
OFFICE OF THE GENERAL COUNSEL

The Office of the General Counsel provides a full range of legal services in a professional, timely, cost-effective, and creative manner.

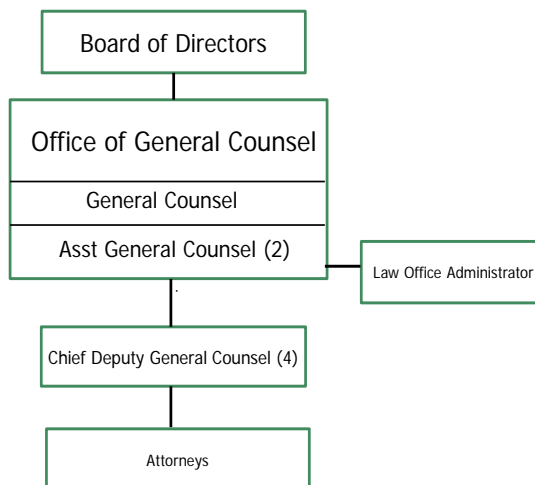
PROGRAMS

The General Counsel is the chief legal spokesperson for Metropolitan and the Board of Directors and oversees the Legal Department's administrative functions.

The General Counsel represents Metropolitan in litigation and other proceedings to which Metropolitan is a party; provides legal advice to the Board, its committees, and to Metropolitan's staff; drafts, reviews, and negotiates contracts, documents, and other agreements; consults with representatives of other public and private entities on matters of mutual concern; and monitors and analyzes pending and enacted legislations and, when appropriate, drafts legislative recommendations.

The Office of the General Counsel provides legal services to the Board, its committees, and to Metropolitan staff in the following areas:

- Represents Metropolitan interests relating to water supply matters, including Bay Delta resources, Colorado River supply, the State Water Contract, groundwater and water transfer issues, California Environmental Quality Act and Endangered Species Act issues, energy issues, and water delivery and treatment.
- Represents Metropolitan's interest with regard to claims and litigation by or against Metropolitan.
- Provides legal advice with respect to the acquisition, management, and disposal of Metropolitan property and the administration of annexations, and provides legal assistance in Metropolitan's procurement and construction contract programs.
- Provides legal advice with respect to Metropolitan's financial activities, including Metropolitan's rates and charges, taxation, bond issuance, legality of investments, and fiscal administration.
- Provides legal advice related to labor and personnel matters.
- Reviews, analyzes, and monitors pending state and federal legislation and drafts legislative recommendations.



GOALS AND OBJECTIVES

In FY 2016/17 and FY 2017/18, the Office of the General Counsel will focus on the following key issues:

Water Supply Reliability

Pursue a comprehensive legal strategy that proactively addresses legal issues associated with the comprehensive solutions in the proposed California WaterFix while vigorously asserting and defending Metropolitan's interest in litigation and administrative proceedings.

Provide legal advice in support of the development of the California WaterFix and the California EcoRestore, including Delta conveyance options, and the associated environmental documentation and implementing agreements in a manner supportive of Metropolitan's goals and objectives.

Represent Metropolitan, as a separate party or working through the State Water Contractors, in litigation and regulatory proceedings relating to operation of the State Water Project (SWP), water diversions in and affecting the Delta or SWP supplies, construction of new conveyance facilities, and other matters relating to the Delta.

Provide legal advice regarding implementation, financing, and governance of a Delta conveyance system and any resulting amendments to Metropolitan's long-term water supply contract with the Department of Water Resource.

Provide legal advice and support relative to water supply, delivery and water quality issues resulting from the drought and the reduced allocation from the SWP. Provide legal advice and support for initiatives to address the proclaimed emergency due to drought conditions. Provide legal advice and support for proposed water transfers and exchanges and development of local resources, desalination and conservation projects and programs. Provide legal advice and support with respect to implementation of Metropolitan's Water Supply Allocation Plan, water delivery and other issues related to drought conditions. Provide legal support for capital projects required to provide additional flexibility in the operation of Metropolitan's distribution system.

Provide legal advice and support for update and implementation of Metropolitan's Integrated Water Resources Plan Update and Regional Urban Water Management Plan, including development of the Long-Term Conservation Plan and resource programs to assist the region in meeting the goal of reducing retail water consumption by 20 percent by the year 2020.

Provide legal advice and support in connection with the proposed extension and amendment of the State Water Contract (SWC) and preparation of supporting environmental documents under the California Environmental Quality Act (CEQA) and any separate amendment of the SWC relating to the development and operation of new or additional conveyance facilities.

Continue to defend and enforce the terms of the Quantification Settlement Agreement and related agreements among the participating agencies and other agencies with Colorado River contracts.

Assist in developing, negotiating and documenting new water conservation and augmentation projects to address the long-term supply and demand issues identified in the Bureau of Reclamation's 2012 Colorado River Basin Water Supply and Demand Study.

Provide legal support for Metropolitan's efforts to protect and make optimal use of its Colorado River rights and related water transfer, storage, and exchange programs. Provide legal support for initiatives to identify and obtain new water supplies on the Colorado River, and to protect existing Colorado River water supplies against erosion by unlawful or unreasonable uses.

Finance

Provide legal advice regarding adoption of rates and charges. Continue to defend Metropolitan against challenges to its rate structure.

Provide legal advice and assist with amendments to existing bond resolutions and the development of a subordinate lien bond resolution.

Operations

Negotiate and prepare service connection agreements for new or modified member agency connections. Provide legal assistance on regulatory and real estate issues, including CEQA issues, arising from service connection requests.

District Governance

Continue to provide timely advice to the board and committees on governance and legal compliance matters.

Serve as the point of contact and coordinate Metropolitan responses to Public Records Act requests (PRAs).

Corporate Resources/District Infrastructure

Provide legal support for capital investment and repair and replacement plans, including professional services and procurement contracts.

Provide legal support for environmental analysis under CEQA of Metropolitan's projects and other discretionary actions, in addition to analyzing potential environmental impacts of other agencies' projects on Metropolitan properties and facilities.

Workforce /Human Resources

Provide proactive counsel and advice on workforce issues.

Continue to defend Metropolitan in PERB matters, as well as grievance and disciplinary matters.

Real Property

Assist Real Property Development and Management Group (RPDAM) in the negotiation and documentation of real property acquisitions and the surplusing of real property. Negotiate and provide legal support for the lease and licensing of Metropolitan property. Provide legal support for the grant and acceptance of easements and entry permits.

Support the expanded work efforts of RPDAM.

Technology

Work with the Business Technology Group, Human Resources and External Affairs on social media policies.

Energy Costs and Management

Assist with implementation of the Energy Management Plan, including providing advice on wholesale energy transactions, renewable energy projects and energy-related contracts and legislation.

Provide legal support to ensure that SWP energy needs are met in a cost-effective and sustainable manner.

Legal Department Administration

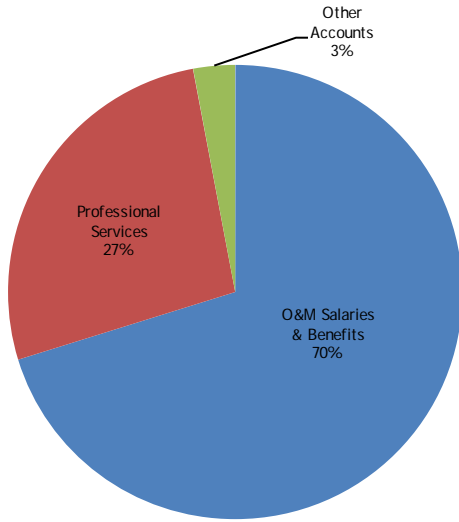
Continue to aggressively manage outside counsel costs, while obtaining effective representation to protect Metropolitan's interests. Continue to work with IT staff on implementation of the electronic discovery management system to enable Metropolitan's Legal and IT staff to more effectively and efficiently respond to litigation and PRAs.

O&M Financial Summary

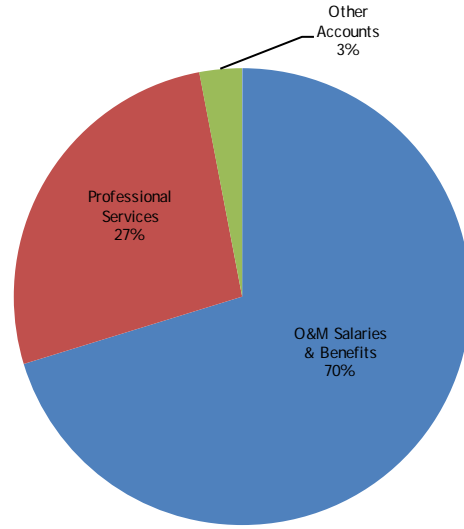
	2014/15 Actual	2015/16 Budget	2016/17 Proposed	Change from 2015/1 6	2017/18 Proposed	Change from 2016/1 7
Total Salaries and Benefits	8,900,800	9,195,500	9,392,100	196,600	9,518,900	126,800
Direct Charges to Capital	—	—	—	—	—	—
Total Salaries and Benefits	8,900,800	9,195,500	9,392,100	196,600	9,518,900	126,800
% Change		3.3%		2.1%		1.4%
Professional Services	1,082,300	3,620,000	3,588,400	(31,600)	3,625,000	36,600
Materials & Supplies	28,000	60,000	50,000	(10,000)	50,000	—
Memberships & Subscriptions	95,100	110,000	100,000	(10,000)	100,000	—
Outside Services - Non Professional / Mainte	24,900	40,000	30,000	(10,000)	30,000	—
Rent & Leases	14,800	20,000	20,000	—	20,000	—
Subsidies & Incentives	51,000	55,000	55,000	—	55,000	—
Travel Expenses	105,700	90,000	110,000	20,000	120,000	10,000
Other Accounts	16,400	38,000	33,000	(5,000)	33,000	—
Total O&M	10,319,000	13,228,500	13,378,500	150,000	13,551,900	173,400
% Change		28.2%		1.1%		1.3%

Note – Totals may not foot due to rounding.

2016/17 BUDGET BY EXPENDITURE



2017/18 BUDGET BY EXPENDITURE



Personnel Summary

		2014/15 Actual	2015/16 Budget	2016/17 Proposed	Change from 2015/16	2017/18 Proposed	Change from 2016/17
Regular	Total	34	36	36	—	36	—
	O&M	33.9	36	36	0	36	0
	Capital	0	0	0	0	0	0
Temporary	Total	1	2	2	—	2	—
	O&M	0.96	2	2	0	2	0
	Capital	0	0	0	0	0	0
Total Personnel	Total	35	38	38	—	38	—
	O&M	34.86	38	38	0	38	0
	Capital	0	0	0	0	0	0

Note - Totals may not foot due to rounding.

SIGNIFICANT BUDGET ISSUES

The Office of the General Counsel's biennial budget is \$13.4 million in FY 2016/17 and \$13.6 million in FY 2017/18 or an increase of 1.1% and 1.3% respectively from the prior budget years. The increase is primarily due to the following factors:

Professional services costs increase reflects anticipated expenses for Bay Delta legal costs, water quality litigation, employment litigation and water rates litigation.

Salaries and Benefits costs were also impacted by merit increases for qualified employees and an increase in retirement-related benefits costs.