)](#). Mussels can reproduce quickly and, if left unmanaged, can reduce flows by clogging intakes and raw water conveyance systems, alter or destroy fish habitats, and affect lakes and beaches. Mussel management activities may require changes in water delivery protocols to reduce risks of spreading mussel populations and increase operation and maintenance costs.

In January 2007, quagga mussels were discovered in Lake Mead. All pipelines and facilities that transport raw Colorado River water are considered to be infested with quagga mussels. Metropolitan has a quagga mussel control plan, approved by the CDFW to address the presence of mussels in the CRA system and limit further spread of mussels. Year-round monitoring for mussel larvae is conducted at various locations in the CRA system and at select non-infested areas of Metropolitan's system ([e.g., Diamond Valley Lake](#)), and some locations in the State Water Project. Shutdown inspections have demonstrated that control activities effectively limit mussel infestation in the CRA. Metropolitan's costs for controlling quagga mussels in the CRA system ~~have been~~, [including chlorination, raw water discharge control, and monitoring are](#) approximately \$~~5~~[7-10](#) million per year.



In July 2024, Colorado Parks and Wildlife announced that zebra mussel larvae were detected in the Colorado River upstream of Lake Powell but no veligers or adult mussels were discovered in extensive follow up monitoring. However, five dead adult mussels were found when Highline Lake was drained as part of the eradication plan. The potential impact of zebra mussels in a region of the Colorado River that does not currently have quagga mussels is not currently known.

~~An established~~Adult quagga mussel population is located within ten miles of the State Water Project. A few adult mussels were ~~also~~ detected in the West Branch of the State Water Project in 2016 and 2021. ~~Since, and since~~ 2023, veligers (larval stage of quagga mussels) have been ~~repeatedly~~consistently detected in water leaving Castaic Lake ~~and more adult mussels were found in Pyramid Lake and Castaic Lake~~through Metropolitan's Foothill Feeder. Although the number of adult mussels and veligers detected so far is relatively low, ~~the number of veligers has been slowly increasing. These recent monitoring results indicate that~~ a reproducing population of quagga mussels is now established in the West Branch of the State Water Project, ~~but~~and the eventual extent of infestation and magnitude of impacts cannot be easily predicted at this ~~early stage. However,~~time. Metropolitan is investigating potential control measures for water leaving Castaic Lake: to minimize downstream impacts and protect infrastructure. Releases of raw water from Castaic Lake for groundwater replenishment now require a raw water discharge plan approved by CDFW.

~~In July 2024, Colorado Parks and Wildlife announced that zebra mussel larvae were detected in the Colorado River upstream of Lake Powell. The potential impact of this first appearance of zebra mussels in a region of the Colorado River that does not currently have quagga mussels is not currently known.~~

In October 2024, golden mussels were detected in the Bay-Delta in the Port of Stockton. This was the first known occurrence of golden mussels in North America. Since their initial discovery, golden mussels have been found throughout the southern Delta, in O'Neill Forebay at San Luis Reservoir, a joint facility of the State Water Project and the CVP, and extending as far south as the Coastal Aqueduct branch about 100 miles south of San Luis Reservoir. CDFW is coordinating surveys and sampling throughout the Delta to determine the speed and extent of the mussels' spread and a state taskforce is assessing potential control measures. Golden mussels have not yet been detected in Metropolitan's local supplies but given their ability for rapid spread, further colonization is expected. Metropolitan is working with CDFW, DWR, and other affected agencies to assess impacts and develop potential control measures. There are currently no restrictions on Metropolitan's operations due to the presence of golden mussels in the State Water Project.

## **Water Transfer, Storage and Exchange Programs**

### **General**

To supplement its State Water Project and Colorado River water supplies, Metropolitan has developed and actively manages a portfolio of water supply programs, including water transfers, storage, and exchange agreements. Supplies are conveyed through the California Aqueduct, utilizing Metropolitan's rights under its State Water Contract to use the portion of the State Water Project conveyance system necessary to deliver water to it, or through available CRA capacity. Consistent with its long-term planning efforts, Metropolitan continues to pursue voluntary water transfer and exchange programs with State, federal, public and private water districts, and individuals to help mitigate supply/demand imbalances and provide additional dry-year supply sources. A summary description of Metropolitan's supply programs is set forth below. In addition to the arrangements described below, Metropolitan is entitled to storage and access to stored water in connection with various storage programs and facilities. See "Colorado River Aqueduct" above, as well as the table entitled



“Metropolitan’s Water Storage Capacity and Water in Storage” under “–Storage Capacity and Water in Storage” below.

### **State Water Project Agreements and Programs**

In addition to the basic State Water Project contract provisions, Metropolitan has other contract rights that accrue to the overall value of the State Water Project. Because each Contractor is paying for physical facilities, they also have the right to use the facilities to move water supplies associated with agreements, water transfers and water exchanges. Metropolitan has entered into agreements and exchanges with third parties that provide additional water supplies.

Existing and potential water transfers and exchanges are an important element for improving the water supply reliability within Metropolitan’s service area and accomplishing the reliability goal set by Metropolitan’s Board. Under voluntary water transfers and exchanges with agricultural users, agricultural communities may periodically sell or conserve a portion of their agricultural water supply to make it available to support the State’s urban areas. The portfolio of supplemental supplies that Metropolitan has developed to be conveyed through the California Aqueduct extend from north of the Bay-Delta to Southern California. Certain of these arrangements are described below.

***Castaic Lake and Lake Perris.*** Metropolitan has contractual rights to withdraw up to 65,000 acre-feet of water in Lake Perris (East Branch terminal reservoir) and 153,940 acre-feet of water in Castaic Lake (West Branch terminal reservoir), in addition to the annual “Table A” allocation. Any water used must be returned to the State Water Project within five years or it is deducted from allocated amounts in the sixth year. Metropolitan’s [preliminarily estimated](#) storage balance as of January 1, ~~2024~~[2025](#), is shown in the table entitled “Metropolitan’s Water Storage Capacity and Water in Storage” under “–Storage Capacity and Water in Storage” below.

***Metropolitan Article 56 Carryover.*** Metropolitan has the right to store in San Luis Reservoir, its allocated contract amount for delivery in subsequent years. Metropolitan can store between 100,000 and 200,000 acre-feet per year, depending on the final “Table A” allocation. Metropolitan’s [preliminarily estimated](#) storage balance as of January 1, ~~2024~~[2025](#), is shown in the table entitled “Metropolitan’s Water Storage Capacity and Water in Storage” under “–Storage Capacity and Water in Storage” below.

***Yuba River Accord.*** Metropolitan entered into an agreement with DWR in December 2007 to purchase a portion of the water released by the Yuba County Water Agency (“YCWA”). YCWA was involved in a SWRCB proceeding in which it was required to increase Yuba River fishery flows. Within the framework of agreements known as the Yuba River Accord, DWR entered into an agreement for the long-term purchase of water from YCWA. The agreement permits YCWA to transfer additional supplies at its discretion. Metropolitan, other State Water Project contractors, and the San Luis & Delta-Mendota Water Authority entered into separate agreements with DWR for the purchase of portions of the water made available. Metropolitan’s agreement allows Metropolitan to purchase, in dry years through 2025, available water supplies which have ranged from approximately 8,135 acre-feet to 67,068 acre-feet per year. [YCWA has proposed to extend the water transfer program through 2050, and certified a Final Supplemental Environmental Impact Report on September 17, 2024 for the extension. The SWRCB has scheduled a public hearing for July and August 2025 on YCWA’s pending water rights petition for the long-term transfer.](#)

Metropolitan has also developed other groundwater storage and exchange programs, certain of which are described below. See “METROPOLITAN’S WATER DELIVERY SYSTEM–Water Quality and Treatment” in this Appendix A for information regarding certain water quality regulations and developments that impact or may impact some of Metropolitan’s groundwater storage programs.



***Arvin-Edison/Metropolitan Water Management Program.*** In December 1997, Metropolitan entered into an agreement with the Arvin-Edison Water Storage District (“Arvin-Edison”), an irrigation agency located southeast of Bakersfield, California. Under the program, Arvin-Edison stores water on behalf of Metropolitan. In January 2008, Metropolitan and Arvin-Edison amended the agreement to enhance the program’s capabilities and to increase the delivery of water to the California Aqueduct. To facilitate the program, new wells, spreading basins, and a return conveyance facility connecting Arvin-Edison’s existing facilities to the California Aqueduct ~~have been~~were constructed. The agreement ~~also~~ provides Metropolitan priority use of Arvin-Edison’s facilities to convey high-quality water available on the east side of the San Joaquin Valley to the California Aqueduct. Up to 350,000 acre-feet of Metropolitan’s water may be stored, and Arvin-Edison is obligated to return up to 75,000 acre-feet of stored water in any year to Metropolitan, upon request. The agreement ~~will terminate~~also contains a provision, referred to as the “Water Quality Sub-Account” or “WQSA” provision, pursuant to which Metropolitan may take delivery of a portion of Arvin Edison’s surface water supplies in the spring and return an equal amount to Arvin Edison, typically in the same year during the summer when Arvin needs supplies most for irrigation. The agreement terminates in 2035 unless extended. Metropolitan’s preliminarily estimated storage account balance under the ~~Arvin-Edison/Metropolitan Water Management Program~~ program as of January 1, ~~2024~~2025 is shown in the table entitled “Metropolitan’s Water Storage Capacity and Water in Storage” under “–Storage Capacity and Water in Storage” below. As a result of detecting 1,2,3-trichloropropane (“TCP”) in Arvin-Edison wells above the maximum contaminant level (“MCL”) in 2018, Metropolitan ~~has~~ suspended the return of groundwater from the program until the water quality concerns can be further evaluated and managed. Instead, Metropolitan has requested that Arvin-Edison provide only surface water that can satisfy DWR’s standards for direct pump-back into the California Aqueduct, or alternative methods satisfactory to Metropolitan, in order to meet both the DWR pump-in requirements and Metropolitan’s request for the return of water. In ~~2021 and 2022~~2024, Metropolitan ~~recovered in aggregate 23,130 acre feet from Arvin Edison by exchanges with surface water. In 2023, Metropolitan recovered 19,000 acre feet from surface water supplies. Staff are exploring opportunities for exchanges in 2024 but the estimated recovery of surface water supplies has yet to be determined.~~did not recover any water stored with Arvin-Edison under the program, but Metropolitan and Arvin-Edison did exchange 10,777 acre-feet under the WQSA provision. As of January 1, 2025, Metropolitan has returned 9,942 acre-feet of the 10,777 acre-feet back to Arvin-Edison. Metropolitan does not currently anticipate recovering supplies from the Arvin-Edison program in 2025 but may explore opportunities for additional WQSA exchanges upon Arvin-Edison’s request. Additionally, in September 2025, the SWRCB will consider putting the Kern County Subbasin on probationary status under the State’s Sustainable Groundwater Management Act which could potentially impact operation of this program.

In October 2021, Arvin-Edison sued The Dow Chemical Company, Shell Oil Company, and others regarding TCP in Arvin-Edison’s groundwater. According to Arvin-Edison’s complaint, the defendants are the manufacturers and distributors of the TCP that caused the contamination of Arvin-Edison’s groundwater supplies. Arvin-Edison alleges that the widespread presence of TCP at concentrations above the MCL in its wells has caused certain of its water banking partners (including Metropolitan) to reduce and/or suspend their water banking and management programs. Based upon a mitigation feasibility study dated November 4, 2021 prepared for Arvin-Edison, Arvin-Edison estimates that treatment would cost approximately \$465 million, which includes capital costs and the present worth of operation and maintenance treatment costs over a 50-year period. The litigation is ongoing with a jury trial set for September 8, 2025. If Arvin-Edison prevails in its litigation, a monetary recovery, if any, would be available to offset costs associated with treatment facilities to remediate the groundwater contamination.

***Semitropic/Metropolitan Groundwater Storage and Exchange Program.*** In 1994, Metropolitan entered into an agreement with the Semitropic Water Storage District (“Semitropic”), located adjacent to



the California Aqueduct north of Bakersfield, to store water in the groundwater basin underlying land within Semitropic. The minimum annual yield available to Metropolitan from the program is 38,200 acre-feet of water, and the maximum annual yield is 239,700 acre-feet of water depending on the available unused capacity and the State Water Project allocation. The agreement extends to November 4, 2035. ~~Metropolitan's~~

In 2021, Metropolitan's Board approved an agreement with SDCWA for the purchase by Metropolitan of 4,200 acre-feet and a lease of 5,000 acre-feet of return capacity from SDCWA's Semitropic Program for 2022. Similarly, in 2023, Metropolitan and SDCWA executed an agreement for Metropolitan to purchase 4,200 acre-feet and lease of 4,381 acre-feet of delivery capacity from SDCWA's Semitropic Program. The agreement provided for improved regional reliability and also allows for the exchange of previously stored water with Metropolitan in the future.

Metropolitan's preliminarily estimated storage account balance under the Semitropic program, as of January 1, ~~2024~~2025, which includes water purchased under the agreements with SDCWA, is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "Storage Capacity and Water in Storage" below. In September 2025, the SWRCB will consider putting the Kern County Subbasin on probationary status under the State's Sustainable Groundwater Management Act which could potentially impact operation of this program.

TCP has been detected in the groundwater supplies within Semitropic; however, detection levels at the turn-in locations for the Semitropic program have remained below the MCL and, to date, the return of groundwater to Metropolitan under the program has not been impacted. In October 2021, Semitropic, as well as its several affiliated improvement districts (collectively referred to in this paragraph as "Semitropic"), sued The Dow Chemical Company, Shell Oil Company, and others regarding TCP in Semitropic's groundwater. According to Semitropic's complaint, the defendants are the manufacturers and distributors of the TCP that caused the contamination of Semitropic's groundwater supplies. The litigation is ongoing with a jury trial set for July 27, 2026. If Semitropic prevails in its litigation, a monetary recovery, if any, would be available to offset costs associated with any needed treatment facilities to remediate the groundwater contamination.

***Kern Delta Storage Program.*** Metropolitan entered into an agreement with Kern Delta Water District ("Kern Delta") in May 2003, for a groundwater banking and exchange transfer program to allow Metropolitan to store up to 250,000 acre-feet of State Water Contract water in wet years and to permit Metropolitan, at Metropolitan's option, a return of up to 50,000 acre-feet of water annually during hydrologic and regulatory droughts. The agreement extends through ~~2028~~December 2029. Metropolitan's preliminarily estimated storage account balance under this program as of January 1, ~~2024~~2025 is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "Storage Capacity and Water in Storage" below.

***Mojave Storage Program.*** Metropolitan entered into a groundwater banking and exchange transfer agreement with Mojave in October 2003. The agreement allows for Metropolitan to store water in an exchange account for later return. The agreement allows Metropolitan to annually withdraw Mojave State Water Project contractual amounts, after accounting for local needs. Under a 100 percent allocation, the State Water Contract provides Mojave 89,800 acre-feet of water. This agreement was amended in 2011 to allow for the cumulative storage of up to 390,000 acre-feet. The ~~term of this~~ agreement extends through December 2035. Metropolitan's preliminarily estimated storage account balance under this program as of January 1, ~~2024~~2025, is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "Storage Capacity and Water in Storage" below.



***Antelope Valley-East Kern Storage and Exchange Program.*** In 2016, Metropolitan entered into an agreement with the Antelope Valley-East Kern Water Agency (“AVEK”), the third largest State Water Project contractor, to both exchange supplies and store water in the Antelope Valley groundwater basin. Under the exchange, AVEK would provide at least 30,000 acre-feet over ten years of its unused Table A State Water Project water to Metropolitan. For every two acre-feet provided to Metropolitan as part of the exchange, AVEK would receive back one acre-foot in the future. For the one acre-foot that is retained by Metropolitan, Metropolitan would pay AVEK under a set price schedule based on the State Water Project allocation at the time. Under this agreement, AVEK also provides Metropolitan up to 30,000 acre-feet of storage. The agreement will remain in effect until the AVEK High Desert Water Bank Program (described below) is able to return water to Metropolitan. Metropolitan’s preliminarily estimated storage account balance under this program as of January 1, ~~2024~~2025, is shown in the table entitled “Metropolitan’s Water Storage Capacity and Water in Storage” under “–Storage Capacity and Water in Storage” below.

***Antelope Valley-East Kern High Desert Water Bank Program.*** In 2019, Metropolitan entered into an agreement with AVEK for a groundwater banking program referred to as the High Desert Water Bank Program. The original estimated cost of construction of the facilities to be funded by Metropolitan to implement the program was \$131 million, but the estimated cost subsequently increased to \$211 million due to inflation, finalization of the off-site power distribution design, and revisions to the design. In September 2023, Metropolitan’s Board authorized \$80 million for the additional costs. In 2024, all recharge facilities were completed and Metropolitan began storing water in September 2023. Metropolitan’s preliminarily estimated storage account balance under this program as of January 1, 2025, is shown in the table entitled “Metropolitan’s Water Storage Capacity and Water in Storage” under “–Storage Capacity and Water in Storage” below. Water quality testing of the deeper recovery wells installed in 2021 revealed that arsenic levels in all four wells were above the federal and State MCL of 10 micrograms per liter (“µg/L”), ranging from 11 to 19 µg/L. Arsenic naturally occurs in the Antelope Valley groundwater basin, with levels detected throughout the basin but such levels are generally higher in the deeper aquifer. Based on the current water quality data, recovered water from the High Desert Water Bank Program requires treatment before delivery to the California Aqueduct. Metropolitan is working with AVEK to complete additional groundwater modeling and analysis to understand arsenic’s behavior in the basin, identify other constituents of concern, and optimize the design of the remaining recovery wells and treatment system. In May 2025, Staff will present for Board consideration the execution of an amendment and restatement of the agreement between Metropolitan and AVEK, to among other things, provide for the financing (and re-financing) of certain costs of construction of the facilities funded by Metropolitan in connection with the program. See “METROPOLITAN EXPENSES–Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations –Subordinate Parity Obligations – Anticipated Incurrence of Financial Obligation.” Staff will return to the Board in Fall ~~2024~~2025 to request authorization for additional costs related to the recommended treatment system. Following completion of construction, which is expected by the end of 2027, Metropolitan would have the right to store up to 70,000 acre-feet per year of its unused Table A State Water Project water or other supplies in the Antelope Valley groundwater basin for later return. The maximum storage capacity for Metropolitan supplies would be 280,000 acre-feet. At Metropolitan’s direction, up to 70,000 acre-feet of stored water annually would be available for return by direct pump back into the East Branch of the California Aqueduct. ~~In 2023, a portion of the recharge facilities was completed and Metropolitan began storing water in September. Metropolitan’s estimated storage account balance under this program as of January 1, 2024, is shown in the table entitled “Metropolitan’s Water Storage Capacity and Water in Storage” under “–Storage Capacity and Water in Storage” below.~~ Upon full completion of construction (expected by the end of 2027), this program would provide additional flexibility to store and recover water for emergency or water supply needs through 2057.



As described under “Colorado River Aqueduct –Colorado River Operations: Surplus and Shortage Guidelines – Lower Colorado River Basin System Conservation and Efficiency Program,” Metropolitan has entered into an agreement with the Bureau of Reclamation pursuant to which the Bureau of Reclamation has agreed to fund a portion of the costs of design and construction of the High Desert Water Bank Program facilities and Metropolitan has agreed to create and conserve specified quantities of water for the benefit of Lake Mead as system water by reducing its order and delivery of Colorado River water supplies by such amounts over a ten-year period. See also “METROPOLITAN REVENUES–Federal Funding.”

***San Gabriel Valley Municipal Water District and Other Exchange Programs.*** In 2013, Metropolitan entered into an agreement with the San Gabriel Valley Municipal Water District (“SGVMWD”). Under this agreement, Metropolitan delivers treated water to a SGVMWD subagency in exchange for twice as much untreated water in the Metropolitan’s cyclic account in the Main San Gabriel groundwater basin. Metropolitan’s member agencies can then use the groundwater supplies to meet their needs. Metropolitan can exchange and purchase at least 5,000 acre-feet per year minus the exchanged water from SGVMWD. This program is routinely used by Metropolitan and has the potential to increase Metropolitan’s reliability by providing 115,000 acre-feet through 2035.

***Coordinated Operating, Water Storage, Exchange, and Delivery Agreement with Irvine Ranch Water District–Strand Ranch–Banking Program.*** In 2011, Metropolitan entered into an agreement with the Municipal Water District of Orange County (“MWDOC”) and the Irvine Ranch Water District (“IRWD”) ~~to authorize the delivery~~. Through the agreement, Metropolitan facilitates exchanges of State Water Project supplies from IRWD’s Strand and Stockdale Ranches into Metropolitan’s service area. IRWD facilitates Metropolitan entering into that IRWD obtains through unbalanced exchanges with other State Water Project contractors. IRWD stores exchanged water in its groundwater bank at Strand and Stockdale Ranches. A portion of the water is returned to the partnering State Water Project contractor with and the remaining ~~balance delivered~~ portion remains in IRWD’s water bank for future delivery to Metropolitan’s service area. MWDOC/IRWD ~~takes~~ can take delivery of ~~the stored~~ water through Metropolitan’s distribution system and pays the Metropolitan full-service water rate. Metropolitan can ~~call on~~ also borrow stored supplies; ~~in return, Metropolitan is obliged to~~ when needed and return an equal amount of water to ~~MWDOC/IRWD’s bank~~ in future years for IRWD’s benefit. This agreement extends to November 2035 and enhances regional reliability by providing ~~Metropolitan~~ Metropolitan’s service area with access to additional supplies.

***San Bernardino Valley Municipal Water District Exchange Program.*** In 2020, Metropolitan signed a coordinated operating and surplus water agreement with SBVMWD. In 2021, in accordance with the terms of such agreement, Metropolitan’s Board authorized an agreement with SBVMWD that provides a framework which allows for the exchange of both local and State Water Project supplies. The exchanges are equal if they occur within the same calendar year and up to two-to-one if water is returned in a subsequent calendar year. The agreement, which extends through December 31, 2031, provides for improved coordination to respond to outages and emergencies of either party.

~~***San Diego County Water Authority Semitropic Agreement.*** In 2021, Metropolitan’s Board approved an agreement with SDCWA for the purchase by Metropolitan of 4,200 acre feet and a lease of 5,000 acre feet of return capacity from SDCWA’s Semitropic Program for 2022. See “Semitropic/Metropolitan Groundwater Storage and Exchange Program.” Similarly, in 2023, Metropolitan and SDCWA executed an agreement for Metropolitan to purchase 4,200 acre feet and lease of 4,381 acre feet of delivery capacity from SDCWA’s Semitropic Program. The agreement provided for improved regional reliability and also allows for the exchange of previously stored water with Metropolitan in the future.~~



***Sites Reservoir Storage Project.*** The Sites Reservoir is a proposed reservoir project of approximately 1.5 million acre-feet to be located in Colusa County, that is being developed by the Sites Project Authority, a joint exercise of powers authority. The water stored in the proposed project would be diverted from the Sacramento River. As currently proposed, the Sites Reservoir would have dedicated water storage and yield that would be used for fishery enhancement, water quality, and other environmental purposes. The proposed project could also provide an additional water supply that could be used for dry-year benefits. Metropolitan is a member of the Sites Reservoir Committee, a group of 22 agencies that are participating in certain planning activities in connection with the proposed development of the project, including project permitting and proposed reservoir operations. In April 2022, Metropolitan's Board approved \$20 million in funding for Metropolitan's continued participation in such planning activities. The Sites Project Authority Board, with a recommendation from the Sites Reservoir Committee, approved the Final EIR and approved the Sites Reservoir project on November 17, 2023. ~~In April 2022, Metropolitan's Board approved \$20 million in funding for Metropolitan's continued participation in such~~ The Sites Project Authority Board has extended the schedule for continuing planning activities through the end of 2024 early 2026. No additional funding commitments from participating agencies will be required during this time. Metropolitan's agreement to participate in the funding of ~~this~~ the current phase of project development does not commit Metropolitan to participate in the Sites Reservoir project in the future.

~~***Other Ongoing Activities.*** Metropolitan has been negotiating, and will continue to pursue, water purchase, storage and exchange programs with other agencies in the Sacramento and San Joaquin Valleys. These programs involve the storage of both State Water Project supplies and water purchased from other sources to enhance Metropolitan's dry year supplies and the exchange of normal year supplies to enhance Metropolitan's water reliability and water quality, in view of dry conditions and potential impacts from the ESA considerations discussed above under the heading "Endangered Species Act and Other Environmental Considerations Relating to Water Supply Endangered Species Act Considerations—State Water Project." In January 2023, the Board authorized the General Manager to secure additional one year transfer supplies from various water districts and private water purveyors throughout the State at a maximum cost of up to \$100 million. Under this authority, Metropolitan executed an agreement with SDCWA to purchase water and lease delivery capacity from SDCWA's Semitropic Storage Program, as described above under "San Diego County Water Authority Semitropic Agreement." In February 2024, the Board authorized the General Manager to secure additional one year transfer supplies from various water districts and private water purveyors throughout the State at a maximum cost of up to \$50 million.~~

***Other Ongoing Activities.*** In October 2024, the Board authorized the General Manager to execute agreements with Western Canal Water District and Richvale Irrigation District providing for a one-time option payment of \$250,000 each for the first right to purchase their available annual Feather River water transfer supplies during 2025 through 2027. In February 2025, the Board authorized the General Manager to execute single-year State Water Project water management transactions during 2025 and 2026 to manage for both drought and surplus conditions. This authorization included allowing for the sale of surplus water outside of the service area in order to generate new revenues assumed in the biennial budget for fiscal years 2024-25 and 2025-26. The sale of surplus water was authorized subject to certain conditions, including that Metropolitan projects that it will be adding to storage accessible by the SWP Dependent Area.

### **Colorado River Aqueduct Agreements and Programs**

Metropolitan has taken steps to augment its share of Colorado River water through agreements with other agencies that have rights to use such water, including through cooperative programs with other water agencies to conserve and develop supplies and through programs to exchange water with other agencies. These supplies are conveyed through the CRA. Metropolitan determines the delivery schedule



of these supplies throughout the year based on changes in the availability of State Water Project and Colorado River water. Under certain of these programs, water may be delivered to Metropolitan's service area in the year made available or in a subsequent year as ICS water from Lake Mead storage. See "*Colorado River Aqueduct –Colorado River Operations: Surplus and Shortage Guidelines – Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead.*"

***IID/Metropolitan Conservation Agreement.*** Under a 1988 water conservation agreement, as amended in 2003 and 2007 (the "1988 Conservation Agreement") between Metropolitan and IID, Metropolitan provided funding for IID to construct and operate a number of conservation projects that have conserved up to 109,460 acre-feet of water per year that has been provided to Metropolitan. As amended, the agreement's initial term has been extended to at least 2041 or 270 days after the termination of the QSA. Under a 2014 letter agreement, starting in 2016, 105,000 acre-feet of conserved water are made available by IID to Metropolitan each year. Under the QSA and related agreements, Metropolitan, at the request of CVWD, forgoes up to 20,000 acre-feet of this water each year for diversion by CVWD from the Coachella Canal. In each of 2018 and 2019, CVWD's requests were for 0 acre-feet, leaving 105,000 acre-feet in 2018 and 2019 for Metropolitan. In December 2019, Metropolitan signed a revised agreement with CVWD in which CVWD will limit its annual request of water from this program to 15,000 acre-feet through 2026. See "*Colorado River Aqueduct –Quantification Settlement Agreement.*"

***Palo Verde Land Management, Crop Rotation and Water Supply Program.*** In August 2004, Metropolitan and Palo Verde Irrigation District ("PVID") signed the program agreement for a Land Management, Crop Rotation and Water Supply Program. Under this program, participating landowners in the PVID service area are compensated for reducing water use by not irrigating a portion of their land. This program provides up to 133,000 acre-feet of water to be available to Metropolitan in certain years. The term of the program is 35 years. Following began on January 1, 2005. The following table shows annual volumes of water saved and made available to Metropolitan during the 10 calendar years ~~2014~~2015 through ~~2023~~2024 under the Land Management, Crop Rotation and Water Supply Program with PVID:



**WATER AVAILABLE FROM PVID LAND MANAGEMENT,  
CROP ROTATION AND WATER SUPPLY PROGRAM**

Calendar Year	Volume (acre-feet)
<del>2014</del>	<del>43,000</del>
2015	94,500
2016	125,400
2017	111,800
2018	95,800
2019	44,500
2020	43,900
2021	42,305
2022	29,736
<u>2023</u>	<u>15,749</u>
<del>2023</del> <u>2024</u>	<del>20,000</del> <u>0</u> (est)

*Source: Metropolitan.*

This program is being funded by the federal government for the period from August 1, 2023 to July 31, 2026 pursuant to the Lower Colorado River Basin System Conservation and Efficiency Program established by the Bureau of Reclamation. Water generated from the program during that time period will benefit Lake Mead as system water rather than accrue to Metropolitan. See “–Colorado River Aqueduct –Colorado River Operations: Surplus and Shortage Guidelines – *Lower Colorado River Basin System Conservation and Efficiency Program.*”

***Bard Water District Seasonal Fallowing Program.*** In 2019, Metropolitan entered into agreements with Bard Water District (“Bard”) and farmers within the Bard Unit, to provide incentives for land fallowing under the Bard Seasonal Fallowing Program. The program reduces water consumption in Bard and that helps augment Metropolitan’s Colorado River supplies. It incentivizes farmers to fallow their land for four months in exchange for a fixed payment per irrigable acre (initially, \$452), escalated annually. Metropolitan estimates water savings of approximately 2.0 acre-feet per fallowed acre. Bard diverts Colorado River water for crop irrigation grown year-round in the warm dry climate. Farmers typically grow high-value crops in the winter (vegetable crops) followed by a lower-value, water-intensive, field crop (such as Bermuda and Sudan grass, small grains, field grains, or cotton) in the spring and summer. Participating farmers will reduce their water consumption through land fallowing of up to 3,000 acres in aggregate annually between April and July. ~~In calendar year 2024, the incentive payment is \$530.61 per irrigable acre fallowed. The program is currently scheduled to end on December 31, 2026.~~ For calendar years 2024 through 2026, this program is being funded by the federal government pursuant to the Lower Colorado River Basin System Conservation and Efficiency Program established by the Bureau of Reclamation. In calendar year 2025, the incentive payment is \$570.00 per irrigable acre fallowed. The program is currently scheduled to end on December 31, 2026. Water generated from the program during that time period will benefit Lake Mead as system water rather than accrue to Metropolitan. See “–Colorado River Aqueduct –Colorado River Operations: Surplus and Shortage Guidelines – *Lower Colorado River Basin System Conservation and Efficiency Program.*”

***Quechan Forbearance Program.*** In 2005, Metropolitan entered into a settlement agreement in Arizona v. California with the Quechan Indian Tribe (the “Quechan Tribe”) and other parties. The Quechan Tribe uses Colorado River water on the Fort Yuma Indian Reservation. In addition to the amount of water decreed for the benefit of the Reservation in the 1964 Arizona v. California decree,



under the 2005 settlement agreement, the Quechan Tribe is entitled to (a) 20,000 acre-feet of diversions from the Colorado River or (b) the amount necessary to supply the consumptive use required for irrigation of a specified number of acres, and for the satisfaction of related uses, whichever is less. Of the additional diversions, 13,000 acre-feet became available to the Quechan Tribe in 2006. An additional 7,000 acre-feet will become available to the Quechan Tribe in 2035. Metropolitan agreed to provide annual incentive payments to the Quechan Tribe if the tribe forbore diversion of the additional water, thereby allowing Metropolitan to divert it. The value of these payments was \$125 per acre-foot in 2006 and is escalated at 2.5 percent per year. In ~~2024~~2025, the payment is ~~\$190.20~~194.96 per acre-foot. For calendar years 2023 through ~~2025~~2026, this program is being funded by the federal government pursuant to the Lower Colorado River Basin System Conservation and Efficiency Program established by the Bureau of Reclamation. Water generated from the program during that time period will benefit Lake Mead as system water rather than accrue to Metropolitan. See “–Colorado River Aqueduct –Colorado River Operations: Surplus and Shortage Guidelines – *Lower Colorado River Basin System Conservation and Efficiency Program*.”

***Quechan Tribe of the Fort Yuma Indian Reservation Seasonal Fallowing Pilot Program.*** In December 2021, Metropolitan entered into a two-year agreement with the Quechan Tribe to launch the voluntary Quechan Seasonal Fallowing Pilot Program (the “Pilot Program”) for fallowing in 2022 and 2023. In December 2023, Metropolitan and the Quechan Tribe amended the agreement to extend the Pilot Program for an additional three years through 2026. Under the Pilot Program, Metropolitan provides incentives to farmers on Quechan tribal land for land fallowing that reduces water consumption to help augment Metropolitan’s Colorado River supplies. Desert agriculture realizes a market advantage in the winter for high-value vegetables such as lettuce and broccoli. In the hot summer, farmers typically grow lower-value, water-intensive commodities such as grains and grasses. Farmers participating in the Pilot Program agree to decrease their water consumption through land fallowing of up to 1,600 acres annually during April through July. In calendar year ~~2022, 118.3 acres were fallowed and in calendar year~~ 2023, 148 acres were fallowed ~~and in calendar year~~ 2024, 159 acres were fallowed. Metropolitan provided ~~\$472.40~~503.29 and ~~\$503.29~~530.61 per irrigable acre fallowed, respectively. The payment is escalated annually. In calendar year 2025, the incentive payment is \$547.74 per irrigable acre fallowed. Metropolitan estimates water savings between 1.5 and 2.0 acre-feet per irrigable acre fallowed, with actual savings to be determined throughout the Pilot Program.

***Lake Mead Storage Program.*** As described under “–Colorado River Aqueduct –Colorado River Operations: Surplus and Shortage Guidelines – *Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead*,” Metropolitan has entered into agreements to set forth the guidelines under which ICS water is developed and stored in and delivered from Lake Mead. The amount of water stored in Lake Mead must be created through extraordinary conservation, system efficiency, tributary, imported, or binational conservation methods. Metropolitan has participated in projects to create ICS as described below:

***Drop 2 (Warren H. Brock) Reservoir.*** In 2008, Metropolitan, CAWCD and SNWA provided funding for the Bureau of Reclamation’s construction of an 8,000 acre-foot off-stream regulating reservoir near Drop 2 of the All-American Canal in Imperial County (officially named the Warren H. Brock Reservoir). Construction was completed in October 2010. The Warren H. Brock Reservoir conserves about 70,000 acre-feet of water per year by capturing and storing water that would otherwise be lost from the system. In return for its funding, Metropolitan received 100,000 acre-feet of water that was stored in Lake Mead for its future use and has the ability to receive up to 25,000 acre-feet of water in any single year. Besides the additional water supply, the addition of the Warren H. Brock Reservoir adds to the flexibility of Colorado River operations by storing underutilized Colorado River water orders caused by unexpected canal outages, changes in weather conditions, and high tributary runoff into the Colorado River. As of January 1, ~~2024~~2025, Metropolitan had taken delivery of 35,000 acre-feet of this water and had 65,000 acre-feet remaining in storage.



International Water Treaty Minutes 319 and 323. In November 2012, as part of the implementation of Treaty Minute 319, Metropolitan executed agreements in support of a program to augment Metropolitan's Colorado River supply between 2013 through 2017 through an international pilot project in Mexico. Metropolitan's total share of costs was \$5 million for 47,500 acre-feet of project supplies. In December 2013, Metropolitan and IID executed an agreement under which IID paid half of Metropolitan's program costs, or \$2.5 million, in return for half of the project supplies, or 23,750 acre-feet. As such, 23,750 acre-feet of Intentionally Created Mexican Allocation was converted to Binational ICS and credited to Metropolitan's binational ICS water account in 2017. See "–Colorado River Aqueduct –Colorado River Operations: Surplus and Shortage Guidelines – *Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead.*" In September 2017, as part of the implementation of Treaty Minute 323, Metropolitan agreed to fund additional water conservation projects in Mexico that will yield approximately 27,275 acre-feet of additional supply for Metropolitan by 2026 at a cost of approximately \$3.75 million. In 2020, Metropolitan made the first payment related to Treaty Minute 323 of \$1.25 million, and 9,092 acre-feet of Intentionally Created Mexican Allocation was converted to Binational ICS and credited to Metropolitan's binational ICS water account. In October 2023, the next payment of \$1.25 million was made, however the crediting of 9,092 acre-feet of Binational ICS was delayed until 2026 to preserve ICS accumulation space. The final payment of \$1.25 million is expected to be made in 2026 and an additional 9,091 acre-feet of Intentionally Created Mexican Allocation will be converted to Binational ICS and credited to Metropolitan's binational ICS water account.

***Storage and Interstate Release Agreement with Nevada.*** In May 2002, SNWA and Metropolitan entered into an Agreement Relating to Implementation of Interim Colorado River Surplus Guidelines, in which SNWA and Metropolitan agreed to the allocation of unused apportionment as provided in the Interim Surplus Guidelines and on the priority of SNWA for interstate banking of water in Arizona. SNWA and Metropolitan entered into a storage and interstate release agreement on October 21, 2004. Under this agreement, SNWA can request that Metropolitan store unused Nevada apportionment in California. The amount of water stored through 2014 under this agreement was approximately 205,000 acre-feet. In October 2015, SNWA and Metropolitan executed an additional amendment to the agreement under which Metropolitan paid SNWA approximately \$44.4 million and SNWA stored an additional 150,000 acre-feet with Metropolitan during 2015. Of that amount, 125,000 acre-feet have been added to SNWA's storage account with Metropolitan, increasing the total amount of water stored to approximately 330,000 acre-feet. In subsequent years, SNWA may request recovery of the stored water. When SNWA requests the return of any of the stored 125,000 acre-feet, SNWA will reimburse Metropolitan for an equivalent proportion of the \$44.4 million plus inflation based on the amount of water returned. SNWA has not yet requested the return of any of the water stored with Metropolitan and it is not expected that SNWA will request a return of any of the stored water before 2026.

***California ICS Agreement Intrastate Storage Provisions.*** As described under "–Colorado River Aqueduct –Colorado River Operations: Surplus and Shortage Guidelines – Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead," in 2007, IID, Metropolitan and other Colorado River contractors in California executed the California ICS Agreement, which divided California's ICS storage space in Lake Mead between Metropolitan and IID. ~~It also allowed IID to store up to 50,000 acre-feet of conserved water in Metropolitan's system. In 2015, Pursuant to various amendments to the California ICS Agreement was amended to allow IID to store additional amounts of water in Metropolitan's system during 2015 through 2017. Under the 2015 amendment, IID was, IID is~~ permitted to store up to 100,000 acre-feet per year of conserved water within Metropolitan's system with a cumulative limit of 200,000 acre-feet, for the three-year term. When requested by IID, Metropolitan has agreed to return to IID the lesser of either 50,000 acre-feet per year, or in a year in which Metropolitan's member agencies are under a shortage allocation, 50 percent of the cumulative amount of water IID has stored with Metropolitan under the 2015 amendment. IID currently



has ~~154,000~~151,000 acre-feet of water stored with Metropolitan pursuant to the terms of the California ICS Agreement and its amendment.

~~In 2018, IID had reached the limit on the amount of water it was able to store in Metropolitan's system under the California ICS Agreement and entered into discussions with Metropolitan to further amend the agreement, but no such agreement was reached. On December 4, 2020, IID filed a complaint against Metropolitan alleging that Metropolitan breached the California ICS Agreement, breached the implied covenant of good faith and fair dealing, and that Metropolitan converted IID's intentionally created surplus for its own use. IID's complaint sought the imposition of a constructive trust over 87,594 acre-feet of water in Lake Mead that was received by Metropolitan in 2018.~~

In October 2021, Metropolitan and IID ~~agreed to settle the dispute, and on December 6, 2021, the lawsuit was dismissed with prejudice. Under the terms of the settlement agreement, Metropolitan will, after applying storage losses, retain approximately 40 percent of the disputed 87,594 acre-feet that Metropolitan received in 2018 and will have stored the remaining approximately 60 percent for IID to be returned to IID in 2026. If~~ further agreed to store and return in 2026 an additional 54,000 acre-feet for IID. Further, under this agreement, if Metropolitan does not have sufficient ICS to make a DCP contribution in 2026, Metropolitan may use the ~~remaining~~ stored water to do so. ~~From~~The agreement provides that from 2021 through 2026, IID ~~may~~would be permitted to store up to an additional 25,000 acre-feet per year (with an accumulation limit of an additional 50,000 acre-feet) of conserved water in Metropolitan's Lake Mead ICS account. While IID will still not be a party to the DCP, if Metropolitan is required to make a DCP contribution, IID will assist Metropolitan in making DCP contributions by contributing the lesser of either: (a) three percent of California's DCP contribution; or (b) the amount of water IID has stored with Metropolitan. Between 2021 and ~~2022~~2023, IID had stored and accumulated 34,528 acre-feet of conserved water in Metropolitan's Lake Mead ICS account. IID did not elect to store any additional water in Metropolitan's Lake Mead ICS account for ~~2023~~2024. Under the above-described agreements, IID has stored a total of approximately 250,000 acre-feet with Metropolitan.

### **State Water Project and Colorado River Aqueduct Arrangements**

*Metropolitan/CVWD/Desert Water Agency Amended and Restated Agreement for the Exchange and Advance Delivery of Water.* Metropolitan has agreements with CVWD and the Desert Water Agency ("DWA") under which Metropolitan exchanges its Colorado River water for the agencies' State Water Project contractual water and other State Water Project water acquisitions on an annual basis. Because CVWD and DWA do not have a physical connection to the State Water Project, Metropolitan takes delivery of CVWD's and DWA's State Water Project supplies and delivers a like amount of Colorado River water to the agencies. In accordance with these agreements, Metropolitan may deliver Colorado River water in advance of receiving State Water Project supplies to these agencies for storage in the Upper Coachella Valley groundwater basin. In years when it is necessary to augment available supplies to meet local demands, Metropolitan may meet the exchange delivery obligation through drawdowns of the advance delivery account, in lieu of delivering Colorado River water in that year. Metropolitan's preliminarily estimated storage account balance under the CVWD/DWA program as of January 1, ~~2024~~2025 is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "–Storage Capacity and Water in Storage" below. In addition to the storage benefits of the CVWD/DWA program, Metropolitan receives water quality benefits with increased deliveries of lower salinity water from the State Water Project in lieu of delivering higher saline Colorado River water. In December 2019, the exchange agreements were amended to provide more flexibility and operational certainty for the parties involved. Additionally, under the amended agreements, CVWD and DWA pay a portion of Metropolitan's water storage management costs in wet years, up to a combined total of \$4 million per year.

~~**Operational Shift Cost Offset Program.** In 2021, Metropolitan's Board approved the Operational Shift Cost Offset Program ("OSCOP") to help Metropolitan maximize resources available~~



~~from Colorado River and State Water Project storage in calendar years 2021 and 2022. In October 2022, Metropolitan's Board extended the OSCOP through the end of calendar year 2023. Metropolitan worked with member agencies that have service connections to both State Water Project supplies and Colorado River water to shift their points of delivery to meet demands wherever possible to preserve State Water Project storage during the recent drought. Although member agencies can make some shifts in delivery locations, these shifts may result in additional operational costs. Under the OSCOP, Metropolitan offset costs member agencies accrued due to shifting deliveries at Metropolitan's request. In calendar year 2023, Metropolitan offset incurred costs of up to \$359 per acre-foot for shifts made at Metropolitan's request. This allowed Metropolitan to fully utilize its diverse portfolio and increased reliability for the entire region by improving the availability of State Water Project storage reserves to supplement supplies during dry years.~~

### Storage Capacity and Water in Storage

Metropolitan's storage capacity, which includes reservoirs, conjunctive use and other groundwater storage programs within Metropolitan's service area and groundwater and surface storage accounts delivered through the State Water Project or CRA, is approximately 6.0 million acre-feet. In ~~2023~~2024, approximately 750,000 acre-feet of total stored water in Metropolitan's reservoirs and other storage resources was emergency storage. Metropolitan's emergency storage is a regional planning objective established periodically to prevent severe water shortages for the region in the event of supply interruptions from catastrophic earthquakes or similar events (see "METROPOLITAN'S WATER DELIVERY SYSTEM—Seismic Considerations and Emergency Response Measures" in this Appendix A). The current emergency storage objective of 750,000 acre-feet is based on an outage duration of 6 to 12 months, retail water demand reduction of 25 to 35 percent based on achievable conservation actions, and aggregated loss of 10 to 20 percent of local production. Retail demand calculations for purposes of the emergency storage objective were based on a 2015 IRP forecast of demand for the year 2018 under average conditions. Metropolitan replenishes its storage accounts when available imported supplies exceed demands. Metropolitan's ability to replenish water storage, both in the local groundwater basins and in surface storage and banking programs, has been limited by Bay-Delta pumping restrictions under the biological opinions issued for listed species. See "—Endangered Species Act and Other Environmental Considerations Relating to Water Supply—Endangered Species Act Considerations—State Water Project—*Federal ESA-Biological Opinions.*" Effective storage management is dependent on having sufficient years of excess supplies to store water so that it can be used during times of shortage. See "WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES~~—Water Supply Allocation Plan~~MEASURES" in this Appendix A. Metropolitan's storage as of January 1, ~~2024~~2025 was preliminarily estimated to be ~~4.18~~4.53 million acre-feet. This is the highest beginning-of-year total water storage in Metropolitan's history. The following table shows three years of Metropolitan's water in storage as of January 1, including emergency storage.

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**METROPOLITAN'S WATER STORAGE CAPACITY AND WATER IN STORAGE<sup>(1)</sup>**  
**(in Acre-Feet)**

Water Storage Resource	Storage Capacity	Water in Storage January 1, 2024	Water in Storage January 1, 2025	Water in Storage January 1, 2023	Water in Storage January 1, 2024
<b>Colorado River Aqueduct</b>					
<del>DWA/CVWD Advance Delivery Account</del>	<del>800,000</del>	<del>205,000</del>	<del>281,000</del>	<del>293,000</del>	
Lake Mead ICS <sup>(2)</sup>	<del>1,657,000</del> 1,622,000	<del>1,544,000</del> <sup>(4a)</sup>	<del>1,140,000</del> <sup>(4a)</sup> 1,544,000	<del>1,251,500</del> <sup>(4a)</sup> 1,128,000	
<b>Subtotal</b>	<b>2,457,000</b> 1,622,000	<b>1,749,000</b> 1,544,000	<b>1,421,000</b> 1,544,000	<b>1,544,500</b> 1,128,000	
<b>State Water Project</b>					
Arvin-Edison Storage Program <sup>(3)</sup>	350,000	100,000	119,000100,000	136,000119,000	
Semitropic Storage Program	350,000	190,000227,000	158,000190,000	218,000158,000	
Kern Delta Storage Program	250,000	141,000142,000	137,000140,000	149,000126,000	
Mojave Storage Program	330,000 <sup>(6)</sup>	19,000 <sup>(6)</sup>	19,000 <sup>(6)</sup>	19,000 <sup>(6)</sup>	
AVEK Storage Program	30,000	27,000	27,000	27,000	
AVEK High Desert Water Bank	112,000280,000 <sup>(4)</sup>	11,00045,000	N/A11,000	N/A0	
Castaic Lake and Lake Perris <sup>(45)</sup>	219,000	219,000	3,000219,000	49,0003,000	
State Water Project Carryover <sup>(56)</sup>	350,000 <sup>(7)</sup> 529,000	325,000383,000	31,000325,000	38,00039,000	
<b>Emergency Storage</b>	<b>381,000</b>	<b>381,000</b>	<b>381,000</b>	<b>381,000</b>	
<b>Subtotal</b>	<b>2,372,000</b> 2,338,000	<b>1,413,000</b> 1,163,000	<b>875,000</b> 1,031,000	<b>1,017,000</b> 491,000	
<b>Within Metropolitan's Service Area</b>					
Diamond Valley Lake <sup>(7)</sup>	810,000	753,000788,000	494,000753,000	600,000494,000	
Lake Mathews and Lake Skinner <sup>(7)</sup>	182,000226,000	168,000188,000	155,000207,000	140,000194,000	
<del>Lake Skinner</del>	<del>44,000</del>	<del>39,000</del>	<del>39,000</del>	<del>39,000</del>	
<b>Subtotal</b> Conjunctive Use Programs <sup>(8)</sup>	<b>1,036,000</b> 210,000	<b>960,000</b> 84,000	<b>688,000</b> 56,000	<b>779,000</b> 10,000	
<b>Member Agency Storage Programs</b>					
<b>Conjunctive Use Subtotal</b>	<b>210,000</b> 1,246,000	<b>56,000</b> 1,060,000	<b>10,000</b> 1,016,000	<b>16,000</b> 698,000	
<b>Other Programs</b>					
DWA / CVWD Advance Delivery Account	800,000	381,000	205,000	281,000	
Emergency Storage	381,000	381,000	381,000	381,000	
<b>Total</b>	<b>6,075,000</b> 6,387,000	<b>4,178,000</b> 4,529,000 <sup>(9)</sup>	<b>2,994,000</b> 4,177,000	<b>3,356,500</b> 2,979,000	

Source: Metropolitan.

<sup>(1)</sup> Water storage capacity and water in storage are rounded and measured based on engineering estimates and are subject to change. Information as of January 1, 2025 is based on preliminary estimates.

<sup>(2)</sup> See Balance does not include water stored for IID in the IID ICS Sub-account. See "Water Transfer, Storage and Exchange Programs – Colorado River Aqueduct Agreements and Programs – California ICS Agreement Intrastate Storage Provisions." See also "Colorado River Aqueduct – Colorado River Operations: Surplus and Shortage Guidelines – Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead" and "Colorado River Drought Contingency Plans" for additional information regarding the Lake Mead ICS program and use of ICS water.

<sup>(3)</sup> Metropolitan has suspended the return of groundwater from the Arvin-Edison storage program. Stored supplies can still be recovered via surface water exchange. See "Water Transfer, Storage and Exchange Programs – State Water Project Agreements and Programs – Arvin-Edison/Metropolitan Water Management Program." See also "METROPOLITAN'S WATER DELIVERY SYSTEM–Water Quality and Treatment," in this Appendix A.

<sup>(4)</sup> This reflects the full storage capacity as the recharge basins have been constructed. Full recharge and recovery operation anticipated by 2027. See "Water Transfer, Storage and Exchange Programs – State Water Project Agreements and Programs – Antelope Valley-East Kern High Desert Water Bank Program."



- (4)(5) Flexible storage allocated to Metropolitan under its State Water Contract. Withdrawals must be returned within five years.
- (5) ~~Includes Article 56 Carryover of~~ <sup>(6)</sup> The total storage capacity as carryover in San Luis Reservoir varies year-to-year as the contractual annual storage limit combines with the remaining balance from the previous year. The contractual annual storage limit for calendar year 2025 reflects the limit at the current 35% SWP Table A Allocation. Includes carryover of Metropolitan, Coachella Valley Water District, and Desert Water Agency, prior year carryover, non-project carryover, and carryover of curtailed deliveries pursuant to Article 14(b) and Article 12(e) of Metropolitan's State Water Contract. See "Water Transfer, Storage and Exchange Programs – State Water Project Agreements and Programs – Metropolitan Article 56 Carryover."
- (6) ~~The Mojave storage agreement was amended in 2011 to allow for cumulative storage of up to 390,000 acre-feet. Since January 1, 2011, Metropolitan has stored 60,000 acre feet, resulting in a remaining balance of storage capacity of 330,000 acre feet. 41,000 acre feet of the 60,000 acre feet stored have been returned, leaving a remaining balance in storage of 19,000 acre feet. See "Water Transfer, Storage and Exchange Programs – State Water Project Agreements and Programs – Mojave Storage Program."~~
- (7) ~~A capacity of 350,000 acre feet is estimated to be the practical operational limit for carryover storage considering Metropolitan's capacity to take delivery of carryover supplies before San Luis Reservoir fills.~~
- (8) ~~Includes~~ <sup>(7)</sup> Storage in Metropolitan reservoirs includes 369,000 acre-feet of emergency storage in Metropolitan's reservoirs in 2022, 2023, and 2024.
- (8) Cyclic storage water was removed from this line item and is now categorized as a pre-delivery. As a result of the termination of six of Metropolitan's conjunctive use agreements effective June 30, 2025, the total groundwater storage capacity will be reduced from 210,000 acre-feet to 115,000 acre-feet.
- (9)(9) Represents Metropolitan's historical highest level of water in storage.
- (10) ~~This amount does not include water Metropolitan stores for IID in Lake Mead.~~
- (11) ~~Currently constructed storage capacity. The storage capacity at completion of construction is anticipated to be 280,000 acre feet. See "Water Transfer, Storage and Exchange Programs – State Water Project Agreements and Programs – Antelope Valley East Kern High Desert Water Bank Program."~~



## **WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES**

### **Water Surplus and Drought Management Plan**

In addition to the long-term planning guidelines and strategy provided by its IRP, Metropolitan has developed its WSDM Plan for the on-going management of its resources and water supplies in response to hydrologic conditions. The WSDM Plan, which was adopted by Metropolitan's Board in April 1999, evolved from Metropolitan's experiences during the droughts of 1976-77 and 1987-92. The WSDM Plan is a planning document that Metropolitan uses to guide inter-year and intra-year storage operations. The WSDM Plan splits resource actions into two major categories: surplus actions and shortage actions. The surplus actions emphasize storage of surplus water inside the region, followed by storage of surplus water outside the region. The shortage actions emphasize critical storage programs and facilities and conservation programs that make up part of Metropolitan's response to shortages. Implementation of the plan is directed by a WSDM team, made up of Metropolitan staff, that meets regularly throughout the year and more frequently between November and April as hydrologic conditions develop. The WSDM team develops and recommends storage actions to senior management on a regular basis and provides updates to the Board on hydrological conditions, storage levels and planned storage actions through detailed reports.

### **General Conservation**

~~The~~ Conservation and water efficiency programs are part of Metropolitan's resource management strategy, and are an integral component of Metropolitan's IRP, WSDM Plan, and Water Supply Allocation Plan (described below). The central objective of Metropolitan's water conservation program is to help ensure adequate, reliable and affordable water supplies for Southern California by actively promoting efficient water use. The importance of conservation to the region has increased in recent years because of periods of occurring drought conditions in the State Water Project watershed and court-ordered restrictions on Bay-Delta pumping, as described under "METROPOLITAN'S WATER SUPPLY-State Water Project-Bay-Delta Proceedings Affecting State Water Project" and "-Endangered Species Act and Other Environmental Considerations Relating to Water Supply -Endangered Species Act Considerations-State Water Project - *Federal ESA-Biological Opinions*" in this Appendix A. Ongoing drought conditions in the Colorado River have further emphasized the need for additional conservation efforts. See "METROPOLITAN'S WATER SUPPLY-Colorado River Aqueduct-Colorado River Operations: Surplus and Shortage Guidelines" in this Appendix A. Conservation reduces the need to import water to deliver to member agencies through Metropolitan's system. ~~Water conservation is an integral component of Metropolitan's IRP, WSDM Plan, and Water Supply Allocation Plan.~~

Metropolitan's conservation program has largely been developed to assist its member agencies in meeting the conservation goals established by the 2015 IRP Update. See "METROPOLITAN'S WATER ~~SUPPLY-Integrated Water Resources Plan and Climate~~ SUPPLY-Climate Adaptation Master Plan for Water (CAMP4W) - Background" in this Appendix A. All users of Metropolitan's system benefit from the reduced infrastructure costs and system capacity made available by investments in demand management programs like the Conservation Credits Program. Under the terms of Metropolitan's Conservation Credits Program, Metropolitan administers regional conservation programs and co-funds member agency conservation programs designed to achieve greater water use efficiency in residential, commercial, industrial, institutional and landscape uses. Spending by Metropolitan and its member agencies on active conservation incentives, including rebates for water-saving plumbing fixtures, appliances and equipment totaled about \$~~57~~56 million in fiscal year ~~2022-23~~2023-24. In addition, Metropolitan also spent \$3 million in water conservation outreach and education. During fiscal year



~~2022-2023~~2023-24, water savings achieved through new and prior-year conservation investments under Metropolitan's Conservation Credits Program were approximately ~~207,000~~210,000 acre-feet.

Metropolitan has worked proactively with its member agencies to conserve water supplies in its service area, and significantly expanded its water conservation and outreach programs and increased funding for conservation incentive programs. ~~Historically, revenues collected by Metropolitan's Water Stewardship Rate and available grant funds funded conservation incentives, local resource development incentives, and other water demand management programs. Until December 31, 2020, the Water Stewardship Rate was charged on every acre foot of water conveyed by Metropolitan, except on water delivered to SDCWA pursuant to the Exchange Agreement (see "METROPOLITAN REVENUES Water Rates" and "Litigation Challenging Rate Structure" in this Appendix A) in calendar years 2018, 2019, and 2020. Beginning with calendar year 2021, the Water Stewardship Rate has no longer been incorporated into Metropolitan's rates and charges. See "METROPOLITAN REVENUES Rate Structure Water Stewardship Rate" in this Appendix A. See "METROPOLITAN REVENUES Rate Structure" in this Appendix A.~~

~~In addition to ongoing conservation, Metropolitan has developed a WSDM Plan, which splits resource actions into two major categories: Surplus Actions and Shortage Actions. See "Water Surplus and Drought Management Plan." Conservation and water efficiency programs are part of Metropolitan's resource management strategy which makes up these surplus and shortage actions.~~

~~The Water Supply Allocation Plan allocates Metropolitan's water supplies among its member agencies, based on the principles contained in the WSDM Plan, to reduce water use and drawdowns from water storage reserves. See "Water Supply Allocation Plan." Metropolitan's member agencies and retail water suppliers in Metropolitan's service area also can implement water conservation and allocation programs, and some of the retail suppliers in Metropolitan's service area have initiated conservation measures.~~

State legislation has provided an additional catalyst for conservation by member agencies and retail suppliers. Legislation approved in November 2009 set a statewide conservation target for urban per capita potable water use of 20 percent reductions (from a baseline per capita use determined utilizing one of four State-approved methodologies) by 2020 (with credits for existing conservation) at the retail level. Legislation approved in 2018 (Assembly Bill 1668 and Senate Bill 606) directed the SWRCB to adopt water use efficiency standards for all residential water use and outdoor commercial, industrial, and institutional water use and also performance measures for indoor commercial, industrial, and institutional water use. Pursuant to such directive, on July 3, 2024, the SWRCB adopted a new regulation, termed "Making Conservation a California Way of Life," which will require urban retail water suppliers to calculate a water use objective annually, beginning January 1, 2025, based on the characteristics of the supplier's service area, and beginning January 1, 2027, demonstrate compliance with its objectives, implement established performance standards, and submit annual progress reports.

~~Metropolitan's water transactions projections incorporate an estimate of conservation savings that will reduce retail demands. Current projections include an estimate of additional water use efficiency savings resulting from Metropolitan's 2015 IRP Update goals that included the reduction of overall regional per capita water use by 20 percent by 2020 from a baseline of average per capita water use from 1996-2005 in Metropolitan's service area. As of calendar year 2020, per capita water use in Metropolitan's service area had reached the 20 percent reduction by 2020 target.~~

### **Water Surplus and Drought Management Plan**

~~In addition to the long term planning guidelines and strategy provided by its IRP, Metropolitan has developed its WSDM Plan for the on-going management of its resources and water supplies in~~



~~response to hydrologic conditions. The WSDM Plan, which was adopted by Metropolitan's Board in April 1999, evolved from Metropolitan's experiences during the droughts of 1976-77 and 1987-92. The WSDM Plan is a planning document that Metropolitan uses to guide inter-year and intra-year storage operations, and splits resource actions into two major categories: surplus actions and shortage actions. The surplus actions emphasize storage of surplus water inside the region, followed by storage of surplus water outside the region. The shortage actions emphasize critical storage programs and facilities and conservation programs that make up part of Metropolitan's response to shortages. Implementation of the plan is directed by a WSDM team, made up of Metropolitan staff, that meets regularly throughout the year and more frequently between November and April as hydrologic conditions develop. The WSDM team develops and recommends storage actions to senior management on a regular basis and provides updates to the Board on hydrological conditions, storage levels and planned storage actions through detailed reports.~~

### **Water Supply Allocation Plan**

In times of prolonged or severe water shortages, Metropolitan manages its water supplies through the implementation of its Water Supply Allocation Plan. The Water Supply Allocation Plan allocates Metropolitan's water supplies among its member agencies, based on principles contained in the WSDM Plan, to reduce water use and drawdowns from water storage reserves. The Water Supply Allocation Plan was originally approved by Metropolitan's Board in February 2008, and has been implemented three times since its adoption, including most recently in April 2015. The Water Supply Allocation Plan provides a formula for equitable distribution of available water supplies in case of extreme water shortages within Metropolitan's service area and if needed is typically approved in April with implementation beginning in July. In December 2014, the Board approved certain adjustments to the formula for calculating member agency supply allocations during subsequent periods of implementation of the Water Supply Allocation Plan. Although the Act gives each of Metropolitan's member agencies a preferential entitlement to purchase a portion of the water served by Metropolitan (see "METROPOLITAN REVENUES-Preferential Rights" in this Appendix A), historically, these rights have not been used in allocating Metropolitan's water. Metropolitan's member agencies and retail water suppliers in Metropolitan's service area also may implement water conservation and allocation programs within their respective service territories in times of shortage. ~~See also "Drought Response Actions" below.~~ Based upon current hydrology and Metropolitan's available storage balances, the Water Supply Allocation Plan has not been implemented for fiscal year ~~2024-25~~2024-25.

### **Variability in Hydrological Conditions in Recent Years**

#### **~~Drought Response Actions~~**

~~The most recent drought in California lasted from 2020 through 2022. The Water Years 2020 through 2022 combined ranked as the three driest years in California's statewide precipitation record. Beginning in April 2021, Governor Newsom issued a series of drought emergency proclamations affecting various counties throughout the State, culminating in an October 19, 2021, proclamation declaring a drought state of emergency to be in effect statewide and directing local water suppliers to implement water shortage contingency plans at a level appropriate to local conditions. On March 28, 2022, Governor Newsom issued an executive order directing the SWRCB to consider adopting regulations by May 25, 2022, to require urban water suppliers with water shortage contingency plans to implement, at a minimum, shortage response actions for a shortage level of up to 20 percent (a "Level 2" shortage). On May 24, 2022, in response to the executive order, the SWRCB adopted an emergency water conservation regulation. The adopted regulation temporarily banned irrigating turf with potable water at commercial, industrial, and institutional properties, such as grass in front of or next to large industrial or commercial buildings. The ban did not include watering turf used for recreation or other community purposes, water used at residences or water to maintain trees. The regulation also required all~~



~~urban water suppliers to implement conservation actions under Level 2 of their water shortage contingency plans.~~

~~From early 2021, in response to dry conditions~~Hydrologic conditions can have a significant impact on Metropolitan's imported water supply sources. In California, hydrological conditions have varied considerably in recent years. The Water Years 2020 through 2022 combined ranked as the three driest years in California's precipitation record. In calendar years 2021 and 2022, DWR's allocations to State Water Project contractors were five percent of contracted amounts, and it was the first time in the history of the State Water Project with two consecutive years at five percent of contracted amounts. Metropolitan has planned and prepared for dry conditions by investing in vital infrastructure to increase its storage capacity and enhance operational flexibility. Beginning in early 2021, Metropolitan implemented certain operational measures and programs to minimize State Water Project deliveries, ~~such as in response to dry conditions. These actions included~~ delivering Diamond Valley Lake water for the first time to the Henry J. Mills Treatment Plant, and expanding the delivery of Colorado River water. These measures were made possible by Metropolitan's continued investment in facility upgrades and improvements. Metropolitan also paid for several member agencies to shift from service connections that utilize State Water Project supplies to service connections that use Colorado River water to conserve State Water Project supplies.

~~In addition~~ Following the Governor's October 2021 proclamation of a statewide drought emergency, on November 9, 2021, Metropolitan's Board of Directors declared a drought emergency and called on its member agencies in the portion of Metropolitan's service area that can only receive Metropolitan's supplies through the State Water Project system (referred to herein as the SWP Dependent Area) to use increased conservation measures or other means to reduce their use of those supplies. To assist in these conservation efforts, ~~Metropolitan's Board also approved a series of measures to expand various rebate and water efficiency programs. On April 26, 2022, Metropolitan's Board approved the framework of an Emergency Water Conservation Program for the SWP Dependent Area to further reduce demand on State Water Project supplies. In 2022, due to historically dry conditions, DWR exercised a provision of the State water supply contracts that allowed DWR to provide State Water Project water to certain State Water Project contractors, that was in addition to the contracted amounts, to the five percent allocation in 2022, for the first time in history, DWR used a provision of the SWP Contract to allocate water on a basis other than Table A to meet minimum demands for domestic supply, fire protection or sanitation. The of Contractors for human health and safety supplies received were required to be returned within five calendar years of the calendar year of delivery, with certain mandatory returns to be made in years when State Water Project allocations were 40 percent of contracted amounts or greater. Under this provision, needs.~~ Metropolitan requested and received from DWR delivery of ~~an additional 133,842 acre-feet of~~ certain human health and safety supplies to the SWP Dependent Area. In calendar year 2022, in addition to the human health and safety supplies and mandatory water use reductions for the SWP Dependent Area agencies, Metropolitan met the water demands in its service area ~~in calendar year 2022~~ using a combination of CRA deliveries, storage reserves and supplemental water transfers and purchases. ~~In 2022, approximately 28,000 acre feet of water transfers were secured.~~

Following the record dry period in California's statewide precipitation in Water Years 2020 through 2022, an extreme amount of precipitation and snowfall occurred in California during the winter of 2023. For the first time since 2006, DWR was able to allocate the full contracted amounts of the State Water Project, allowing for a 100 percent allocation to the State Water Project contractors. Similar to conditions in California, water year 2023 was also extraordinarily wet in the Colorado River Basin. With guidance by its WSDM Plan surplus actions, the supplies available from the wet hydrologic conditions in 2023, allowed Metropolitan to begin refilling Diamond Valley Lake, replenishing the Castaic Lake and Lake Perris flexible storage accounts, and adding storage to San Luis Reservoir as Article 56c carryover, groundwater banks in the San Joaquin Valley, and to Lake Mead. Metropolitan added approximately 1.2 million acre-feet into its storage accounts in calendar year 2023 and ended the year with, at the time, a



record-high amount of dry-year storage. See “METROPOLITAN’S WATER SUPPLY–Water Transfer, Storage and Exchange Programs – State Water Project Agreements and Programs – *Metropolitan Article 56 Carryover.*”

In calendar year 2024, the State Water Project watersheds received above average snowpack and near-normal precipitation and runoff. However, the presence of threatened and endangered fish species near State Water Project pumping facilities affected the ability to move water from the Delta and resulted in a final SWP Table A allocation of 40 percent. Meanwhile, the Upper Colorado River Basin received an above average snowpack and near-average precipitation, with runoff at 82 percent of normal in calendar year 2024. The above normal water year enabled Metropolitan to put additional water into Metropolitan’s storage accounts in calendar year 2024, including puts into San Luis Reservoir and groundwater banks in the San Joaquin Valley. As a result, Metropolitan ended calendar year 2024 with a new record high amount of dry-year storage.

Metropolitan ~~has planned and prepared for dry conditions by investing in vital infrastructure to increase its storage capacity and enhance operational flexibility. The Emergency Water Conservation Program was intended as a short-term policy in response to the severe drought conditions that existed and infrastructure constraints that severely limited the delivery of State Water Project supplies~~ strategically stores water when available to increase regional water supply reliability, manage supplies during dry years, and provide emergency supplies. Storage capacity provides the water system with year-to-year water supply carry-over capability and a mechanism to assist Metropolitan in providing consistent water supply reliability notwithstanding fluctuations in available supply. Metropolitan has committed to providing equitable reliability to the SWP Dependent Area by increasing access to existing supplies and storage, and development of new supplies and storage. ~~Metropolitan was awarded \$50 million in reimbursement grant funding from the State of California in the State’s fiscal year 2022-23 budget for a set of drought emergency mitigation projects to move locally stored water into the SWP Dependent Area,~~ and is investing in infrastructure improvements designed to allow water stored in Diamond Valley Lake and Lake Mead to be delivered to more communities. See also “METROPOLITAN’S WATER SUPPLY–Water Transfer, Storage and Exchange Programs – State Water Project Agreements and Programs – *Other Ongoing Activities.*”



~~Due to improved hydrologic conditions and an increased State Water Project allocation for 2023, the Board voted to rescind the Emergency Water Conservation Program on March 14, 2023. On March 24, 2023, the Governor announced that several of the Statewide water conservation measures previously imposed would be eased. All of the 133,842 acre-feet of health and safety supplies received by Metropolitan in 2022 were returned by the end of June 2023. Metropolitan continues to encourage responsible and efficient water use.~~

~~Actions taken in response to the 2020-2022 drought by the State, Metropolitan's Board and Metropolitan's member agencies, as well as the subsequent extreme precipitation in 2023 and a wet winter in 2024, have contributed to reduced water demands in Metropolitan's service area. Such significant variances in hydrology may become more common in the future due to the effects of climate change. Metropolitan's financial reserve policy provides funds to manage through periods of reduced sales. See "METROPOLITAN REVENUES Financial Reserve Policy" in this Appendix A. In years when actual sales are less than projections, Metropolitan uses various tools to manage reductions in revenues, such as reducing expenditures below budgeted levels, reducing funding of capital projects from revenues, and drawing on reserves. See also "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.~~

## REGIONAL WATER RESOURCES

### General

The water supply for Metropolitan's service area is provided in part by Metropolitan and in part by non-Metropolitan sources available to members. Non-Metropolitan sources include water imported by the City of Los Angeles (the "City") from the Owens Valley/Mono Basin east of the Sierra Nevada through the City's Los Angeles Aqueduct to serve customers of the City. See "– Los Angeles Aqueduct." The balance of water within the region is produced locally, from sources that include groundwater and surface water production, recycled water and recovery of contaminated or degraded groundwater, and seawater desalination. Programs to develop these local resources include projects funded by Metropolitan's Local Resources Program (the "LRP"), as well as local agency funded programs. See "–Local Water Supplies."

Based on a ten-year average from calendar years ~~2013~~2014 through ~~2022~~2023 (the most recent full year information available), non-Metropolitan sources met about ~~54~~55 percent of the region's water needs. These non-Metropolitan sources of supply fluctuate in response to variations in rainfall. During prolonged periods of below-normal rainfall, local water supplies decrease. Conversely, prolonged periods of above-normal rainfall increase local supplies. Sources of groundwater basin replenishment include local precipitation, runoff from the coastal ranges, and artificial recharge with imported water supplies. In addition to runoff, recycled water provides an increasingly important source of replenishment water for the region.

Metropolitan's member agencies are not required to purchase or use any of the water available from Metropolitan. Some agencies depend on Metropolitan to supply nearly all of their water needs, regardless of the weather. Other agencies, with local surface reservoirs or aqueducts that capture rain or snowfall, rely on Metropolitan more in dry years than in wet years ~~with heavy rainfall, while others, Agencies~~ with ample groundwater supplies, ~~purchase Metropolitan water~~ only primarily to supplement local supplies and to recharge groundwater basins. Consumer demand and locally supplied water vary from year to year, resulting in variability in the volume of Metropolitan's water transactions.

In recent years, supplies and demands have been affected by extreme weather variability (including drought and wet weather and drought), water use restrictions, economic conditions, ~~weather conditions~~ and environmental laws, regulations and judicial decisions, as described in this Appendix A under "METROPOLITAN'S WATER SUPPLY." The demand for supplemental supplies provided by Metropolitan is dependent on water use at the retail consumer level and the amount of locally supplied

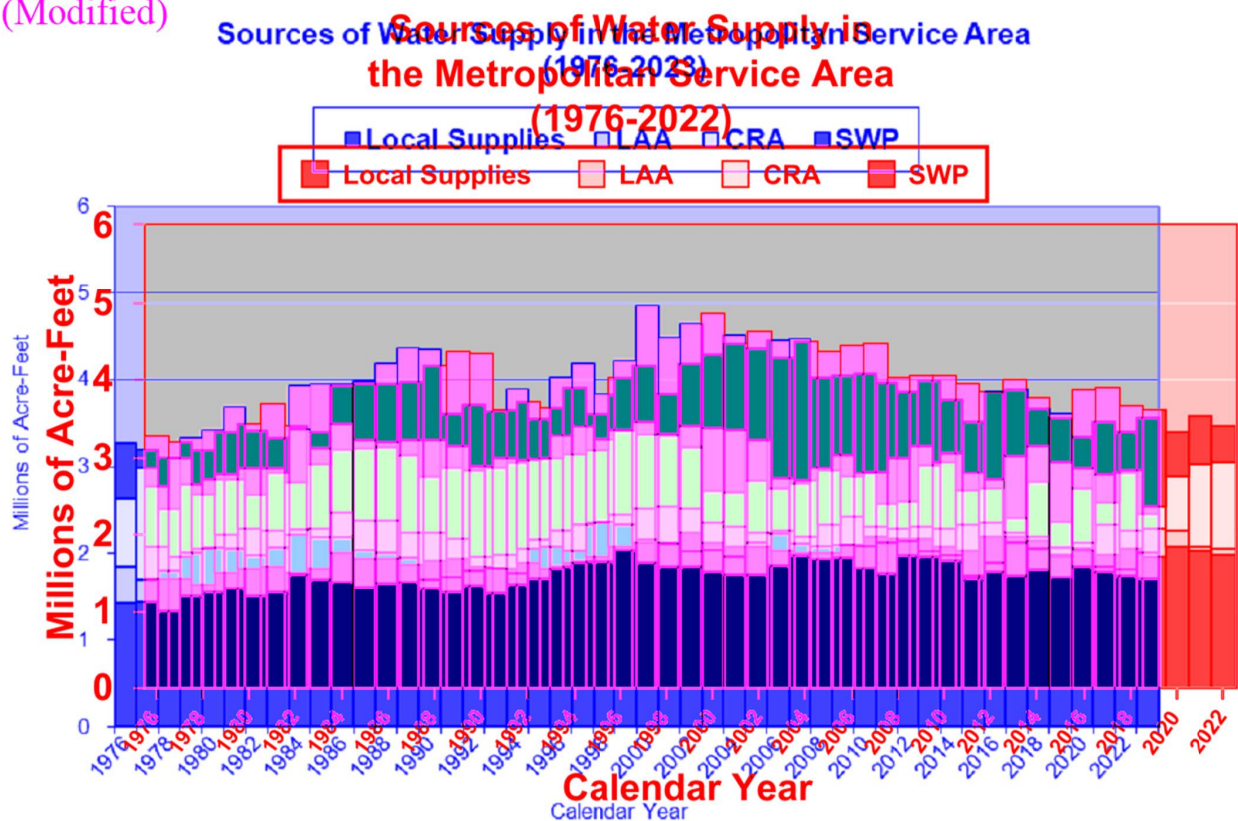


and conserved water. See “[WATER SUPPLY MANAGEMENT](#), CONSERVATION AND WATER SHORTAGE MEASURES” in this Appendix A and “–Local Water Supplies” below.

Future reliance on Metropolitan supplies will depend on, among other things, current and future local projects that may be developed and the amount of water that may be derived from sources other than Metropolitan. For information on Metropolitan’s water revenues, see “METROPOLITAN REVENUES” and “MANAGEMENT’S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES” in this Appendix A.

The following graph shows a summary of the regional sources of water supply for calendar years 1976 to ~~2022~~2023 (the most recent full year information available). In the graph below, LAA refers to the Los Angeles Aqueduct. See “–Los Angeles Aqueduct.” The graph below includes updated local supply numbers that include Santa Ana River baseflow below Prado Dam, which was not included from 1980 through 2009.

(Modified)



Source: Metropolitan.

The major sources of water available to some or all of Metropolitan’s member agencies in addition to supplies provided by Metropolitan are described below.

### Los Angeles Aqueduct

The City of Los Angeles, through its Department of Water and Power (“LADWP”), operates its Los Angeles Aqueduct system to import water from the Owens Valley and the Mono Basin on the eastern slopes of the Sierra Nevada in eastern California. Water imported by the City on the Los Angeles Aqueduct system comes primarily from surface water rights of the City in eastern Sierra Nevada watersheds along various streams, creeks and rivers in the Mono Basin, Long Valley and Owens Valley,



and groundwater resources in the Owens Valley from the City's ownership of approximately 330,000 acres of land and associated water rights. This water supply of the City, which serves LADWP's customers, currently meets about five percent of the region's water needs based on a ten-year average from calendar years ~~2013~~2014 through ~~2022~~2023 (the most recent full year information available).

Surface runoff (snowmelt) is subject to substantial annual variability, which influences the amount of water delivered by the Los Angeles Aqueduct. In addition, the City is subject to several environmental commitments in the Mono Basin and Owens Valley which impact the availability of water to the City for import on the Los Angeles Aqueduct. These include: (i) the SWRCB's Mono Lake Basin Water Rights Decision 1631, which limits the City's water exports from the Mono Basin based on Mono Lake's surface elevation; and (ii) the City's legal obligations under a long-term groundwater management plan relating to the City's groundwater resources in the Owens Valley.

Los Angeles Aqueduct water deliveries to the City vary from one year to the next. Since calendar year ~~2013~~2014, Los Angeles Aqueduct water deliveries to the City have varied from as little as 33,000 acre-feet in calendar year 2015 to as much as 380,000 acre-feet of water in calendar year 2017. Average water deliveries to the City from the Los Angeles Aqueduct were approximately ~~186,000~~196,000 acre-feet per calendar year between calendar years ~~2018~~2019 and ~~2022~~2023 (meeting approximately ~~3741~~ percent of the City's annual water needs). However, during calendar year ~~2022~~2023, water deliveries to the City from the Los Angeles Aqueduct were approximately ~~71,000~~299,000 acre-feet (meeting approximately ~~1567~~ percent of the City's water need for calendar year 2022). Consequently, the amount of water purchased by the City from Metropolitan also varies with the fluctuations of Los Angeles Aqueduct supply. During the past five calendar years ~~2018~~2019 through ~~2022~~2023, the City's water purchases from Metropolitan (billed water transactions) ranged from a low of 103,000 acre-feet in calendar year 2019 to a high of ~~368,000~~367,000 acre-feet in calendar year 2021.

### Local Water Supplies

Local water supplies are made up of groundwater, groundwater recovery, surface runoff, recycled water, and seawater desalination. Metropolitan supports local resources development through its LRP, which provides financial incentives of up to \$340 per acre-foot of water production (based on actual project unit costs that exceed Metropolitan's water rates) from local water recycling, groundwater recovery, and seawater desalination projects. LRP agreement terms are for 25 years and terminate automatically if construction does not commence within two full fiscal years of agreement execution or if water deliveries are not realized within four full fiscal years of agreement execution. Metropolitan utilizes conjunctive use of groundwater to encourage storage in groundwater basins. Member agencies and other local agencies have also independently funded and developed additional local supplies, including groundwater clean-up, recycled water and desalination of brackish or high salt content water. See also "METROPOLITAN'S WATER DELIVERY SYSTEM–Water Quality and Treatment" in this Appendix A for information regarding certain water quality regulations and developments that impact or may impact certain local groundwater supplies.

Metropolitan's water transaction projections are based in part on projections of locally-supplied water. Projections of future local supplies are based on estimated yields of projects that are currently producing water or are under construction at the time a water transaction projection is made. Estimated yields of projects currently producing water are calculated based on the projects' previous four-year production average. Estimated yields of projects that are under construction at the time a water transaction projection is made are based on data provided by the member agencies. See "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES–Water Transactions Projections" and "METROPOLITAN'S WATER ~~SUPPLY–Integrated Water Resources Plan and Climate~~SUPPLY–Climate Adaptation Master Plan for Water (CAMP4W)" in this Appendix A.



**Groundwater.** Local groundwater basins are the region's largest source of local supply. Since ~~2013~~2014, approximately ~~1.14~~1.10 million acre-feet per year, about one-third of the annual water demands for the approximately ~~19~~18.6 million residents of Metropolitan's service area, are met through local groundwater production. Local groundwater basins are supported by stormwater and urban runoff, recycled water, and imported water used for replenishing basins and for creating seawater barriers that protect coastal aquifers from seawater intrusion.

**Member Agency Storage Programs.** Metropolitan has developed a number of local programs to work with its member agencies to increase storage in groundwater basins. Metropolitan has encouraged storage through its cyclic and conjunctive use storage programs. These programs allow Metropolitan to deliver water into a groundwater basin in advance of agency demands. Metropolitan has drawn on dry-year supply from nine contractual conjunctive use storage programs to address shortages from the State Water Project and the CRA.

Cyclic storage agreements allow pre-delivery of imported water for recharge into groundwater basins in excess of an agency's planned and budgeted deliveries making best use of available capacity in conveyance pipelines, use of storm channels for delivery to spreading basins, and use of spreading basins. This water is then purchased at a later time when the agency has a need for groundwater replenishment deliveries.

Conjunctive use agreements provide for storage of imported water that can be called for use by Metropolitan during dry, drought, or emergency conditions. During a dry period, Metropolitan has the option to call water stored in the groundwater basins pursuant to its contractual conjunctive use agreements. At the time of the call, the member agency pays Metropolitan the prevailing rate for that water. Nine conjunctive use projects provide about 210,000 acre-feet of groundwater storage and have a combined extraction capacity of about 70,000 acre-feet per year. See the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "METROPOLITAN'S WATER SUPPLY—Storage Capacity and Water in Storage" in this Appendix A. On April 8, 2025, Metropolitan's Board authorized the General Manager to terminate six of the conjunctive use agreements effective June 30, 2025. The termination of the six agreements will result in a reduction of the total groundwater storage from 210,000 acre-feet to 115,000 acre-feet. Extraction capacity will be reduced from 70,000 acre-feet to 38,000 acre-feet.

**Reverse Cyclic Program.** In 2022, Metropolitan's Board authorized the General Manager to enter into reverse-cyclic agreements with participating member agencies to preserve the availability of Metropolitan's State Water Project supplies. Metropolitan's General Manager initiated deferrals under the Reverse-Cyclic Program ("RCP") when the General Manager determined that the supply conditions warranted deferring the use of State Water Project supplies due to the risk of shortage of these supplies. Metropolitan executed agreements with Calleguas Municipal Water District, Three Valleys Municipal Water District, and Upper San Gabriel Valley Municipal Water District in 2022. Under these agreements and at Metropolitan's request, participating member agencies agreed to defer Metropolitan deliveries of 25,000 acre-feet of water (in aggregate) purchased in calendar year 2022 to allow Metropolitan to preserve its State Water Project supplies. Metropolitan billed participating member agencies the 2022 full-service rate and applicable treatment charge. In doing so, the participating member agencies avoid paying the projected higher service rate that would be in place when Metropolitan makes the deferred delivery. Metropolitan will deliver water to the participating member agencies no later than December 2027, which is five full calendar years from the date of purchase. ~~This program was not reauthorized for 2023 nor 2024.~~

In late 2024, Metropolitan's Board authorized the General Manager to enter into reverse-cyclic agreements with participating member agencies to allow member agencies to pre-purchase an aggregate total of up to 100,000 acre-feet between November 19, 2024 and December 31, 2025. Ten member agencies made reverse-cyclic purchases in December 2024 for 100,000 acre-feet in aggregate at the 2024



full-service treated rate. Metropolitan will complete the deferred deliveries by December 2029, within five full years from the purchase date. These new revenues help Metropolitan achieve, for fiscal year 2024-25, the Board's approved directive in the current adopted budget to generate up to \$60 million in new, one-time revenues in each of fiscal years 2024-25 and 2025-26 and manage unrestricted cash reserves in accordance with Board-approved policies.

***Recovered Groundwater.*** Contamination of groundwater supplies is a growing threat to local groundwater production. Metropolitan has been supporting increased groundwater production and improved regional supply reliability by offering financial incentives to agencies for the production and treatment of degraded groundwater since 1989 through the LRP. Metropolitan has executed LRP agreements with local agencies to provide financial incentives to 28 projects that recover contaminated groundwater with total contract yields of about 125,000 acre-feet per year. Total groundwater recovery use under executed agreements with Metropolitan was estimated to be approximately ~~53,700~~51,216 acre-feet in calendar year ~~2022~~2023. Additionally, ~~81,000~~77,644 acre-feet of recovered groundwater was produced by local agencies through other independently funded and developed sources in ~~2022~~2023.

***Surface Runoff.*** Local surface water resources consist of runoff captured in storage reservoirs and diversions from streams. Since ~~2013~~2014, member agencies have used an average of ~~76,000~~82,000 acre-feet per calendar year of local surface water. Local surface water supplies are heavily influenced by year to year local weather conditions, varying from a high during such period of ~~124,000~~148,000 acre-feet in calendar year ~~2020~~2023 to a low of 37,500 acre-feet in calendar year 2016.

Stormwater is another local water supply and is surface runoff that is captured and contained on-site or used for groundwater recharge as opposed to captured in storage reservoirs or diverted from streams, treated, and integrated into a distribution system. Since 2000, more than 1.1 million acre-feet of stormwater and urban runoff was captured on average by local agencies and used on-site or recharged into a groundwater basin. In 2020, Metropolitan launched two pilot programs to better understand the costs and benefits of stormwater capture, yield, and use. One program examines opportunities to capture stormwater for direct use and the other explores stormwater capture for groundwater recharge. The programs accepted applications through December 31, 2021. Together, Metropolitan committed up to \$12.5 million under these programs. The projects funded under these programs are in either the design, construction, or monitoring phase. The pilot programs are expected to last at least five years, including the construction and monitoring phases. The data collected during the pilot programs will assist Metropolitan in evaluating the water supply benefits of stormwater capture and provide guidance for future funding strategies.

***Recycled Water-Local Agency Projects.*** Metropolitan has supported recycled water use to offset water demands and improve regional supply reliability by offering financial incentives to agencies for production and sales of recycled water since 1982 through the LRP. Since the inception of the LRP, Metropolitan has executed agreements with local agencies to provide financial incentives to 88 recycled water projects with total expected contract yields of about ~~357,000~~350,200 acre-feet per year. During fiscal year ~~2022-23~~2023-24, Metropolitan provided incentives for approximately ~~56,500~~45,400 acre-feet of recycled water under these agreements.

Additionally, ~~422,000~~433,000 acre-feet of recycled water (including wastewater discharged to the Santa Ana River that percolates into downstream groundwater basins) was produced in fiscal year ~~2022-23~~2023-24 by local agencies through other independently funded and developed sources. Total recycled water use under executed agreements with Metropolitan currently in place is estimated to be approximately 54,000 acre-feet in calendar year ~~2024~~2025.

Metropolitan also supports recycled water conversions for property owners through the On-Site Retrofit Program. The On-Site Retrofit Program provides a financial incentive of \$195 per acre-foot of estimated offset water for ten years to property owners who convert an imported water demand to a



recycled water system. As of ~~March~~January 1, ~~2024~~2025 the On-Site Retrofit Program has provided ~~\$13.17~~15.8 million to ~~499~~550 projects that offset approximately ~~14,010~~15,360 acre-feet per year of imported water supplies.

***Recycled Water-Metropolitan Pure Water Southern California Program.*** Since 2010, Metropolitan has been evaluating the potential and feasibility of implementing a regional recycled water program, now referred to as Pure Water Southern California (“PWSC”). Chronic drought conditions have resulted in significant reductions in local surface supplies and groundwater production and have increased the need for recharge supplies to groundwater and surface water reservoirs to improve their sustainable yields and operating integrity. Despite wet conditions in water years 2023 and 2024, many groundwater basins remain below sustainable levels. In 2015, Metropolitan executed an agreement with the Los Angeles County Sanitation Districts (“LACSD”) to implement a demonstration project and to establish a framework of terms and conditions of PWSC. In 2024, Metropolitan executed a new agreement with LACSD to memorialize LACSD’s commitment to share in the operation of PWSC by taking responsibility for the development and operation of the membrane bioreactor (“MBR”) facility. The objectives of PWSC are to enable the potential reuse of up to 150 million gallons per day (“mgd”) or an average of 155,000 acre-feet per year of cleaned wastewater effluent from LACSD’s A.K. Warren Facility (formerly the Joint Water Pollution Control Plant). Purified water from a new advanced treatment plant could be delivered through pipelines to the region’s groundwater basins, industrial facilities, ~~and~~ for indirect potable reuse (“IPR”), two of Metropolitan’s water treatment plants for raw water augmentation (“RWA”), and potentially introduced into one or more of Metropolitan’s treated water feeders for treated water augmentation (“TWA”).

Construction of a 0.5-mgd advanced water treatment demonstration plant was approved in 2017 and was completed in September 2019. Testing and operation of the demonstration plant began in October 2019 to confirm treatment costs and provide the basis for regulatory approval of the proposed treatment process. The tertiary ~~membrane bioreactor (“MBR”)~~ first testing phase was completed in 2021 and has been followed by secondary MBR testing which was completed in 2023. The testing program returned to tertiary MBR testing in 2024. The testing will form the basis for the design, operation, and optimization of the advanced treatment plant, and will help inform Metropolitan’s Board decision whether to move forward with ~~the~~ potential full-scale program. If approved, design and construction of PWSC would be expected to take approximately eight years and occur in two phases. Phase 1, which, if completed, would be expected to have a capacity of approximately 115 mgd; and Phase 2, which if completed, would be expected to increase capacity by approximately 35 mgd, for a total of treatment plant capacity of 150 mgd. It is possible that the two main phases for the construction of PWSC may be implemented in stages or subphases as work progresses.

If implemented, PWSC as proposed would have the flexibility to produce purified water suitable for Direct Potable Reuse (“DPR”) through ~~raw water augmentation~~RWA at two of Metropolitan’s treatment plants (Weymouth and Diemer). The SWRCB Division of Drinking Water (“DDW”) has ~~proposed~~adopted new regulations for DPR in California that would allow recycled water to be used directly in the potable water system without first passing through an environmental buffer, such as groundwater or a lake, prior to using it as potable water. ~~On December 19, 2023, the SWRCB approved a resolution to adopt the final DPR regulations. The regulations were subsequently approved by California’s Office of Administrative Law on August 6, 2024, and will be effective on October 1, 2024. With these new~~With these regulations in place, a greater percentage of water produced by PWSC would be available for the potable water system.

On November 10, 2020, Metropolitan’s Board voted to begin environmental planning work on PWSC. The Notice of Preparation was published in September 2022 with scoping meetings held in October 2022. The draft EIR is scheduled for completion in the ~~first~~second quarter of 2025, with an action requesting Board approval anticipated to occur at the ~~end of 2025 or the~~ beginning of 2026. The



biennial budget for fiscal years 2024-25 and 2025-26 includes \$9 million for planning costs of PWSC as part of the operations and maintenance budget.

Metropolitan has ~~also~~ been active in pursuing partnerships with other agencies in connection with the development of PWSC. In November 2020, Metropolitan and LACSD executed an amendment to ~~the their then~~ existing collaboration agreement to contribute up to approximately \$4.4 million for the environmental planning phase costs. The agreement was further amended and restated in September 2024 to establish roles and responsibilities for the development of PWSC, including design of treatment facilities, joint operation of the demonstration facility, operator training, and sharing of grant funds. In December 2020, Metropolitan and SNWA executed a funding agreement under which SNWA will contribute up to \$6 million for the environmental planning costs for PWSC. In the event either SNWA or Metropolitan decides not to proceed or participate in PWSC in the future, SNWA's financial contribution to PWSC's environmental planning would be returned by Metropolitan. In 2021, Metropolitan signed an agreement with ~~the certain~~ Arizona ~~Parties parties~~ (Central Arizona Project and Arizona DWR) for a \$6 million financial contribution similar to the SNWA agreement. ~~Overall~~ In April 2024, Metropolitan has received ten letters of interest in the project from 15 different agencies. began a collaborative process with the Metropolitan member agencies that would be interested in purchasing water from PWSC to develop a formal agreement by early 2026.

~~In addition,~~ Metropolitan received \$80 million in grant funding for PWSC from the State of California in the State's fiscal year ~~2022-23~~ 2022-23 budget. Work performed under this funding will continue into 2026. In May 2024, the Bureau of Reclamation announced ~~they intend to grant~~ Metropolitan was awarded grant funding of \$99 million to advance the PWSC planning and design efforts. In November 2024, the Bureau of Reclamation notified Metropolitan that it had awarded an additional \$26 million to Metropolitan in grant funding. Metropolitan and the Bureau of Reclamation entered into an agreement for the full \$125.4 million in grants in January 2025. Funding provided from the federal government through ~~this grant~~ these grants can only provide 25 percent of the costs, thus requiring 75 percent in non-federal matching funds. Metropolitan is working to identify various sources of matching funds that will help utilize this grant funding. See also "METROPOLITAN REVENUES-Federal Funding."

If approved, the total costs of design and construction of Phase 1 of PWSC are currently estimated to be approximately \$6.4 billion (in 2023 dollars). If ultimately undertaken, the amount of the costs of design and construction of PWSC costs that may be incurred by Metropolitan would be dependent on, among other things, the ultimate design and timing of any approved project, the availability and receipt of potential grant funding sources, and the level of contributions from potential PWSC partners that may participate in any such approved project. The amount of any partner carried costs has not been determined at this time.

Metropolitan's Board has not approved PWSC and the costs of design and construction are not included in Metropolitan's Capital Investment Plan ("CIP"). However, for planning purposes, Metropolitan has made certain assumptions about the potential capital costs that may be incurred by Metropolitan over the ten-year financial forecast provided in its biennial budget for fiscal years ~~2024-25~~ 2024-25 and ~~2025-26~~ 2025-26, including with respect to projected future debt financing for a portion of PWSC costs, certain assumptions regarding the potential amounts of and sources of funding for PWSC that may be available from grants and contributions by potential partners. Metropolitan's financial projections for fiscal years ~~2024-25~~ 2024-25 through 2028-29 assume that if PWSC is approved and implemented a portion of the capital costs incurred by Metropolitan in connection with any approved project would be financed with proceeds of revenue bonds to be issued by Metropolitan during the five-year projection period. See "CAPITAL INVESTMENT PLAN" for additional information regarding the capital expenditures Metropolitan ~~has assumed~~ currently assumes may be incurred with respect to PWSC (if approved) in addition to its projected CIP expenditures for fiscal years ~~2024-25~~ 2024-25 through 2028-29. See also "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this



Appendix A for additional information regarding the future debt financing Metropolitan has assumed may be incurred with respect to PWSC (if approved).

**Seawater Desalination.** Metropolitan supports seawater desalination as a part of the region's supply portfolio as well as a mechanism to increase regional supply resiliency under different climate change and population growth scenarios.

In 2007, the Board approved Metropolitan's role as a regional facilitator for seawater desalination. This includes supporting local projects during permitting and providing technical assistance when requested. Metropolitan's regional facilitation includes active participation in organizations advocating for desalination and salinity management, including CalDesal and the Southern California Salinity Coalition within California, and the Multi-State Salinity Coalition nationally. Metropolitan also participates in the National Alliance for Water Innovation ("NAWI"). NAWI is a Department of Energy-led, \$100 million research effort focused on accelerating the commercialization of early-stage desalination technologies. New technologies developed by NAWI could reduce cost and environmental barriers to seawater desalination in California.

In October 2014, seawater desalination projects became eligible for funding under Metropolitan's LRP. There is currently one local seawater desalination project in the permitting design stage that could receive LRP incentives. South Coast Water District ("South Coast") is proposing designing a 5-mgd Doheny Ocean Desalination project (the "Doheny Project") in south Orange County. South Coast has obtained key State permits for the Doheny Project and ~~is expected to award a contract to a progressive design build consultant in 2024. The 50 mgd Huntington Beach Seawater Desalination is no longer under development after failing to obtain a coastal development permit. LRP applications for potential projects would be considered by~~ has awarded a Phase 1 progressive design-build-operate-maintain contract. In April 2024, Metropolitan's Board ~~after they are permitted, free of litigation, and authorized to proceed by their developing agencies.~~ authorized the General Manager to enter into an LRP Agreement with the Municipal Water District of Orange County and South Coast for the Doheny Project for up to 5,600 acre-feet per year.

In 2015, Poseidon Resources LLC ("Poseidon") began operating the 56,000 acre-foot per year (50-mgd) Carlsbad Desalination Project and associated pipeline. SDCWA has a purchase agreement with Poseidon for a minimum of 48,000 acre-feet per year with an option to purchase an additional 8,000 acre-feet per year.



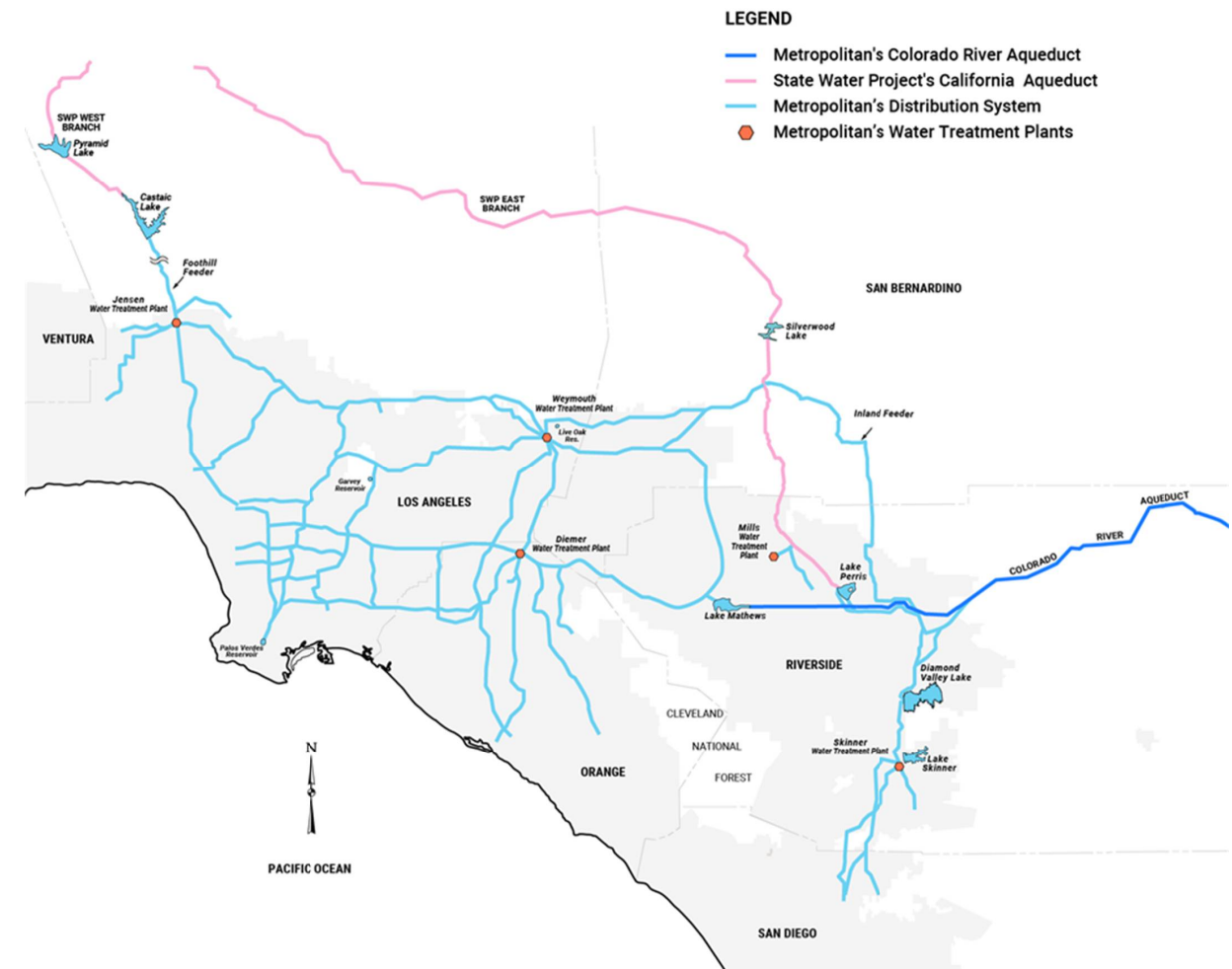
## METROPOLITAN'S WATER DELIVERY SYSTEM

### Primary Facilities and Method of Delivery

Metropolitan's water delivery system is made up of three basic components: the Colorado River Aqueduct (CRA), the California Aqueduct of the State Water Project, and Metropolitan's water distribution system. Metropolitan's delivery system is integrated and designed to meet the differing needs of its member agencies. Metropolitan seeks redundancy in its delivery system to assure reliability in the event of an outage. Improvements are designed to increase the flexibility of the system. Since local sources of water are generally used to their maximum each year, growth in the demand for water is partially met by Metropolitan. The operation of Metropolitan's water system is being made more reliable through the rehabilitation of key facilities as needed, improved preventive maintenance programs and the upgrading of Metropolitan's operational control systems. See "CAPITAL INVESTMENT PLAN" in this Appendix A.

The graphic that follows depicts Metropolitan's water delivery system, which is further described below.

## METROPOLITAN'S WATER DELIVERY SYSTEM





*Source: Metropolitan.*



**Colorado River Aqueduct.** Work on the CRA commenced in 1933 and water deliveries started in 1941. Additional facilities were completed by 1961 to meet additional requirements of Metropolitan's member agencies. The CRA is 242 miles long, starting at the Lake Havasu intake and ending at the Lake Mathews terminal reservoir. Metropolitan owns all the components of the CRA, which include five pumping plants, 64 miles of canal, 92 miles of tunnels, 55 miles of concrete conduits, four reservoirs, and 144 underground siphons totaling 29 miles in length. The pumping plants lift the water approximately 1,617 feet over several mountain ranges to Metropolitan's service area. See "METROPOLITAN'S WATER SUPPLY-Colorado River Aqueduct" in this Appendix A.

**State Water Project.** The initial portions of the State Water Project serving Metropolitan were completed in 1973. The State Water Project, managed and operated by DWR, is one of the largest water supply projects undertaken in the history of water development. The State Water Project facilities dedicated to water delivery consist of a complex system of dams, reservoirs, power plants, pumping plants, canals and aqueducts to deliver water. Water from rainfall and snowmelt runoff is captured and stored in State Water Project conservation facilities and then delivered through State Water Project transportation facilities to water agencies and districts located throughout the Upper Feather River, Bay Area, Central Valley, Central Coast, and Southern California. Metropolitan receives water from the State Water Project through the main stem of the aqueduct system, the California Aqueduct, which is 444 miles long and includes 381 miles of canals and siphons, 49 miles of pipelines or tunnels and 13 miles of channels and reservoirs.

As described herein, Metropolitan is the largest (in terms of number of people it serves, share of State Water Project water it has contracted to receive, and percentage of total annual payments made to DWR therefor) of 29 agencies and districts that have entered into contracts with DWR to receive water from the State Water Project. Contractors pay all costs of the facilities in exchange for participation rights in the system. Thus, Contractors also have the right to use the portion of the State Water Project conveyance system necessary to deliver water to them at no additional cost as long as capacity exists. See "METROPOLITAN'S WATER SUPPLY-State Water Project" in this Appendix A.

**Distribution System.** Metropolitan's distribution system is a complex network of facilities which routes water from the CRA and State Water Project to Metropolitan's member agencies. The water distribution system includes components that were built beginning in the 1930s and through the present. Metropolitan owns all of these components, including nine reservoirs, five regional treatment plants, over 800 miles of transmission pipelines, feeders and canals, and 15 hydroelectric plants with an aggregate capacity of 130 megawatts.

In 2022, Metropolitan committed to equivalent water supply reliability for all member agencies. Based on performance during the 2020-2022 drought, improvements to the distribution system are planned or underway to achieve this commitment.

**Diamond Valley Lake.** Diamond Valley Lake, a man-made reservoir, built, owned and operated by Metropolitan, is located southwest of the city of Hemet, California. Excavation at the project site began in May 1995. Diamond Valley Lake was completed in March 2000, at a total cost of \$2 billion, and was in full operation in December 2001. It covers approximately 4,410 acres and has capacity to hold approximately 810,000 acre-feet or 265 billion gallons of water. Imported water is delivered to Diamond Valley Lake during surplus periods. The reservoir provides more reliable delivery of imported water from the State Water Project during summer months, droughts and emergencies. In addition, Diamond Valley Lake can provide more than one-third of Southern California's water needs from storage for approximately six months after a major emergency (assuming that there has been no impairment of Metropolitan's internal distribution network). See the table entitled "Metropolitan's Water Storage



Capacity and Water in Storage” under “METROPOLITAN’S WATER SUPPLY–Storage Capacity and Water in Storage” in this Appendix A for the amount of water in storage at Diamond Valley Lake.

***Inland Feeder.*** Metropolitan’s Inland Feeder is a 44-mile-long conveyance system that connects the State Water Project to Diamond Valley Lake and the CRA. Construction of the Inland Feeder was completed in September 2009 at a total cost of \$1.14 billion. The Inland Feeder provides greater flexibility in managing Metropolitan’s major water supplies and allows additional 1,000 cfs from the East Branch of the California Aqueduct to be moved into Metropolitan’s service area, primarily into Diamond Valley Lake for storage.

***Operations Control Center.*** Metropolitan’s water conveyance and distribution system operations are coordinated from the Eagle Rock Operations Control Center (the “OCC”) centrally located in Los Angeles County. The OCC plans, balances and schedules daily water and power operations to meet member agencies’ demands, taking into consideration the operational limits of the entire system.

### **Water Quality and Treatment**

***General.*** Metropolitan filters and disinfects water at five water treatment plants: the F.E. Weymouth Treatment Plant in La Verne, the Joseph Jensen Treatment Plant in Granada Hills, the Henry J. Mills Treatment Plant in Riverside, the Robert B. Diemer Treatment Plant in Yorba Linda, and the Robert A. Skinner Treatment Plant in Winchester. In recent years, the plants typically treat between 0.8 billion and 1.0 billion gallons of water per day and have a maximum capacity of ~~approximately 2.4~~approximately 2.4 billion gallons per day. Approximately 50 percent of Metropolitan’s water deliveries are treated water.

Metropolitan is operating in compliance with current State and federal drinking water regulations and permit requirements.

Federal and state regulatory agencies routinely identify potential contaminants and establish new water quality standards. Metropolitan continually monitors new water quality laws and regulations and frequently comments on new legislative proposals and regulatory rules. New water quality standards could affect the availability of water and impose significant compliance costs on Metropolitan. The federal Safe Drinking Water Act (“SDWA”) establishes drinking water quality standards, monitoring, and public notification and enforcement requirements for public water systems. To achieve these objectives, the U.S. Environmental Protection Agency (the “USEPA”), as the lead regulatory authority, promulgates national drinking water regulations and develops the mechanism for individual states to assume primary enforcement responsibilities. The SWRCB DDW has primary responsibility for the regulation of public water systems in the State. Drinking water delivered to customers must comply with statutory and regulatory water quality standards designed to protect public health and safety. Metropolitan operates its five water treatment plants under a domestic water supply permit issued by DDW, which is amended, as necessary, such as when significant facility modifications occur. Metropolitan operates and maintains water storage, treatment and conveyance facilities, implements watershed management and protection activities, performs inspections, monitors drinking water quality, and submits monthly and annual compliance reports. In addition, public water system discharges to state and federal waters are regulated under general National Pollutant Discharge Elimination System (“NPDES”) permits. These NPDES permits, which the SWRCB issued to Metropolitan, contain numerical effluent limitations, monitoring, reporting, and notification requirements for water discharges from the facilities and pipelines of Metropolitan’s water supply and distribution system.

***Groundwater.*** As described herein, Metropolitan has established five groundwater storage programs with other water agencies that allow Metropolitan to store available supplies in the Central Valley for return later. These programs help manage supplies by putting into storage surplus water in



years when it is available and converting that to dry year supplies to be returned when needed. These programs can also provide emergency supplies. See “METROPOLITAN’S WATER SUPPLY–Water Transfer, Storage and Exchange Programs –State Water Project Agreements and Programs” and “–Storage Capacity and Water in Storage” in this Appendix A. Generally, water returned to Metropolitan under these groundwater storage programs (“return water”) may be made available in one of two ways: by direct pump back from a groundwater well to the California Aqueduct or, when available, by an exchange with a supply already in the aqueduct. Water quality issues can arise in water returned by direct pumping as a result of the presence of a water quality contaminant in the groundwater storage basin and due to the imposition of stricter water quality standards by federal or State regulation.

In 2017, the SWRCB adopted a regulation setting an MCL for TCP of five parts per trillion (“ppt”) based upon a running annual average. TCP is a manufactured chemical used as a cleaning and degreasing solvent and has been found at industrial and hazardous waste sites. It is also associated with pesticide products used in agricultural practices. TCP has been recognized by the State of California as a likely human carcinogen. In January 2018, the ~~new~~ regulation went into effect. Under the ~~new~~ regulation, drinking water agencies are required to perform quarterly monitoring of TCP. There have been no detections of this chemical in Metropolitan’s system. However, TCP has been detected above the MCL in groundwater wells of three of Metropolitan’s groundwater storage program partners through monitoring performed by these agencies. Levels detected in groundwater wells of Arvin-Edison are the highest and impact Metropolitan’s ability to put water into storage and take return water under that program. As noted under “METROPOLITAN’S WATER SUPPLY–Water Transfer, Storage and Exchange Programs –State Water Project Agreements and Programs – *Arvin-Edison/Metropolitan Water Management Program*” in this Appendix A, Metropolitan has suspended the return of groundwater by direct pump back into the State Water Project from this program until the water quality concerns can be further evaluated and managed. When surface water storage is available to Arvin-Edison, it may provide that water to Metropolitan in lieu of groundwater and deduct an equivalent amount from Metropolitan’s groundwater storage account. In 2023, Metropolitan took return of approximately ~~18,900~~19,000 acre-feet via surface water exchanges under this arrangement. ~~In~~ Metropolitan did not take any return of supplies in 2024. In 2025, Metropolitan is exploring opportunities to access stored water via surface water exchanges. However, the potential exchange amount to be available through surface water exchanges is significantly less than Metropolitan’s contractual capacity. The levels of TCP detected at Metropolitan’s other groundwater storage programs are much lower and impact fewer groundwater wells. Metropolitan is evaluating the effects of TCP on the return capability of those programs.

Possible remediation measures include, for example, return water with other surface water supplies, removal of wells from service, return water by exchange, or treatment. Additional capital and/or operation and maintenance costs could be incurred by Metropolitan in connection with remediation options, but the magnitude of such costs is not known at this time. To the extent return water under one or more groundwater storage programs could not be utilized due to groundwater quality, the available supply of stored water during extended drought or emergency periods would be reduced.

**Perchlorate.** Perchlorate is both a naturally occurring and man-made chemical used in the production of rocket fuel, missiles, fireworks, flares and explosives. It is also sometimes present in bleach and in some fertilizers. Groundwater in the Henderson, Nevada (“Henderson”) area has been contaminated with perchlorate as a result of two former chemical manufacturing facilities, and there are ongoing remediation programs to mitigate its release into the Las Vegas Wash and the downstream Colorado River. On July 21, 2020, the USEPA withdrew its 2011 determination to regulate perchlorate under the SDWA and issued a new determination that perchlorate does not meet the statutory criteria for regulation. Thus, there is currently no federal drinking water standard for perchlorate, which could potentially affect remediation efforts at two sites in the Henderson area (described below). The Natural Resources Defense Council (the “NRDC”) challenged the USEPA’s action, and the U.S. Court of Appeals for the District of Columbia ruled in May 2023 that the USEPA must regulate perchlorate. In



January 2024, the USEPA agreed to propose a maximum contaminant level goal (“MCLG”) and a national primary drinking water regulation (“NPDWR”) for perchlorate by November 21, 2025, and to publish a final MCLG and NPDWR for perchlorate by May 21, 2027.

California is reviewing its MCL for perchlorate in light of a revised Public Health Goal (“PHG”) of 1 µg/L adopted in February 2015. PHGs are established by the California Office of Environmental Health Hazard Assessment (“OEHHA”) and used as the basis for the development of a State regulation setting an MCL. The SWRCB is required to set an MCL for a chemical as close to the PHG as is technologically and economically feasible, placing primary emphasis on the protection of public health. DDW is conducting an in-depth risk management analysis to determine whether to revise the perchlorate MCL of 6 µg/L. The detection limit for purposes of reporting (“DLR”) for perchlorate was lowered to 2 µg/L in July 2021, and it was further reduced to 1 µg/L in January 2024. With a revised DLR, new occurrence data can be collected to support the development of a revised California MCL for perchlorate, if appropriate. If California’s MCL for perchlorate is revised to a level less than 6 µg/L, it will be important for the oversight agencies, the USEPA and the Nevada Division of Environmental Protection, to ensure that the perchlorate contamination originating at the two former chemical manufacturing facilities in Henderson is remediated to a level that minimizes impacts to the Colorado River and that perchlorate concentrations at Metropolitan’s Whitsett Intake at Lake Havasu stay at levels below California’s MCL. Metropolitan was successful in 2023 in ~~convincing~~advocating for the USEPA and the Nevada Division of Environmental Protection to require the Nevada Environmental Response Trust (“NERT,” which is responsible for cleaning up the former site of one of the chemical manufacturers in Henderson) to use California’s current MCL of 6 µg/L for perchlorate, California’s PHG for perchlorate of 1 µg/L, California’s current MCL of 50 µg/L for total chromium, and California’s ~~proposed~~then-proposed, and now adopted, MCL of 10 µg/L for hexavalent chromium as to-be-considered criteria (“TBCs”) for remedial action objectives. The designation of these regulatory levels as TBCs requires the NERT to explicitly consider these values throughout the upcoming feasibility study and to follow all applicable guidance related to doing so. The feasibility study is the mechanism for the development, screening, and detailed evaluation of alternative remedial actions. Metropolitan will continue to monitor the cleanup of the two former chemical manufacturing facilities in Henderson and to monitor and participate in federal and state rulemaking proceedings.

**PFAS.** ~~Per- and poly-fluoroalkyl~~ In recent years, state and federal agencies have undertaken a variety of efforts towards the development of legislation, laws and regulations regarding per- and poly-fluoroalkyl substances (“PFAS”). PFAS are substances widely used in consumer and industrial products such as fabrics, carpets, firefighting foams, food packaging, and nonstick cookware and are known for their nonstick, waterproof, and heat and stain resistant properties. Perfluorooctane sulfonate (“PFOS”) and perfluorooctanoic acid (“PFOA”) are the two most common synthetic organic chemicals in the group of compounds referred to as PFAS. In August 2019, DDW lowered the notification levels (“NLs”) for PFOS from 13 ppt to 6.5 ppt and for PFOA from 14 ppt to 5.1 ppt. NLs are non-regulatory, precautionary health-based measures for concentrations of chemicals in drinking water that warrant notification and further monitoring and assessment. If a chemical concentration is greater than its NL in drinking water that is provided to consumers, DDW recommends that the utility inform its customers and consumers about the presence of the chemical, and about health concerns associated with exposure to it. In February 2020, DDW lowered the response levels (“RLs”) for PFOA and PFOS from 70 ppt for individual or combined concentrations to 10 ppt for PFOA and 40 ppt for PFOS. An RL is set higher than an NL and represents a chemical concentration level at which DDW recommends a water system consider taking a water source out of service or providing treatment if that option is available to them. Legislation that took effect on January 1, 2020 (California Assembly Bill 756) requires that water systems that receive a monitoring order from the SWRCB and detect levels of PFAS that exceed their respective RL must either take a drinking water source out of use or provide specified public notification if they continue to supply water above the RL. In March 2021, DDW issued an NL of 0.5 parts per billion (“ppb”) and an RL of 5 ppb for perfluorobutane sulfonic acid (“PFBS”), another PFAS chemical.



In October 2022, the SWRCB issued an NL of 3 ppt and an RL of 20 ppt for perfluorohexane sulfonic acid (“PFHxS”). Also in October 2022, the SWRCB issued a general order requiring select public water systems to monitor for PFAS. In April 2024, OEHHH adopted PHGs for PFOA at 0.007 ppt and PFOS at 1 ppt, a further step in the process of establishing MCLs in drinking water.

~~The~~In 2016, the USEPA established non-enforceable and non-regulatory health advisories ~~in 2016~~ for PFOA and PFOS at single or combined concentrations of 70 ppt in treated drinking water. These advisories indicate the level of drinking water contamination below which adverse health effects are not expected to occur. On ~~January 19, 2021~~June 15, 2022, the USEPA ~~announced that it is considering whether to designate PFOA and PFOS as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (“CERCLA”) and/or hazardous waste under the Resource Conservation and Recovery Act (“RCRA”).~~On established new interim, updated drinking water health advisories for PFOA and PFOS to replace the health advisories established in 2016. The non-enforceable and non-regulatory interim, updated lifetime health advisories for PFOA and PFOS in drinking water are established at concentrations of 0.004 ppt and 0.02 ppt, respectively. In its announcement, the USEPA noted that such concentrations are below the ability to detect under current detection methods. On June 15, 2022, the USEPA also established final health advisories for GenX chemicals (as defined below) and for PFBS of 10 ppt and 2,000 ppt, respectively.

In February 22, 2021, the USEPA announced ~~its~~ proposed revisions to the Fifth Unregulated Contaminant Monitoring Rule (“UCMR 5”) for public water systems. On December 27, 2021, the USEPA published the final UCMR 5 for public water systems which includes monitoring for 29 PFAS in drinking water. UCMR 5 required pre-sampling preparations in 2022, and requires sample collection from 2023 through 2025, with reporting of final results through 2026.

On March 3, 2021, the USEPA published its final regulatory determination to regulate PFOA and PFOS in drinking water. On April 10, 2024, the USEPA announced final regulations establishing the first national drinking water standards for six PFAS. The regulations ~~will be effective 60 days after they are published in the Federal Register and set~~became effective on June 25, 2024. The regulations set numeric limits for five individual PFAS: PFOA, PFOS, perfluorononanoic acid (“PFNA”), hexafluoropropylene oxide dimer acid (commonly known as “GenX chemicals”), and PFHxS. In addition, the regulations set a hazard index MCL for any two or more of four PFAS as a mixture: PFNA, PFHxS, GenX chemicals, and PFBS. Under the regulations, the USEPA has set: (1) legally enforceable MCLs of 4 ppt for PFOA and PFOS; (2) non-enforceable health-based MCLGs for PFOA and PFOS at 0; (3) ~~aan~~ MCL and MCLG of 10 ppt for PFNA, PFHxS and GenX chemicals; and (4) a hazard index of 1.0 as ~~MCLs~~the MCL and ~~MCLGs~~MCLG for any mixture containing two or more of the four PFAS: PFNA, PFHxS, GenX chemicals, and PFBS. The hazard index is a tool used to evaluate health risks from exposure to multiple chemicals. To determine the hazard index for these four PFAS, water systems ~~would~~will be required to compare the amount of each of the four PFAS in drinking water to its associated Health Based Water Concentration (“HBWC”), which is the level below which no health effects are expected for that PFAS. Water systems would add the comparison value for each PFAS (expressed as a fraction) contained within the mixture. If the sum value is greater than 1.0, it would be an exceedance of the hazard index MCL for PFNA, PFHxS, GenX chemicals, and PFBS. The adopted rule ~~would require~~requires public water systems to monitor for the regulated PFAS, notify the public if monitoring detects such PFAS at levels that exceed the regulatory standards, and reduce the levels of such PFAS in drinking water if they exceed the standards. Regulated public water systems will have three years to complete their initial monitoring for these PFAS and must include information about the results of their monitoring in their annual water quality reports to customers. Public water systems that detect PFAS above the new standards will have five years to implement solutions to reduce the PFAS to meet the standards. On June 7, 2024, American Water Works Association and the Association of Metropolitan Water Agencies filed a Petition for Review asking the D.C. Circuit Court to decide whether the USEPA acted appropriately in setting MCLs and MCLGs for six PFAS. Subsequently, the National Association of Manufacturers, American



Chemistry Council, and The Chemours Company FC, LLC filed petitions for review, and the NRDC and several community groups filed motions to intervene in support of USEPA's final rule. On February 7, 2025, the D.C. Circuit Court granted the USEPA's motion to stay the legal challenges for 60 days to give the new Administration time to review the USEPA's April 2024 PFAS rule. On April 8, 2025, the USEPA asked for an additional 30 days to allow new agency leadership to review the rule. The D.C. Circuit Court granted the USEPA's request and directed the USEPA to file a motion to govern future proceedings in the case by May 12, 2025.



On ~~October 18~~January 19, 2021, the USEPA published a ~~“PFAS Strategic Roadmap: EPA’s Commitments to Action, 2021–2024”~~ (PFAS Roadmap). The document outlines four main drinking water actions that the USEPA intends to complete from 2021 to 2024: (1) ~~conduct nationwide monitoring for PFAS in drinking water as part of the UCMR 5 process;~~ (2) ~~establish national primary drinking water regulations for PFOA and PFOS by Fall 2023;~~ (3) ~~publish health advisories for GenX chemicals and PFBS by Spring 2022;~~ and (4) ~~publish updates to PFAS analytical methods to monitor drinking water by Fall 2024.~~ On December 27, 2021, the USEPA published the final UCMR 5 for public water systems which includes monitoring for 29 PFAS in drinking water. UCMR 5 requires ~~pre-sampling preparations in 2022, sample collection from 2023–2025, and reporting of final results through 2026.~~ On June 15, 2022, the USEPA established new interim, updated drinking water health advisories for PFOA and PFOS to replace the health advisories established in 2016. The non-enforceable and non-regulatory interim, updated lifetime health advisories for PFOA and PFOS in drinking water are established at concentrations of 0.004 ppt and 0.02 ppt, respectively. In its announcement, the USEPA noted that such concentrations are below the ability to detect under current detection methods. On June 15, 2022, the USEPA also established final health advisories for GenX and PFBS of 10 ppt and 2,000 ppt, respectively. announced that it was considering whether to designate PFOA and PFOS as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (“CERCLA”) and/or hazardous waste under the Resource Conservation and Recovery Act (“RCRA”). On September 6, 2022, the USEPA issued a proposed rule designating PFOA and PFOS as hazardous substances under CERCLA. On April 13, 2023, ~~EPA~~the USEPA requested public input on whether to designate: (i) seven additional PFAS (PFBS, PFHxS, PFNA, GenX, PFBA, PFHxA, and perfluorodecanoic acid (“PFDA”), (ii) precursors to these seven PFAS and to PFOA and PFOS, and (iii) groups or categories of PFAS, as hazardous substances under CERCLA. Metropolitan provided comments on these proposals and urged the USEPA to further evaluate the potentially significant impacts of the proposed CERCLA designation on water and wastewater utilities. On May 8, 2024, the USEPA published its final rule designating PFOA and PFOS, including their salts and structural isomers, as CERCLA hazardous substances. On June 10, 2024, the Chamber of Commerce of the United States of America, Associated General Contractors of America, Inc., and National Waste & Recycling Association filed a Petition for Review, asking the D.C. Circuit Court to decide whether the USEPA acted appropriately in designating PFOA and PFOS as CERCLA hazardous substances. The American Chemistry Council and others have also filed petitions for review. The NRDC and other groups have moved to intervene in defense of the USEPA’s final rule. On February 24, 2025, the D.C. Circuit Court granted the USEPA’s motion to stay the legal challenges for 60 days to give the new Administration time to review the USEPA’s May 2024 CERCLA rule. The court ordered the USEPA to file motions to govern future proceedings in the cases on April 25, 2025.

On February 8, 2024, the USEPA issued two proposed rules: (1) listing 9 PFAS (PFOA, PFOS, PFBS, HFPO-DA or GenX, PFNA, PFHxS, PFDA, PFHxA, and PFBA) as hazardous constituents under the RCRA; and (2) amending RCRA’s definition of “hazardous waste” to clarify the USEPA’s authority to address releases of all substances that meet the definition of hazardous waste under RCRA. These two proposed rules may be the first step in the USEPA possibly naming these PFAS as RCRA hazardous waste. Listing any PFAS as hazardous waste under RCRA would result in the automatic designation of that PFAS as a hazardous substance under CERCLA. Metropolitan will continue to monitor and participate in federal and state rulemaking proceedings.

PFOA and PFBS have not been detected in Metropolitan’s imported or treated water supplies. In each year from 2019, 2020, 2021, and 2022 through 2023, Metropolitan detected in its supplies low levels of PFHxA, which is not acutely toxic or carcinogenic and is not currently regulated in California or at the federal level. In 2021, Metropolitan detected for the first time in its supplies low levels of perfluorobutanoic acid (“PFBA”), perfluoropentanoic acid (“PFPeA”), and PFOS. Low levels of PFBA



and PFPeA were again detected in Metropolitan's supplies in 2022, and low levels of PFBA were also detected in Metropolitan's supplies in 2023. In 2024, the only PFAS detected was PFDA, which was found at a very low level in source water. Metropolitan has not identified any specific sources of these PFAS that have reached its water supplies, and the ~~concentrations detected to date are~~ occasional PFAS detections remain well below the State's required reporting values and levels requiring notification or response.

Although Metropolitan has not identified any specific sources of these PFAS in its supplies, PFHxA is a common PFAS believed to be an impurity that is inadvertently produced during the manufacture of other PFAS. It is also a breakdown product from lubricants, coatings on food packaging, and household products. PFOS is widely used in surface treatments of carpets, textiles, leather, paper, and cardboard, as a surfactant in extinguishing foams, as a mist suppressant in chrome plating, and as a surfactant in the mining and oil industries. PFBA is a breakdown product of other PFAS that are used in stain-resistant fabrics, paper food packaging, and carpets; it is also used for manufacturing photographic film. It has been used as a substitute for longer chain perfluoroalkyl carboxylic acids in consumer products. PFPeA is a breakdown product of stain- and grease-proof coatings on food packaging, couches, and carpets. PFOA and PFOS have also been detected in groundwater wells in the region, including those of certain member agencies. Metropolitan may experience increased demands for its imported water to help offset the potential loss of any affected local supplies.

More than ~~7,000~~ 10,000 cases regarding PFAS in aqueous film-forming foams ("AFFF") have been filed in the AFFF Multi-District Litigation ("MDL") Master Docket No. 2:18-mn-2873-RMG (the "AFFF MDL") since 2018. On June 2, 2023, E.I. Du Pont de Nemours and Company (n/k/a EIDP, Inc.), DuPont de Nemours Inc., The Chemours Company, The Chemours Company FC, LLC, and Corteva, Inc. (collectively, "DuPont") announced a proposed settlement with all eligible public water systems ("PWSs") in which DuPont agreed to pay \$1.185 billion (the "DuPont Settlement"). On June 22, 2023, the 3M Company ("3M") announced a proposed settlement with eligible PWSs in which, starting in July 2024, 3M would pay PWSs between \$10.5 billion and \$12.5 billion ("3M Settlement"), which would be the largest contaminated drinking water settlement in U.S. history. On April 12, 2024, Tyco Fire Products LP ("Tyco") announced a proposed class action settlement with all eligible PWSs where it agreed to pay \$750 million ("Tyco Settlement"). The class of PWSs in the Tyco Settlement includes any PWS that has detected PFAS in its drinking water sources as of May 15, 2024. On May 21, 2024, BASF Corporation agreed to pay \$316.5 million to all eligible PWSs as part of a proposed class action settlement ("BASF Settlement"). The class of PWSs in the BASF Settlement is the same as the class of PWSs in the Tyco Settlement. The terms of the Tyco and BASF Settlements are substantially similar to those in the 3M and DuPont Settlements. All eligible PWSs will be automatically included in the settlements and bound by the settlements' very broad release provisions unless they "opt out" by the deadlines applicable to the respective settlements. The funds in each settlement proposal would then be allocated among all eligible PWSs that do not "opt out" and who submit claims to the funds. The settlement classes in each of these settlements could include thousands of PWSs.

In order to preserve its rights to pursue independent legal action for potential future claims, on November 14, 2023, Metropolitan's Board voted to opt out of both the DuPont and 3M Settlements. Metropolitan submitted its opt-out requests by the deadlines, and confirmed its requests to opt out of the DuPont and 3M Settlements have been accepted. However, Metropolitan continues to evaluate the potential impact of one of the parties' guidance documents regarding the settlements which the judge approved and which indicates that even if a wholesaler opts out of the settlements, if its retail customer is a settlement class member, the broad releases would extend to the wholesaler as to the water it provided to the settlement class member except to the extent the wholesaler shows it had the obligation for and bore unreimbursed PFAS-treatment costs for that water independent of the retail customer. The judge granted final approval of the DuPont Settlement on February 8, 2024. Final approval of the 3M Settlement was granted on March 29, 2024. On June 11, 2024, the judge granted preliminary approval of



the Tyco Settlement, and on July 3, 2024, granted preliminary approval of the BASF Settlement. The last day to opt out of the Tyco Settlement ~~is was~~ September 23, 2024, and the last day to opt out of the BASF Settlement ~~is was~~ October 15, 2024. Metropolitan opted out of both settlements. The final fairness hearing on the Tyco Settlement and the BASF Settlement ~~is scheduled for~~ took place on November 1, 2024. On November 22, 2024, the judge gave final approval of both the Tyco and BASF Settlements.

### Seismic Considerations and Emergency Response Measures

**General.** ~~Metropolitan's~~ Metropolitan's system overlays a region of high seismicity. The conveyance and distribution systems traverse numerous faults capable of generating large magnitude earthquakes and some of Metropolitan's treatment plants, pressure control facilities, and other structures have the potential of experiencing high levels of earthquake-induced shaking. To mitigate this risk, Metropolitan routinely assesses the seismic hazards and potential risks to its facilities. It makes strategic investments through projects to limit overall system damage, improve post-earthquake recovery time, and reduce the impacts felt by the population and businesses. Metropolitan's strategy utilizes a defense-in-depth approach to prepare for and respond to the event adequately. Metropolitan's defense-in-depth approach includes the following priorities: (1) provide a diversified water supply portfolio, increase system flexibility, and maintain adequate levels of emergency storage to be able to withstand the potential disruption of imported supplies; (2) prevent damage to water delivery infrastructure in probable seismic events and limit damage in extreme events through the systematic review and upgrade of facilities for which deficiencies are identified; and (3) minimize the duration of water delivery interruptions through a dedicated emergency response and recovery organization, including in-house design, construction, and fabrication capability.

As part of its goal to increase the diversification of the local water portfolio, Metropolitan has provided monetary assistance to member agencies to develop new local water supplies. Increased and improved diversification of local supplies also improves the region's reliability in the event of a significant seismic event. In addition, Metropolitan is evaluating the feasibility of implementing ~~at the~~ regional recycled water program referred to as PWSC. See "REGIONAL WATER RESOURCES—Local Water Supplies —*Recycled Water-Metropolitan Pure Water Southern California Program*" in this Appendix A. If completed, it is expected that PWSC would provide up to 150 million gallons per day of advanced treated recycled water for groundwater replenishment. The program, if completed, could provide an additional reliable water source within Metropolitan's service area in the event of an interruption of imported supplies.

In 2000, Metropolitan completed Diamond Valley Lake, an 810,000-acre-foot capacity reservoir located on the coastal side of the San Andreas Fault. With the completion of Diamond Valley Lake, Metropolitan nearly doubled its available in-region surface storage and improved its ability to capture water from Northern California in wet years. Water from Diamond Valley Lake can supply four of Metropolitan's five water treatment plants. Planned system flexibility improvements currently in design and construction will make it possible to transport water from Diamond Valley Lake throughout Metropolitan's distribution system. Diamond Valley Lake, along with the other in-region reservoirs, are used to maintain a six-month emergency storage reserve outside of the operational storage in case of disruption of the imported water supplies. See "—Primary Facilities and Method of Delivery —*Diamond Valley Lake*."

Metropolitan has developed a Seismic Upgrade Program to systematically evaluate its above-ground facilities for seismic risk and prioritize its upgrade effort. Structures undergo an initial rapid evaluation and, if a potential deficiency is identified, will then undergo a detailed structural evaluation to assess the required upgrades. Deficient facilities are upgraded to meet current seismic standards based on criticality to the water delivery system. Previous projects include seismic upgrades to the pump plant buildings for the CRA and upgrades to various facilities at Metropolitan's treatment



plants, such as wash water tanks, filter basins, and administration buildings. For existing pipelines, seismic resilience will be incorporated as a component of pipeline rehabilitation projects. Metropolitan will evaluate each upgrade individually to balance risk, performance, and cost-effectiveness. Metropolitan is currently implementing a long-term program to replace or reline its prestressed concrete cylinder pipe with a welded steel pipe to extend its service life. Providing a steel liner insert will also improve the seismic performance of these pipelines. Another example of Metropolitan's continued effort to enhance the seismic resilience of its pipelines is the completion in early 2023 of a project to install earthquake-resistant ductile iron pipe at a location where the CRA crosses the Casa Loma Fault.

Metropolitan has an ongoing surveillance program that monitors the safety and structural performance of its dams and reservoirs permitted by DWR's Division of Safety of Dams. Operating personnel perform regular inspections that include monitoring and analyzing seepage flows and pressures. Engineers responsible for dam safety review the inspection data and monitor each dam's horizontal and vertical movements. Major on-site inspections are performed at least twice each year. Instruments that transmit seismic acceleration time histories for analysis are installed at critical sites when a dam is subjected to strong motion during an earthquake.

Metropolitan has developed an emergency plan that calls for specific response levels appropriate to an earthquake's magnitude and location. Included in this plan are various communication tools, as well as a structured plan of management that varies with the severity of the event. Pre-designated personnel follow detailed steps for field facility inspection and distribution system patrol. Approximately 200 employees are designated to respond immediately if seismic events exceed a certain magnitude. An Emergency Operations Center ("EOC") is maintained at the OCC. The OCC/EOC, specifically designed to be earthquake resistant, contains communication equipment, including a radio transmitter, microwave capability, and a response line linking Metropolitan with its member agencies and DWR. The OCC/EOC also has the capability of communicating with other utilities, County EOCs, and the State's Office of Emergency Services. Metropolitan also maintains in-house capability to address two major pipeline breaks simultaneously as part of its emergency response plan to restore operation shortly after a significant seismic event.

In conjunction with DWR and LADWP, Metropolitan has formed the Seismic Resilience Water Supply Task Force to collaborate on studies and mitigation measures aimed at improving the reliability of imported water supplies to Southern California. Specific task force goals include revisiting historical assumptions regarding potential aqueduct outages after a seismic event; establishing a common understanding about individual agency aqueduct vulnerability assessments, projected damage scenarios, and planning assumptions; and discussing ideas for improving the resiliency of Southern California's imported water supplies through multi-agency cooperation. The task force has established multi-year goals and will continue to meet on these issues and develop firm plans for mitigating seismic vulnerabilities.

Metropolitan's resiliency efforts include manufacturing, pipe fabrication, and coating capabilities in its facilities in La Verne, California. Investments to upgrade the La Verne shop facilities in order to enhance and expand Metropolitan's capacity to provide fabrication, manufacturing, and coating services for rehabilitation work, maintenance activities, and capital projects are ongoing, ~~with currently approved projects anticipated to~~. Building improvements to the shop facilities will be completed in early 2025, and refurbishment or replacement of the remaining aging equipment will follow. Metropolitan can also provide manufacturing, coating, and fabrication services upon request through reimbursable agreements to member agencies and DWR. These agreements have enhanced timely and cost-effective emergency response capabilities. Materials to fabricate pipe and other appurtenant fittings are kept on site. In the event of earthquake damage, Metropolitan has taken measures to provide the capacity to design and fabricate pipe and manufacture fittings. Metropolitan is also staffed to perform emergency repairs.



DWR has in place a seismic assessment program that evaluates the State Water Project's vulnerability to seismic events and makes recommendations for improvements. The assessment is important because the California Aqueduct crosses many major faults. The State Water Project delivers water supplies from Northern California that must traverse the Bay-Delta through hundreds of miles of varying levels of engineered levees that are potentially susceptible to significant damage due to flood and seismic risk. In the event of a failure of the Bay-Delta levees, the quality of the Bay-Delta's water could be severely compromised as saltwater comes in from the San Francisco Bay. Metropolitan's supply of State Water Project water would be adversely impacted if pumps that move Bay-Delta water southward to the Central Valley and Southern California are shut down to contain the saltwater intrusion. Metropolitan estimates that stored water supplies, CRA supplies and local water resources that would be available in case of a levee breach or other interruption in State Water Project supplies would meet demands in Metropolitan's service area for approximately six months. See "METROPOLITAN'S WATER SUPPLY-Storage Capacity and Water in Storage" in this Appendix A.

Metropolitan, in cooperation with the other State Water Project contractors, developed recommendations to DWR for emergency preparedness measures to maintain continuity in export water supplies and water quality during seismic and other emergency events, which recommendations have been implemented or implementation is in progress. These measures include improvements to emergency construction materials stockpiles in the Bay-Delta, improved emergency contracting capabilities, strategic levee improvements and other structural measures of importance to Bay-Delta water export interests, including development of an emergency freshwater pathway to export facilities in a severe earthquake.

[See also "RISK FACTORS – Earthquakes, Floods, Wildfires and Other Disasters" in the front part of this Official Statement.](#)

### **Wildfires Risk Management Response**

[Wildfires are an ever-present reality in California. In January 2025, a series of fires fueled by windstorms ignited in Southern California. According to reports by the California Department of Forestry and Fire Protection \("CalFire"\), the fires burned over 57,000 acres and destroyed more than 18,000 homes and structures in the Southern California region \(the "January 2025 Wildfires"\). The most destructive of such fires, the Palisades Fire and the Eaton Fire, occurred within the County of Los Angeles.](#)

[Throughout the windstorm and fire events, Metropolitan activated its EOC to monitor the situation. Incident command posts were also activated to respond to developments as needed. Metropolitan coordinated with emergency management agencies throughout the January 2025 Wildfires, and made certain adjustments to its system operations to enhance flexibility and support response efforts for affected member agencies. In addition, Metropolitan provided mutual assistance, particularly in connection with the Eaton Fire, to impacted agencies. While certain staff in the affected areas were relocated during the January 2025 Wildfires, and Metropolitan experienced certain power outages requiring the use of back-up generators, there were no significant impacts or disruption to Metropolitan's operations. Metropolitan did not experience any significant damage to Metropolitan's facilities resulting from the January 2025 Wildfires.](#)

[Water conveyance facilities generally consist of pipelines and connections, flow control facilities, tanks, reservoirs, wells, treatment stations and pumping stations, which are not typically vulnerable to damage by wildfires. The above ground facilities within the Water System, such as treatment plants, operations centers, pressure control structures, and telecommunications sites \(often on or near mountain peaks where wildfires may occur\), are more vulnerable, but are generally designed to be tolerant to damage by wildfires through the use of fire resistant material where possible, such as](#)



concrete, steel and masonry blocks. Metropolitan maintains standby power generators at all critical facilities to provide for continued operations in the event of widespread disruptions to the electric grid or other power outages that may occur as a result of a significant fire.

Metropolitan is preparing fire management plans for each of its facilities or campuses that will include pre-suppression, suppression, and post-suppression activities. The plans will be based on a risk assessment that considers location, facility conditions, criticality of the facility to operations, sensitive habitat within and adjacent to the facility, and fire risk. A desktop assessment has been completed and approximately 27 campuses were identified as having a higher risk or criticality; these campuses will be the initial focus. A report for each campus with recommendations will be completed and will help inform future implementation for structure hardening, creation of defensible space, and landscape improvements. To complement the fire management plans, Metropolitan is developing sustainable landscape guidelines. These will be master guidelines for use throughout Metropolitan, and include appropriate design, plant selection, and maintenance to minimize fire risk as landscape can provide an effective barrier or deterrent. Both the fire management plans and sustainable landscape guidelines are being developed to adhere to existing laws and regulations. Staff is working closely with CalFire and monitoring changes to fire hazard zone mapping and updates to State regulations.

~~Wildfires are an ever present reality in Southern California.~~ Metropolitan also continues to actively prepare for wildfires by collaborating with partner agencies such as ~~the California Department of Forestry and Fire Protection (Cal Fire)~~ CalFire, DWR, and counties to implement preparedness measures to protect watersheds. Examples of these efforts include removing brush from fire prone areas, as well as removing by-products of large fires such as ash, fire retardant, and other debris that could negatively affect water quality. ~~Metropolitan also collaborates frequently with its member agencies and first responders from other public agencies. This collaboration includes coordination with local fire departments during~~ In September 2024, Metropolitan's Board approved a funding contribution towards three forest restoration programs, through a financing mechanism managed by the Blue Forest non-profit corporation, a third-party organization. Metropolitan's contribution is directed toward three forest restoration projects in the northern Sierra: two in the Feather River watershed above Lake Oroville and one in Upper Butte Creek. The programs, to be implemented by Lassen National Forest, Plumas National Forest, Sierra Institute and other organizations, will include pilot investigations aimed toward a better understanding of the effect of improving watershed health on water quality, water supply, habitat protection, wildfire risk reduction, and carbon sequestration. The restoration efforts vary by watershed but include forest thinning, forest restoration after a wildfire and protection of areas not recently burned.

During and after nearby wildfire events, Metropolitan coordinates with local fire departments, as well as participating in joint training and exercises throughout the year. ~~Additionally, Metropolitan has a five-year exercise plan that provides member agencies the opportunity to run exercises together before a disaster happens.~~ Metropolitan tests its emergency communications processes through regular tests of emergency radio networks, satellite phones, mass-communication alerting systems, and online information sharing systems.

~~Metropolitan has also implemented measures to protect employees from the impacts of wildfires such as upgrading HVAC systems in control centers to improve the filtration of smoke and other pollutants and sending emergency notifications to employees to warn them of unhealthy air quality due to nearby fires.~~

See also "RISK FACTORS – Earthquakes, Floods, Wildfires and Other Disasters" in the front part of this Official Statement.



## Security Measures

Metropolitan's water and energy facilities are federally-determined critical infrastructure. Metropolitan deploys multiple layers of physical security and collaborates with federal and state partners to mitigate malevolent threats. It manages a physical security system consisting of electronic access controls, a surveillance and intrusion warning system, and a round-the-clock security watch center. Metropolitan maintains professional, in-house security specialists and retains a 200+ contract security guard force. It directs a capital improvement program to harden physical infrastructure. Metropolitan collaborates with key federal and State security partners, which entails on-site consultations, inter-agency mock exercises, real-time monitoring, and first response coordination. It follows the chain-of-custody protocols of the FERC and the North American Electric Reliability Corporation. Finally, Metropolitan complies with regulations authorized under the Bioterrorism Response Act of 2002, the Aviation and Transportation Security Act of 2001, and the America's Water Infrastructure Act of 2018.

## CAPITAL INVESTMENT PLAN

### General Description

Metropolitan's current Capital Investment Plan (the "Capital Investment Plan" or "CIP") describes Metropolitan's infrastructure and system reliability projects, either as new assets, upgrades to existing capital assets, or refurbishment and replacements of existing facilities. The CIP is Metropolitan's planning document to ensure asset reliability, enhance operational efficiency and flexibility, and ensure compliance with water quality regulations.

Metropolitan's CIP is regularly reviewed and updated. Metropolitan's biennial budget process includes a review of the projected long-term capital needs and the development of a capital expenditure forecast for the next ten years, as well as the identification of the capital priorities of Metropolitan over the biennial budget term. The award of major contracts and professional services agreements is subject to approval by Metropolitan's Board. Pursuant to the Administrative Code, following the adoption of the biennial budget, a Board action is presented to (1) appropriate the total amount of approved biennial CIP expenditures and (2) authorize the General Manager to initiate or proceed with work on capital projects identified in the CIP for such biennial period. The amount and timing of borrowings to fund capital expenditures will depend upon the status of construction activity and water demands within Metropolitan's service area, among other factors. From time to time, projects that have been undertaken are delayed, redesigned, or deferred by Metropolitan for various reasons, and no assurance can be given that a project in the CIP will be completed in accordance with its original schedule or that any project will be completed as currently planned. In addition, from time to time, when circumstances warrant, Metropolitan's Board may approve capital expenditures other than or in addition to those contemplated by the CIP at the time of the then-current biennial budget.

### Projection of Capital Investment Plan Expenditures

The table below sets forth the projected CIP expenditures by project type for the fiscal years ending June 30, 2025 through 2029, as reflected in the biennial budget for fiscal years ~~2024-25~~2024-25 and ~~2025-26~~2025-26.

In addition to the projected CIP expenditures, a projection of estimated capital expenditures by Metropolitan for PWSC for the fiscal years ending June 30, 2025 through June 30, 2029 has been provided in the table below in the event PWSC is approved by Metropolitan's Board as a CIP project, as reflected in the ten-year expenditures projection provided in Metropolitan's biennial budget for fiscal years 2024-25 and 2025-26. The PWSC program is not currently included in Metropolitan's CIP as a capital program. It is currently anticipated that Metropolitan's Board will consider whether to include



PWSC in the CIP in ~~fall or winter of 2025~~2026. For a description of PWSC, see “REGIONAL WATER RESOURCES—~~Local~~RESOURCES—Local Water Supplies – Recycled Water-Metropolitan Pure Water Southern California Program” in this Appendix A.

Metropolitan’s actual capital expenditures are subject to change as projects progress or are advanced. The biennial budget is updated every two years as a result of the periodic review and adoption of the capital budget by Metropolitan’s Board. See “HISTORICAL AND PROJECTED REVENUES AND EXPENSES” in this Appendix A.

**CAPITAL INVESTMENT PLAN  
PROJECTION OF EXPENDITURES<sup>(1)</sup>  
(Fiscal Years Ending June 30 - Dollars in Thousands)**

	2025	2026	2027	2028	2029	Total
Infrastructure R&R	\$ 223,275	\$ 254,200	\$ 276,461	\$ 296,624	\$ 297,679	\$1,348,239
Infrastructure Upgrade	6,799	5,076	8,100	1,861	9,163	30,999
Regulatory Compliance	1,047	1,141	1,135	1	7,195	10,519
Stewardship	19,633	13,108	16,299	36,917	16,028	101,985
Supply Reliability	3,275	11,315	8,118	8	0	22,716
						<del>149,419</del> 149,419
System Flexibility	55,084	27,007	19,271	15,186	32,871	19
Water Quality	2,887	12,633	8,075	361	2,060	26,016
<b>CIP Total</b>	<b>\$ 312,000</b>	<b>\$ 324,480</b>	<b>\$ 337,459</b>	<b>\$ 350,958</b>	<b>\$ 364,996</b>	<b>\$1,689,893</b>
PWSC <sup>(2)</sup>	0	0	1,052,057	1,333,219	1,805,740	4,191,016
<b>Total CIP and PWSC<sup>(2)</sup></b>	<b>\$ 312,000</b>	<b>\$ 324,480</b>	<b>\$1,389,516</b>	<b>\$1,684,177</b>	<b>\$2,170,736</b>	<b>\$5,880,909</b>

Source: Metropolitan.

- (1) ~~Metropolitan’s CIP expenditures for fiscal years 2022-23 and 2023-24 totaled approximately \$624.7 million.~~ Projected CIP expenditures for fiscal years 2024-25 through 2028-29 are based on the ten-year financial forecast provided in the biennial budget for fiscal years 2024-25 and 2025-26.
- (2) PWSC is not a capital program in Metropolitan’s CIP, but the projected capital expenditures based on the most recent cost estimates have been included for planning purposes. Approval by Metropolitan’s Board is required to include PWSC in the CIP, which has not occurred. The projected capital expenditures for PWSC, if approved, as set forth in the table above reflect ~~the Metropolitan’s share of~~ total estimated capital costs expected to be incurred for the project in the specified years without any offset for potential grant funding sources or contributions from potential partners. Metropolitan’s projections of future debt financing in the event PWSC is approved ~~(as described under “Capital Investment Plan Financing” below)~~ ~~assume~~assumes that a portion of the projected capital expenditures for PWSC (approximately \$325.3 million in fiscal year 2026-27, \$482.4 million in fiscal year 2027-28, and \$653.4 million in fiscal year 2028-29) will be funded from other sources, including grants and contributions from potential partners.

In developing the CIP, projects are reviewed, scored, and prioritized towards the objectives of ensuring the sustainable delivery of reliable, high-quality water, while meeting all regulatory requirements and maintaining affordability. Additional capital costs may arise in the future as a result of, among other things, federal and state water quality regulations, project changes and mitigation measures necessary to satisfy environmental and regulatory requirements, and additional facilities’ needs. See “METROPOLITAN’S WATER DELIVERY SYSTEM–Water Quality and Treatment” in this Appendix A.

Construction projects included in the CIP are subject to ordinary construction risks and delays, including but not limited to: inclement weather or natural hazards affecting work and timeliness of completion; contractor claims, underperformance, or nonperformance; work stoppages or slowdowns; unanticipated project site conditions encountered during construction; errors or omissions in contract



documents requiring change orders; and/or higher than anticipated construction bids or costs (including as a result of steeper inflationary increases or tariffs), any of which could affect the costs and availability of, or delivery schedule for, equipment, components, materials, labor or subcontractors, and result in increased CIP costs. The majority of Metropolitan's construction projects exceeding \$5 million ~~over the next five years~~ awarded before October 10, 2027 will be covered by a project labor agreement ("PLA") between labor unions and construction contractors, which will reduce the risk of work stoppages or slowdowns. ~~While the construction schedules for certain Metropolitan projects were initially delayed because of impacts due to COVID-19, normal construction activities and schedules have resumed. However, some projects continue to be impacted by~~ The term of the PLA expires on such date, although it may be extended. Planned schedules for some projects have been extended to accommodate continuing supply chain issues, particular long fabrication times for electrical components such as transformers, switchgear, and other highly specialized equipment. Although not currently anticipated, additional delays in the future are possible.

### Capital Investment Plan Financing

The CIP requires debt financing (see "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A) as well as pay-as-you-go funding. In connection with the biennial budget process and the development of the ten-year financial forecast provided therein, an internal funding objective is established for the funding of capital program expenditures from current revenues. An internal funding objective to fund 56 percent and 54 percent of capital program expenditures from current revenues for fiscal years ~~2024-25~~ 2024-25 and 2025-26, respectively, was established in connection with the adoption of the biennial budget for fiscal years ~~2024-25~~ 2024-25 and 2025-26. The remainder of capital program expenditures are expected to be funded through the issuance from time to time of water revenue bonds, which are payable from Net Operating Revenues. However, as in prior years, pay-as-you-go funding or debt financing may be reduced or increased by the Board at any time.

For planning purposes, Metropolitan has estimated the potential capital costs of PWSC that may be incurred by Metropolitan over the ten-year financial forecast provided in its biennial budget for fiscal years 2024-25 and 2025-26 as set forth for fiscal years 2026-27 through 2028-29 in the table above. In addition, Metropolitan's financial forecast includes assumptions with respect to future debt financing for a portion of the costs of PWSC, including assumptions regarding the potential amounts of and sources of funding for ~~the~~ PWSC that may be available from grants and contributions by potential partners.

~~Projections~~ Metropolitan's financial projections for fiscal years ~~2024-25~~ 2024-25 through 2028-29 assume approximately \$640 million of the projected CIP expenditures (excluding any projected capital expenditures associated with PWSC) will be funded by revenue bonds over such period, which may include remaining proceeds from prior bond issuances. ~~Projections for the same period~~ In fiscal year 2024-25, Metropolitan issued \$280 million of revenue bonds to finance a portion of projected capital expenditures in fiscal years 2024-25 and 2025-26. Projections for fiscal years 2024-25 through 2028-29 with PWSC assume \$3,380 million in additional water revenue bonds over such period to finance a portion of the CIP, and Metropolitan's estimated share of the projected capital costs of PWSC if it is approved as a capital project, taking into account Metropolitan's assumptions with respect to the amount of funding that may be available from grants and contributions from potential partners. These revenue bonds may be issued either as Senior Revenue Bonds under the Senior Debt Resolutions or as Subordinate Revenue Bonds under the Subordinate Debt Resolutions (each as defined under "METROPOLITAN EXPENSES—Limitations on Additional Revenue Bonds" in this Appendix A). The cost of these projected bond issues is reflected in the financial projections under "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.



## Major Projects of Metropolitan's Capital Investment Plan

**Colorado River Aqueduct Facilities.** As previously noted, deliveries through the CRA began in 1941. Through annual inspections and maintenance activities, the performance and reliability of the various components of the CRA are regularly evaluated. Projects under the CRA facilities program are designed to replace or refurbish facilities and components on the CRA system in order to reliably convey water from the Colorado River to Southern California. The current projected cost estimate for all prior and planned refurbishment or replacement projects under the CRA facilities program from fiscal year 1998-99 through fiscal year 2033-34 is ~~\$1.04~~1.03 billion. Costs through ~~June 30, 2024~~February 28, 2025 were ~~\$514.1~~544.8 million. Budgeted aggregate capital expenditures for improvements on the CRA for fiscal years ~~2024-25~~2024-25 and ~~2025-26~~2025-26 are \$85.8 million.

**Distribution System – Prestressed Concrete Cylinder Pipe.** Metropolitan's distribution system ~~is comprised of approximately 830 miles of pipelines ranging in diameter from 30 inches to over 200 inches. (See (see~~ "METROPOLITAN'S WATER DELIVERY SYSTEM" in this Appendix A.) ~~There are~~includes 163 miles ~~of the distribution system that are made up~~ of prestressed concrete cylinder pipe ("PCCP"). In response to PCCP failures experienced by ~~several~~other water ~~agencies~~utilities, Metropolitan initiated the PCCP Assessment Program in December 1996 to evaluate the condition of ~~Metropolitan's~~sits PCCP lines and investigate inspection and refurbishment methods. As part of this program, Metropolitan ~~made improvements to several sections of PCCP. Rather than continue to make spot repairs to the pipe segments,~~ began making spot repairs of distressed PCCP segments as they were identified. However, rather than continue with reactive and relatively high-unit cost spot repairs, in 2013 Metropolitan initiated a long-term capital program to prioritize and proactively rehabilitate with welded steel liner approximately 100 miles of PCCP in five pipelines ~~by relining with a welded steel liner~~. Significant projects over the next several years include relining of portions of Second Lower Feeder, Sepulveda ~~Feeders~~Feeder, and Allen McColloch Pipeline. Pipeline rehabilitation is prioritized based on the condition ~~of the pipe segment~~, risk of failure, and the criticality of the pipeline. The estimated cost to reline all 100 miles of PCCP is approximately ~~\$5.1~~5.2 billion. Through ~~June 30~~February 28, 20242025, approximately ~~18.8~~21.8 miles have been ~~re-lined and it~~relined and completion of the remainder is expected to take over 30 years ~~to complete the remainder of the pipelines~~. Costs through ~~June 30, 2024~~February 28, 2025, for all PCCP rehabilitation work (including the prior repairs) were ~~\$423.4~~484.6 million. Budgeted aggregate capital expenditures for PCCP rehabilitation for fiscal years ~~2024-25~~2024-25 and ~~2025-26~~2025-26 are \$66.5 million.

**Distribution System – Refurbishments and Improvements.** In addition to the long-term program to rehabilitate Metropolitan's PCCP lines, several other components of the distribution system, including dams and reservoirs, are being refurbished and/or improved. Significant projects over the next several years include retrofitting of the distribution system to improve resiliency against earthquake; rehabilitation of reservoirs, relining of pipelines; and refurbishment of pump stations, pressure control structures, hydroelectric plants, and service connections. The projected cost estimate for refurbishment or replacement projects, other than the PCCP relining, from fiscal year 2004-05 through fiscal year 2033-34 is \$1.4 billion. Costs through ~~June 30, 2024~~February 28, 2025, totaled approximately ~~\$584.3~~606.2 million. For fiscal years ~~2024-25~~2024-25 and ~~2025-26~~2025-26, budgeted aggregate capital expenditures for refurbishing and improvements on the distribution system, other than PCCP rehabilitation, are \$174.1 million.

**Drought Response and System Flexibility.** In response to the recent historic statewide drought that ended in 2023, several drought response projects that address decreasing water supplies both in specific parts of Metropolitan's service area and across the entire district have been added to the CIP. This is in addition to the ongoing projects to increase the system flexibility of Metropolitan's water supply and delivery infrastructure to meet service demands. Metropolitan continues investigating capital improvements that mitigate drought impacts and more projects are expected to be developed in the



coming years. Some of the projects commenced in the last two years. Significant projects in this category include Inland Feeder-Rialto Pipeline Intertie, Inland Feeder-Foothill Pump Station Intertie, Wadsworth Pumping Plant Bypass Pipeline, Badlands Tunnel Surge Protection Facility, Sepulveda Feeder Pump Stations, Sepulveda Feeder West Area Water Supply Reliability Pipeline Improvements, Sepulveda Canyon PCS to Venice PCS Valve Replacements, and Perris Valley Pipeline Tunnels. The current projected cost estimate for the prior and planned drought response and system flexibility projects from fiscal year 2004-05 through fiscal year 2033-34 is \$~~496.8~~488.4 million, with \$~~273.7~~311.4 million spent through ~~June 30, 2024~~February 28, 2025 for improving system flexibility. Budgeted aggregate capital expenditures for drought response and system flexibility projects for fiscal years 2024-25 and 2025-26 are \$66.3 million.

**Water Treatment Plant Improvements.** The F. E. Weymouth Water Treatment Plant, which was placed into service in 1941, is Metropolitan's oldest water treatment facility. Four more water treatment plants were constructed throughout Metropolitan's service area with the Henry J. Mills Water Treatment Plant being the newest water treatment facility, which was placed into service in 1978. These plants treat water from the CRA and/or the State Water Project. These plants have been subsequently expanded since their original construction. Metropolitan has completed numerous upgrades and refurbishment/replacement projects to maintain the plants' reliability and improve efficiency. Significant projects over the next several years include refurbishment of settling basins and strengthening of inlet channels at the Weymouth plant, rehabilitation of filtration system at the Robert B. Diemer Water Treatment Plant, second stage of electrical upgrades at the Mills plant, ozonation system upgrade at the Joseph Jensen Water Treatment Plant, and chemical system rehabilitation at the Robert A. Skinner Plant. The cost estimate for all prior and projected improvements at all five plants, not including the ozone facilities and water treatment capacity expansions, from fiscal year 2004-05 through fiscal year 2033-34 is approximately \$1.7 billion, with \$1.2 billion spent through ~~June 30~~February 28, 20242025. Budgeted aggregate capital expenditures for improvements at all five plants for fiscal years 2024-25 and 2025-26 are \$122.8 million.

## METROPOLITAN REVENUES

### General

Until water deliveries began in 1941, Metropolitan's activities were, by necessity, supported entirely through the collection of *ad valorem* property taxes. Since the mid-1980s, water revenues, which includes revenues from water sales, wheeling and exchanges, have provided approximately 80 percent of total revenues annually. Over that period, *ad valorem* property taxes have accounted for about 11 percent of total revenues, and in fiscal year 2023-24, *ad valorem* property taxes accounted for approximately 12 percent of total revenues. See "–Revenue Allocation Policy and Tax Revenues." The remaining revenues have been derived principally from the sale of hydroelectric power, interest on investments, and additional revenue sources (water standby charges and availability of service charges) beginning in 1992. *Ad valorem* taxes do not constitute a part of Operating Revenues and are not available to make payments with respect to the water revenue bonds issued by Metropolitan.

The basic rate for untreated water service for domestic and municipal uses is \$~~903~~912 per acre-foot ~~at the Tier 1 level~~, which became effective January 1, ~~2024~~2025. The basic rate for untreated water service for domestic and municipal uses will increase to \$~~912~~984 per acre-foot effective January 1, ~~2025~~2026. See "–Rate Structure" and "–Water Rates." The *ad valorem* tax rate for Metropolitan purposes ~~has had been~~ gradually ~~been~~ reduced from a peak equivalent rate of 0.1250 percent of full assessed valuation in fiscal year 1945-46 to 0.0035 percent of full assessed valuation for fiscal year 2023-24. ~~The Metropolitan's biennial budget for fiscal years 2024-25 and 2025-26 assumes the Board will increase the ad valorem tax rate to 0.0070 percent of full assessed valuation beginning in fiscal year 2024-25. [if new tax rate established in August add the following:] As assumed~~2024-25. In August



2024, as contemplated by the biennial budget for fiscal years 2024-25 and 2025-26, ~~in August 2024,~~ the Board established the *ad valorem* tax rate for fiscal year ~~2024-25~~2024-25 to 0.0070 percent.~~†~~ The rates charged by Metropolitan represent the cost of Metropolitan's wholesale water service to its member agencies, and not the cost of water to the ultimate consumer. Metropolitan does not exercise control over the rates charged by its member agencies or their subagencies to their customers.

### Summary of Revenues by Source

The following table sets forth Metropolitan's sources of revenues for the five fiscal years ended June 30, 2024. Data for the three fiscal years ended on or prior to June 30, 2022 is presented on a modified accrual basis, consistent with Metropolitan's budgetary reporting for such fiscal years. In fiscal year 2022-23, the basis for budgeting was changed, therefore data for the fiscal years ended June 30, 2023 and 2024 is presented on a cash basis. All information is unaudited. Audited financial statements for the fiscal years ended June 30, ~~2023~~2024, and June 30, ~~2022~~2023, are included in APPENDIX B—"THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, ~~2023~~2024 AND JUNE 30, ~~2022~~2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, ~~2024~~2025 AND ~~2023~~2024 (UNAUDITED)."

#### SUMMARY OF REVENUES BY SOURCE<sup>(1)</sup> Fiscal Years Ended June 30 (Dollars in Millions)

	<u>Modified Accrual</u>			<u>Cash</u>
				<u>2023</u>
Water Revenues <sup>(2)</sup>	\$	\$	\$	\$ 1,323
	1	1	1	
	4	€	4	
Taxes, Net <sup>(3)</sup>	7	1	7	136
	1	1	1	
	€	€	7	
Additional Revenue Sources <sup>(4)</sup>	5	5	2	184
	2	1		
Interest on Investments	0	0	7	21
	1	1		
Hydroelectric Power Sales	€	5	8	6
	1	1	3	
Other Revenues <sup>(5)</sup>	4	4	5	166
Total Revenues	\$	\$	\$	\$ 1,836



Source: Metropolitan.

- (1) Does not include any proceeds from the sale of bonded indebtedness.
- (2) Water revenues include revenues from water sales, exchanges, and wheeling.
- (3) *Ad valorem* taxes levied by Metropolitan are applied solely to the payment of outstanding general obligation bonds of Metropolitan and to State Water Contract (sometimes referred to as “SWC”) obligations; taxes available to pay for SWC O&M costs are reflected as Other Revenue.
- (4) Includes revenues derived from water standby charges, readiness-to-serve, and capacity charges.
- (5) Includes miscellaneous revenues and Build America Bonds (BABs) subsidy payments of \$2.9 million in fiscal year 2019-20, and \$0 in fiscal year 2020-21 and thereafter. All of Metropolitan’s then-outstanding BABs were ~~retired as of~~ redeemed on July 1, 2020. Includes property taxes applied to SWC O&M Costs of \$21.0 million in fiscal year 2021-22, \$62.4 million in fiscal year 2022-23, and \$77.6 million in fiscal year 2023-24. Fiscal year 2022-23 also includes \$80 million in grant funding from the State for PWSC.

~~(6) Fiscal year 2023-24 information is based on preliminary results.~~

## Revenue Allocation Policy and Tax Revenues

The Board determines the water revenue requirement for each fiscal year after first projecting the *ad valorem* tax levy for that year. The tax levy for any year is subject to limits imposed by the State Constitution, the Act and Board policy and to the requirement under the State Water Contract that in the event that Metropolitan fails or is unable to raise sufficient funds by other means, Metropolitan must levy upon all property within its boundaries not exempt from taxation a tax or assessment sufficient to provide for all payments under the State Water Contract. See “HISTORICAL AND PROJECTED REVENUES AND EXPENSES” in this Appendix A. The Act limits Metropolitan’s tax levy to the amount needed to pay debt service on Metropolitan’s general obligation bonds and to satisfy a portion of Metropolitan’s State Water Contract obligations. However, Metropolitan has the authority to impose a greater tax levy if, following a public hearing, the Board finds that such revenue is essential to Metropolitan’s fiscal integrity. For each fiscal year since 2013-14, the Board has exercised that authority and voted to suspend the tax limit clause in the Act, maintaining the fiscal year 2012-13 *ad valorem* tax rate to pay for a greater portion of Metropolitan’s State Water Contract obligations. More recently, in 2022, the Board exercised its authority under the Act to suspend the tax limit clause for each of fiscal years 2022-23 through 2025-26. ~~The biennial budget for fiscal years 2024-25 and 2025-26 assumes the Board will increase the *ad valorem* tax rate beginning in fiscal year 2024-25. [if new tax rate established in August add the following:] As assumed by the biennial budget for fiscal years 2024-25 and 2025-26~~ As noted above, in August 2024, the Board increased the *ad valorem* tax rate for fiscal year ~~2024-25~~ 2024-25. Any deficiency between tax levy receipts and Metropolitan’s State Water Contract obligations is expected to be paid from Operating Revenues, as defined in the Senior Debt Resolutions (defined in this Appendix A under “METROPOLITAN EXPENSES–Limitations on Additional Revenue Bonds”).

## Water Revenues

**General; Authority.** Water rates are established by the Board and are not subject to regulation or approval by the California Public Utilities Commission or by any other local, State, or federal agency. In accordance with the Act, water rates must be uniform for like classes of service. Metropolitan, a wholesaler, provides one type of service: full-service water service (treated or untreated). See “–Classes of Water Service.”

No member agency of Metropolitan is obligated to purchase water from Metropolitan. ~~However, 21 of Metropolitan’s 26 member agencies have entered into 10 year voluntary water supply purchase orders (“Purchase Orders”) effective through December 31, 2024. See “Member Agency Purchase Orders.”~~ Consumer demand and locally supplied water vary from year to year, resulting in variability in water revenues to Metropolitan. See “REGIONAL WATER RESOURCES” in this Appendix A.



Metropolitan uses its financial reserves and budgetary tools to manage the financial impact of the variability in revenues due to fluctuations in annual water transactions. See “MANAGEMENT’S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES” in this Appendix A.

**Payment Procedure.** Water is delivered to the member agencies on demand and is metered at the point of delivery. Member agencies are billed monthly and a late charge of one percent of the delinquent payment is assessed for a payment that is delinquent for no more than five business days. A late charge of two percent of the amount of the delinquent payment is charged for a payment that is delinquent for more than five business days for each month or portion of a month that the payment remains delinquent. Metropolitan has the authority to suspend service to any member agency delinquent for more than 30 days. Delinquencies have been rare; in such instances late charges have been collected. No service has been suspended because of delinquencies.

**Water Revenues.** The following table sets forth water transactions (which include water sales, exchanges, and wheeling) in acre-feet and water revenues (which include revenues from water sales, exchanges, and wheeling) for the five fiscal years ended June 30, 2024. As reflected in the table below, ~~estimated~~ water revenues for the fiscal year ended June 30, 2024, aggregated \$1,167.4 million (on a cash basis), of which \$~~990.3~~994.1 million was generated from water sales and \$~~267.1~~173.2 million was generated from exchanges and wheeling. Water revenues of Metropolitan for the fiscal years ended June 30, ~~2023~~2024, and June 30, ~~2022~~2023, on an accrual basis, are shown in Metropolitan’s audited financial statements included in Appendix B.

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**SUMMARY OF WATER TRANSACTIONS AND REVENUES**  
**Fiscal Years Ended June 30<sup>(1)</sup>**

<b>Fiscal Fiscal Year</b>	<b>Water Transactions in Acre-Fee Member Agencies</b>	<b>Water Transactions in Acre-Feet Other</b>	<b>Water Transactions in Acre-Feet Total<sup>(2)</sup></b>	<b>Water Revenues<sup>(3)</sup> (\$ in millions)</b>	<b>Dollars Per- Acre-Foot Dollars Per Acre-Foot <sup>(4)</sup></b>	<b>Average Dollars Per 1,000 Gallons</b>
2020	1,367,819	51,337	1,419,156	1,188.0	837	2.57
2021	1,573,965	75,551	1,649,516	1,404.7	892	2.61
2022	1,645,805	36,027	1,681,833	1,515.1	921	2.76
	<del>1,385,776</del> <u>1,410,3</u>		<del>1,398,852</del> <u>1,42</u>			
2023 <sup>(5)</sup>	<u>88</u>	13,076	<u>3,464</u>	1,322.7	<del>954</del> <u>938</u>	<del>2.93</del> <u>2.88</u>
2024	1,169,263	72,760	1,242,023	1,167.4	998	3.06

Source: Metropolitan.

(1) Information for the fiscal years 2019-20 through 2021-22 is presented on a modified accrual basis; information for fiscal years ~~2022-23~~ 2022-23 and ~~2023-24~~ 2023-24 is presented on a cash basis. ~~Fiscal year 2023-24 information is based on preliminary results.~~

(2) Water transactions include water sales, exchanges and wheeling with member agencies and third parties.

(3) Water Revenues include revenues from water sales, exchanges, and wheeling. Water Revenues from wheeling and exchange transactions were \$140.1 million, \$167.0 million, \$165.0 million, \$148.8 million and ~~\$267.1~~ \$173.2 million in the fiscal years ended June 30, 2020 through 2024, respectively.

(4) Dollars per acre-foot is calculated using water transactions with member agencies only.

(5) Fiscal Year 2023 has been updated to include 24,612 acre-feet of reverse cyclic program transactions.

**Principal Customers**

Total water transactions accrued for the fiscal year ended June 30, 2024, were 1.19 million acre-feet, generating \$1.22 billion in water revenues for such period ~~(based on preliminary results for fiscal year 2023-24), on an accrual basis.~~ Metropolitan's ten largest water customers for the year ended June 30, 2024 are shown in the following table, on an accrual basis. SDCWA has filed litigation challenging Metropolitan's rates. See "–Litigation Challenging Rate Structure."

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**TEN LARGEST WATER CUSTOMERS**  
**Year Ended June 30, 2024<sup>(1)</sup>**  
**Accrual Basis<sup>(+)</sup>**

<b>Agency</b>	<b>Water Revenues <sup>(2)</sup> (in Millions)</b>	<b>Percent of Total</b>	<b>Water Transactions in Acre Feet<sup>(3)</sup></b>	<b>Percent of Total</b>
San Diego CWA	\$ 206.8	17.0 %	310,993	26.1%
City of Los Angeles	155.6	12.8	139,834	11.8



West Basin MWD	115.5	9.5	99,738	8.4
MWD of Orange County	113.0	9.3	93,840	7.9
Eastern MWD	102.0	8.4		8.5
Calleguas MWD	85.0	7.0	69,328	5.8
Western MWD of Riverside County	67.0	5.5	63,268	5.3
Upper San Gabriel Valley MWD	58.1	4.8	45,460	3.8
Three Valleys MWD	48.5	4.0	67,398	5.7
Inland Empire <del>Utility</del> <u>Utilities</u> Agency	33.5	2.8	38,416	3.2
<b>Total</b>	<b>\$ 985.0</b>	<b>81.1 %</b>	<b>1,028,929</b>	<b>86.5%</b>
<b>Total Water Revenues <sup>(2)</sup></b>	<b>\$ 1,216.1</b>	<b>Total Acre-Feet <sup>(3)</sup></b>	<b>1,190,069</b>	

Source: Metropolitan.

- (1) All information in this table is presented on an accrual basis. ~~Fiscal year 2023-24 information is based on preliminary results.~~
- (2) Water Revenues include revenues from water sales, exchanges, and wheeling.
- (3) Water Transactions include water sales, exchanges, and wheeling with member agencies.

## Rate Structure

The following rates and charges are elements of Metropolitan's unbundled rate structure effective as of January 1, 2025. See also "–Water Rates."

~~**Tier 1 and Tier 2 Water Supply Rates.** The rate structure effective through calendar year 2024 recovers supply costs through a two-tiered price structure. The Tier 1 Supply Rate is a volumetric rate charged on Metropolitan's water sales. The Supply Rate supports a regional integrated approach through the uniform, postage stamp rate. The Tier 1 Supply Rate is calculated as the amount of the total supply revenue requirement that is not covered by the Tier 2 Supply Rate divided by the estimated amount of Tier 1 water sales. The Tier 2 Supply Rate is a volumetric rate that reflects Metropolitan's costs of Tier 1 and Metropolitan's cost of purchasing water transfers north of the Delta. The higher costs reflected in the Tier 2 Supply Rate encourage the member agencies and their customers to maintain existing local supplies and develop cost-effective local supply resources and conservation. Pursuant to Per Board direction in November December 2021, all demand management costs (regardless of funding source, such as bond financing or current revenues) comprise a portion of the costs of supply and are collected on the Tier 1 and Tier 2 Supply Rates. Member agencies are charged the Tier 1 or Tier 2 Supply Rate for water purchases, as described under "Member Agency Purchase Orders" below. The Tier 2 Supply Rate is not included in the biennial budget for fiscal years 2024-25 and 2025-26 and calendar year 2025 and 2026 adopted rates.~~ supply rate.

**System Access Rate.** The System Access Rate recovers the cost of the conveyance, distribution, and storage of water on an average annual basis through a uniform, volumetric rate. The System Access Rate is charged for each acre-foot of water transported by Metropolitan, regardless of the ownership of the water being transported. The System Access Rate is charged for each acre-foot of water transported by Metropolitan to its member agencies and delivered as a full-service water transaction.

**System Power Rate.** The System Power Rate recovers the cost of energy required to pump water to Southern California through the State Water Project and CRA. The cost of power is recovered through a uniform, volumetric rate. The System Power Rate is applied to all deliveries of Metropolitan water to member agencies.



**Treatment Surcharge.** The Treatment Surcharge recovers all of the costs of providing treatment capacity and operations through a uniform, volumetric rate per acre-foot of treated water transactions. The Treatment Surcharge is charged for all treated water transactions.

~~**Water Stewardship Rate.** Through December 31, 2020, a Water Stewardship Rate was charged on each acre-foot of water delivered by Metropolitan, except on SDCWA Exchange Agreement deliveries as explained below, and allocated to Metropolitan's transportation rates. The Water Stewardship Rate was designed to provide a dedicated source of funding for conservation and local resources development through a uniform, volumetric rate. All users (including member agencies and third party wheelers) benefited from avoided system infrastructure costs through conservation and local resources development, and from the system capacity made available by investments in demand management programs like Metropolitan's Conservation Credits Program and LRP. Therefore, all users paid the Water Stewardship Rate, except on water delivered to SDCWA pursuant to the Exchange Agreement (see "Water Rates" and "Litigation Challenging Rate Structure" below) in calendar years 2018, 2019, and 2020. Beginning with calendar year 2021, the Water Stewardship Rate has no longer been incorporated into Metropolitan's rates and charges and therefore has not been collected on any water transactions after December 31, 2020. In November 2021, the Board directed staff to allocate all demand management costs as an element of Metropolitan's supply costs. See also "CONSERVATION AND WATER SHORTAGE MEASURES General" in this Appendix A.~~

~~In 2017, in *San Diego County Water Authority v. Metropolitan Water District of Southern California, et al.* (see "Litigation Challenging Rate Structure" below), the Court of Appeal held that the administrative record before it for the rates in calendar years 2011 through 2014 did not support Metropolitan's Water Stewardship Rate full allocation to transportation rates, but the court did not address the allocation in subsequent years based on a different record. On April 10, 2018, the Board suspended the billing and collection of the Water Stewardship Rate on Exchange Agreement deliveries to SDCWA in calendar years 2018, 2019, and 2020, pending Metropolitan's completion of a cost allocation study of its demand management costs recovered through the Water Stewardship Rate. For calendar year 2018, the suspension was retroactive to January 1, 2018.~~

~~Having completed a demand management cost allocation process, on December 10, 2019, Metropolitan's Board directed staff to incorporate the use of the 2019-20 fiscal year end balance of the Water Stewardship Fund to fund demand management costs in the proposed biennial budget for fiscal years 2020-21 and 2021-22 and to not incorporate the Water Stewardship Rate (or any other rates or charges to recover demand management costs), with the proposed rates and charges for calendar years 2021 and 2022, to allow the Board to consider demand management funding in relation to the 2020 IRP and to undergo a rate structure refinement process.~~

~~In 2021, in *San Diego County Water Authority v. Metropolitan Water District of Southern California, et al.*, the Court of Appeal clarified that its Water Stewardship Rate ruling applied to years after 2014 as well. In November 2021, the Board voted to allocate demand management costs to supply rate elements in calendar year 2023 forward. The 2021-22 fiscal year end balance of the Water Stewardship Fund was applied to partially offset demand management expenditures in fiscal year 2022-23.~~

The amount of each of these rates since January 1, 2020, is shown in the table entitled "SUMMARY OF WATER RATES" under "Water Rates" below.

### **Member Agency Purchase Orders**

~~The rate structure effective through calendar year 2024 allows member agencies to choose to purchase water from Metropolitan by means of a Purchase Order. Purchase Orders are voluntary~~



~~agreements that determine the amount of water that a member agency can purchase at the Tier 1 Supply Rate. Under the Purchase Orders, member agencies have the option to purchase a greater amount of water (based on past purchase levels) over the term of the Purchase Order. Such agreements allow member agencies to manage costs and provide Metropolitan with a measure of secure revenue.~~

~~In November 2014, Metropolitan's Board approved Purchase Orders effective January 1, 2015 through December 31, 2024 (the "Purchase Order Term"). Twenty-one of Metropolitan's 26 member agencies have Purchase Orders, which commit the member agencies to purchase a minimum amount of supply from Metropolitan (the "Purchase Order Commitment").~~

~~The key terms of the Purchase Orders include:~~

- ~~• A ten-year term, effective January 1, 2015 through December 31, 2024;~~
- ~~• A higher Tier 1 limit based on the Base Period Demand, determined by the member agency's choice between (1) the Revised Base Firm Demand, which is the highest fiscal year purchases during the 13-year period of fiscal year 1989-90 through fiscal year 2001-02, or (2) the highest year purchases in the most recent 12-year period of fiscal year 2002-03 through 2013-14. The demand base is unique for each member agency, reflecting the use of Metropolitan's system water over time;~~
- ~~• An overall Purchase Order Commitment by the member agency based on the demand base period chosen, times ten to reflect the ten-year Purchase Order Term. Those agencies choosing the more recent 12-year period may have a higher Tier 1 Maximum and commitment. The commitment is also unique for each member agency;~~
- ~~• The opportunity to reset the Base Period Demand using a five-year rolling average;~~
- ~~• Any obligation to pay the Tier 2 Supply Rate will be calculated over the ten-year period, consistent with the calculation of any Purchase Order Commitment obligation; and~~
- ~~• An appeal process for agencies with unmet purchase commitments that will allow each acre-foot of unmet commitment to be reduced by the amount of production from a local resource project that commenced operation on or after January 1, 2014.~~

~~Member agencies that do not have Purchase Orders in effect are subject to Tier 2 Supply Rates for amounts exceeding 60 percent of their base amount (equal to the member agency's highest fiscal year demand between 1989-90 and 2001-02) annually.~~

~~On November 14, 2023, staff presented to the Board the status of the current Purchase Order commitments, which will end on December 31, 2024. Staff proposed to not renew the Purchase Order commitments. As a result, the Tier 2 Supply Rate is not included in the biennial budget for fiscal year 2024-25 and fiscal year 2025-26 and calendar years 2025 and 2026 adopted rates. Metropolitan will revisit Purchase Order commitments and structure as needed through the business model review during the CAMP4W planning process. See "METROPOLITAN'S WATER SUPPLY Integrated Water Resources Plan and Climate Adaptation Master Plan for Water—Climate Adaptation Master Plan for Water."~~

## **Other Charges**

The following paragraphs summarize the additional charges for the use of Metropolitan's distribution system:



**Readiness-to-Serve Charge.** The Readiness-to-Serve Charge (“RTS”) recovers the cost of the portion of the system that is available to provide emergency service and available capacity during outages and hydrologic variability. The RTS is a fixed charge that is allocated among the member agencies based on a ten-fiscal year rolling average of firm demands. Water transfers and exchanges, except SDCWA Exchange Agreement transactions, are included for purposes of calculating the ten-fiscal year rolling average. The Standby Charge, described below, will continue to be collected at the request of a member agency and applied as a direct offset to the member agency’s RTS obligation. The RTS (including RTS charge amounts collected through the Standby Charge) generated \$135.0 million in fiscal year 2021-22, ~~and~~ \$144.4 million in fiscal year ~~2022-23~~2022-23, and ~~are estimated to have generated~~ \$160.4 million in fiscal year ~~2023-24~~2023-24. Based on the adopted rates and charges, the RTS (including RTS charge amounts expected to be collected through the Standby Charge described below) is projected to generate \$174.0 million in fiscal year ~~2024-25~~2024-25, and \$184.5 million in fiscal year ~~2025-26~~2025-26.

**Water Standby Charges.** The Standby Charge is authorized by the State Legislature and has been levied by Metropolitan since fiscal year 1992-93. Metropolitan will continue to levy the Standby Charge only within the service areas of the member agencies that request that the Standby Charge be utilized to help fund a member agency’s RTS obligation. See “– Readiness-to-Serve Charge” above. The Standby Charge for each acre or parcel of less than an acre will vary from member agency to member agency, reflecting current rates, which have not exceeded the rates set in fiscal year 1993-94, and range from \$5 to \$15 for each acre or parcel less than an acre within Metropolitan’s service area, subject to specified exempt categories. Standby charges are assessments under the terms of Proposition 218, a State constitutional ballot initiative approved by the voters on November 5, 1996, but Metropolitan’s current standby charges are exempt from Proposition 218’s procedural requirements. See “–California Ballot Initiatives.”

Twenty-two of Metropolitan’s member agencies collect their RTS charges through Standby Charges. RTS charges, on a cash basis, collected by means of such Standby Charges were \$42.0 million in fiscal year 2021-22, \$43.7 million in fiscal year ~~2022-23~~2022-23, and ~~are estimated to be~~ \$43.3 million in fiscal year ~~2023-24~~2023-24. These amounts are included in the RTS generated revenues and projections described above.

**Capacity Charge.** The Capacity Charge recovers costs incurred to provide peak capacity within Metropolitan’s distribution system. The Capacity Charge provides a price signal to encourage agencies to reduce peak demands on the distribution system and to shift demands that occur during the May 1 through September 30 period into the October 1 through April 30 period. This results in more efficient utilization of Metropolitan’s existing infrastructure and deferring capacity expansion costs. Each member agency will pay the Capacity Charge per cfs based on a three-year trailing peak (maximum) day demand, measured in cfs. Each member agency’s peak day is likely to occur on different days; therefore, this measure approximates peak week demands on Metropolitan. The Capacity Charge was ~~\$12,200 per cfs effective as of January 1, 2022,~~ \$10,600 per cfs effective as of January 1, 2023 ~~and~~, \$11,200 per cfs effective as of January 1, 2024. ~~The Capacity Charge will be, and~~ \$13,000 per cfs effective as of January 1, 2025. The Capacity Charge will be \$14,500 per cfs effective as of January 1, 2026. The Capacity Charge generated \$37.0 million in fiscal year 2021-22, and \$37.8 million in fiscal year ~~2022-23~~2022-23, and ~~are estimated to have generated~~ \$36.1 million in fiscal year ~~2023-24~~2023-24. Based on the adopted rates and charges, the Capacity Charge is projected to generate \$39.8 million in fiscal year ~~2024-25~~2024-25, and \$45.9 million in fiscal year ~~2025-26~~2025-26.



## Classes of Water Service

Metropolitan, as a wholesaler, provides one type of service: full-service water service (treated or untreated). Metropolitan has one class of customers: its member agencies. On August 18, 2020, the Board repealed the Administrative Code sections that established the wheeling service it previously made available to its member agencies (short-term wheeling service under one year) and the pre-set wheeling rate for that wheeling service. As a result of the Board's action, short-term wheeling to member agencies is now determined on a case-by-case basis by contract, as has been done for wheeling service for member agencies lasting more than one year and wheeling for third parties. The level of rate unbundling in Metropolitan's rate structure provides transparency to show that rates and charges recover only those functions involved in the applicable service, and that no cross-subsidy of costs exists. Metropolitan's cost of service process and resulting unbundled rate structure ensures that its wholesale customers pay for only those services they elect to receive.

The applicable rate components and fixed charges for each class of water service are shown in the chart below.

### Current Services and Rate Components

Service	System Access	Rates & Charges That Apply				Capacity Charge	Treatment Surcharge
		Water Stewardship <sup>(+)</sup>	System Power	Tier 1/ Tier-2 <sup>(2)</sup>	Readiness-to-Serve Supply	Readiness-to-Serve	
Full Service Untreated	Yes	No	Yes	Yes	Yes	Yes	No
Full Service Treated	Yes	No	Yes	Yes	Yes	Yes	Yes

<sup>(+)</sup> ~~As described under "Rate Structure Water Stewardship Rate," the Water Stewardship Rate has not been collected on water transactions after December 31, 2020. In November 2021, the Board directed staff to allocate all demand management costs as an element of Metropolitan's supply costs.~~

<sup>(2)</sup> ~~As described under "Member Agency Purchase Orders," the Tier 2 Supply Rate is not included in the biennial budget for fiscal years 2024-25 and 2025-26 and calendar years 2025 and 2026 adopted rates. Metropolitan will revisit Purchase Order commitments and structure as needed through the business model review during the CAMP4W planning process.~~

Metropolitan offers five programs that encourage the member agencies to increase groundwater and emergency storage and for which certain Metropolitan charges are inapplicable.

(1) *Conjunctive Use Program.* The Conjunctive Use Program is operated through individual agreements with member and retail agencies for groundwater storage within Metropolitan's service area. Wet year imported supplies are stored to enhance reliability during dry, drought, and emergency conditions. Metropolitan has the option to call water stored in the groundwater basins for the participating member agency pursuant to its contractual conjunctive use agreement. At the time of the call, the member agency pays the prevailing rate for that water, but the deliveries are excluded from the calculation of the Capacity Charge because Conjunctive Use Program deliveries are made at Metropolitan's discretion. Conjunctive use programs may also contain cost-sharing terms related to operational costs. Metropolitan has determined to terminate six of its conjunctive use agreements effective June 30, 2025. See "REGIONAL WATER RESOURCES-Local Water Supplies" in this Appendix A.



(2) *Cyclic Program*. The Cyclic Program refers collectively to the existing Cyclic Program agreements and the Cyclic Cost-Offset Program approved in 2019. This Program is operated through individual agreements with member agencies for groundwater or surface water storage or pre-deliveries within Metropolitan's service area. Wet-year imported supplies are stored to enhance reliability during dry, drought, and emergency conditions. Deliveries to the cyclic accounts are at Metropolitan's discretion while member agencies have discretion on whether they want to accept the water. At the time the water is delivered from the cyclic account, the prevailing full service rate applies, but deliveries are excluded from the calculation of the Capacity Charge because Cyclic Program deliveries are made at Metropolitan's discretion. Cyclic agreements may also contain a credit payable to the member agencies under terms approved by the Board in April 2019 and amended by the Board in August 2023 for the Cyclic Cost-Offset Program. See "REGIONAL WATER RESOURCES–Local Water Supplies" in this Appendix A.

(3) *Reverse-Cyclic Program*. The Reverse-Cyclic Program is operated through individual agreements with member agencies. These agreements allowed member agencies to purchase water in calendar year 2022 and 2024 for delivery in a future wet year. Metropolitan will deliver the water within five years at its sole discretion. Under the Program, billing occurs before delivery is made at the full-service water rate, plus the treatment surcharge, if applicable, and the purchases are counted towards the member agency's Readiness-to-Serve Charge. However, deliveries are excluded from the calculation of the Capacity Charge because ~~Reverse-Cycle~~Reverse-Cyclic Program deliveries are made at Metropolitan's discretion.

(4) *Emergency Storage Program*. The Emergency Storage Program is used for delivering water for emergency storage in surface water reservoirs and storage tanks. Emergency Storage Program purposes include initially filling a newly constructed reservoir or storage tank and replacing water used during an emergency. Because Metropolitan could interrupt delivery of this water, Emergency Storage Program Deliveries are excluded from the calculation of the RTS Charge, and the Capacity Charge, ~~and the Tier 1 maximum.~~

(5) *Operational Shift Cost Offset Program*. The OSCOP is operated through individual agreements with member agencies. Through these agreements, cost-offset credits are offered to member agencies to offset the estimated additional costs and risks incurred by an agency as a result of voluntary operational changes requested by Metropolitan for the purpose of maximizing Metropolitan's water resources. All water delivered under the OSCOP is billed at Metropolitan's applicable full-service rate. Credits are reported as supply program costs.

The applicable rate components and fixed charges applicable for each such program are shown in the following chart.

#### Current Programs and Rate Components

Program	Supply	System Access	System Power	Rates & Charges That Apply		Tier 1-Maximum
				<del>Readiness-to-Serve</del> <u>Readiness-to-Serve</u>	Capacity Charge	
Full Service	Yes	Yes	Yes	Yes	Yes	<del>Yes</del>
Conjunctive Use	Yes	Yes	Yes	Yes	No	<del>Yes</del>
Cyclic	Yes	Yes	Yes	Yes	No	<del>Yes</del>
Reverse-Cyclic	Yes	Yes	Yes	Yes	No	<del>Yes</del>
Emergency Storage	Yes	Yes	No	Yes	No	<del>No<sup>(4)</sup></del>



Operational Shift Cost Offset	Yes	Yes	Yes	Yes	Yes	Yes
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~~(+) Emergency Storage Program pays the Tier 1 Supply Rate; purchases under Emergency Storage program do not count towards a member agency's Tier 1 Maximum.~~

### Water Rates

The following table sets forth Metropolitan's water rates by category beginning January 1, 2020. See also "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES—Water Revenues" in this Appendix A. In addition to the base rates for untreated water sold in the different classes of service, the columns labeled "Treated" include the surcharge that Metropolitan charges for water treated at its water treatment plants. See "—Rate Structure" and "—Classes of Water Service" for descriptions of current rates. See also "—Litigation Challenging Rate Structure" for a description of litigation challenging Metropolitan's water rates.



**SUMMARY OF WATER RATES  
(Dollars Per Acre-Foot)**

	SUPPLY RATE		SYSTEM ACCESS RATE		WATER STEWARDSHIP RATE <sup>(1)</sup>		SYSTEM POWER RATE		TREATMENT SURCHARGE
		<b>Tier 1<sup>(4)</sup></b>	<b>Tier 2<sup>(4)</sup></b>						
January 1, 2020	\$ 208		\$295	\$346		\$		\$	\$ 323
January 1, 2021	\$ 243		\$285	\$373		\$		\$	\$ 327
January 1, 2022	\$ 243		\$285	\$389		\$		\$	\$ 344
January 1, 2023	\$ 321		\$530	\$368		\$		\$	\$ 354
January 1, 2024	\$ 332		\$531	\$389		\$		\$	\$ 353
January 1, 2025*	<u>\$ 290</u>	<u>N/A</u>	<u>N/A</u>	\$463		\$		\$	\$ 483
January 1, 2026*	<u>\$ 313</u>	<u>N/A</u>	<u>N/A</u>	\$492		\$		\$	\$ 544

**FULL SERVICE  
TREATED<sup>(2)</sup>**

**FULL SERVICE  
UNTREATED<sup>(3)</sup>**

		<b>Tier 1<sup>(4)</sup></b>	<b>Tier 2<sup>(4)</sup></b>		<b>Tier 1<sup>(4)</sup></b>	<b>Tier 2<sup>(4)</sup></b>		
January 1, 2020	\$	1,078	\$	1,165	\$	755	\$	842



January 1, 2021		\$ 1,104	\$ 1,146		\$ 777	\$ 819
January 1, 2022		\$ 1,143	\$ 1,185		\$ 799	\$ 841
January 1, 2023		\$ 1,209	\$ 1,418		\$ 855	\$ 1,064
January 1, 2024		\$ 1,256	\$ 1,455		\$ 903	\$ 1,102
		\$ 1,395	\$ —		\$ 912	\$ —
January 1, 2025*	\$ 1,395	N/A	N/A	\$ 912	N/A	N/A
	\$ 1,528	\$ —	\$ —	\$ 984	\$ —	\$ —
January 1, 2026*	\$ 1,528	N/A	N/A	\$ 984	N/A	N/A

Source: Metropolitan.

\* Rates effective January 1, 2025 and January 1, 2026 were adopted by Metropolitan's Board on April 9, 2024.

- (1) As described under "Rate Structure Through December 31, 2020, a Water Stewardship Rate," the was charged on each acre-foot of water delivered by Metropolitan, except on SDCWA Exchange Agreement deliveries in calendar years 2018, 2019, and 2020, and allocated to Metropolitan's transportation rates. The Water Stewardship Rate was designed to provide a dedicated source of funding for conservation and local resources development through a uniform, volumetric rate. The Water Stewardship Rate has not been collected on water transactions after December 31, 2020. In November 2021, the Board directed staff to allocate all demand management costs to Metropolitan's supply elements. See also – "Litigation Challenging Rate Structure" below.
- (2) Full service treated water rates are the sum of the applicable Supply Rate, System Access Rate, Water Stewardship Rate, System Power Rate and, Treatment Surcharge, and Water Stewardship Rate (for 2020).
- (3) Full service untreated water rates are the sum of the applicable Supply Rate, System Access Rate, Water Stewardship Rate and System Power Rate, and the Water Stewardship Rate (for 2020).
- (4) As described under "Member Agency Purchase Orders," the Tier 2 rate is not included in the biennial budget for fiscal years 2024-25 and 2025-26 and calendar years 2025 and 2026 rates. Metropolitan will Metropolitan's rate structure effective through December 31, 2024 allowed member agencies to choose to purchase water from Metropolitan by means of a Purchase Order. The Purchase Orders were voluntary agreements that determined the amount of water that a member agency could purchase at the Tier 1 Supply Rate. Under the Purchase Orders, member agencies had the option to purchase a greater amount of water (based on past purchase levels) over the term of the Purchase Order at the Tier 2 Supply Rate. For member agencies that did not have Purchase Orders in effect, the Tier 2 Supply Rates applied for purchase amounts exceeding a calculated base amount (based on past purchase levels). Commencing January 1, 2025, Purchase Order commitments and the Tier 1 and Tier 2 supply rate are not components of the Metropolitan rate structure. All water purchases are at a single Supply Rate. See "Rate Structure – Supply Rates." Metropolitan expects to revisit Purchase Order commitments and structure as needed through the business model review during the CAMP4W planning process. See "METROPOLITAN'S WATER SUPPLY – Climate Adaptation Master Plan for Water (CAMP4W)."



## Financial Reserve Policy

Metropolitan's reserve policy provides for a minimum reserve requirement and target amount of unrestricted reserves at June 30 of each year. The minimum reserve requirement at June 30 of each year is equal to the portion of fixed costs estimated to be recovered by water revenues for the 18 months beginning with the immediately succeeding July. Funds representing the minimum reserve requirement are held in the Revenue Remainder Fund. Any funds in excess of the minimum reserve requirement are held in the Water Rate Stabilization Fund. The target amount of unrestricted reserves is equal to the portion of the fixed costs estimated to be recovered by water revenues during the two years immediately following the 18-month period used to calculate the minimum reserve requirement. Funds in excess of the target amount are to be utilized for capital expenditures in lieu of the issuance of additional debt, or for the redemption, defeasance or purchase of outstanding bonds or commercial paper as determined by the Board. Provided that the fixed charge coverage ratio is at or above 1.2, amounts in the Water Rate Stabilization Fund may be expended for any lawful purpose of Metropolitan, as determined by the Board. See "CAPITAL INVESTMENT PLAN–Capital Investment Plan Financing" in this Appendix A.

At June 30, 2024, unrestricted reserves, which consist of the Water Rate Stabilization Fund and the Revenue Remainder Fund, ~~are~~were estimated to total ~~\$323~~\$323.0 million on a cash basis. As of June 30, 2024, the minimum reserve requirement was \$266.6 million, and the target reserve level was \$665.9 million.

Metropolitan projects that ~~its~~ unrestricted reserves as of June 30, 2025 will be approximately ~~\$340~~\$492.8 million on a ~~cash~~ basis. This projection is based on the assumptions set forth in the table entitled "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" under "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A- and includes \$125.6 million in revenues from the reverse cyclic program. See "REGIONAL WATER RESOURCES–Local Water Supplies –Reverse-Cyclic Program" in this Appendix A.

~~Due to SDCWA's litigation challenging Metropolitan's rates and pursuant to the Exchange Agreement between Metropolitan and SDCWA, Metropolitan was required to set aside funds based on the quantities of exchange water provided by Metropolitan to SDCWA and the amount of charges disputed by SDCWA. In April 2016, Metropolitan transferred these funds from unrestricted financial reserves to a new designated fund, the Exchange Agreement Set Aside Fund. In 2021, Metropolitan paid to SDCWA the final judgment contract damages amount in the 2010 and 2012 SDCWA v. Metropolitan cases for Water Stewardship Rate payments under the Exchange Agreement in 2011 through 2014, plus interest. Following the 2021 Court of Appeal opinion clarifying that its Water Stewardship Rate ruling applies to later years, Metropolitan paid to SDCWA Water Stewardship Rate payments from 2015 to 2017, plus pre-judgment interest. These payments included all amounts sought related to breach of the Exchange Agreement resulting from the inclusion of the Water Stewardship Rate in the contract price for Exchange Agreement transactions occurring from 2010 until the Water Stewardship Rate was no longer charged in the contract price for Exchange Agreement transactions, beginning in 2018. Accordingly, there are no amounts held in the Exchange Agreement Set Aside Fund. See "Litigation Challenging Rate Structure."~~

## California Ballot Initiatives

Proposition 218, a State ballot initiative known as the "Right to Vote on Taxes Act," was approved by the voters on November 5, 1996 adding Articles XIIC and XIID to the California Constitution. Article XIID provides substantive and procedural requirements on the imposition, extension or increase of any "fee" or "charge" levied by a local government upon a parcel of real property or upon a person as an incident of property ownership. As a wholesaler, Metropolitan serves water to its member agencies, not to persons or properties as an incident of property ownership. Thus, water rates charged by Metropolitan to its member agencies are not property related fees and charges and



therefore are exempt from the requirements of Article XIID. Fees for retail water service by Metropolitan's member agencies or their agencies are subject to the requirements of Article XIID.

Article XIID also imposes certain procedures with respect to assessments. Under Article XIID, "standby charges" are considered "assessments" and must follow the procedures required for "assessments," unless they were in existence on the effective date of Article XIID. Metropolitan has imposed its water standby charges since 1992 and therefore its current standby charges are exempt from the Article XIID procedures. Changes to Metropolitan's current standby charges could require notice to property owners and approval by a majority of such owners returning mail-in ballots approving or rejecting any imposition or increase of such standby charge. Twenty-two of Metropolitan's member agencies have elected to collect all or a portion of their readiness-to-serve charges through standby charges. See "*Other Charges – Readiness-to-Serve Charge*" and "*Water Standby Charges*" above. Even if Article XIID is construed to limit the ability of Metropolitan and its member agencies to impose or collect standby charges, the member agencies will continue to be obligated to pay the Readiness-to-Serve charges.

Article XIIC makes all taxes either general or special taxes and imposes voting requirements for each kind of tax. It also extends the people's initiative power to reduce or repeal previously authorized local taxes, assessments, fees and charges. This extension of the initiative power is not limited by the terms of Article XIIC to fees imposed after November 6, 1996, or to property-related fees and charges and, absent other authority could result in retroactive reduction in existing taxes, assessments or fees and charges.

Proposition 26, a State ballot initiative aimed at restricting regulatory fees and charges, was approved by a majority of California voters on November 2, 2010. Proposition 26 broadens the definition of "tax" in Article XIIC of the California Constitution to include: levies, charges and exactions imposed by local governments, except for charges imposed for benefits or privileges or for services or products granted to the payor (and not provided to those not charged) that do not exceed their reasonable cost; regulatory fees that do not exceed the cost of regulation and are allocated in a fair or reasonable manner; fees for the use of local governmental property; fines and penalties imposed for violations of law; real property development fees; and assessments and property-related fees imposed under Article XIID of the California Constitution. Special taxes imposed by local governments including special districts are subject to approval by two-thirds of the electorate. Proposition 26 applies to charges imposed or increased by local governments after the date of its approval. Metropolitan believes its water rates and charges are not taxes under Proposition 26. SDCWA's lawsuit challenging the rates adopted by Metropolitan in April 2012 (part of which became effective January 1, 2013 and part of which became effective January 1, 2014) alleged that such rates violate Proposition 26. On June 21, 2017, the California Court of Appeal ruled that whether or not Proposition 26 applies to Metropolitan's rates, the System Access Rate and System Power Rate challenged by SDCWA in such lawsuit comply with Proposition 26. SDCWA's lawsuits challenging the rates adopted by Metropolitan in April 2014, April 2016, and April 2018 also alleged that such rates violate Proposition 26. On May 11, 2022, the San Francisco Superior Court ruled that Proposition 26 applies to Metropolitan's rates and charges. See "*Litigation Challenging Rate Structure*." The trial court decision is subject to appeal. Under Proposition 26, the agency holds the burden of proof in a rate or charge challenge. Otherwise, due to the uncertainties of evolving case law and potential future judicial interpretations of Proposition 26, Metropolitan is unable to predict at this time the extent to which Proposition 26, if ultimately determined to apply to Metropolitan's rates and charges, would impose stricter standards on Metropolitan's setting of rates and charges.

Propositions 218 and 26 were adopted as measures that qualified for the ballot pursuant to the State's initiative process. Other initiative measures have been proposed from time to time, or could be proposed in the future, which if qualified for the ballot, could be adopted, or legislative measures could be approved by the Legislature, which may place limitations on the ability of Metropolitan or its member agencies to increase revenues or to increase appropriations in the future, or, if such measures are



retroactive, affect previously adopted revenue increasing actions. Such measures may further affect Metropolitan's ability to collect taxes, assessments or fees and charges, which could have an adverse effect on Metropolitan's revenues.

### **Preferential Rights**

Section 135 of the Act gives each of Metropolitan's member agencies a preferential right to purchase for domestic and municipal uses within the agency a portion of the water served by Metropolitan, based upon a ratio of all payments on tax assessments and otherwise, except purchases of water, made to Metropolitan by the member agency compared to total payments made by all member agencies on tax assessments and otherwise since Metropolitan was formed, except purchases of water. Historically, these rights have not been used in allocating Metropolitan's water. In 2004, the California Court of Appeal upheld Metropolitan's methodology for calculation of the respective member agencies' preferential rights under Section 135 of the Act. SDCWA's litigation challenging Metropolitan's rate structure also challenged Metropolitan's exclusion of payments for Exchange Agreement deliveries from the calculation of SDCWA's preferential right. On June 21, 2017, the California Court of Appeal held that SDCWA's payments under the Exchange Agreement must be included in the preferential rights calculation. See "–Litigation Challenging Rate Structure."

### **Litigation Challenging Rate Structure**

Through several lawsuits filed by SDCWA since 2010, SDCWA has challenged the rates adopted by Metropolitan's Board in 2010, 2012, 2014, 2016 and 2018. Each of these lawsuits and the status thereof are briefly described below.

**The 2010 and 2012 Cases.** SDCWA filed *San Diego County Water Authority v. Metropolitan Water District of Southern California, et al.* on June 11, 2010 challenging the rates adopted by the Board on April 13, 2010, which became effective January 1, 2011, and January 1, 2012 (the "2010 Case"). The complaint requested a court order invalidating the rates adopted April 13, 2010, and that Metropolitan be mandated to allocate certain costs associated with the State Water Contract and the Water Stewardship Rate to water supply rates and not to transportation rates.

As described under "METROPOLITAN'S WATER SUPPLY–Colorado River Aqueduct – Metropolitan and San Diego County Water Authority Exchange Agreement" in this Appendix A, the contract price payable by SDCWA under the Exchange Agreement between Metropolitan and SDCWA is Metropolitan's transportation rates. Therefore, SDCWA also alleged that Metropolitan breached the Exchange Agreement by allocating certain costs related to the State Water Contract and the Water Stewardship Rate to its transportation rates because it resulted in an overcharge to SDCWA for water delivered pursuant to the Exchange Agreement.

On June 8, 2012, SDCWA filed a new lawsuit challenging the rates adopted by Metropolitan on April 10, 2012, and effective on January 1, 2013, and January 1, 2014 (the "2012 Case") based on similar claims, and further alleging that Metropolitan's rates adopted in 2012 violated Proposition 26.

Following a trial of both lawsuits in two phases and subsequent trial court ruling, the parties appealed. On June 21, 2017, the California Court of Appeal ruled that Metropolitan may lawfully include its State Water Project transportation costs in the System Access Rate and System Power Rate that are part of the Exchange Agreement's price term, and that Metropolitan may also lawfully include the System Access Rate in its wheeling rate, reversing the trial court decision on this issue. The court held Metropolitan's allocation of the State Water Project transportation costs as its own transportation costs is proper and does not violate the Wheeling Statutes (Water Code, §1810, *et seq.*), Proposition 26 (Cal. Const., Article XIII C, §1, subd. (e)), whether or not that Proposition applies to Metropolitan's rates,



California Government Code Section 54999.7, the common law, or the terms of the parties' Exchange Agreement.

The Court of Appeal also ruled that the record did not support Metropolitan's inclusion of its Water Stewardship Rate as a transportation cost in the Exchange Agreement price or the wheeling rate, under the common law and the Wheeling Statutes. The court noted that its holding does not preclude Metropolitan from including the Water Stewardship Rate in Metropolitan's full-service rate. See also "*Rate Structure – Water Stewardship Rate*" above.

The Court of Appeal held that because the Water Stewardship Rate was included in the Exchange Agreement price, there was a breach by Metropolitan of the Exchange Agreement in 2011 through 2014 and remanded the case to the trial court for a redetermination of damages in light of its ruling concerning the Water Stewardship Rate. The Court of Appeal also found that the Exchange Agreement may entitle the prevailing party to attorneys' fees for both phases of the case, and directed the trial court on remand to make a new determination of the prevailing party, if any.

On September 27, 2017, the California Supreme Court denied SDCWA's petition for review, declining to consider the Court of Appeal's decision. The Court of Appeal's decision is therefore final.

After tendering payment in 2019, which SDCWA rejected, in February 2021, Metropolitan paid to SDCWA the same amount previously tendered of \$44.4 million for contract damages for SDCWA's Water Stewardship Rate payments from 2011 to 2014 and pre-judgment and post-judgment interest. In September 2021, following a 2021 Court of Appeal opinion clarifying that its Water Stewardship Rate ruling applies to later years, Metropolitan paid to SDCWA the amount of \$35.9 million for SDCWA's Water Stewardship Rate payments from 2015 to 2017 and pre-judgment interest. These payments included all amounts sought related to breach of the Exchange Agreement resulting from the inclusion of the Water Stewardship Rate in the contract price for Exchange Agreement transactions occurring from 2010 until the Water Stewardship Rate was no longer charged in the contract price for Exchange Agreement transactions, beginning in 2018 (See "*Rate Structure*" above). The payments included \$58.1 million withdrawn from the Exchange Agreement Set-Aside Fund (See "*Financial Reserve Policy*" above) and \$22.1 million withdrawn from reserves (the remainder of the statutory interest).

Following the issuance of an order of the Superior Court and Metropolitan's appeal, on March 17, 2022, the Court of Appeal held that SDCWA was the prevailing party in the 2010 and 2012 cases and was therefore entitled to attorney's fees under the parties' Exchange Agreement and litigation costs. On March 21, 2022, Metropolitan paid to SDCWA \$14,296,864.99 (\$13,397,575.66 fees award, plus statutory interest) and \$352,247.79 for costs (\$326,918.34 costs award, plus statutory interest).

On July 27, 2022, Metropolitan paid SDCWA \$411,888.36 for attorneys' fees on appeals of post-remand orders.

***The 2014, 2016 and 2018 Cases.*** SDCWA has also filed lawsuits challenging the rates adopted in 2014, 2016 and 2018 and asserting breach of the Exchange Agreement. Metropolitan filed cross-complaints in the three cases, asserting claims relating to rates and the Exchange Agreement, including reformation.

The operative Petitions for Writ of Mandate and Complaints allege the same Water Stewardship Rate claim and breach of the Exchange Agreement as in the 2010 and 2012 cases, but because Metropolitan paid the amounts sought to SDCWA, and the writ in the 2010 and 2012 cases encompasses these claims, Metropolitan contended that these claims and cross-claims are moot. The cases also alleged that in 2020 and 2021, Metropolitan misallocated its California WaterFix costs as transportation costs and breached the Exchange Agreement by including those costs in the transportation rates charged. In April 2022, the parties requested the court's dismissal with prejudice of the claims and cross-claims



relating to California WaterFix. The cases also claim Metropolitan's wheeling rate fails to provide wheelers a reasonable credit for "offsetting benefits" pursuant to Water Code Section 1810, *et seq.*, and that Metropolitan breached the Exchange Agreement by failing to reduce the price for an "offsetting benefits" credit. The cases additionally requested a judicial declaration that Proposition 26 applies to Metropolitan's rates and charges, and a judicial declaration that SDCWA is not required to pay any portion of a judgment in the litigation. Metropolitan filed cross-complaints in each of these cases, asserting claims relating to rates and the Exchange Agreement.

The cases were stayed pending resolution of the 2010 and 2012 cases, but the stays were subsequently lifted and the cases were consolidated in the San Francisco Superior Court.

Metropolitan and SDCWA each filed motions for summary adjudication of certain issues in the 2014, 2016 and 2018 cases with the court. Summary adjudication is a procedure by which a court may determine the merits of a particular claim or affirmative defense, a claim for damages, and/or an issue of duty before trial.

On May 4, 2022, the San Francisco Superior Court issued an order granting Metropolitan's motion for summary adjudication on its 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.

On May 11, 2022, the San Francisco Superior Court issued an order granting SDCWA's motion for summary adjudication on: Metropolitan's cross-claim in the 2018 case for a declaration with respect to the lawfulness of the Water Stewardship Rate's inclusion in the wheeling rate and transportation rates in 2019 and 2020; certain Metropolitan 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 pursuant to Water Code section 1811(c), with the court also stating that whether that duty arose and whether Metropolitan breached that duty were issues to be resolved at trial; Metropolitan's affirmative defenses that SDCWA's claims were untimely and SDCWA had not satisfied claims presentation requirements; Metropolitan's affirmative defense in the 2018 case that SDCWA had not satisfied dispute resolution requirements under the Exchange Agreement; SDCWA's claim, Metropolitan's cross-claims, and Metropolitan's affirmative defenses regarding the 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 Metropolitan's cross-claims and affirmative defenses regarding the applicability of Government Code section 54999.7, finding that section 54999.7 applies to Metropolitan's rates. The court denied SDCWA's motion on certain other Metropolitan cross-claims and affirmative defenses.

Damages sought by SDCWA in connection with its claims for offsetting benefits credit under the Exchange Agreement exceed \$334 million for the six years (2015 through 2020) at issue in these cases. In the event that SDCWA were to prevail in a final adjudication of this issue, a determination of offsetting benefits credit due to SDCWA, if any, could impact the Exchange Agreement price in future years.

Trial of the 2014, 2016 and 2018 cases occurred May 16 to July 1, 2022 and the parties filed post-trial briefs on August 19, 2022.

On December 27, 2022, the court entered the parties' stipulation memorializing the earlier resolution of the Water Stewardship Rate claims in SDCWA's favor based on the 2021 Court of Appeal decision in the 2010 and 2012 cases.



On March 14, 2023, the court issued an order on SDCWA's motion for partial judgment to address Metropolitan's request for a declaration on its ~~cost causation~~cost causation obligations when setting rates. The court ruled that this is not a proper subject for declaratory relief.

On April 25, 2023, the court issued its final statement of decision concerning the trial in the 2014, 2016, and 2018 cases. For each claim litigated at trial, the court ruled in favor of Metropolitan or found the claim to be moot based on the rulings in Metropolitan's favor. In particular, the court concluded: (1) the duty to include a reasonable credit for any offsetting benefits pursuant to the Wheeling Statutes did not arise and Metropolitan did not breach the Exchange Agreement by failing to calculate a reasonable credit for any offsetting benefits; (2) because Metropolitan did not breach the Exchange Agreement, the court need not address damages; (3) Metropolitan's conditional claims to reform the Exchange Agreement, if SDCWA prevailed, are moot; (4) Metropolitan's conditional claim for a declaration of its rights and duties under the Wheeling Statutes, if SDCWA prevailed on its claim that the Wheeling Statutes apply to the Exchange Agreement is moot (the court stated that while it finds offsetting benefits under the Wheeling Statutes do not apply to the Exchange Agreement's price term, the court "has made no express finding whether the Wheeling Statutes apply"); (5) SDCWA's rate challenges are rejected; and (6) SDCWA's request for a declaration that it could not be required to contribute to a damages, fees, or costs award in the cases is moot.

On April 3, 2024, the court issued a final judgment memorializing the pre-trial and post-trial decisions and stipulations described above. The judgment included entry of judgment in favor of SDCWA on breach of contract in the 2014 and 2016 cases, due to the inclusion of Water Stewardship Rate claims and the parties' stipulation; and entry of judgment in favor of Metropolitan on breach of contract in the 2018 case, which concerned only the offsetting benefits claim. On April 3, 2024, the court also issued a writ of mandate commanding Metropolitan to exclude demand management costs (previously collected through the Water Stewardship Rate) from its pre-set wheeling rate and transportation rates, a practice Metropolitan earlier ceased.

Also on April 3, 2024, SDCWA filed its notice of appeal from the final judgment. On April 17, 2024, Metropolitan filed a notice of cross-appeal, and on May 3, 2024, the seven member agencies that have joined the litigation as interested parties in support of Metropolitan filed a notice of appeal.

Both Metropolitan and SDCWA ~~contend~~contended that it ~~is~~was the prevailing party in these cases and is therefore entitled to an award of fees and costs under the Exchange Agreement. Following ~~briefing, on July 17, 2024, the court issued a tentative ruling that there is no prevailing party due to the mixed results. After a hearing on July 18, 2024, the court took the matter under submission, stating it expects to issue its ruling in mid-August 2024.~~ Superior Court held that Metropolitan was the prevailing party in the 2014, 2016 and 2018 cases and is therefore entitled attorney's fees under the parties' Exchange Agreement and litigation costs. The prevailing party decision is subject to appeal.

The parties have engaged in settlement discussions. The Court of Appeal agreed to the parties' request to postpone appellate briefing at this time. Metropolitan is unable to assess at this time the likelihood of success of the pending appeal, or any other possible appeals, settlements or any future claims.

## Other Revenue Sources

**Hydroelectric Power Revenues.** Metropolitan has constructed 15 small hydroelectric plants on its distribution system. The combined generating capacity of these plants is approximately 130 megawatts, and is dependent on available water sources. The plants are located in Los Angeles, Orange, Riverside, and San Diego Counties at existing pressure control structures and other locations.



In addition, the power requirements for the CRA are offset, in part, by Metropolitan's hydroelectric power generation entitlements from Hoover and Parker dams. A net revenue stream results when the CRA power needs are less than Metropolitan's Hoover and Parker power entitlements, and in which the excess energy is imported and sold into the California Independent System Operator ("CAISO") market.

Since 2000, annual energy generation sales revenues have ranged between \$6.0 million and nearly \$44.9 million, fluctuating with available water supplies. ~~Hydroelectric power~~ Energy generation sales revenues ~~are estimated to be approximately \$9.4, on a cash basis, were \$13.1~~ million for fiscal year 2023-24.

**Investment Income.** In fiscal years 2021-22, ~~2022-23~~ 2022-23, and ~~2023-24~~ 2023-24, Metropolitan's earnings on investments, including adjustments for gains and losses and premiums and discounts, ~~excluding~~ including construction account and trust fund earnings, excluding gains and losses on swap terminations (if any), on a cash basis (unaudited) were ~~\$10.2~~ \$11.3 million, ~~\$21.3~~ \$22.5 million, and ~~\$42.2~~ \$45.0 million, respectively.

### Federal Funding

Metropolitan has received a number of commitments for federal funding in recent years in the form of grants awarded by, and agreements entered into with, the Bureau of Reclamation under programs administered by the Bureau of Reclamation pursuant to funding appropriations made by Congress under provisions of the Infrastructure Investment and Jobs Act (P.L. 11758) enacted by Congress in November 2021 (the "IIJA"), and the Inflation Reduction Act (P.L. 117169) enacted by Congress in August 2022 (the "IRA"). In total, these federal commitments aggregate approximately \$517.8 million in funding to Metropolitan that is expected to be received over the period from 2024 to 2031.

Federal grants made available to Metropolitan under the IIJA funding provisions consist of approximately \$144.8 million in aggregate in grants awarded to fund a portion of the costs of various water efficiency, drought response, water recycling, and other eligible projects of Metropolitan; the most significant of which is \$125.4 million in grant funding awarded by the Bureau of Reclamation for PWSC (see "REGIONAL WATER RESOURCES–Local Water Supplies –Recycled Water-Metropolitan Pure Water Southern California Program") as a large-scale water reuse and recycling project. Funding under these grant programs are subject to applicable cost-sharing requirements, and funds will be disbursed to Metropolitan as reimbursement for a portion of the costs incurred. Funding for these grant programs was appropriated by Congress and made available to the Bureau of Reclamation in installments from federal fiscal year 2022 through federal fiscal year 2026. Funding provided to the Bureau of Reclamation for these grant programs is considered as available for obligation until expended (meaning that the agency can legally commit these funds to a specific purpose, and those funds remain usable for that purpose until they are fully spent, or until the period of availability expires). As of April 15, 2025, the anticipated payments expected to be received by Metropolitan as of such date under executed grant agreements have been received.

The funding provisions of the IRA provided significant mandatory appropriations to the Bureau of Reclamation to be made available from federal fiscal year 2022 through federal fiscal year 2026 (or 2031 for certain programs). The majority of such IRA funding was provided for drought mitigation in states and territories within the Bureau of Reclamation's area of operation, with priority given to the Colorado River Basin and areas experiencing long-term drought. As described under "METROPOLITAN'S WATER SUPPLY–Colorado River Aqueduct –Colorado River Operations: Surplus and Shortage Guidelines – Lower Colorado River Basin System Conservation and Efficiency Program," Metropolitan has entered into a number of System Conservation Agreements with the Bureau of Reclamation under the Lower Colorado River Basin System Conservation and Efficiency Program



established by the Bureau with funding made available under the IRA. These agreements represent approximately \$373.0 million of the federal funding commitments made to Metropolitan.

These agreements include three agreements (together with related amendments) with the Bureau of Reclamation pursuant to which the Bureau of Reclamation, rather than Metropolitan, agreed to pay for conserved water from Metropolitan's PVID Land Management, Crop Rotation and Water Supply Program and Bard Seasonal Fallowing Program for a specified three-year period, and from Metropolitan's Quechan Forbearance Program, for a specified a four-year period, in exchange for which the conserved water from these programs will be added to Lake Mead as Colorado River system water. These agreements are anticipated to represent approximately \$187.1 million in funding in aggregate over the period August 1, 2023 through December 31, 2026. Payments under the agreement (and the program extension amendment) related to Metropolitan's Quechan Forbearance Program are made directly by the Bureau of Reclamation to Metropolitan's program partner, the Quechan Tribe. Payments under the other agreements are made to Metropolitan and then Metropolitan administers the programs. See "METROPOLITAN'S WATER SUPPLY–Water Transfer, Storage and Exchange Programs –Colorado River Aqueduct Agreements and Programs" for a description of these Metropolitan programs. As of April 15, 2025, the anticipated payments expected to be received by Metropolitan as of such date from the Bureau of Reclamation under these agreements have been received.

Other agreements entered into between Metropolitan and the Bureau of Reclamation consist of long-term conservation agreements pursuant to which the Bureau of Reclamation has agreed to provide up to \$186.0 million in funding for conservation programs and projects of Metropolitan and Metropolitan has agreed to provide conserved water to Lake Mead as Colorado River system water over a ten-year period. Funding to be provided by the Bureau of Reclamation under these agreements includes: (i) up to \$82.0 million to fund design and construction of facilities for the AVEK High Desert Water Bank Program (see "METROPOLITAN'S WATER SUPPLY–Water Transfer, Storage and Exchange Programs –State Water Project Agreements and Programs–Antelope Valley-East Kern High Desert Water Bank Program"); (ii) up to \$95.8 million to fund Metropolitan's existing turf replacement program, which provides financial incentives to residents and businesses to convert grass to more sustainable, water-efficient landscaping; and (iii) up to \$8.0 million for the establishment by Metropolitan of a leak detection and repair program in disadvantaged communities. Payments under these agreements are to be made by the Bureau of Reclamation to Metropolitan upon satisfaction by Metropolitan of project milestones. Payment amounts will be based on incurred costs to meet completed project milestones and will be determined on a quarterly basis, and documentation requirements. Prior to receiving funds under these agreements, California's Colorado River water agencies must execute a forbearance agreement confirming that the conserved water will not be consumptively used. The forbearance agreement is anticipated to be executed in the summer of 2025.

President Trump has issued a number of presidential executive orders since taking office, including executive orders outlining the Administration's policy goals and directives for, among other things, infrastructure development in certain areas. One such executive order initially directed an immediate pause of funding allocated to infrastructure projects under the IIJA and IRA during a 90-day review period. Certain of these executive actions have been the subject of judicial challenges. The outcome of these executive orders and subsequent official and unofficial actions that have been or may be taken at the federal level has not yet been determined and their ultimate impact, if any, on unspent funding appropriated by IIJA and IRA as well as obligated grants that have not yet been fully paid out is not yet known. See also "RISK FACTORS – Federal Policy and Funding Risks" in the front part of this Official Statement.

### **Investment of Moneys in Funds and Accounts**

The Board has delegated to the Treasurer the authority to invest funds. All moneys in any of the funds and accounts established pursuant to Metropolitan's water revenue or general obligation bond



resolutions are managed by the Treasurer in accordance with Metropolitan's Statement of Investment Policy. All Metropolitan funds available for investment are currently invested in United States Treasury and agency securities, supranationals, commercial paper, negotiable certificates of deposit, bank deposits (certificate of deposit), corporate notes, municipal bonds, government-sponsored enterprise, money market funds, California Asset Management Program ("CAMP") and the California Local Agency Investment Fund ("LAIF"). CAMP is a program created through a joint powers agency as a pooled short-term portfolio and cash management vehicle for California public agencies. CAMP is a permitted investment for all local agencies under California Government Code Section 53601(p). LAIF is a voluntary program created by statute as an investment alternative for California's local governments and special districts. LAIF permits such local agencies to participate in an investment portfolio, which invests billions of dollars, managed by the State Treasurer's Office.

The Statement of Investment Policy provides that in managing Metropolitan's investments, the primary objective shall be to safeguard the principal of the invested funds. The secondary objective shall be to meet all liquidity requirements and the third objective shall be to achieve a return on the invested funds. Although the Statement of Investment Policy permits investments in some government-sponsored enterprise, the portfolio does not include any of the special investment vehicles related to sub-prime mortgages. Metropolitan's current investments comply with the Statement of Investment Policy.

As of ~~June 30~~March 31, 2024~~2025~~, the total market value (cash-basis) of all Metropolitan invested funds was \$1.4 billion. The market value of Metropolitan's investment portfolio is subject to market fluctuation and volatility and general economic conditions. Over the three years ended ~~June 30~~March 31, 2024~~2025~~, the market value of the month-end balance of Metropolitan's investment portfolio (excluding bond reserve funds) averaged approximately \$1.2 billion. The minimum month-end balance of Metropolitan's investment portfolio (excluding bond reserve funds) during such period was approximately ~~\$1.0 billion~~\$79.9 million on October 31, ~~2023~~2024. See Note 3 to Metropolitan's audited financial statements in Appendix B for additional information on the investment portfolio.

Metropolitan's Administrative Code requires that (1) the Treasurer provide an annual Statement of Investment Policy for approval by Metropolitan's Board, (2) the Treasurer provide a monthly investment report to the Board and the General Manager showing by fund the description, maturity date, yield, par, cost and current market value of each security, and (3) the General Counsel review as to eligibility the securities invested in by the Treasurer for that month and report his or her determinations to the Board. The Board approved the Statement of Investment Policy for fiscal year ~~2024-25~~2024-25 on June 11, 2024.

Subject to the provisions of Metropolitan's water revenue or general obligation bond resolutions, obligations purchased by the investment of bond proceeds in the various funds and accounts established pursuant to a bond resolution are deemed at all times to be a part of such funds and accounts and any income realized from investment of amounts on deposit in any fund or account therein will be credited to such fund or account. The Treasurer is required to sell or present for redemption any investments whenever it may be necessary to do so in order to provide moneys to meet required payments or transfers from such funds and accounts. For the purpose of determining at any given time the balance in any such funds, any such investments constituting a part of such funds and accounts will be valued at the then estimated or appraised market value of such investments.

All investments, including those authorized by law from time to time for investments by public agencies, contain certain risks. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under Metropolitan's water revenue or general obligation revenue bond resolutions, or other amounts held by Metropolitan, could have a material adverse effect on Metropolitan's finances. These



risks may be mitigated, but are not eliminated, by limitations imposed on the portfolio management process by Metropolitan's Statement of Investment Policy.

The Statement of Investment Policy requires that investments have a minimum credit rating of "A-1/P-1/F1" for short-term securities and "A" for longer-term securities, without regard to modifiers, at the time of purchase. If a security is downgraded below the minimum rating criteria specified in the Statement of Investment Policy, the Treasurer shall determine a course of action to be taken on a case-by-case basis considering such factors as the reason for the downgrade, prognosis for recovery, or further rating downgrades, and the market price of the security. The Treasurer is required to note in the Treasurer's monthly report any securities which have been downgraded below Policy requirements and the recommended course of action.

The Statement of Investment Policy also limits the amount of securities that can be purchased by category, as well as by issuer, and prohibits investments that can result in zero interest income. Metropolitan's securities are settled on a delivery versus payment basis and are held by an independent third-party custodian. See Metropolitan's financial statements included in APPENDIX B- "THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, ~~2023~~2024 AND JUNE 30, ~~2022~~2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, ~~2024~~2025 AND ~~2023~~2024 (UNAUDITED)" for a description of Metropolitan's investments at June 30, ~~2023~~2024, and March 31, ~~2024~~2025.

Metropolitan retains an outside investment firm to manage its core portfolio, a portion of the liquidity portfolio, and the Endowment Portfolio. The Endowment Portfolio includes the Lake Matthews Trust, DVR Multi-Species Reserve Fund, Habitat Maintenance Fund-Lower Colorado, Water Utility Climate Alliance Membership, and the HCP Remedial Measures Fund. This firm managed approximately ~~\$862.8895.3~~ million in total investments on behalf of Metropolitan as of ~~June 30~~March 31, 20242025. All outside managers are required to adhere to Metropolitan's Statement of Investment Policy.

Metropolitan's Statement of Investment Policy may be changed at any time by the Board (subject to State law provisions relating to authorized investments). There can be no assurance that State law and/or the Statement of Investment Policy will not be amended in the future to allow for investments that are currently not permitted under State law or the Statement of Investment Policy, or that the objectives of Metropolitan with respect to investments or its investment holdings at any point in time will not change.

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## METROPOLITAN EXPENSES

### General

The following table sets forth a summary of Metropolitan's expenses, by major function, for the five years ended June 30, 2024. Data for the three fiscal years ended on or prior to June 30, 2022 is presented on a modified accrual basis, consistent with Metropolitan's budgetary reporting for such fiscal years. In fiscal year 2022-23, the basis for budgeting was changed, therefore data for the fiscal years ended June 30, 2023 and 2024 is presented on a cash basis. All information is unaudited. Expenses of Metropolitan for the fiscal years ended June 30, ~~2023~~2024 and June 30, ~~2022~~2023, on an accrual basis, are shown in Metropolitan's audited financial statements included in Appendix B.

### SUMMARY OF EXPENSES Fiscal Years Ended June 30 (Dollars in Millions)

	Modified Accrual			Cash
	\$	\$	\$	
	(	(	(	
	\$	\$	\$	
	(	1	\$	2023
Operation and Maintenance Costs <sup>(1)(2)</sup>	\$	\$	\$	940
Total State Water Project <sup>(3)</sup>				579
Total Debt Service				301
Construction Expenses from Revenues <sup>(4)</sup>				135
Other <sup>(5)</sup>				7
Total Expenses (net of reimbursements)	\$	\$	\$	1,962

Source: Metropolitan.

(1) Includes operation and maintenance, debt administration, conservation and local resource programs, CRA power, and water supply expenses. Fiscal year 2020-21, fiscal year 2021-22, fiscal year 2022-23, and fiscal year 2023-2024 include \$25 million, \$25 million, \$34.5 million, and \$64.5 million for Delta Conveyance expenses, respectively. See "METROPOLITAN'S WATER SUPPLY-State Water Project – Bay-Delta Proceedings Affecting State Water Project – *Delta Conveyance*."

(2) The higher level of increases in Operation and Maintenance costs in fiscal years 2021-22 and 2022-23 over prior years primarily reflects significant increases in the costs of chemicals and other materials resulting from shortages or supply chain issues and higher than average CRA power and supply program costs.

(3) Includes operating and capital expense portions and Delta Conveyance.

(4) At the discretion of the Board, in any given year, Metropolitan may increase or decrease funding available for construction disbursements to be paid from revenues. Does not include expenditures of bond proceeds.

(5) Includes operating equipment. Fiscal year 2021-22 includes \$51 million for SDCWA litigation payments.

~~(6) Fiscal year 2023-24 information is based on preliminary results.~~

### Revenue Bond Indebtedness and Other Obligations

As of ~~September 1~~June 2, 20242025, Metropolitan will have total outstanding indebtedness secured by a lien on Net Operating Revenues of ~~\$4.044~~\$4.08 billion. This indebtedness ~~was~~is comprised of (a)(i) ~~\$2.70~~\$2.87 billion of Senior Revenue Bonds issued under the Senior Debt Resolutions (each as defined below), which includes ~~\$2.37~~\$2.54 billion of fixed rate Senior Revenue Bonds, and \$331.9 million



of variable rate Senior Revenue Bonds; ~~and (ii) \$384.4 million (of which \$147.7 million are being refunded by Metropolitan's Water Revenue Refunding Bonds, 2025 Series A (the "2025A Bonds") as described under "PLAN OF REFUNDING" in the front part of this Official Statement);~~ and (ii) \$99.4 million of senior lien short-term notes issued pursuant to Metropolitan's Short-Term Revolving Credit Facility (described below), which bear interest at a variable rate, and which are Senior Parity Obligations (which includes all obligations payable from Net Operating Revenues on parity with the Senior Revenue Bonds) (see "Outstanding Senior Revenue Bonds and Senior Parity Obligations—Senior Parity Obligations"); and (b) ~~\$953.2 million~~ 1.10 billion of Subordinate Revenue Bonds issued under the Subordinate Debt Resolutions (each as defined below), which includes \$650.7 million of fixed rate Subordinate Revenue Bonds, and ~~\$302.6 million~~ 452.6 million of variable rate Subordinate Revenue Bonds. In addition, Metropolitan has \$272.9 million of fixed-payor interest rate swaps which provides a fixed interest rate hedge to an equivalent amount of variable rate debt. Metropolitan's revenue bonds and other revenue obligations are more fully described below.

**REVENUE BOND INDEBTEDNESS AND OTHER OBLIGATIONS**  
(as of ~~September 1, 2024~~ June 2, 2025)

	Variable Rate	Fixed Rate	Total
		\$	\$
Senior Lien Revenue Bonds	\$ 331,875,000	<del>2,367,560,000</del> <u>2,541,060,000</u>	<del>2,699,435,000</del> <u>2,872,935,000</u>
Senior Lien Short-Term Notes	<del>384,400,000</del> <u>99,400,000</u>	—	<del>384,400,000</del> <u>99,400,000</u>
Subordinate Lien Revenue Bonds	<del>302,550,000</del> <u>452,550,000</u>	650,695,000	<del>953,245,000</del> <u>1,103,245,000</u>
<b>Total</b>	<del>\$1,018,825,000</del> <u>\$883,825,000</u>	<del>\$3,018,255,000</del> <u>\$3,191,755,000</u>	<del>\$4,037,080,000</del> <u>\$4,075,580,000</u>
Fixed-Payor Interest Rate Swaps	(272,870,000)	272,870,000	—
	\$	\$	\$
<b>Net Amount (after giving effect to Swaps)</b>	<del>745,955,000</del> <u>610,955,000</u>	<del>3,291,125,000</del> <u>3,464,625,000</u>	<del>4,037,080,000</del> <u>4,075,580,000</u>

Source: Metropolitan.

As described under "Outstanding Senior Revenue Bonds and Senior Parity Obligations—Senior Parity Obligations," in March 2024, Metropolitan entered into a Short-Term Revolving Credit Facility pursuant to which Metropolitan may issue senior lien short-term notes from time-to-time, bearing interest at a variable rate, and payable on parity with Metropolitan's Senior Revenue Bonds. As of ~~September 1, 2024~~ June 2, 2025, ~~\$384,400,000~~ \$99,400,000 of senior lien short-term notes ~~are~~ will be outstanding under such Short-Term Revolving Credit Facility. ~~Approximately \$316.0 million of such outstanding short-term notes are expected to be refunded with proceeds of Metropolitan's Water System Revenue and Refunding Bonds, 2024 Series C (the "2024C Bonds") and Variable Rate Subordinate Water Revenue Refunding Bonds, 2024 Series D (the "2024D Subordinate Bonds"). See "PLAN OF FINANCE" in the front part of this Official Statement.~~



## Limitations on Additional Revenue Bonds

Resolution 8329, adopted by Metropolitan's Board on July 9, 1991, as amended and supplemented (the "Master Senior Resolution," and collectively with all such supplemental resolutions, the "Senior Debt Resolutions"), provides for the issuance of Metropolitan's senior lien water revenue bonds. The Senior Debt Resolutions establish limitations on the issuance of additional obligations payable from Net Operating Revenues. Under the Senior Debt Resolutions, no additional bonds, notes or other evidences of indebtedness payable out of Operating Revenues may be issued having any priority in payment of principal, redemption premium, if any, or interest over any water revenue bonds authorized by the Senior Debt Resolutions ("Senior Revenue Bonds") or other obligations of Metropolitan having a lien and charge upon, or being payable from, the Net Operating Revenues on parity with such Senior Revenue Bonds ("Senior Parity Obligations"). No additional Senior Revenue Bonds or Senior Parity Obligations may be issued or incurred unless the conditions of the Senior Debt Resolutions have been satisfied.

Resolution 9199, adopted by Metropolitan's Board on March 8, 2016, as amended and supplemented (the "Master Subordinate Resolution," and collectively with all such supplemental resolutions, the "Subordinate Debt Resolutions," and together with the Senior Debt Resolutions, the "Revenue Bond Resolutions"), provides for the issuance of Metropolitan's subordinate lien water revenue bonds and other obligations secured by a pledge of Net Operating Revenues that is subordinate to the pledge securing Senior Revenue Bonds and Senior Parity Obligations. The Subordinate Debt Resolutions establish limitations on the issuance of additional obligations payable from Net Operating Revenues. Under the Subordinate Debt Resolutions, with the exception of Senior Revenue Bonds and Senior Parity Obligations, no additional bonds, notes or other evidences of indebtedness payable out of Operating Revenues may be issued having any priority in payment of principal, redemption premium, if any, or interest over any subordinate water revenue bonds authorized by the Subordinate Debt Resolutions ("Subordinate Revenue Bonds" and, together with Senior Revenue Bonds, "Revenue Bonds") or other obligations of Metropolitan having a lien and charge upon, or being payable from, the Net Operating Revenues on parity with the Subordinate Revenue Bonds ("Subordinate Parity Obligations"). No additional Subordinate Revenue Bonds or Subordinate Parity Obligations may be issued or incurred unless the conditions of the Subordinate Debt Resolutions have been satisfied.

The laws governing Metropolitan's ability to issue water revenue bonds currently provide two additional limitations on indebtedness that may be incurred by Metropolitan. The Act provides for a limit on general obligation bonds, water revenue bonds and other evidences of indebtedness of 15 percent of the assessed value of all taxable property within Metropolitan's service area. As of ~~September 1, 2024~~June 2, 2025, outstanding general obligation bonds, water revenue bonds and other evidences of indebtedness in the amount of ~~\$4.06~~4.09 billion represented approximately 0.10 percent of the fiscal year ~~2023-24~~2024-25 taxable assessed valuation of ~~\$3,861.44~~4,063.1 billion. ~~to be updated for fy 2024-25 assessed valuation when available~~ The second limitation under the Act specifies that no revenue bonds may be issued, except for the purpose of refunding, unless the amount of net assets of Metropolitan as shown on its balance sheet as of the end of the last fiscal year prior to the issuance of such bonds, equals at least 100 percent of the aggregate amount of revenue bonds outstanding following the issuance of such bonds. The net assets of Metropolitan at June 30, ~~2023~~2024 were ~~\$7.45~~7.37 billion. The aggregate amount of revenue bonds outstanding as of ~~September, 2024~~was June 2, 2025 will be \$3.653.98 billion. The limitation does not apply to other forms of financing available to Metropolitan. Audited financial statements including the net assets of Metropolitan as of June 30, ~~2023~~2024 and June 30, ~~2022~~2023 are shown in Metropolitan's audited financial statements included in APPENDIX B—"THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, ~~2023~~2024 AND JUNE 30, ~~2022~~2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, ~~2024~~2025 AND ~~2023~~2024 (UNAUDITED)."



Metropolitan provides no assurance that the Act's limitations on indebtedness will not be revised or removed by future legislation. Limitations under the Revenue Bond Resolutions respecting the issuance of additional obligations payable from Net Operating Revenues on parity with the Senior Revenue Bonds and Subordinate Revenue Bonds of Metropolitan will remain in effect so long as any Senior Revenue Bonds and Subordinate Revenue Bonds authorized pursuant to the applicable Revenue Bond Resolutions are outstanding, provided however, that the Revenue Bond Resolutions are subject to amendment and supplement in accordance with their terms.

### Variable Rate Exposure Policy

As of ~~September 1, 2024~~June 2, 2025, Metropolitan ~~will have had~~ outstanding ~~\$716.3~~\$431.3 million of variable rate obligations issued as Senior Revenue Bonds under the Senior Debt Resolutions and variable rate short-term notes incurred as Senior Parity Obligations under Metropolitan's Short-Term Revolving Credit Facility (described under "–Outstanding Senior Revenue Bonds and Senior Parity Obligations" below). In addition, as of ~~September 1, 2024~~June 2, 2025, ~~\$302.6~~\$452.6 million of variable rate Subordinate Revenue Bonds issued under the Subordinate Debt Resolutions were outstanding (described under "–Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations" below).

As of ~~September 1, 2024~~June 2, 2025, of Metropolitan's ~~\$1.02 billion~~\$883.8 million of variable rate obligations, \$272.9 million of such variable rate demand obligations are treated by Metropolitan as fixed rate debt, by virtue of interest rate swap agreements (described under "–Outstanding Senior Revenue Bonds and Senior Parity Obligations – Variable Rate and Swap Obligations – *Interest Rate Swap Transactions*" below), for the purpose of calculating debt service requirements. The remaining ~~\$746.0~~\$611.0 million of variable rate obligations represent approximately ~~19.1~~15.0 percent of total outstanding water revenue secured indebtedness (including Senior Revenue Bonds and Senior Parity Obligations and Subordinate Revenue Bonds and Subordinate Parity Obligations), as of ~~September 1, 2024~~June 2, 2025.

Metropolitan's variable rate exposure policy requires that variable rate debt be managed to limit net interest cost increases within a fiscal year as a result of interest rate changes to no more than \$5 million. In addition, the maximum amount of variable interest rate exposure (excluding variable rate bonds associated with interest rate swap agreements) is limited to 40 percent of total outstanding water revenue bond debt. Variable rate debt capacity will be reevaluated as interest rates change and managed within these parameters.

### Outstanding Senior Revenue Bonds and Senior Parity Obligations

#### Senior Revenue Bonds

The water revenue bonds issued under the Senior Debt Resolutions to be outstanding as of ~~September 1, 2024~~June 2, 2025 are set forth below:

#### Outstanding Senior Revenue Bonds

Name of Issue	Principal Outstanding
Water Revenue Refunding Bonds, 2011 Series C	\$ 29,315,000
Water Revenue Bonds, 2015 Authorization, Series A	35,120,000
Water Revenue Refunding Bonds, 2016 Series A	112,415,000
Special Variable Rate Water Revenue Refunding Bonds, 2016 Series B-2 <sup>(1)</sup>	25,325,000
Water Revenue Bonds, 2017 Authorization, Series A <sup>(1)</sup>	24,275,000



	<del>114,615,000</del> <u>109,285,000</u>
Water Revenue Refunding Bonds, 2018 Series B	<u>5,000</u>
Water Revenue Refunding Bonds, 2019 Series A	218,090,000
Water Revenue Bonds, 2020 Series A	207,355,000
Water Revenue Refunding Bonds, 2020 Series C	245,970,000
Water Revenue Bonds, 2021 Series A	188,890,000
	<del>74,465,000</del> <u>62,105,000</u>
Water Revenue Refunding Bonds, 2021 Series B	<u>000</u>
	<del>268,360,000</del> <u>258,280,000</u>
Water Revenue Refunding Bonds, 2022 Series A	<u>0,000</u>
Water Revenue Refunding Bonds, 2022 Series B	253,365,000
Special Variable Rate Water Revenue Refunding Bonds, 2022 Series C-1 <sup>(2)</sup> and C-2 <sup>(1)</sup>	282,275,000
	<del>252,595,000</del> <u>249,025,000</u>
Water Revenue Bonds, 2023 Series A	<u>5,000</u>
	<del>367,005,000</del> <u>363,575,000</u>
Water Revenue Refunding Bonds, 2024 Series A	<u>5,000</u>
<u>Water Revenue Bonds, 2024 Series C</u>	<u>208,270,000</u>
	\$
<b>Total</b>	<del>2,699,435,000</del> <u>2,872,935,000</u>

Source: Metropolitan.

<sup>(1)</sup> Outstanding variable rate obligation.

<sup>(2)</sup> To be refunded by Metropolitan's 2025A Bonds.

### **Variable Rate Bonds and Swap Obligations**

As of ~~September 1, 2024~~June 2, 2025, of Metropolitan's ~~\$2.70~~2.87 billion of outstanding Senior Revenue Bonds, \$331.9 million ~~are~~were variable rate Senior Revenue Bonds issued under the Senior Debt Resolutions (described under this caption "–Variable Rate Bonds and Swap Obligations") in either a daily mode or a weekly mode and supported by standby bond purchase agreements between Metropolitan and various liquidity providers ("Liquidity Supported Senior Revenue Bonds").



**Liquidity Supported Senior Revenue Bonds.** Metropolitan’s outstanding variable rate demand obligations issued under the Senior Debt Resolutions, totaling \$331.9 million as of ~~September 1~~June 2, 20242025, consisted of \$49.6 million principal amount of variable rate Senior Revenue Bonds, the interest rates on which are currently reset on a daily basis, and \$282.3 million principal amount of variable rate Senior Revenue Bonds, the interest rates on which are reset on a weekly basis. The variable rate demand obligations bearing interest at a daily rate are subject to optional tender on any business day with same day notice by the owners thereof and mandatory tender upon specified events. The variable rate demand obligations bearing interest at a weekly rate are subject to optional tender on any business day upon seven days’ notice by the owners thereof and mandatory tender upon specified events. Such variable rate demand obligations are supported by standby bond purchase agreements between Metropolitan and liquidity providers that provide for purchase of variable rate bonds by the applicable liquidity provider upon tender of such variable rate bonds and a failed remarketing. Metropolitan has secured its obligation to repay principal and interest advanced under the standby bond purchase agreements as Senior Parity Obligations. A decline in the creditworthiness of a liquidity provider will likely result in an increase in the interest rate of the applicable variable rate bonds, as well as an increase in the risk of a failed remarketing of such tendered variable rate bonds. Variable rate bonds purchased by a liquidity provider (“bank bonds”) would initially bear interest at a per annum interest rate equal to, depending on the liquidity facility, either: (a) the highest of (i) the Prime Rate, (ii) the Federal Funds Rate plus one-half of a percent, or (iii) seven and one-half percent (with the spread or rate increasing in the case of each of (i), (ii) and (iii) of this clause (a) by one percent after 60 days); or (b) the highest of (i) the Prime Rate plus one percent, (ii) Federal Funds Rate plus two percent, and (iii) seven percent (with the spread or rate increasing in the case of each of (i), (ii) and (iii) of this clause (b) by one percent after 90 days). To the extent such bank bonds have not been remarketed or otherwise retired as of the earlier of the 60<sup>th</sup> day following the date such bonds were purchased by the liquidity provider or the stated expiration date of the related liquidity facility, Metropolitan’s obligation to reimburse the liquidity provider may convert the term of the variable rate bonds purchased by the liquidity provider into a term loan payable under the terms of the current liquidity facilities in semi-annual installments over a period ending on the third anniversary of the date on which the variable rate bonds were purchased by the liquidity provider. In addition, upon an event of default under any such liquidity facility, including a failure by Metropolitan to perform or observe its covenants under the applicable standby bond purchase agreement, a default in other specified indebtedness of Metropolitan, or other specified events of default (including a reduction in the credit rating assigned to Senior Revenue Bonds issued under the Senior Debt Resolutions by any of Fitch, S&P or Moody’s below “A–” or “A3”), the liquidity provider could require all bank bonds to be subject to immediate mandatory redemption by Metropolitan.

The following table lists the current liquidity providers, the current expiration date of each facility, and the principal amount of outstanding variable rate demand obligations covered under each facility as of ~~September 1~~June 2, 20242025.

#### Liquidity Facilities and Expiration Dates

Liquidity Provider	Bond Issue	Principal Outstanding	Facility Expiration
TD Bank, N.A.	2016 Series B-2	\$ 25,325,000	January 2026
TD Bank, N.A.	2022 Series C-1 <sup>(1)</sup>	147,650,000	January 2026
PNC Bank, N.A.	2017 Authorization Series A	24,275,000	January 2026
PNC Bank, N.A.	2022 Series C-2	134,625,000	January 2026
<b>Total</b>		<b>\$ 331,875,000</b>	

Source: Metropolitan.



(1) To be refunded by Metropolitan's 2025A Bonds.

**Interest Rate Swap Transactions.** By resolution adopted on September 11, 2001, Metropolitan's Board authorized the execution of interest rate swap transactions and related agreements in accordance with a master swap policy, which was subsequently amended by resolutions adopted on July 14, 2009 and May 11, 2010. Metropolitan may execute interest rate swaps if the transaction can be expected to reduce exposure to changes in interest rates on a particular financial transaction or in the management of interest rate risk derived from Metropolitan's overall asset/liability balance, result in a lower net cost of borrowing or achieve a higher net rate of return on investments made in connection with or incidental to the issuance, incurring or carrying of Metropolitan's obligations or investments, or manage variable interest rate exposure consistent with prudent debt practices and Board-approved guidelines. The Assistant General Manager, Finance & Administration reports to the Finance and Asset Management Committee of Metropolitan's Board each quarter on outstanding swap transactions, including notional amounts outstanding, counterparty exposures and termination values based on then-existing market conditions.

Metropolitan currently has one type of interest rate swap, referred to in the table below as "Fixed Payor Swaps." Under this type of swap, Metropolitan receives payments that are calculated by reference to a floating interest rate and makes payments that are calculated by reference to a fixed interest rate.

Metropolitan's obligations to make regularly scheduled net payments under the terms of the interest rate swap agreements are payable on a parity with the Senior Parity Obligations. Termination payments under the 2002A and 2002B interest rate swap agreements would be payable on a parity with the Senior Parity Obligations. Termination payments under all other interest rate swap agreements would be on parity with the Subordinate Parity Obligations.

The periodic payments due to Metropolitan from counterparties under its outstanding interest rate swap agreements were previously calculated by reference to the London interbank offering rate ("LIBOR"). On June 30, 2023, LIBOR rates for all tenors used to determine the periodic payments due to Metropolitan from swap counterparties ceased to be published. Prior to such date, Metropolitan adopted the terms of the ISDA 2020 IBOR Fallbacks Protocol for its existing swap agreements. Under the terms of the ISDA 2020 IBOR Fallbacks Protocol, the floating rate calculations based on a USD LIBOR rate switched to a term-adjusted Secured Overnight Financing rate ("SOFR") plus an adjustment. For Metropolitan swaps that had used one-month and three-month LIBOR, the new floating rate for one-month LIBOR will be SOFR plus 0.11448 basis points ("bps"), and the new floating rate for three-month LIBOR will be SOFR plus 0.26161 bps.

The following swap transactions ~~are~~were outstanding as of ~~September 1~~June 2, 2024~~2025~~:

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**FIXED PAYOR SWAPS:**

<b>Designation</b>	<b>Notional Amount Outstanding</b>	<b>Swap Counterparty</b>	<b>Fixed Payor Rate</b>	<b>Metropolitan Receives</b>	<b>Maturity Date</b>
2002 A	\$ 12,270,000	Morgan Stanley Capital Services, Inc.	3.300%	57.74% x (SOFR plus 11.448 bps)	<del>7/1/2025</del> <u>7/1/2025</u>
2002 B	4,590,000	JPMorgan Chase Bank	3.300	57.74% x (SOFR plus 11.448 bps)	<del>7/1/2025</del> <u>7/1/2025</u>
2003	97,777,500	Wells Fargo Bank	3.257	61.20% x (SOFR plus 11.448 bps)	<del>7/1/2030</del> <u>7/1/2030</u>
2003	97,777,500	JPMorgan Chase Bank	3.257	61.20% x (SOFR plus 11.448 bps)	<del>7/1/2030</del> <u>7/1/2030</u>
2004 C	4,672,250	Morgan Stanley Capital Services, Inc.	2.980	61.55% x (SOFR plus 11.448 bps)	10/1/2029
2004 C	3,822,750	Citigroup Financial Products, Inc.	2.980	61.55% x (SOFR plus 11.448 bps)	10/1/2029
2005	25,980,000	JPMorgan Chase Bank	3.360	70.00% x (SOFR plus 26.161 bps)	<del>7/1/2030</del> <u>7/1/2030</u>
2005	25,980,000	Citigroup Financial Products, Inc.	3.360	70.00% x (SOFR plus 26.161 bps)	<del>7/1/2030</del> <u>7/1/2030</u>
<b>Total</b>	<b>\$ 272,870,000</b>				

*Source: Metropolitan.*

These interest rate swap agreements entail risk to Metropolitan. One or more counterparties may fail or be unable to perform, interest rates may vary from assumptions, Metropolitan may be required to post collateral in favor of its counterparties and Metropolitan may be required to make significant payments in the event of an early termination of an interest rate swap. Metropolitan seeks to manage counterparty risk by diversifying its swap counterparties, limiting exposure to any one counterparty, requiring collateralization or other credit enhancement to secure swap payment obligations, and by requiring minimum credit rating levels. Initially, swap counterparties must be rated at least “Aa3” or “AA-”, or equivalent by any two of the nationally recognized credit rating agencies; or use a “AAA” subsidiary as rated by at least one nationally recognized credit rating agency. Should the credit rating of an existing swap counterparty drop below the required levels, Metropolitan may enter into additional swaps if those swaps are “offsetting” and risk-reducing swaps. Each counterparty is initially required to have minimum capitalization of at least \$150 million. See Note 5(e) in Metropolitan’s audited financial statements in Appendix B.

Early termination of an interest rate swap agreement could occur due to a default by either party or the occurrence of a termination event (including defaults under other specified swaps and indebtedness, certain acts of insolvency, if a party may not legally perform its swap obligations, or, with respect to Metropolitan, if its credit rating is reduced below “BBB-” by Moody’s or “Baa3” by S&P (under most of the interest rate swap agreements) or below “BBB” by Moody’s or “Baa2” by S&P (under one of the interest rate swap agreements)). As of ~~June 30~~March 31, 2024~~2025~~, Metropolitan would have been required to pay to its counterparties termination payments if its swaps were terminated on that date. Metropolitan’s net exposure to its counterparties for all such termination payments on that date was



approximately ~~\$3.6~~4.5 million. Metropolitan does not presently anticipate early termination of any of its interest rate swap agreements due to default by either party or the occurrence of a termination event. However, Metropolitan has previously exercised, and may in the future exercise, from time to time, optional early termination provisions to terminate all or a portion of certain interest rate swap agreements.

Metropolitan is required to post collateral in favor of a counterparty to the extent that Metropolitan's total exposure for termination payments to that counterparty exceeds the threshold specified in the applicable swap agreement. Conversely, the counterparties are required to release collateral to Metropolitan or post collateral for the benefit of Metropolitan as market conditions become favorable to Metropolitan. As of ~~June 30~~March 31, 2024~~2025~~, Metropolitan had no collateral posted with any counterparty. The highest, month-end, amount of collateral posted was \$36.8 million, on June 30, 2012, which was based on an outstanding swap notional amount of \$1.4 billion at that time. The amount of required collateral varies from time to time due primarily to interest rate movements and can change significantly over a short period of time. See "METROPOLITAN REVENUES—Financial Reserve Policy" in this Appendix A. In the future, Metropolitan may be required to post additional collateral, or may be entitled to a reduction or return of the required collateral amount. Collateral deposited by Metropolitan is held by the counterparties; a bankruptcy of any counterparty holding collateral posted by Metropolitan could adversely affect the return of the collateral to Metropolitan. Moreover, posting collateral limits Metropolitan's liquidity. If collateral requirements increase significantly, Metropolitan's liquidity may be materially adversely affected. See "METROPOLITAN REVENUES—Financial Reserve Policy" in this Appendix A.

### **Senior Parity Obligations**

***Short-Term Revolving Credit Facility.*** In March 2024, Metropolitan entered into a note purchase and continuing covenant agreement with Bank of America, N.A. ("BANA"), for the purchase by BANA and sale by Metropolitan from time-to-time of short-term flexible rate revolving notes (the "Short-Term Revolving Credit Facility"). Pursuant to the Short-Term Revolving Credit Facility, Metropolitan may borrow, pay down and re-borrow amounts through the issuance and sale from time to time of short-term notes (with maturity dates not exceeding one year from their delivery date), in an aggregate principal amount not to exceed \$400 million (including, subject to certain terms and conditions, notes to refund maturing notes) to be purchased by BANA during the term of BANA's commitment to purchase notes thereunder, which commitment currently extends to March 19, 2027. As of ~~September 1~~June 2, 2024~~2025~~, Metropolitan had ~~\$384.4~~499.4 million principal amount of tax-exempt short-term notes outstanding under the Short-Term Revolving Credit Facility, ~~consisting of \$348.4 million of tax-exempt notes and \$36.0 million of taxable notes. Approximately \$316.0 million of such outstanding short-term notes (consisting of \$280.0 million of the outstanding tax-exempt notes and all of the outstanding taxable notes) are expected to be refunded with proceeds of Metropolitan's 2024C Bonds and 2024D Subordinate Bonds. See "PLAN OF FINANCE" in the front part of this Official Statement.~~

Notes under the Short-Term Revolving Credit Facility bear interest at a fluctuating rate of interest per annum equal to: (A) for taxable borrowings, SOFR as administered by the Federal Reserve Bank of New York (or a successor administrator) as determined for each day in accordance with the Short-Term Revolving Credit Facility ("Daily Simple SOFR" as further defined in the Short-Term Credit Facility) plus 0.80 percent (so long as the current credit ratings on Metropolitan's Senior Revenue Bonds issued under the Senior Debt Resolutions are maintained); and (B) for tax-exempt borrowings, 80 percent of Daily Simple SOFR plus 0.60 percent (so long as the current credit ratings on Metropolitan's Senior Revenue Bonds issued under the Senior Debt Resolutions are maintained), subject, in each case to an applicable maximum interest rate, which shall not, in any case, exceed 18 percent. Subject to the satisfaction of certain terms and conditions, any unpaid principal borrowed under the Short-Term Revolving Credit Facility remaining outstanding at the March 19, 2027 stated commitment expiration



date of the Short-Term Revolving Credit Facility may be refunded by and exchanged for term notes payable by Metropolitan in approximately equal semi-annual principal installments over a period of approximately three years. Any such term notes will bear interest at a fluctuating rate of interest per annum equal to, for each day: (A) for taxable borrowings, (1) the greatest of (i) the Prime Rate plus one percent, (ii) the Federal Funds Rate in effect at such time plus two percent, and (iii) ten percent (such rate as from time to time in effect, the “Taxable Base Rate”), plus (2) two percent; and (B) for tax-exempt borrowings, (1) the greatest of (i) the Prime Rate plus one percent, (ii) the Federal Funds Rate in effect at such time plus two percent, and (iii) seven percent (such rate as from time to time in effect, the “Tax-Exempt Base Rate”), plus (2) two percent.

Under the Short-Term Revolving Credit Facility, upon a failure by Metropolitan to pay principal of or interest on any note thereunder, a failure by Metropolitan to perform or observe its covenants, a default in other specified indebtedness of Metropolitan, certain acts of bankruptcy or insolvency, or other specified events of default (including if any of Fitch, S&P or Moody’s shall have assigned a credit rating below “A-” or “A3,” or if each of Fitch, S&P and Moody’s shall have assigned a credit rating below “BBB-” or “Baa3,” to Senior Revenue Bonds issued under the Senior Debt Resolutions), BANA has the right to terminate its commitments and may accelerate (depending on the event, seven days after the occurrence, or for certain events, only after 180 days’ notice, or, in connection with certain acts of bankruptcy or insolvency or in the event of an acceleration of Metropolitan debt by another lender, credit enhancer or swap counterparty, immediately) Metropolitan’s obligation to repay its borrowings.

Metropolitan has secured its obligation to pay principal and interest on notes evidencing borrowings under the Short-Term Revolving Credit Facility as Senior Parity Obligations.

In connection with the execution of the Short-Term Revolving Credit Facility, Metropolitan designated the principal and interest payable on the notes issued thereunder as Excluded Principal Payments under the Senior Debt Resolutions and thus, for purposes of calculating Maximum Annual Debt Service, included the amount of principal and interest due and payable under the Short-Term Revolving Credit Facility on a schedule of Assumed Debt Service for any outstanding draws.

Metropolitan has previously entered, and may in the future enter, into one or more other or alternative short-term revolving credit facilities, the repayment obligations of Metropolitan under which may be secured as either Senior Parity Obligations or Subordinate Parity Obligations.

## **Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations**

### **Subordinate Revenue Bonds**

The water revenue bonds issued under the Subordinate Debt Resolutions outstanding as of ~~September 1~~ June 2, 2024 ~~2025~~, are set forth below:

### **Outstanding Subordinate Revenue Bonds**

<b>Name of Issue</b>	<b>Principal Outstanding</b>
Subordinate Water Revenue Refunding Bonds, 2017 Series A	\$ 140,660,000
Subordinate Water Revenue Bonds, 2018 Series B	57,740,000
Subordinate Water Revenue Refunding Bonds, 2019 Series A	150,340,000
Subordinate Water Revenue Refunding Bonds, 2020 Series A	125,570,000
Subordinate Water Revenue Refunding Bonds, 2021 Series A <sup>(1)</sup>	222,160,000
<del>Variable Rate</del> Subordinate Water Revenue Refunding Bonds, 2024 Series B-1 <sup>(1)</sup>	80,390,000
Subordinate Water Revenue Refunding Bonds, 2024 Series B-2 <sup>(2)</sup>	89,445,000
Subordinate Water Revenue Refunding Bonds, 2024 Series B-3 <sup>(3)</sup>	86,940,000



Subordinate Water Revenue Refunding Bonds, 2024 Series D<sup>(1)</sup>150,000,000

\$

**Total****953,245,000**  
1,103,245,000*Source: Metropolitan.*

- (1) Outstanding variable rate obligations.
- (2) Initially delivered in a term rate mode at a fixed interest rate to July 1, 2029.
- (3) Initially delivered in a term rate mode at a fixed interest rate to July 1, 2031.

**Variable Rate Bonds**

As of ~~September 1~~June 2, 2024~~2025~~, of the ~~\$953.2 million~~1.10 billion outstanding Subordinate Revenue Bonds, ~~\$302.6~~452.6 million ~~are~~were variable rate obligations. The outstanding variable rate obligations include Subordinate Revenue Bonds that are variable rate demand obligations supported by standby bond purchase agreements between Metropolitan and a liquidity provider ("Liquidity Supported Subordinate Revenue Bonds").

***Liquidity Supported Subordinate Revenue Bonds.*** As of ~~September 1~~June 2, 2024~~2025~~, Metropolitan will have ~~\$302.6~~452.6 million of outstanding Liquidity Supported Subordinate Revenue Bonds issued under the Subordinate Debt Resolutions as variable rate Subordinate Revenue Bonds, the interest rates on which are currently reset on a weekly basis. While bearing interest at a weekly rate, such variable rate demand obligations are subject to optional tender on any business day upon seven days' notice by the owners thereof and mandatory tender upon specified events. Such variable rate demand obligations are supported by standby bond purchase agreements each by and between Metropolitan and Bank of America, N.A., as liquidity provider, that provide for the purchase of the applicable variable rate bonds by the liquidity provider upon tender of such variable rate bonds and a failed remarketing. Metropolitan has secured its obligation to repay principal and interest advanced under each standby bond purchase agreement as First Tier Parity Obligations payable on parity with the Subordinate Revenue Bonds. A decline in the creditworthiness of the liquidity provider will likely result in an increase in the interest rate of the applicable variable rate bonds, as well as an increase in the risk of a failed remarketing of such tendered variable rate bonds. Variable rate bonds purchased by the liquidity provider ("bank bonds") would initially bear interest at a per annum interest rate equal to, the highest of (i) the Prime Rate plus one percent, (ii) Federal Funds Rate plus two percent, and (iii) seven percent (with the spread or rate increasing in the case of each of (i), (ii) and (iii) of this clause by one percent after 90 days). To the extent such bank bonds have not been remarketed or otherwise retired as of the earlier of the 90th day following the date such bonds were purchased by the liquidity provider or the stated expiration date of the liquidity facility, Metropolitan's obligation to reimburse the liquidity provider may convert the term of the variable rate bonds purchased by the liquidity provider into a term loan payable under the terms of the liquidity facility in ten equal semi-annual installments over a period ending on the fifth anniversary of the date on which the variable rate bonds were purchased by the liquidity provider. In addition, upon an event of default under the liquidity facility, including a failure by Metropolitan to pay principal or interest due to the liquidity provider, failure by Metropolitan to perform or observe its covenants under the standby bond purchase agreement, a default in other specified indebtedness of Metropolitan, or other specified events of default (including a reduction in the credit rating assigned to Senior Revenue Bonds issued under the Senior Debt Resolutions by any of Fitch, S&P or Moody's below "A-" or "A3," as applicable), the liquidity provider could require all bank bonds to be subject to immediate mandatory redemption by Metropolitan.

The following table lists the current liquidity provider, the current expiration date of each facility, and the principal amount of outstanding variable rate demand obligations covered under each facility as of ~~September 1~~June 2, 2024~~2025~~.



### Liquidity Facilities and Expiration Dates

Liquidity Provider	Bond Issue	Principal Outstanding	Facility Expiration
Bank of America, N.A.	2021 Series A	\$222,160,000	June 2025 <sup>(1)</sup>
Bank of America, N.A.	2024 Series B-1	80,390,000	June 2027
<a href="#">Barclays Bank PLC</a>	<a href="#">2024 Series D</a>	<a href="#">150,000,000</a>	<a href="#">September 2027</a>
		\$	
		<del>302,550,000</del>	<del>452,5</del>
<b>Total</b>		<b>50,000</b>	

Source: Metropolitan.

<sup>(1)</sup> [Metropolitan intends to extend or replace this Liquidity Facility prior to its expiration date.](#)

### Term Rate Mode Bonds

As of ~~September 1~~[June 2, 2024](#)~~2025~~, Metropolitan will have outstanding approximately \$176.4 million of Subordinate Revenue Bonds bearing interest in a term rate mode, comprised of \$89.4 million of 2024 Series B-2 Bonds and \$86.9 million of 2024 Series B-3 Bonds (collectively, the “Term Rate Mode Bonds”). The Term Rate Mode Bonds initially bear interest at a fixed rate for a specified period from their date of issuance, after which: (i) there shall be determined a new interest mode for the applicable series of bonds (which may be a flexible index mode, an index mode, a daily mode, a weekly mode or a short-term mode), (ii) the Term Rate Mode Bonds may continue under the term rate mode for another specified period or (iii) the Term Rate Mode Bonds may be converted to bear fixed interest rates through the maturity date thereof. The owners of the Term Rate Mode Bonds of a series must tender for purchase, and Metropolitan must purchase, all of the Term Rate Mode Bonds of such series on the specified scheduled mandatory purchase date of each term rate period for such series. The Term Rate Mode Bonds outstanding as of ~~September 1~~[June 2, 2024](#)~~2025~~, are summarized in the following table:

### Term Rate Mode Bonds

Bond Issue	Original Principal Amount Issued	Next Scheduled Mandatory Purchase Date
2024 Series B-2	\$ 89,445,000	July 1, 2029
2024 Series B-3	86,940,000	July 1, 2031
<b>Total</b>	<b>\$ 176,385,000</b>	

Source: Metropolitan.

Metropolitan will pay the principal of, and interest on, the Term Rate Mode Bonds on parity with its other Subordinate Revenue Bonds and Subordinate Parity Obligations. Metropolitan anticipates that it will pay the purchase price of tendered Term Rate Mode Bonds from the proceeds of remarketing such Term Rate Mode Bonds or from other available funds. Metropolitan’s obligation to pay the purchase price of any such tendered Term Rate Mode Bonds is a special limited obligation of Metropolitan payable solely from Net Operating Revenues subordinate to the Senior Revenue Bonds and Senior Parity Obligations and on parity with the other outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations. Metropolitan has not secured any liquidity facility or letter of credit to support the payment of the purchase price of the Term Rate Mode Bonds on any mandatory purchase date. Failure to pay the purchase price of any Term Rate Mode Bonds on a scheduled mandatory purchase date for such Term Rate Mode Bonds for a period of five business days following written notice by any Owner of such Term



Rate Mode Bonds will constitute an event of default under the Subordinate Debt Resolutions, upon the occurrence and continuance of which the owners of 25 percent in aggregate principal amount of the Subordinate Revenue Bonds then outstanding may elect a bondholders' committee to exercise rights and powers of such owners under the Subordinate Debt Resolutions, including the right to declare the entire unpaid principal of the Subordinate Revenue Bonds then outstanding to be immediately due and payable.

### Subordinate Parity Obligations

*Anticipated Incurrence of Financial Obligation.* As described under "INTRODUCTION – Subordinate Obligations Anticipated to be Incurred by Metropolitan" in the front part of this Official Statement, in May 2025, Staff will present for Board consideration the execution of an amendment and restatement of the agreement between Metropolitan and AVEK for the High Desert Water Bank Program to provide for the financing (and re-financing) of certain costs of construction of the program facilities to be funded by Metropolitan. To effect such financing, it is anticipated that bonds will be issued by the Antelope Valley East Kern Water Agency Financing Authority ("AVEKFA"). A portion of the proceeds of such AVEKFA bonds are expected to be applied to refund and retire Metropolitan's \$99.4 million outstanding principal amount of senior lien short-term notes issued pursuant to Metropolitan's Short-Term Revolving Credit Facility. The AVEKFA bonds[, if approved by AVEKFA,] are anticipated to be issued by AVEKFA in the summer of 2025. Under the amended and restated agreement, if approved by the Board, Metropolitan will be obligated to make installment payments to AVEK for its right to use the program facilities in amounts sufficient to provide for the repayment of the principal of and interest on the bonds to be issued by AVEKFA. The obligation of Metropolitan to pay such installment payments are expected to constitute First Tier Parity Obligations of Metropolitan, payable on parity with Metropolitan's Subordinate Revenue Bonds.

### Other Junior and Anticipated Obligations

*Commercial Paper Notes.* Metropolitan currently is authorized to issue up to \$400,000,000 of Commercial Paper Notes payable from Net Operating Revenues on a basis subordinate to both the Senior Revenue Bonds and Senior Parity Obligations and to the Subordinate Revenue Bonds and Subordinate Parity Obligations. Although no Commercial Paper Notes are currently outstanding, the authorization remains in full force and effect and Metropolitan may issue Commercial Paper Notes from time to time.

*Capital Lease Financing.* In May 2025, Metropolitan's Board is expected to consider for approval authority for the execution and delivery by Metropolitan of a master equipment lease/purchase agreement (the "Lease/Purchase Agreement") with Banc of America Public Capital Corp in an aggregate principal amount of not to exceed \$35,000,000. Pursuant to the Lease/Purchase Agreement, if approved, Metropolitan may acquire and lease vehicles and other equipment in exchange for the payment of certain rental payments. If authorized by the Board, Metropolitan's payment obligation under the Lease/Purchase Agreement may be secured by one or a combination of the following: (i) some or all of the vehicle or other equipment leased under the Lease/Purchase Agreement; and/or (ii) Net Operating Revenues, including as Senior Parity Obligations under the Master Resolution or as Subordinate Parity Obligations (either as First Tier Parity Obligations or Second Tier Parity Obligations) under the Master Subordinate Resolution. The term and interest rate payable with respect to each asset acquired and leased under the Lease/Purchase Agreement will be determined at the commencement of the lease for such asset.

### General Obligation Bonds

As of ~~September 1, 2024~~ June 2, 2025, ~~\$18,210,000~~ \$17,155,000 aggregate principal amount of general obligation bonds payable from *ad valorem* property taxes ~~are~~ were outstanding. See "METROPOLITAN REVENUES—General" and "—Revenue Allocation Policy and Tax Revenues" in this Appendix A. Metropolitan's revenue bonds are not payable from the levy of *ad valorem* property taxes.



<b>General Obligation Bonds</b>	<b>Amount Issued<sup>(1)</sup></b>	<b>Principal Outstanding</b>
		\$
Waterworks General Obligation Refunding Bonds, 2019 Series A	\$16,755,000	<del>4,545,000</del> <u>3,490,00</u>
Waterworks General Obligation Refunding Bonds, 2020 Series A	13,665,000	<u>0</u>
		13,665,000
<b>Total</b>	<b>\$30,420,000</b>	<b><del>\$18,210,000</del> <u>17,155,000</u></b>

Source: Metropolitan.

<sup>(1)</sup> Voters authorized Metropolitan to issue \$850,000,000 of Waterworks General Obligation Bonds, Election 1966, in multiple series, in a special election held on June 7, 1966. This authorization has been fully utilized. This table lists bonds that refunded such Waterworks General Obligation Bonds, Election 1966.

### State Water Contract Obligations

**General.** As described herein, in 1960, Metropolitan entered into its State Water Contract with DWR to receive water from the State Water Project. All expenditures for capital and operations, maintenance, power and replacement costs associated with the State Water Project facilities used for water delivery are paid for by the 29 Contractors that have executed State water supply contracts with DWR, including Metropolitan. Contractors are obligated to pay allocable portions of the cost of construction of the system and ongoing operating and maintenance costs, regardless of quantities of water available from the project. Other payments are based on deliveries requested and actual deliveries received, costs of power required for actual deliveries of water, and offsets for credits received. In exchange, Contractors have the right to participate in the system, with an entitlement to water service from the State Water Project and the right to use the portion of the State Water Project conveyance system necessary to deliver water to them at no additional cost as long as capacity exists. Metropolitan's State Water Contract accounts for nearly one-half of the total entitlement for State Water Project water contracted for by all Contractors.

DWR and other State Water Project contractors, including Metropolitan, have executed an amendment to extend their State water supply contracts from 2035 to 2085 and to make certain changes related to the financial management of the State Water Project in the future. See "METROPOLITAN'S WATER SUPPLY–State Water Project – State Water Contract" in this Appendix A.

Metropolitan's payment obligation for the State Water Project for the fiscal year ended June 30, 2024 was estimated to be \$707.7 million, which amount reflects prior year's credits of \$63.5 million. For the fiscal year ended June 30, 2024, Metropolitan's ~~estimated~~ payment obligations under the State Water Contract were approximately 35.8 percent of Metropolitan's total annual expenses. A portion of Metropolitan's annual property tax levy is for payment of State Water Contract obligations, as described above under "METROPOLITAN REVENUES–Revenue Allocation Policy and Tax Revenues" in this Appendix A. Any deficiency between tax levy receipts and Metropolitan's State Water Contract obligations is expected to be paid from Operating Revenues, as defined in the Senior Debt Resolutions. See Note 11(a) to Metropolitan's audited financial statements in Appendix B for an estimate of Metropolitan's payment obligations under the State Water Contract. See also "–Power Sources and Costs; Related Long-Term Commitments" for a description of current and future costs for electric power required to operate State Water Project pumping systems and a description of litigation involving the federal relicensing of the Hyatt-Thermalito hydroelectric generating facilities at Lake Oroville.

Metropolitan capitalizes its share of the State Water Project capital costs as participation rights in State Water Project facilities as such costs are billed by DWR. Unamortized participation rights



essentially represent a prepayment for future water deliveries through the State Water Project system. Metropolitan's share of system operating and maintenance costs are annually expensed.

DWR and various subsets of the State Water Project contractors have entered into amendments to the State water supply contracts related to the financing of certain State Water Project facilities. The amendments establish procedures to provide for the payment of construction costs financed by DWR bonds by establishing separate subcategories of charges to produce the revenues required to pay all of the annual financing costs (including coverage on the allocable bonds) relating to the financed project. If any affected Contractor defaults on payment under certain of such amendments, the shortfall may be collected from the non-defaulting affected Contractors, subject to certain limitations.

These amendments represent additional long-term obligations of Metropolitan, as described below.

***Devil Canyon-Castaic Contract.*** On June 23, 1972, Metropolitan and five other Southern California public agencies entered into a contract (the "Devil Canyon-Castaic Contract") with DWR for the financing and construction of the Devil Canyon and Castaic power recovery facilities, located on the aqueduct system of the State Water Project. Under this contract, DWR agreed to build the Devil Canyon and Castaic facilities, using the proceeds of revenue bonds issued by DWR under the State Central Valley Project Act. DWR also agreed to use and apply the power made available by the construction and operation of such facilities to deliver water to Metropolitan and the other contracting agencies. Metropolitan, in turn, agreed to pay to DWR 88 percent of the debt service on the revenue bonds issued by DWR. The bonds matured and were fully retired on July 1, 2022, and thus there are no further debt service obligations for Metropolitan. Additionally, Metropolitan agreed to pay 78.5 percent of the ongoing operation and maintenance expenses of the Devil Canyon facilities and 96 percent of the operation and maintenance expenses of the Castaic facilities.

***Off-Aqueduct Power Facilities.*** In addition to system "on-aqueduct" power facilities costs, DWR has, either on its own or by joint venture, financed certain off-aqueduct power facilities. The power generated is utilized by the system for water transportation and other State Water Project purposes. Power generated in excess of system needs is marketed to various utilities and the CAISO. Metropolitan is entitled to a proportionate share of the revenues resulting from sales of excess power. By virtue of a 1982 amendment to the State Water Contract and the other water supply contracts, Metropolitan and the other water Contractors are responsible for paying the capital and operating costs of the off-aqueduct power facilities regardless of the amount of power generated.

***East Branch Enlargement Amendment.*** In 1986, Metropolitan's State Water Contract and the water supply contracts of certain other State Water Project contractors were amended for the purpose, among others, of financing the enlargement of the East Branch of the California Aqueduct. Under the amendment, enlargement of the East Branch can be initiated either at Metropolitan's request or by DWR finding that enlargement is needed to meet demands. In ~~March 2022~~ November 2023, DWR prepared a ~~draft~~ final report for East Branch Enlargement cost reallocation methods. The report describes the methods used to determine the East Branch Enlargement cost allocation with the distinction between enlargement and improvement categories and the associated cost recovery methodology. Discussions among Metropolitan, the other State Water Project contractors on the East Branch, and DWR on any timetable and plan for future East Branch enlargement actions have been deferred.

The amendment establishes a separate subcategory of the Transportation Charge under the State water supply contracts for the East Branch Enlargement and provides for the payment of costs associated with financing and operating the East Branch Enlargement. Under the amendment, the annual financing costs for such facilities financed by bonds issued by DWR are allocated among the participating State Water Project contractors based upon the delivery capacity increase allocable to each participating ~~contractor~~ Contractor. Such costs include, but are not limited to, debt service, including coverage



requirements, deposits to reserves, and certain operation and maintenance expenses, less any credits, interest earnings or other moneys received by DWR in connection with this facility.

If any participating Contractor defaults on payment of its allocable charges under the amendment, among other things, the non-defaulting participating Contractors may assume responsibility for such charges and receive delivery capability that would otherwise be available to the defaulting participating Contractor in proportion to the non-defaulting Contractor's participation in the East Branch Enlargement. If participating Contractors fail to cure the default, Metropolitan will, in exchange for the delivery capability that would otherwise be available to the defaulting participating Contractor, assume responsibility for the capital charges of the defaulting participating Contractor.

***Water System Revenue Bond Amendment.*** In 1987, Metropolitan's State Water Contract and other water supply contracts were amended for the purpose of financing State Water Project facilities through revenue bonds. This amendment establishes a separate subcategory of the Delta Water Charge and the Transportation Charge under the State water supply contracts for projects financed with DWR water system revenue bonds. This subcategory of charge provides the revenues required to pay the annual financing costs of the bonds and consists of two elements. The first element is an annual charge for repayment of capital costs of certain revenue bond financed water system facilities under the existing water supply contract procedures. The second element is a water system revenue bond surcharge to pay the difference between the total annual charges under the first element and the annual financing costs, including coverage and reserves, of DWR's water system revenue bonds.

If any Contractor defaults on payment of its allocable charges under this amendment, DWR is required to allocate a portion of the default to each of the non-defaulting Contractors, subject to certain limitations, including a provision that no non-defaulting Contractor may be charged more than 125 percent of the amount of its annual payment in the absence of any such default. Under certain circumstances, the non-defaulting Contractors would be entitled to receive an allocation of the water supply of the defaulting Contractor.

The following table sets forth Metropolitan's projected costs of State Water Project water based upon DWR's Appendix B to Bulletin ~~132-22~~132-23 (an annual report (for this purpose, the ~~2022~~2023 report) produced by DWR setting forth data and computations used by the State in determining State Water Project contractors' Statements of Charges), Metropolitan's share of the forecasted costs associated with the planning of a single tunnel Bay-Delta conveyance project (see "METROPOLITAN'S WATER SUPPLY-State Water Project -Bay-Delta Proceedings Affecting State Water Project - Bay-Delta Planning Activities" and " - Delta Conveyance" in this Appendix A), and power costs forecasted by Metropolitan.

The projections for fiscal years ~~2024-25~~2024-25 through 2028-29 reflect Metropolitan's biennial budget for fiscal years ~~2024-25~~2024-25 and ~~2025-26~~2025-26, which includes a ten-year financial forecast, and are on a cash basis. See also "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A. The projections reflect certain assumptions concerning future events and circumstances which may not occur or materialize. Actual costs may vary from these projections if such events and circumstances do not occur as expected or materialize, and such variances may be material.

**PROJECTED COSTS OF METROPOLITAN  
FOR STATE WATER CONTRACT AND DELTA CONVEYANCE  
(Dollars in Millions)**

<b>Year Ending June 30</b>	<b>Capital Costs<sup>(1)</sup></b>	<b>Minimum OMP&amp;R<sup>(1)</sup></b>	<b>Power Costs<sup>(2)</sup></b>	<b>Refunds &amp; Credits<sup>(1)</sup></b>	<b>Delta Conveyance <sup>(3)(4)</sup></b>	<b>Total<sup>(45)</sup></b>
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	\$		\$	\$	\$	\$
2025	<del>188</del> 197	\$	331	<del>245</del> 119	( <del>75</del> 67)	\$ 12 <del>701</del> 592
2026	\$ 193	\$	345	\$ 242	\$ (76)	\$ 704
2027	\$ 200	\$	365	\$ 240	\$ (58)	\$ 747
2028	\$ 210	\$	387	\$ 239	\$ (59)	\$ 777
2029	\$ 228	\$	406	\$ 237	\$ (57)	\$ 813

*Source: Metropolitan.*

- (1) Capital Costs, Minimum Operations, Maintenance, Power and Replacement (“OMP&R”) and Refunds and Credits projections are based on DWR’s Appendix B to Bulletin 132-23.
- (2) Power costs are forecasted by Metropolitan based on a State Water Project allocation of ~~49~~50 percent in calendar year 2025, 48 percent in calendar year 2026, 47 percent in calendar year 2027, 46 percent in calendar year 2028, and 44 percent in calendar year 2029. Availability of State Water Project supplies vary, and deliveries may include transfers and storage. All deliveries are based upon availability, as determined by hydrology, water quality and wildlife conditions. See “METROPOLITAN’S WATER SUPPLY–State Water Project” and “–Endangered Species Act and Other Environmental Considerations Relating to Water Supply” in this Appendix A.
- (3) Based on Metropolitan’s share of the forecasted planning costs for a single tunnel project. Does not include any capital costs associated with any future ~~proposed~~ Bay-Delta conveyance project.
- (4) In December 2024, the Board authorized the expenditure of \$141.6 million for Delta Conveyance planning costs in 2026 and 2027. These additional planning costs were not included in Metropolitan’s adopted biennial budget for fiscal years 2024-25 and 2025-26 and the ten-year financial forecast. See “METROPOLITAN’S WATER SUPPLY–State Water Project –Bay-Delta Proceedings Affecting State Water Project – Delta Conveyance” in this Appendix A.
- (5) ~~(4)~~ Totals may not add due to rounding.



## Power Sources and Costs; Related Long-Term Commitments

Current and future costs for electric power required for operating the pumping systems of the CRA and the State Water Project are a substantial part of Metropolitan's overall expenses. Metropolitan's power costs include various ongoing fixed annual obligations under its contracts with the U.S. Department of Energy Western Area Power Administration and the Bureau of Reclamation for power from the Hoover Power Plant and Parker Power Plant, respectively. Under the terms of the Hoover Power Plant and Parker Power Plant contracts, Metropolitan purchases energy to pump water through the CRA. Expenses for electric power for the CRA for the fiscal years ~~2022-23~~2022-23 and ~~2023-24~~2023-24 were approximately \$161.9 million and \$42.8 million, respectively. Payments made under the Hoover Power Plant and Parker Power Plant contracts are operation and maintenance expenses. Expenses for electric power and transmission service for the State Water Project for fiscal years ~~2022-23~~2022-23 and ~~2023-24~~2023-24 were approximately \$96.2 million and \$234.1 million, respectively. Electricity markets are subject to volatility and Metropolitan is unable to give any assurance with respect to the magnitude of future power costs.

***Colorado River Aqueduct.*** Approximately 50 percent of the annual power requirements for pumping at full capacity (1.25 million acre-feet of Colorado River water) in Metropolitan's CRA are secured through long-term contracts for energy generated from federal facilities located on the Colorado River (Hoover Power Plant and Parker Power Plant). Payments made under the Hoover Power Plant and Parker Power Plant contracts are operation and maintenance expenses. These contracts provide Metropolitan with reliable and economical power resources to pump Colorado River water to Metropolitan's service area.

As provided for under the Hoover Power Allocation Act of 2011 (H.R. 470), Metropolitan has executed a 50-year agreement with the Western Area Power Administration for the continued purchase of electric energy generated at the Hoover Power Plant through September 2067, succeeding Metropolitan's prior Hoover contract that expired on September 30, 2017.

Depending on pumping conditions, Metropolitan can require additional energy in excess of the base resources available to Metropolitan from the Hoover Power Plant and Parker Power Plant. The remaining up to approximately 50 percent of annual pumping power requirements for full capacity pumping on the CRA is obtained through energy purchases from municipal and investor-owned utilities, third party suppliers, or the CAISO markets. Metropolitan is a member of the Western Systems Power Pool ("WSPP") and utilizes its industry standard form contract to make wholesale power purchases at market cost. The ~~current~~long-term drought conditions have reduced the water level of Lake Mead and led to declining generation output from Hoover Dam, a condition that is expected to remain for the next several years. This, combined with continued high pumping demand on the CRA, will likely lead to increased reliance on supplemental energy purchases from the WSPP or CAISO markets and continued higher than normal energy costs for the CRA.

Gross diversions of water from Lake Havasu for fiscal years 2022-23 and 2023-24 were approximately 956,382 acre-feet and 707,364 acre-feet, respectively, including Metropolitan's basic apportionment of Colorado River water and supplies from water transfer and storage programs. In fiscal years 2022-23 and 2023-24, Metropolitan purchased approximately 962,595 megawatt-hours and 486,201 megawatt-hours, respectively, of additional energy.

Metropolitan has agreements with the Arizona Electric Power Cooperative ("AEP") to provide transmission and energy purchasing services to support CRA power operations. The term of these agreements extends to December 31, 2035. AEP's subsidiary, ACES, provides energy scheduling services for Metropolitan's share of Hoover and Parker generation and CRA pumping load.



**State Water Project.** The State Water Project's power requirements are met from a diverse mix of resources, including State-owned hydroelectric generating facilities and short-term contracts entered into by DWR. These resources represent approximately 46 percent of the State Water Project's estimated power requirements for 2024. The remainder of the State Water Project power needs is met by purchases from the CAISO.

DWR is seeking renewal of the license issued by FERC for the State Water Project's Hyatt-Thermalito hydroelectric generating facilities at Lake Oroville. A Settlement Agreement containing recommended conditions for the new license was submitted to FERC in March 2006. That agreement was signed by over 50 stakeholders, including Metropolitan and other State Water Project contractors. With only a few minor modifications, FERC staff recommended that the Settlement Agreement be adopted as the condition for the new license. DWR issued a final EIR for the relicensing project on July 22, 2008.

~~Butte County and Plumas County filed separate lawsuits against DWR challenging the adequacy of the final EIR. This lawsuit also named all of the signatories to the Settlement Agreement, including Metropolitan, as "real parties in interest," since they could be adversely affected by this litigation. On April 7, 2023, the Court of Appeal ruled that the EIR complied with CEQA. On June 28, 2023, the California Supreme Court denied petitioner's request to review. The Court of Appeal's decision is therefore final and the litigation is complete.~~

Regulatory permits and authorizations are also required before the new license can take effect. In December 2016, NMFS issued a biological opinion setting forth the terms and conditions under which the relicensing project must operate in order to avoid adverse impacts to threatened and endangered species. This was the last major regulatory requirement prior to FERC issuing a new license. ~~Following the 2017 Oroville Dam spillway incident, Butte County, the City of Oroville, and others requested that FERC not issue a new license until an Independent Forensic Team ("IFT") delivered their final report to FERC and FERC has had adequate time to review the report. The Final IFT report was delivered on January 5, 2018. DWR submitted a plan to address the findings of the report to FERC on March 12, 2018. See "METROPOLITAN'S WATER SUPPLY State Water Project 2017 Oroville Dam Spillway Incident" in this Appendix A~~ Metropolitan anticipates that FERC will issue the new license; however, the timeframe for FERC approval is not currently known. However, FERC has issued one-year renewals of the existing license since its initial expiration date on January 31, 2007 and is expected to issue successive one-year renewals until a new license is obtained.

DWR receives transmission service from the CAISO. The transmission service providers participating in the CAISO may seek increased transmission rates, subject to the approval of FERC. DWR has the right to contest any such proposed increase. DWR may also be subject to increases in the cost of transmission service as new electric grid facilities are constructed.

Numerous legislative bills and Executive Orders have been enacted over the years addressing California's GHG emissions that ultimately affect energy prices. The California Global Warming Solutions Act of 2006 (AB 32, Núñez), required California to reduce its GHG emissions to 1990 levels by 2020. SB 32 (2016, Pavley) extended AB 32 by requiring the State to reduce GHG emissions to 40 percent below 1990 levels by 2030. In 2018, Governor Brown signed SB 100 (de León) and Executive Order B-55-18, establishing the policy of the State that eligible renewable energy resources and zero-carbon resources supply 100 percent clean energy to all California end-use customers and State agencies by December 31, 2045. SB 100 also increased the 2030 Renewables Portfolio Standard ("RPS") requirement for retail electric utilities from 50 percent to 60 percent. Metropolitan and DWR are not subject to the RPS requirements. However, as a State agency, DWR is subject to the Executive Order. DWR has an existing climate action plan in order to achieve carbon neutrality by 2045. SB 1020 (2022, Laird) accelerated the date by which State agencies, including DWR, must procure 100 percent of



electricity from eligible renewable energy resources and zero-carbon resources from December 31, 2045 to December 31, 2035, and would mandate certain criteria and process requirements that would apply to DWR in connection with its procurement of renewable and zero-carbon resources for the State Water Project.

On October 9, 2019, Governor Newsom signed SB 49 into law. SB 49 requires Natural Resources, in collaboration with the California Energy Commission and DWR, to assess by January 1, 2022 the opportunities and constraints for potential operational and structural upgrades to the State Water Project to aid California in achieving its climate and energy goals, and to provide associated recommendations consistent with California's energy goals. DWR submitted its draft SB 49 report to the Governor's office for review in April 2022.

### **Defined Benefit Pension Plan and Other Post-Employment Benefits**

Metropolitan is a member of the California Public Employees' Retirement System ("PERS"), a multiple-employer pension system that provides a contributory defined-benefit pension for substantially all Metropolitan employees. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State. PERS is a contributory plan deriving funds from employee contributions as well as from employer contributions and earnings from investments. A menu of benefit provisions is established by State statutes within the Public Employees' Retirement Law. Metropolitan selects optional benefit provisions from the benefit menu by contract with PERS.

Metropolitan makes contributions to PERS based on actuarially determined employer contribution rates. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration ("PERS Board"). Employees hired prior to January 1, 2013 are required to contribute 7.00 percent of their earnings (excluding overtime pay) to PERS. Pursuant to the current memoranda of understanding, Metropolitan contributes the requisite 7.00 percent contribution for all employees represented by the Management and Professional Employees Association, the Association of Confidential Employees, Supervisors and Professional Personnel Association and AFSCME Local 1902 and who were hired prior to January 1, 2012. Employees in all four bargaining units who were hired on or after January 1, 2012 but before January 1, 2013, pay the full 7.00 percent contribution to PERS for the first five years of employment. After the employee completes five years of employment, Metropolitan contributes the requisite 7.00 percent contribution. Metropolitan also contributes the entire 7.00 percent on behalf of unrepresented employees. Employees hired on or after January 1, 2013 and who are "new" PERS members as defined by the Public Employees' Pension Reform Act of 2013 pay a member contribution of 8.00 percent in fiscal year 2023-242023-24 through 2025-26. In addition, Metropolitan is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members.

The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by PERS. The fiscal year contributions were/are based on the following actuarial reports and discount rates:

<b>Fiscal Year</b>	<b>Actuarial Valuation</b>	<b>Discount Rate</b>
<u>2020-21</u>	<u>June 30, 2018</u>	<u>7.00%</u>
2021-22	June 30, 2019	7.00%
2022-23	June 30, 2020	7.00%



2023-24	June 30, 2021	6.80%
2024-25	June 30, 2022	6.80%
<u>2025-26</u>	<u>June 30, 2023</u>	<u>6.80%</u>

The most recent actuarial valuation reports of PERS, as well as other information concerning benefits and other matters concerning the PERS plan, are available on the PERS website at <https://www.calpers.ca.gov/page/employers/actuarial-resources/public-agency-actuarial-valuation-reports>. Such information is not incorporated by reference herein. Metropolitan cannot guarantee the accuracy of such information. Actuarial valuations are “forward-looking” information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial valuations will change with the future experience of the pension plans.

In July 2021, PERS’ Funding Risk Mitigation Policy triggered an automatic discount rate reduction from 7.00 percent to 6.80 percent due to the double-digit investment return for fiscal year 2021 to offset the cost of reducing the expected volatility of future investment returns. ~~In~~

On November 17, 2021, the PERS Board ~~voted to retain the~~ adopted new actuarial assumptions based on the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rate of salary increases, and inflation assumption for public agencies. The PERS Board also changed the strategic asset allocation, capital market assumptions, and economic assumptions all of which support the new 6.80 percent discount rate, which increased. In addition, the PERS Board reduced the inflation assumption from 2.50 percent to 2.30 percent. These changes were incorporated in the June 30, 2021 valuation, which impacted Metropolitan’s required contribution levels beginning for fiscal year 2023-242023-24.

Metropolitan was required to contribute ~~34.39~~35.74 percent and ~~35.74~~33.98 percent of annual projected payroll for fiscal years ~~2021-22~~2022-23 and ~~2022-23~~2023-24, respectively. Metropolitan’s actual contribution for fiscal years ~~2021-22 and 2022-23 were \$81.5 million or 33.79 percent of annual covered payroll and~~ 2022-23 and 2023-24 were \$88.2 million or 35.31 percent of annual covered payroll and \$89.7 million or 32.04 percent of annual covered payroll, respectively. The fiscal years ~~2021-22~~2022-23 and ~~2022-23~~2023-24 actual contribution included ~~\$11.0 million or 4.56 percent and~~ \$10.6 million or 4.24 percent and \$10.9 million or 3.89 percent of annual covered payroll, respectively, for Metropolitan’s pick-up of the employees’ 7.00 percent share. For fiscal years ~~2023-24 and~~2024-25 and 2025-26, Metropolitan is required to contribute ~~33.98~~37.52 percent and ~~37.52~~36.88 percent of annual projected payroll, respectively, in addition to member contributions paid by Metropolitan.

Metropolitan’s required contributions to PERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. The PERS Board has adjusted and may in the future further adjust certain assumptions used in the PERS actuarial valuations, which may increase Metropolitan’s required contributions to PERS in future years. Accordingly, Metropolitan cannot provide any assurances that its required contributions to PERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions.

The PERS Board adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The ~~new~~ policy ~~shortens~~shortened the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the ~~new~~ policy ~~removes~~removed the five-year ramp-up and ramp-down on unfunded accrued



liability bases attributable to assumption changes and non-investment gains/losses. The ~~new~~ policy ~~removes~~removed the five-year ramp-down on investment gains/losses. These changes ~~apply~~applied only to new unfunded accrued liability bases established on or after June 30, 2019.

~~On November 17, 2021, the PERS Board adopted new actuarial assumptions based on the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rate of salary increases, and inflation assumption for public agencies. The PERS Board also changed the strategic asset allocation, capital market assumptions, and economic assumptions all of which support the new 6.80 percent discount rate. In addition, the PERS Board reduced the inflation assumption from 2.50 percent to 2.30 percent. These changes were incorporated in the June 30, 2021 valuation and will impact Metropolitan's required contribution for fiscal year 2023-24.~~

The following table shows the funding progress of Metropolitan's pension plan.

Valuation Date	Accrued Liability (\$ in billions)	Market Value of Assets (\$ in billions)	Unfunded Accrued Liability (\$ in billions)	Funded Ratio
<u>6/30/23</u> <sup>(1)</sup>	<u>\$2.982</u>	<u>\$2.091</u>	<u>\$(0.891)</u>	<u>70.1%</u>
6/30/22 <sup>(1)</sup>	\$2.875	\$2.015	\$(0.859)	70.1%
6/30/21	\$2.752	\$2.228	\$(0.524)	81.0%
6/30/20	\$2.625	\$1.848	\$(0.777)	70.4%
6/30/19	\$2.534	\$1.810	\$(0.724)	71.4%
<del>6/30/18</del>	<del>\$2.433</del>	<del>\$1.744</del>	<del>\$(0.689)</del>	<del>71.7%</del>

Source: California Public Employees' Retirement System

(1) Most recent actuarial valuation available.

The market value of assets reflected above is based upon the most recent actuarial valuation as of June 30, ~~2022~~. ~~The actuarial valuation as of June 30, 2023 has not yet been released.~~ The June 30, ~~2022~~2023 valuation report will be used to establish the contribution requirements for fiscal year ~~2024-25~~2025-26. Increased volatility has been experienced in the financial markets in recent years. Significant losses in market value or failure to achieve projected investment returns could substantially increase unfunded pension liabilities and future pension costs.

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The following tables show the changes in Net Pension Liability and related ratios of Metropolitan's pension plan.

(Dollars in thousands)	<u>06/30/24</u>	06/30/23	<del>6/30/22</del>	Increase/ (Decrease)
<b>Total Pension Liability</b>	<u>\$ 2,926,78</u>	\$ 2,807,458	<del>\$ 2,669,675</del>	\$ <del>137,783</del> <u>119,329</u>
<b>Plan Fiduciary Net Position</b>	<u>2,092,88</u>	2,016,832	<del>2,229,075</del>	<del>(212,243)</del> <u>76,052</u>
<b>Plan Net Pension Liability</b>	<u>\$ 833,903</u>	\$ 790,626	<del>\$ 440,600</del>	\$ <del>350,026</del> <u>43,277</u>
Plan fiduciary net positions as a % of the total pension liability	<u>71.51%</u>	71.84%	<del>83.50%</del>	
Covered payroll	<u>\$ 249,812</u>	\$ 241,288	<del>\$ 235,294</del>	
Plan net pension liability as a % of covered payroll	<u>333.81%</u>	327.67%	<del>187.26%</del>	

(Dollars in thousands)	<u>06/30/23</u>	<del>06/30/22</del> <u>6/30/22</u>	<del>6/30/21</del>	Increase/ (Decrease)
<b>Total Pension Liability</b>	<u>\$ 2,807,458</u>	\$ 2,669,675	<del>\$ 2,578,818</del>	\$ <del>90,857</del> <u>137,783</u>
<b>Plan Fiduciary Net Position</b>	<u>2,016,832</u>	2,229,075	<del>1,854,231</del>	<del>374,844</del> <u>(212,243)</u>
<b>Plan Net Pension Liability</b>	<u>\$ 790,626</u>	\$ 440,600	<del>\$ 724,587</del>	\$ <del>(283,987)</del> <u>350,026</u>
Plan fiduciary net positions as a % of the total pension liability	<u>71.84%</u>	83.50%	<del>71.90%</del>	
Covered payroll	<u>\$ 241,288</u>	\$ 235,294	<del>\$ 225,707</del>	
Plan net pension liability as a % of covered payroll	<u>327.67%</u>	187.26%	<del>321.03%</del>	



Source: GASB 68 Accounting Report for the respective measurement date prepared for Metropolitan by the California Public Employees' Retirement System.

The Net Pension Liability for Metropolitan's Miscellaneous Plan for the fiscal years ended June 30, ~~2022~~ and 2023 and 2024 were measured as of June 30, ~~2021~~2022 and June 30, ~~2022~~2023, respectively, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of June 30, ~~2020~~2021 and June 30, ~~2021~~2022, respectively.

For more information on the plan, see APPENDIX B—"THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, ~~2023~~2024 AND JUNE 30, ~~2022~~2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, ~~2024~~2025 AND ~~2023~~2024 (UNAUDITED)."

Metropolitan currently provides post-employment medical insurance to retirees and pays the post-employment medical insurance premiums to PERS. On January 1, 2012, Metropolitan implemented a longer vesting schedule for retiree medical benefits, which applies to all new employees hired on or after January 1, 2012. Payments for this benefit were ~~\$23.9 million in fiscal year 2021-22~~, \$14.9 million in fiscal year ~~2022-23~~2022-23 and \$15.3 million in fiscal year ~~2023-24~~2023-24. Employees are not required to contribute to the plan. Under Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, Metropolitan is required to account for and report the outstanding obligations and commitments related to such benefits, commonly referred to as other post-employment benefits ("OPEB"), on an accrual basis.

The actuarial valuations dated June 30, 2021 and June 30, 2023, were released in ~~June~~May of ~~2020~~2022 and April of 2024, respectively. The 2021 valuation indicated that the Actuarially Determined Contribution ("ADC") in fiscal years ~~2022-23~~2022-23 and ~~2023-24~~2023-24 were \$14.9 million and \$15.3 million, respectively, and the 2023 valuation indicated that the ADC will be \$23.0 million and \$23.7 million in fiscal years ~~2024-25~~2024-25 and 2025-26, respectively. The ADC consists of two parts: (1) the normal cost, which represents the annual cost attributable to service earned in a given year and (2) the layered amortization of Unfunded Actuarial Liability as a level percentage of payroll.

The actuarial assumptions included the following:

	June 30, 2023 Valuation	June 30, 2021 Valuation
Actuarial Cost Method	Entry Age, level percentage of payroll	Entry age, level percentage of payroll
Amortization Method/Period	Level percentage of payroll over 23 year closed period <del>(13 years remaining on measurement date 6/30/23)</del> <u>from 6/30/2014 plus 15-year closed layers of future gains/losses/assumption changes/plan changes</u>	Level percentage of payroll over 23 year closed period (15 years remaining on measurement date 6/30/20)
Asset Valuation Method	<del>Investment gains</del> <u>Gains/losses on the Actuarial Value of Assets</u> spread over 5-year rolling <del>period</del> <u>periods</u> with corridor of 80% and 120% of market value	Investment gains/losses spread over 5 year rolling period with corridor of 80% and 120% of fair value
Investment Rate of Return	6.75%	6.75%
Inflation	2.80%	3.00%



Mortality, Disability, Termination, Retirement	CalPERS <del>2000-2019 Experience Study</del> Assumptions set in 2021	CalPERS 2000-2019 Experience Study
Health Care Cost Trends	Pre-Medicare <del>-12.72-12.72%</del> for 2023, grading down to 4.14% for 2076 <del>and later</del> . Medicare <del>-8.45%</del> for <del>2022</del> 2023, grading down to 4.14% for 2076 <del>and later</del>	Pre-Medicare - <del>6.86.80%</del> for 2023, grading down to 3.83% for 2076 and later. Medicare <del>-5.45.40%</del> for 2022, grading down to 3.83% for 2076 and later
Mortality Improvement	<del>Mortality</del> Base 2017 rates are projected <del>fully generational with</del> <u>generationally for future years using 80% of the Society of Actuaries' Scale MP-2021-2020</u>	Mortality projected fully generational with Scale MP-2021

As of June 30, 2023, the date of the most recent OPEB actuarial valuation report, the unfunded actuarial liability was estimated to be \$122.1 million and projected to be \$125.0 million at June 30, 2024.

In September 2013, Metropolitan's Board established an irrevocable OPEB trust fund with the California Employers' Retiree Benefit Trust Fund. The market value of assets in the trust as of June 30, ~~2023~~2024 was ~~\$345.8~~380.2 million. As part of its biennial budget process, the Board approved the full funding of the ADC for fiscal years ~~2022-23~~2024-25 and ~~2023-24~~2025-26.

~~Increased volatility in the financial markets has been experienced in recent years. Declines in the market value of the OPEB trust fund or failure to achieve projected investment returns could negatively affect the funding status of the trust fund and increase ADCs in the future.~~

In recent years, financial markets have experienced increased volatility. Factors such as declines in the market value of the OPEB trust fund, failure to achieve projected investment returns, and the recent increase in the 2025 CalPERS premium rates driven by higher service costs, increased use of high-cost specialty drugs, and the anticipated impact of the IRA could negatively affect the trust fund's funding status. These challenges may also lead to higher ADCs in the future.

The following tables show the changes in Net OPEB Liability and related ratios of Metropolitan's OPEB plan.

(Dollars in thousands)	<u>06/30/24</u>	<del>06/30/23</del> <u>6/30/23</u>	<del>6/30/22</del>	Increase/ (Decrease)
<b>Total OPEB Liability</b>	<u>\$ 493,593</u>	\$ 443,189	<del>\$ 429,603</del>	\$ <del>13,586</del> <u>50,404</u>
<b>Plan Fiduciary Net Position</b>	<u>345,288</u>	328,536	<del>377,321</del>	<del>(48,785)</del> <u>16,752</u>
<b>Plan Net OPEB Liability</b>	<u>\$ 148,305</u>	\$ 114,653	<del>\$ 52,282</del>	\$ <del>62,371</del> <u>33,652</u>



Plan fiduciary net positions as a % of the total OPEB liability	<u>69.95%</u>	74.13%	<del>87.83%</del>
	<u>\$</u>	\$	<del>235,294</del>
Covered payroll	<u>249,812</u>	241,288	
Plan net OPEB liability as a % of covered payroll	<u>59.37%</u>	47.52%	<del>22.22%</del>

(Dollars in thousands)	<u>06/30/23</u>	<del>06/30/22</del> <u>6/30/22</u>	<del>6/30/21</del>	Increase/ (Decrease)
			\$	
<b>Total OPEB Liability</b>	<u>\$ 443,189</u>	\$ 429,603	<del>452,293</del>	\$ <del>(22,690)</del> <u>13,586</u>
			287,562	
<b>Plan Fiduciary Net Position</b>	<u>328,536</u>	377,321		<del>89,759</del> <u>(48,785)</u>
			\$	
<b>Plan Net OPEB Liability</b>	<u>\$ 114,653</u>	\$ 52,282	<del>164,731</del>	\$ <del>(112,449)</del> <u>62,371</u>
Plan fiduciary net positions as a % of the total OPEB liability	<u>74.13%</u>	87.83%	<del>63.58%</del>	
			\$	
Covered payroll	<u>\$ 241,288</u>	\$ 235,294	<del>225,707</del>	
Plan net OPEB liability as a % of covered payroll	<u>47.52%</u>	22.22%	<del>72.98%</del>	

Source: GASB Statement No. 74/75 Report for the respective fiscal year prepared for Metropolitan by its actuary for the Retiree Healthcare Plan.

The Net OPEB Liability for the years ended June 30, ~~2022 and~~ 2023 and 2024 were measured as of June 30, ~~2021~~2022 and June 30, ~~2022~~2023, respectively, and the Total OPEB Liability used to calculate the Net OPEB Liability as of such dates were determined by an annual actuarial valuation as of June 30, 2021 and 2023, respectively.

For more information on the OPEB plan, see APPENDIX B—"THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, ~~2023~~2024 AND JUNE 30, ~~2022~~2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, ~~2024~~2025 AND ~~2023~~2024 (UNAUDITED)."



## HISTORICAL AND PROJECTED REVENUES AND EXPENSES

The “Historical and Projected Revenues and Expenses” table below for fiscal years 2021-22 through 2028-29, provides a summary of revenues and expenses of Metropolitan prepared on a cash basis. This is consistent with Metropolitan’s current budgetary reporting method. Under cash basis accounting, water sales revenues are recorded when received (two months after billed) and expenses when paid (approximately one month after invoiced). The table does not reflect the accrual basis of accounting, which is used to prepare Metropolitan’s annual audited financial statements. Under accrual accounting, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of the timing of related cash flows.

The ~~information~~financial projection for fiscal year ~~2023-24~~2024-25 in the table below is based ~~upon preliminary~~on actual results through December 2024 and revised projections for the balance of the fiscal year. The financial projections for fiscal years 2025-26 through 2028-29 in the table below reflect the biennial budget for fiscal years ~~2024-25~~2024-25 and 2025-26 as well as a ten-year financial forecast provided therein on a cash basis. The financial projections include Metropolitan’s share of the forecasted costs associated with the planning of a single tunnel Bay-Delta conveyance project and certain costs associated with PWSC. See “METROPOLITAN’S WATER SUPPLY–State Water Project –Bay-Delta Proceedings Affecting State Water Project – *Bay-Delta Planning Activities*” and “– *Delta Conveyance*” and “REGIONAL WATER RESOURCES–Local Water Supplies – Recycled Water-Metropolitan Pure Water Southern California Program” in this Appendix A.

The projections are based on assumptions concerning future events and circumstances that may impact revenues and expenses and represent management’s best estimates of results at this time. See the footnotes to the table below entitled “HISTORICAL AND PROJECTED REVENUES AND EXPENSES” and “MANAGEMENT’S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES” for relevant assumptions, including projected water transactions and the average annual increase in the effective water rate, and “MANAGEMENT’S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES” for a discussion of potential impacts. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the projection period will vary from the projections and the variations may be material. The budget and projection information, and all other forward-looking statements in this Appendix A, are based on current expectations and are not intended as representations of facts or guarantees of future results.

The presentation below is consistent with Metropolitan’s current budgetary reporting method. Metropolitan will continue to calculate compliance with its rate covenants, limitations on additional bonds and other financial covenants in the Resolutions in accordance with their terms.

The presentation below differs from that previously presented in certain of Metropolitan’s prior offering documents and continuing disclosure annual report filings with respect to the actual and expected use of certain funds on hand and the application of Reserve Transfers as offsets to operating and maintenance expenses and as Additional Revenues, respectively. Metropolitan now consistently applies these funds as set forth in the table below, which impacted the bond and fixed-charge coverage calculation in fiscal year 2021-22 through fiscal year 2024-25. O&M, CRA Power and Water Transfer Costs were updated to reflect the set-aside of \$12.8 million in fiscal year 2020-21, and the use of \$26.5 million in fiscal year 2021-22 from the Exchange Agreement Set-Aside Fund to offset the \$50.5 million payment to SDCWA in connection with the litigation challenging Metropolitan’s rates. See “METROPOLITAN REVENUES–Litigation Challenging Rate Structure” in this Appendix A. Lastly, ~~a~~ Reserve ~~Transfer~~Transfers of \$153 million in fiscal year 2022-23, and ~~an expected Reserve Transfer of~~ \$229 million in 2023-24 are reflected in the table below.

Metropolitan’s resource planning projections are developed using a comprehensive analytical process that incorporates demographic growth projections from recognized regional planning entities,



historical and projected data acquired through coordination with local agencies, and the use of generally accepted empirical and analytical methodologies. Due to the unpredictability of future hydrologic conditions, Metropolitan's projected supplemental wholesale water transactions may vary considerably. Metropolitan's Water Resource Management provided projections of the volume of annual water transactions for the biennial budget for fiscal years ~~2024-25~~2024-25 and 2025-26 and ~~its~~ ten-year financial forecast. Based on those projections and water sales in recent years, Metropolitan incorporated more conservative assumptions for water transactions in its biennial budget for fiscal years ~~2024-25~~2024-25 and 2025-26 and its ten-year financial forecast. The water transactions projections used to determine water rates and charges assume a transition from recent hydrologic conditions to average year hydrology. Actual water transactions are likely to vary from projections. As shown in the chart entitled "Historical Water Transactions" below, water transactions can vary significantly from average and demonstrates the degree to which Metropolitan's commitments to meet supplemental demands can impact water transactions. In years when actual transactions exceed projections, the revenues from water transactions during the fiscal year will exceed budget, potentially resulting in an increase in financial reserves. In years when actual transactions are less than projections, Metropolitan uses various tools to manage reductions in revenues, such as reducing expenses below budgeted levels, reducing funding of capital projects from revenues, and drawing on reserves. See "METROPOLITAN REVENUES–Financial Reserve Policy" in this Appendix A. See also "~~Preliminary~~MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES–Projected Fiscal Year ~~2023-24~~2024-25 Financial Results." Metropolitan considers actual transactions, revenues and expenses, and financial reserve balances in setting rates for future fiscal years.

As described above, the ~~information~~financial projection for fiscal year ~~2023-24 in the table below is based upon preliminary~~2024-25 includes actual results through December 2024. Financial projections for fiscal years 2025-26 through 2028-29 reflect the biennial budget for fiscal years 2024-25 and 2025-26 and ten-year financial forecast provided therein on a cash basis. This includes the issuance of \$3,380 million of bonds for fiscal years 2024-25 through 2028-29 to finance a portion of the costs of the CIP including, for planning purposes, certain projected costs of PWSC if a project is approved. The projections also assume the issuance of an additional ~~\$48 million of~~ bonds during the same period to finance other capital expenditures of Metropolitan relating to conservation and supply programs, as described herein. See "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES" and "CAPITAL INVESTMENT PLAN–Capital Investment Plan Financing" in this Appendix A.

Water transactions with member agencies were 1.65 million acre-feet in fiscal year 2021-22, ~~and~~ 1.39 million acre-feet for fiscal year 2022-23, and ~~are estimated to be~~ 1.17 million acre-feet in fiscal year 2023-24. Water transactions are projected to ~~1.34~~1.35 million acre-feet for fiscal year 2024-25, 1.34 million acre-feet for fiscal year 2025-26, 1.34 million acre-feet for fiscal year 2026-27, 1.35 million acre-feet for fiscal year 2027-28 and 1.35 million acre-feet for fiscal year 2028-29. Water transactions for fiscal year 2024-25 include 100,000 acre-feet pre-purchased by member agencies under Metropolitan's reverse cyclic program. See "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES–Projected Fiscal Year 2024-25 Financial Results." Rates and charges ~~will increase~~increased by 8.5 percent for calendar year 2025, and will increase by 8.5 percent for calendar year 2026. Rates and charges are projected to increase by 11.5 percent for calendar year 2027, 11.5 percent for calendar year 2028, and 5.0 percent for calendar year 2029. Actual rates and charges to be effective in calendar year 2027 and thereafter are subject to adoption by Metropolitan's Board.

The biennial budget for fiscal years 2024-25 and 2025-26 ~~also~~ assumes additional arrangements enabled by Metropolitan's record high storage reserves anticipated to generate revenues of \$60 million per year.

Financial projections for fiscal years 2024-25 through 2028-29 reflect a greater portion of Metropolitan's State Water Contract obligations being paid from property taxes. ~~{if new tax rate established in August add the following:}~~ As assumed by the biennial budget for fiscal years 2024-25 and



2025-26, the Board increased the *ad valorem* tax rate to 0.0070 percent of full assessed valuation beginning in fiscal year 2024-25.

The projections were prepared by Metropolitan and have not been reviewed by independent certified public accountants or any entity other than Metropolitan. Dollar amounts are rounded.



**HISTORICAL AND PROJECTED REVENUES AND EXPENSES<sup>(a)</sup>**  
**Fiscal Years Ended June 30**  
**(Dollars in Millions)**

	Actual			Projected				
	2022 <sup>(o)</sup>	2023	2024	2025	2026	2027	2028	2029
	Actual	Actual	Preliminary Actual	Adopted Budget Projected	Adopted Budget	10-Yr. Forecast	10-Yr. Forecast	10-Yr. Forecast
Water Revenues <sup>(b)</sup>	\$1,523	\$ 1,323	\$1,167	\$ 1,486	\$1,511	\$ 1,659	\$ 1,862	\$2,018
Other Charge Revenues <sup>(c)</sup>	171	182	196	214	230	242	281	335
Total Operating Revenues	1,693	1,505	1,364	1,700	1,741	1,901	2,143	2,353
O&M, CRA Power and Water Transfer Costs <sup>(d)</sup>	(770)	(864)	(760)	(860)	(920)	(1,006)	(1,061)	(1,110)
Total SWC OMP&R and Power Costs <sup>(e)</sup>	(374)	(412)	(543)	(623)	(372)	(407)	(428)	(455)
Total Operation and Maintenance	(1,144)	(1,275)	(1,303)	(1,233)	(1,292)	(1,413)	(1,489)	(1,565)
Net Operating Revenues	\$ 549	\$ 229	\$ 61	\$ 577	\$ 449	\$ 487	\$ 653	\$ 788
Additional Revenue Sources								
Miscellaneous Revenue <sup>(f)</sup>	23	24	21	108	159	52	48	48
Reserve Transfers <sup>(g)</sup>	—	153	229	—	—	—	—	—
Sales of Hydroelectric Power <sup>(h)</sup>	9	6	13	212	18	15	13	12
Interest on Investments <sup>(i)</sup>	10	21	42	28	45	42	43	46
Total Additional Revenues	42	204	305	148	222	109	104	107
Adjusted Net Operating Revenues <sup>(j)</sup>	\$591	\$434	\$366	\$725	\$671	\$596	\$757	\$895
Senior Obligations	(178)	(172)	(197)	(208)	(198)	(234)	(280)	(418)
Subordinate Obligations	(97)	(121)	(125)	(131)	(151)	(134)	(138)	(56)
Senior and Subordinate Obligations <sup>(k)</sup>	(275)	(293)	(322)	(339)	(349)	(368)	(418)	(474)
Funds Available from Operations	\$ 316	\$ 141	\$ 44	\$ 386	\$ 322	\$ 228	\$ 340	\$ 421
Debt Service Coverage (DSC) on all Senior Bonds	3.32	2.52	1.86	2.48	3.40	2.55	2.71	2.14
DSC on all Senior and Subordinate Bonds <sup>(l)</sup>	2.15	1.48	1.14	1.14	1.92	1.62	1.81	1.89
Operating Equipment Expense	(4)	(7)	\$ (9)	\$ (10)	\$ (10)	\$ (11)	\$ (11)	\$ (12)
Pay-As-You Go Construction	(135)	(135)	(35)	(175)	(175)	(175)	(250)	(275)
Pay-As-You Go Funded from Replacement & Refurbishment Fund Reserves	1	2	—	—	—	—	—	—
Total SWC Capital Costs Paid from Current Year Operations	=	=	=	=	=	=	=	=
Remaining Funds Available from Operations	\$ 177	\$—	\$ —	\$ 201	\$ 137	\$ 42	\$ 78	\$ 133
Fixed Charge Coverage <sup>(m)</sup>	2.15	1.48	1.14	1.14	1.92	1.62	1.81	1.89
Property Taxes <sup>(n)</sup>	\$ 160	\$ 198	\$ 202	\$ 331	\$ 334	\$ 342	\$ 351	\$ 359



General Obligation Bonds Debt								
Service Paid from Property Taxes	(8)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
SWC Capital Costs Paid from Property								
Taxes	(140)	(133)	(122)	<del>(113)</del> <u>130</u>	(117)	(142)	(151)	(170)
SWC O&M Costs Paid from Property								
Taxes	<u>(12)</u>	<u>(62)</u>	<u>(78)</u>	<del>(202)</del> <u>199</u>	<u>(215)</u>	<u>(198)</u>	<u>(197)</u>	<u>(187)</u>

*Source: Metropolitan.*

*(Footnotes to table are on next pages)*



(Footnotes to table on prior page)

- (a) Unaudited. Totals may not add due to rounding. Prepared on a cash basis. ~~Information~~The projection for fiscal year ~~2023-24~~2024-25 is based on ~~preliminary~~actual results through December 2024 and revised projections for the balance of the fiscal year. Projections for fiscal year ~~2024-25-25~~26 through fiscal year 2028-29 are based on assumptions and estimates used in the biennial budget for fiscal years 2024-25 and 2025-26 and ten-year financial forecast provided therein and reflect the projected issuance of additional bonds. See “MANAGEMENT’S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES” in this Appendix A.
- (b) Water Revenues include revenues from water sales, exchanges, and wheeling. During the fiscal years ended June 30, 2022-~~and~~, 2023, and 2024, annual water transactions with member agencies (in acre-feet) were 1.65 million ~~and~~, 1.39 million, ~~respectively, and, for fiscal year ended June 30, 2024, are estimated to be~~and 1.17 million, respectively. See the table entitled “Summary of Water Transactions and Revenues” under “METROPOLITAN REVENUES–Water Revenues” in this Appendix A. The water transactions projections (in acre-feet) are ~~1.34~~1.35 million acre-feet for 2024-25, 1.34 million acre-feet for fiscal year 2025-26, 1.34 million acre-feet for fiscal years 2026-27, 1.35 million acre-feet for 2027-28, and 1.35 million acre-feet for fiscal years 2028-29. Projections reflect adopted overall rate and charge increase of 8.5 percent for each of the calendar years 2025 and 2026. Rates and charges are projected to increase 11.5 percent for calendar year 2027, 11.5 percent for calendar year 2028, and 5.0 percent for calendar year 2029, subject to adoption by Metropolitan’s Board. See “MANAGEMENT’S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES” in this Appendix A.
- (c) Includes revenues from water standby, readiness-to-serve, and capacity charges. The term Operating Revenues excludes *ad valorem* taxes. See “METROPOLITAN REVENUES–Other Charges” in this Appendix A.
- (d) Water Transfer Costs and PWSC planning costs (described under “REGIONAL WATER RESOURCES–Local Water Supplies – *Recycled Water-Metropolitan Pure Water Southern California Program*” in this Appendix A) are included in operation and maintenance expenses for purposes of calculating the debt service coverage on all Obligations. Operation and maintenance expenses also include \$24.0 million in fiscal year 2021-22 in connection with the SDCWA litigation challenging Metropolitan’s rates (\$50.5 million is the total paid in fiscal year 2021-2022, with the balance paid from the Exchange Agreement Set-Aside Fund). See METROPOLITAN REVENUES–Litigation Challenging Rate Structure” in this Appendix A. O&M, CRA Power and Water Transfer Costs are net of grant funds to be applied to fund planning costs of PWSC (see “REGIONAL WATER RESOURCES–Local Water Supplies – *Recycled Water-Metropolitan Pure Water Southern California Program*”) and California WaterFix refund monies held and applied to offset Delta Conveyance costs (\$4.5 million in fiscal year 2022-23 and \$30 million in fiscal year 2023-24). Also net of conservation and supply programs expenses expected to be paid from bond proceeds. See footnote (k) below.
- (e) Includes on- and off-aqueduct power and operation, maintenance, power and replacement costs payable under the State Water Contract and Delta Conveyance planning costs. See “METROPOLITAN EXPENSES–State Water Contract Obligations” in this Appendix A. See also “METROPOLITAN’S WATER SUPPLY–State Water Project –Bay-Delta Proceedings Affecting State Water Project – *Bay-Delta Planning Activities*” and “– *Delta Conveyance*” in this Appendix A. SWC OMP&R costs are net of (offset by) amounts paid from property taxes as detailed in the table above. See footnote (n) below.
- (f) May include lease and rental net proceeds, net proceeds from sale of surplus property, reimbursements and PWSC contributions. In fiscal year 2024-25 includes approximately \$47.3 million prior year IRA funding revenues. Includes \$60 million in revenues ~~per year~~ for fiscal ~~years 2024-25~~ and year 2025-26 anticipated to be generated from additional arrangements enabled by Metropolitan’s record high storage reserves.
- (g) Reflects transfers from the Water Stewardship Fund, the Water Treatment Surcharge Stabilization Fund, and the Water Rate Stabilization Fund of \$153 million in fiscal year 2022-23, and ~~estimated~~ transfers from the Water Rate Stabilization Fund and General Fund of \$229 million in fiscal year 2023-24.
- (h) Includes CRA power sales.
- (i) Does not include interest applicable to Bond Construction Funds, the Excess Earnings Funds, other trust funds and the Deferred Compensation Trust Fund. Includes net gain or loss on investments.
- (j) Adjusted Net Operating Revenues is the sum of all available revenues that the revenue bond resolutions specify may be considered by Metropolitan in setting rates and issuing additional Senior Revenue Bonds and Senior Parity Obligations and Subordinate Revenue Bonds and Subordinate Parity Obligations.

(Footnotes continue on next page)



(Footnotes continued from prior page)

- (k) Includes debt service on outstanding Senior Revenue Bonds, Senior Parity Obligations, Subordinate Revenue Bonds, Subordinate Parity Obligations, and additional Revenue Bonds (projected). Assumes bond issuances of approximately \$130 million in fiscal year 2024-25, approximately \$150 million in fiscal year 2025-26, approximately \$900 million in fiscal year 2026-27, approximately \$950 million in fiscal year 2027-28, and approximately \$1,250 million in fiscal year 2028-29. See “CAPITAL INVESTMENT PLAN–Capital Investment Plan Financing” in this Appendix A. In fiscal year 2024-25, Metropolitan issued \$309.1 million of Senior Revenue Bonds and Subordinate Revenue Bonds for the capital expenditures occurring in fiscal years 2024-25 and 2025-26. Also assumes the issuance of approximately \$215 million of bonds for other capital expenditures relating to conservation and supply programs in calendar year 2024, and \$29 million and \$19 million of bonds for other capital expenditures relating to conservation in fiscal years 2024-25 and 2025-26, respectively. See “CAPITAL INVESTMENT PLAN–Capital Investment Plan Financing” in this Appendix A. Metropolitan has issued \$48.2 million of Senior Revenue Bonds to finance capital expenditures associated with the conservation program. Metropolitan has issued \$99.4 million of short-term notes consisting of Senior Parity Obligations to provide interim financing to fund capital expenditures related to the AVEK High Desert Water Bank Program. Such notes are expected to be refinanced through a financing to be undertaken by AVEKFA and the incurrence by Metropolitan of Subordinate Parity Obligations. See also “METROPOLITAN WATER SUPPLY–Water Transfer, Storage and Exchange Programs –State Water Project Agreements and Programs – Antelope Valley-East Kern High Desert Water Bank Program” and “METROPLITAN EXPENSES–Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations –Subordinate Parity Obligations – Anticipated Incurrence of Financial Obligation” in this Appendix A.
- (l) Adjusted Net Operating Revenues, divided by the sum of debt service on outstanding Senior Revenue Bonds, Senior Parity Obligations, Subordinate Revenue Bonds and Subordinate Parity Obligations and additional Revenue Bonds (projected). See “METROPOLITAN EXPENSES–Outstanding Senior Revenue Bonds and Senior Parity Obligations” and “–Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations” in this Appendix A.
- (m) Adjusted Net Operating Revenues, divided by the sum of State Water Contract capital costs paid from current year operations and debt service on outstanding Senior Revenue Bonds, Senior Parity Obligations, Subordinate Revenue Bonds and Subordinate Parity Obligations, and additional Revenue Bonds (projected).
- (n) ~~Assumes the ad valorem tax rate will be increased by the Board to 0.0070 percent of full assessed valuation beginning in fiscal year 2024-25.~~
- (o) Information for fiscal year 2021-22 is presented on a cash basis in this table, consistent with Metropolitan’s current accounting method for budgetary purposes. Metropolitan’s accounting method changed from modified accrual basis to cash basis beginning with fiscal year 2022-23. Historical information through fiscal year 2021-22 in the table entitled “Summary of Revenues by Source” under the caption “METROPOLITAN REVENUES – Summary of Revenues by Source” and in the table entitled “Summary of Expenses” under the caption “METROPOLITAN EXPENSES – General” in this Appendix A reflect the modified accrual basis of accounting previously used by Metropolitan for budgetary purposes.

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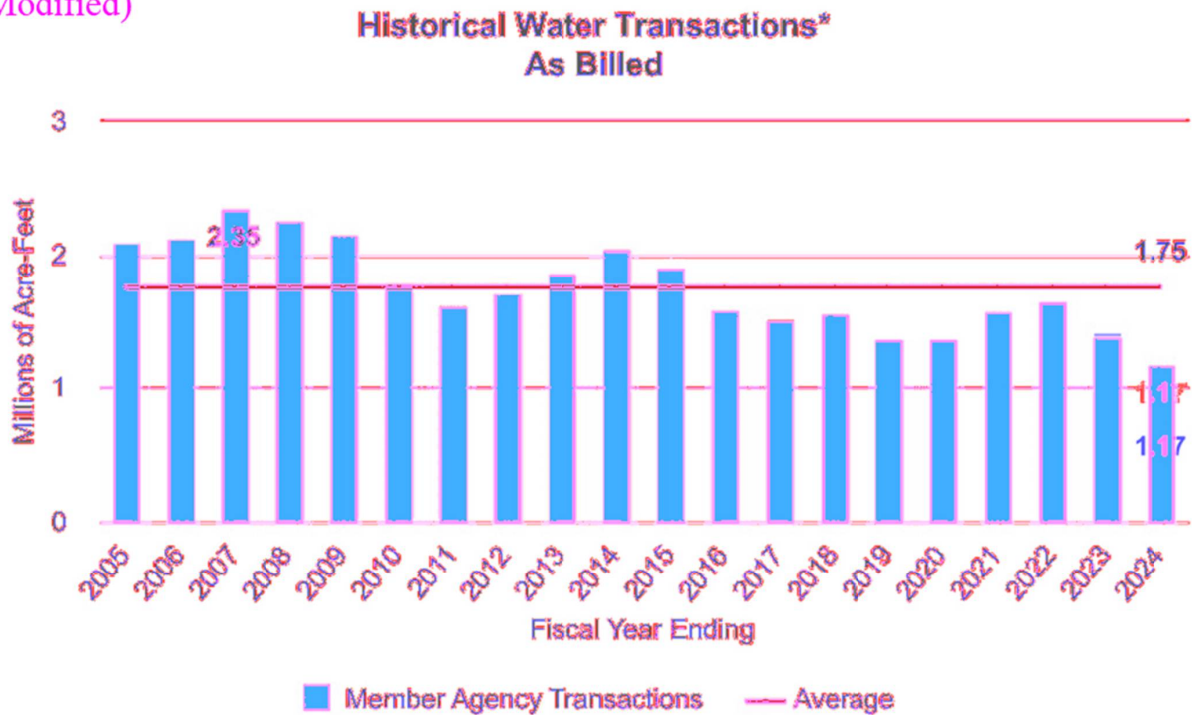


## MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES

### Water Transactions Projections

The water transactions with member agencies in the table above for fiscal year 2021-22 were 1.65 million acre-feet, ~~1.39~~1.41 million acre-feet for fiscal year 2022-23, and ~~are estimated to be~~ 1.17 million acre-feet for fiscal year 2023-24. The water transaction forecast is ~~1.34~~1.35 million acre-feet for fiscal year 2024-25, 1.34 million acre-feet for fiscal year 2025-26, 1.34 million acre-feet for fiscal year 2026-27, 1.35 million acre-feet for 2027-28, and 1.35 million acre-feet for fiscal year 2028-29, consistent with the biennial budget and ten-year financial forecast. For purposes of comparison, Metropolitan's highest level of water transactions during the past 20 fiscal years was approximately 2.35 million acre-feet in fiscal year 2006-07 and the lowest was 1.17 million acre-feet in fiscal year 2023-24. The chart below shows the volume of water transactions with member agencies over the last 20 fiscal years.

(Modified)



\* Water transactions include sales, exchanges, and wheeling with member agencies. ~~Fiscal Year 2023-24 information based on preliminary results.~~

### Water Revenues

Metropolitan projects revenues from water transactions will be about 75 percent of its total revenues after implementation of the adopted biennial budget for fiscal years ~~2024-25~~2024-25 and 2025-26. In adopting the budget and rates and charges for each fiscal year, Metropolitan's Board reviews the anticipated revenue requirements and projected water transactions to determine the rates necessary to produce the required revenues to be derived from water transactions during the fiscal year. Metropolitan sets rates and charges estimated to provide operating revenues sufficient, with other sources of funds, to



provide for payment of its expenses. See “HISTORICAL AND PROJECTED REVENUES AND EXPENSES” in this Appendix A.

Metropolitan’s Board regularly adopts annual increases in water rates. See “METROPOLITAN REVENUES–Rate Structure” and “–Classes of Water Service” in this Appendix A. On April 9, 2024, the Board adopted average increases in rates and charges of 8.5 percent, which will become effective on each of January 1, 2025 and January 1, 2026. Rates and charges are projected to increase 11.5 percent for calendar year 2027, 11.5 percent for calendar year 2028, and 5.0 percent for calendar year 2029. Actual rates and charges to be effective in calendar year 2027 and thereafter are subject to adoption by Metropolitan’s Board.

### **PreliminaryProjected Fiscal Year ~~2023-24~~2024-25 Financial Results**

~~Based on preliminary results~~Projections for fiscal year ~~2023-24, estimated Water Revenues~~2024-25, in the table above, are based on actual results through December 2024 and revised projections for the balance of the fiscal year. Water revenues for fiscal year ~~2023-24 were~~2024-25 are estimated to be \$1,167.1,486 million, approximately ~~\$371.68~~ million ~~lower~~more than budget projections. This ~~reduction~~increase in projected water revenues is primarily due to ~~the impact of recent wet weather on demand for supplies by~~100,000 acre-feet of reverse cyclic transactions with member agencies ~~generating \$125.6 million.~~ See also “REGIONAL WATER RESOURCES–Local Water Supplies – *Reverse Cyclic Program*” in this Appendix A.

Operation and maintenance expenses in fiscal year ~~2023~~2024-2425 are estimated to be ~~\$1,303.1,123~~ million, which represents approximately ~~66.55~~ percent of total estimated costs for fiscal year ~~2023~~2024-2425. These expenditures include the costs of labor, electrical power, materials and supplies of both Metropolitan and its contractual share of the State Water Project. Metropolitan’s operation and maintenance expenses are estimated to be ~~\$84.146~~ million lower than budget in fiscal year ~~2023-24~~2024-25, which is primarily due to lower than expected costs associated with the State Water Contract and the AVEK High Desert Water Bank Program for such fiscal year. Comparatively, operations and maintenance expenditures in fiscal year ~~2022~~2023-2324 were ~~\$1,275.1,303~~ million, which ~~represents~~represented approximately ~~66.966~~ percent of total costs. Overall, estimated expenditures for the twelve months ending June 30, ~~2024~~2025 are estimated to be ~~\$1,975.2,062~~ million, which is under budget by ~~\$114.187~~ million.

Metropolitan maintains cash reserves as a tool to manage the fluctuations in revenues and/or increases in expenses. Water revenues vary based on Metropolitan’s water transactions, which are primarily driven by demand for Metropolitan’s water supplies. Expenses may vary on a host of factors, including but not limited to construction costs, chemical costs for treatment, power costs, hydroelectric power production, variable rate debt costs, among other potential types of costs Metropolitan incurs. Metropolitan’s unrestricted reserves provide the flexibility to increase rates on a scheduled basis as opposed to when additional revenues are needed intermittently. Metropolitan determined that it was appropriate to use a portion of its unrestricted reserves and other available funds in fiscal year 2023-24 to pay for permitted expenditures as a result of the rapid change in hydrology that were projected to reduce demand for Metropolitan supplies, and hence projected water revenues. Results for fiscal year 2023-24 ~~reflect~~reflected the use of approximately ~~\$231.229~~ million of unrestricted reserves related to operating and maintenance. Projections for fiscal year 2024-25 do not anticipate using unrestricted reserves related to operating and maintenance.

Fiscal year ~~2023~~2024-2425 senior revenue bond debt service coverage (on a cash basis) is estimated to be ~~1.86x~~3.48x. Fiscal year ~~2023-24~~2024-25 aggregate revenue bond debt service coverage (on a cash basis) is estimated to be ~~1.14x~~2.14x and the fixed charge coverage is estimated to be ~~1.14x~~2.14x. Fiscal year ~~2023~~2024-2425 capital expenditures, estimated at ~~\$380.382~~ million, are being



partially funded by the proceeds of bonds issued ~~for~~in fiscal year ~~2022~~2023-2324 for such purpose, ~~a portion of Metropolitan's short term senior lien notes issued under its Short Term Revolving Credit Facility~~grant funding, and the remainder from pay-as-you-go funding. Metropolitan's unrestricted reserves are ~~estimated~~projected to be approximately \$~~323~~493 million on a cash basis at June 30, ~~2024~~2025. See "METROPOLITAN REVENUES–Financial Reserve Policy" in this Appendix A.

Financial projections for fiscal years ~~2024~~2025-2526 through 2028-29 are reflected in the biennial budget for fiscal years 2024-25 and 2025-26 and ten-year financial forecast provided therein. The fiscal year 2024-25 and 2025-26 biennial budget and rates set the stage for predictable and reasonable rate increases over the ten-year planning period, with adopted overall rate increases of 8.5 percent for calendar year 2025 and 8.5 percent for calendar year 2026. The biennial budget for fiscal years 2024-25 and 2025-26 and ten-year financial forecast ~~includes~~assumes rate increases of 11.5 percent for calendar year 2027, 11.5 percent for calendar year 2028 and 5.0 percent for calendar year 2029. Actual rates and charges to be effective in calendar year 2027 and thereafter are subject to adoption by Metropolitan's Board as part of the biennial budget process, at which point the ten-year forecast will be updated as well. Increases in rates and charges reflect the impact of reduced water transactions projections, increasing operations and maintenance costs, and increasing State Water Project costs, when compared to prior fiscal years.

Metropolitan's financial results during the fiscal years ~~2023~~2024-2425 through 2028-29 may be impacted by current and subsequent developments relating to among other things, the effects of changing hydrological conditions (including drought and extreme wet weather), unanticipated changes in member agencies' demands, new legislation, changes in environmental compliance requirements, unfavorable court decisions, and inflation and other national and regional economic conditions, as well as other unforeseen events.

See also the "Management's Discussion and Analysis" contained in APPENDIX B– "THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, ~~2023~~2024 AND JUNE 30, ~~2022~~2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, ~~2024~~2025 AND ~~2023~~2024 (UNAUDITED)."





Finance, Affordability, Asset Management,  
and Efficiency Committee Meeting

Approve and Authorize the Distribution  
of Appendix A for Use in the Issuance  
and Remarketing of Metropolitan Bonds

Item 7-5

May 13, 2025



## Item 7-5

# Summary

### Subject

Approve and authorize the distribution of Appendix A for use in the issuance and remarketing of Metropolitan bonds

### Purpose

Update and approve Metropolitan's financial disclosure for use in connection with upcoming bond issuances.

### Recommendation and Fiscal Impact

Staff recommends approval in order to proceed with implementation of various plans of finance that require an offering document.

Approval will enable Metropolitan to undertake bond issuances and remarketing to meet the District's commitments for existing debt obligations, including mandatory tenders, in the most cost-effective manner in the current market.



# Appendix A is a Key Component of Metropolitan's Bond Disclosure

Finance staff anticipates approximately \$310 million in long-term debt issuance in the Early Summer of 2025

- Provides Investors of Metropolitan's Bonds with Material Information
- Enables, as part of a deemed final POS, the Active Pre-Marketing Period to obtain broad investor interest
- Two bond issues expected to close in July 2025
  - 2025 Series A - a fixed-rate refunding bond
  - AVEK JPA 2025 Series A - a combination of fixed-rate and multi-modal refunding and new money bonds
  - Preliminary OS distributions: (1) in late May 2025, for pricing of the 2025 Series A in early June 2025; and (2) in mid June 2025 for pricing of the AVEK JPA 2025 Series A in late June 2025



In this update, staff added language on Metropolitan's wildfire risk management response and an overview of Metropolitan's risk exposure to grants

## Appendix A describes a 360-degree view of Metropolitan

- Service Area
- Governance and Management
- Sources of Water Supply and Current Conditions
- Capital Projects and Expenditures
- Revenues, Expenses and Long-term Obligations
- Litigation and Legislation



Our process follows regulatory guidance and industry best practice; and MWD engages both in-house and external expertise to meet our disclosure obligations

## Appendix A Update Process Involves a Broad Constituency

- Disclosure Working Group
  - Treasury Debt Manager, as lead for Finance
  - Legal
  - Disclosure Counsel
- Broader Metropolitan Staff Review
- Executive Management Review
- Board Review and Approval



# Board Review and Approval Process

The Board is routinely provided updates (or reports) on various topics addressed in Appendix A

- Receive Periodic Management Reports
- Receive Board Training
- Review Draft Appendix A
- Material Fact
  - information that a reasonable investor would consider important when determining whether to buy or sell securities.
- Proper Disclosure - May NOT
  - Contain an untrue statement of a material fact
  - Omit material facts



The entire  
Appendix A was  
reviewed and  
updated

## Appendix A Update Highlights

- Redline of Changes since last Board Approval Provided as an Attachment to the Board Letter
- Significant Updates Since November 2024 include:
  - Water Supply Conditions
  - Conservation and Water Shortage Measures
  - Litigation
  - Metropolitan's Water Delivery System
  - Metropolitan's Finances (FY 2024/25 Q2)



# Future Updates to Appendix A

- Biannual Updates
  - Unless there are no financial transactions
- Interim Updates
  - Material changes will be provided to the Board for review and comment

Appendix A is not a static document, and requires constant review to ensure we meet our disclosure obligations



Appendix A is  
required to execute  
the bond financings  
anticipated in  
CY 2025

## Board Options for Consideration

- Option #1
  - Approve the draft of Appendix A (Attachment I) attached to the board letter;
  - 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; and
  - Authorize distribution of Appendix A, finalized by the General Manager or other designee of the Ad Hoc Committee, in connection with the sale or remarketing of bonds.



# Board Options for Consideration

Metropolitan will not be able to issue bonds to fund board approved projects or refund outstanding bonds if Appendix A is not approved

- Option #2
  - Do not approve the draft Appendix A document



# Staff Recommendation

- Option #1









- **Board of Directors**  
***One Water and Adaptation Committee***

5/13/2025 Board Meeting

7-6

## Subject

Authorize an amendment to LRP Agreement to extend the start of operation deadline for San Diego Pure Water North City Project Phase 1; adopt CEQA determination that the proposed action was previously addressed in the City of San Diego's adopted 2018 Final EIR/EIS and that no further CEQA review is required

## Executive Summary

This letter requests authorization for Metropolitan to approve the San Diego County Water Authority's (SDCWA) request to amend the Local Resources Program Agreement extending the start of operation deadline from June 30, 2025, to June 30, 2028, for the San Diego Pure Water North City Project Phase 1 (Project) consistent with the adopted framework under the Local Resources Program (LRP).

The LRP provides financial incentives to encourage the development of local water supplies in Southern California. Each LRP agreement includes milestones for timely construction, operation, and production. In June 2021, the Board adopted a framework and evaluation criteria for considering future extension requests. In October 2021, the Board approved a framework for amending program agreements to provide additional flexibility to agencies to return projects to operation after a disruption. Under the approved framework for extension requests, member agencies may request an extension to the start of operation of their LRP project by up to three additional fiscal years if the member agency conforms to the approved criteria.

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

### Staff Recommendation: Option #1

#### Option #1

Authorize an amendment to LRP Agreement to extend the start of operation deadline for San Diego Pure Water North City Project Phase 1; adopt CEQA determination that the proposed action was previously addressed in the City of San Diego's adopted 2018 Final EIR/EIS and that no further CEQA review is required

**Fiscal Impact:** No new fiscal obligations will result from the proposed amendment. Payments to the Project are included in the budget and are currently projected to begin in 2025. Payments to the Project will be shifted by three years to begin in 2028. The maximum financial obligations were provided when the Board approved the LRP Agreement for this Project on December 10, 2019, and remaining at up to \$285.6 million for a project yield of 840,000 acre-feet (AF) over 25 years.

**Business Analysis:** The Project would help Metropolitan support local supply development and meet legislative mandates while alleviating the burden on Metropolitan's infrastructure and reducing overall system costs.

#### Option #2

Do not extend the LRP Agreement start of operation deadline for San Diego Pure Water North City Project Phase 1.



**Fiscal Impact:** Metropolitan's financial commitment for up to \$285.6 million over 25 years would be removed from the budget forecast.

**Business Analysis:** Metropolitan would no longer provide financial incentives for the Project and potentially delay meeting the LRP's target goals.

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### Alternatives Considered

Not applicable

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### Applicable Policy

By Minute Item 49923, dated October 14, 2014, the Board approved refinements to the Local Resources Program to encourage additional local resource production.

By Minute Item 51356, dated October 9, 2018, the Board approved an interim Local Resources Program target yield of 170,000 AFY of new water production.

By Minute Item 51835, dated December 10, 2019, the Board approved authorizing the General Manager to enter into a Local Resources Program Agreement with the San Diego County Water Authority and the City of San Diego for the San Diego Pure Water North City Project Phase 1 for up to 33,600 AFY of recycled water.

By Minute Item 52415, dated June 8, 2021, the Board approved changes to the start-of-operation timing for four Local Resources Program Projects and formally adopted the policy described in the board letter for evaluation of future LRP extension requests.

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

Not applicable

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### California Environmental Quality Act (CEQA)

#### CEQA determination for Option #1:

On December 10, 2019, the Board acted as a Responsible Agency and certified that it reviewed and considered the information in the City of San Diego's 2018 Final Environmental Impact Report/ Environmental Impact Statement (EIR/EIS) and Mitigation Monitoring and Reporting Program, and adopted the Lead Agency's findings and Statement of Overriding Considerations; and approved the terms and conditions of an LRP agreement for the San Diego Pure Water North City Phase 1 Project. The proposed action to extend the LRP Agreement start of operation deadline represents a minor modification affecting only the fiscal aspects of the project. Thus, the previous environmental documentation acted on by the Board in conjunction with the LRP project complies with CEQA, and no further action is required.

#### CEQA determination for Option #2:

None required

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### Details and Background

#### Background

In 1982, Metropolitan created the LRP to provide financial incentives to help local agencies develop water recycling and groundwater recovery projects and, therefore, assist Metropolitan in reaching its regional water reliability goals. Since the LRP's inception, Metropolitan has provided about \$548 million in incentives for the development of more than 3.2 million AF of recycled water and 1.3 million AF of recovered groundwater. There are 117 projects currently under contract. LRP projects increase water supply reliability, reduce imported water demands, decrease the burden on Metropolitan's infrastructure, reduce system costs, and free up conveyance capacity. In addition, the LRP helps Metropolitan meet its legislative mandates under Senate Bill 60 to expand water conservation, recycling, and groundwater storage and replenishment measures. Overall, the LRP benefits all member agencies regardless of the project location.



In December 2019, the Board authorized the General Manager to enter into an LRP Agreement with SDCWA and the City of San Diego (City) for the San Diego Pure Water North City Project Phase 1 (Project). In August 2020, the LRP Agreement (Agreement) was executed. The Project met its first milestone for start-of-construction by August 17, 2022.

### **San Diego Pure Water Project Phase 1 (Project)**

The Project is part of the City's multi-phased Pure Water Program, which will produce a local, sustainable, and drought-resilient supply of 92,972 AF per year. The Agreement is for Phase 1 of the Project consisting of the construction of the North City Pure Water Facility (NCPWF) that will purify tertiary recycled water from the existing North City Water Reclamation Facility (not part of the Agreement). The Project will produce up to 33,600 AF per year of potable reuse via surface water augmentation at the Miramar Reservoir. The Project facilities under the Agreement include the NCPWF, pump stations, conveyance pipelines to deliver purified water to the Miramar Reservoir, and the influent structure and necessary facilities, such as a subaqueous pipeline that will discharge the Project water into the reservoir. The NCPWF will include advanced treatment processes such as ozone, biological filtration, reverse osmosis, ultraviolet disinfection, and an advanced oxidation process. The advanced treatment process will treat tertiary-treated recycled water to produce purified water suitable for surface water augmentation. The Agreement will be amended to clarify that the Project water is advanced treated and suitable for potable indirect reuse via surface water augmentation as approved by the Board in 2019.

### **2021 Framework and Criteria for Evaluating the Request to Extend the Start-of-Operation**

In June 2021, the Board approved a framework and evaluation criteria proposed by staff for extensions due to delays in the start-of-operation milestones for the LRP projects. To qualify, the project must have an active agreement and currently be under construction. The member agency must also meet the following four criteria: (1) formally request an extension and describe the reasons for the delay; (2) affirm that all parties to the Agreement are still pursuing the project; (3) provide a revised schedule; and (4) affirm that the project will start operation within the requested extension (not to exceed three fiscal years).

### **SDCWA's Request to Extend the Start-of-Operation Deadline – Agreement Amendment**

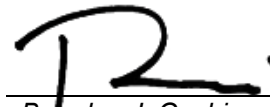
On March 13, 2025, SDCWA, on behalf of the City, submitted a formal request to Metropolitan for an extension to the Project's start of operation due to construction delays and legal-related issues, as described in their letter (**Attachment 1**). The Project has an active LRP Agreement and is under construction. Metropolitan staff determined their request satisfied the Board established criteria to seek an extension because the letter formally requested an extension, described the reasons for the delay, affirmed that all parties to the Agreement continue to pursue the Project, provided a revised schedule, and affirmed that the Project would start operating within the requested extension of three fiscal years.

The Project was underway during the global COVID-19 pandemic, and the macroeconomic pressures severely affected the cost of construction commodities and the delivery of critical materials and equipment. The Project was impacted by significant price increases, the inability to obtain pricing commitments, and challenges in obtaining construction materials. These supply chain challenges resulted in time delays in the delivery of key materials and equipment. The Project also experienced construction delays due to differing siting conditions and tunnel delays. Construction of the NCPWF has seen several design changes, including structural, drainage, electrical, and controller modifications driven by regulatory requirements and additional operational safety measures.

Legal challenges also contributed to delays in Project implementation. After advertising construction for the Project, the Association of General Contractors (AGC) initiated litigation against the City related to joint apprenticeship language in their construction contracts. The court issued an injunction that prohibited proceeding with construction while in litigation. The state subsequently passed legislation requiring project labor agreements (PLAs) for pure water projects receiving State Revolving Fund loan financing. The City removed joint apprenticeship language from all Project contracts, successfully negotiated PLAs with applicable labor and construction groups, and settled with AGC. As a result of litigation and changes in state law, Project construction was delayed approximately 18 months.



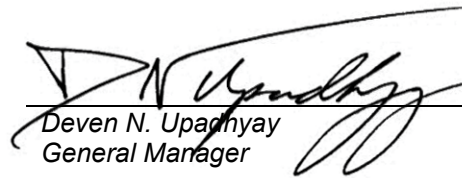
If the Board grants SDCWA's extension request, the Agreement will terminate 25 years following the new start-of-operation deadline. **Attachment 2** summarizes the Project's current LRP contract terms and the revised terms if the Board approves the extension request. Metropolitan would not incur any new financial obligations from such an extension. The Project is included in the budget, and the current forecast includes payments to the Project starting in 2025. If the extension is granted, staff will shift the timing of the payments by three years. If the extension request is not granted, the Agreement will terminate, and the estimated payments to the Project will be removed from the forecasted expenditures of the LRP.



Brandon J. Goshi  
Interim Manager, Water Resource Management

4/28/2025

Date



Deven N. Upadhyay  
General Manager

4/28/2025

Date

**Attachment 1 – SDCWA Letter Requesting Start-of-Operation Extension**

**Attachment 2 – LRP Project Requesting Start-of-Operation Extensions**

Ref# wrm12699745



**Brandon Goshi**

Interim Water Resource Management Group Manager  
700 Alameda St  
Los Angeles, CA 90012

March 13, 2025

**RE: MWD's Local Resource Program Agreement No. 191282 for San Diego Pure Water North City Project Phase 1**

Dear Mr. Goshi,

*Hi  
Brandon*

The San Diego County Water Authority (Water Authority) is submitting this letter to Metropolitan Water District of Southern California (MWD) to formally request a three-fiscal-year extension to the contractual date for start of operations under the above referenced Local Resources Program (LRP) Agreement (Agreement).

On August 17, 2020, the Water Authority, the City of San Diego (City), and MWD executed the above referenced Agreement for the San Diego Pure Water North City Project (Project) which will be owned and operated by the City of San Diego (City), a member agency of the Water Authority.

On behalf of the City, the Water Authority is requesting to extend the start of operation from June 30, 2025, to June 30, 2028, due to unforeseen delays including supply chain challenges resulting from the COVID-19 pandemic, unforeseen construction delays, and legal challenges. This request is consistent with the requirements outlined in the June 8, 2021, Item 7-7 approved by the Water Planning and Stewardship Committee and MWD's Board of Directors.

In addition to the extension, the Water Authority requests amendments to the Agreement to improve its clarity and make it more consistent with the Project.

The Project is currently 70% complete and the City is fully committed to bringing the project online as a local and sustainable water source for the region. The City will meet the requested three-fiscal-year LRP extension deadline and strives to bring the Project online sooner, if possible. The Water Authority remains supportive of the City in completing the Project according to the revised schedule.



Attached is a letter from the City with additional information detailing reasons for the delay and its commitment to completing the Project on schedule. Also attached is a revised schedule for Project implementation with a revised start of operations date as required by MWD.

Thank you for considering our request. If you have any questions, please contact Jesica Cleaver at [JCleaver@sdewa.org](mailto:JCleaver@sdewa.org) or 858-522-6764.

Sincerely,



Meena Westford  
Director of Imported Water

Attachment – Extension Request Letter from City of San Diego and Revised Project Schedule

CC: Kira Alonzo, MWD, Water Resource Management Group  
Nadia Hardjadinata, MWD, Water Resource Management Group  
Tracy Abundez, MWD, Water Resource Management Group





February 13, 2025

Dan Denham, General Manager  
San Diego County Water Authority  
4677 Overland Avenue  
San Diego, California 92123

Re: MWD's Local Resources Program Agreement No. 191282 for San Diego Pure Water North City Project Phase 1

Dear Mr. Denham:

This letter is required for the San Diego County Water Authority (SDCWA) to initiate a request to Metropolitan Water District of Southern California (MWD) to extend for three fiscal years the contractual date for start of operations under the above referenced Local Resources Program (LRP) Agreement (Agreement).

The San Diego Pure Water North City Project (Project) will be owned and operated by the City of San Diego (City). The City is constructing a multi-phased Pure Water San Diego Program. The Project is the first phase of the San Diego Pure Water Program and will provide up to 33,600 AFY of purified water to the Miramar Reservoir for surface water augmentation. Future phases of the City of San Diego's Pure Water Program are not part of this agreement.

As you know, on August 17, 2020, the City, MWD, and SDCWA executed the above referenced Agreement. The City is requesting to extend the start of operation from June 30, 2025, to June 30, 2028, due to unforeseen delays including supply chain challenges resulting from the COVID-19 pandemic, unforeseen construction delays, and legal challenges. This request is consistent with the requirements outlined in the June 8, 2021, Item 7-7 approved by the Water Planning and Stewardship Committee and MWD's Board of Directors.

In addition to the extension, the City of San Diego requests amendments to clarify the LRP Agreement and make it more consistent with the Project.

#### Background

The City of San Diego's Pure Water program is a multi-phased project to produce a local, sustainable, and drought proof supply of 92,972-acre feet of water per year. Phase 1 of the program consists of the City of San Diego Pure Water North City Project which will treat tertiary



Page 2  
Dan Denham  
General Manager  
February 13, 2025

recycled water from the North City Water Reclamation Facility to produce an anticipated 33,600-acre feet annually of water for potable reuse via surface water augmentation at the Miramar Reservoir. This LRP Agreement focuses on Phase 1 of the City of San Diego's Pure Water program, which is the City of San Diego Pure Water North City Project Phase 1 (Project).

The Project facilities under this Agreement only include the North City Pure Water Facility (NCPWF), the North City Pure Water pump stations and conveyance pipeline to deliver purified water to the Miramar Reservoir, and the influent structure and necessary facilities such as a subaqueous pipeline that will discharge the Project water into the reservoir. NCPWF will include advanced treatment processes such as ozone, biological activated carbon filters, membrane filtration, reverse osmosis, ultraviolet disinfection, and an advanced oxidation process. The advanced treatment process will treat tertiary treated recycled water from the North City Water Reclamation Plant to produce purified water suitable for surface water augmentation at the Miramar Reservoir. North City Water Reclamation Plant is not part of this Agreement.

#### Reason for Requested Extension

The City of San Diego is requesting an extension of the schedule set forth in Exhibit D due to the following delays to the project implementation timeline.

The City of San Diego Pure Water project is the most complex capital improvement program project undertaken by the City of San Diego, which is comprised of 12 individual projects. Early site work for the Project began on May 22, 2019, and the Project is approximately 70% complete as of early 2025. The delays that the Project experienced include supply chain challenges resulting from the COVID-19 pandemic, unforeseen construction delays, and legal challenges. Since being identified, and to the extent possible, these risks have largely been mitigated. Following is more detail on delays to the Project as rationale for this request for extension.

The Project got underway during the global COVID-19 pandemic and was affected by macroeconomic pressures that severely impacted the cost of construction commodities and the delivery of critical materials and equipment. Like many construction projects, this Project was impacted by significant price increases, the inability to obtain pricing commitments, and challenges in obtaining construction materials resulting in an uncertain construction environment. These supply chain challenges impacted the delivery time for key materials and equipment, ultimately delaying the Project.

The Project has seen delays on the construction side due to unforeseen challenges including differing site conditions, tunneling delays, and supply chain issues. Construction of the North City Pure Water Facility has seen several construction changes which have caused delays to the project including structural modifications, drainage modifications, controller and electrical modifications, changes driven by regulatory requirements, and additional operational safety measures. Construction at the North City Water Reclamation Plant, which is crucial to the Project, has also seen delays. Upgrades to the plant must be completed while the plant remains in operation 24/7, which brings a unique level of complexity to the project. This portion the Project has seen delays due to varied site conditions, design modifications, and electrical equipment procurement delays.

Legal challenges have been another contributing factor in Project implementation delays. In November 2018, the City Council authorized the City of San Diego Public Utilities Department to



Page 3  
Dan Denham  
General Manager  
February 13, 2025

begin advertising for construction of the Project. After advertisement of associated projects, the Association of General Contractors (AGC) initiated litigation against the City, alleging that joint apprenticeship language in three of the construction contracts violated the City's Proposition A requirements. The Court issued an injunction that prohibited proceeding with construction while the litigation was resolved. The State subsequently passed legislation requiring project labor agreements (PLAs) for Pure Water projects that received State Revolving Fund loan financing and in November 2019 the City Council approved removing joint apprenticeship language from all the Pure Water contracts. The City then successfully negotiated project labor agreements (PLAs for Pure Water with applicable labor and construction groups. In November 2019, the City settled with AGC. As a result of this litigation and the change in state law requiring PLAs, construction of the Project was delayed approximately 18 months.

The City of San Diego believes that these unforeseen delays are sufficient rationale to request an extension to the start of operations consistent with the requirements outlined in the June 8, 2021, Item 7-7 approved by the Water Planning and Stewardship Committee and MWD's Board of Directors.

Commitment to Continuing to Pursue the Pure Water North City Project

The San Diego Pure Water North City Project Phase 1 is currently 70% complete and the City of San Diego is fully committed to bringing the project online as a local and sustainable water source for the region. The following are updates on the Project implementation:

The Project has met major milestones including installation of approximately 21 of 30 miles of pipeline, completion of 12 of 15 tunnels, installation of the subaqueous pipeline at Miramar reservoir, completion of testing of two of the four new secondary clarifiers at the North City Water Reclamation Plant, completion of the operations and maintenance building exterior, while we continue the installation of major process equipment at the North City Pure Water Facility.

In addition to construction implementation, the City continues to prepare for implementation of the Project operations and maintenance needs. The City has hired fifteen of 20 operations positions, nine of 17 maintenance positions, and five of seven engineering and administrative positions. Of the positions where certifications are required, eight out of ten required Advanced Water Treatment (AWT) Certifications have been obtained. Additional AWT training is scheduled for early 2025. The City also continues to work toward obtaining necessary contracts for chemicals, services, and other specialized parts and labor.

The City will meet the requested 36-month LRP extension deadline and strives to bring the Project online sooner, if possible. Attached is a summary schedule of Project implementation with a revised start of operations date as required by MWD.

If you have any questions or need additional information, please contact Ally Berenter, at (619) 541-3642 or [aberenter@sanidiego.gov](mailto:aberenter@sanidiego.gov).



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Dan Denham  
General Manager  
February 13, 2025

Thank you for your consideration of our request. The City of San Diego looks forward to working with SDCWA and MWD staff on seeking approval of this request and bringing this important water supply to MWD's service area.

Sincerely,



Juan Guerreiro  
Director of Public Utilities  
City of San Diego

Attachment 1 – Revised Schedule San Diego Pure Water North City Project Phase 1

cc: Lisa Celaya, Executive Assistant Director, Public Utilities Department  
Doug Campbell, Assistant Director, Public Utilities Department  
Alexandra Berenter, Deputy Director, Public Utilities Department



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Dan Denham  
General Manager  
February 13, 2025

Attachment 1

Revised San Diego Pure Water Program Implementation Schedule

Revised Date	Activity
April 19, 2022	Commence Construction
December 2025	Begin Start Up and Commissioning
April 2026	Conduct Partial Flow System Acceptance Test
May 2026	Conduct UV Validation Testing for DDW
July 2026	Receive DDW Approval for Surface Water Discharge to Miramar Reservoir at 7.5 MGD
November 2026	Complete Full Flow System Acceptance Test
February 2027	Obtain DDW Approval for 30 MGD Operations
July 1, 2027-June 30, 2028	Project Allowable Yield begins



## LOCAL RESOURCES PROGRAM (LRP) PROJECT REQUESTING START-OF-OPERATION EXTENSION

<b>Project Information</b>	
<i>LRP Project</i>	San Diego Pure Water North City Project Phase 1
<i>Member Agency</i>	San Diego County Water Authority (SDCWA)
<i>Ultimate Yield (AF)</i>	33,600 AF
<i>Date of Agreement Execution</i>	August 17, 2020
<b>Extension Timeline</b>	
<i>Start-of-Operation Milestone</i>	June 30, 2025
<i>Revised Start-of-Operation Milestone</i>	June 30, 2028
<i>Length of Extension Request</i>	36 months
<b>Additional Information</b>	
<i>Project currently under construction?</i> <input checked="" type="checkbox"/>	
<i>Member agency affirmed all parties pursuing project?</i> <input checked="" type="checkbox"/>	
<i>Member agency provided revised schedule?</i> <input checked="" type="checkbox"/>	
<i>Member agency affirmed that the project will start operation within 3 fiscal years?</i> <input checked="" type="checkbox"/>	
<b>Reasons for Requested Extension</b>	
The extension request is due to unforeseen delays including supply chain challenges resulting from the COVID-19 pandemic, unforeseen construction delays, and legal challenges.	





## One Water and Adaptation Committee

Authorize an amendment to LRP Agreement to extend start-of-operation deadline for San Diego Pure Water North City Project Phase I

Item 7-6

May 13, 2025



## Item 7-6

### Amendment to LRP Agreement for San Diego Pure Water North City Project Phase I

#### Subject

Authorize an amendment to LRP Agreement to extend the start of operation deadline for San Diego Pure Water North City Project Phase I

#### Purpose

To obtain Board approval to amend the LRP Agreement to extend the start of operation deadline for the San Diego Pure Water North City Project Phase I

#### Recommendation and Fiscal Impact

Staff recommends authorizing an amendment to the LRP Agreement to grant an extension to the start of operation deadline for the San Diego Pure Water North City Project Phase I.

No new fiscal obligations result from the proposed amendment. Payments will be shifted by three years, beginning in 2028.



# Local Resources Program

## Background

Provides incentives for Metropolitan's member agencies to develop new local projects to increase water supply reliability in the region



Recycled Water  
(1982)



Groundwater Recovery  
(1991)



Seawater Desalination  
(2014)

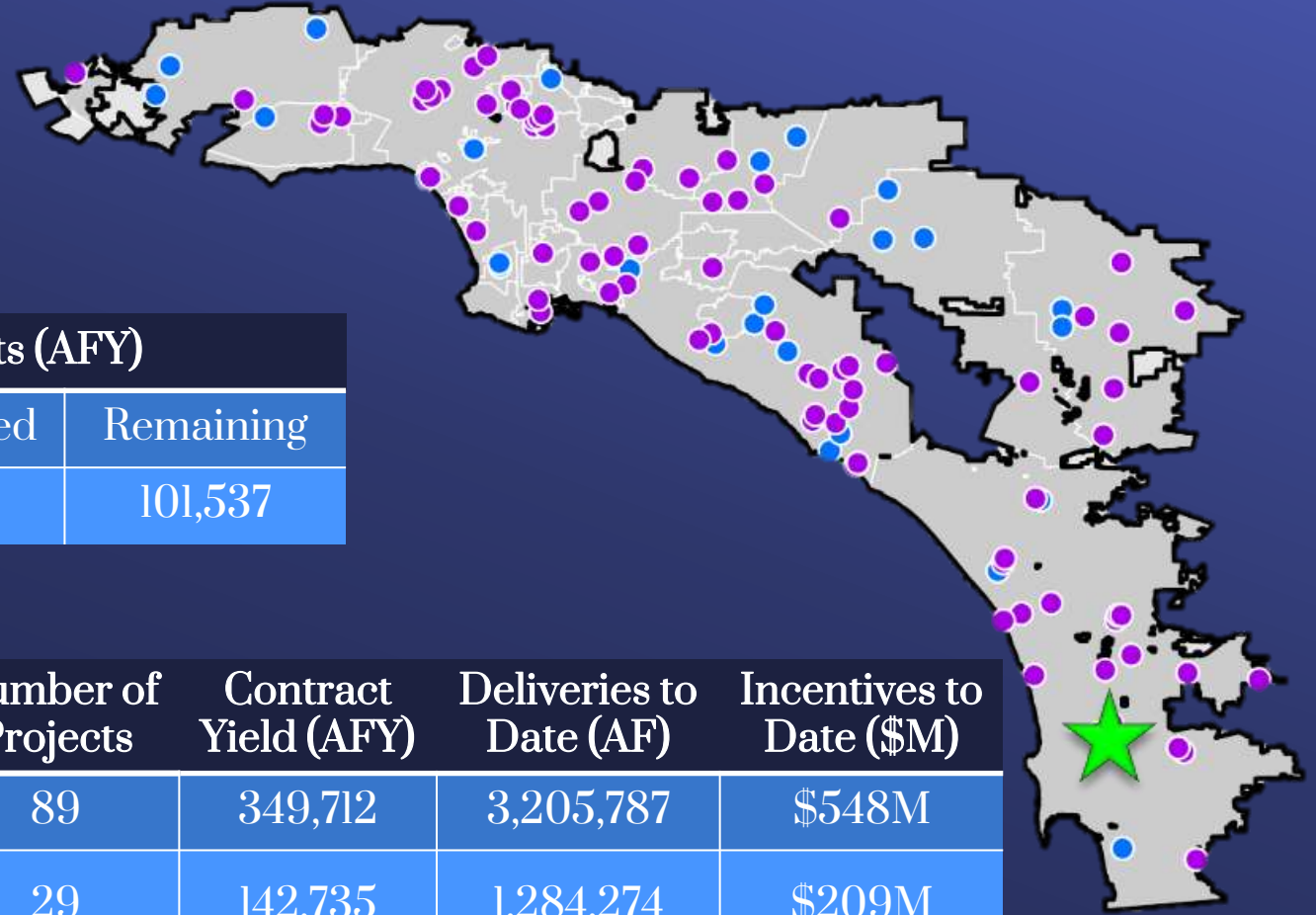


# Local Resources Program

## Program Status

LRP Targets (AFY)		
Target	Committed	Remaining
170,000	68,463	101,537

Type	Number of Projects	Contract Yield (AFY)	Deliveries to Date (AF)	Incentives to Date (\$M)
● Recycling	89	349,712	3,205,787	\$548M
● Groundwater Recovery	29	142,735	1,284,274	\$209M
Total	118	492,447	4,490,061	\$757M





# San Diego Pure Water North City Project Phase I

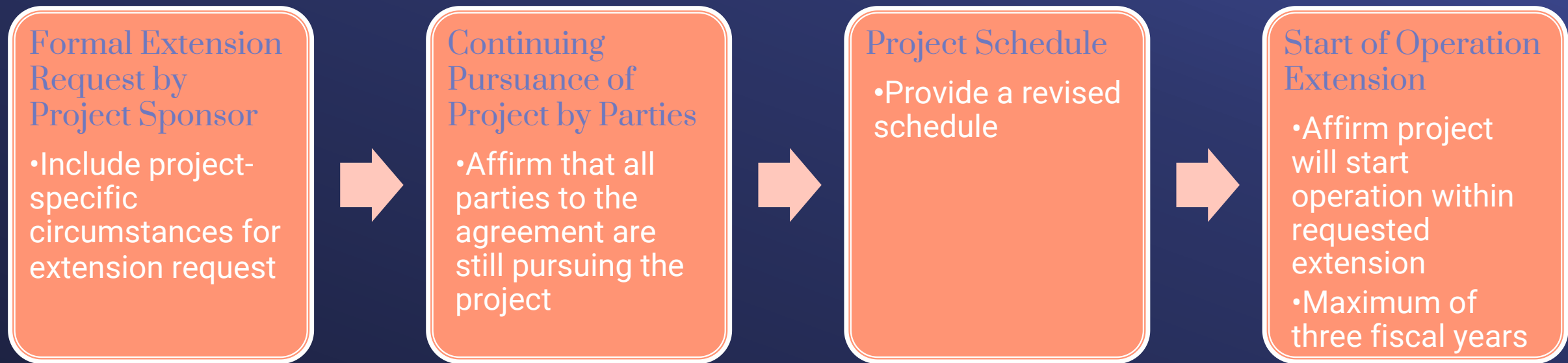
## Project Details

- On December 10, 2019, the Board authorized the General Manager to enter into an LRP agreement with SDCWA and the City of San Diego
- North City Pure Water Facility
  - Advanced treatment processes (ozone, biological filtration, reverse osmosis, and ultraviolet disinfection)
  - Pipelines, pump stations, influent structure
  - Capacity: 33,600 acre-feet
- Purified water for surface water augmentation at Miramar Reservoir



# Approved LRP Framework

- On June 8, 2021, the Board approved framework and criteria for member agency requests to extend the start of operation milestone
  - Project must be under construction and have an active LRP agreement
- Evaluation criteria for extensions:



- Extension requests meeting evaluation criteria must be approved by the Board.



# Start of Operation Extension

## Request Details

- SDCWA submitted formal request to extend start-of-operation milestone from June 30, 2025 to June 30, 2028.
  - Parties are committed to the completion of the project
  - Project will begin operation on or before June 30, 2028
- Reasons for additional time needed
  - Supply chain challenges impacted ability to acquire construction materials and equipment
  - Design modifications due to differing site conditions
  - Legal challenges and changes in state law requiring project labor agreements



# Summary

- Extension request meets Board-approved criteria
- All other terms of existing LRP Agreement remain unchanged
  - Amendment changes the start of operation milestone
- No further CEQA review is required
- No change to the maximum financial commitment approved by the Board
  - Shifts the timing of expenditures



# Board Options

- Option #1

Authorize an amendment to LRP Agreement to extend the start of operation deadline for the San Diego Pure Water North City Project Phase I; adopt CEQA determination that the proposed action was previously addressed in the City of San Diego's adopted 2018 Final EIR/EIS and that no future CEQA review is required
- Option #2

Do not extend the LRP Agreement start of operation deadline for the San Diego Pure Water North City Project Phase I



# Staff Recommendation

- Option #1

Authorize an amendment to LRP Agreement to extend the start of operation deadline for the San Diego Pure Water North City Project Phase I; adopt CEQA determination that the proposed action was previously addressed in the City of San Diego's adopted 2018 Final EIR/EIS and that no future CEQA review is required









- **Board of Directors**

- Engineering, Operations, and Technology Committee***

5/13/2025 Board Meeting

8-1

## Subject

Award a \$131 million procurement contract to Siemens Energy Inc. to furnish 35 high-voltage power transformers; authorize the General Manager to execute change orders for the CRA transformer procurement contract up to an aggregate amount not to exceed \$42.5 million; and authorize an increase of \$6.5 million to an agreement with HDR Engineering Inc. for a new not-to-exceed amount of \$8.2 million for final design services to replace the high-voltage transformers at the five CRA pumping plants; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

## Executive Summary

The Colorado River Aqueduct (CRA) system utilizes 69 kV and 230 kV transformers to step down power from Hoover and Parker Dams to the lower voltages used to run the main pumps and other equipment at the five CRA pumping plants. The existing transformers have exceeded their design life, are currently showing signs of deterioration, and require replacement to maintain reliable CRA water deliveries.

This action: (1) awards a \$131 million procurement contract to Siemens Energy Inc. to furnish 35 high-voltage power transformers; (2) authorizes the General Manager to execute change orders for the CRA transformer procurement contract up to an aggregate amount not to exceed \$42.5 million; and (3) authorizes an increase of \$6.5 million to an existing agreement with HDR Engineering Inc. to perform final engineering design services to replace the existing high-voltage power transformers at the five CRA pumping plants with the Metropolitan-furnished transformers that are included in this board action. See **Attachment 1** for the Allocation of Funds, **Attachment 2** for the Listing of Subconsultants, **Attachment 3** for the Location Map, and **Attachment 4** for the Key Agreement Terms.

## Proposed Recommendation and Options

### Staff Recommendation: Option #1

#### Option #1

- Award a \$131 million procurement contract to Siemens Energy Inc. to furnish 35 high-voltage power transformers.
- Authorize the General Manager to execute change orders for the CRA transformer procurement contract up to an aggregate amount not to exceed \$42.5 million.
- Authorize an increase of \$6.5 million to an existing agreement with HDR Engineering Inc. for a new not-to-exceed amount of \$8.2 million for final engineering design services to replace the high-voltage power transformers at all five CRA pumping plants.

**Fiscal Impact:** Expenditure of \$149.2 million in capital funds. Approximately \$5 million will be incurred in the current biennium and has been previously authorized. The remaining funds from this action will be accounted for in subsequent biennial budgets.

**Business Analysis:** This option will enhance the reliability of the CRA by replacing key elements of its electric power systems.



**Option #2**

Do not proceed with the project at this time. Staff will continue to monitor the operational status of the transformers.

**Fiscal Impact:** None

**Business Analysis:** This option would defer the replacement of the CRA's high-voltage power transformers, which would forego an opportunity to reduce the risk of unplanned outages of the CRA.

**Alternatives Considered**

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During the planning process for this project, staff evaluated replacing the existing single-phase transformers with new three-phase transformers. This option could reduce the number of transformer units at each plant from seven to three, which could potentially lower procurement and maintenance costs. However, this approach would require extensive modifications to upstream and downstream electrical facilities at each pumping plant, including the 230 kV and 69 kV switchyards as well as the 6.9 kV switch houses. After careful evaluation, staff concluded that retaining the single-phase transformer design is the most cost-effective and efficient approach. This approach also minimizes outages and disruptions to CRA water deliveries during construction.

During the preliminary design phase, staff also considered rehabilitating the existing transformer cranes, as the new transformers are expected to weigh less than the current equipment. However, due to the cranes' age, their general condition, limited availability of spare parts, and the current structural codes, rehabilitation was deemed neither feasible nor economical. Staff also evaluated the use of mobile cranes as an alternative to replacing the existing stationary cranes. Outreach to local vendors confirmed that utilizing mobile cranes, where feasible, would be more cost-effective compared to rehabilitating all five existing stationary cranes. This information led to the decision to replace the stationary cranes at only two of the plants and utilize mobile cranes at the three pumping plants that have adequate space for mobile crane operation.

**Applicable Policy**

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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

Metropolitan Water District Administrative Code Section 8150: Best Value Procurement

**Related Board Actions/Future Actions**

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By Minute Item 52330, dated April 13, 2021, the Board authorized preliminary design to replace the CRA main pump transformers.

By Minute Item 53598, dated April 9, 2024, the Board appropriated a total of \$636.6 million for projects identified in the Capital Investment Plan for Fiscal Years 2024/25 and 2025/26.

Board Informational Item 9-2 dated January 14, 2025, Update on the Colorado River Aqueduct High-Voltage Transformers Replacement Project.

Award cranes construction contract (future)

Award transformer installation contract(s) (future)

**Summary of Outreach Completed**

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Staff conducted a comprehensive global outreach to identify and prequalify transformer manufacturers with the technical capabilities, resources, and proven expertise to manufacture custom high-voltage power transformers. In addition, staff engaged with other agencies, such as the U.S. Bureau of Reclamation and the Department of Water Resources, that regularly procure custom high-voltage power transformers to gather insights into their procurement practices and experiences with the current market conditions.



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## California Environmental Quality Act (CEQA)

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### CEQA determination for Option #1:

On April 13, 2021, the project was determined to be exempt from CEQA pursuant to Sections 15301, 15302, 15303, 15304, and 15311 of the State CEQA Guidelines. The current board action does not result in any substantial change to the project. Accordingly, no further CEQA determinations or documentation are necessary.

### CEQA determination for Option #2:

None required

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## Details and Background

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### 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, 63 miles of canals, and 44 miles of cut-and-cover conduits. The aqueduct was constructed in the 1930s and was placed into service in 1941.

Electrical power for the CRA's five pumping plants is transmitted via 237 miles of high-voltage lines from Hoover and Parker Dams. Higher voltages are used on overhead power lines to increase transmission efficiency, and the voltage is then decreased (stepped down) at the CRA pumping plants to match the lower voltages of plant equipment. Four pumping plants have incoming voltages of 230 kV, while the incoming voltage at the Intake Pumping Plant is 69 kV. Each plant uses seven single-phase power transformers to step down the voltage from its incoming voltage to the operating voltage of 6.9 kV, which is used to operate the main pumps and other equipment. The aqueduct system utilizes 35 high-voltage transformers distributed across all five pumping plants. At each plant, four transformers were installed in 1939 with the initial construction of the aqueduct, and the remaining three transformers were installed in 1959 with the aqueduct's expansion. The seven transformers at each plant are arranged in two banks of three transformers, each with one common spare unit. Each transformer bank powers up to five pump units, or approximately 63 percent of the aqueduct's capacity.

While a typical power transformer's service life is expected to be 40 to 50 years, the CRA's transformers have operated continuously for nearly 85 years due to thorough maintenance and ideal operating conditions in a dry climate. In the mid-1980s, a significant effort was undertaken to rehabilitate and refurbish the original transformers installed in 1939. Most transformers continue to operate reliably, but urgent maintenance is becoming more frequent. In April 2025, urgently needed maintenance of a transformer bushing at the Hinds plant resulted in an unplanned CRA flow reduction for over a week. Also, recent inspections have identified elevated gas levels in the transformer oil, an early indicator of equipment failure. Analysis of this data, along with operational performance and non-destructive microscopic examinations of selected transformers' insulating materials, indicates that the transformers are nearing the end of their service life and require replacement to ensure reliable operation of the CRA.

Due to the specialized nature of the transformers and the continued strong demand for electrical equipment on a global basis, long lead times are required for manufacturing this equipment. As such, staff recommends the transformers be procured before the installation contract is ready for advertisement. This approach ensures the transformers are available when the installation contractor mobilizes to conduct on-site work and minimizes impacts on the plants' operations during installation and commissioning.

### CRA High-Voltage Transformers Replacement – Procurement

The scope for the procurement contract includes furnishing 35 high-voltage transformers and associated appurtenances. Deliveries will be staged in batches and stored at each pumping plant until the construction contractor is ready to install the equipment. The transformers may be shipped fully assembled with oil or as disassembled units, depending on the manufacturer's preference and shipping regulations. The transformers will be inspected, assembled, tested, and prepared for long-term storage in accordance with the manufacturer's recommendations. The transformers will be equipped with instrumentation to monitor their condition. The vendor, Siemens, will perform periodic testing and inspections to validate the warranty and ensure the transformers are ready for installation.



A construction contract will be awarded after the first half of the transformers have been received by Metropolitan. Transformers will be replaced one unit at a time, with construction crews working across all plants simultaneously to replace five transformers per year. A detailed installation and delivery schedule has been developed to align with annual CRA shutdowns, minimizing impacts to the CRA operations and ensuring 8-pump flow capacity. Multiple alternative installation options were also considered that would shorten the installation schedule by a few years but restrict the CRA's capacity to five pump flow or below. Staff plans to include provisions within the installation contract to allow the contractor to accelerate the schedule if opportunities arise.

***Award of Procurement Contract (Siemens Energy Inc.)***

A Request for Qualification No. 1240A was issued on October 8, 2021, to prequalify potential bidders. Statements of Qualifications were received on November 19, 2021. Six manufacturers and authorized distributors were prequalified to bid on the transformer's procurement contract. They included Delta Star Inc., Hitachi, ILJIN Electric USA Inc., Siemens Energy Inc., Turbos Trans Electric, and WEG Transformers USA.

Specifications No. 1897 – Furnishing 69 kV and 230 kV Power Transformers for the Colorado River Aqueduct Pumping Plants was advertised on May 19, 2023, to the prequalified manufacturers. During the bidding period, manufacturers indicated to staff that market conditions had significantly changed since the prequalification list was established, and substantial exceptions would be taken concerning: (1) Technical requirements; (2) Standard contract terms and conditions, including delivery schedule and warranty; and (3) Up-front, fixed pricing for the units. Items affecting fixed pricing include unprecedented global industry demand for transformers, global events that have caused disruptions to supply chains, and significant materials price fluctuations. Collectively, these issues result in even longer lead times to procure the transformers.

The advertisement period for Specifications No. 1897 closed on September 21, 2023, after two separate time extensions were granted at the request of the potential bidders. Metropolitan received one bid that was deemed nonresponsive and rejected, as it only included pricing for seven of the 35 transformers. In addition, the vendor took numerous exceptions to Metropolitan's bidding requirements and technical specifications.

Following these bidding challenges, staff elected to implement best value procurement provisions, per Metropolitan's Administrative Code Section 8150. This approach allows prequalified manufacturers to submit proposals addressing the solicitation's technical specifications while enabling the evaluation of additional factors beyond cost. The proposals include elements such as payment schedules, material escalation clauses, operational performance guarantees, warranty provisions, and delivery schedules, all of which can be negotiated with the manufacturers to ensure the best overall value for Metropolitan. During this process, staff continued to perform outreach efforts and another manufacturer (SGB-SMIT Group) was prequalified.

Request for Proposal (RFP) No. 1360 was issued on March 15, 2024, to the seven prequalified manufacturers. One proposal was received from Siemens Energy Inc. (Siemens), whose manufacturing facilities are located in Austria, on July 18, 2024. Metropolitan completed a thorough review and analysis of the submitted proposal. Siemens has proposed commercial terms that differ materially from those included in Metropolitan's standard procurement contracts. Metropolitan entered negotiations in September 2024 with Siemens on contract pricing, technical requirements, and contractual terms and conditions. This process involved detailed discussions and careful consideration of key terms, including payment terms, material escalation clauses, operational performance guarantees, warranty provisions, and delivery schedules. Staff has negotiated to ensure that the final contract not only meets the technical and operational needs of the project but also provides flexibility and long-term value for Metropolitan. **Attachment 4** highlights the negotiated agreement terms that vary from Metropolitan's standard terms.

This action awards a \$131 million procurement contract to Siemens to furnish 35 high-voltage power transformers. This amount includes all sales and use taxes imposed by the State of California. Staff contacted several entities that have recently purchased large transformers and found the initial proposal was reasonable and reflects the high demand and limited manufacturers of the specialty equipment. As a procurement contract, there are no subcontracting opportunities, and no Small Business Enterprise participation level was established for this contract.



A total of \$138.8 million is required for the procurement phase. In addition to the amount of the procurement contract described above, other allocated funds for professional services include \$920,000 for design review and factory acceptance testing, which will be performed by a specialty firm under an existing board-authorized on-call agreement. Allocated funds for Metropolitan staff activities include \$758,000 for fabrication inspection and functional testing; \$435,000 for submittals review and responding to manufacturer requests for information; \$244,000 for laydown area preparation, transformer monitoring and maintenance during storage to uphold warranty; \$550,000 for contract administration and project management; and \$4,893,000 for the remaining budget. **Attachment 1** provides the allocation of the required funds.

### **Change Order Authority for Procurement Contract**

Based on Metropolitan's Administrative Code, the General Manager's change order authority for the transformer procurement contract is \$6.55 million, which is five percent of the contract amount. On the transformer procurement contract, change orders are anticipated that may potentially exceed the current five percent change order authority.

Potential changes include optional testing procedures if exercised by Metropolitan, and price adjustments due to escalation. Since 2020, the transformer industry has relied on a price adjustment formula based on published indices for materials, labor, and currency exchange rates. Over the past five years, fluctuations have increased approximately six to eight percent annually, potentially resulting in the contract price exceeding the General Manager's change order authority. To accommodate these increases, this action also authorizes an additional approximately \$36 million allowance for price adjustments based on the established formula. If the indices drop over the course of the contract, Metropolitan's cost would be reduced.

Staff recommends that the General Manager's change order authority for this procurement contract be increased to \$42.5 million. This action authorizes the General Manager to execute change orders for the CRA transformer procurement contract up to an aggregate amount not to exceed \$42.5 million.

### **CRA High-Voltage Transformers Installation – Final Design**

Staff recommends executing the planned transformer installation work for the five CRA pumping plants in a two-staged approach. The first stage will focus on replacing the cranes prior to awarding an installation contract. Each plant currently utilizes a stationary crane and cart system to move the transformers to offsite facilities for maintenance or emergency repairs. Despite regular maintenance, the structural steel members of these cranes have deteriorated, and they no longer meet current seismic standards. In addition, the original electrical and control systems are outdated due to obsolete components which are difficult to obtain for replacement. To address these issues, staff recommends demolishing the existing cranes and replacing them with mobile cranes at three of the pumping plants. At Hinds and Intake, where space constraints prohibit the use of mobile cranes, the existing cranes will be replaced with new stationary cranes. The cart systems, which are used to transport the transformers, at all five pumping plants will also be replaced.

The second stage of the installation work consists of an installation contract to install the Metropolitan-furnished transformers, upgrade the foundations to meet current seismic code requirements, construct secondary containment structures around the transformer pads to address environmental and fire protection, and build protective barriers to improve site security. As part of the security improvements, staff is also planning the installation of radar detection systems for protection against aerial threats.

The planned final design work for the installation of the transformers and the new cranes and carts will be conducted by a hybrid effort between Metropolitan staff and consultants. Metropolitan staff will prepare the instrumentation and controls design drawings, provide technical input, manage the project, and administer the consultant agreement.

A total of \$10.4 million is required for the final design. Allocated funds for professional services include \$6.5 million for the final design activities by HDR as described below; \$580,000 for geotechnical and ground motion reports to evaluate the integrity of the soil conditions and foundations; \$100,000 for constructability review; \$50,000 for third-party technical review; \$50,000 for hazardous materials assessment; and \$50,000 for historical resources analysis by specialty firms under existing board authorized on-call agreements. Allocated funds for Metropolitan staff activities include \$1.5 million for preparing instrumentation and controls design



drawings, technical oversight, and review of consultant's work; and \$1 million for environmental support, construction contracts preparation, CIP office support, project controls and project management; and \$570,000 for the remaining budget. **Attachment 1** provides the allocation of the required funds.

***Final Design Services (HDR Engineering Inc.) – Amendment to Existing Agreement***

HDR Engineering Inc. (HDR) will provide final design services under an existing board-authorized agreement for the replacement of the high-voltage transformers. The planned final design activities will include: (1) detailed design of transformer foundations; (2) design and development of procurement and installation documents for the cranes and carts; (3) creation of final design drawings and specifications for transformer installation; (4) preparation of a construction cost estimate; (5) design of security improvements to protect transformers from external threats; and (6) development of a detailed construction sequencing plan. In April 2021, Metropolitan's Board authorized an agreement with HDR to complete preliminary design for the replacement of the CRA high-voltage transformers. HDR was selected through a competitive process via RFP No. 1252 based on the firm's staff expertise, technical approach and methodology, and cost proposal. Preliminary design has been completed, and HDR is now recommended to provide engineering services for final design as described above.

This action authorizes an increase of \$6.5 million to the existing agreement with HDR for a new not-to-exceed total of \$8.2 million to perform final design to replace the CRA high-voltage transformers. Metropolitan has established a Small Business Enterprise participation level of 25 percent for this agreement. HDR has agreed to meet this level of participation. The planned subconsultants for this work are listed in **Attachment 2**.

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 4.2 percent of the total construction cost. The total estimated cost for design is \$9.12 million, which includes \$6.5 million for HDR, \$1.5 million for Metropolitan staff design and technical oversight, and \$1.12 million for transformer procurement which was previously allocated. The estimated cost of construction for the replacement of the CRA main pump transformers is anticipated to range from \$220 million to \$240 million.

***Summary***

A total of \$149.2 million is required to perform this work, which includes \$139 million for procurement and \$11 million for final engineering design services. This action: (1) awards a \$131 million procurement contract to Siemens to furnish 35 high-voltage power transformers; (2) authorizes the General Manager to execute change orders for the CRA transformer procurement contract up to an aggregate amount not to exceed \$42.5 million; and (3) authorizes an increase of \$6.5 million to an existing agreement with HDR for final engineering design services to replace the high-voltage power transformers at the five CRA pumping plants.



***Project Milestones***

December 2025 – Completion of final design of cranes and carts system

December 2028 – Completion of final design of transformer installation

February 2030 – Final delivery of transformers

  
\_\_\_\_\_  
Mai Hattar  
Interim Chief Engineer  
Engineering Services

4/29/2025

Date

  
\_\_\_\_\_  
Deven Upadhyay  
General Manager

4/29/2025

Date

**Attachment 1 – Allocation of Funds**

**Attachment 2 – Listing of Subconsultants**

**Attachment 3 – Location Map**

**Attachment 4 – Key Agreement Terms**

Ref# es12688645



### **Allocation of Funds for CRA High-Voltage Transformers Replacement**

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	<b>Current Board Action (May 2025)</b>
Labor	
Studies & Investigations	\$ -
Final Design	1,500,000
Owner Costs (Program mgmt., envir. monitoring)	1,550,000
Submittals Review & Record Drwgs.	435,000
Construction Inspection & Support	758,000
Metropolitan Force Construction	244,000
Professional/Technical Services	
HDR Engineering Inc.	6,500,000
Fabrication Inspection Consultant	920,000
Geotechnical Services Consultant	580,000
Constructability Review Consultant	100,000
Environmental Services Consultant	50,000
Hazardous Materials Assessment Consultant	50,000
Third-Party Technical Review Consultant	50,000
Contracts	
Siemens Energy Inc.	131,000,000
Remaining Budget	5,463,000
<b>Total</b>	<b>\$ 149,200,000</b>

The total amount expended to date to replace the CRA High-Voltage Transformers Replacement is approximately \$6.2 million. The total estimated cost to complete this project, including the amount appropriated to date, funds allocated for the work described in this action, and future construction costs, is anticipated to range from \$250 million to \$300 million.

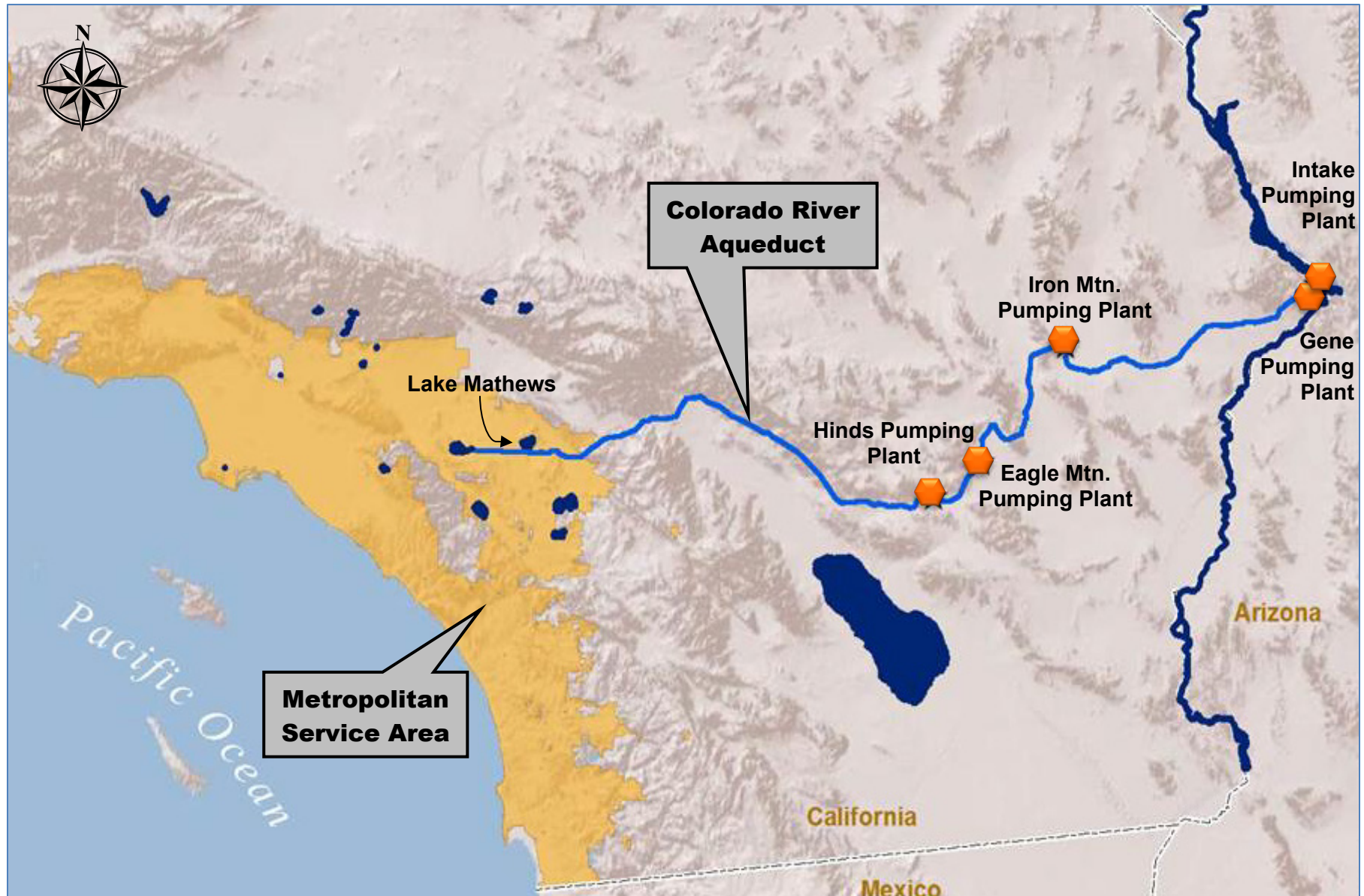


**The Metropolitan Water District of Southern California**  
**Subconsultants for Agreement with HDR Engineering Inc.**

<b>Subconsultant and Location</b>	<b>Service Category; Specialty</b>
PGA Engineers Inc. Brea, CA	Transformer Anchorage, Transformer Structural Design, Transformer SPCC Design
ProjectLine Technical Services Costa Mesa, CA	Transformer Instrumentation and Controls Design, Drafting Support
Leland Saylor Associates Los Angeles, CA	Cost Estimating, Scheduling
Health Science Associates Los Alamitos, CA	Hazardous Materials Surveys
Poole Fire Protection Olathe, KS	Fire Protection System Evaluation



**Location Map**





**The Metropolitan Water District of Southern California**

**CRA High-Voltage Transformers Replacement  
Key Agreement Terms**

1.	<p><b>Payment Schedule:</b></p> <p>Due to high global demand and the limited number of factories capable of producing transformers with these specifications, manufacturing and delivery have long lead times. The earliest anticipated delivery is between 2029 and 2030. To secure a production slot, Metropolitan has agreed to an upfront deposit of 3 percent of the contract price.</p> <p>The agreed-upon payment milestones are:</p> <ul style="list-style-type: none"> <li>• 3 percent upon receipt of contract execution</li> <li>• 7 percent upon approval of submittals and drawings</li> <li>• 25 percent upon receipt of main materials</li> <li>• 40 percent upon successful factory acceptance testing</li> <li>• 15 percent upon delivery</li> <li>• 10 percent upon energization</li> </ul>
2.	<p><b>Contract Award:</b></p> <p>The contract with Siemens is valued at \$131 million, which includes:</p> <ul style="list-style-type: none"> <li>• 35 transformers</li> <li>• Spare parts</li> <li>• Applicable taxes, shipping and ground transportation</li> <li>• Unloading and storage preparation</li> <li>• Extended warranty</li> <li>• Manufacturer's field services during installation</li> <li>• Performance bond</li> </ul>
3.	<p><b>Limitation on Liability:</b></p> <p>Metropolitan's standard language regarding limitations on liability has been revised to cap total liability to the contract value of the affected unit and exclude liability for consequential, incidental, indirect, special, or punitive damages, including lost profits, revenue, production, and power-related costs. In addition, all liability expires at the end of the applicable warranty period, and liability for damage to Metropolitan's property due to the Contractor's negligence or warranted defects is capped at the lesser of the repair/replacement cost or \$5 million. Liability for damages arising from technical advice or training services is also limited.</p>



4.	<p><b>Insurance:</b></p> <p>Metropolitan’s standard language regarding insurance coverage has been revised to increase the required general liability insurance coverage from \$1 million to \$5 million per occurrence and annual aggregate while allowing the required limits to be met through a combination of primary and excess/umbrella coverages.</p>
5.	<p><b>Liquidated Damages (LD):</b></p> <p>If the Contractor fails to deliver the transformers on schedule, LDs of 0.5 percent of the contract price per week of delay will apply, up to a maximum of 10 percent of the delayed items’ contract price. If this cap is reached, Metropolitan reserves the right to terminate the Contractor’s right to proceed and procure similar materials elsewhere, with the costs of cover charged to the Contractor.</p>
6.	<p><b>Extended Warranty:</b></p> <p>The initial proposal included a warranty of 60 months from energization (66 months from delivery), whereas typical industry warranties range from 1 to 2 years. Through negotiations, Metropolitan has secured an extended warranty of 5 years post-energization (8 years from delivery).</p>
7.	<p><b>Termination of Contract</b></p> <p>The contract includes provisions for termination by either party under the following circumstances:</p> <ul style="list-style-type: none"> <li>• Metropolitan may terminate the contract for cause if the Contractor fails to meet key obligations and does not resolve the issue within 30 days of written notice, or under conditions such as abandonment, insolvency, or failure to deliver. If terminated for cause, Metropolitan may procure the remaining materials or services elsewhere, and the Contractor will be responsible for any verified costs.</li> <li>• If Metropolitan breaches the contract or terminates for convenience, the Contractor is entitled to compensation for completed work, materials purchased, profit, and certain unavoidable costs, subject to the terms of the agreed-upon cancellation schedule and good-faith negotiations. The cancellation schedule specifies the Contractor’s per-unit damages as follows: <ul style="list-style-type: none"> <li>○ 10 percent after receipt of order</li> <li>○ 30 percent after preliminary drawing has been communicated or extended lead time items are being ordered or latest 30 months before ready for shipment date</li> <li>○ 50 percent after order of main components (copper, core, tank) or latest 18 months before shipment date</li> <li>○ 90 percent after main components have been received at the factory location or latest 10 months before shipment date</li> <li>○ 100 percent after core/winding manufacturing has started or latest 7 months before shipment date</li> </ul> </li> </ul>





Engineering, Operations, & Technology Committee

# Colorado River Aqueduct High-Voltage Transformers Replacement Project

Item 8-1

May 12, 2025



## Item 8-1

### Colorado River Aqueduct High Voltage Transformers Replacement

#### Subject

- Award a \$131 million procurement contract to Siemens Energy Inc. to furnish 35 high voltage power transformers
- Authorize an increase of \$6.5 million to an agreement with HDR Engineering Inc. for final design services

#### Purpose

This project will enhance the reliability of Colorado River Aqueduct (CRA) deliveries by replacing key elements of its electric power systems

#### Recommendation and Fiscal Impact

Award a procurement contract and amend an agreement for final design services to replace the CRA transformers

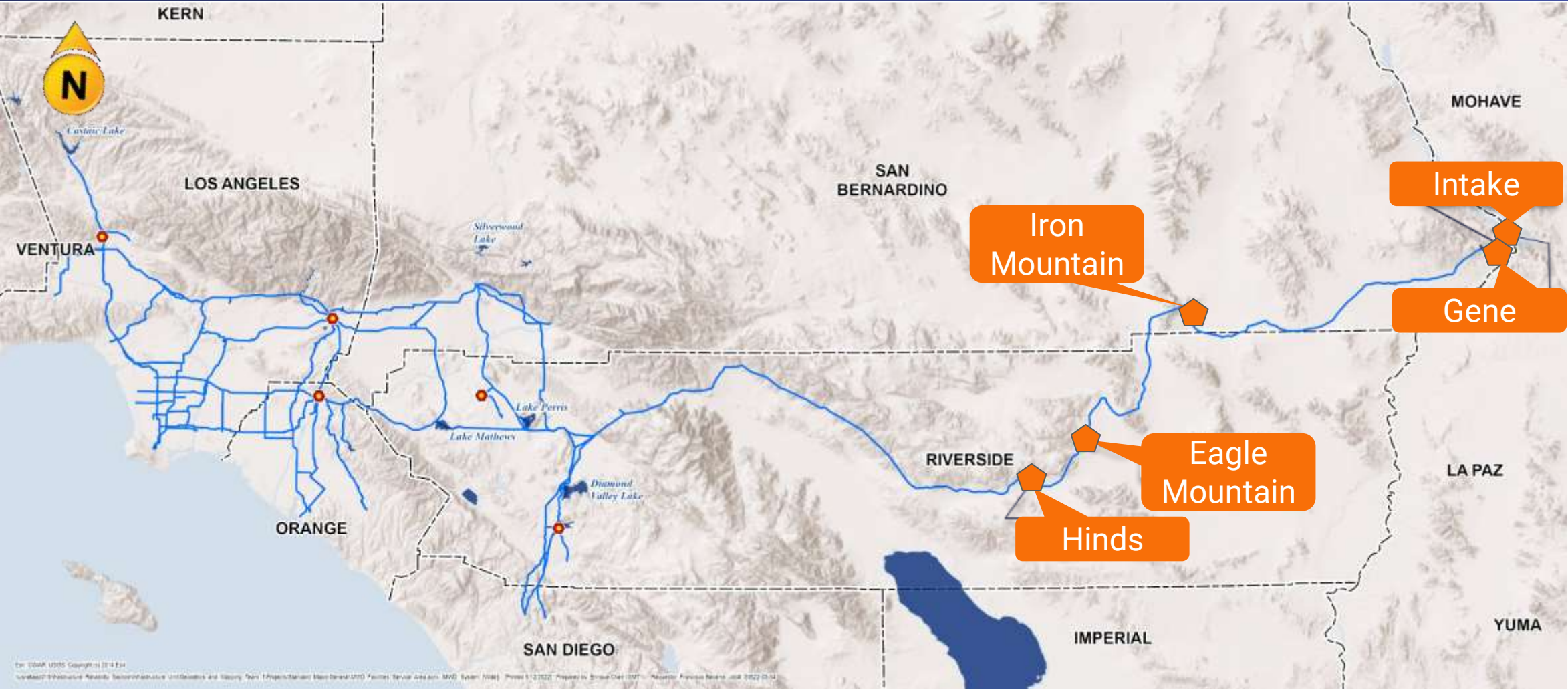
Fiscal Impact 26/28 – \$5 million

Total Fiscal Impact – \$149.2 million

#### Budgeted

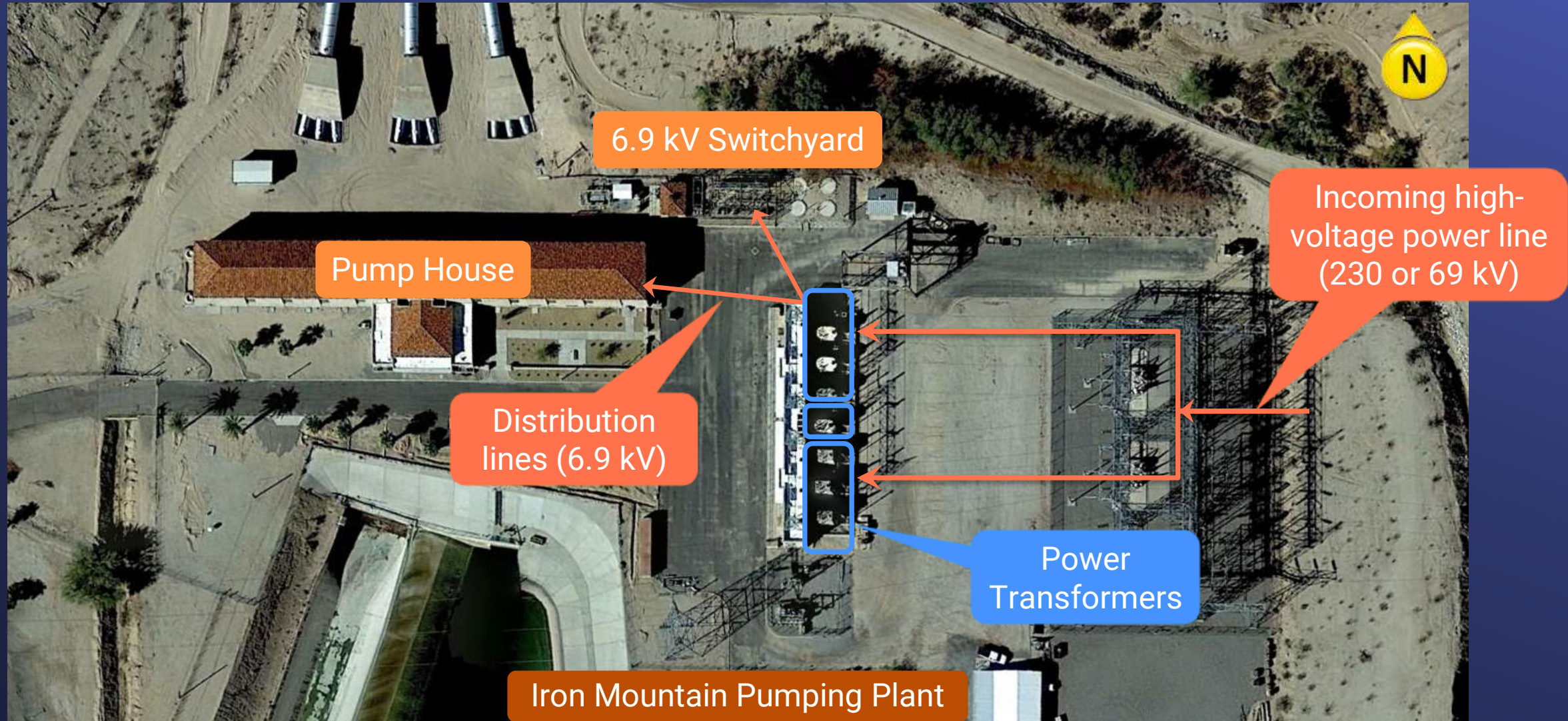


# Project Location





# Typical Site Layout





# Background

- Facilities initially constructed in 1939
- 35 transformer units
  - 15 in service since 1940
  - 20 in service since late 1950s
- Major maintenance performed in late 1980's with CRAPPR
- Failure will impact water deliveries
  - Recent Hinds Pumping Plant bushing leak forced CRA low flow period



Hinds Pumping Plant



# CRA Transformer Condition Assessment Program

- Assessments include:
  - Online & Offline testing
    - Offline testing performed every 5 years
      - Winding resistance, power factor, turns ratio, etc.
    - Online testing performed every 6 months
      - Oil quality & sampling
  - Diagnostic testing
    - Triggered by abnormal results
    - Increased sampling and/or internal inspection
- Perform repairs based on results
  - No local shop can repair 230 kV units.
  - Current repair times quoted approx. 2 years



Staff Installing Refurbished Intake 2C Transformer Unit (Removed 10/19, Installed 6/20, Energized 2/21)



# Planned Improvements

- Replace 35 transformers at 5 CRA pumping plants
- Upgrade foundations to meet current seismic standards
- Enhance physical security features
- Construct secondary containment systems
- Replace transformer cranes at two plants



Gene Pumping Plant



Iron Mtn. Pumping Plant



# Installation Methodology

- All 35 units will be delivered in advance & stored onsite for installation
- Transformers will be replaced one unit at a time across all plants
  - Provides 8-pump flow flexibility
  - Ensures alignment with water supply needs
- 5 transformers will be replaced per year
  - Coordination required with annual CRA shutdowns to minimize impacts on plant operations



Eagle Mtn. Pumping Plant



Intake Pumping Plant



# Colorado River Aqueduct High Voltage Transformers Replacement

## Alternatives Considered

- Considered Alternative:
  - Replace 7 single-phase units with 3 three-phase units
    - Potential cost savings in procurement & maintenance
    - Requires major electrical facility modifications
- Selected Alternative:
  - Retain single-phase configuration
  - Minimize construction & operational impacts



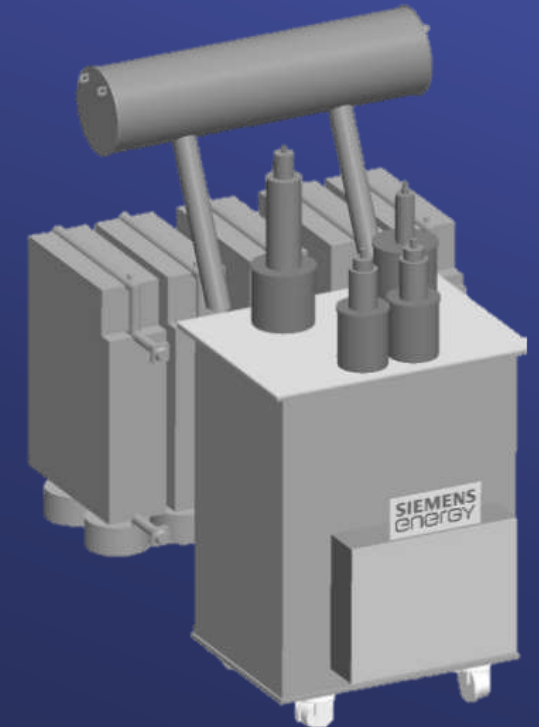
# Procurement Approach

- Apr '21: Initiated preliminary design
- Mar '22: Prequalified 6 transformer manufacturers & conducted extensive vendor outreach
- May '23: Completed preliminary design & advertised transformer procurement package
  - No responsive bids received due to:
    - Limited pool of manufacturers meeting technical requirements
    - Reluctance to provide upfront pricing amid supply chain disruptions & material price volatility
    - Preference for repeat customers



# Best-Value Procurement

- RFP No. 1360 (Specifications No. 1897)
  - Direct negotiation of contract terms with supplier
  - No advantage in competitive bidding
    - Metropolitan Admin. Code Section 8150
- Award of procurement contract
  - Siemens Energy Inc.
  - Amount: \$131 M
    - Cost deemed reasonable



Rendering of New  
Siemens Transformer



# Colorado River Aqueduct High Voltage Transformers Replacement

## Scope of Work (Procurement)

- Siemens Energy Inc.
  - Fabricate & deliver 35 high-voltage power transformers
  - Off-load & prepare units for storage
  - Provide training
- Metropolitan
  - Fabrication inspection & functional testing
  - Submittal reviews & response to RFIs
  - Site preparation for transformer storage
  - Field monitoring & testing
  - Project management & contract administration



# Negotiations Highlights

- Reduced upfront deposit from 10% to 3%
- Lowered milestone payments prior to delivery
- Purchased extended warranty coverage (8-year term)
- Increased cap on liquidated damages with more favorable limits
- Siemens to provide a 100% performance bond



# Change Order Authority

- Change order authority determined by Admin. Code (Section 8123)
  - Procurement contract: \$6.5 M (5%)
- Request for additional change order authority
  - Price adjustment formula (Industry standard since 2020)
    - Based on published indices for currency, labor & materials
    - 7% annual escalation based on historical trends
    - Potential for de-escalation (Metropolitan receives credit)
  - Unit pricing adjusted 6 months before delivery
    - Invoiced upon delivery of each unit
  - Additional authority: \$36 M
- Total authority: \$42.5 M



# Price Adjustment Overview

- Adjustment calculated per unit 6 months before delivery
- Adjusted cost invoiced at time of delivery
- Formula accounts for:
  - Base Price
  - EUR/USD Exchange Rate
  - Austrian Consumer Price Index
  - Labor Wages
  - Materials (copper, steel, core sheets)



Colorado  
River  
Aqueduct  
High Voltage  
Transformers  
Replacement

## HDR Engineering Inc. - Agreement (Final Design)

- Competitively selected under RFP 1252
  - Completed preliminary design
- Recommend amendment
  - Perform final design
    - Drawings & technical specs
    - Construction cost estimate
    - Construction sequencing plan
  - Provide technical support for procurement
    - Review fabrication drawings
  - Amendment amount: \$6.5 M
  - New NTE amount: \$8.2 M
- SBE Participation level: 25%



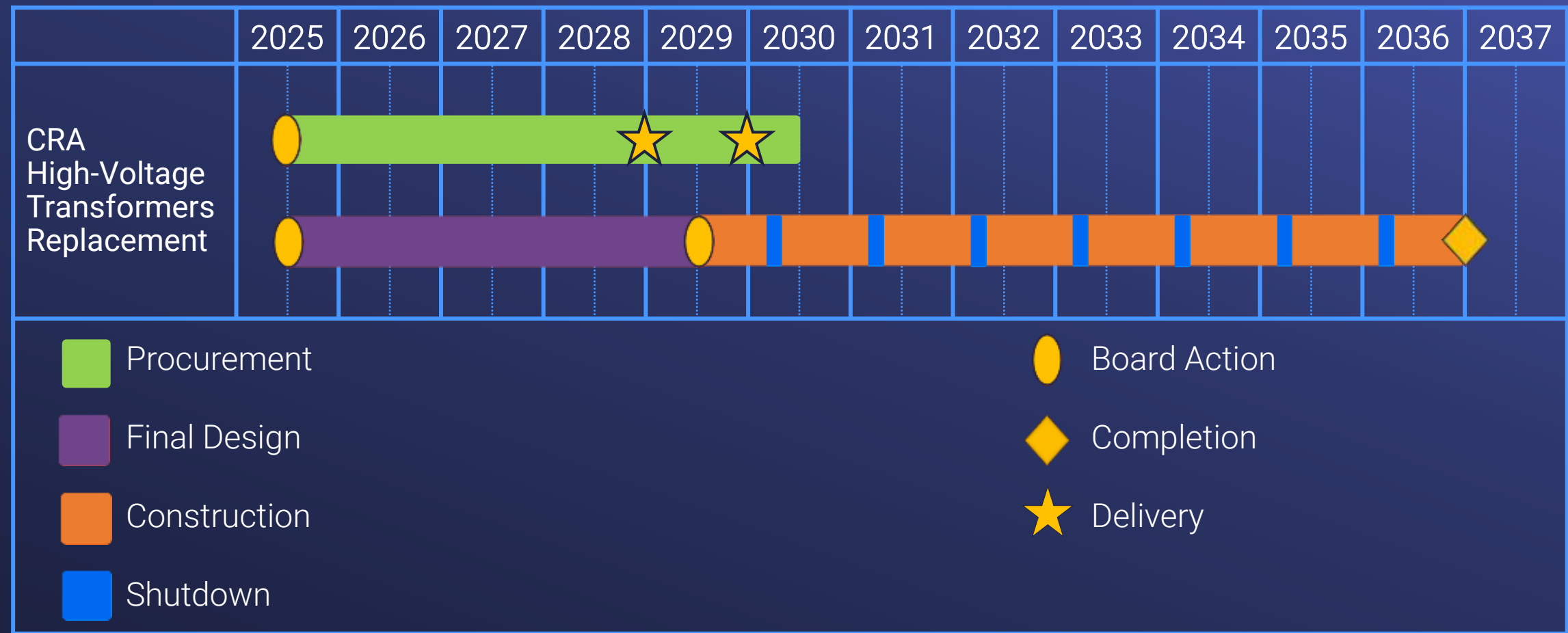
# Allocation of Funds

Metropolitan Labor		
Final Design	\$	1,500,000
Owner Costs (Proj. Mgmt., Contract Admin., Envir. Support)		1,550,000
Construction Inspection & Support		758,000
Force Construction		244,000
Submittals Review, Tech. Support, Record Dwgs.		435,000
Professional/Technical Services		
HDR Engineering Inc.		6,500,000
Fabrication Inspection Consultant		920,000
Geotechnical Services Consultant		580,000
Other Consultants (Environ., Haz. Matls., & Tech		250,000
Contracts		
Siemens Energy Inc.		131,000,000
Remaining Budget		5,463,000
Total \$		149,200,000*

\*Includes \$138.8 M for procurement & \$10.4 M for final design. The total estimated cost to complete the project is anticipated to range from \$250 M to \$300 M.



# Project Schedule





# Board Options

- Option #1
  - a. Award a \$131 million procurement contract to Siemens Energy Inc. to furnish 35 high-voltage power transformers;
  - b. Authorize the General Manager to execute change orders for the CRA transformer procurement contract up to an aggregate amount not to exceed \$42.5 million; and
  - c. Authorize an increase of \$6.5 million to an existing agreement with HDR Engineering Inc. for a new not-to-exceed amount of \$8.2 million for final engineering design services to replace the high-voltage power transformers at all five CRA pumping plants.
- Option #2

Do not proceed with the project at this time. Staff will continue to monitor the operational status of the transformers.



# Staff Recommendation

- Option #1









- **Board of Directors**

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

5/13/2025 Board Meeting

8-2

## Subject

Adopt CEQA determination that the proposed action was previously addressed in the adopted 2017 Mitigated Negative Declaration, Addenda Nos. 1, 2 and 3 and related CEQA actions; and adopt resolution that (1) authorizes the execution and delivery of an amended and restated agreement between Antelope Valley-East Kern Water Agency and Metropolitan for the High Desert Water Bank Program, (2) approves the project financing, and (3) authorizes the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer to negotiate, execute, and deliver various related agreements and documents

## Executive Summary

This board letter outlines staff's recommended plan of finance for the High Desert Water Bank ("HDWB" or "Water Bank") Program with Antelope Valley-East Kern Water Agency ("AVEK"). As part of a multi-step process with the AVEK staff and board, Metropolitan staff is seeking board approval of changes in the Amended and Restated HDWB Agreement to facilitate the long-term bond financing of the HDWB capital costs.

In the adopted Biennial Budgets for Fiscal Years 2022/23-2023/24 and 2024/25-2025/26, the Board approved debt financing the HDWB to reduce cash expenditures. The debt will be issued by a Joint Powers Authority, the Antelope Valley-East Kern Water Agency Financing Authority, comprised of AVEK and the California Municipal Finance Authority (the "AVEK Finance Authority JPA" or "the JPA"). The JPA will issue the long-term debt to fund the construction costs of the HDWB capital assets that are wholly owned by AVEK. Metropolitan will make installment payments sufficient to pay the debt service costs of the JPA bond issue. The JPA structure allows the principal component of the borrowing to be paid as a subordinate lien debt obligation on Metropolitan's revenue bond lien, while the interest expense component will be funded as an Operation and Maintenance expense ("O&M expense"). This structure will help Metropolitan preserve its debt capacity and benefit Metropolitan's debt service coverage ratio calculations.

The duration of the proposed debt service payments and the term of the Agreement must align in order to accommodate the maturity of the bonds to be issued. The Amended and Restated HDWB Agreement will enable the capital costs of the HDWB project to be financed over a 30-year term, consistent with the assumed HDWB project's useful life. The current HDWB Agreement term is being extended by an additional twenty years to December 31, 2057.

The proposed resolution (**Attachment 1**) authorizes the execution and delivery of an amended and restated agreement between AVEK and Metropolitan for the HDWB Program, extending the term of the Agreement, approving the project financing, and authorizing the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer to negotiate, execute and deliver various related agreements and documents.

## Fiscal Impact

The HDWB Program has two main financial components: (1) capital costs, and (2) O&M costs. The \$177.9 million of financed capital costs will be amortized over a term of up to 30 years, while the O&M costs will span through 2057, which aligns with the new term of the HDWB Agreement. Staff anticipates that the long-term



bond financing for board-approved capital costs to date will have an annual debt service payment of approximately \$10.4 million, depending upon debt structure and market conditions at the time of sale.

However, as detailed in the February 10, 2025, board letter to the One Water and Stewardship (“OWS”) Committee, alternative strategies identified by staff for the treatment of arsenic and nitrate, and potential requirements to mitigate impacts to neighboring wells, will have additional capital and O&M costs. It is expected that such treatment options or mitigation requirements, if approved by the Board, could increase the cost of the HDWB project and may require subsequent series of bonds to be issued by the JPA. Staff expects to have these additional cost estimates for arsenic and nitrate treatment and any mitigation measures for neighboring wells in the fourth quarter of 2025 and will bring related approvals to the Board accordingly.

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

### Staff Recommendation: Option #1

#### Option #1

Adopt CEQA determination that the proposed action was previously addressed in the adopted 2017 Mitigated Negative Declaration, Addenda Nos. 1, 2 and 3 and related CEQA actions; and adopt a resolution that:

(1) authorizes the execution and delivery of an amended and restated agreement between Antelope Valley-East Kern Water Agency and Metropolitan for the High Desert Water Bank Program, (2) approves the project financing, and (3) authorizes the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer to negotiate, execute, and deliver various related agreements and documents.

**Fiscal Impact:** The Adopted Budget for Fiscal Years 2024/25 and 2025/26 assumes average annual debt service costs for the HDWB Program of \$10.9 million. The current estimated annual JPA debt service costs for the HDWB Program are approximately \$10.4 million. However, these estimates do not include the cost of additional arsenic and nitrate treatment, or any costs associated with potential impacts to neighboring wells. The treatment cost estimates are expected in the fourth quarter of 2025 and are subject to board approval.

**Business Analysis:** Approval of Option #1 will enable Metropolitan to proceed with this important program as directed by the Board while treatment costs and final capital costs are determined. Financing the HDWB Program as recommended in Option #1 would not impact Metropolitan’s business except for the fiscal impacts previously noted above.

#### Option #2

Do not adopt the resolution that authorizes the execution and delivery of an amended and restated agreement between Antelope Valley-East Kern Water Agency and Metropolitan for the High Desert Water Bank Program, approves the project financing, and authorizes the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer to negotiate, execute and deliver various related agreements and documents.

**Fiscal Impact:** Future capital costs of the HDWB Program would have to be funded from other debt financing structures or from Metropolitan’s operating revenues. The former alternative would most likely result in the issuance of debt under Metropolitan’s revenue bond program. While staff believes the difference in cost of funds between debt issuance through the AVEK JPA and Metropolitan is negligible, the fiscal impact would be realized through the reduction in Metropolitan’s revenue bond debt capacity by \$178 million and incrementally improve Metropolitan’s debt service coverage ratio. The latter alternative of using revenues in lieu of debt to fund the HDWB capital costs would have a negative effect on Metropolitan’s operating budget and may require commensurate rate increases in the next biennium budget cycle.

**Business Analysis:** If Option #2 is approved, staff will develop an alternative plan of finance; however, the financing mechanism used to support this funding decision would not impact Metropolitan’s business except for the fiscal impacts previously noted above.

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## Alternatives Considered

Not applicable

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## Applicable Policy

Metropolitan Water District Administrative Code Section 4203: Water Transfer Policy



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

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By Minute Item 50302, dated November 10, 2015, the Board authorized entering into an agreement for Storage and Exchange Programs with AVEK.

By Minute Item 51564, dated April 9, 2019, the Board authorized entering into an agreement for the High Desert Water Bank Program with AVEK.

By Minute Item 55360, dated September 12, 2023, the Board authorized up to \$80 million for additional costs associated with changes to the High Desert Water Bank Program with AVEK.

By Minute Item 53882, dated December 10, 2024, the Board authorized the General Manager to enter into agreements with the U.S. Bureau of Reclamation to implement phase two of the LC Conservation Program, which includes approximately \$82 million in funding for costs associated with the Water Bank.

In Board Information Item 9-3, dated February 11, 2025, Staff provided updates regarding certain water quality issues and possible treatment approaches, groundwater modeling, potential impacts to neighboring wells, and other contingencies related to the High Desert Water Bank Program with AVEK, as well as planned amendments to the High Desert Water Bank Program agreement and plan of finance referenced in this letter. Staff plans to return to the Finance, Affordability, Asset Management, and Efficiency Committee in the next several months when final treatment and other project cost estimates are available for the Board's consideration and approval.

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**Summary of Outreach Completed**

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Not applicable

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**California Environmental Quality Act (CEQA)**

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**CEQA determination for Option #1:**

On April 4, 2019, the Board acted as a Responsible Agency and certified that it reviewed and considered the information in the Antelope Valley-East Kern Water Agency's December 2017 Mitigated Negative Declaration and adopted the Lead Agency's mitigation measures prior to approval of the formal terms and conditions for the proposed agreement. On September 12, 2023, the Board reviewed and considered Addenda Nos. 1, 2, and 3 to the Mitigated Negative Declaration prior to changes to the design, construction, and operation of Water Bank facilities and approval of additional costs associated with those changes. The present board action relates solely to the financing of project costs and does not involve or authorize changes to the actual project itself. Therefore, the environmental documentation previously prepared and adopted in connection with the project fully complies with CEQA, and no further environmental analysis or documentation is required. Any future management actions or agreements will be evaluated to determine whether the effects of such actions are consistent with the 2017 MND and Addenda or whether any additional analysis and documentation is needed.

**CEQA determination for Option #2:**

None required

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**Details and Background**

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**Background**

In April 2019, the Board authorized the General Manager to enter into an agreement with AVEK (the HDWB Agreement). At that time, the Board approved capital payments for the HDWB Program of up to \$131 million.

In September 2023, the Board authorized additional funding for the HDWB Program of up to \$80 million for various unforeseen issues that have impacted the HDWB Program and increased estimated costs since it was approved in 2019. These include (1) higher-than-anticipated rates of inflation due to supply chain constraints and other factors; (2) revisions to the design, construction, and operation of the Water Bank's recharge and recovery facilities, which are necessary to achieve the original performance targets; and (3) the need for additional electrical infrastructure to support the operation of the Water Bank's facilities. Combined with the original approval for \$131 million, the additional \$80 million resulted in a total of \$211 million in authorized expenditures



for the HDWB Program. This estimated project cost does not include additional costs described in a February 10, 2025, board information letter cited above, in which staff informed the Board of additional water quality treatment capital costs for arsenic and nitrate, potential mitigation costs associated with impacts to neighboring wells, and groundwater modeling impacts that indicate a limited ability to continuously recharge the Water Bank as originally planned. This estimated project cost also does not reflect that, in December 2024, Metropolitan entered into a System Conservation Implementation Agreement with the United States Bureau of Reclamation (“USBR”), under which USBR agreed to provide \$82 million in funding for the Water Bank in exchange for Metropolitan leaving 168,000 AF of conserved Colorado River water in Lake Mead. The funding will defray Metropolitan’s overall costs on the project by paying for the construction of new infrastructure such as wells, recovery facilities, water treatment facilities, and on-site electrical.

As of April 1, 2025, Metropolitan has paid approximately \$106.0 million for AVEK capital costs, paid approximately \$1.0 million for AVEK O&M expenses, and issued \$99.4 million of short-term certificates under Metropolitan’s Revolver Note Facility.

### **HDWB Program Plan of Finance**

In the adopted Biennium Budgets for Fiscal Years 2022/23-2023/24 and 2024/25-2025/26, the Board approved debt financing for the HDWB to reduce upfront cash expenditures and reduce near-term rate impacts. Staff and the bond financing team considered options to debt finance the HDWB Program using Metropolitan’s revenue bond program or an alternative project financing approach utilizing a third-party JPA. Staff recommends the JPA approach, considering benefits to the preservation of Metropolitan’s debt capacity and debt service coverage. The long-term financing through the AVEK JPA approved in the proposed resolution will pay off all of Metropolitan’s outstanding short-term note obligations incurred for the HDWB Program.

Metropolitan’s \$99.4 million of currently outstanding Revolver Notes were issued in multiple series since June 2023 to finance the HDWB Program per board approval. The use of Metropolitan’s short-term Revolver Note Facility was part of an interim financing plan for HDWB until issues enabling the long-term bond financing of the program were resolved. Metropolitan paid \$1.64 million in interest cost in fiscal year 2023/24 and \$2.23 million to date for fiscal year 2024/25 for the HDWB Program-related notes.

Given the inversion of the yield curve since July 2023, short-term rates have been higher than long-term rates. Despite this circumstance, staff was able to keep the financing costs under budget by only borrowing funds through the Revolver as needed. In fact, staff lowered the all-in carry cost of the issued Revolver Notes by \$7.5 million and \$5.9 million compared to budget assumptions in fiscal year 2022/23 and fiscal year 2023/24, respectively.


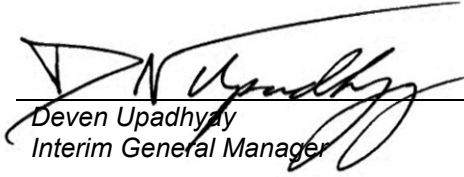
### **Proposed HDWB Agreement Amendments**

To debt finance the capital costs of the HDWB Program, the HDWB Agreement will be amended and restated to include required provisions to enable financing through the AVEK JPA. These amendments include the addition of a schedule of installment payments that will match the debt service payments of the bonds and secure Metropolitan’s obligation to pay installment payments as a first-tier parity obligation under its Master Subordinate Resolution.



**Proposed Resolution**

The proposed resolution would authorize the financing of the design, acquisition, construction, and installation of the High Desert Water Bank through the issuance of bonds by the JPA, and execution of an Amended and Restated HDWB Agreement to facilitate the long-term bond financing and the related financing documents, including but not limited to a Continuing Disclosure Undertaking and an Assignment Agreement.

	5/5/2025
Katano Kasaine	Date
Assistant General Manager/ Chief Financial Officer	
	5/5/2025
Deven Upadhyay	Date
Interim General Manager	

**Attachment 1 – AVEK Financing Resolution****Attachment 2 – Amended And Restated Agreement Between Antelope Valley-East Kern Water Agency And Metropolitan For The High Desert Water Bank Program**

Ref# cfo12701792



**THE METROPOLITAN WATER DISTRICT OF  
SOUTHERN CALIFORNIA**

**RESOLUTION \_\_\_\_\_**

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**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
AUTHORIZING THE DISTRICT'S AMENDED AND RESTATED AGREEMENT  
BETWEEN ANTELOPE VALLEY-EAST KERN WATER AGENCY AND  
METROPOLITAN FOR THE HIGH DESERT WATER BANK PROGRAM AND  
AUTHORIZING THE GENERAL MANAGER OR ASSISTANT GENERAL  
MANAGER/CHIEF FINANCIAL OFFICER AND TREASURER TO NEGOTIATE,  
EXECUTE AND DELIVER VARIOUS AGREEMENTS AND DOCUMENTS RELATED  
THERE TO**

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

1. In April 2019, the Board authorized the General Manager to enter into the Agreement Between Antelope Valley-East Kern Water Agency and the District for the High Desert Water Bank Program (the "Original Water Bank Agreement"), by and between the Antelope Valley-East Kern Water Agency ("AVEK") and The Metropolitan Water District of Southern California (the "District"), to provide up to \$131 million, which was increased to \$211 million in September 2023, for the construction of monitoring and production wells, turnouts, pipelines, recharge basins and water storage and booster pump facilities (collectively, the "High Desert Water Bank"); and
2. Pursuant to the Original Water Bank Agreement, the District will pay the capital costs related to, and AVEK will construct and own, the High Desert Water Bank and the District will have the right to store and recover up to 70,000 acre-feet of water per year with a total storage capacity of 280,000 acre-feet; and
3. The Original Water Bank Agreement set forth the arrangements for the construction and operation of the High Desert Water Bank; and
4. The District finds it advisable for the Antelope Valley-East Kern Water Agency Financing Authority (the "Authority"), to issue its Water Bank Revenue Bonds, Series 2025A (High Desert Water Bank Program) (the "2025A Bonds"), in one or more subseries, in order to finance the design, acquisition, construction and installation of improvements creating the High Desert Water Bank, as further described in one or more Preliminary Official Statements (the "Preliminary Official Statement") and one or more final Official Statements (the "Official Statement") relating to the 2025A Bonds; and



5. The District and AVEK desire to amend and restate the Original Water Bank Agreement to provide for the financing of the construction of the High Desert Water Bank through the issuance of the 2025A Bonds, among other matters; and

6. The Board desires to authorize the General Manager or the Assistant General Manager/Chief Financial Officer and Treasurer of the District to negotiate, execute, and deliver the Amended and Restated Agreement Between AVEK and the District for the High Desert Water Bank Program (the “Amended and Restated Water Bank Agreement”), a form of which has been presented to this meeting, pursuant to which the District will make installment payments to AVEK in exchange for its right to use the High Desert Water Bank (the “Installment Payments”), which Installment Payments will be applied to the payment of debt service on the 2025A Bonds, among other matters; and

7. In connection with the issuance of the 2025A Bonds, AVEK will assign, without recourse, all of its rights to receive the Installment Payments scheduled to be paid by the District and certain other rights to the Authority under and pursuant to the Amended and Restated Water Bank Agreement pursuant to an Assignment Agreement (the “Assignment Agreement”), by and among the Authority, AVEK and the District, a form of which has been presented to this meeting; and

8. The Board desires to authorize the General Manager or the Assistant General Manager/Chief Financial Officer and Treasurer of the District to execute and deliver one or more continuing disclosure undertakings with respect to the 2025A Bonds (the “Continuing Disclosure Undertaking,” and together with the Amended and Restated Water Bank Agreement, and the Assignment Agreement, the “Financing Documents,” and the Financing Documents together with the transactions contemplated by the Amended and Restated Water Bank Agreement, and in furtherance of financing the design, acquisition, construction, installation of improvements and water treatment, creating the High Desert Water Bank, the “Project Financing”), forms of which have been presented to this meeting, for the benefit of the owners of the 2025A Bonds and in order to assist the underwriters of the 2025A Bonds in complying with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934; and

NOW, THEREFORE, THE BOARD DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

1. **Approval of the Project Financing.** Each of the above recitals is true and correct and is adopted by the Board. Subject to Section 3 below, the Board hereby authorizes and approves the Project Financing.

2. **Authorization of General Manager and Assistant General Manager/Chief Financial Officer.** Subject to Section 3 below, the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer of the District, and each of them or any of their respective designees (individually, an “Authorized Officer,” and collectively, the “Authorized Officers”) are each hereby authorized, and any one of the Authorized Officers is hereby directed for and in the name of and on behalf of the District, to do any and all things necessary or convenient in the best interests of the District to negotiate, execute and deliver the Financing Documents, which shall be substantially in the forms presented to this meeting, with such additions and changes



therein as such Authorized Officers shall determine are necessary or desirable or otherwise approve as being in the best interests of the District, such determination and approval to be conclusively evidenced by such Authorized Officer's execution and delivery of the respective Financing Documents.

3. **General Authorizations.** The Authorized Officers are each hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name and on behalf of the District, to take all actions and execute any and all documents necessary or advisable in furtherance of the Project Financing, or the negotiation and execution of the Financing Documents, and to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate, carry out, give effect to and comply with the terms and intent of this Resolution and the consummation of the transactions contemplated hereby, including without limitation: (i) one or more certificates deeming the Preliminary Official Statements relating to the 2025A Bonds final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "15c2-12 Certificates"); (ii) one or more Official Statements describing the 2025A Bonds; (iii) one or more Bond Purchase Contracts, each by and between the District and Wells Fargo Securities LLC, or another underwriter as selected by AVEK or an Authorized Officer, as representative of the underwriters named therein, with respect to the 2025A Bonds (the "Bond Purchase Contracts"); and (iv) any future amendments, substitutions, extensions or replacements of the Financing Documents or the other documents described herein. All actions heretofore taken or caused to be taken by any Authorized Officer or other officer of the District with respect to the Project Financing, or in connection with the transactions contemplated by this Resolution, are hereby approved, confirmed, and ratified.

4. **Limitation of Authorization.** The District shall not take any District action under Section 1, 2 or 3 of this Resolution if, after giving effect to such District action, (i) the original aggregate principal amount of the 2025A Bonds exceeds \$180 million; (ii) the interest rate on the 2025A Bonds exceeds the maximum legal rate; (iii) the final maturity of the 2025A Bonds exceeds 40 years from their date of issuance; or (iv) the District's obligations under the Amended and Restated Water Bank Agreement do not satisfy the conditions precedent to the issuance of First Tier Parity Obligations as set forth in Section 6.08 of Resolution 9199 adopted by the District on March 8, 2016, as amended or supplemented, (the "Master Subordinate Resolution"); provided, however, that the Authorized Officers shall calculate the total amount of estimated costs of the Project Financing and the District's responsibility to pay for costs of the High Desert Water Bank based on such reasonable assumptions and methods as provided in the Amended and Restated Water Bank Agreement and as the Authorized Officers shall determine in his or her reasonable discretion and judgment.

5. **Severability.** If any provision of this Resolution is held invalid, that invalidity shall not affect other provisions 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 affirmative votes of members representing more than 50 percent of the total number of votes of all members of the Board of Directors of The Metropolitan Water District of Southern California at its meeting held on May 13, 2025.

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



**Amended and Restated Agreement  
between  
Antelope Valley-East Kern Water Agency  
and  
The Metropolitan Water District of Southern California  
for the  
High Desert Water Bank Program**

Antelope Valley-East Kern Water Agency (“AVEK”) and The Metropolitan Water District of Southern California (“Metropolitan”) have heretofore entered into an Agreement for the High Desert Water Bank Program, dated as of December 9, 2019 (the “Original Water Banking Agreement”) and have now determined the necessity to enter into this Amended and Restated Agreement for the High Desert Water Bank Program to amend to and restate the Original Water Banking Agreement, dated as of \_\_\_\_\_. 2025 (hereafter, as so amended, the “Agreement”). AVEK and Metropolitan are individually referred to as a “Party” and collectively as “Parties.”

**RECITALS**

A. AVEK is a water agency formed in 1959 by an act of the State Legislature. AVEK’s power, duties, authorities, and other matters are set forth in its enabling act, which is codified at California Water Code, Uncodified Acts, Act 9095. AVEK’s jurisdictional boundaries cover approximately 2,400 square miles including portions of Los Angeles, Ventura, and Kern counties. AVEK has contracted with the California Department of Water Resources to provide water from the California State Water Project.

B. Metropolitan is a metropolitan water district organized under the Metropolitan Water District Act, codified at Section 109-1, *et seq.* of West’s Appendix to the California Water Code, and engaged in developing, storing, and distributing water in the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura. Metropolitan also has contracted with the California Department of Water Resources to provide water from the California State Water Project.

C. This Agreement provides for Metropolitan to pay the costs related to, and for AVEK to construct and own, the High Desert Water Bank. This Agreement also provides for operation of the High Desert Water Bank, under which Metropolitan will have the right to store and recover up to 70,000 acre-feet per year with a total storage capacity of 280,000 acre-feet.

D. AVEK and Metropolitan entered into the Original Water Banking Agreement, pursuant to which AVEK and Metropolitan set forth the arrangements for the construction and operation of the High Desert Water Bank.

E. AVEK and Metropolitan desire to amend and restate the Original Water Banking Agreement (the “Amendment”) to provide for the financing of the construction of the High Desert Water Bank through the issuance of the Bonds (as defined below), among other matters.



F. In consideration of the mutual covenants of the Parties and for good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

## **AGREEMENT**

### **1. Definitions**

The following capitalized terms in this Agreement shall have the meanings ascribed to them below; provided, however, that certain capitalized terms used in Exhibit A to this Agreement shall have the meanings set forth in said Exhibit A.

**1.1 *Authority.*** the Antelope Valley-East Kern Water Agency Financing Authority, a joint exercise of powers authority duly organized and existing under the State of California.

**1.2 *AVEK Basin.*** The Antelope Valley groundwater basin underlying lands within the boundaries of AVEK, which is the same basin referred to as AVEK Basin Area, as described in the Antelope Valley Groundwater Adjudication (Antelope Valley Groundwater Cases, Judicial Council Coordination Proceeding No. 4408, Santa Clara Case No. 1-05-CV-049053).

**1.3 *Bonds.*** The Antelope Valley-East Kern Water Agency Financing Authority Water Bank Revenue Bonds, Series 2025A (High Desert Water Bank Program) issued by the Authority pursuant to an Indenture of Trust, by and between the Authority and Computershare Trust Company, National Association, as trustee, dated as of the date hereof.

**1.4 *CPI.*** Consumer Price Index for All Urban Consumers for Los Angeles-Long Beach-Anaheim All Items (CPI-U) calculated as the November CPI-U increase rounded to the nearest dollar. For example, if the November 2019 CPI-U was 269.005 and the November 2018 CPI-U was 259.064, then the percent change for January 1, 2020 would be +3.84%  $((269.005 - 259.064) / 259.064)$ .

**1.5 *Capital Costs.*** Actual expenses incurred on the purchase of land, engineering services, legal services related to land acquisition, buildings, construction, and equipment of the Facilities.

**1.6 *DWR.*** The Department of Water Resources of the State of California.

**1.7 *Delivery Points.*** California Aqueduct turnouts to/from the Facilities or other mutually agreed locations.

**1.8 *Facilities.*** All structures of the High Desert Water Bank, including (without limitation) recharge basins, turnouts, recovery wells, transmission pipelines, electrical, water storage and booster pump facilities, instrumentation and controls, agreed upon treatment facilities, and other structures or facilities necessary for operation of a groundwater storage and recovery program pursuant to this Agreement.

**1.9 *Installment Payments.*** The installment payments set forth and described in Exhibit A on the terms and conditions set forth therein.



**1.10 OM&R and Management Costs.** Any recurring or ongoing activity and costs associated with the day-to-day operation and management of the Facilities; any activity and costs relating to scheduled or unscheduled maintenance of the Facilities; and any activity and costs relating to replacement of Facilities.

**1.11 Payments.** The obligation of Metropolitan to make the payments to AVEK required by this Agreement pursuant to Sections 5, 6, 8, 9, 10 and 11 (including, without limitation, the Installment Payments on the terms and conditions set forth in Exhibit A).

**1.12 State Project Water.** All water which the Parties have rights to receive under their State Water Contracts including Transfers, Exchanges, and Non-Project Turn-In water the Parties may acquire from other sources that is conveyed through the State Water Project.

**1.13 State Water Contract.** The long-term water contracts entered into by Metropolitan with DWR and by AVEK with DWR, respectively.

**1.14 State Water Project (SWP).** Part of the State Water Resources Development System, authorized and constructed under Section 12930, *et seq.* of the Water Code, to deliver water to various public agencies throughout the State, including the Parties.

**1.15 Year.** A calendar year commencing January 1 and ending December 31.

## **2. Annual Put and Return Capacities of the Facilities**

The Parties intend the Facilities, when complete, to provide annual physical put and return capacities of 70,000 acre-feet, but recognize that the actual annual physical put and return capacities of the Facilities may vary over time.

## **3. Construction of the Facilities**

AVEK will design, construct, own, operate, and maintain the Facilities. The Parties will agree in writing to a final design, construction schedule, and estimated budget, which may include oversized power and transmission facilities. If Metropolitan does not agree in writing to the construction of Facilities that exceed \$211 million, and if AVEK proceeds with such construction without funds provided by Metropolitan, then Metropolitan will receive rights to utilize all of the constructed Facilities in an amount that is equal to Metropolitan's pro-rata investment. AVEK shall not allow any use of the Facilities by a third party if such use would affect the exclusion from gross income for federal income tax purposes of the interest with respect to the Bonds and any other Tax-Exempt Additional Bonds (as defined in the Indenture).

(a) Example: Assume that the total cost of the Facilities is \$300 million, of which Metropolitan paid \$211 million. In this example, Metropolitan would receive the right to use 70% of the Facilities  $((\$211 \text{ million}/\$300 \text{ million}) \times 100\% = 70\%)$ .



#### **4. Metropolitan Rights to Facilities in exchange for Payments**

In exchange for the Payments, Metropolitan will have the contractual right to use the Facilities as provided in, and subject to the provisions of, Sections 13, 14, 15, 16, and 17 of this Agreement.

#### **5. Payment for Construction of the Facilities**

**5.1 *Net Proceeds of Bonds.*** AVEK and Metropolitan hereby acknowledge that the proceeds of the Bonds deposited in the Project Fund of the Indenture will be applied to the Capital Costs of the Facilities.

**5.2 *Installment Payments.*** Metropolitan will make the Installment Payments in the manner and on the terms and condition set forth in Schedule I to Exhibit A hereto.

**5.3 *Additional Capital Costs.*** Metropolitan agrees to pay all Capital Costs of the construction of the Facilities to the extent that the net proceeds of the Bonds are not sufficient to pay all Capital Costs of the Facilities. To the extent that the net proceeds of the Bonds are not sufficient to pay all Capital Costs of the Facilities, AVEK hereby agrees to use its reasonable efforts to assist Metropolitan to provide for the issuance of additional bonds on terms and conditions comparable to those of the Bonds to provide for the financing of such additional Capital Costs of the Facilities, if so requested by Metropolitan.

**5.4 *Refund Upon Termination.*** If this Agreement is terminated pursuant to Section 22 (Approval by DWR) or 19 (Agreement with Antelope Valley Watermaster), AVEK will fully refund to Metropolitan all funds Metropolitan has theretofore provided to AVEK, plus any interest earned thereon within 60 days following the date of written notification to terminate.

**5.5 *Construction Completion.*** Upon completion of construction, AVEK will provide Metropolitan an accounting of all related Capital Costs (including, without limitation, Capital Costs paid from the net proceeds of the Bonds) subject to audit, review, reconciliation, and approval by Metropolitan upon reasonable notification to AVEK. Other than net proceeds of the Bonds, which are addressed in the Indenture, AVEK will return to Metropolitan any unused funds once the Facilities are constructed and timely provide Metropolitan with such additional accountings of disbursements and credits as Metropolitan requests.

#### **6. Reimbursement for Construction of Oversized Power and Transmission Facilities**

If AVEK constructs oversized power and transmission facilities as mutually agreed to by the Parties in writing pursuant to Section 3 (Construction of the Facilities), AVEK will reimburse Metropolitan for the construction costs of such oversized facilities plus interest accrued at a rate of 3.5% per year beginning on the date Metropolitan paid AVEK for the oversized facilities and due within 10 years from that date. The reimbursable principal shall be limited to the additional construction costs incurred as a result of oversizing the facilities.



## **7. Option to Expand the Facilities**

Metropolitan may request AVEK develop water banking facilities beyond that which are contemplated by this Agreement. Such request will be subject to AVEK's approval, as well as applicable laws including CEQA. The Parties may agree in writing to develop such additional facilities, which would be subject to all of the same terms in this Agreement. To the extent that such additional facilities will use the oversized power and transmission facilities, the reimbursement payable to Metropolitan under Section 6 of this Agreement shall be reduced proportionately. For example, if such additional water banking facilities utilize 10% of the capacity of the oversized power and transmission facilities, the reimbursement payable under Section 6 hereof shall be reduced by 10%.

## **8. Annual Operations, Maintenance, and Replacement and Management Costs**

**8.1 *Payment by Metropolitan.*** On or before every [ ] of each Year, Metropolitan will pay to AVEK an amount equal to the estimated actual OM&R and Management costs for the Facilities for the following 12 months. The estimated actual OM&R and Management costs of the Facilities will be subject to mutual agreement by AVEK and Metropolitan. AVEK will provide Metropolitan documentation that establishes the amount of OM&R and Management Costs incurred by AVEK for the Facilities during the preceding 12 months.

**8.2 *Metropolitan's Cost Reduction Due to Use by AVEK or a Third Party.*** If AVEK or a third party uses any portion of the unused capacity of the Facilities pursuant to Section 17 (Priorities of Rights to Use Facilities), Metropolitan's annual share of OM&R and Management Costs will be reduced proportionately to said third-party's use. For example, if OM&R and Management Costs for a year were \$1,000,000 and Metropolitan utilized 75 percent of the Facilities' banking capacity and AVEK or a third party utilized the remaining 25 percent, then Metropolitan's share of the OM&R and Management Costs for that year would be \$750,000 ( $0.75 \times \$1,000,000$ ).

If AVEK or a third party uses any portion of the unused capacity of the Facilities pursuant to Section 17 (Priorities of Rights to Use Facilities) after Metropolitan has paid for the installation of a treatment system, AVEK will reimburse Metropolitan for a proportionate share of the costs to design, construct, operate, and maintain the treatment system. The amount AVEK will reimburse Metropolitan for the Capital Costs will be based on those costs amortized over the remaining term of this Agreement and the amount AVEK will reimburse Metropolitan for the operation and maintenance of the treatment system will be based on those costs calculated for the year the treatment system is used. For example, if the annual amortized Capital Costs were calculated at \$1,000,000 and the annual costs to operate and maintain the treatment system were calculated at \$500,000, then the total treatment cost would be \$1,500,000 for that year. If the treatment system's capacity is 70,000 acre-feet per year, AVEK would reimburse Metropolitan \$21.43 ( $\$1,500,000/70,000$  acre-feet) for each acre-foot of water recovered by AVEK or a third party.

## **9. Recovery Usage Fee**

**9.1 *Per Acre-Foot Recovery Usage Fee.*** Metropolitan will pay AVEK \$100 for each acre-foot of water AVEK returns to Metropolitan. This fee will be escalated annually based on the



change in CPI beginning in 2020. As of the date of this Amendment, the fee is set at \$\_\_\_\_\_ for each acre-foot of water AVEK returns to Metropolitan. AVEK will invoice Metropolitan no more than once per month. Metropolitan will pay AVEK this fee within 45 days following receipt of each invoice from AVEK.

**9.2 Minimum Recovery Usage Fee.** Metropolitan will ensure that AVEK receives a minimum of \$2,000,000, escalated annually based on the change in CPI beginning in 2020, each Year, which shall be applied towards the Per Acre-Foot Recovery Usage Fee, beginning in the earlier Year of: (1) completion of construction of the Facilities; or (2) the first return of water to Metropolitan. As of the date of this Amendment, the Recovery Usage Fee is set at \$\_\_\_\_\_ per year. Any minimum payments made by Metropolitan in excess of amounts used to recover water during a Year will be credited toward future Per Acre-Foot Recovery Usage Fees. For example, if Metropolitan incurs Per Acre-Foot Recovery Usage Fees in the amounts of \$1,000,000, \$3,000,000, and \$2,000,000 in each of the first three Years, then Metropolitan would pay AVEK \$2,000,000, \$2,000,000, and \$2,000,000 in recovery usage fees in each respective Year assuming there is no CPI adjustment during the period. The amount Metropolitan owes for a Year will be due by April 30 of the following Year. During the final five Years of the Agreement, Metropolitan may use any available credits calculated under this Section toward OM&R and Management Costs, Recovery Energy Costs, and Recovery Treatment Costs.

#### **10. Recovery Energy Costs**

Within 45 days following receipt of each invoice from AVEK for actual energy costs to return water to Metropolitan, Metropolitan will reimburse AVEK for such costs. AVEK will provide Metropolitan documentation that establishes AVEK's energy costs.

#### **11. Recovery Treatment Costs**

If Metropolitan determines that treatment is needed before returning water to Metropolitan and no other methods are reasonably available to return water to Metropolitan pursuant to Section 16 (Return of Water to Metropolitan), the Parties will discuss potential treatment options. If Metropolitan determines that treatment is necessary, and if AVEK is not responsible under Section 15 (Water Quality) for any impairment to the quality of the water to be returned to Metropolitan, Metropolitan will notify AVEK in writing of the treatment to be implemented. The design, construction, operation, and maintenance of any such treatment will be subject to Metropolitan's review and approval. As long as AVEK is not responsible under Section 15 (Water Quality) and a third party is not responsible under Section 17.2(c) (Priorities of Rights to Use Facilities) for any impairment to the quality of the water to be returned to Metropolitan, Metropolitan will reimburse AVEK for the actual treatment costs incurred by AVEK within 45 days following receipt of an invoice from AVEK. Treatment costs include the costs to design, construct, operate, and maintain any treatment that Metropolitan determines is necessary to treat water before it is returned to Metropolitan. AVEK will provide Metropolitan documentation that details the treatment costs incurred. All documentation will be subject to audit, review, reconciliation, and approval by Metropolitan upon reasonable notification to AVEK.



**12. Billing**

AVEK will submit invoices to Metropolitan's Accounts Payable Section, whose mailing address is P.O. Box 54153, Los Angeles, California 90054-0153. Copies of the invoices will be submitted in writing to the Agreement Administrator designated by Metropolitan at the above address. Invoices shall be itemized with a description of the items being billed.

**13. Delivery of Water to AVEK**

Metropolitan may deliver, at its sole expense, its State Project Water, or water from any other available sources approved by DWR to the Delivery Points. The amount of water Metropolitan may deliver to AVEK during a year may not exceed 70,000 acre-feet unless otherwise agreed to in writing by the Parties. Such deliveries will be scheduled and delivered at times and rates acceptable to the Parties. AVEK will take control and possession of water at the Delivery Points. Metropolitan will provide AVEK notice of intent to deliver water by May 1st of the year in which Metropolitan intends to deliver water under this Agreement. Metropolitan and AVEK staff will work cooperatively to develop a schedule by which water will be delivered, and which can be updated from time to time as conditions change.

**14. Storage of Water**

AVEK will create and maintain for Metropolitan a Storage Account. The amount of water Metropolitan may store with AVEK at any one time may not exceed 280,000 acre-feet unless otherwise agreed to in writing by the Parties. AVEK will accurately maintain the Storage Account and prepare and maintain adequate supporting records. All records will be subject to audit, review, reconciliation, and approval by Metropolitan upon reasonable notification to AVEK. Upon taking control and possession of water at the Delivery Points, AVEK will credit Metropolitan's Storage Account balance with an amount equal to the water delivered minus a one-time loss of 10%.

**15. Water Quality**

AVEK will take no action that will cause the quality of the water that is to be returned to Metropolitan to fail to meet water quality requirements (a) established by DWR or (b) generally known in the industry to be pending before DWR due to a noticed public presentation by or a publication of DWR, for acceptance of non-project water into the California Aqueduct. If AVEK causes the quality of the water that is to be returned to Metropolitan to fail to meet water quality requirements (a) established by DWR or (b) generally known in the industry to be pending before DWR due to a noticed public presentation by or a publication of DWR, for acceptance of non-project water into the California Aqueduct, AVEK will be responsible for taking all necessary steps, at its sole expense, to ensure that the return water meets those requirements before being returned to Metropolitan.

**16. Return of Water to Metropolitan**

Upon request by Metropolitan, AVEK will return water from the Storage Account to Metropolitan. The amount of water AVEK is required to return to Metropolitan during a year may not exceed 70,000 acre-feet unless otherwise agreed by the Parties. Water returned to Metropolitan



will be debited from the Storage Account. AVEK will use its best efforts to deliver the water to Metropolitan according to a mutually-agreed schedule. AVEK may return water to Metropolitan by exchanging Metropolitan's stored water for an equal amount of AVEK's State Project Water, by pumping water from the AVEK Basin back to the California Aqueduct for delivery to Metropolitan, or by other means mutually acceptable to the Parties. AVEK will not return groundwater to Metropolitan that does not meet DWR's then-current water quality requirements for Non-Project Turn-Ins. If water is returned to Metropolitan by exchange, AVEK will be solely responsible for the costs to deliver water to the Delivery Points. Metropolitan will be solely responsible for the costs of delivering water, whether by exchange or by direct pump-back, from the Delivery Points to Metropolitan's service area. Metropolitan will provide notice to AVEK of its request for AVEK to return water under this Agreement by May 1st of the Year in which the water will be returned. Metropolitan and AVEK staff will work cooperatively to develop a schedule by which water will be returned, and which can be updated from time to time as conditions change.

#### **17. Priorities of Rights to Use Facilities**

**17.1 *First Priority.*** Metropolitan will have an exclusive first priority right to use the full capacity or any portion of the Facilities with the exception of any oversized portion of the Facilities for which AVEK has reimbursed Metropolitan pursuant to Section 6.

#### **17.2 *Second Priority.***

(a) To the extent Metropolitan does not use the entire capacity of the Facilities, AVEK may, subject to Section 17.3. (Metropolitan Service Area), use the Facilities itself or agree to allow a third party to use the Facilities. Before using the Facilities or allowing a third party to do so, AVEK will confirm in writing with Metropolitan the unused available capacity of the Facilities. AVEK shall not allow any use of the Facilities by a third party if such use would affect the exclusion from gross income for federal income tax purposes of the interest with respect to the Bonds and any other Tax-Exempt Additional Bonds (as defined in the Indenture).

(b) If AVEK allows a third party to use any available capacity of the Facilities, AVEK will share 50% of the benefits AVEK receives from that third party with Metropolitan. Such benefits include but are not limited to unbalanced exchange water in excess of 10% of the amount stored and payments from the third party to AVEK that remain after deducting the costs incurred by AVEK for meeting its commitments to the third party. Any money owed to Metropolitan will be deducted from any fees Metropolitan owes AVEK under this Agreement; provided, however, that no money owed to Metropolitan shall reduce any Installment Payments. Any water owed to Metropolitan will be credited to Metropolitan's Storage Account without additional losses.

(i) Example (a): Assume that AVEK allows a third party to store 10,000 acre-feet, that the third party pays AVEK a fee of \$200 per acre-foot and \$100 per acre-foot for energy costs and OM&R and Management Costs, and that there is a loss of 10% of the amount of water delivered deducted, so that the third party can recover 9,000 acre-feet. In this example, AVEK would share 50% of the \$200 per acre-foot fee collected



with Metropolitan and thus, Metropolitan would receive \$900,000 (9,000 acre-feet x \$200 per acre-foot x 50%).

(ii) Example (b): Assume that AVEK enters into a 2-for-1 unbalanced exchange with a third party, that the third party provides 10,000 acre-feet and pays AVEK \$100 per acre-foot for energy and OM&R and Management on the water recovery, and that there is a 10% loss factor applied, leaving 9,000 acre-feet, so that the third party can recover 4,500 acre-feet by unbalanced exchange. In this example, AVEK and Metropolitan would share equally, and each would receive 2,250 acre-feet.

(c) Any third party using the Facilities will take no action that will cause the quality of the water that is to be returned to Metropolitan to fail to meet water quality requirements (i) established by DWR or (ii) generally known in the industry to be pending before DWR due to a noticed public presentation by or a publication of DWR, for acceptance of non-project water into the California Aqueduct. If a third party using the Facilities causes the quality of water that is to be returned to Metropolitan to fail to meet water quality requirements (i) established by DWR or (ii) generally known in the industry to be pending before DWR due to a noticed public presentation by or a publication of DWR, for acceptance of non-project water into the California Aqueduct, the third party will be responsible for taking all necessary steps, at its sole expense, to ensure that the return water meets those requirements before being returned to Metropolitan. AVEK will ensure that any third party using the Facilities is aware of the requirements in this Section 17.2(c) and agrees in writing to be bound by them.

**17.3 *Metropolitan Service Area.*** AVEK will not use the Facilities in any manner that directly or knowingly indirectly results in the delivery of water to Metropolitan's service area by AVEK or third parties contracting with AVEK without Metropolitan's prior written approval. Nothing in this Agreement adversely affects any existing rights Metropolitan holds to require its consent before water is delivered to any part of Metropolitan's service area.

## **18. Non-Metropolitan Funded Facilities**

Nothing in this Agreement prevents AVEK from developing for its use and/or use by third parties new additional water banking facilities that are entirely separate from the Facilities funded by Metropolitan. Metropolitan will have no rights to use such facilities, unless otherwise agreed to by the Parties.

## **19. Agreement with Antelope Valley Watermaster**

AVEK will enter into any necessary water storage agreement with the Antelope Valley Watermaster as required by the Judgment of the Superior Court of the State of California in Santa Clara Case No. 1-05-CV-049053. If AVEK is unable to obtain such agreement, either Party may terminate this Agreement by providing 60-days written notice to the other Party.

## **20. Agreement Term**

This Agreement will terminate on December 31, 2057, provided that Metropolitan has the option to extend this Agreement for an additional 20 years, i.e., to December 31, 2077.



Notwithstanding the termination date, if Metropolitan has requested the return of all of the water in its Storage Account before the termination date of this Agreement, but all of the water has not been returned to Metropolitan due to conditions beyond Metropolitan's control, the term of the Agreement will be extended long enough for Metropolitan to receive all of its requested water. Any water remaining in Metropolitan's Storage Account at the end of the term of this Agreement and not requested by Metropolitan for return will become AVEK's water. Notwithstanding any other provision of this Agreement, the obligation of Metropolitan to pay Installment Payments will be governed by the provisions of Exhibit A, and no termination of this Agreement will have any effect on such obligation and such obligation shall survive any termination of this Agreement and continue in force and effect as provided in Exhibit A.

**21. Late-Arising Claims**

If a claim arising under or with respect to one or more provisions of this Agreement has not been resolved when this Agreement reaches its termination date, or if such a claim is brought after this Agreement has terminated, but within the period of time for bringing such a claim under California law ("Late Arising Claim"), the provisions of this Agreement shall continue in full force and effect for such additional period of time as is necessary to resolve such claims and to satisfy the rights and obligations of the Parties hereto with respect thereto.

**22. Approval By DWR**

The Parties will work collaboratively to obtain DWR's approval for the Parties' use of the California Aqueduct consistent with this Agreement. If the Parties are unable to obtain such approval, either Party may terminate this Agreement by providing 60-days written notice to the other Party.

**23. Division of Risk of Responsibilities**

AVEK and Metropolitan agree to cooperate in reducing, to the greatest extent practicable, the risk from claims arising against any of the Parties from the implementation of this Agreement. In the event of claims by third parties relating to this Agreement, the responsibilities of AVEK and Metropolitan shall be divided as provided in this Section 23 (Division of Risk of Responsibilities).

**23.1 *AVEK Responsibilities.*** AVEK shall defend, indemnify and hold harmless Metropolitan and its directors, officers, agents, employees and volunteers against any and all losses, claims, demands and causes of action (herein collectively referred to as "claims") and will assume responsibility for payment of any settlements, judgments, costs and attorneys' fees arising from claims concerning the following:

(a) Control, carriage, transportation, handling, use, disposal, or distribution of water once it is provided to AVEK at the Delivery Points and before it is returned to Metropolitan at the Delivery Points;

(b) Any contest or dispute by any water purveyor; landowner; water user or groundwater rights holder within the AVEK service area or within or overlying the AVEK Basin concerning any disposition of the water provided by Metropolitan to AVEK;



(c) Actions of AVEK's directors, officers, employees, agents, or volunteers;  
and

(d) Any other activities under the exclusive control of AVEK.

If Metropolitan is named in any such action, it may submit its defense to AVEK, which shall bear the full cost of defense, except to the extent that Metropolitan utilizes its own counsel for such defense. Metropolitan shall not be entitled to any indemnification from AVEK except as set forth in this Section 23.1. (AVEK Responsibilities).

**23.2 *Metropolitan Responsibilities.*** Metropolitan shall defend, indemnify and hold harmless AVEK and its directors, officers, agents, employees and volunteers, against any and all claims and shall assume responsibility for payment of any settlements, judgments, costs or attorneys' fees arising from claims concerning the following:

(a) Control, carriage, transportation, handling, use, disposal or distribution of water before it is provided to AVEK at the Delivery Points and after it is returned to Metropolitan at the Delivery Points;

(b) Any claim or dispute by a landowner, resident, public agency or other entity within the service area of, or otherwise served by, Metropolitan challenging the storage of water in the AVEK Basin, or this Agreement directly or indirectly;

(c) Actions of Metropolitan's directors, officers, employees, agents, or volunteers; and

(d) Any other activities under the exclusive control of Metropolitan.

If AVEK is named in any such action, it may submit its defense to Metropolitan, which shall bear the full cost of defense, except to the extent AVEK utilizes its own counsel for such defense. AVEK shall not be entitled to any indemnification from Metropolitan except as set forth in this Section 23.2. (Metropolitan Responsibilities).

**23.3 *Multiple Claims.*** In the event that payments are made in settlement of a claim, in satisfaction of a judgment or for defense costs where the claim arises from issues applying to both AVEK and Metropolitan, payments shall be divided in proportion to the relative liability of each arising from the common claim.

## **24. Informal Mediation**

In the event of a dispute between the Parties regarding this Agreement, the Parties may attempt to resolve the dispute by using the services of a mutually acceptable mediator. The Parties will equally share the mediator's fees and expenses.

## **25. Remedies in the Event of AVEK's Failure to Perform**

If AVEK has not substantially performed according to the terms of this Agreement, notice has been provided to AVEK pursuant to Section 29 (Waiver/Cure of Defaults), and AVEK has



failed to cure the alleged breach within the time provided in Section 29 (Waiver/Cure of Defaults), Metropolitan may at its election, at any time thereafter while the default is continuing, suspend further performance and thereafter seek any relief provided by law, including termination of this Agreement. Notwithstanding the foregoing, the obligation of Metropolitan to pay Installment Payments will be governed by the provisions of Exhibit A, and no failure of AVEK to perform will have any effect on such obligation.

**26. Remedies in the Event of Metropolitan's Failure to Perform**

If Metropolitan has not substantially performed according to the terms of this Agreement, notice has been provided to Metropolitan pursuant to Section 29 (Waiver/Cure of Defaults), and Metropolitan has failed to cure the alleged breach within the time provided in Section 29 (Waiver/Cure of Defaults), AVEK may, at its election, at any time thereafter while the default is continuing, suspend further performance and thereafter seek any relief provided by law, including termination of this Agreement.

**27. Successors and Assigns**

This Agreement shall bind and inure to the benefit of the successors and assigns of the Parties; provided, however, neither Party shall assign any of their rights or obligations under this Agreement without the prior written consent of the other. Nothing in this Agreement is intended to confer any right or remedy under this Agreement on any person other than the Parties to this Agreement and their respective successors and permitted assigns, or to relieve or discharge any obligation or liability of any person to either Party to this Agreement, or to give any person any right of subrogation or action over or against either Party to this Agreement; *provided, however*, that: (a) Metropolitan, AVEK, and the Antelope Valley-East Kern Water Agency Financing Authority (the "Authority") shall enter into an Assignment Agreement, dated the date hereof, pursuant to which AVEK assigns all of its right, title and interest in the Installment Payments to the Authority for the benefit of the Bondholders and (b) Computershare Trust Company, National Association (the "Trustee") and the Authority shall enter into an Indenture of Trust, dated the date hereof, pursuant to which the Authority irrevocably assigns and transfer to the Trustee all of its rights, title and interest in the Installment Payments payable by the Metropolitan to AVEK.

**28. No Modification of Existing Contracts**

This Agreement shall not be interpreted to modify the terms or conditions of the water supply contracts between DWR and Metropolitan and between DWR and AVEK.

**29. Waiver/Cure of Defaults**

The failure of any Party to enforce against the other any provision of this Agreement shall not constitute a waiver of that Party's right to enforce such a provision at a later time. No Party shall be deemed to be in default of any provision of this Agreement unless the other Party has given written notice specifically stating the alleged default and the Party in default fails to cure the default within sixty (60) days of receipt of such written notice.



**30. Construction of Agreement**

The language in all parts of this Agreement shall be in all cases construed simply according to its fair meaning and not strictly for or against either of the Parties hereto, and Section 1654 of the Civil Code has no application to interpretation of this Agreement. The recitals and all Exhibit A and Schedule I to this Agreement are part of this Agreement and are incorporated herein by this reference. When required by the context: whenever the singular number is used in this Agreement, the same shall include the plural, and the plural shall include the singular; and the masculine gender shall include the feminine and neuter genders and vice versa. Unless otherwise required by the context (or otherwise provided herein): the words “herein,” “hereof” and “hereunder” and similar words shall refer to the Agreement generally and not merely to the provision in which such term is used; the word “person” shall include individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority and other entity of whatever nature; each of the words “Metropolitan” and “AVEK” shall include the respective representatives, successors and permitted assigns, if any, of such person; the words “including,” “include” or “includes” shall be interpreted in a non-exclusive manner as though the words “but [is] not limited to” or “but without limiting the generality of the foregoing” immediately followed the same; the word “month” shall mean calendar month; and the term “business day” shall mean any day other than a Saturday, Sunday or legal holiday. If the day on which performance of any act or the occurrence of any event hereunder is due is not a business day, the time when such performance or occurrence shall be due shall be the first business day occurring after the day on which performance or occurrence would otherwise be due hereunder. All times provided in this Agreement for the performance of any act will be strictly construed, time being of the essence of this Agreement.

**31. Entire Agreement**

This Agreement constitutes the final, complete and exclusive statement of the terms of the agreement among the Parties pertaining to the matters provided herein during the term and supersedes all prior and contemporaneous understandings or agreements of the Parties related thereto. Neither Party has been induced to enter into this Agreement by, nor is either Party relying on, any representation or warranty outside those expressly set forth in this Agreement.

**32. Severability**

In the event that a court of competent jurisdiction determines that a provision included in this Agreement is legally invalid or unenforceable and such decision becomes final, the Parties to this Agreement shall use their best efforts to (i) within thirty (30) days of the date of such final decision, identify by mutual agreement the provisions of this Agreement which must be revised, and (ii) within three (3) months thereafter promptly agree on the appropriate revision(s). The time periods specified above may be extended by mutual agreement of the Parties. Pending the completion of the actions designated above, to the extent it is reasonably practical and can be done without violating any applicable provisions of law, the provisions of this Agreement, which were not found to be legally invalid or unenforceable in the final decision, shall continue in effect. If the Parties cannot agree on appropriate revisions, this Agreement shall be terminated, and the Parties will return any water owed to each other. Notwithstanding any provision in this Agreement to the contrary, no termination or extinguishment of this Agreement shall have any effect on the



force and effect of Metropolitan's obligations under Exhibit A except as specifically set forth in Exhibit A.

**33. Force Majeure**

All obligations of the Parties other than monetary or payment obligations shall be suspended for so long as and to the extent the performance thereof is prevented, directly or indirectly, by earthquakes, fires, tornadoes, facility failures, floods, strikes, other casualties, acts of God, orders of court or governmental agencies having competent jurisdiction, or other events or causes beyond the control of the Parties. In no event shall any liability accrue against a Party, to its officers, agents or employees, for any damage arising out of or connected with a suspension of performance pursuant to this Section 33 (Force Majeure). All time limits to perform and the term of this Agreement shall be extended by a period of time equivalent to the length of suspension.

**34. Notices**

All notices, requests and demands hereunder ("Notices") shall be in writing, including electronic communications, and shall be deemed to have been duly given when delivered (or, if mailed, postage prepaid, on the third business day after mailing, if that date is earlier than actual delivery). Notices shall be sent to a Party at the address of that Party set forth below or, if such Party has furnished notice of a change of that address as herein provided, to the address of that Party most recently so furnished. Notices for AVEK shall be sent to the General Manager of AVEK at 6500 West Avenue N, Palmdale, California 93551. Notices for Metropolitan shall be sent to the General Manager of Metropolitan at Post Office Box 54153, Los Angeles, California 90054-0153.

**35. Further Assurances**

Each Party hereto, upon the request of the other, agrees to perform such further acts and to execute and deliver such other documents as are reasonably necessary to carry out the provisions of this instrument.

**36. Governing Law**

The validity, construction, and enforceability of this Agreement shall be governed in all respects by the laws of the State of California.

**37. Counterparts**

This Agreement may be executed in two or more counterparts, each of which, when executed and delivered, shall be an original and all of which together shall constitute one instrument, with the same force and effect as though all signatures appeared on a single document.

Original signatures, electronic signatures, facsimile signatures or signatures scanned into a portable document format (.pdf file) (or signatures in another electronic format designated by Metropolitan) and sent by e-mail shall be deemed original signatures, unless stated otherwise in the agreement.



**38. Amendments**

Except as provided in Exhibit A as it pertains to amendments to Exhibit A, which shall be governed entirely by the provisions of Exhibit A, any of the provisions of this Agreement may be amended by AVEK and Metropolitan solely upon a written amendment of the terms hereof executed by authorized representatives of AVEK and Metropolitan.

**39. Original Agreement Superseded.**

This Agreement shall amend and restate and supersede in all respects the Original Agreement.

[Signature Page Follows]



IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives on \_\_\_\_\_, 2025.

**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA**

By: \_\_\_\_\_

\_\_\_\_\_  
Date

**APPROVED AS TO FORM:**

By: \_\_\_\_\_

**ANTELOPE VALLEY-EAST KERN WATER  
AGENCY**

By: \_\_\_\_\_

\_\_\_\_\_  
Date

**APPROVED AS TO FORM:**

By: \_\_\_\_\_



**EXHIBIT A  
INSTALLMENT PAYMENTS**

**ARTICLE I  
DEFINITIONS**

**Section 1.1. Definitions.** In addition to the definitions of capitalized terms in Section 1 of this Agreement, the following terms used in this Exhibit are defined as follows:

- (a) “Indenture” shall mean [\_\_\_\_\_].
- (b) “Installment Payment Date” shall mean [\_\_\_\_\_].
- (c) “Master Subordinate Resolution” shall mean Resolution 9199 adopted by Metropolitan on March 8, 2016, as heretofore amended or supplemented and as it may be further amended or supplemented in accordance with its terms.

**Section 1.2. Defined Terms.** Capitalized terms in this Exhibit that are used but not defined in this Exhibit or elsewhere in this Agreement have the meanings given such terms in the Master Subordinate Resolution and, if not defined therein, as defined in the Indenture.

**ARTICLE II  
PAYMENT OF INSTALLMENT PAYMENTS**

**Section 2.1. Installment Payments.**

(a) Metropolitan shall pay all Installment Payments in accordance with the terms of this Article II, subject to prepayment as provided in Article IV hereof.

(1) The principal amount of the Installment Payments to be made by Metropolitan hereunder is set forth in Schedule I hereto.

(2) The interest to accrue on the unpaid balance of such principal amount is as specified in Schedule I hereto, and shall be paid by Metropolitan as and constitute interest paid with respect to the principal amount of the Installment Payments hereunder.

**Section 2.2. Payment of Installment Payments.**

(a) Metropolitan shall, subject to any rights of prepayment provided in Article IV of this Exhibit, pay AVEK the Installment Payments in the amounts and on the Installment Payment Dates as set forth in Schedule I hereto.

(b) Each Installment Payment shall be paid to AVEK in lawful money of the United States of America. In the event that Metropolitan fails to make any of the Installment Payments required to be made by it under this Section, such payment shall continue as an obligation of Metropolitan until the amount thereof shall have been fully paid; and Metropolitan agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the



remaining unpaid principal balance of the Installment Payments if paid in accordance with their terms.

(c) Subject to Article V of this Exhibit A, the obligation of Metropolitan to make the Installment Payments is absolute and unconditional, and until such time as all Installment Payments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to said Article V), Metropolitan will not discontinue or suspend any Installment Payments that are required to be made by it under this Exhibit A when due, whether or not the Facilities or any part thereof is operating or operable, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever. Notwithstanding any provision in this Agreement to the contrary, no credit to any payments by Metropolitan under this Agreement may operate to reduce the amount of any Installment Payments under this Exhibit A.

(d) Metropolitan shall punctually pay the Installment Payments in strict conformity with the terms hereof, and shall faithfully observe and perform all of the agreements, conditions, covenants and terms contained in this Exhibit A and the Master Subordinate Resolution required to be observed and performed by it with respect to the Installment Payments. Except as provided in Article V of this Exhibit A, Metropolitan hereby agrees and acknowledges that its obligation to pay Installment Payments and comply with this Exhibit A will survive any termination of the Agreement notwithstanding any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Facilities, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of AVEK to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of AVEK or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

### **ARTICLE III FIRST TIER PARITY OBLIGATIONS**

**Section 3.1. Pledge of Net Operating Revenues.** The Installment Payments are special limited obligations of Metropolitan and shall constitute First Tier Parity Obligations under the Master Subordinate Resolution. As First Tier Parity Obligations, pursuant to the terms of the Master Subordinate Resolution, Metropolitan hereby secures the payment of Installment Payments and grants a pledge of and lien on the Net Operating Revenues for the payment thereof and the Installment Payments shall be a charge upon and shall be payable, as to the principal and interest components thereof, solely from and secured by a lien upon the Net Operating Revenues, on parity with Subordinate Water Revenue Bonds but subordinate only to the lien on and pledge of the Net Operating Revenues securing the Senior Debt.



## **ARTICLE IV PREPAYMENT**

### **Section 4.1. Prepayment.**

(a) Metropolitan may prepay the Installment Payments becoming due on or after the Installment Payment Date preceding \_\_\_, 20\_\_\_, as a whole or in part, as otherwise selected by Metropolitan as set forth in Section 4.2 below, on \_\_\_, 20\_\_\_ or any date thereafter, from any available funds. The Installment Payments are payable at a prepayment price equal to the principal amount of the Installment Payments to be prepaid plus accrued interest thereon to the date of prepayment, without premium.

(b) Notwithstanding any such prepayment, Metropolitan shall not be relieved of its obligations under this Exhibit A, until the Installment Payments shall have been fully paid (or provision for payment thereof shall have been provided as set forth in Article V of this Exhibit A).

**Section 4.2. Method of Prepayment.** Before making any prepayment pursuant to Section 4.1, Metropolitan shall notify AVEK, the Authority, and the Trustee of such prepayment, the date of such prepayment, and which Installment Payments will be prepaid no less than 10 days before notice of the related redemption of the Bonds is required to be made under the Indenture with respect to such prepayment. In the event that less than all of the Installment Payments becoming due and payable hereunder are prepaid in accordance with Section 4.1, Metropolitan and AVEK shall amend the Installment Payment schedule set forth in Schedule I hereto, pursuant to Section 6.4(b)(5) hereof, to reflect such prepayments.

## **ARTICLE V DISCHARGE OF OBLIGATIONS**

### **Section 5.1. Discharge of Obligations. When:**

(a) all or any portion of the Installment Payments shall have become due and payable in accordance herewith or a written notice of Metropolitan to prepay all or any portion of the Installment Payments shall have been filed with the Trustee; and

(b) there shall have been deposited with the Trustee at or prior to the Installment Payment Dates or date (or dates) specified for prepayment and irrevocably appropriated and set aside to the payment of all or any portion of the Installment Payments, sufficient moneys and non-callable Permitted Investments, issued by the United States of America and described in clause (i) of the definition thereof in the Indenture, the principal of and interest on which when due will provide money sufficient to pay all principal, prepayment premium, if any, and interest of such Installment Payments to their respective Installment Payment Dates or prepayment date or dates as the case may be; and

(c) provision shall have been made for paying all fees and expenses of the Trustee; and

(d) the principal amount of the Bonds equal to the principal component of the Installment Payments to be discharged hereunder has been deemed no longer Outstanding under



the Indenture because of the application of funds or Permitted Investments received under clauses (a) and (b) above;

then and in that event, the right, title and interest of AVEK, the Authority, and the Trustee and the obligations of Metropolitan under this Exhibit A shall, with respect to all or such portion of the Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except as to such Permitted Investments being applied to the payment of such Installment Payments). In such event, upon request of Metropolitan, AVEK shall execute and deliver to Metropolitan all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction.

## **ARTICLE VI MISCELLANEOUS**

**Section 6.1. Liability of District Limited to Net Operating Revenues.** The obligation of Metropolitan to make the Installment Payments is a special limited obligation of Metropolitan that is payable solely from the Net Operating Revenues, and does not constitute a debt of Metropolitan or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. Notwithstanding anything contained herein, Metropolitan shall not be required to advance any moneys derived from any source of income other than the Net Operating Revenues for the payment of amounts due hereunder or for the performance of any agreements or covenants required to be performed by it contained herein. Metropolitan may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by Metropolitan for such purpose.

**Section 6.2. Benefits of Agreement Limited to Parties.** Nothing contained herein, expressed or implied, is intended to give to any person other than Metropolitan or AVEK any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of Metropolitan or AVEK shall be for the sole and exclusive benefit of the other Party; *provided, however*, that: (a) Metropolitan, AVEK, the Authority shall enter into an Assignment Agreement, dated the date hereof, pursuant to which AVEK assigns all of its right, title and interest in the Installment Payments and all rights hereunder as may be necessary to enforce compliance with such provisions regarding the punctual payment of Installment Payments (including enforcement of payment obligations and rate covenants, if any), to the Authority for the benefit of the Owners and (b) the Trustee and the Authority shall enter into the Indenture, dated the date hereof, pursuant to which the Authority irrevocably assigns and transfer to the Trustee all of its rights, title and interest in the Installment Payments payable by Metropolitan to AVEK.

**Section 6.3. Waiver of Personal Liability.** No director, officer or employee of Metropolitan shall be individually or personally liable for the payment of the Installment Payments, but nothing contained herein shall relieve any director, officer or employee of Metropolitan from the performance of any official duty provided by any applicable provisions of law or hereby.



**Section 6.4. Amendments Permitted.**

(a) This Exhibit A of this Agreement and the rights and obligations of AVEK and Metropolitan hereunder may be modified or amended at any time by an amendment hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Indenture, shall have been filed with the Trustee. No such modification or amendment shall reduce the amount of any Installment Payment or change the date on which any Installment Payment is due, without the consent of the Owner of each Bond so affected.

(b) This Exhibit A of this Agreement and the rights and obligations of AVEK and Metropolitan may also be modified or amended at any time by an amendment hereto which shall become binding upon adoption, without the consent of the Owners of any Bonds or any other person, including, without limitation, for any one or more of the following purposes:

(1) to add to the covenants and agreements of Metropolitan contained in this Exhibit A thereafter to be observed or to surrender any right or power herein reserved to or conferred upon Metropolitan, and which shall not materially adversely affect the interests of the Owners of the Bonds;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Exhibit A, or in regard to matters or questions arising under this Exhibit A, as Metropolitan may deem necessary or desirable;

(3) to make such other amendments or modifications as may be in the best interests of the Owners of the Bonds, as evidenced by an opinion of Bond Counsel.

(4) to amend the Installment Payment schedule as set forth in Schedule I hereto in connection with issuance of Additional Bonds.

(5) to amend the Installment Payment schedule as set forth in Schedule I hereto in connection with the partial prepayment of the Bonds.

(6) to make any amendments or supplements necessary or appropriate to preserve or protect the exclusion of interest with respect to the Bonds from gross income for federal income tax purposes under the Code or the exemption of such interest from State personal income taxes; or

(7) to make any amendment or supplement that does not materially and adversely affect the rights of the Owners of the Bonds.

Notwithstanding the foregoing, no such modification or amendment shall reduce the amount of any Installment Payment or change the date on which any Installment Payment is due, without the consent of the Owner of each Bond so affected.



Notwithstanding this Section 6.4 of this Exhibit A, the provisions of this Section 6.4 shall solely govern amendments to Exhibit A and shall not affect the rights of Metropolitan and AVEK to amend any other provision of this Agreement which shall be governed by Section 38 of this Agreement.



**SCHEDULE I**

**PRINCIPAL AND INTEREST COMPONENTS OF INSTALLMENT PAYMENTS**





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

### Antelope Valley East Kern (AVEK) High Desert Water Banking Program Plan of Finance Authorization

Item 8-2  
May 13, 2025



## Item 8-2

# Summary

### Subject

Adopt CEQA determination that the proposed action was previously addressed in the adopted 2017 Mitigated Negative Declaration, Addenda Nos. 1, 2 and 3 and related CEQA actions; and adopt resolution that (1) authorizes the execution and delivery of an amended and restated agreement between Antelope Valley-East Kern Water Agency and Metropolitan for the High Desert Water Bank Program, (2) approves the project financing, and (3) authorizes the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer to negotiate, execute, and deliver various related agreements and documents

### Purpose

Provide the Board with staff's recommended plan of finance and recommend adoption of the authorizing resolution

### Next Steps

Issue JPA bonds in July 2025

In the fourth quarter of 2025, staff will have additional cost estimates for arsenic and nitrate treatment, for Board review and approval



## Item 8-2

### Key Actions by the Board to Date for the HDWB Program

## Background

- In April 2019, the Board authorized the General Manager to execute the HDWB Agreement with AVEK for capital costs up to \$131 million
- In September 2023, the Board authorized additional funding of up to \$80 million for various costs, bringing the total project cost to \$211 million
- This estimated project cost **does not** include additional costs for water quality treatment for arsenic and nitrate. These costs, and potentially others, will be brought back to the Board once alternatives are finalized
- This estimated project cost also does not reflect a System Conservation Implementation Agreement with the United States Bureau of Reclamation (“USBR”) to provide \$82 million in funding for the Water Bank in exchange for Metropolitan leaving 168,000 AF of conserved Colorado River water in Lake Mead



## Key Components of the Proposed Authorizing Resolution

### Item 8-2

## The Proposed Resolution

- The proposed resolution authorizes the design, acquisition, construction and installation of the HDWB through the issuance of bonds by the AVEK Finance Authority
  - Bonds financed through the AVEK Finance Authority are supported by Metropolitan's underlying credit and expected to result in comparable interest rates to Metropolitan's subordinate lien revenue bonds
- The Amended and Restated HDWB Agreement includes required payment provisions and a schedule of installment payments to the JPA that will match the debt service on the JPA bonds
- The expiration date of the HDWB Agreement will be extended to September 20, 2057, to match the maturity of the bonds to be issued



# Project Financing Approach

**An Alternative  
Plan of Finance**  
Finance staff and the  
financing team  
elected to use a third-  
party Joint Powers  
Authority to issue  
bonds for the AVEK  
HDWB Program

- The Board authorized debt financing of the HDWB Program in the past two Adopted Budgets to reduce upfront cash expenditures
- The JPA approach will preserve Metropolitan's debt capacity and incrementally improve debt coverage when compared to revenue bonds directly issued by Metropolitan
  - As obligor to the JPA issue, Metropolitan will pay the JPA installment payments representing debt service on the JPA bonds
  - The interest component of the installment payments will be treated as an operating expense, and the principal component will be paid on parity with our subordinate lien debt
- Metropolitan expects to borrow approximately \$131 million through the issuance of JPA bonds. Annual debt service is estimated to be approximately \$10.4 million. Additional JPA debt may be issued if current HDWB construction cost estimates are increased
- Proceeds will, in part, redeem \$99.4 million of short-term notes issued to fund HDWB capital costs



## An Alternative Plan of Finance

Finance staff and the bond financing team elected to use a third-party Joint Powers Authority (JPA) to issue the long-term debt for the AVEK HDWB Program

## The HDWB Interim Financing Plan

- As of April 1, 2025, Metropolitan has paid approximately \$106.0 million for AVEK capital costs and approximately \$1.0 million for AVEK O&M expenses
- Metropolitan has issued \$99.4 million of outstanding Revolver Notes in multiple series since June 2023 to finance the HDWB Program per board approval
- The use of Metropolitan's short-term Revolver Note Facility was part of an interim financing plan for HDWB until issues enabling the long-term bond financing of the program were resolved
- Metropolitan paid \$1.64 million in interest cost in fiscal year 2023/24 and \$2.23 million to date for fiscal year 2024/25 for the HDWB program-related notes
- Despite an inverted yield curve, staff was able to keep the financing costs under budget by only borrowing funds through the Revolver as needed. Staff lowered the all-in carry cost of the issued Revolver Notes by \$7.5 million and \$5.9 million compared to budget assumptions in fiscal year 2022/23 and fiscal year 2023/24, respectively



# Board Options

- Option #1

Adopt CEQA determination that the proposed action was previously addressed in the adopted 2017 Mitigated Negative Declaration, Addenda Nos. 1, 2 and 3 and related CEQA actions; and adopt a resolution that: (1) authorizes the execution and delivery of an Amended and Restated Agreement between Antelope Valley-East Kern Water Agency and Metropolitan for the High Desert Water Bank Program, (2) approves the project financing, and (3) authorizes the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer to negotiate, execute, and deliver various related agreements and documents.

- Option #2

Do not adopt the resolution that authorizes the execution and delivery of an Amended and Restated Agreement between Antelope Valley-East Kern Water Agency and Metropolitan for the High Desert Water Bank Program, approves the project financing, and authorizes the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer to negotiate, execute and deliver various related agreements and documents.



# Staffs Recommendation

- Option #1







**THE METROPOLITAN WATER DISTRICT OF  
SOUTHERN CALIFORNIA**

**RESOLUTION 9374**

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**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
AUTHORIZING THE DISTRICT'S AMENDED AND RESTATED AGREEMENT  
BETWEEN ANTELOPE VALLEY-EAST KERN WATER AGENCY AND  
METROPOLITAN FOR THE HIGH DESERT WATER BANK PROGRAM AND  
AUTHORIZING THE GENERAL MANAGER OR ASSISTANT GENERAL  
MANAGER/CHIEF FINANCIAL OFFICER AND TREASURER TO NEGOTIATE,  
EXECUTE AND DELIVER VARIOUS AGREEMENTS AND DOCUMENTS RELATED  
THERE TO**

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

1. In April 2019, the Board authorized the General Manager to enter into the Agreement Between Antelope Valley-East Kern Water Agency and the District for the High Desert Water Bank Program (the "Original Water Bank Agreement"), by and between the Antelope Valley-East Kern Water Agency ("AVEK") and The Metropolitan Water District of Southern California (the "District"), to provide up to \$131 million, which was increased to \$211 million in September 2023, for the construction of monitoring and production wells, turnouts, pipelines, recharge basins and water storage and booster pump facilities (collectively, the "High Desert Water Bank"); and
2. Pursuant to the Original Water Bank Agreement, the District will pay the capital costs related to, and AVEK will construct and own, the High Desert Water Bank and the District will have the right to store and recover up to 70,000 acre-feet of water per year with a total storage capacity of 280,000 acre-feet; and
3. The Original Water Bank Agreement set forth the arrangements for the construction and operation of the High Desert Water Bank; and
4. The District finds it advisable for the Antelope Valley-East Kern Water Agency Financing Authority (the "Authority"), to issue its Water Bank Revenue Bonds, Series 2025A (High Desert Water Bank Program) (the "2025A Bonds"), in one or more subseries, in order to finance the design, acquisition, construction and installation of improvements creating the High Desert Water Bank, as further described in one or more Preliminary Official Statements (the "Preliminary Official Statement") and one or more final Official Statements (the "Official Statement") relating to the 2025A Bonds; and



5. The District and AVEK desire to amend and restate the Original Water Bank Agreement to provide for the financing of the construction of the High Desert Water Bank through the issuance of the 2025A Bonds, among other matters; and

6. The Board desires to authorize the General Manager or the Assistant General Manager/Chief Financial Officer and Treasurer of the District to negotiate, execute, and deliver the Amended and Restated Agreement Between AVEK and the District for the High Desert Water Bank Program (the “Amended and Restated Water Bank Agreement”), a form of which has been presented to this meeting, pursuant to which the District will make installment payments to AVEK in exchange for its right to use the High Desert Water Bank (the “Installment Payments”), which Installment Payments will be applied to the payment of debt service on the 2025A Bonds, among other matters; and

7. In connection with the issuance of the 2025A Bonds, AVEK will assign, without recourse, all of its rights to receive the Installment Payments scheduled to be paid by the District and certain other rights to the Authority under and pursuant to the Amended and Restated Water Bank Agreement pursuant to an Assignment Agreement (the “Assignment Agreement”), by and among the Authority, AVEK and the District, a form of which has been presented to this meeting; and

8. The Board desires to authorize the General Manager or the Assistant General Manager/Chief Financial Officer and Treasurer of the District to execute and deliver one or more continuing disclosure undertakings with respect to the 2025A Bonds (the “Continuing Disclosure Undertaking,” and together with the Amended and Restated Water Bank Agreement, and the Assignment Agreement, the “Financing Documents,” and the Financing Documents together with the transactions contemplated by the Amended and Restated Water Bank Agreement, and in furtherance of financing the design, acquisition, construction, installation of improvements and water treatment, creating the High Desert Water Bank, the “Project Financing”), forms of which have been presented to this meeting, for the benefit of the owners of the 2025A Bonds and in order to assist the underwriters of the 2025A Bonds in complying with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934; and

NOW, THEREFORE, THE BOARD DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

1. **Approval of the Project Financing.** Each of the above recitals is true and correct and is adopted by the Board. Subject to Section 3 below, the Board hereby authorizes and approves the Project Financing.

2. **Authorization of General Manager and Assistant General Manager/Chief Financial Officer.** Subject to Section 3 below, the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer of the District, and each of them or any of their respective designees (individually, an “Authorized Officer,” and collectively, the “Authorized Officers”) are each hereby authorized, and any one of the Authorized Officers is hereby directed for and in the name of and on behalf of the District, to do any and all things necessary or convenient in the best interests of the District to negotiate, execute and deliver the Financing Documents, which shall be substantially in the forms presented to this meeting, with such additions and changes



therein as such Authorized Officers shall determine are necessary or desirable or otherwise approve as being in the best interests of the District, such determination and approval to be conclusively evidenced by such Authorized Officer's execution and delivery of the respective Financing Documents.

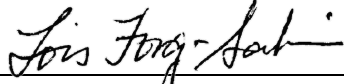
3. **General Authorizations.** The Authorized Officers are each hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name and on behalf of the District, to take all actions and execute any and all documents necessary or advisable in furtherance of the Project Financing, or the negotiation and execution of the Financing Documents, and to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate, carry out, give effect to and comply with the terms and intent of this Resolution and the consummation of the transactions contemplated hereby, including without limitation: (i) one or more certificates deeming the Preliminary Official Statements relating to the 2025A Bonds final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "15c2-12 Certificates"); (ii) one or more Official Statements describing the 2025A Bonds; (iii) one or more Bond Purchase Contracts, each by and between the District and Wells Fargo Securities LLC, or another underwriter as selected by AVEK or an Authorized Officer, as representative of the underwriters named therein, with respect to the 2025A Bonds (the "Bond Purchase Contracts"); and (iv) any future amendments, substitutions, extensions or replacements of the Financing Documents or the other documents described herein. All actions heretofore taken or caused to be taken by any Authorized Officer or other officer of the District with respect to the Project Financing, or in connection with the transactions contemplated by this Resolution, are hereby approved, confirmed, and ratified.

4. **Limitation of Authorization.** The District shall not take any District action under Section 1, 2 or 3 of this Resolution if, after giving effect to such District action, (i) the original aggregate principal amount of the 2025A Bonds exceeds \$180 million; (ii) the interest rate on the 2025A Bonds exceeds the maximum legal rate; (iii) the final maturity of the 2025A Bonds exceeds 40 years from their date of issuance; or (iv) the District's obligations under the Amended and Restated Water Bank Agreement do not satisfy the conditions precedent to the issuance of First Tier Parity Obligations as set forth in Section 6.08 of Resolution 9199 adopted by the District on March 8, 2016, as amended or supplemented, (the "Master Subordinate Resolution"); provided, however, that the Authorized Officers shall calculate the total amount of estimated costs of the Project Financing and the District's responsibility to pay for costs of the High Desert Water Bank based on such reasonable assumptions and methods as provided in the Amended and Restated Water Bank Agreement and as the Authorized Officers shall determine in his or her reasonable discretion and judgment.

5. **Severability.** If any provision of this Resolution is held invalid, that invalidity shall not affect other provisions 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 affirmative votes of members representing more than 50 percent of the total number of votes of all members of the Board of Directors of The Metropolitan Water District of Southern California at its meeting held on May 13, 2025.

A handwritten signature in black ink, reading "Lois Fong-Sau". The signature is written in a cursive style with a horizontal line extending from the end.

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





- **Board of Directors**

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

5/13/2025 Board Meeting

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8-3

## Subject

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Adopt a resolution authorizing a Master Equipment Lease-Purchase Program of up to \$35 million outstanding balance from time to time and providing for related documents and actions; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

## Executive Summary

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The master lease equipment resolution in **Attachment 1** would authorize a lease-purchase program of certain equipment in an amount up to \$35 million. The equipment that can be financed through this program will be limited to assets that are approved by this Board, including, for example, vehicles pursuant to the Zero-Emission Vehicle Transition (ZEV) Program. The resolution authorizes the execution and delivery of Master Equipment Lease-Purchase Agreements and any related documents on such terms and conditions and in such form and substance as determined and approved by the Ad Hoc Committee, which is comprised of the Chair of the Board; the Chair of the Finance, Affordability, Asset Management, and Efficiency Committee; and the General Manager (the “Ad Hoc Committee”). The Ad Hoc Committee has been delegated similar authority in connection with the issuance of short-term certificates and refunding bonds.

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

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### Staff Recommendation: Option #1

#### Option #1

Adopt a resolution authorizing a Master Equipment Lease-Purchase Program of up to \$35 million outstanding balance from time to time and providing for related documents and actions.

**Fiscal Impact:** There is no fiscal impact on the current biennial budget, as the \$2 million required for fiscal year 2025/26 debt service is already available in the vehicle operating budget. However, future biennial budgets will need to include appropriations for ongoing debt service if the \$35 million is financed through the Master Lease-Purchase Program. This cost will reach a maximum aggregate annual cost of approximately \$4 million, depending on market rates and the term of debt financing.

**Business Analysis:** Utilizing the Master Equipment Lease-Purchase Program provides financial flexibility and reliability as Metropolitan transitions its fleet to ZEVs.

#### Option #2

Do not approve a resolution authorizing a Master Equipment Lease-Purchase Program and provide for related documents and actions.

**Fiscal Impact:** Metropolitan would have to identify other means of funding the replacement of its existing vehicle fleet. In our solicitation of ideas from the capital markets, other financing alternatives did not provide the same level of flexibility as the proposed Master Equipment Lease-Purchase Program.

**Business Analysis:** This option will delay staff’s ability to purchase replacement vehicles to meet current regulatory requirements related to Metropolitan’s transition to ZEVs.



## **Alternatives Considered**

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Staff reviewed implementation costs and requirements for the vehicle fleet replacement program. Alternatives such as issuing revenue bond debt were examined; however, Banc of America Public Capital Corporation's ("BAPCC") Master Lease-Purchase Program was deemed the preferred structure for the vehicle lease replacement program given an array of factors, including but not limited to the cost of financing, flexibility of program administration, ease of program implementation, and qualifications of the financial institution. Under a Master Equipment Lease-Purchase Program, Metropolitan's net revenues are not expected to be pledged for the lease payments, and the lease payments are expected to be subordinate to Metropolitan's revenue bonds. Also, each lease interest rate will be based on the characteristics of the particular assets being financed, as opposed to a revenue bond with a fixed maturity and interest cost established at the time of issuance.

## **Applicable Policy**

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Metropolitan Water District Administrative Code Section 2441(u): Duties and Functions

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Metropolitan Water District Administrative Code Section 5110: Asset Lease Versus Purchase

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

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By Minute Item 53880, dated December 10, 2024, the Board approved additional funding, in an amount not to exceed \$35 million to support the Zero-Emission Vehicle Transition Program.

By Minute Item 53596, dated April 9, 2024, the Board appropriated \$3,453.2 million for Metropolitan Operations and Maintenance and operating equipment, approved appropriations, and funding of capital expenditures, and approved a Ten-Year Financial Forecast for Fiscal Years 2024/25 and 2025/26.

By Minute Item 53316, dated July 11, 2023, the Board adopted Ordinance No. 152, determining that the interests of the District require the use of revenue bonds in the aggregate principal amount of \$500 million to finance a portion of capital expenditures.

By Minute Item 52823, dated May 10, 2022, the Board adopted the Climate Action Plan.

By Minute Item 52579, dated November 9, 2021, the Board adopted legislative policy principles on climate change and the environment to help California reach its climate goals while adapting to a rapidly changing environmental landscape. The Board also expressed its support for policies and funding that encourage sustainable practices and environmental compliance, reduce greenhouse gas emissions, and improve energy sustainability.

By Minute Item 50409, dated March 8, 2016, the Board adopted Resolution 9201 authorizing the sale and issuance from time to time of up to \$400 million of short-term certificates.

## **Summary of Outreach Completed**

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The selection of the BAPCC Master Lease-Purchase structure was chosen as part of a competitive Request for Proposal (RFP) procurement process managed by Finance's Treasury and Debt Management Section with a variety of commercial and investment banking financial institutions. The options proposed by the RFP respondents ranged from direct purchase funding, fixed-lease Certificates of Participation financing, use of our existing Revolver Facility Note program, and the recommended option to establish a new master equipment lease-purchase financing credit facility.

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

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### **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**

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**Background**

Metropolitan manages an extensive and modern fleet, critical to the effective operation and maintenance of the distribution system, with an estimated asset replacement value of \$180 million. Metropolitan's existing fleet consists of 1,039 vehicles and motorized equipment, which include 379 light-duty vehicles, 356 medium-duty vehicles, 195 heavy-duty vehicles, and 109 off-road vehicles. These vehicles are strategically domiciled in 18 locations across Metropolitan's service area for daily operational activities and emergency response.

To help manage Metropolitan's budgets and rates in prior years, Metropolitan has prioritized the replacement of only the highest criticality vehicles and deferred others, which has resulted in a backlog of aged and worn vehicles. Currently, these conditions pose an elevated risk to Metropolitan's operations. To mitigate this risk, Metropolitan has increased maintenance and repairs of aging vehicles to ensure their availability for daily activities and emergency response. However, in staff's assessment, these efforts are not sustainable, and Metropolitan must replace these critical vehicles to ensure operational safety and reliability.

While addressing the challenge of an aging fleet, Metropolitan has also been transitioning from a fossil-fueled fleet to a zero-emission fleet in accordance with California's new fleet regulations. The California Air Resources Board ("CARB") adopted the Advanced Clean Fleets ("ACF") Rule which has set milestones for replacing medium- and heavy-duty vehicles with ZEVs. Fines and penalties may be imposed for non-compliance with CARB regulations.

In December 2024, the Board approved additional funding, in an amount not to exceed \$35 million over the next two years (Fiscal Years 2024/2025 and 2025/2026), to support the ZEV transition program at Metropolitan and partially mitigate the high operational risk associated with a fleet of aging vehicles and equipment. Finance will work with staff from the Operations Groups to coordinate the availability of funds through this program to meet the fleet acquisition schedule.

**Financing Approach**

In accordance with board authorization, Finance staff recommends a Master Equipment Lease-Purchase Program as the most efficient and cost-effective means of replacing aging vehicles and to transition the vehicle fleet to ZEVs to comply with state requirements, as referenced above.

After a competitive RFP process at the end of 2024, Metropolitan has selected Banc of America Public Capital Corp to provide a Master Lease-Purchase financing facility. BAPCC is an industry leader in municipal lease financing and offered the lowest cost option among the 26 financial firms that submitted an RFP response to Metropolitan. The options proposed and considered ranged from direct purchase funding, fixed-lease Certificates of Participation financing, use of our existing Revolver Facility Note program, and the recommended option to establish a new Master Lease-Purchase financing credit facility.

The Master Equipment Lease-Purchase Program's structure provides the flexibility, in timing and structure, to accommodate multiple vehicle replacement purchases and a transition to a ZEV fleet in an efficient and cost-effective manner. This action letter authorizes the establishment of the Master Equipment Lease-Purchase Program by resolution of the Board. Subsequent to this action, the Ad Hoc Committee will authorize the execution of the documentation required to implement the financing program with BAPCC. The Ad Hoc Committee has been delegated similar authority by the Board in connection with the issuance of short-term certificates and refunding bonds.

**Future Steps**

By June 30, 2025, staff expects to have finalized the documentation of a new credit facility to operate under the proposed Master Equipment Lease-Purchase Program. The BAPCC credit line was preliminarily approved by the credit committee of Bank of America, NA (the commercial banking parent company of BAPCC) in mid-March and is set, initially, at \$35 million, subject to approval of the attached resolution by the Board and related



documents by the Ad Hoc Committee. This new credit facility will have a term of one year, but can be renewed upon request. The proposed \$35 million credit limit can be increased upon request as needed in future years. The Master Equipment Lease-Purchase Agreement contains key terms and provisions for all the various purchasing requirements of the Vehicle Replacement Program, which can also include other essential equipment purchases, including charging stations for ZEVs, if necessary. The interest rate of the lease(s) will be based on the useful life of the vehicle/asset being financed; the requested lease term; the index rate at the time of the financing; and the tax status of the financing. As of April 10, 2025, indicative tax-exempt rates were: 3.5902 percent for a 7-year term; 3.7548 percent for a 10-year term; and 3.9079 percent for a 12-year term.

Unlike Metropolitan's Revenue Bond Program, Metropolitan's Net Revenues are not expected to be pledged to repay the draws on the BAPCC credit line. Instead, payments will be made as equipment lease payments from the Vehicle Operating and Equipment budget appropriation as part of Metropolitan's Operating and Maintenance fund. Moreover, these lease payments will be subordinate to existing revenue bonds with respect to debt lien position. Staff has engaged bond counsel for this Master Lease-Purchase Program to assist in determining the appropriate terms for the mix of assets being financed and to ensure compliance with applicable Internal Revenue Code and IRS regulations. Finance staff is requesting the Board's adoption of the attached resolution, which establishes and authorizes a lease-purchase program and delegates the authority to the Ad Hoc Committee to authorize the execution and delivery of the BAPCC Master Equipment Lease-Purchase Agreement and required separate schedules and documents.

Operations staff has initiated the Board-approved Vehicle Replacement Program through the preparation of bidding specs and anticipates orders to come in late FY 2024/25. Payments under the Master Equipment Lease-Purchase Agreement are anticipated to begin in FY 2025/26 and continue in subsequent biennial budget periods. Finance staff expect the annual cost for the program in FY 2025/26 will not exceed the \$2 million already available in the Vehicle Operating and Equipment budget. Future biennial budgets will need to include appropriations for ongoing debt service for assets financed through the Master Lease-Purchase Program.

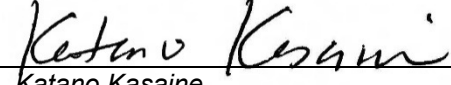
Staff estimates the implementation of the program will have a minimal budget impact, with an estimated one-time rate impact of about 0.5 percent for calendar year 2027. This figure represents the amount that current rates would need to increase to cover the projected debt service of the \$35 million borrowed.

During the process of informing the Board of the need to address Metropolitan's backlog of deferred maintenance as well as compliance with state regulations, various directors have asked questions or made comments on many issues related to this topic. Staff has tracked these questions and provided responses to each in **Attachment 2** to this board letter.



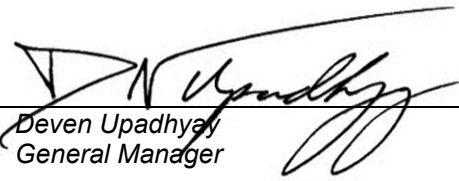
***Project Milestone***

Staff will return to the Board when developing the next biennial budget for Fiscal Years 2026/27 and 2027/28 and will propose a vehicle operating equipment budget that supports Metropolitan's Vehicle Replacement Program and continued transition to a ZEV fleet.

  
\_\_\_\_\_  
Katano Kasaine  
Assistant General Manager/  
Chief Financial Officer

5/2/2025

Date

  
\_\_\_\_\_  
Deven Upadhyay  
General Manager

5/2/2025

Date

**Attachment 1 – Resolution of The Board Of Directors of The Metropolitan Water District of Southern California Authorizing a Master Equipment Lease-Purchase Program of up to \$35 Million Outstanding Balance From Time to Time and Providing for Related Documents and Actions**

**Attachment 2 – Log of Board Director Questions and Comments**

Ref# cfo12707730



**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**RESOLUTION \_\_\_\_**

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**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
AUTHORIZING A MASTER EQUIPMENT LEASE-PURCHASE PROGRAM OF UP TO  
\$35 MILLION OUTSTANDING BALANCE FROM TIME TO TIME  
AND PROVIDING FOR RELATED DOCUMENTS AND ACTIONS  
(MASTER EQUIPMENT LEASE-PURCHASE PROGRAM RESOLUTION)**

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**THE METROPOLITAN WATER DISTRICT OF  
SOUTHERN CALIFORNIA**

**RESOLUTION \_\_\_\_\_**

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**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
AUTHORIZING A MASTER EQUIPMENT LEASE-PURCHASE PROGRAM OF UP  
TO  
\$35 MILLION IN OUTSTANDING PRINCIPAL BALANCE FROM TIME TO TIME  
AND PROVIDING FOR RELATED DOCUMENTS AND ACTIONS  
(MASTER EQUIPMENT LEASE-PROGRAM RESOLUTION)**

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WHEREAS, pursuant to Section 140 of the Act (as defined herein) and related provisions of the Act, the Board of Directors (the “Board”) of The Metropolitan Water District of Southern California (the “District”) is authorized to provide for the grant, purchase, bequest, devise or lease, and may hold, enjoy, lease, sell or otherwise dispose of, any and all real and personal property of any kind within or without the District and within and without the State of California necessary or convenient to the full exercise of its powers; and

WHEREAS, the Board hereby determines that it is necessary for the District to be able to lease a variety of Equipment (as defined below) to perform its essential functions, on terms favorable to the District; and

WHEREAS, the Board therefore desires to authorize a program whereby the District would execute and deliver one or more Master Equipment Lease Agreements and Leases (each as defined below) from time to time to lease Equipment to be used by or on behalf of the District in the operation of the business and affairs of the District;

NOW, THEREFORE, the Board, DOES HEREBY RESOLVE, DETERMINE AND ORDER, as follows:

**ARTICLE I**

**DEFINITIONS**

**SECTION 1.01. Definitions.** Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Resolution and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and the plural forms of any of the terms herein defined.

“Act” means the Metropolitan Water District Act.



“Ad Hoc Committee” has the meaning ascribed to such term in Section 4.01 hereof.

“Board” means the Board of Directors of the District.

“Equipment” means tangible assets, equipment, fixtures and other goods and property, together with all replacements, repairs, restorations, modifications and improvements thereof or thereto and all accessories, equipment, parts and appurtenances appertaining or attached thereto, including but not limited to vehicles, machinery, tools, instruments, and other physical items that are utilized for business or operational purposes, excluding real estate or land.

“First Tier Parity Obligations” has the meaning given such term in the Master Subordinate Resolution.

“First Supplemental Subordinate Resolution” means Resolution 9200 adopted by the Board on March 8, 2016, as amended and supplemented from time to time.

“Fourth Supplemental Resolution” means Resolution 8387 adopted by the Board on January 12, 1993, as amended and supplemented from time to time.

“Lease” means each Related Schedule into which the terms and provisions of the Master Equipment Lease Agreement are incorporated by reference into such Related Schedule.

“Master Equipment Lease Agreement” means an agreement (including a master equipment lease/purchase agreement) under which the District leases Equipment from one or more commercial banks, financial institutions or any other counterparty and for which the District makes Rental Payments, together with any Related Schedules.

“Master Senior Resolution” means Resolution 8329 adopted by the District on July 9, 1991, as amended and supplemented from time to time.

“Master Subordinate Resolution” means Resolution 9199 adopted by the District on March 8, 2016, as amended and supplemented from time to time.

“Net Operating Revenues” has the meaning given such term in the Master Senior Resolution, if such term refers to Senior Parity Obligations, or in the Master Subordinate Resolution, if such term refers to First Tier Parity Obligations or Second Tier Parity Obligations.

“Nineteenth Supplemental Resolution” means Resolution 9104 adopted by the Board on December 8, 2009, as amended and supplemented from time to time.

“Outstanding Balance” means the principal component of the remaining Rental Payments under a Master Equipment Lease Agreement.

“Related Schedules” means the schedules or exhibits to any Master Equipment Lease Agreement or Lease that describe the Equipment being leased thereunder and provide payment schedules and terms.



“Rental Payments” means the total amount of rental or lease payments due from the District under a Master Equipment Lease Agreement or a Lease for the lease of the Equipment leased thereunder, including (without limitation) the principal component and interest component thereof.

This “Resolution” means this resolution of the District.

“Second Tier Parity Obligations” has the meaning given such term in the Master Subordinate Resolution.

“Senior Bonds” means “Bonds” as that term is defined in the Master Senior Resolution.

“Senior Parity Obligations” means “Parity Obligations,” as such term is defined in the Master Senior Resolution.

“Subordinate Bonds” means “Bonds” as that term is defined in the Master Subordinate Resolution.

“Zero-Emission Vehicle Transition Program” means the program of acquisition of vehicles approved by the Board on December 10, 2024, as such program is amended, modified and supplemented from time to time by the District as authorized by the Board.

## ARTICLE II

### THE CERTIFICATES AND CREDIT FACILITIES

**SECTION 2.01. Approval of Master Equipment Lease Agreements.** The District is hereby authorized to execute and deliver one or more Master Equipment Lease Agreements and any Related Schedules for one or any combination of the following purposes: (a) to lease motor vehicles pursuant to the Zero-Emission Vehicle Transition Program; and (b)(i) to lease Equipment to be used at any facility or site operated by or on behalf of the District; and (ii) to lease Equipment that can be moved to or installed at any facility or site operated by or on behalf of the District, provided that, any lease of Equipment pursuant to (b) of this Section 2.01 relates to Equipment the acquisition of which the Board has authorized by its approval of a budget or program where the acquisition of such Equipment is included as a part of such budget or program or by its specific approval of the acquisition of such Equipment. The District is hereby authorized to execute and deliver Master Equipment Lease Agreements and any Related Schedules, and any amendments, supplements and modifications thereto, on such terms and conditions and in such form and substance as shall be determined and approved by the Ad Hoc Committee pursuant to Article IV. The District is hereby authorized to execute and deliver one or more Master Equipment Lease Agreements from time to time on the terms and conditions set forth in this Resolution; provided, however, that the Outstanding Balance under all Master Equipment Lease Agreements and the Leases contained therein in effect shall not exceed \$35 million at any time.

**SECTION 2.02. Additional Documents and Services.** Any Master Equipment Lease Agreement and Lease executed in accordance with this Resolution may provide for the execution of related documents, including, without limitation, escrow agreements, paying agent agreements, memoranda of understanding and assignment agreements, as may be determined and approved by the Ad Hoc Committee.



### **ARTICLE III**

#### **SECURITY AND PAYMENT OF CERTIFICATES**

##### **SECTION 3.01. Security and Source of Payment of Rental Payments.**

The obligations of the District under each Master Equipment Lease Agreement and each Lease shall be secured by one or a combination of the following, as determined and authorized by the Ad Hoc Committee: Some or all of the Equipment leased under such Master Equipment Lease Agreement and the Leases contained therein; and/or

(b) Net Operating Revenues on the terms and conditions, and with the priority, set forth in such Master Equipment Lease Agreement and/or Lease (including securing such obligations as Parity Obligations under the Master Senior Resolution or First Tier Parity Obligations or Second Tier Parity Obligations under the Master Subordinate Resolution).

##### **SECTION 3.02. Establishment and Application of Funds and Accounts.**

The District shall establish, and the Treasurer of the District shall maintain, such funds and/or accounts with respect to the Master Equipment Lease Agreements as may be required pursuant to the terms of any such Master Equipment Lease Agreement.

### **ARTICLE IV**

#### **AD HOC COMMITTEE**

**SECTION 4.01. Ad Hoc Committee.** The Chairman of the Board, or in the event of a vacancy, the Acting Chairman of the Board, the Chairman of the Finance, Affordability, Asset Management, and Efficiency Committee of the Board (or if the Finance, Affordability, Asset Management, and Efficiency Committee is renamed, dissolved, or reorganized, such other committee of the Board which shall have substantially all of the duties of the Finance, Affordability, Asset Management, and Efficiency Committee before such renaming, dissolution, or reorganization), or in the event of a vacancy, the Vice Chairman or Acting Chairman of the Finance, Affordability, Asset Management, and Efficiency Committee of the Board (or if the Finance, Affordability, Asset Management, and Efficiency Committee is renamed, dissolved, or reorganized, such other committee of the Board which shall have substantially all of the duties of the Finance, Affordability, Asset Management, and Efficiency Committee before such renaming, dissolution, or reorganization), and the General Manager or his or her designee, or in the event of a vacancy, the Acting General Manager or his or her designee, acting jointly, are hereby constituted an ad hoc committee (the “Ad Hoc Committee”).

**SECTION 4.02. Approval of each Master Equipment Lease Agreement and Lease.** Subject to the limitations contained in Section 2.01 herein, the Ad Hoc Committee or its designee is authorized and directed to determine, establish and approve on behalf of the District the terms and conditions of, and the execution and delivery of, each Master Equipment Lease Agreement and Lease, including, without limitation, each of the following: The counterparty to such Master Equipment Lease Agreement and each Lease;



(b) The terms, conditions, form and substance of all provisions of such Master Equipment Lease Agreement and each Lease, and any Related Schedules and additional related documents, if any;

(c) The interest rates and/or the method of calculating the interest component of Rental Payments under such Master Equipment Lease Agreement and the Leases contained therein;

(d) The security and source of payment of the District's obligations under such Master Equipment Lease Agreement and/or Lease, as provided in Section 3.01; and

(e) The dates of and amounts in which Rental Payments become due and payable.

**SECTION 4.03. Approval of Related Documents and Actions.** The Ad Hoc Committee or its designee is authorized and directed to authorize and approve the execution and delivery of such other agreements, documents, certificates, and instruments, and the taking of any action and the payment of any fees and expenses, as the Ad Hoc Committee or its designee determines is reasonably necessary or advisable in carrying out the purposes of this Resolution.

**SECTION 4.04. Approval of Ad Hoc Committee.** The determination, establishment or approval by a majority of the members of the Ad Hoc Committee shall constitute the determination, establishment and approval of the Ad Hoc Committee pursuant to this Article IV.

**SECTION 4.05. Further Action.** The Board hereby determines that the Chairman of the Board, the General Manager, and Director of Finance of the District be and each of them is hereby authorized, empowered and directed to execute such other documents in addition to those enumerated herein and take such other actions as they deem necessary or advisable in order to carry out and perform the purposes of this Resolution.

## ARTICLE V

### MISCELLANEOUS

**SECTION 5.01. Severability of Invalid Provisions.** If any one or more of the provisions contained in this Resolution shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Resolution and such invalidity, illegality or unenforceability shall not affect any other provision of this Resolution, and this Resolution shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The District hereby declares that it would have adopted this Resolution and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Resolution may be held illegal, invalid or unenforceable.

**SECTION 5.02. Article and Section Headings and References; Interpretation.** The headings or titles of the several Articles and Sections hereof shall be solely



for convenience of reference and shall not affect the meaning, construction or effect of this Resolution.

All references herein to “Article,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Resolution; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Resolution as a whole and not to any particular Article, section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

**SECTION 5.03.     Refunding of Rental Payments.** The Board hereby determines that the refunding, refinancing, payment and/or satisfaction of the Rental Payments are authorized purposes (a) for the issuance of Senior Bonds under the Fourth Supplemental Resolution and the Nineteenth Supplemental Resolution and (b) for the issuance of Subordinate Bonds under the First Supplemental Subordinate Resolution. The Board hereby authorizes the District to issue Senior Bonds for such purposes under the terms and conditions of the Fourth Supplemental Resolution and Nineteenth Supplemental Resolution, as applicable, and to issue Subordinate Bonds for such purposes under the terms and conditions of the First Supplemental Subordinate Resolution.

**SECTION 5.04.     Governing Law.** This Resolution shall be construed and governed in accordance with the laws of the State of California.

**I HEREBY CERTIFY** that the foregoing is a full, true and correct copy of a Resolution adopted by the affirmative votes of members representing more than 50 percent of the total number of votes of all members of the Board of Directors of The Metropolitan Water District of Southern California at its meeting held on May 13, 2025.

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



## Director Requests

	Board Questions	Staff Response
1	Which 3 utilities were granted exemptions by CARB?	CARB does not disclose details about which agencies have received exemptions. As of December 2024, out of the 47 applications for exemptions, CARB has approved the following 7 applications: <ol style="list-style-type: none"> <li>1. Intermittent Snow Removal Vehicle Exemption: 1</li> <li>2. Non-repairable Vehicle Exemption: 2</li> <li>3. ZEV Purchase Exemption: 4</li> </ol>
2	Does Metropolitan qualify for any of the available CARB exemptions?	Yes, the Advanced Clean Fleets regulations (ACF) for State and Local Governments include seven exemptions that permit the purchase of an Internal Combustion Engine (ICE) vehicle, provided all criteria are met. Aside from the Intermittent Snow Removal Vehicles Exemption, Metropolitan is eligible to apply for the following six ACF exemptions. <ol style="list-style-type: none"> <li>1. ZEV Purchase Exemption</li> <li>2. Infrastructure Delay Exemption</li> <li>3. Daily Usage Exemption</li> <li>4. Backup Vehicle Exemption</li> <li>5. Non-repairable Vehicle Exemption</li> <li>6. Mutual Aid Assistance Exemption</li> </ol>
3	Can staff organize a meeting between EOT committee and CARB, to discuss the transition for heavy duty vehicles?	Since January 2025, several significant events have prompted CARB to reassess their regulations. Notably, devastating wildfires in CA have impacted numerous communities and significant infrastructure. Additionally, the new federal administration has challenged CARB's authority to enforce stringent vehicle standards, including zero emissions mandates. There is also mounting pressure for California to temporarily suspend environmental regulations to facilitate quicker rebuilding efforts in areas affected by the wildfires. Despite these uncertainties, staff remains in close contact with CARB staff and will facilitate a discussion with the EOT committee once there is more clarity on next steps.
4	Can vehicles be leased to contain cost?	Yes. Fleet continues to evaluate the benefits of leasing and currently leases equipment for short-term solutions and special circumstances, such as for the Bay Delta Initiatives program. The district also contracts for the rental or lease of vehicles and equipment used for construction throughout our service territory.



	Board Questions	Staff Response
5	Does Metropolitan get any special pricing from dealers?	Yes. Fleet staff has taken advantage of dealer incentives, including government pricing, and one-time incentives for purchasing new Ford Lightnings.
6	Can Metropolitan partner with Cal-Fire to identify how they were exempt from Advanced Clean Fleets regulations/exemptions that they received?	California Vehicle Code Section 165 highlights a list of all agencies that are exempt from ACF regulations. Unlike Cal-Fire, Metropolitan and other water utilities are not on that list and, therefore, not exempt from the ACF regulations.
7	Can staff provide the cost of charging infrastructure and timeline for implementation?	The infrastructure cost is currently estimated at \$87.8 million. The current schedule duration indicates the completion of major construction in 2031.
8	What would be the percentage rate increase resulting in adoption of this regulation?	To date, Metropolitan staff has only estimated the rate impact of the financing component of this board action. At present, staff estimates the implementation of the Master Equipment Lease-Purchase Program will have a one-time rate impact of about 0.5% for calendar year 2027. Further staff analysis and review as it relates to the changing regulatory landscape and cost impacts will be provided at future board and committee meetings, as appropriate.
9	Does Metropolitan qualify for any grant funding from CARB?	The Centralized Grants Management Office actively tracks grant programs, including through CARB, and will pursue new opportunities as they arise. To date, Metropolitan has not received any funding from CARB. A summary of all programs is available on this site: <a href="https://ww2.arb.ca.gov/our-work/programs/truckstop-resources/incentives-funding-truckstop">https://ww2.arb.ca.gov/our-work/programs/truckstop-resources/incentives-funding-truckstop</a>
10	Can staff work with CARB and legislature and push for exemptions for vehicles used in emergencies?	Staff wrote a letter to CARB requesting a delay in implementation of the ACF regulation and an exemption for emergency vehicles, and continues to work with the agency on establishing a feasible compliance timeline. Working with other water utilities and associations, staff also tracks ACF-focused legislation.
11	What are the terms of debt finance?	This financing approach is summarized in the current Board report and will be incorporated in the relevant documents to be approved subsequently by the designated Ad Hoc Committee.
12	Will the debt finance term be lower/higher than vehicle's useful life?	Tax-exempt vehicle financing through a master lease program, will require that the tax-exempt borrowing is subject to the requirement in IRS Code Section 147(b) that the weighted average maturity of the



	Board Questions	Staff Response
		issue cannot exceed 120% of the weighted average useful life of the bond-financed assets. A "clean" bond opinion from nationally recognized bond counsel will certify that we meet this requirement.
13	What is the impact of this program on budget?	There is no increase in fleet vehicle program's budgetary costs in the current biennium. Interest expense for financed vehicles will be paid from the approved budgeted vehicle OE budget. Future financing payments will be required for repayment beyond the current biennium.
14	Is the cost of a fire suppression system for chargers included in the projected infrastructure cost?	The fire suppression system cost is not included in the projected infrastructure cost. Cost of the fire suppression system will be evaluated during design of infrastructure buildout at Weymouth and Union Station. This cost is expected to be minimal compared to the overall program cost.
15	What kind of 5 light-duty vehicles are planned for purchase? Internal combustion engine (ICE) or Zero emission vehicles (ZEV)?	The 5 light-duty vehicles planned for purchase are one SUV and four pickup trucks. All 5 are Zero Emission Vehicles (ZEV)
16	Why are we buying 5 Zero Emission vehicles (ZEV) instead of 10 gas vehicles for the same price?	Staff must consider all alternatives to meet the current CARB regulations and Metropolitan's Climate Action Plan (CAP). In some situations, we are required to purchase ZEV vehicles to offset our ICE purchases and/or comply with CAP. The price of ZEVs will fluctuate with supply and demand, but has continued to come down in price in recent months. In addition, cost comparisons should include the total cost of ownership, not just the purchase price. ZEVs have lower maintenance and fueling costs, on average, than ICE vehicles.
17	What are other means of financing if payment term is greater than useful life?	Taxable debt financing could be used as an alternate financing tool if the payment term is structured beyond the constraints of tax-exempt financing. This, however, would increase the cost of borrowing significantly.
18	Can vehicles with limited annual use such as patrol vehicles or emergency vehicles, be rented/leased to contain cost?	Limited-use equipment, such as pool vehicles, is one area where the fleet has considered a lease program. However, based on our business requirements, the return on our initial investment has not proven to contain costs. We have determined that purchasing emergency equipment, such as a mobile command



	Board Questions	Staff Response
		unit, provides the best value for our operational requirements.
19	Will Metropolitan take advantage of federal tax credits before change in administration?	Staff is working with a Consultant to prepare our preliminary tax filing for eligible purchases for the energy credit incentives identified under the Inflation Reduction Act. A final tax filing will be submitted after the assets are in operation.
20	Has staff reached out to CARB and talked about exemptions and delays?	Staff has submitted clarification questions and comments to CARB's hotline, along with requests for exemptions and delays in our previous comment letters, the most recent being related to AB 1594. For individual inquiries regarding existing exemptions and extensions, CARB staff have responded via email to Metropolitan's request seeking clarification. For questions concerning a comprehensive exemption for public utilities from the ACF, CARB has addressed utilities collectively during their meetings and workshops.
21	What is Metropolitan's cost to finance this initiative in the bond market? 2% - 3%?	The financing cost is delineated in the board report as of April 10, 2025. Indicative pricing is subject to market conditions when funds are actually drawn down from the master equipment lease-purchase credit facility. Unlike Metropolitan's revenue bonds or current Revolver Credit Facility, this proposed financing mechanism does not have a commitment fee (a carry cost for any credit allocation not used).
22	Will Metropolitan apply for EPA Greenhouse Gas Reduction Fund (GGRF) money for vehicles and infrastructure?	In 2022, Congress passed the Inflation Reduction Act which allocated \$27B to the Greenhouse Gas Reduction Fund (GGRF). This fund is administered by the Environmental Protection Agency (EPA). Under this program, EPA is not providing financial assistance directly to projects; rather EPA is providing grants to each program's eligible recipients, and those recipients (and/or their subrecipients) are providing financial assistance to projects. In California, GGRF funds are tracked and managed by California Climate Investments. On a yearly basis, the Legislature distributes the money from the GGRF to programs administered by different State agencies. Any program that is paid for using money from the GGRF is a California Climate Investments program.
23	Will Metropolitan investigate solar and battery storage for emergency charging?	Yes, Metropolitan is currently installing battery energy storage with existing solar at three facilities and continues to look for additional opportunities to use renewables for electricity and charging.
24	What is the residual value of truck shown in the presentation, and what	As of this February, unit 4902 has an estimated value of \$40,000. Typically, we recover approximately



	<b>Board Questions</b>	<b>Staff Response</b>
	is a typical salvage cost for different vehicle classes?	20% of the original purchase price for salvaged on-road equipment.
25	At what Condition Index (CI) is the vehicle replaced? The higher the CI, the worse the condition?	Condition index (CI) for replacing a vehicle will fluctuate with each budget cycle in conjunction with the approved budget for operating equipment. A higher CI number indicates a worse condition.
26	What is the residual value of dump truck if we were to buy a new unit?	The residual value for heavy equipment is dependent on the market conditions and CARB regulations. We can recover approximately 15-20% of the original purchase price for salvaged heavy equipment.
27	Does Metropolitan dispose off or trade-in vehicles?	Staff evaluates the cost-benefit for trade-in versus salvaging equipment. For example, we used trade-in value to reduce our purchase price for our aircraft.
28	Does Metropolitan keep vehicles if residual value is minimal?	The decision to salvage equipment is based on a number of factors. On limited occasions, we have pulled equipment from salvage to meet an immediate operational need where safety and equipment reliability are not jeopardized.
29	We are managing a technological transformation in this situation driven by a legislative mandate. Can staff develop ideas/presentations at the full Board level, beyond ZEV, for other initiatives (including ZEV) on steps/measures that Metropolitan is willing to take to indebt the ratepayers with the technological movement?	Staff will organize a Board workshop that will assist the Board with navigating future technological transformation which may/may not be regulatory driven.





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

# Master Equipment Lease-Purchase Financing Authorization for Metropolitan's Fleet Vehicle Replacement Program

Item 8-3

May 13, 2025



## Item 8-3

### Summary

#### Subject

Adopt a resolution authorizing a master equipment lease-purchase program of up to \$35 million outstanding balance from time to time and providing for related documents and actions.

#### Purpose

Provide the Board with an overview of Metropolitan's proposed vehicle and equipment replacement financing program and the proposed Master Lease program structure.

#### Next Steps

With Board approval of the proposed resolution, finalize and execute a Master Equipment Lease-Purchase Agreement with Banc of America Public Capital Corp (BAPCC), for an initial amount of \$35 million.



## Background

- Metropolitan maintains a large and diverse fleet with an estimated replacement value of \$180 million, consisting of over 1,000 vehicles and motorized equipment
- Budget constraints and water rate pressures led to a deferral of the timely replacement of fleet assets, resulting in a backlog of aged and worn vehicles and equipment
- In December 2024, the Board approved the financing of \$35 million of high-criticality fleet replacement needs over the current biennium
  - Zero Emission Vehicles
  - Internal Combustion Engine Vehicles
- Financing for these purchases can be accomplished in an efficient manner utilizing a Master Lease-Purchase financing program

Metropolitan's fleet replacement needs are impacted by current state regulations and deferred maintenance on its existing fleet



After a competitive procurement process, Metropolitan selected Banc of America Public Capital Corp to help establish the initial financing under a new credit structure

## Master Lease-Purchase Program

- This is a capital lease financing, not an operating lease (e.g., Enterprise, Hertz leased vehicles)
- While Metropolitan staff will continue to explore operating lease opportunities, this approach allows for the purchase of vehicles that are difficult to customize for our operational needs
- Banc of America Public Capital Corp (BAPCC) was selected as part of Metropolitan's 2025 Plan of Finance RFP for underwriting and banking needs issued by Metropolitan's CFO in September 2024
- BAPCC is the #1 market share leader among US leasing companies, offers the lowest pricing among RFP responses received, and provides the required flexibility to accommodate various vehicle purchases and timing of such purchases



BAPCC's master  
lease-purchase  
structure is flexible  
to accommodate  
Metropolitan's  
needs

## Master Lease-Purchase Structure

- Credit Lines set annually based on needs; initially set at \$35 million but capacity to increase it as needed in future years
- Master lease document will contain key terms and provisions of all subsequent “financings” under the program
- Can be used for all essential equipment purchases along with necessary charging stations (if applicable)
- Fixed rate financing set at the time of each borrowing under the Master Lease
- Repayment term based on the useful life of the vehicle/asset



The interest rate will be set at the time of each financing under the program

## Indicative Interest Rates

- The interest rate for each financing under the program will be based on several factors:
  - Useful life of the vehicle/asset
  - Requested lease term
  - Index rate at the time of financing
  - Tax-status
- Tax-exempt indicative rates as of April 10, 2025
  - 7-years: 3.5902%
  - 10-years: 3.7548%
  - 12-years: 3.9079%



## Item 8-3

### Key Components of the Proposed Authorizing Resolution

## The Proposed Resolution

- The proposed resolution is structured to establish a new credit and program for equipment financing by Metropolitan
  - Equipment will be limited to assets that are approved by this Board
  - Provides a flexible credit structure to accommodate a Net Revenue pledge, if in the future, such a pledge is necessary
- Authorizes the Master Equipment Lease Agreements and any related documents, as determined by the Ad Hoc Committee, comprised of the Chairman of the Board, the Chairman of the FAAME Committee, and the General Manager (the “Ad Hoc Committee”)
- The Ad Hoc Committee has been delegated similar authority in connection with the issuance of short-term certificates and refunding bonds



# Board Options

- Option #1

Adopt a resolution authorizing a master equipment lease-purchase program of up to \$35 million outstanding balance from time to time and providing for related documents and actions.

- Option #2

Do not approve a resolution authorizing a master equipment lease-purchase program and provide for related documents and actions.



# Staffs Recommendation

- Option #1







**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**RESOLUTION 9375**

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**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
AUTHORIZING A MASTER EQUIPMENT LEASE-PURCHASE PROGRAM OF UP TO  
\$35 MILLION OUTSTANDING BALANCE FROM TIME TO TIME  
AND PROVIDING FOR RELATED DOCUMENTS AND ACTIONS  
(MASTER EQUIPMENT LEASE-PURCHASE PROGRAM RESOLUTION)**

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**THE METROPOLITAN WATER DISTRICT OF  
SOUTHERN CALIFORNIA**

**RESOLUTION 9375**

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**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
AUTHORIZING A MASTER EQUIPMENT LEASE-PURCHASE PROGRAM OF UP  
TO  
\$35 MILLION IN OUTSTANDING PRINCIPAL BALANCE FROM TIME TO TIME  
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(MASTER EQUIPMENT LEASE-PROGRAM RESOLUTION)**

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WHEREAS, pursuant to Section 140 of the Act (as defined herein) and related provisions of the Act, the Board of Directors (the “Board”) of The Metropolitan Water District of Southern California (the “District”) is authorized to provide for the grant, purchase, bequest, devise or lease, and may hold, enjoy, lease, sell or otherwise dispose of, any and all real and personal property of any kind within or without the District and within and without the State of California necessary or convenient to the full exercise of its powers; and

WHEREAS, the Board hereby determines that it is necessary for the District to be able to lease a variety of Equipment (as defined below) to perform its essential functions, on terms favorable to the District; and

WHEREAS, the Board therefore desires to authorize a program whereby the District would execute and deliver one or more Master Equipment Lease Agreements and Leases (each as defined below) from time to time to lease Equipment to be used by or on behalf of the District in the operation of the business and affairs of the District;

NOW, THEREFORE, the Board, DOES HEREBY RESOLVE, DETERMINE AND ORDER, as follows:

**ARTICLE I**

**DEFINITIONS**

**SECTION 1.01. Definitions.** Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Resolution and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and the plural forms of any of the terms herein defined.

“Act” means the Metropolitan Water District Act.



“Ad Hoc Committee” has the meaning ascribed to such term in Section 4.01 hereof.

“Board” means the Board of Directors of the District.

“Equipment” means tangible assets, equipment, fixtures and other goods and property, together with all replacements, repairs, restorations, modifications and improvements thereof or thereto and all accessories, equipment, parts and appurtenances appertaining or attached thereto, including but not limited to vehicles, machinery, tools, instruments, and other physical items that are utilized for business or operational purposes, excluding real estate or land.

“First Tier Parity Obligations” has the meaning given such term in the Master Subordinate Resolution.

“First Supplemental Subordinate Resolution” means Resolution 9200 adopted by the Board on March 8, 2016, as amended and supplemented from time to time.

“Fourth Supplemental Resolution” means Resolution 8387 adopted by the Board on January 12, 1993, as amended and supplemented from time to time.

“Lease” means each Related Schedule into which the terms and provisions of the Master Equipment Lease Agreement are incorporated by reference into such Related Schedule.

“Master Equipment Lease Agreement” means an agreement (including a master equipment lease/purchase agreement) under which the District leases Equipment from one or more commercial banks, financial institutions or any other counterparty and for which the District makes Rental Payments, together with any Related Schedules.

“Master Senior Resolution” means Resolution 8329 adopted by the District on July 9, 1991, as amended and supplemented from time to time.

“Master Subordinate Resolution” means Resolution 9199 adopted by the District on March 8, 2016, as amended and supplemented from time to time.

“Net Operating Revenues” has the meaning given such term in the Master Senior Resolution, if such term refers to Senior Parity Obligations, or in the Master Subordinate Resolution, if such term refers to First Tier Parity Obligations or Second Tier Parity Obligations.

“Nineteenth Supplemental Resolution” means Resolution 9104 adopted by the Board on December 8, 2009, as amended and supplemented from time to time.

“Outstanding Balance” means the principal component of the remaining Rental Payments under a Master Equipment Lease Agreement.

“Related Schedules” means the schedules or exhibits to any Master Equipment Lease Agreement or Lease that describe the Equipment being leased thereunder and provide payment schedules and terms.



“Rental Payments” means the total amount of rental or lease payments due from the District under a Master Equipment Lease Agreement or a Lease for the lease of the Equipment leased thereunder, including (without limitation) the principal component and interest component thereof.

This “Resolution” means this resolution of the District.

“Second Tier Parity Obligations” has the meaning given such term in the Master Subordinate Resolution.

“Senior Bonds” means “Bonds” as that term is defined in the Master Senior Resolution.

“Senior Parity Obligations” means “Parity Obligations,” as such term is defined in the Master Senior Resolution.

“Subordinate Bonds” means “Bonds” as that term is defined in the Master Subordinate Resolution.

“Zero-Emission Vehicle Transition Program” means the program of acquisition of vehicles approved by the Board on December 10, 2024, as such program is amended, modified and supplemented from time to time by the District as authorized by the Board.

## ARTICLE II

### THE CERTIFICATES AND CREDIT FACILITIES

**SECTION 2.01. Approval of Master Equipment Lease Agreements.** The District is hereby authorized to execute and deliver one or more Master Equipment Lease Agreements and any Related Schedules for one or any combination of the following purposes: (a) to lease motor vehicles pursuant to the Zero-Emission Vehicle Transition Program; and (b)(i) to lease Equipment to be used at any facility or site operated by or on behalf of the District; and (ii) to lease Equipment that can be moved to or installed at any facility or site operated by or on behalf of the District, provided that, any lease of Equipment pursuant to (b) of this Section 2.01 relates to Equipment the acquisition of which the Board has authorized by its approval of a budget or program where the acquisition of such Equipment is included as a part of such budget or program or by its specific approval of the acquisition of such Equipment. The District is hereby authorized to execute and deliver Master Equipment Lease Agreements and any Related Schedules, and any amendments, supplements and modifications thereto, on such terms and conditions and in such form and substance as shall be determined and approved by the Ad Hoc Committee pursuant to Article IV. The District is hereby authorized to execute and deliver one or more Master Equipment Lease Agreements from time to time on the terms and conditions set forth in this Resolution; provided, however, that the Outstanding Balance under all Master Equipment Lease Agreements and the Leases contained therein in effect shall not exceed \$35 million at any time.

**SECTION 2.02. Additional Documents and Services.** Any Master Equipment Lease Agreement and Lease executed in accordance with this Resolution may provide for the execution of related documents, including, without limitation, escrow agreements, paying agent agreements, memoranda of understanding and assignment agreements, as may be determined and approved by the Ad Hoc Committee.



## **ARTICLE III SECURITY AND PAYMENT OF CERTIFICATES**

### **SECTION 3.01.     Security and Source of Payment of Rental Payments.**

The obligations of the District under each Master Equipment Lease Agreement and each Lease shall be secured by one or a combination of the following, as determined and authorized by the Ad Hoc Committee: Some or all of the Equipment leased under such Master Equipment Lease Agreement and the Leases contained therein; and/or

(b) Net Operating Revenues on the terms and conditions, and with the priority, set forth in such Master Equipment Lease Agreement and/or Lease (including securing such obligations as Parity Obligations under the Master Senior Resolution or First Tier Parity Obligations or Second Tier Parity Obligations under the Master Subordinate Resolution).

### **SECTION 3.02.     Establishment and Application of Funds and Accounts.**

The District shall establish, and the Treasurer of the District shall maintain, such funds and/or accounts with respect to the Master Equipment Lease Agreements as may be required pursuant to the terms of any such Master Equipment Lease Agreement.

## **ARTICLE IV**

### **AD HOC COMMITTEE**

**SECTION 4.01.     Ad Hoc Committee.** The Chairman of the Board, or in the event of a vacancy, the Acting Chairman of the Board, the Chairman of the Finance, Affordability, Asset Management, and Efficiency Committee of the Board (or if the Finance, Affordability, Asset Management, and Efficiency Committee is renamed, dissolved, or reorganized, such other committee of the Board which shall have substantially all of the duties of the Finance, Affordability, Asset Management, and Efficiency Committee before such renaming, dissolution, or reorganization), or in the event of a vacancy, the Vice Chairman or Acting Chairman of the Finance, Affordability, Asset Management, and Efficiency Committee of the Board (or if the Finance, Affordability, Asset Management, and Efficiency Committee is renamed, dissolved, or reorganized, such other committee of the Board which shall have substantially all of the duties of the Finance, Affordability, Asset Management, and Efficiency Committee before such renaming, dissolution, or reorganization), and the General Manager or his or her designee, or in the event of a vacancy, the Acting General Manager or his or her designee, acting jointly, are hereby constituted an ad hoc committee (the “Ad Hoc Committee”).

**SECTION 4.02.     Approval of each Master Equipment Lease Agreement and Lease.** Subject to the limitations contained in Section 2.01 herein, the Ad Hoc Committee or its designee is authorized and directed to determine, establish and approve on behalf of the District the terms and conditions of, and the execution and delivery of, each Master Equipment Lease Agreement and Lease, including, without limitation, each of the following: The counterparty to such Master Equipment Lease Agreement and each Lease;



(b) The terms, conditions, form and substance of all provisions of such Master Equipment Lease Agreement and each Lease, and any Related Schedules and additional related documents, if any;

(c) The interest rates and/or the method of calculating the interest component of Rental Payments under such Master Equipment Lease Agreement and the Leases contained therein;

(d) The security and source of payment of the District's obligations under such Master Equipment Lease Agreement and/or Lease, as provided in Section 3.01; and

(e) The dates of and amounts in which Rental Payments become due and payable.

**SECTION 4.03. Approval of Related Documents and Actions.** The Ad Hoc Committee or its designee is authorized and directed to authorize and approve the execution and delivery of such other agreements, documents, certificates, and instruments, and the taking of any action and the payment of any fees and expenses, as the Ad Hoc Committee or its designee determines is reasonably necessary or advisable in carrying out the purposes of this Resolution.

**SECTION 4.04. Approval of Ad Hoc Committee.** The determination, establishment or approval by a majority of the members of the Ad Hoc Committee shall constitute the determination, establishment and approval of the Ad Hoc Committee pursuant to this Article IV.

**SECTION 4.05. Further Action.** The Board hereby determines that the Chairman of the Board, the General Manager, and Director of Finance of the District be and each of them is hereby authorized, empowered and directed to execute such other documents in addition to those enumerated herein and take such other actions as they deem necessary or advisable in order to carry out and perform the purposes of this Resolution.

## **ARTICLE V**

### **MISCELLANEOUS**

**SECTION 5.01. Severability of Invalid Provisions.** If any one or more of the provisions contained in this Resolution shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Resolution and such invalidity, illegality or unenforceability shall not affect any other provision of this Resolution, and this Resolution shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The District hereby declares that it would have adopted this Resolution and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Resolution may be held illegal, invalid or unenforceable.

**SECTION 5.02. Article and Section Headings and References; Interpretation.** The headings or titles of the several Articles and Sections hereof shall be solely




for convenience of reference and shall not affect the meaning, construction or effect of this Resolution.

All references herein to “Article,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Resolution; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Resolution as a whole and not to any particular Article, section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

**SECTION 5.03.     Refunding of Rental Payments.** The Board hereby determines that the refunding, refinancing, payment and/or satisfaction of the Rental Payments are authorized purposes (a) for the issuance of Senior Bonds under the Fourth Supplemental Resolution and the Nineteenth Supplemental Resolution and (b) for the issuance of Subordinate Bonds under the First Supplemental Subordinate Resolution. The Board hereby authorizes the District to issue Senior Bonds for such purposes under the terms and conditions of the Fourth Supplemental Resolution and Nineteenth Supplemental Resolution, as applicable, and to issue Subordinate Bonds for such purposes under the terms and conditions of the First Supplemental Subordinate Resolution.

**SECTION 5.04.     Governing Law.** This Resolution shall be construed and governed in accordance with the laws of the State of California.

**I HEREBY CERTIFY** that the foregoing is a full, true and correct copy of a Resolution adopted by the affirmative votes of members representing more than 50 percent of the total number of votes of all members of the Board of Directors of The Metropolitan Water District of Southern California at its meeting held on May 13, 2025.

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





- **Board of Directors**

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

5/13/2025 Board Meeting

8-4

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## Subject

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

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## Executive Summary

This action continues the Standby Charge at a rate ranging from \$0.10 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.

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

### Staff Recommendation: Option #1

#### Option #1

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

**Fiscal Impact:** None for Metropolitan, because the Standby Charge revenue of \$43.9 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 \$43.9 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 2025/26, 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 \$43.9 million (approximately) that would have been collected in FY 2025/26 through the continuation of the Standby Charge.

**Business Analysis:** This option would require the collection of \$43.9 million (approximately) not approved to be collected through the Standby Charge to be collected through the full RTS Charge.

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## Alternatives Considered

Not applicable



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**Applicable Policy**

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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

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

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By Minute Item 53596, dated April 9, 2024, the Board adopted the resolution fixing and adopting a Readiness-to-Serve Charge for CY 2025.

By Minute Item 53437, dated April 8, 2025, the Board adopted the resolution fixing and adopting a Readiness-to-Serve Charge for CY 2026.

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**Summary of Outreach Completed**

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Not applicable

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**California Environmental Quality Act (CEQA)**

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

The proposed action is not defined as a project under CEQA because it involves 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(s) for Option #2:**

None required

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**Details and Background**

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**Background**


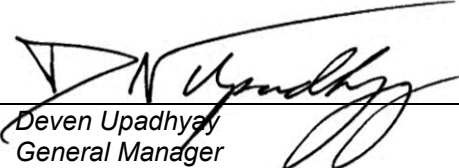
On April 9, 2024, Metropolitan's Board of Directors adopted Resolution 9354, fixing and adopting the RTS Charge for the calendar year (CY) 2025. On April 8, 2025, the Board adopted Resolution 9372, fixing and adopting the RTS Charge for CY 2026. The proposed resolution (**Attachment 1**) provides participating 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 2025/26, which covers a portion of each of the CYs 2025 and 2026. **Attachment 1** is a form of resolution that, if adopted by the Board, will continue the Standby Charge for FY 2025/26.

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 2026 and Continuation of Standby Charge for Fiscal Year 2025/26, sent to member agencies via email on March 17, 2025.

	5/5/2025
Katano Kasaine	Date
Assistant General Manager/ Chief Financial Officer	
	5/5/2025
Deven Upadhyay	Date
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 2025/26**

**Attachment 2 – Notice to Member Agencies of Proposed Adoption of Readiness-to-Serve Charge and Capacity Charge for Calendar Year 2026 and Continuation of Standby Charge for Fiscal Year 2025/26**

Ref# cfo12702686



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

RESOLUTION \_\_\_\_\_

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE METROPOLITAN WATER DISTRICT OF  
SOUTHERN CALIFORNIA CONTINUING THE  
WATER STANDBY CHARGE FOR  
FISCAL YEAR 2025/26**

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

1. 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;”
2. At its meeting on April 8, 2025, the Board adopted Resolution 9372 “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, 2026;”
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 2025, 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 13, 2025, to continue the Standby Charge for fiscal year 2025/26 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 2025/26 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 2025/26:

#### **2025/26 Water Standby Charge**

<b><u>Member Agency</u></b>	<b><u>Amount</u></b>
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	0.10
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



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- \* Applicable to parcels included within territory of former Coastal MWD.
  - \*\* Exclusive of parcels included within territory of former Coastal MWD.
  - \*\*\* Includes reorganization of Rainbow Municipal Water District parcels out from San Diego County Water Authority to Eastern MWD.

**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, 2025. 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, Affordability, Asset Management, and Efficiency 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, Affordability, Asset Management, and Efficiency 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 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 13, 2025.

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



**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
ENGINEER'S REPORT**

**PROGRAM TO SET A READINESS-TO-SERVE CHARGE EFFECTIVE JANUARY 1, 2026,  
INCLUDING LOCAL OPTION TO CONTINUE COLLECTING A STANDBY CHARGE,  
DURING FISCAL YEAR 2025/26**

**April 2025**

**BACKGROUND**

The Metropolitan Water District of Southern California is a public agency with a primary purpose to provide wholesale water service for domestic and municipal uses to its 26 member public agencies. Approximately 19 million people reside within Metropolitan's service area, which covers approximately 5,200 square miles and includes portions of the six counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura. Metropolitan historically provided between 40 and 60 percent of the water used within its service area. To supply Southern California with reliable and safe water, Metropolitan imports water from the Colorado River and Northern California to supplement its member agencies' local supplies, and helps its member agencies develop increased water conservation, recycling, storage and other local resource programs.

**REPORT PURPOSES**

As part of its role as a regional imported water supplier, Metropolitan builds, maintains, and operates capital facilities and implements water management programs that ensure the delivery of reliable high-quality water supplies throughout its service area. The purpose of this report is to: (1) identify and describe those facilities and programs that will be financed in part by Metropolitan's Readiness-to-Serve (RTS) Charge, and (2) describe the method and basis for levying Metropolitan's Standby Charge for those agencies electing to continue to collect a portion of their RTS obligation through Metropolitan's Standby Charge in fiscal year 2025/26. **Because the Standby Charge is levied and collected on a fiscal year basis the calculations in this report also are for the fiscal year, even though the RTS Charge is levied on a calendar year basis.** The RTS Charge for calendar year 2025 was adopted by Metropolitan's Board on April 9, 2024 and the RTS Charge for 2026 will be considered by the Board on April 8, 2025. The Board will consider the continuation of the Standby Charge for fiscal year 2025/26 on May 13, 2025.

Metropolitan collects the RTS Charge from its member agencies to recover a portion of the capital costs including debt service on bonds issued to finance capital facilities needed to meet demands on Metropolitan's system for emergency storage and available capacity to meet outages and hydrologic variability. The Standby Charge is collected from parcels of land within Metropolitan's member agencies that have elected to collect all or a portion of their RTS obligation through the Standby Charge, as a method of recovering the costs of special benefits conferred on parcels within their service area. The RTS Charge will partially pay for the facilities and programs described in this report, namely, the amount attributable to the portions providing emergency storage and available capacity to meet outages and hydrologic variability. The Standby Charge, when collected, will be utilized solely for capital payments and debt service on the capital facilities funded by the RTS Charge, as identified in this report.

The budgeted total RTS revenue for fiscal year 2025/26 is \$184.5 million, of which \$43.9 million is estimated to be collected via the Standby Charge based on fiscal year 2024/25 collections of the Charge as set forth in Table 5. The Standby Charge is collected on property tax bill.



## **METROPOLITAN'S RESPONSE TO FLUCTUATING WATER DEMANDS AND AVAILABILITY OF WATER SOURCES**

Metropolitan's member agencies have widely differing imported water supply needs and the availability of imported water supply from various sources also varies widely. Some agencies have no local water resources and rely on Metropolitan for 100 percent of their annual water needs. Other agencies have adequate local surface supplies and storage and/or groundwater basins that provide them with the majority of their water supplies during wet and average years. However, during dry periods and/or based on a variety of other factors, these agencies rely on Metropolitan to make up any shortfalls in local water supplies. Similar coordination challenges arise in managing water available from Metropolitan's various water supply sources.

To respond to fluctuating demands for water, Metropolitan and its member agencies collectively examined the available local and imported resource options in order to develop a cost-effective plan that meets the reliability and quality needs of the region. The product of this intensive effort was an Integrated Resources Plan (IRP) for achieving a reliable and affordable water supply for Southern California. The major objective of the IRP was to develop a comprehensive water resources plan that ensures (1) reliability, (2) affordability, (3) water quality, (4) diversity of supply, and (5) adaptability for the region, while recognizing the environmental, institutional, and political constraints to resource development. As these constraints change over time, the IRP is periodically revisited and updated by Metropolitan and the member agencies to reflect current conditions. The most recent update was adopted in 2016. In 2022, Metropolitan's Board adopted the 2020 IRP Regional Needs Assessment that incorporated scenario planning to address wide-ranging uncertainties rather than focusing on a single set of assumptions as in the past. To meet the water supply needs of the region, Metropolitan continues to identify and develop additional water supplies to maintain the reliability of the imported water supply and delivery system to its member agencies.

## **CAPITAL FACILITIES — CONVEYANCE AND DISTRIBUTION**

Metropolitan's water system has been built over time to meet the widely differing needs of its member agencies and the various sources of water available to Metropolitan. To meet those needs, Metropolitan's water delivery system is comprised of three basic conveyance and delivery components that form one integrated water system:

- State Water Project (SWP);
- Colorado River Aqueduct (CRA); and
- Distribution System

The system draws on diverse supply sources, transports water across a large part of the State and distributes water in six counties, where member agencies or their retail sub-agencies serve an estimated 19 million people. The CRA and the California Aqueduct of the SWP convey imported water into the Metropolitan service area. This water is then delivered to Metropolitan's member agencies via a regional network of canals, pipelines, and appurtenant facilities, which constitute the Distribution System. Supply, treatment, and storage facilities augment the Distribution System. The system is an interconnected regional conveyance and distribution system with the ability to deliver supplies from each of the SWP, the CRA, and its storage portfolio to most areas of its vast and diverse service area to almost every member agency. This flexibility derives from the capital facilities and provides local and system-wide benefits to all member agencies, as the facilities directly contribute to the reliable delivery of water supplies throughout Metropolitan's service area. The 2020 IRP Needs Assessment, however, identified reliability risks faced by member agencies that depend predominantly on SWP supplies served by Metropolitan.



As the 2007 Integrated Area Study (IAS) emphasized, regional system flexibility is a key component of overall reliability.<sup>1</sup> Today, system flexibility continues to be essential to the availability of Metropolitan's services.<sup>2</sup> Metropolitan must maintain operational flexibility—the ability to respond to short-term changes in regional water supply, water quality, treatment requirements, and member agency demands. Metropolitan must maintain delivery flexibility—the ability to maintain partial to full water supply deliveries during planned and unplanned facility outages. Metropolitan is also required by state statute to serve as large an area as is determined to be reasonable and practical with SWP water; and where a blend of water sources is served, to have the objective to the extent determined to be reasonable and practical. (MWD Act, Sec. 136.)

Metropolitan's intent in the 2007 Integrated Area Study was to provide equitable reliability across its service area through a balanced combination of infrastructure, storage, demand management, and water supply programs. In the context of climate change, historical hydrology proved an inadequate guide to supplies available from the State Water Project and the Colorado River. From 2020 through 2022, imported supply losses outstripped the ability of Metropolitan's portfolio to compensate. Further, Metropolitan could not provide equitable service to all member agencies. As such, Metropolitan's board in August 2022 adopted a resolution that committed to three new policy statements:

1. All member agencies must receive equivalent water supply reliability through an interconnected and robust system of supplies, storage, and programs.
2. Metropolitan will reconfigure and expand its existing portfolio and infrastructure to provide sufficient access to the integrated system of water sources, conveyance and distribution, storage, and programs to achieve equivalent levels of reliability to all member agencies.
3. Metropolitan will eliminate disparate water supply reliability through a One Water integrated planning and implementation approach to manage finite water resources for long-term resilience and reliability, meeting both community and ecosystem needs

In 2023, a series of winter storms brought much needed precipitation in both the northern Sierra and the Upper Colorado River Basins, improving available supplies for Metropolitan. Water supply conditions greatly improved, but also presented challenges to store and distribute all available supplies.

Operational flexibility is being increased by creating an interconnected regional delivery network integrating the SWP and the CRA conveyance systems with the Distribution System. This integrated network will fully allow Metropolitan to incorporate supply from the SWP and the CRA with a diverse portfolio of geographically dispersed storage programs, including the Central Valley groundwater storage programs, carryover storage in San Luis Reservoir, flexible storage capacity in Castaic Lake and Lake Perris, Lake Mead storage, the Desert Water Agency/Coachella Valley Water District Advanced Delivery account, in-basin surface storage in Diamond Valley Lake and Lake Mathews, and in-basin groundwater Conjunctive Use Programs. This integrated, regional network also allows Metropolitan to move supplies throughout the system in response to service demands, supply availability and operational needs.

Metropolitan's integrated conveyance, distribution and storage assets contributes to regional system reliability, with a structural limitation that became starkly evident in the 2020-2022 drought. It is fair and reasonable for member agencies and all property owners within the service area to share the cost of developing and maintaining these assets and newly identified system flexibility projects because they all benefit from regional system flexibility and reliability.

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<sup>1</sup> 2007 Integrated Area Study, Report No. 1317, pg. 2-10.

<sup>2</sup> 2024 Annual Operating Plan, pg. 8-14



### State Water Project Description and Benefits

One of Metropolitan's two major sources of water is the SWP.<sup>3</sup> The SWP is the largest state-built, multipurpose, user-financed water project in the country. It was designed and built primarily to deliver water, but also provides flood control, generates power for pumping, is used for recreation, and enhances habitat for fish and wildlife.

The SWP consists of a complex system of dams, reservoirs, power plants, pumping plants, canals and aqueducts to deliver water. See Figure 1. SWP water consists of water from rainfall and snowmelt runoff that is captured and stored in SWP conservation facilities and then delivered through SWP transportation facilities to water agencies and districts located throughout the Upper Feather River, Bay Area, Central Valley, Central Coast, and Southern California. In addition to the delivery of SWP water, the SWP is also used to convey transfers of SWP water and non-SWP water. Metropolitan receives water from the SWP through the California Aqueduct, which is 444 miles long, and at four delivery points near the northern and eastern boundaries of Metropolitan's service area.

**Figure 1. Facilities of the State Water Project**



<sup>3</sup> For historical and current information regarding the SWP, refer to Bulletin 132, published periodically by DWR since 1963. The most recently published Bulletin is Bulletin 132-21 dated July 2024 and titled "Management of the California State Water Project". Appendices to the Bulletin are also updated separately. Both are available at: <https://water.ca.gov/Programs/State-Water-Project/Management/Bulletin-132>.



The SWP is managed and operated by the Department of Water Resources (DWR). All water supply-related capital expenditures and operations, maintenance, power and replacement (OMP&R) costs associated with the SWP conservation and transportation facilities are paid for by 29 agencies and districts, known collectively as the State Water Contractors (Contractors). The Contractors are participants in the SWP through long-term contracts for the delivery of SWP water and use of the SWP transportation facilities.

In 1960, Metropolitan signed the first water supply contract (as amended, the State Water Contract) with DWR. The original term of the water supply contract was 75 years. In 2022, a contract extension was authorized which extended the original term by another 50 years to 2085. In addition to SWP water, Metropolitan also obtains water from water transfers, groundwater banking and exchange programs delivered through the California Aqueduct.

Since 1960, the SWP system has been extended, improved, and refurbished. All such costs are payable by the Contractors. California WaterFix was a comprehensive science-based solution proposed by the state to modernize critical water delivery infrastructure of the SWP. On October 10, 2017, Metropolitan's Board voted to support financing for the California WaterFix project. However, the state terminated the project in April 2019. Consistent with the Governor's Executive Order N-10-19, the state then announced a new single tunnel Delta conveyance project, which was notably included as part of the Governor's 2020 Water Resilience Portfolio. In 2019, DWR initiated planning and environmental review for a single tunnel Delta Conveyance Project (DCP) to protect the future reliability of access to SWP supplies. In December 2020, the Metropolitan Board authorized the General Manager to execute agreements for (a) funding a share of up to 60.2 percent for planning and pre-construction costs for the DCP, and (b) an amendment to the Joint Powers Agreement for the Delta Conveyance Design and Construction Joint Powers Authority. A Delta conveyance project will contribute to the improvement of capital facilities needed to meet demands on Metropolitan's system for emergency storage and available capacity to meet outages and hydrologic variability. Metropolitan's biennial budget for fiscal years 2024/25 and 2025/26 includes Metropolitan's planned contribution of \$11.6 million for DWR's planning costs of a new Delta conveyance project.

In December 2024, Metropolitan's Board authorized the General Manager to enter into an amended funding agreement for an amount not to exceed \$141.6 million for preconstruction work on the Delta conveyance project planned during 2026-2027. The projection includes approximately \$25.7 million in FY 2025/26 that were not included in the second year of the adopted 2024/25 and 2025/26 Budget, or the adopted calendar year 2026 rates. Metropolitan recently secured a commitment from DWR for a refund of \$75 million in past SWP payments that will cover the \$25.7 million anticipated to be spent in FY 2025/26.

All Metropolitan member agencies benefit from the SWP system and its supplies, which—when available—can be distributed to all member agencies. As described above, the 2020-2022 drought led Metropolitan's board to recommit itself to equitable water supply reliability and to direct staff to identify and pursue solutions to prevent a reoccurrence. Metropolitan's member agencies distribute that water to parcels as retail water providers or as wholesale water providers to retail agencies. In this way, the SWP water that Metropolitan delivers to its member agencies contributes to water available to existing and future end users throughout Metropolitan's service area. The cost of the net capital payments for the SWP less the portion covered by property taxes in fiscal year 2025/26 is \$0 million, as shown in Table 1. Real property throughout Metropolitan's service area benefits from the availability of the SWP facilities and its integration into Metropolitan's system and therefore all such costs may be attributed to such parcels. However, Metropolitan's Standby Charge collects only \$43.9 million of the total \$319.0 million system costs, representing 14% of the total system costs.

#### Colorado River Aqueduct Description and Benefits

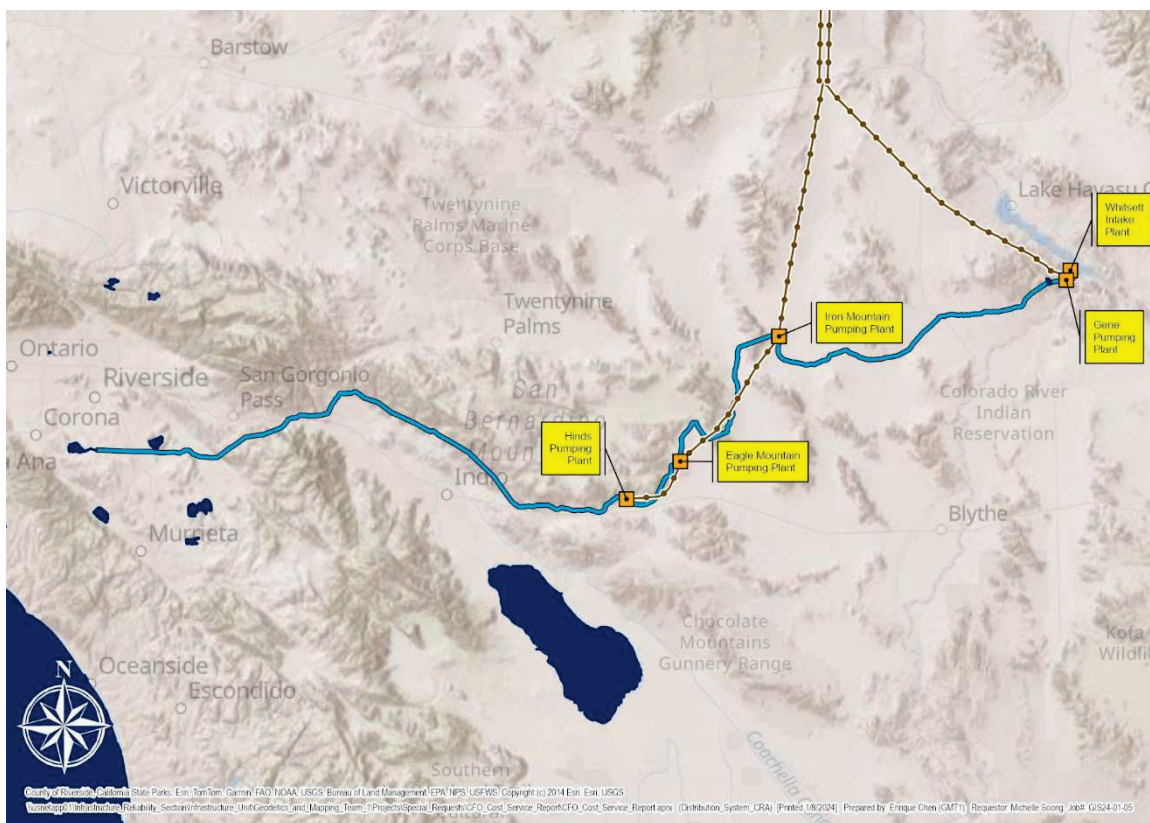
Metropolitan's other major source of water is the CRA. Metropolitan was established to obtain an allotment of Colorado River water, and its first mission was to construct and operate the CRA. The CRA consists of five pumping plants, 450 miles of high voltage power lines, one electric substation, four regulating reservoirs, and 242



miles of aqueducts, siphons, canals, conduits and pipelines terminating at Lake Mathews in Riverside County. See Figure 2. Metropolitan owns, operates, and manages the Colorado River Aqueduct. Metropolitan is responsible for operating, maintaining, rehabilitating, and repairing the CRA, and is responsible for obtaining and scheduling energy resources adequate to power pumps at the CRA's five pumping stations.

Metropolitan incurs capital and operations and maintenance expenditures to support the CRA activities. The direct costs of the CRA activities include labor, materials and supplies, as well as outside services to provide repair and maintenance, and professional services. The CRA activities benefit from Water System Operations support services and management supervision, as well as Administrative and General activities of Metropolitan. Metropolitan finances past, current, and future capital improvements on the CRA, and capitalizes those improvements as assets. The costs of Metropolitan's capital financing activities are apportioned to cost functions, such as the CRA Conveyance and Aqueduct function. The capital cost of the Colorado River Aqueduct and Inland Feeder in fiscal year 2025/26 is \$90.9 million, and is included in the Non-SWP Conveyance System line item in Table 1. Real property throughout Metropolitan's service area benefits from the availability of the CRA facilities and its integration into Metropolitan's system and therefore all such costs may be attributed to such parcels. However, Metropolitan's Standby Charge collects only \$43.9 million of the total \$319.0 million system costs, representing 14% of the total system costs.

**Figure 2. Colorado River Aqueduct**



### Metropolitan's Conveyance and Distribution System Benefits

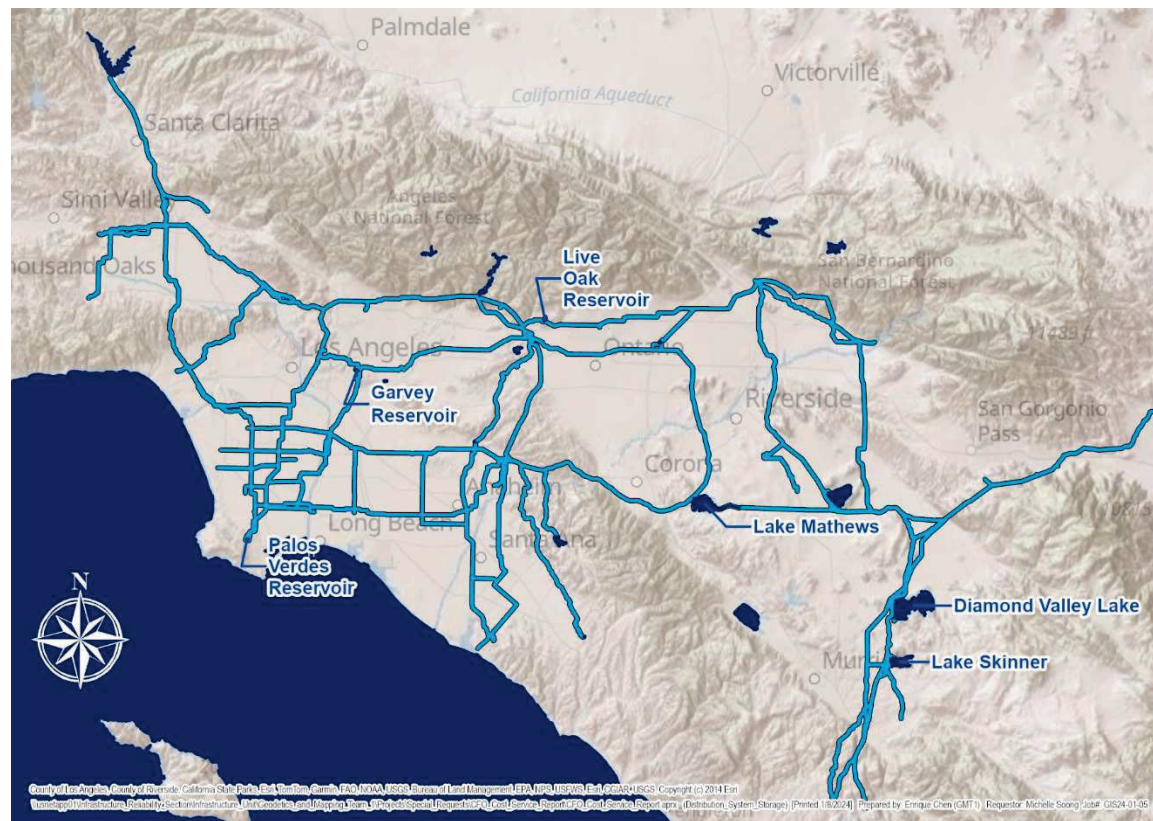
For purposes of this report, components of the conveyance system are considered to include only those major trunk facilities that transport water from primary supply sources to either regional storage facilities or feeder lines linked to the primary conveyance facilities. See Figure 3. For a list of Metropolitan's conveyance facilities within its service area, see Table 3. All other water transport facilities, including pipelines, feeders, laterals, canals and



aqueducts, are considered to be distribution facilities. Distribution facilities can be further identified in that they generally have at least one connection to a member agency's local distribution system. For a list of Metropolitan's distribution facilities, see Table 3.

All water transport facilities not specifically identified as part of the regional conveyance system are considered to be distribution facilities (Distribution System). While conveyance and aqueduct system components are regional in nature and generally do not link directly to local agency distribution systems, Distribution System facilities do ultimately connect to local agency systems. As a result, these facilities rely on conveyance and aqueduct facilities to import water from regional supply sources. The Distribution System is a complex network of facilities which routes water from the CRA and SWP to the member agencies. Beginning at the terminal delivery points of the CRA and SWP, Metropolitan's Distribution System includes approximately 775 miles of pipelines, feeders, and canals. Distribution System operations are coordinated from the Operations Control Center in Eagle Rock. The control center plans, schedules, and balances daily water operations in response to member agency demands and the operational limits of the system as a whole. Metropolitan's storage and treatment facilities augment the Distribution System. Metropolitan operates and maintains separate untreated and treated distribution facilities.

**Figure 3. Metropolitan's Distribution and Storage Facilities**



Metropolitan has an ongoing commitment, through physical system improvements and the maintenance and rehabilitation of existing facilities, to maintain the reliable delivery of water throughout the entire service area. System flexibility improvement projects include additional conveyance and distribution facilities to maintain the dependable delivery of water supplies, provide alternative system delivery capacity, and enhance system operations. Conveyance and distribution system improvement benefits also include projects to upgrade obsolete facilities or equipment, or to rehabilitate or replace facilities or equipment. These projects are needed to enhance system operations, comply with new regulations, and maintain a reliable distribution system. A list of



conveyance and distribution system facilities is provided in Table 3 along with the fiscal year 2025/26 estimated conveyance and distribution system benefits. The capital cost of the Distribution System in fiscal year 2025/26 is \$102.0 million, and is included in the Distribution System line item in Table 1. Real property throughout Metropolitan's service area benefits from the availability of the Distribution System and its integration into Metropolitan's system and therefore all such costs may be attributed to such parcels. However, Metropolitan's Standby Charge collects only \$43.9 million of the total \$319.0 million system costs, representing 14% of the total system costs.

## **CAPITAL FACILITIES – WATER STORAGE**

### **System Storage Benefits**

The Metropolitan system, for purposes of meeting demands during times of shortage, regulating system flows, and ensuring system reliability in the event of a system outage, provides over 1,000,000 acre-feet of system storage capacity. Diamond Valley Lake provides 810,000 acre-feet of that storage capacity, effectively doubling Southern California's previous surface water storage capacity. Other existing imported water storage available to the region consists of Metropolitan's raw water reservoirs, a share of the SWP's raw water reservoirs in and near the service area, and the portion of the groundwater basins used for conjunctive-use storage.

Water stored in system storage during above average supply conditions (surplus) provides a reserve against shortages when supply sources are limited or disrupted. Water storage also preserves Metropolitan's capability to deliver water during scheduled maintenance periods, when conveyance facilities must be removed from service for rehabilitation, repair, or maintenance. The benefits of these capital facilities are both local and system-wide, as the facilities directly contribute to the reliable delivery of water supplies throughout Metropolitan's service area. The capital costs of water storage in fiscal year 2025/26 is \$126.1 and, as shown in Table 1. Real property throughout Metropolitan's service area benefits from the availability of the storage capacity throughout the service area and its integration into Metropolitan's system and therefore all such costs may be attributed to such parcels. However, Metropolitan's Standby Charge collects only \$43.9 million of the total \$319.0 million system costs, representing 14% of the total system costs.

## **METROPOLITAN'S REVENUE**

Metropolitan's major capital facilities are financed largely from the proceeds of revenue bond issues, which are repaid over future years. The principal source of revenue for repayment of these bonds is water sales to its member agencies, which is currently Metropolitan's largest source of revenue. In addition, *ad valorem* property taxes provide an additional limited revenue source, which is used to pay pre-1978 voter-approved indebtedness. However, the use of water rates as a primary source of revenue has placed an increasing burden on member agencies and their ratepayers, which would more equitably continue to be paid in part by assessments on land that in part derives its value from the availability of water through an integrated and reliable water system.

### **Readiness-To-Serve**

In December 1993, Metropolitan's Board approved a revenue structure that included additional charges to establish a commitment to Metropolitan's capital improvement program and provide revenue stability. This revenue structure included the RTS Charge, which in 1995 certain member agencies opted to pay in part pursuant to the collection of a standby charge. In October 2001, the Board adopted the current unbundled rate structure, and maintained the RTS Charge.

As noted above, Metropolitan levies the RTS Charge on its member agencies to recover capital costs, including a portion of the debt service on bonds issued to finance capital facilities needed to meet existing demands on Metropolitan's system for emergency storage and available capacity.



The estimated fiscal year 2025/26 RTS Charge for each member agency is shown in Table 4.

### Standby Charge Option

Metropolitan's Standby Charge is authorized by the State Legislature and has been levied by Metropolitan since fiscal year 1992/93. The Standby Charge recognizes that there are economic benefits to lands that have access to a water supply, whether or not such lands are using it, which excludes 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 and lands that 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. Utilization of the Standby Charge transfers some of the burden of maintaining Metropolitan's capital infrastructure from water rates and *ad valorem* taxes to all the benefiting properties within the service area. A fraction of the value of this benefit and of the cost of providing it can be effectively recovered, in part, through the levying of a standby charge. The projects to be supported in part by the Standby Charge are capital projects that provide both local and Metropolitan-wide benefit to current landowners as well as existing water users.

Although a standby charge could have been set to recover all Conveyance, Distribution, and Storage costs as detailed in Table 1, Metropolitan's continued Standby Charge only collects about 14% of those costs. For fiscal year 2025/26, the amount to be recovered by the RTS Charge is estimated to be \$184.5 million and of that only \$43.9 million is estimated to be recovered by the Standby Charge.

The Standby Charge for each acre or parcel of less than an acre varies from member agency to member agency, as permitted under the legislation establishing Metropolitan's Standby Charge. The water Standby Charge for each member agency is continued at amounts not to exceed the rates in place since fiscal year 1996/97 and is shown in Table 5, which consists of composite rates by member agencies, not to exceed \$15.00. Originally, the composite rates consisted in part of a uniform component of \$5 applicable throughout Metropolitan, and in part of a variable component, not exceeding \$10 in any member public agency, reflecting the allocation of historical water deliveries by the member agencies as of fiscal year 1993/94 when the composite rates were initially established. Metropolitan will continue Standby Charges only within the service areas of the member agencies that have requested that the Standby Charge be utilized for purposes of meeting their outstanding RTS obligation. Although rates may not exceed the amounts in place in fiscal year 1996/97, some rates may be lower.

The Standby Charge is proposed to be collected from: (1) parcels on which water standby charges have been levied in fiscal year 1993/94 and annually thereafter and (2) parcels annexed to Metropolitan and to an electing member agency after January 1997. Table 6 lists parcels annexed, or to be annexed, to Metropolitan and to electing member agencies during fiscal year 2024/25, such parcels being subject to the Standby Charge upon annexation, which is used to estimate the Standby Charge collections for the following fiscal year. Fiscal Year 2025/26 Table 6 also shows parcels known by Metropolitan as annexed, or to be annexed, by the time collections are made for fiscal year 2025/26.

The estimated costs of Metropolitan's wholesale water system, which could be paid by a Standby Charge, are approximately \$319.0 million for fiscal year 2025/26, as shown in Table 1. An average total Standby Charge of about \$73.28 per acre of land or per parcel of land less than one acre would be necessary to pay for the total potential program benefits. Benefits in this amount will accrue to each acre of property and parcel within Metropolitan's service area, as Metropolitan delivers water to member agencies that contributes to water available to these properties, via that member agency or a retail sub-agency. Because Metropolitan's water deliveries to member agencies contributes to water available only to properties located within Metropolitan's service area boundaries (except for certain contractual deliveries as permitted under Section 131 of the Metropolitan Water District Act), any benefit received by the public at large or by properties outside of the area is merely incidental.



Table 5 shows that the distribution of Standby Charge revenues from the various member agency service areas would provide net revenue flow of approximately \$43.9 million for fiscal year 2025/26. Metropolitan will use other revenue sources, such as water sales revenues, RTS Charge revenues (except to the extent collected through standby charges, as described above), interest income, and revenue from sales of hydroelectric power, to pay for the remaining program costs. Additionally, the actual Standby Charge proposed to be continued ranges from \$0.10 to \$14.20 per acre of land or per parcel of land less than one acre. Thus, the benefits of Metropolitan's investments in water conveyance, storage, and distribution far exceed the recommended Standby Charge.

### **Equity**

The RTS Charge is a firm revenue source. The revenues to be collected through this charge will not vary with sales in the current year. This charge is levied on Metropolitan's member agencies and is not a fee or charge upon real property or upon persons as an incident of property ownership. It ensures that agencies that only occasionally purchase water from Metropolitan but receive the reliability benefits of Metropolitan's system pay an equitable share of the costs to provide that reliability. Within member agencies that elect to pay the RTS Charge through Metropolitan's standby charges, the Standby Charge results in a lower RTS Charge than would otherwise be necessary due to the amount of revenue collected from lands which benefit from the availability of Metropolitan's water system. With the Standby Charge, these properties are now contributing a more appropriate share of the cost of importing water to Southern California.

Metropolitan's water system increases the availability and reliable delivery of water throughout Metropolitan's service area. A reliable system benefits existing end users and land uses through retail water service provided by Metropolitan member agencies or by water retailers that purchase water from a Metropolitan member agency, and through the replenishment of groundwater basins and reservoir storage as reserves against shortages due to droughts, natural emergencies, or scheduled facility shutdowns for maintenance. The benefits of reliable water resources from the SWP, CRA, Storage, and system improvements accrue to more than 250 cities and communities within Metropolitan's six-county service area. Metropolitan's regional water system is interconnected, so water supplies from the SWP and CRA can be used throughout most of the service area and therefore benefit water users and properties system-wide.

A major advantage of a firm revenue source, such as an RTS charge, is that it contributes to revenue stability during times of drought or low water sales. It affords Metropolitan additional security, when borrowing funds, that a portion of the revenue stream will be unaffected by drought or by rainfall. This security will help maintain Metropolitan's historically high credit rating, which results in lower interest expense to Metropolitan, and therefore, lower overall cost to its member agencies.



### SUMMARY

The foregoing and the attached tables describe the current costs of Metropolitan's system and benefits provided by the projects listed as mainstays to the water system for Metropolitan's service area. Benefits are provided to member agencies, their retail sub-agencies, water users and property owners. The projects represented by this report provide both local benefits as well as benefits throughout the entire service area. It is recommended, for calendar year 2026, that the Metropolitan Board of Directors adopt the RTS Charge as set forth in Table 4 with an option for local agencies to request that a Standby Charge be collected for fiscal year 2025/26 from lands within Metropolitan's service area as a credit against such member agency's RTS Charge, up to the Standby Charge amounts collected by Metropolitan within the applicable member agency for fiscal year 1996/97. The maximum Standby Charge would not exceed \$15 per acre of land or per parcel of less than one acre. The costs of the system described in this Engineer's Report exceeds the recommended Standby Charge by at least \$275 million. A preliminary listing of all parcels subject to the proposed 2025/26 Standby Charge and the amounts proposed to be continued for each is available in the office of the Chief Financial Officer. A final listing is available upon receipt of final information from each county.

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Prepared Under the Supervision of:



Katano Kasaine  
Assistant General Manager/  
Chief Financial Officer





**TABLE 1**  
**ESTIMATED COSTS OF**  
**WATER SYSTEM INFRASTRUCTURE**  
**BENEFITING REAL PROPERTY WITHIN METROPOLITAN'S SERVICE AREA**

	Estimated Program Costs for FY2025/26	Dollars Per Parcel of 1 Acre or Less
<b>Capital Payments for Water System Infrastructure</b>		
Net Capital Payments to State Water Project (SWP) (less portion paid by property taxes)	\$ -	\$0.00
Non Tax Supported Capital Costs for Non-SWP Conveyance System <sup>1</sup>	\$ 90,887,289	\$20.88
Non Tax Supported Capital Costs for Distribution System <sup>2</sup>	\$ 101,998,076	\$23.43
Non Tax Supported Capital Costs for Water Storage <sup>3</sup>	\$ 126,115,329	\$28.97
<b>Total Capital Payments</b>	<b>\$ 319,000,695</b>	<b>\$73.28</b>
 <b>Estimated Standby Charge Revenues</b>	 \$ 43,887,274	 \$10.08
Percent Collected by Standby Charge	14%	
 <b>Total Remaining Costs Not Paid by Standby Charge</b>	 <b>\$ 275,113,421</b>	 <b>\$63.20</b>

**Notes:**

[1] Non-SWP Conveyance include the Colorado River Aqueduct and Inland Feeder.

[2] Distribution facilities include the pipelines, laterals, feeders and canals that distribute water throughout the service area.

[3] System storage includes Diamond Valley Lake, Lake Mathews, Lake Skinner and several other smaller surface reservoirs which provide storage for operational purposes.

Totals may not foot due to rounding



<b>TABLE 2</b> <b>WATER RECYCLING, GROUNDWATER RECOVERY AND CONSERVATION PROJECTS</b>	
<b>Project Name</b>	<b>FISCAL YEAR 2025/26 Payment</b>
<b>Water Recycling Projects</b>	<b>\$20,470,801</b>
Anaheim Water Recycling Demonstration Project	
Burbank Recycled Water System Expansion Phase II Project	
Capistrano Valley Non Domestic Water System Expansion	
CBMWD Recycled Water System Expansion Phase I	
Direct Reuse Project Phase IIA	
Eastern Recycled Water Pipeline Reach 16 Project	
El Toro Phase II Recycled Water Distribution System Expansion Project	
El Toro Recycled Water System Expansion	
Elsinore Valley Recycled Water Program	
Escondido Membrane Filtration Reverse Osmosis Facility	
Escondido Regional Reclaimed Water Project	
French Valley Recycled Water Distribution Project	
Groundwater Reliability Improvement Program Recycled Water Project	
Hansen Area Water Recycling Phase I Project	
Hansen Dam Golf Course Water Recycling Project	
Jurupa Community Services District Regional Recycled Water Project	
La Puente Recycled Water Project	
Lake Mission Viejo Advanced Purification WTF	
Las Flores Recycled Water System Expansion Project	
Leo J. Vander Lans Water Treatment Facility Expansion Project	
Los Angeles Taylor Yard Park Water Recycling Project	
Michelson/Los Alisos Water Reclamation Plant Upgrades and Distribution System Expansion Project	
North Atwater Area Water Recycling Project	
North Hollywood Area Water Recycling Project	
Oceanside Pure Water and Recycled Water Phase I Project	
Oxnard Advanced Water Purification Facility Project	
Rowland Water District Portion of the City of Industry Regional Recycled Water Project	
San Clemente Recycled Water System Expansion Project	
San Diego Pure Water North City Project Phase I	
San Elijo Water Reclamation System	
Sepulveda Basin Sports Complex Water Recycling Project	
Sepulveda Basin Water Recycling Project - Phase 4	
Terminal Island Recycled Water Expansion Project	
USGVMWD Portion of the City of Industry Regional Recycled Water Project	
Van Nuys Area Water Recycling Project	
Walnut Valley Water District Portion of the City of Industry Regional Recycled Water Project	
West Basin Water Recycling Program Phase V Project	
Westside Area Water Recycling Project	
<b>Groundwater Recovery Projects</b>	<b>\$9,164,100</b>
Beverly Hills Desalter Project	
Cal Poly Pomona Water Treatment Plant	
Chino Basin Desalination Program / IEUA	



<b>TABLE 2 (Continued)</b> <b>WATER RECYCLING, GROUNDWATER RECOVERY AND CONSERVATION PROJECTS</b>	
<b>Project Name</b>	<b>FISCAL YEAR 2025/26 Payment</b>
<b>Groundwater Recovery Projects (continued)</b>	<b>\$9,164,100</b>
Chino Basin Desalination Program / Western	
Fallbrook Groundwater Desalter Project	
Irvine Desalter Project	
IRWD Wells 21 & 22 Desalter Project	
North Pleasant Valley Regional Desalter	
Perris II Brackish Groundwater Desalter	
Pomona Well #37-Harrison Well Groundwater Treatment Project	
Round Mountain Water Treatment Plant	
Santa Monica Sustainable Water Supply Project	
<b>On-site Retrofit Program</b>	<b>\$3,000,000</b>
<b>Future Supply Actions</b>	<b>\$3,468,000</b>
<b>Conservation Projects</b>	<b>\$44,150,000</b>
Regionwide Residential	
Regionwide Commercial	
Regionwide Residential and Commercial Turf Replacement Program	
Member Agency Administered/MWD Funded	
Water Savings Incentive Program	
Landscape Training Classes	
Landscape Irrigation Surveys	
Innovative Conservation Program/Pilot Programs/Studies	
Inspections	
Member Agency Technical Assistance	
Conservation Advertising	
Municipal Leak Detection and Repair	
Multifamily Property Toilet Replacement Program	
Residential Direct Install partnership with Southern California Gas Company	
<b>Total Demand Management Programs</b>	<b>\$80,252,901</b>



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Storage Facilities**

102677 - JENSEN, REPAIR COVER OVER RESERVOIR 1  
 102836 DIAMOND VALLEY LAKE, CONSULTANT COSTS  
 103166 GARVEY RESERVOIR SODIUM HYPOCHLORITE FEED SYSTEM REHABILITATION  
 103172 DVL UNGERGROUND TANK CLOSURE  
 104800 GARVEY RESERVOIR DRAINAGE AND EROSION IMPROVEMENTS  
 105024 GARVEY RESERVOIR SODIUM HYPOCHLORITE TANK REPLACEMENT  
 105091 DIAMOND VALLEY LAKE FLOATING WAVE ATTENUATOR  
 105100 GARVER RESERVOIR BROKEN DRAIN PIPE AT ABTMNT  
 105125 LAKE SKINNER BUILDING ROOF REPLACEMENT  
 105176 LIVE OAK RESERVOIR ASPHALT PAVEMENT REHABILITATION  
 105202 GARVEY RESERVOIR DRAINAGE & EROSION IMPROVEMENTS - AREAS 6-10, 11  
 105207 DVL MARINA BOAT LAUNCH DOCKS REFURBISHMENT  
 ALAMEDA CORRIDOR, PIPELINE RELOCATION, PROTECTION  
 CAJALCO CREEK AND LAKE MATHEWS ADAS REPLACEMENT PROJECT  
 CAPITAL PROGRAM FOR PROJECTS COSTING LESS THAN \$250,000-LIVE OAK  
 CAPITAL PROGRAM FOR PROJECTS COSTING LESS THAN \$250,000-MORRIS DAM  
 CHINO BASIN GROUNDWATER SERVICE CONNECTION CB-15T  
 CHLORINATION AND PH CONTROL FACILITIES- ORANGE COUNTY & GARVEY (50/50)  
 CHLORINE CONTAINER SCALES & HOISTING EQUIPMENT-SAN JOAQUIN  
 CLEARING OF LAKE MATHEWS RESERVOIR AREA  
 CONVERSION OF DEFORMATION SURVEY MONITORING AT COPPER BASIN  
 COPPER BASIN AND GENE WASH DAM, INSTALL SEEPAGE ALARM (50/50)  
 COPPER BASIN RESERVOIR SUPERVISORY CONTROL  
 COPPER BASIN SEWER SYSTEM  
 CORONA DEL MAR RESERVOIR- REPLENISHMENT  
 CORONA DEL MAR RESERVOIR-: CHLORINATION STATION  
 CRANE - LAKE MATHEWS OUTLET TOWER (ORG CONST)  
 CUF DECHLORINATION SYSTEM FINAL DESIGN AND CONSTRUCTION  
 DAM MONITORING SYSTEM UPGRADES - Lake Mathews  
 DAM MONITORING SYSTEM UPGRADES - LAKE SKINNER  
 DAM MONITORING SYSTEM UPGRADES LAKE MATHEWS  
 DAM MONITORING SYSTEM UPGRADES LAKE SKINNER  
 DAM SAFETY AND REHABILITATION PROGRAM, DAM MONITORING AUTOMATION  
 DAM SEISMIC ASSESSMENT - PHASE 3  
 DAM SEISMIC UPGRADE - PHASE 3  
 DAM SEISMIC UPGRADES - PHASE 3  
 DIAMOND VALLEY LAKE CRANE REHABILITATION - NEW  
 DIAMOND VALLEY LAKE DAM MONITORING SYSTEM UPGRADE  
 DIAMOND VALLEY LAKE DAM MONITORING SYSTEM UPGRADE - STAGES 1 & 2  
 DIAMOND VALLEY LAKE DAM MONITORING SYSTEM UPGRADES - STAGE 3  
 DIAMOND VALLEY LAKE DAM MONITORING SYSTEM UPGRADES - STAGES 1 & 2  
 DIAMOND VALLEY LAKE DOMESTIC WATER SYSTEM IMPROVEMENTS  
 DIAMOND VALLEY LAKE FOREBAY CONCRETE JOINT SEAL REPLACEMENT  
 DIAMOND VALLEY LAKE FUEL TANK MONITORING AND INVENTORY SYSTEM  
 DIAMOND VALLEY LAKE INLET/OUTLET TOWER FISH SCREEN REPLACEMENT - CONSTRUCTION  
 DIAMOND VALLEY LAKE MARINA BOAT LAUNCH DOCKS REFURBISHMENT  
 DIAMOND VALLEY LAKE MONITORING SYSTEM UPGRADES  
 DIAMOND VALLEY LAKE OXYGENATION SYSTEM  
 DIAMOND VALLEY LAKE, CAL PLAZA CHARGES  
 DIAMOND VALLEY LAKE, CONSULTANT COSTS  
 DIAMOND VALLEY LAKE, DAM DEFORMATION MONITORING  
 DIAMOND VALLEY LAKE, EAST DAM SUMP PUMP ELECTRICAL STUDY  
 DIAMOND VALLEY LAKE, GENERAL CONSTRUCTION MGMT, 2000-2001  
 DIAMOND VALLEY LAKE, INUNDATION MAPS  
 DIAMOND VALLEY LAKE, UNDERGROUND TANK CLOSURE  
 DIAMOND VALLEY RECREATION, EAST MARINA  
 DIAMOND VALLEY RECREATION, FISHERY  
 DIAMOND VALLEY RECREATION, MUSEUM FOUNDATION REHABILITATION  
 DIAMOND VALLEY RECREATION, SEARL PARKWAY IMPROVEMENTS, PHASE I  
 DIAMOND VALLEY TRAILS PROGRAM, TRAILS  
 DIEMER CHLORINE EJECTOR WATER SUPPLY LINE IMPROVEMENTS  
 DIEMER FWR SLOPE PROTECTION IMPROVEMENTS  
 DIEMER PLANT, RESERVE STRUCTURE MODIFICATION  
 DISTRICT DESIGN AND INSPECTION - MORRIS DAM  
 DISTRICT RESERV. AQUEOUS AMMONIA FEED SYSTEM  
 DISTRICT RESERVOIR - LONGTERM CHEMICAL FAC CONTAINMENT  
 DOMESTIC WATER SUPPLY - LAKE MATHEWS (ORG CONST)  
 DOMESTIC WATER SYSTEM - LAKE MATHEWS (ORG CONST)  
 DOMESTIC WATER SYSTEM-PALOS VERDES RESERVOIR (INTERIM CONST)  
 DVL - SEARL PARKWAY EXTENSION - PHASE 2  
 DVL - SEARL PARKWAY LANDSCAPING  
 DVL AND SKINNER AREA FLOW METER REPLACEMENT  
 DVL CONTROL & PROTECTION UPGRADE  
 DVL EAST DAM ELECTRICAL UPGRADES  
 DVL EAST DAM POWER LINE REALIGNMENT  
 DVL EAST MARINA WATER TANK REPLACEMENT  
 DVL INLET/OUTLET FISH SCREEN REHABILITATION  
 DVL INLET/OUTLET TOWER FISH SCREEN REPLACEMENT - CONSTRUCTION  
 DVL RECREATION - ALTERNATE ACCESS ROAD  
 DVL RECREATION ENTITLEMENT/MASTER PLANNING  
 DVL RECREATION LAKEVIEW TRAIL  
 DVL RECREATION, COMMUNITY PARK AND REGIONAL AQUATIC FACILITY  
 DVL RECREATION, PROGRAM MANAGEMENT  
 DVL RECREATION, SURPLUS LAND DISPOSITION PLANNING  
 DVL SECURITY ENHANCEMENT  
 DVL, CONSTRUCTION  
 DVL, CONSTRUCTION CLAIMS SUPPORT  
 DVL, CONSTRUCTION MANAGEMENT SERVICE  
 DVL, CONSTRUCTION SUPERVISION  
 DVL, CONSTRUCTION, WEST DAM FOUNDATION  
 DVL, DEDICATION CEREMONY  
 DVL, DISTURBED  
 DVL, DOMENIGONI PARK



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Storage Facilities**

DVL, EAST DAM  
DVL, EAST DAM EMBANKMENT  
DVL, EAST DAM FENCING  
DVL, EAST DAM INLET OUTLET TOWER CONSTRUCTION  
DVL, EAST DAM LANDSCAPE SCREENING  
DVL, EAST DAM NORTH RIM REMEDIATION  
DVL, EAST DAM P-1 FACILITIES  
DVL, EAST DAM SITE COMPLETION  
DVL, EAST DAM STATE STREET IMPROVEMENTS  
DVL, EAST DAM VERTICAL SLEEVE VALVE  
DVL, EAST MARINA, PHASE 2  
DVL, EXCAVATION  
DVL, FIXED CONE, SPHERE  
DVL, GENERAL  
DVL, GRADING OF CONT  
DVL, INSTALL NEW WATERLINE  
DVL, MISC SMALL CONS  
DVL, NORTH HIGH WATER ROAD  
DVL, P-1 PUMPING FACILITY  
DVL, PROCUREMENT  
DVL, SCOTT ROAD EXTENSION  
DVL, SOUTH HIGH WATER ROAD & QUARRY  
DVL, SPILLWAY  
DVL, START UP  
DVL, VALLEY-WIDE SITE ROUGH GRADING  
DVL, WORK PACKAGE  
DVL, WORK PACKAGE 1  
DVL, WORK PACKAGE 10, INLET OUTLET WORK  
DVL, WORK PACKAGE 11, FOREBAY  
DVL, WORK PACKAGE 12, TUNNEL  
DVL, WORK PACKAGE 13, P-1 PUMP OPERATIONS FACILITY  
DVL, WORK PACKAGE 14, PC-1  
DVL, WORK PACKAGE 15, SITE CLEARING  
DVL, WORK PACKAGE 16, GROUNDWATER MONITORING  
DVL, WORK PACKAGE 17, FIELD OFFICE  
DVL, WORK PACKAGE 18, TEMPORARY VISITOR CENTER  
DVL, WORK PACKAGE 19, PERMANENT VISITOR CENTER  
DVL, WORK PACKAGE 2, EASTSIDE PIPELINE  
DVL, WORK PACKAGE 20, EAST DAM EXCAVATION, FOUNDATION  
DVL, WORK PACKAGE 21, WEST DAM EXCAVATION, FOUNDATION  
DVL, WORK PACKAGE 23, WEST RECREATION AREA  
DVL, WORK PACKAGE 24, EAST RECREATION AREA  
DVL, WORK PACKAGE 25, EXCAVATION  
DVL, WORK PACKAGE 26, ELECTRICAL TRANSMISSION LINES  
DVL, WORK PACKAGE 27, MAJOR EQUIPMENT P-1  
DVL, WORK PACKAGE 28, MAJOR EQUIPMENT, GATES  
DVL, WORK PACKAGE 29, MAJOR EQUIPMENT, PC-1  
DVL, WORK PACKAGE 30, INSTRUMENTATION AND CONTROL SYSTEMS  
DVL, WORK PACKAGE 31, GEOGRAPHICAL INFO  
DVL, WORK PACKAGE 32, PERMIT  
DVL, WORK PACKAGE 33, MAJOR EQUIPMENT, VALVES  
DVL, WORK PACKAGE 34, EMERGENCY RELEASE  
DVL, WORK PACKAGE 35  
DVL, WORK PACKAGE 36, TRANSMISSION LINE TO PC-1  
DVL, WORK PACKAGE 38, RUNOFF EROSION  
DVL, WORK PACKAGE 39, SADDLE DAM FOUNDATION  
DVL, WORK PACKAGE 4, NEWPORT ROAD RELOCATION  
DVL, WORK PACKAGE 40  
DVL, WORK PACKAGE 42, GEOTECHNICAL  
DVL, WORK PACKAGE 43, MOBILIZATION  
DVL, WORK PACKAGE 44, SITE DEVELOPMENT  
DVL, WORK PACKAGE 47, HAZARDOUS MATERIAL  
DVL, WORK PACKAGE 48, GENERAL ADMIN  
DVL, WORK PACKAGE 49  
DVL, WORK PACKAGE 5, SALT CREEK FLOOD CONTROL  
DVL, WORK PACKAGE 52, HISTORY ARCHEOLOGY INVENTORY  
DVL, WORK PACKAGE 53, PREHISTORIC ARCHEOLOGY  
DVL, WORK PACKAGE 54, PLANTS, WILDLIFE  
DVL, WORK PACKAGE 55, AIR QUALITY, NOISE  
DVL, WORK PACKAGE 6, SURFACE WATER MITIGATION  
DVL, WORK PACKAGE 7, DESIGN WEST DAM ACCESS  
DVL, WORK PACKAGE 8, DESIGN EAST DAM ACCESS  
DVL, WORK PACKAGE 9, SADDLE DAM  
DVL, WORKING INVENTORY, 80,000 ACRE FEET (10% OF CAPACITY)  
EAST DAM TUNNELS  
EAST MARINA BOAT RAMP EXTENSION  
EAST MARINA BOAT RAMP EXTENSION II  
ELECTRICAL SERVICE - LAKE MATHEWS (ORG CONST)  
ELECTRICAL SYSTEM - LAKE MATHEWS (ORG CONST)  
ETIWANDA RESERVOIR REHABILITATION  
FIRST SAN DIEGO AQUEDUCT - REPLACE PIPELINE SECTION BOTH BARRELS  
FLOATING BOAT HOUSE - LAKE MATHEW  
FLOOD RELEASE VALVE, MORRIS DAM & WATER SUPPLY SYSTEM,PV RESER.  
FOOTBRIDGE - LAKE MATHEWS (ORG CONST)  
FOOTHILL FEEDER- LIVE OAK RESERVOIR- CLAIMS  
FOOTHILL FEEDER- LIVE OAK RESERVOIR- RESIDENCE  
GARVER RESERVOIR BROKEN DRAIN PIPE AT ABTMT  
GARVEY RESERVIOR OPERATION & MAINTENANCE CENTER  
GARVEY RESERVIOR OPERATION & MAINTENANCE CENTER (RETIREMENT)  
GARVEY RESERVOIR - JUNCTION STRUCTURE,REPLACE VALVE # 1  
GARVEY RESERVOIR AUTOMATED DATA ACQUISITION SYSTEM (ADAS) REPLACEMENT  
GARVEY RESERVOIR COVER AND LINER REPLACEMENT  
GARVEY RESERVOIR COVER AND LINER REPLACEMENT PROJECT



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Storage Facilities**

GARVEY RESERVOIR DRAINAGE & EROSION CONTROL IMPROVEMENTS  
 GARVEY RESERVOIR DRAINAGE & EROSION IMPROVEMENTS - AREAS 6, 7, 8, 10 & 11 CONSTRUCTION  
 GARVEY RESERVOIR DRAINAGE & EROSION IMPROVEMENTS - AREAS 6-10 & 11 CONSTRUCTION  
 GARVEY RESERVOIR DRAINAGE AND EROSION IMPROVEMENTS  
 GARVEY RESERVOIR- EMERGENCY GENERATOR  
 GARVEY RESERVOIR FENCING AND PEST BARRIER  
 GARVEY RESERVOIR- FLOATING COVER  
 GARVEY RESERVOIR HYPOCHLORITE FEED SYSTEM  
 GARVEY RESERVOIR- JUNCTION STRUCTURE, REPLACE VALVE #1  
 GARVEY RESERVOIR- JUNCTION STRUCTURE, REPLACE VALVE #1 - INTEREST  
 GARVEY RESERVOIR- JUNCTION STRUCTURE, REPLACE VALVES # 4 & 5  
 GARVEY RESERVOIR- MODIFY DESILTING BASINS  
 GARVEY RESERVOIR REPAIR  
 GARVEY RESERVOIR SITE EROSION CONTROL  
 GARVEY RESERVOIR SODIUM HYPOCHLORITE TANK REPLACEMENT  
 GARVEY RESERVOIR, LOWER ACCESS ROAD, PAVING & DRAINS  
 GARVEY RESERVOIR, REPLACE VALVE # 4 & 5  
 GARVEY RESERVOIR, TWO VALVES AT JUNCTION STRUCTURE  
 GARVEY RESERVOIR: CONT. 565, SPEC.412  
 GARVEY RESERVOIR: TWO COTTAGES WITH GARAGES  
 GARVEY RESERVOIR-HYPOCHLORINATION  
 GARVEY RESERVOIR-HYPOCHLORINE STATION  
 GARVEY RESERVOIR-INLET AND OUTLET CONDUIT SYSTEM MODIFICATION  
 GARVEY RESEVOIR-JUNCTION STRUCTURE REPLACE TWO VALVES  
 GARVEY RSVR REPLACE VENTURI THROAT SECTION  
 GARVEY RSVR-REPLACE CENETRUI THROAT SECTION  
 GENE WASH RESERVOIR DISCHARGE VALVE REHABILITATION  
 HAYFIELD GROUNDWATER STORAGE AND EXTRACTION  
 HEADWORKS OF DISTRIBUTION SYSTEM LAKE MATHEWS  
 HEADWORKS: ADDITIONAL VALVES  
 HEADWORKS: MOTOR OPERATED SLIDE GATES  
 HOUSE AND GARAGE AT CORONA DEL MAR RESERVOIR  
 HOUSE AND GARAGE AT ORANGE COUNTY RESERVOIR  
 HOUSE AT PALOS VERDES RESERVOIR  
 HOWELL-BUNGER VALVE OPERATOR, LAKE MATHEWS, 5 VALVES 1939  
 HOWELL-BUNGER VALVE OPERATOR, LAKE MATHEWS, 5 VALVES 1955  
 INSTRUMENTATION AT RESERVOIRS  
 IOC - DIAMOND VALLEY LAKE  
 IOC - DIEMER PLANT, RESERVE STRUCTURE MODIFICATION  
 IOC - GARVEY RESERVOIR REPAIR  
 IOC - GARVEY RESERVOIR, HYPOCHLORINATION SYSTEM  
 IOC - GARVEY RESERVOIR, JUNCTION STRUCTURE, REPLACE VALVE 1  
 IOC - JENSEN RESVR 1 REPAIR AND TEMP SERVICE TO LA-25  
 IOC - LAKE MATHEWS OUTLET FACILITIES  
 IOC - LAKE MATHEWS RESERVOIR, RELOCATE SOUTHERLY SECURITY FENCE  
 IOC - LAKE MATHEWS WATERSHED  
 IOC - LAKE MATHEWS, LUMBER STORAGE BUILDING  
 IOC - LAKE MATHEWS, PREFABRICATED AIRCRAFT HANGAR  
 IOC - LAKE MATHEWS, PROPANE STORAGE TANK  
 IOC - LAKE MATHEWS, SEEPAGE ALARMS  
 IOC - LAKE PERRIS POLLUTION PREVENTION/DISSOLVED OXYGEN  
 IOC - LAKE SKINNER BYPASS PIPELINE #2 AND #3  
 IOC - LAKE SKINNER CHLORINATION SYSTEM OUTLET TOWER BYPASS PPLN  
 IOC - LAKE SKINNER, EQUIPMENT YARD SECURITY  
 IOC - LAKE SKINNER, PROPANE STORAGE TANK  
 IOC - MORRIS RESERVOIR  
 IOC - ORANGE COUNTY RSVR, REPLACE CHLORINATION SYSTEM  
 IOC - PALOS VERDES RSVR, REPLACE CHLORINATION SYSTEM  
 IOC - PAMO RESERVOIR, WATER STORAGE FEASIBILITY STUDY  
 IOC - SAN JOAQUIN RESERVOIR, DRAINAGE CHANNEL IMPROVEMENTS  
 IOC - SOTO ST MAINTENANCE CENTER, PROPANE STORAGE TANK  
 IRVINE PCS/SAN JOAQUIN RESERVOIR-BY PASS/CONTROL SYS REBUILD (50/50)  
 IRVINE REGULATING STRUCTURE SUMP DRAIN LINE  
 JENSEN FINISHED WATER RESERVOIR NO. 1 COVER REHABILITATION  
 JENSEN FINISHED WATER RESERVOIR NO. 1 COVER REHABILITATION  
 JENSEN FINISHED WATER RESERVOIR NO. 2 FLOATING COVER IMPROVEMENT  
 JENSEN FINISHED WATER RESERVOIRS REHABILITATION AND MIXING IMPROVEMENTS  
 JENSEN FLUORIDE TANK REPLACEMENT  
 JENSEN FWR # 2 FLOATING COVER REPLACEMENT  
 JENSEN FWR NO. 2 FLOATING COVER REPLACEMENT  
 JENSEN PLANT, PERMANENT GROUNDWATER DEWATERRING OF RESERVOIR  
 JENSEN PLANT, RESERVOIR 1 RETROFIT  
 JENSEN PLANT, RESERVOIR 2 FLOATING COVER  
 JENSEN RESERVOIR 1 AND 2 MIXING IMPROVEMENTS  
 JENSEN RESERVOIR BYPASS GATE REFURBISHMENT  
 JENSEN, REPAIR COVER OVER RESERVOIR 1  
 LAKE MATHEWS - REPLACE STANDBY GENERATOR  
 LAKE MATHEWS - ELECTRICAL SYSTEM IMPROVEMENT  
 LAKE MATHEWS ABOVEGROUND STORAGE TANK REPLACEMENT  
 LAKE MATHEWS AND LAKE SKINNER COPPER SULFATE STORAGE  
 LAKE MATHEWS AREA PAVING  
 LAKE MATHEWS BUILDING  
 LAKE MATHEWS BUILDINGS 8 & 15, RENOVATION OF ASSEMBLY AREA AND ADMIN. BLDG.  
 LAKE MATHEWS- CARPENTER AND VEHICLE MAINTENANCE BUILDING  
 LAKE MATHEWS- CHLORINATION FACILITIES  
 LAKE MATHEWS CHLORINATION FACILITY- REPLACE CHLORINATION EQPMT.  
 LAKE MATHEWS CNTRL TOWER-REPL. 45 30-INCH GATE/BUTTERFLY VALVES  
 LAKE MATHEWS CONTROL TOWER - REPLACE 45 10-INCH GATE VALVE  
 LAKE MATHEWS DAM SAFETY INSTRUMENTATION UPGRADES  
 LAKE MATHEWS DAM SPILLWAY ASSESSMENT  
 LAKE MATHEWS DIKE  
 LAKE MATHEWS DISASTER RECOVERY FACILITY UPGRADE  
 LAKE MATHEWS DISCHARGE FACILITY UPGRADES



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Storage Facilities**

LAKE MATHEWS DIVERSION TUNNEL  
 LAKE MATHEWS DIVERSION TUNNEL WALKWAY REPAIR  
 LAKE MATHEWS- DOCK AND BOAT SHELTER  
 LAKE MATHEWS DOMESTIC FACILITIES  
 LAKE MATHEWS- DOMESTIC WATER SYSTEM  
 LAKE MATHEWS ELECTRICAL RELIABILITY  
 LAKE MATHEWS- ELECTRICAL SYSTEM IMPROVEMENT  
 LAKE MATHEWS ELECTRICAL UPGRADES  
 LAKE MATHEWS- EMERGENCY GENERATOR  
 LAKE MATHEWS EMERGENCY GENERATOR UPGRADE  
 LAKE MATHEWS ENLARGEMENT (SPEC NO. 505)  
 LAKE MATHEWS FOREBAY - DISCHARGE FACILITY UPGRADES  
 LAKE MATHEWS FOREBAY LINING AND TOWER REPAIRS  
 LAKE MATHEWS FOREBAY OUTLET STRCTR-REPL. CONCRETE BLOCK BLDG  
 LAKE MATHEWS FOREBAY OUTLET, CONCRETE BLDG  
 LAKE MATHEWS FOREBAY PRESSURE CONTROL STRUCTURE AND BYPASS  
 LAKE MATHEWS FOREBAY- REPLACE FOOTBRIDGE  
 LAKE MATHEWS FOREBAY WALKWAY REPAIRS  
 LAKE MATHEWS FOREBAY, HEADWORK FACILITY AND EQUIPMENT UPGRADE  
 LAKE MATHEWS HEADWORKS FOREBAY LINER & OUTLET TOWER REPAIR  
 LAKE MATHEWS HEADWORKS-INSTALL AIR MTRS,3 HOWELL BNGR VALVE OP.  
 LAKE MATHEWS- HOUSE AND GARAGE  
 LAKE MATHEWS HYDRAULIC POWER UNIT REHABILITATION  
 LAKE MATHEWS HYDROELECTRIC PLANT REPAIRS  
 LAKE MATHEWS I/O TOWER EMERGENCY GENERATOR  
 LAKE MATHEWS- IMPROVE MAIN SUBSTATION  
 LAKE MATHEWS- IMPROVEMENT OF DOMESTIC WATER & FIRE PROT. SYSTEM  
 LAKE MATHEWS LIGHTING AND SECURITY IMPROVEMENT  
 LAKE MATHEWS -LUMBER STORAGE BUILDING  
 LAKE MATHEWS -LUMBER STORAGE BUILDING - INTEREST  
 LAKE MATHEWS LUMBER STORAGE ROOF COVER  
 LAKE MATHEWS MAIN DAM AND SPILLWAY  
 LAKE MATHEWS MAIN DAM SUB DRAIN SYSTEM  
 LAKE MATHEWS MAINTENANCE BUILDING  
 LAKE MATHEWS MAINTN.FACILITIES-REPLACE 75 KVA TRANSFORMER.SERV.  
 LAKE MATHEWS- MODIFY CHLORINATION  
 LAKE MATHEWS- MODIFY CHLORINE STORAGE TANK FOUNDATIONS  
 LAKE MATHEWS- MODIFY ELECTRICAL SERVICE  
 LAKE MATHEWS MULTIPLE SPECIES RESERVE, MANAGER'S OFFICE AND RESIDENCE  
 LAKE MATHEWS OFFICE BLDG MODIFICATIONS-AMERICANS W/ DISABILITY  
 LAKE MATHEWS OFFICE TRAILER MODIFICATIONS-AMERICANS W/ DISABILITY  
 LAKE MATHEWS -OPERATOR RESIDENCE  
 LAKE MATHEWS OULET TOWER  
 LAKE MATHEWS OUTLET FACILITIES  
 LAKE MATHEWS OUTLET TOWER CHLORINATION SYSTEM  
 LAKE MATHEWS OUTLET TOWER NO. 2 VALVE REHAB  
 LAKE MATHEWS OUTLET TOWER NO. 2 VALVE REHABILITATION  
 LAKE MATHEWS OUTLET TOWER- REPLACE CRANES  
 LAKE MATHEWS OUTLET TOWER-REPLACE GATE VALVES  
 LAKE MATHEWS OUTLET TOWER-REPLACE GATE VALVES (RETIREMENT)  
 LAKE MATHEWS OUTLET TUNNEL  
 LAKE MATHEWS PERIMETER FENCING UPGRADE - NEW  
 LAKE MATHEWS- PREFABRICATED AIRCRAFT HANGER  
 LAKE MATHEWS- PREFABRICATED AIRCRAFT HANGER - INTEREST  
 LAKE MATHEWS- PROPANE STORAGE TANK  
 LAKE MATHEWS- PROPANE STORAGE TANK - INTEREST  
 LAKE MATHEWS- REPLACE HOWELL-BUNGER VALVE OPERATORS  
 LAKE MATHEWS- REPLACE VALVES  
 LAKE MATHEWS RESERVOIR - RELOCATE SOUTHERLY SECURITY FENCE  
 LAKE MATHEWS RESERVOIR DREDGING AND EMERGENCY DEWATERING FACILITIES  
 LAKE MATHEWS RESERVOIR-RELOCATE SOUTHERLY SECURITY FENCE  
 LAKE MATHEWS RESERVOIR-RELOCATE SOUTHERLY SECURITY FENCE - INTEREST  
 LAKE MATHEWS- SEEPAGE ALARMS  
 LAKE MATHEWS- SEEPAGE ALARMS - INTEREST  
 LAKE MATHEWS SODIUM HYPOCHLORITE TANK REPLACEMENT  
 LAKE MATHEWS SODIUM HYPOCHLORITE INJECTION SYSTEM  
 LAKE MATHEWS- SPRAY PAINT BOOTH  
 LAKE MATHEWS VEHICLE MAINTENANCE EXHAUST SYSTEM INSTALLATION  
 LAKE MATHEWS WASTEWATER SYSTEM REPLACEMENT  
 LAKE MATHEWS WATERSHED, DRAINAGE  
 LAKE MATHEWS WATERSHED, DRAINAGE WATER QUALITY MGMT PLAN (CAJALCO CREEK DAM)  
 LAKE MATHEWS WATERSHED, WATER QUALITY IMPROVEMENTS STUDY  
 LAKE MATHEWS, HAZEL ROAD  
 LAKE MATHEWS, REPLACE CHLORINATION EQUIPMENT  
 LAKE MATHEWS,DIKE #1- INSTALL PIEZOMETERS, STAS.55+00 & 85+50  
 LAKE MATHEWS: VALVES AND FITTINGS IN HEADWORKS  
 LAKE MATHEWS-CONST. CONCR.TRAFFIC BARR. WALL TO PROTECT HQ FACIL.  
 LAKE MATTHEWS FIRE WATER LINE  
 LAKE MATTHEWS INTERIM CHLORINATION SYSTEM  
 LAKE PERRIS POLLUTION PREVENTION AND SOURCE WATER PROTECTION (CAPITAL PORTION)  
 LAKE SKINNER - AERATION SYSTEM  
 LAKE SKINNER - CHLORINATION SYSTEM OUTLET TOWER BYPASS PPLN  
 LAKE SKINNER - CHLORINATION SYSTEM OUTLET TOWER BYPASS PPLN - INTEREST  
 LAKE SKINNER - INSTALL OUTLET CONDUIT FLOWMETER  
 LAKE SKINNER (AULD VALLEY RESERVOIR)- CLAIMS  
 LAKE SKINNER AERATOR AIR COMPRESSORS REPLACEMENT  
 LAKE SKINNER BYPASS 2, CATHODIC PROTECTION SYSTEM  
 LAKE SKINNER- EQUIPMENT YARD SECURITY  
 LAKE SKINNER- EQUIPMENT YARD SECURITY - INTEREST  
 LAKE SKINNER FACILITIES  
 LAKE SKINNER FACILITIES - EMPLOYEE HOUSING  
 LAKE SKINNER FACILITIES - FENCING  
 LAKE SKINNER FACILITIES - LANDSCAPING



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Storage Facilities**

LAKE SKINNER FACILITIES - RELOCATE BENTON ROAD  
 LAKE SKINNER OUTLET CONDUIT REPAIR  
 LAKE SKINNER OUTLET TOWER CHLORINE SYSTEM MODIFICATIONS  
 LAKE SKINNER OUTLET TOWER SEISMIC ASSESSMENT  
 LAKE SKINNER OUTLET TOWER SEISMIC UPGRADE  
 LAKE SKINNER PIPELINE CATHODIC PROTECTION  
 LAKE SKINNER- PROPANE STORAGE TANK  
 LAKE SKINNER- PROPANE STORAGE TANK - INTEREST  
 LIVE OAK RESERVOIR & RESERVOIR BYPASS SCHEDULE 264A  
 LIVE OAK RESERVOIR ASPHALT PAVEMENT REHABILITATION  
 LIVE OAK RESERVOIR EMERGENCY DEWATERING IMPROVEMENTS  
 LIVE OAK RESERVOIR PAVEMENT REHABILITATION  
 LIVE OAK RESERVOIR REHABILITATION  
 LIVE OAK RESERVOIR SURFACE REPAIR  
 MAINTENANCE FACILITIES, 75KVA TRANSFORMER SERVICE-LAKE MATHEWS (ORG CONST)  
 MILLS FINISHED WATER RESERVOIR REHABILITATION  
 MILLS FINISHED WATER RESERVOIRS REHABILITATION AND MIXING IMPROVEMENTS  
 MILLS OZONE CONTACTOR 1 & 2 EXPANSION JOINT SEAL  
 MILLS RESERVOIR AND CFE SAMPLE LINE/INSTRUMENT IMPROVEMENT  
 MINOR CAPITAL PROJECTS FOR FY 1989/90 - LAKE MATHEWS  
 MINOR CAPITAL PROJECTS FOR FY 1989/90 - PALOS VERDES RESERVOIR  
 MINOR CAPITAL PROJECTS FY 2010-2011  
 MINOR CAPITAL PROJECTS-IRVINE PCS/ S. JOAQUIN RES. REBUILD CONTROL SYS  
 MINOR CAPITAL PROJECTS-LAKE SKINNER, INLET CANAL ELECTRIC FISH BARRIER  
 MINOR CAPITAL PROJECTS-LIVE OAK RESERVOIR, DESILT BASIN IMPROVEMENTS  
 MODIFICATION OF THE LAKE MATHEWS SERVICE WATER SYSTEM  
 MORRIS DAM COTTAGE  
 MORRIS DAM- ENLARGMT. OF SPILLWAY FACLT.& UPPER FDR.VALVE MODF  
 MORRIS DAM ROAD IMPROVEMENT  
 MORRIS DAM, SEISMIC STABILITY REANALYSIS  
 MORRIS DAM-REPLACE EMERGENGY POWER SYSTEM  
 MORRIS RESERVOIR- CAPITAL OBLIGATION PAID  
 MORRIS RESERVOIR- INTEREST OBLIGATION PAID  
 MWD CYBER SECURITY UPGRADE  
 O. C. RESERVOIR - IMPROVE DOMESTIC SYSTEM  
 ORANGE COUNTY RESERVOIR -- JUNCTION STRUCTURE, REPLACE VALVE # 1  
 ORANGE COUNTY RESERVOIR (SPEC NO. 341)  
 ORANGE COUNTY RESERVOIR CHLORINATION STATION  
 ORANGE COUNTY RESERVOIR- EMBANKMENT AND SPILLWAY  
 ORANGE COUNTY RESERVOIR- EMERGENCY GENERATOR  
 ORANGE COUNTY RESERVOIR- FLOATING COVER  
 ORANGE COUNTY RESERVOIR- HOUSE  
 ORANGE COUNTY RESERVOIR- MODIFY DOMESTIC WATER SYSTEM  
 ORANGE COUNTY RESERVOIR- REPLACE RESIDENCE NO. 95D  
 ORANGE COUNTY RESERVOIR-MODIFY ELEC. CONTROL CENTER  
 ORANGE COUNTY RESERVOIR-REPLACE CHLORINATION EQUIPMENT  
 ORANGE COUNTY RESERVOIR-REPLACE CHLORINATION SYSTEM  
 P V RESERVOIR-REPLACE CHLORINATION SYSTEM  
 P100735 DVL, WORK PACKAGE 40  
 P103081 DVL RECREATION ENTITLEMENT/MASTER PLANNING  
 P103083 DIAMOND VALLEY RECREATION, SEARL PARKWAY IMPROVEMENTS, PHASE I  
 P103088 DVL RECREATION, PROGRAM MANAGEMENT  
 P103810 WADSWORTH PUMP PLANT CONDUIT PROTECTION  
 P103998 LAKE MATTHEWS INTERIM CHLORINATION SYSTEM  
 P104076 LAKE MATHEWS WATERSHED, WATER QUALITY IMPROVEMENTS STUDY  
 P104101 LAKE SKINNER OUTLET CONDUIT REPAIR  
 P104131 SKINNER, RETURN WASH WATER BYPASS  
 P104326 LAKE MATTHEWS FIRE WATER LINE  
 P104735 GARVEY RESERVOIR FENCING AND PEST BARRIER  
 P104893 LAKE MATHEWS WASTEWATER SYSTEM REPLACEMENT  
 P104894 CB-20 AND PM-26 FLOWMETER REPLACEMENT  
 P105010 LAKE MATHEWS SODIUM HYPOCHLORITE TANK REPLACEMENT  
 P105024 GARVEY RESERVOIR SODIUM HYPOCHLORITE TANK REPLACEMENT  
 P105080 IRVINE REGULATING STRUCTURE SUMP DRAIN LINE  
 P105100 GARVER RESERVOIR BROKEN DRAIN PIPE AT ABTMT  
 P105138 LAKE MATHEWS LIGHTING AND SECURITY IMPROVEMENT  
 P105176 LIVE OAK RESERVOIR ASPHALT PAVEMENT REHABILITATION  
 P105202 GARVEY RESERVOIR DRAINAGE & EROSION IMPROVEMENTS - AREAS 6-10, 11 CONSTR  
 P105207 DIAMOND VALLEY LAKE MARINA BOAT LAUNCH DOCKS REFURBISHMENT  
 PALOS VERDES CHLORINATION STATION AND COTTAGE  
 PALOS VERDES RESERVOIR  
 PALOS VERDES RESERVOIR - INLET/OUTLET TOWER  
 PALOS VERDES RESERVOIR- BY PASS PIPELINES  
 PALOS VERDES RESERVOIR COVER AND LINER REPLACEMENT  
 PALOS VERDES RESERVOIR COVER REPLACEMENT  
 PALOS VERDES RESERVOIR- FENCING AROUND  
 PALOS VERDES RESERVOIR GROUNDWATER MANAGEMENT  
 PALOS VERDES RESERVOIR HYPOCHLORITE FEED SYSTEM UPGRADE  
 PALOS VERDES RESERVOIR- REPLACE DOMESTIC WATER SYSTEM PIPING  
 PALOS VERDES RESERVOIR SODIUM HYPOCHLORITE AND SECURITY UPGRADES  
 PALOS VERDES RESERVOIR SODIUM HYPOCHLORITE FEED SYSTEM UPGRADE  
 PALOS VERDES RESERVOIR, SPILLWAY ENERGY DISSIPATOR STRUCTURE MODIFICATIONS  
 PALOS VERDES RESERVOIR,BYPASS PIPELINE RELIEF STRUCTURE MODIFN.  
 PALOS VERDES RESERVOIR,COVERING  
 PALOS VERDES RESERVOIR,REPLACE ACCESS AND PERIMETER ROADS  
 PALOS VERDES RESERVOIR- INCREASING ELEVATION OF SPILLWAY CREST  
 PALOS VERDES RESERVOIR-INSTALL VALVE & CHLORINATION NOZZLE,INL. TWR  
 PALOS VERDES RESERVOIR-REPLACE CHLORINATION SYSTEM  
 PAMO RESERVOIR- WATER STORAGE FEASIBILITY STUDY  
 PAMO RESERVOIR- WATER STORAGE FEASIBILITY STUDY- INTEREST  
 PV RESERVOIR GROUNDWATER MANAGEMENT  
 PVR FACILITY SEWER CONNECTION  
 RECORD DRAWING RESTORATION PROGRAM, CRA



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Storage Facilities**

REPAIRS TO AZUSA CONDUIT  
 REPLACE 32  
 REPLACEMENT OF A 30 INCH GATE VALVE P.V.R.  
 RESIDENCE # 95-D, ORANGE COUNTY RESERVOIR  
 RESIDENCE 45-D - CORONA DEL MAR RESERVOIR  
 RESIDENCE 80-D - ORANGE COUNTY RESERVOIR  
 RESIDENCE 90-D - LAKE MATHEW  
 RESIDENCE 91-D - SAN JACINTO RESERVOIR  
 RESIDENCE 93-D - SAN JACINTO RESERVOIR  
 ROADS AT LAKE MATHEWS ABOVE FLOODLINE  
 SAN DIEGO ACQUEDUCT: COTTAGE AT SAN JACINTO RESERVOIR  
 SAN JACINTO RESERVOIR - SAN DIEGO AQUEDUCT  
 SAN JOAQUIN RESERVOIR- CHLORINE EVAPORATOR  
 SAN JOAQUIN RESERVOIR- CONSTRUCTION OF HOUSE AND SERVICE BUILDING  
 SAN JOAQUIN RESERVOIR- DRAINAGE CHANNEL IMPROVEMENT  
 SAN JOAQUIN RESERVOIR FLOATING COVER  
 SAN JOAQUIN RESERVOIR IMPROVEMENT PROJECT-NEW DESIGN  
 SAN JOAQUIN RESERVOIR IMPROVEMENT STUDY  
 SAN JOAQUIN RESERVOIR IMPROVEMENT STUDY-EIR  
 SAN JOAQUIN RSVR, SLOPE REPAIR  
 SECOND OUTLET, PALOS VERDES RESERVOIR (SPEC NO. 597)  
 SEEPAGE CONTROL AT LAKE MATHEWS  
 SKINNER DAM SAFETY INSTRUMENTATION UPGRADES  
 SKINNER DAM SPILLWAY ASSESSMENT  
 SKINNER FILT PLT, CHLORINE MASS FLOW METERS  
 SKINNER FINISHED WATER RESERVOIR SLIDE GATE REHABILITATION  
 SKINNER FINISHED WATER RESERVOIR SLIDE GATES REHABILITATION  
 SKINNER LADDER SAFETY ACCESS GATES  
 SKINNER WATER TREATMENT PLANT REHABILITATION  
 SKINNER, RETURN WASH WATER BYPASS  
 SKINNNER FILT PLT- ELECTRIC FISH BARRIER  
 SPILLWAY UPGRADES LAKE MATHEWS  
 SPILLWAY UPGRADES LAKE SKINNER  
 TEMPORARY EMPLOYEE LABOR SETTLEMENT  
 VALVE - GENE RESERVOIR (REPLACED 201)  
 VALVE STRUCTURE MODIFICATIONS-UPPER FDR, SAN GABRIEL CROSSING (INTERIM CONST)  
 VALVE, TWO 36  
 WADSWORTH PUMP PLANT CONDUIT PROTECTION  
 WADSWORTH PUMP PLANT, PUMP MOTOR CONVERSION  
 WADSWORTH PUMPING PLANT FIRE PROTECTION SYSTEM UPGRADE - NEW  
 WADSWORTH PUMPING PLANT FIRE PROTECTION SYSTEM UPGRADES  
 WADSWORTH/DVL CONTROL & PROTECTION SYSTEM UPGRADE - CONSTRUCTION & STARTUP  
 WATER QUALITY PROJECT UPSTREAM  
 WATER SUPPLY SYSTEM, OPERATING TOWER, LAKE MATHEWS  
 WEYMOUTH FINISHED WATER RESERVOIR GATE REPLACEMENT  
 WEYMOUTH FINISHED WATER RESERVOIR REHABILITATION  
 WEYMOUTH PLANT RESERVOIR, REMOVE SOIL BLANKET

***Sub-total Storage facilities costs******126,115,329***



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Conveyance and Aqueduct Facilities**

103237 COLORADO RIVER ACQUEDUCT-SIPHONS AND RESERVOIR OUTLETS REFURBISHMENT  
 103738 CRA COPPER BASIN OUTLET GATES RELIABILITY  
 104093 CRA SAND TRAP EQUIPMENT UPGRADES  
 104222 CRA SEISMIC RETROFIT OF 6.9KV SWITCH HOUSES  
 104525 GENE WASH RESERVOIR DISCHARGE VALVE REHABILITATION  
 104542 CRA PUMPING PLANT WASTEWATER SYSTEM REPLACEMENT - HINDS & EAGLE MOUNTAIN  
 104645 CRA 6 9KV POWER CABLES REPLACEMENT  
 104769 CRA DISCHARGE LINE ISOLATION BULKHEAD AND COUPLING  
 104922 GENE POOL REFURBISHMENT  
 105000 SWITCH HOUSE DOORS AT EAGLE MOUNTAIN & IRON MOUNTAIN  
 105008 PHYSICAL SECURITY CONTROLS FOR THE IRON MOUNTAIN  
 105208 CRA PUMPING PLANTS SCADA NETWORK MAIN SWITCH REPLACEMENT  
 105209 CRA PUMPING PLANT STATION BATTERY REPLACEMENT  
 105274 CRA LAKEVIEW SIPHON LEAK REPAIR  
 105354 CRA MM 33 CANAL SIDEWALL IMPROVEMENTS  
 105374 HINDS VILLAGE PAVING REPLACEMENT PROJECT  
 2.4 KV STANDBY DIESEL ENGINE GENERATOR REPLACEMENT - GENE  
 2.4 KV STANDBY DIESEL ENGINE GENERATOR REPLACEMENT - INTAKE  
 2.4 KV STANDBY DIESEL ENGINE GENERATOR REPLACEMENT - IRON  
 230KV SWITCH RACK AT CAMINO  
 230KV TRANSMISSION LINE PATROL ROAD  
 69 KV TAP LINE FROM COLORADO TO GENE  
 69 KV TRANSMISSION LINE BETWEEN PARKER PWR PLT & GENE TO INTAKE  
 69KV TRANSMISSION LINE TO PARKER DAM  
 69KV TRANSMISSION LINE TO WHITSETT PUMPING PLANT FROM GENE  
 ACCESS STRUCTURE, TRANSITION STRUCTURE AND MANHOLE COVER REPLACEMENT  
 ADDITION TO CABAZON SUBSTATION  
 ADDITION TO LAKEVIEW SUBSTATION  
 ADDITIONAL SHOP FACILITIES AT GENE PLANT  
 ADJUSTMENT TO COST, PARKER POWER  
 ALL PLANTS- REPLACE TRANSFORMER BANK 1 PANEL  
 ALL PUM P PLANTS - BRIDGE CRANES AND SEISMIC RESTRAINTS  
 ALL PUMP PLANTS - REPLACE DOMESTIC WATER TREATMENT SYSTEMS  
 ALL PUMP PLANTS - REPLACE STA POWER SUPPLY SYSTEMS  
 ALL PUMP PLANTS - SEISMIC RESTRAINTS - BRIDGE CRANES  
 ALL PUMP PLTS, MODIFY STATIONARY POWER SUPPLY SYSTEM  
 ALL PUMP PLTS, REPL MOTOR TEMPERATURE INSTRUMENTS  
 ALL PUMP T PLT- LONGTERM CHEMICAL FAC CONTAINMENT  
 ALL PUMPING PLANTS - 230 KV & 69 KV DISCONNECTS REPLACEMENT  
 ALL PUMPING PLANTS - BRIDGE CRANES  
 ALL PUMPING PLANTS - TRANSFORMER BANK BRIDGE  
 ALL PUMPING PLANTS-HYPOCHLORINATION SYSTEM  
 ALL PUMPING PLTS-REPLACE 36 IMPELLERS  
 ALL PUMPING PLTS-REPL DOMESTIC WTR TREATMENT SYSTEM  
 ALL PUPUMPING PLTS - REPLACE MOTOR TEMPERATURE INSTRUMENTS  
 ALLEN MCCOLLOCH PIPELINE - CORROSION INTERFERENCE MITIGATION  
 ALLEN MCCOLLOCH PIPELINE - RIGHT OF WAY  
 ALLEN MCCOLLOCH PIPELINE - UPDATE / MODIFY ALL BOYLE ENGINEERING DRAWINGS  
 AMP VALVE & SERVICE CONNECTION VAULT REPAIR  
 AQUEDUCT & PUMPING PLANT ISOLATION / ACCESS FIXTURES - STUDY  
 AQUEDUCT & PUMPING PLANT ISOLATION GATES  
 AQUEDUCT FENCING (SPEC 251)  
 AQUEDUCT MAINTENANCE (1937-40)  
 AQUEDUCT MAINTENANCE (REPAIRS & PREPARATION FOR OPERATION)  
 AQUEDUCT MAINTENANCE-1941  
 AQUEDUCT SURVEYS  
 ARROWHEAD EAST TUNNEL CONSTRUCTION  
 ARROWHEAD TDS REDUCTION  
 ARROWHEAD TUNNELS CLAIMS COST  
 ARROWHEAD TUNNELS CONNECTOR ROAD  
 ARROWHEAD TUNNELS CONSTRUCTION  
 ARROWHEAD TUNNELS ENGINEERING  
 ARROWHEAD TUNNELS RE-DESIGN  
 ARROWHEAD WEST TUNNEL CONSTRUCTION  
 AULD VALLEY CONTROL STRUCTURE AREA FACILITIES UPGRADE STUDY  
 AULD VALLEY PIPELINE BUBBLER - SKINNER TREATED WATER  
 AUXILIARY POWER SYSTEM REHABILITATION / UPGRADES STUDY  
 AUXILIARY POWER SYSTEM REHABILITATION/UPGRADES  
 BACHELOR MOUNTAIN COMMUNICATION SITE ACQUISITION  
 BACHELOR MOUNTAIN TELECOM SITE IMPROVEMENTS  
 BANK TRANSFORMERS REPLACEMENT STUDY  
 BANNING HEADQUARTERS  
 BANNING HINDS TELEPHONE LINE  
 BANNING VALVERDE TELEPHONE LINE  
 BERNASCONI TUNNEL  
 BERNASCONI TUNNEL NO.2, SCH. 311  
 BLACK METAL MOUNTAIN - COMMUNICATIONS FACILITY UPGRADE  
 BLACK METAL MOUNTAIN 2.4kv ELECTRICAL POWER UPGRADE  
 BLACK METAL MOUNTAIN, ELECTRICAL TRANSFORMER UPGRADE  
 BLOWOFF AT WIDE CANYON SIPHON- CRA (INTERIM CONST)  
 BOX SPRINGS FEEDER REHAB PHASE III  
 BUDGET ADJUSTMENT  
 BUILDINGS - CAMINO SWITCHING STATION  
 C.R.A.- EAGLE AND HINDS PLANTS, STANDBY GENERATORS (1/2 EACH)  
 C.R.A.- GENE AND IRON MOUNTAIN ,HOUSES  
 C.R.A.- GENE AUTO MAINTENANCE ADDITION  
 C.R.A.- GENE PLANT, EMERGENCY GENERATOR  
 C.R.A.- GENE VILLAGE SEWAGE DISPOSAL SYSTEM  
 C.R.A. HINDS AND EAGLE - REMODEL RECREATION HALLS (1/2 EACH)  
 C.R.A.- INTAKE AND GENE -REPLACE CIRCUIT BREAKERS (1/2 EACH)  
 C.R.A.- IRON MOUNTAIN AND CAMINO GARAGES  
 C.R.A.- MODIFY TV ANTENNA AT GENE  
 C.R.A.- RELOCATE MOBILE HOME FROM CASTAIC LAKE TO IRON MOUNTAIN



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Conveyance and Aqueduct Facilities**

C.R.A.- SANDBLAST FACILITIES AT IRON MOUNTAIN AND GENE (1/2 EACH)  
 C.R.A.-REPL. TRANSFORMER COOLING SYSTEMS AT IRON,EAGLE MTN.& HINDS  
 CABAZON BIG MORONGO POWER LINES  
 CABAZON- HINDS POWER LINES  
 CABAZON RADIAL GATE FACILITIES IMPROVEMENT  
 CABAZON RADIAL GATE FACILITY IMPROVEMENTS  
 CABAZON SUBSTATION  
 CABLE TUNNEL VENTILATION SYSTEM,EAGLE MTN PUMP PLT - CRA  
 CABLE TUNNEL VENTILATION SYSTEM,IRON MTN PUMP PLT - CRA  
 CAJALCO CREEK MITIGATION FLOWS  
 CAL TECH TEST LAB OPERATION  
 CAMINO CAMP FACILITIES  
 CAMINO CAMP FACILITIES SERVICE STATION TRANSFORMERS  
 CAMINO SWITCHING STATION- WATER SYSTEM  
 CAMP FACILITIES  
 CANAL CURB ALONG COLORADO RIVER AQUEDUCT  
 CASA LOMA PIPELINE-CONSTRUCT OVERFLOW BASIN & DRAIN LINE  
 CASA LOMA SIPHON BARREL NO. 1 - SEISMIC UPGRADES  
 CASA LOMA SIPHON- CENTER PORTION SCHEDULE 20C  
 CASA LOMA SIPHON- EAST PORTION SCHEDULE 20A; 20B  
 CASA LOMA SIPHON LEAK REPAIRS  
 CASA LOMA SIPHON- REPLACE FIRST BARREL  
 CASA LOMA SIPHON- WEST PORTION SCHEDULE 20  
 CASA LOMA WASTEWAY  
 CASH DISCOUNTS  
 CAST-IRON BLOW OFF REPLACEMENT - PHASE 4  
 CATHODIC PROTECTION STUDY - DESIGN AND CONSTRUCTION  
 CCRP - BLOW-OFF VALVES PHASE 4 PROJECT  
 CCRP - CONTINGENCY  
 CCRP - EMERGENCY REPAIR  
 CCRP - HEADGATE OPERATORS & CIRCUIT BREAKERS REHAB.  
 CCRP - PART 1 & 2  
 CCRP - SAND TRAP CLEANING EQUIPMENT & TRAVELING CRANE STUDY  
 CCRP - TRANSITION & MAN-WAY ACCESS COVER REPLACEMENT - STUDY & DESIGN  
 CCRP - TUNNELS STUDY  
 CEPSRP - 230 KV SYSTEM SYNCHRONIZERS  
 CEPSRP - ALL PUMPING PLANTS - CONTINGENCY & OTHER CREDITS  
 CEPSRP - ALL PUMPING PLANTS - REPLACE 6.9 KV TRANSFORMER BUSHINGS  
 CEPSRP - ALL PUMPING PLANTS - REPLACE 230KV , 69 KV & 6.9 KV LIGHTENING ARRESTERS  
 CEPSRP - ALL PUMPING PLANTS - REPLACE 230KV TRANSFORMER PROTECTION  
 CEPSRP - SWITCHYARDS & HEAD GATES REHABILITATION  
 CEPSRP- ALL PUMPING PLANTS - IRON MOUNTAIN - 230KV BREAKER SWITCH. INST.  
 CIRCUIT BREAKERS - INTAKE & IRON MOUNTAIN PLANTS - CRA (1/2 EACH)  
 CIRCUIT BREAKERS, 29 MAIN POWER UNITS 1,2,3,4 &5 - ALL PLANTS (1/5 EACH)  
 CIRCUIT BREAKERS, IRON & EAGLE AND HINDS PUMP PLTS (1/3 EACH)  
 CIRCULAR SIPHONS SCHEDULE 21  
 CLEARING HINDS RESERVOIR SITE  
 COACHELLA TUNNELS  
 COACHELLA VALLEY ROADS  
 COLORADO RIVER ACQUEDUCT, CONDUIT SCHEDULE 1  
 COLORADO RIVER ACQUEDUCT & COVER CONDUIT SCHEDULE 9A  
 COLORADO RIVER ACQUEDUCT & COVER CONDUIT, SCHEDULE 7  
 COLORADO RIVER ACQUEDUCT , CONCRETE LINED CANAL, SCHEDULE 9  
 COLORADO RIVER ACQUEDUCT CANAL SCHEDULE 11  
 COLORADO RIVER ACQUEDUCT CANAL SCHEDULE 13  
 COLORADO RIVER ACQUEDUCT CUT & COVER CONDUIT SK.11A  
 COLORADO RIVER ACQUEDUCT CUT & COVER CONDUIT SK.12  
 COLORADO RIVER ACQUEDUCT CUT & COVER CONDUIT SK.13A  
 COLORADO RIVER ACQUEDUCT CUT & COVER CONDUIT SK.14  
 COLORADO RIVER ACQUEDUCT CUT & COVER CONDUIT SK.15  
 COLORADO RIVER ACQUEDUCT, 10 BOX SIPHONS, SCHEDULE 10A  
 COLORADO RIVER ACQUEDUCT, 10 HALF-CAP SIPHONS, SCHEDULE 4A  
 COLORADO RIVER ACQUEDUCT, 12 HALF-CAP SIPHONS, SCHEDULE 3A  
 COLORADO RIVER ACQUEDUCT, 12 HALF-CAP SIPHONS, SCHEDULE 5A  
 COLORADO RIVER ACQUEDUCT, 2 16 FT.,CIRCULAR SIPHONS, SK.15B  
 COLORADO RIVER ACQUEDUCT, 2 CIRCULAR SIPHONS, SCHEDULE 12A  
 COLORADO RIVER ACQUEDUCT, 2 CIRCULAR SIPHONS, SK. 15A  
 COLORADO RIVER ACQUEDUCT, 2 HALF-CAP SIPHONS, SCHEDULE 1B  
 COLORADO RIVER ACQUEDUCT, 3 SIPHONS, SCHEDULE 1A  
 COLORADO RIVER ACQUEDUCT, 6 BOX SIPHONS, SCHEDULE 13B  
 COLORADO RIVER ACQUEDUCT, 7 HALF-CAP SIPHONS, SCHEDULE 2B  
 COLORADO RIVER ACQUEDUCT, 8 BOX SIPHONS, SCHEDULE 9B  
 COLORADO RIVER ACQUEDUCT, 8 HALF-CAP SIPHONS, SCHEDULE 3B  
 COLORADO RIVER ACQUEDUCT, 9 BOX SIPHONS, SCHEDULE 11B  
 COLORADO RIVER ACQUEDUCT, CIRC. SIPHON, SCHEDULE 10B  
 COLORADO RIVER ACQUEDUCT, CIRC. SIPHON, SCHEDULE 11C  
 COLORADO RIVER ACQUEDUCT, CIRCULAR SIPHON, SK. 14A  
 COLORADO RIVER ACQUEDUCT, CONCRETE LINED CANAL, SCHEDULE 10  
 COLORADO RIVER ACQUEDUCT, CONCRETE LINED CANAL, SCHEDULE 7A  
 COLORADO RIVER ACQUEDUCT, CONDUIT SCHEDULE 2  
 COLORADO RIVER ACQUEDUCT, CONDUIT, SCHEDULE 3  
 COLORADO RIVER ACQUEDUCT, COPPER BASIN SIPHON  
 COLORADO RIVER ACQUEDUCT, FRIDAY HALF-CAP SIPHON, SCHEDULE 6  
 COLORADO RIVER ACQUEDUCT, GENE INLET SIPHON  
 COLORADO RIVER ACQUEDUCT, HALF-CAP SIPHONS, SCHEDULE 8A  
 COLORADO RIVER ACQUEDUCT, HALF-CAP SIPHONS, SCHEDULE 8B  
 COLORADO RIVER ACQUEDUCT, LINED CANAL SCHEDULE 4A  
 COLORADO RIVER ACQUEDUCT, LINED CANAL SCHEDULE 5  
 COLORADO RIVER ACQUEDUCT, LINED CANAL SCHEDULE 8  
 COLORADO RIVER AQDCT.WATER STRG IN DESERT GRD.WTR.BASIN-STUDY  
 COLORADO RIVER AQUEDUCT - PUMPING  
 COLORADO RIVER AQUEDUCT - SIPHONS AND RESERVOIR OUTLETS REFURBISHMENT  
 COLORADO RIVER AQUEDUCT (CRA), WHITEWATER SIPHON PROTECTION STUDY



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Conveyance and Aqueduct Facilities**

COLORADO RIVER AQUEDUCT CONVEYANCE RELIABILITY, PHASE II REPAIRS  
 COLORADO RIVER AQUEDUCT CONVEYANCE RELIABILITY, PHASE II REPAIRS AND INSTRUMENTATION  
 COLORADO RIVER AQUEDUCT, 1 BOX SIPHON, SCHEDULE HAYFIELD  
 COLORADO RIVER AQUEDUCT, 10 HALF-CAP SIPHONS SCHEDULE 17B  
 COLORADO RIVER AQUEDUCT, 2 HALF-CAP SIPHONS, SCHEDULE 16A  
 COLORADO RIVER AQUEDUCT, 4 SIPHONS, SCHEDULE 16B  
 COLORADO RIVER AQUEDUCT, INVESTIGATION OF SIPHONS AND RESERVOIR OUTLETS REFURBIS  
 COLORADO RIVER ROAD  
 COLORADO RIVER TUNNEL  
 COLTON CABAZON POWER LINES  
 CONDUIT SCHEDULE 18  
 CONDUIT SCHEDULE 19  
 CONDUIT SCHEDULE 23  
 CONSTRUCTION OF HOUSING FACILITIES-14 HOUSES ON MAIN ACQUEDUCT  
 CONTROL ROOM LIGHTING - EAGLE & HINDS PUMPING PLANTS (1/2 EACH)  
 CONTROL ROOM LIGHTING - INTAKE & IRON MOUNTAIN PUMP PLANTS - (1/2 EACH)  
 CONTROL ROOM LIGHTING, GENE PLANT - CRA  
 CONTROL SYSTEM DRAWING UPGRADE STUDY (PHASE 1) - STUDY  
 CONVERSION OF DEFORMATION SURVEY MONITORING AT GENE WASH  
 COOLERS, PUMP 4 & 5  
 COOLERS, PUMP 4 & 6  
 COOLERS, PUMP 4 & 7  
 COPPER BASIN AND GENE DAM OUTLET WORKS REHABILITATION (STUDY & DESIGN)  
 COPPER BASIN AND GENE WASH RESERVOIRS DISCHARGE STRUCTURE REHABILITATION - STAGE 2  
 COPPER BASIN AND GENE WASH RESERVOIRS DISCHARGE VALVE REHABILITATION  
 COPPER BASIN DAM AND APPURTENANT WORKS  
 COPPER BASIN INTERIM CHLORINATION SYSTEM  
 COPPER BASIN OUTLET GATES RELIABILITY  
 COPPER BASIN OUTLET REHABILITATION  
 COPPER BASIN OUTLET, AND COPPER BASIN & GENE WASH DAM SLUICWAYS REHABILITATION  
 COPPER BASIN POWER & PHONE LINES REPLACEMENT  
 COPPER BASIN RESERVOIR OUTLET STRUCTURE REHABILITATION  
 COPPER BASIN RESERVOIR OUTLET STRUCTURE REHABILITATION PROJECT  
 COPPER BASIN RESERVOIR ROAD  
 COPPER BASIN RESERVOIR: ONE HOUSE WITH GARAGE  
 COPPER BASIN RESERVOIRS DISCHARGE VALVE REHABILITATION & METER REPLACEMENT  
 COPPER BASIN SERVICE ROAD  
 COPPER BASIN SURGE TANK  
 COPPER BASIN TUNNELS NO. 1 & 2  
 COPPER BASIN, POWER AND COMMUNICATIONS POLE AND TRANSMISSION LINE  
 COPPER BASIN, POWER AND COMMUNICATIONS POLE AND TRANSMISSION LINE  
 COPPER SULFATE STORAGE AT LAKE SKINNER AND LAKE MATHEWS  
 CORRISON CONTROL OZONE MATERIAL TEST FACILITY  
 CORROSION CONTROL OZONE MATERIAL TEST FACILITY  
 COST OF LAND AND RIGHT OF WAY  
 COTTAGE & WATER WELL - CAMINO SWITCHING STATION  
 COTTONWOOD TUNNEL  
 COXCUMB TUNNEL  
 COXCUMB WASTEWAY  
 CRA - ACCESS STRUCTURE, TRANSITION STRUCTURE AND MANHOLE COVER REPLACEMENT  
 CRA - AQUEDUCT AND PUMPING PLANT ISOLATION GATES  
 CRA - AQUEDUCT RESERVOIR AND DISCHARGE LINE ISOLATION GATES  
 CRA - AUXILIARY POWER SYSTEM REHAB  
 CRA - BANK TRANSFORMERS REPLACEMENT STUDY  
 CRA - BLOW-OFF VALVES PHASE 4  
 CRA - CIRCULATING WATER SYSTEM STRAINER REPLACEMENT  
 CRA - CONTROL SYSTEM IMPLEMENTATION PHASE CLOSE OUT  
 CRA - CONVEYANCE RELIABILITY PROGRAM PART 1 & PART 2  
 CRA - COPPER BASIN OUTLET, AND COPPER BASIN & GENE WASH SLUICWAYS REHABILITATION  
 CRA - COPPER BASIN POWER & PHONE LINES REPLACEMENT  
 CRA - CUT & COVER FORNAT WASH EXPOSURE STUDY  
 CRA - DANBYTOWER FOOTER REPLACEMENT  
 CRA - DELIVERY LINE NO. 1 SUPPORTS REHAB - FIVE PUMPING PLANTS  
 CRA - DELIVERY LINES 2&3 SUPPORTS REHAB - GENE & INTAKE  
 CRA - DELIVERY LINES 2&3 SUPPORTS REHAB - IRON, EAGLE, & HINDS  
 CRA - DESERT PUMP PLANT OIL CONTAINMENT  
 CRA - DESERT SEWER SYSTEM REHABILITATION PROJECT  
 CRA - DESERT WATER TANK ACCESS & SAFETY IMPROVEMENTS  
 CRA - DISCHARGE CONTAINMENT PROGRAM - INVESTIGATION  
 CRA - DISCHARGE LINE ISOLATION GATES  
 CRA - DWCV-4 VALVE REPLACEMENT  
 CRA - EAGLE MOUNTAIN SAND TRAPS INFLOW STUDY  
 CRA - ELECTRICAL/ POWER SYST REL. PROG. - IRON MTN - 230KV BREAKER SWITC. INST.  
 CRA - GENE PUMPING PLANT MAIN TRANSFORMER AREA  
 CRA - HINDS PUMP UNIT NO. 8 REFURBISHMENT  
 CRA - INTAKE PUMPING PLANT - COOLING AND REJECT WATER DISCHARGE TO LAKE HAVASU  
 CRA - INTAKE PUMPING PLANT AUTOMATION PROGRAMMING  
 CRA - INVESTIGATION OF SIPHONS AND RESERVOIR OUTLETS  
 CRA - IRON MOUNTAIN RESERVOIR AND CANAL LINER REPAIRS  
 CRA - IRON MTN. TUNNEL REHABILITATION  
 CRA - IRON MTN., REPLACE RECREATION & CRAFT BLDGS  
 CRA - LAKEVIEW SIPHON FIRST BARREL - REPAIR DETERIORATED JOINTS  
 CRA - MAIN PUMP MOTOR EXCITERS  
 CRA - MAIN PUMP STUDY  
 CRA - MOUNTAIN SIPHONS SEISMIC VULNERABILITY STUDY  
 CRA - PUMPING PLANT RELIABILITY PROGRAM CONTINGENCY  
 CRA - PUMPING PLANTS VULNERABILITY ASSESSMENT  
 CRA - PUMPING WELL CONVERSION  
 CRA - QUAGGA MUSSEL BARRIERS  
 CRA - REAL PROPERTY - BOUNDARY SURVEYS  
 CRA - RELIABILITY PROGRAM 230 KV & 69 KV DISCONNECTS REPLACEMENT STUDY ( 5 PLANTS)  
 CRA - RELIABILITY PROGRAM INVESTIGATION  
 CRA - RELIABILITY PROGRAM PHASE 6 (AQUEDUCT PHASE 6 REHAB.) - SPEC 1568



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Conveyance and Aqueduct Facilities**

CRA - RELIABILITY PHASE II CONTINGENCY  
 CRA - SAND TRAP CLEANING EQUIPMENT AND TRAVELING CRANE  
 CRA - SERVICE CONNECTION DWCV-2T VALVES REPLACEMENT AND STRUCTURE CONSTRUCTION  
 CRA - SERVICE CONNECTION DWCV-4 A, B, C, & D PLUG VALVES REPLACEMENT  
 CRA - SIPHONS, TRANSITIONS, CANALS, AND TUNNELS REHABILITATION AND IMPROVEMENTS  
 CRA - SUCTION & DISCHARGE LINES EXPANSION JOINT REHAB  
 CRA - SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA) SYSTEM  
 CRA - SWITCHYARDS AND HEAD GATES REHAB  
 CRA - SWITCHYARDS AND HEAD GATES REHABILITATION  
 CRA - TRANSFORMER OIL & CHEMICAL UNLOADING PAD CONTAINMENT  
 CRA - TUNNELS VULNERABILITY STUDY - REPAIRS TO TUNNELS  
 CRA - WEST PORTAL UPGRADE - REHAB OF STILLING WELL, SLIDE GATE OPERATORS AND RADIAL GATES  
 CRA - WHITEWATER TUNNEL NO 2 SEISMIC UPGRADE  
 CRA 2.4 KV STANDBY DIESEL ENGINE GENERATORS REPLACEMENT  
 CRA 230 KV & 69 KV DISCONNECTS SWITCH REPLACEMENT  
 CRA 230 KV SYSTEM INTER-AGENCY OPERABILITY UPGRADES  
 CRA 230 KV TRANSMISSION LINE - INFRASTRUCTURE RELIABILITY IMPROVEMENTS (REF: PENDING NEW PN104717)  
 CRA 230 KV TRANSMISSION SYSTEM REGULATORY AND OPERATIONAL FLEXIBILITY UPGRADES  
 CRA 230 KV TRANSMISSION SYSTEM REGULATORY COMPLIANCE AND OPERATIONAL FLEXIBILITY UPGRADES - STUDY  
 CRA 230KV & 69KV PROTECTION PANEL UPGRADE  
 CRA 230KV TRANSMISSION SYSTEM REGULATORY COMPLIANCE AND OPERATIONAL FLEXIBILITY UPGRADES  
 CRA 2400 V VILLAGE ELECTRICAL POWER DISTRIBUTION UPGRADES  
 CRA 6.9KV POWER CABLES REPLACEMENT  
 CRA 6.9 KV LEAD JACKETED CABLES  
 CRA 6.9 KV POWER CABLES REPLACEMENT  
 CRA 6.9 KV POWER CABLES REPLACEMENT UNITS 6 TO 9  
 CRA 69KV AND 240 KV TRANSFORMERS REPLACEMENT  
 CRA 69KV PANEL UPGRADE  
 CRA ACCESS STRUCTURE, TRANSITION STRUCTURE AND MANHOLE COVERS REPLACEMENT  
 CRA- ALL PUMP PLT3, REPL. THERMOMETERS/TEMP. RECORDERS IN CONT. RM.  
 CRA ALL PUMPING PLANTS - FLOW METER UPGRADES  
 CRA ALL PUMPING PLANTS, FLOW METER REPLACEMENT  
 CRA ANCILLARY EROSION AND DRAINAGE CONTROL  
 CRA AND IRON MOUNTAIN RESERVOIR PANEL REPAIRS  
 CRA AND IRON MOUNTAIN RESERVOIR PANEL REPLACEMENT  
 CRA AQUEDUCT BLOCKER GATE REPLACEMENT  
 CRA AQUEDUCT ISOLATION GATES REPLACEMENT  
 CRA ASPHALT REPLACEMENT  
 CRA AUXILIARY POWER SYSTEM REHABILITATION/UPGRADES FOR FOUR PUMPING PLANTS  
 CRA AUXILIARY POWER SYSTEMS  
 CRA BLACK METAL COMMUNICATION SITE II UPGRADE  
 CRA BLOW-OFF VALVE FLANGE OUTLET  
 CRA CANAL CRACK REHAB AND EVALUATION  
 CRA CANAL CRACK REHABILITATION  
 CRA CANAL IMPROVEMENTS  
 CRA CARPORT INSTALLATIONS AT GENE PUMP PLANT  
 CRA CARPORT INSTALLATIONS AT IRON MOUNTAIN PUMP PLANT  
 CRA CARPORTS FOR HINDS PUMPING PLANT  
 CRA CHLORINE INJECTION IMPROVEMENTS  
 CRA CHOLLA WASH CONDUIT RELINING  
 CRA CIRCULATING WATER SYSTEM STRAINER REPLACEMENT  
 CRA CONDUIT EROSION CONTROL IMPROVEMENTS  
 CRA CONDUIT FORMAT WASH EROSION REPAIRS  
 CRA CONDUIT STRUCTURAL PROTECTION  
 CRA CONDUIT STRUCTURAL PROTECTION  
 CRA CONVEYANCE RELIABILITY PROGRAM (CCRP) - BLOW-OFF REPAIR  
 CRA CONVEYANCE RELIABILITY PROGRAM PART 1 & PART 2  
 CRA CONVEYANCE SYSTEM HIGH FLOW RELIABILITY UPGRADES  
 CRA COPPER BASIN AND GENE WASH DAM SLUICWAYS  
 CRA COPPER BASIN OUTLET GATES RELIABILITY  
 CRA COPPER BASIN OUTLET GATES RELIABILITY STUDY  
 CRA DELIVERY LINE 1 SUPPORTS REHAB, FIVE PUMPING PLANTS  
 CRA DELIVERY LINE REHABILITATION  
 CRA DELIVERY LINES 2&3 SUPPORTS REHAB, GENE & INTAKE  
 CRA DESERT AIRFIELDS IMPROVEMENT  
 CRA DESERT PUMP PLANT OIL CONTAINMENT  
 CRA DESERT REGION SECURITY IMPROVEMENTS  
 CRA DISCHARGE CONT/GENE CAMP & IRON MTN EQUIPMENT WASH DRAINS  
 CRA DISCHARGE CONTAINMENT  
 CRA DISCHARGE CONTAINMENT PROGRAM - CONTINGENCY  
 CRA DISCHARGE CONTAINMENT PROGRAM - GENE & IRON DRAIN SYSTEMS  
 CRA DISCHARGE CONTAINMENT PROGRAM - INVESTIGATION  
 CRA DISCHARGE CONTAINMENT PROGRAM - OIL & CHEMICAL UNLOADING PAD CONTAINMENT  
 CRA DISCHARGE LINE ISOLATION BULKHEAD AND COUPLING  
 CRA DOMESTIC WATER TREATMENT SYSTEM REPLACEMENT  
 CRA ELECTRICAL / POWER SYSTEM RELIABILITY PROGRAM (CEPSRP)  
 CRA ELECTRICAL GENE PUMP PLT REPLACE 6.9 KV TRANSFORMER BUSHINGS  
 CRA ELECTRICAL POWER SYSTEM RELIABILITY PROGRAM PUMP  
 CRA ELECTRICAL PUMP PLTS REPLACE 230 KV 69 KV & 6.9 KV LIGHTENING ARRESTERS  
 CRA ELECTRICAL/POWER SYSTEM RELIABILITY PROGRAM, IRON MTN  
 CRA EMERGENCY REPAIR AQUEDUCT REPUTURE IN DESERT HOT SPRINGS  
 CRA ENERGY EFFICIENCY IMPROVEMENTS  
 CRA FREDA SIPHON BARREL NUMBER 1  
 CRA FREDA SIPHON BARREL NUMBER 1 INTERNAL SEAL INSTALLATION  
 CRA- GENE PLANT, VENTILATE CABLE TUNNEL  
 CRA- GENE PUMPING PLANT- CONSTRUCTION ADDITION TO TESTING LAB. BLDG.  
 CRA GENE PUMPING PLANT HEAVY EQUIPMENT SERVICE PIT  
 CRA GENE PUMPING PLANT HEAVY EQUIPMENT SERVICE PIT  
 CRA GENE STORAGE WAREHOUSE REPLACEMENT  
 CRA HINDS PUMPING PLANT - WASH AREA UPGRADE  
 CRA HOUSING IMPROVEMENTS - ADDITION OF TEN NEW HOUSES  
 CRA- IMPROVE ROAD TO HEAD GATE- WHITSETT  
 CRA INTAKE AND GENE OVER-CURRENT RELAY REPLACEMENT



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Conveyance and Aqueduct Facilities**

CRA INTAKE PPLANT - POWER & COMMUNICATION LINE REPLACEMENT  
 CRA INTAKE PUMP PLANT SHORE PROTECTION  
 CRA- INTAKE PUMPING PLANTS- REPL.STA. SERV. RACK CIRCUIT BREAKERS  
 CRA IRON GARAGE HEAVY EQUIPMENT SERVICE PIT REPLACEMENT  
 CRA IRON HOUSING REPLACEMENT  
 CRA- IRON MOUNTAIN AND GENE- HOUSING (1/2 EACH)  
 CRA IRON MOUNTAIN PUMP PLANT 2400 V SWITTC RACK REHABILITATION  
 CRA IRON MOUNTAIN PUMP PLANT AND EAGLE MOUNTAIN PUMP PLANT RESERVOIR BOTTOM RELINING  
 CRA IRON MOUNTAIN SUCTION JOINT REFURBISHMENT PILOT  
 CRA IRON MOUNTAIN VILLAGE-REPLACE REC-MESS HALL FACILITIES  
 CRA LAKEVIEW SIPHON  
 CRA MAIN PUMP & MOTOR REFURISHMENT  
 CRA MAIN PUMP AND MOTOR REFURISHMENT  
 CRA MAIN PUMP CIRCULATING WATER SYSTEM REHABILITATION  
 CRA MAIN PUMP CONTROLS & INSTRUMENTATION  
 CRA MAIN PUMP CONTROLS AND INSTRUMENTATION  
 CRA MAIN PUMP DISCHARGE VALVE REFURBISHMENT  
 CRA MAIN PUMP MOTOR EXCITERS ASSESSMENT  
 CRA MAIN PUMP MOTOR EXCITERS REHABILITATION  
 CRA MAIN PUMP MOTOR REHABILITATION (INCLUDES UPCOMING CIP - CRA MAIN PUMP REHABILITATION)  
 CRA MAIN PUMP REHABILITATION  
 CRA MAIN PUMP REHABILITATION (STAGE 1) - DESIGN PHASE FOR DEMONSTRATION PROJECT  
 CRA MAIN PUMP REHABILITATION (STAGE 1) - PRELIMINARY INVESTIGATIONS  
 CRA MAIN PUMP STUDY  
 CRA MAIN PUMP SUCTION AND DISCHARGE LINES, EXPANSION JOINT REPAIRS  
 CRA MAIN PUMPING PLANT DISCHARGE LINE ISOLATION BULKHEAD COUPLING CONSTRUCTION  
 CRA MAIN PUMPING PLANT UNIT COOLERS & HEAT ESCHANGERS  
 CRA MAIN PUMPING PLANT UNIT COOLERS AND HEAT EXCHANGERS  
 CRA MAIN PUMPING PLANTS DISCHARGE LINE ISOLATION BULKHEAD COUPLINGS  
 CRA MAIN PUMPING PLANTS DISCHARGE LINE ISOLATION BULKHEAD COUPLINGS  
 CRA MAIN PUMPING PLANTS LUBRICATION SYSTEM  
 CRA MAIN PUMPING PLANTS SAND REMOVAL SYSTEM  
 CRA MAIN PUMPING PLANTS SERVICE WATER & SAND REMOVAL SYSTEM  
 CRA MAIN TRANSFORMER REFURBISHMENT  
 CRA MAIN TRANSFORMER REPLACEMENT /REHABILITATION  
 CRA MAIN TRANSFORMER REPLACEMENT/REHAB.  
 CRA- MICROWAVE SYSTEM ENLARGEMENT  
 CRA MILE 12 POWER LINE & FLOW MONITORING EQUIP. STUDY  
 CRA MM 33 CANAL SIDEWALL IMPROVEMENTS  
 CRA- MODIFY INTAKE TRANSFORMER COOLING  
 CRA- MODIFY PUMP IMPELLERS AT FIVE PUMPING PLANTS  
 CRA OVER-CURRENT RELAY REPLACEMENT  
 CRA OVER-CURRENT REPLAY REPLACEMENT  
 CRA- PROTECT TRANSFORMERS AT PUMPING PLANTS  
 CRA PROTECTIVE SLAB AT EAGLE MOUNTAIN, STATION 5817+00  
 CRA PROTECTIVE SLAB AT STATION 9704+77-15-011  
 CRA PROTECTIVE SLABS  
 CRA PUMP PLANT FLOW METER REPLACEMENT  
 CRA PUMP PLANT FLOW METER UPGRADE  
 CRA PUMP PLANT LOWER GUIDE ACCESS IMPROVEMENTS  
 CRA PUMP PLANT ROLLUP DOOR AND WINDOW REPLACEMENTS  
 CRA PUMP PLANT SUMP PIPING REPLACEMENT STUDY  
 CRA PUMP PLANT SUMP SYSTEM REHABILITATION  
 CRA PUMP PLANT UNINTERRUPTABLE POWER STUDY (UPS) UPGRADE  
 CRA PUMP PLANTS 2.3KV & 480V SWITCHRACKS REHAB  
 CRA PUMP PLANTS 2.3KV AND 480V SWITCH RACK REHABILITATION  
 CRA PUMP PLANTS 2300KV & 480 V SWITCHRACK REHAB  
 CRA PUMP PLANTS CIRCULATION WATER SYSTEMS  
 CRA PUMP PLANTS ON-LINE INSTR FOR MICROFILT UNIT  
 CRA PUMP REHAB PROJECT - AS-BUILT DRAWINGS  
 CRA PUMP WELLS CONVERSION AND BLOW-OFF REPAIR  
 CRA PUMPING PLANT DELIVERY LINE REHABILITATION  
 CRA PUMPING PLANT REHABILITATION STUDY  
 CRA PUMPING PLANT REHABILITATION STUDY AND INVESTIGATION  
 CRA PUMPING PLANT RELIABILITY PROGRAM  
 CRA PUMPING PLANT RELIABILITY PROGRAM - HIGH PRESSURE COMPRESSOR REPLACEMENT  
 CRA PUMPING PLANT RELIABILITY PROGRAM - SUCTION & DISCHARGE LINES EXPANSION JOINT STUDY  
 CRA PUMPING PLANT RELIABILITY PROGRAM - SUCTION AND DISCHARGE LINES-EXPANSION JOINT REPAIRS  
 CRA PUMPING PLANT STATION BATTERY REPLACEMENT  
 CRA PUMPING PLANT STORAGE BUILDINGS  
 CRA PUMPING PLANT STORAGE BUILDINGS AT HINDS, EAGLE MOUNTAIN AND IRON MOUNTAIN  
 CRA PUMPING PLANT SUMP SYSTEM REHABILITATION  
 CRA PUMPING PLANT VULNERABILITY ASSESSMENT  
 CRA PUMPING PLANT WASTEWATER SYSTEM - GENE & IRON MTN.  
 CRA PUMPING PLANT WASTEWATER SYSTEM - INTAKE  
 CRA PUMPING PLANT WASTEWATER SYSTEM REHABILITATION - ALL FIVE PUMPING PLANT PRELIMINARY DESIGN  
 CRA PUMPING PLANT WASTEWATER SYSTEM REPLACEMENT  
 CRA PUMPING PLANT WASTEWATER SYSTEM REPLACEMENT - GENE/IRON MTN FINAL DESIGN  
 CRA PUMPING PLANT WASTEWATER SYSTEM REPLACEMENT - HINDS & EAGLE MOUNTAIN  
 CRA PUMPING PLANT WASTEWATER SYSTEM REPLACEMENT - HINDS & EAGLE MTN.  
 CRA PUMPING PLANTS - AUXILIARY POWER SYSTEM REHABILITATE/UPGRADES  
 CRA PUMPING PLANTS 230KV & 69K DISCONNECT SWITCH REPLACEMENT  
 CRA PUMPING PLANTS 230KV DISCONNECT SWITHC REPLACEMENT  
 CRA PUMPING PLANTS ASPHALT REPLACEMENT  
 CRA PUMPING PLANTS CRANE IMPROVEMENTS  
 CRA PUMPING PLANTS SCADA NETWORK MAIN SWITCH REPLACEMENT  
 CRA PUMPING PLANTS SWITCH HOUSE FAULT CURRENT PROTECTION  
 CRA PUMPING PLANTS VULNERABILITY ASSESSMENT  
 CRA PUMPING PLANTS WATER TREATMENT SYSTEMS REPLACEMENT  
 CRA PUMPING PLT RELIABILITY PROGRAM, DISCHARGE LINE COUPLING INSTALLATION  
 CRA PUMPING WELL CONVERSION  
 CRA PUMPLING PLANTS DISCHARGE LINE ISOLATION GATES  
 CRA QUAGGA MUSSEL BARRIERS



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Conveyance and Aqueduct Facilities**

CRA RADIAL GATES AND SLIDE GATE REHABILITATION  
 CRA RADIAL GATES REPLACEMENT  
 CRA REALIABILITY PHASE II, PUMPING PLANT SWITCH HOUSE FAULT CURRENT PROTECTION  
 CRA- RECONSTRUCT CAMINO SWITCHING STATION  
 CRA- REHAB 11 MAIN TRANSFORMERS  
 CRA RELIABILITY - PHASE II PROGRAM  
 CRA RELIABILITY PHASE II - PUMPING PLANTS 230KV & 69KV DISCONNECT SWITCH REPLACEMENT  
 CRA RELIABILITY PROGRAM - DISCHARGE VALVE LUBRICATORS  
 CRA RELIABILITY PROGRAM - MOTOR BREAKER FAULTY CURRENT STUDY (5 PLANTS)  
 CRA RELIABILITY PROGRAM PHASE 6 (AQUEDUCT PHASE 6 REHAB.) - SPEC 1568  
 CRA RELIABILITY PROGRAM PHASE 6 (SAN JACINTO DIVERSION STRUCTURE)  
 CRA RELIABILITY PROGRAM PHS 6 (SAN JACINTO DIV STRUCTURE & SVS CV-4)  
 CRA RELIABILITY-PHASE II PROGRAM  
 CRA RELIABILITY PHASE II - PUMPING PLANT SWITCH HOUSE FAULT CURRENT PROTECTION  
 CRA- RELOCATE MOTOR COLLECTOR RINGS AT IRON MOUNTAIN PLANT  
 CRA- REMODEL GENE GUEST LODGE  
 CRA- REPL. 2300V STA. SERV. STANDBY POWER LINE AT GENE  
 CRA- REPLACE CONTROL ROOM LIGHTING AT INTAKE AND IRON MOUNTAIN  
 CRA- REPLACE WATER FLOWMETER INSTRUMENTS- 5 PUMPING PLANTS  
 CRA SAND TRAP EQUIPMENT UPGRADES  
 CRA SEISMIC EVALUATION - SWITCH HOUSE AND PUMP ANCHORAGE  
 CRA SEISMIC RETROFIT OF 6.9KV SWITCH HOUSES  
 CRA SEISMIC UPGRADE OF 6.9KV SWITCH HOUSES  
 CRA SERVICE CONNECTION DWCV-2T VALVES REPLACEMENT AND STRUCTURE CONSTRUCTION  
 CRA SERVICE CONNECTION DWCV-4 VALVES REPLACEMENT  
 CRA SIPHON REHAB  
 CRA SIPHONS, TRANSITIONS, CANALS AND TUNNELS REHABILITATION & IMPROVMENTS  
 CRA SIPHONS, TRANSITIONS, CANALS, AND TUNNELS REHABILITATION AND IMPROVEMENTS  
 CRA SUCTION AND DISCHARGE LINES - EXPANSION JOINT REPAIRS  
 CRA SUPPORT FACILITIES SEISMIC EVALUATIONS  
 CRA SURGE CHAMBER DISCHARGE LINE BY-PASS COVERS  
 CRA SWITCHRACKS & ANCILLARY STRUCTURES EROSION CONTROL  
 CRA TRANSFORMER OIL AND SODIUM HYPOCHLORITE CONTAINMENT  
 CRA TRANSITION STRUCTURE AND MANHOLE COVERS REPLACEMENT  
 CRA TRANSITION STURCTURE AND MANHOLE STRUCTURES COVERS REPLACEMENT  
 CRA TUNNELS - SEISMIC RESILIENICE UPGRADES  
 CRA UPS REPLACEMENT  
 CRA- VIBRATION DETECTION EQUIPMENT  
 CRA VILLAGES DOMESTIC WATER MAIN DISTRIBUTION REPLACEMENT STUDY  
 CRA WATER DISTRIBUTION SYSTEM & VILLAGE ASPHALT REPLACEMENT - GENE & IRON MOUNTAIN  
 CRA WATER DISTRIBUTION SYSTEM & WASTEWATER SYSTEM REPLACEMENT - GENE & IRON MTN CONSTRUCTION  
 CRA WATER DISTRIBUTION SYSTEM REPLACEMENT AND CRA ROADWAY ASPHALT REPLACEMENT - ALL PP  
 CRA WHIPPLE MOUNTAIN TUNNEL  
 CRA WHIPPLE MOUNTAIN TUNNEL FLOW METERING EQUIPMENT UPGRADES  
 CRA, CABAZON AND POTRERO SHAFT COVERS  
 CRA, INSTALL WATER LEVEL ALARM SYSTEM AT CACTUS CITY (MILE 147)  
 CRA, INSTALL WATER LEVEL ALARM SYSTEM AT FAN HILL (MILE 168)  
 CRA, MILE 12 SIPHONS, INSTALL ACCOUSTIC FLOWMETERS  
 CRA-ALL PUMP PLANTS -INSTALL ACOUSTIC METER  
 CRA-ALL PUMP PLANTS- REPLACE C02 CYLINDERS  
 CRA-ALL PUMP PLANTS-MODIFY OVERHEAD BRIDGE CRANES  
 CRA-ALL PUMP PLANTS-REHAB PERF TEST  
 CRA-ALL PUMP PLANTS-REPLACE IMPELLERS  
 CRA-ALL PUMP PLANTS-VIBRATION MONITOR EQUIPMENT  
 CRA-ALL PUMPING PLANTS - REPLACE MOTOR TEMP INSTRUMENTS  
 CRA-ALL PUMPING PLANTS REHAB MAIN PUMP UNIT STUDY  
 CRA-EAGLE AND HINDS PLANT-WORTH SHFT CONN. (1/2 EACH)  
 CRA-EAGLE MNTN. OR HINDS PUMPING PLANTS -MODIF.PUMP IMPELLER ATTO  
 CRA-EAGLE MTN. AND HINDS PUMPING PLANTS-MODIF. 2 IMPELLER ATTACHMT. (1/2/ EACH)  
 CRA-GARAGES- PUMPING PLANT VILLAGES  
 CRA-GENE-M.UNIT GARAGE BLDG,IRON & EAGLE MTN.-RPL.CBL TNL VENT SYS.  
 CRA-HEAT EXCHANGER GENE PLANT TRANSFORMER 8K NO.2  
 CRA-IRON MTN PUMP PLANT-MODIFY ACOUSTIC FLOWMETER  
 CRA-ORIG CONST-LIQ DAMAGES  
 CRA-ORIG CONSTRUCTION-CASH DISCOUNTS BOND FUND  
 CRA-ORIG CONSTRUCTION-DISPOSAL OF PERMANENT WORKS  
 CRA-ORIG CONSTRUCTION-SALES TAX ADJUSTMENT  
 CRA-ORIG CONST-SALVAGE SALES  
 CRA-ORIG CONST-UNAPPLIED INSURANCE RESERVE  
 CUF DECHLORINATION SYSTEM  
 CUT-AND-COVER CONDUIT SCHEDULE 17;17A  
 CUT-AND-COVER CONDUIT, SCHEDULE 16  
 DAM SLUICWAYS AND OUTLETS REHABILITATION  
 DANBY DRY LAKE- BRINE WELL  
 DANBY TOWER FOOTER REPLACEMENT  
 DANBY TOWERS FOUNDATION REHABILITATION  
 DESALINATION RESEARCH AND PARTNERSHIP  
 DESERT AIRFIELDS IMPROVEMENT  
 DESERT BRANCH - REPLACE STOLEN COPPER GROUND WIRE FOOTINGS/GROUNDING & COPPER PI  
 DESERT BRANCH, PURCHASE AND INSTALL FIVE PORT VIDEO CONFERENCING BRIDGE  
 DESERT CENTER EARP ROAD  
 DESERT FACILITIES - FIRE PROTECTION UPGRADE  
 DESERT FACILITIES FIRE PROTECTION SYSTEMS UPGRADE  
 DESERT FACILITIES, FIRE PROTECTION UPGRADE  
 DESERT LAND ACQUISITIONS  
 DESERT PUMP PLANT OIL CONTAINMENT  
 DESERT ROADWAY IMPROVEMENT  
 DESERT SEPTIC SYSTEM  
 DESERT SEWER SYSTEM REHABILITATION  
 DESERT WATER TANK ACCESS - FIRE WATER, CIRCULATING WATER, DOMESTIC WATER- STUDY  
 DESERT WATER TANK ACCESS AND SAFETY IMPROVEMENT  
 DESILT WASH ROAD NEAR GENE PUMPING PLANT  
 DIEMER INFRA-RED INSPECTION WINDOWS



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Conveyance and Aqueduct Facilities**

DISCHARGE LINE COUPLING INSTALLATION  
DISCHARGE LINE ISOLATION BULKHEAD COUPLINGS  
DISTRIBUTION SYSTEM FACILITIES - REHABILITATION PROGRAM  
DISTRIBUTION SYSTEM FACILITIES REHABILITATION PROGRAM - MAINTENANCE & STORAGE SHOP (PC-1)  
DISTRIBUTION SYSTEM RELIABILITY PROGRAM - PHASE 2  
DOMESTIC IMPROVEMENTS AT EAGLE MOUNTAIN AND CAMINO CAMP  
DVL INLET / OUTLET TOWER FISH SCREENS REPLACEMENT  
DVL TO SKINNER TRANSMISSION LINE STUDY  
DVL, EASTSIDE PIPELINE, SECONDARY INLET  
E. THORNTON IBBETSON GUEST DORMITORY AT GENE CAMP  
E. THORNTON IBBETSON GUEST QUARTERS  
EAGLE AND HINDS EQUIPMENT WASH AREA UPGRADE  
EAGLE AND HINDS PLANT-MODIFY TWO MAIN IMPELLER ATTACHMENTS (1/2 EACH)  
EAGLE AND HINDS PUMPING PLANTS-REPL. VIBRATOR MONITORING SYSTEM  
EAGLE KITCHEN UPGRADE  
EAGLE LIFT & EAGLE WEST SIPHONS SEISMIC IMPROVEMENTS  
EAGLE MOUNTAIN 230 KV LOCAL BREAKER FAILURE BACKUP  
EAGLE MOUNTAIN 230 KV PHYSICAL AND CYBER SECURITY UPGRADES  
EAGLE MOUNTAIN 230KV LOCAL BREAKER FAILURE BACKUP  
EAGLE MOUNTAIN 230KV PHYSICAL AND CYBER SECURITY UPGRADE  
EAGLE MOUNTAIN CAMP FACILITIES-ADDITIONS  
EAGLE MOUNTAIN CAMP FACILITIES-PERMANENT QTRS  
EAGLE MOUNTAIN CRA EMPLOYEE HOUSING, MANUFACTURED HOMES  
EAGLE MOUNTAIN CRA HOUSING, FENCING IMPROVEMENTS  
EAGLE MOUNTAIN INTAKE CANAL  
EAGLE MOUNTAIN INTAKE SIPHON SPILLWAY  
EAGLE MOUNTAIN INTAKE SIPHONS  
EAGLE MOUNTAIN PUMPING PLANT BUILDING & CONTROL HOUSE  
EAGLE MOUNTAIN PUMPING PLANT DELIVERY PIPES  
EAGLE MOUNTAIN PUMPING PLANT- ENCLOSURE FENCE  
EAGLE MOUNTAIN PUMPING PLANT MISCELLANEOUS FEATURES  
EAGLE MOUNTAIN PUMPING PLANT SCADA SYSTEM  
EAGLE MOUNTAIN PUMPING PLANT STANDBY DIESEL ENGINE GENERATOR  
EAGLE MOUNTAIN PUMPING PLANT VILLAGE-POTABLE WATER LINE REPLACEMENT PROJECT  
EAGLE MOUNTAIN PUMPING PLANT: COTTAGE WITH DOUBLE GARAGE  
EAGLE MOUNTAIN RESERVOIR  
EAGLE MOUNTAIN RESERVOIR SLIDEGATE 2 REFURBISHMENT  
EAGLE MOUNTAIN ROAD  
EAGLE MOUNTAIN ROADWAYS  
EAGLE MOUNTAIN SAND TRAPS STUDY  
EAGLE MOUNTAIN SANDTRAP  
EAGLE MOUNTAIN SIPHONS SEISMIC VULNERABILITY STUDY  
EAGLE MOUNTAIN VILLAGE- RMODEL DORMITORY  
EAGLE MOUNTAIN VILLAGE-ENLARGE SEWER DISPOSAL SYSTEM  
EAGLE MTN AND HINDS PUMPING PLANTS- REPLACE CONTROL ROOM LIGHTING  
EAGLE MTN SAND TRAPS STUDY  
EAGLE MTN. REC/ MESS HALL MODIFICATIONS - AMERICANS W/ DISABILITIES  
EAGLE MTN. & IRON MTN. - SHOPS AND HOUSES (1/2 EACH)  
EAGLE MTN & HINDS PUMPING PLANTS-SERV. PLATFORMS & ACCESS LADDER  
EAGLE MTN/HINDS PUMP PLT - REPLACE VIBRATING MONITORING SYSTEM  
EAGLE MTN-REPLACE ASPHALT PAVEMENT  
EAGLE PP UTILITIES AND PAVING  
EAGLE ROCK ASPHALT REPAIR PROJECT  
EAGLE ROCK MAIN ROOF REPLACEMENT  
EAGLE/HINDS PUMPING PLANTS- REHAB. 2 MAIN TRANSFORMERS  
EAST BRANCH AQUEDUCT STUDIES  
EAST COXCOMB MOUNTAIN WATER LINES  
EAST EAGLE MOUNTAIN TUNNEL  
ELECTRICAL SYSTEM - CAMINO SWITCHING STATION  
ELEVEN HOUSES & GARAGES: 6 - IRON MOUNTAIN ,2-HAYFIELD, 1- WIDE CYN.  
ELEVEN HOUSES & GARAGES: 6-IRON MOUNTAIN ,2- EAGLE,2-HAYFIELD, 1- WIDE CYN.  
ENHANCED VAPOR RECOVERY UPGRADES FOR GASOLINE DISPENSERS  
ENVIRONMENTAL MITIGATION  
ETIWANDA PIPELINE LINER REPAIR  
ETIWANDA RESERVOIR LINER REPAIR  
EVALUATION OF PRECIPITATIVE FOULING OF COLORADO RIVER WATER  
EXPLORATORY WORK, GENE AND COPPER BASIN DAMS  
FACILITIES - IRON MOUNTAIN  
FAN HILL EXPERIMENTAL  
FAN HILL EXPERIMENTAL SIPHON & TRANSITIONS  
FEMA PROJECT 701209  
FEMA PROJECT 701237  
FEMA PROJECT 701249  
FEMA PROJECT 701315  
FEMA PROJECT 701339  
FEMA PROJECT 701352  
FENCING & EAGLE MOUNTAIN ROAD RELOCATION  
FLOWMETER INDICATOR, WATER  
FOOTHILL FEEDER ARROYO SECO WATER TREATMENT PLANT  
FUTURE SYSTEM RELIABILITY PROJECTS  
GARAGES - GENE & HINDS PUMP PLANTS - CRA  
GARAGES- PARKER DAM, COPPER BASIN AND EAGLE MOUNTAIN  
GARVEY RESERVOIR - AUTOMATED DATA ACQUISITION SYSTEM  
GARVEY RESEVOIR AUTOMATED DATA ACQUISITION SYSTEM REPLACEMENT  
GATES, FOUR SAN JACINTO TUNNEL - CRA (ORG CONST)  
GENE MESS HALL MODIFICATIONS - AMERICANS W/ DISABILITIES  
GENE & INTAKE P.P. - FREQUENCY PROTECTION RELAY REPLACEMENT  
GENE & INTAKE PUMPING PLANT OUTLET STRUCTURE GATE RE-COATING (10003)  
GENE & INTAKE PUMPING PLANT SURGE CHAMBER OUTLET GATES RE-COATING  
GENE & INTAKE PUMPING PLANTS - REPLACE UNDER FREQUENCY PROTECTION RELAY  
GENE & IRON  
GENE & IRON UTILITIES AND PAVING  
GENE AIR CONDITION



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Conveyance and Aqueduct Facilities**

GENE AIR CONDITIONING SYSTEM, REPLACE  
 GENE CAMP- DISMANTLE TWO APARTMENTS AND BUILD TWO HOUSES  
 GENE CAMP FACILITIES - THREE COTTAGES AND GARAGES (CONT 579, SPEC 431)  
 GENE CAMP FACILITIES-ADDITIONS  
 GENE CAMP FACILITIES-BOOSTER REFRIGERATION FOR COTTAGES  
 GENE CAMP FACILITIES-PERMANENT  
 GENE CAMP LUNCH ROOM AND ADDITION TO GUEST HOUSE  
 GENE CAMP MESS HALL, REPLACE A/C UNIT  
 GENE CAMP MESS HALL, REPLACE AIR CONDITIONING UNIT  
 GENE CAMP- REPLACE, REMODEL AND ENLARGE TEN HOUSES  
 GENE CAMP STATION SERVICE TRANSFORMER REPLACEMENT  
 GENE CAMP WALK-IN FREEZER REPLACEMENT  
 GENE CAMP, DEMOLISHED MEDICAL BLDG UNITS 85G & 86G  
 GENE COMMUNICATION SYSTEM UPGRADE  
 GENE GUEST LODGE MODIFICATIONS - AMERICANS W/ DISABILITIES  
 GENE HEADQUARTERS: FIVE HOUSES WITH GARAGES  
 GENE HEADQUARTERS: FOUR COTTAGES WITH GARAGES  
 GENE INLET SURGE CHAMBER ACCESS IMPROVEMENTS  
 GENE PLANT- CLOSED CIRCUIT TV SYSTEM  
 GENE PLANT- REPLACE STATION SERVICE RACK  
 GENE PLANT- REPLACE TEMPERATURE INSTRUMENTS  
 GENE POOL REFURBISHMENT  
 GENE PUMPING PLAN- SPECIAL MECHANICAL MAINTENANCE SHOP ADDITION  
 GENE PUMPING PLANT - AIR STRIP EXTENSION PROJECT  
 GENE PUMPING PLANT - HEAVY EQUIPMENT SERVICE PIT  
 GENE PUMPING PLANT - PEDDLER SUBSTATION REPLACEMENT  
 GENE PUMPING PLANT - SCADA SYSTEM  
 GENE PUMPING PLANT- CONSTRUCT HEADGATE STAIRWAY  
 GENE PUMPING PLANT- CONSTRUCT ROAD TO HEAD GATE HOUSE  
 GENE PUMPING PLANT DELIVERY PIPES & INLET  
 GENE PUMPING PLANT EXPANSION JOINT  
 GENE PUMPING PLANT EXPANSION JOINT REHABILITATION  
 GENE PUMPING PLANT MAIN TRANSFORMER AREA  
 GENE PUMPING PLANT MISCELLANEOUS FEATURES  
 GENE PUMPING PLANT- PREFABRICATED AIRCRAFT HANGER  
 GENE PUMPING PLANT PUMP BUILDING & CONTROL HOUSE  
 GENE PUMPING PLANT PUMPING EQUIPMENT  
 GENE PUMPING PLANT- REHAB. BANK NO.1 PHASE C,MAIN TRANSFORMER  
 GENE PUMPING PLANT- REPLACE CONTROL ROOM LIGHTING  
 GENE PUMPING PLANT REPLACE POWER CABLE AT HEAD GATE  
 GENE PUMPING PLANT- REPLACE POWER CABLE AT HEAD GATE  
 GENE PUMPING PLANT STANDBY GENERATOR REPLACEMENT  
 GENE PUMPING PLANT, CONSTRUCT SPARE PARTS WAREHOUSE  
 GENE PUMPING PLANT, REPL CIRCUIT BREAKER FOR TRANSFORMER BANK #1  
 GENE PUMPING PLANT-HEADQUARTERS OFFICE BUILDING, MODIFY & EXPAN.  
 GENE PUMPING PLANT-REPL 230 KV CIRCUIT BRKR. FOR TRSFMR BANK #1  
 GENE REC HALL MODIFICATIONS - AMERICANS W/ DISABILITIES  
 GENE RESERVOIR DAM-REPAIR 42  
 GENE STORAGE BUILDING REPLACEMENT  
 GENE STORAGE WAREHOUSE REPLACEMENT  
 GENE TRANSFORMER PROTECTION  
 GENE TRASH RACK  
 GENE UNDERFREQUENCY RELAY UPGRADE  
 GENE VILLAGE- REMODEL HOUSE # 46 G  
 GENE VILLAGE -REMODEL WESTERN PORTION OF DORMITORY  
 GENE VILLAGE- WATER PIPELINE FOR FIRE PREVENTION  
 GENE VILLAGE: ADDITION TO GUEST LODGE  
 GENE VILLAGE: ADDITIONAL COTTAGES- MOVING AND REMODELING  
 GENE VILLAGE: RECREATIONAL HALL  
 GENE VILLAGE: SERVICE FACILITIES  
 GENE VILLAGE: SWIMMING AND WADING POOLS  
 GENE VILLAGE: TWO CARPORTS  
 GENE VILLAGE: WAREHOUSE  
 GENE WASH DAM AND APPURTENENT WORKS  
 GENE WASH RESERVOIRS DISCHARGE VALVE REHABILITATION  
 GENE WASH ROAD  
 GENE- WHITSETT WATER LINES  
 GENE, IRON & EAGLE MTN. VILLAGES- MOBILE HOMES (1/3 EACH)  
 GENERATOR, STANDBY ENGINE - GENE PUMP PLT CRA  
 GENERATOR,STANDBY- INTAKE PUMP PLANT-CRA  
 GENERATORS, STANDBY ENGINE - EAGLE & HINDS PUMP PLT (1/2 EACH)  
 GROUTING CALIFORNIA ABUTMENT  
 GUEST LODGE - GENE - CRA  
 HALF CAP CIRC. SIPHONS SCHEDULE 18A  
 HALF CAP CIRC. SIPHONS SCHEDULE 18J  
 HALF CAP CIRC. SIPHONS SCHEDULE 19A  
 HAYFIELD PUMPING PLANT: SWIMMING POOL  
 HAYFIELD ROAD  
 HAYFIELD TUNNEL NO. 1  
 HAYFIELD TUNNEL NO. 2  
 HAYFIELD VILLAGE: REBUILDING GARAGE, WORKSHOP & OIL HOUSE  
 HEADGATE OPERATORS & CIRCUIT BREAKERS REHAB.  
 HEADQUARTERS ELECTRICAL VEHICLE CHARGING STATION EXPANSION  
 HIGHLAND PIPELINE CLAIM  
 HIGHLAND PIPELINE CONSTRUCTION  
 HINDS CAMP FACILITIES-ADDITIONS  
 HINDS CAMP FACILITIES-PERMANENT QTRS  
 HINDS EAGLE & IRON MOUNTAINS STORAGE BUILDINGS  
 HINDS INTAKE CANAL  
 HINDS INTAKE SIPHON  
 HINDS PARKER DAM TELEPHONE LINE  
 HINDS PP UTILITIES AND PAVING  
 HINDS PUMP UNIT NO. 8 REFURBISHMENT



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Conveyance and Aqueduct Facilities**

HINDS PUMPING PLANT BUILDING & CONTROL HOUSE  
HINDS PUMPING PLANT DELIVERY PIPE EXPANSION JOINT PHASE 2  
HINDS PUMPING PLANT DELIVERY PIPES  
HINDS PUMPING PLANT DISCHARGE VALVE PIT PLATFORM REPLACEMENT  
HINDS PUMPING PLANT DISCHARGE VALVE PLATFORM REPLACEMENT  
HINDS PUMPING PLANT EQUIPMENT WASH AREA UPGRADES  
HINDS PUMPING PLANT MISCELLANEOUS FEATURES  
HINDS PUMPING PLANT PUMPING EQUIPMENT  
HINDS PUMPING PLANT- REHAB. BANK #1, PHASE B, MAIN TRANSFORMER  
HINDS PUMPING PLANT- REPLACE 230KV CIRCUIT BREAKER  
HINDS PUMPING PLANT SCADA SYSTEM  
HINDS PUMPING PLANT STANDBY GENERATOR REPLACEMENT  
HINDS PUMPING PLANT SUMP REPAIRS  
HINDS PUMPING PLANT, EQUIPMENT WASH AREA UPGRADE  
HINDS PUMPING PLANT-REPLACE 2300 VOLT PARKWAY POWER CABLE  
HINDS PUMPING PLT - REPLACE CIRCUIT BREAKER BANK # 2, MAIN TRANSFER  
HINDS ROADWAYS  
HINDS SAND TRAP  
HINDS TRANSFORMER BANK PROTECTION RELAY REPLACEMENT  
HINDS TRANSFORMER POWER CABLE REPLACEMENT  
HINDS VILLAGE PAVING REPLACEMENT PROJECT  
HINDS VILLAGE- REMODEL HOUSE #130H  
HINDS VILLAGE- REMODEL HOUSE #149H  
HINDS VILLAGE- SATELLITE TV ANTENNA SYSTEM  
HINDS VILLAGE-PAVEMENT REPLACEMENT  
HINDS WASTEWAY  
HOLLYWOOD TUNNEL: REMODLG.CONTROL VALVE STRUCTURE AT N.PORTAL  
HOOVER DAM PUMP PLANT TELEPHONE LINE  
HOUSE AND GARAGE AT SAN JACINTO RESERVOIR  
HOUSING - GENE VILLAGE  
HYDROGRAPHIC EQUIPMENT  
IM,EM,HP- REPLACE 2300 V STA.SERV.POWER CIRCUIT BREAKERS  
INLAND FDR, ARROWHEAD TUNNELS REDESIGN  
INLAND FDR, ARROWHEAD WEST TUNNEL CONSTRUCTION  
INLAND FDR, CONTRACT 9, CONSTRUCTION OF RIVERSIDE PPLN SOUTH  
INLAND FDR, OWNER CONTROLLED INSURANCE PROGRAM  
INLAND FDR, REACH 4, RUSD PPLN  
INLAND FDR-CNTR #1/DEVIL CYN-WATERMAN RD  
INLAND FDR-CNTR #4-SOFT GRND TNL/SANTA ANA  
INLAND FDR-CONT #8-PIPEL PARALLEL TO DAVIS RD  
INLAND FDR-ENVIRON. MITIG.  
INLAND FEEDER - RIGHT OF WAY AND EASEMENT PROCUREMENT  
INLAND FEEDER AND LAKEVIEW PIPELINE INTERTIE  
INLAND FEEDER AULD VALLEY PRESSURE CONTROL STRUCTURE  
INLAND FEEDER CONTINGENCY  
INLAND FEEDER CONTRACT 1, DEVIL CANYON / WATERMAN RD  
INLAND FEEDER COST OF LAND AND RIGHT OF WAY  
INLAND FEEDER ENVIRONMENTAL MITIGATION  
INLAND FEEDER GROUNDWATER MONITORING  
INLAND FEEDER HIGHLAND PIPELINE CLAIMS COST  
INLAND FEEDER HIGHLAND PIPELINE CONSTRUCTION  
INLAND FEEDER HIGHLAND PIPELINE DESIGN  
INLAND FEEDER MENTONE PIPELINE CONSTRUCTION  
INLAND FEEDER MENTONE PIPELINE DESIGN  
INLAND FEEDER MENTONE PIPELINE RUSD CONSTRUCTION  
INLAND FEEDER OWNER CONTROLLED INSURANCE PROGRAM  
INLAND FEEDER PRESSURE CONTROL STRUCTURE  
INLAND FEEDER PROGRAM REMAINING BUDGET/CONTINGENCY  
INLAND FEEDER PROJECT MANAGEMENT SUPPORT  
INLAND FEEDER PURCHASE OF LAND AND RIGHT OF WAY  
INLAND FEEDER RAISE BURIED STRUCTURES AND REALIGN DAVIS RD.  
INLAND FEEDER REVERSE OSMOSIS PLANT  
INLAND FEEDER RIVERSIDE BADLANDS TUNNEL CONSTRUCTION  
INLAND FEEDER RIVERSIDE NORTH PIPELINE DESIGN  
INLAND FEEDER RUSD CLAIMS DEFENSE  
INLAND FEEDER STUDIES  
INLAND FEEDER STUDY  
INLAND FEEDER UNDERGROUND STORAGE TANK REMOVAL & ABOVEGROUND STORAGE TANK INSTALLATION  
INLAND FEEDER, ARROWHEAD EAST TUNNEL  
INLAND FEEDER, ARROWHEAD TUNNELS CONSTRUCTION  
INLAND FEEDER, ARROWHEAD TUNNELS REDESIGN  
INLAND FEEDER, ARROWHEAD WEST TUNNEL  
INLAND FEEDER, CONTRACT #5, OPAL AVENUE PORTAL / BADLANDS TUNNEL  
INLAND FEEDER, CONTRACT #7, RIVERSIDE NORTH PIPELINE CONSTRUCTION  
INLAND FEEDER, CONTRACT 2, EAST SAN BERNARDINO TUNNEL / PORTALS  
INLAND FEEDER, CONTRACT 4, SOFT GROUND TUNNEL / SANTA ANA  
INLAND FEEDER, CONTRACT 5, OPAL AVENUE PORTAL / BADLANDS TUNNEL  
INLAND FEEDER, CONTRACT 6, GILMAN SPRINGS PORTAL / BADLAND TUNNEL  
INLAND FEEDER, CONTRACT 7, RIVERSIDE NORTH PIPELINE CONSTRUCTION  
INLAND FEEDER, CONTRACT 8, PIPELINE PARALLEL TO DAVIS ROAD  
INLAND FEEDER, CONTRACT 9, CONSTRUCTION OF RIVERSIDE PIPELINE SOUTH  
INLAND FEEDER, COST OF LAND AND RIGHT OF WAY  
INLAND FEEDER, ENVIRONMENTAL MITIGATION  
INLAND FEEDER, HIGHLAND PIPELINE DESIGN  
INLAND FEEDER, MENTONE PIPELINE  
INLAND FEEDER, OWNER CONTROLLED INSURANCE PROGRAM  
INLAND FEEDER, PROGRAM MANAGEMENT  
INLAND FEEDER, REACH 4, RUSD PIPELINE  
INLAND FEEDER, RIGHT OF WAY AND EASEMENT PROCUREMENT  
INLAND FEEDER, RIVERSIDE NORTH AND SOUTH PIPELINES, CATHODIC PROTECTION  
INLAND FEEDER, THORNE WELL FIELD REVERSE OSMOSIS INSTALLATION  
INLAND FEEDER/SBMWD HIGHLAND INTERTIE BYPASS LINE REHAB  
INSTRUMENTS & PANELS - INTAKE, IRON, EAGLE & HINDS - (1/4 EACH)



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Conveyance and Aqueduct Facilities**

INTAKE & GENE PUMPING PLANTS-REPLC. MOTOR AIR COOLER WATER BOXES  
 INTAKE AND GENE PUMPING PLANTS 480 V AND 2400 V STANDBY DIESEL ENGINE GENERATOR REPLACEMENT  
 INTAKE POWER AND COMMUNICATION LINE RELOCATION  
 INTAKE POWER AND COMMUNICATIONS LINE RELOCATION  
 INTAKE PPLANT - POWER & COMMUNICATION LINE REPLACEMENT  
 INTAKE PUMP PLANT ROAD IMPROVEMENTS  
 INTAKE PUMP PLANT, 69KV SWITCHYARD  
 INTAKE PUMPING PLANT - COOLING AND REJECT WATER DISCHARGE TO LAKE HAVASU  
 INTAKE PUMPING PLANT 2.4KV PWER LINE RELOCATION  
 INTAKE PUMPING PLANT AUTOMATION PROGRAMMING  
 INTAKE PUMPING PLANT INSTRUMENTATION REPLACEMENT  
 INTAKE PUMPING PLANT INSTRUMENTATION REPLACEMENT & AUTOMATION  
 INTAKE PUMPING PLANT INSTRUMENTATION REPLACEMENT & AUTOMATION (4 PLANTS)  
 INTAKE PUMPING PLANT INSTRUMENTATION REPLACEMENT AND AUTOMATION  
 INTAKE PUMPING PLANT POWER & COMMUNICATION LINE REPLACEMENT  
 INTAKE PUMPING PLANT REPLACE STA SERV RACK CIRCUIT BREAKERS  
 INTAKE PUMPING PLANT SCADA SYSTEM  
 INTAKE PUMPING PLANT STANDBY GENERATOR REPLACEMENT  
 INTAKE PUMPING PLANT TRANSFORMER SECURITY SCREEN  
 INTAKE PUMPING PLANT: TWO HOUSES WITH GARAGES  
 INTAKE PUMPING PLANT-REPLACE STANDBY GENERATOR  
 INTAKE UTILITIES AND PAVING  
 INTAKE,GENE,& IRON MTN. - REPL VIBRATING MONITORING SYSTEM  
 IOC - ALL PUM P PLANTS, BRIDGE CRANE AND SEISMIC RESTRAINTS  
 IOC - ALL PUMP PLTS, MODIFY STATIONARY POWER SUPPLY SYSTEM  
 IOC - ALL PUMPING PLANTS, HYPOCHLORINATION SYSTEM  
 IOC - ALL PUMPING PLANTS, REPLACE DOMESTIC WATER TREATMENT SYSTEMS  
 IOC - CRA , ALL PUMP PLTS, REPL.THERMOMETERS/RECORDERS IN CONTROL ROOM  
 IOC - CRA PUMP PLANTS, ONLINE INSTR FOR MICROFILT UNIT  
 IOC - CRA WATER DESALINATION  
 IOC - CRA, ALL PUMP PLANTS, REHAB PERF TEST  
 IOC - CRA, INSTALL WATER LEVEL ALARM SYSTEM AT CACTUS CITY (MILE 147)  
 IOC - CRA, INSTALL WATER LEVEL ALARM SYSTEM AT FAN HILL (MILE 168)  
 IOC - CRA, MILE 12 SIPHONS, INSTALL ACCOUSTIC FLOWMETERS  
 IOC - CRA, REPLACE FLOWMETER INSTRUMENTS, 5 PUMPING PLANTS  
 IOC - CRA, WATER STORAGE IN DESERT GROUNDWATER BASIN, STUDY  
 IOC - DESERT FACILITIES, FIRE PROTECTION UPGRADE  
 IOC - EAGLE AND HINDS PUMPING PLANTS, REPL VIBRATON MONITORING SYSTEM  
 IOC - EAGLE MTN & HINDS PUMPING PLTS, SERVICE PLATFORMS & ACCESS LADDER  
 IOC - EAGLE MTN VILLAGE ASPHALT REMOVAL, REGRADE, AND REPLACE  
 IOC - EAGLE/HINDS PUMPING PLANTS, REHAB 2 MAIN TRANSFORMERS  
 IOC - GENE PUMPING PLANT, CONSTRUCT HEADGATE STAIRWAY  
 IOC - GENE PUMPING PLANT, CONSTRUCT ROAD TO HEAD GATE HOUSE  
 IOC - GENE PUMPING PLANT, CONSTRUCT SPARE PARTS WAREHOUSE  
 IOC - GENE PUMPING PLANT, MODIFY AND EXPAND OFICE BUILDING  
 IOC - GENE PUMPING PLANT, PREFABRICATED AIRCRAFT HANGAR  
 IOC - GENE PUMPING PLANT, REPL 230 KV CIRCUIT BREAKER ON TRANSFORMER BANK 1  
 IOC - GENE PUMPING PLANT, REPLACE POWER CABLE AT HEAD GATE  
 IOC - GENE PUMPING PLANT, SPECIAL MECHANICAL MAINTENANCE SHOP ADDITION  
 IOC - GENE VILLAGE, REMODEL HOUSE 46G  
 IOC - GENE, IRON & EAGLE PUMP PLTS, INSTALL FLOW METERS  
 IOC - HINDS PUMPING PLANT, REHAB BANK 1, PHASE B, MAIN TRANSFORMER  
 IOC - HINDS PUMPING PLANT, REPLACE 230KV CIRCUIT BREAKER  
 IOC - HINDS VILLAGE ASPHALT REMOVAL, REGRADE, AND REPLACE  
 IOC - HINDS VILLAGE, REMODEL HOUSE 130H  
 IOC - HINDS VILLAGE, REMODEL HOUSE 149H  
 IOC - HINDS VILLAGE, SATELLITE TV ANTENNA SYSTEM  
 IOC - INLAND FEEDER  
 IOC - INTAKE PUMP PLANT, 69KV SWITCHYARD  
 IOC - IRON MOUNTAIN VILLAGE, REMODEL DORMITORY  
 IOC - IRON MOUNTAIN VILLAGE, SATELLITE TV ANTENNA SYSTEM  
 IOC - IRON MTN, EAGLE MTN, HINDS, REPLACE 2300V STA SERV POWER CIRCUIT BREAKERS  
 IOC - IRON MTN, WAREHOUSE BLDG, MEZZ CONSTRUCTION  
 IOC - IRON, EAGLE, GENE, HINDS, HEAT EXCHANGER ON TRANSFORMERS  
 IOC - LAKE PERRIS AREA STUDY  
 IOC - LAKE PERRIS PUMPBACK FACILITY, EXPANSION 2  
 IOC - SAN JACINTO TUNNEL, WEST PORTAL SEISMIC MODS  
 IOC - SEISMIC MODS, ALL PUMP PLTS  
 IRON AND EAGLE PUMP PLANT RESERVOIR SPILLWAY AUTO REJECTION  
 IRON MOUNTAIN & EAGLE MOUNTAIN 230KV TRANSMISSION LINE PILOT RELAY  
 IRON MOUNTAIN 2400 V STANDBY DIESEL ENGINE GENERATOR REPLACEMENT  
 IRON MOUNTAIN AUXILIARY POWER SYSTEM REHABILITATION  
 IRON MOUNTAIN CAMP FACILITIES- TWO COTTAGES (CONT 579, SPEC 431)  
 IRON MOUNTAIN CAMP FACILITIES-ADDITIONS  
 IRON MOUNTAIN CAMP FACILITIES-OIL STORAGE HOUSE  
 IRON MOUNTAIN CAMP FACILITIES-PERMANENT QTRS  
 IRON MOUNTAIN COLORADO RIVER WATER LINE  
 IRON MOUNTAIN GENERATOR REPLACEMENT  
 IRON MOUNTAIN HAZARDOUS WASTE CONTAINMENT  
 IRON MOUNTAIN INTAKE CANAL  
 IRON MOUNTAIN INTAKE SIPHONS  
 IRON MOUNTAIN O&M EQUIPMENT PARKING CANOPY  
 IRON MOUNTAIN PLANT- REPLACEMENT OF STAND-BY GENERATOR  
 IRON MOUNTAIN PUMPING PLANT  
 IRON MOUNTAIN PUMPING PLANT BUILDING & CONTROL HOUSE  
 IRON MOUNTAIN PUMPING PLANT DELIVERY LINE NO. 1 RELINING  
 IRON MOUNTAIN PUMPING PLANT DELIVERY PIPES  
 IRON MOUNTAIN PUMPING PLANT HOUSING REPLACEMENT  
 IRON MOUNTAIN PUMPING PLANT MISCELLANEOUS FEATURES  
 IRON MOUNTAIN PUMPING PLANT PUMPING EQUIPMENT  
 IRON MOUNTAIN PUMPING PLANT- RELOCATE T.V. ANTENNA  
 IRON MOUNTAIN PUMPING PLANT- RETUBE MOTOR AIR COOLERS- UNITA 4 & 5  
 IRON MOUNTAIN PUMPING PLANT- RPLC.TUBES IN MOTOR AIR COOLERS 1,2 & 3



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Conveyance and Aqueduct Facilities**

IRON MOUNTAIN PUMPING PLANT SCADA SYSTEM  
 IRON MOUNTAIN PUMPING PLANT, DELIVERY PIPE EXPANSION JOINT REPAIRS  
 IRON MOUNTAIN PUMPING PLANT: FAMILY RESIDENCE & GUEST QUARTERS  
 IRON MOUNTAIN- REPLACE DAMAGED FACILITIES  
 IRON MOUNTAIN RESERVOIR  
 IRON MOUNTAIN ROAD  
 IRON MOUNTAIN SAND TRAP  
 IRON MOUNTAIN SERVICE PIT REHABILITATION  
 IRON MOUNTAIN SERVICE PLT REHABILITATION  
 IRON MOUNTAIN TRANSFORMER BANK PROTECTION RELAY REPLACEMENT  
 IRON MOUNTAIN TUNNEL, EAST PORTION  
 IRON MOUNTAIN TUNNEL, WEST PORTION  
 IRON MOUNTAIN VILLAGE -REMODEL DORMITORY  
 IRON MOUNTAIN VILLAGE- REPLACE SEWAGE DISPOSAL  
 IRON MOUNTAIN VILLAGE- SATELLITE TV ANTENNA SYSTEM  
 IRON MOUNTAIN WASTEWAY  
 IRON MOUNTAIN, TRANSFORMER OIL TANK RELOCATION  
 IRON MOUNTAIN & EAGLE MOUNTAIN 230KV TRANSMISSION LINE PILOT RELAY  
 IRON MT. AUXILIARY POWER SYSTEM REHABILITATION AND UPGRADE  
 IRON MTN - WAREHOUSE BLDG, MEZZ CONSTRUCTION  
 IRON MTN. VILLAGE - REMODEL DORMITORY  
 IRON/EAGLE/GENE/HINDS- HEAT EXCHANGER ON TRANSFORMERS  
 IRON/EAGLE/GENE/HINDS- HEAT EXCHANGER ON TRANSFORMERS (1/4 EACH)  
 IRON/EAGLE/HINDS DELIVERY LINE SUPPORT REPAIRS  
 IRON/HINDS - REPLACE PHONE SYSTEM  
 IRON-EAGLE MTN. 230 KV TRANSMISSION LINE PILOT RELAY  
 JULIAN HIND PUMP PLT - DEMOLISH HOUSE 36H & 37H  
 JULIAN HINDS PUMPING PLANT DELIVERY PIPE EXPANSION JOINT PHASE 2 REPAIRS  
 JULIAN HINDS PUMPING PLANT DELIVERY PIPE EXPANSION JOINT PHASE I REPAIR  
 JULIAN HINDS PUMPING PLANT DELIVERY PIPE EXPANSION JOINT PHASE REPAIR  
 LAKE MATHEWS FOREBAY & HEADWORK FACILITY & EQUIPMENT  
 LAKE MATHEWS ICS  
 LAKE MATHEWS INLET CHANNEL (SCH 23A; SPEC 82)  
 LAKE MATHEWS INTERIM CHLORINATION SYSTEM  
 LAKE MATHEWS LA VERNE TELEPHONE LINE  
 LAKE PERRIS AREA STUDY  
 LAKE PERRIS BYPASS PIPELINE EXPLORATORY EXCAVATION  
 LAKE SKINNER - OUTLET CONDUIT FLOWMETER INSTALLATION  
 LAKE SKINNER BYPASS PIPELINE NO. 2 CATHODIC PROTECTION  
 LAKE SKINNER OUTLET CONDUIT  
 LAKEVIEW BEAUMONT TELEPHONE LINE  
 LAKEVIEW PIPELINE LEAK REPAIR AT STA. 2510+49  
 LAKEVIEW PIPELINE REPAIRS PHASE 1 - BERNASCONI TUNNEL LINING  
 LAVERNE FACILITIES - EMERGENCY GENERATOR  
 LAVERNE FACILITIES - MATERIAL TESTING  
 LAWRENCE ADIT POWER LINE  
 LIGHTING, CONTROL ROOM - EAGLE MOUNTAIN & HINDS PUMP PLT  
 LITTLE MORONGO CIRCULAR SIPHON  
 LOWER FEEDER EROSION PROTECTION  
 MAGAZINE CANYON - VALVE REPLACEMENT FOR SAN FERNANDO TUNNEL (STATION 778+80)  
 MAGAZINE CANYON OIL & WATER SEPARATOR  
 MAGAZINE CANYON OIL/WATER SEPARATOR  
 MAINTENANCE SHOP, GENE CMP - CRA  
 MATHEWS/DESERT-DOMESTIC WATER SYSTEM STUDY  
 MECCA PASS COLORADO RIVER PASS  
 MECCA PASS IRON MOUNTAIN WATER LINE  
 MECCA PASS TUNNELS  
 MENTONE PIPELINE, RUSD, DEFENSE OF CLAIM  
 MENTONE PPLN, RUSD, DEFENSE OF CLAIM  
 MESS HALL BUILDING - IRON MOUNTAIN  
 MILE 12 FLOW AND CHLORINE MONITORING STATION UPGRADES  
 MILE 12 POWER LINE & FLOW MONITORING EQUIPMENT STUDY  
 MILIGAN SALT HAUL ROAD  
 MILLS PLANT SUPPLY PUMP STATION STUDY  
 MINOR CAP FY 2011/12  
 MINOR CAPITAL PROJECTS FOR FY 1989/90 - EAGLE MTN PUMPING PLANT  
 MINOR CAPITAL PROJECTS FOR FY 1989/90 - GENE PUMPING PLANT  
 MINOR CAPITAL PROJECTS-EAGLE MTN VILLAGE, ASPHALT, REMOVE, REGRADE, REPL  
 MINOR CAPITAL PROJECTS-GENE INDUST AREA, INSTALL 2300V SVC  
 MINOR CAPITAL PROJECTS-GENE, IRON & EAGLE PUMP PLTS, INSTALL FLOW METERS  
 MINOR CAPITAL PROJECTS-HINDS VILLAGE, ASPHALT, REMOVE, REGRADE, REPL  
 MISCELLANEOUS  
 MISCELLANEOUS WATER SYSTEM ADDITIONS  
 MODIFY STRUCTURE EAST WIDE CANYON SIPHON  
 MORONGO MECCA PASS WATER LINE  
 MOTOR AIR COOLERS - IRON MTN PUMP PLT - CRA  
 MOTOR BREAKER FAULTY (5 PLANTS)  
 NEW HOUSE AT HINDS PUMP PLANT VILLAGE  
 NEWHALL TUNNEL - REPAIR STEEL LINER  
 NEWHALL TUNNEL - UPGRADE LINER SYSTEM  
 NITROGEN STORAGE STUDY AT DVL, INLAND FEEDER PC-1, AND LAKE MATHEWS  
 OC 44 SERVICE CONNECTIONS & EOC#2 METER ACCESS ROAD REPAIR  
 OC 88 PUMP PLANT FIRE PROTECTION STUDY  
 OC-71 SERVICE CONNECTION REPAIRS  
 OFFICE BUILDING - IRON MOUNTAIN  
 OLINDA PCS FACILITY REHABILITATION AND UPGRADE  
 OLINDA PRESSURE CONTROL STRUCTURE FACILITY REHABILITATION AND UPGRADE  
 OPERATION OF DORMITORY BY USBR  
 ORANGE COUNTY 44 SERVICE CONNECTIONS & EOC#2 METER ACCESS ROAD REPAIR  
 ORANGE COUNTY 88 PUMP PLANT FIRE PROTECTION STUDY  
 OVERALL ASSESSMENT OF DELIVERY LINES  
 OVERHAUL PUMPS 1,2, &3 EAGLE MOUNTAIN  
 OVERHAUL PUMPS 1,2, &3 GENE



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Conveyance and Aqueduct Facilities**

OVERHAUL PUMPS 1,2, &3 HINDS  
OVERHAUL PUMPS 1,2, &3 IRON MOUNTAIN  
OVERHAUL PUMPS 1,2, &3 WHITSETT  
OWNER CONTROLLED INSURANCE PROGRAM  
P103253 CRA PUMP WELLS CONVERSION AND BLOW-OFF REPAIR  
P103260 CRA ELECTRICAL GENE PUMP PLT REPLACE 6.9 KV TRANSFORMER BUSHINGS  
P103741 CRA PUMPING PLANT VULNERABILITY ASSESSMENT  
P103942 BLACK METAL MOUNTAIN, ELECTRICAL TRANSFORMER UPGRADE  
P104244 IRON MOUNTAIN PUMPING PLANT, DELIVERY PIPE EXPANSION JOINT REPAIRS  
P104506 IRON/EAGLE/HINDS DELIVERY LINE SUPPORT REPAIRS  
P104755 CRA HOUSING IMPROVEMENTS - ADDITION OF TEN NEW HOUSES  
P104875 SECOND LOWER FEEDER PCCP REHABILITATION  
P104887 SECURITY SYSTEM UPGRADE PROJECT  
P105000 SWITCH HOUSE DOORS AT EAGLE, MOUNTAIN & IRON MOUNTAIN  
P105008 PHYSICAL SECURITY CONTROLS FOR THE IRON MOUNTAIN  
P105015 IRON MOUNTAIN O&M EQUIPMENT PARKING CANOPY  
P105033 GENE INLET SURGE CHAMBER ACCESS IMPROVEMENTS  
P105082 IRON-EAGLE MTN. 230 KV TRANSMISSION LINE PILOT RELAY  
P105159 EAGLE MOUNTAIN 230KV LOCAL BREAKER FAILURE BACKUP  
P105180 CRA WHIPPLE MOUNTAIN TUNNEL  
P105185 EAGLE MOUNTAIN CRA EMPLOYEE HOUSING, MANUFACTURED HOMES  
P105208 CRA PUMPING PLANTS SCADA NETWORK MAIN SWITCH REPLACEMENT  
P105209 CRA PUMPING PLANT STATION BATTERY REPLACEMENT  
P105214 EAGLE MOUNTAIN CRA HOUSING, FENCING IMPROVEMENTS  
PALO VERDE VALLEY LAND PURCHASE - 16,000 ACRES  
PALOS VERDES FEEDER REHABILITATION OF DOMINGUEZ CHANNEL  
PALOS VERDES RESERVOIR SPILLWAY MODIFICATION  
PARKER POWER FLOATING BULKHEAD GATE  
PARKER POWER PLANT- AUTOMATION  
PARKER POWER PRELIMINARY STUDIES AND DESIGN  
PARKER POWER TESTING AND BORING  
PARKER POWER, DIVERSION, OUTLET WORKS & POWER HOUSE SUBSTRUCTURE  
PARKER POWERHOUSE STUDIES  
PARKER POWERHOUSE SUPERSTRUCTURE  
PARKWAY CABLE 2300 VOLT - HINDS PUMP PLT  
PERMANENT BUILDING AT CAMINO STATION  
PERRIS VALLEY SIPHON SCHEDULE 22  
PHYSICAL SECURITY CONTROLS FOR IRON MOUNTAIN  
POWER SYSTEM OPERATION  
POWER SYSTEMS SURVEYS  
PRELIMINARY OPERATION (1939-1940)  
PRELIMINARY OPERATION (1941)  
PRELIMINARY OPERATION - TESTING & CONDITIONING (1941)  
PRELIMINARY OPERATIONS  
PRELIMINARY PARKER POWER SURVEYS  
PROJECT MANAGEMENT SUPPORT  
PROTECTION- ACQUEDUCT AND DISTRIBUTION SYSTEM  
PUDDINGSTONE RADIAL GATE REHABILITATION  
PUMP UNIT NO.6 EAGLE MOUNTAIN  
PUMP UNIT NO.6 GENE (SPEC 503)  
PUMP UNIT NO.6 HINDS  
PUMP UNIT NO.6 IRON MOUNTAIN  
PUMP UNIT NO.6 VARIOUS CREDITS  
PUMP UNIT NO.8 WHITSETT (SPEC 503)  
PUMPING EQUIPMENT  
PUMPING EQUIPMENT - VARIOUS PLANTS (RETIRED IN 60/63/67)  
PUMPING PLANT BLDG. ENLARGEMENT FOR UNITS 6-9: INTAKE PUMPING PLNT.-EAGLE  
PUMPING PLANT BLDG. ENLARGEMENT FOR UNITS 6-9: INTAKE PUMPING PLNT.-GENE  
PUMPING PLANT BLDG. ENLARGEMENT FOR UNITS 6-9: INTAKE PUMPING PLNT.-HAYFIELD  
PUMPING PLANT BLDG. ENLARGEMENT FOR UNITS 6-9: INTAKE PUMPING PLNT.-INTAKE  
PUMPING PLANT BLDG. ENLARGEMENT FOR UNITS 6-9: INTAKE PUMPING PLNT.-IRON  
PUMPING PLANT DELIVERY LINE NO.3-EAGLE (ALLOC)  
PUMPING PLANT DELIVERY LINE NO.3-GENE (ALLOC)  
PUMPING PLANT DELIVERY LINE NO.3-HINDS (ALLOC)  
PUMPING PLANT DELIVERY LINE NO.3-INTAKE (ALLOC)  
PUMPING PLANT DELIVERY LINE NO.3-IRON (ALLOC)  
PUMPING PLANT EXPANSION UNITS 7,8 & 9 WHITSETT  
PUMPING PLANT EXPANSION UNITS 7,8 & 9 EAGLE  
PUMPING PLANT EXPANSION UNITS 7,8 & 9 GENE  
PUMPING PLANT EXPANSION UNITS 7,8 & 9 GENERAL  
PUMPING PLANT EXPANSION UNITS 7,8 & 9 GENERAL (SPEC 547)  
PUMPING PLANT EXPANSION UNITS 7,8 & 9 HINDS  
PUMPING PLANT EXPANSION UNITS 7,8 & 9 IRON  
PUMPING PLANT EXPANSION UNITS 7,8 & 9 VARIOUS  
PUMPING PLANT EXPANSION UNITS 7,8 & 9 WHITSETT  
PUMPING PLANTS EXPANSION UNITS NO. 4 &5 INCL. DELIVERY LINE # 2-EAGLE (ALLOC)  
PUMPING PLANTS EXPANSION UNITS NO. 4 &5 INCL. DELIVERY LINE # 2-GENE (ALLOC)  
PUMPING PLANTS EXPANSION UNITS NO. 4 &5 INCL. DELIVERY LINE # 2-HINDS (ALLOC)  
PUMPING PLANTS EXPANSION UNITS NO. 4 &5 INCL. DELIVERY LINE # 2-INTAKE (ALLOC)  
PUMPING PLANTS EXPANSION UNITS NO. 4 &5 INCL. DELIVERY LINE # 2-IRON (ALLOC)  
PURCHASE OF LAND AND RIGHT OF WAY  
QUAGGA MUSSEL STUDY  
R&R FOR CRA  
RADIO COMMUNICATION EQUIPMENT.CHUCKAWALLA PEAK-CRA  
RADIO COMMUNICATION EQUIPMENT.SANTIAGO PEAK-CRA  
RECREATION HALL - CAMINO SWITCHING STATION  
RECREATION HALL, HINDS & EAGLE MTN - CRA (1/2 EACH)  
RECREATIONAL FACIL.AT EAGLE, IRON, HAYFIELD PUMPING PLNTS & CAMINO  
RECREATIONAL FACILITIES AT IRON, EAGLE AND HAYFIELD PUMPING PLANTS  
RED MOUNTAIN POWER PLANT REHABILITATION  
RED MOUNTAIN, OCTOBER 2007 FIRE DAMAGE, COMMUNICATION POWER TOWERS  
RELAY PANELS, ALL PLANTS - CRA  
REMODEL & ENLARGE TEN DISTRICT HOUSES - CRA



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Conveyance and Aqueduct Facilities**

REMODEL DORMITORY-EAGLE MTN VILLAGE  
 REMODEL WESERN PORTION OF DORMITORY, GENE VILLAGE  
 REPAIR DETERIORATED JOINTS IN CRA LAKEVIEW SIPHON  
 REPAIR GATEHOUSE ANCHOR BLOCK- HINDS PLT  
 REPAIR PUMP UNITS GENERAL  
 REPAIR UPPER FEEDER LEAKING EXPANDSION JOINT  
 REPAIRS TO TUNNELS  
 REPLACE 240KV/69KV OIL CIRCUIT BREAKERS AT ALL PUMPING PLTS  
 REPLACE AIR CIRCUIT BREAKERS,UNIT 1 THRU 6 AT ALL FIVE PLANTS (1/5 EACH)  
 REPLACE DOMESTIC WATER SUPPLY - VARIOUS LOCATION  
 REPLACE DOMESTIC WATER SYSTEM  
 REPLACE HOUSES AND SHOPS AT PUMP PLANTS  
 REPLACE INSTR. PANEL-INTAKE IRON, EAGLE, AND HINDS (1/4 EACH)  
 REPLACE WATER FLOWMETER INDICATORS  
 REPLACING STORAGE BATTERIES  
 REROUTING TELEPHONE LINE AT PALM SPRING  
 RESIDENCE 131-W - EAST SIDE CANYON  
 RESIDENCE 141-V - VIDAL  
 RESIDENCE 145-C - COXCOMB  
 RESIDENCES - 2 AT GENE VILLAGE  
 RESIDENCES - 4 AT GENE & 1 AT IRON MOUNTAIN - CRA  
 RETIRED BANNING-VALVERDE TELEPHONE LINE  
 RETIRED LAKE MATHEWS-LA VERNE TELEPHONE LINE  
 RETIRED LAKEVIEW-BEAUMONT TELEPHONE LINE  
 RETIRED SALT LOADING DOCK REPLACED BY E & A 271  
 RETIRED TELEPHONE LINE AT PALM SPRINGS  
 RETIRED VALVERDE-LAKE MATHEWS TELEPHONE LINE  
 RETUBE 24 AIR COOLERS FOR MOTORS,INTAKE P.P & GENE P.P  
 RETUBE COOLERS UNITS 4 & 5, CREDITS-GENE (SPEC 567)  
 RETUBE COOLERS UNITS 4 & 5, GENE (SPEC 567)  
 RETUBE COOLERS UNITS 4 & 5, WHITSETT (SPEC 567)  
 RETUBE MOTOR AIR COOLERS - HINDS AND EAGLE (1/2 EACH)  
 RIALTO FEEDER REPAIR @ STA. 3662+23  
 RIALTO FEEDER REPAIR OF ANOMALOUS PIPE SECTION  
 RIALTO PIPELINE CB-12 ND CB-16 VALVE REPLACEMENT  
 RIGHT OF WAY INFRASTRUCTURE PROTECTION PROGRAM - COLORADO RIVER AQUEDUCT  
 RIVERSIDE BADLANDS TUNNEL CONSTRUCTION  
 RIVERSIDE BRANCH - ALESSANDRO BLVD. LEFT LAND TURN LANE  
 RIVERSIDE BRANCH - CONSTRUCTION OF CONTROL PANEL DISPLAY WALL  
 RIVERSIDE NORTH PIPELINE DESIGN & CONSTRUCTION  
 RIVERSIDE SOUTH PIPELINE CONSTRUCTION  
 ROAD MAINTENANCE  
 ROAD SURVEYS  
 ROADS FOR TRANSMISSION LINE SURVEYS  
 RPLCMT.OF TUBES IN 38 MTR.AIR COOLERS ON UNITS 1,2&3-EAGLE & HAYFIELD  
 SALT LOADING DOCK AT MILIGAN- NEAR DANBY DRY LAKE (REPLACE)  
 SALT PRODUCTION PLANT  
 SAN DIEGO PIPELINE REPAIR AT STATION 1268+57  
 SAN FERNANDO TUNNEL STATION 778+80 VALVE REPLACEMENT  
 SAN GABRIEL TOWER SEISMIC ASSESSMENT  
 SAN JACINTO RESERVOIR SERVICE INTERTIE  
 SAN JACINTO RESERVOIR-FISH SCREENS AND CHLORINE EQUIPMENT  
 SAN JACINTO TUNNEL  
 SAN JACINTO TUNNEL EAST ADIT REHABILITATION  
 SAN JACINTO TUNNEL SUBSTATIONS  
 SAN JACINTO TUNNEL, WEST PORTAL  
 SAN JACINTO TUNNEL, WEST PORTAL SEISMIC MODIFICATION  
 SAN JACINTO TUNNEL: ADDITIONAL GROUTING  
 SAN JACINTO TUNNEL: EXPANSION OF SIPHONS (EAST OF TUNNEL)  
 SAN JACINTO TUNNEL:SECOND BARREL OF CASA LOMA SIPHONS  
 SAN JOAQUIN RESERVOIR - NEW DESIGN  
 SAN JOAQUIN RESERVOIR IMPROVEMENT- FLOATING COVER  
 SAN JOAQUIN RESERVOIR IMPROVEMENTS  
 SAN JOAQUIN RESERVOIR IMPROVEMENTS STUDY  
 SAN TIMOTEO CANYON POWER LINES  
 SAND TRAP CLEANING EQUIPMENT AND TRAVELING CRANE STUDY  
 SAND TRAP STUDY  
 SANTA ANA RIVER BRIGDE SEISMIC RETROFIT  
 SANTIAGO TOWER ACCESS ROAD UPGRADE  
 SANTIAGO TOWER PATROL ROAD REPAIR  
 SD5 REPAIR  
 SECOND 230KV TRANSMISSION LINE (SPEC 570)  
 SECOND LOWER FEEDER STRAY CURRENT MITIGATION SYSTEMS REFURBISHMENT  
 SECURITY FENCING AT OC-88 PUMPING PLANT  
 SECURITY SYSTEM UPGRADE PROJECT  
 SEISMIC EVALUATION OF CRA STRUCTURES  
 SEISMIC MODS-ALL 5 PUMP PLT BLDG  
 SEISMIC MODS-DISCHRG PIPLN-ALL PUMPING PLTS  
 SEISMIC PROGRAM  
 SEISMIC UPGRADE OF 11 FACILITIES OF THE CONVEYANCE & DISTRIBUTION SYSTEM  
 SEPULVEDA FEEDER CORROSION INTERFERENCE MITIGATION  
 SEPULVEDA FEEDER REPAIR AT STATION 1099  
 SEPULVEDA FEEDER STRAY CURRENT MITIGATION SYSTEM REFURBISHMENT  
 SERVICE CONNECTION & EOCF #2 METER ACCESS ROAD UPGRADE & BETTERMENT  
 SERVICE CONNECTION DWCV-2T VALVES REPLACEMENT AND STUCTURE CONSTRUCTION  
 SHAVERS SUMMIT ROAD ADVANCE  
 SKINNER BR - IMPROVE CABAZON RADIAL GATE FACILITY  
 SKINNER BRANCH, CASA LOMA CANAL ACOUSTIC METER  
 SKINNER BRANCH, CASA LOMA SIPHON, BARREL ONE BULKHEAD  
 SKINNER ELECTRICAL EQUIPMENT BUILDING 1 & 2  
 STANDBY GENERATOR - IRON MOUNTAIN  
 STANDBY POWER LINE GENE PUMP PLANT - CRA  
 STATION SERVICE RACKS, GENE PUMP PLT- CRA



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Conveyance and Aqueduct Facilities**

SUBSTATION OPERATORS QUARTERS  
 SUCTION & DISCHARGE LINES EXPANSION JOINT STUDY  
 SURVEYS  
 SVC CONNECT 2ND LOWER FEEDER STA1554+00-1568+50  
 SVC CONNECT CRA EAGLE MTN LANDFILL STA 5585+00-5850+00  
 SVC CONNECT OC FEEDER OC-28A  
 SWITCH HOUSE DOORS AT EAGLE MOUNTAIN & IRON MOUNTAIN  
 SWITCHYARDS AND HEAD GATES REHAB  
 TELEPHONE EQUIPMENT AT BANNING  
 TELEPHONE EQUIPMENT AT CAMPS  
 TELEPHONE LINE OPERATION (1941)  
 TELEPHONE LINE SURVEYS  
 TELEPHONE SYSTEM- GENE,IRON, EAGLE AND HINDS  
 TELEPHONE SYSTEM OPERATION (1933-34)  
 TELEPHONE SYSTEM OPERATION (1935-40)  
 TEMESCAL HYDRO-ELECTRIC PLANT ACCESS ROAD UPGRADE  
 TEMESCAL POWER PLANT ACCESS ROAD PAVING  
 TEMPORARY EMPLOYEE LABOR SETTLEMENT (CARGILL)  
 TEN HOUSES - PUMP PLTS  
 TRANSFORMER OIL & CHEMICAL UNLOADING PAD CONTAINMENT  
 TRANSFORMER OIL AND SODIUM HYPOCHLORITE CONTAINMENT PROJECT  
 TRANSMISSION LINE PATROL ROADS  
 TRANSMISSION LINE SURVEYS  
 TRANSMISSION LINE GROUNDING SYSTEM  
 TRANSMISSION LINE PRELIMINARY OPERATION (1941)  
 TRANSMISSION LINE PRELIMINARY OPERATION (1938-1940)  
 TUNNEL WATER INVESTIGATIONS  
 TV FACILITIES- EAGLE MOUNTAIN PUMPING PLANT  
 TV FACILITIES- GENE PUMPING PLANT  
 TV FACILITIES- HINDS PUMPING PLANT  
 TV FACILITIES- IRON MOUNTAIN PUMPING PLANT  
 TV FACILITIES- VARIOUS PUMPING PLANTS  
 U.S. BUREAU OF LAND MANAGEMENT LAND ACQUISITION  
 UPPER FEEDER CATHODIC PROTECTION SYSTEM  
 UPPER FEEDER GATES REHABILITATION PROJECTS  
 UPPER FEEDER LEAKING EXPANSION JOINT REPAIR  
 VAL VERDE TUNNEL  
 VALLEY BRANCH - PIPELINE CORROSION TEST STATION  
 VALVERDE TO LAKE MATHEWS TELEPHONE LINE  
 VARIOUS POWER LINE EXTENSIONS  
 VARIOUS SPUR TELEPHONE LINES  
 VENTILATION SYSTEM,CABLE TUNNEL - GENE PUMP PLANT - CRA  
 VIDAL WELLS PATROLMAN'S CAMP  
 VOLTAGE REGULATING & SWITCHING EQUIPMENT  
 W. PORTAL SAN JACINTO TUNNEL: ONE HOUSE WITH GARAGE  
 WASTEWATER SYSTEM REHABILITATION  
 WASTEWATER SYSTEM REHABILITATION - GENE/IRON MTN  
 WASTEWATER SYSTEM REHABILITATION - HINDS/EAGLE MTN  
 WATER FLOWMETER, INDICATORS & LIMIT TOTALIZERS - ALL PUMP PLT-CRA (1/5 EACH)  
 WATER METERS AND MOVING MAINS  
 WATER SYSTEM - CAMINO SWITCHING STATION  
 WATER SYSTEM OPERATION  
 WATER SYSTEM SURVEYS  
 WATER TANKS PUMPS  
 WATER TANKS PUMPS ETC  
 WATER TREATMENT FACILITIES  
 WEST EAGLE MOUNTAIN TUNNEL, EAST PORTION  
 WEST EAGLE MOUNTAIN TUNNEL, WEST PORTION  
 WEST VALLEY FEEDER #2 CATHODIC PROTECTION SYSTEM REHABILITATION  
 WHIPPLE MOUNTAIN TUNNEL  
 WHIPPLE SPILLWAY  
 WHITE WATER SIPHON PROTECTION  
 WHITEWATER EROSION PROTECTION STRUCTURE REHABILITATION  
 WHITEWATER SIPHON EROSION PROTECTION  
 WHITEWATER SIPHON PROTECTION STRUCTURE  
 WHITEWATER TUNNELS  
 WHITSETT PUMPING PLANT BUILDING & CONTROL  
 WHITSETT PUMPING PLANT DELIVERY PIPES  
 WHITSETT PUMPING PLANT FENCING  
 WHITSETT PUMPING PLANT MISCELLANEOUS FEATURES  
 WHITSETT PUMPING PLANT PUMPING EQUIPMENT

***Sub-total Conveyance and Aqueduct facilities costs*****\$ 90,887,289**



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

102723 ALL FACILITIES, INSPECTION AND REPLACEMENT OF CRITICAL VACUUM VALVES  
 102896 - SAN DIEGO PIPELINE 3 BYPASS  
 103021 SKINNER FILT PLT, SLUDGE HANDLING FACILITY MODIFICATIONS  
 103141 MILLS FILT PLT, IMPVMNTS PRGRM, ELEVATED COAGULATION AND SLUDGE STUDY  
 103164 BASIN DROP GATES REPLACEMENT  
 103179 CRA PUMPING PLANT RELIABILITY PROGRAM - CIRCULATING WATER SYSTEM REHAB  
 103181 WEST VALLEY FEEDER 1, STAGE 2, VALVE STRUCTURE MODIFICATIONS  
 103183 SUCTION AND DISCHARGE LINES - EXPANSION JOINT REPAIRS  
 103222 JENSEN TREATMENT PLANT - SOLIDS DEWATERING FACILITY AND LAGOONS  
 103254 MILLS FILT PLT, IMPROVEMENTS PROGRAM, MODULE 2 REHABILITATION  
 103270 WEYMOUTH IMPROVEMENT PROGRAM, REPLACE SURFACE WASH HEADER PIPELINE  
 103334 CRA-SWITCHYARDS AND HEAD GATES REHABILITATION  
 103343 DISTRIBUTION SYSTEM EQUIPMENT AND INSTRUMENTATION UPGRADES  
 103345 MILLS MODULES 3 AND 4 TURBIDITY METERS AND GAS DETECTORS REPLACE  
 103372 SAN DIEGO CANAL LINER REPAIR  
 103373 LAKE SKINNER EASE BYPASS SCREENING STRUCTURE REHABILITATION  
 103374 SAN DIEGO CANAL-SODIUM BISULFITE FEED SYSTEM UPGRADE  
 103391 PALOS VERDES RESERVOIR COVER AND LINER REPLACEMENT  
 103401 REPLACE FLOCULATORS AND TUBE SETTLERS AT WWRP NO.2  
 103484 RIALTO FEEDER, REPAIRS AT SELECT LOCATIONS  
 103526 MILLS FILTRATION PLANT, UPC 480V SYSTEM UPGRADE, STUDY  
 103531 ORANGE COUNTY FEEDER LINING REPAIR - REACH 2  
 103569 JENSEN MODULE NO. 1 FILTER VALVE REPLACEMENT  
 103608 DESERT AIRFIELDS IMPROVEMENT  
 103622 DIEMER TREATMENT PLANT, VEHICLE MAINTENANCE CENTER, CONSTRUCTION  
 103739 COPPER BASIN RESERVOIR OUTLET STRUCTURE REHABILITATION  
 103749 CRA TRANSITION STRUCTURE AND MANHOLE COVERS  
 103754 CAST-IRON BLOW OFF REPLACEMENT, PHASE 4  
 103760 DANBY TOWERS FOUNDATION REHABILITATION  
 103777 SKINNER WATER TREATMENT PLANT-WIDE REPLACEMENT OF TURBIDIME  
 103781 SKINNER ELECTRICAL BUILDING AND GROUND FAULT PROTECTION UPGRADE  
 103791 MILLS INDUSTRIAL WASTEWATER IMPROVEMENTS  
 103803 GARVEY RESERVOIR AUTOMATED DATA ACQUISITION SYSTEM (ADAS) REPLACEMENT  
 103805 YORBA LINDA POWER PLANT MODIFICATIONS  
 103880 WEYMOUTH FILTER REHABILITATION DEMONSTRATION  
 103887 SKINNER FINISHED WATER RESERVOIR COVER REPLACEMENT  
 103888 IT SYSTEM, COMMUNICATION INFRASTRUCTURE RELIABILITY UPGRADE  
 103893 JENSEN MODULE 1 FILTERS SURFACE WASH SYSTEM UPGRADES  
 103924 HYDROELECTRIC POWER DEVELOPMENT, FEASIBILITY STUDY  
 103940 WEYMOUTH PERIMETER IMPROVEMENTS, PHASE II CONSTRUCTION  
 104002 OLINDA PRESSURE CONTROL FACILITY PAVEMENT REHAB  
 104026 RED MTN-OCT 07 FIRE DAMAGE COMM PWR TOWERS & METER STRUCT REPLACE  
 104058 SKINNER COMPLETION PROJECT IMPROVEMENT  
 104090 INTAKE PUMPING PLANT 2.4KV POWER LINE RELOCATION  
 104115 SKINNER THICKENER PUMPS REPLACEMENT  
 104128 SANTA ANA RIVER BRIDGE SEISMIC RETROFIT  
 104172 EAGLE MOUNTAIN PUMPING PLANT STANDBY DIESEL ENGINE GENERATOR REPLACE  
 104198 ETIWANDA PIPELINE - LINING REPLACEMENT  
 104210 COLLIS VALVE REPLACEMENT  
 104226 ORANGE COUNTY FEEDER RELOCATION IN FULLERTON  
 104235 ETIWANDA CAVITATION FACILITY INFRASTRUCTURE REHABILITATION  
 104267 DVL CONTROL & PROTECTION UPGRADE  
 104269 MILLS SODIUM HYDROXIDE TANK REPLACEMENT  
 104273 HINDS PUMPING PLANT STANDBY GENERATOR REPLACEMENT  
 104280 IRON MOUNTAIN PUMPING PLANT HOUSING REPLACEMENT  
 104284 DIEMER ELECTRICAL IMPROVEMENTS - STAGE 2  
 104296 IRON MOUNTAIN SERVICE PIT REHABILITATION  
 104320 ENHANCED AUTOMATIC FLOW TRANSFER SOFTWARE REDEVELOPMENT  
 104323 PALOS VERDES RESERVOIR HYPOCHLORITE FEED SYSTEM UPGRADE  
 104324 SAN JACINTO EAST ADIT REHABILITATION  
 104335 GLENDALE - 01 SERVICE CONNECTION REHABILITATION  
 104340 OPERATIONS CONTROL CENTER UPS REPLACE  
 104370 TEMESCAL AND CORONA POWER PLANT STANDBY GENERATOR REPLACEMENT  
 104384 DIEMER SUPERMATANT PUMP STATION IMPROVEMENTS  
 104387 DVL INLET/OUTLET TOWER FISH SCREEN REPLACEMENT - CONSTRUCTION  
 104408 JULIAN HINDS PUMPING PLANT DELIVERY PIPE EXPANSION JOINT PHASE REPAIR  
 104414 OC FEEDER CATHODIC PROTECTION SYSTEM REHABILITATION  
 104421 SKINNER SOLIDS HANDLING PUMPS AT WWRK#3  
 104422 DIEMER TUNNEL CHLORINE DETECTION SYSTEM INFRASTRUCTURE  
 104433 LAKEVIEW PIPELINE LEAK REPAIR AT STA. 2510+49  
 104434 WADSWORTH PUMPING PLANT CONTROL AND PROTECTION, PRELIMINARY DESIGN  
 104437 SKINNER SOLIDS HANDLING IMPROVEMENTS  
 104448 CRA CANAL IMPROVEMENTS  
 104466 OAK STREET PRESSURE CONTROL STRUCTURE VALVE ACTUATOR  
 104475 ROW INFRASTRUCTURE PROTECTION PROGRAM WESTERN SAN BERNARDINO STAGE 1  
 104477 ROWIPP PROGRAMMATIC ENVIRONMENTAL DOCUMENT  
 104480 OAK STREET PRESSURE CONTROL STRUCTURE ROOF REPLACEMENT  
 104486 WEYMOUTH WATER TREATMENT PLANT DOMESTIC AND FIRE WATER SYSTEM IMPROVEMENT  
 104487 WEYMOUTH DOMESTIC WATER PIPELINE REPLACEMENT  
 104490 PERRIS PRESSURE CONTROL STRUCTURE ROOF REPLACEMENT  
 104493 COYOTE PRESSURE CONTROL STRUCTURE ROOF REPLACEMENT  
 104500 SKINNER MODULE 7 SODIUM HYPOCHLORITE PIPING RETROFIT  
 104509 ORANGE COUNTY C&D REGION SERVICE CENTER  
 104515 CRA IRON MOUNTAIN SUCTION JOING REFURBISHMENT PILOT  
 104517 SCADA COMMUNICATION MPLS UPGRADE-AT&T REGION



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

104521 CAJALCO CREEK DAM MANHOLE COVER RETROFIT  
104523 SKINNER OZONE CONTRACTOR SAMPLE PIPING AND TRACER PIPING  
104539 CARBON CREEK PRESSURE CONTROL STRUCTURE SEISMIC ASSESSMENT  
104561 WEST VALLEY FEEDER NO. 1 - STAGE 2 VALVE STRUCTURE MODIFICATIONS  
104566 GARVEY RESERVOIR SITE DRAINAGE REPAIRS AND MODIFICATIONS  
104567 SITES 1 & 2 SECOND LOWER FEEDER URGENT REPAIRS  
104568 SITE 3 SECOND LOWER FEEDER URGENT REPAIRS  
104574 EAST ROLLUP PARKING DOOR AT HEADQUARTERS  
104578 NEW HOUSE AT HINDS PUMP PLANT VILLAGE  
104579 CONTROL SYSTEM SERVER REPLACEMENT  
104590 GENE PUMPING PLANT EXPANSION JOINT REHABILITATION  
104592 WEYMOUTH CAKE PUMP DRIVE SYSTEM FOR BELT PRESSES NOS 1-3  
104593 DIEMER CHLORINE MASS FLOW METER REPLACEMENT  
104594 DIEMER MAGNETIC FLOW METER UPGRADE  
104595 - DIEMER PLANT FLORESCENT LIGHTING IMPROVEMENTS  
104599 CAJALCO CREEK AND LAKE MATHEWS ADAS REPLACEMENT PROJECT  
104603 GARVEY RESERVOIR WATER QUALITY LABORATORY REHABILITATION  
104610 TEMESCAL HYDRO ELECTRIC PLANT ROOF REPLACEMENT  
104611 CORONA HYDRO ELECTRIC PLANT ROOF REPLACEMENT  
104612 - TEMESCAL HEP COOLING/SEAL WATER LINE REPLACEMENT  
104613 - CORONA HEP COOLING/SEAL WATER LINE REPLACEMENT  
104619 ACCESS RD FOR W VALLEY FEEDER NO. 1 & @UPPER PORTION OF E PORTAL RD. IMP  
104622 LAKE MATHEWS HYDROELECTRIC PLANT REPAIRS  
104625 BERNASCONI TUNNEL LINING  
104634 GREGG AVENUE PRESSURE CONTROL STRUCTURE-PUMP MODIFICATIONS  
104643 CRA OVER-CURRENT RELAY REPLACEMENT  
104646 WADSWORTH PUMPING PLANT CONTROL AND PROTECTION UPGRADES  
104648 CARBON CREEK PRESSURE CONTROL STRUCTURE ROOF REPLACEMENT  
104654 SKINNER SPARGER PUMP REPLACEMENT  
104655 ESTRN REG DIST SYS CATHODIC PROTECTION REMOTE MONITORING REFURB  
104658 WSTRN REG DIST SYS CATHODIC PROTECTION REMOTE MONITORING REFURB  
104661 SAN DIEGO PIPELINE NO. 3 PIPING MODIFICATIONS  
104679 SKINNER RESERVOIR INFLUENT CONDUIT LOW FLOW CHEMICAL MIXING SYSTEM  
104682 IT NETWORK RELIABILITY UPGRADES  
104685 WILLITS ST. PCS VALVE ACTUATOR REPLACEMENT  
104686 MIDDLE FEEDER S BLOWOFF VALVE REPLACE AT STA. 782+54 (3RD LOW BIDDER)  
104689 SEISMIC UPGRADES AT 10 SERVICE CONNECTION STRUCTURES ALONG AMP  
104693 WEYMOUTH EAST WASHWATER TANK PUMP REPLACEMENT  
104703 PCCP REHABILITATION - PROGRAM MANAGEMENT  
104704 PCCP REHABILITATION - PROGRAM CEQA  
104712 CASA LOMA SIPHON NO. 1, CASA LOMA CANAL & SAN DIEGO CANAL FLOW METER REPL  
104713 AMR SERVER AND SYSTEM UPGRADE (MINOR CAP)  
104718 AMR CELLULAR MODEM UPGRADE  
104731 - WR-24D FLOWMETER REPLACEMENT  
104732 EAGLE MTN PUMPING PLANT VILLAGE - POTABLE WATER LINE REPLACEMENT PRJ  
104735 GARVEY RESERVOIR FENCING AND PEST BARRIER  
104742 CRA DELIVERY LINE REHABILITATION  
104748 - ETIWANDA SF6 CIRCUIT BREAKER REFURBISHMENT  
104753 SKINNER CONTRACTOR CONCRETE MAINTENANCE  
104754 SKINNER REC PLANT 3 - REPLACE SHAFT SLEEVES AND BEARINGS  
104759 GARVEY RESERVOIR CONTROL VALVES REPLACEMENT  
104760 SEPULVEDA FEEDER PCCP 2016 URGENT REPAIRS  
104763 LAKE MATHEWS HEADWORKS FOREBAY LINER & OUTLET TOWER REPAIR  
104766 MIDDLE FEEDER RELOCATION FOR SCE MESA SUBSTATION  
104771 ETIWANDA AUTOMATIC VOLTAGE REGULATOR REPLACEMENT  
104772 SKINNER PLANT 1 MODULE 3 ELECTRICAL RACEWAY REPLACEMENT  
104774 DIEMER ELECTRICAL UPGRADES AT LAGOON 4  
104775 DIEMER UPS REPLACEMENT  
104777 JENSEN PLANT THICKENER 3&4 REFURBISHMENT  
104783 LAKE MATHEWS HEAVY AND LIGHT VEHICLE SHOP PROPANE TANKS  
104794 SECOND LOWER FEEDER PCCP 2016 URGENT REPAIRS  
104796 RIALTO PIPELINE CB-12 ND CB-16 VALVE REPLACEMENT  
104797 JENSEN CHLORINE EJECTOR MODIFICATIONS  
104798 ORANGE COUNTY C&D UPS REPLACEMENT  
104808 ALLEN MCCOLLOCH PIPELINE OC-76 TURNOUT RELOCATION  
104818 SANTIAGO LATERAL STA. 364+04 PIPE EXPOSURE  
104821 ELECTRICAL UPGRADES AT 15 STRUCTURES , OC REGION  
104823 WADSWORTH PUMPING PLANT YARD PIPING LINING REPAIRS  
104826 SKINNER BELT FILTER PRESS REHABILITATION  
104827 SKINNER PLANT 1 LOSS OF HEAD ULTRASONIC METER REPLACEMENT  
104828 HEADQUARTERS LOADING DOCK OVERHEAD GATE REPLACEMENT  
104835 DIAMOND VALLEY AREA ACOUSTIC FLOWMETER REPLACEMENT  
104837 HQ DATACENTER SAN UPGRADE PHASE 1  
104839 JENSEN OZONE SYSTEM PLC CONTROL & COMMUNICATION  
104841 WEYMOUTH FLOCCULATOR REHABILITATION  
104843 CASA LOMA SIPHON BARREL NO. 1 - SEISMIC UPGRADES  
104846 CRA CIRCULATING WATER SYSTEM SODIUM HYPOCHLORITE TANK REPLACEMENT  
104850 SCADA RTU CPU & OS UPGRADE  
104852 LAKE SKINNER C&D BUILDING REHABILITATION  
104856 SANTA ANA RIVER BRIDGE EXPANSION JOINT REPLACEMENT  
104857 WADSWORTH PUMPING PLANT CONTROL AND PROTECTION UPGRADES  
104866 REFURBISH OC-88 P-3000 & P-4000  
104867 JENSEN FLUORIDE TANK REPLACEMENT  
104868 JENSEN FILTER BACKWASH BIOLOGICAL CONTROL SYSTEM



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

104870 EAST OC FEEDER NO. 2 SERVICE CONNECTION A-06  
104872 SITES 1 & 2 SECOND LOWER FEEDER URGENT REPAIRS  
104873 SITES 3 SECOND LOWER FEEDER URGENT REPAIRS  
104875 SECOND LOWER FEEDER PCCP REHABILITATION  
104876 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 2  
104877 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 3  
104881 SECOND LOWER FEEDER PCCP REHABILITATION  
104883 SECOND LOWER FEEDER PCCP REHABILITATION - REAL PROPERTY ACQUISITION  
104888 REFURBISH TEMESCAL HYDROELECTRIC GENERATOR COOLERS  
104889 REFURBISH CORONA HYDROELECTRIC GENERATOR COOLERS  
104890 COPPER BASIN SODIUM HYPOCHLORITE TANK REPLACEMENT  
104894 CB-20 AND PM-26 FLOWMETER REPLACEMENT  
104900 CRA AND IRON MOUNTAIN RESERVOIR PANEL REPAIRS  
104901 DVL VIEWPOINT ROAD SECURITY UPGRADES  
104902 CRA HOUSING IMPROVEMENTS - RENOVATION OF HOUSES  
104905 SERVICE CONNECTION LA-35 SLIDE GATE OPERATOR  
104910 DVL VISITOR CENTER EXTERIOR LIGHTING REPLACEMENT  
104914 FAIRPLEX AND WALNUT PCS VALVES REPLACEMENT  
104917 HINDS POOL REFURBISHMENT  
104921 EAGLE MOUNTAIN POOL REFURBISHMENT  
104924 WEST VALLEY FEEDER NO. 1 - DE SOTO VALVE STRUCTURES IMPROVEMENTS  
104927 CASA LOMA CANAL PANEL REPAIR  
104939 VALLEY VIEW HYDROELECTRIC GENERATOR REFURBISHMENT  
104942 EAGLE ROCK OPERATION CONTROL CENTER & INCIDENT COMMAND CENTER ROOF REPL.  
104958 SKINNER ORP SWITCHGEAR BATTERY REPLACEMENT  
104961 LAKE MATHEWS FENCING SECURITY UPGRADE  
104965 SERVICE CONNECTION CENB-29 EQUIPMENT RELOCATION  
104971 SKINNER SPILLWAY REHABILITATION  
104976 WATER ORDERING & EVENT SCHEDULING SYSTEM  
105001 SERVICE CONNECTION WB-2A & WB-2B EQUIPMENT RELOCATION  
105002 SEPULVEDA WEST VALLEY, AND EAST VALLEY FEEDERS INTERCONNECTION  
105003 LEARNING MANAGEMENT (LMS) UPGRADE  
105006 SEPULVEDA FEEDER PCCP DEL AMO BLVD. URGENT REPAIR  
105009 CRA INTAKE BUOY LINE REPLACEMENT  
105023 SCADA NETWORK FIBER OPTIC SWITCH REPLACEMENT  
105026 SKINNER ELECTRICAL EQUIPMENT BUILDING 1 & 2  
105029 SKINNER ACCUSONIC FLOWMETER REPLACEMENT  
105039 FOOTHILL FEEDER - CASTAIC VALLEY BLOW-OFF VALVES REPLACEMENT  
105060 CRA-WHITEWATER EROSION PROTECTION STRUCTURE  
105061 LOWER FEEDER STANDPIPE #22 REHABILITATION  
105064 OC 88 FIRE SYSTEM PROTECTION UPGRADES  
105070 SERVICE CONNECTION FLOWMETER REPLACEMENT  
105098 LOWER FEEDER BLOW-OFF DRAIN LINE REPLACEMENTS  
105101 JENSEN FILTER EFFLUENT TURBIDIMETER RELIABILITY  
105107 LA VERNE BUILDING 40 COMPRESSED AIR UPGRADES  
105108 INTAKE BANK PHASE 2 PHASE C TRANSFORMER REHABILITATION  
105110 MILLS EMERGENCY GENERATOR PLC UPGRADE  
105114 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 8  
105118 PERRIS BYPASS PIPELINE SUMP PUMP REPLACEMENT  
105123 CENTRAL BASIN 48 BUBBLER AREA ACCESS IMPROVEMENTS  
105137 RIALTO FEEDER STA 3820+00 MANHOLE REPLACEMENT  
105164 SAN DIEGO PIPELINE 1 RAINBOW TUNNEL LINER REHABILITATION  
105167 SAN GABRIEL PCS ELECTRICAL REPLACEMENTS  
105172 ALLEN MCCOLLOCH PIPELINE PCCP 2021 URGENT RELINING  
105195 RIALTO FEEDER VALVE REPLACEMENT  
105201 OC-89 AND OC-90 FLOW METER REPLACEMENT  
105203 ETIWANDA PIPELINE LINING REPLACEMENT - STAGE 3  
105235 SEPULVEDA HEP TAILRACE COATINGS  
105240 WEST VALLEY FEEDER NO. 1 STRUCTURES - PIPING IMPROVEMENTS  
105292 WEST ORANGE COUNTY FEEDER BLOWOFF DRAIN LINE REHAB ENGINEERING CHANGE  
105300 WB-06B METER REPLACEMENT PROJECT  
105353 FOOTHILL FEEDER EXPOSURE  
105369 UPPER FEEDER EMERGENCY EXPANSION JOINT REPLACEMENT  
105393 SEPULVEDA CANYON PCS TO VENICE PCS VALVE REPLACEMENTS  
105409 SAN DIEGO CANAL CONCRETE LINER REPAIR SITE 622  
105443 SEPULVEDA FEEDER CFRP URGENT RELINING  
108TH STREET PRESSURE CONTROL STRUCTURE REHABILITATION  
108TH STREET PRESSURE CONTROL STRUCTURE VALVE REPLACEMENT  
109907 DVL VISITOR'S CENTER IMPROVEMENTS  
15112 JENSEN PLT. SEC SYS  
15114 GARVEY RESERVOIR O&M CENTER  
15120 MILLS FILT PLT, EXPANSION 2  
15121 SAN DIEGO PIPELINE 6  
15122 INLAND FEEDER PROGRAM  
15123 DIAMOND VALLEY LAKE PROGRAM  
15125 ETIWANDA POWER PLANT  
15143 PRELIMINARY STUDY FOR PERRIS AREA  
15144 PRELIMINARY STUDY FOR LK MATHEWS & WEYMOUTH  
15162 WEST VALLEY AREA STUDY  
15173 JENSEN & MILLS FILT PLTS, ORP  
15221 FEASIBILITY STUDY OF FOOTHILL AREA STUDY  
15222 WATER QUALITY, DEMONSTRATION, SCALE TESTING  
15247 UNION STATION LONG-TERM HEADQUARTERS FACILITY  
15275 WATER QUALITY, CRYPTOSPORIDIUM ACTION PLAN



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

15305 MILLS FILT PLT, FINAL DESIGN AND CONSTRUCTION OF WAREHOUSE  
 15318 SAN DIEGO PPLN 3 BYPASS  
 15334 DIAMOND VALLEY LAKE RESERVOIR RECREATION PLAN  
 15346 CHLORINE CONTAINMENT & HANDLING FACILITY  
 15363 DIEMER TP, SOLIDS HANDLING & WATER RECLAMATION  
 15369 WEYMOUTH TREATMENT PLANT, CAPITAL IMPROVEMENT PROGRAM, PHASE I  
 15379 YORBA LINDA FEEDERBYPASS  
 15388 SKINNER FILT PLT, ORP  
 15389 DIEMER FILT PLT, ORP  
 15391 POWER RELIABILITY AND ENERGY CONSERVATION  
 15410 SKINNER FILT PLT, EXPANSION 4  
 15414 ALL FILTRATION PLANTS, FLOURIDATION SYSTEM  
 15427 RIALTO PIPELINE IMPROVEMENTS  
 15447 QUAGGA MUSSEL CONTROL PROGRAM  
 15450 AGREEMENT WITH ALAMEDA CORRIDOR EAST CONSTRUCTION AUTHORITY  
 1ST BBL 1ST SAN DIEGO AQUEDUCT CAPITAL OBLIGATION  
 2ND BBL 1ST SAN DIEGO AQUEDUCT CAPITAL OBLIGATION  
 2ND LWR FDR, W. ORANGE CNTY. FDR. INTERCONN. STRUCT. INSTALL REM. CTRL.  
 2ND S D AQUEDUCT: 6 13" PIPE SIPHONS-STA. BET. 244+04-979+32 (SCH SDXP)  
 42" CONICAL PLUG VALVE REPLACEMENT  
 A-02  
 A-05  
 A-06  
 ACCESS ROAD FOR WEST VALLEY FEEDERS 1 & 2 UPPER PORTION OF EAST POTAL RD. IMPROV  
 ACCUSONIC FLOW METER UPGRADE  
 ACCUSTIC FIBER OPTIC MONITORING OF PCCP LINES  
 ACOUSTIC FIBER MONITORING OF PCCP LINES  
 ADVANCED WATER TREATMENT DEMONSTRATION FACILITY  
 ALAMEDA CORRIDER-EAST (ACE) CONSTRUCTION AUTHORITY RELOCATION/ORANGE CTY FEEDER  
 ALAMEDA CORRIDOR PIPELINE  
 ALL AMERICAN COACHELLA LINING  
 ALL FACILITIES - WATER DISCHARGE ELIMINATION  
 ALL FACILITIES, INSPECTION AND REPLACEMENT OF CRITICAL VACUUM  
 ALL FACILITIES, INSPECTION AND REPLACEMENT OF CRITICAL VACUUM VALVES  
 ALL FEEDERS - MANHOLE LOCKING DEVICE RETROFIT  
 ALL PUMP PLTS, REPL CO2 CYLINDERS, REHAB CONTROLS  
 ALL PUMPING PLANTS - INSTALL HYPOCHLORINATION STATIONS  
 ALLEN MCCOLLOCH PIPELINE 2010 REFURBISHMENT  
 ALLEN MCCOLLOCH PIPELINE CATHODIC PROTECTION  
 ALLEN MCCOLLOCH PIPELINE INTERCONNECTIONS  
 ALLEN MCCOLLOCH PIPELINE LOCAL CONTROL MODIFICATIONS  
 ALLEN MCCOLLOCH PIPELINE PCCP 2021 URGENT RELINING  
 ALLEN MCCOLLOCH PIPELINE PCCP REHABILITATION- 2021 URGENT RELINING  
 ALLEN MCCOLLOCH PIPELINE REPAIR  
 ALLEN MCCOLLOCH PIPELINE REPAIR - CARBON FIBER LINING REPAIR  
 ALLEN MCCOLLOCH PIPELINE REPAIR - SERVICE CONNECTIONS UPGRADES  
 ALLEN MCCOLLOCH PIPELINE REPAIR - STATION 276+63  
 ALLEN MCCOLLOCH PIPELINE REPAIR - SURGE SUPPRESSION SYSTEM AT OC88A  
 ALLEN MCCOLLOCH PIPELINE REPAIR - VALVE ACTUATOR REPLACEMENTS  
 ALLEN MCCOLLOCH PIPELINE REPAIR SERVICE CONNECTIONS SIMPLIFICATION  
 ALLEN MCCOLLOCH PIPELINE REPAIRS, STAGE 2  
 ALLEN MCCOLLOCH PIPELINE STRUCTURE - ROOF SLAB REPAIRS  
 ALLEN MCCOLLOCH PIPELINE VALVE VAULT REPAIRS  
 ALLEN MCCOLLOCH PIPELINE, 2010 URGENT REPAIRS  
 ALLEN MCCOLLOCH PIPELINE, STA 208+00 TO 226+00  
 ALLEN MCCOLLOCH PIPELINE, VALVE VAULT REPAIRS  
 ALLEN MCCOLLOCH PPLN (AMP), FLOW CONTROL MODIFICATION  
 ALLEN MCCOLLOCH PPLN STRUCTURE, ROOF SLAB REPAIRS  
 ALLEN MCCOLLOCH PIPELINE (AMP) FLOWMETERS UPGRADE  
 ALLEN-MCCOLLOCH CORROSION/INTERFERENCE MITIGATION, STATION 719+34 TO 1178+02  
 ALLEN-MCCOLLOCH PIPELINE  
 ALLEN-MCCOLLOCH PIPELINE OC-76 TURNOUT RELOCATION  
 ALLEN-MCCOLLOCH PIPELINE PCCP CARBON FIBER JOINT REPAIRS  
 ALLEN-MCCOLLOCH PIPELINE PCCP CARBON FIBER JOINT REPAIRS  
 ALLEN-MCCOLLOCH PIPELINE PCCP REHAB. - PRELIMINARY DESIGN  
 ALLEN-MCCOLLOCH PIPELINE PCCP REHABILITATION  
 ALLEN-MCCOLLOCH PIPELINE REFURBISHMENT - STAGE 2  
 ALLEN-MCCOLLOCH PIPELINE REPAIR  
 ALLEN-MCCOLLOCH PIPELINE REPAIR, VALVE ACTUATOR (103289)  
 ALLEN-MCCOLLOCH PIPELINE REPAIRS  
 ALLEN-MCCOLLOCH PIPELINE VALVE AND SERVICE CONNECTION VAULT REPAIRS  
 ALLEN-MCCOLLOCH PIPELINE  
 ALLEN-MCCOLLOCH PIPELINE-DOWN PAYMENT  
 A-MISC  
 AMP - CURRENT YEAR  
 AMP -SERVICE CONNECTIONS UPGRADES  
 AMP -VALVE ACTUATOR REPLACEMENTS  
 AMP CARBON FIBER LINING  
 AMP COMPLETION RESOLUTION RIGHT OF WAY ISSUES  
 AMP SERVICE CONNECTION UPGRADES  
 AMP, BAKER INTERCONNECTIONS  
 AMR - RTU UPGRADE - PHASE 2  
 ANODE WELL REPLACEMENT FOR ORANGE COUNTY AND RIALTO FEEDERS  
 APPIAN WAY VALVE REPLACEMENT



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

ARROW HIGHWAY PROPERTY DEVELOPMENT  
 ARROYO SECO SPILLWAY REVISION  
 ASPHALT REHABILITATION AT WEYMOUTH FINISHED WATER RESERVOIR  
 ASPHALT REPAIRS TO PERIMETER OF SEPULVEDA PCS  
 ASSESS THE CONDITION OF METROPOLITAN'S PRESTRESSED CONCRETE CYLINDER PIPE  
 ASSESS THE CONDITIONS OF MET'S  
 ASSESSMENT OF PRESTRESSED CONCRETE CYLINDER PIPELINES - PHASE 3  
 AULD VALLEY CONTROL STRUCTURE AREA FACILITIES  
 AULD VALLEY PIPELINE  
 AULD VALLEY PIPELINE, STA 74+98.55  
 AUTOMATED RESERVOIR WATER QUALITY MONITORING  
 AUTOMATIC METER READING SYSTEM - RTU UPGRADE PHASE 2  
 AUTOMATIC METER READING SYSTEM UPGRADE  
 AUTOMATIC METER READING UPGRADE  
 AUTOMATION COMMUNICATION UPGRADE  
 AUTOMATION DOCUMENTATION SURVEY F/A  
 AUXILIARY SPILLWAY AT SANTA ANA RIVER  
 B-02  
 B-03  
 B-05  
 BAR 97- ENHANCED AREA VEHICLE TESTING  
 BAR 97, ENHANCED AREA VEHICLE TESTING  
 BATTERY MONITORING SYSTEM FOR AUTOMATIC METER READING SYSTEM  
 BH-01  
 BH-02  
 BIXBY VALVE REPLACEMENT  
 BLACK METAL MOUNTAIN ELECTRICAL TRANSFORMER  
 BOX SPRING FEEDER REPAIR, PHASE 2  
 BOX SPRINGS FDR AND CONTROL STRUCTURE-PRESSURE CONTL STRUC  
 BOX SPRINGS FEEDER - PHASE I  
 BOX SPRINGS FEEDER AND CONTROL STRUCTURE-SCH 317  
 BOX SPRINGS FEEDER AND CONTROL STRUCTURE-SCH 318  
 BOX SPRINGS FEEDER BROKEN BACK REPAIR  
 BOX SPRINGS FEEDER BROKEN BACK REPAIR PHASE I  
 BOX SPRINGS FEEDER PHASE 3 AND 4 ENVIRONMENTAL MITIGATION  
 BOX SPRINGS FEEDER PHASE 3 AND 4 ENVIRONMENTAL MONITORING  
 BOX SPRINGS FEEDER REPAIR  
 BOX SPRINGS FEEDER REPAIR - PHASE II  
 BOX SPRINGS FEEDER REPAIRS PHASE 3 AND PHASE 4  
 BOX SPRINGS FEEDER SECTION REPLACEMENT, PHASE 3 AND PHASE 4  
 BOX SPRINGS FEEDER, STA 453+00 TO 466+00  
 BOX SPRINGS FEEDER-PROT STA 18+70 TO 19+30 & 21+05 TO 21+65  
 BOX SPRINGS FEEDER-PROT STA 18+70 TO 19+30 & 21+05 TO 21+66  
 BREA LATERAL  
 BURBANK LATERAL SCHEDULE 38SC  
 BURBANK LATERAL EXTENSION  
 C&D CRANE INSTALLATION AT OC-88 PUMPING PLANT  
 C-02  
 C-03  
 CA-01  
 CA-02  
 CAJALCO CREEK DAM MANHOLE COVER RETROFIT  
 CAJALCO CREEK DETENTION DAM  
 CAJALCO CREEK DETENTION DAM SPILLWAY ACCESS ROAD  
 CAL-01  
 CALABASAS FEEDER CARBON FIBER /BROKEN BACK REPAIR  
 CALABASAS FEEDER ENHANCEMENT  
 CALABASAS FEEDER INTERFERENCE MITIGATION  
 CALABASAS FEEDER PCCP REHABILITATION - PRELIMINARY DESIGN  
 CALABASAS FEEDER PCCP REHABILITATION  
 CALABASAS FEEDER REPAIR, STUDY  
 CALABASAS FEEDER STAGE 1 AND 2 REPAIRS  
 CALABASAS FEEDER STRAY CURRENT DRAIN STATION, CONST. PHASE  
 CANAL OUTLET AND SCREENING STRUCTURE (SCH 5)  
 CAPACITY FEE FROM CASTAIC LAKE WATER AGENCY FOR USE OF FOOTHILL FDR  
 CAPITAL PROGRAM FOR PROJECTS COSTING LESS THAN \$250,000  
 CAPITAL PROGRAM FOR PROJECTS COSTING LESS THAN \$250,000 FOR FY 2010/11  
 CAPITAL PROJECTS COSTING LESS THAN \$250,000 FOR FY2008-09  
 CARBON CREEK MAINTENANCE CENTER  
 CARBON CREEK PRESSURE CONTROL STRUCTURE ROOF REPLACEMENT  
 CARBON CREEK PRESSURE CONTROL STRUCTURE SEISMIC ASSESSMENT  
 CARBON CREEK PRESSURE CONTROL STRUCTURE SEISMIC RETROFIT  
 CASA LOMA AND SAN DIEGO CANAL LINING STUDY - PART 2  
 CASA LOMA CANAL PANEL REPAIR  
 CASA LOMA CANAL, SCHEDULE 11C (SPEC NO. 554)  
 CASA LOMA SIPHON #1 & SAN JANCINTO PIPELINE PROTECTION  
 CASA LOMA SIPHON BARREL 1 & 2 DVL AND SD CANAL FLOW METER REPLACEMENT  
 CASA LOMA SIPHON BARREL NO. 1 - PERMANENT REPAIRS  
 CASA LOMA SIPHON BARREL NO. 1 JOINT REPAIR  
 CASA LOMA SIPHON NO 1, CASA LOMA CANAL & SAN DIEGO CANAL FLOW METER REPLACEMENT  
 CASA LOMA SIPHON NO. 1, CASA LOMA CANAL & SAN DIEGO CANAL FLOW METER REPLACEMENT  
 CASTAIC SIPHONS & PIPELINES(FOOTHILL FDR.) SCH. 201,203,204,206,207 & 209  
 CASTAIC, SAUGUS, PLACERITA TUNNELS  
 CAST-IRON BLOW OFF REPLACEMENT, PHASE 4



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

CATHODIC PROTECTION SYS & STRAY CURRENT RIALTO PPLNS  
 CATHODIC PROTECTION FOR THE FOOTHILL FEEDER  
 CATHODIC PROTECTION RECTIFIERS  
 CATHODIC PROTECTION SYS. UPGRADES FOR THE MIDDLE CROSS FEEDER  
 CATHODIC PROTECTION SYSTEM EAST ORANGE COUNTY FDR NO. 2  
 CATHODIC PROTECTION SYSTEM UPGRADES  
 CB-01  
 CB-03  
 CB-05  
 CB-07  
 CB-09  
 CB-10  
 CB-12  
 CB-16  
 CB-20 AND PM-26 FLOWMETER REPLACEMENT  
 CB-MISC  
 CCP-PHASE 2 CONSTRUCTION  
 CDAA REIMBURSABLE DECEMBER 2011 STORM DAMAGE  
 CDAF FLUORIDATION TREATMENT PLT  
 CDSRP - DISCHARGE ELIMINATION  
 CDSRP - ENTRAINMENT AIR IN UPPER FEEDER PIPELINE STUDY  
 CDSRP - SEPULVEDA FEEDER REPAIRS  
 CDSRP - SEPULVEDA TANKS RECOATING  
 CENB-01  
 CENB-02  
 CENB-04  
 CENB-05  
 CENB-06  
 CENB-07  
 CENB-08  
 CENB-09  
 CENB-10  
 CENB-11  
 CENB-12  
 CENB-13  
 CENB-14  
 CENB-15  
 CENB-16  
 CENB-17  
 CENB-18  
 CENB-20  
 CENB-21  
 CENB-22  
 CENB-23  
 CENB-24  
 CENB-25  
 CENB-26  
 CENB-27  
 CENB-28  
 CENB-29  
 CENB-30  
 CENB-31A  
 CENB-33  
 CENB-34  
 CENB-35  
 CENB-37  
 CENB-38  
 CENB-39  
 CENB-40  
 CENB-42  
 CENB-43  
 CENB-44  
 CENB-45  
 CENB-46  
 CENB-47  
 CENB-48  
 CENB-49  
 CENB-50  
 CENB-51  
 CENB-52  
 CENB-53  
 CENB-MISC  
 CENTRAL BASIN, 48 BUBBLER AREA ACCESS IMPROVEMENT  
 CENTRAL CONTROL SYSTEM - ORANGE COUNTY  
 CENTRAL POOL AUGMENTATION - TUNNEL AND PIPELINE & RIGHT-OF-WAY ACQUISITION  
 CENTRAL POOL AUGMENTATION (CPA) PROGRAM - PIPELINE AND TUNNEL ALIGNMENT  
 CENTRAL POOL AUGMENTATION AND WATER QUALITY PROJECT (CPAWQP)  
 CENTRALIZED CONTROL SYSTEM- EAGLE ROCK  
 CENTRALIZED CONTROL SYSTEM- GENERAL DESIGN  
 CHEMICAL INVENTORY AND USAGE REWRITE AND ELECTRICAL. SYSTEM LOG  
 CHEMICAL UNLOADING FACILITY RETROFIT  
 CHEVALIER FALCON MILLING MACHINE  
 CHINO BASIN MWD FACILITIES  
 CHLORAMINE BOOSTER STATION AT THREE LOCATIONS WITHIN THE TREATED WATER DISTRIBUTION SYSTEMS



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

CHUCKWALLA MONITORING WELLS  
 CLWA-01T  
 CM-02  
 CM-04  
 CM-05  
 CM-06  
 CM-07  
 CM-08  
 CM-09  
 CM-11  
 CM-12  
 CM-13  
 C-MISC  
 COACHELLA CANAL LINING, ENVIRONMENTAL MITIGATION  
 COASTAL JUNCTION BYPASS  
 COASTAL JUNCTION REVERSE FLOW BYPASS  
 COASTAL PRESSURE CONTROL STRUCTURE ROOF REPLACEMENT  
 COLLIS AVENUE VALVE REPLACEMENT  
 COLLIS VALVE REPLACEMENT  
 COLORADO RIVER AQUEDUCT CASA LOMA SIPHON BARREL NO. 1 PROJECT NO. 2 - PERMANENT REPAIRS  
 COLORADO RIVER AQUEDUCT CASA LOMA SIPHON BARREL NO. 1 REPLACEMENT  
 COLORADO RIVER AQUEDUCT CASA SIPHON  
 COLORADO RIVER AQUEDUCT CONVEYANCE REALIABILITY, PHASE II RPRS AND INSTR  
 COLORADO RIVER AQUEDUCT MILE 12 FLOW MONITORING STATION UPGRADES PROJECT  
 COLORADO RIVER AQUEDUCT, HEAD GATES REHABILITATION  
 COMMUNICATIONS EQUIPMENT MONITORING SYSTEM  
 COMMUNICATIONS STRUCTURE ALARM MONITORING  
 COMPREHENSIVE INFORMATION SECURITY ASSESSMENT PHASE III  
 COMPTON LATERAL EXTENSION  
 COMPTON LATERAL EXTENSION SCHEDULE 39A  
 COMPTON LATERAL SCHEDULE 28SC  
 CONE CAMP INTERTIE BYPASS PIPELINE REPAIR  
 CONSTRUCTION OF HOUSING FACILITIES- 4 HOUSES ON DISTRIBUTION SYSTEM  
 CONSTRUCTION PHASE 2  
 CONTRACT & LITIGATION TASKS -CONTRACT # 1396  
 CONTROL SYSTEM DATA STORAGE AND REPORTING  
 CONTROL SYSTEM DRAWING & DOCUMENTATION UPDATE  
 CONTROL SYSTEM ENHANCEMENT PROGRAM (CSEP) - DIGITAL SUBNET STANDARDIZATION  
 CONTROL SYSTEM ENHANCEMENT PROGRAM IMPLEMENTATION  
 CONTROL SYSTEMS AUTOMATION COMMUNICATION UPGRADE  
 CONTROLS COMMUNICATIONS FRAME RELAY CONVERSION - APPROPRIATED  
 CONVERSION OF DEFORMATION SURVEY MONITORING AT GENE WASH, COPPER BASIN, AND DIEMER BASIN 8  
 CONVEYANCE & DISTRIBUTION SYSTEM REHAB, PHASE II  
 CONVEYANCE AND DISTRIBUTION SYSTEM - REHABILITATION PROGRAM  
 CONVEYANCE AND DISTRIBUTION SYSTEM ELECTRICAL STRUCTURES REHABILITATION  
 CONVEYANCE AND DISTRIBUTION SYSTEM HYDRAULIC PILOT VALVE STANDARDIZATION  
 CONVEYANCE AND DISTRIBUTION SYSTEM REHABILITATION PROGRAM (CDSRP) - CURRENT DRAIN STATIONS  
 COOPER BASIN SECURITY NETWORK CONNECTIVITY  
 COPPER BASIN ICS  
 COPPER BASIN INTERIM CHLORINATION SYSTEM  
 COPPER BASIN SODIUM HYPOCHLORITE TANK REPLACEMENT  
 CORONA POWER PLANT REPLACE EMERGENCY GENERATOR  
 CORROSION MATERIALS TESTING FACILITY SCADA UPGRADE  
 COTTAGE AT COYOTE CREEK  
 COTTAGE AT SANTA ANA CANYON HOUSE #110-D  
 COVINA PCS UPGRADES  
 COVINA PRESSURE CONTROL FACILITY  
 COVINA PRESSURECONTROL FACILITY  
 COYOTE CREEK HEP/PCS EMERGENCY STANDBY GENERATOR  
 COYOTE CREEK NORTHERN PERIMETER LANDSCAPING  
 COYOTE CREEK PRESSURE CONTROL STRUCTURE  
 COYOTE PRESSURE CONTROL STRUCTURE ROOF REPLACEMENT  
 CPA PIPELINE & TUNNEL ALIGNMENT  
 CPA PIPELINE & TUNNEL ALIGNMENT - NON FUNDED PORTION  
 CPA PIPELINE & TUNNEL ALIGNMENT - STUDY  
 CPA WATER TREATMENT PLANT - NON FUNDED PORTION  
 CPA WATER TREATMENT PLANT - RIGHT OF WAY - PHASE 2  
 CPAWQP - PHASE 2  
 CPAWQP - STUDY AND LAND ACQUISITION - CONTINGENCY  
 CPAWQP - STUDY AND LAND ACQUISITION - PIPELINE & TUNNEL ALIGNMENT - STUDY  
 CPAWQP - STUDY AND LAND ACQUISITION - RIGHT-OF-WAY-ACQUISITION  
 CPAWQP - STUDY AND LAND ACQUISITION - WATER TREATMENT PLANT - RIGHT OF WAY - PHASE 2  
 CPAWQP - STUDY AND LAND ACQUISITION - WATER TREATMENT PLANT - STUDY  
 CRA - PC-1 EFFLUENT OPEN CHANNEL TRASH RACK  
 CRA ACQUEDUCT ISOLATION GATES REPLACEMENT  
 CRA CABAZON & POTRERO SHAFT COVERS  
 CRA CHOLLA WASH CUT AND COVER CONDUIT LINING  
 CRA CONTROL INTEGRATION  
 CRA HOUSING IMPROVEMENTS - RENOVATION OF HOUSES  
 CRA PROTECTIVE SLAB AT STATION 805+00 (MM14.3)  
 CRA PROTECTIVE SLAB AT STATION 9704+77  
 CRA WHITEWATER TUNNEL 2, STA 9710+00 TO 9780+00  
 CRA, STA 9480+00 TO 9530+00  
 CRA-WHITTEWATER EROSION PROTECTION STRUCTURE



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

CRITICAL LOCK IDENTIFICATION AND CHANGE-OUT  
 CROSS CONNECTION PREVENTION PROGRAM - PHASE II CONSTRUCTION  
 CROSS CONNECTION PREVENTION PROGRAM, PHASE II CONSTRUCTION  
 CROSS CONNECTION PREVENTION PROJECT, COMPLETE PRELIM DESIGN  
 CROSS CONNECTION PREVENTION PROJECT, COMPLETE PRELIMINARY DESIGN AND CEQA DOCUMENTATION  
 CRW FOR REPLENISHMENT AT USG3  
 CSEP - ELECTRONIC SYSTEM LOG (ESL)  
 CSEP - ENERGY MANAGEMENT SYSTEM PHASE II  
 CSEP - ENHANCED DISTRIBUTION SYSTEM CONTROL PROJECT  
 CSEP - IMPLEMENTATION  
 CSEP - OPERATIONS & BUSINESS DATA INTEGRATION PILOT  
 CSEP - PLANT INFLUENT REDUNDANT FLOW METERING AND SPLITTING  
 CSEP - PLC PHASE 2 - LIFE-CYCLE REPLACEMENT  
 CSEP - PLC STANDARDIZATION  
 CSEP - PLC STANDARDIZATION PHASE II  
 CSEP - POWER MANAGEMENT SYSTEM  
 CSEP - WATER PLANNING APPLICATION  
 CSEP IMPLEMENTATION  
 CSEP- SMART OPS (FORMERLY REAL TIME OPERATIONS SIMULATION)  
 CULVER CITY FEEDER: STA.0+12.07 TO 261+00, SCH. 62, 63,64 (SPEC NO. 512)  
 CURRENT DRAIN STATIONS  
 CWE, \$4.67M CAPITAL COSTS TO BE PAID BY MWD  
 DAM REHABILITATION & SAFETY IMPROVEMENTS ST. JOHN'S CANYON CHANNEL EROSION MITIGATION  
 DANBY TOWER FOUNDATION INVESTIGATION AND SHORT TERM MITIGATION  
 DARBY TOWERS FOUNDATION REHABILITATION  
 DECEMBER STORM DAMAGE 2010 FEMA DR 1952  
 DELTA PROPERTIES INFRASTRUCTURE IMPROVEMENTS  
 DEODERA PCS PAVEMENT UPGRADE & BETTERMENT  
 DESERT BRANCH - REPLACE STOLEN COPPER GROUND WIRE FOOTINGS/GROUNDING, AND COPPER PIPING  
 DESERT BRANCH PUMP PLANT AUXILIARY (STATION SERVICE)  
 DESERT BRANCH, PURCHASE & INSTALL 5 PORT VIDEO CONFERENCING  
 DESERT FACILITIES DOMESTIC WATER GAC SYSTEM INSTALLATION  
 DESERT HIGH VOLTAGE TRANSMISSION TOWERS - REPLACE COPPER GROUND WIRES ON  
 DESERT PUMP PLANTS, REPLACE AUXILIARY TRANSFORMERS (103102)  
 DETAIL SEISMIC EVALUATION OF WATER STORAGE TANK  
 DETAILED RELIABILITY IMPROVEMENTS OF THE LOS ANGELES COUNTY OPERATING REGION  
 DETAILED RELIABILITY IMPROVEMENTS OF THE ORANGE COUNTY OPERATING REGION - STAGE 1  
 DFP - ELIMINATE BACKUP GENERATOR TIE-BUS & INSTALL MANUAL TRANSFER SWITCH FOR CHLORINE SCRUBBER  
 DIAMOND VALLEY LAKE VISITORS CENTER BUILDING IMPROVEMENTS  
 DIEMER CHLORINE MASS FLOW METER REPLACEMENT  
 DIEMER FACILITY & VEHICLE PLANT DESIGN  
 DIEMER FEMA FIRE DAMAGE  
 DIEMER FILTR. PLANT- REPLACE TURBINE DEEP WELL PUMP  
 DIEMER FILTRATION PLANT - SLOPE REPAIR  
 DIEMER MAIN ROAD REBURBISHMENT  
 DIEMER MAIN ROAD REFURBISHMENT  
 DIEMER OZONE COOLING WATER ALTERNATIVE SOURCE  
 DIEMER PLANT INFLUENT FLOWMETER  
 DIEMER PLANT NORTH STORM DRAIN REPLACEMENT (103132)  
 DIEMER PLANT, ENTRANCE RELOCATION  
 DIEMER PLANT, HABITAT CONSERVATION  
 DIEMER PLANT, NORTHWEST HILL  
 DIEMER PLANT, WEST AREA SITE GRADING  
 DIEMER PLT-POWER DIST.CTR.FOR 2ND LOWER FDR. & E.ORANGE CTY.FEEDER  
 DIEMER USED WASHWATER PUMP STATION PHASE II  
 DIEMER, REPLACE WILLOWGLEN RTU  
 DIRECTIONAL SIGNS FOR DIAMOND VALLEY LAKE FACILITY  
 DISCHARGE ELIMINATION  
 DISCOUNTS & LIQUIDATING DAMAGES ON E & A WB-1 (SPEC NO. 524)  
 DIST SYS-AIR RELEASE & VAC VALVE MODS  
 DISTN SYSTEM REPLACE AREA CONTROL SYSTEMS  
 DISTN SYSTEM SPILL CONTAINMENT & REMEDIATION  
 DISTN SYSTEM TYPE  
 DISTN SYSTEM, STATIONARY CORROSION REFERENCE ELECTRODES  
 DISTRIBUTION PIPELINES  
 DISTRIBUTION SYS - TYPE "M" METER REPLACEMENT  
 DISTRIBUTION SYS - TYPE "M" METER REPLACEMENT (RETIREMENT)  
 DISTRIBUTION SYSTEM - CCPP CONSTRUCTION PACKAGES 9,11,12  
 DISTRIBUTION SYSTEM - METRO GREENLINE ELECTROLYSIS MONITORING  
 DISTRIBUTION SYSTEM - STANDPIPE STRENGTHENING PROGRAM  
 DISTRIBUTION SYSTEM - STATIONARY CORROSION REFERENCE  
 DISTRIBUTION SYSTEM - TREATED WATER CROSS CONNECTION PREVENTION PROJECT - FINAL DESIGN & CONSTRUCTION  
 DISTRIBUTION SYSTEM AIR RELEASE AND VAC VALVE MODS  
 DISTRIBUTION SYSTEM ASSESSMENTS/UPGRADES OF LOS ANGELES COUNTY  
 DISTRIBUTION SYSTEM ASSESSMENTS/UPGRADES OF RIVERSIDE AND SAN DIEGO COUNTY  
 DISTRIBUTION SYSTEM ASSESSMENTS/UPGRADES OF SAN BERNARDINO COUNTY  
 DISTRIBUTION SYSTEM CONTROL & EQUIP UPGRADE - ENHANCED DISTRIB. SYSTEM AUTOMATION PHASE I  
 DISTRIBUTION SYSTEM EQUIPMENT & INSTRUMENTATION UPGRADES  
 DISTRIBUTION SYSTEM EQUIPMENT AND INSTRUMENTATION UPGRADES  
 DISTRIBUTION SYSTEM INFRASTRUCTURE PROTECTION IMPROVEMENTS FOR ORANGE COUNTY  
 DISTRIBUTION SYSTEM ONLINE ANALYZERS REPLACEMENT  
 DISTRIBUTION SYSTEM REHABILITATION PROGRAM - ASSESS THE STATE OF MWD'S DISTRIBUTION SYSTEM  
 DISTRIBUTION SYSTEM RELIABILITY  
 DISTRIBUTION SYSTEM REPLACEMENT OF AREA CONTROL SYSTEMS - WILLOWGLEN RTUS ADMINISTRATION



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

DISTRIBUTION SYSTEM REPLACEMENT OF AREA CONTROL SYSTEMS (DSRACS)  
 DISTRIBUTION SYSTEM, CAPP CONSTRUCTION PACKAGES 9, 11, 12  
 DISTRIBUTION SYSTEM, TREATED WATER CROSS CONNECTION PREVENTION PROGRAM  
 DISTRIBUTION SYSTEM, TREATED WATER CROSS CONNECTION PREVENTION PROJECT\_FINAL DESI  
 DISTRIBUTION SYSTEM-REPLACE FLOWMETERS  
 DISTRIBUTION SYSTEM-REPLACE FLOWMETERS (RETIREMENT)  
 DISTRIBUTION SYSTEM-REPLACE MECHICAL METERS  
 DISTRIBUTION SYSTEM-REPLACE MECHICAL METERS - PHASE 2 (RETIREMENT)  
 DISTRICT WIDE - ENHANCED VAPOR RECOVERY PHASE 2 GASOLINE DISPENSING  
 DOMINGUEZ CHANNEL PRESSURE RELIEF STRUCTURE IMPROVEMENTS  
 DROUGHT RESPONSE WESTSIDE PUMP STATION  
 DSRACS - OPERATIONS CONTROL CENTER - CONTRACT #1396  
 DSRACS - SKINNER AREA  
 DSRACS - SOFTWARE DEVELOPMENT COST  
 DSRACS - WEYMOUTH  
 DVL & CONTROL SYSTEM REPLACEMENT INVESTIGATION & PREPARATION FOR PRELIMINARY DESIGN  
 DVL QUAGGA MUSSEL CONTROL FACILITY  
 DVL VIEWPOINT ROAD SECURITY UPGRADES  
 DVL VISITOR CENTER EXTERIOR LIGHTING REPLACEMENT  
 DVL, WORK PACKAGE 3, SAN DIEGO CANAL RELOCATION  
 DVL, WORK PACKAGE 46, SAN DIEGO PIPELINE  
 DWCV-01  
 DWCV-5  
 DWR-LAKE PERRIS DISSOLVED OXYGEN ENHANCEMENT PROJ  
 EAGLE EQUIPMENT WASH AREA UPGRADE  
 EAGLE MOUNTAIN POOL REFURBISHMENT  
 EAGLE ROCK - ASPHALT REHABILITATION  
 EAGLE ROCK - FIRE PROTECTION AT THE WESTERN AREA OF THE EAGLE ROCK CONTROL CENTER PERIMETER GROUNDS  
 EAGLE ROCK CANYON CROSSING SCHEDULE 12C  
 EAGLE ROCK CHLORINE STATION  
 EAGLE ROCK CONNECTION AND LATERAL SCHEDULE 12P (SPEC NO. 395)  
 EAGLE ROCK CONTROL BUILDING  
 EAGLE ROCK CONTROL BUILDING SECOND STORY STRUCTURE  
 EAGLE ROCK CONTROL CENTER FIREHYDRANT  
 EAGLE ROCK CONTROL TOWER CATHOTIC PROTECTION REHABILITATION  
 EAGLE ROCK LATERAL INTERCONNECTION REPAIR  
 EAGLE ROCK MAIN BUILDING ROOF REPLACEMENT  
 EAGLE ROCK MAIN BUILDING ROOF REPLACEMENT - STUDY  
 EAGLE ROCK OCC - REHAB CONTROL ROOM  
 EAGLE ROCK OPERATION CONTROL CENTER & INCIDENT COMMAND CENTER ROOF REPLACEMENT  
 EAGLE ROCK OPERATIONS CONTROL CENTER  
 EAGLE ROCK RESIDENCE CONVERSION  
 EAGLE ROCK TOWER AND PUDDINGSTONE SPILLWAY GATES REHABILITATION  
 EAGLE ROCK TOWER DISTRIBUTION SYSTEM UPGRADES  
 EAGLE ROCK TOWER SLIDEGATE REHABILITATION  
 EAGLE ROCK TOWER, SLIDE GATES REHABILITATION  
 EAGLE ROCK-PALOS VERDES FEEDER SCHEDULE 21SC  
 EAGLE ROCK-PALOS VERDES FEEDER SCHEDULE 22SC  
 EAGLE ROCK-PALOS VERDES FEEDER SCHEDULE 23SC  
 EAGLE ROCK-PALOS VERDES FEEDER SCHEDULE 24SC  
 EAGLE ROCK-PALOS VERDES FEEDER SCHEDULE 25SC  
 EAST INFLUENT CHANNEL REPAIR PROJECT  
 EAST LAKE SKINNER BYPASS AND BYPASS NO.2 SCREENING STRUCTURE UPGRADE (SUSPENSE)  
 EAST OC FEEDER NO. 2 SERVICE CONNECTION A-06  
 EAST ORANGE COUNTY FDR NO.2, PRELIMINARY ENGINEERING  
 EAST ORANGE COUNTY FDR. DISSIPATOR STRUCTURE  
 EAST ORANGE COUNTY FEEDER #2 REPAIR  
 EAST ORANGE COUNTY FEEDER #2 SEISMIC RETROFIT  
 EAST ORANGE COUNTY FEEDER NO. 2 SERVICE CONNECTION A-6 REHABILITATION  
 EAST ORANGE COUNTY FEEDER NO.2- MWD'S PORTION  
 EAST ORANGE COUNTY FEEDER, SCHEDULE 81P  
 EAST ORANGE COUNTY FEEDER, STA 990+00 TO 1100+00  
 EAST VALLEY FEEDER (FORMERLY CALLEGUAS CONDUIT)  
 EAST VALLEY FEEDER -RELOCATION AT HOLLYWOOD WAY  
 EAST VALLEY FEEDER- STRUCTURE MODIFICATIONS  
 EAST VALLEY FEEDER VALVE STRUCTURE ELECTRICAL UPGRADE  
 EAST VALLEY FEEDER, STA 649+00 TO 664+00  
 EASTERN AND DESERT REGIONS PLUMBING RETROFIT  
 EASTERN METROPOLITAN WATER DISTRICT FACILITIES  
 EASTERN REGION DISTR SYS CATHODIC PROTECTION REMOTE MONITORING REFURBISHMENT  
 EASTERN REGION PCCP JOINT MODIFICATION 2012  
 EASTERN REGION PCCP JOINT MODIFICATIONS  
 E-DISCOVERY STORAGE MANAGEMENT SYSTEM UPGRADE  
 EGIS INFRASTRUCTURE UPGRADE  
 ELECTRIC CURRENT DRAIN STATION INSTALLATIONS  
 ELECTRICAL SERVICE- LOWER FEEDER CONTROL TOWER  
 ELECTRICAL UPGRADES AT 15 STRUCTURES IN THE ORANGE COUNTY REGION (STAGE 1)  
 ELECTRICAL UPGRADES AT 15 STRUCTURES, OC REGION  
 ELECTROMAGNETIC INSPECTION OF PCCP LINES  
 ELECTROMAGNETIC INSPECTIONS OF PCCP LINES  
 ELECTRONIC SYSTEM LOG (ESL)  
 EM-01  
 EM-04A  
 EM-05



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description**

**Distribution Facilities**

EM-08  
EM-10  
EM-11  
EM-12A  
EM-12B  
EM-13  
EM-14  
EM-17  
EM-18  
EM-19  
ENCASEMENT OF P.V. FEEDER- SAN BERNARDINO FREEWAY  
ENERGY MANAGEMENT SYSTEM - PHASE 2  
ENHANCED DISTRIBUTION SYSTEM AUTOMATIC FLOW TRANSFERS SOFTWARE REDEVELOPMENT  
ENHANCED DISTRIBUTION SYSTEM AUTOMATION PHASE I  
ENHANCED DISTRIBUTION SYSTEM AUTOMATION PHASE II  
ENHANCED DISTRIBUTION SYSTEM CONTROL  
ENLARGE FOOTHILL FEEDER CONTROL STRUCTURE  
ENTRY CONTROL POINT STANDARDIZATION AND PERIMETER DEFENSE STUDY  
ENVIRONMENTAL REGULATORY AGREEMENTS AND OTHER REGULATORY AGENCY  
EOCF2 OC-44B VALVE REPLACEMENT STA. 1239+29  
EQUIPMENT - 1ST SAN DIEGO AQUEDUCT  
EQUIPMENT UPGRADE AT THE NORTH PORTAL OF THE HOLLYWOOD TUNNEL  
ETIWAND PPLN-REPLACE TURNOUT STRUCTURE  
ETIWANDA / RIALTO PIPELINE INTER-TIE CATHODIC PROTECTION  
ETIWANDA AUTOMATIC VOLTAGE REGULATOR REPLACEMENT  
ETIWANDA CAVITATION FACILITY INFRASTRUCTURE REHABILITATION  
ETIWANDA CAVITATION TEST FACILITY COMMUNICATION AND CONTROL SYSTEM REPLACEMENT  
ETIWANDA HEP NEEDLE VALVE OPERATORS  
ETIWANDA PIPELINE - LINING REPLACEMENT  
ETIWANDA PIPELINE - RIALTO PIPELINE TO UPPER FEEDER  
ETIWANDA PIPELINE AND CONTROL FACILITY - RIGHT OF WAY  
ETIWANDA PIPELINE AND CONTROL FACILITY - AS BUILTS  
ETIWANDA PIPELINE AND CONTROL FACILITY - CATHODIC PROTECTION  
ETIWANDA PIPELINE AND CONTROL FACILITY - EMERGENCY DISCHARGE CONDUITS  
ETIWANDA PIPELINE AND CONTROL FACILITY - LANDSCAPING AND IRRIGATION  
ETIWANDA PIPELINE AND CONTROL FACILITY - RESIDENCES  
ETIWANDA PIPELINE AND CONTROL FACILITY - RIALTO FEEDER TO UPPER PIPELINE  
ETIWANDA PIPELINE CATHODIC PROTECTION  
ETIWANDA PIPELINE LINING REPAIRS  
ETIWANDA PIPELINE LINING REPLACEMENT  
ETIWANDA PIPELINE LINING REPLACEMENT - STAGE 3  
ETIWANDA PIPELINE RELINING - PHASE 3  
ETIWANDA PIPELINE SOUTH - STA. 332+00 TO 349+00 & UPPER FEEDER - STA. 1078+00 TO 1083+00 PROTECTION  
ETIWANDA PUMP STATION  
ETIWANDA RESERVOIR - EXTEND OUTLET STRUCTURE  
ETIWANDA TEST FACILITY  
EXPIRED AND/OR MISC. LAND COSTS TRANSFERRED FROM LAND (12105)  
F-01 CHECK VALVE REPLACEMENT  
F-02  
F-03  
F-04  
F-05  
F-06  
F-08  
F-09  
FACILITY AND PROCESS RELIABILITY ASSESSMENT  
FAIRPLEX AND WALNUT PCS VALVES REPLACEMENT  
FEMA 2005 STORM DAMAGE, EASTERN REGION  
FEMA 2005 STORM DAMAGE, WESTERN REGION  
FEMA CORROSION CONTROL EQUIPMENT  
FEMA FLOW CONTROL STRUCTURE  
FEMA OLINDA PRESSURE CONTROL FACILITY  
FEMA PROJECT 700049  
FEMA PROJECT 701208  
FEMA PROJECT 701211  
FEMA PROJECT 701222  
FEMA PROJECT 701223  
FEMA PROJECT 701269  
FEMA PROJECT 701271  
FEMA PROJECT 701273  
FEMA PROJECT 701274  
FEMA PROJECT 701277  
FEMA PROJECT 701278  
FEMA PROJECT 701279  
FEMA PROJECT 701281  
FEMA PROJECT 701285  
FEMA PROJECT 701287  
FEMA PROJECT 701288  
FEMA PROJECT 701289  
FEMA PROJECT 701303  
FEMA PROJECT 701323  
FEMA PROJECT 701381  
FEMA PROJECT 701485  
FEMA PROJECT 701487



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

FEMA PROJECT 701510  
 FEMA PROJECT 701538  
 FEMA PROJECT 701623  
 FEMA PROJECT 701628  
 FEMA PROJECT 701631  
 FEMA PROJECT WORKSHEET PW 1019  
 FEMA RED MT. HYDRO PLANT  
 FEMA SANTA ANA RIVER BRIDGE CROSSING  
 FIELD FACILITY-PURCHASE SIGNS FO AMERICANS W/DISABILITIES  
 FILTER ISOLATION GATE AND BACKWASH CONTROL WEIR COVERS MODULES 1- 6  
 FIRST SAN DIEGO ACQUEDUCT- REPLACE SLIDE GATES  
 FIVE DELIVERY CONNECTION WEST BASIN  
 FLEET MANAGEMENT SYSTEM  
 FLOW METER MODIFICATION  
 FLOW METER REPLACEMENT  
 FLOW METER REPLACEMENT PROJECT  
 FLOWMETER MODIFICATION - LAKE SKINNER INLET, ETIWANDA EFFLUENT & WADSWORTH CROSS CHANNEL  
 FM-01  
 FOOTHILL & SEPULVEDA FEEDER PCCP CARBON FIBER JOINT REPAIRS  
 FOOTHILL AND SEPULVEDA FEEDER PCCP CARBON FIBER JOINT REPAIRS  
 FOOTHILL AREA STUDY  
 FOOTHILL FDR., RIALTO PIPELINE-CONSTN. OF CHLORINE DIFFUSION STRUCTURE  
 FOOTHILL FDR.-SCH.269 & 270, PIPELINE ,HERMOSA AVE. TO CITRUS AVE.  
 FOOTHILL FDR.-SCH.271 & 272, PIPELINE CITRUS AVE. TO DWR. DEVIL CANYON  
 FOOTHILL FEEDER - CASTAIC VALLEY BLOW-OFF VALVES REPLACEMENT  
 FOOTHILL FEEDER - MAGAZINE CANYON SITE IMPROVEMENT  
 FOOTHILL FEEDER ACOUSTIC FIBER OPTIC PCCP MONITORING SYSTEM  
 FOOTHILL FEEDER ADEN AVE REHABILITATION  
 FOOTHILL FEEDER ADEN AVE. REHABILITATION  
 FOOTHILL FEEDER CARBON FIBER REPAIR  
 FOOTHILL FEEDER CATHODIC PROTECTION  
 FOOTHILL FEEDER CONTROL STRUCTURE  
 FOOTHILL FEEDER HYDROELECTRIC PLANT RUNNER REPLACEMENT  
 FOOTHILL FEEDER MAGAZINE CANYON SHAFT  
 FOOTHILL FEEDER PCS VALVE REPLACEMENT  
 FOOTHILL FEEDER PIPELINE REPLACEMENT PROJECT  
 FOOTHILL FEEDER POWER PLANT EXPANSION  
 FOOTHILL FEEDER REPAIR @ SANTA CLARITA RIVER  
 FOOTHILL FEEDER RIALTO PIPELINE- SCH 268 (CAMPUS AV. TO HERMOSA AV.)  
 FOOTHILL FEEDER RIALTO PIPELINE- SCH. 264 & 265(SAN DIMAS TO THMP.CRK)  
 FOOTHILL FEEDER RIALTO PIPELINE- SCH. 266 & 267  
 FOOTHILL FEEDER- SAN FERNANDO TUNNEL  
 FOOTHILL FEEDER, CARBON FIBER REPAIRS  
 FOOTHILL FEEDER, DALTON ADIT  
 FOOTHILL FEEDER, SAN DIMAS WASH  
 FOOTHILL FEEDERSYSTEM- SAN DIMAS FACILITIES, 2ND STAGE  
 FOOTHILL FOR SAN FERNANDO TNL-GATE STRCTR LIGHTING & ALARM SYSTEM  
 FOOTHILL HYDROELECTRIC RUNNER REPLACEMENT  
 FOOTHILL PCS - UNINTERRUPTIBLE POWER SOURCE SYSTEMS INSTALLATION  
 FOOTHILL PCS FLOOD PUMP INSTALLATION DESIGN DOCUMENTATION  
 FOOTHILL PCS INTERNAL VALVE LINERS UPGRADE  
 FOOTHILL FEEDER EXPOSURE  
 FUEL MANAGEMENT SYSTEM  
 FUTURE SYSTEM RELIABILITY PROGRAM  
 G-02  
 G-03  
 GARVEY RESERVOIR - HYPOCHLORITE FEED SYSTEM  
 GARVEY RESERVOIR - INSTALL HYPOCHLORINATION STATIONS  
 GARVEY RESERVOIR - LOWER ACCESS PAVING ROAD & DRAINS  
 GARVEY RESERVOIR CONTROL VALVES REPLACEMENT  
 GARVEY RESERVOIR HYPOCLORITE FEED SYSTEM  
 GARVEY RESERVOIR SITE DRAINAGE REPAIRS AND MODIFICATIONS  
 GARVEY RESERVOIR SODIUM HYPOCLORITE FEED SYSTEM REHABILITATION  
 GARVEY-ASCOT CROSS CONN: STA. 134+00 TO 147+00 (SPEC NO. 401 & 410)  
 GARVEY-ASCOT CROSS FEEDER- REPLACE VALVE  
 GATE NO 3 - 1ST SAN DIEGO AQUEDUCT  
 GENE & IRON POOLS  
 GENE AIR CONDITIONING SYSTEM REPLACEMENT  
 GENE AIR CONDITIONING SYSTEM REPLACEMENT (103562)  
 GENE MESS HALL AIR CONDITIONING UNIT  
 GENE SPARE PARTS WAREHOUSE IMPROVEMENTS  
 GLENDALE 01 SERVICE CONNECTION REHAB  
 GLENDALE-01 SERVICE CONNECION REHABILITATION AND UPGRADE  
 GLENDALE-01 SERVICE CONNECTION REHABILITATION  
 GLENDORA TUNNEL  
 GLENDORA TUNNEL- CORROSION CNTRL SYS  
 GREG AVE PCS FACILITY REHABILITATION  
 GREG AVE. PCS-SURGE TANK, REPLACE INTERIOR LINING  
 GREG AVENUE CONTROL STRUCTURE VALVE REPLACEMENT  
 GREG AVENUE CONTROL STRUCTURE VALVE REPLACEMENT (103265)  
 GREG AVENUE PCS - PUMP MODIFICATIONS AND NEW CONTROL BUILDING  
 GREG AVENUE PCS CONTROL BUILDING INTERIOR REHABILITATION  
 GREG AVENUE PCS- SURGE TANK, REPLACE INTERIOR LINING  
 HINDS GARAGE ASBESTOS SHEETING REPLACEMENT



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

HOLLYWOOD TUNNEL (SPEC NO. 329)  
HOLLYWOOD TUNNEL NORTH PORTAL EQUIPMENT UPGRADES  
HOUSE AT EAGLE ROCK  
HOUSE AT NORTH PORTAL OF HOLLYWOOD TUNNEL  
HR IMPROVEMENT PLANT PROJECT - PHASE II  
HVAC MODIFICATIONS FOR ELECTRICAL SAFETY AND RELIABILITY  
HYDRAULIC MODELING PROJECT  
HYDROELECTRIC PLANT CARBON DIOXIDE (CO2) FIRE SUPPRESSION SYSTEM MODIFICATIONS  
HYDROELECTRIC POWER PLANT (HEP) DISCHARGE ELIMINATION  
IAS PROJECTS - CPA  
IAS PROJECTS - DVL-SKINNER  
IAS PROJECTS - MILLS SUPPLY RELIABILITY  
IMPROVEMENTS TO PUDDINGSTONE SPILLWAY ON UPPER FEEDER  
INLAND FEEDER AND LAKEVIEW PIPELINE INTERTIE  
INLAND FEEDER RIALTO FEEDER INTERTIE  
INLAND FEEDER TO CITRUS RESERVOIR AND PUMP STATION INTERCONNECTIONS  
INLAND FOR SYSTEM- BOX SPRINGS FEEDER  
INLAND PCSUST REMOVAL & AST INSTALLATION  
INSPECTION OF THE ALLEN-MCCOLLOCH PIPELINE  
INSTALL FLOWMETER INST. AT DEVIL CANYON/ RIALTO  
INSTALL MOTION SENSORS IN NEW EXPANSION  
INSTALL TEST LEADS AT FOUR LOCATIONS  
INSTALL TEST STATIONS ON 32 BURIED INSULATION JOINTS  
INSULATION JOINT TEST STATIONS  
INTAKE PUMPING PLANT - UNDER FREQUENCY PROTECTION RELAY UPGRADE  
INTAKE ROAD- WIDEN BRIDGE  
INTERCONNECT & PRESURE CONTROL STRUCTURE AT LOWER & OC FDR.  
INTERCONNECT EAST ORANGE COUNTY FDR. NO.2 & ORG COUNTY FDR. (SPEC #681)  
IOC - 2ND BBL 1ST SAN DIEGO AQUEDUCT  
IOC - 2ND LOWER & W ORANGE CO FEEDERS, INTERCONNECT STRUCTURE REMOTE CONTROL  
IOC - ACCUSONIC FLOW METER UPGRADE  
IOC - ALLEN MCCOLLOCH PIPELINE REPAIR  
IOC - ALLEN-MCCOLLOCH PIPELINE  
IOC - AULD VALLEY PIPELINE  
IOC - BOX SPRINGS FEEDER FABRICATION & INSTALLATION OF STEEL PIPE  
IOC - CATHODIC PROTECTION, EAST ORANGE COUNTY FDR 2  
IOC - CENTRALIZED CONTROL SYSTEM  
IOC - DIEMER HABITAT CONSERVATION PLAN  
IOC - DISTN SYSTEM REPLACE AREA CONTROL SYSTEMS  
IOC - DISTN SYSTEM SPILL CONTAINMENT & REMEDIATION  
IOC - DISTRIBUTION SYS TYPE "M" METER REPLACEMENT  
IOC - DISTRIBUTION SYSTEM, MULTIPLE ADDRESS SPECTRUM SYSTEM  
IOC - EAGLE ROCK OPERATIONS CONTROL CENTER  
IOC - EAST VALLEY FEEDER, RELOCATION AT HOLLYWOOD WAY  
IOC - EAST VALLEY FEEDER, STRUCTURE MODIFICATIONS  
IOC - ENLARGE FOOTHILL FEEDER CONTROL STRUCTURE  
IOC - ETIWANDA PIPELINE CATHODIC PROTECTION  
IOC - FOOTHILL FDR, ELEC PWR BLOWOFF/CHLOR STRUCTURE  
IOC - FOOTHILL FEEDER, SAN FERNANDO TUNNEL, GATE STRUCTURE LIGHTING & ALARM SYST  
IOC - GREG AVENUE PCS, SURGE TANKS, REPLACE INTERIOR LINING  
IOC - INSPECTION OF THE ALLEN-MCCOLLOCH PIPELINE  
IOC - INTAKE ROAD, WIDEN BRIDGE  
IOC - JENSEN FILT PLANT, NEW INFLUENT CONDUIT  
IOC - LA VERNE FACILITIES, MATERIAL TESTING LABORATORY MODIFICATION  
IOC - LA VERNE FACILITY, CORROSION MATERIAL TEST PLANT  
IOC - LA VERNE MATERIAL TEST LAB, REPLACE COOLING SYSTEM  
IOC - LAKE PERRIS BYPASS PIPELINE  
IOC - LAKE PERRIS PUMPBACK FACILITY  
IOC - LAKE PERRIS PUMPBACK FACILITY EXPANSION  
IOC - LOW LEVEL TEHACHAPI TUNNEL, FEASIBILITY STUDY  
IOC - LOWER FEEDER PROTECTION, IMPERIAL HWY AT ATSF RR TRACKS, SANTA FE SPRNGS  
IOC - LOWER FEEDER, RELOCATE AT IMPERIAL HIGHWAY, STA 2163+50  
IOC - MILLS FILT PLT, ADMIN BLDG EXPANSION  
IOC - MILLS PLANT, SERVICE CONNECTION WR-24A TURNOUT STRUCTURE  
IOC - MINOR CAPITAL PROJECTS FY 1988/89 - INGLEWOOD LATERAL  
IOC - MINOR CAPITAL PROJECTS, BOX SPRINGS FDR, INSTALL CHLORINE DIFUSER  
IOC - MINOR CAPITAL PROJECTS, YORBA LINDA FEEDER  
IOC - MWD SHARE OF DESIGN AND CONSTRUCTION OF SC LA-35  
IOC - NEWHALL TUNNEL STEEL LINER  
IOC - NEWHALL TUNNEL, INSTALL LINER  
IOC - NEWHALL TUNNEL, LINER REPAIR  
IOC - OLINDA PCS VIBRATION STUDY  
IOC - OLINDA PCS, SECURITY FENCING AND PAVING  
IOC - ORANGE CO FDR, DESIGN & CONSTRUCT FLOW CTRL FAC  
IOC - ORANGE COUNTY FEEDER SERVICE CONN A-1, RELOC METER CABINET & ELEC SERV  
IOC - ORANGE COUNTY FEEDER, RELOCATION BETWEEN STA 473+21-52 & 473+5-82  
IOC - PALOS VERDE FEEDER, WASHINGTON PCS, PLATFORMS/LADDERS  
IOC - PALOS VERDES FDR WASHINGTON ST PCS  
IOC - PALOS VERDES FEEDER CATHODIC PROTECTION SYSTEM  
IOC - PALOS VERDES FEEDER, 108TH ST PCS, INSTALL ELECTRIC VALVE OPERATORS  
IOC - PALOS VERDES FEEDER, RELOCATE HARBOR AND ARTESIA FREEWAYS  
IOC - PIPELINES AND FEEDERS, CONSTRUCTION STANDPIPE BRACING  
IOC - PV MIDDLE CROSS, MIDDLE FEEDERS, ELECTROLYSIS TEST STATION  
IOC - REFURBISH SERVICE CONNECTION, LOWER MIDDLE FEEDER



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

IOC - REPLACEMENT OF 75 UNDERGROUND FUEL STORAGE TANKS, ALL FACILITIES  
 IOC - RIALTO PIPELINE AT DEVIL'S CANYON  
 IOC - RIALTO PIPELINE, DELIVERY FACILITIES FOR CYCLIC STORAGE  
 IOC - RIALTO PPLN, INSTALL 2 CATHODIC PROTECTION SYSTEM  
 IOC - SAN DIEGO CANAL ENLARGEMENT PHASE 2  
 IOC - SAN DIEGO CANAL MODIFICATION, 5 ADDITIONAL SIPHONS  
 IOC - SAN DIEGO PPLN 3 BYPASS  
 IOC - SAN DIEGO PPLNS 4 & 5 CORROSION CTRL SYS  
 IOC - SAN DIEGO PIPELINE 5, SCH SD-17, TEMECULA TO DELIVERY POINT  
 IOC - SAN DIEGO PIPELINE.5, SCH SD-17, TEMECULA TO DELIVERY POINT  
 IOC - SAN DIEGO PPLN 5, SCH SD-16, SKINNER TO TEMECULA (SPEC NO. 1065)  
 IOC - SANTA ANA CROSS FEEDER, RELOCATE FLOWER STREET STORM DRAINAGE  
 IOC - SANTA MONICA FEEDER, SUNSET RELIEF STRUCTURE, MODIFY STA 433022  
 IOC - SEPULVEDA FDR, SCH 123 CORROSION MITIGATION  
 IOC - SERVICE CONN DW-CV-4, WHITE WATER SIPHON (2ND BARREL), STA 9698+00  
 IOC - SERVICE CONNECTION DW-CV-4, VALVE STRUCTURE & SIPHON, STA 9698+00  
 IOC - SKINNER BYPASS PIPELINE CHLORINATION SYSTEM  
 IOC - STRUCTURE MODIFICATIONS TO SAN DIEGO PIPELINE"S # 1 AND 2  
 IOC - TESTING PROGRAM AT YORBA LINDA TEST FACILITY  
 IOC - UPPER FEEDER CATHODIC PROTECTION SCH 25  
 IOC - UPPER FEEDER SANTA ANA RIVER BRIDGE SEISMIC MODIFICATION  
 IOC - UPPER FEEDER, MANHOLE MODIFICATION, STATION 1464+50  
 IOC - UPPER FEEDER, MANHOLE MODIFICATION, STATION 1495+54  
 IOC - UPPER FEEDER, MANHOLE MODIFICATION, STATION 1757+86  
 IOC - UPPER FEEDER, MODIFY PUDDINGSTONE SPILLWAY, STA 1950+62.71  
 IOC - UPPER FEEDER, ROAD ACCESS TO SANTA ANA BRIDGE  
 IOC - WEST ORANGE COUNTY FEEDER PCS, INSTALL 480V 3 PHASE ELEC SERVICE  
 IOC - WEST ORANGE COUNTY FEEDER RELOCATION AT STA 456+00  
 IOC - WEST ORANGE COUNTY FEEDER, RELOCATE STATIONS 132+16 TO 132+74  
 IOC - WEST VALLEY FACILITIES STUDY  
 IOC - YORBA LINDA FEEDER BYPASS  
 IRON MOUNTAIN - TRANSFORMER OIL TANK RELOCATION  
 JENSEN & MILLS OXIDATION RETROFIT  
 JENSEN AND WESTERN REGION ELECTRICAL CONTROLS REHABILITATION  
 JENSEN DISTRIBUTION SYSTEM - REPLACEMENT OF AREA CONTROL SYSTEMS - CONTRACT # 1396  
 JENSEN EGEN UST UPGRADE - LINE LEAK DETECTOR INSTALLATION  
 JENSEN FILTER BACKWASH BIOLOGICAL CONTROL SYSTEM  
 JENSEN FILTER EFFLUENT TURBIDIMETER RELIABILITY  
 JENSEN FILTR. PLANT- NEW INFLUENT CONDUIT  
 JENSEN FILTR. PLANT- TURBIDIMETERS  
 JENSEN FILTRATION PLANT - REPLACE ADMINISTRATION BUILDING AIR CONDITIONING  
 JENSEN FILTRATION PLANT - ROAD RECONSTRUCTION  
 JENSEN IRRIGATION LINE REPLACEMENT  
 JENSEN OUTLET CHLORINE DIFFUSER AND SAMPLE PUMP MODIFICATIONS  
 JENSEN OZONE SYSTEM PLC CONTROL & COMMUNICATION EQUIPMENT UPGRADE  
 JENSEN PLANT- SERVICE CONNECTION - LA 25  
 JENSEN PLANT-BY PASS PIPELINE  
 JENSEN SOLAR FACILITY  
 JENSEN/CANYON FEMA FIRE DAMAGE  
 KIMBERLY STORM CHANNEL-ORANGE COUNTY FEEDER (ORG CONST)  
 LA VERNE BUILDING 40 COMPRESSED AIR UPGRADES  
 LA VERNE FACILITIES - BRIDGEPORT E-2-PATH  
 LA VERNE FACILITIES - ENERGY CONSERVATION ECM1 - 10  
 LA VERNE FACILITIES - EXPANSION OF THE SANITARY SEWER  
 LA VERNE FACILITIES - HAZARDOUS WASTE STORAGE  
 LA VERNE FACILITIES - MAIN TRANSFORMERS REPLACEMENT  
 LA VERNE FACILITIES - MATERIAL TESTING LABORATORY MODIFICATION  
 LA VERNE FACILITIES - MATERIALS TESTING LABORATORY  
 LA VERNE FACILITIES - REPLACEMENT OF FLOCCULATOR STUB SHAFT - BASINS 1 & 2  
 LA VERNE FACILITIES, UPPER FDR PUDDINGSTONE SPILLWAY, CROSS CONNECTION  
 LA VERNE FACILITY-CORROSION MATERIAL TEST PLT  
 LA VERNE MACHINE SHOP - AIR CONDITIONING UNIT REPLACEMENT  
 LA VERNE MACHINE SHOP - REPAIR HORIZONTAL BORING MILL  
 LA VERNE MACHINE SHOP SWAMP COOLER REPLACEMENT (103929)  
 LA VERNE PIPELINE  
 LA-02  
 LA-03  
 LA-04  
 LA-06  
 LA-07  
 LA-08  
 LA-09  
 LA-10  
 LA-11  
 LA-12  
 LA-13  
 LA-15  
 LA-16  
 LA-21A  
 LA-22  
 LA-23  
 LA-24  
 LA-25  
 LA-30



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

LA-31  
 LA-33  
 LA-35  
 LA-35 DISCHARGE STRUCTURE REPAIRS  
 LA-35 DISCHARGE STRUCTURE REPAIRS  
 LADWP CONNECTION IN MAGAZINE CANYON  
 LAKE MATHEWS - CONSTRUCTION OF BACKUP COMPUTER FACILITIES  
 LAKE MATHEWS - DIVERSION TUNNEL WALKWAY REPAIR  
 LAKE MATHEWS - FACILITY WIDE EMERGENCY WARNING AND PAGING SYSTEM  
 LAKE MATHEWS - FOREBAY MCC ROOF IMPROVEMENT  
 LAKE MATHEWS - MAIN DAM TOE SEEPAGE COLLECTION  
 LAKE MATHEWS - MULTIPLE SPECIES MANAGER'S OFFICE & RESIDENCE  
 LAKE MATHEWS - RENOVATION OF BLDGS. 8 & 15, GENERAL ASSEMBLY & ADMIN. BLDG. OFFICE AREAS  
 LAKE MATHEWS - RETROFIT LOWER ENTRANCE GATE SWING ARM  
 LAKE MATHEWS FACILITIES WIDE EMERGENCY WARNING/PAGING SYSTEM  
 LAKE MATHEWS FENCING SECURITY UPGRADE  
 LAKE MATHEWS FOREBAY MCC ROOF IMPROVEMENT  
 LAKE MATHEWS HEADWORKS- REPLACE TWO VALVES (WO #3543)  
 LAKE MATHEWS HEAVY AND LIGHT VEHICLE SHOP PROPANE TANKS  
 LAKE MATHEWS MAIN DAM TOE SEEPAGE COLLECTION  
 LAKE MATHEWS RETROFIT LOWER ENTRANCE GATE SWING ARM  
 LAKE PERRIS BY PASS PIPELINE  
 LAKE PERRIS BY PASS PIPELINE- CLAIMS  
 LAKE PERRIS BYPASS PIPELINE EXPLORATION  
 LAKE PERRIS BYPASS PIPELINE RELINING  
 LAKE PERRIS DISSOLVED OXYGEN ENHANCEMENT (CAPITAL PORTION)  
 LAKE PERRIS EMERGENCY STANDBY GENERATOR AND TRANSFER SWITCH REPLACEMENT  
 LAKE PERRIS EMERGENCY STANDBY GENERATOR SYSTEM REPLACEMENT  
 LAKE PERRIS EMERGENCY STANDBY GENERATOR SYSTEM REPLACEMENT (103909)  
 LAKE PERRIS PIPELINE RELINING  
 LAKE PERRIS PUMPBACK FACILITY  
 LAKE PERRIS PUMPBACK FACILITY EXPANSION  
 LAKE PERRIS PUMPBACK FACILITY-EXPANSION NO.2  
 LAKE SKINNER - AERATOR AIR COMPRESSOR REPLACEMENT  
 LAKE SKINNER - OUTLET TOWER VALVE REHABILITATION  
 LAKE SKINNER - REPLACEMENT AERATOR RING  
 LAKE SKINNER AERATOR AIR COMPRESSOR REPLACEMENT  
 LAKE SKINNER AREA DISTRIBUTION SYSTEM VALVE REPLACEMENT  
 LAKE SKINNER BYPASS PIPELINE #2 AND #3  
 LAKE SKINNER C&D BUILDING REHABILITATION  
 LAKE SKINNER CATHODIC PROTECTION  
 LAKE SKINNER DAM ROAD REHAB  
 LAKE SKINNER EAST BYPASS SCREENING STRUCTURES  
 LAKE SKINNER EAST BYPASS STRUCTURE REHABILITATION  
 LAKE SKINNER OUTLET TOWER CHLORINE SYSTEM MODIFICATION  
 LAKE SKINNER OUTLET TOWER VALVE  
 LAKE SKINNER WEST BYPASS SCREENING STRUCTURE  
 LAKE SKINNER WEST BYPASS SCREENING STRUCTURE REHABILITATION  
 LAKE VIEW PIPE LINE REPAIRS  
 LAKE VIEW PIPELINE- SCH. 310,312 AND 313  
 LAKE VIEW PIPELINE/INLAND FEEDER PCS ABOVE GROUND STORAGE TANK FOR DIESEL FUEL  
 LAKE VIEW PIPELINE-INSTALL CATHODIC PROTECTION-STATION 2210+00  
 LAKEVIEW PIPELINE - REPLACE VACUUM/AIR RELEASE  
 LAKEVIEW PIPELINE CATHODIC PROTECTION SYSTEM  
 LAKEVIEW PIPELINE CATHODIC PROTECTION SYSTEM REHABILITATION  
 LAKEVIEW PIPELINE IMPROVEMENTS  
 LAKEVIEW PIPELINE LEAK REPAIR AT ST 2510+49  
 LAKEVIEW PIPELINE RELINING  
 LAKEVIEW PIPELINE RELINING - STAGE 2  
 LAKEVIEW PIPELINE RELINING - STAGE 3  
 LAKEVIEW PIPELINE REPAIR  
 LAKEVIEW PIPELINE UPGRADE  
 LAKEVIEW PIPELINE, REPLACE VACUUM/AIR RELEASE  
 LA-MISC  
 LAVERNE - REPLACE COOLING SYS - MAT'L TEST LAB  
 LAVERNE - RREPLACE COOLING SYSTEM - MATERIAL TEST LAB (PROJECT 100866)  
 LAVERNE FACILITY - MATERIALS TESTING LAB RENOVATION  
 LB-02  
 LB-03  
 LB-04  
 LB-07  
 LB-08  
 LB-MISC  
 LIVE OAK RESERVOIR BYPASS PIPELINE CATHODIC PROTECTION  
 LIVE OAK RESERVOIR PIPELINE CATHODIC PROTECTION  
 LIVE OAK RESERVOIR PIPELINES CATHODIC PROTECTION  
 LONG BEACH LATERAL : SECTIONALIZING VALVE STRUCTURE  
 LONG BEACH LATERAL EXTENSION SCHEDULE 41P (SPEC NO. 342)  
 LONG BEACH LATERAL SCHEDULE 26SC (SPEC NO. 293)  
 LOS ANGELES COUNTY NORTH C AND D REGION ELECTRICAL STRUCTURES REHAB  
 LOS ANGELES COUNTY SOUTH C AND D REGION ELECTRICAL STRUCTURES REHAB  
 LOW LEVEL TEHACHAPI TUNNEL- FEASIBILITY STUDY  
 LOWER FDR, SCHEDULE 80SC, MISCELLANEOUS CREDITS  
 LOWER FDR, SCHEDULE 80SC, MISCELLANEOUS CREDITS



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

LOWER FDR: CAJALCO TUNNEL TO CORONA PIPELINE, SCH 71P  
 LOWER FDR: CAJALCO TUNNEL: STA. 1+00 TO 80+00 (SPEC NO. 413)  
 LOWER FDR: STA. 988+54.00 TO 1031+52.75 (SCH. 75P)  
 LOWER FDR: STA. 77+45 TO 282+50 (CAJALCO TNL. TO E. BND. OF CORONA) SCH 70P  
 LOWER FDR-RELOCATE IN IMPERIAL HIGHWAY, STA 2163+50  
 LOWER FEEDER - CATHODIC PROTECTION  
 LOWER FEEDER BLOW-OFF DRAIN LINE REPLACEMENTS  
 LOWER FEEDER CATHODIC PROTECTION SYSTEM REHABILITATION  
 LOWER FEEDER- CONSTRUCTION OF BLOWOFF STRUCTURE AT STA. 80+40  
 LOWER FEEDER PROTECTION, IMPERIAL HWY AT ATSF RR TRACKS, SANTA FE SPRNGS  
 LOWER FEEDER STANDPIPE #22 REHABILITATION  
 LOWER FEEDER WR 33 - AREA REPAIR AND REMEDIATION  
 LOWER FEEDER, ALLEN MCCOLLCOCH  
 LOWER FEEDER, SCHEDULE 79C  
 LOWER FEEDER, SCHEDULE 80SC  
 LOWER FEEDER, STA 359+10  
 LOWER FEEDER, STA 421+15 TO 457+85  
 LOWER FEEDER: STA. 663+00 TO 793+80, SCH. 73SC (SPEC 455)  
 LOWER FEEDER: STA. 793+80 TO 919+54 SCH. 72, 73, 74  
 LOWER FEEDER: COTTAGE & DOUBLE GARAGE NEAR CNTRL. TOWER (SA CYN.)  
 LOWER FEEDER: STA. 524+05 TO 663+00 (W. BND. OF CORONA TO SA RIVER CYN.)  
 LV-02  
 LV-03  
 MAGAZINE CANYON CANOPY  
 MAGAZINE CANYON, ISOLATION GATE JACKING FRAME  
 MAGAZINE CANYON, VALVE REPLACEMENT FOR SAN FERNANDO TUNNEL  
 MAGAZINE CANYON-ISOLATION GATE JACKING FRAME  
 MECHANICAL / VENTURI TYPE METERS- DISTR SYSTEM (INTERIM CONST)  
 METER & CHLORINATION EQUIPMENT - ORANGE COUNTY FEEDER  
 METER- SERVICE CONNECTION PM - 17 UPPER FEEDER (INTERIM CONST)  
 METERING CIRCUITS MODIFICATIONS AT ETIWAND AND VALLEY VIEW POWER  
 MICROWAVE COMMUNICATION SITES BUILDING UPGRADE  
 MIDDLE CROSS FDR: STA 0+09.98 TO 285+40-GARFIELD-WADSWORTH AVE  
 MIDDLE CROSS FDR: STA. 285+40 TO 360+62.29 (WADSWORTH-FIGUEROA ST) ( SCH 54SC)  
 MIDDLE CROSS FDR: STA. 285+40 TO 360+62.29 (WADSWORTH-FIGUEROA ST) ( SCH 55SC)  
 MIDDLE CROSS FEEDER CATHODIC PROTECTION  
 MIDDLE FDR: STA. 7+53.65 TO 301+00 (GRAND AVE-BALDWIN PK.) SCH 57SC  
 MIDDLE FDR: STA. 7+53.65 TO 301+00 (LA VERNE-GRAND AVE.) SCH 56SC  
 MIDDLE FDR: STA. 759+00 TO 944+00 (BALDWIN PK-SO SAN GABE) SCH 59SC  
 MIDDLE FDR: STA. 944+00 TO 1105+50 (SO SAN GABE-GARVEY RSVR) SCH 59A  
 MIDDLE FEEDER - CATHODIC PROTECTION SYSTEMS  
 MIDDLE FEEDER - NORTH CATHODIC PROTECTION SYSTEM  
 MIDDLE FEEDER BLOW-OFF VALVE REPLACEMENT AT STA 782+53.16  
 MIDDLE FEEDER CHLORINATION STRUCTURE REHABILITATION AT WEYMOUTH WTP  
 MIDDLE FEEDER NORTH CATHODIC PROTECTION  
 MIDDLE FEEDER NORTH CATHODIC PROTECTION SYSTEM  
 MIDDLE FEEDER NORTH DRAINAGE AND PROTECTION RESTORATION  
 MIDDLE FEEDER PROTECTION AT RUSH ST. AND WALNUT GROVE AVE.  
 MIDDLE FEEDER- RELOCATE DURFEE AVE. STA. 758+00 TO 771+00  
 MIDDLE FEEDER RELOCATION FOR SCE MESA SUBSTATION  
 MIDDLE FEEDER SCHEDULE 76SC (SPEC NO. 524)  
 MIDDLE FEEDER SCHEDULE 77SC (SPEC NO. 524)  
 MIDDLE FEEDER SCHEDULE 78SC (SPEC NO. 524)  
 MIDDLE FEEDER SOUTH BLOWOFF VALVE REPLACEMENT AT STA. 782+54  
 MIDDLE FEEDER: STA. 244+75 TO 247+45 (SPEC NO. 416)  
 MIDDLE FEEDER: COTTAGE AND GARAGE AT RIO HONDO STRUCTURE  
 MILLS EGEN USST UPGRADE - LLD INSTALLATION  
 MILLS EMERGENCY GENERATOR PLC UPGRADE  
 MILLS FILT PLT, ADMIN BLDG EXPANSION  
 MILLS FILTR. PLANT- SERVICE CONNECTION WR-24A TURNOUT STRUCTURE  
 MILLS FILTRATION PLANT - INVESTIGATION TO RELOCATE ACCESS ROAD  
 MILLS PLANT (103469)  
 MILLS TURBIDITY EVENT, DR 1952, DECEMBER 2010 STATEWIDE STORMS  
 MILLS WEIR GATE AND FILTER VALVE REHABILITATION  
 MILLS, REPLACE WILLOWGLEN RTU  
 MINOR CAP 08/09 PLACEHOLDER  
 MINOR CAP FY 2009/10  
 MINOR CAP FY 2012/13  
 MINOR CAP FY 2014/16  
 MINOR CAPITAL PROJ - BOX SPRINGS FDR, INSTALL CHLOR DIFUSER  
 MINOR CAPITAL PROJ - FOOTHILL FDR, ELEC PWR BLOWOFF/CHLOR STRUC  
 MINOR CAPITAL PROJ - SD PIPEL #4 & 5-CORR CNTRL SYS  
 MINOR CAPITAL PROJ - SEPULVEDA FDR, SCH 123/ CORR MITIGATION  
 MINOR CAPITAL PROJECTS FOR FY 1989/90 - LONG BEACH LATERAL  
 MINOR CAPITAL PROJECTS FOR FY 1989/90 - SANTIAGO LATERAL CONTROL  
 MINOR CAPITAL PROJECTS FY 1988/89 - 2ND LOWER FEEDER  
 MINOR CAPITAL PROJECTS FY 1988/89 - INGLEWOOD LATERAL  
 MINOR CAPITAL PROJECTS FY 1988/89 - SANTA ANA CROSS FEEDER  
 MINOR CAPITAL PROJECTS FY 1988/89 - SEPULVEDA FEEDER  
 MINOR CAPITAL PROJECTS FY 1988/89 - WEST VALLEY FEEDER (50/50)  
 MINOR CAPITAL PROJECTS FY 2011-2012  
 MINOR CAPITAL PROJECTS- FY 74-75  
 MINOR CAPITAL PROJECTS- LAKEVIEW PIPELINE  
 MINOR CAPITAL PROJECTS PROGRAM 07/08 - REMAINING FUNDS



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

MINOR CAPITAL PROJECTS-DIST SYS, MULTIPLE ADDRESS SPECTRUM SYSTEM  
 MINOR CAPITAL PROJECTS-YORBA LINDA FEEDER  
 MISC  
 MODIFICATIONS OF EM-14 SERVICE CONNECTION  
 MONROVIA CANYON CROSSING SCHEDULE 9C  
 MONROVIA TUNNEL NO. 4  
 MONROVIA TUNNELS NO.1 & NO.2  
 MONROVIA TUNNELS NO.3  
 MONUMENT SIGNS FOR THE DIAMOND VALLEY LAKE FACILITY EAST AND WEST ENTRANCES  
 MORRIS RESERVOIR CONNECTION (SPEC NO. 338)  
 MOUNT OLYMPUS TUNNEL COST RIGHT-OF-WAY (ROW)  
 MP-01  
 MWD ROAD GUARDRAIL  
 MWD SHARE FOR DESIGN AND CONSTRUCTION OF SC. LA-35  
 MWD UNION STATION HEADQUARTERS VISITOR SECURITY SCREENING  
 NEW EMERGENCY SERVICE CONNECTION ON THE SEPULVEDA FDR FOR LADWP  
 NEWHALL AND BALBOA INLET TUNNELS  
 NEWHALL TUNNEL- LINER REPAIR  
 NEWHALL TUNNEL STEEL LINER REPAIR  
 NEWHALL TUNNEL-INSTALL LINER  
 NITROGEN STORAGE COMPLIANCE AT DVL, INLAND FEEDER PCS, AND LAKE MATHEWS  
 NITROGEN STORAGE STUDY  
 NO. PORTAL NEWHALL TUNNEL (CANCELLED)  
 NON PCCP LINES CONDITION INSPECTION AND ASSESSMENT  
 NORTH PORTAL OF HOLLYWOOD TUNNEL  
 NORTH REACH CONSTRUCTION / INSPECTION / CM  
 NORTH REACH CONSTRUCTION/ASBUILT  
 NORTH REACH ENVIRONMENTAL - CONSTRUCTION  
 NORTH REACH FINAL DESIGN & ADV/NTP  
 NORTH REACH POST DESIGN / ASBUILT  
 NORTH REACH PROGRAM MANAGEMENT - CONSTRUCTION  
 NORTHERN PIPELINE ENVIRONMENTAL FINAL DESIGN  
 NORTHERN PIPELINE RIGHT OF WAY FINAL DESIGN  
 OAK ST PCS REHABILITATION  
 OAK ST. PCS ROOF REPLACEMENT  
 OAK STREET PCS - VALVE REPLACEMENT  
 OAK STREET PCS- VALVE REPLACEMENT  
 OAK STREET PRESSURE CONTROL STRUCTURE ROOF REPLACEMENT  
 OAK STREET PRESSURE CONTROL STRUCTURE ROOF REPLACEMENT - CONSTRUCTION  
 OAK STREET PRESSURE CONTROL STRUCTURE VALVE ACTUATOR REPLACEMENT  
 OC - 70  
 OC - 70  
 OC - 71 SERVICE CONNECTION REPAIRS  
 OC 44 SERVICE CONNECTIONS & EOC#2 METER ACCESS ROAD REHAB  
 OC 88 FIRE SYSTEM PROTECTION UPGRADES  
 OC 88 PUMPING PLANT REHABILITATION  
 OC CATHODIC PROTECTION STA 1467+15 TO STA 2053+97  
 OC FEEDER CATHODIC PROTECTION SYSTEM REHABILITATION  
 OC FEEDER STA 1920+78 BLOWOFF STRUCTURE & RIP-RAP REPAIRS  
 OC RESERVOIR SODIUM HYPOCHLORITE PUMP AND PIPING REPLACEMENT  
 OC-01  
 OC-03  
 OC-03T  
 OC-04  
 OC-06  
 OC-07  
 OC-14  
 OC-18  
 OC-20  
 OC-21  
 OC-22  
 OC-23  
 OC-24  
 OC-25  
 OC-26  
 OC-27  
 OC-29  
 OC-30  
 OC-31  
 OC-32A  
 OC-33  
 OC-34  
 OC-35  
 OC-36  
 OC-37  
 OC-38 SERVICE CONNECTION MODIFICATION  
 OC-45  
 OC-46  
 OC-49  
 OC-50  
 OC-51  
 OC-52  
 OC-53  
 OC-54



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

OC-55  
 OC-56  
 OC-57  
 OC-59  
 OC-60  
 OC-61  
 OC-62  
 OC-63  
 OC-71 FLOW CONTROL FACILITY  
 OC-73  
 OC-88 - SECURITY FENCING AT PUMP PLANT  
 OC-88 EMERGENCY STANDBY GENERATOR UPGRADE STUDY  
 OC-88 FIRE PROTECTION UPGRADE  
 OC-88 PUMP PLANT AIR COMPRESSOR UPGRADE  
 OC-88 PUMP STATION CHILLERS REPLACEMENT  
 OC-88 PUMP STATION FLOW METER UPGRADE  
 OC-88 PUMP STATION PLC UPGRADE  
 OC-88 PUMP STATION UPGRADES  
 OC-88 PUMPING PLANT SURGE TANK UPGRADES  
 OC-88 PUMPING PLANT SURGE TANKS UPGRADES  
 OC-88 PUMPING PLANT UPGRADES  
 OC-88 PUMPING STATION, ENERGY SAVINGS  
 OC-89 AND OC-90 FLOW METER REPLACEMENT  
 OC-9  
 OC-MISC  
 OFFSITE WATER SERVICE - EASTERN MUNICIPAL WATER DISTRICT  
 OLINDA PCS AND SANTIAGO TOWER EMERGENCY GENERATORS  
 OLINDA PCS- SECURITY FENCING AND PAVING  
 OLINDA PCS VALVE REPLACEMENT  
 OLINDA PCS VIBRATION STUDY  
 OLINDA PRESSURE CONTROL FACILITY PAVEMENT REPAIR  
 OLINDA PRESSURE CONTROL STRUCTURE  
 OLINDA PRESSURE CONTROL STRUCTURE AND SANTIAGO TOWER EMERGENCY GENERATORS  
 OLINDA PRESSURE CONTROL STRUCTURE- LOWER FEEDER  
 OLINDA PRESSURE CONTROL STRUCTURE, VIBRATION MITIGATION, ROW ACQUISITION  
 ON-CALL RESOURCES MANAGEMENT APPLICATION  
 OPERATIONS CONTROL CENTER AT EAGLE ROCK  
 OPERATIONS CONTROL CENTER UPS REPLACEMENT  
 OPERATIONS SCOPING STUDY  
 ORANGE CO FDR, BLOW-OFF STRUCTURE AND ACCESS ROAD REPAIR  
 ORANGE CO FDR, FLOW CONTROL FACILITY  
 ORANGE COUNTY - 88 PUMP PLANT AIR COMPRESSOR UPGRADE  
 ORANGE COUNTY - 88 SECURITY FENCING AT PUMP PLANT  
 ORANGE COUNTY - CENTRAL CONTROL SYSTEM  
 ORANGE COUNTY AND RIVERSIDE/SAN DIEGO COUNTY OPERATING REGIONS VALVE REPLACEMENT  
 ORANGE COUNTY AREA DISTRIBUTION SYSTEM VALVE REPLACEMENT  
 ORANGE COUNTY C & D ELECTRICAL IMPROVEMENTS - STUDY  
 ORANGE COUNTY C&D ELECT STRUCT REHAB - STAGE 2  
 ORANGE COUNTY C&D INSTRUMENTATION PANEL IMPROVEMENTS  
 ORANGE COUNTY C&D REGION SERVICE CENTER  
 ORANGE COUNTY C&D TEAM SUPPORT FACILITY  
 ORANGE COUNTY CONVEYANCE AND DISTRIBUTION SERVICE CENTER  
 ORANGE COUNTY FDR - SVC CONN SA-3, REPLACE MECHICAL METER  
 ORANGE COUNTY FDR.-RELOCATE PRESSURE RELIEF STRUC., STA 1772+72  
 ORANGE COUNTY FDR.SERV.CONN.A-1,RELOC.METER CABINET & ELEC.SERV.  
 ORANGE COUNTY FEEDER  
 ORANGE COUNTY FEEDER CATHODIC PROTECTION  
 ORANGE COUNTY FEEDER- CATHODIC PROTECTION  
 ORANGE COUNTY FEEDER CATHODIC PROTECTION SYSTEM REHABILITATION  
 ORANGE COUNTY FEEDER DEWATERING IMPROVEMENTS  
 ORANGE COUNTY FEEDER EXTENSION LINING REPAIR  
 ORANGE COUNTY FEEDER- EXTENSION PROJECT FOR FREEWAY  
 ORANGE COUNTY FEEDER EXTENSION SCHEDULE 42S  
 ORANGE COUNTY FEEDER EXTENSION- VALVE STRUCTURE  
 ORANGE COUNTY FEEDER EXTN.TERMINUS REVISION:STA.2053+43 TO 2134+81  
 ORANGE COUNTY FEEDER EXTN: ADDTL" VALVES AT WILLITS ST. STRUCTURE  
 ORANGE COUNTY FEEDER INSPECTION  
 ORANGE COUNTY FEEDER INTERNAL INSPECTION STUDY  
 ORANGE COUNTY FEEDER LINING REPAIR - REACH 2  
 ORANGE COUNTY FEEDER LINING REPAIRS  
 ORANGE COUNTY FEEDER PRESSURE CONTROL STRUCTURES  
 ORANGE COUNTY FEEDER RELINING  
 ORANGE COUNTY FEEDER RELINING - REACH 3  
 ORANGE COUNTY FEEDER RELINING - REACHES 1 & 2  
 ORANGE COUNTY FEEDER RELOCATION (SPEC NO. 618)  
 ORANGE COUNTY FEEDER RELOCATION AT BALL ROAD  
 ORANGE COUNTY FEEDER RELOCATION IN FULLERTON  
 ORANGE COUNTY FEEDER- RELOCATION STA. 1278+00 TO 1292+00  
 ORANGE COUNTY FEEDER- REPLC. 20  
 ORANGE COUNTY FEEDER SCHEDULE 34P  
 ORANGE COUNTY FEEDER SCHEDULE 35P  
 ORANGE COUNTY FEEDER SCHEDULE 36P  
 ORANGE COUNTY FEEDER SCHEDULE 37SC  
 ORANGE COUNTY FEEDER SCHEDULE 37SC CATHODIC PROTECTION



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description**

**Distribution Facilities**

ORANGE COUNTY FEEDER STA 1920+78 BLOWOFF STRUCTURE & RIP-RAP REPAIRS  
 ORANGE COUNTY FEEDER:INCASEMENT AT SANTA ANA FREEWAY CROSSING  
 ORANGE COUNTY FEEDER:MOTOR OPERATED FLOW REGULATING VALVE  
 ORANGE COUNTY FEEDER-CONSTRUCT BLOWOFF STRUCTURE AT STA. 251+00  
 ORANGE COUNTY FEEDER-MODIFY SANTA ANA RELIEF STRUCTURE  
 ORANGE COUNTY FEEDER-RELOCATE PIPE, STA. 473+21-52 TO STA. 473+5-82  
 ORANGE COUNTY FEEDER-RELOCATION AT KIMBERLY STORM CHANNEL  
 ORANGE COUNTY PIPELINES RIGHT-OF-WAY INFRASTRUCTURE  
 ORANGE COUNTY REGION C AND D ELECTRICAL STRUCTURES REHABILITATION  
 ORANGE COUNTY REGION ENVIRONMENTAL MITIGATION MONITORING  
 ORANGE COUNTY REGION RTU AIR CONDITIONER UNIT 1  
 ORANGE COUNTY RELIABILITY IMPROVEMENTS  
 ORANGE COUNTY RESERVOIR - INSTALL HYPOCHLORINATION STATIONS  
 ORANGE COUNTY RESERVOIR - PIEZOMETERS & SEEPAGE MONITORING AUTOMATION  
 ORANGE COUNTY RESERVOIR PIEZOMETERS AND SEEPAGE MONITORING AUTOMATION  
 ORMOND BEACH PROPERTY ACQUISITION  
 OXIDATION DEMONSTRATION PLANT CONTROL SYSTEM REPLACEMENT  
 P-02  
 P-03  
 P-04  
 P-05  
 P103016 OC-88 PUMPING STATION, ENERGY SAVINGS  
 P103329 SAN DIEGO PPLN 6, NORTH REACH FINAL DESIGN/ADV/NTP  
 P103331 NORTHERN PIPELINE RIGHT OF WAY FINAL DESIGN  
 P103485 SAN DIEGO PIPELINE 6, NORTH REACH  
 P103558 SAN DIEGO PIPELINE 6 NORTH REACH  
 P103560 SD6 - NORTH REACH POST DESIGN  
 P103567 PERRIS VALLEY PIPELINE, GENERAL  
 P103725 ENTRY CONTROL POINT STANDARDIZATION AND PERIMETER DEFENSE STUDY  
 P103726 CRITICAL LOCK IDENTIFICATION AND CHANGE-OUT  
 P103764 PERRIS VALLEY PIPELINE  
 P103765 PERRIS VALLEY PIPELINE TIE-IN (EMWD)  
 P103766 PERRIS VALLEY PIPELINE VALVE  
 P103801 SECURITY FENDING AT OC-88 PUMP PLANT  
 P103808 SAN DIEGO PIPELINE #4 VALVE REPLACEMENT  
 P103858 PERRIS VALLEY PIPELINE, NORTH REACH  
 P103946 SAN DIEGO PIPELINE REPAIR AT STATION 1268+57  
 P103994 BOX SPRING FEEDER REPAIR, PHASE 2  
 P103997 COPPER BASIN INTERIM CHLORINATION SYSTEM  
 P104027 MAGAZINE CANYON, VALVE REPLACEMENT FOR SAN FERNANDO TUNNEL  
 P104051 LAKE PERRIS BYPASS PIPELINE EXPLORATORY EXCAVATION  
 P104078 CROSS CONNECTION PREVENTION PROGRAM, PHASE II CONSTRUCTION  
 P104196 CALABASAS FEEDER STAGE 1 AND 2 REPAIRS  
 P104264 RELOCATION OF SC CENB-11 METER CABINET AND AIR VENT STRACK  
 P104614 INLAND FEEDER AND LAKEVIEW PIPELING INTERTIE  
 P104663 WEYMOUTH SOLAR POWER FACILITIES  
 P104685 WILLITS ST. PCS VALVE ACTUATOR REPLACEMENT  
 P104706 JENSEN OUTLET CHLORINE DIFFUSER AND SAMPLE PUMP MODIFICATIONS  
 P104731 WR-24D FLOWMETER REPLACEMENT  
 P104741 EAGLE ROCK CONTROL TOWER CATHOTIC PROTECTION REHABILITATION  
 P104760 SEPULVEDA FEEDER PCCP 2016 URGENT REPAIRS  
 P104790 MONUMENT SIGNS FOR DVLAKE FACILITY EAST AND WEST ENTRANCES  
 P104841 WEYMOUTH FLOCCULATOR REHABILITATION  
 P104871 CRA EAGLE MOUNTAIN PUMPING PLANT - DOMESTIC WATER LINE INSULATION  
 P104874 SECOND LOWER FEEDER PCCP REHABILITATION  
 P104876 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 2  
 P104877 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 3  
 P104881 SECOND LOWER FEEDER PCCP REHABILITATION  
 P104883 SECOND LOWER FEEDER PCCP REHABILITATION - REAL PROPERTY ACQUISITION  
 P104916 DVL ANGLER AVENUE ACCESS PROJECT  
 P104937 WHEELER GATE STORMWATER IMPROVEMENT  
 P104958 SKINNER ORP SWITCHGEAR BATTERY REPLACEMENT  
 P104959 SCADA NETWORK INTRUSION DETECTION SYSTEM  
 P104961 LAKE MATHEWS FENCING SECURITY UPGRADE  
 P104971 SKINNER SPILLWAY REHABILITATION  
 P104976 WATER ORDERING & EVENT SCHEDULING SYSTEM  
 P104991 JENSEN EGEN UST UPGRADE - LINE LEAK DETECTOR INSTALLATION  
 P104992 MILLS EGEN USST UPGRADE - LLD INSTALLATION  
 P104993 SKINNER EGEN UST UPGRADE - LLD INSTALLATION  
 P104994 UNION STATION EGEN UST UPGRADE, LINE LEAK DETECTOR INSTALLATION  
 P104996 EGIS INFRASTRUCTURE UPGRADE  
 P105002 SEPULVEDA WEST VALLEY AND EAST VALLEY FEEDERS INTERCONNECTION  
 P105023 SCADA NETWORK FIBER OPTIC SWITCH REPLACEMENT  
 P105026 SKINNER ELECTRICAL EQUIPMENT BUILDING 1 & 2  
 P105029 SKINNER ACCUSONIC FLOWMETER REPLACEMENT  
 P105032 WEYMOUTH ELECTRIC VEHICLE CHARGING STATION INSTALLATION  
 P105034 COLORADO RIVER AQUEDUCT CASA SIPHON  
 P105039 FOOTHILL FEEDER - CASTAIC VALLEY BLOW-OFF VALVES REPLACEMENT  
 P105045 DIEMER OZONE COOLING WATER ALTERNATIVE SOURCE  
 P105061 LOWER FEEDER STANDPIPE #22 REHABILITATION  
 P105062 SAN DIEGO PIPELINE NO. 2 ACCESS ROAD RELOCATION  
 P105064 OC 88 FIRE SYSTEM PROTECTION UPGRADES  
 P105070 SERVICE CONNECTION FLOWMETER REPLACEMENT  
 P105073 SANTA MONICA FEEDER CAST IRON PIPE REHABILITATION



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

P105094 DIEMER PLANT INFLUENT FLOWMETER  
 P105098 LOWER FEEDER BLOW-OFF DRAIN LINE REPLACEMENTS  
 P105101 JENSEN FILTER EFFLUENT TURBIDIMETER RELIABILITY  
 P105106 SANTA MONICA FEEDER INTERNAL SEAL INSTALLATION  
 P105107 LA VERNE BUILDING 40 COMPRESSED AIR UPGRADES  
 P105110 MILLS EMERGENCY GENERATOR PLC UPGRADE  
 P105114 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 8  
 P105118 PERRIS BYPASS PIPELINE SUMP PUMP REPLACEMENT  
 P105119 ORANGE COUNTY REGION RTU AIR CONDITIONER UNIT 1  
 P105123 CENTRAL BASIN, 48 BUBBLER AREA ACCESS IMPROVEMENT  
 P105124 LAKE PERRIS PIPELINE RELINING  
 P105127 OC-88 PUMP STATION PLC UPGRADE  
 P105137 RIALTO FEEDER STA 3820+00 MANHOLE REPLACEMENT  
 P105139 WCF/PVF INTERCONNECTION VALVE AUTOMATION  
 P105164 SAN DIEGO PIPELINE 1 RAINBOW TUNNEL LINER REHABILITATION  
 P105167 SAN GABRIEL PCS ELECTRICAL REPLACEMENTS  
 P105171 MIDDLE FEEDER CHLORINATION STRUCTURE REHABILITATION AT WEYMOUTH WTP  
 P105172 ALLEN MCCOLLOCH PIPELINE PCCP 2021 URGENT RELINING  
 P105187 F-01 CHECK VALVE REPLACEMENT  
 P105195 RIALTO FEEDER VALVE REPLACEMENT  
 P105201 OC-89 AND OC-90 FLOW METER REPLACEMENT  
 P105235 SEPULVEDA HEP TAILRACE COATINGS  
 P105240 WEST VALLEY FEEDER NO. 1 STRUCTURES - PIPING IMPROVEMENTS  
 PALOS ALTOS FEEDER - 108TH ST.  
 PALOS VERDES FDR - MODIFICATION OF CITY OF L A SERVICE CONNECTIONS  
 PALOS VERDES FDR - WASHINGTON ST. PCS REHABILITATION  
 PALOS VERDES FDR- LA CITY MODIFICATION OF SERVICE CONNECTION  
 PALOS VERDES FDR- WASHINGTON ST. PCS  
 PALOS VERDES FDR, 108TH ST PCS, VALVE REPLACEMENT  
 PALOS VERDES FEEDER - LONG BEACH LATERAL TURNOUT STRUCTURES STA. 1442+15 VALVE REPLACEMENT (NEED UD)  
 PALOS VERDES FEEDER - LONG BEACH LATERAL TURNOUT STRUCTURES STA. 1442+15 VALVE REPLACEMENTS  
 PALOS VERDES FEEDER PCS - VALVE REPLACEMENT  
 PALOS VERDES FEEDER- RELOCATE HARBOR AND ARTESIA FREEWAYS  
 PALOS VERDES FEEDER: ADDITIONAL  
 PALOS VERDES FEEDER-108TH ST. PCS, INSTALL ELECT. VALVE OPERATORS  
 PALOS VERDES FEEDER-CATHODIC PROTECTION SYSTEM  
 PALOS VERDES FEEDER-REHAB DOMINGUEZ CHAN (PROJECT 100851)  
 PALOS VERDES FEEDER-VALVE REHAB, DOMMINGUEZ CHNL  
 PALOS VERDES RESERVOIR - INSTALL HYPOCHLORINATION STATIONS  
 PALOS VERDES RESERVOIR, SPILLWAY ENERGY DISSIPATOR STRUCTURE MODIFICATION  
 PALOS VERDES RESERVOIR-REPLACE MONITORING DISPLAY & ALARM PANEL  
 PASADENA TUNNEL EXTENSION  
 PASADENA TUNNELS  
 PC-1 EFFLUENT OPEN CHANNEL TRASH RACK  
 PC-1 EFFLUENT OPEN CHANNEL TRASH RACK PROJECT  
 PCCP HYDRAULIC ANALYSES  
 PCCP HYDRAULIC MODELING  
 PCCP REHABILITATION - PROGRAM CEQA  
 PCCP REHABILITATION - PROGRAM MANAGEMENT  
 PCCP REHABILITATION, PROGRAM MANAGEMENT  
 PCCP RELIABILITY PROGRAM PIPELINE PROCUREMENT  
 PCCP STRUCTURAL PERFORMANCE RISK ANALYSIS  
 PERIMETER FENCING AT PLACERITA CREEK  
 PERMANENT LEAK DETECTION/PIPELINE MONITORING SYSTEM  
 PERRIS PCS - UNINTERRUPTIBLE POWER SOURCE SYSTEMS INSTALLATION  
 PERRIS BYPASS PIPELINE SUMP PUMP REPLACEMENT  
 PERRIS CONTROL FACIL. & CON. TO STATE DWR FAC.  
 PERRIS CONTROL FACILITY BYPASS & PCS UPGRADE  
 PERRIS CONTROL FACILITY PUMPBACK UPGRADES  
 PERRIS PCS ROOF REHAB  
 PERRIS PRESSURE CONTROL STRUCTURE ROOF REPLACEMENT  
 PERRIS PUMPBACK COVER  
 PERRIS VALLEY PIPELINE  
 PERRIS VALLEY PIPELINE - DESIGN-BUILD (EMWD)  
 PERRIS VALLEY PIPELINE - GENERAL  
 PERRIS VALLEY PIPELINE - NORTH REACH  
 PERRIS VALLEY PIPELINE - RESERVED FOR STAGE II DESIGN / BUILD  
 PERRIS VALLEY PIPELINE - SOUTH REACH  
 PERRIS VALLEY PIPELINE - STUDY  
 PERRIS VALLEY PIPELINE - TIE-IN (WMWD)  
 PERRIS VALLEY PIPELINE - TUNNELS  
 PERRIS VALLEY PIPELINE - VALVES  
 PERRIS VALLEY PIPELINE DESIGN-BUILD (EMWD)  
 PERRIS VALLEY PIPELINE NORTH REACH  
 PERRIS VALLEY PIPELINE SOUTH REACH  
 PERRIS VALLEY PIPELINE TIE-IN (EMWD)  
 PERRIS VALLEY PIPELINE TIE-IN (WMWD)  
 PERRIS VALLEY PIPELINE VALVE  
 PERRIS VALLEY PIPELINE VALVES  
 PERRIS VALLEY PIPELINE, GENERAL  
 PERRIS VALLEY PIPELINE, NORTH REACH  
 PERRIS VALLEY SIPHON CONNECTION FOR EASTERN M.W.D.  
 PIPELINES AND FEEDERS, CONSTRUCTION STANDPIPE BRACING  
 PLACENTIA RAILROAD LOWERING PROJECT



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

PLACERITA CREEK PERIMETER FENCING  
 PLANT INFLUENT REDUNDANT FLOW METERING AND SPLITTING  
 PLATFORM REPLACEMENT AT VARIOUS C&D WRU STRUCTURES  
 PLC REPLACEMENT PHASE II  
 PM-01  
 PM-02  
 PM-03  
 PM-04  
 PM-05  
 PM-06  
 PM-07  
 PM-08  
 PM-09  
 PM-10  
 PM-11  
 PM-12  
 PM-14  
 PM-15A  
 PM-16  
 PM-17  
 PM-18  
 PM-19  
 PM-21  
 PM-22  
 PM-23  
 PM-24  
 PM-26  
 PM-26A NEW SERVICE CONNECTION, BIG DALTON CANYON  
 P-MISC  
 PM-MISC  
 POMONA VALLEY M.W.D. FACILITIES  
 PORTION OF CASA LOMA SIPHON  
 POWER MANAGEMENT SYSTEMS  
 POWER PLANT DISCHARGE ELIMINATION  
 PRELIMINARY OPERATION - TESTING & CONDITIONING (1938-1940)  
 PRESTRESSED CONCRETE CYLINDER PIPE - PHASE 2  
 PRESTRESSED CONCRETE CYLINDER PIPE (PCCP) STRUCTURAL PERFORMANCE RISK ANALYSIS  
 PRESTRESSED CONCRETE CYLINDER PIPE (PCCP), PHASE 2  
 PRESTRESSED CONCRETE CYLINDER PIPE -PHASE 3  
 PREVENTION OF CRA WATER MIGRATION TO SPW AT WEYMOUTH JUNCTION STRUCTURE  
 PROGRAMATTIC ENVIRONMENTAL DOCUMENTATION OF ORANGE COUNTY  
 PROGRAMATTIC ENVIRONMENTAL DOCUMENTATION OF SAN BERNARDINO COUNTY  
 PROGRAMMABLE LOGIC CONTROLLER (PLC) STANDARDIZATION  
 PROGRAMMATIC ENVIRONMENTAL DOCUMENTATION FOR THE LOS ANGELES CO. OPERATING REGION  
 PROGRAMMATIC ENVIRONMENTAL DOCUMENTATION FOR THE ORANGE COUNTY OPERATING REGION  
 PROGRAMMATIC ENVIRONMENTAL DOCUMENTATION FOR THE RIVERSIDE/SAN DIEGO CO. OPERATING REGION  
 PROGRAMMATIC ENVIRONMENTAL DOCUMENTATION FOR THE WESTERN SAN BERNARDINO COUNTY OPERATING REGION  
 PUDDINGSTONE SPILLWAY CROSS CONNECTION  
 PV MIDDLE CROSS, MIDDLE FEEDERS, ELECTROLYSIS TEST STATION  
 PV RESERVOIR HYPOCHLORITE PUMP AND PIPING REPLACEMENT  
 R&R FOR DISTRIBUTION  
 RAMONA PRESSURE CONTROL STRUCTURE  
 REAL PROPERTY ACQUISITION  
 REAL PROPERTY ACQUISITION FOR ALL 4 REGIONS  
 RECONSTRUCT ORANGE COUNTY FEEDER SERVICE CONNECTION PM-1  
 RED MOUNTAIN - OCT. 2007 FIRE DAMAGE - COMMUNICATION POWER TOWERS & METER STRUCTURES REPAIR/REPLACE (INCIDENT NO. 2007-1023-0271)  
 RED MOUNTAIN HEP FLOOD DAMAGE  
 RED MTN COMM. TOWER & METER STRUCTURE  
 REFURBISH CORONA HYDROELECTRIC GENERATOR COOLERS  
 REFURBISH OC-88 P-3000 & P-4000  
 REFURBISH SERVICE CONNECTION - LOWER MIDDLE FDR  
 REHABILITATION OF GREG AVENUE PCS CONTROL BUILDING INTERIOR  
 REHABILITATION OF METALLIC AND CONCRETE PIPELINES PHASE 1 - SELECT HIGH PRIORITY FEEDERS  
 REHABILITATION OF THE GREG AVE PCS CONTROL BUILDING INTERIOR  
 REIMBURSE PIPELINE PROTECTION COSTS  
 RELOCATION OF DATA CENTER TO SAN DIMAS FACILITY  
 RELOCATION OF ORANGE COUNTY FEEDER  
 RELOCATION OF PORTION OF ORANGE COUNTY FEEDER (MWD'S SHARE)  
 RELOCATION OF PORTION OF ORANGE COUNTY FEEDER (MWD'S SHARE)  
 RELOCATION OF SC CENB-11 METER CABINET AND AIR VENT STRACK  
 REMAINING PORTIONS  
 REMOVAL OF VALVE G-205 FROM MIDDLE FDR CEN. B-37  
 REPAIR 28 MANHOLE ON SANTA MONICA FEEDER  
 REPAIRS TO THE LA-35 DISCHARGE STRUCTURE  
 REPLACE EQUIPMENT ON UPPER FEEDER IN EAGLE ROCK (REPLACE 115)  
 REPLACE 2 FIRE & DOMESTIC WATER SYSTEM  
 REPLACE COMMUNICATION LINE TO THE SAN GABRIEL CONTROL TOWER  
 REPLACE COPPER GROUNDWIRES ON DESERT HIGH VOLTAGE TRANSMISSION TOWERS  
 REPLACE COPPER WIRE, PIPING, FOOTINGS/GROUNDING (103921)  
 REPLACE EXISTING EQP. ON UPPER FDR FROM LK.MATHEWS TO EAGLE ROCK  
 REPLACE FLOWMETER ON ORANGE COUNTY FEEDER- STA. 800+00  
 REPLACE FLOWMETERS IN SERVICE CONNECTIONS  
 REPLACE OUTDATE INSTRUMENTATION AND INVESTIGATE UPGRADS (103347)  
 REPLACE TWO FIRE AND DOMESTIC WATER SYSTEM PUMPS (103124)



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

REPLACE UNDERGROUND FUEL STORAGE TANKS AT ALL FACILITIES  
 REPLACE VALVE POSITION INDICATORS  
 REPLACE VALVE POSITION INDICATORS, SELECTED PRESSURE CONTROL STRUCTURES  
 REPLACEMENT OF 75 UNDERGROUND FUEL STORAGE TANKS - ALL FACILITIES  
 REPLACEMENT OF ACCUSONIC FLOWMETERS & SCADA REMOTE  
 REPLACEMENT OF COMMUNICATION LINE AT SAN GABRIEL TOWER  
 REPLACEMENT OF COMMUNICATION LINE AT SAN GABRIEL TOWER  
 REPLACEMENT OF RETIRED EQUIPMENT ON FIRST SAN DIEGO AQUEDUCT  
 REPLACEMENT/ RELINE AT-RISK PCCP LINES - STAGE 1  
 REPLACEMENT/RELINE AT-RISK PCCP LINES STAGE 1  
 REPLACING VALVES ON PALOS VERDES FEEDER (SPEC 483)  
 RIALTO FEEDER AND MILLS PLANT PUMP STATION  
 RIALTO FEEDER BROKEN BACK REPAIR  
 RIALTO FEEDER PCCP REHABILITATION - REACH 1  
 RIALTO FEEDER PCCP REHABILITATION - REACHES 2-3  
 RIALTO FEEDER REHABILITATION  
 RIALTO FEEDER REPAIR, STATION 3662+23  
 RIALTO FEEDER STA 3820+00 MANHOLE REPLACEMENT  
 RIALTO FEEDER VALVE REPLACEMENT  
 RIALTO FEEDER VALVE STRUCTURE  
 RIALTO FEEDER, ENHANCEMENTS AT SELECT LOCATIONS  
 RIALTO FEEDER, REPAIRS AT SELECT LOCATIONS, STUDY  
 RIALTO PIPELINE - CONSTRUCTION PHASE 1  
 RIALTO PIPELINE - CONSTRUCTION - PHASE 1  
 RIALTO PIPELINE - CONSTRUCTION PHASE 2  
 RIALTO PIPELINE - PHASE 2 CONSTRUCTION  
 RIALTO PIPELINE - PHASE 3 DESIGN  
 RIALTO PIPELINE AT DEVIL'S CANYON  
 RIALTO PIPELINE CATHODIC PROTECTION SYSTEM REHABILITATION  
 RIALTO PIPELINE- DELIVERY FACILITIES FOR CYCLIC STORAGE  
 RIALTO PIPELINE IMPROVEMENTS  
 RIALTO PIPELINE IMPROVEMENTS - CONSTRUCTION  
 RIALTO PIPELINE IMPROVEMENTS - CONSTRUCTION PHASE III  
 RIALTO PIPELINE IMPROVEMENTS - DESIGN PHASE 2  
 RIALTO PIPELINE IMPROVEMENTS - DESIGN PHASE 3  
 RIALTO PIPELINE IMPROVEMENTS - FINAL DESIGN  
 RIALTO PIPELINE IMPROVEMENTS - PHASE 2  
 RIALTO PIPELINE IMPROVEMENTS - VALVE PROCUREMENT  
 RIALTO PIPELINE IMPROVEMENTS PHASE 1  
 RIALTO PIPELINE IMPROVEMENTS PHASE 1 FINAL DESIGN  
 RIALTO PIPELINE PCCP REHABILITATION  
 RIALTO PIPELINE REPAIR @ STA 3196+44  
 RIALTO PIPELINE REPAIR AT THOMPSON CREEK  
 RIALTO PIPELINE REPAIRS AT STATION 3198+44  
 RIALTO PIPELINE VALVE PROCUREMENT  
 RIALTO PIPELINE, STA 2921+00 TO 2933+25  
 RIALTO PIPELINE, STA 3050+00 TO 3098+00  
 RIALTO PPLN- INSTALL 2 CATHDIC PROTECTION SYSTEM  
 RIGHT OF WAY INFRASTRUCTURE PROTECTION PROGRAM - LOS ANGELES COUNTY REGION  
 RIGHT OF WAY INFRASTRUCTURE PROTECTION PROGRAM - O. C. REGION  
 RIGHT OF WAY INFRASTRUCTURE PROTECTION PROGRAM - RIVERSIDE AND SAN DIEGO COUNTY REGION  
 RIGHT OF WAY INFRASTRUCTURE PROTECTION PROGRAM - WESTERN SAN BERNARDINO COUNTY REGION  
 RIGHT OF WAY INFRASTRUCTURE PROTECTION PROGRAM RIVERSIDE SAN DIEGO  
 RIGHT OF WAY INFRASTRUCTURE PROTECTION PROGRAM RIVERSIDE SAN DIEGO COUNTY REGION - STAGE 1  
 RIGHT OF WAY INFRASTRUCTURE PROTECTION PROGRAM WESTERN SAN BERNARDINO COUNTY REGION - STAGE 1  
 RIGHT OF WAY INFRASTRUCTURE PROTECTION PROGRAM WESTERN SAN BERNARDINO REGION - STAGE 2  
 RIGHT OF WAY INFRASTRUCTURE PROTECTION PROGRAM WESTERN SAN BERNARDINO REGION - STAGE 3  
 RIGHT OF WAY SURVEY AND MAPPING  
 RIGHT-OF-WAY INFRASTRUCTURE PROTECTION PROGRAM WESTERN SAN BERNARDINO STAGE 1  
 RIO HONDO PRESSURE CONTROL STRUCTURE VALVE REPLACEMENTS  
 RIVERSIDE BRANCH LOWER FDER STATION 527+90  
 RIVERSIDE BRANCH, PLEASANT PEAK, COMMUNICATION BLDG ROOF REPLACEMENT  
 RIVERSIDE BRANCH, UPPER FDR, SANTA ANA RIVER BRIDGE, REPAIR LEAKING COUPLING  
 RIVERSIDE SAN BERNARDINO AND SAN DIEGO REGIONS C AND D ELECTRICAL STRUCTURES REHAB  
 ROBERT B. DIEMER FILTRATION PLANT - LAND ACQUISITION  
 ROOF REPLACEMENT AT SOTO ST. FACILITY  
 ROWIPP PROGRAMMATIC ENVIRONMENTAL DOCUMENT  
 ROWIPP PROGRAMMATIC ENVIRONMENTAL DOCUMENTATION FOR LOS ANGELES CO.  
 ROWIPP PROGRAMMATIC ENVIRONMENTAL DOCUMENTATION FOR THE ORANGE CO. OPERATING REGION  
 ROWIPP PROGRAMMATIC ENVIRONMENTAL DOCUMENTATION FOR THE RIVERSIDE/SAN DIEGO CO. OPERATING REGION  
 SA-02  
 SA-03  
 SA-04  
 SA-05  
 SA-6  
 SALE OF PARCEL 1408-12-4, I.C. 38274  
 SAN DIEGO #3 BLOWOFF TO PUMPWELL CONVERSION  
 SAN DIEGO 6, PROJECT MGMT  
 SAN DIEGO AND AULD VALLEY CANALS CONCRETE LINER REPAIR  
 SAN DIEGO AQUEDUCT: COTTAGE AND GARAGE AT RAINBOW  
 SAN DIEGO CANAL - EAST & WEST BYPASS SCREENING STRUCTURES STUDY  
 SAN DIEGO CANAL - ELECTRICAL VAULT & CONDUCTOR REPLACEMENT  
 SAN DIEGO CANAL - FENCING  
 SAN DIEGO CANAL - INSTALL ACOUSTIC FLOW METER



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

SAN DIEGO CANAL - PIEZOMETER  
 SAN DIEGO CANAL - REPLACE SODIUM BISULFATE TANK  
 SAN DIEGO CANAL - SEEPAGE STUDY  
 SAN DIEGO CANAL BISULFITE TANK REPLACEMENT  
 SAN DIEGO CANAL CONCRETE LINER  
 SAN DIEGO CANAL CONCRETE LINER REPLACEMENT ? SITE NO. 1055  
 SAN DIEGO CANAL DEWATERING SUMP  
 SAN DIEGO CANAL ENLARGEMENT PHASE 2  
 SAN DIEGO CANAL LINER REPAIR  
 SAN DIEGO CANAL LINER REPAIRS  
 SAN DIEGO CANAL MODIFICATION- 5 ADDITIONAL SIPHONS  
 SAN DIEGO CANAL PIEZOMETER  
 SAN DIEGO CANAL RADIAL GATE (V0-6) REHABILITATION  
 SAN DIEGO CANAL RADIAL GATE (VO-8) REHABILITATION  
 SAN DIEGO CANAL RADIAL GATE (VO-8) REHABILITATION..  
 SAN DIEGO CANAL RADIAL GATE REHAB  
 SAN DIEGO CANAL SEEPAGE  
 SAN DIEGO CANAL SEEPAGE STUDY  
 SAN DIEGO CANAL WEST BYPASS TRASH RACK  
 SAN DIEGO CANAL, REPLACE WEST SIDE FENCE  
 SAN DIEGO CANAL, SODIUM BISULFATE FEED SYSTEM  
 SAN DIEGO CANAL-FENCING REPLACEMENT  
 SAN DIEGO PIPELINE # 6 AREA STUDY  
 SAN DIEGO PIPELINE # 6 CONTRACT # 1  
 SAN DIEGO PIPELINE #4 VALVE REPLACEMENT  
 SAN DIEGO PIPELINE #6 ENVIRON MITIG  
 SAN DIEGO PIPELINE 1 & 2 REHABILITATION  
 SAN DIEGO PIPELINE 1 AND 2 STATION 1214 EXPOSURE REPAIR  
 SAN DIEGO PIPELINE 1 BLOW-OFF VALVE REPLACEMENT  
 SAN DIEGO PIPELINE 1 RAINBOW TUNNEL LINER REHABILITATION  
 SAN DIEGO PIPELINE 3 & 5 REMOTE CONTROL OF BYPASS  
 SAN DIEGO PIPELINE 3 PIPING MODIFICATIONS  
 SAN DIEGO PIPELINE 4 AND AULD VALLEY PIPELINE CARBON FIBER  
 SAN DIEGO PIPELINE 4 AND AULD VALLEY PIPELINE CARBON FIBER REPAIRS  
 SAN DIEGO PIPELINE 4 VALVE REPLACEMENT (103808)  
 SAN DIEGO PIPELINE 5 & LAKE SKINNER OUTLET REPAIR  
 SAN DIEGO PIPELINE 5 AND LAKE SKINNER OUTLET CONDUIT  
 SAN DIEGO PIPELINE 6 - PRESSURE CONTROL STRUCTURE/HYDROELECTRIC PLANT - FEASIBILITY STUDY  
 SAN DIEGO PIPELINE 6 NORTH REACH ENVIRONMENTAL MONITORING DURING CONSTRUCTION  
 SAN DIEGO PIPELINE 6 NORTH REACH, ENVIRONMENTAL MONITORING DURING CONSTRUCTION  
 SAN DIEGO PIPELINE 6 NORTH REACH, PROGRAM MANAGEMENT FOR CONSTRUCTION  
 SAN DIEGO PIPELINE 6 PROGRAM MGT  
 SAN DIEGO PIPELINE 6, NORTH REACH  
 SAN DIEGO PIPELINE CONTRACT # 2 MT OL  
 SAN DIEGO PIPELINE NO. 1 JOINT REPAIR  
 SAN DIEGO PIPELINE NO. 2 ACCESS ROAD RELOCATION  
 SAN DIEGO PIPELINE NO. 2 AND 3 -MODIFY INTERCONNECTION  
 SAN DIEGO PIPELINE NO. 3 BYPASS  
 SAN DIEGO PIPELINE NO. 3 PIPING MODIFICATIONS  
 SAN DIEGO PIPELINE NO. 5 - OCT. 2007 FIRE DAMAGE - REPLACE ABOVE GROUND CORROSION CONTROL SYSTEM EQUIPMENT, AND STRUCTURAL APPURTENANCES  
 SAN DIEGO PIPELINE NO. 6 - RIVERSIDE BRANCH - ETIWANDA FACILITY/DROP INLET STRUCTURE  
 SAN DIEGO PIPELINE NO. 6 - RIVERSIDE BRANCH - PLEASANT PEAK, COMMUNICATIONS  
 SAN DIEGO PIPELINE NO. 6 - RIVERSIDE TUNNEL CONSTRUCTION - AS BUILT  
 SAN DIEGO PIPELINE NO. 6 - RIVERSIDE TUNNEL COST OF RIGHT OF WAY (OPTIONAL PORTAL SITE)  
 SAN DIEGO PIPELINE NO. 6 - RIVERSIDE TUNNEL ENVIRONMENTAL CONSTRUCTION  
 SAN DIEGO PIPELINE NO. 6 - RIVERSIDE TUNNEL ENVIRONMENTAL PRELIMINARY DESIGN  
 SAN DIEGO PIPELINE NO. 6 - RIVERSIDE TUNNEL PRELIMINARY DESIGN  
 SAN DIEGO PIPELINE NO. 6 - RIVERSIDE TUNNEL PROGRAM MANAGEMENT  
 SAN DIEGO PIPELINE NO. 6 - RIVERSIDE TUNNEL RIGHT OF WAY PRELIMINARY DESIGN  
 SAN DIEGO PIPELINE NO. 6 - CONTRACT NO.1 SAN DIEGO CANAL TO MOUNT OLYMPUS  
 SAN DIEGO PIPELINE NO. 6 - CONTRACT NO.2 MOUNT OLYMPUS TUNNEL & PORTALS  
 SAN DIEGO PIPELINE NO. 6 - NORTH REACH CONSTRUCTION - AS BUILT  
 SAN DIEGO PIPELINE NO. 6 - NORTH REACH ENVIRONMENTAL - CONSTRUCTION  
 SAN DIEGO PIPELINE NO. 6 - NORTH REACH ENVIRONMENTAL PRELIMINARY DESIGN  
 SAN DIEGO PIPELINE NO. 6 - NORTH REACH FINAL DESIGN & ADV/NTP  
 SAN DIEGO PIPELINE NO. 6 - NORTH REACH POST DESIGN  
 SAN DIEGO PIPELINE NO. 6 - NORTH REACH PRELIMINARY DESIGN  
 SAN DIEGO PIPELINE NO. 6 - NORTH REACH PROGRAM MANAGEMENT - CONSTRUCTION  
 SAN DIEGO PIPELINE NO. 6 - NORTH REACH PROGRAM MANAGEMENT - DESIGN  
 SAN DIEGO PIPELINE NO. 6 - NORTH REACH RIGHT OF WAY FINAL DESIGN  
 SAN DIEGO PIPELINE NO. 6 - NORTH REACH RIGHT OF WAY PRELIMINARY DESIGN  
 SAN DIEGO PIPELINE NO. 6 - NORTHERN PIPELINE COST OF RIGHT OF WAY  
 SAN DIEGO PIPELINE NO. 6 - NORTHERN REACH ENVIRONMENTAL FINAL DESIGN  
 SAN DIEGO PIPELINE NO. 6 - OPERATIONS SCOPING STUDY  
 SAN DIEGO PIPELINE NO. 6 - PIPELINE/TUNNEL STUDY - DESIGN  
 SAN DIEGO PIPELINE NO. 6 - PIPELINE/TUNNEL STUDY - ENVIRONMENTAL  
 SAN DIEGO PIPELINE NO. 6 - PIPELINE/TUNNEL STUDY - PROJECT MANAGEMENT  
 SAN DIEGO PIPELINE NO. 6 - PIPELINE/TUNNEL STUDY - RIGHT OF WAY  
 SAN DIEGO PIPELINE NO. 6 - PROJECT MANAGEMENT  
 SAN DIEGO PIPELINE NO. 6 - RIGHT OF WAY  
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH - PROGRAM MANAGEMENT  
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH / TUNNEL STUDY  
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH CONSTRUCTION / AS BUILT  
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH COST OF RIGHT OF WAY



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

SAN DIEGO PIPELINE NO. 6 - SOUTH REACH ENVIRONMENTAL - CONSTRUCTION  
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH ENVIRONMENTAL FINAL DESIGN  
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH ENVIRONMENTAL PRELIMINARY DESIGN  
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH FINAL DESIGN/ADV  
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH PRELIMINARY DESIGN  
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH RIGHT OF WAY FINAL DESIGN  
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH RIGHT OF WAY PRELIMINARY DESIGN  
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH TUNNEL ALIGNMENT ANALYSIS  
 SAN DIEGO PIPELINE NO. 6 AREA STUDY  
 SAN DIEGO PIPELINE NO. 6 ENVIRONMENTAL MITIGATION  
 SAN DIEGO PIPELINE NO.4 & AULD VALLEY PIPELINE CARBON FIBER REPAIR STUDY  
 SAN DIEGO PIPELINE NOS. 1AND 3 - VALVE REPLACEMENT  
 SAN DIEGO PIPELINE REPAIR AT STATION 1268+57  
 SAN DIEGO PIPELINES 1 & 2, STA 1120+00 TO 1149+00  
 SAN DIEGO PIPELINES 1 & 2, STA 113+00 TO 1159+00  
 SAN DIEGO PIPELINES 1 & 2, STA 1151+00 TO 1169+00  
 SAN DIEGO PIPELINES 1 & 2, STA 1358+00 TO 1366+50  
 SAN DIEGO PIPELINES 1 & 2, STA 1358+00 TO 1369+00  
 SAN DIEGO PIPELINES 1 & 2, STA 1367+00 TO 1380+00  
 SAN DIEGO PIPELINES 1 AND 3, VALVE REPLACEMENT STUDY  
 SAN DIEGO PIPELINES 3 & 5 VACUUM VALVE REPLACEMENT PROJECT  
 SAN DIEGO PPLN 6 CIP  
 SAN DIEGO PPLN 6, ENVIRONMENTAL MITIGATION PLANNING, INITIATION PHASE  
 SAN DIEGO PPLN 6, ENVIRONMENTAL NORTHERN PPLN, PRELIMINARY DESIGN  
 SAN DIEGO PPLN 6, NORTH REACH FINAL DESIGN/ADV/NTP  
 SAN DIEGO PPLN 6, NORTHERN PPLN, PRELIMINARY DESIGN  
 SAN DIEGO PPLN 6, PPLN AND TUNNEL ENGR STUDIES, INITIATION PHASE  
 SAN DIEGO PPLN 6, PROJECT MGMT, INITIATION PHASE  
 SAN DIEGO PIPE NO.5-SCH SD-16, SKINNER TO TEMECULA (SPEC NO. 1065)  
 SAN DIEGO PIPE NO.5-SCH SD-17, TEMECULA TO DELIVERY POINT  
 SAN DIMAS AND RED MOUNTAIN POWER PLANTS STANDBY DIESEL ENGINE GENERATOR REPLACEMENTS  
 SAN DIMAS AND RED MOUNTAIN POWER PLANTS STANDBY DIESEL ENGINE GENERATOR REPLACEMENTS  
 SAN DIMAS CONTROL STRUCTURE 500 GALLONS DIESEL TANK REPLACEMENT  
 SAN DIMAS HEP BATTERY BANK AND GENERATOR BREAKER  
 SAN DIMAS PCS - UNINTERRUPTIBLE POWER SOURCE SYSTEMS INSTALLATION  
 SAN DIMAS POWER PLANT  
 SAN FRANCISQUITO PIPELINE BLOW OFF STRUCTURE, STA 287+70, ACCESS ROAD CONSTRUCTION  
 SAN FRANCISQUITO PIPELINE BLOWOFF STRUCTURE  
 SAN GABRIEL CANYON CROSSING SCHEDULE 8C  
 SAN GABRIEL PCS ELECTRICAL REPLACEMENTS  
 SAN GABRIEL PRESSURE CONTROL STRUCTURE (SPEC NO. 566)  
 SAN GABRIEL RIVER SPILLWAY (WEIR 1037.5)  
 SAN GABRIEL TOWER AND SPILLWAY IMPROVEMENTS  
 SAN GABRIEL TOWER SEISMIC UPGRADE  
 SAN GABRIEL TOWER SLIDE GATE  
 SAN GABRIEL TOWER SLIDE GATE REHABILITATION  
 SAN JACINTO #1 AND #2 CASA LOMA FAULT CROSSING STRUCTURE UPGRADE  
 SAN JACINTO DIVERSION STRUCTURE SLIDE GATE (V-03) REPAIRS  
 SAN JACINTO DIVERSION STRUCTURE SLIDE GATE V-03 REPLACEMENT  
 SAN JACINTO DIVERSION STRUCTURE SLIDE GATES V-01 V-02 REPAIR  
 SAN JACINTO PIPELINE, STA 82+50 TO 88+00  
 SAN JOAQUIN PRESSURE RELIEF STRUCTURE FOR THE EAST ORANGE COUNTY FEEDER 2  
 SAN JOAQUIN RELIEF STRUCTURE FOR EASTERN ORANGE COUNTY FEEDER #2  
 SAN JOAQUIN RELIEF STRUCTURE FOR EASTR OC FDR #2  
 SAN JOAQUIN RESERVOIR, INSTALL BULKHEAD  
 SAN JUAN TUNNEL (SPEC NO. 437)  
 SAN MARINO LATERAL: STA. 0+00 TO 54+10, SCH. 45SC  
 SAN RAFAEL TUNNELS NO. 1 & NO. 2  
 SANTA ANA CROSS FDR(FORMERLY EL TORO PIPELINE) CONNECTS OC AND EOC#2 FDRS  
 SANTA ANA CROSS FDR-RELOCATE FLOWER STREET STORM DRAINAGE  
 SANTA ANA RIVER BRIDGE EXPANSION JOINT REPLACEMENT  
 SANTA ANA RIVER BRIDGE SCHEDULE 2B  
 SANTA ANA RIVER BRIDGE SEISMIC RETROFIT  
 SANTA ANA RIVER BRIDGE SEISMIC UPGRADE  
 SANTA ANA RIVER DISCHARGE PAD - UPPER FEEDER  
 SANTA MONICA AND CALABASAS FEEDER BYPASS FOR SECTIONALIZING VALVES  
 SANTA MONICA FD.-MODIFY MANHOLE & BLOWOFF STRUCTURE,STA. 4504-86  
 SANTA MONICA FDR - HOLLYWOOD TNL. REPLACE 16  
 SANTA MONICA FDR SUNSET RELIEF STRUCTURE  
 SANTA MONICA FDR.-HOLLYWOOD TUNNEL REPL.16  
 SANTA MONICA FEEDER - REPAIR MANHOLE RISERS  
 SANTA MONICA FEEDER - REPLACE CAST IRON FLANGES ON LOWER  
 SANTA MONICA FEEDER- BETTERMENT OF SERVICE CONNECTION BH-1  
 SANTA MONICA FEEDER CAST IRON PIPE REHABILITATION  
 SANTA MONICA FEEDER CATHODIC PROTECTION..  
 SANTA MONICA FEEDER- HOLLYWOOD TNNL CONTROL STRUCT. REPL.VALVE  
 SANTA MONICA FEEDER INTERNAL SEAL INSTALLATION  
 SANTA MONICA FEEDER RELOCATION  
 SANTA MONICA FEEDER SCHEDULE 29SC (SPEC NO. 328)  
 SANTA MONICA FEEDER SCHEDULE 30SC  
 SANTA MONICA FEEDER SCHEDULE 31P  
 SANTA MONICA FEEDER SCHEDULE 32C1 (SPEC NO. 333)  
 SANTA MONICA FEEDER SCHEDULE 33C1  
 SANTA MONICA FEEDER STATION 495+10 REHABILITATION



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

SANTA MONICA FEEDER STATION REHABILITATION  
 SANTA MONICA FEEDER-GLENDALE SERVICE CONNECTION G-2 RECON T/2  
 SANTA MONICA FEEDER-REPLACE CAST IRON FLANGES (PROJECT 102725)  
 SANTA MONICA FEEDER-SUNSET RELIEF STRUCTURE-MODIFY STA. 433022  
 SANTIAGO CONTROL TOWER CATHODIC PROTECTION  
 SANTIAGO CONTROL TOWER SEISMIC IMPROVEMENTS  
 SANTIAGO LATERAL ACCESS ROAD REPAIR  
 SANTIAGO LATERAL- MOTOR FOR VALVE AT STA 216+40  
 SANTIAGO LATERAL REPLACE MOTOR - OPERATED VALVE  
 SANTIAGO LATERAL SECTIONALIZATION VALVE REPLACEMENT  
 SANTIAGO LATERAL STA 216+40 BUTTERFLY VALVE REPLACEMENT  
 SANTIAGO LATERAL, REPLACE MOTOR OPERATED VALVE  
 SANTIAGO LATERAL, REPLACE MOTOR OPERATED VALVE (103233)  
 SANTIAGO LATERAL: STA. 112+90 TO 451+40,, SCH. 91P (SPEC NO. 477)  
 SANTIAGO LATERAL: STA. 0+00 TO 112+90 & SPILLWAY DISCHG. LN, SCH 90SC  
 SANTIAGO PRESSURE CONTROL STRUCTURE  
 SANTIAGO TOWER ACCESS ROAD IMPROVEMENT  
 SC-1  
 SC-2A & B  
 SC-3  
 SC-4  
 SC-5A & B  
 SCADA COMMUNICATIONS BACKBONE RELIABILITY UPGRADE  
 SCADA COMMUNICATIONS MPLS UPGRADE - AT&T REGION (MINOR CAP)  
 SCADA COMMUNICATIONS MPLS UPGRADE - VERIZON REGION (MINOR CAP)  
 SCADA NETWORK INTRUSION DETECTION SYSTEM  
 SCADA SYSTEM HARDWARE UPGRADE  
 SCADA SYSTEM NT SOFTWARE UPGRADE  
 SCADA SYSTEM SUPPORT PROGRAMS  
 SCADA, REPLACE AREA CONTROLS  
 SD 03 & 04  
 SD AND CASA LOMA CANALS LINING  
 SD CANAL EAST & WEST BYPASS SCREENING STRUCTURES STUDY  
 SD CANAL REPLACE SODIUM BISULFITE TANK  
 SD PIPELINE 3 CULVERT ROAD REHAB  
 SD PIPELINE 3,4, AND 5 PROTECTIVE COVER  
 SD PIPELINE 4 EXPLORATORY EXCAVATION  
 SD PIPELINE 5 EXPLORATORY EXCAVATION  
 SD PIPELINES 3 AND 5 REMOTE CONTROL BYPASS STRUCTURE GATES AND ISOLATION VALVES  
 SD-02  
 SD-04  
 SD-05  
 SD-08  
 SD-09  
 SD-10  
 SD-11  
 SD6 - NORTH REACH POST DESIGN  
 SD-MISC  
 SECOND LOWER & SEPULVEDA FEEDERS SCI DRAIN STATIONS  
 SECOND LOWER CROSS FEEDER - VALVE PROCUREMENT  
 SECOND LOWER CROSS FEEDER CONSTRUCTION  
 SECOND LOWER CROSS FEEDER FINAL DESIGN  
 SECOND LOWER FDR, REPAIRS AT SELECT LOCATIONS  
 SECOND LOWER FEEDER - INSTALL LINER  
 SECOND LOWER FEEDER - STEEL LINER IN PORTION  
 SECOND LOWER FEEDER CATHODIC PROTECTION SYSTEM  
 SECOND LOWER FEEDER CURRENT MITIGATION REFURBISHMENT  
 SECOND LOWER FEEDER PCCP - REACHES 7, AND 10  
 SECOND LOWER FEEDER PCCP 2016 URGENT REPAIRS  
 SECOND LOWER FEEDER PCCP REHAB, R/W ACQUISITION  
 SECOND LOWER FEEDER PCCP REHAB. - REACH 9  
 SECOND LOWER FEEDER PCCP REHABILITATION  
 SECOND LOWER FEEDER PCCP REHABILITATION - PRELIMINARY DESIGN  
 SECOND LOWER FEEDER PCCP REHABILITATION - PIPE PROCUREMENT DOCUMENTS  
 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 1  
 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 11  
 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 2  
 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 3  
 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 5  
 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 6  
 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 8  
 SECOND LOWER FEEDER PCCP REHABILITATION - REAL PROPERTY ACQUISITION  
 SECOND LOWER FEEDER PCCP REHABILITATION - VALVE PROCUREMENT  
 SECOND LOWER FEEDER PCCP REPAIRS  
 SECOND LOWER FEEDER REHABILITATION REACH 3 ACOUSTIC FIBER OPTIC PCCP MONITORING SYSTEM  
 SECOND LOWER FEEDER RELIABILITY AT 3 LOCATIONS - SEISMIC STUDY  
 SECOND LOWER FEEDER- SCH. 107-DIEMER PLNT. TO C.CRK.CONTROL STRUCT.  
 SECOND LOWER FEEDER- SCH. 108  
 SECOND LOWER FEEDER- SCH. 110 & 111- STA. 830+00 TO 1050+00  
 SECOND LOWER FEEDER- SCH. 114 & 115  
 SECOND LOWER FEEDER, BIXBY VALVE REPLACEMENT  
 SECOND LOWER FEEDER-CARBON CREEK PRESSURE CONTROL STRUCTURE  
 SECOND LOWER FEEDER-SCH.112 -WOODRUFF TO W. OF LONG BEACH BLVD.  
 SECOND LOWER FEEDER-SCH.113 -W. OF LONG BEACH BLVD.TO ALAMEDA ST.



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

SECOND SAN DIEGO ACQUEDUCT, MISCELLANEOUS CREDITS (SPEC NO. 554)  
 SECOND SAN DIEGO ACQUEDUCT, SCHEDULE SD1C (SPEC NO. 554)  
 SECOND SAN DIEGO ACQUEDUCT, SCHEDULE SD2C (SPEC NO. 554)  
 SECOND SAN DIEGO ACQUEDUCT, SCHEDULE SD3C (SPEC NO. 554)  
 SECOND SAN DIEGO ACQUEDUCT, SCHEDULE SD4C (SPEC NO. 554)  
 SECOND SAN DIEGO AQUEDUCT, SCHEDULE SD10P (SPEC. NO. 537)  
 SECOND SAN DIEGO AQUEDUCT, SCHEDULE SD8P (SPEC. NO. 537)  
 SECOND SAN DIEGO AQUEDUCT, SCHEDULE SD9P (SPEC. NO. 537)  
 SECOND SAN DIEGO AQUEDUCT3, SCHEDULE SD11SC (SPEC. NO. 537)  
 SECURITY FENDING AT OC-88 PUMP PLANT  
 SEISMIC UPGRADE OF 11 FACILITIES ON THE ALLEN MCCOLLOCH PIPELINE  
 SEISMIC UPGRADES AT 10 SERVICE CONNECTION STRUCTURES ALONG AMP  
 SELECTED PRESSURE CONTROL STRUCTURES-REPLACE VALVE POSITION INDICATORS  
 SELECTED PRESSURE REPLACE VALVE POSITION INDICATORS  
 SEPULVEDA CANYON CONTROL FACILITY BYPASS PROJECT  
 SEPULVEDA CANYON CONTROL FACILITY RELIABILITY IMPROVEMENTS  
 SEPULVEDA CANYON CONTROL FACILITY WATER STORAGE TANKS SEISMIC UPGRADE  
 SEPULVEDA CANYON PCS TO VENICE PCS VALVE REPLACEMENTS  
 SEPULVEDA CANYON POWER PLANT TAIL RACE COATINGS  
 SEPULVEDA CANYON TANKS EXTERIOR AND INTERIOR RECOATING  
 SEPULVEDA FDR & 2ND FDR, CORROSION CTRL  
 SEPULVEDA FDR, WEST VALLEY FDR. NO.1- MODIF.OF STRUCTURES PHASE II  
 SEPULVEDA FEEDER - CARBON FIBER LINER REPAIRS  
 SEPULVEDA FEEDER CATHODIC PROTECTION SYSTEM  
 SEPULVEDA FEEDER CFRP URGENT RELINING  
 SEPULVEDA FEEDER CORROSION/INTERFERENCE MITIGATION, STATION 950+00 TO 1170+00  
 SEPULVEDA FEEDER- CULVER CITY FDR. TO WEST COAST FDR.  
 SEPULVEDA FEEDER- EL SEGUNDO BLVD. TO 220TH ST.,SCH. 133 AND 134  
 SEPULVEDA FEEDER HEP AUTO PILOT  
 SEPULVEDA FEEDER- INTERCONNECT BALBOA TUNNEL TO 1ST LA AQ (DWP)  
 SEPULVEDA FEEDER PCCP 2016 URGENT REPAIRS  
 SEPULVEDA FEEDER PCCP CARBON FIBER JOINT REPAIRS  
 SEPULVEDA FEEDER PCCP DEL AMO BLVD URGENT RELINING  
 SEPULVEDA FEEDER PCCP REHABILITATION - REACH 1  
 SEPULVEDA FEEDER PCCP REHABILITATION - REACH 2  
 SEPULVEDA FEEDER PCCP REHABILITATION - REACH 3  
 SEPULVEDA FEEDER PCCP REHABILITATION - REACH 4  
 SEPULVEDA FEEDER PCCP REHABILITATION - REACH 5  
 SEPULVEDA FEEDER PCCP REHABILITATION - SOUTH REACH PDR AND NORTH REACH PDR THROUGH CONSTRUCTION  
 SEPULVEDA FEEDER PIPELINE REPAIR  
 SEPULVEDA FEEDER REPAIRS AT 3 SITES  
 SEPULVEDA FEEDER- SCH. 123, 124 AND 125  
 SEPULVEDA FEEDER- SEPULVEDA CANYON CONTROL FACILITY  
 SEPULVEDA FEEDER- SEPULVEDA TUNNEL TO SLAUSON AVE.  
 SEPULVEDA FEEDER- SEPULVEDA TUNNEL, SCH.126  
 SEPULVEDA FEEDER SOUTH CATHODIC PROTECTION SYSTEM  
 SEPULVEDA FEEDER STATION 2002+02 TO 2273+28 STRAY CURRENT INTERFERENCE MITIGATION  
 SEPULVEDA FEEDER STRAY CURRENT MITIGATION  
 SEPULVEDA FEEDER STRAY CURRENT MITIGATION REFURBISHMENT  
 SEPULVEDA FEEDER SYSTEM- CALABASAS FEEDER  
 SEPULVEDA FEEDER- VENICE PRESSURE CONTROL STRUCTURE  
 SEPULVEDA FEEDER, RELOCATION OF AIR VENT  
 SEPULVEDA FEEDER/EAST VALLEY FEEDER INTERCONNECTION ELECTRICAL UPGRADES  
 SEPULVEDA FEEDER-SCH.119,120,121& 122-BALBOA TRT.PLT. TO CHTSWRTH.ST  
 SEPULVEDA HEP AUTO PILOT VALVES  
 SEPULVEDA HEP TAILRACE COATINGS  
 SEPULVEDA PCS - PERIMETER ASPHALT REPAIRS  
 SEPULVEDA PIPELINE PCCP REHABILITATION  
 SEPULVEDA TANKS CATHODIC PROTECTION SYSTEM  
 SEPULVEDA WEST VALLEY AND EAST VALLEY FEEDERS INTERCONNECTION  
 SEPULVEDAFEEDER/EASTVALLEYFEEDERINTERCONNECTIONELECTRICALUPGRADES  
 SEPULVEDA-WEST BASIN INTERCONNECTION VALVE REPLACEMENT  
 SEPULVEDA-WEST BASIN INTERCONNECTION VALVE REPLACEMENTS  
 SEPULVEDA FDR-STRAY CURRENT INTERFERENCE  
 SERVICE AREA INTERCONNECTION ENHANCEMENT PROGRAM  
 SERVICE CONN. DW-CV-4, VALVE STRUCTURE,WATER SIPHON, STA. 9698+00  
 SERVICE CONN. DW-CV-4,WHITE WATER SIPHON (2ND BARREL)STA. 9698+00  
 SERVICE CONNECTION A-02 REHABILITATION  
 SERVICE CONNECTION B-06 CITY OF BURBANK  
 SERVICE CONNECTION C8-19 SAN GABRIEL VALLEY WATER  
 SERVICE CONNECTION CB-11B - CHINO BASIN  
 SERVICE CONNECTION CB-14 Y CB20 IE UTIL  
 SERVICE CONNECTION CENB-29 EQUIPMENT RELOCATION  
 SERVICE CONNECTION CENB-54-STA-168 CENTRAL BASIN MWD  
 SERVICE CONNECTION CENB-55 CENTRAL BASIN MWD  
 SERVICE CONNECTION CLWA-01 - MODIFICATIONS  
 SERVICE CONNECTION CM-5 CITY OF NEW PORT  
 SERVICE CONNECTION EM-01A  
 SERVICE CONNECTION EM-20  
 SERVICE CONNECTION EM-20 - EASTERN  
 SERVICE CONNECTION EM20 SURGE ANALYSIS  
 SERVICE CONNECTION EM-22  
 SERVICE CONNECTION EM-23  
 SERVICE CONNECTION F-08 MODIFICATIONS - FULLERTON



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

SERVICE CONNECTION FLOWMETER REPLACEMENT  
 SERVICE CONNECTION G-03 CITY OF GLENDALE  
 SERVICE CONNECTION IRVINE RANCH WATER DIST, OC33 MOD  
 SERVICE CONNECTION LA 25, BYPASS PIPELINE  
 SERVICE CONNECTION LA-100 - LOS ANGELES  
 SERVICE CONNECTION LA-17 FLOWMETER REPLACEMENTS  
 SERVICE CONNECTION LA-17 REHABILITATION  
 SERVICE CONNECTION LA-29 MODIFICATIONS - LOS ANGELES  
 SERVICE CONNECTION LA-37A - LOS ANGELES  
 SERVICE CONNECTION LB-01 - LONG BEACH  
 SERVICE CONNECTION LB-01D - LONG BEACH  
 SERVICE CONNECTION LOS ANGELES 5  
 SERVICE CONNECTION LOS ANGELES 7  
 SERVICE CONNECTION LV-01 UPGRADES  
 SERVICE CONNECTION LV-03 LAS VIRGENES MWD  
 SERVICE CONNECTION OC-26 - RELOCATION OF METER CABINET, INSTRUMENT HOUSING & AIR VENT STACK  
 SERVICE CONNECTION OC-26, RELOCATION OF METER CABINET, INSTRUMENT  
 SERVICE CONNECTION OC-38 - ORANGE CITY  
 SERVICE CONNECTION OC-51 MODIFICATION  
 SERVICE CONNECTION OC-70 - ORANGE CITY  
 SERVICE CONNECTION OC-79 MODIFICATIONS - MWDOC  
 SERVICE CONNECTION P1  
 SERVICE CONNECTION P-1-UPPER FEEDER (ORG CONST)  
 SERVICE CONNECTION PM-24 MODIFICATIONS - THREE VALLEY MWD  
 SERVICE CONNECTION PM-26 MODIFICATIONS - THREE VALLEY MWD  
 SERVICE CONNECTION PM-28 - THREE VALLE  
 SERVICE CONNECTION RIALTO  
 SERVICE CONNECTION RIALTO- THREE VALLEY  
 SERVICE CONNECTION SA-3 CITY OF SANA ANA  
 SERVICE CONNECTION SA-3 ORANGE COUNTY FEEDER- BRISTOL  
 SERVICE CONNECTION SA-4 - SANTA ANA  
 SERVICE CONNECTION SCADA UPGRADE PRJT, CNEB-3,5,6,12,23,35,51  
 SERVICE CONNECTION SD-02 SAN DIEGO WATER AUTHORITY  
 SERVICE CONNECTION SD-7 STUDY - SDCWA  
 SERVICE CONNECTION SGV-01 - SAN GABRIEL  
 SERVICE CONNECTION SMR-01  
 SERVICE CONNECTION WB13 - WEST BASIN FEEDER  
 SERVICE CONNECTION WB-26 - RIVERSIDE  
 SERVICE CONNECTION WB-2A & WB-2B EQUIPMENT RELOCATION  
 SERVICE CONNECTIONS CB-12 & CB-16 TURNOUT VALVE REPLACEMENT & ELECTRICAL UPGRADE  
 SERVICE CONNECTIONS WB-2A AND WB-2B EQUIPMENT RELOCATION  
 SF-01  
 SIERRA MADRE TUNNEL  
 SIMULATION AND MODELING APPLICATION FOR REAL TIME OPERATIONS SMART OPS  
 SITE 3 SECOND LOWER FEEDER URGENT REPAIRS  
 SITE 3 SECOND LOWER FEEDER URGENT REPAIRS - FINAL DESIGN  
 SITES 1 & 2 SECOND LOWER FEEDER URGENT REPAIRS  
 SITES 1 & 2 SECOND LOWER FEEDER URGENT REPAIRS - FINAL DESIGN & PIPE FABRICATION  
 SKINNER BRANCH- CONSTRUCT 50FT X 150FT METAL STORAGE BLDG  
 SKINNER ACCUSONIC FLOWMETER REPLACEMENT  
 SKINNER BRANCH - AIR INJECTION MODIFICATIONS TO RED MOUNTAIN POWER PLANT  
 SKINNER BRANCH - CASA LOMA CANAL  
 SKINNER BRANCH - CASA LOMA SIPHON BARREL ONE  
 SKINNER BRANCH - CATWALK FOR TRAVELING MAINTENANCE BRIDGE FOR  
 SKINNER BRANCH - FABRICATE & REPLACE THE STEMS, NUTS & KEYS  
 SKINNER BRANCH - REPAIR MODULE 1 AND 2 FLOCCULATORS BRIDGES  
 SKINNER BRANCH, SAN DIEGO CANAL ACOUSTIC FLOW METER  
 SKINNER BRANCH, UPGRADE EXISTING PUBLIC ADDRESS & ALARM SYS  
 SKINNER BYPASS PIPELINE CHLORINATION SYSTEM  
 SKINNER DAM REMEDIATION  
 SKINNER DISTRIBUTION SYSTEM - CONTRACT # 1396  
 SKINNER EGEN UST UPGRADE - LLD INSTALLATION  
 SKINNER ELECTRICAL BUILDING HVAC UPGRADE  
 SKINNER FACILITY AREA PAVING  
 SKINNER FILTR. PLANT- CATHODIC PROTECTION  
 SKINNER FILTRATION PLANT - ELEVATED SLAB IN SERVICE BLDG 1  
 SKINNER HELIPAD REHAB  
 SKINNER INDUSTRIAL WATER PUMP CONTROL UPGRADE  
 SKINNER ORP SWITCHGEAR BATTERY REPLACEMENT  
 SKINNER PLANT 1 LOSS OF HEAD ULTRASONIC METER REPLACEMENT  
 SKINNER PLANT IMPROVEMENT PROGRAM, EFFLUENT TANK BYPASS  
 SKINNER REPLACEMENT FOR WETCELL BATTERY AND INVERTER  
 SKINNER SCADA SERVERS RELOCATION  
 SKINNER SPARGER PUMP REPLACEMENT  
 SKINNER SPILLWAY REHABILITATION  
 SKINNER, REPLACE WILLOWGLEN RTU  
 SMART-OPS (FORMERLY RTOS)  
 SMN-02  
 SOLAR FROM CWE  
 SOMMS - MATERIALS INTERFACE & MOBILE TECHNOLOGY  
 SOTO ST FAC-REPL HEAT & A/C SYSTEM  
 SOTO ST. FACILITY - SECURITY & HVAC REPLACEMENT  
 SOTO STREET FACILITY - BUILDING SEISMIC UPGRADE  
 SOTO STREET FACILITY - REPLACE HEATING



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

SOTO STREET FACILITY - ROOF REPLACEMENT  
 SOUTH COAST FEEDER, SCH 68 PS AND 69PS (SPEC NO. 667)  
 SOUTH COUNTY PIPELINE PROTECTION AT SAN JUAN CREEK  
 SOUTH COUNTY PIPELINE PROTECTION AT SAN JUAN CREEK CROSSING  
 SOUTH REACH / TUNNEL STUDY  
 SOUTH REACH CONSTRUCTION/ASBUILT - FUTURE UNAPPROPRIATED  
 SOUTH REACH DESIGN - FUTURE/UNAPPROPRIATED  
 SOUTH REACH ENVIRONMENTAL - FUTURE/UNAPPROPRIATED  
 SOUTH REACH FEASIBILITY STUDY  
 SOUTH REACH PROJECT MANAGEMENT - FUTURE/UNAPPROPRIATED  
 SOUTH REACH RIGHT OF WAY - FUTURE/UNAPPROPRIATED  
 SPECIAL SERVICE BRANCH - REPLACE PLATE BENDING  
 SPECIAL SERVICES BRANCH, INSTALL EMERGENCY GENERATOR FOR SHOPS  
 ST. JOHN'S CANYON CHANNEL EROSION MITIGATION  
 ST. JOHN'S CANYON CHANNEL REPAIR AND MODIFICATIONS  
 STATION 1094+93 TO 1331+00 (SCH SD12PS)  
 STATION 1278+00 TO 1291+00 - ORANGE COUNTY FEEDER (ORG CONST)  
 STATION 1331+00 TO 1593+14 (SDH SD13PS)  
 STATION 1553+50 TO 1820+50 (SCH SD14SG)  
 STATION 1820+50 TO SAN DIEGO COUNTY LINE (SCH SD15SG)  
 STRUCTURE MODIFICATIONS TO SAN DIEGO PIPELINE'S # 1 AND 2  
 STRUCTURES, PHASE 2 -WEST VALLEY FEEDER NO. 1 (INTERIM CONST)  
 SUNSET MAINTENANCE CENTER HOIST REPLACEMENT  
 SURGE SUPPRESSION SYSTEM AT OC-8  
 SVC CONNECT 2ND LOWER FEEDER STA 1866+00-1875+00  
 SVC CONNECT ALLEN MCCOLLOCH STA 289+00+292+00  
 SVC CONNECT ALLEN MCCOLLOCH STA 30+90-46+10  
 SVC CONNECT AULD VALLEY PIPELINE  
 SVC CONNECT BOX SPRINGS FEEDER STA 216+80-265+50  
 SVC CONNECT BOX SPRINGS FEEDER STA 51+50-54+75  
 SVC CONNECT CALH-03  
 SVC CONNECT CULVER CITY FEEDER STA 498+00-489+00  
 SVC CONNECT CULVER CITY FEEDER STA 533+00-543+00  
 SVC CONNECT DVL, SKINNER, SD CANAL  
 SVC CONNECT EAST OC FEEDER STA 1043+00-1059+00  
 SVC CONNECT EAST OC FEEDER STA 1149+45  
 SVC CONNECT EAST OC FEEDER STA 1219+00-1241+00  
 SVC CONNECT EM-24, PERRIS VALLEY  
 SVC CONNECT FOOTHILL FEEDER CLWA-1  
 SVC CONNECT FOOTHILL FEEDER STA 209+85-279+80  
 SVC CONNECT FOOTHILL FEEDER STA 381+00-384+00  
 SVC CONNECT LA-29A  
 SVC CONNECT LAS POSAS WELLFIELD  
 SVC CONNECT LOWER FEEDER STA 286+90-307+50  
 SVC CONNECT LOWER FEEDER STA 307+00-326+00  
 SVC CONNECT LOWER FEEDER STA 475+60-484+60  
 SVC CONNECT LOWER FEEDER STA 484+80  
 SVC CONNECT OC FEEDER STA 1299+50 ETC.  
 SVC CONNECT OC FEEDER STA 1437+50-1442+50  
 SVC CONNECT OC FEEDER STA 1656+50-1736+60  
 SVC CONNECT OC FEEDER STA 1969+50-1974+50  
 SVC CONNECT OC FEEDER STA 937+00-948+00  
 SVC CONNECT RIALTO PIPELINE STA 4046+00-4059+00  
 SVC CONNECT RIALTO PIPELINE STA 4056+00-4070+00  
 SVC CONNECT RIALTO PIPELINES STA 3305+36 TO 3316+00  
 SVC CONNECT RIALTO PIPELINES STA 4046+00-4070+00  
 SVC CONNECT RIALTO STA 3390+00-3440+00  
 SVC CONNECT SA-03 MODIFICATIONS AND WILLITS PRESSURE CONTROL STRUCT  
 SVC CONNECT SAN FRANCISQUITO STA 269+50-293+00  
 SVC CONNECT SAN JOAQUIN RESERVOIR  
 SVC CONNECT SANTIAGO LATERAL & SPILLWAY DISCHARGE  
 SVC CONNECT SD PIPELINES STA 1326+00-1327+00  
 SVC CONNECT SD PIPELINES STA 1376+00-1470+00  
 SVC CONNECT SD PIPELINES STA 1391+50-1394+50  
 SVC CONNECT SD PIPELINES STA 1574+00-1584+60  
 SVC CONNECT SD STA 1191+00-193+00, 1176+00-1303+00  
 SVC CONNECT SD STA 1971+00-1981+00  
 SVC CONNECT SD STA 268+26, 268+39  
 SVC CONNECT SEPULVEDA FEEDER STA 1037+55  
 SVC CONNECT UPPER FEEDER STA 1044+00-1049+50  
 SVC CONNECT UPPER FEEDER STA 1064+50-1065+50  
 SVC CONNECT UPPER FEEDER STA 2006+00-2013+00  
 SVC CONNECT UPPER FEEDER STA 421+61  
 SVC CONNECT UPPER FEEDER STA 907+50-920+50  
 SVC CONNECT VICTORIA STREET LATERAL  
 SVC CONNECT WEST VALLEY FEEDER STA 1218+55  
 SVC CONNECT WEST VALLEY FEEDER STA 226+00-269+00  
 SYSTEM RELIABILITY PROGRAM  
 SYSTEM STATUS DISPLAY, OPERATIONS CONTROL CENTER  
 SYSTEM-WIDE ASPHALT REPLACEMENT  
 T-05  
 T-06  
 T-07  
 T-08



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

TELECOMM INFRASTRUCTURE UPGRADE PROGRAM, REPLACE DATA CENTER SWITCHES  
 TELECOMM INFRASTRUCTURE UPGRADE PROGRAM, REPLACE HUBS AT FIELD SITES  
 TELECOMM INFRASTRUCTURE UPGRADE PROGRAM, REPLACE ROUTERS AT FIELD SITES  
 TELECOMM INFRASTRUCTURE UPGRADE PROGRAM, TWO-WAY RADIO SYSTEM UPGRADE  
 TEMESCAL POWER PLANT REPLACE EMERGENCY GENERATOR  
 TESTING PROGRAM AT YORBA LINDA TEST FACILITY  
 TORRANCE LATERAL EXTENSION  
 TORRANCE LATERAL EXTENSION SCHEDULE 40A  
 TORRANCE LATERAL SCHEDULE 27SC  
 TOTAL ORGANIC CARBON (TOD) ANALYZER REPLACEMENT  
 TREATED WATER CROSS CONNECTION PREVENTION - FINAL DESIGN & CONSTRUCTION  
 TREATED WATER CROSS CONNECTION PREVENTION - UNFUNDED WORK  
 TURNOUT STRUCTURE, SERVICE CONNECTION G-2-SANTA MONICA FDR (ORG CONST)  
 TWO STRAY CURRENT INTERFERENCE BONDS W ORANGE COUNTY FDR  
 TWO-WAY RADIO ENHANCEMENT - EMERGENCY SERVICES, FIRE CONTROL, EVACUATION & BLDG. MAINT.  
 TWO-WAY RADIO ENHANCEMENT FOR EMERGENCY SERVICES, FIRE CONTROL, EVACUATION AND BLDG. MAINTENANCE  
 UF RAW VACUUM VALVES AND BLOWOFF IMPROVEMENTS  
 UNDER GROUND STORAGE TANK DISPENSER SPILL CONTAINMENT & REMEDIATION  
 UNION STATION EGEN UST UPGRADE, LINE LEAK DETECTOR INSTALLATION  
 UNION STATION TWO-WAY RADIO ENHANCEMENT FOR EMERGENCY SERVICES, FIRE CONTROL, EVACUATION AND BUILDING MAINTENANCE  
 UPGRADE CATHODIC PROTECTION RECTIFIERS  
 UPGRADE HOLLYWOOD TUNNEL PORTAL SLEEVE VALVE EQUIPMENT  
 UPGRADE SUNSET GARAGE  
 UPPER FEEDER - CATHODIC PROTECTION (SCH 25)  
 UPPER FDR-MODIFY PUDDINGSTONE SPILLWAY, STA.1950+62.71  
 UPPER FEEDER - SANTA ANA RIVER BRIDGE LINING REPAIRS  
 UPPER FEEDER - SANTA ANA RIVER BRIDGE REPAIRS  
 UPPER FEEDER - STRUCTURAL PROTECTION  
 UPPER FEEDER AIR ENTRAINMENT  
 UPPER FEEDER BLOW OFF STRUCTURE REPLACEMENT  
 UPPER FEEDER EMERGENCY EXPANSION JOINT REPLACEMENT  
 UPPER FEEDER GATE REHABILITATION  
 UPPER FEEDER JUNCTION STRUCTURE SEISMIC UPGRADE  
 UPPER FEEDER- ROAD ACCESS TO SANTA ANA BRIDGE  
 UPPER FEEDER SANTA ANA RIVER BRIDGE SEISMIC MODIFICATION  
 UPPER FEEDER SANTA ANA RIVER DISCHARGE PAD  
 UPPER FEEDER SCHEDULE 10P  
 UPPER FEEDER SCHEDULE 11P  
 UPPER FEEDER SCHEDULE 1P  
 UPPER FEEDER SCHEDULE 2S  
 UPPER FEEDER SCHEDULE 3P  
 UPPER FEEDER SCHEDULE 4P  
 UPPER FEEDER SCHEDULE 5P  
 UPPER FEEDER SCHEDULE 6P  
 UPPER FEEDER SCHEDULE 7P  
 UPPER FEEDER SCHEDULE 8P  
 UPPER FEEDER SCHEDULE 9P  
 UPPER FEEDER- SERVICE CONNECTION P-1  
 UPPER FEEDER SERVICE CONNECTION, P-1, FM-1, AND SMR-1 REHABILITATION  
 UPPER FEEDER SERVICE CONNECTIONS UPGRADES  
 UPPER FEEDER TO ACCOMMODATE SANTA FE RAILWAY EXPANSION  
 UPPER FEEDER URGENT REPAIRS AT STA 3239+00  
 UPPER FEEDER, MANHOLE MODIFICATION, STATION 1464+50  
 UPPER FEEDER, MANHOLE MODIFICATION, STATION 1495+54  
 UPPER FEEDER, MANHOLE MODIFICATION, STATION 1757+86  
 UPPER FEEDER, STA 1048+70 TO 1051+77  
 UPPER FEEDER, STA 1146+46 TO 116+50  
 UPPER FEEDER, STRUCTURAL PROTECTION, FINAL DESIGN  
 UPPER FEEDER: SERVICE CONN. FOR FOOTHILL M.W.D. IN PASADENA  
 UPPER FEEDER:COTTAGE AND GARAGE AT EAGLE ROCK CONTROL TOWER  
 UPPER FEEDER-REPLACE MAGNETIC FLOWMETER  
 UPPER NEWPORT BACKBAY BLOW?OFF STRUCTURE REHABILITATION  
 UPPER NEWPORT BAY BLOW-OFF STRUCTURE REHABILITATION  
 UPS SYSTEMS INSTALLATION AT FOOTHILL PCS  
 UPS SYSTEMS INSTALLATION AT PERRIS CONTROL STRUCTURE  
 US-2  
 USG-01  
 USG-02  
 USG-03  
 USG-04  
 USG-05  
 USG-06  
 USG-07  
 USG-08  
 USG-09  
 UTILITY BUSINESS ARCHITECTURE (OBJECT MAPPING/MODELING)  
 VACUUM AIR RELEASE VALVE RELOCATION PILOT PROGRAM  
 VALLEY & LOS ANGELES DISTRIBUTION VALVE POSITION DISPLAY UPGRADE  
 VALLEY BRANCH, PPLN CORROSION TEST STATION  
 VALLEY VIEW HYDROELECTRIC GENERATOR REFURBISHMENT  
 VALLEY VIEW METERING CIRCUIT MODIFICATIONS  
 VALVE PALOS VERDE FEEDER  
 VALVE PROCUREMENT  
 VALVE, 20



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

VALVE,24  
 VALVE-ASCOT-GARVEY CROSS FEEDER  
 VALVE-HOLLYWOOD TUNNEL CNTRL STRUCTURE - SANTA MONICA FDR (INTERIM CONST)  
 VALVES - PALOS VERDES FEEDER  
 VENICE PCS VALVE REFURBISHMENT  
 VICTORIA ST. LATERAL EXTN. & VICTORIA ST.-223RD ST. CROSS FEEDER  
 VICTORIA STREET LATERAL: STA. 0+00 TO 147+62 (SCH. 46P)  
 VIDEO CONFERENCE REPLACEMENT  
 VIDEO CONFERENCE SYSTEM UPGRADE  
 VIDEOCONFERENCING UPGRADE  
 WADSWORTH PUMP DISCHARGE TO EASTSIDE PIPELINE INTERCONNECTION  
 WADSWORTH PUMP PLANT STOP LOGS  
 WADSWORTH PUMPING PLANT - MODIFICATION/REPAIRS OF FIFTY-NINE 6.9KV BREAKERS/CABINETS  
 WADSWORTH PUMPING PLANT CONDUIT REPAIR AND PROTECTION  
 WADSWORTH PUMPING PLANT CONTROL & PROTECTION UPGRADE  
 WADSWORTH PUMPING PLANT CONTROL & PROTECTION UPGRADE, PRELIMINARY DESIGN  
 WADSWORTH PUMPING PLANT CONTROL & PROTECTION UPGRADES  
 WADSWORTH PUMPING PLANT FOREBAY GANTRY CRANE UPGRADE  
 WADSWORTH PUMPING PLANT RECOATING 144" YARD PIPING  
 WADSWORTH PUMPING PLANT SLEEVE VALVE REFURBISHMENT  
 WADSWORTH PUMPING PLANT STOP LOGS ADDITION - STUDY  
 WADSWORTH PUMPING PLANT YARD PIPING LINING REPLACEMENT  
 WADSWORTH YARD PIPING LINING REPAIRS  
 WADSWORTH/DVL CONTROL & PROTECTION SYSTEM UPGRADE - UPS REPLACEMENT  
 WASHINGTON D.C. OFFICE LEASE AT 500 NEW JERSEY AVENUE N.W.  
 WASHINGTON PCS ON PV FDR- PLATFORMS/LADDERS  
 WASHINGTON STREET PRESSURE CONTROL STRUCTURE VALVE REPLACEMENT  
 WATER DELIVERY SYSTEM AUTOMATION  
 WATER ORDERING & EVENT SCHEDULING SYSTEM  
 WATER PLANNING APPLICATION  
 WATER QUALITY - REMOTE MONITORING  
 WATER QUALITY LABORATORY BUILDING EXPANSION  
 WATER QUALITY MONITORING AND EVENT DETECTION SYSTEM  
 WB-01  
 WB-02A  
 WB-02B  
 WB-03  
 WB-06A  
 WB-06B  
 WB-06B METER REPLACEMENT PROJECT  
 WB-07  
 WB-08  
 WB-09  
 WB-10  
 WB-11  
 WB-12  
 WB-13  
 WB-18  
 WB-19  
 WB-21  
 WB-22  
 WB-23  
 WB-24  
 WB-25  
 WB-26A  
 WB-27  
 WB-28  
 WB-28 SERVICE CONNECTION MODIFICATIONS  
 WB-29  
 WB-30  
 WB-31  
 WB-32  
 WB-33  
 WB-34  
 WB-36  
 WB-37  
 WB-39  
 WB-40  
 WB-MISC  
 WCF/PVF INTERCONNECTION VALVE AUTOMATION  
 WD-28  
 WEST BASIN LATERAL EXTENSION  
 WEST BASIN LATERAL: STA.4+95 TO 355+19 (SCH.43P)  
 WEST BASIN LATERAL: STA.4+95 TO 355+19, SCH.43P (SPEC NO. 378)  
 WEST COAST FEEDER - CATHODIC PROTECTION SYSTEMS  
 WEST COAST FEEDER, DISCOUNTS & MISCELLANEOUS CREDITS  
 WEST COAST FEEDER, SCHEDULE 65SC (SPEC. NO. 560)  
 WEST COAST FEEDER, SCHEDULE 66SC (SPEC NO. 560)  
 WEST COAST FEEDER, SCHEDULE 67SC (SPEC NO. 560)  
 WEST OC FEEDER VALVE REPLACEMENT  
 WEST ORANGE COUNTY FDR, RELOCATE STATIONS 132+16 TO 132+74  
 WEST ORANGE COUNTY FDR. PCS-INSTALL 480V 3 PHASE ELEC. SERVICE  
 WEST ORANGE COUNTY FEEDER (WOCF) VALVE REPLACEMENT  
 WEST ORANGE COUNTY FEEDER BLOWOFF DRAIN LINE REHABILITATION ENGINEERING CHANGE



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

WEST ORANGE COUNTY FEEDER OC-09 REHABILITATION  
 WEST ORANGE COUNTY FEEDER -RELOCATION AT STATION 456+00+  
 WEST ORANGE COUNTY FEEDER SERVICE CONNECTION OC-09 REHABILITATION  
 WEST ORANGE COUNTY FEEDER- STA.0/03 TO 458/90, SCH. 60SC (SPEC #427)  
 WEST ORANGE COUNTY FEEDER VALVE REPLACEMENT  
 WEST ORANGE COUNTY FEEDERCATHODIC PROTECTION  
 WEST VALLEY #1 FEEDER (FORMERLY CALLEGUAS CONDUIT)  
 WEST VALLEY AREA STUDY  
 WEST VALLEY FACILITIES STUDY  
 WEST VALLEY FEEDER # 1 STAGE 2 VALVE STRUCTURE MODIFICATIONS - CONSTRUCTION  
 WEST VALLEY FEEDER NO 1 - STAGE 2 VALVE STRUCTURE MODIFICATIONS  
 WEST VALLEY FEEDER NO. 1 - DE SOTO VALVE STRUCTURE IMPROVEMENTS  
 WEST VALLEY FEEDER NO. 1 - DE SOTO VALVE STRUCTURES IMPROVEMENT  
 WEST VALLEY FEEDER NO. 1 - STAGE 3 IMPROVEMENTS  
 WEST VALLEY FEEDER NO. 1 ACCESS ROADS AND STRUCTURE IMPROVEMENTS (STAGE 2)  
 WEST VALLEY FEEDER NO. 1 ACCESS ROADS AND STRUCTURE IMPROVEMENTS (STAGE 3)  
 WEST VALLEY FEEDER NO. 1 ACCESS ROADS AND STRUCTURES IMPROVEMENTS  
 WEST VALLEY FEEDER NO. 1 STAGE 2 VALVE STRUCTURE MODIFICATIONS  
 WEST VALLEY FEEDER NO. 1 STRUCTURES - PIPING IMPROVEMENTS  
 WEST VALLEY FEEDER NO. 1 VALVE STRUCTURE MODIFICATIONS  
 WEST VALLEY FEEDER NO. 2- ALISO CREEK TO FULLBRIGHT PLACE  
 WEST VALLEY FEEDER NO. 2- FULLBRIGHT TO SANTA SUSANA TUNNEL  
 WEST VALLEY FEEDER NO. 2- HAVENHURST ST. TO CHATSWORTH ST.  
 WESTERN MWD CONNECTIONS (Z-39)  
 WESTERN REGION DISTR SYS CATHODIC PROTECTION REMOTE MONITORING REFURBISHMENT  
 WESTERN REGION PLUMBING RETROFIT  
 WESTERN SAN BERNARDINO COUNTY REGION ENVIRONMENTAL MITIGATION MONITORING  
 WESTORANGE COUNTY FDR EXT - STA. 459+01 TO 685+00, SCH. 61SC  
 WEYM. PLT/LA VERNE FAC-BACKFLO PREV ASSY  
 WEYMOUTH - 140" EFFLUENT CONDUIT ROOF REPAIR  
 WEYMOUTH - BUILDING NO. 4 - HAND RAIL AND STAIRS ADDITION  
 WEYMOUTH - FLAG POLE AREA LANDSCAPE UPGRADE  
 WEYMOUTH ASPHALT REHABILITATION  
 WEYMOUTH COMPRESSED AIR SYSTEM  
 WEYMOUTH DISTRIBUTION SYSTEM - REPLACEMENT OF AREA CONTROL SYSTEMS - CONTRACT #1396  
 WEYMOUTH DOMESTIC WATER PIPELINE REPLACEMENT  
 WEYMOUTH ELECTRIC VEHICLE CHARGING STATION INSTALLATION  
 WEYMOUTH FILT PLT, REPLACE AND REFURBISH SOLIDS HANDLING (103206)  
 WEYMOUTH FILTER BUILDING VENTURI REHABILITATION  
 WEYMOUTH FILTER OUTLET CONDUIT REPAIRS  
 WEYMOUTH FILTR. PANT- SOUTHER SALT STORAGE BASIN  
 WEYMOUTH FLOCCULATOR REHABILITATION  
 WEYMOUTH IMPROVEMENT PROGRAM, BASINS 3 & 4 REHABILITATION  
 WEYMOUTH SOLAR POWER FACILITIES  
 WEYMOUTH WATER TREATMENT PLANT DOMESTIC AND FIRE WATER SYSTEM IMPROVEMENT  
 WEYMOUTH WTP, FILTER BUILDING 1 BACKWASH HEADER VALVE REPLACEMENT  
 WEYMOUTH, REPLACE WILLOWGLEN RTU  
 WEYMOUTH SOLAR POWER PLANT  
 WFP - ASPHALT REHABILITATION  
 WFP - COMPRESSED AIR SYSTEM IMPROVEMENT  
 WFP - PURCHASE OF REAL PROPERTY  
 WFP - REPAIR TO BLDG # 1  
 WHEELER AVENUE LANDSCAPE SCREENING  
 WHEELER GATE STORMWATER IMPROVEMENT  
 WHITEWATER SIPHONS EROSION PROTECTION  
 WILLITS ST. PCS VALVE ACTUATOR REPLACEMENT  
 WILLITS STREET PRESSURE CONTROL STRUCTURE REHABILITATION  
 WILLOWGLEN RTU REPLACEMENT  
 WR-01  
 WR-02  
 WR-09  
 WR-10  
 WR-12  
 WR-13  
 WR-14  
 WR-15  
 WR-17  
 WR-18A  
 WR-19  
 WR-20  
 WR-21  
 WR-23  
 WR-24A  
 WR-24C  
 WR-24D  
 WR-24D FLOWMETER REPLACEMENT  
 WR-25  
 WR-26  
 WR-27  
 WR-28  
 WR-29  
 WR-33  
 WRITE OFF DEMOLISHED MASTER METER AT SANTA ANA CROSS FDR  
 YORBA LINDA FEEDER - STA 924+11 PORTAL ACCESS



**TABLE 3**  
**CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS**

**Description****Distribution Facilities**

YORBA LINDA FEEDER BYPASS  
YORBA LINDA FEEDER DISCHARGE RETURN SYSTEM: QUAGGA MUSSEL CONTROL  
YORBA LINDA FEEDER- SCH. 150 & 151  
YORBA LINDA FEEDER- SCHEDULE 153,155 AND 156  
YORBA LINDA FEEDER- TONNER TUNNELS NO.1 & 2  
YORBA LINDA PCS REHABILITATION  
YORBA LINDA PORTAL STRUCTURE  
YORBA LINDA PORTAL STRUCTURE ACCESS/TELEGRAPH CREEK BRIDGE  
YORBA LINDA TEST FACILITY- FLOWMETER TESTS

***Sub-total Distribution facilities costs*****\$ 101,998,076**



TABLE 4

**FISCAL YEAR 2025/26  
ESTIMATED READINESS-TO-SERVE CHARGE REVENUE**

<b>Member Agency</b>	<b>Rolling Ten-Year Average Firm Deliveries (Acre-Feet) FY2013/14 - FY2022/23</b>	<b>RTS Share</b>	<b>6 months @ \$181 million per year (7/25-12/25)</b>	<b>Rolling Ten-Year Average Firm Deliveries (Acre-Feet) FY2014/15 - FY2023/24</b>	<b>RTS Share</b>	<b>6 months @ \$188 million per year (1/26-6/26)</b>	<b>Total RTS Charge FY 2025/26</b>
Anaheim	23,001.9	1.69%	1,526,826	23,328.3	1.84%	1,728,612	3,255,438
Beverly Hills	9,858.1	0.72%	654,364	9,458.6	0.75%	700,876	1,355,240
Burbank	11,540.0	0.85%	766,005	10,532.3	0.83%	780,436	1,546,442
Calleguas MWD	90,313.9	6.62%	5,994,880	85,497.7	6.74%	6,335,323	12,330,203
Central Basin MWD	31,768.2	2.33%	2,108,718	30,647.0	2.42%	2,270,922	4,379,640
Compton	12.0	0.00%	797	8.3	0.00%	615	1,412
Eastern MWD	96,726.8	7.09%	6,420,557	96,954.0	7.64%	7,184,227	13,604,784
Foothill MWD	8,399.5	0.62%	557,544	8,062.2	0.64%	597,404	1,154,948
Fullerton	6,528.4	0.48%	433,344	6,128.6	0.48%	454,125	887,469
Glendale	15,436.0	1.13%	1,024,615	14,676.3	1.16%	1,087,504	2,112,119
Inland Empire Utilities Agency	57,672.1	4.23%	3,828,174	54,727.4	4.31%	4,055,264	7,883,438
Las Virgenes MWD	19,302.4	1.42%	1,281,260	18,431.7	1.45%	1,365,777	2,647,037
Long Beach	27,777.5	2.04%	1,843,822	26,463.1	2.09%	1,960,898	3,804,720
Los Angeles	272,316.9	19.97%	18,075,923	242,114.6	19.09%	17,940,531	36,016,454
Municipal Water District of Orange County	187,038.3	13.72%	12,415,278	172,537.1	13.60%	12,784,884	25,200,162
Pasadena	19,104.9	1.40%	1,268,150	18,267.3	1.44%	1,353,595	2,621,745
San Diego County Water Authority	175,570.9	12.88%	11,654,092	145,667.0	11.48%	10,793,828	22,447,919
San Fernando	312.4	0.02%	20,737	470.7	0.04%	34,879	55,615
San Marino	0.0	0.08%	68,708	990.4	0.08%	73,388	142,096
Santa Ana	8,648.2	0.63%	574,053	7,865.5	0.62%	582,828	1,156,881
Santa Monica	4,783.2	0.35%	317,501	5,039.7	0.40%	373,438	690,939
Three Valleys MWD	62,674.4	4.60%	4,160,218	60,225.0	4.75%	4,462,632	8,622,850
Torrance	15,088.8	1.11%	1,001,568	14,683.8	1.16%	1,088,060	2,089,628
Upper San Gabriel Valley MWD	38,526.1	2.83%	2,557,296	40,189.6	3.17%	2,978,023	5,535,318
West Basin MWD	111,549.0	8.18%	7,404,429	108,841.6	8.58%	8,065,090	15,469,519
Western MWD	68,413.1	5.02%	4,541,143	66,759.6	5.26%	4,946,842	9,487,985
<b>MWD Total</b>	<b>1,363,398.1</b>	<b>100.00%</b>	<b>\$ 90,500,000</b>	<b>1,268,567.4</b>	<b>100.00%</b>	<b>\$ 94,000,000</b>	<b>\$ 184,500,000</b>
Totals may not foot due to rounding							



**TABLE 5**  
**FISCAL YEAR 2025/26**  
**ESTIMATED STANDBY CHARGE REVENUE**

<b>Member Agencies</b>	<b>Total Parcel Charge</b>	<b>Number of Parcels Or Acres</b>	<b>Gross Revenues (Dollars) <sup>1</sup></b>
Anaheim	\$ 8.55	69,946	598,036
Beverly Hills	-	-	-
Burbank	14.20	29,053	412,549
Calleguas MWD	9.58	260,221	2,492,922
Central Basin MWD	10.44	341,856	3,568,972
Compton	0.10	18,052	1,805
Eastern MWD <sup>(1)</sup>	6.94	483,466	3,355,251
Foothill MWD	10.28	30,318	311,668
Fullerton	10.71	35,296	378,024
Glendale	12.23	44,945	549,677
Inland Empire Utilities Agency	7.59	266,441	2,022,284
Las Virgenes MWD	8.03	52,023	417,741
Long Beach	12.16	92,443	1,124,111
Los Angeles	-	-	-
Municipal Water District of Orange County <sup>(2)</sup>	10.09	668,318	7,599,954
Pasadena	11.73	39,876	467,747
San Diego County Water Authority <sup>(1)</sup>	11.51	1,046,653	12,046,979
San Fernando	-	5,102	-
San Marino	8.24	4,970	40,955
Santa Ana	7.88	65,121	513,151
Santa Monica	-	-	-
Three Valleys MWD	12.21	152,334	1,860,003
Torrance	12.23	40,677	497,484
Upper San Gabriel Valley MWD	9.27	215,922	2,001,594
West Basin MWD	-	-	-
Western MWD	9.23	389,857	3,598,384
<b>MWD Total</b>		<b>4,352,890</b>	<b>\$ 43,887,274</b>

(1) Estimates per FY 2024/25 applied amounts  
and Adjusted due to reorganization of Rainbow

(2) Adjusted for inclusion of Coastal MWD

Note: Totals may not foot due to rounding.



**TABLE 6**  
**PARCELS SUBJECT TO ANNEXATION STANDBY CHARGES**  
**AS OF JULY 1, 2024**

<b>Annexation</b>	<b>Parcel Number</b>	<b>Acres</b>		<b>Proposed Standby Charge (FY 2025/26)</b>
<b>Eastern MWD</b>				
112th Fringe Area Annexation	900-030-036	31.67		\$ 219.79
114th Fringe Area Annexation	900-370-003	3.19		\$ 22.14
	900-370-004	2.58		\$ 17.91
	900-370-005	2.68		\$ 18.60
	900-370-006	3.07		\$ 21.31
	900-370-007	4.09		\$ 28.38
	900-370-008	3.36		\$ 23.32
	900-370-009	2.98		\$ 20.68
	900-370-010	3.40		\$ 23.60
	900-370-011	3.31		\$ 22.97
	900-370-012	3.96		\$ 27.48
	900-370-013	3.05		\$ 21.17
	900-380-001	2.55		\$ 17.70
	900-380-002	2.50		\$ 17.35
	900-380-003	2.50		\$ 17.35
	900-380-005	3.03		\$ 21.03
	900-380-006	3.39		\$ 23.53
	900-380-008	2.50		\$ 17.35
	900-380-009	2.54		\$ 17.63
	900-380-010	3.46		\$ 24.01
	900-380-011	2.57		\$ 17.84
	900-380-012	2.72		\$ 18.88
	900-380-013	2.71		\$ 18.81
	900-370-015	3.18		\$ 22.07
	900-370-016	3.00		\$ 20.82
	900-370-017	3.13		\$ 21.72
	900-370-021	2.94		\$ 20.40
	900-370-022	2.67		\$ 18.53
	900-380-014	2.79		\$ 19.36
	900-380-015	2.54		\$ 17.63
	900-380-016	2.53		\$ 17.56
	900-380-017	2.63		\$ 18.25
	900-380-018	2.56		\$ 17.77
	908-010-001	2.04		\$ 14.16
	900-050-025	2.73		\$ 18.95
	900-050-007	3.91		\$ 27.14
	900-050-008	5.77		\$ 40.04
<b>San Diego County Water Authority</b>				
Yerba Valley Annexation	329-131-08	4.30		\$ 49.49
	329-131-09	4.60		\$ 52.95
	329-131-11	6.60		\$ 75.97
	329-131-33	4.50		\$ 51.80
	329-132-02	4.00		\$ 46.04
	329-132-03	4.00		\$ 46.04
	329-132-04	4.00		\$ 46.04
	329-132-05	4.40		\$ 50.64
	329-132-09	5.00		\$ 57.55
	329-132-10	5.00		\$ 57.55
	329-132-13	4.00		\$ 46.04



**TABLE 6**  
**PARCELS SUBJECT TO ANNEXATION STANDBY CHARGES**  
**AS OF JULY 1, 2024**

<b>Annexation</b>	<b>Parcel Number</b>	<b>Acres</b>		<b>Proposed Standby Charge (FY 2025/26)</b>
Yerba Valley Annexation	329-132-14	8.00		\$ 92.08
	329-132-15	3.60		\$ 41.44
	329-132-18	4.00		\$ 46.04
	329-132-42	1.00		\$ 11.51
	329-132-43	8.80		\$ 101.29
	329-132-48	4.60		\$ 52.95
<b>Murrieta Payment Area</b>				
Eastern MWD	910-020-010	6.87		\$ 47.68
	910-070-004	1.61		\$ 11.17
	910-150-003	1.00		\$ 6.94
	910-150-004	2.00		\$ 13.88
	910-150-007	1.00		\$ 6.94
	910-150-008	2.00		\$ 13.88
	910-150-010	1.00		\$ 6.94
	910-070-008	1.95		\$ 13.53
	910-070-009	1.93		\$ 13.39
	910-150-002	1.00		\$ 6.94
	910-160-001	1.00		\$ 6.94
	910-170-001	2.00		\$ 13.88
	910-170-011	1.00		\$ 6.94
	910-180-006	1.00		\$ 6.94
	910-180-011	1.00		\$ 6.94
	910-180-012	1.00		\$ 6.94
	910-180-018	1.66		\$ 11.52
	910-020-014	10.55		\$ 73.22
	910-170-010	1.00		\$ 6.94
	910-180-007	1.00		\$ 6.94
	910-180-009	1.00		\$ 6.94
	910-180-014	1.00		\$ 6.94
	910-210-009	2.22		\$ 15.41
	910-210-013	1.11		\$ 7.70
	910-210-018	2.39		\$ 16.59
	910-210-014	2.22		\$ 15.41
	910-210-019	2.95		\$ 20.47
	910-150-006	1.00		\$ 6.94
	910-150-014	2.50		\$ 17.35
	910-150-017	2.50		\$ 17.35
	910-160-007	1.00		\$ 6.94
	910-160-014	1.17		\$ 8.12
	910-170-005	0.50		\$ 3.47
	910-170-013	1.50		\$ 10.41
	910-170-016	1.00		\$ 6.94
	910-180-008	1.00		\$ 6.94
	910-180-013	1.00		\$ 6.94
	910-210-003	1.28		\$ 8.88
	910-210-006	1.53		\$ 10.62
	910-020-070	1.00		\$ 6.94
	910-020-071	1.00		\$ 6.94
	910-020-009	2.42		\$ 16.79
	910-020-068	0.50		\$ 3.47
	910-070-006	0.98		\$ 6.80



**TABLE 6**  
**PARCELS SUBJECT TO ANNEXATION STANDBY CHARGES**  
**AS OF JULY 1, 2024**

<b>Annexation</b>	<b>Parcel Number</b>	<b>Acres</b>		<b>Proposed Standby Charge (FY 2025/26)</b>
Eastern MWD	910-070-005	1.24		\$ 8.61
	910-150-009	1.00		\$ 6.94
	910-150-015	2.50		\$ 17.35
	910-160-005	1.00		\$ 6.94
	910-170-003	1.00		\$ 6.94
	910-170-004	0.50		\$ 3.47
	910-020-069	1.00		\$ 6.94
	910-150-001	1.00		\$ 6.94
	910-150-005	5.00		\$ 34.70
	910-160-002	1.00		\$ 6.94
	910-160-003	1.00		\$ 6.94
	910-160-015	9.44		\$ 65.51
	910-170-015	1.00		\$ 6.94
	910-180-015	1.00		\$ 6.94
	910-210-008	1.22		\$ 8.47
	910-210-017	2.39		\$ 16.59
	910-160-004	1.00		\$ 6.94
	910-170-009	1.50		\$ 10.41
	910-100-014	5.15		\$ 35.74
	910-170-008	3.00		\$ 20.82
	910-170-017	1.00		\$ 6.94
	910-170-018	1.33		\$ 9.23
	910-180-017	1.81		\$ 12.56
	910-180-023	1.81		\$ 12.56
	910-210-001	2.61		\$ 18.11
	910-210-002	2.62		\$ 18.18
	910-210-010	2.39		\$ 16.59
	910-210-015	2.39		\$ 16.59
	910-180-003	0.25		\$ 1.74
	910-180-010	2.00		\$ 13.88
	910-210-004	1.28		\$ 8.88
	910-210-005	1.28		\$ 8.88
	910-210-011	2.39		\$ 16.59
	910-210-012	1.33		\$ 9.23
	910-150-011	1.00		\$ 6.94
	910-150-012	2.00		\$ 13.88
	910-160-011	0.94		\$ 6.52
	910-160-012	0.94		\$ 6.52
	910-160-013	0.94		\$ 6.52
	910-180-004	0.25		\$ 1.74
	910-180-005	0.50		\$ 3.47
	910-150-013	1.00		\$ 6.94
	910-170-002	1.00		\$ 6.94
	910-170-012	0.50		\$ 3.47
	910-170-014	2.00		\$ 13.88
	910-180-024	1.95		\$ 13.53
	910-220-008	1.49		\$ 10.34
	910-220-016	25.07		\$ 173.99
	910-220-004	3.74		\$ 25.96
	910-220-009	1.49		\$ 10.34
	910-220-014	4.83		\$ 33.52
	910-210-007	1.00		\$ 6.94



TABLE 6 PARCELS SUBJECT TO ANNEXATION STANDBY CHARGES AS OF JULY 1, 2024				
Annexation	Parcel Number	Acres		Proposed Standby Charge (FY 2025/26)
Eastern MWD	910-220-007	4.36		\$ 30.26
	910-210-016	2.39		\$ 16.59
	910-210-020	2.34		\$ 16.24
	910-220-005	5.59		\$ 38.79
	910-220-010	1.48		\$ 10.27
Western MWD	910-410-011	18.03		\$ 166.42
REORGANIZATIONS BETWEEN MEMBER AGENCIES				
Annexation	Parcel Number	Acres	Original Standby Charge	Proposed Standby Charge (FY 2025/26)
<b>Reorg</b> Fallbrook Public Utility District from San Diego County Water Authority to Eastern Municipal Water District	No APN Presented		\$ 11.51	\$ 6.94
PARCELS SUBJECT TO ANNEXATION STANDBY CHARGES ANTICIPATED AS OF JULY 1, 2025				
Annexation	Parcel Number	Acres		Proposed Standby Charge (FY 2025/26)
None	No APN Presented			
REORGANIZATIONS BETWEEN MEMBER AGENCIES				
Annexation	Parcel Number	Acres	Original Standby Charge	Proposed Standby Charge (FY 2025/26)
<b>Reorg</b> Rainbow Municipal Water District from San Diego County Water Authority to Eastern Municipal Water District	No APN Presented		\$ 11.51	\$ 6.94



**NOTICE TO MEMBER AGENCIES OF PROPOSED ADOPTION OF READINESS-TO-SERVE CHARGE AND CAPACITY CHARGE FOR CALENDAR YEAR 2026 AND CONTINUATION OF STANDBY CHARGE FOR FISCAL YEAR 2025/26**

The Board of the Metropolitan Water District of Southern California (Metropolitan) adopted a biennial budget for fiscal years 2024/25 and 2025/26 on April 9, 2024. On the same date, the Board also adopted rates for calendar years 2025 and 2026 and charges for calendar year 2025 to meet revenue requirements for fiscal years 2024/25 and 2025/26. The Board's determinations were based on the assumption of Readiness-To-Serve charge collections for calendar year 2026 of \$188 million and a Capacity Charge set at \$14,500 per cubic-foot-second. Accordingly, notice is hereby given to each member public agency of Metropolitan that at its regular meeting to be held April 15, 2025 (or such other date as the Board shall hold its regular meeting in such month), Metropolitan's Board of Directors will consider the adoption of the Readiness-To-Serve Charge and Capacity Charge for calendar year 2026.

The Board's determinations on April 9, 2024 were also based on the continuation of Metropolitan's water standby charge for fiscal year 2025/26. Accordingly, at its regular meeting to be held May 13, 2025, (or such other date as the Board shall hold its regular meeting in such month), the Board will consider the General Manager's recommendation to continue Metropolitan's water standby charge for fiscal year 2025/26 under authority of Section 134.5 of the Act on land within Metropolitan at rates not to exceed, 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 for the purpose of applying the collected revenues to the corresponding agencies' Readiness-To-Serve charge obligation.

Board letters with information about the proposed charges will be provided to the Board prior to the board meetings.

Dated: March 13, 2025

Katano Kasaine  
Assistant General Manager/  
Chief Financial Officer





Finance, Affordability, Asset Management and  
Efficiency Committee

# Water Standby Charge for Fiscal Year 2025/26

Item 8-4

May 13, 2025



Item 8-4

# Water Standby Charge for Fiscal Year 2025/26

## Subject

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

## Purpose

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

## Next Steps

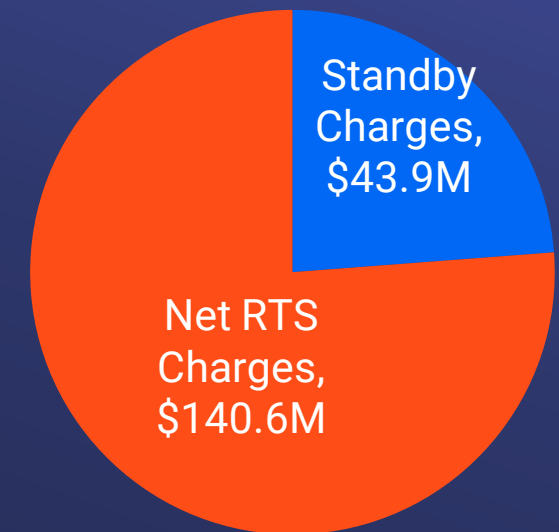
None



# 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 2025/26  
(\$184.5 million)





# 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 2025/26 ranges from \$0.10 to \$14.20
- Produces annual net revenue of about \$43.9 million for those 22 electing agencies' RTS Charge obligation in FY 2025/26
- Standby Charges ~ 2% of \$2.30 billion total revenues or 24% of \$184.5 million RTS revenues for FY 2025/26



# Board Actions on RTS and Standby Charges

- April 2025: Board adopted the Readiness-to-Serve Charge for CY 2026 at \$188 million
- May 2025: Board to consider Resolution to continue Water Standby Charge for FY 2025/26



# Board Options

**Option #1** – Adopt the resolution to continue the Standby Charge for fiscal year 2025/26

**Option #2** – Do not adopt the resolution to continue the Standby Charge for fiscal year 2025/26, 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 2025/26







THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

RESOLUTION 9376

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**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE METROPOLITAN WATER DISTRICT OF  
SOUTHERN CALIFORNIA CONTINUING THE  
WATER STANDBY CHARGE FOR  
FISCAL YEAR 2025/26**

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

1. 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;”

2. At its meeting on April 8, 2025, the Board adopted Resolution 9372 “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, 2026;”

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 2025, 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 13, 2025, to continue the Standby Charge for fiscal year 2025/26 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 2025/26 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 2025/26:

#### **2025/26 Water Standby Charge**

<b><u>Member Agency</u></b>	<b><u>Amount</u></b>
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	0.10
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



- 
- \* Applicable to parcels included within territory of former Coastal MWD.  
\*\* Exclusive of parcels included within territory of former Coastal MWD.  
\*\*\* Includes reorganization of Rainbow Municipal Water District parcels out from San Diego County Water Authority to Eastern MWD.

**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, 2025. 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, Affordability, Asset Management, and Efficiency 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, Affordability, Asset Management, and Efficiency 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 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 13, 2025.

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





- **Board of Directors**  
***One Water and Adaptation Committee***

5/13/2025 Board Meeting

**Revised 8-5**

## Subject

Authorize the General Manager to amend the Delivery and Exchange Agreement between Metropolitan and Coachella Valley Water District for 35,000 acre-feet; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

## Executive Summary

This letter seeks authority to amend the terms of the Delivery and Exchange Agreement Between Metropolitan and Coachella Valley Water District (Coachella) for 35,000 acre-feet to provide operational and monetary benefits for the parties. The amendment would cover the exchange of water from 2027–2035 and would include both the option of pre-delivering up to 200,000 acre-feet of exchange water prior to December 31, 2026, and flexibility in the timing of providing exchange water between 2027–2035. Coachella would pay a total cost of \$400 per acre-foot for the exchange, with costs escalating beginning in 2027. The escalation rate will vary between 3.9 percent and 4.8 percent depending on the volume delivered by December 31, 2026. Payments for exchange water delivered between 2027–2035 would be spread out evenly based on the remaining volume to be exchanged in that time period providing revenue/expense certainty for both agencies.

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

### Staff Recommendation: Option #1

#### Option #1

Authorize the General Manager to amend the Delivery and Exchange Agreement between Metropolitan and Coachella Valley Water District for 35,000 acre-feet.

**Fiscal Impact:** Increased revenue of up to \$80 million over two years for the pre-delivery of exchange water to Coachella

**Business Analysis:** The proposed amendment would extend operational flexibility for the 35,000 acre-foot exchange and would increase Metropolitan's dry-year supply reliability

#### Option #2

Do not approve the proposed amendment.

**Fiscal Impact:** None

**Business Analysis:** Metropolitan would not benefit from the proposed amendment to the 35,000 acre-foot Delivery and Exchange Agreement.

## Alternatives Considered

Not applicable



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**Applicable Policy**

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

By Minute Item 42820, dated February 10, 1998, the Board approved a policy principle to protect Metropolitan's interests in and increase its dependable entitlements to Colorado River water, while collaborating with other water agencies.

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

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By Minute Item 51834, in December 2019, Metropolitan's Board approved entering into amendments to the exchange and delivery agreements with Desert Water Agency and Coachella Valley Water District, which included amending the terms of the 35,000 acre-foot exchange through 2026.

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**California Environmental Quality Act (CEQA)**

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**CEQA determination for Option #1:**

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

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**Details and Background**

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**Background**

Under one of the agreements related to the Quantification Settlement Agreement, Metropolitan provides up to 35,000 acre-feet (AF) per year of its State Water Project supplies to Coachella and then exchanges that water for Colorado River supplies. Metropolitan delivers the Colorado River water to either the Coachella Canal or upper Coachella Valley at Whitewater for which Coachella reimburses Metropolitan for the cost of the delivery. The agreement related to this 35,000 AF exchange was amended in 2019 to provide greater operational flexibility and to simplify the payment structure. The changes provided by the 2019 amendment expire at the end of 2026.

**Proposed Amendment**

The parties are proposing to amend the agreement as summarized here:

- The amendment covers the exchange of water between 2027-2035.
- The maximum total volume of water that will be delivered under this agreement is 315,000 AF.
- Of the total volume of water that will be delivered, up to 200,000 AF may be provided as water delivery to Whitewater by December 31, 2026. Water delivered by December 31, 2026, may not be charged against the advanced delivery account.
- For the period 2027-2035, Coachella will determine the amount of water it wishes to have delivered to Whitewater each year and Metropolitan will deliver that amount at its discretion, provided that the full 315,000 AF is delivered to Coachella by 2035.
- Coachella will pay a total cost of \$400/AF for the exchange. This payment will be escalated starting in 2027 with the rate dependent on the volume of water delivered by December 31, 2026, according to the table below:




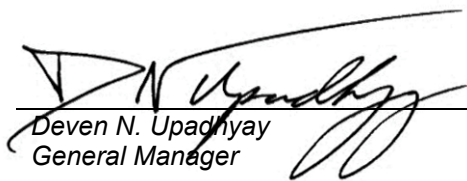
Volume Delivered by December 31, 2026	Escalation Rate (%)
0 – 199,999 AF	4.8%
200,000 AF	3.9%

- For payment purposes, for the period 2027-2035, the remaining total exchange volume in 2027 will be divided into equal annual volumetric installments.

A detailed term sheet is attached (**Attachment 1**).

#### **Benefits of Proposed Amendment**

The proposed amendment would build upon the existing benefits of the Delivery and Exchange Agreement for both Metropolitan and Coachella. The amendment would allow Metropolitan to pre-deliver water in 2025-2026 to meet a portion of the 2027-2035 exchange obligations in addition to continued operational flexibility through 2035. This amendment will also provide Metropolitan with additional revenue of up to \$80 million in the short term and greater water supply planning, revenue/expense certainty, and dry-year water supply reliability in the 2027-2035 time period.

 _____ Brandon J. Goshi Interim Manager, Water Resource Management	4/28/2025 _____ Date
 _____ Deven N. Upadhyay General Manager	4/28/2025 _____ Date

#### **Attachment 1 – Coachella/Metropolitan Exchange Agreement**

Ref# wrm12701363



### COACHELLA/METROPOLITAN EXCHANGE AGREEMENT

1. The Delivery and Exchange Agreement Between Metropolitan and Coachella for 35,000 AF was amended in 2019. That amendment expires in 2026.
2. Term of this new Exchange Agreement Amendment: 2027-2035, with the understanding that predelivery of a portion of this water may occur in 2025 and 2026.
3. This Exchange Agreement Amendment would cover the conditions for delivery of the 35,000 AF exchange through 2035, commensurate with the termination date of the Desert/Coachella/Metropolitan SWP Exchange Agreement.
4. Metropolitan and Coachella agree to work toward extending the terms of this Exchange Agreement to 2077, provided that the Desert/Coachella/Metropolitan SWP Exchange Agreement has been extended to 2085.
5. The maximum total volume of water that will be delivered under this amendment is 315,000 AF. Of this volume, up to 200,000 AF may be provided as water delivery to Whitewater by December 31, 2026, and not charged against the advance delivery account. For the period 2027–2035, Coachella will determine the amount of water it wishes to have delivered at Whitewater, and Metropolitan will deliver that amount of exchange water at its discretion, provided that the full amount requested is delivered to Whitewater by 2035.
6. In each year through 2035, Metropolitan and Coachella would jointly consult on how much water would be delivered under this Exchange Agreement each year. As conditions may change during the year, the agencies may agree on changing the delivery schedule on a regular basis.
7. Any water delivered from this amendment before 2026 will satisfy the obligations under this amendment, and not replace the delivery obligation under the 2019 Second Amendment to the Delivery and Exchange Agreement Between Metropolitan and Coachella for 35,000 Acre-Feet.
8. Coachella will pay a total cost of \$400/AF for the exchange. This payment will be escalated starting in 2027. The escalation rate will vary based on the amount of water delivered by December 31, 2026, according to the following table. And the cost will be rounded to the nearest dollar.

**Table 1: Escalation Rate**

Volume Delivered by December 31, 2026	Escalation Rate (%)
0–199,999 AF	4.8%
200,000 AF	3.9%

9. For the 2025 and 2026 billing, Metropolitan will invoice Coachella by June 30 for any water exchanged, or scheduled to be exchanged, in the prior fiscal year (July 1–June 30)
10. For the 2027 to 2035 billing, Metropolitan will invoice Coachella by June 30 for the previous fiscal year according to the following methodology. This is for billing purposes only, and does not commit Metropolitan to an annual volume delivery obligation. If Coachella requests delivery of the 200,000 AF under Section 5 and Metropolitan is unable or chooses not to deliver the water, then the rate shall be computed as if the water requested was fully delivered.



- a. Remaining volume = 315,000 AF (maximum volume under this agreement) – total volume delivered and billed in the 2025 and 2026 invoices. For example, if the volume delivered was 200,000 AF, then the remaining volume is 115,000 AF.
  - b. Annual delivery volume = Remaining volume/9 years (2027–2035). If the remaining volume is 115,000 AF, then annual delivery volume is 115,000 AF/9 years = 12,778 AF/yr.
  - c. Annual billing from Metropolitan = annual delivery volume x \$400/AF x annual escalator.
11. For any year that Coachella desires to have the water covered under this amendment delivered to the Coachella Canal, there shall be an adjustment to the cost of supply on the following invoice for the volume of water delivered to the Coachella Canal (Table 2-3).
- a. If the volume of water delivered to the Coachella Canal in a year exceeds the volume on the following invoice, the adjustment will continue on future invoices until the appropriate volume has been accounted for.
  - b. If the volume of water delivered to the Coachella Canal in a year exceeds the volume remaining to be billed under this amendment, a reconciliation will occur on the next invoice.
12. There will be a final true-up of total water delivered under this amendment at the end of 2035.

**Table 2: Adjustment to Cost of Supply  
Delivery to Whitewater Service Connection  
When Delivery by December 31, 2026 is 0–199,999 AF**

CY	Cost for Delivery at Whitewater Service Connection (\$/AF)	Cost for Delivery at Imperial Dam (\$/AF)
2025	\$400.00	\$250.00
2026	\$400.00	\$250.00
2027	\$419.00	\$262.00
2028	\$439.00	\$275.00
2029	\$460.00	\$288.00
2030	\$483.00	\$302.00
2031	\$506.00	\$316.00
2032	\$530.00	\$331.00
2033	\$555.00	\$347.00
2034	\$582.00	\$364.00
2035	\$610.00	\$381.00



**Table 3: Adjustment to Cost of Supply  
Delivery to Whitewater Service Connection**

When Delivery by December 31, 2026 is 200,000 AFCY	Cost for Delivery at Whitewater Service Connection (\$/AF)	Cost for Delivery at Imperial Dam (\$/AF)
2025	\$400.00	\$250.00
2026	\$400.00	\$250.00
2027	\$416.00	\$260.00
2028	\$432.00	\$270.00
2029	\$449.00	\$280.00
2030	\$466.00	\$291.00
2031	\$484.00	\$303.00
2032	\$503.00	\$315.00
2033	\$523.00	\$327.00
2034	\$543.00	\$340.00
2035	\$564.00	\$353.00





One Water and Adaptation Committee

# Authorize Amendment to Coachella Valley Water District Exchange

Item 8-5

May 13, 2025



## Item 8-5

# Authorize Amendment to Coachella Valley Water District Exchange

### Subject

Authorize the General Manager to amend the Delivery and Exchange Agreement between Metropolitan and Coachella for 35,000 acre-feet; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

### Purpose

To obtain Board approval to amend the Delivery and Exchange Agreement between Metropolitan and Coachella for 35,000 acre-feet for the period between 2027 - 2035

### Recommendation and Fiscal Impact

Authorize the General Manager to amend the Delivery and Exchange Agreement. The amendment would provide additional revenue of up to \$80 Million over the next two years for the pre-delivery of exchange water to Coachella.

### Budget

2025-2026 budget and rates assume \$60M/year in new revenues from water sales. This action would increase revenue of up to \$80 Million in the next two years.



# Metropolitan Has Multiple Exchange Agreements with the Coachella Valley Water District

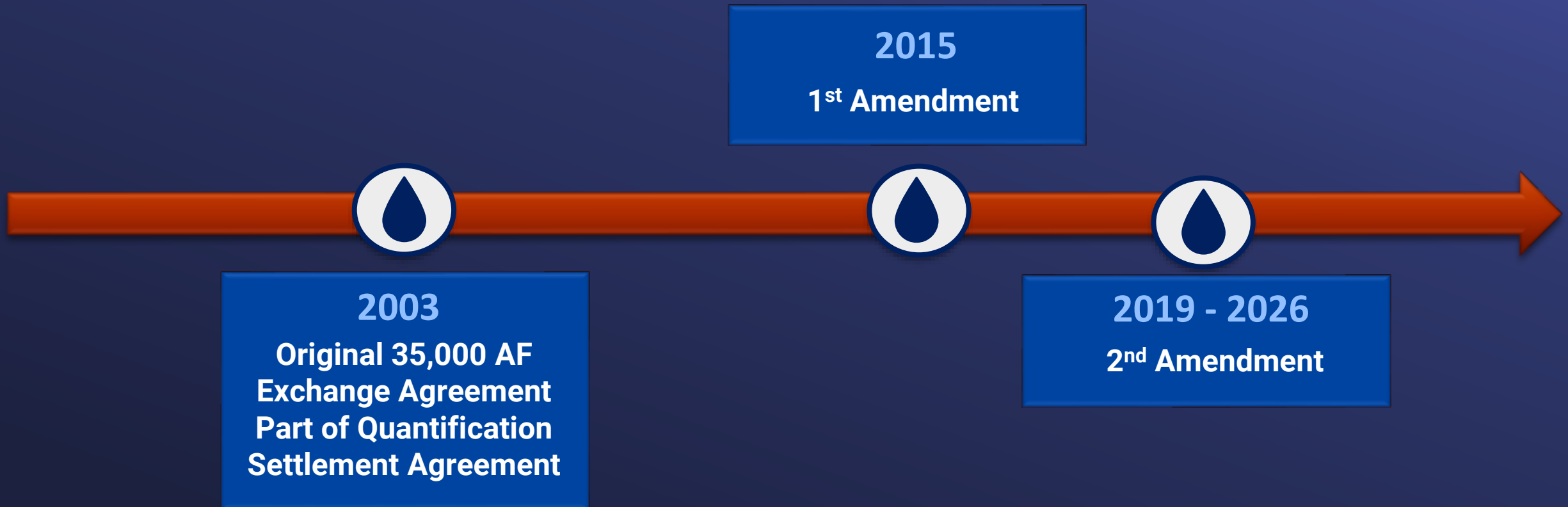
Long Term  
Table A  
Transfer  
Agreement  
\*with DWCV

CVWD-MWD  
35 TAF  
Exchange

CVWD-  
MWD 15  
TAF  
Exchange



# Background of Amendments to the 35,000 AF Exchange Agreement





# 3<sup>rd</sup> Amendment to the 35 TAF Exchange Agreement Terms



- Term: 2027 - 2035
- Volume: 315 TAF Total (35 TAF/year)
- Delivery:

## 2025-2026

Pre-delivery  
Up to 200,000 AF

## 2027-2035

Deliver Remaining Volume with  
Flexibility

- Payment:

## 2025-2026

\$400/AF  
Payment at Delivery

## 2027-2035

Escalation 3.9% / 4.8%\*  
Payment in Equal Installments

\*Lower escalation rate applied if Coachella approves pre-delivery of full 200 TAF



## Exchanges Provide Benefits to Both Parties

### CVWD Benefits

- Exchanges provide more certainty for water supply
- Water in the ground now

### Metropolitan Benefits

- System flexibility from 2027 – 2035
- Up to \$80 Million of additional revenue over two years
  - Additional tool to address budget and rates assumption of \$60M/year in new revenues from water sales



# Board Options

- Option #1

Authorize the General Manager to amend the Delivery and Exchange Agreement between Metropolitan and Coachella for 35,000 acre-feet

- Option #2

Do not authorize the General Manager to amend the Delivery and Exchange Agreement between Metropolitan and Coachella for 35,000 acre-feet



# Staff Recommendation

- Option #1









## Water Resource Management Group

### • Conservation Board Report May 2025

#### Summary

This report provides a summary of conservation activities and expenditures for March 2025

#### Purpose

Informational

#### Detailed Report

### Conservation Expenditures – FY2024/25 & FY2025/26 <sup>(1)</sup>

	Paid <sup>(2)</sup>	Committed <sup>(3)</sup>
Regional Devices	\$2.8 M	\$1.0 M
Member Agency Administered	\$4.5 M	\$4.9 M
Turf Replacement	\$10.6 M	\$27.1 M
Advertising	\$0.2 M	\$0.9 M
Other	\$1.6 M	\$1.3 M
<b>TOTAL</b>	<b>\$19.7 M</b>	<b>\$35.2 M</b>

(1) The Conservation Program biennial expenditure authorization is \$98.2 million.

(2) Paid as of 7/1/2024 - 3/31/2025. Financial reporting on cash basis.

(3) Committed dollars as of April 10, 2025

### Summary of Expenditures in March 2025: \$2,057,005 <sup>(1)</sup>

**Lifetime Water Savings to be achieved by all rebates in March 2025: 3,558 AF**

FY2024/25-FY2025/26: 37,758 AF lifetime water savings



#### Turf Replacement Rebates:

March: 390,121 ft<sup>2</sup> replaced

**FY2024/25-FY2025/26: 4,898,045 ft<sup>2</sup> replaced**



#### Trees (part of Turf Replacement Program):

March: 123 trees rebated

**FY2024/25-FY2025/26: 1,582 units rebated**



#### Smart Controllers:

March: 313 units rebated

**FY2024/25-FY2025/26: 4,757 units rebated**



#### Clothes Washers:

March: 583 units rebated

**FY2024/25-FY2025/26: 6,342 units rebated**



#### Toilets:

March: 885 units rebated

**FY2024/25-FY2025/26: 12,141 units rebated**



#### Sprinkler Nozzles:

March: 912 units rebated

**FY2024/25-FY2025/26: 14,213 units rebated**

(1) Expenditures may include advertising and Water Savings Incentive Program activity in addition to the incentives highlighted above.





THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

# Board Information

- **Board of Directors**

***Organization, Personnel and Effectiveness***

5/13/2025 Board Meeting

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9-3

## **Subject**

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Recurrent Category E Employment Work Schedule Pilot Program Status Update and Next Steps

## **Executive Summary**

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For over 40 years, Operations and Maintenance (O&M) Assistants have been employed on an as-needed basis to maintain Metropolitan's desert infrastructure. Often referred to as "recurrent employees," O&M Assistants provide as-needed services, including lodging and dining services, at remote Metropolitan facilities. Currently, recurrent employees are not permanent Metropolitan employees.

Over the last several years, challenges have arisen surrounding the stability of work hours and scheduling for recurrent employees. In 2022, Metropolitan, in conjunction with impacted recurrent employees and their bargaining unit, began a pilot program where potential reforms were explored and trialed. The pilot program has been a success.

This item provides the Committee with an overview of the challenges addressed in the pilot program, successes of the program, and the development of a forthcoming recommendation to convert recurrent employees based at the Gene Pumping Plant from on-call/as-needed to permanent, regular part-time employees.

## **Fiscal Impact**

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Approval of this pilot program on a permanent basis will enhance management's ability to forecast program costs and resource requirements. It will also result in wage stabilization for the employees through standardized scheduled hours. Staff will seek board approval to increase the number of permanent positions by up to 17 (8.5 Full-Time Equivalent positions) with a corresponding reduction in recurrent positions. The annual budgeted cost of converting the recurrent positions to permanent part-time status is approximately \$296,000 in Fiscal Year 2024/25, which will be managed through existing appropriations in the current budget cycle. The cost of the new program will be fully incorporated into the next biennium budget.

## **Applicable Policy**

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Administrative Code 6200

American Federation of State, County, and Municipal Employees (MOU) and Side Letter on Recurrent Pilot Program

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

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At a future meeting, staff will seek board approval to increase the number of permanent positions by up to 17 (8.5 Full-Time Equivalent positions) with a corresponding reduction in recurrent positions.



## Details and Background

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### Background

In the winter of 2022, the Office of the General Manager collaborated with Human Resources, Diversity Equity and Inclusion, Water Supply Operations, Equal Employment Opportunity, and AFSCME Local 1902 to identify potential solutions to the stability of work hours and scheduling for the recurrents.

On June 7, 2023, a memorandum of understanding (MOU) side letter was entered into between Metropolitan and AFSCME Local 1902 to initiate a pilot program to assess potential program reforms. The voluntary pilot program was the result of multiple employee town hall meetings with O&M Assistants, individual and group interviews throughout the Water System Operations chain of command, including the Assistant General Manager, and input from union representatives. In all, over forty employees and managers provided input in developing the pilot program. Under the pilot program, voluntary participants (Category E employees) were guaranteed at least two (2) working days per week, with shifts being 10 hours in duration (20 hours per work week) with called-out worksite assignments.

The pilot program has been in operation for eighteen months and allowed management to more accurately forecast and address future business needs based on new data collection methods (utilization of new scheduling application using MS Shifts) and to test variable scenarios to meet changing business needs. As a result of multiple benefits identified in the pilot (outlined below), staff will be creating a report to recommend conversion from the pilot program to a regular part-time team structure. The program has demonstrated significant success, with employee complaints related to the administration of the program being reduced by over ninety percent. At the same time, the program has earned broad-based support among management.

### Key Findings

#### Scheduling and Work Hours:

Newly established work schedules of twenty hours per week guarantee hours for employees, allow managers greater ability to address and optimize tasks, increase ability to forecast potential labor shortages, and to cross-train employees. This new scheduling format also addressed employee concerns for scheduling school, second jobs, childcare, and home life.

#### Worksite Assignments:

The new scheduling of the pilot program provided management the opportunity to reconstitute more of the duties listed in the classification, providing for much-needed additional resources to support Desert Operations at the pump plants, warehouse, aqueduct maintenance and shutdowns. These additional duties also provide more opportunities for cross-training and career development for the recurrent employees.

#### Positive Feedback:

Complaints were reduced by ninety percent, including concerns regarding recurrent employees working outside of their job classification and fairness. Managers now have a centralized scheduling system to review and approve work assignments.


#### Service Demand:

The pilot program addressed unmet service requests from plant managers by reestablishing a complete list of work duties in concurrence with standing job descriptions, previously scaled back during the COVID-19 pandemic. New data collection allowed managers to spot demand trends and emerging business needs with enough time to adjust resources.



Recommendation:

Staff is developing a recommendation to convert recurrent O&M Assistant positions based at Gene Pumping Plant from recurrent status to regular part-time status. This recommendation will also include two regular part-time Chief Cook positions. Salary grades, base salary, and management would remain at current levels. A complete analysis will be presented to the Board for consideration at a future meeting.

  
JR Rhoads  
Conveyance and Distribution Group  
Manager

5/7/2025

Date

  
Deven Upadhyay  
General Manager

5/7/2025

Date

Ref# hr12707345



# Organization, Personnel & Effectiveness Committee



Recurrent, Category E employment  
work schedule pilot program status  
update and next steps

Item #9-3

May 13, 2025



# Item 9-3

## Recurrent pilot program status update

### Subject

Recurrent, Category E Employment Work Schedule Pilot Program  
Status Update and Next Steps

### Purpose

Provides information relevant to the Board for future approval to  
convert recurrent staff from Category E to regular part-time positions

### Next Steps

Presentation by staff on organizational and administrative code  
updates needed to enable conversion of program participants from  
Category E to regular part-time positions



# Challenges

## Prior Approach

- Staff concerns
  - Work schedules under 20 hours jeopardized benefits
  - Program was inconsistent with AFSCME Local 1902 MOU
- Business needs
  - Inconsistent work schedules often made it challenging to complete time-sensitive work in kitchens and lodges
  - Job duties and certifications required were unclear due to supporting job duties for two distinctly different work areas



## Program Development

# Recurrent Pilot Program

- Management partnered with AFSCME Local 1902 to develop a pilot program to address staff concerns and business needs
- The voluntary pilot program began in June of 2023.
- Split the Guest Services Team into two teams
  - Guest Services Team and Facility Support Team
  - Operations and Maintenance Assistants were moved to the Facility Support Team
  - Two new district temp Chief Cooks support kitchen duties on Guest Services Team
  - Each team functioned independently with less competing priorities

### SIDELETTER OF AGREEMENT

#### RE: RECURRENT CATEGORY WORK SCHEDULE PILOT

Between the AFSCME Local 1902 and Metropolitan Water District of Southern California

This sideletter memorializes the parties mutual agreement to create a work schedule pilot program with guaranteed minimum work days/hours for employees within Category E employment ("recurrent") as defined in §4.11.1.E. of the AFSCME Local 1902 ("AFSCME") memorandum of understanding ("MOU") with the Metropolitan Water District of Southern California ("District"). The terms of agreement reached between the parties will not change any currently negotiated provisions of the MOU, Operating Policy, Recurrent Holiday Leave agreement, including benefits, retirement, and other terms and conditions of employment except where noted in the agreement below.

The purpose of the program is to meet the business needs of the District while also providing a transparent, objective, and fair scheduling process for the Category E employees. The information collected will assist in determining if a permanent program can be created to address the needs of employees and the District moving forward.

Further, as participants in the pilot program, all participants shall receive priority for available work, ahead of employees not in the pilot program.



# Recurrent Pilot Program

Program Design  
Limited term pilot  
to provide feedback  
on best path  
forward



- Work schedule
  - Guaranteed two, 10-hour days per week with a consistent schedule of workdays
  - Optional third day per week
- Work assignments
  - Time-sensitive work remained with Guest Services Team
  - Flexible work provided by the new Facility Support Team
    - Wider range of job duties available while remaining within job classification



## Key Findings

Positive feedback  
from staff and  
management

### Predictable Schedule

Employee complaints related to  
schedule and staffing decreased by  
over 90%

### Consistent Staffing

Provides greater ability to complete  
time-sensitive work tasks

### Clear Job Duties

Separation of job duties between two  
teams provides recurrents with more  
potential job duties

### Win-Win

Better supports operations and  
provides opportunity for cross-training  
and career development



## Future Board Actions

- Staff will return to recommend conversion of recurrent staff to regular part-time for the Board's review & approval.
- The annual budgeted cost of converting the recurrent positions to permanent part-time status is approximately \$296,000 in Fiscal Year 2024/25, which would be managed through existing appropriations in the current budget cycle.
- The cost of the new program would be fully incorporated into the next biennium budget.









- **Board of Directors**

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

5/13/2025 Board Meeting

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9-4

## Subject

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Renewal Status of Metropolitan's Property and Casualty Insurance Program

## Executive Summary

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Pursuant to Metropolitan's Administrative Code, this letter reviews the current status of Metropolitan's insurance coverages and anticipated charges for fiscal year (FY) 2025/26. As of this writing, the premium estimates that are discussed below are expected costs, but not actual quotes. 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. Currently, staff has 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

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The total premium costs are anticipated to increase from \$2.180 million for FY 2024/25 to approximately \$2.493 million for FY 2025/26.

## Applicable Policy

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Metropolitan Water District Administrative Code Section 6413: Insurance Program

Metropolitan Water District Administrative Code Section 9101: Risk Retention and Procurements of Insurance Comparison in Dollars

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

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This letter is in preparation for a June board letter presented to the Committee to approve purchase of the insurance renewal for FY 2025/26.

## Details and Background

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### Background

The following list includes the Casualty and Property Insurance Program lines of insurance, with coverage amounts, which expire June 30, 2025.

- \$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.
- \$5 million Cyber Liability coverage.
- \$250,000 Travel Accident coverage.
- Executive Risk with \$5 million in limits.

Metropolitan's property and casualty excess and specialty insurance renewal cost is expected to increase by about 14.4 percent over FY 2024/25. 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. A continuation of stubborn inflation resulting from various national and global 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 2024/25.

**Attachment 1** compares the current coverages and premiums to those projected for FY 2025/26. 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 \$1,423,290 for FY 2024/25 to a projected \$1,637,000 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 also anticipated to rise by about 15 percent, from \$96,989, to an anticipated \$111,500. The excess D&O policies are projected to cost about \$367,600, which is also up 15 percent from \$319,677 in FY 2024/25. 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 \$134,899 in the current fiscal year to an estimated \$148,400 for FY 2025/26. 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 \$1,198 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, earthquake and cyber liability coverages 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. Staff did a deeper dive into cyber liability coverage and obtained that coverage last year to supplement our robust cyber liability defense.

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 Cyber liability policy premium cost is expected to rise by up to 10%, from \$102,498 paid in FY 2024/25 to \$112,700. The Aircraft Liability and Hull policy premium is expected to increase from \$86,126 paid in FY 2024/25 to an estimated \$95,000 for the coming year. Metropolitan's Crime policy premium is anticipated to rise by approximately five percent from \$8,245 to about \$8,700.

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 of \$8,027 was already up markedly due to increasing wildfire exposure. Due to amplified wildfire-related losses in the western United States and, most recently, Southern California weighing on the insurance market, premiums are expected to rise by up to 15 percent to an estimated \$9,200 for FY 2025/26.

Metropolitan also carries Travel Accident and Special Contingency three-year duration policies, last purchased in FY 2022/23. When last purchased in 2022, the renewal premiums cost \$21,633 and \$4,442 respectively, and are expected to rise by about ten percent to \$23,800 and \$4,900 for the two coverages.


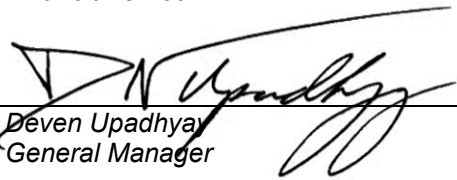
To complete the insurance renewal for FY 2025/26, with similar limits and retentions, staff anticipates renewal premium costs of about \$2.493 million compared with approximately \$2.180 million for FY 2024/25.

### **Timing and Urgency**

This letter provides an update on the activities and estimated costs for the July 1<sup>st</sup>, 2025, insurance renewal.

### **Project Milestone**

This is an ongoing annual process to renew or replace existing coverages, or add or modify coverages to the portfolio as Metropolitan's needs and market conditions dictate.

 Katano Kasaine Assistant General Manager/ Chief Financial Officer	4/28/2025 Date
 Deven Upadhyay General Manager	4/28/2025 Date

## **Attachment 1 – Metropolitan's Casualty and Property Insurance Program Insurance Premium**

Ref# cfo12703425



**Metropolitan's Casualty and Property Insurance Program  
Insurance Premium Comparison  
In Dollars**

<b>Insurance Policy Type</b>	<b>Self-Insured Retention (SIR)</b>	<b>Coverage Limits</b>	<b>2024/25 Insurance Premiums</b>	<b>2025/26 Estimated Premium Cost</b>	<b>2025/26 Estimated Premium Cost Change</b>	<b>2025/26 Estimated Premium % Change</b>
Excess General Liability <sup>1</sup>	\$25 million	\$75 million	1,423,290	1,637,000	213,710	15%
Fiduciary and Employee Benefits Liability <sup>1</sup>	\$25 million	\$60 million	96,989	111,500	14,511	15%
Public Officials Directors and Officers Liability <sup>1</sup>	\$25 million	\$65 million	319,677	367,600	47,923	15%
Crime	\$150,000	\$5 million	8,245	8,700	455	6%
Aircraft Liability and Hull	\$7,500	\$25 million	86,126	95,000	8,874	10%
Excess Workers' Compensation, CA	\$5 million	Statutory	133,701	147,100	13,399	10%
Excess Workers' Compensation, D.C.	\$0	Statutory	1,198	1,300	102	10%
Property <sup>2</sup>	\$0	Asset value	8,027	9,200	1,173	15%
Cyber Liability <sup>2 &amp; 4</sup>	\$500,000	\$5 million	102,498	112,700	10,202	10%
Special Contingency <sup>3</sup>	\$0	\$5 million	4,442	4,900	458	10%
Travel Accident <sup>3</sup>	\$0	\$250,000	21,633	23,800	2,167	10%
<b>Total Insurance Premiums –</b>			<b>2,179,753</b>	<b>2,492,727</b>	<b>312,974</b>	<b>14.4%</b>

<sup>1</sup> Premium costs for two layers of General Liability, Fiduciary and Employee Benefits Liability, and Public Officials Directors and Officers Liability.

<sup>2</sup> Premium for 2024/25 is a not-to-exceed estimate based upon market indications.

<sup>3</sup> Three-year duration policies last purchased July 2022, and are up for renewal FY 2025/26.





Finance, Affordability, Asset Management  
and Efficiency Committee

## Renewal Status of Metropolitan's Property and Casualty Insurance Program

Item 9-4

May 13, 2025



Item 9-4

# 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



## Self-Insured Retention

# Metropolitan's Property and Casualty Insurance Program

General Liability	\$25 million
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Workers' Compensation	\$ 5 million
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Property Damage *	Self-Insured
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\* Excluding Stand Alone Property Insurance Coverage



## Excess Insurance

# Metropolitan's Property and Casualty Insurance Program

General Liability	\$75 million
Public Official, Directors & Officers Liability	\$65 million
Fiduciary & Employee Benefit Liability	\$60 million
Workers' Compensation	Statutory



## Specialty Insurance

# Metropolitan's Property and Casualty Insurance Program

Aircraft Liability	\$25 million
Aircraft Hull	Assessed Value
Property Damage	Assessed Value
Crime	\$5 million
Cyber Liability	\$5 million
Special Risk *	\$5 million
Travel Accident *	\$250,000

\* 3-year coverages last purchased FY 2022/2023



# Metropolitan's Property and Casualty Insurance Program

## 2025/26 Outlook

### 14.4% Overall Cost Increase

#### Factors Driving Expected Cost Increase

- Persistent inflation and economic uncertainty
- Catastrophic climate change fueled storm and wildfire losses
- International instability and military conflicts
- Political and social unrest
- Surging government entity liability claim costs

Total Policy Renewal is estimated to increase from

**\$2.180 million**

to

**\$2.493 million**



# Metropolitan's Property and Casualty Insurance Program

Excess Insurance Premiums (in dollars)

2024/25 Actual	2025/26 Estimated	2025/26 Estimated % Change
2,179,753	2,492,727	14.4%









- **Board of Directors**  
***Engineering, Operations, and Technology Committee***

5/13/2025 Board Meeting

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9-5

## **Subject**

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Colorado River Aqueduct High Voltage Transmission System – Affected Systems Mitigation Agreements

## **Executive Summary**

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During the second half of 2024, Metropolitan received an unexpected influx of requests for affected system studies from seven energy service providers (ESPs) and a request from a generation developer to connect a project directly to the Colorado River Aqueduct transmission system (CRATS). As required by law and to protect the CRATS, staff initiated a study of a cluster of seven-generation projects on December 30, 2024, with a projected completion date in the fourth quarter of 2025. It is the responsibility of the ESPs to pay for any necessary mitigation upgrades. The generation projects may not connect to the electric transmission system and commence commercial operation until any potential impacts on the CRATS are mitigated. Initial study results indicate that the projects will impact the CRATS and require mitigating upgrades. Because these upgrades to the CRATS cannot be completed before some of the third-party projects go online, staff is examining the potential for Metropolitan to enter into interim affected systems mitigation agreements or “bridge” agreements. These bridge agreements will allow third-party projects to proceed with construction and operation while upgrades are made to the CRATS. Once Metropolitan staff completes the transmission cluster study, projects will enter into longer-term affected system mitigation agreements to pay for the upgrades to the CRATS.

## **Fiscal Impact**

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No immediate fiscal impact because the work is reimbursable.

## **Applicable Policy**

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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)**

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Staff will return to the Board to request authority to enter into the affected systems mitigation agreements, and staff will present the results of the cluster study at a later board meeting, likely in the fourth quarter of 2025 or the first quarter of 2026.

## **Details and Background**

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### **Background**

Metropolitan owns a 230,000-volt (230 kV) transmission system that provides power to its Colorado River Aqueduct (CRA) pumps. The CRATS was built pursuant to the 1928 Boulder Canyon Project Act for the sole and exclusive purpose of supplying power from the Hoover and Parker-Davis projects to the five pumping plants along the CRA. The CRATS extends south and west from the Mead substation at Hoover Dam to serve



Metropolitan's five Colorado River pumping stations, and interconnects with adjacent utilities Southern California Edison (SCE) and the Western Area Power Administration (WAPA). The CRATS comprises approximately 300 miles of transmission lines that pass through what is generally considered to be desirable solar generation territory. Recent years have seen substantial interest in the development of solar and bulk energy storage projects in the areas adjacent to the CRATS, to meet the demand for renewable energy to meet California's ambitious Renewable Portfolio Standard (RPS) goals. Due to the interconnected nature of the transmission grid, development of these projects can have impacts on Metropolitan's power and water system operations. An example of such an impact would be similar to an event that occurred on November 21, 2022, when a disturbance on an adjacent transmission system resulted in involuntary load shedding and water spillage at Metropolitan's Eagle Mountain pumping station.

During the second half of 2024, Metropolitan received an unexpected influx of Affected System Study requests from generators interconnecting to the California ISO (CAISO) and WAPA systems. Although the CRATS is not part of the CAISO or WAPA, it is connected to both systems and, pursuant to federal law and regulation, new-generation projects must ensure that they do not impact existing systems and if they do, they are responsible for the costs of mitigation. To address potential impacts, an Affected System Study is requested by a third-party generator developer that wishes to connect their project to the grid to determine the impact of that generator on adjacent systems. These studies are highly technical in nature and assess a proposed generation project's impacts on the transmission system across several dimensions (steady-state thermal loading, steady-state, transient, and post-transient voltage stability impacts, and so forth). These studies are critical to ensure that a generation project does not have an adverse impact on the CRATS or water operations and to protect Metropolitan against incurring costs to mitigate any negative impacts through operational procedures or physical system improvements. The timeliness of these studies is critical to protect Metropolitan's interests and to support the broader state and national policies promoting renewable energy development and robust electrical energy markets. Although new-generation projects may not proceed without ensuring that any impacts on existing systems are mitigated, existing systems must conduct their studies and upgrades with timely and reasonable efforts.

Affected system studies are paid for by the ESP. The developer signs a study agreement and makes a study deposit, typically on the order of \$50,000 to \$250,000, from which the actual study costs are deducted. Any residual study deposit funds are returned to the developer once the study is completed.

As Metropolitan received simultaneous inquiries from multiple generation projects for affected system studies, to expedite the work and assign mitigation costs in a fair and transparent manner, staff elected to use a 'cluster study' approach, where a group of generation projects are studied for their aggregate impact to the CRATS and mitigation costs apportioned to each project by their net impact. Seven-generation projects were included in the current cluster study that officially kicked off on December 30, 2024.

At the completion of the Affected System Study, any negative impacts are identified, along with required mitigations and their associated costs. These mitigations may be operational in nature or may require capital improvements, such as the reconductoring of transmission lines, addition or replacement of circuit breakers, and so forth. Cost estimates for the required mitigations are developed and apportioned to each project based on clear and transparent criteria. Completion of the current cluster study and identification of mitigations and costs are anticipated by the fourth quarter of 2025 or the first quarter of 2026.

### **Bridge agreements**

Several of the projects need to secure financing and commence construction before the completion of Metropolitan's study in the fall of 2025. To allow these projects to proceed and to protect Metropolitan's interests, staff recommends entering into preliminary or "bridge" agreements with the ESPs. Bridge agreements would essentially allow projects to demonstrate that they have received provisional agreement from Metropolitan to



allow their project to become operational in exchange for a financial deposit to offset an assigned portion of mitigation costs to be identified when the cluster analysis is completed. Key terms of the bridge agreement include:

1. A preliminary estimate of the developer's pro rata share of the mitigation costs.
2. Provision of a credit or security to confirm the developer's obligation to pay for its pro rata share of future mitigation costs.
3. Agreement by the developer to enter into a more detailed and longer-term affected system mitigation agreement once the transmission cluster study is completed.
4. The developer's commitment to work cooperatively with Metropolitan, CAISO, and other stakeholders to establish and operate subject to interim operating measures pending completion of required mitigating upgrades.
5. In exchange for the foregoing, Metropolitan's preliminary authorization for the developer to commence construction and operation prior to completion of upgrades.

Metropolitan staff recommends providing the bridge agreements with the ESPs as an option to protect the CRATS while ensuring generation projects of regional importance are not delayed. Staff will return to the board soon to request authority to enter into specific bridge agreements.

  
Shane O. Chapman  
Assistant General Manager, Operations

4/28/2025

Date

  
Deven Upadhyay  
General Manager

4/28/2025

Date

Ref# wso12701831





Engineering, Operations, & Technology Committee

# Colorado River Aqueduct High Voltage Transmission System – Affected Systems Mitigation Agreements

Item 9-5

May 12, 2025



# Item 9-5

## CRATS Affected Systems Mitigation Agreements

### Subject

Colorado River Aqueduct High Voltage Transmission System –  
Affected Systems Mitigation Agreements

### Purpose

Provides information relevant to the Board for future approval of  
Affected Systems Mitigation Agreements with generation project  
developers

### Next Steps

Presentation by staff of Affected Systems Mitigation Agreements with  
specific generation project developers for Board review and approval



# CRATS Affected Systems Mitigations Agreements



## Background

- Metropolitan has received multiple requests from third-party generation developers for affected system studies
  - Seven official study requests
  - Several thousand megawatts (MW) of solar generation & energy storage systems
  - Close proximity to CRATS but not directly connected
- Affected system studies identify potential impacts to Metropolitan's transmission & water operations, are highly technical in nature & time sensitive
- Critical to meeting regulatory obligations & protecting Metropolitan's energy & water operations



# CRATS Affected Systems Mitigations Agreements



## Background

- Each study participant is responsible for the costs of their study & makes a deposit to offset Metropolitan's expenses at the time of application
  - Study deposits range from \$50k to \$250k
- Metropolitan does not have sufficient staff to manage the queue of study requests & perform the necessary technical analysis
  - February board informational item
- Staff will rely heavily on industry consultants to perform the technical analysis & develop mitigations and cost estimates
  - April board action to extend GridSME agreement



# CRATS Affected Systems Mitigations Agreements



## Affected System Study - Scope of Work

- Transmission Planning Consultant
  - Perform technical analysis to identify system impacts
  - Develop operational & physical improvement mitigations
  - Develop scope & cost estimates for physical improvements
  - Estimates pro rata costs for each study participant proportional to their project's impact
- Metropolitan Staff
  - Manage interconnection queue, study agreements, & study deposits
  - Set technical study parameters & review work product
  - Track study-related costs for reimbursement
  - Develop Capital Investment Plan (CIP) as necessary



# CRATS Affected Systems Mitigations Agreements



## Need for Bridge Agreements

- Several study participants need to secure financing & begin construction prior to completion of the studies
- Bridge agreements allow study participants to demonstrate they have provisional agreement from Metropolitan for their project to become operational
- Protects Metropolitan's electric and water operations by requiring a financial deposit to offset mitigation costs



# CRATS Affected Systems Mitigations Agreements



## What's in a Bridge Agreement?

- Study participant commitment to study and mitigation efforts
  - Agreement to enter into a full mitigation agreement once the cluster study is completed
  - Credit or security commitment to offset the study participant's pro-rata share of mitigation costs
  - Agreement to work cooperatively with Metropolitan, the California ISO (CAISO), and other stakeholders to establish and operate subject to interim operating measures
- Metropolitan commitment to preliminary authorization for the study participant to commence commercial operation



# CRATS Affected Systems Mitigations Agreements



## Future Board Actions

- Staff will return with proposed bridge agreements for the Board's review & approval
  - First bridge agreement may be brought for Board approval as early as June 2025
  - Several bridge agreements are possible in this first cluster of projects during 2025
- Staff will return with permanent & long-term mitigation and interconnection agreements following completion of the current study in 4Q 2025 or 1Q 2026









Board Meeting

# Overview of General Manager Selection Process

Board Meeting  
May 13, 2025



# Overview of General Manager Selection Process

## Timeline

## Key Steps

June	OPE/Board selects Executive Recruiter
June/July	Recruiter conducts executive search conversations with candidates
June	Board approves job description and key selection criteria
July	Recruiter meets with Board to select candidates for interview
August	Candidates interviewed by OPE/Board and meet with Direct Reports
August/September	Board selects and appoints General Manager



