



**SPECIAL MEETING**  
**ADMINISTRATIVE AND FINANCE COMMITTEE**  
**June 13, 2013**

**1. CALL TO ORDER**

Chair Saunders called the Special Administrative and Finance Committee meeting to order at 1:30 p.m.

**2. ROLL CALL**

Committee members present were Chair Saunders, Vice Chairs Arant and Wight, Directors Gallo, Hilliker, Lewinger, Sanford, Topolovac, Watton, Weston and Williams. Committee members absent were Directors Bailey, Hogan, and Wilson. Also present were Directors Douglas, Kern, Linden, Madaffer, Miller, Mudd, Muir, Murtland, Pocklington, Saxod, Steiner, Tu, Verbeke and Wornham. At that time, there was a quorum of the committee. Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Finance/Treasurer McCraner and Financial Resources Manager Celaya.

**3. PUBLIC COMMENT**

There were no members of the public who wished to address the Committee.

**4. ACTION/DICUSSION**

Consideration of the General Manager's Recommended Budget for Fiscal Years 2014 and 2015.

Chair Saunders welcomed board members to day two of the budget workshops, gave a brief summary of day one, and turned it over to Ms. Stapleton. Ms. Stapleton began with the schedule of presentations to be given by each operating department and reminded the board that the order of presentations was to be in order of allocation of budget from largest to smallest. She addressed the questions asked on June 11, 2013 and provided answers and clarification, starting with labor and benefits and the budget to budget variance, and budget to estimate.

Mr. Belock reviewed the hydroelectric facility revenue/expenditure summary and the Water Authority's Treatment charge and costs to operate Twin Oaks Valley Water Treatment Plant. As it related to hydroelectric revenue at the Lake Hodges facility, Ms. Stapleton recommended that the estimates be reevaluated during the mid-term budget update, and potential adjustments be discussed at that time.

Director Lewinger inquired about the customer service reimbursement charge and Ms. Stapleton replied that information would be presented later in the meeting.



Ms. Stapleton reviewed the 2010 Urban Water Management Plan Agricultural Demand Forecast with regards to full service agriculture compared to the Special Agricultural Water Rate (SAWR) Program. She explained water sales revenue showing a breakdown of budget to estimate variance of water sales increases and rate increases. She then introduced Mr. Hentschke to present the General Counsel's Office budget.

Mr. Hentschke gave an overview of the General Counsel's Office and reported that its main duties were to manage all legal affairs of the Water Authority, ensure business was conducted according to laws, and provide legal services to Board and staff. He explained Fiscal Years 2014 and 2015 key initiatives would be continued support of the MWD rate litigation, QSA litigation, and CIP-related litigation. He reviewed a summary of the department's budget and explained significant changes. Directors asked several questions and Mr. Hentschke provided answers.

Mr. Rose gave an overview of the Engineering Department beginning with a description of the seven separate divisions of the department, which were Engineering Administration, Design, San Vicente, Construction, Right of Way Management, Right of Way Acquisition and Right of Way Survey. He explained Fiscal Years 2014 and 2015 key initiatives would be to complete the San Vicente Dam Raise and marina facilities, support pipeline replacement and relining, complete facilities supporting the Carlsbad Desalination Project, implement projects resulting from Facilities Master Plan update, resolve and prevent encroachments, increase public/member agency projects and Right of Way Management Assessment. He also reviewed a summary of the department's budget and explained significant changes.

Directors asked several questions and Mr. Rose and Ms. Stapleton provided answers. Director Steiner suggested forming an Energy Plan Task Force headed by the Engineering and Operations Committee and added to the agenda for a future meeting.

Mr. Foster gave an overview of the Public Outreach and Conservation Department beginning with an explanation of changes to the department's organization structure and how the department was consolidated from five divisions into three divisions. He described the divisions, which were Community Outreach, Regional Communications and Conservation. He explained Fiscal Years 2014 and 2015 key initiatives were to execute more conservation programs, enhance public understanding, achieve target for small-business participation, and leverage budget with supplemental funding. He reviewed the department's budget, major issues to be addressed and explained significant changes. Directors asked questions, mostly related to grants, and Mr. Foster and Ms. Stapleton provided answers and clarification.

Mr. Weinberg gave an overview of the Water Resources Department beginning with a description of the three divisions of the department, which were Grant Administration and Local Supply Assistance, Environmental Planning and Water Supply, and Facility Planning. He explained Fiscal Years 2014 and 2015 key initiatives would be the completion of the Regional Water Facilities Master Plan, assisting member agencies through regulatory and legislative



advocacy, assisting in implementation of the Carlsbad Desalination Project, development of an update of the San Diego Integrated Regional Water Management Plan for Prop 84 funding, implementation of the Natural Communities Conservation Plan/Habitat Conservation Plan, developing short and long-term demand forecasting, and providing region-wide reservoir water quality analysis. He reviewed a summary of the department's budget and explained significant changes.

Ms. Kerl gave an overview of the General Manager and Board of Directors budget beginning with a description of the three divisions of the department, which were General Manager Administration, Board of Directors and Government Relations. She explained Fiscal Years 2014 and 2015 key initiatives would be continued focus on litigation efforts, addressing the continued shift from a building to operating organization, focus on continuous improvement through off-budget year efficiency projects and performance improvement, maintaining active engagement in the BDCP process, and overseeing construction and commission of the Carlsbad Desalination Project. She reviewed a summary of the department's budget and explained significant changes. Directors asked questions and Ms. Kerl and Ms. Stapleton provided answers.

Ms. McCraner gave an overview of the Finance Department beginning with a description of the two divisions, which were General Accounting and Financial Management/Planning. She explained Fiscal Years 2014 and 2015 key initiatives would be the Fiscal Sustainability Task Force, Cost of Service Phase II (Desalination), implementation of Carlsbad Desalination Project agreements, upgrade of the Water Authority's budget module, and evaluation of the Water Authority's current billing system and processes for improvement/upgrade. She reviewed a summary of the department's budget and explained significant changes.

Ms. Chen gave an overview of the Metropolitan Water District Program (MWD) and reviewed responsibilities. She explained Fiscal Years 2014 and 2015 key initiatives were continued review of MWD's proposed rates and charges, support on MWD rate litigation, access Bay Delta conveyance project, and secure delivery agreement with Department of Water Resources. She reviewed a summary of the department's budget and explained significant changes. Director Lewinger thanked the MWD Program team for their support.

Ms. Razak gave an overview of the Colorado River Program and stated their main focus was to work on the QSA implementation, Canal Lining program and Colorado River supply management. She reported Fiscal Years 2014 and 2015 key initiatives would be to secure full allotment of supplies from IID water transfer and canal lining projects, implement post-construction environmental mitigation projects, manage operations and maintenance of canal lining projects, administer QSA Joint Powers Authority, support QSA litigation, continue QSA environmental and Salton Sea analysis, and participate in Colorado River efficiency and augmentation projects. She reviewed a summary for the department's budget and explained significant changes.



**San Diego County Water Authority**

Ms. Stapleton concluded the workshop by providing answers to questions asked earlier in the meeting regarding staffing, and repayment to customer service reimbursement.

Director Weston complimented staff on a well done budget and made a “conceptual” motion to approve the budget. Vice Chair Arant made a “conceptual” second and the motion “conceptually” passed.

**5. ADJOURNMENT**

There being no further business to come before the Administrative and Finance Committee, Chair Saunders adjourned the meeting at 4:00 p.m.

---

Javier Saunders, Chair