# The Metropolitan Water District of Southern California



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

**Board of Directors - Final - Revised 1** 

August 17, 2021

12:00 PM

Tuesday, August 17, 2021 Meeting Schedule

09:00 a.m. - Adj. L&C 10:30 a.m. - Adj. RP&AM

11:30 a.m. - Break

12:00 p.m. - Adj. Board

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

https://us06web.zoom.us/j/81520664276pwd=a1RTQWh6V3h3ckFhNmdsUWpKR1c2Z z09

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

### 1. Call to Order

- 1.1 Invocation: Jeany Wong, Sr Engineer, Engineering Services Group
- 1.2 Pledge of Allegiance: Director Repenning, City of Los Angeles

### 2. Roll Call

### 3. Determination of a Quorum

- 4. Opportunity for members of the public to address the Board on matters within the Board's jurisdiction. (As required by Gov. Code § 54954.3(a))
  - **a.** Tanya Trujillo, Department of the Interior Assistant Secretary for Water and Science [Item Added 8/11/2021]

### 5. OTHER MATTERS AND REPORTS

A. Report on Directors' events attended at Metropolitan expense 21-349

Attachments: 08172021 BOD 5A Report

| <b>3oard</b><br>⊃age 2                   | of Direc | ctors Aug   | just 17, 2021 |  |  |
|--|----------|---|---------------|--|--|
|  | В.       | Chairwoman's Monthly Activity Report  | <u>21-350</u> |  |  |
|  |          | Attachments: 08172021 BOD 5B Report   |               |  |  |
|  | C.       | General Manager's report of Metropolitan activities   | <u>21-239</u> |  |  |
|  |          | Attachments: 08172021 BOD 5C Report   |               |  |  |
|  | D.       | General Counsel's summary of activities   | <u>21-351</u> |  |  |
|  |          | Attachments: 08172021 BOD 5D Report - Revised   |               |  |  |
|  | E.       | General Auditor's summary of activities   | 21-352        |  |  |
|  |          | Attachments: 08172021 BOD 5E Report   |               |  |  |
|  | F.       | Ethics Officer's summary of activities  | <u>21-353</u> |  |  |
|  |          | Attachments: 08172021 BOD 5F Report   |               |  |  |
|  | G.       | Report on list of certified assessed valuations for fiscal year 2021/22 and tabulation of assessed valuations, percentage participation, and vote entitlement of member agencies as of August 17, 2021 (FI) | <u>21-326</u> |  |  |
|  |          | Attachments: 08172021 FI 5G B-L.pdf   |               |  |  |
|  |          | 08162021 FI 5G Presentation.pdf   |               |  |  |
|  |          | ** CONSENT CALENDAR OTHER ITEMS ACTION **   |               |  |  |
| 6. CONSENT CALENDAR OTHER ITEMS - ACTION |          |   |               |  |  |
|  | A.       | Approval of the Minutes of the Meeting for July 13, 2021 (Copies have been submitted to each Director) Any additions, corrections, or omissions   | <u>21-331</u> |  |  |
|  |          | Attachments: BOD July 13 Approved minutes   |               |  |  |
|  | В.       | Authorize preparation of Commendatory Resolution for Jeff<br>Kightlinger for his service and leadership during his term as<br>General Manager of The Metropolitan Water District of Southern<br>California  | <u>21-383</u> |  |  |
|  | C.       | Approve Committee Assignments   |               |  |  |

### 7. CONSENT CALENDAR ITEMS - ACTION

7-1 Adopt resolution establishing the tax rate for fiscal year 2021/22; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (FI) 21-321

21-330

21-337

Attachments: 08162021 FI 7-1 Presentation.pdf

08172021 FI 7-1 B-L.pdf

SDCWA letter re 7-1 8-17-2021

Resolution 9284

7-2 Award a \$492,440 procurement contract to Royal Industrial Solutions for equipment to upgrade the ozone control system at the Henry J. Mills Water Treatment Plant and authorize an agreement with Suez Treatment Solutions, Inc. in an amount not to exceed \$430,000 for specialized technical assistance to support the upgrade; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EO)

Attachments: <u>08172021 EO 7-2 B-L.pdf</u>

08172021 EO 7-2 Presentation.pdf

7-3 Authorize an agreement with CDM Smith, Inc., in an amount not to exceed \$2.75 million, for support of engineering and technical studies at the advanced water treatment demonstration facility; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EO)

Attachments: 08172021 EO 7-3 B-L.pdf

08172021 EO 7-3 Presentation.pdf

7-4 Approve Metropolitan's annual membership in the U.S. Water Alliance and authorize payment of \$18,500, and approve Metropolitan's annual membership in Water Education for Latino Leaders and authorize payment of \$25,000; the General Manager determined that the proposed action is exempt or otherwise not subject to CEQA (CL)

**Attachments:** 08172021 CL 7-4 B-L.pdf

08172021 CL 7-4 Presentation.pdf

7-5 Adopt resolution to declare a "Condition 2 - Water Supply Alert"; **21-385** the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Subject Revised 8/10/2021] (WPS) Attachments: 08172021 WPS 7-5 B-L 08172021 WPS 7-5 Presentation Resolution 9313 7-6 Authorize agreement with the United States Geological Survey for 21-387 \$357,000 to evaluate existing ponds on Metropolitan's Delta islands for their potential to assist in preserving Delta smelt; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA (WPS) Attachments: 08172021 WPS 7-6 B-L.pdf 08172021 WPS 7-6 Presentation.pdf 7-7 Authorize the General Manager to enter into a ten-year agreement 21-334 with Urban Park Concessionaires to operate and maintain the marina facility at Diamond Valley Lake in the City of Hemet; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA (RPAM) Attachments: 08172021 RPAM 7-7 B-L.pdf 08172021 RPAM 7-7 Presentation.pdf Adopt amendment to the Administrative Code establishing 7-8 20-175 Metropolitan-specific parliamentary procedures; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (LC) Report on existing litigation OHL USA, Inc. v. The Metropolitan 7-9 21-333 Water District of Southern California, Los Angeles Superior Court Case No. 19STCV27689; the General Manager has determined that the proposed action is exempt or otherwise not subject to **CEQA** [Conference with legal counsel - existing litigation; to be heard in closed session pursuant to Gov. Code Sections 54956.9(d)(1)]

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

### 8. OTHER BOARD ITEMS - ACTION

[Posting Separately] (LC)

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8-1 Discussion of recommendations from Shaw Law Group's independent review of allegations of systemic Equal Employment Opportunity-related discrimination, harassment and retaliation, and related concerns; adopt recommendations as presented or with modifications and direct General Manager to implement the recommendations; authorize an increase in the maximum amount payable under contract with Shaw Law Group by \$25,000 to an amount not to exceed \$575,000 for follow-up requests; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Added Item on 8/11/2021] (OPT)

Attachments: 08172021 OPT 8-1 B-L.pdf

08162021 OPT 8-1 Presentation.pdf

Letter Hashmall re Waade

### 9. BOARD INFORMATION ITEMS

**9-1** Update on Conservation Program

21-354

Attachments: 08172021 BOD 9-1 Report.pdf

### 10. OTHER MATTERS

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**10-1** Update on Proposed Voluntary Agreements for Delta Operations 21-401 and on CDWR Water Operations Cases, Sacramento County

Superior Court, Case No. JCCP 5117, which includes the following eight cases: The Metropolitan Water Dist. of S. Cal., et al. v. Calif. Dept. of Fish & Wildlife, et al., Fresno County Superior Ct. Case No. 20CECG01347: State Water Contractors, et al. v. Calif. Dept. of Fish & Wildlife, et al., Fresno County Superior Ct. Case No. 20CECG1302; San Bernardino Valley Municipal Water Dist. v. Calif. Dept. of Water Resources, et al., Fresno County Superior Ct. Case No. 20CECG01556; Tehama-Colusa Canal Auth., et al. v. Calif. Dept. of Water Resources, Fresno County Superior Ct. Case No. 20CECG01303; Sierra Club, et al. v. Calif. Dept. of Water Resources, San Francisco County Superior Ct. Case No. CPF-20-517120; North Coast Rivers Alliance, et al. v. Calif. Dept. of Water Resources, San Francisco County Superior Ct. Case No. CPF-20-517078; Central Delta Water Agency, et al. v. Calif. Dept. of Water Resources, Sacramento County Superior Ct. Case No. 34-2020-80003368; and San Francisco Baykeeper et al. v. Calif. Dept. of Water Resources, et al., Alameda County Superior Ct. Case No. RG20063682; and report on Pacific Coast Federation of Fishermens Assns., et al. v. Ross, et al., Federal District Court for Eastern District of California, Case 1:20-CV-00431-DAD-SAB and Calif. Natural Resources Agency, et al. v. Ross, et al., Federal District Court for the Eastern District of California, Case No. 1:20-CV-00426-DAD-SKO [Conference with legal counsel - existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)]. [Added Item on 8/12/20211

Attachments: 08172021 Board 10-1 Presentation.pdf NGO letter to MWD re 10-1 8-16-2021

10-2 Discussion of Department Head Evaluation Process Guidelines and Department Head Evaluation Presentations [Public employee's performance evaluations; General Counsel, General Auditor, and Ethics Officer, to be heard in closed session pursuant to Gov. Code Section 54957]

Attachments: 10122021 BOD 10-1 Presentation.pdf

#### 11. **FOLLOW-UP ITEMS**

None

#### **12**. **FUTURE AGENDA ITEMS**

21-370

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### 13. ADJOURNMENT

### NOTE:

At the discretion of the Board, all items appearing on this agenda and all committee agendas, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

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. (E&O, BF&I). Committee agendas may be obtained from the Executive Secretary.

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 Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.

### August 17, 2021 Board Meeting

### Item 5A



### Metropolitan Water District of Southern California Summary of Events Attended by Directors at Metropolitan's Expense in July 2021

| Date(s) | Location       | Meeting Hosted by:   | Participating Director(s) |
|---------|----------------|--|---------------------------|
| July 14 | Costa Mesa, CA | MWDOC 2021 Water<br>Policy Forum & Dinner                                      | Glen Peterson             |
| July 22 | Virtual        | Association of Water<br>Agencies Ventura County –<br>WaterWise Virtual Meeting | Glen Peterson             |



### Chairwoman of the Board Monthly Activity Report – July 2021

### **Summary**

This report highlights activities of the Chairwoman of the Board during the month of July 2021 on matters relating to The Metropolitan Water District of Southern California's business.

### **Monthly Activities**

#### July 6

Participated via teleconference with General Manager Hagekhalil regarding matters of the Board

#### July 7

- Participated via teleconference with Metropolitan's Employee Resource Groups, Metropolitan's Bargaining Units, General Manager Hagekhalil, General Counsel Scully, Ethics Officer Salinas, and Metropolitan's Executive Management at Metropolitan's Diversity, Equity, and Inclusion Council meeting
- Participated via teleconference in West Basin Municipal Water District's MWD Caucus meeting

#### July 9

Participated via teleconference with General Manager Hagekhalil regarding matters of the Board

#### July 12

- Participated via teleconference in Metropolitan's Engineering and Operations Committee meeting
- Participated via teleconference in Metropolitan's Water Planning and Stewardship Committee meeting
- Participated via teleconference in Metropolitan's Communications and Legislation Committee meeting
- Participated via teleconference in Metropolitan's Organization, Personnel and Technology Committee meeting
- Participated via teleconference with Senator Stern and General Manager Hagekhalil to discuss legislative priorities

### July 13

- Participated via teleconference in Metropolitan's Legal and Claims Committee meeting
- Participated via teleconference in Metropolitan's Real Property and Asset Management Committee meeting
- Participated via teleconference in Metropolitan's Board meeting
- Participated via teleconference with Ethics Officer Salinas to discuss matters of the Ethics office
- Participated via teleconference with General Manager Hagekhalil to discuss matters of the Board

### July 14

- Participated via teleconference with City of Los Angeles Director of Infrastructure Rebecca Rasmussen to discuss water issues
- Attended Municipal Water District of Orange County's Water Policy Forum, Cost Mesa

### July 15

 Participated via teleconference with Shaw Law Group President Jennifer Shaw to discuss their independent review of employee EEO-related concerns

### July 16

- Attended and provided remarks at Metropolitan's Member Agency Manager's retreat, Chino
- Participated via teleconference with City of Los Angeles Director of Infrastructure Rebecca Rasmussen,
   Deputy Mayor Barbara Romero, and Metropolitan's Directors Repenning and Quinn to discuss water
   issues

### July 19

- Participated via teleconference with Assistant General Manager Zinke regarding legislative matters
- Participated via teleconference with Santa Clara Valley Water Chief Executive Officer Rick Callender,
   Public Policy Vice President Adrian Covert, and Assistant General Manager Zinke to discuss water issues

### July 21

- Participated via teleconference with Metropolitan's Employee Resource Groups, Metropolitan's Bargaining Units, General Manager Hagekhalil, General Counsel Scully, Ethics Officer Salinas, and Metropolitan's Executive Management at Metropolitan's Diversity, Equity, and Inclusion Council meeting
- Attended Women in Water Event with Directors Repenning and Quinn, and General Manager Hagekhalil, Los Angeles
- Participated via teleconference in an interview with the Los Angeles Times

### July 22

- Participated via teleconference in an introduction meeting of General Manager Hagekhalil and Palo
   Verde Irrigation District's Board President Bart Fisher and General Manager Ned Hyduke
- Participated via teleconference with Vice Chairs Repenning, Kurtz and De Jesus to discuss priorities of the Board
- Participated via teleconference with Director Murray, Jr., General Manager Hagekhalil, and Ethics Officer Salinas regarding upcoming committee presentations

#### July 23

- Attended the Southern California Water Coalition Luncheon, Ontario
- Participated via teleconference with Director Record, General Manager Hagekhalil, and General Counsel
   Scully for an update on Metropolitan's ongoing rate litigation
- Participated via teleconference with General Manager Hagekhalil regarding matters of the Board

### July 25

 Participated via teleconference with Director of the Latino Water Coalition Mario Santoyo to discuss water related issues

### July 26

- Participated via teleconference with Representative Grace Napolitano, Directors Ramos and Kurtz,
   General Manager Hagekhalil, Assistant General Manager Zinke and Metropolitan's legislative staff to discuss legislative priorities
- Participated in an introduction meeting with Assembly Member Isaac Bryan to provide an overview of Metropolitan, as well as a briefing on Metropolitan's legislative priorities, Culver City
- Participated via teleconference with General Manager Hagekhalil to discuss matters of the Board

#### July 27

- Participated via teleconference in Metropolitan's Integrated Resources Planning Committee meeting
- Participated via teleconference in Metropolitan's Bay-Delta Committee meeting
- Participated via teleconference in Metropolitan's Executive Committee meeting
- Participated via teleconference in Metropolitan's Audit and Ethics Committee meeting
- Participated via teleconference in Metropolitan's Special Organization, Personnel, and Technology
   Committee meeting

### July 28

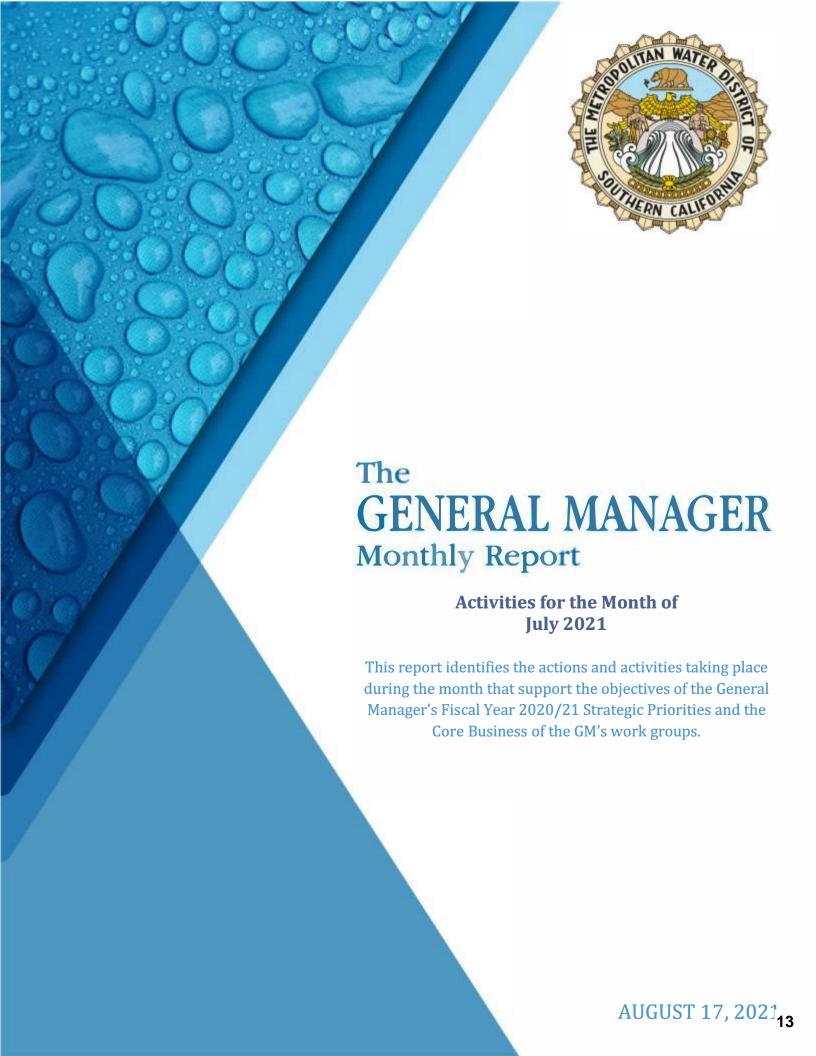
- Attended and provided remarks at the Southern California Leadership Council Quarterly Board meeting with General Manager Hagekhalil, Los Angeles
- Participated via teleconference with Senator Bob Hertzberg, Directors Ramos and Kurtz, General Manager Hagekhalil, Assistant General Manager Zinke and Metropolitan's legislative staff to discuss legislative priorities
- Participated via teleconference with Ethics Officer Salinas to discuss ethics issues
- Met with Director Luna to discuss matters of the Board, Inglewood

### July 29

 Participated via teleconference in the California African American Water Education Foundation monthly board meeting

### July 30

Participated via teleconference with Latino Water Coalition Director Mario Santoyo, Joe Del Bosque, and
 San Luis Water District Lon Miller to discuss water related issues and opportunities for future projects





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| Content by Group        |       |
|-------------------------|-------|
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### ADMINISTRATIVE SERVICES SECTION/CAO

CORE BUSINESS: Business Processes Advance value-added business process improvements to increase effectiveness and efficiency while striving for innovation, flexibility, and integration with technology.

Objective #2 SUSTAINABILITY - Develop, promote and support sustainable business practices.

To continue sustainability efforts, and in support of the General Manager's objectives, Administrative Services Rideshare staff collaborated with the Facilities Team to replace a non-repairable dual (two ports) and single (one port) electric vehicle station with two dual (four ports) electric vehicle (EV) charging stations at Metropolitan headquarters located on P-1.

Seven dual stations (14 ports) are now available for Rideshare EV participants parking at Metropolitan headquarters. This is an important milestone that will ensure that the Rideshare Program continues to deliver value to its participants and that it remains compliant with current air quality regulatory requirements and Metropolitan.





# **ADMINISTRATIVE SERVICES SECTION/CAO** continued

Accomplishments

### 1. Warehouse Security Improvement Project

Because of an uneven economic recovery stemming from COVID-19 and a statistical rise in theft, the Administrative Services staff and management partnered with the Security management to assess security improvements required to protect assets at all nine Metropolitan warehouses. Security and the warehouse staff collaborated with various departments at each facility to make modifications in and around the warehouse locations. This consisted of improved lighting, brush removal, trimming of trees, security cameras, signage, clean-up in the area, etc., as a deterrent from theft on Metropolitan property.



Skinner Filtration Plant
Removal of waist-high brush to reduce ability to cut fences and in view of security cameras



Lake Mathews
Improved lighting to assist with night vision and security cameras



Union Station
Pruning trees and reducing vegetation height to mitigate vulnerability of attractive targets

# ADMINISTRATIVE SERVICES SECTION/CAO continued

### 2. <u>Professional Services Contracting</u>

Staff completed Request for Proposal (RFP) No. 1273—Oracle Enterprise Business Suite (EBS) Module Implementation Services. The objective of this acquisition is to implement two EBS modules: The iSupplier Portal, for vendor self-service and other standard functionality, and Services Procurement, specifically for construction contracts and other standard features for contract management.

The Capital Improvement Project committee has approved funding for the project for fiscal year(s) 2021-22.

### **BAY-DELTA INITIATIVES**

### **GM STRATEGIC PRIORITY #1: Resiliency**

Objective # 1 Pursue the development of adaptive management decision processes, governance, and funding mechanisms that would provide effective and stable means of meeting State Water Project (SWP) regulatory requirements.

In July, staff continued work with state and federal agencies to develop a Juvenile Production Estimate (JPE) for Spring-run Chinook salmon as required by the Incidental Take Permit (ITP). Current efforts are focused on developing a problem statement through focused discussions on what triggered the problem, why a decision must be made, and why the decision matters. These discussions are to ensure that the multiple state, federal, and water agencies participating in this effort have scientific input regarding the need to develop a monitoring program to estimate juvenile production of spring-run and the goals and objectives of this monitoring before working on the details of an implementation plan.

### GM STRATEGIC PRIORITY #2: Sustainability

Objective # 1 Pursue completion of the planning and permitting process for the single tunnel Delta Conveyance Project (DCP).

### Delta Conveyance

The California Department of Water Resources (DWR) is continuing to develop an Environmental Impact Report (EIR) under the California Environmental Quality Act.

DWR conducted the first of four technical webinars to inform the public and interested stakeholders about the current progress related to the preparation of the Draft EIR. The first webinar on July 14 provided public information on the operations of the State Water Project and Delta Conveyance. More information regarding the webinars is available on DWR's website.

#### Joint Powers Authorities

During the July 15, 2021, Delta Conveyance Design and Construction Authority (DCA) Board of Directors Meeting, the board approved an initial budget adjustment for fiscal year (FY) 2021/22. The budget change increased the adopted FY 2021/22 budget from \$21.5 million to \$23.5 million using funds remaining from the last fiscal year.

The Delta Conveyance Finance Authority regularly scheduled July meeting was canceled.

#### Objective # 3 Engage in planning and permitting activities for the Sites Reservoir.

In July meetings, the Sites Project Authority Board (Authority Board) and the Sites Reservoir Committee (Reservoir Committee) authorized the release of the Revised Draft EIR/Supplemental Draft Environmental Impact Statement (RDEIR/SDEIS) as soon as the document is ready, including authorizing the Executive Director to file a Notice of Completion with the State Clearinghouse and complete other noticing requirements to initiate the public review process.

# **BAY-DELTA INITIATIVES** continued

### **GM STRATEGIC PRIORITY #3: Innovation**

Objective # 1 Provide leadership through advancing scientific knowledge that promotes opportunities for the improvement of SWP supply reliability through the improvement and protection of estuarine processes, native species, and Delta ecosystem health.

Staff continued collaboration with the State Water Contractors (SWC) Science Program. On July 15, the SWC released its FY 2020/21 Science Report (FHA200621 SWC Annual Report Fact Sheet C3.indd) highlighting the importance of investing in research to provide a more reliable water supply for California while protecting, restoring, and enhancing the Sacramento-San Joaquin Bay-Delta ecosystem.

Staff also continued participating in the Collaborative Science and Adaptive Management Program (CSAMP), including participation on the Collaborative Adaptive Management Team (CAMT). At the July 20 meeting, CAMT discussions focused on the potential roles and responsibilities of a proposed Delta smelt science program manager that would assist CAMT with the interface between the investigators who generate the science and the managers who use the science. CAMT also discussed a possible approach to develop recommendations regarding Delta monitoring needs.

Staff is leading a CSAMP effort to collaboratively develop a scientific definition of salmon recovery, expressed as a suite of clear, measurable objectives and landscape-level quantitative targets. Staff is planning and participating in a series of technical workshops with experts in salmonid ecology to develop this definition.

### **CORE BUSINESS RELIABILITY**

Objective # 1 Provide analysis of key regulations and legislation that may influence SWP supply reliability, Bay Delta water quality and environmental health.

Staff continued to participate in the collaborative groups called for in the 2019 Biological Opinions (BiOp) for the State Water Project (SWP) and Central Valley Project, and in the 2020 ITP for Long-term Operation of the SWP, to address science needs and inform management and operation of the water projects. Staff participated in the Delta Coordination Group to provide input to the Delta smelt summer and fall habitat actions monitoring and science plan, and the Longfin smelt Technical Team to provide input to the development of lifecycle models and monitoring programs as decision support tools for water operations.

Staff provided analysis of state and federal legislation that may influence SWP supply reliability, drought preparedness, Delta water quality, and habitat restoration activities.

### **BOARD SUPPORT TEAM/CAO**

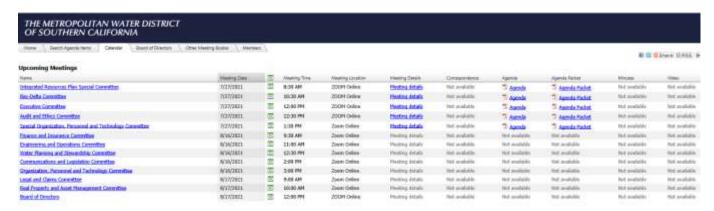
### **GM STRATEGIC PRIORITY #1: Resiliency**

OBJECTIVE #1 Infrastructure Reliability

### **NEW Legistar Software!**

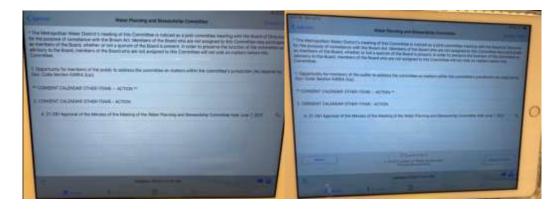
The Board Support Team transitioned our board agenda document management system to Legistar by Granicus. The new Legistar system will drastically reduce the amount of time staff and management spends tracking, preparing, and modifying agendas, uploading to the website, programming voting items, and drafting meeting minutes. Additionally, this streamlined software minimizes previously created errors by the number of places items were modified each time a subject line or voting option was changed.

The NEW Legistar InSite webpage on Metropolitan's website now provides convenient access to the monthly agendas and corresponding board materials for Board members, Member Agencies, and the public.



### This month we also tested our NEW Granicus VoteCast/iLegislate Voting!

- The new VoteCast/iLegislate voting system will reduce the time staff spend programming voting spreadsheets and eliminate errors. The software also integrates into the Agenda management system. This will allow staff to conduct the committee meeting votes live during the meeting.
- Committee members will also have iPads, which allow them to request to speak, make or second motions, and vote on agenda items during the meetings, all within the Granicus VoteCast/iLegislate Voting system.
- We have conducted several on-hands trainings in preparation for the new system and have also conducted live VoteCast/iLegislate votes for committee meetings in preparation for our hybrid meetings in August.



### CHIEF FINANCIAL OFFICER

### CFO STRATEGIC PRIORITY: Maintain Strong Financial Position.

Provide timely and discerning financial analyses, planning, and management to ensure that forecasted revenues are sufficient to meet planned expenses and provide a prudent level of reserves consistent with Board policy.

Objective #2 Manage risk to protect Metropolitan's assets against exposure to loss.

The Risk Management Unit completed 45 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits, and spills.

Risk Management completed 49 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events, and film permits.

### **CORE PRIORITY:** Business Continuity

Facilitate district-wide planning and training to prepare employees and managers to effectively carry out critical roles and recover mission essential functions thus ensuring continuity of operations and resiliency in the event of a disaster.

Objective #1 Manage the Business Continuity Management Program in accordance with Operating Policy A-06.

- Continued working with Metropolitan on updates and approvals to Business Continuity Plans.
- Participated in the COVID-19 task force bi-weekly meetings, planning for return to work.
- Continued planning and design for Business Continuity exercises, using a cyber-attack scenario.
- Met with Information Technology to coordinate a business user test of critical applications in the new Disaster Recovery data center.

### CORE BUSINESS: Financial Management

Manage Metropolitan's finances in an ethical and transparent manner and provide consistent, clear, and timely financial reporting. Update Metropolitan's capital financing plans and work with rating agencies and investors to communicate Metropolitan's financial needs, strategies, and capabilities thus ensuring Metropolitan has cost effective access to capital markets and the ability to finance ongoing future needs. In addition, actively manage Metropolitan's short-term investment portfolio to meet ongoing liquidity needs and changing economic environments.

Objective #1 Record and report the financial activities of Metropolitan in a timely, accurate, and transparent manner to the Board, executive management, member agencies, and the financial community.

- Water Transactions for June 2021 totaled 153.8 thousand acre-feet (TAF), which was 7.6 TAF higher than the budget of 146.2 TAF. This translates to \$139.9 million in revenues for June 2021, which were \$9.2 million lower than the budget of \$149.1 million.
- Year-to-date water transactions through June 2021 were 1,574.0 TAF, which was 26.0 TAF lower than the budget of 1,600.0 TAF. Year-to-date water transactions through June 2021 were \$1,404.7 million, which were \$39.8 million lower than the budget of \$1,444.5 million.
- In June 2021, Accounts Payable processed approximately 3,100 vendor invoices for payment and took advantage of about \$25,100 in discounts.

### CHIEF FINANCIAL OFFICER continued

Objective #4 Update capital financing plans and work with rating agencies and investors to communicate financial needs and capabilities, ensure cost-effective access to capital markets, and maintain long-term bond ratings of AA or better.

On June 4, 2021, TD Bank, N.A., replaced the existing Standby Bond Purchase Agreement (SBPA) for the \$82,905,000, Special Variable Rate Water Revenue Refunding Bonds, 2016 Series B-1 and B-2, and the \$90,070,000, Special Variable Rate Water Revenue Refunding Bonds, 2018 Series A-1 and A-2 ("The Bonds"). On June 4, 2021, TD Securities (USA) LLC, will be the remarketing agent for The Bonds.

On June 16, 2021, Metropolitan issued, \$221,600,000, Variable Rate Subordinate Water Revenue Refunding Bonds, 2021 Series A (Federally Taxable). Bond proceeds refunded the \$175,000,000, Subordinate Water Revenue Bonds, 2016 Authorization, Series A; \$46,800,000, Short-Term Revenue Refunding Certificates, 2019 Series A; and funded costs of issuance. The 2021 Series A bonds will be supported by an SBPA with Bank of America, N.A., and BofA Securities will serve as remarketing agent for the bonds.

On June 30, 2021, Metropolitan issued, \$35,645,000, Index Notes (Taxable and New Money), Subseries B-3, ("the Index Notes"), evidencing a \$35,645,000 draw made by Metropolitan under the RBC Short-Term Revolving Credit Facility, for purposes of refunding \$35,645,000, Subordinate Water Revenue Refunding Bonds, 2017 Series B, callable on July 1, 2021. The Index Notes mature on June 29, 2022 but are expected to be refunded from proceeds of the Water Revenue Refunding Bonds, 2021 Series B, to be issued in July 2021.

Objective #5 Prudently manage the investment of Metropolitan's funds in accordance with policy guidelines and liquidity considerations.

- As of June 30, 2021, Metropolitan's investment portfolio balance was \$1,476.9 million; for the month of June 2021, Metropolitan's portfolio managers executed 26 trades.
- During the month of June 2021, Treasury staff processed 1,205 disbursements by check, 20 disbursements by Automated Clearing House (ACH), and 111 disbursements by wire transfer. Treasury staff also processed 76 receipts by check, 29 receipts by ACH, and 53 receipts by incoming wires and bank transfers.

### **ENGINEERING SERVICES**

### GM STRATEGIC PRIORITY #1: Enhance Infrastructure Safety, Security, and Resiliency

Objective #1: Manage and execute Board-authorized projects within the Capital Investment Plan (CIP) to ensure the reliable delivery of water to Metropolitan's member agencies.

### Distribution System Reliability Program

This program maintains reliable water deliveries through specific repair and rehabilitation projects on Metropolitan's pipelines, reservoirs, and control structures. Recent activities include the following:

- Garvey Reservoir Hypochlorite System Replacement—This project ensures that a continuous and reliable chlorine residual can be maintained in the water that enters and exits Garvey Reservoir. The project replaces the existing hypochlorite feed pumps, reconfigures the system piping, and upgrades the control systems, and automatic process controls to allow remote control from the SCADA system. The contractor has mobilized, cleared the area for the temporary feed system, and started the installation of the new system. Construction is 15 percent complete and is scheduled to be complete in July 2022.
- Garvey Reservoir Erosion Improvements Areas 6, 7, 8, 10, and 11—This project will install a permanent drainage system and erosion control features to ensure that storm runoff leaves the Garvey Reservoir site in a controlled manner. The project includes new drainage piping, concrete ditches, stem walls, flow detention, and dissipation structures. The contractor completed excavating for the storm drain piping at Areas 10 and 11 and has begun forming the concrete stilling basin at Area 10. The contractor also continued installing the fence and curb at Area 7. Construction is 60 percent complete and is scheduled to be complete in November 2021.
- Casa Loma Siphon Upgrades—This project will mitigate leaks associated with long-term ground subsidence and will improve the seismic resilience of the siphon as it crosses the Casa Loma Fault. This project replaces approximately 1,200 feet of the Casa Loma Siphon Barrel No. 1 at a fault crossing using Earthquake Resistant Ductile Iron Pipe (ERDIP) and welded steel pipe (WSP). The delivery of ERDIP and WSP is complete. Final design of the pipe installation construction package is 98 percent complete and is scheduled to be complete by August 2021.
- Etiwanda Pipeline Relining Stage 3—This project will replace the mortar lining with a polyurethane coating that is more flexible and able to withstand the fluctuating pressures in the pipeline that resulted in the mortar delaminating from the steel pipe. Stages 1 and 2, which relined a total of 3 miles of pipeline, have been completed. Stage 3 is in the final design, which will reline the remaining 2.5 miles of pipeline, is 85 percent complete. A pipe procurement package to procure 1,300 feet of steel liner is planned to be awarded in November 2021.

### Prestressed Concrete Cylinder Pipe (PCCP) Reliability Program

This program was established to enhance the reliability of Metropolitan's water distribution system and to reduce the risk of costly emergency repairs of PCCP. The priority pipelines included in the program are the Second Lower Feeder, Sepulveda Feeder, Calabasas Feeder, Rialto Pipeline, and the Allen-McColloch Pipeline. A total of 100 miles of PCCP pipelines will eventually be relined with new steel pipe liners under this 20-year program. Recent activities include the following:

• Second Lower Feeder PCCP Rehabilitation—This project rehabilitates the remaining 28 miles of PCCP segments within the Second Lower Feeder and will enhance delivery reliability to member agencies. Long-term rehabilitation of the Second Lower Feeder will be staged over a period of eight to ten years, with multiple construction and procurement contracts. Approximately 10 miles of PCCP on the Second Lower Feeder have been relined. Final design of Reach 3 is 97 percent complete and is scheduled to be complete by December

- 2021. Preliminary design continues for Reach 9, which includes a section of pipeline that will be tunneled under the Los Angeles River.
- Second Lower Feeder Isolation Valve Procurement—This contract provides 13 conical plug isolation valves for the Second Lower Feeder rehabilitation. These valves range in diameter from 48 inches to 54 inches and provide primary isolation for maintenance activities, inspections, and repairs required to maintain reliable water deliveries with Metropolitan's distribution system. Fabrication of the first three 48-inch conical plug valves is 100 percent complete. Two valves were delivered for storage at La Verne on June 28 and 29, 2021. The final inspection of the third valve was completed on July 15, 2021, and is scheduled to be delivered in October 2021. Fabrication of the first two 54-inch conical plug valves is 90 percent complete, and they are scheduled to be delivered in January 2022.
- Sepulveda Feeder PCCP Rehabilitation—This project rehabilitates the remaining 35 miles of PCCP segments within the Sepulveda Feeder and will enhance delivery reliability to member agencies. Long-term rehabilitation of the Sepulveda Feeder will be staged over multiple years with multiple construction and procurement contracts. Final design of Reach 1 and Reach 2 will occur concurrently and are scheduled to be complete by February 2023. A February 2022 Sepulveda Feeder inspection will determine the order of work. Preliminary design to rehabilitate the remaining reaches of the feeder continues.

### Colorado River Aqueduct (CRA) Reliability Program

This program maintains the reliability of Metropolitan's CRA conveyance system. Recent activities include the following:

- CRA Radial Gates Replacement—This project replaces eight deteriorated radial gates along the aqueduct in two stages. The radial gates are used to dewater the aqueduct on an as-needed basis. Construction of Stage 1 to replace a radial gate at Eagle Mountain Pumping Plant is complete. Stage 2 work includes replacement of seven radial gates at seven facilities along the CRA. Construction of Stage 2 is 99 percent complete. The contractor is installing new transformer containment pads at the Iron Mountain and Hinds pump plants. Construction is 99 percent complete and scheduled to be complete by August 2021.
- CRA Sumps Rehabilitation—This project replaces the sump pumps, circulating water pumps which are integral to CRA pumping plants operation. In March 2020, under Metropolitan's response to Covid-19, the onsite construction activities were suspended, and then ultimately removed from the contract work scope. Hence, the construction contract scope was limited to only fabrication, furnishing, and delivery of new pumps, valves, and other contract specified materials. Those will be installed under a new contract at a later date. Procurement is currently 20 percent complete. The contractor has scheduled the first delivery of the vertical turbine pumps for July 2021.
- Gene Wash Reservoir Discharge Structure Rehabilitation—This project replaces the existing deteriorated discharge valve and refurbishes the valve house and discharge structure at the base of the Gene Wash Reservoir dam. If the reservoir needed to be drained rapidly in the event of an emergency, the valve would be opened to safely release the water. The contractor has completed installation of the electrical equipment at the crest of the dam and continued preparation for the installation of the temporary underwater device to isolate the reservoir from the discharge structure during the rehabilitation work. Construction is 45 percent complete and is scheduled to be complete by October 2021.



Garvey Reservoir Erosion Improvements Areas 6, 7, 8, 10, and 11—Excavation for Area 7 retaining wall

### Treatment Plant Reliability Program

This program was initiated to maintain reliability and improve the operating efficiency of Metropolitan's water treatment plants through specific improvement projects. Recent activities include the following:

#### Weymouth Plant

- Weymouth Chlorination System Upgrades—This project expands the existing chlorine building to house additional chlorination feed equipment and instrumentation at the Weymouth plant. The chlorination system at the Weymouth plant is a critical component of the plant's disinfection process. The contractor is currently working on installing conduit and electrical panels in the existing maintenance shop, wire terminations, start-up activities, and dry testing/commissioning of new chlorine system. Staff is performing field testing of the chlorine leak detection system and preparing for the 21-day wet chlorine system testing/commissioning in late July 2021. Construction is 94 percent complete and is scheduled to be complete by October 2021.
- Weymouth Water Quality Instrumentation Improvements—This project will improve monitoring and rapid response to changing water quality conditions at the Weymouth plant. The contractor is currently installing analyzer panels, sample lines to the analyzer panels, and instrument drain piping; terminating electrical equipment wiring within the building, and performing MCC electrical testing. Construction is 95 percent complete and is scheduled to be complete by September 2021.

#### Diemer Plant

• West Basin and Filter Building Rehabilitation—This project rehabilitates the west flocculation/ sedimentation basins and filter building at the Diemer plant, including replacement of treatment basin equipment and filter valves, abatement of hazardous materials, and seismic strengthening of the filter building. Reliable

operation of the flocculation, sedimentation and filtration processes is essential for a surface water treatment plant to comply with its operating permit and produce water that meets federal and state drinking water regulations. The contractor has completed installation of all new valves and actuators for the west filters and has completed rehabilitation work within the four west basins. Construction is substantially complete and final functional testing activities are scheduled to be complete this month.

• Diemer Water Sampling System Improvements—This project upgrades the existing Diemer water sampling system, composed of 13 sample locations and will improve the accuracy and timeliness of collected data. At each location, the sample pump, piping, and field analyzers will be upgraded by Metropolitan staff. All materials and equipment have been procured for this project and Metropolitan staff continues installation and commissioning activities for water quality field analyzers. Construction is 92 percent complete and is scheduled to be complete by September 2021.

### Jensen Plant

• Jensen Electrical Upgrades, Stage 2—This three-stage project upgrades the electrical system with dual power feeds to key process equipment to comply with current codes and industry practice and improves plant reliability and enhances worker safety. Stage 1 work is complete. Stage 2 improvements will upgrade Unit Power Controllers 7 and 9 and their associated motor control centers (MCCs) to support critical process equipment. The contractor completed cutting-over existing dry polymer equipment to the new MCCs and delivered two new MCCs. Construction is 85 percent complete and is scheduled to be complete by August 2022.



**West Basin and Filter Building Rehabilitation**—Newly installed walkway bridges and launders at the west basins (looking south-east over Basin 8)

#### System Reliability Program

The System Reliability Program consists of projects to improve or modify facilities located throughout Metropolitan's service area in order to use new processes and/or technologies and improve facility safety and overall reliability. Recent activities include the following:

• **Headquarters Building Improvements**—This project provides seismic upgrades and other needed improvements to the Metropolitan Headquarters Building. Construction related to the original contract scope is 99 percent complete. The contractor completed the restoration of the 11<sup>th</sup> and 12<sup>th</sup> floors and completed and turned over the Cafeteria. The contractor continues to work on approved change order scope items such as the

- electrical work for the power door assist devices. Staff is working with the contractor to advance additional work while the building remains lightly occupied. Construction is anticipated to be complete by December 2021.
- Board and Committee Room Upgrades—This project upgrades and enhances the reliability of the audio/visual (A/V) systems in the board room, three committee rooms and the rotunda at the Metropolitan Headquarters Building. Engineering Services, IT, and Facilities Management are working collaboratively on this technology replacement project. Installation of the A/V equipment has been included as a board-approved change order to the original Headquarters Building Improvement contract, described in the previous paragraph. The contractor has completed A/V equipment installation in the committee rooms and the board room and is currently performing commissioning and user acceptance activities. Construction is 95 percent complete and is scheduled to be complete by early August 2021.
- Headquarters Physical Security Upgrades—This project implements comprehensive security upgrades for the Metropolitan Headquarters Building. These upgrades are consistent with federally recommended best practices for government buildings. This work has been prioritized and staged to minimize rework and impacts on day-to-day operations within the building. Stage 1 work enhances security related to perimeter windows and doors. Stage 2 improvements will provide security system upgrades inside the building with a focus on the main entry rotunda area, board room, executive dining lounge, and security control room. Stage 3 improvements will provide security system upgrades around the perimeter of the building. Construction of Stage 1 improvements is 99 percent complete and is scheduled to be complete by August 2021. Construction of Stage 2 improvements is 45 percent complete and is scheduled to be complete by April 2022. The contractor has completed electrical wiring for the security equipment on Floors 3 through 9 and is currently installing card readers and cameras. Stage 3 improvements are currently in the design phase and are scheduled to be complete by October 2021.
- Headquarters Building Fire Alarm and Smoke Control System Upgrades—This project upgrades the Metropolitan Headquarters Building fire life safety systems, which includes replacement of the fire detection and alarm system and HVAC system improvements for smoke control. The fire alarm and smoke control systems in the Metropolitan Headquarters Building provide detection, notification, and control of building functions so that occupants and visitors can safely exit in the event of a fire. The contractor is continuing installations of the electrical closet, fire alarm riser, and the Emergency Radio Responder System, and replacement of wallpaper with paint in the elevator lobbies. Construction is 15 percent complete and is planned to be complete by February 2023.



Headquarters Building Improvements—2<sup>nd</sup> floor electrical conduit installation

### **ENVIRONMENTAL PLANNING SECTION/CAO**

### GM STRATEGIC PRIORITY #1: Resiliency

Objective #1 Provide planning, California Environmental Quality Act (CEQA)/National Environmental Policy Act (NEPA), and regulatory permitting support for programs and projects that focus on infrastructure reliability and redundancy.

### California Environmental Quality Act (CEQA) Review

Prestressed Concrete Cylinder Pipe (PCCP) Reliability Program

• Provided design phase support for PCCP Second Lower Feeder Reach 3.

#### Weymouth Basins 5-8 Rehabilitation

• Finalized the project description for Addendum No. 1 to the 2015 Weymouth Environmental Impact Report (EIR).

### **Regulatory Permitting**

Colorado River Aqueduct (CRA) Projects

 Received permits from Regional Water Quality Control Board and California Department of Fish and Wildlife (CDFW) for the CRA Exposed Barrel Repairs Project.

Objective #2 Emphasize employee development and recruitment, knowledge capture, cross-training, management/leadership training, and succession planning.

### Webinars attended by staff:

- Inland Empire/Orange County Association of Environmental Professionals (AEP) Webinar: Regulatory Update Federal Waters and State Designation for Joshua Tree
- Association of Energy Engineers SoCal Chapter: MWD Energy Sustainability Plan and Climate Action Plan

### GM STRATEGIC PRIORITY #2: Sustainability

Objective #2 Provide planning, CEQA/NEPA, and regulatory permitting support for projects and activities that address the challenges of sustainability, including aging infrastructure, contaminants of concern, and affordability of water supplies.

### **Delta Conveyance Project**

• Reviewed and prepared comments on Administrative Draft EIR.

#### Lake Perris Seepage Recovery Project

Provided assistance with review of and response to public comments on the Draft EIR.

#### Regional Recycled Water Program

• Finalized and released the Request for Proposal (RFP) for Environmental Planning Support Services.

Objective #3 Continue to actively manage Metropolitan's more than 30,000 acres of conservation lands through cooperative relationships with public agencies and non-governmental conservation organizations to promote sustainability of reserve resources.

### Lake Mathews Multiple Species Reserve

 As part of the Reserve Management Committee (RMC), approved the fiscal year 2021/2022 Annual Work Plan and Annual Operating Budget.

### Southwestern Riverside County Multi-Species Reserve

- Completed repairs on damaged reserve boundary fencing.
- Mowed approximately 10 acres of grassland to maintain Stephens' kangaroo rat habitat.
- Conducted maintenance on artificial burrowing owl burrows and banded three owl nestlings (see photo).
- As part of the RMC, approved the fiscal year 2021/2022 Annual Work Plan and Annual Operating Budget.
- Executed new agreement with Riverside County Regional Park and Open-Space District for reserve management services.



Burrowing owl banding in the Southwestern Riverside County Multi-Species Reserve

Objective #4 Develop a Climate Action Plan (CAP) and prepare CEQA documentation to be used to offset greenhouse (GHG) emissions from future construction projects. Identify new and continuing conservation efforts for the purpose of reducing future GHG reductions, as well as highlighting Metropolitan's effort to achieve those reductions, and develop a tracking methodology to ensure Metropolitan is meeting its goal.

Finalized draft CAP and Draft Program EIR in preparation for release of the draft documents for public review.

### **GM STRATEGIC PRIORITY #3 Innovation**

Objective #1 Pursue programmatic CEQA and regulatory permitting efforts for operations and maintenance activities throughout Metropolitan's service area to streamline clearances for capital projects and O&M activities.

### Western San Bernardino Right of Way and Infrastructure Protection Program (RWIPP)

• Completed protocol surveys for San Bernardino kangaroo rat in support of regional programmatic permits.



Environmental Planning staff conducting nighttime San Bernardino kangaroo rat surveys

### Surface Mining and Reclamation Act (SMARA) Compliance

- Completed review of Administrative Draft Initial Study/Mitigated Negative Declaration.
- Reviewed draft Programmatic Reclamation Plan for San Bernardino County borrow sites.
- SMARA Legislation (AB442—Mayes):
  - o Negotiated amendments with sponsor and stakeholders to clarify compliance with SMARA.
  - Testified as subject matter expert for the bill at the Senate Natural Resources and Water Committee Hearing, where the bill was approved with an 8-0 vote.

Objective #2 Develop and improve internal processes, procedures, systems, and databases to streamline and standardize environmental analysis and project clearance in support of customers.

- Collaborated with the Technical Control Team to finalize new checklists and Eforms for streamlining ESG and Environmental Planning coordination.
- Attended a kickoff meeting and workshop for development of a new permitting database and data management system to be piloted at Metropolitan by Environmental Planning.
- Attended a monthly meeting of the Employee Innovation Council.
- Attended a weekly IdeaScale Basecamp Meeting.

Objective #3 Partner and collaborate with regulatory and resources agencies, as well as other public agencies and external organizations, to build relationships and expedite/streamline environmental authorizations and clearances for Metropolitan projects.

- Collaborated with Riverside County to facilitate repairs to Metropolitan's Box Springs Feeder access road through Sycamore Canyon Creek in Sycamore Canyon Wilderness Park to ensure public safety and fire access.
- Inventoried artifacts and fossils used in the Metropolitan education program and coordinated with the Western Science Center regarding the Diamond Valley Lake (DVL) Visitor's Center conversion to Apprenticeship Program Facility (see photos).
- Participated in permittee meetings for the Upper Santa Ana River Habitat Conservation Plan (HCP) and draft EIR and participated in meetings regarding the development of the Joint Powers Authority agreement.



Mano, metate, and chipped stone artifacts display from DVL Visitor's Center education exhibit



Photo display from DVL Visitor's Center education exhibit showing an excavation unit at the Metropolitan Headquarters Building circa 1996 (US Route 101 in background)

### **CORE BUSINESS: Regulatory Compliance**

Objective #1 Provide timely and professional environmental planning services and CEQA and regulatory permitting support to ESG, WSO, WRM, External Affairs, and Real Property groups.

### **Engineering Services**

- Provided design phase support for:
  - o Black Metal Mountain 2.4 kV Line Electrical Rehab
  - o Copper and Gene Sluiceways Rehabilitation
  - o Copper Basin Access Road and Discharge Valve Repair
  - o CRA Reliability Program
  - o CRA Mile 12 Flow and Chlorine Station Upgrades
  - o CRA Pump Plant 2.3 kV and 480V Rehab
  - o CRA 69kV and 230kV Transformers Replacement Projects
  - o Foothill Hydroelectric Power Plant Seismic
  - o Garvey Reservoir Rehabilitation Project
  - o Headquarters Building Stage 3 Physical Security Improvements
  - o Irvine Regulating Structure
  - o Jensen Ozone Power Supply Units Replacement
  - o Jensen Vehicle Maintenance Building Roof Replacement
  - o La Verne Water Quality Building
  - o Lake Perris Seepage, Perris Valley Pipeline
  - o Live Oak Reservoir Piezometer projects
  - o Mills Electrical Upgrades Stage 2
  - o San Gabriel Tower Seismic Upgrades
  - o Upper Feeder Blowoff at 2858+91 Rehabilitation
  - O Video Room Renovation at Union Station
  - o West Orange County Feeder Cathodic Protect Systems
  - o Western San Bernardino RWIPP
  - o Weymouth Basin 5-8 Rehabilitation
  - o Weymouth Administration Building Seismic Upgrades
  - o Weymouth Project Battery Energy Storage Systems
  - o Weymouth Facility Natural Gas System Improvement

- Provide CEQA analysis and environmental planning clearances for Safety of Dam activities for:
  - o Cajalco Spillway Safety of Dams Maintenance
- Provided construction phase support for:
  - o Orange County RWIPP
  - o Garvey Reservoir Permanent Drainage and Erosion Control Project
  - o Lake Mathews Disaster Recovery Facility
  - o Headquarters Building Fire Alarm, Smoke Control, and BMS Improvements
  - o Weymouth Gas Line Replacement
- Attended a Value Engineering Workshop for the Whitewater Tunnel No. 2 Seismic Upgrades Project.

### **Construction Monitoring**

- Provided construction monitoring for the following projects:
  - o Gene Wash Reservoir Discharge Valve Replacement
  - o CRA 6.9kV Cable Replacement
  - o CRA Overhead Cranes Replacement
  - CRA Discharge Line Isolation and Couplings Repair Projects

### **Water System Operations**

- Submitted a major amendment request to CDFW for the Long-Term Routine Maintenance Streambed Alteration Agreement for the Cajalco Creek Dam and Detention Basin.
- Provided biological resource surveys, CEQA analysis, and/or environmental planning support for:
  - Barrier placement to discourage encampment encroachment on Metropolitan property (Mead Valley)
  - Cajalco Creek Spillway Vegetation and Debris Removal as required by the State Division of Safety of Dams
  - o Middle Feeder North shutdown (scheduled for November 2021) preconstruction constraints analysis
  - o Etiwanda Feeder and Rialto Feeder Long-Term Maintenance
  - o Palos Verdes Reservoir Conduit Repair
  - o Upper Feeder Fence Installation
  - o Upper Feeder Emergency Leak
  - Vegetation maintenance at Jensen Water Treatment Plant, Diemer Treatment Plant, and along the Middle Cross Feeder

#### Water Resource Management

Began initial CEQA analysis of pilot fallowing program with the Fort Yuma Quechan Tribe.

### **External Reviews**

- Reviewed and began preparing comments on the Whitewater River Groundwater Replenishment Facility
  Environmental Impact Statement, for which Metropolitan is a National Environmental Policy Act (NEPA)
  Cooperating Agency.
- Reviewed 16 notices for external projects and prepared comment letters for those that may affect Metropolitan facilities and/or operations.

#### Legislative/External Affairs Support

- Provided legislative analysis for AB 897, AB 1183, SB 27, and HR972.
- Monitored status of pending state legislation and federal legislation affecting Metropolitan.

### **Real Property Support**

• Provided CEQA analysis and determinations in support of three real property agreements.

### **EXTERNAL AFFAIRS**

EXTERNAL AFFAIRS PRIORITY: Advance Initiatives to Educate and Inform the Public, Elected Officials and Stakeholders on Water Supply Conditions and Important Water Management Decisions.

External Affairs will develop and maintain relationships with the public, legislative leaders, government officials, non-governmental organizations, and other stakeholders, and implement effective and diverse communication and outreach strategies on the value of water, current water supply conditions, innovative strategies to address current and future challenges, and the importance of Metropolitan actions and leadership to promote stewardship, planning and investments to benefit the region.

Objective #1 Recognizing there is a new normal that is directly impacting California water conditions driven, in part, by more volatile supply conditions due to climate change, and informing key stakeholders, news media, businesses and the public on the need for sustained conservation actions, support for new water supply projects and continued investment in imported water systems to maintain water supply reliability and protect the environment.

Media and public response to drought conditions continued at a high level in response to the third drought emergency declaration by Gov. Newsom and shortage projections for the Colorado River system. GM Hagekhalil and Metropolitan staff were interviewed by numerous media outlets and shared the message that Metropolitan's water future is a One Water future that requires all to work together to address the challenges. Drought messaging and conservation resources were regularly updated and shared with member agencies.

- Press release: GM Statement on Governor Newsom's Expanded Drought Proclamation.
- GM Hagekhalil and Spectrum 1 News Inside the Issues host Alex Cohen about top priorities at Metropolitan and the future of water in Southern California.
- WRM Group Manager Coffey and KFI-AM reporter Chris Ankarlo regarding expansion of governor's drought declaration and call for a voluntary 15 percent reduction in water use throughout the state.
- Operations Group Manager Yamasaki and ABC-TV Channel 7's Rob McMillan and Spectrum News' Jo Kwon regarding value of Diamond Valley Lake in drought preparedness efforts.
- WRM Manager Coffey and Los Angeles Times intern Ari Plachata regarding water-use restrictions.
- COO/AGM Upadhyay and KTLA-TV Channel 5's Chip Yost regarding Lake Mead levels and pending shortage declaration.
- Colorado River Resources Manager Hasencamp and Los Angeles Times reporter Tom Curwen regarding Lake Mead levels, the pending shortage declaration, and impacts on Southern California.







Examples of Media Coverage and Metropolitan Resources on Drought Conditions

### **EXTERNAL AFFAIRS** continued

### CORE BUSINESS: Legislative, Communications, Community Relations, Public and Business Outreach

Engage the public, labor, business community, agriculture, government leaders, non-governmental organizations and other stakeholders in California's water issues, communicating Metropolitan's interests and Board-adopted policies through federal and state legislative strategies, multimedia and multi-cultural communications, and educational and other outreach programs. Inform the public about Metropolitan projects, facilities, operations and initiatives to gather input and support, foster competitive and diverse business opportunities, and facilitate innovation and technology sharing.

Objective #1 LEGISLATIVE SERVICES - Develop and implement local, state and federal legislative and regulatory strategies consistent with Board-adopted policies. Promote interaction between Metropolitan leadership and various stakeholders, including elected officials, to facilitate support for and garner greater understanding of water policy issues.

#### **Federal**

Metropolitan staff continues to advocate for a new Bureau of Reclamation program to fund large-scale water recycling projects. Senator Padilla introduced S.2344, the Large-Scale Water Recycling and Drought Resiliency Investment Act along with Senators Cortez Masto (D-NV) and Rosen (D-NV) (July 13). Senator Padilla's press release on the measure included a quote from GM Hagekhalil. A companion bill, H.R. 4099, the Large-Scale Water Recycling Investment Act, by Reps. Napolitano (D-El Monte), Grijalva (D-AZ), Huffman (D-Eureka), and Lee (D-NV) would also authorize funding for large regional recycled water projects.

The Senate Energy and Natural Resources Committee draft infrastructure bill provides \$1 billion for water recycling projects over five years. This includes \$550 million for local Title XVI water recycling projects and \$450 million for large-scale water recycling projects. This draft bill was approved by the Committee on July 14 and now awaits action by the full Senate.

Chairwoman Gray, Director Cordero, GM Hagekhalil, and staff held virtual briefings with Senator Padilla and Calvert (R-Corona) to introduce our new GM and discuss Metropolitan's legislative priorities including funding opportunities for the Regional Recycled Water Project. (July 28)

#### State

The Joint Legislative Audit Committee voted to audit Metropolitan's personnel policies and practices including recruitment, promotions and transfers, workplace training, prevention of workplace discrimination, non-disclosure agreements, workplace safety, and employee housing. The Audit will take approximately seven months.

SB 480 (Stern, D-Los Angeles) that would amend the Metropolitan Act to require the Ethics Office to address inappropriate conduct is on the Assembly Floor and will not be acted upon until after the summer recess. Chairwoman Gray and staff met with Senator Stern about the bill and agreed to work together after the Shaw Law Group report is public and the Board has decided on the next steps to address employee concerns.

Metropolitan's sponsored bill, AB 442 (Mayes, I-Rancho Mirage) that creates a more efficient way to comply with the Surface Mining and Reclamation Act passed out of Senate Natural Resources & Water Committee.

SB 559 (Hurtado, D-Fresno), which would create the canal conveyance capacity restoration fund to cover subsidence repair costs for portions of the California Aqueduct, the Friant Kern Canal, and the Delta Mendota Canal and request a \$785 million appropriation, passed out of Assembly Water Parks and Wildlife and has been referred to Appropriations. Some environmental groups are seeking amendments to address concerns about further subsidence impacts and how the public funds will be spent.

### **EXTERNAL AFFAIRS** continued

Other legislation being monitored by Metropolitan:

- SB 626 (Dodd, D-Napa) that would authorize DWR to use construction manager/general contractor and design build procurement methods.
- Brown Act legislation AB 361 (Rivas, D-Hollister) to allow virtual public meetings during a state declared emergency.
- SB 222 (Dodd, D-Napa) that would create a water rate assistance program for low-income households.

The state budget plan was signed into law by Gov. Newsom and authorizes up to \$3.75 billion for water and drought relief this fiscal year. Initial appropriations include:

- \$663 million for urban and small community drought relief, water conveyance projects and Sustainable Groundwater Management Act implementation.
- \$650 million for drinking water infrastructure in disadvantaged communities.
- \$85 million for recycled water and groundwater remediation (including \$50 million for the San Diego Pure Water Recycled Water Project).

An additional \$730.7 million for water and drought relief will be detailed in a future budget trailer bill. Metropolitan staff continue to advocate for Metropolitan priorities, including additional funding for recycled water projects, conservation rebates, drinking water treatment for PFAS and other constituents of emerging concern, and habitat restoration in the San Francisco Bay/Sacramento-San Joaquin Delta.

#### Local

Chairwoman Gray, Directors Ackerman, Lefevre, Peterson, Ramos, and staff attended the Municipal Water District of Orange County's Water Policy Dinner featuring former Metropolitan General Manager Kightlinger. (July 14)

Chairwoman Gray and Director Lefevre attended the Southern California Water Coalition luncheon, which included topics on equity, access, and affordability. (July 23)

Metropolitan staff participated in or attended webinars and events throughout the service area this month with chambers of commerce, business associations, councils of governments, and public affairs networks including:

- Glendale Chamber of Commerce Business Advocacy/Legislative Review Committee (July 1).
- Oxnard Leadership Steering Committee (July 1).
- West Ventura County Business Alliance Opening Event (July 1).
- Water Associations of Orange County (July 2).
- Los Angeles Business Council Energy & Environment Committee (July 7).
- Ventura County Economic Development Alliance Policy Committee (July 7).
- Ventura County Council of Governments (July 8).
- Long Beach Chamber of Commerce Government Affairs Committee (July 8).
- Torrance Area Chamber of Commerce Government Policy Committee (July 8).
- OC Forum (July 8).
- Orange County Business Council Government Affairs Committee (July 9).
- Valley Industry and Commerce Association Congressional Forum with U.S. Representatives Garamendi (D-Fairfield), Garcia (R-Simi Valley), Gomez (D-Los Angeles) and Sherman (D-Sherman Oaks) (July 9).
- League of Cities Riverside County Chapter presentation on Metropolitan and local water issues (July 12).
- West Ventura County Business Alliance Government Affairs Committee (July 12).
- Orange County Business Council Infrastructure Committee (July 13).
- Central City Association meeting with Los Angeles City Councilmember O'Farrell (July 13).
- California Building Industry Association Government Affair Committee (July 13).

### **EXTERNAL AFFAIRS** continued

- South Orange County Economic Coalition Legislative Meeting (July 14).
- Townhall Meeting with Senator Stern (D-Calabasas) (July 14).
- Gardena Valley Chamber of Commerce Town Hall with U.S. Representative Waters (D-Los Angeles) (July 15).
- Anaheim Chamber of Commerce Government Affairs Committee (July 16).
- Association of California Cities—Orange County Environmental, Energy and Water Committee (July 20).
- Association of Water Agencies of Ventura County Water Issues Committee (July 20).
- California Women for Agricultura (July 20).
- Valley Industry and Commerce Association Governmental Affairs Committee (July 21).
- Coalition of Labor, Agricultural and Water Association Wheel Committee (July 21).
- Los Angeles Business Council Legislative Affairs Committee with Senator Kamlager (D-Los Angeles) (July 21).
- SGVCOG Energy, Environment, and Natural Resources Committee (July 21).
- San Gabriel Valley Economic Partnership Legislative Committee (July 21).
- West Ventura County Business Alliance Board Meeting (July 22).
- Harbor Association of Industry and Commerce Government Affairs Committee (July 22).
- United Chambers of Commerce of the San Fernando Valley Executive Committee (July 26).
- Redondo Beach Chamber of Commerce Government Affairs Committee (July 27).
- Tri-Chamber Alliance of Ventura, Santa Barbara, and San Luis Obispo Counties Business Alliance (July 27).
- Gateway Chambers Alliance Governing Board (July 27).
- Huntington Beach Chamber of Commerce Government Affairs Committee (July 28).
- Simi Valley Chamber Government Affairs Committee (July 28).
- Valley Industry and Board Association Board Meeting (July 28).
- Construction Industry Coalition on Water Quality Board of Directors/Regulatory Affairs Committee (July 28).
- San Gabriel Valley Public Affairs Network (July 28).
- Building Industry Association of Southern California Board Meeting (July 29).
- Pomona Chamber of Commerce (July 30).

Objective #2 MEDIA AND COMMUNICATIONS - Communicate Metropolitan's policy priorities, actions and initiatives through various means to raise public awareness, enhance Metropolitan's visibility and cultivate support for Metropolitan priorities. Update and develop new communications tools, materials and platforms to ensure Metropolitan information reaches diverse audiences throughout its service area in a cost-effective, timely, relevant manner that reflects current communications trends.

### Interviews

- Held LA Times Editorial Board meeting with GM Hagekhalil.
- Coordinated an interview with GM Hagekhalil and Los Angeles Times reporter Adam Elmahrek regarding Metropolitan employee concerns.
- Arranged a tour of Regional Recycled Water Advanced Purification Center for The River Radius podcast
  producer Sam Carter and a separate interview with Colorado River Resources Manager Hasencamp regarding
  Metropolitan's efforts to reduce reliance on the Colorado River.
- Coordinated an interview between WRM Group Manager Coffey and Spectrum 1 News Reporter Sarah Pilla regarding the Regional Recycled Water Program and conservation for Southern California's future.
- Arranged an interview between WRM Group Manager Coffey and Los Angeles County Sanitation Districts with Wired Magazine for a news story on the importance of the Regional Recycled Water Program.

#### **Press Release**

Metropolitan Releases Independent Report on Workplace Harassment (July 20)

#### Website

• Generated more than 21,000 views on bewaterwise.com, with the turf replacement and California Friendly® and native plant profiles the most visited pages.

### Creative Design

- Created a new Colorado River Aqueduct fact sheet that will be used for the website and inspection trip program.
- Supported events celebrating the retirement of former General Manager Kightlinger, including the production of a tribute video featuring taped remembrances from Chairwoman Gray, U.S. Senator Feinstein, Gov. Jerry Brown, as well as local, state, and federal officials and water industry leaders.

#### Social Media

- Launched a new series of 'We're California Friendly Plants' tips, while rolling out new animated characters including the Santa Ana Cardinal and Sage.
- Posted a video and photos in remembrance of the 50th anniversary of the San Fernando Tunnel explosion, including an image of Freddy Carrasco paying tribute to his father, Jose, who was killed by the blast. That post drove the most organic engagement on Instagram during the reporting period, with nearly 3,000 impressions and more than 270 likes. The video commemorating the blast received more than 1,000 views on YouTube.



San Fernando Tunnel Memorial at HQ Courtyard

• Featured several posts on the Regional Recycled Water Program, including COO/AGM Upadhyay's testimony before the House Natural Resources Subcommittee on Water, Oceans & Wildlife. (June 29)

Objective #3 PUBLIC OUTREACH AND MEMBER SERVICES - Conduct public outreach to increase awareness and input on Metropolitan projects and initiatives and ensure impacted communities are aware of Metropolitan construction and maintenance activities. Enhance public awareness of Metropolitan's systems and facilities and the role they play in regional supply reliability while protecting environmental resources. Serve as liaison to Metropolitan's member agencies and facilitate their engagement with Metropolitan.

### **Member Agency Support**

Metropolitan held a retreat with the Member Agency Managers to discuss priorities including drought conditions and messaging. DWR Director Nemeth participated and offered a statewide perspective on current State Water Project operations and opportunities for the state and water agencies to collaborate on drought resiliency projects. (July 16)

#### Regional Recycled Water Program

- Metropolitan provided public tours of the Regional Recycled Water Advanced Purification Center (July 13 & 14).
- Metropolitan provided an update to City of Cerritos staff on the Regional Recycled Water Program (July 27).

#### **Construction Outreach**

Metropolitan staff met with City of Lomita officials regarding the Second Lower Feeder—Reach 3 project (July 14)

Objective #4 EDUCATION AND COMMUNITY RELATIONS - Facilitate public engagement in and understanding of water resource issues through community relations activities and education projects. Build awareness of and appreciation among Southern California for the value of clean, reliable water supplies and the importance of good water stewardship.

#### **General Education**

Metropolitan staff virtually interacted with 4,100 teachers, students, and parents and continued to provide online tours, water-focused scouting programs, and customized Zoom class presentations. Other projects included work with Municipal Water District of Orange County (MWDOC) to support career technical education activities through the Water Energy Education Alliance (WEEA) and a student solar education presentation at the American Indian Chamber Expo in Agua Caliente.

### Diamond Valley Lake

Metropolitan staff recognized and celebrated the Diamond Valley Lake docents at a final appreciation luncheon held at the DVL Visitor Center. For the past 26 years, more than 200 dedicated volunteers have provided 150,000 volunteer hours to educate the public and students about water issues, Metropolitan's role as a regional provider, and water conservation. As a final gesture of appreciation, each of the 20 current volunteers' names and photos were featured on the electronic billboard at the entrance to the facility in Hemet. (July 14)



Showcasing the DVL Docents

### La Opinion Advertising

Staff partnered with La Opinion to feature full-page Spanish language advertisements on drought, conservation rebates, and the district's Regional Recycled Water Program. The advertisements were included in the newspaper's print and web editions on July 14, 21, and 28 as part of a month-long Water and Energy Series.



Drought Messaging Placement for La Opinion Water Series

#### Flow Monitor Rebate - "No More Surprises" Campaign

A new social media campaign promoted the Metropolitan's new Flow Monitor Rebate Pilot Program. The pilot offers a \$100 rebate for devices that identify household leaks and is designed to determine consumer acceptance of the technology and the water savings potential from providing real-time water-use information.



Social Media Campaign to Promote New Rebate Program

Objective #5 BUSINESS OUTREACH AND INNOVATION - Facilitate opportunities for small businesses to work with Metropolitan. Help position Metropolitan as a leader in water innovation.

Metropolitan supported small businesses and entrepreneurs throughout the region with online participation and, in some cases, sponsorship of the following programs, online conferences, webinars, and events:

- American Indian Chamber of Commerce Trade Expo (July 12-13).
- Achievement Rewards for College Scientists Foundation event (July 12).
- State of California Small Business Advisory Council meeting. (July 14).
- San Diego Procurement Technical Assistance Center certification virtual workshop (July 22).
- Valley Economic Alliance Sustainable Strategies for Profitable Growth event (July 29).
- Contractor liaison meeting to discuss small business contracting issues at Metropolitan (July 27).
- California Hispanic Chamber of Commerce 'Latinas Who Mean Business' workshop (July 30).

Metropolitan staff met with the East Bay Municipal Utilities District general manager and staff to discuss a possible collaboration for regional pipe testing and valve testing facilities. (July 14)

To promote innovation and collaboration with other agencies, Metropolitan staff engaged in many activities including:

- WaterStart Global Water Utilities meeting on agencies' responses to advancing innovation projects during COVID-19.
- Bi-weekly meetings with LADWP to discuss pilot projects and partnering opportunities
- Ongoing Metropolitan pilot projects using:
  - Laser technology for on-site calibration of sensors for flow meters in large pipes.
  - SAT technology to remotely monitor reservoir and embankment dams, clean and wastewater pipeline networks and water quality.
  - o Sensors to analyze levee integrity.
  - o Environmental design permitting improvements.

# **HUMAN RESOURCES**

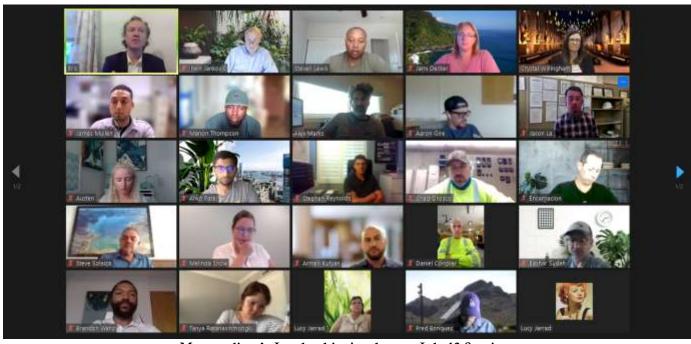
### GM STRATEGIC PRIORITY #1: RESILIENCY

Objective #1 Partner with Metropolitan leadership to support learning, development, and adaptive workforce planning initiatives.

The Organizational Development and Training Unit continued the 14th session of the Metropolitan Leadership Academy for 30 employees interested in moving into a management role. July's session focused on Metropolitan's budget practices and how to encourage innovative thinking in teams. There was also a homework assignment debriefing where participants worked in small groups to strategize a recommended coaching solution for common workplace scenarios.

This month, 237 Metropolitan employees attended other online classes, including Crucial Conversations, Effective Business Writing, Project Management Fundamentals, Communication Skills, and Advanced Excel.

LinkedIn Learning, Metropolitan's online, e-learning content platform, was used for 78 classes, including topics on Effective Listening, Enhancing Team Innovation, Time Management Fundamentals, Extreme Productivity, Leadership Mindsets, Practical Influencing Techniques, and The Six Morning Habits of High Performers.



Metropolitan's Leadership Academy—July 13 Session

### **HUMAN RESOURCES** continued

Objective #2 Seek diverse, high-quality talent, and establish partnerships to discover additional outreach opportunities that aid in staffing positions.

Recruitment successfully filled 16 positions for the month of July. We received 33 new staffing requisitions resulting in 111 positions currently in recruitment. Recruitment continues to successfully conduct virtual job interviews using Zoom.

In July, meetings of the Diversity, Equity, and Inclusion Council continued. Council members were introduced to Adel Hagekhalil, Metropolitan's new General Manager, who shared his thoughts on the Council's activities. A year in review was presented to the Council members discussion about Subcommittee size and structure resulted in revisions to the Subcommittee size.

Equal Employment Opportunity Program Manager, Olivia Sanchez, presented the Organization, Personal, and Technology Committee with the Semi-annual Report on Equal Employment Opportunity Policy for calendar year 2020. The report addressed workforce and job action demographics and recruitment outreach strategies using applicant data and workforce development partnerships. Persons of color increased to 56 percent, which is the fifth year that people of color made up a majority percentage of the workforce.

### GM STRATEGIC PRIORITY #2: SUSTAINABILITY

Objective #1 Implement employee retention and engagement programs to ensure Metropolitan's investment in employees is supported.

Human Resources continues to monitor the CalOSHA regulations to determine whether any protocols or policies need to be revised and, if so, communicate to management, employees, and the bargaining units. Converting Headquarters and other teleworking employees to a hybrid work environment is still scheduled for October 1, 2021.

Objective #2 Ensure Metropolitan managers have foundational knowledge, on-going support to effectively manage employees, and the tools to prepare for a changing workforce.

The Organizational Development and Training Unit facilitated the latest session of the WSO Management Specialization Training Program for 13 new Operations managers. This program has been designed to continue leadership development within Operations once new managers have completed the Metropolitan Management University. This session covered coaching, emotional intelligence (self-awareness, situational awareness, and relationship building), and empathic listening skills.

Human Resources staff continued to provide one-on-one coaching and mediation services for managers and employees in the developmental areas of trust building, conflict resolution, strategic planning, and giving effective feedback.

### **GM STRATEGIC PRIORITY #3: INNOVATION**

Objective #1 Continue to upgrade HR's technological capabilities and continue to seek out improved technologies to better serve HR's customers.

HRIS is working on the Fluid User Interface project for MyHR that will improve user experience and provide users with simpler navigation and additional functionalities. This is part of the continuing effort to modernize self-service capabilities to improve user access to benefit enrollment information, forms, and self-service election changes to support a hybrid work environment.

# **HUMAN RESOURCES** continued

HR continues to work with Risk Management, Health and Safety, IT, and Security staff to design and test a new Incident Reporting System.

HRIS staff updated salary schedule and implemented the negotiated Cost of Living adjustment for all employees in addition to processing the annual MyPerformance employee evaluations, including any merit increases.

### HR CORE BUSINESS: Provide Excellent Human Resources Services

Human Resources provides a wide range of services and support from pre-hire to post retirement care. HR policies, procedures, and practices will be reviewed and revised as appropriate. HR will continually improve service and better utilize technologies.

Objective #1 Administer all HR services with efficiency and a focus on customer service excellence, consistency, and flexibility.

The CalPERS audit was completed on Metropolitan's reporting of Employer-Paid Member Contributions with no findings, which confirms compliance with CalPERS regulations.

CalPERS recently approved new medical rates and restructured the provided PPO plans. Staff is researching the impact to employees and negotiated MOUs.

Benefits staff are continuing to administer the two emergency leave provisions passed by the federal government under the FFCRA, which are scheduled to expire on June 30, 2021, and the COVID-19 emergency leave (SPSLA) passed by the state, which is scheduled to expire on September 30, 2021.

#### HR CORE BUSINESS: Comply with Employment Laws and Regulations

Ensure all policies, programs, and practices comply with ever-changing laws and regulations. Compliance with applicable laws and policies requires monitoring and analyzing changing requirements, determining impact on Metropolitan management and staff, and implementing any changes necessary to maintain compliance. In addition, these changes must be clearly communicated to all customers as necessary, with any needed training provided, as appropriate.

Objective #1 Effectively administer all Human Resources policies, programs, and practices in compliance with applicable federal and state laws and Metropolitan's Administrative Code, Operating Policies, and Memorandum of Understanding.

In July, ten new workers' compensation claims were received and nine were resolved. Five employees remain off work because of an industrial injury or illness. This reflects Metropolitan's effort to accommodate injured workers while enabling them to be productive and remain on the job.

- Coordinated medical surveillance exams at two facilities (LaVerne and Lake Mathews) which included respirator
  exams, Department of Motor Vehicle(DMV) exams, and hearing tests.
- Coordinated one Return-to-Duty drug test.
- Arranged five medical evaluations (DMV and medical surveillance).
- Addressed two accommodation issues.

# HUMAN RESOURCES continued

| HR Metrics          | June 2021 | July 2021 | Prior Month<br>June 2021 |
|---------------------|-----------|-----------|--------------------------|
| Headcount           |           |           |                          |
| Regular Employees   | 1,806     | 1,811     | 1,806                    |
| Temporary Employees | 30        | 32        | 30                       |
| Interns             | 3         | 5         | 3                        |
| Recurrents          | 20        | 20        | 20                       |
| Annuitants          | 16        | 16        | 16                       |

|   | July 2021            | June 2021            |
|---|----------------------|----------------------|
| Number of Recruitments in Progress  | 111                  | 94                   |
| (Includes Temps and Intern positions)   |                      |                      |
| Number of New Staffing Requisitions   | 33                   | 18                   |
|   |                      |                      |
|   | July 2021            | June 2021            |
| Number of Job Audit Requests in Progress  | July 2021<br>11      | June 2021<br>14      |
| Number of Job Audit Requests in Progress  Number of Completed/Closed Job Audits | July 2021<br>11<br>2 | June 2021<br>14<br>1 |

| Transactions Current Month and Fiscal YTD (includes current month) |                 |           |            |  |  |
|--|-----------------|-----------|------------|--|--|
| External Hires   | FY 20/21 Totals | July 2021 | FISCAL YTD |  |  |
| Regular Employees  | 74              | 6         | 6          |  |  |
| Temporary Employees  | 30              | 4         | 4          |  |  |
| Interns  | 3               | 2         | 2          |  |  |
| Internal Promotions  | 60              | 3         | 3          |  |  |
| Management Requested Promotions                                    | 149             | 10        | 10         |  |  |
| Retirements/Separations (regular employees)                        | 78              | 1         | 1          |  |  |
| Employee Requested Transfers                                       | 20              | 0         | 0          |  |  |

## INFORMATION TECHNOLOGY

### **GM STRATEGIC PRIORITY #1: RESILIENCY**

OBJECTIVE #1 Strengthen Metropolitan's cybersecurity capabilities by deploying new and emerging technologies, and implementing enhanced security countermeasures

Continued to implement Cybersecurity projects and initiatives to improve Metropolitan's security posture and to collaborate with stakeholders to further enhance network security capabilities for Metropolitan's computing environments.

- Promoted IT governance to strengthen capabilities to mitigate increasing cybersecurity threats to Metropolitan's business systems and networks.
- Conducted software patching and security enhancements to ensure system performance and protection against evolving cyber threats.
- Continued deployment of two-factor authentication and other security tools, and methods to safeguard Metropolitan's computing environment and its assets.
- Monitored IT network and remote connectivity to ensure secure and reliable service for Metropolitan employees' teleworking.
- Conducted on-going cybersecurity initiatives to mitigate risks and vulnerabilities by working with business groups to implement security updates, protocols, and enhancements to address potential cyber vulnerabilities.
- Ongoing risk mitigation through vulnerability assessments and advanced network monitoring of Metropolitan's computing environment and deployed countermeasures against identified cyber threats.

OBJECTIVE #2 Manage Information Technology Projects within the Capital Investment Plan to ensure reliability of Information Technology (IT) Systems and Infrastructure.

- Continued to execute IT capital projects in support of Metropolitan's strategic priorities by replacing end-of-life
  infrastructure, upgrading applications, and delivering innovative solutions to ensure reliability and resilience of
  IT systems. Selected project activities include:
  - Enterprise Data Analytics—The scope of this project is to develop a data and analytics strategy, create implementation best practices, and engage Metropolitan stakeholders on a technology blueprint to serve the data analytics needs of Metropolitan business groups. Final selection is underway as part of a competitive RFP solicitation process to select a vendor to provide data analytics consulting services.
  - O Desert Microwave and Two-Way Radio projects—In July, the Board approved a project to upgrade desert microwave tower sites by replacing end-of-life equipment and providing sufficient capacity and reliability to Metropolitan's wide area network in the desert region. Based on completion of the initial work on the technical specifications and requirements, the team is proceeding with the equipment procurement and the installation phase of the project.



Metropolitan's Microwave Wide-Area Network

OBJECTIVE #3 Modernize Operational Technology and Control System Upgrades as part of the Capital Investment Plan.

- Automated Meter Reading (AMR) Upgrade—The AMR project will address equipment obsolescence as the
  current communication equipment used in the system is approaching end-of-life. Staff continued with the
  definition phase of this project by evaluating design alternatives and technologies, including pilot testing of four
  radio frequency technologies for the AMR project.
  - o Partnered with WSO resources on installation of field equipment for testing at designated test sites at installation of endpoints (radio modems) at the Garvey Reservoir coverage area and Jensen.
  - o Pilot testing and assessment to determine the effectiveness of design alternatives among four radio frequency technologies is scheduled to continue through 2021.
- Gene Communication Systems Upgrade—Staff received board approval in July to proceed with a project to
  install a new high-speed Internet connection (Fiber) between Gene and Parker Dam to enhance resiliency and
  support SCADA, Business Applications, and Surveillance Networks. IT staff will be partnering with ESG on
  this project to provide critical redundancy to the existing desert wide-area network system.

### OBJECTIVE #4 Improve Metropolitan's IT Disaster Recovery and Response Capability

- IT continued to evaluate solutions and design options, while assessing enterprise-wide backup requirements as part of replacing end-of-life and obsolete technology. Requirements to replace Metropolitan's backup infrastructure with newer and faster technology and redesign the backup/restore procedures is underway.
- Continued to conduct disaster preparedness planning and future recovery exercises as part of validating Metropolitan's recovery capabilities in the event of a disaster.

OBJECTIVE #5 Provide leadership, planning, and solutions in support of Metropolitan's Strategic Priorities.

- As part of the strategic priority to enhance Metropolitan's resiliency, IT staff continued efforts to relocate
  Metropolitan's data centers to modernize and enhance operational uptime of data center processing to meet
  current and future capacity and reliability needs.
  - Secondary site—The successful completion of the secondary datacenter site culminated a complex set of activities, including relocation of equipment and applications while minimizing disruption to the day-to-day business at Metropolitan. Efforts to complete the secondary datacenter (before the primary) was strategic to ensuring that recovery capabilities are in place before moving the primary site.
  - o **Primary site**—The team continued to work on the procurement and development phase of the primary site while developing a comprehensive plan to address logistical challenges associated with migrating hardware, software, communication networks and ancillary systems. The work is complex and must be done while current systems and resources continue to support day-to-day operations.
    - O During the period, IT staff continued to work behind the scenes to support the existing environment while developing the new primary datacenter. Detailed requirements definition and planning are underway to determine logistics and the sequence for shutdown and deinstallation of affected hardware and systems. In addition, IT resources continued to work on configuration and testing of new hardware/equipment to support the datacenter relocation. The primary site is expected to be complete and to go live in 2022.

OBJECTIVE #6 Deploy solutions to improve operations, promote collaboration, and provide business value.

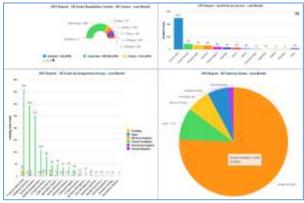
- The Personal Computer Replacement Project (PCRP) team has wrapped up deployment and transitioned to salvaging the old PC equipment. Replacement of aging PCs and related equipment provides Metropolitan employees with computers that have greater processing speed, disc space, and improved reliability because the existing PCs have reached end-of-life.
- Beginning in Fiscal Year 2021/22, the plan is to transition to an ongoing refresh cycle by replacing a portion of the PCs at Metropolitan every year. This shift in strategy provides many benefits including:
  - Ongoing refresh cycle to ensure that PCs are replaced before they reach the end of their useful life.
  - O Minimizes disruption to operations because deployment is more tactical (avoids the challenges associated with a full-scale replacement affecting every business unit at the same time).
  - o Provides greater flexibility in meeting customer needs and changing business requirements.
  - o Normalizes the financial requirement and risk associated with mass purchase and deployment.
- Continued to implement the Enterprise Content Management project by optimizing existing digital data (cleanup of Network Storage Drives). The cleanup of file storage on the shared drives includes removing redundant and obsolete data. The effort has been completed for selected business units and current efforts are underway for the External Affairs Group.

OBJECTIVE #7 Enhance workforce productivity by simplifying access to business information and deploy technologies to support our customers in making business decisions.

• The scope of the IT Service Management (ITSM) project is to deploy a new service desk software to centralize and modernize service management within the Information Technology Group. The service desk tool provides a self-service portal for work requests and improves operational reporting capabilities. With the recent completion of the Change Management Database and Asset Management Module, the project is now substantially complete and is in production. ITSM is used by the IT Service Desk Team to manage service ticket requests generated by users across the enterprise.



IT Service Portal



Performance Dashboard

### GM STRATEGIC PRIORITY #2: SUSTAINABILITY

OBJECTIVE #1 Provide IT services in support of the Headquarters Improvements Program.

- With the substantial completion of relocation efforts for the Headquarters Improvements Program, IT services
  required for equipment relocation, network configuration, and other IT support services is winding down.
  Throughout the relocation process, staff worked in collaboration with ESG and Facilities to provide the
  necessary IT services because of the office moves affected by the seismic retrofit upgrades.
- Resources continued to provide support and services for the Headquarters Improvements Program related to physical security enhancements and requirements for integration of IT systems and data.
- Continued end-of-life equipment replacement and deployment of innovative technologies at Metropolitan Headquarters. In addition, staff monitored IT infrastructure/systems to support a hybrid work environment as staff began transitioning back to headquarters during the current voluntary period.

OBJECTIVE #2 Manage Information Technology Projects within the Capital Investment Plan to ensure sustainability of IT Systems and Infrastructure.

As part of the Fuel Management System Project, staff continued to work with the Contracting Team to finalize
the agreement with the selected vendor, as approved by the Board. Project kickoff will commence upon execution
of the contract.

### **GM STRATEGIC PRIORITY #3: INNOVATION**

OBJECTIVE #1 Strengthen Metropolitan's cyber security capabilities by deploying new and emerging technologies and implementing enhanced security countermeasures.

- IT Security conducted a briefing to the OP&T Committee in July, as part of keeping the Board apprised of cybersecurity initiatives and related activities.
- Continued key initiatives as cybersecurity remains a high priority and is a key part of the Information
  Technology Strategic Roadmap. Elements of the Security Operations Center project are underway to
  implement countermeasures to protect Metropolitan's computing infrastructure. These cyber capabilities
  include initiating new tools and monitoring capabilities and managed services to identify and remediate threats
  to protect Metropolitan and its assets.

OBJECTIVE #2 Manage Information Technology Projects within the Capital Investment Plan to ensure sustainability of IT Systems and Infrastructure.

As part of the board room audio/video (AV) upgrade project, significant milestones have been completed.
Current efforts include testing of hardware, software, and integration of the audio and video systems.
Deployment planning of the new AV system is underway as IT technical staff and iHUB continue to work collaboratively with key stakeholders for upcoming on-site board and committee meetings.



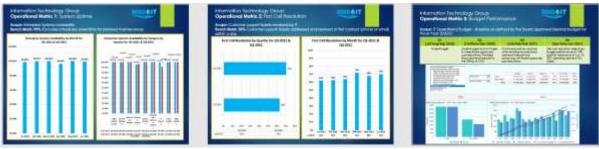
**US2-145 Committee Room** 

OBJECTIVE #3 Modernize Operational Technology and Control System Upgrades as part of the Capital Investment Plan.

Continued the capital improvement project to upgrade Metropolitan's Supervisory Control and Data
Acquisition (SCADA) system to ensure continued reliability of the system-wide control system by addressing
cybersecurity and technology obsolescence risks. Staff continued to work with key stakeholders during the RFP
advertisement period, as the posting is scheduled to close in July.

OBJECTIVE #4 Provide Leadership, planning, and solutions in support of Metropolitan's Strategic Priorities.

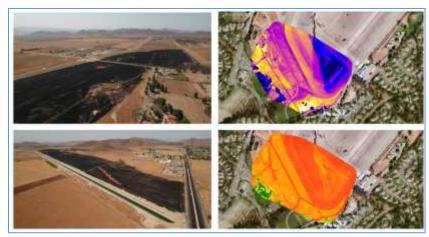
- Information Technology participated in Capital Investment Planning Committee meetings to ensure alignment with Metropolitan's strategic priorities. IT projects are an essential part of Metropolitan's capital investments to replace aging infrastructure, systems and applications, and is essential to application/system reliability and IT resiliency.
- Provided CAO Quarterly Operational Report to communicate with executive management about Information Technology operations related to systems uptime, first call resolution of customer support tickets, and financial budget performance.



**Quarterly IT Performance Metrics** 

OBJECTIVE #5 Deploy innovative solutions to improve operations, promote collaboration, and provide business value.

Expanded the use of Unmanned Aerial Vehicles (UAV) to support Metropolitan's key business objectives
including infrastructure and property inspection, environmental land monitoring and videos for educational/
promotional opportunities.



**UAV** Aerial Imagery

OBJECTIVE #6 Enhance workforce productivity by simplifying access to business information and deploy technologies to support our customers in business decisions.

- On-going development of Enterprise Data Warehouse and Analytics to support operational and strategic decision-making at Metropolitan.
- Continued IT initiative to migrate to cloud services to enhance access to business applications and improve system reliability and resiliency.
- Continued to deploy and support mobile technologies such as the use of iPads to simplify access to information and improve workforce productivity.



iPad—Mobile Technology

### **REAL PROPERTY**

### GM STRATEGIC PRIORITY #1: Resiliency

Objective #1 Provide right-of-way planning, valuation, and real property acquisition support services for the protection and reliability of existing infrastructure.

The Federal Bureau of Investigation granted a permanent pipeline easement that perfects legal rights over an existing portion of the Allen McColloch Pipeline in the city of Irvine as part of the Right of Way and Infrastructure Protection Program in Orange County. This easement ensures that Metropolitan has the standard pipeline easement rights to construct, maintain, and operate over this area.

The Los Angeles County Metropolitan Transportation Authority granted a permanent easement for the construction and maintenance of fencing and gates around Metropolitan's courtyard and bollards around the Metropolitan Headquarters Building in support of Stage 3 of the Headquarters Security Project. Obtaining this easement is a crucial step in further enhancing physical security at the headquarters building and better protecting Metropolitan employees, visitors and assets.

Objective #2 Foster staff training and development.

- International Right of Way Association-sponsored courses: Bargaining Negotiations. This course provided staff with the basic skills to prepare for successful negotiations, including problem-solving and "win-win" techniques, which helps staff more effectively conduct negotiations in support of Metropolitan real estate-related projects.
- One staff member achieved the Right of Way Agent (RWA) certification, and another, the Right of Way
  Professional (RWP) certification from the International Right of Way Association. These certifications, and
  the effort put into achieving them, effectively bolsters staff industry knowledge and allows for more
  meaningful contributions to Metropolitan projects.
- One staff member obtained the Certified General Appraisal designation from the California Bureau of Real Estate Appraisers.

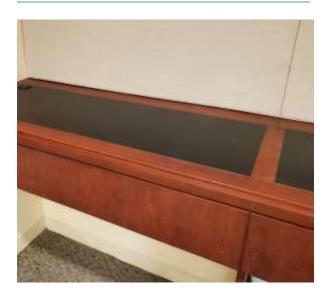
Objective #2 Provide valuation, land management, and real property disposition support services for the maximum return or use of Metropolitan-owned land and facilities.

An amendment to the lease was executed to extend the term of Western Science Center's occupancy of Buildings 1, 3, and 4 at the Diamond Valley Lake (DVL) site from July 1, 2021, to December 31, 2021. The amendment will allow the continued subleasing of the subject buildings to Western Center Academy.

Objective #3 Efficiently maintain and operate assets not related to the treatment and distribution of water.

Installation of heat-resistant neolith stone countertops was completed in the committee rooms and executive dining room. The new stone countertops cover the original wood and leather tops which had warped and bubbled because of hot food and spilled liquids.

## **REAL PROPERTY** continued





The Diamond Valley Marina hosted fishing tournaments every weekend during the month of July as part of its summer night fishing tournament series. These events have drawn over 150 anglers to DVL to enjoy an evening on the lake and allowed fisherman to cast their lines for a chance to win a prize. The American Bass and National Bass West fishing tournaments sponsored these events that offered fisherman the opportunity to compete in teams for awards ranging from cash prizes to qualifying for positions at their year-end championship tournaments.



Objective #4 District Housing Maintenance and Management.

During this month, thirty work orders were completed, including seven resident requests, three preventive maintenance tasks, and twenty corrective maintenance items associated with employee housing.

One desert residence has been prepared for occupancy. This house has gone through the required assessment, and repair work was performed to ensure that it is ready for safe and sanitary occupancy.

# REAL PROPERTY continued

The distribution of 78 MiFi hotspot Wi-Fi devices has been provided to residents at each of the four-employee village locations. Because of unreliable Internet service at each of the villages, Real Property purchased the hotspot devices for the residents' households' use as a short-term solution. IT is working on future infrastructure projects to provide a long-term solution.



## WATER RESOURCE MANAGEMENT

### GM STRATEGIC PRIORITY #1: Resiliency

Objective #5 Ensure reliable State Water Project (SWP).

Staff participated virtually in the DWR Operations, Maintenance and Engineering Committee (OME) meeting. DWR staff provided SWP contractors with updates from the Oroville Field Division, specifically on the Oroville Hyatt River Valve Outlet System (RVOS) rehabilitation project status. DWR extended the pre-construction schedule from 7 to 14 months and delayed the construction schedule by a year. The target completion date for the RVOS rehabilitation project is now August 2024. This is a critical project as it allows DWR to operate safely and meet water delivery requirements during periods of low water elevations at Lake Oroville.



DWR staff inspect the Oroville Hyatt RVOS (2021)

### WATER RESOURCE MANAGEMENT continued

Staff participated in DWR's virtual Dam Safety Subcommittee meeting. DWR is working on the Palermo Canal Relining Project, one of the early implementation projects identified in the Oroville Dam Safety Comprehensive Needs Assessment (CNA). DWR is performing liner maintenance to reduce the likelihood of canal seepage and failure. The estimated total cost is under \$3.5 million and is scheduled to be completed by 2024. Early geotechnical investigation is underway for another CNA early implementation project—to raise the Parish Camp saddle dam by about 3 feet to reduce the likelihood of overtopping. The total estimated project cost for the new project is approximately \$6 million.

Objective #6 Ensure access to sufficient water supplies to operate a full Colorado River Aqueduct in times of drought.

Staff submitted the Metropolitan 2022 Plan for the Creation of Extraordinary Conservation Intentionally Created Surplus (Plan of ICS Creation) to the U.S. Bureau of Reclamation (USBR). Metropolitan is seeking approval to create up to 450,000 acre-feet of ICS to store in Lake Mead during 2022. This Plan of ICS Creation demonstrates how Metropolitan will meet all requirements for the creation of ICS and maximize California's available ICS creation capacity.

Metropolitan staff participated in a meeting of Lower Basin stakeholders to discuss issues related to the upcoming negotiations over the new guidelines that will govern operations of Lake Powell and Lake Mead after 2026. Issues included which future hydrology to use in modeling studies, short-term versus long-term challenges, the role of USBR in the negotiations, relations between Lower Basin and Upper Basin partners, public messaging, and the schedule of negotiations and future meetings.

### GM STRATEGIC PRIORITY #2: Sustainability

Objective #3 Monitor development of climate science and incorporate updated information into Integrated Water Resources Planning approach.

Staff participated in a July 14 webinar on UCLA's Sustainable LA Grand Challenge report card on ecosystem health in L.A. County. The webinar reviewed UCLA's evaluation of ecosystem health and proposed strategies and actions for a sustainable Los Angeles. In addition, staff is reviewing the companion report, "Sustainable LA Grand Challenge, Sustainability Report Card for Los Angeles County, Ecosystem Health, 2021." Staff participated in the webinar to assess the linkage between water resource development and sustainability.

Objective #5 Support development of Regional Recycled Water Program (RRWP).

Staff participated in the first workshop of a Brine Management Peer-2-Peer (P2P) partnership hosted by ISLE Inc. The workshop featured water utilities from across the country, including several member agencies. The Orange County Water District and Santa Ana Watershed Project Authority also participated. Metropolitan is collaborating with Los Angeles County Sanitation District in the partnership to address brine management for the Regional Recycled Water Project. Advances in brine management can also benefit the region by removing a barrier to the development of brackish groundwater and other high-salinity local resources. Additionally, new brine management approaches can also help Metropolitan and its partners manage Colorado River salinity. The P2P collaboration will include additional workshops along with a comprehensive technology scan of brine management technologies.

### WATER RESOURCE MANAGEMENT continued

Objective #8 Implement Regional Conservation Program.

Water Efficiency Staff collaborated with Southern California Gas Company (SoCalGas) to resume the educational seminar series "Energy Smart Landscaping." The SoCalGas seminars designed for landscape professionals provide participants with strategies for developing and maintaining water and energy-efficient landscapes. This recent webinar session covered Fire Protection and how appropriate landscaping can help to mitigate fire risk. Landscape strategies to improve fire protection include installing drought-tolerant and native plants, properly maintaining landscapes, and including fire-resistant buffer zones around structures, particularly at urban-wildland boundaries. Metropolitan staff also presented a summary of current regional water supply conditions and Metropolitan's ongoing conservation incentives that are available. Future seminars will cover plant selection strategies, stormwater management, and other landscaping conservation topics. These SoCalGas seminars help Metropolitan implement regional conservation programs and increase the conservation of water supply in the region.

### GM STRATEGIC PRIORITY #3: Innovation

Objective #1 Adaptively Prepare for a Range of Possible Futures through the Incorporation of Scenario Planning in the IRP.

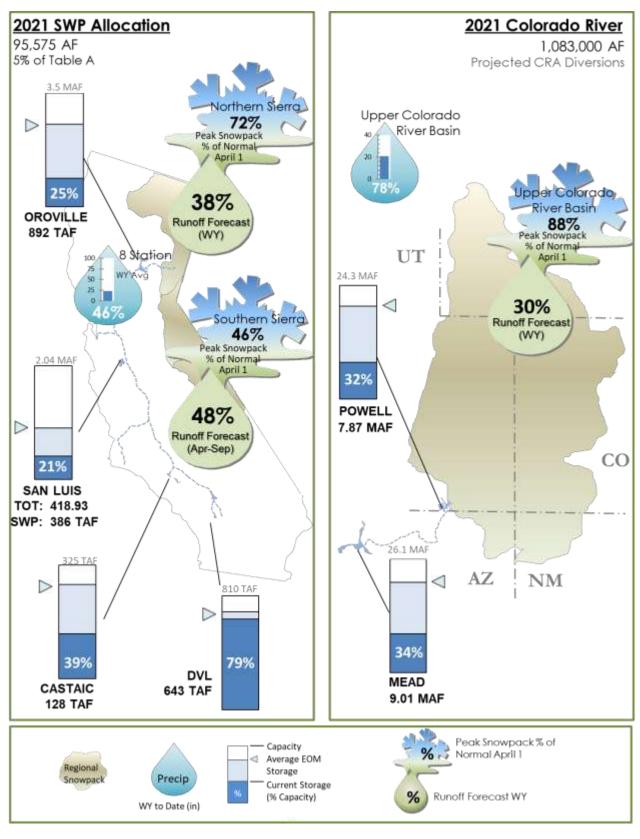
Staff continued engagement with member agencies and the board on work for the 2020 IRP. Meetings were held with the IRP Member Agency Technical Workgroup on July 14 and the Board IRP Committee on July 27. Meeting topics were focused on approaches for developing and evaluating portfolios of actions to address the water reliability challenges identified by the IRP scenario analyses.

Objective #3 Implement Future Supply Actions Funding Program.

Staff hosted a Future Supply Actions Funding Program (FSA Program) webinar with Calleguas MWD and the City of Thousand Oaks. The webinar shared the results of a pilot test of Closed-Circuit Reverse Osmosis (CCRO) for brackish groundwater recovery. The study will help Calleguas, and its member agencies maximize the use of brackish groundwater in its service area and benefit other water agencies considering CCRO for increasing recovery rates from new and existing desalters.

Staff monitored a pilot test of a novel technique for characterizing groundwater recharge basins using electro resistivity tomography (ERT), temperature probes, and other sensors. The new approach provides the equivalent of an "Ultrasound" for recharge basins. The test is a component of Calleguas MWD's Arroyo Las Posas Stormwater Diversion Feasibility Study and Percolation Test co-funded through the FSA Program. The new approach could help local groundwater and stormwater agencies improve the efficiency of existing groundwater recharge basins.

## WATER RESOURCE MANAGEMENT continued



As of July 31, 2021

### WATER SYSTEM OPERATIONS

### GM STRATEGIC PRIORITY #1: Resiliency

Objective #1 Provide Reliable Water Deliveries.

Metropolitan delivered approximately 170,400 acre-feet (AF) of water to member agencies in July. Deliveries averaged approximately 5,497 AF per day, which was 437 AF per day higher than in June. Treated water deliveries increased by 8,766 AF from June, with a total of 87,242 AF or 51 percent of total deliveries for the month. The Colorado River Aqueduct continued its maximum eight-pump flow with a total of 106,100 AF pumped for the month. State Water Project imports averaged 1,596 AF per day, totaling about 49,476 AF for the month, which accounted for about 29 percent of Metropolitan's deliveries. The target SWP blend remained at zero percent for the Weymouth, Diemer and Skinner plants.

Objective #2 Ensure Water Quality Compliance, Worker Safety, and Environmental Protection.

Metropolitan complied with all water quality regulations and primary drinking water standards during June 2021.

The California Revised Total Coliform Rule became effective on July 1, 2021. The revised rule includes a new coliform Treatment Technique requirement instead of the total coliform maximum contaminant level (MCL), a new *E. coli* MCL (based on repeat samples), and establishes a find-and-fix approach for investigating and correcting problems in the event of coliform-positive samples within the distribution system. Metropolitan is modifying its coliform monitoring sampling plan in compliance with the revised regulation.

Metropolitan hosted a virtual quarterly meeting with the State Water Resources Control Board's Division of Drinking Water on July 21. Key discussion topics included regulatory, engineering and water quality updates; the 2020 electronic Annual Report; dry well separation guidance for drinking water pipelines; an update on TNI laboratory accreditation for the treatment plant laboratories and a status update on Metropolitan's system operations.

Staff published a new Safety Talk explaining that "speaking up for safety" is the rule of thumb at Metropolitan and how every employee is empowered to speak up about safety issues. The Safety Talk is posted on the SRS IntraMet webpage.



New "Speak Up for Safety" Safety Talk

In keeping with the commitment to enhance safety, staff modified an underdrain structure for the Diamond Valley Lake Forebay to provide safer access for personnel. The modifications included replacing the older hatch opening with a larger lid which can be easily removed when staff enter the structure to perform maintenance.



Staff replacing hatch for DVL Forebay underdrain structure to improve access and worker safety

Objective #3 Actively Engage in Capital Project Planning and Execution.

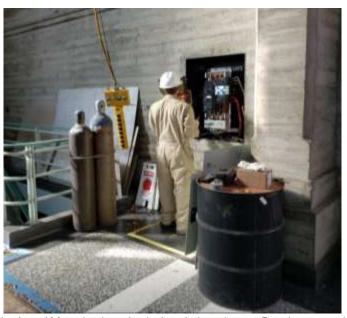
As the initial step for a Capital Investment Plan (CIP) project, staff is assessing 290 structures in the Orange County region to identify, prioritize and schedule rehabilitation work. The project will inspect mechanical and electrical equipment within pipeline structures to focus rehabilitation efforts. The project will comprehensively restore aging equipment; including valves, sump pumps, control panels, and associated electrical and instrumentation appurtenances to ensure reliable operation.



Staff inspecting electrical and control cabinets for facilities in the Orange County region

### Objective #4 Optimize Maintenance.

Staff upgraded a 480-volt electrical circuit at the Intake pumping plant. The circuit breaker, conductors, and receptacle were upgraded to facilitate larger loads such as heaters, fans, welders, and other equipment.



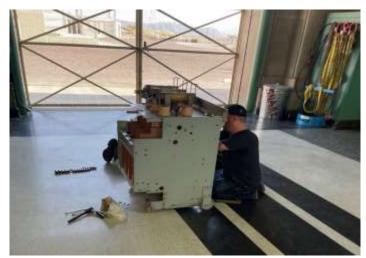
Staff replacing 480-volt electrical circuit breaker at Intake pumping plant

Staff removed and disassembled a circulating water pump at Hinds pumping plant. The pump will be rebuilt and coated before being returned to service. The circulating water pumps provide cooling water to the motors, pumps and transformers at the facility.



Staff removing a vertical turbine pump for repair at Hinds pumping plant

Staff performed preventative maintenance on a 2,300-volt circuit breaker at Eagle Mountain pumping plant. These breakers provide power to the circulating water pumps for the plant. The breakers are removed from service annually to assess condition and perform maintenance such as lubrication and electrical testing.



Staff performing preventative maintenance on a 2,300V circuit breaker at Eagle Mountain pumping plant

Inspection is an important part of maintenance. Crane inspections occur before each use, monthly and quarterly; cranes are also certified by a third party annually. Staff inspected a transformer crane at the Eagle Mountain pumping plant and checked for proper operation of safety devices, wire rope condition, and other areas of potential concern.



Staff inspecting a crane at Eagle Mountain pumping plant

The age of the facilities in the Desert requires enhancements to improve operations, maintainability and accessibility. Two projects in the region, meeting all three of these criteria, are happening close enough together that the heavy equipment portion can be tackled simultaneously. Staff are grading an area adjacent to the high-voltage switchyard to improve drainage and equipment accessibility at Iron Mountain pumping plant.



Staff using heavy equipment to create access and drainage improvements at Iron Mountain pumping plant

During the summer months in the Desert, it is not unusual for ambient temperatures near the remote pumping plants to exceed 120 degrees Fahrenheit; therefore, HVAC issues quickly become a high priority during equipment failure. The HVAC unit at the Gene pumping plant began failing and could not be repaired. Staff brought in small emergency HVAC systems for the pumping plant and coordinated with a contractor to replace the old unit.



Staff working with contractors to replace the control room HVAC system at Gene pumping plant

Staff began rehabilitation of meter control equipment on San Diego Pipeline No. 4. The rehabilitation included the replacement of corroded conduits, junction boxes, panels, receptacles, and switches with new replacement parts that will restore the capabilities of the mainline meter control structure.





Staff threading conduit (left) and installing new conduit inside the structure (right) on San Diego Pipeline No.

This month, staff replaced the station battery charger at the Hinds pumping plant. The station battery charger ensures that the station battery system is operating optimally and is fully charged at all times. This helps to ensure the reliable and safe operation of critical DC-powered equipment, including high-voltage protection relays, circuit breakers and emergency equipment that need to operate in the event of a loss of station power. The new station battery charging system includes additional maintenance features that will allow flexibility to replace station battery cells in the future.





Staff placing new battery charger into position (left) and wiring new battery charger (right) at Hinds pumping plant

Staff restored the earth berm of the San Andreas retention basin along with the CRA because of the effects of heavy rains in 2019. Staff imported approximately 2,000 tons of fill material, processed and compacted the material, and repaired the slope. Repairs at this location were reimbursable through FEMA.





Staff placing and compacting fill materials (left) and completed berm repair (right) of San Andreas retention basin

Staff continued the system-wide coatings program aimed at preventing corrosion and extending the life of pipelines and other infrastructure. Staff recently completed coating projects on San Diego Pipeline No. 3 and East Orange County Feeder No. 2.



Turnout valve before (left) and after (right) coating at the OC-39 service connection on the East Orange County Feeder No. 2



Meter piping before (left) and after (right) coating at the OC-39 service connection on the East Orange County Feeder No. 2

Staff located a ground fault in the electrical distribution system at the Mills plant. The electrical system is protected by a high-resistance ground, which helps prevent equipment failures due to ground faults in motors and conductors. The fault was located using a clamp-on ammeter (an instrument to measure electric current), and a pump motor was found to have degraded winding insulation. An outage was scheduled to repair the equipment without impacting operations.



Staff locating a ground fault at the Mills plant

### Objective #5 Manage the Power System.

The California Independent System Operator (CAISO) issued multiple flex alerts calling for energy conservation because of unseasonably hot weather and loss of system resources during the period of July 8–12. CAISO issued a Stage 2 emergency on June 9. The loss of system resources was due to transmission lines forced out of service by the Bootleg Fire in eastern Oregon.

Staff continued other preparations to ensure electric reliability during the upcoming peak load season in August and September, including development of improved communication channels with the Arizona Electric Power Cooperative and CAISO, and development of training for staff on the CAISO market. These preparations included a presentation to the Board's Engineering and Operations committee on July 12 on anticipated energy costs and operating conditions for summer 2021.

Staff participated in a virtual workshop hosted by the California Energy Commission (CEC) on demand-side resource adequacy. This workshop is a stakeholder process involving the CEC, California Public Utilities Commission (CPUC), and CAISO to provide input to the CEC and CPUC's treatment of demand-side resources for meeting resource adequacy requirements. Metropolitan's resource adequacy requirements and demand-side management programs fall under the purview of CAISO and are not within the jurisdiction of the CEC or CPUC; however, participation in this stakeholder process is an opportunity to provide indirect input to the CAISO on this issue.

Objective #6 Improve Emergency Preparedness and Response.

Metropolitan staff participated in the regular meeting of the Southern California Lifelines Working Group. The goal of these meetings is to provide a platform for representatives from various private and public utilities to collaborate with public emergency management agencies on various emergency preparedness and response issues. This meeting focused on topics such as rotating power outages and wildfire preparedness and provided a valuable opportunity for Metropolitan to work with our emergency response counterparts in the utility and emergency management sectors.

Objective #7 Optimize Water Treatment and Distribution.

The State Project water (SPW) target blend entering the Weymouth and Diemer plants and Lake Skinner was zero percent in July 2021.

Flow-weighted running annual averages for total dissolved solids from May 2020 through April 2021 for Metropolitan's treatment plants capable of receiving a blend of SPW and CRA water were 570, 570, and 533 mg/L for the Weymouth, Diemer, and Skinner plants, respectively.

Staff coordinated cleaning and neutralizing of the interior of the 80,000-gallon sulfuric acid tank using a hazardous waste contractor for an internal corrosion inspection at the Jensen plant. Over 9,000 gallons of concrete-like sludge were removed. The project involved several months of planning, job safety reviews, site inspections, sludge sampling and incorporation of all COVID-19 protocols for site vendors and Metropolitan staff.

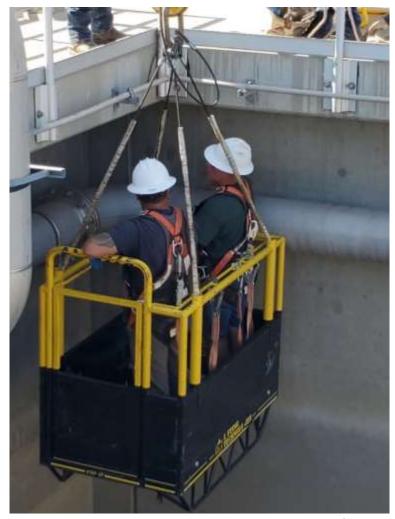


Sludge removal progress on 6-foot deep concrete-like sludge in a chemical tank at the Jensen plant



Hazardous waste vendor working in the decontamination zone to clean a chemical tank at the Jensen plant

Staff repaired the surface wash header line on Module 7 at the Skinner plant. The surface wash header carries potable water to the filters, where it is sprayed down on the filter media to disburse particulates that have been trapped in the filter media, improving filter cleaning during the backwash process. The surface wash header had developed a leak, and accessing it for repairs would require either a shutdown or the use of a large crane with a man basket. The leak developed in the warmer season with higher water demands; therefore, accessing with a crane allowed the module to remain in service while the repairs were made.



Staff repairing the surface wash header on Module 7 at the Skinner plant



Crane extended to hold man basket for Module 7 surface wash header repair at the Skinner plant

#### Objective #8 Manage Water Reserves.

Water reserves continued to be managed according to Water Surplus and Drought Management principles, operational objectives, and the current 5-percent SWP allocation. Deliveries of SWP supply were minimized to preserve SWP Carryover and Flexible Storage. Releases from DVL through PC-1 to connections on the Lakeview Pipeline, as well as the DVL to Mills plant operation, continued in July to conserve SWP use in that area. Returns from the Semitropic and Kern Delta SWP Banking Programs also continued in July. Staff continued with Greg Avenue pump operations to minimize SWP usage by about 3,300 AF per month. In addition, staff continued coordination with member agencies shifting their deliveries from SWP connections to Colorado River connections when possible. Along with these actions being taken to respond to drought conditions, Metropolitan's record-high storage levels at the end of 2020 provide significant water supply reliability in 2021.

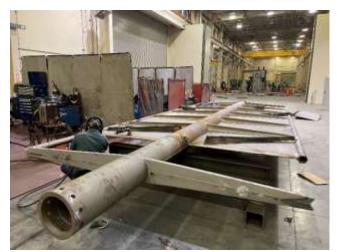
#### Objective #9 Support Imported Supply Reliability.

The La Verne Shops completed refurbishment of two flow control wing gates for the DWR Banks Pumping Plant. Each 10-foot wide by 30-foot tall gate weighs 8,000 pounds and is used to help divert fish away from the pumps at Banks Pumping Plant that lifts water into the California Aqueduct. This work is part of a continued collaboration effort with DWR to refurbish a total of 14 gates that began in 2019. The two refurbished gates were shipped to DWR on July 7 and included new welded gate sections and two new shafts, fully coated with a corrosion-resistant coating. The next two gates set for refurbishment are expected to be shipped to the La Verne Shops in August.





DWR's wing gate before (left) and after (right) refurbishment at the La Verne Shops





Replacement of gate section (left) and new center post (right) for DWR's Banks Pumping Plant





Gate bearings (left) and new gate shafts (right) for DWR's Banks Pumping Plant

Objective #10 Manage Vacancies.

WSO filled seven vacant positions in June 2021.

Objective #11 Prepare Employees for New Opportunities.

The Water System Operations Apprenticeship Program develops and trains personnel to become qualified mechanics and electricians responsible for maintaining Metropolitan's water treatment and distribution systems. This month, apprentices concluded their Spring 2021 semester by successfully completing final written and practical exams.

Staff developed and published an online Tunnel/Confined Space Entry training class. This training meets regulatory requirements to prepare employees for entering confined spaces before entering a Metropolitan tunnel or confined space. Previous training was available in person and scheduled periodically. The online version allows employees to attend training immediately upon employment. Several of Metropolitan's training courses transitioned to an online format during the COVID-19 pandemic. This course brings the total number of online safety classes to 34.



Screen view of online Tunnel/Confined Space Entry training

#### GM STRATEGIC PRIORITY #2: Sustainability

Objective #1 Prepare for Future Legislation and Regulation.

On July 7, Governor Newsom issued a Proclamation of a State of Emergency in response to the excessive heatwave affecting California to help alleviate stress on the electrical grid. The Proclamation suspends certain regulations and permit conditions for stationary and portable generators to free up standby generation capacity. The order expired on July 13. Metropolitan did not need to operate any of its emergency generators in response to the heatwave.

On July 7, staff participated in South Coast Air Quality Management District's fourth working group meeting for Proposed Rule (PR) 118.1 and Proposed Amended Rule (PAR) 1470. PR 118.1 allows "critical service facilities" (such as Metropolitan) to operate emergency generators beyond the annual 200-hour limit in response to Public Safety Power Shutoff (PSPS) events, and PAR 1470 allows agencies in Very High Fire Hazard Severity Zones to average the maintenance and testing hours over a three-year period for their older emergency generators. Staff are supportive of these rule changes because they could benefit Metropolitan's member agencies, allowing them to continue to actively participate in the rule development.

On July 12, the Environmental Protection Agency (EPA) released a pre-publication draft of its Fifth Contaminant Candidate List (CCL 5)—a list of contaminants not currently subject to any proposed or promulgated regulations under the federal Safe Drinking Water Act. The draft CCL 5 includes 66 chemicals (including 1,4-dioxane, chlorpyrifos, manganese, and molybdenum), three chemical groups (per- and polyfluoroalkyl substances (PFAS), cyanotoxins, and disinfection byproducts), and 12 microbial contaminants. The PFAS group excluded PFOA and PFOS, as EPA already decided to regulate those chemicals in March 2021 under the fourth Regulatory Determination process. Staff are reviewing the CCL 5 for any potential impacts on Metropolitan or its member agencies. Comments will be due 60 days after the draft list is published in the Federal Register.

On July 13, operations and engineering staff met to discuss potential impacts of the State Water Resources Control Board's (SWRCB) draft language for the Statewide NPDES Construction Stormwater General Permit (CGP). The CGP regulates stormwater discharges associated with construction activities disturbing one or more acres. Key updates to the draft CGP include the introduction of passive treatment technology requirements for turbidity control, adding 68 Total Maximum Daily Loads (TMDLs) with corresponding implementation requirements, and updating sampling and monitoring requirements. Staff will monitor the SWRCB's informational hearing on August 4 and are evaluating whether Metropolitan will submit written comments by the August 13 comment deadline.

On July 14, staff provided input on the Western Urban Water Coalition's letter requesting Congress to exempt water and wastewater utilities from strict liability requirements, similar to that granted to airports, should it designate PFAS as a hazardous substance under the Comprehensive Environmental Response, Compensation, and Liability Act. In this fashion, water agencies would not be held liable for PFAS contamination when upstream industrial and other sources are the responsible parties. The letter also emphasized that Congress should maintain a science-based, data-driven, peer-reviewed process when setting regulatory standards for PFAS. Staff will continue to engage in PFAS-related issues that affect the water industry.

#### Objective #3 Support the Regional Recycled Water Program

During the month of July, staff continued testing, operations, monitoring and maintenance at the Regional Recycled Water Advanced Purification Center demonstration facility in the third phase of challenge testing to assess system performance with damaged fibers. The facility's biological treatment system was closely monitored to determine when it would return to target operational conditions, following an operational change in late May at the Joint Water Pollution Control Plant that caused higher than usual solids and organics loading to the demonstration plant. Microbial sampling to determine pathogen removal through the membrane bioreactor (MBR) is anticipated to resume by early August once these target biological system conditions are met.

Staff met with the Los Angeles Regional Water Quality Control Board (RWQCB) and Divison of Drinking Water to discuss their comments on the update to the tertiary MBR testing and monitoring plan. Staff also presented the secondary MBR testing and monitoring plan to DDW and the Los Angeles and Santa Ana RWQCBs for initial comments ahead of plan submission anticipated in early August for testing that will begin in early 2022.

Staff completed various onsite projects to augment site safety, including the establishment of a local safety committee. In addition, staff continued to perform repairs on chemical feed skids, as well as work on new chemical system manifolds to simplify operations and improve safety of chemical handling. Staff also completed modifications to the MBR handrails to improve safe access to equipment. In addition, staff began to access the demonstration facility Supervisory Control and Data Acquisition (SCADA) system following four days of training in June to transition control system support from consultants to Metropolitan staff.



Staff participate in consultant-led training on SCADA support for the demonstration facility



Safety handrail improvements providing ease of access to the MBR system equipment at the demonstration facility

Objective #5 Manage Power Resources and Energy Use in a Sustainable Manner.

Metropolitan's hydroelectric plants generated an average of about 13 megawatts, or more than 9,090 megawatt-hours, and approximately \$489,770 in revenue, for the month of June 2021. Metropolitan's solar facilities totaling 5.4 megawatts of capacity generated over 880 megawatt-hours in June 2021.

Monthly Update as of: 7/30/2021

| Reservoir            | Current Storage | Percent of Capacity |
|----------------------|-----------------|---------------------|
| Colorado River Basin |                 |                     |
| Lake Powell          | 7,887,000       | 32%                 |
| Lake Mead            | 9,003,000       | 35%                 |
| DWR                  |                 |                     |
| Lake Oroville        | 902,040         | 25%                 |
| Shasta Lake          | 1,468,609       | 32%                 |
| San Luis Total       | 431,375         | 21%                 |
| San Luis CDWR        | 388,906         | 37%                 |
| Castaic Lake         | 130,108         | 40%                 |
| Silverwood Lake      | 66,447          | 89%                 |
| Lake Perris          | 113,946         | 87%                 |
| MWD                  |                 |                     |
| DVL                  | 643,489         | 79%                 |
| Lake Mathews         | 150,696         | 83%                 |
| Lake Skinner         | 38,011          | 86%                 |



**Hoover Dam** 

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

General Manager: Adel Hagekhail Office of the GM No. (213) 217-6139

Email: OfficeoftheGeneralManager@mwdh2o.com

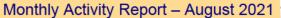
700 No. Alameda Street Los Angeles, CA 90012 General No. (213) 217-6000

www.mwdh2o.com

www.bewaterwise.com



## Office of the General Counsel





#### **Metropolitan Cases**

# Staar v. Metropolitan (Los Angeles County Superior Court)

In January 2020, Greg Staar, a former probationary employee sued Metropolitan alleging whistleblower retaliation. Mr. Staar claimed he made disclosures to Metropolitan management concerning potential legal risks and that those disclosures were contributing factors to Metropolitan's decision to release him from probationary employment. Mr. Staar filed litigation. In July 2021 prior to trial, Staar and Metropolitan entered into a settlement within the authority of the General Manager and General Counsel. Under the terms of the settlement, Staar dismissed his lawsuit with prejudice and signed a comprehensive release of claims.

# Stronghold Engineering, Inc. v. Metropolitan (Riverside County Superior Court)

On July 26, 2021, Metropolitan was served with a complaint filed in Riverside County Superior Court in the case *Stronghold Engineering, Inc. v. Metropolitan*, Case No. CVRI2103080. The contractor alleges MWD breached the contract for Mills Electrical Upgrades - Stage 1A, including the covenant of Good Faith and Fair Dealing and Implied Warranty of Correctness of the Contract Drawings and Specifications, by causing delays to the project and improperly withholding liquidated damages due to the contractor's failure to complete the project within the time specified by the contract. Metropolitan's initial response is due on September 8, 2021.

## **Matters Impacting Metropolitan**

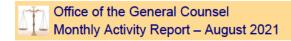
#### EPA and Corps to Use Pre-2015 Standard Instead of Navigable Waters Protection Rule For Clean Water Act Jurisdiction

On September 3, 2021, the U.S. Environmental Protection Agency and U.S. Army Corps of Engineers (collectively, "agencies") announced that they have stopped implementing the Trump administration's 2020 Navigable Waters Protection Rule ("NWPR") and are instead interpreting "waters of the United States" ("WOTUS") consistent with the pre-2015 regulatory regime for the Clean Water Act ("CWA") until further notice. "Waters of the United States" is a term used in the CWA which establishes the CWA's scope of federal jurisdiction. Previously, on June 9, 2021, the agencies had announced their intent to revise the definition of WOTUS in a two-step process: (1) a foundational rule to restore the protections in place before the 2015 Clean Water Rule; and (2) an anticipated second rule that builds on that regulatory foundation. The agencies also conducted several public meetings and requested written pre-proposal recommendations regarding defining WOTUS. Metropolitan submitted a comment letter asking that the definition of WOTUS exclude water

supply infrastructure and include any tributary that contributes a significant volume of flow to another WOTUS, as well as for the agencies to allow flexibility in making jurisdictional determinations.

The agencies' most recent announcement came after a federal district court judge in Arizona vacated and remanded the NWPR on August 30, 2021. The judge based her ruling on the "seriousness of the Agencies' errors in enacting the NWPR, the likelihood that the Agencies will alter the NWPR's definition of 'waters of the United States,' and the possibility of serious environmental harm if the NWPR remains in place upon remand . . . . " In the Arizona case, several Native American tribes (represented by Earthjustice) challenged both the NWPR and the agencies' repeal of the 2015 Clean Water Rule. The judge ordered further briefing on the repeal of the 2015 Clean Water Rule.

Several other legal challenges to the 2020 NWPR are ongoing in federal courts in California, Colorado, District of Columbia, Massachusetts, New Mexico, Oregon, South Carolina, and Washington. Metropolitan staff



will continue to monitor these lawsuits and the agencies' rulemaking process, and comment on the agencies' proposed definition of WOTUS.

## **Other Matters**

#### **Continuing Education**

On August 30, the Legal Department attended a remote legal training by LexisNexis. The training

was to provide an update and refresher session on Lexis for Microsoft Office, the legal service tool used by staff during the preparation of pleadings.

## **Matters Received by the Legal Department**

| Category               | Received | <u>Description</u>  |  |
|------------------------|----------|---|--|
| Requests Pursuant to   | 11       | Requestor   | Documents Requested  |
| the Public Records Act |          | 1898 & Co.  | Contract documents relating to<br>Enterprise Data Analytics  |
|                        |          | Center for Contract<br>Compliance                           | Contract documents relating to the<br>Orange County Region Pipelines Phase I                           |
|                        |          | Cordoba Corporation   | MWD easement located on property at 3210 Rainbow Valley Road in the City of Rainbow                    |
|                        |          | Fox 11 KTTV/KCOP 13   | Data on water usage at MWD facilities<br>and whether any facilities use bottled<br>water               |
|                        |          | IDAR Group  | Contact information for current MWD employees  |
|                        |          | Infojini Consulting   | Technical and cost proposals and<br>amount spent to date on On-Call<br>Information Technology Services |
|                        |          | MWD Supervisors<br>Association                              | Transcript and chats from the Coffee with the GM session on August 5, 2021                             |
|                        |          | Joseph C. Truxaw and<br>Associates                          | As-built plans for any existing utilities<br>near project in Culver City                               |
|                        |          | University of California,<br>San Diego, Graduate<br>Student | Data on homes that received turf replacement rebates from 2000-2020                                    |
|                        |          | University of California,<br>San Diego, Professor           | Sampling data for pesticides in Colorado<br>River water and copy of the Urban Water<br>Management Plan |

Page 3 of 16

| Requestor | Documents Requested |
|-----------|---------------------|
|           |                     |

WSP USA Proposals and task orders for:

(1) On-Call Services Engineering Services for Water Treatment Facilities, Conveyance, Storage & Distribution Facilities, and Large Rotating

Equipment; and (2) Asset Management Program Planning and Development

Services

Other Matters

1 California Department of Fair Employment and Housing Notice of Filing of Discrimination Complaint against MWD

#### PLEASE NOTE

- ADDITIONS ONLY IN THE FOLLOWING TABLES WILL BE SHOWN IN RED.
- ANY CHANGE IN CONTRACT AMOUNTS WILL BE SHOWN IN REDLINE FORM (I.E., ADDITIONS, REVISIONS, DELETIONS).

| Bay-Delta and SWP Litigation  |  |  |  |
|---|--|--|--|
| Subject   | Status   |  |  |
| Consolidated DCP Revenue Bond Validation Action and CEQA Case  Sierra Club, et al. v. California Department of Water Resources (CEQA, designated as lead case)  DWR v. All Persons Interested (Validation)  Sacramento County Superior Ct. (Judge Earl) | <ul> <li>Validation Action</li> <li>Metropolitan, Mojave Water Agency,         Coachella Valley Water District, and Santa         Clarita Valley Water Agency have filed         answers in support</li> <li>Kern County Water Agency, Tulare Lake         Basin Water Storage District, Oak Flat Water         District, County of Kings, Kern Member Units         &amp; Dudley Ridge Water District, and City of         Yuba City filed answers in opposition</li> <li>North Coast Rivers Alliance et al., Howard</li> </ul> |  |  |
|   | Jarvis Taxpayers Association, Sierra Club et al., County of Sacramento & Sacramento County Water Agency, CWIN et al., Clarksburg Fire Protection District, Delta Legacy Communities, Inc, and South Delta Water Agency & Central Delta Water Agency have filed answers in opposition  • Case ordered consolidated with the DCP Revenue Bond CEQA Case for pre-trial and trial purposes and assigned to Judge Earl for  |  |  |
|   | Sierra Club and DWR motions for summary judgment on CEQA affirmative defense ordered continued to Dec. 17, 2021; two additional motions on CEQA anticipated and must be noticed for same hearing date  CEQA Case   |  |  |
|   | <ul> <li>Sierra Club, Center for Biological Diversity,<br/>Planning and Conservation League, Restore<br/>the Delta, and Friends of Stone Lakes<br/>National Wildlife Refuge filed a standalone<br/>CEQA lawsuit challenging DWR's adoption<br/>of the bond resolutions</li> </ul>  |  |  |
|   | <ul> <li>Alleges DWR violated CEQA by adopting<br/>bond resolutions before certifying a Final EIR<br/>for the Delta Conveyance Project</li> </ul>  |  |  |
|   | <ul> <li>Cases ordered consolidated for pre-trial and trial purposes</li> </ul>  |  |  |
|   | <ul> <li>Sierra Club motion for summary judgment on<br/>CEQA cause of action hearing <u>ordered</u><br/><u>continued to Dec. 17</u>, 2021</li> </ul>   |  |  |

#### SWP-CVP 2019 BiOp Cases

Pacific Coast Fed'n of Fishermen's Ass'ns, et al. v. Raimondo, et al. (PCFFA)

Calif. Natural Resources Agency, et al. v. Raimondo, et al. (CNRA)

Federal District Court, Eastern Dist. of California, Fresno Division (Judge Drozd)

#### **CESA Incidental Take Permit Cases**

Coordinated Case Name CDWR Water Operations Cases, JCCP 5117 (Coordination Trial Judge Gevercer)

Metropolitan & Mojave Water Agency v. Calif. Dept. of Fish & Wildlife, et al. (CESA/CEQA/Breach of Contract)

State Water Contractors & Kern County Water Agency v. Calif. Dept. of Fish & Wildlife, et al. (CESA/CEQA)

Tehama-Colusa Canal Auth., et al. v. Calif. Dept. of Water Resources (CEQA)

San Bernardino Valley Municipal Water Dist. v. Calif. Dept. of Water Resources, et al. (CEQA/CESA/ Breach of Contract/Takings)

Sierra Club, et al. v. Calif. Dept. of Water Resources (CEQA/Delta Reform Act/Public Trust)

North Coast Rivers Alliance, et al. v. Calif. Dept. of Water Resources (CEQA/Delta Reform Act/Public Trust)

Central Delta Water Agency, et. al. v. Calif. Dept. of Water Resources (CEQA/Delta Reform Act/Public Trust/ Delta Protection Acts/Area of Origin)

San Francisco Baykeeper, et al. v. Calif. Dept. of Water Resources, et al. (CEQA/CESA)

- SWC intervened in both PCFFA and CNRA cases
- Briefing on federal defendants' motion to dismiss CNRA's California ESA claim is complete; no hearing date set and may be decided on the papers
- Federal defendants circulated administrative records for each of the BiOps
- December 18, 2020 PCFFA and CNRA filed motions to complete the administrative records or to consider extra-record evidence in the alternative with a hearing date of March 2, 2021
- Both cases <u>stayed</u> until Sept. 30, 2021 and <u>federal defendants</u> committed to reinitiating consultation by Oct. 1, 2021
- All 8 cases ordered coordinated in Sacramento County Superior Court
- Stay on discovery issued until coordination trial judge orders otherwise
- All four Fresno cases transferred to Sacramento to be heard with the four other coordinated cases
- SWC and Metropolitan have submitted Public Records Act requests seeking administrative record materials and other relevant information
- Answers filed in the three cases filed by State Water Contractors, including Metropolitan's
- Draft administrative records due Sept. 16, 2021
- Certified administrative records due early March 2022

#### CDWR Environmental Impact Cases Sacramento Superior Ct. Case No. JCCP 4942, 3d DCA Case No. C091771 (20 Coordinated Cases)

Validation Action

DWR v. All Persons Interested

CEQA

17 cases

CESA/Incidental Take Permit 2 cases

- Cases dismissed after DWR rescinded project approval, bond resolutions, decertified the EIR, and CDFW rescinded the CESA incidental take permit
- January 10, 2020 Nine motions for attorneys' fees and costs denied in their entirety
- Parties have appealed attorneys' fees and costs rulings
- Reply briefs due <u>Oct. 15, 2021</u>

#### COA Addendum/ No-Harm Agreement

North Coast Rivers Alliance v. DWR Sacramento County Superior Ct. (Judge Gevercer)

- Plaintiffs allege violations of CEQA, Delta Reform Act & public trust doctrine
- USBR Statement of Non-Waiver of Sovereign Immunity filed September 2019
- Westlands Water District and North Delta Water Agency granted leave to intervene
- Metropolitan & SWC monitoring
- Deadline to prepare administrative record extended to Sept. 17, 2021

#### **Delta Plan Amendments and Program EIR**

4 Consolidated Cases Sacramento County Superior Ct. (Judge Gevercer )

North Coast Rivers Alliance, et al. v. Delta Stewardship Council (lead case)

Central Delta Water Agency, et al. v. Delta Stewardship Council

Friends of the River, et al. v. Delta Stewardship Council

California Water Impact Network, et al. v. Delta Stewardship Council

#### Delta Stewardship Council Cases

3 Remaining Cases (CEQA claims challenging original 2013 Delta Plan EIR) (Judge Chang)

North Coast Rivers Alliance, et al. v. Delta Stewardship Council

Central Delta Water Agency, et al. v. Delta Stewardship Council

California Water Impact Network, et al. v. Delta Stewardship Council

- Cases challenge, among other things, the Delta Plan Updates recommending dual conveyance as the best means to update the SWP Delta conveyance infrastructure to further the coequal goals
- Allegations relating to "Delta pool" water rights theory and public trust doctrine raise concerns for SWP and CVP water supplies
- Cases consolidated for pre-trial and trial under North Coast Rivers Alliance v. Delta Stewardship Council
- SWC granted leave to intervene
- Metropolitan supports SWC
- 2013 and 2018 cases to be heard separately due to peremptory challenge
- SWC and several individual members, including Metropolitan, SLDMWA and Westlands have dismissed their remaining 2013 CEQA claims but remain intervenordefendants in the three remaining Delta Stewardship Council Cases

#### 2013 Cases

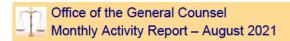
 Hearing on merits of CEQA claims in the three remaining 2013 cases re-set for Nov. 5, 2021

#### 2018 Cases

July 15, 2021 - Opening Briefs



|   | Oct. 13, 2021 - Opposition Briefs  |
|---|--|
|   | <ul> <li>Nov. 22, 2021 - Reply Briefs</li> </ul>   |
|   | Dec. 10, 2021 - Case Management<br>Conference to set hearing on the merits   |
| SWP Contract Extension Validation Action<br>Sacramento County Superior Ct.<br>(Judge Culhane) | DWR seeks a judgment that the Contract<br>Extension amendments to the State Water<br>Contracts are lawful  |
| DWR v. All Persons Interested in the Matter, etc.   | <ul> <li>Metropolitan and 7 other SWCs filed answers<br/>in support of validity to become parties</li> </ul>   |
|   | <ul> <li>Four answers filed in opposition denying<br/>validity on multiple grounds raised in<br/>affirmative defenses</li> </ul>                                   |
|   | <ul> <li>Case deemed related to the two CEQA cases<br/>below and assigned to Judge Culhane</li> </ul>  |
|   | <ul> <li>DWR certified the administrative record for the<br/>validation action on May 3, 2021</li> </ul>   |
|   | <ul> <li>Parties stipulated to a revised briefing schedule<br/>in all three related cases (validation and<br/>CEQA):</li> </ul>                                    |
|   | Opening Briefs Sept. 17, 2021  |
|   | Opposition Briefs Nov. 15, 2021  |
|   | Reply Briefs Dec. 17, 2021   |
|   | <ul> <li>Jan. 5, 2022 Hearing on the merits with CEQA cases, below</li> </ul>  |
| SWP Contract Extension CEQA Cases Sacramento County Superior Ct. (Judge Culhane)              | Petitions for writ of mandate alleging CEQA<br>and Delta Reform Act violations filed on<br>January 8 & 10, 2019  |
| North Coast Rivers Alliance, et al. v. DWR  | Deemed related to DWR's Contract Extension   |
| Planning & Conservation League, et al. v. DWR   | Validation Action and assigned to Judge<br>Culhane   |
|   | Administrative Record completed  |
|   | DWR filed its answers on September 28, 2020  |
|   | <ul> <li>Metropolitan, Kern County Water Agency and<br/>Coachella Valley Water District have<br/>intervened and filed answers in the two CEQA<br/>cases</li> </ul> |
|   | <ul> <li>Briefing and hearing on the merits same as for<br/>the SWP Contract Extension Validation Action,<br/>above</li> </ul>                                     |



#### **Delta Conveyance Project Soil Exploration Case**

Central Delta Water Agency, et al. v. DWR Sacramento County Superior Ct. (Judge Chang)

- Filed August 10, 2020
- Plaintiffs Central Delta Water Agency, South Delta Water Agency and Local Agencies of the North Delta
- One cause of action alleging that DWR's adoption of an Initial Study/Mitigated Negative Declaration (IS/MND) for soil explorations needed for the Delta Conveyance Project violates CEQA
- March 24, 2021 Second Amended Petition filed to add allegation that DWR's addendum re changes in locations and depths of certain borings violates CEQA
- Deadline to prepare the administrative record extended to Sept. 8, 2021

#### Water Management Tools Contract Amendment

California Water Impact Network et al. v. DWR Sacramento County Superior Ct. (Judge Earl)

North Coast Rivers Alliance, et al. v. DWR Sacramento County Super. Ct. (Judge Earl)

- Filed September 28, 2020
- CWIN and Aqualliance allege one cause of action for violation of CEQA
- NCRA et al. allege four causes of action for violations of CEQA, the Delta Reform Act, Public Trust Doctrine and seeking declaratory relief
- Deadline to prepare the administrative record extended to Sept. 27, 2021 in CWIN v. DWR case and Oct. 1, 2021 in NCRA v. DWR case
- CWIN case reassigned to Judge Earl so both cases will be heard together
- Trial set for Jan. 14, 2022

|            | San Diego (         | County Water Authority v. Metropolitan, et al.   |
|------------|---------------------|--|
| Cases      | Date                | Status   |
| 2010, 2012 | Aug. 13-14,<br>2020 | Final judgment and writ issued. Transmitted to the Board on August 17.   |
|            | Aug. 28,<br>Sept. 1 | SDCWA and Metropolitan filed memoranda of costs.   |
|            | Sept. 11            | Metropolitan filed notice of appeal of judgment and writ.  |
|            | Sept. 14, 16        | Metropolitan filed motion to strike SDCWA's costs memorandum, and SDCWA filed motion to strike or tax Metropolitan's costs memorandum.   |
|            | Jan. 13, 2021       | Court issued order finding SDCWA is the prevailing party on the Exchange Agreement, entitled to attorneys' fees and costs under the contract.  |
|            | Feb. 4              | Metropolitan filed opening appellate brief regarding final judgment and writ.  |
|            | Feb. 10             | Court issued order awarding SDCWA statutory costs, granting SDCWA's and denying Metropolitan's related motions.  |
|            | Feb. 16             | Per SDCWA's request, Metropolitan paid contract damages in 2010-<br>2012 cases judgment and interest. Metropolitan made same payment in<br>Feb. 2019, which SDCWA rejected.  |
|            | Feb. 25             | Metropolitan filed notice of appeal of Jan. 13 (prevailing party on Exchange Agreement) and Feb. 10 (statutory costs) orders.  |
|            | May 7               | SDCWA filed responding appellate brief regarding final judgment and writ.  |
|            | June 28             | Metropolitan filed reply appellate brief regarding final judgment and writ.  |
|            | Aug. 5              | Metropolitan filed opening appellate brief regarding prevailing party on the Exchange Agreement and statutory costs.   |
|            | <u>Sept. 15</u>     | Appellate oral argument on Metropolitan's appeal regarding final judgment and writ.  |
| 2014, 2016 | Aug. 28, 2020       | SDCWA served first amended (2014) and second amended (2016) petitions/complaints.  |
|            | Sept. 28            | Metropolitan filed demurrers and motions to strike portions of the amended petitions/complaints.   |
|            | Sept. 28-29         | Member agencies City of Torrance, Eastern Municipal Water District,<br>Foothill Municipal Water District, Las Virgenes Municipal Water District,<br>Three Valleys Municipal Water District, Municipal Water District of<br>Orange County, West Basin Municipal Water District, and Western |

|                       |               | Municipal Water District filed joinders to the demurrers and motions to strike.   |
|-----------------------|---------------|---|
| Cases                 | Date          | Status  |
| 2014, 2016<br>(cont.) | Feb. 16, 2021 | Court issued order denying Metropolitan's demurrers and motions to strike, allowing SDCWA to retain contested allegations in amended petitions/complaints.  |
|                       | March 22      | Metropolitan filed answers to the amended petitions/complaints and cross-complaints against SDCWA for declaratory relief and reformation, in the 2014, 2016 cases.  |
|                       | March 22-23   | Member agencies City of Torrance, Eastern Municipal Water District, Foothill Municipal Water District, Las Virgenes Municipal Water District, Three Valleys Municipal Water District, Municipal Water District of Orange County, West Basin Municipal Water District, and Western Municipal Water District filed answers to the amended petitions/complaints in the 2014, 2016 cases. |
|                       | April 23      | SDCWA filed answers to Metropolitan's cross-complaints.   |
| 2017                  | July 23, 2020 | Dismissal without prejudice entered.  |
| 2018                  | July 28       | Parties filed a stipulation and application to designate the case complex and related to the 2010-2017 cases, and to assign the case to Judge Massullo's court.   |
|                       | Nov. 13       | Court ordered case complex and assigned to Judge Massullo's court.  |
|                       | April 21      | SDCWA filed second amended petition/complaint.  |
|                       | May 25        | Metropolitan filed motion to strike portions of the second amended petition/complaint.  |
|                       | May 25-26     | Member agencies City of Torrance, Eastern Municipal Water District, Foothill Municipal Water District, Las Virgenes Municipal Water District, Three Valleys Municipal Water District, Municipal Water District of Orange County, West Basin Municipal Water District, and Western Municipal Water District filed joinders to the motion to strike.                                    |
|                       | July 14       | Hearing on Metropolitan's motion to strike portions of the second amended petition/complaint.   |
|                       | July 19       | Court issued order denying Metropolitan's motion to strike portions of the second amended petition/complaint.   |
|                       | July 29       | Metropolitan filed answer to the second amended petition/complaint and cross-complaint against SDCWA for declaratory relief and reformation.  |
|                       | July 29       | Member agencies City of Torrance, Eastern Municipal Water District, Foothill Municipal Water District, Las Virgenes Municipal Water District, Three Valleys Municipal Water District, Municipal Water District of Orange County, West Basin Municipal Water District, and Western   |

|                     |                | Municipal Water District filed answers to the second amended petition/complaint.  |
|---------------------|----------------|---|
|                     | <u>Aug. 31</u> | SDCWA filed answer to Metropolitan's cross-complaint.   |
| Cases               | Date           | Status  |
| 2014, 2016,<br>2018 | June 11        | Metropolitan lodged administrative records.   |
|                     | June 11, 21    | 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. |
|                     | <u>Aug. 31</u> | SDCWA filed consolidated answer to Metropolitan's cross-complaints in the 2014, 2016, and 2018 cases.                       |
|                     | Sept. 17       | Next Case Management Conference.  |
| All Cases           | April 15, 2021 | Case Management Conference on 2010-2018 cases. Court set trial in 2014, 2016, and 2018 cases on May 16-27, 2022.            |
|                     | April 27       | SDCWA served notice of deposition of non-party witness.   |
|                     | May 13-14      | Metropolitan filed motions to quash and for protective order regarding deposition of non-party witness.                     |
|                     | June 3         | Hearing on 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<br>Date | Contract<br>Maximum |
| Andrade Gonzalez<br>LLP  | MWD v. DWR, CDFW and CDNR<br>Incidental Take Permit (ITP)<br>CESA/CEQA/Contract Litigation | 185894        | 07/20             | \$250,000           |
| Aleshire & Wynder  | Oil, Mineral and Gas Leasing   | 174613        | 08/18             | \$50,000            |
| Atkinson Andelson<br>Loya Ruud & Romo                            | Employee Relations   | 59302         | 04/04             | \$1,214,517         |
| Loya Rudu & Romo   | MWD v. Collins   | 185892        | 06/20             | \$60,000            |
|  | MWD Drone and Airspace Issues  | 193452        | 08/20             | \$50,000            |
|  | Equal Employee Opportunity<br>Commission Charge  | 200462        | 03/21             | \$20,000            |
|  | Public Employment Relations Board<br>Charge No. LA-CE-1441-M                               | 200467        | 03/21             | \$30,000            |
|  | Representation re the Shaw Law<br>Group's Investigations                                   | 200485        | 05/20/21          | \$50,000            |
|  | <u>DFEH Charge</u> (DFEH Number 202102-12621316)   | <u>201882</u> | 07/01/21          | <u>\$25,000</u>     |
|  | AFSCME Local 1902 in Grievance No.<br>1906G020 (CSU Meal Period)                           | <u>201883</u> | 07/12/21          | <u>\$30,000</u>     |
| Best, Best &<br>Krieger  | Navajo Nation v. U.S. Department of the Interior, et al.                                   | 54332         | 05/03             | \$185,000           |
|  | Iron Mountain SMARA (Surface Mining and Reclamation Act)                                   | 158043        | 07/17             | \$250,000           |
|  | Bay-Delta Conservation Plan/Delta<br>Conveyance Project (with SWCs)                        | 170697        | 08/17             | \$500,000           |
|  | Environmental Compliance Issues  | 185888        | 05/20             | \$50,000            |
| Blooston,<br>Mordkofsky,<br>Dickens, Duffy &<br>Prendergast, LLP | FCC and Communications Matters   | 110227        | 11/10             | \$100,000           |
| Buchalter, a<br>Professional Corp.                               | Union Pacific Industry Track Agreement   | 193464        | 12/07/20          | \$50,000            |

| Firm Name                                    | Matter Name                                   | Agreement No.     | Effective<br>Date | Contract<br>Maximum  |
|--|---|-------------------|-------------------|----------------------|
| Burke, Williams &<br>Sorensen, LLP           | Real Property - General                       | 180192            | 01/19             | \$100,000            |
| Sorensen, ELI                                | Labor and Employment Matters                  | 180207            | 04/19             | \$50,000             |
|  | General Real Estate Matters                   | 180209            | 08/19             | \$100,000            |
|  | Delta Conveyance Project Validation<br>Action | <del>185893</del> | 07/20             | <del>\$100,000</del> |
| Law Office of Alexis<br>S.M. Chiu*           | Bond Counsel                                  | 174595            | 07/18             | N/A                  |
| S.IVI. Ciliu                                 | Bond Counsel                                  | 200468            | 07/21             | N/A                  |
| Cislo & Thomas<br>LLP                        | Intellectual Property                         | 170703            | 08/17             | \$75,000             |
| Curls Bartling P.C.*                         | Bond Counsel                                  | 174596            | 07/18             | N/A                  |
|  | Bond Counsel                                  | 200470            | 07/21             | N/A                  |
| Duane Morris LLP                             | SWRCB Curtailment Process                     | 138005            | 09/14             | \$615,422            |
| Duncan, Weinberg,<br>Genzer &<br>Pembroke PC | Power Issues                                  | 6255              | 09/95             | \$3,175,000          |
| Ellison, Schneider,<br>Harris & Donlan       | Colorado River Issues                         | 69374             | 09/05             | \$175,000            |
| Tiairis & Dollian                            | Issues re SWRCB                               | 84457             | 06/07             | \$200,000            |
| Haden Law Office                             | Real Property Matters re Agricultural<br>Land | 180194            | 01/19             | \$50,000             |
| Hanson Bridgett                              | SDCWA v. MWD                                  | 124103            | 03/12             | \$1,100,000          |
|  | Finance Advice                                | 158024            | 12/16             | \$100,000            |
|  | Deferred Compensation/HR                      | 170706            | 10/17             | \$ 400,000           |
|  | Food and Water Watch v. MWD                   | 174612            | 09/18             | \$200,000            |
|  | Tax Issues                                    | 180200            | 04/19             | \$50,000             |
| Hawkins Delafield & Wood LLP*                | Bond Counsel                                  | <del>174601</del> | 07/18             | N/A                  |
| TTOOL ELI                                    | Bond Counsel                                  | 193469            | 07/21             | N/A                  |

| Firm Name  | Matter Name  | Agreement No. | Effective<br>Date | Contract<br>Maximum |
|--|--|---------------|-------------------|---------------------|
| Horvitz & Levy                                       | SDCWA v. MWD   | 124100        | 02/12             | \$900,000           |
|  | General Appellate Advice   | 146616        | 12/15             | \$100,000           |
|  | Food and Water Watch v. MWD Appeal                                       | 185862        | 09/19             | \$60,000            |
| Hunt Ortmann<br>Palffy Nieves<br>Darling & Mah, Inc. | Construction Contracts/COVID-19<br>Emergency                             | 185883        | 03/20             | \$40,000            |
| Internet Law Center                                  | HR Matter  | 174603        | 05/18             | \$60,000            |
|  | Cybersecurity and Privacy Advice and Representation                      | 200478        | 04/13/21          | \$100,000           |
|  | Systems Integrated, LLC v. MWD   | 201875        | 05/17/21          | \$40,000            |
| Amira Jackmon,<br>Attorney at Law*                   | Bond Counsel   | 200464        | 07/21             | N/A                 |
| Jackson Lewis P.C.                                   | Employment: Department of Labor<br>Office of Contract Compliance (OFCCP) | 137992        | 02/14             | \$45,000            |
| Jones Hall, A<br>Professional Law<br>Corporation*    | Bond Counsel   | 200465        | 07/21             | N/A                 |
| Kegel, Tobin &<br>Truce                              | Workers' Compensation  | 180206        | 06/19             | \$100,000           |
| Lesnick Prince & Pappas LLP                          | Topock/PG&E's Bankruptcy   | 185859        | 10/19             | \$30,000            |
| Liebert Cassidy<br>Whitmore                          | Labor and Employment   | 158032        | 02/17             | \$201,444           |
| vviilanore   | EEO Investigations   | 180193        | 01/19             | \$100,000           |
|  | FLSA Audit   | 180199        | 02/19             | \$50,000            |
| LiMandri & Jonna<br>LLP                              | Bacon Island Subrogation   | 200457        | 03/21             | \$50,000            |
| Manatt, Phelps & Phillips                            | In Re Tronox Incorporated  | 103827        | 08/09             | \$540,000           |
|  | SDCWA v. MWD rate litigation   | 146627        | 06/16             | \$2,900,000         |

| Firm Name                            | Matter Name   | Agreement No.     | Effective<br>Date | Contract<br>Maximum |
|--------------------------------------|---|-------------------|-------------------|---------------------|
| Meyers Nave<br>Riback Silver &       | OCWD v. Northrop Corporation  | 118445            | 07/11             | \$2,300,000         |
| Wilson                               | IID v. MWD  | 185900            | 08/20             | \$ 410,000          |
|                                      | IID v. MWD (Contract Litigation)  | 193472            | 02/21             | \$100,000           |
| Miller Barondess,<br>LLP             | SDCWA v. MWD  | 138006            | 12/14             | \$600,000           |
| Morgan, Lewis &<br>Bockius           | SDCWA v. MWD  | 110226            | 07/10             | \$8,750,000         |
| DOCKIUS                              | Project Labor Agreements  | 200476            | 04/21             | \$100,000           |
| Musick, Peeler &<br>Garrett LLP      | Colorado River Aqueduct Electric<br>Cables Repair/Contractor Claims                       | 193461            | 11/20             | \$300,000           |
| Nixon Peabody<br>LLP*                | Bond Counsel  | <del>174600</del> | 07/18             | N/A                 |
| Norton Rose<br>Fulbright US LLP*     | Bond Counsel  | 200466            | 07/21             | N/A                 |
| Olson Remcho LLP                     | Government Law  | 131968            | 07/14             | \$200,000           |
|                                      | Ethics Office   | 170714            | 01/18             | \$350,000           |
| Quinn Emanuel<br>Urquhart & Sullivan | Appellate   | 174598            | 04/18             | \$100,000           |
| Ryan & Associates                    | Leasing Issues  | 43714             | 06/01             | \$100,000           |
| Seyfarth Shaw LLP                    | HR Litigation   | 185863            | 12/19             | \$250,000           |
| Stradling Yocca<br>Carlson & Rauth*  | Bond Counsel  | 174599            | 07/18             | N/A                 |
| Callson & Nauth                      | Bond Counsel  | 200471            | 07/21             | N/A                 |
|                                      | Financial Disclosure  | <del>185880</del> | 06/21             | N/A                 |
| Theodora Oringher                    | OHL USA, Inc. v. MWD  | 185854            | 09/19             | \$900,000           |
| PC                                   | Construction Contracts - General<br>Conditions Update                                     | 185896            | 07/20             | \$50,000            |
| Thomas Law Group                     | MWD v. DWR, CDFW, CDNR –<br>Incidental Take Permit (ITP)<br>CESA/CEQA/Contract Litigation | 185891            | 05/20             | \$250,000           |

| Firm Name                   | Matter Name   | Agreement<br>No. | Effective<br>Date | Contract<br>Maximum |
|-----------------------------|---|------------------|-------------------|---------------------|
| Thompson Coburn LLP         | FERC Representation re Colorado River<br>Aqueduct Electrical Transmission<br>System | 122465           | 12/11             | \$100,000           |
|                             | NERC Energy Reliability Standards   | 193451           | 08/20             | \$25,000            |
| Van Ness Feldman,<br>LLP    | General Litigation  | 170704           | 07/18             | \$50,000            |
|                             | Colorado River MSHCP  | 180191           | 01/19             | \$50,000            |
|                             | Bay-Delta and State Water Project<br>Environmental Compliance                       | 193457           | 10/15/20          | \$50,000            |
| Western Water and<br>Energy | California Independent System Operator<br>Related Matters                           | 193463           | 11/20/20          | \$100,000           |

<sup>\*</sup>Expenditures paid by Bond Proceeds/Finance



## **Internal Audit Report for July 2021**

#### **Summary**

One report was issued during the month:

### **Accounting for and Billing of Reimbursable Projects**

#### **Discussion Section**

This report highlights the significant activities of the Internal Audit Department during July 2021. In addition to presenting background information and the opinion expressed in the audit report, a discussion of findings noted during the examination is also provided.

## **Accounting for and Billing of Reimbursable Projects**

The Audit Department has completed a review of the accounting and administrative controls over Accounting for and Billing of Reimbursable Projects as of June 1, 2021.

#### Scope

Our review evaluated the accounting and administrative controls over reimbursable project authorization, administration, billing, collection, closeout, and reporting. Our previous audit report, dated March 26, 2018, was issued with an opinion of "Less Than Satisfactory" and included recommendations to improve billing of reimbursable costs and for writing off uncollectable and unbillable charges.

#### **Background**

Metropolitan enters into contracts with outside parties to complete reimbursable projects on their behalf. Such projects involve research, design, fabrication, manufacturing, and construction. They include grants from government and non-profit agencies and work performed on behalf of member agencies. Examples include service connections, conservation programs, joint projects, research projects, cooperative agreements, and damages reimbursed by FEMA. Metropolitan accumulates and bills eligible costs. Metropolitan often requires advance deposits from the responsible parties before beginning work and, upon completion, refunds unused amounts.

A project manager oversees each reimbursable project to ensure the work is authorized and adequately performed. The project manager also monitors expenditures, cost transfers, change orders, invoicing, collection and ensures project closeout in Oracle.

Date of Report: July 30, 2021 Page 2

The Project Control Team assigns each reimbursable project a number to facilitate cost tracking, deposits, invoicing, and collection in Oracle. Quarterly, the Controller's Office reviews reimbursable project balances. Project managers evaluate the need for write-offs and cost transfers.

As of June 1, 2021, the District had 162 active reimbursable projects with incurred costs of \$2.3 million and deposits of \$9.4 million.

### **Opinion**

In our opinion, the accounting and administrative procedures over Accounting for and Billing of Reimbursable Projects include those practices usually necessary to provide for a satisfactory internal control structure. The degree of compliance with such policies and procedures provided effective control between April 1, 2018, and June 1, 2021.

#### **Comments and Recommendations**

None

Date of Report: July 30, 2021



# **Ethics Office Monthly Report**

**July 2021** 

# ANNUAL PLAN PRESENTED TO AUDIT & ETHICS COMMITTEE

Presented Ethics Office Annual Plan for fiscal year 2021-22 to the A&E Committee. Strategic priorities for the year included: adoption of Ethics Code amendments, education and outreach, and collaboration with leadership. Operational and board-directed priorities were also highlighted.

# INDEPENDENT REVIEW OF EEO RELATED CONCERNS

Continued overseeing the board-directed independent review of Metropolitan's handling of EEO-related matters with outside firm Shaw Law Group (SLG). Visited desert facilities with SLG attorney and managed public disclosure of SLG's report and presentation to the Special OP&T Committee meeting on July 27, 2021.

#### **COMPLIANCE**

Assisted Board members and employees with Assuming Office and Leaving Office Form 700 filings. Assistance included notifications of deadlines and troubleshooting the electronic filing system.

Monitored the status of past due Assuming Office and Leaving Office Form 700 filings; obtained compliance from one current employee and issued past-due notices to three former employees.

#### ADVICE/EDUCATION/OUTREACH

Addressed six advice matters involving: conflicts of interest, outside activities,

contracting integrity, and other ethicsrelated topics.

#### **INVESTIGATIONS**

Received complaints alleging that: 1) an employee violated outside activities rules; 2) management mishandled an EEO matter; 3) EEO retaliation and related allegations; 4) several supervisors misused Metropolitan vehicles for personal use; and 5) a manager favored an employee for a promotional opportunity.

#### ADVICE AND INVESTIGATIVE DATA

| Advice Matters         | 6  |
|------------------------|----|
| Compliance Assistance  | 15 |
| Complaints Received    | 5  |
| Investigations Opened  | 0  |
| Pending Investigations | 3  |

## **INFORMATION**



# Board of Directors Finance and Insurance Committee

8/17/2021 Board Meeting

**5**G

## Subject

Report on list of certified assessed valuations for fiscal year 2021/22 and tabulation of assessed valuations, percentage participation, and vote entitlement of member agencies as of August 17, 2021

### **Executive Summary**

Every year, Metropolitan receives the certified assessed valuation from the county auditors for the six counties where Metropolitan provides water service. All county auditors have until the 15<sup>th</sup> day of August to provide the certified assessed valuation to Metropolitan, which is why Metropolitan's Board adjourns its August regular and committee meetings to the third week of the month. Metropolitan received the last of the counties' information for fiscal year (FY) 2021/22 on August 9, 2021.

Based on the information received, staff reports that certified assessed valuations for Metropolitan's six-county service area totaled \$3.38 trillion for FY 2021/22. The percentage participation and vote entitlement by member agencies as of August 17, 2021, have been updated accordingly and are reported in this letter and in **Attachment 1**. Assessed valuation is also used to determine how many representatives an agency has on the Metropolitan Board. Based on the assessed valuations for FY 2021/22, the number of representatives for each agency remains the same and is also reported in **Attachment 1**.

#### **Details**

#### **Background**

This letter reports the certified assessed valuations for FY 2021/22 and member agency percentage participation, vote, and director entitlement (**Attachment 1**), which become effective for all purposes at the August 17, 2021, Adjourned regular Board meeting.

As part of the Metropolitan Water District Act, the process of determining assessed valuation is made each August, based on submissions from the auditors of each of the six counties in the Metropolitan service area. Metropolitan uses a weighted voting system based on assessed valuation. Under Section 55 of the Metropolitan Water District Act, each member agency gets one vote for every \$10 million of assessed valuation of property taxable for Metropolitan's purposes. Under Section 52 of the Metropolitan Water District Act, assessed valuation is also used to determine how many representatives an agency has on the Metropolitan Board. Each member agency is entitled to one board member and may appoint an additional representative for each full 5 percent of Metropolitan's assessed valuation of taxable property that is within such member agency's service area. As of 2019, AB1220 (Garcia) added subsection (b) to Section 52 of the Metropolitan Water District Act, which provides, "A member public agency shall not have fewer than the number of representatives the member public agency had as of January 1, 2019. This subdivision does not affect Section 55." Based on the assessed valuations for FY 2021/22, neither the assessed valuations nor AB1220 affects the current number of directors of any member agencies.

The certificates of the county auditors for the six counties covering Metropolitan's area, certifying the FY 2021/22 assessed valuations of all property used for calculating Metropolitan's FY 2021/22 vote and director entitlement, are on file in the office of the Controller.

The assessed valuations by the respective county auditors are as follows:

| COUNTY                     | Net Assessed<br>Valuations Taxable<br>by Metropolitan |
|----------------------------|---|
| Los Angeles                | \$ 1,646,492,326,671                                  |
| Orange                     | 678,316,781,566                                       |
| Riverside                  | 219,578,474,345                                       |
| San Bernardino             | 134,331,566,053                                       |
| San Diego                  | 583,017,440,327                                       |
| Ventura                    | 115,523,068,278                                       |
| Total Net A.V.s within MWD | \$ 3,377,259,657,240                                  |

A comparison of FY 2020/21 and FY 2021/22 assessed valuations and the percentage of change (**Attachment 2**) and a comparison of FY 2020/21 and FY 2021/22 vote entitlement and the percentage change (**Attachment 3**) are attached for your information.

### **Policy**

Metropolitan Water District Act Section 52: Additional Directors

Metropolitan Water District Act Section 55: Voting by Board

Metropolitan Water District Act Section 305: Certification of Assessed Valuations; Segregation of Valuations

## Fiscal Impact

None

8/12/2021 Date

Assistant General Manager/

Chief Financial Officer

8/12/2021

Date

Ade**⊮**Hageknalil General Manager

Attachment 1 – Assessed Valuations, Percentage Participation, and Vote and Director Entitlement of Member Public Agencies as of August 17, 2021

Attachment 2 - Comparison of Assessed Valuations for the Fiscal Years 2020/21 and 2021/22

Attachment 3 – Comparison of Vote Entitlement Percentage for the Fiscal Years 2020/21 and 2021/22

#### The Metropolitan Water District of Southern California Assessed Valuations, Percentage Participation, and Vote and Director Entitlement of Member Public Agencies As of August 17, 2021

|   |    | *Assessed Valuation | Percent  | ** Vote            | *** Director       |
|---|----|---------------------|----------|--------------------|--------------------|
| Member Agency                                 |    | Amount Certified    | of Total | <b>Entitlement</b> | <b>Entitlement</b> |
| Anaheim                                       | \$ | 52,770,105,769      | 1.56%    | 5,277              | 1                  |
| Beverly Hills                                 |    | 40,556,322,250      | 1.20%    | 4,056              | 1                  |
| Burbank                                       |    | 26,658,744,353      | 0.79%    | 2,666              | 1                  |
| Calleguas MWD                                 |    | 115,523,068,278     | 3.42%    | 11,552             | 1                  |
| Central Basin MWD                             |    | 170,507,424,919     | 5.05%    | 17,051             | 2                  |
| Compton                                       |    | 5,532,949,076       | 0.16%    | 553                | 1                  |
| Eastern MWD                                   |    | 94,915,554,888      | 2.81%    | 9,492              | 1                  |
| Foothill MWD                                  |    | 21,311,191,856      | 0.63%    | 2,131              | 1                  |
| Fullerton                                     |    | 22,553,392,934      | 0.67%    | 2,255              | 1                  |
| Glendale                                      |    | 36,217,648,695      | 1.07%    | 3,622              | 1                  |
| Inland Empire Utilities Agency                |    | 134,331,566,053     | 3.98%    | 13,433             | 1                  |
| Las Virgenes MWD                              |    | 27,408,724,004      | 0.81%    | 2,741              | 1                  |
| Long Beach                                    |    | 57,723,043,377      | 1.71%    | 5,772              | 1                  |
| Los Angeles                                   |    | 706,889,709,099     | 20.93%   | 70,689             | 5                  |
| MWD of Orange County                          |    | 572,644,148,828     | 16.96%   | 57,264             | 4                  |
| Pasadena                                      |    | 35,217,752,165      | 1.04%    | 3,522              | 1                  |
| San Diego County Water Authority              |    | 583,017,440,327     | 17.26%   | 58,302             | 4                  |
| San Fernando                                  |    | 2,240,146,159       | 0.07%    | 224                | 1                  |
| San Marino                                    |    | 7,301,307,221       | 0.22%    | 730                | 1                  |
| Santa Ana                                     |    | 30,349,134,035      | 0.90%    | 3,035              | 1                  |
| Santa Monica                                  |    | 43,524,405,763      | 1.29%    | 4,352              | 1                  |
| Three Valleys MWD                             |    | 77,532,535,944      | 2.30%    | 7,753              | 1                  |
| Torrance                                      |    | 32,366,063,475      | 0.96%    | 3,237              | 1                  |
| Upper San Gabriel Valley MWD                  |    | 119,424,678,623     | 3.54%    | 11,942             | 1                  |
| West Basin MWD                                |    | 236,079,679,692     | 6.99%    | 23,608             | 2                  |
| Western MWD                                   | _  | 124,662,919,457     | 3.69%    | 12,466             | 1                  |
| TOTAL ASSESSED VALUATIONS WITHIN METROPOLITAN | \$ | 3,377,259,657,240   | 100%     | 337,725            | <u>38</u>          |

Percentage may not foot due to rounding.

- \* The above valuations include only those which have been certified by the County Auditors, in accordance with Section 305 of the Metropolitan Water District Act, Statutes of 1969, as amended. The certified valuations have been reduced to reflect Homeowners' Property Exemptions and do not include areas excluded from Metropolitan.
- \*\* Each member of the Board shall be entitled to cast one vote for each ten million dollars (\$10,000,000) of assessed valuation of property taxable for district purposes, in accordance with Section 55 of the Metropolitan Water District Act.
- \*\*\* In addition to one representative, pursuant to Section 52 of the MWD Act (Chapter 781, Stats. 1998), each member agency shall be entitled to one additional representative for each full five percent of the assessed valuation of property taxable for Metropolitan purposes. Pursuant to AB1220 (Garcia), a member public agency shall not have fewer than the number of representatives the member agency had as of January 1, 2019.

## The Metropolitan Water District of Southern California Comparison of Assessed Valuations for the Fiscal Years 2020/21 and 2021/22

|                                  | FY 2020/21                | FY 2021/22                | Percentage |
|----------------------------------|---------------------------|---------------------------|------------|
| Member Agency                    | <b>Assessed Valuation</b> | <b>Assessed Valuation</b> | Change     |
| Los Angeles County:              |                           |                           |            |
| Beverly Hills                    | \$ 38,984,209,757         | \$ 40,583,310,050         | 4.1%       |
| Burbank                          | 26,232,053,217            | 26,748,023,753            | 2.0%       |
| Glendale                         | 35,299,922,378            | 36,345,845,295            | 3.0%       |
| Los Angeles                      | 681,956,634,299           | 709,083,947,710           | 4.0%       |
| Pasadena                         | 34,064,564,522            | 35,335,259,765            | 3.7%       |
| San Marino                       | 7,131,517,032             | 7,320,492,821             | 2.6%       |
| Santa Monica                     | 42,052,273,740            | 43,587,383,363            | 3.7%       |
| Long Beach                       | 56,231,422,772            | 57,968,268,060            | 3.1%       |
| Torrance                         | 31,509,046,749            | 32,515,355,445            | 3.2%       |
| Compton                          | 5,367,588,584             | 5,582,500,327             | 4.0%       |
| West Basin MWD                   | 228,506,171,874           | 236,818,506,381           | 3.6%       |
| Three Valleys MWD                | 75,830,420,346            | 78,005,973,833            | 2.9%       |
| Foothill MWD                     | 20,633,179,075            | 21,419,354,456            | 3.8%       |
| Central Basin MWD                | 164,837,540,712           | 171,489,406,027           | 4.0%       |
| Las Virgenes MWD                 | 26,576,523,807            | 27,497,146,604            | 3.5%       |
| Upper San Gabriel Valley MWD     | 116,125,000,182           | 120,106,352,506           | 3.4%       |
| San Fernando                     | 2,175,734,122             | 2,252,949,159             | 3.5%       |
| Sali Fellialido                  | 2,173,734,122             | 2,232,949,139             | 3.570      |
| Total Los Angeles County         | 1,593,513,803,168         | 1,652,660,075,555         | 3.7%       |
| Orange County:                   |                           |                           |            |
| Anaheim                          | 51,034,279,760            | 52,973,363,369            | 3.8%       |
| Santa Ana                        | 29,025,884,820            | 30,488,478,855            | 5.0%       |
| Fullerton                        | 22,487,669,340            | 22,663,775,934            | 0.8%       |
| MWD of Orange County             | 552,439,582,191           | 574,919,973,901           | 4.1%       |
| Total Orange County              | 654,987,416,111           | 681,045,592,059           | 4.0%       |
| Total Crango County              | 33 1,031 , 113,111        | 33.,0.10,002,003          |            |
| Riverside County:                |                           |                           |            |
| Eastern MWD                      | 90,029,050,008            | 95,577,833,354            | 6.2%       |
| Western MWD                      | 118,986,898,017           | 125,405,306,316           | 5.4%       |
| Total Riverside County           | 209,015,948,025           | 220,983,139,670           | 5.7%       |
| San Bernardino County:           |                           |                           |            |
| Inland Empire Utilities Agency   | 127,116,540,150           | 134,989,972,419           | 6.2%       |
|                                  |                           |                           |            |
| San Diego County:                |                           |                           |            |
| San Diego County Water Authority | 566,336,932,422           | 586,179,903,320           | 3.5%       |
| Ventura County:                  |                           |                           |            |
| Calleguas MWD                    | 112,311,699,205           | 116,206,929,078           | 3.5%       |
| Total Within Metropolitan        | 3,263,282,339,081         | 3,392,065,612,101         | 3.9%       |
| Excluded Areas                   |                           | 80,568,829                | 10.1%      |
|                                  |                           |                           |            |
| *Total Taxable by Metropolitan   | 3,263,355,524,486         | \$ 3,392,146,180,930      | 3.9%       |

# The Metropolitan Water District of Southern California Comparison of Vote Entitlement Percentage for the Fiscal Years 2020/21 and 2021/22

| FY 2020/21                       |                     | FY 2021/22                        |                     | Change                            |                     |                                   |
|----------------------------------|---------------------|-----------------------------------|---------------------|-----------------------------------|---------------------|-----------------------------------|
| Member Agency                    | Vote<br>Entitlement | Vote<br>Entitlement<br>Percentage | Vote<br>Entitlement | Vote<br>Entitlement<br>Percentage | Vote<br>Entitlement | Vote<br>Entitlement<br>Percentage |
| Anaheim                          | 5,083               | 1.56%                             | 5,277               | 1.56%                             | 194                 | 0.00%                             |
| Beverly Hills                    | 3,896               | 1.20%                             | 4,056               | 1.20%                             | 160                 | 0.00%                             |
| Burbank                          | 2,614               | 0.80%                             | 2,666               | 0.79%                             | 52                  | -0.02%                            |
| Calleguas MWD                    | 11,162              | 3.44%                             | 11,552              | 3.42%                             | 390                 | -0.02%                            |
| Central Basin MWD                | 16,384              | 5.04%                             | 17,051              | 5.05%                             | 667                 | 0.00%                             |
| Compton                          | 532                 | 0.16%                             | 553                 | 0.16%                             | 21                  | 0.00%                             |
| Eastern MWD                      | 8,936               | 2.75%                             | 9,492               | 2.81%                             | 556                 | 0.06%                             |
| Foothill MWD                     | 2,052               | 0.63%                             | 2,131               | 0.63%                             | 79                  | 0.00%                             |
| Fullerton                        | 2,238               | 0.69%                             | 2,255               | 0.67%                             | 17                  | -0.02%                            |
| Glendale                         | 3,517               | 1.08%                             | 3,622               | 1.07%                             | 105                 | -0.01%                            |
| Inland Empire Utilities Agency   | 12,645              | 3.89%                             | 13,433              | 3.98%                             | 788                 | 0.08%                             |
| Las Virgenes MWD                 | 2,649               | 0.82%                             | 2,741               | 0.81%                             | 92                  | 0.00%                             |
| Long Beach                       | 5,598               | 1.72%                             | 5,772               | 1.71%                             | 174                 | -0.01%                            |
| Los Angeles                      | 67,972              | 20.93%                            | 70,689              | 20.93%                            | 2,717               | 0.01%                             |
| MWD of Orange County             | 55,013              | 16.94%                            | 57,264              | 16.96%                            | 2,251               | 0.02%                             |
| Pasadena                         | 3,395               | 1.05%                             | 3,522               | 1.04%                             | 127                 | 0.00%                             |
| San Diego County Water Authority | 56,310              | 17.34%                            | 58,302              | 17.26%                            | 1,992               | -0.07%                            |
| San Fernando                     | 216                 | 0.07%                             | 224                 | 0.07%                             | 8                   | 0.00%                             |
| San Marino                       | 711                 | 0.22%                             | 730                 | 0.22%                             | 19                  | 0.00%                             |
| Santa Ana                        | 2,889               | 0.89%                             | 3,035               | 0.90%                             | 146                 | 0.01%                             |
| Santa Monica                     | 4,199               | 1.29%                             | 4,352               | 1.29%                             | 153                 | 0.00%                             |
| Three Valleys MWD                | 7,535               | 2.32%                             | 7,753               | 2.30%                             | 218                 | -0.02%                            |
| Torrance                         | 3,136               | 0.97%                             | 3,237               | 0.96%                             | 101                 | -0.01%                            |
| Upper San Gabriel Valley MWD     | 11,544              | 3.55%                             | 11,942              | 3.54%                             | 398                 | -0.02%                            |
| West Basin MWD                   | 22,776              | 7.01%                             | 23,608              | 6.99%                             | 832                 | -0.02%                            |
| Western MWD                      | 11,824              | 3.64%                             | 12,466              | 3.69%                             | 642                 | 0.05%                             |
| Total                            | 324,826             | 100%                              | 337,725             | 100%                              | 12,899              | 0.00%                             |

Percentages may not foot due to rounding.



# Certified Assessed Valuations FY 21-22

Finance and Insurance Committee Item 5-G August 16, 2021

# Purpose of Report

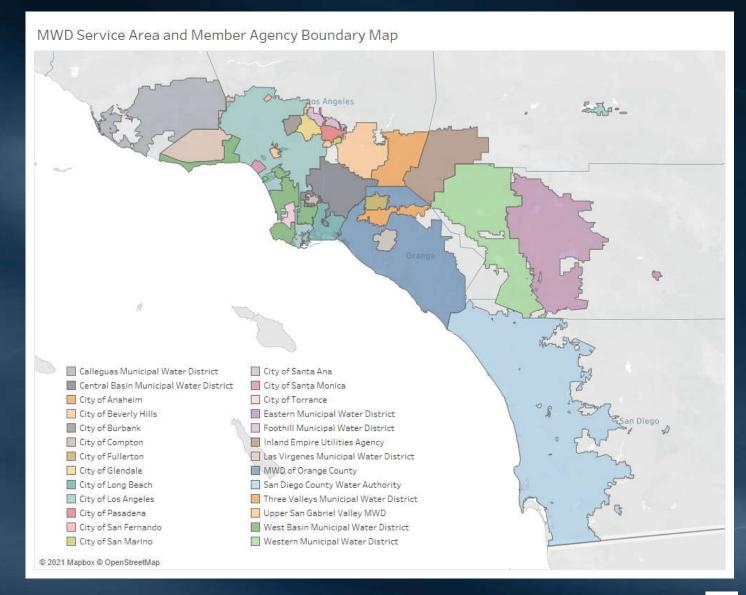
- Metropolitan receives certified assessed valuations (AV) from each of the county auditor-controllers within its service area
  - All six counties have provided the requested AV information
  - The last submitted AV information arrived on Aug 9<sup>th</sup>



Assessed valuations are a key component to determining Board Director Entitlement and Member Agency Vote Entitlement

# Background

- Our District boundaries are composed of tax rate areas within the County.
- Our Change of Statement of Boundaries establishes the current legal definition of what tax rate areas fall within our District in a given tax year.



# Current Assessed Valuations and Entitlements

The Metropolitan Water District of Southern California Assessed Valuations, Percentage Participation, and Vote and Director Entitlement of Member Public Agencies As of August 17, 2021

|   |     | *Assessed Valuation | Percent  | ** Vote            | *** Director |
|---|-----|---------------------|----------|--------------------|--------------|
| Member Agency                                 |     | Amount Certified    | of Total | <u>Entitlement</u> | Entitlement  |
| Anaheim                                       | \$  | 52,770,105,769      | 1.56%    | 5,277              | 1            |
| Beverly Hills                                 |     | 40,556,322,250      | 1.20%    | 4,056              | 1            |
| Burbank                                       |     | 26,658,744,353      | 0.79%    | 2,666              | 1            |
| Calleguas MWD                                 |     | 115,523,068,278     | 3.42%    | 11,552             | 1            |
| Central Basin MWD                             |     | 170,507,424,919     | 5.05%    | 17,051             | 2            |
| Compton                                       |     | 5,532,949,076       | 0.16%    | 553                | 1            |
| Eastern MWD                                   |     | 94,915,554,888      | 2.81%    | 9,492              | 1            |
| Foothill MWD                                  |     | 21,311,191,856      | 0.63%    | 2,131              | 1            |
| Fullerton                                     |     | 22,553,392,934      | 0.67%    | 2,255              | 1            |
| Glendale                                      |     | 36,217,648,695      | 1.07%    | 3,622              | 1            |
| Inland Empire Utilities Agency                |     | 134,331,566,053     | 3.98%    | 13,433             | 1            |
| Las Virgenes MWD                              |     | 27,408,724,004      | 0.81%    | 2,741              | 1            |
| Long Beach                                    |     | 57,723,043,377      | 1.71%    | 5,772              | 1            |
| Los Angeles                                   |     | 706,889,709,099     | 20.93%   | 70,689             | 5            |
| MWD of Orange County                          |     | 572,644,148,828     | 16.96%   | 57,264             | 4            |
| Pasadena                                      |     | 35,217,752,165      | 1.04%    | 3,522              | 1            |
| San Diego County Water Authority              |     | 583,017,440,327     | 17.26%   | 58,302             | 4            |
| San Fernando                                  |     | 2,240,146,159       | 0.07%    | 224                | 1            |
| San Marino                                    |     | 7,301,307,221       | 0.22%    | 730                | 1            |
| Santa Ana                                     |     | 30,349,134,035      | 0.90%    | 3,035              | 1            |
| Santa Monica                                  |     | 43,524,405,763      | 1.29%    | 4,352              | 1            |
| Three Valleys MWD                             |     | 77,532,535,944      | 2.30%    | 7,753              | 1            |
| Torrance                                      |     | 32,366,063,475      | 0.96%    | 3,237              | 1            |
| Upper San Gabriel Valley MWD                  |     | 119,424,678,623     | 3.54%    | 11,942             | 1            |
| West Basin MWD                                |     | 236,079,679,692     | 6.99%    | 23,608             | 2            |
| Western MWD                                   | _   | 124,662,919,457     | 3.69%    | 12,466             | 1            |
| TOTAL ASSESSED VALUATIONS WITHIN METROPOLITAN | \$_ | 3,377,259,657,240   | 100%     | 337,725            | <u>38</u>    |

- The above valuations include only those which have been certified by the County Auditors, in accordance with Section 305 of the Metropolitan Water District Act, Statutes of 1969, as amended. The certified valuations have been reduced to reflect Homeowners' Property Exemptions and do not include areas excluded from Metropolitan.
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- \*\*\* In addition to one representative, pursuant to Section 52 of the MWD Act (Chapter 781, Stats. 1998), each member agency shall be entitled to one additional representative for each full five percent of the assessed valuation of property taxable for Metropolitan purposes. Pursuant to AB1220 (Garcia), a member public agency shall not have fewer than the number of representatives the member agency had as of January 1, 2019.

Percentage may not foot due to rounding.

# Comparison of CFY and PFY of Entitlements

The Metropolitan Water District of Southern California

Comparison of Vote Entitlement Percentage for the Fiscal Years 2020/21 and 2021/22

|                                  | FY 2020/21          |                                   | FY 20               | FY 2021/22                        |                     | Change                            |  |
|----------------------------------|---------------------|-----------------------------------|---------------------|-----------------------------------|---------------------|-----------------------------------|--|
| Member Agency                    | Vote<br>Entitlement | Vote<br>Entitlement<br>Percentage | Vote<br>Entitlement | Vote<br>Entitlement<br>Percentage | Vote<br>Entitlement | Vote<br>Entitlement<br>Percentage |  |
| Anaheim                          | 5,083               | 1.56%                             | 5,277               | 1.56%                             | 194                 | 0.00%                             |  |
| Beverly Hills                    | 3,896               | 1.20%                             | 4,056               | 1.20%                             | 160                 | 0.00%                             |  |
| Burbank                          | 2,614               | 0.80%                             | 2,666               | 0.79%                             | 52                  | -0.02%                            |  |
| Calleguas MWD                    | 11,162              | 3.44%                             | 11,552              | 3.42%                             | 390                 | -0.02%                            |  |
| Central Basin MWD                | 16,384              | 5.04%                             | 17,051              | 5.05%                             | 667                 | 0.00%                             |  |
| Compton                          | 532                 | 0.16%                             | 553                 | 0.16%                             | 21                  | 0.00%                             |  |
| Eastern MWD                      | 8,936               | 2.75%                             | 9,492               | 2.81%                             | 556                 | 0.06%                             |  |
| Foothill MWD                     | 2,052               | 0.63%                             | 2,131               | 0.63%                             | 79                  | 0.00%                             |  |
| Fullerton                        | 2,238               | 0.69%                             | 2,255               | 0.67%                             | 17                  | -0.02%                            |  |
| Glendale                         | 3,517               | 1.08%                             | 3,622               | 1.07%                             | 105                 | -0.01%                            |  |
| Inland Empire Utilities Agency   | 12,645              | 3.89%                             | 13,433              | 3.98%                             | 788                 | 0.08%                             |  |
| Las Virgenes MWD                 | 2,649               | 0.82%                             | 2,741               | 0.81%                             | 92                  | 0.00%                             |  |
| Long Beach                       | 5,598               | 1.72%                             | 5,772               | 1.71%                             | 174                 | -0.01%                            |  |
| Los Angeles                      | 67,972              | 20.93%                            | 70,689              | 20.93%                            | 2,717               | 0.01%                             |  |
| MWD of Orange County             | 55,013              | 16.94%                            | 57,264              | 16.96%                            | 2,251               | 0.02%                             |  |
| Pasadena                         | 3,395               | 1.05%                             | 3,522               | 1.04%                             | 127                 | 0.00%                             |  |
| San Diego County Water Authority | 56,310              | 17.34%                            | 58,302              | 17.26%                            | 1,992               | -0.07%                            |  |
| San Fernando                     | 216                 | 0.07%                             | 224                 | 0.07%                             | 8                   | 0.00%                             |  |
| San Marino                       | 711                 | 0.22%                             | 730                 | 0.22%                             | 19                  | 0.00%                             |  |
| Santa Ana                        | 2,889               | 0.89%                             | 3,035               | 0.90%                             | 146                 | 0.01%                             |  |
| Santa Monica                     | 4,199               | 1.29%                             | 4,352               | 1.29%                             | 153                 | 0.00%                             |  |
| Three Valleys MWD                | 7,535               | 2.32%                             | 7,753               | 2.30%                             | 218                 | -0.02%                            |  |
| Torrance                         | 3,136               | 0.97%                             | 3,237               | 0.96%                             | 101                 | -0.01%                            |  |
| Upper San Gabriel Valley MWD     | 11,544              | 3.55%                             | 11,942              | 3.54%                             | 398                 | -0.02%                            |  |
| West Basin MWD                   | 22,776              | 7.01%                             | 23,608              | 6.99%                             | 832                 | -0.02%                            |  |
| Western MWD                      | 11,824              | 3.64%                             | 12,466              | 3.69%                             | 642                 | 0.05%                             |  |
| Total                            | 324,826             | 100%                              | 337,725             | 100%                              | 12,899              | 0.00%                             |  |

As a result of these updated certified assessed valuations:

- ✓ No Changes to Director
  Entitlements, consistent with
  Assembly Bill No. 1220
  minimum requirements
- ✓ Vote Entitlements among
  Member Agencies have only
  had modest changes ranging
  from +0.08% to -0.07%

Percentages may not foot due to rounding



#### **MINUTES**

#### **REGULAR MEETING OF THE**

#### **BOARD OF DIRECTORS**

#### THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

July 13, 2021

**52424** The Board of Directors of The Metropolitan Water District of Southern California met in Regular Session on Tuesday, July 13, 2021.

Chairwoman Gray called the Teleconference Meeting to order at 12:00 p.m.

**52425** The Meeting was opened with an invocation by Raymond Townsend, Administrative Assistant II, Guest Services Team, Water Systems Operations Group.

**52426** The Pledge of Allegiance to the Flag was given by Director Murray.

Chairwoman Gray welcomed new General Manager Hagekhalil to his first Board Meeting.

General Manager Hagekhalil responded with brief comments to the Board.

**52427** Board Secretary Abdo administered the roll call. Those responding present were: Directors Abdo, Ackerman, Apodaca, Atwater, Blois, Butkiewicz, Camacho, Cordero, De Jesus, Dennstedt, Erdman, Faessel, Fellow, Gray, Hawkins, Hogan, Jung, Kassakhian, Kurtz, Lefevre, Luna, Morris, Murray, Ortega, Petersen, Peterson, Phan, Pressman, Quinn, Ramos, Record, Repenning, Smith, and Tamaribuchi.

Those not responding were: Directors Dick, Goldberg, McCoy, and Williams.

Board Secretary Abdo declared a quorum present.

**52428** Chairwoman Gray invited members of the public to address the Board on matters within the Board's jurisdiction.

|   | Name          | Affiliation                      | Item              |
|---|---------------|----------------------------------|-------------------|
| 1 | Ellen Mackey  | Chair of AFSCME's Women's Caucus | Personnel matters |
| 2 | Alan Shanahan | AFSCME 1902                      | Personnel matters |

Chairwoman Gray addressed the following: Other Matters and Reports.

**52429** Chairwoman Gray asked if there were any changes to the report of events attended by Directors at Metropolitan's expense during the month of June as previously posted and distributed to the Board.

No amendments were made.

**52430** Chairwoman Gray referred to her monthly report, which was previously posted and distributed to the Board. Chairwoman stated she had nothing to add to her report.

**52431** Regarding matters relating to Metropolitan's operations and activities, General Manager Hagekhalil added the following:

- The Governor has issued an Executive Order calling for a voluntary 15 percent reduction in water usage. Also, the General Manager and Chairwoman Gray are meeting with state legislators to discuss ways Metropolitan can collaborate with the state, moving forward.
- 2. Provided an update on an agreement with the Los Angeles Department of Water and Power to help Member Agencies by shifting usage from Colorado River water to Los Angeles Department of Water and Power.
- 3. The Member Agency Managers' meeting schedule has changed to hold meetings two weeks prior to Metropolitan Board Meetings instead of after.
- 4. Provided an update on HR 4099 from Representative Napolitano, regarding small recycled water projects; as well as the companion bill from the Senate to support this effort.
- 5. The Governor's Drought proclamation and potential funding for Metropolitan to invest in drought resiliency and groundwater remediation.
- 6. Provided an update on meetings with Member Agencies, board members, and staff.

**52432** General Counsel Scully stated she had nothing further to add to her report, welcomed new General Manager Hagekhalil, and acknowledged former General Manager Kightlinger for his leadership.

**52433** General Auditor Riss stated he had nothing further to add to his report, welcomed new General Manager Hagekhalil, and acknowledged former General Manager Kightlinger for his leadership.

**52434** Ethics Officer Salinas welcomed new General Manager Hagekhalil, and stated he had nothing further to add to his report.

Chairwoman Gray addressed the Consent Calendar Items for July 2021.

**52435** Approval of the Minutes of the meeting for June 8, 2021. Chairwoman Gray asked Directors if there were any comments or discussion on the approval of the Minutes of the Meeting for June 8, 2021 (Agenda Item 6A). No requests were made.

**52436** Approval of Committee Assignments (Agenda Item 6B). Chairwoman Gray announced there were no new committee assignments at this time.

**52437** Chairwoman Gray addressed the Consent Calendar Items for June 2021, and called on the Committee Chairs to give a report of the Consent Calendar Action Items as discussed at their Committees. Chairwoman Gray also asked if there were any requests to go into closed session for items 7-11 and 7-12. No requests to go into closed session were made.

Audit and Ethics Committee Agenda Item 7-1 was reported on after Agenda Item 7-12.

Agenda Item 7-2 was withdrawn.

**52438** (a) Authorize an agreement with Nokia of America, Inc. for a not-to-exceed amount of \$5,297,000 for furnishing wide-area network equipment and design support to upgrade the desert region-wide-area network; (b) Authorize increase of \$250,000 to the agreement with Hatfield & Dawson Consulting Engineers, LLC for a new not-to-exceed amount of \$730,000 for specialized technical support for the upgrade; (c) Amend current CIP to include upgrades to the communication system at Gene Pumping Plant; and (d) Authorize an agreement with HDR Engineering, Inc. for a not-to-exceed amount of \$275,000 for design services, as set forth in Agenda Item 7-3 board letter.

Real Property and Assets Management Committee Agenda Items 7-4, 7-5, and 7-6 was reported on at the end of the consent calendar after Agenda Item 7-1.

**52439** Authorize the General Manager to enter into an agreement with Inland Empire Utilities Agency, West Valley, and Valley District to provide West Valley assistance with water deliveries in the event of an emergency or planned outage, or the loss of local supply, as set forth in Agenda Item 7-7 board letter.

**52440** By a two-thirds vote, authorize the General Manager to make payments of up to \$3.56 million to the State Water Contractors for FY 2021/22, as set forth in Agenda Item 7-8 board letter.

**52441** Agenda Item 7-9 was deferred to August 2021.

**52442** Authorize the General Counsel to increase the amount payable under its agreement with Olson Remcho LLP by \$100,000 to a maximum amount payable of \$300,000, as set forth in Agenda Item 7-10 board letter.

**52443** Authorize the General Counsel to increase of maximum amount payable by amendment of the contract with Theodora Oringher PC for legal services by \$200,000 for an amount not to exceed \$900,000, as set forth in Agenda Item 7-11 board letter.

**52444** Authorize filing cross-complaints in Baker Electric, Inc. v. Metropolitan Water District of Southern California, et al., (Los Angeles Superior Court Case No. 21STCV15612); and authorize an increase in the maximum amount payable under contract with Musick, Peeler & Garrett LLP, for legal services by \$200,000 to an amount not to exceed \$300,000, as set forth in Agenda Item 7-12 board letter.

**52445** Authorize the General Auditor to enter into a one-year contract extension for external audit services with the firm of KPMG LLP for annual audits covering fiscal years ending June 30, 2021, through June 30, 2022; for an amount not to exceed \$465,500, as set forth in Agenda Item 7-1 board letter.

**52446** Adopt amendments to Metropolitan's Administrative Code to move certain responsibilities for annexations from the Finance and Insurance Committee to Real Property and Asset Management Committee as shown in **Attachment 1** of the board letter, as set forth in Agenda Item 7-4 board letter.

**52447** Authorize the General Manager to grant a permanent highway and sight easement to Caltrans, as set forth in Agenda Item 7-5 board letter.

**52448** Authorize an increase of \$3 million to an agreement with Roesling Nakamura Terada Architects for a new not-to-exceed amount of \$5 million for preliminary design and architectural support services for the housing and property improvements at four Colorado River Aqueduct pumping plants, as set forth in Agenda Item 7-6 board letter.

**52449** Chairwoman Gray called for a vote to approve the Consent Calendar Items 6A, and 7-1, 7-3 through 7-8, 7-10, 7-11, and 7-12 **(M.I. 52035 through 52449)**.

Director Dennstedt asked to pull Agenda Item 7-1 for discussion.

Director Morris moved, seconded by Director Peterson that the Board approve the Consent Calendar Items 6A, and 7-3 through 7-8, 7-10, 7-11, and 7-12 as follows:

Director Camacho stated that he is recusing himself and that he receives a per diem from the Inland Empire Utilities Agency for serving as their representative on Metropolitan's Board.

Director Phan stated that she is recusing herself from Item 7-7; and stated that San Bernardino Valley Water District is a client of her employer Rutan and Tucker.

Chairwoman Gray called for a vote to approve the Consent Calendar Items -6A, and 7-3 through 7-8, and 7-10, 7-11, and 7-12 (M.I. 52035 through 52449).

The following is a record of the vote:

| Record of Vote on Consent Item(s):     | 6A, 7-3 thro | ough 7-7*, 7- | 8 and 7-10 | throug | ıh 7-12 |    |      |         |         |
|--|--------------|---------------|------------|--------|---------|----|------|---------|---------|
| , ,                                    | Total        |               |            |        | Yes     |    | No   |         | Abstain |
| Member Agency                          | Votes        | Director      | Present    | Yes    | Vote    | No | Vote | Abstain | Vote    |
| Anaheim                                | 5083         | Faessel       | Х          | Х      | 5083    |    |      |         |         |
| Beverly Hills                          | 3896         | Pressman      | Х          | Х      | 3896    |    |      |         |         |
| Burbank                                | 2614         | Ramos         | Х          | Х      | 2614    |    |      |         |         |
| Calleguas Municipal Water District     | 11162        | Blois         | Х          | Х      | 11162   |    |      |         |         |
| Central Basin Municipal Water District | 16384        | Apodaca       | Х          | Х      | 8192    |    |      |         |         |
|  |              | Hawkins       | Х          | Х      | 8192    |    |      |         |         |
|  |              |               | Subtotal:  |        | 16384   |    |      |         |         |
| Compton                                |              | McCoy         |            |        |         |    |      |         |         |
| Eastern Municipal Water District       | 8936         | Record        | Х          | Х      | 8936    |    |      |         |         |
| Foothill Municipal Water District      | 2052         | Atwater       | Х          | Х      | 2052    |    |      |         |         |
| Fullerton                              | 2238         | Jung          | Х          | Х      | 2238    |    |      |         |         |
| Glendale                               | 3517         | Kassakhian    | Х          | Х      | 3517    |    |      |         |         |
| Inland Empire Utilities Agency         | 12645        | Camacho       | Х          | Х      | 12645   |    |      |         |         |
| Las Virgenes                           |              | Peterson      | Х          | Х      | 2649    |    |      |         |         |
| Long Beach                             | 5598         | Cordero       | Х          | Х      | 5598    |    |      |         |         |
| Los Angeles                            | 67972        | Murray        | Х          | Х      | 13594   |    |      |         |         |
|  |              | Petersen      | Х          | Х      | 13594   |    |      |         |         |
|  |              | Quinn         | Х          | Х      | 13594   |    |      |         |         |
|  |              | Luna          | Х          | Х      | 13594   |    |      |         |         |
|  |              | Repenning     | Х          | Х      | 13594   |    |      |         |         |
|  |              |               | Subtotal:  |        | 67972   |    |      |         |         |
| Municipal Water Dist. of Orange County | 55013        | Ackerman      | Х          | Х      | 18338   |    |      |         |         |
| -                                      |              | Tamaribuchi   | Х          | Х      | 18338   |    |      |         |         |
|  |              | Dick          |            |        |         |    |      |         |         |
|  |              | Erdman        | Х          | Х      | 18338   |    |      |         |         |
|  |              |               | Subtotal:  |        | 55013   |    |      |         |         |
| Pasadena                               | 3395         | Kurtz         | Х          | Х      | 3395    |    |      |         |         |
| San Diego County Water Authority       | 56310        | Butkiewicz    | Х          | Х      | 18770   |    |      |         |         |
| -                                      |              | Goldberg      |            |        |         |    |      |         |         |
|  |              | Hogan         | Х          | Х      | 18770   |    |      |         |         |
|  |              | Smith         | Х          | Х      | 18770   |    |      |         |         |
|  |              |               | Subtotal:  |        | 56310   |    |      |         |         |
| San Fernando                           | 216          | Ortega        | Х          | Х      | 216     |    |      |         |         |
| San Marino                             | 711          | Morris        | Х          | Х      | 711     |    |      |         |         |
| Santa Ana                              | 2889         | Phan          | Х          | Х      | 2889    |    |      |         |         |
| Santa Monica                           | 4199         | Abdo          | х          | х      | 4199    |    |      |         |         |
| Three Valleys Municipal Water District | 7535         | De Jesus      | х          | х      | 7535    |    |      |         |         |
| Torrance                               |              | Lefevre       | Х          | Х      | 3136    |    |      |         |         |
| Upper San Gabriel Valley Mun. Wat. Dis |              | Fellow        | х          | х      | 11544   |    |      |         |         |
| West Basin Municipal Water District    | 22776        | Williams      |            |        |         |    |      |         |         |
| ·                                      |              | Gray          | х          | х      | 22776   |    |      |         |         |
|  |              |               | Subtotal:  |        | 22776   |    |      |         |         |
| Western Municipal Water District       | 11824        | Dennestedt    | х          | х      | 11824   |    |      | 1       |         |
| Total                                  | 324826       |               |            |        | 324294  |    |      |         |         |
| Present and not voting                 |              |               |            |        |         |    |      |         |         |
| Absent                                 | 532          |               |            |        |         |    |      |         |         |

The motion to approve the Consent Calendar Items 6A, 7-3 through 7-7\*, 7-8, and 7-10 through 7-12 passed by a vote of 324,294 ayes; 0 noes; 0 abstain; 0 not voting; and 532 absent.

#### \*Note: Individual vote tallies for Item 7-7

Director Camacho was disqualified, and Director Phan recused herself from voting. The motion to approve the Consent Calendar Item 7-7 passed by a vote of 308,760 ayes; 0 noes; 0 abstain; 15,534 not voting; and 532 absent.

**52450** Chairwoman Gray called for a vote to approve the Consent Calendar Item 7-1.

Director Ortega moved, seconded by Director Peterson that the Board approve Consent Calendar Item 7-1 as follows:

Authorize the General Auditor to enter into a one-year contract extension for external audit services with the firm of KPMG LLP for annual audits covering fiscal years ending June 30, 2021, through June 30, 2022; for an amount not to exceed \$465,500, as set forth in Agenda Item 7-1 board letter.

Director Dennstedt made comments and stated she will vote No on Item 7-1.

The following is a record of the vote:

| Record of Vote on Consent Item(s):     | 7-1                |            |           |     |        |    |       |                |         |
|--|--------------------|------------|-----------|-----|--------|----|-------|----------------|---------|
| (0)                                    |                    |            |           |     | Yes    |    | No    |                | Abstain |
| Member Agency                          | <b>Total Votes</b> | Director   | Present   | Yes | Vote   | No | Vote  | <b>Abstain</b> | Vote    |
| Anaheim                                | 5083               | Faessel    | Х         | Х   | 5083   |    |       |                |         |
| Beverly Hills                          | 3896               | Pressman   | Х         | Х   | 3896   |    |       |                |         |
| Burbank                                | 2614               | Ramos      | Х         | Х   | 2614   |    |       |                |         |
| Calleguas Municipal Water District     | 11162              | Blois      | Х         | Х   | 11162  |    |       |                |         |
| Central Basin Municipal Water District | 16384              | Apodaca    | Х         | Х   | 8192   |    |       |                |         |
|  |                    | Hawkins    | Х         | Х   | 8192   |    |       |                |         |
|  |                    |            | Subtotal: |     | 16384  |    |       |                |         |
| Compton                                | 532                | McCoy      |           |     |        |    |       |                |         |
| Eastern Municipal Water District       | 8936               | Record     | Х         |     |        | Х  | 8936  |                |         |
| Foothill Municipal Water District      | 2052               | Atwater    | Х         | Х   | 2052   |    |       |                |         |
| Fullerton                              | 2238               | Jung       | Х         | Х   | 2238   |    |       |                |         |
| Glendale                               | 3517               | Kassakhian | Х         | Х   | 3517   |    |       |                |         |
| Inland Empire Utilities Agency         | 12645              | Camacho    | Х         | Х   | 12645  |    |       |                |         |
| Las Virgenes                           | 2649               | Peterson   | Х         | Х   | 2649   |    |       |                |         |
| Long Beach                             | 5598               | Cordero    | Х         | Х   | 5598   |    |       |                |         |
| Los Angeles                            | 67972              | Murray     | Х         | Х   | 13594  |    |       |                |         |
| -                                      |                    | Petersen   | Х         | Х   | 13594  |    |       |                |         |
|  |                    | Quinn      | Х         | Х   | 13594  |    |       |                |         |
|  |                    | Luna       | Х         | Х   | 13594  |    |       |                |         |
|  |                    | Repenning  | Х         | Х   | 13594  |    |       |                |         |
|  |                    |            | Subtotal: |     | 67972  |    |       |                |         |
| Municipal Water Dist. of Orange County | 55013              | Ackerman   | Х         | Х   | 18338  |    |       |                |         |
| -                                      |                    | Tamaribuch | Х         | Х   | 18338  |    |       |                |         |
|  |                    | Dick       |           |     |        |    |       |                |         |
|  |                    | Erdman     | Х         | Х   | 18338  |    |       |                |         |
|  |                    |            | Subtotal: |     | 55013  |    |       |                |         |
| Pasadena                               | 3395               | Kurtz      | Х         | Х   | 3395   |    |       |                |         |
| San Diego County Water Authority       | 56310              | Butkiewicz | Х         | Х   | 18770  |    |       |                |         |
|  |                    | Goldberg   |           |     |        |    |       |                |         |
|  |                    | Hogan      | Х         | Х   | 18770  |    |       |                |         |
|  |                    | Smith      | Х         | Х   | 18770  |    |       |                |         |
|  |                    |            | Subtotal: |     | 56310  |    |       |                |         |
| San Fernando                           | 216                | Ortega     | Х         | Х   | 216    |    |       |                |         |
| San Marino                             | 711                | Morris     | Х         | Х   | 711    |    |       |                |         |
| Santa Ana                              |                    | Phan       | Х         | Х   | 2889   |    |       |                |         |
| Santa Monica                           |                    | Abdo       | Х         | Х   | 4199   |    |       |                |         |
| Three Valleys Municipal Water District | 7535               | De Jesus   | Х         | Х   | 7535   |    |       |                |         |
| Torrance                               |                    | Lefevre    | Х         | Х   | 3136   |    |       |                |         |
| Upper San Gabriel Valley Mun. Wat. Dis | 11544              | Fellow     | Х         | Х   | 11544  |    |       |                |         |
| West Basin Municipal Water District    | 22776              | Williams   |           |     |        |    |       |                |         |
|  |                    | Gray       | Х         | Х   | 22776  |    |       |                |         |
|  |                    |            | Subtotal: |     | 22776  |    |       |                |         |
| Western Municipal Water District       | 11824              | Dennestedt | Х         |     |        | Х  | 11824 |                |         |
| Total                                  | 324826             |            |           |     | 303534 |    | 20760 |                |         |
| Present and not voting                 |                    |            |           |     |        |    |       |                |         |
| Absent                                 | 532                |            |           |     |        |    |       |                |         |

The motion to approve the Consent Calendar Item 7-1 passed by a vote of 303,534 ayes; 20,760 noes; 0 abstain; 0 not voting; and 532 absent.

52451 Chairwoman Gray called on Ethics Officer Salinas to report on Agenda Item 8-1.

The Ethics Officer stated that the Shaw Law Group is ready to present their report concerning allegations of systemic Equal Employment Opportunity-related discrimination, harassment and retaliation, and related concerns. The report, and its recommendations, is scheduled to be presented at a Special Organization, Personnel

and Technology Committee meeting on July 27, 2021. In addition, the Ethics Officer is recommending a few minor redactions to the report on Pages 20 through 23 of the report, solely to protect employee privacy; and recommends the Board approve recommendation as amended, waiving of the attorney-client privilege subject to the redactions approved jointly by the General Counsel and Ethics Officer, and to direct staff to publicly post the report by Shaw Law Group concerning allegations of systemic Equal Employment Opportunity-related discrimination, harassment and retaliation, and related concerns, as set forth in Agenda Item 8-1 board letter.

The following participants provided comments or asked questions:

|          | Directors/Staff                 | Comments/Questions  |
|----------|---------------------------------|---|
| 1        | Peterson                        | Moved the amended recommendation by Ethics Officer              |
| 2        | Ortega                          | Made comments and asked Director Peterson to amend his          |
|          |                                 | recommendation to make the report public immediately. If so, he |
|          |                                 | Seconds Motion.   |
| 3        | Peterson                        | Amended his original motion to make the report public effective |
|          |                                 | immediately.  |
| 4        | Kurtz                           | Commented and asked a question.                                 |
| 5        | Fellow                          | Commented and asked a question.                                 |
| 6        | Ortega                          | Commented.  |
| 7        | Chairwoman Gray                 | Asking General Counsel for clarification to Director Fellow's   |
|          |                                 | request.  |
| 8        | General Counsel Scully          | Responded to Chairwoman.  |
| 9        | Jennifer Shaw                   | Commented.  |
| 10       | Ethics Officer Salinas          | Commented.  |
| 11       | Chairwoman Gray                 | Commented.  |
| 12       | Jennifer Shaw                   | Commented.  |
| 13       | Dennstedt                       | Asked a question.   |
|          | Chairwoman Gray                 | Commented.  |
| 15       | General Counsel Scully          | Commented.  |
| 16       | Chairwoman Gray                 | Asked a question.   |
| 17       | Ethics Officer Salinas          | Responded to Chairwoman.  |
| 18       | Murray                          | Commented.  |
| 19       | Smith                           | Commented.  |
| 20       | Atwater                         | Commented.  |
| 21       | Jennifer Shaw                   | Commented.  |
| 22       | Pressman                        | Commented.  |
| 23       | General Counsel Scully          | Responded.  |
| 24<br>25 | Pressman Ethics Officer Salinas | Commented.  |
|          |                                 | Commented.  |
| 26       | Record                          | Commented.  |
| 27<br>28 | Chairwoman Gray<br>Ramos        | Commented. Commented.   |
| 28<br>29 | Blois                           |   |
|          |                                 | Commented.  |
| 30       | Chairwoman Gray                 | Called the meeting into Closed Session.                         |

Chairwoman Gray called the meeting into closed session.

Directors Cordero, Hogan, and Tamaribuchi left the meeting.

The Meeting returned to open session at 1:51 p.m. Chairwoman stated that the Board, in closed session, discussed and conferred with General Counsel and that no action was taken.

**52452** Director Peterson amended the original motion, seconded by Director Ortega that the Board approve the report to be released on the 20th of July and to include the recommended redactions.

The following is a record of the vote:

| Record of Vote on Item: 8-1          |             |             |           |     | Yes    |    | No   |         | Abstain |
|--------------------------------------|-------------|-------------|-----------|-----|--------|----|------|---------|---------|
| Member Agency                        | Total Votes | Director    | Present   | Yes | Vote   | No | Vote | Abstain | Vote    |
| Anaheim                              | 5083        | Faessel     | х         | Х   | 5083   |    |      |         |         |
| Beverly Hills                        |             | Pressman    | Х         | Х   | 3896   |    |      |         |         |
| Burbank                              |             | Ramos       | Х         | Х   | 2614   |    |      |         |         |
| Calleguas Municipal Water District   | 11162       |             | Х         | Х   | 11162  |    |      |         |         |
| Central Basin Municipal Water Distri |             | Apodaca     | Х         | Х   | 8192   |    |      |         |         |
| ·                                    |             | Hawkins     | Х         | Х   | 8192   |    |      |         |         |
|                                      |             |             | Subtotal: |     | 16384  |    |      |         |         |
| Compton                              | 532         | McCoy       |           |     |        |    |      |         |         |
| Eastern Municipal Water District     | 8936        | Record      | Х         | Х   | 8936   |    |      |         |         |
| Foothill Municipal Water District    | 2052        | Atwater     | Х         | Х   | 2052   |    |      |         |         |
| Fullerton                            | 2238        | Jung        | Х         | х   | 2238   |    |      |         |         |
| Glendale                             | 3517        | Kassakhian  | Х         | х   | 3517   |    |      |         |         |
| Inland Empire Utilities Agency       | 12645       | Camacho     | х         | х   | 12645  |    |      |         |         |
| Las Virgenes                         | 2649        | Peterson    | Х         | Х   | 2649   |    |      |         |         |
| Long Beach                           | 5598        | Cordero     |           |     |        |    |      |         |         |
| Los Angeles                          | 67972       | Murray      | Х         | Х   | 13594  |    |      |         |         |
|                                      |             | Petersen    | Х         | Х   | 13594  |    |      |         |         |
|                                      |             | Quinn       | Х         | Х   | 13594  |    |      |         |         |
|                                      |             | Luna        | Х         | Х   | 13594  |    |      |         |         |
|                                      |             | Repenning   | Х         | Х   | 13594  |    |      |         |         |
|                                      |             |             | Subtotal: |     | 67972  |    |      |         |         |
| Municipal Water Dist. of Orange Cou  | 55013       | Ackerman    | Х         | Х   | 27507  |    |      |         |         |
|                                      |             | Tamaribuchi |           |     |        |    |      |         |         |
|                                      |             | Dick        |           |     |        |    |      |         |         |
|                                      |             | Erdman      | Х         | Х   | 27507  |    |      |         |         |
|                                      |             |             | Subtotal: |     | 55013  |    |      |         |         |
| Pasadena                             | 3395        | Kurtz       | Х         | Х   | 3395   |    |      |         |         |
| San Diego County Water Authority     | 56310       | Butkiewicz  | Х         | Х   | 28155  |    |      |         |         |
|                                      |             | Goldberg    |           |     |        |    |      |         |         |
|                                      |             | Hogan       |           |     |        |    |      |         |         |
|                                      |             | Smith       | Х         | Х   | 28155  |    |      |         |         |
|                                      |             |             | Subtotal: |     | 56310  |    |      |         |         |
| San Fernando                         |             | Ortega      | Х         | Х   | 216    |    |      |         |         |
| San Marino                           |             | Morris      | Х         | Х   | 711    |    |      |         |         |
| Santa Ana                            | 2889        |             | Х         | Х   | 2889   |    |      |         |         |
| Santa Monica                         | 4199        |             | Х         | Х   | 4199   |    |      |         |         |
| Three Valleys Municipal Water Distri |             | De Jesus    | Х         | Χ   | 7535   |    |      |         |         |
| Torrance                             |             | Lefevre     | Х         | Х   | 3136   |    |      |         |         |
| Upper San Gabriel Valley Mun. Wat.   |             | Fellow      | Х         | Х   | 11544  |    |      |         |         |
| West Basin Municipal Water District  | 22776       | Williams    |           |     |        |    |      |         |         |
|                                      |             | Gray        | Х         | Х   | 22776  |    |      |         |         |
|                                      |             |             | Subtotal: |     | 22776  |    |      |         |         |
| Western Municipal Water District     |             | Dennestedt  | Х         | Х   | 11824  |    |      |         |         |
| Total                                | 324826      |             |           |     | 318696 |    |      |         |         |
| Present and not voting               |             |             |           |     |        |    |      |         |         |
| Absent                               | 6130        |             |           |     |        |    |      |         |         |

The motion to approve Item 8-1 passed by a vote of 318,696 ayes; 0 noes; 0 abstain; 0 not voting; and 6,130 absent.

**52453** Board Chairwoman Gray asked if there were questions or need for discussion for Board Information Item 9-1. No requests were made.

**52454** Agenda Item 10-1 was deferred to August 2021.

52455 Chairwoman Gray asked if there were any future agenda items. No requests were made.

Director Ortega asked that today's meeting be adjourned in the memory of Mr. Augustine Galindo, former Director Sylvia Ballin's father, who passed away this morning.

**52456** There being no objection, at 1:58 p.m., Chairwoman Gray adjourned the Meeting.



# Adopt Resolution Establishing the Tax Rate for FY 2021/2022

Finance & Insurance Committee Item 7-1 August 16, 2021

### **Process**

February 24, 2020 Notice of public hearing provided to Legislature

February 26, 2020 Published notice of hearing

March 9, 2020 Presentation to F&I Committee

March 10, 2020 Public Hearing

April 14, 2020 Board action to adopt resolution on the

applicability of the tax rate limit (Section 124.5)

August 2020 Board action to adopt resolution establishing the

tax rate for FY 2020/21

August 2021 Board action to adopt resolution establishing the

tax rate for FY 2021/22

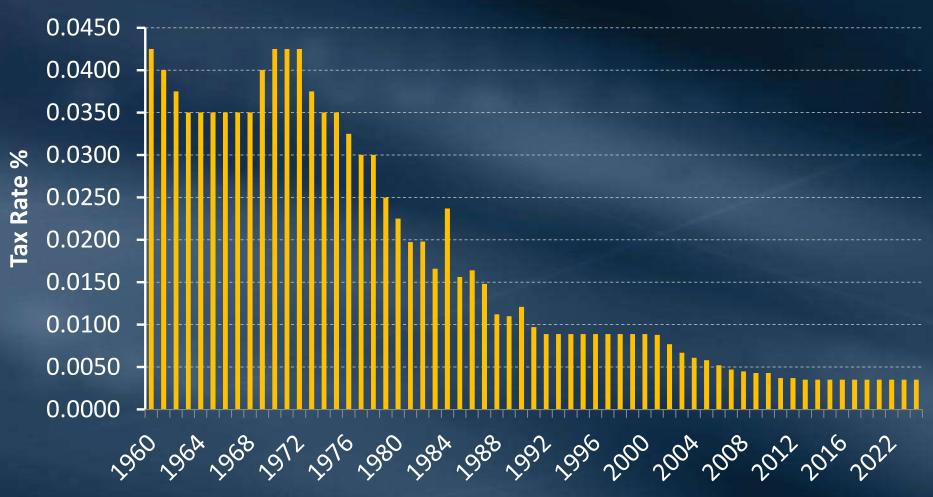
# Proposed Tax Rate Adoption

- Maintain the rate approved in Metropolitan's Current Budget
  - Biennial budget for FYs 2020/21 and 2021/22, water rates for CYs 2021 and 2022, and charges for CYs 2021 and 2022, adopted in April 2020 are based on a continuation of the existing tax rate

# Ad Valorem Tax Background

- Metropolitan Water District (MWD) Act authorizes property taxes to pay obligations of the district
- Proposition 13 allows agencies to repay existing voterapproved indebtedness
- Metropolitan's share of State Water Contract (SWC) costs are within the Prop 13 exception for indebtedness
- Metropolitan's general obligation bonds are within the Prop 13 exception for indebtedness

# **Historical Property Tax Rate**



**Fiscal Year Ending** 

# Current Ad Valorem Tax Rate

- .0035% of assessed valuations
- A single-family residence in Metropolitan's service area assessed at \$400,000 currently pays about \$14 per year in ad valorem taxes towards Metropolitan's costs

|                | August 2020<br>Typical Single Family<br>Home Value: Zillow Home | Estimated      |
|----------------|---|----------------|
| County         | Value Index [ZHVI]  | Taxes per Year |
| Los Angeles    | 693,095   | \$24           |
| Orange         | 815,418   | \$29           |
| Riverside      | 425,242   | \$15           |
| San Bernardino | 371,530   | \$13           |
| San Diego      | 668,220   | \$23           |
| Ventura        | 655,532   | \$23           |

# **Board Options**

- Option #1
  - Adopt the Resolution Levying Ad Valorem Property Taxes for the Fiscal Year Commencing July 1, 2021 and ending June 30, 2022 for the Purposes of The Metropolitan Water District of Southern California (Attachment 1) maintaining the tax rate at .0035 percent of assessed valuation, the same rate levied in FY 2020/21; and
  - Direct staff to transmit that resolution to the county auditors
  - Fiscal Impact: No impact to the adopted biennial budget for fiscal years 2020/21 and 2021/22 and water rates and charges for calendar years 2021 and 2022 as they were based on a tax rate of 0.0035 percent.

# **Board Options**

## Option #2

- Adopt the Resolution Levying Ad Valorem Property Taxes for the Fiscal Year Commencing July 1, 2021 and ending June 30, 2022 for the Purposes of the Metropolitan Water District of Southern California (Attachment 2) at a tax rate different than the existing tax rate, applied to assessed valuation; and direct staff to set a process to revisit the FY22 portion of the current biennial budget and water rates and charges for calendar year 2023.
- Direct staff to transmit that resolution to the county auditors
- Negative Fiscal Impact: Creates a potential budget deficit in fiscal year 2021/22 and water rates and charges for calendar year 2023.

# Staff Recommendation

Option #1





### Board of Directors Finance and Insurance Committee

8/17/2021 Board Meeting

7-1

#### **Subject**

Adopt resolution establishing the tax rate for fiscal year 2021/22; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

#### **Executive Summary**

Metropolitan collects ad valorem property taxes from all non-exempt properties within its service area to pay for debt service on its general obligation bonds and to pay a portion of its State Water Contract obligations for participation in the State Water Project (SWP). Since Fiscal Year (FY) 2012/13, the tax rate has been maintained at 0.0035 percent, which is approximately \$14 per year for a property assessed at \$400,000. Metropolitan's current tax rate is the lowest rate Metropolitan has ever assessed. The current biennial budget and rates and charges assume the continuance of the same rate, generating approximately \$140.1 million in revenue during FY 2021/22. Based on the recently received county tax assessors' reports, the estimated revenue to be collected is approximately \$158.1 million.

To collect the estimated ad valorem property tax revenue, staff recommends the Board fix the rate for FY 2021/22 at 0.0035 percent, which it is permitted to do pursuant to its prior action determining that the limitation on taxes in Section 124.5 of the Metropolitan Water District Act (the "MWD Act") is inapplicable during the current biennial budget period to maintain Metropolitan's fiscal integrity. **Attachment 1**, Resolution Levying Ad Valorem Property Taxes for the Fiscal Year Commencing July 1, 2021 and Ending June 30, 2022 for the Purposes of The Metropolitan Water District of Southern California (Option 1), supports this recommendation.

If the Board does not maintain the existing 0.0035 percent ad valorem property tax rate, it has the option to adopt a resolution at a different tax rate, direct staff to transmit that resolution to the county auditors for the levy and collection of the tax, and direct staff to set a process to revisit the FY 2021/22 portion of the biennial budget, as well as the water rates and charges for calendar year (CY) 2022, which were adopted based on the assumption that the existing .0035 percent ad valorem property tax rate would continue. **Attachment 2**, Resolution Levying Ad Valorem Property Taxes for the Fiscal Year Commencing July 1, 2021 and Ending June 30, 2022 for the Purposes of The Metropolitan Water District of Southern California (Option 2), supports this alternative option. Staff would report back to the Board at its regular September 2021 meeting on the estimated amounts to be derived from respective areas pursuant to the tax rate adopted by the Board under Option 2, in accordance with the Board's direction.

#### **Details**

#### **Background**

Metropolitan has assessed ad valorem property taxes in its service area since its inception. Metropolitan has constitutional and statutory authority, as well as voter authorization, to collect revenues through ad valorem taxes assessed on real property within its service territory. Pursuant to Section 305 of the MWD Act, each fiscal year, Metropolitan applies the Board-determined tax rate to the certified assessed valuations received from the county auditors for the six counties that include portions of Metropolitan's service area to produce the gross tax levy.

Section 124.5 of the MWD Act, effective since FY 1990/91, limits property tax collections to the amount necessary to pay the total annual debt service on Metropolitan's general obligation bonds and a portion of its State Water Contract (SWC) payment obligation, limited to the preexisting debt service on state general obligation

bonds (Burns-Porter bonds) used to finance construction of SWP facilities for the benefit of Metropolitan. However, Section 124.5 also provides that "the restrictions contained in this section do not apply if Metropolitan Board of Directors, following a hearing held to consider that issue, finds that a tax in excess of these restrictions is essential to the fiscal integrity of the district." Under Section 124.5's restriction, the ad valorem property tax rate has been decreasing, and will continue to decrease, as the bonds are paid off. In the meantime, Metropolitan's SWC obligations have been increasing over the long term and will continue to increase.

Every year, Metropolitan receives the certified assessed valuation from the county auditors for the six counties where Metropolitan provides water service to its member agencies. All county auditors have until the 15<sup>th</sup> day of August to provide the certified assessed valuation to Metropolitan, which is why Metropolitan's Board adjourns its August regular and committee meetings to the third week of the month. This year, Metropolitan received the last of the counties' information on August 9, 2021. On or before the 20<sup>th</sup> day of August, Metropolitan's Board is required to determine, based on the information received, the amount of money necessary to be raised by taxation during the fiscal year and fix the ad valorem property tax rates.

#### **Proposal**

This letter recommends continuing the ad valorem property tax rate at the existing rate of .0035 percent for FY 2021/22 to collect approximately \$158.1 million in property tax revenues. The Board adopted a biennial budget for the current biennial period of FYs 2020/21 and 2021/22 and has also adopted rates and charges for CY 2020, CY 2021, and the upcoming CY 2022, based on the assumption that the ad valorem property tax rate would continue during the entire biennial period at the existing rate of .0035 percent. The Board has made a finding since FY 2012/13 that Section 124.5 of the MWD Act does not apply to allow it to maintain the current 0.0035 percent property tax rate, the lowest tax rate ever assessed by Metropolitan. On April 14, 2020, the Board again determined that it is essential to Metropolitan's fiscal integrity to collect more property tax revenue than the statutory limit for the biennial budget period. See supporting documentation, available at: <a href="http://www.mwdh2o.com/WhoWeAre/Mission/Pages/review-applicability-of-property-tax-limit.aspx">http://www.mwdh2o.com/WhoWeAre/Mission/Pages/review-applicability-of-property-tax-limit.aspx</a>.

The biennial budget projects to generate ad valorem tax revenues of \$139.9 million in FY 2020/21 and \$140.1 million in FY 2021/22. Based on the certified assessed valuations recently provided by the six counties in Metropolitan's service area, the estimated ad valorem property tax revenue to be collected in FY 2021/22 is \$158.1 million if Metropolitan maintains its ad valorem property tax rate, which would be consistent with the adopted biennial budget, rates, and charges.

If the tax rate is not maintained and instead the Board limits tax rates to annual debt service on Metropolitan's general obligation bonds and its portion of preexisting debt service on Burns-Porter bonds, then overall rate increases for CY 2022 would need to be increased 8 percent higher than the prior year, compared to the 4 percent increase for CY 2022 that the Board adopted in April 2020. At the Board's adjourned August meeting, the Board will consider whether to maintain for FY 2021/22 the existing 0.0035 percent ad valorem property tax rate for FY 2020/21 or to adopt a different rate.

This letter proposes that the Board: (1) adopt the resolution determining the amount necessary to be raised by taxation in FY 2021/22, fixing the combined rate of ad valorem property taxation for FY 2021/22 at the existing rate of 0.0035 percent of assessed valuation, and applying the .0035 percent tax rate to the certified assessed valuation; and (2) direct staff to transmit the resolution to county auditors. The tax rate computations and the tax rate schedules supporting the rate of 0.0035 percent, based upon assessed valuations of property taxable by Metropolitan, are provided in the proposed resolution. The continuation of the ad valorem property tax rate at the existing rate of 0.0035 percent would generate tax revenues for Metropolitan to pay the annual debt service on its general obligation bonds and a portion of its obligations under its SWC, which offsets capital expenses of the SWP. Additional financial information supporting the proposed tax rate is available at: <a href="https://www.mwdh2o.com/who-we-are/budget-finance/property-tax-rate-for-fy-202021/">https://www.mwdh2o.com/who-we-are/budget-finance/property-tax-rate-for-fy-202021/</a>.

#### Policy

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

Metropolitan Water District Act Section 124: Taxes, Levy and Limitation

Metropolitan Water District Act Section 124.5: Ad Valorem Tax Limitation

Metropolitan Water District Act Section 130: General Powers to Provide Water Services

Metropolitan Water District Act Section 305: Certification of Assessed Valuations; Segregation of Valuations

Metropolitan Water District Act Section 307: Tax Levies – Determination of Rates

Metropolitan Water District Act Section 310: Statement of Tax Rates

Metropolitan Water District Act Section 311: Collection of Taxes

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

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item No. 51962, the Board, at its April 14, 2020 meeting, adopted the Resolution Finding that for Fiscal Years 2020/21 and 2021/22 the Ad Valorem Property Tax Rate Limitation in Section 124.5 of the Metropolitan Act is Not Applicable Because it is Essential to Metropolitan's Fiscal Integrity to Collect Ad Valorem Property Taxes in Excess of that Limitation (Resolution 9268), adopted charges for Calendar Year 2021 (Resolutions 9266 and 9267), and adopted water rates for Calendar Years 2021 and 2022 (Resolution 9265).

By Minute Item No. 52327, the Board, at its April 13, 2021 meeting, adopted charges for Calendar Year 2022 (Resolutions 9277 and 9278).

#### California Environmental Quality Act (CEQA)

#### CEQA determinations for Option #1 and #2:

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

#### **Board Options**

#### Option #1

- a. Adopt the Resolution Levying Ad Valorem Property Taxes for the Fiscal Year Commencing July 1, 2021 and ending June 30, 2022 for the Purposes of The Metropolitan Water District of Southern California (**Attachment 1**) maintaining the tax rate at .0035 percent of assessed valuation, the same rate levied in FY 2020/21.
- b. Direct staff to transmit that resolution to the county auditors for the levy and collection of the ad valorem property tax.

**Fiscal Impact:** No impact to the adopted biennial budget for fiscal years 2020/21 and 2021/22 and water rates and charges for calendar years 2021 and 2022 as they were based on a tax rate of 0.0035 percent.

#### Option #2

- a. Adopt the Resolution Levying Ad Valorem Property Taxes for the Fiscal Year Commencing July 1, 2021 and ending June 30, 2022 for the Purposes of The Metropolitan Water District of Southern California (**Attachment 2**) at a tax rate different than the existing tax rate, applied to assessed valuation;
- b. Direct staff to transmit that resolution to the county auditors for the levy and collection of the ad valorem property tax.

**Fiscal Impact:** A loss of fixed revenue, dependent upon Board action, would require revisiting the adopted biennial budget for fiscal years 2021/22 and water rates and charges for calendar years 2022.

#### **Staff Recommendation**

Option #1

(atano Kasaine

8/12/2021

Date

Assistant General Manager/

Chief Financial Officer

8/12/2021

Date

Adel Hagekhalil General Manager

- Attachment 1 Resolution Levying Ad Valorem Property Taxes for The Fiscal Year Commencing July 1, 2021 and Ending June 30, 2022 for the Purposes of The Metropolitan Water District of Southern California (Option 1)
- Attachment 2 Resolution Levying Ad Valorem Property Taxes for The Fiscal Year Commencing July 1, 2021 and Ending June 30, 2022 for the Purposes of The Metropolitan Water District of Southern California (Option 2)

Ref# cfo12675328

REVISED

#### THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

#### **RESOLUTION XXXX**

A RESOLUTION LEVYING AD VALOREM PROPERTY TAXES FOR THE FISCAL YEAR COMMENCING JULY 1, 2021 AND ENDING JUNE 30, 2022
FOR THE PURPOSES OF THE METROPOLITAN WATER
DISTRICT OF SOUTHERN CALIFORNIA

The Board of Directors of The Metropolitan Water District of Southern California, after receiving, considering, and evaluating evidence and all material factors pertaining thereto, including budget requirements and estimated revenues from water rates, charges, and ad valorem property tax rates, finds, determines, and resolves:

Section 1.

#### **RECITALS**

#### Effective Water Rates and Charges during Fiscal Year 2021/22

The Board of Directors fixes water rates and charges on a calendar year basis and adopts its biennial budget and ad valorem property taxes on a fiscal year basis. During fiscal year (FY) 2021/22, the applicable rates and charges are those set by the Board for calendar year (CY) 2021 and CY 2022. The Board of Directors, with full review of (1) evidence presented, and (2) all material factors and considerations, has adopted water rates and charges for CYs 2021 and 2022, which, in the debated, informed and considered discretion of the Board, are in compliance with Section 134 of the Metropolitan Water District Act (the MWD Act), in that the Board, so far as practicable, has fixed such rates and charges as will result in revenue which will pay the District's operating expenses, provide for maintenance and repairs, provide for payment of the purchase price or other charges for property or services or other rights acquired by the District, and provide for the payment of the interest and principal of District bonds, notes and other evidences of indebtedness under the applicable provisions of the Act authorizing debt issuance and retirement, assuming the ad valorem property tax rate for FYs 2020/21 and 2021/22 continues at the existing rate of .0035 percent. On August 18, 2020, the Board of Directors established the tax rate for FY 2020/21 at .0035 percent. This Resolution establishes the tax rate for FY 2021/22.

#### Applicability of Ad Valorem Property Tax Limitations Pursuant to the MWD Act

Section 124.5 of the MWD Act limits property tax collections to the amount necessary to pay the total annual debt service on Metropolitan's general obligation bonds and only a portion of its State Water Contract (SWC) payment obligation, limited to the preexisting debt service on state general obligation bonds (Burns-Porter bonds) used to finance construction of State Water Project (SWP) facilities for the benefit of Metropolitan. However, the limitation of Section 124.5 does not apply if, following a public hearing, the Board of Directors finds that collection of tax revenue in excess of that limitation is essential to the fiscal integrity of the District. The Board held the public hearing pursuant to Section 124.5 of the Act on March 10, 2020 to determine the applicability of the limitation for FYs 2020/21 and 2021/22. On April 14, 2020, the Board adopted Resolution No. 9268, through which the Board:

- 1. Found and determined that it is essential to Metropolitan's fiscal integrity to collect ad valorem property taxes in excess of the Section 124.5 limitation on ad valorem property taxes in FYs 2020/21 and 2021/22;
- Resolved and determined that pursuant to its finding, the tax rate restriction in Section 124.5 of the MWD Act is inapplicable when setting the ad valorem property tax rate for FYs 2020/21 and 2021/22, allowing the Board to maintain the current ad valorem property tax rate for those fiscal years (.0035 percent of assessed valuation, excluding annexation levies); and

3. Waived compliance with Section 4301(b) of Metropolitan's Administrative Code for any tax levy that utilizes the April 2020 finding regarding Section 124.5 of the MWD Act.

#### FY 2021/22 Ad Valorem Property Tax Levy

In its informed discretion, based upon full review of evidence presented and all material factors and considerations, the Board of Directors determines that the District's revenues for FY 2021/22 from water transactions and sources other than ad valorem property taxes, after payment of the District's operation and maintenance expenses, the payment of the purchase price or other charges for property or services or other rights acquired by the District, the operation, maintenance, power, and replacement charges due under the District's state contract, revenue bond service, deposits to the revenue bond reserve fund, short term revenue certificate (commercial paper note) service, net costs of operating equipment, and net inventory costs during the fiscal year, as well as the maintenance of prudent reserves for unforeseen District expenditures or unforeseen reduction in District revenue, will be insufficient to provide for general obligation bond service and to pay the District's contract obligations to the state for sale and delivery of water. Therefore, the Board levies ad valorem property taxes for FY 2021/22 as provided in this Resolution at sections 4 through 7 and the exhibits attached, sufficient, when taken with other revenues available for the purpose, to meet all the foregoing obligations and financial requirements, in the amounts and rates set forth in this Resolution and the schedules attached and incorporated therein.

#### Section 2.

#### **DEFINITIONS**

The following terms as used herein shall have the following meanings:

- (1) "MWD OF SC" shall mean The Metropolitan Water District of Southern California
  - "MWD" shall mean Municipal Water District
  - "SDCWA" shall mean the San Diego County Water Authority
  - "ID" shall mean Irrigation District
  - "PUD" shall mean Public Utility District.
- (2) "Fiscal Year" or "FY 2021/22" shall mean the fiscal year commencing July 1, 2021 and ending June 30, 2022.
- (3) "Schedule A and B" as shown in Section 9 shall mean:
  - Schedule A a tabulation setting forth for the Fiscal Year the estimated funds to be produced by MWD of SC ad valorem property tax levies made by this Resolution.
  - Schedule B a tabulation setting forth for the Fiscal Year ad valorem property tax rates as set forth in Sections 4, 5, and 6 hereof, the total tax rates, and the amounts of money to be derived from respective areas from the tax levies made by this Resolution.
- (4) The following city areas represent the corporate areas of cities within the County of Los Angeles at their respective times of annexation to MWD of SC, and may include areas subsequently annexed to said city areas at times when such areas were not within MWD of SC, and may include those areas which, at the time of their respective annexation to said city areas, were within non-city member public agencies and subsequently excluded from such non-city member public agencies:

| "City of Beverly Hills Area"                            | December 6, 1928  |
|---|-------------------|
| "City of Burbank Area"                                  | December 6, 1928  |
| "City of Glendale Area"                                 | December 6, 1928  |
| "City of Los Angeles Area"                              | December 6, 1928  |
| (Including portion of Original Area of Las Virgenes MWD |                   |
| excluded from Las Virgenes MWD on November 9, 1962)     |                   |
| "City of Pasadena Area"                                 | December 6, 1928  |
| "City of San Marino Area"                               | December 6, 1928  |
| "City of Santa Monica Area"                             | December 6, 1928  |
| "City of Long Beach Area"                               | February 27, 1931 |
| "City of Torrance Area"                                 | February 27, 1931 |
| "City of Compton Area"                                  | June 23, 1931     |
| "City of San Fernando Area"                             | November 12, 1971 |

(5) "West Basin MWD" shall include the following areas; annexed to West Basin MWD and to MWD of SC on the dates cited:

| Original Area   | July 23, 1948     |
|---|-------------------|
| City of Gardena Area  | December 9, 1948  |
| Inglewood Area  | June 9, 1952      |
| Dominguez Area  | October 16, 1952  |
| Hawthorne Area  | October 23, 1953  |
| La Casa Territory Area  | November 23, 1953 |
| A B C Territory Area  | January 11, 1955  |
| Culver City-County Territory Area   | January 11, 1955  |
| Frawley Territory Area  | January 13, 1958  |
| Imperial Strip Territory Area   | November 22, 1960 |
| Marina Area   | January 10, 1962  |
| Belle View Area   | November 12, 1963 |
| Municipal Parking Area  | November 12, 1963 |
| La Tijera Area  | December 21, 1965 |
| Jefferson Blvd. Area  | October 30, 1969  |
| Marina Second Fringe Area   | May 3, 1978       |
| West Hollywood Area   | June 23, 1981     |
| Reorganization No. 2014-10, Parcel A, and concurrently detached from the city of Torrance | December 22, 2014 |
| Reorganization No. 2009-16, and concurrently detached from Las Virgenes MWD               | February 19, 2015 |
| Reorganization No. 2014-06, and concurrently detached from Las Virgenes MWD               | July 19, 2016     |

(6) "Three Valleys MWD" shall include the following areas, annexed to Three Valleys MWD (formerly Pomona Valley MWD) and to MWD of SC on the dates cited:

| Original Area | November 15, 1950 |
|---------------|-------------------|
| Glendora Area | October 2, 1952   |
| Rowland Area  | June 15, 1953     |
| Stephens Area | November 27, 1957 |

(7) "Foothill MWD" shall include the following areas, annexed to Foothill MWD and to MWD of SC on the dates cited:

| Original Area of Foothill MWD | January 15, 1953  |
|-------------------------------|-------------------|
| Foothill First Fringe Area    | March 21, 1968    |
| Foothill Second Fringe Area   | November 21, 1968 |
| La Vina Annexation            | July 13, 1993     |

December 6, 1928

(8) "Central Basin MWD" shall include the following areas, annexed to Central Basin MWD and to MWD of SC on the dates cited:

Original Area November 12, 1954 Compton Territory Area January 4, 1957 Bellflower Territory Area December 30, 1958 January 23, 1961 Shoestring Strip Territory Area Signal Hill Territory Area November 14, 1963 Lakewood Area November 14, 1963 June 24, 1965 Vernon Area June 21, 1967 Dairy Valley Area Boyle Heights Area July 24, 1967 Cerritos Area December 22, 1969 Hawaiian Gardens Area November 22, 1977

(9) "Las Virgenes MWD" shall include the following areas annexed to Las Virgenes MWD and to MWD of SC on the dates cited, excluding that portion annexed to the City of Los Angeles on November 9, 1962:

Original Area December 1, 1960
Twin Lakes Area March 12, 1965
Bell Canyon Area March 16, 1966
Hidden Hills Annexation 87-1 April 22, 1988

(10) "Upper San Gabriel Valley MWD" shall include the following areas annexed to Upper San Gabriel Valley MWD and to MWD of SC on the dates cited:

Original Area March 27, 1963
West Covina Area November 1, 1965
Garvey Reservoir Area December 1, 1976
Mountain Cove Annexation July 17, 2002

(11) The following city areas represent the corporate areas of cities within the County of Orange at their respective times of annexation to MWD of SC, and may include areas subsequently annexed to said city areas at times when such areas were not within MWD of SC, and may include those areas which, at the time of their respective annexation to said city areas, were within non-city member public agencies and subsequently excluded from such non-city member public agencies:

City of Anaheim Area

Including:

Serrano/Nohl Ranch Rd. Reorganization (RO 01-05), Parcel 2, detached from MWD of Orange County on

April 19, 2001;

Reorganization Area 1 (RO 03-17) detached from MWD of

Orange County on August 26, 2003;

Reorganization Area 2 (RO 03-17) detached from MWD of

Orange County on August 26, 2003;

Reorganization Brookhurst ARCO (RO 02-02) detached

from MWD of Orange County on July 8, 2003;

North-Central Islands Annexation (IA 04-08) detached from MWD of Orange County on August 20, 2004;

Serrano Heights Reorganization (RO 04-01) detached from

MWD of Orange County on May 28, 2004;

Ball Road/Santa Ana River Reorganization (RO 04-02)

detached from MWD of Orange County on

December 13, 2004

Meyer Reorganization (RO 15-01) and concurrently detached from MWD of Orange County on May 16, 2016

City of Santa Ana Area

December 6, 1928

Including:

Reorganization Area 4 (RO 03-17) detached from MWD of Orange County on August 26, 2003

City of Fullerton Area

February 27, 1931

Including:

Hawks Point Reorganization (RO 00-11) detached from

MWD of Orange County on April 19, 2001;

Reorganization Area 3 (RO 03-17) detached from MWD of

Orange County on August 26, 2003;

Page Avenue Island Annex. (IA 04-14) detached from

MWD of Orange County on November 3, 2004;

Somerset Island Annex. (IA 04-15) detached from MWD of

Orange County on November 3, 2004

(12) "Remainder of MWD of Orange County" shall include the following areas, annexed to MWD of Orange County and to MWD of SC on the dates cited excluding that portion thereof of Reorganization No. 62 annexed to Coastal MWD on March 7, 1984:

| Original Area  | November 26, 1951 |
|--|-------------------|
| Annexation No. 1 Territory Area                            | November 25, 1957 |
| Annexation No. 4 Territory Area                            | December 11, 1958 |
| Annexation No. 5 Territory Area                            | December 7, 1959  |
| Annexation No. 7 Territory Area                            | December 8, 1960  |
| Annexation No. 10 Territory Area                           | December 11, 1961 |
| Annexation No. 11 Territory Area                           | January 6, 1964   |
| Annexation No. 8A Territory Area                           | March 29, 1965    |
| Annexation No. 8B Territory Area                           | March 29, 1965    |
| Annexation No. 8D Territory Area                           | March 29, 1965    |
| Annexation No. 8E Territory Area                           | March 29, 1965    |
| Annexation No. 8F Territory Area                           | March 29, 1965    |
| Annexation No. 8G Territory Area                           | March 29, 1965    |
| Annexation No. 8H Territory Area                           | March 29, 1965    |
| Annexation No. 13 Territory Area                           | June 30, 1969     |
| (Excluded from Coastal MWD for purpose of such annexation) |                   |
| Annexation No. 16 Territory Area                           | November 7, 1972  |
| Annexation No. 15 Territory Area                           | November 15, 1972 |
| Annexation No. 18 Territory Area                           | December 16, 1982 |
| Annexation No. 19 Territory Area                           | December 27, 1983 |
| Annexation No. 17 Territory Area                           | December 29, 1983 |
| City of Brea Area  | March 7, 1984     |
| Brea Fringe Annexation Area                                | March 7, 1984     |
| Serrano/Nohl Ranch Road Reorganization Parcel 1            | April 19, 2001    |

Coastal MWD January 17, 2001

(RO 01-05) detached from City of Anaheim

Coastal MWD and MWD of Orange County have been consolidated into a single district (RO 97-06) effective January 17, 2001. It shall include the following areas, annexed to Coastal MWD and to MWD of SC on the dates cited:

Original Area June 15, 1942 **137** 

Fairview Farms Area September 21, 1946 Irvine Subdivision Areas November 26, 1948 1948 Portion of City of Newport Beach Area November 29, 1948 Parts of Dana Point Area August 3, 1949 Capistrano Beach-San Clemente Area October 28, 1954 December 12, 1962 Tri-Cities Annexation No. 2 Area Laguna Canyon Annexation Area December 20, 1962 Lido Sands Annexation Area January 6, 1964 Laguna Niguel Area June 30, 1969

(Including Reorganization 32 Parcel A Area excluded from

Annexation No. 4 on January 4, 1977)

Tri-Cities Annexation No. 79-1 Area December 22, 1982 Reorganization No. 62 Parcel C and that portion of Parcel B March 7, 1984

Area excluded from Annexation No. 5 of MWD of Orange

County

Reorganization No. 64 Area excluded from Annexation No. 7 March 18, 1983

of MWD of Orange County

Reorganization No. 123 excluded from Annexation No. 7 of August 6, 1990

MWD of Orange County

(13)"Remainder of Eastern MWD" shall include the following areas, annexed to Eastern MWD and to MWD of SC on the dates cited:

Original Area July 20, 1951

(Portion of area excluded from Eastern MWD and

annexed to Western MWD)

Adjacent Area May 22, 1953 First Fringe Area April 20, 1956

(Portion of area excluded from Eastern MWD and

annexed to Western MWD)

November 20, 1958 Third Fringe Area

(Area excluded from Original Area of Western MWD)

Fourth Fringe Area December 6, 1960 Fifth Fringe Area May 31, 1962

(Portion of area excluded from Eastern MWD and

annexed to Western MWD)

Sixth Fringe Area December 10, 1962 Seventh Fringe Area March 11, 1963 Eight Fringe Area April 23, 1963 Ninth Fringe Area April 23, 1963 Tenth Fringe Area September 22, 1964 September 22, 1964 Eleventh Fringe Area Twelfth Fringe Area October 22, 1965 Thirteenth Fringe Area October 13, 1967

(Portion of area excluded from Eastern MWD and

annexed to Western MWD)

Fourteenth Fringe Area October 23, 1967 July 1, 1969 Sixteenth Fringe Area

(Area excluded from First Fringe Area of Western MWD)

Fifteenth Fringe Area August 12, 1969 March 5, 1970 Seventeenth Fringe Area Eighteenth Fringe Area March 5, 1970 Nineteenth Fringe Area May 8, 1970 Twentieth Fringe Area September 29, 1971 Twenty-First Fringe Area September 30, 1971 Twenty-Second Fringe Area April 27, 1972 Twenty-Third Fringe Area May 23, 1975

February 14, 2006

Twenty-Fourth Fringe Area December 30, 1975 Twenty-Fifth Fringe Area April 26, 1983 Twenty-Sixth Fringe Area November 27, 1985 Twenty-Seventh Fringe Area December 19, 1985 Twenty-Eighth Fringe Area November 18, 1986 Twenty-Ninth Fringe Area May 4, 1987 July 9, 1987 Thirty-First Fringe Area Thirty-Second Fringe Area July 9, 1987 Thirty-Third Fringe Area August 27, 1987 Thirtieth Fringe Area December 15, 1987 Thirty-Fourth Fringe Area March 16, 1988 Thirty-Fifth Fringe Area May 2, 1988 Thirty-Eighth Fringe Area October 14, 1988 Thirty-Sixth Fringe Area December 5, 1988 Fortieth Fringe Area August 1, 1989 Forty-Second Fringe Area May 25, 1990 Forty-Third Fringe Area June 19, 1990 Thirty-Ninth Fringe Area July 13, 1990 Forty-First Fringe Area July 27, 1990 Forty-Fifth Fringe Area March 13, 1991 Forty-Seventh Fringe Area June 3, 1991 Forty-Eighth Fringe Area November 21, 1991 Forty-Ninth Fringe Area November 21, 1991 Fiftieth Fringe Area November 21, 1991 Fifty-First Fringe Area December 19, 1991 Forty-Fourth Fringe Area June 3, 1992 Fifty-Second Fringe Area June 29, 1992 Forty-Sixth Fringe Area July 7, 1992 Fifty-Third Fringe Area August 27, 1992 Fifty-Fifth Fringe Area April 29, 1993 Fifty-Sixth Fringe Area June 22, 1993 Fifty-Eighth Fringe Area June 22, 1993 June 22, 1993 Fifty-Ninth Fringe Area Sixtieth Fringe Area November 29, 1993 Fifty-Seventh Fringe Area December 9, 1994 Sixty-Second Fringe Area July 3, 1996 Sixty-Third Fringe Area October 28, 1996 Sixty-Fourth Fringe Area August 28, 1997 Sixty-Fifth Fringe Area December 28, 2000 Seventieth Fringe Area August 29, 2001 Sixty-Seventh Fringe Area Reorganization (Area August 29, 2001 detached from portion of Original Area of Western MWD) Sixty-Eighth Fringe Area January 15, 2002 Seventy-First Fringe Area June 20, 2002 Sixty-Ninth Fringe Area November 27, 2002 Seventy-Second Fringe Area October 21, 2003 Sixty-Sixth Fringe Area November 17, 2003 Seventy-Third Fringe Area November 17, 2003 Seventy-Fourth Fringe Area November 17, 2003 Seventy-Fifth Fringe Area June 2, 2004 Seventy-Sixth Fringe Area April 6, 2004 Seventy-Eighth Fringe Area April 19, 2005 Eighty-Third Fringe Area December 15, 2005 Seventy-Ninth Fringe Area December 20, 2005 Eighty-First Fringe Area December 20, 2005 Eighty-Fourth Fringe Area December 20, 2005

Eighty-Seventh Fringe Area

| Eighty-Sixth Fringe Area                                 | March 24, 2006     |
|--|--------------------|
| Eighty-Fifth Fringe Area                                 | May 22, 2006       |
| Eighty-Eighth Fringe Area                                | May 22, 2006       |
| Eighty-Ninth Fringe Area                                 | June 28, 2006      |
| Ninety-Second Fringe Area                                | August 2, 2006     |
| Ninety-First Fringe Area                                 | November 28, 2006  |
| Ninety-Fifth Fringe Area                                 | December 14, 2006  |
| Ninetieth Fringe Area                                    | December 19, 2006  |
| Ninety-Seventh Fringe Area                               | April 16, 2007     |
| Ninety-Third Fringe Area                                 | July 26, 2007      |
| 101st Fringe Area  | January 24, 2008   |
| Ninety-Ninth Fringe Area Reorganization                  | September 10, 2008 |
| (Area detached from Western Municipal Water District)    |                    |
| 100 <sup>th</sup> Fringe Area                            | November 17, 2008  |
| Ninety-Sixth Fringe Area                                 | December 11, 2008  |
| 102 <sup>nd</sup> Fringe Area                            | December 22, 2009  |
| 103 <sup>rd</sup> Fringe Area                            | October 1, 2013    |
| 104 <sup>th</sup> Fringe Area                            | September 22, 2015 |
| 105 <sup>th</sup> Fringe Area (2015-11-3 Reorganization) | September 19, 2017 |
| 107 <sup>th</sup> Fringe Area (2017-04-5 Reorganization) | September 12, 2017 |
| 106 <sup>th</sup> Fringe Area (2017-12-3 Reorganization) | December 14, 2017  |
| 108 <sup>th</sup> Fringe Area (2017-24-3 Reorganization) | November 8, 2018   |
| 110 <sup>th</sup> Fringe Area (2019-03-3 Reorganization  | July 17, 2019      |
| 109 <sup>th</sup> Fringe Area (2019-06-3 Reorganization) | November 22, 2019  |
| <i>(</i>   | ,                  |

"Remainder of Western MWD" shall include the following areas, annexed to Western MWD and to MWD of SC on the dates cited:

| Original Area   | November 12, 1954  |
|---|--------------------|
| (Portion of area excluded from Western MWD and        |                    |
| annexed to Eastern MWD)                               |                    |
| First Fringe Area                                     | December 20, 1957  |
| (Portion of area excluded from Western MWD and        |                    |
| annexed to Eastern MWD)                               |                    |
| Second Fringe Area                                    | December 18, 1961  |
| Third Fringe Area                                     | June 27, 1962      |
| Fifth Fringe Area                                     | July 2, 1964       |
| Fourth Fringe Area                                    | December 19, 1966  |
| Seventh Fringe Area                                   | December 19, 1966  |
| Eighth Fringe Area                                    | September 18, 1967 |
| (Area excluded from Fifth Fringe Area of Eastern MWD  |                    |
| on July 26, 1967)                                     |                    |
| Sixth Fringe Area                                     | September 27, 1967 |
| Ninth Fringe Area                                     | November 17, 1967  |
| Tenth Fringe Area                                     | June 12, 1968      |
| Thirteenth Fringe Area                                | June 23, 1969      |
| (Area excluded from Fifth Fringe Area of Eastern MWD) |                    |
| Twelfth Fringe Area                                   | July 1, 1969       |
| (Area excluded from First Fringe Area of Eastern MWD) | •                  |
| Eleventh Fringe Area                                  | July 17, 1969      |
| Fifteenth Fringe Area                                 | July 13, 1972      |
| (Area lying entirely within the County of Orange)     |                    |
| Fourteenth Fringe Area                                | October 11, 1973   |
| Sixteenth Fringe Area                                 | August 30, 1977    |
| (Area excluded from Thirteenth Fringe Area of         |                    |
| Eastern MWD)  |                    |
| Seventeenth Fringe Area                               | December 23, 1980  |

| P'1, d.P.   | D 1 15 1001        |
|---|--------------------|
| Eighteenth Fringe Area                                | December 15, 1981  |
| Twentieth Fringe Area                                 | December 4, 1987   |
| Twenty-Second Fringe Area                             | October 14, 1988   |
| Twenty-First Fringe Area                              | December 5, 1988   |
| Twenty-Third Fringe Area                              | November 3, 1989   |
| Twenty-Fourth Fringe Area                             | May 18, 1990       |
| Twenty-Seventh Fringe Area                            | May 18, 1990       |
| Twenty-Sixth Fringe Area                              | June 6, 1990       |
| Twenty-Fifth Fringe Area                              | July 13, 1990      |
| Twenty-Eighth Fringe Area                             | January 28, 1991   |
| Thirtieth Fringe Area                                 | March 13, 1991     |
| Twenty-Ninth Fringe Area                              | November 4, 1991   |
| Thirty-First Fringe Area                              | February 19, 1992  |
| Thirty-Third Fringe Area                              | May 26, 1993       |
| Thirty-Fourth Fringe Area                             | October 31, 1994   |
| (Area excluded from Fifth Fringe Area of Eastern MWD) |                    |
| Thirty-Sixth Fringe Area                              | September 29, 1997 |
| (Area excluded from Original Area of Eastern MWD)     |                    |
| Thirty-Seventh Fringe Area                            | December 30, 1997  |
| Thirty-Eighth Fringe Area                             | June 29, 1999      |
| Fortieth Fringe Area                                  | November 22, 1999  |
| Thirty-Ninth Fringe Area                              | October 24, 2000   |
| Forty-First Fringe Area                               | December 28, 2000  |
| Forty-Fifth Fringe Area                               | June 20, 2002      |
| Forty-Second Fringe Area                              | February 7, 2002   |
| (Area excluded from Fifth Fringe Area of Eastern MWD) |                    |
| Forty-Sixth Fringe Area                               | November 24, 2003  |
| Forty-Eighth Fringe Area                              | December 15, 2003  |
| Forty-Ninth Fringe Area                               | April 28, 2004     |
| Fiftieth Fringe Area                                  | May 27, 2005       |
| Forty-Seventh Fringe Area                             | June 21, 2005      |
| Forty-Fourth Fringe Area                              | June 22, 2006      |
| Forty-Third Fringe Area                               | October 21, 2014   |
| Fifty-First Fringe Area Annexation                    | October 16, 2018   |
| Fifty-Second Fringe Area Annexation                   | June 16, 2020      |

- (15) "Original Area of Chino Basin MWD" shall mean the area of Chino Basin MWD annexed to MWD of SC on November 26, 1951.
- (16) "Mid-Valley Area of Chino Basin MWD" shall mean the Mid-Valley area annexed to Chino Basin MWD and to MWD of SC on April 20, 1954.
- (17) "Bryant Annexation Area of Chino Basin MWD" shall mean the "Bryant Annexation area annexed to Chino Basin MWD and to MWD of SC on November 25, 1957.
- (18) "North Perimeter No. 1 Annexation Area of Chino Basin MWD" shall mean the North Perimeter No. 1 Annexation area annexed to Chino Basin MWD and to MWD of SC on November 28, 1969.
- (19) "Remainder of SDCWA" shall include the following areas annexed to SDCWA and to MWD of SC on the dates cited:

Original Area of SDCWA Annexation
(Including areas subsequently annexed to city public agencies which were included within Original Area of SDCWA at times when such areas were not within MWD

December 17, 1946

| of SC, and areas excluded from non-city public agencies                  |                                      |
|--|--------------------------------------|
| of SDCWA at times when such areas were within said city                  |                                      |
| public agencies)   | D 1 12 1010                          |
| Crest PUD Territory Area   | December 13, 1948                    |
| San Dieguito ID Area   | December 13, 1948                    |
| Santa Fe ID Area   | December 13, 1948                    |
| 1950 Fallbrook PUD Annexation Area                                       | August 1, 1950                       |
| (Including De Luz Heights MWD Reorganization,                            |                                      |
| originally De Luz Heights MWD annexed to MWD of                          |                                      |
| SC on June 28, 1967 and dissolved on July 1, 1990)                       | Oatabar 0 1050                       |
| City of Escondido Area   | October 9, 1950                      |
| San Diego Gas and Electric Company Area                                  | May 14, 1952                         |
| San Diego Eucalyptus Company's Lands Area<br>South Bay ID Area           | July 18, 1952<br>November 3, 1952    |
| Rainbow MWD Area   | April 10, 1954                       |
| City of Poway Area   | April 21, 1954                       |
| Bueno Colorado MWD Area  | June 11, 1954                        |
| (Area dissolved and annexed to Rainbow MWD, Vista                        | Julie 11, 1754                       |
| Irrigation District, Carlsbad MWD and Vallecitos Water                   |                                      |
| District on November 24, 1993)   |                                      |
| Rincon Del Diablo MWD  | June 14, 1954                        |
| Costa Real MWD Area  | June 16, 1954                        |
| El Cajon Valley-Dry Island Area  | December 20, 1954                    |
| (Including Lakeside-Boukai Joint Venture Reorganization                  |                                      |
| detached from Padre Dam MWD on September 11, 1996)                       |                                      |
| Valley Center MWD Area   | May 9, 1955                          |
| Sweetwater Reservoir Area  | October 10, 1955                     |
| Padre Dam MWD Area   | June 7, 1956                         |
| Bueno Colorado Annexation No. 1 Area                                     | June 11, 1956                        |
| Otay MWD Area  | October 26, 1956                     |
| Original Area of Ramona MWD within MWD of SC                             | August 27, 1957                      |
| Fallbrook No. 2 Annexation Area  | November 24, 1958                    |
| Helix Watson Ranch-Island Area   | February 20, 1959                    |
| Rainbow No. 1 Annexation Area  | May 12, 1959                         |
| Ramona No. 1 Annexation Area   | May 29, 1959                         |
| Helix-Fletcher Annexation Area   | June 26, 1959                        |
| San Dieguito Concurrent Annexation No. 1 Area                            | September 15, 1959                   |
| Helix-Sunnyslope Heights Annexation Area                                 | September 17, 1959                   |
| Poway No. 1 Annexation Area  | September 21, 1959                   |
| Padre Dam MWD No. 2 Annexation Area                                      | November 6, 1959                     |
| Padre Dam MWD No. 1 Annexation Area                                      | November 10, 1959                    |
| San Dieguito Local Inclusion Annexation Area                             | November 18, 1959                    |
| Santa Fe No. 1 Annexation Area   | November 30, 1959                    |
| Olivenhain MWD Area  |                                      |
| (Including Encinitas Municipal Services Reorganization                   | I1 25 1060                           |
| Parcels 1, 2, & 3 detached from San Dieguito No. 2                       | July 25, 1960                        |
| Annexation Area of SDCWA on June 16, 1995)                               | A                                    |
| Helix-Willis-Houston Annexation Area Padre Dam MWD No. 3 Annexation Area | August 10, 1960                      |
|  | October 16, 1960<br>October 20, 1960 |
| Otay No. 3 Annexation Area Valley Center No. 1 Annexation Area           | December 12, 1960                    |
| Rincon del Diablo No. 1 Annexation Area                                  | December 12, 1960  December 12, 1960 |
| Ramona No. 2 Annexation Area within MWD of SC                            | September 22, 1961                   |
| Rincon del Diablo No. 2 Annexation Area                                  | September 29, 1961                   |
| City of Del Mar Area   | November 23, 1962                    |
| Ramona No. 3 Annexation Area   | September 20, 1963                   |
| Yuima MWD Area   | December 16, 1963                    |
|  | ,                                    |

| (Evoluting Adams/Fitzsimmons Pagranization Parcel 1   |  |
|---|--|
| (Excluding Adams/Fitzsimmons Reorganization Parcel 1 annexed to Valley Center MWD, including  |  |
| Adams/Fitzsimmons Reorganization Parcel 2 excluded  |  |
| from Valley Center MWD on March 26, 1991)   |  |
| Rincon del Diablo No. 3 Annexation Area   | August 27, 1964                        |
| Olivenhain No. 1 Annexation Area  | February 11, 1965                      |
| South Bay Tidelands Area  | May 11, 1965                           |
| De Luz Heights Annexation Area (Reorganization)   | June 28, 1967                          |
| Olivenhain No. 4 Annexation Area  | November 13, 1967                      |
| Yuima No. 1 Annexation Area   | November 21, 1967                      |
| Ramona Dos Picos Area   | November 27, 1967<br>November 27, 1967 |
| Ramona No. 4 Annexation Area  | November 27, 1967<br>November 27, 1967 |
| Valley Center No. 2 Annexation Area   | November 29, 1967                      |
| Valley Center No. 3 Annexation Area   | November 30, 1967                      |
| Rainbow No. 3 Annexation Area of SDCWA within MWD   | December 6, 1967                       |
| of SC" shall mean the Rainbow No. 3 Annexation area   | 2000111001 0, 1507                     |
| annexed to SDCWA and to MWD of SC; omitting   |  |
| therefrom the Werner Detachment excluded on August 4,   |  |
| 1980, the Brown Detachment excluded on January 1,   |  |
| 1981, and the Mann- Gosser Detachment excluded on   |  |
| March 4, 1981 from SDCWA and MWD of SC.   |  |
| De Luz Heights No. 1 Annexation Area  | October 15, 1969                       |
| Yuima No.2 Annexation Area  | November 24, 1969                      |
| Fallbrook Community Air Park Annexation Area of   | December 22, 1969                      |
| SDCWA shall mean the Fallbrook Community Air Park   |  |
| Annexation area annexed to SDCWA and to MWD of SC   |  |
| Padre Dam MWD No. 4   | August 3, 1970                         |
| Ramona No. 5 Annexation Area  | May 17, 1972                           |
| Rincon del Diablo No. 4 Annexation Area   | November 2, 1972                       |
| San Dieguito No. 2 Annexation Area  | December 8, 1972                       |
| (Including Encinitas Municipal Services Reorganization on                                     |  |
| June 16, 1995) Santa Fe No. 2 Annexation Area   | A                                      |
|   | April 11, 1973                         |
| Valley Center No. 4 Annexation Area Rainbow No. 5 Annexation Area                             | November 5, 1973                       |
| San Onofre State Beach and Park Area  | November 22, 1973<br>December 16, 1977 |
| Pendleton Military Reservation Area -Nuclear  | December 16, 1977                      |
| Generating Plant Portion  | December 10, 1777                      |
| Remainder of Pendleton Military Reservation Area  | December 16, 1977                      |
| Rancho Jamul Estates Annexation Area  | March 13, 1979                         |
| Lake Hodges Estates Annexation Area   | June 26, 1980                          |
| Burdick Annexation No. 5 Area to Padre Dam MWD  | July 26, 1982                          |
| Palo Verde Annexation No. 6 Area to Padre Dam MWD   | November 15, 1983                      |
| Lake Ranch Viejo Annexation to Rainbow MWD  | December 13, 1983                      |
| Honey Springs Ranch Annexation Area to Otay MWD   | December 14, 1983                      |
| Thweatt Annexation Area to Rincon del Diablo MWD  | December 30, 1983                      |
| Hewlett-Packard Annexation Area to Rainbow MWD  | December 31, 1985                      |
| 4S Ranch Annexation Area to Olivenhain MWD  | November 5, 1986                       |
| Quail Park Reorganization Area Annexed to San   | July 11, 1989                          |
| Dieguito Water District and excluded from   |  |
| Olivenhain MWD  |  |
| Paradise Mountain Area Annexed to Valley Center MWD   | January 11, 1993                       |
| Boathouse Area Annexed to Otay Water District   | September 6, 1994                      |
| Guajome Regional Park Annexation to Vista Irrigation District                                 | October 23, 1998                       |
| DISTRICT  | 200001 20, 1330                        |
|   |  |
| Podrasky Ohlson Annexation to Valley Center MWD<br>San Elijo Ridge Reorganization (Altman) to | March 11, 2004<br>August 9, 2004       |

July 9, 2005 March 4, 2008

Vallecitos Water District

Baxter Annexation (RO 03-19) to Padre Dam MWD

Citrus Heights Annexation Erreca Annexation

Meadowood Reorganization (RO12-11) to SDCWA

Lake Wohlford Reorganization (R014-16) to SDCWA

Greenwood Memorial Park Island Reorganization

(City of San Diego, RO 17-01)

Campus Park West (RO 14-08)

December 13, 2017

November 4, 2009

December 4, 2014

April 21, 2015

May 26, 2017

"Remainder of Calleguas MWD" shall include the following areas annexed to Calleguas MWD and to MWD of (20)SC on the dates cited:

Original Area of Calleguas MWD Calleguas Annexation No. 1 Area Lake Sherwood Area Annexation No. 3 Territory Oxnard Mandalay Area Oxnard First Fringe Area Annexation No. 6 Territory Oxnard Second Fringe Area Camarillo First Fringe Area Oxnard Third Fringe Area Oxnard Fourth Fringe Area Point Mugu State Park Area Oxnard Fifth Fringe Area Oxnard Sixth Fringe Area Oxnard Seventh Fringe Area Ventura School for Girls Area Oxnard Eighth Fringe Area Calleguas Annexation No. 17 Area Calleguas Annexation No. 19 Area Calleguas Annexation No. 20 Area Calleguas Annexation No. 18 Area Calleguas Annexation No. 21 Area Calleguas Annexation No. 22 Area Calleguas Annexation No. 23 Area Calleguas Annexation No. 24 Area Calleguas Annexation No. 25 Area Calleguas Annexation No. 26 Area Calleguas Annexation No. 27 Area Calleguas Annexation No. 28 Area Calleguas Annexation No. 29 Area Calleguas Annexation No. 30 Area Calleguas Annexation No. 31 Area Calleguas Annexation No. 33 Area Calleguas Annexation No. 34 Area Calleguas Annexation No. 35 Area Calleguas Annexation No. 36 Area Calleguas Annexation No. 39 Area Calleguas Annexation No. 40 Area Calleguas Annexation No. 41 Area

Calleguas Annexation No. 43 Area

Calleguas Annexation No. 45 Area

Calleguas Annexation No. 46 Area

Calleguas Annexation No. 38 Area

Calleguas Annexation No. 44 Area

December 14, 1960 March 16, 1961 March 14, 1963 March 15, 1963 December 8, 1964 December 8, 1964 October 17, 1968 November 7, 1969 December 19, 1969 December 14, 1970 December 19, 1972 June 22, 1973 December 16, 1974 December 30, 1975 December 17, 1976 December 17, 1976 December 12, 1977 December 28, 1979 December 9, 1981 December 21, 1981 December 29, 1981 March 24, 1982 December 2, 1983 November 30, 1984 June 19, 1985 November 27, 1985 July 25, 1986 December 31, 1987 October 4, 1988 October 10, 1989 July 6, 1990 September 25, 1990 November 27, 1991 June 24, 1992 February 26, 1993 February 26, 1993 February 2, 1994 May 16, 1994 August 16, 1994 August 16, 1994 August 16, 1994 September 27, 1994

December 19, 1994

December 19, 1994

Calleguas Annexation No. 47 Area Calleguas Annexation No. 48 Area Calleguas Annexation No. 32 Area Calleguas Annexation No. 49 Area Calleguas Annexation No. 52A Area Calleguas Annexation No. 53 Area Calleguas Annexation No. 52B Area Calleguas Annexation No. 51 Area Calleguas Annexation No. 54 Area Calleguas Annexation No. 55 Area Calleguas Annexation No. 61 Area Calleguas Annexation No. 57 Area Calleguas Annexation No. 58 Area Calleguas Annexation No. 60 Area Calleguas Annexation No. 65 Area Calleguas Annexation No. 66 Area Calleguas Annexation No. 63 Area Calleguas Annexation No. 68 Area Calleguas Annexation No. 69 Area Calleguas Annexation No. 70 Area Calleguas Annexation No. 74 Area Calleguas Annexation No. 72 Area Calleguas Annexation No. 75 Area Calleguas Annexation No. 76-A Area Calleguas Annexation No. 76-B Area Calleguas Annexation No. 79 Calleguas Annexation No. 81 Calleguas Annexation No. 82 Calleguas Annexation No. 80 Calleguas Annexation No. 67 Calleguas Annexation No. 73 Calleguas Annexation No. 77 Calleguas Annexation No. 78 Calleguas Annexation No. 84 Calleguas Annexation No. 83 Calleguas Annexation No. 85 Calleguas Annexation No. 92 Calleguas Annexation No. 91 Calleguas Annexation No. 90 Calleguas Annexation No. 89 Calleguas Annexation No. 87 Calleguas Annexation No. 93 Calleguas Annexation No. 94 Calleguas Annexation No. 96 Calleguas Annexation No. 95 Calleguas Annexation No. 97 Calleguas Annexation No. 98 Calleguas Annexation No. 100 Calleguas Annexation No. 102 Calleguas Annexation No. 103

September 19, 1995 December 21, 1995 March 5, 1996 December 18, 1996 November 4, 1997 December 19, 1997 December 23, 1997 June 9, 1998 January 26, 1999 January 27, 1999 October 27, 1999 December 29, 1999 December 29, 1999 December 29, 1999 August 2, 2000 August 4, 2000 December 27, 2000 April 17, 2001 July 20, 2001 July 27, 2001 November 26, 2001 December 17, 2001 April 24, 2002 July 2, 2002 July 26, 2002 May 27, 2003 August 11, 2003 September 22, 2003 December 9, 2002 December 22, 2003 December 22, 2003 June 4, 2004 March 3, 2004 October 22, 2004 November 23, 2005 January 3, 2006 November 28, 2007 April 7, 2008 May 21, 2008 September 25, 2008 December 28, 2009 December 28, 2009 September 21, 2010 April 23, 2012 December 20, 2012 December 12, 2013 April 8, 2014 January 26, 2017 July 30, 2018

(21) "Exclusions from City of Los Angeles Area" shall mean the following areas excluded from the City of Los Angeles and from MWD of SC on the dates cited:

Alhambra Hills Annexation to City of Alhambra Portion of Reorganization No. 85-2 of City of Los Angeles Creekside Condominiums (Reorganization 98-01) January 27, 1964 December 30, 1985 September 11, 2002

December 17, 2019

7-1

(22) "Exclusion from Las Virgenes MWD" shall mean the following area excluded from Las Virgenes MWD and from MWD of SC on the date cited:

Portion of Reorganization No. 85-2 of Original Area of Las Virgenes MWD

December 30, 1985

(23) "Exclusion from Three Valleys MWD" shall mean the following area excluded from Three Valleys MWD and from MWD of SC on the date cited:

Azusa Reorganization (Parcels 1, 2, 3 & 20)

May 21, 1996

"Exclusions from Ramona No. 2 Annexation Area" shall mean the following areas excluded from Ramona No. 2 Annexation area of SDCWA and from MWD of SC on the dates cited:

Schlueter Detachment Bonfils Detachment December 19, 1977 December 29, 1978

(25) "Exclusions from Rainbow No. 3 Annexation Area" shall mean the following areas excluded from Rainbow No. 3 Annexation area of SDCWA and from MWD of SC on the dates cited:

Werner Detachment Brown Detachment Mann-Gosser Detachment August 4, 1980 January 1, 1981 March 4, 1981

(26) "Exclusion from Original Area of Ramona MWD" shall mean the following area excluded from Ramona MWD Area of SDCWA and from MWD of SC on the date cited:

Meyer Detachment

March 10, 1983

(27) "Exclusion from Original Area of Western MWD" shall mean the following area excluded from Original Area of Western MWD and from MWD of SC on the date cited:

LAFCO 94-28-2 Detachment

January 21, 1997

(28) "Exclusion from Central Basin MWD" shall mean the following area excluded from Central Basin MWD and from MWD of SC on the date cited:

Reorganization No. 1-1998, Parcel 1 & 2 to San Gabriel Valley Water District

December 29, 1999

#### Section 3.

### ASSESSED VALUATIONS

The county auditors of the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura have certified the assessed valuations of all property taxable by MWD of SC, consistent with the areas described in definitions (4) through (28) of Section 2, for the Fiscal Year and their respective certificates have been filed with the Board of Directors.

#### Section 3.1

# STATEMENT REGARDING ARTICLES XIII A, XIII C AND XIII D OF THE CONSTITUTION OF THE STATE OF CALIFORNIA

None of the property tax levies made by the Board of Directors of MWD of SC in the next succeeding sections fall within Section 1(a) of Article XIII A approved by the electorate on June 6, 1978 for addition to the California Constitution, effective July 1, 1978. All said levies fall under the Section 1(b) exemption to said Section 1(a) and are otherwise exempt from said Section 1(a) by reason of the impairment of contract clause of Article I, Section 10 of the United States Constitution. None of said levies fall within Articles XIII C and XIII D approved by the electorate on November 5, 1996, for addition to the California Constitution, by reason of the aforementioned provisions and exemptions and the provisions of Section 3(a)(1) of Article XIII D. All said levies are made pursuant to Revenue and Taxation Code Section 93(a) and are for the purpose of and shall be used for payment of "voter-approved indebtedness."

#### Section 4.

### ANNEXATION LEVY

For the dual purposes of raising the amounts required to be raised by means of levies on taxable properties as prescribed by resolutions of the Board of Directors of MWD of SC fixing terms and conditions for annexation to MWD of SC (or as such terms and conditions may have been modified in accordance with the Metropolitan Water District Act of the State of California, Statutes 1969, Chapter 209, as amended) and for raising funds necessary to provide for payment of a portion of the capital cost component of either the Transportation Charge or the Delta Water Charge, or both, billed to MWD of SC under the "State Water Contract" (as identified in Section 6 of this Resolution) due or to become due within the current fiscal year or within the following fiscal year before the time when money will be available from the next property tax levy, Metropolitan previously set:

- a. the amount of money necessary to be raised by ad valorem property taxation for such annexed properties;
- b. the rates of such taxation of MWD of SC upon secured taxable property in each of the areas subject to such levies; and
- c. the amounts of money to be derived from said levies.

For FY 2021/22, there is no amount remaining to be raised under the Resolutions for annexed properties. Therefore, no annexation levies are shown in the attached schedules.

#### Section 5.

#### **BOND LEVY**

For the purposes of paying the annual interest on the outstanding bonded indebtedness of MWD of SC incurred as a result of approval by the voters residing within MWD of SC and such part of the principal of such bonds as shall become due before the time when money will be available from the next property tax levy, or such portion thereof as shall not be met from previous levies or other revenues of the District:

- a. The amount of money necessary to be raised by ad valorem property taxation during FY 2021/22 is the sum set forth in the last line in Column #1 of Schedule A.
- b. The rate of such taxation of MWD of SC for the FY 2021/22 upon secured taxable property within MWD of SC hereby is fixed and levied at .000156% of assessed valuation. The rate of such taxation for the FY 2021/22 upon unsecured taxable property is the rate fixed and levied for the preceding year applicable to secured taxable property, as required by operation of law and set forth in Column #2 of Schedule B.
- c. The amounts of money necessary to be derived from said levy are set forth in Column #7 of Schedule B, including the amounts of money to be derived from the area of MWD of SC within each separate member agency.

#### Section 6.

# STATE WATER CONTRACT LEVY

For the purpose of raising funds in excess of those funds raised under Section 5 of this Resolution, necessary and sufficient to provide for payments due or to become due within the current fiscal year or within the following fiscal year before the time when money will be available from the next property tax levy, or such portion thereof as shall not be met from previous levies or other revenues of the District, under the:

"CONTRACT BETWEEN THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES AND THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FOR A WATER SUPPLY, dated November 4, 1960," as amended (State Water Contract),

- a. The amount of money necessary to be raised by ad valorem property taxation during FY 2021/22 in excess of the sum raised under Section 5 of this Resolution is the sum set forth in the last line of Column #2 of Schedule A.
- b. The rate of such taxation of MWD of SC for the FY 2021/22 upon secured taxable property within MWD of SC hereby is fixed and levied at .003354% of assessed valuation. The rate of such taxation for the FY 2021/22 upon the unsecured taxable property is the rate fixed for the preceding year applicable to secured taxable property, as required by operation of law and set forth in Column #4 of Schedule B.
- c. The amounts of money necessary to be derived from said levy are set forth in column #8 of Schedule B, including the amounts of money to be derived from the area of MWD of SC within each separate member agency.

### Section 7.

# **TOTALS**

The total rates of ad valorem property taxation of MWD of SC for FY 2021/22 upon secured taxable property are set forth in Column #5 of Schedule B. The total rates of ad valorem property taxation of MWD of SC for FY 2021/22 upon unsecured taxable property are set forth in Column #6 of Schedule B. The total amounts of money to be derived by virtue of such tax levies for the Fiscal Year are set forth in Column #9 of Schedule B, including the amounts of money to be derived from the area of MWD of SC within each separate member agency.

#### Section 8.

## **REDEVELOPMENT AGENCIES**

Pursuant to Assembly Bill X1 26 ("ABX1 26"), chaptered and effective on June 27, 2011, and as modified in part by the California Supreme Court in the decision of *California Redevelopment Association v. Matosantos*, Case No. S194681, redevelopment agencies in California were dissolved. Such dissolution laws were modified in part by Assembly Bill 1484 ("AB 1484"), chaptered and effective on June 27, 2012, and Senate Bill 107 ("SB 107"), chaptered and effective on September 22, 2015.

The total rates of taxation of MWD of SC for the Fiscal Year set forth in Column #5 of Schedule B are the rates of taxation upon taxable property taxable by MWD of SC within the areas shown in said Schedule, including taxable property formerly within redevelopment agencies as well as all other property so taxable by MWD of SC. The total amounts of money shown in Column #9 of Schedule B to be derived from some of said areas by virtue of tax levies of MWD of SC include monies to be allocated to the successor agencies of former redevelopment agencies for the payment of enforceable obligations and allowable administrative expenses approved by the State Department of Finance and local successor agency oversight boards, as well as amounts of money to be allocated to MWD of SC. The estimated adjustment to be made to account for the difference between the total amount levied and the amount to be derived is included in the provision for estimated collection delinquencies shown in Schedule A.

#### Section 9.

## SCHEDULES A AND B

Schedules A and B are attached after the last page of this resolution and are incorporated herein.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a resolution of the Board of Directors of The Metropolitan Water District of Southern California, adopted at its meeting held August 17, 2021.

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

# THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

## SCHEDULE A

# Estimated Funds to be Produced by Tax Levy, Fiscal Year 2021/22 (Cents Omitted)

|  |                   |     | Bond Levy<br>Column #1 |     | State<br>Contract<br>Levy<br>Column #2 |     | Totals<br>Column #3 |
|--|-------------------|-----|------------------------|-----|--|-----|---------------------|
| Secured Property                           |                   | _   |                        |     |  |     |                     |
| Assessed Value \$                          | 3,282,777,920,347 |     |                        |     |  |     |                     |
| Tax Rate                                   |                   |     | 0.00015%               |     | 0.00335%                               |     |                     |
| Amount of Levy                             |                   | \$  | 4,924,073              | \$  | 109,973,060                            | \$  | 114,897,133         |
| <u>Unsecured Property</u>                  |                   |     |                        |     |  |     |                     |
| Assessed Value \$                          | 109,368,260,583   |     |                        |     |  |     |                     |
| Tax Rate                                   |                   |     | 0.00005%               |     | 0.00345%                               |     |                     |
| Amount of Levy                             |                   | \$  | 54,684                 | \$  | 3,773,205                              | \$  | 3,827,889           |
| All Property                               |                   |     |                        |     |  |     |                     |
| Assessed Value \$                          | 3,392,146,180,930 |     |                        |     |  |     |                     |
| Amount of Levy from Schedule B             |                   | \$  | 4,978,757              | \$  | 113,746,265                            | \$  | 118,725,022         |
| Allocation of County-wide Tax on Utilities |                   | _   | 1,970,959              | _   | 44,018,095                             | _   | 45,989,054          |
| Total Tax Levy                             |                   | \$  | 6,949,717              | \$  | 157,764,360                            | \$  | 164,714,077         |
| Estimated Collection Adjustments *         |                   | -   | (262,659)              | -   | (6,386,938)                            | _   | (6,649,597)         |
| Estimated Funds to be Produced by Tax Levy |                   | \$_ | 6,687,058              | \$_ | 151,377,422                            | \$_ | 158,064,480         |

<sup>\* .5%</sup> allowance for delinquencies

<sup>7.6%</sup> allowance for allocations to successors of former redevelopment agencies

<sup>\$2.8</sup> million estimated supplemental tax collections

<sup>\$3.8</sup> million estimated prior years tax collections

| Agency  | Area (a)                                     |          | Unsecured<br>Bond Rate<br>Col. 2 |          | Unsecured<br>SWC Rate<br>Col. 4 | Total<br>Secured<br>Rate<br>Col. 5 | Total<br>Unsecured<br>Rate<br>Col. 6 | Bond Levy<br>Col. 7          | SWC Levy<br>Col. 8             | Total Levy<br>Col. 9           |
|---|--|----------|----------------------------------|----------|---------------------------------|------------------------------------|--------------------------------------|------------------------------|--------------------------------|--------------------------------|
| Included in MWD                                     |  |          |                                  |          |                                 |                                    |                                      |                              |                                |                                |
| Los Angeles County                                  |  |          |                                  |          |                                 |                                    |                                      |                              |                                |                                |
| City of Beverly Hills<br>City of Beverly Hills Area | 1-1-01-000-0<br>Agency Totals:               | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 60,271.03<br>60,271.03       | 1,360,144.83<br>1,360,144.83   | 1,420,415.85<br>1,420,415.85   |
| City of Burbank<br>City of Burbank Area             | 1-1-02-000-0                                 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 38,335.71<br>38,335.71       | 897,845.12<br>897,845.12       | 936,180.83<br>936,180.83       |
| City of Glendale<br>City of Glendale Area           | Agency Totals:  1-1-03-000-0  Agency Totals: | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 53,832.48<br>53,832.48       | 1,218,272.11<br>1,218,272.11   | 1,272,104.59<br>1,272,104.59   |
| City of Los Angeles<br>City of Los Angeles Area     | 1-1-04-000-0 Agency Totals:                  | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 1,041,857.27<br>1,041,857.27 | 23,776,080.90<br>23,776,080.90 | 24,817,938.17<br>24,817,938.17 |
| City of Pasadena<br>City of Pasadena Area           | 1-1-05-000-0 Agency Totals:                  | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 52,344.56<br>52,344.56       | 1,184,389.54<br>1,184,389.54   | 1,236,734.09<br>1,236,734.09   |
| City of San Marino<br>City of San Marino Area       | 1-1-06-000-0 Agency Totals:                  | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 10,967.34<br>10,967.34       | 245,249.91<br>245,249.91       | 256,217.25<br>256,217.25       |
| City of Santa Monica<br>City of Santa Monica Area   | 1-1-07-000-0<br>Agency Totals:               | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 64,297.86<br>64,297.86       | 1,461,260.55<br>1,461,260.55   | 1,525,558.42<br>1,525,558.42   |

| Agency   |                | Area (a)     |          | Unsecured<br>Bond Rate<br>Col. 2 | Secured<br>SWC Rate<br>Col. 3 | Unsecured<br>SWC Rate<br>Col. 4 | Total<br>Secured<br>Rate<br>Col. 5 | Total<br>Unsecured<br>Rate<br>Col. 6 | Bond Levy<br>Col. 7      | SWC Levy<br>Col. 8           | Total Levy<br>Col. 9         |
|--|----------------|--------------|----------|----------------------------------|-------------------------------|---------------------------------|------------------------------------|--------------------------------------|--------------------------|------------------------------|------------------------------|
| Included in MWD  |                |              |          |                                  |                               |                                 |                                    |                                      |                          |                              |                              |
| Los Angeles County   |                |              |          |                                  |                               |                                 |                                    |                                      |                          |                              |                              |
| City of Long Beach<br>City of Long Beach Area                                      | Agency Totals: | 1-1-08-000-0 | 0.00015% | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 83,988.88<br>83,988.88   | 1,944,900.50<br>1,944,900.50 | 2,028,889.38<br>2,028,889.38 |
| City of Torrance<br>City of Torrance Area  |                | 1-1-09-000-0 | 0.00015% | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 47,542.13<br>47,542.13   | 1,090,495.31<br>1,090,495.31 | 1,138,037.44<br>1,138,037.44 |
| City of Compton<br>City of Compton Area  |                | 1-1-10-000-0 | 0.00015% | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 8,180.68<br>8,180.68     | 187,206.84<br>187,206.84     | 195,387.51<br>195,387.51     |
| West Basin Municipal Water District<br>West Basin Municipal Water District Area    | Agency Totals: | 1-1-11-000-0 | 0.00015% | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 346,602.12<br>346,602.12 | 7,942,045.60<br>7,942,045.60 | 8,288,647.72<br>8,288,647.72 |
| Three Valleys Municipal Water District Three Valleys Municipal Water District Area | Agency Totals: | 1-1-12-000-0 | 0.00015% | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 115,002.92<br>115,002.92 | 2,615,206.17<br>2,615,206.17 | 2,730,209.08<br>2,730,209.08 |
| Foothill Municipal Water District Foothill Mur<br>District Area                    | •              | 1-1-13-000-0 | 0.00015% | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 31,996.37<br>31,996.37   | 717,681.04<br>717,681.04     | 749,677.41<br>749,677.41     |
| Central Basin Municipal Water District Centra<br>Municipal Water District Area     |                | 1-1-14-000-0 | 0.00015% | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 249,618.31<br>249,618.31 | 5,752,510.90<br>5,752,510.90 | 6,002,129.21<br>6,002,129.21 |

| Agency   | Area (a)     |          | Unsecured<br>Bond Rate<br>Col. 2 |          | Unsecured<br>SWC Rate<br>Col. 4 | Total<br>Secured<br>Rate<br>Col. 5 | Total<br>Unsecured<br>Rate<br>Col. 6 | Bond Levy<br>Col. 7      | SWC Levy<br>Col. 8             | Total Levy<br>Col. 9           |
|--|--------------|----------|----------------------------------|----------|---------------------------------|------------------------------------|--------------------------------------|--------------------------|--------------------------------|--------------------------------|
| Included in MWD  |              |          |                                  |          |                                 |                                    |                                      |                          |                                |                                |
| Los Angeles County   |              |          |                                  |          |                                 |                                    |                                      |                          |                                |                                |
| Las Virgenes Municipal Water District Las Virgenes Municipal Water District Area Agency Totals:  | 1-1-15-000-0 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 40,819.18<br>40,819.18   | 921,580.95<br>921,580.95       | 962,400.13<br>962,400.13       |
| Upper San Gabriel Valley MWD   |              |          |                                  |          |                                 |                                    |                                      |                          |                                |                                |
| Upper San Gabriel Valley MWD Area Agency Totals:   | 1-1-16-000-0 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 177,058.79<br>177,058.79 | 4,026,663.55<br>4,026,663.55   | 4,203,722.34<br>4,203,722.34   |
| City of San Fernando City of San Fernando Area Area Agency Totals:                               | 1-1-17-000-0 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 3,264.82<br>3,264.82     | 75,588.40<br>75,588.40         | 78,853.22<br>78,853.22         |
| County Totals:   |              |          |                                  |          |                                 |                                    |                                      | 2,425,980.44             | 55,417,122.21                  | 57,843,102.64                  |
| Orange County City of Anaheim City of Anaheim Area Area Agency Totals:                           | 1-2-01-000-0 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 76,882.27<br>76,882.27   | 1,777,185.44<br>1,777,185.44   | 1,854,067.72<br>1,854,067.72   |
| City of Santa Ana<br>City of Santa Ana Area Area<br>Agency Totals:                               | 1-2-02-000-0 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 44,056.84<br>44,056.84   | 1,023,039.92<br>1,023,039.92   | 1,067,096.76<br>1,067,096.76   |
| City of Fullerton<br>City of Fullerton Area Area<br>Agency Totals:                               | 1-2-03-000-0 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 33,274.87<br>33,274.87   | 759,957.29<br>759,957.29       | 793,232.16<br>793,232.16       |
| Municipal Water District of Orange County<br>Remainder of MWD of Orange County<br>Agency Totals: | 1-2-05-999-0 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 844,300.55<br>844,300.55 | 19,277,898.54<br>19,277,898.54 | 20,122,199.09<br>20,122,199.09 |
| County Totals:   | ·            |          |                                  |          |                                 |                                    |                                      | 998,514.53               | 22,838,081.19                  | 23,836,595.72                  |

| Agency  | Area (a)     |           | Unsecured<br>Bond Rate<br>Col. 2 | Secured<br>SWC Rate<br>Col. 3 | Unsecured<br>SWC Rate<br>Col. 4 | Total<br>Secured<br>Rate<br>Col. 5 | Total<br>Unsecured<br>Rate<br>Col. 6 | Bond Levy<br>Col. 7 | SWC Levy<br>Col. 8 | Total Levy<br>Col. 9 |
|---|--------------|-----------|----------------------------------|-------------------------------|---------------------------------|------------------------------------|--------------------------------------|---------------------|--------------------|----------------------|
| Riverside County  |              |           |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| Eastern Municipal Water District Remainder of Eastern MWD | 1-3-01-999-0 | 0.00015%  | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0 00350%                           | 0.00350%                             | 140.678.41          | 3.204.545.75       | 3,345,224.17         |
| Agency Totals:  |              | 0.000.070 | 0.0000070                        | 0.0000070                     | 0.000.070                       | 0.0000070                          | 0.0000070                            | 140,678.41          | 3,204,545.75       | 3,345,224.17         |
| Western Municipal Water District                          |              |           |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| Eleventh Fringe Area of Western MWD                       | 1-3-02-011-0 | 0.00000%  | 0.00000%                         | 0.00000%                      | 0.00000%                        | 0.00000%                           | 0.00000%                             | 0.00                | 0.00               | 0.00                 |
| Fifteenth Fringe Area of Western Mwd                      | 1-3-02-012-0 | 0.00015%  | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 0.59                | 13.26              | 13.86                |
| Remainder of Western MWD                                  | 1-3-02-999-0 | 0.00015%  | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 183,355.41          | 4,205,816.46       | 4,389,171.87         |
| Agency Totals:  |              |           |                                  |                               |                                 |                                    |                                      | 183,356.00          | 4,205,829.72       | 4,389,185.72         |
| County Totals:  |              |           |                                  |                               |                                 |                                    |                                      | 324,034.42          | 7,410,375.47       | 7,734,409.89         |
| San Bernardino County                                     |              |           |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| Inland Empire Utilities Agency                            |              |           |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| Original Area of Chino Basin MWD                          | 1-4-01-001-0 | 0.00015%  | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 78,874.08           | 1,836,010.76       | 1,914,884.84         |
| Mid-valley Area of Chino Basin MWD                        | 1-4-01-002-0 | 0.00015%  | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 115,865.97          | 2,689,946.53       | 2,805,812.49         |
| Bryant Annexation Area of Chino Basin MWD                 | 1-4-01-003-0 | 0.00015%  | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 109.51              | 2,455.59           | 2,565.10             |
| North Perimeter No. 1 Annexation Area of Chino Basin MWD  | 1-4-01-004-0 | 0.00015%  | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 59.38               | 1,327.22           | 1,386.60             |
| Agency Totals:  |              |           |                                  |                               |                                 |                                    |                                      | 194,908.94          | 4,529,740.09       | 4,724,649.03         |
| County Totals:  |              |           |                                  |                               |                                 |                                    |                                      | 194,908.94          | 4,529,740.09       | 4,724,649.03         |

| Agency   | Area (a)     |           | Unsecured<br>Bond Rate<br>Col. 2 |           | Unsecured<br>SWC Rate<br>Col. 4 | Total<br>Secured<br>Rate<br>Col. 5 | Total<br>Unsecured<br>Rate<br>Col. 6 | Bond Levy<br>Col. 7                   | SWC Levy<br>Col. 8 | Total Levy<br>Col. 9 |
|--|--------------|-----------|----------------------------------|-----------|---------------------------------|------------------------------------|--------------------------------------|---------------------------------------|--------------------|----------------------|
| Included in MWD  |              |           |                                  |           |                                 |                                    |                                      |                                       |                    | _                    |
| San Diego County   |              |           |                                  |           |                                 |                                    |                                      |                                       |                    |                      |
| San Diego County Water Authority Remainder of SDCWA +                              | 1-5-01-999-9 | 0.00015%  | 0.00005%                         | 0.00335%  | 0.00345%                        | 0.00350%                           | 0.00350%                             | 864,323.25                            | 19,651,973.37      | 20,516,296.62        |
| Agency Tota  | ls:          |           |                                  |           |                                 |                                    |                                      | 864,323.25                            | 19,651,973.37      | 20,516,296.62        |
| County Totals:   |              |           |                                  |           |                                 |                                    |                                      | 864,323.25                            | 19,651,973.37      | 20,516,296.62        |
| Ventura County<br>Calleguas Municipal Water District<br>Remainder of Calleguas MWD | 1-6-01-999-0 | 0.00015%  | 0.00005%                         | 0.00335%  | 0.00345%                        | 0.00350%                           | 0.00350%                             | 170,968.59                            | 3,896,273.93       | 4,067,242.52         |
| Agency Tota  |              | 0.0001370 | 0.0000370                        | 0.0000070 | 0.0004070                       | 0.00000 70                         | 0.0000070                            | 170,968.59                            | 3,896,273.93       | 4,067,242.52         |
| County Totals:   | 15.          |           |                                  |           |                                 |                                    |                                      | · · · · · · · · · · · · · · · · · · · | · · · ·            |                      |
| County rotals.   |              |           |                                  |           |                                 |                                    |                                      | 170,968.59                            | 3,896,273.93       | 4,067,242.52         |
| Included Tota  | ls:          |           |                                  |           |                                 |                                    |                                      | 4,978,730.17                          | 113,743,566.26     | 118,722,296.42       |

| Agency   | Area (a)     |          | Unsecured<br>Bond Rate<br>Col. 2 | Secured<br>SWC Rate<br>Col. 3 |          | Total<br>Secured<br>Rate<br>Col. 5 | Total<br>Unsecured<br>Rate<br>Col. 6 | Bond Levy<br>Col. 7 | SWC Levy<br>Col. 8 | Total Levy<br>Col. 9 |
|--|--------------|----------|----------------------------------|-------------------------------|----------|------------------------------------|--------------------------------------|---------------------|--------------------|----------------------|
| Excluded from MWD  |              |          |                                  |                               |          |                                    |                                      |                     |                    |                      |
| Los Angeles County                                       |              |          |                                  |                               |          |                                    |                                      |                     |                    |                      |
| City of Los Angeles                                      |              |          |                                  |                               |          |                                    |                                      |                     |                    |                      |
| Alhambra Hills   | 2-1-04-001-0 | 0.00000% | 0.00000%                         | 0.00335%                      | 0.00345% | 0.00335%                           | 0.00345%                             | 0.00                | 2,098.22           | 2,098.22             |
| Portion of Reorganization No. 85-2                       | 2-1-04-002-0 | 0.00015% | 0.00005%                         | 0.00335%                      | 0.00345% | 0.00350%                           | 0.00350%                             | 16.27               | 363.63             | 379.90               |
| Agency Totals:   |              |          |                                  |                               |          |                                    |                                      | 16.27               | 2,461.85           | 2,478.13             |
| Las Virgenes Municipal Water District                    |              |          |                                  |                               |          |                                    |                                      |                     |                    |                      |
| Portion of Reog No. 85-2 Exclusion from Las Virgines MWD | 2-1-15-001-0 | 0.00015% | 0.00005%                         | 0.00335%                      | 0.00345% | 0.00350%                           | 0.00350%                             | 1.27                | 28.26              | 29.53                |
| Agency Totals:   |              |          |                                  |                               |          |                                    |                                      | 1.27                | 28.26              | 29.53                |
| County Totals:   |              |          |                                  |                               |          |                                    |                                      | 17.54               | 2,490.11           | 2,507.65             |

| Agency                              | Area (a)            |              |          | Unsecured<br>Bond Rate<br>Col. 2 |          | Unsecured<br>SWC Rate<br>Col. 4 | Total<br>Secured<br>Rate<br>Col. 5 | Total<br>Unsecured<br>Rate<br>Col. 6 | Bond Levy<br>Col. 7 | SWC Levy<br>Col. 8 | Total Levy<br>Col. 9 |
|-------------------------------------|---------------------|--------------|----------|----------------------------------|----------|---------------------------------|------------------------------------|--------------------------------------|---------------------|--------------------|----------------------|
| Excluded from MWD                   |                     |              |          |                                  |          |                                 |                                    |                                      |                     |                    |                      |
| San Diego County                    |                     |              |          |                                  |          |                                 |                                    |                                      |                     |                    |                      |
| San Diego County Water Aut          | thority             |              |          |                                  |          |                                 |                                    |                                      |                     |                    |                      |
| <b>Exclusion from Original Area</b> | a of Ramona MWD     | 2-5-01-017-0 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 0.20                | 4.41               | 4.61                 |
| <b>Exclusions From Ramona No</b>    | o.2 Annexation Area | 2-5-01-030-0 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 3.14                | 70.20              | 73.35                |
| Rainbow No.3 Annexation A           | rea                 | 2-5-01-041-0 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 6.02                | 134.34             | 140.35               |
| Agency Totals:                      |                     |              |          |                                  |          |                                 |                                    |                                      | 9.36                | 208.95             | 218.31               |
| County Totals:                      |                     |              |          |                                  |          |                                 |                                    |                                      | 9.36                | 208.95             | 218.31               |
| Excluded Totals:                    |                     |              |          |                                  |          |                                 |                                    |                                      | 26.89               | 2,699.06           | 2,725.96             |
| Report Totals:                      |                     |              |          |                                  |          |                                 |                                    | _                                    | 4,978,757.06        | 113,746,265.32     | 118,725,022.38       |

# THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

#### **RESOLUTION XXXX**

A RESOLUTION LEVYING AD VALOREM PROPERTY TAXES FOR THE FISCAL YEAR COMMENCING JULY 1, 2021 AND ENDING JUNE 30, 2022 FOR THE PURPOSES OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

The Board of Directors of The Metropolitan Water District of Southern California, after receiving, considering, and evaluating evidence and all material factors pertaining thereto, including budget requirements and estimated revenues from water rates, charges, and ad valorem property tax rates, finds, determines, and resolves:

Section 1.

### **RECITALS**

# Effective Water Rates and Charges during Fiscal Year 2021/22

The Board of Directors fixes water rates and charges on a calendar year basis and adopts its biennial budget and ad valorem property taxes on a fiscal year basis. During fiscal year (FY) 2021/22, the applicable rates and charges are those set by the Board for calendar year (CY) 2021 and CY 2022. The Board of Directors, with full review of (1) evidence presented, and (2) all material factors and considerations, has adopted water rates and charges for CYs 2021 and 2022, which, in the debated, informed and considered discretion of the Board, are in compliance with Section 134 of the Metropolitan Water District Act (the MWD Act), in that the Board, so far as practicable, has fixed such rates and charges as will result in revenue which will pay the District's operating expenses, provide for maintenance and repairs, provide for payment of the purchase price or other charges for property or services or other rights acquired by the District, and provide for the payment of the interest and principal of District bonds, notes and other evidences of indebtedness under the applicable provisions of the Act authorizing debt issuance and retirement, assuming the ad valorem property tax rate for FYs 2020/21 and 2021/22 continues at the existing rate of .0035 percent. On August 18, 2020, the Board of Directors established the tax rate for FY 2020/21 at .0035 percent. This Resolution establishes the tax rate for FY 2021/22.

## Applicability of Ad Valorem Property Tax Limitations Pursuant to the MWD Act

Section 124.5 of the MWD Act limits property tax collections to the amount necessary to pay the total annual debt service on Metropolitan's general obligation bonds and only a portion of its State Water Contract (SWC) payment obligation, limited to the preexisting debt service on state general obligation bonds (Burns-Porter bonds) used to finance construction of State Water Project (SWP) facilities for the benefit of Metropolitan. However, the limitation of Section 124.5 does not apply if, following a public hearing, the Board of Directors finds that collection of tax revenue in excess of that limitation is essential to the fiscal integrity of the District. The Board held the public hearing pursuant to Section 124.5 of the Act on March 10, 2020 to determine the applicability of the limitation for FYs 2020/21 and 2021/22. On April 14, 2020, the Board adopted Resolution No. 9268, through which the Board:

- 1. Found and determined that it is essential to Metropolitan's fiscal integrity to collect ad valorem property taxes in excess of the Section 124.5 limitation on ad valorem property taxes in FYs 2020/21 and 2021/22;
- 2. Resolved and determined that pursuant to its finding, the tax rate restriction in Section 124.5 of the MWD Act is inapplicable when setting the ad valorem property tax rate for FYs 2020/21 and 2021/22, allowing the Board to maintain the current ad valorem property tax rate for those fiscal years (.0035 percent of assessed valuation, excluding annexation levies); and

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3. Waived compliance with Section 4301(b) of Metropolitan's Administrative Code for any tax levy that utilizes the April 2020 finding regarding Section 124.5 of the MWD Act.

## FY 2021/22 Ad Valorem Property Tax Levy

In its informed discretion, based upon full review of evidence presented and all material factors and considerations, the Board of Directors determines that the District's revenues for FY 2021/22 from water transactions and sources other than ad valorem property taxes, after payment of the District's operation and maintenance expenses, the payment of the purchase price or other charges for property or services or other rights acquired by the District, the operation, maintenance, power, and replacement charges due under the District's state contract, revenue bond service, deposits to the revenue bond reserve fund, short term revenue certificate (commercial paper note) service, net costs of operating equipment, and net inventory costs during the fiscal year, as well as the maintenance of prudent reserves for unforeseen District expenditures or unforeseen reduction in District revenue, will be insufficient to provide for general obligation bond service and to pay the District's contract obligations to the state for sale and delivery of water. Therefore, the Board levies ad valorem property taxes for FY 2021/22 as provided in this Resolution at sections 4 through 7 and the exhibits attached, sufficient, when taken with other revenues available for the purpose, to meet all the foregoing obligations and financial requirements, in the amounts and rates set forth in this Resolution and the schedules attached and incorporated therein.

### Section 2.

### **DEFINITIONS**

The following terms as used herein shall have the following meanings:

- (1) "MWD OF SC" shall mean The Metropolitan Water District of Southern California
  - "MWD" shall mean Municipal Water District
  - "SDCWA" shall mean the San Diego County Water Authority
  - "ID" shall mean Irrigation District
  - "PUD" shall mean Public Utility District.
- (2) "Fiscal Year" or "FY 2021/22" shall mean the fiscal year commencing July 1, 2021 and ending June 30, 2022.
- (3) "Schedule A and B" as shown in Section 9 shall mean:
  - Schedule A a tabulation setting forth for the Fiscal Year the estimated funds to be produced by MWD of SC ad valorem property tax levies made by this Resolution.
  - Schedule B a tabulation setting forth for the Fiscal Year ad valorem property tax rates as set forth in Sections 4, 5, and 6 hereof, the total tax rates, and the amounts of money to be derived from respective areas from the tax levies made by this Resolution.
- (4) The following city areas represent the corporate areas of cities within the County of Los Angeles at their respective times of annexation to MWD of SC, and may include areas subsequently annexed to said city areas at times when such areas were not within MWD of SC, and may include those areas which, at the time of their respective annexation to said city areas, were within non-city member public agencies and subsequently excluded from such non-city member public agencies:

| "City of Beverly Hills Area"                            | December 6, 1928  |
|---|-------------------|
| "City of Burbank Area"                                  | December 6, 1928  |
| "City of Glendale Area"                                 | December 6, 1928  |
| "City of Los Angeles Area"                              | December 6, 1928  |
| (Including portion of Original Area of Las Virgenes MWD |                   |
| excluded from Las Virgenes MWD on November 9, 1962)     |                   |
| "City of Pasadena Area"                                 | December 6, 1928  |
| "City of San Marino Area"                               | December 6, 1928  |
| "City of Santa Monica Area"                             | December 6, 1928  |
| "City of Long Beach Area"                               | February 27, 1931 |
| "City of Torrance Area"                                 | February 27, 1931 |
| "City of Compton Area"                                  | June 23, 1931     |
| "City of San Fernando Area"                             | November 12, 1971 |

(5) "West Basin MWD" shall include the following areas; annexed to West Basin MWD and to MWD of SC on the dates cited:

| Original Area   | July 23, 1948     |
|---|-------------------|
| City of Gardena Area  | December 9, 1948  |
| Inglewood Area  | June 9, 1952      |
| Dominguez Area  | October 16, 1952  |
| Hawthorne Area  | October 23, 1953  |
| La Casa Territory Area  | November 23, 1953 |
| A B C Territory Area  | January 11, 1955  |
| Culver City-County Territory Area   | January 11, 1955  |
| Frawley Territory Area  | January 13, 1958  |
| Imperial Strip Territory Area   | November 22, 1960 |
| Marina Area   | January 10, 1962  |
| Belle View Area   | November 12, 1963 |
| Municipal Parking Area  | November 12, 1963 |
| La Tijera Area  | December 21, 1965 |
| Jefferson Blvd. Area  | October 30, 1969  |
| Marina Second Fringe Area   | May 3, 1978       |
| West Hollywood Area   | June 23, 1981     |
| Reorganization No. 2014-10, Parcel A, and concurrently detached from the city of Torrance | December 22, 2014 |
| Reorganization No. 2009-16, and concurrently detached from Las Virgenes MWD               | February 19, 2015 |
| Reorganization No. 2014-06, and concurrently detached from Las Virgenes MWD               | July 19, 2016     |

(6) "Three Valleys MWD" shall include the following areas, annexed to Three Valleys MWD (formerly Pomona Valley MWD) and to MWD of SC on the dates cited:

| Original Area | November 15, 1950 |
|---------------|-------------------|
| Glendora Area | October 2, 1952   |
| Rowland Area  | June 15, 1953     |
| Stephens Area | November 27, 1957 |

(7) "Foothill MWD" shall include the following areas, annexed to Foothill MWD and to MWD of SC on the dates cited:

| Original Area of Foothill MWD | January 15, 1953  |
|-------------------------------|-------------------|
| Foothill First Fringe Area    | March 21, 1968    |
| Foothill Second Fringe Area   | November 21, 1968 |
| La Vina Annexation            | July 13, 1993     |

December 6, 1928

"Central Basin MWD" shall include the following areas, annexed to Central Basin MWD and to MWD of SC (8) on the dates cited:

Original Area November 12, 1954 Compton Territory Area January 4, 1957 Bellflower Territory Area December 30, 1958 January 23, 1961 Shoestring Strip Territory Area Signal Hill Territory Area November 14, 1963 Lakewood Area November 14, 1963 June 24, 1965 Vernon Area June 21, 1967 Dairy Valley Area Boyle Heights Area July 24, 1967 Cerritos Area December 22, 1969 Hawaiian Gardens Area November 22, 1977

(9) "Las Virgenes MWD" shall include the following areas annexed to Las Virgenes MWD and to MWD of SC on the dates cited, excluding that portion annexed to the City of Los Angeles on November 9, 1962:

Original Area December 1, 1960 Twin Lakes Area March 12, 1965 Bell Canyon Area March 16, 1966 Hidden Hills Annexation 87-1 April 22, 1988

(10)"Upper San Gabriel Valley MWD" shall include the following areas annexed to Upper San Gabriel Valley MWD and to MWD of SC on the dates cited:

Original Area March 27, 1963 West Covina Area November 1, 1965 Garvey Reservoir Area December 1, 1976 Mountain Cove Annexation July 17, 2002

The following city areas represent the corporate areas of cities within the County of Orange at their respective (11)times of annexation to MWD of SC, and may include areas subsequently annexed to said city areas at times when such areas were not within MWD of SC, and may include those areas which, at the time of their respective annexation to said city areas, were within non-city member public agencies and subsequently excluded from such non-city member public agencies:

City of Anaheim Area

Including:

Serrano/Nohl Ranch Rd. Reorganization (RO 01-05), Parcel 2, detached from MWD of Orange County on

April 19, 2001;

Reorganization Area 1 (RO 03-17) detached from MWD of

Orange County on August 26, 2003;

Reorganization Area 2 (RO 03-17) detached from MWD of

Orange County on August 26, 2003;

Reorganization Brookhurst ARCO (RO 02-02) detached

from MWD of Orange County on July 8, 2003;

North-Central Islands Annexation (IA 04-08) detached from MWD of Orange County on August 20, 2004;

Serrano Heights Reorganization (RO 04-01) detached from

MWD of Orange County on May 28, 2004;

Ball Road/Santa Ana River Reorganization (RO 04-02)

detached from MWD of Orange County on

December 13, 2004

Meyer Reorganization (RO 15-01) and concurrently detached from MWD of Orange County on May 16, 2016

City of Santa Ana Area

December 6, 1928

Including:

Reorganization Area 4 (RO 03-17) detached from MWD of Orange County on August 26, 2003

City of Fullerton Area

February 27, 1931

Including:

Hawks Point Reorganization (RO 00-11) detached from

MWD of Orange County on April 19, 2001;

Reorganization Area 3 (RO 03-17) detached from MWD of

Orange County on August 26, 2003;

Page Avenue Island Annex. (IA 04-14) detached from

MWD of Orange County on November 3, 2004;

Somerset Island Annex. (IA 04-15) detached from MWD of

Orange County on November 3, 2004

(12) "Remainder of MWD of Orange County" shall include the following areas, annexed to MWD of Orange County and to MWD of SC on the dates cited excluding that portion thereof of Reorganization No. 62 annexed to Coastal MWD on March 7, 1984:

| Original Area  | November 26, 1951 |
|--|-------------------|
| Annexation No. 1 Territory Area                            | November 25, 1957 |
| Annexation No. 4 Territory Area                            | December 11, 1958 |
| Annexation No. 5 Territory Area                            | December 7, 1959  |
| Annexation No. 7 Territory Area                            | December 8, 1960  |
| Annexation No. 10 Territory Area                           | December 11, 1961 |
| Annexation No. 11 Territory Area                           | January 6, 1964   |
| Annexation No. 8A Territory Area                           | March 29, 1965    |
| Annexation No. 8B Territory Area                           | March 29, 1965    |
| Annexation No. 8D Territory Area                           | March 29, 1965    |
| Annexation No. 8E Territory Area                           | March 29, 1965    |
| Annexation No. 8F Territory Area                           | March 29, 1965    |
| Annexation No. 8G Territory Area                           | March 29, 1965    |
| Annexation No. 8H Territory Area                           | March 29, 1965    |
| Annexation No. 13 Territory Area                           | June 30, 1969     |
| (Excluded from Coastal MWD for purpose of such annexation) |                   |
| Annexation No. 16 Territory Area                           | November 7, 1972  |
| Annexation No. 15 Territory Area                           | November 15, 1972 |
| Annexation No. 18 Territory Area                           | December 16, 1982 |
| Annexation No. 19 Territory Area                           | December 27, 1983 |
| Annexation No. 17 Territory Area                           | December 29, 1983 |
| City of Brea Area  | March 7, 1984     |
| Brea Fringe Annexation Area                                | March 7, 1984     |
| Serrano/Nohl Ranch Road Reorganization Parcel 1            | April 19, 2001    |
| (RO 01-05) detached from City of Anaheim                   |                   |

MWD of Orange County

Original Araa

Coastal MWD January 17, 2001

Coastal MWD and MWD of Orange County have been consolidated into a single district (RO 97-06) effective January 17, 2001. It shall include the following areas, annexed to Coastal MWD and to MWD of SC on the dates cited:

Original Area June 15, 1942 September 21, 1946 Fairview Farms Area November 26, 1948 Irvine Subdivision Areas 1948 Portion of City of Newport Beach Area November 29, 1948 Parts of Dana Point Area August 3, 1949 October 28, 1954 Capistrano Beach-San Clemente Area Tri-Cities Annexation No. 2 Area December 12, 1962 Laguna Canyon Annexation Area December 20, 1962 Lido Sands Annexation Area January 6, 1964 Laguna Niguel Area June 30, 1969 (Including Reorganization 32 Parcel A Area excluded from Annexation No. 4 on January 4, 1977) Tri-Cities Annexation No. 79-1 Area December 22, 1982 Reorganization No. 62 Parcel C and that portion of Parcel B March 7, 1984 Area excluded from Annexation No. 5 of MWD of Orange Reorganization No. 64 Area excluded from Annexation No. 7 March 18, 1983 of MWD of Orange County Reorganization No. 123 excluded from Annexation No. 7 of August 6, 1990

(13) "Remainder of Eastern MWD" shall include the following areas, annexed to Eastern MWD and to MWD of SC on the dates cited:

July 20 1051

| Original Area  | July 20, 1951      |
|--|--------------------|
| (Portion of area excluded from Eastern MWD and annexed to Western MWD) |                    |
| Adjacent Area  | May 22, 1953       |
| First Fringe Area  | April 20, 1956     |
| (Portion of area excluded from Eastern MWD and annexed to Western MWD) |                    |
| Third Fringe Area  | November 20, 1958  |
| (Area excluded from Original Area of Western MWD)                      |                    |
| Fourth Fringe Area   | December 6, 1960   |
| Fifth Fringe Area  | May 31, 1962       |
| (Portion of area excluded from Eastern MWD and annexed to Western MWD) |                    |
| Sixth Fringe Area  | December 10, 1962  |
| Seventh Fringe Area  | March 11, 1963     |
| Eight Fringe Area  | April 23, 1963     |
| Ninth Fringe Area  | April 23, 1963     |
| Tenth Fringe Area  | September 22, 1964 |
| Eleventh Fringe Area   | September 22, 1964 |
| Twelfth Fringe Area  | October 22, 1965   |
| Thirteenth Fringe Area   | October 13, 1967   |
| (Portion of area excluded from Eastern MWD and annexed to Western MWD) |                    |
| Fourteenth Fringe Area   | October 23, 1967   |
| Sixteenth Fringe Area  | July 1, 1969       |
| (Area excluded from First Fringe Area of Western MWD)                  |                    |
| Fifteenth Fringe Area  | August 12, 1969    |
| Seventeenth Fringe Area  | March 5, 1970      |
|  |                    |

Eighteenth Fringe Area Nineteenth Fringe Area Twentieth Fringe Area Twenty-First Fringe Area Twenty-Second Fringe Area Twenty-Third Fringe Area Twenty-Fourth Fringe Area Twenty-Fifth Fringe Area Twenty-Sixth Fringe Area Twenty-Seventh Fringe Area Twenty-Eighth Fringe Area Twenty-Ninth Fringe Area Thirty-First Fringe Area Thirty-Second Fringe Area Thirty-Third Fringe Area Thirtieth Fringe Area Thirty-Fourth Fringe Area Thirty-Fifth Fringe Area Thirty-Eighth Fringe Area Thirty-Sixth Fringe Area Fortieth Fringe Area Forty-Second Fringe Area Forty-Third Fringe Area Thirty-Ninth Fringe Area Forty-First Fringe Area Forty-Fifth Fringe Area Forty-Seventh Fringe Area Forty-Eighth Fringe Area Forty-Ninth Fringe Area Fiftieth Fringe Area Fifty-First Fringe Area Forty-Fourth Fringe Area Fifty-Second Fringe Area Forty-Sixth Fringe Area Fifty-Third Fringe Area Fifty-Fifth Fringe Area Fifty-Sixth Fringe Area Fifty-Eighth Fringe Area Fifty-Ninth Fringe Area Sixtieth Fringe Area Fifty-Seventh Fringe Area Sixty-Second Fringe Area Sixty-Third Fringe Area Sixty-Fourth Fringe Area Sixty-Fifth Fringe Area Seventieth Fringe Area Sixty-Seventh Fringe Area Reorganization (Area detached from portion of Original Area of Western MWD) Sixty-Eighth Fringe Area Seventy-First Fringe Area Sixty-Ninth Fringe Area Seventy-Second Fringe Area Sixty-Sixth Fringe Area

Seventy-Third Fringe Area

Seventy-Fifth Fringe Area

Seventy-Sixth Fringe Area

Seventy-Fourth Fringe Area

March 5, 1970 May 8, 1970 September 29, 1971 September 30, 1971 April 27, 1972 May 23, 1975 December 30, 1975 April 26, 1983 November 27, 1985 December 19, 1985 November 18, 1986 May 4, 1987 July 9, 1987 July 9, 1987 August 27, 1987 December 15, 1987 March 16, 1988 May 2, 1988 October 14, 1988 December 5, 1988 August 1, 1989 May 25, 1990 June 19, 1990 July 13, 1990 July 27, 1990 March 13, 1991 June 3, 1991 November 21, 1991 November 21, 1991 November 21, 1991 December 19, 1991 June 3, 1992 June 29, 1992 July 7, 1992 August 27, 1992 April 29, 1993 June 22, 1993 June 22, 1993 June 22, 1993 November 29, 1993 December 9, 1994 July 3, 1996 October 28, 1996 August 28, 1997 December 28, 2000 August 29, 2001 August 29, 2001 January 15, 2002 June 20, 2002

January 15, 2002 June 20, 2002 November 27, 2002 October 21, 2003 November 17, 2003 November 17, 2003 November 17, 2003 June 2, 2004 April 6, 2004

| Seventy-Eighth Fringe Area  Eighty-Third Fringe Area  December 15, 2005  Seventy-Ninth Fringe Area  December 20, 2005  Eighty-First Fringe Area  December 20, 2005  Eighty-Fourth Fringe Area  December 20, 2005  Eighty-Seventh Fringe Area  Eighty-Sixth Fringe Area  Eighty-Fifth Fringe Area  March 24, 2006  Eighty-Eighth Fringe Area  May 22, 2006  Eighty-Eighth Fringe Area  May 22, 2006  Ninety-Second Fringe Area  November 28, 2006  Ninety-First Fringe Area  Ninety-Fifth Fringe Area  Ninety-Seventh Fringe Area  April 16, 2007 |
|--|
| Seventy-Ninth Fringe Area  Eighty-First Fringe Area  Eighty-Fourth Fringe Area  Eighty-Seventh Fringe Area  Eighty-Seventh Fringe Area  Eighty-Sixth Fringe Area  Eighty-Fifth Fringe Area  Eighty-Fifth Fringe Area  Eighty-Fifth Fringe Area  May 22, 2006  Eighty-Eighth Fringe Area  May 22, 2006  Eighty-Ninth Fringe Area  May 22, 2006  Ninety-Second Fringe Area  November 28, 2006  Ninety-First Fringe Area  November 28, 2006  Ninety-Fifth Fringe Area  Ninety-Seventh Fringe Area  April 16, 2007   |
| Eighty-First Fringe Area December 20, 2005 Eighty-Seventh Fringe Area Eighty-Seventh Fringe Area Eighty-Sixth Fringe Area March 24, 2006 Eighty-Fifth Fringe Area May 22, 2006 Eighty-Eighth Fringe Area May 22, 2006 Eighty-Ninth Fringe Area May 22, 2006 Ninety-Second Fringe Area November 28, 2006 Ninety-First Fringe Area Ninety-Fifth Fringe Area April 16, 2007  |
| Eighty-Fourth Fringe Area Eighty-Seventh Fringe Area February 14, 2006 Eighty-Sixth Fringe Area March 24, 2006 Eighty-Fifth Fringe Area May 22, 2006 Eighty-Eighth Fringe Area May 22, 2006 Eighty-Ninth Fringe Area June 28, 2006 Ninety-Second Fringe Area Ninety-First Fringe Area November 28, 2006 Ninety-Fifth Fringe Area Ninety-Fifth Fringe Area December 14, 2006 Ninety-Seventh Fringe Area April 16, 2007  |
| Eighty-Seventh Fringe Area Eighty-Sixth Fringe Area March 24, 2006 Eighty-Fifth Fringe Area May 22, 2006 Eighty-Eighth Fringe Area May 22, 2006 Eighty-Ninth Fringe Area Muy 22, 2006 Minety-Second Fringe Area Ninety-First Fringe Area November 28, 2006 Ninety-Fifth Fringe Area Ninety-Fifth Fringe Area December 14, 2006 Ninety-Seventh Fringe Area April 16, 2007   |
| Eighty-Sixth Fringe Area March 24, 2006 Eighty-Fifth Fringe Area May 22, 2006 Eighty-Eighth Fringe Area May 22, 2006 Eighty-Ninth Fringe Area June 28, 2006 Ninety-Second Fringe Area August 2, 2006 Ninety-First Fringe Area November 28, 2006 Ninety-Fifth Fringe Area December 14, 2006 Ninetieth Fringe Area December 19, 2006 Ninety-Seventh Fringe Area April 16, 2007   |
| Eighty-Fifth Fringe Area May 22, 2006 Eighty-Eighth Fringe Area May 22, 2006 Eighty-Ninth Fringe Area June 28, 2006 Ninety-Second Fringe Area August 2, 2006 Ninety-First Fringe Area November 28, 2006 Ninety-Fifth Fringe Area December 14, 2006 Ninety-Fighth Fringe Area December 19, 2006 Ninety-Seventh Fringe Area April 16, 2007   |
| Eighty-Eighth Fringe Area  Eighty-Ninth Fringe Area  June 28, 2006  Ninety-Second Fringe Area  Ninety-First Fringe Area  Ninety-Fifth Fringe Area  Ninety-Fifth Fringe Area  Ninety-Fifth Fringe Area  December 14, 2006  Ninety-Seventh Fringe Area  April 16, 2007   |
| Eighty-Ninth Fringe AreaJune 28, 2006Ninety-Second Fringe AreaAugust 2, 2006Ninety-First Fringe AreaNovember 28, 2006Ninety-Fifth Fringe AreaDecember 14, 2006Ninetieth Fringe AreaDecember 19, 2006Ninety-Seventh Fringe AreaApril 16, 2007   |
| Ninety-Second Fringe Area Ninety-First Fringe Area Ninety-Fifth Fringe Area November 28, 2006 Ninety-Fifth Fringe Area December 14, 2006 Ninetieth Fringe Area December 19, 2006 Ninety-Seventh Fringe Area April 16, 2007   |
| Ninety-First Fringe AreaNovember 28, 2006Ninety-Fifth Fringe AreaDecember 14, 2006Ninetieth Fringe AreaDecember 19, 2006Ninety-Seventh Fringe AreaApril 16, 2007   |
| Ninety-Fifth Fringe Area December 14, 2006 Ninetieth Fringe Area December 19, 2006 Ninety-Seventh Fringe Area April 16, 2007   |
| Ninetieth Fringe Area December 19, 2006<br>Ninety-Seventh Fringe Area April 16, 2007   |
| Ninety-Seventh Fringe Area April 16, 2007  |
| •  |
|  |
| Ninety-Third Fringe Area July 26, 2007   |
| 101st Fringe Area January 24, 2008   |
| Ninety-Ninth Fringe Area Reorganization September 10, 2008   |
| (Area detached from Western Municipal Water District)  |
| 100 <sup>th</sup> Fringe Area November 17, 2008  |
| Ninety-Sixth Fringe Area December 11, 2008   |
| 102 <sup>nd</sup> Fringe Area December 22, 2009  |
| 103 <sup>rd</sup> Fringe Area October 1, 2013  |
| 104 <sup>th</sup> Fringe Area September 22, 2015   |
| 105 <sup>th</sup> Fringe Area (2015-11-3 Reorganization) September 19, 2017  |
| 107 <sup>th</sup> Fringe Area (2017-04-5 Reorganization) September 12, 2017  |
| 106 <sup>th</sup> Fringe Area (2017-12-3 Reorganization) December 14, 2017   |
| 108 <sup>th</sup> Fringe Area (2017-24-3 Reorganization) November 8, 2018  |
| 110 <sup>th</sup> Fringe Area (2019-03-3 Reorganization July 17, 2019  |
| 109 <sup>th</sup> Fringe Area (2019-06-3 Reorganization)  November 22, 2019  |

"Remainder of Western MWD" shall include the following areas, annexed to Western MWD and to MWD of SC on the dates cited:

| Original Area  | November 12, 1954  |
|--|--------------------|
| (Portion of area excluded from Western MWD and annexed to Eastern MWD) |                    |
| First Fringe Area  | December 20, 1957  |
| (Portion of area excluded from Western MWD and annexed to Eastern MWD) |                    |
| Second Fringe Area   | December 18, 1961  |
| Third Fringe Area  | June 27, 1962      |
| Fifth Fringe Area  | July 2, 1964       |
| Fourth Fringe Area   | December 19, 1966  |
| Seventh Fringe Area  | December 19, 1966  |
| Eighth Fringe Area   | September 18, 1967 |
| (Area excluded from Fifth Fringe Area of Eastern MWD                   |                    |
| on July 26, 1967)  |                    |
| Sixth Fringe Area  | September 27, 1967 |
| Ninth Fringe Area  | November 17, 1967  |
| Tenth Fringe Area  | June 12, 1968      |
| Thirteenth Fringe Area   | June 23, 1969      |
| (Area excluded from Fifth Fringe Area of Eastern MWD)                  |                    |
| Twelfth Fringe Area  | July 1, 1969       |
| (Area excluded from First Fringe Area of Eastern MWD)                  | •                  |
| Eleventh Fringe Area   | July 17, 1969      |
| Fifteenth Fringe Area  | July 13, 1972      |

| (Area lying entirely within the County of Orange) Fourteenth Fringe Area Sixteenth Fringe Area | October 11, 1973<br>August 30, 1977 |
|--|-------------------------------------|
| (Area excluded from Thirteenth Fringe Area of  |                                     |
| Eastern MWD)   | D 1 00 1000                         |
| Seventeenth Fringe Area  | December 23, 1980                   |
| Eighteenth Fringe Area   | December 15, 1981                   |
| Twentieth Fringe Area  | December 4, 1987                    |
| Twenty-Second Fringe Area  | October 14, 1988                    |
| Twenty-First Fringe Area   | December 5, 1988                    |
| Twenty-Third Fringe Area   | November 3, 1989                    |
| Twenty-Fourth Fringe Area  | May 18, 1990                        |
| Twenty-Seventh Fringe Area   | May 18, 1990                        |
| Twenty-Sixth Fringe Area   | June 6, 1990                        |
| Twenty-Fifth Fringe Area   | July 13, 1990                       |
| Twenty-Eighth Fringe Area  | January 28, 1991                    |
| Thirtieth Fringe Area  | March 13, 1991                      |
| Twenty-Ninth Fringe Area   | November 4, 1991                    |
| Thirty-First Fringe Area   | February 19, 1992                   |
| Thirty-Third Fringe Area   | May 26, 1993                        |
| Thirty-Fourth Fringe Area  | October 31, 1994                    |
| (Area excluded from Fifth Fringe Area of Eastern MWD)  |                                     |
| Thirty-Sixth Fringe Area   | September 29, 1997                  |
| (Area excluded from Original Area of Eastern MWD)  |                                     |
| Thirty-Seventh Fringe Area   | December 30, 1997                   |
| Thirty-Eighth Fringe Area  | June 29, 1999                       |
| Fortieth Fringe Area   | November 22, 1999                   |
| Thirty-Ninth Fringe Area   | October 24, 2000                    |
| Forty-First Fringe Area  | December 28, 2000                   |
| Forty-Fifth Fringe Area  | June 20, 2002                       |
| Forty-Second Fringe Area   | February 7, 2002                    |
| (Area excluded from Fifth Fringe Area of Eastern MWD)  |                                     |
| Forty-Sixth Fringe Area  | November 24, 2003                   |
| Forty-Eighth Fringe Area   | December 15, 2003                   |
| Forty-Ninth Fringe Area  | April 28, 2004                      |
| Fiftieth Fringe Area   | May 27, 2005                        |
| Forty-Seventh Fringe Area  | June 21, 2005                       |
| Forty-Fourth Fringe Area   | June 22, 2006                       |
| Forty-Third Fringe Area  | October 21, 2014                    |
| Fifty-First Fringe Area Annexation   | October 16, 2018                    |
| Fifty-Second Fringe Area Annexation  | June 16, 2020                       |

- (15) "Original Area of Chino Basin MWD" shall mean the area of Chino Basin MWD annexed to MWD of SC on November 26, 1951.
- (16) "Mid-Valley Area of Chino Basin MWD" shall mean the Mid-Valley area annexed to Chino Basin MWD and to MWD of SC on April 20, 1954.
- (17) "Bryant Annexation Area of Chino Basin MWD" shall mean the "Bryant Annexation area annexed to Chino Basin MWD and to MWD of SC on November 25, 1957.
- (18) "North Perimeter No. 1 Annexation Area of Chino Basin MWD" shall mean the North Perimeter No. 1 Annexation area annexed to Chino Basin MWD and to MWD of SC on November 28, 1969.
- (19) "Remainder of SDCWA" shall include the following areas annexed to SDCWA and to MWD of SC on the dates cited:

| Original Area of SDCWA Annexation                       | December 17, 1946              |
|---|--------------------------------|
| (Including areas subsequently annexed to city public    |                                |
| agencies which were included within Original Area of    |                                |
| SDCWA at times when such areas were not within MWD      |                                |
| of SC, and areas excluded from non-city public agencies |                                |
| of SDCWA at times when such areas were within said city |                                |
| public agencies)  |                                |
| Crest PUD Territory Area                                | December 13, 1948              |
| San Dieguito ID Area                                    | December 13, 1948              |
| Santa Fe ID Area  | December 13, 1948              |
| 1950 Fallbrook PUD Annexation Area                      | August 1, 1950                 |
| (Including De Luz Heights MWD Reorganization,           | 1148450 1, 1900                |
| originally De Luz Heights MWD annexed to MWD of         |                                |
| SC on June 28, 1967 and dissolved on July 1, 1990)      |                                |
| City of Escondido Area                                  | October 9, 1950                |
| San Diego Gas and Electric Company Area                 | May 14, 1952                   |
| San Diego Eucalyptus Company's Lands Area               | July 18, 1952                  |
| South Bay ID Area                                       | November 3, 1952               |
| Rainbow MWD Area  | April 10, 1954                 |
| City of Poway Area                                      | April 21, 1954                 |
| Bueno Colorado MWD Area                                 | June 11, 1954                  |
| (Area dissolved and annexed to Rainbow MWD, Vista       | Julie 11, 1934                 |
|   |                                |
| Irrigation District, Carlsbad MWD and Vallecitos Water  |                                |
| District on November 24, 1993) Rincon Del Diablo MWD    | Juna 14 1054                   |
| Costa Real MWD Area                                     | June 14, 1954<br>June 16, 1954 |
|   |                                |
| El Cajon Valley-Dry Island Area                         | December 20, 1954              |
| (Including Lakeside-Boukai Joint Venture Reorganization |                                |
| detached from Padre Dam MWD on September 11, 1996)      | Mars 0, 1055                   |
| Valley Center MWD Area<br>Sweetwater Reservoir Area     | May 9, 1955                    |
|   | October 10, 1955               |
| Padre Dam MWD Area                                      | June 7, 1956                   |
| Bueno Colorado Annexation No. 1 Area                    | June 11, 1956                  |
| Otay MWD Area   | October 26, 1956               |
| Original Area of Ramona MWD within MWD of SC            | August 27, 1957                |
| Fallbrook No. 2 Annexation Area                         | November 24, 1958              |
| Helix Watson Ranch-Island Area                          | February 20, 1959              |
| Rainbow No. 1 Annexation Area                           | May 12, 1959                   |
| Ramona No. 1 Annexation Area                            | May 29, 1959                   |
| Helix-Fletcher Annexation Area                          | June 26, 1959                  |
| San Dieguito Concurrent Annexation No. 1 Area           | September 15, 1959             |
| Helix-Sunnyslope Heights Annexation Area                | September 17, 1959             |
| Poway No. 1 Annexation Area                             | September 21, 1959             |
| Padre Dam MWD No. 2 Annexation Area                     | November 6, 1959               |
| Padre Dam MWD No. 1 Annexation Area                     | November 10, 1959              |
| San Dieguito Local Inclusion Annexation Area            | November 18, 1959              |
| Santa Fe No. 1 Annexation Area                          | November 30, 1959              |
| Olivenhain MWD Area                                     |                                |
| (Including Encinitas Municipal Services Reorganization  | X 1 07 1000                    |
| Parcels 1, 2, & 3 detached from San Dieguito No. 2      | July 25, 1960                  |
| Annexation Area of SDCWA on June 16, 1995)              | 10.1060                        |
| Helix-Willis-Houston Annexation Area                    | August 10, 1960                |
| Padre Dam MWD No. 3 Annexation Area                     | October 16, 1960               |
| Otay No. 3 Annexation Area                              | October 20, 1960               |
| Valley Center No. 1 Annexation Area                     | December 12, 1960              |
| Rincon del Diablo No. 1 Annexation Area                 | December 12, 1960              |
|   |                                |

| D 11 0 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1   | a 1 00 1061                            |
|--|--|
| Ramona No. 2 Annexation Area within MWD of SC                                      | September 22, 1961                     |
| Rincon del Diablo No. 2 Annexation Area  | September 29, 1961                     |
| City of Del Mar Area   | November 23, 1962                      |
| Ramona No. 3 Annexation Area   | September 20, 1963                     |
| Yuima MWD Area   | December 16, 1963                      |
| (Excluding Adams/Fitzsimmons Reorganization Parcel 1                               |  |
| annexed to Valley Center MWD, including  |  |
| Adams/Fitzsimmons Reorganization Parcel 2 excluded                                 |  |
| from Valley Center MWD on March 26, 1991)  | 4 07 1064                              |
| Rincon del Diablo No. 3 Annexation Area  | August 27, 1964                        |
| Olivenhain No. 1 Annexation Area   | February 11, 1965                      |
| South Bay Tidelands Area   | May 11, 1965                           |
| De Luz Heights Annexation Area (Reorganization) Olivenhain No. 4 Annexation Area   | June 28, 1967                          |
| Yuima No. 1 Annexation Area  | November 13, 1967                      |
| Ramona Dos Picos Area  | November 21, 1967                      |
| Ramona No. 4 Annexation Area   | November 27, 1967<br>November 27, 1967 |
| Valley Center No. 2 Annexation Area  | November 29, 1967                      |
| Valley Center No. 3 Annexation Area  | November 30, 1967                      |
| Rainbow No. 3 Annexation Area of SDCWA within MWD                                  | December 6, 1967                       |
| of SC" shall mean the Rainbow No. 3 Annexation area                                | December 0, 1707                       |
| annexed to SDCWA and to MWD of SC; omitting  |  |
| therefrom the Werner Detachment excluded on August 4,                              |  |
| 1980, the Brown Detachment excluded on January 1,                                  |  |
| 1981, and the Mann- Gosser Detachment excluded on                                  |  |
| March 4, 1981 from SDCWA and MWD of SC.  |  |
| De Luz Heights No. 1 Annexation Area   | October 15, 1969                       |
| Yuima No.2 Annexation Area   | November 24, 1969                      |
| Fallbrook Community Air Park Annexation Area of                                    | December 22, 1969                      |
| SDCWA shall mean the Fallbrook Community Air Park                                  |  |
| Annexation area annexed to SDCWA and to MWD of SC                                  |  |
| Padre Dam MWD No. 4  | August 3, 1970                         |
| Ramona No. 5 Annexation Area   | May 17, 1972                           |
| Rincon del Diablo No. 4 Annexation Area  | November 2, 1972                       |
| San Dieguito No. 2 Annexation Area   | December 8, 1972                       |
| (Including Encinitas Municipal Services Reorganization on                          |  |
| June 16, 1995)   |  |
| Santa Fe No. 2 Annexation Area   | April 11, 1973                         |
| Valley Center No. 4 Annexation Area  | November 5, 1973                       |
| Rainbow No. 5 Annexation Area  | November 22, 1973                      |
| San Onofre State Beach and Park Area   | December 16, 1977                      |
| Pendleton Military Reservation Area -Nuclear                                       | December 16, 1977                      |
| Generating Plant Portion   | D 16 1077                              |
| Remainder of Pendleton Military Reservation Area                                   | December 16, 1977                      |
| Rancho Jamul Estates Annexation Area   | March 13, 1979                         |
| Lake Hodges Estates Annexation Area Burdick Annexation No. 5 Area to Padre Dam MWD | June 26, 1980                          |
| Palo Verde Annexation No. 6 Area to Padre Dam MWD                                  | July 26, 1982                          |
| Lake Ranch Viejo Annexation to Rainbow MWD   | November 15, 1983<br>December 13, 1983 |
| Honey Springs Ranch Annexation Area to Otay MWD                                    | December 14, 1983                      |
| Thweatt Annexation Area to Rincon del Diablo MWD                                   | December 30, 1983                      |
| Hewlett-Packard Annexation Area to Rainbow MWD                                     | December 31, 1985                      |
| 4S Ranch Annexation Area to Olivenhain MWD   | November 5, 1986                       |
| Quail Park Reorganization Area Annexed to San                                      | July 11, 1989                          |
| Dieguito Water District and excluded from  | - <del></del>                          |
| Olivenhain MWD   |  |
| Paradise Mountain Area Annexed to Valley Center MWD                                | January 11, 1993                       |
|  | <b>5</b> , ====                        |

December 13, 2017

Campus Park West (RO 14-08)

Boathouse Area Annexed to Otay Water District September 6, 1994 Guajome Regional Park Annexation to Vista Irrigation October 23, 1998 District Podrasky Ohlson Annexation to Valley Center MWD March 11, 2004 San Elijo Ridge Reorganization (Altman) to August 9, 2004 Vallecitos Water District Baxter Annexation (RO 03-19) to Padre Dam MWD July 9, 2005 Citrus Heights Annexation March 4, 2008 Erreca Annexation November 4, 2009 Meadowood Reorganization (RO12-11) to SDCWA December 4, 2014 Lake Wohlford Reorganization (R014-16) to SDCWA April 21, 2015 May 26, 2017 Greenwood Memorial Park Island Reorganization (City of San Diego, RO 17-01)

(20) "Remainder of Calleguas MWD" shall include the following areas annexed to Calleguas MWD and to MWD of SC on the dates cited:

Original Area of Calleguas MWD December 14, 1960 Calleguas Annexation No. 1 Area March 16, 1961 Lake Sherwood Area March 14, 1963 Annexation No. 3 Territory March 15, 1963 Oxnard Mandalay Area December 8, 1964 Oxnard First Fringe Area December 8, 1964 Annexation No. 6 Territory October 17, 1968 Oxnard Second Fringe Area November 7, 1969 Camarillo First Fringe Area December 19, 1969 Oxnard Third Fringe Area December 14, 1970 Oxnard Fourth Fringe Area December 19, 1972 Point Mugu State Park Area June 22, 1973 Oxnard Fifth Fringe Area December 16, 1974 Oxnard Sixth Fringe Area December 30, 1975 Oxnard Seventh Fringe Area December 17, 1976 Ventura School for Girls Area December 17, 1976 Oxnard Eighth Fringe Area December 12, 1977 Calleguas Annexation No. 17 Area December 28, 1979 Calleguas Annexation No. 19 Area December 9, 1981 Calleguas Annexation No. 20 Area December 21, 1981 Calleguas Annexation No. 18 Area December 29, 1981 Calleguas Annexation No. 21 Area March 24, 1982 Calleguas Annexation No. 22 Area December 2, 1983 Calleguas Annexation No. 23 Area November 30, 1984 Calleguas Annexation No. 24 Area June 19, 1985 Calleguas Annexation No. 25 Area November 27, 1985 Calleguas Annexation No. 26 Area July 25, 1986 Calleguas Annexation No. 27 Area December 31, 1987 Calleguas Annexation No. 28 Area October 4, 1988 Calleguas Annexation No. 29 Area October 10, 1989 Calleguas Annexation No. 30 Area July 6, 1990 Calleguas Annexation No. 31 Area September 25, 1990 Calleguas Annexation No. 33 Area November 27, 1991 Calleguas Annexation No. 34 Area June 24, 1992 Calleguas Annexation No. 35 Area February 26, 1993 Calleguas Annexation No. 36 Area February 26, 1993 Calleguas Annexation No. 39 Area February 2, 1994 May 16, 1994 Calleguas Annexation No. 40 Area Calleguas Annexation No. 41 Area August 16, 1994

Calleguas Annexation No. 43 Area Calleguas Annexation No. 45 Area Calleguas Annexation No. 46 Area Calleguas Annexation No. 38 Area Calleguas Annexation No. 44 Area Calleguas Annexation No. 47 Area Calleguas Annexation No. 48 Area Calleguas Annexation No. 32 Area Calleguas Annexation No. 49 Area Calleguas Annexation No. 52A Area Calleguas Annexation No. 53 Area Calleguas Annexation No. 52B Area Calleguas Annexation No. 51 Area Calleguas Annexation No. 54 Area Calleguas Annexation No. 55 Area Calleguas Annexation No. 61 Area Calleguas Annexation No. 57 Area Calleguas Annexation No. 58 Area Calleguas Annexation No. 60 Area Calleguas Annexation No. 65 Area Calleguas Annexation No. 66 Area Calleguas Annexation No. 63 Area Calleguas Annexation No. 68 Area Calleguas Annexation No. 69 Area Calleguas Annexation No. 70 Area Calleguas Annexation No. 74 Area Calleguas Annexation No. 72 Area Calleguas Annexation No. 75 Area Calleguas Annexation No. 76-A Area Calleguas Annexation No. 76-B Area Calleguas Annexation No. 79 Calleguas Annexation No. 81 Calleguas Annexation No. 82 Calleguas Annexation No. 80 Calleguas Annexation No. 67 Calleguas Annexation No. 73 Calleguas Annexation No. 77 Calleguas Annexation No. 78 Calleguas Annexation No. 84 Calleguas Annexation No. 83 Calleguas Annexation No. 85 Calleguas Annexation No. 92 Calleguas Annexation No. 91 Calleguas Annexation No. 90 Calleguas Annexation No. 89 Calleguas Annexation No. 87 Calleguas Annexation No. 93 Calleguas Annexation No. 94 Calleguas Annexation No. 96 Calleguas Annexation No. 95 Calleguas Annexation No. 97 Calleguas Annexation No. 98 Calleguas Annexation No. 100 Calleguas Annexation No. 102 Calleguas Annexation No. 103

August 16, 1994 August 16, 1994 September 27, 1994 December 19, 1994 December 19, 1994 September 19, 1995 December 21, 1995 March 5, 1996 December 18, 1996 November 4, 1997 December 19, 1997 December 23, 1997 June 9, 1998 January 26, 1999 January 27, 1999 October 27, 1999 December 29, 1999 December 29, 1999 December 29, 1999 August 2, 2000 August 4, 2000 December 27, 2000 April 17, 2001 July 20, 2001 July 27, 2001 November 26, 2001 December 17, 2001 April 24, 2002 July 2, 2002 July 26, 2002 May 27, 2003 August 11, 2003 September 22, 2003 December 9, 2002 December 22, 2003 December 22, 2003 June 4, 2004 March 3, 2004 October 22, 2004 November 23, 2005 January 3, 2006 November 28, 2007 April 7, 2008 May 21, 2008 September 25, 2008 December 28, 2009 December 28, 2009 September 21, 2010 April 23, 2012 December 20, 2012 December 12, 2013 April 8, 2014 January 26, 2017 July 30, 2018 December 17, 2019

7-1

Angeles and from MWD of SC on the dates cited:

Alhambra Hills Annexation to City of Alhambra
Portion of Reorganization No. 85-2 of City of Los Angeles
Creekside Condominiums (Reorganization 98-01)
January 27, 1964
December 30, 1985
September 11, 2002

(22) "Exclusion from Las Virgenes MWD" shall mean the following area excluded from Las Virgenes MWD and from MWD of SC on the date cited:

Portion of Reorganization No. 85-2 of Original Area of Las Virgenes MWD

December 30, 1985

(23) "Exclusion from Three Valleys MWD" shall mean the following area excluded from Three Valleys MWD and from MWD of SC on the date cited:

Azusa Reorganization (Parcels 1, 2, 3 & 20)

May 21, 1996

"Exclusions from Ramona No. 2 Annexation Area" shall mean the following areas excluded from Ramona No. 2 Annexation area of SDCWA and from MWD of SC on the dates cited:

Schlueter Detachment Bonfils Detachment December 19, 1977 December 29, 1978

(25) "Exclusions from Rainbow No. 3 Annexation Area" shall mean the following areas excluded from Rainbow No. 3 Annexation area of SDCWA and from MWD of SC on the dates cited:

Werner Detachment August 4, 1980
Brown Detachment January 1, 1981
Mann-Gosser Detachment March 4, 1981

(26) "Exclusion from Original Area of Ramona MWD" shall mean the following area excluded from Ramona MWD Area of SDCWA and from MWD of SC on the date cited:

Meyer Detachment

March 10, 1983

(27) "Exclusion from Original Area of Western MWD" shall mean the following area excluded from Original Area of Western MWD and from MWD of SC on the date cited:

LAFCO 94-28-2 Detachment

January 21, 1997

(28) "Exclusion from Central Basin MWD" shall mean the following area excluded from Central Basin MWD and from MWD of SC on the date cited:

Reorganization No. 1-1998, Parcel 1 & 2 to San Gabriel Valley Water District

December 29, 1999

#### Section 3.

## **ASSESSED VALUATIONS**

The county auditors of the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura have certified the assessed valuations of all property taxable by MWD of SC, consistent with the areas described in definitions (4) through (28) of Section 2, for the Fiscal Year and their respective certificates have been filed with the Board of Directors.

#### Section 3.1

# STATEMENT REGARDING ARTICLES XIII A, XIII C AND XIII D OF THE CONSTITUTION OF THE STATE OF CALIFORNIA

None of the property tax levies made by the Board of Directors of MWD of SC in the next succeeding sections fall within Section 1(a) of Article XIII A approved by the electorate on June 6, 1978 for addition to the California Constitution, effective July 1, 1978. All said levies fall under the Section 1(b) exemption to said Section 1(a) and are otherwise exempt from said Section 1(a) by reason of the impairment of contract clause of Article I, Section 10 of the United States Constitution. None of said levies fall within Articles XIII C and XIII D approved by the electorate on November 5, 1996, for addition to the California Constitution, by reason of the aforementioned provisions and exemptions and the provisions of Section 3(a)(1) of Article XIII D. All said levies are made pursuant to Revenue and Taxation Code Section 93(a) and are for the purpose of and shall be used for payment of "voter-approved indebtedness."

#### Section 4.

## **ANNEXATION LEVY**

For the dual purposes of raising the amounts required to be raised by means of levies on taxable properties as prescribed by resolutions of the Board of Directors of MWD of SC fixing terms and conditions for annexation to MWD of SC (or as such terms and conditions may have been modified in accordance with the Metropolitan Water District Act of the State of California, Statutes 1969, Chapter 209, as amended) and for raising funds necessary to provide for payment of a portion of the capital cost component of either the Transportation Charge or the Delta Water Charge, or both, billed to MWD of SC under the "State Water Contract" (as identified in Section 6 of this Resolution) due or to become due within the current fiscal year or within the following fiscal year before the time when money will be available from the next property tax levy, Metropolitan previously set:

- a. the amount of money necessary to be raised by ad valorem property taxation for such annexed properties;
- b. the rates of such taxation of MWD of SC upon secured taxable property in each of the areas subject to such levies; and
- c. the amounts of money to be derived from said levies.

For FY 2021/22, there is no amount remaining to be raised under the Resolutions for annexed properties. Therefore, no annexation levies are shown in the attached schedules.

#### Section 5.

### **BOND LEVY**

For the purposes of paying the annual interest on the outstanding bonded indebtedness of MWD of SC incurred as a result of approval by the voters residing within MWD of SC and such part of the principal of such bonds as shall become due before the time when money will be available from the next property tax levy, or such portion thereof as shall not be met from previous levies or other revenues of the District:

- a. The amount of money necessary to be raised by ad valorem property taxation during FY 2021/22 is the sum set forth in the last line in Column #1 of Schedule A.
- b. The rate of such taxation of MWD of SC for the FY 2021/22 upon secured taxable property within MWD of SC hereby is fixed and levied at .000156% of assessed valuation. The rate of such taxation for the FY 2021/22 upon unsecured taxable property is the rate fixed and levied for the preceding year applicable to secured taxable property, as required by operation of law and set forth in Column #2 of Schedule B.
- c. The amounts of money necessary to be derived from said levy are set forth in Column #7 of Schedule B, including the amounts of money to be derived from the area of MWD of SC within each separate member agency.

#### Section 6.

## STATE WATER CONTRACT LEVY

For the purpose of raising funds in excess of those funds raised under Section 5 of this Resolution, necessary and sufficient to provide for payments due or to become due within the current fiscal year or within the following fiscal year before the time when money will be available from the next property tax levy, or such portion thereof as shall not be met from previous levies or other revenues of the District, under the:

"CONTRACT BETWEEN THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES AND THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FOR A WATER SUPPLY, dated November 4, 1960," as amended (State Water Contract),

- a. The amount of money necessary to be raised by ad valorem property taxation during FY 2021/22 in excess of the sum raised under Section 5 of this Resolution is the sum set forth in the last line of Column #2 of Schedule A.
- b. The rate of such taxation of MWD of SC for the FY 2021/22 upon secured taxable property within MWD of SC hereby is fixed and levied at .[TBD]% of assessed valuation. The rate of such taxation for the FY 2021/22 upon the unsecured taxable property is the rate fixed for the preceding year applicable to secured taxable property, as required by operation of law and set forth in Column #4 of Schedule B.
- c. The amounts of money necessary to be derived from said levy are set forth in column #8 of Schedule B, including the amounts of money to be derived from the area of MWD of SC within each separate member agency.

#### Section 7.

## **TOTALS**

The total rates of ad valorem property taxation of MWD of SC for FY 2021/22 upon secured taxable property are set forth in Column #5 of Schedule B. The total rates of ad valorem property taxation of MWD of SC for FY 2021/22 upon unsecured taxable property are set forth in Column #6 of Schedule B. The total amounts of money to be derived by virtue of such tax levies for the Fiscal Year are set forth in Column #9 of Schedule B, including the amounts of money to be derived from the area of MWD of SC within each separate member agency.

#### Section 8.

## **REDEVELOPMENT AGENCIES**

Pursuant to Assembly Bill X1 26 ("ABX1 26"), chaptered and effective on June 27, 2011, and as modified in part by the California Supreme Court in the decision of *California Redevelopment Association v. Matosantos*, Case No. S194681, redevelopment agencies in California were dissolved. Such dissolution laws were modified in part by Assembly Bill 1484 ("AB 1484"), chaptered and effective on June 27, 2012, and Senate Bill 107 ("SB 107"), chaptered and effective on September 22, 2015.

The total rates of taxation of MWD of SC for the Fiscal Year set forth in Column #5 of Schedule B are the rates of taxation upon taxable property taxable by MWD of SC within the areas shown in said Schedule, including taxable property formerly within redevelopment agencies as well as all other property so taxable by MWD of SC. The total amounts of money shown in Column #9 of Schedule B to be derived from some of said areas by virtue of tax levies of MWD of SC include monies to be allocated to the successor agencies of former redevelopment agencies for the payment of enforceable obligations and allowable administrative expenses approved by the State Department of Finance and local successor agency oversight boards, as well as amounts of money to be allocated to MWD of SC. The estimated adjustment to be made to account for the difference between the total amount levied and the amount to be derived is included in the provision for estimated collection delinquencies shown in Schedule A.

#### Section 9.

## SCHEDULES A AND B

Schedules A and B are attached after the last page of this resolution and are incorporated herein.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a resolution of the Board of Directors of The Metropolitan Water District of Southern California, adopted at its meeting held August 17, 2021.

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

## THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

## SCHEDULE A

# Estimated Funds to be Produced by Tax Levy, Fiscal Year 2021/22 (Cents Omitted)

|  |   |                   |     | Bond Levy<br>Column #1 |     | State Contract Levy Column #2 |     | Totals<br>Column #3 |
|--|---|-------------------|-----|------------------------|-----|-------------------------------|-----|---------------------|
| Secured Property                           |   |                   | _   | Column #1              | _   | Column #2                     | _   | Column #3           |
| Assessed Value \$                          | 3 | 3,282,777,920,347 |     |                        |     |                               |     |                     |
| Tax Rate                                   |   |                   |     | 0.00015%               |     | TBD                           |     |                     |
| Amount of Levy                             |   |                   | \$  | 4,924,073              | \$  | TBD                           | \$  | TBD                 |
| <u>Unsecured Property</u>                  |   |                   |     |                        |     |                               |     |                     |
| Assessed Value \$                          | 5 | 109,368,260,583   |     |                        |     |                               |     |                     |
| Tax Rate                                   |   |                   |     | 0.00005%               |     | 0.00345%                      |     |                     |
| Amount of Levy                             |   |                   | \$  | 54,684                 | \$  | 3,773,205                     | \$  | 3,827,889           |
| All Property                               |   |                   |     |                        |     |                               |     |                     |
| Assessed Value \$                          | 3 | 3,392,146,180,930 |     |                        |     |                               |     |                     |
| Amount of Levy from Schedule B             |   |                   | \$  | 4,978,757              | \$  | TBD                           | \$  | TBD                 |
| Allocation of County-wide Tax on Utilities |   |                   | _   | 1,970,959              | _   | TBD                           | _   | TBD                 |
| Total Tax Levy                             |   |                   | \$  | 6,949,717              | \$  | TBD                           | \$  | TBD                 |
| Estimated Collection Adjustments *         |   |                   | _   | (262,659)              | _   | TBD                           | _   | TBD                 |
| Estimated Funds to be Produced by Tax Levy |   |                   | \$_ | 6,687,058              | \$_ | TBD                           | \$_ | TBD                 |

<sup>\* .5%</sup> allowance for delinquencies

<sup>7.6%</sup> allowance for allocations to successors of former redevelopment agencies

<sup>\$2.8</sup> million estimated supplemental tax collections

<sup>\$3.8</sup> million estimated prior years tax collections

# Schedule B - Tax Rates and Amounts to be Derived from Respective Areas

| Agency  | Area (a)                       | Secured Uns<br>Bond Rate Bo<br>Col. 1 |        | Secured<br>VC Rate<br>Col. 3 | Unsecured<br>SWC Rate<br>Col. 4 | Total<br>Secured<br>Rate<br>Col. 5 | Total<br>Unsecured<br>Rate<br>Col. 6 | Bond Levy<br>Col. 7          | SWC Levy<br>Col. 8 | Total Levy<br>Col. 9         |
|---|--------------------------------|---------------------------------------|--------|------------------------------|---------------------------------|------------------------------------|--------------------------------------|------------------------------|--------------------|------------------------------|
| Included in MWD                                     |                                |                                       |        |                              |                                 |                                    |                                      |                              |                    |                              |
| Los Angeles County                                  |                                |                                       |        |                              |                                 |                                    |                                      |                              |                    |                              |
| City of Beverly Hills<br>City of Beverly Hills Area | 1-1-01-000-0                   | 0.00015% 0.                           | 00005% |                              | 0.00345%                        | 0.00015%                           | 0.00350%                             | 60,271.03                    | TBD                | 60,271.03                    |
|   | Agency Totals:                 |                                       |        |                              |                                 |                                    |                                      | 60,271.03                    | TBD                | 60,271.03                    |
| City of Burbank<br>City of Burbank Area             | 1-1-02-000-0<br>Agency Totals: | 0.00015% 0.                           | 00005% |                              | 0.00345%                        | 0.00015%                           | 0.00350%                             | 38,335.71<br>38,335.71       | TBD<br>TBD         | 38,335.71<br>38,335.71       |
| City of Glendale<br>City of Glendale Area           | 1-1-03-000-0                   | 0.00015% 0.                           | 00005% |                              | 0.00345%                        | 0.00015%                           | 0.00350%                             | 53,832.48                    | TBD                | 53,832.48                    |
|   | Agency Totals:                 |                                       |        |                              |                                 |                                    |                                      | 53,832.48                    | TBD                | 53,832.48                    |
| City of Los Angeles City of Los Angeles Area        | 1-1-04-000-0 Agency Totals:    | 0.00015% 0.                           | 00005% |                              | 0.00345%                        | 0.00015%                           | 0.00350%                             | 1,041,857.27<br>1,041,857.27 | TBD<br>TBD         | 1,041,857.27<br>1,041,857.27 |
| City of Pasadena<br>City of Pasadena Area           | 1-1-05-000-0<br>Agency Totals: | 0.00015% 0.                           | 00005% |                              | 0.00345%                        | 0.00015%                           | 0.00350%                             | 52,344.56<br>52,344.56       | TBD<br>TBD         | 52,344.56<br>52,344.56       |
| City of San Marino<br>City of San Marino Area       | 1-1-06-000-0<br>Agency Totals: | 0.00015% 0.                           | 00005% |                              | 0.00345%                        | 0.00015%                           | 0.00350%                             | 10,967.34<br>10,967.34       | TBD<br>TBD         | 10,967.34<br>10,967.34       |
| City of Santa Monica<br>City of Santa Monica Area   | 1-1-07-000-0 Agency Totals:    | 0.00015% 0.4                          | 00005% |                              | 0.00345%                        | 0.00015%                           | 0.00350%                             | 64,297.86<br>64,297.86       | TBD<br>TBD         | 64,297.86<br>64,297.86       |

| Agency   |                | Area (a)     |           | Unsecured<br>Bond Rate<br>Col. 2 | Secured<br>SWC Rate<br>Col. 3 | Unsecured<br>SWC Rate<br>Col. 4 | Total<br>Secured<br>Rate<br>Col. 5 | Total<br>Unsecured<br>Rate<br>Col. 6 | Bond Levy<br>Col. 7 | SWC Levy<br>Col. 8 | Total Levy<br>Col. 9 |
|--|----------------|--------------|-----------|----------------------------------|-------------------------------|---------------------------------|------------------------------------|--------------------------------------|---------------------|--------------------|----------------------|
| Included in MWD  |                |              |           |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| Los Angeles County   |                |              |           |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| City of Long Beach   |                |              |           |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| City of Long Beach Area  |                | 1-1-08-000-0 | 0.00015%  | 0.00005%                         |                               | 0.00345%                        | 0.00015%                           | 0.00350%                             | 83,988.88           | TBD                | 83,988.88            |
|  | Agency Totals  | :            |           |                                  |                               |                                 |                                    |                                      | 83,988.88           | TBD                | 83,988.88            |
| City of Torrance   |                |              |           |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| City of Torrance Area  |                | 1-1-09-000-0 | 0.00015%  | 0.00005%                         |                               | 0.00345%                        | 0.00015%                           | 0.00350%                             | 47,542.13           | TBD                | 47,542.13            |
| ·  | Agency Totals  | :            |           |                                  |                               |                                 |                                    |                                      | 47,542.13           | TBD                | 47,542.13            |
| City of Compton  |                |              |           |                                  |                               |                                 |                                    |                                      |                     | .55                |                      |
| City of Compton Area   |                | 1-1-10-000-0 | 0.00015%  | 0.00005%                         |                               | 0.00345%                        | 0.00015%                           | 0.00350%                             | 8.180.68            | TBD                | 8,180.68             |
| city or compton rules  | Agency Totals  |              | 0.0001070 | 0.0000070                        |                               | 0.0001070                       | 0.0001070                          | 0.0000070                            | 8,180.68            | TBD                | 8,180.68             |
| West Besin Municipal Water District  | rigolog rotalo | •            |           |                                  |                               |                                 |                                    |                                      | ,                   | 100                | ,                    |
| West Basin Municipal Water District West Basin Municipal Water District Area   |                | 1-1-11-000-0 | 0.00015%  | 0.00005%                         |                               | 0.00345%                        | 0 00015%                           | 0.00350%                             | 346.602.12          | TBD                | 346.602.12           |
| West Basin Manierpar Water Bistrict Area                                       | Agency Totals  |              | 0.0001370 | 0.0000370                        |                               | 0.0034370                       | 0.0001370                          | 0.0033070                            | 346.602.12          | TBD                | 346,602.12           |
| Three Valleys Municipal Water District   | rigolog round  | •            |           |                                  |                               |                                 |                                    |                                      | 040,002.12          | 100                | 040,002.12           |
| Three Valleys Municipal Water District Area                                    |                | 1-1-12-000-0 | 0.00015%  | 0.00005%                         |                               | 0.00345%                        | 0.00015%                           | 0.00350%                             | 115,002.92          | TBD                | 115,002.92           |
| •  | Agency Totals  | :            |           |                                  |                               |                                 |                                    |                                      | 115,002.92          | TBD                | 115,002.92           |
| Foothill Municipal Water District Foothill Mur                                 |                |              |           |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| District Area  | noipui Watei   | 1-1-13-000-0 | 0.00015%  | 0.00005%                         |                               | 0.00345%                        | 0.00015%                           | 0.00350%                             | 31,996.37           | TBD                | 31,996.37            |
| 2.0007   | Agency Totals  |              | 0.0001070 | 0.0000070                        |                               | 0.0001070                       | 0.0001070                          | 0.0000070                            | 31,996.37           | TBD                | 31,996.37            |
| Control Book Municipal Water District Control                                  |                | •            |           |                                  |                               |                                 |                                    |                                      | 0.,000.0.           | 100                | 0.,000.0.            |
| Central Basin Municipal Water District Centra<br>Municipal Water District Area | ai DaSili      | 1-1-14-000-0 | 0.00015%  | 0.00005%                         |                               | 0.00345%                        | 0.000159/                          | 0.00350%                             | 249.618.31          | TBD                | 249.618.31           |
| Mullicipal Water District Area   | Agency Totals  |              | 0.00015%  | 0.00003%                         |                               | 0.0034376                       | 0.0001376                          | 0.00330%                             | 249,618.31          | TBD                | 249,618.31           |
|  | Agency Totals  | •            |           |                                  |                               |                                 |                                    |                                      | 240,010.31          | טטו                | 243,010.31           |

| Agency   | Area (a)     |          | Unsecured<br>Bond Rate<br>Col. 2 | <br>Unsecured<br>SWC Rate<br>Col. 4 | Total<br>Secured<br>Rate<br>Col. 5 | Total<br>Unsecured<br>Rate<br>Col. 6 | Bond Levy<br>Col. 7      | SWC Levy<br>Col. 8 | Total Levy<br>Col. 9     |
|--|--------------|----------|----------------------------------|-------------------------------------|------------------------------------|--------------------------------------|--------------------------|--------------------|--------------------------|
| Included in MWD  |              |          |                                  |                                     |                                    |                                      |                          |                    |                          |
| Los Angeles County   |              |          |                                  |                                     |                                    |                                      |                          |                    |                          |
| Las Virgenes Municipal Water District Las Virgenes Municipal Water District Area Agency Totals:  | 1-1-15-000-0 | 0.00015% | 0.00005%                         | 0.00345%                            | 0.00015%                           | 0.00350%                             | 40,819.18<br>40,819.18   | TBD<br>TBD         | 40,819.18<br>40,819.18   |
| Upper San Gabriel Valley MWD Upper San Gabriel Valley MWD Area Agency Totals:                    | 1-1-16-000-0 | 0.00015% | 0.00005%                         | 0.00345%                            | 0.00015%                           | 0.00350%                             | 177,058.79<br>177,058.79 | TBD<br>TBD         | 177,058.79<br>177,058.79 |
| City of San Fernando City of San Fernando Area Area Agency Totals:                               | 1-1-17-000-0 | 0.00015% | 0.00005%                         | 0.00345%                            | 0.00015%                           | 0.00350%                             | 3,264.82<br>3,264.82     | TBD<br>TBD         | 3,264.82<br>3,264.82     |
| County Totals:   |              |          |                                  |                                     |                                    |                                      | 2,425,980.44             | TBD                | 2,425,980.44             |
| Orange County City of Anaheim City of Anaheim Area Area Agency Totals:                           | 1-2-01-000-0 | 0.00015% | 0.00005%                         | 0.00345%                            | 0.00015%                           | 0.00350%                             | 76,882.27<br>76,882.27   | TBD<br>TBd         | 76,882.27<br>76,882.27   |
| City of Santa Ana<br>City of Santa Ana Area Area<br>Agency Totals:                               | 1-2-02-000-0 | 0.00015% | 0.00005%                         | 0.00345%                            | 0.00015%                           | 0.00350%                             | 44,056.84<br>44,056.84   | TBD<br>TBD         | 44,056.84<br>44,056.84   |
| City of Fullerton<br>City of Fullerton Area Area<br>Agency Totals:                               | 1-2-03-000-0 | 0.00015% | 0.00005%                         | 0.00345%                            | 0.00015%                           | 0.00350%                             | 33,274.87<br>33,274.87   | TBD<br>TBD         | 33,274.87<br>33,274.87   |
| Municipal Water District of Orange County<br>Remainder of MWD of Orange County<br>Agency Totals: | 1-2-05-999-0 | 0.00015% | 0.00005%                         | 0.00345%                            | 0.00015%                           | 0.00350%                             | 844,300.55<br>844,300.55 | TBD<br>TBD         | 844,300.55<br>844,300.55 |
| County Totals:   | ·            |          |                                  |                                     |                                    | _                                    | 998,514.53               | TBD                | 998,514.53               |

| Agency  | Area (a)     |           | Unsecured<br>Bond Rate<br>Col. 2 | Secured<br>SWC Rate<br>Col. 3 | Unsecured<br>SWC Rate<br>Col. 4 | Total<br>Secured<br>Rate<br>Col. 5 | Total<br>Unsecured<br>Rate<br>Col. 6 | Bond Levy<br>Col. 7 | SWC Levy<br>Col. 8 | Total Levy<br>Col. 9 |
|---|--------------|-----------|----------------------------------|-------------------------------|---------------------------------|------------------------------------|--------------------------------------|---------------------|--------------------|----------------------|
| Riverside County  |              |           |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| Eastern Municipal Water District Remainder of Eastern MWD | 1-3-01-999-0 | 0.00015%  | 0.00005%                         |                               | 0.00345%                        | 0 00015%                           | 0.00350%                             | 140.678.41          | TBD                | 140,678.41           |
| Agency Totals:  | 1-3-01-999-0 | 0.0001370 | 0.0000370                        |                               | 0.0034370                       | 0.0001370                          | 0.0033070                            | 140,678.41          | TBD                | 140,678.41           |
| Western Municipal Water District                          |              |           |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| Eleventh Fringe Area of Western MWD                       | 1-3-02-011-0 | 0.00000%  | 0.00000%                         |                               | 0.00000%                        | 0.00000%                           | 0.00000%                             | 0.00                | TBD                | 0.00                 |
| Fifteenth Fringe Area of Western Mwd                      | 1-3-02-012-0 | 0.00015%  | 0.00005%                         |                               | 0.00345%                        | 0.00015%                           | 0.00350%                             | 0.59                | TBD                | 0.59                 |
| Remainder of Western MWD                                  | 1-3-02-999-0 | 0.00015%  | 0.00005%                         |                               | 0.00345%                        | 0.00015%                           | 0.00350%                             | 183,355.41          | TBD                | 183,355.41           |
| Agency Totals:  |              |           |                                  |                               |                                 |                                    |                                      | 183,356.00          | TBD                | 183,356.00           |
| County Totals:  |              |           |                                  |                               |                                 |                                    |                                      | 324,034.42          | TBD                | 324,034.42           |
| San Bernardino County<br>Inland Empire Utilities Agency   |              |           |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| Original Area of Chino Basin MWD                          | 1-4-01-001-0 | 0.00015%  | 0.00005%                         |                               | 0.00345%                        | 0.00015%                           | 0.00350%                             | 78.874.08           | TBD                | 78,874.08            |
| Mid-valley Area of Chino Basin MWD                        | 1-4-01-002-0 | 0.00015%  | 0.00005%                         |                               | 0.00345%                        |                                    | 0.00350%                             | 115.865.97          | TBD                | 115.865.97           |
| Bryant Annexation Area of Chino Basin MWD                 | 1-4-01-003-0 | 0.00015%  | 0.00005%                         |                               | 0.00345%                        |                                    | 0.00350%                             | 109.51              | TBD                | 109.51               |
| North Perimeter No. 1 Annexation Area of Chino Basin MWD  | 1-4-01-004-0 | 0.00015%  | 0.00005%                         |                               | 0.00345%                        | 0.00015%                           | 0.00350%                             | 59.38               | TBD                | 59.38                |
| Agency Totals:  |              | 0.000.070 | 2.0000070                        |                               | 3.000.070                       | 2.300.070                          | 1,00000,0                            | 194,908.94          | TBD                | 194,908.94           |
| County Totals:  |              |           |                                  |                               |                                 |                                    |                                      | 194,908.94          | TBD                | 194,908.94           |

| Agency   | Area (a)     |          | Unsecured<br>Bond Rate<br>Col. 2 | SWC Rate | SWC Rate | Total<br>Secured<br>Rate<br>Col. 5 | Total<br>Unsecured<br>Rate<br>Col. 6 | Bond Levy<br>Col. 7 | SWC Levy<br>Col. 8 | Total Levy<br>Col. 9 |
|--|--------------|----------|----------------------------------|----------|----------|------------------------------------|--------------------------------------|---------------------|--------------------|----------------------|
| Included in MWD  |              |          |                                  |          |          |                                    |                                      |                     |                    |                      |
| San Diego County   |              |          |                                  |          |          |                                    |                                      |                     |                    |                      |
| San Diego County Water Authority Remainder of SDCWA +                        | 1-5-01-999-9 | 0.00015% | 0.00005%                         |          | 0.00345% | 0.00015%                           | 0.00350%                             | 864,323.25          | TBD                | 864,323.25           |
| Agency Total   | s:           |          |                                  |          |          |                                    |                                      | 864,323.25          | TBD                | 864,323.25           |
| County Totals:   |              |          |                                  |          |          |                                    |                                      | 864,323.25          | TBD                | 864,323.25           |
| Ventura County Calleguas Municipal Water District Remainder of Calleguas MWD | 4 6 04 000 0 | 0.00015% | 0.00005%                         |          | 0.00345% | 0.000159/                          | 0.00350%                             | 170.968.59          | TBD                | 170,968.59           |
| 5  | 1-6-01-999-0 | 0.00015% | 0.00005%                         |          | 0.00345% | 0.00015%                           | 0.00350%                             | ,                   |                    |                      |
| Agency Total   | s:           |          |                                  |          |          |                                    |                                      | 170,968.59          | TBD                | 170,968.59           |
| County Totals:   |              |          |                                  |          |          |                                    |                                      | 170,968.59          | TBD                | 170,968.59           |
| Included Total   | s:           |          |                                  |          |          |                                    |                                      | 4,978,730.17        | TBD                | 4,978,730.17         |

| Agency   | Area (a)                     |                      | Unsecured<br>Bond Rate<br>Col. 2 | Unsecured<br>SWC Rate<br>Col. 4 | Total<br>Secured<br>Rate<br>Col. 5 | Total<br>Unsecured<br>Rate<br>Col. 6 | Bond Levy<br>Col. 7    | SWC Levy<br>Col. 8 | Total Levy<br>Col. 9   |
|--|------------------------------|----------------------|----------------------------------|---------------------------------|------------------------------------|--------------------------------------|------------------------|--------------------|------------------------|
| Excluded from MWD  |                              |                      |                                  |                                 |                                    |                                      |                        |                    |                        |
| Los Angeles County   |                              |                      |                                  |                                 |                                    |                                      |                        |                    |                        |
| City of Los Angeles Alhambra Hills Portion of Reorganization No. 85-2 Agency Totals: | 2-1-04-001-0<br>2-1-04-002-0 | 0.00000%<br>0.00015% | 0.00000%<br>0.00005%             | 0.00345%<br>0.00345%            |                                    | 0.00345%<br>0.00350%                 | 0.00<br>16.27<br>16.27 | TBD<br>TBD<br>TBD  | 0.00<br>16.27<br>16.27 |
| Las Virgenes Municipal Water District  |                              |                      |                                  |                                 |                                    |                                      |                        |                    |                        |
| Portion of Reog No. 85-2 Exclusion from Las Virgines MWD                             | 2-1-15-001-0                 | 0.00015%             | 0.00005%                         | 0.00345%                        | 0.00015%                           | 0.00350%                             | 1.27                   | TBD                | 1.27                   |
| Agency Totals:   |                              |                      |                                  |                                 |                                    |                                      | 1.27                   | TBD                | 1.27                   |
| County Totals:   |                              |                      |                                  |                                 |                                    |                                      | 17.54                  | TBD                | 17.54                  |

| Agency                              | Area (a)            |              |          | Unsecured<br>Bond Rate<br>Col. 2 | Secured<br>SWC Rate<br>Col. 3 |          | Total<br>Secured<br>Rate<br>Col. 5 | Total<br>Unsecured<br>Rate<br>Col. 6 | Bond Levy<br>Col. 7 | SWC Levy<br>Col. 8 | Total Levy<br>Col. 9 |
|-------------------------------------|---------------------|--------------|----------|----------------------------------|-------------------------------|----------|------------------------------------|--------------------------------------|---------------------|--------------------|----------------------|
| Excluded from MWD                   |                     |              |          |                                  |                               |          |                                    |                                      |                     |                    |                      |
| San Diego County                    |                     |              |          |                                  |                               |          |                                    |                                      |                     |                    |                      |
| San Diego County Water Aut          | thority             |              |          |                                  |                               |          |                                    |                                      |                     |                    |                      |
| <b>Exclusion from Original Area</b> | a of Ramona MWD     | 2-5-01-017-0 | 0.00015% | 0.00005%                         |                               | 0.00345% | 0.00015%                           | 0.00350%                             | 0.20                | TBD                | 0.20                 |
| <b>Exclusions From Ramona No</b>    | o.2 Annexation Area | 2-5-01-030-0 | 0.00015% | 0.00005%                         |                               | 0.00345% | 0.00015%                           | 0.00350%                             | 3.14                | TBD                | 3.14                 |
| Rainbow No.3 Annexation A           | irea                | 2-5-01-041-0 | 0.00015% | 0.00005%                         |                               | 0.00345% | 0.00015%                           | 0.00350%                             | 6.02                | TBD                | 6.02                 |
| Agency Totals:                      |                     |              |          |                                  |                               |          |                                    |                                      | 9.36                | TBD                | 9.36                 |
| County Totals:                      |                     |              |          |                                  |                               |          |                                    |                                      | 9.36                | TBD                | 9.36                 |
| <b>Excluded Totals:</b>             |                     |              |          |                                  |                               |          |                                    | _                                    | 26.89               | TBD                | 26.89                |
| Report Totals:                      |                     |              |          |                                  |                               |          |                                    | _                                    | 4,978,757.06        | TBD                | 4,978,757.06         |

August 15, 2021

MEMBER AGENCIES

Carlebad

Municipal Water District

City of Del Mar

City of Escondido

City of National City

City of Oceanside

City of Poway

City of San Diego

Fallbrook Public Utility District

Helix Water District

Lakeside Water District

Olivenhain

Municipal Water District
Otay Water District

Padre Dam

Municipal Water District

Camp Pendleton Marine Corps Base

Rainbow Municipal Water District

Ramona Municipal Water District

Rincon del Diablo Municipal Water District

Monicipal Traisi Disirici

San Dieguito Water District

Santa Fe Irrigation District

South Bay Irrigation District

Vallecitos Water District
Valley Center

Municipal Water District

Vista Irrigation District

Yuima Municipal Water District

OTHER REPRESENTATIVE

County of San Diego

Chair Gray and

Members of the Board of Directors

Metropolitan Water District of Southern California

P.O. Box 54153

Los Angeles, CA 90054-0153

RE: Board Memo 7-1: Adopt resolution establishing the tax rate for fiscal year 2021/22

Dear Chair Gray and Board Members:

As you know, we have objected to the imposition of property tax as a result of MWD's suspension of the tax rate limitations contained in Section 124.5 of the MWD Act, for reasons that have been stated in detail in prior letters. Last year, we voted in favor of suspending the tax limitation due to exigent circumstances which are ongoing, including the devastating financial impacts of the COVID-19 pandemic on Southern California water ratepayers.

We look forward to this issue being addressed as part of or as a follow on to our September board retreat.

Sincerely,

Jerry Butkiewicz

Director

S. Gail Goldberg

S. Sail Soldberg

Director

Michael T. Hogan

Director

Tim Smith Director

cc: San Diego County Water Authority Board Members and Member Agencies Adel Hagekhalil, MWD General Manager

<sup>&</sup>lt;sup>1</sup> See letters dated August 15, 2020, April 9, 2020, August 17, 2019, August 19, 2018, August 14, 2017, August 15, 2016, August 15, 2015, and August 16, 2013, all of which are in the possession of MWD.

# THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

#### **RESOLUTION 9284**

A RESOLUTION LEVYING AD VALOREM PROPERTY TAXES FOR THE FISCAL YEAR COMMENCING JULY 1, 2021 AND ENDING JUNE 30, 2022 FOR THE PURPOSES OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

The Board of Directors of The Metropolitan Water District of Southern California, after receiving, considering, and evaluating evidence and all material factors pertaining thereto, including budget requirements and estimated revenues from water rates, charges, and ad valorem property tax rates, finds, determines, and resolves:

Section 1.

## RECITALS

## Effective Water Rates and Charges during Fiscal Year 2021/22

The Board of Directors fixes water rates and charges on a calendar year basis and adopts its biennial budget and ad valorem property taxes on a fiscal year basis. During fiscal year (FY) 2021/22, the applicable rates and charges are those set by the Board for calendar year (CY) 2021 and CY 2022. The Board of Directors, with full review of (1) evidence presented, and (2) all material factors and considerations, has adopted water rates and charges for CYs 2021 and 2022, which, in the debated, informed and considered discretion of the Board, are in compliance with Section 134 of the Metropolitan Water District Act (the MWD Act), in that the Board, so far as practicable, has fixed such rates and charges as will result in revenue which will pay the District's operating expenses, provide for maintenance and repairs, provide for payment of the purchase price or other charges for property or services or other rights acquired by the District, and provide for the payment of the interest and principal of District bonds, notes and other evidences of indebtedness under the applicable provisions of the Act authorizing debt issuance and retirement, assuming the ad valorem property tax rate for FYs 2020/21 and 2021/22 continues at the existing rate of .0035 percent. On August 18, 2020, the Board of Directors established the tax rate for FY 2020/21 at .0035 percent. This Resolution establishes the tax rate for FY 2021/22.

## Applicability of Ad Valorem Property Tax Limitations Pursuant to the MWD Act

Section 124.5 of the MWD Act limits property tax collections to the amount necessary to pay the total annual debt service on Metropolitan's general obligation bonds and only a portion of its State Water Contract (SWC) payment obligation, limited to the preexisting debt service on state general obligation bonds (Burns-Porter bonds) used to finance construction of State Water Project (SWP) facilities for the benefit of Metropolitan. However, the limitation of Section 124.5 does not apply if, following a public hearing, the Board of Directors finds that collection of tax revenue in excess of that limitation is essential to the fiscal integrity of the District. The Board held the public hearing pursuant to Section 124.5 of the Act on March 10, 2020 to determine the applicability of the limitation for FYs 2020/21 and 2021/22. On April 14, 2020, the Board adopted Resolution No. 9268, through which the Board:

- 1. Found and determined that it is essential to Metropolitan's fiscal integrity to collect ad valorem property taxes in excess of the Section 124.5 limitation on ad valorem property taxes in FYs 2020/21 and 2021/22;
- 2. Resolved and determined that pursuant to its finding, the tax rate restriction in Section 124.5 of the MWD Act is inapplicable when setting the ad valorem property tax rate for FYs 2020/21 and 2021/22, allowing the Board to maintain the current ad valorem property tax rate for those fiscal years (.0035 percent of assessed valuation, excluding annexation levies); and

3. Waived compliance with Section 4301(b) of Metropolitan's Administrative Code for any tax levy that utilizes the April 2020 finding regarding Section 124.5 of the MWD Act.

## FY 2021/22 Ad Valorem Property Tax Levy

In its informed discretion, based upon full review of evidence presented and all material factors and considerations, the Board of Directors determines that the District's revenues for FY 2021/22 from water transactions and sources other than ad valorem property taxes, after payment of the District's operation and maintenance expenses, the payment of the purchase price or other charges for property or services or other rights acquired by the District, the operation, maintenance, power, and replacement charges due under the District's state contract, revenue bond service, deposits to the revenue bond reserve fund, short term revenue certificate (commercial paper note) service, net costs of operating equipment, and net inventory costs during the fiscal year, as well as the maintenance of prudent reserves for unforeseen District expenditures or unforeseen reduction in District revenue, will be insufficient to provide for general obligation bond service and to pay the District's contract obligations to the state for sale and delivery of water. Therefore, the Board levies ad valorem property taxes for FY 2021/22 as provided in this Resolution at sections 4 through 7 and the exhibits attached, sufficient, when taken with other revenues available for the purpose, to meet all the foregoing obligations and financial requirements, in the amounts and rates set forth in this Resolution and the schedules attached and incorporated therein.

## Section 2.

### **DEFINITIONS**

The following terms as used herein shall have the following meanings:

- (1) "MWD OF SC" shall mean The Metropolitan Water District of Southern California
  - "MWD" shall mean Municipal Water District
  - "SDCWA" shall mean the San Diego County Water Authority
  - "ID" shall mean Irrigation District
  - "PUD" shall mean Public Utility District.
- (2) "Fiscal Year" or "FY 2021/22" shall mean the fiscal year commencing July 1, 2021 and ending June 30, 2022.
- (3) "Schedule A and B" as shown in Section 9 shall mean:
  - Schedule A a tabulation setting forth for the Fiscal Year the estimated funds to be produced by MWD of SC ad valorem property tax levies made by this Resolution.
  - Schedule B a tabulation setting forth for the Fiscal Year ad valorem property tax rates as set forth in Sections 4, 5, and 6 hereof, the total tax rates, and the amounts of money to be derived from respective areas from the tax levies made by this Resolution.
- (4) The following city areas represent the corporate areas of cities within the County of Los Angeles at their respective times of annexation to MWD of SC, and may include areas subsequently annexed to said city areas at times when such areas were not within MWD of SC, and may include those areas which, at the time of their respective annexation to said city areas, were within non-city member public agencies and subsequently excluded from such non-city member public agencies:

| "City of Beverly Hills Area"                            | December 6, 1928  |
|---|-------------------|
| "City of Burbank Area"                                  | December 6, 1928  |
| "City of Glendale Area"                                 | December 6, 1928  |
| "City of Los Angeles Area"                              | December 6, 1928  |
| (Including portion of Original Area of Las Virgenes MWD |                   |
| excluded from Las Virgenes MWD on November 9, 1962)     |                   |
| "City of Pasadena Area"                                 | December 6, 1928  |
| "City of San Marino Area"                               | December 6, 1928  |
| "City of Santa Monica Area"                             | December 6, 1928  |
| "City of Long Beach Area"                               | February 27, 1931 |
| "City of Torrance Area"                                 | February 27, 1931 |
| "City of Compton Area"                                  | June 23, 1931     |
| "City of San Fernando Area"                             | November 12, 1971 |

(5) "West Basin MWD" shall include the following areas; annexed to West Basin MWD and to MWD of SC on the dates cited:

| Original Area   | July 23, 1948     |
|---|-------------------|
| City of Gardena Area  | December 9, 1948  |
| Inglewood Area  | June 9, 1952      |
| Dominguez Area  | October 16, 1952  |
| Hawthorne Area  | October 23, 1953  |
| La Casa Territory Area  | November 23, 1953 |
| A B C Territory Area  | January 11, 1955  |
| Culver City-County Territory Area   | January 11, 1955  |
| Frawley Territory Area  | January 13, 1958  |
| Imperial Strip Territory Area   | November 22, 1960 |
| Marina Area   | January 10, 1962  |
| Belle View Area   | November 12, 1963 |
| Municipal Parking Area  | November 12, 1963 |
| La Tijera Area  | December 21, 1965 |
| Jefferson Blvd. Area  | October 30, 1969  |
| Marina Second Fringe Area   | May 3, 1978       |
| West Hollywood Area   | June 23, 1981     |
| Reorganization No. 2014-10, Parcel A, and concurrently detached from the city of Torrance | December 22, 2014 |
| Reorganization No. 2009-16, and concurrently detached from Las Virgenes MWD               | February 19, 2015 |
| Reorganization No. 2014-06, and concurrently detached from Las Virgenes MWD               | July 19, 2016     |

(6) "Three Valleys MWD" shall include the following areas, annexed to Three Valleys MWD (formerly Pomona Valley MWD) and to MWD of SC on the dates cited:

Original Area November 15, 1950
Glendora Area October 2, 1952
Rowland Area June 15, 1953
Stephens Area November 27, 1957

(7) "Foothill MWD" shall include the following areas, annexed to Foothill MWD and to MWD of SC on the dates cited:

Original Area of Foothill MWD

Foothill First Fringe Area

Foothill Second Fringe Area

La Vina Annexation

January 15, 1953

March 21, 1968

November 21, 1968

July 13, 1993

(8) "Central Basin MWD" shall include the following areas, annexed to Central Basin MWD and to MWD of SC on the dates cited:

Original Area November 12, 1954 Compton Territory Area January 4, 1957 December 30, 1958 Bellflower Territory Area Shoestring Strip Territory Area January 23, 1961 November 14, 1963 Signal Hill Territory Area Lakewood Area November 14, 1963 Vernon Area June 24, 1965 June 21, 1967 Dairy Valley Area Boyle Heights Area July 24, 1967 Cerritos Area December 22, 1969 November 22, 1977 Hawaiian Gardens Area

(9) "Las Virgenes MWD" shall include the following areas annexed to Las Virgenes MWD and to MWD of SC on the dates cited, excluding that portion annexed to the City of Los Angeles on November 9, 1962:

Original Area December 1, 1960
Twin Lakes Area March 12, 1965
Bell Canyon Area March 16, 1966
Hidden Hills Annexation 87-1 April 22, 1988

(10) "Upper San Gabriel Valley MWD" shall include the following areas annexed to Upper San Gabriel Valley MWD and to MWD of SC on the dates cited:

Original Area March 27, 1963
West Covina Area November 1, 1965
Garvey Reservoir Area December 1, 1976
Mountain Cove Annexation July 17, 2002

(11) The following city areas represent the corporate areas of cities within the County of Orange at their respective times of annexation to MWD of SC, and may include areas subsequently annexed to said city areas at times when such areas were not within MWD of SC, and may include those areas which, at the time of their respective annexation to said city areas, were within non-city member public agencies and subsequently excluded from such non-city member public agencies:

December 6, 1928

City of Anaheim Area

Including:

Serrano/Nohl Ranch Rd. Reorganization (RO 01-05), Parcel 2, detached from MWD of Orange County on

April 19, 2001;

Reorganization Area 1 (RO 03-17) detached from MWD of

Orange County on August 26, 2003;

Reorganization Area 2 (RO 03-17) detached from MWD of

Orange County on August 26, 2003;

Reorganization Brookhurst ARCO (RO 02-02) detached from MWD of Orange County on July 8, 2003;

North-Central Islands Annexation (IA 04-08) detached from MWD of Orange County on August 20, 2004;

Serrano Heights Reorganization (RO 04-01) detached from

MWD of Orange County on May 28, 2004;

Ball Road/Santa Ana River Reorganization (RO 04-02)

detached from MWD of Orange County on

December 13, 2004

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Meyer Reorganization (RO 15-01) and concurrently detached from MWD of Orange County on May 16, 2016

City of Santa Ana Area

December 6, 1928

Including:

Reorganization Area 4 (RO 03-17) detached from MWD of Orange County on August 26, 2003

City of Fullerton Area

February 27, 1931

Including:

Hawks Point Reorganization (RO 00-11) detached from

MWD of Orange County on April 19, 2001;

Reorganization Area 3 (RO 03-17) detached from MWD of

Orange County on August 26, 2003;

Page Avenue Island Annex. (IA 04-14) detached from MWD of Orange County on November 3, 2004;

Somerset Island Annex. (IA 04-15) detached from MWD of

Orange County on November 3, 2004

"Remainder of MWD of Orange County" shall include the following areas, annexed to MWD of Orange County and to MWD of SC on the dates cited excluding that portion thereof of Reorganization No. 62 annexed to Coastal MWD on March 7, 1984:

| 0::14  | N 1 26 1051       |
|--|-------------------|
| Original Area  | November 26, 1951 |
| Annexation No. 1 Territory Area                            | November 25, 1957 |
| Annexation No. 4 Territory Area                            | December 11, 1958 |
| Annexation No. 5 Territory Area                            | December 7, 1959  |
| Annexation No. 7 Territory Area                            | December 8, 1960  |
| Annexation No. 10 Territory Area                           | December 11, 1961 |
| Annexation No. 11 Territory Area                           | January 6, 1964   |
| Annexation No. 8A Territory Area                           | March 29, 1965    |
| Annexation No. 8B Territory Area                           | March 29, 1965    |
| Annexation No. 8D Territory Area                           | March 29, 1965    |
| Annexation No. 8E Territory Area                           | March 29, 1965    |
| Annexation No. 8F Territory Area                           | March 29, 1965    |
| Annexation No. 8G Territory Area                           | March 29, 1965    |
| Annexation No. 8H Territory Area                           | March 29, 1965    |
| Annexation No. 13 Territory Area                           | June 30, 1969     |
| (Excluded from Coastal MWD for purpose of such annexation) |                   |
| Annexation No. 16 Territory Area                           | November 7, 1972  |
| Annexation No. 15 Territory Area                           | November 15, 1972 |
| Annexation No. 18 Territory Area                           | December 16, 1982 |
| Annexation No. 19 Territory Area                           | December 27, 1983 |
| Annexation No. 17 Territory Area                           | December 29, 1983 |
| City of Brea Area  | March 7, 1984     |
| Brea Fringe Annexation Area                                | March 7, 1984     |
| Serrano/Nohl Ranch Road Reorganization Parcel 1            | April 19, 2001    |
| (RO 01-05) detached from City of Anaheim                   | •                 |
|  |                   |

Coastal MWD January 17, 2001

Coastal MWD and MWD of Orange County have been consolidated into a single district (RO 97-06) effective January 17, 2001. It shall include the following areas, annexed to Coastal MWD and to MWD of SC on the dates cited:

Original Area June 15, 1942 **190** 

Fairview Farms Area September 21, 1946 Irvine Subdivision Areas November 26, 1948 1948 Portion of City of Newport Beach Area November 29, 1948 Parts of Dana Point Area August 3, 1949 Capistrano Beach-San Clemente Area October 28, 1954 Tri-Cities Annexation No. 2 Area December 12, 1962 Laguna Canyon Annexation Area December 20, 1962 Lido Sands Annexation Area January 6, 1964 Laguna Niguel Area June 30, 1969 (Including Reorganization 32 Parcel A Area excluded from Annexation No. 4 on January 4, 1977) Tri-Cities Annexation No. 79-1 Area December 22, 1982 Reorganization No. 62 Parcel C and that portion of Parcel B March 7, 1984 Area excluded from Annexation No. 5 of MWD of Orange County Reorganization No. 64 Area excluded from Annexation No. 7 March 18, 1983 of MWD of Orange County Reorganization No. 123 excluded from Annexation No. 7 of August 6, 1990

MWD of Orange County

Original Area

(13) "Remainder of Eastern MWD" shall include the following areas, annexed to Eastern MWD and to MWD of SC on the dates cited:

July 20, 1951

| 6  | <b>J</b> - ,       |
|--|--------------------|
| (Portion of area excluded from Eastern MWD and annexed to Western MWD) |                    |
| Adjacent Area  | May 22, 1953       |
| First Fringe Area  | April 20, 1956     |
| (Portion of area excluded from Eastern MWD and annexed to Western MWD) | •                  |
| Third Fringe Area  | November 20, 1958  |
| (Area excluded from Original Area of Western MWD)                      |                    |
| Fourth Fringe Area   | December 6, 1960   |
| Fifth Fringe Area  | May 31, 1962       |
| (Portion of area excluded from Eastern MWD and                         |                    |
| annexed to Western MWD)  |                    |
| Sixth Fringe Area  | December 10, 1962  |
| Seventh Fringe Area  | March 11, 1963     |
| Eight Fringe Area  | April 23, 1963     |
| Ninth Fringe Area  | April 23, 1963     |
| Tenth Fringe Area  | September 22, 1964 |
| Eleventh Fringe Area   | September 22, 1964 |
| Twelfth Fringe Area  | October 22, 1965   |
| Thirteenth Fringe Area   | October 13, 1967   |
| (Portion of area excluded from Eastern MWD and                         |                    |
| annexed to Western MWD)  |                    |
| Fourteenth Fringe Area   | October 23, 1967   |
| Sixteenth Fringe Area  | July 1, 1969       |
| (Area excluded from First Fringe Area of Western MWD)                  |                    |
| Fifteenth Fringe Area  | August 12, 1969    |
| Seventeenth Fringe Area  | March 5, 1970      |
| Eighteenth Fringe Area   | March 5, 1970      |
| Nineteenth Fringe Area   | May 8, 1970        |
| Twentieth Fringe Area  | September 29, 1971 |
| Twenty-First Fringe Area   | September 30, 1971 |
| Twenty-Second Fringe Area  | April 27, 1972     |
| Twenty-Third Fringe Area   | May 23, 1975       |

| Twenty-Fourth Fringe Area                              | December 30, 1975 |
|--|-------------------|
| Twenty-Fifth Fringe Area                               | April 26, 1983    |
| Twenty-Sixth Fringe Area                               | November 27, 1985 |
| Twenty-Seventh Fringe Area                             | December 19, 1985 |
| Twenty-Eighth Fringe Area                              | November 18, 1986 |
| Twenty-Ninth Fringe Area                               | May 4, 1987       |
| Thirty-First Fringe Area                               | July 9, 1987      |
| Thirty-Second Fringe Area                              | July 9, 1987      |
| Thirty-Third Fringe Area                               | August 27, 1987   |
| Thirtieth Fringe Area                                  | December 15, 1987 |
| Thirty-Fourth Fringe Area                              | March 16, 1988    |
| Thirty-Fifth Fringe Area                               | May 2, 1988       |
| Thirty-Eighth Fringe Area                              | October 14, 1988  |
| Thirty-Sixth Fringe Area                               | December 5, 1988  |
| Fortieth Fringe Area                                   | August 1, 1989    |
| Forty-Second Fringe Area                               | May 25, 1990      |
| Forty-Third Fringe Area                                | June 19, 1990     |
| Thirty-Ninth Fringe Area                               | July 13, 1990     |
| Forty-First Fringe Area                                | July 27, 1990     |
| Forty-Fifth Fringe Area                                | March 13, 1991    |
| Forty-Seventh Fringe Area                              | June 3, 1991      |
| Forty-Eighth Fringe Area                               | November 21, 1991 |
| Forty-Ninth Fringe Area                                | November 21, 1991 |
| Fiftieth Fringe Area                                   | November 21, 1991 |
| Fifty-First Fringe Area                                | December 19, 1991 |
| Forty-Fourth Fringe Area                               | June 3, 1992      |
| Fifty-Second Fringe Area                               | June 29, 1992     |
| Forty-Sixth Fringe Area                                | July 7, 1992      |
| Fifty-Third Fringe Area                                | August 27, 1992   |
| Fifty-Fifth Fringe Area                                | April 29, 1993    |
| Fifty-Sixth Fringe Area                                | June 22, 1993     |
| Fifty-Eighth Fringe Area                               | June 22, 1993     |
| Fifty-Ninth Fringe Area                                | June 22, 1993     |
| Sixtieth Fringe Area                                   | November 29, 1993 |
| Fifty-Seventh Fringe Area                              | December 9, 1994  |
| Sixty-Second Fringe Area                               | July 3, 1996      |
| Sixty-Third Fringe Area                                | October 28, 1996  |
| Sixty-Fourth Fringe Area                               | August 28, 1997   |
| Sixty-Fifth Fringe Area                                | December 28, 2000 |
| Seventieth Fringe Area                                 | August 29, 2001   |
| Sixty-Seventh Fringe Area Reorganization (Area         | August 29, 2001   |
| detached from portion of Original Area of Western MWD) | -                 |
| Sixty-Eighth Fringe Area                               | January 15, 2002  |
| Seventy-First Fringe Area                              | June 20, 2002     |
| Sixty-Ninth Fringe Area                                | November 27, 2002 |
| Seventy-Second Fringe Area                             | October 21, 2003  |
| Sixty-Sixth Fringe Area                                | November 17, 2003 |
| Seventy-Third Fringe Area                              | November 17, 2003 |
| Seventy-Fourth Fringe Area                             | November 17, 2003 |
| Seventy-Fifth Fringe Area                              | June 2, 2004      |
| Seventy-Sixth Fringe Area                              | April 6, 2004     |
| Seventy-Eighth Fringe Area                             | April 19, 2005    |
| Eighty-Third Fringe Area                               | December 15, 2005 |
| Seventy-Ninth Fringe Area                              | December 20, 2005 |
| Eighty-First Fringe Area                               | December 20, 2005 |
| Eighty-Fourth Fringe Area                              | December 20, 2005 |
| Eighty-Seventh Fringe Area                             | February 14, 2006 |
| Daga 7 of 26   |                   |

| E' 14 C' 4 E ' A   | M 1 24 2006        |
|--|--------------------|
| Eighty-Sixth Fringe Area                                 | March 24, 2006     |
| Eighty-Fifth Fringe Area                                 | May 22, 2006       |
| Eighty-Eighth Fringe Area                                | May 22, 2006       |
| Eighty-Ninth Fringe Area                                 | June 28, 2006      |
| Ninety-Second Fringe Area                                | August 2, 2006     |
| Ninety-First Fringe Area                                 | November 28, 2006  |
| Ninety-Fifth Fringe Area                                 | December 14, 2006  |
| Ninetieth Fringe Area                                    | December 19, 2006  |
| Ninety-Seventh Fringe Area                               | April 16, 2007     |
| Ninety-Third Fringe Area                                 | July 26, 2007      |
| 101st Fringe Area  | January 24, 2008   |
| Ninety-Ninth Fringe Area Reorganization                  | September 10, 2008 |
| (Area detached from Western Municipal Water District)    |                    |
| 100 <sup>th</sup> Fringe Area                            | November 17, 2008  |
| Ninety-Sixth Fringe Area                                 | December 11, 2008  |
| 102 <sup>nd</sup> Fringe Area                            | December 22, 2009  |
| 103 <sup>rd</sup> Fringe Area                            | October 1, 2013    |
| 104 <sup>th</sup> Fringe Area                            | September 22, 2015 |
| 105 <sup>th</sup> Fringe Area (2015-11-3 Reorganization) | September 19, 2017 |
| 107 <sup>th</sup> Fringe Area (2017-04-5 Reorganization) | September 12, 2017 |
| 106 <sup>th</sup> Fringe Area (2017-12-3 Reorganization) | December 14, 2017  |
| 108 <sup>th</sup> Fringe Area (2017-24-3 Reorganization) | November 8, 2018   |
| 110 <sup>th</sup> Fringe Area (2019-03-3 Reorganization  | July 17, 2019      |
| 109 <sup>th</sup> Fringe Area (2019-06-3 Reorganization) | November 22, 2019  |
|  | •                  |

"Remainder of Western MWD" shall include the following areas, annexed to Western MWD and to MWD of SC on the dates cited:

| Original Area                          |                   | November 12, 1954  |
|--|-------------------|--------------------|
| (Portion of area excluded from Wester  | n MWD and         |                    |
| annexed to Eastern MWD)                |                   |                    |
| First Fringe Area                      |                   | December 20, 1957  |
| (Portion of area excluded from Wester  | n MWD and         |                    |
| annexed to Eastern MWD)                |                   | D 1 10 1061        |
| Second Fringe Area                     |                   | December 18, 1961  |
| Third Fringe Area                      |                   | June 27, 1962      |
| Fifth Fringe Area                      |                   | July 2, 1964       |
| Fourth Fringe Area                     |                   | December 19, 1966  |
| Seventh Fringe Area                    |                   | December 19, 1966  |
| Eighth Fringe Area                     |                   | September 18, 1967 |
| (Area excluded from Fifth Fringe Area  | a of Eastern MWD  |                    |
| on July 26, 1967)                      |                   |                    |
| Sixth Fringe Area                      |                   | September 27, 1967 |
| Ninth Fringe Area                      |                   | November 17, 1967  |
| Tenth Fringe Area                      |                   | June 12, 1968      |
| Thirteenth Fringe Area                 |                   | June 23, 1969      |
| (Area excluded from Fifth Fringe Area  | a of Eastern MWD) |                    |
| Twelfth Fringe Area                    |                   | July 1, 1969       |
| (Area excluded from First Fringe Area  | of Eastern MWD)   | •                  |
| Eleventh Fringe Area                   | ,                 | July 17, 1969      |
| Fifteenth Fringe Area                  |                   | July 13, 1972      |
| (Area lying entirely within the County | of Orange)        | •                  |
| Fourteenth Fringe Area                 | <b>O</b> ,        | October 11, 1973   |
| Sixteenth Fringe Area                  |                   | August 30, 1977    |
| (Area excluded from Thirteenth Fringe  | Area of           | ,                  |
| Eastern MWD)                           |                   |                    |
| Seventeenth Fringe Area                | Page 8 of 26      | December 23, 1980  |

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| Eighteenth Fringe Area                                | December 15, 1981  |
|---|--------------------|
| Twentieth Fringe Area                                 | December 4, 1987   |
| Twenty-Second Fringe Area                             | October 14, 1988   |
| Twenty-First Fringe Area                              | December 5, 1988   |
| Twenty-Third Fringe Area                              | November 3, 1989   |
| Twenty-Fourth Fringe Area                             | May 18, 1990       |
| Twenty-Seventh Fringe Area                            | May 18, 1990       |
| Twenty-Sixth Fringe Area                              | June 6, 1990       |
| Twenty-Fifth Fringe Area                              | July 13, 1990      |
| Twenty-Eighth Fringe Area                             | January 28, 1991   |
| Thirtieth Fringe Area                                 | March 13, 1991     |
| Twenty-Ninth Fringe Area                              | November 4, 1991   |
| Thirty-First Fringe Area                              | February 19, 1992  |
| Thirty-Third Fringe Area                              | May 26, 1993       |
| Thirty-Fourth Fringe Area                             | October 31, 1994   |
| (Area excluded from Fifth Fringe Area of Eastern MWD) |                    |
| Thirty-Sixth Fringe Area                              | September 29, 1997 |
| (Area excluded from Original Area of Eastern MWD)     |                    |
| Thirty-Seventh Fringe Area                            | December 30, 1997  |
| Thirty-Eighth Fringe Area                             | June 29, 1999      |
| Fortieth Fringe Area                                  | November 22, 1999  |
| Thirty-Ninth Fringe Area                              | October 24, 2000   |
| Forty-First Fringe Area                               | December 28, 2000  |
| Forty-Fifth Fringe Area                               | June 20, 2002      |
| Forty-Second Fringe Area                              | February 7, 2002   |
| (Area excluded from Fifth Fringe Area of Eastern MWD) |                    |
| Forty-Sixth Fringe Area                               | November 24, 2003  |
| Forty-Eighth Fringe Area                              | December 15, 2003  |
| Forty-Ninth Fringe Area                               | April 28, 2004     |
| Fiftieth Fringe Area                                  | May 27, 2005       |
| Forty-Seventh Fringe Area                             | June 21, 2005      |
| Forty-Fourth Fringe Area                              | June 22, 2006      |
| Forty-Third Fringe Area                               | October 21, 2014   |
| Fifty-First Fringe Area Annexation                    | October 16, 2018   |
| Fifty-Second Fringe Area Annexation                   | June 16, 2020      |

- (15) "Original Area of Chino Basin MWD" shall mean the area of Chino Basin MWD annexed to MWD of SC on November 26, 1951.
- (16) "Mid-Valley Area of Chino Basin MWD" shall mean the Mid-Valley area annexed to Chino Basin MWD and to MWD of SC on April 20, 1954.
- (17) "Bryant Annexation Area of Chino Basin MWD" shall mean the "Bryant Annexation area annexed to Chino Basin MWD and to MWD of SC on November 25, 1957.
- (18) "North Perimeter No. 1 Annexation Area of Chino Basin MWD" shall mean the North Perimeter No. 1 Annexation area annexed to Chino Basin MWD and to MWD of SC on November 28, 1969.
- (19) "Remainder of SDCWA" shall include the following areas annexed to SDCWA and to MWD of SC on the dates cited:

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Original Area of SDCWA Annexation
(Including areas subsequently annexed to city public agencies which were included within Original Area of SDCWA at times when such areas were not within MWD

December 17, 1946

| of SC, and areas excluded from non-city public agencies        |  |
|--|--|
| of SDCWA at times when such areas were within said city        |  |
| public agencies)   | D 1 12 1040                                  |
| Crest PUD Territory Area                                       | December 13, 1948                            |
| San Dieguito ID Area<br>Santa Fe ID Area                       | December 13, 1948<br>December 13, 1948       |
| 1950 Fallbrook PUD Annexation Area                             | August 1, 1950                               |
| (Including De Luz Heights MWD Reorganization,                  | August 1, 1930                               |
| originally De Luz Heights MWD annexed to MWD of                |  |
| SC on June 28, 1967 and dissolved on July 1, 1990)             |  |
| City of Escondido Area   | October 9, 1950                              |
| San Diego Gas and Electric Company Area                        | May 14, 1952                                 |
| San Diego Eucalyptus Company's Lands Area                      | July 18, 1952                                |
| South Bay ID Area  | November 3, 1952                             |
| Rainbow MWD Area   | April 10, 1954                               |
| City of Poway Area   | April 21, 1954                               |
| Bueno Colorado MWD Area  | June 11, 1954                                |
| (Area dissolved and annexed to Rainbow MWD, Vista              | ,  |
| Irrigation District, Carlsbad MWD and Vallecitos Water         |  |
| District on November 24, 1993)                                 |  |
| Rincon Del Diablo MWD  | June 14, 1954                                |
| Costa Real MWD Area  | June 16, 1954                                |
| El Cajon Valley-Dry Island Area                                | December 20, 1954                            |
| (Including Lakeside-Boukai Joint Venture Reorganization        |  |
| detached from Padre Dam MWD on September 11, 1996)             |  |
| Valley Center MWD Area   | May 9, 1955                                  |
| Sweetwater Reservoir Area                                      | October 10, 1955                             |
| Padre Dam MWD Area   | June 7, 1956                                 |
| Bueno Colorado Annexation No. 1 Area                           | June 11, 1956                                |
| Otay MWD Area  | October 26, 1956                             |
| Original Area of Ramona MWD within MWD of SC                   | August 27, 1957                              |
| Fallbrook No. 2 Annexation Area                                | November 24, 1958                            |
| Helix Watson Ranch-Island Area                                 | February 20, 1959                            |
| Rainbow No. 1 Annexation Area                                  | May 12, 1959                                 |
| Ramona No. 1 Annexation Area<br>Helix-Fletcher Annexation Area | May 29, 1959<br>June 26, 1959                |
| San Dieguito Concurrent Annexation No. 1 Area                  | September 15, 1959                           |
| Helix-Sunnyslope Heights Annexation Area                       | September 17, 1959                           |
| Poway No. 1 Annexation Area                                    | September 21, 1959                           |
| Padre Dam MWD No. 2 Annexation Area                            | November 6, 1959                             |
| Padre Dam MWD No. 1 Annexation Area                            | November 10, 1959                            |
| San Dieguito Local Inclusion Annexation Area                   | November 18, 1959                            |
| Santa Fe No. 1 Annexation Area                                 | November 30, 1959                            |
| Olivenhain MWD Area  | 1(0)0111001 30, 1939                         |
| (Including Encinitas Municipal Services Reorganization         |  |
| Parcels 1, 2, & 3 detached from San Dieguito No. 2             | July 25, 1960                                |
| Annexation Area of SDCWA on June 16, 1995)                     | <b>,</b> , , , , , , , , , , , , , , , , , , |
| Helix-Willis-Houston Annexation Area                           | August 10, 1960                              |
| Padre Dam MWD No. 3 Annexation Area                            | October 16, 1960                             |
| Otay No. 3 Annexation Area                                     | October 20, 1960                             |
| Valley Center No. 1 Annexation Area                            | December 12, 1960                            |
| Rincon del Diablo No. 1 Annexation Area                        | December 12, 1960                            |
| Ramona No. 2 Annexation Area within MWD of SC                  | September 22, 1961                           |
| Rincon del Diablo No. 2 Annexation Area                        | September 29, 1961                           |
| City of Del Mar Area   | November 23, 1962                            |
| Ramona No. 3 Annexation Area                                   | September 20, 1963                           |
| Yuima MWD Area   | December 16, 1963                            |
| Page 10 of 26  |  |

| (Excluding Adams/Fitzsimmons Reorganization Parcel 1      |                             |
|---|-----------------------------|
| annexed to Valley Center MWD, including                   |                             |
| Adams/Fitzsimmons Reorganization Parcel 2 excluded        |                             |
| from Valley Center MWD on March 26, 1991)                 |                             |
| Rincon del Diablo No. 3 Annexation Area                   | August 27, 1964             |
| Olivenhain No. 1 Annexation Area                          | February 11, 1965           |
| South Bay Tidelands Area                                  | May 11, 1965                |
| De Luz Heights Annexation Area (Reorganization)           | June 28, 1967               |
| Olivenhain No. 4 Annexation Area                          | November 13, 1967           |
| Yuima No. 1 Annexation Area                               | November 21, 1967           |
| Ramona Dos Picos Area                                     | November 27, 1967           |
| Ramona No. 4 Annexation Area                              | November 27, 1967           |
| Valley Center No. 2 Annexation Area                       | November 29, 1967           |
| Valley Center No. 3 Annexation Area                       | November 30, 1967           |
| Rainbow No. 3 Annexation Area of SDCWA within MWD         | December 6, 1967            |
| of SC" shall mean the Rainbow No. 3 Annexation area       | <b>December</b> 6, 1767     |
| annexed to SDCWA and to MWD of SC; omitting               |                             |
| therefrom the Werner Detachment excluded on August 4,     |                             |
| 1980, the Brown Detachment excluded on January 1,         |                             |
| 1981, and the Mann- Gosser Detachment excluded on         |                             |
| March 4, 1981 from SDCWA and MWD of SC.                   |                             |
| De Luz Heights No. 1 Annexation Area                      | October 15, 1969            |
| Yuima No.2 Annexation Area                                | November 24, 1969           |
| Fallbrook Community Air Park Annexation Area of           | December 22, 1969           |
| SDCWA shall mean the Fallbrook Community Air Park         | 22, 1909                    |
| Annexation area annexed to SDCWA and to MWD of SC         |                             |
| Padre Dam MWD No. 4                                       | August 3, 1970              |
| Ramona No. 5 Annexation Area                              | May 17, 1972                |
| Rincon del Diablo No. 4 Annexation Area                   | November 2, 1972            |
| San Dieguito No. 2 Annexation Area                        | December 8, 1972            |
| (Including Encinitas Municipal Services Reorganization on | 2000moor 0, 1572            |
| June 16, 1995)  |                             |
| Santa Fe No. 2 Annexation Area                            | April 11, 1973              |
| Valley Center No. 4 Annexation Area                       | November 5, 1973            |
| Rainbow No. 5 Annexation Area                             | November 22, 1973           |
| San Onofre State Beach and Park Area                      | December 16, 1977           |
| Pendleton Military Reservation Area -Nuclear              | December 16, 1977           |
| Generating Plant Portion                                  | <b>Beechie e</b> 1 10, 1977 |
| Remainder of Pendleton Military Reservation Area          | December 16, 1977           |
| Rancho Jamul Estates Annexation Area                      | March 13, 1979              |
| Lake Hodges Estates Annexation Area                       | June 26, 1980               |
| Burdick Annexation No. 5 Area to Padre Dam MWD            | July 26, 1982               |
| Palo Verde Annexation No. 6 Area to Padre Dam MWD         | November 15, 1983           |
| Lake Ranch Viejo Annexation to Rainbow MWD                | December 13, 1983           |
| Honey Springs Ranch Annexation Area to Otay MWD           | December 14, 1983           |
| Thweatt Annexation Area to Rincon del Diablo MWD          | December 30, 1983           |
| Hewlett-Packard Annexation Area to Rainbow MWD            | December 31, 1985           |
| 4S Ranch Annexation Area to Olivenhain MWD                | November 5, 1986            |
| Quail Park Reorganization Area Annexed to San             | July 11, 1989               |
| Dieguito Water District and excluded from                 | 1917 11, 1909               |
| Olivenhain MWD  |                             |
| Paradise Mountain Area Annexed to Valley Center MWD       | January 11, 1993            |
| Boathouse Area Annexed to Otay Water District             | September 6, 1994           |
| Guajome Regional Park Annexation to Vista Irrigation      | October 23, 1998            |
| District  |                             |
| Podrasky Ohlson Annexation to Valley Center MWD           | March 11, 2004              |
| San Elijo Ridge Reorganization (Altman) to                | August 9, 2004              |
| Page 11 of 26   | 2                           |

Vallecitos Water District

Baxter Annexation (RO 03-19) to Padre Dam MWD

Citrus Heights Annexation

Erreca Annexation

Meadowood Reorganization (RO12-11) to SDCWA

Lake Wohlford Reorganization (R014-16) to SDCWA

Greenwood Memorial Park Island Reorganization

July 9, 2005

March 4, 2008

November 4, 2009

December 4, 2014

April 21, 2015

May 26, 2017

(City of San Diego, RO 17-01) Campus Park West (RO 14-08)

December 13, 2017

(20) "Remainder of Calleguas MWD" shall include the following areas annexed to Calleguas MWD and to MWD of SC on the dates cited:

Original Area of Calleguas MWD Calleguas Annexation No. 1 Area Lake Sherwood Area Annexation No. 3 Territory Oxnard Mandalay Area Oxnard First Fringe Area Annexation No. 6 Territory Oxnard Second Fringe Area Camarillo First Fringe Area Oxnard Third Fringe Area Oxnard Fourth Fringe Area Point Mugu State Park Area Oxnard Fifth Fringe Area Oxnard Sixth Fringe Area Oxnard Seventh Fringe Area Ventura School for Girls Area Oxnard Eighth Fringe Area Calleguas Annexation No. 17 Area Calleguas Annexation No. 19 Area Calleguas Annexation No. 20 Area Calleguas Annexation No. 18 Area Calleguas Annexation No. 21 Area Calleguas Annexation No. 22 Area Calleguas Annexation No. 23 Area Calleguas Annexation No. 24 Area Calleguas Annexation No. 25 Area Calleguas Annexation No. 26 Area Calleguas Annexation No. 27 Area Calleguas Annexation No. 28 Area Calleguas Annexation No. 29 Area Calleguas Annexation No. 30 Area Calleguas Annexation No. 31 Area Calleguas Annexation No. 33 Area Calleguas Annexation No. 34 Area Calleguas Annexation No. 35 Area Calleguas Annexation No. 36 Area Calleguas Annexation No. 39 Area Calleguas Annexation No. 40 Area Calleguas Annexation No. 41 Area Calleguas Annexation No. 43 Area Calleguas Annexation No. 45 Area Calleguas Annexation No. 46 Area Calleguas Annexation No. 38 Area

Calleguas Annexation No. 44 Area

December 14, 1960 March 16, 1961 March 14, 1963 March 15, 1963 December 8, 1964 December 8, 1964 October 17, 1968 November 7, 1969 December 19, 1969 December 14, 1970 December 19, 1972 June 22, 1973 December 16, 1974 December 30, 1975 December 17, 1976 December 17, 1976 December 12, 1977 December 28, 1979 December 9, 1981 December 21, 1981 December 29, 1981 March 24, 1982 December 2, 1983 November 30, 1984 June 19, 1985 November 27, 1985 July 25, 1986 December 31, 1987 October 4, 1988 October 10, 1989 July 6, 1990 September 25, 1990 November 27, 1991 June 24, 1992 February 26, 1993 February 26, 1993 February 2, 1994 May 16, 1994 August 16, 1994 August 16, 1994 August 16, 1994 September 27, 1994 December 19, 1994 December 19, 1994

Calleguas Annexation No. 47 Area September 19, 1995 Calleguas Annexation No. 48 Area December 21, 1995 Calleguas Annexation No. 32 Area March 5, 1996 Calleguas Annexation No. 49 Area December 18, 1996 Calleguas Annexation No. 52A Area November 4, 1997 Calleguas Annexation No. 53 Area December 19, 1997 Calleguas Annexation No. 52B Area December 23, 1997 Calleguas Annexation No. 51 Area June 9, 1998 Calleguas Annexation No. 54 Area January 26, 1999 Calleguas Annexation No. 55 Area January 27, 1999 October 27, 1999 Calleguas Annexation No. 61 Area Calleguas Annexation No. 57 Area December 29, 1999 Calleguas Annexation No. 58 Area December 29, 1999 Calleguas Annexation No. 60 Area December 29, 1999 Calleguas Annexation No. 65 Area August 2, 2000 Calleguas Annexation No. 66 Area August 4, 2000 December 27, 2000 Calleguas Annexation No. 63 Area Calleguas Annexation No. 68 Area April 17, 2001 Calleguas Annexation No. 69 Area July 20, 2001 Calleguas Annexation No. 70 Area July 27, 2001 Calleguas Annexation No. 74 Area November 26, 2001 Calleguas Annexation No. 72 Area December 17, 2001 Calleguas Annexation No. 75 Area April 24, 2002 Calleguas Annexation No. 76-A Area July 2, 2002 Calleguas Annexation No. 76-B Area July 26, 2002 Calleguas Annexation No. 79 May 27, 2003 August 11, 2003 Calleguas Annexation No. 81 Calleguas Annexation No. 82 September 22, 2003 Calleguas Annexation No. 80 December 9, 2002 Calleguas Annexation No. 67 December 22, 2003 Calleguas Annexation No. 73 December 22, 2003 Calleguas Annexation No. 77 June 4, 2004 Calleguas Annexation No. 78 March 3, 2004 Calleguas Annexation No. 84 October 22, 2004 Calleguas Annexation No. 83 November 23, 2005 Calleguas Annexation No. 85 January 3, 2006 Calleguas Annexation No. 92 November 28, 2007 Calleguas Annexation No. 91 April 7, 2008 Calleguas Annexation No. 90 May 21, 2008 Calleguas Annexation No. 89 September 25, 2008 Calleguas Annexation No. 87 December 28, 2009 Calleguas Annexation No. 93 December 28, 2009 Calleguas Annexation No. 94 September 21, 2010 Calleguas Annexation No. 96 April 23, 2012 Calleguas Annexation No. 95 December 20, 2012 Calleguas Annexation No. 97 December 12, 2013 Calleguas Annexation No. 98 April 8, 2014 Calleguas Annexation No. 100 January 26, 2017 Calleguas Annexation No. 102 July 30, 2018 Calleguas Annexation No. 103 December 17, 2019

(21) "Exclusions from City of Los Angeles Area" shall mean the following areas excluded from the City of Los Angeles and from MWD of SC on the dates cited:

Alhambra Hills Annexation to City of Alhambra Portion of Reorganization No. 85-2 of City of Los Angeles Creekside Condominiums (Reorganization 98-01) January 27, 1964 December 30, 1985 September 11, 2002 (22) "Exclusion from Las Virgenes MWD" shall mean the following area excluded from Las Virgenes MWD and from MWD of SC on the date cited:

Portion of Reorganization No. 85-2 of Original Area of Las Virgenes MWD

December 30, 1985

(23) "Exclusion from Three Valleys MWD" shall mean the following area excluded from Three Valleys MWD and from MWD of SC on the date cited:

Azusa Reorganization (Parcels 1, 2, 3 & 20)

May 21, 1996

"Exclusions from Ramona No. 2 Annexation Area" shall mean the following areas excluded from Ramona No. 2 Annexation area of SDCWA and from MWD of SC on the dates cited:

Schlueter Detachment Bonfils Detachment December 19, 1977 December 29, 1978

(25) "Exclusions from Rainbow No. 3 Annexation Area" shall mean the following areas excluded from Rainbow No. 3 Annexation area of SDCWA and from MWD of SC on the dates cited:

Werner Detachment Brown Detachment Mann-Gosser Detachment August 4, 1980 January 1, 1981 March 4, 1981

(26) "Exclusion from Original Area of Ramona MWD" shall mean the following area excluded from Ramona MWD Area of SDCWA and from MWD of SC on the date cited:

Meyer Detachment

March 10, 1983

(27) "Exclusion from Original Area of Western MWD" shall mean the following area excluded from Original Area of Western MWD and from MWD of SC on the date cited:

LAFCO 94-28-2 Detachment

January 21, 1997

(28) "Exclusion from Central Basin MWD" shall mean the following area excluded from Central Basin MWD and from MWD of SC on the date cited:

Reorganization No. 1-1998, Parcel 1 & 2 to San Gabriel Valley Water District

December 29, 1999

#### Section 3.

## ASSESSED VALUATIONS

The county auditors of the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura have certified the assessed valuations of all property taxable by MWD of SC, consistent with the areas described in definitions (4) through (28) of Section 2, for the Fiscal Year and their respective certificates have been filed with the Board of Directors.

#### Section 3.1

# STATEMENT REGARDING ARTICLES XIII A, XIII C AND XIII D OF THE CONSTITUTION OF THE STATE OF CALIFORNIA

None of the property tax levies made by the Board of Directors of MWD of SC in the next succeeding sections fall within Section 1(a) of Article XIII A approved by the electorate on June 6, 1978 for addition to the California Constitution, effective July 1, 1978. All said levies fall under the Section 1(b) exemption to said Section 1(a) and are otherwise exempt from said Section 1(a) by reason of the impairment of contract clause of Article I, Section 10 of the United States Constitution. None of said levies fall within Articles XIII C and XIII D approved by the electorate on November 5, 1996, for addition to the California Constitution, by reason of the aforementioned provisions and exemptions and the provisions of Section 3(a)(1) of Article XIII D. All said levies are made pursuant to Revenue and Taxation Code Section 93(a) and are for the purpose of and shall be used for payment of "voter-approved indebtedness."

#### Section 4.

### ANNEXATION LEVY

For the dual purposes of raising the amounts required to be raised by means of levies on taxable properties as prescribed by resolutions of the Board of Directors of MWD of SC fixing terms and conditions for annexation to MWD of SC (or as such terms and conditions may have been modified in accordance with the Metropolitan Water District Act of the State of California, Statutes 1969, Chapter 209, as amended) and for raising funds necessary to provide for payment of a portion of the capital cost component of either the Transportation Charge or the Delta Water Charge, or both, billed to MWD of SC under the "State Water Contract" (as identified in Section 6 of this Resolution) due or to become due within the current fiscal year or within the following fiscal year before the time when money will be available from the next property tax levy, Metropolitan previously set:

- a. the amount of money necessary to be raised by ad valorem property taxation for such annexed properties;
- b. the rates of such taxation of MWD of SC upon secured taxable property in each of the areas subject to such levies; and
- c. the amounts of money to be derived from said levies.

For FY 2021/22, there is no amount remaining to be raised under the Resolutions for annexed properties. Therefore, no annexation levies are shown in the attached schedules.

#### Section 5.

### **BOND LEVY**

For the purposes of paying the annual interest on the outstanding bonded indebtedness of MWD of SC incurred as a result of approval by the voters residing within MWD of SC and such part of the principal of such bonds as shall become due before the time when money will be available from the next property tax levy, or such portion thereof as shall not be met from previous levies or other revenues of the District:

- a. The amount of money necessary to be raised by ad valorem property taxation during FY 2021/22 is the sum set forth in the last line in Column #1 of Schedule A.
- b. The rate of such taxation of MWD of SC for the FY 2021/22 upon secured taxable property within MWD of SC hereby is fixed and levied at .00015% of assessed valuation. The rate of such taxation for the FY 2021/22 upon unsecured taxable property is the rate fixed and levied for the preceding year applicable to secured taxable property, as required by operation of law and set forth in Column #2 of Schedule B.
- c. The amounts of money necessary to be derived from said levy are set forth in Column #7 of Schedule B, including the amounts of money to be derived from the area of MWD of SC within each separate member agency.

#### Section 6.

## STATE WATER CONTRACT LEVY

For the purpose of raising funds in excess of those funds raised under Section 5 of this Resolution, necessary and sufficient to provide for payments due or to become due within the current fiscal year or within the following fiscal year before the time when money will be available from the next property tax levy, or such portion thereof as shall not be met from previous levies or other revenues of the District, under the:

"CONTRACT BETWEEN THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES AND THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FOR A WATER SUPPLY, dated November 4, 1960," as amended (State Water Contract),

- a. The amount of money necessary to be raised by ad valorem property taxation during FY 2021/22 in excess of the sum raised under Section 5 of this Resolution is the sum set forth in the last line of Column #2 of Schedule A.
- b. The rate of such taxation of MWD of SC for the FY 2021/22 upon secured taxable property within MWD of SC hereby is fixed and levied at .00335% of assessed valuation. The rate of such taxation for the FY 2021/22 upon the unsecured taxable property is the rate fixed for the preceding year applicable to secured taxable property, as required by operation of law and set forth in Column #4 of Schedule B.
- c. The amounts of money necessary to be derived from said levy are set forth in column #8 of Schedule B, including the amounts of money to be derived from the area of MWD of SC within each separate member agency.

Section 7.

## **TOTALS**

The total rates of ad valorem property taxation of MWD of SC for FY 2021/22 upon secured taxable property are set forth in Column #5 of Schedule B. The total rates of ad valorem property taxation of MWD of SC for FY 2021/22 upon unsecured taxable property are set forth in Column #6 of Schedule B. The total amounts of money to be derived by virtue of such tax levies for the Fiscal Year are set forth in Column #9 of Schedule B, including the amounts of money to be derived from the area of MWD of SC within each separate member agency.

#### Section 8.

## **REDEVELOPMENT AGENCIES**

Pursuant to Assembly Bill X1 26 ("ABX1 26"), chaptered and effective on June 27, 2011, and as modified in part by the California Supreme Court in the decision of *California Redevelopment Association v. Matosantos*, Case No. S194681, redevelopment agencies in California were dissolved. Such dissolution laws were modified in part by Assembly Bill 1484 ("AB 1484"), chaptered and effective on June 27, 2012, and Senate Bill 107 ("SB 107"), chaptered and effective on September 22, 2015.

The total rates of taxation of MWD of SC for the Fiscal Year set forth in Column #5 of Schedule B are the rates of taxation upon taxable property taxable by MWD of SC within the areas shown in said Schedule, including taxable property formerly within redevelopment agencies as well as all other property so taxable by MWD of SC. The total amounts of money shown in Column #9 of Schedule B to be derived from some of said areas by virtue of tax levies of MWD of SC include monies to be allocated to the successor agencies of former redevelopment agencies for the payment of enforceable obligations and allowable administrative expenses approved by the State Department of Finance and local successor agency oversight boards, as well as amounts of money to be allocated to MWD of SC. The estimated adjustment to be made to account for the difference between the total amount levied and the amount to be derived is included in the provision for estimated collection delinquencies shown in Schedule A.

#### Section 9.

## SCHEDULES A AND B

Schedules A and B are attached after the last page of this resolution and are incorporated herein.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a resolution of the Board of Directors of The Metropolitan Water District of Southern California, adopted at its meeting held August 17, 2021.

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

## THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

## SCHEDULE A

# Estimated Funds to be Produced by Tax Levy, Fiscal Year 2021/22 (Cents Omitted)

|  |                   |     |                        |    | State                         |     |                     |
|--|-------------------|-----|------------------------|----|-------------------------------|-----|---------------------|
|  |                   |     | Bond Levy<br>Column #1 |    | Contract<br>Levy<br>Column #2 |     | Totals<br>Column #3 |
| Secured Property                           |                   |     | _                      | •  |                               |     |                     |
| Assessed Value \$                          | 3,282,777,920,347 |     |                        |    |                               |     |                     |
| Tax Rate                                   |                   |     | 0.00015%               |    | 0.00335%                      |     |                     |
| Amount of Levy                             |                   | \$  | 4,924,073              | \$ | 109,973,060                   | \$  | 114,897,133         |
| <u>Unsecured Property</u>                  |                   |     |                        |    |                               |     |                     |
| Assessed Value \$                          | 109,368,260,583   |     |                        |    |                               |     |                     |
| Tax Rate                                   |                   |     | 0.00005%               |    | 0.00345%                      |     |                     |
| Amount of Levy                             |                   | \$  | 54,684                 | \$ | 3,773,205                     | \$  | 3,827,889           |
| All Property                               |                   |     | _                      | •  |                               |     |                     |
| Assessed Value \$                          | 3,392,146,180,930 |     |                        |    |                               |     |                     |
| Amount of Levy from Schedule B             |                   | \$  | 4,978,757              | \$ | 113,746,265                   | \$  | 118,725,022         |
| Allocation of County-wide Tax on Utilities |                   | _   | 1,970,959              | -  | 44,018,095                    | _   | 45,989,054          |
| Total Tax Levy                             |                   | \$  | 6,949,717              | \$ | 157,764,360                   | \$  | 164,714,077         |
| Estimated Collection Adjustments *         |                   | _   | (262,659)              | -  | (6,386,938)                   | _   | (6,649,597)         |
| Estimated Funds to be Produced by Tax Levy |                   | \$_ | 6,687,058              | \$ | 151,377,422                   | \$_ | 158,064,480         |

<sup>\* .5%</sup> allowance for delinquencies

Note: All rates expressed as percent of A.V.

<sup>7.6%</sup> allowance for allocations to successors of former redevelopment agencies

<sup>\$2.8</sup> million estimated supplemental tax collections

<sup>\$3.8</sup> million estimated prior years tax collections

| Agency  | Area (a)                       |          | Unsecured<br>Bond Rate<br>Col. 2 | Secured<br>SWC Rate<br>Col. 3 | Unsecured<br>SWC Rate<br>Col. 4 | Total<br>Secured<br>Rate<br>Col. 5 | Total<br>Unsecured<br>Rate<br>Col. 6 | Bond Levy<br>Col. 7          | SWC Levy<br>Col. 8             | Total Levy<br>Col. 9           |
|---|--------------------------------|----------|----------------------------------|-------------------------------|---------------------------------|------------------------------------|--------------------------------------|------------------------------|--------------------------------|--------------------------------|
| Included in MWD                                     |                                |          |                                  |                               |                                 |                                    |                                      |                              |                                | -                              |
| Los Angeles County                                  |                                |          |                                  |                               |                                 |                                    |                                      |                              |                                |                                |
| City of Beverly Hills<br>City of Beverly Hills Area | 1-1-01-000-0<br>Agency Totals: | 0.00015% | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 60,271.03<br>60,271.03       | 1,360,144.83<br>1,360,144.83   | 1,420,415.85<br>1,420,415.85   |
| City of Burbank<br>City of Burbank Area             | 1-1-02-000-0<br>Agency Totals: | 0.00015% | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 38,335.71<br>38,335.71       | 897,845.12<br>897,845.12       | 936,180.83<br>936,180.83       |
| City of Glendale<br>City of Glendale Area           | 1-1-03-000-0 Agency Totals:    | 0.00015% | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 53,832.48<br>53,832.48       | 1,218,272.11<br>1,218,272.11   | 1,272,104.59<br>1,272,104.59   |
| City of Los Angeles<br>City of Los Angeles Area     | 1-1-04-000-0<br>Agency Totals: | 0.00015% | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 1,041,857.27<br>1,041,857.27 | 23,776,080.90<br>23,776,080.90 | 24,817,938.17<br>24,817,938.17 |
| City of Pasadena<br>City of Pasadena Area           | 1-1-05-000-0<br>Agency Totals: | 0.00015% | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 52,344.56<br>52,344.56       | 1,184,389.54<br>1,184,389.54   | 1,236,734.09<br>1,236,734.09   |
| City of San Marino<br>City of San Marino Area       | 1-1-06-000-0<br>Agency Totals: | 0.00015% | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 10,967.34<br>10,967.34       | 245,249.91<br>245,249.91       | 256,217.25<br>256,217.25       |
| City of Santa Monica<br>City of Santa Monica Area   | 1-1-07-000-0<br>Agency Totals: | 0.00015% | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 64,297.86<br>64,297.86       | 1,461,260.55<br>1,461,260.55   | 1,525,558.42<br>1,525,558.42   |

| Agency   |                           | Area (a)     |           | Unsecured<br>Bond Rate<br>Col. 2 | Secured<br>SWC Rate<br>Col. 3 | Unsecured<br>SWC Rate<br>Col. 4 | Total<br>Secured<br>Rate<br>Col. 5 | Total<br>Unsecured<br>Rate<br>Col. 6 | Bond Levy<br>Col. 7 | SWC Levy<br>Col. 8 | Total Levy<br>Col. 9 |
|--|---------------------------|--------------|-----------|----------------------------------|-------------------------------|---------------------------------|------------------------------------|--------------------------------------|---------------------|--------------------|----------------------|
| Included in MWD                                |                           |              |           |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| Los Angeles County                             |                           |              |           |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| City of Long Beach                             |                           |              |           |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| City of Long Beach Area                        |                           | 1-1-08-000-0 | 0.00015%  | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 83,988.88           | 1,944,900.50       | 2,028,889.38         |
|  | <b>Agency Totals</b>      | :            |           |                                  |                               |                                 |                                    |                                      | 83,988.88           | 1,944,900.50       | 2,028,889.38         |
| City of Torrance                               |                           |              |           |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| City of Torrance Area                          |                           | 1-1-09-000-0 | 0.00015%  | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 47,542.13           | 1,090,495.31       | 1,138,037.44         |
|  | Agency Totals             | :            |           |                                  |                               |                                 |                                    |                                      | 47,542.13           | 1,090,495.31       | 1,138,037.44         |
| City of Compton                                | <b>3</b> : 1 <b>,</b> 1:: |              |           |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| City of Compton Area                           |                           | 1-1-10-000-0 | 0.00015%  | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0 00350%                           | 0.00350%                             | 8.180.68            | 187.206.84         | 195,387.51           |
|  | Agency Totals             |              | 0.000.070 | 0.0000070                        | 0.0000070                     | 0.000.070                       | 0.0000070                          | 0.00007                              | 8,180.68            | 187,206.84         | 195,387.51           |
| West Basin Municipal Water District            | rigono, rouno             |              |           |                                  |                               |                                 |                                    |                                      | •                   | ,                  | •                    |
| West Basin Municipal Water District Area       |                           | 1-1-11-000-0 | 0.00015%  | 0.00005%                         | 0.00335%                      | 0.00345%                        | n nn350%                           | 0.00350%                             | 346,602.12          | 7,942,045.60       | 8,288,647.72         |
| Treat Bushi mumoipui Trutei Bistriot Arcu      | Agency Totals             |              | 0.0001370 | 0.0000370                        | 0.0033370                     | 0.0034370                       | 0.0033070                          | 0.0033070                            | 346,602.12          | 7,942,045.60       | 8,288,647.72         |
| Three Valleys Municipal Water District         | rigono, rouno             |              |           |                                  |                               |                                 |                                    |                                      | 040,002.12          | 7,042,040.00       | 0,200,041.12         |
| Three Valleys Municipal Water District Area    |                           | 1-1-12-000-0 | 0.00015%  | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 115,002.92          | 2,615,206.17       | 2,730,209.08         |
|  | Agency Totals             |              |           |                                  |                               |                                 |                                    |                                      | 115,002.92          | 2,615,206.17       | 2,730,209.08         |
| Foothill Municipal Water District Foothill Mun |                           |              |           |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| District Area                                  | iicipai watei             | 1-1-13-000-0 | 0.00015%  | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0 00350%                           | 0.00350%                             | 31.996.37           | 717.681.04         | 749,677.41           |
|  | Agency Totals             |              | 0.0001070 | 0.0000070                        | 0.0000070                     | 0.0004070                       | 0.0000070                          | 0.0000070                            | 31.996.37           | 717.681.04         | 749.677.41           |
| Control Books Municipal Water Big Co. Co.      | •                         | •            |           |                                  |                               |                                 |                                    |                                      | 01,000.01           | 7 17,001.04        | 7 10,077.41          |
| Central Basin Municipal Water District Centra  | II Basin                  | 1-1-14-000-0 | 0.000450/ | 0.000050/                        | 0.002250/                     | 0.002450/                       | 0.002500/                          | 0.003500/                            | 240 649 24          | E 7E0 E10 00       | 6 000 400 04         |
| Municipal Water District Area                  | Agency Totals             |              | 0.00015%  | 0.00005%                         | 0.00335%                      | 0.00345%                        | U.UU35U%                           | 0.00350%                             | 249,618.31          | 5,752,510.90       | 6,002,129.21         |
|  | Agency rolais             | •            |           |                                  |                               |                                 |                                    |                                      | 249,618.31          | 5,752,510.90       | 6,002,129.21         |

| Agency  | Area (a)     |          | Unsecured<br>Bond Rate<br>Col. 2 |          | Unsecured<br>SWC Rate<br>Col. 4 | Total<br>Secured<br>Rate<br>Col. 5 | Total<br>Unsecured<br>Rate<br>Col. 6 | Bond Levy<br>Col. 7                    | SWC Levy<br>Col. 8                              | Total Levy<br>Col. 9                            |
|---|--------------|----------|----------------------------------|----------|---------------------------------|------------------------------------|--------------------------------------|--|---|---|
| Included in MWD   |              |          |                                  |          |                                 |                                    |                                      |  |   |   |
| Los Angeles County  |              |          |                                  |          |                                 |                                    |                                      |  |   |   |
| Las Virgenes Municipal Water District Las Virgenes Municipal Water District Area Agency Totals:           | 1-1-15-000-0 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 40,819.18<br>40,819.18                 | 921,580.95<br>921,580.95                        | 962,400.13<br>962,400.13                        |
| Upper San Gabriel Valley MWD Upper San Gabriel Valley MWD Area Agency Totals:                             | 1-1-16-000-0 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 177,058.79<br>177,058.79               | 4,026,663.55<br>4,026,663.55                    | 4,203,722.34<br>4,203,722.34                    |
| City of San Fernando City of San Fernando Area Area Agency Totals:  | 1-1-17-000-0 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 3,264.82<br>3,264.82                   | 75,588.40<br>75,588.40                          | 78,853.22<br>78,853.22                          |
| County Totals:  |              |          |                                  |          |                                 |                                    |                                      | 2,425,980.44                           | 55,417,122.21                                   | 57,843,102.64                                   |
| Orange County City of Anaheim City of Anaheim Area Area Agency Totals:                                    | 1-2-01-000-0 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 76,882.27<br>76,882.27                 | 1,777,185.44<br>1,777,185.44                    | 1,854,067.72<br>1,854,067.72                    |
| City of Santa Ana<br>City of Santa Ana Area Area<br>Agency Totals:  | 1-2-02-000-0 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 44,056.84<br>44,056.84                 | 1,023,039.92<br>1,023,039.92                    | 1,067,096.76<br>1,067,096.76                    |
| City of Fullerton City of Fullerton Area Area Agency Totals:  | 1-2-03-000-0 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 33,274.87<br>33,274.87                 | 759,957.29<br>759,957.29                        | 793,232.16<br>793,232.16                        |
| Municipal Water District of Orange County Remainder of MWD of Orange County Agency Totals: County Totals: | 1-2-05-999-0 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350%                             | 844,300.55<br>844,300.55<br>998,514.53 | 19,277,898.54<br>19,277,898.54<br>22,838,081.19 | 20,122,199.09<br>20,122,199.09<br>23,836,595.72 |

| Agency  | Area (a)     |           | Unsecured<br>Bond Rate<br>Col. 2 | Secured<br>SWC Rate<br>Col. 3 | Unsecured<br>SWC Rate<br>Col. 4 | Total<br>Secured<br>Rate<br>Col. 5 | Total<br>Unsecured<br>Rate<br>Col. 6 | Bond Levy<br>Col. 7 | SWC Levy<br>Col. 8 | Total Levy<br>Col. 9 |
|---|--------------|-----------|----------------------------------|-------------------------------|---------------------------------|------------------------------------|--------------------------------------|---------------------|--------------------|----------------------|
| Riverside County  |              |           |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| Eastern Municipal Water District Remainder of Eastern MWD | 1-3-01-999-0 | 0.00015%  | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 140,678.41          | 3,204,545.75       | 3,345,224.17         |
| Agency Totals:  | 1-3-01-999-0 | 0.0001370 | 0.0000370                        | 0.0000070                     | 0.0004070                       | 0.0033070                          | 0.0033070                            | 140,678.41          | 3,204,545.75       | 3,345,224.17         |
| Western Municipal Water District                          |              |           |                                  |                               |                                 |                                    |                                      | ,                   | , ,                |                      |
| Eleventh Fringe Area of Western MWD                       | 1-3-02-011-0 | 0.00000%  | 0.00000%                         | 0.00000%                      | 0.00000%                        | 0.00000%                           | 0.00000%                             | 0.00                | 0.00               | 0.00                 |
| Fifteenth Fringe Area of Western Mwd                      | 1-3-02-012-0 | 0.00015%  | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 0.59                | 13.26              | 13.86                |
| Remainder of Western MWD                                  | 1-3-02-999-0 | 0.00015%  | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 183,355.41          | 4,205,816.46       | 4,389,171.87         |
| Agency Totals:  |              |           |                                  |                               |                                 |                                    |                                      | 183,356.00          | 4,205,829.72       | 4,389,185.72         |
| County Totals:  |              |           |                                  |                               |                                 |                                    |                                      | 324,034.42          | 7,410,375.47       | 7,734,409.89         |
| San Bernardino County<br>Inland Empire Utilities Agency   |              |           |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| Original Area of Chino Basin MWD                          | 1-4-01-001-0 | 0.00015%  | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 78,874.08           | 1,836,010.76       | 1,914,884.84         |
| Mid-valley Area of Chino Basin MWD                        | 1-4-01-001-0 | 0.00015%  | 0.00005%                         | 0.00335%                      | 0.00345%                        |                                    | 0.00350%                             | 115,865.97          | 2.689.946.53       | 2,805,812.49         |
| Bryant Annexation Area of Chino Basin MWD                 | 1-4-01-002-0 | 0.00015%  | 0.00005%                         | 0.00335%                      | 0.00345%                        |                                    | 0.00350%                             | 109.51              | 2,455.59           | 2,565.10             |
| North Perimeter No. 1 Annexation Area of Chino Basin MWD  | 1-4-01-004-0 | 0.00015%  | 0.00005%                         | 0.00335%                      | 0.00345%                        |                                    | 0.00350%                             | 59.38               | 1.327.22           | 1,386.60             |
| Agency Totals:  | 1-4-01-004-0 | 0.0001376 | 0.0000376                        | 0.0033376                     | 0.0034376                       | 0.00330 /6                         | 0.0033076                            | 194,908.94          | 4,529,740.09       | 4,724,649.03         |
| County Totals:  |              |           |                                  |                               |                                 |                                    |                                      | 194,908.94          | 4,529,740.09       | 4,724,649.03         |

| Agency  | Area (a)     |          | Unsecured<br>Bond Rate<br>Col. 2 | SWC Rate | Unsecured<br>SWC Rate<br>Col. 4 |          | Total<br>Unsecured<br>Rate<br>Col. 6 | Bond Levy<br>Col. 7 | SWC Levy<br>Col. 8 | Total Levy<br>Col. 9 |
|---|--------------|----------|----------------------------------|----------|---------------------------------|----------|--------------------------------------|---------------------|--------------------|----------------------|
| Included in MWD                                       |              |          |                                  |          |                                 |          |                                      |                     |                    |                      |
| San Diego County                                      |              |          |                                  |          |                                 |          |                                      |                     |                    |                      |
| San Diego County Water Authority Remainder of SDCWA + | 1-5-01-999-9 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350% | 0.00350%                             | 864,323.25          | 19,651,973.37      | 20,516,296.62        |
| Agency Total  | ıls:         |          |                                  |          |                                 |          |                                      | 864,323.25          | 19,651,973.37      | 20,516,296.62        |
| County Totals:  |              |          |                                  |          |                                 |          |                                      | 864,323.25          | 19,651,973.37      | 20,516,296.62        |
| Ventura County<br>Calleguas Municipal Water District  |              |          |                                  |          |                                 |          |                                      |                     |                    |                      |
| Remainder of Calleguas MWD                            | 1-6-01-999-0 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350% | 0.00350%                             | 170,968.59          | 3,896,273.93       | 4,067,242.52         |
| Agency Total  | ıls:         |          |                                  |          |                                 |          |                                      | 170,968.59          | 3,896,273.93       | 4,067,242.52         |
| County Totals:  |              |          |                                  |          |                                 |          |                                      | 170,968.59          | 3,896,273.93       | 4,067,242.52         |
| Included Total  | ıls:         |          |                                  |          |                                 |          |                                      | 4,978,730.17        | 113,743,566.26     | 118,722,296.42       |

| Agency   | Area (a)     |          | Unsecured<br>Bond Rate<br>Col. 2 | Secured<br>SWC Rate<br>Col. 3 | Unsecured<br>SWC Rate<br>Col. 4 | Total<br>Secured<br>Rate<br>Col. 5 | Total<br>Unsecured<br>Rate<br>Col. 6 | Bond Levy<br>Col. 7 | SWC Levy<br>Col. 8 | Total Levy<br>Col. 9 |
|--|--------------|----------|----------------------------------|-------------------------------|---------------------------------|------------------------------------|--------------------------------------|---------------------|--------------------|----------------------|
| Excluded from MWD  |              |          |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| Los Angeles County                                       |              |          |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| City of Los Angeles<br>Alhambra Hills                    | 2-1-04-001-0 | 0.00000% | 0.00000%                         | 0.00335%                      | 0.00345%                        | 0.00335%                           | 0.00345%                             | 0.00                | 2,098.22           | 2,098.22             |
| Portion of Reorganization No. 85-2                       | 2-1-04-001-0 | 0.00000% | 0.00005%                         | 0.00335%                      | 0.00345%                        |                                    | 0.00343%                             | 16.27               | 363.63             | 379.90               |
| Agency Totals:   |              |          |                                  |                               |                                 |                                    |                                      | 16.27               | 2,461.85           | 2,478.13             |
| Las Virgenes Municipal Water District                    |              |          |                                  |                               |                                 |                                    |                                      |                     |                    |                      |
| Portion of Reog No. 85-2 Exclusion from Las Virgines MWD | 2-1-15-001-0 | 0.00015% | 0.00005%                         | 0.00335%                      | 0.00345%                        | 0.00350%                           | 0.00350%                             | 1.27                | 28.26              | 29.53                |
| Agency Totals:   |              |          |                                  |                               |                                 |                                    |                                      | 1.27                | 28.26              | 29.53                |
| County Totals:   |              |          |                                  |                               |                                 |                                    |                                      | 17.54               | 2,490.11           | 2,507.65             |

| Agency                              | Area (a)            |              |          | Unsecured<br>Bond Rate<br>Col. 2 |          | Unsecured<br>SWC Rate<br>Col. 4 | Total<br>Secured<br>Rate<br>Col. 5 |          | Bond Levy<br>Col. 7 | SWC Levy<br>Col. 8 | Total Levy<br>Col. 9 |
|-------------------------------------|---------------------|--------------|----------|----------------------------------|----------|---------------------------------|------------------------------------|----------|---------------------|--------------------|----------------------|
| Excluded from MWD                   |                     |              |          |                                  |          |                                 |                                    |          |                     |                    |                      |
| San Diego County                    |                     |              |          |                                  |          |                                 |                                    |          |                     |                    |                      |
| San Diego County Water Autl         | hority              |              |          |                                  |          |                                 |                                    |          |                     |                    |                      |
| <b>Exclusion from Original Area</b> | of Ramona MWD       | 2-5-01-017-0 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350% | 0.20                | 4.41               | 4.61                 |
| <b>Exclusions From Ramona No</b>    | o.2 Annexation Area | 2-5-01-030-0 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350% | 3.14                | 70.20              | 73.35                |
| Rainbow No.3 Annexation Ar          | rea                 | 2-5-01-041-0 | 0.00015% | 0.00005%                         | 0.00335% | 0.00345%                        | 0.00350%                           | 0.00350% | 6.02                | 134.34             | 140.35               |
| Agency Totals:                      |                     |              |          |                                  |          |                                 |                                    |          | 9.36                | 208.95             | 218.31               |
| County Totals:                      |                     |              |          |                                  |          |                                 |                                    |          | 9.36                | 208.95             | 218.31               |
| Excluded Totals:                    |                     |              |          |                                  |          |                                 |                                    |          | 26.89               | 2,699.06           | 2,725.96             |
| Report Totals:                      |                     |              |          |                                  |          |                                 |                                    | _        | 4,978,757.06        | 113,746,265.32     | 118,725,022.38       |



# Board of Directors Engineering and Operations Committee

8/17/2021 Board Meeting

7-2

## **Subject**

Award a \$492,440 procurement contract to Royal Industrial Solutions for equipment to upgrade the ozone control system at the Henry J. Mills Water Treatment Plant and authorize an agreement with Suez Treatment Solutions, Inc. in an amount not to exceed \$430,000 for specialized technical assistance to support the upgrade; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

## **Executive Summary**

Ozone is used as the primary disinfectant at Metropolitan's five water treatment plants. Reliable operation of the ozone system at the Henry J. Mills Water Treatment Plant (Mills plant) is essential for Metropolitan to meet federal and state drinking water regulations and to comply with the plant's current operating permit. The existing ozone control system equipment at the Mills plant is outdated and is no longer supported by the manufacturer. The equipment needs to be replaced, and its control software requires updating to maintain reliable operation of the ozone system.

This action awards a procurement contract to replace outdated ozone control equipment and authorizes a new professional services agreement to update the software for the ozone control system at the Mills plant.

#### **Details**

#### **Background**

The Mills plant was placed into service in 1978 and currently has a capacity of 220 million gallons per day (mgd). The plant treats water from the State Water Project and delivers it to the Eastern and Western Municipal Water Districts of Riverside County.

Metropolitan employs ozone as the primary disinfectant at each of its treatment plants to substantially reduce the formation of disinfection by-products (DBP) for compliance with the U. S. Environmental Protection Agency's Disinfectants/DBP rule, and to control taste-and-odor-causing compounds and algal toxins. The combination of these benefits allows Metropolitan to successfully treat any State Water Project supplies. The ozonation process involves numerous equipment items and support systems, such as liquid oxygen storage tanks, ozone generators, high-voltage power supply units, cooling system, ozone contactors, destruct system, and safety and water quality monitoring equipment. Operational control of these systems is performed by a series of networked programmable logic controllers (PLCs) that interact with the plant's Supervisory Control and Data Acquisition system.

Metropolitan's first three ozone systems at the Mills, Jensen, and Skinner plants were originally equipped with a type of PLC introduced to the commercial market in 1988. Computer hardware from that era is now outdated, and the PLC manufacturer no longer produces or supports this equipment. Going forward, inventories of spare parts will no longer be maintained by suppliers. The ozone control system equipment for the Jensen and Skinner plants were replaced in 2018 and 2021, respectively. Replacement of the control system at the Mills plant is the subject of this action. These upgrades include the procurement and installation of new control equipment, including PLCs and communication hardware. Additionally, existing process control software must be revised and updated to operate the new equipment.

In April 2020, the Board appropriated funds and authorized the General Manager to initiate or proceed with work on all capital projects identified in the Capital Investment Plan (CIP), subject to any limits on the General

Manager's authority and CEQA requirements. This project has been reviewed with Metropolitan's CIP prioritization criteria and was approved by Metropolitan's CIP Evaluation Team to be included in the Treatment Plant Reliability Program. Based on the current CIP expenditure forecast, funds for the work to be performed pursuant to the subject contract and agreement during the current biennium are available within the Capital Investment Plan Appropriation for Fiscal Years 2020/21 and 2021/22 (Appropriation No. 15517).

## Mills Ozone Control System Upgrades – Equipment Procurement & Installation

The Mills ozonation control system consists of PLCs, software, and communication equipment that includes communication switches, input/output modules, and data communication cables. The system of equipment and software programming allows staff to efficiently and effectively control the operation of the plant's ozone generators, ozone contactors, and off-gas destruct system. This project will replace outdated PLC units and communication switches/modules for the ozone control system at the Mills plant. The project will also update the existing ozone control programming/software and its associated documentation to ensure that they are consistent with the newly installed equipment.

The Mills ozone control system upgrades require nine new PLCs and related communication hardware with spares. The PLCs and associated electronic components will be furnished by Royal Industrial Solutions through a procurement contract described below. Suez Treatment Solutions, Inc., under an agreement described below, will install updated ozone control software into the new PLCs and assist Metropolitan staff with the start-up and testing of the updated ozone control system. Metropolitan staff will perform final design, install the new PLCs and communication equipment, relocate electrical wiring outside the PLC cabinets as needed, perform software review, conduct system integration tests, and certify control system functionality following equipment tests.

A total of \$2,093,000 is required to perform this work. In addition to the amount of the procurement contract described below, other funds to be allocated include \$430,000 for specialized technical support by Suez Treatment Solutions, Inc. as described below and \$158,000 for communication equipment and materials. Allocated funds for Metropolitan staff activities include \$183,000 for final design, software review, and programming; \$383,000 for Metropolitan force activities, including equipment installation, start-up, and testing; \$158,000 for contract administration, environmental support, and project management. Allocated funds also include \$288,560 for remaining budget.

**Attachment 1** provides the allocation of the required funds. The total estimated cost to complete the upgrades of the Mills ozone control system, including the amount appropriated to date and funds allocated for the work described in this action, is approximately \$2.111 million.

## Award of Procurement Contract (Royal Industrial Solutions)

PLCs are used throughout Metropolitan's treatment and distribution system to provide localized process control, alarms, and monitoring. Prior to 2009, Metropolitan had over 100 PLC installations consisting of 18 different models by ten different manufacturers. The variety of PLC makes and models created challenges for technical support and coordination, spare parts, and training, as well as increased operational risks. To standardize PLCs throughout Metropolitan, Allen-Bradley was established as the sole brand for Metropolitan's PLCs in 2009. Royal Industrial Solutions is the sole authorized supplier of Allen-Bradley equipment for Riverside County. Pursuant to Section 8140(2)(e) of Metropolitan's Administrative Code, the Chief Operating Officer, as the General Manager's designee, has determined that the "upgrades, enhancements and additions to hardware and enhancements or additions to the software will not be as compatible as equipment or software from the original manufacturer/developer(s)." Staff recommends the use of a sole-source procurement of this equipment from Royal Industrial Solutions.

This action awards a \$492,440 contract to Royal Industrial Solutions to supply new ozonation system PLCs and associated components for the Mills plant. This amount is consistent with Metropolitan's previous purchases of Allen-Bradley equipment. As a procurement contract, there are no subcontracting opportunities.

#### Specialized Technical Support (Suez Treatment Solutions, Inc.) - New Agreement

The predecessor firm of Suez Treatment Solutions, Inc., Ozonia North America, was previously selected through competitive bidding to furnish the ozone generation equipment for each of Metropolitan's five treatment plants, and to provide training, start-up, and testing services. In 2016, Suez Treatment Solutions, Inc. purchased Ozonia

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and now owns the proprietary knowledge of its ozone and control system equipment. Additionally, Suez has exclusive experience with the software programming, testing, and integration of large-capacity ozone generation equipment at Metropolitan's treatment plants. The selection of Suez Treatment Solutions, Inc. to modify, upgrade, and install the Mills ozone control system software into the new PLCs, and to provide start-up assistance of the new equipment represents the most cost-effective and efficient means to complete this specialized work. Per Section 8140(1)(d) of Metropolitan's Administrative Code, conducting a new competitive procurement process for the needed services would not produce an advantage, and as a result, the Chief Operating Officer, as the General Manager's designee, has certified that the contract is exempt from competitive procurement. Staff, therefore, recommends a sole-source procurement of these services from Suez Treatment Solutions, Inc.

This action authorizes a new agreement with Suez Treatment Solutions, Inc. for a not-to-exceed total of \$430,000, to modify, upgrade, and install the control system software, and to provide start-up assistance for the new ozone control system at the Mills plant. Due to the unique nature of these services, no Small Business Enterprise participation level was established. There are no subconsultants planned for this agreement.

#### **Alternatives Considered**

Early in the project development phase, staff considered two alternatives to improve the reliability and resiliency of the ozone control system at the Mills plant. The first alternative involved obtaining a license from Suez Treatment Solutions to upgrade/modify the ozone control system software. This alternative was not selected because the software was copyrighted, and Metropolitan staff does not have the same level of knowledge as the original developer. In the second alternative, Metropolitan would hire Suez Treatment Solutions, Inc. through a consulting agreement to update the software for the new PLC hardware to be installed by Metropolitan. This approach does not require Metropolitan to obtain programming rights or to have detailed knowledge of the software. Consequently, staff recommends the upgrade of the Mills plant ozone control system equipment software be conducted via a consulting agreement with Suez Treatment Solutions, Inc.

### **Summary**

This action awards a \$492,440 procurement contract to Royal Industrial Solutions and authorizes an agreement with Suez Treatment Solutions, Inc. for a not-to-exceed total of \$430,000 to upgrade the ozone system at the Mills plant. See **Attachment 1** for the Allocation of Funds and **Attachment 2** for the Location Map.

## Project Milestone

December 2022 – Completion of ozone control system upgrades

## **Policy**

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

Metropolitan Water District Administrative Code Section 8140: Competitive Procurement

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 51962, dated April 2020, the Board appropriated a total of \$245 million for projects identified in the Capital Investment Plan for Fiscal Years 2020/21 and 2021/22.

By Minute Item 50671, dated December 13, 2016, the Board authorized upgrades to the ozone control system at the Jensen Plant.

By Minute Item 51786, dated November 5, 2019, the Board authorized upgrades to the ozone control system at the Skinner Plant.

# California Environmental Quality Act (CEQA)

#### **CEQA** determination for Option #1:

The proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed action involves operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving

negligible or no expansion of existing or former use and no possibility of significantly impacting the physical environment. In addition, the proposed action includes the replacement and reconstruction of existing utility systems and facilities where the new structure will be located on the same site as the structure replaced and will have the same purpose and capacity as the structure replaced. Accordingly, the proposed action qualifies under Class 1 and Class 2 Categorical Exemptions (Sections 15301 and 15302 of the State CEQA Guidelines).

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## **CEQA** determination for Option #2:

None required

## **Board Options**

## Option #1

- a. Award a \$492,440 procurement contract to Royal Industrial Solutions for the ozone control system equipment for the Mills plant; and
- b. Authorize an agreement with Suez Treatment Solutions, Inc. for a not-to-exceed total of \$430,000 for specialized technical support of the upgrade.

**Fiscal Impact:** \$2.093 million will be funded from capital funds. Approximately \$1.580 million will be incurred in the current biennium and have been previously authorized. The remaining \$.513 funds for this action will be accounted for and appropriated under the next biennial budget.

**Business Analysis:** This option will enhance the continued operational reliability of the Mills ozonation system.

## Option #2

Do not proceed with this project at this time.

Fiscal Impact: None

**Business Analysis** This option will forgo an opportunity to enhance the operational reliability of the ozone system at the Mills plant. Ozone PLC and communication equipment would be replaced individually as they fail. An extended outage of the ozone disinfection system could occur if critical components of the control system were to fail and replacement parts could not be procured.

## **Staff Recommendation**

Option #1

7/22/2021 Date

dhn V. Bednarski anager/Chief Engineer

Engineering Services

8/3/2021

Adel Hagekhalil General Manager Date

Attachment 1 - Allocation of Funds

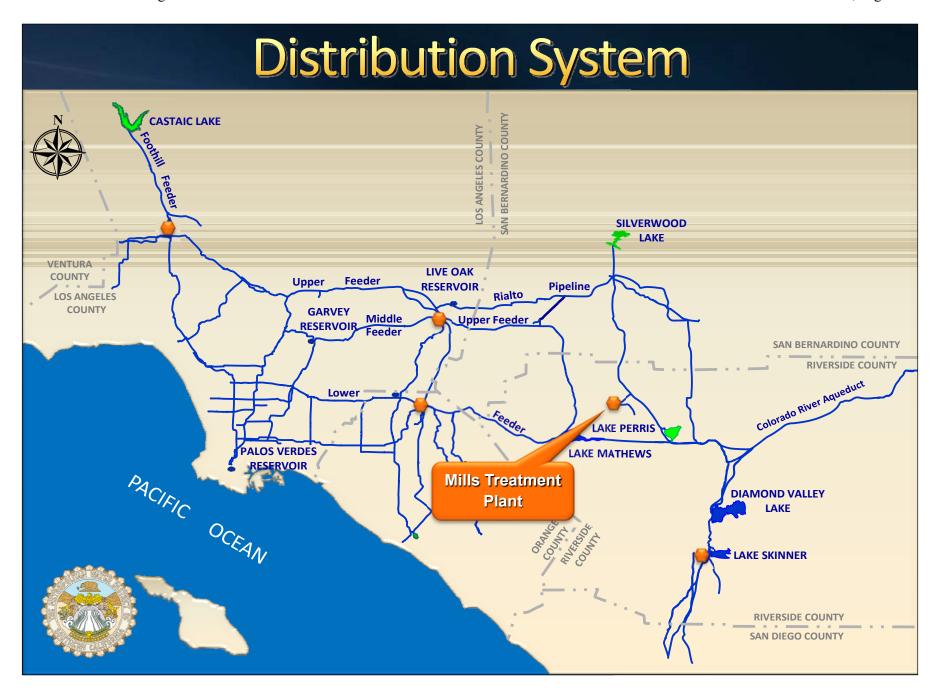
Attachment 2 - Location Map

Ref# es12682404

# Allocation of Funds for Mills Ozone Control System Upgrades

|                                     | urrent Board<br>Action<br>(Aug. 2021) |
|-------------------------------------|---------------------------------------|
| Labor                               |                                       |
| Studies & Investigations            | \$<br>-                               |
| Final Design                        | 183,000                               |
| Owner Costs (Program mgmt.,         | 158,000                               |
| envir. monitoring)                  |                                       |
| Submittals Review & Record Drwgs.   | -                                     |
| Construction Inspection & Support   | -                                     |
| Metropolitan Force Construction     | 383,000                               |
| Materials & Supplies                |                                       |
| Royal Industrial Solutions          | 492,440                               |
| Communication Equipment & Materials | 158,000                               |
| Incidental Expenses                 | -                                     |
| Professional/Technical Services     |                                       |
| Suez Treatment Solutions, Inc.      | 430,000                               |
| Right-of-Way                        | -                                     |
| Equipment Use                       | -                                     |
| Contracts                           | -                                     |
| Remaining Budget                    | 288,560                               |
| Total                               | \$<br>2,093,000                       |

The total amount expended to date to replace the Mills Ozonation Control System Upgrade is approximately \$18,000. The total estimated cost to complete the Mills Ozonation Control System Upgrade, including the amount appropriated to date and funds allocated for the work described in this action, is \$2.111 million. No future funding requests are currently anticipated for this project.





# Mills Ozone Control System Upgrade

Engineering and Operations Committee Item 7-2
August 16, 2021

## **Current Action**

- Award a \$492,440 procurement contract to Royal Industrial Solutions to upgrade the ozone control system equipment at the Mills plant
- Authorize an agreement with Suez Treatment Solutions, Inc. for a not-to-exceed total of \$430,000 for specialized technical assistance of the upgrade

# Distribution System



# Background

- Ozone is primary disinfectant at all treatment plants
- Ozone PLC type used at Mills was first introduced in 1988
- Control & communication equipment is no longer supported by the manufacturer
- Similar upgrades completed
  - Jensen 2018
  - Skinner 2021



Ozone Generators



Power Supply Unit

## **Alternatives Considered**

- Utilize Metropolitan staff to update the ozone control system software
  - Requires license to modify proprietary software
- Contract with Suez Treatment Solutions to update the software
  - Selected option
  - Suez staff has in-depth knowledge of the software

# Scope of Work

- Replace ozone PLCs, operator interface panel (HMI), & computer communication equipment
- Key activities
  - Procure equipment
  - Install equipment
  - Update ozone control system software



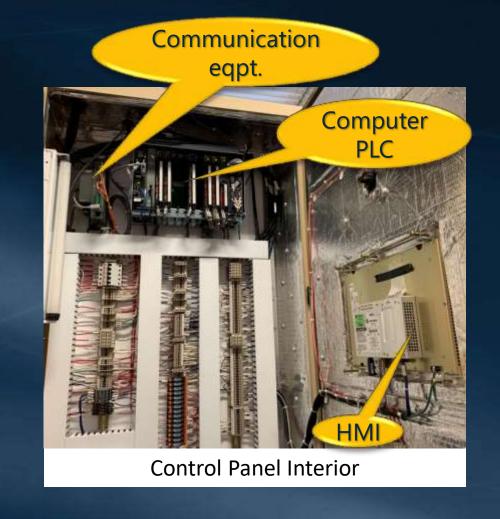
**Control Panel** 

## **Award of Procurement Contract**

- Background
  - Metropolitan standardized on Allen-Bradley PLCs in 2009
  - Sole source procurement consistent with Admin. Code
- Scope of procurement Royal Industrial Solutions
  - 9 Allen-Bradley PLCs, HMIs & related hardware
- Amount of contract \$492,440
  - Prices consistent with previous procurements

## Metropolitan Scope

- Install PLCs & HMIs
- Relocate wiring outside PLCs
- Perform integration tests & confirm functionality



## Professional Services Agreement

- New Agreement with Suez Treatment Solutions, Inc.
  - Competitively selected in 1998 to supply original ozone equipment
  - Sole source procurement consistent with Admin. Code
- Scope of Work
  - Update ozone system software for Mills plant
  - Install the control system software, provide start-up, & software testing assistance
- Agreement amount NTE \$430,000

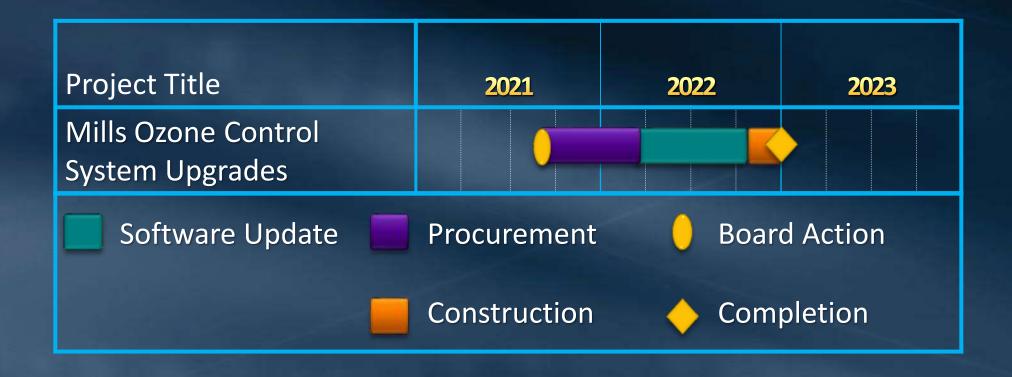
# Allocation of Budgeted Funds

|                                    |       | Willis Ozone |
|------------------------------------|-------|--------------|
|                                    |       | PLC Upgrades |
| Labor                              |       |              |
| Program mgmt. & contract admin.    |       | \$ 158,000   |
| Force Construction                 |       | 383,000      |
| Submittal review & record drawings |       | 183,000      |
| Materials & Incidentals            |       |              |
| Royal Industrial Solutions         |       | 492,440      |
| Communication equipment & material |       | 158,000      |
| Professional Services              |       |              |
| Suez Treatment Solutions, Inc.     |       | 430,000      |
| Remaining Budget                   |       | 288,560      |
|                                    | Total | \$2,093,000  |
|                                    |       |              |

Mills Ozone

E&O Committee August 16, 2021 227

## Project Schedule



## **Board Options**

- Option #1
  - Award a \$492,440 procurement contract to Royal Industrial Solutions for the ozone control system equipment for the Mills plant; and
  - Authorize an agreement with Suez Treatment Solutions, Inc. for a not-to-exceed total of \$430,000 for specialized technical support of the upgrade.
- Option #2
  - Do not proceed with this project at this time.

## Staff Recommendation

Option #1





## Board of Directors Engineering and Operations Committee

8/17/2021 Board Meeting

7-3

#### Subject

Authorize an agreement with CDM Smith Inc., in an amount not to exceed \$2.75 million, for support of engineering and technical studies at the advanced water treatment demonstration facility; the proposed action was previously determined to be exempt or otherwise not subject to CEQA

#### **Executive Summary**

During the past decade, California has experienced significant reductions in local surface supplies and groundwater production due to unprecedented drought conditions. The need for additional water resources and a more reliable water supply has become increasingly evident with the challenges from recurring drought, climate change, seismic risk, and uncertain availability of imported water supplies. Metropolitan's Regional Recycled Water Program (Program) was initiated to potentially develop a new local resource that would increase reliability of future water supplies in Southern California.

The goal of the Program is to produce up to 150 million gallons per day (mgd) of purified water for reuse applications, such as groundwater recharge, industrial uses, or future direct potable use (DPR) through raw water augmentation at Metropolitan's existing treatment plants. To obtain regulatory acceptance and develop the design criteria for a full-scale advanced water treatment (AWT) facility, in 2015 Metropolitan's Board authorized construction of a 0.5-mgd AWT demonstration facility at the Los Angeles County Sanitation Districts' (Sanitation Districts') Joint Water Pollution Control Plant (Joint Plant) in Carson. The demonstration facility began operations and testing in September 2019. The initial phase of technical studies treating the Joint Plant's secondary effluent is anticipated to be completed in October 2021. A second phase of studies treating the Joint Plant's primary effluent is scheduled to start in January 2022.

In November 2020, Metropolitan's Board authorized preparation of environmental documentation and technical studies for the Program. As part of the Program, this action authorizes engineering and technical services to support the ongoing studies at the AWT demonstration facility. Funds for these technical studies are included in the O&M budget for fiscal year 2021/22.

#### **Details**

#### **Background**

In November 2015, Metropolitan's Board authorized an agreement with County Sanitation District No. 2 of Los Angeles County to implement a demonstration project that established a partnership between Metropolitan and the Sanitation Districts in developing a new local resource that would help address the effects of drought, climate change, seismic risks, and uncertainties of imported water supplies. The Sanitation Districts' largest treatment plant, the Joint Plant located in Carson, California, has a capacity of 400 mgd and an average daily flow of approximately 260 mgd. While the entire secondary effluent flow from the Joint Plant is currently discharged through outfall tunnels to the Pacific Ocean in accordance with ocean discharge regulations, the Program would instead capture that water and treat it for beneficial reuse. If approved, the Program would add a significant new water supply to Metropolitan's service area for either groundwater replenishment or DPR through raw water augmentation at Metropolitan's existing treatment plants.

Metropolitan's Board authorized the design and construction of the demonstration facility in 2016 and 2017, respectively. Construction of the 0.5-mgd AWT demonstration facility, consisting of a membrane bioreactor

(MBR), reverse osmosis (RO), and ultraviolet light with an advanced oxidation process (UV/AOP), was completed in October 2019. The MBR was added as an optimal means to manage nitrogen in the Joint Plant's effluent and, if implemented full-scale, would be the first application of this technology in a potable reuse treatment train in California. The MBR system was designed with flexibility to allow different operating modes to treat either primary effluent ("secondary MBR") or secondary effluent ("tertiary MBR") from the Joint Plant.

Metropolitan obtained regulatory approval of a testing and monitoring plan from California's State Water Resources Control Board, Division of Drinking Water (DDW) in February 2019, which detailed the technical studies to be conducted at the demonstration facility treating the Joint Plant's secondary effluent in a tertiary MBR mode, followed by RO and UV/AOP. Testing began in October 2019 and is anticipated to conclude in October 2021. Results to date show that all water quality targets are being achieved through the process train, and pathogen removal through the MBR system surpasses the target minimum removal sought. Metropolitan continues to engage the regulators and an independent science advisory panel in the review of plans and results of testing performed at the demonstration facility.

One of the Program's primary treatment objectives is to remove nitrogen from water received from the Joint Plant to ensure it can be efficiently treated and used for groundwater recharge and other reuse applications. In 2018, a Metropolitan and Sanitation Districts workgroup evaluated several nitrogen management options that could be implemented at either a potential full-scale AWT facility or at the Joint Plant. Sanitation Districts staff are currently conducting in-depth technical analyses to further examine the nitrogen management options that could be implemented at the Joint Plant, which would significantly reduce the downstream treatment requirements at an AWT facility and provide potential cost savings for the Program.

Preliminary assessments conducted to date identify secondary MBR as a potentially viable treatment process to achieve biological nutrient removal through the Joint Plant and efficiently meet overall nitrogen removal goals for the Program. Therefore, in the next phase of studies starting later this year, the demonstration facility will treat the Joint Plant's primary effluent with the MBR configured in a secondary mode (secondary MBR), followed by RO and UV/AOP. The demonstration testing and monitoring plan for this next phase is anticipated to be submitted to DDW in August 2021 and describes the tasks required to evaluate treatment of primary effluent and the ability of the treatment train to meet all regulatory requirements. The plan builds upon the lessons learned and data from the previous tertiary MBR studies, will obtain the technical data that would be required for regulatory approval, and will help establish engineering design criteria for a potential full-scale AWT facility.

In November 2020, the Board authorized an amendment to the existing agreement with County Sanitation District No. 2 of Los Angeles County to support continued evaluation and development of the Program, including preparation of environmental documentation, technical studies, and public outreach activities. In accordance with the April 2020 action on the biennial budget for fiscal years 2020/21 and 2021/22, the General Manager will authorize staff to proceed with the major activities related to the planning phase of the Program using Metropolitan's O&M funds budgeted for this purpose. The total estimated cost to complete engineering and technical studies, environmental review, and the Program Environmental Impact Report is \$30 million.

#### Engineering and Technical Services (CDM Smith Inc.) – New Agreement

CDM Smith Inc. (CDM Smith) is recommended to provide engineering and technical services as required to execute the secondary MBR testing and monitoring plan, including supporting operations of the AWT demonstration facility. CDM Smith was selected through a competitive process via Request for Proposals No. 1274 based on the firm's experience in engineering and technical activities of a similar scope to the one planned for the next phase.

The planned activities for engineering and technical services for the next phase of studies at the demonstration facility include: (1) operating the facility to test AWT technologies; (2) executing the secondary MBR testing and monitoring plan to treat Joint Plant primary effluent; (3) training Metropolitan operations staff; (4) developing engineering design and operating criteria for a full-scale facility; and (5) preparing documents for regulatory approval and Program permitting. Metropolitan staff will oversee and coordinate the work performed by CDM Smith and, along with Sanitation Districts staff, will conduct additional technical analyses to complement these activities.

This action authorizes a new agreement with CDM Smith, for a not-to-exceed amount of \$2.75 million, for support of engineering and technical studies at the AWT demonstration facility for the Program. For this agreement, Metropolitan has established a small business enterprise participation level of 25 percent. CDM Smith has agreed to meet this level of participation. The planned subconsultants for this work are listed in **Attachment 1**.

#### **Alternatives Considered**

In developing the recommended approach to perform the engineering and technical studies, several alternatives were considered. The alternatives included utilizing Metropolitan's staff to perform all the work or conducting the work with a combination of Metropolitan and consultant staff. With staffing constraints and the need for specialized technical expertise with AWT facilities, staff recommends the use of consultants to perform the specific work identified in this board letter. Metropolitan staff will oversee the consultant's work, as well as perform technical activities consistent with in-house staff's core competencies. This hybrid staffing approach will allow for timely completion of the technical studies for review by the regulators without impacting the Program's overall schedule. This approach also allows for staff training on AWT facility operations, as it is anticipated that Metropolitan staff would be operating and maintaining a potential future full-scale facility. Overall, this hybrid staffing approach ensures that the work is conducted in the most cost- and time-efficient manner possible.

#### **Summary**

This action authorizes a new agreement with CDM Smith Inc., for a not-to-exceed amount of \$2.75 million, for support of engineering and technical studies at the AWT demonstration facility. See **Attachment 1** for the listing of Subconsultants for Agreement and **Attachment 2** for the Location Map.

#### **Project Milestone**

February 2023 – Completion of the second phase of AWT demonstration testing

#### **Policy**

Metropolitan Water District Administrative Code Section 5108: Appropriations

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 Board Report No. 01122016 IRP 8-3 B-L, "2015 Integrated Water Resources Plan Update," adopted January 2016

By Minute Item 42287, dated February 11, 1997, the Board adopted a set of policy principles on water recycling.

By Minute Item 50299, dated November 10, 2015, the Board authorized an agreement with County Sanitation District No. 2 of Los Angeles County for development of a potential regional recycled water supply program and a demonstration project.

By Minute Item 50410, dated March 8, 2016, the Board authorized agreements for design of the demonstration scale recycled water treatment plant and feasibility studies of recycled water delivery system.

By Minute Item 50884, dated July 11, 2017, the Board authorized construction of the advanced water treatment demonstration plant.

By Minute Item 51962, dated April 14, 2020, the Board appropriated a total of \$2,810.9 million for miscellaneous Metropolitan O&M costs, including costs associated with supply programs, for Fiscal Years 2020/21 and 2021/22.

By Minute Item 52174, dated November 10, 2020, the Board authorized preparation of environmental documentation and technical studies, and public outreach activities for the Regional Recycled Water Program.

By Minute Item 52210, dated December 8, 2020, the Board authorized an amendment to the agreement with Los Angeles County Sanitation Districts for development of a potential regional recycled water supply program and a demonstration project.

By Minute Item 52404, dated June 8, 2021, the Board authorized an agreement with Black & Veatch Corporation, Inc. for engineering and technical studies to support environmental planning activities of the Regional Recycled Water Program.

#### California Environmental Quality Act (CEQA)

#### **CEQA** determination for Option #1:

This project was previously determined to be categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The Board found this project to be exempt under Class 1, Class 3, Class 4, and Class 6 of the State CEQA Guidelines on November 10, 2015. A Notice of Exemption (NOE) was filed at that time, and the statute of limitations has ended. With the current action, there are no substantial changes proposed to the project since the original NOE was filed. Hence, the environmental documentation previously prepared in conjunction with the project fully complies with CEQA and the State CEQA Guidelines. Accordingly, no further CEQA documentation is necessary for the Board to act with regard to the proposed action.

#### **CEQA** determination for Option #2:

None required

#### **Board Options**

#### Option #1

Authorize an agreement with CDM Smith Inc., in an amount not to exceed \$2.75 million for support of engineering and technical studies at the advanced water treatment demonstration facility.

**Fiscal Impact:** \$2.75 million will be funded from Operations and Maintenance funds. Approximately \$1.4 million will be incurred in the current biennium and have been previously authorized, and the remaining funds for this action will be accounted for and appropriated under the next biennial budget.

**Business Analysis:** This option would facilitate the development of water reuse in Southern California and the augmentation of regional supplies for Metropolitan's entire service area to respond to droughts, climate change, seismic risks, and uncertainties of imported water supplies.

#### Option #2

Do not proceed with the new agreement.

Fiscal Impact: None

**Business Analysis:** This option would forego an opportunity to utilize needed technical expertise to refine projected treatment approaches and costs and could impede development of recycled water resources to meet the increasing need for the region's water supply to respond to droughts, climate change, seismic risks, and other emergencies.

#### **Staff Recommendation**

Option #1

Brent Yamasaki

Adel Hagekhalil

General Manager

Group Manager Water System Operations

7/22/2021

Date

8/4/2021

Date

Attachment 1 – Subconsultants for Agreement with CDM Smith

**Attachment 2 – Location Map** 

Ref# wso12680673

#### The Metropolitan Water District of Southern California

#### Subconsultants for Agreement with CDM Smith Inc.

### **Engineering and Technical Services for the Advanced Water Treatment Demonstration Facility for the Regional Recycled Water Program**

| Subconsultant and Location                        |  |  |
|---|--|--|
| Black & Veatch Corporation, Inc., Los Angeles, CA |  |  |
| DRP Engineering, Inc., Alhambra, CA               |  |  |
| DRF Engineering, Inc., Amanora, CA                |  |  |
| DR Consultants & Designers, Inc., Los Angeles, CA |  |  |
| MARRS Services, Inc., Fullerton, CA               |  |  |





# Regional Recycled Water Program

Authorize Agreement for Engineering and Technical Studies at the Advanced Water Treatment Demonstration Facility

**Engineering and Operations Committee** 

Item 7-3

August 16, 2021

## **Current Action**

Authorize an agreement with CDM Smith Inc., in an amount not to exceed \$2.75 million, for support of engineering and technical studies at the advanced water treatment demonstration facility

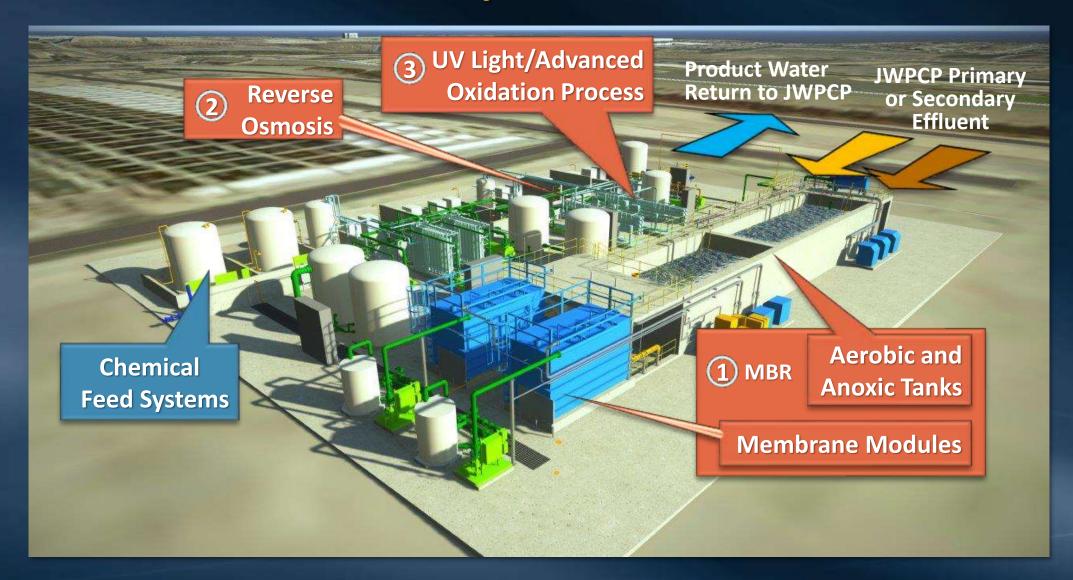
## **Location Map**



# Regional Recycled Water Advanced Purification Center



## Demonstration Facility Processes



## Summary of Work to Date

- Pilot Studies (2010-2012)
- Demonstration Facility online (2019)
- Tertiary MBR testing (2019-2021)
  - Treating secondary effluent
  - Evaluating treatment performance
  - Assessing pathogen removal through MBR
  - Supporting LACSD in concentrate and residuals characterization





## Nitrogen Management Studies

- Nitrogen management committee (2017-2019)
  - LACSD and Metropolitan joint effort
  - Comprehensively evaluated approaches to meet nitrogen targets
  - Recommended treatment process trains for further evaluation
- Analysis of JWPCP process enhancements (2020-Present)
  - LACSD nutrient removal study to refine potential alternatives
  - Treatment options include tertiary and secondary MBR







## Secondary MBR Testing

Treat primary effluent in common non-potable reuse configuration

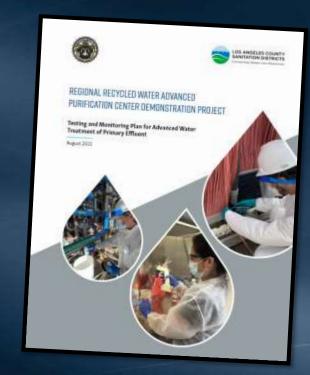
Potential for operational efficiencies and cost savings

Secondary MBR demonstration testing results will inform treatment

process selection

Builds on tertiary MBR testing results

- Supports LACSD's technical evaluations for JWPCP
- A test plan is completed and will be submitted to DDW



## **Alternatives Considered**

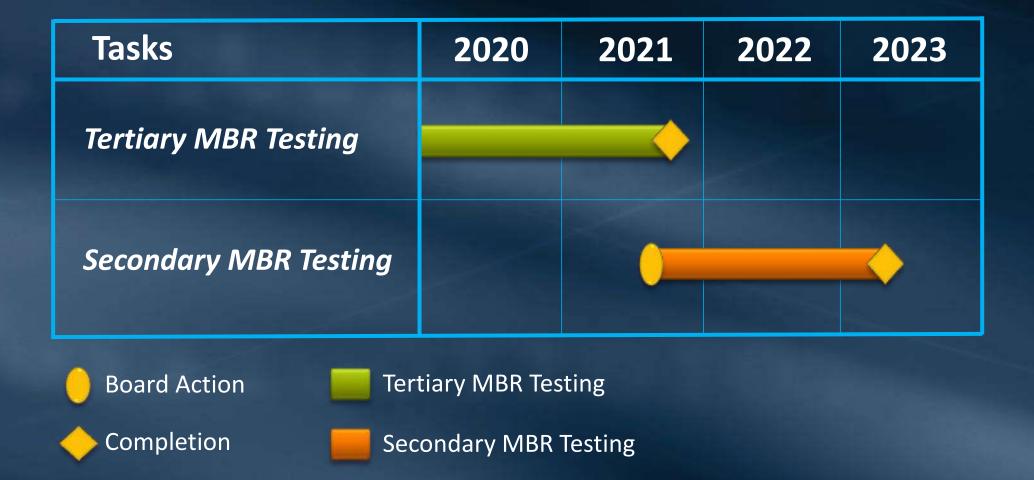
- Alternatives for engineering & technical studies
  - All work by Metropolitan staff
  - All work by Consultant
  - Hybrid staffing approach (selected option)
- Metropolitan's role
  - Project management, technical oversight, laboratory analyses, LACSD coordination, and other activities that support staff's core competencies
- Consultant's role
  - Operations and testing, supplemented by Metropolitan staff
  - Specialized technical expertise



## New Agreement – CDM Smith Inc.

- Competitively selected under RFP No. 1274
- Scope of Work
  - Operate the facility to test AWT technologies
  - Execute the secondary MBR testing and monitoring plan to treat JWPCP primary effluent
  - Train Metropolitan operations staff
  - Develop engineering design and operating criteria for a full-scale facility
  - Prepare documents for regulatory approval and permitting
- SBE/DVBE participation level 25%
- NTE amount \$2.75 million

## Project Schedule



## **Board Options**

- Option #1
  - Authorize an agreement with CDM Smith Inc., in an amount not to exceed \$2.75 million, for support of engineering and technical studies at the advanced water treatment demonstration facility
- Option #2
  - Do not proceed with the new agreement at this time

## Staff Recommendation

Option #1





### Board of Directors Communications and Legislation Committee

8/17/2021 Board Meeting

7-4

#### Subject

Approve Metropolitan's annual membership in the U.S. Water Alliance and authorize payment of \$18,500, and approve Metropolitan's annual membership in Water Education for Latino Leaders and authorize payment of \$25,000; the General Manager determined that the proposed action is exempt or otherwise not subject to CEQA

#### **Executive Summary**

Metropolitan maintains corporate membership in numerous business and nonprofit organizations. These memberships provide Metropolitan access to various resources, programs and facilitate engagement with the community through public forums. Memberships require board approval if annual dues are greater than \$10,000. Staff recommends Metropolitan join the U.S. Water Alliance for an annual fee of \$18,500. Staff also recommends membership with Water Education for Latino Leaders (WELL) for an annual fee of \$25,000.

#### **Details**

Metropolitan's Administrative Code Section 11202 authorizes each department head to join and maintain memberships in organizations whose purposes serve the interests of Metropolitan. Memberships must be brought to the Board for approval if annual dues are greater than \$10,000.

The U.S. Water Alliance (Alliance) is a national membership organization based in Oakland that advances policies and programs to build a sustainable water future for all. Through a One Water movement, the Alliance educates the public about the value of water and accelerates policies and programs that effectively manage water resources to help secure a safe, reliable water supply for generations to come.

The Alliance provides collaborative platforms, national dialogues, and coalition-building initiatives that align diverse stakeholders to solutions addressing crucial water challenges. Members participate in high-visibility national education and advocacy events, such as Infrastructure Week and Imagine a Day Without Water. The Alliance supports its members as they implement One Water solutions through targeted task forces, working groups, and learning exchanges addressing top-of-mind issues such as water equity, affordability, financial resilience, workforce development, watershed partnerships, and climate change.

WELL is a California nonprofit water education organization based in Los Angeles. WELL's mission is to educate Latino Leaders on water policies to promote timely and equitable actions that support healthy communities and a resilient environment for all Californians. The organization has a nine-year track record in educating California's elected officials on state water policy and informing the community on pressing water issues through annual conferences, regional workshops, webinars, monthly newsletters, and fellowship programs.

In the past, Metropolitan has been an active sponsor of WELL conferences and individual events. WELL has launched a membership program to expand educational efforts by partnering with other organizations with similar goals and values. Becoming a partner will enable Metropolitan to support the organization's education programs for Latino Leaders working to develop effective and inclusive solutions to California's water challenges. Membership at this level allows for sponsor benefits and full access to all of WELL's annual programming, including panelist and key speaker opportunities at public events. Benefits also include elevated coordination with the organization as it works to reach and engage with Southern California's diverse communities.

Metropolitan maintains corporate membership in numerous business and nonprofit organizations, which provides access to various resources and enables Metropolitan to help inform and engage various segments of the community on water issues aligned with Metropolitan's mission.

Metropolitan has been invited as a member of both organizations, which will afford the opportunity to participate in and provide input on programs and initiatives available locally and statewide.

Staff recommends Metropolitan join U.S. Water Alliance as a CORE Member and authorize annual dues payment of \$18,500. Staff also recommends Metropolitan join Water Education for Latino Leaders as an Associate Member Platinum level and authorize annual dues payment of \$25,000.

#### **Policy**

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Metropolitan Water District Administrative Code Section 11102: Payment of Dues

#### California Environmental Quality Act (CEQA)

#### **CEQA determinations for Option #1 and #2:**

Funding for the proposed membership is not defined as a project under CEQA because it involves government fiscal activities that do not involve any commitment to a specific project that may result in a potentially significant physical impact on the environment (Public Resources Code Section 21065 and Section 15378 (b)(4) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061 (b)(3) of the State CEQA Guidelines). For future, and not yet known, proposed projects associated with this membership, the appropriate lead agencies will be responsible for complying with all applicable federal and state environmental laws and regulations.

#### **CEQA** determination for Option #3:

None required

#### **Board Options**

#### Option #1

Approve Metropolitan's annual membership in the U.S. Water Alliance and authorize payment of dues for \$18,500, and approve Metropolitan's annual membership in Water Education for Latino Leaders and authorize payment of dues for \$25,000.

**Fiscal Impact:** Funds in the amount of \$18,500 annually would be paid for membership in U.S. Water Alliance, and \$25,000 annually would be paid for membership in Water Education for Latino Leaders. The funds are budgeted in External Affairs' FY 2021/22 board-approved budget.

**Business Analysis:** Provides support for organizations that further Metropolitan's purposes and interests in disseminating information about water issues and the next generation of water leaders.

#### Option #2

Approve Metropolitan's membership in the U.S. Water Alliance and Water Education for Latino Leaders for one year and authorize payment of dues at a reduced level.

Fiscal Impact: None

**Business Analysis:** Provides support for organizations that further Metropolitan's purposes and interests in disseminating information about water issues and developing the next generation of water leaders.

#### Option #3

Do not approve Metropolitan's membership in U.S. Water Alliance and/or Water Education for Latino Leaders.

Fiscal Impact: None

**Business Analysis:** Metropolitan will forego the opportunity to provide support for organizations that further its interests in disseminating information about water issues and developing the next generation of water leaders.

#### **Staff Recommendation**

Option #1

8/2/2021 Sue Sims

External Affairs Manager

Date

Add Hagekhalil General Manager 8/4/2021 Date

Ref# ea12677547



# Approve Membership in US Water Alliance and Water Education for Latino Leaders Communication and Legislation Committee

Communication and Legislation Committee

Item 7-4

August 16, 2021

### U.S. Water Alliance

The US Water Alliance is a national organization that advances policies and programs to build a sustainable water future.

Mission: To educate the public about the value of water and accelerate polices and programs to manage water resources

- Leadership development & workforce opportunities
- Community education, outreach, engagement
- Policy advocacy water reliability, water supply & environment



### Water Education for Latino Leaders

WELL is a nonprofit water education organization that advances programs to educate the Latino community on water policy to support a resilient environment.

Mission: To educate Latino leaders on water policies to promote timely and equitable actions that support healthy communities for all Californians.

- Leadership development, fellowship program
- Community education, outreach, engagement
- Policy education, water management, & conservation



### Memberships and Sponsorships

Metropolitan supports many leadership development and education organizations that support its mission, policies, water management priorities and operational objectives including:

- Water Education Foundation, California African-American Water Education Foundation, Association of Women in Water, Energy and the Environment, CORO
- Business groups, chambers of commerce and professional organizations representing diverse communities

### **Options**

- Option #1
  - Approve Metropolitan's annual membership in the U.S. Water Alliance and authorize payment of dues for \$18,500, and approve Metropolitan's annual membership in Water Education for Latino Leaders and authorize payment of dues for \$25,000
- Option #2
  - Approve Metropolitan's membership in the U.S. Water Alliance and Water Education for Latino Leaders for one year and authorize payment of dues at a reduced level
- Option #3
  - Do not approve Metropolitan's membership in U.S. Water Alliance and/or Water Education for Latino Leaders

### Staff Recommendations

Option #1

C&L Committee Street St

261





### Board of Directors Water Planning and Stewardship Committee

8/17/2021 Board Meeting

7-5

#### **Subject**

Adopt resolution to declare a "Condition 2 – Water Supply Alert"; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

#### **Executive Summary**

A second consecutive dry year is impacting California's water supplies. Worsening conditions led to a State Water Project allocation for 2021 of only 5 percent, tied for the lowest in history. With drought widespread throughout much of the state, Governor Newsom declared drought emergencies in 50 of 58 counties (which do not include the six counties in Metropolitan's service area). On July 8, 2021, the governor issued an executive order that called upon all Californians to voluntarily reduce their water use by 15 percent.

This letter recommends the Board adopt a Water Supply Alert Resolution. The recommended action would move Metropolitan's Water Supply Condition from a "Water Supply Watch" to a more severe "Water Supply Alert" and communicate increasingly serious drought conditions affecting the state's water supplies and drafting of Metropolitan's regional storage reserves. The resolution, which does <u>not</u> implement the Water Supply Allocation Plan, provides a basis for the outreach, communication, and collaboration in Metropolitan's service area needed to effectively support Governor Newsom's drought emergency proclamations and his call for Californians to voluntarily conserve.

#### **Details**

#### **Background**

A second consecutive year of exceptionally low precipitation, snowpack, and runoff is impacting California's water supplies. Due to persistently dry conditions, the Department of Water Resources (DWR) set the allocation of State Water Project (SWP) water to 5 percent for 2021. This followed a low allocation of only 20 percent in 2020. Worsening conditions prompted Governor Newsom to declare three sets of expanding drought emergencies across the state.

The overall sequence of actions can be summarized as follows:

- On April 21, Governor Newsom proclaimed a regional drought emergency in Mendocino and Sonoma counties.
- On May 10, a second proclamation expanded the drought emergency to an additional 39 counties.
- On June 9, the California Public Utilities Commission, the State Water Resources Control Board, and the California Department of Water Resources called on local and regional suppliers to increase their conservation efforts, to develop a contingency plan in the event of water supply problems, and to urge Californians to save water amid ongoing dry conditions and in anticipation of another dry year in 2022.
- On July 8, Governor Newsom expanded the drought state of emergency once again, which applied to a total of 50 counties covering 42 percent of the state's population. The drought state of emergency does not include the six counties in Metropolitan's service area. On the same day, the governor also issued Executive Order N-10-21, calling for all Californians to voluntarily reduce their water use by 15 percent.

Paralleling the Newsom Administration's measured response and increasing actions in response to the drought, Metropolitan initiated numerous drought actions earlier this year. Beginning in January 2021, Metropolitan adjusted distribution system operations to minimize SWP use and to draw more heavily on Colorado River and stored supplies. In April, Metropolitan increased pumping on the Colorado River Aqueduct to the full capacity of eight pumps for the first time since the depths of the last drought in 2015. In May, the Board approved the Operational Shift Cost Offset Program, which removed a barrier to agencies receiving Metropolitan service from Colorado supplies instead of SWP supplies. Also, in May—for the first time in history—the source water feed to the Mills water treatment plant was switched from SWP to Diamond Valley Lake storage. In June, staff began operating the fully rebuilt Greg Avenue pump facility allowing Colorado River and stored supplies to be pumped at a rate of about 50 cubic feet per second (cfs) into the western portion of the distribution system. Along with this sampling of actions, as well as continued coordination with member agencies and identification of new actions moving forward, the proposed Water Supply Alert would be a next step to advance the region's messaging to water users.

As a result of prior local and regional investments in local supplies and conservation, and the region's actions described above, the counties in Metropolitan's service area were not included in the emergency drought proclamations to date. The drought state of emergency applied to counties already experiencing imminent and urgent water supply impacts this year. Metropolitan's water supplies and storage are being affected by two years of extreme drought, but current impacts are mitigated by the reliability investments made locally and regionwide. Metropolitan has invested \$1.5 billion in regional conservation, local water recycling, and local groundwater recovery projects since 1990, and Metropolitan's programs and planning led to high regional storage reserves entering this drought. On the water use efficiency side, Southern California consumers and water agencies have long done their part to make conservation a way of life and to prepare for the future. The value of the region's past preparedness, actions, and commitment to conservation is evident today. In fact, the California Natural Resources Agency submitted a report to the Legislature in March 2021 outlining lessons from the drought of 2012-2016, which recognized that "The storage projects put in place by MWD and the San Diego County Water Authority greatly improve regional capacity to endure drought."

However, Metropolitan recognizes the need for coordinated drought response and supports the governor's statewide call for voluntary conservation from all Californians. As with the rest of the state, Southern California's water supplies are reduced by the drought. Looking ahead, there are multiple threats to the region's water supply outlook over the next few years. This year's extremely low 5 percent SWP allocation highlights the challenges that constrained SWP supplies create in areas not readily served by Colorado River supplies. These SWP-specific constraints require heavy reliance on storage reserves to replace the low SWP allocation resulting in a sharp drop in the overall water storage that is accessible to these areas. It is expected that next year's 2022 SWP allocation will start at 0 percent and could even stay at that level if the drought persists. These severe projections incorporate recognition of depleted storage in the SWP's Lake Oroville and San Luis Reservoir and how parched soils in the Sierra watersheds may deplete next year's runoff.

Metropolitan often relies on the Colorado River Aqueduct and Colorado River storage and supply programs to compensate for SWP supply fluctuations, but it cannot be taken for granted that Metropolitan will be able to take its full amount of Colorado River supplies into the future. The Colorado River will experience its first-ever shortage declaration next year based on the long-term drought in that watershed. A prolonged 21-year warming and drying trend pushed Lake Mead and Lake Powell to record low levels. For all these reasons, it is crucial for the region to take appropriate actions now to safeguard its water storage reserves as conditions continue to change and the outlook worsens.

Conservation has long underpinned Metropolitan's long-term water supply reliability strategy. The governor's timely and measured call for voluntary conservation from agricultural and urban water users in Californian presents an opportune moment to review and refresh consumer commitment to using water responsibly statewide. In the end and on the whole, the water use ethic, behavior, and decisions of individual consumers can tip the precarious balance of supply and demand. Agencies such as Metropolitan can play a key function in supporting

and amplifying the governor's message and assisting consumers to make their good faith effort to use water responsibly.

#### **Recommendation for Water Supply Alert Resolution**

Staff recommends the Board adopt a Water Supply Alert Resolution, the third of a four-step water supply condition. Adopting the Water Supply Alert Resolution would communicate the increasingly serious drought conditions affecting the state's water supplies by moving Metropolitan's Water Supply Condition Framework from a "Condition 1 – Water Supply Watch" to a "Condition 2 – Water Supply Alert." The resolution, included as **Attachment 1**, provides a basis for the outreach, communication and collaboration in Metropolitan's service area needed to effectively support Governor Newsom's drought emergency proclamations and his call for voluntary conservation. **Attachment 2** provides examples of practicable actions that help the region's consumers to immediately redouble their efforts to save water through voluntary conservation.

The Board adopted the Water Supply Condition Framework (Framework) in June 2008 to help communicate the urgency of the region's water supply situation. Consistent with the Water Supply and Drought Management (WSDM) Plan, the Framework communicates and encourages proactive steps that water agencies and consumers could take to reduce the region's water demand and mitigate the need for more severe actions. The Framework has four conditions, each calling for an increasingly heightened level of response:

| Baseline:<br>Water Use Efficiency       | Ongoing implementation of conservation, recycling and outreach programs to achieve permanent increases in water use efficiency and build storage reserves.  |
|---|---|
| Condition 1: Water Supply Watch         | Local agency voluntary dry-year conservation measures and use of regional storage reserves.   |
| Condition 2:<br>Water Supply Alert      | Regional call for cities, counties, member agencies, and retail water agencies to implement extraordinary conservation through drought ordinances and other measures to mitigate the use of storage reserves. |
| Condition 3:<br>Water Supply Allocation | Implement Metropolitan's Water Supply Allocation Plan.  |

Metropolitan has remained in "Condition 1: Water Supply Watch" since April 2017, which reflects continued impacts experienced in the 2012-2016 drought. A Condition 2 Water Supply Alert acknowledges the heightened urgency of the supply situation both regionwide and statewide and provides a launching point for outreach and collaboration with local agencies to support Californians in Metropolitan's service area to voluntarily conserve.

Importantly, conservation programs are already up and running by Metropolitan and local agencies throughout the service area. This Water Supply Alert would enhance the speed and scale of consumer and agency actions rather than signaling a new direction. Approximately 250 wholesale and retail water suppliers serve the region. As a practical step, the resolution would highlight timely opportunities identified in their recently adopted Urban Water Management Plans (UWMPs). The UWMPs adopted this year include specific Water Shortage Contingency Plans that contain an array of water supply and demand management measures that can be used as water supply conditions change. As a result of this action, Metropolitan would ask local agencies to consider the actions identified in their Water Shortage Contingency Plans as appropriate for their local conditions. The proposed resolution recognizes this improved toolbox of potential actions and would encourage agencies to use those appropriate demand reduction actions to help their consumers voluntarily save water and preserve regional storage reserves. The region's water agencies are well positioned to support their consumers in voluntarily conserving additional water.

Moving forward, the Conservation as a California Way of Life legislation that was enacted in 2018 is now being implemented, with annual shortage reporting to the state on track to begin next year. The new standard Annual Water Supply and Demand Assessments will provide important information on specific localized drought impacts and response actions that can better inform the state in the future.

Metropolitan would coordinate with its member agencies to develop a unified regional message in the media and outreach campaigns in order to communicate the need for continued conservation to the general public, businesses, stakeholders, industries, and public officials. In line with Governor Newsom's May 10, 2021 announcement of a \$5.1 billion plan for water infrastructure, drought response, and improved climate resilience, Metropolitan will work to obtain state funding and other resources to accelerate conservation and supply programs.

#### **Policy**

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 47393, dated February 12, 2008, the Board adopted the Water Supply Allocation Plan.

By Minute Item 48376, dated August 17, 2010, the Board adopted proposed adjustments to the Water Supply Allocation Plan, and the allocation of seawater barrier supplies for the 2010/11 Allocation Year.

By Minute Item 48803, dated September 13, 2011, the Board adopted adjustments to the Water Supply Allocation Plan.

By Minute Item 49979, dated December 9, 2014, the Board adopted adjustments to the Water Supply Allocation Plan

By Minute Item 50824, dated May 9, 2017, the Board adopted a resolution which declared a "Condition 1 – Water Supply Watch."

#### California Environmental Quality Act (CEQA)

#### **CEQA** determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action may have a significant impact on the environment, the action is not subject to CEQA pursuant to Section 15061(b)(3) of the State CEQA Guidelines.

#### **CEQA** determination for Option #2:

None required

#### **Board Options**

#### Option #1

Adopt the proposed Water Supply Alert Resolution.

**Fiscal Impact:** Upon adoption of the Water Supply Alert Resolution, expenditures in Metropolitan's conservation programs will likely increase to levels of activity still within the adopted budget as customers respond to the call for voluntary conservation.

**Business Analysis:** The local city, county, member agency, and retail water agency actions called for in Water Supply Alert will help the region preserve storage, reduce the magnitude of a potential shortage in 2022, and assist the state of California in achieving Governor Newsom's call for voluntary conservation.

#### Option #2

Adopt the proposed Water Supply Alert Resolution with modifications to the actions called for within the resolution.

**Fiscal Impact:** Upon adoption of the Water Supply Alert Resolution, expenditures in Metropolitan's conservation programs will likely increase to levels of activity still within the adopted budget as customers respond to the call for voluntary conservation.

**Business Analysis:** The local city, county, member agency, and retail water agency actions called for in Water Supply Alert will help the region preserve storage, reduce the magnitude of a potential shortage in 2022, and assist the state of California in achieving Governor Newsom's call for voluntary conservation.

#### Option #3

Do not adopt the proposed Water Supply Alert Resolution.

**Fiscal Impact:** Metropolitan may need to purchase more transfer water or take additional financial actions to protect storage reserves.

**Business Analysis:** The magnitude of a potential shortage in 2022 may increase and may trigger emergency declarations for Southern California Counties. Less support would be provided to achieve Governor Newsom's call for voluntary conservation.

#### **Staff Recommendation**

Option #1

8/10/2021

Date

Manager, Water Resource Management

8/10/2021 Date

A**d**el Hagekhalil General Manager

Brad Coffey

Attachment 1 - Water Supply Alert Resolution

Attachment 2 - Recommended Water Conservation Actions

Ref# wrm12682369

# RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CALLING FOR A WATER SUPPLY ALERT

WHEREAS, Metropolitan's two main sources of imported water, the Colorado River and Northern California, face continuing drought conditions; and

WHEREAS, the Colorado River is experiencing a prolonged 21-year warming and dry trend and California is in a second consecutive dry year; and

WHEREAS, precipitation and snowpack in the Upper Colorado River Basin and in California are below normal to date; and

WHEREAS, warm temperatures and extremely dry soils have depleted the expected runoff water from the Upper Colorado River Basin snowpack and Northern Sierra snowpack into reservoirs; and

WHEREAS, storage in Lake Powell, Lake Mead, and Lake Oroville are each at record low levels and that many reservoirs throughout the state are well below average conditions at this date; and

WHEREAS, the California Department of Water Resources State Water Project Table A Allocation is at only five percent of contract amounts; and

WHEREAS, a zero percent initial State Water Project Allocation is anticipated for 2022 due to severe drought conditions; and

WHEREAS, the United States Bureau of Reclamation studies indicate a first shortage declaration for 2022 for the Colorado River System; and

WHEREAS, Metropolitan has invested \$1.5 billion in conservation, local water recycling, and local groundwater recovery since 1990 resulting in the cumulative savings of nearly 7.3 million acre-feet; and

WHEREAS, Metropolitan member agencies have invested billions of dollars in these and other investments to increase the utilization of local supplies; and

WHEREAS, these programs increase water supply reliability and reduce the region's need to import water supplies; and

WHEREAS, Metropolitan has made recent investments in its delivery system to add flexibility, allowing Metropolitan to deliver water from either of its imported water sources to most of the service area; and

WHEREAS, Metropolitan has been actively adjusting system operations and partnering with its member agencies to minimize Metropolitan's use of SWP supplies; and

WHEREAS, the California Natural Resources Agency submitted a report to the Legislature in March 2021 outlining lessons from the drought of 2012-2016 which recognized that "storage projects put in place by MWD and the San Diego County Water Authority greatly improve regional capacity to endure drought" and "large urban water agencies have more capacity to prepare for and respond to drought than smaller systems, and most have historically experienced drought primarily in the form of financial impacts that are ultimately passed on to ratepayers;" and

WHEREAS, on April 21, May 10, and July 8, 2021, Governor Gavin Newsom issued proclamations that a state of emergency exists in a total of 50 of 58 counties due to severe drought conditions, including a call for Californian's to voluntarily reduce their water use; and

WHEREAS, the state of emergency does not exist in Metropolitan's service area; and

WHEREAS, action by Californians now to conserve water and to extend local groundwater and surface water supplies will provide greater resilience if the drought continues in future years; and

WHEREAS, Metropolitan supports actions by the state to address droughts in California with programs to promote water use efficiency; and

WHEREAS, water conserved throughout the service area, among other things, helps preserve storage levels in Metropolitan's diverse storage portfolio for next year should dry conditions persist; and

WHEREAS, Metropolitan supports state actions which recognize and value prior investments in water supply reliability and drought preparedness

WHEREAS, variations among communities, regions, and counties means that a "one-size fits all" drought response may unintentionally disincentivize future investment in water supply reliability; and

WHEREAS, local water suppliers and communities have made strategic and forward-looking investments in water recycling, stormwater capture and reuse, groundwater storage and other strategies to improve drought resilience; and

WHEREAS, further investment is needed to improve water supply reliability for all Californians; and

WHEREAS, Governor Gavin Newsom announced a \$5.1 billion plan for water infrastructure, drought response and improved climate resilience and Metropolitan strongly advocates for its use of state funds to accelerate conservation and supply programs; and

WHEREAS, Metropolitan's Water Surplus and Drought Management Plan guides Metropolitan's water supply management actions and includes provisions for implementing water conservation; and

WHEREAS, Metropolitan intends to help the region support the Governor's call for voluntary conservation; and

NOW THEREFORE BE IT RESOLVED that the Board of Directors of The Metropolitan Water District of Southern California, under its Water Surplus and Drought Management Plan, declares that Southern California in Metropolitan's service area is in a Water Supply Alert condition; and

BE IT FURTHER RESOLVED that Metropolitan encourages all cities, counties, member agencies (consisting of wholesale and retail water agencies), and all retail water agencies to review their past drought response measures and their newly-adopted state Water Shortage Contingency Plans and implement voluntary conservation measures that support retail customer in reducing their water use and continue to preserve regional storage reserves; and

BE IT FURTHER RESOLVED that Metropolitan will coordinate with the member agencies to develop a unified regional message in the media and outreach campaigns in order to communicate the need for continued conservation to the general public, businesses, stakeholders, industries and public officials; and

BE IT FURTHER RESOLVED that Metropolitan will work to obtain state funding and other resources to accelerate conservation and supply programs.

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 August 17, 2021.

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



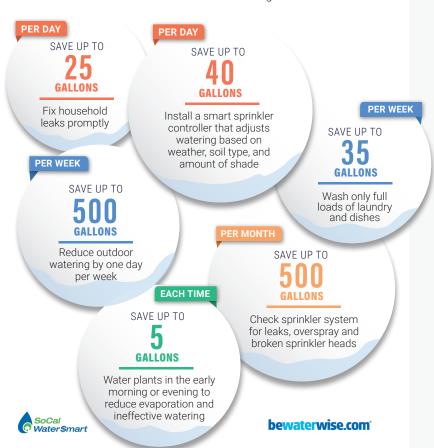
THE METROPOLITAN WATER DISTRICT of SOUTHERN CALIFORNIA

### One Water Many Ways to Save

Water conservation has become a way of life in Southern California. Residents have reduced their water use over the past three decades, and we are one as we meet the challenges created by this year's historic drought and climate change. Metropolitan, along with its member agencies, offers rebates and incentives to help residents and businesses continue to make saving water a California way of life.

### Everyday Ways to Save

Reducing household water use is simple, here's how much residents can save with the following actions:



#### Residential Rebates

#### **Turf Replacement**

Homeowners are eligible for \$2 or more per square foot of lawn converted to California Friendly® and native landscapes. Local water agencies may offer an additional incentive amount. Nearly 200 million square feet of grass has been transformed to more sustainable, water-saving gardens and landscapes with this program.

#### **Indoor and Outdoor Devices**

Residents are encouraged to take advantage of rebates on water-efficient devices including:

- Premium high-efficiency toilets
- · High-efficiency clothes washers
- Rotating sprinkler nozzles
- · Rain barrels and cisterns
- Weather-based irrigation controllers
- · Soil moisture sensor systems
- · Flow monitor/leak detection devices

#### Commercial Rebates

Businesses, multifamily property owners, institutions and public agencies are also eligible for rebates. These include:

- · Turf replacement
- · High-efficiency plumbing fixtures
- HVAC equipment
- Commercial kitchen and food equipment
- Medical and dental equipment

#### **On-Site Retrofit Program**

Provides financial incentives to commercial, industrial and institutional property owners, including Homeowner Associations, who convert potable water irrigation or industrial water systems to recycled water use. This program offers \$195 per acre-foot for five years of estimated water use, up to actual retrofit costs.

#### **Water Savings Incentive Program**

Designed for non-residential customers looking to improve water efficiency through upgraded equipment or services. This program provides an incentive based on the amount of water saved, allowing for unique and custom projects like changing industrial process water system to capture, treat, and re-use wastewater.



# Declaring a Condition 2 - Water Supply Alert

Water Planning and Stewardship Committee Item 7-5
August 16, 2021

### Overview

- Revisit Metropolitan's Water Supply Condition Framework
- Recommendation to move to Condition 2: Water Supply Alert

WP&S Committee Item 7-5 Slide 2 August 16, 2021

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# Water supply condition framework background

- Adopted in 2008
- Communicates the urgency of the region's water supply situation, based on prevailing supply and demand conditions
- Four conditions with increasing heightened levels of conservation response
- Intended to encourage proactive steps to reduce the region's water demand before a need for more severe actions
- Board determines movement from one Condition to another

WP&S Committee Street S

### Water Supply Condition Framework

**BASELINE** 

**Water Use Efficiency** 

Ongoing conservation, recycling, and outreach to **build** storage

**CONDITION 1** 

**Water Supply Watch** 

Local agency voluntary dry-year conservation measures and <u>use</u> of regional storage reserves

**CONDITION 2** 

**Water Supply Alert** 

Regional call for conservation through drought ordinances and other measures to **mitigate use** of storage

**CONDITION 3** 

**Water Supply Allocation** 

Implement Water Supply Allocation Plan:

Level: 1 2 3 4 5 6 7 8 9 10

Feb 2014 April 2015

May 2016 May 2017

# Currently at Condition 1: Water Supply Watch

**BASELINE** 

**Water Use Efficiency** 

Ongoing conservation, recycling, and outreach to **build** storage

**CONDITION 1** 

**Water Supply Watch** 

Local agency voluntary dry-year conservation measures and <u>use</u> of regional storage reserves

**CONDITION 2** 

**Water Supply Alert** 

Regional call for conservation through drought ordinances and other measures to <u>mitigate use</u> of storage

**CONDITION 3** 

**Water Supply Allocation** 

Implement Water Supply Allocation Plan:

Level: 1 2 3 4 5 6 7 8 9 10

Feb 2014

April 2015

May 2016 May 2017

# Recommending Condition 2: Water Supply Alert

**BASELINE** 

**Water Use Efficiency** 

Ongoing conservation, recycling, and outreach to **build** storage

**CONDITION 1** 

**Water Supply Watch** 

Local agency voluntary dry-year conservation measures and <u>use</u> of regional storage reserves

**CONDITION 2** 

**Water Supply Alert** 

Regional call for conservation through drought ordinances and other measures to **mitigate use** of storage

**CONDITION 3** 

**Water Supply Allocation** 

Implement Water Supply Allocation Plan:

Level: 1 2 3 4 5 6 7 8 9 10

Feb 2014

April <u>2</u>015

May 2016 May 2017

Aug 2021

WP&S Committee Item 7-5 Slide 6 August 16, 2021

### Proposed Water Supply Alert Resolution

- Declares that Southern California in Metropolitan's service area is in a Water Supply Alert condition
- Urges cities, counties, member agencies, and retail agencies to review their past drought response measures and their newly-adopted Water Shortage Contingency Plans to identify and implement appropriate demand reduction actions to help consumers voluntarily save water
- Metropolitan will work with the member agencies to develop a unified regional message of the need for continued conservation
- Metropolitan will work to obtain state funding and other resources to accelerate conservation and supply programs

### Intent of Resolution

- Recognition that drought conditions persist in both imported water supply watersheds
  - Warm temperatures and dry soils have depleted the expected runoff
  - Storage in Lake Powell, Lake Mead and Oroville are at record low levels
- Supply outlook for both imported watersheds is bleak
  - Zero percent initial SWP Allocation
  - First shortage declaration for 2022 for the Lower Colorado River Basin

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### Intent of Resolution

- Recognition of the investments that southern California has made in local supply programs and conservation thereby reducing the need for imported supplies
- Recognition of the investments made in Metropolitan's distribution system increasing operational flexibility and partnering with its member agencies to minimize use of SWP supplies
- In support of the actions by the state to support water use efficiency and avoid disincentivizing future investments in water supply reliability with a "one-size fits all" approach

### Recommended Action

- Declare a "Condition 2 Water Supply Alert"
- Adopt resolution

WP&S Committee Item 7-5 Slide 10 August 16, 2021

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### **Board Options**

- Option #1
  - Adopt the proposed Water Supply Alert Resolution.

- Option #2
  - Adopt the proposed Water Supply Alert Resolution with modifications to the actions called for within the resolution.

- Option #3
  - Do not adopt the proposed Water Supply Alert Resolution.

### Staff Recommendation

Option 1

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### THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

#### **RESOLUTION NO. 9313**

# RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CALLING FOR A WATER SUPPLY ALERT

WHEREAS, Metropolitan's two main sources of imported water, the Colorado River and Northern California, face continuing drought conditions; and

WHEREAS, the Colorado River is experiencing a prolonged 21-year warming and dry trend and California is in a second consecutive dry year; and

WHEREAS, precipitation and snowpack in the Upper Colorado River Basin and in California are below normal to date; and

WHEREAS, warm temperatures and extremely dry soils have depleted the expected runoff water from the Upper Colorado River Basin snowpack and Northern Sierra snowpack into reservoirs; and

WHEREAS, storage in Lake Powell, Lake Mead, and Lake Oroville are each at record low levels and that many reservoirs throughout the state are well below average conditions at this date; and

WHEREAS, the California Department of Water Resources State Water Project Table A Allocation is at only five percent of contract amounts; and

WHEREAS, a zero percent initial State Water Project Allocation is anticipated for 2022 due to severe drought conditions; and

WHEREAS, the United States Bureau of Reclamation studies indicate a first shortage declaration for 2022 for the Colorado River System; and

WHEREAS, Metropolitan has invested \$1.5 billion in conservation, local water recycling, and local groundwater recovery since 1990 resulting in the cumulative savings of nearly 7.3 million acre-feet; and

WHEREAS, Metropolitan member agencies have invested billions of dollars in these and other investments to increase the utilization of local supplies; and

WHEREAS, these programs increase water supply reliability and reduce the region's need to import water supplies; and

WHEREAS, Metropolitan has made recent investments in its delivery system to add flexibility, allowing Metropolitan to deliver water from either of its imported water sources to most of the service area; and

WHEREAS, Metropolitan has been actively adjusting system operations and partnering with its member agencies to minimize Metropolitan's use of SWP supplies; and

WHEREAS, the California Natural Resources Agency submitted a report to the Legislature in March 2021 outlining lessons from the drought of 2012-2016 which recognized that "storage projects put in place by MWD and the San Diego County Water Authority greatly improve regional capacity to endure drought" and "large urban water agencies have more capacity to prepare for and respond to drought than smaller systems, and most have historically experienced drought primarily in the form of financial impacts that are ultimately passed on to ratepayers;" and

WHEREAS, on April 21, May 10, and July 8, 2021, Governor Gavin Newsom issued proclamations that a state of emergency exists in a total of 50 of 58 counties due to severe drought conditions, including a call for Californian's to voluntarily reduce their water use; and

WHEREAS, the state of emergency does not exist in Metropolitan's service area; and

WHEREAS, action by Californians now to conserve water and to extend local groundwater and surface water supplies will provide greater resilience if the drought continues in future years; and

WHEREAS, Metropolitan supports actions by the state to address droughts in California with programs to promote water use efficiency; and

WHEREAS, water conserved throughout the service area, among other things, helps preserve storage levels in Metropolitan's diverse storage portfolio for next year should dry conditions persist; and

WHEREAS, Metropolitan supports state actions which recognize and value prior investments in water supply reliability and drought preparedness

WHEREAS, variations among communities, regions, and counties means that a "one-size fits all" drought response may unintentionally disincentivize future investment in water supply reliability; and

WHEREAS, local water suppliers and communities have made strategic and forward-looking investments in water recycling, stormwater capture and reuse, groundwater storage and other strategies to improve drought resilience; and

WHEREAS, further investment is needed to improve water supply reliability for all Californians; and

WHEREAS, Governor Gavin Newsom announced a \$5.1 billion plan for water infrastructure, drought response and improved climate resilience and Metropolitan strongly advocates for its use of state funds to accelerate conservation and supply programs; and

WHEREAS, Metropolitan's Water Surplus and Drought Management Plan guides Metropolitan's water supply management actions and includes provisions for implementing water conservation; and

WHEREAS, Metropolitan intends to help the region support the Governor's call for voluntary conservation; and

NOW THEREFORE BE IT RESOLVED that the Board of Directors of The Metropolitan Water District of Southern California, under its Water Surplus and Drought Management Plan, declares that Southern California in Metropolitan's service area is in a Water Supply Alert condition; and

BE IT FURTHER RESOLVED that Metropolitan encourages all cities, counties, member agencies (consisting of wholesale and retail water agencies), and all retail water agencies to review their past drought response measures and their newly-adopted state Water Shortage Contingency Plans and implement voluntary conservation measures that support retail customer in reducing their water use and continue to preserve regional storage reserves; and

BE IT FURTHER RESOLVED that Metropolitan will coordinate with the member agencies to develop a unified regional message in the media and outreach campaigns in order to communicate the need for continued conservation to the general public, businesses, stakeholders, industries and public officials; and

BE IT FURTHER RESOLVED that Metropolitan will work to obtain state funding and other resources to accelerate conservation and supply programs.

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 August 17, 2021.

Secretary of the Board of Directors of The Metropolitan Water District

of Southern California



### Board of Directors Water Planning and Stewardship Committee

8/17/2021 Board Meeting

7-6

#### Subject

Authorize agreement with the United States Geological Survey for \$357,000 to evaluate existing ponds on Metropolitan's Delta islands for their potential to assist in preserving Delta smelt; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA

#### **Executive Summary**

Staff requests board authorization to enter into an agreement with the United States Geological Survey (USGS) for \$357,000 to evaluate existing ponds on Metropolitan's Delta Islands for their potential to assist in preserving Delta smelt. Pursuant to the agreement, field reconnaissance in ponds on Metropolitan's property in the Delta would be conducted under a contract with the USGS to assess the suitability of the ponds for Delta smelt research. The UC Davis Fish Conservation and Culture Laboratory is a research facility supporting the conservation of Delta smelt, and this monitoring study would support scientific endeavors related to this facility. A total of eight existing ponds, two on each of the four islands, are available as potential sites for Delta smelt research. The reconnaissance would involve monitoring and assessment of water quality conditions and biological characteristics of the ponds. There would be four surveys from October 2021 through January 2022. The cost of the reconnaissance monitoring and assessment would be \$424,165, with a cost share from USGS of \$67,875 and in-kind contributions by the California Department of Water Resources (DWR). Staff is seeking authorization of up to \$357,000 but will also seek funding from the State Water Contractors for a portion of that cost. The lead researchers are from USGS but will include collaborations with technical staff from the DWR, the Bureau of Reclamation (Reclamation), and the United States Fish and Wildlife Service (FWS).

In light of the critically dry conditions in the Bay-Delta watershed, on the heels of the historic multi-year drought of 2012-2015, Delta smelt resiliency is a serious concern for resource managers. To address this concern, Reclamation has committed \$14 million, and DWR has committed \$5 million, to be spent over the next five years for research and the expansion of the UC Davis Fish Conservation and Culture Laboratory, as well as to inform supplementation of Delta smelt into the wild. This monitoring and assessment study provides an opportunity for Metropolitan to work with Reclamation, DWR, UC Davis, and the state and federal fish agencies to provide a controlled environment for future field studies to advance scientific understanding of Delta smelt habitat and life cycle, as well as investigate methods and procedures for potential future Delta smelt supplementation.

#### **Details**

#### **Background**

The Delta smelt is a small fish species endemic to the San Francisco Estuary. Since the 1980s, the Delta smelt population has exhibited a decline in abundance leading it to be listed as endangered under the California Endangered Species Act and as threatened under the U.S. Endangered Species Act (ESA). Further recent declines in Delta smelt population abundance have prompted grave concern that the species is particularly vulnerable. At the time of its listing under the ESA, only the basics of the species' life history were known. In the intervening 26 years, enough has been learned about the Delta smelt to support its propagation in captivity over multiple generations. The situation has led resource managers to actively pursue options for supplementation of the wild population with fish from a refugial conservation population maintained in culture at the UC Davis Fish Conservation and Culture Laboratory. Through cooperative efforts of several agencies since that time, refinement of these techniques has assisted in the development of a captive refugial population as one level of security

against species extinction and in maintaining the genetic diversity of the species and a reliable supply of captive-reared fish for research. As part of DWR's implementation of California's Delta Smelt Resiliency Strategy, it hosted a Delta smelt extinction workshop in 2016. At that workshop, there was widespread consensus that cultured Delta smelt in captivity should be part of the species recovery toolbox.

More recently, supplementation of the wild Delta smelt population with fish raised in captivity is a conservation measure proposed by Reclamation and DWR through the ESA §7(a)(2) consultation with the FWS on the long-term operations of the Central Valley Project and State Water Project (SWP) (2019 Biological Assessment). Support for studies to inform a conservation hatchery and potential future supplementation is also contained in DWR's Incidental Take Permit (ITP) issued by the California Department of Fish and Wildlife (CDFW) for the long-term operation of the SWP (2020 ITP). The conservation hatchery and future supplementation was to provide a genetic bank, alleviating effects of further population decline, bolstering the resilience of the population in poor recruitment years, and allowing the population to withstand stressful environmental conditions associated with recurring drought.

The first step in the process described was the development of a supplementation strategy by the FWS. The approaches, research, and experiments identified in the supplementation strategy are intended to increase the likelihood that the population of Delta smelt will be sustained in the wild. The FWS has recently developed its Delta smelt Supplementation Strategy (DSSS) to provide a scientific and regulatory roadmap for achieving successful reintroduction of Delta smelt. The strategy outlined in the DSSS capitalized on an initial period of research, monitoring, and evaluation of the efficacy and effects of hatchery production and contained release of cultured Delta smelt. An important next step that was highlighted in the DSSS is the development of science to guide uncontained releases of Delta smelt into the wild. A fundamental problem facing managers right now with Delta smelt supplementation is that it is unknown if cultured Delta smelt will survive and complete their life cycle when introduced freely into a natural habitat. Delta smelt supplementation could be informed by the proposed research on Metropolitan's properties. However, it is currently unknown if the existing ponds on Metropolitan's islands are suitable for supporting Delta smelt from the conservation hatchery.

Metropolitan is working with multiple state and federal government agencies to advance those agencies' research objectives through multiple collaborative study efforts. Metropolitan is coordinating with the interagency Culture and Supplementation of Smelt (CASS) process. This process is a critical coordination forum among four agencies (FWS, Reclamation, CDFW, and DWR) that will be involved in supplementation implementation efforts. Each of the CASS agencies plays an important role in each step described in this strategy. Interagency coordination allows for focus on (1) the use of fish for research, (2) policy direction, and (3) identification and coordination on regulatory steps. In addition to coordination with the CASS, Metropolitan would be working closely with staff from DWR, FWS, and USGS as well as researchers from UC Davis to implement the studies. As part of Reclamation and DWR's conservation actions, Reclamation has committed approximately \$14 million, and DWR has committed approximately \$5 million, to be spent over the next five years for research and introduction of Delta smelt hatchery fish into the Delta. The FWS is the lead agency in efforts to introduce conservation hatchery Delta smelt into the Delta channels for the first time, with the first release anticipated in fall-winter 2021. For the uncontained releases of Delta smelt to be successful, additional research is required. This monitoring project would provide important information about the water quality and biological resources in existing ponds on Metropolitan's properties. If conditions in one or more of these ponds are capable of supporting hatchery Delta smelt, or if new ponds could be constructed utilizing the information gained through these monitoring studies, the FWS, DWR, Reclamation, USGS, UC Davis, and Metropolitan could partner to complete studies to test hypotheses related to best methods and procedures for introducing non-contained hatchery Delta smelt into the wild using the controlled conditions provided by these existing ponds. If suitable conditions exist, or could exist, on Metropolitan's properties, staff would bring future research and/or habitat development opportunities to the Board for consideration.

An early investment from Metropolitan in monitoring and assessment will provide data necessary to inform whether future partnerships and research opportunities on Delta islands should be part of Reclamation, FWS, and DWR's research efforts. If these monitoring studies are successful, it could lead to valuable partnerships and future opportunities to complete vital research targeting the conservation of Delta smelt utilizing Metropolitan's properties.

For a summary of the key terms in the agreement, see **Attachment 1**.

#### **Policy**

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

2021 Legislative Policies and Principles [Adopted December 8, 2020, Section III(A)(2)]: Support funding to improve scientific understanding of listed Delta fish and wildlife species and water project operations in the Delta, including data collection real-time monitoring, and modeling. Promote the use of best available science to enhance flexibility for water project operations while maintaining regulatory and statutory protections for species listed under state and federal endangered species acts

#### California Environmental Quality Act (CEQA)

#### **CEQA** determination for Option #1:

The proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed action 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 which a public agency has not yet approved, adopted, or funded. Accordingly, the proposed action qualifies as a Class 6 Categorical Exemption (Section 15306 of the State CEQA Guidelines). Additionally, the proposed action involves feasibility or planning studies for possible future actions which the agency, commission or board has not yet approved, adopted or funded. Accordingly, the proposed action qualifies as a Statutory Exemption (Section 15262 of the State CEQA Guidelines).

#### **CEQA** determination for Option #2:

None required

#### **Board Options**

#### Option #1

Authorize the General Manager to enter into an agreement with USGS for up to \$357,000 for water quality and biological monitoring and assessments on Metropolitan's Delta properties.

**Fiscal Impact:** Expend existing budgeted funds of up to \$357,000 from the FY 2021/22 budget by reprioritizing studies and expenditures.

**Business Analysis:** Provides funding for research to support Delta smelt monitoring and assessments using Metropolitan's Delta properties that could help improve prospects for Delta smelt conservation.

#### Option #2

Do not authorize the General Manager to enter into an agreement with USGS for up to \$357,000 for water quality and biological monitoring and assessments on Metropolitan's Delta properties.

Fiscal Impact: No reprioritizing of budgeted funds

**Business Analysis:** Would not provide funding for research to support Delta smelt conservation efforts using Metropolitan's Delta properties. Instead, there would be greater reliance on the state and federal agency efforts being conducted per regulatory obligations in the federal Biological Opinion and state ITP to improve prospects for Delta smelt preservation.

#### **Staff Recommendation**

Option #1

ttepher M. (habara 8/11/2021

Stephen N. Arakawa

Manager, Bay-Delta Initiatives

Date

Add Hagekhalil General Manager 8/11/2021

Date

Attachment 1 – Term Sheet – Delta Smelt Augmentation Research

Ref# eo12681053

#### **Term Sheet - Delta Smelt Augmentation Research**

<u>Purpose</u>: To provide \$357,000 in funding to the US Geological Survey to evaluate existing ponds on Metropolitan's Delta islands for their potential to assist in preserving Delta smelt.

<u>Objective</u>: This project will assess the water quality and biological attributes of the existing on-island ponds. That information will be used to decide whether to use, enhance, or build new on-island impoundments for the purpose of assisting Delta smelt supplementation.

The project will assist in the transition of Delta smelt from the existing small tank enclosures located in the south Delta near the Skinner Fish Collection Facility to a more natural habitat maintaining and enhancing the wild genetic traits that will allow for successful reintroduction to the Delta. Creating healthy on-island aquatic conditions beneficial for smelt can help other at-risk fish species (Sacramento-splittail, longfin smelt, etc.), which can be explored in future years.

<u>Benefits</u>: Metropolitan's reliable supply of water from the State Water Project (SWP) is dependent on a healthy Delta ecosystem and stable native fish populations. Saving the Delta smelt benefits Metropolitan by reducing regulatory constraints and potentially improving operational flexibility of the SWP facilities. Furthermore, continuing to work collaboratively with state, federal, and local agency partners builds trust, relationships, and collaboration to achieve shared ecosystem restoration and sustainable Delta goals. Finally, a healthy ecosystem prevents the listing of additional species that could increase regulatory restrictions, decrease flexibility to respond to changing conditions, and decrease water supply reliability.

Parties: The US Geological Survey and The Metropolitan Water District of Southern California

**<u>Term</u>**: The Agreement is drafted to include a two-year term.

**Cost**: The total cost of this research agreement is \$424,875. The cost share breakdown is as follows:

- \$357,000 Metropolitan
- \$67,875 US Geological Survey
- In-kind (California Department of Water Resources, US Fish and Wildlife Service, California Department of Fish & Wildlife, University California at Davis).

#### **Key Tasks:**

- Determine whether water quality is within tolerance of Delta smelt. Sample and assess water and soil for potential legacy herbicides, pesticides, and add fungicides that could impair Delta smelt survival.
- Determine whether water in ponds is of a quality within tolerance of Delta smelt. Sample water for the following constituents: dissolved oxygen, temperature, turbidity, salinity, chlorophyll, and dissolved oxygen.
- Determine whether ponds support other fish that may compete with Delta smelt. Sample using a variety of survey methods. Sample composition and density of zooplankton, a food source for Delta smelt.



Authorize agreement with the United States Geological Survey for \$357,000 to evaluate existing ponds on Metropolitan's Delta islands for their potential to assist in preserving Delta smelt

Water Planning and Stewardship Committee Item 7-6
August 16, 2021

### Overview

### Problem

 Native population of Delta Smelt are on the verge of extinction unless immediate actions are taken

### Objective

Evaluate existing aquatic habitat on Metropolitan's Delta Islands for their potential to assist in preserving Delta smelt



WP&S Committee Item 7-6 Slide 2 August 16, 202

### **Research Partners**

- US Geological Survey
- US Fish and Wildlife Service
- California Dept. of Fish & Wildlife
- California Dept. of Water Resources
- University of California at Davis
- Others



WP&S Committee Item 7-6 Slide 3 August 16, 2021

### Research

- Location
  - Metropolitan Islands
  - 8 ponds size ranges 7-50 acres
- Surveys
  - Aug, Sep, Oct, & Nov 2021
- Elements analyzed
  - Water quality
  - Biological inventory
- Research Agency
  - US Geological Survey
- Cost
  - \$357,000 Metropolitan
  - \$68,000 USGS
  - In-kind (DWR, USFWS, CDFW, UC Davis)



WP&S Committee Item 7-6 Slide

## Support

"I am very supportive of Metropolitan Water District's collaborative efforts to advance research and propagation of Delta smelt, Sacramento Splittail, Longfin smelt, Hitch and Tule perch on MWD's islands."

- Dr. Peter Moyle, Distinguished Professor Emeritus, UC Davis, 28 May 2021

"DWR recognizes the importance of the MWD impoundments as a potential supplementation research tool and views them as a viable alternative to the hatchery for both experimentation and propagation"

 California Department of Water Resources, Office of Water Quality and Estuarine Ecology, 23 June 2021

WP&S Committee Item 7-6 Slide 5 August 16, 2021

### **News Articles**

"It's an all-hands-on-deck, precarious situation. Extinction is real on our side of the equation."

Chuck Bonham, Director, California Fish & Wildlife,
 AgriPulse, 27 May 2021

"Delta smelt are already on the verge of extinction, and low inflow will affect salinity levels, a concerning sign going into the year.

Paul Souza, Director, U.S. Fish and Wildlife,
 AgriPulse, 27 May 2021



WP&S Committee Item 7-6 Slide 6

## **Summary & Next Steps**

- Aquatic habitat studies could lead to valuable partnerships and future opportunities for the conservation of Delta smelt utilizing Metropolitan's properties
- Staff will bring future research and/or habitat development opportunities to the Board

WP&S Committee Item 7-6 Slide 7 August 16, 2021

## **Board Options**

### Option #1

Authorize the General Manager to enter into an agreement with USGS for up to \$357,000 for water quality and biological monitoring and assessments on Metropolitan's Delta properties.

### Option #2

Do not authorize the General Manager to enter into an agreement with USGS for up to \$357,000 for water quality and biological monitoring and assessments on Metropolitan's Delta properties

WP&S Committee Slide 8 August 16,

# **Staff Recommendation**

Option #1





### Board of Directors Real Property and Asset Management Committee

8/17/2021 Board Meeting

7-7

#### Subject

Authorize the General Manager to enter into a ten-year agreement with Urban Park Concessionaires to operate and maintain the marina facility at Diamond Valley Lake in the City of Hemet; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA

#### **Executive Summary**

This action authorizes the General Manager to enter into a ten-year agreement with Urban Park Concessionaires. The proposed agreement will allow continued recreation operations at the Diamond Valley Lake Marina and will include a financial obligation from the concessionaire to upgrade and expand recreation amenities. The current lease agreement with Urban Park expires on September 30, 2021.

#### **Details**

#### **Background**

In 2003, Metropolitan's Board authorized funding for construction of the Diamond Valley Lake (DVL) East Marina Phase I, that focused on the development of facilities necessary for a functional marina. In response, staff advertised a request for proposals (RFP) to initiate an agreement for services at the East Marina through an experienced concessionaire who would be responsible for managing daily marina and rental fleet operations, a fee collection reservation system, fish planting, lake security, sanitation and waste removal, and other related services. Metropolitan received two responses, and Urban Park Concessionaires (Urban Park) was identified as the respondent that provided the best overall value in response to the RFP. Metropolitan entered a 30-month agreement with Urban Park with the intent of pursuing a long-term agreement prior to the completion of Phase II marina facilities.

The ensuing years brought a series of financial and water supply challenges resulting in reduced capital investment by Metropolitan on the marina facilities and decreased lake elevations making a viable concession operation challenging to establish. As a result, the Urban Park agreement was amended multiple times and extended through September 2011.

In October 2011, with a lake elevation that encouraged visitor attendance and provided reasonable gross revenues, Metropolitan renegotiated the agreement with Urban Park and entered into a short-term lease whereby Metropolitan no longer paid a management fee, nor reimbursed for expenses or for marina support services. With the renegotiated agreement, Urban Park assumed responsibility for the marina operations and began paying rent to Metropolitan equal to seven percent of gross revenues. With the introduction of the Quagga Mussel in California and in an abundance of caution, a watercraft inspection and tracking system was introduced at DVL. Urban Park cooperated with Metropolitan and began a rigorous and successful preventative process. The rental amount was subsequently reduced by a monthly \$1,250 credit to compensate for the added Quagga Mussel watercraft inspections and tracking process.

In May of 2016, the Board authorized the East Dam Electrical Upgrade Project and The Marina Restroom Facility Project to enhance the viability of self-sustaining marina operations. Staff returned to the Board in August of 2016 for authorization to extend the agreement with Urban Park. The Board approved the lease amendment that incorporated a four-tier rent and expense reimbursement structure based on lake elevation, again in response to the significant drop in lake elevation.

In the fall of 2018, Staff advertised a request for proposals offering up to a 30-year lease that would include the development and operation of a world-class marina with the goals of securing private capital investment in recreational facilities, expanding retail, food services, and events, thereby creating additional recreation amenities to attract greater visitation. Despite being widely advertised within the marina and recreation industry, Metropolitan received only one response, which was submitted by the current operator, Urban Park. Their proposal was limited, and it did not include the capital investment in the expansion of recreation facilities that Metropolitan was seeking in exchange for a long-term lease. Urban Park cited the challenges with major lake elevation fluctuations severely impacting their business and the lack of potable water and sewer utilities at the marina. Metropolitan concluded that the single offer did not warrant entering a long-term lease.

During the past year, Metropolitan refurbished the wave attenuator that provides breakwater protection to the boat launch area; and is currently in the preliminary design phase of a second attenuator that will complete the wave attenuating system. The wave attenuating system will protect the boat launch area, making it safer for boaters to approach the shore, and will protect the boat fleet owned by the concessionaire from damaging wave action. With these limited improvements, Urban Park has indicated that they are interested in pursuing a ten-year agreement in exchange for a reasonable financial investment to stimulate marina use.

The proposed agreement will have the following key provisions:

- Subject to Metropolitan's paramount rights to operate the reservoir for water storage and supply purposes.
- Ten-year term.
- \$1,000 credit towards quagga mussel inspections.
- \$750,000 required recreational equipment and related marina equipment investment.
- Metropolitan choosing to terminate in the first five years triggers Lessee reimbursement up to \$75,000 for actual facility improvement expenses.
- Rent is based on a percentage of gross receipts that is determined by lake elevation in accordance with four predetermined tiers, as shown in **Table 1**.
- Rent will be deposited into a maintenance fund to be reinvested in the DVL marina facilities per Metropolitan's approval.
- In Tier 4, Metropolitan will reimburse the concessionaire \$10,000 per month for up to 6 months per year for actual expenses.

Table 1

|   | Tier 1         | Tier 2         | Tier 3         | Tier 4   |
|---|----------------|----------------|----------------|--|
|   | Able to launch | Able to launch | Able to launch | Unable to launch   |
| Elevation (feet)                                | 1736 and above | 1690 - 1735    | 1655 - 1689    | 1654 elevation and below<br>or Metropolitan closure of<br>the lake |
| Rent (%of gross receipts) into maintenance fund | 15%            | 10%            | 5%             | N/A  |
| Expense Reimbursement                           | N/A            | N/A            | N/A            | Not to exceed<br>\$10,000/month                                    |

#### **Policy**

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

Metropolitan Water District Administrative Code Section 8231: Appraisal of Real Property Interests

Metropolitan Water District Administrative Code Section 8232: Terms and Conditions of Management

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

#### California Environmental Quality Act (CEQA)

#### **CEQA** determination for Option #1:

The proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed action consists of the leasing, licensing, maintenance, and operating of existing equipment and facilities with negligible or no expansion of use beyond that existing at the time of the lead agency's determination. In addition, it will not have a significant effect on the environment. Accordingly, this proposed action qualifies as a Class 1 Categorical Exemption (Section 15301 of the State CEQA Guidelines).

#### **CEQA** determination for Option #2:

None required

#### **Board Options**

#### Option #1

Authorize a ten-year agreement with Urban Park to maintain, operate and invest in the marina recreation facility at Diamond Valley Lake.

**Fiscal Impact:** The proposed investments by the concessionaire are expected to bring in additional revenue that will help Metropolitan reduce or avoid O&M costs for the marina operations.

**Business Analysis:** The continued long-term, mutually beneficial landlord-tenant relationship will increase amenities to the marina for public recreational use.

#### Option #2

Do not authorize the agreement.

**Fiscal Impact:** Metropolitan would forfeit \$750,000 in recreational upgrades and will have increased O&M costs.

**Business Analysis:** Metropolitan would transition to a month-to-month basis with Urban Park without the stability of having a marina operator under a multi-year agreement. Metropolitan would also forego the opportunity to enhance recreational offerings to the public.

#### **Staff Recommendation**

Option #1

Lilly L. Shraibati

8/2/2021 Date

Group Manager

Real Property Group

8/4/2021

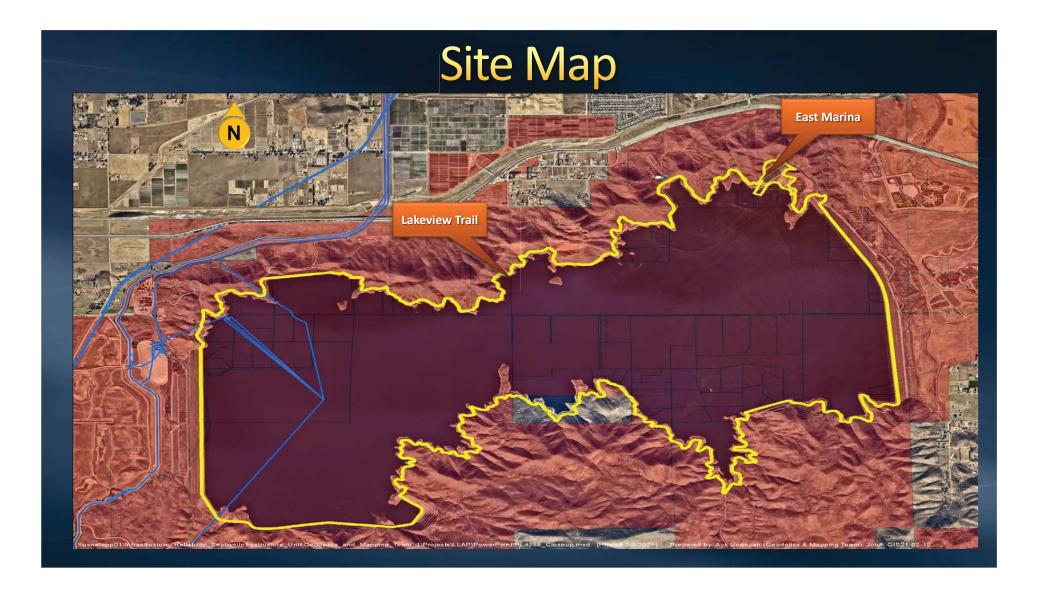
Adel Hagekhalil

General Manager

Date

Attachment 1 - Site Map

Ref# rpam12675671





# Diamond Valley Lake Recreation Update

Real Property & Asset Management Committee Item 7-7 August 17, 2021

## Distribution System Map



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# Agenda

- Background on DVLRecreation
- Recreation Amenities
  & Tenants
- Impact of COVID-19
  Pandemic
- Capital Projects
- Marina Agreement



# Background

- 18 Years of Recreation at DVL
- Key Events
  - 1995 Reservoir Construction Began
  - 1997 Recreation Guiding Principles
  - 1998 Approval of Non-body contact
  - 2000 Reservoir Construction Completed
  - 2002 Approval of DVL Park Specific Plan
  - 2003 Marina opened
  - 2005 2008 Valley-Wide Park, Western Science Center & Visitor Center opened

# Recreation Area Map



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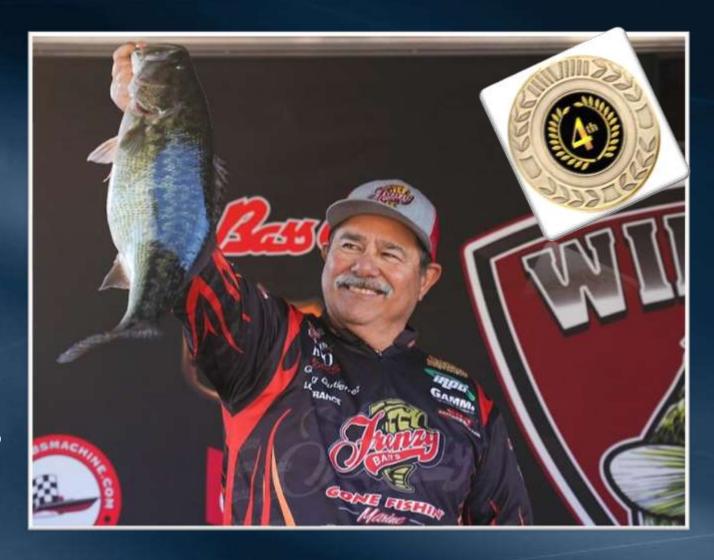
## **DVL Marina**

- Access from East Recreation Area
- Fishing
- Boat Launch
- Boat Rentals
- Trail Access



### **DVL Marina**

- Operated by Urban Parks Concessionaires
- Consistent access to amenities
- Boat tracking & inspection for Quagga Mussels
- Fishing Tournaments
- 7<sup>th</sup> Best U.S. Bass Lake 2018
- 4<sup>th</sup> Place West Region 2021



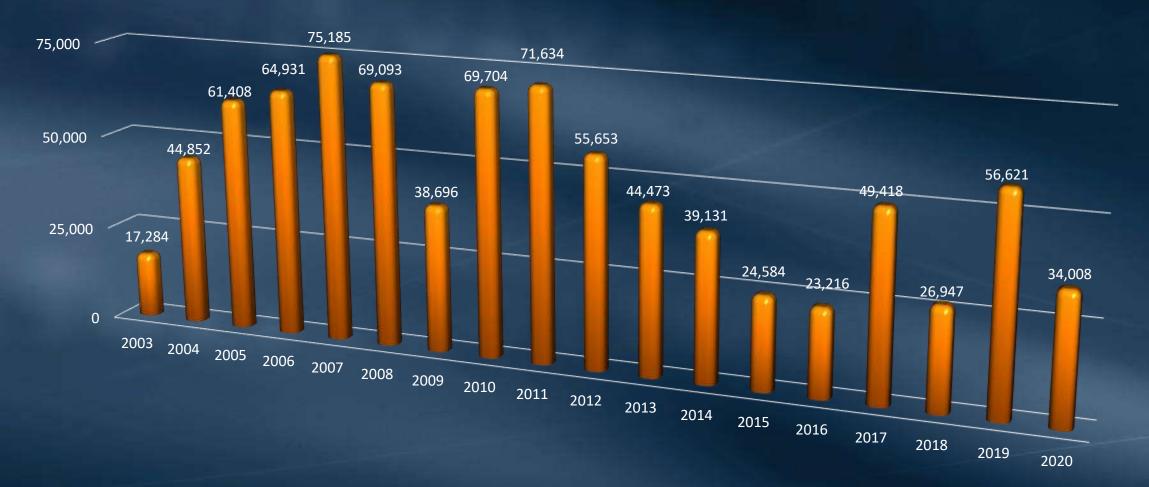
# Lakeview & Wildflower Trail

- Lakeview Trail
  - 22 Miles
  - Hiking & Biking
- Wildflower Trail
  - 1.3 Miles
  - Open seasonally during the Spring
  - 2019 Superbloom over 30,000 visitors



### Marina Visitors

100,000



RP&AM Committee Slide 9 August 17, 2021 313

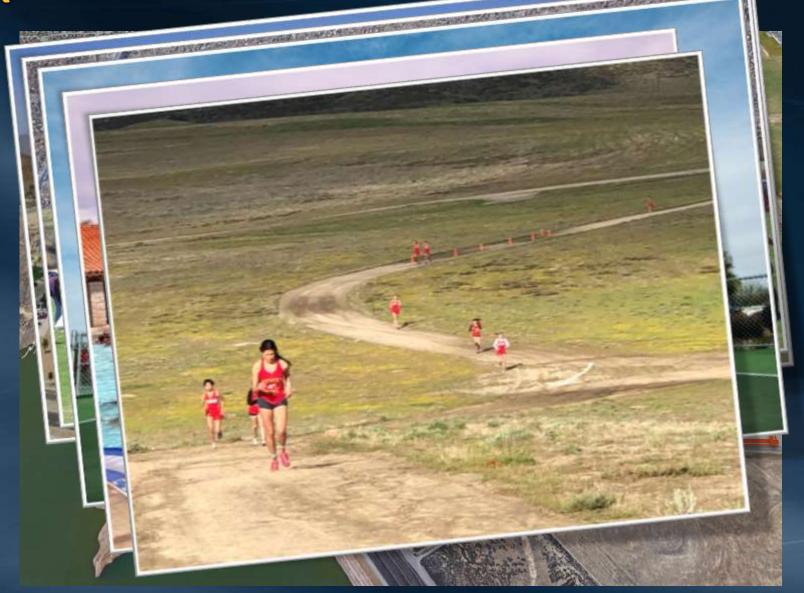
### Western Science Center Museum

- Opened in 2006
- Average yearly attendance 60,000
- Multiple Exhibits
- Host yearly events
- Western Center Academy



Valley-Wide Park

- Valley-Wide Park
  - Baseball/Softball
  - Soccer Fields
  - Pickleball Courts
- Valley-Wide Aquatic Center
  - Pool & Play Area
- Cross Country Trail



### North Hills Trail

- North Hills Trail
  - Built in 2003
  - 6 miles long
  - Equestrian & Pedestrian





## West Side Recreation Amenities

Northwest Trailhead



Clayton A. Record Jr. Viewpoint



317

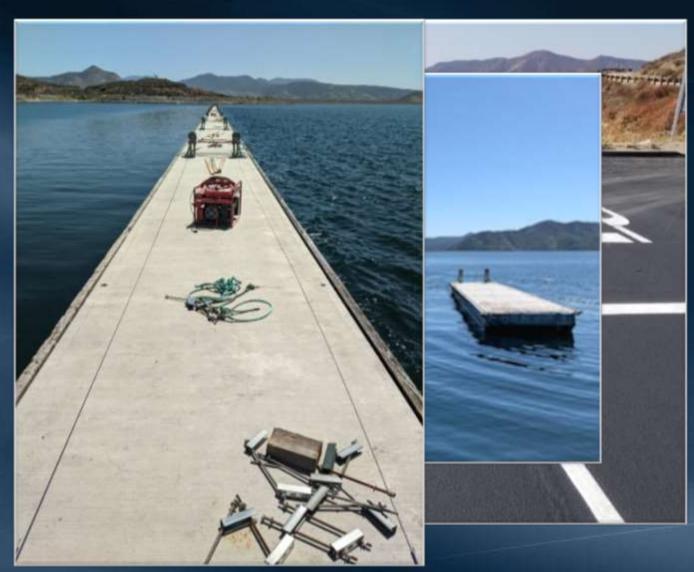
# COVID-19 Impact

- DVL Marina closed March 25, 2020
- Western Science Center closed until August 21st
- Valley-Wide reopened
- Aquatic Center closed
- North Hills Trail & Viewpoint reopened
- Marina increased visitors after reopening



# Completed Rehabilitation Projects

- Angler Road Resurfacing
- Marina Parking Lot Resurfacing
- Floating Wave Attenuator Rehabilitation



Current CIP Project – Floating Wave Attenuator

- Final Design Phase
- Additional Breakwater Protection
- Originally Planned
- Complete Wave-Attenuation System
- Enable expansion of rental fleet



# Current CIP Project – San Diego Canal Trail

- Approximately 13 miles
- Uses existing patrol road
- Connects with Salt Creek Trail
- Links DVL & Lake Skinner
- Part of regional trail system
- Avoids sensitive areas of Multi-Species Reserve



# Current CIP Projects – Marina Utilities

- Brings potable water& sewer to Marina
- Promotesdevelopment &expands amenities
- Working with EMWD
- Future Board Action





# Marina Concessionaire Agreement

- 2018 Staff advertised RFP for long-term agreement
  - Securing Private Capital Investment
  - Expand recreational amenities, food services & events
- One respondent Current Concessionaire
  - Limited proposal due to lack of infrastructure
- Staff focused efforts on CIP Projects to increase desirability
  - Floating Wave Attenuator
  - Marina water & sewer utilities
- Entered negotiations that includes capital investment by Urban Park Concessionaires

# **Key Provisions**

- Subject to Metropolitan's paramount rights
- Ten-Year term
- \$1,000 monthly credit for quagga mussel inspections
- Urban Park to invest \$750,000 in new boats, an e-bike program, Buoy field and related marina equipment
- Metropolitan termination within five years requires the reimbursement of up to \$75,000 for actual facility improvement expenses

## **Key Provisions**

- Rent based on:
  - Lake Elevation
  - Percentage of Gross Receipts
  - Four Tiers
- Metropolitan
  Reimbursement
- Rent deposited in maintenance fund

|   | Tier 1            | Tier 2         | Tier 3         | Tier 4   |  |  |
|---|-------------------|----------------|----------------|--|--|--|
| -   | Able to launch    | Able to launch | Able to launch | Unable to launch   |  |  |
| Elevation (feet)                                      | 1736 and<br>above | 1690 - 1735    | 1655 - 1689    | 1654 and below or<br>Metropolitan closure<br>of the lake |  |  |
| Rent (% of gross receipts) pays into maintenance fund | 15%               | 10%            | 5%             | N/A  |  |  |
| Expense<br>Reimbursement                              | N/A               | N/A            | N/A            | Not to exceed<br>\$10,000 monthly,<br>maximum 6 months   |  |  |

# **Board Options**

- Option #1
  - Authorize a 10-year agreement with Urban Park to maintain, operate and invest in the marina recreation facility at DVL.
- Option #2
  - Do not authorize the agreement.

## Staff Recommendation

Option #1





## Board of Directors Organization, Personnel and Technology Committee

8/17/2021 Board Meeting

8-1

### **Subject**

Discussion of recommendations from Shaw Law Group's independent review of allegations of systemic Equal Employment Opportunity-related discrimination, harassment and retaliation, and related concerns; adopt recommendations as presented or with modifications and direct General Manager to implement the recommendations; authorize an increase in the maximum amount payable under contract with Shaw Law Group by \$25,000 to an amount not-to-exceed \$575,000 for follow-up requests; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

### **Executive Summary**

In December 2020, Shaw Law Group (Firm) began a board-directed independent review of allegations of systemic Equal Employment Opportunity-related discrimination, harassment, and retaliation, and related concerns. In July 2021, the Firm presented its observations and recommendations during a special meeting of the Organization, Personnel and Technology (OP&T) Committee. This agenda item allows directors to discuss the Firm's recommendations, adopt the Firm's recommendations as proposed or with modifications, and direct staff to implement any recommendations accepted by the Board. Furthermore, this item requests authorization for an additional \$25,000 in the Firm's contract for any work necessary to resolve four separate investigations.

#### **Details**

### **Background**

In November 2020, the Board of Directors authorized and directed the Ethics Officer to engage an outside counsel to perform an independent review of allegations of systemic Equal Employment Opportunity-related (EEO) discrimination, harassment, and retaliation and related concerns. In December 2020, the Ethics Officer executed a contract with the Firm to perform the review.

Under the initial board authorization, the scope of work for the Firm included a review of the following areas:

- How EEO-related discrimination, harassment, and retaliation claims are handled by senior management, human resources staff, legal department, and other levels of management, including examination of processes utilized in cases reported by claimants during Metropolitan Board and Committee meetings throughout 2020.
- Effectiveness of processes related to the Diversity, Equity, and Inclusion (DE&I) Council, including confidential interviews of participants.
- Conducting climate assessments on issues including but not limited to the degree of employees' fear of reprisal for reporting violations.
- Compliance with best practices in these and related areas.
- Level of Board of Directors oversight of issues and concerns related to:
  - o Diversity, Equity, and Inclusion.
  - Handling of EEO-related complaints.

o Fairness and favoritism in employment practices.

In July 2021, the Firm completed its independent review and presented its report of observations and recommendations at the July 27, 2021 special meeting of the OP&T Committee.

### **Shaw Law Group's Recommendations**

At the July 27, 2021 meeting, directors provided preliminary feedback on the Firm's report. However, there was insufficient time to fully discuss the Firm's recommendations. This item allows for further discussion of the recommendations.

The Firm proposed over 45 recommendations. The recommendations are attached in full and summarized below. **Attachment 1** is a list of all the Firm's recommendations. **Attachment 2** includes relevant pages from the Firm's report detailing the recommendations and the reasoning for them.

The Firm's primary recommendations are as follows:

- 1. Elevate the EEO Office to an independent department reporting to the Board of Directors (including hiring an EEO Officer) and eliminate the Legal Department's direct involvement in most EEO investigations.
- 2. Create three additional internal EEO investigator positions.
- 3. Create a DE&I Manager position to be filled by an individual with prior DE&I experience to create a DE&I Office, lead the DE&I Council, and guide Council members and Metropolitan Leadership to identify and implement best practices.
- 4. Create additional positions in the Training Unit and Employee Relations to ensure both areas are properly staffed and resourced.
- 5. Designate a committee and allocate funds for Metropolitan to implement the recommendations detailed in the Report.

In addition, the Firm made recommendations about the Board's oversight role, including requiring staff to report additional quantitative data to the OP&T Committee about EEO issues, carefully evaluating EEO-related information provided by leadership, providing support and resources to resolve EEO issues, modeling professionalism and respectful behavior, and conducting an annual employee survey for at least five years to evaluate Metropolitan's progress on implementing the recommendations and the effectiveness of those recommendations.

Directors may choose to discuss any of the Firm's recommendations, including any not listed above. In the Firm's view, the five primary recommendations are foundational to its other recommendations; all are designed to align Metropolitan with best practices (e.g., Executive Leadership should visit field locations on a regular basis; Metropolitan should create a new hotline for anonymous reporting of EEO issues). If the five recommendations above are adopted, the qualified personnel hired to fill these positions would have the expertise and responsibility for implementing best practices and operational recommendations.

### Resolution of Four EEO Investigations Conducted by Shaw Law Group

After the Firm's independent review began, allegations surfaced of retaliation and other misconduct related to matters under the Firm's review. There was consensus that four EEO complaints required investigation outside of Metropolitan's standard internal EEO process. Accordingly, another attorney at the Firm conducted the investigations through separate task orders under the Firm's contract.

This attorney has completed the four EEO investigations, reached factual findings, and submitted investigation reports. The final phase in resolving these four matters, to be handled by the Shaw Law Group, involves determining whether any violations of Metropolitan policy occurred. To complete this final step in the four EEO investigations, the Ethics Officer requests authorization to increase the maximum amount payable under the existing contract by \$25,000 to a maximum amount payable of \$575,000.

### **Policy**

Administrative Code Section 11104: Delegation of Responsibilities

### California Environmental Quality Act (CEQA)

### **CEQA** determinations for Options #1 and #2:

The proposed actions are not defined as a project under CEQA because they involve continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines); 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 of CEQA Guidelines); and organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment (Section 15378(b)(5) of the State of CEQA Guidelines). Additionally, where it can be seen with certainty that there is no possibility that the proposed actions may have a significant impact on the environment, those actions are not subject to CEQA pursuant to Section 15061(b)(3) of the State CEQA Guidelines.

### **CEQA determination for Option #3:**

None required

### **Board Options**

### Option #1

Direct staff to implement each of the recommendations in **Attachment 1**; and authorize an increase in the maximum amount payable to the Shaw Law Group by \$25,000, to a maximum amount payable of \$575,000.

**Fiscal Impact:** An additional increase in expenditure for professional services by \$25,000 to an amount not to exceed \$575,000. These funds not previously budgeted will have an impact on the Ethics Office's overall budget.

**Business Analysis:** Support implementation of recommendations and improvements regarding Metropolitan's EEO-related policies and practices

### Option #2

Direct staff to implement the recommendations in **Attachment 1** with modifications; and authorize an increase in the maximum amount payable to the Shaw Law Group by \$25,000, to a maximum amount payable of \$575,000.

**Fiscal Impact:** An additional increase in expenditure for professional services by \$25,000 to an amount not to exceed \$575,000. These funds not previously budgeted will have an impact on the Ethics Office's overall budget.

**Business Analysis:** Support implementation of recommendations and improvements regarding Metropolitan's EEO-related policies and practices

#### Option #3

Do not adopt Shaw Law Group recommendations, direct staff to implement recommendations, or authorize an increase in the maximum amount payable under this contract.

Fiscal Impact: Not applicable

**Business Analysis:** Inaction will delay implementation of recommendations and improvements regarding Metropolitan's EEO-related policies and practices and the resolution of four EEO investigations.

### **Staff Recommendation**

Option #1 or #2.

8/12/2021

Ethics Officer

Date

Attachment 1 – List of Shaw Law Group's Recommendations

Attachment 2 – Excerpt from Shaw Law Group's Report of Observations and Recommendations

Ref# e12682060

### **List of Shaw Law Group's Recommendations**

### Recommendations Regarding the District's Prevention and Resolution of EEO-Related Discrimination, Harassment, and Retaliation Claims

Update current EEO-related policies to reflect best practices.

Implement a policy to address abusive conduct, even if not EEO-related.

Continue promoting and hiring individuals for management positions who demonstrate emotional intelligence and the commitment to creating and maintaining a positive and respectful work environment.

Hold managers accountable for modeling professional and respectful behavior, and demanding the same of their teams.

Require District Leadership to visit field locations on a regular basis, and facilitate town-hall-like events to solicit feedback and input from employees.

Continue to enhance the District's current EEO training program.

Require managers to follow and enforce District policies and procedures.

Require managers to promptly and consistently address EEO Issues and other employee concerns.

Continue management forums and leadership breakfasts, with a focus on providing opportunities for managers to learn from one another.

Create additional positions in the Training Unit and Employee Relations to ensure both areas are properly staffed and resourced.

Provide in-depth and regular training to relevant HR personnel regarding laws, regulations, and best practices regarding responding to accommodation requests and handling confidential medical documentation.

Elevate the EEO Office to an independent department reporting to the Board (including hiring an EEO Officer), and eliminate Legal's direct involvement in most investigations.

Create at least three additional internal EEO investigator positions.

Regularly communicate with all employees regarding the separate components of the EEO Office and the Ethics Office, including direct messaging from the General Manager, the CAO, and the Ethics Officer.

Implement a hotline program to allow for anonymous reporting of EEO Issues.

Update the District's "EEO Discrimination Complaint Procedures," and provide copies to complainant(s) and respondent(s) in each investigation.

Create a process for investigating and resolving complaints against department heads and Directors.

Initiate and complete investigations of EEO Issues in a timely manner.

Immediately identify during investigations of EEO Issues whether interim measures are appropriate.

Prioritize investigations if any employee is placed on PAL pending completion of the investigation.

Take appropriate steps to prevent any form of retaliation against individuals involved in the complaint process.

Provide in-depth and regular training to all EEO Office personnel regarding complaint intake and investigation best practices, and ensure internal EEO investigators are trained in trauma-informed practices, including interview techniques and credibility assessments.

Make only factual findings during investigations, not policy and/or legal findings, and use the appropriate evidentiary standard.

Adopt restorative practices, including creating a conflict resolution team, requiring transparency about the District's remedial actions to the extent consistent with employee rights, and ensuring appropriate follow-up after an investigation is complete.

### Recommendations Regarding the DE&I Council

Create a DE&I Manager position to be filled by an individual with prior DE&I experience to create a DE&I Office, lead the DE&I Council, and guide Council members and District Leadership to identify and implement best practices.

Only permit Executive Management to attend DE&I Council meetings when invited by the Council.

Ensure that participation on the DE&I Council is voluntary.

Continue to support DE&I Council participation by releasing Council members from their regular work assignments to attend Council meetings and perform Council work.

Include the DE&I Council in the implementation of the recommendations in the Report as appropriate.

### Recommendations Regarding Employees' Fear of Retaliation Related to EEO Issues

Implement a District-wide communication program regarding what conduct may constitute retaliation under the District's policy, and the District's commitment to protecting employees from retaliation.

Strictly limit the dissemination of information regarding internal complaints of potential EEO Issues.

Establish a system to ensure that the EEO Office maintains ongoing communication with the complainant(s) and the respondent(s) during an investigation.

Inform every employee interviewed during an investigation that District policy prohibits retaliation against any employee who submits a complaint, and against any witness who participates in the investigation, including the respondent.

### Recommendations Regarding Board of Directors' Oversight of the Issues and Concerns Addressed in the Report

Require the District to provide monthly and annual reports to the OP&T Committee that include quantitative data regarding EEO Issues.

Require the District to obtain education and employment verifications for external candidates selected through the recruitment process for employment with the District.

Continue to evaluate the District's recruiting policies and procedures, including for the Apprenticeship program, and recommend adjustments as appropriate.

Continue carefully and thoroughly to evaluate information provided by District Leadership that provides insight into patterns of EEO Issues.

Encourage management transparency by providing appropriate support and resources to resolve EEO Issues.

Continue to be mindful of the Board's role related to EEO Issues and the District's day-to-day operations.

Require Directors to model professionalism and respectful behavior at all times, and reinforce these expectations on a regular basis.

Designate a committee and allocate funds for the District to implement the recommendations detailed in the Report.

Conduct an annual employee survey for at least the next five years to evaluate the District's progress in implementing the recommendations in the Report, and the effectiveness of those recommendations.

### I. SUMMARY OF RECOMMENDATIONS

Although the District appears to be moving in the right direction, there still is much work to be done. We summarize below our observations and recommendations based on the Review data.

### A. Recommendations Regarding the District's Prevention and Resolution of EEO-Related Discrimination, Harassment, and Retaliation Claims

The District is responsible for preventing EEO Issues, and responding appropriately to conduct that may violate its EEO policies. We recommend that the District take the steps outlined below to improve its practices in these areas.

### 1. Prevention of EEO Issues

To effectively prevent EEO Issues, the District must promote a positive working environment, effectively manage employee performance, and provide sufficient resources to the EEO Office.

### a. **Promote a Positive Working Environment**

### **Update current EEO-related policies to reflect best practices.**

The District's Operating Policy H-07 ("Equal Employment Opportunity") and Operating Policy H-13 ("Sexual Harassment Prohibition Policy") are out-of-date, and do not contain certain key provisions. For instance, H-07 does not list all of the characteristics protected by law (e.g., political activities or affiliation), focuses on legal compliance rather than setting a higher standard to encourage the prevention of EEO Issues, and does not accurately describe the District's current structure related to the EEO Office. Similarly, H-13 addresses only sexual harassment prevention, and not the prevention of other forms of harassment.

If the District modifies H-07 to include a more detailed discussion of harassment (including harassment based on gender and sexual orientation, which currently are not addressed in H-13), then H-13 could be eliminated.

In addition, H-07 should contain a more robust discussion of retaliation prevention, and more expressly require managers to contact the EEO Office immediately if they become aware of a potential EEO Issue.

### Implement a policy to address abusive conduct, even if not EEO-related.

To our knowledge, none of the District's current policies specifically address the prohibition of "abusive conduct," as defined by California Government Code section 12950.1, which includes repeated infliction of verbal abuse, the use of derogatory remarks, insults, and epithets, verbal or physical conduct that a reasonable person would find threatening, intimidating, or humiliating, or the gratuitous sabotage or undermining of an employee's work performance.

This conduct, even if not based on a protected characteristic covered by the law, can negatively affect the working environment and lead to EEO Issues.

8-1

The District may implement a stand-alone policy, or revise Operating Policy H-04 ("Violence in the Workplace") to incorporate abusive conduct.

Continue promoting and hiring individuals for management positions who demonstrate emotional intelligence and the commitment to creating and maintaining a positive and respectful work environment.

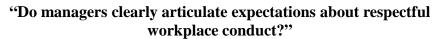
Managers set the tone in terms of the working environment. When filling management positions, the District should ensure successful candidates embrace their EEO-related responsibilities. For example, even if a manager disputes the merits of an employee's complaint, they should listen actively to the employee and follow the appropriate internal procedures. Employee complaints can provide opportunities for managers to develop more trusting relationships with their teams, and demonstrate their commitment to EEO compliance.

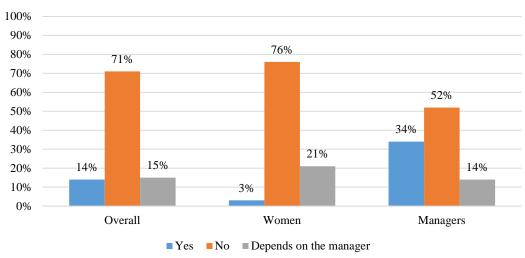
To provide managers with the tools they need in these areas, the District should consider requiring successful completion of its Leadership Academy as a condition of completing probation in management positions.

Hold managers accountable for modeling professional and respectful behavior, and demanding the same of their teams.

It is critical for managers to reinforce their expectations regularly regarding appropriate workplace conduct, and to ensure their conduct is consistent with District policy.

However, a majority of interviewees, including managers, perceive that managers do not clearly articulate their expectations regarding respectful workplace conduct. Notably, even higher percentages of interviewees who stated that they have experienced retaliation for raising a workplace concern (86.2%), and female employees at desert facilities (87.5%), agree with this perception.





For example, some individuals tolerate or encourage the use of inappropriate terms for equipment and profanity. We learned during the Review that some employees use equipment called "dykes." The term "dyke" is the name commonly used when referring to diagonal cutting pliers ("side cutters" or "diagonal cutters") electricians use to cut wire. This term is used industry-wide, and is not a District-specific term. <sup>1</sup> That said, the District should discourage employees from using this term, because of its alternative derogatory meaning. <sup>2</sup>

A minority of District employees still embrace outdated gender and social beliefs. For example:

- A Black female employee told us that an "older, White" male co-worker told her, "I've never been around Negroes before." She explained, "We don't use that word anymore."
- A White male employee told us, "[District employees have] formed little associations for every culture. But you can't have one if you're Caucasian. It's turned into, like, you're bad if you're White."
- A manager told us that he wanted to "see things return to the way things were" when managers could ask candidates questions including, "Are you married?" and, "Are you Christian?" because he "wanted guys who would fit in."

<sup>&</sup>lt;sup>1</sup> Indeed, our search for "dykes" on Amazon.com generated 398 results for diagonal cutting pliers.

<sup>&</sup>lt;sup>2</sup> The term "dyke" is a slang term that "originated as a homophobic and misogynistic slur for a masculine, butch, or androgynous girl or woman." (**Source**: <a href="www.urbandictionary.com">www.urbandictionary.com</a>)

• A Latino male employee told us, "I drop an f-bomb now and then. I know I shouldn't. But that's how we talk, as real men in the field."

Some employees are outspoken in their criticism of working with particular groups of employees. For example:

- A Black male employee told us that a co-worker made comments to him about going "down to the border to shoot illegals" and "shooting Black people in the head if they're Democrats."<sup>3</sup>
- On June 17, 2020, a transgender employee sent a work-related email to several co-workers with a rainbow Pride fist in their signature block. An employee who received the email replied to all, "DO NOT EVER AGAIN send an email to me with ANY Political/Activist symbols, quotes, or ANY personal ideals and beliefs that you promote or advocate... QUIT SHOVING IT DOWN MY THROAT!"

When managers fail to intervene and correct demeaning language, disparate treatment, hostility, and other inappropriate conduct, they are contributing to, and even worsening, the problem. The District should focus on selecting managers who will interrupt these behaviors, and then hold the managers accountable when they fail to do so.

Managers also can model respectful behavior by using more inclusive language (e.g., "parental leave" instead of "maternity leave"; "journeyperson" instead of "journeyman"; and "spouse" or "partner" instead of "husband" or "wife").

Require District Leadership to visit field locations on a regular basis, and facilitate town-hall-like events to solicit feedback and input from employees.

There is a significant gap between what managers believe is happening in the workplace, and employees' actual experiences. Part of the reason for the disconnect between the managers' perception and the field employees' reality is the rarity of senior management presence at field locations. During the Review, field employees consistently expressed a desire for District Leadership to be more present at field locations.

Although COVID-19 has complicated visits to field locations, several Survey participants stated that senior management's lack of direct interaction with them contributes to field employees feeling isolated and unseen. Regular field visits are critical to continuing to build trust between District Leadership and field employees. These visits allow District Leadership to have further

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<sup>&</sup>lt;sup>3</sup> An external investigator investigated these and other allegations. The investigator substantiated many of the factual allegations, but determined that the conduct did not violate District policy. However, Legal referred the matter to Employee Relations to address.

<sup>&</sup>lt;sup>4</sup> On July 6, 2020, Kightlinger issued a memorandum to all District employees regarding, "Correspondence Standards and Use of Electronic Signature Standard," announcing parameters limiting the information that may be included in email signature blocks.

dialogue about the District's culture and working environment in an open, professional, and constructive manner.

### Continue to enhance the District's current EEO training program.

California employers must provide regular EEO training to all employees. To meet its obligations in this area, the District's training materials should be up-to-date, and reflect current best practices. Several employees told us that the District's harassment prevention training is delivered via a computer module, and it is not uncommon for employees to get coffee, chat with co-workers, or check email while the program is running. The most impactful training programs use role plays and scenarios to communicate concepts in an entertaining and understandable manner, and are delivered in a "live" format (even if by webinar) to allow participants to ask questions in real-time.

We reviewed the District's "How Was Your Day? Getting Real about Bias, Inclusion, Harassment and Bullying" training launched earlier this year. The training contains four modules: "Overcoming Unconscious Bias," "Embracing Diversity and Inclusion," "Preventing Workplace Harassment," and "Standing Up to Bullying." Although the training is a computer module, it is well done. The program requires frequent interaction to keep the viewer engaged, and presents a solid overview of these concepts.

We are pleased that the program addresses "sex stereotyping," which is relevant to the concerns expressed by Chavez, Grow, and Lee King regarding female employees in trade classifications.<sup>5</sup> An even stronger program would include customized content providing practical guidance about how to report concerns, rather than generic content such as, "Report harassment to a senior manager or other appropriate person."

We also are pleased that the bullying module includes bystander intervention content. Bystander intervention is one of the most important aspects of an EEO training program. Chavez, Grow, and Lee King all described situations in which other District employees observed their mistreatment, but failed to take any action. The District's EEO case files and information provided by interviewees also revealed numerous instances of EEO complainants being subjected to bullying or other abusive conduct in group settings, without any intervention.

Generally, the "How Was Your Day? Getting Real about Bias, Inclusion, Harassment and Bullying" training was well-received by employees. However, several employees told us that although they understood the concept of, "When bullying shows up, speak up," they wanted more practical guidance on how to do so.

Given the challenges the District faces, a one-time training is not sufficient. The District should reinforce the messages about managing biases and bystander intervention through other

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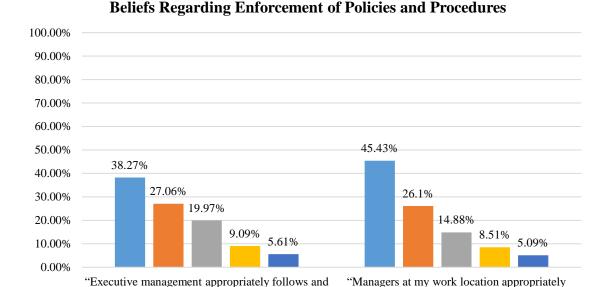
<sup>&</sup>lt;sup>5</sup> Several male employees informed us that female employees in the trade classifications are not as capable of certain tasks because men are stronger than women. For instance, these employees perceive difficulty lifting heavy objects as a sex/gender issue, and not a safety issue, which indicates that the messages in the training did not resonate with everyone.

means so these concepts become cultural norms. In addition, the District should provide employees at all levels with the tools necessary to proactively address the discussion of challenging social and political issues (e.g., COVID-19 vaccinations, police brutality) in a positive manner.

### b. <u>Effectively Manage Employee Performance</u>

### Require managers to follow and enforce District policies and procedures.

We asked Survey participants whether managers appropriately follow and enforce District policies and procedures. The chart below illustrates their responses, differentiated by Executive Management and managers at the participants' work locations. The responses reveal that participants have less confidence that Executive Management follows policies and procedures than managers at their work locations.



■ Strongly agree ■ Somewhat agree ■ Neither agree nor disagree ■ Somewhat disagree ■ Strongly disagree

follow and enforce District policies and procedures."

The District must be willing to hold managers accountable for following policies and procedures. This commitment is particularly important for Executive Management, who set the tone for the rest of the organization, and in field locations, where staffing issues and other resource shortages make it tempting to take shortcuts.

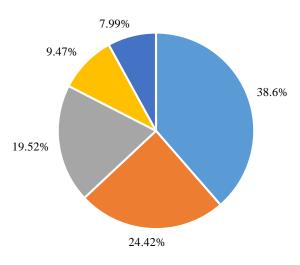
Require managers to promptly and consistently address EEO Issues and other employee concerns.

In response to whether "management at my work location takes appropriate action to address employees' concerns," 63% of Survey participants answered favorably (either "strongly

enforces District policies and procedures."

agree" or "somewhat agree"). However, 37% did not answer favorably ("neither agree nor disagree," "somewhat disagree," or "strongly disagree"). Notably, when we asked Survey participants whether managers hold employees accountable, and the District holds managers accountable, employees at desert facilities were more likely than average to indicate that their answer would depend on the manager.

### "Managers at my work location take appropriate action to address employees' concerns."



Strongly agree Somewhat agree Neither agree nor disagree Somewhat disagree Strongly disagree

District managers must embrace their responsibility for preventing, responding to, and supporting employees who perceive themselves as victims of discrimination, harassment, retaliation, and bullying. The District should hold managers accountable for the climate at their work locations, and their adherence to the District's EEO policies.

In addition, when an employee raises an EEO Issue, managers must take proactive steps to address the situation and prevent bullying and other forms of retaliation against that individual.

Contrary to the Survey results, our review of EEO case files revealed numerous instances of managers immediately reporting EEO concerns; in one case file, Alicia King noted when a manager was held accountable for failing to do so.

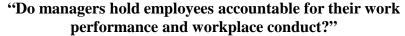
Of course, some EEO Issues (e.g., an employee with no history of EEO misconduct making one off-color comment), may not warrant corrective action, but rather coaching. When appropriate, coaching results in growth for the employee and builds trust with managers. Coaching still requires follow up, though, either in direct communication to the employee or documentation in the manager's file (not in the employee's official personnel file).

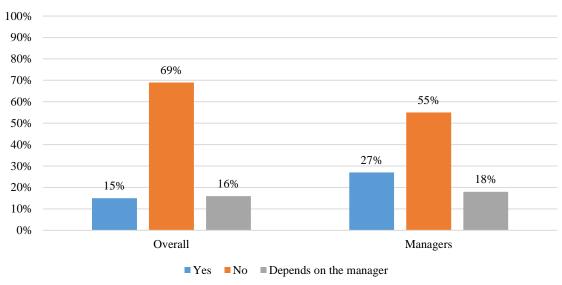
To determine whether an EEO Issue requires coaching or more serious corrective action, managers should consult with their HR Strategic Partner.

Evaluate the performance of managers and compensate them based on their ability to drive positive interactions on their team, hold employees accountable, demonstrate an appropriate "tone at the top," and further the District's DE&I initiatives.

8-1

The chart below illustrates that a majority of interviewees, including managers, do not perceive that managers hold employees accountable for inappropriate workplace conduct. Ninety-four percent of interviewees who stated that they have experienced retaliation for raising a workplace concern agreed with this perception, and 29% of female employees at desert facilities stated that whether employees are held accountable for misconduct depends on the applicable manager.





Accountability is about continuous improvement. The District's progressive discipline process is intended to be a tool for managers to address inappropriate workplace conduct in a manner that will hopefully result in improvement. However, many managers do not feel supported by HR in their efforts to address inappropriate workplace conduct using progressive discipline. They perceive the District frequently "backs down" to an aggressive union. The District should ensure each manager has the tools and support necessary to hold employees accountable when appropriate.

Further, managers need to understand that EEO compliance is a key component of their workplace responsibilities. They should face financial and other consequences if they fail to act consistent with this responsibility, provided the District makes its expectations clear.

Require managers to provide written, position-specific training and advancement plans to all employees to prepare them for internal promotional opportunities.

The Review data reveals that many employees perceive favoritism in promotional decisions. We discussed with 116 interviewees whether they had experienced or observed unfair promotions. A majority of interviewees (64%) reported that they had observed unfair promotions, and 49% of interviewees reported that they had experienced unfair promotions. Managers generally had a more favorable view of hiring practices, and those who responded unfavorably frequently spoke to past practices.

### 100% 90% 80% 70% 64% 60% 50% 49% 50% 42.50% 40% 30% 20% 17.50% 20% 10% 0% Overall Managers ■Experienced ■Observed ■No

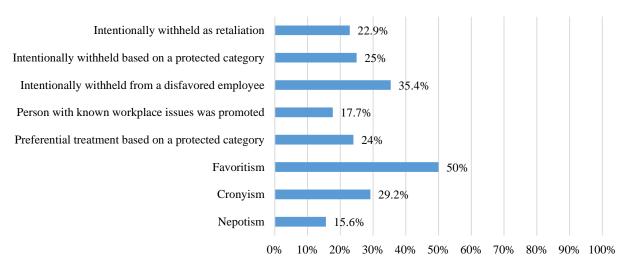
"Have you experienced or observed unfair promotions?"

Interviewees repeatedly brought up two examples of "unfair promotions." The first involved a manager who participated on the interview panel for a position in 2014 while romantically involved with one of the candidates. HR Unit Manager Brandon Patrick, who manages the District's recruiting team, acknowledged the incident, and explained that HR took steps to avoid the situation in the future. For example, now, before interviews begin, all members of the interview panel complete and sign a document attesting that they reviewed the candidate list and have no conflicts of interest. Patrick provided documentation to support his explanation. Additionally, we reviewed documentation that shows the District investigated the incident and took corrective action.

The second example multiple interviewees mentioned is the perception that one manager gives preferential treatment in promotions to employees with whom he has a common national origin and/or religion. The District retained an external investigator to investigate these allegations, and we reviewed the EEO case file. The investigation report details evidence obtained through witness interviews and documents, and describes situations in which the complainants reached conclusions based on incomplete and/or inaccurate information. The investigator did not substantiate the allegations. We are satisfied that the investigator conducted a thorough investigation, and reached reasonable findings based on interviews and documents. Additionally, the Department of Fair Employment and Housing ("DFEH") investigated these allegations in response to an employee's complaint, and dismissed the complaint for insufficient evidence.

In addition to the two examples above, interviewees provided a variety of reasons for their belief that the promotions at issue were unfair. The most common response was a description of "favoritism." More than one-third of interviewees also described situations in which a hiring manager selected a less-qualified candidate over a disfavored employee. Approximately 29% of interviewees described situations involving cronyism. Employees who work at desert facilities were more than twice as likely (33.3%) than other interviewees (15.6%) to perceive that promotions were based on nepotism. Female interviewees were less likely than other interviewees to have perceived favoritism, but more likely to have perceived that a promotion was intentionally withheld because of a protected characteristic, such as sex or gender.

### "Why was the promotion unfair?"



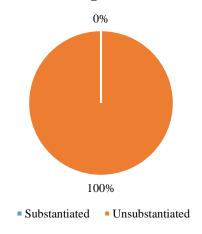
In 2019, Patrick analyzed 2018 recruiting data after AFSCME representatives expressed concern that hiring managers frequently did not offer open positions to the candidate with the highest average interview score. Patrick's analysis showed that hiring managers offered positions to the highest-scoring candidate in 223 of the 246 (90.6%) recruitments analyzed.

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<sup>&</sup>lt;sup>6</sup> Interviewees tended to use the words "favoritism," "nepotism," and "cronyism" interchangeably. In analyzing interview data, we defined "favoritism" as giving unfair preferential treatment to an employee, "cronyism" as giving preferential treatment to a relative.

Further, the EEO case data does not support the employees' perceptions of favoritism or unfair employment practices. We reviewed 11 EEO case files with recruitment-related allegations. In each case, the allegations were unsubstantiated.<sup>7</sup>

The 11 EEO Cases Involving Recruitment-Related Allegations



Based on the Review data, it appears that some employees are conflating "most experienced" with "most qualified" for a position. However, the District's recruiting process evaluates a candidate's education, experience, and licenses to determine whether they meet the minimum qualifications for the position and should be interviewed. An employee with more experience should be able to draw on that experience to perform well in the interview, but the experience alone does not entitle them to the position.

Some employees do not understand that they are responsible for managing their own careers. They need to be their own advocate—communicate with their managers about their career goals, take advantage of learning opportunities and opportunities to increase skills, prepare for interviews, and ask the panel members for feedback after the interview.

Similarly, some managers do not understand that they have a responsibility to help their employees reach their career goals. Managers need to take initiative to understand their employees' goals and support them by providing learning opportunities and regular, honest feedback on their work performance.

Managers we interviewed provided inconsistent information about their approach to performance evaluations. The District should ensure that managers understand the District's expected approach to performance evaluations and provide adequate tools to support managers in providing effective and frequent feedback to employees.

Preparing employees for promotional opportunities requires joint effort on the part of the employee, the manager, and the District. Professional development should be an ongoing aspect

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<sup>&</sup>lt;sup>7</sup> Three EEO cases with recruitment-related allegations are pending results.

of every employee's relationship with their manager. Managers should consider rotational assignments when appropriate, and prepare written training and development plans for each employee to prepare for growth opportunities.

8-1

Continue management forums and leadership breakfasts, with a focus on providing opportunities for managers to learn from one other.

We understand the District coordinated management forums and leadership breakfasts before the COVID-19 pandemic. Once it is safe to do so, we encourage the District to continue these events. They provide an important opportunity for managers to learn from one another's successes and failures and gain helpful tips. It is much more efficient for a manager to learn from a colleague who already has solved the problem the manager is experiencing, than spend time trying to solve the problem independently.

Additionally, some managers reported that management can be lonely. This sentiment is particularly true for managers in desert facilities, who recognize that it is inappropriate to socialize regularly with their subordinates (especially when alcohol is involved). These manager-oriented events can help alleviate some of the feelings of isolation.

Also, building relationships with other managers will make facilitating rotational assignments easier.

### c. <u>Dedicate Sufficient Resources to EEO Compliance</u>

Create additional positions in the Training Unit and Employee Relations to ensure both areas are properly staffed and resourced.

The District's Training Unit appears committed to providing cutting-edge training for professional development to help managers (and potential managers) develop the skills to be successful. Further, the Training Unit includes staff who are skilled coaches, which makes them valuable partners for Employee Relations and the HR Strategic Partners. We understand demand for this skill is growing as the stigma around coaching is diminishing, and managers are increasingly seeing coaching as a benefit. However, the Training Unit is under-resourced, considering the District's size and geographical reach.

Similarly, the HR Strategic Partners are too frequently pulled away from their strategic work by Employee Relations issues. Each HR Strategic Partner works with an Employee Relations Specialist, but there is more work than they can handle. The District should create additional positions in Employee Relations to support the HR Strategic Partners.

Currently, there is only one Strategic Partner and one Employee Relations Specialist to support the entire WSO group. The District should assign one Employee Relations Specialist to employees in the desert facilities. Ideally, the Employee Relations Specialist would be located at Gene, and expected to visit the other desert facilities on a regular basis.

The Training Unit, the HR Strategic Partners, and Employee Relations will be instrumental to the success of the District's EEO Office and improvements to the District's working environment. Together, they can encourage employees and managers to accept personal responsibility for their actions, keep an open mind about contrary perspectives, and move forward despite past EEO Issues.

Provide in-depth and regular training to relevant HR personnel regarding laws, regulations, and best practices regarding responding to accommodation requests and handling confidential medical documentation.

The Review data regarding the basis of EEO complaints revealed that the District receives more disability complaints than we normally see in our practice. The District should ensure that employees responsible for responding to and processing requests for medical leave and disability accommodations are properly trained on new laws, regulations, and best practices.<sup>8</sup>

### 2. Investigation and Resolution of EEO Issues

<u>EEO Case Files</u>. We requested all of the District's EEO case files from 2015 to present. We received and reviewed 75 case files. We also included quantitative data from the four task order investigations in our EEO case analysis.

The chart below illustrates the categories of allegations in the 79 cases. <sup>10</sup> Thirty-three percent of the cases included a retaliation claim—the most of any category. Eighteen percent of these cases included claims of alleged improprieties in recruitment. There were considerably more race-based complaints than complaints of sexual harassment or gender discrimination (although combining the sexual harassment and gender discrimination complaints into one category yields a total that exceeds any other category).

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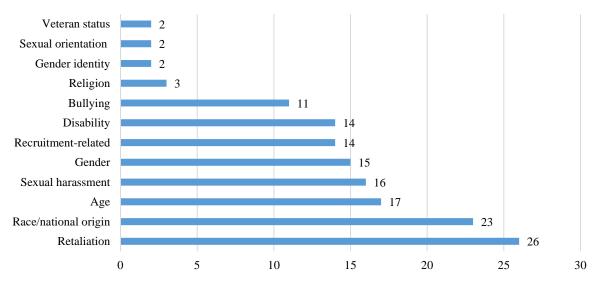
<sup>&</sup>lt;sup>8</sup> It came to our attention during the Review that the District retains the services of a physician to review reasonable accommodation requests and other medical documentation. The District should obtain legal guidance regarding whether this practice is compliant with state and federal law.

<sup>&</sup>lt;sup>9</sup> We also reviewed the EEO case files regarding Chavez's 2012 and 2013 complaints, and Grow's 2010 complaint. As stated above, information from these cases informed our observations and recommendations included in this Report

<sup>&</sup>lt;sup>10</sup> Many of the cases contain allegations in multiple categories. For example, if an employee claimed a hiring manager did not select them for a position because of their age, we included the case in the "age" and "recruitment-related" categories.

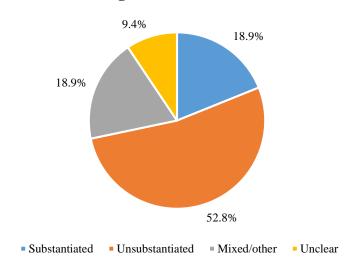
Although "bullying" is not an EEO Issue, we included it as an allegation category if a bullying allegation was investigated along with EEO-related allegations.

### **Categories of Allegations in EEO Cases (2015–Present)**



Twenty-six of the 79 cases we reviewed are still pending.<sup>11</sup> The chart below illustrates the results in the other 53 cases.<sup>12</sup> The perception among some employees that the District does not substantiate EEO Issues is inconsistent with the Review data. Anecdotally, the percentage of substantiated cases is not out of line with what we generally observe in our practice.

### **EEO Investigation Results (2015–Present)**



<sup>&</sup>lt;sup>11</sup> The pending cases include the four task order investigations discussed above in **Section II.I.2.** 

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<sup>&</sup>lt;sup>12</sup> "Mixed results" means that some of the allegations were substantiated, and some were unsubstantiated. This result includes some cases in which the allegations were unsubstantiated, but the investigation revealed other issues that were referred for remedial action.

<sup>&</sup>quot;Unclear outcome" means the file did not contain sufficient information to determine whether an investigation was conducted, and if so, the outcome.

We analyzed the data from several perspectives. The table below illustrates the results by allegation category, and reveals that investigators substantiated a greater percentage of racial and sexual harassment complaints than other allegation categories.<sup>13</sup>

| Allegation Category             | Substantiated | Unsubstantiated | Unclear<br>Outcome | Pending | Total |
|---------------------------------|---------------|-----------------|--------------------|---------|-------|
| Retaliation                     | 4             | 12              | 3                  | 7       | 26    |
| Race/National Origin            | 6             | 11              | 1                  | 5       | 23    |
| Age                             | 1             | 11              | 0                  | 5       | 17    |
| Sexual Harassment <sup>14</sup> | 5             | 8               | 0                  | 3       | 16    |
| Gender                          | 1             | 7               | 0                  | 7       | 15    |
| Recruitment-related             | 0             | 11              | 0                  | 3       | 14    |
| Disability                      | 3             | 3               | 3                  | 5       | 14    |
| Bullying                        | 6             | 3               | 0                  | 2       | 11    |
| Religion                        | 2             | 1               | 0                  | 0       | 3     |
| Gender Identity                 | 0             | 2               | 0                  | 0       | 2     |
| Sexual Orientation              | 0             | 1               | 0                  | 1       | 2     |
| Veteran Status                  | 1             | 0               | 0                  | 1       | 2     |
| TOTAL                           | 29            | 70              | 7                  | 39      | 145   |

The table below illustrates that more complainants are male than female. The table also illustrates that AFSCME's assertion to us that the District "almost summarily dismisses" EEO complaints submitted by male employees is inconsistent with the Review data.

| Complainant(s) | Substantiated | Unsubstantiated | Mixed<br>Results | Unclear<br>Outcome | Total |
|----------------|---------------|-----------------|------------------|--------------------|-------|
| Male           | 6             | 14              | 3                | 4                  | 27    |
| Female         | 4             | 11              | 6                | 1                  | 22    |

Seven of the eight complainants in the unsubstantiated sexual harassment cases are female. Three (all females) worked at desert facilities. Of the other five, one worked at Union Station, and four worked at other field locations.

All three of the complainants in the pending sexual harassment cases are female. Two worked at desert facilities, and one worked in another field location.

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<sup>&</sup>lt;sup>13</sup> The number of unsubstantiated sexual harassment complaints is somewhat misleading. In several cases, the conduct alleged was substantiated, but the investigator found that the conduct did not violate District policy (and in some cases, the investigator made legal findings that the complainant did not suffer from a "hostile work environment").

<sup>&</sup>lt;sup>14</sup> Four of the five complainants in the substantiated sexual harassment cases are female. Only one (the male complainant) worked at a desert facility. Of the other four, two worked at Union Station, and two worked at a water treatment plant.

| Complainant(s)                       | Substantiated | Unsubstantiated | Mixed<br>Results | Unclear<br>Outcome | Total |
|--------------------------------------|---------------|-----------------|------------------|--------------------|-------|
| Anonymous or multiple complainant(s) | 0             | 3               | 1                | 0                  | 4     |
| TOTAL                                | 10            | 28              | 10               | 5                  | 53    |

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Significantly more complaints are submitted against managers than rank-and-file employees. Investigators substantiated a majority of cases against rank-and-file employees. By contrast, a majority of cases against managers were unsubstantiated.

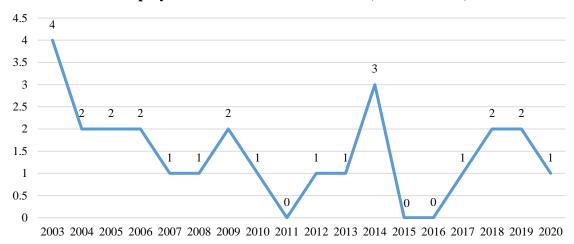
| Respondent(s)             | Substantiated | Unsubstantiated | Mixed<br>results | Unclear<br>Outcome | Total |
|---------------------------|---------------|-----------------|------------------|--------------------|-------|
| Rank-and-file employee(s) | 7             | 2               | 2                | 0                  | 11    |
| Manager(s)                | 3             | 25              | 7                | 5                  | 40    |
| Both                      | 0             | 1               | 1                | 0                  | 2     |
| TOTAL                     | 10            | 28              | 10               | 5                  | 53    |

The table below compares results from cases Alicia King investigated and cases external investigators investigated. The table does not include the five "unclear outcome" cases because in some cases, it was unclear who, if anyone, investigated the complaint.

| Investigator       | Substantiated | Unsubstantiated | Mixed results | Total |  |
|--------------------|---------------|-----------------|---------------|-------|--|
| Internal (A. King) | 8             | 15              | 4             | 27    |  |
| External           | 2             | 13              | 6             | 21    |  |
| TOTAL              | 10            | 28              | 10            | 48    |  |

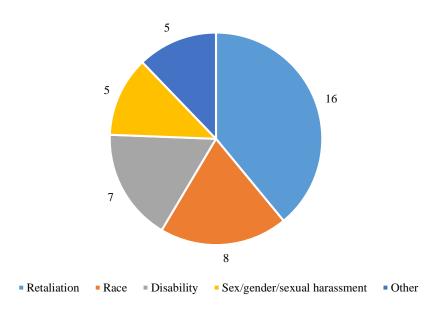
<u>Employment-Related Lawsuits</u>. We reviewed data the District provided regarding employment-related lawsuits. From 2003 to present, employees or former employees filed 26 lawsuits against the District. The chart below illustrates the number of lawsuits filed each year, ranging from zero (2011, 2015, 2016) to a maximum of four (2003).





In these lawsuits, 15 of the plaintiffs (58%) were male, and 11 (42%) were female. The chart below summarizes the claims at issue in the lawsuits, 61.5% of which included a retaliation claim. <sup>15</sup>

### **Basis of Lawsuits (2003–Present)**



The court dismissed seven of the lawsuits (27%), and the District settled the remaining 19 (73%).

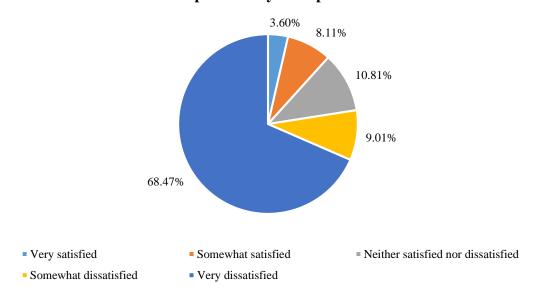
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<sup>&</sup>lt;sup>15</sup> Some of the lawsuits included more than one claim.

As discussed above, 223 (14%) Survey participants indicated they have experienced EEO Issues in last three years. <sup>16</sup> Of those participants, approximately 49% reported their experience to a District employee; slightly more than 50% did not.

The chart below illustrates that 77% of the 112 participants who reported EEO Issues internally were dissatisfied with the District's treatment of their concerns. Notably, female employees at the District's desert facilities were dissatisfied unanimously with the District's treatment of their concerns.

### "How satisfied or dissatisfied are you with the way the District responded to your report?"



Survey participants most frequently reported the following reasons for their dissatisfaction with the District's treatment of their concerns: (1) they did not feel "heard" (i.e., they perceived that the District did not take their concerns seriously); (2) they perceived that the District did not take action to address their concerns; and (3) they experienced retaliation after raising their concerns. To the contrary, participants who were satisfied with the District's treatment of their concerns felt that they were "heard" and supported, that the District solved the problem at hand, and that the District prevented any further misconduct.

We recommend that the District take the steps outlined below to improve its effectiveness in responding to potential EEO Issues.

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<sup>&</sup>lt;sup>16</sup> In the Survey, we did not ask employees if they have experienced "discrimination," "harassment," or "retaliation," because these terms have specific legal meaning. Rather, we asked employees, "In the last 3 years, have you had any experiences at [the District] during which someone at work treated you unfairly because of your race, ethnicity, national origin, sex, gender, sexual orientation, and/or any other characteristic protected by law?"

### a. The Structure of the EEO Office

Elevate the EEO Office to an independent department, and eliminate Legal's direct involvement in most investigations.

8-1

Elevating the EEO Office to an independent department will demonstrate the District's commitment to EEO compliance, and engender confidence in the integrity of the Office's activities to encourage employees to report potential EEO Issues. Although some Survey participants and interviewees suggested moving the EEO Office to the Ethics Office, those programs serve different functions, and combining them likely would create confusion among employees.

The new EEO Office should be managed by an EEO Officer who reports directly to the Board, just like the Ethics Officer.<sup>17</sup> The successful candidate must be experienced in managing all aspects of EEO programs, and be able to directly supervise internal and external investigators.

It is critical that the EEO Officer is viewed as neutral in resolving EEO Issues. The EEO Officer should not be eligible for bargaining unit representation, so the potential conflicts of interest with the current EEO Manager also acting as the President of ACE will be eliminated. In the meantime, the current EEO Manager should recuse herself as the EEO Officer from any case involving an ACE member to avoid even the appearance of a conflict of interest.

Currently, Legal selects and manages external investigators for EEO investigations. However, the EEO Officer should have authority to select and manage external investigators when it is not appropriate or feasible to conduct an internal investigation, just as the Ethics Officer does for Ethics investigations. Legal should be consulted only for advice as needed. In a small number of the EEO cases we reviewed, Legal overrode the EEO Manager's recommendation to investigate a complaint, which should not be a decision within Legal's purview. Additionally, Legal is not sufficiently selective regarding the qualifications of external investigators. Although many of the external investigators the District retains are competent, Legal repeatedly retains some investigators who do not follow best practices.

The EEO Officer also should define the scope (i.e., the issues under review) of investigations. This practice is particularly important for external investigators to reduce cost and eliminate duplication of effort (e.g., if internal investigators will handle a portion of the investigation, and the external investigator is not aware of that fact).

Create additional internal EEO investigator positions.

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<sup>&</sup>lt;sup>17</sup> We recognize this recommendation is a departure from the structure in a majority of the organizations the District uses as comparators for compensation and other decisions (e.g., East Bay Municipal Utility District, Los Angeles County Metropolitan Transportation Authority, Los Angeles Department of Water and Power, Orange County Water District, and San Diego County Water Authority). However, we see many parallels between the District's EEO function and Ethics function. Additionally, in our experience, the EEO Office (or Office of Civil Rights) in many state agencies is an independent office that reports directly to the agency head.

Considering the District's size and geographical scope, the EEO Office should have at least three internal investigators to review potential EEO Issues. These investigators should be a team within the EEO Office, reporting to the EEO Officer. As discussed more fully below, the District should hire internal investigators who are properly trained in workplace investigation best practices and trauma-informed practices.

### b. The District's Current Investigation Practices

Regularly communicate with all employees regarding the separate components of the EEO Office and the Ethics Office, including direct messaging from the General Manager, the CAO, and the Ethics Officer.

Some employees do not understand the difference between the Ethics and EEO Offices, and everyone will benefit from more transparency regarding their respective functions. The presentation by Pitman and Salinas to the OP&T Committee regarding "Human Resources and Ethics Office Roles in Addressing Complaints," dated March 8, 2021, is an excellent resource.

Implement a hotline program to allow for anonymous reporting of EEO Issues.

As described in **Section VI.2.** above, the Review data revealed that the most frequently reported reasons for employees to feel dissatisfied with the District's treatment of their concerns is they perceived that the District did not take their concerns seriously. Several interviewees described interactions with members of the EEO Office, HR, or Legal that lacked empathy, and left them feeling "dismissed" or "blamed."

For the complainant, how they were treated in the process affects them as much, if not more, than the outcome of the investigation. As a result, many employees perceive that the District, and HR and Legal in particular, is overly focused on defending managers' actions rather than addressing employees' true concerns.

Given the employees' current level of distrust, providing a method for employees to anonymously report perceived EEO Issues would encourage employee participation in the EEO compliance process.

Update the District's "EEO Discrimination Complaint Procedures," and provide copies to complainant(s) and respondent(s) in each investigation.

The District's current EEO procedures should be updated to reflect the District's actual practices. In addition, the EEO Officer should provide the parties to an investigation a copy of the practices at the beginning of every investigation to ensure they understand how the investigation process will work.

Although the procedures state that the District will maintain investigation files that contain any corrective action taken as a result of the investigation, the EEO case files we reviewed do not

contain such documentation. Instead, Employee Relations maintains those records. Although Employee Relations drives the corrective action process, the EEO case files also should reflect the District's post-investigation actions.

The procedures also should include language explaining that the corrective action taken after an investigation is intended to address the substantiated behavior and prevent future occurrences. Many employees perceive that termination is the only appropriate remedy for a violation of the District's EEO policies, which is not the case.

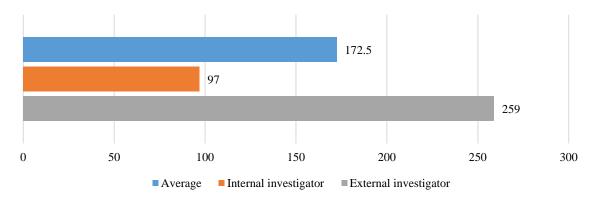
Create a process for investigating and resolving complaints against department heads and Directors.

The Ethics Office recently proposed a process to apply when potential EEO Issues involve department heads and Directors (which will need to be revised to include the EEO Officer position if the Board accepts our recommendation to upgrade the EEO Manager position to an EEO Officer title). Based on our review of the proposed process, the District should adopt proposed "Administrative Code § 2416. Duties and Functions. [Executive Committee]."

### Initiate and complete investigations of EEO Issues in a timely manner.

Our review of EEO case files revealed that the average length of time from the date an employee reported a complaint to the date the investigator submitted the investigation report was 172.5 days. <sup>18</sup> This is far too long for the average case to be open. We observed that when Alicia King was investigating EEO complaints, she generally conducted thorough investigations in a relatively timely manner. After Pitman reassigned the EEO investigation function back to the EEO Office in 2019, the time to resolve internal complaints increased significantly. <sup>19</sup>

### **Days from EEO Complaint to Final Report (2015–Present)**



<sup>&</sup>lt;sup>18</sup> In the "Days from EEO Complaint to Final Report (2015-Present)" chart, "Internal Investigator" means Alicia King conducted and managed the investigation process. "External Investigator" means the District retained an external investigator to conduct the investigation, and Legal managed the investigation process.

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 $<sup>^{19}</sup>$  As previously discussed, the current EEO Manager does not manage EEO investigations; she refers them to Legal to manage.

The District is required to initiate and complete investigations in a timely manner. Generally, the investigation process should take no longer than 60 days for internal or external investigations, absent unusual circumstances. This data supports our recommendation above that the District should hire additional EEO investigators.

In addition, the EEO Office should not delay the initiation of an investigation pending receipt of a written complaint, which we observed in a small number of cases. Once the District is on notice of a potential EEO Issue, the District should begin the investigation process.

Of course, the District need not conduct a formal investigation for every EEO complaint. Some complaints can be resolved by having a conversation with each of the parties. Additionally, the purpose of an investigation is to determine what happened when the organization does not already have that information. If the District already knows what happened, the EEO Office can refer the matter to Employee Relations for further action. Regardless of whether the EEO Office handles complaints in an informal manner or by conducting a formal investigation, every relevant document, conversation, and decision should be documented in the EEO case file.

Immediately identify during investigations of EEO Issues whether interim measures are appropriate.

In certain situations, it may be appropriate for one of the parties involved to be reassigned temporarily or placed on PAL. PAL should be used rarely, and only in circumstances when an employee should not remain in the workplace. It is appropriate to place an employee on PAL, for example, when the employee has threatened physical violence or as needed to protect sensitive information.

PAL temporarily relieves an employee of their normal job duties; it is not the same as teleworking. When an employee is on PAL, it is a best practice to collect all District property (e.g., keys, computer devices), and disable the employee's access to the District computer network and email system while on PAL.

Prioritize investigations if any employee is placed on PAL pending completion of the investigation.

The Review data reveals multiple examples of employees remaining on PAL for several months. If the District places an employee on PAL, the investigation should be prioritized, and completed as quickly as possible. This practice will reduce costs, and the District's potential liability if an employee remains on PAL for a substantial period of time, is eventually exonerated, and then later claims that the leave negatively affected their employment opportunities.

Take appropriate steps to prevent any form of retaliation against individuals involved in the complaint process.

We address this issue more fully in **Section VI.C.** below.

Provide in-depth and regular training to all EEO Office personnel regarding complaint intake and investigation best practices, and ensure internal EEO investigators are trained in trauma-informed practices, including interview techniques and credibility assessments.

Because of the complexities of the District's workplace, all EEO Office personnel must be properly trained and competent in all aspects of the investigation process. The knowledge and understanding of trauma-informed interview practices can be helpful in any investigation, but they are particularly important for investigations involving complaints of violence, sexual misconduct, or prolonged bullying. The presence of trauma changes the way a person encodes and stores memory. Using trauma-informed interview techniques will aid the investigator in obtaining more reliable information, and more importantly, avoid causing secondary trauma.

Make only factual findings during investigations, not policy and/or legal findings, and use the appropriate evidentiary standard.

The District's current practice of permitting external investigators to make policy and/or legal findings is inconsistent with best practices. Investigators should focus only on factual issues, and leave policy findings to HR and corrective action to Employee Relations.

In addition, the current use of the terms "unfounded" and "insufficient evidence" in investigation reports is inconsistent with best practices. All investigators should use a binary standard (e.g., "sustained"/"not sustained," or "substantiated"/"unsubstantiated").

### c. Post-Investigation Practices

Adopt restorative practices, including creating a conflict resolution team, requiring transparency about the District's remedial actions to the extent consistent with employee rights, and ensuring appropriate follow-up after an investigation is complete.

Employees who had submitted EEO complaints frequently complained that they did not receive a copy of the investigation report. Further, corrective action taken, if any, is generally intended to address the policy violation, and does not consider the harm to the employee or to the working environment. The District's current lack of restorative processes leaves many employees involved in the complaint process feeling unheard, disrespected, and unsure of how to work together. The District should consider creating a conflict resolution team to address this issue.

Although transparency is an important part of restorative practices, we do not recommend providing copies of reports to the parties outside of any legal obligation to do so (e.g., when the District relies on a report for disciplinary action, the respondent is likely entitled to a copy of the report before their Skelly hearing). Curiosity about consequences is understandable, but full transparency could constitute a violation of an employee's privacy.

Ultimately, employees know a problem is solved because the conduct has stopped. Complainants seeking more information are setting themselves up for disappointment, which eventually becomes resentment. The more resources the District dedicates to restorative processes, the more likely employees will accept the results of investigations, even if they disagree with those results.

8-1

The District is fortunate to have some employees who are particularly skilled in this area and could be influential if, as recommended above, the District dedicates sufficient resources to the Training Unit and Employee Relations.

Implement a process for Employee Relations and/or the EEO Office to inform internal recruiters about information relevant to transfer requests, such as an employee's prior complaint against an employee working at the potential new location.

The District maintains a Transfer List of employees who desire to transfer to a different location or position within their classification. Employees may complete a Transfer Request form, which adds them to the list for one year. When a position becomes available, the Recruiter managing the recruitment consults the transfer list for any eligible employees. The hiring manager must consider these employees for the position before accepting other internal and/or external applications. If the Recruiter selects an employee on the Transfer List for the position, the Recruiter asks Employee Relations if the employee is "eligible" to transfer. Employees are eligible to transfer if their manager rated them as "Meets Expectations" or higher on their most recent performance evaluation, and the employee has no appealable disciplinary action. Employee Relations provides only a "yes" or "no" answer to the Recruiter's eligibility inquiry. Employee Relations does not provide any additional details.

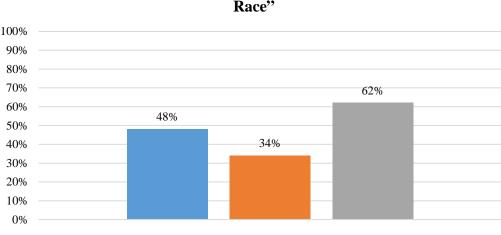
Managers generally do not know when employees from other locations have a history of disciplinary action or conflict with other employees, nor should they. The District should implement a process that allows Employee Relations and/or the EEO Office to inform Recruiters who inquire about an employee's eligibility for transfer that the employee has history with their office that should be considered. Such history does not necessarily make the employee ineligible for the transfer. However, the District has a responsibility to ensure that an employee with a history of conflict or EEO Issues with another employee does not transfer to that employees' location when the transfer would be traumatizing or disruptive.

Consider eliminating confidentiality/non-disclosure provisions in settlement agreements with employees who will remain employed with the District after the investigation is completed.

Although generally lawful, the District's practice of including non-disclosure and/or confidentiality provisions in settlement agreements with current employees encourages mistrust and speculation.

#### B. Recommendations Regarding the DE&I Council

As shown in **Section III.C.** above, we asked Survey participants, "Which of the following best describes your race/ethnicity?" Approximately 10% of Survey participants selected "prefer not to disclose." Of the 155 participants who preferred not to disclose their race, 62% work in field locations, 48% identified their gender as male, and 34% preferred not to disclose their gender.



Survey Respondents Who Selected "Prefer Not to Disclose Race"

This data explains why the DE&I Council's work is so important. As discussed in **Section V.** above, the District still has work to do to improve the working environment for racial and ethnic minorities. However, with 10% of District employees avoiding the conversation about race altogether, the District will find it challenging to accomplish that work.

We recommend that the District take the steps outlined below regarding the DE&I Council.

■ Prefer not to disclose gender ■ Field

Create a DE&I Manager position to be filled by an individual with prior DE&I experience to create a DE&I Office, lead the DE&I Council, and guide Council members and District Leadership to identify and implement best practices.

DE&I issues are complex and often misunderstood. For example, we asked interviewees if the working environment is safe and respectful for racial and ethnic minorities. A common answer was something to the effect of, "It seems diverse," an answer that conflates the concepts of diversity and inclusion.

DE&I Council members interviewed provided inconsistent explanations of the DE&I Council's purpose, even after the Council adopted its mission statement. Further, they reported that six months into the launch of the Council, no one ever defined the terms "diversity," "equity," or "inclusion" relative to the work they were expected to do. Although most of the DE&I Council

Male

members are enthusiastic about the opportunity to influence a more diverse, equitable, and inclusive workplace, they admit they lack knowledge of how to do so.

These volunteers cannot effectively solve a problem they are unable to define without guidance from an expert in DE&I issues. The District should create a DE&I Manager position to create a DE&I Office, lead the DE&I Council, and provide necessary guidance to the Council and District Leadership as they seek to identify and implement best practices for a DE&I initiative. The District's DE&I Office should encompass the District's Affirmative Action and outreach functions.

The DE&I Manager must be viewed as independent, and have the ability to establish trust and work collaboratively with employees. Because of the nature of the Council's functions, we discourage the District from making the DE&I Manager position eligible for membership in a bargaining unit.

#### Take steps to further develop the DE&I Council.

The District launched the DE&I Council with positive intentions, but little planning. As a result, the Council's start was a bit rocky. Council members were eager to begin discussing DE&I issues and making recommendations that would lead to positive change, and quickly became frustrated with the lack of clarity on the Council's structure and purpose. The Council is working through some of the growing pains of launching a new initiative. The members are laying a foundation for the important work to be done, and they should continue to be patient and diligent in further developing the Council's structure and goals.

Once the District hires a DE&I Manager, one of their first priorities should be collaborating with the DE&I Council to define the terms "diversity," "equity," and "inclusion" for purposes of furthering the Council's work. Next, the DE&I Manager should guide the Council to identify appropriate initiatives, and set specific and measurable quarterly and annual goals for the Council to implement and evaluate the initiatives identified.

The Council recently established five subcommittees: Communications & Outreach, Recruitment, Recruitment Outreach, Training & Development, and Promotions. The Council should further refine the scope and purpose of the subcommittees, and consider adding a subcommittee focused on supporting ERGs and outreach to form ERGs for groups not currently represented (e.g., members of the LGBTQ+ community and allies, employees with disabilities, and veterans).

Some interviewees expressed concern over the lack of transparency about the Council's activities. For example, there is a "microsite" for the Council on the District's intranet ("IntraMet") where employees can find information about the Council's activities. However, the employee who provides administrative support for the Council prepares a document that summarizes the events

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<sup>&</sup>lt;sup>20</sup> Some of the District's detractors would prefer for a Director to lead the DE&I Council because they distrust District Leadership. We do not support this desire. Our recommendations are designed to support the intent of creating an employee-led forum.

at each meeting, rather than detailed meeting notes. The Council should consider how to make their activities sufficiently transparent for all District employees to trust the process.

Only permit Executive Management to attend DE&I Council meetings when invited by the Council.

Currently, Executive Management attends all Council meetings. A majority of Council members reported that their presence is intimidating, and makes them reluctant to participate in Council discussions. Once the District hires a DE&I Manager, we recommend that the DE&I Manager serve as Executive Management's liaison to the Council and report progress as needed. However, the Council should invite Executive Management to attend full Council meetings periodically for the opportunity to continue dialogue about DE&I issues and show support for the Council's efforts.

#### Ensure that participation on the DE&I Council is voluntary.

When the District launched its DE&I initiative, Chapman asked each of the ERG Presidents to designate two members to serve as representatives on the DE&I Council. Although many of the DE&I Council members volunteered to represent their bargaining unit or ERG on the Council, some feel obligated to participate simply because they hold a leadership position in their ERG. It is important that Council members genuinely want to participate in the Council's efforts. If a member chooses to resign from the Council, they must be able to do so without repercussions.

Continue to support DE&I Council participation by releasing Council members from their regular work assignments to attend Council meetings and perform Council work.

Some of the DE&I Council members expressed concern about the time they are investing in Council work, at the expense of their regular duties. The District took steps to allocate time for Council members to attend Council meetings and perform Council work, similar to the way bargaining unit officers and representatives can designate time spent on union activities as "union release." The District should continue this practice to support the Council's efforts.

Include the DE&I Council in the implementation of the recommendations in this Report as appropriate.

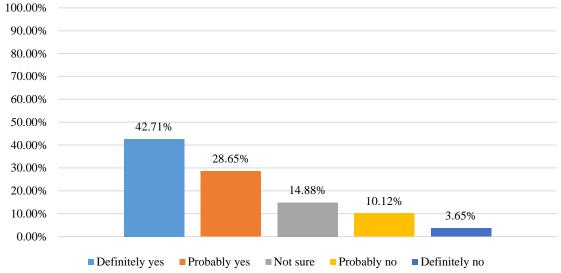
Many of the recommendations in this Report for preventing EEO Issues are aligned with the DE&I Council's interests. The District should include the Council in the implementation of the recommendations as appropriate.

#### C. Recommendations Regarding Employees' Fear of Retaliation Related to EEO **Issues**

Employees who fear reprisal or retaliation often are discouraged from raising EEO Issues, which is consistent with the Review data discussed below.

The chart below illustrates that 71% of Survey participants would feel comfortable reporting EEO Issues internally.<sup>21</sup>





The 29% of Survey participants who expressed discomfort with reporting EEO Issues internally most frequently noted the following reasons for their discomfort: (1) fear of retaliation and/or other damage to their career; (2) a perception that no one will care about their concerns and/or the District would not take action to address their concerns; and (3) a perception that HR and/or managers with knowledge of the complaint would not maintain appropriate confidentiality. A smaller number of participants attributed their discomfort to a previous negative reporting experience.

The Survey yielded the following additional insights regarding perceived EEO Issues:

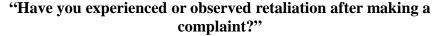
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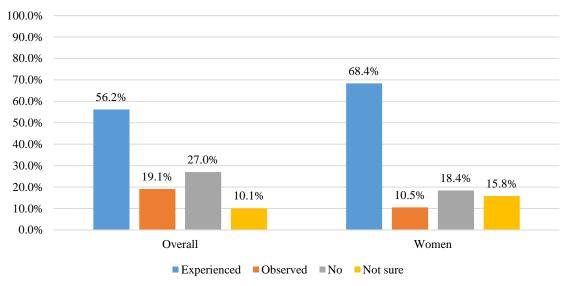
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<sup>&</sup>lt;sup>21</sup> At first glance, this result appears to be inconsistent with the results of the Ethics Survey. It is important to note, however, that the surveys asked different questions. The Ethics Survey asked whether participants agreed with the statement, "I can disclose a suspected violation without fear of reprisal." In our Survey and follow-up interviews, we intended to determine why employees fear reprisal or retaliation for reporting concerns, and related facts to support their fears, if any. We did not determine if employees are more or less comfortable reporting EEO Issues than suspected ethics violations.

- Managers are more comfortable with the concept of reporting their concerns
  than rank-and-file employees, but less likely actually to report their
  concerns. This result is particularly evident for managers at Union Station.
  To the contrary, managers at desert facilities are significantly less
  comfortable with the concept of reporting than other managers in the
  District.
- Female employees are less comfortable with the concept of reporting than male employees, but more likely to actually report their concerns.
- Employees who work at desert facilities are less comfortable with the concept of reporting than other employees.

To learn more about these trends, we asked interviewees whether they had experienced retaliation after making a complaint, or knew of another employee who had been retaliated against. The chart below illustrates that approximately 75% of interviewees responded affirmatively.





This questioning revealed several insights:

- Female employees are more likely than male employees to have experienced conduct they perceive as retaliation after making a complaint, and female employees who work at desert facilities unanimously reported such experiences.
- Managers are significantly less likely to report retaliation than rank-and-file employees.

- Approximately 54% of interviewees who experienced conduct they perceived as retaliation have worked at the District for more than 16 years. Only two such interviewees (4%) have worked for the District for five or fewer years.
- Approximately 56.5% of the alleged incidents reported by interviewees occurred in 2020 or 2021.
- Approximately 42% of interviewees reported that the District withheld a promotion because of their complaint.

As we discussed in **Section VI.A.2.** above, 33% of the District's EEO cases from 2015 to present included a retaliation claim.

If the District implements the recommendations detailed in **Sections VI.A. and B.** above, District employees will be less likely to experience EEO Issues, and more likely to report if they become aware of EEO Issues.

In addition, we recommend the District take the additional steps outlined below.

Implement a District-wide communication program regarding what conduct may constitute retaliation under the District's policy, and the District's commitment to protecting employees from retaliation.

Engaging in protected activity, including submitting an EEO complaint, does not give an employee a "free pass" on poor performance or misconduct. Nor does it relieve the employee's manager of their duty to manage. However, after employees engage in protected activity, they often interpret as retaliation any action that they perceive as negative.

The District should implement a communication program to educate employees about what conduct does, and does not, constitute retaliation. There may be circumstances in which a manager must take reasonable and necessary action to manage an employee's work performance during and after an investigation. The action is not considered retaliation unless it was intended to punish the employee because of the protected activity. The program also should advise managers who are the respondent in a complaint to consult with their HR Strategic Partner about how to continue managing an employee during and after an investigation.

Strictly limit the dissemination of information regarding internal complaints of potential EEO Issues.

Some employees absolutely must know about internal complaints. For example, the EEO Officer must collaborate with Employee Relations to implement appropriate corrective action and restorative practices. However, the District should ensure that investigation reports and information about complaints is disseminated only on a true "need to know" basis. The fewer people who know about the complaint, the smaller the chances are that someone will retaliate against the complainant or anyone else involved in the complaint process.

Workplace Climate Assessment: Report of Observations and Recommendations July 20, 2021 Page 30 of 35 Additionally, on a regular basis, the District should reinforce the expectation that employees in confidential positions must not discuss complaints with anyone who does not need to know about them.

Establish a system to ensure that the EEO Office maintains ongoing communication with the complainant(s) and the respondent(s) during an investigation.

Ongoing communication with the complainant(s) and the respondent(s) during an investigation reduces anxiety, builds trust, and decreases the likelihood of retaliation against the parties and other participants in investigations. The EEO Office should establish a system to ensure such communication happens at regular intervals.

As a standard procedure, the EEO Office should explain to complainants what is, and is not, considered retaliation, and encourage complainants to report anything that happens that the employee considers adverse.

It is appropriate for the employees in the EEO Office to have empathy with both complainants and respondents. It is natural for a respondent to be upset about being the subject of a complaint. The EEO Office should coach respondents to view the complaint as an indication of a problem that needs to be solved, not a personal attack. Remind respondents that employees have a right to complain, the District has an obligation to investigate the complaint, and the respondents will have an opportunity to tell their side of the story.

The District's existing practice of scheduling meetings or calls with complainants and respondents to deliver opening/closing memoranda and answer questions encourages trust between the EEO Office and employees. We encourage the District to continue this best practice.

Inform every employee interviewed during an investigation that District policy prohibits retaliation against any employee who submits a complaint, and against any witness who participates in the investigation, including the respondent.

As a standard procedure, EEO investigators should inform every employee interviewed during an investigation that confidentiality is expected. Explain that when employees talk about the investigation, it could increase the chances of retaliation, and compromise the integrity of the investigation.

Additionally, EEO investigators should inform interviewees that District policy prohibits retaliation against any employee who submits a complaint, and against any witness who participates in the investigation, including the respondent.

#### D. Recommendations Regarding Board of Directors' Oversight of the Issues and **Concerns Addressed in this Report**

We recommend that the Board take the steps outlined below regarding the Board's oversight of the issues and concerns discussed in this Report.

Require the District to provide monthly and annual reports to the OP&T Committee that include quantitative data regarding EEO Issues.

As discussed further below, the District provides the Board and Board committees a considerable amount of information regarding HR issues and personnel matters. However, the District currently does not provide reports on EEO Issues, except as requested. We recommend that the Board require the District to provide quantitative data on EEO Issues to the OP&T Committee on a monthly and annual basis.

The Ethics Office's monthly report to the Board's Audit and Ethics Committee currently includes data regarding the number and general nature of complaints received, investigations opened, and investigations pending. The EEO Office should provide a similar monthly report to the OP&T Committee.

On September 15, 2020, and November 9, 2020, the EEO Office provided information requested by the Board regarding EEO cases over a given period of time, including aggregate data regarding the basis of the complaints, complainant demographics, and investigation results (i.e., substantiated or unsubstantiated).<sup>22</sup> The EEO Office should provide to the OP&T Committee an annual report with similar information for EEO complaints made each calendar year. In addition to the type of information provided in the September 15, 2020, and November 9, 2020, reports, the annual report should include data on the average length of time to resolve complaints, and a summary of any disciplinary actions taken.

Reports should include quantitative data only, and should not include the names of any of the employees involved or details of the complaint beyond the general nature (e.g., sexual harassment, age discrimination, etc.).

Require the District to obtain education and employment verifications for external candidates selected through the recruitment process for employment with the District.

For each position in the District, HR prepares a job description that specifies the minimum qualifications for the position, such as a specific educational degree, years of experience, or mandatory certificates or licenses. Our interviews with employees revealed that some employees believe the District hires or promotes candidates who are not qualified for their position because

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<sup>&</sup>lt;sup>22</sup> The EEO case results the District reported generally are similar to the results of our analysis discussed above. However, where we noted the results were "mixed," the District reported the results as "unsubstantiated."

the District accepts candidates' representations of their education or experience on employment applications as true, without verifying said information.

HR runs background checks (i.e., criminal history) on external applicants who are selected through the recruitment process for employment with the District. However, we were unable to determine whether the background check process includes education and employment verifications (e.g., obtaining verification from former employers, educational institutions, and licensing bodies that the information applicants provided to the District is accurate). If the District's background checks do not include verifications, the District should consider adding verification services to its background check requests, or assign this function to an employee on the recruiting team.

Continue to evaluate the District's recruiting policies and procedures, including for the Apprenticeship program, and recommend adjustments as appropriate.

As discussed in **Section VI.A.1.b.** above, some employees believe the District engages in unfair hiring practices, particularly with regard to promotions and transfers. However, we generally found little merit to these concerns. Other than the issues already discussed in this Report, we do not see substantial problems with the District's recruitment processes for the Apprenticeship program or other District positions.<sup>23</sup>

As previously discussed, the District has made significant improvements to its processes in recent years, including implementing procedures to support a fair process. For example, managers do not have access to the transfer list; hiring managers are discouraged from participating on the interview panel for the first round of interviews; interview panels pose the same questions to every candidate and score every candidate using the same rubric; panelists' scores must be within one rating level of each other; and hiring managers must complete a "Final Hiring Interview Recommendation" form with narrative justifying their selection for HR to review. However, many employees are unaware of these requirements, and continue to have misconceptions about how the recruiting process works.

The District should continue to evaluate and adjust its recruitment process as needed, and consider ways to clarify misinformation about the process.

Continue carefully and thoroughly to evaluate information provided by District Leadership that provides insight into patterns of EEO Issues.

Most Director-interviewees stated that the District provides the Board sufficient information regarding HR issues and personnel matters, and is responsive to Directors' requests for additional data. Our review of reports and presentations provided to the Board corroborated these statements. For example, the "Human Resources" section of the General Manager's monthly

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<sup>&</sup>lt;sup>23</sup> Many interviewees complained that the recruitment process takes too long. Recommendations to improve the efficiency of the District's recruitment process are beyond the scope of this Review.

report includes "HR Metrics" showing quantitative data regarding headcount, recruitments, job audit requests, and personnel transactions (e.g., hires, promotions, separations, and transfers). The General Counsel's monthly report includes details about employment-related litigation. The report also lists outside counsel agreements and the purpose for each agreement, including agreements for EEO investigations and HR litigation. Legal's quarterly report lists settled claims and separation agreements.

Assuming the District complies with our recommendation above to provide additional reporting on EEO Issues, the reports listed above and the new EEO reports in combination provide insight into potential EEO Issues and other working environment issues. Directors, particularly those on the OP&T Committee, are responsible for reviewing the information provided, recognizing trends in the numbers that may indicate an issue, and asking questions.

Encourage management transparency by providing appropriate support and resources to resolve EEO Issues.

Several interviewees told us about incidents in which managers felt pressured to withhold negative information from the Board. The majority of these incidents involved pressure from a manager who is no longer employed with the District. However, some employees still sense that managers may be reluctant to share negative information with the Board.

District Leadership and other managers we interviewed overwhelmingly reported that they do not feel pressured to withhold negative information from the Board. To the contrary, they stated that, although it has not always been the case, Executive Management currently encourages transparency. They generally understand the importance of sharing "good news" and "bad news" with the Board.

It is important that District Leadership and managers have confidence that if they notify the Board of an issue, the Board will collaborate with them in a positive manner to resolve the issue. The Board should be mindful that their response is instrumental in encouraging or discouraging transparency.

Continue to be mindful of the Board's role related to EEO Issues and the District's day-to-day operations.

Although District Leadership should keep the Board apprised of key developments and the resolution of high-profile EEO Issues that have long-term effects on the District, the Board should not be involved in the District's day-to-day operations or its EEO processes.

Require Directors to model professionalism and respectful behavior at all times, and reinforce these expectations on a regular basis.

It is unhealthy for members of a Board to always be on the same page; robust debate of issues is necessary for a Board to do its important work. Directors who express strong opinions do

so because they care. However, a Board cannot progress beyond debate and make reasoned decisions when the debate becomes overly heated.

It is apparent that in-fighting on the Board is perpetuating the District's culture and working environment challenges, and damaging the District's reputation. It is difficult for employees to feel confident about the District's commitment to change when the Board is factionalized.

We recommend the Chairwoman of the Board take additional steps to re-establish trust and encourage a more cohesive Board, and the District should provide support and resources as needed to support the Chairwoman's efforts.<sup>24</sup>

Designate a committee and allocate funds for the District to implement the recommendations detailed in this Report.

Although some of the recommendations in this Report are simple, many are complex, and span multiple areas of responsibility. The Board should designate a committee to request and review the District's response to each recommendation, allocate funds for the District to implement the recommendations the Board chooses to accept, and track the District's progress on implementing the accepted recommendations.

Conduct an annual employee survey for at least the next five years to evaluate the District's progress in implementing the recommendations in this Report, and the effectiveness of those recommendations.

If nothing else, we learned in this Review that most District employees—even the unhappy ones—are committed to the mission of providing safe, reliable drinking water to Southern California. They know they deserve a workplace that allows them to contribute to this mission while being treated with dignity and respect, and they want to be heard when that is not happening.

The issues that triggered this Review are serious, and require a genuine and sustained response. The District cannot consider the issues resolved once it has completed implementation of the recommendations in this Report. Conducting an annual employee survey will help the District ensure that changes are effective, and reveal any unintended consequences or new issues. Further, soliciting feedback generates trust and shows genuine interest in the well-being of the employees.

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<sup>&</sup>lt;sup>24</sup> In the spirit of modeling inclusive language, as recommended elsewhere in this Report, we also recommend that the District refer to Chairwoman Gray as "Chairperson Gray."

# Recommendations from Independent Review of Workplace Concerns

Organization, Personnel & Technology Committee Item 8-1 August 16, 2021



 Elevate the EEO Office to an independent department reporting to the Board of Directors (including hiring an EEO Officer) and eliminate Legal Department's direct involvement in most investigations.

2. Create three additional internal EEO investigator positions.

3. Create a DE&I Manager position to be filled by an individual with prior DE&I experience to create a DE&I Office, lead the DE&I Council, and guide Council members and District Leadership to identify and implement best practices.

4. Create additional positions in the Training Unit and Employee Relations to ensure both areas are properly staffed and resourced.

5. Designate a committee and allocate funds for the District to implement the recommendations detailed in the Report.

## Additional contract authorization

- Increase maximum amount payable in Shaw Law Group contract by \$25,000 to a total of \$575,000.
  - For final phase in resolving four EEO investigations.

## **Board Options**

## Option 1

Adopt the Shaw Law Group recommendations as presented and direct staff to implement the recommendations; authorize increase in the maximum amount payable to the Shaw Law Group by \$25,000.

### Option 2

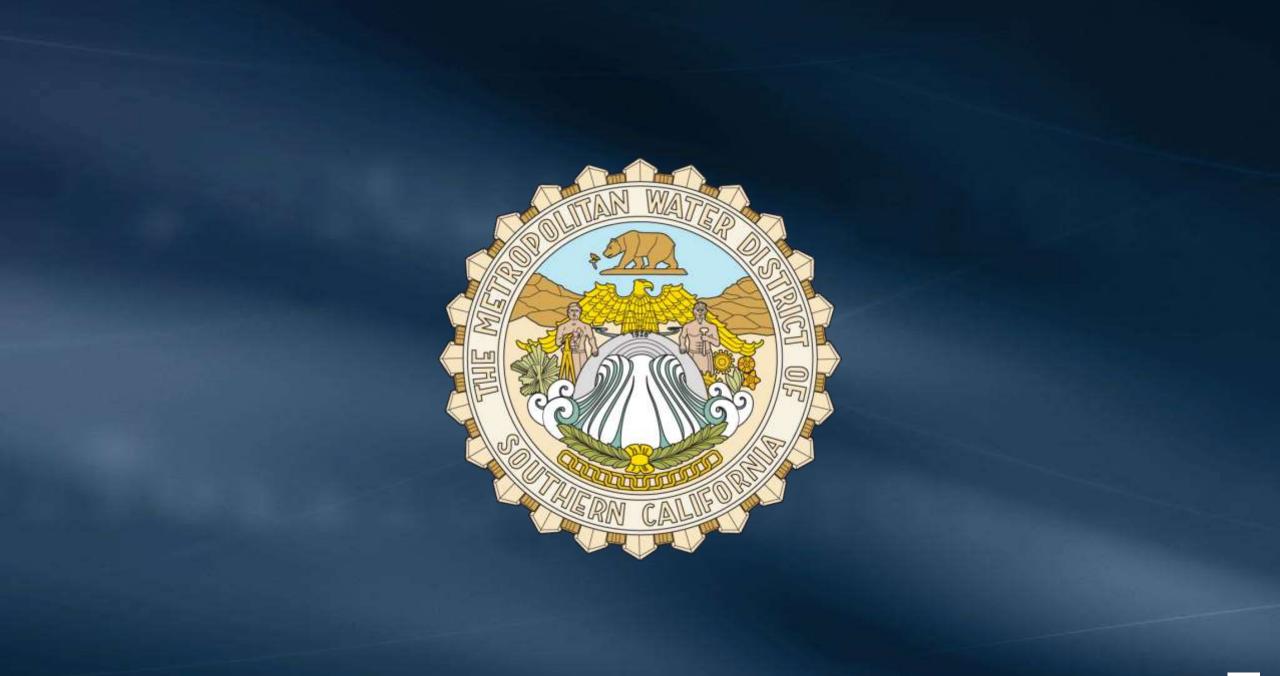
Adopt the Shaw Law Group recommendations with modifications, and direct staff to implement the recommendations; authorize increase in the maximum amount payable to the Shaw Law Group by \$25,000.

## Option 3

Do not adopt Shaw Law Group recommendations, direct staff to implement recommendations, or authorize increase in maximum amount payable under this contract.

## Staff Recommendation

Option #1 or #2



#### SCHWARTZ, STEINSAPIR, DOHRMANN & SOMMERS LLP

RICHARD D. SOMMERS STUART LIBICKI MICHAEL R. FEINBERG MARGO A. FEINBERG HENRY M. WILLIS\* D. WILLIAM HEINE ZOE S. MOSKOWITZ AMY M. CU RICHARD M. SWARTZ DANIEL E. CURRY\*\* KIRILL PENTESHIN JUDY H. LEE MELANIE LUTHERN

#### **LAWYERS**

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\*MEMBER OF CA AND NV BARS
\*\* MEMBER OF CA, NY AND KS BARS

August 11, 2021

**VIA E-MAIL ONLY** 

Mira Hashmall MILLER BARONDESS, LLP 1999 Avenue of the Stars, Suite 1000 Los Angeles, California 90067

**Re:** Special Meeting of Operations, Personnel & Technology Committee

Meeting and Comments about Linda Waade

Dear Mira:

On July 27, 2021, the Metropolitan Water District of Southern California (MWD) held its Operations, Personnel & Technology (OP&T) committee meeting. Much to our surprise and concern Linda Waade, former Deputy General Manager for External Affairs, MWD was discussed at this meeting in a fashion that violated the confidentiality of the Ethics Office investigation guidelines. and the principles of confidentiality that the Shaw Group was also to follow. Indeed, it was ironic that this discussion occurred right after a discussion about the importance of maintaining the confidentiality of witnesses.

I am sure you have access to the audio tape of this meeting. Ms. Waade's name was first introduced by MWD Board Member Tim Smith (from the SDWA).<sup>2</sup> The Chair asked if this matter should be heard in executive session. Instead of saying yes, or following the direction of Abel Salinas who indicated any discussion of the contents of an ethics investigation should not be discussed, a ping pong conversation occurred between the Board member, Ms. Scully and Brooke Kozak, a representative of the Shaw Group as to the scope of Ms. Waade's conversations with both the MWD Ethics Office and the Shaw Group. In addition to the impropriety of that discussion the information relayed was also inaccurate.

<sup>&</sup>lt;sup>1</sup> See *Office of Ethics Guidelines for Investigations* http://www.mwdh2o.com/PDF Who We Are/Ethics%20Office%20Investigation%20Guidelines.pdf

<sup>&</sup>lt;sup>2</sup> The relevant testimony begins at 2:22:46, though just before then the topic of the need for confidentiality in such matters was stressed.

Mira Hashmall August 11, 2021 Page 2

We are troubled as it is difficult to put the genie back in the bottle once these comments were made. That said, we are demanding that any and all references, at MWD's public board and committee meetings, to confidential information regarding Ms. Waade's experience at MWD, including her communication with MWD staff and/or their representatives cease from this time forward. We further demand that MWD publicly acknowledge, in open session at the August 17, 2021 board meeting, the breach in confidentiality that occurred and correct, for the record, the inaccurate information conveyed at that meeting. Specifically:

- In response to a question at the July 27, 2021 committee meeting, Ms. Scully referred to an interview with Ms. Waade conducted by and at the request of the then-Ethics Officer and staff in 2016. During the discussion, Ms. Scully stated multiple times that "...this was an ethics matter which had nothing at all to do with...was irrelevant to the investigation undertaken by the Shaw Law Group and its subsequent report presented at the July 27 committee meeting...".
- In addition to the breaches of confidentiality, it was not accurate to state that the "Waade ethics matter" is unrelated to the Shaw Law Group's investigation and report. When Ms. Waade was contacted and interviewed by the Ethics Office in 2015/2016, she was asked about her experience at MWD including specific questions pertaining to Equal Employment Opportunity (EEO) matters. In response, Ms. Waade conveyed to Ethics Office staff the experiences she had and the concerns she raised at the time she resigned, including EEO issues. These conversations occurred before, during and after Ms. Waade's interview in September 2016. Also, earlier this year, Ms. Waade discussed these matters, including EEO-related issues, with Abel Salinas, Ethics Officer, and his staff. This information was conveyed both orally and in writing.
- At the July 27 committee meeting, Brooke Kozak, Shaw Law Group, disclosed not only confidential but inaccurate information about Ms. Waade including: "...she (Waade) had reached out to the Ethics Officer (Abel Salinas) and requested an interview with us (Shaw Law Group)." Kozak added, "Ms. Waade, in the end, elected that she not follow through and interview with us so we did not interview her and the information we received from the Ethics Office about her issues were not EEO related."
- Any references to Ms. Waade and any contact she may have had with the Ethics Office and/or the Shaw Law Group is a clear breach of confidentiality, a point which Mr. Salinas attempted to make during the committee meeting. Nonetheless, Ms. Kozak went on to say that the information SLG received from the Ethics Office regarding Ms. Waade was not EEO-related. It may or may not be accurate for Kozak to state that what the Ethics Office provided was not EEO-related; however, Ms. Waade provided, in writing and directly to the SLG, specific examples of her experience while employed by MWD, some of which were EEO-related, including copies of relevant documents.

Mira Hashmall August 11, 2021 Page 3

• While Ms. Waade was not interviewed by the Shaw Law Group, she did provide documentation for the purpose of their investigation. In her written communication to Ms. Kozak, Ms. Waade stated, "If you have any questions about the attached documents or anything related to my case, please let me know and we can schedule a time to talk." Ms. Kozak failed to follow up.

We propose the best way to cure the MWD's misconduct is for the Board Chair to read this letter out loud at the board meeting so it is formally included in the MWD board meeting minutes (written and recorded) in the same way the 7/27/21 committee meeting discussion is.

We also request that the MWD acknowledge, at the August 17 board meeting, that MWD and/or its representatives (Shaw) disclosed confidential and, in some instances, inaccurate information at the committee meeting on July 27. Ms. Waade is not seeking an apology or other remedy at this time, but she feels that failure to correct the record, both leaves inaccurate information in the public arena and can serve to chill others from coming forward for fear their name and concerns will be recited in open session.

Also, since Brooke Kozak stated that the information about the Waade matter was not EEO-related, we seek a letter from the SLG stating how they made that determination. As you well know Ms. Waade reached out to the Ethics Office who referred her to the Shaw Law Group after EEO concerns were made public. Her goal was to share what she knew to the extent it could be helpful. The remarks at the Committee meeting undermine and turn on its head her very goal.

We hope you take the time to listen to the meeting and ensure the MWD takes all steps described above to ensure the confidentiality of all conversations with the Ethics Office and the Shaw Law Group and Ms. Waade's rights and that inaccuracies are corrected.

As you know Ms. Waade and our office have cooperated with the MWD in good faith. The conduct at this Committee meeting undermines those efforts. We hope to hear from you by the close of business August 13, 2021. If we do not hear from you we will take all steps to ensure this letter and any necessary comments are put on the record on the 17<sup>th</sup>.

Sincerely,

SCHWARTZ, STEINSAPIR, DOHRMANN & SOMMERS LLP

Margo A. Feinberg Margo A. Feinberg

MAF:1z

cc: Ms. Linda Waade (via e-mail only)



Water Resource Management Group

#### August report on water conservation activity

#### Summary

This report provides a summary of conservation activity and expenditures for June 2021.

#### **Purpose**

Informational

#### **Detailed Report**

### Conservation Expenditures – FY2020/21 & FY2021/22 (1)

|                            | Paid <sup>(2)</sup> | Committed <sup>(3)</sup> |
|----------------------------|---------------------|--------------------------|
| Regional Devices           | \$4.6 M             | \$1.8 M                  |
| Member Agency Administered | \$1.5 M             | \$7.1 M                  |
| Turf Replacement           | \$8.6 M             | \$7.9 M                  |
| Advertising                | \$0.1 M             | \$0.0 M                  |
| Other                      | \$1.8 M             | \$1.8 M                  |
| TOTAL                      | \$16.6 M            | \$18.6 M                 |

- (1) The Conservation Program biennial expenditure authorization was \$86 million and expected expenditures were \$50 million. Both figures have subsequently been reduced to reflect a \$2 million reduction in conservation advertising expenditures per Board Letter 8-1 on 9/14/2020
- (2) As of 7/1/2020 6/30/2021
- (3) Committed dollars as of July 10, 2021

#### Summary of Expenditures in June 2021: \$1,837,444 (1)



#### **Turf Replacement Rebates:**

June: 529,870 ft<sup>2</sup> removed

FY2020/21-FY2021/22: 4,290,921 ft<sup>2</sup> removed



#### **Clothes Washers:**

June: 3,010 units rebated

FY2020/21-FY2021/22: 18,258 units rebated



#### **Smart Controllers:**

June: 1,912 units rebated

FY2020/21-FY2021/22: 14,099 units rebated



#### **Toilets:**

June: 1,176 units rebated

FY2020/21-FY2021/22: 11,358 units rebated



#### **Rain Barrels and Cisterns:**

June: 1,044 units rebated

FY2020/21-FY2021/22: 3,036 units rebated



#### **Sprinkler Nozzles:**

June: 1,940 units rebated

FY2020/21-FY2021/22: 29,715 units rebated

#### Lifetime Water Savings to be achieved by all rebates in June 2021: 4,778 AF

FY2020/21-FY2021/22: 41,655 AF lifetime water savings

 $<sup>(1) \</sup> Expenditures \ may \ include \ advertising \ and \ Water \ Savings \ Incentive \ Program \ activity \ in \ addition \ to \ the \ incentives \ highlighted \ above.$ 



# Update on Voluntary Agreements

Board Meeting Item 10-1 August 17, 2021

## Overview

- Water Quality Control Plan (WQCP) background
- Voluntary Agreement approach
- Moving forward

## State Water Board Regulatory Authority

- Responsible for developing and updating the Bay-Delta Water Quality Control Plan
- Establishes water quality objectives to protect beneficial uses
- Periodic review required

## State Water Board's Process

2009 Current review/update of the 2006 WQCP began in 2009 2010 Flow Criteria workshops and report ■ Lower San Joaquin River and Southern Delta — Scientific Basis Report 2011 2013 Lower San Joaquin River and Southern Delta – Draft CEQA document 2016 ■ San Francisco Bay/Sacramento — San Joaquin Delta Estuary — Draft Scientific Basis Report 2017 ■ Lower San Joaquin River and Southern Delta — Revised Draft CEQA document ■ San Francisco Bay/Sacramento — San Joaquin Delta Estuary — Final Scientific Basis Report 2017

2018 ■ Lower San Joaquin River and Southern Delta – Final Environmental Document & SWRCB Adoption

Board Meeting Soard Meeting August 17, 2021 38

# Complexities of Regulatory Approach

2019 Biological Opinions/Incidental Take Permit/Water Quality Control Plan



# Same Water Quality Criteria Different Implementation Approaches

## Narrative Objectives: Salmon and Viability Objectives

### **Regulatory Approach**

- Only flow requirements
- No specific funding provisions

### **Voluntary Agreements**

- Flow and non-flow actions
- Science Program
- Funding commitments

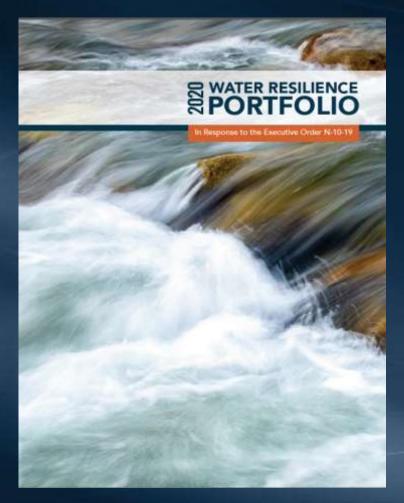
## Watershed-wide Voluntary Agreements Components



- Watershed-wide
- Specified term of agreements
- Early implementation actions
- Science and Governance Program (Adaptively Managed)
- Commitments
  - Funding
  - Flow
  - Habitat

# Voluntary Agreement Consistent with State Policy

- Voluntary Agreements align with:
  - Water Resilience Portfolio
  - State's priorities in Executive Orders (Drought and Biodiversity)
  - State's desire to fund multiple benefit programs



# Voluntary Agreements Status

2018

State presented Voluntary Agreements to State Water Board

2019

State submitted Voluntary Agreements proposal to State Water Board

2020

State presented Framework of Voluntary Agreements

2021

Water users worked on proposal and discussions with State

August 2021

State presented its most recent Framework for Voluntary Agreements

Current

Water users continue to work with State

# Voluntary Agreements Key Agreements

- MOU (Term Sheet and Appendices)
- Global Agreements
  - Structure
  - Funding
  - Science Program
  - Governance (all Voluntary Agreements parties)
- Implementing Agreements



# Water Quality Control Plan Update with Voluntary Agreements

- Agreement on MOU
- State Board considers Voluntary Agreements as an alternative implementation of narrative objectives in Substitute Environmental Document
- Approval of the Update to the Water Quality Control Plan that includes the Voluntary Agreements
- Implementation of Voluntary Agreements

## SWP Flow Issues Related to Litigation

BiOps

Incidental Take Permit

WQCP/VAs

SWP can only provide a discreet amount of outflow Flow is involved in all of the permits









August 16, 2021

Gloria Gray, Chair Metropolitan Water District of Southern California 700 North Alameda Street Los Angeles, CA 90012-2944

Sent via email to: rcastro@mwdh2o.com, BoardExecutiveSecretary@mwdh2o.com

RE: Request that "Update on Proposed Voluntary Agreements for Delta Operations" be Discussed in Open Session as Required by the Brown Act (Agenda Item 10-1)

Dear Chairwoman Gray and Members of the Board:

On behalf of the Natural Resources Defense Council, Los Angeles Waterkeeper, and Defenders of Wildlife, we are writing to notify you that discussion of the "Update on Proposed Voluntary Agreements for Delta Operations" that is proposed to be heard in closed session at the Board of Directors as part of Item 10-1 would violate the Brown Act. While the other matters identified for discussion in closed session under agenda item 10-1 constitute matters in existing litigation for which closed session is appropriate, the proposed voluntary agreements are not a matter of existing or pending litigation to which closed session discussion for advice of legal counsel is authorized under the Brown Act. Therefore, we request that this item be moved to open session or removed from the meeting agenda and not discussed in closed session.

First, the proposed voluntary agreements do not constitute a proposal to settle litigation, but instead are proposals for an agreement or memorandum of understanding by a wide range of water districts to support an administrative proposal that would be submitted to the State Water Resources Control Board for review and evaluation as part of the Board's quasi-legislative, regulatory process to update the Bay-Delta Water Quality Control Plan. MWD's February 23, 2021 presentation to the Bay-Delta Committee similarly admitted that "If agreement is reached, Voluntary Agreement would be presented to SWRCB as an alternative to analyze in the Substitute Environment Document." MWD's presentation correctly notes that this would be as part of a regulatory, quasi-legislative process at the SWRCB, not a quasi-adjudicatory proceeding at the SWRCB. Neither the SWRCB's regulatory update of the Bay-Delta Water Quality Control Plan nor the negotiations over an alternative to present to the SWRCB in that proceeding constitutes "litigation" under the Brown Act. See Cal. Gov. Code § 54659.9(c).

Second, the ongoing meetings and negotiations with State agencies regarding a voluntary agreement in the Bay-Delta includes numerous water districts that are neither a party to the litigation referenced in MWD's meeting notice nor a party to any such existing or pending litigation, precisely because these negotiations are not discussions that pertain to settlement of litigation. The inclusion of non-parties in

these discussions waives any claims of attorney-client privilege for these materials and discussions. Similarly, these meeting materials and other documents are not exempt from disclosure under the Brown Act. In addition, we understand that several of these meetings and discussions included staff from the State Water Contractors. The State Water Contractors have asserted that they are not a public agency subject to the Brown Act, and therefore any documents or materials that are disclosed to staff of the State Water Contractors are not exempt from disclosure as "interagency or intra-agency memoranda that are not retained in the ordinary course of business, if the public interest in withholding those records clearly outweighs the public interest in disclosure." Cal. Gov. Code §6254(a).

Third, MWD staff have repeatedly discussed the voluntary agreements in open session, and MWD staff have never claimed that these discussions were privileged or related to existing or pending litigation. That includes presentations by MWD staff at various committee meetings of the Board, including on February 23, 2021, February 25, 2020, March 11, 2019, and January 7, 2019. Similarly, pursuant to NRDC's 2018 Public Records Act request, the State of California has disclosed materials from prior voluntary agreement meetings. The State has also publicly released documents relating to the Voluntary Agreement Framework in 2018, 2019, and 2020, and none of these documents have claimed that the discussions were privileged or confidential or a proposed settlement of litigation.

There is a broad public interest in disclosure of the proposed voluntary agreements. Keeping these discussions and related documents secret only adds to public skepticism and distrust of this process, and conservation groups, fishing organizations, Tribes, and the public all have a right to know what is going on behind closed doors.

We are unaware of any valid basis for holding this discussion in closed session and doing so appears to clearly violate the Brown Act. Therefore, we request that the "Update on Proposed Voluntary Agreements for Delta Operations" be moved to open session or removed from the agenda and not discussed in closed session. Removing the discussion of this item from closed session would also demonstrate the commitment of MWD staff and Board Members to transform Metropolitan's culture to become more transparent and inclusive.

Thank you for consideration of our views.

Sincerely,

Doug Obegi

Natural Resources Defense Council

Rachel Zwillinger Defenders of Wildlife Bruce Reznik

Los Angeles Waterkeeper



# Department Head Performance Evaluations

Board of Directors Item 10-1 October 12, 2021

### Overview

- 1. How Evaluation Process Works
- 2. Evaluation Process Timeline
- 3. Closed Session Presentations

### How the Evaluation Process Works

- Email sent to Directors on July 8 & 13, 2021 "FY2020-21 Department Head Evaluations Due"
  - Includes Year-End Accomplishment Summaries and Weblinks to Evaluations for each Department Head
- Reminder Email also sent 8:00 AM yesterday: "FY2020-21 Department Head Evaluations Due"
- Two weeks left to complete online evaluations
- Submit by Tuesday, October 26, 2021
- Full Board participation encouraged
  - Optional for new Directors on the Board less than 4 months

#### II. Evaluation Timeline

Dept Heads
Send Year-End
Performance
Summaries to HR

July 7

**Evaluation Results Sent to the Board** 

Nov 4 – 5

Dept Heads Draft Next Year's Goals Based on Feedback

Nov - Dec

Performance
Summaries and links
to Evaluations sent
to the Board

July 8 – 9

Board Discusses
Evaluation Results
(Closed)

**Nov 9 Board** 

Home Committees
Approve Goals
(Closed)

Nov – Dec

Dept Head
Presentations to
Board (Closed)

**Oct 12** 

Review Salary Comparisons

**Nov 9 Board** 

Online Evaluations
Submitted, *Due by October 26* 

Oct 12 – Oct 26

**Board Finalizes Compensation Determinations** 

**Nov 9 Board** 

404

### Four Key Areas, with 20 Core Ratings

STANDARD 1 - 5 RATING SCALE

 $1 = To \ a \ Very \ Little \ Extent \ to \ 5 = To \ A \ Very \ Great \ Extent \ (or \ N/A)$ 

Strategic Leadership 1. Align Priorities with Mission and Board

4. Project Positive Image of Metropolitan

- 2. Provide Proactive Insights
- 3. Prepare Organization for Future Challenges

Operational Leadership

5. Ensure Department Adds
Value

8. Improve MWD Operations

- 6. Provide Innovative Solutions
- 7. Meet Assigned Timeframes

Board Relationships

- 9. Excellent Board Working Relationships
  - 12.Open to Constructive
    Suggestions

- 11. Develop Strategic Plans with Board
  - 14. Available to Board
    Members

- 11. Develop Strategic Plans with Board
  - 14. Available to Board Members

Results

- 15. Make Progress on Board Expectations
  - 18. Effectively Manage Budgets

- 16. Achieve Expected Results
  - 19. Evidence a Strong Commitment to Diversity

- 17. Ensure Compliance
- 20. Work Effectively w/ Other Departments



**Overall Performance Rating** 

**Opportunities for Specific Written Comments** 

## Overall Rating Descriptions

- Exemplary Performance
  - Consistently achieves exemplary performance that SIGNIFICANTLY CONTRIBUTES to organizational results.
- Highly Competent Performance
  - Strong performer. Achieves excellent results on vast majority of assignments and all priority objectives.
- Competent Performance
  - Solid performer. Achieves good results on most assignments and deadlines.
- Unsatisfactory Performance
  - Performance does not meet the minimum expectations of this position.

#### Other Information to Know

- Opportunities to provide specific feedback on desired improvements
- Participation is tracked, but individual responses are anonymous to Metropolitan
- Email confirmation of your responses upon submission
- Reminder emails will be sent from Office of the Board
- For questions or support contact Irwin Jankovic or Diane Pitman

## Department Head Presentations

To be heard in Closed Session

