

# The Metropolitan Water District of Southern California

# Agenda

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

## Board of Directors - Final - Revised 2

**August 16, 2022**

**1:30 PM**

**Tuesday, August 16, 2022  
Meeting Schedule**

08:30 a.m. Adj. A&E  
10:30 a.m. Adj. OP&T  
11:30 a.m. Adj. RPA&M  
01:00 p.m. Adj. L&C  
01:30 p.m. Adj. BOD

Agendas, live streaming, meeting schedules, and other board materials are available here: <https://mwdh2o.legistar.com/Calendar.aspx>. If you have technical difficulties with the live streaming page, a listen-only phone line is available at 1-877-853-5257; enter meeting ID: 891 1613 4145. Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via in-person or teleconference. To participate via teleconference 1-833-548-0276 and enter meeting ID: 815 2066 4276 or click <https://us06web.zoom.us/j/81520664276pwd=a1RTQWh6V3h3ckFhNmDsUWpKR1c2Zz09>

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

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## 1. Call to Order

- a. Invocation: John M. Carter, Team Manager-Pump Plant, Water System Operations Group
- b. Pledge of Allegiance: Director Stephen J. Faessel, City of Anaheim

## 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. Member Agency Overview: Anselmo G. Collins, Senior Assistant General Manager, Water System, Los Angeles Department of Water and Power

[21-1359](#)

**Attachments:** [08162022 BOD 4a Presentation](#)

## 5. OTHER MATTERS AND REPORTS

Meeting Delayed

- A. Report on Directors' Events Attended at Metropolitan's Expense [21-1335](#)  
**Attachments:** [08162022 BOD 5A Report](#)
- B. Chairwoman's Monthly Activity Report [21-1336](#)  
**Attachments:** [08162022 BOD 5B Report](#)
- i. Announcement of Members, Chairs and Vice Chairs of Committees for the remainder of the current term commencing August 16, 2022 through January 11, 2023. [ADDED ITEM 8/11/22] [21-1432](#)
- C. General Manager's summary of activities [21-1337](#)  
**Attachments:** [08162022 BOD 5C Report](#)
- D. General Counsel's summary of activities [21-1338](#)  
**Attachments:** [08162022 BOD 5D Report - Revised](#)
- E. Interim General Auditor's summary of activities [21-1339](#)  
**Attachments:** [08162022 BOD 5E Report](#)
- F. Ethics Officer's summary of activities [21-1340](#)  
**Attachments:** [08162022 BOD 5F Report](#)
- G. Report on list of certified assessed valuations for fiscal year 2022/23 and tabulation of assessed valuations, percentage participation, and vote entitlement of member agencies as of August 16, 2022 (FI) [21-1344](#)  
**Attachments:** [08162022 FI 5G B-L](#)  
[08152022 FI 5-G Presentation](#)

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

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

- A. Approval of the Minutes of the Regular Meeting for July 12, 2022 (Copies have been submitted to each Director) (Any additions, corrections, or omissions) [21-1341](#)

**Attachments:** [08162022 BOD 6A Minutes](#)

- B. Adopt resolution to continue remote teleconference meetings pursuant to the Brown Act Section 54953(e) for meetings of Metropolitan's legislative bodies for a period of 30 days; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-1420](#)

**Attachments:** [9315 Resolution](#)

- C. Presentation of Commendatory Resolution honoring Ned Hyduke for his service and leadership during his term as General Manager at Palo Verde Irrigation District [21-1412](#)

- D. Approve Committee Assignments [21-1342](#)

- E. Adopt resolution encouraging civility by public speakers at Metropolitan Board and Committee Meetings. [REVISED SUBJECT] [21-1425](#)

**Attachments:** [9316 Resolution](#)

## 7. CONSENT CALENDAR ITEMS - ACTION

- 7-1 Adopt resolution establishing the tax rate for fiscal year 2022/23; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (FI) [21-1345](#)

**Attachments:** [08162022 FI 7-1 B-L](#)  
[08152022 FI 7-1 Presentation](#)  
[9317 Resolution](#)

- 7-2 Determine that there is a need to continue the emergency action of executing a no bid contract for the Upper Feeder expansion joint replacement (Requires four-fifths vote of the Board); the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EO) [21-1349](#)

**Attachments:** [08162022 EO 7-2 B-L](#)  
[08152022 EO 7-2 Presentation](#)

- 7-3** Authorize the following new agreements with: (1) Pure Technologies U.S. Inc. in an amount not to exceed \$7 million for inspection and monitoring services for prestressed concrete cylinder pipe; and (2) Brown and Caldwell in an amount not to exceed \$900,000 for preliminary design to rehabilitate the prestressed concrete cylinder pipe Calabasas Feeder; authorize an increase of \$6 million to an existing agreement with HDR Engineering, Inc. for preliminary design to rehabilitate the Sepulveda Feeder; and adopt CEQA determination that the Calabasas Feeder and Sepulveda Feeder rehabilitation project was previously addressed in the certified 2017 Prestressed Concrete Cylinder Pipe Rehabilitation Program Final Programmatic Environmental Impact Report. (This action is part of a series of projects that are being undertaken to improve the supply reliability for State Water Project dependent member agencies) (EO) [21-1377](#)

**Attachments:** [08162022 EO 7-3 B-L](#)  
[08152022 EO 7-3 Presentation](#)

- 7-4** Authorize a professional services agreement with HDR Engineering, Inc. in an amount not to exceed \$1,300,000 for design of the Inland Feeder/San Bernardino Valley Municipal Water District Foothill Pump Station Intertie; the General Manager has determined the project to be exempt or otherwise not subject to CEQA (This action is part of a series of projects that are being undertaken to improve the supply reliability for State Water Project dependent member agencies) (EO) [21-1348](#)

**Attachments:** [08162022 EO 7-4 B-L](#)  
[08152022 EO 7-4 Presentation](#)

- 7-5** Award a \$5,647,405 procurement contract to Sojitz Machinery Corporation of America for three 84-inch diameter butterfly valves to be installed as part of water supply reliability improvements in the Rialto Pipeline service area; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (This action is part of a series of projects that are being undertaken to improve the supply reliability for State Water Project dependent member agencies) (EO) [21-1378](#)

**Attachments:** [08162022 EO 7-5 B-L](#)  
[08152022 EO 7-5 Presentation](#)

- 7-6** Authorize annual increases of \$200,000 to existing, five-year on-call agreements with RHA, LLC; Strategic Value Solutions, Inc.; and Value Management Strategies, Inc., for new annual not-to-exceed total of \$440,000, for value engineering and other technical services in support of Capital Investment Plan projects; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EO) **21-1346**
- Attachments:** [08162022 EO 7-6 B-L](#)  
[08152022 EO 7-6 Presentation](#)
- 7-7** Authorize a five-year reimbursable agreement with the California Department of Water Resources to provide services for the State Water Project operations and maintenance activities for an amount not to exceed \$3 million per year (\$15 million total); the General Manager has determined that this action is exempt or otherwise not subject to CEQA (EO) **21-1358**
- Attachments:** [08162022 EO 7-7 B-L](#)  
[08152022 EO 7-7 Presentation](#)
- 7-8** Approve proposed ethics-related amendments to the Administrative Code; the General Manager has determined that the proposed action is not subject to CEQA (AE) **21-1379**
- Attachments:** [08162022 AE 7-8 B-L](#)  
[08162022 AE 7-8 Presentation](#)
- 7-9** Authorize granting a new ten-year license agreement to the County of Orange for the continued operation of an existing telecommunication site on Metropolitan's fee-owned property in the city of Yorba Linda, identified as Orange County Assessor 329-021-03; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (RPAM) **21-1353**
- Attachments:** [08162022 RPAM 7-9 B-L](#)  
[08162022 RPAM 7-9 Presentation](#)

- 7-10** Authorize granting a new thirty-year license agreement to the County of Los Angeles Parks and Recreation for the operation of a new public park on Metropolitan's fee property in an unincorporated area of Los Angeles County; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (RPAM) [21-1355](#)
- Attachments:** [08162022 RPAM 7-10 B-L](#)  
[08162022 RPAM 7-10 Presentation](#)
- 7-11** Approve Metropolitan's membership in the California Water Data Consortium and authorize annual membership dues of \$20,000 per year; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA (WPS) [21-1356](#)
- Attachments:** [08162022 WPS 7-11 B-L](#)  
[08152022 WPS 7-11 Presentation](#)
- 7-12** Authorize payments, by a two-thirds vote, of up to \$3.75 million for participation in the State Water Contractors for FY 2022/23; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA (WPS) [21-1357](#)
- Attachments:** [08162022 WPS 7-12 B-L](#)  
[08152022 WPS 7-12 Presentation](#)
- 7-13** Adopt resolution affirming Metropolitan's call to action and commitment to regional reliability for all member agencies; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. [REVISED SUBJECT] (WPS) [21-1382](#)
- Attachments:** [08162022 WPS 7-13 B-L](#)  
[08152022 WPS 7-13 Presentation](#)  
[9318 Resolution](#)
- 7-14** Support Metropolitan's Application to the United States Bureau of Reclamation's Water and Energy Efficiency Grant Program; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (OWC) [21-1419](#)
- Attachments:** [08162022-OWC 7-14 B-L](#)  
[08152022 OWC 7-14 Presentation](#)  
[9319 Resolution](#)

- 7-15** Express opposition, unless amended, to SB 1020 (Laird, D-Santa Cruz, Caballero, D-Salinas, Durazo, D-Los Angeles, and Atkins, D-San Diego): Clean Energy, Jobs, and Affordability Act of 2022; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. [REVISED SUBJECT] (CL) **21-1421**

**Attachments:** [08162022 CL 7-15 B-L](#)  
[08152022 CL 7-15 Presentation](#)

- 7-16** Report on legal claims alleging equal employment opportunity violations; and authorize an increase in the maximum amount payable under four contracts with Seyfarth Shaw LLP, for legal services as follows: Agreement No. 201897 by \$100,000 to an amount not to exceed \$200,000; Agreement No. 203436 by \$250,000 to an amount not to exceed \$350,000; Agreement No. 203454 by \$60,000 to an amount not to exceed \$160,000; and Agreement No. 203455 by \$75,000 to an amount not to exceed \$175,000; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA. [Conference with legal counsel – anticipated litigation; based on existing facts and circumstances of receipt of four legal claims threatening litigation, there is significant exposure to litigation against Metropolitan: four potential cases; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(2)]. [REVISED SUBJECT] (LC) **21-1423**

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

**8. OTHER BOARD ITEMS - ACTION**

NONE

**9. BOARD INFORMATION ITEMS**

- 9-1** Report on Conservation **21-1343**

**Attachments:** [08162022 BOD 9-1 Report](#)

- 9-2** Review of Policy Principles Regarding the Sacramento-San Joaquin River Bay-Delta (WPS) **21-1380**

**Attachments:** [08162022 WPS 9-2 B-L](#)  
[08152022 WPS 9-2 Presentation](#)

- 9-3** Information on policy alternatives Metropolitan may consider for reducing non-functional turf in its service area. [ADDED ITEM 8/11/22] (OWC) [21-1431](#)

**Attachments:** [08162022-OWC 9-3 B-L](#)  
[08152022 OWC 9-3 Presentation](#)

## **10. OTHER MATTERS**

NONE

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

NONE

## **12. FUTURE AGENDA ITEMS**

## **13. ADJOURNMENT**

### **NOTE:**

Each agenda item with a committee designation will be considered and a recommendation may be made by one or more committees prior to consideration and final action by the full Board of Directors. The committee designation appears in parenthesis at the end of the description of the agenda item e.g. (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.

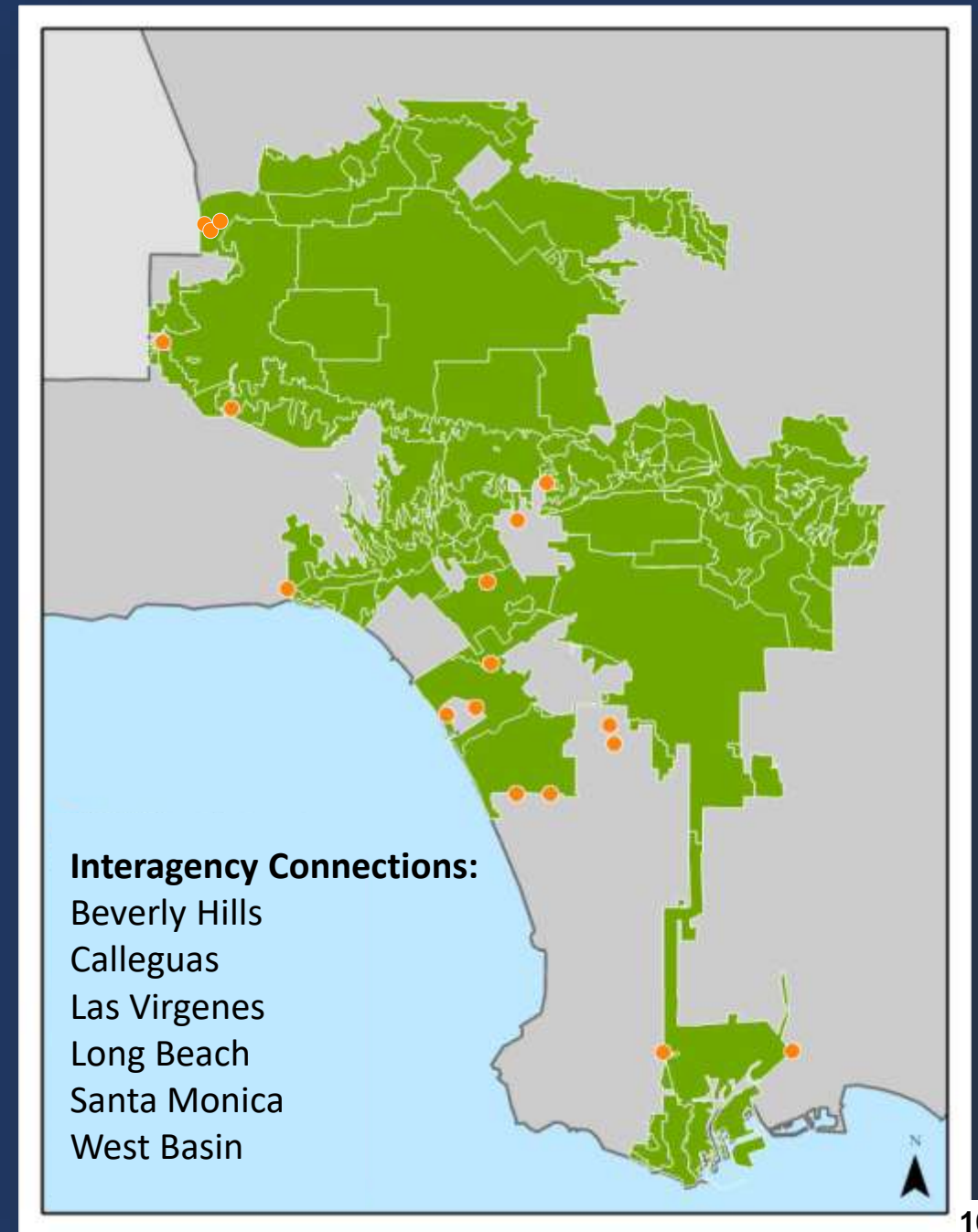


Los Angeles  
Department of  
Water & Power

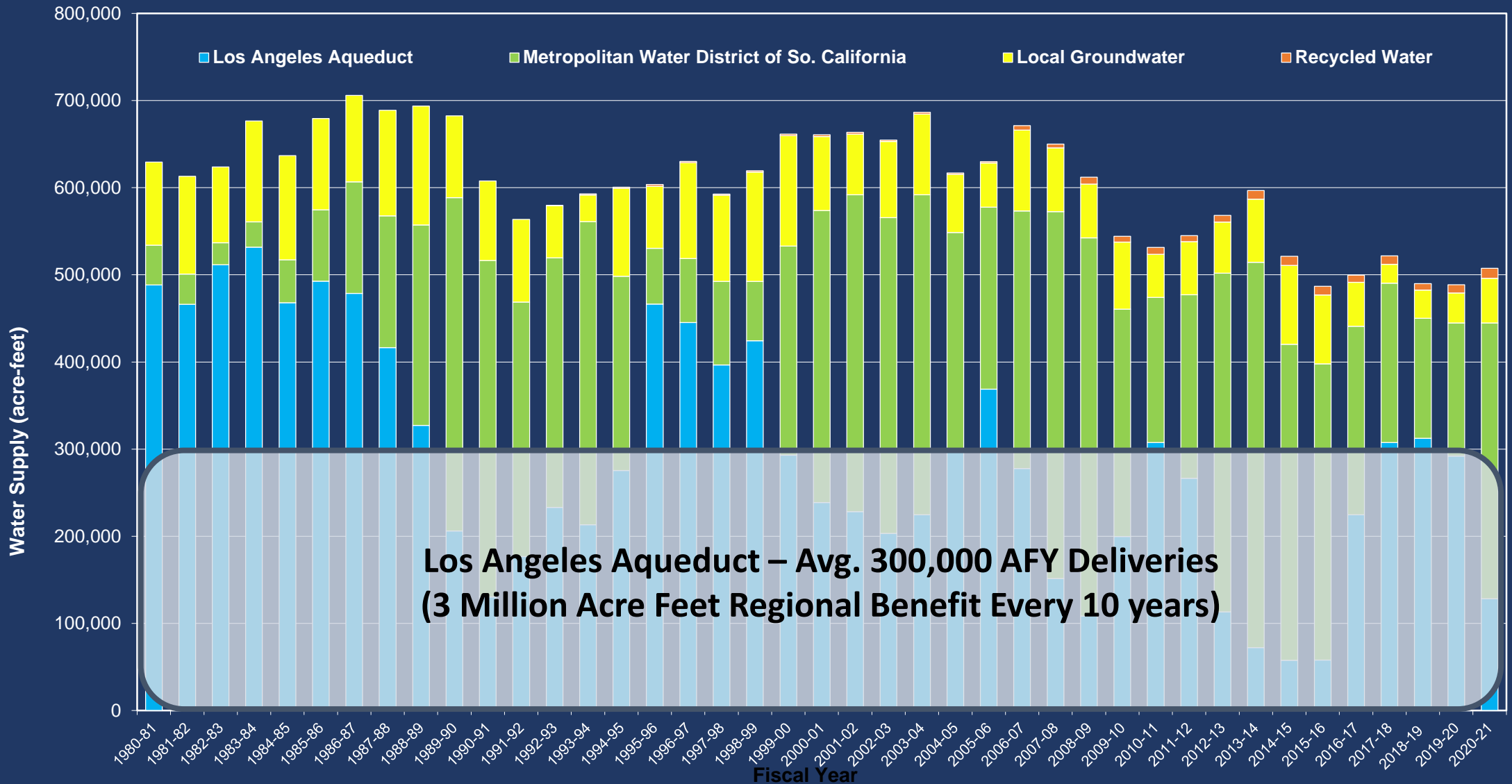
**Metropolitan Water District  
Board of Directors  
August 16, 2022**

# LADWP Background

- Largest municipal utility in the nation
- One of the founding MWD member agencies
- Serves 4 million customers ~450 MGD of water to an area of ~473 sq. mi.
  - Over 735,000 service connections
  - 7,340 miles of distribution mains and trunk lines
  - 111 system pressure zones
  - 115 tanks and reservoirs
  - 85 pump stations
  - 329 regulator and relief stations
  - Filtration plant, 2 UV plants, over 30 other treatment facilities



# Historical LADWP Sources of Supplies



# LADWP Water Supply Programs



**Los Angeles  
Aqueducts**



**Conservation / Water  
Use Efficiency**



**Stormwater**



**Groundwater  
Treatment**



**Metropolitan Water  
District**



**Purple Pipe**

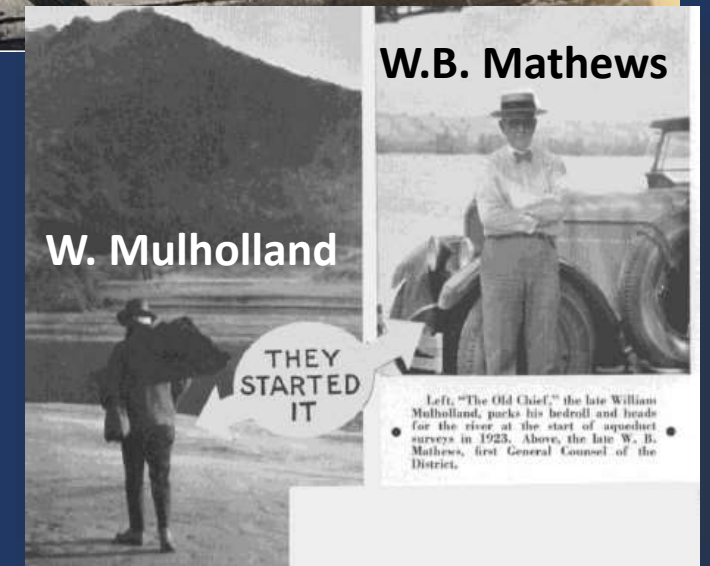
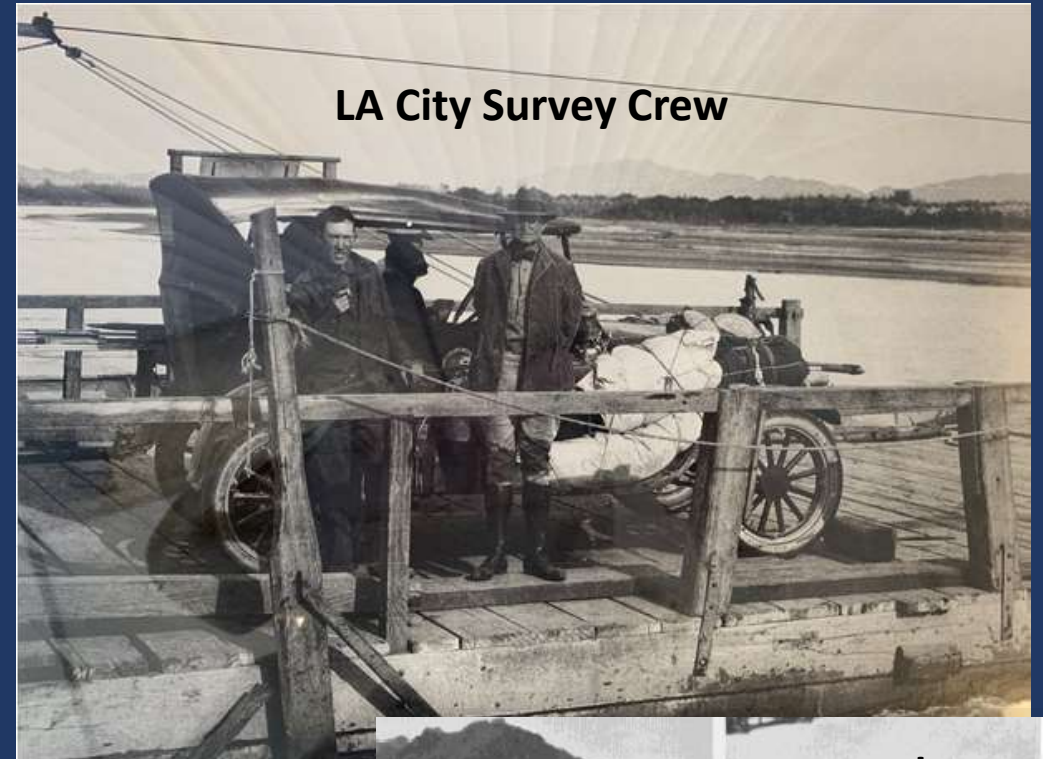
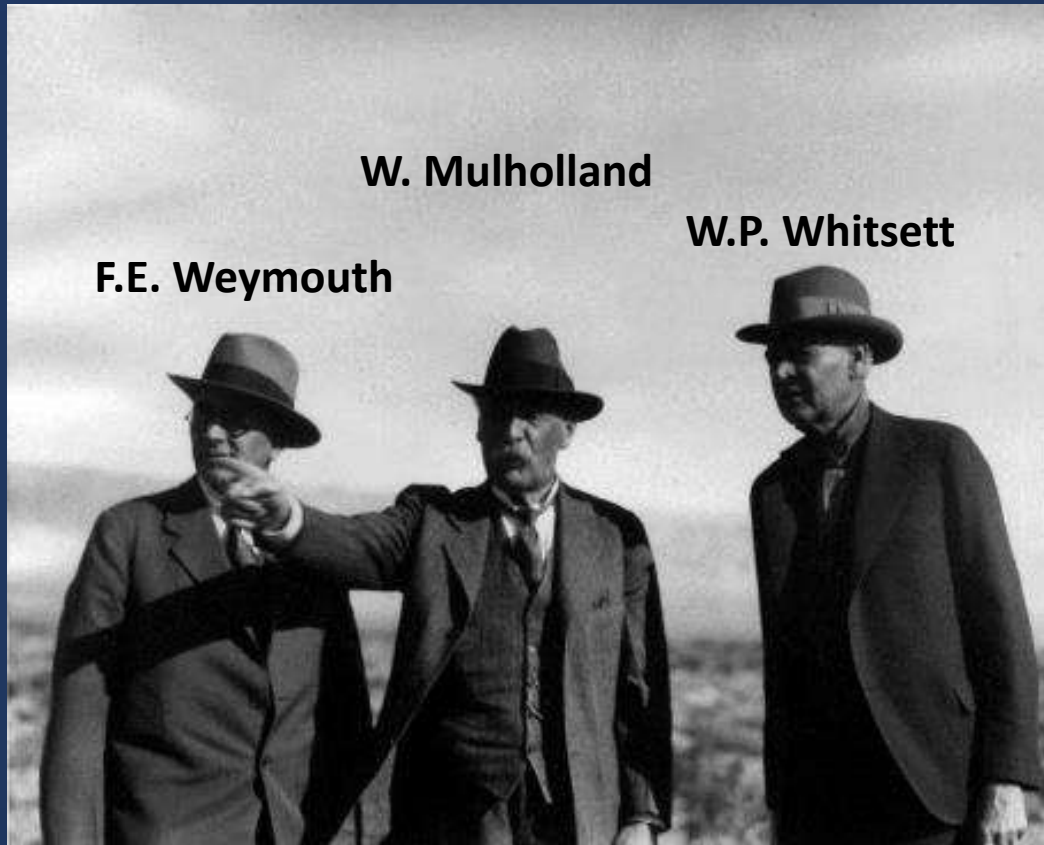


**Operation NEXT**



**Groundwater  
Replenishment**

# Colorado River Aqueduct



# Mulholland and the Boulder Canyon Project Act

- William Mulholland appeared before U.S. Congress to advocate for the Boulder Canyon Project Act
- In 1928, U.S. Congress approved the Act which divided Colorado River supply and led to the creation of Hoover Dam and other facilities (i.e. CRA)



# LA's Support for MWD's Rate Structure

- 1997: Process began
- 2001: Proposal by several member agency managers  
(Calleguas MWD, Eastern MWD, City of Los Angeles,  
Central Basin MWD, and West Basin MWD)
- 2003: Board adopts new rate structure
- MWD Maintains Excellent Bond Ratings

**S&P: AAA**

**Fitch: AA+**

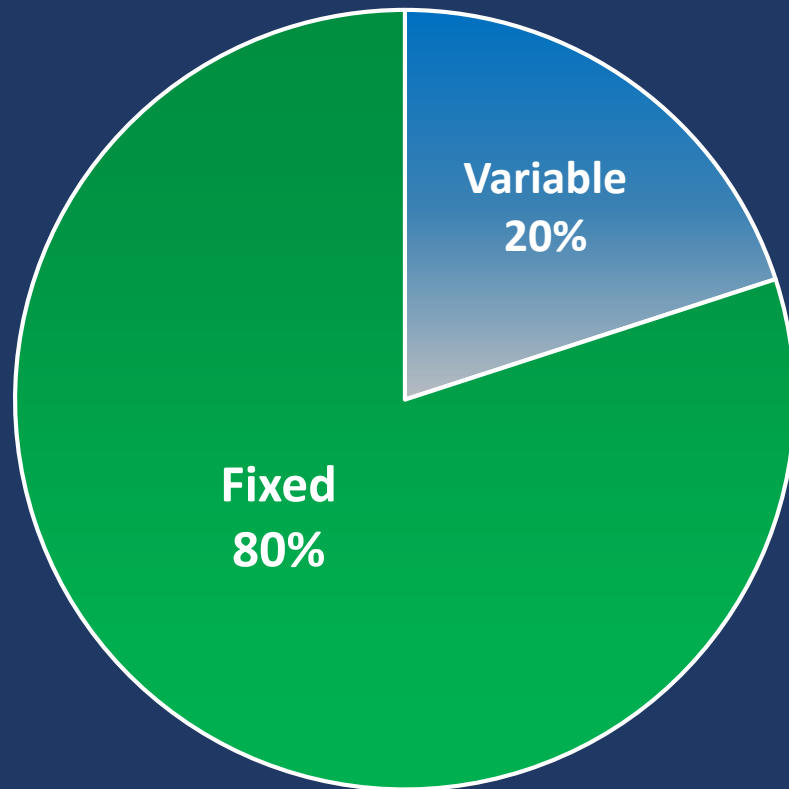
**Moody's Aa1**

S&P	Moody's	Fitch	Interpretation	IG/HY
AAA	Aaa	AAA	Prime	Investment Grade
AA+	Aa1	AA+	High Grade	
AA	Aa2	AA		
AA-	Aa3	AA-		
A+	A1	A+	Upper Medium Grade	
A	A2	A		
A-	A3	A-		
BBB+	Baa1	BBB+	Lower Medium Grade	
BBB	Baa2	BBB		
BBB-	Baa3	BBB-		
BB+	Ba1	BB+	Non-Investment Grade	
BB	Ba2	BB		
BB-	Ba3	BB-		

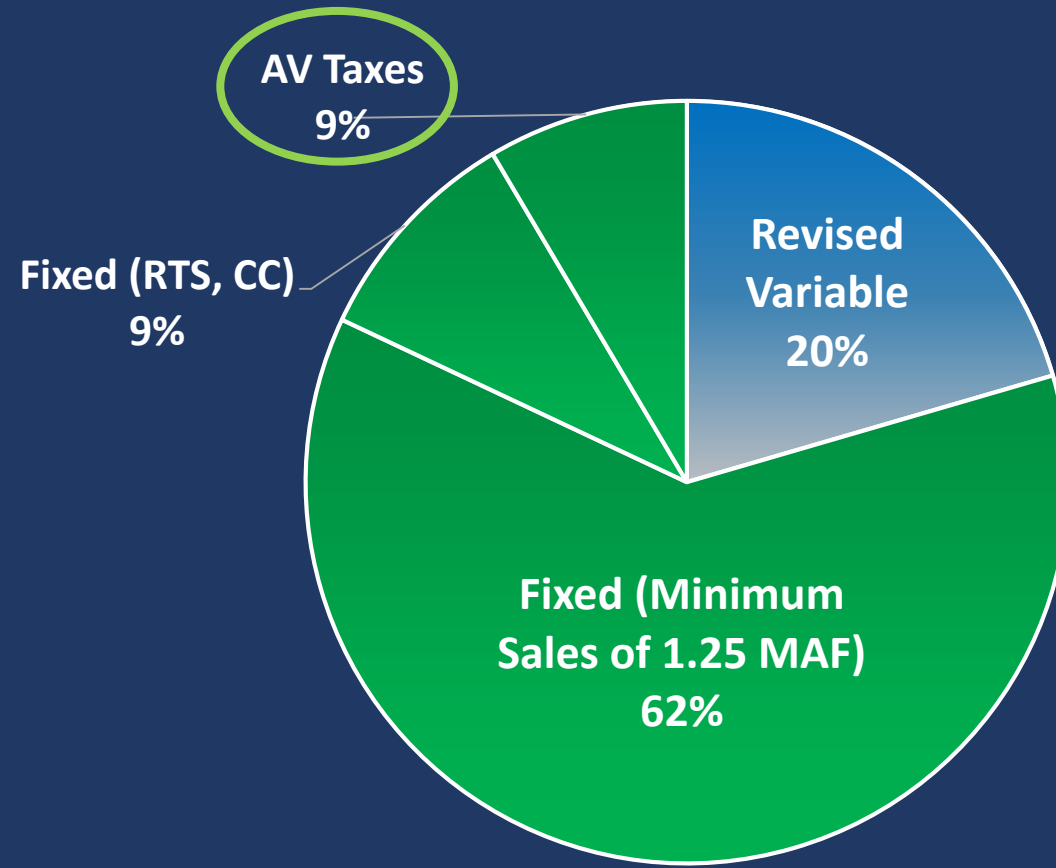
# MWD Expenditures and Revenues

\*FYE 2023 Budgeted

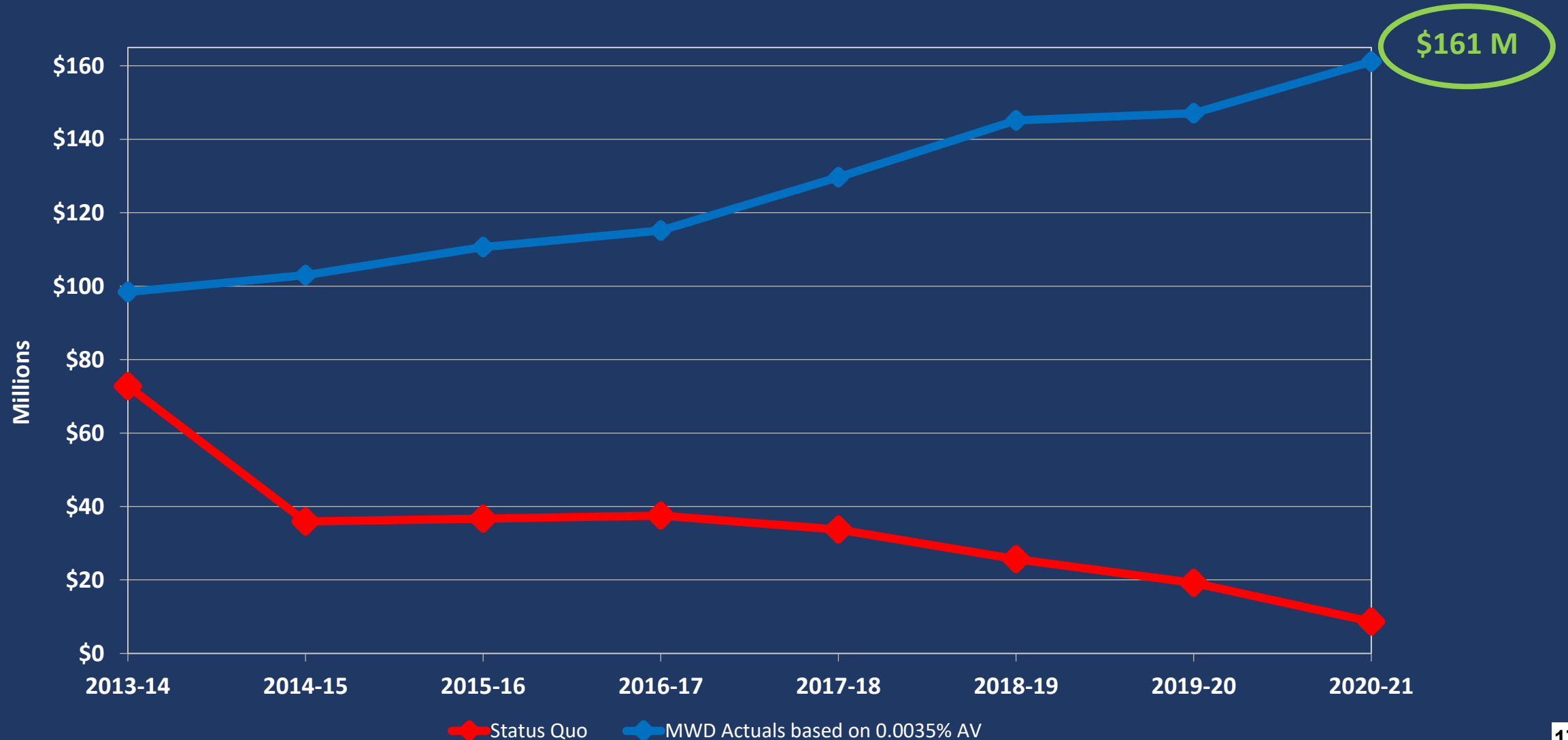
## Expenditures



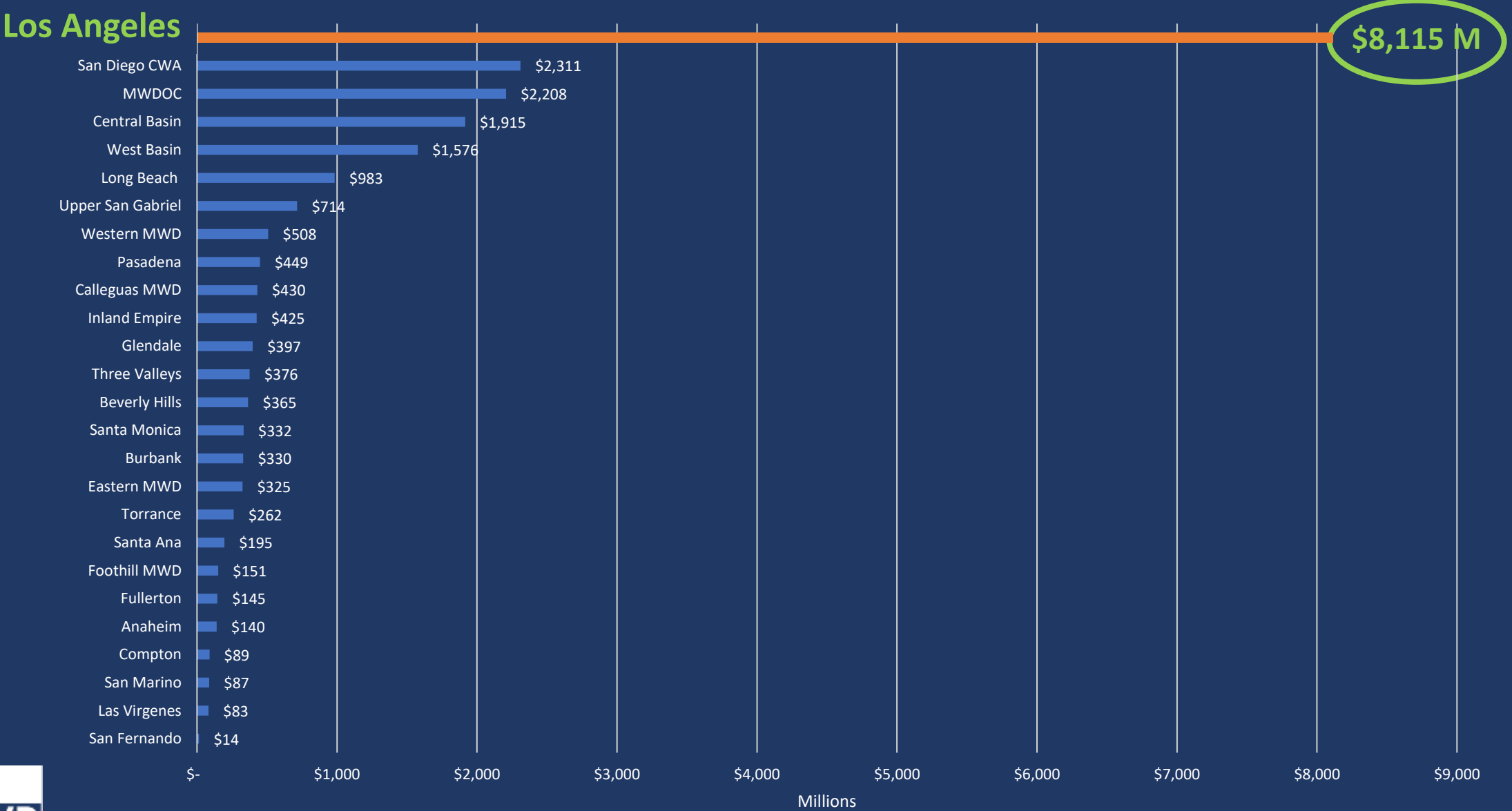
## Revenues



# LA's Support for MWD's Ad Valorem Tax

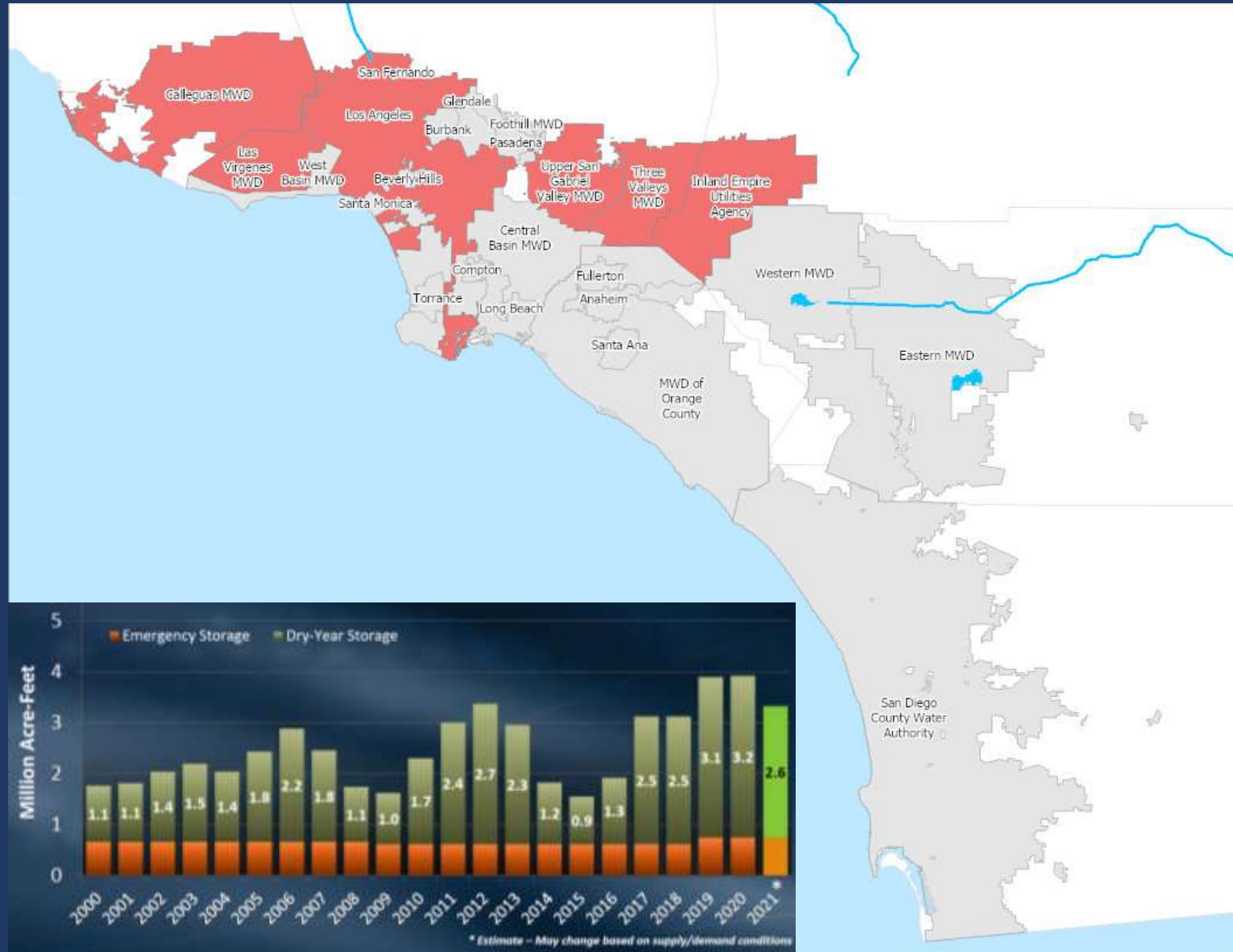


# Historical Property Tax Contributions by Member Agency



# Problem Statement

Due to limited infrastructure, MWD cannot provide the SWP Dependent Agencies equitable access to water supply and storage assets during severe droughts.



# EVERY DROP OF WATER COUNTS



SAVE  
the  
DROP  
SAVE THE DROP. A.D.G.

## August 16, 2022 Board Meeting

### Item 5A



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

**Attended by Directors at Metropolitan's Expense in July 2022**

None to report



## ● Chairwoman of the Board Monthly Activity Report – July 2022

### Summary

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This report highlights activities of the Chairwoman of the Board during the month of July 2022 on matters relating to The Metropolitan Water District of Southern California's business.

### Monthly Activities

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#### July 1

- Attended and provided remarks at Rancho Water District's board meeting and participated in site visits of their water treatment facilities, Temecula

#### July 5

- Met with Assistant General Manager Zinke regarding social media and outreach opportunities, Los Angeles
- Participated via teleconference with EEO Officer Wisdom to discuss EEO related matters
- Participated via teleconference with interim General Auditor Tonsick regarding upcoming board presentation

#### July 6

- Participated via teleconference in West Basin Municipal Water District's Caucus meeting
- Participated via teleconference with Assistant General Manager Kasaine and board support staff to discuss board training options related to running effective public meetings

#### July 7

- Participated via teleconference with General Counsel Scully and Assistant General Counsel Beatty to discuss upcoming board agenda items

#### July 10

- Participated via teleconference with General Manager Hagekhalil to discuss matters of the Board

#### July 11

- Participated via teleconference with Director McCoy regarding upcoming General Auditor recruitment discussion
- Participated via teleconference with Director Dennstedt regarding upcoming General Auditor recruitment discussion
- Participated via teleconference with Director Luna regarding upcoming General Auditor recruitment discussion

**July 12**

- Participated via teleconference in Metropolitan’s Engineering and Operations Committee meeting
- Participated via teleconference in Metropolitan’s Real Property and Asset Management Committee meeting
- Participated via teleconference in Metropolitan’s Organization, Personnel, and Technology Committee meeting
- Participated via teleconference in Metropolitan’s Legal and Claims Committee meeting
- Participated via teleconference in Metropolitan’s Communications and Legislation Committee meeting
- Participated via teleconference in Metropolitan’s Water Planning and Stewardship Committee meeting
- Participated in Metropolitan’s Board meeting, Los Angeles
- Participated via teleconference with EEO Officer Wisdom to discuss EEO related matters

**July 13**

- Participated via teleconference with EEO Officer Wisdom and Assistant General Counsel Torres to discuss EEO related matters
- Participated via teleconference with Assistant General Manager Zinke, Group Manager Sims and staff to discuss social media and outreach option for the Board Office Chair

**July 14**

- Met with General Manager Hagekhalil to discuss matters of the Board
- Met with Los Angeles Department of Water & Power General Manager Marty Adams and Director of Water Resources David Pettijohn to discuss their water rate structure, Los Angeles

**July 15**

- Attended a meeting with General Manager Hagekhalil and representatives of the lower basin states, El Segundo

**July 18**

- Participated via teleconference with the Metropolitan Water District of Orange County Delegation and General Manager Robert Hunter to discuss their water rate structure, Los Angeles

**July 19**

- Attended a meeting with Director Ardy Kassakhian, Mayor of the City of Glendale and participated onsite visits of their water treatment facilities, Glendale
- Participated via teleconference with General Manager Hagekhalil to discuss matters of the Board

**July 21**

- Attended and provided opening remarks at the Southern California Leadership Council's quarterly board meeting, featuring discussions with Los Angeles Mayoral candidates Karen Bass and Rick Caruso, Los Angeles
- Met with General Manager Hagekhalil to discuss matters of the Board, Los Angeles
- Participated via teleconference with Vice Chairs De Jesus and Kurtz to discuss matters of the Board

**July 22**

- Attended the Southern California Water Coalition Quarterly Luncheon, Long Beach
- Participated via teleconference with Assistant General Manager Kasaine and DE&I Officer Thomas to discuss upcoming DE&I Forum agenda

**July 24**

- Participated via teleconference with General Counsel Scully regarding matters of the Board

**July 26**

- Participated via teleconference with EEO Officer Wisdom and Assistant General Counsel Torres to discuss EEO related matters
- Participated via teleconference with External Affairs Group Managers Sims and staff to review proposed inspection trip schedule

**July 27**

- Met with Director Luna regarding matters of the Board, Los Angeles

**July 28**

- Met with General Manager Hagekhalil to discuss matters of the Board, Los Angeles

**July 29**

- Participated via teleconference with Human Resources Group Manager Pitman to discuss status of the General Auditor recruitment
- Attended a pre-meeting with representatives of the California Urban Water Agencies for an opportunity to connect ahead of a joint meeting with Governor Newsom, Sacramento
- Attended a meeting with Governor Newsom, General Manager Hagekhalil and various state water leaders to discuss the urgent need for Californians to reduce water consumption, Sacramento



# General Manager's Monthly Report



August 16, 2022  
Activities for the Month of July 2022



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# Message from the General Manager

Taking an introductory tour of facilities with staff and member agencies last year, I was struck by the vulnerability of communities connected to just a single source of water. Today, extended shortages of supplies from Northern California are putting a disproportionate strain on fully one-third of our service area where system connectivity is insufficient. This is not acceptable.

With increasing urgency over the past several months, Metropolitan and member agency staff have focused on identifying solutions for these communities. Their progress has been the focus of recent board presentations and is reflected this month in a proposed resolution affirming the District's commitment to regional reliability for all member agencies.

More than 200 ideas are in the mix as we explore long-term solutions for future reliability. In parallel, we are taking near-term, emergency actions to make as much water available to this area as possible. For example, we're upgrading several pump stations to help increase flows to the west side of our service area, and a combination of projects along the Inland Feeder are underway to enable water stored in Diamond Valley Lake to reach further into the east side of our service area.

Long-term reliability for all requires investments in infrastructure, storage and supply programs – local as well as imported supplies – and water use efficiency. Because a historic drought, turbocharged by the upheaval of our climate, does not abide by our planning horizon, we must simultaneously respond to an emergency while working to avoid a future emergency.

There's no quicker way to expand supply than by reducing demand, and our emergency measures are working. Southern California continues to respond to the call for conservation.

The Chairwoman and I met recently with Governor Newsom, who has been keenly watching our progress in reducing demand on the State Water Project. We discussed how to double down on conservation and the value of modernizing our data reporting, improving our analysis and broadening our communications. However, we also emphasized the need for lasting investments in supply and system infrastructure.

It will take a portfolio of strategies to secure long-term reliability that is shared equally by the members of Metropolitan. My staff and I are committed to this vision, our pencils are sharpened and our sleeves rolled up to get the job done.

We are one,

Adel



**“When the well is dry,  
we learn the worth of  
water.”**

**- Benjamin Franklin**



# Strategic Priorities Update

The General Manager's Strategic Priorities guide actions in key areas of focus, investment, and transformation for Metropolitan.

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

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

A neutral, independent EEO Office has been established. EEO executive leadership (Chief EEO Officer and Deputy Chief EEO Officer) has been hired and have submitted requisitions to initiate recruitments for the remaining budgeted EEO positions.

State audit EEO recommendations with a June deadline have been submitted to and accepted by the state auditor. Audit EEO recommendations with the October deadline are in various stages of implementation.

Metropolitan has partnered with the National Safety Council (NSC) to conduct an independent review of our safety program. Activities completed thus far include an All-Employee Safety Perception Survey, Safety Program Assessment, Focus Group and Individual Interviews, and On-Site Assessments. The NSC anticipates issuing its final report with recommendations on improving Metropolitan's safety program by the end of summer.

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

In July, 77 managers completed the Managing for Success in California in-person training program to develop skills and learn best practices for managing within the law. The Organizational Development & Training Unit launched its Metropolitan Management University, with its first session toward developing skills and core competencies.

Recruitment Unit is working with a consulting firm to review and update Metropolitan's recruitment strategies and practices.

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

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

External Affairs' Sacramento Office continues to pursue legislative support to increase what's in the proposed state budget for emergency drought projects and Pure Water Southern California.

## Adapt to changing climate and water resources

Provide each member agency access to an equivalent level of water supply reliability through necessary adaptive implementation of the IRP findings.

The SWP-dependent area agencies continue to operate within the Emergency Water Conservation Program. Through July, the total use of SWP supplies by those agencies is more than 35 percent below what was originally expected without emergency conservation. Staff worked with the SWP-dependent agencies to develop a Call-to-Action that will be presented to the Board in August. Four projects to enhance near-term water supplies in response to the drought emergency are midway through design.

Negotiations continue with the Colorado River Basin states to achieve U.S. Bureau of Reclamation Commissioner Touton's request to reduce use by 2–4 million acre-feet per year.

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

The Chief SRI Office (CSRIO) has filled two staff vacancies: a Sustainability Program Manager and Admin Assistant III. The office also includes an additional Senior Admin Analyst, two innovation staff, and is sharing a Senior Environmental Specialist with BDI.

The CSRIO is kicking off strategic planning this month where the team will start laying out the process for developing a district-wide Sustainability and Resiliency Strategy. ESG executed a professional services agreement to help update the Strategic Infrastructure Resilience Plan, including the Seismic Resilience Plan, with work expected to continue through 2023.

SRI kicked off the Climate Action Plan (CAP) Working Group with participants from throughout Metropolitan and started development of CAPDash, the dashboard that will be used to track and share progress.

ESG issued a notice-to-proceed to the contractor for a battery energy storage system at Weymouth.

In support of early delivery of Pure Water SC, staff prepared revised cost estimates to support the Cost of Service Analysis and rate study by Finance; they also prepared draft RFP to procure a Program Manager consultant by Q1 of 2023 and continued to coordinate with Member Agencies on potential purified water demands to start term sheets in early 2023.

A key milestone was achieved through the California Department of Water Resources releasing the public draft Environmental Impact Report for the proposed Delta Conveyance Project, available for public review and comment through October 27, 2022. The federal Environmental Impact Statement is expected for public release in Fall 2022.

The Sites Reservoir committee approved the contracting strategy for the purpose of developing an overall project construction schedule and to support advancement of final design, coordinate with agencies, and establish a procurement approach.

As part of Landscape-scale Scenario Planning for Metropolitan's Delta Islands, input from a range of public interests and technical experts produced a consensus recommendation on selection criteria to be used for the second phase of the grant: planning potential actions and projects on Bouldin Island.

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

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

Staff initiated preparation of an emergency exercise for the Seismic Resilience Water Supply Task Force. We are also 50 percent complete with Metropolitan's Local Hazard Mitigation Plan with a target board adoption date of July 2024.

Work to establish a Cybersecurity Operations Center continues at La Verne with system configuration about 60 percent complete. Staff continues to plan, test, and migrate systems as part of the data center modernization with equipment relocation planned for August.

Apply innovation, technology, and sustainable practices across project lifecycles (design, construction, operations, maintenance, and replacement).

Staff continues to look for new ways to incorporate innovation and sustainability into Metropolitan's daily operations. We are preparing an RFP for the document retention system, and the innovation team continues to evaluate vendors to address identified needs, such as the elimination of PFAs, chlorine alternatives, floating solar, and desalination.

## Partner with interested parties and the communities we serve

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

As part of preliminary planning to advance community engagement and input in board policies, key staff completed Institute of Local Government TIERS Public Engagement Training.

Media Services staff completed training on the website's upgraded content management system. This is one of the last milestones before staff takes full control of the management of the webpage, including updates and revisions.

To help Metropolitan negotiate and prepare for a Project Labor Agreement (PLA), we entered into a contract with a PLA expert and released an RFP and received proposals for PLA Contract Administration.

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

The Shingle Springs Band of Miwok Indians hosted an introductory meeting between the Tribal Engagement Coalition and Metropolitan, focused on issues of the Bay Delta. Staff also met with the Gabrieleño/Tongva Band of Mission Indians and Gabrieleño Band of Mission Indians—Kizh Nation to discuss Pure Water Southern California and learn about their interests and history in the region.

# Executive Summary

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

## **Administrative Services**

The newly established Inventory Control (IC) Team from the Contracting Services Unit has been busy training staff and establishing new roles and procedures during the past few weeks. One of the IC Team's key responsibilities is to keep managers aware of what their staff has purchased during the previous week. The IC team generates the Material Account Distribution Detail Report (MADD). Every week, the team sends out the MADD report to managers for their review. Based on feedback from a manager reviewing the MADD report, the IC Team researched pricing on a warehouse item and saw an opportunity to obtain the product at a lower price. The IC Team manager tasked Shan Nalawangsa, Inventory Coordinator, to contact suppliers. A new supplier was identified with a lower cost resulting in projected savings of \$18,000 per year.

## **Bay-Delta Initiatives**

On July 27, the California Department of Water Resources released the public Draft Environmental Impact Report (EIR) under the California Environmental Quality Act for the Delta Conveyance Project. The Draft EIR describes project alternatives, potential environmental impacts, and identifies mitigation measures to help avoid or minimize impacts. The Draft EIR is available for public review and comment through October 27, 2022.

## **Chief Financial Officer**

In June 2022, the Treasury and Debt Management section developed and published a new investor relations platform, using a third-party vendor, BondLink, to enhance Metropolitan's financial transparency by improving the promotion and accessibility of key documents important to bond investors, including but not limited to official statements, investor presentations, and financial reports and policies.

## **Colorado River**

Metropolitan continued to work with the Basin States and water agencies to develop a reservoir protection plan to address Bureau of Reclamation Commissioner Camille Touton's call for 2 to 4 million acre-feet of water diversion reductions from the Colorado River in 2023.

## **Engineering Services**

Engineering is prioritizing and advancing projects to enhance water supply reliability in State Water Project dependent areas. Four projects are currently underway to allow direct delivery of water from DVL to the Rialto Pipeline through the Inland Feeder. This month, Engineering Services opened bids for three 84-inch valves, completed preliminary design for the Foothill pump station intertie, and continued final design of the other projects. Upcoming board actions for consultant support will accelerate projects to add a pump station on the Sepulveda Feeder and to line the north reach of the Sepulveda Feeder for this higher pressure service.

## **External Affairs**

Metropolitan partnered with The Tree People to host a Tree Care & Water-Saving community workshop for 200 people in San Fernando. The event featured guest speakers, including GM Hagekhalil, Director Ortega, and San Fernando Mayor Mendoza. Metropolitan staff hosted an informational booth with water conservation tips, water education curriculum, California-friendly landscape resources, and rebate information. (July 16)

## **Human Resources**

Employees reaching milestones of 20 or more years of MWD service were recognized with awards honoring their achievement. We thank each of them for their outstanding contributions to Metropolitan.

## **Information Technology**

Collaborated with the Office of the General Manager to develop a tool to track the GM's Strategic Priorities. Our Business Applications Team created a custom SharePoint site utilizing Nintex forms and heavily customizing PowerBI to report and display the monthly status updates and lead summaries for each strategic priority.

## **Real Property**

Valley-Wide Recreation hosted the West Zone Softball World Series at Diamond Valley Lake (DVL) Community Park. The tournament has been hosted at DVL several times over the past decade and draws hundreds of players and visitors to the DVL East Recreation Area.

## **Security Management**

A new security software system controlling access control card readers and security video systems throughout Metropolitan's critical infrastructure is being rolled out.

## **Sustainability, Resiliency and Innovation**

Kicked off the Climate Action Plan Working Group with participants from throughout the District and participated in the first meeting of the U.S. Water Alliance Utility GHG Reductions Cohort Peer Exchange Group with 9 other water utilities. The Innovation team hosted meet-ups with entrepreneurs who introduced various emerging technologies including PFAS elimination, organic alternatives to chlorine for water treatment, E.coli detection and elimination, and floating solar. Environmental Planning coordinated with LA County Sanitation Districts on reviews and analysis related to Pure Water Southern California.

## **Water Resource Management**

WRM staff continued close coordination with DWR and the member agencies as the second month of the Emergency Water Conservation Program was completed. As a whole, the program is reducing use of Metropolitan's State Water Project supply by more than 35 percent from expected use.

## **Water System Operations**

Metropolitan released its [Annual Drinking Water Quality Report](#) in July. The report summarizes 2021 monitoring results which show that Metropolitan's water quality is equal to or better than what is required by regulations to safeguard public health. This year's report also highlights Metropolitan's continued focus on source water protection, the Partnership for Safe Water program, measures taken to comply with new laboratory accreditation regulations, and our proactive approach to emerging contaminants.

# Upcoming Board Items

ANTICIPATED KEY ITEMS OF FOCUS – NOT AN EXHAUSTIVE LIST  
SCHEDULE SUBJECT TO CHANGE

Month	Key Board Items
<b>September</b>	<ul style="list-style-type: none"><li>• Authorize an Increase to Agreement with Roesling Nakamura Terada Architects for Final Design and Architectural Services in Support of the District Housing and Property Improvement Program</li><li>• Board Report on Initial Portfolio of Infrastructure and Supply Improvements to meet needs of Current SWP Dependent Areas</li><li>• Consider Action on Updated Bay Delta Policies</li><li>• Adopt Resolution directing Action to Reduce Irrigation of Non-functional Turf with Potable Water</li></ul>
<b>October</b>	<ul style="list-style-type: none"><li>• Update on Delta Conveyance Public Draft EIR and Comments</li><li>• Seek Board Action to Declare 651 Acres of Property in Riverside, San Bernardino and San Diego Counties as Surplus Land and not necessary for Metropolitan's use and Authorize Staff to Dispose of the Properties</li><li>• Consider action to approve Project Labor Agreement Terms and Conditions and Authorize a Professional Services Agreement for PLA Administration</li><li>• Nomination and Election for Board Chair for two-year term effective January 1, 2023</li></ul>
<b>November</b>	<ul style="list-style-type: none"><li>• Nomination and Election for Board Secretary for two-year term effective January 1, 2023</li></ul>
<b>December</b>	<ul style="list-style-type: none"><li>• Board Report of the Benefits of Various Project Portfolios for State Water Project Dependent Areas following IRP Testing</li></ul>



*This is*  
**HOW  
WE SAVE  
WATER.**



Press conferences, TV commercials, freeway signs, rebate programs and community workshops are part of an expanded outreach during this year's historic drought



**bewaterwise.com®**

## PROGRAM DESCRIPTION

With three consecutive years of record-breaking drought and a declared water shortage emergency, the message is clear – climate change is here, and conservation must be a way of life. Metropolitan's External Affairs Group is developing new and innovative ways to use advertising, media and outreach to encourage all Southern Californians to save water.

## IMPORTANCE TO METROPOLITAN

With new and innovative graphic design techniques, cutting-edge video production skills and script writing informed by research, External Affairs staff have pioneered a new and award-winning communications framework to reach diverse audiences throughout the district.

Our "This Is How We Save Water" Campaign features many Metropolitan employees sharing easy water-saving tips on billboards, digital and social media. So far, the summer campaign has over 400 million impressions.

In addition to traditional advertising platforms like television and radio, new approaches include designing a water-saving video game. We also recognize that not all advertising platforms have the capacity to reach some consumers, which is why we consistently seek to engage underserved audiences with effective and meaningful community-based approaches.

Using the power of TV, radio and newspapers, interviews and press conferences with GM Hagekhalil, Chairwoman Gray and other experts helped spread the message about the urgent need to save water. Partnerships with Caltrans on freeway signs have also amplified the drought and conservation messages.

## MEMORABLE MOMENT

To supplement the water conservation advertising campaign, Metropolitan has forged meaningful partnerships with cities and regional organizations including a collaborative workshop with TreePeople and a recent press conference with the city of Pasadena to help educate Southern Californians on ways to save water outdoors and maintain a healthy urban canopy.

*"Our media landscape is evolving. As communications professionals, we continue to navigate messaging challenges in creative and innovative ways."*

**Teresa Gonzalez Robertson,**  
Pr. Public Affairs Representative

# Water Resources and Engineering

## Water Resource Management



### Ensure Reliable State Water Project (SWP)

Department of Water Resources (DWR) updated Metropolitan on the Sisk Dam Safety Modification Project and the Federal Energy Regulatory Commission (FERC) relicensing of the Oroville facilities. DWR has recently executed the contract for the preliminary work under Phase I of the Sisk Dam project, such as development of site access roads and quarry. DWR and the U.S. Bureau of Reclamation (USBR) will schedule construction activities to minimize impact to water supply.

### Support Capital Investment Program Planning

Staff continues to support the Capital Investment Program (CIP) office by reviewing minor capital projects (less than \$400,000), such as valve replacements on Sepulveda Feeder. This proposed project aims to maintain reliable deliveries on the western portion of Metropolitan's service area. Staff expects to execute this project during the planned shutdown of the Sepulveda Feeder to avoid additional disruptions.



Aerial view south of pipe stockpiled along open trench through Knollwood Golf Club

Photo caption: Aerial view of the construction of the Sepulveda Feeder through Knollwood Golf Club in Granada Hills. Photo taken January 31, 1969, by Metropolitan.

### Maintain and Enhance Groundwater Production in Metropolitan's Service Area

Eastern Municipal Water District celebrated the start of operation of its Perris II Desalter, a groundwater recovery project funded by Metropolitan's Local Resources Program with a contract yield of 5,500 acre-feet per year.

## Implement Regional Conservation Program

In an effort to increase awareness of the drought conditions in Southern California, staff participated in various outreach activities and interviews, including the following:

- Attended a live interview with KABC 7 News to share water efficiency tips and available rebates.
- Interview with the New York Times for a story on turf and the new social norm of replacing your lawn.
- Participated on a panel for the Los Angeles Better Building Challenge titled “Solutions for LA Buildings” with LADWP and Pacific institute.
- Participated on a panel for Pacific Gas and Electric Company (PG&E)’s Water Showcase alongside representatives from the U.S. Environmental Protection Agency (EPA), East Bay Municipal Utility District (EBMUD), and the City of Santa Rosa. The panel was titled “Home Water Makeovers: Solutions for all Budgets.”
- Highlighted Metropolitan programs that seek water efficiency in the commercial, industrial, and institutional sectors at a DWR workshop with 200 attendees.
- Led So Cal Gas’ Pro Landscape Class on Beautiful Gardens with Limited Watering. Approximately 40 attendees learned about Metropolitan’s conservation programs and how to keep landscapes beautiful during a drought.
- Chaired California Water Efficiency Partnership’s Program Committee meeting. Discussion items included current drought response and future deliverables for landscape, AMI, education, and CII sectors.

Metropolitan staff joined staff from Calleguas Municipal Water District and California American Water in a meeting with managers from Takeda Pharmaceutical Company Limited (Takeda), located in Thousand Oaks, California, to discuss short- and long-term water supply issues affecting Southern California. Takeda managers are keenly interested in meeting internal sustainability goals, as well as learning how to face potential water supply issues that could affect their manufacturing and other processes. Staff from all three agencies described the current situation, including Metropolitan’s Emergency Water Conservation program, and potential rebate and incentive programs that are available to Takeda.

## Ensure Cost-Effective State Water Project Supplies

On July 1, 2022, Metropolitan received the 2023 Annual Charges for the State Water Project totaling \$805.43 million. This is an increase of \$20 million over the 2022 charges of \$523 million. Fixed charges are \$543 million, a net increase of \$20 million. This is due to a \$52 million increase in Operations and Maintenance charges mainly associated with the DWR’s 2023 plan to refill Castaic Reservoir. Offsetting this increase is a \$32 million decrease in Capital charges mainly because of a reduction in the Project Interest Rate and inclusion of Federal cost share for Delta habitat projects. Variable charges estimate that a 60 percent Table A allocation is \$263 million, and a \$67 million allocation is a 33 percent increase from 2022’s estimate. Actual variable charges will depend on the 2023 water supply. Staff discussed the increase with DWR. DWR sees a steep increase in the future market price of energy.

	2022	2023	Change
Fixed (Capital and Maintenance)	\$523M	\$543M	+ \$20M
Variable Energy	\$192M	\$263M	+ \$67M
<b>Total</b>	<b>\$715M</b>	<b>\$806M</b>	<b>+ \$86M</b>

Projected 2022-2023 fiscal year SWP charges are a net \$53 million under SWP budget. Projected variable charges are under the SWP budget due to the low water receipt. Projected fixed charges are \$30 million over budget. The main reason for the over budget fixed charges is DWR’s plan to restore Castaic Reservoir water levels to pre-drought levels. The credits are less than projected because of delays in the return of excess debt reserve.

# Water Resources and Engineering

(continued)

	<b>FY 2022 – 23 Budget</b>	<b>Actual and Projected</b>	<b>Actual Over/(Under) Budget</b>
Fixed (Capital and Maintenance)	\$508M	\$538M	+ \$30M
Variable Energy	\$212M	\$116M	(\$95M)
Credits	(\$68M)	(\$55M)	\$12M
<b>Total</b>	<b>\$652M</b>	<b>\$598M</b>	<b>(\$53M)</b>

## **Collaborate with Member Agencies, Water Agencies and Associations, and Provide Leadership for Policy Development, Advocacy, Outreach and Education**

Metropolitan continued implementation of the Emergency Water Conservation Program (EWCP) to address severely limited water supplies available to member agencies that need SWP system water. Since June 1, there has been a positive demand response across the SWP-dependent area. Overall, the affected Member Agencies continued to show reductions in purchases from Metropolitan compared with their historical levels, indicating consumer responsiveness with demand-cutting measures. Metropolitan continuously monitors performance to ensure that total SWP water usage stays within the available supplies.

The Annual Water Supply and Demand Assessment is a new annual State requirement that is part of the 2018 Conservation as a California Way of Life legislation and related to State Water Shortage Contingency Plans that were prepared and submitted in July 2021. Metropolitan submitted its Annual Water Supply and Demand Assessment to DWR on June 30, in compliance with the July 1 deadline.

Metropolitan staff participated as part of the team of trainers at the “Building Resilience to a Changing Climate” online training webinar hosted by the Water Utility Climate Alliance. This training is aimed at water sector professionals seeking technical training in uncertainty planning and decision support methods for use with changing climate science. The training, held from July 19 through-21, was the fifth of its kind that was held in multiple locations around the United States and the first to be held exclusively online.

Staff from Water Resource Management and External Affairs participated in CalDesal’s Executive, Regulatory, Outreach and Legislative committees in July. Staff supported CalDesal’s efforts with legislation related to desalination and salinity management, as well as initial planning for its Fall mixer and annual conference.

As part of its efforts in developing the California Water Plan (CWP) Update 2023, DWR hosted a virtual CWP Public Workshop #2 on July 11, 2022, on Climate Resiliency. The stakeholder workshop is a continuation of the first public workshop on Climate Change Adaptation held on May 4. The main goal of the workshop is to provide details on the science, tools, and processes that DWR has been developing and applying for climate resilience. DWR presented their ongoing work to support local and regional water resource-related climate adaptation efforts. Metropolitan’s continued coordination with DWR in this issue will help develop additional adaptation strategies to bolster SWP supplies.

On July 21, DWR hosted the CWP Public Workshop #3 focused on one of the main themes of Update 2023—Water Equity. In this workshop, DWR discussed how past CWP’s have addressed equity in water management and their current work plan and chapter outline for Update 2023. The goal of the Equity Chapter is to acknowledge long-

standing and evident inequities in water management, identify ongoing efforts by the state and others to reduce those inequities, and recommend additional efforts needed to achieve equity in water management. DWR solicited input from workshop participants to better understand and address equity and presented their preliminary assessment on the lack of diversity and tribal involvement in policy decision making and representation at local boards. Several state agencies presented their current efforts to address equity in water management. The Department of Water Resources highlighted the state's work and recently developed resources to forward equity including 1) DWR public engagement process with local and Tribal communities relying on groundwater supplies as part of the Executive Drought Proclamation and 2) the various tools and technical assistance available within the California Strategic Growth Council's Resource Hub to help advance racial equality and address inequalities in underinvested communities. Moving forward, DWR scheduled several public workshops this summer before an October preview of the Draft CWP Update 2023.

## **Implement Future Supply Actions Funding Program**

Staff provided a letter in support of grant funding for the City of Torrance's Airport Stormwater Basin Project (Project). Torrance is applying for a Los Angeles Regional Safe, Clean Water FY 23-24 Program grant for the Project, which would capture stormwater from dense urban areas within Torrance and convey it to the Joint Water Pollution Control Plant (JWPCP) in the City of Carson. LACSD would blend the stormwater with wastewater to support recycling at the JWPCP.

## **Promote Metropolitan's Technical Capabilities and Innovation Efforts to Advance the Understanding of Water Resources Management**

Staff participated in two Peer-2-Peer innovation meetings in July. The first meeting was on Safety best management practices with the City of Chicago Water Department. The meeting included a presentation on Metropolitan's safety programs from Operations' Dan Guillory, our manager of Safety, as well as a presentation on Chicago's journey to improve its safety record. This included an overview of the cloud-based platform Chicago implemented to facilitate safety protocols and reporting. A second Peer-2-Peer meeting was held with Mekorot, the national water wholesale agency in Israel on distribution system water quality modeling. Engineering's Saurabh Shekhar and Brian Brenhaug presented on the development of Metropolitan's hydraulic model and its use for analyzing water quality parameters. This helped Mekorot staff, who are at the beginning stages of model development. Potential follow-up meetings with Mekorot will cover how Mekorot blends alternative new supplies such as seawater desalination into its existing distribution system.

# Water Resources and Engineering

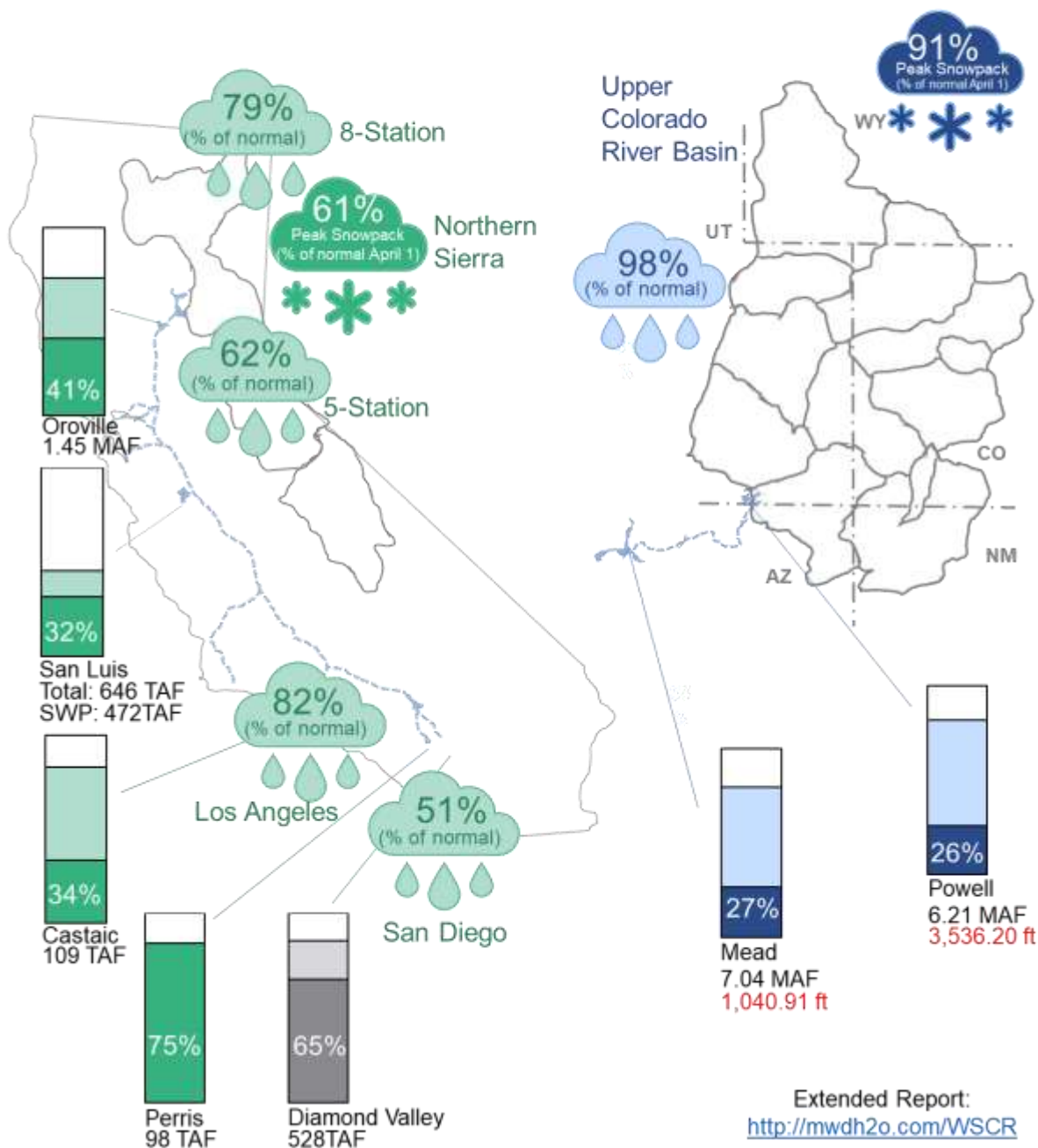
(continued)

## State Water Project Resources

SWP Table A – 5% - 95,575 AF

## Colorado River Resources

Projected CRA Diversions – 1,117,000 AF



As of July 31, 2022

## Bay-Delta Initiatives

### Delta Conveyance

On July 27, the California Department of Water Resources (DWR) released the public Draft Environmental Impact Report (EIR) under the California Environmental Quality Act (CEQA) for the Delta Conveyance Project (DCP) for public review and comment. Comments are due October 27, 2022. Members of the public and other interested parties can submit comments on the Draft EIR in the following ways:

- **Email:** [deltaconveyancecomments@water.ca.gov](mailto:deltaconveyancecomments@water.ca.gov)
- **Online:** [www.deltaconveyanceproject.com](http://www.deltaconveyanceproject.com)
- **U.S. Mail:** CA Department of Water Resources, Attn: Delta Conveyance Office, P.O. Box 942836, Sacramento, CA 94236-0001
- **Virtual Public Hearing:** Provide verbal public comment at a virtual public hearing. Access to the virtual public hearings will be available on the DWR website closer to each hearing date.
  - Tuesday, September 13, 2022, 9:00 a.m. to 11:00 a.m.
  - Thursday, September 22, 2022, 12:00 p.m. to 2:00 p.m.
  - Wednesday, September 28, 2022, 5:30 p.m. to 7:30 p.m.

DWR prepared the following fact sheets to help the public review and comment on the Draft EIR:

- [Delta Conveyance Project Overview and Update](#)
- [What is the Draft Environmental Impact Report for the Delta Conveyance Project? | ¿Cuál es el Borrador del Informe de Impacto Ambiental para el Proyecto de Agua a Través del Delta?](#)
- [Tips for Commenting on an EIR | Consejos para Comentar sobre un Informe de Impacto Ambiental](#)

These documents and other fact sheets and summary information, as well as the newly developed “Quick Questions Video Series” and “Deep Dive” videos, can be found on DWR’s Delta Conveyance Project website: <https://water.ca.gov/deltaconveyance>.

The U.S. Army Corps of Engineers, as part of its permitting review under the Clean Water Act and Rivers and Harbors Act, is preparing an Environmental Impact Statement (EIS) to comply with the National Environmental Policy Act and is planning to release a draft EIS for public review later this year.

### Joint Powers Authorities

During the July 15 Special Board of Directors Meeting, the Delta Conveyance Design and Construction Authority (DCA) Board of Directors approved a resolution to extend virtual board and committee meetings pursuant to AB 361.

For fiscal years 2022-2024, the DCA Board appointed Director Sarah Palmer, representing Alameda County Flood Control Zone 7 Water District, as President of the Board of Directors (BOD), Director Martin Milobar, representing Kern County Water Agency, as Vice President of the BOD, and Director Gary Martin, representing Santa Clarita Valley Water Agency, as Secretary of the BOD. Since the DCA contracts with Metropolitan for Treasurer services, Katano Kasaine was reappointed as Treasurer of the BOD.

The regularly scheduled July 21 Delta Conveyance Finance Authority meeting was cancelled.

## Sites Reservoir

In their July meetings, the Sites Project Authority Board (Authority Board) and the Sites Reservoir Committee (Reservoir Committee) authorized the Executive Director to submit the Biological Assessment to the U.S. Bureau of Reclamation (Reclamation) for consultation under the federal Endangered Species Act covering construction and operations and submit the Operations Incidental Take Permit application to the California Department of Fish and Wildlife (CDFW) under the State Endangered Species Act..

The Reservoir Committee recommended, and the Authority Board adopted the CEQA Initial Study/Mitigated Negative Declaration and adopted the Mitigation, Monitoring and Reporting Program for the 2022-2024 Sites Reservoir Geologic, Geophysical, and Geotechnical Investigations Project. The Authority Board also approved this Project and authorized the Executive Director to file all related notices and pay all related fees.

## Science Activities

Staff continued participating in the Collaborative Science and Adaptive Management Program (CSAMP), including participation on the Collaborative Adaptive Management Team (CAMT). In July, the CAMT and CSAMP Policy Group meetings focused on the CAMT Monitoring Assessment Project, which is divided into three tasks: (1) understanding the approaches and recommendations of previous and ongoing reviews of long-term monitoring programs, (2) articulating the objectives of CSAMP members with respect to monitoring, and (3) developing a process for the next phase of monitoring reviews and an implementation plan for recommendations. The July meetings focused on task 2 and included discussion of shared objectives for monitoring, areas of disagreement on monitoring needs, and the potential role for CSAMP in addressing monitoring recommendations and supporting meaningful science-policy engagement on monitoring.

Staff co-authored a scientific paper reporting on findings from a symposium that showcased practical applications of methods for detecting environmental DNA (eDNA) in the San Francisco Estuary to complement traditional monitoring and inform species management decisions in aquatic environments. The paper, “Environmental DNA Methods for Ecological Monitoring and Biodiversity Assessment in Estuaries” was published in the *Estuaries and Coasts* journal ([Environmental DNA Methods for Ecological Monitoring and Biodiversity Assessment in Estuaries \(springer.com\)](https://www.springer.com)). The proceedings paper includes findings from Metropolitan supported studies to develop eDNA detection methods in the San Francisco Estuary and recommendations for improving communication between eDNA researchers and natural resource managers.

Staff also co-authored a scientific paper in the *San Francisco Estuary and Watershed Science* journal, titled “Considerations for the Development of a Juvenile Production Estimate for Central Valley Spring-Run Chinook Salmon” ([Considerations for the Development of a Juvenile Production Estimate for Central Valley Spring-Run Chinook Salmon \(escholarship.org\)](https://escholarship.org)). The paper reports on the outcomes of a workshop for managers, scientists, and stakeholders to develop a juvenile production estimate (JPE) for spring run, defined here as an annual forecast of the number of juvenile Central Valley spring-run Chinook Salmon that enter the Delta from the Sacramento Valley. The paper summarizes spring-run biology, monitoring, and emergent methods for assessment, and the guiding concepts identified by workshop participants necessary to develop a JPE for spring-run Chinook Salmon. The development of a JPE will support spring-run management actions, including evaluation of population status and management of water project operations issues such as entrainment of this species at water diversions.

## Colorado River

### **Lower Basin State Discussions to Address Critical Reservoir Elevations**

Since Commissioner Touton's June 14 statements identifying the need for Colorado River Basin water users to reduce their use by two to four million acre-feet of water per year to address critical reservoir elevations at Lake Powell and Lake Mead, starting in 2023, the Lower Basin States have been meeting to evaluate modeling and discuss approaches to meet the Commissioner's goal. The Department of the Interior (Interior) has been working with states, tribes, and others to reach a consensus about how to protect critical reservoir elevations by the time that the August 24-Month Study is issued in mid-August. The Commissioner has stated that Interior has the authority to act unilaterally, if needed, and will protect the system if consensus cannot be reached.

## Engineering

### Core Business Function – Execute Capital Investment Plan Projects

Engineering Services manages and executes projects within the Capital Investment Plan (CIP) to maintain infrastructure resiliency, ensure regulatory compliance, enhance sustainability, and provide flexibility in system operations to address uncertain water supply conditions.

#### 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 Feed System Replacement**—This project replaces the existing chemical feed pumps, reconfigures the feed pipe system, upgrades the existing control systems and automatic process controls, and implements remote feed control from the SCADA system. The 14-day system performance test is complete, and the new sodium hypochlorite feed system is in operation. Construction is 98 percent complete and is scheduled to be complete in August 2022.
- **Garvey Reservoir Erosion Improvements Areas 6, 7, 8, 10, and 11**—This project will install a permanent drainage system and erosion control features including drainage piping, concrete ditches, stem walls, flow detention, and dissipation structures. The contractor completed drainage and erosion improvements in Areas 7, 8, 10, and 11, as well as all connections through residents' properties to the city street. Site grading and earthen berm compaction in Area 6 are also complete. The contractor is currently installing new fences and curbs in Area 6. Construction is 97 percent complete and is scheduled to be complete in September 2022.
- **Upgrades at Three Sepulveda Feeder Structures**—This project replaces deteriorated electrical components and makes other upgrades at three Sepulveda Feeder underground structures. Metropolitan issued the Notice-To-Proceed to the contractor on July 5, 2022. Construction is scheduled to be complete in July 2023.
- **Orange County Feeder Lining Repairs**—This project replaces the deteriorated internal lining along an 11-mile portion of the Orange County Feeder within the cities of Santa Ana, Costa Mesa, and Newport Beach. Rehabilitation is proceeding in three stages. Construction of Stages 1 and 2 are complete. A construction contract for the remaining third stage was awarded by the Board in April 2022. Notice-To-Proceed was issued in May to start the construction phase. The contractor is submitting required shop drawings and preparing for the upcoming shutdown in September 2022.
- **Casa Loma Siphon Seismic Upgrades**—This project will mitigate leaks associated with long-term ground subsidence and will improve 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). Excavation for the new siphon barrel is approximately 60 percent complete, and ERDIP installation started in mid-July. Construction is approximately 45 percent complete, with final tie-in scheduled in February 2023.

#### 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 this pipeline is being staged over a period of 15 to 20 years, with multiple construction and procurement contracts. Metropolitan’s Board awarded a construction contract in May 2022 for Reach 3A and the Notice-To-Proceed was issued in June 2022. Construction is scheduled to be complete in August 2023. Reach 3A is located at the westernmost portion of the feeder, spanning 1.1 miles through the City of Rolling Hills Estates. Final design of the adjacent Reach 3B, a 3.7-mile-long portion of Second Lower Feeder that traverses the cities of Lomita, Los Angeles, and Torrance is 98 percent complete and scheduled to be complete in August 2022. Study efforts continue for Reach 9, an approximately 0.8-mile-long portion of the feeder in western Long Beach that crosses the Los Angeles River.
- **Second Lower Feeder Isolation Valve Procurement**—This fabrication contract provides 13 conical plug valves for the Second Lower Feeder PCCP rehabilitation. These valves, which include three 48-inch and ten 54-inch diameter, provide primary isolation for maintenance activities, inspections, and repairs required to maintain reliable water deliveries within Metropolitan’s distribution system. Fabrication of these valves is approximately 65 percent complete. All three 48-inch conical plug valves have been delivered. Fabrication of seven 54-inch valves is in progress. Delivery of the first two 54-inch valves, expected in March 2022, has been rescheduled to August 2022, because of delays at the shipping port. The next five 54-inch valves will be delivered between September 2022 and July 2023. Fabrication of three remaining 54-inch valves is scheduled to start in 2022 and be completed in late-2023.
- **Sepulveda Feeder PCCP Rehabilitation**—This project rehabilitates 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 are occurring simultaneously. Final design of Reach 1 is 60 percent complete and Reach 2 is 90 percent complete. Both are scheduled to be complete by February 2023. Preliminary design for the northern 20-mile reach of Sepulveda Feeder is being re-prioritized because of the West Area Water Supply Reliability Improvements, which prompted a detailed evaluation to ensure the potential pressure increase from the Westside Pump Stations project does not result in adverse impacts on Sepulveda Feeder.

## Colorado River Aqueduct (CRA) Reliability Program

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

- **Copper Basin Discharge Valve Replacement**—This project will install a new 54-inch fixed cone valve and actuator at the base of the dam, refurbish the existing valve house and a slide gate and upgrade all associated electrical systems and access ladders at the Copper Basin Reservoir. This project will also include the replacement of the access ladders at the Gene Wash Dam. Final design is 60 percent complete and is scheduled to be complete in September 2023.
- **Cabazon Radial Gate**—This project replaces two radial gates and makes security, access, and safety improvements to the Cabazon Radial Gate Structure. Preliminary design is 5 percent complete and scheduled to be complete by September 2022.

# Water Resources and Engineering

(continued)

- **CRA Overhead Cranes**—This project consists of replacing five overhead bridge cranes and retrofitting the support structures within the pump bays located at all five of Metropolitan’s Colorado River Aqueduct pumping plants. The contractor is working on contract submittals and fabrication of the equipment. The contractor plans to mobilize at the Gene Pumping Plant next month for installation of the first overhead crane. Construction is seven percent complete. All work is scheduled to be completed by July 2023.



**Garvey Reservoir Hypochlorite Feed System Replacement**—Upgraded existing control systems and automatic process controls

## 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 Basins 5–8 and Filter Building No.2 Rehabilitation**—This project rehabilitates major mechanical and structural components including the flocculation/sedimentation equipment, sludge pumps, baffle boards and walls, launders, inlet gates, and outlet drop gates. Other improvements included in this project are seismic upgrades of basin walls and inlet channel, abatement of hazardous materials in the basins, and replacement of filter valves and actuators in Filter Building No. 2. The contractor is currently preparing contract submittals. Construction is 2 percent complete and is scheduled to be complete by May 2025.

## System Reliability Program

The System Reliability Program consists of projects to improve or modify facilities located throughout Metropolitan’s service area in order to utilize 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. The contractor is currently procuring and installing additional cooling equipment for the electrical and audio visual/information technology rack rooms. Construction is 99 percent complete and is scheduled to be complete in December 2022.
- **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 is complete and provides enhanced

# Water Resources and Engineering

(continued)

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, boardroom, executive dining lounge, and security control room. The contractor completed security equipment installation on all floors; completed the testing and cutover to the new security system; and is continuing equipment installation in the rotunda. Construction of Stage 2 improvements is 99 percent complete and is scheduled to be complete in August 2022. Stage 3 improvements will provide security system upgrades around the perimeter of the building. Design of Stage 3 improvements is 99 percent complete and board award of a construction contract is planned for November 2022.

- **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 completed the fire alarm system cutover from the parking levels through the fifth floors and is currently working on the sixth through the eleventh floors. Construction is 55 percent complete and is scheduled to be complete by September 2023.
- **SCADA System Upgrade Project**—This project will gradually upgrade Metropolitan’s entire control system, spanning the Colorado River Aqueduct, the five water treatment plants, and the conveyance and distribution system. The Mills plant is the first facility that will have its control system replaced. One of the plant’s remote terminal units will be upgraded as a pilot effort to demonstrate the proposed technology and the consultant’s approach. The pilot project is anticipated to be complete by January 2023. The full system upgrade at the Mills plant is anticipated to be complete by January 2026.



**Headquarters Building Improvements**—Installing plywood countertop on security desk



## Water System Operations

### Prepare Employees for New Opportunities

The Water System Operations Apprentice and Technical Training Programs develop and train personnel to become qualified mechanics and electricians responsible for maintaining Metropolitan's water treatment and distribution systems. This month, the Class of 2023 mechanical apprentices are set to complete midterm exams in machine shop. Once midterms are completed, apprentices begin working on milling operations. Upon completing the classroom sessions, apprentices will have the ability to machine parts in the field. Additionally, the Class of 2023 electrical apprentices completed their final exams on PLC Installation practices, editing, and troubleshooting as well as process controls, network systems, and SCADA integration. After completing final exams, apprentices move into the water treatment class to qualify for the Grade T2 exam.



Apprentice using a lathe to machine a taper



Apprentices working on lathes during lab session

Staff participated in hands-on training to improve the preventative maintenance program on the 480V circuit breakers at the Diemer plant. There are approximately 100 breakers to meet the industrial electrical needs throughout the plant. A vendor was brought in to provide training, which also establishes a strong relationship for future equipment and technical support.



## **Staff receiving training on equipment and maintenance procedures for a 480V circuit breaker at the Diemer plant**

Staff applied to the California Air Resources Control Board's (CARB) CORE Voucher program to obtain partial funding for two all-electric mobile power stations (375 and 500 kilowatt-hour [kWh] units). If awarded, the vouchers would pay \$400 per kWh, or \$150,000 and \$200,000 respectively. A purchase order must be provided within three months of CARB approval.



**Examples of the all-electric mobile power station basic version (left) and backhoe version with drill attachment (right)**

## **Support the Pure Water Southern California Program**

During July, staff began operating both membrane bioreactor (MBR) systems at the Pure Water Southern California demonstration plant after successfully replacing the membranes in late June. Both systems are showing improved turbidity removal compared with the previously used membranes, some of which were intentionally damaged for testing and method development. The MBR system continued to achieve greater than the target 80 percent nitrogen removal, consistently performing better than model projections. Staff also removed one reverse osmosis (RO) membrane vessel from service to optimize operations for secondary MBR performance testing.

Staff continued analyzing pretesting phase microbial samples from the demonstration plant influent and MBR filtrate, as well as characterizing MBR filtrate quality for various surrogates. Staff continue to complete corrective and preventative maintenance, including startup of chemical feed systems and resolving water quality instrumentation issues. Staff also performed major overhauls on instrumentation to improve RO system monitoring and control.



**Staff installing new membranes in the bioreactors at the Pure Water Southern California demonstration plant**

## **Manage Power Resources and Energy Use in a Sustainable Manner**

Because of the historically low State Water Project allocation and operational constraints on the conveyance and distribution system, Metropolitan's small hydroelectric plant fleet had negligible generation output in June. This condition is likely to persist until the Upper Feeder leak on the expansion joint at the Santa Ana River crossing is repaired in September 2022 and the minimum operating envelopes at the hydroelectric plants can be met for generation purposes.

Metropolitan's solar facilities, totaling 5.4 megawatts of capacity, generated approximately 1,177 megawatt-hours in June 2022.

## **Provide Reliable Water Deliveries**

Metropolitan member agency water deliveries were 155,761 acre-feet (AF) for July with an average of 5,025 AF per day, which was 308 AF per day higher than in June. Treated water deliveries increased by 6,829 AF from June for a total of 80,264 AF, or 52 percent of total deliveries for the month. The Colorado River Aqueduct (CRA) continued operating at an eight-pump flow with a total of 106,752 AF pumped for the month. State Water Project (SWP) imports averaged 1,134 AF per day, totaling about 35,169 AF for the month, which accounted for approximately 23 percent of Metropolitan's deliveries. The target SWP blend remained at zero percent for the Weymouth, Diemer, and Skinner plants.

## **Manage Water Reserves**

Water reserves continued to be managed according to Water Surplus and Drought Management (WSDM) principles, operational objectives, and the current 5 percent State Water Project (SWP) allocation. Deliveries of SWP supplies 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 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 water connections, when possible. Staff continue to develop additional drought mitigation actions to help with the low SWP allocation in 2022.

## **Prepare for Future Legislation and Regulation.**

On June 23, staff participated in a workshop for Cal/OSHA's May 2022 draft Proposed Workplace Violence Prevention (§3343) Regulation. Under the draft regulation, employers would need to establish, implement, and maintain an effective Workplace Violence Prevention Program, similar to the requirements for an Injury Illness Prevention Program or COVID-19 Prevention Program. Staff will work with external health and safety organizations to develop comments on the latest draft and continue to monitor further updates to the draft regulation.

On July 7, the Division of Drinking Water proposed a Notification Level of 2 ng/L and Response Level of 20 ng/L for perfluorohexane sulfonic acid (PFHxS). This chemical has not been detected in Metropolitan's source or treated water since PFAS monitoring began in 2017. Staff will continue to monitor any future updates with respect to PFAS in drinking water.

On July 12, the Board took a support, if amended, position on AB 2108: water policy; environmental justice; disadvantaged and tribal communities. The bill requires that one member of the State and Regional Boards be qualified in disadvantaged or tribal community issues. The bill also requires the state and regional boards to address environmental justice and social equity issues early in the permit and policy planning process. The bill's sponsor has agreed to take Metropolitan's amendments that address potential impacts to water rights for the State Water Project. Staff will track the implementation of AB 2108, if passed, by the state and regional boards.

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

Metropolitan complied with all water quality regulations and primary drinking water standards during June 2022. For the first time since the start of the pandemic in 2020, the mobile safety shoe store visited the Desert facilities for in-person procurement of safety shoes. Staff also can obtain safety shoes from the online store.



**Shoe Mobile visiting the Desert facilities**

Staff successfully obtained an Emergency Variance from the South Coast Air Quality Management District (SCAQMD) to avoid non-compliance in the event a power outage causes an exceedance of the annual limit (200 hours) for the emergency generator engine at Metropolitan's Pleasants Peak telecommunications site. Staff will soon be presenting a case to the SCAQMD Hearing Board for a Regular Variance that allows permanent coverage through the end of the year.

On July 11, Metropolitan's Annual Drinking Water Quality Report was released. The report summarizes the results of required monitoring in calendar year 2021, showing that Metropolitan's water quality is equal to or better than what is required by regulations to safeguard public health. This year's report also highlights Metropolitan's continued focus on source water protection, the Partnership for Safe Water program, measures taken at the Water Quality Lab to comply with new laboratory accreditation regulations, and our proactive approach to emerging contaminants. The report has been provided to member agencies and is available [here](#) as well as on Metropolitan's website.



**Metropolitan's 2022 Annual Drinking Water Quality Report**

For the Desert facilities with dual water systems, cross-connection shutdown tests of the potable and non-potable water systems are required every four years for regulatory compliance. Water Quality staff successfully conducted the 2022 shutdown tests for all five pumping plants and submitted the test reports to the Division of Drinking Water and the counties of Riverside and San Bernardino at the end of June.

Similar to other locations within Metropolitan, Desert facilities generate a small amount of hazardous waste which needs to be closely monitored and properly stored and disposed of in order to meet regulations and Metropolitan policies. Staff, trained in the proper handling and storage of these materials through annual certifications, coordinate removal using certified hazardous waste removal contractors.



Staff staging material to store in the designated hazardous materials area

## Actively Engage in Capital Project Planning and Execution

Staff installed, tested, and commissioned new alum and polymer pumps, along with a chemical injection manifold and piping at the Mills plant. Work on this critical process required multidisciplinary craft personnel participating in the design, procurement, and installation. Staff sourced readily available components and added double-walled chemical injection piping, thereby reducing potential downtime and chemical leaks, respectively.



Chemical injection manifold improvements at the Mills plant



**New chemical pump control panel at the Mills plant**

Staff completed a capital project on the Santa Monica Feeder at the Sunset Pressure Relief Structure. Work involved rehabilitating a pilot rack assembly, including pilot control valves, frame, manifold piping, tubing, isolation valves, and drain system. The newly-machined pilot control valve bodies were supplied by the La Verne Shops. Staff also replaced sensing lines that feed the pilot control valves and the 8-inch globe valves. Hydraulically-operated valves are activated when pressure in the pipeline exceeds the rated capacity and discharges into a local storm drain, thereby decreasing pressure and protecting the reliability of the distribution system.



**Refurbished pilot valve system on the Santa Monica Feeder at the Sunset Pressure Relief Structure**

During July, several meetings were held to discuss required functions, activities, specialized equipment, and space requirements in support of the Water Quality Laboratory seismic retrofit and building improvement capital project. The meetings focused on different user groups within the Water Quality Section and involved managers, project engineers, and the design consultants. The goal of this project is to ensure that Metropolitan has a seismically resilient, state-of-the-art laboratory to meet all regulatory compliance monitoring requirements, support treatment development and optimization, and provide applied research facilities to address emerging water quality issues.

## Optimize Maintenance

Transformer oil samples are taken annually for dissolved gas analysis at the Skinner plant. Transformers are used to provide power to critical equipment throughout the plant. Transformer oil contains small amounts of dissolved combustible gases and additional gases form when an abnormal condition exists, often attributed to a fault. Staff measure the concentration of a gas in transformer oil to determine the cause and severity of the event, and whether the transformer is reliable. This predictive measure ensures that the Skinner plant continues to operate reliably.



**Staff taking an oil sample from a 4,160V transformer at the Skinner plant**

Over 60 miles of the 242-mile Colorado River Aqueduct are open canal. With these long open stretches, the canal is susceptible to vegetation growth and debris intrusion from high winds across the desert. Trash racks help protect the pump plants but as algae and debris build up, water in the canal can slow and elevations rise. Regular maintenance is needed to keep these racks clean, which improves flow along the canal while also protecting smaller sub-systems within the plants such as the circulating water pumps.



**Staff cleaning trash racks at Eagle Mountain pumping plant**

To perform most repairs on a CRA main pump unit, high-voltage switching operations are used to identify and isolate potential hazards. Staff follow clearance procedures from Metropolitan's System Operating Orders Manual to protect personnel from hydraulic, mechanical, pneumatic, electrical, or chemical hazards. Staff use specialized arc flash clothing and personal protective equipment to provide sufficient protection to safely perform high-voltage electrical work.



**Staff wearing an arc flash suit while racking out 6.9kV electrical circuit breakers**

CRA main pump unit discharge valves facilitate safe operation of the CRA pumps. The discharge valve remains closed when starting up a unit, which reduces the torque and load on the motor. When shutting a unit down, the discharge valve closes before power is removed to ensure that the unit does not spin backwards from the rush of water coming back down delivery lines. Proper maintenance of the unit components is critical to continued CRA reliability.



**Staff troubleshooting a CRA main pump unit discharge valve pressure governor**

Over time, lubrication oil can pick up particulates which can be detrimental to long-term equipment operation. To maintain oil quality and equipment reliability, the CRA pumping plants use several techniques and filtration methods to combat contamination. These efforts include routine oil sampling, inline filtering, centrifuging, and using external filtration equipment.



**A lube oil sump tank before (left) and after (right) cleaning at Iron Mountain pumping plant**

Staff completed grading of the Rialto Feeder patrol roads in the city of La Verne starting from the Etiwanda hydroelectric plant. This work included minor erosion, vegetation removal, and roadbed repairs to allow safe access and monitoring of Metropolitan's infrastructure.



**Staff using a motor grader for patrol road repairs along the Rialto Feeder**

Staff installed a new electrical duct bank and wiring at the Palos Verdes Reservoir lower bypass spill relief structures to bring reliable power for dewatering, level alarms, and new remote monitoring equipment.



**Staff encasing new electric duct bank with concrete (left) and installing new conduit on the lower structure (right) at the Palos Verdes Reservoir**

The La Verne Shops continued fabrication of a replacement expansion joint to address a leak discovered on a bellows joint on the Upper Feeder pipeline where it spans the Santa Ana River along a truss bridge in the city of Riverside. The new joint and accompanying components, engineered and manufactured by Metropolitan, will be ready for installation by an outside contractor later this summer to replace the damaged bellows expansion joint.



**Fit testing of the manufactured slip joint for repairs on the Upper Feeder**



**Rolled compression ring segments (left) and fabricated 36-inch spool assembly (right) for Upper Feeder repairs**

## Manage the Power System

Given the continuing drought conditions, the CRA is expected to maintain a planned eight-pump flow through September 2022. Sufficient Resource Adequacy (RA) capacity to meet CRA pumping operational needs is forecast through September.

Staff continues to monitor the cost and operational impacts of reduced hydropower generation at Hoover Dam and continued turbulence in the electricity and natural gas markets. After spiking in early 2022 following the invasion of

the Ukraine and subsequent disruption of energy markets worldwide, natural gas and electricity prices in the western US markets have trended downwards, which has resulted in reduced energy costs forecast for the CRA for 2022.

A Request for Offers (RFO) for the output of nine of Metropolitan's small hydroelectric plants was issued in June. The RFO requested bids on energy output (kilowatt-hours), Renewable Energy Credits (RECs), and Resource Adequacy capacity (kilowatt-months). Eight offers from six potential counterparties were received. Staff are reviewing the offers and will notify the successful bidder(s), as appropriate. A September board action is scheduled to approve the successful bidder(s) for a new contract that would be effective October 1, 2022.

On July 19, Hoover Dam experienced an electrical transformer failure. The explosion and fire were captured by several bystanders and reported by multiple media outlets. This failure initially caused an outage of two generator units; however, the single damaged unit was isolated allowing the second unit to be returned to service the following day. The US Bureau of Reclamation (USBR) is assessing damages of the failed unit, which will be out of service indefinitely pending repairs. This generation unit is nominally rated at 130 MW but was recently derated to 73 MW because of low Lake Mead water levels. Loss of this generator unit will reduce Metropolitan's allocation of Hoover power by about 10 MW, requiring Metropolitan to procure additional supplemental energy and Resource Adequacy capacity to maintain planned CRA pumping levels. This outage is expected to increase Metropolitan's CRA energy and capacity costs by over \$2 million during the remainder of 2022 but will not affect planned CRA pumping operations. Staff is closely coordinating with USBR to understand the cause of the failure and the repair schedule.



**Electrical transformer fire affecting generator units at Hoover Dam** (*photo credit: USBR*)



**USBR fire crews responding to an electrical transformer fire at Hoover Dam** *(photo credit: USBR)*

## Improve Emergency Preparedness and Response

July 7, staff met with representatives from the Orange County Fire Authority, Orange County Sheriff's Department, and city of Yorba Linda, to kick off planning for a joint emergency response exercise. This exercise will be happening in fall 2022 and will focus on multiple agencies responding to a simulated emergency at the Diemer plant. Metropolitan continues to reach out to our community partners to prepare for future emergencies.

## Optimize Water Treatment and Distribution

The State Water Project (SWP) target blend entering the Weymouth and Diemer plants and Lake Skinner was zero percent in July. A small amount of flow from Silverwood Lake was temporarily needed to supplement demand in the Weymouth and Jensen service areas, because of the Upper Feeder flow limitation to minimize a leak at the Santa Ana River bridge.

Flow-weighted running annual averages for total dissolved solids from April 2021 through March 2022 for Metropolitan's treatment plants capable of receiving a blend of supplies from the SWP and the Colorado River Aqueduct were 594, 590, and 582 mg/L for the Weymouth, Diemer, and Skinner plants, respectively.

# Operations

(continued)

Monthly Update as of:

7/31/2022

<u>Reservoir</u>	<u>Current Storage</u>	<u>Percent of Capacity</u>
<b><i>Colorado River Basin</i></b>		
Lake Powell	6,210,000	26%
Lake Mead	7,040,000	27%
<b><i>DWR</i></b>		
Lake Oroville	1,453,733	41%
Shasta Lake	1,683,193	37%
San Luis Total	646,456	32%
San Luis CDWR	472,086	44%
Castaic Lake	109,292	34%
Silverwood Lake	68,085	91%
Lake Perris	98,011	75%
<b><i>MWD</i></b>		
DVL	528,804	65%
Lake Mathews	117,547	65%
Lake Skinner	37,759	86%



Hoover Dam

## Information Technology

### Project Highlights

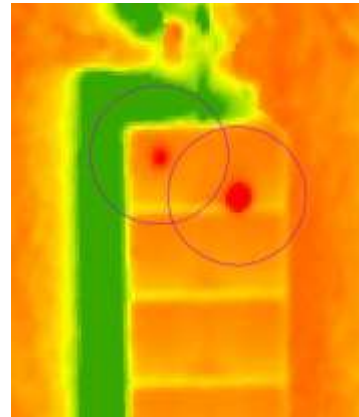
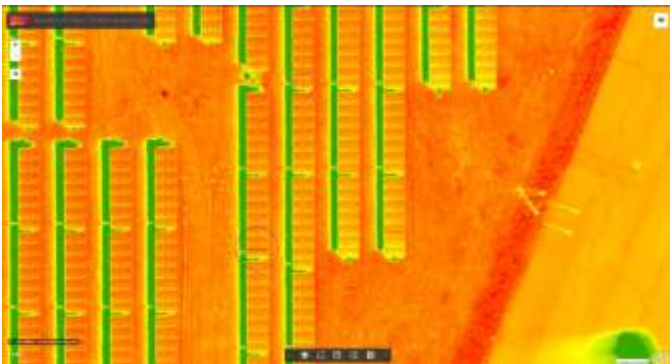
#### MaxQuickLoad Application

The Operations Applications team deployed the MaxQuickLoad application, which has standardized and optimized bulk data entry processes for Maximo. Before using MaxQuickLoad, bulk data entry tasks such as updating manager information after retirements or creating new assets were performed manually via Maximo's user interface or by using custom back-end SQL statements. These manual methods were very inefficient and caused data integrity concerns. Implementing MaxQuickLoad has reduced the manual entry processes mentioned above from an average of 8 hours to about 20 minutes per request, ensuring data integrity by using Maximo's Integration Framework and providing audit trails. Designed with end users in mind, MaxQuickLoad has an intuitive interface to make the system easy to use. Data validation is also automated and performed early in the loading process, allowing users to correct problems before uploading to ensure quality maintenance management data.

#### Detecting Solar Farm Thermal Anomalies Using UAV Remote Sensing Data & GIS Technology

Thermography is a widely used method of assessing the health of solar panels. Solar panels and solar cells, when properly working, convert the sun's radiant energy into electricity. When they are not working properly, not converting the sun's radiant energy into electricity, the solar cells get hotter than their surrounding solar cells.

To detect these anomalies, our drone team has been flying their thermal camera over the solar farms, capturing thermal imagery in a pattern that overlaps the previous image by approximately 75 percent. This imagery is then stitched together, and a thermal georeferenced image is created. Using an ArcGIS WebApp that was developed in house, the image is then used to document the anomalies for further review.



## Real Property

### Project Highlights

#### **Staff Training and Development.**

Completed OneNote 2016 Essential Training to create, edit, and save digital notes for organizational purposes.

Metropolitan was awarded “Government Employer of the Year” by the International Right of Way Association (IRWA). The IRWA is a global, member-led organization of right of way professionals that promotes career growth through education and credentialing opportunities. It recognizes organizations that demonstrate commitment to staff professional development in the right-of-way industry—Metropolitan is a two-time recipient of this award at the local chapter level, this being the first recognition at the national level. Winning this award is a testament to staff’s pledge to workforce excellence and professional development.

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

Acquired two permanent easements from two separate property owners in the city of Monterey Park. These easements grant Metropolitan access rights onto their residential property to construct, operate, maintain, repair, replace, and modify its permanent drainage pipeline at Garvey Reservoir,

#### **Provide right-of-way planning, valuation, and real property acquisition support services for the sustainability and reliability of both imported and regional water supplies, and protection of water rights.**

Acquired eight entry permits from Southern California Edison in the cities of La Puente, Cerritos, Norwalk, City of Industry, Santa Fe Springs, Duarte, and South El Monte. The permits allow Metropolitan to conduct observational surveys for two months through September 2022 in support of the environmental planning phase of Pure Water Southern California. These surveys will provide information Metropolitan needs to comply with the California Environmental Quality Act.

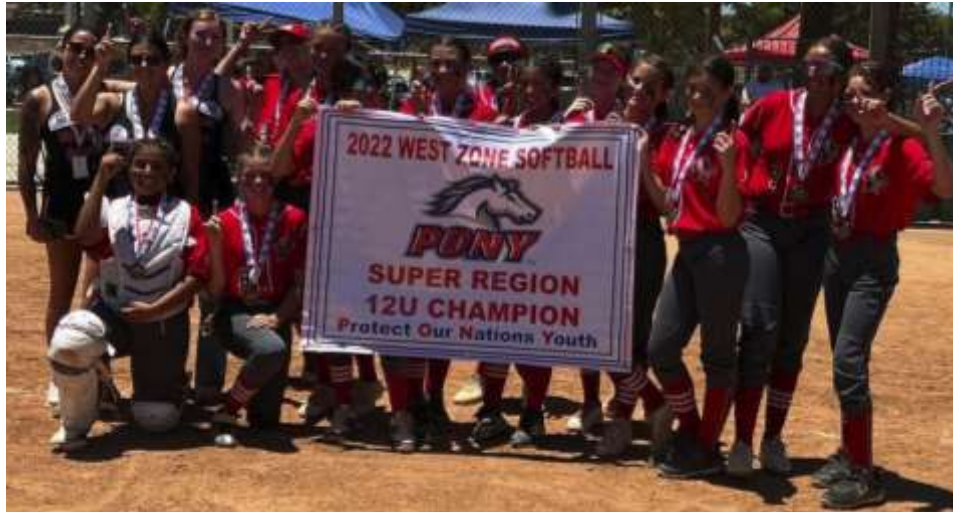
Acquired a six-month temporary access permit from the Los Angeles County Flood Control District (LACFCD) to conduct surveys for the environmental planning phase of Pure Water Southern California. The environmental surveys will be conducted in LACFCD rights of way along the San Gabriel and Los Angeles Rivers, between the cities of Carson and Pico Rivera to comply with the California Environmental Quality Act.

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

Four new leases were executed to replace existing leases with COXCO, LLC and HayDay Farms Venture, LLC for agricultural purposes in the Palo Verde region. All four leases have a commencement date of July 1, 2022, at new higher rental rates consistent with recent market appraisal. The leases include water conservation, fallowing, and innovative farming incentives for the tenants to align their farming practices with Metropolitan’s priorities. The COXCO lease comprises 2,353 gross acres of land with an initial term of 9.5 years and two options to extend the term for four years per option. Three separate leases were executed with HayDay comprising 2,464, 5,441 and 7,867 gross acres of land with initial terms of 11.5 years and one option to extend the term for six years.

**Efficiently maintain and operate assets not related to the treatment and distribution of water.**

Valley-Wide Recreation hosted the West Zone Softball World Series at Diamond Valley Lake (DVL) Community Park. The tournament, which has been hosted at DVL several times over the past decade, draws hundreds of players and visitors to the DVL East Recreation Area.



Staff completed work to replace several sections of sidewalk at the DVL Visitor Center facility. Repairs were required because of tripping hazards posed by the raised sections.



## **District Housing Maintenance and Management.**

Staff worked with a contractor to replace a walkway for in-town employee housing, eliminating a tripping hazard



The Desert Housing Maintenance Team completed 40 work orders this reporting period. Eight of these work orders were Tenant Requested Work Orders. Examples of the Tenant Requested Work Orders include the repair or replacement of an air conditioning unit, window blinds, electrical outlets, and an irrigation line.

Staff completed pre-occupancy work on three desert houses for this reporting period. These preparations consisted of maintenance repairs to each of these houses to bring them up to decent, safe, and sanitary standards for staff that recently moved to the desert. The maintenance repairs for the houses and yard included but were not limited to removal of all abandoned tenant items, touchup painting, installation of new lighting, deep cleaning, weed abatement and trash collection, and assessment and repair of the electrical system.

Real Property staff in conjunction with Business Outreach hosted a desert contractor outreach event in Lake Havasu on July 13. This event, attended by many local trade contractors, gave Metropolitan the opportunity to explain Metropolitan's mission.

Real Property staff hosted townhall meetings at each of the employee villages. The purpose of the meetings was to provide updates on housing and recreation management, desert housing and property improvement projects, and to listen to resident feedback. The meeting participation was approximately 70 percent.

## Security

### Emergency Response

An initial kickoff meeting was held at the Diemer water treatment plant to plan for a future full-scale emergency exercise. Attendees included:

- Metropolitan staff from Diemer, Emergency Management, and Security
- Orange County Fire Authority
- Orange County Sheriff's Department
- City of Yorba Linda

As members of the Design team, Security staff planned side-by-side with internal and external representatives to integrate security objectives into the exercise scope.



Security staff integrating security objectives into the exercise scope

# Finance and Administration

## Finance

### 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.**

**Manage risk to protect Metropolitan's assets against exposure to loss.**

The Risk Management Unit completed 27 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits, and spills.

Risk Management completed 63 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events, and film permits.

### 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.**

**Manage the Business Continuity Management Program in accordance with Operating Policy A-06.**

- Participated in meetings for the Hazard Mitigation core planning team in an effort develop a Local Hazard Mitigation Plan in accordance with FEMA's grant funding requirements.
- Continued facilitating tabletop exercises and Business Continuity plan updates, with a special focus on cyberattack planning.
- Participated in meetings with the Fusion business continuity management software consultant to implement system and plan enhancements.
- Drafted an online survey for Metropolitan management to collect feedback and lessons learned from COVID-19.

### 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 that 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.**

**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 2022 totaled 139.9 thousand acre-feet (TAF), which was 7.1 TAF lower than the budget of 147.0 TAF and translate to \$131.7 million in revenues for June 2022, which were \$23.2 million lower than budget of \$154.9 million.



- Year-to-date water transactions through June 2022 were 1,645.8 TAF, which was 45.8 TAF higher than the budget of 1,600.0 TAF. Year-to-date water revenues through June 2022 were \$1,515.1 million, which were \$23.5 million higher than the budget of \$1,491.6 million.
- In June 2022, Accounts Payable processed approximately 3,200 vendor invoices for payment and took advantage of about \$9,500 in discounts.

**Manage investor relations to ensure clear communications, accuracy of information, and integrity.**

In June 2022, the Treasury and Debt Management section developed and published a new investor relations platform, using a third-party vendor, BondLink, to enhance Metropolitan's financial transparency by improving the promotion and accessibility of key documents important to bond investors, including but not limited to official statements, investor presentations, and financial reports and policies.

**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.**

**New Short-Term Credit Facility.** On June 3, 2022, Metropolitan executed a \$225,000,000, Note Purchase and Continuing Covenants Agreement, with Wells Fargo Bank. At current bond ratings, Metropolitan may borrow on a tax-exempt or taxable basis, at rates equal to 80 percent of the daily SOFR index rate plus 26 basis points (0.26 percent), for a tax-exempt borrowing, or the daily SOFR index rate plus 28 basis points (0.28 percent), for a taxable borrowing. SOFR stands for the Secured Overnight Financing Rate, a short-term interest rate index that is intended to replace the U.S. Dollar Interbank Loan Rate (LIBOR) as the primary index for short-term financing contracts.

On June 29, 2022, Metropolitan drew on the Wells Agreement and borrowed \$35,645,000, on a tax-exempt basis, to fund outstanding subordinate lien revenue bonds. The draw was repaid on July 7, 2022, from the proceeds of Metropolitan's, \$279,570,000, Water Revenue Refunding Bonds, 2022 Series A. The fee for the first draw was \$11,367, at an effective interest rate of 1.44 percent.

**Credit Ratings Implementation Process.** In June 2022, Metropolitan staff prepared several bond disclosure documents, including some that were presented to the Board and Ad Hoc Committee, in preparation of bond transactions that would occur in July. In addition, Metropolitan presented our financial and other critical information to representatives of Moody's and Standard & Poor's to discuss Metropolitan's credit fundamentals and various bond transaction structures.

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

As of June 30, 2022, Metropolitan's investment portfolio balance was \$1.54 billion; in June 2022, Metropolitan's portfolio managers executed 10 trades.

In June 2022, Treasury staff processed 1,201 disbursements by check, 18 disbursements by Automated Clearing House (ACH), and 150 disbursements by wire transfer. Treasury staff also processed 77 receipts by check, 31 receipts by ACH, and 45 receipts by incoming wires and bank transfers.

## Administrative Services

### Accomplishments

The newly established Inventory Control (IC) Team from the Contracting Services Unit has been busy training staff and establishing new roles and procedures during the past few weeks. One of the IC Team's key responsibilities is to keep managers aware of what their staff has purchased during the previous week. The IC team generates the Material Account Distribution Detail Report (MADD). Every week, the team sends out the MADD report to managers for their review.

Based on feedback from a manager reviewing the MADD report, the IC Team researched pricing on a warehouse item and saw an opportunity to obtain the product at a lower price. The IC Team manager tasked Shan Nalawangsa, Inventory Coordinator, to contact suppliers. A new supplier was identified with a lower cost, resulting in projected savings of \$18,000 per year.



To recognize and celebrate National Safety Awareness Month, Metropolitan's F.E. Weymouth plant hosted a Safety Awareness Event and Vendor Fair on June 9, 2022. To support this initiative, the Warehouse Team was tasked by plant management to invite a variety of suppliers and vendors whose products support safe operations. The team secured participation from multiple suppliers to showcase new and emerging safety products, tools, and other related items to over 200 plant staff and visitors! With its full agenda of department tours, supplier demonstrations, a safety award ceremony, keynote speakers, and a delicious hot lunch, the event was a complete success.



# Finance and Administration

(continued)



On June 23, 2022, the Jensen treatment plant celebrated its 50th anniversary. Imaging Services took great pride in supporting the celebration by printing three professional grade banners for display at the entrance and inside the facility.



## Human Resources

**Partner with Metropolitan leadership to support learning, development, and adaptive workforce planning initiatives.**

In July, 622 Metropolitan employees attended virtually facilitated classes, including Preventing Workplace Harassment; Ethics & Data Integrity; Drug & Alcohol Awareness; and Contract Administration.

LinkedIn Learning, Metropolitan's online, e-learning content platform, was used for classes, including such topics as Communication Tips, Learning DocuSign, OneNote, Project Management, and Learning about Carbon & Our Planet.

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

Recruitment successfully filled 13 positions for the month of July. Recruitment received two new staffing requisitions resulting in 174 positions currently in recruitment.

The HR Group Manager continued to work with the Board search committee in the recruitment process for the General Auditor position.

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

Employees that reached service milestones of 20 years or more were provided a tribute piece recognizing their years of service. This is in lieu of the semi-annual service award luncheon which has been postponed because of the COVID pandemic.

### HR Core Business: Provide Excellent Human Resources Services

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

Negotiations continue with the SUPS on a successor MOU. Staff will continue to brief the Organization, Personnel, and Technology (OP&T) Committee on the status of those talks.

The Benefits Unit is working with Metropolitan's broker, CalPERS, and various health providers on contract renewals, rates, and plan changes for Open Enrollment. Benefits will be launching seven webinars for the months of August and September.

The Benefits Unit is also working with Empower Retirement in launching a New Participant Website Experience for Metropolitan's custom website, [www.mwdplans.com](http://www.mwdplans.com). Empower hosted two webinars for employees to attend on July 20, 2022. The website went live on August 2, 2022.

The Business Support Team planned, organized, and coordinated a "Food & Mood" wellness webinar. The live webcast was held on July 27, 2022 and hosted by Kaiser Permanente. The webinar introduced employees to several strategies to tune into the body and mind and identify self-care practices that will bring more balance to the way they eat and their mood.

Human Resources Group partnered and supported the new SRI, EEO and DE&I offices in establishing their organizations and providing historical information.

# Finance and Administration

(continued)

## HR Core Business: Comply with Employment Laws and Regulations

**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.**

Human Resources continued efforts to review hiring, promotion, and Employee Relations procedures to address concerns raised in the State Audit report and to ensure any revisions meet the deadlines outlined in the State Audit Report.

The Benefits Unit is currently administering 2022 COVID-19 Leaves through September 30, 2022. As of July, 281 leaves have been approved.

In July, five new Workers' Compensation claims were received. Nine 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 on the job.

In addition, staff is collaborating with other Metropolitan stakeholders to implement a new Incident Reporting and Case Management System designed by Vantiv Technology. Staff continues to work closely with our new Workers' Compensation Third Party Administrator, TRISTAR Risk Management, during the transition.

Activities of the Workers' Compensation/Medical Screening Unit are summarized as follows for July:

- Coordinated two medical medvan visits (DMV, respirator exams, and hearing tests) at La Verne and Lake Mathews
- Arranged twenty medical evaluations (Pre-employment, DMV, medical surveillance, vanpool program restarted)
- Coordinated two random drug tests
- Addressed thirty-five Accommodation issues, referrals, and follow ups with Shaw Consulting Group

HR Metrics	June 2021	July 2022	Prior Month June 2022
<b>Headcount</b>			
Regular Employees	1,881	1,766	1,762
Temporary Employees	32	39	37
Interns	5	2	2
Recurrents	20	18	18
Annuitants	16	19	19

	July 2022	June 2022
<b>Number of Recruitments in Progress (Includes Temps and Intern positions)</b>	174	185
<b>Number of New Staffing Requisitions</b>	2	0
	July 2022	June 2022
<b>Number of Job Audit Requests in Progress</b>	6	8
<b>Number of Completed/Closed Job Audits</b>	2	1
<b>Number of New Job Audit Requests</b>	0	0

# Finance and Administration

(continued)

Transactions Current Month and Fiscal YTD (includes current month)			
<u>External Hires</u>	<u>FY 21/22 Totals</u>	<u>July 2022</u>	<u>FISCAL YTD</u>
Regular Employees	82	4	4
Temporary Employees	36	0	0
Interns	4	0	0
Internal Promotions	70	4	4
Management Requested Promotions	152	5	5
Retirements/Separations (regular employees)	127	2	2
Employee-Requested Transfers	15	1	1

## Departures

Last	First Name	Classification	Eff Date	Reason	Group
Dun	Martin	Sr Buyer	6/4/2022	Retirement	ADMINISTRATION GROUP
Riss	Gerald	General Auditor	6/2/2022	Retirement	OFFICE OF THE GENERAL AUDITOR

# External Affairs



## External Affairs

### Highlights

Chairwoman Gray and GM Hagekhalil signed the Equity in Infrastructure pledge to bring greater equity to construction and contracting activities for critical public infrastructure. The program is a nationwide effort to provide more opportunities to historically underserved communities and underutilized companies.

Vice-Chair Kurtz and Metropolitan staff participated in a press event with California Natural Resources Secretary Crowfoot and city of Pasadena officials at Sheldon Reservoir. The event highlighted state and local drought response actions, including turf replacement rebates and other conservation programs for residents, businesses, and public agencies. (July 7)

GM Hagekhalil and Metropolitan staff met with the Tribal Engagement Coalition at the Shingle Springs Rancheria in Placerville to discuss opportunities for improved dialogue on water management issues and projects. (July 13)

Metropolitan partnered with The Tree People to host a Tree Care & Water-Saving community workshop for 200 people in San Fernando. The event featured guest speakers, including GM Hagekhalil, Director Ortega, and San Fernando Mayor Mendoza. Metropolitan staff hosted an informational booth with water conservation tips, water education curriculum, California-friendly landscape resources, and rebate information. (July 16)

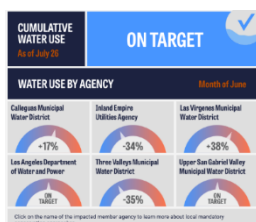
GM Hagekhalil was a featured speaker at the National Association of Clean Water Agencies where he spoke on Creating a More Sustainable Path Forward for Clean Water Investment. (July 26)

Chairwoman Gray and GM Hagekhalil met with Governor Newsom to be briefed on the state's drought actions and to share progress by Metropolitan and its member agencies to save water. (July 29)

AGM Upadhyay provided an update to the Special Districts Association of Riverside County on the water supply outlook and how Metropolitan's One Water vision supports the region's water resiliency. (July 29)



Vice-Chair Kurtz joins Secretary Crowfoot and Pasadena officials to promote outdoor water



A new drought dashboard is available for the public to track water use in the State Water Project-dependent member agencies that are under the district's Emergency Water Conservation Program. The dashboard features a weekly accounting of cumulative water use for the SWP-dependent agencies as well as a monthly breakdown of water use by individual agency.

## Legislative Services

### Federal

GM Hagekhalil testified before the House Natural Resources Subcommittee on Water, Oceans, and Wildlife in support of H.R. 8090, a bill that extends Reclamation's authority to produce basin studies for the next 10 years. He emphasized the important role basin studies play in building collaborative partnerships to understand the impacts of climate change and plan for sustainable water supplies. (July 21).

The House passed H.R. 5118, the Wildfire Response and Drought Resiliency Act. This bill contains numerous Metropolitan priorities including extending the Bureau of Reclamation's authority for the large-scale recycling program; authorizing \$600 million for Reclamation's Title XVI water recycling program; and authorizing \$100 million for new water conservation and efficiency grant programs at the USEPA.

### State

Metropolitan's sponsored bills SB 230 (Portantino, D-La Cañada Flintridge) on constituents of emerging concern in drinking water and AB 1845 (Calderon, D-Whittier) on alternative delivery methods have been referred to Appropriations where they will be heard in August.

Other bills Metropolitan is tracking.:

- SB 1020 (Laird, D-Santa Cruz; Caballero, D-Merced; Durazo, D-Los Angeles; and Atkins, D-San Diego): The Clean Energy, Jobs, and Affordability Act of 2022 would require DWR to achieve 100 percent renewables or carbon free resources to power the State Water Project by 2030. Metropolitan has expressed concern about the cost to the State Water Contractors and is advocating for state financial assistance to protect ratepayers.
- SB 1157 (Hertzberg, D-Los Angeles) would require further study on the economic benefit and impacts of lowering the indoor water use standard to 42 gallons per capita per day by 2030.
- SB 222 (Dodd, D-Napa) would create a statewide water rate assistance program and move the administration to the State Water Board. Several new provisions are worrisome to retail water agencies, including administration costs and the ability of the State Water Board to maintain confidentiality of customer records.

### Local

In addition to regularly scheduled government affairs meetings, Metropolitan staff participated in 67 webinars and meetings with chambers of commerce, business organizations, and community events on water-specific topics. At many of these events, staff made presentations on current drought conditions and conservation programs.

## Media and Communications

Staff developed a new CII Checklist, a resource to help Southern California businesses save water. Water-saving tips are organized according to sectors ranging from manufacturing and industrial to landscaping and agriculture. The checklist was made available to member agencies for co-branding.

Staff presented drought communications activities at ACWA's Communications Committee meeting. (July 27)

### Media Activities and Interviews

- Coordinated an interview with Associated Press reporter Kathleen Ronayne and Colorado River Resources Manager Hasencamp for a story on the Colorado River Compact
- Arranged an interview with Politico reporter Lara Korte and Colorado River Resources Manager Hasencamp about Bureau of Reclamation call for Basin states to cut Colorado River water use

- Set up an interview with staff for News Nation story regarding Colorado River issues
- Coordinated an interview with Los Angeles Times reporter Haley Smith and WRM Group Manager Coffey regarding the progress Metropolitan is seeing in response to its emergency drought actions
- Arranged an interview with Snapchat News reporter Jaida Evans and WRM's Polyzos for Good Luck Los Angeles regarding the impact of the drought on Southern Californians and how people can save water
- Set up an interview with CNN reporter Paul Vercammen and Water Use Efficiency Manager McDonnell regarding Metropolitan's turf removal program
- Coordinated an interview with Chief Executive/AGM Upadhyay and KNX 1070 on renaming recycled water program as Pure Water Southern California and the value of recycled water as a critical supply source
- Arranged a tour of Pure Water Southern California with External Affairs' Soni and Los Angeles Times reporter Jaimie Ding, followed by an interview on the project with WRM Group Manager Coffey
- Set up an interview with Ventura County Star's Cheri Carlson and WRM Group Manager Coffey about the early response to Metropolitan's emergency drought restrictions
- Coordinated an interview with KCRW-FM 89.3 reporter Caleigh Wells and WRM Group Manager Coffey regarding drought restrictions and available water supplies across the region
- Arranged an interview between KNBC4 reporter Alex Rozier and Coffey about the progress toward and compliance with Metropolitan's emergency drought restrictions
- Coordinated an interview between KABC and Water Use Efficiency Manager McDonnell about Metropolitan's water efficiency rebates and ways the public can conserve indoors and outdoors
- Coordinated a panel interview for Southern California Water Coalition's podcast featuring WRM Group Manager Coffey, Chief Diversity, Equity and Inclusion Officer Thomas, and Chief Sustainability, Resiliency and Innovation Officer Crosson
- Arranged an interview between CNN en Español and External Affairs' Cetina about Metropolitan's turf replacement program
- Set up an interview with Univision and Cetina on Metropolitan's water supplies and drought response
- Set up an interview between Water Use Efficiency Manager and KNX-AM 1070 regarding Metropolitan's recent turf replacement program studies showing a "multiplier effect."
- Arranged an interview between New York Times reporter Jill Cowan and Water Use Efficiency Manager McDonnell for a story about the turf replacement program and the cultural shift away from lawns
- Set up a series of interviews with GM Hagekhalil, Chief SRI Officer Crosson, and Water System Operations' Jontry about Metropolitan's efforts to cut its carbon emissions as part of a documentary episode on a show called "Road to Zero," which will run on Arabic Language Station Al Hurra TV



GM Hagekhalil, "Road to Zero" documentary taping

## Press releases

- Media event with Natural Resources Secretary Wade Crowfoot and Pasadena Water and Power
- Metropolitan's renaming of regional recycled water project to Pure Water Southern California
- Statements from Chairwoman Gray and GM Hagekhalil on release of the draft EIR for Delta Conveyance.

## Creative Design

- Placed new assets across multiple media platforms, in seven languages and in banners in 135 Hispanic convenience stores and 30 Asian grocery stores throughout the service area
- Extended Metropolitan's "This is How we Save" video commercial to play on 116 electric vehicle charging stations in high traffic areas and dozens of gas station video monitors
- Finalized plans with Altman nurseries, a wholesaler growing of native plants, to provide campaign elements for in-store advertising banners and signs at Home Depot
- Collaborated with TreePeople on the development of co-branded social media posts and collateral about tree care in a drought, through a series of messages on social media



## Social Media



See insights and ads

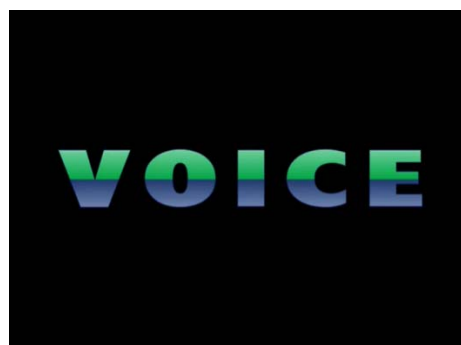
Boost again

Julie Miller Kallachian, Joseph Chavez Jr. and 177 others

5 Comments · 2 Shares

- Generated more than 3 million impressions in July, reaching nearly 1 million people for the This is How We Save Water conservation campaign and turf removal programs.
- Posted highlights of External Affairs' Joe Chavez taking his family to see a Metropolitan billboard on which they are featured. This was one of the highest performing posts.
- Received more than 350,000 impressions for posts featuring home savings and lawn and garden tips.

- Created posts to celebrate National Disability Independence Day and highlight Metropolitan's newest Employee Resource Group, which strives to be the voice for employees with disabilities (as classified under the Americans with Disabilities Act), and to provide support, resources, engagement, and representation.



## Website

- Updated progress dashboards tracking Metropolitan's response to the state audit and Shaw Law Group workplace assessments

## Public Outreach and Member Services

Staff provided briefings and tours of Pure Water Southern California to IEUA (July 12), the Regional Hispanic Chamber of Commerce (July 13), Gabrieleño/Tongva Band of Mission Indians (July 14), Gabrieleño Band of Mission Indians—Kizh Nation (July 14); Liberty Hill Foundation (July 14), Southern CA Leadership Network (July 15), Azusa Rotary (July 21), WELL Legislative Workshop (July 23), LA Neighborhood Initiative (July 25), East Yard Communities for Environmental Justice (July 27), and the Council for Watershed Health.

## Construction/Maintenance Outreach

Distributed over 4,000 notifications to the communities of Temecula, Menifee, and Winchester regarding the hazards of the San Diego Canal. (July 1–8)

Met with city of Monterey Park staff to discuss local community coordination for Garvey Reservoir. (July 25)

## Education and Community Relations

Metropolitan sponsored and staff provided a Water 101 presentation at the Kollab Water Connects Us All Summit, an event to help students explore career opportunities the water industry. (July 23)

Metropolitan staff provided water education materials and promotional items for the LaunchPad, a community outreach and education event organized by CSU-LA.



in

## Community Partnering and Sponsorship Program

The Community Partnership Program (CPP) approved four sponsorships:

- Palos Verde Irrigation District Water Education and Safety event
- California Latino Leadership Institute Careers in Water Field Trip
- Corona-Norco School District Water Distillation Laboratory Project
- Friends of The Water Conservation Garden Harvesting Water in Healthy Soil Workshops

# Sustainability, Resiliency and Innovation



## Sustainability, Resiliency and Innovation

### Sustainability and Resiliency

- Speaking Engagements: SoCal Water Coalition Podcast, Southern California Leadership Network, Metropolitan Coffee with the GM, Interview with Al Hurra Road to Zero.
- With GM Hagekhalil, met with Delta Tribal Nations to discuss partnership opportunities.
- Kicked off the Climate Action Plan (CAP) Implementation Working Group with participants from throughout Metropolitan.
- Participated in the Water, Energy, Climate, Sustainability (WECS), Metropolitan Energy Sustainability, and Clean Air Initiatives Working Groups.
- Participated in the first U.S. Water Alliance Utility GHG Reductions Cohort Peer Exchange Group and the California Fifth Climate Change Assessment Kick-off.
- Completed climate-related legislative reviews for SB 852 (Dodd), SB 905 (Skinner), SB 989 (Hertzberg), SB 1145 (Laird), SB 1297 (Cortese), H.R. 2820 Growing Climate Solutions Act of 2022, and H.R. 7776 Water Resources Development Act of 2022.

### Innovation

- Facilitated an internal discussion group exploring the most innovative approaches to addressing evaporation control for Metropolitan facilities.
- Hosted five Employee Innovation Council (EIC) groups to discuss and share feedback, inputs, and approaches to improving the efforts of the council towards the 5-year Metropolitan Innovation roadmap.
- EIC members participated in the industry-wide “Building the Narrative” Project. This project lays the foundation for identifying and creating an effective innovation story for Metropolitan.
- Hosted five meet-ups with entrepreneurs who introduced various emerging technologies that address: Elimination of PFAS, organic alternatives to chlorine for water treatment, E.coli detection and elimination, Mississippi River water transfer, and offshore desalination.
- Facilitated two peer-to-peer discussions between other utilities and Metropolitan. The city of Chicago shared its best practices in safety and Israel’s Mekorot shared distribution system water quality modeling.

### Environmental Planning Section

#### Core Business: Environmental Planning and Regulatory Compliance Support

#### Bay Delta Initiatives

##### Delta Conveyance Project

- Continued coordination with Department of Water Resources to support development of information regulatory permit applications.

# Sustainability, Resiliency and Innovation

(continued)

## Engineering Services Group

### **Etiwanda Pipeline Relining Project**

- Completed CEQA Addendum to the 2015 Environmental Impact Report (EIR) to provide environmental clearance for additional pipe storage locations during construction.

### **Prestressed Concrete Cylinder Pipe (PCCP) Rehabilitation Program**

- Provided construction monitoring for valve storage area at Lake Mathews.
- Conducting ongoing revegetation monitoring for Allen-McColloch Urgent Relining Project.

### **Perris Valley Pipeline**

- Completed environmental clearance in support of construction bid advertisement.

### **Pure Water Southern California**

- Commented on the Draft Involvement Plan regarding approaches to public involvement for the program.
- Conducted ongoing biological and cultural resources technical surveys in support of the draft Program EIR.
- Coordinated with Los Angeles County Sanitation Districts and consultant firms regarding various resource areas (including Air Quality/Health Risk Assessment), conveyance alignments, early start project, and community outreach.

### **Weymouth Water Treatment Plant and La Verne Site Improvements Program EIR**

- Initiated technical studies for the Weymouth Program EIR.



**Environmental Planning Section consultants performed technical field surveys in support of the Weymouth plant and La Verne Site Improvements Program EIR.**

### **Construction Monitoring**

- Provided construction monitoring support for the following projects: Orange County Feeder Relining, Reach 3, 4, 4A; Weymouth Basins 5-8 Rehabilitation; and Weymouth La Verne Shops, Phase 4 Upgrades.

## External Affairs Group

- Provided legislative analysis on amendments to Senate Bill (SB) 1392 (McGuire)—Aquaculture: registration, renewal, surcharge, and penalty fees: reports

# Sustainability, Resiliency and Innovation

(continued)

## **Sustainability, Resiliency, and Innovation Office**

### **Climate Action Plan (CAP) Monitoring and Reporting**

- Began preparation the CAPDash website in support of transparent tracking and reporting of CAP measures.
- Prepared a template checklist for subsequent CEQA analysis of CAP projects.
- Accepted Association of Environmental Professionals (AEP) merit award for Metropolitan's Climate Action Plan, which was adopted by the Board in May 2022.

## **Water System Operations Group**

- Provided environmental monitoring for the Foothill Feeder exposed pipeline emergency repairs.
- Provided CEQA analysis, environmental planning support, and environmental clearance for the following O&M activities: routine road maintenance for the Allen-McColloch Pipeline, Lower Feeder, Rialto Feeder, Santiago Lateral, Upper Feeder, Yorba Linda Feeder, and East Orange County Feeder No. 2.

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

- Submitted administrative draft Mitigated Negative Declaration (MND) and draft Reclamation Plan to the California State Mining and Geology Board for review and comment before public release of documents.

## **Reserve Management**

### **Lake Mathews Multiple Species Reserve**

- Met with CALFIRE to discuss the results of the 2022 prescribed burns and prepare for burns to be conducted in 2023.
- Conducted approximately four acres of weed abatement to control invasive Russian thistle.
- Repaired multiple fence cuts along the Reserve's western boundary with residential properties.

### **Southwestern Riverside County Multi-Species Reserve**

- Conducted vegetation management in established habitat management units.
- Installed addition container plants in the Tocalota Creek restoration site.
- Met with CALFIRE to plan for prescribed burns to be conducted in 2023.
- Staffed the Alamos Schoolhouse environmental education facility.
- Mowed and conducted weed abatement around burrowing owl artificial burrows.



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

700 N. Alameda Street, Los Angeles, CA 90012  
General Information (213) 217-6000  
[www.mwdh2o.com](http://www.mwdh2o.com) [www.bewaterwise.com](http://www.bewaterwise.com)

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



## **Matters Involving Metropolitan**

### ***Sierra Club v. Cal. Dept. of Water Resources (consolidated with Department of Water Resources v. All Persons Interested, etc.) (Sacramento County Superior Court)***

On August 5, 2022, the judge in the Delta Conveyance Project revenue bond validation cases held a case management conference to establish a briefing and hearing schedule for the next stage of litigation before setting a trial date and briefing schedule later this year. The court ordered that any motions for summary judgment or summary adjudication and any motion for new trial be filed by August 25, 2022, with a hearing date set for November 18, 2022. The court also set the next case management conference for December 9, 2022 to establish a trial date and briefing schedule if it denies the opponents' motions for new trial and summary judgment.

As previously reported, on August 6, 2020, the Department of Water Resources (DWR) adopted a set of resolutions authorizing issuance of revenue bonds to finance both the design, environmental review and planning costs, as well as costs to construct a new Delta conveyance facility. The same day, it filed a validation action seeking a judicial declaration that it has the authority to adopt the bond resolutions. Dozens of parties filed answers raising an array of affirmative defenses in opposition. Five public water agencies, including Metropolitan, filed answers supporting DWR's case.

On October 27, 2020, Sierra Club, Center for Biological Diversity, Planning and Conservation League, Restore the Delta and Friends of Stone Lakes National Wildlife Refuge (Sierra Club) filed litigation challenging DWR's adoption of the bond resolutions under the California Environmental Quality Act (CEQA), alleging that DWR could not adopt the bond resolutions until it completed CEQA review of the Delta Conveyance Project. Multiple parties also raised CEQA as an affirmative defense in DWR's validation case.

The two cases were consolidated and last fall, after a set of cross-motions for summary judgment on CEQA, the trial court ruled in DWR's favor, meaning Sierra Club's CEQA claims and all CEQA affirmative defenses in the validation action failed. Because the trial court judge was appointed to the Court of Appeal for the Third Appellate District, the cases were delayed until the Honorable Judge Mennemeier was assigned this spring.

In the current round of dispositive motions, Sierra Club has moved for a new trial on its CEQA claim, seeking summary judgment in its favor asserting the prior judge misinterpreted CEQA. In the alternative, it has moved for reconsideration of the prior judge's rulings based on new facts disclosed in DWR's Draft Environmental Impact Report for the Delta Conveyance Project published on July 27, 2022.

North Coast Rivers Alliance (NCRA) has moved for summary judgment on its Delta Reform Act and public trust doctrine affirmative defenses. DWR has moved for summary adjudication of those two affirmative defenses in NCRA's and other opponents' answers. Metropolitan and other supporting water contractors joined DWR's motion.

Lastly, the Howard Jarvis Taxpayers Association moved for summary adjudication seeking a ruling that the issue of whether future taxes used to repay any bonds issued per the bond resolutions are subject to Prop 13 is outside the scope of the current litigation.

A ruling after the November 18 hearing is anticipated before the next case management conference on December 9. If Sierra Club or NCRA succeed, that would end the trial court proceedings. If DWR prevails on its motion, it would eliminate two affirmative defenses from the merits briefing and trial to come. If Howard Jarvis succeeds, it may expressly exclude the validation of taxes that water contractors may adopt in the future to repay any bonds DWR issues for Delta conveyance from the ruling in this litigation.



Although Metropolitan has retained special counsel to assist, the Legal Department has performed a majority of the work representing Metropolitan to date.

***In re Matter of The Metropolitan Water District of Southern California (South Coast Air Quality Management District, Case No. 6101-3 – Regular Variance Granted)***

As reported last month, a final hearing was held on August 31, 2022 before the South Coast Air Quality Management District (SCAQMD) to convert Metropolitan's interim variance to a regular variance for its permit requirements for its emergency standby propane generator at Metropolitan's Pleasant Peak telecommunication

tower, located in a remote area of Orange County. The matter was on the consent calendar and was granted by the Commission. This provides Metropolitan with a variance from the annual 200 hour limit on operations in its permit to operate. The SCAQMD thresholds seek to limit criteria pollutant emissions. The generator is close to exceeding this threshold due to unexpected power outages on Southern California Edison's system. The tower is necessary for operational communications for Metropolitan's water delivery system. The variance will provide coverage through the end of the year.

Metropolitan staff is handling this matter, and will continue to monitor compliance with SCAQMD requirements.

## Matters Impacting Metropolitan

**EPA Proposes Designating PFOA and PFOS as CERCLA Hazardous Substances**

On August 26, 2022, the U.S. Environmental Protection Agency (EPA) proposed designating two of the most widely used per- and polyfluoroalkyl substances (PFAS) -- perfluorooctanoic acid (PFOA) and perfluorooctanesulfonic acid (PFOS), including their salts and structural isomers -- as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), also known as "Superfund."

EPA is proposing this hazardous substance designation because evidence indicates that these chemicals may present a substantial danger to public health or welfare or the environment when released into the environment. If this designation is finalized, it will have three direct effects: (1) releases of PFOA and PFOS at or above the reportable quantity of one pound or more in a 24-hour period will have to be reported to federal, state, tribal, and local authorities; (2) federal entities that transfer or sell their property will be required to provide certain notifications and covenants; and (3) the U.S. Department of Transportation will be required to list PFOA and PFOS as hazardous materials.

The proposed rule would also have several indirect effects, including allowing EPA to seek to recover cleanup costs for PFOA or PFOS contamination from a potentially responsible party (PRP) or to

require such a party to conduct the cleanup. In addition, private parties that conduct cleanups consistent with the National Oil and Hazardous Substances Contingency Plan (NCP) could recover PFOA and PFOS cleanup costs from other PRPs. Under CERCLA's strict (meaning it is without fault), joint and several, and retroactive liability scheme, *any* party who disposes of hazardous substances, even in minute quantities, and even if the disposal was legal at the time, may be considered a PRP and could be held liable for the entire cleanup of a site (when the harm caused by multiple parties cannot be separated).

(<https://www.epa.gov/enforcement/superfund-liability>.) Thus, the proposed rule could result in a significant increase in expensive and lengthy Superfund litigation. Moreover, the combined effect of the proposed rule and EPA's recently published near-zero health advisories that recommend levels below available detection or treatment methods may further drive site-specific cleanup standards and associated costs for PFOA and PFOS. The White House Office of Management and Budget designated the proposed rule as "economically significant," meaning that it is expected to impose costs of \$100 million or more annually.

The five broad categories of entities potentially affected by the proposed rule include: (1) PFOA and/or PFOS manufacturers; (2) PFOA and/or PFOS processors; (3) manufacturers of products containing PFOA and/or PFOS; (4) downstream product manufacturers and users of PFOA and/or PFOS products; and (5) waste management and



wastewater treatment facilities. Additionally, as EPA explains in the proposed rule, “PFOA and PFOS are widely detected in surface water samples collected from various rivers, lakes, and streams in the United States. Therefore, municipalities and other entities that use surface water sources for drinking water may face challenges treating and removing PFOA and PFAS from their finished drinking water. The most vulnerable drinking water systems are those in close proximity to sites contaminated with PFOA and PFOS” (footnotes omitted).

EPA will publish the Notice of Proposed Rulemaking in the *Federal Register* in the next several weeks. Comments on the proposed rule must be submitted within 60 days after publication. After the close of the comment period, EPA anticipates issuing an Advance Notice of Proposed Rulemaking to seek public comment on designating other PFAS chemicals as CERCLA hazardous substances. Metropolitan staff will continue to monitor and will comment on EPA’s rulemaking process.

### ***Technology Credit Union v. Rafat (California Court of Appeal)***

The California Court of Appeal held that an employer may only obtain a workplace violence restraining order when a credible threat of violence is made that would cause a reasonable person to fear for his or her safety. Rafat had entered a bank and made a series of hostile statements to a bank teller and threatened to complain to a federal agency and file a lawsuit. The bank teller became scared for her safety and the bank obtained a restraining order against Rafat.

In reversing the restraining order, the court noted that Rafat’s conduct was rude but that he made no threat of violence. The court found that because Rafat had made no threat of violence, the objective reasonable person standard could not be met even if the bank teller was herself scared of Rafat. This case helps clarify California law on what an employer must show to obtain a restraining order against a threatening person in the workplace.

## **Matters Received**

<u>Category</u>	<u>Received</u>	<u>Description</u>						
Subpoenas	1	Deposition Subpoena for Personal Appearance and Production of Documents and Things seeking the deposition of Metropolitan's person(s) most qualified and for the production of documents relating to Metropolitan's water banking and/or storage program with Arvin-Edison Water Storage District, including actions taken and/or complaints made relating to the presence of 1,2,3-trichloropropane (TCP) in Arvin-Edison's water system, served by the defendant Shell in the case <i>Arvin-Edison Water Storage District v. Shell USA, Inc.</i> , San Bernardino Superior Court, Case No. JCCP 4435/BCV-21-102485						
Requests Pursuant to the Public Records Act	11	<table><tr><th><u>Requestor</u></th><th><u>Documents Requested</u></th></tr><tr><td>AFSCME Local 1902</td><td>Copy of resolution referenced in Item 6E of the August 16, 2022 Board Agenda</td></tr><tr><td>Agri-Pulse Communications</td><td>Emails sent or received between July 25, 2022 to present by Adel Hagekhalil, Marcia Scully, Dee Zinke and Bill Hasencamp relating to water shortages in the Colorado Basin, water use reduction plan for 2023, Bureau of Reclamation's demand for states to cut water usage by 2023, and 2023 operations for Lake Mead and Lake Powell</td></tr></table>	<u>Requestor</u>	<u>Documents Requested</u>	AFSCME Local 1902	Copy of resolution referenced in Item 6E of the August 16, 2022 Board Agenda	Agri-Pulse Communications	Emails sent or received between July 25, 2022 to present by Adel Hagekhalil, Marcia Scully, Dee Zinke and Bill Hasencamp relating to water shortages in the Colorado Basin, water use reduction plan for 2023, Bureau of Reclamation's demand for states to cut water usage by 2023, and 2023 operations for Lake Mead and Lake Powell
<u>Requestor</u>	<u>Documents Requested</u>							
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<u>Requestor</u>	<u>Documents Requested</u>
California Water Research	Correspondence between Lynda Smith and Delta Lead Scientist Laurel Larsen, Delta Stewardship Council or Darcy Austin from March 1, 2022 to August 4, 2022
Center for Contract Compliance	Certified payroll records and fringe benefit statement for Summit Landcare Inc. for its work on landscape maintenance, tree trimming and herbicide applications for South Orange County
FirmoGraphs	Bid results for Lake Skinner Outlet Tower Seismic Upgrade Assessment
Orbach Huff & Henderson LLP	Records dated between 1/1/2019 to present relating to work performed at 1660 East 32nd Street, Long Beach, CA, including agreements and writings between J.F. Shea Construction and MWD and between Hooman Enterprises or Hooman Nissani and MWD
Private Citizens (2 requests)	(1) MWD weekly water conservation tracking report; and (2) copies of documents sent in response to PRA requests from Los Angeles Times and AFSCME Local 1902
SmartProcure	Purchase order data including purchase order number, purchase order date, line item details, line item quantity, line item price, vendor information from May 24, 2022 to current
Southland Watch	Documents sent to or from MWD's legislative body and video recordings of the legislative body from November 5, 2021 through August 5, 2022
Westland Group	Legal reference number for a portion of property occupied by the Foothill Feeder/La Verne Pipeline

PLEASE NOTE

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

Date of Report: September 7, 2022



Bay-Delta and SWP Litigation	
Subject	Status
<p><b>Consolidated DCP Revenue Bond Validation Action and CEQA Case</b></p> <p><i>Sierra Club, et al. v. California Department of Water Resources</i> (CEQA, designated as lead case)</p> <p><i>DWR v. All Persons Interested</i> (Validation)</p> <p>Sacramento County Superior Ct. (Judge Kenneth C. Mennemeier)</p>	<ul style="list-style-type: none"> <li>• <b>Validation Action</b> <ul style="list-style-type: none"> <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 Jarvis Taxpayers Association, Sierra Club et al., County of Sacramento &amp; Sacramento County Water Agency, CWIN et al., Clarksburg Fire Protection District, Delta Legacy Communities, Inc, and South Delta Water Agency &amp; Central Delta Water Agency have filed answers in opposition</li> <li>• Case ordered consolidated with the DCP Revenue Bond CEQA Case for pre-trial and trial purposes and assigned to Judge Earl for all purposes</li> <li>• DWR's motions for summary judgment re CEQA affirmative defenses granted; cross-motions by opponents denied</li> <li>• August 25, 2022 <a href="#"><u>North Coast Rivers Alliance filed motion for summary judgment on Delta Reform Act and public trust doctrine affirmative defenses; DWR filed motion for summary adjudication of all Delta Reform Act and public trust doctrine affirmative defenses; Metropolitan and other supporting water contractors joined DWR's motion; Howard Jarvis Taxpayers Assn. filed motion for summary adjudication on scope of DWR's complaint re Prop 13 applicability to future taxes that may be adopted to repay bonds</u></a></li> <li>• Nov. 18, 2022 Hearing on dispositive motions</li> <li>• Dec. 9, 2022 Case Management Conference</li> </ul> </li> <li>• <b>CEQA Case</b> <ul style="list-style-type: none"> <li>• Sierra Club, Center for Biological Diversity, Planning and Conservation League, Restore the Delta, and Friends of Stone</li> </ul> </li> </ul>



	<p>Lakes National Wildlife Refuge filed a standalone CEQA lawsuit challenging DWR's adoption of the bond resolutions</p> <ul style="list-style-type: none"> <li>• Alleges DWR violated CEQA by adopting bond resolutions before certifying a Final EIR for the Delta Conveyance Project</li> <li>• Cases ordered consolidated for all purposes</li> <li>• DWR's motion for summary judgment granted; Sierra Club's motion denied</li> <li>• <u>Aug. 23, 2022 Sierra Club filed motion for new trial or reconsideration on prior dismissal of its CEQA case and seeking entry of summary judgment in its favor</u></li> <li>• <u>Nov. 18, 2022 hearing on motion for new trial or reconsideration re CEQA</u></li> <li>• <u>Dec. 9, 2022 case management conference</u></li> </ul>
<p><b>SWP-CVP 2019 BiOp Cases</b></p> <p><i>Pacific Coast Fed'n of Fishermen's Ass'ns, et al. v. Raimondo, et al. (PCFFA)</i></p> <p><i>Calif. Natural Resources Agency, et al. v. Raimondo, et al. (CNRA)</i></p> <p>Federal District Court, Eastern Dist. of California, Fresno Division (Judge Thurston)</p>	<ul style="list-style-type: none"> <li>• SWC intervened in both <i>PCFFA</i> and <i>CNRA</i> cases</li> <li>• 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</li> <li>• Federal defendants circulated administrative records for each of the BiOps</li> <li>• December 18, 2020 PCFFA and CNRA filed motions to complete the administrative records or to consider extra-record evidence in the alternative</li> <li>• Federal defendants reinitiated consultation on Oct 1, 2021</li> <li>• On Nov. 8, 2021, Federal Defendants and PCFFA plaintiffs stipulated to inclusion of certain records in the Administrative Records and to defer further briefing on the matter until July 1, 2022</li> <li>• On Nov. 12, 2021, SWC filed a motion to amend its pleading to assert cross-claims against the federal defendants for violations of the ESA, NEPA and WIIN Act; Court has yet to set a hearing date</li> <li>• November 23, 2021, Federal Defendants filed a motion for voluntary remand of the 2019 Biological Opinions and NEPA Record of Decision and requesting that the Court issue an order approving an</li> </ul>



	<p>Interim Operations Plan through September 30, 2022; that the cases be stayed for the same time period; and that the Court retain jurisdiction during the pendency of the remand. State Plaintiffs filed a motion for injunctive relief seeking judicial approval of the Interim Operations Plan</p> <ul style="list-style-type: none"> <li>December 16, 2021 – NGO Plaintiffs filed a motion for preliminary injunction related to interim operations</li> <li>Motions fully briefed as of Jan. 24, 2022</li> <li>Hearing on motions held Feb. 11, 2022</li> <li>District court (1) approved the State and Federal Government's Interim Operations Plan (IOP) through September 30, 2022; (2) approved the federal defendants' request for a stay of the litigation through September 30, 2022; (3) remanded the BiOps without invalidating them for reinitiated consultation with the 2019 BiOps in place; (4) denied PCFFA's alternative request for injunctive relief; and (5) by ruling on other grounds, denied the state plaintiffs' motion for injunctive relief and the federal defendants' request for equitable relief</li> <li><u>September 30, 2022, Federal Defendants and State Plaintiffs will file a joint status report: 1) describing the status of the reinitiated CVP and SWP consultation; 2) recommending a plan for interim CVP and SWP operations to govern for the 2023 water year or some other interval of time, if consultation remains ongoing; and 3) requesting a continued stay or other path forward in the litigation</u></li> </ul>
<p><b>CESA Incidental Take Permit Cases</b></p> <p><b>Coordinated Case Name <i>CDWR Water Operations Cases</i>, JCCP 5117 (Coordination Trial Judge Gevercer)</b></p> <p><i>Metropolitan &amp; Mojave Water Agency v. Calif. Dept. of Fish &amp; Wildlife, et al.</i> (CESA/CEQA/Breach of Contract)</p>	<ul style="list-style-type: none"> <li>All 8 cases ordered coordinated in Sacramento County Superior Court</li> <li>Stay on discovery issued until coordination trial judge orders otherwise</li> <li>All four Fresno cases transferred to Sacramento to be heard with the four other coordinated cases</li> <li>SWC and Metropolitan have submitted Public Records Act requests seeking administrative record materials and other relevant information</li> </ul>



<p><i>State Water Contractors &amp; Kern County Water Agency v. Calif. Dept. of Fish &amp; Wildlife, et al.</i> (CESA/CEQA)</p> <p><i>Tehama-Colusa Canal Auth., et al. v. Calif. Dept. of Water Resources</i> (CEQA)</p> <p><i>San Bernardino Valley Municipal Water Dist. v. Calif. Dept. of Water Resources, et al.</i> (CEQA/CESA/ Breach of Contract/Takings)</p> <p><i>Sierra Club, et al. v. Calif. Dept. of Water Resources</i> (CEQA/Delta Reform Act/Public Trust)</p> <p><i>North Coast Rivers Alliance, et al. v. Calif. Dept. of Water Resources</i> (CEQA/Delta Reform Act/Public Trust)</p> <p><i>Central Delta Water Agency, et. al. v. Calif. Dept. of Water Resources</i> (CEQA/Delta Reform Act/Public Trust/ Delta Protection Acts/Area of Origin)</p> <p><i>San Francisco Baykeeper, et al. v. Calif. Dept. of Water Resources, et al.</i> (CEQA/CESA)</p>	<ul style="list-style-type: none"> <li>• Answers filed in the three cases filed by State Water Contractors, including Metropolitan's</li> <li>• Draft administrative records produced on Sept. 16, 2021</li> <li>• Certified administrative records lodged March 4, 2022</li> <li>• <a href="#"><u>State Water Contractors et al. granted leave to intervene in Sierra Club, North Coast Rivers Alliance, Central Delta Water Agency, and San Francisco Baykeeper cases by stipulation</u></a></li> <li>• Sept. 9, 2022 fifth Case Management Conference</li> <li>• Sept. 9, 2022 hearing on any motions to augment the administrative records</li> <li>• <a href="#"><u>Sept. 16, 2022 hearing on State Water Contractors, et al.'s motion to intervene in the Tehama-Colusa Canal Auth., et al. v. Calif. Dept. of Water Resources CEQA case</u></a></li> </ul>
<p><b>CDWR Environmental Impact Cases</b> <b>Sacramento Superior Ct. Case No. JCCP 4942, 3d DCA Case No. C091771</b> <b>(20 Coordinated Cases)</b></p> <p>Validation Action <i>DWR v. All Persons Interested</i></p> <p>CEQA 17 cases</p> <p>CESA/Incidental Take Permit 2 cases</p> <p>(Judge TBD)</p>	<ul style="list-style-type: none"> <li>• Cases dismissed after DWR rescinded project approval, bond resolutions, decertified the EIR, and CDFW rescinded the CESA incidental take permit</li> <li>• January 10, 2020 – Nine motions for attorneys' fees and costs denied in their entirety</li> <li>• Parties have appealed attorneys' fees and costs rulings</li> <li>• May 11, 2022, court of appeal reversed the trial court's denial of attorney fees and costs in an unpublished opinion</li> <li>• Opinion ordered published</li> <li>• Coordinated cases remitted to trial court for re-hearing of fee motions consistent with the court of appeal's opinion</li> </ul>
<p><b>COA Addendum/ No-Harm Agreement</b></p> <p><i>North Coast Rivers Alliance v. DWR</i> Sacramento County Superior Ct. (Judge Gevercer)</p>	<ul style="list-style-type: none"> <li>• Plaintiffs allege violations of CEQA, Delta Reform Act &amp; public trust doctrine</li> <li>• USBR Statement of Non-Waiver of Sovereign Immunity filed September 2019</li> <li>• Westlands Water District and North Delta Water Agency granted leave to intervene</li> <li>• Metropolitan &amp; SWC monitoring</li> </ul>



	<ul style="list-style-type: none"> <li>Deadline to prepare administrative record extended to Sept. 19, 2022</li> </ul>
<p><b>Delta Plan Amendments and Program EIR</b> 4 Consolidated Cases Sacramento County Superior Ct. (Judge Gevercer )</p> <p><i>North Coast Rivers Alliance, et al. v. Delta Stewardship Council</i> (lead case)</p> <p><i>Central Delta Water Agency, et al. v. Delta Stewardship Council</i></p> <p><i>Friends of the River, et al. v. Delta Stewardship Council</i></p> <p><i>California Water Impact Network, et al. v. Delta Stewardship Council</i></p> <p><b>Delta Stewardship Council Cases</b> 3 Remaining Cases (CEQA claims challenging original 2013 Delta Plan EIR) (Judge Chang)</p> <p><i>North Coast Rivers Alliance, et al. v. Delta Stewardship Council</i></p> <p><i>Central Delta Water Agency, et al. v. Delta Stewardship Council</i></p> <p><i>California Water Impact Network, et al. v. Delta Stewardship Council</i></p>	<ul style="list-style-type: none"> <li>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</li> <li>Allegations relating to “Delta pool” water rights theory and public trust doctrine raise concerns for SWP and CVP water supplies</li> <li>Cases consolidated for pre-trial and trial under <i>North Coast Rivers Alliance v. Delta Stewardship Council</i></li> <li>SWC granted leave to intervene</li> <li>Metropolitan supports SWC</li> <li>2013 and 2018 cases to be heard separately due to peremptory challenge</li> <li>SWC and several individual members, including Metropolitan, SLDMWA and Westlands have dismissed their remaining 2013 CEQA claims but remain intervenor-defendants in the three remaining <i>Delta Stewardship Council Cases</i></li> </ul> <p><b>2013 Cases</b></p> <ul style="list-style-type: none"> <li>After a hearing on Feb. 25, 2022 the court ruled against plaintiffs on the merits of their BDCP-related CEQA claims</li> <li>April 22, 2022 court ruled against the remaining CEQA claims and denied the petitions for writs of mandamus</li> <li>Three remaining petitioner groups filed notices of appeal; <u>on August 29, 2022 two of the three abandoned their appeals</u></li> <li>Delta Stewardship Council filed memorandum of costs seeking \$362,407.47, mostly for cost to prepare the administrative record</li> <li><u>SWC and individual water contractors, including Metropolitan, entered a settlement with the Delta Stewardship Council on their share of costs for \$45,435, of which Metropolitan will pay \$6,490.71</u></li> </ul> <p><b>2018 Cases</b></p> <ul style="list-style-type: none"> <li>Hearing on the merits held July 22, 2022</li> <li>Ruling on the merits anticipated in September</li> </ul>



<p><b>SWP Contract Extension Validation Action</b> Sacramento County Superior Ct. (Judge Culhane)</p> <p><i>DWR v. All Persons Interested in the Matter, etc.</i></p>	<ul style="list-style-type: none"><li>• DWR seeks a judgment that the Contract Extension amendments to the State Water Contracts are lawful</li><li>• Metropolitan and 7 other SWCs filed answers in support of validity to become parties</li><li>• Jan. 5-7, 2022 Hearing on the merits held with CEQA cases, below</li><li>• Final statement of decision in DWR's favor filed March 9, 2022</li><li>• Final judgment entered and served</li><li>• C-WIN et al., County of San Joaquin et al. and North Coast Rivers Alliance et al. filed notices of appeal</li></ul>
<p><b>SWP Contract Extension CEQA Cases</b> Sacramento County Superior Ct. (Judge Culhane)</p> <p><i>North Coast Rivers Alliance, et al. v. DWR</i> <i>Planning &amp; Conservation League, et al. v. DWR</i></p>	<ul style="list-style-type: none"><li>• Petitions for writ of mandate alleging CEQA and Delta Reform Act violations filed on January 8 &amp; 10, 2019</li><li>• Deemed related to DWR's Contract Extension Validation Action and assigned to Judge Culhane</li><li>• Administrative Record completed</li><li>• DWR filed its answers on September 28, 2020</li><li>• Metropolitan, Kern County Water Agency and Coachella Valley Water District have intervened and filed answers in the two CEQA cases</li><li>• Final statement of decision in DWR's favor denying the writs of mandate filed March 9, 2022</li><li>• Final judgments entered and served</li><li>• North Coast Rivers Alliance et al. and PCL et al. filed notices of appeal</li></ul>



### **Delta Conveyance Project Soil Exploration Cases**

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

*Central Delta Water Agency, et al. v. DWR (II)*  
Sacramento County Super. Ct.  
(Judge Acquisto)

- Original case filed August 10, 2020; new case challenging the second addendum to the CEQA document filed Aug. 1, 2022
- 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 April 22, 2022
- DWR's petition to add the 2020 CEQA case to the *Department of Water Resources Cases*, JCCP 4594, San Joaquin County Superior Court denied
- Hearing on the merits scheduled for Oct. 13, 2022

### **Water Management Tools Contract Amendment**

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

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

- Filed September 28, 2020
- CWIN and Aqualliance allege one cause of action for violation of CEQA
- NCRA et al. allege four causes of action for violations of CEQA, the Delta Reform Act, Public Trust Doctrine and seeking declaratory relief
- Parties have stipulated to production of a draft administrative record by April 1, 2022 and to a timeline to attempt to resolve any disputes over the contents
- SWC motion to intervene in both cases granted



<b>San Diego County Water Authority v. Metropolitan, et al.</b>		
<b>Cases</b>	<b>Date</b>	<b>Status</b>
<b>2010, 2012</b>	Aug. 13-14, 2020	Final judgment and writ issued. Transmitted to the Board on August 17.
	Sept. 11	Metropolitan filed notice of appeal of judgment and writ.
	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. 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 2010-2012 cases judgment and interest. Metropolitan made same payment in 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.
	Sept. 21	Court of Appeal issued opinion on Metropolitan's appeal regarding final judgment and writ, holding: (1) the court's 2017 decision invalidating allocation of Water Stewardship Rate costs to transportation in the Exchange Agreement price and wheeling rate applied not only to 2011-2014, but also 2015 forward; (2) no relief is required to cure the judgment's omission of the court's 2017 decision that allocation of State Water Project costs to transportation is lawful; and (3) the writ is proper and applies to 2015 forward.
	Mar. 17, 2022	Court of Appeal unpublished decision affirming orders determining SDCWA is the prevailing party in the Exchange Agreement and statutory costs.
	Mar. 21	Metropolitan paid SDCWA \$14,296,864.99 for attorneys' fees and \$352,247.79 for costs, including interest.
	July 27	Metropolitan paid SDCWA \$411,888.36 for attorneys' fees on appeals of post-remand orders.
<b>2014, 2016</b>	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.



Cases	Date	Status
<b>2014, 2016 (cont.)</b>	Sept. 28-29	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 joinders to the demurrers and motions to strike.
	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.
	Sept. 30	Based on the Court of Appeal's Sept. 21 opinion (described above), and the Board's Sept. 28 authorization, Metropolitan paid \$35,871,153.70 to SDCWA for 2015-2017 Water Stewardship Rate charges under the Exchange Agreement and statutory interest.
<b>2017</b>	July 23, 2020	Dismissal without prejudice entered.
<b>2018</b>	July 28, 2020	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, 2021	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 19	Court issued order denying Metropolitan's motion to strike portions of the second amended petition/complaint.



Cases	Date	Status
<b>2018 (cont.)</b>	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.
	Aug. 31	SDCWA filed answer to Metropolitan's cross-complaint.
	April 11, 2022	Court entered order of voluntary dismissal of parties' WaterFix claims and cross-claims.
<b>2014, 2016, 2018</b>	June 11, 2021	Deposition of non-party witness.
	Aug. 25	Hearing on Metropolitan's motion for further protective order regarding deposition of non-party witness.
	Aug. 25	Court issued order consolidating the 2014, 2016, and 2018 cases for all purposes, including trial.
	Aug. 30	Court issued order granting Metropolitan's motion for a further protective order regarding deposition of non-party witness.
	Aug. 31	SDCWA filed consolidated answer to Metropolitan's cross-complaints in the 2014, 2016, and 2018 cases.
	Oct. 27	Parties submitted to the court a joint stipulation and proposed order staying discovery through Dec. 8 and resetting pre-trial deadlines.
	Oct. 29	Court issued order staying discovery through Dec. 8 and resetting pre-trial deadlines, while the parties discuss the prospect of settling some or all remaining claims and crossclaims.
	Jan. 12, 2022	Case Management Conference. Court ordered a 35-day case stay to allow the parties to focus on settlement negotiations, with weekly written check-ins with the court; and directed the parties to meet and confer regarding discovery and deadlines.
	Feb. 22	Court issued order resetting pre-trial deadlines as proposed by the parties.
	Feb. 22	Metropolitan and SDCWA each filed motions for summary adjudication.
	April 13	Hearing on Metropolitan's and SDCWA's motions for summary adjudication.



Cases	Date	Status
<b>2014, 2016, 2018 (cont.)</b>	April 18	Parties filed supplemental briefs regarding their respective motions for summary adjudication, as directed by the court.
	April 18	Court issued order resetting pre-trial deadlines as proposed by the parties.
	April 29	Parties filed pre-trial briefs.
	April 29	Metropolitan filed motions in limine.
	May 4	Court issued order granting Metropolitan's motion for summary adjudication on cross-claim for declaratory relief that the conveyance facility owner, Metropolitan, determines fair compensation, including any offsetting benefits; and denying its motion on certain other cross-claims and an affirmative defense.
	May 11	Court issued order granting SDCWA's motion for summary adjudication on cross-claim for declaratory relief in the 2018 case regarding lawfulness of the Water Stewardship Rate's inclusion in the wheeling rate and transportation rates in 2019-2020; certain cross-claims and affirmative defenses on the ground that Metropolitan has a duty to charge no more than fair compensation, which includes reasonable credit for any offsetting benefits, with the court also stating that whether that duty arose and whether Metropolitan breached that duty are issues to be resolved at trial; affirmative defenses that SDCWA's claims are untimely and SDCWA has not satisfied claims presentation requirements; affirmative defense in the 2018 case that SDCWA has not satisfied contract dispute resolution requirements; claim, cross-claims, and affirmative defenses regarding applicability of Proposition 26, finding that Proposition 26 applies to Metropolitan's rates and charges, with the court also stating that whether Metropolitan violated Proposition 26 is a separate issue; and cross-claims and affirmative defenses regarding applicability of Government Code section 54999.7, finding that section 54999.7 applies to Metropolitan's rates. Court denied SDCWA's motion on certain other cross-claims and affirmative defenses.
	May 13	Pre-trial conference; court denied Metropolitan's motions in limine.
	May 16	Court issued order setting post-trial brief deadline and closing arguments.
	May 16-27	Trial occurred but did not conclude.
	May 23, June 21	SDCWA filed motions in limine.
	May 26, June 24	Court denied SDCWA's motions in limine.



Cases	Date	Status
	June 3, June 24, July 1	Trial continued, concluding on July 1.
	June 24	SDCWA filed motion for partial judgment.
	July 15	Metropolitan filed opposition to motion for partial judgment.
	Aug. 19	Post-trial briefs <del>due</del> <u>filed</u> .
	Sept. 27	Post-trial closing arguments.
<b>All Cases</b>	April 15, 2021	Case Management Conference on 2010-2018 cases. Court set trial in 2014, 2016, and 2018 cases on May 16-27, 2022.
	April 27	SDCWA served notice of deposition of non-party witness.
	May 13-14	Metropolitan filed motions to quash and for protective order regarding deposition of non-party witness.
	June 4	Ruling on motions to quash and for protective order.



Outside Counsel Agreements				
Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Andrade Gonzalez LLP	MWD v. DWR, CDFW and CDNR Incidental Take Permit (ITP) CESA/CEQA/Contract Litigation	185894	07/20	\$250,000
Aleshire & Wynder	Oil, Mineral and Gas Leasing	174613	08/18	\$50,000
Atkinson Andelson Loya Ruud & Romo	Employee Relations	59302	04/04	\$1,214,517
	MWD v. Collins	185892	06/20	\$100,000
	Delta Conveyance Project Bond Validation-CEQA Litigation	185899	09/21	\$100,000
	MWD Drone and Airspace Issues	193452	08/20	\$50,000
	Equal Employee Opportunity Commission Charge	200462	03/21	\$20,000
	Public Employment Relations Board Charge No. LA-CE-1441-M	200467	03/21	\$30,000
	Representation re the Shaw Law Group's Investigations	200485	05/20/21	\$50,000
	DFEH Charge- (DFEH Number 202102-12621316)	201882	07/01/21	\$25,000
	AFSCME Local 1902 in Grievance No. 1906G020 (CSU Meal Period)	201883	07/12/21	\$30,000
	AFSCME Local 1902 v. MWD, PERB Case No. LA-CE-1438-M	201889	09/15/21	\$20,000
	MWD MOU Negotiations**	201893	10/05/21	\$100,000
	DFEH Charge- (DFEH Number 202106-13819209)	203439	12/14/21	\$15,000
	DFEH Charge- (DFEH Number 202109-14694608)	203460	02/22	\$15,000



Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Best, Best & Krieger	Navajo Nation v. U.S. Department of the Interior, et al.	54332	05/03	\$185,000
	Bay-Delta Conservation Plan/Delta Conveyance Project (with SWCs)	170697	08/17	\$500,000
	Environmental Compliance Issues	185888	05/20	\$100,000
	Public Records Act Requests	203462	04/22	\$30,000
Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP	FCC and Communications Matters	110227	11/10	\$100,000
Brown White & Osborn LLP	HR Matter	203450	03/22	\$50,000
Buchalter, a Professional Corp.	Union Pacific Industry Track Agreement	193464	12/07/20	\$50,000
Burke, Williams & Sorensen, LLP	Real Property - General	180192	01/19	\$100,000
	Labor and Employment Matters	180207	04/19	\$50,000
	General Real Estate Matters	180209	08/19	\$100,000
Law Office of Alexis S.M. Chiu*	Bond Counsel	200468	07/21	N/A
Cislo & Thomas LLP	Intellectual Property	170703	08/17	\$75,000
Cummins & White, LLP	Board Advice	207941	05/22	\$10,000
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, Genzer & Pembroke PC	Power Issues	6255	09/95	\$3,175,000
Ellison, Schneider, Harris & Donlan	Colorado River Issues	69374	09/05	\$175,000
	Issues re SWRCB	84457	06/07	\$200,000
Haden Law Office	Real Property Matters re Agricultural Land	180194	01/19	\$50,000



Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Hanson Bridgett LLP	SDCWA v. MWD	124103	03/12	\$1,100,000
	Finance Advice	158024	12/16	\$100,000
	Deferred Compensation/HR	170706	10/17	\$ 400,000
	Tax Issues	180200	04/19	\$50,000
Hausman & Sosa, LLP	MOU Hearing Officer Appeal	201892	09/21	<del>\$80,000</del> <u>\$95,000</u>
	MOU Hearing Officer Appeal	207943	05/22	\$25,000
	<u>MOU Hearing Officer Appeal</u>	<u>207949</u>	<u>07/22</u>	<u>\$25,000</u>
Hawkins Delafield & Wood LLP*	Bond Counsel	193469	07/21	N/A
Horvitz & Levy	SDCWA v. MWD	124100	02/12	\$900,000
	General Appellate Advice	146616	12/15	\$100,000
	Colorado River	203464	04/22	\$100,000
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	\$65,000
Amira Jackmon, Attorney at Law*	Bond Counsel	200464	07/21	N/A
Jackson Lewis P.C.	Employment: Department of Labor Office of Contract Compliance (OFCCP)	137992	02/14	\$45,000
Jones Hall, A Professional Law Corporation*	Bond Counsel	200465	07/21	N/A
Kegel, Tobin & Truce	Workers' Compensation	180206	06/19	\$250,000
Lesnick Prince & Pappas LLP	Topock/PG&E's Bankruptcy	185859	10/19	\$30,000



Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Liebert Cassidy Whitmore	Labor and Employment	158032	02/17	\$201,444
	EEO Investigations	180193	01/19	\$100,000
	FLSA Audit	180199	02/19	\$50,000
LiMandri & Jonna 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	<del>\$2,900,000</del> <u>\$4,400,000</u>
	Raftelis - Subcontractor of Manatt, Phelps & Phillips Agreement No. 146627: Pursuant to 05/02/22 Engagement Letter between Manatt, Phelps & Phillips and Raftelis Financial Consultants, Inc., Metropolitan Water District paid Raftelis Financial Consultants, Inc.	Invoice No. 23949		\$56,376.64 for expert services and reimbursable expenses in SDCWA v. MWD
Meyers Nave Riback Silver & Wilson	OCWD v. Northrop Corporation	118445	07/11	\$2,300,000
	IID v. MWD (Contract Litigation)	193472	02/21	\$100,000
Miller Barondess, LLP	SDCWA v. MWD	138006	12/14	\$600,000
Morgan, Lewis & Bockius	SDCWA v. MWD	110226	07/10	\$8,750,000
	Project Labor Agreements	200476	04/21	\$100,000
Musick, Peeler & Garrett LLP	Colorado River Aqueduct Electric Cables Repair/Contractor Claims	193461	11/20	\$900,000
	Arvin-Edison v. Dow Chemical	203452	01/22	\$50,000
Nixon Peabody LLP*	Bond Counsel	193473	07/21	N/A
Norton Rose Fulbright US LLP*	Bond Counsel	200466	07/21	N/A
Olson Remcho LLP	Government Law	131968	07/14	\$200,000
	<del>Ethics Office</del>	<del>170714</del>	<del>01/18</del>	<del>\$350,000</del>
	<u>Executive Committee/Ad Hoc Committees Advice</u>	<u>207947</u>	<u>08/22</u>	<u>\$60,000</u>



Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
	MWD Board/Ad Hoc Committee Advice	203459	03/22	\$60,000
Renne Public Law Group, LLP	ACE v. MWD (PERB Case No. LA-CE-1574-M)	203466	05/22	\$50,000
Ryan & Associates	Leasing Issues	43714	06/01	\$200,000
Seyfarth Shaw LLP	HR Litigation	185863	12/19	\$250,000
	Claim (Contract #201897)	201897	11/04/21	\$100,000
	Claim (Contract #203436)	203436	11/15/21	\$100,000
	Claim (Contract #203454)	203454	01/22	\$100,000
	Claim (Contract #203455)	203455	10/21	\$100,000
<u>Sheppard Mullin Richter &amp; Hampton LLP</u>	<u>Rivers v. MWD</u>	<u>207946</u>	<u>07/22</u>	<u>\$100,000</u>
Stradling Yocca Carlson & Rauth*	Bond Counsel	200471	07/21	N/A
Theodora Oringer PC	OHL USA, Inc. v. MWD	185854	09/19	\$1,100,000
	Construction Contracts - General Conditions Update	185896	07/20	\$100,000
Thomas Law Group	MWD v. DWR, CDFW, CDNR – Incidental Take Permit (ITP) CESA/CEQA/Contract Litigation	185891	05/20	\$250,000
	Iron Mountain SMARA (Surface Mining and Reclamation Act)	203435	12/03/21	\$100,000
Thompson Coburn LLP	FERC Representation re Colorado River Aqueduct Electrical Transmission System	122465	12/11	\$100,000
	NERC Energy Reliability Standards	193451	08/20	\$100,000
Van Ness Feldman, LLP	General Litigation	170704	07/18	\$50,000
	Colorado River MSHCP	180191	01/19	\$50,000
	Bay-Delta and State Water Project Environmental Compliance	193457	10/15/20	\$50,000



Firm Name	Matter Name	Agreement No.	Effective Date	Contract Maximum
Western Water and Energy	California Independent System Operator Related Matters	193463	11/20/20	\$100,000

\*Expenditures paid by Bond Proceeds/Finance

\*\*Expenditures paid by another group



## **Internal Audit Report for July 2022**

### **Summary**

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Two reports were issued during the month:

- 1. Minor Capital Projects Program Audit Report**
- 2. Quarterly Consulting and Services Contracts Review Report for Period Ending March 31, 2022**

### **Discussion Section**

This report highlights the significant activities of the Internal Audit Department during July 2022. 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.

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### **Minor Capital Projects Program**

The Audit Department has reviewed the accounting, and administrative controls over the Minor Capital Projects Program for FY 2016-17 through FY 2019-20.

#### **Scope**

Our review consisted of evaluating the internal controls over the project submittal, evaluation, administration, and close-out processes for the Minor Capital Projects Program. We also reviewed contractor selection and project accounting and reporting practices. Finally, we evaluated program performance against stated objectives and project schedules.

#### **Background**

Metropolitan's Capital Investment Plan (CIP) includes a mix of capital projects to support Metropolitan's strategic plan and financial targets. Capital investment plan projects include the construction of new facilities or infrastructure, additions, upgrades, or replacement and refurbishment of existing infrastructures such as pipes, structures, equipment, and systems. To develop the plan, Metropolitan uses an extensive evaluation process. Each capital improvement project requires the submittal of a formal proposal. The CIP is revised and updated every two years, providing the basis for the Board to approve the budget and appropriate funding.

To expedite smaller projects costing less than \$400,000, with implementation timeframes of no more than three years, Metropolitan implemented the Minor Capital Projects Program. Management can approve projects under this program without seeking additional Board approval. For Fiscal Years 2016-17 through 2019-20, projects authorized under this program are as follows:

<b>Fiscal Years</b>	<b>Appropriation Number</b>	<b>Appropriation Amount</b>	<b># of Approved Projects</b>
2016/17 – 2017/18	15498	\$ 10,000,000	41
2018/19 – 2019/20	15504	15,500,000	48

Metropolitan management is responsible for establishing and maintaining a system of internal control. The objectives of internal controls are to provide reasonable assurance as to the reliability and integrity of information; compliance with policies, plans, procedures, laws, and regulations; safeguarding assets; economic and efficient use of resources; and the accomplishment of established goals and objectives. In fulfilling this responsibility, management makes judgments to assess the expected benefits and related costs of control practices and procedures and whether those practices and policies can achieve Metropolitan's financial and operational objectives.

### **Opinion**

In our opinion, the system of internal controls over the Minor Capital Projects Program is generally satisfactory; it was effective from July 1, 2016, through June 30, 2020.

### **Comments and Recommendations**

#### **OVERTIME APPROVAL AND MONITORING**

Reviews and approvals help protect against unauthorized, inaccurate, or duplicate transactions. Written approvals should take place before incurring expenditures. Management should use due care in delegating authority and assigning responsibilities.

District policy requires non-emergency overtime (OT) to be pre-approved. Approvers must be authorized and should maintain evidence of such approval.

Our testing of time charged to Minor Capital Projects revealed the following:

- Management could not locate OT approval documentation for 10 of the 12 employees we selected (83%). The ten employees incurred overtime of 419 hours.
- Project Managers are not authorized to approve OT and therefore have no control over it. Additionally, they cannot access Oracle's Project Accounting and Grants Management Module (PAGM) to evaluate labor cost reports. Our analysis of labor cost reports between July 1, 2016, and February 23, 2021, revealed the following:
  - One hundred employees had OT totaling 2,502 hours charged against projects without any Straight Time (ST) against the same project.
  - One hundred eighty-three employees had OT hours exceeding ST, ranging from 25% to 5500%.
  - Twenty projects had OT hours that exceeded ST on a project by 25% to 840%.

Failure to obtain authorization and monitor OT could result in improper incurrence of overtime hours, resulting in unnecessary costs to the District.

We recommend management consider requiring Project Managers to pre-approve non-emergency overtime related to Minor Capital projects in writing. Project Managers should retain evidence of their approvals per the Record Retention Policy. The District should permit project Managers to access Oracle's PAGM to generate labor cost reports for their projects. Project Managers should review the data regularly, performing appropriate follow-ups as necessary.

## PROJECT MANAGEMENT

Written procedures provide a framework for effectively and efficiently achieving department and District goals. They assist management in training new employees, offer guidelines in the performance of daily operations, and are a source of reference for experienced personnel.

The District assigns a Project Manager to each Minor Capital project, who is responsible for facilitating the execution of the project requirements with the construction team or contractor. Written procedures require a Project Authorization - New Project Request Form (EForm 540) for each approved Minor Cap project. EForm 540 documents the scope of work and funding levels, and authorizes the commencement of work.

Changes to the scope, approach, completion dates, funding, etc., require an approved Project Authorization – Change Order Request (EForm 541), with notification to the Project Manager.

Upon project completion, receipt of technical documentation (e.g., warranty certifications, inspection reports, etc.), and signed Notification of Completion by construction management, the Project Manager signs the Request for Project Completion/Cancellation (EForm 543). This action triggers project closure in the Oracle PAGM, which prevents additional expenditures from being charged to the project. Project Management completes the Asset-in-Service Notification (EForm 2514) to place the asset in service and remove it from construction-in-process. Accounting moves the asset into service upon notification to do so.

Using systematic sampling, we selected and tested 30 projects across Appropriations 15498 and 15504. We selected and tested ten projects for close-out.

- The project schedule section was not completed for three project proposals (10%). Two of these projects exceeded the 3-year completion standard. The policy currently recommends but does not require completion of this section.
- The Project Management Plan (PMP) is not consistently approved, updated, or completed:
  - The Project Manager did not approve nineteen (63%)
  - Four (13%) were not updated to reflect the project completion date, project manager, or budget amount

- One project did not have a PMP
- Management could not provide the Project Change Form (Eform 541) for 18 projects (60%). Two of these projects incurred labor charges after the completion date per PAGM.
- Minor Capital Projects are not consistently closed timely, and project files are not always complete:
  - Three of 10 projects (39%) were closed in the PAGM system between 40 and 64 days after the approval date on the Form.
  - Two of the ten project close-out files (20%) did not contain the supporting Budget vs. Cost report.
  - Project 104948 (Appropriation 15498) was canceled in April 2021 but wasn't closed in PAGM until seven months later. Incurred cost at the time of closure was \$81,000.

Failure to control input and processing procedures can result in incomplete data in formulating project-specific and broader-based business decisions, undermining the cost-effectiveness and timely completion of Minor Capital projects.

We recommend management enhance existing procedures to clarify the necessary control procedures and explain the control purpose for each. Further, we recommend management conduct periodic reviews to identify areas requiring further clarification or enhancement.

## PROJECT REPORTING

Management reports combine information into a meaningful form to allow management to assess operations and develop strategic plans. Management reports also allow for analysis and tracking without daily project involvement and provide line management with timely and relevant feedback.

We compared Minor Capital Projects Program data per PAGM to the CIP Quarterly Reports for the first and second quarters of 2020. We noted that projects exceeding three years in duration (7 projects) and projects canceled and transferred to a Major Capital Projects program due to scope expansion (4 projects) were not reported. Additionally, we noted that estimated costs for approved projects, actual costs for completed projects, and costs to date for projects exceeding three years are currently not included in the CIP Quarterly Reports.

Incomplete project reporting can result in delayed or erroneous management decisions.

We recommend management expand the CIP Quarterly Reporting to include projects that exceed the 3-year standard and those canceled due to work moving under a Major Capital Projects

program. Management should consider incorporating the cost data for completed projects, projects exceeding the 3-year standard, and closed projects.

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## **Quarterly Consulting and Services Contracts Review Report for Period Ending March 31, 2022**

We reviewed the reports for consulting and routine services contracts for the period ending March 31, 2022, issued by the Chief Administrative Officer. This review included the Third Quarter Report of Professional Services Agreements (Professional Services Report) and the Report of Contracts for Equipment, Materials, Supplies, and Routine Services of \$250,000 or Above (Contracts Report) for the Third Quarter of the fiscal year 2021/22. Internal Audit reviews these reports to ensure they are accurate, complete, timely, and compliant with the Metropolitan Water District Administrative Code.

### **PROFESSIONAL SERVICES AGREEMENTS REPORT**

#### **Background**

Administrative Code Section 2720(e)(2) requires that the General Manager report to the Organization, Personnel and Technology Committee on the employment of any professional and technical consultant, the extension of any professional and technical consulting agreement, and on the Exercise of Authority under Sections 8121(c) and 8122(h) during the preceding calendar quarter. The Administrative Code also requires the Professional Services Report to indicate when a consultant is a former Metropolitan employee. Administrative Code Sections 2721-2723 require the General Counsel, General Auditor, and Ethics Officer to report quarterly to their respective committee concerning any expert or professional service agreements executed pursuant to their authority under the Administrative Code.

The Professional Services Report is prepared on a quarterly and annual basis to comply with these Administrative Code requirements and identify those contracts administered by the General Manager, General Counsel, General Auditor, and Ethics Officer.

During the quarter ending March 2022, the Professional Services Report disclosed that \$37.71 million was paid for consulting and professional services. We compared the amounts expended on professional services during this quarter against the prior fiscal year's third quarter and noted a decrease of \$1.95 million.

Totals reported under the General Counsel's authority exclude payments related to the San Diego County Water Authority litigation, which is accounted for under the Self-Insurance Retention Fund.

For the quarter ending March 2022, 37 of 403 agreements were sole-sourced, totaling \$2,959,780. This represents 8% of total fiscal year-to-date expenditures for the fiscal year

2021/22. We also noted that 116 of 403 agreements were small purchases of less than \$74,999, totaling \$1,211,539. See tables below for detail:

### **Fiscal 2020/21**

Fiscal Year-to-Date	General Manager	General Counsel	General Auditor	Ethics Officer
Contract Expenditures	\$36,994,844	*\$538,466	\$460,423	\$254,020
Active Agreements	378	164	1	1
Agreements Terminated	23	5	-	-

\*For agreements with transactions during the current fiscal year.

Govt. Agencies	RFP	RFQ	Small Purchases	Sole Source	Total**
\$331,071	\$18,629,971	\$14,576,925	\$1,211,539	\$2,959,780	\$37,709,286
10	46	194	116	37	403
1%	49%	39%	3%	8%	100%

\*\*Total does not include General Counsel's Expenditures.

### **Testing Procedures Performed**

Our procedures included a cursory review of the reasonableness of the professional service expenditures and an analysis of consultants with multiple active agreements to determine whether an agreement was split into smaller contract amounts to circumvent established approval limits. We also evaluated whether statistics in the Professional Services Report were adequately supported and assessed the timeliness of board reporting.

### **Testing results**

Our review did not reveal any agreements that appeared to be unreasonable or split to override established approval limits. In addition, our review did not reveal any material differences between the reported amounts and supporting documentation. Finally, we noted the Professional Services Report for the quarter ending March 2022 was issued to the Board on June 14, 2022.

### **CONTRACTS FOR EQUIPMENT, MATERIALS, SUPPLIES, AND ROUTINE SERVICES OF \$250,000 OR ABOVE REPORT**

### **Background**

Administrative Code Section 2720(e)(2) requires that the General Manager report quarterly to the Organization, Personnel and Technology Committee on the execution of any contract authorized under Section 8122(g) – Contracts for Equipment, Materials, Supplies and Routine Services. Section 8122(g) states: "The General Manager may execute contracts for the purchase of materials, supplies, other consumable items such as fuels, water treatment chemicals, materials for construction projects and other bulk items, and for routine services such as waste

disposal and maintenance services, which are generally identified in the budget, regardless of dollar value, provided that sufficient funds are available within the adopted budget for such materials, supplies, and routine services.”

During the quarter ending March 31, 2022, the Contracts Report disclosed seventeen contracts that fit these criteria. We noted the total maximum amount payable for these contracts was \$25.27 million. Eleven contracts were awarded due to competitive bidding under Administrative code section 8140 – Competitive Procurement; two were cooperative agreements, and four were sole-sourced.

### **Testing Procedures Performed**

Our procedures included a cursory review of the reasonableness of expenditures. We also verified that all contracts of \$250,000 or more for specified items were included in the Contracts Report and adequately supported. Further, we reviewed sole-source agreements for justification and approval. Finally, we assessed the timeliness of board reporting.

### **Testing results**

Our review did not reveal discrepancies between contracts and amounts in the Contracts Report and supporting documentation. We also noted that the policies and procedures for competitive bidding and sole source agreements are in place. Finally, we noted the quarter ending March 31, 2022 Contracts Report was issued to the Board on June 14, 2022.



# Ethics Office Monthly Report

July 2022

## **POLICY**

Finalized proposed revisions to ethics-related provisions in the Administrative Code consistent with the California State Auditor's report of findings and recommendations. Solicited and responded to feedback from bargaining units and management.

## **CONTINUING EDUCATION**

Staff members attended the Council on Governmental Ethics Laws' mid-year session on governmental ethics. Topics included ethics advice, investigations, and policies on gifts, use of official position, outside employment, and recusal procedures.

## **COMPLIANCE**

Continued management of the Form 700 annual filing season, which began January 1, 2022 and ended April 1, 2022. To date, filings from one director and three employees are pending and 674 filings have been received and filed. Staff continues efforts to obtain full compliance for Metropolitan.

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

Monitored the status of past due Assuming Office and Leaving Office Form 700 filings; sent notices to 10 current employees and two former employees and obtained compliance from seven current employees.

## **ADVICE**

Addressed 7 advice matters involving: conflicts of interest, financial disclosure,

political activities, and outside employment policies, and other ethics-related topics.

## **INVESTIGATIONS**

Received complaints alleging that: 1) Metropolitan officials discriminated against an employee based on a protected class; 2) An employee made discriminatory remarks about a Metropolitan official; and 3) An employee sexually harassed a coworker through their comments and actions. These complaints were referred to the EEO Office.

## **ETHICS OFFICER FINDINGS**

The Ethics Officer found that allegations that a manager misused their authority to influence a recruitment process for the personal gain of a relative were not substantiated by the facts. The investigation was conducted by Ethics Office staff and the findings were based on evidence that the manager did not influence the recruitment process in question.

The Ethics Officer found that allegations that a manager misused their authority for their own personal gain were not substantiated by the facts. The investigation was conducted by Ethics Office staff and the findings were based on evidence that the manager's alleged actions did not occur.

## **ADVICE AND INVESTIGATIVE DATA**

Advice Matters	7
Compliance Assistance	16
Complaints Received	3
Investigations Opened	0
Pending Investigations	1



- **Board of Directors**  
***Finance and Insurance Committee***

8/16/2022 Board Meeting

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## Subject

Report on list of certified assessed valuations for the fiscal year 2022/23 and tabulation of assessed valuations, percentage participation, and vote entitlement of member agencies as of August 16, 2022

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## 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) 2022/23 on August 10, 2022.

Based on the information received, staff reports that certified assessed valuations for Metropolitan's six-county service area totaled \$3.62 trillion for FY 2022/23. The percentage participation and vote entitlement by member agencies as of August 16, 2022, 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 2022/23, the number of representatives for each agency remains the same and is also reported in **Attachment 1**.

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## Details

### Background

This letter reports the certified assessed valuations for FY 2022/23 and member agency percentage participation, vote, and director entitlement (**Attachment 1**), which become effective for all purposes at the August 16, 2022, 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. Following the passage of AB1220 (Garcia) in 2019, Section 52 also sets the minimum number of representatives for each member public agency as the amount they had as of January 1, 2019. The AB1220 minimum for representatives does not affect voting percentages set by Section 55. Based on the assessed valuations for FY 2022/23, 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 2022/23 assessed valuations of all property used for calculating Metropolitan's FY 2022/23 vote and director entitlement, are on file in the office of the Manager of Treasury and Debt.

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

COUNTY	Net Assessed Valuations Taxable by Metropolitan
Los Angeles	\$ 1,760,089,344,907
Orange	721,585,757,737
Riverside	240,437,374,280
San Bernardino	146,634,414,955
San Diego	632,321,979,224
Ventura	123,683,835,701
<b>Total Net A.V.s within MWD</b>	<b>\$ 3,624,752,706,804</b>

A comparison of FY 2021/22 and FY 2022/23 assessed valuations and the percentage of change (**Attachment 2**) and a comparison of FY 2021/22 and FY 2022/23 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

  
 Katano Kasaine  
 Assistant General Manager/  
 Chief Financial Officer  
 8/12/2022  
 Date

  
 Adel Hagekhalil  
 General Manager  
 8/12/2022  
 Date

**Attachment 1 – Assessed Valuations, Percentage Participation, and Vote and Director Entitlement of Member Public Agencies as of August 16, 2022**

**Attachment 2 – Comparison of Assessed Valuations for the Fiscal Years 2021/22 and 2022/23**

**Attachment 3 – Comparison of Vote Entitlement Percentage for the Fiscal Years 2021/22 and 2022/23**

**The Metropolitan Water District of Southern California  
Assessed Valuations, Percentage Participation, and  
Vote and Director Entitlement of Member Public Agencies  
As of August 16, 2022**

<u>Member Agency</u>	<u>*Assessed Valuation Amount Certified</u>	<u>Percent of Total</u>	<u>** Vote Entitlement</u>	<u>*** Director Entitlement</u>
Anaheim	\$ 56,269,073,437	1.55%	5,627	1
Beverly Hills	42,674,597,044	1.18%	4,267	1
Burbank	28,930,674,618	0.80%	2,893	1
Calleguas MWD	123,683,835,701	3.41%	12,368	1
Central Basin MWD	182,159,170,598	5.03%	18,216	2
Compton	5,986,309,227	0.17%	599	1
Eastern MWD	105,024,028,930	2.90%	10,502	1
Foothill MWD	22,900,325,902	0.63%	2,290	1
Fullerton	23,900,520,075	0.66%	2,390	1
Glendale	38,135,312,336	1.05%	3,814	1
Inland Empire Utilities Agency	146,634,414,955	4.05%	14,663	1
Las Virgenes MWD	29,271,920,993	0.81%	2,927	1
Long Beach	61,510,103,081	1.70%	6,151	1
Los Angeles	756,988,951,892	20.88%	75,699	5
MWD of Orange County	609,134,298,271	16.80%	60,913	4
Pasadena	37,161,819,093	1.03%	3,716	1
San Diego County Water Authority	632,321,979,224	17.44%	63,232	4
San Fernando	2,381,877,804	0.07%	238	1
San Marino	7,698,613,665	0.21%	770	1
Santa Ana	32,281,865,954	0.89%	3,228	1
Santa Monica	46,186,316,289	1.27%	4,619	1
Three Valleys MWD	82,538,322,114	2.28%	8,254	1
Torrance	34,159,203,429	0.94%	3,416	1
Upper San Gabriel Valley MWD	126,877,023,875	3.50%	12,688	1
West Basin MWD	254,528,802,947	7.02%	25,453	2
Western MWD	135,413,345,350	3.74%	13,541	1
<b>TOTAL ASSESSED VALUATIONS WITHIN METROPOLITAN</b>	<b>\$ 3,624,752,706,804</b>	<b>100%</b>	<b>362,474</b>	<b>38</b>

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 2021/22 and 2022/23**

<b>Member Agency</b>	<b>FY 2021/22 Assessed Valuation</b>	<b>FY 2022/23 Assessed Valuation</b>	<b>Percentage Change</b>
<b>Los Angeles County:</b>			
Beverly Hills	\$ 40,583,310,050	\$ 42,700,345,844	5.2%
Burbank	26,748,023,753	29,018,267,018	8.5%
Glendale	36,345,845,295	38,261,730,936	5.3%
Los Angeles	709,083,947,710	759,144,474,597	7.1%
Pasadena	35,335,259,765	37,278,306,093	5.5%
San Marino	7,320,492,821	7,717,477,265	5.4%
Santa Monica	43,587,383,363	46,248,133,289	6.1%
Long Beach	57,968,268,060	61,751,995,827	6.5%
Torrance	32,515,355,445	34,307,357,029	5.5%
Compton	5,582,500,327	6,034,980,333	8.1%
West Basin MWD	236,818,506,381	255,257,845,190	7.8%
Three Valleys MWD	78,005,973,833	83,007,878,409	6.4%
Foothill MWD	21,419,354,456	23,007,123,502	7.4%
Central Basin MWD	171,489,406,027	183,127,171,787	6.8%
Las Virgenes MWD	27,497,146,604	29,359,126,762	6.8%
Upper San Gabriel Valley MWD	120,106,352,506	127,553,559,528	6.2%
San Fernando	2,252,949,159	2,394,400,804	6.3%
<b>Total Los Angeles County</b>	<b>1,652,660,075,555</b>	<b>1,766,170,174,213</b>	<b>6.9%</b>
<b>Orange County:</b>			
Anaheim	52,973,363,369	56,471,013,637	6.6%
Santa Ana	30,488,478,855	32,419,528,654	6.3%
Fullerton	22,663,775,934	24,010,012,675	5.9%
MWD of Orange County	574,919,973,901	611,405,145,478	6.3%
<b>Total Orange County</b>	<b>681,045,592,059</b>	<b>724,305,700,444</b>	<b>6.4%</b>
<b>Riverside County:</b>			
Eastern MWD	95,577,833,354	105,674,646,026	10.6%
Western MWD	125,405,306,316	136,142,511,643	8.6%
<b>Total Riverside County</b>	<b>220,983,139,670</b>	<b>241,817,157,669</b>	<b>9.4%</b>
<b>San Bernardino County:</b>			
Inland Empire Utilities Agency	134,989,972,419	147,267,806,744	9.1%
<b>San Diego County:</b>			
San Diego County Water Authority	586,179,903,320	635,474,691,216	8.4%
<b>Ventura County:</b>			
Calleguas MWD	116,206,929,078	124,404,274,257	7.1%
<b>Total Within Metropolitan</b>	<b>3,392,065,612,101</b>	<b>3,639,439,804,543</b>	<b>7.3%</b>
<b>Excluded Areas</b>	<b>80,568,829</b>	<b>83,588,799</b>	<b>3.7%</b>
<b>*Total Taxable by Metropolitan</b>	<b>\$ 3,392,146,180,930</b>	<b>\$ 3,639,523,393,342</b>	<b>7.3%</b>

**The Metropolitan Water District of Southern California**  
**Comparison of Vote Entitlement Percentage for the Fiscal Years 2021/22 and 2022/23**

<b>Member Agency</b>	<b>FY 2021/22</b>		<b>FY 2022/23</b>		<b>Change</b>	
	<b>Vote Entitlement</b>	<b>Vote Entitlement Percentage</b>	<b>Vote Entitlement</b>	<b>Vote Entitlement Percentage</b>	<b>Vote Entitlement</b>	<b>Vote Entitlement Percentage</b>
Anaheim	5,277	1.56%	5,627	1.55%	350	-0.01%
Beverly Hills	4,056	1.20%	4,267	1.18%	211	-0.02%
Burbank	2,666	0.79%	2,893	0.80%	227	0.01%
Calleguas MWD	11,552	3.42%	12,368	3.41%	816	-0.01%
Central Basin MWD	17,051	5.05%	18,216	5.03%	1,165	-0.02%
Compton	553	0.16%	599	0.17%	46	0.00%
Eastern MWD	9,492	2.81%	10,502	2.90%	1,010	0.09%
Foothill MWD	2,131	0.63%	2,290	0.63%	159	0.00%
Fullerton	2,255	0.67%	2,390	0.66%	135	-0.01%
Glendale	3,622	1.07%	3,814	1.05%	192	-0.02%
Inland Empire Utilities Agency	13,433	3.98%	14,663	4.05%	1,230	0.07%
Las Virgenes MWD	2,741	0.81%	2,927	0.81%	186	0.00%
Long Beach	5,772	1.71%	6,151	1.70%	379	-0.01%
Los Angeles	70,689	20.93%	75,699	20.88%	5,010	-0.05%
MWD of Orange County	57,264	16.96%	60,913	16.80%	3,649	-0.15%
Pasadena	3,522	1.04%	3,716	1.03%	194	-0.02%
San Diego County Water Authority	58,302	17.26%	63,232	17.44%	4,930	0.18%
San Fernando	224	0.07%	238	0.07%	14	0.00%
San Marino	730	0.22%	770	0.21%	40	0.00%
Santa Ana	3,035	0.90%	3,228	0.89%	193	-0.01%
Santa Monica	4,352	1.29%	4,619	1.27%	267	-0.01%
Three Valleys MWD	7,753	2.30%	8,254	2.28%	501	-0.02%
Torrance	3,237	0.96%	3,416	0.94%	179	-0.02%
Upper San Gabriel Valley MWD	11,942	3.54%	12,688	3.50%	746	-0.04%
West Basin MWD	23,608	6.99%	25,453	7.02%	1,845	0.03%
Western MWD	12,466	3.69%	13,541	3.74%	1,075	0.04%
<b>Total</b>	<b>337,725</b>	<b>100%</b>	<b>362,474</b>	<b>100%</b>	<b>24,749</b>	<b>0.00%</b>

Percentages may not foot due to rounding.



Finance and Insurance Committee

# Certified Assessed Valuations FY 2022/2023

Item 5-G  
August 15, 2022

# Purpose of Report

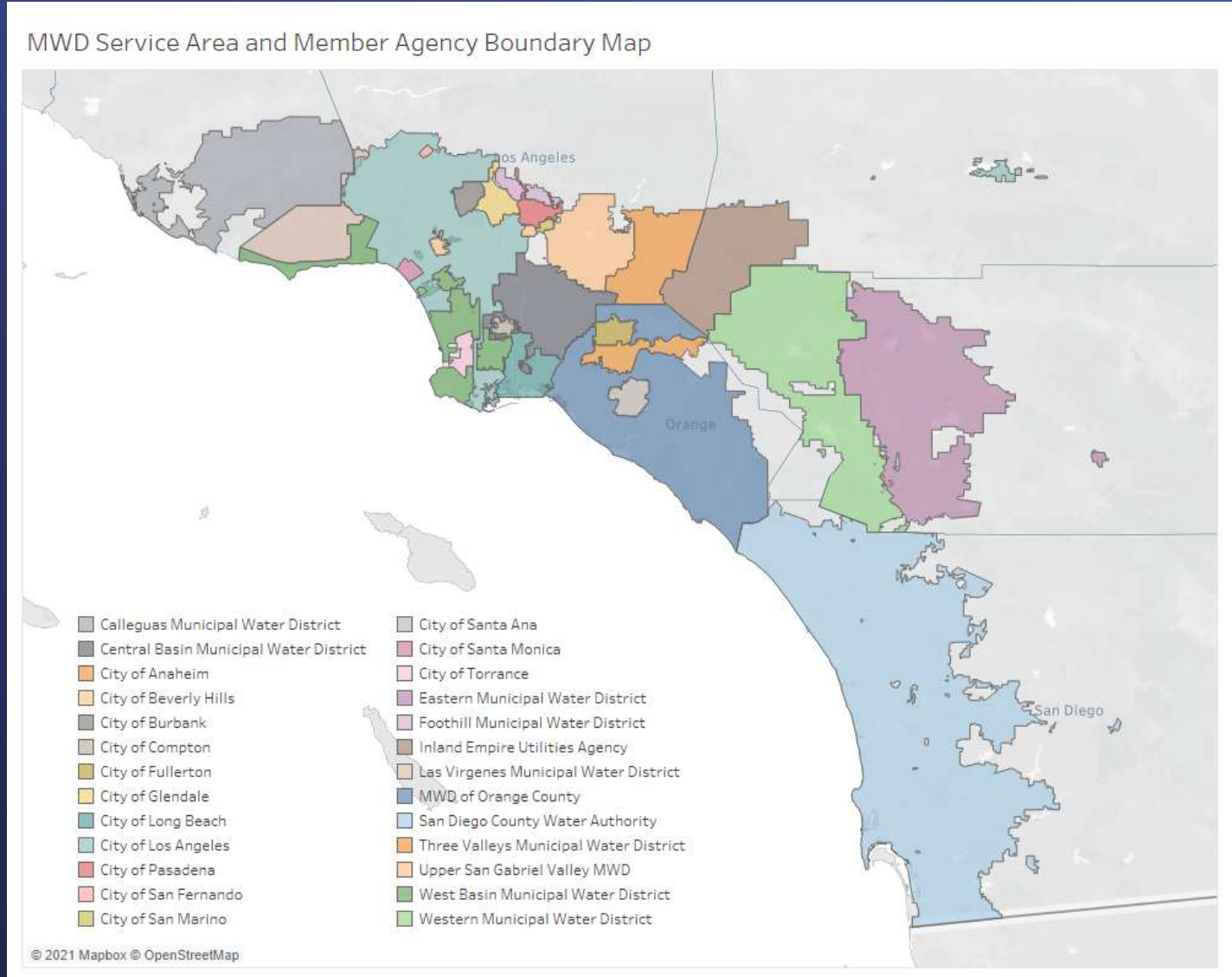
- Metropolitan receives certified assessed valuations (AV) from each of the county auditor-controllers within its service area
  - All six counties have provided the requested AV information
  - The last submitted AV information arrived on Aug 8<sup>th</sup>



- The last unitary tax data and certifications confirmed on Aug 10<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 16, 2022

Member Agency	Assessed Valuation Amount Certified	Percent of Total	Vote Entitlement	Director Entitlement
Anaheim	\$ 56,269,073,437	1.55%	5,627	1
Beverly Hills	42,674,597,044	1.18%	4,267	1
Burbank	28,930,674,618	0.80%	2,893	1
Calleguas MWD	123,683,835,701	3.41%	12,368	1
Central Basin MWD	182,159,170,598	5.03%	18,216	2
Compton	5,986,309,227	0.17%	599	1
Eastern MWD	105,024,028,930	2.90%	10,502	1
Foothill MWD	22,900,325,902	0.63%	2,290	1
Fullerton	23,900,520,075	0.66%	2,390	1
Glendale	38,135,312,336	1.05%	3,814	1
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Las Virgenes MWD	29,271,920,993	0.81%	2,927	1
Long Beach	61,510,103,081	1.70%	6,151	1
Los Angeles	756,988,951,892	20.88%	75,699	5
MWD of Orange County	609,134,298,271	16.80%	60,913	4
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San Diego County Water Authority	632,321,979,224	17.44%	63,232	4
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Santa Monica	46,186,316,289	1.27%	4,619	1
Three Valleys MWD	82,538,322,114	2.28%	8,254	1
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West Basin MWD	254,528,802,947	7.02%	25,453	2
Western MWD	135,413,345,350	3.74%	13,541	1
TOTAL ASSESSED VALUATIONS WITHIN METROPOLITAN	\$ 3,624,752,706,804	100%	362,474	38

# CFY and PFY Entitlements

The Metropolitan Water District of Southern California  
Comparison of Vote Entitlement Percentage for the Fiscal Years 2021/22 and 2022/23

Member Agency	FY 2021/22		FY 2022/23		Change	
	Vote Entitlement	Vote Entitlement Percentage	Vote Entitlement	Vote Entitlement Percentage	Vote Entitlement	Vote Entitlement Percentage
Anaheim	5,277	1.58%	5,627	1.55%	350	-0.01%
Beverly Hills	4,056	1.20%	4,267	1.18%	211	-0.02%
Burbank	2,666	0.79%	2,893	0.80%	227	0.01%
Calleguas MWD	11,552	3.42%	12,368	3.41%	816	-0.01%
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Compton	553	0.16%	599	0.17%	46	0.00%
Eastern MWD	9,492	2.81%	10,502	2.90%	1,010	0.09%
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Los Angeles	70,689	20.93%	75,699	20.88%	5,010	-0.05%
MWD of Orange County	57,264	16.96%	60,913	16.80%	3,649	-0.15%
Pasadena	3,522	1.04%	3,716	1.03%	194	-0.02%
San Diego County Water Authority	58,302	17.26%	63,232	17.44%	4,930	0.18%
San Fernando	224	0.07%	238	0.07%	14	0.00%
San Marino	730	0.22%	770	0.21%	40	0.00%
Santa Ana	3,035	0.90%	3,228	0.89%	193	-0.01%
Santa Monica	4,352	1.29%	4,619	1.27%	267	-0.01%
Three Valleys MWD	7,753	2.30%	8,254	2.28%	501	-0.02%
Torrance	3,237	0.96%	3,416	0.94%	179	-0.02%
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West Basin MWD	23,608	6.99%	25,453	7.02%	1,845	0.03%
Western MWD	12,466	3.69%	13,541	3.74%	1,075	0.04%
<b>Total</b>	<b>337,725</b>	<b>100%</b>	<b>362,474</b>	<b>100%</b>	<b>24,749</b>	<b>0.00%</b>

Percentages may not foot due to rounding.

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 +0.18% to -0.15%



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

**52875** The Board of Directors of The Metropolitan Water District of Southern California met in regular session on Tuesday, July 12, 2022.

Chairwoman Gray called the teleconference meeting to order at 3:03 p.m.

**52876** The Meeting was opened with an invocation by Tuannee L. Holmes, Administrative Assistant III, External Affairs.

**52877** The Pledge of Allegiance was given by Director Tana L. McCoy, City of Compton.

Chairwoman Gray made remarks regarding Independence Day and Disability Pride Month.

**52878** Board Secretary Abdo administered the roll call. Those responding present were: Directors Abdo, Ackerman, Apodaca, Atwater, Blois, Camacho, Cordero, De Jesus, Dennstedt, Dick, Erdman, Faessel, Fellow, Fong-Sakai, Goldberg, Gray, Hawkins, Jung, Kurtz, Lefevre, Luna, McCoy, Miller, Morris, Ortega, Petersen, Peterson, Phan, Pressman, Quinn, Ramos, Record, Repenning, Smith, Sutley, and Tamaribuchi.

Those not responding were: Directors Kassakhian and Williams.

Board Secretary Abdo declared a quorum present.

**52879** Chairwoman Gray invited members of the public to address the Board on matters within the Board's jurisdiction.

	Name	Affiliation	Item
1.	Caty Wagner	Sierra Club of California	Release Shaw Law Group Report, Waive Adm. Code
2.	Gina Chavez	Metropolitan Employee	Release Shaw Law Group Report
3.	Ellen Mackey	Ecologist, Leader of the Women's Caucus, and thirty-year Metropolitan Employee	Waive Adm. Code, Release Shaw Law Group Report

Chairwoman Gray addressed the following: Other Matters and Reports.

**52880** 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.

**52881** Chairwoman Gray referred to her monthly report, which was previously posted and distributed to the Board. Chairwoman Gray announced pursuant to the board-approved hiring process for the General Auditor recruitment, she is establishing a five-member committee consisting of the Audit and Ethics Committee Chair, one Executive Committee member, and three directors to review applications, conduct initial interviews, and recommend the final applicant to the Board. The five members are:

Director(s)
1. Ramos
2. McCoy
3. Smith
4. Dennstedt
5. Luna

Chairwoman Gray asked if there were any questions. No requests were made.

**52882** Regarding matters relating to Metropolitan's operations and activities, General Manager Hagekhalil, reported on the following:

1. Acknowledged Tuannee L. Holmes' second term as the Black Employees Association President.
2. Acknowledged one-year anniversary as Metropolitan's General Manager.
3. Reported on the event with California's Natural Resources Secretary Wade Crowfoot and turf replacement.
4. Reported on AB1845 testimony at the Senate and Finance Committee.
5. Reported that the lower feeder shut down is scheduled for September 6.

6. Announced Patricia (Patti) Arlt, Special Assistant to the General Manager's retirement

**52883** Assistant General Counsel Beatty stated she had nothing to add to General Counsel's written report.

**52884** Interim General Auditor Tonsick stated he had nothing to add to his report.

**52885** Ethics Officer Salinas stated he had nothing to add to his report.

**52886** Chairwoman Gray acknowledged Gerald C. Riss for his twenty years of leadership and service to Metropolitan during his term as Metropolitan's General Auditor.

Chairwoman Gray addressed the Consent Calendar Items for July 2022.

Director Camacho moved that the Board approve the Consent Calendar Items 6A, 6B, 6C, and 7-1 through 7-6 as follows:

**52887** Chairwoman Gray asked Directors if there were any comments or discussions on the approval of the Minutes of the Regular Meeting for June 14, 2022 (Agenda Item 6A). No comments were made.

**52888** Adopt resolution to continue remote teleconference meetings pursuant to the Brown Act Section 54953(e) for meetings of Metropolitan's legislative bodies for a period of 30 days (Agenda Item 6B). Chairwoman Gray asked Directors if there were any comments or discussions on the item. No comments were made.

**52889** Authorize preparation of a Commendatory Resolution for Ned Hyduke for his service and leadership during his term as General Manager at Palo Verde Irrigation District (Agenda Item 6C). Chairwoman Gray asked Directors if there were any comments or discussions on the item. No comments were made.

**52890** Waive applicable provisions of the Administrative Code and authorize the Chair, without approval of the Board, to appoint Members, Chairs, and Vice-Chairs of Committees to fill current vacancies and to stand up the Under Served Communities, Diversity, Equity, and Inclusion and Imported Water Committees established by Board approval on November 23, 2021 (Agenda Item 6D). Chairwoman Gray asked Directors if there were any comments or discussions on the item.

The following Directors asked questions or made comments:

Director(s)

1. Camacho

Staff responded to the Director comments or questions.

Director Camacho moved, seconded by Director DeJesus that the Board approve the Consent Calendar Items 6A, 6B, 6C, 6D, and 7-1 through 7-6 as follows:

The following Directors asked questions or made comments:

	Director(s)
1.	Record
2.	Goldberg
3.	Peterson
4.	Ortega
5.	Repenning
6.	Quinn

Staff responded to the Directors' comments or questions

Chairwoman Gray called for a vote to approve the Consent Calendar Items 6A, 6B, 6C, 6D, and 7-1 through 7-6 without reading for the records minute items 52891 through 52897 (**M.I. 52887 through 52897**).

**52891** Approval of Committee Assignments (Agenda Item 6E). There were no committee assignments at this time.

**52892** By four-fifths vote amend the current CIP to include planning and implementation of infrastructure projects to replace an expansion joint on the Upper Feeder; and determine that there is a need to continue the emergency action of executing a no-bid contract for installation of a new expansion joint on the Upper Feeder, as set forth in Agenda Item 7-1 board letter.

**52893** Adopt the CEQA determination that the proposed action has been previously addressed in the certified 2015 Final EIR, related CEQA actions and Addendum No. 3, and award \$25,972,700 contract to Mladen Buntich Construction Company, Inc. to replace a portion of the interior lining of the Etiwanda Pipeline, as set forth in Agenda Item 7-2 board letter.

**52894** Authorize an agreement with Jacobs Engineering Group, Inc. for a not-to-exceed amount of \$700,000 to perform final design for security upgrades at the Jensen plant, as set forth in Agenda Item 7-3 board letter.

**52895** Review and consider JCSD's Initial Study/Final MND, MMRP, and four addenda and take related CEQA actions, and authorize the General Manager to enter into a Local Resources Program Agreement with Western Municipal Water District and Jurupa Community Services District for the JCSD Recycled Water Program for up to 500 AFY of recycled water for irrigation use and groundwater recharge in the JCSD service area, as set forth in Agenda Item 7-4 board letter.

**52896** Express support, if amended, for AB 2108 (Rivas, D-Hollister and Garcia, D-Bell Gardens), as set forth in Agenda Item 7-5 board letter.

**52897** Authorize increase in maximum amount payable under contract for legal services with Manatt, Phelps & Phillips, LLP, in the amount of \$1,500,000 for a total amount not to exceed \$4,400,000, as set forth in Agenda Item 7-6.

The following is a record of the vote:

Record of Vote on Consent Item(s):		6A, 6B, 6C, 6D, and 7-1 through 7-6							
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	5277	Faessel							
Beverly Hills	4056	Pressman	x	x	4056				
Burbank	2666	Ramos	x	x	2666				
Calleguas Municipal Water District	11552	Blois	x	x	11552				
Central Basin Municipal Water District	17051	Apodaca	x	x	8526				
		Hawkins	x	x	8526				
			Subtotal:		17051				
Compton	553	McCoy	x	x	553				
Eastern Municipal Water District	9492	Record	x	x	9492				
Foothill Municipal Water District	2131	Atwater	x	x	2131				
Fullerton	2255	Jung	x	x	2255				
Glendale	3622	Kassakhian							
Inland Empire Utilities Agency	13433	Camacho	x	x	13433				
Las Virgenes	2741	Peterson	x	x	2741				
Long Beach	5772	Cordero	x	x	5772				
Los Angeles	70689	Sutley	x	x	14138				
		Petersen	x	x	14138				
		Quinn	x	x	14138				
		Luna	x	x	14138				
		Repenning	x	x	14138				
			Subtotal:		70689				
Municipal Water Dist. of Orange County	57264	Ackerman	x	x	14316				
		Tamaribuch	x	x	14316				
		Dick	x	x	14316				
		Erdman	x	x	14316				
			Subtotal:		57264				
Pasadena	3522	Kurtz	x	x	3522				
San Diego County Water Authority	58302	Fong-Sakai	x	x	14576				
		Goldberg	x	x	14576				
		Miller	x	x	14576				
		Smith	x	x	14576				
			Subtotal:		58302				
San Fernando	224	Ortega	x	x	224				
San Marino	730	Morris	x	x	730				
Santa Ana	3035	Phan	x	x	3035				
Santa Monica	4352	Abdo	x	x	4352				
Three Valleys Municipal Water District	7753	De Jesus	x	x	7753				
Torrance	3237	Lefevre	x	x	3237				
Upper San Gabriel Valley Mun. Wat. Dist.	11942	Fellow	x	x	11942				
West Basin Municipal Water District	23608	Williams							
		Gray	x	x	23608				
			Subtotal:		23608				
Western Municipal Water District	12466	Dennstedt	x	x	12466				
<b>Total</b>	<b>337725</b>				<b>328826</b>				
<b>Present and not voting</b>									
<b>Absent</b>	<b>8899</b>								

The motion to approve the Consent Calendar Items 6A, 6B, 6C, 6D, and 7-1 through 7-6 (**M.I. 52887 through 52897**), passed by a vote of 328,826 ayes; 0 noes; 0 abstain; 0 not voting; and 8,899 absent.

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

Directors Peterson and Record voted No on Item 6B. The motion to approve the Consent Calendar Item 6B passed by a vote of 316,593 ayes; 12,233 noes; 0 abstain; 0 not voting; and 8,899 absent.

**\*Note: Individual vote tally for Item 6D**

Director Fong-Sakai abstained on Item 6D. The motion to approve the Consent Calendar Item 6D passed by a vote of 314,251 ayes; 0 noes; 14,576 abstain; 0 not voting; and 8,899 absent.

**\*Note: Individual vote tally for Item 7-1**

Director Phan recused herself on Item 7-1, due to the fact that PCL Construction, Inc. is a client of her employer Rutan & Tucker, LLP. The motion to approve the Consent Calendar Item 7-1 required a four-fifths vote of the Board, passed by a vote of 325,791 ayes; 0 noes; 0 abstain; 3,035 not voting; and 8,899 absent.

**\*Note: Individual vote tally for Item 7-4**

Director Dennstedt recused herself on Item 7-4, due to her being a representative for Western Municipal Water District. The motion to approve the Consent Calendar Item 7-4 passed by a vote of 316,360 ayes; 0 noes; 0 abstain; 12,466 not voting; and 8,899 absent.

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

Directors Fong-Sakai, Goldberg, Miller, and Smith recused themselves for Item 7-6; and Director Phan recused herself on Item 7-6, due to the fact that City of Torrance is a client of her employer Rutan & Tucker, LLP. The motion to approve the Consent Calendar Item 7-6 passed by a vote of 267,489 ayes; 0 noes; 0 abstain; 61,337 not voting; and 8,899 absent.

**52898** Chairwoman Gray addressed Other Board Items – Action.

Approve public release of documents by Shaw Law Group, PC concerning its investigations of equal employment opportunity complaints by four employees, by waiving the attorney-client privilege and confidentiality in specified documents; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with legal counsel – anticipated litigation; based on existing facts and circumstances, including receipt of a legal claim threatening litigation, there is significant exposure to litigation against Metropolitan: unknown number of potential cases; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(2)].

Chairwoman Gray called on General Manager Hagekhalil to begin discussion on Agenda Item 8-1.

Chairwoman Gray called the meeting into closed session.

The meeting returned to open session at 5:52 p.m. Chairwoman stated that the Board discussed and conferred with its legal counsel regarding Item 8-1. No action was taken in closed session.

Chairwoman Gray called for a vote on the substitute motion.

Director Camacho moved, seconded by Director Ortega that the Board approve the substitute motion as follows:

Release the Shaw Law Group report fully redacted as determined by counsel.

The following Directors asked questions or made comments:

	Director(s)
1.	Abdo
2.	Fellow
3.	Peterson

Staff responded to the Directors' comments or questions

The following is a record of the vote:

Record of Vote on Item:		8-1 Substitute Motion							
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	5277	Faessel							
Beverly Hills	4056	Pressman	x			x	4056		
Burbank	2666	Ramos	x			x	2666		
Calleguas Municipal Water District	11552	Blois	x			x	11552		
Central Basin Municipal Water District	17051	Apodaca	x	x	8526				
		Hawkins	x	x	8526				
			Subtotal:		17051				
Compton	553	McCoy	x			x	553		
Eastern Municipal Water District	9492	Record	x			x	9492		
Foothill Municipal Water District	2131	Atwater	x			x	2131		
Fullerton	2255	Jung	x			x	2255		
Glendale	3622	Kassakhian							
Inland Empire Utilities Agency	13433	Camacho	x	x	13433				
Las Virgenes	2741	Peterson	x			x	2741		
Long Beach	5772	Cordero							
Los Angeles	70689	Sutley	x	x	23563				
		Petersen							
		Quinn							
		Luna	x			x	23563		
		Repenning	x	x	23563				
			Subtotal:		47126		23563		
Municipal Water Dist. of Orange County	57264	Ackerman							
		Tamaribuchi	x			x	19088		
		Dick	x			x	19088		
		Erdman	x			x	19088		
			Subtotal:				57264		
Pasadena	3522	Kurtz	x			x	3522		
San Diego County Water Authority	58302	Fong-Sakai	x	x	14576				
		Goldberg	x	x	14576				
		Miller	x	x	14576				
		Smith	x	x	14576				
			Subtotal:		58302				
San Fernando	224	Ortega	x	x	224				
San Marino	730	Morris	x			x	730		
Santa Ana	3035	Phan							
Santa Monica	4352	Abdo	x	x	4352				
Three Valleys Municipal Water District	7753	De Jesus	x			x	7753		
Torrance	3237	Lefevre	x			x	3237		
Upper San Gabriel Valley Mun. Wat. Dist.	11942	Fellow	x			x	11942		
West Basin Municipal Water District	23608	Williams							
		Gray	x			x	23608		
			Subtotal:				23608		
Western Municipal Water District	12466	Dennstedt	x			x	12466		
<b>Total</b>	<b>337725</b>				<b>140488</b>		<b>179531</b>		
<b>Present and not voting</b>									
<b>Absent</b>	<b>17706</b>								

The substitute motion to approve Item 8-1 failed by a vote of 140,488 ayes; 179,531 noes; 0 abstain; 0 not voting; and 17,706 absent.

The following Directors asked questions or made comments:

	Director(s)
1.	Ramos
2.	Fellow
3.	Peterson

Staff responded to the Directors' comments or questions

Chairwoman Gray called for a vote on the original motion.

Director Peterson moved, seconded by Director Fellow that the Board approve the original motion as follows:

Not to release the Shaw Law Group investigation reports; send a letter to staff, post the letter on the website, and send the letter to the press, about why the reports are not being released and anything else to address concerns.

The following is a record of the vote:

Record of Vote on Item:		8-1 Original Motion							
Member Agency	Total Votes	Director	Present	Yes	Yes Vote	No	No Vote	Abstain	Abstain Vote
Anaheim	5277	Faessel							
Beverly Hills	4056	Pressman	x	x	4056				
Burbank	2666	Ramos	x	x	2666				
Calleguas Municipal Water District	11552	Blois	x	x	11552				
Central Basin Municipal Water District	17051	Apodaca	x			x	8526		
		Hawkins	x			x	8526		
			Subtotal:				17051		
Compton	553	McCoy	x	x	553				
Eastern Municipal Water District	9492	Record	x	x	9492				
Foothill Municipal Water District	2131	Atwater	x	x	2131				
Fullerton	2255	Jung	x	x	2255				
Glendale	3622	Kassakhian							
Inland Empire Utilities Agency	13433	Camacho	x			x	13433		
Las Virgenes	2741	Peterson	x	x	2741				
Long Beach	5772	Cordero							
Los Angeles	70689	Sutley	x			x	23563		
		Petersen							
		Quinn							
		Luna	x	x	23563				
		Repenning	x			x	23563		
			Subtotal:		23563		47126		
Municipal Water Dist. of Orange County	57264	Ackerman							
		Tamaribuchi	x	x	19088				
		Dick	x	x	19088				
		Erdman	x	x	19088				
			Subtotal:		57264				
Pasadena	3522	Kurtz	x	x	3522				
San Diego County Water Authority	58302	Fong-Sakai	x			x	14576		
		Goldberg	x			x	14576		
		Miller	x			x	14576		
		Smith	x			x	14576		
			Subtotal:				58302		
San Fernando	224	Ortega	x			x	224		
San Marino	730	Morris	x	x	730				
Santa Ana	3035	Phan							
Santa Monica	4352	Abdo	x			x	4352		
Three Valleys Municipal Water District	7753	De Jesus	x	x	7753				
Torrance	3237	Lefevre	x	x	3237				
Upper San Gabriel Valley Mun. Wat. Dist.	11942	Fellow	x	x	11942				
West Basin Municipal Water District	23608	Williams							
		Gray	x	x	23608				
			Subtotal:		23608				
Western Municipal Water District	12466	Dennstedt	x	x	12466				
<b>Total</b>	<b>337725</b>				<b>179531</b>		<b>140488</b>		
<b>Present and not voting</b>									
<b>Absent</b>	<b>17706</b>								

The original motion to approve Item 8-1 passed by a vote of 179,531 ayes; 140,488 noes; 0 abstain; 0 not voting; and 17,706 absent.

Chairwoman clarified that the board approved the whole consent calendar items for action; and displayed the votes again for the board members to confirm, including recusals/Nos/abstentions to ensure accuracy.

**52899** Chairwoman Gray asked if there were questions or need for discussion for Board Information Item 9-1. No requests were made.

**52900** Chairwoman Gray asked if there were any Follow-up Items. No requests were made.

**52901** Chairwoman Gray asked if there were any Other Matters. No requests were made.


**52902** Chairwoman Gray asked if there were any Follow-up Items. No requests were made.

Director Peterson asked as a point of privilege if the Board could adjourn the meeting in memory of Ms. Tubbs. Brian Tubbs' mother passed away this month.

Director Kurtz asked if the Admin Code could be reviewed to examine the need for standing committees to meet monthly due to the number of standing committees Metropolitan now has. She requested that the General Manager and Executive staff decide what meetings are needed rather than the board dictating what meetings need to be held monthly. Chairwoman Gray responded that the Admin Code had language that already addressed the meeting frequency but that staff would check if that was not the case.

**52903** Chairwoman Gray asked if there were any future agenda items. No requests were made.

**52904** There being no objection, at 6:17 p.m. Chairwoman Gray adjourned the meeting.



**GLORIA D. GRAY**  
**CHAIRWOMAN**



**JUDY ABDO**  
**SECRETARY**

THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**RESOLUTION NO. 9315**

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
RELYING ON GOVERNOR NEWSOM’S MARCH 4, 2020 PROCLAMATION OF A  
STATE OF EMERGENCY  
AND RE-AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE  
LEGISLATIVE BODIES OF THE METROPOLITAN WATER DISTRICT OF  
SOUTHERN CALIFORNIA FOR THE PERIOD OF 30 DAYS FROM  
AUGUST 16, 2022 TO SEPTEMBER 15, 2022 PURSUANT TO BROWN ACT  
PROVISIONS**

WHEREAS, The Metropolitan Water District of Southern California (“Metropolitan”) is committed to preserving and nurturing public access and participation in meetings of its legislative bodies; and

WHEREAS, all meetings of Metropolitan’s legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov’t Code Sections 54950 – 54963), so that any member of the public may attend, participate, and watch the Metropolitan’s legislative bodies conduct their business; and

WHEREAS, the Brown Act, Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code Section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code Section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code Section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within Metropolitan’s boundaries, caused by natural, technological, or human-caused disasters; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, the Board of Directors previously adopted Resolution Number 9285 on September 28, 2021, finding that the requisite conditions exist for the legislative bodies of Metropolitan to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of Section 54953; and

WHEREAS, as a condition of extending the use of the provisions found in Section 54953(e), the Board of Directors must reconsider the circumstances of the state of emergency, and the Board of Directors has done so in subsequent Resolutions Numbered 9287, 9288, 9291, 9292, 9295, 9296, 9297, 9298, 9300, 9306, 9308, 9309, 9312, and 9314 on October 12, 2021, November 9, 2021, November 23, 2021, December 14, 2021, January 11, 2022, February 8, 2022, March 8, 2022, March 29, 2022, April 12, 2022, May 10, 2022, May 24, 2022, June 14, 2022, July 12, 2022, and August 8, 2022, respectively; and

WHEREAS, such conditions now persist at Metropolitan, specifically, Governor Newsom's March 4, 2020 Proclamation of A State of Emergency caused by the COVID-19 pandemic; and

WHEREAS, state or local officials continue to impose or recommend measures to promote social distancing, including County of Los Angeles Department of Public Health Order issued on April 21, 2022 effective April 22, 2022, providing guidance for indoor masking and implementation of policies and practices that support physical distancing where possible; and

WHEREAS, as a consequence of the state of emergency, the Board of Directors does hereby find that the legislative bodies of Metropolitan shall conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code Section 54953, as authorized by subdivision (e) of Section 54953, and that such legislative bodies shall continue to comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of Section 54953; and

WHEREAS, Metropolitan is providing call-in telephonic access for the public to make comment and to listen; and providing livestreaming of the meetings over the internet to ensure access for the public.

NOW, THEREFORE, the Metropolitan Board of Directors does hereby resolve as follows:

**Section 1. Recitals.** The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

**Section 2. Reconsider the Circumstances of the State of Emergency Persists.** The Board of Directors hereby reconsiders the conditions of the state of emergency and the Board of Directors hereby continues to rely on the Governor of the State of California's Proclamation of State of Emergency, effective as of its issuance date of March 4, 2020.

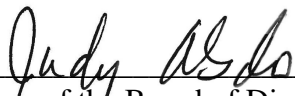
**Section 3. State or Local Officials Continue to Impose or Recommend Measures to Promote Social Distancing.** The Board of Directors hereby acknowledges that state or local officials continue to impose or recommend measures to promote social distancing, including County of Los Angeles Department of Public Health Order issued on April 21, 2022 effective April 22, 2022, providing guidance for indoor masking and implementation of policies and practices that support physical distancing where possible.

**Section 4. Remote Teleconference Meetings.** The General Manager and legislative bodies of Metropolitan are hereby authorized and directed to take all actions necessary to carry out the

intent and purpose of this Resolution, including conducting open and public meetings in accordance with Government Code Section 54953(e) and other applicable provisions of the Brown Act.

**Section 5. Effective Date of Resolution.** This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) September 15, 2022, or such time the Board of Directors adopts a subsequent resolution in accordance with Government Code Section 54953(e)(3) to extend the time during which the legislative bodies of Metropolitan may continue to teleconference without compliance with paragraph (3) of subdivision (b) of Section 54953.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California at its meeting held on August 16, 2022.

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

THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**RESOLUTION NO. 9316**

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE METROPOLITAN WATER DISTRICT OF  
SOUTHERN CALIFORNIA  
ENCOURAGING CIVILITY BY PUBLIC SPEAKERS  
AT METROPOLITAN BOARD AND COMMITTEE MEETINGS

WHEREAS the Metropolitan Board of Directors may make and pass ordinances, resolutions, and orders necessary for the government and management of the affairs of the Metropolitan Water District of Southern California (“Metropolitan”), for the execution of the powers vested in Metropolitan, and for carrying into effect the provisions of the Metropolitan Water District Act.

WHEREAS the Metropolitan Board of Directors has a significant interest in maintaining the decorum and orderly conduct of its meetings so that it can efficiently carry out the business of Metropolitan.


WHEREAS, the Metropolitan Board of Directors encourages an atmosphere that supports diversity, equity, inclusion, and respect for others during Metropolitan’s public meetings.

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

**Section 1.** To encourage and respect the expression of all views, Metropolitan requests that all persons participating in public comment at a Metropolitan committee or board meeting or who otherwise address the Board of Directors or a committee to conduct themselves with civility, respect, courtesy, and to avoid personal attacks and language that is hateful, harmful, or offensive.

**Section 2.** At the discretion of the Chair of any Board of Directors or committee meeting, the Chair or the Board Secretary may read the following in order to encourage civility by public speakers: “To encourage and respect the expression of all views, Metropolitan asks and encourages all speakers participating in public comment to conduct themselves with civility, respect, and courtesy, and to avoid personal attacks and language that is hateful, harmful, or offensive.”

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a Resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California, at its meeting held on August 16, 2022.

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



● **Board of Directors**  
***Finance and Insurance Committee***

8/16/2022 Board Meeting

7-1

**Subject**

Adopt resolution establishing the tax rate for fiscal year 2022/23; 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 \$25 per year for a property assessed at \$700,000. 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 \$163.1 million in revenue during FY 2022/23. Based on the recently received county tax assessors' reports, the estimated revenue to be collected is approximately \$168.1 million. This amount is \$5 million more than the assumed amount for property tax revenues in the Adopted Biennial Budget for FY 2022/23 and FY 2023/24. However, amounts actually collected may vary.

To collect the estimated ad valorem property tax revenue, staff recommends the Board fix the rate for FY 2022/23 at 0.0035 percent, which it is permitted to do pursuant to its prior actions determining that the limitation on taxes in Section 124.5 of the Metropolitan Water District Act (the "MWD Act") is inapplicable during the current and next biennial budget period to maintain Metropolitan's fiscal integrity. **Attachment 1**, Resolution Levying Ad Valorem Property Taxes for the Fiscal Year Commencing July 1, 2022 and Ending June 30, 2023 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 2022/23 portion of the biennial budget, as well as the water rates and charges for calendar year (CY) 2023, which were adopted based on an 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, 2022 and Ending June 30, 2023 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 2022 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 the 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's 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 10, 2022. 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 2022/23 to collect approximately \$168.1 million in property tax revenues. The Board adopted a biennial budget for the current biennial period of FYs 2022/23 and 2023/24 and has also adopted rates and charges for CY 2022 and the upcoming CY 2023, based on the assumption that the ad valorem property tax rate would continue 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 12, 2022, 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 current and next biennial budget period. See supporting documentation, available at: <https://www.mwdh2o.com/budget-finance/property-tax-rate-for-fy-202021/>

The biennial budget projects to generate ad valorem tax revenues of \$163.1 million in FY 2022/23 and \$168.3 million in FY 2023/24. 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 2022/23 is \$168.1 million if Metropolitan maintains its ad valorem property tax rate, which would be consistent with the adopted biennial budget, rates, and charges. The amount collected may vary.

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 2023 would need to be increased 8 percent higher than the prior year, compared to the 5 percent increase for CY 2023 that the Board adopted in April 2022.

This letter proposes that the Board: (1) adopt the resolution determining the amount necessary to be raised by taxation in FY 2022/23, fixing the combined rate of ad valorem property taxation for FY 2022/23 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: <https://www.mwdh2o.com/budget-finance/property-tax-rate-for-fy-202021/>

## Policy

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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. 52789, the Board, at its April 12, 2022 meeting, adopted the Resolution Finding that for Fiscal Years 2022/23 through 2025/26, 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 9301), adopted charges for Calendar Year 2023 (Resolutions 9303 and 9304), and adopted water rates for Calendar Years 2023 and 2024 (Resolution 9302).

## California Environmental Quality Act (CEQA)

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### 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, 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). Finally, 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.

## Board Options

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### Option #1

- a. Adopt the Resolution Levying Ad Valorem Property Taxes for the Fiscal Year Commencing July 1, 2022 and ending June 30, 2023 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 2021/22.
- 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 2021/22 and 2022/23 and water rates and charges for calendar years 2022 and 2023 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, 2022 and ending June 30, 2023 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 2022/23 and water rates and charges for calendar years 2023 and potentially 2024.

## Staff Recommendation

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### Option #1

  
 \_\_\_\_\_  
 Katano Kasaine  
 Assistant General Manager/  
 Chief Financial Officer

8/12/2022  
Date

  
 \_\_\_\_\_  
 Adel Hagekhalil  
 General Manager

8/12/2022  
Date

**Attachment 1 – Resolution Levying Ad Valorem Property Taxes for The Fiscal Year Commencing July 1, 2022 and Ending June 30, 2023 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, 2022 and Ending June 30, 2023 for the Purposes of The Metropolitan Water District of Southern California (Option 2)**

THE METROPOLITAN WATER  
DISTRICT OF SOUTHERN CALIFORNIA

RESOLUTION \_\_\_\_\_

A RESOLUTION LEVYING AD VALOREM PROPERTY TAXES FOR THE FISCAL  
YEAR COMMENCING JULY 1, 2022 AND ENDING JUNE 30, 2023  
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 2022/23

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) 2022/23, the applicable rates and charges are those set by the Board for calendar year (CY) 2022 and CY 2023. 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 2022 and 2023, 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 2022/23 and 2023/24 continues at the existing rate of .0035 percent. This Resolution establishes the tax rate for FY 2022/23.

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 8, 2022 to determine the applicability of the limitation for FYs 2022/23 through 2025/26. On April 12, 2022, the Board adopted Resolution No. 9301, 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 2022/23 through 2025/26;
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 2022/23 through 2025/26, 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 2022 finding regarding Section 124.5 of the MWD Act.

### FY 2022/23 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 2022/23 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 2022/23 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 2022/23" shall mean the fiscal year commencing July 1, 2022 and ending June 30, 2023.
- (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 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

- (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
Shoestring Strip Territory Area	January 23, 1961
Signal Hill Territory Area	November 14, 1963
Lakewood Area	November 14, 1963
Vernon Area	June 24, 1965
Dairy Valley Area	June 21, 1967
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
Reorganization No. 2017-10, and concurrently detached from West Basin MWD	February 16, 2021

- (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 December 6, 1928

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  
(RO 01-05) detached from City of Anaheim

April 19, 2001

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
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 Area excluded from Annexation No. 5 of MWD of Orange County	March 7, 1984
Reorganization No. 64 Area excluded from Annexation No. 7 of MWD of Orange County	March 18, 1983
Reorganization No. 123 excluded from Annexation No. 7 of MWD of Orange County	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:

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	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 detached from portion of Original Area of Western MWD)	August 29, 2001
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
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 (Area detached from Western Municipal Water District)	September 10, 2008
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
111 <sup>th</sup> Fringe Area (2020-25-3 Reorganization)	February 11, 2021

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

Original Area (Portion of area excluded from Western MWD and annexed to Eastern MWD)	November 12, 1954
First Fringe Area (Portion of area excluded from Western MWD and annexed to Eastern MWD)	December 20, 1957
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 (Area excluded from Fifth Fringe Area of Eastern MWD on July 26, 1967)	September 18, 1967
Sixth Fringe Area	September 27, 1967
Ninth Fringe Area	November 17, 1967
Tenth Fringe Area	June 12, 1968
Thirteenth Fringe Area (Area excluded from Fifth Fringe Area of Eastern MWD)	June 23, 1969
Twelfth Fringe Area (Area excluded from First Fringe Area of Eastern MWD)	July 1, 1969
Eleventh Fringe Area	July 17, 1969
Fifteenth Fringe Area (Area lying entirely within the County of Orange)	July 13, 1972
Fourteenth Fringe Area	October 11, 1973

Sixteenth Fringe Area (Area excluded from Thirteenth Fringe Area of Eastern MWD)	August 30, 1977
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 (Area excluded from Fifth Fringe Area of Eastern MWD)	October 31, 1994
Thirty-Sixth Fringe Area (Area excluded from Original Area of Eastern MWD)	September 29, 1997
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 (Area excluded from Fifth Fringe Area of Eastern MWD)	February 7, 2002
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 of SC, and areas excluded from non-city public agencies of SDCWA at times when such areas were within said city public agencies)	December 17, 1946
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 (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)	August 1, 1950
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 (Area dissolved and annexed to Rainbow MWD, Vista Irrigation District, Carlsbad MWD and Vallecitos Water District on November 24, 1993)	June 11, 1954
Rincon Del Diablo MWD	June 14, 1954
Costa Real MWD Area	June 16, 1954
El Cajon Valley-Dry Island Area (Including Lakeside-Boukai Joint Venture Reorganization detached from Padre Dam MWD on September 11, 1996)	December 20, 1954
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 Parcels 1, 2, & 3 detached from San Dieguito No. 2 Annexation Area of SDCWA on June 16, 1995)	July 25, 1960
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
(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 of SC" shall mean the Rainbow No. 3 Annexation area 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.	December 6, 1967
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 SDCWA shall mean the Fallbrook Community Air Park Annexation area annexed to SDCWA and to MWD of SC	December 22, 1969
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 Generating Plant Portion	December 16, 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 Dieguito Water District and excluded from Olivenhain MWD	July 11, 1989
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
Podrasky Ohlson Annexation to Valley Center MWD	March 11, 2004
San Elijo Ridge Reorganization (Altman) to Vallecitos Water District	August 9, 2004
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
Greenwood Memorial Park Island Reorganization (City of San Diego, RO 17-01)	May 26, 2017
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	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
Calleguas Annexation No. 40 Area	May 16, 1994
Calleguas Annexation No. 41 Area	August 16, 1994
Calleguas Annexation No. 43 Area	August 16, 1994

Calleguas Annexation No. 45 Area	August 16, 1994
Calleguas Annexation No. 46 Area	September 27, 1994
Calleguas Annexation No. 38 Area	December 19, 1994
Calleguas Annexation No. 44 Area	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
Calleguas Annexation No. 61 Area	October 27, 1999
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
Calleguas Annexation No. 63 Area	December 27, 2000
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
Calleguas Annexation No. 81	August 11, 2003
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

- (24) “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 2022/23, 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 2022/23 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 2022/23 upon secured taxable property within MWD of SC hereby is fixed and levied at .00002% of assessed valuation. The rate of such taxation for the FY 2022/23 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 2022/23 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 2022/23 upon secured taxable property within MWD of SC hereby is fixed and levied at .00348% of assessed valuation. The rate of such taxation for the FY 2022/23 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 2022/23 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 2022/23 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 16, 2022.

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

## THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

## SCHEDULE A

Estimated Funds to be Produced by Tax Levy, Fiscal Year 2022/23  
(Cents Omitted)

		Bond Levy Column #1	State Contract Levy Column #2	Totals Column #3
<u>Secured Property</u>				
Assessed Value	\$ 3,520,111,935,726			
Tax Rate		0.00002%	0.00348%	
Amount of Levy		\$ 704,009	\$ 122,499,895	\$ 123,203,905
<u>Unsecured Property</u>				
Assessed Value	\$ 119,411,457,616			
Tax Rate		0.00015%	0.00335%	
Amount of Levy		\$ 179,117	\$ 4,000,284	\$ 4,179,401
<u>All Property</u>				
Assessed Value	\$ 3,639,523,393,342			
Amount of Levy from Schedule B		\$ 883,127	\$ 126,500,179	\$ 127,383,306
Allocation of County-wide Tax on Utilities		281,916	49,053,357	49,335,273
Total Tax Levy		\$ 1,165,042	\$ 175,553,537	\$ 176,718,579
Estimated Collection Adjustments *		(78,643)	(8,509,481)	(8,588,124)
Estimated Funds to be Produced by Tax Levy		\$ 1,086,399	\$ 167,044,056	\$ 168,130,455

\* .5% allowance for delinquencies

7.5% allowance for allocations to successors of former redevelopment agencies

\$2.9 million estimated supplemental tax collections

\$2.7 million estimated prior years tax collections

Note: All rates expressed as percent of A.V.

Agency	Area (a)	Secured Bond Rate Col. 1	Unsecured Bond Rate Col. 2	Secured SWC Rate Col. 3	Unsecured SWC Rate Col. 4	Total Secured Rate Col. 5	Total Unsecured Rate Col. 6	Bond Levy Col. 7	SWC Levy Col. 8	Total Levy Col. 9
<b>Included in MWD</b>										
<b>Los Angeles County</b>										
City of Beverly Hills										
City of Beverly Hills Area	1-1-01-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	9,357.81	1,485,154.30	1,494,512.10
<b>Agency Totals:</b>								9,357.81	1,485,154.30	1,494,512.10
City of Burbank										
City of Burbank Area	1-1-02-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	8,578.39	1,007,060.95	1,015,639.35
<b>Agency Totals:</b>								8,578.39	1,007,060.95	1,015,639.35
City of Glendale										
City of Glendale Area	1-1-03-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	8,503.41	1,330,657.17	1,339,160.58
<b>Agency Totals:</b>								8,503.41	1,330,657.17	1,339,160.58
City of Los Angeles										
City of Los Angeles Area	1-1-04-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	182,248.53	26,387,808.08	26,570,056.61
<b>Agency Totals:</b>								182,248.53	26,387,808.08	26,570,056.61
City of Pasadena										
City of Pasadena Area	1-1-05-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	8,349.33	1,296,391.38	1,304,740.71
<b>Agency Totals:</b>								8,349.33	1,296,391.38	1,304,740.71
City of San Marino										
City of San Marino Area	1-1-06-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	1,562.00	268,549.70	270,111.70
<b>Agency Totals:</b>								1,562.00	268,549.70	270,111.70
City of Santa Monica										
City of Santa Monica Area	1-1-07-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	10,720.49	1,607,964.17	1,618,684.67
<b>Agency Totals:</b>								10,720.49	1,607,964.17	1,618,684.67

Agency	Area (a)	Secured Bond Rate Col. 1	Unsecured Bond Rate Col. 2	Secured SWC Rate Col. 3	Unsecured SWC Rate Col. 4	Total Secured Rate Col. 5	Total Unsecured Rate Col. 6	Bond Levy Col. 7	SWC Levy Col. 8	Total Levy Col. 9
<b>Included in MWD</b>										
<b>Los Angeles County</b>										
City of Long Beach										
City of Long Beach Area	1-1-08-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	16,655.68	2,144,664.17	2,161,319.85
<b>Agency Totals:</b>								16,655.68	2,144,664.17	2,161,319.85
City of Torrance										
City of Torrance Area	1-1-09-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	8,668.12	1,192,089.38	1,200,757.50
<b>Agency Totals:</b>								8,668.12	1,192,089.38	1,200,757.50
City of Compton										
City of Compton Area	1-1-10-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	1,492.75	209,731.56	211,224.31
<b>Agency Totals:</b>								1,492.75	209,731.56	211,224.31
West Basin Municipal Water District										
West Basin Municipal Water District Area	1-1-11-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	62,867.39	8,871,157.19	8,934,024.58
<b>Agency Totals:</b>								62,867.39	8,871,157.19	8,934,024.58
Three Valleys Municipal Water District										
Three Valleys Municipal Water District Area	1-1-12-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	19,348.59	2,885,927.16	2,905,275.74
<b>Agency Totals:</b>								19,348.59	2,885,927.16	2,905,275.74
Foothill Municipal Water District Foothill Municipal Water District Area	1-1-13-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	4,780.93	800,468.39	805,249.32
<b>Agency Totals:</b>								4,780.93	800,468.39	805,249.32
Central Basin Municipal Water District Central Basin Municipal Water District Area	1-1-14-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	47,146.22	6,362,304.80	6,409,451.01
<b>Agency Totals:</b>								47,146.22	6,362,304.80	6,409,451.01

Agency	Area (a)	Secured Bond Rate Col. 1	Unsecured Bond Rate Col. 2	Secured SWC Rate Col. 3	Unsecured SWC Rate Col. 4	Total Secured Rate Col. 5	Total Unsecured Rate Col. 6	Bond Levy Col. 7	SWC Levy Col. 8	Total Levy Col. 9
<b>Included in MWD</b>										
<b>Los Angeles County</b>										
Las Virgenes Municipal Water District										
Las Virgenes Municipal Water District Area	1-1-15-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	6,436.50	1,021,132.94	1,027,569.44
<b>Agency Totals:</b>								6,436.50	1,021,132.94	1,027,569.44
<b>Upper San Gabriel Valley MWD</b>										
Upper San Gabriel Valley MWD Area	1-1-16-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	30,028.79	4,434,345.79	4,464,374.58
<b>Agency Totals:</b>								30,028.79	4,434,345.79	4,464,374.58
<b>City of San Fernando</b>										
City of San Fernando Area Area	1-1-17-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	633.36	83,170.67	83,804.03
<b>Agency Totals:</b>								633.36	83,170.67	83,804.03
<b>County Totals:</b>								427,378.29	61,388,577.81	61,815,956.10
<b>Orange County</b>										
<b>City of Anaheim</b>										
City of Anaheim Area Area	1-2-01-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	14,600.58	1,961,884.90	1,976,485.48
<b>Agency Totals:</b>								14,600.58	1,961,884.90	1,976,485.48
<b>City of Santa Ana</b>										
City of Santa Ana Area Area	1-2-02-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	8,757.35	1,125,926.15	1,134,683.50
<b>Agency Totals:</b>								8,757.35	1,125,926.15	1,134,683.50
<b>City of Fullerton</b>										
City of Fullerton Area Area	1-2-03-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	5,896.80	834,453.65	840,350.44
<b>Agency Totals:</b>								5,896.80	834,453.65	840,350.44
<b>Municipal Water District of Orange County</b>										
Remainder of MWD of Orange County	1-2-05-999-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	146,127.98	21,253,052.12	21,399,180.09
<b>Agency Totals:</b>								146,127.98	21,253,052.12	21,399,180.09
<b>County Totals:</b>								175,382.70	25,175,316.81	25,350,699.52

Agency	Area (a)	Secured Bond Rate Col. 1	Unsecured Bond Rate Col. 2	Secured SWC Rate Col. 3	Unsecured SWC Rate Col. 4	Total Secured Rate Col. 5	Total Unsecured Rate Col. 6	Bond Levy Col. 7	SWC Levy Col. 8	Total Levy Col. 9
<b>Riverside County</b>										
Eastern Municipal Water District										
Remainder of Eastern MWD	1-3-01-999-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	24,880.17	3,673,732.44	3,698,612.61
<b>Agency Totals:</b>								24,880.17	3,673,732.44	3,698,612.61
<b>Western Municipal Water District</b>										
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	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	0.08	13.78	13.86
Remainder of Western MWD	1-3-02-999-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	33,869.39	4,731,104.66	4,764,974.05
<b>Agency Totals:</b>								33,869.47	4,731,118.44	4,764,987.91
<b>County Totals:</b>								58,749.63	8,404,850.88	8,463,600.52
<b>San Bernardino County</b>										
Inland Empire Utilities Agency										
Original Area of Chino Basin MWD	1-4-01-001-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	16,227.77	2,062,871.38	2,079,099.14
Mid-valley Area of Chino Basin MWD	1-4-01-002-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	23,595.37	3,047,772.70	3,071,368.08
Bryant Annexation Area of Chino Basin MWD	1-4-01-003-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	14.35	2,437.02	2,451.38
North Perimeter No. 1 Annexation Area of Chino Basin MWD	1-4-01-004-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	8.39	1,446.25	1,454.64
<b>Agency Totals:</b>								39,845.88	5,114,527.35	5,154,373.24
<b>County Totals:</b>								39,845.88	5,114,527.35	5,154,373.24

Agency	Area (a)	Secured Bond Rate Col. 1	Unsecured Bond Rate Col. 2	Secured SWC Rate Col. 3	Unsecured SWC Rate Col. 4	Total Secured Rate Col. 5	Total Unsecured Rate Col. 6	Bond Levy Col. 7	SWC Levy Col. 8	Total Levy Col. 9
<b>Included in MWD</b>										
<b>San Diego County</b>										
San Diego County Water Authority Remainder of SDCWA +	1-5-01-999-9	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	151,880.03	22,089,734.16	22,241,614.19
<b>Agency Totals:</b>								151,880.03	22,089,734.16	22,241,614.19
<b>County Totals:</b>								151,880.03	22,089,734.16	22,241,614.19
<b>Ventura County</b>										
<b>Calleguas Municipal Water District</b>										
Remainder of Calleguas MWD	1-6-01-999-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	29,886.31	4,324,263.29	4,354,149.60
<b>Agency Totals:</b>								29,886.31	4,324,263.29	4,354,149.60
<b>County Totals:</b>								29,886.31	4,324,263.29	4,354,149.60
<b>Included Totals:</b>								883,122.86	126,497,270.30	127,380,393.16

Agency	Area (a)	Secured Bond Rate Col. 1	Unsecured Bond Rate Col. 2	Secured SWC Rate Col. 3	Unsecured SWC Rate Col. 4	Total Secured Rate Col. 5	Total Unsecured Rate Col. 6	Bond Levy Col. 7	SWC Levy Col. 8	Total Levy Col. 9
<b>Excluded from MWD</b>										
<b>Los Angeles County</b>										
<b>City of Los Angeles</b>										
<b>Alhambra Hills</b>	2-1-04-001-0	0.00000%	0.00000%	0.00348%	0.00335%	0.00348%	0.00335%	0.00	2,261.03	2,261.03
<b>Portion of Reorganization No. 85-2</b>	2-1-04-002-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	2.25	392.34	394.60
<b>Agency Totals:</b>								2.25	2,653.38	2,655.63
<b>Las Virgenes Municipal Water District</b>										
<b>Portion of Reog No. 85-2 Exclusion from Las Virgenes MWD</b>	2-1-15-001-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	0.17	29.94	30.12
<b>Agency Totals:</b>								0.17	29.94	30.12
<b>County Totals:</b>								2.43	2,683.32	2,685.75

Agency	Area (a)	Secured Bond Rate Col. 1	Unsecured Bond Rate Col. 2	Secured SWC Rate Col. 3	Unsecured SWC Rate Col. 4	Total Secured Rate Col. 5	Total Unsecured Rate Col. 6	Bond Levy Col. 7	SWC Levy Col. 8	Total Levy Col. 9
Excluded from MWD										
San Diego County										
San Diego County Water Authority										
Exclusion from Original Area of Ramona MWD	2-5-01-017-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	0.03	4.68	4.70
Exclusions From Ramona No.2 Annexation Area	2-5-01-030-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	0.43	74.38	74.81
Rainbow No.3 Annexation Area	2-5-01-041-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	0.84	146.51	147.35
<b>Agency Totals:</b>								1.30	225.57	226.86
<b>County Totals:</b>								1.30	225.57	226.86
<b>Excluded Totals:</b>								3.72	2,908.89	2,912.61
<b>Report Totals:</b>								883,126.58	126,500,179.19	127,383,305.77

THE METROPOLITAN WATER  
DISTRICT OF SOUTHERN CALIFORNIA

RESOLUTION \_\_\_\_\_

A RESOLUTION LEVYING AD VALOREM PROPERTY TAXES FOR THE FISCAL  
YEAR COMMENCING JULY 1, 2022 AND ENDING JUNE 30, 2023  
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 2022/23

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) 2022/23, the applicable rates and charges are those set by the Board for calendar year (CY) 2022 and CY 2023. 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 2022 and 2023, 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 2022/23 and 2023/24 continues at the existing rate of .0035 percent. This Resolution establishes the tax rate for FY 2022/23.

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 8, 2022 to determine the applicability of the limitation for FYs 2022/23 through 2025/26. On April 12, 2022, the Board adopted Resolution No. 9301, 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 2022/23 through 2025/26;
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 2022/23 through 2025/26, 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 2022 finding regarding Section 124.5 of the MWD Act.

### FY 2022/23 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 2022/23 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 2022/23 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 2022/23" shall mean the fiscal year commencing July 1, 2022 and ending June 30, 2023.
- (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 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

- (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
Shoestring Strip Territory Area	January 23, 1961
Signal Hill Territory Area	November 14, 1963
Lakewood Area	November 14, 1963
Vernon Area	June 24, 1965
Dairy Valley Area	June 21, 1967
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
Reorganization No. 2017-10, and concurrently detached from West Basin MWD	February 16, 2021

- (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 December 6, 1928

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  
(RO 01-05) detached from City of Anaheim

April 19, 2001

## 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
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 Area excluded from Annexation No. 5 of MWD of Orange County	March 7, 1984
Reorganization No. 64 Area excluded from Annexation No. 7 of MWD of Orange County	March 18, 1983
Reorganization No. 123 excluded from Annexation No. 7 of MWD of Orange County	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:

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	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 detached from portion of Original Area of Western MWD)	August 29, 2001
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
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
101 <sup>st</sup> Fringe Area	January 24, 2008
Ninety-Ninth Fringe Area Reorganization (Area detached from Western Municipal Water District)	September 10, 2008
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
111 <sup>th</sup> Fringe Area (2020-25-3 Reorganization)	February 11, 2021

- (14) “Remainder of Western MWD” shall include the following areas, annexed to Western MWD and to MWD of SC on the dates cited:

Original Area (Portion of area excluded from Western MWD and annexed to Eastern MWD)	November 12, 1954
First Fringe Area (Portion of area excluded from Western MWD and annexed to Eastern MWD)	December 20, 1957
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 (Area excluded from Fifth Fringe Area of Eastern MWD on July 26, 1967)	September 18, 1967
Sixth Fringe Area	September 27, 1967
Ninth Fringe Area	November 17, 1967
Tenth Fringe Area	June 12, 1968
Thirteenth Fringe Area (Area excluded from Fifth Fringe Area of Eastern MWD)	June 23, 1969
Twelfth Fringe Area (Area excluded from First Fringe Area of Eastern MWD)	July 1, 1969

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
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 of SC, and areas excluded from non-city public agencies of SDCWA at times when such areas were within said city public agencies)	December 17, 1946
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 (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)	August 1, 1950
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 (Area dissolved and annexed to Rainbow MWD, Vista Irrigation District, Carlsbad MWD and Vallecitos Water District on November 24, 1993)	June 11, 1954
Rincon Del Diablo MWD	June 14, 1954
Costa Real MWD Area	June 16, 1954
El Cajon Valley-Dry Island Area (Including Lakeside-Boukai Joint Venture Reorganization detached from Padre Dam MWD on September 11, 1996)	December 20, 1954
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 Parcels 1, 2, & 3 detached from San Dieguito No. 2 Annexation Area of SDCWA on June 16, 1995)	July 25, 1960
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
(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 of SC” shall mean the Rainbow No. 3 Annexation area 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.	December 6, 1967
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 SDCWA shall mean the Fallbrook Community Air Park Annexation area annexed to SDCWA and to MWD of SC	December 22, 1969
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 Generating Plant Portion	December 16, 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 Dieguito Water District and excluded from	July 11, 1989

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
Podrasky Ohlson Annexation to Valley Center MWD	March 11, 2004
San Elijo Ridge Reorganization (Altman) to Vallecitos Water District	August 9, 2004
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
Greenwood Memorial Park Island Reorganization (City of San Diego, RO 17-01)	May 26, 2017
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	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

Calleguas Annexation No. 40 Area	May 16, 1994
Calleguas Annexation No. 41 Area	August 16, 1994
Calleguas Annexation No. 43 Area	August 16, 1994
Calleguas Annexation No. 45 Area	August 16, 1994
Calleguas Annexation No. 46 Area	September 27, 1994
Calleguas Annexation No. 38 Area	December 19, 1994
Calleguas Annexation No. 44 Area	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
Calleguas Annexation No. 61 Area	October 27, 1999
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
Calleguas Annexation No. 63 Area	December 27, 2000
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
Calleguas Annexation No. 81	August 11, 2003
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             | January 27, 1964   |
| Portion of Reorganization No. 85-2 of City of Los Angeles | December 30, 1985  |
| Crescent Condominiums (Reorganization 98-01)              | 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 |
|---------------------------------------------|--------------|
- (24) “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 | December 19, 1977 |
| Bonfils Detachment   | 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 2022/23, 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 2022/23 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 2022/23 upon secured taxable property within MWD of SC hereby is fixed and levied at .00002% of assessed valuation. The rate of such taxation for the FY 2022/23 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 2022/23 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 2022/23 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 2022/23 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 2022/23 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 2022/23 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 16, 2022.

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

## THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

## SCHEDULE A

Estimated Funds to be Produced by Tax Levy, Fiscal Year 2022/23  
(Cents Omitted)

		Bond Levy Column #1	State Contract Levy Column #2	Totals Column #3
<u>Secured Property</u>				
Assessed Value	\$ 3,520,111,935,726			
Tax Rate		0.00002%	TBD	
Amount of Levy		\$ 704,009	\$ TBD	\$ TBD
<u>Unsecured Property</u>				
Assessed Value	\$ 119,411,457,616			
Tax Rate		0.00015%	0.00335%	
Amount of Levy		\$ 179,117	\$ 4,000,284	\$ 4,179,401
<u>All Property</u>				
Assessed Value	\$ 3,639,523,393,342			
Amount of Levy from Schedule B		\$ 883,127	\$ TBD	\$ TBD
Allocation of County-wide Tax on Utilities		281,916	TBD	TBD
Total Tax Levy		\$ 1,165,042	\$ TBD	\$ TBD
Estimated Collection Adjustments *		(78,643)	TBD	TBD
Estimated Funds to be Produced by Tax Levy		\$ 1,086,399	\$ TBD	\$ TBD

\* .5% allowance for delinquencies

7.5% allowance for allocations to successors of former redevelopment agencies

\$2.9 million estimated supplemental tax collections

\$2.7 million estimated prior years tax collections

Note: All rates expressed as percent of A.V.

Agency	Area (a)	Secured Bond Rate Col. 1	Unsecured Bond Rate Col. 2	Secured SWC Rate Col. 3	Unsecured SWC Rate Col. 4	Total Secured Rate Col. 5	Total Unsecured Rate Col. 6	Bond Levy Col. 7	SWC Levy Col. 8	Total Levy Col. 9
<b>Included in MWD</b>										
<b>Los Angeles County</b>										
City of Beverly Hills										
City of Beverly Hills Area	1-1-01-000-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	9,357.81	TBD	9,357.81
<b>Agency Totals:</b>								9,357.81	TBD	9,357.81
City of Burbank										
City of Burbank Area	1-1-02-000-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	8,578.39	TBD	8,578.39
<b>Agency Totals:</b>								8,578.39	TBD	8,578.39
City of Glendale										
City of Glendale Area	1-1-03-000-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	8,503.41	TBD	8,503.41
<b>Agency Totals:</b>								8,503.41	TBD	8,503.41
City of Los Angeles										
City of Los Angeles Area	1-1-04-000-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	182,248.53	TBD	182,248.53
<b>Agency Totals:</b>								182,248.53	TBD	182,248.53
City of Pasadena										
City of Pasadena Area	1-1-05-000-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	8,349.33	TBD	8,349.33
<b>Agency Totals:</b>								8,349.33	TBD	8,349.33
City of San Marino										
City of San Marino Area	1-1-06-000-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	1,562.00	TBD	1,562.00
<b>Agency Totals:</b>								1,562.00	TBD	1,562.00
City of Santa Monica										
City of Santa Monica Area	1-1-07-000-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	10,720.49	TBD	10,720.49
<b>Agency Totals:</b>								10,720.49	TBD	10,720.49

Agency	Area (a)	Secured Bond Rate Col. 1	Unsecured Bond Rate Col. 2	Secured SWC Rate Col. 3	Unsecured SWC Rate Col. 4	Total Secured Rate Col. 5	Total Unsecured Rate Col. 6	Bond Levy Col. 7	SWC Levy Col. 8	Total Levy Col. 9
<b>Included in MWD</b>										
<b>Los Angeles County</b>										
City of Long Beach										
City of Long Beach Area	1-1-08-000-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	16,655.68	TBD	16,655.68
<b>Agency Totals:</b>								16,655.68	TBD	16,655.68
City of Torrance										
City of Torrance Area	1-1-09-000-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	8,668.12	TBD	8,668.12
<b>Agency Totals:</b>								8,668.12	TBD	8,668.12
City of Compton										
City of Compton Area	1-1-10-000-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	1,492.75	TBD	1,492.75
<b>Agency Totals:</b>								1,492.75	TBD	1,492.75
West Basin Municipal Water District										
West Basin Municipal Water District Area	1-1-11-000-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	62,867.39	TBD	62,867.39
<b>Agency Totals:</b>								62,867.39	TBD	62,867.39
Three Valleys Municipal Water District										
Three Valleys Municipal Water District Area	1-1-12-000-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	19,348.59	TBD	19,348.59
<b>Agency Totals:</b>								19,348.59	TBD	19,348.59
Foothill Municipal Water District Foothill Municipal Water										
District Area	1-1-13-000-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	4,780.93	TBD	4,780.93
<b>Agency Totals:</b>								4,780.93	TBD	4,780.93
Central Basin Municipal Water District Central Basin										
Municipal Water District Area	1-1-14-000-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	47,146.22	TBD	47,146.22
<b>Agency Totals:</b>								47,146.22	TBD	47,146.22

Agency	Area (a)	Secured Bond Rate Col. 1	Unsecured Bond Rate Col. 2	Secured SWC Rate Col. 3	Unsecured SWC Rate Col. 4	Total Secured Rate Col. 5	Total Unsecured Rate Col. 6	Bond Levy Col. 7	SWC Levy Col. 8	Total Levy Col. 9
<b>Included in MWD</b>										
<b>Los Angeles County</b>										
Las Virgenes Municipal Water District										
Las Virgenes Municipal Water District Area	1-1-15-000-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	6,436.50	TBD	6,436.50
<b>Agency Totals:</b>								6,436.50	TBD	6,436.50
Upper San Gabriel Valley MWD										
Upper San Gabriel Valley MWD Area	1-1-16-000-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	30,028.79	TBD	30,028.79
<b>Agency Totals:</b>								30,028.79	TBD	30,028.79
City of San Fernando										
City of San Fernando Area Area	1-1-17-000-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	633.36	TBD	633.36
<b>Agency Totals:</b>								633.36	TBD	633.36
<b>County Totals:</b>								427,378.29	TBD	427,378.29
<b>Orange County</b>										
City of Anaheim										
City of Anaheim Area Area	1-2-01-000-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	14,600.58	TBD	14,600.58
<b>Agency Totals:</b>								14,600.58	TBD	14,600.58
City of Santa Ana										
City of Santa Ana Area Area	1-2-02-000-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	8,757.35	TBD	8,757.35
<b>Agency Totals:</b>								8,757.35	TBD	8,757.35
City of Fullerton										
City of Fullerton Area Area	1-2-03-000-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	5,896.80	TBD	5,896.80
<b>Agency Totals:</b>								5,896.80	TBD	5,896.80
Municipal Water District of Orange County										
Remainder of MWD of Orange County	1-2-05-999-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	146,127.98	TBD	146,127.98
<b>Agency Totals:</b>								146,127.98	TBD	146,127.98
<b>County Totals:</b>								175,382.70	TBD	175,382.70

Agency	Area (a)	Secured Bond Rate Col. 1	Unsecured Bond Rate Col. 2	Secured SWC Rate Col. 3	Unsecured SWC Rate Col. 4	Total Secured Rate Col. 5	Total Unsecured Rate Col. 6	Bond Levy Col. 7	SWC Levy Col. 8	Total Levy Col. 9
<b>Riverside County</b>										
Eastern Municipal Water District										
Remainder of Eastern MWD	1-3-01-999-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	24,880.17	TBD	24,880.17
<b>Agency Totals:</b>								24,880.17	TBD	24,880.17
<b>Western Municipal Water District</b>										
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	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	0.08	TBD	0.08
Remainder of Western MWD	1-3-02-999-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	33,869.39	TBD	33,869.39
<b>Agency Totals:</b>								33,869.47	TBD	33,869.47
<b>County Totals:</b>								58,749.63	TBD	58,749.63
<b>San Bernardino County</b>										
Inland Empire Utilities Agency										
Original Area of Chino Basin MWD	1-4-01-001-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	16,227.77	TBD	16,227.77
Mid-valley Area of Chino Basin MWD	1-4-01-002-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	23,595.37	TBD	23,595.37
Bryant Annexation Area of Chino Basin MWD	1-4-01-003-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	14.35	TBD	14.35
North Perimeter No. 1 Annexation Area of Chino Basin MWD	1-4-01-004-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	8.39	TBD	8.39
<b>Agency Totals:</b>								39,845.88	TBD	39,845.88
<b>County Totals:</b>								39,845.88	TBD	39,845.88

Agency	Area (a)	Secured Bond Rate Col. 1	Unsecured Bond Rate Col. 2	Secured SWC Rate Col. 3	Unsecured SWC Rate Col. 4	Total Secured Rate Col. 5	Total Unsecured Rate Col. 6	Bond Levy Col. 7	SWC Levy Col. 8	Total Levy Col. 9
Included in MWD										
San Diego County										
San Diego County Water Authority Remainder of SDCWA +	1-5-01-999-9	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	151,880.03	TBD	151,880.03
Agency Totals:								151,880.03	TBD	151,880.03
County Totals:								151,880.03	TBD	151,880.03
Ventura County										
Calleguas Municipal Water District										
Remainder of Calleguas MWD	1-6-01-999-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	29,886.31	TBD	29,886.31
Agency Totals:								29,886.31	TBD	29,886.31
County Totals:								29,886.31	TBD	29,886.31
Included Totals:								883,122.86	TBD	883,122.86

Agency	Area (a)	Secured Bond Rate Col. 1	Unsecured Bond Rate Col. 2	Secured SWC Rate Col. 3	Unsecured SWC Rate Col. 4	Total Secured Rate Col. 5	Total Unsecured Rate Col. 6	Bond Levy Col. 7	SWC Levy Col. 8	Total Levy 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%	0.00000%	0.00335%	0.00	TBD	0.00
Portion of Reorganization No. 85-2	2-1-04-002-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	2.25	TBD	2.25
Agency Totals:								2.25	TBD	2.25
Las Virgenes Municipal Water District										
Portion of Reog No. 85-2 Exclusion from Las Virgenes MWD	2-1-15-001-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	0.17	TBD	0.17
Agency Totals:								0.17	TBD	0.17
County Totals:								2.43	TBD	2.43

Agency	Area (a)	Secured	Unsecured	Secured	Unsecured	Total	Total	Bond Levy	SWC Levy	Total Levy
		Bond Rate	Bond Rate	SWC Rate	SWC Rate	Secured	Unsecured			
		Col. 1	Col. 2	Col. 3	Col. 4	Rate	Rate	Col. 7	Col. 8	Col. 9
Excluded from MWD										
San Diego County										
San Diego County Water Authority										
Exclusion from Original Area of Ramona MWD	2-5-01-017-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	0.03	TBD	0.03
Exclusions From Ramona No.2 Annexation Area	2-5-01-030-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	0.43	TBD	0.43
Rainbow No.3 Annexation Area	2-5-01-041-0	0.00002%	0.00015%		0.00335%	0.00002%	0.00350%	0.84	TBD	0.84
Agency Totals:								1.30	TBD	1.30
County Totals:								1.30	TBD	1.30
Excluded Totals:								3.72	TBD	3.72
Report Totals:								883,126.58	TBD	883,126.58



Finance and Insurance Committee

# Adopt Resolution Establishing the Tax Rate for FY 2022/2023

Item 7-1

August 15, 2022

# Process

February 22, 2022

Published notice of hearing

February 24, 2022

Notice of public hearing provided to  
Legislature

March 8, 2022

Public Hearing

April 12, 2022

Board action to adopt a resolution on the  
applicability of the tax rate limit (Section  
124.5)

**August 2022**

**Board action to adopt resolution establishing  
the tax rate for FY 2022/23**

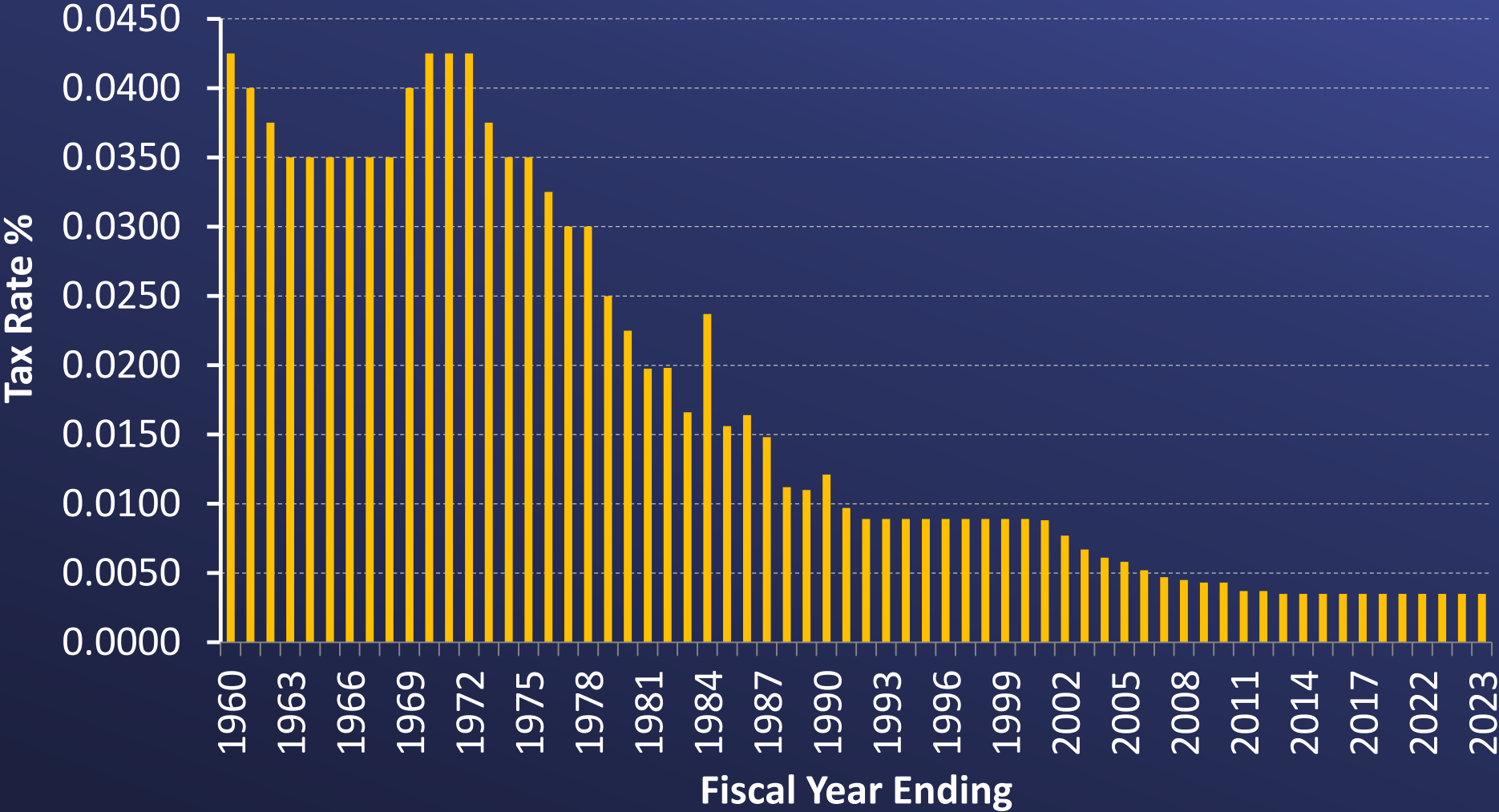
# Proposed Tax Rate Adoption

- Maintain the rate assumed in Metropolitan's approved Current Budget
- Biennial budget for FYs 2022/23 and 2023/24, water rates for CYs 2022 and 2023, and charges for CYs 2022 and 2023, adopted in April 2022 are based on a continuation of the existing tax rate
- If the FY23 property tax rates are not approved, an overall rate increase of approximately 8% would be necessary to cover Metropolitan costs assumed to be covered by property tax revenues in the Adopted Biennial Budget.

# 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 voter-approved 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



# Current Ad Valorem Tax Rate

- 0.0035% of assessed valuations
- A single-family residence in Metropolitan's service area assessed at \$700,000 currently pays about \$25 per year in ad valorem taxes towards Metropolitan's costs

County	August 2021 Typical Single Family Home Value: Zillow Home Value Index [ZHVI]	Estimated Taxes per Year
Los Angeles	\$ 798,213	\$28
Orange	928,318	\$32
Riverside	531,441	\$19
San Bernardino	468,123	\$16
San Diego	801,175	\$28
Ventura	777,019	\$27

# Board Options

- Option #1
  - Adopt the Resolution Levying Ad Valorem Property Taxes for the Fiscal Year Commencing July 1, 2022 and ending June 30, 2023 for the Purposes of The Metropolitan Water District of Southern California (**Attachment 1**) maintaining the tax rate at 0.0035 percent of assessed valuation, the same rate levied in FY 2021/22; and
  - Direct staff to transmit that resolution to the county auditors
  - **Fiscal Impact:** No impact to the adopted biennial budget for fiscal years 2021/22 and 2022/23 and water rates and charges for calendar years 2022 and 2023 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, 2022 and ending June 30, 2023 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 FY23 portion of the current biennial budget and water rates and charges for calendar year 2024.
  - Direct staff to transmit that resolution to the county auditors
  - **Negative Fiscal Impact:** Creates a potential budget deficit in fiscal year 2022/23 and water rates and charges for calendar year 2024.

# Staff Recommendation

- Option #1



THE METROPOLITAN WATER  
DISTRICT OF SOUTHERN CALIFORNIA

**RESOLUTION 9317**

A RESOLUTION LEVYING AD VALOREM PROPERTY TAXES FOR THE FISCAL  
YEAR COMMENCING JULY 1, 2022 AND ENDING JUNE 30, 2023  
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 2022/23

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) 2022/23, the applicable rates and charges are those set by the Board for calendar year (CY) 2022 and CY 2023. 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 2022 and 2023, 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 2022/23 and 2023/24 continues at the existing rate of .0035 percent. This Resolution establishes the tax rate for FY 2022/23.

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 8, 2022 to determine the applicability of the limitation for FYs 2022/23 through 2025/26. On April 12, 2022, the Board adopted Resolution No. 9301, 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 2022/23 through 2025/26;
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 2022/23 through 2025/26, 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 2022 finding regarding Section 124.5 of the MWD Act.

#### FY 2022/23 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 2022/23 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 2022/23 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 2022/23" shall mean the fiscal year commencing July 1, 2022 and ending June 30, 2023.
- (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"  
"City of Burbank Area"

December 6, 1928  
December 6, 1928

“City of Glendale Area”	December 6, 1928
“City of Los Angeles Area” (Including portion of Original Area of Las Virgenes MWD excluded from Las Virgenes MWD on November 9, 1962)	December 6, 1928
“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

- (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
Shoestring Strip Territory Area	January 23, 1961
Signal Hill Territory Area	November 14, 1963
Lakewood Area	November 14, 1963
Vernon Area	June 24, 1965
Dairy Valley Area	June 21, 1967
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
Reorganization No. 2017-10, and concurrently detached from West Basin MWD	February 16, 2021

- (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	December 6, 1928
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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  
(RO 01-05) detached from City of Anaheim

April 19, 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
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 Area excluded from Annexation No. 5 of MWD of Orange County	March 7, 1984
Reorganization No. 64 Area excluded from Annexation No. 7 of MWD of Orange County	March 18, 1983
Reorganization No. 123 excluded from Annexation No. 7 of MWD of Orange County	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:

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	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 detached from portion of Original Area of Western MWD)	August 29, 2001
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
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 (Area detached from Western Municipal Water District)	September 10, 2008
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
111 <sup>th</sup> Fringe Area (2020-25-3 Reorganization)	February 11, 2021

- (14) “Remainder of Western MWD” shall include the following areas, annexed to Western MWD and to MWD of SC on the dates cited:

Original Area (Portion of area excluded from Western MWD and annexed to Eastern MWD)	November 12, 1954
First Fringe Area (Portion of area excluded from Western MWD and annexed to Eastern MWD)	December 20, 1957
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 (Area excluded from Fifth Fringe Area of Eastern MWD on July 26, 1967)	September 18, 1967
Sixth Fringe Area	September 27, 1967
Ninth Fringe Area	November 17, 1967
Tenth Fringe Area	June 12, 1968
Thirteenth Fringe Area (Area excluded from Fifth Fringe Area of Eastern MWD)	June 23, 1969
Twelfth Fringe Area (Area excluded from First Fringe Area of Eastern MWD)	July 1, 1969
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
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 of SC, and areas excluded from non-city public agencies of SDCWA at times when such areas were within said city public agencies)	December 17, 1946
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 (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)	August 1, 1950
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 (Area dissolved and annexed to Rainbow MWD, Vista Irrigation District, Carlsbad MWD and Vallecitos Water District on November 24, 1993)	June 11, 1954
Rincon Del Diablo MWD	June 14, 1954
Costa Real MWD Area	June 16, 1954
El Cajon Valley-Dry Island Area (Including Lakeside-Boukai Joint Venture Reorganization detached from Padre Dam MWD on September 11, 1996)	December 20, 1954
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 Parcels 1, 2, & 3 detached from San Dieguito No. 2 Annexation Area of SDCWA on June 16, 1995)	July 25, 1960
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
(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 of SC" shall mean the Rainbow No. 3 Annexation area 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.	December 6, 1967
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 SDCWA shall mean the Fallbrook Community Air Park Annexation area annexed to SDCWA and to MWD of SC	December 22, 1969
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 Generating Plant Portion	December 16, 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 Dieguito Water District and excluded from Olivenhain MWD	July 11, 1989
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
Podrasky Ohlson Annexation to Valley Center MWD	March 11, 2004
San Elijo Ridge Reorganization (Altman) to Vallecitos Water District	August 9, 2004
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
Greenwood Memorial Park Island Reorganization (City of San Diego, RO 17-01)	May 26, 2017
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	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
Calleguas Annexation No. 40 Area	May 16, 1994
Calleguas Annexation No. 41 Area	August 16, 1994
Calleguas Annexation No. 43 Area	August 16, 1994

Calleguas Annexation No. 45 Area	August 16, 1994
Calleguas Annexation No. 46 Area	September 27, 1994
Calleguas Annexation No. 38 Area	December 19, 1994
Calleguas Annexation No. 44 Area	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
Calleguas Annexation No. 61 Area	October 27, 1999
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
Calleguas Annexation No. 63 Area	December 27, 2000
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
Calleguas Annexation No. 81	August 11, 2003
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             | January 27, 1964   |
| Portion of Reorganization No. 85-2 of City of Los Angeles | December 30, 1985  |
| Creekside Condominiums (Reorganization 98-01)             | 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 |
|---------------------------------------------|--------------|
- (24) “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 | December 19, 1977 |
| Bonfils Detachment   | 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 2022/23, 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 2022/23 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 2022/23 upon secured taxable property within MWD of SC hereby is fixed and levied at .00002% of assessed valuation. The rate of such taxation for the FY 2022/23 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 2022/23 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 2022/23 upon secured taxable property within MWD of SC hereby is fixed and levied at .00348% of assessed valuation. The rate of such taxation for the FY 2022/23 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 2022/23 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 2022/23 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 16, 2022.



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 2022/23  
(Cents Omitted)

		Bond Levy Column #1	State Contract Levy Column #2	Totals Column #3
<u>Secured Property</u>				
Assessed Value	\$ 3,520,111,935,726			
Tax Rate		0.00002%	0.00348%	
Amount of Levy		\$ 704,009	\$ 122,499,895	\$ 123,203,905
<u>Unsecured Property</u>				
Assessed Value	\$ 119,411,457,616			
Tax Rate		0.00015%	0.00335%	
Amount of Levy		\$ 179,117	\$ 4,000,284	\$ 4,179,401
<u>All Property</u>				
Assessed Value	\$ 3,639,523,393,342			
Amount of Levy from Schedule B		\$ 883,127	\$ 126,500,179	\$ 127,383,306
Allocation of County-wide Tax on Utilities		281,916	49,053,357	49,335,273
Total Tax Levy		\$ 1,165,042	\$ 175,553,537	\$ 176,718,579
Estimated Collection Adjustments *		(78,643)	(8,509,481)	(8,588,124)
Estimated Funds to be Produced by Tax Levy		\$ 1,086,399	\$ 167,044,056	\$ 168,130,455

\* .5% allowance for delinquencies

7.5% allowance for allocations to successors of former redevelopment agencies

\$2.9 million estimated supplemental tax collections

\$2.7 million estimated prior years tax collections

Note: All rates expressed as percent of A.V.

**Schedule B - Tax Rates and Amounts to be Derived from Respective Areas**  
 for State Controller and MWD Board of Directors

Agency	Area (a)	Secured Bond Rate Col. 1	Unsecured Bond Rate Col. 2	Secured SWC Rate Col. 3	Unsecured SWC Rate Col. 4	Total Secured Rate Col. 5	Total Unsecured Rate Col. 6	Bond Levy Col. 7	SWC Levy Col. 8	Total Levy Col. 9
Included in MWD										
Los Angeles County										
City of Beverly Hills										
City of Beverly Hills Area	1-1-01-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	9,357.81	1,485,154.30	1,494,512.10
	Agency Totals:							9,357.81	1,485,154.30	1,494,512.10
City of Burbank										
City of Burbank Area	1-1-02-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	8,578.39	1,007,060.95	1,015,639.35
	Agency Totals:							8,578.39	1,007,060.95	1,015,639.35
City of Glendale										
City of Glendale Area	1-1-03-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	8,503.41	1,330,657.17	1,339,160.58
	Agency Totals:							8,503.41	1,330,657.17	1,339,160.58
City of Los Angeles										
City of Los Angeles Area	1-1-04-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	182,248.53	26,387,808.08	26,570,056.61
	Agency Totals:							182,248.53	26,387,808.08	26,570,056.61
City of Pasadena										
City of Pasadena Area	1-1-05-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	8,349.33	1,296,391.38	1,304,740.71
	Agency Totals:							8,349.33	1,296,391.38	1,304,740.71
City of San Marino										
City of San Marino Area	1-1-06-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	1,562.00	268,549.70	270,111.70
	Agency Totals:							1,562.00	268,549.70	270,111.70
City of Santa Monica										
City of Santa Monica Area	1-1-07-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	10,720.49	1,607,964.17	1,618,684.67
	Agency Totals:							10,720.49	1,607,964.17	1,618,684.67

Schedule B - Tax Rates and Amounts to be Derived from Respective Areas  
for State Controller and MWD Board of Directors

Agency	Area (a)	Secured	Unsecured	Secured	Unsecured	Total	Total	Bond Levy	SWC Levy	Total Levy
		Bond Rate	Bond Rate	SWC Rate	SWC Rate	Secured	Unsecured			
		Col. 1	Col. 2	Col. 3	Col. 4	Rate	Rate	Col. 7	Col. 8	Col. 9
						Col. 5	Col. 6			
Included in MWD										
Los Angeles County										
City of Long Beach										
City of Long Beach Area	1-1-08-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	16,655.68	2,144,664.17	2,161,319.85
	Agency Totals:							16,655.68	2,144,664.17	2,161,319.85
City of Torrance										
City of Torrance Area	1-1-09-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	8,668.12	1,192,089.38	1,200,757.50
	Agency Totals:							8,668.12	1,192,089.38	1,200,757.50
City of Compton										
City of Compton Area	1-1-10-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	1,492.75	209,731.56	211,224.31
	Agency Totals:							1,492.75	209,731.56	211,224.31
West Basin Municipal Water District										
West Basin Municipal Water District Area	1-1-11-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	62,867.39	8,871,157.19	8,934,024.58
	Agency Totals:							62,867.39	8,871,157.19	8,934,024.58
Three Valleys Municipal Water District										
Three Valleys Municipal Water District Area	1-1-12-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	19,348.59	2,885,927.16	2,905,275.74
	Agency Totals:							19,348.59	2,885,927.16	2,905,275.74
Foothill Municipal Water District Foothill Municipal Water										
District Area	1-1-13-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	4,780.93	800,468.39	805,249.32
	Agency Totals:							4,780.93	800,468.39	805,249.32
Central Basin Municipal Water District Central Basin										
Municipal Water District Area	1-1-14-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	47,146.22	6,362,304.80	6,409,451.01
	Agency Totals:							47,146.22	6,362,304.80	6,409,451.01

**Schedule B - Tax Rates and Amounts to be Derived from Respective Areas**  
for State Controller and MWD Board of Directors

Agency	Area (a)	Secured Bond Rate Col. 1	Unsecured Bond Rate Col. 2	Secured SWC Rate Col. 3	Unsecured SWC Rate Col. 4	Total Secured Rate Col. 5	Total Unsecured Rate Col. 6	Bond Levy Col. 7	SWC Levy Col. 8	Total Levy Col. 9
<b>Included in MWD</b>										
<b>Los Angeles County</b>										
<b>Las Virgenes Municipal Water District</b>										
Las Virgenes Municipal Water District Area	1-1-15-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	6,436.50	1,021,132.94	1,027,569.44
<b>Agency Totals:</b>								6,436.50	1,021,132.94	1,027,569.44
<b>Upper San Gabriel Valley MWD</b>										
Upper San Gabriel Valley MWD Area	1-1-16-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	30,028.79	4,434,345.79	4,464,374.58
<b>Agency Totals:</b>								30,028.79	4,434,345.79	4,464,374.58
<b>City of San Fernando</b>										
City of San Fernando Area Area	1-1-17-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	633.36	83,170.67	83,804.03
<b>Agency Totals:</b>								633.36	83,170.67	83,804.03
<b>County Totals:</b>								427,378.29	61,388,577.81	61,815,956.10
<b>Orange County</b>										
<b>City of Anaheim</b>										
City of Anaheim Area Area	1-2-01-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	14,600.58	1,961,884.90	1,976,485.48
<b>Agency Totals:</b>								14,600.58	1,961,884.90	1,976,485.48
<b>City of Santa Ana</b>										
City of Santa Ana Area Area	1-2-02-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	8,757.35	1,125,926.15	1,134,683.50
<b>Agency Totals:</b>								8,757.35	1,125,926.15	1,134,683.50
<b>City of Fullerton</b>										
City of Fullerton Area Area	1-2-03-000-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	5,896.80	834,453.65	840,350.44
<b>Agency Totals:</b>								5,896.80	834,453.65	840,350.44
<b>Municipal Water District of Orange County</b>										
Remainder of MWD of Orange County	1-2-05-999-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	146,127.98	21,253,052.12	21,399,180.09
<b>Agency Totals:</b>								146,127.98	21,253,052.12	21,399,180.09
<b>County Totals:</b>								175,382.70	25,175,316.81	25,350,699.52

**Schedule B - Tax Rates and Amounts to be Derived from Respective Areas**  
 for State Controller and MWD Board of Directors

Agency	Area (a)	Secured Bond Rate Col. 1	Unsecured Bond Rate Col. 2	Secured SWC Rate Col. 3	Unsecured SWC Rate Col. 4	Total Secured Rate Col. 5	Total Unsecured Rate Col. 6	Bond Levy Col. 7	SWC Levy Col. 8	Total Levy Col. 9
<b>Riverside County</b>										
Eastern Municipal Water District										
Remainder of Eastern MWD	1-3-01-999-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	24,880.17	3,673,732.44	3,698,612.61
Agency Totals:								24,880.17	3,673,732.44	3,698,612.61
<b>Western Municipal Water District</b>										
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	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	0.08	13.78	13.86
Remainder of Western MWD	1-3-02-999-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	33,869.39	4,731,104.66	4,764,974.05
Agency Totals:								33,869.47	4,731,118.44	4,764,987.91
County Totals:								58,749.63	8,404,850.88	8,463,600.52
<b>San Bernardino County</b>										
Inland Empire Utilities Agency										
Original Area of Chino Basin MWD	1-4-01-001-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	16,227.77	2,062,871.38	2,079,099.14
Mid-valley Area of Chino Basin MWD	1-4-01-002-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	23,595.37	3,047,772.70	3,071,368.08
Bryant Annexation Area of Chino Basin MWD	1-4-01-003-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	14.35	2,437.02	2,451.38
North Perimeter No. 1 Annexation Area of Chino Basin MWD	1-4-01-004-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	8.39	1,446.25	1,454.64
Agency Totals:								39,845.88	5,114,527.35	5,154,373.24
County Totals:								39,845.88	5,114,527.35	5,154,373.24

Schedule B - Tax Rates and Amounts to be Derived from Respective Areas  
for State Controller and MWD Board of Directors

Agency	Area (a)	Secured	Unsecured	Secured	Unsecured	Total	Total	Bond Levy	SWC Levy	Total Levy
		Bond Rate	Bond Rate	SWC Rate	SWC Rate	Secured	Unsecured			
		Col. 1	Col. 2	Col. 3	Col. 4	Rate	Rate	Col. 7	Col. 8	Col. 9
Included in MWD										
San Diego County										
San Diego County Water Authority Remainder of SDCWA +	1-5-01-999-9	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	151,880.03	22,089,734.16	22,241,614.19
Agency Totals:								151,880.03	22,089,734.16	22,241,614.19
County Totals:								151,880.03	22,089,734.16	22,241,614.19
Ventura County										
Calleguas Municipal Water District										
Remainder of Calleguas MWD	1-6-01-999-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	29,886.31	4,324,263.29	4,354,149.60
Agency Totals:								29,886.31	4,324,263.29	4,354,149.60
County Totals:								29,886.31	4,324,263.29	4,354,149.60
Included Totals:								883,122.86	126,497,270.30	127,380,393.16

**Schedule B - Tax Rates and Amounts to be Derived from Respective Areas**  
 for State Controller and MWD Board of Directors

Agency	Area (a)	Secured Bond Rate Col. 1	Unsecured Bond Rate Col. 2	Secured SWC Rate Col. 3	Unsecured SWC Rate Col. 4	Total Secured Rate Col. 5	Total Unsecured Rate Col. 6	Bond Levy Col. 7	SWC Levy Col. 8	Total Levy Col. 9
Excluded from MWD										
Los Angeles County										
City of Los Angeles										
Alhambra Hills	2-1-04-001-0	0.00000%	0.00000%	0.00348%	0.00335%	0.00348%	0.00335%	0.00	2,261.03	2,261.03
Portion of Reorganization No. 85-2	2-1-04-002-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	2.25	392.34	394.60
Agency Totals:								2.25	2,653.38	2,655.63
Las Virgenes Municipal Water District										
Portion of Reog No. 85-2 Exclusion from Las Virgenes MWD	2-1-15-001-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	0.17	29.94	30.12
Agency Totals:								0.17	29.94	30.12
County Totals:								2.43	2,683.32	2,685.75

Schedule B - Tax Rates and Amounts to be Derived from Respective Areas  
for State Controller and MWD Board of Directors

Agency	Area (a)	Secured		Unsecured		Secured		Total	Total	Bond Levy	SWC Levy	Total Levy
		Bond Rate	Bond Rate	Bond Rate	Bond Rate	SWC Rate	SWC Rate	Secured Rate	Unsecured Rate			
		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9		
Excluded from MWD												
San Diego County												
San Diego County Water Authority												
Exclusion from Original Area of Ramona MWD	2-5-01-017-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	0.03	4.68	4.70		
Exclusions From Ramona No.2 Annexation Area	2-5-01-030-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	0.43	74.38	74.81		
Rainbow No.3 Annexation Area	2-5-01-041-0	0.00002%	0.00015%	0.00348%	0.00335%	0.00350%	0.00350%	0.84	146.51	147.35		
Agency Totals:										1.30	225.57	226.86
County Totals:										1.30	225.57	226.86
Excluded Totals:										3.72	2,908.89	2,912.61
Report Totals:										883,126.58	126,500,179.19	127,383,305.77



● **Board of Directors**  
***Engineering and Operations Committee***

8/16/2022 Board Meeting

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7-2

**Subject**

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Determine that there is a need to continue the emergency action of executing a no-bid contract for the Upper Feeder expansion joint replacement (**Requires four-fifths vote of the Board**); the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

**Executive Summary**

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This action authorizes the continuation of an emergency contract executed by the General Manager to replace the damaged expansion joint on the Upper Feeder. Staff will provide regular progress updates to the Board on this work and obtain necessary board approvals until the completion of construction.

**Details**

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**Background**

The Upper Feeder was constructed in 1936 as part of Metropolitan's original water delivery system. The 116-inch-diameter welded-steel pipeline extends approximately 60 miles from Lake Mathews to the Eagle Rock Control Facility in Los Angeles. The feeder conveys up to 750 cubic feet per second (cfs) of untreated water from Lake Mathews to the F. E. Weymouth Water Treatment Plant, and then delivers treated water to the Central Pool portion of the distribution system.

The Upper Feeder crosses the Santa Ana River with a 1,010-foot-long steel truss bridge in the cities of Jurupa Valley and Riverside. The feeder has an existing bellows-type expansion joint at the bridge's mid-span that allows for the pipeline's thermal expansion and contraction. The bellows expansion joint was installed in January 2018.

On April 13, 2022, a leak was discovered at the bellows expansion joint. A steel bracket was installed as a temporary measure to stop the leak, and flow in the pipeline was reduced to approximately 525 cfs to decrease the pipeline's internal pressure. Staff is regularly monitoring the crack length and effectiveness of the short-term repair. After initially observing that the crack length was increasing, the crack length has remained stable. However, both Metropolitan staff and the bellows manufacturer inspected the bellows expansion joint and concluded that the bellows joint should be replaced with a new slip-type joint, which Metropolitan staff are currently fabricating.

Due to the critical nature of the feeder, the location of the expansion joint above environmentally sensitive areas, and the historically low State Water Project (SWP) allocations, in June 2022, the General Manager executed an emergency contract with PCL Construction, Inc. for installation of the new joint consistent with Section 8122(b) of Metropolitan's Administrative Code. This section of the Administrative Code, which mirrors Sections 21567 and 22050 of the California Public Contract Code, allows for the General Manager to waive competitive bidding requirements and execute contracts over the amount of \$250,000 in response to an emergency condition.

An emergency is defined as a sudden, unexpected occurrence that requires immediate action to prevent or mitigate the loss or substantial impairment of life, health, property, or essential public services. Executing an emergency contract was necessary to allow adequate time for the contractor to plan, staff, and mobilize for construction so that the repair can be made as soon as fabrication of the new sleeve joint is complete. Metropolitan is at risk of a prolonged, unplanned outage with the compromised bellows joint if the joint were to

rupture. In addition, the Upper Feeder is currently operating at a reduced flow, and the repair is needed to return the feeder to full flow and support drought actions and operational shifts that could save SWP supply use in 2022.

In July 2022, Metropolitan's board amended the Capital Investment Plan for fiscal years 2022/2023 and 2023/2024 to include replacement of an expansion joint on the Upper Feeder at the Santa Ana River Bridge; and approved the emergency action to execute a no-bid contract for the expansion joint replacement. The Board must determine by a four-fifths vote at subsequent meetings whether there is a need to continue the action or ratify the construction contract.

### **Upper Feeder Expansion Joint Replacement – Construction**

The construction contract includes removal of bridge structural members to access the pipe and joint; removal of the existing bellows expansion joint; installation of the new slip-type expansion joint; removal and reinstallation of the steel cage that provides lateral restraint at the joint; and minor adjustments to the bridge truss isolators. PCL Construction, Inc. was selected to perform the work on a time-and-materials contract to conduct this work. To date, the contractor has prepared contract submittals, developed a work plan, and acquired key equipment. Metropolitan forces have completed grading, clearing, and grubbing adjacent to the bridge to allow access for installation of a crane and other construction activities. Metropolitan forces have also nearly completed the fabrication of the new slip-type expansion joint, which will be furnished to the contractor for installation.

Staff expects that the emergency contracting action will continue until the joint installation is completed in September; a shutdown has been scheduled for September for installation of the new expansion joint. Staff will return to the Board again in September to seek the Board's authorization to continue the emergency action and in October to request ratification of the contract. Each action will require a four-fifths vote of the Board.

### **Alternatives Considered**

Metropolitan's staff could terminate the current contract and prepare a new contracting package for advertisement and board award rather than continue the emergency contracting provisions in the administrative code. However, even with an accelerated advertisement and award approach, construction work would not begin until December 2022. Staff determined that this is not an acceptable schedule considering the current flow restrictions that have been placed on the feeder. Continuation of an emergency contract with PCL Construction, Inc. allows timely completion of rehabilitation of a major pipeline that delivers Colorado River water into the central portion of Metropolitan's distribution system. It is a critical facility helping to reduce the impacts of the extreme drought conditions on the State Water Project. The selected option will reduce the risk of costly emergency repairs and enhance reliable deliveries to Metropolitan's member agencies.

### **Summary**

This action authorizes the continuation of an emergency contract executed by the General Manager to replace the damaged expansion joint. See **Attachment 1** for the Location Map.

### ***Project Milestone***

September 2022 – Replacement of compromised expansion joint

### **Policy**

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Metropolitan Water District Administrative Code Section 8122: Emergency Contracts

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

### **California Environmental Quality Act (CEQA)**

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#### **CEQA determination for Option #1:**

The proposed actions are statutorily exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed actions include the immediate emergency repair of an existing pipeline with the same purpose and capacity to maintain service essential to the public health, safety, or welfare. Alternatively, the proposed actions involve the installation of a new pipeline or maintenance, repair, restoration, removal, or demolition of an existing pipeline that does not exceed one mile in length. Accordingly, the proposed actions are statutorily exempt and

qualifies under an emergency and other exemption for pipeline work less than one mile in length (Section 15269(b) and 15262(k) of the State CEQA Guidelines).

**CEQA determination for Option #2:**

None required

**Board Options**

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**Option #1**

Determine that there is a need to continue the emergency action of executing a no-bid contract for construction of pipe joint repairs on the Upper Feeder. **(Requires four-fifths vote of the Board.)**

**Fiscal Impact:** Total cost for construction is currently unknown due to the structure of the emergency contract executed by the General Manager. All funds will be incurred in the current biennium and have been previously authorized. It is not anticipated that the addition of the project listed above to the CIP will increase CIP expenditures in the current biennium beyond those which have been previously approved by the Board.

**Business Analysis:** This project enhances delivery reliability to member agencies and reduces the risk of unplanned shutdowns of the Upper Feeder.

**Option #2**

Do not determine that there is a need to continue the emergency action.



**Fiscal Impact:** Unknown costs for work performed by the contractor to date

**Business Analysis:** This option would delay the replacement of the expansion joint. The delay would limit flow on the Upper Feeder and expose Metropolitan to a greater risk of pipe rupture, which would severely disrupt water deliveries to member agencies.

**Staff Recommendation**

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**Option #1**

 _____ John V. Bednarski Manager/Chief Engineer Engineering Services	7/21/2022 _____ Date
 _____ Adel Hagekhalil General Manager	7/27/2022 _____ Date

**Attachment 1 – Location Map**

Ref# es12691220





Engineering & Operations Committee

# Upper Feeder Expansion Joint Replacement

Item 7-2

August 15, 2022

## Upper Feeder Expansion Joint Replacement

### Current Action

- Authorize the continuation of an emergency contract executed by the General Manager  
**(Requires four-fifths vote of the Board)**

# Distribution System



# Upper Feeder – Santa Ana River Crossing

- Multi-span bridge with steel trusses & concrete piers
- 9'-8" ID steel pipe
- Pipeline design flow: 750 cfs
- Pipeline internal pressure: 200 psi
- Bellows expansion joint installed in 2018



# Upper Feeder Expansion Joint Replacement

## Bellows Expansion Joint Leak

- Discovered April 13, 2022
- Flow reduced
- Leak temporarily repaired April 21, 2022



## Upper Feeder Expansion Joint Replacement



## Bellows Expansion Joint Inspection

- Bellows joint compromised; to be replaced with slip-type expansion joint
- No crack growth since mid-May
  - monitoring weekly
- Forensic analysis of bellows failure ongoing

## Expansion Joint Replacement Urgency

- Current flow limited to 525 cfs
- Unplanned shutdown & catastrophic failure risk
- Upper Feeder needed to support new drought actions & operational shifts to save SPW
- Bellows joint to be replaced by Metropolitan-fabricated slip joint

## Upper Feeder Expansion Joint Replacement



Quagga Filters for  
Dewatering

## Upper Feeder Shutdown

- Planned start date: 9/6/22; Duration: 15 days
- CRW filtered prior to release to Santa Ana River
- Weymouth Treatment Plant to use 100% SPW during the shutdown
  - Approximately 1,000 AF/day (varies by demand)
- Member Agencies receiving water from Weymouth & Diemer have been asked to go to no outdoor watering during shutdown
- Metropolitan is coordinating with Member Agencies on outreach & messaging
  - Social media, earned media, & press releases

## Upper Feeder Expansion Joint Replacement

### Emergency Contract

- PCL is currently under an emergency time and materials contract to perform the work
  - Emergency declared June 8, 2022
  - GM awarded contract on June 28, 2022
  - Board authorized continuation of the emergency action to execute a no-bid contract for the expansion joint replacement on July 12, 2022
- Executed per Admin Code section 8122(b)
  - Monthly reporting to the Board required & continuation of contract activities determined by four-fifths vote
  - Board to ratify construction contract upon completion of construction activities

## Upper Feeder Expansion Joint Replacement

### Contractor Scope of Work

- Removal of bridge structural members & restraining cage for pipe access
- Removal of bellows joint
- Installation of new slip-type joint
- Reinstallation of bridge structural members & restraining cage

# Upper Feeder Expansion Joint Replacement

New Slip Joint Fabrication  
@ La Verne Shops



## Metropolitan Completed Activities

- ✓ Completed slip joint fabrication & installation design packages
- ✓ Installed 4-inch tap near expansion joint to facilitate construction
- ✓ Procured slip joint flanges, hardware & accessories
- ✓ Installed 6-inch dewatering valve
- ✓ Graded crane pad

## Metropolitan Ongoing Activities

- Complete fabrication and assembly of new slip-type expansion joint
- Install new 36-inch accessway

Clearing and Grading  
for Crane Pad



6-inch Valve  
Installation

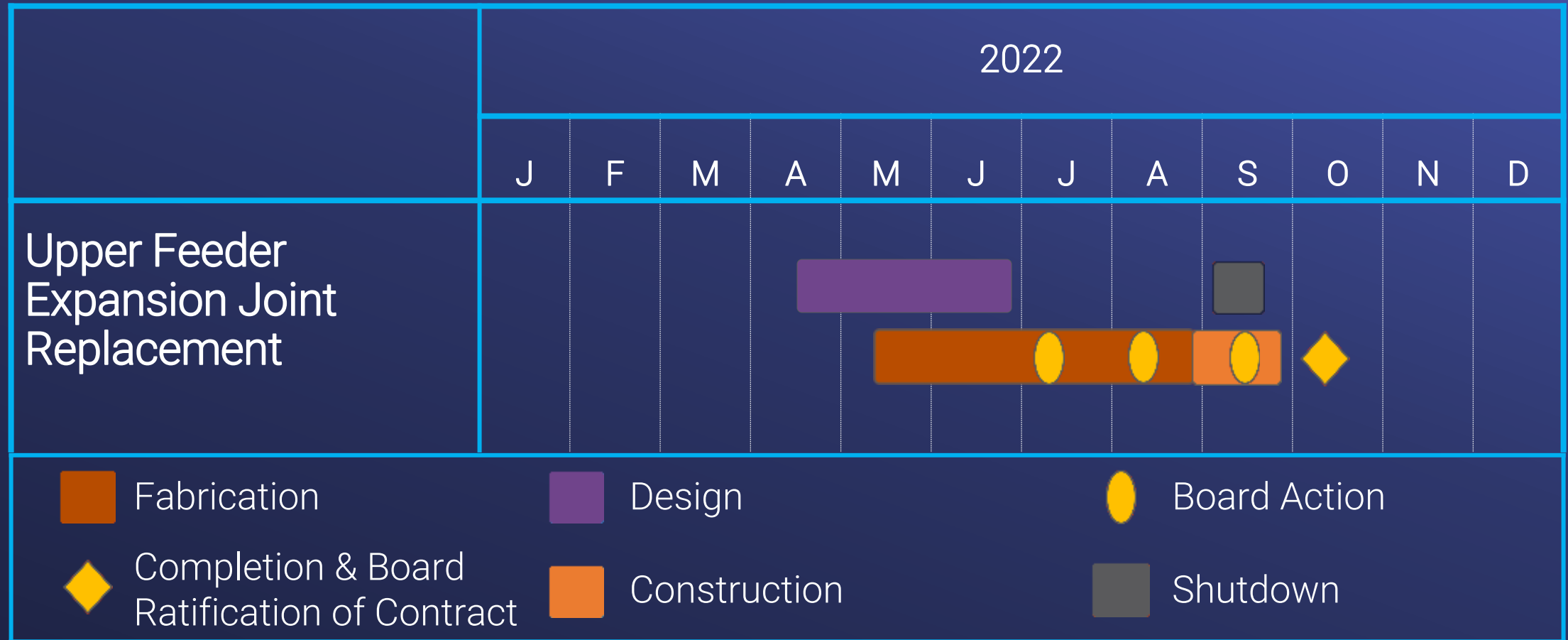


## Upper Feeder Expansion Joint Replacement

### Alternatives Considered

- Board terminates emergency contract and awards competitively bid contract
  - Delays planned shutdown and start of construction to December 2022
  - Costs already incurred
  - Increased risk of catastrophic failure
- Selected option
  - Continue emergency contract with PCL Construction
  - Estimated start of on-site construction – August 2022

# Project Schedule



# Board Options

- Option #1

Determine that there is a need to continue the emergency action of executing a no-bid contract for construction of pipe joint repairs on the Upper Feeder. **(Requires four-fifths vote of the Board.)**

- Option #2

Do not determine that there is a need to continue the emergency action.

# Staff Recommendation

- Option #1





● **Board of Directors**  
***Engineering and Operations Committee***

8/16/2022 Board Meeting

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**7-3**

**Subject**

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Authorize the following new agreements with: (1) Pure Technologies U.S. Inc. in an amount not to exceed \$7 million for inspection and monitoring services for prestressed concrete cylinder pipe; and (2) Brown and Caldwell in an amount not to exceed \$900,000 for preliminary design to rehabilitate the prestressed concrete cylinder pipe Calabasas Feeder; and authorize an increase of \$6 million to an existing agreement with HDR Engineering, Inc. for preliminary design to rehabilitate the Sepulveda Feeder; and adopt CEQA determination that the Calabasas Feeder and Sepulveda Feeder rehabilitation project was previously addressed in the certified 2017 Prestressed Concrete Cylinder Pipe Rehabilitation Program Final Programmatic Environmental Impact Report (This action is part of a series of projects that are being undertaken to improve the supply reliability for State Water Project dependent member agencies)

**Executive Summary**

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The Prestressed Concrete Cylinder Pipe (PCCP) Rehabilitation Program is a comprehensive, long-term effort to manage the rehabilitation of Metropolitan's PCCP feeders. This action authorizes a professional service agreement to provide inspection services for PCCP pipelines to enable monitoring and prioritization of PCCP rehabilitation work. This action also authorizes an engineering services agreement to complete preliminary design to rehabilitate the Calabasas Feeder, which consists entirely of PCCP, and authorizes an amendment to an existing consultant agreement to provide engineering design services to complete preliminary design to rehabilitate the PCCP and steel portions of the Sepulveda Feeder. The Sepulveda Feeder may play a key role in delivering Colorado River Water to the west side of Metropolitan's service area. As such, the design work for this scheduled rehabilitation effort is being advanced at the current time in anticipation of this future use.

**Details**

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**Background**

In response to several PCCP failures experienced within the water industry, Metropolitan's Board authorized the PCCP Rehabilitation Program in September 2011 to develop a comprehensive, long-term plan for replacement or relining of Metropolitan's at-risk PCCP lines. Metropolitan's strategy for maintaining PCCP reliability consists of four coordinated elements: (1) continued assessment and monitoring of PCCP lines; (2) monitoring of stray currents near PCCP lines and installation of cathodic protection as necessary; (3) near-term repair of PCCP segments as needed; and (4) long-term rehabilitation of priority pipelines. This action authorizes consultant services agreements related to the first and fourth of these PCCP reliability strategies.

Metropolitan currently inspects all 146.4 miles of the PCCP lines within its distribution system every three to seven years. The frequency is based on the condition and history of repairs for each pipeline and operational constraints. The intent of these inspections is to allow staff to proactively monitor the condition of the PCCP lines, identify changes to the pipelines' baseline condition, track prestressing wire breakage over time, and identify distressed PCCP segments. These inspections are a critical component of efforts to prioritize the order of PCCP sections to be relined. At present, electromagnetic inspection continues to be the industry's primary technique for identification of PCCP wire breaks.

Metropolitan has been performing systematic inspections of its PCCP lines since the 1990s. In August 2017, Metropolitan's Board authorized the fourth cycle of PCCP inspections since the inception of the PCCP

Rehabilitation Program. Data from this current cycle of inspections has been used to prioritize and schedule PCCP rehabilitation work, including the recently completed rehabilitations along the Second Lower Feeder and the Allen-McColloch Pipeline. A new cycle of inspections is needed to continue monitoring PCCP conditions and prioritize future rehabilitation work in accordance with the latest available data.

Previous assessments of Metropolitan's 27 PCCP feeders led to five lines being identified as priority lines to be addressed under the PCCP Rehabilitation Program. These priority pipelines include: (1) Allen-McColloch Pipeline; (2) Calabasas Feeder; (3) Rialto Pipeline; (4) Second Lower Feeder; and (5) Sepulveda Feeder. These five lines were selected based on the number of wire breaks, pipeline characteristics, and operating pressures. A proactive, long-term program to rehabilitate these five feeders has been incorporated into Metropolitan's Capital Investment Plan (CIP). This proactive approach begins with preliminary designs to rehabilitate these pipelines, including site investigations, construction sequence planning, and preliminary design drawings. This action authorizes engineering services agreements for preliminary designs for two of these at-risk PCCP pipelines, Calabasas Feeder and Sepulveda Feeder, as discussed below. Due to the current and potential future water supply challenges on the State Water Project, the schedule for relining the north portion of the Sepulveda Feeder has been advanced from its original timeline. This schedule advancement will support the potential future pumping of water from Metropolitan's Central Pool to State Water Project dependent agencies in the San Fernando Valley and Ventura County.

In accordance with the April 2022 action on the biennial budget for fiscal years 2022/23 and 2023/24, the General Manager will authorize staff to proceed with the actions described below, pending board award of the agreements. Based on the current CIP expenditure forecast, funds for the work to be performed pursuant to this action during the current biennium are available within the CIP Appropriation for Fiscal Years 2022/23 and 2023/24. These projects have been reviewed in accordance with Metropolitan's CIP prioritization criteria and were approved by Metropolitan's CIP Evaluation Team to be included in the PCCP Reliability Program.

### **Electromagnetic Pipeline Inspections and Assessments**

Planned activities for the electromagnetic inspections over the next five years include scheduling and coordinating pipeline shutdowns; conducting the electromagnetic inspections; conducting internal visual inspections; shutting down and dewatering the pipelines; returning the pipelines back to service; analyzing the inspection results; and preparing comprehensive inspection reports. The electromagnetic inspections will be performed by Pure Technologies U.S. Inc. (Pure Technologies), as discussed below. Metropolitan staff will conduct the remainder of the activities.

A total of \$9.1 million is required for this work. Funds to be allocated include \$7 million for the electromagnetic inspections by Pure Technologies; \$870,000 for internal visual inspections by Metropolitan forces; \$477,000 for shutdown planning and analysis of inspection results over the five-year period; \$200,000 for traffic control drawings; \$310,000 for local agency permitting and project management; and \$243,000 for remaining budget. Traffic control drawings required for local agency permitting will be performed by a specialty firm on an as-needed basis under the General Manager's administrative authority to award contracts of \$250,000 or less. See **Attachment 1** for the Allocation of Funds.

### **Pipeline Inspections (Pure Technologies) – New Agreement**

Pure Technologies is recommended to perform electromagnetic inspections of Metropolitan's 146.4 miles of PCCP pipelines. Pure Technologies was prequalified via Request for Qualifications No. 1313 and was selected based upon its demonstrated expertise in this area. The scope of work includes conducting electromagnetic testing of four to six PCCP pipelines per year (averaging 25 miles per year) over a five-year period. After each inspection, the results will be analyzed and compared with previous inspection results to determine the condition of the pipeline based on the number of prestressing wire breaks. The estimated cost for Pure Technologies to perform electromagnetic testing of 125 miles of Metropolitan's PCCP lines over the five-year timeframe is \$7 million.

This action authorizes an agreement with Pure Technologies, in an amount not to exceed \$7 million, to perform inspections and assessments of PCCP pipelines over a five-year timeframe. Based on the specialized nature of the work, Metropolitan did not establish a Small Business Enterprise (SBE) participation level for this agreement. The planned subconsultant for this work is American Rescue Concepts, LLC.

**Calabasas Feeder PCCP Rehabilitation – Preliminary Design**

The Calabasas Feeder extends from Chatsworth to the city of Calabasas and delivers treated water to a Las Virgenes Municipal Water District service connection. This 54-inch diameter PCCP line was constructed in 1975, is approximately 9 miles long, and operates at pressures up to 210 pounds per square inch (psi).

In January 2018, Metropolitan's Board authorized preliminary design to rehabilitate the entire length of the Calabasas Feeder. Metropolitan staff initiated this effort and performed assessments of design alternatives, hydraulic analyses, field investigations, utility research, field surveys, and identification of access portal locations. Consultant services are required to finalize preliminary design, identify construction phasing opportunities, prepare construction cost estimates, and complete the preliminary design report.

Planned activities for completion of preliminary design to rehabilitate PCCP portions of the Calabasas Feeder will focus on identifying construction reaches, identifying isolation locations, determining construction packaging and sequencing, locating, and evaluating pipe access sites, developing shutdown requirements, and evaluating construction impacts to the community. These considerations will be addressed in a comprehensive preliminary design report and are recommended to be performed by Brown and Caldwell, as discussed below.

A total of \$1.5 million is required for this work. Funds to be allocated include \$900,000 for engineering services by Brown and Caldwell; \$263,000 for technical review by Metropolitan staff; \$254,000 for project management and permitting; \$50,000 for value engineering; and \$33,000 for remaining budget. See **Attachment 1** for the Allocation of Funds.

**Engineering Services (Brown and Caldwell) – New Agreement**

Brown and Caldwell is recommended to perform preliminary design for PCCP rehabilitation of the Calabasas Feeder. Brown and Caldwell was selected through a competitive process via Request for Proposal No. 1312 based on the firm's staff expertise, technical approach and methodology, and cost proposal. The planned activities include evaluating information provided by Metropolitan staff, performing calculations, initiating permitting with local agencies, finalizing preliminary design-drawings, developing construction cost estimates, and preparing a preliminary design report.

This action authorizes an agreement with Brown and Caldwell in an amount not to exceed \$900,000 to perform preliminary design to rehabilitate the Calabasas Feeder. For this agreement, Metropolitan has established an SBE participation level of 25 percent. Brown and Caldwell has agreed to meet this level of participation. The planned subconsultants for this work are included in **Attachment 2**.

**Sepulveda Feeder North Reach - Preliminary Design**

The Sepulveda Feeder delivers treated water from the Jensen plant to an interconnection with the Second Lower Feeder in Torrance. This 84-inch to 150-inch diameter, 42-mile-long pipeline was installed in the early 1970s and operates at pressures up to 280 psi. Approximately 35 miles of the feeder is comprised of PCCP. The feeder crosses several freeways, roads, and flood control channels through urban areas of Los Angeles County, passing through areas of corrosive soils and crossing oil and gas pipelines with impressed current corrosion protection systems. Stray currents from cathodic protection systems and prestressed wire breaks are particularly concentrated in the southern 15 miles of the Sepulveda Feeder (South Reach), from Venice Pressure Control Structure (PCS) to the interconnection with the Second Lower Feeder.

In January 2018, Metropolitan's Board authorized preliminary design for Sepulveda Feeder PCCP Rehabilitation. A general preliminary design of the entire Sepulveda Feeder was completed in 2020, and a detailed preliminary design for the more at-risk South Reach was completed in 2021.

In February 2022, Metropolitan's Board authorized preliminary investigations for the West Area Water Supply Reliability Improvements. This project will evaluate the potential to develop two new pump stations along the Sepulveda Feeder (Westside Pump Stations) at the Venice PCS and the Sepulveda Canyon PCS. These pump stations would enable water deliveries north along Sepulveda Feeder, from Metropolitan's Central Pool to the West San Fernando Valley and Ventura County. Initial conclusions from the hydraulic analyses reveal that hydraulic pressures along 19.5 miles of the Sepulveda Feeder north of Venice PCS are likely to increase significantly, putting a greater strain on both existing PCCP and steel pipe sections. This conclusion has prompted a re-prioritization of PCCP rehabilitation work along the Sepulveda Feeder. Originally not planned

until later this decade, staff now recommends proceeding with a detailed evaluation and preliminary design for the northern 20-mile reach of the Sepulveda Feeder, including both steel and PCCP portions of the pipe and appurtenances. This proactive start of preliminary design will ensure that the Westside Pump Stations project does not result in adverse impacts to the Sepulveda Feeder, and that completion of the Westside Pump Stations would not be delayed by PCCP rehabilitation of the Sepulveda Feeder.

Planned activities include preliminary design and the preparation of a design report for the North Reach of the Sepulveda Feeder. Included in the design is the analysis of upgrades needed for the higher pressures if new pumping facilities are constructed for reverse pumping during drought conditions. The rehabilitation work will include relining or replacement of the pipeline, replacement of existing valves, flow meters, appurtenant structures and other work, and the addition of two new valves for seismic risk mitigation. The goal of the planned program is to restore the PCCP portion of the Sepulveda Feeder to a “like new” condition and to increase the structural integrity of the steel pipeline north of Venice PCS to withstand increased hydraulic pumping pressures.

A total of \$8.5 million is required for this work. Funds to be allocated include \$6 million for engineering services by HDR Engineering, Inc.; \$930,000 for surveying, mapping, and technical review by Metropolitan staff; \$120,000 for permit fees; \$150,000 for shutdown planning; \$523,000 for environmental planning, project controls, and project management; and \$777,000 for remaining budget. See **Attachment 1** for the allocation of funds.

#### **Preliminary Design Services (HDR Engineering, Inc.) – Agreement Amendment**

HDR Engineering, Inc. performed the preliminary design for the South Reach of the Sepulveda Feeder and the final design for the Sepulveda Feeder Reach 2 under board-authorized agreements. HDR is recommended to perform preliminary design services for the 19.5-mile northern portion of the Sepulveda Feeder based on their familiarity with the project and performance to date.

HDR Engineering, Inc. was selected through a competitive process via Request for Proposals No. 1168 based on the firm’s experience with PCCP and with large diameter pipelines, and specifically for their expertise in traffic control in dense urban settings and experience in permitting with multiple local agencies. The planned activities include preparation of a preliminary design report and associated drawings for the portion of the Sepulveda Feeder between the Jensen Water Treatment Plant and Venice PCS. The work will include evaluation of the steel portion of the pipeline between Venice PCS and the Santa Monica Feeder, and potential upgrade of previously lined PCCP sections needed to accommodate the higher pressures from the potential West Side Pump Station project.

This action authorizes an increase of \$6 million to the existing agreement with HDR Engineering, Inc. for a new not-to-exceed amount of \$12.5 million to provide engineering design services to rehabilitate PCCP portions of the Sepulveda Feeder. For this agreement, Metropolitan has established an SBE participation level of 25 percent. HDR Engineering, Inc. has agreed to meet this level of participation. The planned subconsultants for this work are included in **Attachment 2**.

#### **Alternatives Considered**

Alternatives considered for completing design activities for the PCCP Rehabilitation Program included assessing the availability of in-house Metropolitan staff to conduct this work. The PCCP Rehabilitation Program’s staffing strategy for utilizing consultants and in-house Metropolitan staff has been: (1) to assess current work assignments for in-house staff to determine the potential availability of staff to conduct this work; and (2) for long-term rehabilitation projects, when resource needs exceed available in-house staffing or require specialized technical expertise, typically staff uses project-specific professional services agreements in order to provide a concentrated engineering effort over an extended duration.

This strategy relies on the assumption that in-house engineering staff will handle the baseload of work on capital projects, while professional services agreements are selectively utilized to handle projects above this baseload or where specialized needs are required. This strategy allows Metropolitan’s staff to be strategically utilized on projects to best maintain key engineering competencies and to address projects with special needs or issues. After assessing the current workload for in-house staff and the relative priority of this project, staff recommends the use of a professional services agreement for the subject projects. This approach will allow for the completion of not

only these projects, but also other budgeted capital projects within their current schedules and ensure that the work is conducted in the most efficient manner possible.

### **Summary**

This action authorizes two new agreements and authorizes an amendment to an existing agreement related to the PCCP Rehabilitation Program with: (1) Pure Technologies U.S. Inc. in an amount not to exceed \$7 million to perform PCCP pipeline inspections and assessments; (2) Brown and Caldwell in an amount not to exceed \$900,000 to provide engineering services to rehabilitate PCCP portions of Calabasas Feeder; and (3) an amendment to an existing agreement with HDR Engineering, Inc. in an amount not to exceed \$12.5 million to provide engineering services to rehabilitate PCCP and steel portions of the Sepulveda Feeder. See **Attachment 1** for the Allocation of Funds, **Attachment 2** for a Listing of Subconsultants, and **Attachment 3** for the Location Map.

### ***Project Milestones***

September 2023 – Completion of preliminary design to rehabilitate Calabasas Feeder

September 2028 – Completion of the fifth round of PCCP inspections

December 2023 – Completion of preliminary design to rehabilitate the Sepulveda Feeder North Reach

### **Policy**

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

By Minute Item 48801, dated September 13, 2011, the Board authorized initiation of the PCCP Rehabilitation Program.

By Minute Item 50699, dated January 10, 2017, the Board certified the Final PEIR for the PCCP Rehabilitation Program, and approved the program for the Second Lower Feeder, Sepulveda Feeder, Calabasas Feeder, Rialto Pipeline, and AMP for the purposes of CEQA.

By Minute Item 50919, dated August 15, 2017, the Board authorized the fourth round of electromagnetic inspections of PCCP pipelines.

By Minute Item 51072, dated January 9, 2018, the Board authorized preliminary design to rehabilitate PCCP portions of Calabasas Feeder and Sepulveda Feeder.

By Minute Item 52703, dated February 8, 2022, the Board amended the current CIP to include planning and implementation of West Area Water Supply Reliability Improvements.

By Minute Item 52790, dated April 12, 2022, the Board appropriated a total of \$600 million for projects identified in the Capital Investment Plan for Fiscal Years 2022/23 and 2023/24.

### **California Environmental Quality Act (CEQA)**

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#### **CEQA determination for Option #1 and Option #2:**

The environmental effects from the design, construction, and operation of the proposed project were evaluated in the Prestressed Concrete Cylinder Pipe Rehabilitation Program Final Programmatic Environmental Impact Report (SCH No. 2014121055), which was certified by the Board on January 10, 2017. The Board also approved the Findings of Fact (Findings), the Statement of Overriding Considerations, the Mitigation Monitoring and Reporting Program, and the Program itself. The current actions authorize an increase to the maximum amount payable for an existing agreement and enter into new agreements related to the existing projects, and do not result in any changes to the approved program itself. Hence, the previous environmental documentation acted on by the Board in conjunction with the proposed action fully complies with CEQA and the State CEQA Guidelines. Accordingly, no further CEQA documentation is necessary for the Board to act on the proposed action.

**CEQA determination for Option #3:**

None required

**Board Options**

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**Option #1**

Adopt the CEQA determination that the Calabasas Feeder and Sepulveda Feeder rehabilitation projects were previously addressed in the certified 2017 Prestressed Concrete Cylinder Pipe Rehabilitation Program Final Programmatic Environmental Impact Report, and:

- a. Authorize an agreement with Pure Technologies U.S. Inc. in an amount not to exceed \$7 million to perform PCCP pipeline inspections.
- b. Authorize an agreement with Brown and Caldwell in an amount not to exceed \$900,000 to provide preliminary design engineering services to rehabilitate PCCP portions of Calabasas Feeder.
- c. Authorize a \$6 million increase to an agreement with HDR Engineering, Inc. for a new not-to-exceed amount of \$12.5 million to rehabilitate PCCP and steel portions of the Sepulveda Feeder.

**Fiscal Impact:** Expenditures of \$19.1 million in capital funds. Approximately \$13 million will be incurred in the current biennium and has been previously authorized. The remaining capital expenditures will be funded from future CIP budgets following board approval of those budgets.

**Business Analysis:** This option will advance Metropolitan's long-term plan to rehabilitate PCCP portions of Calabasas and Sepulveda Feeders. This option will also enhance the reliability of Metropolitan's other PCCP feeders and reduce the risk of costly urgent repairs.

**Option #2**

Adopt the CEQA determination that the Calabasas Feeder and Sepulveda Feeder rehabilitation projects were previously addressed in the certified 2017 Prestressed Concrete Cylinder Pipe Rehabilitation Program Final Programmatic Environmental Impact Report, and:

- a. Authorize an agreement with Pure Technologies U.S. Inc. in an amount not to exceed \$7 million to perform PCCP pipeline inspections.
- b. Do not authorize an agreement with Brown and Caldwell to provide engineering services to rehabilitate PCCP portions of Calabasas Feeder.
- c. Do not authorize an amendment to an agreement with HDR Engineering, Inc. to rehabilitate PCCP and steel portions of the Sepulveda Feeder.

**Fiscal Impact:** Expenditures of \$9.1 million in capital funds. Approximately \$3.5 million will be incurred in the current biennium and has been previously authorized. The remaining capital expenditures will be funded from future CIP budgets following board approval of those budgets.

**Business Analysis:** This option will generally enhance the reliability of Metropolitan's PCCP feeders and reduce the risk of costly urgent repairs. However, this option will forego an opportunity to specifically enhance reliability and extend the service life of Calabasas and Sepulveda Feeders. This option could lead to higher repair costs and unplanned shutdowns and outages and could also result in potential delays to the operation of West Side Pump Stations.

**Option #3**

Do not proceed with PCCP inspections or engineering work to rehabilitate Calabasas Feeder or Sepulveda Feeder at this time.


**Fiscal Impact:** None

**Business Analysis:** This option would reduce the monitoring of PCCP pipelines for potential deterioration and would defer PCCP rehabilitation of Calabasas and Sepulveda Feeders, potentially increasing the risk of pipeline failures due to PCCP deterioration. This option could also result in potential delays to the operation of West Side Pump Stations.

**Staff Recommendation**


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Option #1

  
\_\_\_\_\_  
John V. Bednarski  
Manager/Chief Engineer  
Engineering Services

7/28/2022

*Date*

  
\_\_\_\_\_  
Adel Hagekhalil  
General Manager

8/2/2022

*Date***Attachment 1 – Allocation of Funds****Attachment 2 – Listing of Subconsultants****Attachment 3 – Location Map**

Ref# ES12685020

### **Allocation of Funds for Electromagnetic Pipeline Inspection**

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	<b>Current Board Action (Aug. 2022)</b>
Labor	
Studies & Investigations	\$ 1,247,000
Final Design	-
Owner Costs (Program mgmt., envir. monitoring)	310,000
Submittals Review & Record Drwgs.	-
Construction Inspection & Support	-
Metropolitan Force Construction	-
Materials & Supplies	50,000
Incidental Expenses	50,000
Professional/Technical Services	-
Pure Technologies US, Inc.	7,000,000
Traffic controls consultant	200,000
Right-of-Way	-
Equipment Use	-
Contracts	-
Remaining Budget	243,000
<b>Total</b>	<b>\$ 9,100,000</b>

The total amount expended since 2011 for electromagnetic pipeline inspections is approximately \$9.6 million. The total estimated cost to complete three cycles of electromagnetic pipeline inspections, including the amount appropriated to date, funds allocated for the work described in this action is anticipated to range from \$18 million to \$19 million.

### **Allocation of Funds for Calabasas Feeder PCCP Rehabilitation**

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	<b>Current Board Action (Aug. 2022)</b>
Labor	
Studies & Investigations	\$ 263,000
Final Design	-
Owner Costs (Program mgmt., permitting)	254,000
Submittals Review & Record Drwgs.	-
Construction Inspection & Support	-
Metropolitan Force Construction	-
Materials & Supplies	-
Incidental Expenses	-
Professional/Technical Services	-
Brown and Caldwell	900,000
VE Consultant	50,000
Right-of-Way	-
Equipment Use	-
Contracts	-
Remaining Budget	33,000
<b>Total</b>	<b>\$ 1,500,000</b>

The total amount expended to date to rehabilitate PCCP on the Calabasas Feeder is approximately \$1.8 million. The total estimated cost to complete the rehabilitation of this pipeline, including the amount appropriated to date, funds allocated for the work described in this action, and future construction costs, is anticipated to range from \$122 million to \$142 million.

### Allocation of Funds for Sepulveda Feeder PCCP Rehabilitation

	<b>Current Board Action (Aug. 2022)</b>
Labor	
Studies & Investigations (survey, tech. oversight)	\$ 930,000
Final Design	-
Owner Costs (Program mgmt., envir. monitoring)	523,000
Submittals Review & Record Drwgs.	-
Construction Inspection & Support	150,000
Metropolitan Force Construction	-
Materials & Supplies	-
Incidental Expenses	120,000
Professional/Technical Services	-
HDR Engineering, Inc.	6,000,000
Right-of-Way	-
Equipment Use	-
Contracts	-
Remaining Budget	777,000
Total	<b>\$ 8,500,000</b>

The total amount expended to date to rehabilitate PCCP on the Sepulveda Feeder is approximately \$27.92 million. The total estimated cost to complete the rehabilitation of this pipeline, including the amount appropriated to date, funds allocated for the work described in this action, and future construction costs, is anticipated to range from \$700 million to \$800 million.

**The Metropolitan Water District of Southern California**  
**Subconsultants for Agreement with Brown and Caldwell**  
**Calabasas Feeder PCCP Rehabilitation**

<b>Subconsultant</b>
Boudreau Pipeline Corporation Corona, CA
Dewberry Long Beach, CA
DH Environmental Lake Forest, CA
DRP Engineering Monterey Park, CA
FPL & Associates Irvine, CA
Lettis Consultants International Valencia, CA
Ninyo & Moore Irvine, CA
Scott Foster Engineering La Canada, CA

**The Metropolitan Water District of Southern California**  
**Subconsultants for Agreement with HDR Engineering, Inc.**  
**Sepulveda Feeder PCCP Rehabilitation**

<b>Subconsultant</b>
Brierley Associates Corp. Denver, CO
C Below, Inc. Chino, CA
CDM Smith, Inc. Boston, MA
Cotton, Shires & Associates, Inc. Thousand Oaks, CA
DRP Engineering, Inc. Alhambra, CA
Henry H. Bardakjian Glendale, CA
KOA Corporation Monterey Park, CA
Scott Foster Engineering, Inc. La Canada Flintridge, CA
SC Solutions Sunnyvale, CA





Engineering & Operations Committee

# PCCP Inspections, Sepulveda and Calabasitas Feeders Rehabilitation

Item 7-3

August 15, 2022

# PCCP Inspections Calabasas and Sepulveda Feeders Rehabilitation

## Current Action

- Project 1 – Authorize an agreement with Pure Technologies U.S. Inc., in an amount not to exceed \$7 million for inspection & monitoring services for prestressed concrete cylinder pipe
- Project 2 – Authorize an agreement with Brown and Caldwell in an amount not to exceed \$900,000 for preliminary design to rehabilitate PCCP portions of Calabasas Feeder
- Project 3 – Authorize an increase of \$6 million to an existing agreement with HDR Engineering, Inc. to rehabilitate the Sepulveda Feeder
  - Part of a series of projects to improve supply reliability for SWP dependent member agencies

# Distribution System



## Background

### PCCP Reliability Management Strategy

- Regular inspections & monitoring
  - All PCCP / 5 to 7-year cycles
- Perform individual segment repairs as needed
  - No urgent repairs needed at this time
- Plan & execute long-term rehabilitation
  - Calabastas Feeder – Preliminary Design
  - Sepulveda Feeder – Preliminary Design

# PCCP Pipeline Inspections

## 1. Background

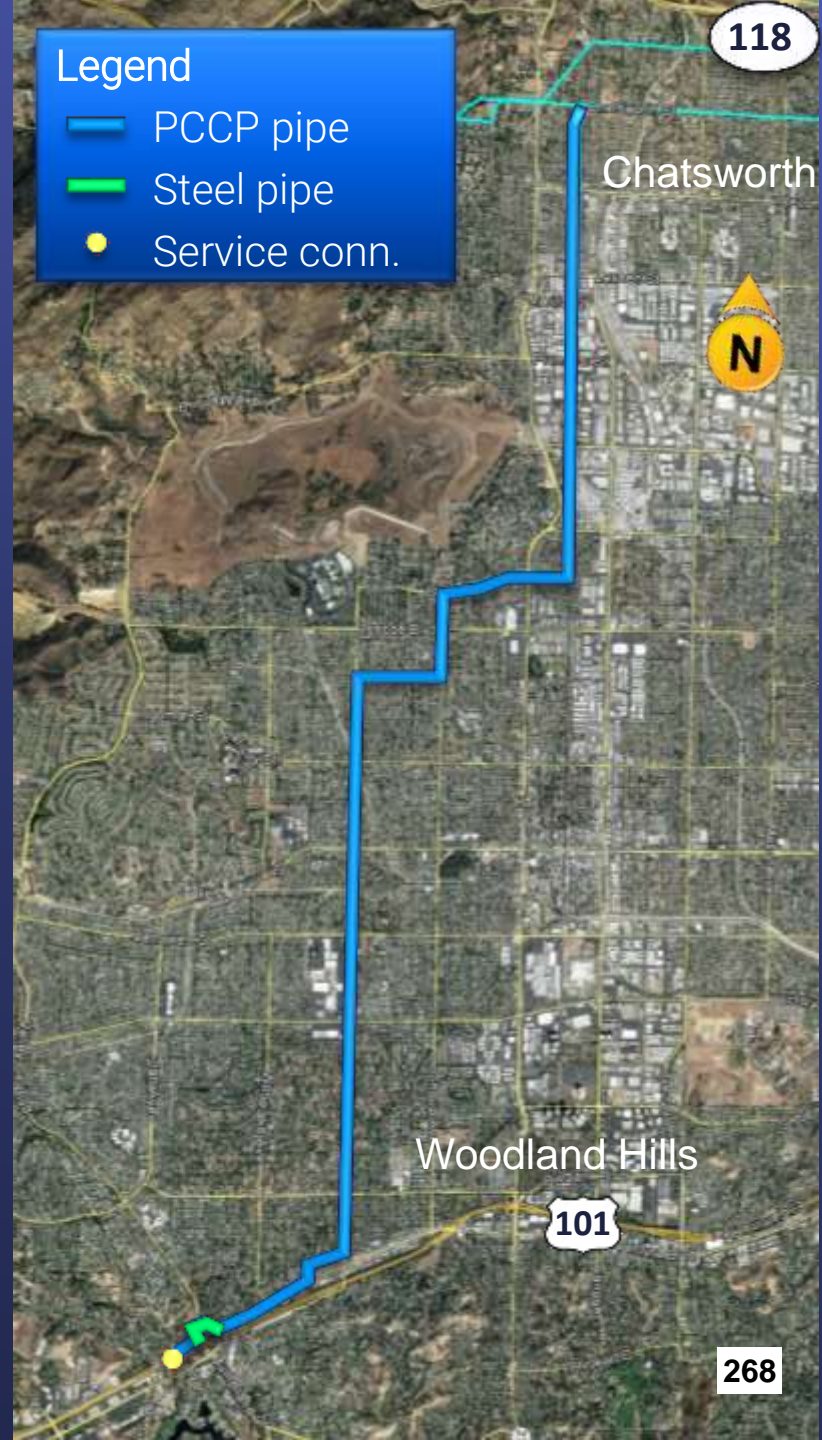
- Electromagnetic & visual inspections conducted annually
- 5 to 7-year inspection cycle
- 4 PCCP inspection cycles completed



Calabasas  
Feeder  
Preliminary  
Design

## 2. Background

- 54-inch diam., 9.3 miles long
- Constructed in 1975
- Delivers treated water to the cities of Agoura Hills, Calabasas, Hidden Hills, Westlake Village, & areas of unincorporated western Los Angeles County

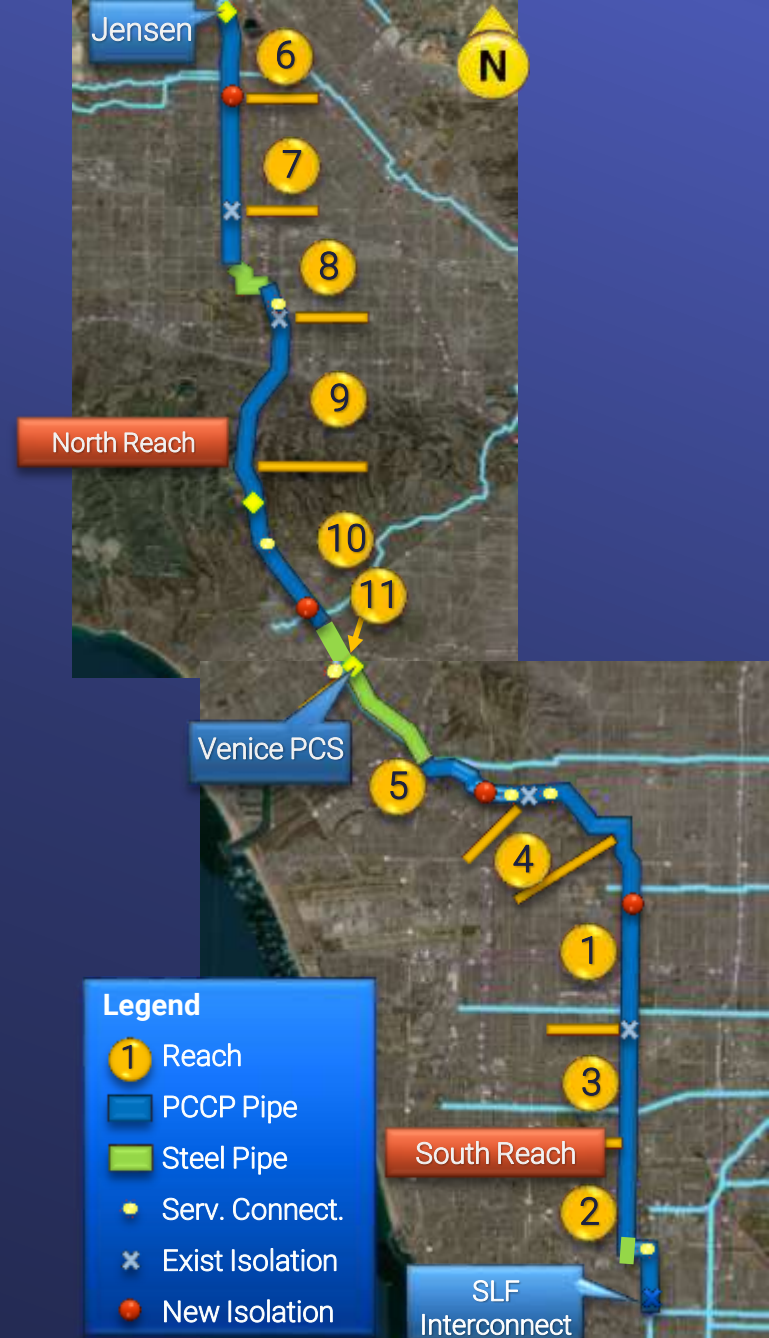


## Sepulveda Feeder - North Reach

## Preliminary Design

### 3. Background

- 84 to 150-inch diam. PCCP & welded steel pipe
- 42 miles long constructed in 1970s
- Crosses several freeways through urban areas
- Detailed Preliminary Design (PDR) for the more at-risk South Reach completed in 2021



### 3. Background – Sepulveda Feeder PCCP North Reach

- West Area Water Reliability Improvements studies authorized in Feb 2022
  - Deliver CRA Water to the west service area from the central pool
- Accelerate lining schedule to ensure feeder can sustain potential pressure increase from the Sepulveda Pump Stations
- Detailed PDR for the northern 19.5 miles required



## PCCP Inspections

### 1. New Agreement – Pure Technologies U.S. Inc.

- Prequalified under RFQ No. 1313
- Scope of work
  - Inspect 4 to 6 PCCP pipelines per year (averaging 25 miles per year)
  - Prepare reports
- NTE amount: \$7,000,000
- No SBE required

Calabasas  
Feeder

Preliminary  
Design

## 2. New Agreement – Brown and Caldwell

- Selected under RFP No. 1312
- Scope of work
  - Evaluate information provided by Metropolitan staff, perform calculations, initiate permitting with local agencies, develop construction cost estimates
  - Conduct preliminary design
  - Complete preliminary design drawings
- SBE participation level: 25%
- NTE amount: \$900,000

## Sepulveda Feeder - North Reach

### Preliminary Design

### 3. Agreement Amendment – HDR Engineering, Inc.

- Selected under RFP No. 1168
- Performed preliminary design for the South Reach
- Scope of Work
  - Preliminary design report & drawings
  - Evaluate previously lined PCCP & steel sections to accommodate higher pressure
  - Develop construction cost estimates
- SBE participation level: 25%
- Recommended increase to agreement: \$6 M
- New NTE amount: \$12.5 M

## Calabasas & Sepulveda

### Preliminary Design

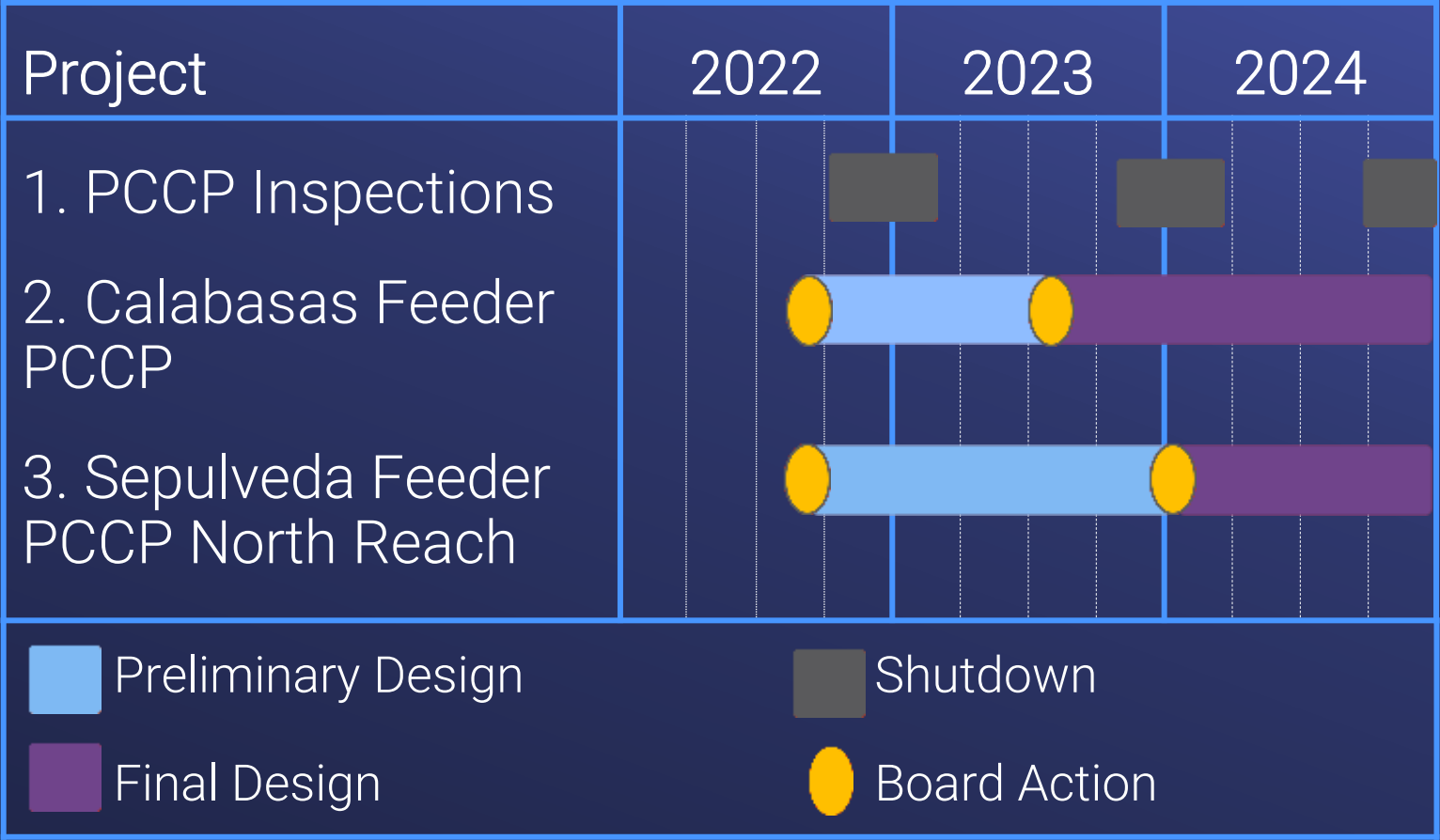
## 2. & 3. Metropolitan Scope

- Oversee consultant work
- Provide technical review
- Support environmental
- Permitting & PM

# Allocation of Funds

	<u>1. EM Inspections</u>	<u>2. Calabasitas Feeder</u>	<u>3. Sepulveda Feeder</u>
Metropolitan Labor			
Studies & Investigations	\$1,247,000	\$ 263,000	\$ 930,000
Program mgmt. & Envir. Support	310,000	254,000	523,000
Construction Support			150,000
Materials and Supplies	100,000		120,000
Professional Services			
Pure Technologies US, Inc.	7,000,000		
Traffic Controls Consultant	200,000		
Brown and Caldwell		900,000	
VE Consultant		50,000	
HDR Engineering, Inc.			6,000,000
Remaining Budget	243,000	33,000	777,000
	<b>Total</b>	<b>\$9,100,000</b>	<b>\$1,500,000</b>
			<b>\$8,500,000</b>

# Project Schedule



# Board Options

- Option #1

Adopt the CEQA determination that the Calabasas Feeder and Sepulveda Feeder rehabilitation projects were previously addressed in the certified 2017 Prestressed Concrete Cylinder Pipe Rehabilitation Program Final Programmatic Environmental Impact Report, and:

- a. Authorize an agreement with Pure Technologies U.S. Inc. in an amount not to exceed \$7 million to perform PCCP pipeline inspections.
- b. Authorize an agreement with Brown and Caldwell in an amount not to exceed \$900,000 to provide preliminary design engineering services to rehabilitate PCCP portions of Calabasas Feeder.
- c. Authorize a \$6 million increase to an agreement with HDR Engineering, Inc. for a new not-to-exceed amount of \$12.5 million to rehabilitate PCCP and steel portions of the Sepulveda Feeder.

# Board Options

- Option #2

Adopt the CEQA determination that the Calabastas Feeder and Sepulveda Feeder rehabilitation projects were previously addressed in the certified 2017 Prestressed Concrete Cylinder Pipe Rehabilitation Program Final Programmatic Environmental Impact Report, and:

- a. Authorize an agreement with Pure Technologies U.S. Inc. in an amount not to exceed \$7 million to perform PCCP pipeline inspections.
- b. Do not authorize an agreement with Brown and Caldwell to provide engineering services to rehabilitate PCCP portions of Calabastas Feeder.
- c. Do not authorize an agreement with HDR Engineering, Inc. to rehabilitate PCCP and steel portions of Sepulveda Feeder.

# Board Options

- Option #3

Do not proceed with PCCP inspections or engineering work to rehabilitate Calabastas Feeder or Sepulveda Feeder at this time.

# Staff Recommendation

- Option #1





● **Board of Directors**  
***Engineering and Operations Committee***

8/16/2022 Board Meeting

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**7-4**

**Subject**

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Authorize a professional services agreement with HDR Engineering, Inc. in an amount not to exceed \$1,300,000 for design of the Inland Feeder/San Bernardino Valley Municipal Water District Foothill Pump Station Intertie; the General Manager has determined the project to be exempt or otherwise not subject to CEQA (This action is part of a series of projects that are being undertaken to improve the supply reliability for State Water Project dependent member agencies)

**Executive Summary**

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The current state-wide drought and resulting low allocation of State Water Project (SWP) supplies by the California Department of Water Resources (DWR) have a direct impact on Metropolitan's ability to deliver water to the Rialto Pipeline service area. Expanding delivery of alternative supplies from Diamond Valley Lake (DVL) and possibly Colorado River water would benefit this area and would preserve limited SWP supplies for the West Branch SWP member agencies. This project is one of four associated projects which are currently underway to provide the ability to directly deliver water from DVL to the Rialto Pipeline through the Inland Feeder. This action authorizes a new agreement with HDR Engineering, Inc. for final design of the Inland Feeder/ San Bernardino Valley Municipal Water District Foothill Pump Station Intertie project.

**Details**

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The Rialto Pipeline, constructed in 1972, is approximately 30 miles long with a diameter ranging from 96 to 144 inches. It conveys untreated water from DWR's Lake Silverwood to Metropolitan's Live Oak Reservoir in La Verne. Under normal conditions, the Rialto Pipeline relies on raw water deliveries from the East Branch of the SWP via DWR's Devil Canyon Afterbay. Member agencies with service connections on the Rialto Pipeline include the Inland Empire Utilities Agency, Three Valleys Municipal Water District, and the Upper San Gabriel Valley Municipal Water District.

Metropolitan's DVL provides emergency storage in the event of a major earthquake, carryover storage as a reserve for drought conditions, and seasonal storage to meet annual member agency demands. DVL is Metropolitan's largest reservoir, with a maximum storage capacity of 810,000 acre-feet. At this time, the Rialto Pipeline cannot access the water stored in DVL due to infrastructure and operational constraints.

In December 2021, the Board amended the Capital Investment Plan (CIP) for fiscal years 2020/2021 and 2021/2022 to include Rialto Pipeline water supply reliability improvements, which allow deliveries from DVL to the Rialto Pipeline. These reliability improvements consist of four separate projects: Wadsworth Pumping Plant Bypass Pipeline, Inland Feeder/Rialto Pipeline Intertie, Inland Feeder – Badlands Tunnel Surge Protection, and Inland Feeder/San Bernardino Valley Municipal Water District (SBVMWD) Foothill Pump Station Intertie. Together, these incremental infrastructure improvements will greatly increase operational flexibility and enhance the ability to move water from DVL, and potentially the Colorado River Aqueduct, into the Rialto Pipeline. In times of drought, operation of Metropolitan's system with these improvements will also allow for limited SWP supplies to be directed to West Branch SWP member agencies.

The Inland Feeder/Foothill Pump Station Intertie is an important component of this four-project effort. Without this project, the Rialto Pipeline water supply reliability benefits would be limited to a series of low-volume water exchanges between Metropolitan and SBVMWD. The Foothill Pump Station is located in the city of Highland

and is connected to SBVMWD's Foothill Pipeline, which usually delivers water for groundwater recharge during high SWP supplies and is therefore available in times of drought. This pump station will provide the lift needed to permit the direct delivery of approximately 107 cubic feet per second (cfs) from DVL to the Rialto Pipeline. A possible future phase could include construction of an additional 250 horsepower pump system which would increase the pumping capacity to approximately 120 cfs. Preliminary design of the initial phase is now complete, and staff recommends proceeding with final design.

In accordance with the April 2022 action on the biennial budget for fiscal years 2022/23 and 2023/24, the General Manager will authorize staff to proceed with the actions described below, pending board award of the design services agreement described below. Based on the current CIP expenditure forecast, funds for the work to be performed pursuant to this action during the current biennium are available within the Capital Investment Plan Appropriation for Fiscal Years 2022/23 and 2023/24. This project has been included in the System Flexibility and Supply Reliability Program of the CIP.

### **Inland Feeder/SBVMWD Foothill Pump Station Intertie – Final Design**

The planned improvement includes pipeline interties and valve installations to connect Metropolitan's Inland Feeder to the existing in-line booster pumps at the Foothill Pump Station. Specific project components include construction of 450 feet of 54-inch bypass supply pipe; 800 feet of 54-inch bypass discharge line; isolation valves; temporary spool pieces and bulkheads; vaults to support the new valves; surge tanks to mitigate hydraulic surges; and associated electrical, instrumentation, piping system, and appurtenance to support the new equipment.

The final design phase activities will be conducted through a professional service agreement and Metropolitan staff. Planned consultant activities are described in further detail below. Metropolitan staff will perform detailed design of instrumentation and control systems, design review, hydraulics analysis, geotechnical support, consultant oversight, environmental support, and project management.

A total of \$2.05 million is required for this work. Allocated funds include a total of \$1,300,000 for final design activities by HDR Engineering, Inc. (HDR) under a new agreement as described below. Allocated funds for Metropolitan staff activities include \$384,000 for detailed design as described above and review of consultant's work; \$181,000 for environmental documentation, regulatory agency coordination, right-of-way support, project management, and project controls; and \$185,000 for remaining budget.

As described below, final design will be performed by HDR and Metropolitan staff. Engineering Services' performance metric target range for final design with construction greater than \$3 million is 9 to 12 percent. For this project, the performance metric goal for final design is 10.5 percent of the total construction costs. Currently, the cost of future construction is estimated to range from \$16 million to \$18 million. **Attachment 1** provides the allocation of the required funds.

### **Final Design Services (HDR Engineering, Inc.) – New Agreement**

HDR is recommended to provide engineering services for the design of the Inland Feeder/Foothill Pump Station Intertie. HDR was prequalified via Request for Qualifications No. 1215 and performed the preliminary design under an existing board-authorized agreement. To allow for the expedited completion of design and construction, and to facilitate aligning this project's schedule with the other three related projects for the Rialto Pipeline water supply reliability improvements, staff recommends that HDR perform the final design.

The planned activities for HDR include preparation of detailed calculations and design, production of plans and specifications, participation in value engineering workshops, development of the engineer's estimate, and performing bid phase assistance.

This action authorizes an agreement with HDR for a not-to-exceed amount of \$1,300,000 to provide engineering design services for the Inland Feeder/Foothill Pump Station Intertie. For this agreement, Metropolitan has established a Small Business Enterprise participation level of 13 percent. HDR has agreed to meet this level of participation. The planned subconsultant for this work is DRP Engineering, Inc.

### **Alternatives Considered**

Several alternatives were considered to perform final design of the Inland Feeder/Foothill Pump Station Intertie, including utilizing in-house Metropolitan staff to perform all work components. Metropolitan's staffing strategy

for in-house Metropolitan staff has been: (1) to assess current work assignments for said staff and to determine the potential availability of staff to conduct this work; and (2) to use project-specific professional services agreements when resource needs exceed available in-house staffing or require specialized technical expertise in order to provide a concentrated engineering effort over an extended duration.

This strategy relies on the assumption that in-house engineering staff will handle the baseload of work on capital projects, while professional services agreements are selectively utilized to handle projects above this baseload or where specialized needs are required. This strategy allows Metropolitan's staff to be strategically utilized on projects to best maintain key engineering competencies and to address projects with special needs or issues.

After assessing the current workload for in-house staff, required expertise, and the relative priority of this project, staff has determined that insufficient engineering staff is available to ensure completion of the work in a timely manner. Staff recommends utilizing a consultant to perform final design work, and Metropolitan staff will provide needed site support and perform project reviews and oversight. This approach will allow for completion of not only this project, but also other budgeted capital projects within their current schedules and ensure that the work is conducted in the most efficient manner possible.

### **Summary**

This action authorizes an agreement with HDR Engineering, Inc. for a not-to-exceed amount of \$1,300,000 to provide engineering services for final design of the Inland Feeder/Foothill Pump Station Intertie. See **Attachment 1** for the Allocation of Funds and **Attachment 2** for the Location Map.

### ***Project Milestones***

October 2022 – Complete final design of Inland Feeder/Foothill Pump Station Intertie

February 2023 – Board action to award contract for the Inland Feeder/Foothill Pump Station Intertie

### **Policy**

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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

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

### **California Environmental Quality Act (CEQA)**

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#### **CEQA determination for Option #1:**

The proposed action is exempt under Section 15262 of the State CEQA Guidelines because it involves planning studies for possible future actions which the agency, board, or commission has not approved, adopted, or funded.

#### **CEQA determination for Option #2:**

None required

## Board Options

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### Option #1

Authorize an agreement with HDR Engineering, Inc. for a not-to-exceed amount of \$1,300,000 for final design of the Inland Feeder/Foothill Pump Station Intertie.

**Fiscal Impact:** Expenditure of \$2.05 million in capital funds. All expenditures will be incurred in the current biennium and have been previously authorized.

**Business Analysis:** This option will improve water supply reliability in the Rialto Pipeline service area.

### Option #2

Do not proceed with the project at this time.

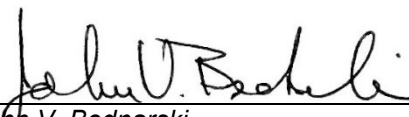

**Fiscal Impact:** None

**Business Analysis:** This option would forego the opportunity to improve the reliability of service to those member agencies with connections to the Rialto Feeder.

## Staff Recommendation

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### Option #1

 _____ John V. Bednarski Manager/Chief Engineer Engineering Services	7/21/2022 _____ Date
 _____ Adel Hagekhalil General Manager	7/29/2022 _____ Date

**Attachment 1 – Allocation of Funds**

**Attachment 2 – Location Map**

Ref# es12688805

### Allocation of Funds for Inland Feeder/SBVMWD Foothill Pump Station Intertie

	<b>Current Board Action</b>
	<b>(Aug. 2022)</b>
Labor	
Studies & Investigations	\$ -
Final Design	384,000
Owner Costs (Program mgmt., envir. review)	181,000
Submittals Review & Record Drwgs.	-
Construction Inspection & Support	-
Metropolitan Force Construction	-
Materials & Supplies	-
Incidental Expenses	-
Professional/Technical Services	-
HDR Engineering, Inc.	1,300,000
Right-of-Way	-
Equipment Use	-
Contracts	-
Remaining Budget	185,000
<b>Total</b>	<b><u>\$ 2,050,000</u></b>

The total amount expended to date for the design of Inland Feeder/SBVMWD Foothill Pump Station Intertie is approximately \$290,000. The total estimated cost to complete this project, including the amount appropriated to date, funds allocated for the work described in this action, and future construction costs, is anticipated to range from \$18.6 million to \$20.6 million.





Engineering & Operations Committee

# Foothill Pump Station Intertie

Item 7-4

August 15, 2022

## Foothill Pump Station Intertie

### Current Action

- Authorize a professional services agreement with HDR Engineering, Inc. in an amount not to exceed \$1,300,000 for design of the Inland Feeder/San Bernardino Valley Municipal Water District Foothill Pump Station Intertie
- Part of a series of projects to improve supply reliability for SWP dependent member agencies

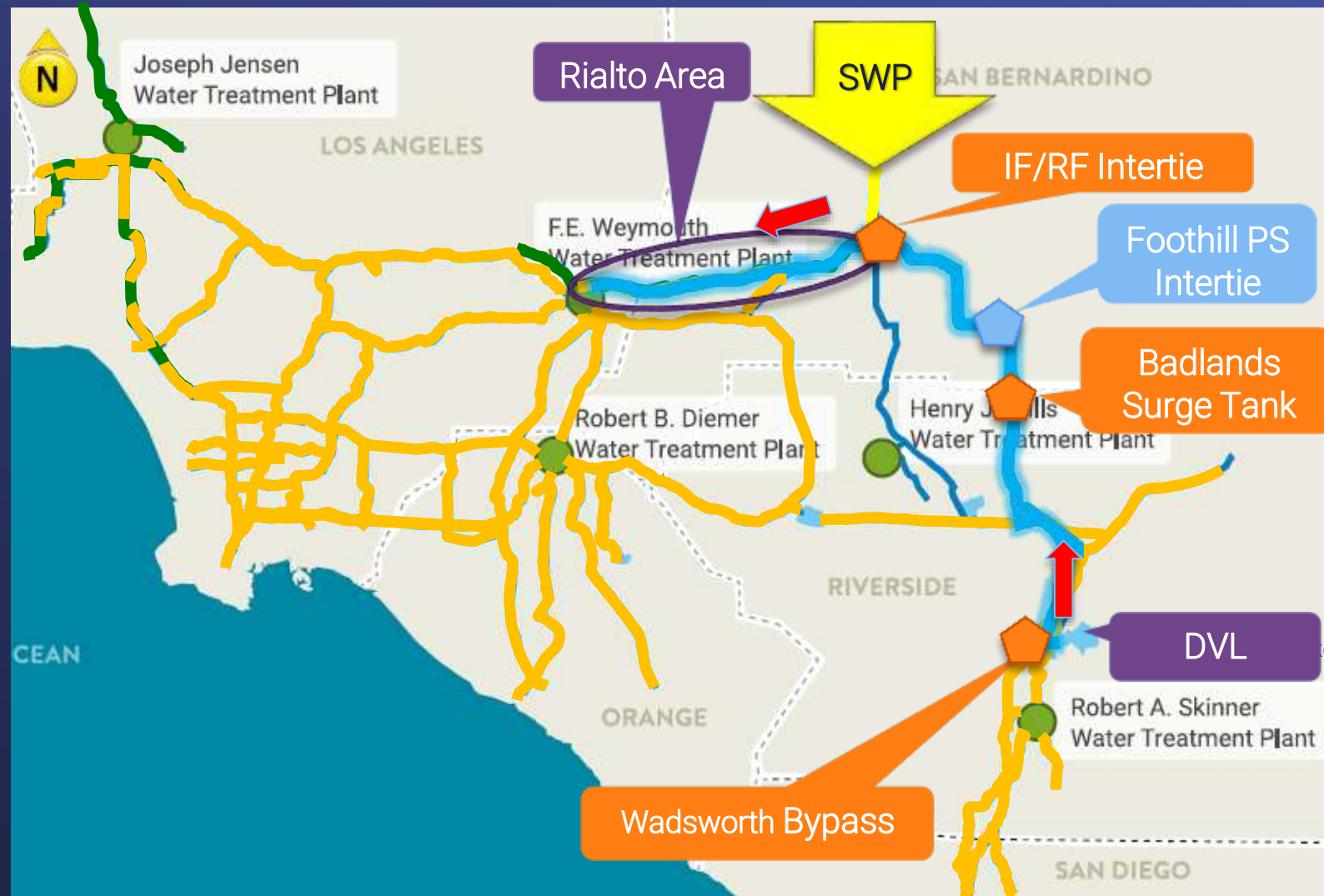
# Background – On-going Water Supply Reliability Improvements

- Programs initiated to improve supply reliability of State Water Project dependent areas



# Background-Rialto Area Water Supply Reliability Improvements

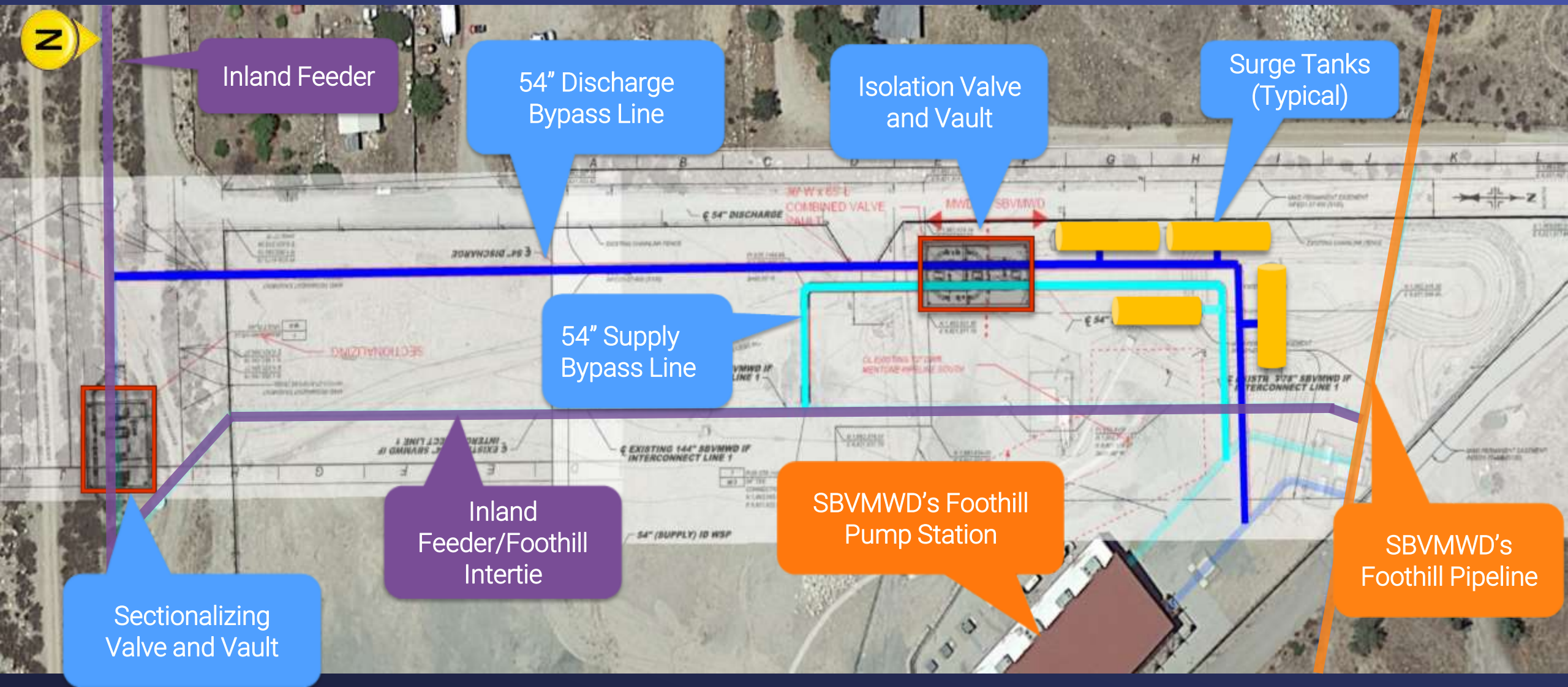
- Foothill Pump Station Intertie
  - 1 of 4 projects to deliver water from DVL to Rialto Pipeline via the Inland Feeder
  - Provides lift needed to deliver up to 107 cfs



# Existing Site Infrastructure



# Planned Work



## Foothill Pump Station Intertie

### Final Design

## Alternatives Considered

- Utilize in-house Metropolitan staff to perform all work components
  - Assess current staff workload & availability
  - Use project-specific professional services agreements as required
- Selected Option
  - Utilize hybrid approach with consultant and Metropolitan staff jointly perform design

## Foothill Pump Station Intertie

### Final Design

## HDR Agreement

- Prequalified via Request for Qualifications No. 1215
  - Completed project's preliminary design
- SBE participation level: 13%
- NTE amount: \$1,300,000
- Scope of work
  - Prepare detailed calculations & design
  - Produce plans & specifications
  - Participate in value engineering workshops
  - Develop engineer's estimate
  - Perform bid phase assistance

## Foothill Pump Station Intertie

### Final Design

## Metropolitan Scope

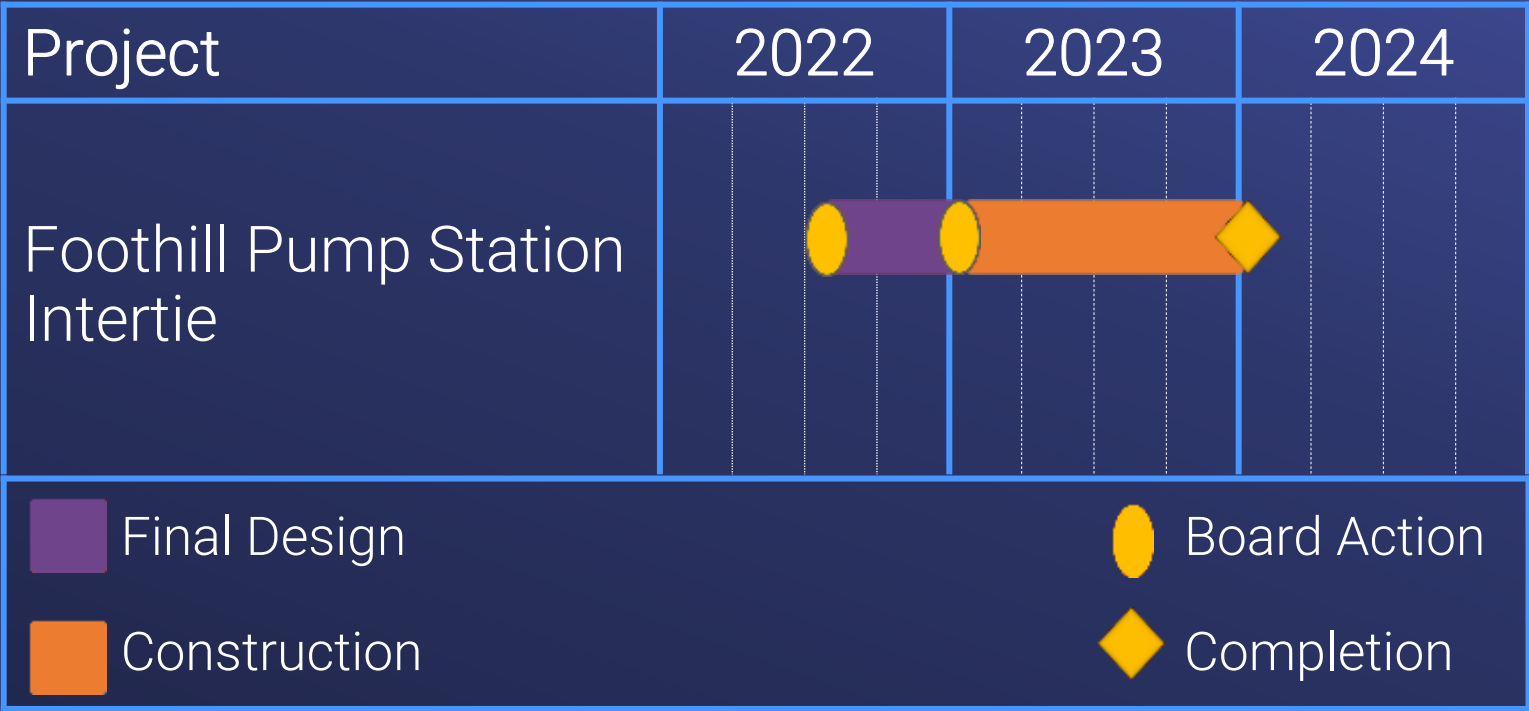
- Prepare detailed design of instrumentation & control systems
- Review consultant design
- Perform hydraulic analysis
- Support geotechnical investigation & analysis
- Provide consultant oversight, environmental support & project management

# Allocation of Funds

## Foothill Pump Station Intertie

Metropolitan Labor	
Final Design	\$ 384,000
Program mgmt., contract admin. & envir. support	181,000
Professional Services	
HDR Engineering, Inc.	1,300,000
Remaining Budget	185,000
<hr/>	
Total	\$2,050,000

# Project Schedule



# Board Options

- Option #1

Authorize an agreement with HDR Engineering, Inc. for a not-to-exceed amount of \$1,300,000 for final design of the Inland Feeder/Foothill Pump Station Intertie.

- Option #2

Do not proceed with the project at this time.

# Staff Recommendation

- Option #1





● **Board of Directors**  
***Engineering and Operations Committee***

8/16/2022 Board Meeting

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**7-5**

**Subject**

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Award a \$5,647,405 procurement contract to Sojitz Machinery Corporation of America for three 84-inch diameter butterfly valves to be installed as part of water supply reliability improvements in the Rialto Pipeline service area; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (This action is part of a series of projects that are being undertaken to improve the supply reliability for State Water Project dependent member agencies)

**Executive Summary**

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The current state-wide drought and resulting low allocation of State Water Project (SWP) supplies by the California Department of Water Resources (DWR) have a direct impact on Metropolitan's ability to deliver these supplies to the Rialto Pipeline service area. The provision of infrastructure additions to Metropolitan's system in this region will expand the potential to deliver alternative supplies from Diamond Valley Lake (DVL), and possibly the Colorado River Aqueduct (CRA), into the Rialto Pipeline. This alternative supply delivery approach will directly benefit this portion of the service area and will allow limited SWP supplies to be reallocated to West Branch SWP member agencies. This action awards a procurement contract for large-diameter butterfly valves. These valves will be installed in support of planned infrastructure improvements at multiple locations on the Inland Feeder and at DVL as part of upcoming construction contracts to enhance operational flexibility to deliver water from DVL, and potentially the CRA, to member agencies that are currently dependent on supplies from the SWP.

**Details**

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**Background**

The Rialto Pipeline, constructed in 1972, is approximately 30 miles long with a diameter ranging from 96 inches to 144 inches. It conveys untreated water from DWR's Lake Silverwood to Metropolitan's Live Oak Reservoir in La Verne. Under normal conditions, the Rialto Pipeline relies on raw water deliveries from the East Branch of the SWP via DWR's Devil Canyon Afterbay. Member agencies with service connections on the Rialto Pipeline include the Inland Empire Utilities Agency, Three Valleys Municipal Water District, and the Upper San Gabriel Valley Municipal Water District.

Metropolitan's DVL provides emergency storage in the event of a major earthquake, carryover storage as a reserve for drought conditions, and seasonal storage to meet annual member agency demands. DVL is Metropolitan's largest reservoir, with a maximum storage capacity of 810,000 acre-feet. At this time, the Rialto Pipeline is unable to access the water stored in DVL due to infrastructure and operational constraints and hydraulic limitations.

In December 2021, the Board authorized amending the Capital Investment Plan (CIP) to include the water supply reliability improvements in the Rialto Pipeline service area. The improvements are being implemented in a staged approach. Stage 1 includes the Wadsworth Pumping Plant bypass pipeline, the Inland Feeder/Rialto Pipeline intertie, and the Inland Feeder Badlands Tunnel Surge Protection Facility. These infrastructure modifications will allow for the delivery of up to 60 cubic feet per second (cfs) from DVL to the Rialto Pipeline service area. Stage 2 of the improvements program includes making connections between the Inland Feeder and a San Bernardino Valley Municipal Water District pump station near the city of Highland. When both phases of the

Rialto Pipeline Water Supply Reliability Improvements are completed, up to 120 cfs of DVL water can be delivered to the Rialto Pipeline. These incremental infrastructure improvements, coupled with existing infrastructure, would significantly increase operational flexibility and enhance the water supply availability to member agencies with service connections on the Rialto Pipeline. This alternative supply delivery approach will directly benefit West Branch SWP member agencies by allowing limited SWP supplies to be reallocated to the West Branch of the SWP.

The implementation of the Stage 1 projects consists of pipe connections between existing Metropolitan pipelines, with bulkheads and spool pieces to isolate and direct flows. Design activities for these improvements are currently underway and are scheduled to be completed by the end of 2022. Construction of the new infrastructure is anticipated to be completed by late 2023. Large-diameter butterfly valves, which are the subject of this action, are included in these three projects to improve operational flexibility. Staff recommends moving forward with valve procurement at this time since the valves have a long fabrication and delivery cycle. Staff will return to the Board at a later date to award construction contracts for installation of these valves.

In accordance with the April 2022 action on the biennial budget for fiscal years 2022/23 and 2023/24, the General Manager will authorize staff to proceed with the procurement of the valves to improve the water supply reliability of the Rialto Pipeline, pending board award of the procurement contract described below. Based on the current CIP expenditure forecast, funds for the work to be performed pursuant to the subject contracts during the current biennium are available within the CIP Appropriation for Fiscal Years 2022/23 and 2023/24 (Appropriation No. 15488). This project has been reviewed in accordance with Metropolitan's CIP prioritization criteria and was approved by Metropolitan's CIP evaluation team to be included in the Supply Reliability Program.

### **Rialto Pipeline Water Supply Improvements – Procurement**

The scope of the procurement contract includes furnishing three 84-inch diameter butterfly valves, associated fittings, and accessories. Metropolitan forces will receive, offload, and place the valves in storage at the Wadsworth Pumping Plant.

A total of \$6,200,000 is required to perform this work. In addition to the amount of the contract, the allocated funds include \$132,000 for factory fabrication inspection and functional testing; \$33,000 for Metropolitan forces for activities described above; \$63,000 for submittals review, technical support, and responding to manufacturer requests for information; \$90,000 for contract administration and project management; and \$234,595 for remaining budget.

**Attachment 1** provides the allocation of required funds. The total estimated cost to complete the Rialto Pipeline Water Supply Improvement Project, including the amount appropriated to date, funds allocated for the work described in this action, and all future actions, is expected to range between \$41 million and \$45 million.

### ***Award of Procurement Contract (Sojitz Machinery Corporation of America )***

Specifications No. 2022 for furnishing butterfly valves for Rialto Pipeline Water Supply Improvement projects was advertised for bids on April 5, 2022. As shown in **Attachment 2**, two bids were received and opened on June 28, 2022. The bid from Anderson Supply Co. was deemed to be non-responsive due to exceptions taken by the bidder. The bid from Sojitz Machinery Corporation of America in the amount of \$5,647,405 complies with the requirements of the specifications. This amount includes all sales and use taxes imposed by the State of California. The budgetary estimate for this material, based on a survey of vendors, ranged from \$5 million to \$5.5 million. As a procurement contract, there are no subcontracting opportunities.

This action awards a \$5,647,405 procurement contract to Sojitz Machinery Corporation of America to furnish three 84-inch diameter butterfly valves to improve the water supply reliability of the Rialto Pipeline.

### **Alternatives Considered**

During the planning phase of this project, staff considered using different types of valves for isolation, such as conical plug and spherical ball valves. These valves are robust and have a full port opening, thereby reducing pressure losses. However, these valves are larger, expensive, and take longer to fabricate. The much larger size of either the conical plug or spherical ball valve, and the actuator needed to operate the valve, would also result in a significantly larger structure to house the valve, increasing construction costs. These types of valves are utilized in situations where the valve controls the flow, or loss of pressure across the valve is an issue. In the current

application, where the valve is used solely for isolation, open or closed, and pressure losses are not an issue, butterfly valves are more appropriate and cost-effective. The recommended action allows Metropolitan to procure the valves needed for isolation in a timely and cost-effective manner.

### Summary

This action awards a \$5,647,405 procurement contract to Sojitz Machinery Corporation of America to furnish three 84-inch diameter butterfly valves to improve the water supply reliability of the Rialto Pipeline. See **Attachment 1** for the Allocation of Funds, **Attachment 2** for the Abstract of Bids, and **Attachment 3** for the Location Map.

### Project Milestone

June 2024 – Completion of valve fabrication and delivery

### Policy

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

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Metropolitan Water District Administrative Code Section 8140: Competitive Procurement

By Minute Item 52626, dated December 14, 2021, the Board amended the CIP to include projects to improve water supply reliability in the Rialto Pipeline service area.

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

### California Environmental Quality Act (CEQA)

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#### CEQA determination for Option #1:

The proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines because it involves the funding, design, minor alterations, and replacement of existing public facilities with negligible or no expansion of use and no possibility of significantly impacting the physical environment. Accordingly, the proposed action qualifies under Class 1 and Class 2 Categorical Exemptions (Sections 15301 and 15302 of the State CEQA Guidelines).

#### CEQA determination for Option #2:

None required

### Board Options

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#### Option #1

Award a \$5,647,405 contract to Sojitz Machinery Corporation of America to furnish three 84-inch diameter butterfly valves to improve the water supply reliability of the Rialto Pipeline.

**Fiscal Impact:** Expenditure of \$5.97 million in capital funds. Approximately \$275,000 will be incurred in the current fiscal biennium and has been previously authorized.

**Business Analysis:** This option will improve the operational reliability of water deliveries to member agencies with connections to the Rialto Pipeline.

#### Option #2

Do not proceed with this project at this time.

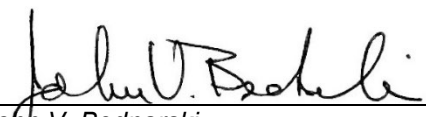
**Fiscal Impact:** None

**Business Analysis:** This option would forego improving the reliability of service to those member agencies with connections to the Rialto Pipeline.

**Staff Recommendation**

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Option # 1




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John V. Bednarski  
Manager/Chief Engineer  
Engineering Services

7/21/2022

Date



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Adel Hagekhalil  
General Manager

7/27/2022

Date

**Attachment 1 – Allocation of Funds****Attachment 2 – Abstract of Bids****Attachment 3 – Location Map**

Ref# es12686329

### Allocation of Funds for Rialto Pipeline Water Supply Improvements

	<b>Current Board Action (Aug. 2022)</b>
Labor	
Studies & Investigations	\$ -
Final Design	-
Owner Costs (Program mgmt.)	90,000
Support during construction & testing	-
Submittals Review & Record Drwgs.	63,000
Construction Inspection & Support	132,000
Force Construction	33,000
Materials & Supplies	-
Incidental Expenses	-
Professional/Technical Services	-
Right-of-Way	-
Equipment Use	-
Contracts	
Sojitz Machinery Corporation of America	5,647,405
Remaining Budget	234,595
<b>Total</b>	<b>\$ 6,200,000</b>

The total amount expended to date on the Rialto Pipeline Water Supply Improvement project is approximately \$2,700,000. The total estimated cost to complete this project, including the amount appropriated to date, funds allocated for the work described in this action, and all future actions, is expected to range between \$41 million and \$45 million.

**The Metropolitan Water District of Southern California****Abstract of Bids Received on June 28, 2022 at 2:00 P.M.****Specifications No. 2022  
Rialto Pipeline Water Supply Improvements**

The work consists of procuring three 84-inch diameter butterfly valves to be installed as part of water supply reliability improvements in the Rialto Pipeline service area.

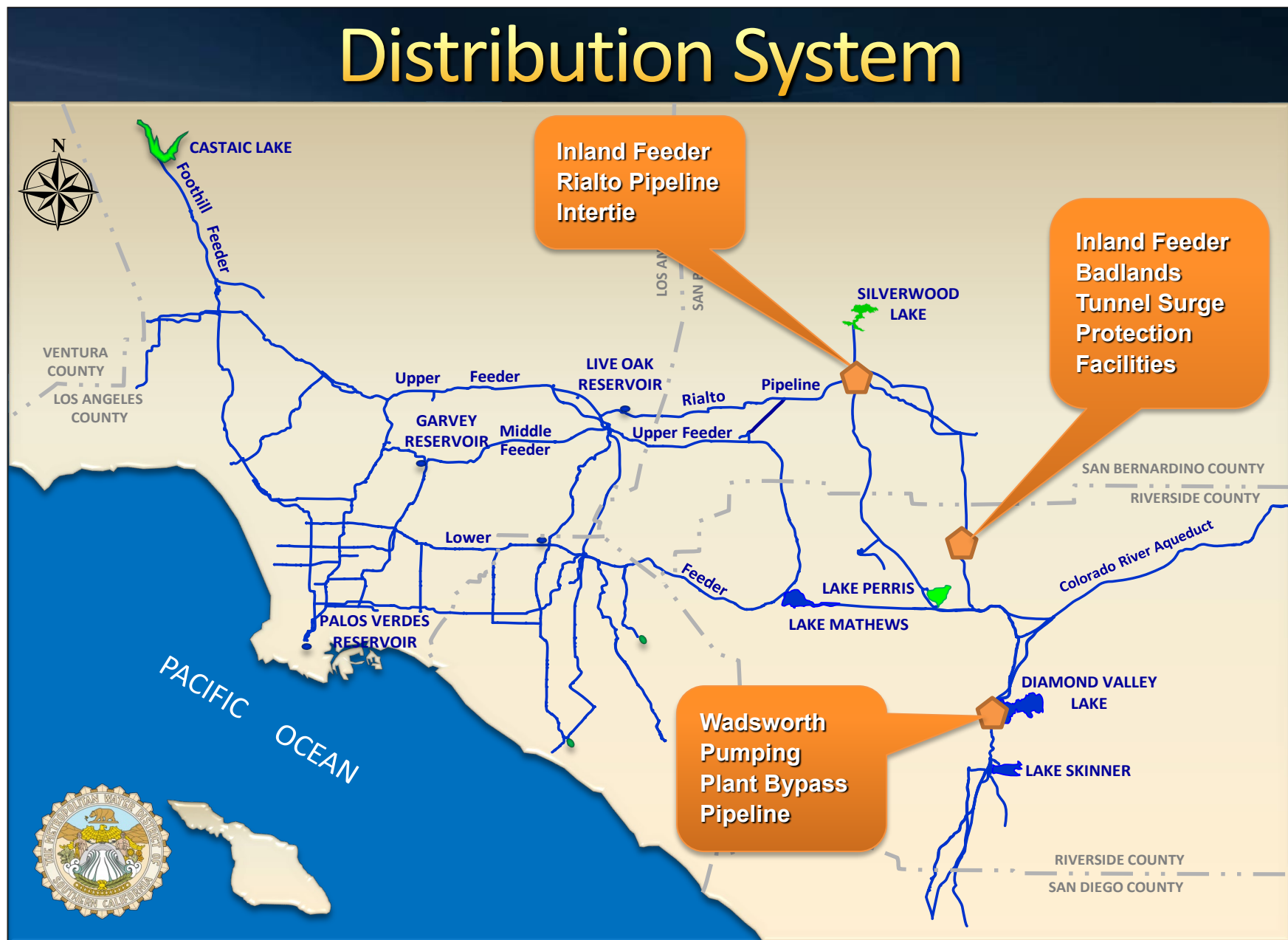
Estimated range of costs: \$5,000,000 – \$5,500,000

<b>Bidder and Location</b>	<b>Base Bid Price Total<sup>1, 2</sup></b>
Anderson Supply Co. Gulfport, Mississippi	\$2,087,603 <sup>3</sup>
<b>Sojitz Machinery Corporation of America Farmington Hills, Michigan</b>	<b>\$5,647,405</b>

<sup>1</sup> As a procurement contract, there are no subcontracting opportunities. For bid evaluation purposes, bidders who qualify as a small business enterprise, disabled veteran business enterprise, or regional business enterprise receive a bid-price reduction credit.

<sup>2</sup> Includes sales and use taxes of 7.75 percent imposed by the state of California

<sup>3</sup> Non-responsive bid





Engineering & Operations Committee

# Rialto Pipeline Water Supply Improvements Valve Procurement

Item 7-5

August 15, 2022

## Rialto Pipeline Water Supply Improvements

### Valve Procurement

#### Current Action

- Award a \$5,647,405 procurement contract to Sojitz Machinery Corporation of America for three 84-inch diameter butterfly valves as part of water supply reliability improvements in the Rialto Pipeline service area
- Part of series of projects to improve supply reliability for SWP dependent member agencies

# Background – On-going Water Supply Reliability Improvements

- Programs initiated to improve supply reliability of State Water Project dependent areas



## Rialto Pipeline Water Supply Improvements

### Valve Procurement

## Background

- Rialto Pipeline is approx. 30 miles long & 96 to 144 inches in diameter
  - Conveys SWP to Inland Empire Utilities Agency, Three Valleys Municipal Water District & Upper San Gabriel Valley Municipal Water District
- Diamond Valley Lake (DVL) is Metropolitan's largest reservoir
  - Provides member agency demands, emergency storage & a reserve for drought conditions
- Rialto Pipeline is unable to access water stored in DVL or from the CRA due to infrastructure & operational constraints

# Rialto Pipeline Area Drought Actions

- Rialto Pipeline service area is dependent on SWP
- Rialto Pipeline Water Supply Improvements:
  - Wadsworth P.P. Bypass
  - Badlands Tunnel Surge Protection Facility
  - Foothill Pump Station Intertie
  - Inland Feeder Rialto Pipeline Intertie
- Valve procurement recommended at this time



## Rialto Pipeline Water Supply Improvements

### Valve Procurement

## Valve Procurement & Installation

- Valve fabrication & delivery can take up to two years
  - Delivery scheduled for summer 2024
- Project components will be operational by end of 2023
  - Utilize removable bulkheads for temporary isolation
- Valves to be installed during February 2025 shutdown
  - Under separate contract

## Rialto Pipeline Water Supply Improvements

### Valve Procurement

## Alternatives Considered

- Different types of valves for isolation
  - Conical, spherical & butterfly valves were considered
  - Conical & spherical valves are larger, more expensive & take longer to fabricate
- Selected alternative
  - For situations requiring only isolation butterfly valves are more appropriate & cost-effective

## Rialto Pipeline Water Supply Improvements

### Valve Procurement

## Scope of Work

- Contractor
  - Furnish three 84-inch butterfly valves
  - Deliver valves to Wadsworth Pumping Plant
- Metropolitan
  - Submittal review
  - Factory fabrication inspection
  - Off-load & store valves
  - Contract administration & project management

# Bid Results

## Specifications No. 2022

Bids Received	June 28, 2022
No. of Bidders	2
Lowest Responsible Bidder	Sojitz Machinery Corporation of America
Lowest Responsible Bid	\$5,647,405
Range of Bids	\$2.1 M* to \$5.6 M
Estimated Range of Costs	\$5.0 M to \$5.5 M

\*Non-responsive bid

# Allocation of Funds

## Rialto Valve Procurement

### Metropolitan Labor

Program mgmt., contract admin. & envir. support	\$ 90,000
-------------------------------------------------	-----------

Fabrication Inspection	132,000
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Submittal review, technical support & record drwgs.	63,000
-----------------------------------------------------	--------

Force construction	33,000
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### Contract

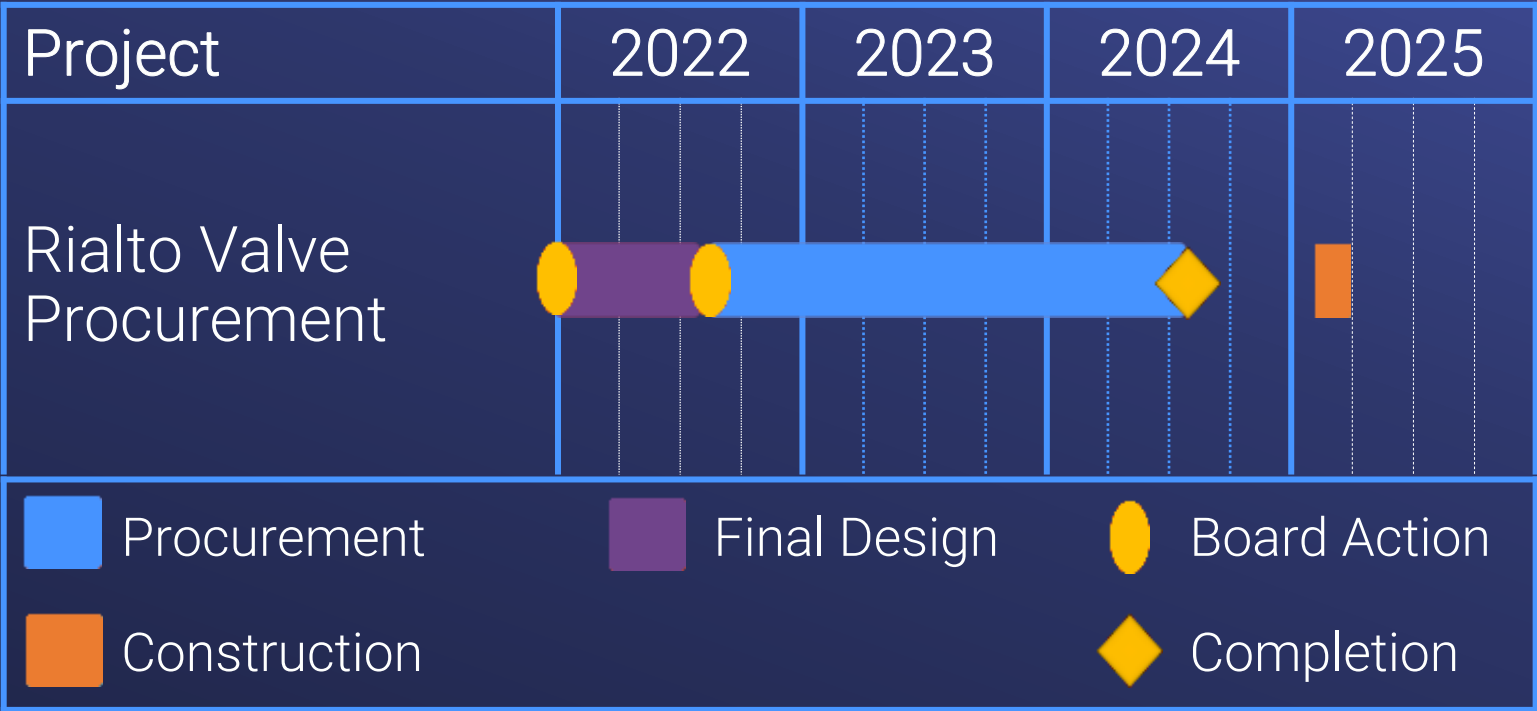
Sojitz Machinery Corporation of America	5,647,405
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Remaining Budget	234,595
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Total	\$6,200,000
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# Project Schedule



# Board Options

- Option #1

Award a \$5,647,405 contract to Sojitz Machinery Corporation of America to furnish three 84-inch diameter butterfly valves to improve the water supply reliability of the Rialto Pipeline.

- Option #2

Do not proceed with this project at this time.

# Staff Recommendation

- Option #1





● **Board of Directors**  
***Engineering and Operations Committee***

8/16/2022 Board Meeting

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**7-6**

**Subject**

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Authorize annual increases of \$200,000 to existing, five-year on-call agreements with RHA, LLC; Strategic Value Solutions, Inc.; and Value Management Strategies, Inc. for a new annual not-to-exceed total of \$440,000, for value engineering and other technical services in support of Capital Investment Plan projects; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

**Executive Summary**

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Metropolitan conducts value engineering workshops to improve the overall outcome of projects delivered through the Capital Investment Plan (CIP). These workshops apply industry-accepted best practices to ensure that projects are developed and implemented in a manner that balances functionality and life-cycle costs. These services are typically provided through on-call professional services agreements. The demand for these services has increased since three five-year on-call agreements were authorized by the General Manager in December 2019. Increases to the annual maximum agreement amounts are recommended for three firms at this time. This action authorizes annual increases of \$200,000 to existing on-call agreements with RHA, LLC; Strategic Value Solutions, Inc.; and Value Management Strategies, Inc.

**Details**

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**Background**

Metropolitan initiated a Value Engineering (VE) program in 1994 to enhance project performance, optimize the use of funding for CIP projects, and to demonstrate responsible use of public funds. The objective of the VE program is to improve the overall value of CIP projects by applying an industry-accepted assessment methodology to examine a project's function, systems, equipment, and material selections. This comprehensive assessment is conducted at multiple stages in the project's life cycle. In the process, staff works to ensure the desired project exhibits functionality and costs that are consistent with the required performance, quality, reliability, and safety objectives. Metropolitan's standard is to provide VE workshops for all projects with construction contract estimates that exceed \$5 million. A second assessment process, referred to as a constructability review, includes a workshop focused on reviewing the overall means and methods of constructing a project. This review is performed on projects with a construction contract estimate that exceeds \$2 million.

Under the current CIP expenditure plan, Metropolitan does not have enough staff certified through the Society of American Value Engineers International (SAVE) to conduct both VE and constructability reviews on projects that meet the threshold requirement for assessment. Consequently, consultants are used to lead these activities on certain projects. This approach ensures that projects within the CIP continue to be effectively evaluated during their design development process. The supplemental technical services are typically provided through on-call agreements which provide certified facilitators as well as subject-matter experts to provide a third-party perspective of the project's composition and design approach. In December 2019, the General Manager authorized three on-call agreements for five years, with a maximum amount payable of \$240,000 per agreement year, to provide VE services.

For the past 10 years, Metropolitan's Board has authorized planned expenditures on the CIP, which have averaged \$250 million per year. In April 2022, the Board approved an increased budget for FYs 2022/23 and 2023/24 to \$300 million per year. Staff recommended this increase so that core work on rehabilitation and replacement work

can continue while simultaneously advancing work on key additional initiatives like drought resiliency and flexibility, battery energy storage systems for energy sustainability, and desert housing and village enhancements. As a consequence of the planned increase to CIP expenditures, the number of requested VE workshops and constructability reviews has increased in order to support the continued efficient management of the CIP. Over the past decade, the VE program averaged about eight workshops per year. During the first six months of the current agreement year, 11 consultant-led workshops have been completed or are in the planning stages. Consequently, the current VE consultants are approaching their annual maximum agreement capacity much earlier than in previous years. This trend is expected to continue into the foreseeable future as these services are required to support the \$600 million biennial CIP for fiscal years 2022/23 and 2023/24.

#### **Value Engineering Services (RHA, LLC; Strategic Value Solutions, Inc.; and Value Management Strategies, Inc.) – Amendment to Agreements**

In October 2019, Metropolitan issued Request for Qualifications (RFQ) No. 1229 to identified qualified firms to provide SAVE-certified VE and other similar engineering workshops. Following evaluation of the RFQ respondents, and based on Metropolitan's then-current needs, RHA, LLC (RHA); Strategic Value Solutions, Inc. (SVS); and Value Management Strategies, Inc. (VMS) were awarded agreements under the General Manager's authority. The General Manager awarded each firm an on-call agreement for five years with a maximum amount payable of \$240,000 per agreement year to provide VE services. The agreements started on December 1, 2019, and will end on November 30, 2024.

Metropolitan uses these SAVE-certified VE consultants for a variety of services. Primarily, staff from these firms facilitate project-specific weeklong VE and constructability workshops with the project teams. The specialized expertise provided by these firms may also facilitate issue-specific project optimization sessions. Specific examples of upcoming or ongoing VE studies include: (1) the ongoing five-part workshops that seek to identify alternate sources of water for State Water dependent areas; and (2) the planned VE workshop to reduce overall project costs for the Colorado River Aqueduct Storage Building Replacement project. Past experience has demonstrated the value of these types of studies to ensure the efficient execution of the CIP.

This action authorizes an increase of \$200,000 per agreement year for existing on-call agreements with RHA, SVS, and VMS for a new not-to-exceed total of \$440,000 for VE, meeting facilitation, and technical engineering services. The new maximum payable amount will be in effect for the remainder of the agreement term.

Funds for the work assigned to the consultants under on-call agreements are available within Metropolitan's capital expenditure plan. No work is guaranteed to the consultants under these agreements. For each of the agreements, Metropolitan has established a Small Business Enterprise participation level of 25 percent.

#### **Alternatives Considered**

Alternatives considered for completing VE workshops included assessing the availability and capability of in-house Metropolitan staff to conduct this work. Metropolitan's staffing strategy for utilizing consultants and in-house Metropolitan staff has been: (1) to assess current work assignments for in-house staff to determine the potential availability of staff to conduct this work; and (2) for long-term rehabilitation projects when resource needs exceed available in-house staffing or require specialized technical expertise.

This strategy relies on the assumption that in-house engineering staff will handle the baseload of work on capital projects, while professional services agreements are selectively utilized to handle projects above this baseload or where specialized needs are required. This strategy allows Metropolitan's staff to be strategically utilized on projects to best maintain key engineering competencies and to address projects with special needs or issues. After assessing the current workload for in-house staff and the relative priority of this project, staff recommends the use of a professional services agreement for the VE workshops. This approach will allow for the completion of not only these workshops but also other budgeted capital projects within their current schedules. Furthermore, a third-party perspective is often a key element of a VE review.

## Policy

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

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

## California Environmental Quality Act (CEQA)

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### CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves 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).

### CEQA determination for Option #2:

None required

## Board Options

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### Option #1

Authorize annual increases of \$200,000 to existing, five-year on-call agreements with RHA, LLC; Strategic Value Solutions, Inc.; and Value Management Strategies, Inc. for a new annual not-to-exceed total of \$440,000, for value engineering and technical engineering services

**Fiscal Impact:** None; funding for the work to be assigned to the consultants under on-call agreements and performed this biennium is already authorized in the biennial budget. Future costs will be accounted for and appropriated under subsequent biennial budgets. In addition, no work is guaranteed to the consultants under these agreements.

**Business Analysis:** Approval will allow staff to continue to conduct value engineering workshops in support of Metropolitan's CIP program.

### Option #2

Do not authorize an increase in the maximum amount payable under the value engineering agreements at this time.

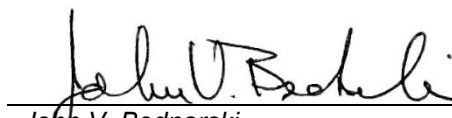
**Fiscal Impact:** None

**Business Analysis:** Under this option, Metropolitan staff would facilitate the value engineering workshops. This option may result in delays to other projects in Metropolitan's CIP.


## Staff Recommendation

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### Option #1

  
 John V. Bednarski  
 Manager/Chief Engineer  
 Engineering Services

7/26/2022  
 Date

  
 Adel Hagekhalil  
 General Manager

7/27/2022  
 Date



Engineering & Operations Committee

# Amend Agreements for Value Engineering and Other Technical Services

Item 7-6

August 15, 2022

## Amend Value Engineering Agreements

### Current Action

- Authorize annual increases of \$200,000 to existing five-year on-call agreements with RHA, LLC; Strategic Value Solutions, Inc.; and Value Management Strategies, Inc., for new annual not-to-exceed totals of \$440,000, for value engineering and other technical services in support of Capital Investment Plan projects

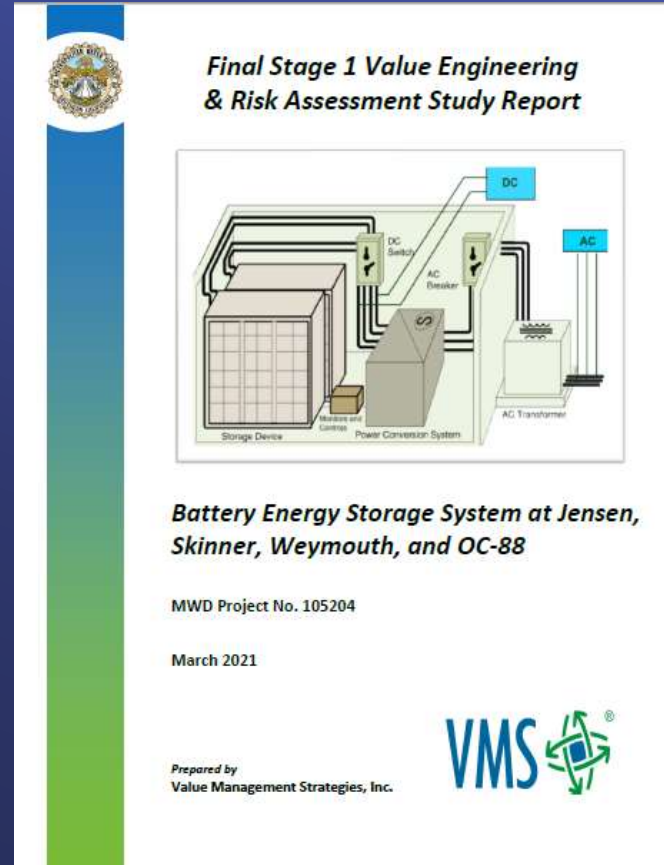
# Background

- **1994:** Value Engineering (VE) program initiated at Metropolitan
- **Objective:** To enhance project performance, optimize use of funding for CIP projects, & demonstrate responsible use of public funds
- **Types of Studies:** VE, constructability and ad hoc



# Background (cont.)

- **2019:** GM authorized three on-call agreements for five years, with a maximum amount payable of \$240,000 per agreement year to provide value engineering services
  - RHA, LLC
  - Strategic Value Solutions, Inc.
  - Value Management Strategies, Inc.
- 27 workshops since 2019
- Potential Savings Identified: \$24.1M



## Constructability Review



Metropolitan Water District  
of  
Southern California



**La Verne Water Quality Lab  
Seismic Upgrades**

La Verne, CA

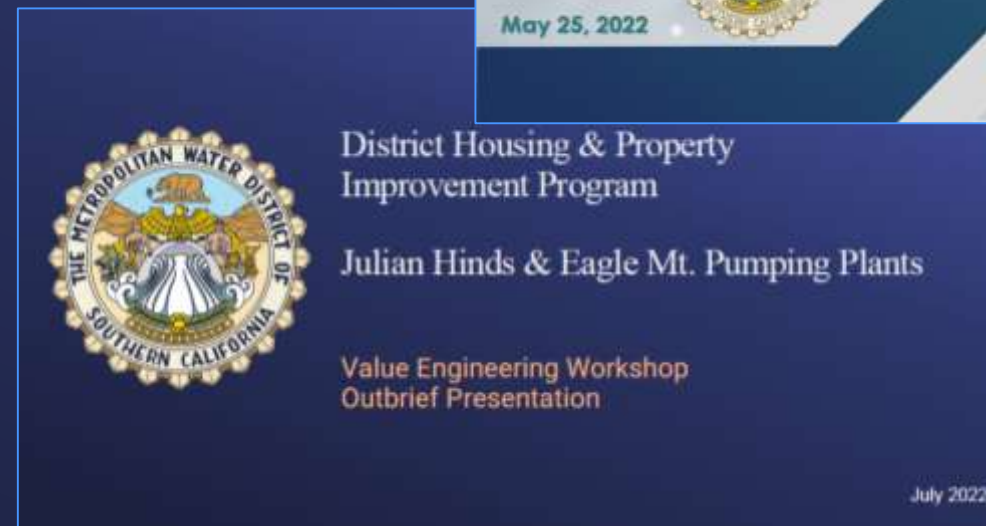
July 2020



Strategic Value Solutions, Inc. **329**  
Value Improvement Specialists

## Background (cont.)

- **Apr. 2022:** Board approved \$600M CIP budget for FYs 2022/23 & 2023/24
- Anticipated increase in VE & other workshops
- VE consultants approaching annual not-to-exceed amount earlier than anticipated



## Amend Value Engineering Agreements

### Alternatives Considered

- Assess availability & capability of in-house Metropolitan staff to conduct this work
  - Resource needs exceed available in-house staffing
  - In-house staff cannot provide third-party perspective, a key element of a value-engineering review
- Selected Alternative
  - Use consultants for VE services

## Amend Value Engineering Agreements

### Amendment to Agreements – RHA, LLC; Strategic Value Solutions, Inc.; and Value Management Strategies, Inc.

- Prequalified under RFQ No. 1229
- Scope of Work
  - Provide value engineering, meeting facilitation & technical engineering services
- SBE participation level: 25%
- New NTE amount: \$440,000 per agreement

# Board Options

- Option #1

Authorize annual increases of \$200,000 to existing, five-year on-call agreements with RHA, LLC; Strategic Value Solutions, Inc.; and Value Management Strategies, Inc., for a new annual not-to-exceed total of \$440,000, for value engineering and technical engineering services.

- Option #2

Do not authorize an increase in the maximum amount payable under the value engineering agreements at this time.

# Staff Recommendation

- Option #1





● **Board of Directors**  
***Engineering and Operations Committee***

8/16/2022 Board Meeting

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**7-7**

**Subject**

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Authorize a five-year reimbursable agreement with the California Department of Water Resources to provide services for the State Water Project operations and maintenance activities for an amount not to exceed \$3 million per year (\$15 million total); the General Manager has determined that this action is exempt or otherwise not subject to CEQA

**Executive Summary**

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This action authorizes an agreement to provide machining, fabrication, coating, and other maintenance work for State Water Project (SWP) equipment; crane testing, maintenance, and certification; engineering, consulting, and subcontracting services; and procurement of materials and equipment for the California Department of Water Resources (DWR).

**Timing and Urgency**

The SWP operates and maintains over 100 large hydroelectric generating and pumping units and supplies water to 29 State Water Contractors via the California Aqueduct. As a side benefit, strategically placed turbines and generators in the SWP produce electricity to offset pumping costs and provide overall power grid reliability.

DWR's power generation and pumping facilities require timely maintenance services. Controlling the SWP's costs depends on proper, timely, and sometimes urgent maintenance of this equipment. SWP equipment must be returned to service expeditiously in order to minimize expenses (power cost for pumping) and maximize revenue (unit availability for water deliveries, required regulatory operations, and grid reliability support).

As DWR sells both energy and ancillary services to wholesale customers in the California energy market, DWR must be positioned to respond with quick and on-time machine repairs to meet these challenges. For example, an SWP generator that is not repaired in a timely manner can result in lost generation and lost ability to provide energy and market ancillary services at peak times of the year. These costs can far exceed the cost of repairs. Additionally, it is imperative that these energy and auxiliary resources be available within the state during critical times, such as a prolonged heat wave.

Metropolitan supports the SWP's reliability by providing machining, fabrication, and coating services for critical repair and rehabilitation of SWP facilities under a reimbursable agreement with DWR. The current agreement, which Metropolitan renewed with DWR in 2017, expires on September 30, 2022.

**Details**

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**Background**

DWR operates and maintains SWP equipment. Neither DWR nor any other state agency has the staff, facilities, or equipment to perform the required machine shop maintenance and repair services. Metropolitan operates a machine shop, a fabrication shop, and a coatings shop in La Verne. All the shops are staffed by highly trained and experienced personnel who can perform specialized repair on components from large motors, generators, pumps, turbines, and valves. The La Verne shops perform repairs on Metropolitan's own equipment and have the capacity to also provide these services for DWR's equipment.

For over three decades, Metropolitan has performed machining, fabrication, and coating services for critical repair and rehabilitation of SWP facilities under reimbursable agreements with DWR. Under these agreements,

Metropolitan shop services have supported DWR, at its request, to expedite repair and rehabilitation work required to maintain SWP delivery capabilities. Historical trends show an increase in the reimbursable agreement with DWR for the shops' services, with services averaging approximately \$2 million per year in recent years (not accounting for the recent dip over the past two years due to COVID-19 restrictions and related impacts).

In July 1983, Metropolitan entered into Agreement No. B-54783 with DWR to perform machining, fabrication, and coating services for the benefit of the SWP. Since then, the reimbursable agreement has been amended numerous times. In 2006, Metropolitan entered a new service agreement with DWR, and, in 2011, the 2006 agreement was extended by one year to allow sufficient time to negotiate a successor agreement. The current agreement, which Metropolitan renewed with DWR in 2017, expires on September 30, 2022. The agreement covers a range of activities supporting operations and maintenance (O&M) for the SWP, including:

- Machining, fabrication, coating, and other maintenance work for SWP equipment.
- Crane testing, maintenance, and certification.
- Engineering, consulting, and subcontracting services.
- Procurement of materials and equipment.

Both agencies wish to renew the five-year reimbursable agreement. All costs incurred by Metropolitan under this agreement, including labor, materials, additives, overhead, and related subcontracts, would be reimbursed by DWR.

The renewed agreement would:

- Authorize the continuation of services to DWR through September 30, 2027.
- Continue the amount of service that Metropolitan can provide at \$15 million over five years.
- Authorize Metropolitan to hire subcontractors and consultants as needed, not to exceed \$1.5 million per year.

The services agreement has greatly benefited both Metropolitan and DWR. Both agencies recognize the importance of maintaining DWR's water delivery and electrical energy-producing facilities at a high level of reliability. As the largest SWP contractor, Metropolitan pays over 60 percent of the project's annual O&M costs. Providing services to DWR saves Metropolitan on annual O&M payments under the State Water Contract and also benefits the other State Water Contractors. These savings are passed on to Metropolitan's member agencies through lower annual revenue requirements. Furthermore, there are operational benefits associated with this reimbursable agreement, including increased water and power reliability and rapid response capabilities for both DWR and Metropolitan. In June 2000, Metropolitan and DWR signed a "Partnering Opportunities" memorandum of understanding to maximize ongoing efforts to improve SWP reliability and cost-effectiveness. This proposed five-year agreement with DWR would directly contribute to achieving those objectives.

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### **Policy**

Metropolitan Water District Administrative Code Section 8121(a): General Authority of the General Manager to Enter Contracts (Contracts over \$250,000)

Metropolitan Water District Administrative Code Section 8140-8149: Award of Contracts

Metropolitan Water District Administrative Code Section 9100(b): Objectives (Risk Management)

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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### **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 as it involves design, fabrication, machining, maintenance, and procurement of mechanical equipment at existing public facilities involving negligible or no expansion of use and no possibility of significantly impacting the physical environment. Accordingly, the proposed action qualifies under a Class 1 Categorical Exemption (Section 15301 of the State CEQA Guidelines).

**CEQA determination for Option #2:**

None required

**Board Options**

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**Option #1**

Authorize a five-year reimbursable agreement with the California Department of Water Resources to provide services for the State Water Project operations and maintenance activities for an amount not to exceed \$3 million per year (\$15 million total).

**Fiscal Impact:** Reduced costs for maintenance and repair of SWP facilities

**Business Analysis:** This option will promote the continued system and supply reliability for the SWP and ensure that Metropolitan's La Verne shops are used to support the reliability of the SWP facilities. The machining, fabrication, coating, and support services could be provided to complete O&M work in a timely manner and at potentially reduced costs.

**Option #2**

Do not proceed with the authorization of the agreement at this time.


**Fiscal Impact:** Potential increases in State Water Contract O&M costs

**Business Analysis:** DWR would outsource more machine, fabrication, coating, and other support services, which would likely result in a longer lead time for completion of work and the potential for higher O&M costs for Metropolitan and other State Water Contractors. Metropolitan could experience reduced water and electrical reliability and increased power costs.

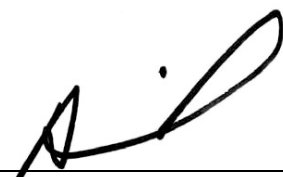
**Staff Recommendation**

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**Option #1**

  
\_\_\_\_\_  
Brent Yamasaki  
Group Manager, Water System Operations

7/29/2022  
Date

  
\_\_\_\_\_  
Adel Hagekhalil  
General Manager

8/2/2022  
Date

Ref# wso12685828



Engineering & Operations Committee

# Authorize new Shop Services Agreement with DWR

Item 7-7

August 15, 2022

## Current Action

### Renewal of DWR Services Agreement

- Authorizes a five-year reimbursable agreement with the California Department of Water Resources to provide services for State Water Project operations and maintenance activities for an amount not to exceed \$3 million per year (\$15 million total)

# Agreement Background



- First agreement established in 1983
- Agreements leverage unique shop capabilities and staff expertise
- Current agreement expires September 30, 2022

# Shop Capabilities

- Machining, fabrication, coating, and valve rehabilitation services for large and unique system components
- Subcontracting and procuring outside services, materials, and equipment such as large-scale water jet cutting, or other specialized services



# La Verne Shops Primary Functions

- 24/7 emergency response
- O & M support
- Rehabilitation and repair projects
- Member agency support
- DWR support



# Examples of Recent DWR Work

- John E. Skinner Delta Fish Protective Facility Wing Gate Refurbishment



# Examples of Recent DWR Work

- Oso – Pump Plant Forebay Stop Log Gate Refurbishment



- California Aqueduct Radial Gate



# New Agreement

- Manufacturing services
- Engineering design, project management, quality assurance, and quality control
- Emergency response assistance
- Subcontracting outside services
- Material procurement
- One-stop shop for planning, fabrication, machining, and coating



# New Agreement Terms and Conditions

- Five-year agreement at \$3M/yr (\$15M total) expiring September 30, 2027
- La Verne Shops can support multiple scopes of work at one facility
- Reimbursable work
  - Direct labor and additives
  - Cost of materials and equipment usage fees
  - Sub-contracts for outside services and materials
  - Administrative overhead



# Benefits of New Agreement

- Maintaining SWP reliability
- Facilitate timely repair and rehabilitation work
- Enhance emergency response capability
- Control SWP costs to Metropolitan through reduction of overall SWP maintenance costs

# Board Options

## Option #1

- Authorize a 5-year reimbursable agreement with DWR to provide services for SWP operations and maintenance activities in an amount not to exceed \$3 million per year (\$15 million total)
- Adopt the CEQA determination

# Board Options

## Option #2

- Do not proceed with the authorization of the agreement at this time

# Staff Recommendation

- Option #1





• **Board of Directors**  
***Audit and Ethics Committee***

8/16/2022 Board Meeting

7-8

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**Subject**

Approve proposed ethics-related amendments to the Administrative Code; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

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**Executive Summary**

On April 21, 2022, the California State Auditor issued a report of findings and recommendations as a result of a wide-ranging audit of Metropolitan's processes and procedures, including those within the Ethics Office. The State Auditor established an October 2022 deadline for addressing recommendations in the audit report. In May 2022, the Ethics Office presented the audit findings and recommendations, and a plan to address the audit report's ethics-related recommendations, to the Audit and Ethics Committee.

In June 2022, the Ethics Office presented preliminary draft amendments to the Administrative Code for the Committee's feedback. In July 2022, the Ethics Office updated its proposed amendments to the Administrative Code and distributed the proposal to the bargaining units for review. The current proposal was finalized with consideration of director, management, and bargaining unit feedback.

This action requests approval of amendments to the Administrative Code. Approval would address the State Auditor's recommendations, meet the Auditor's established deadline, and enhance Metropolitan's Ethics Office.

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**Details**

**Background**

In 2021, the California State Legislature directed California's State Auditor (Auditor) to review various Metropolitan policies and practices, including those related to Metropolitan's Ethics Office. In 2004, the Auditor reviewed several of the same Metropolitan policies and practices, the findings of which are detailed in their 2004 audit report. Among other findings, the 2004 audit concluded that Metropolitan "failed to operate an independent ethics office as required by state law." The Auditor made several recommendations for establishing an ethics office that complies with state law.

The Ethics Officer accepts the Auditor's findings and supports their recommendations. In its response to the state audit report, Metropolitan stated that it agreed with the recommendations in the report and plans to implement them.

**Ethics-Related State Audit Findings and Recommendations**

The complete 2022 California State Audit report, which details the bases for the Auditor's findings and recommendations, is provided in **Attachment 1**. In summary, the Auditor concluded in their 2022 report that despite agreeing to implement the 2004 ethics-related audit recommendations, Metropolitan remained out of compliance with state law. The Auditor's broad findings related to the Ethics Office were that:

- *Metropolitan has failed to establish an independent ethics office.*
- *Metropolitan's Ethics Office does not comply with state law or align with best practices.*
- *Metropolitan management inappropriately interfered in the Ethics Office's work on two important cases.*
- *Metropolitan appears unwilling to strengthen its Ethics Office.*

The Auditor explained the basis for their findings and made several ethics-related recommendations in the report, provided in **Attachment 1**, including new state legislation and amendments to Metropolitan's Administrative Code. First, the Auditor recommended that the state legislature amend state law to address certain Metropolitan processes related to the Ethics Office:

*To ensure that Metropolitan's ethics officer has the authority to independently investigate allegations of ethics violations, the Legislature should amend the requirements in existing state law to include the following:*

- *Establish Metropolitan's ethics officer as the sole authority for interpreting Metropolitan's ethics rules when conducting investigations into alleged ethics violations.*
- *Grant Metropolitan's ethics officer the authority to contract with outside legal counsel for the purpose of receiving independent legal advice.*
- *Require any employee within Metropolitan, including board members, to provide to the ethics officer any documents requested as part of an ongoing investigation without waiving any privileges that may apply.*
- *Prohibit any employee within Metropolitan, including board members, from interfering in any way in an investigation.*

The Auditor also recommended amendments to Metropolitan's Administrative Code. That recommendation is the subject of this letter and proposed action. Specifically, the Auditor recommended:

*To ensure that its ethics office is independent, as required by state law, by October 2022 Metropolitan should revise its Administrative Code to:*

- *Prohibit interested parties from participating in the office's investigation process, except when necessary to provide information or otherwise respond to allegations.*
- *Establish the best practices highlighted in the audit report [See **Attachment 1** for the report] for protecting the independence of the ethics office, such as ensuring that the ethics officer has sole authority to interpret Metropolitan's ethics rules and that the ethics office can obtain advice from outside legal counsel.*

The Auditor made additional ethics-related findings not covered by this letter, such as the need for "safety training specifically on retaliation." The Ethics Office is collaborating with appropriate Metropolitan safety staff to coordinate safety-related retaliation training. Based on the Auditor's concern that Metropolitan's safety policies do not explain where employees should report retaliation, Ethics Office staff also coordinated with management to supplement internal safety policies with information on filing retaliation complaints through the Ethics Office.

### **Methodology for Addressing State Audit Recommendations**

The California State Auditor set an October 2022 deadline for Metropolitan to address its ethics-related recommendations. Given the short timeframe, the Ethics Office immediately began efforts to independently address the report's ethics-related recommendations. Staff first reviewed the state audit report and extracted all Ethics Office-related comments, findings, and recommendations. Staff then reviewed Metropolitan's Administrative Code, identifying any language or provision that involved or was potentially inconsistent with, or contrary to, the audit findings, comments, and recommendations. Staff then began considering revisions to, and developing proposed language for, the Administrative Code based on this review and evaluation.

### **Feedback**

While the Ethics Office independently developed a plan for addressing ethics-related recommendations from the state audit report, it solicited and considered feedback during policy development. In May 2022, the Ethics Office presented the state audit findings and recommendations, and its plan to address the audit report's ethics-related recommendations, to the Audit and Ethics Committee. In June 2022, the Ethics Office presented preliminary draft revisions to the Administrative Code for the Committee's feedback. In July 2022, the Ethics Office updated its proposed amendments to the Administrative Code and distributed the proposal to the bargaining units and

management for review and comment. The proposal submitted by the Ethics Office was finalized with consideration of director, management, and bargaining unit feedback.

### **Proposed Ethics-Related Amendments to the Administrative Code**

In response to the Auditor's recommendations, and staff's review of the Administrative Code, the Ethics Office is proposing several amendments to the Administrative Code, as summarized below. The proposal addresses the Auditor's recommendation that Metropolitan ensure the Ethics Office's independence through the Administrative Code, specifically by restricting interested parties' participation in Ethics Office investigations and establishing the best practices highlighted in the Auditor's report. The proposal also addresses the Auditor's concern that Metropolitan does not define "retaliation" in safety-related retaliation policies by adding definitions and examples to Metropolitan's retaliation policy.

Some of the proposed revisions are not specifically called for in the state audit report. However, in the Ethics Office's view, these additional proposed changes are in the spirit of the Auditor's recommendations, generally enhance and preserve the Ethics Office's independence, and are in line with the best practices the Auditor recommended.

Further, although the ability to adopt new state legislation is not within the Ethics Office's control, the proposal incorporates the provisions the Auditor recommended the state legislature enact. **Attachment 2** provides redlined text of the recommended amendments compared to the current Administrative Code language.

The Ethics Office's proposed revisions to the Administrative Code are summarized below:

#### **1. *Sole Authority to Interpret Ethics Rules***

Existing: Current Code language does not expressly state that the Ethics Officer has sole authority to interpret ethics rules.

Proposal: Based on the Auditor's recommendation, adds a new provision expressly establishing that the "Ethics Officer shall have sole authority to interpret Metropolitan's ethics rules." (Section 6470(d). The proposed language does not eliminate or limit the Ethics Officer's authority to obtain internal or external legal advice or feedback on ethics rules.

#### **2. *Access to Information, Records, and Other Resources Without Waiving Privileges***

Existing: Division VI of the current Code, which speaks to the Ethics Officer's powers and duties, is silent on their ability to access information, records, and other resources. A prior version of the Code included a provision on the Ethics Officer's ability to access records. The Code's section on the General Auditor's powers and duties includes a provision on their ability to access records.

Division VII's section on investigation procedures references the Ethics Officer's ability to obtain records. However, it provides that the Board would resolve any differences between the Ethics Officer and General Counsel about access to information protected by the attorney-client privilege, and an ad hoc committee would resolve disagreements about access to records not involving the attorney-client privilege, after a joint presentation by the Ethics Officer and the General Counsel. The process as currently written presumes that providing privileged documents to the Ethics Officer for the purposes of an ethics complaint or investigation waives the privilege. (Section 7413).

Proposal: Based on the Auditor's recommendation, adds new provision in Division VI clarifying that the Ethics Officer shall have the authority to obtain unrestricted access to information, documents, records, and other information as part of an Ethics Office complaint or investigation. Further, based on the Auditor's recommendation, the provision expressly states that providing information to the Ethics Officer does not waive any privileges that may apply. (See new Section 6470(j)).

Staff also proposes to amend the process for waiving of the privilege should the Ethics Officer determine waiver is necessary. This proposed change would correct the prior assumption that providing privileged information to the Ethics Officer waives the privilege. Further, it would place responsibility on the Ethics Officer to present to the Board their request to waive the privilege and their basis for the request. Although the requirement of a joint presentation with the General Counsel would be removed from

Section 7413, it is assumed that the General Counsel would serve its role as legal advisor to the Board during and/or in connection with any Ethics Officer's request to waive the privilege.

### **3. *Authority to Obtain Independent Legal Counsel***

Existing: Current Code is silent on whether the Ethics Officer may obtain independent legal counsel.

Proposal: Based on the Auditor's recommendation, proposes to add express authority for Ethics Officer to obtain independent legal counsel. The amount to be expended under any one contract is limited to \$100,000 unless approved by the Board. (See new Section 6471(a)).

Existing: Current Code states that the Ethics Officer may consult with the General Counsel "regarding any investigation" at the Ethics Officer's discretion. (Section 7407).

Proposal: Based on the Auditor's concern about obtaining internal legal advice on Ethics Office investigations, and the recommendation that the Ethics Officer be given authority to obtain independent legal counsel, the proposal retains language that the Ethics Officer may consult with the General Counsel at the Ethics Officer's discretion but removes "regarding any investigation." (Section 7407).

Existing: Current Code requires that the Ethics Officer provide a copy of their investigation findings report and notify the General Counsel when the Ethics Officer finds no ethics violation after investigation. (Section 7416).

Proposal: Based on the Auditor's recommendation for the Ethics Office's authority to obtain independent counsel, the proposal eliminates the requirement to provide the General Counsel with ethics investigation findings. However, the Auditor also noted the value of a legal review of investigations. Currently, an Ethics Office attorney on staff reviews investigation reports and anticipates obtaining additional independent legal review in some cases from outside counsel, for example, in matters involving gray areas in the law. (Section 7416).

### **4. *Enhancements to Policy on Retaliation, Whistleblower, and Witness Protections***

Existing: The current Code generally prohibits actions taken as a reprisal for good faith reporting of potential violations of workplace policies or laws, including safety-related policies or laws. (Section 7128)

Proposal: Based on the Auditor's recommendation, the proposal adds a definition of retaliation to Metropolitan's retaliation policy and clarifying language and heading. Staff also proposes to further enhance the retaliation policy by: including protections for reporting in good faith "workplace safety concerns" which may or may not yet be captured by a policy or law; adding examples of the types of adverse employment actions that could amount to retaliation when there is a nexus to a protected activity; and expanding protections for reporting public health or safety dangers by eliminating the limiting term "gross" – any good faith reporting of public health or safety dangers, whether the degree of danger is "gross" or less severe than "gross," would be covered. (Section 7128).

### **5. *Cooperation with, and Independence of, Ethics Office Investigations***

Existing: Current Code requires Metropolitan officials and others to cooperate with Ethics Office investigations and provides some examples of failure to cooperate. (Section 7129).

Proposal: Based on the Auditor's recommendations, the proposal adds a provision (1) prohibiting interference with Ethics Office complaints and investigations, (2) prohibiting participation with Ethics Office complaints or investigations except when necessary to provide information or otherwise response to allegations, and (3) requiring officials to provide to the Ethics Officer documents and other information in connection with an Ethics Officer complaint or investigation. The proposal also adds "refusing to provide documents or information" as an example of a failure to cooperate with an ethics investigation. (Section 7129).

Existing: Current Code gives the Ethics Officer authority to confer with the Board Chair and Audit and Ethics Committee Chair, and Vice Chair on investigations for the purpose of seeking advice and feedback on investigative matters. (Sections 6470(i); 7412(e)).

Proposal: Based on the Auditor's concerns about the independence of ethics investigations, the proposed language clarifies that Ethics Officer's authority to confer with Board Chair and Audit and Ethics Committee Chair and Vice Chair on investigative matters is only for purposes of feedback, as opposed to advice. Based on the Auditor's recommendations, it also clarifies that the prohibition on interference with ethics investigations applies to any such communications (Sections 6470(i); 7412(e)).

#### **6. *Collaboration Mandate for the Ethics Officer***

Existing: In 2018, the Administrative Code was amended to add a general requirement that the Ethics Officer "maintain a collaborative relationship with the Board, General Manager, General Counsel, and General Auditor." The Code did not add the same requirement for the other named parties, leaving the sole responsibility on the Ethics Officer. (Section 6470(d)).

Proposed: Based on the Auditor's concern over this collaboration requirement and its potential impact on ethics investigations, staff proposes that it be eliminated. The Auditor noted that "...unlike requirements of other equivalent officer-level positions, Metropolitan's Administrative Code directs the ethics officer to work in a *collaborative manner* with the board and other officers. This ambiguity regarding the ethics officer's authority threatens the officer's ability to reach independent determinations on potential rule violations, particularly in instances involving high-ranking employees or board members."

Staff is further concerned that the Code requires the Ethics Officer to carry the sole responsibility for maintaining a collaborative relationship with the listed parties with respect to investigative work and all other office mandates. As stated in meetings of the Audit and Ethics Committee, the Ethics Officer has collaborated and will continue to collaborate with the aforementioned parties, as well as others, where appropriate, where the independence of the Ethics Office is not jeopardized, and where parties are also willing to collaborate with the Ethics Officer.

Existing: In 2018, the Administrative Code was amended to add a general requirement that the Ethics Officer annually confirm to the Board the organizational independence of the Ethics Office and the Ethics Officer's collaborative relationship with the Board, General Manager, General Counsel, and General Auditor. (Section 6472).

Proposal: Based on the Auditor's concern (noted above) about the collaboration requirement, and staff's additional concerns, the proposal eliminates the requirement that the Ethics Officer annually confirm collaborative relationships to the Board. As noted above, the Ethics Officer will continue to collaborate where appropriate and in ways that do not jeopardize the Office's independence.

The proposal further eliminates the requirement that the Ethics Officer annually confirm the independence of the Ethics Office. In staff's view, the proposed substantive changes are a more effective way to enhance the Office's independence. The Ethics Officer will communicate with the Audit and Ethics Committee about any concerns involving organizational independence as needed.

#### **7. *Audit and Ethics Committee Powers and Duties: Evaluation and Oversight of the Ethics Officer***

Existing: The current Code requires that the Audit and Ethics Committee ensure that the Ethics Officer is working in a collaborative manner with the Board and other Department Heads. (Section 2496(b)(2)).

Proposal: Based on the Auditor's concern about the Code's collaboration requirement, and that it is only imposed on the Ethics Officer, the proposal eliminates the Audit and Ethics Committee's requirement to ensure that the Ethics Officer is working in a collaborative manner with the Board and Department Heads.

Existing: The current Code requires the Audit and Ethics Committee to resolve issues between the Ethics Officer and Department Heads regarding Ethics Office requests for documents and information maintained by the Department Heads. (Section 2496(b)(2)).

Proposal: Based on the Auditor's recommendation about the Ethics Officer's access to records, the proposal eliminates the Audit and Ethics Committee's role in resolving issues between the Ethics Officer and other Department Heads regarding requests for information maintained by the Department Heads.

Existing: Currently, the Code sets forth differing evaluation processes for the Audit and Ethics Committee in its evaluation of the Ethics Officer as compared to the General Auditor. (Section 2496(b)(1)).

Proposal: Based on staff's review of the Administrative Code, the proposal adopts the same evaluation process for the Ethics Officer that the Audit and Ethics Committee uses to evaluate General Auditor.

### **8. Closed Meeting Procedures**

Existing: Current Code language states that the General Counsel and General Manager, and when appropriate, the General Auditor, are responsible for designating staff and others who will remain in closed session meetings to assist the Board in its deliberations. (Section 2105(a)).

Proposal: Based on its review of the Administrative Code, staff noted that the Ethics Officer was the only Department Head without any level of authority to designate staff or others to participate in closed session items. Staff proposes that the Ethics Officer have the same level of authority granted to the General Auditor, which is the authority to, when appropriate, designate staff to remain in closed session. (Section 2105(a)).

### **Additional Proposed Amendments to the Administrative Code**

During its review of the Auditor's ethics-related recommendations, Ethics Office staff discovered additional, minor areas for amendment. All proposed changes are included in **Attachment 2**.

Proposed changes include:

- Correction of chapter headings and re-numbering.
- Clarifying language that the General Manager's powers are only limited by powers specifically reserved to the General Counsel and General Auditor (proposing to add the Ethics Officer) (see Section 6410).
- Deletion of unnecessary or confusing terms.
- Clarifying language (e.g., Sections 6470(c); 6471(b); and 7122(a)).
- Clarifying that the requirement that legal analysis is only required in Ethics Officer reports when necessary (i.e., when the policy at issue involves application of a law).
- Changing the timing of investigation status reports to the Audit and Ethics Committee to "bi-monthly" for consistency throughout various Code sections. (Sections 2496(b)(3); 6470(g); and 6472(b)).

### **Summary**

This action authorizes ethics-related amendments to the Administrative Code which address the Auditor's recommendations, include additional amendments proposed by the Ethics Officer consistent with the spirit of the Auditor's recommendations, and address other minor proposed revisions for improved clarity and consistency. See **Attachment 1** for the California State Audit Report and **Attachment 2** for the redlined text of the recommended amendments as compared to the current Administrative Code language.

### **Project Milestone**

October 2022 – Deadline for addressing California State Auditor's ethics-related recommendations.

### **Policy**

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

## California Environmental Quality Act (CEQA)

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### CEQA determination for Option #1:

The proposed action is not subject to 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 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 CEQA Guidelines).

### CEQA determination for Option #2:

None required

## Board Options

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### Option #1

Approve recommended ethics-related amendments to the Administrative Code.

**Fiscal Impact:** None

**Business Analysis:** This option will address the California State Auditor's ethics-related recommendations within the proscribed deadline and other proposed amendments to enhance Metropolitan's Ethics Office.

### Option #2

Do not approve recommended ethics-related amendments to the Administrative Code.

**Fiscal Impact:** None

**Business Analysis:** This option may forego the opportunity to meet the California State Auditor's deadline for reforms and will delay additional enhancements of Metropolitan's Ethics Office.

## Staff Recommendation

---

Option #1



Abel Salinas  
Ethics Officer

8/2/2022

Date

**Attachment 1 – California State Audit Report**

**Attachment 2 – Redline Version, Proposed Administrative Code Amendments**

Ref# e12684126



## *Metropolitan Water District of Southern California*

Its Leadership Has Failed to Promote Transparency  
or Ensure a Fair and Equitable Workplace

*April 2022*

**REPORT 2021-104**



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Michael S. Tilden *Acting State Auditor*

April 21, 2022

**2021-104**

The Governor of California  
President pro Tempore of the Senate  
Speaker of the Assembly  
State Capitol  
Sacramento, California 95814

Dear Governor and Legislative Leaders:

The Metropolitan Water District of Southern California (MWD) has repeatedly been the subject of allegations of discrimination and harassment in the workplace, and it has failed to comply with state ethics laws and best practices in hiring and personnel matters. Despite clear evidence that its processes are insufficient to detect and prevent conduct that harms its 1,800 employees, MWD has long resisted taking action.

MWD has not dedicated sufficient attention or resources to its equal employment opportunity (EEO) policy or its EEO office, which is responsible for receiving, investigating, and resolving EEO complaints. In some cases we reviewed, it took MWD years to conclude investigations and discipline respondents. During these long delays, complainants may continue to suffer harassment and retaliation, and MWD lacks processes to detect and address the negative treatment of complainants that we observed.

For nearly two decades, MWD's hiring processes have also been problematic: they fail to ensure equitable and reasonable treatment of all applicants, lack transparency, and are unable to prevent discrimination. Although MWD agreed to develop comprehensive hiring procedures nearly 20 years ago in response to our 2004 audit, its hiring process remains decentralized and informal, resulting in inconsistent treatment of applicants. Similarly, the agency's longtime resistance to improving its ethics office has allowed management to interfere with the office's independent investigations.

Because MWD's leadership must fundamentally change the way it approaches many personnel and ethics issues, and because MWD has failed to take appropriate action in the past, we direct several of our recommendations to the Legislature to better ensure that MWD finally improves its practices.

Respectfully submitted,

A handwritten signature in black ink that reads "Michael S. Tilden".

MICHAEL S. TILDEN, CPA  
Acting California State Auditor

## Selected Abbreviations Used in This Report

DEI	Diversity, Equity, and Inclusion
DFEH	Department of Fair Employment and Housing
EEO	equal employment opportunity
EEOC	U.S. Equal Employment Opportunity Commission
HAZWOPER	hazardous waste operations and emergency response
IIPP	Injury and Illness Prevention Program
MTA	Los Angeles County Metropolitan Transportation Authority
MWD	Metropolitan Water District of Southern California
NDA	nondisclosure agreement
NDP	nondiscrimination program
OSHA	Occupational Safety and Health Administration
PPE	personal protective equipment
SRS	Operational Safety and Regulatory Services
WSO	Water System Operations

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## Summary

### Results in Brief

As the largest distributor of treated drinking water in the United States, the Metropolitan Water District of Southern California (MWD) delivers water to 19 million Californians through its agreements with 26 member agencies. MWD is governed by a 38-member board of directors, with each board member representing one of the district's 26 agencies. MWD employs more than 1,800 full-time employees and operates a series of pumping plants, canals, siphons, and pipelines to bring water 242 miles from the Colorado River to Southern California. Because some of these facilities operate 24 hours per day for much of the year and are located more than 50 miles from the nearest town or residential area, MWD owns about 100 houses located at those facilities and requires key staff to reside there while on duty.

Despite MWD's critical mission and its significant financial resources, it has failed to devote sufficient time or attention to crucial personnel processes. MWD has long been aware of alleged discrimination and harassment in the workplace, shortcomings in its hiring process, noncompliance with state ethics law, and serious concerns regarding employee housing. However, MWD has repeatedly shown an unwillingness to take real corrective action on these issues or to embrace transparency and accountability more generally.

State and federal law prohibit MWD from discriminating against its employees or job applicants on the basis of any protected characteristic, including sex, race, gender identity, and sexual orientation. These protections are commonly referred to as equal employment opportunity (EEO) protections. MWD also has legal obligations to investigate and resolve allegations of discrimination or harassment among its workforce in a timely manner. In 2020, some MWD employees publicly presented allegations that described workplace harassment they had experienced. In some cases, the employees alleged that MWD's management had retaliated against them for filing complaints. In response, MWD contracted with a law firm to review allegations of systemic EEO-related concerns at MWD and to evaluate MWD's policies and processes for handling EEO issues. In July 2021, the law firm published a report that included a number of recommendations intended to strengthen MWD's internal processes and improve its handling of EEO issues.

Our review concludes that MWD's EEO policy and procedures do not align with best practices in key areas. MWD's EEO and sexual harassment policies are out of date, and MWD does not

### Audit Highlights . . .

*Our audit of MWD's personnel and hiring practices highlighted the following:*

- » *MWD has not dedicated sufficient attention or resources to its EEO policy or its EEO office, leaving employees subject to dysfunctional and potentially unsafe workplace circumstances for unnecessarily long periods of time.*
- » *Despite having known for nearly 20 years that its hiring practices failed to protect applicants from potential discrimination, the procedures remain decentralized and informal.*
  - *MWD's hiring process gives significant discretion to individual hiring managers, lacks transparency, and cannot demonstrate that hiring decisions are equitable.*
  - *MWD's hiring data also show that even recently, MWD has hired qualified female candidates and people of color at significantly lower rates than their male and white counterparts.*
- » *MWD's ethics office remains out of compliance with state law, including the requirement that the office independently investigate allegations of ethics violations.*
  - *Our review identified instances in which MWD's management has interfered with the ethics office's independent functions.*
- » *MWD has long been aware of serious issues threatening the habitability of its employee housing, but it has not created processes for addressing employee maintenance requests effectively.*
  - *It has also struggled to implement a comprehensive, long-term solution to address significant issues with employee housing.*

provide its EEO investigation procedures to employees as state law requires. Further, MWD has consistently exceeded its own time frames for initiating and completing investigations of EEO complaints, as well as for notifying the parties involved about results of those investigations. In our review of EEO complaints that MWD investigated between 2004 and 2021, we identified instances in which MWD took more than a year to complete investigations that its guidelines indicate should take no more than two or three months. As a result of MWD's delays, employees may continue to work in dysfunctional or potentially unsafe situations for long periods. Because MWD's EEO recordkeeping is inaccurate and incomplete, the total number of EEO complaints that employees at MWD have filed is unknown. However, we identified several EEO complaints that MWD either never investigated or only did so after significant delays.

MWD's poor handling of complaints during and after EEO investigations has led to negative outcomes for some complainants. For example, we found that MWD's disciplinary process in response to substantiated EEO complaints was slow, inconsistent, and potentially unfair. We also determined that MWD has not established sufficient processes to prevent or proactively address potential violations of its retaliation policy. In our review, we observed little evidence that MWD has processes to identify problematic behavior directed toward EEO complainants or that MWD staff are well prepared to intervene effectively when such behavior occurs. MWD's poor handling of recent retaliation investigations demonstrates that MWD's historical failure to protect some complainants is ongoing. MWD's actions demonstrate a failure of leadership and create a perception, at a minimum, that it tolerates harassment, discrimination, and retaliation.

The agreements MWD has entered into with employees to settle EEO issues often include confidentiality provisions. Although we did not evaluate the reasonableness of any individual agreement or its specific provisions, we are concerned that MWD's reliance on confidentiality, along with its inconsistent reporting on EEO-related settlements to its board, has contributed to its failure to address the underlying circumstances of the issues we found.

MWD's demonstrated failure to embrace transparency and accountability extends to its hiring processes. Despite MWD's pledge to improve its hiring practices in response to an audit our office conducted in 2004, we identified some of the same shortcomings nearly two decades later. For example, instead of following best practices, MWD operates a hiring process that gives significant discretion to individual hiring managers without corresponding safeguards to ensure that their decisions are free of favoritism or bias. As a result, MWD is unable to consistently

ensure or demonstrate that its hiring decisions are equitable or reasonable. Similarly, MWD's process for promoting employees gives significant discretion to managers without sufficient accountability, allowing for the appearance of favoritism or bias.

In addition, MWD's hiring process does not sufficiently protect applicants from potential discrimination. MWD removed previous procedures from its hiring process that were designed to prevent discrimination. Moreover, MWD's most recent analyses found that women and people of color are underrepresented among large sections of its workforce. MWD's hiring data also show that even recently, MWD has hired qualified female candidates and people of color at significantly lower rates than their male and white counterparts. However, MWD has failed to meaningfully analyze these data and use them to improve its hiring processes. Through its inaction since our 2004 audit and failure to analyze these data, MWD demonstrates a sustained unwillingness to develop and implement a hiring process that ensures fairness for all employees and applicants.

MWD has also shown indifference or resistance to improving other key areas affecting its organization and employees. Our 2004 audit concluded that MWD had struggled to establish an effective ethics office in compliance with state law, and we made several recommendations to strengthen the office's practices. Once again, although MWD had agreed to implement our recommendations, this audit found that MWD's ethics office still suffers from insufficient policies and procedures, as well as threats to its independence. For example, not only has MWD failed to ensure that its ethics office follows best practices, but these shortcomings have allowed MWD's management to interfere with the ethics office's work on two important cases. Further, MWD's leadership has demonstrated a persistent unwillingness to ensure that the ethics office has the necessary resources and authority to investigate ethics complaints.

MWD requires certain employees who work at remote pumping plants to live on-site in housing it provides. However, despite being aware since at least 2016 of issues that threaten both the safety and quality of life of the employees who reside in this housing, MWD has not prioritized responding to these issues. Employees told us that MWD is slow to respond to maintenance requests, even when the issues raised—such as broken air conditioning units in a climate that exceeds 110 degrees Fahrenheit—pose possible safety risks to the workers and their families. MWD's procedures for responding to housing issues do not ensure that it will respond in a timely fashion to maintenance requests to resolve issues that potentially threaten the safety of its employees. Further, its maintenance database does not reliably track how long it takes MWD to resolve those issues.

More than five years into the process of addressing its housing problem, MWD is still another five years from a long-term solution. After commissioning two separate housing assessments in 2016 and 2019, MWD finally embarked on a plan in 2020 to completely replace most of its housing units. However, this effort is expected to take MWD until 2027 to complete and to cost \$146 million. Although the plan will address many of the known issues with MWD's housing, the employees who reside in that housing should not have to suffer from additional delays. Finally, although MWD's safety program generally aligns with state laws, its safety policies do not require a minimum level of collaboration between management and safety staff, nor do they define retaliation or create a process for responding to retaliation concerns from employees who raise safety issues.

#### **Agency Comments**

MWD agreed with our recommendations and stated that it plans to implement them.

## Recommendations

The following are the recommendations we have made as a result of our audit. Complete descriptions of the findings and conclusions that led to these recommendations are in the chapters of this report.

### *Legislature*

To ensure that the issues we discuss in this report are finally addressed, the Legislature should amend state law to include one or more mechanisms by which it can revoke or limit MWD's authority over key personnel and ethics processes in the event that MWD again fails to take corrective action.

To ensure that MWD does not again fail to implement our recommendations, the Legislature should adopt legislation requiring MWD to formally adopt procedures for hiring and promoting employees. In doing so, it should direct MWD to ensure that those procedures include specific guidance to human resources staff and hiring managers on when competitive hiring processes are required, as well as on evaluating and scoring applicants and documenting those reviews. Finally, the Legislature should require MWD to make those procedures available to all MWD staff and applicants and to train relevant staff on following those procedures.

To ensure that MWD's ethics officer has the authority to independently investigate allegations of ethics violations, the Legislature should amend the requirements in existing state law to include the following:

- Establish MWD's ethics officer as the sole authority for interpreting MWD's ethics rules when conducting investigations into alleged ethics violations.
- Grant MWD's ethics officer the authority to contract with outside legal counsel for the purpose of receiving independent legal advice.
- Require any employee within MWD, including board members, to provide to the ethics officer any documents requested as part of an ongoing investigation without waiving any privileges that may apply.
- Prohibit any employee within MWD, including board members, from interfering in any way in an investigation.

### ***MWD***

To ensure that it is complying with state and federal laws as well as best practices, by October 2022 MWD should update its EEO policy to:

- Include a robust definition and examples of retaliation.
- Include information about an employee's right to file a complaint directly with the California Department of Fair Employment and Housing (DFEH) or the U.S. Equal Employment Opportunity Commission (EEOC).
- Make explicit reference to written investigatory procedures and describe where employees can obtain a copy of those procedures.
- Ensure that the policy accurately reflects all other requirements in state and federal law. In order to do so, MWD should establish a process for regularly reviewing the policy to determine whether changes are needed.

To ensure that it has effective and up-to-date policies on related personnel matters, by October 2022 MWD should review and update its sexual harassment policy as needed and develop an official policy defining and prohibiting abusive conduct.

To better position itself to handle all EEO responsibilities required by state and federal law and best practices, by October 2022 MWD should implement the following improvements to its EEO office:

- Create and fill additional positions that are commensurate with the workload of the EEO office, including additional staff to handle investigations, training, and compliance.
- Assign formal, written responsibilities for specific staff within the office.
- Structure the EEO office in such a manner that it can operate independently, with minimal potential threats to impartiality.

To ensure timely response to EEO complaints, by October 2022 MWD should update its investigation procedures to include time frames that match DFEH best practices for responding to, investigating, and closing EEO complaints and should adhere to those time frames. MWD should report to its board quarterly on how many EEO complaints have been received and investigated, including how many of those investigations surpassed the time frames in MWD's procedures.

To avoid future instances in which EEO complaints go unaddressed, by June 2022 MWD should develop written procedures that specify how non-EEO staff who receive complaints from employees should handle referrals of EEO complaints to the EEO office, and MWD should train staff on those procedures.

To ensure that the EEO office has appropriate jurisdiction over EEO complaints, by June 2022 MWD should develop written procedures for handling potential threats to impartiality in investigations. These procedures should contain explicit conditions in which a party other than the EEO office, such as the ethics office or the general counsel's office, plays a lead role in an EEO complaint.

To ensure that all EEO complaints and their outcomes are recorded accurately and promptly, by October 2022 MWD should implement an electronic recordkeeping system that will allow for accurate and complete tracking of EEO complaints in a single location. MWD also should designate an individual to be responsible for logging, tracking, and updating EEO complaint records.

To help ensure equity and consistency in its disciplinary process, by October 2022 MWD should implement a written, formal process that outlines the steps that it must follow and the factors it must consider when deciding whether and how to issue discipline. MWD should also develop a recordkeeping policy that documents the disciplinary process so that it can demonstrate that its process is thorough and consistent.

To prevent and address mistreatment of complainants and potential violations of its retaliation policy, by October 2022 MWD should do the following:

- Develop written procedures for identifying and intervening in potential retaliation while EEO investigations are ongoing.
- Dedicate a person to follow up with complainants after EEO investigations to ensure that incidents involving potential retaliation are not occurring, as well as track these follow-up discussions.

To ensure that the board is informed of how often EEO matters are being settled and by what means, by October 2022 MWD should:

- Amend its administrative code to require that all personnel-related settlements that invoke confidentiality or have any financial impact—including paid and reinstated leave—be reported quarterly to the board's Legal and Claims Committee, regardless of settlement type.

- Develop a written policy that outlines mandatory information required when reporting settlements. This reporting on each settlement should include whether EEO issues were implicated, whether the employee is still employed by MWD, the existence and type of any financial or confidentiality terms, and whether MWD has taken any corrective action in response to the alleged issues.
- Implement centralized recordkeeping procedures for all employee settlement agreements, including a means of confidentially indicating the existence of such settlements in the EEO complaint database, its personnel database, or some other central repository.

To ensure fairness and accountability in the hiring process, by October 2022 MWD should adopt and publish comprehensive formal hiring procedures that include the following elements:

- A documented process for screening applications based on defined criteria.
- Clear instructions for justifying hiring decisions, with examples of appropriate justifications.
- Document retention requirements for human resources staff and hiring managers that align with the steps of the hiring process required in MWD's hiring procedures.

To promote consistency in the hiring process, by April 2023 MWD should formally train hiring managers and human resources staff on their roles and responsibilities.

To prevent bias in hiring, by October 2022 MWD should reinstate the EEO office's role in the hiring process and develop formal procedures describing that role.

To better analyze its workforce demographics and identify potential barriers to employment, by April 2023 MWD should develop formal procedures for analyzing employee demographics and taking appropriate action based on those data. As part of this process, MWD should report to its board on the results of these analyses and actions.

To ensure that responsible parties have the information they need to make improvements, by June 2022 MWD should annually share the results of its demographic analyses with its various management groups as well as its recruitment staff.

To ensure that its ethics office is independent, as required by state law, by October 2022 MWD should revise its administrative code to:

- Prohibit interested parties from participating in the office's investigation process, except when necessary to provide information or otherwise respond to allegations.
- Establish the best practices highlighted in this report for protecting the independence of the ethics office, such as ensuring that the ethics officer has sole authority to interpret MWD's ethics rules and that the ethics office can obtain advice from outside legal counsel.

To better protect those employees required to reside in employee housing from the issues threatening the safety and habitability of this housing, by October 2022 MWD should:

- Improve the detail and consistency of its current procedures for responding to maintenance requests. These enhanced procedures should detail when MWD will handle a request on its own and when it will address a request as part of a larger effort, and they should establish clear and reasonable time frames for each scenario.
- Establish procedures for more reliably tracking the length of time it takes to respond to housing issues and regularly report its performance on these issues to the board, including any measures it has taken to improve this performance.
- Develop a contingency plan for comprehensively addressing its long-term issues with housing—such as installing prefabricated homes or renovating existing units—in case its current plan for replacing employee housing is delayed.

To better protect the safety of its employees, by June 2022 MWD should revise its safety policies to establish a minimum level of collaboration between safety representatives and management, such as establishing requirements for regular meetings and requiring managers to attend safety committee meetings.

To better ensure the effective handling of safety complaints and the protection of workers who make them, by October 2022 MWD should enhance its written policies to formally define retaliation and include specific steps responsible parties should take when performing the duties laid out in policy, such as protecting employees from retaliation.

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## Introduction

### Background

In order to bring water from the Colorado River to Southern California, in 1928 the Metropolitan Water District Act (Water District Act) allowed Southern California municipalities to create the Metropolitan Water District of Southern California (MWD). When MWD originally began delivering water, its service area consisted of about 625 square miles. In the nearly 100 years since, MWD's service area has expanded to 5,200 square miles. Today, MWD is the largest distributor of treated drinking water in the United States, delivering water to around 19 million people living in Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura counties through its agreements with 26 member agencies.

### Water Infrastructure

To supply its service area with water, MWD owns and operates an extensive range of facilities, including five pumping plants, 15 hydroelectric plants, nine reservoirs, five water treatment plants, and 830 miles of large-scale pipes. About 25 percent of MWD's water comes from the Colorado River via the 242-mile Colorado River Aqueduct, which MWD completed constructing in 1939, along which pumping plants, canals, siphons, and pipelines bring the water to Southern California. The pumping plants serve as crucial infrastructure that lifts the water 1,617 feet over terrain along the path of the aqueduct. Because the pumping plants operate 24 hours per day for much of the year, staff must be on site to report to the pumping plants at all times. The plants are located in remote areas, with some more than 50 miles from the nearest town or residential area. Therefore, MWD owns more than 100 housing units located at the plants and requires key staff to reside in them while on duty. Figure 1 illustrates the locations of MWD's facilities, as well as MWD's headquarters in downtown Los Angeles. As Figure 1 shows, MWD employs more than 1,800 full-time employees across all its worksites and offices.

Under a contract with the State, MWD also has access to nearly half of the water carried to Southern California along the 444-mile California Aqueduct. As with the water from the Colorado River Aqueduct, MWD treats this water to ensure that it is safe to drink before delivering it to MWD's member agencies.

**Figure 1**  
**MWD Operates Water Plants and Reservoirs Across Southern California**



Source: Analysis of MWD site location and employment information.

### Governance and Workforce

MWD is governed by a 38-member board of directors, with each representing the district's 26 member agencies. The Water District Act requires the board to include at least one representative from every member agency. However, member agencies may be granted additional representatives based on the assessed property value within their jurisdiction. For example, the city of Los Angeles has five representatives on the board and the San Diego County Water Authority has four. Smaller member agencies, such as Glendale and Beverly Hills, each have one representative on the board.

The board directly oversees four officers responsible for managing MWD's day-to-day operations. The general manager serves as the chief executive of the district and is responsible for managing all of MWD's administrative, operational, and ministerial activities not specifically reserved to the board or another officer by law or board order. The board selected MWD's current general manager in

June 2021. Other officers include MWD's general counsel, general auditor, and ethics officer, each of whom has distinct authority and responsibilities under MWD's administrative code. MWD has a strong financial position as evidenced by its most recent financial statements. For the fiscal year ending June 30, 2021, MWD had operating revenue of nearly \$1.6 billion and an operating income of nearly \$200 million. MWD ended the fiscal year with more than \$500 million in unrestricted reserves.

Nearly 900 of MWD's employees work in its Water System Operations (WSO) group, responsible for treating and delivering water to MWD's member agencies. Located within the WSO group is the Operational Safety and Regulatory Services (SRS) section, which is responsible for developing and enforcing workforce safety policies that align with state law. MWD's remaining employees perform administrative, legal, technical services, and other duties in support of MWD's mission. Among these other duties is the role of MWD's Real Property group, which—in addition to other property management functions—is responsible for maintaining and operating MWD's employee housing.

In addition to MWD's administrative code and operating policies, aspects of its operations and workforce are governed by contracts with four individual employee bargaining units, which cumulatively represent nearly all of MWD's employees. These union contracts establish represented employees' terms and conditions of employment, including pay structure, benefits, leave time, and working conditions. They also include processes by which employees can formally object when they believe management has violated the terms of the contracts. The contracts contain broad requirements for how MWD makes hiring decisions. For example, the contracts require MWD to conduct an internal hiring process when a sufficient number of qualified MWD employees apply for an open position. Further, the contracts allow for MWD employees to request, and be granted, certain types of promotions based on their responsibilities and performance without undergoing a competitive application process.

### **Equal Employment Opportunity at MWD**

State and federal laws prohibit MWD from discriminating against its employees or job applicants on the basis of any protected characteristic, including race, sex, disability, age, sexual orientation, and gender identity. In addition, the laws prohibit certain behavior in the workforce, including unfair treatment based on protected characteristics, sexual harassment, and retaliation for engaging in a protected activity, such as reporting alleged discrimination. In practice, sexual harassment can include unwelcome sexual advances,

requests for sexual favors, inappropriate sexual comments, or offensive comments made based on a person's sex. Collectively, these prohibitions are commonly referred to as equal employment opportunity (EEO) protections. MWD has written EEO and sexual harassment policies that repeat the prohibitions in law and inform employees how to file EEO complaints.

MWD operates an EEO office within its larger human resources group. The EEO office is responsible for receiving, investigating, and resolving EEO complaints. Complaints may come from affected employees directly or from others, including managers who become aware of potential issues. Other offices within MWD—such as its ethics office, its general counsel's office, and other divisions of human resources—also receive and refer potential EEO complaints to the EEO office. Before MWD hired a second EEO office employee in December 2021, the office had one staff member, MWD's EEO manager, who was responsible for receiving and reviewing complaints to determine whether the circumstances described indicate possible noncompliance with MWD's policies. If so, state regulations require MWD to investigate. Although MWD used to conduct some of its EEO investigations with its own staff, the EEO manager explained that she currently refers all investigations to an external investigator with the assistance of the general counsel's office, which then contracts with outside legal counsel to conduct the investigation. Although this referral and contracting process is not described in MWD's EEO policy, the EEO manager told us she has taken this approach since early 2020 due to a lack of internal resources to investigate complaints.

The EEO manager has additional responsibilities, such as notifying the employee who filed the complaint of the decision as to whether to investigate the complaint. Upon conclusion of an investigation, the findings are summarized in a closing memorandum to the parties. Finally, if it is determined that disciplinary action may be warranted, the EEO office informs the respondent—the party that is the subject of the complaint—of that determination and refers the matter to the employee relations section. Employee relations is a separate section within the human resources division responsible, in part, for ensuring that MWD takes appropriate corrective action when its EEO policy is violated. Aside from the complaint and investigation process, the EEO manager has additional responsibilities related to legally-mandated reporting about the demographics of MWD's workforce.

### Recent Personnel Concerns and MWD's Response

MWD has come under recent public scrutiny over its handling of EEO complaints, including allegations that it retaliated against complainants. In board meetings throughout 2020, MWD employees presented allegations to the board describing workplace harassment they said they had experienced, including sexual harassment and discrimination based on protected characteristics. Some of the employees also described what they perceived to be insufficient responses by MWD. In some cases, the employees alleged that MWD's management had retaliated against them for filing official complaints. In response to these allegations, in November 2020, three members of MWD's board called for an independent review.

In December 2020, MWD contracted with a law firm to review allegations of systemic EEO issues at MWD and to evaluate MWD's current policies and processes for handling EEO issues.<sup>1</sup> The law firm released the results of its review in July 2021. Although the executive summary accompanying the law firm's full report concluded that MWD has not properly responded to certain EEO issues in the past, it stated that the "review data did not support a finding of current widespread EEO issues" at MWD. However, the firm's full report contains survey data indicating that many employees, particularly women and people of color, currently believe MWD's workplace is not safe or respectful. The survey results also reflect a significant split between the perceptions of staff and management. For example, although 78 percent of managers responded that MWD's working environment was safe and respectful for racial and ethnic minorities, only 45 percent of employees overall responded in the same way. The report also made a number of recommendations intended to strengthen MWD's internal policies and improve its handling of EEO complaints.

MWD established a Diversity, Equity, and Inclusion Council (DEI Council) in July 2020. Part of the DEI Council's stated purpose is to ensure accountability in MWD's commitment to create an inclusive work culture that values diversity and equity for all MWD employees. For example, one of the DEI Council's objectives is to identify diversity, equity, and inclusion barriers that affect hiring and promotions. It is composed of representatives from MWD's four bargaining units and from employee resource groups, including the Black Employees' Association and Women at MWD. The DEI Council works with MWD's management to develop recommendations. However, the makeup of the DEI Council has been somewhat controversial, with the women's caucus of

<sup>1</sup> Our office contracts with this same law firm for training and legal services.

MWD's largest bargaining unit boycotting the council because of management's involvement. In March 2022, MWD's general manager explained that the council is still in its infancy and that he expects a DEI officer—which MWD plans to hire in 2022—to lead the development of the council's strategic priorities.

### **Prior State Audit and Relevant Legislative Action**

Our office has previously reviewed MWD in areas relevant to this audit report. In 2003, the Legislature directed our office to conduct a review of MWD that included its personnel policies and practices. In 2004, our office published an audit report concluding, among other findings, that MWD's hiring policies and procedures were decentralized, were informal, and allowed the opportunity for favoritism.<sup>2</sup>

Our 2004 audit also criticized MWD's failure to operate an independent ethics office as required by state law. In 1999, reacting to allegations of misconduct by MWD's board of directors, the Legislature required MWD to create an ethics office that is independent and not subject to political influence. State law directs MWD to adopt ethics rules, such as those governing lobbying and conflicts of interest, and to enforce those rules for all MWD employees, officers, and board members. However, the 2004 audit determined that MWD's ethics office did not independently investigate complaints and suffered from additional issues, such as having no formal process for handling complaints and having inconsistent ethics policies. Accordingly, the audit recommended that MWD implement an ethics office that complied with the law's requirements and develop formal written policies and procedures that are presented consistently.

<sup>2</sup> Report 2003-136, *Metropolitan Water District of Southern California: Its Administrative Controls Need to Be Improved to Ensure an Appropriate Level of Checks and Balances Over Public Resources*, June 2004.

## Chapter 1

### **MWD'S PERSISTENT FAILURE TO ADDRESS EEO ISSUES HAS NEGATIVELY AFFECTED ITS EMPLOYEES**

#### **Chapter Summary**

MWD has not dedicated sufficient attention or resources to its EEO policy or its EEO office, which is responsible for receiving, investigating, and resolving EEO complaints. EEO complaint investigations at MWD have been delayed, overlooked, and poorly tracked. As a result, employees have been subjected to dysfunctional and potentially unsafe workplace situations for unnecessarily long periods of time.

MWD has made slow and sometimes apparently inconsistent decisions about whether and how to address policy violations and other problematic behavior by employees. Our review also determined that MWD has not established sufficient processes to prevent potential violations of its retaliation policy or to intervene effectively when such behavior occurs. Perhaps as a result, MWD has a problem retaining employees who file EEO complaints. Finally, MWD has often used confidential agreements when settling EEO issues with employees, and it has not always reported on those agreements to its board as required.

#### **MWD Has Not Prioritized EEO Complaints or the Resources Needed to Respond to Them**

MWD's EEO policy and procedures do not align with best practices in key areas. Additionally, addressing some EEO complaints has taken MWD much longer than it should by any reasonable metric, including MWD's own investigation procedures. As a result, employees wait for resolution—and may remain in problematic work situations—much longer than MWD should allow. MWD's inadequate planning and underinvestment in resources for its EEO office has contributed to the delays we observed.

#### ***MWD Does Not Conduct Timely Investigations of EEO Complaints, Eroding Employee Confidence and Delaying Corrective Action***

Because it is an employer, state law requires MWD to take reasonable steps to prevent and promptly correct discriminatory and harassing conduct. Employers are also required by law to have written policies that describe prohibited conduct and to give employees a means to report misconduct and seek resolution.

State law additionally requires employers to create processes to ensure that complaints are investigated and closed in a reasonable amount of time and that complainants receive timely responses.

Although state law does not specify time frames for how long it should take to initiate and conduct an EEO investigation, guidance issued by the California Department of Fair Employment and Housing (DFEH) recommends that employers do so promptly, or as soon as is feasible. The guidance goes on to note that some employers begin investigations immediately for allegations of physical harassment, and within a couple of days otherwise. DFEH's guidance highlights that prompt investigations assist in stopping the harassing behavior, make clear that the employer takes the complaint seriously, and allow the employer to fairly address the issues in a manner that minimizes disruptions to the workplace and individuals involved. MWD's EEO complaint investigation procedures, depicted in Figure 2, outline the complaint process from when MWD receives an EEO complaint through the resolution of the complaint, when MWD communicates the results of the investigation to the parties involved. The procedures provide 60 days for completing investigations handled by internal investigators and 90 days for investigations handled by external investigators.

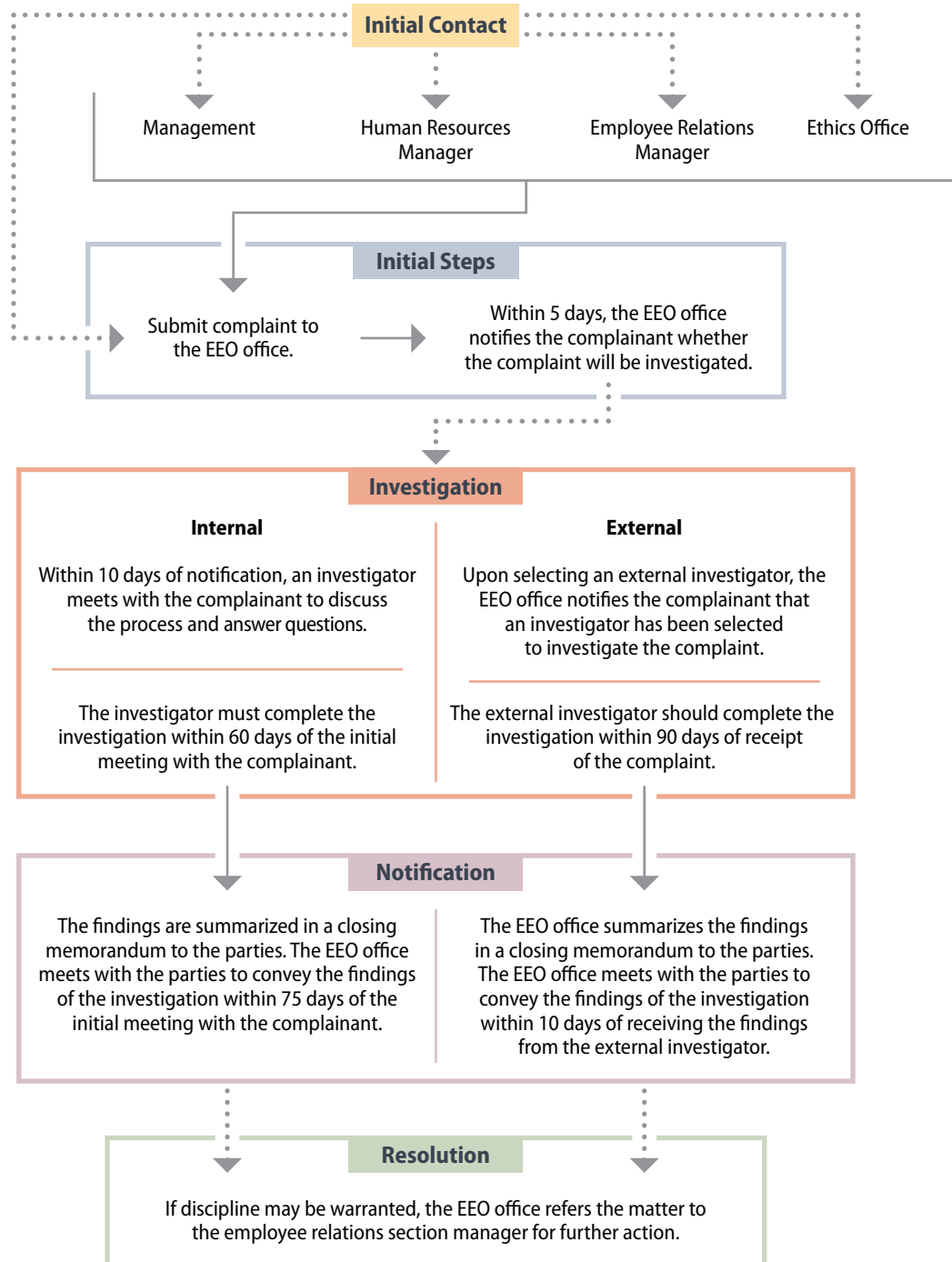
*MWD's EEO investigations often took significantly longer than its procedures allow.*

MWD's EEO investigations often took significantly longer than its procedures allow. We reviewed 28 EEO complaints filed since 2004 to determine their outcomes and whether MWD complied with its policy and procedures. MWD exceeded its time frames for completing investigations in 22 of the cases that we reviewed, and some delays were significant. Specifically, for three internal investigations, MWD exceeded its 60-day time frame by more than two months. One of these investigations took 453 days. Eleven external complaint investigations also exceeded the 90-day time frame by more than three months; one took 580 days to complete and another took 344 days.

When we asked why EEO investigations take so long to complete, MWD's EEO manager cited the use of external investigators as one reason for delays. The EEO manager explained that, because external investigators do not necessarily follow the timelines outlined in MWD's investigation procedures, MWD no longer attempts to follow those procedures and does not provide them to employees despite the requirement in state law that it do so. The MWD attorney responsible for retaining external investigators cited other circumstances that contribute to lengthy investigations, including uncooperative witnesses, extended employee absences, and EEO complaints that raise complex issues. Nonetheless, some of the investigations we reviewed took longer than they should by any reasonable metric. Further, MWD's reasoning does not justify its abandoning its investigation procedures altogether, nor does it explain the delays we observed in other parts of the EEO complaint process.

**Figure 2**

MWD's Procedures for Investigating EEO Complaints Include Specific Time Frames for Key Steps



Source: MWD's EEO policy and EEO investigation procedures.

For example, the investigations we reviewed also featured other troubling delays related to initiating investigations. As Figure 2 shows, notifying a complainant whether an investigation will occur is the first major step in the EEO process and should occur within five days of receiving the complaint. Of the 28 cases we reviewed, MWD failed to meet this time frame in 16 cases, and in nine complaints the EEO office did not inform the complainant whether an investigation would occur until more than a month after receiving the complaint. In one instance, the EEO office took more than six months to respond to an allegation of discrimination.

MWD also failed to summarize its investigation findings in a timely fashion. Summarizing findings in a closing memorandum to the parties involved is a key step in the investigation. According to MWD's procedures, depicted in Figure 2, the EEO investigator must meet with both the complainant and the respondent to notify them of the investigation findings before any corrective action can be taken or the case can be closed. Making these notifications promptly is clearly in the best interests of the parties involved. Despite the importance of this step, in 19 of the 28 cases we

reviewed, MWD failed to meet with the parties within the required time frames. For six of these cases, more than a month passed between the completion of the investigation and the time when the EEO office communicated its investigation results. In one case, it took the EEO office 79 days to do so. Delays in initiating and closing investigations undermine MWD's responsibility to both complainants and respondents and erode confidence in the EEO process.

Because of MWD's delays, employees may continue to work in dysfunctional or potentially unsafe situations for long periods. As we describe in EEO Case Example 1, we reviewed one case in which significant delays posed risks to employees' physical safety because of conduct that was ongoing during the investigation.

### ***MWD Has Not Adequately Planned or Dedicated Resources to Its EEO Program***

Beyond the delays in its investigations, MWD's EEO program is marked by other key weaknesses that negatively affect its ability to appropriately handle EEO complaints. First, MWD has not kept its policies related to EEO up to date. MWD has not updated its EEO policy since 2012 or

#### **EEO Case Example 1**

- On multiple occasions, the respondent informed the manager that the respondent would not work with the complainant because of a previous EEO complaint the complainant made years earlier.
- The complainant filed an EEO complaint after the respondent refused to work with the complainant. At the same time, the manager finally reported the respondent's statements to the EEO office. MWD did not notify the complainant until two months later that it would conduct an investigation.
- During the eight months before the investigation concluded, the respondent made additional attempts to sabotage the complainant's job performance and, in the process, potentially put the physical safety of other employees at risk.
- MWD substantiated that the respondent retaliated against the complainant but did not inform the parties of the findings for nearly a month.
- More than a year after the investigation concluded, MWD finally issued discipline to the respondent.

*Note: Because of the confidential and sensitive nature of the subject matter covered in this chapter, we limit the detail in the examples we discuss to avoid disclosing the identities of any of the parties involved.*

its sexual harassment policy since 2013. As a result, the policies have unaddressed weaknesses and have not kept pace with changes to state law and evolving best practices. Illustrating these issues is the fact that the EEO policy directs employees to submit EEO complaints to a division of human resources that is no longer responsible for handling those complaints. In addition, in contrast to a sample EEO policy issued by DFEH, the EEO policy at MWD lacks both a definition of retaliation and examples of what retaliation looks like. Finally, although MWD provides legally required training to its employees on the prevention of abusive conduct, it does not have a formal policy on abusive conduct, potentially hindering its ability to address or prevent abusive conduct that does not fit the definition of discrimination or harassment.

Another weakness in MWD's approach to EEO complaints is that it has not acted with care or forethought when assigning responsibility for handling EEO complaints. Instead, responsibility for EEO complaints and investigations has shifted within MWD's human resources group without adequate planning or reasoning. In 2011, the former human resources manager moved responsibility for administering and investigating EEO complaints from the EEO manager to MWD's employee relations section—a separate section within the human resources division responsible for ensuring that MWD takes appropriate corrective action when the district's EEO policy is violated. The EEO manager retained responsibility for employee training and reporting on MWD's workforce diversity but no longer performed the key roles of receiving, investigating, and monitoring EEO complaints. Because the announcement of this change provided no justification and the human resources manager who made the decision no longer works for MWD, it is unclear why he felt this move was appropriate.

In January 2020, MWD's current human resources manager stated that she moved responsibility for EEO complaints from the employee relations section back to the EEO office out of her concern that the employee relations section's role in the disciplinary process could have a chilling effect on EEO complainants. MWD's EEO complaint logs—documents the EEO office uses to track complaints—indicate that a chilling effect may indeed have occurred. Before the employee relations section took over the EEO process in 2011, MWD averaged 18 EEO complaints per year. During the period when employee relations was responsible for complaints, the number of annual complaints fell to an average of 11. Although other factors could have caused this decrease, it is not clear why MWD did not anticipate this potential negative effect of moving EEO investigations or why it took nearly 10 years to address it.

***MWD has not acted with care or forethought when assigning responsibility for handling EEO complaints.***

*MWD lacks the EEO staff necessary to meet its obligations to its employees.*

Although well intentioned, the outcome of the recent decision to move responsibility for the EEO process demonstrates a third weakness in MWD's approach to EEO complaints: inadequate staffing levels. The current human resources manager intended to hire a new EEO investigator to take over the process of investigating EEO complaints. However, she told us she never received approval for the new position from management. Left without anyone to fill the role, she transferred responsibility for investigations back to the EEO manager, who had been responsible for the process until January 2011. Although the transfer to the EEO manager was intended to be only temporary, the EEO manager was still handling EEO complaints as of January 2022, more than two years after the change.

MWD lacks the EEO staff necessary to meet its obligations to its employees. At the time of our review, all of MWD's EEO complaint investigations were completed by external investigators because MWD had not dedicated resources to do so internally. In December 2021, MWD finally hired a single investigator to conduct internal investigations. However, that staff level falls short of the three investigators that an external review of MWD's EEO process recommended that MWD hire. In addition, MWD will also need to designate sufficient staff to handle noninvestigatory responsibilities in the EEO office, such as compliance reporting and training.

MWD told us that it intends to restructure its EEO office and add resources to handle more investigations internally. The general manager indicated to us in March 2022 that MWD plans to provide adequate resources as necessary to address the volume of complaints in the time frames required by MWD's procedures. However, even though the external review recommended such additional staffing in July 2021, the general manager did not provide a time frame by which adequate staff will be in place.

#### **MWD's Weak Processes Have Led to Uninvestigated EEO Complaints and Inaccurate Records**

MWD must better account for EEO complaints that are not received directly by its EEO office. As Figure 2 on page 19 depicts, MWD's employees may submit complaints not only to the EEO office but also to other specified offices and individuals within MWD. The EEO policy requires all MWD managers, supervisors, or other designated recipients of EEO complaints to report any conduct that may reasonably violate the EEO policy and refer any complaints received immediately to the EEO office. However, MWD has not established procedures for handling and logging such referrals, and of the offices named in policy as designated recipients of complaints, only the ethics office maintains centralized records of the complaints that come directly to it. As a result, we

were only able to evaluate how MWD handles EEO complaints received by other offices by reviewing the 27 EEO complaints that the ethics office's records indicate it has received since 2016.

Our review of the 27 complaints the ethics office received revealed some delays and uninvestigated complaints as a result of a weak process for making referrals. We found that the ethics office did not always refer complaints to the EEO office in a timely manner or at all. In one instance, it took the ethics office 24 days to refer an EEO complaint, and in two other instances it took 22 days. Further, we identified a complaint that the ethics office did not refer until we brought it to the office's attention in February 2022—nearly five years after the employee submitted the complaint.

MWD has not ensured that once a complaint is referred to the EEO office, the EEO office follows through on the complaint. In two instances, the ethics office referred a complaint to the EEO office via email, but the EEO office did not investigate those complaints promptly. In one instance, MWD's former EEO investigator stated that because of her transition to an interim assignment and a high volume of work, this referral was missed. As a result, MWD did not take action on the complaint until February 2022, when we urged the former investigator to do so. In the other instance, the former investigator claimed to have done some follow-up on the complaint but could not provide any evidence of that. Further, we could not locate any record of the investigation in the EEO files or in the EEO log.

In addition, MWD has not established procedures for how to address potential threats to impartiality, which appears to have affected how the ethics office referred some complaints. According to DFEH best practices, workplace investigations should be impartial. Threats to impartiality may arise when there is a perception of bias on the part of the investigator, which could occur when the complainant or respondent has more authority than the investigator. For example, such a threat might arise if the EEO manager had to investigate a complaint against the human resources manager, to whom she reports. Although MWD staff we spoke to were aware of these potential issues, MWD's EEO policy does not define threats to impartiality or state how potential perceptions of bias should be handled or by whom. We identified five instances in which the ethics office decided there was a potential threat to impartiality and, in the absence of clear direction, referred the complaint to an office other than the EEO office without informing the EEO manager. Circumventing the EEO office is problematic. Unless the EEO office is informed of all EEO complaints, regardless of who ultimately investigates them, it cannot maintain accurate records or ensure that complaints

*The ethics office did not always refer complaints to the EEO office in a timely manner. In one instance, it took 24 days to refer a complaint.*

### EEO Case Example 2

- MWD investigated several complaints from employees who publicly criticized the district.
- Some of the complaints included allegations of retaliation and discrimination by members of executive management and other employees at MWD.
- MWD's board approved funds to have a law firm independently investigate the allegations. The ethics officer, who coordinated these investigations, told us MWD took this approach because of potential threats to impartiality because of parties named in the allegations.
- The ethics office did not specify to the EEO manager whether the investigations would cover some or all of the allegations.
- As a result of this miscommunication about which investigations were being conducted by whom, the EEO manager referred some complaints for investigation seven months late. At least one complaint went uninvestigated altogether.

are investigated and resolved. Further, as shown in EEO Case Example 2, MWD's failure to establish procedures for how to address potential threats to impartiality increases the risk of missed or delayed investigations and can further erode employee confidence in the EEO process.

Finally, MWD has also failed to keep accurate and complete records of its EEO complaints, leaving the total number of complaints unknown. MWD's EEO logs from January 2004 through November 2021 show it received 297 EEO complaints, but the logs are inaccurate and incomplete. Our review of other sources of EEO complaints, such as those reported to MWD's ethics office and those kept by staff in the general counsel's office, identified at least 18 EEO complaints that were not included in the EEO logs.

A few different but related factors have contributed to the inaccuracy and incompleteness of MWD's EEO records. The district's EEO policy does not accurately describe who is responsible for tracking EEO complaints, and MWD does

not have written recordkeeping procedures. Instead of tracking complaints centrally, multiple parties maintain separate lists, and these lists are inconsistent and incomplete in the information they contain. Further, citing a lack of resources, the EEO manager indicated in July 2021, when we began our review, that she was significantly behind in logging complaints for both 2020 and 2021. Also, despite MWD's significant financial resources, staff use imperfect and imprecise tools—such as spreadsheets—to track EEO complaints. Case management software that allows for real-time record control and ensures that all complaints are centrally tracked would be more appropriate. Despite our efforts, the serious shortcomings of MWD's recordkeeping and underinvestment in its EEO program prevented us from determining the precise number of EEO complaints received by MWD during the period we reviewed.

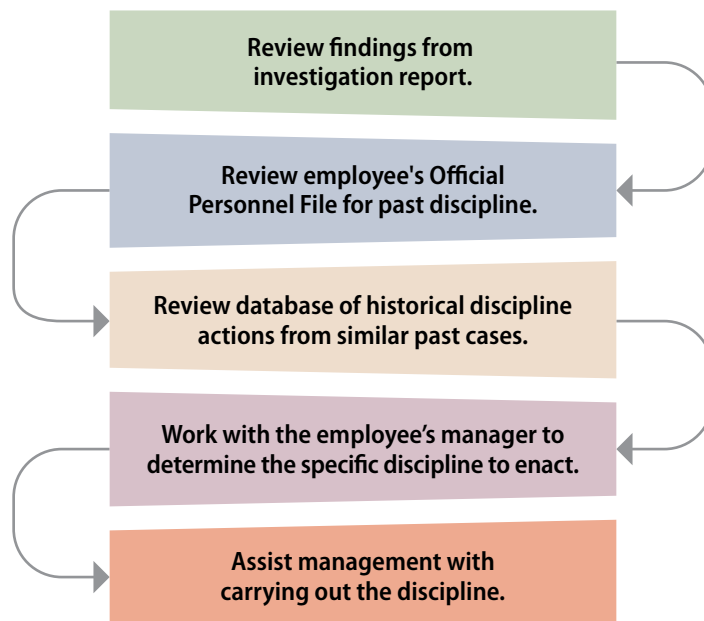
### MWD's Discipline Process in Response to Substantiated EEO Complaints Is Slow, Inconsistent, and Potentially Unfair

State law requires employers to take reasonable steps to prevent and promptly correct discriminatory and harassing conduct. DFEH guidance specifies ways in which employers should meet this obligation, such as imposing disciplinary action commensurate

with the level of misconduct and consistent with past actions. DFEH also suggests that discipline should discourage or prevent the reoccurrence of similar behavior by the employee. Despite this available guidance, MWD has not demonstrated that its approach to disciplining employees who violate policy follows these best practices.

MWD's employee relations section manager (employee relations manager) indicated the discipline process includes steps to ensure it is consistent and fair. However, our review identified issues with both the consistency and fairness of MWD's process for handling discipline when confronted with EEO policy violations or other problematic behavior identified by EEO investigations. Staff pointed us to language in contracts with its employee bargaining units as the criteria for issuing discipline. Although the contracts lay out steps MWD may take as misconduct gets more severe, they do not establish how to decide the level of discipline for any specific misconduct. Instead, the employee relations manager, whom MWD's EEO policy identifies as the individual responsible for ensuring that MWD takes immediate and appropriate corrective action when the policy is violated, explained several steps that MWD takes. As Figure 3 illustrates, these steps include reviewing findings from the investigation report and discipline from similar past cases.

**Figure 3**  
MWD Uses an Informal Process to Determine Discipline Following EEO Investigations



Source: Interviews with MWD's employee relations manager.

To assess whether MWD followed the disciplinary process as described for the 28 EEO complaint investigations we reviewed, we evaluated MWD's disciplinary decisions for the 21 employees whom the investigations either determined had violated MWD policy or substantiated other troubling behavior, such as abusive conduct. Specifically, we identified whether and when MWD imposed discipline, the type of discipline, and how it made these decisions.

We found that, overall, MWD was slow to issue discipline for EEO policy violations and misconduct. Of the 11 cases that we reviewed in which MWD issued discipline, it did so a month or more after the conclusion of the investigation in eight of those cases. In the EEO case discussed in EEO Case Example 1 on page 20, MWD

### EEO Case Example 3

- An employee filed a complaint against a manager alleging, in part, that the employee's manager was abusive and ignored safety concerns, causing a danger to employees.
- MWD took 25 days to notify the complainant that an investigation would occur.
- After taking nearly two years to complete the investigation, MWD substantiated that the manager's conduct had, among other things, caused a danger to employees.
- MWD took an additional 79 days to notify the parties involved of the outcome of the investigation.
- To discipline the manager, MWD issued a written warning one year after the investigation was completed and nearly three years after the original complaint.

issued discipline more than a year after the investigation substantiated retaliation. EEO Case Example 3 illustrates another EEO case in which MWD issued discipline—in the form of a written warning—nearly three years after the complaint was filed. The employee relations manager stated that MWD can face delays in issuing discipline because of the need to coordinate with an employee's manager and others at MWD. However, significant delays in issuing discipline may allow discriminatory, harassing, or unsafe conduct to continue uncorrected.

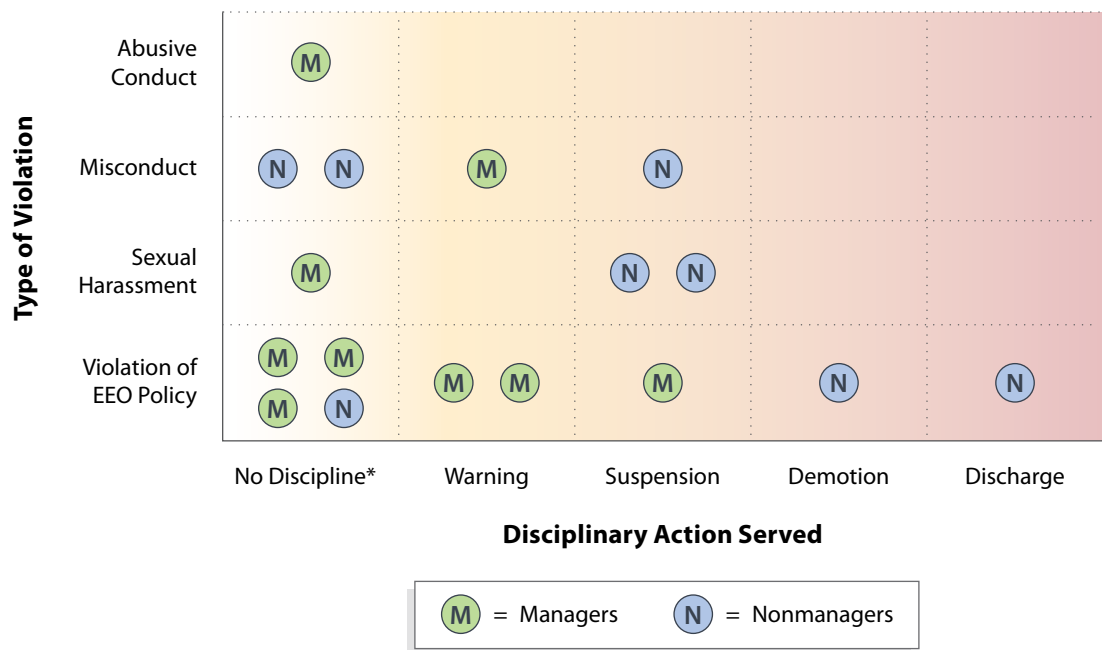
MWD also did not adequately explain all of its decisions not to impose discipline at all, which occurred for the remaining 10 of the 21 employees in the cases we reviewed. For four of those cases, the respondents left MWD before the investigation was complete. For the other six, however, MWD generally could not provide adequate justification for its decisions not to discipline the employees. In some of those cases,

employee relations staff acknowledged that the investigation had substantiated policy violations but told us that other factors, such as intervention by management, resulted in no discipline in these cases. In other cases, staff could not sufficiently explain why the substantiated behavior did not amount to misconduct.

Further, our review found that MWD's decisions about whether and how to impose discipline disproportionately favored managers. For example, a manager refused to cooperate with an EEO investigation, which constituted an EEO policy violation. When employee relations conveyed the findings to the manager's superiors, those superiors indicated the importance of the manager, noting that they didn't want to "scare him away." Notably, this manager received only a warning. In another case, MWD issued a two-day suspension

for a manager who had violated MWD's sexual harassment policy. The employee relations manager indicated to us that the decision was the result of MWD's management pushing for a lower level of discipline than employee relations recommended. Further, instead of making the manager actually serve the suspension, MWD agreed to delay the suspension until after the end of the year. More than a month later, the manager retired as previously planned, having never served the suspension. In four of the 10 cases involving misconduct by a manager, we saw evidence that MWD management may have improperly influenced the disciplinary process. We did not see evidence of any such occurrences with employees who were not managers. Figure 4 provides the discipline outcomes for managers and nonmanagers among the 21 incidents of substantiated misconduct we reviewed.

**Figure 4**  
**Discipline by Type of Violation**



Source: MWD EEO case files and employee disciplinary files.

Note: This figure does not include four employees who left MWD before the conclusion of their EEO investigations, which substantiated misconduct. Additionally, one disciplinary action included in this figure has been issued by MWD but was in the process of being appealed at the time of our review.

\* This category contains two employees who were issued discipline but did not serve it because of agreements between MWD and the employees' bargaining units.

#### EEO Case Example 4

- A complainant discussed the outcome of an investigation with a family member, who was also an MWD employee, shortly after receiving the results of the investigation.
- MWD issued the complainant a two-day suspension for violating the confidentiality of the process.
- In response to our question about how it determined the level of discipline, MWD stated that it could not find any comparable discipline issued to other employees for similar infractions. Therefore, it justified the degree of discipline it issued by referencing previous discipline for unrelated misconduct by the complainant.
- However, in our review of discipline documentation, we identified a case with a similar infraction that MWD should have considered when making its disciplinary decision.

The inconsistency with which MWD has imposed discipline can be particularly problematic in the context of alleged misconduct by EEO complainants, which occurred in EEO Case Example 4. As the example shows, our review of this incident found an error in MWD's disciplinary process. We also identified similar policy violations that were arguably more egregious but resulted in less severe discipline, and we determined that MWD inconsistently considered past discipline in the cases we reviewed. Given the leniency MWD has shown other employees, often managers, its decision in this case further demonstrates that its current process is not sufficient to ensure equitable and consistent discipline.

#### **MWD Has Failed to Prevent or Address Negative Treatment of EEO Complainants**

MWD has not established ways to prevent or address mistreatment of EEO complainants during and after EEO investigations. Consequently, we observed little evidence that MWD intervened when problematic behavior toward complainants occurred, and we found that many complainants leave MWD after participating in the EEO process. MWD's ongoing resistance to addressing substantiated retaliation further demonstrates its troubling tolerance of EEO-related misconduct issues and suggests a larger cultural problem.

#### ***MWD Lacks Processes to Detect Potential Mistreatment of Complainants and Has Not Responded to Clear Evidence of Retaliation***

State and federal laws prohibit employers from retaliating against employees for engaging in a protected activity, such as filing an EEO complaint. DFEH best practices warn against a broad range of behavior toward complainants and prescribe preventive and responsive measures employers should take. DFEH guides employers to counsel all parties not to retaliate and to be alert for signs of retaliation—including actions taken by peers that go beyond illegal forms of retaliation, such as failing to communicate with the complainant. Finally, DFEH recommends that employers check in with a complainant after the investigation—regardless of whether the allegations were substantiated—to proactively ensure that the complainant is not experiencing retaliation.

MWD has not established sufficient processes to prevent or proactively address potential violations of its retaliation policy. Its EEO policy does not define retaliation but does state that retaliation will not be tolerated. MWD includes examples of retaliatory behavior in correspondence it sends to respondents at the beginning of an EEO investigation, such as refusing to work with a complainant. In our evaluation of MWD's policies and practices for handling EEO complaints, we did not independently investigate the merit of any complaint or conclude whether a violation of law or policy occurred. Instead, when reviewing the 28 EEO cases we selected, we considered how complainants might perceive the treatment they experienced and determined what MWD did to prevent or address problematic behavior. In doing so, we observed little evidence that MWD has processes to identify problematic behavior directed toward EEO complainants or that MWD staff intervene effectively when such behavior occurs.

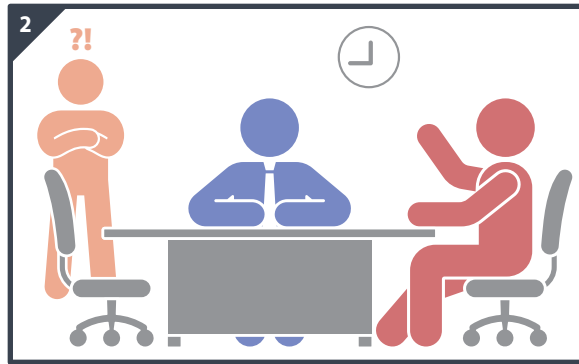
In one case, MWD investigated a complaint that an employee was experiencing retaliation from a coworker. Given the lack of diversity in the work group, along with the aggressive behavior toward the complainant following a previous EEO complaint, the EEO manager expressed concern even before the investigation began that the complainant could be subject to retaliation from coworkers. The complainant's manager also told the EEO investigator that there had been tension in the work group for some time because of the earlier EEO complaint and indicated that, although he had reached out to employee relations for assistance, these issues were ongoing at the time of the investigation. However, despite these early indications of possible trouble, MWD failed to prevent dysfunction and apparent mistreatment of the employee during the investigation. Ultimately, the complainant's coworkers contacted MWD's human resources manager demanding that the complainant be removed from the work group. There is no evidence that MWD intervened after this contact occurred despite its resemblance to descriptions of retaliatory behavior in MWD's own guidance to employees. In fact, when we asked MWD about what actions it took, if any, the EEO manager thought employee relations was handling the issue. However, the employee relations manager indicated to us that he had no knowledge of the incident.

We identified other instances in which MWD failed to protect complainants or treat them with appropriate care after the EEO process was complete. In EEO Case Example 1 on page 20, MWD management did not take action to protect the complainant despite being told by the respondent that the respondent intended to refuse to work with a complainant, thereby failing to uphold MWD's responsibility to prevent retaliation. In another case, depicted in Figure 5, MWD failed to protect a complainant after substantiating physical sexual harassment. As the figure shows, MWD did not

*We identified instances in which MWD failed to protect complainants or treat them with appropriate care after the EEO process was complete.*

**Figure 5****MWD Does Not Always Treat Complainants With Sufficient Care**

MWD substantiated an EEO complaint of physical sexual harassment and promised that the complainant would not have to work with their harasser again.

**Several years later...**

the complainant was directed to work with their harasser in a one-on-one setting after the two were back on the same team.



Even after the complainant informed the manager of the situation, the manager still insisted that the parties work together.



After reaching out to various MWD offices for help, the complainant filed a complaint with DFEH.



The complainant entered into a settlement agreement with MWD as a result of the DFEH complaint, which includes a commitment from MWD to not have to work with their harasser. To keep this arrangement, the complainant has to provide ongoing medical documentation.

adhere to its commitment that the complainant would not have to work with their harasser in the future, and it ultimately placed the burden of resolving the issue on the complainant. MWD's inaction and its lack of thoughtful processes for handling complainants can create and exacerbate problems for those employees.

Perhaps because of its failure to ensure the appropriate treatment of complainants, MWD has a problem retaining employees who file EEO complaints. Our review of personnel records and EEO logs found that nearly one in three complainants leaves MWD within one year of an EEO complaint being closed by MWD. We identified other evidence that supports the conclusion that employees sometimes leave because of dissatisfaction with how MWD handled their EEO complaints. In one instance, an employee wrote to a manager explaining that the reason for retiring earlier than planned was because of the divisive environment of favoritism, discrimination, and retaliation the manager had created and was perpetuating in the unit.

Another employee expressed concerns in a resignation letter, stating that after raising a sexual harassment allegation against a supervisor, which the EEO office chose not to investigate, the employee felt that the supervisor began retaliating against the employee. The EEO office's response to this subsequent retaliation allegation made the employee believe that the EEO office would not address the alleged retaliation, and so the employee felt that the only choice was to resign. On the day after resigning, the employee filed a complaint with DFEH. The investigation that MWD conducted following the employee's resignation found, in part, that the EEO manager did not make a sufficient effort to understand the concerns the employee was raising and discouraged the employee from referring to the previous complaint as sexual harassment. The investigator concluded that the EEO manager's actions gave the impression that the employee could not file a retaliation complaint.

*The EEO office's response to a retaliation allegation made the employee believe that the EEO office would not address the alleged retaliation, and the employee felt that the only choice was to resign.*

#### ***Recent Events Demonstrate MWD's Unwillingness to Improve Its Handling of EEO Issues***

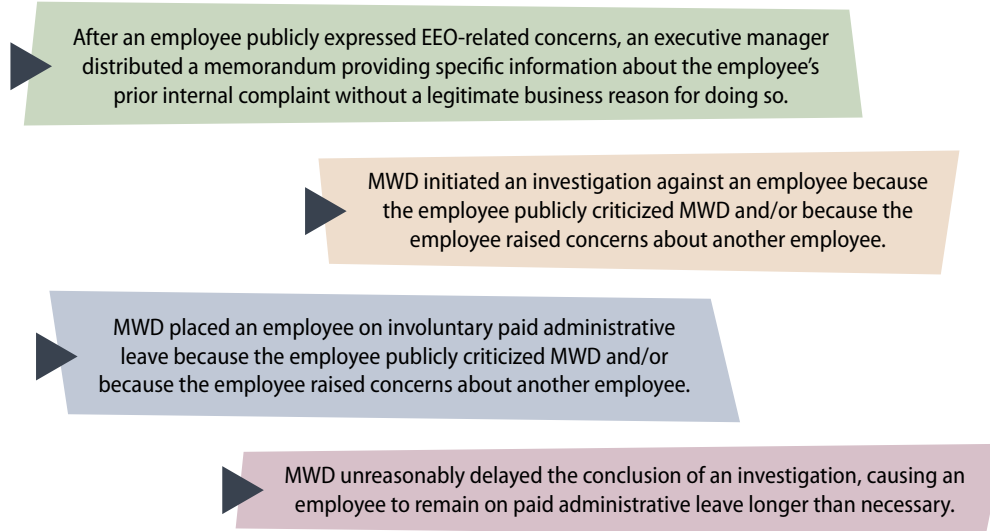
Three recent retaliation investigations demonstrate that MWD's historical failure to protect some complainants is ongoing. As we summarized in EEO Case Example 2 on page 24, MWD's board approved funds to have a law firm independently investigate several complaints of alleged retaliation by MWD managers and other employees at MWD. Those investigations substantiated several instances of retaliation, some of which are summarized in Figure 6. Despite the seriousness of the law firm's findings, MWD has resisted taking action to correct these problems. Our review of confidential memos within the office of the general manager

raised serious concerns about MWD's response to the investigation findings. Indeed, at the time of our review, MWD had not committed to any action in response to the findings. Its failure to do so persists despite the fact that six months had passed since it received the outcomes of the investigations.

**Figure 6**

**Recent Independent Investigations Substantiated Claims of Retaliation Against EEO Complainants**

**Examples of recent allegations substantiated by an independent law firm:**



Source: MWD ethics officer public comments at the January 2022 MWD Organization, Personnel, and Technology board committee meeting.

In its guidance, DFEH states that an effective anti-harassment program includes buy-in from the top, meaning that management is a role model of appropriate workplace behavior, understands the policies, and demonstrates a commitment to EEO. By contrast, MWD's inaction and outright resistance when faced with problematic behavior toward EEO complainants, coupled with the other shortcomings we have discussed throughout this chapter, indicate larger cultural problems with MWD management's lack of commitment to EEO. Indeed, many employees told us they feared or have experienced retaliation for speaking up about their perceived mistreatment or other concerns. MWD's historical and ongoing actions demonstrate a failure of leadership and create, at a minimum, a perception that it tolerates harassment, discrimination, and retaliation.

**Rather Than Confront Its EEO Challenges, MWD Has Resisted Transparency**

MWD often used nondisclosure agreements (NDAs) when settling EEO issues with its employees. Although we did not evaluate the reasonableness of any individual NDA or its specific provisions, we are concerned that its historical reliance on confidentiality has contributed to MWD's failure to address underlying issues. This concern is underscored by the fact that we also found poor internal tracking of settlement agreements and insufficient reporting to MWD's board.

***MWD Often Invokes Confidentiality When Settling EEO Matters With Employees, and the Extent of Its Settlement Activities Is Unclear***

Recent changes to state law limit when employers may use NDAs as part of settling certain employee issues. Since January 2019, state law has prohibited settlement agreements from containing terms preventing the disclosure of facts related to claims of sexual harassment, discrimination based on sex, and related allegations. Beginning in January 2022, state law extended this prohibition to include claims of discrimination and harassment based on other protected characteristics in state law, such as race and sexual orientation. The law does not prohibit NDAs that keep confidential the amount paid in the settlement agreement, and it only applies to agreements related to claims filed in civil actions or administrative actions, such as complaints filed with the U.S. Equal Employment Opportunity Commission (EEOC) or DFEH (agency complaints). Because the restrictions in the law were recently enacted, they did not apply to most of the MWD employee settlements we reviewed as part of this audit. Additionally, we did not identify any violations of the law in the agreements we reviewed for which the 2019 law applied.

We reviewed settlement agreements for the period between 2004 and 2021 and identified 37 that resulted wholly or partially from EEO issues. Of those 37 agreements, 29 contained NDAs. Additionally, 14 of the 37 settlements contained separate clauses that generally limited signatories' ability to make disparaging statements about the terms and circumstances leading to the settlement, or about MWD more generally. These clauses, called *nondisparagement clauses*, do not explicitly prevent signatories from disclosing the circumstances of their complaints but may nonetheless leave them feeling constrained or confused about what they can say. For example, one employee with a settlement agreement told us that the nondisparagement clause made the employee feel constrained from talking about what had happened. Appendix B of this report provides the EEO issues associated with each of the NDAs we identified.

*Of the 37 settlement agreements we reviewed, 29 contained NDAs, and 14 of the 37 contained nondisparagement clauses, which may leave the complainants feeling constrained or confused about what they can say.*

Under state law, MWD also can no longer include NDAs in other types of agreements. Specifically, the changes to law that took effect in January 2022 also generally disallowed provisions in separation agreements prohibiting the disclosure of information pertaining to harassment, discrimination, or other unlawful conduct. A separation agreement is a type of settlement agreement in which an employee agrees to leave MWD in exchange for payment or another benefit, such as a period of paid administrative leave. We identified 12 separation agreements that MWD entered into with employees from 2004 through 2021. Of those, nine contained NDAs. Because of MWD's incomplete EEO logs and shortcomings with its recordkeeping of settlements, which we discuss below, we were unable to determine whether all of these agreements stemmed from EEO issues. However, we identified evidence that at least some of the separation agreements may have been related to EEO issues, and MWD's assistant general counsel also informed us that some of the employees with separation agreements made reference to possible EEO complaints before entering into the agreements.

We found variability in the specific provisions that MWD included in its NDAs. For example, one NDA stated that any disclosure by the signatory would do irreparable harm to MWD that money cannot undo. The same NDA binds not only the signatory to confidentiality but also members of the signatory's immediate family. Some NDAs apply to both parties, while others apply only to the signatory. Some NDAs identify specific monetary amounts to be paid by the signatory to MWD if the signatory violates confidentiality, and others do not.

When we asked MWD about the variability of the NDAs' content, the general counsel confirmed that there is no boilerplate language for the confidentiality provisions and that each confidentiality portion of the agreement is treated uniquely. MWD's general counsel also told us that it has not enforced any of these confidentiality provisions and has no plans to do so. Because state law now prohibits the use of NDAs in a variety of types of EEO claims, and because of the potential public benefit from increased transparency about EEO issues, we asked MWD whether it would be willing to release past signatories from their NDAs. In response, MWD's general counsel told us that MWD is open to releasing signatories from their NDAs upon request.

*MWD told us it is open to releasing signatories from their NDAs upon request.*

Our review of MWD's settlement agreements identified issues that go beyond the content of those agreements. Specifically, because of MWD's poor recordkeeping regarding agreements, we do not know whether we identified all EEO-related agreements that MWD has entered into. MWD does not keep centralized records of its settlement agreements, and it took repeated requests before MWD provided the settlements we were ultimately able to identify.

In addition, when we reviewed the EEO office's complaint files, personnel files, and reports from MWD's external insurance carrier that handles settlement payments, we identified reliability issues with each type of record. For example, MWD's human resources manager told us that all settlement agreements were stored in employees' personnel files in sealed envelopes. However, in our review of more than 120 files of employees that were involved in EEO complaint investigations—including employees for whom we had already identified settlement agreements by other means—the agreements were not in any of the files. In some cases, we found empty envelopes where agreements should have been. The human resources manager could not explain why the settlement agreements were not located in the files or where else they could be located. Therefore, despite extensive efforts to identify all settlement agreements, MWD's unaccountable and decentralized approach to recording, processing, and storing settlement agreements raises doubts about whether we identified all of them.

MWD can and should be more transparent about what it is doing to address EEO complaints alleging discrimination, harassment, and retaliation. We did not evaluate the reasonableness of any individual NDA or its specific provisions, and state law places limits on MWD's ability to require confidentiality in certain EEO-related settlements going forward. Nonetheless, we are concerned that MWD's historical reliance on confidentiality has contributed to its failure to address underlying circumstances that lead to the EEO issues we discuss throughout this chapter. MWD's poor internal practices for accounting for settlements and its longstanding failure to inform its board about the extent of employee settlements—which we discuss in the following section—underscore these concerns.

#### ***MWD Does Not Always Report Employee Settlements to Its Board as Required***

State law and MWD's administrative code delegate authority to the general manager, with the general counsel's approval, to settle any claim against MWD for amounts up to \$125,000 but require board approval for settlements over \$125,000. The administrative code also requires the general counsel to report quarterly to a special committee of the board—the Legal and Claims Committee—about settlement agreements with payments under \$125,000, as well as any instance in which it settles or contests a claim or charge by an administrative agency.

However, MWD does not always report settlements resulting from lawsuits to the board as required, and the information it does report is not sufficient for the board to provide appropriate oversight. We reviewed eight settlement agreements that resulted

***MWD can and should be more transparent about what it is doing to address EEO complaints alleging discrimination, harassment, and retaliation.***

from EEO-related litigation. The general counsel could only provide documentation that it obtained board approval for three of the four agreements above \$125,000. MWD also did not report two of the other four agreements on time or to the Legal and Claims Committee. Further, the information the general counsel provided to the committee varied in its detail. Of the two settlements the general counsel reported on time, only one indicated that the settlement included a monetary payment despite the fact that both settlements included such payments. Although it may be appropriate for MWD to withhold the specific amount paid in settlement agreements from public disclosure, the board nonetheless has a business need to be informed about how ratepayer money is spent. Further, neither of these reports indicated that the settlement agreements included NDAs, although both did.

MWD's reporting on other types of settlement agreements is similarly inconsistent. MWD's general counsel explained that it reports settlements related to agency complaints filed with DFEH or the EEOC only when the settlements involve a cash payment, thereby triggering the reporting requirement discussed above. We expressed our concern that this interpretation unnecessarily limits information in which the board has a clear interest, such as when the agreements have other financial impacts. In response, the general counsel stated that her office was open to reporting on all such settlements if we recommended that it do so.

Further, MWD does not report to its board all settlements that it claims to have reported. We identified 17 settlements that originated from agency complaints, and nine of those included cash payments. However, the quarterly reports that the general counsel's office made to the Legal and Claims Committee did not include four of those nine agreements, even though they should have. For four other instances that the general counsel's office reported to the board, we again noted that its reporting was late or lacked detail. Of the eight settlements that the general counsel did not report because they did not involve cash payments, we identified that four of them nonetheless had financial impacts for ratepayers because the settlement terms included promotions, back pay, or paid leave. Therefore, we believe MWD should report these agreements to the board as it is required to do for settlements that include cash payments.

***MWD still has not developed a policy for reporting employee separation agreements to its board despite a recommendation in our 2004 audit that it do so.***

Finally, MWD still has not developed a policy for reporting employee separation agreements to its board despite a recommendation in our 2004 audit that it do so. During this audit, we identified 12 separation agreements between 2004 and 2021 that it should have reported to the board per our 2004 audit recommendation. Four were not reported, and six of

the eight that were reported failed to include the details that the 2004 recommendation specified, including whether the agreements contained financial terms.

Vague and incomplete reporting of settlement agreements prevents the board and MWD's other stakeholders from determining the extent of MWD's EEO issues and from holding the organization accountable. As a public agency, MWD has an obligation to its ratepayers to avoid costly settlements that result from a failure to effectively prevent and respond to harassment and discrimination. Our review indicates that greater transparency and accountability will be crucial to ensuring that MWD's management addresses the shortcomings we identified throughout this chapter.

**Please refer to the section beginning on page 5 to find the recommendations that we have made as a result of these audit findings.**

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## Chapter 2

### **DESPITE BEING AWARE OF ISSUES, MWD HAS RESISTED IMPLEMENTING AN EQUITABLE AND ACCOUNTABLE HIRING PROCESS**

#### **Chapter Summary**

Although MWD agreed to develop comprehensive hiring procedures nearly 20 years ago in response to a 2004 audit by our office, its process remains decentralized and informal. Instead of following best practices, MWD's hiring process gives significant discretion to individual hiring managers without corresponding accountability and is not transparent. As a result, MWD is unable to demonstrate that its hiring decisions are equitable or reasonable.

In addition, MWD's hiring process fails to protect applicants from discrimination. In fact, MWD has removed procedures designed to prevent discrimination in its hiring process, exposing applicants to potentially unfair treatment. MWD's workforce data show that women and people of color are underrepresented in certain jobs and are hired at lower rates. However, MWD has failed to meaningfully analyze these data and use them to improve its hiring processes. MWD's failure to implement our 2004 audit's recommendations to improve its hiring process and its inaction in the face of underrepresentation among its workforce demonstrate a cultural unwillingness among MWD management to ensure that it provides all employees and applicants with a fair, nondiscriminatory, and transparent hiring process.

#### **For Nearly Two Decades, MWD's Hiring Process Has Lacked Transparency and Failed to Ensure Fairness**

In response to our 2004 audit, MWD agreed to create comprehensive hiring policies and procedures. However, nearly 20 years later, MWD's hiring process still is not formal or centralized, and it does not follow best practices for hiring. Our review found poor documentation of some aspects of the hiring process, as well as noncompliance with the informal procedures MWD claims to have implemented.

#### ***MWD Has Not Formalized Comprehensive Hiring Procedures***

As we discuss in the Introduction, our 2004 audit found that MWD's hiring policies and procedures were informal, decentralized, and allowed the opportunity for favoritism. Specifically, the policies

and procedures guiding the hiring process were contained in 15 different sources that were not always current or comprehensive. None of these 15 sources provided adequate guidance for all aspects of the hiring process. Because these weaknesses in its process left MWD exposed to allegations of favoritism or bias in hiring, we recommended that MWD develop comprehensive and current procedures for hiring.

MWD agreed in 2004 to implement our recommendations, yet our current audit found that the procedures guiding its hiring process are still contained in multiple sources that are neither current nor comprehensive. During this audit, MWD identified various official sources of criteria governing its hiring process: its administrative code, the contracts with MWD's four bargaining units, and an operating policy that MWD last updated in 2005. These sources direct MWD to conduct a process that ensures equal employment opportunity and attracts a highly qualified and diverse pool of applicants, and they place much of the responsibility for administering the process on its human resources group. However, none of the sources specify how human resources staff should ensure that the process is fair and transparent. These policies also do not provide direction on preventing favoritism or bias on the part of supervisors and management throughout MWD who conduct hiring processes and make hiring decisions, known as hiring managers.

***MWD has not formalized the hiring procedures it has developed, nor has it distributed them. The procedures were last updated in 2012, and MWD considers them to be informal guidelines and not official policy.***

Despite the importance of having detailed guidance for responsible parties, MWD has not formalized the hiring procedures it has developed, nor has it distributed them. According to its recruitment manager, MWD considers its written hiring procedures, last updated in 2012, to be informal guidelines and not official policy. Further, even though MWD titled these informal procedures "Recruitment Procedures for Hiring Managers," it has not provided them to its hiring managers. Instead, MWD's recruitment manager who oversees hiring stated that his staff work with hiring managers on a case-by-case basis to explain the process. MWD also has not developed procedures to guide those human resources staff in their oversight role. Rather, it provides them with a recruiting and selection flowchart outlining its informal procedures and the broad criteria documents we discuss above. Finally, MWD has not provided training on the procedures for its hiring managers or human resources staff. As such, the parties responsible for MWD's hiring process continue to lack sufficient guidance on how to do their jobs properly and fairly. Because it has not formalized its procedures, MWD cannot ensure consistency and hold staff accountable for following them. Not surprisingly, we also found that hiring managers do not always comply with MWD's informal hiring procedures, as we discuss later in this chapter.

MWD did not provide a compelling reason for its failure to formalize its hiring procedures in the nearly two decades since our 2004 audit. MWD's human resources manager and the recruitment manager both characterized their previous interactions with bargaining units regarding personnel policies as a barrier to formalizing MWD's hiring procedures. The human resources manager expanded on this characterization, stating that MWD has not formalized the procedures and the flowchart of the hiring process because of previous disagreements when negotiating with the bargaining units. She stated that MWD's contract with one of the bargaining units requires MWD to meet and confer and potentially bargain with the union in order to formalize or change its hiring procedures. However, our review found that the contract requires only that MWD discuss any changes to human resources procedures with the union, and not bargain regarding them, unless the changes specifically affect wages, hours, or other terms of employment. In any event, we did not find evidence that MWD has engaged in discussions with the bargaining units regarding the hiring procedures or flowchart. In fact, MWD's manager who oversees collective bargaining told us that requirements to meet and confer have not historically been a significant barrier to making changes to human resources policies or procedures and that human resources staff have not provided him with formal hiring changes to present to the bargaining units. Given MWD's inaction since our 2004 audit and its unconvincing arguments about why it has not done more, we are concerned that there is a cultural unwillingness at MWD to create a comprehensive hiring process that is transparent and accountable.

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***MWD's Informal Hiring Procedures Do Not Align With Best Practices, Allowing Hiring Managers to Make Potentially Unfair Hiring Decisions***

Although best practices emphasize establishing clear criteria for screening applications and for documenting the entire hiring process, MWD has not done so. To evaluate MWD's informal procedures, we considered guidance from the California Department of Human Resources (CalHR), which publishes best practices for state departments. We also reviewed publicly posted hiring materials from the Department of General Services (DGS), a large agency like MWD that similarly performs a variety of business functions across large geographic areas. The best practices from CalHR highlight the importance of developing and documenting application screening criteria based on the knowledge, skills, and abilities associated with the positions for which employers are hiring. Similarly, DGS requires its hiring managers to develop criteria for screening applications and to use a template to numerically score applications. Following the screening

*MWD does not require its hiring managers to document their reasons for selecting certain applicants to move forward in the hiring process and eliminating others.*

process, DGS's policies and procedures require hiring managers to retain this information to demonstrate that the process was fair and transparent.

By contrast, MWD's processes give hiring managers flexibility and convenience at the cost of accountability and transparency. MWD has different hiring processes for internal and external applicants. When MWD conducts a purely internal hiring process because it has enough qualified internal applicants for a position, it invites all qualified applicants in for examinations or interviews. For a hiring process with external candidates, MWD's hiring managers have the discretion to select which applicants to interview. However, MWD does not require these hiring managers to document their reasons for selecting certain applicants to move forward in the process and eliminating others. As a result, there is no record of how the hiring managers justify those decisions.

MWD's missing requirements affect large numbers of applicants. Eight of the 12 hiring processes we reviewed included external candidates. In those eight, the hiring managers eliminated numerous applicants as part of the screening process without adequately justifying their rationale for doing so. For example, one hiring manager eliminated 35 of the 44 qualified applicants but did not document how he determined which applicants would move forward. We found similar problems in the other seven hiring processes with external applicants. Although it is reasonable for MWD to reduce the size of an applicant pool before conducting interviews, the large numbers of people affected by MWD's screening decisions make it even more troubling that MWD has not adopted best practices to ensure equity and consistency in the process.

MWD's informal procedures also do not ensure sufficient justification to support hiring decisions. The informal hiring procedures describe a step in the process wherein a hiring manager justifies in writing why the chosen candidate is the best qualified. However, neither the recruiting and selection flowchart nor the informal procedures contain explanations or examples that demonstrate the level of detail hiring managers should provide to justify their selections. This lack of direction prevented us from determining whether hiring managers selected the best-qualified applicants in some hiring processes. Specifically, in five of 12 hiring processes we reviewed, the candidate that MWD selected was not the individual who scored highest during the documented panel interviews or exam exercises. Although selecting a lower-scoring applicant may be appropriate for specific reasons, such as extensive education and relevant experience, the hiring managers for the five hiring processes provided varying detail to justify the hiring decisions. In two cases, the hiring managers did not make any direct

comparison between the selected applicant and the higher-scoring applicants. In the other three cases, the hiring managers did broadly explain their reasons for choosing the selected applicant but still did not clearly compare the relative qualifications of the selected and nonselected applicants. As a result, MWD continues to risk favoritism or bias in its hiring processes, a problem that we initially identified in our 2004 audit.

#### ***MWD's Ability to Investigate EEO Complaints Related to Hiring Is Limited***

Insufficient hiring procedures and documentation also hinder MWD's ability to investigate claims of discrimination or unfairness. We spoke with the MWD employee who was responsible for EEO investigations between 2010 and late 2019 to understand her approach to investigating EEO complaints that centered on hiring or promotional decisions. The employee explained that she used MWD's hiring and recruitment files as one of her main sources for investigating EEO complaints of discrimination in hiring. However, MWD's limited and missing documentation for parts of its hiring process may hinder thorough investigation of such complaints.

For example, the employee investigated an EEO complaint alleging that MWD did not hire the complainant because of the complainant's gender identity. In this instance, the complainant was the highest-scoring applicant for a position. The employee conducting the investigation did not substantiate the claim of discrimination, in part because the hiring manager had justified the decision in writing. However, the hiring manager's justification did not compare the two applicants to explain why the lower-scoring applicant who was hired was more qualified for the position than the complainant. Although an imperfect justification may not be enough on its own to substantiate discrimination, more thorough documentation would better allow MWD to demonstrate that no discrimination occurred and that its process was equitable.

#### ***MWD's Hiring Process Lacks Consistency and Does Not Comply With Procedures***

Although MWD has made two changes intended to improve its hiring process in recent years, it has not formally adopted those changes as policy or procedures. First, in 2018, in response to concerns about favoritism by hiring managers, MWD decided that its hiring managers would no longer serve on interview hiring panels. According to MWD's recruitment manager, this change came in the form of a recommendation by the chief operating officer, but MWD did not adopt a formal policy or procedure to implement it. Second, the recruitment manager stated that in

*Insufficient hiring procedures and documentation hinder MWD's ability to investigate claims of discrimination or unfairness.*

***MWD does not have a clear procedure for communicating hiring process changes to its employees, risking inconsistent implementation of those changes.***

September 2020 MWD began requiring interview panelists to complete a form to identify any relationship they have with an applicant. However, the recruitment manager said that MWD has not established a written policy or procedures related to completing the form.

MWD does not have a clear procedure for communicating hiring process changes to its employees, risking inconsistent implementation of those changes. Instead, the human resources manager explained that her unit will often communicate minor changes through email memorandums. However, when MWD implemented the two changes just discussed, it did not send an email to inform staff of these new practices. Instead, it relied on individual human resources staff to inform interview panelists about the changes on a case-by-case basis during the hiring process.

Because MWD did not formalize and communicate these process changes to all relevant staff, those staff have not complied with some changes. For hiring processes we reviewed, MWD hiring managers rarely excused themselves from serving on interview panels. Specifically, hiring managers served on the interview panels in five of the six hiring processes we reviewed that began after MWD instituted the related change to its process. In fact, MWD's recruitment manager, who is responsible for enforcing hiring rules, sat on an interview panel as a hiring manager just a few months after MWD made the change.

#### ***MWD Lacks Transparency in Its Processes for Promoting Employees***

MWD's process for promoting employees outside of the competitive hiring process has issues similar to those discussed above. The most common way that MWD promotes employees outside of the competitive hiring process is through management-requested promotions in place. This process is governed by the contracts with MWD's bargaining units and an operating policy, but neither source fully explains how the process works in practice. MWD's recruitment manager stated that MWD's general philosophy regarding promotions is that every employee can reasonably expect to have the opportunity to eventually promote to the journey level of his or her job type, such as engineers or technicians. However, the number of senior and principal positions (higher-level positions) is governed by business need. Therefore, only a limited number of employees will be able to move into those positions. MWD has not communicated these limitations to its employees, potentially leaving them with inaccurate expectations of their prospects for promotion. The recruitment manager acknowledged the need for MWD to update its policy to clearly communicate the philosophy to employees.

Further, MWD's processes for promoting employees provide significant discretion to managers but lack sufficient accountability. The recruitment manager stated that MWD gives managers and management teams the discretion to decide whether to use the promotion-in-place process or a competitive recruitment process for filling higher-level positions. When managers can choose to select employees for a limited number of positions without a competitive process, it enables or creates the appearance of favoritism or bias, as opposed to a promotion system based on competition.

### **MWD Has Neglected EEO Issues in Hiring and Lacks Diversity in Parts of Its Workforce**

In addition to fairness concerns, MWD's hiring process generally does not sufficiently protect against discrimination. In fact, MWD has removed the limited EEO hiring procedures it once had in place to prevent discrimination and has not replaced them with anything meaningful. MWD's hiring and workforce data show underrepresentation of women and people of color, but MWD has failed to sufficiently analyze and respond to the potential discrimination issues raised by the data, even though state regulations require it to do so.

*MWD has removed the limited EEO hiring procedures it once had in place to prevent discrimination and has not replaced them with anything meaningful.*

### **MWD Removed Hiring Procedures That Helped Ensure Compliance With EEO Requirements, Leaving It Unable to Ensure Unbiased Hiring**

MWD's hiring process lacks sufficient procedures to ensure unbiased hiring. State and federal law both require MWD, as an employer, to conduct hiring processes that do not discriminate based on protected characteristics. As we discuss previously, MWD's overall hiring process is decentralized and does not comply with best practices to ensure equity. Our review found that those shortcomings extend to MWD's ability to specifically ensure that its hiring process is free of discrimination. The only portion of MWD's hiring process that directly addresses EEO requirements is a form that prospective interview panelists must sign attesting that they will conduct legal and equitable interviews.

MWD's recruitment manager acknowledged that MWD does not have any formal procedures for preventing discrimination in the hiring process but claimed that his human resources staff brief interview panelists on EEO matters. However, despite this assertion we did not see any evidence of these briefings in our review of 12 hiring processes. Additionally, MWD's EEO manager asserted that she believes interview panelists are not adequately prepared and that MWD needs to improve EEO training for those who serve

on interview panels and make hiring decisions. She also believes that the form interview panelists sign does not ensure that panelists actually understand how to limit bias or discrimination. Further, she said that from her perspective, the overall hiring process at MWD does not currently include a sufficient focus on EEO matters.

In 2005, shortly after we completed our 2004 audit, MWD instituted changes to its hiring process intended to better ensure fairness and prevent discrimination. MWD's human resources manager at the time directed the EEO manager to ensure that MWD made hiring decisions that were fair and unbiased so that MWD's hiring process could withstand any review or audit. For example, MWD implemented a process by which the EEO manager would meet with the hiring manager and human resources staff to discuss job requirements and advertising for open positions, and to affirm MWD's commitment to EEO for applicants. As part of that process, the EEO manager also reviewed and approved interview questions and selection criteria to identify potential bias and ensure that those materials did not consider protected characteristics in the hiring process. Finally, according to the EEO manager, she would brief each interview panelist on what they could and could not do or ask during an interview, from an EEO perspective.

However, MWD soon abandoned the improvements to its hiring process that it made after our 2004 audit. Specifically, the EEO manager stated that MWD's chief operating officer at the time directed her to stop performing these activities in approximately 2007. When we asked why, she replied that the chief operating officer made the decision because the hiring process took longer with her involvement. As a result, MWD's current hiring processes lack any meaningful participation from the EEO manager—the person who should be best trained to ensure justifiable and nondiscriminatory hiring decisions.

***MWD's current hiring processes lack any meaningful participation from the EEO manager—the person who should be best trained to ensure justifiable and nondiscriminatory hiring decisions.***

MWD also has fewer requirements in place than it once did for documenting that the hiring process is unbiased. In 2005 the form MWD used to document hiring decisions required the EEO manager to attest that each hiring process complied with EEO requirements. Other aspects of the 2005 form suggest that, if used properly, it would provide better assurance that hiring managers made appropriate decisions than the current form. For example, the 2005 form directed the hiring manager to contrast the successful applicant with the other applicants interviewed to specify why the selected applicant was the best qualified. By contrast, the current form simply provides a space to justify hiring decisions but provides no direction on how to do so appropriately. As we discuss above, our review of MWD's current hiring process found inconsistent and at times insufficient detail for justifying hiring decisions. Together with a lack of attention to EEO considerations, poor and

inconsistent documentation further undermines MWD's ability to ensure or demonstrate a fair and unbiased hiring process. MWD's human resources manager expressed her belief that MWD does not need to have the EEO manager specifically involved in the process. However, we maintain that MWD's hiring process has insufficient focus on EEO considerations regardless of who is directly responsible and that its process lacks requirements to ensure equity in hiring.

### ***MWD's Hiring Data and Analyses Indicate a Lack of Workforce Diversity***

State regulations require certain employers, including MWD, to analyze whether their policies or practices negatively affect employment opportunities for any group based on protected characteristics. As part of this requirement, MWD must institute a nondiscrimination program (NDP) in which it analyzes its workforce each year to identify the number of individuals in each job title by sex and race.<sup>3</sup> The state regulations require employers to use this information to determine whether any group is underrepresented when compared to its availability in the broader labor force. MWD breaks down its NDP analyses into job groups based on the management structure within the organization.

MWD's analyses show that its workforce is less diverse than the qualified labor market for numerous positions. Specifically, MWD's most recent analyses for fiscal year 2018–19 found that people of color or women were underrepresented in 42 of its 229 job groups. These 42 groups include almost 700 employees, or nearly 40 percent of MWD's total workforce. In a management group that includes 72 employees, people of color accounted for only 32 percent of the positions, even though they represented 49 percent of the available workforce for the position. In the fiscal year 2018–19 NDP report, MWD states its belief that it can reduce any underutilization of certain groups through effective outreach, recruitment, and advertising efforts to ensure an adequate pool of diverse applicants.

However, MWD's most recent hiring data suggest that its hiring processes—rather than merely the diversity of its applicant pool—could be a significant and ongoing factor in the underrepresentation of certain groups. Specifically, the data show that for qualified

***MWD's analyses show that its workforce is less diverse than the qualified labor market for numerous positions.***

<sup>3</sup> State and federal regulations requiring data collection do not require MWD to collect data on employees or applicants about certain protected characteristics, such as sexual orientation and gender identity. MWD also does not use other means, such as voluntary surveys, to collect information on an aggregate level. As a result, we were unable to analyze demographic information for those protected groups at MWD. However, the legal requirement that MWD analyze whether its policies negatively affect employees applies to all protected characteristics.

applicants, MWD's rate of hiring differs depending on race and sex. As part of its annual NDP analyses, MWD determines whether it hires any group of applicants at a substantially lower rate than others. We reviewed MWD's most recent analysis from fiscal year 2018–19 for the Water System Operations (WSO) group, MWD's largest, which accounts for about half of its employees. In its analysis, MWD reviewed hiring processes for 34 job groups and identified five groups in which it hired qualified applicants from one category significantly less often than qualified candidates from another. For example, although Hispanic individuals made up the majority of qualified applicants for a service worker position, MWD did not hire any of those individuals and instead hired four white applicants.

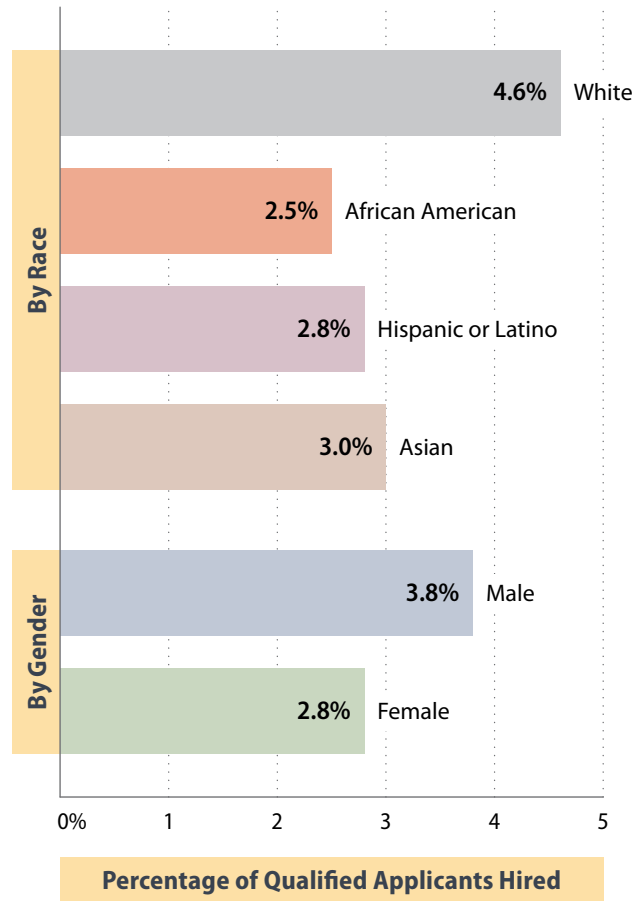
Our analysis of MWD's hiring database, which looked across MWD's workforce instead of within defined job groups, indicates broader variances in hiring outcomes based on race and sex than MWD's analyses suggest. Specifically, since January 2019, MWD has collected demographic data on applicants for 377 positions. As Figure 7 shows, among those recent hires, MWD hired qualified African American applicants only about half as often as it hired qualified white applicants. Trends for applicants of other races were similar, with white applicants hired more often than Hispanic and Asian applicants. For the same 377 positions, MWD hired qualified women only about three-quarters as often as it did qualified men. Although these numbers do not themselves demonstrate that MWD has discriminated against applicants, they do indicate significant variances in hiring outcomes depending on an applicant's race and sex. Accordingly, MWD runs a risk that the underrepresentation of women and people of color in its workforce may be, in part, the result of unfairness in its hiring process. MWD's human resources manager stated that there may be barriers in MWD's hiring process that could lead to variances in outcomes depending on race or sex, but she cannot confirm that there are barriers because human resources has not had the time or resources to analyze this issue.

*MWD runs a risk that the underrepresentation of women and people of color in its workforce may be, in part, the result of unfairness in its hiring process.*

***MWD Failed to Use Its Analyses of Hiring Results to Make Changes to Processes to Improve Equal Employment Opportunities***

MWD has not taken action required by regulation to ensure equal employment opportunities for all its applicants and employees. State regulation requires MWD to develop and execute policies and procedures designed to correct issues identified in its NDP analyses. The EEO manager explained that in theory, when she identifies hiring variances based on protected characteristics, she would evaluate the relevant hiring process and work with the human resources manager to address her findings. She was able to provide one example of this type of analysis, which she conducted in 2018 for MWD's apprenticeship program. According to the EEO manager,

**Figure 7**  
**MWD Hired Qualified Nonwhite and Female Applicants Less Often Than White and Male Applicants**



Source: Analysis of MWD hiring data, January 2019 through early September 2021.

Note: We also reviewed data for the following additional racial categories: American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, and Two or More Races. Although the data for some of these showed similar hiring rates to qualified white applicants, the numbers of qualified applicants in those categories were significantly smaller than those for the racial categories included in the figure. Therefore, we did not include them.

she found potential hurdles including the entrance exam and physical test in the selection process that prevented certain demographic groups from moving forward to become part of the program. The EEO manager claimed that, as a result, she was able to work on removing those hurdles and improve the success rates for those groups. However, she has not performed similar analyses since then because she lacks the necessary time and resources. In fact, the EEO manager stated that she has not worked with the human resources manager on hiring issues in recent years.

Because MWD has not analyzed the specific causes for its hiring and staffing variances, it cannot provide guidance to its board about how to address them. Instead of meaningful analyses, the EEO manager develops high-level annual reports that describe her methodology and provide very broad descriptions of the underrepresentation of women and people of color among MWD's workforce. We also found that the reports' descriptions of underrepresentation are incomplete. For example, in the fiscal year 2018–19 report to the board—the most recent at the time of our review—MWD referenced underrepresentation in various job groups but failed to mention underrepresentation among management positions. The EEO manager's analysis of the WSO group that we discuss above identified underrepresentation of people of color in two of five management job groups reviewed but did not attempt to identify causes for this underrepresentation. Finally, the annual reports primarily address the makeup of MWD's workforce and do not contain information about the variances in hiring rates by race or sex that could contribute to underrepresentation.

MWD also does not share the results of its analyses with staff responsible for overseeing and conducting the hiring process, leaving them potentially unaware of the issues and therefore not accountable for addressing them. In its NDP analyses, MWD has stated that its EEO manager will share relevant data with MWD's managers to make them aware of the issues her analyses identify. However, for the most recent analysis from fiscal 2018–19, the EEO manager acknowledged that she did not share the outcomes with MWD's management teams. This failure to share data means that, despite evidence of underrepresentation and variances in hiring rates, the management teams responsible for hiring may not even be aware of these issues or where they are concentrated. Human resources staff responsible for overseeing MWD's hiring process may be similarly unaware. However, MWD did not adequately explain why the EEO manager has not shared the data with relevant staff. We are concerned that the failure by MWD to share NDP information leaves staff responsible for hiring ill equipped to address any issues and improve diversity at MWD.

*The failure by MWD to share nondiscrimination program information with management teams responsible for hiring leaves them ill equipped to address any issues and improve diversity at MWD.*

Similar to the problems with MWD's hiring process that we discuss earlier, MWD's inaction when faced with its workforce data demonstrates an unwillingness to hold its processes and hiring decision makers accountable to its workforce. The fact that MWD's management has been aware of these issues for many years and has actively taken steps away from accountability and fairness indicates that its board and the Legislature must play a more direct role in MWD's hiring processes.

**Please refer to the section beginning on page 5 to find the recommendations that we have made as a result of these audit findings.**

## Chapter 3

### **MWD HAS NOT DONE ENOUGH TO CORRECT LONG-STANDING ISSUES WITH ITS ETHICS PROGRAM AND EMPLOYEE HOUSING**

#### **Chapter Summary**

MWD has not taken adequate action to correct issues that have affected it for several years. Our 2004 audit found that its ethics office did not comply with key requirements in state law. Yet despite agreeing to implement our recommendations almost two decades ago, MWD's ethics office remains out of compliance with state law, including the requirement that the office independently investigate allegations of ethics violations. Similarly, although MWD has long been aware of serious issues threatening the habitability of its employee housing—which it requires some staff to reside in as a condition of employment—it has not created effective processes for addressing employee maintenance requests in a timely manner. Further, MWD has struggled to implement a comprehensive, long-term solution to address significant issues with employee housing, and its current plan to entirely replace existing housing is not scheduled for completion until 2027, leaving some employees in substandard housing conditions until then. Finally, although MWD's safety program generally conforms to requirements in state law, MWD could strengthen its policies by establishing processes that require a minimum level of collaboration between safety staff and on-site management.

#### **MWD Has Failed to Establish an Independent Ethics Office, and Its Leadership Has Inappropriately Interfered in Some Ethics Investigations**

For more than 20 years, state law has required that MWD operate an ethics office to independently investigate rules violations by all members of the organization, including its board of directors. Yet MWD has failed to implement several best practices for ensuring this independence, leaving the office exposed to inappropriate outside influence. Of greatest concern is that MWD's general counsel and the former chair of its board inappropriately interfered in two ethics investigations from 2017, undermining the independence of the ethics office and causing the former ethics officer to change her conclusion in one of the cases. Despite these shortcomings, MWD only recently revised the ethics office provisions in its administrative code, which are still not consistent with several best practices.

### ***MWD's Ethics Office Does Not Comply With State Law or Align With Best Practices***

Despite knowing for nearly two decades about weaknesses that threaten the effectiveness of its ethics office, MWD has failed to ensure that the office functions independently as required by state law. As we discuss in the Introduction, in 1999 California enacted a law requiring MWD to establish and operate an ethics office and to adopt ethics rules for its employees, including its executive management and board members. The law directs MWD's ethics office to investigate complaints concerning violations of its rules, such as those related to lobbying and conflicts of interest. Finally, the law requires MWD's ethics office to operate as an independent entity that is not subject to political influence—that is, it must be free of pressure or interference from the high-ranking officials the office is tasked with investigating. Our 2004 audit concluded that MWD had struggled to establish an effective ethics office in compliance with state law, and we made several recommendations to strengthen the office's practices. At the time, MWD agreed with these recommendations and committed to implementing them. However, MWD's ethics office still suffers from insufficient policies and procedures, as well as threats to its independence.

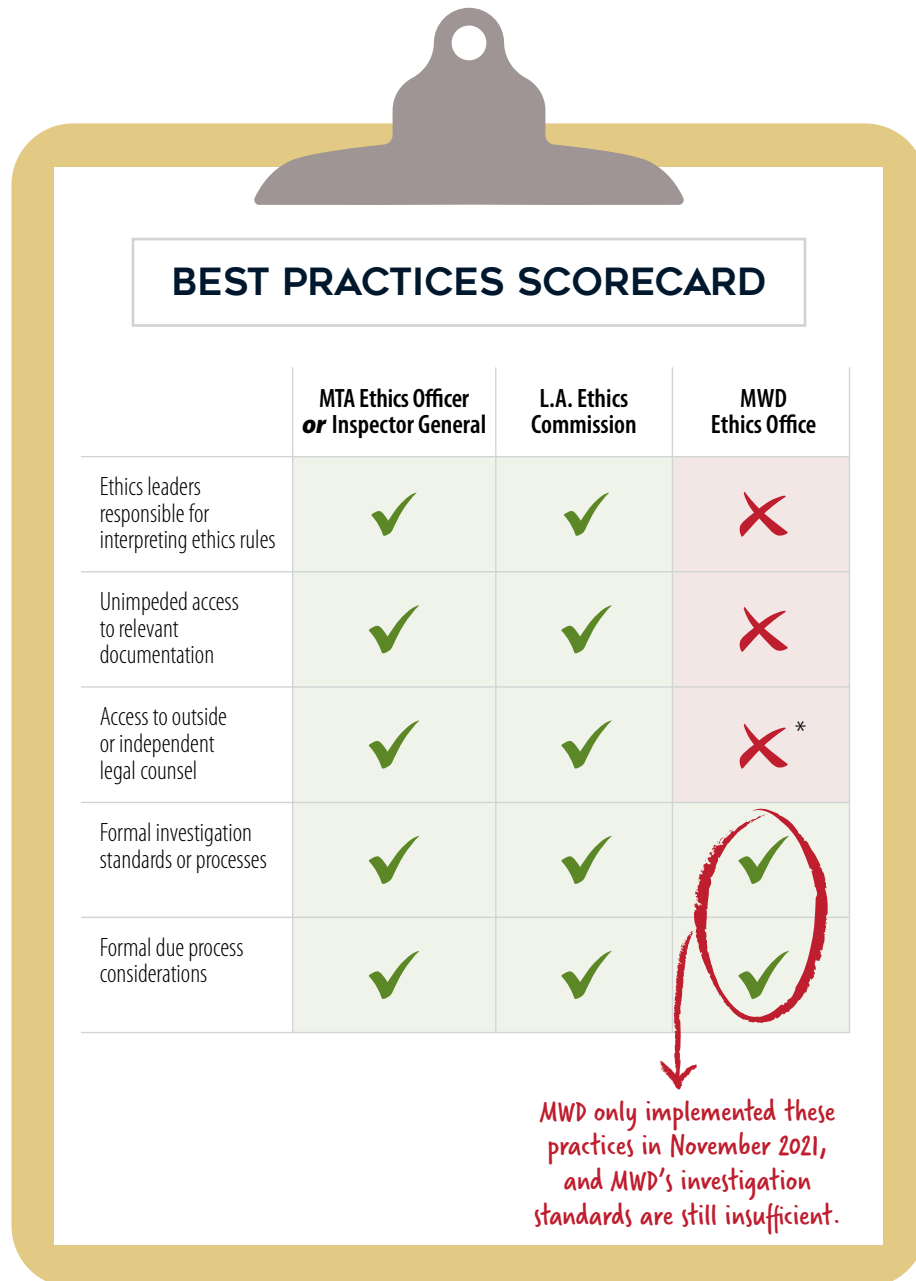
As part of assessing the current state of the ethics office, we evaluated MWD's implementation of our 2004 recommendations and whether the ethics office follows best practices referenced in state law. State law requires the ethics rules that MWD adopts to be consistent with the intent and spirit of the laws and regulations of other specific public agencies, including the Los Angeles City Ethics Commission (L.A. Ethics Commission) and the Los Angeles County Metropolitan Transportation Authority (MTA). We reviewed these two local agencies' laws and processes and identified requirements intended to ensure the independence and quality of their ethics investigations. We also interviewed staff at these agencies to identify other relevant best practices they follow. We then compared the best practices to the processes used by MWD's ethics office and found that MWD's ethics office still suffers from key weaknesses.

Several deficiencies we identified threaten the ethics office's ability to perform its work independently and free from political influence. Our 2004 audit concluded that MWD was still trying to establish an effective ethics office and that its ethics officer had not independently investigated ethics complaints. Our current review found that although both MTA and the L.A. Ethics Commission use specific best practices to insulate their offices' ethics work from outside influence or interference, MWD has not implemented equivalent practices. For example, as Figure 8 shows, ethics leaders at MTA and the L.A. Ethics Commission are responsible for interpreting the ethics rules that they adopt and enforce. In contrast,

***MTA and the L.A. Ethics Commission use specific best practices to insulate their offices' ethics work from outside influence or interference, but MWD has not implemented equivalent practices.***

**Figure 8**

**MWD Has Failed to Implement Several Best Practices That Other Agencies Use to Ensure That Their Ethics Offices Are Independent**



Source: Analysis of MWD, MTA, and L.A. Ethics Commission policies, as well as relevant local and state laws. Interviews with MWD, MTA, and L.A. Ethics Commission staff.

\* The administrative code requires the ethics officer to retain an outside counsel or investigator to conduct investigations into alleged ethics violations by board members and other executive officers. However, the ethics office lacks the authority to contract with external counsel or otherwise obtain independent legal advice regarding its own investigations.

while MWD's administrative code requires the ethics officer to propose ethics rules in areas such as lobbying and conflicts of interest, it does not specifically identify who has the authority to interpret those rules. When we asked MWD's current ethics officer about this concern, he stated his opinion that the administrative code is procedural and not explicit about whether he has sole authority to interpret the rules. He also stated that he anticipated the lack of clear authority will be problematic in the future when deciding on controversial cases. In fact, unlike requirements of other equivalent officer-level positions, MWD's administrative code directs the ethics officer to work in a *collaborative manner* with the board and other officers. This ambiguity regarding the ethics officer's authority threatens the office's ability to reach independent determinations on potential rule violations, particularly in instances involving high-ranking employees or board members.

MWD's ethics office also lacks the authority to take specific actions to ensure that its work remains free from inappropriate influence. As Figure 8 shows, unlike the other agencies we reviewed, MWD's ethics office does not have unimpeded access to documentation it needs to conduct its investigations. Instead, the administrative code permits the general counsel to disagree with the ethics officer over access to documents, such as access to documents that may be privileged. If the disagreement cannot be resolved, the administrative code allows MWD's board, in some instances, to rule on the ethics office's access. Ethics office staff told us, and our own review indicated, that the general counsel's office has at times withheld documentation related to investigations. Such limitations undermine the independence of the ethics office's work, since best practices require that it have unimpeded access to information.

***Unlike other comparable entities, MWD's ethics officer lacks the ability to obtain independent legal advice regarding the office's investigations.***

MTA and the L.A. Ethics Commission also have the authority to employ or contract with their own legal counsel, while MWD's ethics officer lacks the ability to obtain independent legal advice regarding the office's investigations. Recent revisions to MWD's administrative code require the ethics officer to retain an outside counsel or investigator to conduct investigations into alleged ethics violations by board members and other executive officers. However, the ethics officer lacks the authority to contract with external counsel or otherwise obtain legal advice regarding its own investigations. Instead, the ethics office must rely on MWD's general counsel for legal advice, even when the general counsel may have conflicting professional interests or obligations. This situation might arise when an employee under investigation for violating ethics rules has filed or threatened to file legal action against MWD. In such a scenario, the general counsel's office would be the only source of legal advice to the ethics office while simultaneously being responsible for limiting MWD's legal and financial liability—priorities that may directly conflict with one another. In fact, the

general counsel's involvement in ethics office investigations more broadly raises additional concerns regarding the ethics office's independence. Until MWD's board approved revisions to the ethics office's investigation procedures in November 2021, those procedures allowed the general counsel to rule on the ethics office's jurisdiction in some cases and required the general counsel to review all ethics office investigations before they were finalized. Our review of ethics office investigations, discussed below, found that the lack of structural independence has the potential to undermine the ethics office's work.

We found other weaknesses in the ethics office's investigation process that, in addition to affecting its independence, reduce its broader ability to operate effectively. For example, our 2004 audit recommended that MWD develop formal written policies and procedures regarding how investigations are to be conducted. Although the ethics office revised its investigation procedures and formalized them by having them approved by the board and placed in the administrative code in November 2021, these procedures still lack necessary detail. For example, although the new procedures updated the ethics office's investigation time frames and implemented a requirement in state law to adopt a schedule of penalties for violating ethics rules, they still do not clarify what types of outside involvement in cases—such as from members of the board or the general counsel—are inappropriate.

The one area where MWD's new procedures represent an improvement to its processes is in formalizing due process considerations, such as affording subjects the chance to review the final investigation report. Overall, however, MWD's slow and incomplete progress in these areas is troubling and, as we describe below, has directly affected the office's ability to independently investigate potential ethics violations in the recent past.

#### ***MWD Management Inappropriately Interfered in the Ethics Office's Work on Two Important Cases***

Our review of the ethics office identified instances of interference by high-ranking MWD officials in two cases that occurred in 2017, and the opportunity for additional interference still exists. Specifically, in reviewing the ethics office's case log, we noted evidence of threats to the ethics office's independence regarding a case in 2017. In evaluating this case, we learned of another case in 2017 with similar threats to independence. Because much of the documentation detailing the circumstances of these cases is protected by attorney-client privilege—and because MWD has declined to waive the privileged status of these documents despite our request that it do so—we cannot discuss some aspects of the

***We found weaknesses in the ethics office's investigation process that, in addition to affecting its independence, reduce its broader ability to operate effectively.***

interference in detail. Nonetheless, our review found that contrary to principles in state law that require the ethics office to operate independently and free from political influence, weaknesses in the structure of MWD's ethics office allowed the general counsel and the former chair of MWD's board (former chair) to inappropriately interfere with and influence the ethics office's work.

In one case, MWD's former ethics officer received a complaint from the former chair asking for a determination of whether one or more board members had inappropriately released an attorney-client privileged email to a newspaper's attorney. Although the general counsel was directly involved in this situation as the party who wrote the leaked email, the former chair requested the ethics officer to interview the general counsel for the background circumstances regarding the complaint. As a result of the interview, the ethics officer became aware of an additional potential ethics violation that one of the board members may have committed. The ethics officer reviewed both allegations and determined that there was not enough evidence to pursue a full investigation. In response, the former chair and general counsel involved themselves heavily in ways we cannot discuss in this report, creating the appearance that they sought to change the ethics officer's conclusion.

The second case we reviewed involved one of the same board members who was associated with the case described above. This second case investigated whether an MWD manager misled board members, including one discussed in the previous case, about the status of a project during two public board committee meetings. The former ethics officer's initial report concluded that the manager had made misleading statements to the board in violation of MWD's ethics rules. Thereafter, the manager's attorney sent a letter to MWD's former chair criticizing the investigation—including the length of time it took the ethics office to conduct it—and requesting that the former chair prevent the ethics officer from posting or publicizing her report until the attorney's concerns could be resolved. Although the investigation took longer than allotted for investigations in the ethics office's guidelines at the time, our review of the office's report and supporting documentation led us to conclude that the ethics officer had a reasonable basis for the conclusions she reached. Nonetheless, confidential documentation revealed that after receiving the letter from the accused manager's attorney, MWD's former chair and general counsel took actions that constitute inappropriate interference into the ethics office's work, resulting in the ethics officer ultimately withdrawing her finding that the manager had violated MWD's ethics rules.

This second case also highlights the importance of ensuring that the ethics officer has sole authority to interpret ethics rules. According to the ethics officer, the decision to withdraw the finding resulted

from a disagreement with the general counsel over how to interpret the ethics rule that the manager allegedly violated. Given both that the purpose of the ethics office is to independently investigate violations of its rules and that the ethics officer wrote the rule in question, we find it troubling that members of MWD's management were able to involve themselves and influence the final disposition of the case by disputing the interpretation of the rule.

Furthermore, because of the general counsel's obligation to protect MWD from liability, certain actions she took regarding this second case constitute inappropriate interference. MWD's procedures at the time of this case required the ethics officer to file a preliminary report of findings with the general counsel for review. During this case, the general counsel provided feedback through a series of memos. Although the confidentiality of the memos prevents us from going into detail about our specific concerns, our review of the memos indicates that the general counsel's feedback—along with other actions the general counsel took during the investigation—created, at a minimum, the appearance that the feedback was intended to influence the outcome of the case, as opposed to offering objective and constructive legal advice. We understand the value of a legal review regarding the sensitive matters the ethics office investigates. What raises concerns, however, is the general counsel's role in influencing the outcome given her professional interest in protecting MWD from potential legal action. Complicating matters further, the former ethics officer was forced to rely solely on the general counsel's feedback because, as explained earlier, MWD does not allow the ethics office to hire or contract with independent counsel for legal advice regarding ethics office investigations.

These two cases highlight the importance of establishing and following formalized practices for insulating the ethics office from interference during investigations. Although we did not see evidence suggesting that this sort of interference is widespread, any amount of actual or perceived interference in cases involving high-ranking members of MWD's management undermines the ethics office's ability to independently investigate violations of ethics rules.

### ***MWD Appears Unwilling to Strengthen Its Ethics Office***

Despite the importance of the legal requirement that MWD have an independent ethics office, MWD's leadership has demonstrated a persistent unwillingness to ensure that the ethics office has the necessary resources and authority to operate independently. Shortly after the 2017 cases we discuss above, MWD's former chair initiated a review of the ethics office's policies and processes by an external

legal firm. The circumstances of this review raise further questions about the ethics office's independence and authority. In July 2017, the former chair requested that the general manager contract with a law firm to conduct the review, opting not to bring the issue to the full board for discussion or a vote. When we asked the former chair about this decision, he confirmed that he made the decision to hire outside legal counsel to perform the review. He also referred us to a public board meeting in June 2017 during which, citing concerns with recent ethics office investigations, he announced his creation of an ad hoc subcommittee to review the ethics office and mentioned that he anticipated the subcommittee would use outside legal counsel during the process. In contrast, a member of that subcommittee told us the subcommittee was responsible for the decision to contract with the firm. The former chair could not provide, and we could not identify, reliable evidence documenting the subcommittee's role or the actions it took related to the initiation of the external review. Therefore, the decision by MWD's management to initiate the review was not sufficiently transparent or accountable.

Other aspects of the external review also raise questions about MWD's commitment to an independent ethics office. Three members of the ethics office who still work in the office told us that they were not consulted about the nature and timing of the review and stated that they only learned of the review after the former chair's public announcement at a board meeting that he had decided to commission the review. Further, while the external review was still ongoing, MWD's ethics officer announced her resignation at a board meeting in September 2017. Her resignation letter stated that she was no longer able to reconcile her contractual obligations to fulfill legally mandated requirements of the ethics officer position with the board's apparent expectations.

Actions by MWD's board of directors leading up to the ethics officer's resignation, as well as since that time, indicate that some members of the board may not have respected or fully understood the role the ethics officer is required by state law to fulfill. Board documentation indicates that at the same meeting where the ethics officer announced her resignation, the board planned to discuss performance evaluations of department heads, including the ethics officer. Although the confidentiality of anonymous comments submitted by board members as part of this planned discussion prevents us from describing those comments in detail, they reveal some misunderstandings of the ethics officer's responsibilities under state law.

Other developments since 2017 demonstrate continued threats to the ethics office's independence. Following the ethics officer's resignation, MWD continued revising the ethics office's processes

with insufficient involvement by ethics office staff. Near the completion of the first external review of the ethics office, MWD contracted with a different law firm in January 2018 to assist in proposing revisions to the ethics provisions of MWD's administrative code. However, despite the requirement in state law that the ethics office be responsible for adopting ethics rules for approval by the board, ethics office staff did not independently draft these latest revisions. Instead, board documentation shows that the law firm assisting with the revisions was directly responsible for ethics rule revisions adopted by the board and that the firm collaborated not only with ethics office staff but also with MWD's general counsel. In fact, when asked about this process, ethics office staff stated that based on how the review unfolded, they felt that staff from the law firm and the general counsel's office would not support some specific revisions to strengthen the independence of the ethics office, such as administrative code provisions allowing the ethics office to have unfettered access to documentation, addressing potential conflicts from the legal department, and establishing the office's ability to have legal counsel apart from the general counsel's office. MWD's board adopted significant ethics-related revisions to its administrative code in November 2021. Although these revisions include certain improvements—including the due process considerations we discuss above—they fail to incorporate several best practices. In fact, circumstances ongoing at the time of our review, which we cannot discuss because they are confidential, demonstrate that the ethics office's role is as uncertain as ever.

Based on our review, we believe achieving a more effective ethics office will require intervention by the Legislature. MWD has failed to comply with state law requirements for an independent ethics office since at least 2004, and it has not implemented key recommendations from our previous report, despite stating that it would do so. MWD also has not adopted best practices to strengthen the ethics office. Moreover, actions by MWD's leadership indicate that it does not respect or, at best, misunderstands the role and legal requirements of its ethics office and is unwilling to make real change. As a result, meaningful improvement will require the Legislature to amend state law to further specify requirements as well as take action to hold MWD accountable for implementing those requirements.

*Based on our review, we believe achieving a more effective ethics office will require intervention by the Legislature.*

### **Employees Living in Aging MWD Housing Face Maintenance Delays and Uncertainty About Long-Term Solutions**

Although MWD has known for years about significant concerns affecting employee housing—which is occupied by employees who perform critical work—it has not prioritized addressing those problems. Many houses are in poor condition and suffer

from habitability issues that could affect employee safety, including insufficient air conditioning, high levels of lead and asbestos, and excessively hot water. Yet MWD has struggled to respond in a timely way to serious maintenance concerns and to find a timely and comprehensive longer-term solution to its housing issues.

### ***MWD Must Improve Its Processes for Responding to Maintenance Requests***

Many of MWD's employee housing units suffer from issues that threaten both the safety and quality of life of the employees who reside in this housing. As we discuss in the Introduction, some MWD employees' job responsibilities require that they live on-site while on duty. MWD currently has about 100 employee houses at these remote worksites, most of which were originally constructed in the 1940s or 1950s. MWD completed two assessments of its employee housing in recent years—one in 2016 and the other in 2019. Both assessments identified issues, some serious, with every house inspected. For example, during the 2016 assessment, an inspector discovered what would turn out to be a sewage leak in the crawl space of a house. Additionally, the assessments noted that some of the houses required complete replacements of roofs, electrical systems, or plumbing systems. Both assessments recommended that MWD significantly renovate its employee housing and demolish specific unsalvageable housing units. Although some houses were in better condition than others, every house reviewed required at least some level of renovation. Lastly, we directly observed several employee housing units during our audit, and although we entered only unoccupied houses out of respect for residents' privacy, we noted that these houses—and the pumping plants' residential areas more generally—appeared to be aging and in need of attention.

Furthermore, MWD has detected lead or asbestos (or both) in every house it has inspected for these hazards—about 36 percent of all houses at the time of our review—and some employees are currently residing in houses where MWD has detected these hazards. These employees are informed of the specific areas containing these hazards and must sign a document stating that they acknowledge these hazards before they occupy the house. Although the levels of lead and asbestos hazards that MWD has measured vary from house to house, it is troubling that MWD has not comprehensively examined every housing unit for lead and asbestos hazards. At the time the housing was built, it was common for housing materials to contain lead and asbestos; it is therefore likely that many of the housing units that MWD has not inspected also contain lead and asbestos hazards. As we explain in the next section, MWD's long-term plan for employee housing will likely solve this issue through the complete replacement of its older employee housing, but that replacement project is years away from completion.

We spoke with 12 MWD employees who currently live in employee housing, and although the nature and seriousness of their concerns varied, 10 expressed frustration with MWD's handling of employee housing, including how long it takes MWD to respond to and resolve their problems. For example, one employee was generally satisfied with his employee housing but had begun to perform maintenance himself because of MWD's poor response time. However, other employees' concerns are more serious and pose safety risks to them and their families. For example, several employees described inadequate responses from MWD when requesting assistance for broken air conditioner units, an item critical to safety and quality of life at the pumping plants, where temperatures can exceed 110 degrees Fahrenheit in the summer. One employee publicly testified to MWD's board in September 2021 that excessively hot water was coming from his house's water tap and would reach a temperature of up to 115 degrees during the summer, which he believed posed a burn risk to his family. Although this employee had informed MWD management responsible for housing of this issue in the summer of 2020, MWD did not provide the employee with a solution—a water chiller—until after the employee testified to the board a year later.

Given its awareness of the issues with its houses, we expected MWD to have prioritized responding to maintenance requests. However, our analysis determined that it has not done so. For example, following the first assessment in 2016, MWD failed to respond promptly to items that may have required immediate attention, such as the house with a broken sewer pipe mentioned above. Instead, staff in the WSO group—which was responsible for housing at the time—initially skimmed the assessments and failed to notice that some houses had serious issues that required immediate action. In fact, MWD was not aware of some of these issues until the bargaining unit representing many of the employee residents obtained the assessments, which MWD did not provide until three months after the bargaining unit requested them. The bargaining unit's review identified six occupied houses with immediate maintenance concerns and alerted MWD. Within a day, MWD had begun repairs, but it is troubling that it took several months and intervention by the bargaining unit before MWD began taking action to address these safety issues.

MWD also has not demonstrated that it has improved its response to housing issues since the 2016 assessments. Although management in MWD's Real Property section—which took over responsibility for employee housing from the WSO group in 2018—provided process documents intended to guide its staff in prioritizing and responding to maintenance requests, the documents lack necessary detail. For example, although one process document indicates that the Real Property section will respond to maintenance requests that threaten

the health or safety of a resident within 24 hours, it does not list what scenarios fall into this category or how staff should make this determination. It is therefore unclear whether a given issue—such as the one involving excessively hot water noted above—will trigger a timely response from the Real Property section.

Further, although MWD maintains data on maintenance requests, we concluded that we cannot rely on these data to determine how long it takes MWD to resolve the requests. Therefore, we were unable to evaluate how quickly MWD did so. Nonetheless, as discussed above, emails and maintenance requests that residents provided to us suggest that it can take MWD months or even years to resolve key issues. When we asked MWD's Real Property section manager about its efforts to respond to maintenance requests, she indicated that MWD's practice is to evaluate whether other residents are having the same issue as the one described in the request because, if they are, it can be more efficient to fix the issue at all houses, which can take additional time. However, because this balancing exercise can add significant delays, and because some requests involve potential threats to employees' safety, MWD must improve upon the timeliness, transparency, and accountability of its current process.

To properly respond to maintenance requests submitted by employees—especially requests about issues that may pose a risk to safety or livability—MWD needs to establish clear criteria by which it can prioritize its response as well as reliable data with which it can hold itself accountable. These efforts will provide a short-term solution to MWD's more immediate issues with employee housing while it works on its long-term housing plan, an effort we discuss in the next section. Regardless of the remote nature of MWD's pumping plants and the challenges their locations might pose to response times, MWD has a legal and ethical obligation as these employees' landlord to ensure that the housing it provides is habitable. The critical nature of the work these employees perform—helping provide a large portion of the drinking water used by 19 million Californians each day—underscores the importance of this responsibility.

### ***MWD Has Struggled to Reach a Long-Term Solution to Its Housing Issues***

MWD has been slow to address the long-term challenges affecting its housing. Figure 9 depicts the actions it has taken since 2015 and shows that MWD has not made significant progress toward a comprehensive solution. As we discuss above, the 2016 housing assessments recommended significant renovations for all of the MWD housing units that were assessed. Instead of carrying out these extensive renovations, in May 2017 MWD began a trial

project in which it renovated 11 houses and constructed another 10 prefabricated homes over the next two years, as Figure 9 shows. When we asked MWD about the length of time it took to complete the project, the manager responsible for overseeing the work stated that the remote location resulted in logistical difficulties, such as finding vendors to bid on the projects. The manager also explained that the pilot project was intended to determine the most cost-effective solution to address issues noted by the assessments, and which solution, such as renovating existing homes or replacing them with prefabricated homes, worked better for those living in the employee housing.

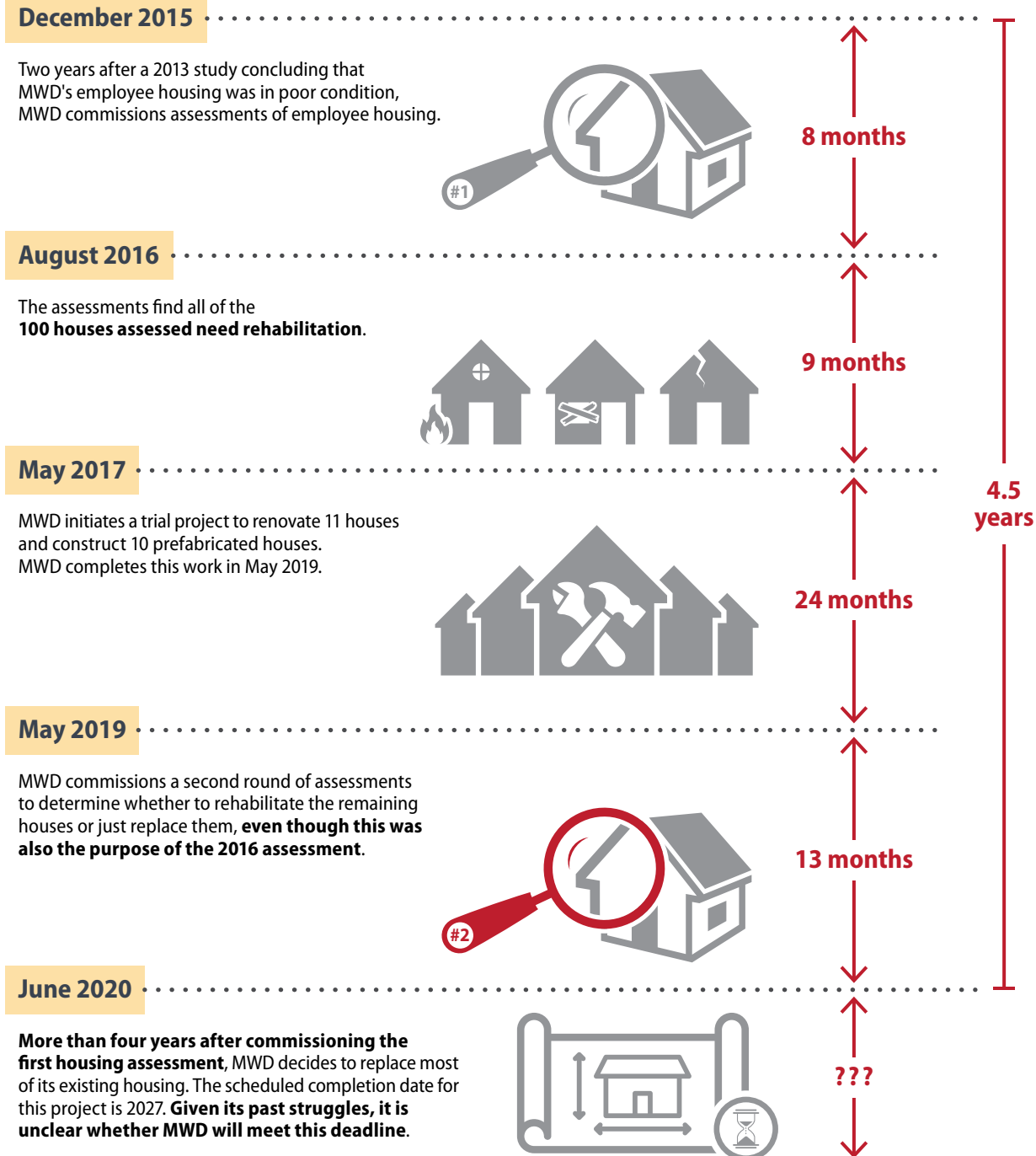
However, MWD did not pursue a solution after the pilot project ended. Instead, after Real Property took over from the WSO group in September 2018, MWD commissioned a second round of housing assessments that were conducted in 2019. The stated purpose of these assessments was essentially the same as for the 2016 assessment—to determine whether to replace or renovate the remaining houses. When we asked Real Property section managers why the second assessment was necessary, they claimed that the first assessment was intended to identify immediate maintenance items that needed fixing. However, this description is inconsistent with what the people actually responsible for the 2016 assessment told us. Further, as we discuss above, MWD did not use the 2016 assessment to find and address specific maintenance issues. Therefore, it remains unclear why the second assessment was necessary, and we question whether the time it took to complete it was well spent. Based on the 2019 assessments, the Real Property section recommended to MWD's board in June 2020 that its housing units be completely replaced, except for those houses renovated or constructed as part of the pilot project described above. Real Property has since proceeded with preliminary steps for completely replacing the employee housing, and MWD's board has authorized the funding required for these efforts. The project has a current estimated cost of \$146 million and will be completed in 2027—more than 10 years after MWD became aware of widespread issues with its housing.

MWD's current approach to replacing the remaining houses, and its failure to act sooner, means that many employees will continue to live in housing units that may pose a risk to their health and quality of life. Given the age and poor condition of most housing units, completely replacing them will likely solve many issues, such as the presence of lead and asbestos. However, because MWD has known about these issues since at least 2016, we believe it should have prioritized the safety and comfort of its employees by committing to a comprehensive solution much sooner. Further, given the current state of many houses and MWD's slow progress, MWD must not ask its employees to face further delays for a long-term solution.

*MWD should have prioritized the safety and comfort of its employees by committing to a comprehensive solution to its housing much sooner.*

**Figure 9**

**Despite Commissioning Two Housing Assessments, MWD Has Not Resolved Housing Concerns in a Timely Fashion**



Source: Analysis of MWD housing records.

Therefore, even as MWD improves its efforts to address housing concerns raised by employees, it must also develop a contingency plan that it can implement if its program to replace most of its homes faces further delays. Such a plan could include an option to acquire additional prefabricated housing units or to renovate additional units.

### **Although Its Safety Program Generally Adheres to State Law, MWD Could Strengthen Its Safety Policies**

MWD's safety policies generally conform to state law, and our review indicates that it responds adequately to safety incidents when they occur. We reviewed a selection of MWD's safety policies—including its injury-reporting procedure as well as its policies for personal protective equipment (PPE) and working on roads and streets—and found that these policies generally meet requirements in state law—specifically, those required by California Division of Occupational Safety and Health (Cal/OSHA) regulations. For example, MWD's injury-reporting procedure generally establishes protocols required by Cal/OSHA for reporting safety concerns, including a process for employees and their representatives to access injury and illness records. Similarly, MWD's PPE policy meets Cal/OSHA requirements, and the employees we spoke with stated that they had been able to obtain adequate PPE when they needed it. Further, MWD's Injury and Illness Prevention Program (IIPP) meets the minimum requirements established by the Cal/OSHA regulations that we reviewed. For instance, MWD's IIPP includes methods for correcting unsafe or unhealthy conditions, which we confirmed in part through our conversations with a selection of safety representatives, all of whom stated that they felt empowered to halt unsafe work conditions if needed. Lastly, we reviewed a selection of MWD's safety training programs, including those for hazardous waste operations and emergency response (HAZWOPER) and respiratory training, and found that MWD's training programs generally complied with regulatory requirements.

Further, our review indicates that MWD generally follows Cal/OSHA regulations and its own policies when responding to safety incidents. We reviewed a database containing all of MWD's internally reported safety incidents from January 2017 to October 2021 and did not note any patterns that raised concerns, such as repeated instances of a particular type of injury or a disproportionate number of injuries for a single work area. We selected 20 safety incidents to review further and found that MWD's response to these incidents generally followed Cal/OSHA regulations as well as MWD's internal processes. Generally speaking, for each incident we reviewed, a safety representative interviewed the staff involved and implemented corrective action based on the nature of the incident.

*Although MWD's safety program generally aligns with state laws, we identified opportunities for policy improvements.*

Although MWD's safety program generally aligns with state laws, we did identify opportunities for policy improvements. One such area involves ensuring adequate collaboration between management and safety staff. As explained in the Introduction, the Operational Safety and Regulatory Services (SRS) section, which is part of the larger WSO group, creates and enforces MWD's safety policies. In doing so, representatives of the SRS section (safety representatives) work on-site at various MWD facilities to advise management and staff on everyday safety practices as well as protocols for planned projects.

However, MWD's safety policies do not require a minimum level of collaboration between management and safety representatives, creating the risk that management may not be adequately aware of safety concerns. Managers are responsible for reinforcing safe work practices, instructing employees on safety procedures, and providing safety leadership. However, despite the overlap between the managers' responsibilities and the SRS staff's role as a safety resource, the only collaboration requirement in MWD policy is that the two parties consult during the planning stages of upcoming projects. There is neither a requirement for routine collaboration nor guidance on how frequently SRS staff should be present at field sites where potentially dangerous work is taking place. As a result, managers may be unaware of prevalent safety concerns. We spoke to several safety representatives who work at a variety of MWD sites. Although the representatives consistently expressed the importance of meeting regularly with management, their descriptions of how often they actually did so varied by worksite. We believe that requiring more consistent collaboration and communication would be a valuable tool for ensuring workplace safety.

Similarly, although MWD's policies state that managers are responsible for providing a work environment that encourages open communication of health and safety issues without fear of reprisal, the policies do not define retaliation or create a process for responding to allegations of retaliation. MWD does have a confidential hotline for reporting safety issues, which may help employees who are not comfortable reporting these safety issues to their managers. However, as with the EEO policy we discuss in Chapter 1, MWD's safety policies do not define retaliation, and MWD does not have safety training specifically on retaliation. Moreover, MWD's safety policies do not explain where employees should report retaliation concerns. Further, our audit team spoke with some employees who shared their belief that MWD retaliates against employees for reporting safety concerns. Although our review did not find concrete examples or evidence of retaliation against MWD employees who report safety concerns, it is unclear whether that fact signals a genuine absence of retaliation.

MWD's safety policies could therefore be strengthened by clearly articulating who is responsible for responding to retaliation concerns and listing clear steps managers and staff can take if they suspect retaliation.

**Please refer to the section beginning on page 5 to find the recommendations that we have made as a result of these audit findings.**

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## Other Areas We Reviewed

To address all of the audit objectives approved by the Joint Legislative Audit Committee (Audit Committee), we also reviewed the subject areas described below.

### **Although MWD Is Not Required to Comply With Hazardous Waste Regulations, Its Policies and Trainings Generally Do So**

State law and Cal/OSHA regulations establish requirements for HAZWOPER. However, these regulations apply only to operations that MWD does not conduct. MWD's health and safety team manager confirmed that because MWD does not operate hazardous waste treatment, storage, or disposal facilities, and because MWD does not conduct emergency response operations for releases of hazardous waste, its operations do not fall under the HAZWOPER regulations' scope. However, MWD's safety policies and HAZWOPER trainings generally meet the Cal/OSHA HAZWOPER requirements. For example, MWD's policies specify that external hazardous waste management responders, such as fire departments, will handle the emergency response to hazardous waste spills. However, MWD provides training to some employees that is consistent with Cal/OSHA's HAZWOPER training requirements. MWD provides this training to allow its staff to assist emergency responders in case of a substantial spill. Similarly, MWD's chemical response program and other hazardous waste policies comply with the requirements outlined by the HAZWOPER regulations, including the establishment of procedures for decontaminating locations or equipment exposed to hazardous waste.

### **MWD's EEO Training Generally Complies With Legal Requirements**

State law requires MWD, like all employers with five or more employees, to provide training on sexual harassment and abusive conduct (bullying) to its employees. Supervisors must take at least two hours of the training, and nonsupervisory employees at least one hour, every two years. In 2017, the Legislature updated the requirements for the training's subject matter to include harassment based on gender expression, sexual orientation, and gender identity. DFEH regulations provide details on the content required for that training, which includes practical examples of harassment, how to report complaints, and the complaint investigation process.

Although MWD's training covers most of the topics required by regulation, it does not cover everything. MWD's training—provided by a consultant—does not guide supervisors in how to respond if they are personally accused of harassment. State regulation also

requires MWD to keep records of its employees' completion of the trainings. These records indicate that, as of January 2022, 83 percent of its employees had completed their required training on time—meaning that the training for over 300 employees was out of date. MWD's EEO manager explained that when employees do not complete the training within 30 days after the training is assigned to them, she follows up with them to make sure that they complete it.

In December 2020, MWD also began including a training module on unconscious bias. MWD provides this training to all employees, and it covers topics including bias, stereotyping, and inclusion. However, this training is not directed at managers and does not address the hiring or interview processes we discuss in Chapter 2.

We conducted this performance audit in accordance with generally accepted government auditing standards and under the authority vested in the California State Auditor by Government Code section 8543 et seq. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Respectfully submitted,



MICHAEL S. TILDEN, CPA  
Acting California State Auditor

Date: April 21, 2022

## Appendix A

### **MWD Has Failed to Fully Implement Several Recommendations From Our 2004 Audit**

In 2004, our office audited MWD and reviewed, among other areas, the district's ethics office and personnel policies. That audit report made a number of recommendations for addressing several deficiencies noted in both areas, and the chair of MWD's board at the time committed to implementing all but two of the recommendations. When the Audit Committee approved this current audit in 2021, it directed our office to evaluate the status of those recommendations from the 2004 audit related to MWD's ethics office and personnel policies. Table A presents the results of our evaluation of MWD's efforts to implement these recommendations.

**Table A**  
**Implementation Status of 2003-136 Audit Recommendations**

	RECOMMENDATION NUMBER	2003-136 AUDIT RECOMMENDATION	IMPLEMENTATION STATUS
ETHICS OFFICE	1	MWD should complete the implementation of its new ethics office and ensure that it complies with requirements in state law.	Not implemented
	2	MWD should continue its recent efforts to inform district employees about the ethics office and its functions.	Implemented
	3	MWD should develop formal written policies and procedures regarding how investigations are to be conducted, and under what circumstances an external investigator will be hired.	Partially Implemented
	4	MWD should review the ethics policies in the administrative code and in the operating policy and ensure that it presents ethics policies consistently.	Not implemented
	5	Once it hires a permanent ethics officer, MWD should ensure that he or she reports directly to the entire board, both verbally and in writing, in addition to the ethics subcommittee to ensure the fullest visibility of ethics issues.	Implemented
	6	MWD should establish a reliable process for ensuring that all employees in designated positions submit statements of economic interest.	Implemented
	7	MWD should issue an annual report to the public and interested legislators, such as those representing the areas served by the district, on its ethics office's compliance with state law.	Partially Implemented
PERSONNEL POLICIES	1	To ensure consistent hiring practices, MWD should develop comprehensive and current policies and procedures for hiring, including:	
	1a	• Consolidate policies and procedures into a single human resources policies and procedures manual.	Not implemented
	1b	• Ensure that policies and procedures fully address the potential for favoritism or the appearance of favoritism.	Not implemented
	1c	• Work to resolve all disagreements with bargaining units over the existence of management bulletins.	Implemented
	1d	• Update job descriptions to ensure that they are accurate and current.	Partially implemented
	2	MWD should work with recruiters to ensure that it has established a reasonable time frame for completing recruitments, including those involving external applicant pools.	Not implemented
	3	MWD should ensure that it follows its hiring policies and maintains written documentation that it did so.	Not implemented
	4	MWD should develop comprehensive policies and procedures for promotions, including steps to ensure that it documents reasonable justification for all promotional decisions.	Partially Implemented
	5	MWD should amend its grievance policy to require the establishment of time frames for resolving substantiated grievances.	Not implemented
	6	MWD should review and update all its policies and procedures periodically and develop a policy for communicating revisions to staff.	Not implemented
	7	MWD should provide a listing of separation agreements to the entire board, including the cost of all agreements. In addition, the board should establish a consistent policy for its approval of these agreements and should require the district to disclose all separation agreements to the full board.	Not implemented

Source: Analysis of MWD's ethics and personnel policies and procedures, including those in its administrative code.

## Appendix B

### **Employee Settlement Agreements With NDAs Result From a Variety of EEO Issues**

The Audit Committee directed the California State Auditor's Office (State Auditor) to identify the total number of NDAs that MWD has entered into since 2004 and the types of employee issues such agreements involved. Table B provides, for the 29 NDAs we identified that were related to EEO issues, the EEO-related circumstances leading to each settlement.

**Table B**  
**NDA by Type of EEO Issue**

SETTLEMENT NUMBER	RETALIATION	DISCRIMINATION BASED ON						SEXUAL HARASSMENT
		DISABILITY	SEX/GENDER	NATIONAL ORIGIN/ ANCESTRY	RACE/COLOR	AGE	RELIGION	
1	X			X	X			
2		X						
3	X	X						
4	X	X		X	X			
5	X				X			
6	X	X			X	X		
7	X	X						
8	X					X		X
9				X	X	X		
10	X							X
11	X			X		X		
12	X				X	X		
13	X							
14	X		X		X			
15	X				X			
16	X							
17	X	X						
18			X					
19			X	X		X		
20	X		X					
21	X		X					X
22	X			X	X			
23	X	X			X			
24	X		X					X
25	X				X	X		
26	X		X					X
27	X	X	X					
28	X	X					X	
29	X							

Source: Court documents, and MWD's EEO logs and case files.

## Appendix C

### Scope and Methodology

The Audit Committee directed the State Auditor to conduct an audit of MWD's personnel processes. Table C lists the objectives that the Audit Committee approved and the methods we used to address them.

**Table C**  
**Audit Objectives and the Methods Used to Address Them**

AUDIT OBJECTIVE	METHOD
1 Review and evaluate the laws, rules, and regulations significant to the audit.	Reviewed relevant state and federal laws and regulations related to MWD's personnel processes, such as its EEO and hiring processes. Reviewed state laws and regulations relevant to workplace safety, landlord obligations, and MWD's ethics office.
2 Evaluate MWD's efforts to implement various State Auditor recommendations related to its ethics office and personnel policies. Determine whether MWD fulfilled the commitments it made in response to those recommendations.	<ul style="list-style-type: none"> <li>Reviewed MWD's responses to relevant recommendations in audit report 2003-136.</li> <li>As part of evaluating whether MWD implemented those recommendations, evaluated the structure and processes of MWD's ethics office, including whether it complies with state law.</li> <li>Evaluated cases handled by MWD's ethics office to determine whether the office independently investigated those cases.</li> <li>Reviewed MWD's policies, procedures, and practices related to hiring and promotions to determine whether MWD has implemented or strengthened those policies, procedures, and processes.</li> </ul>
3 To the extent possible, analyze MWD's current personnel policies and practices related to recruiting, job posting, examinations, promotions, transfers, and conducting employee evaluations. Specifically, evaluate whether MWD has put measures in place to ensure equal employment opportunity with specific regard to gender and LGBTQ+ status and identify what, if any, barriers to equal employment opportunity exist.	<ul style="list-style-type: none"> <li>Reviewed the policies and procedures described under Objective 2 as well as relevant provisions in MWD's administrative code and its contracts with its bargaining units that cover employee transfers and evaluations. Determined whether MWD has implemented steps to prevent bias or discrimination in its hiring and promotion processes.</li> <li>Reviewed reports and independently analyzed data related to the demographics of MWD's workforce and its applicant pool.</li> <li>Assessed whether MWD has taken sufficient steps, including those required by law, in response to demographic trends indicated by its workforce and hiring data.</li> </ul>
4 Evaluate MWD's process for notifying employees and union representatives regarding changes to operating and personnel policies and procedures, including the following: <ul style="list-style-type: none"> <li>a. Changes to job descriptions and postings.</li> <li>b. Changes to its EEO and workplace bullying complaint process. Determine whether MWD has assigned a contact person for such complaints.</li> <li>c. Changes to safety protocols and its Illness and Injury Prevention Program.</li> </ul>	<ul style="list-style-type: none"> <li>Determined that MWD has no formal process for communicating policy changes to employees.</li> <li>Reviewed a selection of policy and procedure changes, including changes related to EEO policy and procedures, hiring and promotions policies and procedures, and MWD's safety program, to determine whether and to whom MWD communicated those changes.</li> </ul>

AUDIT OBJECTIVE	METHOD
<p>5 Determine whether MWD has established adequate policies and procedures to train employees on EEO, sexual harassment, workplace bullying, and safety, including Hazardous Waste Operations and Emergency Response (HAZWOPER) protocols.</p>	<ul style="list-style-type: none"> <li>• Evaluated the content of MWD's EEO, sexual harassment, and bullying trainings to assess whether the trainings comply with state law.</li> <li>• Reviewed a selection of MWD's trainings related to components of its overall safety program, such as its HAZWOPER program, to determine whether training materials are consistent with any applicable legal requirements.</li> <li>• Reviewed MWD's processes for ensuring that employees take EEO, sexual harassment, and safety training in a timely fashion, as required by law or MWD policy.</li> </ul>
<p>6 Evaluate MWD's policies and practices for handling EEO complaints—including complaints of sexual harassment—and workplace bullying complaints, by doing the following:</p>	
<p>a. Determine the total number of EEO and workplace bullying complaints filed since 2004.</p>	<ul style="list-style-type: none"> <li>• Evaluated MWD's policies and procedures for collecting, recording, referring, and tracking EEO and harassment complaints, including complaints involving abusive conduct.</li> <li>• Reviewed logs of filed complaints maintained by MWD's EEO office.</li> <li>• Reviewed reports and other documentation about complaints employees filed with MWD's ethics office. Determined whether and when the ethics office referred the complaints to the EEO office as required by MWD policy.</li> <li>• Obtained reports from DFEH and the EEOC to determine the number of EEO complaints MWD employees filed directly with those agencies.</li> <li>• Reviewed EEO and legal files to identify any complaints not captured by any of the above sources.</li> </ul>
<p>b. Review a sample of EEO and workplace bullying complaints filed since 2004 to determine what process MWD officials used to handle complaints and the results of that process, including disciplinary actions.</p>	<ul style="list-style-type: none"> <li>• Reviewed MWD's policies and procedures for receiving and investigating EEO and other harassment complaints, as well as for communicating the results of those investigations to complainants and respondents.</li> <li>• Reviewed MWD's policies for EEO and harassment issues, such as its retaliation policy.</li> <li>• For a selection of 28 EEO complaints since 2004, reviewed documentation retained by the EEO office, other human resources staff, and the general counsel's office to determine the timeliness and quality of MWD's handling of the complaint, as well as the resolution of the complaint.</li> <li>• For the cases among the 28 in which MWD substantiated EEO violations, identified any disciplinary actions MWD took in response. To the extent possible, determined whether the application of those disciplinary actions was appropriate and consistent.</li> <li>• For the 28 cases, interviewed EEO and human resources staff to get their perspective on the handling of the cases. In some instances, interviewed complainants for their perspective.</li> </ul>
<p>c. To the extent possible, determine whether MWD officials retaliated against any individuals who filed EEO or workplace bullying complaints.</p>	<ul style="list-style-type: none"> <li>• Reviewed and evaluated MWD's retaliation policy and relevant best practices.</li> <li>• Among the 28 cases reviewed under Objective 6(b), reviewed formal retaliation complaints and MWD's handling of those complaints, including any disciplinary action MWD took. For the 28 cases, identified any concerns about the treatment of complainants or the conduct of other employees involved in the investigations. Determined what MWD did to prevent or address this behavior.</li> </ul>

AUDIT OBJECTIVE	METHOD
<p><b>7</b> To the extent possible, assess MWD's policies and practices regarding nondisclosure agreements (NDAs) in situations involving EEO complaints, sexual harassment, workplace bullying, and related issues by doing the following:</p> <p>a. Determine whether MWD officials have taken adequate steps to implement Code of Civil Procedure (section 1001) related to NDAs.</p> <p>b. Identify the total number of NDAs MWD has entered into since 2004 and what types of employee issues such agreements involve.</p> <p>c. Determine whether MWD has considered releasing signatories of NDAs entered into prior to 2017 from their nondisclosure obligations.</p>	<ul style="list-style-type: none"> <li>• Requested from MWD all settlement agreements MWD has entered into with employees resulting from or related to EEO or harassment-related complaints or issues.</li> <li>• Reviewed MWD's EEO records, personnel files, and risk management data, as well as publicly available legal documents, to attempt to determine the total number of such settlements.</li> <li>• Reviewed all settlement agreements we identified that were subject to section 1001 to determine whether any of those agreements violated state law.</li> <li>• Interviewed MWD's general counsel about MWD's plans to implement recent changes to section 1001.</li> <li>• Reviewed all of the settlement agreements identified under Objective 7(a) to determine whether they contain NDAs.</li> <li>• Analyzed court documents, complaint records from DFEH and the EEOC, settlement agreements, and MWD's EEO files to determine the EEO-related circumstances leading to each NDA.</li> <li>• Asked MWD's general counsel whether MWD would release signatories of NDAs.</li> </ul>
<p><b>8</b> To the extent possible, evaluate MWD's policies and practices for reporting settlement agreements for employee complaints to the board, including the legal department's policies and practices for reporting such agreements to the board's Organization, Personnel, and Technology Committee.</p>	<ul style="list-style-type: none"> <li>• Reviewed MWD's administrative code to identify the general counsel's obligations to report settlement agreements to the board.</li> <li>• Interviewed general counsel staff about their practices for this reporting.</li> <li>• For a selection of settlement agreements identified under Objective 7(a), determined whether the general counsel had reported the agreements to the board. As part of this review, assessed the amount of detail any reports to the board contained.</li> </ul>
<p><b>9</b> Evaluate MWD's safety program by doing the following:</p> <p>a. Assess MWD's protocols for the reporting of safety incidents by employees and by supervisors and management employees to higher authorities within MWD. Determine how MWD manages and ensures the consistency of the variety of safety reporting protocols it uses.</p> <p>b. Identify the role of safety representatives at worksites and determine whether they are empowered to halt unsafe work or correct unsafe conditions.</p>	<ul style="list-style-type: none"> <li>• Reviewed MWD's administrative code, operating policies, and safety program procedures to identify the process for reporting safety incidents.</li> <li>• Interviewed employees in MWD's Operational Safety and Regulatory Services (SRS) section to determine MWD's process for consistently reporting safety incidents.</li> <li>• Reviewed a selection of safety incidents to determine whether MWD's response aligned with Cal/OSHA's requirements for employers as well as MWD's safety policies for reporting and responding to incidents.</li> <li>• Interviewed staff in MWD's SRS section to determine the responsibilities of safety representatives and whether they have the authority to halt unsafe work.</li> <li>• Reviewed MWD's safety policies and procedures and interviewed safety managers to determine the role of safety representatives at worksites, including their relationships with operations managers and their ability to intervene in potentially unsafe situations.</li> <li>• Interviewed safety representatives at a selection of MWD worksites to assess their perceptions of their authority and responsibility.</li> </ul>

continued on next page...

AUDIT OBJECTIVE	METHOD
c. Identify what safety and other personal protective equipment MWD provides to employees and for what purposes.	<ul style="list-style-type: none"> <li>Interviewed staff in MWD's SRS section to determine the types of PPE provided to employees and how it dispenses this equipment to employees.</li> <li>Reviewed MWD's policies and procedures related to requirements for and provision of PPE and evaluated these policies against Cal/OSHA's requirements for employers regarding the provision of PPE.</li> <li>Interviewed staff responsible for the provision of equipment at certain worksites, as well as employees who receive and use that equipment.</li> </ul>
d. Assess MWD's safety protocols for employees who work on roads and streets, including equipment and procedures for lane closures.	<ul style="list-style-type: none"> <li>Interviewed staff in MWD's SRS section about MWD's safety protocols for employees who work on roads and streets.</li> <li>Reviewed MWD's policies and procedures related to safety requirements for employees working on roads and streets, and evaluated these policies against Cal/OSHA's requirements for employers regarding worksites around roads or traffic.</li> </ul>
e. Review a selection of safety complaints since 2010 to assess how MWD officials handled reports of unsafe working conditions and other safety incidents.	<ul style="list-style-type: none"> <li>Determined MWD's protocols for collecting and addressing safety complaints and related concerns.</li> <li>Reviewed MWD's central database on injuries and near misses, as well as documentation maintained at individual worksites.</li> <li>Reviewed a selection of safety incidents to determine whether MWD's response aligned with Cal/OSHA's requirements for employers as well as MWD's safety policies for reporting and responding to incidents.</li> </ul>
f. Determine whether MWD has adequate policies and procedures to protect employees, including safety representatives, who make safety-related complaints from retaliation.	<ul style="list-style-type: none"> <li>Reviewed MWD's retaliation policy as identified under Objective 6(c).</li> <li>Interviewed staff in MWD's SRS section, including those working at pumping plants and water treatment plants, to obtain their perspective about MWD's prevention and handling of possible retaliation.</li> </ul>
<b>10</b> Assess MWD's HAZWOPER program and evaluate its effectiveness in addressing hazardous waste issues, including processes for employees to address HAZWOPER issues on the job.	<ul style="list-style-type: none"> <li>Reviewed requirements in state law and interviewed MWD staff to determine what HAZWOPER requirements MWD is required to follow.</li> <li>Evaluated MWD's HAZWOPER program, including its policies and processes, and compared it to Cal/OSHA's HAZWOPER requirements.</li> </ul>
<b>11</b> Identify MWD's obligations as a landlord to employees for whom it provides company housing. In particular, assess MWD's processes for the following:	<ul style="list-style-type: none"> <li>Reviewed state law to determine MWD's obligations to employees for whom it provides housing.</li> </ul>
a. Handling landlord-tenant relations, rental agreements, and landlord-tenant disputes, including in the case of tenants who separate from employment.	<ul style="list-style-type: none"> <li>Interviewed staff in MWD's Real Property section to determine how MWD handles landlord-tenant relations and disputes.</li> <li>Reviewed rental agreements that MWD has entered into with employees when providing housing, including clauses for terminating occupancy.</li> <li>Identified no issues beyond those discussed in the report.</li> </ul>
b. Addressing habitability issues such as lead, asbestos, water and faucet quality, provision of adequate utilities, and related issues.	<ul style="list-style-type: none"> <li>Interviewed staff in MWD's Real Property section to determine how MWD responds to habitability issues raised by employee residents.</li> <li>Interviewed staff in MWD's Real Property section to determine how it measures and manages environmental hazards in employee housing, such as lead and asbestos.</li> <li>Interviewed employee housing residents regarding their experiences with employee housing, including any habitability issues they have experienced.</li> <li>Reviewed housing assessments and environmental hazard reports to determine the types and magnitude of habitability issues affecting MWD's employee housing.</li> </ul>

AUDIT OBJECTIVE	METHOD
c. Addressing other concerns related to living conditions, including replacement housing, repairs, and the provision of rental insurance.	<ul style="list-style-type: none"> <li>• Interviewed staff in MWD's Real Property section to determine how MWD responds to employee repair requests.</li> <li>• Reviewed MWD's maintenance log, which records housing issues raised by employee residents and addressed by Real Property staff.</li> <li>• Interviewed employee housing residents regarding their experiences with employee housing, including how quickly MWD responds to repair requests or other concerns.</li> <li>• Reviewed MWD's housing occupancy policy and rental agreements that MWD has entered into with employees when providing housing and determined that these documents state that MWD is not responsible for loss of employees' personal property.</li> </ul>
d. Providing emergency medical services in remote locations, including 9-1-1 service, life flight/medical transport, fire, police, and security. Determine how these matters are addressed when such services may be unavailable.	<ul style="list-style-type: none"> <li>• Interviewed staff in MWD's Real Property section, who stated that they were unaware of any agreements with emergency responders guaranteeing a minimum level of services, and also that each site had its own security personnel.</li> <li>• Interviewed employees residing in MWD housing.</li> <li>• Identified no issues beyond those described in the report.</li> </ul>
e. Providing services for the children of employees, including educational arrangements, busing, and community safeguards to prevent accidents, injuries, and potential hazards.	<ul style="list-style-type: none"> <li>• Interviewed staff in MWD's Real Property section, who stated they were unaware of any such services for the children of MWD employees.</li> <li>• Interviewed employees residing in MWD housing.</li> <li>• Identified no issues beyond those described in the report.</li> </ul>
f. Otherwise managing its employee housing program.	<p>In addition to the work described above:</p> <ul style="list-style-type: none"> <li>• Reviewed MWD's operating policy on employee housing.</li> <li>• Interviewed employee housing residents regarding their experiences with employee housing.</li> <li>• Visited and inspected a selection of employee housing units at three of MWD's pumping plants.</li> </ul>
12 Review and assess any other issues that are significant to the audit.	We did not identify any other issues that are significant to the audit.

Source: Audit workpapers.

### Assessment of Data Reliability

The U.S. Government Accountability Office, whose standards we are statutorily obligated to follow, requires us to assess the sufficiency and appropriateness of the computer-processed information we use to support our findings, conclusions, and recommendations. In performing this audit, we relied on electronic data files from MWD related to its EEO complaints, hiring demographics, and safety incidents. To evaluate the data, we interviewed staff knowledgeable about the data and performed testing of the data. In all instances, except the EEO data, we found the data to be sufficiently reliable for our audit purposes. We determined that the EEO complaint data was incomplete and inaccurate. However, there is sufficient evidence in total to support our findings, conclusions, and recommendations.

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THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

*Office of the General Manager*

April 4, 2022

Mr. Michael Tilden\*  
California State Auditor  
621 Capitol Mall, Suite 1200  
Sacramento, California 95814

Dear Mr. Tilden:

Thank you for the opportunity to review and respond to your audit of The Metropolitan Water District of Southern California's handling of Equal Employment Opportunity (EEO) complaints from 2004 to 2021, our hiring practices, the independence and authority of the Ethics office, our safety program, and our maintenance of workforce housing at our desert facilities.

Metropolitan accepts the audit's recommendations and will swiftly implement them to address deficiencies identified. I welcome this audit's recommendations as important additions to the workplace improvements that I have already begun to institute since joining Metropolitan as its General Manager nine months ago. Some of that progress as well as other specific comments on the audit are outlined in the attachment to this letter.

We have zero tolerance for harassment, misconduct, or bias, and we are committed to establishing best-in-class EEO policies and systems to safeguard our workforce.

In addition to adopting the audit's recommendations, Metropolitan is implementing new policies and procedures recommended by a Workplace Climate Assessment that we commissioned from an outside law firm last year and that will strengthen our agency and better serve all our employees.

Metropolitan recently announced the hiring of a new EEO Officer, who will start on April 18. The EEO Officer is a direct report to me and will have the independence and reporting structure recommended in this audit.

\* California State Auditor's comments begin on page 93.

Mr. Michael Tilden  
Page 2  
April 4, 2022

We are also finalizing the hiring of a talented leader to oversee our newly created Diversity, Equity, and Inclusion Office, which will establish programs to support our workforce and help our agency continue to adapt to societal changes and expectations.

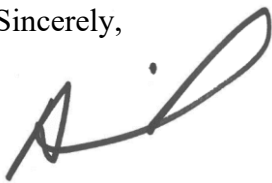
Both of these new offices will be fully resourced and staffed, as is reflected in the proposed biennial budget I have presented to Metropolitan's Board of Directors, and I am committed to providing sufficient resources for these offices going forward and commensurate to the need.

Metropolitan has established a Joint Labor Management Advisory Committee and will continue to work with our labor partners to pursue new policies, programs, and personnel to help build and reaffirm a workplace culture of inclusion, respect, and safety for all our employees and to improve accountability at all levels of the agency. This expectation – a workplace culture of equity, fairness and inclusion – was the focus of a management forum dialogue held last month among 280 of Metropolitan's executive leadership, managers and supervisors.

- ① We have begun a collaboration with the National Safety Council to identify further improvements to our safety programs and practices. We have held two "Resident Town Hall" listening sessions to hear from tenants of our desert housing, and we have established a communications portal to improve information sharing with our tenants. Metropolitan will invest the resources necessary to improve living conditions for our valued workforce in our desert facilities.

I appreciate the work of you and your team to help improve our agency to benefit our employees.

Sincerely,



Adel Hagekhalil  
General Manager

Attachment

## Attachment 1

### Audit Summary and Metropolitan Response

Item	Audit Findings	State Auditor Recommendations	Due Date	Metropolitan Response
1	<b><u>Ethics</u></b>  1. The Ethics Office lacks the necessary independence to perform its duties as required by SB60  2. Ethics Office suffers from insufficient policies and procedures  3. Leadership demonstrated an unwillingness to ensure the office has the necessary resources and authority to investigate ethics complaints	<u>Legislative updates:</u> <ul style="list-style-type: none"> <li>Amend state law to include one or more mechanisms by which it can revoke or limit MWD's authority over key personnel and ethics processes</li> <li>Establish MWD's ethics officer as the sole authority for interpreting MWD's ethics rules when conducting investigations into alleged ethics violations</li> <li>Grant MWD's ethics officer the authority to contract with outside legal counsel for the purposes of receiving independent legal advice</li> <li>Require any employee within MWD, including board members, to provide ethics officer any documents requested as part of an ongoing investigation without waiving any privileges that may apply</li> <li>Prohibit any employee within MWD, including board members, from interfering in any way in an investigation</li> </ul>		<b>MWD accepts and will implement the audit recommendations. We welcome the opportunity to work with the state legislature to address the audit findings and ensure the Ethics Office has the authority and independence to effectively carry out its duties.</b>
		<u>MWD Administrative code updates:</u> <ul style="list-style-type: none"> <li>Prohibit interested parties from participating in the office's investigation process, except when necessary</li> <li>Establish the best practices highlighted in this report for protecting the independence of the ethics office</li> </ul>	October 2022	<b>MWD accepts and will implement the audit recommendations.</b>

(2)

## Attachment 1 Audit Summary and Metropolitan Response

Item	Audit Findings	State Auditor Recommendations	Due Date	Metropolitan Response
2	<p><b><u>Legal/Ethics</u></b></p> <p>Interference by high ranking officials: Weaknesses in the Code allowed the GC and the Chair of the Board to interfere with the work of the Ethics Office</p> <ul style="list-style-type: none"> <li>Re investigation of improper disclosure of a confidential document; Ethics inquiry from the Chair and GC review sought to change the Ethics Officer's conclusion</li> <li>Investigation of a staff member making misleading statements to the board Inappropriate interference by GC</li> </ul>	Refer to Item 1 above.		<p><b>Metropolitan accepts and will implement the audit recommendations to ensure the independence of the Ethics Office and ensure avoidance of conflicts of interest in the investigation of complaints.</b></p> <p>The General Counsel and the past Chair provided the following information to the Audit team, which was not reflected in the report:</p> <ul style="list-style-type: none"> <li>The inquiry by the Chair was in response to the improper disclosure of an attorney/client privileged document to counsel opposing Metropolitan in litigation.</li> </ul> <p>The General Counsel reviewed the preliminary investigation report and provided comments to the Ethics Officer as requested by the Chair of the Board. The Ethics Officer was not bound by and did not accept the comments of the General Counsel; she did not change the conclusion of her preliminary investigation. The Chair and the General Counsel did not improperly interfere with the independence of the Ethics Officer.</p> <ul style="list-style-type: none"> <li>The General Counsel reviewed drafts of the Ethics Officer's investigation report in accordance with the Ethics Office Rules of Investigation. The rules at that time included a review function by the General Counsel; anticipated that the Ethics Officer and General Counsel may not always agree; and made clear that the Ethics Officer retained the autonomy to accept or reject any comments or recommendations of the General Counsel. The General Counsel acted in accordance with the rules created by the Ethics Officer; comments by the General Counsel in accordance with adopted procedures did not constitute interference with the Ethics Officer.</li> </ul>

③

## Attachment 1

### Audit Summary and Metropolitan Response

Item	Audit Findings	State Auditor Recommendations	Due Date	Metropolitan Response
	<ul style="list-style-type: none"> <li>Board Chair initiated a review by an external law firm. Unilaterally directed the GM to hire a firm. Did not bring it to the full board. The outside attorney's objections to the review were by definition, biased. Staff was not consulted about the nature and the timing of the review. Ethics Officer resigned because she could not reconcile her obligations</li> </ul>			<ul style="list-style-type: none"> <li>The Ethics Office is part of Metropolitan and subject to Board Oversight. The scope of work of the outside law firm did not relate to the Ethics Officer's conclusion in the investigation of an MWD staff member or any specific Ethics Office investigation. The scope of work included a review of policies and procedures of the Ethics Office, including investigation procedures for procedural soundness. The action of the Chair and the Ad Hoc Committee to recommend hiring of outside counsel did not interfere with an investigation of an MWD staff member by the Ethics Officer.</li> </ul>
3	<b><u>Hiring/Recruitment/Promotion</u></b> <ol style="list-style-type: none"> <li>Operates a hiring process that gives discretion to the hiring manager, without safeguards against favoritism or bias</li> <li>Hiring process does not protect applicants from potential discrimination</li> <li>EEO does not have a role in the current hiring process; no EEO hiring documentation in hiring files.</li> </ol>	<ul style="list-style-type: none"> <li>Develop formal procedures for analyzing employee demographics and taking appropriate action based on those data.               <ul style="list-style-type: none"> <li>MWD should report to its board on the results of the demographic analysis and actions</li> </ul> </li> </ul>	April 2023	<b>MWD accepts and will implement the audit recommendations</b> <ul style="list-style-type: none"> <li>Metropolitan will jointly formalize procedures for analyzing employee demographics, ensure appropriate legal requirements are met, and that additional analysis shall be used appropriately. This information will be reported to the Board on a regular basis.</li> </ul>
		Formally train hiring managers and human resources staff on their roles and responsibilities	April 2023	<ul style="list-style-type: none"> <li>A formal recruitment "desk manual" has been drafted for recruiters. It will be reviewed and revised based on revisions to the recruitment procedures and used to train HR staff. A separate instruction/procedure document will be created for managers for ongoing formalized training.</li> </ul>

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①

## Attachment 1 Audit Summary and Metropolitan Response

Item	Audit Findings	State Auditor Recommendations	Due Date	Metropolitan Response
①	4. Conduct more analysis around underrepresentation; obtain and analyze promotion/job bid data; share findings of analysis with relevant staff and management groups	<p>Adopt and publish comprehensive formal hiring procedures that include</p> <ul style="list-style-type: none"> <li>• Process for screening applications based on defined criteria</li> <li>• Clear instructions for justifying hiring decisions</li> <li>• Document retention requirements for human resources staff and hiring managers</li> </ul>	October 2022	<ul style="list-style-type: none"> <li>• A recruitment procedures document has been drafted to be discussed with the bargaining units.               <ul style="list-style-type: none"> <li>○ It will be reviewed and revised, if necessary, to include specific processes for screening applicants, justifying hiring decisions, and clarifying document retention requirements based on the State Audit recommendations</li> <li>○ Improved documentation in the recruitment file is planned, specifically for screening criteria and hiring decisions</li> </ul> </li> </ul>
		Reinstate EEO Office's role in the hiring process and develop formal procedures describing that role	October 2022	<ul style="list-style-type: none"> <li>• Metropolitan, will establish the appropriate role for EEO in the hiring process. Once established it will be documented in formal procedures and training will be provided</li> </ul>
⑤	4 <b><u>EEO</u></b> <ol style="list-style-type: none"> <li>1. MWD's EEO policy and procedures do not align with best practices</li> <li>2. EEO and sexual harassment policies are out of date</li> <li>3. MWD does not provide EEO investigation procedures to employees</li> <li>4. Due to delays in investigations, employees may continue to work in dysfunctional or potentially unsafe situations</li> </ol>	<p>Ensure compliance with state and federal laws and best practices, by updating policy to:</p> <ul style="list-style-type: none"> <li>• Include a robust definition and example of retaliation</li> <li>• Include information about an employee's right to file a complaint directly with DFEH or the EEOC</li> <li>• Make explicit reference to written investigatory procedures where employees can obtain a copy of procedures</li> <li>• Ensure that the policy accurately reflects all other requirements in state and federal law. MWD should establish a process for regularly reviewing the policy to see if changes are needed.</li> </ul>	October 2022	<p><b>MWD accepts and will implement the audit recommendations</b></p> <ul style="list-style-type: none"> <li>• The newly hired EEO Officer will be developing a strategic and organizational plan to eliminate the backlog of cases and ensure policies and procedures are up to date. In the meantime, MWD has hired an outside law firm experienced in EEO matters, Meyers Nave Company, to re-write policies and procedures, including a retaliation and abusive conduct policy. Policies and procedures will strengthen the specific references to employee's rights to file directly with the DFEH and EEOC. These policies/procedures will receive input from the Joint Labor Management Advisory Committee and also be presented to the DE&amp;I Council. The role of the EEO Officer will be to regularly review all policies and procedures to determine if changes are needed.</li> </ul>

## Attachment 1

### Audit Summary and Metropolitan Response

Item	Audit Findings	State Auditor Recommendations	Due Date	Metropolitan Response
		<p>To avoid future instances in which EEO complaints go unaddressed:</p> <ul style="list-style-type: none"> <li>Develop written procedures that specify how non-EEO staff who receive complaints from employees should handle referrals of EEO complaints to the EEO office, and train staff on those procedures</li> </ul>	June 2022	<ul style="list-style-type: none"> <li>As mentioned above, MWD has hired an outside law firm experienced in EEO, Meyers Nave Company, to re-write policies and procedures which will include how referrals to the EEO office from non-EEO staff should be handled. Once these policies and procedures are established all HR staff, Ethics staff and management will be trained.</li> </ul>
		<p>To ensure that the EEO office has appropriate jurisdiction over EEO complaints:</p> <ul style="list-style-type: none"> <li>Develop written procedures for handling potential threats to impartiality in investigations, which contain explicit conditions in which a party other than the EEO office plays a lead role in an EEO complaint, such as the Ethics Officer or the General Counsel's office</li> </ul>	June 2022	<ul style="list-style-type: none"> <li>MWD has hired an outside expert, Meyers Nave Company, to revise existing policies and procedures. These revisions will formally define the practice of ensuring that conflicts of interest and impartiality in the EEO investigation process are clear, specifically when a party other than the EEO office plays a lead role in an EEO complaint.</li> </ul>
		<p>Annually share the results of its NDP analyses with various management groups as well as recruitment</p>	June 2022	<ul style="list-style-type: none"> <li>With the plan to increase the staff in the EEO office, and specific roles defined, staff will be dedicated to conduct the analysis required for compliance with the AAP and NDP and to share the results with management and recruitment staff will become a regular annual process.</li> </ul>
		<p>To ensure it has effective and up-to-date policies on related personnel matters:</p> <ul style="list-style-type: none"> <li>Review and update its sexual harassment policy as needed</li> <li>Develop an official policy defining and prohibiting abusive conduct</li> </ul>	October 2022	<ul style="list-style-type: none"> <li>MWD has hired an outside expert, Myers Nave Company, to revise existing policies and procedures. This includes the sexual harassment policy and an official policy on prohibiting abusive conduct.</li> </ul>

(5)

## Attachment 1 Audit Summary and Metropolitan Response

Item	Audit Findings	State Auditor Recommendations	Due Date	Metropolitan Response
5		<p>To better position itself to handle all EEO responsibilities required by state and federal law and best practices, implement the following improvements to its EEO office:</p> <ul style="list-style-type: none"> <li>• Create and fill additional positions that are commensurate with the workload of the EEO office, including additional staff to handle investigations, training, and compliance</li> <li>• Assign formal written responsibilities for specific staff within the office</li> <li>• Structure the EEO office in such a manner that it can operate independently with minimal potential threats to impartiality</li> </ul>	October 2022	<ul style="list-style-type: none"> <li>• The newly hired EEO Officer, scheduled to start in April, will be developing a strategic and organizational plan. In addition, the proposed budget includes increasing the staff of the EEO office from 2 full-time positions to 6 full-time positions which will be filled to address the needs of the function, with the understanding that additional resources can be identified as needed to meet the stated goal of the Board. As part of the strategic and organizational plan, responsibilities will be assigned formally within the office through performance expectations and established job descriptions.</li> </ul>
		<p>To ensure timely response to EEO complaint, update investigation procedures to include:</p> <ul style="list-style-type: none"> <li>• Time frames that match DFEH best practices for responding to, investigating, and closing EEO complaints and should adhere to those time frames</li> <li>• Report to its board quarterly on how many EEO complaints have been received, investigated, including how many of those investigations surpassed the time frames in MWD's procedures</li> </ul>	October 2022	<ul style="list-style-type: none"> <li>• MWD has hired an outside expert, Meyers Nave Company, to revise existing policies and procedures. These will include references to time frames similar to the DFEH and EEOC. In addition, the EEO Officer will report to the Board quarterly as recommended by the State Audit.</li> </ul>
		<p>To ensure that all EEO complaints and their outcomes are recorded accurately and promptly:</p> <ul style="list-style-type: none"> <li>• Implement an electronic recordkeeping system that will allow for accurate and complete tracking of EEO complaints in a single location.</li> <li>• Designate an individual to be responsible for logging, tracking, and updating EEO complaint records</li> </ul>	October 2022	<ul style="list-style-type: none"> <li>• MWD has recently selected an electronic recordkeeping system to track cases and to receive anonymous calls. The new system will provide a more comprehensive way for MWD EEO office and Human Resources to track, document and manage its cases with greater efficiency and timeliness.</li> <li>• As stated, our proposed budget includes additional positions for the EEO office to support MWD EEO efforts.</li> </ul>

## Attachment 1

### Audit Summary and Metropolitan Response

Item	Audit Findings	State Auditor Recommendations	Due Date	Metropolitan Response
		<p>To ensure equity and consistency in its disciplinary process:</p> <ul style="list-style-type: none"> <li>Implement a written, formal process that outlines the steps that it must follow and the factors it must consider when deciding whether and how to issue discipline</li> <li>Develop a recordkeeping policy that documents the disciplinary process so that it can demonstrate that its process is thorough and consistent</li> </ul>	October 2022	<ul style="list-style-type: none"> <li>Steps are in progress to document a formal checklist, or step process, for factors that must be considered, reviewed and documented in any disciplinary action including those resulting from an EEO investigation.</li> <li>The new system described will be implemented for Employee Relations cases including discipline, grievances and appeal hearings.</li> </ul>
		<p>To prevent and address mistreatment of complaints and potential violations of its retaliation policy:</p> <ul style="list-style-type: none"> <li>Develop written procedures for identifying and intervening in potential retaliation while EEO investigations are ongoing</li> <li>Dedicate a person to follow up with complainants after EEO investigations to ensure that incidents involving potential retaliation are not occurring, as well as track these follow-up discussions</li> </ul>	October 2022	<ul style="list-style-type: none"> <li>MWD has hired an outside expert, Meyers Nave Company, to revise existing policies and procedures. These will include further definition of retaliation.</li> <li>As part of the new EEO Officer strategic plan, roles and responsibilities will be defined for all EEO Office staff and will include a role, or person, to follow-up with complainants to ensure retaliation is not occurring.</li> </ul>

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## Attachment 1 Audit Summary and Metropolitan Response

Item	Audit Findings	State Auditor Recommendations	Due Date	• Metropolitan Response
		<p>To ensure the board is informed of how often EEO matters are being settled and by what means:</p> <ul style="list-style-type: none"> <li>Amend the administrative code to require that all settlements that invoke confidentiality or have a financial impact, be reported quarterly to the Legal and Claims Committee</li> <li>Develop a written policy that outlines mandatory information required for reporting settlements. To include whether EEO issues were implicated, is the employee still employed by MWD, existence and type of financial or confidentiality terms, and has MWD take any corrective action in response to the alleged issues</li> <li>Implement centralized recordkeeping procedures for all employee settlement agreements, including a means of confidentially indicating the existence of such settlement in the EEO complaint database, its personnel database, or some other central repository</li> </ul>	October 2022	<ul style="list-style-type: none"> <li>Metropolitan will amend its Administrative Code to require that all settlements that invoke confidentiality or have a financial impact, be reported quarterly to the Legal and Claims Committee.</li> <li>Metropolitan will develop a written policy that outlines mandatory information required for reporting settlements, which will include whether EEO issues were implicated, whether the employee is still employed by Metropolitan, the existence, and type of financial or confidentiality terms, and whether the action was taken to address the alleged issues including any corrective action taken.</li> <li>Metropolitan will implement centralized recordkeeping procedures for all employee settlement agreements, including a means of confidentially indicating the existence of such settlement in the EEO complaint database, the personnel database, or some other central repository.</li> </ul>
5	<p><b><u>Safety</u></b></p> <ol style="list-style-type: none"> <li>Policies do not require a minimum level of collaboration between management and safety staff</li> <li>Policies do not define retaliation or create a process for responding to retaliation concerns from employees</li> </ol>	<ul style="list-style-type: none"> <li>Establish minimum collaboration between safety and managers</li> <li>Ensure handling of safety complaints</li> <li>Define retaliation and document protection from retaliation</li> </ul>	June 2022	<p><b>MWD accepts and will implement the audit recommendations.</b></p> <ul style="list-style-type: none"> <li>A written requirement will be added to the Health and Safety Employee (HSE) Manual establishing a minimum level of regular meetings between safety representatives and management</li> <li>The HSE Manual will be updated to reference the MWD-wide policy against retaliation contained in Division VII of the Metropolitan Administrative Code.</li> <li>We have begun a collaboration with the National Safety Council to identify further improvements to our safety programs and practices.</li> </ul>

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## Attachment 1 Audit Summary and Metropolitan Response

Item	Audit Findings	State Auditor Recommendations	Due Date	Metropolitan Response
6	<p><b><u>Housing</u></b></p> <p>MWD has not prioritized responding to housing issues</p> <ol style="list-style-type: none"> <li>Maintenance database does not reliably track how long it takes to resolve housing issues</li> <li>Employees cannot afford additional delays in the housing replacement process</li> </ol>	<p>To better protect employees required to reside in employee housing from issues threatening the safety and habitability of this housing:</p> <ul style="list-style-type: none"> <li>Improve detail and consistency of procedures for responding to maintenance requests</li> <li>Establish procedures for tracking and regularly report to the board</li> <li>Establish contingency plan for addressing its long-term issues</li> </ul>	October 2022	<p><b>MWD accepts and will implement the audit recommendations.</b></p> <ul style="list-style-type: none"> <li>Metropolitan has held two listening sessions in the last six months with tenants of our desert housing and has established a "Resident Portal" to improve communication and provide repair status for resident requests and other pertinent information as it relates to the Safe, Decent and Sanitary standard condition of the homes.</li> <li>Real Property has also established a protocol for prioritizing maintenance and repairs (resident reported and proactively scheduled to avoid failure), hired a planner/scheduler to ensure accuracy of repair/maintenance data, and trained the Maintenance Manager and technicians on the appropriate use of the asset maintenance system. A regular report to the board on housing maintenance activity will be provided.</li> <li>Our proposed budget includes additional staff positions for the Real Property Group to support MWD's efforts to ensure the timely response to service requests of the employees required to reside in employee housing.</li> <li>A contingency plan will be prepared to address long-term employee housing replacement and put into effect in the event the planned replacement of employee housing currently underway does not move forward.</li> </ul>

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## Comments

### CALIFORNIA STATE AUDITOR'S COMMENTS ON THE RESPONSE FROM THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

To provide clarity and perspective, we are commenting on the response to the audit from MWD. The numbers below correspond to the numbers we have placed in the margin of the response.

Throughout its response MWD claims to have taken actions that are responsive to our audit findings and recommendations. MWD did not inform us about these actions during our audit. As such, we have not reviewed evidence demonstrating the progress MWD claims to have made in these areas. We look forward to reviewing the documentation MWD provides related to these actions during our regular follow-up on the status of our recommendations.

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In the attachment to its response, MWD summarizes some of our findings and recommendations. These summaries are not always complete and sometimes omit information critical to properly understanding our findings and recommendations. Therefore, please refer to our findings throughout the body of the report and our recommendations starting on page 5.

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We disagree with MWD's assertion that the general counsel and former chair provided us information that was not reflected in the audit report. The report reflects our careful consideration of all relevant information we collected, including any provided by the general counsel and former chair. For example, we discuss our review of the ethics office's procedures, and the flaws in those procedures, throughout the relevant sections of our report. However, as we state on pages 55 and 56, because MWD has declined to waive the privileged status of much of the documentation supporting our conclusions, we cannot discuss some aspects of the interference we observed in detail. Further, MWD's response does not dispute the accuracy of any fact included in the report. Instead, MWD appears to take issue with the conclusions we reached. However, we stand by our conclusion that the former chair and general counsel inappropriately interfered in the two ethics investigations we discuss.

③

MWD mischaracterizes our concerns about the 2017 review of MWD's ethics office by an outside law firm. Our concerns are not based on the scope of the review. Instead, as we conclude on page 58, the decision by MWD's management to initiate the review was not sufficiently transparent or accountable. Nonetheless, MWD's statement that the outside law firm's scope of work was unrelated to specific ethics office investigations is inaccurate. The scope of work for the review clearly states that the firm will

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review recent investigations for procedural soundness. Further, as we note on page 58, the former chair announced at a public board meeting that his decision to initiate a review of the ethics office was because of concerns with recent ethics office investigations. We also reviewed further evidence regarding MWD's motivations for initiating the external review. However, because that documentation is privileged, we are unable to discuss it here. MWD's mischaracterization of its 2017 review of the ethics office—as well as its persistent unwillingness to ensure that the ethics office has the necessary resources and authority to operate independently—further highlight the need for legislative intervention.

- ⑤ MWD's response that it has hired an outside law firm to revise existing policies and procedures to address key EEO-related findings and recommendations raises concerns that MWD is still not taking sufficient responsibility for its EEO process. As we state on page 20, MWD has not adequately planned or devoted resources to its EEO program. As a result, we recommend on page 6 that MWD staff its EEO office to handle all EEO responsibilities and assign formal responsibilities for that staff. Given that MWD references the hiring of an EEO officer and states it intends to increase staff in its EEO office, it is unclear to us why MWD is relying on an external party to perform this important work instead of developing the expertise and independence to do so in accordance with our recommendation.
- ⑥ MWD indicates that the implementation date for this recommendation is June 2022. Before receiving MWD's response, we informed MWD that we would change the implementation due date for the recommendation related to handling of safety complaints and the protection of workers who make them to October 2022, as shown on page 9. We made this change because MWD indicated that doing so would allow it to implement this recommendation in conjunction with the retaliation-related recommendations that resulted from our EEO review.
- ⑦ We were aware of the steps MWD described in its response and concluded they are insufficient. For example, as we explain on page 61, MWD's process documents for responding to maintenance requests lack the detail necessary to determine what types of maintenance requests will trigger a timely response. Moreover, MWD refers to hiring a planner, which is an action it took in July 2020 according to the information it provided to us. Nonetheless, as we explain on page 62, our review of MWD's maintenance data determined that we cannot rely on the data. Our determination was based on deficiencies in the data that persisted through the time of our review. Therefore, we stand by our conclusions that MWD should take additional steps in order to ensure the habitability of the housing it provides its employees.

## Division II

### PROCEDURES PERTAINING TO BOARD, COMMITTEES AND DIRECTORS

Chapter	Sec.
1 Board of Directors	2100
2 Board Officers	2200
3 Rules Governing Committees	2300
4 Standing Committees	2400
5 Other Committees: Miscellaneous Committee Matters	2500
6 Directors	2600
7 Periodic Staff Reports to Board and Committees	2700
8 Legislation	2800

## Chapter 1

### BOARD OF DIRECTORS

Article	Sec.
1 Meetings	2100
2 Consent Calendar	2120
3 Board Conduct Rules	2130
4 Miscellaneous Board Rules	2140

## Article 1

### MEETINGS

Sec.
2100. Regular Meetings
2101. Special Meetings
2102. Emergency Meetings
2103. Place of Meetings
[2104 - repealed]
2105. Closed Meeting Procedure
2106. Adjourned Meetings
2107. Legal Department Representation
2108. Minutes
2109. Board Agenda

#### **§ 2100. Regular Meetings.**

Provisions updated to reflect the actions of the Board of Directors through its 1/11/2022 meeting.

adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987; renumbered to Section 2103 and amended by M.I. 37492 - January 10, 1989 (previous Section 2103 repealed).

[§ 2104 - repealed by M.I. 37722 - June 13, 1989]

### **§ 2105. Closed Meeting Procedure.**

(a) The Chair shall be responsible for ensuring that procedural requirements, other than requirements for notice, are fulfilled when a closed meeting is held. The Board Executive Secretary shall be responsible for fulfilling any notice requirements relating to closed meetings. The General Counsel shall be responsible for the preparation of any documents required by Government Code Section 54956.9 with regard to litigation. The General Counsel, General Manager and when appropriate the Auditor and Ethics Officer shall designate staff members and others who shall remain in the closed session to assist the Board in its deliberations. The General Counsel shall also designate staff members to record the minutes of the closed meeting.

(b) No person attending a closed session may disclose any matter discussed in the session where to do so would be contrary to the purpose for which the session was held. Any director who has not attended a closed session and wishes to be advised of the content of the session may inquire of any director who attended the closed session. The person contacted may advise the inquiring director of the content of the session. The advised director shall not disclose the matter for which the session was held.

(c) If a director, a Department Head, or a person other than a District staff member is reported to have violated Section 2105(b), the matter shall be referred to the Executive Committee for investigation and consideration of any appropriate action warranted including, but not limited to, legal action, censure, removal from one or more committee assignments, and recommendation to the member's appointing agency that steps be taken to remove that individual from the Board. Before taking any action and as part of the consideration, the Executive Committee shall provide the person under investigation with an opportunity to meet with it or a subcommittee appointed by it, and present reasons and evidence why action should not be taken.

(d) If a member of the staff is reported to have violated Section 2105(b), the matter shall be referred to the appropriate Department Head for investigation; the Department Head shall report to the Executive Committee any action taken including, but not limited to, legal action and initiation of discipline.

Ords. 85 and 113; repealed by Ord. 146; Sections 201.2.5.3 through 201.2.5.5 added, as amended, by M.I. 32690 - April 10, 1979; amended by M.I. 33493 - November 18, 1980; renumbered Sections 201.2.6.6.4 through 201.2.6.5 by M.I. 34112 - February 9, 1982; renumbered Sections 201.3.9 through 201.3.9.2 and amended by M.I. 35469 - January 8, 1985 Sections 201.3.9 through 201.3.9.2 repealed and Sections 2108(a) through 2108(b) adopted by M.I. 36464 - January 13, 1987; renumbered to Section 2105, paragraphs (a) and (b) deleted and new language adopted by M.I. 37492 - January 10, 1989 (previous Sections 2106 through 2107 repealed). Sections 201.2.5.6.1 through 201.2.5.6.3 - M.I. 33600 - February 10, 1981; renumbered Sections 201.2.6.6.1 through 201.2.6.6.3 and amended by M.I. 34112 - February 9, 1982; amended by M.I. 35061 - March 13, 1984; renumbered Sections 201.3.9.3 through 201.3.9.5 - January 8, 1985. Sections 201.3.9.3 through 201.3.9.5 repealed and Sections 2108(c) through 2108(e) adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987; renumbered to Section 2105(b) through (d) by M.I. 37492 - January 10, 1989; Section 2105 paragraph (a) amended by M.I. 41684 - December 14, 1995.

Provisions updated to reflect the actions of the Board of Directors through its 1/11/2022 meeting.

**Article 9.5****AUDIT AND ETHICS COMMITTEE**

Sec.

2495. Day of Regular Meeting

2496. Duties and Functions

**§ 2495. Day of Regular Meeting**

The Audit and Ethics Committee shall hold regular meetings every two months on the fourth Tuesday of the month.

M.I. 51391 - November 6, 2018

**§ 2496. Duties and Functions****(a) Duties and Functions with respect to General Auditor**

- (1) The Audit and Ethics Committee shall study, advise and make recommendations with regard to:
  - (i) All reports of the General Auditor and external auditors, including the audited financial statements of the District;
  - (ii) The Audit Department's annual business plan and biennial budget;
  - (iii) Requests from other committees of the Board for audits and reviews not included in the Audit Department's annual business plan;
- (2) The Audit and Ethics Committee shall be responsible for monitoring and overseeing the duties and responsibilities of the Audit Department and the external auditors as those duties and responsibilities relate to the effectiveness of the District's internal control system. It shall review and approve the business plan containing the key priorities for the coming year of the General Auditor and the Audit Department in advance of the July Board meeting.
- (3) As part of the Department Head annual evaluation process, the Audit and Ethics Committee shall be responsible for engaging in periodic performance expectations discussions, including progress checks, with the General Auditor.

**(b) Duties and Functions with respect to Ethics Officer**

- (1) ~~As part of the Department Head annual evaluation process, The Audit and Ethics Committee shall be responsible for recommending to the Board of Directors employment and termination of the Ethics Officer. The Committee~~

Provisions updated to reflect the actions of the Board of Directors through its 1/11/2022 meeting.

~~shall further conduct~~engaging in periodic performance expectations discussions, including progress checks, ~~with reviews of~~ the Ethics Officer ~~and provide a written report to the Board of Directors regarding that review.~~

- (2) The Audit and Ethics Committee shall be responsible for monitoring and overseeing the duties and responsibilities of the Ethics Officer to ensure the independence of the Ethics Officer. ~~and to ensure the Ethics Officer is working in a collaborative manner with the Board of Directors, General Manager, General Counsel and General Auditor. Such review and monitoring shall include resolution of any issues between the Ethics Officer and the General Manager, General Counsel and General Auditor regarding requests for access to documents and information maintained by those Department Heads.~~
- (3) The Audit and Ethics Committee shall review and receive ~~quarterly bi-~~ monthly status reports of pending investigations by the Ethics Officer. The reports shall include the general nature and status of the investigation, how long the investigation has been pending, when the investigation is expected to be completed and, when completed, the resolution of the investigation.
- (4) The Audit and Ethics Committee shall review and receive quarterly reports from the Ethics Officer on any engagement of professional and technical consultants.
- (5) The Audit and Ethics Committee shall review and approve the business plan containing the key priorities for the coming year for the Ethics Office. It shall review and approve the business plan in advance of the July Board meeting.

M.I. 51391 - November 6, 2018; amended paragraph (b)(3) by M.I. 52574 - November 9, 2021.

## Article 2

### GENERAL MANAGER

Sec.

- 6410. Powers and Duties
- 6411. Principal Assistants
- 6412. Delegation of Executive and Administrative Powers
- 6413. Insurance Program
- 6414. Use of District Automobile
- [6415. - Repealed]
- 6416. Annual Report to Executive Committee

#### § 6410. Powers and Duties.

The General Manager shall be the chief executive of the District and shall exercise all executive, administrative, and ministerial powers not specifically reserved to the Board, General Counsel, ~~or~~ General Auditor, or Ethics Officer by law, this Code or by order of the Board, or by law to any other officer.

Ords. 29, 101, 113, 121 and 127; repealed by Ord. 146; Section 412.1 added, as amended, by M.I. 32690 - April 10, 1979.  
Section 412.1 repealed and Section 6410 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987; amended by M.I. 43968 - April 11, 2000.

#### § 6411. Principal Assistants.

The powers and duties of the principal assistants to the General Manager are as follows:

(a) The Assistant General Manager(s), Chief Operating Officer, Chief Administrative Officer, and Chief Financial Officer shall perform such duties and render such services as may be assigned to them by the General Manager with like effect as though such duties or services were performed or rendered in person by the General Manager. The General Manager shall designate in writing by office and name principal assistants to act in the General Manager's place in the event the General Manager is absent, unable to act in person, or until the appointment and qualification of the General Manager's successor, and shall specify the order in which such principal assistants shall assume the powers and duties of the General Manager in any such event. The designation may be changed by the General Manager at any time and for any reason, but a designation shall be kept on file at all times. The original of the designation shall be filed in the office of the Board Executive Secretary, and a signed copy shall be delivered to the principal assistants named therein.

(b) The Assistant General Manager(s), Chief Operating Officer, Chief Administrative Officer, and Chief Financial Officer shall act in the name of the General Manager, except when empowered by law or in writing by the Board or the General Manager to act in their own names, and their acts shall be equally effective whether done in their own names or in the name of their principal.

Ords. 29, 101, 113, 121 and 127; repealed by Ord. 146; Section 412.2 added, as amended, by M.I. 32690 - April 10, 1979; amended by M.I. 35433 - December 11, 1984. Section 412.2 repealed and Section 6411 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987; paragraphs (a) and (b) amended by M.I. 40872 - June 14, 1994; paragraphs (a) and (b) amended

Provisions updated to reflect the actions of the Board of Directors through its 1/11/2022 meeting.

## Article 5

### ETHICS OFFICER

Sec.

6470. Powers and Duties

6471. Authority to Obtain Professional Services

6472. Reports to Audit and Ethics Committee

#### **§6470. Powers and Duties.**

The powers and duties of the Ethics Officer shall be as follows:

(a) The Ethics Officer shall report to the Board, through the Audit and Ethics Committee.

(b) The Ethics Officer shall oversee an Ethics Office staffed with professional, qualified persons.

(c) The Ethics Officer shall be free from political interference in fulfilling his/her responsibilities detailed in this article and in Division VII.

(d) The Ethics Officer shall have sole authority to interpret Metropolitan's ethics rules.  
~~The Ethics Officer shall maintain a collaborative relationship with the Board, General Manager, General Counsel, and General Auditor.~~

(e) The Ethics Officer shall propose amendments to the Administrative Code to the Audit and Ethics Committee for approval and adoption by the Board, relating to:

- (1) Regulation of lobbying activities;
- (2) Conflicts of interest and financial disclosure;
- (3) Public notice and approval procedures for contracts of \$50,000 or more;
- (4) Disclosure of campaign contributions related to potential conflicts of interest;
- (5) Such other ethics rules for application to board members, officers, employees, lobbyists, lobbying firms, and contractors as deemed appropriate.

(f) The Ethics Officer shall educate, train, provide advice and seek compliance from board members, officers, applicable employees, lobbyist, lobbying firms, and Metropolitan contractors and subcontractors concerning:

- (1) The rules prescribed in Division VII;
- (2) The Political Reform Act of 1974, as amended and applicable regulations;
- (3) The conflict of interest rules of Government Code section 1090.

(g) The Ethics Officer shall investigate potential violations of ethics rules in Division VII by board members, officers, applicable staff, lobbyists, lobbying firms, and contractors consistent with the rules specified in Division VII. The Ethics Officer shall prepare status reports of pending investigations on a quarterly-bi-monthly basis. The reports shall include the general

Provisions updated to reflect the actions of the Board of Directors through its 1/11/2022 meeting.

nature and status of the investigation, how long the investigation has been pending, when the investigation is expected to be completed and, when completed, the resolution of the investigation.

(h) The Ethics Officer shall be the filing officer on behalf of the District to receive and file Statements of Economic Interest pursuant to the California Government Code and Section 7501 of this Administrative Code.

(i) The Ethics Officer shall have the authority to confer with the Chair of the Board and the Chair and Vice Chair of the Audit and Ethics Committee for the purpose of seeking advice and feedback on any policy and, operational matters, or feedback on investigative matters, subject to the confidentiality requirements in section 7412 of the Administrative Code.

(j) The Ethics Officer shall have the authority to obtain, and have unrestricted access to, all functions, documents, records, property, personnel and other information requested as part of an Ethics Office complaint or investigation without waiving any privileges that may apply.

M. I. 45285 - April 8, 2003; paragraph (e) deleted by M. I. 46338 - August 16, 2005; paragraph (e) added by M.I. 49648 - January 14, 2014; amended paragraphs (a), (b), (c) and (d), added paragraphs (e), (f) and (g), and renumbered former paragraph (e) to paragraph (h) and amended same by M.I. 51391 - November 6, 2018; amended paragraphs (e), (f), (g), and (h), and added new paragraph (i) by M.I. 52574 - November 9, 2021.

#### **§6471. Authority to Obtain Professional Services.**

—(a) The Ethics Officer is authorized to contract for independent legal counsel as he or she deems necessary in fulfilling duties and responsibilities of the Ethics Office. The Ethics Officer may contract with one or more attorneys or law firms depending on the areas of expertise needed. The amount to be expended in fees, costs and expenses under any one contract in any one-year period shall not exceed \$100,000.

(b) The Ethics Officer is authorized to employ the services of other professional or technical consultants for advice and assistance in performing the duties assigned as may be required or as deemed necessary, provided that the amount to be expended in fees, costs and expenses under any one contract in any one year shall not exceed \$50,000.

(c) The Ethics Officer shall inform the Audit and Ethics Committee whenever the authority granted under this section is exercised, and shall further report quarterly on activities concerning any agreements entered into under this section. Any such contracts shall be consistent with Metropolitan contract requirements and shall be reviewed by the General Counsel.

M. I. 45285 - April 8, 2003; amended by M. I. 46064 - January 11, 2005; amended by M.I. 46983 - February 13, 2007; amended by M. I. 47636 - September 9, 2008; renumbered from Section 6472 to 6471 and amended same by M.I. 51391 - November 6, 2018.

#### **§6472. Reports to Audit and Ethics Committee.**

Provisions updated to reflect the actions of the Board of Directors through its 1/11/2022 meeting.

(a) The Ethics Officer shall annually, in advance of the July Board meetings, submit to the Audit and Ethics Committee a business plan for the Ethics Office containing key priorities for the coming year for review and approval.

(b) The Ethics Officer shall prepare quarterly reports to the Audit and Ethics Committee on activities concerning agreements executed pursuant to the authority given to the Ethics Officer in Section 6471, and bi-monthly reports related to pending investigations as specified in Section 6470.

~~(c) The Ethics Officer shall annually confirm to the Board the organizational independence of the Ethics Office and the Ethics Officer's compliance with its collaborative relationship with the Board, General Manager, General Counsel, and General Auditor.~~

M. I. 45285 - April 8, 2003; Section title and paragraph amended by M. I. 46064 – January 11, 2005; amended by M.I. 46983 - February 13, 2007; Section title and paragraph amended by M.I. 47636 - September 9, 2008; amended by M.I. 49187 - September 11, 2012; changed section number from 6473 to 6472, added numbering (a) to first paragraph, and added new paragraphs (b) and (c) by M.I. 51391 - November 6, 2018.

[Former Section 6471 (Authority to Investigate) repealed by M.I. 51391 - November 6, 2018]

[Section 6474 (Ethics Training Required by Government Code) repealed by M.I. 51391 - November 6, 2018]

Provisions updated to reflect the actions of the Board of Directors through its 1/11/2022 meeting.

**STATE ~~CONFLICT OF INTEREST~~ETHICS LAWS INCORPORATED INTO  
ADMINISTRATIVE CODE**

Sec.

- 7110. Incorporation of State Ethics Laws into the Administrative Code
- 7111. Conflicts of Interest Regarding Contracts
- 7112. Conflicts of Interest Regarding Governmental Decisions
- 7113. Campaign Contributions
- 7114. Influencing Prospective Employment
- 7115. Honoraria
- 7116. Gift Limitations
- 7117. Loans to Public Officials
- 7118. Statement of Economic Interests

**§ 7110. Incorporation of State Ethics Laws into the Administrative Code.**

The purpose of this Article is to incorporate specific state ethics laws into this Administrative Code. The state ethics laws incorporated herein shall include any relevant state laws defining or limiting the application of the incorporated law, state regulations, or formal opinions interpreting these laws, as well as any successor laws and regulations or opinions. As a result of such incorporation, the Ethics Officer shall have the jurisdiction to investigate alleged violations as well as a duty to educate, advise and train Metropolitan officials, and seek compliance by such officials. Metropolitan officials shall have an obligation to abide by these incorporated rules and are subject to the provisions of Article 4 of Chapter 4 of this Division for any violations.

M.I. 52574 - November 9, 2021.

**§ 7111. Conflicts of Interest Regarding Contracts.**

Government Code section 1090 is incorporated by reference into this section. Any violation of this section shall be considered a violation of this Code.

M.I. 46109 – February 8, 2005; title and paragraph amended former Section 7121 by M. I. 52574 – November 9, 2021.

**§ 7112. Conflicts of Interest Regarding Governmental Decisions.**

Government Code section 87100 is incorporated by reference into this section. Any violation of this section shall be considered a violation of this Code.

Section 7305 renamed and adopted by M.I. 43915 – March 14, 2000; paragraph A, A2, and paragraph D repealed by M.I. 45085 – November 19, 2002; former Sec. 7305 – Revolving Door Policy renumbered 7122, renamed, and amended by M.I. 46109 – February 8, 2005; title and paragraph amended former Section 7122 by M. I. 52574 – November 9, 2021.

**§ 7113. Campaign Contributions.**

Government Code section 84308 is incorporated by reference into this section. Any violation of this section shall be considered a violation of this Code.

Provisions updated to reflect the actions of the Board of Directors through its 1/11/2022 meeting.

**METROPOLITAN ETHICS REQUIREMENTS**

Sec.

- 7120. Application of Metropolitan Ethics Requirements
- 7121. Misuse of Position or Authority
- 7122. Additional Gift Limits and Compensation Restrictions
- 7123. Political Contributions and Activities
- 7124. Limits on Contracts and Grants with Former Directors
- 7125. Prohibited Director Communications
- 7126. Use of Confidential Information
- 7127. Duty to Report
- 7128. Whistleblower and Witness Protections
- 7129. Failure to Cooperate with Ethics Officer Investigation
- 7130. Employment with Persons Doing Business with Metropolitan
- 7131. Compliance with Metropolitan Contracting Procedures and Guidelines
- 7132. Public Reporting for Contracts of \$50,000 or More
- 7133. Restrictions on Misleading Associations

**§ 7120. Application of Metropolitan Ethics Requirements.**

Metropolitan officials shall have an obligation to abide by the rules listed in this Article and are subject to the provisions of Article 4 of Chapter 4 of this Division for any violations.

M.I. 52574 – November 9, 2021.

**§ 7121. Misuse of Position or Authority.**

Metropolitan officials shall not misuse their governmental position or authority to obtain, or attempt to obtain, a private benefit, or advantage for themselves or any other individual or entity, or a disadvantage for any other individual or entity.

M. I. 52574 – November 9, 2021.

**§ 7122. Additional Gift Limits and Compensation Restrictions.**

(a) ~~No~~ Metropolitan employees shall not accept any gift from a donor who the employee knows is a restricted source. This limitation shall not apply to modest food or beverages provided during a work-related event or items of nominal intrinsic value, so long as the total value does not exceed \$50 in a calendar year from a single source.

(b) Metropolitan employees shall not receive, directly or indirectly, any compensation from any source, except from Metropolitan, for performance of their duties as Metropolitan employees.

M.I. 52574 – November 9, 2021.

**§ 7123. Political Contributions and Activities.**

Provisions updated to reflect the actions of the Board of Directors through its 1/11/2022 meeting.

Except for statements on the record at a public meeting, Directors shall not use their position of authority to communicate directly or indirectly with Metropolitan employees to influence: (1) the selection of a specific vendor, contractor, consultant, or other entity for a specific contract or procurement; (2) any hiring or employment decisions other than Department Heads; or (3) real property transaction.

The requirements of this section shall in no way restrict Directors from communicating with Metropolitan employees about Metropolitan procurement policies, procedures or other general matters, including requesting or receiving information about matters to be considered by Directors at public meetings.

M.I. 52574 – November 9, 2021.

#### **§ 7126. Use of Confidential Information.**

(a) Metropolitan officials shall not willfully or knowingly disclose or use any confidential or privileged information unless authorized to do so or required to do so by law or Metropolitan policy.

(b) “Confidential or privileged information” as used in this section shall mean information, whether contained in a document, recorded, or communicated in another manner, which is maintained confidentially at or by Metropolitan and if contained in a writing, would not be subject to disclosure under the California Public Records Act.

M.I. 52574 – November 9, 2021.

#### **§ 7127. Duty to Report.**

Each Metropolitan Management Employee shall report to the Ethics Officer any facts made known to the Management Employee which would indicate that a Metropolitan official, lobbyist, lobbying firm, or contractor has engaged in activities which appear to violate any provisions of Chapters 1 or 2 of this Division. For purposes of this section, “Management Employee” shall have the same meaning as used in section 6101(i) of this Code.

M.I. 52574 – November 9, 2021.

#### **§ 7128. ~~Whistleblower and Witness Protection~~ Retaliation, Whistleblower, and Witness Protections.**

Metropolitan officials shall not ~~take-1) engage in retaliation~~ or threaten to ~~take-engage in an retaliation action~~ as a reprisal for; or 2) to prevent, discourage, or interfere with a person from:

(a) Reporting in good faith to a Metropolitan Management Employee, the Ethics Office, or other appropriate department or government agency information (other than information about a disagreement with a policy decision within the lawful discretion of a Metropolitan official) the person reasonably believes indicates:

(1) A work-related violation of any law or Metropolitan policy, other than an equal opportunity-related law or policy,

(2) A gross waste or abuse of Metropolitan resources, ~~or~~  
Provisions updated to reflect the actions of the Board of Directors through its 1/11/2022 meeting.

(3) A workplace safety concern, or

(4) A ~~gross~~ public health or safety danger.

(b) Cooperating with investigations of matters reported pursuant to subdivision (a).

#### Definitions and Examples

For purposes of this section, a “Covered Individual” is an official who engages in one or both of the protected activities described in subsections (a) and (b) above.

For purposes of this section, “Retaliation” is when a Covered Individual is subjected to an adverse employment action **because** they engaged in one or both of the protected activities described in subsections (a) and (b) above).

For purposes of this section, examples of an adverse employment action include, but are not limited to: demotion; suspension; reduction in pay; denial of a merit salary increase; failure to hire or consider for hire; refusing to promote or consider for promotion; harassing an employee; denying employment opportunities; changing work assignments; treating people differently, such as denying an accommodation; not talking to an employee when otherwise required by job duties; singling a Covered Individual out for harsher treatment; lowering a performance evaluation; removing a Covered Individual from projects, standby, or other work assignments; withholding pay increases or assigning more onerous work, eliminating a position, or taking a form of disciplinary action; filing bad faith complaints against someone; spreading rumors about a complaint or a complainant; or otherwise excluding the Covered Individual from job-related activities.

M.I. 52574 – November 9, 2021.

#### **§ 7129. ~~Failure to~~ Cooperation with Ethics Officer Investigations.**

(a) Metropolitan officials, lobbyists, lobbying firms, and contractors shall cooperate with the Ethics Office during an investigation. Conduct including, but not limited to, intentionally destroying relevant documents, refusing to be interviewed, refusing to provide documents or information, or obstructing an investigation shall be deemed a failure to cooperate.

(b) Metropolitan officials, lobbyists, lobbying firms, and contractors shall not provide false or misleading information to the Ethics Officer during an investigation.

(c) Metropolitan officials shall not participate in any Ethics Office complaint or investigation process except when necessary to provide information or otherwise respond to allegations.

(d) Metropolitan officials shall not interfere in any way with an Ethics Office complaint or investigation.

(e) Metropolitan officials shall provide to the Ethics Officer any documents or other information requested in connection with an Ethics Office complaint or investigation.

Provisions updated to reflect the actions of the Board of Directors through its 1/11/2022 meeting.

**INVESTIGATION BY THE ETHICS OFFICER**

## Article

1 Authority to Investigate and Jurisdiction	7400
2 Procedures for Investigations	7410
3 Procedures for Making Investigations Public	7420
4 Penalties for Violation of Metropolitan Ethics Rules	7430

**Article 1****AUTHORITY TO INVESTIGATE AND JURISDICTION**

## Sec.

7400. Jurisdiction to Investigate	
7401. Discretion to Investigate	
7402. Concurrent Investigations	
7403. Referrals to the Ethics Officer	
7404. Determinations to Not Investigate	
7405. Investigations of Directors, General Manager, General Counsel, General Auditor, or Ethics Officer	
7406. Scope of Investigation	
7407. Consultation with the General Counsel	
7408. Requirements for Investigations	

**§7400. Jurisdiction to Investigate.**

(a) The Ethics Officer shall investigate all formal and informal complaints if the alleged actions would, if true, constitute a violation of a Metropolitan ethics rule.

(1) The Ethics Officer shall provide written acknowledgement of the receipt of a formal complaint to the complainant, request that the complainant keep the complaint confidential, and inform the complainant that no additional updates regarding the complaint will be provided.

(2) If the Ethics Officer determines that the complaint does not involve a Metropolitan official, lobbyist, lobbying firm, or contractor, does not involve Metropolitan ethics rules, or lacks sufficient information to establish a potential violation, then the Ethics Officer shall not conduct an investigation. The complainant shall be so notified in writing of any such determination by the Ethics Officer. Nothing in this section shall preclude a complainant from filing a subsequent complaint.

(b) The Ethics Officer may initiate investigations involving potential violations of Metropolitan ethics rules without a formal or informal complaint or referral from another Metropolitan department.

Provisions updated to reflect the actions of the Board of Directors through its 1/11/2022 meeting.

investigation, make the final determination as to whether a violation has occurred. Prior to retaining the outside counsel or investigator, the General Counsel shall notify the Audit and Ethics Committee Chair.

(c) The General Counsel shall review any contract with an outside counsel or investigator to ensure compliance with Metropolitan contracting requirements.

M.I. 52574 - November 9, 2021.

#### **§7406. Scope of Investigation.**

The Ethics Officer may during the course of an investigation investigate potential violations of Metropolitan ethics rules beyond those identified in any complaint or referral received by the Ethics Officer or identified in the notification to the subject of the complaint made pursuant to section 7410.

M.I. 52574 - November 9, 2021.

#### **§7407. Consultation with the General Counsel.**

The Ethics Officer may consult the General Counsel ~~regarding any investigation~~ at the Ethics Officer's discretion.

M.I. 52574 - November 9, 2021.

#### **§7408. Requirements for Investigations.**

The Ethics Officer shall abide by the requirements set forth in this Chapter for conducting any investigation.

M.I. 52574 - November 9, 2021.

**PROCEDURES FOR INVESTIGATIONS**

Sec.

- 7410. Notice to Subject of Investigation
- 7411. Investigation Timeframe
- 7412. Confidentiality of Investigations
- 7413. Access to Metropolitan Records
- 7414. Opportunity for Subject to Respond
- 7415. Preponderance of the Evidence Standard
- 7416. Ethics Officer Report

**§7410. Notice to Subject of Investigation.**

(a) Upon receipt of a complaint, referral from a Metropolitan department, or determination by the Ethics Officer to conduct an investigation pursuant section 7400(b), the Ethics Officer shall notify the subject of the complaint in writing within 30 calendar days: provided, however, if the integrity of the investigation may be compromised by notifying the subject, then the Ethics Officer may withhold notice until an appropriate time. No notice need be given to the subject of the complaint if the Ethics Officer determines that an investigation is not warranted.

(b) As a part of the notice provided in subdivision (a) of this section, the Ethics Officer shall provide the nature of the allegations, advise the subject of the investigation regarding Metropolitan's rules against retaliation, and advise the subject of their obligation to cooperate with the investigation and that the failure to cooperate may lead to disciplinary action, regardless of the outcome of the investigation.

M.I. 52574 - November 9, 2021.

**§7411. Investigation Timeframe.**

(a) Investigations shall be conducted expeditiously and completed within 180 calendar days, except as provided in subparagraph (b). An investigation commences upon the Ethics Officer's determination to open an investigation, but in no event later than 30 calendar days from receipt of the complaint or referral.

(b) For good cause, an investigation may extend beyond 180 calendar days; provided, however, the Ethics Officer shall provide written notice to the subject of the investigation with an expected completion date. The Ethics Officer shall also notify the Audit and Ethics Committee Chair whenever an investigation extends beyond 180 calendar days and provide periodic updates on the status of the investigation thereafter.

(c) For purposes of the 180 calendar day period specified in this section, an investigation terminates upon service of the Ethics Officer's report upon the subject of the investigation, or upon notice of no violation given to the subject of the investigation, pursuant to section 7416.

M.I. 52574 - November 9, 2021.

Provisions updated to reflect the actions of the Board of Directors through its 1/11/2022 meeting.

### **§7412. Confidentiality of Investigations.**

- (a) Investigations by the Ethics Officer shall be confidential to the fullest extent possible.
- (b) The Ethics Officer has the discretion to disclose information related to investigations for significant operational or safety reasons.
- (c) The Ethics Officer shall not unnecessarily disclose the identity of the subject of a complaint, except as needed in furtherance of the investigation or otherwise provided by Article 3 of this chapter.
- (d) During the investigation, the Ethics Officer shall advise the subject of the investigation, the complainant, and any witnesses of the confidentiality of the investigation.
- (e) The Ethics Officer may confer with the Chair of the Board and the Chair and Vice Chair of the Audit and Ethics Committee, ~~and Chair of the Board~~, on any investigative matter subject to the following:

- (1) The communications shall be ~~advisory in nature~~ for the purpose of feedback; ~~and~~

- (2) The communications shall be confidential.

- (3) The restrictions on interference with investigations in section 7129(d).

- (f) The Ethics Officer shall, to the extent possible, protect the identity of any complainant.

M.I. 52574 - November 9, 2021.

### **§7413. Access to ~~Metropolitan~~ Records, Information, and other Resources.**

- (a) ~~Subject to applicable law, t~~The Ethics Officer shall have access to all Metropolitan functions, documents, ~~files~~, records, property, personnel or ~~and~~ other materials information deemed relevant by the Ethics Officer to an Ethics Office complaint or investigation, including information protected by the attorney-client privilege. Providing privileged information to the Ethics Officer shall not constitute a waiver of the privilege.

- (b) ~~If there is a disagreement regarding access to documents, files, records, or other materials, including those that may be protected by the attorney-client privilege or attorney work product doctrine, the Ethics Officer and General Counsel shall discuss the matter with the affected Metropolitan department, and shall make a reasonable good faith effort to resolve the dispute.~~

- (be) ~~If the disagreement is not resolved pursuant to subdivision (b) of this section, the~~ Ethics Officer determines that waiver of the attorney-client privilege is necessary, the Ethics Officer and General Counsel shall jointly present the matter to an ad hoc committee consisting of the Chairs of the Audit and Ethics Committee, the Legal and Claims Committee and the Board who shall resolve any disagreement that does not involve the attorney-client privilege. If the

Provisions updated to reflect the actions of the Board of Directors through its 1/11/2022 meeting.

~~dispute involves the attorney-client privilege and is not satisfactorily resolved by the ad hoc committee, the matter will be considered by~~ the Board, as a majority of the Board is required to waive Metropolitan's attorney-client privilege.

M.I. 52574 - November 9, 2021.

#### **§7414. Opportunity for Subject to Respond.**

The subject of the complaint shall be afforded a reasonable opportunity to present any facts, legal arguments, or other relevant information to the Ethics Officer concerning an investigation and alleged violations prior to completion of the investigation.

M.I. 52574 - November 9, 2021.

#### **§7415. Preponderance of the Evidence Standard.**

The Ethics Officer shall use the preponderance of the evidence standard for making any determination of a violation of Metropolitan ethics rules.

M.I. 52574 - November 9, 2021.

#### **§7416. Ethics Officer Report.**

(a) Upon the completion of an investigation, the Ethics Officer shall prepare a written report that summarizes the evidence considered, any exculpatory evidence, a legal analysis if necessary, and a determination as to whether a violation has occurred.

(b) If the Ethics Officer determines by a preponderance of the evidence that the subject of the complaint has committed an ethics violation, the Ethics Officer shall provide the subject of the complaint, ~~and the General Counsel~~, the written report specified in subdivision (a) of this section, along with any relevant evidence considered by the Ethics Officer. The subject shall have 14 calendar days from receipt of the report to file any response with the Ethics Officer. The Ethics Officer may grant an extension for good cause. The Ethics Officer shall consider the response and make any final changes to the written report as deemed appropriate by the Ethics Officer within 14 calendar days of receipt of the response, if any, unless the Ethics Officer determines additional time is required. The Ethics Officer shall provide a copy of any revised written report to the subject of the complaint.

(c) If the Ethics Officer determines after an investigation that there has been no violation, the Ethics Officer shall notify the subject of the complaint within 14 calendar days of such determination.

~~(d) The Ethics Officer shall notify the General Counsel of the determination that there has been no violation at the same time the subject is notified of a no-violation finding.~~

(e) Any referral to a local or state agency, an appropriate Metropolitan department or the Executive Committee pursuant to Article 4 of Chapter 4 of this Division, shall include the written report prepared by the Ethics Officer, relevant documents as determined by the Ethics Officer, and any response to the written report submitted by the subject of the complaint.

Provisions updated to reflect the actions of the Board of Directors through its 1/11/2022 meeting.

**INVESTIGATION BY THE ETHICS OFFICER CONFLICT OF INTEREST CODE**

## Article

## 1 Conflict of Interest Code

7500

**Article 1****CONFLICT OF INTEREST CODE**

## Sec.

7500. Metropolitan's Conflict of Interest Code

7501. Biennial Amendments to Conflict of Interest Code

7502. Filing of Statements of Economic Interest

**§7500. Metropolitan's Conflict of Interest Code.**

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes and biennial amendments thereto. The FPPC has sole authority to approve Metropolitan's conflict of interest code and amendments thereto. After final approval from the FPPC, Metropolitan's conflict of interest has the force and effect of law.

M.I. 52574 - November 9, 2021 (amends former Section 7200).

**§7501. Biennial Amendments Conflict of Interest Code.**

The Ethics Officer has sole authority to formulate and propose biennial and other amendments to Metropolitan's conflict of interest code to the FPPC. Upon the FPPC's final review and approval of the proposed amendments to the conflict of interest code, the conflict of interest code shall be deemed promulgated and incorporated by reference into this Article of the Administrative Code. The Ethics Officer shall maintain a copy of Metropolitan's approved conflict of interest code and post it to Metropolitan's internal and external websites.

M.I. 52574 - November 9, 2021.

**§7502. Filing Statements of Economic Interests.**

Individuals holding designated positions in the conflict of interest code shall file their statements of economic interests with the Office of Ethics, which will make copies of the statements available for public inspection and reproduction. Metropolitan officials whom the FPPC designates as public officials who manage public investments, including members of the Board of Directors, shall file their statements of economic interests with the FPPC. The Office of Ethics shall make copies of the statements available for public inspection and reproduction.

M.I. 52574 - November 9, 2021 (amends former Section 7205).

Provisions updated to reflect the actions of the Board of Directors through its 1/11/2022 meeting.



## Audit & Ethics Committee

# Approve Ethics-Related Amendments to the Administrative Code

Item 7-8

August 16, 2022

## Response to Audit Recommendations

### Today's Presentation

- Brief summary of amendments proposed in June
- Updates to proposed Admin Code amendments since June
- Additional proposed amendments
- Next steps

## Amendments to State Law

- Establish Ethics Officer as sole authority for interpreting ethics rules.
- Grant Ethics Officer authority to contract for independent legal counsel.
- Authorize unrestricted access to records without waiver of privileges.
- Explicitly prohibit director and employee interference in investigations.

## Audit Recommendations

### Amend MWD Administrative Code

“Prohibit interested parties from participating in the office’s investigation process, except when necessary to provide information or otherwise respond to allegations.”

## Audit Recommendations

### Amend MWD Administrative Code

“Establish the best practices highlighted in this report for protecting the independence of the ethics office, such as ensuring that the ethics officer has sole authority to interpret MWD’s ethics rules and that the ethics office can obtain advice from outside legal counsel.”

## Audit Recommendations

### Amend Retaliation Policy

- Enhance policies to formally define retaliation.

## Summary of Proposed Revisions

### Administrative Code Amendments

- Sole authority to interpret ethics rules
- Authority for independent legal advice
- Unrestricted access to records
- Non-interference in ethics investigations
- Enhanced retaliation policy

## Updated Revisions

### Administrative Code Amendments

#### Authority/funding for independent counsel

- Increases funds based on director feedback
- Retains oversight over use of public funds
- Supports transparency in use of public funds

# Authority/funding for independent counsel

## §6471. Authority to Obtain Professional Services.

———(a) The Ethics Officer is authorized to contract for independent legal counsel as he or she deems necessary in fulfilling duties and responsibilities of the Ethics Office. The Ethics Officer may contract with one or more attorneys or law firms depending on the areas of expertise needed. The amount to be expended in fees, costs and expenses under any one contract in any one-year period shall not exceed \$100,000.

(b) The Ethics Officer is authorized to employ the services of other professional or technical consultants for advice and assistance in performing the duties assigned as may be required or as deemed necessary, provided that the amount to be expended in fees, costs and expenses under any one contract in any one year shall not exceed \$50,000.

## Additional Revisions

# Administrative Code Amendments

- Closed Session Procedures – Ethics Matters
- Ethics Officer Annual Evaluation Process
- Other minor changes

# Closed Session Procedures

## § 2105. Closed Meeting Procedure.

(a) The Chair shall be responsible for ensuring that procedural requirements, other than requirements for notice, are fulfilled when a closed meeting is held. The Board Executive Secretary shall be responsible for fulfilling any notice requirements relating to closed meetings. The General Counsel shall be responsible for the preparation of any documents required by Government Code Section 54956.9 with regard to litigation. The General Counsel, General Manager and when appropriate the Auditor and Ethics Officer shall designate staff members and others who shall remain in the closed session to assist the Board in its deliberations. The General Counsel shall also designate staff members to record the minutes of the closed meeting.

# Ethics Officer Annual Evaluation Process

## (b) Duties and Functions with respect to Ethics Officer

- (1) ~~As part of the Department Head annual evaluation process, The Audit and Ethics Committee shall be responsible for recommending to the Board of Directors employment and termination of the Ethics Officer. The Committee shall further conduct~~engaging in periodic performance expectations discussions, including progress checks, ~~with reviews of the Ethics Officer and provide a written report to the Board of Directors regarding that review.~~

# Next Steps

- Committee Approval
- Board Approval by Auditor's deadline
- Questions/Comments

# Options

- Option #1
  - Approve ethics-related amendments to the Administrative Code.
- Option #2
  - Do not approve ethics-related amendments to the Administrative Code.

# Staff Recommendation

- Option #1





● **Board of Directors**  
***Real Property and Asset Management Committee***

8/16/2022 Board Meeting

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**7-9**

**Subject**

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Authorize granting a new ten-year license agreement to the County of Orange for the continued operation of an existing telecommunication site on Metropolitan's fee-owned property in the city of Yorba Linda, identified as Orange County Assessor 329-021-03;

**Executive Summary**

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This action authorizes the General Manager to enter a new ten-year license agreement with three five-year renewal options for the County of Orange (Orange County) to continue operating its existing wireless telecommunication site on Metropolitan's fee-owned property. The subject 0.09 acre property has been leased to Orange County since 1996. It is located adjacent to Green Crest Drive in the city of Yorba Linda.  
**(Attachment 1)**

**Details**

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**Background**

The subject Metropolitan property has several telecommunication sites located adjacent to Green Crest Drive in the city of Yorba Linda, which is approximately 4.5 miles east of the Robert B. Diemer Filtration Plant in northeast Orange County. Metropolitan's Lower Feeder Pipeline, the Santiago Lateral Control Tower, the Santiago Lateral Spillway, and the Santiago Lateral Pipelines are located within the subject property's boundary. The current telecommunication facilities at this location are compatible with Metropolitan's existing facilities.

Orange County is requesting a ten-year license with three five-year renewal options to allow the continued operation of this telecommunication site for public safety purposes. The existing telecommunication site includes a 10' x 50' equipment building, a 100-foot tower with an emergency diesel generator, and an underground storage tank. There are no new improvements planned for this site.

The proposed license will have Metropolitan's standard telecommunication license provisions. A license agreement structure (as opposed to a lease agreement structure) will better reflect Metropolitan's ability to control land uses and activities on the site. The proposed license will have the following key provisions:

- Subject to Metropolitan's paramount rights reservation
- Licensee is responsible for maintenance and utilities
- Ten-year base term with three 5-year options to renew
- One-time processing fee of \$6,000
- Annual license fee of \$33,600
- Fixed annual license fee increases at three percent
- Metropolitan has the right to reappraise every five years

Staff evaluation has determined that this agreement will not interfere with Metropolitan's operations or facilities in the area. Board authorization of this agreement is required because the term of the license exceeds five years.

## Policy

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Metropolitan Water District Administrative Code Section 8230: Grants of 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

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

## California Environmental Quality Act (CEQA)

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### 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 public or private structures, facilities, and equipment 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

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### Option #1

Authorize granting a ten-year license agreement with three 5-year options to the County of Orange for telecommunications purposes.

**Fiscal Impact:** Metropolitan will receive a one-time processing fee of \$6,000 and an annual revenue of \$33,600.

**Business Analysis:** This option will allow the use of Metropolitan's fee-owned parcel to generate revenue and facilitate a public benefit with the enhancement of local public service communications and emergency response.

### Option #2

Do not authorize the license agreement

**Fiscal Impact:** Metropolitan will forego the opportunity to generate revenue.

**Business Analysis:** The existing telecommunication facility would need to be removed, and the County of Orange would need to find an alternative location for their communication needs.

## Staff Recommendation


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Option #1

  
 Lilly L. Shraibati  
 Manager, Real Property Group

7/26/2022

Date

  
 Adel Hagekhalil  
 General Manager

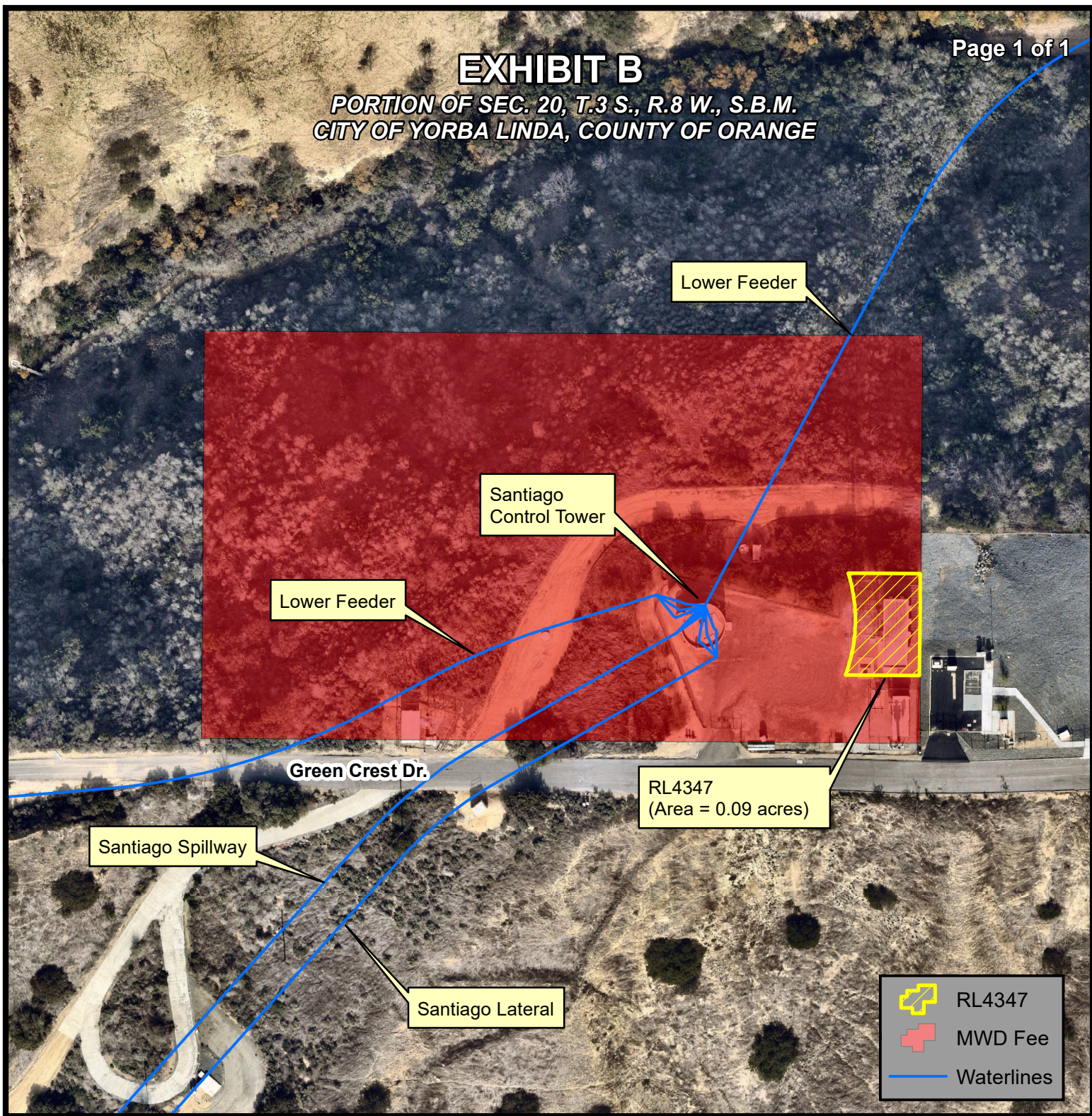
8/2/2022

Date

## Attachment 1 – Location Map

Ref# rpdn 12684235

**EXHIBIT B**  
**PORTION OF SEC. 20, T.3 S., R.8 W., S.B.M.**  
**CITY OF YORBA LINDA, COUNTY OF ORANGE**



Feet  
0 25 50 100

THIS EXHIBIT IS TO BE USED FOR APPROXIMATE POSITIONING ONLY. IT IS NOT TO BE USED, NOR IS IT INTENDED TO BE USED FOR ENGINEERING, RECORDING OR LITIGATION PURPOSES. NO WARRANTY OF ACCURACY IS IMPLIED OR GUARANTEED.



*The Metropolitan Water District of Southern California*  
*Engineering Services Group*

LOWER FEEDER / SANTIAGO LATERAL / SPILLWAY

**License**  
**RL4347**

**MWD**  
**to**  
**County of Orange**

MWD ROW: 1000-24-1  
APN: 329-021-03



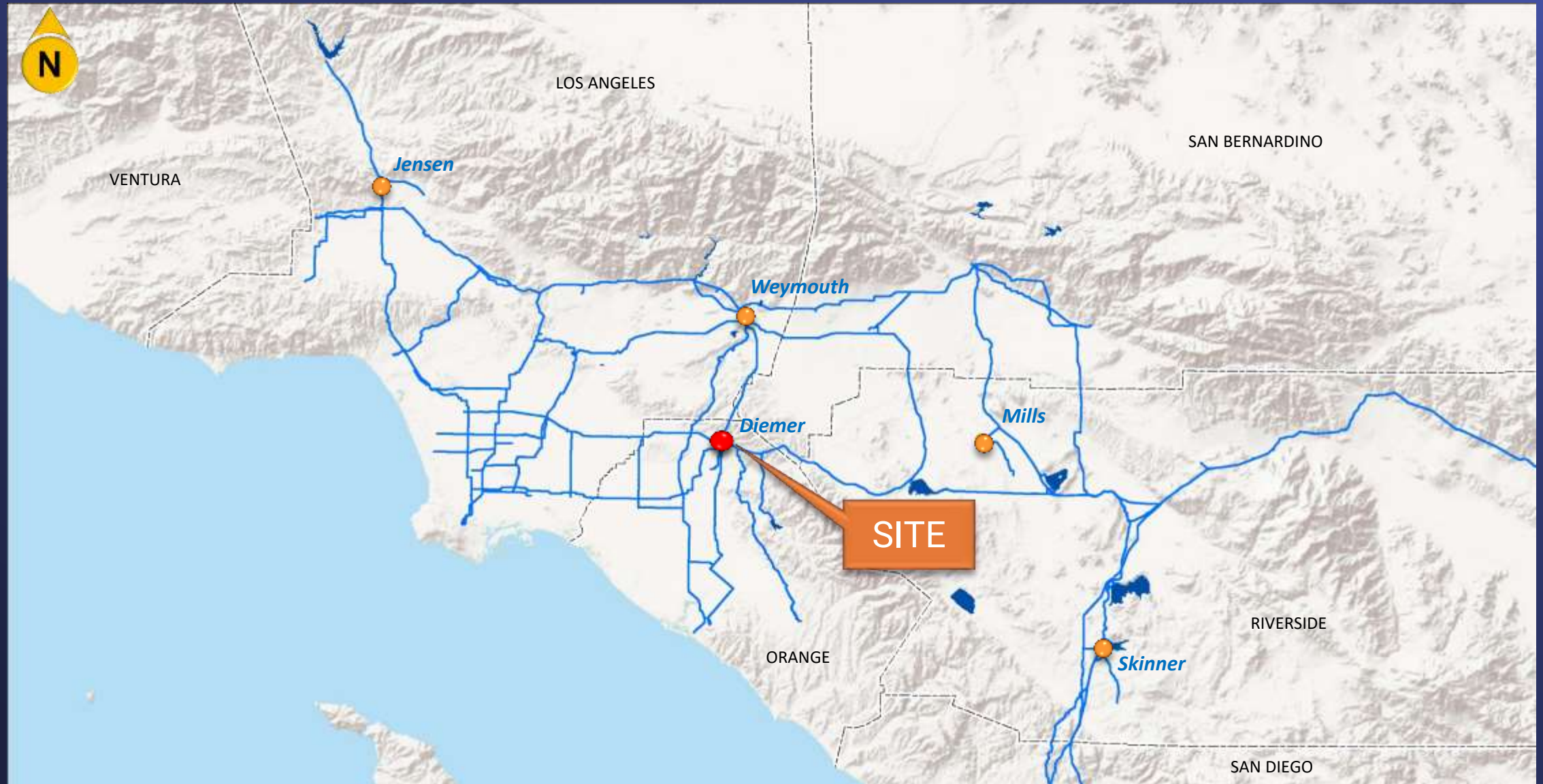
Real Property & Asset Management Committee

# County of Orange License Agreement

Item 7-9

August 16, 2022

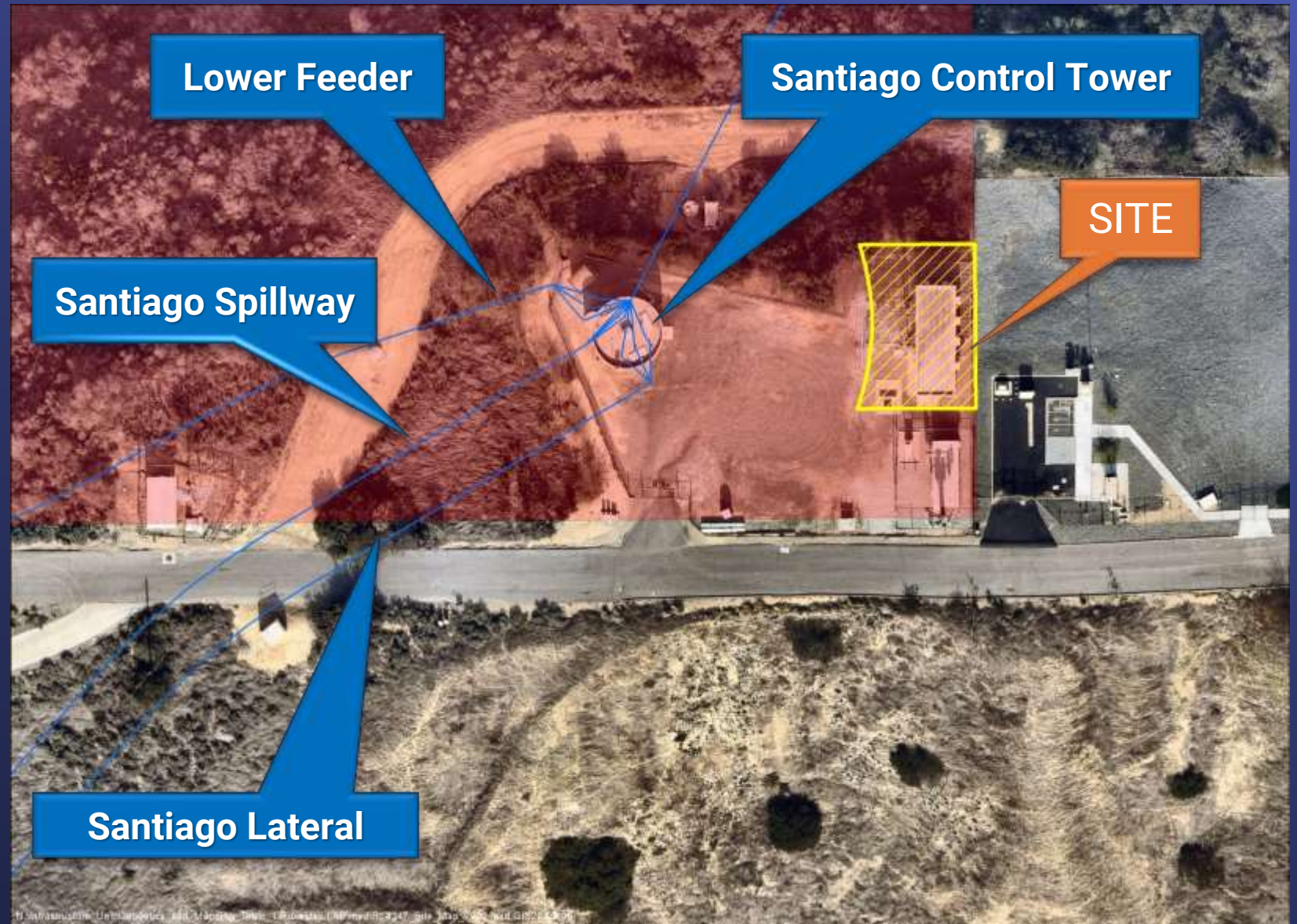
# Distribution System Map



# General Location Map



# Site Map



# Existing Telecommunication Site



SAN DIEGO

## Key Provisions

- Subject to Metropolitan's paramount right reservation
- Licensee is responsible for maintenance and utilities
- Ten-year base term with three 5-year options to renew
- One time processing fee of \$6,000
- Annual license fee is \$33,600
- Fixed license fee increases at 3% annually
- Metropolitan right to reappraise every five years

# Board Options

## Option No. 1

- Authorize granting a ten-year license agreement with three 5-year options to the County of Orange for telecommunication purposes

## Option No. 2

- Do not authorize the license agreement

# Board Options

## Staff Recommendation

- Option No. 1





• **Board of Directors**  
***Real Property and Asset Management Committee***

8/16/2022 Board Meeting

7-10

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**Subject**

Authorize granting a new thirty-year license agreement to the County of Los Angeles Parks and Recreation for the operation of a new public park on Metropolitan's fee property in an unincorporated area of Los Angeles County; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

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**Executive Summary**

This action authorizes the General Manager to grant a new thirty-year license agreement with six, five-year renewal options to the County of Los Angeles Parks and Recreation. The proposed license agreement will allow the County of Los Angeles Parks and Recreation to construct a public park on 0.4 acres of Metropolitan's fee-owned property. The subject property is located north of 92<sup>nd</sup> Street between Graham Avenue and Bandera Street in the community of Florence-Firestone in an unincorporated area of Los Angeles County. (**Attachment 1**)

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**Details**

**Background**

Metropolitan acquired fee property, averaging approximately 20-foot in width, from the City of Los Angeles, Department of Water and Power (DWP) in 1955 for the construction, operation, and maintenance of the Middle Cross Feeder pipeline. The pipeline is a 79-inch inside diameter welded steel pipeline and has approximately 10 to 12 feet of cover in this area. DWP operates a high-power transmission line on their adjacent approximately 140-foot wide strip of fee property. The subject property is located north of 92<sup>nd</sup> Street between Graham Avenue and Bandera Street in the community of Florence-Firestone in an unincorporated area of Los Angeles County.

The proposed linear park project is within the DWP and Metropolitan's fee properties (0.4 acre) and includes an urban trail and greenbelt designed with sustainable features to support Metropolitan's water conservation objectives. This area has been identified as a location of high importance for a public park. When completed, the urban trail and greenbelt will safely connect residents to an active transit line, nearby schools, and existing park facilities in the area.

Using the subject property will not interfere with Metropolitan's operations and avoid maintenance costs for weed abatement, trash removal, trespassing, security issues, and illegal dumping. In addition, Metropolitan has recently performed dumping and encampment clean-up in this area, and the proposed lease will alleviate these ongoing issues for Metropolitan.

The proposed license agreement will have the following key provisions:

- Subject to Metropolitan's paramount rights reservation.
- 30-year base term with six five-year options to renew.
- Agreement will be considered a mutual benefit.
- Licensee is responsible for the upkeep of the property, including security, trash removal, and weed abatement.
- One-time processing fee of \$8,000.

Board authorization to grant the license is required because the license term will exceed five years.

## Policy

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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)

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### 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 public or private structures, facilities, and equipment 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 granting a 30-year license agreement to the County of Los Angeles Parks and Recreation for a public park.

**Fiscal Impact:** Metropolitan will receive a one-time processing fee of \$8,000.

**Business Analysis:** This option will allow the use of Metropolitan's fee-owned parcel to avoid maintenance costs for weed abatement, trash removal, trespassing, security issues, and illegal dumping.

### Option #2

Do not authorize the license agreement

**Fiscal Impact:** Metropolitan will not receive a one-time processing fee of \$8,000.

**Business Analysis:** Metropolitan would be responsible for ongoing costs associated with weed abatement, trash removal, trespassing, security issues, and illegal dumping.

## Staff Recommendation

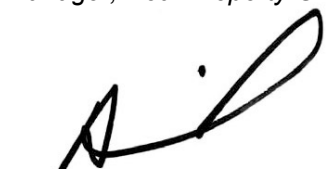
---

Option # 1

  
Lilly L. Shraibati  
Manager, Real Property Group

7/26/2022

Date

  
Adel Hagekhalil  
General Manager

7/28/2022

Date

## Attachment 1 – Exhibit Map

Ref# rpd12690555



Feet

0 50 100 200

THIS EXHIBIT IS TO BE USED FOR APPROXIMATE POSITIONING ONLY. IT IS NOT TO BE USED, NOR IS IT INTENDED TO BE USED FOR ENGINEERING, RECORDING OR LITIGATION PURPOSES. NO WARRANTY OF ACCURACY IS IMPLIED OR GUARANTEED.



*The Metropolitan Water District of Southern California  
Engineering Services Group*

MIDDLE CROSS FEEDER

**License  
RL 4265**

**MWD  
to**

**County of Los Angeles Parks & Recreation**

MWD ROWs: 1430-20-1 (S140); 1430-21-1 (S100);  
1430-21-1 (S110); 1430-21-1 (S120)

APNs: 6044-012-902; 6044-012-903; 6044-013-901; 6044-020-901



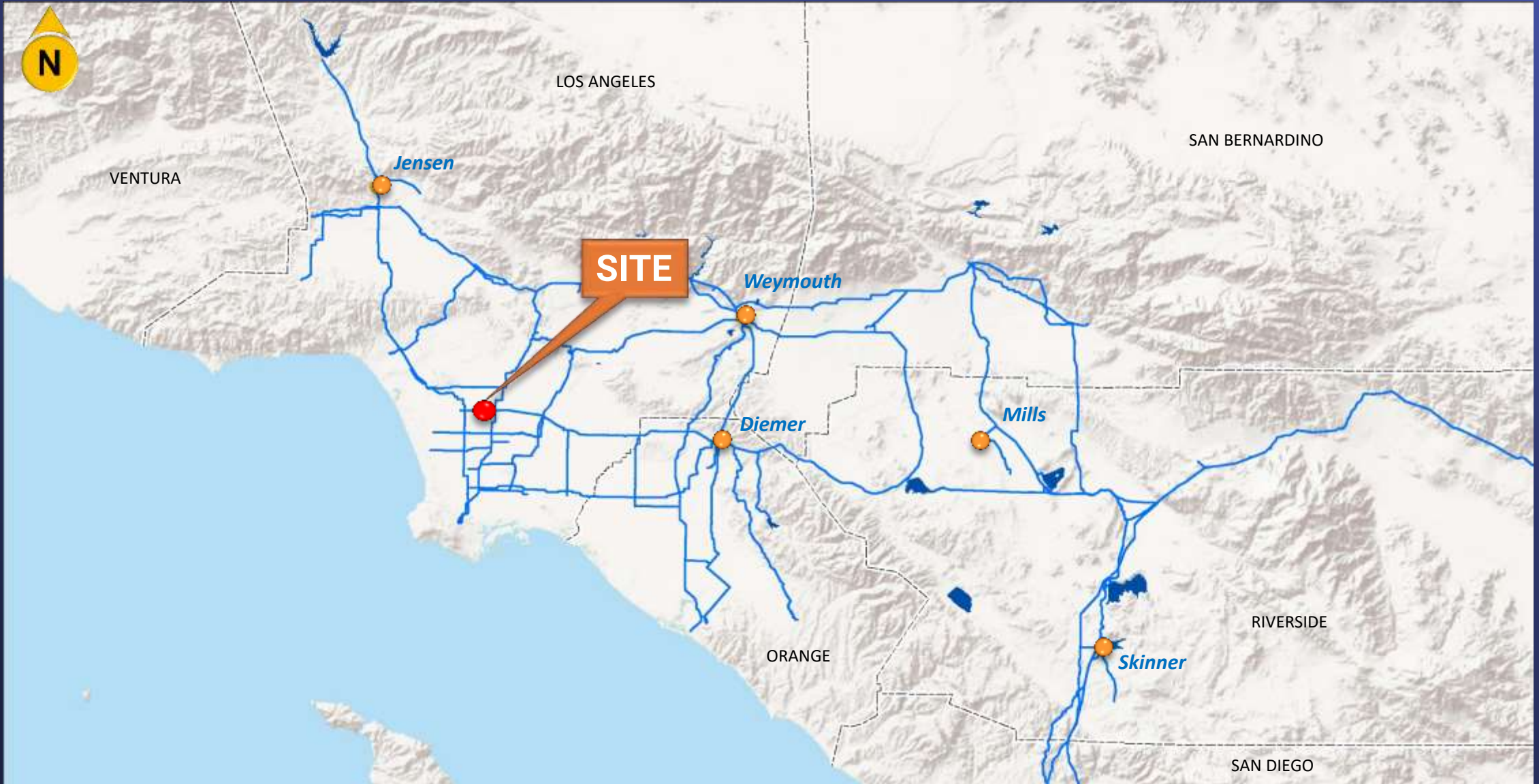
Real Property & Asset Management Committee

# County of Los Angeles License Agreement

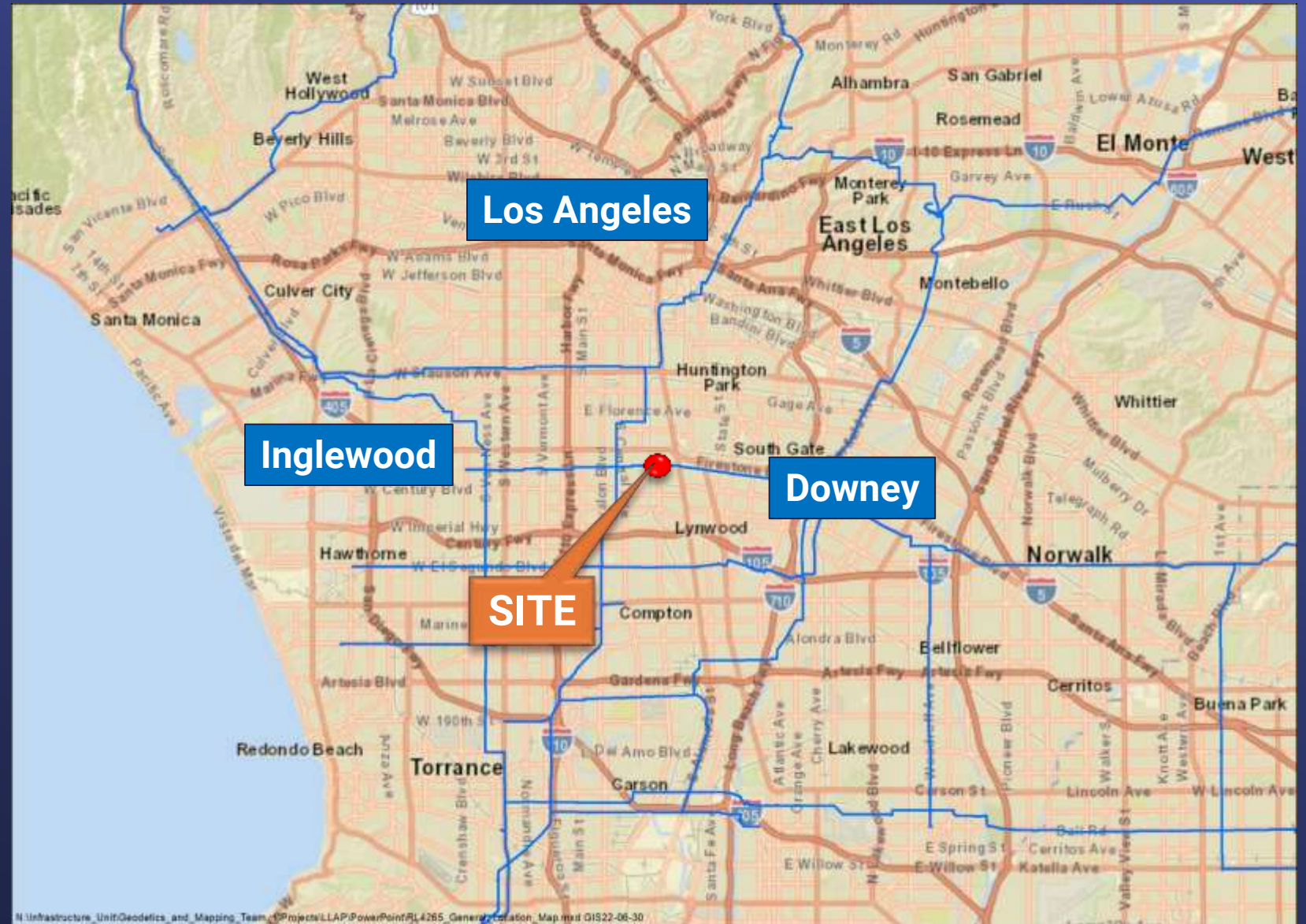
Item 7-10

August 16, 2022

# Distribution System Map



# General Location Map



# Site Map



# Key Provisions

- Subject to Metropolitan's paramount right reservation
- Thirty-year base term with six 5-year options to renew
- License fee to be waived due to mutual benefit
- One time processing fee of \$8,000
- Licensee to maintain the premises and keep the area free of trespassers, weeds and trash.

# Board Options

## Option No. 1

- Authorize granting a thirty-year license agreement to the County of Los Angeles Parks and Recreation for a public park

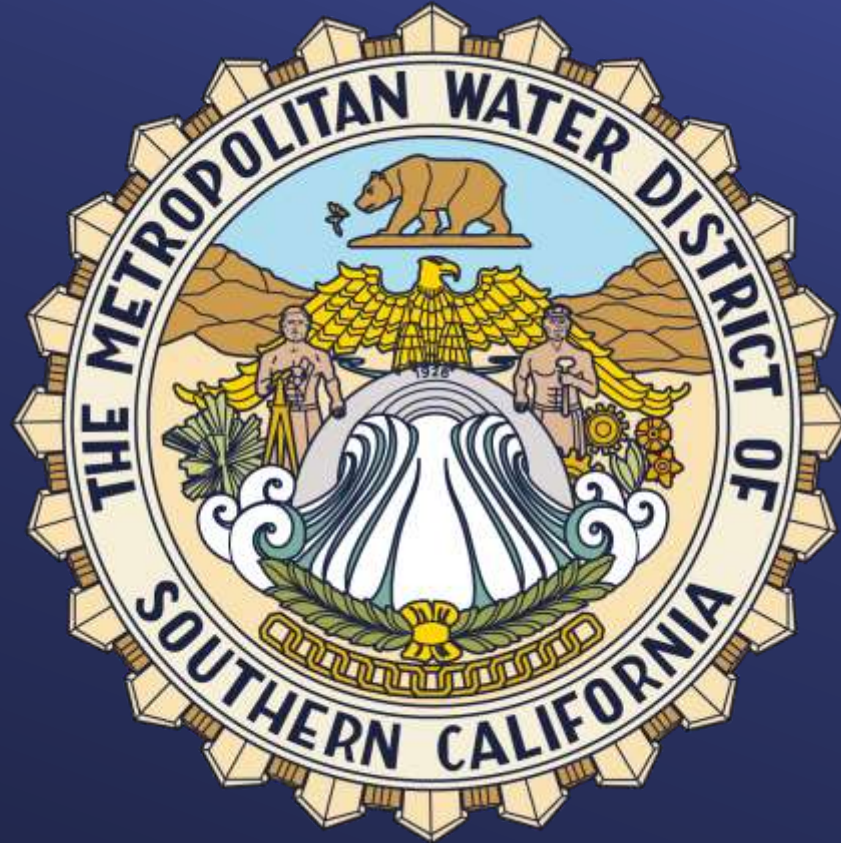
## Option No. 2

- Do not authorize the license agreement

# Board Options

## Staff Recommendation

- Option No. 1





● **Board of Directors**  
***Water Planning and Stewardship Committee***

8/16/2022 Board Meeting

7-11

---

**Subject**

Approve Metropolitan's membership in the California Water Data Consortium and authorize annual membership dues of \$20,000 per year on an ongoing basis; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA

---

**Executive Summary**

The California Water Data Consortium (Consortium) is a nonprofit organization supporting the state's implementation of the Open and Transparent Water Data Act of 2016. The Consortium facilitates collaboration between state agencies, the water industry, and other stakeholders. Metropolitan co-founded the Consortium in 2019 and helped lead its development. In 2020, Metropolitan invested \$200,000 to fund the Consortium's launch and its early operations.

The Consortium plans to transition to a funding model based on membership dues supplemented with other revenue sources. Staff proposes to become a member of the Consortium and pay annual membership dues of \$20,000 per year beginning in fiscal year 2022/23. These funds were included in the approved FY 2022/23 and FY 2023/24 budget and will be included in future budgets. Membership in the Consortium benefits Metropolitan and the member agencies by: (1) better aligning water data reporting to state agencies; (2) enhancing access to state agency data; and (3) improving water data management within California.

---

**Details**

**Background**

In 2016, the Governor signed AB 1755, known as the Open and Transparent Water Data Act (Water Data Act). The Water Data Act called for improving the sharing, accessing, and management of water data by state agencies. AB 1755 required the Department of Water Resources, the State Water Resources Control Board, and the Department of Fish and Wildlife to develop data sharing protocols and implement a statewide water data clearinghouse. The Office of Planning and Research convened an Advisory Council in 2018 to accelerate its implementation. The Advisory Council recommended and then initiated the formation of the Consortium in 2019.

**California Water Data Consortium**

The Consortium supports the state agencies implementing AB 1755 by acting as a liaison with water agencies and other stakeholders. The Consortium's mission includes:

- Complementing state agency efforts
- Establishing a neutral space for collaboration
- Providing value to stakeholders
- Fostering trust through public engagement
- Building consensus on the use of water data

The Consortium manages programs and budgets through a Board of Directors, a Steering Committee, an Executive Director, support staff, and stakeholder workgroups (**Attachment 1**). In addition to serving on the Consortium's Board, Metropolitan participates in Consortium subcommittees and pilot studies.

## Consortium Activities

The Consortium implements open water data pilot studies and holds numerous outreach events. The three pilot studies currently underway include:

- **Urban Water Data Pilot:** A collaboration with state agencies identifying opportunities to align current water supply and use data reported by local and wholesale water agencies to reduce reporting burdens.
- **Groundwater Accounting Platform and Data Reporting Platform:** A partnership with state agencies and the Environmental Defense Fund advancing an open-source groundwater accounting platform.
- **Lidar Project:** A workgroup with state, federal, and local agencies along with other stakeholders exploring opportunities to collaborate on procuring and sharing Lidar data.

The Consortium has committed to promoting a diverse and engaged water data community to support its open water data initiatives. This includes establishing an Equity Workgroup, a “Data for Lunch” webinar series, and public workshops soliciting feedback from stakeholders. Descriptions of the Consortium’s pilot projects and outreach activities are contained in **Attachment 2**.

## Membership

Initial start-up funding for the Consortium came from foundations and local agencies such as Metropolitan. Metropolitan invested \$200,000 in the Consortium in 2020 for this purpose. Moving forward, the Consortium plans to fund ongoing activities like the pilot studies with a combination of member dues, research grants, contributions from foundations such as the Water Foundation, and in-kind services.

The Consortium’s membership guidelines for water agencies and irrigation districts are under development. The draft guidelines are tied to an organization’s size with three tiers ranging from \$5,000 to \$20,000:

<b>Tier</b>	<b>Dues</b>
Small	\$5,000
Medium	\$10,000
Large	\$20,000

Based on these guidelines, staff recommends funding the Consortium with an annual membership of up to \$20,000 on an ongoing basis. This would help fund the Consortium’s ongoing activities and support additional opportunities for improving California’s water data reporting, sharing and access.

## Policy

By Minute Item 51826, dated December 10, 2019, the Board expressed support for establishing the California Water Data Consortium and approved funding of \$200,000 to make Metropolitan a founding member.

By Minute Item 50442, dated April 12, 2016, the Board authorized the General Manager to express support for AB 1755, if amended, (Dodd, D-Woodland) – The Open and Transparent Water Data Act.

Metropolitan Water District Administrative Code Section 11102: Payment of Dues

Metropolitan Water District Administrative Code Section 11103: Participation in Projects or Programs Serving District Purposes

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

## 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, the proposed action is not subject to CEQA because it involves 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).

**CEQA determination for Option #2:**

None required

**Board Options**

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**Option #1**

Approve Metropolitan's membership in the California Water Data Consortium and authorize payment of dues of \$20,000 per year on an ongoing basis.

**Fiscal Impact:** Funds in the amount of \$20,000 would be paid for membership in the Consortium annually. Membership in the Consortium is included in Water Resource Management's FY 2022/23 and FY 2023/24 budget, and will be included in future budgets.

**Business Analysis:** Membership in the Consortium allows Metropolitan to provide sustained funding support for the Consortium's pilot programs and related initiatives. These activities benefit Metropolitan and the member agencies. Staff would continue to participate in Consortium committees and stakeholder processes.

**Option #2**

Do not approve Metropolitan's membership in the California Water Data Consortium.

**Fiscal Impact:** Metropolitan would forgo paying annual dues of \$20,000 per year. Staff would seek other opportunities for supporting Consortium activities through sponsorships and in-kind services on a case-by-case basis.

**Business Analysis:** Metropolitan would miss an opportunity to sustainably co-fund the Consortium's efforts to improve water data management within California.

**Staff Recommendation**

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**Option #1**

  
\_\_\_\_\_  
Brad Coffey  
Manager, Water Resource Management

7/28/2022  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Adel Hagekhalil  
General Manager

8/1/2022  
\_\_\_\_\_  
Date

**Attachment 1 – California Water Data Consortium Organization (effective July 2022)**

**Attachment 2 – California Water Data Consortium Activities**

Ref# wrm12682882

### California Water Data Consortium Organization (effective July 2022)

The California Water Data Consortium (Consortium) organizational structure includes a governing Board, a Steering Committee, an Executive Director with support staff, and project Work Groups. Tara Moran is the Consortium's Executive Director. Additional information is available on the Consortium's website [Home - California Water Data Consortium \(cawaterdata.org\)](https://cawaterdata.org).

#### Board

The Consortium's nine-member Board of Directors is composed of water leaders representing water agencies, irrigation districts, foundations, academic institutions, and consultants. Current board members are listed in Table 1.

**Table 1. California Water Data Consortium Board (Board member terms run for three years)**

Adrian Covert, Board Chair	Bay Area Council
David Orth, Board Vice-Chair	New Current Water and Land LLC
Joone Lopez, Board Treasurer	Moulton Niguel Water District
Eric Averett	Homer LLC
Rick Callender	Valley Water
Debbie Franco	Water Solutions Network
Meredith Lee	UC Berkeley
Mike Myatt	Water Foundation
Deven Upadhyay	Metropolitan Water District of Southern California

#### Steering Committee and Workgroups

Members of the Steering Committee include representatives from state agencies and a diverse set of stakeholders. The Steering Committee develops and recommends studies and projects for the Board to consider. Steering Committee members are selected by the Board through a recruitment process. Workgroup chairs implement pilot studies as directed. Current Steering Committee members are shown in Table 2.

**Table 2: Steering Committee (Steering Committee member terms run for two years)**

Steering Committee: California State Agencies	
Joaquin Esquivel	State Water Resources Control Board
David Harris	Natural Resources Agency
Nick Martorano	Water Quality Monitoring Council
Joy Bonaguro	Government Operations Agency
Christina McCready	Department of Water Resources
Steering Committee: Water Data Stakeholders	
Drew Atwater	Moulton Niguel Water District
Deb Agarwal	Lawrence Berkeley National Laboratory
Mike Antos	Stantec Consulting
Martha Davis	Inland Empire Utilities Agency (retired)

## **California Water Data Consortium Activities**

The California Water Data Consortium (Consortium) advances innovative projects demonstrating the value of open and transparent water data. These projects will accelerate the adoption of new technologies and methods for improved data access and quality, resulting in benefits to stakeholders through streamlined water data reporting complemented by better water decisions and outcomes.

### **Pilot Projects**

**Urban Water Reporting Project:** In partnership with the Department of Water Resources, State Water Resources Control Board, and urban water suppliers, the Consortium is identifying opportunities to improve the current water supply and use data reported by local and wholesale water agencies to reduce reporting burdens. The project will also explore opportunities for expanding access to more timely data necessary for managing water resources in California. The project supports drought mitigation efforts by aligning data reporting across existing drought-related urban water reporting programs supporting water shortage contingency planning and water supply and demand assessments. On June 6, the Consortium held a project workshop with over 50 stakeholders represented, including Metropolitan.

**Groundwater Accounting Platform and Data Reporting Project:** In partnership with the Department of Water Resources, State Water Resources Control Board, and Environmental Defense Fund, the Consortium is advancing an open-source groundwater accounting platform. This project supports several drought mitigation measures, including scenario planning to support groundwater recharge and identifying domestic wells susceptible to drying under persistent drought. It will facilitate long-term groundwater sustainability planning under the Sustainable Groundwater Management Act (SGMA) and includes the co-development of groundwater data reporting protocols.

**LiDAR Project:** The LiDAR workgroup is a cross-sector and cross-jurisdictional partnership consisting of local, state, and federal agencies along with NGOs. The LiDAR project increases collaboration and coordination of LiDAR data collection to facilitate data sharing, reduce project costs, and ensure interoperability across datasets. The Consortium effort compliments a cross-agency state effort led by the Department of Conservation to expand access to LiDAR data statewide.

### **Outreach**

The Consortium is committed to maintaining an engaged water data community. In addition to ongoing Consortium Steering Committee and project meetings, the activities described below provide additional opportunities for Consortium members and the public to build relationships and foster innovative ideas in advancing open water data in California.

**Equity Workgroup.** A Consortium workgroup for state and non-state partners to advance racial equity, inclusion, and justice in Consortium projects.

**Data for Lunch.** An online webinar for researchers, organizations, and others to learn and share about new and emerging water-related datasets or technologies that are changing water management in California and beyond. The Consortium has hosted seven Data for Lunches since 2020.

**Public Workshops.** The Consortium hosts online public workshops each year to provide updates on the Consortium's work and solicit feedback on next steps.



Water Planning and Stewardship Committee

# California Water Data Consortium Membership

Item 7-11

August 15, 2022

# Outline



Background  
(AB 1755)

California Water  
Data Consortium

Proposed  
Membership

Recommendation

## AB 1755, Dodd

### The Open and Transparent Water Data Act (2016)

## Requires State Agencies to:

- Develop water data protocols
- Implement data sharing platform

## Advisory Council

- Recommended formation of Consortium
- Launched the Consortium in 2019



# California Water Data Consortium

## Formation & Purpose

### Established in 2019

- Role: supports State agencies implementing AB-1755 by serving as a liaison with water suppliers and other stakeholders

### Initially Raised \$1.4 million

- Funded launch and initial operations
- Metropolitan invested \$200,000

# California Water Data Consortium Organization

## Board of Directors

- Nine members
- By invitation

## Steering Committee

- State agencies
- Non-state partners

## Staff

- Executive Director
- Program & Operations staff

## Workgroups

- Data users
- Technical

## The Need for Open Water Data

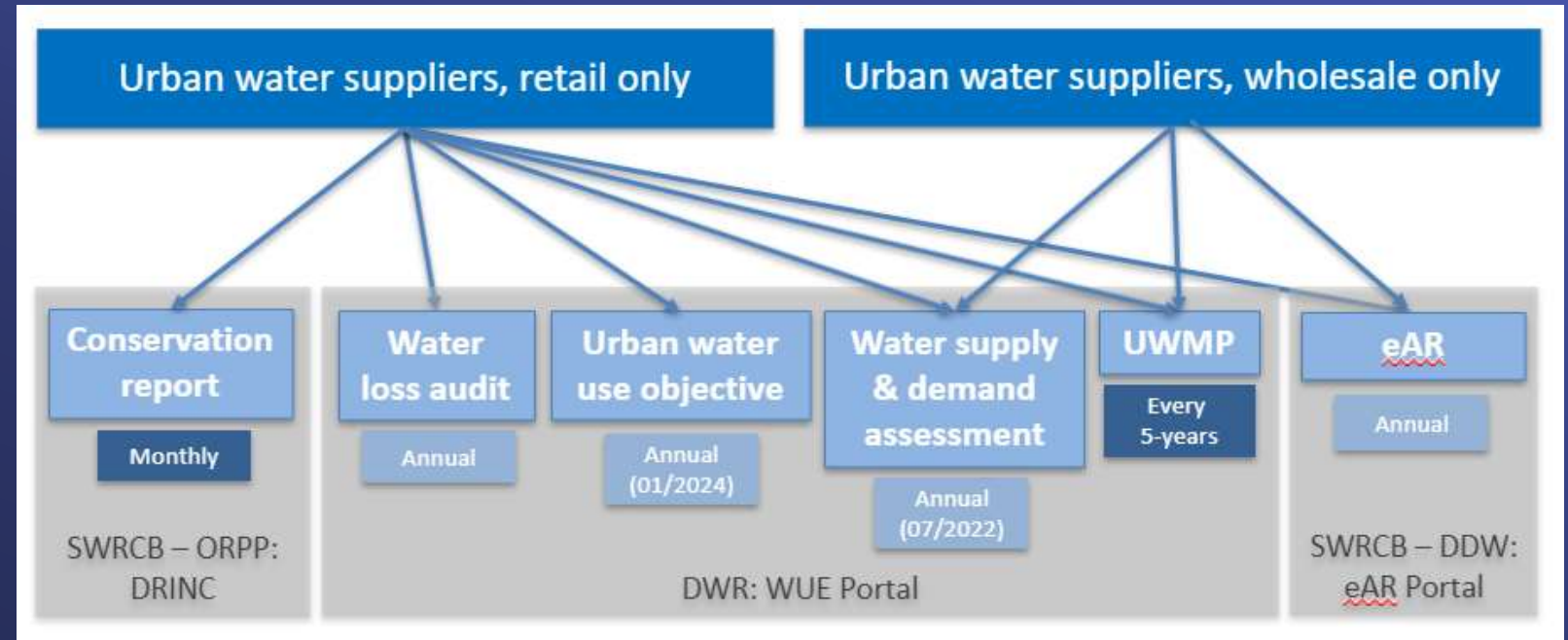


- Allows for the development of standardized protocols, which ensure accessible, consistent, and timely data
- Fosters transparency, data sharing, collaboration and innovation via an integrated data management approach
- Supports a more resilient and data-enabled future for water resource planning

# California Water Data Consortium

## Projects

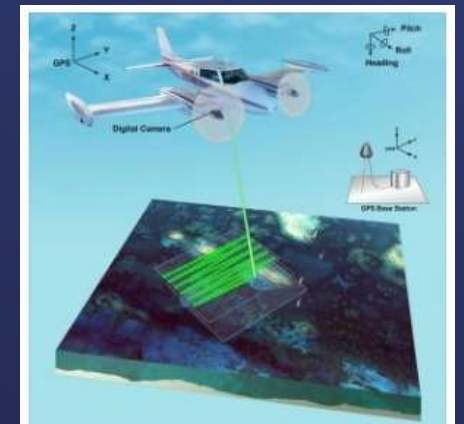
## Urban Water Reporting



## Groundwater Accounting and Data Reporting



## LiDAR



# California Water Data Consortium

## Outreach Activities



Data For Lunch



Public Workshops



Equity Workgroup

## Proposed Contribution (Membership)

### Transitioning to long-term funding

- Proposed dues based on size

Small	\$5,000
Medium	\$10,000
Large	\$20,000

### Budgeted in WRM for FY23 and FY24

- Supports Metropolitan objectives
- Provides venue for collaboration with State agencies
- Signals Metropolitan leadership

# Board Options

## Option #1

- Approve Metropolitan's membership in the California Water Data Consortium and authorize payment of dues of \$20,000 per year on an ongoing basis.

## Option #2

- Do not approve Metropolitan's membership in the California Water Data Consortium.

# Staff Recommendation

## Option #1





● **Board of Directors**  
***Water Planning and Stewardship Committee***

8/16/2022 Board Meeting

**7-12**

**Subject**

Authorize payments, by a two-thirds vote, of up to \$3.75 million for participation in the State Water Contractors for FY 2022/23; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA

**Executive Summary**

This action requests authorization to continue funding and participation in the State Water Contractors (SWC). Participation in this organization allows Metropolitan to advocate for the effective management of the State Water Project (SWP), particularly related to operations and activities in the Bay-Delta. The SWC provides a unified voice among the contractors to provide input to the California Department of Water Resources (DWR) on management of the SWP.

The requested authorization amount is up to \$3.75 million, which is less than the \$4.07 million included in Metropolitan's fiscal year (FY) 2022/23 budget.

**Details**

**State Water Contractors**

The SWC is a nonprofit association of 27 public agencies from northern, central, and southern California with contracts to purchase water from the SWP. The SWC's role and activities provide input into DWR's policy and decision-making process. The SWC effectively represents the interests of Metropolitan and the other contractors in discussions with DWR and through interactions with other state, federal, and local entities. The SWC's work efforts and associated revenue collections encompass five areas:

1. Dues Fund – Provides funding for SWC activities, including general operating expenses, to support activities such as DWR cost management, ensuring sufficient infrastructure and water supply reliability, and water quality.
2. Energy Fund – Provides funding for SWC staff and consultants working with DWR to develop and implement energy strategies to obtain cost-effective energy for the SWP.
3. Bay-Delta Fund – Supports SWC participation in Bay-Delta fish monitoring, environmental review processes, coordinated activities with the Central Valley Project, protection of existing operations, collecting scientific data, and planning for the future.
4. Delta Conveyance Project Fund – Supports SWC involvement in the Delta Conveyance Project planning activities, such as assisting in the development of permit and environmental documentation and policy and technical support on project benefits.
5. Municipal Water Quality Investigations (MWQI) Specific Project Committee – Provides SWP contractors with water quality information as it relates to drinking water regulations through conducting specialized scientific studies, research, and investigations.

The united voice of the SWC provides value in achieving favorable outcomes. Refer to **Attachment 1** for a more detailed report on SWC accomplishments in FY 2021/22 and **Attachment 2** for objectives for FY 2022/23.

### **Summary of Payment Distribution**

The table below summarizes the current and proposed costs for participation in the SWC:

<u>SWC Payments</u>	<b>FY 2022/23</b>	<b>FY 2021/22</b>
Dues Fund	\$ 1,698,105	\$ 1,423,818
Energy Fund	\$ 234,971	\$ 241,211
Bay-Delta Fund	\$ 1,108,684	\$ 910,740
Delta Conveyance Project Fund	\$ 449,955	\$ 801,578
MWQI	\$ 260,000	\$ 179,985
<b>Total:</b>	<b>\$ 3,751,715</b>	<b>\$ 3,557,332</b>

The cost increase from FY 2021/22 is primarily due to legal support for Bay-Delta activities and additional funding for outreach consulting. In total, Metropolitan's payment to the SWC for FY 2022/23 is approximately \$314,000 below what was included in Metropolitan's budget. In large part, this is due to the SWC reducing the collection of reserves in the Delta Conveyance Project fund for anticipated legal costs.

The MWQI Specific Project Committee is preparing its calendar year 2023 activities and budget to be approved in December 2022. When approved, Metropolitan will pay its share of costs. Staff requests approval to pay up to \$260,000 for funding the Committee. This amount is consistent with the FY 2022/23 budget.

### **Policy**

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Metropolitan Water District Administrative Code Sections 11102 and 11103: Payment of Dues and Participation in Projects or Programs Serving District Purposes.

Metropolitan Water District Act Section 126: Dissemination of Information (requires a two-thirds vote)

By Minute Item No. 45348, the Board, at its May 13, 2003, meeting, authorized entering into an agreement with the State Water Project Joint Powers Authority.

By Minute Item No. 47735, the Board, at its December 9, 2008, meeting, authorized the General Manager to execute the Delta Habitat Conservation and Conveyance Program Memorandum of Agreement and three related funding and management agreements.

### **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, the proposed action is not subject to CEQA because it involves 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).

#### **CEQA determination for Option #2:**

None required

### **Board Options**

#### **Option #1**

By a two-thirds vote, authorize the General Manager to make payments of up to \$3.75 million to the State Water Contractors for FY 2022/23.

**Fiscal Impact:** Expenditures for participation in SWC in FY 2022/23 would be up to \$3.75 million, funded within the FY 2022/23 budget. The authorization is approximately \$314,000 less than the approved FY 2022/23 budget for participation in the SWC.

**Business Analysis:** Metropolitan benefits from the SWC representing positions with DWR, legislators, regulatory, and third-party groups that advance its SWP strategic initiatives.

**Option #2**

Do not authorize the General Manager to make a payment to the State Water Contractors for FY 2022/23.


**Fiscal Impact:** Savings up to \$3.75 million

**Business Analysis:** Metropolitan would be less effective in advancing its SWP strategic initiatives if the membership is not approved. Metropolitan would need to develop alternative means to manage the risk of higher costs or greater operational restrictions on supply deliveries.

**Staff Recommendation**


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Option # 1

  
\_\_\_\_\_  
Brad Coffey  
Manager, Water Resource Management

7/25/2022

Date

  
\_\_\_\_\_  
Adel Hagekhalil  
General Manager

7/29/2022

Date

**Attachment 1 – FY 2021/22 High Priority Accomplishments of the State Water Contractors**

**Attachment 2 – FY 2022/23 High Priority Objectives of the State Water Contractors**

Ref# wrm12683599

**FY2021/22 High Priority Accomplishments of the State Water Project Contractors****WATER SUPPLY****Delta Conveyance Technical/Policy Support**

- Developed information needed for the Board packages for the Delta Conveyance Project (DCP) second tranche of supplemental planning funding.
- Participated in DCP technical and policy discussions with the Department of Water Resources (DWR) and provided member agencies' perspectives.
- Provided monthly updates to keep the participants apprised of the DCP activities and policy issues.

**Delta Conveyance Permitting**

- Maintained significant engagement with DWR on Delta Conveyance environmental planning and permitting.
- Appraised member agencies and coordinated on the DCP environmental planning efforts through weekly meetings.
- Reviewed the administrative draft sections of the EIR.

**Update to the Bay-Delta Water Quality Control Plan (WQCP)**

- Continued to collaborate with DWR, California Department of Fish and Wildlife (CDFW), California State Water Resources Control Board (SWRCB), California Natural Resources Agency (CNRA), California Environmental Protection Agency (CalEPA), United States Bureau of Reclamation (USBR), and other water users to develop a Memorandum of Understanding for the proposed Voluntary Agreement outlining flow and habitat actions, key legal parameters, and decision making for consideration by the SWRCB in the Water Quality Control Plan update.
- Continued to lead water user efforts to define the early implementation actions and identify additional steps needed for SWRCB evaluation.

**Drought Planning**

- Collaborated with DWR management, State Water Project (SWP) operators, and member agencies' management and staff on the drought planning for water year (WY) 2022.
- Worked with DWR to obtain funding for the member agencies' drought projects.
- Engaged with Delta watermaster and SWRCB staff on potential illegal diversion of the stored water and provided feedback on the State Board's water unavailability methodology.

**INFRASTRUCTURE****Infrastructure Reliability**

- Continued to lead discussions within the Operations, Maintenance, and Engineering (OME) Committee and directly with DWR management/executives to emphasize member agencies' interest in the reliability of SWP infrastructure and track the myriad of ongoing projects resulting from condition assessments or forced outages.

- Worked with DWR to provide coordination and communication with the West Branch members during the lowering of Castaic Reservoir to accommodate construction of the necessary seismic fortification work for the outlet tower access bridge.
  - Retained a consultant to develop a general maintenance plan to help facilitate future South Delta channel maintenance for the removal of silt accumulations to benefit SWP deliveries, the environment, and farming irrigation in the region.
- 

### **Capacity Retention**

- Continued to lead discussions and represent the interest of member agencies within the OME Committee and directly with DWR management/executives to emphasize the importance of maintaining the capacity of the SWP.
  - Performed extensive coordination with DWR and member agencies related to subsidence of the California Aqueduct, which is the single largest, most expensive long-term capacity threat to the SWP. Represented member agencies' interest in the consulting review board meetings and the development of DWR's subsidence remediation strategic plan formation. Participated in coordination meetings with DWR, USBR, San Luis & Delta-Mendota Water Authority, and Friant Water Authority. Continued to pursue funding options.
  - Tracked short-term capacity issues related to weeds, water quality, and incidents and damages to the SWP delivery infrastructure.
  - Formed and facilitated the SWP Storage Expansion Workgroup to study concepts and opportunities for future increases in SWP storage facilities.
- 

### **Infrastructure Safety**

- Continued to lead discussions and represent the interest of member agencies within the OME Committee and directly with DWR management/executives to track projects, policies, and expenditures related to DWR's upgrade projects on both physical and cyber security of the SWP and infrastructure safety as it relates to the public and DWR employees.
  - As a result of the heightened focus on dam safety following the Oroville spillway incident, continued quarterly meetings of the Dam Safety Committee, a subcommittee under the OME Committee, were held. The meetings served as a forum for member agencies to obtain more in-depth updates on DWR's expanding dam safety program and specific details on the recently elevated inspections and evaluations, engineering assessments, and modernizations of all SWP dams.
- 

### **Infrastructure Affordability**

- Continued to lead discussions and represent the interest of member agencies within the OME Committee and directly with DWR management/executives to emphasize the importance of SWP infrastructure affordability with emphasis on a realistic capital improvement planning approach using DWR's new Asset Management Program. Performed annual reviews of the budgets and prioritization of all Operations and Maintenance (O&M) extraordinary and capital SWP-related projects. Held bimonthly reviews/discussions on individual project charters, which included cost magnitude and changes, cause and effects of changes in scope and timeline, cost categorization, and Central Valley Project (CVP) cost sharing where applicable. Performed quarterly reviews of O&M and Engineering Division plan versus actual budget tracking.

- Engaged with DWR on the affordability workshop. Organized a series of discussions between members and DWR management/executives to articulate members' concerns about the proposed positions in budget augmentations proposals, which would add permanent additional O&M expenses to the SWP.
- Continued to work closely with DWR and members' staff and lobbyist to seek opportunities to obtain funding to help reasonably offset SWP expenses.

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## **BUSINESS PROCESSES**

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### **Budgets**

- Continued to work on advancing the Process of Affordability concepts and enhancing budget information provided during DWR's annual Financial Management Conferences with the Joint SWC-DWR Affordability Workgroup.

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### **Financial Projections**

- Continued to provide financial modeling to assist Contractors in decision making and planning. This included updating the SWC SWP Forecasting Model, the SWC 10-year Energy Forecasting Model, and the Contract Extension Cost Compression Model.
- Continued to develop and enhance SWC SWP budget reports within the Tableau dashboards to improve forecasting and trend analysis of billing components.

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### **Financial Resources, Revenue Requirements, and Investments**

- Provided a starting draft of the DCP Contract Amendment based on the March 2021 Agreement in Principle, which included the terms for billing and cost recovery for the DCP facilities, to the SWC-DWR Legal Team.
- Developed a committee charter for the Audit and Finance Committee.

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## **ENERGY**

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### **Senate Bill (SB) No. 49 (Energy: Appliance Standards and SWP Assessment) Report**

- Engaged with DWR on the development and completion of the SB No. 49 Report. Provided feedback on all nine tracks, including the potential for future discussions on items related to water delivery flexibility and siting of renewable energy resources. Conducted outreach to legislators and other leaders, including voicing support for elements of the report before the California Water Commission.

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### **Co-Author Energy Roadmap with the DWR**

- In conjunction with DWR and members, co-developed a draft of the roadmap and reviewed it. The Energy Roadmap contains eleven sections, including the historical energy management of the SWP, past successful collaborations, core values of protecting the SWP's mission of delivering water, an interim action plan, and a communications plan to educate other stakeholders, leaders, and interested parties.
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**SCIENCE****Endangered Species Act (ESA), California Endangered Species Act (CESA), and WQCP Environmental Compliance**

- Continued to coordinate with DWR on implementation of the Incidental Take Permit (ITP), including participation in various subgroups, discussion of adaptive management opportunities, and resolution of operational and other issues as they arose.
- Worked with DWR to hold the Environmental Coordination Committee meetings quarterly.
- Worked with DWR to hold the DWR-SWC Environmental Science Work Group meetings quarterly.

**OUTREACH****SWC Position Awareness**

- Participated in media interviews for stories on various water issues impacting California and the SWP, allowing for the SWC to clearly outline its position and priorities on local, state, and national issues.
- Participated in panel discussions, conferences, and briefings with stakeholders, legislators, and regulatory agencies to discuss the SWP and other relevant issues, including energy, state and federal legislation and initiatives, the Delta and the environment, reliance on the SWP, Delta Conveyance, Voluntary Agreements, and other upcoming projects and priorities.
- Continued to distribute statements and press releases on priority issues, including SWP contract amendments, the Delta Conveyance project, Voluntary Agreements, key legislation, climate, and drought conditions.
- Developed and distributed an informational and educational White Board video in collaboration with the DWR Save Our Water team to illustrate the importance of conservation during the current drought.

**SWC MANAGEMENT****Accounting**

- Maintained internal financial records and provided regular reports to management and the Board of Directors.

**FY2022/23 High Priority Objectives of the State Water Project Contractors**

<b>Objective</b>	<b>Description</b>
<b>Water Supply</b>	
Delta Conveyance Technical/Policy Support	Provide technical and policy support to State Water Contractors (SWC) members that are Delta Conveyance Project (DCP) participants on benefits and permitting.
Delta Conveyance Permitting	Support development of necessary permits and environmental documentation related to the Delta Conveyance Facility.
Drought Planning	<p>Given the dire hydrologic conditions for the last two consecutive years, help with the State Water Project (SWP) drought planning and keeping SWC members apprised frequently.</p> <ul style="list-style-type: none"> <li>• Work with Department of Water Resources (DWR) staff and SWC members to identify and implement near-term Delta and/or upstream operations strategies to minimize impacts to SWP water supply.</li> <li>• Work with DWR staff and SWC members to plan for a potentially dry water year 2023.</li> <li>• Track development of updated forecast modeling.</li> <li>• Track and participate in State Water Resources Control Board (SWRCB) activities.</li> </ul>
Update to the Bay-Delta Water Quality Control Plan (WQCP)	Participate in Voluntary Agreement development and discussions, and related activities. Support governance and science basis analyses.
Water Supply and Operations Improvements	Work towards defining flexible California Endangered Species Act (CESA) and Endangered Species Act (ESA) requirements, if possible, as part of the upcoming reconsultation on the Central Valley Project (CVP)-SWP long-term operations. Identify potential risks to SWP and develop strategies to minimize the exposure.
<b>Infrastructure</b>	
Infrastructure Reliability	<p>Work with DWR in the effort to maintain and improve reliability of the aging SWP Infrastructure with a focus on:</p> <ul style="list-style-type: none"> <li>• Continue to work on the development/documentation/implementation of an asset management plan and capital improvement program.</li> <li>• Develop a tracking/communication process to better understand the roll-out and addition of future SWP-funded positions and the resulting benefits.</li> <li>• Assess maintenance management systems to better identify vulnerabilities, the required risk mitigation strategies, and management policy and objectives. Advocate for appropriate priorities and affordability.</li> </ul>
Capacity Retention	<p>Work with DWR to determine impacts and potential remedies to both delivery capacity and storage within SWP reservoirs with a focus on:</p> <ul style="list-style-type: none"> <li>• Subsidence in the San Joaquin Valley, machine outages, power outages, regulatory requirements, weeds/debris, and water quality.</li> <li>• Advocate for projects, repairs, procedures, and studies to assure that capacity is restored or preserved to assure long-term operational capacity that meets realistic needs under the current demands and export restrictions.</li> <li>• Work with the SWC Storage Workgroup to develop a white paper that summarizes the need, opportunity, and concepts for possible future expansion of SWP storage capacity.</li> </ul>
Infrastructure Safety	<p>Work with DWR and member agencies to plan and ensure SWP infrastructure safety with a focus on:</p> <ul style="list-style-type: none"> <li>• Track SWP seismic vulnerability studies and begin planning/preparing for realistic response and recovery.</li> <li>• Expanded focus and regulatory requirements on dam safety.</li> <li>• Track Oroville Dam Comprehensive Needs Assessment project development in addition to other SWP Dam Safety projects to assure timely remediation.</li> <li>• Fire modernization project for all SWP plants.</li> </ul>

Objective	Description
Infrastructure Affordability	<p>Work with DWR and member agencies on measures to improve SWP infrastructure affordability with a focus on:</p> <ul style="list-style-type: none"> <li>• Support business practice efforts for affordability process development, as well as the annual Bulletin 132 budget development, to assure proper alignment with the aforementioned objectives.</li> <li>• Improve illustration of future costs attributed to each infrastructure objective.</li> <li>• Seek opportunities and work with members to obtain outside State and Federal funding for repairs and modification for co-owned facilities and for damages sustained beyond normal SWP operations.</li> </ul>
<b>Business Processes</b>	
Budgets	<p>Monitor and promote DWR's development and management of an SWP budget to minimize annual variances and optimize reasonable revenue requirements</p> <ul style="list-style-type: none"> <li>• Process of Affordability Project (Forecast Budget Years 1-3)</li> <li>• Monitor DWR's Positions Budget Change Proposals</li> </ul>
Financial Projections	<p>Monitor and promote DWR's analysis, development, and management of SWP's cost trends to maximize operational readiness at an optimal cost level ensuring long-term affordability</p> <ul style="list-style-type: none"> <li>• Forecast Operations and Maintenance and Variable projections</li> <li>• Process of Affordability Project (20-Year Forecast)</li> </ul>
Financial Resources, Revenue Requirements, and Investments	<p>Monitor and assess DWR's State Water Project financial performance regarding operational goals, budgets, financial targets, and forecasts to maximize use of available revenues and optimize determination of revenue requirements.</p> <ul style="list-style-type: none"> <li>• Contract Extension Amendment including cost compression</li> <li>• Audit-Finance Committee Roadmap including Statement of Charges Workshops</li> </ul>
<b>Energy</b>	
Senate Bill No. 49 (Energy: Appliance Standards and SWP Assessment) Report	Collaborate with DWR to brief stakeholders on the content of the report and advocate for appropriate sources of funding for identified tracks.
Energy Roadmap	Co-develop with DWR a strategic plan known as the "Energy Roadmap" to develop energy policy principles for SWP investment and operational strategies.
<b>Science</b>	
Endangered Species Act (ESA), California Endangered Species Act (CESA), and WQCP Environmental Compliance	<p>Collaborate with DWR to improve the Environmental Science Workgroup to facilitate planning and implementation of required habitat, mitigation, and monitoring.</p> <ul style="list-style-type: none"> <li>• Work with DWR to hold Environmental Coordination Committee meetings at least quarterly and develop requested information relative to costs and efficacy of required monitoring and other actions.</li> <li>• Engage the Environmental Science Work Group and hold meetings at least quarterly.</li> <li>• Work towards defining requirement offramps for science elements and seek permit amendments.</li> <li>• Ensure costs are split equitably with the United States Bureau of Reclamation (USBR).</li> </ul>
<b>Outreach</b>	
Position Awareness	Proactively drive SWC messaging and legislative positions to the media, key stakeholders, legislators, and regulatory agencies to elevate the organization's position on priority issues.
<b>SWC Management</b>	
Accounting	Oversee all financial and accounting operations. Establish financial policies, procedures, controls, and reporting systems to ensure the accuracy and integrity of financial data.
Treasury	Ensure SWC retains adequate liquidity to meet the needs of its primary business operations and respond to organizational threats, as needed.



Water Planning and Stewardship Committee

# Authorize Payments Totaling \$3.75 million to State Water Contractors

Item 7-12

August 15, 2022

Background Information

# State Water Contractors



## Established 1982



- 27 Members
  - 22 Urban contractors
  - 4 Agriculture contractors
  - 1 Urban and agricultural contractors
- 9 Board members

Background Information

# State Water Contractors



## Organization

- Focus on policy, advocacy, and legal issues and project implementation
  - Pursue reliable and cost-effective management of the State Water Project (SWP)
- Unified voice on SWP issues
- Provide legal support

# State Water Contractors

Background Information



## Major Activities in FY 2021/22



Photo Credit: DWR



Photo Credit: DWR

- Drought planning
- Delta Conveyance Project
- Cost affordability
- Energy roadmap

Background Information

# State Water Contractors



## Major Initiatives in FY 2022/23



Photo Credit: DWR



Photo Credit: DWR

- Drought planning
- Delta Conveyance Project
- Cost affordability
- Infrastructure reliability and safety

# Metropolitan's Payment to State Water Contractors



	MWD \$	Basis
 Dues Fund \$3.73M	\$1.70M	Table A and water delivery
 Bay-Delta Fund \$3.50M	\$1.11M	Table A with credit for staff contributions
 Delta Conveyance Project Fund \$0.84M	\$0.45M	Presumed participation in project
 Energy Fund \$0.35M	\$0.23M	Energy use
 Municipal Water Quality Investigation	\$0.26M*	Table A of participating contractors

\* Based on MWD's FY 2022/23 budget

# Summary

- Important organization that provides support and advocacy for the State Water Contractors
- Requested payment authorization amounts are less than budgeted
  - SWC - \$3.75 million
  - MWD's approved budget - \$4.07
- Board approved by two-thirds vote required

# Board Options

- Option #1

By a two-thirds vote, authorize the General Manager to make payments of up to \$3.75 million to the State Water Contractors for FY 2022/23.

- Option #2

Do not authorize the General Manager to make a payment to the State Water Contractors for FY 2022/23.

# Staff Recommendation

- Option #1





● **Board of Directors**  
***Water Planning and Stewardship Committee***

8/16/2022 Board Meeting

**7-13**

**Subject**

Adopt resolution affirming Metropolitan's call to action and commitment to regional reliability for all member agencies; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

**Executive Summary**

The Metropolitan Water District of Southern California endeavors to provide an adequate and reliable supply of high-quality water to meet the region's present and future needs in an environmentally and economically responsible way. As an example from 1930, Metropolitan's first Board Chair, W.P. Whitsett, provided a guiding principle for developing regional water supply reliability: "Whatever is done should be done for the benefit of the whole, and whatever is done for the benefit of the whole should be shared by all the parts."

Nearly a century after those aspirational words, a record-breaking drought has descended on the Southwest, and Southern California's water reliability is in crisis. This year, supply from the State Water Project (SWP) was cut to 5 percent of Metropolitan's total allocation for the second consecutive year—resulting in a 3-year water supply substantially below the California Department of Water Resources' worst-case projection. These conditions starkly highlight an infrastructure and water supply vulnerability that must now be addressed. Simply put, there is not enough pipeline connectivity or operational flexibility for imported supply and existing regional storage to meet the needs of six member agencies with a combined population greater than six million.

Because of this supply shortage and limits to its infrastructure, Metropolitan cannot provide equivalent supply reliability from one corner of the service area to another. In response, Metropolitan's Board declared a water shortage emergency and imposed a water conservation program in April of this year for the six SWP-dependent agencies. The impacted agencies include Calleguas Municipal Water District, Inland Empire Utilities Agency (IEUA), Las Virgenes Municipal Water District, the City of Los Angeles, Three Valleys Municipal Water District, and Upper San Gabriel Valley Municipal Water District.

These six SWP-dependent agencies have limited connection to Metropolitan's existing infrastructure, storage, and supplies. This constraint forced them to take mandatory and painful water supply cuts from their expected SWP use by an average of 35 percent—with some facing reductions up to 73 percent. If these agencies cannot limit their use of Metropolitan's supply from the SWP, then they face stiff volumetric penalties of \$2,000 per acre-foot (AF) or the first-ever total ban on outdoor irrigation. Meanwhile, under statewide regulation, the 20 member agencies outside of this area must implement demand-reduction actions under Level 2 of their Water Shortage Contingency Plans. These actions are locally determined to achieve only a 10 to 20 percent water reduction (without volumetric penalties).

This disparity is unacceptable to Metropolitan and its member agencies. By adopting the proposed Resolution in Attachment 1, the Board would prioritize a policy to provide 100 percent and equitable reliability to all member agencies. Metropolitan would thus commit to taking all necessary actions to give the SWP-dependent member agencies a level of infrastructure and water supply reliability equivalent to that of Metropolitan's other member agencies. Equitable access will be achieved through the expedited and prioritized implementation of a balanced set of projects and programs that improve existing infrastructure, imported and local supplies, and demand management.

## Details

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### Problem Statement

Given the overlapping effects of infrastructure and water supply constraints, Metropolitan staff, in coordination with the SWP-dependent agencies, collectively worked to describe the current water reliability crisis. The joint problem statement follows:

***Due to limited infrastructure, Metropolitan cannot provide the SWP-dependent agencies equitable access to water supply and storage assets during severe droughts.***

Simply put, there is not enough pipeline connectivity and operational flexibility between imported supplies and storage assets and not enough water resource diversity for Metropolitan to equitably satisfy the needs of all member agencies. The following sections describe the limits of Metropolitan's existing infrastructure, the current water supply conditions, the impacts to the member agencies, and the existing policy background which drives the need for further action.

### Infrastructure Condition

In normal years, Metropolitan serves the SWP-dependent areas from two different branches of the California Aqueduct. The East Branch from Silverwood Lake feeds IEUA, Three Valleys, and Upper San Gabriel Valley. In contrast, Calleguas, Las Virgenes, and Los Angeles are served predominantly by the West Branch from Castaic Lake. These six agencies are referred to as "SWP-dependent" because they rely on either an annual allocation from DWR or on previously stored SWP supplies.

***Importantly, infrastructure constraints prevent these agencies from accessing sufficient supply from the Colorado River Aqueduct, or from storage in Diamond Valley Lake or Lake Mead.***<sup>1</sup> On the western side, Calleguas, Las Virgenes, and Los Angeles can access relatively small amounts of Colorado River or stored supplies through the Greg Avenue facility, a 50 cubic feet per second (cfs) pumping plant that lifts water into the East Valley Feeder and moves it northwest. By comparison, the total demands of these westside agencies can be 14 times more (requiring approximately 700 cfs on a short-term basis) from the SWP system (if available).

A similar condition exists on the eastern portion of the SWP-dependent area. For IEUA, Three Valleys, and Upper San Gabriel Valley, the Rialto Pipeline can carry about 600 cfs from the Devil Canyon facility downstream of Silverwood Lake. No Colorado River or stored supplies can be delivered to these agencies via the Rialto Pipeline, although they have limited access to other feeders carrying Colorado River supplies.

The infrastructure constraints seen by these six agencies prompted the Board to authorize various projects to improve access. In December 2021, the Board amended the existing Capital Investment Plan (CIP) to start water supply reliability improvements in the Rialto Pipeline service area.<sup>2</sup> Specifically, the action authorized work to expand delivery of alternative supplies from Diamond Valley Lake and possibly the Colorado River Aqueduct to the eastern SWP-dependent area, thus preserving the saved SWP supply for the west side.

In February 2022, the Board amended the CIP to include planning and implementation of possible infrastructure improvements for west side reliability. This action authorized preliminary investigations including a feasibility study, hydraulic modeling, and developing a conceptual suite of options to improve supply reliability. These projects include expanded Greg Avenue Pumping and new pumping facilities along the Sepulveda Feeder to push Colorado River water north from the central pool into the western area. In total, up to 150 cfs of additional capacity were targeted in this first set of west-side CIP projects. Further studies will evaluate other potential conveyance projects to move additional supply into the west side.

Metropolitan and its member agencies are currently engaged in a collaborative effort to identify additional infrastructure and supply projects that can improve reliability for the SWP-dependent areas. Some ideas are short term, while others will come to fruition only after a decade or more. Conceptual designs are fast-tracked

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<sup>1</sup> At the beginning of 2022, Metropolitan had 2.0 million AF of storage in Lake Mead Intentionally Created Surplus and in Diamond Valley Lake, Lake Mathews, and Lake Skinner.

<sup>2</sup> These projects, and preliminary feasibility work for a new project for westside pump stations, were approved as part of the current biennium budget.

whenever a project appears to provide a near-term solution with few downsides. Initial portfolios of these projects will be presented to the Board in September 2022. Staff will seek Board approval for one of the portfolios and for associated implementation actions in February 2023. The portfolio evaluation will include technical studies supporting their recommendation.

### **Water Supply Condition**

Climate change—this century’s growing crisis—plunged the Southwest into a “perfect drought”<sup>3,4</sup> not seen since the medieval age.<sup>5</sup> What is more, human-caused warming turned what otherwise would have been a bad drought into a catastrophic one. Since the early 1990s and through extensive resource planning and investment, Metropolitan mitigated the shock of “20th Century” droughts (i.e., droughts predicted by using 1922 – 2017 hydrology). Constructing the Diamond Valley Lake system, driving down per-capita water use by 40 percent, and investing heavily in local supplies all improved the regional capacity to withstand expected droughts.

Always fickle but occasionally abundant, the watersheds supplying the SWP system have long been uncertain. Water deliveries from the SWP have been impacted by both prolonged droughts and federally mandated pumping restrictions. In 2007, Federal Judge Oliver Wanger issued a decision that overturned a federal scientific study intended to protect Delta smelt in the Sacramento-San Joaquin Delta. This marked the beginning of a series of back-and-forth decisions by Judge Wanger and the Federal 9<sup>th</sup> Circuit Court of Appeals seeking to balance the needs of Delta smelt against the “significant effects on the human environment” from pumping restrictions. These actions reduced the amount of water exported from the Delta by the SWP and by the Central Valley Project (CVP). In drier years, as a combined result of State Water Resources Control Board (SWRCB) Decision 1641 and federal biological opinions, the Public Policy Institute of California estimated that Delta exports averaged about 1.5 million AF per year lower, for similar inflows, since 2008 as compared to 1995-2007.<sup>6</sup>

Today, the SWP watersheds have received well-below-average precipitation and runoff for three years in a row. This resulted in the lowest three-year combined deliveries of allocated water in the history of the SWP. In fact, SWP deliveries are currently 40 percent lower than the worst three-year period projected by DWR modeling as recently as 2020. Even with this reduced delivery, DWR and the U.S. Bureau of Reclamation still sought a series of Temporary Urgency Change Petitions (TUCPs) to change water flow or facility operations to move water through the Delta.<sup>7</sup>

The most recent Integrated Water Resource Plan (IRP) Assessment<sup>8</sup> expanded on prior planning efforts and developed scenarios to pre-experience four plausible futures we might see through mid-century. These scenarios included significant erosion of supply from both the SWP and the Colorado River. This board-adopted assessment called for enhanced access to core supplies and storage, and to make new storage accessible to the SWP-dependent areas. Unfortunately, the challenging future envisioned by the IRP scenarios arrived all too early. This adds urgency to the need for a concerted response now.

### **Impact on Member Agencies**

During the last major drought in 2012-2016, the Board implemented an updated Water Supply Allocation Plan<sup>9</sup> (WSAP) to manage shortages. The WSAP established a baseline use for all member agencies, determined regional shortage levels, and imposed a surcharge for water use above a predetermined allotment by agency. However, the WSAP was not designed or intended for the circumstances experienced during the current drought emergency.

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<sup>3</sup> MacDonald, G., K. Kremenetski and H. Hidalgo (2008). [Southern California and the perfect drought: Simultaneous prolonged drought in southern California and the Sacramento and Colorado River systems.](#)

<sup>4</sup> Woodhouse, C., D. Meko and E. Bigio (2020). [A long view of Southern California water supply: Perfect droughts revisited.](#)

<sup>5</sup> Williams, A., B. Cook and J. Smerdon (2022). [Rapid intensification of the emerging southwestern North American megadrought in 2020–2021.](#)

<sup>6</sup> Gartrell, G., J. Mount and E. Hanak (2022). [Tracking where water goes in a changing Sacramento–San Joaquin Delta.](#)

<sup>7</sup> SWRCB (2022). [Order approving temporary urgency changes to water right license and permit terms relating to Delta water quality objectives.](#)

<sup>8</sup> MWDSC (2022). [Adopt the 2020 Integrated Water Resources Plan Needs Assessment.](#)

<sup>9</sup> MWDSC (2014). [Approve adjustments to Metropolitan’s Water Supply Allocation Plan.](#)

Rather than reconstructing the WSAP for rapidly developing emergency conditions, in April 2022, the Board (1) declared that a Water Shortage Emergency Condition existed in the SWP-dependent area; (2) adopted an Emergency Water Conservation Program to preserve available supply for the greatest public benefit by reducing non-essential water use; and (3) expressed support for the Governor's Executive Order N-7-22.<sup>10</sup>

As a result of the Board's April 2022 action, six member agencies serving about one-third of Southern California's population were required to mandate emergency drought restrictions or reduce use to specific volumetric limits by June 1, 2022, to stretch the severely limited SWP supply. The depth and urgency of the drought restrictions imposed by the Board through emergency action are painful, and they garnered substantial local and national media attention, public engagement, and the attention of elected officials.

This constraint forced the six agencies to take mandatory water supply cuts from their expected SWP use by an average of 35 percent—with some facing reductions up to 73 percent. If these agencies cannot limit their use of Metropolitan's supply from the SWP, then they face stiff volumetric penalties of \$2,000 per AF or the first-ever total ban on outdoor irrigation which could dramatically change the outdoor landscape of local communities. The reductions in water use and the possibility of fines also exert financial pressure on the member agencies, as well as forced member agencies and their customers to draw down local supply reserves, at least in the shorter term.

For the other 20 member agencies in the service area, the SWRCB adopted an emergency regulation based on Governor Newsom's executive order. This regulation requires all urban water agencies to implement demand-reduction actions under Level 2 of their Water Shortage Contingency Plans. These actions are locally determined to achieve only a 10 to 20 percent water reduction (without volumetric penalties). Based on preliminary submittals of data from urban water agencies across the state, the California Urban Water Agencies (CUWA) estimates that demand reductions of 8-10 percent were met under this framework in June and July.

Because Metropolitan's supply and infrastructure capabilities were insufficient to meet even the human health and safety needs<sup>11</sup> of the SWP-dependent areas—much less than the normally-expected demands—Metropolitan sought additional supply from DWR. DWR granted Metropolitan's request for Human Health and Safety (HH&S) supply with conditions: Metropolitan must impose mandatory conservation and must also pay back any water borrowed for this purpose within five years. For 2022, this debt is expected to be 133,000 AF.

Finally, Metropolitan also sought supplemental HH&S supply from DWR to reduce the risk of wildfires in state-designated Very High Fire Hazard Safety Zones. Unfortunately, DWR denied Metropolitan's request and stated that "if landscaping within a defensible space cannot be reliably watered – due to conditions such as extreme drought – then dead and dying vegetation should be removed to reduce fire risk." Thus, the inability to connect these areas of high fire hazard to an adequate water supply may permanently change the character of the outdoor landscape (even if the landscape otherwise used water efficiently).

### **Policy and Reliability Foundation**

Metropolitan has long endeavored to provide for the current and future needs of its member agencies and the communities they serve. Some of Metropolitan's historical policies supporting this objective include:

1. Metropolitan's [enabling legislation](#) provided broad powers for "developing, storing, and distributing water for domestic and municipal purposes."
2. In 1931, Metropolitan policy established, "Neither surface nor subsurface storage shall be created to the advantage of any area within the limits of the District, or elsewhere, unless such storage is a necessary and economical part of the general engineering plans which may be accepted."<sup>12</sup> The development of Metropolitan's conveyance and distribution infrastructure thus focused on this approach.
3. In 1967, and in response to the expanding needs of the member agencies, Metropolitan's General Counsel offered that, "neither the Metropolitan Water District Act nor any other law provides or permits the existence of 'second-class' unit municipalities of the District, either by direct action or by indirect action

<sup>10</sup> Newsom, G. (2022). [Executive Order N-7-22](#).

<sup>11</sup> The human health and safety needs are defined by SWRCB regulations and are set at 55 gallons per capita per day (gpcd).

<sup>12</sup> MWDSC (1931). [Statement of Policy of The Metropolitan Water District of Southern California](#).

of the Board of Directors.”<sup>13</sup> Metropolitan’s intent was—through sufficient supply, storage, and distribution infrastructure—to meet the expected water demands of its member agencies.

4. In 1991, Metropolitan established its current mission to “provide the service area with adequate supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.”<sup>14</sup>
5. In 1996, Metropolitan adopted its first Integrated Water Resource Plan.<sup>15</sup> The IRP included an analysis of Metropolitan’s projected Capital Improvement Program and water resource actions. The capital improvements were intended to provide the necessary infrastructure to achieve the water supply resource targets through regional storage, water quality, and system reliability improvements. The 1996 IRP also established targets for local resource development and demand management actions to improve reliability. A basic assumption of the 1996 IRP was that without substantial investment in the SWP, the lowest dry-year supplies available to Metropolitan by 2020 would be 154,000 AF—50 percent higher than available in 2021 and 2022. The adaptive IRP was subsequently updated in 2004, 2010, and 2015.
6. In 2008, Metropolitan’s Board adopted a Water Supply Allocation Plan (WSAP) for use when regional shortages exist.<sup>9</sup> The WSAP was activated three times (2009, 2010, and 2015) to manage shortage conditions felt across the entire service area.
7. In 1988<sup>16</sup>, 1996<sup>17</sup>, and 2007<sup>18</sup>, Metropolitan published system overview and integrated area studies. These studies were undertaken in large part to achieve this principle: “District facilities will be selected, sized, and located so that water from the Colorado River and the State Water Project may be delivered in the most effective and economical manner and in the best interests of the area taken as a whole.”<sup>16</sup> In 2007, the Integrated Area Study acknowledged that “Metropolitan strives to treat all areas as equitably as possible although precise equality of service is not possible (e.g., there will always be geographic inequities).”<sup>18</sup> Equity was to be maximized by developing “sufficient system capacity to ensure the delivery of water identified in the IRP...”<sup>19</sup>
8. In 2022, Metropolitan adopted the 2020 Integrated Water Resources Plan Needs Assessment.<sup>8</sup> Although earlier studies also foreshadowed a reliability challenge,<sup>20,21</sup> this latest IRP assessment directly incorporated scenario planning to address wide-ranging uncertainties and to pre-experience alternative and plausible futures through 2045. The IRP assessment included numerous findings that called for enhanced accessibility to core supplies and storage, and also new storage accessible to the SWP-dependent areas. Unfortunately, the challenging future projected by the IRP scenarios and the other studies arrived early.
9. Also in 2022, the Board approved the General Manager’s strategic priorities for the current biennial budget period. One of the five priorities (Adapt) led with the goal of providing each member agency with an equivalent level of water supply reliability through adaptive implementation of the IRP findings.<sup>22</sup>

Based on this brief review of the historical policy background, Metropolitan’s clear intent was to provide equitable reliability across its service area through a balanced combination of infrastructure, storage, demand

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<sup>13</sup> MWDSC (1967). Report to Water Problems Committee on District Policy Re: Design and Use of Feeder Lines and Authorization of Service Connections.

<sup>14</sup> MWDSC (1991). [Proposed Mission Statement](#).

<sup>15</sup> MWDSC (1995). [Approval of the Integrated Resources Plan](#).

<sup>16</sup> MWDSC (1988). Distribution System Overview Study.

<sup>17</sup> MWDSC (1996). [Southern California's Integrated Water Resources Plan](#).

<sup>18</sup> MWDSC (2007). [Integrated Area Study](#).

<sup>19</sup> MWDSC (2007). [Results of the Integrated Area Study planning process](#).

<sup>20</sup> Groves, D., E. Bloom, R. Lempert, J. Fischbach, J. Nevills and B. Goshi (2014). [Developing Key Indicators for Adaptive Water Planning](#).

<sup>21</sup> Groves, D. and R. Lempert (2017). Evaluating the Robustness of Metropolitan’s Integrated Resources Plan to Future Climate and Other Uncertainties. Santa Monica, Calif., RAND Corporation.

<sup>22</sup> MWDSC (2022). [Approve the General Manager’s Strategic Priorities](#).

management, and water supply programs. In the context of climate change, historical hydrology has proven an inadequate guide to supplies available from the State Water Project and the Colorado River.

Unfortunately, imported supply losses outstripped the ability of Metropolitan's portfolio to compensate. Further, Metropolitan could not provide equitable service as intended in the 2007 Integrated Area Study described in policy item no. 7 above. As such, the proposed resolution condenses the intent of this suite of historical policies, focuses on their urgency, and advances resiliency. New proposed policy statements include:

- *All member agencies must receive equivalent water supply reliability through an interconnected and robust system of supplies, storage, and programs.*
- *Metropolitan will reconfigure and expand its existing portfolio and infrastructure to provide sufficient access to the integrated system of water sources, conveyance and distribution, storage, and programs to achieve equivalent levels of reliability to all member agencies.*
- *Metropolitan will eliminate disparate water supply reliability through a One Water integrated planning and implementation approach to manage finite water resources for long-term resilience and reliability, meeting both community and ecosystem needs.<sup>23</sup>*

### Call to Action

***Metropolitan commits to ensuring equitable access to supply and storage assets by building infrastructure, increasing local supply availability, expanding partnerships, and advancing water use efficiency.***

Metropolitan's Board of Directors, therefore, affirms a Call to Action and directs the General Manager, in collaboration with the member agencies, to:

- Drive a decision towards a portfolio of specific projects and programs to address the problem statement noted above. The selected portfolio must include infrastructure improvements to deliver available water supplies to the SWP-dependent areas. The portfolio must also be balanced through new storage and supply programs and local supply development and management.
- Bring the recommended portfolio and associated implementation plans forward for Board approval in February 2023. Board approval should include modifying the CIP to include the new projects.
- Reprioritize CIP projects, spending plans, and Board approvals as needed to expedite work on critical and time-sensitive elements to address the supply and infrastructure inequity.
- Utilize alternative project delivery methods such as design-build, progressive design-build, or the construction manager/general contractor to counteract the negative impacts of severe and ongoing drought and the continuing impacts of climate change.<sup>24</sup>
- Provide quarterly reports to the Board on the status of the drought emergency projects.

Further, the Board directs the General Manager to take on these actions through a One Water approach, with robust Board oversight through the implementation phase of the IRP. Four elements of action include:

1. Upgrade water infrastructure to ensure equitable access to supply and storage assets.
2. Increase long-term water savings through water use efficiency and the transforming of non-functional turfgrass into a more appropriate Southern California landscape.
3. Advance development of local supplies for recycled water, groundwater recovery, stormwater capture, and desalination.

<sup>23</sup> Paulson, C., W. Broley and L. Stephens (2017). [Blueprint for One Water](#).

<sup>24</sup> This call to action is contingent on the passage of California Assembly Bill No. 1845 (Calderon; D-Whittier).

4. Align imported supply planning and actions for the full potential impacts of climate change, using the best available science. These actions include stabilizing those supplies through conveyance improvements, storage infrastructure and programs, water-loss prevention, and voluntary transfers.

Metropolitan recognizes that although the current drought emergency may seemingly ease in the future with one or two wet years, the possibility of recurrent and severe droughts cannot be ignored. The resolution establishes that the Board intends staff to pursue these improvements until the clear-and-present infrastructure problem is resolved.

## **Policy**

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Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 52481, dated August 17, 2021, the Board adopted a resolution which declared a “Condition 2 – Water Supply Alert.”

By Minute Item 52581, dated November 9, 2021, the Board adopted a resolution which declared specified emergency conditions within the Metropolitan service area.

By Minute Item 52626, dated December 14, 2021, the Board amended the CIP to include water supply reliability improvements in the Rialto Pipeline service area.

By Minute Item 52703 dated February 8, 2022, the Board amended the CIP to include water supply reliability for the western service area.

By Minute Item 52802, dated April 12, 2022, the Board declared a Water Shortage Emergency Condition, adopted an Emergency Water Conservation Program, and expressed support for the Governor’s Executive Order N-7-22.

## **California Environmental Quality Act (CEQA)**

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### **CEQA determination for Option #1:**

The proposed action is not defined as a project under CEQA (Public Resources Code Section 21065, State CEQA Guidelines Section 15378) because it involves continuing administrative activities, such as general policy and procedure making, which will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not defined as a project under CEQA because it involves 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 CEQA Guidelines).

Metropolitan, as the Lead Agency, will be responsible for complying with the requirements of CEQA and the State CEQA Guidelines for any future project related to this resolution prior to approval of such project. As specific projects are proposed, Metropolitan staff will conduct CEQA review as applicable and prepare the appropriate environmental documentation for each project.

### **CEQA determination for Option #2:**

None required

### **CEQA determination for Option #3:**

None required

## Board Options

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### Option #1

Adopt the Resolution shown in **Attachment 1** committing to regional reliability for all member agencies.

**Fiscal Impact:** Unknown but significant expense to add new infrastructure and water supply programs to ensure equitable reliability across the service area.

**Business Analysis:** Adopting the resolution would set a course to ensure each member agency can access the regional water supply benefits intended for all.

### Option #2

Modify the Resolution in **Attachment 1** to expand or limit the direction to the General Manager to address the inequitable access to water supply and storage assets.

**Fiscal Impact:** Unknown fiscal impact

**Business Analysis:** Adjusting the proposed resolution may accelerate or slow Metropolitan's activities to address current conditions.

### Option #3

Do not adopt the Resolution in **Attachment 1**

**Fiscal Impact:** Unknown fiscal impact of water shortage

**Business Analysis:** If the resolution were not adopted, Metropolitan staff would continue to seek reliability improvements under existing policy and direction.

## Staff Recommendation

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### Option #1

  
\_\_\_\_\_  
Brad Coffey  
Manager, Water Resource Management

8/8/2022  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Adel Hagekhalil  
General Manager

8/9/2022  
\_\_\_\_\_  
Date

### **Attachment 1 – Resolution of the Board of Directors of the Metropolitan Water District of Southern California Affirming a Call to Action and a Commitment to Regional Reliability for All Member Agencies**

Ref# wrm12687181

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**AFFIRMING A CALL TO ACTION AND A  
COMMITMENT TO REGIONAL RELIABILITY  
FOR ALL MEMBER AGENCIES**

**1) WHEREAS, Metropolitan seeks to provide water supply reliability to its Member Agencies.**

- a) Metropolitan's enabling legislation provides broad powers for "developing, storing, and distributing water for domestic and municipal purposes."
- b) The Board in 1931 established, "Neither surface nor subsurface storage shall be created to the advantage of any area within the limits of the District, or elsewhere, unless such storage is a necessary and economical part of the general engineering plans which may be accepted."
- c) The Board in 1991 established its current mission to "provide the service area with adequate supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way."
- d) The Board in 1996 adopted its first in a series of Integrated Water Resource Plans (IRPs) to identify infrastructure and supply programs to achieve 100 percent reliability.
- e) The Board in 2008 adopted a water supply allocation plan (WSAP) for use when regional shortages exist to manage shortage conditions felt across the entire service area.

**2) WHEREAS, Metropolitan's infrastructure today cannot provide equivalent water supply reliability to all Member Agencies.**

- a) Metropolitan's distribution system was designed decades ago to operate by gravity and to serve large portions of the service area from a single supply system.
- b) Past reliability efforts focused largely on increasing supply availability rather than connecting member agency demand to multiple imported sources
- c) Infrastructure constraints prevent the State Water Project (SWP)-dependent agencies from accessing sufficient amounts of supply from the Colorado River Aqueduct, or from storage in Diamond Valley Lake or Lake Mead
- d) Metropolitan's actions to operate existing infrastructure to distribute water across the service area, such as the rehabilitation of the Greg Avenue pumping plant, can only meet a small portion of SWP dependent-area needs.

**3) WHEREAS, infrastructure constraints created substantial and disparate impacts between Member Agencies.**

- a) Under the Emergency Water Conservation Program, six out of 26 member agencies, serving about one-third of Southern California's population, were required to severely constrain outdoor water use or comply with strict volumetric limits beginning on June 1, 2022.
- b) These affected member agencies must cut their use of Metropolitan's SWP supply by up to 73 percent, or face volumetric penalties of \$2,000 per acre-foot or a first-ever total ban on outdoor irrigation.

- c) Meanwhile, other member agencies face lesser requirements under statewide regulation to implement demand reductions under Level 2 of their Water Shortage Contingency Plans, locally determined to achieve up to 20 percent water use reduction, and without volumetric penalties.

**4) WHEREAS, Severe drought curtailed Metropolitan's State Water Project Supplies.**

- a) Beginning in water year 2020 (October 1, 2019, to September 30, 2020), the watersheds supplying the California State Water Project (SWP) received below-average precipitation. The California Department of Water Resources (DWR) classified water years 2020 - 2022 as dry or critically dry.
- b) The three-year sequence of water years 2020 - 2022 (October 1, 2019, through September 30, 2022) is projected to be the driest on record in California for statewide precipitation. Precipitation in Northern California during the three months from January through March 2022 was the driest on record for that region.
- c) On March 18, 2022, DWR reduced the SWP Table A allocation for 2022 from 15 to only five percent of contract amounts. Table A allocations for 2020 and 2021 were 20 and five percent, respectively. The last three years marks the lowest three-year combined deliveries of allocated water in the history of the SWP.

**5) WHEREAS, Metropolitan and its Member Agencies have taken specific actions to preserve SWP supplies.**

- a) Metropolitan's member agencies have, where feasible, operated their systems to reduce dependency on Metropolitan's supply delivered through service connections fed from the SWP system.
- b) On August 17, 2021, by Minute Item 52481, Metropolitan's Board adopted a resolution declaring a "Condition 2 – Water Supply Alert" to preserve Metropolitan's supply for the region.
- c) On November 9, 2021, by Minute Item 52581, Metropolitan's Board adopted a resolution recognizing the statewide drought emergency, declaring specified emergency conditions to exist within portions of its service area, and calling on member agencies to take various actions to preserve Metropolitan's supply from the SWP.
- d) On April 26, 2022, by Minute Item 52802, Metropolitan's Board adopted a resolution declaring a Water Shortage Emergency Condition and established an Emergency Water Conservation Program for member agencies within the SWP-Dependent Area.

**6) WHEREAS, Metropolitan has sought additional water for the Human Health and Safety needs of the residents in the SWP-dependent areas.**

- a) Supply and infrastructure capabilities within the SWP Dependent Area became insufficient in 2022 to meet basic human health and safety needs, as defined by State Water Resources Control Board regulations and based on 55 gallons per capita per day.
- b) Although DWR granted Metropolitan's request for additional supply for unmet Human Health and Safety water needs, this water comes under certain conditions: Metropolitan must impose mandatory conservation and must also repay any water borrowed for this purpose within five years.

**7) AND WHEREAS, Metropolitan and the affected Member Agencies jointly agree on this problem statement:**

- a) Due to limited infrastructure, Metropolitan cannot provide the SWP-dependent member agencies equitable access to water supply and storage assets during severe droughts.

- 1) **NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of The Metropolitan Water District of Southern California hereby affirms the following:
  - a) Southern California's water reliability is in crisis because of record-breaking drought and insufficient pipeline connectivity for imported supplies and existing regional storage to serve all member agencies.
  - b) The disparity in water supply reliability between member agencies is unacceptable.
  - c) Serving any member agency from only one supply source creates a long-term and unacceptable risk.
- 2) **BE IT FURTHER RESOLVED** that the Board intends to provide equitable reliability across the service area through a balanced combination of infrastructure, storage, demand management, and water supply programs. These three policy statements affirm this intent:
  - a) All member agencies must receive equivalent water supply reliability through an interconnected and robust system of supplies, storage, and programs.
  - b) Metropolitan will reconfigure and expand (1) its existing portfolio to provide sufficient access to the integrated system of water sources, conveyance and distribution, storage, and (2) programs to achieve equivalent levels of reliability to all member agencies.
  - c) Metropolitan will eliminate disparate water supply reliability through a One Water integrated planning and implementation approach to manage finite water resources for long-term resilience and reliability, meeting both community and ecosystem needs.
- 3) **BE IT FURTHER RESOLVED** that the urgency of this inequity requires a Call to Action where the General Manager is directed to:
  - a) Identify a portfolio of projects and programs, in coordination with the member agencies, to address the problem statement in this resolution. The selected portfolio must include infrastructure improvements to deliver available water supplies to the SWP-dependent areas. The portfolio must also be balanced through new storage and supply programs and local supply development and management.
  - b) Bring a recommended portfolio and implementation plan for Board approval in February 2023.
  - c) Reprioritize CIP projects and spending plans as needed to expedite work on critical and time-sensitive elements to address the supply and infrastructure inequity. If available, use alternative project delivery methods to deliver the projects.
  - d) Provide quarterly reports on the status of the drought emergency projects.
- 4) **BE IT FURTHER RESOLVED** that the Board directs the General Manager to address these actions through a One Water approach with robust Board oversight through the implementation phase of the IRP. The cornerstone elements of the actions must include the following:
  - a) Upgrade water infrastructure to ensure equitable access to supply and storage assets.
  - b) Increase long-term water savings through water use efficiency and transformation of non-functional turfgrass into a more appropriate Southern California landscape.
  - c) Advance development of local supplies for recycled water, groundwater recovery, stormwater capture, and desalination.

- d) Align imported supply planning and actions for the full potential impacts of climate change, using the best available science. These actions include stabilizing those supplies through conveyance improvements, storage infrastructure and programs, water-loss prevention, and voluntary transfers.
- 5) **BE IT FURTHER RESOLVED** that the Board recognizes that the urgency of these improvements may appear to diminish when this present drought eases. The Board affirms that the General Manager must continue to pursue these infrastructure investments even if temporary relief is provided and the water supply conditions improve.
- 6) **BE IT FURTHER RESOLVED** that the General Manager is hereby directed to continue the actions and activities specified in Board Resolution 9313 (August 17, 2021), 9289 (November 9, 2021), and 9305 (April 26, 2002), except as expanded or limited herein.

**I HEREBY CERTIFY** that the foregoing is a full, true, and correct copy of a resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California at its meeting held on Aug. 15, 2022.

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



Water Planning and Stewardship Committee

# Call to Action & Commitment to Regional Reliability for All Member Agencies

Item 7-13

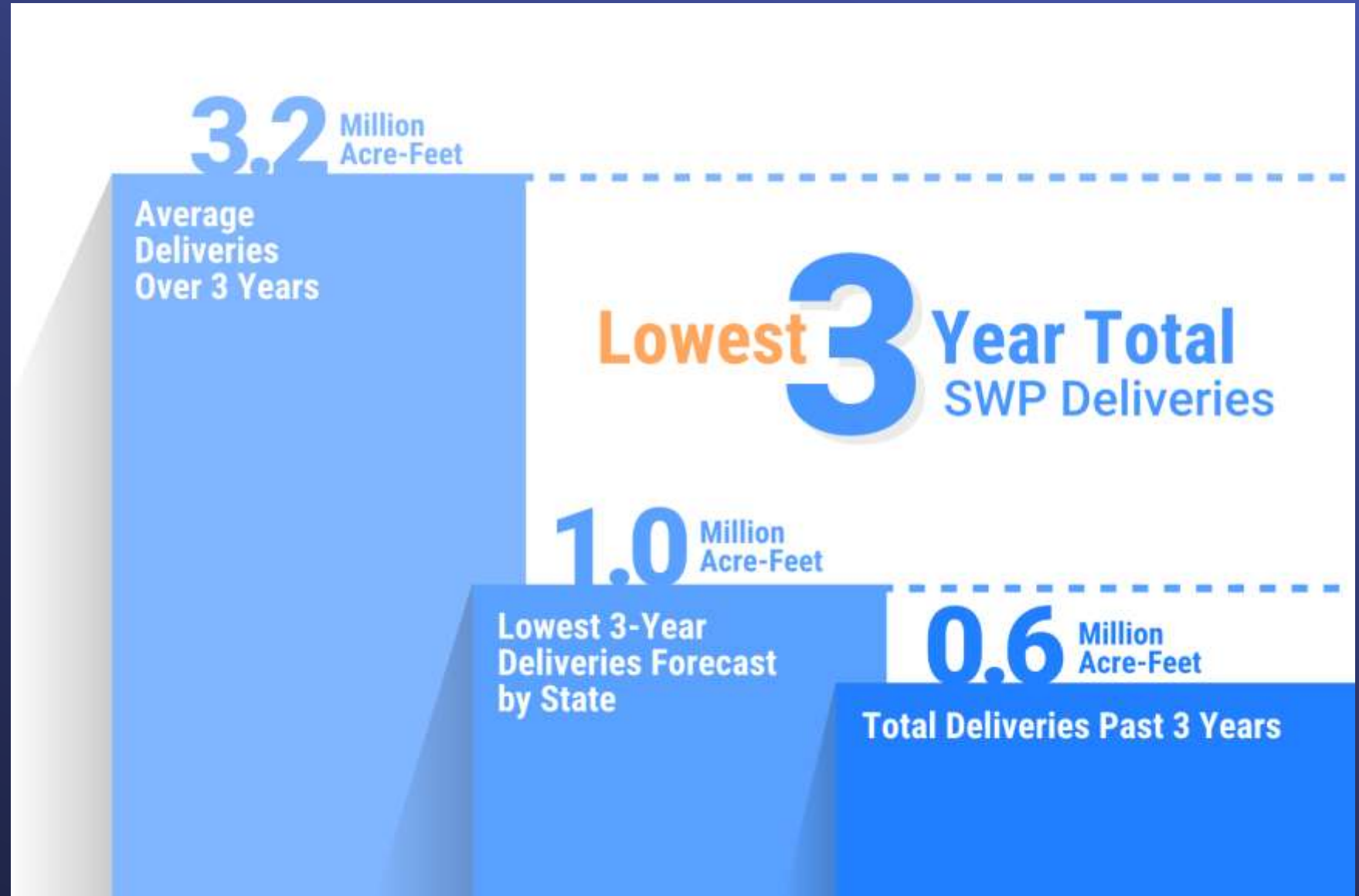
August 15, 2022

## Today's Board Action

# Call to Action & Commitment to Regional Reliability for All Member Agencies

- Adopt resolution declaring
  - Southern California's water reliability crisis
  - Intent to provide equitable reliability through three policy statements
  - Urgency of action
  - Needed elements of the solution

# Severe Drought Depleted Water Supply

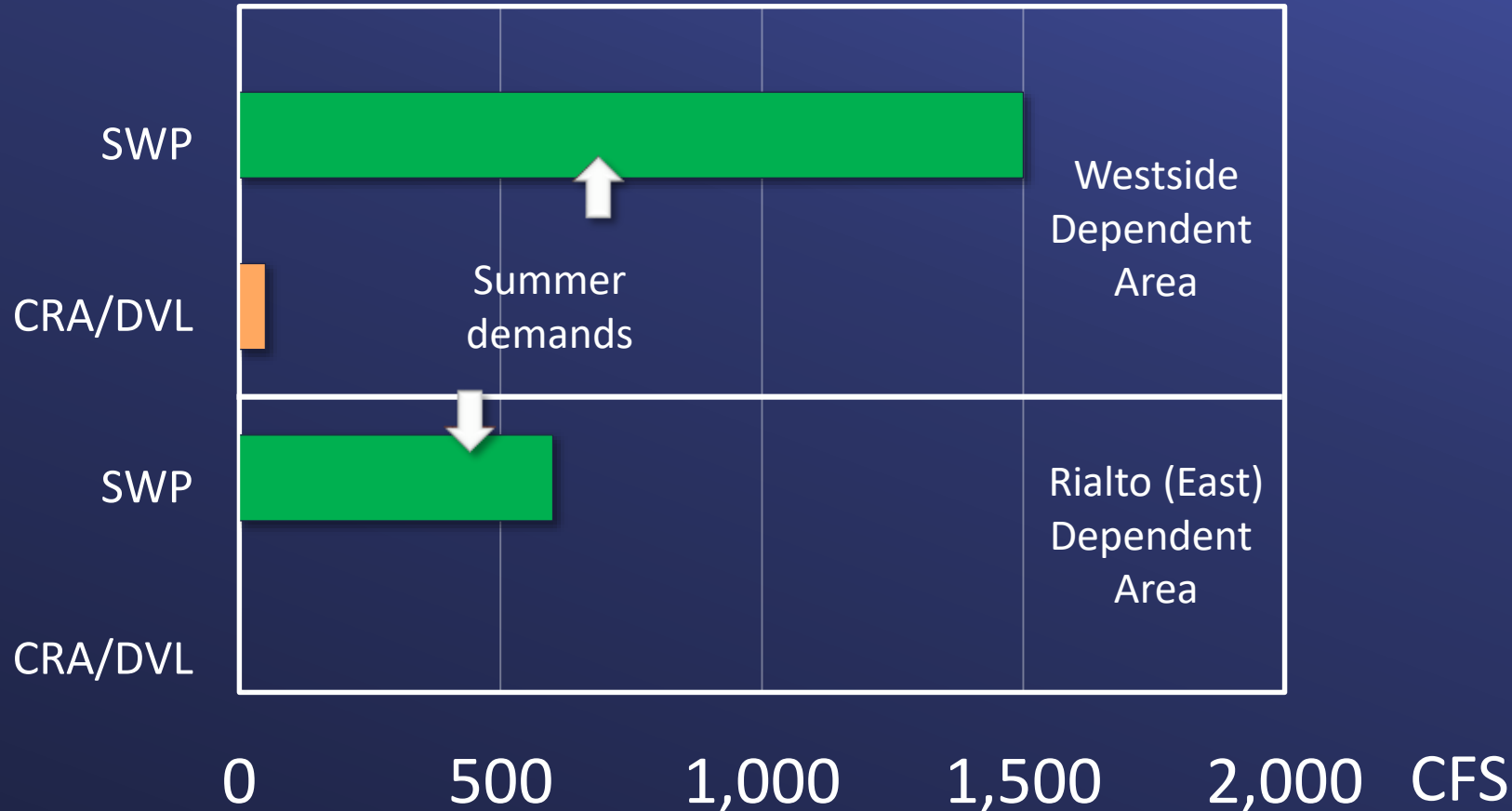


Existing  
infrastructure  
unable to  
connect  
supply/storage  
and demand



# Relative Flow Capacity from SWP or Colorado River/DVL System

Infrastructure limits reliability when calling upon Colorado River/ Diamond Valley Lake



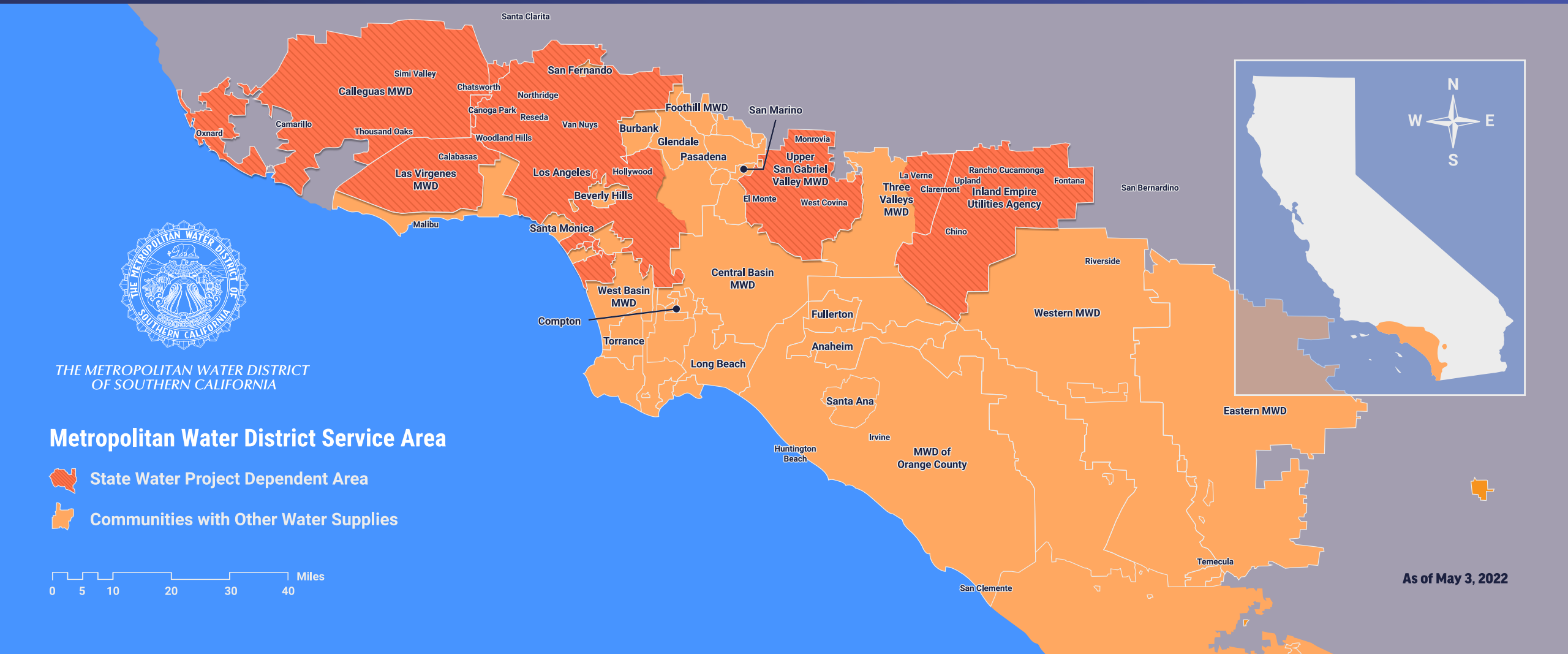
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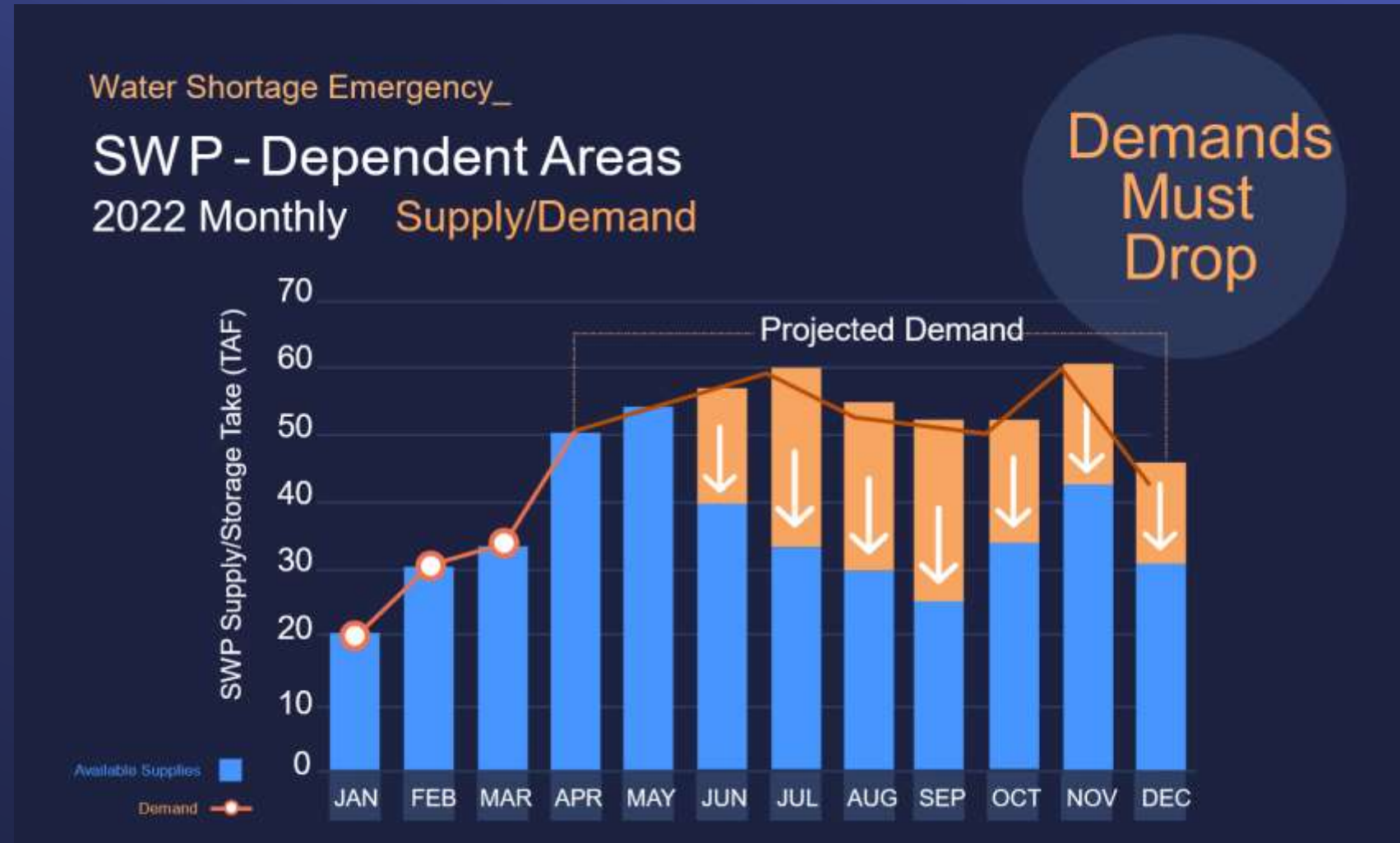
Used in 2022

Total dry-year storage

# Supply Constrained in 2022 for SWP Dependent Area



SWP-  
dependent  
areas taking  
painful cuts,  
as high as  
73%



## Problem in Context

- Six agencies, serving six million people must cut their use of SWP by up to 73% (35% on average)
- Mandatory and painful water restrictions required with \$2,000/AF penalties or total ban of outdoor watering
- Other areas face lesser requirements under statewide regulation
- This disparity is unacceptable

# Call to Action & Commitment to Regional Reliability

## Regional Reliability in Crisis

“Whatever is done  
should be done for the  
**benefit of the whole**  
and whatever is done  
for the benefit of the  
whole should be  
**shared by all the parts.**”



Weymouth   Mulholland   Whitsett

Board Chair W.P. Whitsett  
(Present Day Club, Riverside, 1930)

## Problem Statement

Due to limited infrastructure, Metropolitan cannot provide the SWP-dependent agencies equitable access to water supply and storage assets during severe droughts.

## Policy Background

- 1928 Broad powers for developing, storing, and distributing water
- 1931 No advantage to any area
- 1967 No “second-class” municipalities
- 1991 Mission statement
- 1996, 2004, 2010, 2015 Integrated Water Resources Plan
- 1988, 1996, 2007 System overview and integrated area studies
- 2008 Water Supply Allocation Plan
- 2022 IRP Needs Assessment, General Manager’s Strategic Priorities

## Policy Background

Metropolitan's clear intent was to provide equitable reliability across its service area through a balanced combination of infrastructure, storage, demand management, and water supply programs.

Policy  
Statements  
to crystallize  
intent and  
focus  
urgency

- Provide equivalent water supply reliability to all agencies through an interconnected and robust system of supplies, storage, and programs
- Reconfigure and expand existing portfolio and infrastructure to provide sufficient access to the integrated system and programs to achieve equivalent reliability for all member agencies
- Eliminate disparate water supply reliability through a One Water approach

## Call to Action

- Drive a decision to a portfolio of projects and programs to address the problem
- Bring the portfolio and implementation plans forward for Board approval in February 2023
- Reprioritize to expedite critical work
- Utilize alternative project delivery methods
- Provide quarterly updates

## Call to Action (cont.)

### Action needed in four main areas

- Upgrade infrastructure to ensure equitable access to supply and storage assets
- Increase long-term water savings through water use efficiency and removal of non-functional turf
- Advance development of local supplies
- Align imported supply planning and actions for the full potential impacts of climate change

## Board Options

### Option #1

- Adopt the Resolution committing to regional reliability for all member agencies

### Option #2

- Modify the Resolution to expand or limit the direction to the General Manager to address the inequitable access to water supply and storage assets

### Option #3

- Do not adopt the Resolution

# Board Options

## Staff Recommendation

- Option #1



**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**RESOLUTION NO. 9318**

**AFFIRMING A CALL TO ACTION AND A  
COMMITMENT TO REGIONAL RELIABILITY  
FOR ALL MEMBER AGENCIES**

**1) WHEREAS, Metropolitan seeks to provide water supply reliability to its Member Agencies.**

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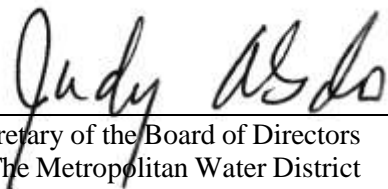
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  - b) Bring a recommended portfolio and implementation plan for Board approval in February 2023.
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**I HEREBY CERTIFY** that the foregoing is a full, true, and correct copy of a resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California at its meeting held on Aug. 15, 2022.

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



- **Board of Directors**

***One Water (Conservation and Local Resources) Committee***

8/16/2022 Board Meeting

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7-14

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**Subject**

Support Metropolitan's Application to the United States Bureau of Reclamation's Water and Energy Efficiency Grant Program; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

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**Executive Summary**

Metropolitan actively seeks grant funding to support its conservation programs. One current opportunity for grant funding is the WaterSMART: Water and Energy Efficiency Grants for FY 2023. On July 27, 2022, Metropolitan applied to the U.S. Bureau of Reclamation's (Reclamation) Water and Energy Efficiency FY 2023 Grant Program. Metropolitan requested \$5 million to increase funding for turf replacement for residential and commercial landscapes. If approved, this action would adopt a resolution (**Attachment 1**) supporting Metropolitan's application for supplemental funding for turf removal in residential and commercial landscapes. This action also authorizes the General Manager to accept up to \$5 million in grant funding and enter into a contract with Reclamation for the WaterSMART: Water and Energy Efficiency Grants for FY 2023. If awarded, Metropolitan would pay the non-federal cost share of \$5 million over three years from the conservation program budget. Metropolitan would provide project participation opportunities to all member agencies.

**Timing and Urgency**

The WaterSMART: Water and Energy Efficiency Grants for FY 2023 Program requires the inclusion of a board resolution supporting grant proposals as soon as possible following the application submittal date of July 28, 2022.

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**Details**

**Background**

Through the WaterSMART: Water and Energy Efficiency Grant Program (WaterSMART), Reclamation annually invites states, Indian tribes, water districts, and other organizations to apply for funding assistance. The program targets projects that increase water efficiency, increase hydropower production, mitigate conflict risk in areas at a high risk of future water conflict, and accomplish other benefits that contribute to water supply reliability in the western United States. This funding opportunity will allocate available program funds, including fiscal year 2023 enacted appropriations for WaterSMART Grants and funding available under the Bipartisan Infrastructure Law (BIL), P.L. 117-58 in FY 2022 or FY 2023. Applicants can submit multiple applications, but Reclamation will not award more than \$5 million to any one applicant. Applicants must provide at least a 50 percent cost share, and award recipients must complete projects within three years of the award.

Metropolitan incentivizes improvements to outdoor water-use efficiency by offering a variety of rebates for irrigation system devices and conversions from turf to more California-friendly landscapes. These incentives are integral components of Metropolitan's efforts to sustain momentum toward achieving the Integrated Resources Plan goals for urban water conservation. An analysis by staff that was facilitated through discussions with the Board and member agencies determined that increasing resources for residential and commercial landscape transformation will also help respond to the Governor's call for a 15 percent reduction in water use and mitigate the impacts of the current drought.

Metropolitan's application to the WaterSMART: Water and Energy Efficiency Grants for FY 2023 program requests \$5 million in federal grant funds to supplement the residential and commercial turf replacement incentive. Reclamation requires awarded applicants to provide at least a 50 percent cost share, or dollar-for-dollar match based on total project costs. If awarded, Metropolitan would be responsible for providing at least a \$5 million cost share, which is available within the annual expectations for the Turf Replacement Program. If awarded, staff anticipates the grant funding would accelerate conversion of non-functional turf in the residential and commercial sectors. Because of increased activity that an additional \$1 per square foot rebate would generate, staff anticipates an additional spending of up to \$11.5 million on residential and commercial turf replacement projects through the entire three-year grant period if the grant was awarded. These additional expenditures would represent Metropolitan's cost share.

If awarded, Metropolitan will use the grant funds to increase the incentive for residential and commercial recipients that apply for the Turf Replacement Program by an additional \$1 per square foot. Metropolitan will provide funding to member agencies through the existing Conservation Credits Program. Under the current incentive structure, grant funds would increase the residential and commercial turf replacement incentive from \$2 per square foot to \$3 per square foot while funding is available.

Recently, Metropolitan was awarded \$2 million for residential and commercial turf replacement projects through a grant from the Department of Water Resources (DWR) Urban and Multibenefit Drought Funding Program. The DWR funds will also temporarily increase the residential and commercial turf replacement incentive from \$2 to \$3 per square foot. Once the DWR grant funding is exhausted, Metropolitan would transfer grant funding to the USBR WaterSMART grant, if awarded, as soon as possible.

The WaterSMART program requires the inclusion of a board resolution supporting grant proposals within 30 days of the application submittal date. The Board resolution documents the governing body's support of the application. The Board resolution acknowledges the support of the applications, authorizes the General Manager to accept funding, delegates authority to the General Manager to enter into a contract, recognizes that Metropolitan is capable of providing up to \$5 million in matching funds, and commits Metropolitan to work with Reclamation to meet established deadlines. The resolution does not obligate Metropolitan to accept funding. Metropolitan has the discretion to accept or decline potential funding after award.

## **Policy**

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

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 51166, dated April 10, 2018, the Board authorized funding for the Landscape Transformation Program, and the Member Agency Administered Program

By Minute Item 50883, dated July 11, 2017, the Board adopted revised policy principles for guiding Metropolitan's role in regional implementation of IRP targets for conservation.

By Minute Item 50358, dated January 12, 2016, the Board adopted the 2015 IRP Update.

By Minute Item 48772, dated August 16, 2011, the Board adopted the Long-Term Conservation Plan and revisions to the water conservation policy principles.

## California Environmental Quality Act (CEQA)

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### CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA (Public Resources Code Section 21065, State CEQA Guidelines Section 15378) because it involves continuing administrative activities such as general policy and procedure making that will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not defined as a project under CEQA because it involves the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

### CEQA determination for Option #2:

None required

## Board Options

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### Option #1

Adopt the resolution to support Metropolitan's application for United States Bureau of Reclamation grant funding of \$5 million to provide supplemental funding for residential and commercial landscapes in the Turf Replacement Program:

- a. Authorize the General Manager to accept grant funds, if awarded.
- b. Authorize the General Manager to enter into a contract with United States Bureau of Reclamation for the grant funds, if awarded.

**Fiscal Impact:** Addition of grant funds of \$5 million to existing Metropolitan funding would allow for more member agency local projects to be implemented to increase outdoor water efficiency.

**Business Analysis:** This grant would allow Metropolitan's funding to be used to reach more participants by enhancing Metropolitan's incentive for residential and commercial turf replacement.

### Option #2

Do not support or accept grant funding.

**Fiscal Impact:** None

**Business Analysis:** Without the grant funds, Metropolitan would reach fewer participants in the conservation program.

## Staff Recommendation

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### Option #1

  
 Brad Coffey  
 Manager, Water Resource Management

8/10/2022  
 Date

  
 Adel Hagekhalil  
 General Manager

8/11/2022  
 Date

**Attachment 1 – Resolution of the Board of Directors of The Metropolitan Water District of Southern California in Support of its Proposal for Funding Under the WaterSMART: Water and Energy Efficiency Grants for the Turf Replacement Program**

**RESOLUTION \_\_\_\_\_**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA IN SUPPORT OF ITS PROPOSAL FOR FUNDING  
UNDER THE WATERSMART: WATER AND ENERGY EFFICIENCY GRANTS FOR THE  
TURF REPLACEMENT PROGRAM**

WHEREAS, the U.S. Bureau of Reclamation (Reclamation) is requesting proposals for water use efficiency activities from the WaterSMART: Water and Energy Efficiency Grants for FY 2023; and

WHEREAS, the submittal of a proposal for grant funding by Metropolitan has been determined to be exempt from the California Environmental Quality Act (CEQA) under Sections 15378 (b)(4) and 15061 (b)(3) of the State CEQA Guidelines.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Metropolitan Water District of Southern California that the Board supports the proposal for the Turf Replacement Program under Reclamation's WaterSMART: Water and Energy Efficiency Grants for FY 2023.

BE IT FURTHER RESOLVED that Metropolitan's Board authorizes Metropolitan's General Manager to accept grant funding of up to \$5,000,000.00.

BE IT FURTHER RESOLVED that Metropolitan's Board delegates legal authority to Metropolitan's General Manager to enter into an agreement with Reclamation, subject to the approval of the General Counsel, relevant to receipt of the requested WaterSMART grant.

BE IT FURTHER RESOLVED that Metropolitan is capable of providing the amount of funding and/or in-kind contributions specified in the funding plan.

BE IT FURTHER RESOLVED that if selected for funding, Metropolitan will work with Reclamation to meet established program deadlines.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California at its meeting held on August 16, 2022.

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

## One Water Committee



# Resolution Supporting Metropolitan's Application to the USBR WaterSMART Water and Energy Efficiency Grant Program FY-2023 for the Turf Replacement Program

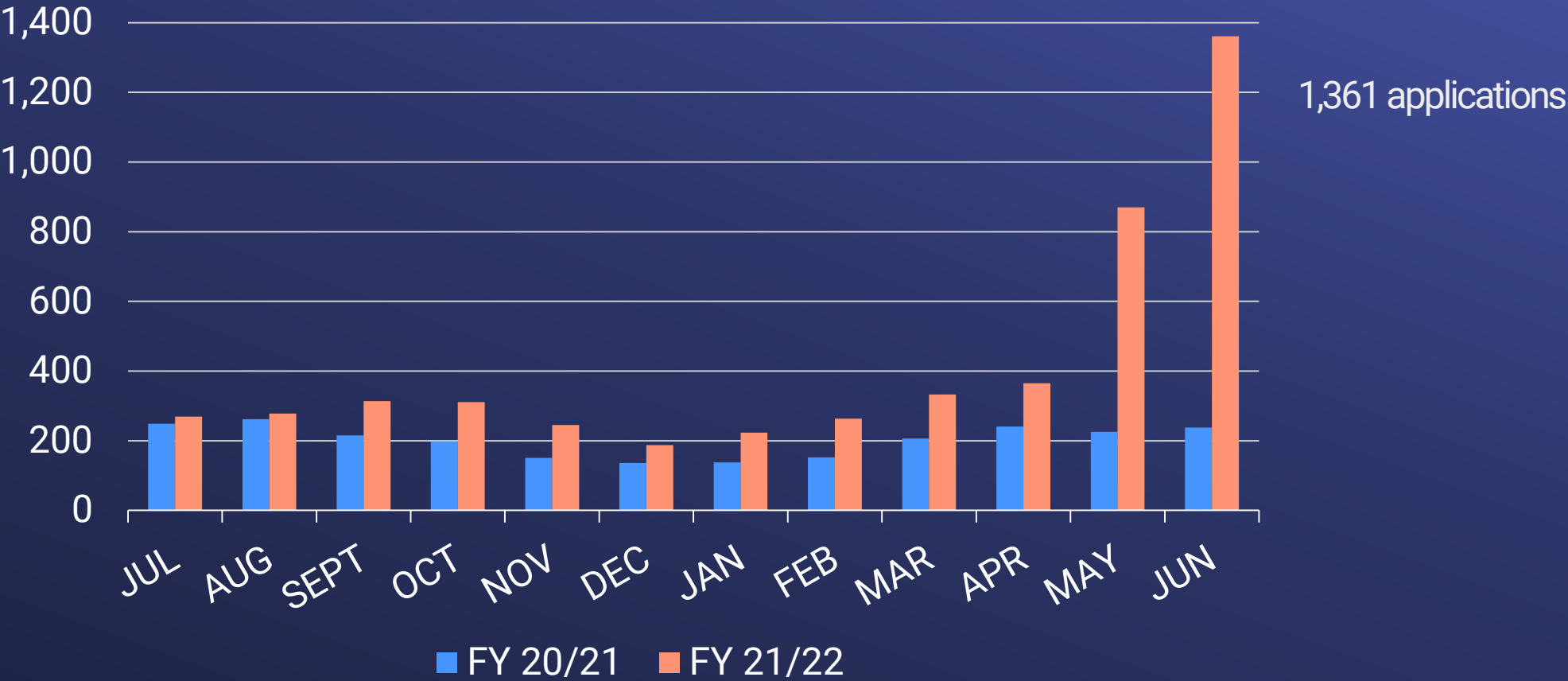
Item 7-14

August 15, 2022

## Recently Awarded Grants:

- USBR WaterSMART: Water and Energy Efficiency Grant Program FY 2022
  - \$2 million dollar grant
  - Public Agency Turf Replacement
- DWR Urban and Multi-benefit Drought Relief 2021
  - \$4.5 million dollars total
  - \$2 million – Residential and CII Turf Replacement
  - \$2.5 million – Residential Direct Install Program (SoCalGas Partnership)

# Residential & Commercial/Industrial/Institutional Turf Replacement Program Applications



Approximately 90% of applicants that complete their projects do so within 1 year

## USBR WaterSMART Grant Application

- \$5 million request to USBR submitted July 2022
  - \$5 million cost-share required from Metropolitan
- Funds will be used to increase RES and CII Turf Replacement incentive from \$2/sq. ft. to \$3/sq. ft.
- Board Resolution of Support required as soon as possible after application submittal
- Funding and project assistance will be available to all Member Agencies

# Board Options

- Option #1: Adopt the resolution to support Metropolitan's application for United States Bureau of Reclamation grant funding of \$5 million to provide supplemental funding for residential and commercial landscapes in the Turf Replacement Program;
  - Authorize the General Manager to accept grant funds, if awarded; and
  - Authorize the General Manager to enter into a contract with United States Bureau of Reclamation for the grant funds, if awarded.
- Option #2: Do not support or accept grant funding

# Staff Recommendation

- Option #1



**RESOLUTION 9319**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA IN SUPPORT OF ITS PROPOSAL FOR FUNDING  
UNDER THE WATERSMART: WATER AND ENERGY EFFICIENCY GRANTS FOR THE  
TURF REPLACEMENT PROGRAM**

WHEREAS, the U.S. Bureau of Reclamation (Reclamation) is requesting proposals for water use efficiency activities from the WaterSMART: Water and Energy Efficiency Grants for FY 2023; and

WHEREAS, the submittal of a proposal for grant funding by Metropolitan has been determined to be exempt from the California Environmental Quality Act (CEQA) under Sections 15378 (b)(4) and 15061 (b)(3) of the State CEQA Guidelines.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Metropolitan Water District of Southern California that the Board supports the proposal for the Turf Replacement Program under Reclamation's WaterSMART: Water and Energy Efficiency Grants for FY 2023.


BE IT FURTHER RESOLVED that Metropolitan's Board authorizes Metropolitan's General Manager to accept grant funding of up to \$5,000,000.00.

BE IT FURTHER RESOLVED that Metropolitan's Board delegates legal authority to Metropolitan's General Manager to enter into an agreement with Reclamation, subject to the approval of the General Counsel, relevant to receipt of the requested WaterSMART grant.

BE IT FURTHER RESOLVED that Metropolitan is capable of providing the amount of funding and/or in-kind contributions specified in the funding plan.

BE IT FURTHER RESOLVED that if selected for funding, Metropolitan will work with Reclamation to meet established program deadlines.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California at its meeting held on August 16, 2022.

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



- **Board of Directors**  
***Communications and Legislation Committee***

8/16/2022 Board Meeting

7-15

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## Subject

Express opposition, unless amended, to SB 1020 (Laird, D-Santa Cruz, Caballero, D-Salinas, Durazo, D-Los Angeles, and Atkins, D-San Diego): Clean Energy, Jobs, and Affordability Act of 2022; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

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## Executive Summary

As amended on May 23, 2022, SB 1020 sets interim targets to ensure that retail electric providers reach their 100 percent clean energy goal by 2045; accelerates the date by which state agencies must achieve 100 percent clean energy procurement from 2045 to 2030, including the State Water Project (SWP); and establishes a Climate and Equity Trust Fund to address rising retail electricity rates (**Attachment 1.**) While Metropolitan supports efforts to ensure California achieves 100 percent clean energy by 2045, the bill fails to consider the costs to the Department of Water Resources (DWR) and, ultimately, water ratepayers from setting an accelerated 2030 target to achieve zero emissions for the SWP. The procurement requirements imposed on the SWP and the lack of funding to offset the cost impact of an accelerated target date will impact the State Water Contractors (SWC) and, ultimately, water affordability. Staff estimates Metropolitan's share would amount to an additional \$130 million annually, including both procurement of new resources and transmission access improvements.

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## Details

### Background

SB 1020 is the latest in a series of bills and Executive Orders designed to strengthen California's climate policy. The California Global Warming Solutions Act of 2006 (AB 32, Núñez) required California to reduce its greenhouse gas (GHG) emissions to 1990 levels by 2020. SB 32 (2016, Pavley) extended AB 32 by requiring the state to reduce GHG emissions to 40 percent below 1990 levels by 2030. In 2018, Governor Brown signed SB 100 (DeLeón) and Executive Order B-55-18, establishing the policy of the state that eligible renewable energy resources and zero-carbon resources supply 100 percent clean energy to all California end-use customers and state agencies by December 31, 2045.

The SWP has become a major source of grid reliability providing significant economic benefits for the State of California. As California takes steps to accelerate the move towards a clean energy future, the SWP will play an increasingly important role. According to DWR, the SWP's current power portfolio consists of 70 percent carbon-free resources, increasing to 75 percent by 2030 and 100 percent by 2045. Approximately 50 percent of the SWP's power is provided by its own emission-free hydroelectric generation. The remainder is made up of contracted renewable resources (approximately 20 percent), short-term purchases from the California Independent System Operator (CAISO) markets (25 percent), and a long-term contract with a natural gas facility in Lodi, California (5 percent).

In 2019, the Legislature directed the California Natural Resources Agency in coordination with DWR and the California Energy Commission to assess opportunities for the SWP to further support grid reliability and the state's clean energy goals by helping integrate renewable resources and reduce greenhouse gas emissions while sustaining reliable SWP water deliveries. The report, referred to as the SB 49 report, is not yet released.

Additionally, in 2021 DWR released an energy road map that identified how SWP assets could be leveraged to achieve a more sustainable energy future. Metropolitan supports DWR's efforts to achieve carbon neutrality for the SWP; that support is consistent with Metropolitan's greenhouse gas reduction goals and initiatives as part of the Board-adopted Climate Action Plan.

### **Summary of SB 1020 as Amended May 23, 2022**

SB 1020 sets interim targets for all retail sales to end-use customers (i.e., 90 percent by 2035 and 95 percent by 2040) to reach SB 100's statewide goal of 100 percent clean energy by 2045. The bill also accelerates the 100 percent clean energy goal for electricity procured to serve state agencies and the SWP from December 31, 2045, to December 31, 2030.

SB 1020 requires DWR to procure newly developed eligible renewable energy resources and zero-carbon resources for the SWP to meet the 2030 target. The new procurements must meet certain requirements including, but not limited to, that the resources be located within California and be interconnected in front of a customer meter, be capable of dispatch by CAISO, and be constructed utilizing multi-craft project labor agreements. SB 1020 directs DWR to invite all electrical corporations, community choice aggregators, electric service providers, and publicly owned utilities to voluntarily subscribe to its procurement commitments. All resources procured by DWR shall first meet DWR's own electricity needs, except for procured resources subject to a voluntary subscription. Additional resources procured by DWR shall then meet the accelerated zero-carbon resource targets of other state agencies.

Finally, SB 1020 requires the Public Utilities Commission (PUC) and California Energy Commission (CEC) to jointly establish a California Affordable Decarbonization Authority (Authority) to administer a Climate and Equity Trust Fund (Trust Fund) to benefit electricity end-use customers and promote affordable electricity rates. The Authority shall be governed by an independent board of directors, whereas funding for the Trust Fund may include, but not limited to, monies from the federal government, the Greenhouse Gas Reduction Fund, and noncompliance penalties assessed by the CEC, PUC, or Air Resources Board. Disbursements from the Trust Fund shall include direct credits on electric utility ratepayer bills; direct rebates or incentives to market participants, technology vendors, technology installers, and end-use customers; and reimbursement of eligible costs incurred by retail electric providers in the form of matching funds.

### **Potential Impacts on Metropolitan**

The accelerated procurement requirements imposed on the SWP by SB 1020 will increase procurement costs significantly without the potential for offsets and could interfere with current efforts by DWR to incorporate renewables into the SWP energy portfolio. DWR estimates that the bill will result in \$2.6 billion in additional costs to the SWP for new resource procurement, and a total of \$3.2 billion including needed transmission access improvements (\$600 million). As the largest SWP contractor, Metropolitan would bear the brunt of these cost increases, which staff estimates would be \$130 million annually, including both procurement of new resources and transmission access improvements. To put that in perspective, from 2010 to 2020, Metropolitan's total annual power charges ranged from \$94 million to \$219 million. It would take an estimated seven-plus percent rate increase to cover these increased costs, unless cuts in this amount can be made from other areas of Metropolitan's budget.

While SB 1020 would provide direct credits to electric utility ratepayers to help maintain affordability as the state transitions to 100-percent clean energy, there is no similar cost offset mechanism for water ratepayers or to help DWR lower the cost of accelerating the target date of achieving 100 percent clean energy for the SWP. These costs will be borne by the SWC and ultimately passed on to retail water agencies. This could threaten water affordability, especially for low-income households, at a time when rates are expected to increase to pay for upgrades to aging infrastructure and new local supplies in response to climate change.

**Suggested Amendments**

In coordination with the SWC, Metropolitan is seeking amendments to minimize the cost impacts to the SWP and maintain water affordability.

Metropolitan and the SWC seek amendments to ensure the Trust Fund can fund procurement of renewable energy resources and initiatives to achieve zero-carbon emissions for the SWP and to maintain water affordability. In addition, Metropolitan and the SWC have suggested the following amendments to reduce cost impacts:

- 1) Delay the procurement target to 2035 and set interim milestones.
- 2) Delete certain procurement requirements that increase costs.
- 3) Clarify that DWR would not be financially responsible for any renewable procurement subscriptions on behalf of other entities or state agencies.

Metropolitan will also seek a provision that would exempt DWR and the SWP from meeting any compliance deadlines if they are unable to do so due to unforeseeable or uncontrollable circumstances, such as grid reliability and supply chain constraints.

Metropolitan shared concerns regarding cost impacts with the author's office and provided a set of amendments for their consideration. Amendments under consideration include the deletion of certain procurement requirements, extension of the target date for the SWP compliance to 2035, and ensuring the Trust Fund can be used to offset costs to the SWP. Discussions with the author's office are still underway. DWR estimates that the extension of the target date for SWP compliance to 2035 would incur \$1.2 billion in additional procurement costs plus transmission access, as compared to the \$3.2 billion total of the currently proposed 2030 target date.

As of the publication of this letter, the bill was on suspense in Assembly Appropriations. Current supporters include some electric utilities, community choice aggregators, environmental non-governmental organizations, and The Utility Reform Network, a utility ratepayer advocacy organization. Those opposed include environmental justice groups, who are concerned the bill would enable biogas projects on dairy farms, along with the Western Electrical Contractors Association, who are opposed to the inclusion of project labor agreement language.

**Recommendation**

Staff recommends the Board authorize the General Manager to oppose SB 1020 unless it is amended to minimize the cost impact to the SWP and maintain water affordability.

**Policy**

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Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 52579, dated November 9, 2021, the Board adopted the Legislative Priorities and Principles for 2022, Section V. Climate Change and the Environment, C. Renewable Energy, Subsection 4. Support administrative/legislative actions and funding for the SWP and the CRA to incorporate renewable energy resources, such as pumped hydroelectric energy, that contribute to the state's climate goals without impacting the projects' primary purpose, provided consideration is given to transmission limitations, cost and portfolio availability, and unrelated impacts are not shifted to SWP or CRA facilities.

## California Environmental Quality Act (CEQA)

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### CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Public Resources Code Section 21065; Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it can be seen with certainty that there is no possibility that this activity may have a significant effect on the environment (Section 15061(b)(3) of the State CEQA Guidelines).

### CEQA determination for Option #2:

None required

### CEQA determination for Option #3:

None required

## Board Options

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### Option #1

Express opposition, unless amended, to SB 1020 (Laird, D-Santa Cruz, Caballero, D-Salinas, Durazo, D-Los Angeles, and Atkins, D-San Diego): Clean Energy, Jobs, and Affordability Act of 2022.

**Fiscal Impact:** Potentially significant if the bill is passed without suggested amendments. Cost impacts to the SWP would be passed on to Metropolitan.

**Business Analysis:** If the bill passes with suggested amendments, the energy costs to the SWP would be offset and Metropolitan would not incur additional energy costs beyond those expected due to SB 100's energy goals.

### Option #2

Express support, if amended, for SB 1020 (Laird, D-Santa Cruz, Caballero, D-Salinas, Durazo, D-Los Angeles, and Atkins, D-San Diego): Clean Energy, Jobs, and Affordability Act of 2022

**Fiscal Impact:** Potentially significant if the bill is passed without suggested amendments. Cost impacts to the SWP would be passed on to Metropolitan.

**Business Analysis:** If the bill passes with suggested amendments, the energy costs to the SWP would be offset and Metropolitan would not incur additional energy costs beyond those expected due to SB 100's energy goals.

### Option #3

Take no position on SB 1020

**Fiscal Impact:** If passed, the bill could result in significant costs to the SWP that would be passed on to Metropolitan.

**Business Analysis:** Costs for Metropolitan's SWP supplies could be significantly adversely impacted.

## Staff Recommendation

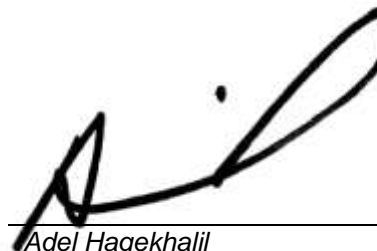
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### Option #1

  
\_\_\_\_\_  
Susan Sims  
External Affairs Group Manager

8/12/2022

Date

  
\_\_\_\_\_  
Adel Hagekhalil  
General Manager

8/12/2022

Date

**Attachment 1 – SB 1020 (Laird, D-Santa Cruz, Caballero, D-Salinas, Durazo, D-Los Angeles, and Atkins, D-San Diego): Clean Energy, Jobs, and Affordability Act of 2022, as amended May 23, 2022**

Ref# ea12686490



## Communications & Legislation Committee

Express opposition, unless amended, to SB 1020 (Laird, D-Santa Cruz, Caballero, D-Salinas, Durazo, D-Los Angeles, and Atkins, D-San Diego): **Clean Energy, Jobs, and Affordability Act of 2022.**

Item 7-15

August 15, 2022

# Summary of **SB 1020** (as amended on May 23, 2022)

- Sets interim milestones for all retail sales to achieve SB 100 clean energy goal (100% by 2045)
  - 90% by December 31, 2035
  - 95% by December 31, 2040
- Accelerates 2045 target for state agencies to 2030
- Creates Climate and Equity Trust Fund to assist in rate mitigation for electricity customers
- Establishes frameworks for DWR
  - to achieve accelerated target compliance for the SWP
  - to help state agencies achieve accelerated targets

# California Climate Policy Background

## Timeline

2006

**AB 32 (Nuñez)**

Reduce GHG emissions to 1990 levels by 2020.

2016

**SB 32 (Pavley)**

Extended AB 32 by requiring state reduce GHG emissions to 40 % below 1990 levels by 2030.

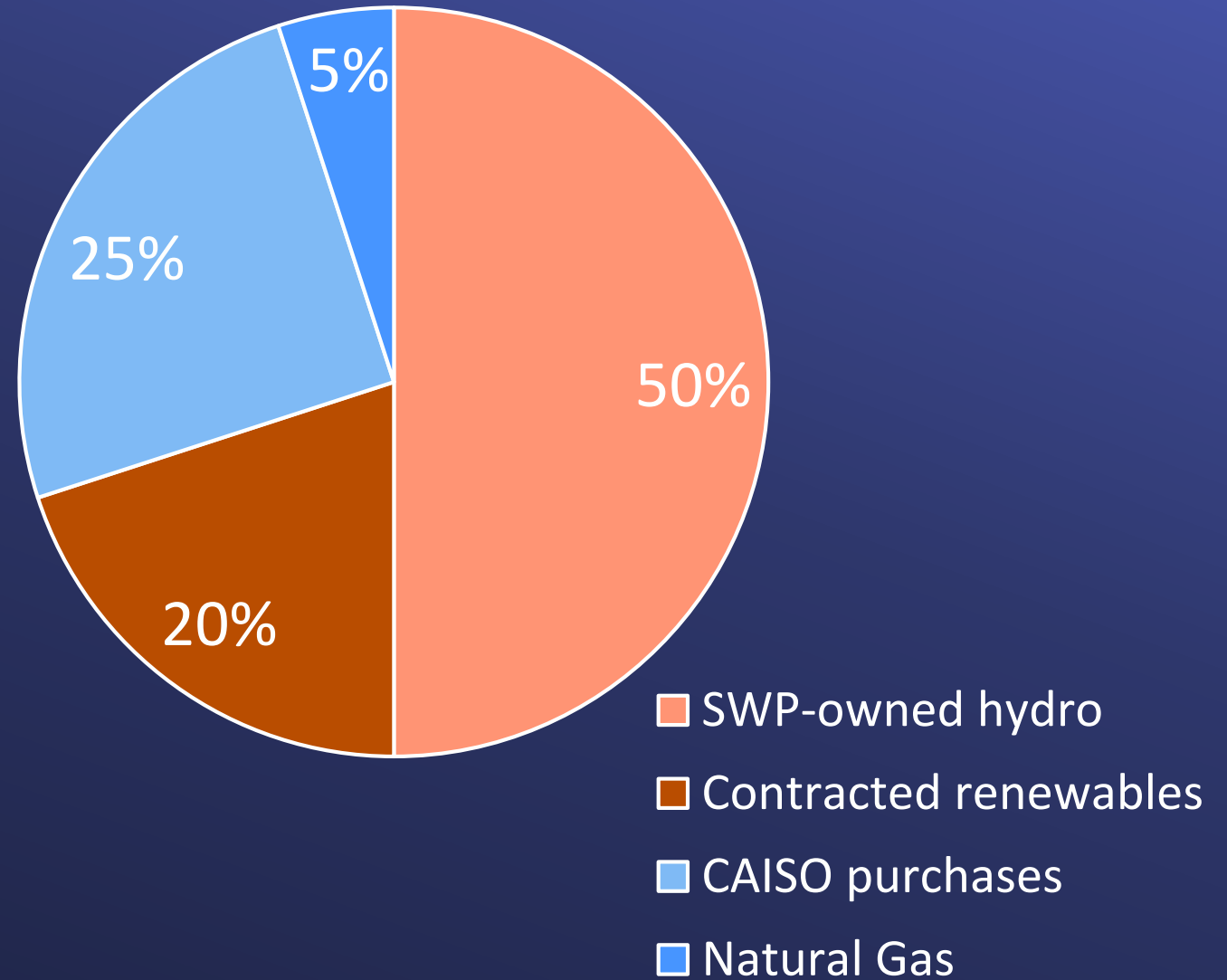
2018

**SB 100 (DeLeón)  
&**

**Executive Order B-55-18**

Set 100 % clean energy policy for electric utilities and state agencies by 2045

# State Water Project Energy Profile



# SB 1020 Issues: Operational & Equity.

- Accelerates target by 15 years (to 2030) for SWP to achieve 100% clean energy
- Imposes procurement requirements on DWR
- Requires DWR to procure renewables on behalf of other state agencies
- SWP ineligible to receive assistance from the Climate and Equity Trust Fund

# SB 1020 Issues: Water Affordability.

## Impacts of Proposed Target Compliance Date

- New target of 2030 for SWP
  - + \$2.6 billion – new resource procurement
  - + \$600 million – transmission access improvements
  - TOTAL \$3.2 billion
- Metropolitan's share: additional \$130 million annually, including both procurement of new resources and transmission access improvements.

# SB 1020 Issues

## Eligibility Constraints.

- SB 1020 would substantially limit the scope of eligible renewable/zero-carbon resources to achieve the target.
- SB 1020 procurement requirements:
  - Newly developed
  - Interconnected in front of the meter
  - Located within California
  - Capable of being dispatched & operated by CAISO

# SB 1020 Issues

## DWR & Procurement.

- Creates de facto procurement role for DWR
- DWR required to invite IOUs, POUs, CCAs, etc. to subscribe to its SWP procurement commitments
- Additional eligible resources procured by DWR could be used to meet other state agencies' accelerated targets

## Proposed Amendments.

- Change the SWP target to achieve 100 percent clean energy to 2035 and set interim milestones
- Delete procurement requirements so DWR has ability to procure cost effective alternatives
- Clarify DWR would not be financially responsible for any renewable procurement subscriptions on behalf of other entities or state agencies
- Ensure the Climate and Equity Trust Fund can fund:
  - procurement of renewable energy resources for the SWP
  - initiatives that could help the SWP achieve zero carbon emissions

## Agreed upon Amendments.

- ✓ Removed procurement requirements so DWR has ability to procure cost effective alternatives
  - Except provision requiring resources to be dispatchable and operated by CAISO
- ✓ Clarified that DWR would not be financially responsible for any renewable procurement subscriptions on behalf of other entities or state agencies
- ✓ Added provision that recognizes existing DWR contracts for fossil fuel generation
- ✓ Added “force majeure” provision authorizes Governor to alter target date due to any unforeseen circumstances

## Remaining Issues.

- Change the SWP target to achieve 100 percent clean energy to 2035 and set an interim milestone
  - DWR estimates \$1.2 billion in additional procurement costs plus transmission access improvements, compared to \$3.2 billion total with currently proposed 2030 target date.
- Ensure the Climate and Equity Trust Fund can fund efforts to achieve new SWP target including
  - procurement of SWP renewable energy resources
  - initiatives to help SWP achieve zero carbon emissions
- Remove or alter the requirement that eligible renewable energy resources & zero-carbon resources be dispatchable by the CAISO

## Other Positions.

### Support

- Central Coast Community Energy
- Central Coast Energy Services
- Elders Climate Action, NorCal and SoCal Chapters
- Marin Clean Energy
- Offshore Wind California
- San Diego Gas & Electric
- Sonoma Clean Power
- The Utility Reform Network (TURN)

### Opposition

- Animal Legal Defense Fund
- California Environmental Justice Alliance
- CEJA Action
- Center for Food Safety
- Clean Water Action
- Community Water Center
- Food & Water Watch
- Leadership Counsel for Justice and Accountability
- Western Electrical Contractors Association

## Board Options.

### Option #1

Express opposition, unless amended, to SB 1020 (Laird, D-Santa Cruz, Caballero, D-Salinas, Durazo, D-Los Angeles, and Atkins, D-San Diego)

### Option #2

Express support, if amended, for SB 1020 (Laird, D-Santa Cruz, Caballero, D-Salinas, Durazo, D-Los Angeles, and Atkins, D-San Diego)

### Option #3

Take no position

# Staff Recommendation.

## Option #1

Express opposition, unless amended, to SB 1020 (Laird, D-Santa Cruz, Caballero, D-Salinas, Durazo, D-Los Angeles, and Atkins, D-San Diego)



Express opposition, unless amended, to SB 1020 (Laird, D-Santa Cruz, Caballero, D-Salinas, Durazo, D-Los Angeles, and Atkins, D-San Diego): [Clean Energy, Jobs, and Affordability Act of 2022](#).

# Questions.

Kathy Viatella, Legislative Services





## • Conservation Board Report August 2022

### Summary

This report provides a summary of conservation activity and expenditures for June 2022.

### Purpose

Informational

### Detailed Report

## Conservation Expenditures – FY2020/21 & FY2021/22 <sup>(1)</sup>







	Paid <sup>(2)</sup>	Committed <sup>(3)</sup>
Regional Devices	\$7.6 M	\$7.2 M
Member Agency Administered	\$8.0 M	\$1.7 M
Turf Replacement	\$17.4 M	\$23.8 M
Advertising	\$4.6 M	\$0.0 M
Other	\$2.9 M	\$1.0 M
<b>TOTAL</b>	<b>\$40.5 M</b>	<b>\$33.7 M</b>

(1) The Conservation Program biennial expenditure authorization was \$86 million and expected expenditures for rate setting purposes were \$50 million.

(2) As of 7/1/2020 - 6/30/2022

(3) Committed dollars as of July 10, 2022

## Summary of Expenditures in June 2022: \$11,375,768 <sup>(\*)</sup>

 <b>Turf Replacement Rebates:</b> June: 871,719 ft <sup>2</sup> removed FY2020/21-FY2021/22: 9,177,381 ft <sup>2</sup> removed	 <b>Clothes Washers:</b> June: 512 units rebated FY2020/21-FY2021/22: 31,577 units rebated
 <b>Smart Controllers:</b> June: 3,369 units rebated FY2020/21-FY2021/22: 26,992 units rebated	 <b>Toilets:</b> June: 2,833 units rebated FY2020/21-FY2021/22: 23,848 units rebated
 <b>Rain Barrels and Cisterns:</b> June: 1,547 units rebated FY2020/21-FY2021/22: 5,914 units rebated	 <b>Sprinkler Nozzles:</b> June: 4,110 units rebated FY2020/21-FY2021/22: 60,464 units rebated

**Lifetime Water Savings to be achieved by all rebates in June 2022: 13,242 AF**

FY2020/21-FY2021/22: 88,706 AF lifetime water savings

(\*) Expenditures may include advertising and Water Savings Incentive Program activity in addition to the incentives highlighted above.



- **Board of Directors**  
***Water Planning and Stewardship***

8/15/2022 Board Meeting

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9-2

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**Subject**

Review of Policy Principles Regarding the Sacramento-San Joaquin River Bay-Delta

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**Executive Summary**

At the April 2021 Bay-Delta Committee meeting, staff was requested to provide a review of Metropolitan's Bay-Delta Policies. Metropolitan's overarching Bay-Delta Policies were last updated in 2006, with additional policy actions that occurred in the following few years regarding Delta Action Plan, Conveyance Criteria, Governance, and other policy areas (see description of these developments below). Since that time many significant factors have arisen related to statewide water resources management, including changed conditions in the Bay-Delta region and throughout Metropolitan's service area. Staff went through an extensive internal process to review and consolidate the existing Bay-Delta Policies and develop a draft Bay-Delta Policy Framework to facilitate discussion and input from the Board. Based on board feedback, staff have further revised the draft Bay-Delta Policy Framework into three policy objectives and nine policy principles that restate existing policy and include key updates based on emerging trends. This information letter provides an overview of existing Bay-Delta Policies and the process to consolidate, review and restate the Bay-Delta Policies based on Board feedback to date. Staff is seeking additional Board feedback regarding the restated Bay-Delta Policies in preparation for a board action in fall 2022 described in the information letter below.

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**Details**

Since the adoption of Metropolitan's existing Bay-Delta Policies in the mid-1990s and early-to-mid 2000s, many significant factors have arisen related to statewide water resources management, including changed conditions in the Bay-Delta region and throughout Metropolitan's service area. In addition, the current policy structure, while comprehensive, is embodied in several board actions and can be challenging to reference and difficult for the Board, outside decision-makers, and the public to understand. The Board's future oversight and actions could be better supported by updating the Bay-Delta Policies to align with emerging trends, while clarifying and preserving topics that continue to be relevant to the Board's ongoing direction.

**Background**

Overview of Existing Bay-Delta Policies

Since the mid-1990s, Metropolitan's Board has taken a number of actions and adopted policy principles that support staff implementation of activities related to the Bay-Delta. These activities include day-to-day tasks, projects, policy and program development, program management, engagement with external parties, long-term planning, and key investments. Collectively, staff refer to this set of board policy actions as the "Bay-Delta Policies."

***Pre 2006 – Bay-Delta Board actions and related policies:*** Key Metropolitan board-approved policies were adopted following the passage of the Central Valley Project Improvement Act (CVPIA) of 1992, which aimed to solve water conflicts by establishing a balance between requirements for fish and wildlife, agriculture, municipal, industrial and power interests.

***April 2006 – Board adoption of policy principles regarding long-term actions for the Sacramento-San Joaquin River Delta.*** In recognition of then-recent events including Hurricane Katrina, the Jones Tract levee failure, declining fish species in the Delta, and renewed state efforts to protect the Delta, the Board adopted 13 policy principles that reflected the importance of the Delta to Metropolitan. These policy principles included a Delta Mission Statement.

Based on the four central themes, 13 specific policy principles were adopted to ensure long-term challenges in the Delta could be successfully met.

***June 2007 – Board support, in principle, of the proposed framework for Metropolitan’s Delta Action Plan:*** Following Board adoption of the 13 policy principles for the Delta, development of Metropolitan’s Delta Action Plan began. At its April 2007 Board of Directors Retreat, the Board discussed a proposed framework for directing Metropolitan’s staff action on Delta-related issues.

***September 2007 – Board adoption of criteria for conveyance options in implementation of the Long-Term Delta Action Plan:*** In September 2007, Metropolitan’s Board adopted six key policy criteria for considering the water supply conveyance options being developed by the State of California: (1) provide water supply reliability; (2) improve export water quality; (3) allow flexible pumping operations in a dynamic fishery environment; (4) enhance the Delta ecosystem; (5) reduce seismic risks; and (6) reduce climate change risks.

***August 2008 and January 2009 – Board approval of Delta Governance Principles and support of the Final Delta Vision Implementation Report:*** In August 2008, the Board adopted Delta Governance Principles in response to the governance strategy established by the Governor’s Blue-Ribbon Task Force. The Governor’s Blue-Ribbon Task Force adopted a Delta Vision Plan to describe an overarching vision for the future of the Delta, followed by a subsequent Delta Vision Strategic Plan.

## **Current Update Process**

### **Overview of Process to Consolidate, Review, and Update the Bay-Delta Board Policies**

At the April 2021 Bay-Delta Committee meeting, staff was directed to review and propose updates to Metropolitan’s Bay-Delta policies. In November 2021, staff followed up with a presentation to the Bay-Delta Committee that provided a high-level overview of the history of Metropolitan’s Bay-Delta Policies and a proposed process to review and consider updates to those policies.

### ***Internal Review and Development Process***

During the fall of 2021 and into early 2022, staff went through a process to review and consolidate the existing Bay-Delta actions and policies described above. Staff subject matter experts throughout Metropolitan provided input on key policy areas to identify changed conditions and emerging trends.

Based on that process, a background information document was developed and transmitted to the Water Planning and Stewardship committee prior to the April 2022 committee meeting to serve as background and a reference and to promote continued discussion. It provided an overview of existing Bay-Delta policies, a description of the policy update process, and proposed next steps. The background document also included two attachments that provided additional detailed information, a staff paper on emerging trends and a document summarizing feedback received in staff workshops.

***Bay-Delta Review of Policy Principles – Session #1***

The first review with the Board of the Bay-Delta Policy Principles was held at the May 2022 Water Planning and Stewardship Committee meeting (the item was deferred from the previous month due to Committee time constraints). Staff provided background on existing board-adopted Bay-Delta Policies and the internal staff review process. Staff then described the six key policy areas that were identified in the internal review and development process and how those key policy areas were used to develop a policy framework and draft policy principles. Further, staff provided examples of how the policy framework could be used in different policy applications. The following lists the components of the draft Bay-Delta Policy Framework that was presented by staff at that time, including six key policy areas and specific policy principles:

**Draft Bay-Delta Policy Framework (initial version)**

<p><u>Policy Area 1: Statewide Water Resources Management</u></p> <ul style="list-style-type: none"> <li>• Promote statewide climate adaptation solutions for water resources</li> <li>• Encourage statewide investments in regional water resources</li> <li>• Support long-term Delta sustainability and multi-benefit outcomes</li> </ul>
<p><u>Policy Area 2: Bay-Delta Science, Watershed Management, and Land Use</u></p> <ul style="list-style-type: none"> <li>• Provide for sustainable environmental protections</li> <li>• Consider all watershed elements: upper watershed and in-Delta</li> <li>• Implement and support sustainable Delta land uses</li> </ul>
<p><u>Policy Area 3: Bay-Delta Operational Resilience</u></p> <ul style="list-style-type: none"> <li>• Actively pursue actions to ensure flexible water operations</li> <li>• Ensure equitable and informed water resource management</li> <li>• Actively ensure water quality is protected</li> </ul>
<p><u>Policy Area 4: Bay-Delta Infrastructure Reliability</u></p> <ul style="list-style-type: none"> <li>• Pursue infrastructure improvements which address climate change</li> <li>• Support water supply actions and investments for seismic resiliency</li> <li>• Seek flexible operational and supply reliability infrastructure solutions</li> </ul>
<p><u>Policy Area 5: Community Investments and Partnerships</u></p> <ul style="list-style-type: none"> <li>• Pursue cost-effective and equitable financial investments</li> <li>• Support public engagement statewide and within Metropolitan’s service area</li> <li>• Participate and develop collaborative partnerships</li> </ul>
<p><u>Policy Area 6: Statewide Water Resources Management Supports Metropolitan’s One Water</u></p> <ul style="list-style-type: none"> <li>• Recognize the importance of SWP in supporting local supplies</li> <li>• Use storage and transfers to effectively manage Delta supplies</li> <li>• Pursue actions that improve reliability for SWP-dependent areas</li> </ul>

***Review of Policy Principles – Session #2***

Staff received additional feedback at the second review of the Bay-Delta Policy Principles at the June 2022 Water Planning and Stewardship Committee meeting. Metropolitan staff also received feedback from member agencies through discussions with Metropolitan staff, member agency meetings, and requests for staff to provide updates at member agency board meetings. In response,

staff updated and consolidated the draft Bay-Delta Policy Framework into three Bay-Delta policy objectives, three policy areas, and nine specific policy principles below.

**Revised Bay-Delta Policy Objectives and Framework**

<p><i>Objective 1: Promote a Sustainable Bay-Delta within Metropolitan's One Water Approach</i></p> <p><i>Objective 2: Support Statewide and Regional Actions that Improve Bay-Delta Sustainability</i></p> <p><i>Objective 3: Address the Risks Associated with Climate Change</i></p>
<p><b><u>Policy Area 1: Science and Watershed Management</u></b></p> <p>1A Protect and restore aquatic species and habitats based on best available science</p> <p>1B Partner in watershed-wide approaches to develop comprehensive solutions</p> <p>1C Advance responsible stewardship of Metropolitan's Delta islands</p>
<p><b><u>Policy Area 2: Water Supply Reliability and Resilience</u></b></p> <p>2A Protect water supply reliability and water quality</p> <p>2B Invest in actions that provide seismic and climate resiliency</p> <p>2C Seek flexible operations, water management actions, and infrastructure solutions</p>
<p><b><u>Policy Area 3: Partnerships and Cost-Effective Investments</u></b></p> <p>3A Maintain and pursue cost-effective financial investments</p> <p>3B Foster broad and inclusive engagement of Delta interests and beneficiaries</p> <p>3C Promote innovative and multi-benefit initiatives</p>

Input from the office of the General Manager, External Affairs, Water Resource Management, Real Estate, Finance, and Legal was also solicited and is reflected in this draft Bay-Delta Policy Objectives and Framework, which is attached to this board information letter (**Attachment 1**) along with an overview document (**Attachment 2**). The overview document summarizes how to navigate the framework, key descriptors of each element of the framework, and examples that illustrate how the policy principles might be applied.

### Next Steps

Staff is soliciting feedback from the Committee this month for board action in Fall 2022. The revised Bay-Delta policy objectives and policy principles include key updates consistent with emerging trends: (1) strengthening policies as they relate to risks associated with climate change; (2) redefining cost-effective investments to advance partnerships and seek funding for both climate adaptation for water supply and public benefits; and (3) broadening and including engagement with Delta interests and beneficiaries. The forthcoming board action will provide the Board an option to adopt the restated Bay-Delta Policies (three policy objectives and nine policy principles) to supersede previous Bay-Delta Policies. Alternatively, an option will also be presented to accept and file the draft Bay-Delta Policies as a staff report, and staff will continue to operate under previous board-adopted policies and actions.

### Policy

By Minute Item 41504, dated July 13, 1995, the Board adopted principles guiding development of an urban position on amendment of the Central Valley Project Improvement Act (P.L. 102-575).

By Minute Item 45753, dated May 11, 2004, and Minute Item 46637, dated April 11, 2006, the Board adopted a set of Delta policy principles to ensure a solid foundation for development of future Metropolitan positions and to provide guidance to Metropolitan staff.

By Minute Item 47135, dated May 25, 2007, the Board supported, in principle, the proposed Delta Action Plan, as set forth in the letter signed by the General Manager.

By Minute Item 47232, dated September 11, 2007, the Board adopted criteria for support of conveyance options in implementation of a long-term Delta improvement plan.

By Minute Item 47605, dated August 19, 2008, the Board approved the Ad Hoc Subcommittee recommendations as outlined in the board letter.

By Minute Item 47769, dated January 13, 2009, the Board expressed a support position regarding the Final Delta Vision Implementation Report.

### **Fiscal Impact**

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**Fiscal Impact:** None

  
Stephen N. Arakawa  
Manager, Bay-Delta Initiatives

8/8/2022  
Date

  
Adel Hagekhalil  
General Manager

8/10/2022  
Date

**Attachment 1 – Revised Bay-Delta Policy Objectives and Framework**

**Attachment 2 – Emerging Trends**

Ref# eo12682561

## Attachment 1: *Revised* Bay-Delta Policy Objectives and Framework

### Overview

The *Revised* Bay-Delta Policy Objectives and Framework is a consolidation and restatement of existing Bay-Delta Policies; however, it also takes into consideration recent trends relevant to Metropolitan's interests. This document describes each of the three revised Bay-Delta Policy Objectives and Bay-Delta Framework (nine policy principles) with relevant examples listed under each of the nine policy principles.

The Bay-Delta Policy Objectives define Metropolitan's overarching goals to protect reliable, high quality water supplies in an environmentally sensitive manner, consistent with Metropolitan's Mission Statement. The Bay-Delta Framework includes nine policy principles intended to advance the Bay-Delta policy objectives. Once adopted, the Bay-Delta Policy Objectives and Framework collectively will guide Metropolitan staff and will inform future Board actions.

<i>Revised</i> Bay-Delta Policy Objectives		
<b>Promote a Sustainable Bay-Delta Within Metropolitan's One Water Approach</b> <b>Support Statewide and Regional Actions that Improve Bay-Delta Sustainability</b> <b>Address the Risks Associated with Climate Change</b>		
<i>Revised</i> Bay-Delta Policy Framework		
Science and Watershed Management	Water Supply Reliability and Resilience	Partnerships and Cost-Effective Investments
Protect and restore aquatic species and habitats based on best available science	Protect water supply reliability and water quality	Maintain and pursue cost-effective financial investments
Partner in watershed-wide approaches to develop comprehensive solutions	Invest in actions that provide seismic and climate resiliency	Foster broad and inclusive engagement of Delta interests and beneficiaries
Advance responsible stewardship of Metropolitan's Delta islands	Seek flexible operations, water management actions, and infrastructure solutions	Promote innovative and multi-benefit initiatives

## Bay-Delta Policy Objectives

### **Objective 1: Promote a Sustainable Bay-Delta Within Metropolitan's One Water Approach**

Supplies from the Bay-Delta watershed are integral to implementing Metropolitan's One Water Approach, an integrated planning and implementation approach to managing finite water resources for long-term resilience and reliability, meeting both community and ecosystem needs. Bay-Delta supplies are foundational to the One Water approach as they meet demands in Metropolitan's service area (including the SWP Dependent Area) and acts as source water for local supply projects such as water recycling and groundwater basin replenishment.

### **Objective 2: Support Statewide and Regional Actions that Improve Bay-Delta Sustainability**

Ongoing statewide and regional investments in ecosystem restoration, flood control, water supplies, multi-benefit projects in the Bay-Delta, and upstream watersheds are essential to building and maintaining resilient water supplies from the Bay-Delta. Effective implementation of state policies related to reduced reliance, water use efficiency, the Sustainable Groundwater Management Act, and initiatives such as the governor's Water Resilience Portfolio will be essential. Likewise, additional funding and permitting efficiencies can help expedite regional and local supply development, and projects that supply ecologically beneficial flows in the Bay-Delta or Bay-Delta watershed.

### **Objective 3: Address the Risks Associated with Climate Change**

Climate change is impacting California's water resources: sea levels are rising, snowpack is decreasing, and water temperatures are increasing. Droughts are expected to become more frequent and more severe, and storm intensities are expected to increase. These climate change trends are anticipated to continue, posing a prolonged threat to the Bay-Delta and Metropolitan's water supplies. An integrated federal, state, regional, and local approach to developing and managing water supply programs and projects is critical to managing for the future with climate change impacts that are occurring.

## Bay-Delta Policy Framework

### Policy Area 1: Science and Watershed Management

#### **1A Protect and restore aquatic species and habitats based on best available science**

Sustainable and resilient water supplies rely, in part, on the health of the Delta ecosystem. As populations of native aquatic wildlife continue to trend downwards, rigorous and peer reviewed science protects the environment and Metropolitan's water supply by supporting informed decision-making.

*Examples include: Metropolitan staff authored papers on topics including Delta Smelt Habitat, Salmon Growth, and Delta Stressors, the Lower Yolo Tidal Marsh Restoration Project, and participation in the Collaborative Science and Adaptive Management Program and inter-agency consultations on coordinated long term operations of the State Water and Central Valley Projects.*

#### **1B Partner in watershed-wide approaches to develop comprehensive solutions**

With much of the state's water supply originating in the mountains, the health and management of the upper watersheds are critically important to California's water quality and water supply.

*Examples include: potential partnerships and opportunities in the upper watershed focused on the long-term potential for climate change adaptation (including adjustments for loss of snowpack), reduction in the impacts of variable precipitation patterns on runoff, and improvements in water quality and water temperature.*

#### **1C Advance responsible stewardship of Metropolitan's Delta islands**

The Delta Islands provide a unique opportunity for research, innovation, and collaboration with other stakeholders to develop sustainable strategies for Delta land use and environmental stewardship. Staff is engaged in specific processes and opportunities for responsible long-term stewardship of Metropolitan's Delta islands properties. Further advancements on Metropolitan's Delta Islands would comport with both the Bay-Delta Policy Framework and the Board's adopted Climate Action Plan.

*Examples include: levee enhancements that protect the freshwater pathways to the State Water Project south-Delta pumps, pilot projects and scientific investigations to evaluate strategies for carbon sequestration, floating organic marshes that can support sensitive fish species, sustainable agriculture that halts or reverses subsidence, experiments to improve measurement of water diversions and water use, compensatory mitigation, habitat restoration for native aquatic species, native fish species preservation, and reduction in stressors affecting state and federal listed fish species.*

## Policy Area 2: Water Supply Reliability and Resilience

### **2A Protect water supply reliability and water quality**

Two of the core tenets of Metropolitan's mission statement are to provide reliable and high-quality water supplies to its service area. The Delta is a major pathway for the source of water for most of the state and the sustainability of Delta water supplies is a critical element of Southern California's water reliability. This reliability is protected through science-based regulatory frameworks, long term water supply planning, collaborative partnerships, and pursuing water supply infrastructure solutions.

Delta water quality should be protected for public health and managing salinity. Measures that reduce the salinity of Delta supplies will help meet regional salinity objectives of urban and agricultural agencies throughout California. This includes benefits to Metropolitan's service area to enhance management of Southern California groundwater basins and to develop additional recycled water.

*Examples include: Water supply and quality initiatives including new Delta conveyance, Voluntary Agreements to implement State Water Resources Control Board Water Quality regulations, Delta Regional Monitoring Program, CV-SALTS, and Delta Nutrient Research Plan*

### **2B Invest in actions that provide seismic and climate resiliency**

Earthquakes in the Delta region, sea level rise and subsidence can result in levee failure and saltwater intrusion into the Delta from the San Francisco Bay and the ocean. Changing weather patterns will result in longer periods of drought and more intense storms and storm periods. Resiliency requires continued participation and investment in actions including flood emergency planning, levee improvements, water storage, and water supply management.

*Examples include: the DWR/USACE Delta Flood Emergency Integration Plan, the Governor's Water Resilience Portfolio, and new storage and conveyance projects.*

### **2C Seek flexible operations, water management actions, and infrastructure solutions**

Current operations of the State Water Project and Central Valley Project facilities are subject to prescriptive flow and other regulatory standards. Metropolitan staff is working with partners to advance technology and monitoring that could be used to develop more effective water project operations that are protective of aquatic wildlife, with the support of new technological capabilities and better real-time information systems.

*Examples include: Improved atmospheric river and runoff forecasting, forecast-informed reservoir operations, improved fish monitoring, including steelhead, artificial intelligence, modeling of aquatic wildlife behavior, improved rapid genetic testing of salvaged salmonids, and the use of true adaptive management and structured decision-making processes.*

### Policy Area 3: Partnerships and Cost-Effective Investments

#### **3A Maintain and pursue cost-effective financial investments**

Completion and maintenance of large multi-benefit water supply projects require partnership and multiple funding sources to be cost-effective. Advancing partnerships and seeking multiple funding sources can offset or reduce expenditures associated with climate change adaptation for water supply and other public benefits, which are instrumental to future Metropolitan water supply reliability.

*Examples include: repair of California Aqueduct subsidence, new Delta conveyance, Sites Reservoir, Pure Water and other local and regional projects.*

#### **3B Foster broad and inclusive engagement of Delta interests and beneficiaries**

The Bay-Delta is a lifeline to multiple entities with diverse interests including tribes, public water agencies, local, state and federal agencies, non-governmental organizations and agricultural interests. Engagement can yield new perspectives on Bay-Delta related issues and identify opportunities for collaboration.

*Examples include: Engaging in the development of a Community Benefits Program for the Delta Conveyance Project, participating in the multi-interest Collaborative Science and Adaptive Management Program, opportunities for projects on Metropolitan's Delta Islands, participating in State Water Project Contractors, serving on the Delta Protection Commission Advisory Committee, participating in the Plumas Watershed Forum, and Sites Reservoir Committee and subcommittee engagement.*

#### **3C Promote innovative and multi-benefit initiatives**

The Delta region is at the intersection of many social, political, environmental and climate related factors. As a result, Delta issues are significantly complex, with a significant degree of uncertainty given the range of physical and biological factors that are involved. Metropolitan recognizes that new technologies and approaches are needed to address current and future challenges in the Bay-Delta.

*Examples include: Collaborative and innovative solutions including the use of structured decision making, environmental DNA to detect aquatic species, the Reorienting to Salmon Recovery effort, the Bouldin Island Levee Setback Project, and the Delta Smelt and Native Species Preservation Project.*

## Bay-Delta Policies Update Process

### Attachment 2: Emerging Trends

#### Policy Objective 1: Promote a Sustainable Bay-Delta Within Metropolitan's One Water Approach

##### Local Resources Sustainability

##### SWP Interrelationship with Local Resources

###### Current Trends

Production from existing local groundwater, surface water, and Los Angeles Aqueduct supplies have decreased over the last decades. New recycled water, seawater desalination, and groundwater recovery local supply projects have proven difficult to implement due to permitting and regulatory requirements, technical complexities, and costs. The development of new local supply production has fallen short of the planning goals described in Metropolitan's Integrated Water Resources Plan (IRP). Shortfalls in local supply production and development put additional pressure on other local supplies and imported water sources. The importance of new local supplies is described in the 2020 IRP Regional Needs Assessment, as follows:

- Maintaining existing and developing new local supplies is critical in helping manage demands on Metropolitan, which increases sustainability and reduces dependency on imported supplies.
- Impacts to reliability occur if local supply assumptions are not achieved.
- Additional actions may be needed should existing and future local supply levels deviate from IRP assumptions.

Groundwater supplies meet around 30 percent of total retail demands in Metropolitan's service area. Since 2000, regional groundwater production has declined by about 25 percent. Groundwater production has decreased due to reductions in replenishment from imported sources, reductions in recharge from local precipitation, and outdoor irrigation, water quality regulations, and emerging contaminants. Currently there is about 5.5 million acre-feet of storage space in the region's groundwater basins. At the current rate of decline, the region would reach 7 million acre-feet of storage space, a critical threshold for reduced groundwater production, in the next few years.

Over the past 20 years, the region has made substantial gains in recycled water development. However, future recycled water projects face challenges due to the declining availability and quality of wastewater effluent as a result of effective water conservation measures. Large recycled water reuse projects are becoming more established in Metropolitan's service area. A future prospect for many of these programs is to produce water for direct potable reuse as well as indirect potable reuse (groundwater augmentation). A number of large reuse projects are either in the planning stages or have already been implemented:

- Metropolitan and Los Angeles County Sanitation Districts: Pure Water Southern California (150 mgd)

- Los Angeles Department of Water and Power: Operation Next (~175 mgd)
- City of San Diego: Pure Water Program (+30 mgd)
- Orange County Water District: Groundwater Replenishment System (130 mgd)

State Water Project (SWP) supplies play a critical role in supporting existing and new local supply production from groundwater and recycled water in Metropolitan's service area. Replenishment from imported sources and recycled water are needed to maintain groundwater basin health in the region. Due to groundwater basin plan objectives set by the Regional Water Quality Control Boards, many basins are only able to use SWP supplies for groundwater recharge without additional treatment. In addition, state and Regional Water Quality Control Board regulations dictate total dissolved solids standards for recycled water used for groundwater recharge and reservoir augmentation, as well as for other non-potable uses.

### Importance to Metropolitan

Local supply production and imported SWP supplies from the Delta are intrinsically linked. Ensuring sufficient Delta supplies as source water is key to the success of large recycling projects and maintaining sustainable groundwater production in Metropolitan's service area. Groundwater is the largest source of local supply in the region, and large recycled water projects have great potential for improving reliability in the region. In turn, increased regional self-reliance and reduced reliance on the Delta are achieved through the continued sustainability and development of local supplies and conservation. In addition, demonstrating reduced reliance is key to ensuring new water supply projects like the Delta Conveyance Project can show consistency with the Delta Plan, a prerequisite to construction.

## Metropolitan's Supply Portfolio and Operations

### Storage and Transfers/Exchanges

#### Current Trends

Over the past decades, Metropolitan's storage programs and the transfer and exchange of water from willing partners have played an integral role in maintaining water supply reliability. The 2020 IRP Needs Assessment key findings highlights some of the important roles of storage:

- Storage is a vital component in maintaining reliability under current and future conditions.
- Expanding existing or developing new storage programs may be needed to help balance new core supply development in order to meet potential future shortages.
- Storage programs with even modest put/take capacities can help reduce the need for transfers

Metropolitan has developed a large regional storage portfolio that includes both dry-year and emergency storage capacity. Storage is a key component of Metropolitan's overall resource management strategy. Storage enables the capture of surplus water in normal and wet years so that it can be used to meet demands in dry years. Since the last drought period of 2012-2015, Metropolitan was able to increase its total storage reserves from a low point of less than a million acre-feet in 2015 to over 3 million acre-feet at the beginning of the current drought period. In 2021, withdrawals from storage of around 600 thousand acre-feet played a critical role in meeting demands under a 5 percent SWP Table A allocation.

In recent years, the water transfer market's ability to provide dry-year reliability has been uncertain. The water transfer market in recent dry and critically dry years has had limited supply and high prices, and therefore the water market should not be relied upon as the primary source of water during future droughts. However, water transfers and exchanges in average and above-average water years may prove to be both plentiful and affordable. Due to investments in storage and distribution system conveyance, Metropolitan has the capability to purchase transfers or exchange supplies in normal and wet years.

The main constraint to moving water through the Delta to Metropolitan's storage facilities continues to be regulatory constraints at the SWP's export facilities in the south Delta. With projects such as new Delta Conveyance and Sites Reservoir, Metropolitan's ability to capture and move water in wetter water years would be expected to increase. With the recent Water Management Amendment to the State Water Contract, SWP Contractors are increasingly able to engage in short term transfers and developing exchanges with others. Wetter year exchanges provide an effective tool for Metropolitan to take and store water in years where competition for transfers is low and previously stored water can be used in dry years. Transfers and exchanges can also help facilitate partnerships in local water supply projects such as regional recycling with outside entities of the region. Transfers and exchanges could be made within the SWP to generate environmental flows and in recognition of multiple benefits to the Delta or upper watershed, as well as dry-year reliability (e.g., Chino basin).

### **Importance to Metropolitan**

Storage and transfers and exchanges are critical to the long-term sustainability and effective management of Metropolitan's water resources portfolio. SWP supplies, which are highly susceptible to varying hydrological conditions, provide water for storage in normal and wet years for use in dry years. A flexible water transfer approach that can take advantage of water when it is available will help to stabilize and build storage reserves; the combination of storage and transfers/exchanges work together to manage water supplies more efficiently between years and help reduce demands on the Delta in dry years.

## **SWP Dependent Areas**

### **Current Trends**

Metropolitan's distribution system is large and complex, supplies and demands are not evenly distributed across the system. Historically, there has been enough system flexibility to manage this uneven distribution between supplies and demands, however in the extreme drought year of 2021, with only a five percent SWP allocation, this flexibility was put to the test. The SWP Dependent Area is the portion of Metropolitan's system that is typically entirely dependent on SWP supplies. The 2020 IRP Regional Needs Assessment recognizes the importance of taking actions that address issues associated with SWP Dependent Areas.

- Vulnerabilities in the SWP Dependent Areas are more severe given reduced reliability of SWP supplies. Actions identified in the implementation phase must prioritize addressing the SWP Dependent Area's reliability challenges.
- New core supplies and new/or existing storage must first address and reach SWP Dependent Areas.

- System flexibility and distribution system investments can increase SWP Dependent Areas' access to existing core supplies and storage.
- Shortages on the Colorado River Aqueduct limit the effectiveness of system distribution improvements.

Metropolitan was able to meet all SWP Dependent Area demands in 2021 by implementing a number of actions and coordinating closely with the member agencies. The new DVL-to-Mills plant operation and the new Operational Shift Cost-Offset Program expanded system flexibility and made it possible to bring alternative supplies to SWP Dependent Areas. Metropolitan purchased transfers and increased the yield of SWP Banking Programs. Member agencies conserved consumptive demands and deferred replenishment deliveries. Supplies were also drawn from SWP Carryover storage in San Luis Reservoir (storage carried over from previous water year in San Luis Reservoir for Metropolitan's use) and Flexible Storage in Castaic Lake (SWP water in Castaic Lake for use within Metropolitan's service area) to meet any remaining needs.

In November 2021, Metropolitan's Board recognized a statewide drought emergency and declared emergency conditions within Metropolitan service area. The Board acknowledged the record dry conditions of 2020 and 2021, prepared for potential continued dry conditions into 2022, and called on member agencies in the SWP Dependent Area to reduce water demands through all reasonable means, including increasing conservation, local supply use, water-use efficiency, and drought-related limitations. In April 2022, Metropolitan's Board approved the framework of an Emergency Water Conservation Program effective June 1, to reduce demands and preserve SWP supplies in the dependent areas.

### **Importance to Metropolitan**

In 2021, the total demand on Metropolitan for SWP Dependent Areas was 771,000 acre-feet, which accounted for almost half of the 1.57 million acre-feet of total demands. Metropolitan is committed to ensure all portions of the service area attain a high level of reliability.

## **Policy Objective 2: Support Statewide and Regional Actions that Improve Bay-Delta Sustainability**

### **Bay-Delta Sustainability**

#### **Current Trends**

With increasing water scarcity and more competition for limited water resources, sustainability and multiple benefit outcomes have become increasingly important in the Delta. Long-term sustainability of the Delta and water supply reliability are directly linked.

The State Water Resources Control Board (Water Board) is proposing mandatory cuts to water diversions to produce flows its staff believe will benefit the environment as part of the Water Quality Control Plan (WQCP) update. Regulatory approaches rarely provide multiple benefits because regulatory agencies' authority limits the range of potential actions. As an alternative, the water users are promoting the Voluntary Agreements, which are supporting sustainable and multiple benefit actions, enabling a larger range of management actions not available through regulation of diversions

alone, including habitat restoration. In March of 2022, a Memorandum of Understanding for the Voluntary Agreements was signed by 16 entities, including Metropolitan, State Water Contractors, the Department of Water Resources, and the United States Bureau of Reclamation. About 20 years ago, Metropolitan was involved in the Environmental Water Account, which made water available through water purchases for environmental purposes. The Voluntary Agreements would include an even more ambitious and comprehensive suite of measures, including purchases of water for environmental flows from willing sellers, improved science and monitoring, adaptive management, and multi-benefit habitat restoration projects through collaboration instead of top-down flow-only mandates.

However, there are structural hurdles to achieving multiple benefits. For example, ecosystem projects are difficult to complete due to challenges in obtaining permits and, where applicable, moving through the Delta Plan certification of consistency process, which increases project timelines and costs. There have been some efforts to improve permitting efficiency, including the Governor's initiatives: "Cutting the Green Tape", the Biodiversity Executive Order and the recent CEQA exemption for habitat projects, all of which should be coordinated and fast-tracked. Given recent challenges with the Lookout Slough Tidal Habitat Restoration and Flood Improvement Project, which took more than a year to certify consistency with the Delta Plan, the Delta Plan policies and certification appeal process should be re-evaluated to ensure timely implementation of ecosystem projects. Emphasis on functional flows and adaptive management continue to be themes for water management.

### **Importance to Metropolitan**

Long-term Delta sustainability is essential to supporting Metropolitan's integrated regional planning and supply portfolio. SWP supplies are used to replenish Metropolitan's dry-year storage reservoirs, storage programs and local groundwater basins. SWP supplies support the long-term success of local supply development and maintenance. SWP supplies also support SWP Dependent area demands in the service area.

## **Statewide Integrated Water Resources**

### **Current Trends**

The new and continuing challenges of California's diverse and extreme hydrologic conditions require local agencies to use new and innovative methods for managing water. Growing populations, urban development patterns, changing regulations, and climate change require water managers to adopt a range of solutions. The costs, benefits, and impacts of implementing a range of water management strategies in project-specific locations could vary significantly depending on local objectives and project level complexities.

Metropolitan has a long history of innovation and support for local and regional water supply projects. Over the last several decades, Metropolitan has invested \$1.5 billion in conservation rebates and programs, and local resources program incentives. These investments have resulted in 7.6 million acre-feet of cumulative conservation savings and local supply production. Where Metropolitan has been able to further leverage other funding sources, our ability to successfully complete local and regional projects has been further enhanced. For example, in 2018 Metropolitan co-funded six potable reuse projects and one agricultural reuse study with the Water Research Foundation (WRF). Metropolitan's nearly \$1 million in co-funding supports WRF's \$8 million Advancing Potable Reuse Initiative and matches \$3.5 million in State Water Resources Control Board grant funding.

Solving water supply challenges in a changing environment requires a toolbox of approaches, including continued reliance on imported supplies, as well as local and regional projects. Local and regional supplies are needed to improve local resiliency, and significant investment in planning and implementation of local water supply projects is needed.

### Importance to Metropolitan

State and federal investments in regional water supply planning and projects are vital to Metropolitan's ability to continue such investments and to support regional water resiliency, consistent with the state policy to reduce reliance on the Delta to meet California's future water supply needs.

## Statewide Storage

### Current Trends

Statewide storage resources have and will continue to play an increasingly important role in ensuring the reliability of supplies from the SWP. Historically, snowpack has played a critical role in managing California's water resources. On average snowpack supplies about 30 percent of California's water needs and serves as a "frozen reservoir" to store winter precipitation for use throughout the rest of the year.<sup>1</sup> Climate research conducted by the UCLA Center for Climate Science shows a potential decrease in Sierra snowpack volume of 30 to 64 percent by the end of the century. In addition, snowmelt is expected to occur 25 to 50 days earlier in the year. With more winter precipitation falling as rain and earlier snowpack melting, additional pressure will be placed on statewide storage to balance the state's needs for water supply, ecosystems, and flood-control.

With the anticipated losses of snowpack storage, changing runoff patterns and the need to implement Groundwater Sustainability Plans under SGMA, water managers are seeking ways to more actively manage surface water and groundwater supplies together. DWR is currently evaluating the potential benefits of Flood-Mar projects throughout the state. Flood-MAR involves harnessing flood water from rainfall or snow melt and redirecting it onto agricultural, working landscapes, and managed natural lands to recharge groundwater. Groundwater provides about 40 percent of the state's total water supply on average and serves as a buffer against the impacts of drought and climate change.

Federal, state, and local agencies are also working to find ways to better manage surface water reservoirs that balance the needs for flood control, water supply, and power generation. Opportunities to implement Forecast Informed Reservoir Operations (FIRO) are being identified and evaluated for several reservoirs across the state. FIRO is a reservoir-operations strategy that better informs decisions to retain or release water by integrating additional flexibility in operation policies and rules with enhanced monitoring and improved weather and runoff forecasts.

The SWP and CVP have water storage projects throughout much of the state. Both the SWP and CVP water delivery systems rely on runoff and surface reservoir storage releases in areas upstream of the Delta to deliver contracted water via the Sacramento and San Joaquin Rivers to Delta export pumps in

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<sup>1</sup> <https://water.ca.gov/News/News-Releases/2021/Dec-21/DWR-12-30-21-Snow-Survey#:~:text=On%20average%2C%20the%20Sierra%20snowpack,as%20California's%20%E2%80%9Cfrozen%20reservoir.%E2%80%9D>

the south Delta. Regulatory standards in recent decades have changed how the SWP and CVP operate, considerably reducing the long-term average amounts of water conveyed through the south Delta. Additionally, increasing pressure has been placed on the CVP and SWP reservoir systems as a result of climate change as described above. Increased operational flexibility and integration with new projects like new Delta conveyance, and Proposition 1 projects, like Sites Reservoir, will be needed in the future as the timing and magnitude of flows change.

New storage programs are being developed statewide that offer opportunities for new partnerships, additional flexibility through transfers and exchanges, and water supplies for environmental needs. The Water Quality, Supply, and Infrastructure Improvement Act of 2014 known as Proposition 1, designated \$2.7 billion for investment in public benefits associated with new water storage projects. The California Water Commission (CWC), through the Water Storage Investment Program (WSIP) is responsible for administering those funds. Only projects that improve the operation of the state's water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions in the Bay-Delta are eligible for WSIP funding. Public benefits provided by a project may include water quality improvements, flood control benefits, emergency response, recreational opportunities, and ecosystem benefits. At least 50 percent of the total public benefits funded for a project must provide ecosystem improvements. The CWC has issued maximum conditional eligibility determinations (MCEDs), which is the amount of Proposition 1 funding available to a given project, for seven projects that collectively would boost California's water storage capacity by 2.77 million acre-feet. The projects range from expanding existing reservoirs to boosting groundwater storage to building 21st century surface storage facilities. !

### **Importance to Metropolitan**

Effective statewide management of surface water and groundwater resources will be essential in maintaining the reliability of SWP and other supplies in the face of climate change.

## **Policy Objective 3: Address the Risks Associated with Climate Change**

### **Climate Change**

#### **Current Trends**

Climate change is affecting California in many ways, several of which impact our water resources: sea levels are rising, snowpack is decreasing, and water temperatures are increasing. In the future, droughts are expected to become more frequent and more severe, and storm intensities are expected to increase. Compounding the hydrologic conditions is the increased wildfire risk to upper watersheds and headwaters. These changes affect our ability to meet crucial water management objectives such as ensuring reliable water supply and quality, managing floods, and protecting ecosystem functions. These climate change trends are anticipated to continue, posing a prolonged threat to Metropolitan's SWP supply, transfer/exchange supplies, local supply production, and long-term reliability of Colorado River supplies.

Several approaches for addressing climate change are underway, including: new water storage projects like Sites Reservoir and Los Vaqueros Expansion, the Delta Conveyance Project, habitat restoration projects (both in the Delta and upper watershed), water conservation, local regional projects, and science initiatives. Key state-led water related planning efforts include the Governor's

Water Resilience Portfolio, Biodiversity Executive Order, State Water Resources Control Board's Water Quality Control Plan ("WQCP"), Delta Stewardship Council's ("DSC's") Delta Plan, and DSC's Delta Adapts. These state-led plans, and policies will shape future regulations for water supply, water quality, and environmental protection and implementation of climate adaptation strategies statewide.

### Importance to Metropolitan

Climate change poses a risk to both Metropolitan's local and imported water supplies, including the Bay-Delta and local water supplies. To ensure a reliable water supply for Metropolitan, Bay-Delta climate adaptation solutions are needed, such as infrastructure reliability, ecosystem management and flood protection.

## Policy Area 1: Science and Watershed Management

### Bay-Delta Science

#### Aquatic Species

##### Current Trends

Since the 1980s, there has been increasing regulation of the SWP. These regulations include multiple biological opinions (BiOps) under the federal Endangered Species Act (ESA), incidental take permit (ITP) under the California Endangered Species Act (CESA), and the 1995 Water Quality Control Plan and its implementing water rights decision, D-1641. Several native fish species in the Bay-Delta are listed under the ESA and/or CESA, including Delta smelt, longfin smelt, Chinook salmon, green sturgeon, and steelhead. The Bay-Delta Water Quality Control Plan also protects fish and wildlife as one of several beneficial uses of water. As a result of these regulations and others, there has been a decrease in long-term average SWP and Central Valley Project (CVP) export supplies.

The SWP operates in an environment vastly different from the conditions under which native aquatic species evolved. Physical, hydrological, and biological alterations present novel conditions that result in stressors on Delta species that predate the SWP. During the last 200 years, human activities have dramatically altered and reshaped the habitat upon which species depend for survival by walling off millions of acres of floodplain, draining hundreds of thousands of acres of tidal marsh and riparian habitat, and managing the Suisun Marsh for fresh-water marsh duck hunting. These activities, as well as proliferation of invasive non-native species, discharges of agricultural and urban pollutants, ocean harvest of salmon, and poor ocean conditions have reduced and continue to reduce the listed native fish species' likelihood of survival and recovery. The population of key species, which are of commercial, recreational and cultural value, have implications on decisions related to real time water project operations and ultimately water supply.

Scientific literature supports that there is no single cause of the recent declines in the abundance of some species, rather there are multiple stressors (e.g., temperature, contaminants, habitat loss or degradation, climate change) interacting in ways that are not fully understood. Methods and modeling tools for studying effects of project operations on species have advanced over the last decade, while tools and methods to study the effects of non-flow stressors on aquatic species are lagging. Changes in the magnitude and timing of flows into and through the Delta have changed over time due to major physical alterations of the Delta, as well as increasing water use throughout the

watershed. These changes will continue as a result of climate change and other factors. Over the last decade, entrainment effects of the SWP and CVP have been low. Thus, there is an urgent need to improve scientific understanding of the multiple and synergistic non-flow stressors on sensitive fish to inform effective water management policies and regulations.

There are multiple collaborative processes underway today to enhance science investigations, addressing management questions, improve adaptive management, and improve decision-making. The complexity and extent of regulatory processes has increased, and the need for sound science to support decision-making has increased.

### **Importance to Metropolitan**

ESA and CESA listing of Delta fish species has resulted in increasingly more stringent regulations on the SWP operations from both the state and federal fish agencies and the State Water Resources Control Board. These regulatory requirements impact Metropolitan's water supply reliability. Addressing science and management actions related to listed fish species supports Metropolitan's water supply reliability.

## **Delta Ecosystem / EcoRestore / Habitat Restoration**

### **Current Trends**

Today's Delta hardly resembles what it did 150 years ago. During the Gold Rush, Delta channels were straightened, fertile floodplains lost, and riparian forests were replaced by steep levees. The Delta's hundreds of thousands of acres of rich tidal marshlands were reclaimed for agriculture and duck hunting, and with economic growth came invasive plants and animals.

EcoRestore is a State initiative to help coordinate and advance at least 30,000 acres of habitat in the Sacramento-San Joaquin Delta. The program provides a broad range of habitat restoration projects, including aquatic, subtidal, riparian, floodplain, and upland ecosystem. There is 25,000 acres associated with existing mandates for habitat restoration, pursuant to federal BiOps to support native fish species, including tidal marsh, floodplain, and fish passage improvements. These projects are funded by the state and federal water contractors to meet regulatory requirements. There is 5,000 acres of habitat restoration enhancements throughout the Delta supported by Prop. 1 grants. Funding will come primarily through the Delta Conservancy, the Department of Fish and Wildlife, and the Department of Water Resources (DWR).

The EcoRestore program currently includes 32 multi-benefit projects that are in planning, construction or are completed, at a cost of nearly \$500 million to date. Completion of these projects is estimated to cost \$750 - \$950 million, with approximately 50% of costs from SWP and 50% from other sources. These projects trend towards increased emphasis on science, robust monitoring, modeling, and Adaptive Management/Structured Decision-Making. Holistic nature-based solutions may have potential to improve ecosystem services, while also addressing habitat, drought, water quality, wildfires, and carbon sequestration.

### **Importance to Metropolitan**

Sustainable and resilient water supplies rely, in part, on the health of the Delta ecosystem. Requirements for restoring habitat for Delta smelt, Chinook Salmon, and other species are included in

the BiOps and ITP for operation of the SWP. If the Voluntary Agreements move forward as an alternative implementation approach for the current Water Quality Control Plan update, habitat restoration will be an important component to protect water quality and beneficial uses of water. Protection and restoration of important Delta ecosystems is included in numerous state initiatives including the Delta Vision, Delta Adapts, California Biodiversity Initiative, California Water Action Plan, and Water Resilience Portfolio.

## Watershed Management

### Upper Watershed/Forestry Management

#### Current Trends

With much of the state's water supply originating in the mountains as precipitation on forested landscape, the health and management of the upper watersheds are critically important to California's water quality and water supply. High intensity, large scale fires significantly degrade the watershed leading to erosion, flash flooding, resulting in downstream sediment deposition which can impact habitat and water storage.

More than half of the watershed area above Lake Oroville has been burned over the last three years (2019-2021). The North Complex Fire (2020) and the Dixie Fire (2021) alone burned nearly 1.3 million acres in the Feather River watershed. The erosion that may result from these fires could impact storage at Lake Oroville. The potential near-term risk includes impacts to water quality and reservoir operations on the SWP that could impact water supply and habitat components for key species as well as increased risk of flooding. Watershed management and restoration needs to be implemented to protect areas already burned and lessen the risk to remaining areas. Long-term watershed restoration opportunities should be evaluated specifically those that: may provide climate change adaptation, compensate for loss of snowpack, may reduce the impacts of variable precipitation patterns on runoff, water quality and water temperature. The role of healthy watershed soils to increase holding capacity of the system and provide water supply benefits and species protection in an uncertain climate future should also be evaluated.

Partnerships will be essential for implementing watershed protection and restoration activities. There are many beneficiaries in the Feather River watershed that could participate in protection and restoration activities. DWR and State Water Contractors (SWC) would be key watershed partners with Metropolitan for the challenges described above. State initiatives such as the California Biodiversity Initiative and the Water Resilience Portfolio also provide potential opportunities for partnership and funding.

#### Importance to Metropolitan

Upper watershed protection will be a key adaptation strategy for maintaining and protecting a sustainable Delta under climate change over the long-term. Potential benefits of watershed management include water supply, water quality, attenuated runoff variability, avoided cost of fire impacts and habitat protection for key species.

## Responsible Stewardship of Delta Islands

#### Current Trends

Land management in the Delta centers around agriculture. Over time, Delta islands have lost as much as 25 feet of land surface elevation due to oxidation, erosion, and burning of rich organic peat soils. This ongoing land subsidence, coupled with sea level rise and potential seismic events, increases risks to the levee system, water supply reliability, and Delta ecosystems. Land subsidence in the Delta is also a major source of greenhouse gases (GHG's).

Soil loss has been driven by oxidation from dewatering and conventional agricultural practices, wind and rain erosion, and burning of peat. Rewetting soils through reestablishment of wetlands, floating marsh, or planting rice can sequester carbon and reduce or reverse soil loss. Regenerative agricultural also has potential to sequester carbon and reverse subsidence, while retaining agriculture on the islands. In addition to sequestering carbon, reversing subsidence, and contributing to reliability of levees and water supply, these nature-based solutions have potential to improve ecosystem services, such as habitat, water quality, reduced temperatures, more efficient nutrient and water cycling, and farm profitability. In 2016, Metropolitan purchased approximately 20,400+ acres in the Delta (Bouldin/Bacon Islands, Holland (portion)/Webb Tracts, and western portion of Chipps Island). In 2021, Metropolitan sold its interest in Chipps Islands (243 acres) to DWR. These properties have a total of about 56.16 miles of levees that are maintained and monitored through four Reclamation Districts (RD #756, RD #2025, RD #2026, and Rd #2028). Currently Metropolitan leases farmable acres to five sublets while Metropolitan develops long-term opportunities.

Long-term opportunities for responsible stewardship on Metropolitan's Delta islands properties include pilot projects and scientific investigations to evaluate strategies for carbon sequestration, floating organic marshes, sustainable agriculture, compensatory mitigation, mitigation banks, habitat restoration for native aquatic species, native fish species preservation, and reduction in stressors on listed fish species. These types of activities could include collaboration with local, state and federal agencies, university researchers, in Delta neighbors and other interests. These types of activities could inform future more responsible land management decisions in the Delta.

### **Importance to Metropolitan**

Delta islands ownership makes Metropolitan a direct stakeholder in the Delta. The Delta Islands provide a unique opportunity for research, innovation and collaboration with other stakeholders to develop sustainable strategies for Delta land use. Reducing risks to the levee system is key to managing risks from changing climate, water supply reliability, preservation of agriculture, and protection of important habitats in the Delta. Nature-based solutions can increase carbon sequestration and restore important ecosystem services such as efficient water and nutrient cycling, improved water quality and water holding capacity, and temperature modulation.

## **Policy Area 2: Water Supply Reliability and Resilience**

### **Flexible Operations**

#### **Current Trends**

Current operations of the SWP and CVP water diversion facilities in the south Delta are subject to prescriptive flows and numeric regulatory standards to protect listed fish species and other aquatic organisms. However, these standards do not consider the natural variability of runoff patterns, tidal cycles, turbidity, temperature and other factors that significantly affect fish migration and salvage of

fish at the state and federal water diversion facilities. To minimize fish salvage, efforts are being made to fund and implement real-time fish monitoring/tracking to inform state and federal agencies regarding entrainment risk and export rate. Advancements in technology and monitoring should be pursued and incorporated into real-time operations criteria. Example technologies to consider include the following:

- Improved AR forecasting and runoff forecasting
- Forecast-informed Reservoir Operations (FIRO)
- Improved fish monitoring including steelhead
- AI modeling of aquatic wildlife (USGS)
- Improved rapid genetic testing of salvaged salmonids
- Use of true Adaptive Management and Structured Decision-Making processes

### Importance to Metropolitan

Under more restrictive and prescriptive Delta operations, opportunities to move water are being missed. More dynamic operations would allow for additional capture and storage of water when excess flows are present, and it is safe to do so. There is a need to protect, incorporate and coordinate more flexible/real-time operating criteria where possible in upcoming regulatory processes, including ongoing consultation on the Long-Term Operation of the CVP and SWP, the Incidental Take Permit for the Long-Term Operation of the SWP, the Water Quality Control Plan for the Bay-Delta, potential Voluntary Agreements, and for new projects coming online like New Delta Conveyance. Flexibility will also be needed to pursue transfers/exchanges and other creative supply opportunities.

## Water Rights/Measurements and Reporting

### Current Trends

The State Water Resources Control Board's ("Water Board") issued water diversion curtailments in the 2012-2016 drought and the ongoing 2020-2022 drought. The Water Board is issuing water diversion curtailments more often than has occurred historically, and this trend is expected to continue. Metropolitan and the State Water Contractors have been supportive of the Water Board issuance of water curtailments to protect stored water supplies.

In 2014, the State Water Contractors filed a complaint against in-Delta water users that were unlawfully diverting stored water supplies. While the Water Board did not pursue the complaint, the complaint significantly contributed to the technical and policy discussion about unlawful diversions. Metropolitan also supported Senate Bill 88, which was legislation, now law, requiring the direct measurement and reporting of water diversions. This law was important because the Water Board has difficulty calculating the supply of water available for diversion because of a lack of sufficient information about the actual quantity of water diverted and used at each of the thousands of water diversions throughout the watershed, making enforcement very difficult.

Metropolitan purchased approximately 20,000 acres in the western Delta (Bouldin/Bacon Islands and Holland/Webb Tracts) in 2016. These properties have up to 91 siphons that divert water from the adjacent waterways on-island for agriculture purposes. Consistent with SB 88, Metropolitan is in the process of metering a total of 88 siphons and reporting the appropriate and riparian water diversion use to the Water Board Delta Watermaster annually.

In addition, the Delta Watermaster has introduced an Alternative Compliance Plan of utilizing OpenET that uses a series of satellite imageries to estimate crop consumptive use through evapotranspiration measures. It has not been shown that Open ET can comply with Water Code section 1840 et seq for mandatory reporting of direct diversions. While Metropolitan has demonstrated its compliance plan of installing meters on each of its siphons (prioritized by most use and highest capacity use), Metropolitan has agreed to support the Water Master's efforts to validate Open ET regarding accuracy at the water diversion level in few remaining areas where meters have not been installed.

### **Importance to Metropolitan**

When the watershed is dominated by ocean water and previously stored water releases, the diverters in the lower watershed and Delta are diverting stored water supplies that they have no right to divert. As a result, the SWP must release more stored water to continue to meet D-1641, thereby effecting the availability of SWP supplies for delivery to Metropolitan and the other water contractors.

As a landowner, Metropolitan must comply with mandatory reporting requirements regarding water diversion and use. As such, Metropolitan has made a significant investment in meters to demonstrate the feasibility of the technology. Metropolitan has an interest in making sure the Water Board has the information it needs to protect stored water supply from unlawful diversions, as well as find cost effective and accurate approaches for reporting compliance.

## **Conveyance**

### **Delta Conveyance**

#### **Current Trends**

The Delta is at the center of California's water distribution system. Two-thirds of California's water originates in the Sierra Nevada Mountains as snowpack, eventually flowing through the Delta. In the Delta watershed, there are thousands of water diversions that rely on this supply, including the SWP and the CVP. Delta conveyance refers to the vast network of waterways in the Delta that move fresh water to users within the watershed, as well as statewide including the Bay Area and southern California. The New Delta Conveyance Project, as currently proposed, moves water from an additional point of diversion on the Sacramento River through a tunnel under the Delta to the existing SWP export facilities, and is operated in coordination with the State Water Project's existing facilities.

The plan to route water around the Delta to the State Water Project is not new. It was originally part of the Master Plan for the SWP but was not included in the initial construction. The proposal was considered in the 1980s, and more recently in the Bay Delta Conservation Plan and California Water Fix. The New Conveyance Project is smaller than the previous proposals, with a single 6,000 cubic feet per second (cfs) tunnel.

New Delta Conveyance is important to the SWP because the State Water Project relies on the Delta's natural channels to convey water, making it vulnerable to sea level rise and earthquakes. Upgrading the State Water Project infrastructure protects against these threats and secures the longevity of the State Water Project and the future reliability of State Water Project supplies. The purpose of the New Delta Conveyance Project is to modernize the aging State Water Project infrastructure in the Delta to restore and protect the reliability of State Water Project water deliveries in a cost-effective manner,

consistent with the state's Water Resilience Portfolio. And in doing so, allow the Department of Water Resources to address sea level rise and climate change, minimize water supply disruption due to seismic risk, and provide operational flexibility to the State Water Project to allow it the ability to better meet fishery and water quality regulatory requirements.

### **Importance to Metropolitan**

Southern California's plan for a reliable water supply future depends on a reliable SWP supply and conveyance system with the capability to move water into storage in wet periods and more flexibility to manage around fishery needs.

The primary DCP benefits were compared to future conditions consistent with the Notice of Preparation objectives of climate resiliency, seismic resiliency, water supply reliability, and operational resiliency.

There are member agencies in Metropolitan's service area, specifically in Ventura County, parts of northwestern Los Angeles County, the San Gabriel Valley, and some Inland Empire areas, whose supplemental imported water supply (eastern Sierra/northern Sierra) depends entirely on water that comes from the SWP. Water from the SWP is also important for mixing with Colorado River supplies due to its lower salinity content and it is important for Metropolitan's groundwater banking activities.

## **Statewide Conveyance**

### **Current Trends**

The California Aqueduct was built to account for natural subsidence however groundwater pumping during extreme drought events have been causing the aqueduct to subside much quicker and deeper than anticipated. During the extreme drought of 2014-2017, some areas experienced over 2 feet of non-recoverable subsidence and costly rehabilitation and recovery projects are being prepared. Recent observations indicate that subsidence during the current drought is still ongoing but at a slower pace than the previous drought.

California enacted the Sustainable Groundwater Management Act (SGMA) in 2014 as a regulatory solution to help stabilize groundwater basins across the state and to sustain investments in subsidence recovery moving forward. SGMA directs local agencies to work together to create Groundwater Sustainability Plans (GSPs) with a goal of long-term basin sustainability by 2040. GSPs in critically over-drafted basins were due to DWR in January 2020 and medium/high priority GSPs were due by January 2022. DWR has reviewed the GSPs and the California Aqueduct Subsidence Program, a DWR program not involved with the review of the GSPs, is engaging with the groundwater sustainability agencies (GSAs) to include in their GSPs reasonable subsidence rates and projects to reduce subsidence.

### **Importance to Metropolitan**

Current subsidence results in increased operations and maintenance costs, the reduction of delivered water during peak periods and the reduced ability to shift power loads. Short-term rehabilitation projects are expected to cost about \$450 million and are already ongoing, while costs for long-term recovery projects are in the billions of dollars order of magnitude.

Metropolitan has submitted letters of comment to several GSAs regarding their GSPs, recommending that the GSAs maintain groundwater extraction at safe yield levels, especially near the California

Aqueduct. Metropolitan also recommended that GSAs work with the DWR California Aqueduct Subsidence Program to incorporate monitoring and regular reporting of land surface elevations.

## Seismic Risk/Emergency Preparedness/Delta Freshwater Pathway

### Current Trends

Seismic hazard evaluations within the Delta are a subject of interest from public, private and academic entities because key Delta channels are currently used to convey water supplies from northern California to areas south of the Delta. Consequently, there are a number of initiatives currently underway that support seismic resiliency in the Delta.

Metropolitan staff worked with DWR to complete strategic and tactical flood emergency response documents in the Delta region, including the DWR Delta Flood Emergency Management Plan (DFEMP), the California Governor's Office of Emergency Services (CalOES) Northern California Catastrophic Flood Response Plan (NCCFMP), and the DWR/USACE Delta Flood Emergency Integration Plan. These documents provide broad policy and strategic guidance to support flood fight implementation of large-scale flood emergencies and tactical guidance to support ongoing flood fight operations in the Delta region, including development of the Emergency Freshwater Pathway in the event of major levee and island failures which could otherwise suspend water exports extensively.

The DFEMP and related documents are subjected to field or tabletop exercises to confirm or identify deficiencies in DFEMP implementation methods, for the purposes of improving plan preparedness, response, and recovery. DFEMP field implementation methods are applied against levee configurations influenced by changes in levee, island, and flood elevations, and sea level effects of climate change, which are the subject new Delta levee standards under evaluation by Reclamation Districts. Seismic hazard and seismic levee stability analysis are conducted to confirm levee performance and facilitate DFEMP responsiveness. Watershed fire control and channel sedimentation removal measures under the CalOES NCCFMP ensure river channel readiness for reservoir releases that support initial operations of the Emergency Freshwater Pathway.

DWR currently maintains significant quantities of emergency rock stockpiles and large sheet pile for the closure of deep levee breaches in the Delta region. These stockpiles are being monitored to ensure adequate capabilities in the event of major levee failures. Stockpiles are also in place for the restoration of levee freeboard in the event levee slumping during a major earthquake event.

### Importance to Metropolitan

The water supply from the Sacramento-San Joaquin Rivers Delta serves up to a third source of water supply for Metropolitan's service area and its Member Agencies. In addition, these supplies provide for good water quality that is blended within Metropolitan's service area in order to meet water quality regulatory requirements.

Emergency preparedness in the Delta is important because conditions can exist where moderate to severe earthquakes in or near the Delta region, can result in multiple levee and island failures. This would result in saltwater intrusion into the Delta to the extent freshwater exports would not be possible for extended periods of time. Emergency preparedness is essential to address this threat to Metropolitan's water supply and water quality reliability. The DWR DFEMP and its Emergency

Freshwater Pathway, along with its related documents, provides capability to resume significant exports in less than six months.

## Bay-Delta Water Quality

### Current Trends

The SWP and the federal CVP have primary regulatory responsibility for meeting water quality standards for salinity and outflow in the Delta through Water Right Decision 1641. At the same time, Metropolitan relies on the SWP and Delta to provide drinking water with acceptable levels of salinity, bromide, organic carbon and nutrients, as well as emerging water quality concerns like endocrine disruptors and toxins from harmful algae blooms, to support local water resources programs including blending with Colorado River water, water recycling and groundwater recharge. To manage the regulatory burden placed on the SWP and Metropolitan's water supplies, it is important to include source control for water quality so the SWP will not be responsible for using valuable stored water supplies to dilute contaminants discharged by others.

Metropolitan has a long history of working to improve water quality in the Delta through participation in many forums, including Central Valley Regional Water Quality Control Board (Regional Board) programs such as the Delta Regional Monitoring Program, CV-SALTS, Delta Nutrient Research Plan, Irrigated Lands Regulatory Program, and waste discharge permitting processes. As a member of the California Urban Water Agencies (CUWA), Metropolitan was instrumental in raising awareness of the water quality impacts of municipal wastewater discharges to the Delta, including discharges from the Sacramento Regional County Sanitation District (Regional San), and participated in the permitting processes to provide technical information and science studies to support more stringent permit requirements. The Regional Board adopted a more stringent discharge permit for Regional San in 2010 that includes limits on nutrients and tertiary filtration requirements. Regional San launched a major wastewater treatment plant upgrade that includes the installation of biological nutrient removal treatment that has been operational since April 2021. This treatment upgrade removes 99% of the ammonia from the wastewater and substantially reduces the load of nitrogen from the treatment plant. Regional San is scheduled to complete their wastewater treatment plant upgrade with the installation of tertiary filtration by 2023. Metropolitan has also funded numerous water quality monitoring and science investigations to better identify and define water quality concerns in the Delta.

### Importance to Metropolitan

Water quality conditions in the Delta and SWP are important to protect Metropolitan's drinking water quality, to support local resources programs in Metropolitan's service area, and protect the Delta ecosystem.

## Water Energy Nexus

### Current Trends

Water and energy are often managed separately, despite the important links between the two. Water is used in the production of nearly every major energy source. Likewise, energy is used in multiple ways and at multiple steps in water delivery and treatment systems, as well as wastewater collection and treatment.

About 12% of California's total energy use is related to water. Energy is required to pump water from underground aquifers, convey water from one place to another, treat drinking water, and for customer end-uses such as heating and cooling. The SWP is one of the largest single consumers of electricity in the state, but also generates a large amount of electricity at its reservoirs and generating stations. The hydropower generated is a renewable energy source that reduces the GHG emissions of generating power.

In recent years, California's energy grid has faced more frequent challenges due to climate change fueled heat waves and wildfires. In addition, California's dramatic increase in solar and wind generation and complex GHG reduction policies are creating new and growing challenges for the state's grid operator and electric utilities. The SWP has historically provided significant support to California's electricity grid and is playing an increasingly essential role in helping to integrate weather-dependent renewable resources. The SWP offers demand response through the Participating Load Agreement, which allows the California Independent System Operator to interrupt and curtail the SWP's power load, or dispatch SWP power generation assets when those actions may be needed to relieve system emergencies or ensure reliability across the grid.

In addition, DWR is analyzing what further operational changes, capital investments or system retrofits may be possible for the SWP to help address California's changing water and energy needs. And the Natural Resources Agency, in collaboration with the California Energy Commission and DWR, are studying the opportunities and constraints related to the SWP and its potential contributions to achieving the state's climate goals in its implementation of SB 49 (Skinner, 2019).

### **Importance to Metropolitan**

Meeting the resource challenges of the 21st century will require a more integrated approach to managing water and energy. Metropolitan's water supply relies on having reliable energy to provide pumping at the State Water Project facilities.

## **Policy Area 3: Cost Effective Investments and Partnerships**

### **Cost Effective and Beneficial Solutions**

#### **Current Trends**

Metropolitan cannot complete large multi benefit projects without partners and multiple funding sources, thereby making these projects cost effective. There are several beneficial and cost-effective projects currently being proposed that include, but are not limited to, the following:

#### **Sites Reservoir**

Sites is being proposed as a 1.3 to 1.5 million acre-feet off stream reservoir located in Glenn and Colusa counties, 60-miles north of Sacramento. Sites first emerged as part of the second stage of the SWP proposed in the 1980s, which included multiple water related projects. In 1996, Sites was further analyzed as part of the CALFED Bay Delta Program. It was also included in the Phase 8 settlement of the implementation of the 2000 Water Quality Control Plan. In 2020, Sites was identified as a priority in the Governor's Water Resilience Portfolio. \$80 million federal share of planning and engineering costs of Sites Reservoir has been approved, which ensures a dedicated portion of the Project benefits

to satisfy the federal government's interests in meeting the future water needs of the environment, farms and cities across California. Funding for planning and development of Sites Reservoir is provided by participating agencies, with construction costs up to 50% potentially paid for by Prop 1 Water Bond funds, and potentially 25% of costs to be borne by federal government. More than 30 water agencies from across California, including Metropolitan, have signed on to provide funding for their share of the construction and operation costs of Sites Project in exchange for a proportionate percentage of the annual water supplies.

### **Delta Conveyance**

Delta Conveyance is a project that has existed in multiple forums over many decades. More recently, the effort to permit a new point of diversion on the Sacramento River was included in the Bay Delta Conservation Plan process, and then the California Water Fix project. The New Conveyance project would construct a single 6,000 cfs tunnel with intakes on the Sacramento River to be operated jointly with the existing State Water Project's existing water diversion facilities in the south Delta. The New Conveyance project would enhance State Water Project operational flexibility when operations in the south Delta are limited by regulatory constraints and prepare for the long-term effects of climate change and sea level rise.

### **Delta Levees**

The Delta Levees System Integrity Program protects the public and water supply for 27 million people while enhancing Delta habitat. This funding will support activities including State Operations and Local Assistance grants for levee maintenance, repairs, improvement, habitat mitigation, and enhancement projects in the Sacramento-San Joaquin Delta. The DLIS program is of critical importance for achieving the goals in the California Water Resiliency Portfolio, DWR's Strategic Plan, and the Delta Plan. The funding ensures the state's continued investment in the Delta and contributes toward achieving the co-equal goals by providing a more reliable water supply for California while protecting, restoring, and enhancing the Delta ecosystem.

### **Flood Emergency Preparedness**

The Delta Grants & Flood Emergency Preparedness, Response, & Recovery Program support local assistance grants and two existing positions to improve regional self-reliance by enhancing existing flood emergency preparedness, response, and recovery capabilities of local agencies within the Delta. This funding will support existing positions to manage \$5 million in grants used to improve regional self-reliance by enhancing existing flood emergency preparedness, response, and recovery capabilities of local agencies in the Delta. The funding will also support existing staffing to manage projects and perform maintenance on State Delta Emergency Facilities that increase the state's capability to efficiently store, manage, and quickly deploy its material inventories when necessary to support flood emergency response in the region.

Levee failures in the Delta and the resulting increase in freshwater salinity levels could have catastrophic consequences statewide for infrastructure, the environment, and water supply. Local communities may not be equipped with adequate plans, skills, and materials needed for a front-line response. DWR is requesting additional funding for this program as it must continue to improve its emergency preparedness, support local communities, and respond to threats to the state's freshwater supply posed by catastrophic flooding in the Delta.

### EcoRestore

EcoRestore is a state initiative to help coordinate and advance at least 30,000 acres of habitat restoration. It includes 32 multiple benefit projects that are in the planning, construction, or completion phases at an estimated cost of \$750-\$950 million, with approximately 50% coming from the SWP and 50% coming from other sources.

#### **Importance to Metropolitan**

The key benefits of these projects include protecting and enhancing SWP supplies, which improves drought-year supply reliability, secures additional sources for SWP dependent areas and low salinity groundwater recharge. Levee and ecosystem projects protect the Delta environment and the available water supply, while local projects support a diverse water portfolio. Through multiple partners and funding sources these large projects are achievable to water supplies.

## **Inclusive Engagement**

### **Current Trends**

Public engagement is an important element to several Bay-Delta related programs, projects and collaborative efforts. Soliciting valuable input from various interests allows for greater understanding and broader perspectives to be explored. Engaging in a public setting also allows for transparency and can also promote inclusivity of multiple parties simultaneously, which can also enhance trust. This engagement can also lead to an enhanced deliberative public process. Governmental decisions made through public engagement can also garner the benefit of having early input in advance of implementing the action. There are several Bay-Delta initiatives underway today that demonstrate the importance of public engagement. The Stakeholder Engagement Committee, a committee of the Delta Conveyance Authority, was established to solicit key input from Delta stakeholders and interests related to the conceptual footprint design of the proposed Delta Conveyance project. Another example includes the California Department of Fish and Wildlife Prop 1 grant for the Delta Islands, an effort underway today to solicit feedback from several external experts and key interests related to land use options for the Metropolitan Delta Islands. Another example includes the Community Benefits Framework, under contemplation by DWR, which has included outreach to several in-Delta interests. This Framework is anticipated to become a tangible Community Benefits Program with the approval and advancement of the proposed delta conveyance project.

#### **Importance to Metropolitan**

With water supply imported from the high sierras, through the Delta to Southern California, public engagement remains an integral to developing thoughtful solutions in partnership with communities statewide.

## **Collaborative Partnerships**

### **Current Trends**

### Collaborative Science

Over the last decade, the Metropolitan has been increasing its involvement in the development of science to inform management questions related to water project operations, seismic hazards, species protection and water quality. Metropolitan has been steadily increasing the number of published and peer reviewed studies that Metropolitan funds, and that its staff coauthor. Most of these studies are part of a collaboration with state and federal fish agencies, academic institutions, the Department of Water Resources, the Bureau of Reclamation, the Delta Science Program, the State Water Contractors, San Luis and Delta Mendota Water Authority, and environmental organizations.

Since 2011, Metropolitan has been part of the Collaborative Science Adaptive Management Program (CSAMP), which was organized at the end of litigation as a forum for working through scientific differences and uncertainties in collaboration with state and federal agencies, water districts, and environmentalists with the purpose of minimizing future conflict. With the technical and monetary support of Metropolitan, as well as other funding partners, CSAMP has completed multiple studies and served as a forum for discussing scientific perspectives.

Metropolitan also participates in many multi agency technical forums that address numerous issues related to the implementation of the State Water Project's incidental take permits and the Interagency Ecological Program's monitoring of species and water quality. Metropolitan regularly works with other government agencies and environmentalists to implement adaptive management of the SWP through structured decision making, which is a collaborative approach to assessing management actions in an open and transparent way. More recently, Metropolitan has been active in a multi entity process that is developing a framework for salmon recovery, and in supporting Delta researchers seeking state Proposition 1 funds.

Through these efforts, Metropolitan has been able to focus research in areas that had been historically ignored in the Delta and to support innovative approaches to Delta science investigations.

### **Importance to Metropolitan**

Through collaborative efforts, Metropolitan expands its ability to have a voice in regulatory efforts that impact its water supply and to move forward with important science investigations with multiagency support. Some of the science developed through Metropolitan's efforts have shifted and expanded the discussions surrounding the biological impacts of the State Water Project and have developed alternative State Water Project operations that minimize impacts to water supply.

## **Integration and Innovation Land / Water Interface / Multi-benefit**

### **Current Trends**

The Delta region is at the intersection of many social, political, environmental and climate related factors, as a result, Delta issues are significantly complex uncertain and ambiguous. Developing Delta solutions will require innovation to be most effective. Policies which embrace uncertainty will lead to greater innovation and integration. Fostering innovative Delta solutions will require a commitment to adaptive management as new science and engineering discoveries emerge. Metropolitan has been involved in the development of several innovations in the Bay-Delta, including the use of environmental DNA, SmeltCam and effective population size, which are methods to monitor species distribution and abundance. Metropolitan has also supported the use of Structured Decision Making and life cycle modeling, which are approaches to management and decision-making that makes

decisions more transparent and quantifiable. Another example of recent innovation is Metropolitan's Delta smelt and Native Species Preservation Project, to evaluate the suitability of utilizing the Delta island properties currently owned by Metropolitan to support Delta smelt supplementation efforts. Continued innovation in the future will be key to developing Delta solutions.

**Importance to Metropolitan**

Metropolitan's ability to provide water in a sustainable and reliable manner is dependent on a healthy Delta ecosystem. The development of integrated Delta solutions will require a commitment to a fully integrated approach using the latest and evolving science and engineering solutions. New scientific discoveries can lead to new and innovative solutions with better integration and benefits for a wide variety of stakeholders. A commitment to the development and use of decision support tools is also important for developing Delta solutions.



Water Planning and Stewardship Committee

# Review of Policy Principles Regarding the Sacramento- San Joaquin River Bay-Delta

Item 9-2

August 15, 2022

# Policy Principles Review





## Agenda

- Recap and Overview
- Revised Bay-Delta Policy Framework
- Example Policy Application
- Next Steps

# Recap and Overview

# BDI Policy Update Timeline

## Fall Action

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Staff Research and Development												
Kick Off with BDI Committee												
Policy Review with WP&S Committee												
Board Info and Action Items							REPORT				INFO	ACTION

# Why Update the Bay-Delta Policies?

## Existing Bay-Delta Policies

- 4 Policy themes (2006)
- 13 Policy Principles
- Short-, Mid-, Long- Term Framework (2007)
- 6 Conveyance Criteria (2007)
- Delta Action Plan (2007)
- Delta Governance Principles (2008)
- Delta Vision Implementation (2009)

## Draft Bay-Delta Policies Framework

- 6 Policy Areas
  - 18 Policy Principles

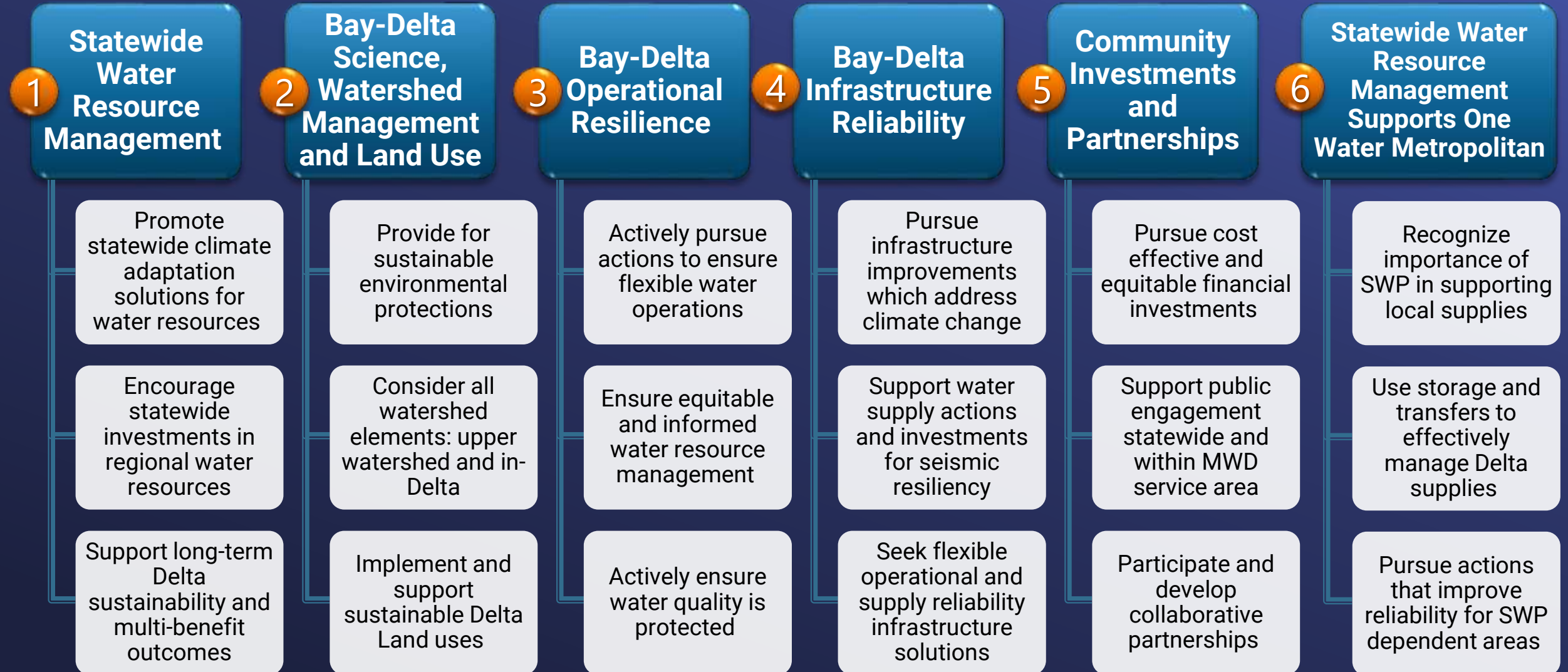


## Revised Bay-Delta Policies Framework

- 3 Policy Objectives
- 3 Policy Areas
  - 9 Policy Principles

# Revised Framework

# DRAFT Bay-Delta Policy Framework: Policy Areas and Principles



## Bay-Delta Policy Objectives

- Promote a Sustainable Bay-Delta within Metropolitan's One Water Approach
- Support Statewide and Regional Actions that Improve Bay-Delta Sustainability
- Address the Risks Associated with Climate Change

### Bay-Delta Policy Framework

Science and Watershed Management	Water Supply Reliability and Resilience	Partnerships and Cost-Effective Investments
Protect and restore aquatic species and habitats based on best available science	Protect water supply reliability and water quality	Maintain and pursue cost-effective financial investments
Partner in watershed-wide approaches to develop comprehensive solutions	Invest in actions that provide seismic and climate resiliency	Foster broad and inclusive engagement of Delta interests and beneficiaries
Advance responsible stewardship of Metropolitan's Delta islands	Seek flexible operations, water management actions, and infrastructure solutions	Promote innovative and multi-benefit initiatives

# Example Policy Applications

## Use of Bay-Delta Policies

- Provide board direction to staff related to Bay-Delta activities:
  - Program and project management
  - External engagement
  - Longer term planning
  - Key Investments
  - Day to day activities
- Inform future proposed board actions
- Final Board deliberation and actions would still be addressed individually

# Example Application

## Bay-Delta Policy Objectives

- Promote a Sustainable Bay-Delta within Metropolitan's One Water Approach
- Support Statewide and Regional Actions that Improve Bay-Delta Sustainability
- Address the Risks Associated with Climate Change

## Bay-Delta Policy Framework

Science and Watershed Management	Water Supply Reliability and Resilience	Partnerships and Cost-Effective Investments
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**Delta Islands –  
Delta Smelt and Native  
Species Preservation  
Project**



# Example Application

## Bay-Delta Policy Objectives

- Promote a Sustainable Bay-Delta within Metropolitan's One Water Approach
- Support Statewide and Regional Actions that Improve Bay-Delta Sustainability
- Address the Risks Associated with Climate Change

## Delta Conveyance Project



## Bay-Delta Policy Framework

Science and Watershed Management	Water Supply Reliability and Resilience	Partnerships and Cost-Effective Investments
Protect and restore aquatic species and habitats based on best available science	Protect water supply reliability and water quality	Maintain and pursue cost-effective financial investments
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Advance responsible stewardship of Metropolitan's Delta islands	Seek flexible operations, water management actions, and infrastructure solutions	Promote innovative and multi-benefit initiatives

# Example Application

## Bay-Delta Policy Objectives

- Promote a Sustainable Bay-Delta within Metropolitan's One Water Approach
- Support Statewide and Regional Actions that Improve Bay-Delta Sustainability
- Address the Risks Associated with Climate Change

Emergency  
Freshwater Pathway



## Bay-Delta Policy Framework

Science and Watershed Management	Water Supply Reliability and Resilience	Partnerships and Cost-Effective Investments
Protect and restore aquatic species and habitats based on best available science	Protect water supply reliability and water quality	Maintain and pursue cost-effective financial investments
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# Example Application

## Bay-Delta Policy Objectives

- Promote a Sustainable Bay-Delta within Metropolitan's One Water Approach
- Support Statewide and Regional Actions that Improve Bay-Delta Sustainability
- Address the Risks Associated with Climate Change

## Bay-Delta Policy Framework

Science and Watershed Management	Water Supply Reliability and Resilience	Partnerships and Cost-Effective Investments
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Advance responsible stewardship of Metropolitan's Delta islands	Seek flexible operations, water management actions, and infrastructure solutions	Promote innovative and multi-benefit initiatives

**Delta Islands –  
Lease Exclusively for  
Permanent Crops**



# Example Application

## Bay-Delta Policy Objectives

- Promote a Sustainable Bay-Delta within Metropolitan's One Water Approach
- Support Statewide and Regional Actions that Improve Bay-Delta Sustainability
- Address the Risks Associated with Climate Change

**Pure Water –  
Reducing Reliance on  
Imported Supplies**



## Bay-Delta Policy Framework

Science and Watershed Management	Water Supply Reliability and Resilience	Partnerships and Cost-Effective Investments
Protect and restore aquatic species and habitats based on best available science	Protect water supply reliability and water quality	Maintain and pursue cost-effective financial investments
Partner in watershed-wide approaches to develop comprehensive solutions	Invest in actions that provide seismic and climate resiliency	Foster broad and inclusive engagement of Delta interests and beneficiaries
Advance responsible stewardship of Metropolitan's Delta islands	Seek flexible operations, water management actions, and infrastructure solutions	Promote innovative and multi-benefit initiatives

# Next Steps

# Action Item Fall 2022



**Incorporate Board Feedback  
into Bay-Delta Policy  
Framework and Principles**



**Finalize Policies for  
Board Action  
Memorialize Policies in a  
Written Report**



**Fall Action Item**





- **Board of Directors**

- One Water (Conservation and Local Resources) Committee***

8/16/2022 Board Meeting

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9-3

## Subject

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Information on policy alternatives Metropolitan may consider for reducing non-functional turf in its service area

## Executive Summary

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As a result of the record drought in the Southwest and in response to adopted board policy, staff seeks feedback on policy alternatives to reduce the use of potable water for irrigating non-functional turf in the service area. Non-functional turf is defined by the State Water Resources Control Board (SWRCB) as mowed grass that does not provide a recreational or community gathering purpose. Commonly this refers to commercial, industrial, and institutional properties (including multi-family housing and Homeowners Association-managed property.)

Staff seeks Board input and direction on the following policy alternatives to address non-functional turf:

1. Use existing or expanded financial incentives to encourage the replacement of non-functional turf.
2. Promote a model ordinance for voluntary adoption by local governments or agencies that bans watering of non-functional turf with potable water.
3. Establish a water allocation method that preferentially curtails imported water supply use on non-functional turf during a declared emergency.
4. Seek state legislation to permanently ban irrigation of non-functional turf with potable water (either statewide or within Metropolitan's service area) modeled after the SWRCB emergency regulation.

Staff believes that a combination of these actions would improve long-term water supply reliability for the region. Staff will return to the Board with preferred alternatives for further action in September 2022.

## Details

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### Background

Due to severe and persistent drought conditions, Metropolitan's Board declared a regional drought emergency in November 2021 and adopted an Emergency Water Conservation Program in April 2022 to address supply shortages in the State Water Project-dependent areas. Conditions on the Colorado River are equally concerning as both Lake Mead and Lake Powell are at their lowest historical levels. In June 2022, the U.S. Bureau of Reclamation Commissioner Camille Touton announced that Colorado River water users need to reduce use by two- to four million-acre feet. It is clear that agencies need to permanently reduce potable water demand for all non-essential uses.

In November 2021, Metropolitan's Board adopted legislative priorities and principles for 2022 that included "support administrative/legislative actions and funding to improve water use efficiency through non-functional turf management." Metropolitan's current commercial Turf Replacement Program (TRP) is the focus of non-functional turf management activities. Following board direction, staff seeks to expand the options available for non-functional turf management.

In May, as part of the state's drought response, the SWRCB adopted an emergency regulation banning the irrigation of non-functional turf with potable water for all commercial, industrial, and institutional (CII) properties throughout the state. This emergency regulation expires on June 14, 2023. In adopting this regulation, the state

acknowledged that irrigation of turf that is not used for recreational or community gathering purposes is an unnecessary use of water.

Southern California residents removed more than 200 million square feet of turf through Metropolitan's TRP. A recent study by Dr. Andrew Marx indicates that 96 percent of properties in Metropolitan's service area which convert from turf to California Friendly landscaping through Metropolitan's TRP maintain that landscaping over time. In addition, Metropolitan's multiplier study found that for every 100 landscapes that are installed using incentives, another 134 are installed without the use of an incentive payment. Both studies focused on residential properties, but these findings can be extended to commercial properties as well. It is expected that there would be a lower rate of reversion on commercial properties due to less frequent property sales. Therefore, the permanent ban on irrigation of non-functional turf and the continued effort to convert these areas to California Friendly landscaping would constitute a significant reduction in potable water demand.

### **Policy Alternatives to Reduce Potable Water Irrigation of Non-Functional Turf**

Staff identified four primary policy alternatives that could address the problem of continued use of potable water for irrigation of non-functional turf. These alternatives could be deployed singly or in combination.

#### ***Use existing or expanded incentives***

Metropolitan's TRP provides \$2 per square foot to CII properties that remove their turf and replace it with California Friendly landscaping. Recently awarded grants from the California Department of Water Resources will temporarily increase this incentive to \$3 per square foot. Metropolitan is also pursuing additional grants to further extend this higher incentive amount. Importantly, the current TRP essentially removes non-functional turf in the CII sector.

Since 1999 the Southern Nevada Water Authority (SNWA), a leader in turf removal incentive rebates, removed 200 million square feet of grass and saved 152 billion gallons of water through their own WaterSMART Landscapes program. However, in the last ten years, SNWA has seen conservation progress plateau. SNWA continues to invest in a turf replacement rebate, but they have noted diminished activity due to a decrease in CII customer participation. Additional incentives may be an option for SNWA if they want to continue to make gains in turf removal in the CII sector.

To make progress similar to SNWA, but in Southern California, Metropolitan's Board could consider additional funding for CII turf replacement for the duration of the State's emergency regulation. The synergy of prohibited watering and enhanced incentives could lead to the substantial conversion of turf. After that date or another date determined by the Board, the incentive would return to previous levels or could be phased out entirely should statewide regulations take effect requiring non-functional turf removal. The purpose of this modification would be to encourage early adoption and participation in the turf removal program prior to ordinance and/or legislation adoption.

#### ***Promote a model ordinance***

Staff could prepare draft language for an ordinance permanently banning the irrigation of non-functional turf with potable water. This language could include a recommendation requiring the removal of non-functional turf by a certain date and the prohibition of the installation of turf for all new development. Staff would conduct a legal review of any proposed language and consult with member agencies to develop the language. Staff would also bring to the Board for future action a resolution encouraging the adoption or insertion of this language by municipalities in their water conservation ordinances. In addition, with Board approval, staff could create a new enforcement category within the Member Agency Administered (MAA) program allowing member agencies to submit projects to fund non-functional turf ordinance/legislation enforcement activities.

#### ***Incorporate water allocation methodology that excludes imported water use on non-functional turf in emergencies***

During a water supply emergency, California Water Code Section 350 et seq. allows the adoption of regulations and restrictions to "conserve the water supply for the greatest public benefit with particular regard to domestic use, sanitation, and fire protection." In an emergency, Metropolitan could develop a water allocation methodology that identifies and prioritizes types of outdoor water use and excludes water needed for non-functional turf irrigation from any allocation of supply. Metropolitan is currently pursuing a study with Dr. Marx

to calculate all non-functional turf on CII property within the service area. The study is expected to be completed by the end of 2022. This methodology, however, will require additional data and coordination with the member agencies to determine if discriminating between water uses in this manner is a viable policy alternative. Metropolitan may need to supply additional funding or resources to assist with the data collection effort.

### ***Seek State legislation***

Another policy alternative is to seek state legislation that would ban non-functional turf in the CII sector by a certain date. This legislation could be sought for statewide application, or for Metropolitan's service area alone. The first-ever legislation banning non-functional turf was enacted in 2021 through Nevada Assembly Bill 356. This legislation bans the irrigation of non-functional turf with water from the Colorado River (essentially limiting it to the service area of SNWA). In January 2022, the SNWA board approved the recommendations of the Non-functional Turf Removal Advisory Committee, which included final definitions of functional and non-functional turf. SNWA is currently allocating additional staff and resources to meet the anticipated increase in demand for their WaterSMART Landscapes rebate as they work to incentivize non-functional turf removal ahead of the 2027 deadline. SNWA expects to outlay over \$300 million in incentives over the next five years using capital funding and a \$5 million grant from the U.S. Bureau of Reclamation.

On June 10, 2022, the SWRCB ban on irrigating non-functional turf on CII properties went into effect. The current emergency regulation provides a window of opportunity to introduce similar legislation in California. Governor Newsom and the SWRCB have acknowledged that banning irrigation of non-functional turf with potable water is an effective and appropriate action to decrease water demand from a non-essential use. Legislation that requires a statewide ban would take the burden off cities and municipalities to pass local ordinances and provide additional enforcement authority. In addition, new legislation would provide clear messaging that would ensure higher levels of compliance. If directed to do so, staff will begin the process to develop legislation which could be submitted in the next legislative cycle.

### **Next Steps**

Based on board feedback, staff will refine the policy options and begin implementation of one or a combination of them.

### ***Use existing or expanded incentives***

Staff would develop and propose a revised TRP with a temporarily increased incentive and de-escalating structure. Staff would also develop an estimate of program length based on current budget availability and a projection of the budget needed to achieve program goals.

### ***Promote a model ordinance***

Staff would consult with member agencies to review and refine the language based on their feedback and further legal review. Staff would bring to the Board for future action a resolution encouraging the adoption or insertion of this language by municipalities in their water conservation ordinances. Finally, staff would bring back for board approval a new enforcement category within the MAA program allowing member agencies to submit projects to fund NFT ordinance/legislation enforcement activities.

### ***Incorporate water allocation methodology that excludes imported water use on non-functional turf during an emergency***

Staff would further develop and scope the effort to gather needed information to delineate between outdoor water uses. Staff will work with member agencies to determine a timeline for data collection and submittal.

***Seek state legislation***

Staff would begin the process to develop legislation which could be submitted in the next legislative cycle.

**Policy**

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By Minute Item 52802, dated April 26, 2022, the Board adopted a resolution which declared a Water Shortage Emergency Condition and established an Emergency Water Conservation Program for the State Water Project dependent area.

By Minute Item 52579, dated November 9, 2021, the Board adopted Legislative Priorities and Principles for 2022 that included improving water efficiency through non-functional turfgrass management.

By Minute Item 52581, dated November 9, 2021, the Board adopted a resolution which declared specified emergency conditions within the Metropolitan service area.

By Minute Item 49542, dated September 10, 2013, the Board authorized new conservation program initiatives.

By Minute Item 49068, dated May 8, 2012, the Board authorized changes to Metropolitan's water conservation program.

By Minute Item 48772, dated August 16, 2011, the Board adopted the Long-Term Conservation Plan and revisions to the water conservation policy principles.

**Fiscal Impact**

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Any increase in the Turf Replacement Program incentive would increase spending from the approved FY 2022/23 and FY 2023/24 demand management budget and may potentially require additional funding to be allocated at a level deemed appropriate by the Board.

  
\_\_\_\_\_  
Brad Coffey  
Manager, Water Resource Management

8/12/2022  
Date

  
\_\_\_\_\_  
Adel Hagekhalil  
General Manager

8/12/2022  
Date

Ref# wrm12686277



One Water Committee

# Non-functional Turf Efforts Update

Item 9-3

August 15, 2022

# Advancing Regional Non-functional Removal

## Four Options for Metropolitan to Explore

- Incentives-based
- Sample ordinance / Board resolution
- New water allocation methodology for drought emergency
- State legislation

## Non-Functional Turf Efforts

# Defining Non-Functional Turf

- Options to define NFT
  - SWRCB developed
  - SNWA developed
  - MWD – to be developed
- Generally includes:
  - Potable water irrigation only
  - CII turf not used for recreation / community gathering
  - Tree health considerations
  - Exclusion of residential turf

# Non-functional Turf Removal Incentives

## Turf Replacement Program Incentive Structure Change

### Increased Turf Replacement Program Incentive

- Grants received to increase incentive
- Potential further temporary increase in incentive
- Decrease incentive over time as ordinances/legislation are passed
- Continue to seek outside funding to achieve effort

# Non-functional Turf Ordinance Development

## Non-Functional Turf Ordinance Development

# What Can Metropolitan do to Encourage Ordinance Adoption?

- Cities have water efficiency ordinances
  - Most have permanent ban section
- MWD could provide sample language
- MWD Board resolution encouraging adoption of ordinance language

Non-  
Functional  
Turf  
Ordinance  
Development  
(continued)

# Ordinance Language Options

- Language that could be included:
  - Permanent ban on irrigating NFT with potable water
  - Permanent ban on installation of turf on new development
  - Removal of NFT on CII properties by a specific date
  - Exceptions
    - Tree health
    - HOA community spaces

# Non- Functional Turf Ordinance Enforcement

## Enforcement Funding

- Enforcement funds available in MAAP
- Create new category of MAAP funding for NFT ordinance enforcement
- Funded activities may include:
  - Outreach/marketing
  - Enforcement patrol
  - Fine / penalty administration

# Proposed Water Allocation Methodology

# Proposed Water Allocation Methodology

## Change to Emergency Water Allocation Methodology

- No water allocation from MWD supply for NFT during declared emergency
- Utilize turf dashboard currently in development by Dr. Marx
- Additional data would need to be provided by water agencies

# Statewide Legislation to Ban Watering of Non-Functional Turf

## Non- Functional Turf Legislation

# Current Legislation

- Conservation Emergency Regulation
  - Adopted by SWRCB on May 24, 2022
  - In effect from June 10, 2022 – June 10, 2023
  - Bans watering of NFT on CII properties with potable water
    - Does not include recreation or community space
    - Exception for tree health

Non-  
Functional  
Turf  
Legislation  
Other State  
Efforts

# Nevada Assembly Bill 356

- Prohibits SNWA/Colorado River water supplies from watering NFT by 2027
- “Non-functional Turf” means irrigated lawn grass area not meeting definition of Functional Turf
- Functional Turf
  - Grass area providing recreational benefit
  - At least 10 feet from the street
  - Less than 25% slope
  - Not medians, parkways, or entryways
  - Includes residential, pet areas, athletic fields, play areas

## Non- Functional Turf Legislation

# Benefits of Introducing Legislation

- Current drought conditions provide an opportunity for effective change
- Legislation sends unified message with statewide outreach and marketing
- Stronger enforcement
- Greater long-term benefits and higher reduction in water use

# NFT Option Snapshot

Option	Benefits	Considerations
Incentives	<ul style="list-style-type: none"> <li>• Motivates CII customers to remove NFT</li> <li>• Takes advantage of policy window opened by SWRCB emergency regulations banning irrigation of NFT</li> </ul>	<ul style="list-style-type: none"> <li>• De-escalation needs ordinance/legislation to promote change</li> <li>• Budget considerations</li> </ul>
Ordinances	<ul style="list-style-type: none"> <li>• Codifies ban on NFT irrigation</li> <li>• Allows local control</li> <li>• Municipalities can adjust language as needed for their specific situation</li> </ul>	<ul style="list-style-type: none"> <li>• NFT definition could vary widely</li> <li>• Difficult to understand why large differences between municipalities</li> <li>• Relies on municipalities to adopt/enforce</li> </ul>
Allocation Methodology in Drought Emergency	<ul style="list-style-type: none"> <li>• Removes NFT irrigation from water demand during declared emergencies</li> <li>• Provides water for HH&amp;S / other needs</li> </ul>	<ul style="list-style-type: none"> <li>• Additional data needed from member agencies</li> <li>• Complex</li> </ul>
Legislation	<ul style="list-style-type: none"> <li>• Statewide or regional ban on NFT</li> <li>• Unified message and outreach</li> <li>• Higher expected water savings</li> <li>• Greater compliance/enforcement</li> </ul>	<ul style="list-style-type: none"> <li>• Buy-in needed from state reps and other agencies/organizations</li> <li>• Lengthy process</li> <li>• Difficult to develop statewide approach given California's diversity climate &amp; community values</li> </ul>

## Next Steps

- Receive Board feedback on presented options
- Continue efforts to seek outside funding of turf replacement program
- Continue developing NFT dashboard to assist MAs with decision-making

