



**Memorandum**

**To:** Mayor and City Council

September 2, 2008

**From:** Suja Lowenthal, Second District 

**Subject:** Metropolitan Water District (MWD) Monthly Update

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**REQUESTED ACTION:**

Receive and file report on the actions taken at the Metropolitan Water District Board meeting held on August 19, 2008.

**BACKGROUND INFORMATION:**

I wish to bring the following actions (attached) to the Council's attention. Specifically, I wish to highlight a presentation made by Lester Snow, Director of California Department of Water Resources, regarding our state's water supply situation, drought actions and the proposed water bond.

**Report for  
Metropolitan Water District of Southern California  
Board Meeting  
August 19, 2008**

**CONSERVATION ADVERTISING**

The board awarded a three-year contract to Fraser Communications for services for conservation advertising and payment for the placement of the advertising for up to \$5 million per year. Continuance of the contract in the second and third years is dependent upon board approval each fiscal year. Through the education and advertising campaign, Metropolitan will support the member agencies' efforts to achieve conservation savings by significantly accelerating Metropolitan's current media and outreach campaigns to communicate the need for extraordinary conservation efforts. In conjunction with the member agencies, Metropolitan will work with Fraser Communications to develop and deliver regional messages through expanded media outlets and channels. (Agenda Item 8-4)

**ADDRESS FROM DWR DIRECTOR**

Lester Snow, Director of Department of Water Resources, made a presentation to the board regarding California's water supply situation and drought actions, including the proposed opening of a state Drought Bank. Director Snow discussed the importance of supporting Governor Schwarzenegger's and Senator Feinstein's proposed water bond and said that maintaining the Delta status quo is not an option. (Agenda Item 4)

**WATER RECYCLING PROJECT**

The board authorized entering into a Local Resources Program agreement with Inland Empire Utilities Agency to provide financial incentives for two phases of the Regional Recycled Water Expansion Project. When fully developed, it is anticipated that the project would produce about 33,000 acre-feet per year of recycled water over 25 years. The estimated total cost of the two-phase project is \$206 million. (Agenda Item 8-9)

**SEAWATER BARRIER PROJECT**

The board amended its Local Resources Program agreement with the Municipal Water District of Orange County and Orange County Water District for the Groundwater Replenishment System Talbert Seawater Intrusion Barrier Component Project. The amendment would increase the annual contractual yield eligible for LRP incentives from 31,000 acre-feet per year to 70,000 acre-feet of recycled water, which would be used for seawater barriers and groundwater replenishment. The amendment would help maximize groundwater production and, in the near-term, provide additional supplies to meet the region's water demands. Metropolitan's financial

commitment to this project of up to \$86.2 million over 23 years is unchanged. (Agenda Item 8-10)

### **DELTA GOVERNANCE PRINCIPLES**

The board approved the recommendations proposed by the board's Ad Hoc Subcommittee of the Bay Delta Special Committee regarding Delta Governance Principles related to the proposed California Delta Ecosystem and Water Council. The six recommendations are defined in Metropolitan Board letter dated August 19, 2008. Board direction on other key components of the Delta Vision Strategic Plan will be sought in the future. (Agenda Item 8-11).

### **ENERGY POLICY**

The board approved energy policy principles to provide guidance and direction for Metropolitan's activities in the current energy market and in future industry, regulatory and legislative initiatives. The board-adopted energy policies are grouped into four categories: reliability; economics; compliance/regulatory; and stewardship. The Energy Policy Principles are provided as Attachment 1 of Agenda Item 8-3.

### **WATER REVENUE BONDS**

The board authorized the sale of up to \$750 million of water revenue bonds to fund Capital Investment Plan expenditures. In connection with this authorization, the board also authorized entering into interest rate swap transactions of up to \$500 million, pursuant to the board-adopted Master Swap Policy, and approved Appropriation No. 15456 to pay costs of issuance of Water Bonds and Water Revenue Refunding Bonds. This authorization expires August 31, 2010. (Agenda Item 8-1)

### **EXECUTIVE COMPENSATION**

The board voted to grant a 3.7 percent cost-of-living adjustment to Metropolitan's General Manager, General Counsel, General Auditor, and Ethics Officer, the same COLA as granted to Metropolitan's bargaining units. (Agenda Item 10-2)

### **OTHER ACTION**

In other action, the board:

- Presented 20-year service pins to Director James Blake, representing the city of Fullerton, and Director James M. Rez, representing the city of Glendale (Agenda Item 5C)
- Established a fiscal year 2008/09 tax rate of .0043 percent of assessed valuation (a .0002 decrease from the previous year), to fund Metropolitan general obligation bond debt service and a portion of Metropolitan's State Water Contract obligations. (Agenda Item 5F2)

- Appropriated \$1.41 million and authorized three projects for Metropolitan's hydroelectric power plants (Agenda Item 7-2)
- Appropriated \$880,000 and authorized repairs of wildfire damage to Service Connection OC-71 in Santiago Hills area of Orange County (Agenda Item 7-3)
- Appropriated \$1.12 million and authorized two projects at the Chemical Unloading Facility in Riverside (Agenda Item 7-4)
- Appropriated \$1.87 million and authorized completion of the interim chlorination facilities at the outlets of Copper Basin and Lake Mathews for Metropolitan's quagga mussel control program (Agenda Item 7-5)
- Appropriated \$6.5 million and awarded a \$4.59 million contract to Gantry Constructors, Inc. for the Lake Skinner East Bypass Screening Structure Rehabilitation, and awarded a \$503,100 contract to Grand Pacific Contractors, Inc. for the St. Johns Canyon Channel repairs (Agenda Item 8-2)
- Authorized an \$800,000 increase in the contract for legal services in Cadiz, Inc., etc. v. Metropolitan (Agenda Item 8-5)
- Provided direction to negotiators regarding provision of water to the Pechanga Band of Luiseno Mission Indians (Agenda Item 8-6)
- Authorized agreements to complete land surveying for the Colorado River Aqueduct Real Property Recordation Program (Agenda Item 8-7)
- Adjourned the meeting to Aug. 26 to discuss a proposed state water bond for the November 2008 ballot (Agenda Item 11)