



Subcommittee on Long-Term Regional Planning Processes and Business Modeling

12/19/2023 LTRPPBM Subcommittee Meeting

3b

Subject

Review Proposed Draft Evaluative Criteria and Decision-Making Framework

Executive Summary

In February 2023, the Board directed staff to integrate water resources, climate, and financial planning into a Climate Adaptation Master Plan for Water (CAMP4W or Master Plan). Specifically, the Master Plan will include (1) Climate and Growth Scenarios, (2) Time-Bound Targets, (3) A Framework for Climate Decision-Making and Reporting, (4) Policies, Initiatives, and Partnerships, and (5) Business Models and Funding Strategies. CAMP4W will increase Metropolitan's understanding of the climate risks to water supplies, infrastructure, operations, workforce, and business model. CAMP4W will also develop decision-making tools and long-term planning guidance for adapting to climate change.

The Climate Decision-Making Framework includes the development of program- and project-level Evaluative Criteria to align Metropolitan's investments with the values and priorities of the Board while complementing member agencies' individual plans and investments. The Framework will also inform the Board's development of Time Bound Targets for the Master Plan. The Evaluative Criteria and Time-Bound Targets are important factors for Board decision-making, but do not replace the Board's authority to direct Metropolitan's investment decisions.

In addition to the six Draft Evaluative Criteria, staff recommends the Climate Decision-Making Framework include an overarching evaluation of each project or program to determine its consistency with Metropolitan's mission and identified resource-specific and policy-based Time-Bound Targets. For example, a project's ability to provide core supply, flexible supply, or storage development would show its relevance to resources needs identified in the Integrated Water Resources Plan Needs Assessment and to resource-specific targets established by the Task Force. In this way, Time-Bound Targets would work in conjunction with the Evaluative Criteria to inform and guide resource decisions that account for future climate conditions. Likewise, a project's ability to advance policy-based targets (such as those set for greenhouse gas emissions reduction or water-use efficiency) would be important to the Board's decision-making process. The Evaluative Criteria and decision-making process is proposed to function in collaboration with these overarching objectives and Time-Bound Targets, which will be developed and defined through the Joint Task Force process and become a key part of the overall Decision-Making Framework.

Timing and Urgency

To be reliable and resilient in the face of a changing climate, the Board has directed staff to complete a Year 1 Report by April 2024. Key decisions must be made at regular intervals to achieve this goal. While the process is iterative and open to modification over time, an agreed-upon set of Evaluative Criteria should be an outcome of the December 19, 2023, Joint Task Force meeting as it is a key part of the Climate Decision-Making Framework.

Details

Summary of Draft Evaluative Criteria and Comments Received To Date

Beginning in the spring of 2023, Metropolitan staff worked with the Board on the development of five Themes and forty-four Thematic Actions, which encapsulate the priorities of the Board within the context of the

CAMP4W process. During the November 21, 2023, Joint Task Force meeting, staff presented an overview of the progression from these forty-four Thematic Actions to ten Draft Evaluative Criteria. These have been consolidated into six Draft Evaluative Criteria based on feedback to date. (Figure 1).

Once the Evaluative Criteria are finalized, they will be used to develop project scores, which will support the Board’s decision-making process by quantifying the benefits of each project or program. This process is therefore intended to take the Board’s preferences and embed them into the project or program selection process by identifying and pursuing projects or programs with benefits that align with the Evaluative Criteria, which were developed based on the Themes. Figure 1 presents the process of incorporating Board input into the development of the ten Draft Evaluative Criteria presented at the November 21st meeting. The comments received by the Joint Task Force members on the Draft Evaluative Criteria are summarized in Attachment 1, and written comments received to date are also attached. Based on these comments, the number of Draft Evaluative Criteria was reduced to six, as discussed in Section 2.

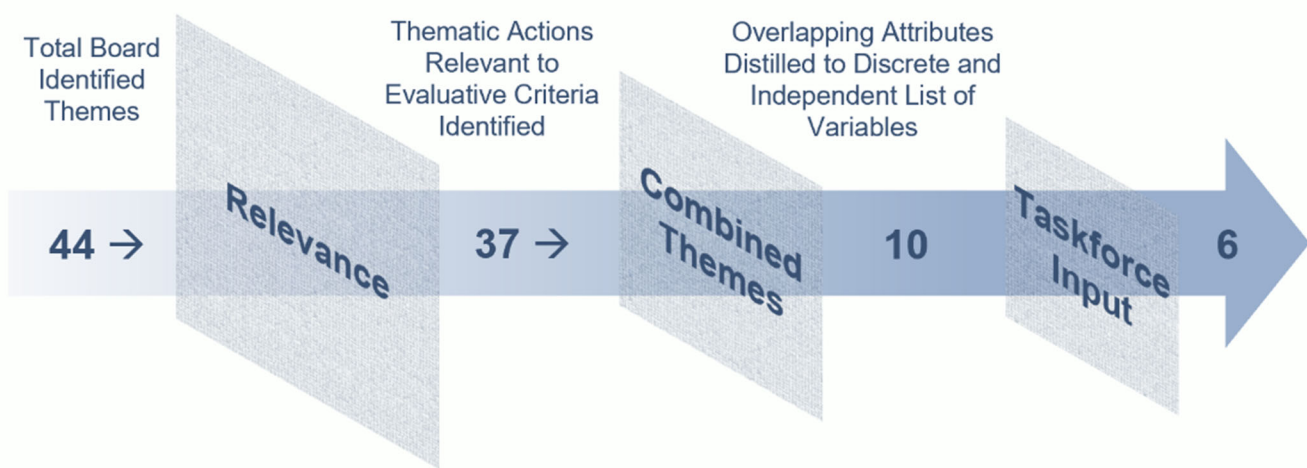


Figure 1. Evaluative Criteria Development



Figure 2. Initial Draft Evaluative Criteria Presented 11/21/2023

Revised Draft Evaluative Criteria

Evaluative Criteria are intended to capture the benefits a project or program provides, where projects or programs that provide multiple benefits may be more favorable based on the weighting factors applied to each Evaluative Criteria in later steps. By quantifying project or program benefits in relation to its costs and performance, projects or programs can be evaluated based on a clearly defined and transparent process. While each project or program will initially receive a score, it may be desirable to reflect scores as a range or through ranked categories of projects to account for any unavoidable subjectivity or uncertainty in the scoring process.

Based on the comments included in **Attachment 1**, the ten Draft Evaluative Criteria were revised to reduce the total number of criteria from ten to six. **Table 1** presents questions related to a project’s attributes for each of the six revised Draft Evaluative Criteria for discussion during the December 19, 2023, Joint Task Force meeting.

In addition to the six Draft Evaluative Criteria, staff recommends an overarching evaluation of each project or program to determine its consistency with Metropolitan’s mission and identified resource-specific and policy-based Time-Bound Targets. Specifically, a project’s ability to make progress on a core supply, water-use efficiency, or storage development target would be an important factor for the Board to consider in its decision-making process. This step could also allow consideration of a suite of projects together to afford smaller projects an equal opportunity.

The following adjustments were made to the Draft Evaluative Criteria:

- Equitable Supply Reliability was revised to **Reliability**, inclusive of equitable supply reliability as well as considerations related to reliability in varying conditions.
- The proposed Evaluative Criteria of **Resilience** incorporates Risk Mitigation to address specific climate and seismic vulnerabilities and evaluates a project’s ability to be resilient in the face of disruptions.
- The financial metrics of Unit Cost/TAF and Bond Feasibility were combined into **Financial Sustainability and Affordability**.
- **Increased Adaptability and Flexibility** combines Project Feasibility and Scalability, and also includes the ease of implementation.
- Environmental Impact was revised to **Environmental Co-Benefits**.
- **Equity** will encompass Disadvantaged Community Benefit and other equity considerations. Equitable supply reliability is incorporated in Reliability.
- High Impact will be omitted and will be addressed by measuring progress against Time-Bound Targets.
- Locally Sited Project was eliminated and could be addressed through a Time-Bound Target and/or through associated attributes considered in the other criteria.

Table 1. Revised Draft Evaluative Criteria

Questions to capture the benefits a project or program provides related to each Draft Evaluative Criteria could include the following. Questions are proposed to facilitate the identification of which attributes should contribute to a project’s score for each Evaluative Criteria.

RELIABILITY	<p>Does it advance equitable supply reliability?</p> <p>Does it help meet supply reliability objectives based upon Average and Dry Year conditions?</p> <p>Does it serve all parts of the service area?</p> <p>How reliable is the source of the supply in projected climate conditions?</p>
RESILIENCE	<p>Does it address an identified climate vulnerability and resilience objectives (e.g., extended drought, extreme heat, wildfire, sea level rise, atmospheric rivers, runoff shifts)?</p> <p>Will it continue to operate and perform under various climate change conditions, including potential compounding impacts?</p> <p>Does it improve resilience to hazards, such as earthquakes?</p> <p>Does it address water quality considerations?</p> <p>Does it provide supplies during shortages and/or provide storage recovery?</p>

<p>FINANCIAL SUSTAINABILITY AND AFFORDABILITY</p>	<p>What is the average annual rate impact?</p> <p>Is the project eligible for federal and/or state grants or other funding sources or partners? If so, what are the estimated target amount(s)? Is there a local match requirement? If so, how much?</p> <p>If applicable, what is the unit cost/af (gross and net)? For storage projects, what is the cost/capacity and cost/net yield?</p> <p>Does the life cycle cost of the project impact overall financial impact?</p> <p>Can the project be funded by tax-exempt bonds?</p>
<p>EQUITY</p>	<p>To what scale does it directly or indirectly benefit disadvantaged communities, as defined by Water Code 79505.5, while enhancing Metropolitan’s services?</p> <p>What level of community engagement is included in the project or program? Is there broad community support?</p> <p>Are specific community benefits such as workforce opportunities, localized resilience, public health and quality of life measures incorporated?</p>
<p>INCREASED ADAPTABILITY AND FLEXIBILITY</p>	<p>Does it work with and/or improve the flexibility of existing assets?</p> <p>Can it be scaled up or down based on future conditions?</p> <p>How complex are the steps required for implementation?</p> <p>Is there a fatal flaw that prevents implementation?</p>
<p>ENVIRONMENTAL CO-BENEFITS</p>	<p>Does it reduce greenhouse gas emissions or enhance carbon sequestration?</p> <p>Does it provide additional ecosystem services benefits, such as water quality, soil health, biodiversity, etc.?</p> <p>Does it protect wildlife and fish habitat, especially for species of concern?</p>

Figure 3 summarizes the revised Draft Evaluative Criteria presented above. The final Evaluative Criteria, which will be developed through the Joint Task Force, will become a piece of the Climate Decision-Making Framework by providing a uniform and transparent method of evaluating projects and programs by their attributes. In addition to the Evaluative Criteria, Time-Bound Targets will be used to inform and guide resource decisions that account for future climate conditions. Both elements will inform Board decision-making but do not replace the Board’s authority to direct Metropolitan’s investment decisions.



Figure 3. Revised Draft Evaluative Criteria

Project Milestone(s)

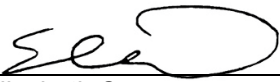
Deciding upon the preferred Evaluative Criteria is a key step in the development of the Climate Decision-Making Framework, which is to be delivered by April 2024. While iterative in nature and open to future revision, the direction provided on the Draft Evaluative Criteria during the December 19, 2023, Joint Task Force Meeting will be reflected in Working Memo #5.

Policy

By Minute Item 52776, dated April 12, 2022, the Board adopted the 2020 Integrated Water Resources Plan Needs Assessment.

By Minute Item 52946, dated August 15, 2022, the Board adopted a resolution affirming Metropolitan's call to action and commitment to regional reliability for all member agencies.

By Minute Item 53381, dated September 12, 2023, the Board approved the use of Representative Concentration Pathway (RCP) 8.5 for planning purposes in the Climate Adaptation Master Plan for Water.



Elizabeth Crosson
Chief Sustainability, Resilience and
Innovation Officer
12/14/2023
Date



Adel Hagekhalil
General Manager
12/14/2023
Date

Attachment 1 – Comment Matrix on Draft Evaluative Criteria (Joint Task Force Meeting November 21, 2023) and Member Agency Response Letters

Ref# sri12692712



Climate Adaptation Master Plan for Water – Joint Task Force



CAMP4W

**Climate Adaptation
Master Plan for Water**

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Section 1

Attachment 1

Comment Matrix on Draft Evaluative Criteria (Joint Task Force Meeting November 21, 2023)

Included in the table are the comments received related to the Draft Evaluative Criteria.

#	Comment	Response
1	Regarding project evaluation, should prescreening be a first step in the process to confirm project feasibility? This could be a “stop-light” type of system to identify projects to target.	The intention is to allow any project that has sufficient information to facilitate scoring to be evaluated through the decision support tool. The Task Force could consider including a minimum score threshold for a project/program, which could serve as pre-screening. This will be determined through the Joint Task Force.
2	There needs to be a clear set of screening criteria.	Agreed. This process is being developed through the Joint Task Force.
3	It would be useful if to represent projects as resources, which could be represented graphically. Score could be visualized to facilitate a sensitivity analysis.	Agreed. This feature will be integrated into the digital tool.
4	How are we estimating our targets and baseline trends?	This is being developed through the Joint Task Force
5	What are our Member Agencies going to do to plan and come together on our projects to fill the gaps?	The Climate Decision Making Process and decision support tools will help facilitate the development of the action plan.
6	Concerning bond feasibility and the evaluative criteria, there should be a portfolio emphasis category to achieve that goal.	Noted. Will be discussed at Joint Task Force
7	Regarding the Draft Evaluative Criteria, over 10 is too much. The list should be shortened by reducing or combining scores.	Agreed. Revised list presented herein to be workshopped with the Joint Task Force.
8	We should include water quality projects (e.g., such as nitrates and agency blends)	Agreed. Incorporating into revised Draft Evaluative Criteria.
9	Where do criteria handle separate inputs of climate vulnerability with hydrology?	Metropolitan will continue to utilize scenario planning. Reliability and Resilience are included in the revised Draft Evaluative Criteria which will be discussed during the December 19, 2023, Joint Task Force meeting.
10	It is important to have consensus at the Task Force when scoring projects using the decision-making framework.	Development of the scoring process will be defined through the Joint Task Force process.
11	What projects are going to go through the CAMP4W process?	All major projects will be a part of this process, with the exception of repair and replacement (R&R) projects, unless those projects have high climate risk factors.
12	Concerning local projects and disadvantaged communities – could the niche problems they are facing be resolved by carving out grant money to address them?	This will be decided through the Joint Task Force.
13	Scalability and flexibility are different, but each are valuable.	The new proposed Evaluative Criteria of Increased Adaptability and Flexibility would combine these elements, but benefits associated with both are intended to contribute to the score. This will be discussed at the December 19, 2023, Joint Task Force meeting.

14	High Impact and Scalability could be consolidated.	See revised Draft Evaluative Criteria. Increased Adaptability and Flexibility would include scalability and whether the project is high impact would be addressed through the Time Bound Targets.
15	How is resiliency reflected in the criteria or targets?	Revised Draft Evaluative Criteria includes Resilience. Attributes contributing to that Draft Evaluative Criteria will be discussed at the December 19, 2023, Joint Task Force meeting.
16	Timing should be valued in terms of when a project would come online.	Agreed. This would be captured in the Time Bound Targets.
17	Assess project/sources performance reliability under climate stress.	Revised Draft Evaluative Criteria includes Resilience. Attributes contributing to that Draft Evaluative Criteria will be discussed at the December 19, 2023, Joint Task Force meeting.
18	We need more definition on the Draft Evaluative Criteria (e.g., what is the target/objective to benefit disadvantaged communities?).	Attributes contributing to that Draft Evaluative Criteria will be discussed at the December 19, 2023, Joint Task Force meeting.
19	Scoring shouldn't be a sole decision. Board should reserve the decision-making authority.	The Climate Decision-Making Framework is intended to ensure the Board is the decision-making authority. Decision support tools are intended to support decision making, not make the decision.
20	Scoring should be transparent and perhaps by consensus and not in a vacuum.	Agreed. See previous comment.
21	Should consider how to account for different levels of information/definition when evaluating and comparing projects and programs.	Agreed.
22	Should use existing resources to compare to a baseline.	Additional resource needs were defined in the IRP Needs Assessment based on a starting point of 2019. The Adaptive Management process will ensure needs are reevaluated overtime as conditions change.
23	Beyond state water project dependent areas, how can we reflect/address supply/delivery equity (e.g., for treated water access)?	The revised Draft Evaluative Criteria includes Reliability. Project and program attributes contributing to that Draft Evaluative Criteria will be discussed at the December 19, 2023, Joint Task Force meeting.
24	Environmental impacts should reflect what can't be mitigated.	The revised Draft Evaluative Criteria includes Environmental Co-Benefits to capture the benefits a project provides, and environmental impacts that can't be mitigated would be captured there. Attributes contributing to that Draft Evaluative Criteria will be discussed at the December 19, 2023, Joint Task Force meeting.
25	Don't limit financial analysis only to our current limitations/stabilities.	Noted.
26	Consolidate unit cost and bondability into "financial impact."	Agreed. See revised Draft Evaluative Criteria.
27	Noted that "bond feasibility overlaps with feasibility. Financial feasibility is different than feasibility.	Noted. See revised Draft Evaluative Criteria.
28	Is connectivity within equity? Need to be clear.	See revised Draft Evaluative Criteria, specifically Reliability. Attributes contributing to that Draft Evaluative Criteria will be discussed at the December 19, 2023, Joint Task Force meeting.

Written comments received following November 19 meeting		
29	Absent CAMP4W outcomes establishing agreed upon demand for MWD water and needed resilience investments, in the context of a financing plan and rate structure addressing equity and affordability, we do not believe the Evaluative Criteria can meaningfully be applied. We appreciate that the Board Memo recognizes that the Evaluative Criteria are only one small part of the CAMP4W process, and also that they will, as applied, align MWD's investments and planning with member agencies' individual plans and investments.	Noted.
30	<p>Equitable Supply Reliability: As often said, "equity is in the eye to the beholder." Accordingly, the concept of "equity" is one of the most important deliberations for the board, which must define what "equity" and "value" are at the MWD level, from the standpoint of all relevant stakeholder communities including member agencies and their ratepayers who must pay to deliver agreed-upon "equity" or "value." Resource decisions and investments based on "equity" must also be fully integrated with financial impacts and comply with legal requirements. What is "equitable" cannot be determined without consideration of specific facts and circumstances in the context of a comprehensive plan, which awaits the CAMP4W process.</p> <p>We suggest the following changes to Criterion 1:</p> <p>"This criterion is designed to account for whether projects achieve equity among MWD member agencies and their ratepayers and meet MWD's objective of providing a regional service throughout its entire service area."</p>	Noted. This Evaluative Criteria has been updated. The December 19, 2023, Joint Task Force meeting will include refinement of the definitions.
31	Risk Mitigation: The staff is requested to provide a definition of "imminent" risk and the MWD auditor requested to provide an analysis of the "imminent" risks MWD is now facing, as a baseline as the CAMP4W process begins. Presumably, truly "imminent" (i.e., happening soon or "likely to occur at any moment") risks should be identified now, while the CAMP4W process planning will identify anticipated evolving risks over the planning horizon.	This Evaluative Criteria has been revised to include Resilience. The December 19, 2023, Joint Task Force meeting will include refinement of the definitions and what attributes would contribute to the score. If this term remains, this definition will be provided.
32	Project Feasibility: Given the early stage of this analysis, staff should consider a "fatal flaw" criterion rather than "feasibility," which is difficult if not impossible to assess outside the context of CAMP4W outcomes. As written, this Criterion could become a substitute for CAMP4W if project feasibility review were to continue to occur on an ad hoc basis.	Noted. The December 19, 2023, Joint Task Force meeting will include refinement of the components that contribute to each Evaluative Criteria.
33	Scalability: Same comment as for project feasibility. The criterion does not provide any meaningful direction outside of the context of CAMP4W outcomes. We believe it is essential to identify the targeted supply gap baseline, and that the ability to phase development of projects and timing are essential considerations for the board to address as part of the CAMP4W process.	Noted. The December 19, 2023, Joint Task Force meeting will include refinement of the components that contribute to each Evaluative Criteria.

34	<p>Environmental Impacts: Same comment as for project feasibility. The criterion does not provide any meaningful direction outside of the context of CAMP4W outcomes. MWD's mission statement, with which we concur, already establishes board policy that all projects be completed in an environmentally responsible way, so we do not see this as a very helpful basis upon which to evaluate projects individually.</p>	<p>This criterion has been revised to "Environmental Co-Benefits." The intention of this Evaluative Criteria is to identify projects with added benefits and addresses environmental stewardship.</p>
35	<p>Disadvantaged Community Benefits: The criterion is too narrow; rather than evaluating specific projects on this basis, MWD must consider affordability issues for all MWD ratepayers.</p>	<p>Noted. The revised Draft Evaluative Criteria includes Financial Sustainability and Affordability. The December 19, 2023, Joint Task Force meeting will include refinement of the components that contribute to each Evaluative Criteria.</p>
36	<p>Unit Cost (dollars per acre-foot): Subject to other CAMP4W considerations, and weighting factors not addressed, we agree that the cost-effectiveness of a project is an important factor.</p>	<p>Noted.</p>
37	<p>Locally-Sited Project: The criterion does not provide any meaningful direction outside of the context of CAMP4W outcomes.</p>	<p>This criterion has been eliminated and benefits of locally sited projects will be captured elsewhere in the framework.</p>
38	<p>High Impact: We agree that high impacts should be measured by advancing CAMP4W targets once identified.</p>	<p>This criterion has been omitted and will be addressed through the setting of Time-Bound Targets.</p>
39	<p>Bond Feasibility: Bond feasibility is a factor of course, but this cannot be assessed separate and apart from the CAMP4W resources plan, financing and rate structures. MWD must consider as a whole that its planned investments greatly exceed its currently available bonding capacity therefore creating rate pressure that affects us all.</p>	<p>Noted. This criterion has been revised and is proposed to be a component of the Financial Sustainability and Affordability Evaluative Criteria.</p>
40	<p>Limitations of Ranking by Evaluative Criteria for Decision Making. Who will be performing the numerical weighting and metric development of the proposed evaluative criteria? How will the inherent limitations of the approach be addressed?</p> <p>Discussion: The combination of incommensurate scales of weighting into a comprehensive decision-making framework to score and rank projects and programs has known limitations. These limitations remain unaddressed in the materials provided to the Task Force. The qualitative judgements that by necessity inform weighting may imply a false objectivity when expressed as numeric scores.</p>	<p>This process will be defined through the Joint Task Force. Subsequent documentation will be developed to capture the preferences of the Joint Task Force.</p>
41	<p>Some criteria can be consolidated, and some criteria are better suited to overarching discussion and policy setting by Metropolitan's Board, guided by discussions from the Joint Task Force.</p> <p>For example, the following criteria could be considered for consolidation: Reliability, Locally Sited Project, and High Impact. These criteria combined can represent the value that a program or project brings in overall reliability.</p>	<p>Agreed. The revised Draft Evaluative Criteria include a reduced number.</p>
42	<p>Criteria such as Project Feasibility and Environmental Impact should not be combined.</p>	<p>Agreed regarding the combination of Project Feasibility and Environmental Impact. See revised Draft Evaluative Criteria. Further discussion during the</p>

	<p>Instead, the two criteria can be viewed as a matrix, with various combinations of the two representing a possible matrix of projects and programs to consider.</p>	<p>December 19, 2023 Joint Task Force can address the concept of a matrix of projects.</p>
43	<p>Other criteria may be better suited to a more overarching discussion beyond the Evaluative Criteria. Below are some examples.</p> <p><i>Rate Impacts, Bond Financing Feasibility, and Affordability.</i> These issues are more suited to the discussion of Metropolitan’s Business Model and Financial Plan/Rate Structure. Different portfolios of programs, projects, actions resulting from CAMP4W’s criteria, scoring, and ranking, can be discussed in terms of their overall impacts to rates, incorporating assumptions on debt financing, and partnerships. In that manner, the comparison of those portfolios can inform the discussion of the most affordable portfolio that assures reliability in the face of climate change and uncertainty.</p> <p><i>Disadvantaged Community Benefits.</i> Instead of an Evaluative Criteria, the discussion of Disadvantaged Community Benefits is more appropriate in the discussion of Metropolitan’s Business Model and Financial Plan/Rate Structure. That discussion can inform how to address equity and access within the context of overall affordability of one or more CAMP4W portfolios.</p>	<p>Noted. Further discussion can occur during the December 19, 2023 Joint Task Force meeting regarding following review of the revised Draft Evaluative Criteria.</p>
44	<p>Regarding scoring metrics: The proposed scoring approach should have the objective of providing a graphical comparison of scoring, instead of a comparison of numerical scores. Using the Evaluative Criteria to develop scores allows for discussion of patterns, groupings. The individual difference in scores is less important than the relative differences. The results from the scoring should have a facilitated sensitivity analysis performed, to also assess the value in different assumptions for the metrics and scoring.</p>	<p>Noted. The digital tool being developed to facilitate the scoring process will include graphical representation of scores.</p>
45	<p>Regarding Portfolio Emphasis categories: If the creation and analyses of portfolios consider the Key Concepts discussed above, each portfolio will carry the proper emphases to meet Metropolitan’s and the region’s needs.</p>	<p>Noted.</p>
46	<p>Over Arching Criterion: Advance CAMP4W Objectives (Impact)</p> <p>-The overarching criterion sets an initial basis for considering projects that advance progress towards meeting CAMP4W goals and targets as developed through the Task Force and approved through Board policy. This criterion aims to diversify project types to achieve a broad balance of all identified goals and targets, adapting based on unmet targets.</p> <p>- The overarching criterion will also allow for the inclusion of smaller projects or programs. While these may individually provide limited core supply or storage, their collective implementation can contribute cumulatively in comparison to the benefits of a large project.</p>	<p>Noted. During the December 19, 2023 Joint Task Force meeting, further discussion on the revised Draft Evaluative Criteria can include whether an overarching criterion is needed or if the intent can be captured in the revised list and/or through the setting of Time-Bound Targets. The need to include smaller projects or projects grouped together could be addressed by defining what projects are to be evaluated through the CAMP4W process.</p>

<p>47</p>	<p>The five Evaluative Criteria below are intended to be mutually exclusive and objectively quantifiable. Evaluative criteria must have consistent metrics for quantification. The metrics should be developed by the Task Force with input from Metropolitan staff.</p> <p>- Evaluative Criterion 1: Equitable Supply and Operational Reliability</p> <p>This criterion is designed to account for long-term performance to (1) meet supply reliability objectives of overall water supply yield based upon Average and Dry Year conditions, and (2) the performance in providing operational reliability defined as adequate infrastructure to equitably distribute available supplies to all parts of Metropolitan’s service area during limited availability of State Water Project (SWP) or Colorado River supplies. Higher reliability scores better when they reduce supply inequity.</p> <p>- Evaluative Criterion 2: Risk Mitigation</p> <p>This criterion allows a weighting to be given to projects that would increase system flexibility by mitigating short-term performance to recover from an imminent risk related to climate change or other factors. Resiliency performance can be measured by the volume of supply/demand reduction provided during shortages and/or rate of storage recovery. Higher resiliency scores better.</p> <p>- Evaluative Criterion 3: Project Feasibility and Environmental Impacts</p> <p>This criterion considers whether a project is considered more or less feasible and evaluates those risks to implementation. Factors impacting project feasibility include regulatory or institutional complexities, such as CEQA requirements (which encompass environmental impacts), public or political acceptance barriers, the extent of inter-agency coordination required, readiness to proceed, land ownership, etc. Projects with lower complexity and/or higher environmental benefits and/or added habitat values in addition to water supply benefit score higher.</p> <p>- Evaluative Criterion 4: Scalability / Adaptability</p> <p>This criterion addresses the need to be flexible over time as conditions change and the impacts of climate change, economic growth, and other factors impact the supply gap. It is not intended to refer to system operational flexibility but rather the scalability of a project. For instance, modular projects (those that can be built in phases) and/or can be modified to generate additional supplies, would score well because of a reduced risk of stranded assets.</p> <p>- Evaluative Criterion 5: Unit Cost (dollars per acre-foot)/Affordability</p> <p>This criterion considers the cost-effectiveness of a project based upon capital and operating costs over the life of the projects or programs. Consideration should also be given to financing and grant eligibility. This criterion will allow projects, that have otherwise equal/similar yields, score</p>	<p>Draft Evaluative Criteria have been revised and will be the basis for the December 19, 2023 Joint Task Force meeting. Attributes that will contribute to the project or program score for each Evaluative Criteria will be discussed and several of these suggestions have been incorporated.</p>
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	differentiation when considered across varied weighted emphases. Lower lifecycle costs equate to greater affordability and scores higher. Projects and programs that can be more readily bond financed, are eligible for low-cost state and federal financing, or have a higher likelihood of receiving grant funding could score higher in this category.	
48	Evaluative Criterion: Disadvantaged Community Benefits – We believe, DAC gets lost in the Evaluative Criteria and warrants discrete attention within the tenet of Board Policies, Initiatives, and Partnerships. In alignment with MWD mission statement, and following the tenets of the CAMP4W process, the Board should develop a policy to clearly reflect MWD’s commitment to affordability for DACs and help further the provision of the Human Right to Water.	Noted. This can be further discussed when the Task Force discusses Policies, Initiatives and Partnerships in the CAMP4W process.
49	Evaluative Criterion: Locally-Sited Project - (Consolidated within Over Arching Criterion)	See revised Draft Evaluative Criteria. This criterion was eliminated since staff thought it could be addressed elsewhere.
50	Evaluative Criterion: Environmental Impacts - (Consolidated within Evaluative Criterion 3)	Environmental Impacts has been revised to Environmental Co-Benefits. The intention with this criterion is to capture the benefits to the environment that the project provides, rather than identify if the project is feasible due to restrictions on negative impacts. The Revised Draft Evaluative Criteria addresses feasibility under Increased Adaptability and Flexibility.
51	Evaluative Criterion: High Impact - (Consolidated within Over Arching Criterion)	Revised Draft Evaluative Criteria proposes that High Impact be addressed through Time Bound Targets.
52	Evaluative Criterion: Bond Feasibility - (Consolidated within Evaluative Criterion 5)	Revised Draft Evaluative Criteria proposes to combine Bond Feasibility into Financial Sustainability and Affordability.
53	Who, or what group will score/rank projects utilizing the evaluative criteria?	This will be decided through the Joint Task Force process.
54	How will climate, temperatures (ET), and population densities of each region be taken into consideration when GPCD is discussed, or used as a metric/dashboard in this process?	The integration of these factors is being considered as part of dashboard updates.
55	How will future demands be considered in the process?	The Adaptive Management process includes reassessment of future projections, including demands, as real-world conditions are used to update modeling and assess the supply gap in the future.
56	How will the potential climate impacts on future hydrology be considered?	The Adaptive Management process includes reassessment of future projections, including the impacts on hydrology due to climate change, as real-world conditions are used to update modeling and assess the supply gap in the future.
57	How will we be assured that staff does not spend time evaluating projects that have a fatal flaw, and could never move forward?	Proposed options include development of a pre-screening process. Further refinement of the process will be developed with the Joint Task Force.
58	Timing of when a project can come on-line is a strong interest.	Noted. The inclusion of Time Bound Targets will address the need for projects at various time intervals.

59	Will all Metropolitan projects that are not already in the CIP be subject to review utilizing the evaluative criteria?	It is intended that all projects will be included in the Climate Decision-Making Framework. Previous Board commitments will not be directly impacted by the process.
60	What process, in addition to the evaluative criteria would be utilized to decide which projects advance?	The CAMP4W process will result in a defined Climate Decision-Making Framework. An overview of the process is presented on page 5 of the November 21, 2023 letter to the Subcommittee on Long-Term Regional Planning Process and Business Modeling.
61	Considering Metropolitan's limited financial bandwidth, deciding to advance any project forecloses on Met's ability to advance other viable projects in the future. How can we adequately consider projects like West Side storage that are not as well developed, but have the potential to be a more cost-effective option for providing reliance in the SWPDA?	Projects will be evaluated as they are developed based on their known attributes during each phase of their development (such as planning, design, implementation). Each phase presents an opportunity to revise scoring inputs to 1) reevaluate a project based on real world conditions which could impact the need for the project, or 2) alongside other potential projects that may score better, or perform better within Metropolitan's system, which may not have been identified during previous phases of the evaluation. While a comprehensive list of all potential options is infeasible from the start because those projects have not yet been conceived, the Adaptive Management process allows for course correction as additional data is gathered.
62	As a wholesale water provider, what is Metropolitan's objective related to disadvantaged community benefits other than working to provide the least cost water supply to the region?	This topic will be considered throughout the CAMP4W process.

Section 2

Submitted via email to:
CAMP4Water@mwdh2o.com



December 8, 2023

Matt Petersen
Subcommittee Chair
Long-Term Regional Planning Processes and Business Modeling
700 North Alameda Street
Los Angeles, CA 90012-2944

Subject: Input on Proposed CAMP4W Evaluative Criteria

Dear Chair Petersen,

Thank you for the opportunity to contribute feedback to the development of the Climate Adaptation Master Plan for Water (CAMP4W). We appreciate Chair Ortega's foresight in having both Board Members and General Managers sit shoulder to shoulder in this process, as this represents the purest form of collaboration.

We collectively recognize that the CAMP4W process will furnish a decision-making framework to assess and prioritize near and long-term capital investments, inform adaptive management strategies, and guide the evolution of Metropolitan's business model as we address our new climate reality and the challenges it poses to our water supply in the years and decades ahead.

As Metropolitan member agencies united through the Inland-OC Caucus, we have collectively reviewed the information presented during the CAMP4W Task Force meeting held on November 21, conducted within the Subcommittee for Long-Term Planning Processes and Business Modeling. Following the direction of the Inland-OC Caucus Metropolitan Board Members, we jointly submit this letter with requested revisions to the Task Force Charter and the Proposed Evaluative Criteria.

Through our ongoing dedication to advancing the objectives outlined in the Metropolitan mission statement, "***to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way***" we must collectively work towards a more resilient and sustainable water future for our diverse communities.

We find it vital to ensure these criteria are in alignment with Metropolitan's mission to reliably provide water supply, while recognizing additional challenges. Therefore, we have comprehensively reviewed the CAMP4W Task Force Charter and Evaluative Criteria to ensure they are attuned to the evolving challenges and considerations. The enclosed suggestions aim to bolster the resilience of our water infrastructure, which contributes to public health and the well-being of Southern California, and enhances our capacity to navigate the evolving landscape.

Please find the detailed set of revised and condensed Evaluative Criteria, as requested, within this letter. Each criterion has been reviewed or revised to reflect our unwavering commitment to supply reliability, sustainability, innovation, affordability, and the responsible stewardship of water resources. We believe that these criteria will serve as a robust framework for assessing and enhancing the effectiveness of CAMP4W.

These comments are offered in the spirit of working towards consensus on the Evaluative Criteria. The letter does not address the proposed concept of 'portfolio themes' and criteria weighting, which we will address in subsequent communication.

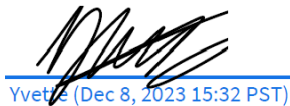
The letter concludes with comments/questions posed at the November 21 meeting; responses to these questions will deepen our understanding and will help us move more expeditiously through the process.

We look forward to collaborating with you on these refined Evaluative Criteria and pledge our continued dedication to the success of Metropolitan's initiatives as Task Force Members.

Sincerely,



Joe Mouawad, P.E.
General Manager
Eastern Municipal Water District


Yvette (Dec 8, 2023 15:32 PST)

Yvette Hanna, P.E.
Principal Civil Engineer
City of Fullerton



Shivaji Deshmukh, P.E.
General Manager
Inland Empire Utilities Agency



Harvey De La Torre
General Manager
Municipal Water District of Orange County



Craig Miller, P.E.
General Manager
Western Municipal Water District

CC: Metropolitan Water District Board of Directors
Task Force Members
Adel Hagekhalil, Metropolitan Water District General Manager
Liz Crosson, Metropolitan Water District Sustainability, Resiliency & Innovation Officer

Joint Task Force on the Climate Adaptation Master Plan for Water
Established November 21, 2023

CHARTER

Given the realities of climate change and its impact on hydrology, infrastructure and the availability of water supplies, the Metropolitan Water District Board of Directors established a Long-Term Regional Planning Subcommittee through its Finance, Audit, Insurance and Real Property Committee to develop a Climate Adaptation Master Plan for Water (CAMP4W).

Subsequently, a Joint Task Force of Board Members and Member Agencies has been chartered to produce a regional plan (aka, CAMP4W Plan, or Plan) that will develop and establish a master plan that includes **five tenets**:

- **Climate and Growth Scenarios:** Develop climate scenarios—based on RCP 8.5 as set by the board and regularly updated to reflect real-world conditions and climate risks—to assess and set ranges of variability of water supplies from the State Water Project, the Colorado River, and regional hydrology. The plan will include regional growth scenarios that indicate demands of different member agencies;
- **Time-bound Targets:** Set targets to achieve by 2030, 2035, and 2045 for **water supply, efficiency, conservation (including GPCD across the entire service area)**, system interconnection, **efficiency, conservation**, and other targets as needed and identified;
- **Framework for Climate Decision-Making and Reporting:** Establish a Climate Decision Making Framework for the Board of Directors to align Metropolitan’s project-level investments with a set of evaluative criteria developed to match the values and priorities of the Board ~~while complementing Member Agencies’ individual plans and investments~~. The framework is part of an adaptive management approach and provides a platform for regular reporting—at least annually—on progress toward the targets and other indicators established by the master plan;
- **Policies, Initiatives, and Partnerships:** Identify policies, initiatives, and regional partnerships that will achieve the ~~conservation and supply~~ targets in order to **meet the mission of Metropolitan** ~~address the range of potential regional supply gaps among member agencies~~; and
- **Business Models and Funding Strategies:** Assess and recommend business model options and rate enhancements--as well as strategies to secure funding at the State and federal levels--that help achieve the targets while ensuring long term financial sustainability, equity, and affordability to our Member Agencies and their customers.

Individual components will be developed and reviewed by the Task Force over the next 12 months, with the overall final draft Plan to be reviewed and approved by the board by Q4 of 2024.

Proposed Evaluative Criteria
LTRPPBM Subcommittee Meeting
November 21, 2023
From Item 3c (Pages 5-6)

Over Arching Criterion: Advance CAMP4W Objectives (Impact)

- The overarching criterion sets an initial basis for considering projects that advance progress towards meeting CAMP4W goals and targets as developed through the Task Force and approved through Board policy. This criterion aims to diversify project types to achieve a broad balance of all identified goals and targets, adapting based on unmet targets.
- The overarching criterion will also allow for the inclusion of smaller projects or programs. While these may individually provide limited core supply or storage, their collective implementation can contribute cumulatively in comparison to the benefits of a large project.

The five Evaluative Criteria below are intended to be mutually exclusive and objectively quantifiable. Evaluative criteria must have consistent metrics for quantification. The metrics should be developed by the Task Force with input from Metropolitan staff.

- ***Evaluative Criterion 1: Equitable Supply and Operational Reliability***

This criterion is designed to account for long-term performance to (1) meet supply reliability objectives of overall water supply yield based upon Average and Dry Year conditions, and (2) the performance in providing operational reliability defined as adequate infrastructure to equitably distribute available supplies to all parts of Metropolitan’s service area during limited availability of State Water Project (SWP) or Colorado River supplies. Higher reliability scores better when they reduce supply inequity.

- ***Evaluative Criterion 2: Risk Mitigation***

This criterion allows a weighting to be given to projects that would increase system flexibility by mitigating short-term performance to recover from an imminent risk related to climate change or other factors. Resiliency performance can be measured by the volume of supply/demand reduction provided during shortages and/or rate of storage recovery. Higher resiliency scores better.

- ***Evaluative Criterion 3: Project Feasibility and Environmental Impacts***

This criterion considers whether a project is considered more or less feasible and evaluates those risks to implementation. Factors impacting project feasibility include regulatory or institutional complexities, such as CEQA requirements (which encompass environmental impacts), public or political acceptance barriers, the extent of inter-agency coordination required, readiness to proceed, land ownership, etc. Projects with lower complexity and/or higher environmental benefits and/or added habitat values in addition to water supply benefit score higher.

- ***Evaluative Criterion 4: Scalability / Adaptability***

This criterion addresses the need to be flexible over time as conditions change and the impacts of climate change, economic growth, and other factors impact the supply gap. It is not intended to refer to system operational flexibility but rather the scalability of a project. For instance, modular projects (those that can be built in phases) and/or can be modified to generate additional supplies, would score well because of a reduced risk of stranded assets.

- ***Evaluative Criterion 5: Unit Cost (dollars per acre-foot)/Affordability***

This criterion considers the cost-effectiveness of a project based upon capital and operating costs over the life of the projects or programs. Consideration should also be given to financing and grant eligibility. This criterion will allow projects, that have otherwise equal/similar yields, score differentiation when considered across varied weighted emphases. Lower lifecycle costs equate to greater affordability and scores higher. Projects and programs that can be more readily bond financed, are eligible for low-cost state and federal financing, or have a higher likelihood of receiving grant funding could score higher in this category.

Notes:

Evaluative Criterion: Disadvantaged Community Benefits – We believe, DAC gets lost in the Evaluative Criteria and warrants discrete attention within the tenet of *Board Policies, Initiatives, and Partnerships*. In alignment with MWD mission statement, and following the tenets of the CAMP4W process, the Board should develop a policy to clearly reflect MWD’s commitment to affordability for DACs and help further the provision of the Human Right to Water.

Evaluative Criterion: Locally-Sited Project - (Consolidated within Over Arching Criterion)

Evaluative Criterion: Environmental Impacts - (Consolidated within Evaluative Criterion 3)

Evaluative Criterion: High Impact - (Consolidated within Over Arching Criterion)

Evaluative Criterion: Bond Feasibility - (Consolidated within Evaluative Criterion 5)

Task Force Meeting Outstanding Questions
LTRPPBM Subcommittee Meeting
November 21, 2023

The Inland-OC Caucus respectfully requests responses or an opportunity for further discussion to the following comments and/or questions that were posed at the November 21 Task Force meeting:

Task Force Meeting Comment and/or Question
Who, or what group will score/rank projects utilizing the evaluative criteria?
How will climate, temperatures (ET), and population densities of each region be taken into consideration when GPCD is discussed, or used as a metric/dashboard in this process?
How will future demands be considered in the process?
How will the potential climate impacts on future hydrology be considered?
How will we be assured that staff does not spend time evaluating projects that have a fatal flaw, and could never move forward?
Timing of when a project can come on-line is a strong interest.
Will all Metropolitan projects that are not already in the CIP be subject to review utilizing the evaluative criteria?
What process, in addition to the evaluative criteria would be utilized to decide which projects advance?
Considering Metropolitan's limited financial bandwidth, deciding to advance any project forecloses on Met's ability to advance other viable projects in the future. How can we adequately consider projects like West Side storage that are not as well developed, but have the potential to be a more cost-effective option for providing reliance in the SWPDA?
As a wholesale water provider, what is Metropolitan's objective related to disadvantage community benefits other than working to provide the least cost water supply to the region?

Section 3



December 10, 2023

Matt Petersen,
Chair of Subcommittee on Long-Term Regional Planning Processes and Business Modeling
Metropolitan Water District of Southern California
700 N. Alameda Street
Los Angeles, CA 90012

RE: Preliminary Input on Proposed CAMP4W Evaluative Criteria

Dear Chair Petersen:

First, on behalf of the Water Authority and its MWD Delegates, we want to express our appreciation to you and Chair Ortega, as well as our own Vice Chair Goldberg, for all of the progress that has been made advancing the CAMP4W process. We very much look forward to collaborating with you and all of our colleagues as the process gains momentum in coming months. Per the November 21, 2023, LTRPPBM board memo, "Discussion of the Development of a Climate Decision-Making Framework and Draft Project-Level Evaluative Criteria" ("Board Memo"), this letter is solely to provide preliminary comments on the proposed Evaluative Criteria.

General Comments

We provide these comments against the backdrop of our understanding of the planned CAMP4W process generally and Task Force work to be completed before the Evaluative Criteria are applied as justification for proposed project implementation.

Absent CAMP4W outcomes establishing agreed upon demand for MWD water and needed resilience investments, in the context of a financing plan and rate structure addressing equity and affordability, we do not believe the Evaluative Criteria can meaningfully be applied. We appreciate that the Board Memo recognizes that the Evaluative Criteria are only one small part of the CAMP4W process, and also that they will, as applied, align MWD's investments and planning with member agencies' individual plans and investments.

With these limitations and context in mind, we offer the following comments and suggested edits to the proposed Evaluative Criteria. This letter does not address the proposed concept of "portfolio themes" and criteria weighting,¹ which we believe will require substantial progress of the CAMP4W process and

¹ We hope to avoid extensive debate wordsmithing the Evaluative Criteria at this time, which are based on

MEMBER AGENCIES

Carlsbad MWD • City of Del Mar • City of Escondido • Fallbrook Public Utility District • Helix Water District • Lakeside Water District • City of National City
City of Oceanside • Olivenhain MWD • Otay Water District • Padre Dam MWD • Camp Pendleton Marine Corps Base • City of Poway • Rainbow MWD
Ramona MWD • Rincon del Diablo MWD • City of San Diego • San Dieguito Water District • Santa Fe Irrigation District • Sweetwater Authority
Vallecitos Water District • Valley Center MWD • Vista Irrigation District • Yuima Municipal Water District

further deliberations by the Task Force and ultimately Board of Directors before “themes” become board policy.

Comments on Proposed Evaluative Criteria

Evaluative Criterion 1: Equitable Supply Reliability

As often said, “equity is in the eye to the beholder.” Accordingly, the concept of “equity” is one of the most important deliberations for the board, which must define what “equity” and “value” are at the MWD level, from the standpoint of all relevant stakeholder communities including member agencies and their ratepayers who must pay to deliver agreed-upon “equity” or “value.” Resource decisions and investments based on “equity” must also be fully integrated with financial impacts and comply with legal requirements. What is “equitable” cannot be determined without consideration of specific facts and circumstances in the context of a comprehensive plan, which awaits the CAMP4W process.

We suggest the following changes to Criterion 1:

This criterion is designed to account for whether projects achieve equity among MWD member agencies and their ratepayers and meet MWD’s objective of providing a regional service throughout its entire service area.

Evaluative Criterion 2: Risk Mitigation

The staff is requested to provide a definition of “imminent” risk and the MWD auditor requested to provide an analysis of the “imminent” risks MWD is now facing, as a baseline as the CAMP4W process begins. Presumably, truly “imminent” (i.e., happening soon or “likely to occur at any moment”) risks should be identified now, while the CAMP4W process planning will identify anticipated evolving risks over the planning horizon.

Evaluative Criterion 3: Project Feasibility

Given the early stage of this analysis, staff should consider a “fatal flaw” criterion rather than “feasibility,” which is difficult if not impossible to assess outside the context of CAMP4W outcomes. As written, this Criterion could become a substitute for CAMP4W if project feasibility review were to continue to occur on an ad hoc basis.

“themes” that have not yet been vetted via CAMP4W. At the same time, the Water Authority supports all actions helping us to work toward consensus, including preliminary review of the Evaluative Criteria, with the understanding that the Criteria will be subject to update and amendment via CAMP4W outcomes.

Evaluative Criterion 4: Scalability

Same comment as for project feasibility. The criterion does not provide any meaningful direction outside of the context of CAMP4W outcomes. We believe it is essential to identify the targeted supply gap baseline, and that the ability to phase development of projects and timing are essential considerations for the board to address as part of the CAMP4W process.

Evaluative Criterion 5: Environmental Impacts

Same comment as for project feasibility. The criterion does not provide any meaningful direction outside of the context of CAMP4W outcomes. MWD's mission statement, with which we concur, already establishes board policy that all projects be completed in an environmentally responsible way, so we do not see this as a very helpful basis upon which to evaluate projects individually.

Evaluative Criterion 6: Disadvantaged Community Benefits

The criterion is too narrow; rather than evaluating specific projects on this basis, MWD must consider affordability issues for all MWD ratepayers. For example, the recent provision of benefits to one DAC, Rubidoux, was at the expense of other DACs whose rates might be even higher than those of Rubidoux, like Sweetwater. We do not believe this is a fair or reasonable basis for preferring one project over another, and that MWD must grapple with affordability—both for DAC and for ratepayers generally—in its CAMP4W planning.

Evaluative Criterion 7: Unit Cost (dollars per acre-foot)

Subject to other CAMP4W considerations, and weighting factors not addressed, we agree that the cost-effectiveness of a project is an important factor.

Evaluative Criterion 8: Locally-Sited Project

The criterion does not provide any meaningful direction outside of the context of CAMP4W outcomes.

Evaluative Criterion 9: High Impact

We agree that high impacts should be measured by advancing CAMP4W targets once identified.

Evaluative Criterion 10: Bond Feasibility

Bond feasibility is a factor of course, but this cannot be assessed separate and apart from the CAMP4W resources plan, financing and rate structures. MWD must consider as a whole that its planned investments greatly exceed its currently available bonding capacity therefore creating rate pressure that affects us all.

Chair Petersen
December 10, 2023
Page 4

We plan to provide further comments on the CAMP4W glossary of terms. We appreciate the progress being made and look forward to our next meeting.

Sincerely,

A handwritten signature in black ink that reads "Lois Fong-Sakai". The signature is written in a cursive, flowing style.

Lois Fong-Sakai, Task Force Member

cc: Dan Denham, Task Force Member
Task Force Members
MWD Board of Directors
Tim Smith
Gail Goldberg
Marty Miller
Adel Hagekhalil, MWD General Manager
Adán Ortega, MWD Board Chair
Water Authority Board of Directors
Liz Crossen, MWD Sustainability, Resiliency, and Innovation Officer

Section 4
Long Beach Utilities
Metropolitan’s Climate Adaptation Master Plan for Water
Comments on Evaluative Criteria and Process
December 8, 2023

Introduction

Metropolitan’s Climate Adaptation Master Plan for Water, or CAMP4W, is at its core a resource plan. Metropolitan has had a 30-year experience with integrated resource planning, with the creation of its Integrated Resources Plan, or IRP, back in the mid-1990’s.

It is imperative for the discussions and efforts of the CAMP4W Joint Task Force (Joint Task Force) to recognize a substantial difference between CAMP4W and IRP. Understanding that difference can help inform the process, discussions, and outcomes of the Joint Task Force, and staff who will support their efforts.

IRP and CAMP4W – Different context and focus

Metropolitan’s IRP established resource planning for its service area as an integrated planning process, integrating various resources to manage and address demand growth in the region. In addition to imported supplies, demand management and development of local supplies were integrated with imported supplies to address demand growth. Lower dependence on imported supplies would help mitigate the risks and costs associated with ever-increasing dependency on imported supplies.

Since 2020, the evolution of Metropolitan’s integrated resource planning has led to an emphasis on the impacts of climate change to the region’s mix of imported supplies, local supplies, and demand management, to address corresponding changes to the region’s demands as they also are impacted by climate change.

While the core elements of Metropolitan’s integrated resource planning remain the same – demands, demand management, imported supplies, and local supplies – the proper emphasis in the CAMP4W discussions of the Joint Task Force should be how those core elements respond to climate change, not exclusively growth.

Metropolitan concluded the first phase of its last IRP iteration with the IRP Needs Assessment. That effort began to capture the region’s needs for water supplies in the face of climate change impacts. The CAMP4W is the next appropriate step in an integrated resource plan for the region that responds to the climate change impacts to the region’s water supplies, reliability, and resiliency.

Key Concepts to Guide CAMP4W Joint Task Force Discussions

The challenge and task ahead for the Joint Task Force is significant. Key concepts, outlined below, will help inform the discussion and decisions reached. These concepts can be used to aid in the discussion, scoring, and any sensitivity analysis related to the Evaluative Criteria, and in parallel discussion of Metropolitan's business model, financial plan, and rate structure.

Reliability – Retail water supply demands will be met 100% of the time.

Demand management – Balance Metropolitan direct investment in demand management to address affordability in Metropolitan's rates and equity in distribution of that investment.

Storage – Storage, conveyance to storage, and delivery from storage, are critical to address impacts from climate change to the State Water Project. Storage, conveyance to storage, and in-region delivery from storage, are critical to address impacts from climate change to Colorado River supplies.

Local Supplies - Programs and projects that enhance reliability of local supplies address impacts to those supplies from climate change. Metropolitan may invest, own, and operate local supplies, in whole or in part, where scale and complexity may limit feasibility for one member agency.

Business Model - Metropolitan's business model and rate structure need to address volatility, certainty, and total cost stability impacts from climate change. Metropolitan's rate structure components must reflect how Metropolitan addresses the impacts from climate change

Rate Structure - Metropolitan's rate structure components must represent how a member agency uses Metropolitan's system to address the impacts from climate change

CAMP4W – Response to Discussion Questions 1-3

1. *Are there changes or additions to the Proposed Evaluative Criteria? Are there too many?*

Some criteria can be consolidated, and some criteria are better suited to overarching discussion and policy setting by Metropolitan's Board, guided by discussions from the Joint Task Force.

For example, the following criteria could be considered for consolidation:

Reliability, Locally Sited Project, and High Impact. These criteria combined can represent the value that a program or project brings in overall reliability.

Criteria such as Project Feasibility and Environmental Impact should not be combined. Instead, the two criteria can be viewed as a matrix, with various combinations of the two representing a possible matrix of projects and programs to consider.

Other criteria may be better suited to a more overarching discussion beyond the Evaluative Criteria. Below are some examples.

Rate Impacts, Bond Financing Feasibility, and Affordability. These issues are more suited to the discussion of Metropolitan's Business Model and Financial Plan/Rate Structure. Different portfolios of programs, projects, actions resulting from CAMP4W's criteria, scoring, and ranking, can be discussed in terms of their overall impacts to rates, incorporating assumptions on debt financing, and partnerships. In that manner, the comparison of those portfolios can inform the discussion of the most affordable portfolio that assures reliability in the face of climate change and uncertainty.

Disadvantaged Community Benefits. Instead of an Evaluative Criteria, the discussion of Disadvantaged Community Benefits is more appropriate in the discussion of Metropolitan's Business Model and Financial Plan/Rate Structure. That discussion can inform how to address equity and access within the context of overall affordability of one or more CAMP4W portfolios.

2. *What metrics should we use to measure a specific criterion?*

The proposed scoring approach should have the objective of providing a graphical comparison of scoring, instead of a comparison of numerical scores. Using the Evaluative Criteria to develop scores allows for discussion of patterns, groupings. The individual difference in scores is less important than the relative differences.

The results from the scoring should have a facilitated sensitivity analysis performed, to also assess the value in different assumptions for the metrics and scoring.

3. *Are there specific Portfolio Emphases that you would like us to bring back for review?*

If the creation and analyses of portfolios consider the Key Concepts discussed above, each portfolio will carry the proper emphases to meet Metropolitan's and the region's needs.

Section 5

Response to CAMP4Water@mwdh2o.com

December 8, 2023

Calleguas Municipal Water District Response to Proposed Evaluative Criteria

Thank you for your invitation to Member Agency Managers to submit comments on the CAMP4Water proposed Evaluative Criteria for consideration at the CAMP4W Task Force meeting of December 19, 2023.

1. Decision-Making Process for Task Force Recommendations. *How will the Task Force make decisions relevant to its charter mission?*

Discussion: The Task Force Charter outlines a series of significant contributions that the Task Force will make to “develop and establish a master plan.” Given the nested position of the Task Force as chartered under the Long-Term Regional Planning Subcommittee making recommendations to the Finance, Audit, Insurance and Real Property Committee, how will the decisions of the task force be made? Will the Task Force vote, will the Task Force proceed by consensus, will staff memorialize conclusions based on the Task Force discussions, or is some other decision-making process envisioned? Will the nested sub-committee and parent committee also deliberate and exercise decision-making authority?

2. Limitations of Ranking by Evaluative Criteria for Decision Making. *Who will be performing the numerical weighting and metric development of the proposed evaluative criteria? How will the inherent limitations of the approach be addressed?*

Discussion: The combination of incommensurate scales of weighting into a comprehensive decision-making framework to score and rank projects and programs has known limitations. These limitations remain unaddressed in the materials provided to the Task Force. The qualitative judgements that by necessity inform weighting may imply a false objectivity when expressed as numeric scores

3. Follow-Up on Governance. *Where does the governance discussion fit into the overall decision-making framework?*

Discussion: Calleguas’s comments on the Equity theme in August 2023 included the following: “Any equity discussion should include Metropolitan’s governance structure. How Metropolitan’s weighted voting system, based on assessed valuation, reflects equity decision-making with structural bias for equity concerns is underdiscussed. The original basis for Metropolitan’s decision-making on an assessed valuation basis, and the changed social, fiscal, and environmental conditions since Metropolitan’s founding, is an important part of the equity discussion and Metropolitan’s future.” The staff response was to note that, “We will have future discussions on this topic in the fall.”

Thank you for your consideration of these comments on behalf of Calleguas Municipal Water District.

Henry Graumlich
Associate General Manager, Water Resources & Strategy
Calleguas Municipal Water District