THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

# MWD MEETING AGENDA

**REVISION 5**

## Board Meeting

## April 10, 2018

## 12:00 p.m. – Boardroom

| April 10, 2018 Meeting Schedule | | |
|---|---|---|
| 9:00 a.m. | Rm. 2-145 | L&C |
| 10:00 a.m. | Rm. 2-456 | C&LR |
| 11:00 a.m. | Rm. 2-145 | OP&T |
| 12:00 p.m. | Boardroom | Board Meeting |

Teleconference Participation

**MWD Legislative Offices:**
500 New Jersey Avenue, N.W., Suite 500
Washington, DC 20001

**Gurneys' Newport Resort**
1 Goat Island
Newport, RI 02840
(401) 849-2600

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

### 1. Call to Order

**Corrected**

(a) Invocation: Joyce Lehman, Engineer, Compliance Team, Water System Operations

(b) Pledge of Allegiance: Director Larry McKenney, Municipal Water District of Orange County

### 2. Roll Call

### 3. Determination of a Quorum

**4.** Opportunity for members of the public to address the Board on matters within the Board's jurisdiction. (As required by Gov. Code § 54954.3(a)

## 5. OTHER MATTERS

A. Approval of the Minutes of the Meeting for March 13, 2018 and the Minutes of the Board Workshop: California WaterFix held March 27, 2018
(A copy has been mailed to each Director)
Any additions, corrections, or omissions

B. Report on Directors' events attended at Metropolitan expense for month of March 2018

C. Approve committee assignments

D. Chairman's Monthly Activity Report

E. Presentation of 5-year Service Pin to Cynthia Kurtz

F. Presentation of 10-year Service Pin to Linda Ackerman

G. Presentation of Commendatory Resolution for Director Donald Dear, representing West Basin Municipal Water District

## 6. DEPARTMENT HEADS' REPORTS

A. General Manager's summary of activities for the month of March 2018

B. General Counsel's summary of activities for the month of March 2018

C. General Auditor's summary of activities for the month of March 2018

D. Interim Ethics Officer's summary of activities for the month of March 2018

## 7. CONSENT CALENDAR ITEMS — ACTION

**7-1** Adopt CEQA determination and adopt resolution for Calleguas Annexation No. 101 to Calleguas Municipal Water District and Metropolitan. (F&I)

**Corrected**

**Recommendation:**

**Option #1:**

**Adopt the CEQA determination that the proposed action is categorically exempt, and**

**Adopt resolution granting approval for Calleguas Annexation No. 101 concurrently to Calleguas and Metropolitan and establish Metropolitan's terms and conditions for the annexation (Attachment 3), conditioned upon approval by ~~Riverside~~ Ventura County's Local Agency Formation Commission, and upon receipt of the annexation fee of $33,355.**

**7-2** Adopt CEQA determination and appropriate $1.7 million; and authorize design and procurement to replace valves within the Orange County and Riverside/San Diego County operating regions (Appropriation No. 15480). (E&O)

**Recommendation:**

**Option #1:**

**Adopt the CEQA determination that the proposed action is categorically exempt from CEQA , and**

**a. Appropriate $1.7 million; and**

**b. Authorize design and procurement to replace valves within the Orange County and Riverside/San Diego County operating regions**

**7-3** Adopt CEQA determination and appropriate $800,000; and authorize design of cathodic protection systems for four pipelines within Metropolitan's distribution system (Appropriation No. 15480). (E&O)

**Recommendation:**

**Option #1:**

**Adopt the CEQA determination that the proposed action is categorically exempt, and**

**a. Appropriate $800,000; and**

**b. Authorize design of cathodic protection for the Santa Monica Feeder, West Orange County Feeder, Lake Skinner Pipelines, and Live Oak Reservoir Pipelines.**

**7-4** Adopt CEQA determination and award $349,000 contract to Shipley Construction & Plumbing to renovate two houses at Hinds Pumping Plant (Appropriation No. 15495). (E&O)

**Recommendation:**

**Option #1:**

**Adopt the CEQA determination that the proposed action was previously determined to be categorically exempt, and**

**Award $349,000 contract to Shipley Construction & Plumbing to renovate two houses at Hinds Pumping Plant.**

**7-5** Adopt CEQA determination and appropriate $350,000; and authorize relocation of equipment for Service Connection CENB-29 on the Lower Feeder (Appropriation No. 15480). (E&O)

**Recommendation:**

**Option #1:**

**Adopt the CEQA determination that the proposed action is categorically exempt, and**

**a. Appropriate $350,000; and**

**b. Authorize construction to relocate equipment for Service Connection CENB-29.**

**7-6** Adopt CEQA determination and approve Metropolitan Water District of Southern California's salary schedules from 2011 through 2017 to comply with recent CalPERS audit finding pursuant to CalPERS regulations. (OP&T)

**Recommendation:**

**Option #1:**

**Adopt the CEQA determination that the proposed action is not defined as a project, and**

**Approve the attached salary schedules**.

## END OF CONSENT CALENDAR

## 8. OTHER BOARD ITEMS — ACTION

**8-1** Adopt CEQA determination and approve the proposed biennial budget for fiscal years 2018/19 and 2019/20, revenue requirements for fiscal years 2018/19 and 2019/20, and ten-year forecast; adopt resolutions fixing and adopting the water rates and charges for calendar years 2019 and 2020; and adopt the resolution finding that continuing the suspension of the tax rate limitation in Section 124.5 of the Metropolitan Water District Act to maintain the ad valorem property tax rates for fiscal years 2018/19 and 2019/20 is essential to Metropolitan's fiscal integrity. (F&I)

**Added** **Recommendation:**

**Option #1:**

**Adopt the CEQA determination that the proposed action is not defined as a project, and**

**a. Approve the FY 2018/19 and FY 2019/20 Proposed Biennial Budget;**

**b. Appropriate $2,532.4 million for Metropolitan O&M and operating equipment, power costs on the Colorado River Aqueduct, SWC operations, maintenance, power and replacement costs and SWC capital charges; demand management programs including the local resources and conservation credits program; and costs associated with supply programs, for FYs 2018/19 and 2019/20;**

**c. Appropriate as a continuing appropriation, $662.9 million for FY 2018/19 and FY 2019/20 debt service on Metropolitan general obligation and revenue bonds;**

**d. Authorize the use of $240 million in operating revenues to fund the Capital Investment Plan for FYs 2018/19 and 2019/20;**

**e. Determine that the revenue requirements to be paid from rates and charges are $1,558.5 million in FY 2018/19 and $1,617.8 million in FY 2019/20;**

**f. Approve the Ten-Year Financial Forecast, as shown in the Proposed Biennial Budget FY 2018/19 and FY 2019/20 in Attachment 1;**

**g. Transfer the remaining balance in the Water Management Fund at the end of FY 2017/18 to the Water Stewardship Fund to provide additional support for the Conservation Credits Program;**

**h. Approve water rates effective January 1, 2019, and January 1, 2020, as shown in Table 3 above;**

**i. Adopt the Resolution Fixing and Adopting Water Rates To Be Effective January 1, 2019 and 2020, in the form of Attachment 4;**

**j. Adopt the Resolution Fixing and Adopting A Readiness-To-Serve Charge Effective January 1, 2019, in the form of Attachment 5;**

**k. Adopt the Resolution Fixing and Adopting A Capacity Charge Effective January 1, 2019, in the form of Attachment 6; and**

**l. Adopt the Resolution Finding that Continuing an Ad Valorem Property Tax Rate at the Rate Levied for FY 2017/18 is Essential to the Fiscal Integrity of the District and Suspending the Ad Valorem Tax Rate Restriction for FY 2018/19 and FY 2019/20, in the form of Attachment 7.**

**8-2** Adopt CEQA determination and approve suspension of billing and collection of the Water Stewardship Rate on exchange agreement deliveries to San Diego County Water Authority for (a) calendar years 2019 and 2020 during the Demand Management cost allocation study period, and (b) calendar year 2018. (F&I)

**Added**

**Recommendation:**

**Option #1:**

**Adopt CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and**

**Approve suspension of billing and collection of the Water Stewardship Rate on exchange agreement deliveries to San Diego County Water Authority for (a) calendar years (CYs) 2019 and 2020 during the Demand Management cost allocation study period, and (b) calendar year (CY) 2018.**

**8-3** Adopt CEQA determination and authorize amendments to the Administrative Code regarding water service policies to expand the operating flow range for service connections and clarify responsibilities for future meter replacement costs. (L&C)

**Added**

**Recommendation:**

**Option #1:**

**Adopt the CEQA determination(s) that the proposed action is not defined as a project and is not subject to CEQA and**

**Approve amendments to the Administrative Code to allow an expanded operating range for service connection metering and revise responsibilities for future meter replacement costs, while maintaining meter accuracy requirements.**

**8-4** Adopt CEQA determination and authorize Modifications to the Water Efficiency Programs. (WP&S)

**Added**

**Recommendation:**

**Option #1:**

**Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and**

**Authorize the proposed changes to the water efficiency program, the authority to use the Water Stewardship Fund for the Landscape Transformation Program, and the accrual of MAA Program funds from fiscal year 2017/18 for SDCWA.**

**8-5** Consider adopting CEQA determination and (1) authorizing the General Manager to (a) secure one-year water transfers with various Sacramento Valley water districts for up to 100,000 acre-feet of additional supplies, (b) secure storage and conveyance agreements with Department of Water Resource and various Sacramento Valley water districts to facilitate these transfers, and (c) pay up to $45 million for such transfers; and (2) granting final decision-making authority to the General Manager subject to the terms set forth in this letter. (WP&S)

**Recommendation:**

**Option #1:**

1. **Do not authorize the General Manager to:**
   a. **Secure one-year water transfers with various Sacramento Valley water districts for up to 100,000 acre feet of additional supplies;**
   b. **Secure storage and conveyance agreements with Department of Water Resource and various Sacramento Valley water districts to facilitate these transfers, consistent with Articles 55 and 56 of Metropolitan's State Water Contract; and**
   c. **Pay up to $45 million for such transfers.**
2. **Do not grant the General Manager final decision-making authority to determine whether or not to move forward with these transfers following completion of any environmental reviews required under CEQA, subject to the terms and conditions set forth in this letter.**

**8-6** Adopt CEQA determination and authorize entering into a funding agreement with The Water Research Foundation for potable reuse studies totaling $975,000 and approve an approach to fund member agency studies and research under the Future Supply Actions Funding Program. (WP&S)

**Added**

**Recommendation:**

**Option #1:**

**Adopt the CEQA determination that the first proposed action is categorically exempt and the second proposed action is not defined as a project, and**

a. **Authorize entering into a funding agreement amounting to $0.975 million with The Water Research Foundation for six potable and one non-potable reuse studies; and**
b. **Approve an approach to issue Request for Proposals to fund member agency studies and research under the Future Supply Actions Funding Program.**

**Revised** **8-7** Adopt CEQA determination and ~~provide additional authorizations to participate in the construction of California WaterFix~~; approve one of two options for implementing California WaterFix; authorize General Manager to execute certain agreements and agreement amendments related to financing, pre-construction and construction activities for California Water Fix; and authorize General Manager to negotiate draft terms and conditions for one or more multi-year transfers of State Water Project water supplies

**Added**

**Recommendation:**

**Option #1:**

**Adopt the CEQA determination that the proposed actions require no further CEQA action or are exempt from CEQA, and**

- **Express support for DWR to construct California WaterFix in two stages, if it decides to proceed in a staged manner;**
- **Express support for Metropolitan to participate in the first stage of California WaterFix, if DWR proceeds with staged construction, and contribute up to 47.1 percent of the costs for the first stage;**
- **Amend the General Manager's existing authorization to execute Joint Powers Agreements forming the Delta Conveyance Design and Construction Joint Powers Authority and a Financing Joint Powers Authority to allow for governance structures commensurate with member participation;**
- **Authorize funding of up to $63 million for further contributions for study, review, planning, engineering, design, and other preconstruction capital costs for the California WaterFix subject to a reimbursement agreement with DWR acceptable to the General Manager and General Counsel that provides for repayment upon DWR's first bond issuance; and**
- **Authorize the General Manager to negotiate draft terms and conditions for one or more multi-year transfers of State Water Project water supplies.**

**NOTE: A more detailed discussion of the proposed actions and CEQA determinations for both Option #1 and Option #2 (which is not the staff recommendation) are provided in the Board letter.**

**8-8** Adopt CEQA determination and authorize increase in maximum amount payable under contract with Van Ness Feldman LLP by $500,000 for a maximum payable amount of $750,000 for legal services related to California WaterFix environmental litigation: *Bay.org, et al. v. Zinke, et al.*, Case No. 17-cv-3739-YGR (N.D. Cal., filed June 29, 2017); *Golden Gate Salmon Assn. v. Ross, et al.*, Case No. 17-cv-3742-YRG (N.D. Cal., filed June 29, 2017); *CDWR Environmental Impact Cases*, Sacramento County Superior Ct. Case No. JCCP 4942 (20 coordinated cases); *City of Antioch v. Cal. Dept. of Water Resources*, Sacramento County Superior Ct. Case No. 34-2017-00218154-CU-BC-GDS; *County of Sacramento, et al. v. State Water Resources Control Board*, Sacramento County Superior Ct. Case No. 34-2018-80002812-CU-WM-GDS. (L&C)

**[Conference with legal counsel—existing litigation and potential litigation (unknown number); to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1), (d)(2), and (d)(4)]**

**Added**

**Recommendation:**

**Option #1:**

**Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and**

**Authorize the General Counsel to amend the existing agreement with Van Ness Feldman LLP to increase the maximum amount payable by $500,000 to $750,000.**

## 9. BOARD INFORMATION ITEMS

**9-1** Update on Conservation Program

## 10. FOLLOW-UP ITEMS

## 11. FUTURE AGENDA ITEMS

## 12. ADJOURNMENT

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

Each agenda item with a committee designation will be considered and a recommendation may be made by one or more committees prior to consideration and final action by the full Board of Directors. The committee designation appears in parentheses at the end of the description of the agenda item e.g., (E&O, F&I). Committee agendas may be obtained from the Board Executive Secretary.

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

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