

**MWD Board Meeting Highlights
April 8-9, 2019**

The Metropolitan Water District of Southern California (MWD) held its monthly Board and committee meetings on April 8-9, 2019. At these meetings, the MWD Board:

- Elected Judy Abdo (Santa Monica) to serve as the Board Secretary for the remaining two-year term, through December 31, 2020.
- Presented commentators resolutions for former Directors Michael Camacho, Philip Hawkins, Leticia Vasquez, and Fern Steiner.
- Presented the 10-year service pin to Chairwoman Gloria Gray.
- Heard an overview of the Water Surplus and Drought Management Update. The Upper Colorado River Basin is at 134 percent of average and Northern California is at 164 percent of average. This month the Oroville Spillway was used for the first time since 2017. MWD secured 60,000 acre feet of Article 21 supply this year. MWD is anticipating a net storage gain in 2019, with a possible record water storage balance going in to 2020.
- Heard an update on the Bay Delta. There were no fish entrainment issues in the Delta this year so operations were good. Next steps on the future size and project description of the California WaterFix will resume after May 5, 2019, when the State Water Resources Control Board's 60-day stay ends.

In other actions the Board:

- Authorized replacement of filter valve gearboxes at the Robert A. Skinner Water Treatment Plant. Following 13-years of continuous submerged operation, water has seeped into these gearboxes and displaced the grease used to lubricate the internal roller bearings and gears. As a result, these roller bearings are no longer adequately lubricated, resulting in excessive friction, galling, and eventual failure to operate. The planned work includes removal and replacement of 16 filter inlet valve gearboxes. Final design and construction will be performed by MWD staff.
- Authorized a professional services agreement with Sensis, Inc. not to exceed \$1,500,000 to design, develop and deploy the new mwdh2o.com website. The existing site is approximately 4 years old; the "shelf-life" of technology is fairly short and 5 years is generally the maximum life of a website. The current site is not mobile-responsive, which hinders accessibility to the majority of users that utilize phones and/or tablets to view the site. Development of a content management system (CMS) will increase

consistency and efficiency in updating content, and integrate other sites such as bewaterwise.com.

- Adopted a resolution to support MWD's application for United States Bureau of Reclamation (USBR) grant funding of \$1.5 million for Disadvantaged Communities Direct Install Program; authorized the General Manager to accept grant funds, if awarded; and authorized the General Manager to enter into a contract with USBR, if awarded.
- Approved resolutions fixing and adopting a Readiness-to-Serve Charge and a Capacity Charge for calendar year 2020. The Readiness-to-Serve Charge and Capacity Charge are based on the previously adopted Biennial Budget for Fiscal Years 2018-19 and 2019-20, and make up 10 to 11 percent of MWD's total revenue each year. The proposed Readiness-to-Serve Charge for EMWD will increase from \$7,830,286 in 2019 to \$8,359,134 in 2020. EMWD's 10-year average firm deliveries are 95,589 acre-feet, which, as a percent of the MWD total, increased from 5.89 percent in 2019 to 6.15 percent in 2020. The proposed Capacity Charge for EMWD will increase from \$1,883,400 in 2019 to \$2,018,720 in 2020. EMWD's 3-year peak increased from 219.0 cubic feet per second (cfs) in 2019 to 229.4 cfs in 2020. The Capacity Charge rate will increase from \$8,600 per cfs in 2019 to \$8,800 per cfs in 2020.
- Heard a presentation regarding MWD's California Public Employees' Retirement System and Other Post-Employment Benefits unfunded liability, which is currently 72 percent funded, with an outstanding liability of \$619 million.
- Heard an update regarding the headquarters seismic improvement project. The construct amount for the project is just under \$50 million, it is five percent complete and is estimated to be complete in June of 2022.
- Awarded a contract to Elite Earthworks & Engineering in an amount not to exceed \$3.7 million for repair of erosion control features along the Colorado River Aqueduct (CRA); authorized design activities to rehabilitate the Whitewater erosion protection structure. In many locations along the CRA, a system of erosion control facilities were constructed to protect the CRA conduit from rock and debris flows. At narrow ravine crossings, heavy storm events often erode the soil and expose the conduits, which makes them vulnerable to damage. This action authorized two projects to address erosion damage as a result of the 2018-19 winter storms. These projects will enhance the reliability of the CRA delivery system and reduce the risk of damage during future storm events.
- Authorized: (1) renewal of the Municipal Water Quality Investigations Agreement between the Department of Water Resources, the State Water Contractors and participating urban State Water Project Contractors, and (2) renewal of the Municipal Water Quality Investigations Program (Program) Specific Project Agreement between

the State Water Contractors and participating urban State Water Project (SWP) Contractors. These agreements support the protection of SWP water quality. This is accomplished through sampling and monitoring, which provides water quality data for water management and operational decisions. Additionally, the Program conducts SWP Watershed Sanitary Survey, which identifies known and emerging threats to water quality throughout the entire SWP system.

- Authorized the General Manager to provide a credit to offset increased costs associated with surplus deliveries to cyclic accounts. This authorization allows the General Manager to offer a credit to offset the cost of extraordinary actions member agencies take to capture surplus imported water in cyclic accounts. Credits are only made available to offset the increased costs to a member agency above the normal rates they would pay for MWD's imported water. The purchase by the agency would not incur a Capacity Charge because the delivery would be at MWD's discretion. MWD would charge the member agency all other components of MWD's full-service water rate, including the Readiness-to-Serve Charge at the time the water is sold. Cost-offset credits would be limited to up to \$225 per acre-foot captured in cyclic accounts. The upper limit of \$225 per acre-foot would be indexed to inflation to allow for adjustment over time.
- Authorized the General Manager to enter into the High Desert Water Bank Program agreement with the Antelope Valley-East Kern Water Agency. Reviewed and considered the Antelope Valley-East Kern Water Agency's approved Mitigated Negative Declaration and The High Desert Water Bank Program (Water Bank) with Antelope Valley-East Kern Water Agency (AVEK) will improve water supply reliability during dry years or emergencies. Under the Water Bank, MWD could store up to 280,000 acre-feet of its State Water Project - Table A or other supplies in the Antelope Valley groundwater basin. The Water Bank's strategic location, downstream of the Edmonston Pumping Plant, provides an additional factor of reliability. MWD will pay AVEK for the capital costs of the project up to \$131 million. In addition, MWD will pay for the actual operation, maintenance and power costs for the Water Bank facilities when used for MWD's benefit. In total, MWD will pay AVEK an estimated \$320 per acre-foot (present value). MWD will be assessed a one-time 10 percent loss when water is stored.
- Authorized the General Manager: (1) to include in all future demand management agreements the provision regarding legality already used in Future Supply Actions/Foundational Actions Funding agreements; and (2) to no longer include or enforce in Local Resources Program (LRP), Seawater Desalination Program (SDP), and similar agreements the termination provision directed by the Board in 2009. MWD's demand management programs have included the LRP, SDP, conservation programs, and Future Supply Actions. In 2009, the Board voted that all future LRP, SDP, and similar incentive program agreements would include a provision that the agreement would terminate if MWD determines that it will no longer utilize the Water Stewardship Rate or a similar charge to fund the LRP, SDP, or similar programs. In lieu of above condition,

the following language was added in all demand management agreements entered into after April 9, 2019: "Each Party represents that it is represented by legal counsel, that it has reviewed this Agreement and agrees that: (a) This Agreement is legally enforceable; (b) Payments made by Metropolitan to Agency pursuant to this Agreement are a legal use of Metropolitan's funds; and (c) Metropolitan may legally recover the costs incurred by Metropolitan pursuant to this Agreement in the water rates charged to its Member Agencies, including Agency."

- Expressed no position, but is seeking amendments on SB 1 (Atkins, D-San Diego; Portantino, D-La Canada Flintridge; and Stern, D-Agoura Hills): California Environmental, Public Health, and Workers Defense Act of 2019. Staff recommended an Oppose, Unless Amended position is due to the increased litigation exposure, state and federal regulation inconsistencies, and the potential for necessary permit delays.
- Expressed Support, if amended, for AB 658 (Eduardo Garcia, DCoachella): Water Rights: Water Management. AB 658 defines groundwater recharge as a beneficial use and would authorize the State Water Resources Control Board to issue a temporary five-year permit for groundwater recharge during high flow events, subject to the criteria that includes: 1) The applicant has an urgent need for the water proposed to be diverted and used; 2) The water may be diverted and used without injury to any lawful user of water; and 3) The water may be diverted and used without unreasonable effect upon fish, wildlife, or other instream beneficial uses.
- Affirmed the General Manager's determination that 20 acres of vacant land in the City of Oxnard, in the County of Ventura, California, identified as Metropolitan Water District of Southern California's parcel number ORMOND 1-01-100c and ORMOND 1-01-100PEA1 and ORMOND 1-101-100PEA2 are surplus to MWD's needs and authorized staff to dispose of the property and to quitclaim any associated interests.
- Appropriated funds for and authorized acquisition of real property located at 4725 Via Corona, Yorba Linda, California, APN 350- 071-19 in settlement of anticipated litigation.
- Heard an update on the Conservation Program. In this monthly conservation update it was reported that the new \$2 per square foot turf replacement program is now in effect.

Attachment(s):

Exhibit A - Hydrology Report