



**Proposed Staff Recommendation Consent Calendar for May 25, 2017**

**ENGINEERING AND OPERATIONS COMMITTEE**

- 9- 1. Notice of Completion for the Pipeline 4 Relining at Lake Murray project.  
Authorize the General Manager to accept the Pipeline 4 Relining at Lake Murray project as complete, record the Notice of Completion, and release funds held in retention to L.H. Woods and Sons, Inc. following the expiration of the retention period.

**WATER PLANNING COMMITTEE**

- 9- 2. Extension of Water Conservation Garden Operation Agreement.  
Approve a one-year extension of the current Operation Agreement between the Water Conservation Garden Authority and the Friends of the Water Conservation Garden (IRS 501(c)(3)) for the continued operation and maintenance of the Water Conservation Garden through June 30, 2018.

**ADMINISTRATION AND FINANCE COMMITTEE**

- 9- 3. Monthly Treasurer's Report on Investments and Cash Flow.  
Note and file monthly Treasurer's Report.
- 9- 4. Transfer Balance from Stored Water Fund for CalPERS Unfunded Liability.  
Authorize the General Manager to transfer balance of \$9.5 million from the Stored Water Fund for an unfunded accrued liability payment to the California Public Employees Retirements System (CalPERS).
- 9- 5. Resolution setting a Public Hearing date for the Water Authority's proposed calendar year 2018 Rate and Charge increases.  
Adopt Resolution No. 2017-\_\_\_ setting the time and place for a public hearing on June 22, 2017, at or after 9:00 a.m., or as soon thereafter as may practicably be heard, during the Administrative and Finance Committee meeting, to receive comments regarding proposed rates and charges to be effective January 1, 2018.
- 9- 6. Agreement for Carlsbad Desalination Project Sales Tax Recovery.  
Authorize the General Manager to execute a professional services agreement with DuCharme, McMillen and Associates to pursue the recovery of sales tax paid as part of the construction of the Carlsbad Desalination Project.



- 9-7. Approve the Refinancing of the Claude “Bud” Lewis Carlsbad Desalination Project Conveyance Pipeline and the Update of the Water Authority’s Debt Management Policy.
- a. Adopt Resolution No. 2017-\_\_\_ approving the refunding of California Pollution Control Financing Authority \$203,215,000 Water Furnishing Revenue Bonds, Series 2012 (San Diego County Water Authority Desalination Project Pipeline) via negotiated sale; a Preliminary Limited Offering Memorandum, a Bond Purchase Agreement and other documents and agreements necessary to accomplish tax exempt project refinancing through the California Pollution Control Financing Authority (CPCFA); and
  - b. Approve the updated Statement of Debt Management Policy to reflect recent regulatory changes.

**LEGISLATION AND PUBLIC OUTREACH COMMITTEE**

- 9- 8. Adopt positions on various state bills.
- A) Adopt a position of Support if Amended on AB 1030 (Ting), relating to energy storage systems.
  - B) Adopt a position of Support on AB 1343 (Chen), relating to water use efficiency programs at schools.
  - C) Adopt a position of Oppose Unless Amended on SB 80 (Wieckowski), relating to CEQA notices for multi-county water projects.
- 9- 9. Recommendation of program goal for Small Contractor Outreach and Opportunities Program.  
Continue the SCOOP program goal of 20 percent for fiscal year 2018.

May 24, 2017

**Attention: Imported Water Committee**

**Metropolitan Water District Delegates' Report (Discussion)**

**Background**

This report summarizes key discussions held and actions taken at the Metropolitan Water District (MWD) committee and Board meetings, as reported by the Water Authority Delegates. This report includes MWD Board activities from May 8 and 9, 2017. The MWD committees and Board meet next on June 12 and 13.

**Discussion**

Key actions at the May MWD Board and committee meetings included: 1) adoption of a resolution to declare “Condition 1 – Water Supply Watch;” 2) adoption of a resolution to continue MWD’s water standby charge for fiscal year 2017/18; 3) approval of, by title only, an Ordinance determining MWD’s interests require the use of an additional \$400 million in Revenue Bonds to finance capital projects; 4) appropriation of \$10.39 million and award contracts to CopperTop Enterprises for design, construction and renovation of desert housing; and 5) adopt Legislative Priorities related to the Governor’s Executive Order B-37-16, “Making Water Conservation a California Way of Life.” The MWD Board also authorized a contract amendment with Macias Gini O’Connell, LLP, to extend the contract term by one year and increase the amount payable; the delegates submitted a letter clarifying their position of support, expressing continued concerns about water sales characterizations contained in the Basic Financial Statements.<sup>1</sup> Details on the adopted water supply “Condition 1” can be found in Attachment 1; details on the Ordinance can be found in Attachment 2; details on legislative priorities can be found in Attachment 3, and details on the desert housing conditions can be found in Attachment 4.

**Ordinance Authorizing Revenue Bonds**

The delegates submitted a letter describing their opposition to the approval of the Ordinance title on Revenue Bonds.<sup>2</sup> Noting the impact of debt issuance to rate increases, Director Lewinger expressed concern that the discussion of the ordinance introduction was not on Finance and Insurance (F&I) committee meeting agenda.<sup>3</sup> Recognizing this month’s action was to introduce the ordinance only, Lewinger commented that staff nonetheless should have presented information for the Board to deliberate and determine whether the interests of MWD require additional debt to be issued at this time. Further details on the Ordinance can be found in Attachment 2.

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<sup>1</sup> The Delegates’ May 6, 2017 letter found here: <http://www.mwdfacts.com/wp-content/uploads/2017-05-06-WA-RE-MGO-contract-extension.pdf>.

<sup>2</sup> The Delegates’ May 6, 2017 letter found here: <http://www.mwdfacts.com/wp-content/uploads/2017-05-06-WA-re-Revenue-Bonds-Ordinance-Intro.pdf>.

<sup>3</sup> The last time MWD considered the introduction of an Ordinance authorizing bonds, it was presented both at the F&I committee and at the Board.

### **Desert Housing Update**

The Engineering and Operations (E&O) Committee approved the recommendations on the desert housing, which was recently discussed in the Organization, Personnel & Technology (OP&T) Committee. Last month, staff said it would return to the E&O committee with an action item after hearing from desert employees on the housing conditions twice—once in April and once in March. Details on the desert housing discussion can be found in Attachment 4.

### **California WaterFix**

During the Water Planning and Stewardship (WP&S) Committee meeting, Assistant General Manager-Strategic Water Initiatives Roger Patterson gave a brief update on California WaterFix during the monthly report. He reported that in roughly 30 days, the Endangered Species permits should be “final,” after which the Record of Decision/Notice of Determination would be made, possibly by late June. Patterson also said that regarding cost allocations, the details should likewise be finalized in the June timeframe. Staff noted that a detailed briefing on the Delta Stewardship Council’s revised Delta Plan will be given in the upcoming special committee meeting on May 25. Director Paskett (Los Angeles) asked about MWD’s cost allocation and vote timing schedule. Staff responded that as previously mentioned, there will be three white papers presented to the Board: one on the overall project, one on operations and one on finance and cost allocation. General Manager Kightlinger noted that there will be one vote (not three) following the white papers presentations in “late summer, maybe earlier.” Paskett reiterated the presentation timing question, to which Kightlinger responded that it would be over the next six weeks, during off-board committee meetings.

### **Oroville**

The Communications and Legislation Committee (C&L) received a brief update on the conditions at Oroville and associated legislative activities. The Brown Administration proposed investing \$437 million in flood control and emergency response actions for all California dams (\$50 million from general fund and \$387 million from Proposition 1 funding); however, Prop 1 funds cannot be used to repair the Oroville dam. On April 17, Kiewit Construction was awarded a \$275 million contract to begin the first phase of repairs at Oroville. Staff reported that California received \$274 million in emergency aid from FEMA for the Oroville repairs through May 2017, but noted that the Kiewit contract is not approved for FEMA reimbursement at this time.

### **Overview**

Overall, the Water Authority Delegation supported 11 of the 14 action items approved by the MWD Board in May. The MWD Board adopted a resolution to continue MWD’s Water Standby Charge for fiscal year 2017/18. The delegates opposed this item for reasons stated in the Water Authority’s 2016 rate case, and submitted a letter also noting that MWD is capable of segregating funds it collects to ensure that the funds received are used only for the intended purpose.<sup>4</sup> In addition, the MWD Board approved entering into a Memorandum of Understanding between MWD and the Association of Confidential Employees. Attachment 5 is a copy of MWD’s May 2017 committee and Board meeting agendas and summary report.

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<sup>4</sup> The Delegates’ May 6, 2017 letter found here: <http://www.mwdfacts.com/wp-content/uploads/2017-05-06-WA-re-Standby-Charge.pdf>.

Prepared by: Anne Middleton, Water Resources Specialist  
Reviewed by: *Finance and Insurance Committee* by Keith Lewinger  
*Water Planning and Stewardship Committee* by Keith Lewinger  
*Engineering and Operations Committee* by the Delegates  
*Communications and Legislation Committee* by Keith Lewinger  
*Legal and Claims Committee* by the Delegates  
*Real Property and Asset Management Committee* by Michael Hogan  
*Organization, Personnel and Technology Committee* by Michael Hogan

Attachment 1: Discussion Summary of Condition 1 – Water Supply Watch  
Attachment 2: Discussion Summary of Ordinance to Issue Future Debt  
Attachment 3: Discussion Summary of Legislative Priorities  
Attachment 4: Discussion Summary of Desert Housing  
Attachment 5: MWD’s committee and Board meeting agendas and Board summary, dated May 8 and 9, 2017.

## Discussion Summary of Water Supply Watch Condition Change

In May 2008, consistent with the Water Surplus and Drought Management (WSDM) Plan, the MWD Board adopted a system of stages, or “conditions,” to communicate the water supply conditions and the required conservation and water management practices.<sup>1</sup> Due to this year’s significant precipitation, the MWD Board adopted a resolution to declare a “Condition 1 – Water Supply Watch.” The conservation and water management practice described under Condition 1 is “Local agency voluntary dry-year conservation measures and use of regional storage reserves.” Staff reported that declaring Condition 1 is fitting because it “reflects current conditions, the actions taken by the Governor and the projected dry-year storage reserves at the end of calendar year 2017.”

Responding to Director Lewinger’s question during the Water Planning and Stewardship Committee (WP&S) committee on intentionally created surplus (ICS) in Lake Mead, staff said that discussions are under way with the Bureau of Reclamation and other partners (Southern Nevada Water Authority and the Central Arizona Project) to explore the opportunity to increase ICS. Later Director Hogan asked if MWD does not obtain the increased ICS capacity, whether that would mean an overall decrease in MWD’s storage put capacity for 2017. Staff responded yes, saying that is why the slide depicts a range. Kightlinger commented that if the water cannot be stored in ICS, it does not mean the water is lost, as there are other storage options.

While Director Morris (San Marino) agreed with staff’s direction, he observed that the definition in the “Baseline” condition describes more accurately what is actually happening. (The conservation practice described under Baseline is: “Ongoing implementation of conservation, recycling and outreach programs to achieve permanent increases in water use efficiency and build storage reserves.”) Morris asked if it makes sense to “tweak the definitions” to make it easier for the public to understand what the Board is doing. Director Lewinger echoed Morris’s observation, saying MWD is building storage reserves and that is the activity described in at the “Baseline.” He continued, “either we follow the definitions... and adopt the Baseline which matches the definition,” or “change the definitions to make it clear that you’re talking about the entire drought period, not what is happening on the ground...” General Manager Kightlinger said the staff’s recommendation is appropriate. He said that although MWD is replenishing storage reserves, it’s “a little premature” to declare a Baseline scenario given the Governor only recently declared the drought emergency over. Kightlinger said however he is happy to change the wording. Director Dick (Municipal Water District of Orange County) moved the motion.

Lewinger offered a friendly amendment to the motion, which would move the supply condition to “Condition 1,” and directed staff to propose language to modify the conservation actions described in various “conditions” next month. Director Dick declined the amendment saying “I’m just not going to be all that friendly.” The Committee, and subsequently, the Board, approved staff’s recommendation, with Director Lewinger voting against.

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<sup>1</sup> These “conditions” are intended to convey the level of conservation and water management practices, with “Condition 3: Water Supply Allocation” being the only stage where MWD will resort to allocation of supplies.

## Discussion Summary of Finance and Debt

The MWD Board voted to approve the introduction by title only of an ordinance to determine that the interest of MWD requires the issuance of additional \$400 million in revenue bonds to pay for a portion of its capital expenses. The item was listed on the Board agenda but not on the Finance and Insurance (F&I) Committee agenda. At the onset of the F&I meeting, Director Lewinger asked why the item was not presented at the meeting, as the subject is worthy of board discussion. He noted that the last time the Board considered a similar action—in September 2015—it was discussed in committee first. Assistant General Manager/Chief Financial Officer Gary Breaux replied that this month's vote was only to introduce the ordinance by title, and that in June the item would be discussed at committee. Breaux further stated that the revenue bond capacity authorized under the previous ordinance only has \$35 million remaining (out of \$500 million), and that the additional \$400 million “should cover us for the next five years based on the ten-year financial forecast, unless there are some things that are not in the financial plan that the Board decides to do.” Lewinger commented that when the last ordinance was adopted, staff said the bonds would last through 2018, and his point was that by waiting until next month, the first time the Board would hear details of why additional revenue bonds is required would be the same day the Board is being asked to vote. He said that there are important fiscal issues involved, including why new debt is needed so soon and whether there are opportunities to cut costs. He said that options should be presented to the Board for deliberation, such as how to manage costs rather than simply issuing more debt. He also noted that the delegates submitted a letter for the record.<sup>1</sup> The item was approved in the Committee and later in the Board, with the Water Authority opposed.

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<sup>1</sup> The Delegates' May 6, 2017 letter can be found here: <http://www.mwdfacts.com/wp-content/uploads/2017-05-06-WA-re-Revenue-Bonds-Ordinance-Intro.pdf>.

## **Discussion Summary of Legislative Priorities Related to Implementing the Governor's Executive Order on Water Conservation**

During MWD's May 2017 Communications and Legislation (C&L) Committee, the Board heard staff's recommended legislative priorities on implementing the Governor's Executive Order B-37-16, "Making Water Conservation a California Way of Life." Staff recommended utilizing a set of priorities to guide staff's review of conservation legislation, as some of the bill provisions are not compatible with each other.

Director Lewinger observed that the recommended priorities recognize recycling is an efficient use of water and should be treated as such. Lewinger then offered a modification in seeking exemption for recycled water projects, "by excluding those recycled water sources when determining compliance with water use targets consistent with current law SB X 7-7." Staff agreed that Lewinger's point would make the language stronger, but expressed concern that the specificity of the modification would make it difficult to compromise if an alternative method was suggested. Lewinger noted that the language for the policy principles is meant to be a guideline, rather than a "do or die" position. General Manager Kightlinger said the principles are intended to guide staff in policy discussions. Kightlinger continued and said that he thinks it is important to get the ball rolling; he further commented that not everyone shares Lewinger's opinion on recycled water. Lewinger asked if any of the priorities are more important than others. Kightlinger responded that the overarching priority is that MWD supports the "broad goals" of making conservation a way of life, and "the principle is we want appropriate State oversight, but local control as to methods and means." Lewinger agreed with that sentiment.

Staff then called attention to a letter from Los Angeles. Director Gold (Los Angeles) opined that the way the MWD's proposed principles were written is "very concerning." He cited circumstances in which agencies have successfully worked effectively with the state to set targets, such as the Model Water Efficient Landscape Ordinance (MWELO) and Titles 20 and 24, and that "agencies have the proven ability to lead in this manner." He said, "the City [of Los Angeles] strongly opposes" the policy principles' stated opposition to granting a state agency authority to set targets, stating "it seems inconsistent with some of the most effective efficiency standard-setting in the state of California." He went on to say regarding compliance, "no one is telling you how to comply... They [the State] can't tell you how to comply," and "so doing that should provide the assurance necessary that taking a water budget approach is preferred." He also stated that many agencies are supporting a "one water" approach, and said the exemption of recycled water – although may not meant to imply it could be wasted, it nonetheless could be interpreted that way. He continued that recycled water must still be used efficiently. General Manager Kightlinger commented that the Legislature sets the broad goal, and that MWD had been hearing from member agencies that flexibility is important as local concerns differ.

Circling back to recycled water, Director Lefevre (Torrance) said he agrees with Director Lewinger that recycled water should be exempt. Director Abdo (Santa Monica) said that the recycled water portion of the legislative priorities needs to be rewritten or left out, since "recycled water is water." Kightlinger responded that a lot of people would disagree. Director Paskett (Los Angeles) asked about the timelines and legislative process. Staff responded that the process must adhere to the budget deadlines, and there is a key deadline at the end of May. Staff

also noted that the clock is ticking for the Governor, and he wants to make sure there are policy measures in place. Paskett expressed her concern that she had not had a chance to review all the legislation in detail, yet the Board could make a decision tomorrow. Director Camacho moved Option 1.

Vice Chair Gray (West Basin) said that West Basin believes that the legislative discussions need to be vetted in a “transparent manner,” and “we oppose the budget trailer bill.” She said, “potable and non-potable recycled water should not be subjected to further reductions during times of drought.” Director Dear (West Basin) said he “strongly” disagrees with Los Angeles’s point, saying, “why we would consider allowing a state agency...to impose additional regulations on us is unthinkable to me,” and strongly supported staff’s recommendation. In response, Director Gold said, “that’s not what I said.” He continued, “the language, as written, is problematic, if you read it literally.” He commented that rather than setting up a divided dynamic, it’s more productive to create language that achieves the “intent,” because “what MWD says matters.” Staff observed that it is possible people are talking past each other, and that there is a motion on the table. Kightlinger suggested that a new motion be made, and legal staff stated a substitute motion with an amendment is preferred. The original motion was withdrawn. Kightlinger commented that it’s important for MWD to understand the position of the Board prior to the negotiations.

Staff returned to the recycled water issue, and said that despite the discussion, it seems that Los Angeles and San Diego are “saying the same thing.” Gold said Los Angeles’ preferred compliance approach is a data-based, water-balance approach, where the agency could apply for a waiver if an alternate approach is needed, especially for smaller districts. Lewinger opposed Los Angeles’s recommendation, stating that it’s the Legislature’s job to “tell us the goals we have to meet, not how to meet them.” Lewinger said local agencies should have the opportunity to decide how they want to meet the goals, “one shoe size does not fit all,” and waivers are a “slippery slope” toward mandates.

In an effort to wrap up the discussion, staff recommended moving toward a vote. The Committee eventually voted on a substitute motion to approve the staff recommendation on using water more wisely, with an amendment that would state that the Legislature approves broad goals, but the agencies implement the procedures (and the Governor declares an emergency). No changes were made in the substitute motion regarding recycled water. The substitute motion passed, Abdo, Gold and Murray voted against. Later the Board approved the substitute motion passed by the C&L committee.

### **Discussion Summary of Desert Housing**

During the Engineering and Operations (E&O) Committee meeting, staff provided its recommendations to address the poor desert housing conditions brought to the Board's attention by union members in March. The recommendations included an appropriation of \$10.399 million and awarding several contracts to construct eight new houses, renovate about 89 houses as well as additional design and renovations.

MWD staff reported that a comprehensive program related to employee housing and short term accommodations at the desert pumping plants was created in 2015, and this March, a "desert housing working group" consisting of bargaining unit representatives and management was formed to communicate housing issues. Staff said the group has "excellent" dialogue, and the recommendations reflected feedback from that group. Director Morris (San Marino) expressed frustration at the housing conditions and asked if the recommended modular design means the construction can be done more quickly, then moved the recommendation. Director Treviño (Upper San Gabriel), equally frustrated, questioned the adequacy of the inspections mentioned in the presentation, and noted that MWD has ongoing inspections for all other infrastructure. He went on to question whether it might be cheaper to build new housing rather than renovating as some of the houses are over 50 years old. He urged staff to get the housing maintenance and repairs "up to snuff" as it is important to encourage families to stay, and the inspection trips visit Gene. Director Dear (West Basin) asked if the costs presented include demolition, to which staff replied they did not, implying there may be added costs. Director Lefevre (Torrance) also expressed his disappointment in the situation, noting that MWD should be able to stay on top of housing maintenance. Director Lewinger agreed, and asked that the full plan be brought back to committee so committee members can review all of the details, including the timeline. He said, "Hopefully this never happens again, we need to maintain houses the same as facilities." Director Faessel (Anaheim) agreed and said that how MWD has managed its housing issues is inconsistent with MWD's other facilities, which are kept in good working order. Chair Blois (Calleaguas) noted that the investigation is under way, discussions will continue, and the communications between employees and management is good right now. The committee voted unanimously to approve the construction and renovation.



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

# MWD MEETING AGENDA

## F&I Committee

B. Barbre, Chair  
R. Wunderlich, V. Chair  
S. Blois  
G. Dake  
D. Dear  
D. De Jesus  
S. Faessel  
W. Gedney  
C. Kurtz  
K. Lewinger  
M. Martinez  
L. McKenney  
L. Paskett  
M. Ramos  
E. Saxod  
Z. Sinanyan

## **Finance and Insurance Committee**

Meeting with Board of Directors\*

**May 8, 2017**

**9:30 a.m. -- Room 2-145**

Monday, May 8, 2017 Meeting Schedule		
9:30 a.m.	Rm. 2-145	F&I
10:00 a.m.	Rm. 2-456	E&O
12:00 p.m.	Rm. 2-145	WP&S
1:00 p.m.	Rm. 2-456	C&L

**MWD Headquarters Building**

**• 700 N. Alameda Street •**

**Los Angeles, CA 90012**

\* The Metropolitan Water District's Finance and Insurance Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Finance and Insurance Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Finance and Insurance Committee will not vote on matters before the Finance and Insurance Committee.

1. **Opportunity for members of the public to address the committee on matters within the committee's jurisdiction** (As required by Gov. Code Section 54954.3(a))
2. **Approval of the Minutes of the meeting of the Finance and Insurance Committee held April 10, 2017**
3. **CONSENT CALENDAR ITEMS — ACTION**  
None
4. **OTHER BOARD ITEMS — ACTION**
  - 8-2 Adopt CEQA determination and adopt resolution to continue Metropolitan's Water Standby Charge for fiscal year 2017/18. (F&I)

**Recommendation:**

**Option #1:**

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

**Adopt the resolution to continue collecting the Standby Charge for fiscal year 2017/18.**

**5. BOARD INFORMATION ITEMS**

- 9-1** Renewal Status of Metropolitan's Property and Casualty Insurance Program. (F&I)

**6. COMMITTEE ITEMS**

- a. Oral Report on Investment Activities

**7. MANAGEMENT REPORT**

- a. Chief Financial Officer's report

**8. FOLLOW-UP ITEMS**

None

**9. FUTURE AGENDA ITEMS**

**10. ADJOURNMENT**

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

This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Agendas for the meeting of the Board of Directors may be obtained from the Board Executive Secretary. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

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.



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

# MWD MEETING AGENDA

## E&O Committee

G. Peterson, Chair  
S. Blois, Vice Chair  
B. Barbre  
P. Beard  
M. Camacho  
G. Dake  
D. De Jesus  
L. Dick  
S. Faessel  
D. Galleano  
W. Gedney  
R. Lefevre  
J. Morris  
F. Steiner  
C. Treviño  
J. Zurita

## REVISED

### Engineering and Operations Committee

Meeting with Board of Directors\*

**May 8, 2017**

**10:00 a.m. -- Room 2-456**

Monday, May 8, 2017 Meeting Schedule		
9:30 a.m.	Rm. 2-145	F&I
10:00 a.m.	Rm. 2-456	E&O
12:00 p.m.	Rm. 2-145	WP&S
1:00 p.m.	Rm. 2-456	C&L

#### TELECONFERENCE PARTICIPATION:

Monterey Marriott  
350 Calle Principal  
Monterey, CA 93940

**MWD Headquarters Building**

**• 700 N. Alameda Street •**

**Los Angeles, CA 90012**

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1. **Opportunity for members of the public to address the committee on matters within the committee's jurisdiction** (As required by Gov. Code Section 54954.3(a))
2. **Approval of the Minutes of the meeting of the Engineering and Operations Committee held April 10, 2017**
3. **CONSENT CALENDAR ITEMS — ACTION**
  - 7-2** Adopt CEQA determination and authorize increase in change order authority for the contract to replace valves at the Collis Avenue Valve Structure (Appropriation No. 15441). (E&O)

**Recommendation:****Option #1:**

**Adopt the CEQA determination that the proposed action was addressed previously in the 2014 categorical exemptions and that no further environmental analysis or documentation is required, and**

**Authorize increase of \$120,000 in change order authority for the replacement of valves on the Palos Verdes Feeder, up to an aggregate amount not to exceed \$370,000.**

- 7-3** Adopt CEQA determination and appropriate \$350,000; and authorize preliminary design to replace the wastewater system at Lake Mathews (Appropriation No. 15495). (E&O)

**Recommendation:****Option #1:**

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

- a. Appropriate \$350,000; and**
- b. Authorize preliminary design to replace the on-site wastewater system at Lake Mathews.**

- 7-4** Adopt CEQA determination and appropriate \$1.2 million; and authorize design and procurement to rehabilitate Service Connection A-06 on the East Orange County Feeder No. 2 (Appropriation No. 15480). (E&O)

**Recommendation:****Option #1:**

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

- a. Appropriate \$1.2 million; and**
- b. Authorize design to rehabilitate Service Connection A-06 on the East Orange County Feeder No. 2.**

#### 4. OTHER BOARD ITEMS — ACTION

**Updated  
Subject**

- 8-3** Adopt CEQA determination and appropriate \$10.39 million; award \$1,219,809 contract to CopperTop Enterprises, Inc. to construct four houses at Hinds and Eagle Mountain Pumping Plants; award \$1,219,809 contract to CopperTop Enterprises, Inc. to construct another four houses at Iron Mountain and Gene Pumping Plants; and authorize: (1) design to add two new desert houses; (2) construction to refurbish approximately 89 desert houses; and (3) design to improve short-term accommodations at two pumping plants (Appropriation No. 15495). (E&O)

**Added**

**Recommendation:**

**Option #1:**

**Adopt the CEQA determination that the proposed actions are or were previously determined to be categorically exempt, and**

- a. **Appropriate \$10.39 million;**
- b. **Award \$1,219,809 contract to CopperTop Enterprises, Inc. to construct four houses at Hinds and Eagle Mountain Pumping Plants;**
- c. **Award \$1,219,809 contract to CopperTop Enterprises, Inc. to construct four houses at Iron Mountain and Gene Pumping Plants;**
- d. **Authorize design of two new houses at Iron Mountain Pumping Plant;**
- e. **Authorize construction to renovate approximately 89 desert houses; and**
- f. **Authorize design to refurbish short-term accommodations at Eagle Mountain and Iron Mountain Pumping Plants.**

- 8-4** Adopt CEQA determination and appropriate \$10.2 million; and award \$9,134,398 procurement contract to Northwest Pipe Company to provide steel liner pipe for the Second Lower Feeder (Appropriation No. 15497). (E&O)

**Recommendation:**

**Option #1:**

**Adopt the CEQA determination that the proposed action has been previously addressed in the certified 2017 Final PEIR, Findings, SOC, and MMRP, and that no further environmental analysis or documentation is required, and**

- a. **Appropriate \$10.2 million; and**
- b. **Award \$9,134,398 contract to Northwest Pipe Company to provide steel liner pipe for the Second Lower Feeder.**

- 8-5** Adopt CEQA determination and appropriate \$2 million; and authorize:  
1) agreement with Johnson Controls, Inc. to maintain Metropolitan's physical security system in an amount not-to-exceed \$3.8 million; and  
2) agreement with Johnson Controls, Inc. for upgrades to the physical security system in an amount not-to-exceed \$1.5 million (Appropriation No. 15499). (E&O)

**Recommendation:**

**Option #1:**

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

- a. **Authorize a new five-year maintenance agreement with Johnson Controls, Inc. for a total amount not-to-exceed \$3.8 million for routine maintenance of the physical security system at all Metropolitan facilities, with an option for Metropolitan to terminate the agreement on an annual basis.**
- b. **Appropriate \$2 million and authorize a \$1.5 million agreement with Johnson Controls, Inc. to implement upgrades to specific components of the physical security system.**

**5. BOARD INFORMATION ITEMS**

None

**6. COMMITTEE ITEMS**

- a. Capital Investment Plan Quarterly Report for period ending March 2017

**7. MANAGEMENT REPORTS**

- a. Water System Operations Manager's report
- b. Engineering Services Manager's report

## 8. FOLLOW-UP ITEMS

None

## 9. FUTURE AGENDA ITEMS

## 10. ADJOURNMENT

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

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THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

# MWD MEETING AGENDA

## WP&S Committee

G. Gray, Chair  
R. Atwater, Vice Chair  
J. Abdo  
L. Ackerman  
M. Camacho  
D. De Jesus  
L. Dick  
K. Lewinger  
J. Morris  
L. Paskett  
G. Peterson  
J. Quiñonez  
F. Steiner  
R. Wunderlich

## **Water Planning and Stewardship Committee**

Meeting with Board of Directors\*

**May 8, 2017**

**12:00 p.m. – Room 2-145**

### TELECONFERENCE PARTICIPATION:

Monterey Marriott  
350 Calle Principal  
Monterey, CA 93940

Monday, May 8, 2017 Meeting Schedule		
9:30 a.m.	Rm. 2-145	F&I
10:00 a.m.	Rm. 2-456	E&O
12:00 p.m.	Rm. 2-145	WP&S
1:00 p.m.	Rm. 2-456	C&L

**MWD Headquarters Building**

**• 700 N. Alameda Street •**

**Los Angeles, CA 90012**

\* The Metropolitan Water District's Water Planning and Stewardship Committee is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Water Planning and Stewardship Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Water Planning and Stewardship Committee will not vote on matters before the Water Planning and Stewardship Committee.

1. **Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))**
2. **Approval of the Minutes of the meeting of the Water Planning and Stewardship Committee held April 10, 2017**
3. **CONSENT CALENDAR ITEMS — ACTION**

None

#### 4. OTHER BOARD ITEMS — ACTION

- 8-6** Adopt CEQA determination and adopt resolution to declare a “Condition 1 – Water Supply Watch”. (WP&S)

**Recommendation:**

**Option #1:**

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

**Adopt a resolution shown in the board letter dated May 9, 2017 to declare a “Condition 1 – Water Supply Watch.”**

#### 5. BOARD INFORMATION ITEMS

None

#### 6. COMMITTEE ITEMS

- a. Conservation Program Update

#### 7. MANAGEMENT REPORTS

- a. Bay-Delta Matters  
b. Colorado River Matters  
c. Water Resource Management Manager's report

#### 8. FOLLOW-UP ITEMS

None

#### 9. FUTURE AGENDA ITEMS

## 10. ADJOURNMENT

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THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

# MWD MEETING AGENDA

## C&L Committee

C. Kurtz, Chair  
G. Gray, Vice Chair  
J. Abdo  
L. Ackerman  
S. Ballin  
B. Barbre  
M. Camacho  
D. Galleano  
M. Gold  
R. Lefevre  
K. Lewinger  
J. Morris  
J. Murray, Jr.  
G. Peterson  
E. Saxod  
L. Vasquez

## REVISED

### **Communications and Legislation Committee**

Meeting with Board of Directors\*

**May 8, 2017**

**1:00 p.m. -- Room 2-456**

Monday, May 8, 2017 Meeting Schedule		
9:30 a.m.	Rm. 2-145	F&I
10:00 a.m.	Rm. 2-456	E&O
12:00 p.m.	Rm. 2-145	WP&S
1:00 p.m.	Rm. 2-456	C&L

MWD Headquarters Building

• 700 N. Alameda Street •

Los Angeles, CA 90012

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1. **Opportunity for members of the public to address the committee on matters within the committee's jurisdiction** (As required by Gov. Code Section 54954.3(a))
  
2. **Approval of the Minutes of the meeting of the Communications and Legislation Committee held April 10, 2017**
  
3. **CONSENT CALENDAR ITEMS — ACTION**  
  
None
  
4. **OTHER BOARD ITEMS — ACTION**

**Subject revised 8-7** Adopt CEQA determination and adopt ~~Proposed~~ Legislative Priorities Related to Implementing the Governor's Executive Order B-37-16, "Making Water Conservation a California Way of Life." (C&L)

May 8, 2017

**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**

**Adopt the Legislative Priorities Related to Implementing the Governor's Executive Order B-37-16, "Making Water Conservation a California Way of Life."**

**5. BOARD INFORMATION ITEMS**

None

**6. COMMITTEE ITEMS**

- a. Report on activities from Washington, D.C.
- b. Report on activities from Sacramento
- c. Update on Metropolitan's Social Media Activities
- d. Update on legislative activities related to Oroville Dam facilities and proposed dam safety program enhancements

**7. MANAGEMENT REPORT**

- a. External Affairs Management report

**8. FOLLOW-UP ITEMS**

None

**9. FUTURE AGENDA ITEMS**

May 8, 2017

## 10. ADJOURNMENT

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THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

# MWD MEETING AGENDA

## L&C Committee

J. Quiñonez, Chair  
L. McKenney, V. Chair  
R. Atwater  
M. Camacho  
G. Cordero  
D. Dear  
L. Dick  
J. Murray, Jr.  
L. Paskett  
Z. Sinanyan  
F. Steiner  
R. Wunderlich

## Legal and Claims Committee

Meeting with Board of Directors\*

**May 9, 2017**

**9:00 a.m. -- Room 2-145**

Tuesday, May 9, 2017 Revised Meeting Schedule		
9:00 a.m.	Rm. 2-145	L&C
9:30 a.m.	Rm. 2-456	RP&AM
10:00 a.m.	Rm. 2-145	OP&T
12:00 p.m.	Board Room	Board Meeting

### TELECONFERENCE PARTICIPATION:

Monterey Marriott  
350 Calle Principal  
Monterey, CA 93940

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

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\* The Metropolitan Water District's Legal and Claims Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Legal and Claims Committee may participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Legal and Claims Committee will not vote on matters before the Legal and Claims Committee.

1. **Opportunity for members of the public to address the committee on matters within the committee's jurisdiction** (As required by Gov. Code Section 54954.3(a))
2. **Approval of the Minutes of the meeting of the Legal and Claims Committee held April 11, 2017**
3. **MANAGEMENT REPORTS**
  - a. General Counsel's report of monthly activities
4. **CONSENT CALENDAR ITEMS — ACTION**
  - 7-5** Adopt CEQA determination and authorize increase of \$160,000 to an amount not to exceed \$235,000 for contract with GeoPentech, Inc. to continue monitoring the groundwater basin lying westerly of Diamond Valley Lake, commonly referred to as the Domenigoni Basin and to assist with development of a groundwater management plan. (L&C)

May 9, 2017

**Recommendation:**

**Option #1:**

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

**Authorize increase of \$160,000 in General Counsel's contract with GeoPentech for ongoing groundwater monitoring in the West DVL Basin under existing groundwater mitigation agreements with Owners as set forth in the board letter dated May 9, 2017.**

**5. OTHER BOARD ITEMS — ACTION**

None

**6. BOARD INFORMATION ITEMS**

None

**7. COMMITTEE ITEMS**

- a. Report on San Diego County Water Authority v. Metropolitan Water District of Southern California, et al., San Francisco County Superior Court Case Nos. CPF-10-510830, CPF-12-512466, CPF-14-514004 and CPF-16-515282; and the appeal of the 2010 and 2012 actions, Court of Appeal for the First Appellate District Case Nos. A146901 and A148266. (L&C)  
**[Conference with legal counsel – existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)]**

**8. FOLLOW-UP ITEMS**

None

**9. FUTURE AGENDA ITEMS**

## 10. ADJOURNMENT

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THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

# MWD MEETING AGENDA

## RP&AM Committee

M. Camacho, Chair  
G. Dake, Vice Chair  
P. Beard  
D. Dear  
L. Dick  
M. Hogan  
G. Peterson  
M. Ramos  
C. Treviño  
R. Wunderlich

## Real Property and Asset Management Committee

Meeting with Board of Directors\*

**May 9, 2017**

**9:30 a.m. -- Room 2-456**

Tuesday, May 9, 2017 Revised Meeting Schedule		
9:00 a.m.	Rm. 2-145	L&C
9:30 a.m.	Rm. 2-456	RP&AM
10:00 a.m.	Rm. 2-145	OP&T
12:00 p.m.	Board Room	Board Meeting

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

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\* The Metropolitan Water District's Real Property and Asset Management Committee meeting is noticed as a joint meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Real Property and Asset Management Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Real Property and Asset Management Committee will not vote on matters before the Real Property and Asset Management Committee.

1. **Opportunity for members of the public to address the committee on matters within the committee's jurisdiction** (As required by Gov. Code Section 54954.3(a))
  
2. **Approval of the Minutes of the meeting of the Real Property and Asset Management Committee held April 11, 2017**
  
3. **CONSENT CALENDAR ITEMS – ACTION**  
None
  
4. **OTHER BOARD ITEMS – ACTION**  
None

**5. BOARD INFORMATION ITEMS**

None

**6. COMMITTEE ITEMS**

- a. Surplus Property Update

**7. MANAGEMENT REPORT**

- a. Real Property Management Manager's Report

**8. FOLLOW-UP ITEMS**

None

**9. FUTURE AGENDA ITEMS****10. ADJOURNMENT**

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THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

# MWD MEETING AGENDA

## OP&T Committee

R. Wunderlich, Chair  
M. Camacho, V. Chair  
S. Ballin  
B. Barbre  
G. Cordero  
S. Faessel  
W. Gedney  
G. Gray  
M. Hogan  
L. McKenney  
J. Murray, Jr.  
J. Quiñonez  
C. Treviño  
L. Vasquez  
J. Zurita

## REVISED

### Organization, Personnel and Technology Committee

Meeting with Board of Directors\*

**May 9, 2017**

**10:00 a.m. -- Room 2-145**

Tuesday, May 9, 2017 Revised Meeting Schedule		
9:00 a.m.	Rm. 2-145	L&C
9:30 a.m.	Rm. 2-456	RP&AM
10:00 a.m.	Rm. 2-145	OP&T
12:00 p.m.	Board Room	Board Meeting

MWD Headquarters Building

• 700 N. Alameda Street

• Los Angeles, CA 90012

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1. **Opportunity for members of the public to address the committee on matters within the committee's jurisdiction** (As required by Gov. Code Section 54954.3(a))
2. **Approval of the Minutes of the meeting of the Organization, Personnel and Technology Committee held April 11, 2017**
3. **CONSENT CALENDAR ITEMS – ACTION**

None

#### 4. OTHER BOARD ITEMS – ACTION

- Added**            **8-8**      Adopt CEQA determination and approve entering into 2017-2021 Memorandum of Understanding between The Metropolitan Water District of Southern California and the Association of Confidential Employees. (OP&T) **[To be distributed at meeting]**  
**[Conference with Labor Negotiators; to be heard in closed session pursuant to Gov. Code 54957.6. Agency representative Stephen Lem, Manager of Labor Relations and EEO Investigations Section. Employee organizations: the Association of Confidential Employees]**

**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 Manager to exercise discretion under Administrative Code Section 6101(k) to enter into a successor MOU with ACE.**

#### 5. BOARD INFORMATION ITEMS

None

#### 6. COMMITTEE ITEMS

- a.      Semi-Annual Report on Equal Employment Opportunity Policy and Affirmative Action Program
- b.      Update on Records Management Program
- c.      Department Head Evaluation Process
- d.      Update on Conference with Labor Negotiators.  
**[Conference with Labor Negotiators; to be heard in closed session pursuant to Gov. Code Section 54957.6. Agency representative: Stephen Lem, Manager of Labor Relations and EEO Investigations Section. Employee organizations: The Employees Association of The Metropolitan Water District of Southern California/AFSCME Local 1902, the Association of Confidential Employees, and The Supervisors Association.]**

## 7. MANAGEMENT REPORT

- a. Human Resources Manager's report

## 8. FOLLOW-UP ITEMS

None

## 9. FUTURE AGENDA ITEMS

## 10. ADJOURNMENT

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THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

# MWD MEETING AGENDA

**REVISION NO. 2**  
**Regular Board Meeting**

**May 9, 2017**

**12:00 p.m. – Board Room**

Tuesday, May 9, 2017 Revised Meeting Schedule		
9:00 a.m.	Rm. 2-145	L&C
9:30 a.m.	Rm. 2-456	RP&AM
10:00 a.m.	Rm. 2-145	OP&T
12:00 p.m.	Board Room	Board Meeting

**TELECONFERENCE PARTICIPATION:**

Monterey Marriott  
350 Calle Principal  
Monterey, CA 93940

MWD Headquarters Building •

700 N. Alameda Street •

Los Angeles, CA 90012

**1. Call to Order**

- (a) Invocation: James K. Lee, Desktop Services and Help Desk Team Manager, Information Technology Group
- (b) Pledge of Allegiance: Director Donald Dear, West Basin Municipal Water District

**2. Roll Call**

**3. Determination of a Quorum**

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

**5. OTHER MATTERS**

- A. Approval of the Minutes of the Meeting for April 11, 2017. (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 April
- C. Approve committee assignments
- D. Chairman's Monthly Activity Report

**6. DEPARTMENT HEADS' REPORTS**

- A. General Manager's summary of Metropolitan's activities for the month of April
- B. General Counsel's summary of Legal Department activities for the month of April
- C. General Auditor's summary of activities for the month of April
- D. Ethics Officer's summary of activities for the month of April

**7. CONSENT CALENDAR ITEMS — ACTION**

- 7-1** Adopt CEQA determination and authorize the amendment of the contract with Macias Gini O'Connell, LLP to increase the maximum amount payable by \$324,715, from \$915,096 to \$1,239,811 and extend the term by one year for external audit services. (A&E)

**Recommendation:****Option #1:**

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

**Amend a \$324,715 contract to Macias Gini & O'Connell, LLP for annual audits covering fiscal year ending June 30, 2017. The amount payable under this amendment will not exceed \$1,239,811.**

- 7-2** Adopt CEQA determination and authorize increase in change order authority for the contract to replace valves at the Collis Avenue Valve Structure (Appropriation No. 15441). (E&O)

**Recommendation:****Option #1:**

**Adopt the CEQA determination that the proposed action was addressed previously in the 2014 categorical exemptions and that no further environmental analysis or documentation is required, and**

**Authorize increase of \$120,000 in change order authority for the replacement of valves on the Palos Verdes Feeder, up to an aggregate amount not to exceed \$370,000.**

- 7-3** Adopt CEQA determination and appropriate \$350,000; and authorize preliminary design to replace the wastewater system at Lake Mathews (Appropriation No. 15495). (E&O)

**Recommendation:**

**Option #1:**

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

- a. Appropriate \$350,000; and**
- b. Authorize preliminary design to replace the on-site wastewater system at Lake Mathews.**

- 7-4** Adopt CEQA determination and appropriate \$1.2 million; and authorize design and procurement to rehabilitate Service Connection A-06 on the East Orange County Feeder No. 2 (Appropriation No. 15480). (E&O)

**Recommendation:**

**Option #1:**

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

- a. Appropriate \$1.2 million; and**
- b. Authorize design to rehabilitate Service Connection A-06 on the East Orange County Feeder No. 2.**

- 7-5** Adopt CEQA determination and authorize increase of \$160,000 to an amount not to exceed \$235,000 for contract with GeoPentech, Inc. to continue monitoring the groundwater basin lying westerly of Diamond Valley Lake, commonly referred to as the Domenigoni Basin and to assist with development of a groundwater management plan. (L&C)

**Recommendation:**

**Option #1:**

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

**Authorize increase of \$160,000 in General Counsel's contract with GeoPentech for ongoing groundwater monitoring in the West DVL Basin under existing groundwater mitigation agreements with Owners as set forth in the board letter dated May 9, 2017.**

(END OF CONSENT CALENDAR)

**8. OTHER BOARD ITEMS — ACTION**

- 8-1** Adopt CEQA determination and approve the introduction by title only of an Ordinance Determining That The Interests Of The District Require The Use Of Revenue Bonds In The Aggregate Principal Amount Of \$400,000,000 To Finance A Portion Of Capital Expenditures.

**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**

**Approve the introduction, by title only, of the proposed Ordinance Of The Board Of Directors Of The Metropolitan Water District Of Southern California Determining That The Interests Of The District Require The Use Of Revenue Bonds In The Aggregate Principal Amount of \$400,000,000 To Finance A Portion Of Capital Expenditures.**

- 8-2** Adopt CEQA determination and adopt resolution to continue Metropolitan's Water Standby Charge for fiscal year 2017/18. (F&I)

**Recommendation:****Option #1:**

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

**Adopt the resolution to continue collecting the Standby Charge for fiscal year 2017/18.**

**Updated  
Subject**

- 8-3** Adopt CEQA determination and appropriate \$10.39 million; award \$1,219,809 contract to CopperTop Enterprises, Inc. to construct four houses at Hinds and Eagle Mountain Pumping Plants; award \$1,219,809 contract to CopperTop Enterprises, Inc. to construct another four houses at Iron Mountain and Gene Pumping Plants; and authorize: (1) design to add two new desert houses; (2) construction to refurbish approximately 89 desert houses; and (3) design to improve short-term accommodations at two pumping plants (Appropriation No. 15495). (E&O)

**Added****Recommendation:****Option #1:**

Adopt the CEQA determination that the proposed actions are or were previously determined to be categorically exempt, and

- a. Appropriate \$10.39 million;
- b. Award \$1,219,809 contract to CopperTop Enterprises, Inc. to construct four houses at Hinds and Eagle Mountain Pumping Plants;
- c. Award \$1,219,809 contract to CopperTop Enterprises, Inc. to construct four houses at Iron Mountain and Gene Pumping Plants;
- d. Authorize design of two new houses at Iron Mountain Pumping Plant;
- e. Authorize construction to renovate approximately 89 desert houses; and
- f. Authorize design to refurbish short-term accommodations at Eagle Mountain and Iron Mountain Pumping Plants.

- 8-4** Adopt CEQA determination and appropriate \$10.2 million; and award \$9,134,398 procurement contract to Northwest Pipe Company to provide steel liner pipe for the Second Lower Feeder (Appropriation No. 15497). (E&O)

**Recommendation:****Option #1:**

Adopt the CEQA determination that the proposed action has been previously addressed in the certified 2017 Final PEIR, Findings, SOC, and MMRP, and that no further environmental analysis or documentation is required, and

- a. Appropriate \$10.2 million; and
- b. Award \$9,134,398 contract to Northwest Pipe Company to provide steel liner pipe for the Second Lower Feeder.

- 8-5** Adopt CEQA determination and appropriate \$2 million; and authorize: 1) agreement with Johnson Controls, Inc. to maintain Metropolitan's physical security system in an amount not-to-exceed \$3.8 million; and 2) agreement with Johnson Controls, Inc. for upgrades to the physical security system in an amount not-to-exceed \$1.5 million (Appropriation No. 15499). (E&O)

**Recommendation:****Option #1:**

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

- a. Authorize a new five-year maintenance agreement with Johnson Controls, Inc. for a total amount not-to-exceed \$3.8 million for routine maintenance of the physical security system at all Metropolitan facilities, with an option for Metropolitan to terminate the agreement on an annual basis.**
- b. Appropriate \$2 million and authorize a \$1.5 million agreement with Johnson Controls, Inc. to implement upgrades to specific components of the physical security system.**

- 8-6** Adopt CEQA determination and adopt resolution to declare a "Condition 1 – Water Supply Watch". (WP&S)

**Recommendation:****Option #1:**

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

**Adopt a resolution shown in the board letter dated May 9, 2017 to declare a "Condition 1 – Water Supply Watch."**

- Subject revised 8-7** Adopt CEQA determination and adopt ~~Proposed~~ Legislative Priorities Related to Implementing the Governor's Executive Order B-37-16, "Making Water Conservation a California Way of Life." (C&L)

**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**

**Adopt the Legislative Priorities Related to Implementing the Governor's Executive Order B-37-16, "Making Water Conservation a California Way of Life."**

**Added**

- 8-8** Adopt CEQA determination and approve entering into 2017-2021 Memorandum of Understanding between The Metropolitan Water District of Southern California and the Association of Confidential Employees. (OP&T) **[To be distributed at meeting]**  
**[Conference with Labor Negotiators; to be heard in closed session pursuant to Gov. Code 54957.6. Agency representative Stephen Lem, Manager of Labor Relations and EEO Investigations Section. Employee organizations: the Association of Confidential Employees]**

**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 Manager to exercise discretion under Administrative Code Section 6101(k) to enter into a successor MOU with ACE.**

**9. BOARD INFORMATION ITEMS**

- 9-1** Renewal Status of Metropolitan's Property and Casualty Insurance Program. (F&I)

**10. OTHER BOARD MATTERS**

- 10-1** Board and Committee Room Emergency Evacuation Procedures

**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.

**Summary Report for  
The Metropolitan Water District of Southern California  
Board Meeting  
May 9, 2017**

**COMMITTEE ASSIGNMENTS**

None. (Agenda Item 5C)

**BOARD ITEM**

Approved the introduction, by title only, of the proposed Ordinance Of The Board Of Directors Of The Metropolitan Water District Of Southern California Determining That The Interests Of The District Require The Use Of Revenue Bonds In The Aggregate Principal Amount of \$400,000,000 To Finance A Portion Of Capital Expenditures. (Agenda Item 8-1)

**FINANCE AND INSURANCE COMMITTEE**

Adopt the resolution to continue collecting the Standby Charge for fiscal year 2017/18. (Agenda Item 8-2)

**ENGINEERING AND OPERATIONS COMMITTEE**

Appropriated \$10.39 million; awarded \$1,219,809 contract to CopperTop Enterprises, Inc. to construct four houses at Hinds and Eagle Mountain Pumping Plants; awarded \$1,219,809 contract to CopperTop Enterprises, Inc. to construct four houses at Iron Mountain and Gene Pumping Plants; authorized design of two new houses at Iron Mountain Pumping Plant; authorized construction to renovate approximately 89 desert houses; and authorized design to refurbish short-term accommodations at Eagle Mountain and Iron Mountain Pumping Plants. (Appropriation No. 15495) (Agenda Item 8-3)

Appropriated \$10.2 million; and awarded \$9,134,398 contract to Northwest Pipe Company to provide steel liner pipe for the Second Lower Feeder. (Appropriation No. 15497) (Agenda Item 8-4)

Authorized a new five-year maintenance agreement with Johnson Controls, Inc. for a total amount not-to-exceed \$3.8 million for routine maintenance of the physical security system at all Metropolitan facilities, with an option for Metropolitan to terminate the agreement on an annual basis. Appropriated \$2 million and authorize a \$1.5 million agreement with Johnson Controls, Inc. to implement upgrades to specific components of the physical security system. (Appropriation No. 15499) (Agenda Item 8-5)

## **WATER PLANNING AND STEWARDSHIP COMMITTEE**

Adopted a resolution shown in the board letter to declare a “Condition 1 – Water Supply Watch.”  
(**Agenda Item 8-6**)

## **COMMUNICATIONS AND LEGISLATION COMMITTEE**

Adopted the Legislative Priorities Related to Implementing the Governor’s Executive Order B-37-16, “Making Water Conservation a California Way of Life,” as amended by the committee on May 8, 2017 by substitute motion. (**Agenda Item 8-7**)

## **ORGANIZATION, PERSONNEL AND TECHNOLOGY COMMITTEE**

Authorized the General Manager to exercise discretion under Administrative Code Section 6101(k) to enter into a successor Memorandum of Understanding with the Association of Confidential Employees. (**Agenda Item 8-8 no closed session held**)

## **CONSENT CALENDAR**

In other action, the Board:

Amended a \$324,715 contract to Macias Gini & O’Connell, LLP for annual audits covering fiscal year ending June 30, 2017. The amount payable under this amendment will not exceed \$1,239,811. (**Agenda Item 7-1**)

Authorized increase of \$120,000 in change order authority for the replacement of valves on the Palos Verdes Feeder, up to an aggregate amount not to exceed \$370,000. (Appropriation No. 15441) (**Agenda Item 7-2**)

Appropriated \$350,000; and authorized preliminary design to replace the on-site wastewater system at Lake Mathews. (Appropriation No. 15495) (**Agenda Item 7-3**)

Appropriated \$1.2 million; and authorized design to rehabilitate Service Connection A-06 on the East Orange County Feeder No. 2. (Appropriation Nos. 15480) (**Agenda Item 7-4**)

Authorized increase of \$160,000 in General Counsel’s contract with GeoPentech for ongoing groundwater monitoring in the West DVL Basin under existing groundwater mitigation agreements with Owners as set forth in the board letter dated May 9, 2017.  
(**Agenda Item 7-5**)

## **THIS INFORMATION SHOULD NOT BE CONSIDERED THE OFFICIAL MINUTES OF THE MEETING.**

Board letters related to the items in this summary are generally posted in the Board Letter Archive approximately one week after the board meeting. In order to view them and their attachments, please copy and paste the following into your browser  
<http://edmsidm.mwdh2o.com/idmweb/home.asp>.



May 22, 2017

**Attention: Administrative & Finance Committee**

**Transfer Balance from Stored Water Fund for CalPERS Unfunded Liability. (Action)**

**Staff recommendation**

Authorize the General Manager to transfer balance of \$9.5 million from the Stored Water Fund for an unfunded accrued liability payment to the California Public Employees Retirement System (CalPERS).

**Alternative**

Do not approve staff recommendation and provide direction relative to CalPERS unfunded liability.

**Fiscal Impact**

A balance of \$9.5 million is available in the Stored Water Fund. A payment of \$9.5 million to CalPERS for unfunded accrued liability will increase the Water Authority's funded ratio by approximately 5 percent and decrease future unfunded accrued liability.

**Background**

The Water Authority funds employer contributions to CalPERS on an annual basis. As part of this contribution, the Water Authority also makes payments to the unfunded liability. Beginning in Fiscal Year 2018 CalPERS will collect unfunded accrued liability payments as whole dollar amounts rather than a percentage contribution rate. This change addresses potential funding that can lead to underfunding of the plan. This payment would improve the funding level of the Water Authority's CalPERS plan.

CalPERS recently notified the Water Authority that payment made prior to May 31, 2017 would be reflected in the upcoming annual actuarial valuation report to be released in August 2017 (for Fiscal Year 2016). Annual actuarial valuation reports are released by fiscal year for the prior year's period.

*Previous Board action: On December 8, 2016, the Board adopted the Stored Water Fund Policy resulting in a transfer from the Stored Water Fund to the Operating Fund for beneficial use.*

**Discussion**

Utilizing the Stored Water Fund balance to contribute to the CalPERS unfunded accrued liability will decrease the overall unfunded accrued liability. The August 2016 (FY2015) annual actuarial valuation report from CalPERS estimated the Water Authority's funded ratio status at 70 percent. Excluding any changes to the Water Authority's present value of projected benefits with CalPERS, this payment will increase the funded ratio by approximately 5 percent.

Prepared by: Liana M. Whyte, Budget & Analysis Manager  
Reviewed by: Lisa Marie Harris, Director of Finance/Treasurer  
Approved by: Sandra L. Kerl, Deputy General Manager



Date: May 24, 2017  
To: San Diego County Water Authority Board Members  
From: Ken Carpi, Washington Representative  
Subject: Federal Legislative Update

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SDCWA Legislative Update  
May 2017

### **Congress, President Reach Deal on Omnibus Spending Package**

Shortly after passing a bill to extend funding until May 5, congressional negotiators and the President reached a deal to fund federal programs for the remainder of Fiscal Year 2017. The House approved the plan on May 3 by a vote of 309-118, with 103 Republicans voting against it. The Senate then approved the bill 79-18, sending it to the White House for President Trump's signature.

The omnibus package provides an annualized total of \$1.07 trillion in base spending, or \$1.16 trillion when including Overseas Contingency Operations funding for military actions outside the United States. Upon enactment, federal agencies will be able to finalize grant notifications and solicitations for remaining FY2017 funds, including Title XVI and other water-related programs.

The omnibus does not include cuts or other restrictions on FY2016 funding for communities that describe themselves as "sanctuary" jurisdictions. It does include \$2 billion in disaster relief for California, West Virginia, Louisiana, and North Carolina.

#### *Water Programs*

The FY2017 Omnibus Appropriations Act generally provides funding for water related programs in line with the funding they received in FY2016. Congressional negotiators rejected the deep cuts proposed by President Trump for the EPA and many other agencies and programs.

For EPA, the new law funds the Clean Water SRF and Drinking Water SRF at \$1.39 billion and \$863 million respectively. It also provides \$30 million for the new WIFIA water-financing program. This amount will allow EPA to issue the first loans under the program this year.

For the Bureau of Reclamation, the Omnibus provides \$24.4 million for the Title XVI program, an increase of \$1 million. It increases funding for the WaterSMART program by \$4 million, to a total of \$24 million. The final agreement decreases funding to respond to drought in the Western United States from \$100 million to \$44 million. Some of this amount will augment Title XVI and WaterSMART program funding.

The WIIN Act, enacted in December, authorized funding for several Reclamation programs and the omnibus provides real money for these efforts. This includes \$10 million for new water recycling projects (to be vetted by Reclamation and OMB); \$6 million for desalination projects; \$67 million for new storage projects; and \$7 million to review operations in relation to endangered or threatened species.

### **Administration Delivers FY2018 Budget Request to Congress**

The Trump Administration released the President's FY2018 budget proposal, providing more detail than the "skinny budget" released in March. The release marks the 'official' kick-off of the FY2018 budget and appropriations process. Administration officials will now go before Congress to explain, promote, and otherwise defend components of this budget. Congressional appropriations subcommittees will then begin drafting the annual appropriations bills for FY2018, which begins on October 1.

The White House request proposes a \$4.1 trillion budget for FY2018 and would begin a plan to cut spending by \$3.6 trillion over 10 years. It forecasts a \$440 billion deficit in 2018, but a \$16 billion surplus in 2027. The budget request assumes an inflation-adjusted 2.4 percent growth rate in FY2018, rising to 3 percent by 2021. \$1.7 trillion in cuts would come from entitlement programs with another \$1.5 trillion coming from domestic discretionary programs.

### *Outlook*

It is widely expected that Congress will be unable to pass individual appropriations bills by the October 1 deadline, requiring at least one Continuing Resolution to keep the government operating into the new fiscal year. Due to the likelihood that spending bills close to the President's recommendations will not be able to pass the Senate (60 votes required to move to a final vote), there is already discussion of a possible government shutdown later this year or passing a Continuing Resolution for the entirety of FY2018 based upon the only-recently enacted FY2017 Omnibus Appropriations Act.

### *Infrastructure Initiative*

The budget includes \$200 billion in additional outlays for infrastructure priorities beyond the regular departmental requests. However, it does not break out how that funding would be distributed among categories such as highways/bridge, water quality and supply, ports, broadband, veterans' facilities, etc. As has been communicated before, the budget request counts spending from "expedited projects that would not have happened but for the Administration's involvement (for example, the Keystone XL pipeline)" toward the \$1 trillion goal, even though they may receive no direct federal funding.

According to a fact sheet accompanying the request, the Administration will continue to develop policy and regulatory changes along with statutory proposals to negotiate with Congress. The Administration's goals are to reduce the scope of Federal involvement wherever appropriate and when non-Federal or private entities can deliver better, or more efficient, service. Examples of the types of programs the Administration will support include: WIFIA, lifting the cap on private activity bonds, and encouraging the use of the Army Corps' contributed/advanced funding authorities.

The Administration is also proposing two new programs to assist projects with large, up-front costs. These programs are:

- *Federal Capital Revolving Fund.* The program, still being developed, would establish a mandatory revolving fund to finance capital projects. Agencies would pay for capital assets as they are utilized and repayments would come from future appropriations.
- *Partnership Grants for Federal Assets.* Also in development, this program would offer non-Federal partners grants in lieu of loans to buy down the cost of asset improvements. The partner would retain the right to obtain revenue from associated activities.

### *Department of the Interior/Bureau of Reclamation*

- For Water and Related Resources, the budget requests \$960 million, a decrease of \$156.8 million from the FY2017 baseline. In prior years, off-setting collections have boosted available funding beyond the level appropriated by Congress, a fact OMB uses to partly explain the proposed decrease in funding.
- Proposes \$21.5 million for the Title XVI water reclamation and reuse program. This is a cut of \$10.8 million from FY2017, although that figure included additional drought relief funding. This requested level of funding is in line with recent budget requests for the program. Congress has frequently increased this total by \$1-3 million.

- Requests \$23.365 million for WaterSMART grants, a decrease of \$5.58 million from FY18, although this level was also supplemented by additional drought response funding.

### *Environmental Protection Agency*

The budget request would cut EPA's funding from the current year's \$8.05 billion to \$5.65 billion. It seeks an increase of \$70 million to encourage early retirements and cut the agency's workforce by 3,000 positions.

- Increases funding for the Clean Water State Revolving Loan Fund program by \$2.65 million and directs that 10-20 percent of funds used by the State shall provide additional subsidies to eligible cities in the form of principal forgiveness, negative interest loans, or grants, or a combination of these subsidies.
- Increases funding for the Drinking Water State Revolving Loan Funds by \$1.6 million and also directs that 20-30 percent of the funds used by a State shall provide additional subsidies to eligible cities in the form of principal forgiveness, negative interest loans, or grants, or a combination of these.

Spending reductions proposed for EPA include:

- Cutting State and Tribal Assistance Grants (STAG) to states to \$597 million, down from FY17's \$1.08 billion. The proposal states that "States may be able to adjust to reduced funding levels by reducing or eliminating additional activities not required under Federal law, prioritizing programs, and seeking other funding sources including fees."
- Cutting EPA enforcement from \$548 million in FY17 to \$419 million in FY18.
- Eliminating the Energy Star product efficiency-labeling program, saving \$66 million.

### **President Nominates David Bernhardt for Interior Post**

President Trump nominated David Bernhardt to serve as Deputy Secretary of the Interior, the number two position at the Department of the Interior. Bernhardt most recently served as a member of the Trump transition team at Interior. A partner at the law firm of Brownstein Hyatt Farber Schreck, Bernhardt's clients have included Westlands Water District and the Cadiz water project. Bernhardt announced that, if confirmed, he would recuse himself from any matters involving his prior clients.

During the final two years of the George W. Bush Administration, Bernhardt served as Solicitor of the Interior. Prior to that position, he served as Deputy Solicitor, Deputy Chief of Staff, Counselor to the Secretary, and Director of the Office of Congressional and Legislative Affairs at Interior. Bush also appointed him to the International Boundary

Commission, handling border issues with Canada. A native of Colorado, Bernhardt began his career as an aide to former Representative Scott McInnis, a Colorado Republican.

The Senate Committee on Energy & Natural Resources will hold a confirmation hearing on the nomination on May 18. No date has been set for a vote before the full Senate.