

*The mission of Three Valleys Municipal Water District is to supplement and enhance local water supplies to meet our region's needs in a reliable and cost-effective manner.*



**BOARD OF DIRECTORS  
REGULAR MEETING**

**MAY 3, 2023**

**8:00 AM**

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1021 E. Miramar Avenue | Claremont, California 91711-2052

909.621.5568 | [www.threevalleys.com](http://www.threevalleys.com)



# THREE VALLEYS MUNICIPAL WATER DISTRICT REGULAR BOARD MEETING AGENDA

1021 E. Miramar Avenue, Claremont, CA 91711

May 3, 2023 – 8:00 AM

*The mission of Three Valleys Municipal Water District is to supplement and enhance local water supplies to meet our region’s needs in a reliable and cost-effective manner.*

## NOTICE OF VIDEOCONFERENCE/TELECONFERENCE ACCESSIBILITY

Three Valleys MWD will hold this meeting of its Board of Directors on the date and time, and at the location set forth above. The public may participate in the meeting by physical attendance at the meeting or by videoconference or teleconference utilizing the following links:

**Link to join webinar:** <https://tvmwd.zoom.us/j/82186767102>

OR

**Dial in:** (669) 444-9171, Webinar ID: 821 8676 7102

Any member of the public wishing to participate in public comment may do so in any of the following manners: (1) by using the “Raise Hand” feature on the Zoom platform and when prompted by the Board President during the public comment period, (2) by filling out the electronic speaker’s card at the following link <https://arcg.is/0z5GqO> prior to the close of public comment, (3) by sending an email to [PublicComment@tvmwd.com](mailto:PublicComment@tvmwd.com) prior to the close of public comment, or (4) those attending the meeting in person may complete a speaker’s card and provide it to the Executive Assistant prior to the close of public comment.

1. CALL TO ORDER ROBERTO

2. ROLL CALL AGUIRRE

- Jody Roberto, President
- Mike Ti, Vice-President
- Carlos Goytia, Secretary
- Bob Kuhn, Treasurer
- David De Jesus, Director
- Jeff Hanlon, Director
- Danielle Soto, Director

3. FLAG SALUTE ROBERTO

4. DIRECTOR REMOTE PARTICIPATION PURSUANT TO AB 2449 [Government Code Section 54953(f)] ROBERTO

A. NOTIFICATION DUE TO JUST CAUSE

B. REQUEST DUE TO EMERGENCY CIRCUMSTANCES

## BOARD ACTION REQUIRED ITEM 4.B

Staff Recommendation: None

5. AGENDA REORDER/ADDITIONS [*Government Code Section 54954.2(b)(2)*] ROBERTO
- Additions to the agenda may be considered when two-thirds of the board members present determine a need for immediate action, and the need to act came to the attention of TVMWD after the agenda was posted; this exception requires a degree of urgency. If fewer than two-thirds of the board members are present, all must affirm the action to add an item to the agenda. The Board shall call for public comment prior to voting to add any item to the agenda after posting.
6. PUBLIC COMMENT (*Government Code Section 54954.3*) ROBERTO
- Opportunity for members of the public to directly address the Board on items of public interest that is within the subject matter jurisdiction of TVMWD. The public may also address the Board on items being considered on this agenda.
- We request that remarks be limited to three minutes or less. Pursuant to Government Code Section 54954.3, if speaker is utilizing a translator, the total allotted time will be doubled.
7. GENERAL MANAGER'S REPORT LITCHFIELD
- The Executive Leadership Team will provide brief updates on existing matters under their purview and will be available to respond to any questions thereof.
- A. THREE VALLEYS PARTICIPATION IN ANNUAL COMMUNITY EVENTS GOYTIA
- The Board will discuss TVMWD's participation in annual community events.
- B. ACWA REGION 8 CALL FOR CANDIDATES, 2024-25 TERM LITCHFIELD
- The Board will consider candidates to serve on ACWA's Region 8 Board.
- C. CYCLIC IN-LIEU DELIVERIES COST OFFSET PROGRAM AGREEMENT LEE
- The Board will be briefed on the potential participation in the cyclic in-lieu deliveries cost offset program in the Main San Gabriel Basin.
- D. PROJECTS SUMMARY UPDATE PANZER
- The Board will be provided an oral update of ongoing TVMWD projects.
8. DIRECTORS'/GENERAL MANAGER'S ORAL REPORTS ROBERTO
- Directors may report on activities for meetings to which they are assigned to serve as the representative or alternate of TVMWD and on other areas of interest.
- A. METROPOLITAN WATER DISTRICT DE JESUS
- B. CHINO BASIN WATERMASTER KUHN
- C. MAIN SAN GABRIEL BASIN WATERMASTER TI
- D. SIX BASINS WATERMASTER ROBERTO
- E. SAN GABRIEL BASIN WATER QUALITY AUTHORITY KUHN

ITEM 8 CONTINUED

- F. ADDITIONAL BOARD MEMBER REPORTS/COMMENTS ALL
- G. GENERAL MANAGER'S COMMENTS LITCHFIELD
9. CLOSED SESSION ROBERTO
- A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION  
[Government Code Section 54956.9(d)(1)]  
Name of Case: Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino County Superior Court Case No. RCV RS 51010
- B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION  
[Government Code Section 54956.9(d)(1)]  
Name of Case: San Diego County Water Authority v. Metropolitan Water District of Southern California, et al., San Francisco County Superior Court Case No. CPF-14-514004 (Consolidated with Case Nos. CPF-16-515282 and CPF-18-516389)
- C. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION  
Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2)
- One potential case
10. FUTURE AGENDA ITEMS ROBERTO
11. ADJOURNMENT AND NEXT MEETING ROBERTO
- The Board will adjourn to a regular Board Meeting on May 17, 2023 at 8:00 AM.

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In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Executive Assistant at (909) 621-5568 at least 24 hours prior to the meeting.

Pursuant to Government Code Section 54957.5, materials related to an item on this agenda submitted after distribution of the agenda packet will be posted on the TVMWD website at [www.threevalleys.com](http://www.threevalleys.com).

Three Valleys MWD Board meeting packets and agendas are available for review at [www.threevalleys.com](http://www.threevalleys.com).



## BOARD OF DIRECTORS STAFF REPORT

**To:** TVMWD Board of Directors  
**From:** Matthew H. Litchfield, General Manager   
**Date:** May 3, 2023  
**Subject:** Three Valleys Participation in Annual Community Events

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Funds Budgeted: \$       Fiscal Impact: \$

### **Staff Recommendation**

**No Action Necessary – Informational Item Only**

### **Background**

Three Valleys Municipal Water District (Three Valleys) Board of Directors' Secretary Carlos Goytia has requested Three Valleys' participation in community events to increase public awareness of water resources, efficient use of water and broad education of its services. In particular, Director Goytia has requested that Three Valleys host a water festival in the fall of each year, making it an annual community event.

### **Discussion**

Three Valleys has a core staff of 24, with additional part time staff of interns and/or apprentices. The current organization chart and staffing do not comprise of dedicated communications or external affairs staff. Organizing community events, especially spearheading them, takes significant resources to organize, plan and staff the event. Multiple options are provided below for the Three Valleys' Board of Directors to consider:

1. Provide information materials and leave behind materials at booths for events that are held after work hours/weekends. This practice is currently in place, and Three Valleys in coordination with Metropolitan Water District of Southern California provides the resources as needed and practicable. For events during work hours, potentially staff the booth with one or two staff, limiting attendance to three events per year. This option does not require additional staffing to the current structure. This option adds value to the member agencies' events and does not create competing interests.
2. Participate in select member agency or community events during the year (three to five events). This option would require additional staffing to the current structure. This

option adds value to the member agencies' events and does not create competing interests.

3. Host an annual community event. This option would require additional staffing that are dedicated to external affairs, education and outreach to plan and run such events. This option needs to be heavily coordinated amongst all neighboring municipalities, retail and wholesale agencies to not create competing interests and add value for the community engagement.

The discussion above regarding staffing needs is a preliminary estimate and has not been vetted thoroughly. In our neighboring areas, Upper San Gabriel Municipal Water District and Inland Empire Utilities Agency host annual community events in the fall and spring, respectively. Western Municipal Water District, Eastern Municipal Water District and Municipal Water District of Orange County host and participate in various events and workshops annually. The previously stated Metropolitan member agencies each have dedicated staffing to accommodate the associated outreach events.

If additional programs were to be implemented, implications of additional staffing needs, in particular to impacts of the fees and charges imposed by Three Valleys, have not been analyzed. Coordination and input from the member agencies is critical before a thorough analysis of the values, benefits and costs can be completed.

Based on the discussion and direction from the Board, the item may be presented for the TVMWD Board of Directors' consideration for action at a future date.

**Strategic Plan Objective(s)**

- 3.3 – Be accountable and transparent with major decisions
- 3.4 – Communicate TVMWD's role in the delivery of water
- 3.5 – Advocate legislation and initiatives that further TVMWD's mission and vision

**Attachment(s)**

None


**Meeting History**

None

NA/SL



## BOARD OF DIRECTORS STAFF REPORT

**To:** TVMWD Board of Directors  
**From:** Matthew H. Litchfield, General Manager   
**Date:** May 3, 2023  
**Subject:** **ACWA Region 8 Call for Candidates, 2024-25 Term**

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Funds Budgeted: \$

Fiscal Impact: \$

### **Staff Recommendation**

**No Action Necessary – Informational Item Only**

### **Discussion**

The Region 8 Nominating Committee is looking for ACWA members who are interested in leading the direction of ACWA Region 8 for the 2024-25 term. The Region 8 Board is comprised of a Chair, Vice Chair, and up to five Board Member positions. To be considered as a candidate, a candidate nomination form and resolution of support must be adopted by the agency's Board of Directors and submitted by June 16, 2023. A short biography and headshot photo may also be submitted for consideration.

The election will begin on July 17, 2023, and ballots submitted by September 15, 2023. Election results will be announced on September 27, 2023, and newly election Region 8 Board Members will begin their two-year term of service on January 1, 2024.

A resolution will be brought back to the May 17, 2023 board meeting for consideration of adoption, if a Director is nominated and selected to continue in the process for the election.

### **Environmental Impact**

None

### **Strategic Plan Objective(s)**

3.3 – Be accountable and transparent with major decisions

**Attachment(s)**

Exhibit A – ACWA Region 8 Call for Candidates Packet

**Meeting History**

None

NA/ML



## MEMORANDUM

**Date:** April 17, 2023

**To:** ACWA Region 8 General Manager and Board Presidents  
(sent via e-mail)

**From:** ACWA Region 8 Nominating Committee

- **Dave Pedersen**, Las Virgenes Municipal Water District
- **Edgar Dymally**, Metropolitan Water District of Southern California
- **Cynthia Kurtz**, Pasadena Water & Power
- **Gina Dorrington**, Ventura Water
- **David De Jesus**, Three Valleys Municipal Water District

**Subject:** Call for Candidates for Region Boards

The Region 8 Nominating Committee is looking for ACWA members who are interested in leading the direction of ACWA Region 8 for the 2024-'25 term. The Nominating Committee is currently seeking candidates for the Region 8 Board, which is comprised of Chair, Vice Chair and up to five Board Member positions. In a separate but concurrent process, ACWA's Election Committee has announced its call for candidates for ACWA President and Vice President. **More information about both processes is available at [www.acwa.com/elections](http://www.acwa.com/elections).** The leadership of ACWA's 10 geographical regions is integral to the leadership of ACWA. The Chair and Vice Chair of Region 8 serve on ACWA's statewide Board of Directors and recommend all committee appointments for Region 8. The members of the Region 8 Board determine the direction and focus of region issues and activities. Additionally, they support the fulfillment of ACWA's goals on behalf of members and serve as a key role in ACWA's grassroots outreach efforts.

If you, or someone within your agency, are interested in serving in a leadership role within ACWA by becoming a Region 8 Board Member, please familiarize yourself with the [role and responsibilities of the region boards](#) and the [Region 8 Rules and Regulations](#) and submit the following documents by **June 16:**

- [A candidate nomination form](#)
- **A signed resolution of support from your agency's Board of Directors** (A sample resolution [is available online](#))

### **June 16**

In addition to the required documents, you may also send a short biography and a headshot photo to be included in the candidate section of ACWA's elections webpage; however, these are not required.

The election will begin on July 17 with electronic ballots emailed to General Managers and Board Presidents. The ballot will include the Nominating Committee's recommended slate and any additional candidates interested in the region board positions who meet the qualification criteria.



All region ballots must be submitted by Sept. 15. One ballot per agency will be counted. Election results announced Sept. 27 and the newly elected Region 8 Board Members will begin their two-year term of service on Jan. 1, 2024.

If you have any questions, please visit [www.acwa.com/elections](http://www.acwa.com/elections) or contact Regional Affairs Representative Sarah Hodge at SarahH@acwa.com or 916-669-2384.

## 2023 ACWA Region Election Timeline 2024-2025 Term

**February 28:**

### **NOMINATING COMMITTEES APPOINTED**

- With concurrence of the region board, the region chairs appoint at least three region members to serve as the respective region's Nominating Committee
- Those serving on nominating committees are ineligible to seek region offices
- Nominating Committee members are posted online at [www.acwa.com](http://www.acwa.com)

**March 1-31:**

### **NOMINATING COMMITTEE TRAINING**

- Nominating Committee packets will be e-mailed out to each committee member
- ACWA staff will hold a training session via conference call with each nominating committee to educate them on their specific role and duties
  - Regions 1-10 Nominating Committees: via Zoom Meetings

**April 17:**

### **CALL FOR CANDIDATES**

- The call for candidate nominations packet will be e-mailed to ACWA member agency Board Presidents and General Managers

**June 16:**

### **DEADLINE FOR COMPLETED NOMINATION FORMS**

- Deadline to submit all Nomination Forms and board resolutions of support for candidacy for region positions
- Nominating Committee members may need to solicit additional candidates in person to achieve a full complement of nominees for the slate

**June 19:**

### **CANDIDATE INFORMATION TO NOMINATING COMMITTEES**

- All information submitted by candidates will be forwarded from ACWA staff to the respective region Nominating Committee members with a cover memo explaining their task

**June 20 – July 10: RECOMMENDED SLATES SELECTED**

- Nominating Committees will meet to determine the recommended individuals for their region. The slate will be placed on the election ballot.
- Nominating Committee Chairs will inform their respective ACWA Regional Affairs Representative of their recommended slate by July 10
- Candidates will be notified of the recommended slate by July 14
- The Nominating Committee Chair will approve the official region ballot

**July 17:****ELECTIONS BEGIN**

- All 10 official electronic ballots identifying the recommended slate and any additional candidates for consideration for each region will be produced and e-mailed to ACWA member agencies only
- Only one ballot per agency will be counted

**September 15:****ELECTION BALLOTS DUE**

- ***Deadline for all region elections. All region ballots must be received by ACWA by **September 15, 2023*****

**September 27:****ANNOUNCEMENT OF ELECTION RESULTS**

- Newly-elected members of the region boards will be contacted accordingly
- An ACWA Advisory will be distributed electronically to all members reporting the statewide region election results
- Results will be posted at [acwa.com](http://acwa.com) and will be published in the October issue of ACWA News



RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
(DISTRICT NAME)  
PLACING IN NOMINATION (NOMINEE NAME)  
AS A MEMBER OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES  
REGION \_\_\_\_ (POSITION)**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF (DISTRICT NAME) AS FOLLOWS:

A. Recitals

(i) The Board of Directors (Board) of the (District Name) does encourage and support the participation of its members in the affairs of the Association of California Water Agencies (ACWA).

(ii) (Nominee Title), (Nominee Name) is currently serving as (Position) for ACWA Region \_\_\_\_

and/or

(iii) (Nominee Name) has indicated a desire to serve as a (Position) of ACWA Region \_\_\_\_.

B. Resolves

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF (DISTRICT NAME),

(i) Does place its full and unreserved support in the nomination of (Nominee Name) for the (Position) of ACWA Region \_\_\_\_.

(ii) Does hereby determine that the expenses attendant with the service of (Nominee Name) in ACWA Region \_\_\_\_ shall be borne by the (District Name).

Adopted and approved this \_\_\_\_ day of \_\_\_\_ (month) 2023.

(SEAL)

\_\_\_\_\_  
(Nominee Name), (Title)  
(District Name)

ATTEST:

\_\_\_\_\_  
(Secretary Name), Secretary

I, (SECRETARY NAME), Secretary to the Board of Directors of (District Name), hereby certify that the foregoing Resolution was introduced at a regular meeting of the Board of Directors of said District, held on the \_\_\_\_ day of \_\_\_\_ (month) 2023, and was adopted at that meeting by the following roll call vote:

AYES:

NOES:

ABSENT:

ATTEST:

\_\_\_\_\_  
(Secretary Name), Secretary to the  
Board of Directors of  
(District Name)

## ACWA Region 8 Rules & Regulations

*Each region shall organize and adopt rules and regulations for the conduct of its meetings and affairs not inconsistent with the Articles of Incorporation or bylaws of the Association (ACWA Bylaw V, 6.).*

### **Officers**

At least one of the chair or vice chair positions must be an elected / appointed director from a member agency.

The term of the chair and the vice chair shall allow for two successive two-year terms allowing a maximum of four consecutive years as chair or vice chair.

The chair will appoint a secretary if one is deemed necessary.

### **Meetings**

The Region 8 board shall approve all region programs and activities.

Region 8 shall have a general membership meeting annually in addition to those meetings at the ACWA conferences.

### **Attendance**

If a region chair or vice chair is no longer allowed to serve on the Board of Directors due to his / her attendance, the region board shall appoint from the existing region board a new region officer. (ACWA Policy & Guideline Q, 1.)

If a region chair or vice chair misses three consecutive region board / membership meetings, the same process shall be used to backfill the region officer position. (ACWA Policy & Guideline Q, 1.)

If a region board member has three consecutive unexcused absences from a region board meeting or general membership business meeting, the region board will convene to discuss options for removal of the inactive board member. If the vacancy causes the board to fail to meet the minimum requirement of five board members, the region must fill the vacancy according to its rules and regulations. (ACWA Policy & Guideline Q, 3.)

### **Elections**

All nominations received for the region chair, vice chair and board positions must be accompanied by a resolution of support from each sponsoring member agency, signed by an authorized representative of the Board of Directors. Only one individual may be nominated from a given agency to run for election to a region board. Agencies with representatives serving on the nominating committees should strive not to submit nominations for the region board from their agency. (ACWA Policy & Guideline P, 2.)

Election ballots will be e-mailed to ACWA member agency general managers and presidents.

The nominating committee shall consist of three to five members.



The nominating committee shall pursue qualified members within the region to run for the region board; consider geographic diversity, agency size and focus in selecting a slate, nominate both elected/appointed officials and staff members as part of the Region 8 board; and preserve objectivity by not nominating a member of the nominating committee for any elected positions being considered.

*See the current region election timeline for specific dates.*

## **Endorsements**

ACWA, as a statewide organization, may endorse potential nominees and nominees for appointment to local, regional, and statewide commissions and boards. ACWA's regions may submit a recommendation for consideration and action to the ACWA Board of Directors to endorse a potential nominee or nominee for appointment to a local, regional or statewide commission or board. (ACWA Policy & Guideline P, 3.)

## **Committee Recommendations & Representation**

All regions are given equal opportunity to recommend representatives of the region for appointment to a standing or regular committee of the Association. If a region fails to provide full representation on all ACWA committees, those committee slots will be left open for the remainder of the term or until such time as the region designates a representative to complete the remainder of the term. (ACWA Policy & Guideline P, 4. A.)

At the first region board / membership meeting of the term, regions shall designate a representative serving on each of the standing and regular committees to serve as the official reporter to and from the committee on behalf of the region to facilitate input and communication. (ACWA Policy & Guideline P, 4. B.)

The chair and vice chair shall make all committee appointment recommendations to the ACWA committees, to be ratified by the Region 8 board prior to submission to the ACWA president for consideration.

## **Tours**

ACWA may develop and conduct various tours for the regions. All tour attendees must sign a "release and waiver" to attend any and all region tours. Attendees agree to follow environmental guidelines and regulations in accordance with direction from ACWA staff; and will respect the rights and privacy of other attendees. (ACWA Policy & Guideline P, 6.)

## **Finances**

*See "Financial Guidelines for ACWA Region Events" document.*

## **Amending the Region Rules & Regulations**

ACWA policies and guidelines can be amended by approval of the ACWA Board of Directors.

The Region 8 Rules & Regulations can be amended by a majority vote of those present at any Region 8 meeting as long as a quorum is present.

*ACWA Regions provide the grassroots support to advance ACWA's legislative and regulatory agenda.*

### Background

As a result of ACWA's 1993 strategic planning process, known as Vision 2000, ACWA modified its governance structure from one that was based on sections to a regional-based configuration. Ten regions were established to provide geographic balance and to group agencies with similar interests.

### Primary Charge of Regions

- To provide a structure where agencies can come together and discuss / resolve issues of mutual concern and interest and based on that interaction, provide representative input to the ACWA board.
- To assist the Outreach Task Force in building local grassroots support for the ACWA Outreach Program in order to advance ACWA's legislative and regulatory priorities as determined by the ACWA Board and the State Legislative, Federal Affairs or other policy committees.
- To provide a forum to educate region members on ACWA's priorities and issues of local and statewide concern.
- To assist staff with association membership recruitment at the regional level.
- To recommend specific actions to the ACWA Board on local, regional, state and federal issues as well as to recommend endorsement for various government offices and positions.

Region chairs and vice chairs, with support from their region boards, provide the regional leadership to fulfill this charge.

*Note: Individual region boards CANNOT take positions, action or disseminate communication on issues and endorsements without going through the ACWA Board structure.*

## GENERAL DUTIES / RESPONSIBILITIES FOR REGION OFFICERS

### Region Chair

- Serves as a member of the ACWA Board of Directors at bimonthly meetings at such times and places as the Board may determine. The Chair will also call at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- Serves as a member of ACWA's Outreach Program, and encourages region involvement. Appoints Outreach Captain to help lead outreach effort within the region.
- Presides over all region activities and ensures that such activities promote and support accomplishment of ACWA's Goals.
- Makes joint recommendations to the ACWA President regarding regional appointments to all ACWA committees.
- Appoints representatives in concurrence of the region board, to serve on the region's nominating committee with the approval of the region board.
- Facilitates communication from the region board and the region membership to the ACWA board and staff.

### Region Vice Chair

- Serves as a member of the ACWA Board of Directors at bimonthly meetings at such times and places as the Board may determine. The Vice Chair will also participate in at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- Performs duties of the Region Chair in the absence of the chair.
- Serves as a member of ACWA's Outreach Program, and encourages region involvement.
- Makes joint recommendations to the ACWA president regarding regional appointments to all ACWA committees.

### Region Board Member

- Participate in at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- Supports program planning and activities for the region.
- Actively participates and encourages region involvement in ACWA's Outreach Program.
- May serve as alternate for the chair and/or vice chair in their absence (if appointed) to represent the region to the ACWA Board.

# REGION MAP



**REGIONS**  
1, 3, 5

**Jennifer Rotz**  
Regional Affairs Representative II  
jenniferr@acwa.com

**REGIONS**  
2, 6, 7

**Michael Cervantes**  
Senior Regional Affairs Representative  
michaelc@acwa.com

**REGION**  
4

**Ana Javaid**  
Region & Member Engagement  
Specialist II  
anaj@acwa.com

**REGIONS**  
8, 9, 10

**Sarah Hodge**  
Regional Affairs Representative I  
sarahh@acwa.com


# ACWA Public Water Agency Members by County

# Item 7.B -Exhibit A

<p><b>Alameda</b> Alameda County Water District City of Pleasanton Dublin San Ramon Services District East Bay Municipal Utility District Zone 7 Water Agency</p> <p><b>Alpine</b> Kirkwood Meadows PUD</p> <p><b>Amador</b> Amador Water Agency</p> <p><b>Butte</b> Butte Water District Ducor Community Services District Paradise Irrigation District Reclamation District #2047 Richvale Irrigation District South Feather Water and Power Agency Thermalito Water &amp; Sewer District Western Canal Water District</p> <p><b>Calaveras</b> Calaveras County Water District Calaveras Public Utility District San Andreas Sanitary District Utica Water Power Authority</p> <p><b>Colusa</b> Colusa County Water District Knights Landing Ridge Drainage District Princeton-Codora-Glenn Irrigation District Reclamation District #1004 Reclamation District #108 Sacramento River West Side Levee District Sites Project Joint Powers Authority</p> <p><b>Contra Costa</b> Byron Bethany Irrigation District Contra Costa Water District Diablo Water District East Contra Costa Irrigation District</p> <p><b>El Dorado</b> El Dorado County Water Agency El Dorado Irrigation District Georgetown Divide PUD South Tahoe Public Utilities District</p> <p><b>Fresno</b> City of Fresno Consolidated Irrigation District Dudley Ridge Water District Firebaugh Canal Water District Free Water County Water District Fresno Irrigation District Fresno Metropolitan Flood Control District Fresno Slough Water District Friant North Authority James Irrigation District Kings River Water District Laguna Irrigation District Laton Community Service District Malaga County Water District McMullin Area Groundwater Sustainability Agency Mid-Valley Water District Orange Cove Irrigation District Pacheco Water District Panoche Drainage District Panoche Water District Pinedale County Water District Raisin City Water District Reclamation District #1606 Riverdale Irrigation District Root Creek Water District Sierra Cedars Community Services District Tranquillity Irrigation District Westlands Water District</p> <p><b>Glenn</b> Glenn-Colusa Irrigation District Glide Water District Kanawha Water District Orland-Artois Water District Provident Irrigation District Reclamation District #2047 Tehama Colusa Canal Authority</p> <p><b>Humboldt</b> Humboldt Bay Harbor Rec. &amp; CD Humboldt Bay Municipal WD Humboldt CSD McKinleyville CSD</p> <p><b>Imperial</b> Bard Water District Imperial Irrigation District</p> <p><b>Inyo</b> Wheeler Crest CSD Sierra Highlands CSD</p> <p><b>Kern</b> Arvin-Edison Water Storage District Belridge Water Storage District Berrenda Mesa Water District</p>	<p>Boron Community Services District Buena Vista Water Storage District Cawelo Water District City of Tehachap Delano-Earlhart ID Groundwater Sustainability Delano-Earlhart Irrigation District Frazier Park Public Utilities District Golden Hills CSD Greenfield County Water District Groundwater Banking JPA Indian Wells Valley Water District Kern County Water Agency Kern Delta Water District Kern Tulare Water District Lost Hills Water District Mojava PUD North Kern WSD Rand Communities WD Rosamond CSD Rosedale-Rio Bravo WSD Semitropic WSD Shafter-Wasco ID Southern San Joaquin MUD South Valley Water Resources Authority Tehachapi-Cummings County WD West Kern WD Westside Water Authority Wheeler Ridge-Maricopa WSD</p> <p><b>Kings</b> Angiola Water District Atwell Island Water District Corcoran Irrigation District Deer Creek Storm Water District El Rico GSA Empire West Side Irrigation District Green Valley Water District Kings County Water District Lakeside Irrigation Water District Tri-County Water Authority Tulare Lake Basin WSD W.H. Wilbur Rec. District #825</p> <p><b>Lake</b> Clearlake Oaks County Water District Hidden Valley Lake Community Services District</p> <p><b>Los Angeles</b> Antelope Valley State Water Contractors Antelope Valley-East Kern WA Azusa Light &amp; Water Burbank Water &amp; Power Central Basin MWD Cresenta Valley Water District City of Glendora-Water Division City of La Verne City of Long Beach Water Dept. Devils Den Water District Foothill Municipal Water District Glendale Water &amp; Power Kinneloa Irrigation District La Canada Irrigation District La Puente Valley County WD Las Virgenes Municipal WD Littlerock Creek Irrigation District Los Angeles County Waterworks Districts Los Angeles Dept. of Water Power Main San Gabriel Basin Watermaster Metropolitan Water District of Southern California Orchard Dale Water District Palm Ranch Irrigation District Palmdale Water District Pasadena Water &amp; Power Pico Water District Pomona-Walnut-Rowland JWLC Puente Basin Water Agency Quartz Hill Water Districts Rowland Water District San Gabriel Basin Water Quality Authority San Gabriel County Water District San Gabriel Valley Municipal Water District Santa Clarita Valley Water Agency Spadra Basin Groundwater Sustainability Agency SCV Groundwater Sustainability Agency South Montebello Irrigation District Three Valleys Municipal WD Upper San Gabriel Valley MWD Upper Santa Clara Valley Joint Power Authority Valley County Water District Walnut Valley Water District Water Replenishment District of Southern California West Basin Municipal Water District</p>	<p><b>Madera</b> Chowchilla Water District Gravelly Ford Water District Le Grand-Athlone Water District Madera County Water and Natural Resources Madera Irrigation District Madera Water District Madera-Chowchilla Water and PA</p> <p><b>Marin</b> Bolinas Community PUD Marin Municipal Water District North Marin Water District Stinson Beach County Water District</p> <p><b>Mariposa</b> Mariposa Public Utilities District</p> <p><b>Mendocino</b> Brooktrails Township Community Services District Calpella County Water District Laytonville County Water District Mendocino County Russian River Flood Control &amp; Water Millview County Water District Redwood Valley County WD Upper Russian River Water Agency Willow County Water District</p> <p><b>Merced</b> Central California Irrigation District Delhi County Water District Eastside Water District East Turlock Subbasin Groundwater Sustainability Agency Grassland Water District Henry Miller Rec. District #2131 Le Grand CSD Merced Integrated Regional Water Management Authority Merced Irrigation District Merced Irrigation-Urban GSA Planada Community Services District San Luis &amp; Delta-Mendota Water Authority San Luis Water District</p> <p><b>Mono</b> Mammoth Community WD</p> <p><b>Monterey</b> Aromas Water District Castroville Community Services District Marina Coast Water District Monterey One Water Monterey Peninsula Water Management District Pebble Beach Community Services District</p> <p><b>Napa</b> Circle Oaks County Water District</p> <p><b>Nevada</b> Nevada Irrigation District San Juan Ridge County WD Sierra Lakes County Water District Truckee Donner PUD</p> <p><b>Orange</b> City of Newport Beach City of Santa Ana East Orange County Water District El Toro Water District Irvine Ranch Water District La Habra Heights County Water District Laguna Beach County Water District Mesa Water District Moulton Niguel Water District MWD of Orange County Orange County Water District Santa Margarita Water District Santiago Aqueduct Commission Serrano Water District South Coast Water District Trabuco Canyon Water District West Orange County Water Board Yorba Linda Water District</p> <p><b>Placer</b> City of Roseville Midway Heights County WD Placer County Water Agency San Juan Water District Tahoe City Public Utilities District</p> <p><b>Riverside</b> Beaumont-Cherry Valley WD Benford-Coldwater Groundwater Sustainability Agency City of Corona Dept. of Water &amp; Power Coachella Valley Water District Coachella Water Authority Desert Water Agency Eastern Municipal Water District</p>	<p>Elsinore Valley MWD Idyllwild Water District Indio Water Authority Jurupa Community Services District Lake Hemet Municipal WD Mission Springs Water District Palo Verde Irrigation District Pinyon Pines County Water District Rancho California Water District Riverside County Flood Control &amp; Water Conservation District Riverside Public Utilities Salton Sea Authority San Geronio Pass Water Agency Santa Ana Watershed Project Authority Santa Rosa Regional Resources Authority Western Municipal Water District</p> <p><b>Sacramento</b> American River Flood Control District Carmichael Water District Citrus Heights Water District City of Folsom City of Sacramento - Dept. of Utilities Del Paso Manor Water District Delta Conveyance Design and Construction Authority Elk Grove Water District, Dept. of FRCD Fair Oaks Water District North Delta Water Agency Omochumne-Hartnell WD Reclamation District #744 Reclamation District #1000 Rio Linda/Elverta Community WD Sacramento County Water Agency Sacramento Suburban WD South Yuba Water District</p> <p><b>San Benito</b> City of San Juan Bautista San Benito County Water District Sunnyslope County Water District</p> <p><b>San Bernardino</b> Apple Valley Foothill County WD Apple Valley Heights County WD Bear Valley Basin Groundwater Sustainability Agency Big Bear City Community Services District Big Bear Municipal Water District Chino Basin Water Conservation District Chino Basin Watermaster City of Rialto/Rialto Utility Authority Crestline Village Water District Crestline-Lake Arrowhead WA Cucamonga Valley Water District East Valley Water District Hi-Desert Water District Inland Empire Utilities Agency Joshua Basin Water District Lake Arrowhead CSD Mariana Ranchos County WD Mojava Water Agency Monte Vista Water District San Bernardino Valley Municipal Water District San Bernardino Valley Water Conservation District Twenty-nine Palms Water District West Valley Water District</p> <p><b>San Diego</b> Borrego Water District Carlsbad Municipal Water District City of Escondido City of Oceanside-Water Utilities Dept. City of San Diego Public Utilities Fallbrook Public Utility District Helix Water District Lakeside Water District Majestic Pines Community Services District Olivenhain Municipal Water District Otay Water District Padre Dam Municipal Water District Rainbow Municipal Water District Ramona Municipal Water District Rincon del Diablo Municipal Water District San Diego County Water Authority San Dieguito Water District Santa Fe Irrigation District South Bay Irrigation District Sweetwater Authority Upper San Luis Rey RCD Vallecitos Water District Valley Center Municipal Water District</p>	<p>Vista Irrigation District Wynola Water District Yuima Municipal Water District</p> <p><b>San Francisco</b> San Francisco Public Utility Commission</p> <p><b>San Joaquin</b> Banta-Carbons Irrigation District Central San Joaquin Water Conservation District Mountain House Community Services District North San Joaquin Water Conservation District Pescadero Reclamation District #2058 Reclamation District #2026 South San Joaquin Irrigation District Stockton East Water District The West Side Irrigation District Woodbridge Irrigation District</p> <p><b>San Mateo</b> Bay Area Water Supply &amp; Conservation Agency Coastside County Water District Mid-Peninsula Water District Montara Water &amp; Sanitary District North Coast County Water District San Francisco Creek Joint Powers Authority San Mateo Flood and Sea Level Rise Resiliency District Westborough Water District</p> <p><b>Santa Barbara</b> Cachuma Operation and Maintenance Board Carpinteria Valley Water District Central Coast Water Authority City of Buellton City of Santa Barbara Goleta Water District Los Alamos Community Services District Mission Hills Community Services District Montecito Sanitation District Montecito Water District Santa Ynez River Water Conservation District Improvement District No. 1 Vandenberg Village Community Services District</p> <p><b>Santa Clara</b> Purissima Hills Water District Valley Water</p> <p><b>Santa Cruz</b> Central Water District City of Santa Cruz Water Dept. City of Watsonville Water Department Pajaro Valley Water Management Agency Pajaro/Sunny Mesa Community Services District Scotts Valley Water District Soquel Creek Water District</p> <p><b>Shasta</b> Anderson-Cottonwood ID Bella Vista Water District Centerville Community Services District City of Redding Water Utility City of Shasta Lake Clear Creek Community Services District Cottonwood Water District Fall River Valley Community Services District Mountain Gate Community Services District Rio Alto Water District Shasta County Water Agency</p> <p><b>Sierra</b> Sierra County WWD #1</p> <p><b>Siskiyou</b> Montague Water Conservation District Scott Valley Irrigation District Tulelake Irrigation District</p> <p><b>Solano</b> City of Fairfield City of Vacaville, Utilities Department City of Vallejo Maine Prairie Water District Reclamation District #2068 Rural North Vacaville Water District Solano County Water Agency Solano Irrigation District Suisun-Solano Water Authority</p>	<p><b>Sonoma</b> Bodega Bay PUD City of Santa Rosa - Water Dept. Forestville Water District Sonoma Mountain County WD Sonoma Water Valley of the Moon Water District</p> <p><b>Stanislaus</b> City of Modesto, Utilities Department Del Puerto Water District Lake Don Pedro Community Services District Modesto Irrigation District Oakdale Irrigation District Patterson Irrigation District Stanislaus Regional Water Authority Turlock Irrigation District West Stanislaus Irrigation District</p> <p><b>Sutter</b> Brophy Water District Feather Water District Reclamation District #1500 South Sutter Water District Sutter Extension Water District</p> <p><b>Tehama</b> Corning Water District</p> <p><b>Trinity</b> Weaverville Community Services District</p> <p><b>Tulare</b> Alpaugh Community Services District Alpaugh Irrigation District Alta Irrigation District County of Tulare, County Administration Office Deer Creek &amp; Tule River Authority Exeter Irrigation District Friant Power Authority Friant Water Authority Ivanhoe Irrigation District Ivanhoe Public Utilities District Kaweah Delta Water Conservation District Kings River East Groundwater Sustainability Agency Kings River Water District Lindsey-Strathmore Irrigation District Lower Tule River Irrigation District Lower Tule River Irrigation District GSA Mid-Kaweah Groundwater Sustainability Agency Orosi Public Utilities District Pixley Irrigation District Pixley Irrigation District GSA Porterville Irrigation District Saucelito Irrigation District South Valley Water Association South Valley Water Banking Authority St. Johns Water District Stone Corral Irrigation District Terra Bella Irrigation District Tri-Districts Water Authority Tri-Valley Water District Tulare Irrigation District</p> <p><b>Tuolumne</b> Tri-Dam Project Tuolumne County Water Agency Tuolumne Utilities District</p> <p><b>Ventura</b> Arroyo Santa Rosa GSA Calleguas Municipal Water District Camrosa Water District Casitas Municipal Water District Channel Islands Beach Community Services District County of Ventura Public Works Pleasant Valley County Water District Triunfo Water &amp; Sanitation District United Water Conservation District Ventura County, Public Works Ventura River Water District Ventura Water, City of Ventura</p> <p><b>Yolo</b> Dunnigan Water District Reclamation District #2035 Reclamation District #307 Reclamation District #999 Woodland Davis Clean Water Agency Yolo County Flood Control and Water Conservation District</p> <p><b>Yuba</b> Browns Valley Irrigation District Camp Far West Irrigation District City of Yuba City North Yuba Water District Ramirez Water District Reclamation District 784 Yuba County Water Agency</p>
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## BOARD OF DIRECTORS STAFF REPORT

**To:** TVMWD Board of Directors  
**From:** Matthew H. Litchfield, General Manager   
**Date:** May 3, 2023  
**Subject:** **Cyclic In-Lieu Deliveries Cost Offset Program Agreement**

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Funds Budgeted: \$                       Fiscal Impact: \$

### **Staff Recommendation**

**No Action Necessary – Informational Item Only**

### **Background**

Three Valleys Municipal Water District (Three Valleys) and Metropolitan Water District of Southern California (Metropolitan) entered into an agreement in June 2020 to deliver water into Three Valleys' Cyclic Storage Account (Cyclic Account) in the Main San Gabriel Basin ("Main Basin") in advance of demand for the water; the cyclic account has a maximum capacity of 50,000 acre-feet (AF). The proposed agreement provides for in-lieu treated water deliveries to be included as a mechanism to add water into the Cyclic Account.

### **Discussion**

When water supply conditions are determined by the Metropolitan General Manager to be such that it may not be able to capture all available supplies efficiently into storage accounts, it seeks to pre-deliver treated water to enable better water resources management. On April 20, 2023, the Department of Water Resources announced the State Water Project Table A Allocation to be 100 percent. When opportunities arise, like in the current conditions, surface spreading operations take a lower priority to flood safety/maintenance operations. These situations are the ideal conditions to participate in In-Lieu Treated Water Deliveries into Cyclic Accounts. The Program principles are as follows:

- Three Valleys agrees to take treated water from Metropolitan pursuant to this Agreement for delivery into the Three Valleys-Metropolitan Cyclic Account in the Basin through in-lieu means ("In-Lieu Treated Deliveries").
- The amount, location, and timing of the delivery schedule, along with an operating plan, will be mutually agreed upon prior to delivery by Metropolitan pursuant to execution of a purchase agreement.

- Three Valleys will credit an amount equivalent to the In-Lieu Treated Deliveries to Metropolitan as stored water in the Main Basin, with an equivalent intentional reduction in groundwater production by Three Valleys (or its member agencies).
- Three Valleys will pay Metropolitan the Treatment Surcharge effective at the time of the In-Lieu Treated Delivery, which for CY 2023 is \$354/AF and in CY 2024 is \$353/AF.
- In exchange for Three Valleys' acceptance of In-Lieu Treated Deliveries, Metropolitan will pay Three Valleys a cost-offset credit of up to \$264/AF, as determined by Metropolitan. Metropolitan will make such determination based on an estimate of costs incurred by Three Valleys as a result of taking In-Lieu delivery of additional treated water at Metropolitan's request that Three Valleys would not otherwise have taken, minus the costs that Three Valleys would have incurred if it produced an equivalent amount of water from the Basin. Three Valleys will submit its avoided cost estimates to Metropolitan, which Metropolitan will review in addition to historical production cost estimates.

Three Valleys would like to take advantage of this opportunity to increase storage in its Cyclic Account for the benefit of its member agencies. Staff will be conducting workshops with its member agencies in May to provide program basics and develop interest and then collaborate with Metropolitan to develop an operating plan prior to initiating any In-Lieu deliveries into the Cyclic Account.

The item will be presented for the TVMWD Board of Directors' consideration on June 21, 2023, to provide time for comments from partner agencies to be included in the final agreement with Metropolitan.

### **Environmental Impact**

None

### **Strategic Plan Objective(s)**

- 1.1 – Secure water supplies that exceed the estimated annual demands
- 1.3 – Maintain diverse sources of water supplies and storage
- 1.4 – Maintain infrastructure to assure 100% reliability
- 1.5 – Prepare for long term MWD shutdown or catastrophic event that affects operations
- 2.5 – Increase ability to store water for future use
- 3.3 – Be accountable and transparent with major decisions

### **Attachment(s)**

Exhibit A – Draft Metropolitan In-Lieu Treated Deliveries to Three Valleys Cyclic Account Agreement

**Meeting History**

Board of Directors Meeting, June 17, 2020, Action Item

NA/SL

**DRAFT Agreement No \_\_\_\_\_ Between  
The Metropolitan Water District of Southern California And  
Three Valleys Municipal Water District  
for In-Lieu Treated Deliveries to Three Valleys-Metropolitan Cyclic Account**

This Agreement is made as of **Month Day, 2023**, by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (“Metropolitan”), a public agency of the State of California, and THREE VALLEYS MUNICIPAL WATER DISTRICT (“Three Valleys”), a public agency of the State of California (collectively, the “Parties”).

Section 1. Purpose of Agreement

- a. Metropolitan is a wholesale provider to its 26 member agencies, created under The Metropolitan Water District Act (“MWD Act”). Wat. Code appen., §§ 109-25, 109-130.
- b. Three Valleys is a member public agency of Metropolitan and a wholesale water provider with a service area overlying the Main San Gabriel Basin (“Basin”), a groundwater basin located in Los Angeles County. Three Valleys is a municipal water district organized and operating under the Municipal Water District Law of 1911 (Water Code Section 71000 et seq.).
- c. Metropolitan and Three Valleys have entered into an agreement dated June 1, 2020 (“Three Valleys-Metropolitan Cyclic Agreement”) incorporated herein by reference that provides for the delivery of water by Metropolitan to Three Valleys in advance of demand for the water by Three Valleys through a cyclic account (“Three Valleys-Metropolitan Cyclic Account” or “Account”).
- d. Through this Agreement, the Parties intend to provide for a means of delivering water from Metropolitan into the Three Valleys-Metropolitan Cyclic Account, which deliveries are intended to be subject to the specific terms in this In-Lieu Treated Deliveries Agreement. The Parties intend for the Three Valleys-Metropolitan Cyclic Agreement to apply with respect to all other terms.

Section 2. Designated In-Lieu Treated Deliveries.

Metropolitan’s General Manager has determined that water supply conditions are such that Metropolitan may not be able to capture all available supplies efficiently in available storage. Given the recent State Water Project allocation increase to **XX** percent, uncertainties due to increased Article 21 supplies, and continued lower demands, supplies available for storage in calendar year (CY) 2023 may exceed Metropolitan’s ability to store in CY 2023. Accordingly, Metropolitan agrees to pre-deliver treated water to Three Valleys to assist Metropolitan in managing its water resources. Three Valleys agrees to take treated water from Metropolitan pursuant to this Agreement for delivery into the Three Valleys-Metropolitan Cyclic Account in the Basin through in-lieu means (“In-Lieu Treated Deliveries”).

The amount, location, and timing of the delivery schedule, along with an operating plan, will be mutually agreed upon prior to delivery by Metropolitan pursuant to execution of a purchase agreement. The actual amount of In-Lieu Deliveries credited by Metropolitan may be



higher or lower based on operational conditions and the *Certification Procedures For In-Lieu Treated Deliveries for Cyclic Agreement Between Metropolitan Water District of Southern California and Three Valleys Municipal Water District* Attachment 1 referenced in Section 8. In-Lieu Treated Deliveries will be made upon Metropolitan's written request and Three Valleys' written acceptance of additional treated water deliveries. Three Valleys represents and warrants that In-Lieu Treated Deliveries are in addition to its projected full-service deliveries (treated or untreated), which would normally occur without this agreement.

Three Valleys represents and warrants that an amount equivalent to the In-Lieu Treated Deliveries will be credited to Metropolitan as stored water in the Basin, pursuant to an intentional reduction in groundwater production by Three Valleys, certified and reconciled according to Section 8, until such time as the water is purchased by Three Valleys pursuant to the terms of the Three Valleys-Metropolitan Cyclic Agreement and Section 9 of this Agreement.

### Section 3. Term.

This Agreement is effective as of **Month Day**, 2023, and shall continue until 2033, or until the termination of the Three Valleys-Metropolitan Cyclic Agreement and is applicable only to In-Lieu Treated Deliveries, as certified and reconciled according to Section 8. Metropolitan, at its sole discretion, can interrupt the program authorizing In-Lieu Treated Deliveries by providing 15 days' notice to Three Valleys.

Pursuant to the Metropolitan's Board action on April 10, 2019, Metropolitan's General Manager may make a determination regarding water supply conditions and Metropolitan's ability to capture all available supplies at any time during the term of this Agreement. When such determination is made and Three Valleys agrees to accept water pursuant to this Agreement, the Parties will enter into a purchase agreement in accordance with Section 2.

### Section 4. Treatment Surcharge Payment.

Three Valleys agrees to pay Metropolitan the Treatment Surcharge effective at the time of the In-Lieu Treated Delivery, which for CY 2023 is \$354 per acre-foot and in CY 2024 is \$353 per acre-foot.

### Section 5. Cost-offset Credit Term.

In exchange for Three Valleys' acceptance of In-Lieu Treated Deliveries, Metropolitan agrees to pay Three Valleys a cost-offset credit of up to \$264 per acre-foot, as determined by Metropolitan pursuant to Section 6. The maximum credit in CY 2019 was \$225 per acre-foot. On January 1<sup>st</sup> of 2020, 2021, 2022, and 2023, the maximum \$225 per acre-foot amount was increased by the Consumer Price Index for Urban Wage Earners and Clerical Workers for Los Angeles-Long Beach-Anaheim All Items (CPI-U) calculated as the November Prior Year/November 2018 CPI-U increase rounded to the nearest dollar. On January 1<sup>st</sup> of 2024, and every following January 1<sup>st</sup>, the CY 2019 maximum \$225 per acre-foot amount will continue to be increased by the CPI-U, calculated as the November Prior Year/November 2018 CPI-U increase rounded to the nearest dollar. For example, the November 2019 CPI-U was 268 and the November 2018 CPI-U was 259.064, then the increase for January 1, 2020, would be 3.84 percent or up to \$234 per acre-foot.

Section 6. Determination of Cost-offset Credit Term.

Metropolitan, at its sole discretion, will determine the Cost-offset Credit Term. Metropolitan will make such determination based on an estimate of costs incurred by Three Valleys as a result of taking In-Lieu delivery of additional treated water at Metropolitan's request that Three Valleys would not otherwise have taken, minus the costs that Three Valleys would have incurred if it produced an equivalent amount of water from the Basin. Three Valleys will submit its avoided cost estimates to Metropolitan, which Metropolitan will review in addition to historical production cost estimates. In 2023, the cost-offset credit term is \$XXX per acre-foot.

Three Valleys may, at any time prior to reconciliation and certification described in Section 8, request a redetermination of the Cost-offset Credit Term, by submitting documentation that its groundwater production costs have changed. Metropolitan may, in its sole discretion, change the Cost-Offset Credit Term upon review of any such additional documentation and confirmation of changes in costs.

Section 7. Billing Procedures.

Metropolitan will bill Three Valleys the Treatment Surcharge in effect at the time Three Valleys certifies the In-Lieu Treated Deliveries, in the same manner as Metropolitan bills Three Valleys for all other water sales. Metropolitan will pay Three Valleys the Cost-offset Credit Term for In-Lieu Treated Deliveries by applying a credit to Three Valleys' meter invoiced amounts, which credit is subject to the certification and reconciliation process described in Section 8.

Section 8. Certification and Reconciliation of In-Lieu Treated Deliveries.

Three Valleys shall submit monthly certifications of In-Lieu Treated Deliveries pursuant to this Agreement consistent with Metropolitan's Administrative Code, sections 4506 to 4507. Such certifications will be made pursuant to the *Certification Procedures For In-Lieu Treated Deliveries for Cyclic Agreement Between Metropolitan Water District of Southern California and Three Valleys Municipal Water District*, attached hereto and incorporated herein as Attachment 1. On a monthly basis Metropolitan will review these certifications for conformance with the operating plans submitted pursuant to the *Certification Procedures For In-Lieu Treated Deliveries for Cyclic Agreement Between Metropolitan Water District of Southern California and Three Valleys Municipal Water District*. Metropolitan will process certifications of these deliveries made pursuant to this Agreement in accordance with the agreed-upon operating plan in order to ensure In-Lieu deliveries were made in addition to normal Full-Service deliveries and as a result of actions to reduce groundwater pumping.

Metropolitan will void any credits given for water deliveries that Metropolitan is unable to determine that are qualifying In-Lieu Treated Deliveries under this Agreement, which will result in an equivalent charge to Three Valleys' water invoice plus the applicable untreated Full-Service rates and charges. The total amount of all voided credits shall be billed in the next month following the end-of-year reconciliation.

Metropolitan staff, in collaboration with Three Valleys' staff, shall perform an Annual Reconciliation of Three Valleys' In-Lieu Treated Deliveries within six months following the final documentation from Three Valleys has been received, in accordance with Attachment 1.

Section 9. Purchase of Water Out of Cyclic Account.

Three Valleys agrees to purchase the In-Lieu Treated Deliveries out of the Cyclic Account according to the signed purchase agreement. Billing and payment procedures shall be the same as other purchases from the Cyclic Account.

[Signatures on Following Page]

DRAFT

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in duplicate as of the date and year listed at the beginning of the Agreement.

Approved as to Form:

Three Valleys Municipal Water District

By: \_\_\_\_\_  
Matthew Litchfield, P.E.  
General Manager

Date: \_\_\_\_\_

Approved as to Form:

The Metropolitan Water District  
of Southern California

Marcia L. Scully  
General Counsel

Adel Hagekhalil  
General Manager

By: \_\_\_\_\_  
Patty Quilizapa  
Senior Deputy General Counsel

By: \_\_\_\_\_  
Brad Coffey  
Manager, Water Resource Management

Date: \_\_\_\_\_

Date: \_\_\_\_\_