Set against the dramatic backdrop of the raised San Vicente Dam, the “When In Drought” campaign launched on April 29th.
NOTICE TO THE PUBLIC
BOARD OF DIRECTORS’ AND STANDING COMMITTEES’
REGULAR MEETING
MAY 22, 2014
BOARD ROOM
WATER AUTHORITY HEADQUARTERS BUILDING
4677 OVERLAND AVENUE, SAN DIEGO, CALIFORNIA

1. **UNIFIED AGENDA:** This unified agenda provides a brief description of each item to be considered by the Board and its Administrative and Finance, Engineering and Operations, Imported Water, Legislation, Conservation and Outreach, and Water Planning Committees. For convenience, the agenda for each of the Committees and for the formal Board meeting are stated separately; however, all agendas shall be considered as a single agenda and any item listed on the agenda of any Committee may be acted upon by the Board. All items on the agenda of any Committee, including information items, may be deliberated and become subject to action by the Board.

2. **DOCUMENTS:** Staff reports and any other public information provided to the Board or Committee before the meeting relating to items on the agenda are available for public review at the San Diego County Water Authority 4677 Overland Avenue San Diego, CA 92123 during normal business hours. Additional documents may be distributed at the meeting. Copies of individual items, including the background information, are available through the Clerk of the Board at (858) 522-6614.

3. **MEETING TIMES:** The morning session of Standing Committees will commence at 9:00 a.m. on May 22, 2014; the afternoon session of Standing Committees will commence at 1:00 p.m. Please see the meeting schedule. The full Board may begin as early as 3:00 p.m. or as soon thereafter as the last Committee meeting is completed.

4. **ACTION AT COMMITTEE MEETINGS:** Committee meetings are also noticed as meetings of the Board because a quorum of the Board may be present. Members of the Board who are not members of the Committee may participate in the meeting, but only members of the Committee may make, second or vote on any motion or other action of the Committee unless the Board determines to convene for consideration of action on an item or items on the Committee agenda. If a quorum of the Board is present during a Committee meeting, upon approval of a motion by any Board member to convene for consideration of action on an item or items on the Committee agenda, the Board may take action on that item or items. If the Board takes action on an item during a Committee meeting, the matter will not be subject to further action at the Formal Board meeting unless a motion to reconsider is approved according to the provisions of the Water Authority Administrative Code. Persons interested in an item and wishing to hear the staff report, present oral or written comments and hear the deliberations should attend the Committee meeting. Closed Sessions also occur at Committee meetings and may not be repeated at the formal Board meeting.

5. **CONSENT CALENDAR:** The agenda contains items listed on a consent calendar which is for matters considered routine or otherwise not requiring further deliberation. A committee or the Board will take action as recommended by one motion. There will be no individual discussion on such items prior to the vote unless an item is removed for discussion. If a member of the public
wishes to talk about a consent calendar item, please notify the Chair before the calendar is called. Persons who wish to be heard on an item are encouraged to speak before the assigned committee.

6. **PUBLIC HEARINGS**: It is not necessary to notify the Chair if a member of the public wishes to speak on items listed on the agenda as public hearings. Public hearings will begin at the time stated in the notice, or as soon thereafter as the matter can be heard. When the Chair opens the hearing, upon invitation of the Chair, step to the podium and begin by giving your name and address for the record. Each speaker has 3 minutes to address the Board.

7. **PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA**: The agenda provides an opportunity for members of the public to address the Committees and Board on matters of interest within the jurisdiction of the Committee or Board that are not listed on the agenda. The Brown Act does not allow any discussion or action by the Board or staff on matters raised during public comment except: 1) to briefly respond to statements made or questions posed; 2) ask a question for clarification; 3) receive and file the matter; 4) if it is within staff's authority, refer it to them for a reply; or, 5) direct that it be placed on a future board agenda for a report or action.

A reasonable amount of time will be allocated by the Chair for public comment. Persons wishing to speak should notify the Chair before the meeting by filling out a "Speaker Request Form" and give it to the secretary. Individual speakers are requested to be as brief as possible and are encouraged to address the appropriate committee who is best able to respond. When the Chair calls, please immediately step to the podium and begin by giving your name and address for the record. Each speaker has 3 minutes to address the Board.

8. **PUBLIC COMMENT ON AGENDA ITEMS**: Persons wishing to speak to an item that is listed on the agenda should notify the Chair before the meeting by filling out a speaker request form and giving it to the secretary. Step to the lectern when asked to do so by the Chair and begin by giving your name and address for the record. Remarks should be limited to three minutes.

9. **INFORMATION ITEMS**: Items are listed on the agenda as information based on staff's judgment. Circumstances or the committee's or Board's judgments may require deliberation or, if necessary, action on these items. Any member of the public with an interest in one of these items should review the background material and request information on the possible action that could be taken.

10. **ASSISTANCE FOR THE DISABLED**: If you are disabled in any way and need accommodation to participate in the Board meeting, please call the Clerk of the Board at (858) 522-6614 for assistance at least three (3) working days prior to the meeting so the necessary arrangements can be made.

11. **RULES GOVERNING MEETINGS**: The Water Authority’s Administrative Code Chapter 2.00 governs conduct of meetings of the Board and the Committees. The Administrative Code is available on line at [www.sdcwa.org](http://www.sdcwa.org) or at the Water Authority Headquarters.
MEETING SCHEDULE
MAY 22, 2014

<table>
<thead>
<tr>
<th>MORNING SESSION</th>
<th>9:00 a.m. to 12:00 p.m.</th>
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<tbody>
<tr>
<td>Engineering &amp; Operations Committee</td>
<td>Estimated time: 1 hour 10 minutes</td>
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<tr>
<td>Administrative &amp; Finance Committee</td>
<td>Estimated time: 50 minutes</td>
</tr>
<tr>
<td>Water Planning Committee</td>
<td>Estimated time: 50 minutes</td>
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| LUNCHEON FOR DIRECTORS                    | 12:00 p.m. to 1:00 p.m. |

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<tr>
<th>AFTERNOON SESSION</th>
<th>1:00 p.m. to 3:00 p.m.</th>
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<tr>
<td>Imported Water Committee</td>
<td>Estimated time: 1 hour 15 minutes</td>
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<tr>
<td>Legislation, Conservation &amp; Outreach</td>
<td>Estimated time: 35 minutes</td>
</tr>
</tbody>
</table>

| FORMAL BOARD MEETING                      | 3:00 p.m.               |

* Time estimates are for convenience only and do not constitute part of the schedule. The first morning session will commence at 9:00 a.m., and the following morning sessions may start at any time after 9:00 a.m. The first afternoon session will commence at 1:00 p.m., and the following afternoon sessions may start at any time after 1:00 p.m. The Board meeting will start no earlier than 3:00 p.m., or following the conclusion of the last committee meeting.

2. Additions to agenda (Government Code Section 54954.2(b)).

3. Public comment – opportunities for members of the public to address the Committee on matters within the Committee’s jurisdiction.

4. Chair’s report.
4-A Directors’ comments.

I. CONSENT CALENDAR

1. Professional services contracts for as-needed construction management and in-plant inspection support services. Mike Kenny

Staff recommendation:

a. Authorize the General Manager to award professional services contracts to Simon Wong Engineering for $4 million, Richard Brady and Associates for $2.5 million and Nolte Associates for $2.5 million for as-needed construction management support services to support Capital Improvement Program and Asset Management projects for five years.

b. Authorize the General Manager to award a professional services contract to On-Site Technical Services, for as-needed in-plant and field inspection support services to support Capital Improvement Program and Asset Management projects, for an amount not-to-exceed $3 million, for three years. (Action)
II. ACTION/DISCUSSION

1. Carlsbad Desalination Project.
   1-A Presentation – Carlsbad Desalination Project update. (Information) Frank Belock

2. Amendment to professional services contract with Pure Technologies US Inc. to provide Welded Steel Pipeline Nondestructive Testing services on Pipeline 3 from the Delivery Point to the Twin Oaks Valley Water Treatment Plant. 
   Staff recommendation: 
   Authorize the General Manager to award an amendment to the professional services contract with Pure Technologies US Inc. in the amount of $1,077,000 to provide nondestructive testing services and condition assessment of Pipeline 3 from the Delivery Point to the Twin Oaks Valley Water Treatment Plant. This will increase the total contract amount to $2,196,000. (Action) Nathan Faber

III. INFORMATION

1. San Vicente Pumped Storage Study update. Frank Belock

2. Lake Hodges Pumped Storage project budget. Frank Belock

IV. CLOSED SESSION

V. ADJOURNMENT

Doria F. Lore
Clerk of the Board

NOTE: This meeting is called as an Engineering & Operations Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Revised). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.
May 14, 2014

Attention:  Engineering and Operations Committee

Professional services contracts for as-needed construction management and in-plant inspection support services. (Action)

Staff recommendation
a. Authorize the General Manager to award professional services contracts to Simon Wong Engineering for $4 million, Richard Brady and Associates for $2.5 million and Nolte Associates for $2.5 million for as-needed construction management support services to support Capital Improvement Program and Asset Management projects for five years.
b. Authorize the General Manager to award a professional services contract to On-Site Technical Services, for as-needed in-plant and field inspection support services to support Capital Improvement Program and Asset Management projects, for an amount not-to-exceed $3 million, for three years.

Alternative
Do not award the contracts and direct staff to negotiate with other consultants or solicit new proposals.

Fiscal Impact
The availability of funds and the rate category are dependent upon the specific projects as they are identified for these services. Funds identified for use in future fiscal years will be dependent upon Board approval of the future budgets.

Background
These contracts will augment Water Authority staff by providing construction management services for our Capital Improvement Program and Asset Management projects through 2019. Instead of soliciting independent requests for proposals, project specific teams will be built using a blend of consultants and Water Authority staff. These contracts will allow us to meet discrete special construction management needs such as such claim support services, electrical and instrumentation support, tunneling expertise, geotechnical support, mitigation biologists, welding inspection, and environmental stormwater experts. These services are required for specialized projects such as the San Vicente Bypass Pipeline and Site Restoration projects, Nob Hill Improvements, Twin Oaks Valley Water Treatment Plant Expanded Service Area Improvements, various pipeline relining and asset management projects, and other projects resulting from the 2014 Master Plan Update. These contracts will also provide support in the event of emergency repairs that may occur during this time. Emergency repair projects require immediate staffing to minimize aqueduct shutdown time and expeditiously return service to the Water Authority’s Member Agencies. In addition, there is an immediate need to continue specialized claims support services for the San Vicente Dam Raise Project until current disputes are resolved.
To provide the specialized skills required for current and future CIP and Asset Management projects such as certified welding inspectors, rotating equipment, large diameter valve specialists, and electronics inspection, a new in-plant and field inspection as-needed services contract is required. CIP projects that will be supported by this contract include pipeline relining, Miramar Pump Station Rehabilitation, and other pipeline and asset management-related repairs that may be required over the next three years.

Discussion

Requests for proposals for construction management and in-plant and field inspection support services were advertised on March 18, 2014. Six construction management firms submitted proposals: Nolte Associates, Richard Brady & Associates, C2PM-Caltrop Joint Venture, Simon Wong Engineering, HDR Engineering, and Tetra Tech. Water Authority staff evaluated written proposals and invited the six firms to participate in the interview phase. Firms chosen for interviews demonstrated a clear understanding of the scope of work in the written proposal.

Based on staff’s evaluation of the written proposals and oral interviews, Simon Wong Engineering, Richard Brady and Associates and Nolte Associates are the most qualified firms to perform this work. Staff is recommending entering into multiple contracts for construction management as-needed services. Key selection criteria considered as the basis for staff’s recommendation are past experience in performing similar work, comprehensive understanding of project needs, and a proposed scope of services that demonstrates the ability to meet anticipated and unanticipated construction work over the next five years. The contract amounts reflect the anticipated level of work to be performed by each consultant based on their experience, expertise, and team depth. Simon Wong Engineering demonstrated the skills necessary to provide expertise on projects such as Twin Oaks Expanded Service Area, Nob Hill Improvements, and claims support. Richard Brady and Associates and the Nolte Associates team will be utilized for projects like Miramar Pump Station Rehab, and flow control facility replacements. Due to the wider breadth of capabilities Simon Wong Engineering is awarded the larger contract. Staff negotiated professional services contracts with the firms, subject to Board approval, to provide as-needed construction management support services. The contracts require the firms to provide construction managers, engineers, field inspectors, and administrative support staff on an as-needed basis.

Three firms submitted proposals for in-plant and field inspection services: SGS of North America, Inc., On-Site Technical Services, and TEAM Industrial Services. The Water Authority selection panel evaluated the written proposals and invited the three firms to interview. Based on staff’s evaluation of the written proposals and oral interviews, On-Site Technical Services is the only qualified firm to perform this work. Key factors behind this recommendation include experience in performing similar work, comprehensive understanding of project needs, and a proposed scope of services that demonstrates the flexibility to meet anticipated and unanticipated in-plant and field inspection work over the next three years. Staff negotiated a professional services contract with On-Site Technical Services, subject to Board approval, to provide in-plant and field inspection support services for an amount not-to-exceed $3 million for three years. The contract requires On-Site Technical Services to provide up to eight inspectors for national and
international equipment inspections, as well as management and administrative staff to support them.

These contracts may be used to staff the list of projects attached as Table 1. These projects are likely to be staffed by individuals from multiple contracts, as well as Water Authority staff. Consideration will be given to each firm’s experience and available expertise prior to staffing projects. For example, Simon Wong’s experience with relining would prove valuable on the SR-76 Relining project. Richard Brady experience managing flow control facilities would be applicable to the Fallbrook 4/Rainbow 5 Flow Control Facilities project.

As we have in the recent past, we plan to continue building effective construction management project teams by supplementing the Water Authority’s base construction administration staff with a blend of consultants. By doing so, we take advantage of consultant technical expertise within the region and job-specific experts for specialized construction such as pump stations, along with staff’s knowledge of Water Authority policies, practices, and procedures. This provides efficient and effective construction management of our CIP projects and ensures equity and fairness in distributing the work between these contracts.

SCOOP staff has verified all three contractors’ good faith efforts to conduct outreach to qualified small businesses, including but not limited to, outreach to minority and women-owned businesses. Simon Wong is registered as a small business.

In-field inspection services - Due to the limited subcontracting opportunities for this type of services, SCOOP outreach was not required; however, On-Site Technical Services is a registered small business.

Small business and minority and women owned business participation are dependent upon the specific project as they are identified for these services.

This information is provided for statistical purposes.

Prepared by: Mike Kenny, Principal Construction Manager
Reviewed by: William J. Rose, Director of Engineering
Approved by: Frank Belock, Jr., Deputy General Manager

Attachments:
Table 1 – Potential Projects for As-Needed Contract Staffing
TABLE 1
Scheduled Projects for As-Needed Contract Staffing through 2019

New Capital Facility Projects

- Nob Hill Improvements
- Twin Oaks Valley Water Treatment Plant Expanded Service Area
- Tijuana River Valley Wetland Mitigation Site
- ESP San Vicente Bypass Pipeline (part of San Vicente Dam Raise suite of projects)
- Carlsbad 6 Flow Control Facility
- Second Aqueduct Pipelines-Caltrans SR-76 Realignment
- San Luis Rey River Mitigation Site
- Pipeline 4 Moosa Canyon Thrust Restraint
- ESP- Operations Center Building Upgrade

Asset Management Projects

- Miramar Pump Station Rehabilitation
- Fallbrook 4/Rainbow 5 and Rainbow 7 Flow Control Facility Rehabilitation
- Vallecitos 2/ Vista 1 Flow Control Facility Replacement
- Pipelines 1 & 2 Structures Rehabilitation and Lining repairs
- Carlsbad 1 Flow Control Facility Rehabilitation
- Pipeline 3 Lake Murray to Spring Street Relining
- Pipeline 3 Spring Street to Sweetwater Reservoir Relining
May 14, 2014

Attention: Engineering and Operations Committee

Amendment to professional services contract with Pure Technologies US Inc. to provide Welded Steel Pipeline Nondestructive Testing services on Pipeline 3 from the Delivery Point to the Twin Oaks Valley Water Treatment Plant. (Action)

Staff recommendation
Authorize the General Manager to award an amendment to the professional services contract with Pure Technologies US Inc. in the amount of $1,077,000 to provide nondestructive testing services and condition assessment of Pipeline 3 from the Delivery Point to the Twin Oaks Valley Water Treatment Plant. This will increase the total contract amount to $2,196,000.

Alternatives
Do not authorize the contract, and direct staff to solicit new proposals. This will delay the condition assessment of Pipeline 3.

Fiscal impact
There are sufficient funds to support this recommendation in the Capital Improvement Program budget and the Fiscal Years 2014 and 2015 appropriation. This item relates to the Transportation rate category.

Background
The Asset Management Program seeks to monitor and maximize the life expectancy of Water Authority assets. For nearly two decades, the Water Authority has focused efforts on the condition assessment and rehabilitation of its prestressed concrete cylinder pipes (PCCP). PCCP represents 28-percent of the Water Authority’s 300-mile pipeline system and has the highest potential rate of deterioration. The remainder of the Water Authority’s pipeline system consists of welded steel pipe (WSP) (40-percent), reinforced concrete pipe (28-percent), and bar-wrapped pipe (4-percent). The Water Authority continues to employ the latest technologies to address the condition of aging pipelines.

Previous Board Action: In July 2013, the Board authorized the General Manager to award a professional services contract in the amount of $1,119,000 to Pure Technologies US Inc. to provide nondestructive testing services and condition assessment of Pipeline 4 from Twin Oaks Valley Water Treatment Plant to Paint Mountain.

Discussion
The effective life-cycle management of WSP requires a condition assessment every 10 to 15 years. Modern nondestructive techniques are the most effective and least disruptive means of condition assessment of WSP. Magnetic Flux Leakage (MFL) technology is the most appropriate method for the Water Authority based on resolution of the data, accuracy, and time to complete the assessment. MFL uses magnets to generate a magnetic field in the steel wall of the pipeline. If the magnetic
field pattern is uniform, then there are no flaws in the steel. If the magnetic field pattern is distorted, then flaws are detected in the steel. The magnetic field distortion can be analyzed to determine the size and location of steel corrosion and if repairs are required.

The Asset Management team identified two priority areas for condition assessment in Fiscal Years 2014 and 2015:

- Pipeline 4 from the Twin Oaks Valley Water Treatment Plant to Paint Mountain. The nondestructive testing and condition assessment was successfully completed in October, 2013, discussed further below.

- Pipeline 3 from the Delivery Point to the Twin Oaks Valley Water Treatment Plant. This reach conveys untreated water to the Twin Oaks Valley Flow Regulatory Structure. Built in 1959, Pipeline 3 is one of the oldest steel pipelines in the Water Authority’s system, at 54 years of age. Pipeline 3 is a WSP asset without a corrosion-inhibiting cathodic protection system. Staff visually inspected this pipeline in 2000. Staff recommends a comprehensive condition assessment of this pipeline.

Staff issued a Request for Proposals (RFP) for condition assessment of WSP on Pipelines 3 and 4 using nondestructive testing. On May 13, 2013, staff received a proposal from Pure Technologies US Inc. which included the use of MFL technology. Based on the review of the proposal and subsequent negotiations, staff confirmed that Pure Technologies understood the scope of work, was responsive to the RFP, and is best qualified to perform the required services.

Staff negotiated the scope and cost for undertaking the condition assessment of Pipelines 3 and 4 for a total price of $2,196,000. In July 2013, the Board authorized the General Manager to award a contract for the condition assessment of Pipeline 4 for a not to exceed amount of $1,119,000. It was staff’s recommendation that authorization to award the work on Pipeline 3 would be delayed, pending satisfactory performance of the MFL assessment of Pipeline 4. Pure Technologies successfully performed the comprehensive condition assessment of Pipeline 4; however they required 22 calendar days to complete the work, which was 1 day more than the 21 days scheduled. In order to reduce the risk of a schedule delay on the Pipeline 3 work, the Water Authority requested that Pure Technologies make improvements to their data download process. Pure Technologies has made adjustments and has successfully demonstrated their improved data download process to staff. Staff is satisfied that the Pipeline 3 MFL inspection can be completed within the allotted time and has scheduled the work to be performed during the November 2014 pipeline shutdown required for the SR-76 project.

Due to the specialized nature of this work, SCOOP outreach was not required.

Prepared by: Martin Coghill, Senior Water Resources Specialist  
Reviewed by: Gary Eaton, Director of Operations and Maintenance  
Approved by: Frank Belock, Jr., Deputy General Manager  

Attachment(s): Figure 1 - Map of Pipelines 3 and 4 MFL Condition Assessment
PIPELINE 3 INSPECTION LIMITS

PIPELINE 4 INSPECTION LIMITS

San Diego County Water Authority
ASSET MANAGEMENT PROGRAM

PROJECT:
NON-DESTRUCTIVE CONDITION ASSESSMENT OF PIPELINE 3 AND PIPELINE 4

FIGURE 1
May 14, 2014

**Attention: Engineering and Operations Committee**

**San Vicente Pumped Storage Study Update (Information).**

**Background**
On April 10, 2014 there was a Special Meeting of the Engineering and Operations Committee which focused on San Vicente Pumped Storage. During this meeting there were presentations on the lessons learned from the Lake Hodges Pumped Storage project, the CAISO application process, and the City of San Diego’s Indirect Potable Reuse project. During the course of the meeting Board members made requests for further information and asked questions.

*Previous Board Actions:* In October 2013, the Board authorized the General Manager to award a professional services contract to Black & Veatch Corporation, for $149,920, to perform an economic and financial study for the San Vicente Pumped Storage study; award a professional services contract to Navigant Consulting, Inc., for $59,667, to provide independent reviews and technical advice for the San Vicente Pumped Storage study; to enter into a Memorandum of Understanding with the City of San Diego for the implementation of the economic and financial study for the San Vicente Pumped Storage study.

**Discussion**
On Friday May 16, 2014 there will be a meeting of the Hydropower Task Force. The agenda includes 1) feedback from the April 10 Special Meeting, 2) a presentation by Mr. Kevin Davis of Black and Veatch on the draft Economic and Financial Feasibility Study, with assistance from Paul Maxwell of Navigant Consulting on the power market assumptions, and David Moore of Clean Energy Capital regarding the financial assumptions 3) a discussion of how the project can be sequenced so as to provide the Task Force and Board the information they need to make the necessary milestone decisions, and 4) adding the San Vicente Pumped Storage Study to the Water Authority’s Capital Improvement Program.

The agenda item for the May 22, 2014 Engineering and Operations Committee meeting will be the information and feedback on the May 16 meeting from members of the Task Force as well as Water Authority and City of San Diego staff.

Prepared by: Frank Belock, Jr., Deputy General Manager
Reviewed by: Maureen A. Stapleton, General Manager
May 14, 2014

Attention: Engineering and Operations Committee

Lake Hodges Pumped Storage project budget. (Information)

Background
The Lake Hodges Pumped Storage facility serves two purposes. The facility’s primary purpose is to transport untreated water from Lake Hodges to the Olivenhain Reservoir, during emergencies and also to capture rainfall. It is a major component of the Emergency Storage Project which is a system of reservoirs, pipelines and other facilities that work together to store and move water around San Diego County in the event of an interruption in imported water deliveries. The facility’s secondary purpose, which was added early in the design phase of the project, is to provide energy generation availability for SDG&E. As an energy generation facility, the Olivenhain-Hodges Pumped Storage project is a 40-megawatt hydropower project. During the April 10, 2014 Special Engineering and Operations Committee meeting, staff was asked how the early financial projections for the pumped storage component compared to the final accounting now that the project is completed.

Previous Board actions: On March 27, 2014, the Board ratified the Settlement Agreement among all the parties with respect to SDCWA v. MWH Americas, Inc. et al., San Diego Superior Court Case No. 37-2011-00090504-CU-BC-CTL.

Discussion
In 1998, the original Lake Hodges Pump Station project was approved by the board as part of the Emergency Storage Project suite of projects. Later in 2002, the board approved adding pumped storage to the Lake Hodges project with a budget of $28.5 million. At that time, an economic analysis was performed by an energy consultant who estimated the payback period to be between 18 and 21 years.

Over the 16 year project life between 1998 and now, many changes occurred that impacted the estimate payback period. For example, the energy markets went through dramatic changes following the California energy crisis in the early 2000’s. By 2004, when the project’s power purchase agreement was executed with SDG&E, the payback period improved and was estimated to be 8.8 years. After that, the Board approved numerous budget adjustments culminating with a final budget of $67.7 million. Now that the project is finished, the payback period has been recalculated factoring in an interconnection deposit that was returned from SDG&E, actual operations and maintenance costs, and the recent litigation settlement. Our Lake Hodges energy consultant, Navigant Consulting, has estimated the payback period to be 9 years, 7 months, which began in August 2012 when the facility began commercial operation.

Prepared by: Gary Bousquet, Engineering Manager
Reviewed by: William J. Rose, Director of Engineering
Approved by: Frank Belock, Jr., Deputy General Manager
1. Roll call – determination of quorum.

2. Additions to agenda (Government Code Section 54954.2(b)).

3. Public comment – opportunities for members of the public to address the Committee on matters within the Committee’s jurisdiction.

4. Chair’s report.
   4-A Directors’ comments.

I. CONSENT CALENDAR

1. Treasurer’s report.  
   Staff recommendation:  Note and file the monthly Treasurer’s report.  
   (Action)  
   Lisa Marie Harris

II. ACTION/DISCUSSION

1. Resolution setting a Public Hearing date for the Water Authority’s proposed calendar year 2015 Rate and Charge increases.  
   Staff recommendation:  
   (a) Provide direction regarding TSAWR for calendar year 2015 rates and charges;  
   (b) Adopt Resolution Number 2014-__ setting the time and place for a public hearing on June 26, 2014, at or after 9:00 a.m., or as soon thereafter as may practicably be heard, during the Administrative and Finance Committee meeting, to receive comments regarding proposed rates and charges to be effective January 1, 2015.  
   (Action)  
   David Shank
III. INFORMATION

1. Controller’s report on monthly financial reports. Rod Greek

2. Board calendar.

IV. CLOSED SESSION

V. ADJOURNMENT

Doria F. Lore
Clerk of the Board

NOTE: This meeting is called as an Administrative and Finance Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.
May 14, 2014

Attention: Administrative and Finance Committee

Treasurer’s Report

Attached for review by the Administrative and Finance Committee and the Board of Directors is the Treasurer’s Report as of April 30, 2014. The reports are formatted to provide information as required by the California Government Code and the San Diego County Water Authority’s Annual Statement of Investment Policy, which was last adopted by the Board on November 21, 2013. A brief description of each report follows:

Portfolio Master Summary: This one page report summarizes all cash and investments held by the Water Authority.

Portfolio Characteristics: This one page snapshot shows the Water Authority’s portfolio holdings by type and percentage; the maturity distribution of the portfolio; the portfolio yield for the past twelve months, with and without bond-related funds, compared to a rolling average yield of the Board adopted benchmark; the credit quality of the portfolio’s holdings; the cash flow projections for the next six months; and relevant market information.

Portfolio Details - Investments: This report takes the summary information listed in the Portfolio Master Summary and provides details of active investments.

Activity Summary: This one page report produces a thirteen-month rolling summary of portfolio investment activity.

The Water Authority’s portfolio is diversified among investment types, with a current concentration toward short-term maturities. This concentration is the result of cash flow needs, as well as the current historic low interest rate environment. The portfolio is comprised of high quality investments, with 78 percent currently invested in AAA rated or AAA/AA+ split-rated securities. The Water Authority’s overall portfolio yield increased from 0.53 percent to 0.56 percent in April 2014 and continues to exceed the investment benchmark of 0.30 percent in April 2014. Starting in January, the investment benchmark was changed from the rolling average of the One-Year Constant Maturity Treasury to the rolling average of the Two-Year Constant Maturity Treasury, which is more closely aligned with the portfolio’s average maturity. Bond Fund proceeds are expected to fund Capital Improvement Program expenditures for the next several years.

All investments have been made in accordance with the San Diego County Water Authority Statement of Investment Policy. This report provides documentation that the Water Authority has sufficient funds to meet the financial obligations for the next six months. The market value information is provided by Bloomberg L.P. and is as of the report date.

Sandra L. Kerl, Deputy General Manager / Acting Treasurer
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<td>Money Market Funds</td>
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<td>100.00%</td>
<td>$ 403,298,364</td>
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Accrued Interest (unavailable for investing)  
Checking/Petty Cash/Available Funds (unavailable for investing)  
Subtotal for Pooled Funds:  

$ 404,104,732

Bond/CP Fund Excluded from Portfolio Percentages:

| Agency Securities                                   | 21,903,040                |
| Certificates of Deposit (CDARS)                     | -                         |
| Commercial Paper                                    | -                         |
| Local Agency Investment Fund (LAIF)                 | 122,745,858               |
| JPA Pools (CAMP)                                    | 3,980,791                 |
| Money Market Funds and Cash                         | 4                         |
| Accrued Interest (unavailable for investing)        | -                         |
| Subtotal for Bond/CP Fund (available for CIP expenditures): |
|                                                       | $ 148,629,693             |

Debt Service Reserve (DSR) Funds Excluded from Portfolio Percentages:

| Agency Securities and Money Market Fund - Series 2004A COPs | 4,517,096                |
| Trinity Plus - Reserve (GIC) - Series 1998A COPs            | 12,240,775               |
| Subtotal for Debt Service Reserve Funds (unavailable for CIP expenditures): |
|                                                       | $ 16,757,871             |

Total Cash and Investments  

$ 569,492,296

**PORTFOLIO INFORMATION**

| Portfolio Yield to Maturity - 365 Days | 0.49% | 0.36% | 4.11% | 0.56% |
| Average Term                           | 819   | 164   | 149   | 628   |
| Average Days to Maturity (730 Days Maximum) | 517   | 13    | 32    | 371   |

* "The weighted average days to maturity of the total portfolio shall not exceed 730 days (two years) to maturity" per SDCWA Investment Policy.  
** Pooled Funds include Operating, Pay Go, RSF, Equipment and Stored Water funds.
On April 30th, the FOMC maintained the target for the federal funds rate at a range of 0-25 basis points. The next meeting is June 19th.
<table>
<thead>
<tr>
<th>CUSIP</th>
<th>Investment #</th>
<th>Issuer</th>
<th>Average Balance</th>
<th>Purchase Date</th>
<th>Par Value</th>
<th>Market Value</th>
<th>Book Value</th>
<th>Stated Rate</th>
<th>S&amp;P</th>
<th>YTM</th>
<th>Days to Maturity</th>
<th>Maturity Date</th>
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</table>

**Subtotal and Average**

|            | 229,523,434.30 | 201,753,127.92 | 201,753,127.92 | 201,753,127.92 | 0.537 | 1 |

| **Commercial Paper - Discount** | | | | | | | | | | | | |
| 36935JKX0 | 1012 | GENERAL ELECTRIC CAPITAL CORP. | 01/16/2014 | | 9,000,000.00 | 8,985,982.50 | 8,985,982.50 | 0.210 | AA+ | 0.216 | 162 |
| 36935JKX0 | 1012 | GENERAL ELECTRIC CAPITAL CORP. | 02/25/2014 | | 1,000,000.00 | 998,622.22 | 998,622.22 | 0.200 | AA+ | 0.206 | 183 |
| 36935JKX0 | 1012 | GENERAL ELECTRIC CAPITAL CORP. | 04/30/2014 | | 4,000,000.00 | 3,994,488.88 | 3,994,488.88 | 0.190 | AA+ | 0.196 | 183 |
| 36935JNP4 | 1012 | GENERAL ELECTRIC CAPITAL CORP. | 04/30/2014 | | 6,000,000.00 | 5,991,066.67 | 5,991,066.67 | 0.200 | AA+ | 0.206 | 267 |
| 89233HGU2 | 10107 | TOYOTA MOTOR CREDIT CORP. | 10/31/2013 | | 8,000,000.00 | 7,985,600.00 | 7,985,600.00 | 0.240 | AA+ | 0.247 | 88 |
| 89233HGU2 | 10108 | TOYOTA MOTOR CREDIT CORP. | 11/18/2012 | | 4,000,000.00 | 3,993,125.56 | 3,993,125.56 | 0.230 | AA+ | 0.237 | 105 |
| 89233HGU2 | 10109 | TOYOTA MOTOR CREDIT CORP. | 01/16/2013 | | 4,000,000.00 | 3,999,880.00 | 3,999,880.00 | 0.240 | AA+ | 0.247 | 162 |
| 89233HGU2 | 10110 | TOYOTA MOTOR CREDIT CORP. | 02/25/2014 | | 1,000,000.00 | 998,484.44 | 998,484.44 | 0.220 | AA+ | 0.226 | 183 |
| 89233HGU2 | 10111 | TOYOTA MOTOR CREDIT CORP. | 02/25/2014 | | 1,000,000.00 | 998,484.44 | 998,484.44 | 0.220 | AA+ | 0.226 | 183 |

**Subtotal and Average**

| 39,935,113.60 | 39,936,740.28 | 39,936,740.28 | 0.225 | 168 |

| **Federal Agency - Coupon** | | | | | | | | | | | | |
| 31331XJX2 | 10048 | FEDERAL FARM CREDIT BANK | 04/19/2012 | | 4,000,000.00 | 4,109,000.00 | 4,132,900.00 | 1.700 | AA+ | 0.948 | 911 |
| 31331XJX2 | 10049 | FEDERAL FARM CREDIT BANK | 04/19/2012 | | 4,000,000.00 | 4,109,000.00 | 4,132,900.00 | 1.700 | AA+ | 0.948 | 911 |
| 31331XJX2 | 10050 | FEDERAL FARM CREDIT BANK | 04/19/2012 | | 4,000,000.00 | 4,109,000.00 | 4,132,900.00 | 1.700 | AA+ | 0.948 | 911 |
| 31331XJX2 | 10051 | FEDERAL FARM CREDIT BANK | 04/19/2012 | | 4,000,000.00 | 4,109,000.00 | 4,132,900.00 | 1.700 | AA+ | 0.948 | 911 |
| 31331XJX2 | 10052 | FEDERAL FARM CREDIT BANK | 04/19/2012 | | 4,000,000.00 | 4,109,000.00 | 4,132,900.00 | 1.700 | AA+ | 0.948 | 911 |
| 31331XJX2 | 10053 | FEDERAL FARM CREDIT BANK | 04/19/2012 | | 4,000,000.00 | 4,109,000.00 | 4,132,900.00 | 1.700 | AA+ | 0.948 | 911 |
| 31331XJX2 | 10054 | FEDERAL FARM CREDIT BANK | 04/19/2012 | | 4,000,000.00 | 4,109,000.00 | 4,132,900.00 | 1.700 | AA+ | 0.948 | 911 |
| 31331XJX2 | 10055 | FEDERAL FARM CREDIT BANK | 04/19/2012 | | 4,000,000.00 | 4,109,000.00 | 4,132,900.00 | 1.700 | AA+ | 0.948 | 911 |
SDCWA - Fiscal Year 2014
Portfolio Management

Page 2

Portfolio Details - Investments
April 30, 2014
CUSIP

Investment #

Issuer

Average
Balance

Purchase
Date

Par Value

Market Value

Book Value

07/25/2012
08/16/2012
09/18/2012
10/17/2012
01/17/2013
02/20/2013
04/23/2013
08/09/2013
08/23/2013
08/23/2013
09/17/2013
12/19/2013
03/29/2011
10/13/2011
10/13/2011
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07/16/2013
07/23/2013
09/17/2013
11/20/2013
12/19/2013
03/13/2014
03/13/2014
03/20/2014
04/15/2014
04/15/2014
04/15/2014
02/15/2013

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Stated
Rate

S&P

YTM Days to
365 Maturity

Maturity
Date

Federal Agency - Coupon
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3137EADD8
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3137EAAD1
3137EADD8
3137EADD8
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3137EAAD1
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3134A4UU6
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3134G2WG3
3135G0BJ1
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Run Date: 05/01/2014 - 13:22

Page 22 of 341

FEDERAL HOME LOAN MORTGAGE COR
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04/20/2017
10/26/2017
08/28/2014

Portfolio CWA2
CC
PM (PRF_PM2) 7.3.0


### SDCWA - Fiscal Year 2014
#### Portfolio Management
#### Portfolio Details - Investments
#### April 30, 2014

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<th>CUSIP</th>
<th>Investment #</th>
<th>Issuer</th>
<th>Average Balance</th>
<th>Purchase Date</th>
<th>Par Value</th>
<th>Market Value</th>
<th>Book Value</th>
<th>Stated Rate</th>
<th>S&amp;P</th>
<th>YTM 365</th>
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Passbook/Checking Accounts

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May 14, 2014

Attention: Administrative and Finance Committee

Resolution setting a Public Hearing date for the Water Authority’s proposed calendar year 2015 Rate and Charge increases (Action)

Purpose
The purpose of this report is to:

1) Provide the Board information regarding the impact of maintaining the Transitional Special Agricultural Water Rate (TSAWR) for calendar year 2015 rates and charges;
2) Provide the Board with cost of service information, including information relating to incorporation of Carlsbad Desalination Project costs in calendar year 2015 rates and charges;
3) Obtain Board direction regarding TSAWR for the preparation of the proposed calendar year 2015 rate and charge increases; and
4) Adopt a resolution setting a time and place for a public hearing for the consideration and adoption of the proposed rate and charge increases for water, services and facilities.

Staff recommendation
(a) Provide direction regarding TSAWR for calendar year 2015 rates and charges;

(b) Adopt Resolution Number 2014-__ setting the time and place for a public hearing on June 26, 2014, at or after 9:00 a.m., or as soon thereafter as may practicably be heard, during the Administrative and Finance Committee meeting, to receive comments regarding proposed rates and charges to be effective January 1, 2015.

Alternative
Direct staff to set a different time or date for the public hearing.

Fiscal Impact
The proposed water rates and charges, in combination with existing taxes, the System Capacity Charge, the Water Treatment Capacity Charge, the Infrastructure Access Charge (IAC), investment income and the Standby Availability Charge are expected to raise revenues sufficient to meet the Water Authority’s revenue requirement, bond covenants and other key fiscal policy goals. If the TSAWR program is not continued, the proposed CY 2015 rates and charges would result in an Municipal and Industrial (M&I) “all-in” rate increase of 2.9% for untreated water and 2.6% for treated water. If TSAWR is continued through 2015, the proposed M&I “all-in” rate increase for CY 2015 would be 3.8% for untreated water and 3.3% for treated water.

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1 The “all-in” water rate is the estimated average cost of water that includes the Water Authority’s Melded Supply, Melded Treatment (if treated rate) and Transportation rates along with the Storage and Customer Service charges expressed as a S/AF estimate. The actual average cost will vary for each member agency depending on their Customer Service and Storage charge allocations.
However, these increases can be reduced to 2.9% and 2.6% for treated and untreated water through the utilization of the Rate Stabilization Fund (RSF).

**Background**

**Metropolitan Water Rate Increases**

On April 8, 2014, MWD’s Board of Directors adopted rate and charge increases for calendar years 2015 and 2016 resulting in a 1.5% annual “average” rate increase in each year. Based upon MWD’s adopted rate and charge schedule, the cost of treated and untreated water to the Water Authority will increase by 3.7% and decrease by 1.9%, respectively, in CY 2015 (excluding the impact of MWD’s fixed charges). The increase in the treated rate is being driven by the 15% increase in MWD’s treatment surcharge.

**Drought Messaging and Water Demand Uncertainty**

With ongoing extreme drought conditions in California, a ramp-up in conservation messaging across the state, and the National Oceanographic and Atmospheric Administration predicting the chances of El Niño increasing during the remainder of the year - exceeding 50% by the summer, water demand forecasting for CY 2015 was especially challenging. Additionally, current drought conditions and a historically low 5% State Water Project Table A allocation have caused MWD to rely heavily on its storage supplies to meet the needs of its customers in 2014. As a result, consideration was given to the possibility of the drought continuing into 2015 and potential for MWD to implement water supply allocations to protect its storage reserves in projecting CY 2015 water sales. While water sales to-date in CY 2014 have trended above forecasted estimates, the Water Authority took a conservative approach in its forecasting and is projecting that the current demand trend will subside and drop next year – resulting in a 1% decrease in CY 2015 sales due to conservation messaging, a strong probability of an El Niño event, and the potential for MWD mandatory supply allocations.

**Special Agricultural Water Rate Program**

In October 2008, faced with a prolonged drought, rising water costs and the realization that in the future, any “surplus” water should be stored in its own regional storage portfolio in order to meet variable municipal and industrial water demands, the MWD Board voted to terminate the Interim Agricultural Water Program (IAWP) through a five-year phase-out of the program resulting in termination December 31, 2012.

In response to MWD’s phase-out of IAWP, the Water Authority Board in October 2008 approved the TSAWR. The TSAWR program enables participants to purchase water at MWD’s full service Tier 1 rate, which is at a discounted rate from the Melded Supply Rate, in return for a lower level of water supply reliability. TSAWR deliveries are also not included in the Storage Charge allocation to member agencies. The Board also formed a SAWR Board Workgroup to develop a recommended permanent program when IAWP terminated at the end of 2012. In March 2010, the Board approved the Workgroup’s recommendation for a permanent SAWR program that began January 1, 2013 and only continue the Storage Charge exemption. With the SAWR program set to switch from the transitional program to the permanent program on January 1, 2013, members of the agricultural community raised concerns over the financial impacts of the change. In response, on April 26, 2012, the Board voted to extend the TSAWR program for two additional years ending December 31, 2014. This action not only provided agricultural customers with additional time to...
prepare for the higher cost of water, but also provided time for important water supply issues that could affect the rate structure to be resolved.

**2013 Comprehensive Cost of Service Review**

In 2013, the Board of Directors retained Carollo Engineers (Carollo) to perform a comprehensive cost of service review of the Water Authority’s rates and charges. That review along with the General Manager’s recommended budget and staff’s recommended revenue requirement allocation formed the basis for setting the CY 2014 rates and charges.

**Previous Board Actions**

On June 27, 2013, the Board a) adopted the General Manager’s Recommended Budget for Fiscal Years 2014 and 2015; b) conducted a public hearing on CY 2014 rates and charges; c) adopted CY 2014 rates and charges, amend and restate the amounts and requirements of the System Capacity Charge and Water Treatment Capacity Charge and continue to impose at the same rate the Standby Availability Charge; and d) accepted Carollo Engineers’ San Diego County Water Authority Calendar Year 2014 Rates and Charges Cost of Service Rate Study, and San Diego County Water Authority Cost of Service Capacity Charge Report dated May 2013.

On March 27, 2014, the Board authorized the following actions:

1. **Defer the final decision regarding how to apply the debt and equity payment for the Carlsbad Desalination Plant to the Administration & Finance Committee for consideration of the CY 2016 rates and charges, and adopt an interim policy for the CY 2015 rates and charges that applies the debt and equity payments for the Carlsbad Desalination Plant to the Supply rate; and**

2. **Maintain the current policy related to the application of non-commodity revenue offsets for CY 2015 rates and charges and defer to the Administration & Finance Committee the application of revenue offsets to all revenue categories, including Treatment, to the development of the CY 2016 rates and charges; and**

3. **Defer to the Administration & Finance Committee all other Task Force recommendations, including modification of allocation of Storage Charge and consideration of a Supply Reliability Charge concept.**

**Discussion**

Looking forward to CY 2015 rates and charges the Water Authority faces several challenges. These challenges include incorporating the 2015 costs of desalinated water into the rate and charge structure, water supply and demand uncertainty should the region continue to face drought, addressing the expiration of the TSAWR program and achieving the Board’s objective of providing smooth and predictable rates and charges. The Water Authority Board and staff continue to actively manage costs, focus on projects with a long-term quantifiable payback and search for improved efficiencies and opportunities for consolidation or outsourcing.

In February 2011, staff developed a high/low rate and charge forecast to support member agency financial planning efforts. The high/low rate and charge forecasts were based upon scenarios varying the level of water sales, MWD rate and charge increases, and CIP expenditures. The CY 2015 proposed rates and charges are within that guidance. Depending on the Board’s direction, the Water Authority’s M&I “all-in” rate for untreated water is increasing by 2.9% or 3.8% and
the rate for treated water is increasing by 2.6% or 3.3%. It should be noted that the actual cost of water will vary by member agency based upon each agency’s fixed charge allocations.

**Setting Water Rates and Charges**

On an annual basis, the Water Authority staff develops proposed water rates and charges, which it presents to the Board of Directors for adoption. Water rates and charges include the Melded Supply, Melded Treatment, Transportation rates and the Customer Service and Storage charges. Each year the Water Authority undertakes the following cost of service analysis to determine water rates and charges.

- Step 1. Establish the revenue requirement—determine the total amount of revenue needed to recover the Water Authority’s annual operating (operations and maintenance of facilities, cost of water, treatment costs, etc.) and capital expenditures (cash and short and long-term debt)
- Step 2. Allocate the revenue requirement and offsetting non-commodity revenues (i.e. investment income, property tax, IAC, etc) to rate categories (Melded Supply, Melded Treatment, Transportation, Storage and Customer Service) to determine the net revenue requirement for each rate category
- Step 3. Determine rates and charges based upon the net revenue requirements, water sales projections and other key financial management metrics (i.e. senior lien debt service coverage, fund deposits and withdrawals)
- Step 4. Allocate fixed charges (Storage and Customer Service) to member agencies based on specified allocation methodologies

**Integration of Desalination Costs into Calendar Year 2015 Rates and Charges**

In addition to the direction provided by the Board with regards to the Fiscal Sustainability Task Force’s recommendations, a Desalination Cost of Service Study Phase II Member Agency Workgroup (Workgroup) was formed to assist staff in developing the desalination cost recovery methodologies. The methodologies were then provided to an independent cost of service consultant, who conducted an analysis to ensure the desalination cost recovery proposed by the Workgroup for rates and charges is consistent with the formalized cost of service based methodologies. An open and transparent process was conducted and the activities performed are described below.

**Desalination Cost of Service Study Phase II Member Agency Workgroup Process**

This Workgroup was tasked with assisting Water Authority staff in identifying the methodology to be used for incorporating the costs of the Carlsbad Seawater Desalination Project into the Water Authority’s rate and charge structure. In October 2013, the Workgroup began meeting to discuss the specifics of allocating Carlsbad desalination costs to their functional rate service categories. The Workgroup included up to two representatives from each member agency, Water Authority staff and Dr. Thomas Chesnutt of A&N Technical Services as an independent expert and facilitator of the process. The Workgroup met monthly through February of 2014 and covered the following:

- Rate setting principles, cost allocation and ratepayer equity
- Water Authority’s rate and charge structure and process
• Application of the cost of service principles to Carlsbad desalination including the 9 desalination rate structure alternatives that were presented to the Board in 2012

Ultimately, the Workgroup discussion resulted in the following proposed allocation of Carlsbad desalination costs:

1. Pipeline costs connecting the desalination plant to the Water Authority’s system are allocated to Transportation
   a. Costs associated with required modifications to the Water Authority’s existing Pipeline #3 due to desalination are allocated to Transportation
   b. Improvements for delivering desalinated water to Twin Oaks Valley Water Treatment Plant for blending and to redistribute water through the aqueduct are allocated to Transportation
   c. The new Desalinated Product Water Pipeline between the Carlsbad Desalination Plant and the Second Aqueduct is allocated to Transportation.

2. Because its primary function is to produce water, the primary cost allocation of the desalination plant is to Supply, but with an allocation of the incidental treatment benefit resulting from the fact that produced desalinated water meets all state and federal drinking water regulations being allocated to treatment

3. The allocated treatment benefit associated with desalination is based on existing Water Authority melded treatment costs and will be benchmarked to the current Water Authority melded treated water surcharge payable by treated water customers only

These results along with Board policy and guidance were used when incorporating desalination costs into the CY 2015 rates and charges.

**Desalination Cost Allocation Cost of Service Review**

Consistent with best management practices, the Water Authority retained Carollo to perform an independent Cost of Service Study (the Study) on the Board and the Workgroup’s direction with regards to the desalination cost allocation methodologies. The Study focused on the allocation of costs associated with the Carlsbad Desalination Plant to the revenue requirements for the appropriate rate and charge categories and ensuring compliance with existing legal requirements and Board policies. Carollo had independently, based upon the cost allocation methodologies, calculated the CY 2015 rates and charges that are impacted by the Carlsbad Desalination Plant costs and determined that the allocation of these costs are consistent with California legal requirements, cost of service standards, and Water Authority Board policies. The full Study is included as Attachment A.

**Board Requested Transitional Special Agricultural Water Rate Analysis**

On April 24, 2014 in response to stakeholder requests, the Board directed staff to provide the CY 2015 rates and charges with and without an extension of the current TSAWR Program at the May Board meeting. Additionally, the Board directed an analysis of the TSAWR program as part of the A&F Committee’s future work on fiscal sustainability.

Based upon the Board’s direction staff developed three different CY 2015 rate and charge options for Board consideration. The options are described below:
Option #1: The TSAWR program ends as scheduled on December 31, 2014 and agricultural customers begin paying the Melded Supply Rate but maintain the Storage exemption.

Option #2A: Includes the continuation of the TSAWR program in CY 2015 with full cost recovery through the Melded Supply Rate increase.

Option #2B: Includes the continuation of the TSAWR program through CY 2015 with a reduction in the CY 2015 RSF support of $7.1 million. The reduction in the RSF support mitigates the impact of the TSAWR program on the CY 2015 Melded Supply Rate.

Table 3 below provides more detail on how these options impact the calculation of the Melded Supply Rate.

Prudent Financial Management and Long-Range Planning

In 2006, following the recommendations of a Rate Model Working Group and Administrative and Finance Committee, the Board amended the Water Authority’s financial policies regarding the RSF and Debt Service Coverage Ratio (DSCR). As part of the amendments, the Board established a target funding level for the RSF that better protects the Water Authority against the financial impact of 2.5 years of wet weather (3.5 years max). In addition, it established a target DSCR of 1.50x.

The overall benefits of the amendments included reduced rate volatility, increased protection against wet weather, a transparent and flexible RSF framework, and increased cash funding of the CIP. Furthermore, it strengthened key financial ratios—higher debt service coverage ratio, decreased debt ratio and increased cash days—to support the maintenance of the Water Authority’s AA+ credit ratings and access to lower rates.

The Water Authority’s Long-Range Financing Plan, updated by the board of directors in 2008, requires the revenues of the Water Authority be sufficient to; pay operating expenses, provide for maintenance and repair of facilities, provide for payment of principle and interest on debt, and provide reasonable reserves consistent with bond covenants and sound fiscal management. As a public agency enterprise, the Water Authority does not generate a profit. Revenues are set to meet the reasonably anticipated costs of providing service to the member agencies and do not generate revenues that are unrelated to the accomplishment of the Water Authority’s purposes.

While the Water Authority’s revenue structure remains constant, the cost structure continues to evolve with increasing contractual obligations. The adoption of the Water Purchase Agreement from the Carlsbad Desalination Plant will impact the CY 2015 rates and charges as the projected production schedule has been moved up to the fall of 2015. This contractual obligation when combined with the Quantification Settle Agreement (QSA) obligation contribute to increased supply costs and increasing levels of volatility in net revenues. As a result of this volatility, the target and maximum fund balance requirements for the RSF are increasing significantly. Without a change in the revenue structure supply costs and fund balance requirements will
continue to grow as desalination reaches full production and QSA water transfers ramp up through 2021.

In an effort to meet the Board’s objective of smooth and predictable rates and charges, as requested by member agencies, the proposed increases for CY 2015 rates and charges mitigate the impact of desalination costs and position the Water Authority to achieve and maintain the Board’s target RSF balance. This is accomplished and annual M&I “all-in” rate increases are kept in the 4 to 6 percent range through 2017 based on the current water sales projections.

**Description of Proposed Rates and Charges**

Table 1 summarizes the Water Authority’s proposed CY 2015 rates and charges with agricultural water deliveries included in the Melded Supply Rate. A description of the Water Authority’s rates and charges is provided in subsequent sections. In addition to the Water Authority’s rates and charges shown in Table 1, certain MWD rates and charges are passed through to the member agencies.

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<td>$2.65/ME</td>
<td>$2.68/ME</td>
<td>$2.76/ME</td>
</tr>
<tr>
<td>Customer Service Charge</td>
<td>$26,400,000</td>
<td>$26,400,000</td>
<td>$26,400,000</td>
</tr>
<tr>
<td>Storage Charge</td>
<td>$60,200,000</td>
<td>$63,200,000</td>
<td>$63,200,000</td>
</tr>
<tr>
<td>Standby Availability Charge per parcel or acre, whichever is greater³</td>
<td>$10</td>
<td>$10</td>
<td>$10</td>
</tr>
<tr>
<td>System Capacity Charge</td>
<td>$4,326/ME⁴</td>
<td>$4,681/ME</td>
<td>$4,681/ME</td>
</tr>
<tr>
<td>Treatment Capacity Charge</td>
<td>$166/ME</td>
<td>$119/ME</td>
<td>$119/ME</td>
</tr>
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¹ The rates shown correspond to the Board’s requested rate options discussed in detail below.
² Per current Board Policy, TSAWR is set to end December 31, 2014.
³ Fiscal Year Charge.
⁴ ME means meter equivalent as defined in the resolution establishing the Infrastructure Access Charge.

Table 2 summarizes MWD’s rates and charges that the Water Authority passes through to its member agencies.
The following rates and charges will be effective July 1, 2014:

**Standby Availability Charge.** The County Water Authority Act limits the maximum annual Standby Availability Charge to $10 per acre or parcel, whichever is greater. Beginning before November 6, 1996, the Water Authority has determined that the maximum annual Standby Availability Charge should be levied on property within the Water Authority’s service area. To provide necessary funding for the CIP, the General Manager recommends that the charge continue at the $10 maximum for fiscal year 2014-2015. The Standby Availability Charge rate is effective July 1, 2014.

The following rates and charges are being proposed effective on January 1, 2015:

**Melded Untreated Supply Rate (inclusive of agricultural water deliveries).** The Melded Untreated Supply Rate (Melded Supply Rate) will be set to recover the costs of purchasing Tier 1 water from MWD, water purchases from IID, payments in connection with the All-American and Coachella Canal lining projects, payments to MWD under the 2003 Exchange Agreement for conveyance of IID and Canal Lining water, desalinated water and the portion of the Water Authority’s revenue requirement allocated to the Supply rate. The revenue requirement may include other costs specifically associated with the acquisition of the IID supply source, cost recovery for supply costs previously incurred but not charged, reserve withdrawals/deposits and coverage requirements.

As requested by the Board in April, Table 3 below shows the calculation of the Melded Supply Rate under three different options.
Table 3 – Untreated Melded Supply Rate Calculation

<table>
<thead>
<tr>
<th></th>
<th>CY 2015</th>
<th>CY 2015</th>
<th>CY 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Option #1</td>
<td>Option #2A</td>
<td>Option #2B</td>
</tr>
<tr>
<td><strong>Acre-Foot Sales (A/F) (000's)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MWD Tier I</td>
<td>296.5</td>
<td>258.1</td>
<td>258.1</td>
</tr>
<tr>
<td>IID</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Canal Water Delivery Costs</td>
<td>80.2</td>
<td>80.2</td>
<td>80.2</td>
</tr>
<tr>
<td>Carlsbad Desalination Production</td>
<td>16.3</td>
<td>16.3</td>
<td>16.3</td>
</tr>
<tr>
<td><strong>TOTAL A/F SALES</strong></td>
<td>493.0</td>
<td>454.6</td>
<td>454.6</td>
</tr>
<tr>
<td><strong>Water Purchase Cost (in Millions)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MWD Tier 1 Water Purchases</td>
<td>$172.6</td>
<td>$150.2</td>
<td>$150.2</td>
</tr>
<tr>
<td>QSA Exchange with MWD Costs</td>
<td>76.4</td>
<td>76.4</td>
<td>76.4</td>
</tr>
<tr>
<td>IID Water Purchases</td>
<td>62.4</td>
<td>62.4</td>
<td>62.4</td>
</tr>
<tr>
<td>Canal Water Purchases</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Desalinated Water Supply Costs</td>
<td>28.1</td>
<td>28.1</td>
<td>28.1</td>
</tr>
<tr>
<td><strong>Subtotal Water Purchases</strong></td>
<td>$340.5</td>
<td>$318.1</td>
<td>$318.1</td>
</tr>
<tr>
<td><strong>Additional Costs (in Millions)</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Supply Revenue Requirement</td>
<td>$27.3</td>
<td>$24.3</td>
<td>$20.2</td>
</tr>
<tr>
<td>IID Socioeconomic</td>
<td>3.1</td>
<td>3.1</td>
<td>3.1</td>
</tr>
<tr>
<td>QSA Environmental</td>
<td>5.3</td>
<td>5.3</td>
<td>5.3</td>
</tr>
<tr>
<td>Groundwater Storage</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Subtotal Other Costs</strong></td>
<td>$36.2</td>
<td>$33.2</td>
<td>$29.1</td>
</tr>
<tr>
<td><strong>TOTAL SUPPLY COST</strong></td>
<td>$376.7</td>
<td>$351.3</td>
<td>$347.2</td>
</tr>
<tr>
<td><strong>A/F RATE (Total Supply Cost /Total A/F Sales)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$764</td>
<td>$773</td>
<td>$764</td>
</tr>
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</table>

Based upon these options, the Melded Supply Rate will increase from its current level of $732/AF to $764/AF or $773/AF in CY 2015.

**Water Authority’s Transitional Special Agricultural Water Program Rates.** Under Option #1, the TSAWR program will expire and the cost of untreated agricultural water will increase from $593/AF to $764/AF in CY 2015. The treated agricultural water rate will increase from $867/AF in CY 2014 to $1,042/AF in CY 2015.

If the Board were to choose Option 2A or 2B and continue the TSAWR program through CY 2015, the untreated agricultural water rate will be set to MWD’s Tier 1 rate and decrease from its current level of $593/AF to $582/AF. In addition, the treated agricultural water rate will decrease from $867/AF in CY 2014 to $860/AF in CY 2015. The TSAWR program rates correspond to a lower level of water supply reliability for its participants.

**Melded Treatment Rate.** The Melded Treatment Rate will be set to recover the costs of treating water for the Water Authority and may include costs of purchasing treated water from MWD, the Levy and Olivenhain treatment plants, the Water Authority’s Twin Oaks Valley Water Treatment Plant, desalinated water costs allocated to this rate and may recover certain other costs associated with the delivery of treated water. For CY 2015, the Melded Treatment Rate will increase from its current level of $274/AF to $278/AF. Table 4 shows the calculation of the Melded Treatment Rate.
Table 4 – Melded Treatment Rate Calculation

<table>
<thead>
<tr>
<th></th>
<th>CY 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Acre-Foot Sales (A/F) (000's)</strong>*</td>
<td></td>
</tr>
<tr>
<td>MWD</td>
<td>81.8</td>
</tr>
<tr>
<td>Water Authority</td>
<td>77.9</td>
</tr>
<tr>
<td>Helix</td>
<td>25.6</td>
</tr>
<tr>
<td>Olivenhain</td>
<td>0.0</td>
</tr>
<tr>
<td>Carlsbad Desalination Production</td>
<td>16.3</td>
</tr>
<tr>
<td><strong>TOTAL A/F SALES</strong></td>
<td>201.6</td>
</tr>
<tr>
<td><strong>Cost (in Millions)</strong></td>
<td></td>
</tr>
<tr>
<td>MWD</td>
<td>$27.9</td>
</tr>
<tr>
<td>Water Authority</td>
<td>19.6</td>
</tr>
<tr>
<td>Helix</td>
<td>4.0</td>
</tr>
<tr>
<td>Olivenhain</td>
<td>0.0</td>
</tr>
<tr>
<td>Desalinated Water**</td>
<td>4.5</td>
</tr>
<tr>
<td><strong>TOTAL TREATMENT COSTS</strong></td>
<td>$56.0</td>
</tr>
<tr>
<td><strong>A/F RATE (Total Treatment Costs/Total A/F Sales)</strong></td>
<td>$278</td>
</tr>
</tbody>
</table>

* Includes treated water deliveries intended for agriculture
**Based on proposed cost of treated water (16,295AF*278 = $4.5M)

**Transportation Rate.** The Transportation rate is set to recover capital, operating, and maintenance costs of Water Authority-owned water delivery facilities, including facilities used to physically transport the water to member agency meters. The Transportation Rate is charged to each acre-foot of water delivered by the Authority as it occurs. For CY 2015, the Transportation Rate will increase from its current level of $97/AF to $101/AF.

**Infrastructure Access Charge.** The infrastructure access charge is imposed on member agencies as a condition of maintaining connections to Water Authority facilities. It is apportioned based on water meters within each member agency. As the Desalination Pipeline Bonds debt service impacts the IAC, the methodology used to calculate the IAC was reviewed by Carollo as part of their Study and is provided in Attachment A. For CY 2015, the IAC will increase from its current level of $2.68/ME to $2.76/ME.

**Customer Service Charge.** The Customer Service Charge is set to recover costs that are necessary to support the functioning of the Water Authority. The Customer Service Charge will be allocated among the member agencies on the basis of each agency’s three-year rolling average of member agency supply purchases from the Water Authority. For CY 2015, the Customer Service Charge will remain unchanged at $26.4M.

**Storage Charge.** The Storage Charge is set to recover costs associated with the Emergency Storage Program and the Carryover Storage Program. Because agricultural users that participate in the SAWR program agree to reduced or interrupted service during times of water emergencies, they will not receive benefit from the storage program; therefore, the Storage Charge is based on all non-SAWR water deliveries and will be allocated among the member agencies using a pro rata share of each agency’s three-year rolling average deliveries. For CY 2015, the Storage Charge will remain unchanged at $63.2M.
Capacity Charges. Capacity charges are one time fees charged to new system connections. The fee is set to recover the proportionate cost of the system necessary to serve that connection.

**System Capacity Charge.** This charge recovers a portion of the capital costs for the conveyance and storage facilities necessary to operate the delivery system. Application of the methodology to the conveyance and storage system capital facilities results in no change from its current charge of $4,681 for each new meter equivalent.

**Water Treatment Capacity Charge.** This charge recovers a portion of the regional water treatment facility to be collected from all future users of the facility. In keeping with the Water Authority’s policy of exempting agencies that cannot benefit from a service, the Water Treatment Capacity Charge excludes customers from the City of Del Mar, City of Escondido, and City of Poway. The Water Treatment Capacity Charge will remain at its current level of $119 for each new meter equivalent connected to the treated water system.

Table 5 presents a summary of the Capacity Charge schedule that went into effect on January 1, 2014 and will continue through CY 2015.

<table>
<thead>
<tr>
<th>Meter Size (Inches)</th>
<th>Factor</th>
<th>System Capacity Charge</th>
<th>Water Treatment Capacity Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 1&quot;</td>
<td>1.0</td>
<td>$4,681</td>
<td>$119</td>
</tr>
<tr>
<td>1&quot;</td>
<td>1.6</td>
<td>7,490</td>
<td>190</td>
</tr>
<tr>
<td>1.5&quot;</td>
<td>3.0</td>
<td>14,043</td>
<td>357</td>
</tr>
<tr>
<td>2&quot;</td>
<td>5.2</td>
<td>24,341</td>
<td>619</td>
</tr>
<tr>
<td>3&quot;</td>
<td>9.6</td>
<td>44,938</td>
<td>1,142</td>
</tr>
<tr>
<td>4&quot;</td>
<td>16.4</td>
<td>76,768</td>
<td>1,952</td>
</tr>
<tr>
<td>6&quot;</td>
<td>30.0</td>
<td>140,430</td>
<td>3,570</td>
</tr>
<tr>
<td>8&quot;</td>
<td>52.0</td>
<td>243,412</td>
<td>6,188</td>
</tr>
<tr>
<td>10&quot;</td>
<td>78.0</td>
<td>365,118</td>
<td>9,282</td>
</tr>
<tr>
<td>12&quot;</td>
<td>132.0</td>
<td>$617,892</td>
<td>$15,708</td>
</tr>
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</table>

The following MWD rates and charges are passed on directly or allocated to the Water Authority’s member agencies in the same manner as MWD applies them to the Water Authority.²

**MWD Capacity Charge.** For CY 2015, the Capacity Charge is $11,100 per cubic foot second (cfs) of maximum daily flow requested by a MWD member agency. The Capacity Charge is a fixed charge levied on an agency’s maximum daily flows over the three previous fiscal years. It recovers the cost of providing peak capacity within the distribution system, and is designed to encourage member agencies to shift demands and avoid placing large daily peaks on the MWD system during the summer months. Daily flow measured between May 1 and September 30 for purposes of billing

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² The Water Authority has opposed MWD’s cost of service methodology associated with these charges.
the Capacity Charge will include deliveries (except long-term seasonal storage deliveries) made by MWD to a member agency or member agency customer including water transfers, exchanges and agricultural deliveries. As part of a separate surface storage operating agreement to manage seasonal peaking, the Authority is expected to reserve its full available capacity. The Capacity Charge will be set at $10,738,140. The Authority’s Board has directed that the Capacity Charge will be recovered proportionally based on a five-year rolling average of member agency flows during coincident peak weeks.

Readiness-to-Serve Charge. MWD’s Readiness-to-Serve Charge differs from the other MWD charges in that it is set on a Fiscal Year basis. The total Readiness-to-Serve Charge will decrease from its current level of $166 million to $158 million in Fiscal Year 2014-2015. The Authority’s share is set at $37,690,431. After credits from the MWD Standby Charge, and administrative costs, the net Authority share is $25,043,402. MWD’s Readiness-to-Serve Charge will recover costs associated with standby and peak conveyance capacity and system emergency storage capacity. The Readiness-to-Serve Charge will be allocated among MWD member agencies on the basis of each agency’s ten-year rolling average of firm demands (including water transfers and exchanges conveyed through system capacity). This allocation will be revised each year. Revenues equal to the amount of MWD Standby Charges will continue to be credited against the member agency’s Readiness-to-Serve Charge obligation unless a change is requested by the member agency. The Board has directed that the Authority’s Readiness-to-Serve Charge will be passed through proportionally to member agencies on the basis of each agency’s ten-year rolling average of firm demands (including water transfers and exchanges conveyed through system capacity).

Summary
Staff is seeking Board direction for which rate and charge increases should be considered at the Public Hearing on June 26, 2014.

Prepared by:  David G. Shank, Financial Planning Manager
Reviewed by: Lisa Marie Harris, Director of Finance/Treasurer
Approved by: Sandra L. Kerl, Deputy General Manager

Attachments:  
A) Carollo Engineers Desalination Cost Allocation Cost of Service Study – Phase II Report
B) Resolution of the Board of Directors of the San Diego County Water Authority fixing the time and place for a public hearing to consider: (1) Changes to the rates and charges for delivery and supply of water; and (2) Continuing the existing Standby Availability Charge.
SAN DIEGO COUNTY WATER AUTHORITY

DESALINATION COST ALLOCATION

COST OF SERVICE RATE STUDY

May 13, 2014
SAN DIEGO COUNTY WATER AUTHORITY
DESALINATION COST ALLOCATION
COST OF SERVICE RATE STUDY

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<td>Desalination Plant</td>
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<td>DESALINATION PIPELINE</td>
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<td>5.1</td>
<td>Categorization to Transportation</td>
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<td>5.1.1</td>
<td>Pipeline Considerations</td>
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<td>Infrastructure Access Charge</td>
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<td>Proposed Calendar Year 2015 Melded Supply Rate</td>
<td>14</td>
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<td>Table 5.1</td>
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<td>17</td>
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<td>Table 5.2</td>
<td>Calculation of Pipelines 4-Year Average Debt Expense</td>
<td>19</td>
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<td>Table 5.3</td>
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1.0 EXECUTIVE SUMMARY

The San Diego County Water Authority (the Water Authority) engaged Carollo Engineers (Carollo) to independently review and provide an opinion regarding its rates and charges for water and services. The work was divided into two phases. Phase I entailed a comprehensive review of all Water Authority rates and charges, resulting in the May 2013 Carollo Engineers Cost of Service Study Phase I Report and the Carollo Engineers Capacity Charge Report (May 2013 Reports) that served as a foundation for the Water Authority’s CY 2014 rates and charges and adjustment of the capacity charges. The May 2013 reports demonstrated that the Water Authority has a clear and defensible process to allocate system expenditures to rate categories, as well as fairly and reasonably recovers those expenditures from member agencies in accordance with cost of service requirements.

In 2012, the Water Authority approved the Carlsbad Desalination Project (Project), which is comprised of Desalination Plant (Plant), the Desalinated Product Water Conveyance Pipeline (Pipeline), and additional aqueduct system upgrade and repurposing work in connection with the Desalination Project (System Improvements). The Water Authority and Poseidon Resources LP (Poseidon) entered into a 30-year Water Purchase Agreement (WPA) for the production and delivery of up to 50 million gallons a day (56,000 acre-feet per year (AFY)) from the Plant. The Water Authority and Poseidon also entered into a design build agreement for the Pipeline (DBA). The Plant and Pipeline are the subject of a complex financing arrangement that included the issuance of two series of bonds, one for the Plant and the other for the Pipeline. The System Improvements are being constructed by the Water Authority as part of its Capital Improvement Program (CIP).

Phase II evaluated issues associated with recovery of costs related to expenditures for the Project through rates and charges in CY 2015. In conducting the Phase II evaluation, Carollo considered the May 2013 Reports, the WPA and DBA, the Project finance documents, and other information provided by Water Authority staff including Member Agency Cost of Service Phase II Workgroup (Workgroup) recommendations and documents, along with the Water Authority’s existing cost of service allocation methodology, American Water Works Association (AWWA) cost of service standards, industry best practices, Board policies as described in Report Section 3.4, and California legal requirements as described in Report Section 3.5. Based on our independent professional judgment, Carollo has determined that:

- Allocation to the melded Supply rate for CY 2015 of Project costs associated with the Plant is reasonable and consistent with cost of service requirements and Water Authority rate structure policies.
• Allocation to the Treatment rate of a portion of the Plant costs as recommended by the Workgroup is reasonable and consistent with cost of service requirements and Water Authority rate structure policies.

• Allocation to the Transportation Rate and Infrastructure Access Charge of Project costs associated with the Pipeline is reasonable and consistent with cost of service requirements and existing Water Authority rate structure policies.

• Allocation to the Transportation Rate and Infrastructure Access Charge of the System Improvements in accordance with existing Water Authority rate structure policies is reasonable and consistent with cost of service requirements.

The Water Authority rates are comprised of five functional rate categories – Customer Service; Transportation; Treatment; Storage; and Supply. The Project has an impact on multiple functional rate categories. The Water Authority established a Cost of Service Workgroup, consisting of representatives of the Water Authority’s member agencies, Water Authority staff, and A&N Technical Services to evaluate cost allocation considerations for the Desalination Project. The primary focus of the Workgroup effort was the allocation of Project costs between commodity related rate service categories. On March 27, 2014, the Board considered recommendations from its Fiscal Sustainability Task Force (FSTF) regarding application of certain fixed revenue policies to Project costs and provided direction regarding allocation of certain Project costs to CY 2015 rates and charges, including defining how to recover CY 2015 Desalination Plant expenditures. With consideration with the FSTF and Workgroup efforts, the Board direction included:

1. Recover Plant costs through volumetric rates for CY 2015 and refer the issue of allocation between fixed and variable rates and charges of Plant debt and equity costs to the Administration & Finance Committee for a report and recommendation in connection with the setting of CY 2016 rates and charges and

2. Recover Pipeline costs through application of current policies, including allocation between fixed and variable revenues;

3. Refer all other FSTF recommendations to the Administration & Finance Committee.

This Phase II report evaluates the recommended allocation of Project costs and separates the discussion into two parts – Plant costs are discussed first. Pipeline and Supplemental Improvement costs are discussed next. Because the Plant is a water production facility, allocation of costs to the melded Supply rate is appropriate. However, as discussed in this report, a small portion of the Plant cost should be allocated to the Treatment rate to account for the fact that the water produced by desalination meets all drinking water standards. This is a common consideration when preparing cost allocations when two or more benefits emerge from a single, non-separable production process, as is the case with the Plant. The melded CY 2015 Supply rate would be $764. The Pipeline and System Improvement costs were evaluated for allocation to the Transportation rate and Infrastructure Access Charge in...
compliance with existing Board policy. For CY 2015, the Transportation rate would increase to $101 per acre-foot.

Based on findings in this report, the analysis performed by Carollo affirms that the Water Authority’s proposed cost recovery for the Desalination Project as reasonable and in compliance with cost of service requirements and industry best practices. There may be further refinements to allocate Project costs, including additional or indirect benefits of the Project. Among those refinements for further consideration is apportionment of Plant debt and equity costs to fixed charges. Carollo is informed that these further refinements have been referred to the Administrative and Finance Committee for evaluation and recommendation in connection with setting of rates and charges for CY 2016.

2.0 BACKGROUND

In 2013, the Water Authority reinitiated the FSTF in order to ensure the long-term fiscal sustainability of the Water Authority. FSTF was focused on the rate and charge structure, fiscal and reserve policies, and financial metrics. Additionally the Water Authority established the Workgroup, consisting of member agencies, Water Authority staff, and consultants, to evaluate cost allocation considerations for the desalination project.

The Desalination project has a bearing on multiple functional rate categories. The benefits of the project must be defined, quantified, allocated, and collected in a manner that is consistent with Board policy and the cost of service requirements discussed in section 3 of this report. The Workgroup identified and discussed the following key topics regarding the allocation the Desalination costs:

- Identify the value of creating an additional water supply source that should be recovered through the Supply rates.
- Identify the value of the incidental treated water benefit resulting from production of water by the Desalination Plant and possible allocation of costs to Treatment rates.
- Allocation of desalination conveyance pipeline costs to Transportation and/or Supply rates.
- Rate and charge structure that is consistent with Board policy

In March 2014, the Board provided direction based on the Task Force report regarding allocation of fixed revenue policies to Project costs for the CY 2015 rates and charges. This Board direction provided guidance to staff on how to incorporate the Workgroup’s allocation of Project costs to functional rate categories for use in the 2015 rates and charges. This report provides an independent evaluation of the results of the Board's directions and Workgroup conclusions.
2.1 Carlsbad Desalination Project

The Project is an integral component of the Water Authority’s long-term water supply strategy to improve the San Diego region’s water supply reliability. The Plant is a supply production project, which will provide a new local source of potable water to supplement imported water supplies. Desalination uses reverse osmosis technology to separate fresh water molecules from seawater. Water from the ocean is forced through tightly wrapped membranes under very high pressure. The membranes allow the smaller water molecules to pass through, leaving salt and other impurities to be discharged from the facility. The Plant will produce and deliver up to 50 million gallons a day (56,000 acre-feet per year (AFY)) of desalinated water that incidentally meets all drinking water standards, and will provide approximately 7% of the water needs for the region. The Project will provide the Water Authority with a locally controlled, drought-proof supply of high-quality water that meets or exceeds all state and federal drinking water standards. In approving the Project, the Board acknowledged that water production through desalination is not weather dependant; this new, drought-proof supply will reduce the region’s dependence on water from the Colorado River and the Bay-Delta that are increasingly vulnerable to droughts, natural disasters, and regulatory restrictions.

The supply is secured through a 30-year WPA between the Water Authority and Poseidon for the entire output of the Plant. Under the WPA, Poseidon is responsible for Plant construction and all Plant operations and management. The WPA commits the Authority to purchase a minimum 48,000 AFY (Minimum Commitment) of produced water and provides the option to demand a maximum 56,000 AFY. Vallecitos Water District and Carlsbad Municipal Water District (Project Participants) intend to contract with the Water Authority to purchase 6,000 AFY of the minimum production. The debt service and fixed O&M and other fixed costs for the Plant and Pipeline are allocated under the WPA to the Minimum Commitment. The Project Participants will share these cost with the Water Authority on a proportional full cost recovery basis. Plant production above 48,000 AFY will be split on a pro rata basis between the Water Authority and the Project Participants at a discounted cost. For CY 2015, the Water Authority is expected to take delivery of 16,295 AF.

In addition to the Plant, the Project consists of the ten-mile Pipeline to deliver the water into the Water Authority’s distribution system. The Pipeline will travel eastward from the plant through Carlsbad, Vista, and San Marcos and connect to the Water Authority’s existing distribution network in San Marcos. The Pipeline is being constructed concurrently with the Plant by Poseidon pursuant to the DBA. The Pipeline is owned and will be operated by the Water Authority. Further, the Project includes the System Improvements being constructed by the Water Authority. These include improvements to existing regional water delivery and treatment system facilities, and the construction of new facilities, to integrate desalinated water into the Water Authority’s system.
2.1.1 **WPA Unit Costs**

Two bond series were issued as part of the 2012 Project Bonds to pay a portion of the costs of constructing the Plant and the Pipeline. The Project Bonds were issued under separate trust indentures. Poseidon is responsible for the $535,345,000 Series 2012 Plant Bonds. The Water Authority, through the Water Authority Financing Agency, is responsible for the $203,215,000 issuance Series 2012 Pipeline Bonds. As the sole purchaser of water from the Plant under the WPA, the Water Authority is required to purchase all product water produced that meets minimum quantity and quality standard specified in the WPA. If it fails to purchase, the Water Authority remains obligated to pay the contracted amount specified in the WPA and to make debt service payments for the Pipeline Bonds. Conversely, if Poseidon fails to produce water that meets the minimum quantity and quality standards, it is required to pay the debt service on the Pipeline Bonds through “contracted shortfall payments” as specified in the WPA and project financing documents.

Under the WPA, the unit price for water includes debt service, equity return, power, and other operations and maintenance costs. These costs are allocated in detail in Appendix 10 of the WPA and include the Fixed Unit Price, the Variable Unit Price, and the Excess Product Water Deliveries Incentive Unit Price. For cost projections, the Minimum Commitment is assumed for deliveries.

Table 2.1 details the scheduled fixed unit charge, which is the sum of (1) the Debt Service Charge, (2) the Equity Return Charge, (3) the Fixed Operating Charge, and (4) the Fixed Electricity Charge. Fixed unit charges are not levied on deliveries over the Minimum Annual Commitment.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Debt Service</th>
<th>Equity Return</th>
<th>Fixed Operating</th>
<th>Fixed Electricity</th>
<th>Total Fixed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015/16</td>
<td>$552.44</td>
<td>$342.86</td>
<td>$435.80</td>
<td>$77.48</td>
<td>$1,408.59</td>
</tr>
<tr>
<td>2016/17</td>
<td>552.44</td>
<td>370.54</td>
<td>442.42</td>
<td>78.43</td>
<td>1,443.83</td>
</tr>
<tr>
<td>2017/18</td>
<td>552.44</td>
<td>398.90</td>
<td>453.48</td>
<td>79.99</td>
<td>1,484.83</td>
</tr>
<tr>
<td>2018/19</td>
<td>552.44</td>
<td>427.98</td>
<td>464.82</td>
<td>81.59</td>
<td>1,526.84</td>
</tr>
<tr>
<td>2019/20</td>
<td>586.92</td>
<td>410.07</td>
<td>476.44</td>
<td>83.23</td>
<td>1,556.66</td>
</tr>
<tr>
<td>2020/21</td>
<td>601.55</td>
<td>420.40</td>
<td>488.35</td>
<td>84.89</td>
<td>1,595.20</td>
</tr>
</tbody>
</table>

Table 2.2 outlines the components of the variable unit charge, which is the sum of (1) the Variable Operating Charge, (2) the Variable Electricity Charge, and (3) the Poseidon Management Fee. The variable unit charge is levied on all water deliveries.
Table 2.2 Carlsbad Seawater Desalination Project Variable Unit Charges ($/AF)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Variable Operating</th>
<th>Variable Electricity</th>
<th>Poseidon Management</th>
<th>Total Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015/16</td>
<td>$112.80</td>
<td>$468.42</td>
<td>$10.75</td>
<td>$591.97</td>
</tr>
<tr>
<td>2016/17</td>
<td>114.52</td>
<td>474.13</td>
<td>10.91</td>
<td>599.55</td>
</tr>
<tr>
<td>2017/18</td>
<td>117.38</td>
<td>483.61</td>
<td>11.18</td>
<td>612.17</td>
</tr>
<tr>
<td>2018/19</td>
<td>120.31</td>
<td>493.28</td>
<td>11.46</td>
<td>625.06</td>
</tr>
<tr>
<td>2019/20</td>
<td>123.32</td>
<td>503.15</td>
<td>11.75</td>
<td>638.22</td>
</tr>
<tr>
<td>2020/21</td>
<td>126.41</td>
<td>513.21</td>
<td>12.04</td>
<td>651.66</td>
</tr>
</tbody>
</table>

Appendix 10 also identifies the unit amount of “Contracted Shortfall Payments.” These identified unit amounts provide a sound and convenient basis for allocation of Pipeline Bond costs to the Water Authority’s volumetric Transportation rate. The Contracted Shortfall payments only apply to the Minimum Commitment. The Contracted Shortfall Payments are not levied on deliveries over the Minimum Commitment. Based on estimated production of 16,295 AF in CY 2015, the Transportation related unit costs of $209.64 per acre-foot are based on Contracted Shortfall Payments. Table 2.3 shows the Contracted Shortfall Payments for the next six fiscal years.

Table 2.3 presents the Contracted Shortfall Payment unit costs.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Contracted Shortfall Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015/16</td>
<td>$209.64</td>
</tr>
<tr>
<td>2016/17</td>
<td>209.68</td>
</tr>
<tr>
<td>2017/18</td>
<td>209.71</td>
</tr>
<tr>
<td>2018/19</td>
<td>222.98</td>
</tr>
<tr>
<td>2019/20</td>
<td>228.98</td>
</tr>
<tr>
<td>2020/21</td>
<td>234.13</td>
</tr>
</tbody>
</table>

3.0 COST OF SERVICE REVIEW

The purpose of this Phase II cost of service analysis is to provide a quantifiable basis for distributing the full costs of the Project facilities, operations, and capital investments to appropriate rate structure components and rate categories. The Water Authority currently maintains a mix of fixed and variable revenues components and has five functional rate categories that correspond to the services it provides. These components and categories
are intended to mirror the nature in which expenditures are incurred in accordance with industry practice and cost of service requirements.

### 3.1 Carollo Independent Review Process

In performing its independent analysis, Carollo reviewed information and data sufficient to allow it to make the independent professional judgments stated in this report, including: Fiscal Sustainability Task Force documents and presentations; Member Agency Cost of Service Phase II Workgroup presentations and support files; Water Authority financial data; Water Authority Board memoranda, presentations, and directions regarding the Project and Project cost allocations; the WPA; the DBA; the Limited Offering Memorandum for the Plant and Pipeline Bonds; and engineering and cost data for the System Improvements. In addition, Carollo reviewed its May 2013 Reports. Carollo has relied upon budget and debt projections provided by the Water Authority staff provided Carollo all requested information Carollo deemed necessary for the conduct of its independent review. Additionally, Carollo worked with Water Authority Finance staff to review potential impacts of the cost of service methodology and process. This analysis reviews the conclusions of work and policy determinations made by others, including other rate consulting firms and Water Authority staff and policy makers.

### 3.2 Existing Rates and Charges

To determine the appropriate means for cost allocation and recovery, it is necessary to evaluate the Water Authority existing rates and charges. The Water Authority volumetric rates are comprised of commodity rates that are collected monthly per unit of metered water delivered to each agency (e.g., the Supply, Transportation, and Treatment rates) and fixed commodity rates that are apportioned among the member agencies according to their respective three-year rolling average of water purchases from the Water Authority (e.g., the Customer Service and Storage Charges).

In addition to the volumetrically measured rates, the Water Authority has an Infrastructure Access Charge (IAC) designed to generate, in combination with ad valorem property tax and water availability standby charge revenue, a minimum 25 percent ratio of fixed revenues to fixed expenditures. The IAC is an annual service charge imposed on member agencies and apportioned based on their respective total connected meter capacity, a measure of an agency’s maximum potential to take water from the Water Authority.

As we evaluate how to best allocate the Project costs, it is necessary to review the existing rate and charge (cost of service) component definitions. A description of each water rate and charge category is as follows:

- **Customer Service:**
  The Customer Service charge is a commodity based charge set to recover costs that are necessary to support the functioning of the Water Authority, to develop policies and to implement system-wide programs.
• **Storage:**
  The Storage charge is a commodity based charge set to recover costs associated with the Emergency Storage Program (ESP) and Carryover Storage Program (CSP). The ESP and CSP include a system of reservoirs, interconnected pipelines, and pumping stations. The programs are designed to maintain water availability to the San Diego region in the event of an interruption in imported water deliveries and in the case of the CSP to provide operational flexibility and drought protection.

• **Supply:**
  The Supply rate recovers the cost of water supply incurred by the Water Authority, including the full cost of purchase of water from the Metropolitan Water District of Southern California (MWD) at the delivery point, payments to the Imperial Irrigation District for transfer of conserved water, costs associated with obtaining conserved water from the Coachella Canal and the All-American Canal lining projects, costs of MWD wheeling for non-MWD water supplies (e.g. QSA supply exchange costs), certain desalination costs and other costs associated with acquisition of supplies and implementation of the Quantification Settlement Agreement (QSA).

• **Transportation:**
  The Transportation rate is set to recover capital, operating, and maintenance costs of the Water Authority’s water delivery facilities, including all facilities used to transport the water to member agency meters.

• **Treatment:**
  The Treatment rate is designed to recover the Water Authority’s cost of treating water. The Melded Treatment Rate includes the costs of purchasing treated water from MWD, the operating and capital costs associated with the Water Authority’s agreement with Helix Water District’s Levy Water Treatment Plant, operating costs associated with the Olivenhain Treatment Plant, the operating and capital costs associated with the Twin Oaks Valley Water Treatment Plant, and desalinated water costs allocated to this rate.

### 3.3 Background on Existing Rates and Charges

The Water Authority sets water rates and charges, when combined with other revenues that are sufficient to pay operating expenses, provide for maintenance and repair of facilities, provide for payment of principle and interest on debt, and provide reasonable reserves consistent with bond covenants and sound fiscal management. As required by law, the Water Authority sets rates and collects other revenues to meet all reasonably anticipated costs of its operations.

On June 27, 2002, the Water Authority adopted Ordinance No. 2002-03 establishing the current revenue structure, which consists of: ad valorem property taxes, including payments of member agencies in lieu of taxes; a Water Standby Availability Charge levied pursuant to § 5.2 of the County Water Authority Act; an Infrastructure Access Charge imposed on member agencies as a condition of maintaining connections to Water Authority facilities; a
capacity charge levied pursuant to § 5.9 of the County Water Authority Act; and rates and charges for delivery and supply of water, use of facilities, and provision of other services. With the development of the Twin Oaks Valley Water Treatment Plant, Treatment was later added as the final functional rate category in 2006. This revenue structure is reflected in § 5.00.050 of the Water Authority Administrative Code.

3.4 Key Governing Board Policies

In setting its rates and charges, the Water Authority must meet cost of service requirements, in which rates and charges may not exceed the reasonable cost of providing the services, as well as clearly demonstrating the nexus between the costs allocated and services provided to customers. In doing so, the Water Authority must also consider sound budgeting practices and fiscal and resource management objectives, such as: assuring a reasonable mix of fixed and variable revenues, maintaining low cost access to financing, avoiding rate spikes, and managing resource use through appropriate pricing of water and resources. Carollo's May 2013 Reports addressed the appropriateness of the Water Authority's rate structure and rates and charges in connection with the Water Authority's CY 2014 rate setting process.

As the Water Authority incorporates Project costs into its rates and charges, the rates must also adhere with adopted Board policies, which implement the policy objectives noted in the previous paragraph along with cost of service requirements. These policies serve as the basis for the determination of the total revenue requirement as well as the proportion of the revenue requirement to be recovered by fixed charges and variable commodity rates. Several key Board Policies are highlighted below and can be found in the appendix of this report.

3.4.1 Infrastructure Access Charge

In 1998, Resolution No. 98-26, the Board established the Infrastructure Access Charge (IAC). The intent of the IAC is to provide the Water Authority with a more appropriate balance of fixed and commodity revenues. Prior to the implementation of the IAC, the Water Authority’s revenues had a greater dependency on variable revenues that fluctuated with demand and did not adequately align with the existing cost structure. As such, the IAC was designed to be independent of commodity sales and the new business development cycle and generate a minimum 25 percent ratio of fixed revenues to fixed expenditures. The IAC is a fixed monthly charge and is based on meter size. Resolution No. 98-26 is included as Appendix A.

3.4.2 Existing Rate Structure

As discussed in the May 2013 Reports, the Water Authority’s existing rate structure includes fixed and variable components. The fixed water rate categories are comprised of the Storage and Customer Service charges. The variable water rate categories encompass the Transportation, Melded Treatment, and Melded Supply rates. These rates are in
addition to the IAC and Capacity Charge. In addition, the Water Authority collects property taxes and standby charges which operate along with the IAC to offset the revenue requirement.

3.4.3 Financial Management Amendment (2006)

In 2006, following the recommendations of the Rate Model Working Group (RMWG) and Administrative and Finance Committee, the Board amended the Water Authority’s financial policies regarding the Rate Stabilization Fund (RSF) and Debt Service Coverage Ratio (DSCR). As part of the amendments, the Board established a target funding level for the RSF that better protects the Water Authority against the financial impact of 2.5 years of wet weather (3.5 years max). In addition, it established a target DSCR of 1.50x, which is above the minimum legal bond covenant of 1.20x.

The overall benefits of the amendments included reduced rate volatility, increased protection against wet weather, a transparent and flexible RSF framework, and increased cash funding of the CIP. The RSF also provides a mechanism for rate smoothing and source of emergency funding, as necessary. Furthermore, it strengthened key financial ratios—higher debt service coverage ratio, decreased debt ratio and increased cash days—to support the maintenance of the Water Authority’s AA+ credit ratings and access to lower rates. The Board Action, implementing the Rate Model Work Group Financial Policy Proposal is included as Appendix C.

3.5 Overview of Cost of Service Requirements

The Water Authority’s rates must adhere to California constitutional and statutory requirements. In general, California law requires agencies imposing water rates and charge to demonstrate a nexus between the cost of providing services and the service or benefits received. Beyond the cost-of-service requirements imposed by the constitution and general statutory law, the Water Authority must also adhere to the County Water Authority Act.

Section 7 (j) of the County Water Authority Act states that the “board of directors, so far as practicable, shall fix such rate or rates for water as will result in revenue which will pay the operating expenses of the authority, provide for repairs and maintenance, and provide for the payment of interest and principal of the bonded debt.” The revenue requirement (e.g., “costs”) described in this report is grounded on this statutory requirement, the Water Authority’s General Resolution, and sound fiscal management. These costs are then apportioned to the member agencies through the allocation to the fixed charges and variable rates described in the adopted rate structure according to service function. The apportionment is accomplished in accordance with standards established by California law, including the provisions summarized below, which, while stated a bit differently, essentially describe the same cost of service standard.

Proposition 26 – This proposition was adopted by the voters in November 2010. Among other things, it amended California Constitution article XIII C, section 1 to add a definition of
“tax.” As defined by Proposition 26, a tax means “any levy, charge, or exaction of any kind imposed by a local government” with certain enumerated exceptions. There are two applicable exceptions:

- The exception for a “charge imposed for a specific benefit conferred or a privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege,” and

- The exception for a “charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.”

Proposition 26 establishes that: “The local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.”

**Government Code Section § 50076** – This section of the Government Code was adopted in 1979, following the adoption of Proposition 13 in 1978. It provides that special taxes “shall not include any fee which does not exceed the reasonable cost of providing the service or regulatory activity for which the fee is charged.”

**Government Code Section § 54999.7** – This is another section that grounds public agency rate setting on cost of service principles and states that fees “for public utility service, other than electricity or gas, shall not exceed the reasonable cost of providing the utility service.” It also provides that the fees will be “established in consideration of service characteristics, demand patterns, and other relevant factors.”

**County Water Authority Act Section 5 (13)** – This provision of the County Water Authority Act provides that in setting rates, “the board may establish reasonable classifications among different classes and conditions of service, but rates shall be the same for similar classes and conditions of service.” The Water Authority’s General Counsel has advised Carollo that this provision requires that rates be non-discriminatory and that differences in rates or rate apportionment be based on service differences, such as with the non-allocation of storage charge to agricultural customers. The General Counsel has also advised that this section may be construed consistently with the Constitutional and statutory cost of service requirements described above.

Cost of service principles are also established through industry standards. The AWWA established a general set of principles used to guide the development of water rates. These principles were developed and published in the *M1 Manual – Principles of Water Rates,*
Fees, and Charges. These guiding principles outline a consistent, universal approach and minimum standard that is employed by most agencies when setting rates and charges. The M1 Manual denotes that there is no prescribed single approach for establishing cost-based rates. Rather, agencies must exercise judgment to align rates and charges with local conditions and requirements, as well as applicable state law.

Together the industry standards and laws establish the cost of service requirements applied by Carollo in this report in forming its opinion that the Water Authority rates and charges are cost based and fairly, reasonably, and quantified and allocated to comply with the legal requirements outlined in Report Section 3.5

4.0 DISCUSSION

The Project was planned and designed to provide a secure additional water supply to the Water Authority. The Project is comprised of a water production facility, the Plant, and water conveyance facilities, the Pipeline and System Improvements. Based on this understanding and the Water Authority’s existing cost of service methodology and cost center definitions Plant costs should be allocated primarily to Supply with a small portion allocated to Treatment. This is implemented through the CY 2015 melded Supply and Transportation rate adjustments. The Board deferred the issue of allocation of a portion of Plant debt and equity payments to fixed charges to later rate setting in CY 2016 following further review by the Administrative and Finance Committee. This choice to defer is reasonable and consistent with cost of service requirements.

4.1 Criteria for Findings and Recommendations

To confirm the appropriateness and general application of the cost of service requirements discussed above to the Board policies and direction regarding recovery of Project costs Carollo applied the following framework throughout the review:

- Does the desalination project cost allocation approach result in a fair, reasonable, and quantifiable connection between cost of service and benefit received?
- Is the allocation approach and methodology consistent with standards established in the AWWA M1 manual, meet does it Board policies, and does it adhere to applicable legal requirements?
- Have the policies and standards been applied consistently by the Water Authority? Is it likely that the allocation approach will be appropriate for use by the Water Authority in the future?

4.2 Challenges in Delineating Project Costs

The 56,000 AF of water produced by the plant through a single desalination process provides multiple benefits because the water supply is highly reliable and the product water meets state and federal drinking water standards by virtue of the production process.
In order to allocate costs, the Plant’s costs must firstly be defined as either separable or non-separable. If the Plant’s costs are deemed non-separable, then the costs will be allocated to and recovered through the primary benefit. Alternatively, should the costs be defined as separable, then a split-off point or points must be defined and its benefit quantified. A split-off point is the stage of a process at which the different individual benefits can be separately identified. This issue is discussed in section 4.3. The Pipeline presents a different set of cost allocation issues, primarily relating to application of existing rate structure policies. These are discussed in section 4.4.

The categorizations differ in their definition of separable and non-separable costs as well as delineated split-off points.

4.3 Desalination Plant

The Plant is a water production facility that will provide up to 56,000 AF of local supply to the Water Authority’s water portfolio and is part of the Water Authority’s plan to increase local water supplies and water reliability. Furthermore, environmental documentation and planning studies established the project purpose as new supply. Utilizing the unit costs presented in Report Section 2.1.1, the projected CY 2015 Plant cost required to be allocated to rates is estimated to total $32.6 million based on an estimated delivery of 16,295 AF. That cost is divided between the Melded Supply and Melded Treatment rates.

4.3.1 Categorization as Supply

This categorization focuses on the primary purpose of the Plant, which is to provide a new, reliable water supply. However, there are also incidental benefits to other Functional Rate Categories, these incidental benefits result from and are dependent on the Project’s water production. As the incidental benefits are dependent and cannot be separated, the costs of the Plant are therefore assumed non-separable.

As detailed in Report Section 3.2, the Supply rate recovers the cost of water supply incurred by the Water Authority, including the full cost of purchase of water from the MWD at the delivery point, payments to the Imperial Irrigation District for transfer of conserved water, costs associated with obtaining conserved water from the Coachella Canal and the All-American Canal lining projects, costs of wheeling for non-MWD water supplies through the MWD system, and other costs associated with acquisition of supplies and implementation of the Quantification Settlement Agreement (QSA). The Plant costs fit within the Supply function.

Given the nature of the desalination process and the created supply, there is no identifiable split-off point. As such, it is fair and reasonable to define the Desalination Plant costs as non-separable. As previously stated, cost allocation considerations arise as two or more benefits emerge from a single production process. As no split-off point can easily be defined and as the primary purpose and benefit of the Desalination project is supply, there are no direct or specific “Treatment” components to allocate.
Based on the forecasted costs and plant output, the Plant will produce an estimated 16,295 AF at a cost of $32.6 million of which $28.07 million is allocated to Supply (See Section 4.3.2). These costs are consistent with those detailed in Report Section 2.1.1 and Appendix 10 to the WPA. For CY 2015, the Total Supply costs are projected to total $376.6 million. The Water Authority projected sales of 493,000 AF at a cost of $340.4 million. By dividing the total supply cost by total water sales, an acre-foot cost of $764 is calculated.

Table 4.1 details the water purchases and costs associated with the CY 2015 Melded Supply Rate.

<table>
<thead>
<tr>
<th>Table 4.1 Proposed Calendar Year 2015 Melded Supply Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Projected Acre-Foot Sales (A/F) (000's)</strong></td>
</tr>
<tr>
<td>MWD Tier I</td>
</tr>
<tr>
<td>IID</td>
</tr>
<tr>
<td>Canal Water Delivery Costs</td>
</tr>
<tr>
<td><strong>Carlsbad Desalination Plant Production</strong></td>
</tr>
<tr>
<td>Total A/F Sales</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Water Purchase Costs ($ Millions)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>MWD Tier 1 Water</td>
</tr>
<tr>
<td>IID Water Purchases &amp; Wheeling</td>
</tr>
<tr>
<td>Canal Water Purchases &amp; Wheeling</td>
</tr>
<tr>
<td><strong>Desalination Plant Supply Costs</strong></td>
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<tr>
<td>Subtotal Water Purchase Costs</td>
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<table>
<thead>
<tr>
<th><strong>Additional Costs ($ Millions)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply Revenue Requirement</td>
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<td>IID Socioeconomic</td>
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<td>QSA Environmental</td>
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<td>Groundwater Storage</td>
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<td>Subtotal Other Costs</td>
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<table>
<thead>
<tr>
<th><strong>Total Supply Cost</strong></th>
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</thead>
<tbody>
<tr>
<td>$376.6</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Proposed A/F Rate (Total Supply Cost /Total A/F Sales)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$764</td>
</tr>
</tbody>
</table>
4.3.2 **Allocation of Supply Costs as Treatment Benefit**

Although the desalination process does not facilitate a split-off point to determine treatment costs, there are other methods to delineate or allocate indirect benefits. Under the Supply categorization, an issue known as the “free rider” dilemma arises. In this case, untreated customers would pay for the Plant production of water that meets drinking water standards without further water treatment and treatment customers would receive the treatment benefit at no cost. The segregation of the incidental treatment benefit from the supply benefit is done so that all water users pay for the benefit they receive.

One solution or approach in dealing with multiple benefits is to identify an agreeable split-off point, therefore delineating costs or functions within the Plant. This defined split off point would provide a basis for separating the Plant costs to all beneficiaries. However, as noted previously, the basic function and purpose of the Plant is to produce a water supply, and the desalination process for water production provides an incidental benefit because the produced water meets drinking water standards without further treatment.

Identifying a split-off point, it is very challenging when both supply and treatment are accomplished within a single production process. As no additional process is necessary or readily identifiable, the defined split-off point will be based on cost of service and accounting principles.

### 4.3.2.1 Workgroup Recommendation - Benchmarking to Other Treatment Costs

This is the approach settled upon by the Workgroup as the methodology used to calculate the treatment benefit of the Plant. The Water Authority currently has defined treatment costs as those associated with treatment costs from MWD, Helix, and the Water Authority’s own treatment operations. Under this approach the “benchmark” is set utilizing the existing Melded Treatment Charge (the average cost of treatment) to define a reasonable cost per acre-foot for the Treatment benefit provided by the Plant. As such, the Plant costs of treatment do not alter the average cost of treatment or the Melded Treatment rate. As treatment costs cannot be removed without removing the supply, this approach uses the existing rate as a proxy to provide an existing and clearly defined nexus between the cost incurred and the benefit provided. With the recommended Melded Treatment Rate of $278/AF and a production level of 16,295 AF, treatment revenues will offset $4.53 million of the Plant’s total cost of $32.6 million.

Carollo finds that this approach is consistent with cost of service requirements. Benchmarking provides a clear, understandable, and strong nexus of benefit given the non-separable nature of the Plant’s costs. As there is no definable delineation between treatment and supply at the Desalination Plant, the avoided or incremental cost options rely too heavily on engineering and financial assumption. Benchmarking to other treatment costs provides a consistent, cost of service, and historically founded cost nexus to calculate a reasonable apportionment to treatment.
Two other methods were evaluated and rejected in favor of the Benchmark approach. These were the Incremental Cost and Avoided Cost approaches discussed next.

### 4.3.2.2 Other Methodologies Considered

The Incremental Cost approach would define the split-off point at an assumed point between the production of untreated and treated water. Supply would be allocated to the portion of the costs to produce untreated water and then Treatment would be allocated to the remaining incrementally. Engineering and financial based assumptions would be utilized to define a reasonable and appropriate line or point at which to delineate supply from treatment. If an acceptable point could be determined, this approach would provide a reasonable basis for defining the value or cost difference between untreated water and treated water. As stated previously and discussed within the Cost of Service Workgroup, given the desalination process, treatment costs cannot be removed without removing the supply, as such even with developed engineering assumptions a cost-benefit nexus is difficult to support for this Project.

Another approach considered was avoided costs. When the estimate of a split-off point cannot be made or is unduly burdensome to make, joint costs may be considered the difference between the multi-purpose cost and the sum of the specific costs for each purpose. As the Plant produces a multi-purpose benefit (Treated Supply), a final option is to base Treatment’s potential benefit cost allocation of the Desalination Plant by calculating an avoided cost. Under this option, a unit cost is defined based on the “would be” capital and operating costs associated with development of separate supply and treatment facilities.

However, this approach does not appropriately acknowledge that the primary purpose of the Plant is to produce water supply and the Water Authority does not avoid any alternative treatment costs. The treatment benefit is incidental to the supply purpose, not the other way around. Additionally, the Water Authority already has the TOVWTP. As the Plant already exists, it could be argued that the Water Authority is not avoiding any costs associated with the “hypothetical” treatment facility. Simply, the implied untreated water supply could be treated at the existing TOVWTP.

### 5.0 DESALINATION PIPELINE

During its discussions, the Workgroup determined that it was reasonable to consider the Pipeline costs as a transportation expense. This section of the report details the rationale behind this determination and its accordance with cost of service requirements and existing Board policies.

#### 5.1 Categorization to Transportation

As the Pipeline is funded through a separate bond series and serves a separate function from the Desalination Plant, there is a clear and appropriate separation of costs between
production and conveyance. This separation occurs at the point of delivery. The WPA defines the delivery point (Product Water Delivery Point) as the point at which the Pipeline (Product Water Pipeline) meets the Plant Site property line. This is consistent with the approach presented to the Cost of Service Workgroup on November 11, 2013 and it is our understanding that the member agency representatives concurred with this approach. Additionally, the identified separation of costs between the Plant and the Pipeline is reasonable as both the costs and functions differ.

Based on the existing Transportation rate definition (a rate to recover capital, operating, and maintenance costs of the Water Authority’s water delivery facilities, including all facilities used to physically transport the water to member agency meters), the Pipeline can be reasonably viewed as an appropriate and reasonable cost to allocate to Transportation. The estimated CY 2015 Pipeline costs are $3.4 million.

Table 5.1 outlines the Transportation rate that is charged to member agencies based on water deliveries.

<table>
<thead>
<tr>
<th>Table 5.1 Proposed Calendar Year 2015 Transportation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service</td>
</tr>
<tr>
<td><strong>Desalination Pipeline Debt</strong></td>
</tr>
<tr>
<td>Operating Cost + Miscellaneous Cost Recovery</td>
</tr>
<tr>
<td>Gross Revenue Requirements</td>
</tr>
<tr>
<td>Less: Offsetting Revenues</td>
</tr>
<tr>
<td>Capital Offsets</td>
</tr>
<tr>
<td>Operating Offsets(^{(3)})</td>
</tr>
<tr>
<td>Revenue Requirement before Coverage</td>
</tr>
<tr>
<td>Coverage &amp; Reserve Driven Needs</td>
</tr>
<tr>
<td><strong>Total Revenue Requirement(^{(1)})</strong></td>
</tr>
<tr>
<td><strong>Projected Acre Feet Sales(^{(2)})</strong></td>
</tr>
<tr>
<td><strong>Proposed AF Rate (Total Transportation Cost /Total AF Sales)</strong></td>
</tr>
</tbody>
</table>

Notes:
(1) Expenditures are presented in million dollars and may not foot due to rounding
(2) Project AF sales is reduced by water taken directly from MWD
(3) Assumes Pipeline debt included in IAC

### 5.1.1 Pipeline Considerations

It may be necessary to review the possible bearing this allocation methodology may have on different users. Under separate agreements with the Water Authority, two Water
Authority member agencies (Vallecitos Water District and Carlsbad Municipal Water District) will purchase a combined total of 6,000 AF of the desalinated water as their own local supply. These agencies will be taking a direct connection off the Pipeline. A direct supply of desalinated water is considered by the Water Authority as a local resource for water shortage and drought response plans, and is thereby not subject to MWD or Water Authority imported water cutbacks. Carollo has been advised that the Board has previously adopted a standard form of agreement that assures full proportionate cost recovery for Plant and Pipeline costs from agencies having direct take agreements.

5.1.2 Infrastructure Access Charge

Once the cost of service categorization of project costs is complete, the Board must determine how to appropriately recover the necessary funds from its member agencies. The annual revenue requirements for each rate and charge category are recovered from the member agencies based on water demands and capacity requirements, which is defined based on each agency’s total meter equivalents. Whereas the 2014 Cost of Service Report details each of the available rates and charges, for purposes of Desalination cost recovery, the discussion will focus on the recovery of the Plant debt and equity payments and Pipelines debt expense through the commodity charge (Melded Supply and Transportation Rates), as well as through the IAC.

The Board’s direction for CY 2015 is to allocate the Plant’s debt and equity payments to Supply and recover them solely through the Melded Supply Rate. Although the March 27th Board Action did not address the Pipeline debt, it is reasonable and in alignment with existing Board policy to recover the Pipeline cost through the Transportation Rate and IAC.

As the Pipeline debt is held by the Water Authority, this expense should be recovered through a combination of the Transportation commodity rate and the IAC. Consistent with existing Board policy, the IAC is comprised of 25 percent of the forecasted fiscal year 4-year average of Debt Service (long- and short-term debt) and 80 percent of forecasted 4-year average O&M costs, times 110 percent. Based on the forecasted four-year average fiscal year Pipeline debt expenses of $6.2 million and following this methodology for CY 2015, the IAC would increase by $1.7 million.

In addition, revenues collected through the IAC provide a commensurate revenue offset against the total revenues that must otherwise be collected annually from water rates and charges. This application methodology remains unchanged and is consistent with existing Board policy.
Table 5.2 shows the forecasted 4-year average debt expense.

**Table 5.2 Calculation of Pipelines 4-Year Average Debt Expense**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Contracted Shortfall Payment</th>
<th>Fiscal Year Production (AF)</th>
<th>Total Cost</th>
<th>4-Year Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014/15</td>
<td>$209.64</td>
<td></td>
<td>$ -</td>
<td>$6,173,726</td>
</tr>
<tr>
<td>2015/16</td>
<td>209.64</td>
<td>33,775</td>
<td>7,080,591</td>
<td></td>
</tr>
<tr>
<td>2016/17</td>
<td>209.68</td>
<td>42,000</td>
<td>8,806,422</td>
<td></td>
</tr>
<tr>
<td>2017/18</td>
<td>209.71</td>
<td>42,000</td>
<td>8,807,894</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.3 details the proposed IAC calculation methodology for CY 2015.

**Table 5.3 Infrastructure Access Charge Calculation**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Term Debt Service</td>
<td>$131.74</td>
</tr>
<tr>
<td>Misc LTD Fees</td>
<td>0.02</td>
</tr>
<tr>
<td>Total Short Term Debt Service and Costs</td>
<td>12.52</td>
</tr>
<tr>
<td><strong>Pipeline Desalination Debt Service</strong></td>
<td>6.17</td>
</tr>
<tr>
<td>Administration and Maintenance times 80%</td>
<td>38.19</td>
</tr>
<tr>
<td>Transportation O&amp;M times 80%</td>
<td>0.00</td>
</tr>
<tr>
<td>Total Local Supply Development Costs times 80%</td>
<td>2.87</td>
</tr>
<tr>
<td>ESP Evaporation and System Losses times 80%</td>
<td>3.33</td>
</tr>
<tr>
<td><strong>Total Fixed Costs</strong></td>
<td>$194.84</td>
</tr>
<tr>
<td><strong>Total Fixed Costs Times 110% Times 25%</strong></td>
<td>$53.58</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
</tr>
<tr>
<td>Other Tax Receipts</td>
<td>($11.85)</td>
</tr>
<tr>
<td>Standby Availability Charge Rev</td>
<td>(11.31)</td>
</tr>
<tr>
<td><strong>Remaining Fixed Cost Need (IAC Revenue)</strong></td>
<td>$30.42</td>
</tr>
<tr>
<td><strong>Number of Meter Equivalents (ME) Used in Calculation</strong></td>
<td>917,630</td>
</tr>
<tr>
<td><strong>Proposed CY 2015 IAC Per Meter Equivalent (Monthly in dollars)</strong></td>
<td>$2.76</td>
</tr>
</tbody>
</table>

**Notes**
(1) Presented in million dollars, calculations in tables may not foot due to rounding
6.0 FINDINGS

Based on the independent review performed for this rate study, Carollo has found the Water Authority Board’s CY 2015 recommendation for appropriating costs associated with the Carlsbad Desalination Plant is appropriate and consistent with AWWA cost of service principles, industry best practices, Board policies, and California legal requirements. Carollo’s findings for this study are as follows:

- Allocation to the Melded Supply Rate for CY 2015 of Project costs associated with the Plant is reasonable and consistent with cost of service requirements and Water Authority rate structure policies.
- Allocation to the Melded Treatment Rate of a portion of the Plant costs as recommended by the Workgroup is reasonable and consistent with cost of service requirements and Water Authority rate structure policies.
- Allocation to the Transportation Rate and Infrastructure Access Charge of Project costs associated with the Pipeline is reasonable and consistent with cost of service requirements and existing Water Authority rate structure policies.
- Allocation to the Transportation Rate and Infrastructure Access Charge of the System Improvements in accordance with existing Water Authority rate structure policies is reasonable and consistent with cost of service requirements.
RESOLUTION NO. 2014-

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY FIXING THE TIME AND PLACE FOR A PUBLIC HEARING TO CONSIDER: (1) CHANGES TO THE RATES AND CHARGES FOR DELIVERY AND SUPPLY OF WATER, AND (2) CONTINUING THE EXISTING STANDBY AVAILABILITY CHARGE (3) CHANGES TO THE SYSTEM AND TREATMENT CAPACITY CHARGES.

WHEREAS, pursuant to the County Water Authority Act, the Board of Directors has adopted resolutions and ordinances setting rates and charges for delivery and supply of water, use of facilities and provision of other services; and

WHEREAS, the Director of Finance has provided a report recommending increases of Water Authority rates and charges a copy of which has been filed with the Clerk of the Board; and

WHEREAS, the Board of Directors desires to set a public hearing to consider comments regarding continuing the existing rates and charges

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of the San Diego County Water Authority as follows:

1. The foregoing recitations are true and correct.

2. A public hearing will be held by the Board of Directors of the San Diego County Water Authority Administrative and Finance Committee on June 26, 2014, at 9:00 a.m., or as soon thereafter as the matter may be heard, in the Board Room of the Water Authority at 4677 Overland Avenue, San Diego, California 92123, to consider changes to the rates and charges for delivery and supply of water, use of facilities, and provision of other services as determined necessary by the Director of Finance

3. The Clerk of the Board is directed to cause the following notice to be published pursuant to Government Code Section 6066 in the newspapers of general circulation stated in paragraph 5, below:

Legal Notice

Notice is hereby given that the San Diego County Water Authority Board of Directors Administrative and Finance Committee will hold a public hearing at June 26, 2014, at 9:00 a.m. or as soon thereafter as may practicably be heard, at its offices located at 4677 Overland Avenue, San Diego, CA 92123. The purpose of the hearing is to hear objections, protests or comments from the public about proposed and recommended water rates and charges as specified below. The Water Authority also intends to continue the water standby availability charge at it existing level, and to levy property taxes as authorized by law. For further details see the memorandum dated May 14, 2014 on file with the Clerk of the Board.
The following rates and charges will be effective July 1, 2014:

**Standby Availability Charge.** The County Water Authority Act limits the maximum annual Standby Availability Charge to $10 per acre or parcel, whichever is greater. Beginning before November 6, 1996, the Water Authority has determined that the maximum annual standby availability charge should be levied on property within the Water Authority’s service area. To provide necessary funding for the CIP, the General Manager recommends that the charge continue at the $10 maximum for fiscal year 2014-2015. The Standby Availability Charge rate is effective July 1, 2014. The amount of this charge has not changed since the adoption of Proposition 218 in 1996. The justification for imposition of this charge is the same as for when the charge was initially levied and as it was imposed before November 6, 1996.

The following rates and charges are being proposed effective on January 1, 2015:

**Melded Untreated Supply Rate.** The Melded Untreated Supply Rate will be set to recover the costs of purchasing Tier 1 water from MWD, water purchases from IID, payments in connection with the All-American and Coachella Canal lining projects, payments to MWD under the 2003 Exchange Agreement for conveyance of IID and Canal Lining water, and may include other costs specifically associated with the acquisition of the IID supply source, cost recovery for supply costs previously incurred but not charged, costs for acquisition of desalinated water pursuant to a water purchase agreement, and other supply costs. For CY 2015, the Melded Supply Rate may increase from its current level of $732/AF to $764/AF or an additional amount not to exceed $773/AF.

**Melded Treatment Rate.** The Melded Treatment Rate will be set to recover the costs of treating water for the Water Authority and may include costs of purchasing treated water from MWD, and the Levy and Olivenhain treatment plants and may recover certain other costs associated with the delivery of treated water, including certain costs of desalinated water. For CY 2015, the Melded Treatment Rate may increase from its current level of $274/AF to $278/AF.

**Transportation Rate.** The Transportation Rate is a uniform rate set to recover capital, operating and maintenance costs of the Water Authority’s aqueduct system including all facilities used to physically transport the water to member agency meters. The Transportation Rate is charged to each acre-foot of water delivered by the Water Authority as it occurs. For CY 2015, the Transportation Rate may increase from its current level of $97/AF to $101/AF.

**Water Authority’s Transitional Special Agricultural Water Program Rates.** Upon direction of the Board to continue the Water Authority’s Transitional Special Agricultural Water Program Rates through CY 2015, the untreated agricultural water rate may decrease from its current level of $593/AF to $582/AF in CY 2015. The treated agricultural water rate may decrease from $867/AF in CY 2014 to $860/AF in CY 2015.
Infrastructure Access Charge. The infrastructure access charge is imposed on member agencies as a condition of maintaining connections to Water Authority facilities. It is apportioned based on retail water meters within each agency. For CY 2015, the infrastructure access charge may increase from its current level of $2.68/ME to $2.76/ME. ME means meter equivalent as defined in the resolution establishing the Infrastructure Access Charge.

Customer Service Charge. The Customer Service Charge is set to recover costs that are necessary to support the functioning of the Water Authority, to develop policies and implement programs that benefit the region as a whole. The Customer Service Charge will be allocated among the member agencies on the basis of each agency’s three-year rolling average of member agency purchases from the Water Authority (excludes member agency wheeled water). For CY 2015, the Customer Service Charge is recommended to remain at its current level of $26.4M.

Storage Charge. The Storage Charge is set to recover costs associated with the Emergency Storage Program. The Storage Charge is based on all non-agricultural water deliveries and will be allocated among the member agencies using a pro rata share of each agency’s three-year rolling average deliveries (including all users, member agencies and third-party wheeling throughput). For CY 2015, the Storage Charge is recommended to remain at its current level of $63.2M.

System Capacity Charge. This charge recovers a portion of the capital costs for the conveyance and storage facilities necessary to operate the delivery system. Application of the methodology to the conveyance and storage system capital facilities results in no change from its current charge of $4,681 for each new meter equivalent.

Water Treatment Capacity Charge. This charge recovers a portion of the regional water treatment facility to be collected from all future users of the facility. In keeping with the Water Authority’s policy of exempting agencies that cannot benefit from a service, the Water Treatment Capacity Charge excludes customers from the City of Escondido, City of Del Mar, and City of Poway. The Water Treatment Capacity Charge is recommended to remain at its current level of $119 for each new meter equivalent connected to the treated water system.

Table 5 presents a summary of the proposed Capacity Charge schedule effective on January 1, 2015.
### Table 5 Summary of Water Authority Capacity Charges

<table>
<thead>
<tr>
<th>Meter Size (Inches)</th>
<th>Factor</th>
<th>System Capacity Charge</th>
<th>Water Treatment Capacity Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 1&quot;</td>
<td>1.0</td>
<td>$4,681</td>
<td>$119</td>
</tr>
<tr>
<td>1&quot;</td>
<td>1.6</td>
<td>7,490</td>
<td>190</td>
</tr>
<tr>
<td>1.5&quot;</td>
<td>3.0</td>
<td>14,043</td>
<td>357</td>
</tr>
<tr>
<td>2&quot;</td>
<td>5.2</td>
<td>24,341</td>
<td>619</td>
</tr>
<tr>
<td>3&quot;</td>
<td>9.6</td>
<td>44,938</td>
<td>1,142</td>
</tr>
<tr>
<td>4&quot;</td>
<td>16.4</td>
<td>76,768</td>
<td>1,952</td>
</tr>
<tr>
<td>6&quot;</td>
<td>30.0</td>
<td>140,430</td>
<td>3,570</td>
</tr>
<tr>
<td>8&quot;</td>
<td>52.0</td>
<td>243,412</td>
<td>6,188</td>
</tr>
<tr>
<td>10&quot;</td>
<td>78.0</td>
<td>365,118</td>
<td>9,282</td>
</tr>
<tr>
<td>12&quot;</td>
<td>132.0</td>
<td>$617,892</td>
<td>$15,708</td>
</tr>
</tbody>
</table>

The following MWD rates and charges are passed on directly or allocated to the member agencies as follows:

**MWD Capacity Charge.** For CY 2015, the Capacity Charge is $11,100 per cubic foot second (cfs) of maximum daily flow requested by a MWD member agency. The Capacity Charge is a fixed charge levied on an agency’s maximum daily flows over the three previous fiscal years. It recovers the cost of providing peak capacity within the distribution system, and is designed to encourage member agencies to shift demands and avoid placing large daily peaks on the MWD system during the summer months. Daily flow measured between May 1 and September 30 for purposes of billing the Capacity Charge will include deliveries (except long-term seasonal storage deliveries) made by MWD to a member agency or member agency customer including water transfers, exchanges and agricultural deliveries. As part of a separate surface storage operating agreement to manage seasonal peaking, the Water Authority is expected to reserve its full available capacity. The Capacity Charge will be set at $10,738,140. The Water Authority’s Board has directed that the Capacity Charge will be recovered proportionally based on a five-year rolling average of member agency flows during coincident peak weeks.

**Readiness-to-Serve Charge.** MWD’s Readiness-to-Serve Charge differs from the other MWD charges in that it is set on a Fiscal Year basis. The total Readiness-to-Serve Charge will decrease from its current level of $166 million to $158 million in Fiscal Year 2014-2015. The Water Authority’s share is set at $37,690,431. After credits from the MWD Standby Charge, and administrative costs, the net Water Authority share is $25,043,402. MWD’s Readiness-to-Serve Charge will recover costs associated with standby and peak conveyance capacity and system emergency storage capacity. The Readiness-to-Serve Charge will be allocated among MWD member agencies on the basis of each agency’s ten-year rolling average of firm demands (including water transfers and exchanges conveyed...
through system capacity). This allocation will be revised each year. Revenues equal to the amount of MWD Standby Charges will continue to be credited against the member agency’s Readiness-to-Serve Charge obligation unless a change is requested by the member agency. The Board has directed that the Water Authority’s Readiness-to-Serve Charge will be passed through proportionally to member agencies on the basis of each agency’s ten-year rolling average of firm demands (including water transfers and exchanges conveyed through system capacity).

The Water Authority also intends to continue the Water Standby Availability Charge at its existing level, and to levy property taxes as authorized by law.

By Order of the Board of Directors of the San Diego County Water Authority

Doria F. Lore
Clerk of the Board

5. The newspapers in which said notice is to be published are:

San Diego Union-Tribune
350 Camino de la Reina
San Diego, CA 92108

North County Times
1722 S. Coast Hwy
Oceanside, CA 92054
PASSED, APPROVED AND ADOPTED, this 22\textsuperscript{nd} day of May 2014.

AYES: Unless noted below all Directors voted aye.

NOES:

ABSTAIN:

ABSENT:

___________________________
Thomas V. Wornham, Chair

ATTEST:

___________________________
Michael T. Hogan, Secretary

I, Doria F. Lore, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2014-___ was duly adopted at the meeting of the Board of Directors on the date stated above.

___________________________
Doria F. Lore
Clerk of the Board
May 14, 2014

Attention: Administrative and Finance Committee

Controller’s Report on Monthly Financial Reports (Information)

Financial Reports:
Attached for review by the Administrative and Finance Committee and the Board of Directors are the following financial reports:

Attachment A: Water Sales Volumes, in acre-feet
Attachment B: Water Sales Revenues, in millions
Attachment C: Water Purchases and Treatment Costs, in millions
Attachment D: Multi-Year Budget Status Report
Attachment E: Operating Departments/Programs Expenditures, in millions
Attachment F: Schedule of Cash and Investments

The Multi-Year Budget Status Report reflects actual revenues and expenditures, on a budgetary basis, for the nine-month period of July 1, 2013 through March 31, 2014 (Attachment D). The Multi-Year Budget Status Report compares actual revenues and expenditures to the adopted budget. Budgeted amounts for the nine-month period are presented on a straight-line basis, except for water sales and purchases, which are based on monthly projected volumes in acre-feet. In addition, the period-to-date budgeted amounts are adjusted for periodic items that include property taxes and in-lieu charges, capacity charges, water standby availability charges, stored water purchases, debt service, QSA mitigation, annual insurance premiums, and contribution to the Six Agency Fund.

Net Water Sales Revenue
Net Water Sales Revenue is the Water Authority’s principal source of revenue and is the difference between the sale of water and the cost of that water. Sales include revenues from variable commodity charges for supply, treatment and transportation, as well as from fixed charges for customer service and storage. Cost of water includes payments to water suppliers such as Metropolitan Water District (MWD) and Imperial Irrigation District (IID).

Net Water Sales Revenue for the nine-month period ended March 31, 2014 was $120.4 million, trending $4.5 million, or 4%, higher than the period-to-date budgeted amount of $115.9 million (Attachment D). Detailed information relating to net water sales revenue is described below and shown on Attachments A, B, and C.

Total acre-feet (AF) of water sold were budgeted at 349,402 AF for the nine-month period ended March 31, 2014. The actual water sales volume was 373,544 AF, trending 24,142 AF, or 7%, higher

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1 All information regarding water sales volumes, revenues and costs are based on the adopted fiscal years 2014 and 2015 multi-year budget.
than budgeted (Attachment A). The sales volume variance from the mild summer was offset by that from the warmer than expected second quarter. In total, the actual sales volume for the nine-month period trended 7% above budget and represented an 8% increase over the actual sales volume of 345,144 AF during the same period last year. As a result, total actual Water Sales revenue for the nine-month period ended March 31, 2014 was $425.6 million, trending $26.8 million, or 7%, higher than the period-to-date budgeted amount of $398.8 million (Attachment B).

Total Water Purchases and Treatment costs were budgeted at $283.0 million and the actual costs were $305.2 million, trending 8% over budget for the nine-month period ended March 31, 2014. Total Water Purchases and Treatment costs included $41.9 million for the 74,999 AF of water purchased from IID for the nine-month period ended March 31, 2014, and $61.5 million for MWD’s conveyance charges to transfer 135,609 AF, from July through March, the water purchased from IID and conserved through the Coachella Canal and All-American Canal lining projects. In March 2014, Total Water Purchases and Treatment costs also included approximately $4.5 million of the 7,600 AF of purchased water to increase the inventory levels in the San Vicente and Lake Hodges reservoirs in preparation for the State Route 76 pipeline shut down scheduled for later in calendar year 2014.

In summary, Water Sales volume and Water Sales Revenue trended 7% above the period-to-date budget, and Total Water Purchases and Treatment costs trended 8% over the same period-to-date budget. For the nine-month period ended March 31, 2014, Net Water Sales Revenue trended 4%, or $4.5 million, higher than budgeted.

**Revenues and Other Income**

As shown in Attachment D, Total Revenues and Other Income were budgeted to be $68.3 million for the nine-month period ended March 31, 2014. Actual revenues were $59.5 million, trending $8.8 million lower than budgeted. The primary contributing revenue category to the negative variance was Grant Reimbursements. The timing of receipts in Integrated Regional Water Management (IRWM) grants resulted in Grant Reimbursements to trend $9.1 million below budget.

Actual revenue categories that trended higher than the period-to-date budgeted amounts for the nine-month period ended March 31, 2014 included Hydroelectric Revenue, Other Income, Capacity Charges, Water Standby Availability Charges, and Property Taxes and In-Lieu Charges. Hydroelectric Revenue category was budgeted for the Rancho Penasquitos Pressure Control and Hydroelectric Facility (Rancho Hydro) and the Lake Hodges Pumped Storage Facility (Hodges Hydro). Actual Hydroelectric Revenue was trending higher than the period-to-date budget by $1.4 million. Other Income variance of $0.7 million was primarily due to miscellaneous reimbursements, intergovernmental revenues, and rental revenues for the nine-month period ended March 31, 2014. Actual Capacity Charges, Water Standby Availability Charges, and Property Taxes and In-Lieu Charges were trending higher than budgeted by $0.4 million, $0.2 million, and $0.2 million, respectively, for the nine-month period ended March 31, 2014.
Actual revenue categories that trended lower than the period-to-date budgeted amounts for the nine-month period ended March 31, 2014 included Investment Income and Build America Bonds Subsidy. Investment Income revenues for the nine-month period ended March 31, 2014, were trending $1.7 million lower than the period-to-date budget. The variance was primarily attributed to the $1.8 million negative market value adjustments in the investment portfolio since October in a rising interest rate environment. The actual Build America Bonds Subsidy was $7.7 million, trending lower than the period-to-date budget by $0.7 million. The Water Authority receives semi-annual subsidy payments from the United States Treasury equal to 35 percent of the interest payable on the Series 2010B Bonds. In September 2013, the IRS announced subsidy payments were reduced by 7.2% in Fiscal Year 2014 under Congressionally-mandated sequestration, which consists of across-the-board federal budget cuts. The reduction rate applies to payments processed from October 1, 2013 through September 30, 2014. The sequestration reduction rate will be applied unless and until a law is enacted that cancels or otherwise impacts the sequester, at which time the sequestration reduction rate is subject to change.

**Expenditures**

As shown in Attachment D, Total Expenditures were budgeted to be $136.8 million for the nine-month period ended March 31, 2014. Actual expenditures were $116.8 million, trending $20.0 million lower than budgeted. The variance is explained in detail below.

Overall Operating Departments expenditures were trending less than budgeted due to expenditure timing.

Hodges Pumped Storage was budgeted at $2.0 million for fiscal year 2014 for the operation and maintenance of the Lake Hodges Pumped Storage facility for regional power production sales to SDG&E as well as Emergency Storage Project agreement obligations. Hodges Pumped Storage actual expenditures of $1.1 million were trending lower than the period-to-date budgeted amount of $1.5 million for the nine-month period ended March 31, 2014, the result of expenditure timing. Actual Equipment Replacement expenditures of $0.8 million were trending lower than the $1.3 million budget for the nine-month period due to the timing of expenditures.

Debt Service expenditures totaled $77.1 million for the nine-month period ended March 31, 2014, trending $3.5 million lower than budgeted. The variance was primarily attributed to the cash flow savings from the prior year refunding transaction. Total actual Grant Expenditures were $1.4 million for the nine-month period ended March 31, 2014, trending $9.8 million below the period-to-date budgeted amount. The variance resulted primarily from the lower than projected activity levels and the timing of expenditures in pass-through IRWM grants. Other Expenditures variance of $0.4 million was primarily due to other miscellaneous and conservation reimbursable expenditures.

**CIP Expenditures**

Attachment D shows that CIP Expenditures were budgeted to be $116.8 million for the nine-month period ended March 31, 2014. Actual expenditures were $60.6 million, trending $56.2 million, or 48%, lower than the period-to-date budgeted amount.
Actual CIP expenditures funded by Pay As You Go Fund and CIP/Bond Construction Funds for the nine-month period ended March 31, 2014 were $23.4 million and $37.2 million, respectively.

Historically, variances between actual spending and period-to-date budgeted figures occur due to a non-linear spending pattern for the CIP. In addition, the Water Authority has experienced variances from the adopted budget due to contracts being awarded for a value less than originally budgeted, timing of spending shifting outside the budgeted period, and changes in scope. In June, staff will provide an update on the status of the CIP, including projected spending for the two-year budget period, and discuss any variances.

**Cash and Investments**

As of March 31, 2014 and February 28, 2014, the overall balance in the Water Authority’s cash and investments was $607.0 million and $607.5 million, respectively (Attachment F). Approximately 45% of funds in cash and investments were unrestricted with the remaining 55% of funds restricted for specific purposes. To maximize investment returns, the Water Authority pools the cash of the Pay As You Go Fund with unrestricted funds. As of March 31, 2014, the Rate Stabilization Fund was funded at $63.9 million, approximately 71% of the maximum approved level of $89.5 million.

Rod Greek, Controller
**WATER SALES VOLUMES**  
Budget Versus Actual (in Acre-Feet)  
for the 9 Months Ended March 31, 2014

*Budgeted amounts are based on the adopted two year budget.*

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<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Budget (a)</em></td>
<td>55,314</td>
<td>110,634</td>
<td>160,795</td>
<td>204,198</td>
<td>238,389</td>
<td>269,960</td>
<td>298,321</td>
<td>322,118</td>
<td>349,402</td>
<td>384,217</td>
<td>423,881</td>
<td>471,509</td>
</tr>
<tr>
<td>Actual</td>
<td>49,314</td>
<td>100,674</td>
<td>158,423</td>
<td>206,522</td>
<td>242,008</td>
<td>273,310</td>
<td>312,000</td>
<td>341,883</td>
<td>373,544</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>AF Difference (b)</td>
<td>(6,000)</td>
<td>(9,960)</td>
<td>(2,372)</td>
<td>2,324</td>
<td>3,619</td>
<td>3,350</td>
<td>13,679</td>
<td>19,765</td>
<td>24,142</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cum. Actual AF</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>% Difference (b/a)</td>
<td>-11%</td>
<td>-9%</td>
<td>-1%</td>
<td>1%</td>
<td>2%</td>
<td>1%</td>
<td>5%</td>
<td>6%</td>
<td>7%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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Page 70 of 341
WATER SALES REVENUES
Budget Versus Actual (in Millions $)
for the 9 Months Ended March 31, 2014

*Budgeted amounts are based on the adopted two year budget.

Fiscal Year 2014 Cumulative Water Sales (in Millions $)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>*Budget (a)</td>
<td>59.0</td>
<td>118.0</td>
<td>172.3</td>
<td>220.2</td>
<td>259.9</td>
<td>296.6</td>
<td>332.2</td>
<td>363.6</td>
<td>398.8</td>
<td>441.1</td>
<td>488.4</td>
<td>542.8</td>
</tr>
<tr>
<td>Actual</td>
<td>54.7</td>
<td>110.6</td>
<td>171.6</td>
<td>223.3</td>
<td>264.8</td>
<td>302.6</td>
<td>348.9</td>
<td>386.9</td>
<td>425.6</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Difference (b)</td>
<td>(4.3)</td>
<td>(7.4)</td>
<td>(0.7)</td>
<td>3.1</td>
<td>4.9</td>
<td>6.0</td>
<td>16.7</td>
<td>23.3</td>
<td>26.8</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cum. Actual</td>
<td>-7%</td>
<td>-6%</td>
<td>0%</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
<td>5%</td>
<td>6%</td>
<td>7%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

*Budgeted amounts are based on the adopted two year budget.
*Budgeted amounts are based on the adopted two year budget.

### Fiscal Year 2014 Cumulative Cost of Water Purchases and Treatment (in Millions $)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><em>Budget (a)</em></td>
<td>42.8</td>
<td>85.5</td>
<td>124.6</td>
<td>159.0</td>
<td>187.1</td>
<td>212.8</td>
<td>237.4</td>
<td>258.8</td>
<td>283.0</td>
<td>312.6</td>
<td>345.9</td>
<td>384.4</td>
</tr>
<tr>
<td>Actual</td>
<td>34.4</td>
<td>78.9</td>
<td>122.7</td>
<td>159.7</td>
<td>187.5</td>
<td>214.3</td>
<td>247.3</td>
<td>274.0</td>
<td>305.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Difference (b)</td>
<td>(8.4)</td>
<td>(6.6)</td>
<td>(1.9)</td>
<td>0.7</td>
<td>4.6</td>
<td>24.0</td>
<td>15.2</td>
<td>22.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cum. Actual</td>
<td>% Difference (b/a)</td>
<td>-20%</td>
<td>-8%</td>
<td>-2%</td>
<td>0%</td>
<td>1%</td>
<td>4%</td>
<td>6%</td>
<td>8%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

* *Budgeted amounts are based on the adopted two year budget.*
## San Diego County Water Authority
### Fiscal Year 2014 Budget Status Report
For the 9 Months Ended March 31, 2014

<table>
<thead>
<tr>
<th></th>
<th>FY 14 Amended Budget</th>
<th>FY 14 9 Months (75%)</th>
<th>FY 14 Actual</th>
<th>Variance with Period-to-Date</th>
<th>Actual/ Amended Budget</th>
<th>[C / A]</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Water Sales Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Sales</td>
<td>$ 542,818,282</td>
<td>$ 398,846,284</td>
<td>$ 425,588,426</td>
<td>$ 26,742,142</td>
<td>78%</td>
<td></td>
</tr>
<tr>
<td>Water Purchases &amp; Treatment</td>
<td>384,364,607</td>
<td>282,969,894</td>
<td>305,232,704</td>
<td>(22,262,810)</td>
<td>79%</td>
<td></td>
</tr>
<tr>
<td>Total Net Water Sales Revenue</td>
<td>158,453,675</td>
<td>115,876,390</td>
<td>120,355,722</td>
<td>4,479,332</td>
<td>76%</td>
<td></td>
</tr>
<tr>
<td><strong>Revenues and Other Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure Access Charges</td>
<td>29,206,000</td>
<td>21,904,500</td>
<td>21,855,796</td>
<td>(48,705)</td>
<td>75%</td>
<td></td>
</tr>
<tr>
<td>Property Taxes and In-Lieu Charges</td>
<td>11,050,000</td>
<td>6,972,701</td>
<td>7,166,146</td>
<td>193,445</td>
<td>65%</td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>5,545,000</td>
<td>4,158,750</td>
<td>2,414,429</td>
<td>(1,744,321)</td>
<td>44%</td>
<td></td>
</tr>
<tr>
<td>Hydroelectric Revenue</td>
<td>1,900,000</td>
<td>1,425,000</td>
<td>2,822,211</td>
<td>1,397,211</td>
<td>149%</td>
<td></td>
</tr>
<tr>
<td>Grant Reimbursements</td>
<td>14,958,406</td>
<td>11,218,805</td>
<td>2,127,252</td>
<td>(9,091,553)</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>Build America Bonds Subsidy</td>
<td>11,302,958</td>
<td>8,477,219</td>
<td>7,731,222</td>
<td>(745,997)</td>
<td>68%</td>
<td></td>
</tr>
<tr>
<td>Other Income</td>
<td>-</td>
<td>-</td>
<td>697,981</td>
<td>697,981</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>Capital Contributions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity Charges</td>
<td>14,892,000</td>
<td>7,107,356</td>
<td>7,488,735</td>
<td>381,379</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>Water Standby Availability Charges</td>
<td>11,266,000</td>
<td>6,745,858</td>
<td>6,956,104</td>
<td>210,246</td>
<td>62%</td>
<td></td>
</tr>
<tr>
<td>Contributions in Aid of Capital Improvement Program (CIP)</td>
<td>390,000</td>
<td>292,500</td>
<td>230,952</td>
<td>(61,548)</td>
<td>59%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues and Other Income</strong></td>
<td>100,510,364</td>
<td>68,302,689</td>
<td>59,490,827</td>
<td>(8,811,862)</td>
<td>59%</td>
<td></td>
</tr>
<tr>
<td><strong>Net Water Sales Revenue and Revenues and Other Income, net</strong></td>
<td>258,964,039</td>
<td>184,179,079</td>
<td>179,846,549</td>
<td>(4,332,530)</td>
<td>69%</td>
<td></td>
</tr>
</tbody>
</table>

### Expenditures

<table>
<thead>
<tr>
<th></th>
<th>FY 14 Amended Budget</th>
<th>FY 14 9 Months (75%)</th>
<th>FY 14 Actual</th>
<th>Variance with Period-to-Date</th>
<th>Actual/ Amended Budget</th>
<th>[C / A]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stored Water Purchases</td>
<td>17,790,000</td>
<td>- m</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Debt Service</td>
<td>139,318,000</td>
<td>80,533,500</td>
<td>77,065,418</td>
<td>3,468,082</td>
<td>55%</td>
<td></td>
</tr>
<tr>
<td>QSA Mitigation</td>
<td>8,185,000</td>
<td>5,245,000</td>
<td>5,245,201</td>
<td>(201)</td>
<td>64%</td>
<td></td>
</tr>
<tr>
<td>Hodges Pumped Storage</td>
<td>2,037,000</td>
<td>1,527,750</td>
<td>1,072,368</td>
<td>455,382</td>
<td>53%</td>
<td></td>
</tr>
<tr>
<td>Equipment Replacement</td>
<td>1,719,000</td>
<td>1,289,250</td>
<td>806,828</td>
<td>482,422</td>
<td>47%</td>
<td></td>
</tr>
<tr>
<td>Grant Expenditures</td>
<td>14,958,406</td>
<td>11,218,805</td>
<td>1,404,364</td>
<td>9,814,441</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Other Expenditures</td>
<td>-</td>
<td>-</td>
<td>384,327</td>
<td>(384,327)</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>Operating Departments (see detail below)</td>
<td>49,074,434</td>
<td>37,035,157</td>
<td>30,802,357</td>
<td>6,232,800</td>
<td>63%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>233,081,840</td>
<td>136,849,462</td>
<td>116,780,863</td>
<td>20,068,599</td>
<td>50%</td>
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</tr>
</tbody>
</table>

### Net Revenues Before CIP

<table>
<thead>
<tr>
<th></th>
<th>FY 14 Amended Budget</th>
<th>FY 14 9 Months (75%)</th>
<th>FY 14 Actual</th>
<th>Variance with Period-to-Date</th>
<th>Actual/ Amended Budget</th>
<th>[C / A]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay As You Go Fund</td>
<td>$ 25,882,199</td>
<td>$ 47,329,618</td>
<td>$ 63,065,686</td>
<td>$ 15,736,069</td>
<td>244%</td>
<td></td>
</tr>
<tr>
<td><strong>CIP Expenditures</strong></td>
<td>$ 155,697,300</td>
<td>$ 116,772,975</td>
<td>$ 60,615,602</td>
<td>$ 56,157,373</td>
<td>39%</td>
<td></td>
</tr>
</tbody>
</table>

### CIP Expenditures by Funding Source

<table>
<thead>
<tr>
<th></th>
<th>FY 14 Amended Budget</th>
<th>FY 14 9 Months (75%)</th>
<th>FY 14 Actual</th>
<th>Variance with Period-to-Date</th>
<th>Actual/ Amended Budget</th>
<th>[C / A]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay As You Go Fund</td>
<td>$ 23,399,421</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>CIP/Bond Construction Funds</td>
<td>37,216,181</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td><strong>Total CIP Expenditures by Funding Source</strong></td>
<td>$ 60,615,602</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

### Operating Departments Detail (see Attachment E)

<table>
<thead>
<tr>
<th></th>
<th>FY 14 Amended Budget</th>
<th>FY 14 9 Months (75%)</th>
<th>FY 14 Actual</th>
<th>Variance with Period-to-Date</th>
<th>Actual/ Amended Budget</th>
<th>[C / A]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Services</td>
<td>$ 7,101,266</td>
<td>$ 5,523,144</td>
<td>$ 4,569,032</td>
<td>$ 954,112</td>
<td>64%</td>
<td></td>
</tr>
<tr>
<td>Colorado River Program</td>
<td>1,440,018</td>
<td>1,112,149</td>
<td>782,694</td>
<td>329,455</td>
<td>54%</td>
<td></td>
</tr>
<tr>
<td>Engineering</td>
<td>3,909,268</td>
<td>2,931,951</td>
<td>2,241,279</td>
<td>690,672</td>
<td>57%</td>
<td></td>
</tr>
<tr>
<td>Finance</td>
<td>2,426,611</td>
<td>1,819,958</td>
<td>1,570,537</td>
<td>249,421</td>
<td>65%</td>
<td></td>
</tr>
<tr>
<td>General Counsel</td>
<td>8,054,158</td>
<td>6,040,619</td>
<td>5,310,222</td>
<td>730,397</td>
<td>66%</td>
<td></td>
</tr>
<tr>
<td>General Manager &amp; Board of Directors</td>
<td>2,866,314</td>
<td>1,924,736</td>
<td>1,617,741</td>
<td>306,995</td>
<td>63%</td>
<td></td>
</tr>
<tr>
<td>MWD Program</td>
<td>1,468,092</td>
<td>1,101,089</td>
<td>974,430</td>
<td>126,639</td>
<td>66%</td>
<td></td>
</tr>
<tr>
<td>Operations &amp; Maintenance</td>
<td>14,659,943</td>
<td>10,994,957</td>
<td>9,369,174</td>
<td>1,625,783</td>
<td>64%</td>
<td></td>
</tr>
<tr>
<td>Public Outreach and Conservation</td>
<td>3,734,374</td>
<td>2,800,781</td>
<td>2,326,127</td>
<td>474,654</td>
<td>62%</td>
<td></td>
</tr>
<tr>
<td>Water Resources</td>
<td>3,714,390</td>
<td>2,785,793</td>
<td>2,041,121</td>
<td>744,672</td>
<td>55%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Operating Departments</strong></td>
<td>$ 49,074,434</td>
<td>$ 37,035,157</td>
<td>$ 30,802,357</td>
<td>$ 6,232,800</td>
<td>63%</td>
<td></td>
</tr>
</tbody>
</table>
Notes to the Budget Status Report:

a) Period-to-date budgeted amounts are 9/12ths (75%) of fiscal year 2014 adopted budget unless noted.
b) Water sales and water purchases period-to-date budgeted amounts are based on projected acre-feet calculated per month.
c) Property taxes are primarily received in December and April. In-lieu charges in the amount of $438,701 for fiscal year 2014 are received quarterly from the City of San Diego.
d) Investment income excludes unrealized gains or losses, which are non-cash transactions.
e) Hydroelectric revenue budget amount includes Rancho Penasquitos Pressure Control and Hydroelectric Facility (Rancho Hydro) and Lake Hodges Pumped Storage Facility (Hodges Hydro). Power generating from both locations are sold to San Diego Gas and Electric.
f) Capacity charges are primarily received in July, October, January and April, after the quarterly period ends, and accrued revenue are recorded for the quarter ending June.
g) Water standby availability charges are primarily received in January and May.
h) Contributions in aid of capital improvement program include planned reimbursements for the Second Aqueduct Pipeline - Caltrans Highway 76 Realignment CIP Project and other miscellaneous projects.
i) Bonds and Certificates of Participation debt service payments due semi-annually on November 1 and May 1. Subordinate Lien Water Revenue Refunding Bonds, Series 2011S-1 debt service payments due semi-annually on July 1 and January 1. Debt Service includes principal, interest expense, and debt service fees. Amortization expense relating to long-term debt, such as discounts, premiums, and deferred loss on refunding are excluded because they are non-cash transactions.
k) Amounts include capital equipment purchases.
l) Stored water purchases budgeted to purchase 50,000 acre-feet to begin the filling of San Vicente Dam upon significant completion of the Dam Raise project, currently anticipated to occur in June 2014.
m) Period-to-date budgeted amounts adjusted based on items occurring on a periodic basis.
n) Fiscal Year 2014 actual amounts for Public Outreach and Conservation excludes expenses of $71,548 funded by the approved prior year carryover of funds.
o) The current Capital Improvement Program 2 year appropriation and lifetime budget increased for the Carlsbad Desalination Project by $124,300; $29,300 for Fiscal Year 2014 and $95,000 for Fiscal Year 2015.
p) In March 2014, the Board approved a budget increase of $6,090,000 to be appropriated as needed; $2,453,950 for Fiscal Year 2014 and $3,540,050 for Fiscal Year 2015.
San Diego County Water Authority
Comparison of Adopted Budget and Period-to-Date Adopted Budget (75% Overall)
to Actual Operating Expenditures by Departments
For the 9 Months Ended March 31, 2014

Actual Operating Expenditures to Adopted Budget in Percentages (%)

- Adopted Budget FY 2014 $49.1 Million
- Period-To-Date Adopted Budget $37.0 Million
- Period-to-Date Actual Operating Expenditures $30.8 Million
San Diego County Water Authority  
Schedule of Cash and Investments  
As of March 31, and February 28, 2014

<table>
<thead>
<tr>
<th>Fund</th>
<th>March</th>
<th>February</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Fund</td>
<td>$131,723,239</td>
<td>$122,344,129</td>
<td>$68,900,000</td>
</tr>
<tr>
<td>Stored Water Fund</td>
<td>73,298,780</td>
<td>73,305,489</td>
<td></td>
</tr>
<tr>
<td>Equipment Replacement Fund</td>
<td>7,048,552</td>
<td>7,286,577</td>
<td></td>
</tr>
<tr>
<td>Rate Stabilization Fund</td>
<td>63,946,837</td>
<td>63,952,757</td>
<td>58,700,000</td>
</tr>
<tr>
<td><strong>Total Unrestricted Funds</strong></td>
<td><strong>45% 276,017,408</strong></td>
<td><strong>266,888,952</strong></td>
<td><strong>58,700,000</strong></td>
</tr>
<tr>
<td>Pay As You Go Fund</td>
<td>161,299,981</td>
<td>160,682,561</td>
<td></td>
</tr>
<tr>
<td>CIP/Bond Construction Funds</td>
<td>152,983,378</td>
<td>163,161,515</td>
<td></td>
</tr>
<tr>
<td>Debt Service Reserve Funds</td>
<td>16,723,138</td>
<td>16,727,773</td>
<td></td>
</tr>
<tr>
<td><strong>Total Restricted Funds</strong></td>
<td><strong>55% 331,006,497</strong></td>
<td><strong>340,571,849</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total Cash and Investments</strong></td>
<td><strong>$607,023,905</strong></td>
<td><strong>$607,460,801</strong></td>
<td></td>
</tr>
</tbody>
</table>

Notes:

1. Total Unrestricted Funds and the Pay As You Go Fund represent the Pooled Funds in the Treasurer’s Report.

2. The Operating Fund target/maximum balance is set to equal 45-days of operating expenditures.

3. In 2006, the Board adopted a policy governing the Rate Stabilization Fund (RSF). The policy created a target and a maximum RSF balance. The target balance is set equal to the negative financial impact of 2.5 years of extremely wet weather and the RSF maximum balance is set equal to the negative financial impact of 3.5 years of extremely wet weather. Wet weather adversely impacts the Water Authority by reducing water sales and net water sales revenue. The balance in this fund represents approximately 109% of the targeted value of $58,700,000 and 71% of the maximum balance of $89,500,000.
JUNE 2014
• 3  SCOOP – 9:30 a.m.
• 4  MWD Delegates – 11:00 a.m.
• 12 Tentative Special Board meeting – 1:30 p.m.
• 26 Committees begin at 9:00 a.m.
  Formal Board meeting begins at 3:00 p.m.

JULY 2014
• 2  MWD Delegates – 11:00 a.m.
• 10 Tentative Special Board meeting – 1:30 p.m.
• 16 San Vicente Dam Raise Celebration –10:00 a.m.
• 24 Committees begin at 9:00 a.m.
  Formal Board meeting begins at 3:00 p.m.

AUGUST 2014
• 13 MWD Delegates – 11:00 a.m.
• 14 Tentative Special Board meeting – 1:30 p.m.
• 28 Committees begin at 9:00 a.m.
  Formal Board meeting begins at 3:00 p.m.
WATER PLANNING COMMITTEE

AGENDA FOR

MAY 22, 2014

Yen Tu - Chair     Marty Miller
John Linden – Vice Chair    Jim Murtland
Mark Watton – Vice Chair    Dennis Sanford
Brian Brady     Javier Saunders
Jerry Kern     John Simpson
Jim Madaffer     Fern Steiner
Mark Weston

1. Roll call – determination of quorum.

2. Additions to agenda (Government Code Section 54954.2(b)).

3. Public comment – opportunities for members of the public to address the Committee on matters within the Committee’s jurisdiction.

4. Chair’s report.
   4-A Directors’ comments.

I. CONSENT CALENDAR

1. Resolution for the Final Mitigated Negative Declaration for the Pipelines 3, 4 and 5 Relining at San Luis Rey River; adopting a Mitigation Monitoring and Reporting Program; approving the project; and authorizing Filing of a Notice of Determination.
   Staff recommendation:
   It is recommended the Board adopt Resolution No. 2014-__ that:
   a) Finds that the project will not have a significant effect on the environment.
   b) Adopts the Final Mitigated Negative Declaration.
   c) Adopts the Mitigation Monitoring and Reporting Program.
   d) Approves the Project.
   e) Authorizes filing a Notice of Determination. 
   (Action)
2. **Authorize General Manager to enter into a Second Amendment that would extend the 2003 Agreement for Emergency Delivery of a Portion of the Mexican Treaty Waters to Tijuana for an additional five-year period.**

**Staff recommendation:**
Authorize the General Manager to enter into a second amendment to the Agreement for Temporary Emergency Delivery of a Portion of the Mexican Treaty Waters of the Colorado River to the International Boundary in the Vicinity of Tijuana, Baja California, Mexico, and for Operation of Facilities in the United States in a form approved by General Counsel.  (Action)

### II. ACTION/DISCUSSION

1. **Potable Reuse.**

1-A **Report on potable reuse and consideration of approval of a resolution supporting the city of San Diego’s Pure Water San Diego program.**

**Staff recommendation:** Approve Resolution No. 2014-____ supporting the “Pure Water San Diego” program sponsored by the city of San Diego.  (Action)

1-B **City of San Diego Potable Reuse presentation.**

2. **Resolution establishing preliminary informal terms and conditions for the Rainbow Municipal Water District’s proposed Campus Park West Annexation.**

**Staff recommendation:** Adopt Resolution No. 2014-__, establishing preliminary informal terms and conditions for the Rainbow Municipal Water District’s proposed Campus Park West Annexation, and requesting that Metropolitan Water District of Southern California grant conditional approval and give notice of intent to impose water standby charges.  (Action)

### III. INFORMATION

1. **Integrated Regional Water Management Planning for the San Dieguito Watershed and Hodges Reservoir.**

2. **Water Supply and Demand conditions.**

3. **Water Resources report.**
IV. CLOSED SESSION

1. CLOSED SESSION: Dan Hentschke
   Conference with Legal Counsel - Existing Litigation
   Government Code §54956.9(d)(1)
   San Diego Coastkeeper v SDCWA;
   San Diego Superior Court Case Nos. 37-2014-00013216-CU-JR-CTL

V. ADJOURNMENT

Doria F. Lore
Clerk of the Board

NOTE: This meeting is called as a Water Planning Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Revised). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.
May 14, 2014

Attention: Water Planning Committee

Resolution for the Final Mitigated Negative Declaration for the Pipelines 3, 4 and 5 Relining at San Luis Rey River; adopting a Mitigation Monitoring and Reporting Program; approving the project; and authorizing Filing of a Notice of Determination. (Action)

Staff recommendation
It is recommended the Board adopt Resolution No. 2014-__ (attached) that:

a) Finds that the project will not have a significant effect on the environment.
b) Adopts the Final Mitigated Negative Declaration (MND).c) Adopts the Mitigation Monitoring and Reporting Program.d) Approves the Project.e) Authorizes filing a Notice of Determination (NOD).

Alternatives
1) Do not adopt the recommended actions and direct staff to revise and recirculate the environmental compliance documents to include changes as directed by the Board.
2) Do not adopt the recommended actions and do not construct the Pipelines 3, 4 and 5 Relining at San Luis Rey Project.

Fiscal Impact
There is no fiscal impact.

Background
The project is part of the Water Authority’s Asset Management Program (AMP) to manage existing infrastructure, and is a priority due to the aqueduct’s intersection with the widening and realignment of State Route 76 (SR-76) by Caltrans that is currently under construction. The Water Authority must complete the section of pipeline relining prior to Caltrans constructing the realigned road over the top of the pipelines. The pipeline relining is intended to extend the service life of the pipelines by approximately 75 years.

Discussion
The MND provides an analysis a project consisting of the installation of welded steel liners in portions of Pipelines 3, 4, and 5 in the San Luis Rey River Valley. The analysis concludes that although the proposed project could affect four environmental factors: biological resources, cultural resources, noise, and traffic; the effects will not be a significant because measures will be incorporated into the project to avoid and/or reduce such impacts to below a level of significance.

The public review period for the Draft MND extended from March 26, 2014 to April 24, 2014. The Draft MND was circulated to the Governor’s Office of Planning and Research, State
Clearinghouse along with the required Notice of Completion (NOC). Copies of the Draft MND were also sent to responsible and trustee agencies, as well as other interested agencies, organizations, and individuals. The Draft MND was also posted on the Water Authority’s website. Two comment letters were received from various agencies and interested parties. Comments focused on cultural resource protection and agency coordination. None of the comments presented facts or raised issues that would trigger preparation of an Environmental Impact Report. A public hearing on the Draft MND was held April 24, 2014, at which no speakers were present.

The Final MND is comprised of the Draft MND, Comment letters and Responses to Comments, and the Mitigation Monitoring and Reporting Program (MMRP). It also includes revisions to clarify and correct the Draft MND, where necessary. No new significant information has been presented in the Final MND that would require recirculation of the Draft MND pursuant to Section 15073.5(a) of the CEQA Guidelines. [Website Link]

The Board, as Lead Agency, needs to consider adoption of the attached Resolution that contains certain findings regarding environmental effects of the project. The Resolution also approves the project and authorizes the filing of a NOD. The CEQA process will be complete when staff files a NOD indicating adoption of the Final MND and approval of the project.

Prepared by: Mark Tegio, Senior Water Resources Specialist
Reviewed by: Ken Weinberg, Director of Water Resources
Approved by: Sandra L. Kerl, Deputy General Manager

Attachment: Resolution No. 2014-_______ adopting the Final Mitigated Negative Declaration for the Pipeline 3, 4 and 5 Relining at San Luis Rey River
RESOLUTION NO. 2014-____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY ADOPTING THE FINAL MITIGATED NEGATIVE DECLARATION FOR THE PIPELINES 3, 4, AND 5 RELINING AT SAN LUIS REY RIVER; ADOPTING A MITIGATION MONITORING AND REPORTING PROGRAM; APPROVING THE PROJECT; AND AUTHORIZING FILING OF A NOTICE OF DETERMINATION.

WHEREAS, pursuant to the California Environmental Quality Act (CEQA), the State CEQA Guidelines, and the San Diego County Water Authority (Water Authority) Procedures Implementing the California Environmental Quality Act, an Initial Study was prepared regarding the Pipelines 3, 4, and 5 Relining project at San Luis Rey River; and

WHEREAS, as the result of the Initial Study, a Mitigated Negative Declaration was prepared for public review and consideration by the Board; and

WHEREAS, the Mitigated Negative Declaration was prepared by the Water Authority in consultation with firms or persons having expertise in the analysis of the environmental effects of projects and in the preparation of environmental documentation; and

WHEREAS, a draft of the Mitigated Negative Declaration was made available for a minimum 30-day public review period commencing on March 26, 2014, and ending on April 24, 2014, notice was published at least one time in a newspaper of general circulation as to the availability of the draft Mitigated Negative Declaration, and of a scheduled public hearing to receive public comments, and copies were distributed to the Governor’s Office of Planning and Research, State Clearinghouse along with the required Notice of Completion, and to responsible and trustee agencies, as well as other interested agencies, organizations, and individuals; and

WHEREAS, after review of all written comments and preparation of responses thereto, the Final Mitigated Negative Declaration was presented to the Board of Directors on May 22, 2014, as having been completed in compliance with CEQA and the State CEQA Guidelines; and

WHEREAS, having heard and considered the evidence, and being fully advised regarding the environmental consequences of the project, it is in the interest of the Water Authority and the people it serves to approve the Final Mitigated Negative Declaration, to make findings regarding the environmental effects of the project, to approve a Mitigation Monitoring and Reporting Program, and to approve the project.
NOW, THEREFORE, the Board of Directors of the San Diego County Water Authority resolves:

1. That the foregoing recitals are true and correct.

2. That the Board, as the lead agency under CEQA, hereby finds that the Final Mitigated Negative Declaration has been completed in compliance with the California Environmental Quality Act, that the Final Mitigated Negative Declaration has been presented to the Board and reflects the independent judgment of the Board, that the Board adopt the Final Mitigated Negative Declaration, and that the Board has reviewed and considered the information contained therein prior to approving the project.

3. That all mitigation measures identified in the Final Mitigated Negative Declaration are hereby made conditions of approval of the project, that the Board approves the Mitigation Monitoring and Reporting Program, and that the General Manager or her designated representative be assigned the task of implementing the Mitigation Monitoring and Reporting Program.

4. That the Board, having reviewed and considered the information contained in the Initial Study, Final Mitigated Negative Declaration, and all pertinent documents, records, and comments, finds that measures have been incorporated into the project which mitigate or avoid significant environmental effects thereof; that the project will not have a significant effect on the environment and involves no potential for any adverse effect, either individually or cumulative, on wildlife resources, that it cannot be fairly argued on the basis of substantial evidence that the proposed project may have a significant effect on the environment, and that there is no serious public controversy concerning the environmental effect on the proposal.

5. That the Board approves the Pipelines 3, 4, and 5 Relining Project at San Luis Rey River.

6. That the General Manager be authorized and is directed to file a Notice of Determination as provided in Section 15075 of the State CEQA Guidelines.
PASSED, APPROVED AND ADOPTED, this 22th day of May 2014, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

_____________________________
Thomas V. Wornham  
Chair

ATTEST:

_____________________________
Michael T. Hogan  
Secretary

I, Doria F. Lore, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2014- was duly adopted at the meeting of the Board of Directors on the date stated above.

_____________________________
Doria F. Lore  
Clerk of the Board
May 14, 2014

Attention: Water Planning Committee

Authorize General Manager to enter into a Second Amendment that would extend the 2003 Agreement for Emergency Delivery of a Portion of the Mexican Treaty Waters to Tijuana for an additional five-year period. (Action)

Staff recommendation:
Authorize the General Manager to enter into a second amendment to the Agreement for Temporary Emergency Delivery of a Portion of the Mexican Treaty Waters of the Colorado River to the International Boundary in the Vicinity of Tijuana, Baja California, Mexico, and for Operation of Facilities in the United States in a form approved by General Counsel.

Alternative:
Do not authorize the General Manager to enter into a second amendment, which would eliminate the ability of the United States to provide emergency deliveries to Tijuana through the border connection in San Diego County.

Fiscal Impact
There is no direct fiscal impact to the Water Authority. Mexico will continue to provide funds upfront, prior to deliveries being made, to fully recover the costs of service associated with emergency deliveries to Tijuana.

Background
In September 2003, the Water Authority, United States International Boundary and Water Commission (USIBWC), United States Bureau of Reclamation (Reclamation), Metropolitan Water District (Metropolitan), and Otay Water District (Otay) originally entered into the Agreement for Temporary Emergency Delivery of a Portion of the Mexican Treaty Waters of the Colorado River to the International Boundary in the Vicinity of Tijuana, Baja California, Mexico, and for Operation of Facilities in the United States (Delivery Agreement) for a five-year period, terminating in 2008. The Delivery Agreement stipulates that water being delivered to Tijuana is part of Mexico’s 1.5 million acre-feet (AF) of Colorado River Treaty waters and will be wheeled to Tijuana through facilities owned and operated by Metropolitan, Water Authority and Otay (California Agencies). According to the Delivery Agreement, the maximum monthly and annual delivery volumes, based on capacity of the emergency connection at the border, shall not exceed 1,200AF and 14,400AF, respectively.

In accordance with the Delivery Agreement, Mexico is also required to pay the costs associated with wheeling prior to deliveries being made at the border. The payment is based on the fees and charges established by the California Agencies. In 2008, the Board adopted an updated Temporary Emergency Service Fee equal to the Water Authority’s Transportation Rate, for emergency deliveries of Mexico’s Colorado River Treaty water to Tijuana. Utilizing the Transportation Rate as the unit charge under the Delivery Agreement takes into account the
nature and scope associated with providing space available, interruptible emergency water transportation service to Tijuana. In 2008, the California Agencies, Reclamation and USIBWC entered into an agreement amending the Delivery Agreement to provide an additional five-year term, expiring in November 2013.

Over the last ten years, there has been excellent coordination between the United States and Mexican water agencies in providing emergency deliveries to Tijuana. Otay’s operations staff has been instrumental in ensuring the connection facility at the border is functioning properly and coordinating with the water agency in Tijuana during delivery periods. Table 1 summarizes the volume of emergency deliveries made during the 10-year period.

**Table 1: Emergency Delivery of a Portion of Mexico’s Colorado Treaty Water to Tijuana**

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Delivery Volume (AF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003 (Nov/Dec)</td>
<td>640.9</td>
</tr>
<tr>
<td>2004</td>
<td>348.8</td>
</tr>
<tr>
<td>2005</td>
<td>163.3</td>
</tr>
<tr>
<td>2006</td>
<td>35.9</td>
</tr>
<tr>
<td>2007</td>
<td>0.0</td>
</tr>
<tr>
<td>2008</td>
<td>5,085.6</td>
</tr>
<tr>
<td>2009</td>
<td>4,780.5</td>
</tr>
<tr>
<td>2010</td>
<td>0.0</td>
</tr>
<tr>
<td>2011</td>
<td>0.0</td>
</tr>
<tr>
<td>2012</td>
<td>94.6</td>
</tr>
<tr>
<td>2013</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Ten-Year Total</strong></td>
<td><strong>11,149.6</strong></td>
</tr>
</tbody>
</table>

**Discussion**

On September 5, 2013, USIBWC notified the California Agencies that Mexico had requested the continuation of emergency deliveries for Tijuana for a second five-year term that would end November 2018.

The USIBWC, in coordination with Reclamation and the California Agencies, has prepared a second amendment to the Delivery Agreement. Beyond the additional five-year term, the second amendment also modifies the Delivery Agreement to more effectively allow Otay to recover costs associated with major repair work at the emergency connection facility. Under the original Delivery Agreement, the costs for any work are to be recovered through an additional unit charge applied to waters delivered to Tijuana. As shown in Table 1, with emergency deliveries being sporadic, it is difficult for Otay to recover the costs associated with repair work through a per acre-foot unit charge. Similar to the recovery of wheeling costs, the second amendment will allow Otay to request funds upfront from Mexico before the repair work is performed and also set up a reserve fund with monies from Mexico that can be drawn upon if repair work is required.

The United States and Mexican Sections of the IBWC are also preparing a new Treaty Minute that will serve as the bi-national agreement between the two countries for administration of
emergency deliveries to Tijuana and will reflect the terms and conditions included in the second amendment to the Delivery Agreement. Staff supports the terms and conditions included in the second amendment and recommends the Board authorize the General Manager to enter into the agreement.

Prepared by:  Stu Williams, Water Resources Specialist  
Dana Friehauf, Acting Water Resources Manager  
Reviewed by:  Ken Weinberg, Director of Water Resources  
Approved by:  Sandra L. Kerl, Deputy General Manager
May 14, 2014

Attention: Water Planning Committee

Report on potable reuse and consideration of approval of a resolution supporting the city of San Diego’s Pure Water San Diego program. (Action)

Staff recommendation: Approve Resolution No. 2014-____ supporting the “Pure Water San Diego” program sponsored by the city of San Diego

Alternative: Do not approve the resolution of support.

Fiscal Impact
There is no fiscal impact with this action

Background
Beneficial reuse of recycled water has been identified as a key component of the San Diego region’s water supply diversification for more than 20 years. It has been recognized for some time that the best and most cost effective way to maximize recycled water use is through potable reuse where the existing drinking water distribution system could be used to blend safe high quality advanced treated recycled water with other potable supplies. This report provides background on potable reuse activities in California and San Diego, member agency planning efforts, and Water Authority staff activities in support of potable reuse, and it requests the Board to consider approving a resolution supporting the city of San Diego’s large scale potable reuse project: Pure Water San Diego.

Potable Reuse
Incidental reuse has taken place for hundreds of years as wastes are discharged to rivers and collected and treated for potable water supplies downstream. Clean Water Act standards placed on waste discharges and treatment requirements for water suppliers through the Safe Drinking Water Act have been designed to avoid waterborne disease outbreaks and ensure a safe and reliable potable water supply for customers. These requirements protect the public from waterborne disease outbreaks and health impacts from chemical constituents and emerging compounds.

Planned indirect potable reuse in California has been practiced since 1962 when the groundwater in Los Angeles County was recharged with treated wastewater using surface spreading basins through the Water Replenishment District’s Montebello Forebay Project. Surface spreading projects rely on soil aquifer treatment achieved through percolating tertiary treated wastewater through the soil. The soil acts as a barrier to pathogens and when combined with the dilution of native recharge waters the groundwater subsequently pumped from the basin has been considered safe for potable purposes. As technology has improved, agencies in California have been able to rely more and more on treatment technologies in lieu of using the environment as a treatment barrier. After significant studies and expert panel review, the use of reverse osmosis and advanced oxidation treatment processes has allowed for the direct injection of highly treated water into the groundwater to serve as a seawater barrier and to recharge groundwater basins. The groundwater
is then extracted through water wells and delivered to the public with only disinfection at the well head.

Current groundwater potable reuse spreading basin operations in California include projects by the Water Replenishment District of Southern California, Inland Empire Utilities Agency, and the Orange County Water District. Direct injection projects are being implemented by the West Basin MWD, Los Angeles Department of Public Works, the Water Replenishment District, city of Long Beach, city of Los Angeles and the Orange County Water District. Planned potable reuse projects are currently regulated by the Regional Water Quality Control Boards (Water Boards) and the California Department of Public Health (CDPH). All potable reuse projects currently approved in California are indirect potable reuse, meaning that they include an environmental barrier. Environmental barriers include the benefits of soil treatment and blending with native waters in groundwater basins and potentially the dilution benefits and natural processes of sunlight and mixing of lake waters in surface water reservoirs. No direct potable reuse projects have been approved.

**Potable Reuse in San Diego County**

The San Diego region has a long history of safely using recycled water for non-potable purposes dating back to Padre Dam’s used of recycled water in Santee Lakes starting in 1968. Currently, 17 agencies in the region purvey or distribute over 28,800 acre-feet of water per year. This use is anticipated to continue and expand into the future and has provided a high level of public confidence in the ability to safely supply recycled water.

In the 1980’s, the city of San Diego created an aquaculture facility in Mission Valley that tested the wastewater treatment potential of using water hyacinths that could clean up wastewater for reuse or, by adding additional advanced treatment, to potable drinking water quality. The small aquaculture plant in Mission Valley was enlarged to a one million gallon per day demonstration project relocated to the San Pasqual Valley to further test the efficiency of water hyacinths but combined with reverse osmosis as an additional effort at exploring the potential for potable reuse.

Following the six-year drought of 1987-1992, there was vigorous interest and implementation of reuse projects throughout the region. It became apparent by the mid-1990s that large scale reuse projects would be significantly limited in maximizing the recycling potential of the treatment plant because of the predominant reliance on the irrigation cycle for customer demand. San Diego County lacks a large industrial base that could use recycled water on a year round basis or large groundwater basins that could be used for recharge. Reuse projects in San Diego County must rely to a great extent on construction of a separate distribution system (purple pipe) to serve, almost exclusively, irrigation customers. Recycled water projects with large irrigation customers within a defined area, or where new developments have been required to install dual distribution systems for recycled water, have proven to be cost effective and have substantially added to member agency and regional water reliability. For some, mostly larger scale projects, the reliance on irrigation customers to maximize reuse may be prohibitively expensive due to the need for much greater investments in purple pipe distribution systems. Even with those investments in distribution pipelines, large amounts of recycled water treatment plant capacity would remain idle during the winter months. By treating recycled water to potable standards the recycled water can be combined
with other treated water supplies and delivered to customers through the existing potable water system. In that manner recycled water treatment capacity can be utilized year round and reuse maximized in a more cost effective manner.

**Water Authority Previous Role in Potable Reuse**

Recognizing these factors by the mid 1990’s, the Water Authority in conjunction with the city of San Diego Clean Water Program investigated the option of augmenting surface water reservoirs in San Diego County with highly treated wastewater using similar treatment processes as the previously approved groundwater injection projects. In August 1993 the Water Authority completed a conceptual study that identified an indirect potable reuse project between the city of San Diego’s North City Water Reclamation Plant and San Vicente Reservoir. That concept study was presented to the California Department of Public Health jointly by the Water Authority and the city of San Diego. After a positive reception from State health officials, the Water Authority and the city entered into an agreement to jointly work on the proposal and as the regional water supplier, the Water Authority was designated lead agency, to conduct the necessary studies and work with State Department of Public Health. The Water Authority’s *Water Repurification Feasibility Study* was completed in 1994 with the specific purpose of serving as a means to engage state public health officials in a dialogue over potential guidelines for permitting a potable reuse project. Since regulatory approval of potable reuse had benefits beyond the city of San Diego, the Water Authority took the lead in working with the top ranking state health officials in identifying guidelines for permit approval. The technical studies conducted by the Water Authority and the discussions with public health regulators resulted in a conceptual approach to potable reuse using a large surface water reservoir as the environmental buffer desired by the state health officials. This approach envisioned an advanced water treatment plant at the city’s North City Water Reclamation Plant that would use reverse osmosis and disinfection technology to treat and then deliver purified water to San Vicente Reservoir where it would blend and mix with imported and local surface water. In addition to the high level of treatment provided to the wastewater, the surface water from the reservoir is further treated through a downstream conventional water treatment plant.

In support of these discussions the Water Authority sponsored the work of an Independent Advisory Panel (IAP), with technical and scientific experts selected by the Department of Public Health to guide the studies and advise the Health Department and the Water Authority and city. Significant research and a health effects study were conducted by the city of San Diego at their full scale aquaculture demonstration facility relocated to San Pasqual Valley starting in 1994. These studies were instrumental in an effort to substantiate the safety of reservoir augmentation and provide key data to the state health experts.

In recognition of the importance of public acceptance of a new drinking water supply from advanced treated recycled water the Water Authority retained the services of Katz & Associates, a public relations firm, to assist in outreach and public education. The Water Authority formed a 17 member citizens Repurified Water Review Committee (RWRC) to provide community and public input and opinion on the concept of potable reuse and its place in a reliable water supply. The RWRC reflected a broad range of the community from business, academia, government and advocacy groups. In its final *Report to the Water Authority*, the RWRC endorsed the concept as safe for the public and needed to ensure future water supply reliability. The work of the RWRC
and public education efforts conducted at this time were important steps in determining the feasibility of potable reuse and reservoir augmentation in San Diego County.

In a letter to the Water Authority the California Department of Public Health approved the concept of reservoir augmentation in 1996. Following the conceptual approval of the project by the Department of Public Health, the Water Authority worked with the city of San Diego on refining the project and conducting further facilities planning activities. An Environmental Impact Report was initiated by the city of San Diego but never completed and a project was never constructed due to a lack of public acceptance.

In 1998, the Water Authority co-funded a report by the National Research Council on “Issues in Potable Reuse: The Viability of Augmenting Drinking Water Supplies with Reclaimed Water”. In that report the author’s concluded that “planned, indirect potable reuse is a viable application of reclaimed water—but only when there is a careful, thorough, project-specific assessment that includes contaminant monitoring, health and safety testing, and system reliability evaluation.” They did not, however, find direct potable reuse to be a viable option.

Current Perspective on Potable Reuse
Since 1998, there have been significant advancements in treatment technology and monitoring capabilities. In 2012, the National Research Council released “Water Reuse: potential for expanding the nation’s water supply through reuse of municipal wastewater.” The Council compared the risk of existing drinking water supplies to potable reuse and found that although natural systems are employed in most potable water reuse systems to provide an environmental buffer, an equivalent public health protection can be provided by other engineered processes. This helped open the door to the idea that direct potable reuse could also be a viable and safe option. The recommendations included additional research to provide a greater understanding of pathogen removals in multiple barrier treatment processes, assessment of modes of failure, identification of monitoring approaches that can address multiple contaminants, and capture treatment failures that ensure treatment reliability.

In 2012, the WateReuse Association and the WateReuse Research Foundation launched a potable reuse initiative and raised over six million dollars to fund the research necessary to overcome any regulatory, scientific, technical and public perception barriers to potable reuse by 2016. This includes research on engineered storage, treatment trains, reliability, blending, monitoring, and public perception. The San Diego Integrated Regional Water Management’s Proposition 84 is providing $2,113,000 to fund the WateReuse Research Foundation’s “Failsafe Potable Reuse at the Advanced Water Purification Facility” project, which will be conducted at the city of San Diego’s demonstration plant.

Discussion
There are currently numerous drivers that make potable reuse an attractive option not only for our region, but for the state of California as well. Climate change is creating unpredictable weather patterns, which may result in recurring droughts and cause water scarcities of supply. Potable reuse is a renewable resource, which can provide a cost effective and sustainable high-quality water supply. Being able to maximize the use of all recycled water can reduce the impacts and
costs associated with discharging waste to the ocean. More importantly, the many years of advanced research in potable reuse in California and elsewhere have proven that reliable technology is now available to allow agencies to consider direct potable reuse as a potentially viable and acceptable treatment option. A direct potable reuse treatment scheme, if approved by the Department of Public Health will permit water suppliers in San Diego to maximize the use of existing infrastructure and produce a new, safe and viable potable water supply for our region.

Enabling legislation SB 918 in 2010 and SB 322, sponsored by the Water Authority in 2013, have directed the Department of Public Health to:

1. Adopt regulations for indirect potable reuse through groundwater recharge by December 31, 2013 (moved to July 1, 2014);
2. Adopt regulations for surface water (reservoir) augmentation by December 31, 2016;
3. Report to the legislature by December 31, 2016 on the ability to adopt regulations for direct potable reuse;
4. Form an expert panel to provide recommendations to California Department of Public Health (CDPH) on the surface water augmentation regulations and direct potable reuse; and
5. Form a public advisory group representing diverse water supply, environmental and business interests to provide input to the expert panel on issues related to direct potable reuse. All of the public advisory group meetings will be open and transparent public meetings.

As a result of these directives, there will be significant activity over the next two years which will establish a regulatory framework for potable reuse projects. However, the expert panel needs to have an understanding of the potential range of potable reuse projects in order to recommend an appropriate and realistic approach.

The Water Authority’s member agencies have demonstrated a strong interest in developing potable reuse projects. The Water Authority fully supports these efforts. The Water Authority’s 2013 Water Facilities Optimization Study and Master Plan specifically analyzed the reliability and facility benefits of a large scale potable reuse project by the city of San Diego and identified it as the most likely next increment of local supply in the region based on the progress made by the city over the last several years.

In 2009, the city of San Diego launched their Water Purification Demonstration Project. Utilizing a strong and successful public outreach component, the city has been able to educate and gain widespread public and community acceptance for their potable reuse project. A stakeholder group, The Water Reliability Coalition, made up of representatives from business, industry associations, environmental groups and regional public policy organizations was formed to support water recycling efforts and to specifically help advance public and political acceptance of potable reuse as a water supply option.

In July 2012, the city of San Diego completed its comprehensive Recycled Water Study. The objective of the study was to identify ways to maximize the beneficial reuse of recycled water
Water Planning Committee  
May 14, 2014  
Page 6 of 7

while optimizing Clean Water Act compliance for the Metropolitan Wastewater System that serves the city of San Diego and 12 other jurisdictions in the county. The city’s 2012 Recycled Water Study identified the potential for a large scale multi phase potable reuse project that would add up to 83 million gallons per day (mgd) or over 90,000 acre feet of new highly reliable water supply to the region. The creation of new potable water supply will also significantly reduce wastewater discharges to the ocean and is part of a comprehensive strategy to address wastewater compliance requirements at the Point Loma Wastewater Treatment plant in the most cost effective manner possible.

With the completion of its Water Purification Demonstration Project in early 2013, the City of San Diego had conducted the necessary research to receive letters of conceptual approval for a San Vicente Reservoir augmentation project from CDPH and the San Diego Water Board. While continuing to advance the indirect potable reuse project utilizing San Vicente Reservoir the City is also pursuing the possibility of a direct potable reuse project as described above if regulations will permit.

In addition to the city of San Diego, the Padre Dam Municipal Water District is conducting pilot studies at their Santee Lakes Water Reclamation Facility, and has been evaluating the ability to recharge groundwater into the Santee Basin to augment Helix Water District’s water supply through Lake Jennings. The city of Oceanside is also studying the feasibility of groundwater recharge in the San Luis Rey basin. Additionally, the city of Escondido has been conducting a feasibility study for a reservoir augmentation project using recycled water from their Hale Avenue Resource Recovery Facility to supply purified water through Lake Dixon and the Vista-Escondido surface water treatment plant. A large coalition of north county member agencies have formed to maximize reuse potential by combining recycling efforts of all their agencies which also includes potable reuse projects. Other agencies expressing an interest in potable reuse include the Fallbrook Public Utilities District and Ramona Municipal Water District. Agencies in the coalition that are considering potable reuse include: the city of Escondido, Olivenhain Municipal Water District, Rincon del Diablo Municipal Water District, Santa Fe Irrigation District, San Dieguito Water District, and the San Elijo Joint Powers Authority.

**Current Water Authority Role in Potable Reuse**

Water Authority staff has met with the member agencies to discuss options for collaboration within the region in three key areas: Public outreach and messaging, engaging with regulatory agencies and the expert panel, and helping secure funding for local projects. While member agencies will lead the development of their specific projects, there was consensus that there would be value in regional coordination and collaboration on potable reuse issues. The next steps will be: (1) work with the public information officers to develop regional outreach strategies that are supportive of member agency projects, and (2) work with the member agency technical staff to share information and to coordinate on regulatory issues. At this time, it is also important to share information with the state expert panel on potential local potable reuse projects in order for the expert panel to have an informed evaluation of future regulatory requirements for a variety of potable reuse projects.
Resolution Supporting “Pure Water San Diego”
In April of this year, the San Diego City Council approved a Resolution supporting the advancement of planning to implement the Pure Water San Diego program that would provide 83 mgd of potable reuse. The city of San Diego has requested the Water Authority and other water and wastewater agencies indicate their support for the program by adopting resolutions from their governing bodies. The Water Authority has long recognized the importance of potable reuse in maximizing recycled water as an important part of a diversified water supply portfolio. The Water Authority recognized the efforts of the city by identifying a planned indirect potable reuse project at the North City Water reclamation Plant in the Board approved 2010 Urban Water Management Plan. Most recently, in the Board-adopted Regional Water Facilities Optimization Study and Master Plan (Master Plan), the city’s large scale potable reuse program was considered to be the next increment of local supply in the region in the analysis of water reliability and facility operations. Staff is recommending the Board approve the attached Resolution supporting the city’s efforts in advancing the “Pure Water San Diego” program.

Water Authority staff will continue to periodically report back to the Board as these efforts evolve.

Prepared by: Toby Roy, Water Resources Manager, Regulatory Policy
Reviewed by: Ken Weinberg, Director of Water Resources
Approved by: Sandra L. Kerl, Deputy General Manager

Attachment: Resolution No. 2014-____ Resolution of the Board of Directors of the San Diego County Water Authority supporting the “Pure Water San Diego” program sponsored by the city of San Diego
RESOLUTION NO. 2014-________

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY SUPPORTING THE “PURE WATER SAN DIEGO” PROGRAM SPONSORED BY THE CITY OF SAN DIEGO.

WHEREAS, the Water Authority supports the development of a diversified water supply portfolio in the San Diego region in order to promote water supply reliability; and

WHEREAS, local supply programs of the Water Authority’s member agencies are necessary for water supply reliability; and

WHEREAS, the Water Authority’s adopted 2010 Urban Water Management Plan identifies water recycling as an important component of a diversified regional water supply; and

WHEREAS, the planning by the city of San Diego for a large scale potable reuse program is specifically recognized in the Water Authority’s 2010 Urban Water Management Plan and 2013 Regional Water Facilities Optimization Study and Master Plan Update; and

WHEREAS, since the early 1990’s, the Water Authority has worked closely with the city of San Diego to maximize the beneficial use of recycled water and specifically to advance a potable reuse project at the North City Water Reclamation Plant; and

WHEREAS, the city of San Diego is planning a program known as PURE WATER SAN DIEGO that is intended to develop a new, reliable source of supply through potable reuse providing integrated water and wastewater management benefits within the San Diego region; and

WHEREAS, the PURE WATER SAN DIEGO program is expected to produce 83 million gallons per day (mgd) of new drinking water supplies by the year 2035, an amount estimated to meet approximately 11% of the San Diego region’s future water demand; and

WHEREAS, implementation of the PURE WATER SAN DIEGO program would significantly contribute to meeting the City reduced water consumption targets as required by SBx7-7; and

NOW THEREFORE, the Board of Directors of the San Diego County Water Authority resolves to support the city of San Diego’s efforts to implement the PURE WATER SAN DIEGO program.
PASSED, APPROVED, and ADOPTED by the Board of Directors of the San Diego County Water Authority at a regular Board meeting held on this 22nd day of May, 2014 by the following roll call vote:

Ayes:
Noes:
Abstain:
Absent:

_______________________________________
Thomas V. Wornham, Chair

ATTEST:

____________________________________
Michael T. Hogan, Secretary

I, Doria F. Lore, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2014-________ was duly adopted at the meeting of the Board of Directors on the date stated above.

_______________________________________
Doria F. Lore,
Clerk of the Board
May 14, 2014

Attention:  Water Planning Committee

Resolution establishing preliminary informal terms and conditions for the Rainbow Municipal Water District’s proposed Campus Park West Annexation.  (Action)

Staff recommendation
Adopt Resolution No. 2014-__  (Attachment 1), establishing preliminary informal terms and conditions for the Rainbow Municipal Water District’s (Rainbow) proposed Campus Park West Annexation, and requesting that Metropolitan Water District of Southern California (MWD) grant conditional approval and give notice of intent to impose water standby charges.

Alternatives
1. Modify preliminary informal terms and conditions for the proposed annexation.
2. Direct staff to deny Rainbow’s request to concurrently annex the property to Rainbow, the Water Authority, and MWD.

Fiscal Impact
The Water Authority received a $3,000 administrative fee to cover costs associated with processing the annexation. Upon final approval of the annexation, the Water Authority would receive a per acre annexation fee based on the applicable annexation rate at the time of approval, which is currently $2,929 per acre, for an additional estimated $287,334.90.

Background
Rainbow adopted Resolution No. 13-11 on September 24, 2013, requesting concurrent annexation of the Campus Park West property to the Water Authority and MWD (Attachment 2). Exhibit A attached to the resolution shows the location of the annexing parcels. Rainbow and the project applicant entered into a pre-annexation agreement on May 22, 2012, indicating Rainbow’s commitment to supply water to the project, subject to compliance with its existing policies and regulations.

Water Authority staff evaluated the annexation request based on the Water Authority’s annexation policies and procedures. In February 2006, the Board adopted thirteen annexation policies that provide criteria for evaluating the annexation of territory to the Water Authority. On April 22, 2010, the Board adopted procedures for implementing Policy #2, Protection of Member Agency Supply Reliability, due to concerns about the ad hoc nature of conditions being imposed on annexations in order to comply with Policy #2. The need for a set of procedures arose during the previous shortage period, 2007-2011, when there were concerns relating to the sufficiency of supplies and what conditions should be imposed based on the supply situation.
The following table provides a summary of the major steps for concurrent annexation to the Water Authority and MWD. The process above will stop, if at any step the Water Authority or MWD denies approval, but the agencies may reinstate the process upon later application.

<table>
<thead>
<tr>
<th>Major Steps for Concurrent Annexation to the Water Authority and MWD</th>
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<tbody>
<tr>
<td>1. Water Authority receives resolution from member agency requesting concurrent annexation to the Water Authority and MWD.</td>
</tr>
<tr>
<td>2. Water Authority Board establishes preliminary informal terms and conditions, and requests MWD grant conditional approval and give notice of intent to impose water standby charges <em>(Recommended action of this Board memo).</em></td>
</tr>
<tr>
<td>3. MWD Board adopts resolution granting conditional approval and intent to levy standby charges.</td>
</tr>
<tr>
<td>4. Water Authority Board adopts resolution accepting MWD’s conditional approval, and requests MWD set formal terms and conditions.</td>
</tr>
<tr>
<td>5. MWD Board adopts resolution, providing consent for the concurrent annexation, and fixing terms and conditions. MWD Board also adopts a resolution levying standby charge.</td>
</tr>
<tr>
<td>6. Water Authority Board adopts resolution approving, conditionally approving or denying the annexation and accepting MWD’s terms and conditions for any type of approval.</td>
</tr>
<tr>
<td>7. San Diego Local Agency Formation Commission files notice of completion after the terms and conditions of MWD, Water Authority, and member agency are satisfied.</td>
</tr>
</tbody>
</table>

**Discussion**

The Campus Park West Master Planned Community (Campus Park West) project is approximately 116.5 acres located close to the Interstate 15/State Route 76 Interchange, within the Fallbrook Community Planning Area of the unincorporated portion of San Diego County (County). Approximately 18.4 acres of the Campus Park West project are already within the Rainbow, Water Authority, and MWD service areas. Rainbow is requesting to annex approximately 98.1 acres of the project that is not already within the Water Authority service area, which would include about 20.8 acres of a biological preserve area. According to the County, the preserve would be protected as biological open space through the dedication in fee or permanent open space easements to the County or to a habitat management agency acceptable to the County’s Director of the Planning & Development Services.

The project would permit a maximum of 283 multiple-family homes, 25.4 acres commercial/mixed use, 12.6 acres light industrial/office use, and open space, phased in over several years. The proposed annexation area is currently undeveloped except for a recreation field used for radio-controlled model aircraft. In the past, portions of the property were used for dry farming or have lain fallow.

The total projected water demands of the Campus Park West Project are 296 acre-feet (AF) and the demands associated with approximately 98 acres proposed for annexation are estimated at 270 AF. According to Rainbow, there are no projected water demands associated with the biological preserve area.
Staff has conducted a preliminary evaluation of the proposed Rainbow annexation based on the Water Authority’s annexation policies (Attachments 3) and procedures (Attachment 4). The annexation policies not yet satisfied form the basis for proposed preliminary conditions included in Resolution 2014-___ (Attachment 1). Due to current drought conditions and activation of the Water Authority’s Water Shortage and Drought Response Plan (WSDRP), staff closely evaluated the Board’s annexation policy #2 and procedures in regard to protecting member agency supply reliability. A detailed discussion on the analysis of the annexation is provided below.

Policy 2: Protection of Member Agency Supply Reliability

The first step in the analysis is to determine whether conditions warrant suspended consideration of annexations. As stated in the procedures and consistent with the Water Authority’s 2008 Model Drought Response Ordinance (Model Ordinance), the Water Authority will generally not accept or process applications for annexation during a Level 3 or 4 of the Model Ordinance or a water shortage emergency declared by the Water Authority pursuant to Water Code Section 350 et seq. At all other times, the Water Authority will accept applications for annexation upon payment of the required processing fee. The region is currently at a Level 1 of the Model Ordinance, which does not warrant a suspension of accepting or processing of annexations.

The next step in the evaluation is to utilize the annexation procedures to determine if the proposed annexation could have an adverse impact on member agency supply reliability and what conditions, if any, should be imposed. The procedures state that an adverse impact could occur when 1) the water demands of the annexing property have not been included in the Water Authority’s adopted Urban Water Management Plan (UWMP), or 2) When the Water Authority Board has implemented Stage 1 of its WSDRP. The Water Authority Board activated WSDRP Stage 1, Voluntary Supply Management, on February 13, 2014 in response to the statewide drought currently in effect. According to the procedures, if the Water Authority has implemented Stage 1 of its WSDRP, the annexation may be conditioned that if the Water Authority implements Stage 3, mandatory cutbacks, during the same shortage period, the agency’s allocation base period demand will not be increased to account for the increased demand of the annexing territory. Staff is recommending as a preliminary condition that if the Water Authority Board implements Stage 3 during the current shortage period, then Rainbow’s allocation base period demand would not be increased to account for the increased demand of the proposed Campus Park West annexation. This condition ensures that if the Board enacts Stage 3 and is allocating a set amount of water to its member agencies, the other member agencies’ allocations will not be reduced due to new demands associated with the annexation.

In development of the Water Authority UWMP, staff coordinates with member agencies to generate estimated demands for potential near-term annexations, which are then included in the UWMP. With the potential demands included in the UWMP, the Water Authority can more comprehensively plan supplies to meet the estimated usage of existing and future demands within its service area. Including the demands does not limit the Board’s discretion to deny or approve these or other annexations not contemplated.
During preparation of the Water Authority’s 2010 UWMP, Rainbow did not request the proposed Campus Park West annexation be included as a potential near term annexation. However, when considering the 270 AF estimated demands of the annexation and that current demands are far below the forecasted demands in the 2010 UWMP, staff finds that the long-term supplies identified in the UWMP are anticipated to be adequate to meet existing and future demands, including the estimated demands of the proposed annexation. For this reason, staff finds that the annexation will not have a long-term adverse impact on supply reliability. In addition, the Water Authority will be updating its UWMP in 2015 and if the Campus Park West annexation is approved, the estimated demands will be included in the total demand projections that will then be utilized to determine the supplies needed to meet those demands.

Staff is recommending Board approval of Resolution 2014-__ (Attachment 1), establishing preliminary informal terms and conditions, and requesting that MWD grant conditional approval and give notice of intent to impose water standby charges.

Prepared by: Lesley Dobalian, Water Resources Specialist
Dana L. Friehauf, Acting Water Resources Manager
Reviewed by: Ken Weinberg, Director of Water Resources
Approved by: Sandra L. Kerl, Deputy General Manager

Attachments: 1. Proposed Water Authority Resolution 2014-_____
2. Rainbow Municipal Water District Resolution No. 13-11
3. Table 1 – Compliance with Water Authority Annexation Policies
4. Table 2 – Compliance with Water Authority Annexation Policy #2
RESOLUTION NO. 2014-

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY ESTABLISHING PRELIMINARY INFORMAL TERMS AND CONDITIONS, AND REQUESTING METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA TO GRANT CONDITIONAL APPROVAL AND GIVE NOTICE OF INTENT TO IMPOSE WATER STANDBY CHARGES FOR THE ANNEXATION OF TERRITORY TO SAID AGENCIES (CAMPUS PARK WEST ANNEXATION)

WHEREAS, pursuant to Section 10(d) of the County Water Authority Act, the Board of Directors of the Rainbow Municipal Water District adopted Resolution No. 13-11, requesting formal terms and conditions from the San Diego County Water Authority and Metropolitan Water District for the concurrent annexation of the lands described in Resolution No. 13-11, and known as the CAMPUS PARK WEST ANNEXATION; and

WHEREAS, a copy of Rainbow Municipal Water District Resolution No. 13-11, is attached; and

WHEREAS, pursuant to Section 10(d) of the County Water Authority Act, the Board of Directors of the San Diego County Water Authority may grant or deny the application and, in granting the application, may fix terms and conditions upon which the territory may be annexed to the San Diego County Water Authority; and

WHEREAS, the Board of Directors of the San Diego County Water Authority adopted Annexation Policies in February 2006 that provide criteria for the evaluation of potential annexations and conditions that may be applied; and

WHEREAS, the Board of Directors of the San Diego County Water Authority approved Procedures for Implementation of the San Diego County Water Authority’s Annexation Policy #2: Protection of Member Agency Supply Reliability in April 2010 that provide guidance in determining if approval of a proposed annexation will have an adverse effect on member agency supply reliability, and provide direction on the potential conditions to be imposed; and

WHEREAS, the Board of Directors of the San Diego County Water Authority activated its Water Shortage and Drought Response Plan in February 2014; and

WHEREAS, conditions from the Annexation Policies will need to be satisfied prior to approval of the CAMPUS PARK WEST ANNEXATION; and

WHEREAS, it is in the interest of the San Diego County Water Authority to obtain a conditional approval from the Metropolitan Water District of Southern California for the concurrent annexation of the CAMPUS PARK WEST ANNEXATION.
NOW, THEREFORE, it is resolved by the Board of Directors of the San Diego County Water Authority as follows:

1. Pursuant to Section 10(d) of the County Water Authority Act, the Board of Directors of the San Diego County Water Authority proposes the following preliminary informal terms and conditions for the CAMPUS PARK WEST ANNEXATION, as described in Rainbow Municipal Water District Resolution No. 13-11:

   a) Rainbow Municipal Water District’s base period allocation demand will not be increased to account for the increased demand of the CAMPUS PARK WEST as long as Water Shortage and Drought Response Plan, activated by the Board of Directors on February 13, 2014, remains activated.

   b) Rainbow Municipal Water District shall adopt a water conservation plan establishing conserving design and improvements to be incorporated into all new developments, that requires maintenance of water conserving landscape through covenants, conditions and restrictions, and that requires all new developments within proposed annexing territories to use recycled water if it is available.

   c) Rainbow Municipal Water District shall provide certification that the CAMPUS PARK WEST ANNEXATION is consistent with local land use approvals.

   d) Environmental documentation shall be prepared in accordance with the California Environmental Quality Act (CEQA).

   e) The owner of the CAMPUS PARK WEST ANNEXATION territory shall provide an annexation fee to be paid to the San Diego County Water Authority upon completion of the annexation and based on the annexation rate applicable upon final approval.

2. That the Board of Directors of the Metropolitan Water District of Southern California is requested to determine conditional approval and give notice of intent to impose water standby charges for the concurrent annexation to said Metropolitan Water District of Southern California and the San Diego County Water Authority of the CAMPUS PARK WEST ANNEXATION, as described in Rainbow Municipal Water District Resolution No 13-11.

3. That the Clerk of the Board is authorized and directed to forward certified copies of this resolution to the Metropolitan Water District of Southern California and the Rainbow Municipal Water District.

4. Pursuant to Section 5.2 of the County Water Authority Act, the San Diego County Water Authority shall impose standby charges to the properties to be annexed and the property owners shall sign a consent agreement regarding the payment of standby charges.

5. That the property owner will consent to imposition by the Water Authority of any special taxes, connection fees, capacity charges, growth charges, or assessments levied on
property or in connection with development or commencement of service within the Water
Authority service area.

PASSED, APPROVED, AND ADOPTED on this twenty-second day of May 22, 2014.

Ayes:

Noes:

Abstain:

Absent:

___________________________________
Thomas V. Wornham,
Chair

ATTEST:

_________________________
Michael T. Hogan,
Secretary

I, Doria F. Lore, Clerk of the Board of the San Diego County Water Authority, certify that the
vote above is correct and this Resolution No. 2014-_____ was duly adopted at the meeting of the
Board of Directors on the date stated above.

_________________________
Doria F. Lore
Clerk of the Board
RESOLUTION NO. 13-11

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE RAINBOW MUNICIPAL WATER DISTRICT
REQUESTING FORMAL TERMS AND CONDITIONS FROM
THE SAN DIEGO COUNTY WATER AUTHORITY (SDCWA) AND THE METROPOLITAN
WATER DISTRICT OF SOUTHERN CALIFORNIA (MET) FOR THE CONCURRENT
ANNEXATION
OF THE SAME TERRITORY
TO SAID AGENCIES

WHEREAS, JPSD 100, a California limited liability corporation, has requested the
Rainbow Municipal Water District (RMWD) annex a portion of the proposed “Campus Park
West” project property to provide water service; and

WHEREAS, the Board of Directors of the Rainbow Municipal Water District has
determined that the requested annexation, subject to the terms and conditions listed herein,
would be beneficial for RMWD and desires to concurrently initiate proceedings pursuant to the
Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Division 3 commencing
with Section 56000 of the California Government Code for the “JPSD 100 Reorganization” and

WHEREAS, the proposed LAFCO reorganization includes the following jurisdictional
changes:

1. Annexation of territory to the Rainbow Municipal Water District; and
2. Detachment of territory from the San Luis Rey Municipal Water District.

WHEREAS, RMWD requests that the proposed LAFCO reorganization be
subject to the following terms and conditions:

1. Annexation to the San Diego County Water Authority;
2. Annexation to the Metropolitan Water District of Southern California; and
3. The requirements of the pre-annexation agreement dated May 22, 2012 between the
Rainbow Municipal Water District and JPSD 100, as owner of the Campus Park
West property described therein, which agreement is incorporated herein by
reference; and

WHEREAS, the territory included in the proposed reorganization will be conditioned by
LAFCO to annex to the San Diego County Water Authority and the Metropolitan Water District
to obtain imported water; and

WHEREAS, Rainbow Municipal Water District is a member agency of SDCWA;
and

WHEREAS, SDCWA is a member agency of the Metropolitan Water District of Southern
California; and
WHEREAS, annexation will be in accordance with the County Water Authority Act and applicable provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Section 56000 et seq.), and not conflict with Division III, Annexations, of the Metropolitan Water District of Southern California Administrative Code; and

WHEREAS, SDCWA and MET need to establish formal terms and conditions prior to annexation; and

WHEREAS, facilities and works necessary to connect annexed territory to San Diego County Water Authority facilities and works shall be provided at the cost of the annexed territory, as determined by the SDCWA Board and

WHEREAS, the territory included in the proposed reorganization and the annexations to SDCWA and MET is vacant and uninhabited and a description of said territory is set forth in Exhibit "A" attached hereto and by this reference incorporated herein; and

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY the Board of Directors of the Rainbow Municipal Water District as follows:

1. That this Resolution is hereby adopted by the Board of Directors of the Rainbow Municipal Water District.

2. That the San Diego County Water Authority and the Metropolitan Water District are hereby requested to determine and establish formal terms and conditions for the annexation of territory as described in Exhibit "A" to said agencies.

3. The General Manager of the Rainbow Municipal Water District is hereby directed to pay such fees and to provide such further information as may be required by such agencies to consider these requests.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Rainbow Municipal Water District at a regular meeting thereof held on September 24, 2013, by the following vote,

AYES: Directors Brazler, Griffiths, Lucy, McManigle, and Sanford

NOES: None

ABSENT: None

ABSTAIN: None

George McManigle
Board President

ATTEST:
Dawn Washburn
Board Secretary
SECRETARY’S CERTIFICATE

I, Dawn Washburn, Secretary of the Board of Directors of the Rainbow Municipal Water District, County of San Diego, California, hereby certify as follows:

The attached is a full, true and correct copy of a resolution adopted at a meeting of the Board of Directors of the District duly held at the regular meeting place thereof on September 24, 2013, by the following vote:

AYES: Directors Brazier, Griffiths, Lucy, McManigle, and Sanford
NOES: None
ABSTAIN: None
ABSENT: None

An agenda of the meeting was posted at least 72 hours before the meeting at 3707 Old Highway 395, Fallbrook, California, a location freely accessible to members of the public, and a brief description of the resolution appeared on the agenda.

The resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: September 25, 2013

[Signature]

Secretary of the Board of Directors of the Rainbow Municipal Water District
LEGAL DESCRIPTION:
THAT PORTION OF THE MONSERATE RANCHO, IN THE COUNTY
OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP
ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF SAN
DIEGO COUNTY IN BOOK 1, PAGE 108 OF PATENTS.

EXCEPTING THEREFROM THOSE PORTIONS THEREOF
CONVEYED TO THE STATE OF CALIFORNIA BY DEEDS
RECORDED JULY 30, 1974 AND FEBRUARY 19, 1975 AS FILE
NOS. 74-203645 AND 75-036967, RESPECTIVELY, BOTH OF
OFFICIAL RECORDS.

Legend
- Proposed Rainbow Municipal Water District, San Diego County Water Authority, &
  Metropolitan Water District of Southern California Annexation Boundary (4.98 Ac.)
PREANNEXATION AGREEMENT

THIS AGREEMENT ("Agreement") is made on this 22nd day of May 2012, by and between RAINBOW MUNICIPAL WATER DISTRICT, a California municipal water district ("District") and JPSD 100, a California limited liability corporation ("Developer"). Throughout this Agreement, District and Developer may be referred to collectively as the "Parties" and individually as a "Party".

RECITALS

WHEREAS, Developer is planning a development to be located within Sections 36, Township 9S, Range 3W and Sections 1 & 2, Township 10S, Range 3W San Bernardino Base and Meridian (the "Project"), and such development is referenced within records of the County of San Diego ("County"), State of California, as:

CAMPUS PARK WEST
County TPM: 5424
Assessor's Parcel No(s): 108-121-14, 125-061-01, 125-063-07, 125-063-07 and 125-063-08

Collectively referred to as the "Property."

WHEREAS, Developer has submitted, or in the near future will submit, an application with the County seeking to subdivide the Property, consisting of an approximately 107-acre Specific Plan area proposed to include multi-family residential uses, general commercial, and limited impact industrial/business professional uses. The Project includes four planning areas: Planning Area 1 will be for limited impact industrial/business professional uses of approximately 120,000 square feet; Planning Area 2 is to be multi-family residential development, consisting of approximately 320 units; Planning Area 3 is to consist of approximately 480,000 square feet of general
commercial space; and Planning Area 4 will be comprised of approximately 28,000 square feet
of general commercial uses.

WHEREAS, said Project will require water and sewer service to the Property;

WHEREAS, Developer has requested that District provide water and sewer service to the
Property sufficient to support Developer’s Project and the Parties have agreed that District will provide
such water and sewer service to the Property following the Property’s annexation into District and an
amendment of District’s Sphere of Influence and boundaries, as may be required, to provide such water
and sewer service (“Amendment”), in accordance with applicable policies of District, and subject to the
Developer’s compliance with the terms and conditions of this Agreement; and

WHEREAS, District has existing water and sewer facilities and capacity available to serve the
Property and is interested in exploring an expansion of its customer base.

AGREEMENT

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. COMPLIANCE WITH DISTRICT REGULATIONS. Developer will comply with District's
policies and regulations including, without limitation, District’s Water and Sewer Master Plan, Standard
Requirements for Design of Domestic Water and Sanitary Sewer Facilities, and District Rules and
Regulations concerning water and sewer service, as such plan, requirements, rules and regulations may be
amended from time to time, the provisions of which are incorporated herein by reference.

2. ANNEXATION. Developer agrees to pay for all applicable and reasonable costs, fees and
charges as may be incurred by District, and as may be necessary to initiate, pursue and complete the
annexation and Amendment, including, but not limited to, Local Agency Formation Commission
(LAFCO) fees, San Diego County Water Authority fees and charges, Metropolitan Water District fees
and charges, study costs, District’s costs of complying with the California Environmental Quality Act
(“CEQA”), and making such other studies or assessments as may be required by law. District agrees to
consider a resolution of application regarding the proposed Amendment and annexation within 60 days of
completion of the legally required studies and receipt from Developer of a deposit of estimated fees,
charges and costs as may be requested by District.
3. **ANNEXATION FEE; DEPOSIT.**

3.1. Developer agrees to pay District an annexation fee, contingent upon annexation to the District, subject to the terms of this Agreement, calculated in accordance with Exhibit A, attached, and subject to section 3.2 hereof, to include the Developer’s pro rata share of all District water and sewer facility improvements located outside of the boundaries of the Property, which will be available to serve the Property upon annexation. This fee shall be deposited with District upon approval of the resolution of application for the annexation, and shall be held, in trust by District, until completion of the annexation. In the event the annexation is disapproved by LAFCO, the deposit shall be promptly returned, together with any interest thereon earned by District.

3.2. Following annexation, the Property may obtain water and sewer service on the same terms and conditions as available to other parcels within the District, subject to any specific terms and conditions in this Agreement. The annexation fee shall be calculated based on all acreage owned by Developer to be annexed to District, provided that to the extent Developer’s Property includes any acreage which is enforceably restricted at the time of annexation to open space uses through a conservation easement, condition, or other covenant: (1) which prohibits irrigation of any kind, whether from wells or any other man-made source; (2) which easement, condition, or covenant would entitle such acreage to exemption from assessments imposed under Improvement District No. 1; and (3) which prohibits the erection of any structure which may require provision of sewer service, the annexation fee due based on such acreage shall not be applied by the District. Such restrictions, together with the amount of such deferred annexation fee shall be included in a declaration of restrictions to be recorded in favor of the District. Such declaration of restriction shall require payment of such fee and assessments under Improvement District No. 1, together with interest on the total amount at the rate of prime plus 2 percent per annum, calculated upon violation of any of the restrictions, as a condition to the District’s obligation to provide water, sewer or other services to such acreage. District’s annexation fee also shall not apply to portions of the Property already situated within the District’s service area.

3.3. As a condition of annexation of the Property to the District, Developer shall consent to, and approve, of the annexation of the Property into Improvement District No. 1, and, at annexation, Developer shall voluntarily waive any rights it may have to object to such annexation, including any claim it may have that the extension of Improvement District No. 1 thereto, and the imposition of the current assessments levied thereunder on the Property at the existing rate of $10.54 per acre, may be inconsistent with Proposition 218.
3.4. If District changes the annexation fee calculation terms in other preannexation agreements or in other completed annexations to the District within five (5) years of the date of completion of the annexation of the Property and payment of annexation fees by Developer, and the annexation fee so calculated and actually paid under the new terms of another completed annexation is less than the amount actually paid by Developer on a per-acre basis (excluding the restricted acreage described in section 3.1 for which annexation fees are deferred), then the Developer shall have the right to demand and be paid a refund of the difference between the old and new annexation fees actually paid.

4. **WATER RIGHTS.** As a condition to completion of the annexation, Developer agrees to grant all overlying, riparian and other water rights, if any, in the Property to District. The District may require, as a condition of annexation, recordation of such a grant. The value, if any, of such rights shall not be included in the calculation of annexation fees for any purpose under this Agreement.

5. **EXECUTION OF CONSTRUCTION AGREEMENT.** This Agreement shall not grant Developer any specific rights to water or sewer services. Developer shall execute District's standard Developer Initiated Water and Sewer Facilities Construction Agreement, prior to the start of construction, for any facilities or infrastructure needed to provide water and sewer service to the Property or any part of the Project. An exemplar of the current standard Water System Construction Agreement is attached to this Agreement; however that exemplar is subject to change.

6. **WATER SERVICE.** Recognizing that smaller residential and commercial lot sizes create reduced water demands and that new building codes require significant water conservation, District agrees to make water service available through 5/8" and 3/4" meter-based capacity fees, when permitted by and consistent with District policies. Developer may, however, be required to purchase 1" or larger meters to meet fire flow requirements, as may be required by District or other agency regulations or standards.

7. **SEWER SERVICE.**

7.1. At the time of this Agreement, District has available 2,778 equivalent dwelling units ("EDUs") of sewer capacity for sale. Based on current District policy, one EDU is calculated to provide 180 gallons per day of sewer flow; however, this may change if District's policy is amended and approved by the District Board. District currently offers sewer capacity for sale on a "first come – first served" basis within the District.

7.2. If prior to May 1, 2017, District's sewer available capacity falls below 1,000 EDUs, as defined under current District policy, District will not hold any EDUs for the Developer, but District shall
provide Developer, by certified letter, a first right-of-refusal, before offering such capacity to the owner of any other parcel annexed into District after annexation of the Property, to purchase any remaining EDUs the Developer feels are necessary to complete the Project. District agrees to condition any subsequent annexations upon recognition of the rights of Developer under this paragraph. The Developer shall have sixty (60) calendar days from certified receipt of District's letter to purchase EDUs. After sixty (60) days, District shall offer remaining EDUs on a "first come – first served" basis and Developer shall have no superior rights over other subsequently annexed property owners when applying for EDUs. Developer's rights under this paragraph shall not be assignable, except in writing to a successor-in-interest to the entirety of the Property, who has agreed to comply with all of the provisions of this Agreement, as evidenced by a recorded instrument. The District shall be provided a copy of such instrument as a condition precedent to its obligation to honor its obligations under this paragraph. In the event the District's obligations or Developer's (or assignee's) rights under this paragraph are challenged by any third party on any basis, Developer shall be solely responsible for District's defense, and Developer agrees to defend, indemnify and hold harmless District against any cost, claim, or liability arising out of such a challenge.

7.3. Should capacity not be available at the time Developer wishes to purchase said capacity, Developer agrees to pay its fair share of all costs associated with making said capacity available, up to and including potential payment for expansion at the City of Oceanside's San Luis Rey Water Treatment Plant (SLRWTP) and/or other wastewater treatment disposal options, on the same basis as any other owner of property within the District. When the SLRWTP reaches 80 percent capacity District shall be responsible to complete a feasibility study on the next incremental expansion, including probable costs.

8. **WATER AND SEWER TECHNICAL STUDY.** Within sixty (60) days of the execution of this Agreement, Developer shall prepare and submit to District, for review and approval, a Water and Sewer Technical Study (Study) recommending on-site and off-site water and sewer facility improvements to be required to serve the Project. District will make available to Developer all the necessary information and hydraulics models, including any approved Campus Park Water/Sewer Technical Study serving adjacent properties, to perform the Study before or within the sixty (60) day timeframe reflected in this section. Upon approval of the Study and annexation to District, the Study shall serve as the governing and controlling document for all water and sewer system requirements within the Project area (the Property), provided that: (1) there have been no material changes in the Project or to the assumptions made in development of the Study; (2) District water supply and availability and sewer demands have not changed materially; and (3) five years have not elapsed after submission and approval of the Study by District.
9. **INDEMNIFICATION AND DEFENSE.** Developer shall indemnify, defend, and hold harmless District, its officers, agents and employees, from and against any and all claims, demands and litigation brought by third parties pertaining to or arising out of this Agreement, except that arising from the sole negligence of District (except as provided in section 7 hereof). District shall be entitled to pre-approve counsel selected by Developer.

10. **CEQA COMPLIANCE.** District and Developer acknowledge that the County of San Diego ("County") will undertake the preparation and completion of an environmental impact report ("EIR") for the Project and that County is the lead agency with respect to the Project. Such EIR has been commenced, but not completed. District and Developer acknowledge District intends to rely upon the County EIR for the proposed annexation. No final discretionary approval by District shall be granted with respect to the proposed annexation unless and until the County has certified the EIR pursuant to the requirements of CEQA, including full consideration of the project alternatives and mitigation measures. District would utilize the certified EIR in considering whether or not to approve the proposed annexation. Nothing in this Agreement is intended, or shall be deemed, to affect District's independent judgment and analysis as required by CEQA. Further, District retains the sole discretion to make decisions under CEQA relative to the proposed annexation, including the decision not to proceed with said annexation. To the extent supplemental environmental studies are required by LAFCO for the annexation, District will oversee preparation of such studies, if any, and Developer will pay the costs for such supplemental studies.

11. **DEVELOPMENT OF PROPERTY.** The Parties acknowledge that Developer shall be the applicant, and the County shall serve as the lead agency, with respect to any and all permits, licenses, entitlements, grants, environmental documents or other documents that may be necessary for Developer's Project. Developer shall bear the sole expense for preparation of all environmental clearance documents (e.g., EIR) for the proposed development of the Property under CEQA.

12. **ANNEXATION OF PROPERTY.** District agrees that once the Project is approved by the County, it will initiate annexation of the Property into the District and an amendment to District’s Sphere of Influence for the purpose of providing water and sewer service to the Property, so long as County approval occurs within five (5) years of the date of this Agreement. Developer agrees to fully cooperate with the processing of any approvals, plans, and documents in such annexation proceedings. Should the County’s approval of the Project occur more than five (5) years after the date of this Agreement, the District may still initiate annexation, but is not required to do so. Nothing in this Agreement shall be
construed as a limitation on the exercise of discretion by District or the LAFCO as to whether to approve the annexation of the Property into the District.

13. **TERMINATION.** This Agreement may be terminated upon mutual agreement of the Parties in writing and signed by each Party within five (5) years of the date of this Agreement; and such mutual agreement shall not be unreasonably withheld. After five (5) years of the date of this Agreement, if LAFCO has not approved the annexation, either Party may terminate this Agreement by giving written notice to the other party.

14. **FINANCING.** The District may consider the use of public financing through a Financing District (defined in the next sentence) to finance public improvements included in or necessitated by the Project, such as water and sewer infrastructure, subject to the restrictions, if any, imposed under District Ordinance No. 95-1, if the creation of a Financing District is mutually beneficial to the Parties. A “Financing District” means any assessment district, special district, community facilities district, community services district improvement district, or other similar district, legal entity, or mechanism formed pursuant to the provisions of legislation in effect at the time the Financing District is formed. Examples include, but are not limited to, districts formed under the Municipal Improvements Acts of 1911 and 1913 and the Mello-Roos Community Facilities District Act of 1982.

15. **REMEDIES.**

15.1. **Material Breach and Opportunity to Cure.** Unless otherwise provided in this Agreement, Developer and District agree to attempt in good faith to resolve all issues arising out of or related to this Agreement before any resort to non-binding arbitration in accordance with Section 15.2 below. If either Party reasonably believes that the other Party is in material breach or material default of any terms or conditions of this Agreement, the non-defaulting Party shall provide written notice to the defaulting Party stating the basis for the claim of material breach or default. The defaulting Party shall have thirty (30) days within which to cure such breach, or, if such breach cannot reasonably be cured within thirty (30) days, an additional reasonable time period, so long as such cure has been commenced within such thirty (30) days and diligently pursued. If the defaulting Party fails to cure or is unable to cure the breach or default within such cure period, then either Party shall have the right to demand non-binding arbitration of the dispute in accordance with Section 15.2 below. If the defaulting Party receives a written notice of breach but denies the existence of any breach or default, then either Party shall have the right to demand non-binding arbitration of the dispute in accordance with Section 15.2 below, without awaiting the passage of any cure period.
15.2. **Non-Binding Arbitration of Disputes.** Except as provided in Section 15.1 above, the Parties agree that all disputes arising out of or related to this Agreement shall be first submitted to non-binding arbitration conducted by a retired judge or justice. All arbitrations shall be conducted according to the American Arbitration Association Commercial Arbitration Rules or such other procedures as may be agreed upon by the Parties, except that the Parties hereby expressly retain all judicial rights to discovery. The arbitrator shall be selected by mutual agreement of the Parties to this Agreement within thirty (30) days of the request for arbitration, or in the absence of such agreement, in accordance with the then current procedures of the Judicial Arbitration and Mediation Services in San Diego County. Each Party shall present its case to the arbiter within thirty (30) days following the date of appointment of the arbiter, or as mutually agreed by the Parties. Each Party shall bear its own costs, and the costs of the arbitrator shall be divided equally between the Parties.

16. **MISCELLANEOUS PROVISIONS.**

16.1. **Incorporation.** All of the Recitals above are hereby incorporated by reference into this Agreement as though set forth fully herein.

16.2. **No Joint Venture.** Nothing in this Agreement is intended to create a joint venture, partnership, or common enterprise relationship of any kind between the Parties. The obligations of the Parties are the sole and several obligations of each Party.

16.3. **Assignment and Succession of Rights and Obligations.** This Agreement may not be assigned by Developer without District’s prior written consent, which may not be unreasonably withheld, so long as the assignee is still pursuing the Project and the Developer assigns its interests in all aspects of the Project, and the entirety of the Property, to assignee. This Agreement shall not bind assignees, including successors in interest, of Developer unless written notice is provided to District of the assignment, the assignee agrees to cure any outstanding violations of the Agreement, and District consents in writing, which consent will not be unreasonably withheld. The term “successors in interest” shall include purchasers to whom Developer sells all or any portion of the Property. Despite the foregoing, Developer shall have the right to assign, without District consent, the Agreement and its rights and obligations hereunder to any entity of which Developer or principals of Developer own or control a majority interest that acquires the entire Property that is the subject of this Agreement; provided that Developer is in full compliance with the terms of this Agreement at the time of the assignment and the assignee agrees to abide by all District rules and regulations and continue to pursue the Project.
16.4. **Binding Effect.** The Agreement shall inure to the benefit of and be binding upon the Parties and their respective purchasers, successors, heirs, and assigns.

16.5. **Headings.** The headings herein contained are inserted only as a matter of convenience and reference and are not meant to define, limit or describe the scope or intent of the Agreement or in any way affect the terms and provisions set forth herein.

16.6. **Entire Agreement and Modification.** This Agreement represents the entire understanding of the Parties as to those matters contained herein, and supersedes and cancels any prior oral or written understanding, promises or representations with respect to those matters covered herein, and it shall not be amended, altered, or changed except by a written agreement signed by the Parties hereto and approved by District’s Board of Directors. Any prior correspondence, memoranda, or agreements, whether or not such correspondence, memoranda, or agreements are in conflict with this Agreement, are intended to be replaced in total by this Agreement. Each Party further warrants and represents that it has not relied upon any oral statements or promises made by any representative of any Party in executing this Agreement.

16.7. **Applicable Law.** This Agreement and all questions related to its validity, interpretation, performance and enforcement (including, without limitation, provisions concerning limitations of actions), shall be governed by and construed in accordance with the laws of the State of California, notwithstanding any conflict-of-laws doctrines of such state or other jurisdiction to the contrary and without the aid of any canon, custom, or rule of law requiring construction against the draftsman.

16.8. **Recordation.** Either party may record this Agreement against the Property, however, District shall, upon request by Developer execute any document required to promptly release any subdivided lot created on the Property from this Agreement, provided: (1) such lot has been conveyed to the lot’s ultimate user (or as part of the closing of escrow on the sale of such lot); and (2) Developer is in compliance with the terms of this Agreement. Developer agrees to pay the cost of any reconveyance fee charged therefore. The water rights recorded against the Property shall remain recorded against the Property.

16.9. **Provisions Required by Law.** Each and every provision of law and clause required by law to be inserted in this Agreement shall be deemed inserted herein, and the Agreement shall be read and enforced as though they were included herein. If through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of any Party, this Agreement shall forthwith be physically amended to make such insertion.
16.10. **Force Majeure.** Neither Party shall be considered to be in default as a result of its delay or failure to perform its obligations herein when such delay or failure arises out of causes beyond the reasonable control of the party. Such causes may include, but are not limited to, acts of God or the public enemy, acts of the state or the United States in either its sovereign or contractual capacity, fires, floods, epidemics, strikes, and unusually severe weather; but, in every case, delay or failure to perform must be beyond the reasonable control of and without the fault or negligence of the party.

16.11. **No Waiver.** The failure of either Party to enforce any term, covenant, or condition of this Agreement on the date it is to be performed shall not be construed as a waiver of such Party’s right to enforce any term, covenant, or condition of this Agreement at any later date or as a waiver of any term, covenant or condition of this Agreement.

16.12. **Independent Counsel.** The Parties represent and warrant that they have been advised to consult independent legal counsel of their own choosing and have had a reasonable opportunity to do so prior to executing this Agreement.

16.13. **Partial Invalidity.** If any non-material provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will continue in full force and effect without being impaired or invalidated in any way.

16.14. **Jurisdiction, Forum, and Venue.** The proper jurisdiction, forum and venue for any claims, causes of action or other proceedings concerning this Agreement shall be located in the State of California, County of San Diego. District and Developer agree not to bring any action or proceeding arising out of or relating to this Agreement in any other jurisdiction, forum or venue. District and Developer hereby submit to personal jurisdiction in the State of California for the enforcement of this Agreement and hereby waive any and all personal rights under the law of any state to object to jurisdiction within the State of California for the purposes of any legal action or proceeding to enforce this Agreement, whether on grounds of inconvenient forum or otherwise.

16.15. **Signature Authority.** The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity and authority to enter into and execute this Agreement on behalf of the respective legal entities of Developer and District.

16.16. **Counterparts.** This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same agreement, and the signature of any Party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.
RAINFOUR MUNICIPAL WATER DISTRICT

DEVELOPER:

Name: John Papagiannopoulos AKA John Pappas
Title: Member
Date: 7/4/2012

Counsel:
By: Greg Moser
Name: Greg Moser
Firm: Procopio, Cory, Hirs & Lep
Address: 525 B Street, Suite 2200
San Diego, CA

Telephone: ________

Rainbow Municipal Water District
## Compliance with Water Authority Annexation Policies

<table>
<thead>
<tr>
<th>Policy No.</th>
<th>Water Authority Annexation Policy</th>
<th>Summary of Policy</th>
<th>Water Authority Staff Evaluation Has Policy Been Satisfied? (If “no”, potential condition has been identified)</th>
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</table>
| 1          | Relationship to San Diego Local Agency Formation Commission (LAFCO) and Metropolitan Water District of Southern California (Metropolitan) Policies | Any annexation shall be in accordance with the County Water Authority Act and applicable provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Section 56000 et seq.). Annexation shall not conflict with Metropolitan Administrative Code, Division III. | Yes X No  
Rainbow Municipal Water District (Rainbow) Resolution No. 13-11 states that the proposed annexation will be in accordance with the County Water Authority Act, pursuant to Government Code 56000, and not conflict with Metropolitan Water District’s (MWD) Administrative Code. |
| 2          | Protection of Member Agency Supply Reliability | The Water Authority shall evaluate the adequacy of water supplies and facilities to meet the needs of the proposed annexed territory based on adopted Water Authority facilities, supply and drought response plans, including without limitation the 2014 Water Facilities Master Plan Update and the 2010 Urban Water Management Plan and 2006 Water Shortage and Drought Response Plan  | Yes No (Include as final condition)  
Refer to Attachment 1, Compliance with Water Authority Annexation Policy #2. The condition states that Rainbow’s base period allocation demand will not be increased to account for the increased demand of the annexation as long as Water Shortage and Drought Response Plan, activated by the Board of Directors on February 13, 2014, remains activated. |
| 3A         | Conservation and Local Supply Use Requirements | The Board may condition an annexation to require developments and development projects in the annexed territory to:  
1. Utilize recycled water in accordance with California Water Code;  | Yes X No  
Rainbow does not currently generate nor distribute recycled water. However, Rainbow could potentially utilize recycled water in the future. The Meadowood Master Planned Community development to the east of the Campus Park West Master Planned Community (Campus Park West) project includes plans to develop a wastewater treatment and recycled water plant owned and operated by Valley Center MWD. Rainbow could potentially obtain recycled water from Valley Center MWD through a future recycled water pipeline.  
The Campus Park West project will be required to comply with the County’s Water Efficient Landscape Design Manual and Water Conservation in Landscaping Ordinance, which promotes the use of recycled water for landscaping when it is available. |

Rainbow Municipal Water District (Rainbow) Resolution No. 13-11 states that the proposed annexation will be in accordance with the County Water Authority Act, pursuant to Government Code 56000, and not conflict with Metropolitan Water District’s (MWD) Administrative Code.
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| 3A         | Conservation and Local Supply Use Requirements | The Board may condition an annexation to require developments and development projects in the annexed territory to:  
2. Incorporate water conserving design and improvements within subdivisions, both residential and commercial and;  
3. Incorporate water conserving design and improvements in building, grading, landscaping, and other similar development and construction plans;  
4. Require maintenance of water conserving landscape through CC&Rs. | Yes No (Include as final condition)  
The County of San Diego Planning Commission approved a Specific Plan Amendment and General Plan Amendment for the Campus West project on April 11, 2014. According to the County, the development will be required to use efficient technologies and conservation efforts that minimize dependence on imported water, including efficient irrigation systems, and the use of native plant species and non-invasive drought tolerant/low water use plants in landscaping new developments. The landscape plan and irrigation system will be required to comply with the County’s Water Efficient Landscape Design Manual and Water Conservation in Landscaping Ordinance.  
According to Rainbow, it plans to adopt a regulatory plan that will require maintenance of water conserving landscape through CC&Rs. |
| 3B         | Conservation and Local Supply Use Requirements | Member agency with jurisdiction over the proposed annexation shall submit evidence of the following prior to Board approval:  
1. Regulatory plan to require all new developments within proposed annexing territories and member agency’s service area to incorporate water conserving design and improvements based on current Water Authority water-use-efficiency policies.  
2. Regulatory plan to require all new developments within proposed annexing territories to use recycled water, or explain why such use in infeasible. | Yes No (Include as final condition)  
Rainbow plans to adopt a regulatory plan requiring all new developments within its service area and proposed annexing territories to incorporate water conserving design and improvements.  
Although Rainbow does not currently generate nor distribute recycled water, it could potentially be available in the future through Valley Center MWD, as a result of plans to develop a recycled water plant as part of the Meadowood Master Planned Community development. The regulatory plan should also require all new developments within proposed annexing territories to use recycled water if it is available. |
| 3B         | Conservation and Local Supply Use Requirements | Member agency with jurisdiction over the proposed annexation shall submit evidence of the following prior to Board approval:  
3. Member agency is signatory to and in substantial compliance with the (CUWCC) Memorandum of Understanding (MOU). | Yes No (Include as final condition)  
Rainbow became a signatory to the MOU in September 2009, and is working towards substantial compliance with the CUWCC’s Best Management Practices. |
## Compliance with Water Authority Annexation Policies

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<td><strong>3B</strong></td>
<td>Conservation and Local Supply Use Requirements</td>
<td>Member agency with jurisdiction over the proposed annexation shall submit evidence of the following prior to Board approval: 4. Member agency has accounted for groundwater and surface water supplies available to the annexing territory in water management plans.</td>
<td><strong>Yes X No</strong>&lt;br&gt;There are no surface water or groundwater supplies available to the annexing territory.</td>
</tr>
<tr>
<td>3B</td>
<td>Conservation and Local Supply Use Requirements</td>
<td>Member agency with jurisdiction over the proposed annexation shall submit evidence of the following prior to Board approval: 5. Member agency is maximizing recycled water use and groundwater throughout its service area or has conducted feasibility studies that have determined recycled water infeasible.</td>
<td><strong>Yes X No</strong>&lt;br&gt;According to its 2010 Urban Water Management Plan (UWMP), Rainbow currently does not utilize groundwater as a source of water supply. Groundwater studies performed in May 2005 determined that the potential exists within Rainbow to utilize groundwater as a supplemental water supply. The infrastructure necessary will be determined with future research, along with the economic viability of such infrastructure. According to Rainbow, it is exploring the potential use of recycled water, from the Meadowood Treatment Plant when it becomes operational as part of the Meadowood Master Planned Community development.</td>
</tr>
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<td>3B</td>
<td>Conservation and Local Supply Use Requirements</td>
<td>Member agency with jurisdiction over the proposed annexation shall submit evidence of the following prior to Board approval: 6. Member agency is offering Water Authority and Metropolitan sponsored water conservation programs to new development and encouraging participation.</td>
<td><strong>Yes X No</strong>&lt;br&gt;Rainbow participates in Water Authority and MWD sponsored water conservation programs that are available to existing and new developments.</td>
</tr>
<tr>
<td><strong>4</strong></td>
<td>Annexation Fee</td>
<td>Annexing territory shall pay an annexation fee in an amount set by the Board.</td>
<td><strong>Yes No (Include as final condition)</strong>&lt;br&gt;Payment of an annexation fee will be established as a final condition associated with approval of annexation.</td>
</tr>
<tr>
<td><strong>5</strong></td>
<td>Priority given to Annexations to Member Agency</td>
<td>Priority shall be given to proposals for annexation to an existing member agency.</td>
<td><strong>Yes X No</strong>&lt;br&gt;The proposed annexation is to Rainbow, which is an existing Water Authority member agency.</td>
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<th>Water Authority Staff Evaluation Has Policy Been Satisfied? (If “no”, potential condition has been identified)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Concurrent annexation to Metropolitan, Water Authority and Member Agency</td>
<td>Proposals for annexation to a member agency shall be processed concurrently with an application for annexation to the Water Authority and Metropolitan.</td>
<td><strong>Yes X No</strong> Rainbow Resolution No. 13-11 states that annexation to Rainbow to receive water service is conditioned upon final annexation by both the Water Authority and MWD.</td>
</tr>
<tr>
<td>7</td>
<td>Facilities necessary to connect annexing Territory or New Member Agency</td>
<td>Facilities and works necessary to connect annexed territory or new member agency to Water Authority facilities and works shall be provided at the cost of the annexed territory or new member agency, as determined by the Board.</td>
<td><strong>Yes X No</strong> Rainbow Resolution No. 13-11 states that facilities and works necessary to connect annexed territory to Water Authority facilities shall be provided at the cost of the annexing territory.</td>
</tr>
<tr>
<td>8</td>
<td>Environmental Compliance</td>
<td>Annexation to the Water Authority is a project subject to the California Environmental Quality Act (CEQA).</td>
<td><strong>Yes No (Include as final condition)</strong> As the lead agency under CEQA, the County of San Diego released a draft Final Subsequent Environmental Impact Report (EIR) on April 11, 2014. The Final EIR has not yet been certified pursuant to CEQA provisions. As a Responsible Agency under CEQA, the Board may rely on the environmental review as part of final approval of the annexation. A copy of the Final EIR and associated documents will be submitted to the Board for their review prior to final approval of the annexation.</td>
</tr>
</tbody>
</table>
| 9          | Consistent with Land-Use Approvals | The member agency with jurisdiction over the annexing territory shall provide certification from the county the annexation is consistent with and supports the timing, location, and development intensity of the county’s general plan and applicable specific plans. | **Yes No (Include as final condition)** The proposed annexation is part of the Campus Park West Master Planned Community project, located in an unincorporated area of San Diego County. The project will require discretionary actions by the County Board of Supervisors to approve:  
- General Plan Amendment  
- Specific Plan Amendment  
- Rezone  
- Tentative Map  
As a condition of the annexation, Rainbow will provide a certification that the annexation is consistent with local land use approvals. |
## Compliance with Water Authority Annexation Policies

<table>
<thead>
<tr>
<th>Policy No.</th>
<th>Water Authority Annexation Policy</th>
<th>Summary of Policy</th>
<th>Water Authority Staff Evaluation Has Policy Been Satisfied? (If “no”, potential condition has been identified)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Total annexation of Ownership Lands</td>
<td>All parcels within an area proposed for annexation under single ownership or development control shall be annexed concurrently unless the member agency and city with jurisdiction over the annexing territory provide evidence that partial annexation is consistent with land use policies of the city. The Board may exclude from the annexation, or exempt from payment of taxes, fees or charges, lands committed in perpetuity to open space by conservation easement, title restriction, public dedication or other similar instrument. If the annexing territory is not located in a city, the county shall provide the certification.</td>
<td>Yes X No The total acreage of the proposed Campus Park West annexation is 98.1 acres, and would include all parcels within an area proposed for annexation under single ownership or development control. The proposed annexation would also include approximately 20.4 acres of protected biological open space through the dedication in fee or permanent open space easements to the County or to a habitat management agency acceptable to the County’s Director of the Planning &amp; Development Services.</td>
</tr>
<tr>
<td>11</td>
<td>Avoid formation of Islands/Windows</td>
<td>Unless the Board determines that Water Authority’s interests would not be adversely affected, “windows” and “islands” shall not be created by an annexation, as defined in the policy within the Water Authority and MWD service area.</td>
<td>Yes X No The annexation as proposed would not result in creation of any window or island areas. Instead, it would reduce the size of an existing service window area in the Water Authority and MWD service areas.</td>
</tr>
<tr>
<td>12</td>
<td>Administrative Costs</td>
<td>Prior to acceptance by the Water Authority of an application for annexation, the applicant shall deposit an administrative fee to cover costs incurred by the Water Authority as a result of annexation proceedings.</td>
<td>Yes X No The administrative fee of $3,000 was provided to the Water Authority.</td>
</tr>
<tr>
<td>13</td>
<td>Annexation of Tribal Lands</td>
<td>Indian tribal lands may be annexed in compliance with Water Authority annexation policies. In addition, a contract shall be entered into and additional conditions may apply.</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>
## Compliance with Water Authority Annexation Policy # 2

### April 2010 Procedures: Potential Adverse Effect Situations

<table>
<thead>
<tr>
<th>Potential Regional Adverse Effect</th>
<th>Reason for Potential Regional Adverse Effect and Possible Mitigation Measures</th>
<th>Staff Evaluation based on Situations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annexing territory demands not included in the Water Authority’s UWMP</td>
<td>Supplies have not been planned in UWMP to meet annexation demands. If Water Authority cannot identify additional supplies, member agency develops supplies, potentially offset project.</td>
<td><strong>Yes</strong></td>
</tr>
<tr>
<td>Actual demands exceeding forecasted UWMP demands</td>
<td>Supplies may not be adequate to meet demands of annexation and region. If Water Authority cannot identify additional supplies, member agency develops supplies, potentially offset project.</td>
<td><strong>Yes</strong></td>
</tr>
<tr>
<td>Water Shortage and Drought Response Plan activated, due to uncertain supplies or shortages</td>
<td>Increasing demands due to annexation may cause further member agency cuts or exceedance of allocation from MWD. Member agency allocation base period demand would not be increased due to annexation.</td>
<td><strong>Yes</strong></td>
</tr>
<tr>
<td>Existing facilities insufficient to provide average annual and peak deliveries</td>
<td>Increasing demands due to annexation further jeopardizes system reliability. Identified on case-by-case basis.</td>
<td><strong>Yes</strong></td>
</tr>
</tbody>
</table>

### Potential Regional Adverse Effect

- **Reason for Potential Regional Adverse Effect**
  - Supplies have not been planned in UWMP to meet annexation demands. If Water Authority cannot identify additional supplies, member agency develops supplies, potentially offset project.

- **Possible Mitigation Measures**
  - Staff Evaluation based on Situations:
    - **Yes**
    - **No**
    - **X**

### Is there a Potential Regional Adverse Effect?

- **Yes**
- **No**
- **X**

**Note:**
- The projected water demands associated with the proposed annexation were not included in the 2010 UWMP as a potential near term annexation. However, when considering the 270 AF estimated demands of the annexation and that current demands are far below the forecasted demands in the 2010 UWMP, staff finds that the long-term supplies identified in the UWMP are anticipated to be adequate to meet existing and future demands, including the estimated demands of the proposed annexation. For this reason, staff finds that the annexation will not have a long-term adverse impact on supply reliability. In addition, the Water Authority will be updating its UWMP in 2015 and if the Campus Park West annexation is approved, the estimated demands will be included in the total demand projections that will then be utilized to determine the supplies needed to meet those demands.

- **Yes**
- **No**
- **X**

**Actual Water Authority demands are not exceeding forecasted UWMP demands, and are significantly lower than forecast in the 2010 UWMP.**

- **Yes**
- **No**
- **X**

**Water Shortage and Drought Response Plan activated, due to uncertain supplies or shortages.**

- **Yes**
- **No**
- **X**

**The Water Authority has activated its Water Authority Water Shortage and Drought Response Plan, and is implementing Stage 1. In accordance with the procedures, the annexation will be conditioned that if the Water Authority implements Stage 3 during this shortage period, then Rainbow’s allocation base period demand will not be increased to account for the increased demand of the annexing territory.**

- **Yes**
- **No**
- **X**

**Existing facilities are sufficient to provide average annual and peak deliveries.**

- **Yes**
- **No**
- **X**
May 14, 2014

Attention: Water Planning Committee

Integrated Regional Water Management Planning for the San Dieguito Watershed and Hodges Reservoir (Information)

Purpose
To inform the Board regarding the results of Integrated Regional Water Management (IRWM) funded planning studies for Hodges Reservoir and the San Dieguito watershed, the Water Quality Improvement Plan for the San Dieguito Watershed and potential future activities to improve water quality in Hodges Reservoir.

Background
Water suppliers utilizing Hodges Reservoir are subject to challenges due to long term water quality issues caused by contaminated runoff into the reservoir over many years. The San Diego Regional Water Quality Control Board (San Diego Water Board) has designated Lake Hodges Reservoir as being “impaired” under the federal Clean Water Act for the following seven water quality parameters: color, pH, manganese, mercury, nitrogen, phosphorous, and turbidity, meaning that the poor water quality is impairing the beneficial uses of the reservoir. These water quality impairments are linked to the primary issue of eutrophication (reduced dissolved oxygen levels) throughout the reservoir and algal production. Managing algal productivity is key to restoring and sustaining Hodges Reservoir’s dominant beneficial use as a source of drinking water supply. It is also important to improving habitat, fisheries and recreation on the reservoir. The causes of the low oxygen levels are high nutrients currently in the reservoir as well as ongoing nutrient loading draining into the reservoir from the watershed. Two studies were funded through the IRWM program to identify solutions to water quality impairments in Hodges Reservoir. The first identifies solutions that would reduce nutrient loading from the watershed; the second identifies in-reservoir treatment options.

In its role as lead agency for IRWM, Water Authority staff worked with the stakeholders of Hodges Reservoir, the city of San Diego, Santa Fe Irrigation District, and San Dieguito Water District, as well as the San Dieguito River Conservancy and others on identifying ways to address these issues. In support of that effort, the Water Authority Board authorized a grant application for Proposition 50 IRWM funding, which was approved by the California Department of Water Resource (DWR) in 2008. The application included funding for the San Dieguito Watershed Management Plan Implementation -- Lake Hodges Natural Treatment System Conceptual Design managed by the San Dieguito River Valley Conservancy. Partners in the project include the city of San Diego, Santa Fe Irrigation District and the San Diego County Water Authority. The project is near completion.

The Water Authority Board authorized a funding package for Proposition 84, Round 1 IRWM funding which was approved by DWR in 2010. That package included funding for the Lake Hodges Water Quality and Quagga Mitigation Measures Project managed by the San Diego County Water Authority. Partners in the project include the city of San Diego and Santa Fe
Irrigation District with close collaboration with the San Dieguito River Conservancy. The Water Authority has been the lead for the Quagga Mitigation Measures Study intended to identify quagga mitigation measures for implementation at the Lake Hodges hydrogeneration facility. This portion of the project is not yet complete due a limited number of quagga control options that are currently permitted by the State Water Resources Control Board. The city of San Diego is the lead for Lake Hodges Reservoir Water Quality Project and is nearing completion of their portion of the project.

The San Diego Water Board issued a storm water permit for the San Diego Region on May 6, 2013. The permit requires the storm water co-permittees to prepare a Water Quality Improvement Plan (WQIP) for each watershed in the region. The city of San Diego is the lead co-permittee for the San Dieguito Watershed in developing the WQIP. Other co-permittees in the Hodges Reservoir watershed include the county of San Diego, the city of Poway and the city of Escondido. The city of San Diego has managed an open and transparent process for receiving stakeholder input on the WQIP through a broad based Consultation Committee which includes representatives from the Water Authority and Santa Fe Irrigation District as well as environmental and development interests and a number of community representatives. A draft of the WQIP was released for public comment to the San Diego Water Board in April 2014. The San Diego Water Board is also in the process of drafting a permit for agricultural discharges which could have an impact on improving water quality in Hodges Reservoir. The permit will focus on best management practices for agriculture and monitoring.

Discussion
The outcome and recommendations of the IRWM funded studies and the storm water WQIP are discussed below as well as the next steps that will be taken through the IRWM:

Lake Hodges Natural Treatment System Conceptual Design
The purpose of the natural treatment system conceptual design was to evaluate nutrient loading on the watershed and then propose general locations and design criteria for natural treatment systems to reduce those nutrients. A model was developed for the watershed which considered land use throughout the watershed and determined the anticipated nutrient loading from the various land uses taking into consideration rainfall on the watershed. The model was calibrated using actual water quality data from the tributary streams on the watershed, streamflow and precipitation data. The model found nitrogen and phosphorus loading coming from both urban and rural activities on the watershed. The plan recommended two natural treatment system options. Option 1 proposes a large wetland upstream of Hodges reservoir and a series of detention basins along the rural Santa Ysabel Creek near the agricultural fields. This would be intended to treat large flows in wet years. Option 2 consists of a series of small wetlands along urban watersheds of Kit Carson, Green Valley and Felicita Creeks and would capture urban runoff during small rainfall and runoff events.

Lake Hodges Reservoir Water Quality Project
The reservoir water quality project developed in-lake management actions to manage and control algal production and address water quality impairments. The scope of work included a review of water quality data, evaluation of strategies and selection of alternatives. Three primary water quality improvement approaches are recommended for further consideration. These include:
1. Hypolimnetic Oxygenation in the deeper section of the stratified reservoir near the dam (Estimated cost $2.7 million)
2. Vigorous Epliminium Mixing (VEM) demonstration system near the boat ramp with removal of floating algae (Estimated cost: $1.1 million)
3. Filtration of floating algae through 25-acre wetland filters, (Estimated cost: $7.5 million)

The report also discussed the potential for the introduction of quagga mussels to the reservoir through imported water supplies or recreational activities and suggested that there could be growth of quagga mussels as improved water quality conditions create a more conducive environment for quaggas. Quagga management would need to be a part of any reservoir water quality management activities.

San Diego Water Board

The city of San Diego recently prepared a draft WQIP for storm water compliance in the San Dieguito Watershed on behalf of the co-permittees. The WQIP focuses on storm water discharges and does not consider an overall watershed based approach. In the WQIP, the storm water agencies identify their “highest priority” water quality issues on the watershed. Once a highest priority has been established, the co-permittees will be held to prescriptive permit requirements for strategies to address the water quality issues, numeric goals and compliance schedules. The co-permittees have identified bacteria impairment at the Pacific Shoreline as their “highest priority” for the San Dieguito watershed. This means that the future implementation of the WQIP will be directed primarily at improving bacteriological quality at the Pacific Shoreline and not on reducing nutrient loadings to Hodges Reservoir.

Although the WQIP recognizes the interest of numerous stakeholders in managing nutrients and eutrophication in Hodges Reservoir, this was not identified as a “highest priority” because the co-permittees do not have enough data to quantify the storm water contribution to the problem. In addition, the co-permittees have indicated that they are precluded by the Clean Water Act from participating in watershed based solutions, such as the natural treatment system, because their point of compliance is located upstream at the discharge of the storm water system. The natural treatment system may however, be included as an alternative compliance option for new development.

If the nutrient (phosphorus) contributions of various dischargers on the watershed cannot be addressed through a collaborative integrated planning and monitoring approach, the San Diego Water Board may develop a total maximum daily load (TMDL) for phosphorus and to allocate the loadings to dischargers in the watershed.

IRWM Next Steps

1. The Regional Water Management Group (RWMG) for the IRWM which includes the city of San Diego, county of San Diego and San Diego County Water Authority, will prepare a compendium of technical information on activities on the San Dieguito watershed as a basis for identifying a suite of projects that can be funded through IRWM grants and other funding sources. The recent IRWM studies can help provide a foundation for that list.
2. An additional technical review and memorandum will be prepared to merge overlapping wetlands recommendations from the IRWM funded natural treatment system and reservoir water quality projects.

3. The San Dieguito River Valley Conservancy recently submitted the wetlands alternatives to the county of San Diego for consideration as storm water alternative compliance to allow for future developer funding of the projects. Further engagement on the alternative compliance option will be needed to ensure that the projects are included in the final approach.

4. The city of San Diego has submitted an application to the San Diego IRWM project selection process to obtain IRWM grant funding for design and construction of the hypolymnetic aeration system. It is anticipated that the aeration system could result in significant water quality improvements in the reservoir in a cost effective manner.

5. The San Diego IRWM has obtained grant funding for an IRWM data management project to coordinate data review and assessment on a watershed basis. It is anticipated that the San Dieguito Watershed could benefit from improved data sharing and data management to better assessment and manage pollutant sources.

6. The water suppliers and other stakeholders on the watershed will continue to reach out to the San Diego Water Board and dischargers on the watershed to encourage participation in watershed based solutions. The San Diego Water Board executive officer has expressed a strong interest in improving water quality in Hodges Reservoir. Water suppliers and other stakeholders will continue to engage with the storm water entities as they continue to develop and finalize their WQIP.

Water Authority staff will continue to work with member agencies and other stakeholders with an interest in Hodges Reservoir water quality improvement, and periodically report back to the Committee on progress and additional steps.

Prepared by: Toby Roy, Water Resources Manager, Regulatory Policy
Reviewed by: Ken Weinberg, Director of Water Resources
May 14, 2014

Attention: Water Planning Committee

Water supply and demand conditions (Information)

Purpose
To monitor water supply, demand and storage conditions in accordance with the Water Authority’s Water Shortage and Drought Response Plan.

Background
Water Shortage and Drought Response Plan: Stage 1 “Voluntary Supply Management”
Regional Drought Response Level: Level 1 “Drought Watch”

Discussion
According to the National Oceanic and Atmospheric Administration (NOAA), temperatures in January through March were warmer than average in all of the seven Colorado River Basin States, including California. Furthermore, January through April 2014 was the warmest on record in southern California and in San Diego.

On April 25, 2014, Governor Brown issued an executive order intended to strengthen the state's ability to manage water and habitat in drought conditions and asking all Californians to increase their conservation efforts in the upcoming dry months of the year. The order states that the Water Board shall direct urban water suppliers that are not already implementing drought response plans to limit outdoor irrigation and other wasteful water practices. The Water Authority Board already approved notification to the member agencies of a Regional Drought Response Level 1, Drought Watch condition on February 13, 2014. A Level 1, Drought Watch, encourages residents and businesses to eliminate wasteful water practices and limit outdoor irrigation.

Water Authority staff is participating in weekly drought conference calls hosted by the Southern Region Office of the California Governor’s Office of Emergency Services. Topics focus on southern California drought related actions and impacts, ranging from weather updates provided by the National Weather Service, local agency reports on supply impacts, conservation and water use restrictions in effect, and impacts to agricultural communities.

State Water Project
The California Department of Water Resources (DWR) increased the State Water Project (SWP) Table A allocation from zero to five percent on April 18, 2014, due to increased precipitation in February and March that modestly increased SWP reservoir storage. Despite the increase in storage, reservoir levels are still well below average, as shown in Table 1. Storage in Oroville and San Luis reservoirs is at 64 and 53 percent of average, respectively.

<table>
<thead>
<tr>
<th>Reservoir</th>
<th>Storage</th>
<th>Percent of Capacity</th>
<th>Percent of Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oroville</td>
<td>1.86 MAF</td>
<td>52%</td>
<td>64%</td>
</tr>
<tr>
<td>San Luis</td>
<td>0.95 MAF</td>
<td>46%</td>
<td>53%</td>
</tr>
<tr>
<td>Combined</td>
<td>2.81 MAF</td>
<td>50%</td>
<td>59%</td>
</tr>
</tbody>
</table>

*San Luis storage includes SWP and Central Valley Project. SWP share in San Luis was approximately 385 TAF.
On May 1, DWR conducted its fifth and final manual snow survey for the season, which confirmed that the low snowpack levels observed during the April 1 snow survey have already started to melt. Statewide snowpack was 32 percent of normal on April 1, which decreased to 18 percent on May 1.

Table 2 provides a summary of hydrologic conditions in the Northern Sierra region.

<table>
<thead>
<tr>
<th>Hydrologic Indicator</th>
<th>Percent of Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Sierra 8-Station Precipitation Index on May 8, 2014</td>
<td>61%</td>
</tr>
<tr>
<td>Northern Sierra Nevada snowpack on May 8, 2014</td>
<td>10%</td>
</tr>
<tr>
<td>Forecasted WY 2014 runoff to Feather River as of May 1, 2014</td>
<td>37%</td>
</tr>
</tbody>
</table>

Colorado River Basin
Hydrologic conditions on the upper Colorado River Basin have been consistently normal for water year 2014, as summarized in Table 3. Table 4 provides reservoir storage in Lake Mead and Lake Powell. USBR is not projecting shortages in 2014 or 2015 on the Colorado River under its Interim Guidelines. Based on April 2014 projections, Reclamation is projecting about a 23 percent chance of a shortage declaration in 2016. While a shortage declaration would affect the states of Arizona and Nevada before California, due to California’s higher priority, MWD’s ability to take storage reserves from Lake Mead would be restricted.

<table>
<thead>
<tr>
<th>Hydrologic Indicator</th>
<th>Percent of Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper Colorado Basin WY 2014 precipitation on May 5, 2014</td>
<td>97%</td>
</tr>
<tr>
<td>Snowpack conditions on May 5, 2014</td>
<td>102%</td>
</tr>
<tr>
<td>Forecasted WY 2014 unregulated inflow to Lake Powell as of May 2, 2014</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reservoir</th>
<th>Storage in MAF</th>
<th>Percent of Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lake Powell</td>
<td>9.82</td>
<td>40%</td>
</tr>
<tr>
<td>Lake Mead</td>
<td>11.19</td>
<td>43%</td>
</tr>
<tr>
<td>Combined</td>
<td>21.09</td>
<td>42%</td>
</tr>
</tbody>
</table>

Metropolitan Water District of Southern California
At its May 12, 2014 Water Planning & Stewardship Committee meeting, MWD staff provided a report on its Water Surplus and Drought Management (WSDM) Plan. Table 5 provides MWD’s projected supply and demand balance for calendar year 2014. Under the current five percent SWP Table A allocation, and based on current demand trends, MWD would need to take approximately 1.064 MAF out of storage – or 46 percent of available dry-year storage -- in calendar year 2014. According to MWD staff, it is evaluating potential dry year transfers and exchanges, but has not yet executed any agreements for calendar year 2014 due to high costs and limited opportunities. The
final amount MWD will withdraw from storage will depend on additional secured supplies and actual calendar year 2014 demands.

**Table 5**  
MWD CY 2014 Supply and Demand Balance

<table>
<thead>
<tr>
<th>Supply/Demand</th>
<th>Acre-Feet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado River Aqueduct Supply*</td>
<td>755,000</td>
</tr>
<tr>
<td>State Water Project Supply</td>
<td>103,000</td>
</tr>
<tr>
<td>Total Supply</td>
<td>858,000</td>
</tr>
<tr>
<td>Estimated Member Agency Demand (includes obligations and losses)</td>
<td>1,922,000</td>
</tr>
<tr>
<td>Net Water Balance</td>
<td>-1,064,000</td>
</tr>
</tbody>
</table>

*Excludes the Water Authority’s QSA deliveries

In its WSDM report, staff also provided an overview of its WSDM Plan, adopted by MWD’s Board in 1999. The WSDM Plan includes a progression of recommended actions including storage withdrawals, a call for extraordinary conservation, purchasing spot market transfers, and ultimately implementing MWD’s Water Supply Allocation Plan. According to MWD, it may need to implement its Water Supply Allocation Plan in 2015 if supply conditions continue to be dry next year due to the reduced storage reserves projected for the end of 2014.

**Local Supply and Demand Conditions**

April continued to be warm and dry in San Diego. Table 6 shows accumulated precipitation since the start of the water year 2014 on October 1, 2013 at Lindbergh Field and Ramona Airport, which are 50 percent and 58 percent of average, respectively.

**Table 6**  
Water Year 2014 Precipitation through April 30, 2014

<table>
<thead>
<tr>
<th>Station</th>
<th>Inches</th>
<th>Percent of Normal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lindbergh Field</td>
<td>5.01</td>
<td>50%</td>
</tr>
<tr>
<td>Ramona Airport</td>
<td>9.47</td>
<td>58%</td>
</tr>
</tbody>
</table>

January through April 2014 was the warmest on record in San Diego, as well as in southern California. Figure 1 shows the monthly average daily maximum temperature, as a departure from normal for fiscal years (FY) 2013 and FY 2014. In FY 2014, the months of November through April were consistently warmer than normal, averaging 3.8°F higher over this period. FY 2013 from November through April was 0.7°F cooler was normal.

Figure 2 compares the Water Authority member agencies’ total monthly water use, excluding recycled water use, for FY 2013 to FY 2014. Cumulatively, the member agencies’ total potable water use from July through April of FY 2014 was approximately 13,941 AF greater, or three percent higher, than in FY 2013 over the same months. The overall increase in water use in FY 2014 is due to a 29 percent increase in cumulative demand from December through February, which can be attributed to drier and warmer weather over these months, as shown in Figure 1. Although warmer weather continued in March and April 2014, water use was slightly lower.
compared to the year before. This decrease in water use in March and April 2014 may be attributed to increased conservation messaging in response to drought conditions.

**Figure 1**

*Average Daily Maximum Temperature - Departure from Normal (°F)*

Total local reservoir storage on April 30, 2014 including the Water Authority’s carryover storage was approximately 225,400 AF, which is 38 percent of capacity. Storage levels reflect withdrawals that occurred during this period, along with increases due to runoff. In addition, the Water Authority has approximately 16,100 AF in the Semitropic groundwater storage bank.
Hydrologic Outlook

The National Weather Service’s Climate Prediction Center (CPC) is predicting above average temperatures from May through July throughout much of the nation, including all of California, based on their April 17, 2014 forecast. The CPC is also predicting the chance of El Niño developing exceeds 65 percent during the summer, although it is uncertain exactly when El Niño will develop or how strong it may become. Historically, strong El Niño events bring wetter weather to California, particularly to southern California.

Conclusion

Due to the ongoing extreme drought conditions in California, staff will continue to provide regular reports to the Board on supply and demand conditions, while focusing more on water use and local and regional storage levels into the summer months.

Prepared by:  Lesley Dobalian, Water Resources Specialist
Reviewed by:  Dana Friehauf, Acting Water Resources Manager
Reviewed by:  Ken Weinberg, Director of Water Resources
May 14, 2014

Attention: Water Planning Committee

Water Resources Report

Purpose
This report includes the following exhibits for April 2014:

- Rainfall totals for the month and water year to date
- Deliveries to Member Agencies (Exhibit A)
- Water Use by Member Agencies (Exhibit B)
- Storage Available to Member Agencies (Exhibit C)
- Firm Water Deliveries to Member Agencies (Exhibit D)
- Summary of Water Authority Member Agency Operations (Exhibit E)

<table>
<thead>
<tr>
<th></th>
<th>RAINFALL TOTALS (inches)</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>April 2014</td>
<td>2013-2014 WATER YEAR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Actual</td>
<td>Normal</td>
<td>Actual</td>
<td>Normal</td>
<td>Departure</td>
<td>% Normal</td>
</tr>
<tr>
<td>Lindbergh Field (N.O.A.A.)</td>
<td>0.53</td>
<td>0.78</td>
<td>5.01</td>
<td>9.95</td>
<td>(4.94)</td>
<td>50</td>
</tr>
<tr>
<td>Lake Cuyamaca (Helix W.D.)</td>
<td>2.52</td>
<td>2.67</td>
<td>15.81</td>
<td>30.53</td>
<td>(14.72)</td>
<td>52</td>
</tr>
<tr>
<td>Lake Henshaw (Vista I.D.)</td>
<td>1.63</td>
<td>1.86</td>
<td>11.59</td>
<td>24.79</td>
<td>(13.20)</td>
<td>47</td>
</tr>
</tbody>
</table>

Sources: National Weather Service, Helix Water District, Vista Irrigation District.
### MONTHLY WATER RESOURCES REPORT

#### Water Deliveries to Member Agencies (acre-feet)

#### APRIL 2014

<table>
<thead>
<tr>
<th>AGENCY</th>
<th>April 2014</th>
<th>April 2013</th>
<th>12 Months Ended April 2014</th>
<th>12 Months Ended April 2013</th>
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<tbody>
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<td>1,413.3</td>
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<td>16,847.7</td>
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<td>1,126.8</td>
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<tr>
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<td>21,915.3</td>
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<td>Fallbrook P.U.D.</td>
<td>1,115.7</td>
<td>1,084.2</td>
<td>12,616.8</td>
<td>12,803.7</td>
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<td>2,845.2</td>
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<td>271.9</td>
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<td>-</td>
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<tr>
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<td>2,016.2</td>
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<td>23,767.2</td>
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<td>1,737.0</td>
<td>1,726.9</td>
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<td>20,622.7</td>
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<tr>
<td>Otay W.D.</td>
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<td>2,680.9</td>
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<td>22,720.3</td>
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<td>6,911.7</td>
<td>6,792.1</td>
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<td>579.6</td>
<td>7,000.3</td>
<td>6,659.9</td>
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<td>199,701.8</td>
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<td>4,765.3</td>
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<td>1,132.4</td>
<td>-</td>
<td>7,531.2</td>
<td>2,024.4</td>
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<tr>
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<td>17,180.7</td>
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<td>1,571.9</td>
<td>17,810.6</td>
<td>17,039.7</td>
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<td>328.8</td>
<td>121.9</td>
<td>4,043.7</td>
<td>1,814.5</td>
</tr>
</tbody>
</table>

**Deliveries To SDCWA Agencies**

|                        | 46,639.4   | 40,555.7   | 527,001.9                  | 481,145.8                 |

**Less: Deliveries to SDCWA Storage**

|                        | 3,416.6    | -          | 13,979.1                   | 5,616.8                   |

**TOTAL MEMBER AGENCY DELIVERIES**

|                        | 43,222.8   | 40,555.7   | 513,022.8                  | 475,529.0                 |

**Deliveries to South Coast Water District**

|                        | 13.1       | 40.4       | 248.1                      | 512.8                     |

**Deliveries From SDCWA Storage**

|                        | -          | 460.3      | 5,857.2                    | 10,853.1                  |

---

1 April 2014 carryover storage account deliveries totaled 3,362 AF to San Vicente Reservoir, and 55 AF to Lower Otay.
# Monthly Water Resources Report

**Estimated Water Use by Member Agency**

## April 2014

**Source:**
- S.D.C.W.A.
- Surface Water
- Groundwater
- Reclaimed Water

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
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<td>1,479.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
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<td>10.7</td>
<td>63.9</td>
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<td>1,132.9</td>
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<td>10.4</td>
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<td>2,787.8</td>
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<td>271.9</td>
<td>-</td>
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<tr>
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<td>181.9</td>
<td>-</td>
<td>189.8</td>
<td>226.4</td>
<td>254.2</td>
<td>-</td>
<td>-</td>
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<td>Oceanside, City of      ²</td>
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<td>-</td>
<td>393.2</td>
<td>444.2</td>
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<td>161.1</td>
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<td>1,726.9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,887.7</td>
<td>1,888.0</td>
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<tr>
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<td>2,634.4</td>
<td>2,680.9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>264.7</td>
<td>305.8</td>
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<td>Padre Dam M.W.D.</td>
<td>906.1</td>
<td>945.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>52.6</td>
<td>47.4</td>
</tr>
<tr>
<td>Pendleton M.C.B.³</td>
<td>17.4</td>
<td>43.1</td>
<td>-</td>
<td>635.0</td>
<td>634.0</td>
<td>57.9</td>
<td>66.4</td>
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<tr>
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<td>1,017.0</td>
<td>6.7</td>
<td>0.5</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>57.9</td>
<td>66.4</td>
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<td>579.6</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>150.1</td>
<td>155.6</td>
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<td>15,313.2</td>
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<td>414.0</td>
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<td>474.6</td>
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<td>127.4</td>
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<td>-</td>
<td>64.1</td>
<td>62.4</td>
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<td>Santa Fe I.D.</td>
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<td>143.1</td>
<td>506.3</td>
<td>-</td>
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<td>54.6</td>
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<td>South Bay I.D. ²</td>
<td>1,103.1</td>
<td>-</td>
<td>1,107.5</td>
<td>164.7</td>
<td>211.4</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>Valley Center M.W.D.</td>
<td>2,270.1</td>
<td>2,420.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>30.0</td>
<td>33.1</td>
</tr>
<tr>
<td>Vista I.D.</td>
<td>1,567.0</td>
<td>1,571.9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>Yuma M.W.D.</td>
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<td>121.9</td>
<td>-</td>
<td>42.2</td>
<td>182.3</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>Total Use</strong></td>
<td>39,981.1</td>
<td>39,952.2</td>
<td>2,606.5</td>
<td>2,911.7</td>
<td>1,541.0</td>
<td>1,924.5</td>
<td>1,890.1</td>
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<tr>
<td><strong>Percent Change</strong></td>
<td>0%</td>
<td>-10%</td>
<td>-20%</td>
<td>-1%</td>
<td>-1%</td>
<td>-1%</td>
<td>-1%</td>
</tr>
</tbody>
</table>

¹ De Luz figures included in Fallbrook P.U.D. total.
² Brackish groundwater use included in groundwater totals.
³ Pendleton's imported water use includes water delivered by South Coast Water District.
⁴ Poway recycled use is reported quarterly.
## MONTHLY WATER RESOURCES REPORT
### Reservoir Storage
(acre-feet)

#### APRIL 2014

<table>
<thead>
<tr>
<th>Member Agency</th>
<th>Reservoir</th>
<th>Capacity</th>
<th>APRIL 2014</th>
<th>% of Change</th>
<th>APRIL 2013</th>
<th>% of Change</th>
<th>Change During Month</th>
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</thead>
<tbody>
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<td>Carlsbad M.W.D.</td>
<td>Maerkle</td>
<td>600</td>
<td>152</td>
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<td>189</td>
<td>32%</td>
<td>75</td>
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<tr>
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<td>Dixon</td>
<td>2,606</td>
<td>2,454</td>
<td>94%</td>
<td>2,352</td>
<td>90%</td>
<td>115</td>
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<tr>
<td></td>
<td>Wolfsford</td>
<td>6,506</td>
<td>1,958</td>
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<td>2,054</td>
<td>32%</td>
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<tr>
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<td>9,112</td>
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<td>4,406</td>
<td>48%</td>
<td>72</td>
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<td>117</td>
<td>9%</td>
<td>453</td>
<td>49%</td>
<td>(172)</td>
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<td>Helix W.D.</td>
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<td>696</td>
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<td>833</td>
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<td>10</td>
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<tr>
<td></td>
<td>Jennings</td>
<td>9,790</td>
<td>8,804</td>
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<td>8,976</td>
<td>92%</td>
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<td>9,809</td>
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<td>(53)</td>
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<td>0</td>
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<td>80%</td>
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<tr>
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<td></td>
<td>1,090</td>
<td>270</td>
<td>25%</td>
<td>371</td>
<td>34%</td>
<td>210</td>
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<td>2,511</td>
<td>21%</td>
<td>(100)</td>
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<td>34,806</td>
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<td>18,719</td>
<td>54%</td>
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<td>El Capitan</td>
<td>112,807</td>
<td>39,311</td>
<td>35%</td>
<td>62,653</td>
<td>56%</td>
<td>(1,322)</td>
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<td>22%</td>
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<td>Lower Otay</td>
<td>49,849</td>
<td>33,434</td>
<td>67%</td>
<td>34,807</td>
<td>70%</td>
<td>(787)</td>
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<tr>
<td></td>
<td>Miramar</td>
<td>6,682</td>
<td>5,521</td>
<td>83%</td>
<td>5,370</td>
<td>80%</td>
<td>42</td>
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<tr>
<td></td>
<td>Morena</td>
<td>50,694</td>
<td>2,037</td>
<td>4%</td>
<td>8,028</td>
<td>16%</td>
<td>58</td>
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<tr>
<td></td>
<td>Murray</td>
<td>4,684</td>
<td>4,091</td>
<td>87%</td>
<td>3,884</td>
<td>83%</td>
<td>(39)</td>
</tr>
<tr>
<td></td>
<td>San Vicente</td>
<td>89,312</td>
<td>46,210</td>
<td>52%</td>
<td>36,584</td>
<td>41%</td>
<td>3,040</td>
</tr>
<tr>
<td></td>
<td>Sutherland</td>
<td>29,508</td>
<td>3,004</td>
<td>10%</td>
<td>3,409</td>
<td>12%</td>
<td>(30)</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td>408,593</td>
<td>145,524</td>
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<td>179,970</td>
<td>44%</td>
<td>(223)</td>
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<tr>
<td>San Diego W/D/Santa Fe ID</td>
<td>San Diegoito</td>
<td>883</td>
<td>434</td>
<td>49%</td>
<td>424</td>
<td>48%</td>
<td>40</td>
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<tr>
<td>Sweetwater Authority</td>
<td>Loveland</td>
<td>25,400</td>
<td>8,452</td>
<td>33%</td>
<td>9,100</td>
<td>36%</td>
<td>(54)</td>
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<tr>
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<td>Sweetwater</td>
<td>28,079</td>
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<td>11,077</td>
<td>39%</td>
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<td>20,177</td>
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<td>1,388</td>
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<td>6,688</td>
<td>13%</td>
<td>359</td>
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<tr>
<td><strong>MEMBER AGENCY TOTAL WATER IN STORAGE</strong></td>
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<td>185,398</td>
<td>33%</td>
<td>229,520</td>
<td>41%</td>
<td>390</td>
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<tr>
<td>SDCWA Accounts (city evap/seepage losses estimated) (^4)</td>
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<td>0</td>
<td>0</td>
<td>4,543</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hodges</td>
<td>8,593</td>
<td>4,673</td>
<td>(193)</td>
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<tr>
<td></td>
<td>Olivenhain</td>
<td>24,789</td>
<td>18,879</td>
<td>19,283</td>
<td>(217)</td>
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<tr>
<td></td>
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<td>55</td>
<td>1,086</td>
<td>55</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>San Vicente</td>
<td>12,420</td>
<td>1,810</td>
<td>3,284</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sweetwater</td>
<td>1</td>
<td>0</td>
<td>(0)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td>39,949</td>
<td>31,395</td>
<td>2,929</td>
<td></td>
<td></td>
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<tr>
<td><strong>TOTAL WATER IN STORAGE</strong></td>
<td></td>
<td>586,582</td>
<td>225,346</td>
<td>38%</td>
<td>260,914</td>
<td>44%</td>
<td>3,319</td>
</tr>
<tr>
<td><strong>OTHER AGENCIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metropolitan Water District</td>
<td>Skinner</td>
<td>44,264</td>
<td>39,421</td>
<td>89%</td>
<td>36,812</td>
<td>83%</td>
<td>3,574</td>
</tr>
<tr>
<td></td>
<td>Diamond Valley</td>
<td>800,000</td>
<td>567,127</td>
<td>71%</td>
<td>676,991</td>
<td>85%</td>
<td>(1,762)</td>
</tr>
<tr>
<td>State Water Project</td>
<td>Oroville</td>
<td>3,577,600</td>
<td>1,876,552</td>
<td>53%</td>
<td>2,040,407</td>
<td>86%</td>
<td>160,448</td>
</tr>
<tr>
<td><strong>TOTAL OTHER WATER IN STORAGE</strong></td>
<td></td>
<td>4,381,864</td>
<td>2,483,100</td>
<td>57%</td>
<td>3,754,210</td>
<td>86%</td>
<td>162,261</td>
</tr>
</tbody>
</table>

1 Excludes storage allocated to Escondido Mutual Water Co. or its rights to a portion of the unallocated water in Lake Henshaw.
2 Includes reserves subject to city’s outstanding commitments to San Dieguito WD, and California American Mutual Water Co. (Cal-Am)
SDCWA has storage contracts in City of San Diego reservoirs in the amount of 40,000 AF, if available capacity exists.
3 Includes allocated and unallocated water in Lake Hodges.
4 City of San Diego and the Water Authority completed a paper transfer for February. Final monthly figures available at end of March. The Water Authority exchanged 1,304 AF in El Capitan and San Vicente accounts, in exchange for a like amount of water in Lake Hodges.

---

P.R.I.M.A.
Water Resources Department

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### Tier 1 Estimated Deliveries to Member Agencies

**Calendar Year 2014 Through April**

<table>
<thead>
<tr>
<th>AGENCY</th>
<th>CY2014 Tier 1 Threshold</th>
<th>CYTD Firm Deliveries</th>
<th>% of Tier 1 Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlsbad M.W.D.</td>
<td>12,376.0</td>
<td>4,965.0</td>
<td>40.1%</td>
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<tr>
<td>Del Mar, City of</td>
<td>935.0</td>
<td>287.1</td>
<td>30.7%</td>
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<tr>
<td>Escondido, City of</td>
<td>17,859.0</td>
<td>6,981.4</td>
<td>39.1%</td>
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<td>Fallbrook P.U.D.</td>
<td>10,325.0</td>
<td>3,549.5</td>
<td>34.4%</td>
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<tr>
<td>Helix W.D.</td>
<td>25,519.0</td>
<td>9,646.3</td>
<td>37.8%</td>
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<tr>
<td>Lakeside M.W.D.</td>
<td>3,168.0</td>
<td>1,035.6</td>
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<tr>
<td>Oceanside, City of</td>
<td>19,383.0</td>
<td>6,907.2</td>
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<tr>
<td>Olivenhain M.W.D.</td>
<td>13,071.0</td>
<td>5,805.9</td>
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<td>Otay W.D.</td>
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<td>Padre Dam M.W.D.</td>
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<tr>
<td>Pendleton M.C.B./South Coast W.D.</td>
<td>758.0</td>
<td>61.4</td>
<td>8.1%</td>
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<tr>
<td>Poway, City of</td>
<td>9,348.0</td>
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<td>Rainbow M.W.D.</td>
<td>19,018.0</td>
<td>6,272.9</td>
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<td>Ramona M.W.D.</td>
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<tr>
<td>Rincon Del Diablo M.W.D.</td>
<td>5,482.0</td>
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<td>San Diego, City of</td>
<td>144,555.0</td>
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<td>Santa Fe I.D.</td>
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<td>Sweetwater Authority</td>
<td>9,650.0</td>
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<td>Vallecitos W.D.</td>
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<td>Vista I.D.</td>
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</tr>
<tr>
<td>Yuima M.W.D.</td>
<td>2,165.0</td>
<td>964.8</td>
<td>44.6%</td>
</tr>
</tbody>
</table>

**MEMBER AGENCY TOTALS**

|                    | 393,542.0               | 143,501.7            | 36.5%                 |

Less: QSA deliveries calendar year to date

|                    | (59,233.2)              |                      |                      |

Less: ESP deliveries calendar year to date

| Deliveries to CWA storage year to date | 13,801.8 |
| Deliveries from CWA storage year to date | (115.1) |

**Estimated Tier 1 deliveries calendar year to date**

|                    | 97,955.2                | 24.9%                |

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1. Tier 1 threshold is 60% of a member agency's historic maximum year firm demand
2. Emergency Storage Program (ESP) deliveries under Metropolitan's program designated by city of San Diego.
3. Includes forced deliveries and deliveries made through temporary carryover storage agreements and to Olivenhain R.
4. Includes sales from Water Authority storage accounts.
MONTHLY WATER RESOURCES REPORT
Summary of Water Authority Member Agency Operations

APRIL 2014

Member Agency Deliveries (AF)

Member Agency Water Use

Member Agency Storage (AF)

PRIMA
Water Resources Department

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May 14, 2014

Attention: Water Planning Committee

CLOSED SESSION:
Conference with Legal Counsel - Existing Litigation
Government Code §54956.9(d)(1) - San Diego Coastkeeper v SDCWA;
San Diego Superior Court Case No. 37-2014-00013216-CU-JR-CTL

Purpose
This memorandum is to recommend a closed session, pursuant to Government Code §54956.9(d)(1) to discuss the above-referenced matter at the May 22, 2014, meeting.

A closed session has also been included on the agenda of the formal Board of Directors’ meeting. Unless the Board desires additional discussion, it is not staff’s intention to ask for a closed session with the full Board at that time, but staff may request action to confirm directions given or action recommended by the committee.

Prepared by: Daniel S. Hentschke, General Counsel
IMPORTED WATER COMMITTEE

AGENDA FOR

MAY 22, 2014

Elsa Saxod – Chair     John Linden
Mark Muir – Vice Chair   Ken Olson
Ken Williams – Vice Chair Bud Pocklington
Gary Arant        Dave Roberts
Gary Croucher      Fern Steiner
Betty Evans       Ronald Watkins
Michael Hogan     Doug Wilson
Keith Lewinger     Tom Wornham

1. Roll call – determination of quorum.

2. Additions to agenda (Government Code Section 54954.2(b)).

3. Public comment – opportunities for members of the public to address the Committee on matters within the Committee’s jurisdiction.

4. Chair’s report.
   4-A Directors’ comments.

I. CONSENT CALENDAR

II. ACTION/DISCUSSION

1. Metropolitan Water District Issues and Activities update.
   1-A Metropolitan Water District Delegates report.  MWD Delegates
   (Information)  (supplemental materials)

2. Colorado River Program.
   2-A Colorado River Board Representative’s report.  Doug Wilson
   (Information)  (supplemental materials)

III. INFORMATION

1. Draft comment letter on the Bay Delta Conservation Plan Draft EIR/EIS.  Larry Purcell

2. Metropolitan Water District Program report.  Amy Chen
IV. CLOSED SESSION

1. CLOSED SESSION: Conference with Legal Counsel - Existing Litigation
   Government Code §54956.9(d)(1) – SDCWA v Metropolitan Water District of Southern California
   Case Nos. CPF-10-510830 and CPF-12-512466
   Government Code §54956.9(d)(4) - MWD Rates and Charges

V. ADJOURNMENT

Doria F. Lore
Clerk of the Board

NOTE: This meeting is called as an Imported Water Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.
May 14, 2014

Attention: Imported Water Committee

Draft comment letter on the Bay Delta Conservation Plan Draft EIR/EIS. (Information)

Purpose
This report transmits the Water Authority’s formal comment letter on the Bay Delta Conservation Plan (BDCP) environmental and planning documents, which reflect the issues and questions raised in the draft staff review and Board discussion of the BDCP.

Background
The BDCP is a joint Habitat Conservation Plan/Natural Communities Conservation Plan (HCP/NCCP) intended to restore and protect ecosystem health, water supply, and water quality within a stable regulatory framework. The objective of the BDCP is to obtain long-term state and federal Endangered Species Act (ESA) permits for the operation of the State Water Project (SWP) and Central Valley Project (CVP).

The issuance of ESA permits required preparation of a joint Environmental Impact Report (EIR)/Environmental Impact Statement (EIS) pursuant to the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA). The draft BDCP EIR/EIS contains an analysis of the potential environmental impacts of approving and implementing the BDCP. The draft EIR/EIS and draft BDCP were released for a 180-day public review period commencing on December 13, 2013. Public comments are due no later than June 13, 2014.

Discussion
The Board has received numerous briefings on various aspects of the BDCP over the past year. After reviewing key sections of the draft BDCP documents and prior Board questions and comments, staff has prepared the attached comment letter which the General Manager will formally submit prior to the public comment deadline.

Prepared by: Laurence J. Purcell, Water Resources Manager
Reviewed by: Ken Weinberg, Director of Water Resources
Reviewed by: Glenn A. Farrel, Government Relations Manager
Reviewed by: Dennis A. Cushman, Assistant General Manager

Attachment: BDCP Comment Letter
June 13, 2014

Mr. Ryan Wulff  
National Marine Fisheries Service  
650 Capitol Mall, Suite 5-100  
Sacramento, California 95814  
ATTN: BDCP Comments


Dear Mr. Wulff:

The San Diego County Water Authority (Water Authority) is submitting the following comments on the joint Draft Environmental Impact Report (EIR) Draft Environmental Impact Statement (EIS) prepared by the U.S Department of Interior, Bureau of Reclamation (Reclamation), and U.S. Department of Interior, Fish and Wildlife Service; the U.S Department of Commerce, National Oceanographic and Atmospheric Administration, National Marine Fisheries Service; and the California Department of Water Resources (DWR) for the proposed Bay Delta Conservation Plan (BDCP). The BDCP has been developed to support issuance of long-term incidental take permits that meet the requirements of Section 10(a)(1)(B) of the federal Endangered Species Act, as well Section 2800 et seq. of the California Fish and Game Code, for certain actions proposed within the statutorily defined Sacramento-San Joaquin Delta (Delta) for a term of 50 years.

The BDCP proposes to make physical and operational improvements to the State Water Project (SWP) system in the Delta necessary to restore and protect ecosystem health, water supplies of the SWP and Central Valley Project (CVP) south-of-Delta, and water quality within a stable regulatory framework, consistent with statutory and contractual obligations. This comprehensive species conservation strategy generally consists of 22 separate conservation measures that will contribute to the preservation and recovery of 56 species of plants and animals.

The Water Authority is a local governmental entity responsible for providing a safe and reliable imported water supply to 24 member agencies serving the San Diego region's $191 billion economy and its approximately 3.1 million residents. The Water Authority, by State legislative mandate, is the authoritative expert on the San Diego regions’ water
supply reliability and long-term water supply planning. The Water Authority imports up to 90 percent of the water used in the San Diego region through five larger diameter pipelines. The source of imported water is the SWP and Colorado River. Highly dependent on imported supplies, the Water Authority has historically and consistently been a strong advocate for the Delta and for the co-equal goals of providing a more reliable water supply for California, while protecting, restoring and enhancing the Delta ecosystem.

The Water Authority’s goal for providing written comments is to ensure that the Final EIR/EIS, Final BDCP, and any resulting incidental take permits, provide a comprehensive and lasting solution to the conflicts between water supplies and ecosystems in the Delta that have made water supplies less reliable. However, the Water Authority is also convinced that any solution to Delta conflicts must be cost-effective, that the costs be shared equitably among beneficiaries of the improvements, and that beneficiaries be required to make firm commitments to pay their share of constructing and maintaining improvements to the Delta.

GENERAL COMMENTS

1. As has been noted in previous BDCP correspondence to the California Natural Resources Agency dated August 28, 2012, July 30, 2013, and October 7, 2013 (attached and incorporated as additional comments), the Water Authority remains concerned that the financing components of the BDCP have not been explicitly described. As the largest customer of the largest state water contractor – the Metropolitan Water District of Southern California – the Water Authority’s ratepayers have a great deal at stake in the BDCP process and its financing plan. Chapter 8 of the current BDCP does not provide the detailed information necessary for potential participating agencies to evaluate individual agency cost-benefit (or feasibility) of the proposed project. The Final BDCP should contain details on: how participating water contractors intend to guarantee the revenue necessary to pay for the BDCP; the provisions for “step-up” should individual water contractors default on funding obligations; and a legal analysis of relying on property taxes as a back-up security for project debt.

2. A necessary component that is missing from BDCP public review documents is the proposed Draft Implementing Agreement, which will be signed by the U.S. Fish and Wildlife Service, National Marine Fisheries Service, California Department of Fish and Wildlife, California Department of Water Resources, and certain water contractors (Authorized Entities). Public review of this document is crucial to understanding exactly what assurances and commitments are being agreed to, and how the various financial and implementation obligations will be distributed among the signatories and, ultimately, ratepayers. The proposed Draft Implementing Agreement should be distributed for a minimum 60-day public review period. If necessary, the public comment period for the Draft EIR/EIS and BDCP documents should be extended, or re-opened, to include sufficient time for public review of the Implementing Agreement.
DETAILED COMMENTS

Draft EIR/EIS Document

Executive Summary
1. Page ES-6, Table ES-1 lists Lead, Cooperating, Responsible, and Trustee Agencies.

   *Comment:* The table listing is incomplete. All water contractors will be required to consider the Final EIR as part of their decision to participate in BDCP implementation as permittees (Authorized Entities). The Final EIR/EIS should list the water contractors that must approve the Final EIR/EIS as responsible agencies.

2. Page ES-8, line 22 lists Mirant LLC as an applicant for an incidental take permit, yet a footnote states they are no longer an active participant.

   *Comment:* To avoid confusion, all references to Mirant LLC as a BDCP participant should be deleted from the Final EIR/EIS.

Chapter 4 – Approach to Environmental Analysis
3. Page 4-4, line 33 states that the CEQA baseline consists of those “facilities and ongoing programs that existed as of February 13, 2009 (publication date of the most recent NOP…”).

   *Comment:* While this approach is consistent with CEQA Guidelines, the exclusive use of this baseline is confusing when the Draft EIR/EIS analysis is compared to the baseline and analysis presented in BDCP Chapter 9 (Economic Analysis Report). We understand that the development and use of these two very different baselines is for different purposes: one to meet CEQA requirements, and the other to reflect assumed additional, potentially severe, regulatory agency restrictions on water exports that will greatly affect the financial viability of the BDCP. However, the much more restrictive conditions in Chapter 9 could actually represent the future “without BDCP” based on preliminary indications from the regulatory agencies. It would be helpful if the Final EIR/EIS also included an impact analysis, for reference only, using a baseline that matched the conditions assumed in the BDCP Economic Analysis Report. This would allow easy comparisons of the potential environmental impacts of the less restrictive CEQA baseline to the more restrictive BDCP Economic Analysis baseline. Such a comparison would highlight the true potential impacts and benefits of the BDCP.
Chapter 30 – Growth Inducement and Other Indirect Effects

4. Page 30-126, line 19 states that “…unavoidable impacts would still be expected to occur”.

Comment: The basis for this statement is unclear. Neither DWR nor Reclamation have land use authority and cannot approve or deny development projects other than their own. Planning for, and approving, future public and private growth and development in areas served by SWP or CVP contractors is the responsibility of various land use agencies (e.g., cities or counties). The Draft EIR/EIS conclusion that unavoidable impacts would occur, especially when the location, magnitude, and timing of future development is unknown, is unsupported by the included information. The Final EIR/EIS should be revised to conclude that future development decisions are the responsibility of appropriate land use jurisdictions and that, in the absence of specific development proposals, it is speculative to make a determination as to the significance of environmental impacts resulting from any future growth in areas served by SWP and CVP contractors.

Draft BDCP Document
Chapter 1 – Introduction

5. Page 1-8, lines 23-25 state that “The BDCP is intended to meet the regulatory requirements for the issuance of Section 10 permits… to allow for the incidental take of the species… resulting from implementation of covered activities by DWR and certain SWP and CVP contractors (e.g., the Authorized Entities).”

Comment: It is unclear if SWP and CVP water contractors that decline to participate in BDCP implementation will continue to receive water under terms of existing contracts pursuant to existing Biological Opinions. It is also not clear if existing contractors deciding to “opt out” of the BDCP can obtain “third party beneficiary” status (and receive the benefits of HCP coverage) through a separate agreement with an entity that does receive a HCP take authorization through BDCP participation. The Final BDCP should explain what happens to any existing in-Delta Biological Opinions (e.g., remain in force, terminate, etc.) should the BDCP be approved, as well as the ability of non-participating entities to obtain HCP coverage through execution of side agreements with a BDCP permittee, or through a separate Section 7 consultation process.

6. Page 1-11, lines 17-18 state that “… DWR and certain water contractors are seeking permits from CDFW that authorize the take of species covered under the Plan…”

Comment: It is unclear if SWP and CVP water contractors that decline to participate in BDCP implementation will continue to receive water under terms of existing contracts pursuant to existing CESA authorizations. It is also not clear if existing contractors deciding to “opt out” of the BDCP can obtain “third party
beneficiary” status (and receive the benefits of NCCP coverage) through a separate agreement with an entity that does receive a NCCP take authorization through BDCP participation. The Final BDCP should explain what happens to any existing in-Delta CESAs permits (e.g., remain in force, terminate, etc.) should the BDCP be approved, as well as the ability of non-participating entities to obtain NCCP coverage through execution of side agreements with a BDCP permittee, or through a separate Section 2081 permit process.

Chapter 3 – Conservation Strategy

7. Page 3.4-2, line 26 states that a “structured scientific approach” will be taken to reduce uncertainty about the fall and spring outflow decision trees.

Comment: The specific timing and description of the research necessary to test the fall and spring outflow uncertainties is lacking. The process by which the decision tree outflow and export yield will be determined is important in understanding the value of the BDCP to water contractors. The Final BDCP should include a detailed description of the specific scientific research hypotheses, proposed methods, and schedule that will be undertaken to address the flow uncertainties incorporated into the decision tree.

8. Page 3.D-2, Table 3.D.1, CM1 Water Facilities Operation, Compliance Monitoring Action will “Document compliance with the operational criteria using flow monitoring and models implemented by the Implementation Office. [Details of monitoring to be developed…]”.

Comment: The details of compliance monitoring to document flow criteria are lacking. The importance of outflow monitoring cannot be overstated as it forms the basis for the decision tree export yield. The water contractors must have a clear understanding of the research deemed necessary to resolve the fall and spring outflow uncertainties. Stating that “details of monitoring to be developed” is inappropriate given its importance in helping frame whether water contractor participation in the BDCP is warranted. Outflow requirements are the most important issue for water contractors; to defer development of this essential research to a later time does not provide the information needed by water contractors to evaluate the science proposed to resolve decision tree uncertainty. The Final BDCP should provide greater detail on the likely magnitude and scope of research contemplated for the decision tree process.

9. Page 3.D-28, Table 3.D.3, CM1 Water Facilities Operation, Potential Research Actions states that “[Studies necessary to evaluate this uncertainty…. have not yet been determined.]”

Comment: Similar to Comment #7 above. The research necessary to determine the outcome of the decision tree is of the utmost importance to water contractors.
At a minimum, the general scope of these studies should be developed and included in the Final BDCP so water contractors can more fully evaluate the benefits and risks of participation.

Chapter 6 – Plan Implementation

10. Page 6-5, Table 6-2 provides a very aggressive implementation schedule for CM3 (24,396 acres), CM4 (19,150 acres), CM9 (98 acres), and CM10 (900 acres) during the near-term, especially the first 5 years.

Comment: The level of information included in the BDCP does not provide adequate support that restoration of these very large acreages can be achieved within the established time frames. For example, it is very difficult to envision how over 9,500 acres of tidal natural community restoration can be completed within 5 years given the time needed to properly plan, design, permit, and construct this habitat type. At a minimum, additional specific information on the location of identified parcels and conceptual design/planting plans for these near-term lands should be included in the BDCP and FEIR/EIS document to validate the assertion that these acreage targets can be achieved within the identified schedule. If the BDCP intends to rely on one or more interim action projects listed in Table 6-4 (page 6-14) to meet the implementation schedule, then the BDCP should identify those projects where a firm funding commitment has been, or will likely be made. Should restoration take longer than anticipated, legally binding assurances must be provided to permittees that water yields will not be reduced below the minimum described in the decision tree process.

11. Page 6-8, CM4 Tidal Natural Communities Restoration, states that the initial 4,000 acres will take “less time to plan and permit… because… is likely to be implemented first on public lands.”

Comment: We believe this timing assumption to be overly optimistic. The Water Authority’s experience for a 40 acre wetland restoration project on public land took three years just to obtain all necessary federal, state, and local approvals to commence construction. Because tidal natural community habitat type is critical to fish species being considered in the decision tree process, the BDCP and FEIR/EIS should examine the effects on ultimate BDCP success if a longer implementation schedule is required for this initial restoration increment. Should restoration take longer than anticipated, legally binding assurances must be provided to permittees that water yields will not be reduced below the minimum described in the decision tree process.

12. Page 6-29, lines 6-7 state that “…these measures do not involve additional financial commitments or resource restrictions without the consent of the Permittee…”
Comment: This text should be changed to read “...these measures do not involve additional land, water, or financial compensation commitments, or additional restrictions on the use of land, water, or other natural resources without the consent of the Permittee...”. This change is consistent with the regulatory assurances provided by the “no surprises” rule.

Chapter 7 – Implementation Structure

13. Pages 7-3 and 7-4, Table 7-1: A significant level of decision-making authority would be granted to the Authorized Entity Group under the proposed BDCP governance framework. For many of the decisions outlined in Table 7-1, the Authorized Entity Group is identified as having a primary decision-making authority role. Additionally, for many BDCP implementation issues, it appears that the Authorized Entity Group is being granted substantial decision-making authority. Even for those decisions where the Authorized Entity Group is not identified as the party making decisions on implementation issues in Table 7-1, the dispute resolution process proposes to grant substantial deference to the Authorized Entity Group.

Comment: Given that the Authorized Entity Group is granted such broad decision-making deference, it would seem that a significantly larger group than is currently contemplated within the BDCP governance framework is warranted. A more inclusive governance model – providing for all permittees to be members of the Authorized Entity Group – would ensure more balanced decision-making by the body. The Final BDCP should revise membership of the Authorized Entity Group to include all BDCP permittees.

14. Page 7-10, line 39 states that “The Authorized Entity Group will consist of the Director of DWR, the Regional Director for Reclamation, and a representative of the participating state contractors and a representative of the participating federal water contractors...”

Comment: Similar to Comment #13 above. The four-member Authorized Entity Group is inadequate to fully represent the interests of all Authorized Entities. As stated on page 7-9, line 14, Authorized Entities includes “…those state and federal water contractors that receive take authorizations...”. The relationship between the very limited membership of the Authorized Entity Group and the much larger group of SWP and CVP Authorized Entities is unclear. Because SWP and CVP Authorized Entities will have been issued permits and maintain a substantial direct financial interest in BDCP implementation, the Authorized Entity Group should include every SWP or CVP contractor that receives a take authorization. An example of this more-inclusive governance model can be found by examining the functions of the Steering Committee for the Lower Colorado River Multi-Species Conservation Program administered by Reclamation. The
Final BDCP should expand membership of the Authorized Entity Group to include all SWP and CVP Authorized Entities.

15. Page 7-12, lines 17-21 state that “The Authorized Entity Group will institute procedures with respect to public notice of and access to its meetings and its meetings with the Permit Oversight Group….All meetings will be open to the public.”

Comment: The Water Authority appreciates that all meetings of the Authorized Entity Group will be conducted in public. However, the BDCP is silent with respect to the requirements under California’s open meeting and records laws, the Federal Advisory Committee Act, the California Public Records Act and the Federal Freedom of Information Act (FOIA), and the applicability of those statutes to the activities and undertakings of the Authorized Entity Group. The Final BDCP should clearly delineate the state and federal statutes relevant to the activities of the Authorized Entity Group.

16. Pages 7-13, lines 9-27 state that “The Permit Oversight Group will be composed of the state and federal fish and wildlife agencies… will be involved in certain decisions relating to the implementation of water operations, and other conservation measures, actions proposed through the adaptive management program or in response to changed circumstances, approaches to monitoring and scientific research.”

Comment: The BDCP document is completely silent with respect to whether or not the Permit Oversight Group must comply with state or federal public meeting and records laws. The Final BDCP should clearly delineate the state and federal statutes relevant to the activities of the Permit Oversight Group.

17. Page 7-13, line 37 states that the Permit Oversight Group will have “decision making regarding real-time operations”. This section goes on to state that the “roles … are still under consideration and will be addressed in Chapter 3, Conservation Strategy”.

Comment: We could not find a detailed explanation of the Permit Oversight Group role in Chapter 3. Understanding the role of the regulatory (i.e., HCP/NCCP permits) agencies during implementation of the BDCP is critical. Most HCP/NCCP’s that the Water Authority is familiar with have the regulators as strictly advisory, without the ability to impose unilateral actions unless the species are in danger of extinction. This places sole responsibility for BDCP success on the permittees. If the regulators have unilateral decision making authority for one or more aspects of BDCP implementation, they then accept some level of responsibility for the ultimate outcome by virtue of any decisions they impose. Keeping the regulators outside the decision process, but in a close advisory role, allows the permittees to freely implement the BDCP that they
voluntarily developed. If the regulators believe the permittees are not acting in compliance with BDCP permits, the Implementing Agreement would normally contain provisions to suspend or revoke the HCP and/or NCCP permits (however, as noted above, there was no Implementing Agreement included in review documents). The Final BDCP should remove all BDCP implementation decision making authority from the Permit Oversight Group.

18. Page 7-16, line 40 through Page 7-17, line 2 states that “The Adaptive Management Team will hold public meetings… noticed and open to the public.”

Comment: The Water Authority appreciates that all meetings of the Adaptive Management Team will be conducted in public. However, the BDCP is silent with respect to the requirements under California’s open meeting and records laws, the Federal Advisory Committee Act, the California Public Records Act and the Federal Freedom of Information Act (FOIA), and the applicability of those statutes to the activities and undertakings of the Adaptive Management Team. The Final BDCP should clearly delineate the state and federal statutes relevant to the activities of the Adaptive Management Team.

19. Page 7-17, line 17 states that “In the event that the Authorized Entity Group and the Permit Oversight Group are unable to resolve the issue at hand, the entity with decision-making authority… will make the final decision”.

Comment: Similar to Comment #17 above regarding the appropriate role of the permitting agencies. Regulatory agencies should not be in a decision making role unless they are prepared to accept responsibility for the eventual outcome of the BDCP. Once the regulatory agencies issue the HCP and NCCP authorizations (i.e., permits), their role is to verify compliance with the BDCP and Implementing Agreement. If permittees are not in compliance, the regulatory agencies can initiate permit suspension or revocation procedures (which should be detailed in the Implementing Agreement). Therefore, all decisions related to BDCP implementation should be made by the Authorized Entity Group (composed of all permittees), in consultation with the Permit Oversight Group. The Final BDCP should be revised to clarify that regulatory agencies provide guidance and advice to the Authorized Entity Group, but do not have BDCP implementation decision making authority.

20. Page 7-20, lines 21-22 state that “Stakeholder Council meetings will be open to the public.”

Comment: The Water Authority appreciates that all meetings of the Stakeholder Council will be conducted in public. However, the BDCP is silent with respect to the requirements under California’s open meeting and records laws, the Federal Advisory Committee Act, the California Public Records Act and the Federal
Freedom of Information Act (FOIA), and the applicability of those statutes to the activities and undertakings of the Stakeholder Council. The Final BDCP should clearly delineate the state and federal statutes relevant to the activities of the Stakeholder Council.

21. Page 7-21, lines 6-26 state that “Any member of the council, however, will have the right to object to any proposal of the Program Manager… If the dispute is not resolved within the 60 day period, the issue will be elevated to the Authorized Entity Group… If the issue remains unresolved… for over 90 days, it will be referred for decision by the entity with the locus of responsibility…recognizing that multiple entities may have some relevant responsibility.”

Comment: This provision needs additional clarification and structure to ensure that the dispute resolution process does not become a de facto delay process for those opposed to BDCP implementation. Gridlock could easily occur if not only prospective, but also prior implementation actions may be challenged at any time. The Final BDCP should include provisions to ensure that multiple or repeated objections do not result in significant disruption of the program.

22. Page 7-27, lines 29-31 state that “The Program Manager, through the Implementation Office… will generally be responsible for the planning, oversight, implementation of actions set out in the conservation strategy.”

Comment: While charged with implementing the BDCP, there is no discussion of the appropriate legal framework within which the Implementation Office, proposed BDCP governance structure, and associated coordinating and dispute resolution mechanisms would be effectuated. Would the legal framework require legislation, a memorandum of understanding/agreement, bylaws, a joint powers authority, or some other structure? The Final BDCP should explain the legal documentation and processes necessary to allow participating entities to fund and implement the BDCP. Again, Reclamation’s Lower Colorado River MSCP provides an example of a legal framework that is working to successfully implement a complex multiple species conservation plan.

Chapter 8 – Implementation Costs and Funding Sources

23. Page 8-1, lines 36-39 state that “Consistent with the ‘beneficiary pays’ principle and in recognition of public benefits associated with environmental restoration of this important region, it is assumed that a state and federal investment will be available and necessary to implement the BDCP, as described in Section 8.3, Funding Sources.”

Comment: BDCP was conceived as a “beneficiary pays” project. However, the BDCP does not include a detailed financial plan. Instead, the public draft relies on the projected benefits afforded to the exporters to gauge funding support for
the conveyance facilities (i.e., CM1). Until a detailed financial plan is finalized and cost allocation formula agreed upon by participants, there will continue to be questions and concerns regarding what “beneficiary pays” means in terms of precise cost obligations. Is “beneficiary pays” based on the value the water provides to a specific contractor? Does “beneficiary pays” mean every contractor pays the same unit cost for water received? As envisioned by the BDCP, the water quantity available for export will vary depending on hydrology; how would the benefits be calculated and unit costs be derived for each “beneficiary” under constantly changing hydrological conditions? Many water suppliers in Southern California are seeking to reduce their demand for imported water from the Delta. What happens if contractors’ needs for the water decrease in the future? How would the costs be allocated then? More importantly, how would costs be allocated pursuant to state and federal laws – including, without limitation, the cost-of-service requirements of California Constitution Article XIII A and C (Proposition 26)? Both the HCP and NCCP regulations require the BDCP to demonstrate that it has funding assurances from those expected to pay - including the state and federal governments – rather than relying on assumptions. The Final BDCP should address these issues to ensure the BDCP’s ability to be funded.

24. Page 8-2, lines 22-24 state that the chapter is not a financing plan…“nor does it establish the final allocation of cost or repayment responsibility; rather financing plans will be prepared separately by various funding agencies and through future discussions between state and federal agencies.”

Comment: The final BDCP must make fiscal sense and also be both affordable and financeable. Potential participants in the BDCP must have sufficient detailed information to evaluate the cost-benefit (or feasibility) of participating in the project on the individual participant level. Lack of disclosure on how costs will be shared by beneficiaries does not allow existing water contractors to make an informed decision to invest in the BDCP. This analysis should be included in the Final BDCP.

25. Page 8-66, Footnote “a” states that “…funding estimates from state and federal agencies do not represent commitments and are subject to grant awards, annual appropriations from Congress, and passage of water bonds by the voters of California.”

Comment: The reliance on the funding history of yet to be appropriated federal sources and future water bonds makes it unclear if the project will receive an adequate public share of the funding. To match the comprehensiveness of BDCP as a planning process, it is important to identify how the public share of the funding source may be composed and from whom the funds may be derived. The Final BDCP should provide greater detail and explain how funding assurances
required by HCP/NCCP permits will be achieved given the uncertain nature of future state and federal funds.

26. Page 8-73, lines 5-7 state that “State and federal water contractors that are participating in the development of the BDCP have committed to fund construction, operation, and construction-related costs for implementation of CM1 Water Facilities and Operation, the new water conveyance facilities.”

Comment: Contrary to this statement, there is nothing in the EIR/EIS or BDCP documents that confirms that any state or federal water contractor has made a commitment to fund the project. The Water Authority is not aware of any such commitments. In fact, the Board of Directors of the Metropolitan Water District of Southern California – the largest State Water Project contractor, with an approximate 46-percent share of the existing State Water Project – has never voted to fund construction of any portion of the proposed project (CM1). Necessary contractual agreements for individual SWP and CVP contractors to fund CM1 are unclear and the process for revising SWP and CVP cost allocations if individual contractors decline to participate, or drop out later, is not defined. To ensure the BDCP is fully funded, any BDCP financing plan must include enforceable agreements to pay for the project, not only from state and federal water contractors directly, but also from the member agencies or units that provide their revenues. It is unclear whether the SWP contractors can rely on the taxing authority afforded to them under the existing SWP project to pay for the BDCP. The projected costs are too high to have confidence that the contractors’ water sales are adequate to cover the BDCP’s costs now or in the future. Specific areas requiring more detail in the Final BDCP include:

- Contractors that are wholesale water agencies should demonstrate that their customers will pay for the project, either through take-or-pay contracts or other enforceable, long-term financial commitments to pay the fixed costs of the project commensurate with the term of the contractors’ BDCP obligation;
- Analysis is needed on the impacts of “step-up” provisions – pledges that require other BDCP participants to assume the debt obligations of defaulting participants;
- Legal analysis should be undertaken to examine the feasibility and appropriateness of relying upon property taxes as additional back-up security for contractors’ BDCP debt; and
- Legal and financial analyses should be undertaken to examine the financial risks to the state of California if bonds issued to fund construction of the project (CM1) are backed by the full faith and credit of the state.

27. Page 8-84, lines 18-21 state that “…the BDCP is expected to secure a large portion of the funds allocated to Delta sustainability, as well as smaller portions of funds allocated to conservation and watershed protection. The water bond will
support the public benefits of Plan implementation, particularly natural community restoration and other stressors conservation measures.”

Comment: Firm commitments to ensure state and federal funding for CM 2-22 are lacking. The BDCP expects almost 90 percent of the costs for ecosystem restoration and program administration to be shared by state and federal funding. Most state funding is anticipated to be provided by future water bonds, including one or more bonds scheduled for the November 2014 ballot. A majority of federal funding is expected to be provided by congressional appropriation, which has uncertain support. The uncertainty that voters and Congress would approve the water bonds and federal appropriation, respectively, leads to the question as to whether, and how much, the contractors will be expected to help pay for the costs to obtain the envisioned water supply benefits. If the public funding envisioned does not materialize, will the contractors be expected to fund these costs? If funding is unavailable for restoration, would CM1 operations be changed from those presented in the BDCP? The Final BDCP needs to include a discussion of alternate funding sources, as well as potential impact on available exports, should bonds for CM 2-22 not be approved by the voters.

28. Page 8-80, lines 16-17 state that “Contractors more distant from the Delta provide more funding than contractors close to the Delta because of the capital cost of the California Aqueduct and increased pumping and O&M costs.”

Comment: While this statement may be true for existing SWP contractors, it is unclear whether this same logic is being applied to BDCP funding. Since all Delta improvements will occur upstream of the Banks Pumping Plant at Clifton Court Forebay and will not affect existing south-of-Delta facilities or operations, distance from the Delta has no bearing on BDCP implementation cost. The Final BDCP should clarify that funding obligations for water contractors south of Banks Pumping Plant will not contain any differential based on distance from the Delta.

29. Page 8-99, lines 17-21 state that “…potential federal funding sources are divided into four categories. First, existing federal appropriations relevant to BDCP are expected to continue in amounts and for durations described below. Second, new federal appropriations would be needed to support BDCP. Third, several federal grant programs are expected to provide funding to support BDCP actions. Finally, other federal funding sources are described.”

Comment: See above comment #27.

30. Page 8-122, lines 13-15 state that “…the Authorized Entities will not be required to provide land, water, or monetary resources beyond their commitments in this Plan in the event of a shortfall in state or federal funding.”
Comment: Provisions to ensure adequate funding by participants required for HCP/NCCP approval are lacking. It is unclear how CM 1 would be operated as a result of a shortfall in public funding. What operational scenarios and how much export water would be made available absent public funding (and associated reduction in restoration) should be disclosed in the Final BDCP and before HCP/NCCP permits are issued.

Appendix 9A – Economic Benefits of the BDCP and Take Alternatives

31. Page 9.A-7, line 36 states that “Seawater desalination is another supply that is relied on during drought periods.”

Comment: The Water Authority concurs with the acknowledgement that seawater desalination can be an important and reliable water supply during both normal and drought periods, as well as with the incorporation of the Carlsbad Desalination Project in the analysis.

32. Page 9.A-12, lines 9-13 and Footnote 5 state that “…models incorporate projections… provided by… San Diego Association of Governments (SANDAG)”

Comment: The SANDAG Series 12 growth forecasts used in the analysis are outdated and do not account for updated Census data and the 2007 recession. Utilizing old growth forecast information likely results in a higher water demand forecast in the initial years. Analysis in the Final BDCP should incorporate the updated SANDAG forecast released last year (Series 13). This forecast incorporates data from the 2010 Census and captures the effects of the 2007 recession.

33. Page 9.A-14, Footnote 6 states that “…SANDAG employment projections were developed before the 2007 recession…”

Comment: The employment projections use an outdated SANDAG growth forecast (Series 12), which doesn’t take into account the updated Census data and 2007 recession. Utilizing old growth forecast information likely results in a higher employment (and water demand) forecast in the initial years. Analysis in the Final BDCP should incorporate the updated SANDAG forecast released last year (Series 13). This forecast incorporates data from the 2010 Census and captures the effects of the 2007 recession.

34. Page 9.A-28, lines 36-40 state that “…historical consumption and rate data…were collected directly from retailers with the exception of… San Diego County Water Authority, for which data was acquired from annual surveys conducted by the wholesale member agencies.”
Comment: The Water Authority has not prepared an annual survey of water rates since 2004. The Final BDCP should clarify how the Water Authority’s service area retail rate information was derived, and include the date and title of any reference document in the literature cited section.

35. Page 9.A-33, lines 8-14 state that “The cost of the water supply increase resulting from the BDCP Proposed Action is also well below the cost of other alternative supply alternatives. ...the implicit water supply cost... ranges from $238 to $321 per acre foot.”

Comment: Although we understand that the range of unit costs represents the cost of the incremental yield for the BDCP Proposed Action High-Outflow and Low-Outflow Scenarios relative to the Existing Conveyance High-Outflow and Low-Outflow Scenarios, it is unclear how the $238/AF to $321/AF unit costs were derived or what the exact meaning of “implicit water supply cost” is. We recognize Appendix 9A is an economic analysis to quantify BDCP benefits on an average yield basis. However, the reliance on incremental yield in calculating those economic benefits should be placed into the context of what contractor allocations under Table A will look like post-BDCP implementation. Actual unit costs will vary widely given the expected swings in yield and the fixed cost nature of the contracts. It is also unclear why unit costs are being included in the water supply alternatives discussion because, (as noted in Footnote 9) the costs cannot be used to directly compare other supply alternatives. If the intent of the included alternatives analyses is to compare the implicit water supply cost of the BDCP Proposed Alternative to local supplies, the Water Authority suggests that a unit cost can be developed that is comparable to the local supply cost being cited. Such a unit cost can be calculated based on the following:

Unit Cost = Annual amortized capital cost for CM1 + Annual operating cost
Expected yield expressed in the same year dollars as the local supply cost

This approach would allow the BDCP to more adequately benchmark its cost to local supply costs, and is more consistent with the method water suppliers (like the Water Authority) use to compare alternative supplies. The Final BDCP should provide more detailed information on the derivation of the unit costs, a definition of implicit water supply costs, and describe why they are being included in this section, especially if the cited unit costs cannot be used to compare the supply alternatives. To support the analytical conclusions, the Final BDCP should provide a unit cost that can be used to compare supply alternatives.

36. Page 9.A-36, lines 7-11 state that “…costs of… short-term conservation are at the low end of… water supply alternative costs. Because short-term conservation is a feasible option, and because the costs of alternatives cannot be known with
precision for any individual agency, for planning purposes it is appropriate to measure BDCP benefits using mandatory short-term conservation costs.”

Comment: It is unclear why other alternative water supply costs are discussed in this section when short-term conservation is assumed as the appropriate measure of BDCP benefits. The Final BDCP should clarify the purpose of Section 9.A.2.4.4 and how the alternative water supply volumes and costs are utilized in the economic benefits analysis.

37. Page 9.A-36, lines 14-15 state that “… the analysis of urban water supply benefits… is based on an assumed build-out of alternative water supplies.”

Comment: It is unclear how build-out of alternative water supplies is utilized in the BDCP economic benefits analysis. The Final BDCP should clarify how the costs for alternative water supply build-out and mandatory conservation were used in the economic benefits analysis, and the distinction between the two uses.


Comment: There is no backup information to support the assumptions on water supply availability under post-earthquake conditions. The Final BDCP should provide information to support the supply yields assumed to be available from existing conveyance, BDCP Proposed Action, and other take alternatives under post-earthquake conditions.

Draft Conceptual Engineering Report
The Conceptual Engineering Report (CER) does not lend itself to the “page and line” comment format as in the above documents. Therefore, the following comments have been grouped in general topical areas. Because these topics are not confined to a single location and are scattered throughout the report, any comment should be considered applicable to every appearance of that topic in the report.

Schedule
39. The project’s schedules included as part of the CER’s Executive Summary and Appendix C are not the same.

Comment: These schedules need to be reconciled and the text clarified to discuss any assumptions used in the schedule.

40. The Appendix C schedule contains a number of fixed, or constrained, task completion dates.
Comment: The CER does not include the schedule logic to determine if these constrained dates are achievable or reasonable. At the preliminary engineering stage of a project, completion dates should not be constrained so it can be determined if the schedule is reasonable. All constraints should be removed from the task completion dates and the schedule logic should be provided to determine whether that logic, and therefore the schedule, is appropriate and reasonable.

41. Appendix C of the CER includes an item for property acquisition necessary to complete the project.

Comment: Appendix C provides no detail on how the BDCP team intends to acquire land rights from the hundreds of impacted property owners along the route of the tunnels, at the forebays, the intake facilities, and impacted by the installation or relocation of utilities and roads necessary for the project. A comprehensive property acquisition plan should be included to identify the nature of property rights to be acquired, the schedule for doing so, and the staff or consultant resources necessary to complete this task.

Project Risks
42. The BDCP infrastructure is subject to a considerable number of risks that could negatively impact the project’s cost and schedule.

Comment: While mostly identified in the CER, these risks must be adequately addressed during the design and construction of the project. The most significant of these risks include:

- Lack of geotechnical information. The CER repeatedly states that additional geotechnical information is needed to adequately design the project’s tunnels, intake pumping facilities, levees, tunnel muck disposal sites and forebays.
- Tunnel construction methodology. The tunnel methodology is highly dependent on the geologic conditions along the tunnel routes but must address the likelihood of variable soil conditions.
- Available Resources. The project as proposed and ancillary efforts such as utility relocation will require numerous specialized engineers, geologists, right of way agents, tunnel boring machines, tunnel boring machine operators, specialized underground contractors, lawyers, court resources (in support of right of way acquisition efforts) and various technical experts. It is unclear of these resources can be obtained in a timely manner to meet the project’s schedule.
- Power requirements. The CER is undecided on how the power will be provided to the project both during construction and during operations and by how many electrical companies. The CER indicates power may be provided to each site by multiple electrical companies. The cost and time associated with a second power source to each project location has not been addressed.
• **Access and utility conflicts.** The project will require the relocation of roads and utilities. It is uncertain whether those conflicts will be addressed by the BDCP or the utility or public agency that owns the utility. The extent of relocations, their cost and how long it will take to resolve utility and road conflicts are not thoroughly defined in the CER.

• **Property rights acquisition.** See item under Schedule above. Property acquisition via the eminent domain process allows the property owner to challenge the project proponent’s right to take their property via eminent domain. Linear projects, such as the BDCP infrastructure, are particularly vulnerable to costly reroutes and delays if a right to take challenge is upheld by the courts. The value of the rights to be acquired can also vary greatly. This uncertainty should be thoroughly detailed in the CER.

• **Recent Court rulings.** On March 13, 2014 the Third Appellate District Court of Appeal ruled the BDCP’s efforts to obtain additional geotechnical and environmental information resulted in a permanent property acquisition (take) from impacted property owners. This contradicts long-standing law that allows public agencies access to private property for study purposes and pay the owner if there are any damages. This ruling, if not overturned, will result in unknown, and potentially significant delays to the project.

A comprehensive Risk Registry that identifies risks that could adversely impact the project’s schedule, and cost and how those risks will be mitigated during future design or construction, should be included in the final CER and updated on a regular basis as the design and construction progresses.

**Estimate Accuracy and Project Contingency**

43. The CER (Chapter 8) notes the accuracy of the construction estimate ranges from is +50% to -25%; however, the project cost estimate includes only a 36% contingency.

**Comment:** The CER is unclear on the rationale used to determine the cited accuracy range or the selection of the specific cost estimate contingency. Subsequent communication (February 26, 2014 letter from Mr. Charles R. Gardner Jr., CEO Hallmark Group) noted the construction estimate accuracy had been improved to +30% to -20% and therefore the contingency of 36% was more than adequate. However, no information on how the “more accurate” cost estimate was prepared has been provided since the October 2013 release of the CER. The final CER should disclose the methodology, including an analysis of project risks, used to derive a project contingency of 36%. It should also disclose and explain the information that allowed a more accurate cost estimate to be prepared. Absent this information the Water Authority believes the project contingency should be set at 50% based upon the upper range of the cost estimate’s accuracy.
The Water Authority appreciates the opportunity to review the proposed project and provide comments on the Draft EIR/EIS and associated documents. As noted above, the Water Authority requires additional information to determine if the BDCP Proposed Action as described and analyzed in the Draft EIR/EIS is a cost-effective long-term solution to Delta water supply and ecosystem conflicts.

Please retain the Water Authority on your mailing list to receive future notifications or documents regarding this project. If you have questions or wish to discuss any of the above concerns in greater detail, please contact Larry Purcell, Water Resources Manager at (858) 522-6752, or by email at lpurcell@sdcwa.org.

Sincerely,

Maureen A. Stapleton,
General Manager

Attachments (3)
San Diego County Water Authority  
4677 Overland Avenue • San Diego, California 92123-1233 
(858) 522-6600 FAX (858) 522-6568 www.sdcwa.org

August 28, 2012

Dr. Gerald Meral  
Deputy Secretary  
California Natural Resources Agency 
1416 Ninth Street, Suite 1311 
Sacramento, CA 95814

Dear Jerry:

Thank you for visiting with us on Wednesday. We enjoyed our discussion, and appreciate the information you shared on the progress of the Bay-Delta Conservation Plan. We very much appreciate the efforts by you, Secretary Laird, Governor Brown, Secretary Salazar and all of the state and federal agencies in bringing the BDCP to this point.

We promised to send you the Water Authority's comments on BDCP Chapter 8. We understand that work is under way to produce a new draft of Chapter 8. It is our hope that the issues outlined below will be considered and addressed.

Introduction
The San Diego County Water Authority is a wholesale water agency providing a safe and reliable water supply to 24 public agencies in San Diego County, supporting our region's $188 billion economy and the quality of life of 3.1 million Californians. Highly dependent on imported water supplies, the Water Authority has historically and consistently been a strong advocate for the Delta and for the co-equal goals of providing a more reliable water supply for California, while protecting, restoring and enhancing the Delta ecosystem. The Water Authority's board of directors reaffirmed this longstanding support at its February 2012 board meeting. The board also adopted an updated set of policy principles relating to the Bay-Delta outlining the critical issues that must be resolved in the BDCP process; a copy of these Policy Principles is enclosed.

Chief among the Water Authority's concerns is the need to define the various components of the financing plan for the BDCP and the recently announced decision-tree concept in a manner that allows potential participants to evaluate the cost-benefit (or feasibility) of participating in the project. We believe the financing plan must include enforceable agreements to pay for the project, not only from state water contractors directly, but from the member agencies or units

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that provide their revenues. The costs are simply too great to rely on the hope that there will be enough water purchasers over the long-term to pay the project's costs.

As the largest customer of the largest state water contractor – the Metropolitan Water District of Southern California (MWD) – the Water Authority's ratepayers have a great deal at stake in the BDCP process and its financing plan. The Water Authority must be able to assess not only that the project will provide sufficient benefits to be affordable by our ratepayers, but also that they are not at risk of paying BDCP costs associated with the water supplies of other MWD member agencies or state contractors. The Water Authority is already in litigation with MWD over how it allocates its current State Water Project costs.

The Water Authority is concerned that all of the progress that has been made in bringing the BDCP to this point will be stymied, and that the BDCP will fail if participants are not able to evaluate the cost-benefit of the project or reasonably limit the risk their ratepayers are being asked to assume. It is in this light that we offer the following brief comments on the administrative draft of Chapter 8 – Implementation Costs and Funding Sources.

Comments  
As the largest state water contractor, MWD is the foundation for financing the project. And yet, MWD itself has been struggling over the past several years to pay its current fixed costs – let alone a substantially larger cost associated with the BDCP. The reason is simple: more than 80 percent of MWD's costs are fixed while less than 20 percent of its revenues are paid from fixed charges. More than 80 percent of MWD’s revenues come from water sales. Yet, MWD's member agencies are not required to purchase any water from MWD. With its member agencies unwilling to sign take-or-pay contracts or make any other firm financial commitments to MWD to cover its fixed obligations, the agency remains heavily dependent on revenues from variable water sales. MWD's water sales have declined approximately 30 percent since 2008, with its firm sales declining to less than 1.3 million acre-feet in fiscal year 2012. MWD's member agencies -- including the Water Authority -- have also experienced significant reductions in sales. A direct consequence of these declining sales is sharply higher imported water rates that have made additional local water supply investments economically competitive. As a consequence, MWD's member agencies -- and their sub-agencies -- are doing what they have been asked to do over the past 20 years: reducing reliance on water supplies imported from the Delta.
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We are concerned that the BDCP will become the kind of "big ticket project" that MWD board members vocally and enthusiastically support – at the same time their agencies are unwilling to make enforceable commitments to pay for the project.  

A final note on the subject of risk: because the project is anticipated to be financed through project revenues, we are informed that bond underwriters are expected to require a "step up" provision by which each BDCP participant in BDCP-related bonds pledges to assume the obligations of defaulting participants. The current draft of Chapter 8 is silent on this issue, yet it is conceivable that some of the BDCP participants may default, which would cause remaining participants, including MWD, to assume a greater portion of the debt. It is important that Chapter 8 analyze the possible effects of the "step up" provisions on MWD and the other participants in the BDCP.  

Some have suggested that property taxes may provide the ultimate security for BDCP payment obligations of individual contractors. Putting aside the question whether property taxes levied under the authorization of the Burns-Porter Act may be used to pay for new projects contemplated by the BDCP, it is important to remember that MWD’s taxing authority is further limited by the provisions of the MWD Act. Although the Act contains override ability in the event of a fiscal crisis as determined by the MWD board (one year at a time*), it effectively limits MWD’s ability to levy taxes to pay its SWP obligations. It is also unclear whether changes to this limit would require voter approval. Thus, a careful legal analysis of MWD taxing authority should be included in the BDCP due diligence process if taxes are contemplated as additional back-up security for project debt.  

To effectively evaluate the finances available for the BDCP, the drafters of Chapter 8 need to conduct comprehensive due diligence on all of the facts and

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1 Under Section 50(h) of MWD's current State Water Project contract, non-defaulting contractors can be assessed to cover payments not made by defaulting contractors, up to 25 percent of the payment not made. Under Section 49(l) of its East Branch Extension of the State Water Project contract, MWD is obligated to cover a default by any and all other participants. 

2 Section 124.5 of the Metropolitan Water District Act limits MWD's property tax levy to "the composite amount required to pay (1) the principal and interest on general obligation bonded indebtedness of the district and (2) that portion of the district's payment obligation under [the SWP contract] which is reasonably allocable, as determined by the district, to the repayment by the state of principal and interest on [SWP bonds] as of [January 1, 1986] and used to finance construction of facilities for the benefit of the district." 

3 In such an event, the State of California would be relying upon an annual vote of MWD's Board of Directors in which it "...finds that a tax in excess of these restrictions is essential to the fiscal integrity of the district..."
circumstances described in this letter. Without such due diligence, the BDCP faces a potential cascading collapse of funding. At a minimum, state water contractors that are wholesale water agencies must demonstrate that their customers – the member agencies or units that buy their water and provide their revenues – have take-or-pay contracts or other enforceable commitments to pay the fixed costs of the project commensurate with the term of the BDCP obligation. The Water Authority continues to stand ready to make such a commitment to MWD that provides benefits commensurate with its payments.

Ultimately, the full faith and credit of the State of California will back up the bonds issued to build the conveyance project. Failure to secure enforceable financial commitments from the member agencies or units of water wholesale contractors could place all of California at significant risk of having tens of billions of dollars of new outstanding debt without sufficient water contractor payments to cover the debt service. This is why all California taxpayers have a stake in ensuring that there is a solid foundation and financing plan for the BDCP going forward.

Thank you again for providing the opportunity to comment on the administrative draft of Chapter 8 of the BDCP. We are committed to working with you and all parties to address and resolve these issues.

Sincerely,

Maureen A. Stapleton
General Manager

Enclosure: Water Authority Bay-Delta Policy Principles
July 30, 2013

Dr. Gerald Meral
Deputy Secretary
California Natural Resources Agency
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

Dear Jerry:

Thank you for the efforts that you, your state and federal agency colleagues, and the Administration have made to bring the BDCP to the point where it stands today. We appreciate the opportunity that the release of an administrative draft of the BDCP affords us to provide comments and questions that should be addressed in the next draft. This letter is a follow-up to the Water Authority’s previous correspondence on BDCP Chapter 8, and conversations we have had with you over the past year.

Like many other stakeholders, the San Diego County Water Authority anticipated the May 29 release of the final chapters of the administrative draft of the BDCP document and believed, based upon earlier representations, it would address the questions and concerns the Water Authority has raised over the past several years over project financing. In particular, we were anxious to review the new draft of Chapter 8 in light of the correspondence we sent you 11 months ago (attached), in which we raised a series of BDCP financing issues and concerns. Our subsequent conversations led us to believe these concerns would be addressed in the most current iteration of Chapter 8. Instead, and disappointingly, Chapter 8 begins with this jarring admission:

“Details of the financing... are still being determined through on-going discussion between the state and federal governments and between the government, the state and federal water contractors and other interests.”

After reviewing the newly-revised Chapter 8 of the BDCP administrative draft, seven years into the BDCP planning process, and nearly a year after commenting on the prior draft, the most critical financing issues confronting the BDCP have yet to be addressed.

As we shared with you previously, potential participants in the BDCP must have sufficiently detailed information to evaluate the cost-benefit (or feasibility) of participating in the project. We recently heard David Sunding report to the Metropolitan Water District of Southern California’s (MWD) Board of Directors that a cost-benefit analysis has been produced for all urban and agricultural water contractors, and that it includes an urban cost-benefit analysis for all MWD member agencies. Would you please send a copy of the complete report to me in advance of Dr. Sundeing’s Sept. 12 appearance before our Board’s Imported Water Committee?

A public agency providing a safe and reliable water supply to the San Diego region
Dr. Gerald Meral  
July 30, 2013  
Page 2

As we have consistently stated, the Water Authority believes that any BDCP financing plan must include enforceable agreements to pay for the project, not only from state water contractors directly, but also from the member agencies or units that provide their revenues. The costs are far too high to simply rely on the hope that the contractors’ water sales will be adequate over the long-term to pay the project’s costs.

As the largest customer of the largest state water contractor – MWD – the Water Authority’s member agency ratepayers have a great deal at stake in the BDCP process and its financing plan, its risks and contingencies. The Water Authority must be able to assess that the preferred alternative advocated by the BDCP program will provide sufficient benefits to be affordable for our member agency ratepayers. We also must ensure that our ratepayers are not at risk of paying BDCP costs associated with the water supplies of other MWD member agencies or other state or federal water contractors. The Water Authority is already in litigation with MWD over how it allocates its current State Water Project costs.

The Water Authority is concerned that future progress of the BDCP and efforts to resolve seemingly intractable conflicts in the Delta will falter if those expected to be participants in the BDCP are not able to evaluate the cost-benefit of the various alternatives or reasonably limit the risk that their ratepayers will be expected to assume. In this context, we renew our request that our comments and concerns raised in our August 28, 2012 correspondence regarding Chapter 8 of the BDCP administrative draft – Implementation Costs and Funding Sources – be addressed in the next draft.

Comments  
In our August 28, 2012 correspondence, we identified three specific issue areas as lacking necessary discussion within Chapter 8:

- State water contractors that are wholesale water agencies should demonstrate that their customers – the member agencies or units that purchase their water and provide their revenue – have take-or-pay contracts or other enforceable, long-term commitments to pay the fixed costs of the project commensurate with the term of the BDCP obligation.

- It is important to analyze the possible effects of “step up” provisions – those bond pledges that may require other BDCP participants to assume the obligations of defaulting participants – on MWD and other participants in the BDCP.

- A careful legal analysis should be undertaken of MWD taxing authority within the BDCP due diligence process, to examine the feasibility and appropriateness of relying upon property taxes as additional back-up security for project debt.

Take-Or-Pay Contracts/Enforceable Commitments  
As we have previously pointed out in discussions with you, MWD – which, as the largest state water contracting agency, is the foundation for financing the BDCP project – has been struggling over the past several years to pay its current fixed costs, let alone a substantially larger new cost associated with the BDCP. More than 80 percent of MWD’s costs are fixed – however, less than 20 percent of MWD’s revenues are paid from fixed charges. Conversely, more than 80 percent of MWD’s revenues are from water sales – a variable revenue source – and those sales have
declined by 30 percent since 2007. Furthermore, MWD’s member agencies are not required to purchase any water from MWD. The variability of water sales – and thus uncertain future water sales revenues – coupled with Southern California water agencies’ current and future planned actions to implement the State’s policy to reduce reliance on water supplies imported from the Delta, creates significant uncertainty regarding long-term financing of BDCP obligations. This should be a major concern for the State of California, whose full faith and credit will be expected to back up the financing of the project. And yet, Chapter 8 makes no mention of this material, foundational risk to BDCP financing.

The Water Authority believes that, at a minimum, state water contractors that are wholesale water agencies must demonstrate that their customers have take-or-pay contracts or other enforceable long-term commitments to pay the fixed costs of the BDCP project corresponding to the term of the BDCP obligation. The Water Authority continues to be prepared to make such a commitment to MWD as long as the Water Authority gets the water supplies in return for its payments. We also believe that the willingness to make a financial commitment to a Delta solution will largely determine the demand for Delta water supply, and therefore help inform the best sizing for the conveyance facility. It would not be in the state’s best interest to construct a facility only to have it stranded because no one is willing to pay for it, or hoped-for water sales necessary to pay for it do not materialize.

“Step-Up” Provisions
Existing State Water Project contracts contain provisions under which non-defaulting contractors can be assessed to cover payments not made by defaulting contractors, up to 25 percent of the defaulting contractors’ obligations. Additionally, the East Branch Extension of MWD’s State Water Project contract has a provision obligating MWD to cover default by any and all other participants. These State Water Project contract stipulations are known as “step-up” provisions.

We are informed that bond underwriters for the BDCP project are expected to require a “step-up” provision by which each BDCP participant in BDCP-related bonds pledges to assume the obligations of defaulting participants. In fact, the newly-released Chapter 8, at Section 8.10.1.1.1 (page 8-81) provides that:

“Existing water contracts would need to be amended to include the new costs of the BDCP assigned to the state water contractors and the repayment schedule.”

Since “step-up” provisions are already embodied within, and apply to, MWD’s State Water Project contract, it would appear that such provisions would apply to the “new costs of the BDCP assigned to the state water contractors.” Given those “step-up” provision obligations, we renew our request that Chapter 8 fully analyze the possible financial and economic effects of the “step-up” provisions on MWD and the other participants in the BDCP.

Property Taxes
Some have suggested that property taxes may be contemplated as back-up security for BDCP payment obligations of individual state water contractors. There are very clear and significant limitations in MWD’s existing taxing authority under the provisions of the MWD Act:

- The Act limits MWD’s ability to levy taxes to pay its State Water Project obligations.
MWD is limited to levying taxes for "the composite amount required to pay (1) the principal and interest on general obligation bonded indebtedness of the district and (2) that portion of the district's payment obligation under [the SWP contract] which is reasonably allocable, as determined by the district, to the repayment by the state of principal and interest on [SWP bonds] as of [January 1, 1985] and used to finance construction of facilities for the benefit of the district."

- Although the Act contains override ability in the event of a fiscal crisis, as determined by the MWD board, the override is limited to only one year at a time. In such an event, the State of California and bondholders would be relying upon an annual vote of MWD's Board of Directors in which it "...finds that a tax in excess of these restrictions is essential to the fiscal integrity of the district...."

- It is unclear whether changes to the limitations provided under the MWD Act would require voter approval and/or new legislation. Chapter 8 should address and answer these questions.

Given these limitations and uncertainties, it is difficult to consider MWD's existing taxing authority as a meaningful back-up security for BDCP payment obligations. It is also highly questionable whether the financing of BDCP can be – or should be – backed by taxing authority that was authorized by voters decades ago, when the program was much different than is being discussed today. A careful legal analysis of MWD taxing authority should be included in the BDCP due diligence process if taxes are going to be relied upon as additional back-up security for BDCP project debt. The newly-released version of Chapter 8 is silent on this issue.

Based on the assurances that you previously provided to the Water Authority, we expected that the full consideration and analysis of the issues we have raised would be integrated in to the Chapter 8 analysis and conclusions. And yet, the current version of Chapter 8 of the BDCP administrative draft does not comprehensively or adequately conduct due diligence on all of the facts and circumstances described in this letter and our previous correspondence. We remain concerned that a potential cascading collapse of funding could occur if the proper due diligence is not undertaken in a timely manner.

We appreciate the opportunity to provide comments on the newly-released Chapter 8 of the BDCP administrative draft. We remain committed to working with you and all parties to evaluate, address, and resolve these critical financing issues.

Sincerely,

Maureen A. Stapleton
General Manager

Attachment: August 28, 2012 letter
October 7, 2013

Secretary John Laird
California Natural Resources Agency
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

Dear Secretary Laird:

On behalf of the San Diego County Water Authority (Water Authority), thank you for your September 11, 2013 letter to Chair Wornham and me responding to a January 2013 multi-agency letter requesting analysis of the Natural Resources Defense Council’s portfolio approach to statewide water management and the Bay-Delta Conservation Plan (BDCP).

We look forward to working with you to help develop a BDCP project that achieves the co-equal goals and is affordable. As the largest member agency of the largest State Water Contractor, the Metropolitan Water District, the Water Authority and its ratepayers are being counted upon to pay the second-largest share of BDCP costs.1 Yet, we have been relegated to the status of an outside observer who may have no financial stake in the BDCP. Accordingly, we request the opportunity to become more directly engaged in the BDCP cost allocation discussions and negotiations process — and be part of the solution. The stakes are sufficiently high for the San Diego region to be afforded the opportunity to be at the cost allocation negotiating table.

As you know, the Water Authority has not endorsed any alternative that has been considered by the BDCP program or advanced by others, including the Natural Resources Defense Council’s Portfolio Alternative and the Delta Vision Foundation’s BDCP-Plus. However, we firmly believe that a thorough and comprehensive analysis of Delta fix alternatives is critical to help inform the ultimate selection of an implementable plan for achieving the co-equal goals.

The Water Authority is committed to helping find a Delta solution, and to that end, is continuing its multi-year effort to inform our Board of Directors and civic and business leaders in our region on a variety of issues associated with the Delta. In addition, over the past several months, the Water Authority Board and staff have been engaged in an intensive, comprehensive review of BDCP-related alternatives to assess how various options may improve the San Diego region’s water supply reliability along with risks associated with each. This review process is ongoing, and is scheduled to continue into 2014. We were disappointed to learn from Natural Resources Agency Deputy Secretary Jerry Meral at our September 12 Board workshop that determinations regarding the cost allocation among contractors will not be concluded when the BDCP and its environmental documents are released for public review next month. Although we plan to

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1 Among MWD’s member agencies, and second only to the Kern County Water Agency.
submit a formal comment letter during the BDCP environmental review process, the allocation of BDCP costs and the resultant rate impacts on San Diegans will remain a central element in our Board's consideration of which option to support.

While we had hoped that your Agency's evaluation of the Portfolio Alternative would be helpful to the Water Authority's ongoing review and analysis, some of the information contained in your September 11 letter raises more questions than it answers.

- The letter states that a single-tunnel, 3,000 cfs conveyance facility (which is proposed in the Portfolio Alternative) would cost $6 billion less than the BDCP preferred alternative (9,000 cfs twin tunnels) - $8.5 billion compared to $14.5 billion. However, on September 16, a corrected version of the evaluation was posted on the BDCP website, which indicates that the 3,000 cfs single-tunnel conveyance facility would only cost $3 billion less than the BDCP preferred alternative. Further, none of these numbers match Dr. David Suding's economic benefit analysis, which he shared with us at our September 12 Board of Directors workshop, which identified the cost at $10 billion.

Many entities that are undertaking review and analysis of the Delta fix options, like the Water Authority, would benefit from reliable cost estimates for the conveyance features of the Portfolio Alternative. The lack of clarity in the cost estimate has made it challenging to have a meaningful cost comparison of the various conveyance feature sizes. Could you please provide an apples-to-apples cost comparison of the 3,000 (single tunnel), 6,000 and 9,000 cfs conveyance project sizes?

- In terms of the benefit cost ratio of alternatives, your evaluation indicates that "the 3,000-cfs tunnel has a negative benefit cost ratio, largely because the cost of the 3,000-cfs tunnel is approximately two thirds of building the proposed 9,000-cfs twin tunnels but the water yield is much smaller." The evaluation may be accurate; we are not attempting to dispute or refute the calculations and findings. However, with the numerous cost estimates for the conveyance features included in your own evaluations it is difficult to definitively understand the benefit cost ratio at which the evaluation arrives. A more comprehensive evaluation and identification of the appropriate assumptions would be valuable for those seeking to undertake independent analysis of cost-related information.

- The evaluation regarding the potential water supply yield in water recycling and water use efficiency projects that could be achieved from a $3B investment in local and regional water supply projects requires additional analysis. Your evaluation indicates, that with respect to investments in local and regional water recycling projects and water conservation projects, "it is doubtful that a $3 billion investment would produce even 100,000 acre-feet of reliable new water supply in urban areas, and would do nothing for agricultural users." This evaluation appears at odds with the Department of Water Resources' California Water Plan Update, which provides an analysis from which it may be concluded that a $3 billion investment in water recycling projects could actually
produce approximately 400,000 acre-feet of new water supplies (2009 Water Plan Update, Page 11-10). In addition, data developed by the Water Authority on local project costs and implementation also indicates that BDCP’s estimate is very low. We believe this warrants additional analysis to better understand how your evaluation arrived at a potential yield of 100,000 acre-feet or less. We would be happy to share the Water Authority’s data and our observations on local supply development with your staff.

- The evaluation with respect to the ability to export water from the south Delta following a significant seismic event stated that, “It may take from one to 10 years to rebuild enough Delta levees to once again allow substantial exports from the south Delta.” While certainly more work remains to be completed in terms of the efforts that have been undertaken through the Delta Emergency Rock and Transfer Facilities Project and the Delta Emergency Response Program to secure water supply reliability following a significant seismic event, it is our understanding that significant progress has been made to reduce the worst-case export outage. A more comprehensive analysis on this issue would be beneficial.

We look forward to working with you to consider a BDCP project that is implementable, achieves the co-equal goals, and improves water supply reliability and is affordable within the San Diego region and the rest of the state. In addition, we look forward to arranging a meeting with you in the near-term to explore avenues for additional information sharing and the Water Authority’s participation in the cost allocation negotiation process.

Sincerely,

[Signature]

Maureen A. Stapleton
General Manager

Attachments:

1. January 2013 multi-agency letter regarding NRDC Portfolio Alternative
2. September 11, 2013 correspondence and Portfolio Alternative evaluation from Secretary John Laird
May 14, 2014

Attention: Imported Water Committee

Metropolitan Water District Program Report (Information)

Purpose
This report summarizes activities associated with the Metropolitan Water District of Southern California and other imported water related agencies and organizations.

Discussion
Metropolitan Water District (MWD). This report provides a summary of key actions at the May 12 and 13 meetings of the MWD Board of Directors. A companion report, included in the board supplemental materials – the MWD Delegates Report – provides in-depth information on discussions that occurred at the MWD board and committee meetings as well as the Water Authority delegates’ positions. The next committee and board meetings will take place June 9 and 10.

Chairman Selection Process
The MWD Board unanimously elected Director Randy Record (Eastern Municipal Water District) as its new Chair of the Board of Directors, due to the vacancy created by the passing of Chair John Foley in late March. MWD’s Administrative Code requires that the Board elect a chairman to finish his term with 90 days of the position being vacated, which in this case was the day Chair Foley passed. Additionally, in accordance with the Administrative Code, MWD was to hold an election in October to select the next Chair. At MWD’s April 22 Executive Committee, by unanimous vote, the committee waived the provisions in the Administrative Code and agreed that there be a single election to fill the unexpired term of Chair Foley and the two-year term that will commence on January 1, 2015.

Water Use Efficiency Programs
At the Water Stewardship and Planning meeting, MWD staff presented its proposed changes to the water use efficiency program in response to the current drought conditions. Staff recommended doubling the subsidies for turf replacement (from $1 per square foot to $2 per square foot) and removing end dates for both the residential high efficiency toilet and rain barrel pilot programs (essentially these programs will continue in perpetuity and will be managed through the conservation budget). Additionally, it was recommended to extend the period that commercial and industrial users receive on-site retrofit subsidies from two years to five years for MWD’s recently-approved, but yet to be implemented, On-Site Retrofit Pilot Program aimed at increasing recycled water supplies. Staff estimated that this extension could increase the cost of the retrofit program to as much as $7.5 million, an increase of $4.5 million from what the Board authorized in February 2014. Funding for this program will come from MWD’s Water Management Fund, while the conservation budget will cover the estimated $4 million additional expenditures resulting from changes in subsidies and programs’ end dates. Subsequent to the committee meeting, the MWD Board approved staff’s recommended changes.
The MWD Committees and Board also:

- Appropriated $140,000, and authorized: (1) design of copper sulfate storage facilities at Lake Mathews and Lake Skinner, and (2) increase in change order authority for PCCP repairs on the Second Lower Feeder (Approps. 15441 and 15471);
- Adopted resolutions supporting Metropolitan’s application for low-interest financing and acceptance of low-interest financing from the Safe Drinking Water State Revolving Fund, and authorized agreement with TSG Enterprises, Inc. to administer a funding agreement compliance program;
- Appropriated $1.68 million, and authorized final design of two rehabilitation projects on the Colorado River Aqueduct (Approp. 15438);
- Adopted a resolution to continue Metropolitan’s Water Standby Charge for fiscal year 2015;
- Authorized the execution and distribution of the Official Statement substantially in the form presented with minor modifications to the description of recycled and reclaimed water, in connection with the issuance of the Special Variable Rate Water Revenue Refunding Bonds, 2014 Series D, and authorized the payment of costs of issuance from bond proceeds;
- Authorized increase of maximum amount payable under contract with Duncan, Weinberg, Genzer & Pembroke, P.C. for legal services related to Federal Energy Regulatory Commission by $150,000 to an amount not to exceed $3,175,000;
- Appropriated $9.4 million, and authorized:  (1) $6,583,000 agreement with Advanced Electronics, Inc. for the Emergency Radio Communications System, and (2) increase of $300,000 to agreement with Hatfield & Dawson Consulting Engineers, LLC (Approp. 15376);
- Appropriated $3.4 million, and authorized:  (1) final design of seismic upgrades to Metropolitan’s Headquarters Building in Los Angeles, and (2) amendments to agreements with ABSG Consulting, Inc., Simpson Gumpertz & Heger, Inc., and UC Irvine to provide specialized engineering services (Approp. 15473);
- Received a report on the renewal status of Metropolitan’s Property and Casualty Insurance Program;
- Heard a report on federal legislation related to invasive species;
- Heard a report on Water Surplus and Drought Management;
- Heard a closed session report on Consolidated Delta Smelt Cases, USDC Case No. 1:09-CV-407 LJO-DLB; and Consolidated Salmonid Cases, USDC Case No. 1:09-CV-1053 LJO-DLB;
- Heard a closed session report on San Diego County Water Authority v. Metropolitan Water District of Southern California, et al., San Francisco County Superior Court Case No. CPF-10-510830 and No. CPF-12-512466; and
- Reviewed Administrative Code Section 6433 relating to Claims under Capital Construction Contracts.

State Water Contractors (SWC)

The SWC met on April 17, 2014. At the March SWC board meeting, SWC staff initiated a summary presentation on the draft final contract extension Agreements in Principles (AIP) negotiated by SWC member agency representatives, but was unable to complete it due to time limitations. This month, staff discussed its business process goals and objectives and reported on its top priority related to the Contract Extension Amendment. Staff said that after 22 negotiation
sessions, concluding on March 6, 2014, the final AIPs are scheduled to be available by July 1, 2014. Key changes of the negotiated AIPs include:

1. Implementation of Pay-As-You-Go Methodology for Capital Costs and Conservation Operations and Maintenance Billing;
2. Creation of a State Water Resources Development System (SWRDS) Financial Committee, which provides a forum (and framework) for the SWC’s to participate in recommending financial policy to the Director of the Department of Water Resources;
3. Creation of a structure and program to fund costs presently without a “customer,” including defining specific accounts, reports, and reporting requirements that can help SWC member agencies understand how SWRDS’ money is managed.

Water Authority staff intends to provide an in-depth report on the draft final contract extension AIP, after its release; it is the linchpin for the development of an Environmental Impact Report.

For other actions by the SWC, see the Attachment.

The next SWC meeting is scheduled to convene on May 15, 2014.

Prepared by:   Liz Mendelson, Assistant Water Resources Specialist
Reviewed by:   Amy Chen, Director of MWD Program
Attachment:   SWC Board Actions, April 17, 2014
The following actions were taken at the State Water Contractors (SWC) Board of Directors April 17, 2014 meeting upon motions duly made, seconded and unanimously passed.

1. Approved the Consent Calendar, including Draft Board Minutes for March 20, 2014, the March 31, 2014 Financial Report, and March 2014 Consultant Reports.

2. Authorized the General Manager to sign an agreement for funding and operation of a dissolved oxygen aeration facility in the Stockton Ship Channel. No additional funding is required for operation of the aeration facility by the Port of Stockton for three years.

3. Authorized the SWC General Manager to contract with The Essex Partnership for consulting services to provide continuing technical facilitation for the Collaborative Adaptive Management Team. The cost for this work will be shared 50%-50% with San Luis&Delta-Mendota Water Authority for total cost of up to $49,500 ($24,750 SWC Share).

Other Actions:

1. Appointed the SWC Nominating Committee for Fiscal Year 2014-15 of Joan Maher (Chair), Dan Masnada, and David Okita.

2. Appointed the SWC Personnel Committee for Fiscal Year 2014-15 of Doug Headrick (Chair), Dan Flory, and Mark Gilkey.

3. Requested that SWC Members provide Stefanie Morris with proposed contacts on assisting in drafting potential groundwater sustainability legislation. The contacts would be available for consultation by Stefanie during participation with an ACWA groundwater sustainability legislation workgroup.

4. Requested the General Manager schedule a workshop for municipal State Water Project contractors to discuss the definition of reduced reliance and coordination of preparations for 2015 Urban Water Management Plans.
May 14, 2014

Attention: Imported Water Committee

CLOSED SESSION:
Conference with Legal Counsel - Existing Litigation  
Government Code §54956.9(d)(1) - SDCWA v Metropolitan Water District of Southern California; Case Nos. CPF-10-510830 and CPF-12-512466  
Government Code §54956.9(d)(4) - MWD Rates and Charges

Purpose
This memorandum is to recommend a closed session, pursuant to Government Code §54956.9(d)(1) to discuss the above-referenced matters at the May 22, 2014, meeting.

A closed session has also been included on the agenda of the formal Board of Directors’ meeting. Unless the Board desires additional discussion, it is not staff’s intention to ask for a closed session with the full Board at that time, but staff may request action to confirm directions given or action recommended by the committee.

Prepared by: Daniel S. Hentschke, General Counsel
LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE

AGENDA FOR

MAY 22, 2014

Gary Croucher – Chair
Jim Madaffer – Vice Chair
Bob Topolovac – Vice Chair
David Barnum
Betty Evans
Ed Gallo
Frank Hilliker

Jerry Kern
Ron Morrison
Mark Muir
Vince Mudd
Elsa Saxod
DeAna Verbeke
Barbara Wight

1. Roll call – determination of quorum.

2. Additions to agenda (Government Code Section 54954.2(b)).

3. Public comment – opportunities for members of the public to address the Committee on matters within the Committee’s jurisdiction.

4. Chair’s report.
   4-A Directors’ comments.

I. CONSENT CALENDAR

II. ACTION/DISCUSSION

1. Legislative Issues.
   1-A Report by Carpi, Clay & Smith.
      Washington report by Ken Carpi. (supplemental materials)

   1-B Gonzalez, Quintana & Hunter. Sacramento report by Steve Cruz.
1-C  Adopt positions on various state bills.  
Staff recommendation:  
1.  Adopt a position of Oppose Unless Amended on AB 1434  (Yamada)  
2.  Adopt a position of Oppose Unless Amended on AB 1705  (Williams)  
3.  Adopt a position of Support if Amended on SB 1139  (Hueso)  (Action)  

2.  Approve Expanded Water Authority Community Outreach, Civic Engagement and Governmental Relations Plan.  
Staff recommendation:  To achieve the Water Authority’s strategic objectives in the General Manager’s Business Plan, effectively communicate the agency’s position on the Bay Delta Conservation Plan, and achieve objectives relating to the Water Authority’s MWD rate litigation, fiscal and water policy issues, staff recommends the Board approve additional resources necessary to meet the agency’s objectives in these critical areas.  (Action)  

III.  INFORMATION  
1.  Drought response communications and outreach update.  
2.  Quarterly Water Conservation Garden report.  

IV.  ADJOURNMENT  

NOTE:  This meeting is called as an Legislation, Conservation, and Outreach Committee meeting.  Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting.  Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified).  All items on the agenda, including information items, may be deliberated and become subject to action.  All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.
May 14, 2014

**Attention: Legislation, Conservation and Outreach Committee**

**Adopt positions on various state bills. (Action)**

**Staff recommendation**

1. Adopt a position of Oppose Unless Amended on AB 1434 (Yamada)
2. Adopt a position of Oppose Unless Amended on AB 1705 (Williams)
3. Adopt a position of Support if Amended on SB 1139 (Hueso)

**Alternatives**

1. Do not adopt one or more of the recommended positions.
2. Modify one or more of the positions.

**Fiscal Impact**

There is no direct fiscal impact associated with the consideration of adopting policy positions on legislation.

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**AB 1434 (Yamada) – Low-Income Water Rate Assistance Program**

Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including private water companies, and existing law authorizes the PUC to fix the rates and charges for every private water company, and requires that those rates and charges be just and reasonable. Existing law also requires the PUC to consider, and authorizes the PUC to implement, programs to provide rate relief for low-income ratepayers of water corporations. Existing law establishes the Department of Community Services and Development (DCSD) and vests with that agency various powers and authority regarding the implementation and administration of programs to assist low-income individuals in the state.

AB 1434, as amended on April 24, 2014, would require the DCSD, no later than January 1, 2016, in collaboration with the State Board of Equalization and relevant stakeholders, to develop a plan for the funding and implementation of a Low-Income Water Rate Assistance Program. AB 1434 would require the DCSD, no later than January 1, 2017, provided a funding source has been identified and moneys have been appropriated, to establish the program to **require water service providers to provide water bill discounts and subsidies to eligible low-income residential water ratepayers** who enroll in the program. AB 1434 would also require the DCSD to report to the Legislature by January 1, 2016 regarding its findings concerning the feasibility and desired structure of the program to be implemented, including any recommendations for additional legislative action that may need to be taken. While the PUC does not have jurisdiction over the Water Authority or its member agencies, AB 1434 would have broad application to public water agencies by defining “water service providers” as “a water corporation, public utility district, or other entity that provides water service to residential water customers in the state.”
Proposition 218 requires that taxes and fees be proportional to the cost of services to a parcel. As such, water affordability programs for public water agencies – like that proposed through AB 1434 – have been deemed to violate Proposition 218 and lead to legal challenges because such programs subsidize one customer class over another. Water agencies must restrict water rates to the cost of service. As a result of the California Supreme Court’s interpretation of Proposition 218 in *Bighorn-Desert View Water Agency v. Verjil (2006)*, any increase in water rates must be considered property-related and must comply with the requirements of Proposition 218, including:

- Revenues derived from a fee or charge cannot exceed the funds required to provide the property related service;
- Revenues derived from a fee or charge cannot be used for any other purpose other than that for which the fee or charge was imposed; and
- A property-related fee or charge cannot exceed the proportional cost of service attributable to the parcel.

Prior to the *Bighorn* decision, the cost of public water agency low-income affordability programs was funded from ratepayer revenues – local governments typically financed lower rates by charging higher rates to other property owners. The Court established a precedent that ratepayer funds cannot be used as the revenue source for these affordability assistance programs. Today, there are several water agencies that have voluntarily created affordability programs specific to low-income customers. The affordability programs currently offered by water agencies rely on alternative funding, such as fees received through the leasing of property to telecommunications companies for cellular phone tower placement. Those voluntary programs utilizing alternative sources of revenue would be unaffected by AB 1434.

The objective of AB 1434 – to ensure affordability of water services for all customers – is not objectionable. However, there are some concerns presented by AB 1434:

- The measure would create a statewide fund but does not specify where the moneys would come from to pay for the fund – there is great concern that, in the absence of any other reasonable revenue source, the program may include a water user fee to fund a statewide water rate discount program.
- There are concerns that any proposed funding source for the program that may utilize funds generated by public water agency service provision could expose water providers to legal challenge.

The Water Authority’s legislative policy guidelines state that the Water Authority shall oppose legislation that:
• Impairs the Water Authority’s or its member agencies’ ability to provide reasonable service at reasonable costs to member agencies or to charge all member agencies the same rate for each class of service consistent with cost-of-service requirements of the law.

• Pre-empts the Water Authority’s or its member agencies’ ability to impose or change rates, charges, fees, or assessments.

• Mandates a specific rate structure for retail water agencies.


Staff recommends a position of Oppose Unless Amended on AB 1434.

Proposed Amendment: AB 1434 should be amended to specify a source of funds – other than water user fee, charge, or surcharge revenue – to establish and finance the Low-Income Water Rate Assistance Program established by the measure.

AB 1705 (Williams) – Public Contracts: Payment
Existing law authorizes retention proceeds in a public contracting context to exceed 5 percent only in instances where the governing body of the public entity or the designated official of the public entity has approved a finding prior to the bid that the project is “substantially complex” and requires a higher retention. In addition, under existing law, if the public entity makes the finding that a project is “substantially complex” and requires retention in excess of 5 percent, the public entity must include that finding and the actual retention amount in the bid documents.

AB 1705, as amended on March 28, 2014, would define projects that are not “substantially complex,” thus limiting the application of the exception to utilize higher retention, and would require that the bid documents include details explaining the basis for the finding that a project is “substantially complex,” in addition to the actual retention amount.

Withholding a percentage of a contract proceeds – “retention” – allows a public agency to maintain a degree of control over a project to ensure that the contractor performs the work well, on time, and on budget. Retention is used as a cost control tool in construction for three primary reasons:

• It is a financial incentive for the contractor to complete the work;

• It helps assure that the work is done in compliance with the contract documents because the retention is not released until a final inspection approves all the work;

• In the event the contractor fails to perform, the retained funds can be used toward completing the work.

The project retention is typically the most effective method of keeping the contractor on the job until it is fully complete. The withheld funds become a financial loss to the contractor if it
aba

ndons the work. Importantly, project retention also helps to ensure timely payment of subcontractors by the project contractors.

Pursuant to a measure enacted into law in 2011 – SB 293 (Padilla), Chapter 700, Statutes of 2011 – the maximum amount of money that public agencies may withhold from a contractor prior to completion of the project is 5 percent of the total contract. However, current law allows a higher percentage to be retained if a public agency, after a proper hearing, finds a project to be “substantially complex,” provided that the finding itself and the actual retention amount are included in the bid documents.

Existing law does not define the types of projects that constitute “substantially complex.” The sponsors of AB 1705, representing the construction industry, assert that the lack of a definition means that some public entities have been applying this exception broadly to encompass all construction projects to withhold a higher retention rate, typically 10 percent. The sponsors of AB 1705 contend that this is inconsistent with what is meant to be a reasonable exemption for very unique and large-scale construction projects.

AB 1705 would provide that projects are not “substantially complex” if they are either of the following:

- Regularly, customarily, or routinely performed by the agency or by licensed contractors; or
- Maintenance projects.

As a result of this language in AB 1705, those types of projects would be limited to the 5 percent retention maximum, and could not fit within the “substantially complex” exclusion, thus allowing for a higher retention in the contract. There are several concerns with this provision in AB 1705.

- Just because a project is intended as a maintenance project or is regularly or customarily performed by the agency does not mean that it isn’t a significantly complex project – maintenance of unique facilities or underground facilities could be quite complex.
- Occasionally routine or regular maintenance or repair projects can require replacement or reconstruction of the existing public work of improvement, thereby making the project significantly complex.
- Specifying the types of projects that are NOT “substantially complex” is a counter-intuitive approach that could lead to more litigation and further hamper local agency decision-making processes.

Rather than attempting to identify projects that are NOT “substantially complex,” the measure should be amended to provide a more affirmative indication of projects that are eligible to be considered “substantially complex.”
The Water Authority’s legislative policy guidelines state that the Water Authority shall oppose legislation that:

- Impairs the Water Authority’s and/or its member agencies’ ability to provide and operate the necessary facilities for a safe, reliable, and operationally flexible water system.
- Limits the Water Authority’s and/or its member agencies’ sole jurisdiction over the planning, design, routing, approval, construction, operation, or maintenance of water facilities.


**Staff recommends a position of Oppose Unless Amended on AB 1705.**

**Proposed Amendment:** AB 1705 should be amended to provide that a project may be “substantially complex” unless it is solely limited to regular or routine maintenance or an existing public works repair not requiring replacement or reconstruction.

**SB 1139 (Hueso) – California Renewables Portfolio Standard Program**
Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations, while local publicly owned electric utilities are under the direction of their governing boards. The existing California Renewables Portfolio Standard Program requires a retail seller of electricity and local publicly owned electric utilities to purchase minimum quantities of electricity products from eligible renewable energy resources.

SB 1139, as amended on April 21, 2014, would require, by December 24, 2024, each retail seller of electricity and each local publicly owned electric utility to procure a proportionate share of a statewide total of 500 megawatts of electricity generated by baseload geothermal powerplants – 250 MW by 2019 and an additional 250 MW by 2024, divided proportionately between retail sellers and publicly owned electric utilities serving more than 75,000 customers. SB 1139 would also provide that the electricity procured by retail sellers and local publicly owned electric utilities from baseload geothermal powerplants does not count towards meeting their obligations under the California Renewables Portfolio Standard Program to purchase minimum quantities of electricity products from eligible renewable energy resources.

The Salton Sea is California’s largest lake, covering 365 square miles. It serves as a critical stop on the Pacific Flyway, a major north-south migratory route used by more than 400 species of birds. Located in the Imperial and Coachella Valleys, the Salton Sea represents one of the most abundant, yet under-utilized, sources of renewable energy in the state. The Salton Sea’s Geothermal Field is considered one of the most prolific geothermal hot spots in the world. Currently, the Salton Sea has 10 geothermal power plants with a generating capacity of 326 MW – this production represents only a fraction of the Salton Sea’s total geothermal potential. Studies have ranged in their estimates, but all confirm the area’s potential for substantial geothermal energy production. In 2005, the California Energy Commission concluded that the
total generating potential of the Salton Sea Geothermal Field was 1,750 MW. In 2006, the Western Governors’ Association and Imperial County each commissioned separate studies on the energy generating potential of the Salton Sea Geothermal Field, concluding that the Salton Sea could generate up to 2,000 MW and 1,400 MW, respectively.

The centerpiece of the Water Authority’s water supply diversification efforts are the 2003 water transfers resulting from the Colorado River Quantification Settlement Agreement, which will result in the transfer of 280,000 acre-feet of water per year to the Water Authority by 2021, representing approximately 34 percent of the region’s water supplies. In addition, the QSA established a 15-year mitigation program to allow the State of California – which under state law is responsible for restoration of the Salton Sea – to develop a restoration plan and identify funding to implement the plan.

A May 2007 Salton Sea restoration plan identified restoration costs at nearly $9 billion. The most significant issue with restoration of the Salton Sea has been funding – since 2003, only approximately $135 million has been committed to restoration activities. The lack of a feasible and implementable restoration plan has sparked attention from stakeholders concerned with the future of the Sea. With no comprehensive funding plan in place, an uncoordinated incremental approach is currently under way that implements small-scale projects as funds become available. Alternative revenue sources may begin to play a larger role in future restoration funding discussions, with revenues generated through renewable energy production, namely geothermal energy production, being most prominent.

SB 1139 would advance opportunities for implementation of the Salton Sea Restoration & Renewable Energy Initiative, launched by the Imperial Irrigation District in partnership with Imperial County. This initiative is intended to leverage funds generated by new renewable energy projects located at the Salton Sea to help finance activities for air quality management and habitat restoration.

One concern regarding SB 1139 is the lack of eligibility for geothermal power to count towards achieving obligations under the California Renewables Portfolio Standard Program. With the Water Authority’s examination of opportunities to advance a significant pumped hydropower storage project at San Vicente Reservoir, an established precedent to not count a defined renewable source of power, such as geothermal, toward the renewable power standards objective, could create disincentives for advancing feasible renewable energy projects.

**Staff recommends a position of Support if Amended on SB 1139.**

**Proposed Amendment:** SB 1139 should be amended to ensure that geothermal power counts toward achievement of the California Renewables Portfolio Standard.

Prepared by: Alexi Schnell, Management Analyst
Glenn A. Farrel, Government Relations Manager
Approved by: Dennis A. Cushman, Assistant General Manager
May 14, 2014

Attention: Legislation, Conservation and Outreach

Approve Expanded Water Authority Community Outreach, Civic Engagement and Governmental Relations Plan (Action)

Staff recommendation
To achieve the Water Authority’s strategic objectives in the General Manager’s Business Plan, effectively communicate the agency’s position on the Bay Delta Conservation Plan, and achieve objectives relating to the Water Authority’s MWD rate litigation, fiscal and water policy issues, staff recommends the Board approve additional resources necessary to meet the agency’s objectives in these critical areas.

Alternative
Reduce the plan for the expanded community outreach, civic engagement and government relations.

Fiscal impact
Adoption of the enhanced outreach actions will require transfer of up to $650,000 to the Public Outreach and Conservation Department and MWD Program budgets. If approved, budget transfers necessary to carry out these actions will be made as part of the Water Authority’s mid-year budget review. The rate category is customer service.

Background
For more than two decades, the Water Authority has engaged in sustained and comprehensive public outreach, civic engagement and government relations activities as top agency priorities. Work in these areas bridges a number of departments and programs, including the Public Outreach and Conservation Department, MWD Program and Government Relations Program. Members of the Board of Directors play a vital role in these activities through the work of the Water Authority’s MWD delegates in various MWD board activities. Board members also play a critical role in advancing the strategic objectives of the Water Authority through active participation in civic affairs and participation in outreach to local, state and federal elected officials as part of the Water Authority’s Government Relations Program.

The strategic goals of the Water Authority’s outreach effort include:

- Broad community understanding of the role the Water Authority plays in securing a safe and reliable water supply to support the region’s $191 billion economy and the quality of life of more than 3.1 million people;
- Knowledge of, and support for the Water Authority’s long-term water supply diversification and reliability improvement investments, including the historic independent Colorado River water transfers approved as part of the 2003 Colorado
River Quantification Settlement Agreement and the Water Authority’s Capital Improvement Program; and,

- Inform and gain the support of the San Diego community for the Water Authority’s challenge to MWD’s water rates that overcharge the Water Authority for transporting its independent Colorado River transfer water.

These objectives are accomplished through building, maintaining and strengthening relationships with civic leaders, elected officials, the media in the Water Authority’s service area, the broader Southern California region, Sacramento and Washington, D.C., including business, community, education and industry leaders, media and the general public.

In the past, the Water Authority’s Board of Directors has supported community engagement programs as an organizational priority to enhance understanding of, and support for strategic initiatives such as long-term water supply diversification strategy, the capital improvement program and the Water Authority’s legal challenge to MWD’s rates.

The Water Authority’s Public Outreach and Conservation Department is responsible for managing outreach in the San Diego region, including coordination and participation in key organizations. Currently, the Water Authority belongs to more than a dozen business and civic organizations. Staff is assigned to participate in these groups, attend board and committee meetings and provide updates on Water Authority issues. The Water Authority’s MWD Program includes one senior management position based in Los Angeles, which in addition to managing MWD policies, is responsible for monitoring issues at other Southern California water agencies that may impact the Water Authority. While the Water Authority used to have staff dedicated to carrying out local government relations activities, over the past decade, the position was eliminated in favor of reprioritizing resources to focus on achieving the Board’s policy government relations objectives in Sacramento and Washington, D.C.

Discussion

Unprecedented Challenges

Over the past four years, the Water Authority has been confronted with unprecedented challenges in its efforts to effectively communicate its mission and critical water reliability priorities and objectives, not only in San Diego County, but throughout the MWD service area. These challenges include:

- Continued implementation of the Water Authority’s water supply diversification strategy designed to protect the region from crippling water supply shortages;
- The Board of Directors’ policy objectives and priorities on the Bay Delta Conservation Plan and alternatives to fix water supply reliability and ecosystem restoration problems in the Delta;
- The issues and financial stakes in the Water Authority’s litigation challenging the Metropolitan Water District of Southern California’s water rates;
- A multi-year drought in California topped by the driest year on record (2013), and the potential for water supply shortages in Southern California in 2015; and,
• Efforts by MWD and some of its member agencies to undermine the Board of Directors’ long-term water supply reliability strategies – notably the Colorado River Quantification Settlement Agreement water transfers – and investments within San Diego County and the MWD service area.

MWD Rate Litigation
In 2010, the Water Authority launched an outreach program to ensure community understanding of the financial stakes in the Water Authority’s legal challenge to MWD’s rates. Over the past four years, Water Authority officials have made more than 250 presentations to civic and business organizations in the region. Of these groups, more than 40 have taken the extraordinary step of adopting formal resolutions of support for the Water Authority’s rate litigation against MWD. In 2012, the Water Authority implemented additional outreach efforts to raise awareness among the region’s ratepayers about MWD’s rate setting and governance practices. These efforts included launching the MWDFacts.com website and comprehensive social media activities, including a dedicated Twitter feed. Providing direct testimony to MWD’s Board is also part of the outreach program. In the past 24 months, dozens of San Diego regional leaders and ratepayers have participated in six trips to Los Angeles to testify at MWD’s rate and budget hearings.

Bay Delta Conservation Plan and Alternatives
In 2013, the Water Authority launched another major outreach effort to ensure that the region’s stakeholders were aware of the potential water reliability and rate impacts of the Bay Delta Conservation Plan and the various alternatives proposed to fix the water supply reliability and ecosystem problems in the Sacramento-San Joaquin Bay Delta. Since then, the Water Authority has made more than 100 presentations on Bay Delta and other water issues. These efforts are complemented with social media outreach, media relations, direct communication with stakeholders, email updates, more frequent distribution of the WaterSource e-newsletter and other specialized initiatives.

Public Awareness and Support
The Water Authority’s 2014 public opinion poll shows county residents reported that water was one of their top issues of concern, second only to the economy – with 22 percent identifying the economy and jobs as the region’s most important issue and 16 percent naming water supply as the top concern. No other topic garnered more than 6 percent from respondents.

Reprioritizing Resources
Over the past several years, in response to constrained resources and reprioritization of existing resources, the Water Authority eliminated two staff positions: a senior water resources specialist in the MWD Program, and a local government relations program representative in the Public Outreach and Conservation Program. This action item recommends restoration of these two positions through the addition of a senior water resources specialist position in the MWD Program, and the reclassification of an existing vacant position in the POC Department to a local government relations positions.

Two important measures of public awareness and support for the Water Authority’s water supply reliability strategies and objectives are: awareness of the now multi-decade water supply
diversification strategy; and support for that strategy. In the most recent public opinion poll conducted by the Water Authority, 79 percent of the public support the water supply diversification strategy once it was described to them, but only 45 percent were aware of this fundamental strategy unaided. These results show there is significant room for improvement in public awareness of this core water supply strategy, and comparable upside opportunity for improving support for that strategy with a better-informed public.

Goals of Expanded Outreach Efforts
The goals of the recommended expanded outreach include:

- Strengthened position for the Water Authority as the foremost authority on regional water supply issues in San Diego County;
- Measureable improvements in understanding of the Water Authority’s water supply diversification strategy, correlated with support for that strategy as evidenced in future public opinion research;
- Increased and accurate understanding of the Water Authority’s water supply reliability and fiscal policy objectives within the MWD service area, and the identification and development of potential mutual areas of interest and agreement;
- Improved understanding and support by local elected officials for the Water Authority’s long-term water supply reliability objectives, including policy positions on the Bay Delta Conservation Program and alternatives to fix water supply reliability and ecosystem problems in the Delta; and,
- Continued support for the Water Authority’s legal challenges of MWD’s rates.

Recommended Enhanced Outreach Activities
The following resources are recommended to achieve the objectives outlined above:

- Reprioritize an existing position in the Public Outreach and Conservation Department to re-establish a local government relations position;
- Restore a senior water resource specialist position in the MWD Program that was eliminated in a previous budget;
- Enhance civic engagement through expanded participation, membership and partnerships with civic organizations;
- Supplement existing staff resources with professional services provided by consultants on an as-need basis, in San Diego County and within the MWD service area;
- Conduct additional public opinion research to measure progress and improvements in public understanding and support of the Water Authority’s water supply diversification efforts;
- Expand the Water Authority’s partnership with the San Diego Regional Economic Development Corporation by holding additional business leader roundtables with key industry leaders in San Diego County;
- Form a regional water leaders group that regularly meets and discusses important water issues and also engages with other groups in San Diego County to further enhance community awareness and understanding of the Water Authority’s strategic objectives;
- Create a “Water Leaders Academy” for influential professionals and executives to learn about water policy and to engage in water issues;
- Enhance Water Authority participation in civic organizations; and,
- Develop a public education program for Southern California government and business leaders to learn more about MWD’s water rates, fiscal policies and practices.

Prepared by: Denise Vedder, Manager, Public Outreach and Conservation
Reviewed by: Dennis A. Cushman, Assistant General Manager
Reviewed by: Maureen A. Stapleton, General Manager
May 14, 2014

Attention: Legislation, Conservation and Outreach Committee

Drought Response Communications and Outreach Update (Information)

Purpose
This report provides an update on drought management communications and outreach activities to promote increased voluntary conservation as part of the Water Authority’s Water Shortage and Drought Response Plan.

Background
On February 13, 2014, the Water Authority Board authorized entering into the Voluntary Supply Management stage of its Water Shortage and Drought Response Plan, which calls for increased voluntary water conservation. The Board also approved notifying the Water Authority’s 24 member agencies that the region is at a Level 1 Drought Watch condition of the region’s Model Drought Response Ordinance. The Water Authority Board’s actions aim to help preserve stored water reserves in Southern California, should the dry period extend into 2015. Additional water savings can also provide relief for other areas of the state more significantly affected by the drought by reducing the region’s need for imported water.

The Water Authority’s Water Shortage and Drought Response Plan includes the implementation of a communications strategy to help achieve increased water conservation by the public, and enhance public understanding of how ratepayers’ investments in projects and commitment to water conservation has reduced the region’s vulnerability to drought shortage conditions.

Discussion
From mid-April through mid-May, staff focused on developing and launching the regional “When in Drought” communications campaign calling for increased conservation, and on generating greater awareness of the Water Authority’s existing and new conservation programs and tools.

The Water Authority launched the “When in Drought” communications campaign on April 29 with a media event at the San Vicente Dam Raise site. The event was well-attended by media, including NBC 7/39, KFMB Channel 8, KUSI Channel 9, CW Channel 6, Fox Channel 5, Entravision, KPBS and the Times of San Diego. Metro Monitor calculated the value of TV news coverage of the event at more than $37,000.

The Water Authority also launched the campaign’s web portal, www.whenindrought.org, on April 29. The portal is being promoted through campaign materials and a special “pop-up” panel that appears on the Water Authority’s main web site (www.sdcwa.org) and regional water conservation website (www.WaterSmartSD.org). The web portal includes links to, or pages with:

- Water conservation tips and programs
- Regional drought response actions by the Water Authority and its member agencies
- Information on regional water supply reliability efforts
Local and statewide water supply and drought-related resources

The portal will continue to be updated and enhanced in coming months with new resources and information about statewide supply conditions.

The Water Authority also is supporting the launch of the campaign with advertising through the summer months. Starting in May, When in Drought advertisements appeared on select radio stations and online news sites. Starting in June, staff will also promote the campaign via TV partnerships and search and display ads placed via Google Adwords. The Water Authority is using state drought response grant funds to support much of the campaign, and staff is coordinating advertising efforts with other water agencies conducting outreach this summer to leverage resources and minimize duplication of efforts.

Staff also continues to make presentations and participate in events in the community to raise awareness of drought conditions and conservation programs. Since mid-April, these activities included staffing booths or providing water supply and conservation materials for the Balboa Park Earth Fair, Arris Group Inc.’s Earth Day celebration, Channel 93.3 Summer Kick-off concert, Plumbing-Heating-Cooling Contractor’s Association of San Diego Trade Show and the SDG&E Energy Showcase.

Staff also made presentations related to drought and water use efficiency to the following groups or for the following events: the Helix Water District Drought Workshop, SDG&E Employee Lunch and Learn, LEAD San Diego Hot Topics Forum, University Club Business Alliance Committee Distinguished Speaker Series, Rotary Club of San Luis Rey, Gathering of the Green Teams, City of Chula Vista Drought Town Hall, Remington Club, Conservative Order of Good Government, San Diego County Fracking Panel, Cal State San Marcos Water Management Class, BIA Water Supply Workshop, the Airport Authority Employee Safety Day, and the International Facility Managers Association.

Efforts to work with community partners also helped to spread awareness of the need for increased voluntary conservation. The U-T San Diego continues to run water efficiency tips in its Saturday Home & Garden section. The San Diego Regional Airport Authority has agreed to place up to three display boards promoting the campaign in the San Diego International Airport’s terminals on a space-available basis. Organizations that have helped to promote the campaign following its launch include the San Diego Regional Economic Development Council and SDG&E. Staff is again partnering with the San Diego Horticultural Society to create a water-efficient residential landscape exhibit at the 2014 San Diego County Fair starting June 7. In addition, staff are providing campaign messages and materials to additional business and civic organizations so they can promote the campaign through their own communication channels.

Staff made regular updates on conservation news and events to www.WaterSmartSD.org and provided water supply updates and information on conservation programs in its Watersource e-newsletter. In addition, since mid-April staff made more than 50 Twitter posts to spread awareness of drought conditions, promote conservation programs, and call attention to water supply reliability efforts. Members of the public tweeted and re-tweeted more than 75 messages related
to drought management actions, water conservation-related events and promotions, and other topics related to conservation or drought. These messages came from civic organizations, public officials, media outlets and individuals. Staff also posted approximately 20 drought and conservation-related messages to Facebook.

The Water Authority continues to coordinate with member agency staff on When in Drought campaign messages and tactics. On May 5, the Water Authority hosted its monthly Joint Public Information Council/Conservation Coordinators meeting to discuss the status of the campaign and help determine what materials member agencies could use to help promote the campaign.

Visits to the Water Authority’s turf replacement incentive program microsite continue to increase. Compared to January, visits to the turf replacement site during April increased 175 percent. Visits to the Water Authority’s WaterSmartSD.org website and “eGuide to a WaterSmart Lifestyle” water efficiency guide declined in April, but were still above January levels.

Staff will continue to provide updates to the Board on the implementation and execution of drought management communications activities.

Prepared by: Jason Foster, Director, Public Outreach and Conservation
Reviewed by: Dennis A. Cushman, Assistant General Manager
May 14, 2014

Attention: Legislation Conservation and Outreach Committee

Status Report on Legislation and Legislative Positions. (Information)

Background
Water Authority staff is currently reviewing 223 bills in the Legislature for potential impact on the organization and its member agencies. Three bills in Congress are being monitored. Some of these bills are placeholder bills that do not propose substantive changes in the law, but which may be amended to propose such changes.

The Water Authority’s staff and legislative advocates review each bill in the context of the adopted 2014 Legislative Policy Guidelines. The Legislative Policy Guidelines provide direction to staff and the Water Authority’s legislative advocates to communicate support of, or opposition to legislation and amendments. Bills for which staff recommends a position are brought before the Legislation, Conservation and Outreach Committee and the Board for consideration.

Discussion
As of May 5, 2014, the Board is sponsoring two bills in the Legislature, AB 1874 (Gonzalez) and AB 2067 (Weber). The Board has taken a position of Support on 18 bills, is seeking amendments on seven of those bills, and has taken a position of Support if amended on nine bills, a position of Oppose on five bills, and a position of Oppose unless amended on 10 bills. Two bills on which the Water Authority took a position of Oppose unless amended, have been amended to subject matter no longer relevant to the Water Authority. SB 322 (Hueso), sponsored by the Water Authority in the first year of the 2013/14 legislative session was signed into law by the Governor in 2013.

Water Authority staff and its legislative advocates will continue to track and monitor bills throughout the legislative session to ensure consistency with board policies, positions and the 2014 Legislative Policy Guidelines. Attached is a matrix outlining current positions on legislation of interest to the Water Authority as of May 5, 2014. Also attached is a comprehensive list of bills that are under review and are being monitored by staff and legislative advocates.

Prepared by: Alexi Schnell, Management Analyst
Reviewed by: Dennis A. Cushman, Assistant General Manager

Attachments: 1. Matrix summarizing the Water Authority’s current positions on 2013-2014 legislation as of May 5, 2014
2. List of legislation under review by Water Authority staff as of May 5, 2014
### San Diego County Water Authority

**Summary of Current Positions on 2013-2014 Legislation as of May 5, 2014**

<table>
<thead>
<tr>
<th>Bill Number</th>
<th>Author</th>
<th>Bill Title, Summary &amp; Status</th>
<th>SDCWA Position (Date of Board Action)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB 37</td>
<td>Perea</td>
<td><strong>Integrated Regional Water Management Plans: Funding: Disadvantaged Communities</strong></td>
<td>Oppose, unless amended (25-Jul-13)</td>
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<td></td>
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<td><strong>Status:</strong> Bill was amended (8/12/2013) to subject matter no longer relevant to the Water Authority.</td>
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<td>AB 71</td>
<td>V. Manuel Pérez</td>
<td><strong>Salton Sea Restoration</strong></td>
<td>Support (23-May-13)</td>
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<td>AB 71 would establish a governance process to guide activities related to restoration of the Salton Sea, and is intended to increase local participation in the development of a restoration program. The bill would require the Natural Resources Agency to be the lead agency for Salton Sea restoration efforts, but in consultation and coordination with the Salton Sea Authority, a local Joint Powers Authority. This would ensure that local stakeholders are included in restoration decision making. In addition, the bill calls for the formation of a technical advisory group to assist the Resources Agency by managing feasibility and financial planning studies.</td>
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<td><strong>Status:</strong> Chapter 402, Statutes of 2013</td>
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<tr>
<td>AB 115</td>
<td>Perea</td>
<td><strong>Safe Drinking Water State Revolving Fund</strong></td>
<td>Support (28-Mar-13)</td>
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<td>Under existing law, the California Department of Public Health is responsible for regulating public water systems, including small water systems, and for administering the Safe Drinking Water Revolving Fund (SDWRF) to provide grants and loans to public water systems to enable them to deliver water meeting drinking water standards. While CDPH has been effective in its regulation of large water systems, it has not been able to administer the SDWRF in a manner that would allow small disadvantaged communities to correct water quality problems in a timely manner. In addition, CDPH is a small part of the Health and Human Resources Agency (CHHSA) and often does not get the attention or resources needed to fulfill its mission.</td>
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<td>AB 115 is one in a suite of bills designed to help solve water quality problems in disadvantaged communities. AB 115 would make it easier for water suppliers to apply for funds under the Safe Drinking Water Revolving Fund.</td>
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<td><strong>Status:</strong> Chapter 630, Statutes of 2013</td>
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### San Diego County Water Authority

**Summary of Current Positions on 2013-2014 Legislation**

**as of May 5, 2014**

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<th>SDCWA Position (Date of Board Action)</th>
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<tr>
<td>AB 145</td>
<td>Perea</td>
<td><strong>State Water Resources Control Board: Drinking Water</strong></td>
<td>Oppose, unless amended (28-Mar-13)</td>
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<td>Under existing law, the California Department of Public Health is responsible for regulating</td>
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<td>public water systems, including small water systems, and for administering the Safe Drinking</td>
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<td>Water Revolving Fund (SDWRF) to provide grants and loans to public water systems to enable</td>
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<td>them to deliver water meeting drinking water standards. While CDPH has been effective in its</td>
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<td>(CHHSA) and often does not get the attention or resources needed to fulfill its mission.</td>
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<td>AB 145 would move the Division of Drinking Water and Environmental Management from the</td>
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<td>Department of Public Health to the State Water Resources Control Board (SWRCB). The intent</td>
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<td>is to consolidate the state's drinking water regulatory authority and to eliminate</td>
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<td>inefficiencies. However, the SWRCB is focused on environmental issues. Drinking water</td>
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<td>regulation should stay where there is a public health focus. The amendment sought would</td>
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<td>allow the program, if the program is moved, to be a stand-alone program under another</td>
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<td>agency where it would retain a public health focus, such as Cal EPA.</td>
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<td><strong>Status:</strong> Senate Appropriations Committee</td>
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<tr>
<td>AB 147</td>
<td>V. Manuel Pérez</td>
<td><strong>Environment: Salton Sea: Dust Mitigation</strong></td>
<td>Oppose, unless amended (23-May-13)</td>
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<td>AB 147 would establish a Dust Mitigation Project Account within the Salton Sea Restoration</td>
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<td>Fund. The California Air Resources Board (CARB) would be required to evaluate and determine</td>
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<td>if the air quality planning completed by the Quantification Settlement Agreement Joint Powers</td>
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<td>Authority (QSA-JPA) is sufficient to mitigate the air quality impacts of the QSA.</td>
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<td>Associated costs would likely be either reimbursed or paid out of the Salton Sea Restoration</td>
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<td>Fund, potentially diverting funding that is designated for the State's Salton Sea Species</td>
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<td>Conservation Habitat Program.</td>
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<td>Amendments sought by the Water Authority would amend the bill to address protection of the</td>
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<td>Salton Sea Restoration Fund, and to include stronger language to protect QSA Joint Powers</td>
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<td>Authority mitigation funds that have already been designated for important projects.</td>
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<td><strong>Status:</strong> Senate Committee on Natural Resources and Water</td>
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<tr>
<td>Bill Number</td>
<td>Author</td>
<td>Bill Title, Summary &amp; Status</td>
<td>SDCWA Position (Date of Board Action)</td>
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<tr>
<td>AB 380</td>
<td>Dickinson</td>
<td>Environmental Quality: Notice Requirements</td>
<td>Oppose, unless amended (25-Apr-13)</td>
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<td>Existing law (CEQA) requires lead agencies to provide public notice sufficiently prior to adoption of certain environmental documents, to allow for mandated public review. It also requires that this notice be given to specified parties by at least one of several procedures. AB 380 would revise public notice requirements to include duplicative noticing procedures, requiring all notices to be filed with both the county clerk and the Office of Planning and Research (OPR). The Water Authority currently files certain public notices with the county clerk and, for projects having state, area, or region-wide importance, with OPR. There is concern that OPR does not have the resources to timely process and post notices for every project being approved throughout the state. Without a substantial increase in OPR staffing, this would result in confusion and a posting backlog. Further, it is duplicative to require posting at both OPR and the county clerk; a single posting location would provide consistency. If OPR is to be the designated repository for all notices, the requirement for duplicative posting with the county clerk should be eliminated; OPR should establish an Internet database where public agencies can directly upload the required notices, thus relieving OPR of both posting and staffing issues.</td>
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<td><strong>Status:</strong> Senate Committee on Environmental Quality</td>
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<tr>
<td>AB 407</td>
<td>V.M. Perez</td>
<td>Renewable Energy Resources: Salton Sea</td>
<td>Support (24-Apr-14)</td>
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<td>Existing law requires the California Energy Commission to adopt, and update every two years, an integrated energy policy report that includes an overview of major energy trends and issues facing the state, an assessment and forecast of system reliability, and the need for resource additions, efficiency, and conservation. In addition, the California Renewables Portfolio Standard Program requires retail sellers of electricity and local publicly owned electric utilities to purchase renewable energy resources sufficient to ensure that the procurement of electricity products from eligible renewable energy resources achieves 25 percent of retail sales by December 31, 2016 and 33 percent of retail sales by December 31, 2020. AB 407, as amended 2-20-14, would require the California Energy Commission, in consultation with the PUC and the Independent System Operator, to convene a stakeholders group to identify impediments and recommended steps that should be taken to properly maintain, develop, integrate, and transmit electricity generated by eligible renewable energy resources located in and around the Salton Sea Known Geothermal Resource Area and the Geysers Geothermal Field, and to include its evaluations and recommendations in the next integrated energy policy report or update. AB 407 would advance the discussion regarding expanded geothermal energy production at the Salton Sea in a meaningful manner that would also include an examination of how renewable energy production and Salton Sea restoration could be linked and coordinated.</td>
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<td><strong>Status:</strong> Senate Committee on Energy, Utilities and Communications</td>
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</table>
San Diego County Water Authority  
Summary of Current Positions on 2013-2014 Legislation  
as of May 5, 2014

<table>
<thead>
<tr>
<th>Bill Number</th>
<th>Author</th>
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</table>
| AB 543      | Campos | California Environmental Quality Act: Translation  
Existing law establishes regulations related to a number of environmental issues, including the preparation and completion of specified environmental review documents for proposed projects that may affect the environment.  
AB 543 would require that all notices, documents, or executive summaries required by CEQA be translated if the impacted community has a substantial number of non-English speaking people. It is not clear how “substantial number” is defined. This legislation would require lead agencies to incur potentially significant unreimbursed additional costs to provide one or more language translations.  
The Water Authority’s legislative policy guidelines state that the Water Authority shall oppose legislation that imposes mandated costs or regulatory constraints on local governments without providing subventions to reimburse local governments for such costs. (2013 Legislative Policy Guidelines, Fiscal Policy and Water Rates, Oppose, page 19, item 1.)  
**Status:**  
Senate Committee on Environmental Quality  
Oppose  
(25-Apr-13) |
| AB 762      | Patterson | Renewable Energy Resources: Hydroelectric Generation  
Under existing Public Utilities Code, the California Renewables Portfolio Standard Program (Program) requires the Public Utilities Commission to implement annual targets for procurement of eligible renewable energy resources. The code identifies eligible hydroelectric facilities as 30 megawatts or smaller that meet the specified criteria. The existing code includes in-line hydroelectric facilities similar to the Rancho Penasquitos Hydroelectric facility, but does not include pumped-storage facilities similar to the Lake Hodges Hydroelectric facility.  
AB 762 would amend the Public Utilities Code and Program to include eligible hydroelectric generation facilities of any size that meet the specified criteria. The Water Authority currently has no in-line hydroelectric facilities larger than 30 megawatts and does not foresee any future hydroelectric facilities exceeding this threshold. However, it may provide greater opportunity and flexibility for renewable energy opportunities in the future for the Water Authority and its member agencies.  
**Status:**  
Died (31-Jan-14)  
Support  
(28-Mar-13) |
<table>
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<tr>
<th>Bill Number</th>
<th>Author</th>
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<th>SDCWA Position (Date of Board Action)</th>
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<tbody>
<tr>
<td>AB 763</td>
<td>Buchanan</td>
<td>Aquatic Invasive Plants: Control and Eradication</td>
<td>Support (28-Mar-13)</td>
</tr>
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</table>

Existing law designates the Department of Boating and Waterways (DBW) as the lead agency for controlling certain invasive plants in the Sacramento–San Joaquin Delta, its tributaries and the marsh.

AB 763 would additionally designate the Department of Boating and Waterways as the lead agency for cooperating with other state and local agencies, and agencies of the U.S., in identifying, detecting, controlling, and administering programs to manage and eradicate invasive aquatic plants, instead of requiring legislative action each time an agency identifies a new species of invasive aquatic plant. The bill would authorize the DBW to take any action it determines is necessary to implement statewide management and eradication measures for these plants. The bill would require the DBW to consult with various other agencies to prioritize treatment, and determine the best methods of implementing identification, control and eradication methods. The DBW would also be required to notify the Department of Fish and Wildlife (DFW), and the DFW would be required to conduct a risk assessment and to report its findings to the Department of Boating and Waterways. Criteria for consideration would be whether the species may cause environmental damage, may cause harm to the state’s economy or infrastructure, or may obstruct navigation and recreational use of waterways or cause potential harm to manmade facilities.

**Status:**
Chapter 330, Statutes of 2013

| AB 803 | Gomez | Recycled Water | Support (28-Mar-13) |

In 2012, WateReuse sponsored AB 2398 to expedite permitting of recycled water in California. The Bill was held in the Senate with a commitment to convene a series of bicameral meetings to identify impediments to recycled water development and develop agreed-upon solutions. AB 803 is proposing legislative solutions to address:

1. **Alignment of Health and Safety Code and Water Code requirements for reporting spills**
   - Existing law has inconsistent requirements for reporting spills of unauthorized discharge of recycled water.

2. **Point of Compliance for Advanced Treated Purified Water**
   - Existing law requires an NPDES permit for discharge to surface waters including the augmentation of drinking reservoirs with advanced treated purified water. AB 803 states that where discharge requirements apply, the compliance point for the water quality of advanced treated purified water can be the point where it enters a raw water conveyance facility, rather than at the point of discharge. This will make it easier to allow the use of existing raw water pipelines to transport advanced treated purified water.

**Status:**
Chapter 635, Statutes of 2013
San Diego County Water Authority  
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as of May 5, 2014

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<th>SDCWA Position (Date of Board Action)</th>
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</table>
| AB 823      | Eggman  | Environment: California Farmland Protection Act  
AB 823 would require a minimum level of mitigation for any residential, commercial, civic, industrial, infrastructure, or other similar project that results in the permanent or long-term conversion of agricultural lands to non-agricultural use. Mitigation would consist of the permanent protection and conservation of land suitable for agricultural use.  
Agricultural lands are converted to non-agricultural uses for a number of reasons (e.g., increased capital and operating costs, increased regulatory burdens, and competition). Simply preserving farmland does not address the underlying reasons of why land is converted, and there is no mechanism to mandate uneconomic, agricultural land be kept in production. Requiring project applicants to mitigate for actions not under their control is inappropriate. This legislation would require projects to incur substantial additional mitigation costs.  
Status:  
Died (31-Jan-14) | Oppose (25-Apr-13) |
| AB 953      | Ammiano | California Environmental Quality Act  
Existing law establishes regulations related to a number of environmental issues, including the preparation and completion of specified environmental review documents for proposed projects that may affect the environment.  
AB 953 would revise the definitions of “environment” and “significant effect on the environment” and require the lead agency to include a specific analysis of any significant effects that may result from locating the proposed project near, or attracting people to, existing or reasonably foreseeable natural hazards or adverse environmental conditions. This bill contains some of the provisions similar to those contained in SB 617 discussed below, specifically revisions in certain definitions and required analysis that make environmental documents more susceptible to legal challenge.  
Status:  
Died in Assembly Inactive File (03-Feb-14) | Oppose (25-Apr-13) |
<table>
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</table>
| AB 1096     | Nestande (co-authored by V. Manuel Pérez) | Vehicles: Specialized License Plates: Salton Sea  
AB 1096 would authorize the Department of Fish and Wildlife to apply to the Department of Motor Vehicles to sponsor a specialized license plate commemorating the Salton Sea. Funds generated through the sale of the plates would be placed into a Salton Sea restoration account to fund restoration projects.  
**Status:**  
Senate Committee on Rules | Support  
(23-May-13) |
| AB 1249     | Salas | Integrated Regional Water Management Plans: Nitrate Contamination  
Under existing law, the Integrated Regional Water Management Planning Act of 2002, regional water management groups are authorized to prepare and adopt an integrated regional water management plan (IRWMP). An IRWMP is a plan for coordinating the activities of public agencies and non-profit organizations to support water supply reliability, water quality improvements, and natural resource protection in a defined region. AB 1249, as amended on January 6, 2014, would require IRWMPs to include consideration of the impacts of drinking water contaminated by nitrates. The measure would require an IRWMP to include an explanation of how the plan addresses nitrate contamination, or an explanation of why the plan does not address nitrate contamination, if an area within the boundaries of the plan has been identified as a nitrate high-risk area by the State Water Resources Control Board. Additionally, AB 1249 would require DWR to establish a preference for projects that implement IRWMPs that address nitrate impacts in areas identified as nitrate high-risk areas.  
While the intended objective of AB 1249 is to address nitrate pollution in groundwater, a water quality problem that can pose serious health risks, doing so by prioritizing IRWM projects by a selected criterion goes against the foundational construct of the IRWM Program. It is not consistent with the concept and theory behind integrated regional cooperative efforts like the IRWM Program to elevate one issue above others in terms of priority. The Regional Management Group, as a collaborative entity, should establish the regional funding priorities on its own accord. AB 1249 would impose new burdens for Regional Management Groups in preparing already complex and cumbersome IRWMPs, contracts, and contract amendments.  
**Status:**  
Senate Committee on Environmental Quality | Oppose  
(27-Feb-14) |
<table>
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<tr>
<th>Bill Number</th>
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</thead>
</table>
| AB 1258     | Skinner | **Electricity: Hydroelectric Facilities**  

The Public Utilities Commission has regulatory authority over public utilities and can establish its own procedures. Under existing law, the Public Utilities Commission is required to open a new proceeding to determine the appropriate targets, if any, for each load-serving entity to procure viable and cost-effective energy storage systems to be achieved by December 31, 2015 and December 31, 2020.

AB 1258 would require the Public Utilities Commission to open a new proceeding or expand the scope of an existing proceeding to determine the potential use of hydroelectric facilities and specified pumped storage facilities (Helms, Balsam, Oroville and San Luis pumped storage facilities) to provide energy resources with delivery characteristics that may include dispatchable baseload, firm, and as-available capacity. The Water Authority’s Lake Hodges pumped storage facility and the proposed San Vicente pumped storage project are similar types of facilities to the four pump storage facilities listed above.

**Status:**  
Died (31-Jan-14) |
| AB 1331     | Rendon | **Clean and Safe Drinking Water Act of 2014**  

One of eleven water bond measures currently under consideration in the Legislature, AB 1331 would enact the Clean and Safe Drinking Water Act of 2014 and, if approved by the voters at the November 4, 2014 general election, would authorize the issuance of $8 billion in general obligation bonds to finance a variety of water projects.

AB 1331 would not provide an equitable share of funding for San Diego County based on the region’s taxpayers’ proportional contribution to repayment of the water bond.

**Status:**  
Senate Committee on Environmental Quality |

Oppose, unless amended (27-Feb-14)
<table>
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<tr>
<th>Bill Number</th>
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<tbody>
<tr>
<td>AB 1349</td>
<td>Gatto</td>
<td><strong>CalConserve Water Use Efficiency</strong>&lt;br&gt;In 2009, the legislature adopted SBX 7-7, which requires urban water agencies to reduce per capita water use 20 percent by 2020.&lt;br&gt;AB 1349 would establish a sustainable funding source for loans for water use efficiency projects to reduce urban per capita water use, reduce greenhouse gas emissions through water efficiency, facilitate recycled water, and improve agricultural water use efficiency. The CalConserve Water Use Efficiency Fund would be created in the State Treasury. When appropriated, funds would be deposited into the revolving fund and repaid by loan recipients for future disbursements. The Department of Water Resources would manage the fund and would enter into agreements with local government agencies or investor-owned utilities that provide water or recycled water service, to provide loans for local water use efficiency or recycled water projects.</td>
<td>Support (28-Mar-13)</td>
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<tr>
<td>AB 1445</td>
<td>Logue</td>
<td><strong>California Water Infrastructure Act of 2014</strong>&lt;br&gt;One of eleven water bond measures currently under consideration in the Legislature, AB 1445 would enact the California Water Infrastructure Act of 2014 and, if approved by the voters at the November 4, 2014 general election, would authorize the issuance of $5.8 billion in general obligation bonds to finance the public benefits associated with water storage projects.&lt;br&gt;AB 1445 would not provide an equitable share of funding for San Diego County based on the region’s taxpayers’ proportional contribution to repayment of the water bond.</td>
<td>Oppose, unless amended (27-Feb-14)</td>
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<td>Bill Number</td>
<td>Author</td>
<td>Bill Title, Summary &amp; Status</td>
<td>SDCWA Position (Date of Board Action)</td>
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<tr>
<td>AB 1636</td>
<td>Brown</td>
<td>Water Conservation</td>
<td>Support and seek amendments (24-Apr-14)</td>
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</table>

AB 1636, as amended on March 28, 2014, would prohibit a common interest development association from imposing a fine or assessment on separate interest owners for yard maintenance issues related to under-watered plants and lawns during any period for which the Governor has declared a state of emergency due to drought.

Additionally, AB 1636 would prohibit a city or county from imposing a fine or assessment on separate interest owners for yard maintenance issues related to under-watered plants and lawns during any period for which the Governor has declared a state of emergency due to drought, and would provide that a requirement imposed by a governmental entity to limit, restrict, or conserve water during a drought emergency does not constitute a diminution of rent or value of a premise or property.

AB 1636 would take an important step of providing a “time-out” on the enforcement of governing documents by homeowners’ associations and codes and ordinances by cities and counties for under-watered plants and lawns during an official declaration of state of emergency due to drought. Voluntary and mandatory rationing programs across the state would benefit from the protections that residents would be afforded under AB 1636 in attempting to comply with rationing requests and mandates with respect to outdoor irrigation.

**Status:**
Assembly Committee on Local Government
# San Diego County Water Authority


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<tbody>
<tr>
<td>AB 1731</td>
<td>Perea</td>
<td><strong>Integrated Regional Water Management Plans: Funding: Disadvantaged Communities</strong>&lt;br&gt;Under existing law, the Integrated Regional Water Management Planning Act of 2002, regional water management groups are authorized to prepare and adopt an integrated regional water management plan (IRWMP). AB 1731 would require in each IRWM region that not less than 10 percent of any funding for IRWM planning purposes be used to facilitate and support the participation of disadvantaged communities in integrated regional water management planning and for projects that address critical water supply or water quality needs for disadvantaged communities. While the intended objective of AB 1731 to direct a specified level of funding to projects that address the needs of disadvantaged communities within a region may appear laudable, the one-size-fits-all approach in AB 1731 raises several concerns that diminish the measure’s effectiveness and ability to achieve its objective.&lt;br&gt;Suggested amendments include:&lt;br&gt;- Clarify that the 10 percent funding allocation to meet the drinking water quality needs of disadvantaged communities is not on a region-by-region basis, but rather a specific dedication from the total funding in an IRWM grant program to projects that help meet a critical water supply or quality need of a disadvantaged community or facilitates disadvantaged community involvement in an IRWM Program.&lt;br&gt;- Clarify that the 10 percent funding allocation would be limited to only total IRWM funding provided by a state agency, and would not apply to “any” funding that a regional water management group may pursue to finance local and regional projects.</td>
<td>Oppose, unless amended (27-Mar-14)</td>
</tr>
<tr>
<td>AB 1874</td>
<td>Gonzalez</td>
<td><strong>Integrated Regional Water Management Plans: Funding</strong>&lt;br&gt;Administration of the Integrated Regional Water Management Program has created challenges for implementation of Integrated Regional Water Management Plans (IRWMPs) at the regional level that threaten the success of regional programs and continued participation of all interested stakeholders, including smaller non-governmental organizations and watershed groups.&lt;br&gt;AB 1874 will streamline the state's administration of the IRWM Program to address the issues and challenges faced at the regional and funding area level. The bill will assure the continuation of the state's role in establishing and implementing state policies related to IRWM planning, including reviewing proposed IRWMPs, but would delegate increased responsibility for administering project contracts, including processing invoices and reimbursements, to Regional Water Management Groups (RWMGs).</td>
<td>Sponsor (21-Nov-13)</td>
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</tbody>
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**Status:**
Senate Committee on Natural Resources, and Senate Committee on Water & Environmental Quality

Assembly Appropriations Committee
## San Diego County Water Authority
### Summary of Current Positions on 2013-2014 Legislation
#### as of May 5, 2014

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<tbody>
<tr>
<td>AB 1891</td>
<td>Donnelly</td>
<td><strong>Sales and Use Taxes: Exemption: Water Desalination: Equipment</strong>&lt;br&gt;AB 1891, as amended on March 20, 2014, would, until January 1, 2025, exempt from the sales and use tax laws the gross receipts from the sale in the state of, and the storage, use, or other consumption in the state of, any equipment purchased to be primarily used for water desalination. In November 2012, the Water Authority approved a 30-year Water Purchase Agreement with Poseidon Resources for the purchase of up to 56,000 acre-feet of desalinated seawater per year from the Carlsbad Desalination Plant. Poseidon Resources is a private, investor-owned company that develops water and wastewater infrastructure. It will own and operate the desalination plant in Carlsbad. The Water Authority will purchase water from the plant at a pre-defined price. When the facility begins producing water, this new supply and its cost will be melded with other water supplies – and associated costs – the Water Authority purchases for its 24 member agencies. The Water Purchase Agreement between Poseidon Resources and the Water Authority includes a provision for adjustment of water price based on any changes in tax law that would provide relief to Poseidon. If Poseidon Resources and its contractors were to benefit from the sales and use tax exemption for desalination equipment provided for in AB 1891, the Water Authority could in turn also benefit from potentially reduced water purchase costs.&lt;br&gt;&lt;br&gt;<strong>Status:</strong>&lt;br&gt;Assembly Committee on Revenue and Taxation (to Suspense File)</td>
<td>Support and seek amendments (24-Apr-14)</td>
</tr>
<tr>
<td>AB 1983</td>
<td>Gray</td>
<td><strong>Water Meters: Multiunit Structures</strong>&lt;br&gt;Under existing law, every water purveyor is required, as a condition of new water service, to install a water meter to measure water service. Existing law also requires urban water suppliers to charge water users based on the actual volume of deliveries, as measured by those water meters. AB 1983 would require a water purveyor that provides water service to a newly constructed multiunit residential structure that submits an application for a water connection after January 1, 2015, to require the installation of a water meter or submeter, to measure water supplied to each individual dwelling unit. AB 1983 would prohibit a landlord from charging tenants separately for water service in a property, unless submeters have been installed and the landlord has executed a rental agreement with the tenant, disclosing that the tenant will be billed for water separately from the rent and that the tenant will also be billed for a portion of any recurring fixed charge billed to the property by the water purveyor. AB 1983 would also provide that its provisions would not affect any local ordinances with stricter provisions if that ordinance was adopted prior to January 1, 2014. There would be a greater tendency toward conservation of the resource because of the direct pricing motivation that doesn’t necessarily exist today when there is only a single water meter serving a multifamily residential dwelling or when water costs are simply allocated and billed based on the square footage of the apartment residence or on the number of occupants. The submeter would provide a direct pricing signal to the</td>
<td>Support, if amended (24-Apr-14)</td>
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<tr>
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<td>SDCWA Position (Date of Board Action)</td>
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<td><strong>AB 1983</strong> (cont.)</td>
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<td>consumer, and would allow that consumer to take action to conserve water and, in turn, lower their individual residence water bill.</td>
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<td>Even though AB 1983 would move submetering requirements in a very positive direction to improve water use efficiency, there are two issues within AB 1983 that still require further attention and warrant pursuit of amendments to address:</td>
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<td>• The City of San Diego has been successfully implementing its own submetering ordinance since 2010 that is as comprehensive, if not more comprehensive, than the requirements proposed in AB 1983. Amendments should be proposed that would “grandfather” the City’s submetering ordinance and not impose additional or different obligations upon the City. While there is existing “grandfathering” language included in AB 1983, the preferred – and more comprehensive – compromise language that satisfied those seeking a “grandfather” provision, appears in the text of SB 750 and should also be amended into AB 1983.</td>
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<td>• The California Business Industry Association (CBIA) has raised concerns that the measure may inadvertently allow water purveyors to “double-charge” a customer for connection charges or capacity fees when a customer is submetered. The following proposed compromise amendment language appears to appropriately address the potential “double-charging” issue adequately: &quot;A water purveyor shall not impose an additional capacity line or connection fee or charge for a submeter that is installed by the building owner, or his or her agent.&quot;</td>
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<td><strong>Status:</strong></td>
<td>Assembly Committee on Housing and Community Development, and Assembly Committee on Water, Parks, and Wildlife</td>
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<tr>
<td><strong>AB 2043</strong></td>
<td>Bigelow</td>
<td><strong>Safe, Clean, and Reliable Drinking Water Supply Act of 2014</strong></td>
<td>Support, if amended (27-Feb-14)</td>
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<td>One of eleven water bond measures currently under consideration in the Legislature. AB 2043 would enact the Safe, Clean, and Reliable Drinking Water Supply Act of 2014 and, if approved by the voters at the November 4, 2014 general election, would authorize the issuance of $7.935 billion in general obligation bonds to finance a variety of water projects.</td>
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<td>AB 2043 would provide an equitable share of directly allocated funding for San Diego County based on the region’s taxpayers’ proportional contribution to repayment of the water bond.</td>
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<td><strong>Status:</strong></td>
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### San Diego County Water Authority
**Summary of Current Positions on 2013-2014 Legislation**
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<tr>
<td>AB 2067</td>
<td>Weber</td>
<td><strong>Urban Water Management Plans</strong>&lt;br&gt;The Urban Water Management Planning Act requires all water suppliers who serve more than 3,000 customers or supply more than 3,000 acre-feet of municipal water annually to adopt an Urban Water Management Plan (UWMP) every five years. UWMPs are intended to ensure that local water suppliers are planning and implementing both water supply and demand management measures to improve water supply reliability and to better prepare for drought conditions. AB 2067 will simplify and make less prescriptive the demand management measure reporting requirements in UWMPs. Additionally, the objective of AB 2067 is also to update and streamline the demand management measure reporting requirements contained in the UWMP Act to reflect the legislative, management, and technological changes that have occurred in recent years.</td>
<td>Sponsor (21-Nov-13)</td>
</tr>
<tr>
<td>AB 2100</td>
<td>Campos</td>
<td><strong>Common Interest Developments: Local Governments: Yard Maintenance: Fines: Drought</strong>&lt;br&gt;Existing law sets forth the duties and responsibilities of a homeowners’ association, and provides that the association is responsible for maintaining, repairing, and replacing the common area, and the owner of each separate interest is responsible for maintaining that separate interest and any exclusive use common area appurtenant to the separate interest. Also under existing law, an association may impose a fine or assessment upon a separate interest owner for failure to maintain his or her property in accordance with the association rules for that common interest development. AB 2100 would prohibit a common interest development association from imposing a fine or assessment on separate interest owners for yard maintenance issues related to under-watered plants and lawns during any period for which the Governor has declared a state of emergency due to drought. Additionally, AB 2100 would prohibit a city or county from imposing a fine or assessment on separate interest owners for yard maintenance issues related to under-watered plants and lawns during any period for which the Governor has declared a state of emergency due to drought. Voluntary and mandatory rationing programs across the state would benefit from the protections that residents would be afforded under AB 2100 in attempting to comply with rationing requests and mandates with respect to outdoor irrigation. AB 2100 should be amended to clarify what will happen when the drought has concluded, including provisions relating to the length of time residents would have to correct drought-related yard maintenance issues after the drought state of emergency is over, prior to the reinstatement of fine and penalty programs.</td>
<td>Support and seek amendments (27-Feb-14)</td>
</tr>
<tr>
<td>Bill Number</td>
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<tr>
<td>AB 2104</td>
<td>Gonzalez</td>
<td><strong>Common Interest Developments: Water-Efficiency Landscapes</strong>&lt;br&gt;Existing law, the Davis-Stirling Common Interest Development Act, sets forth the duties and responsibilities of a homeowners’ association, and provides that the association is responsible for maintaining, repairing, and replacing the common area, and the owner of each separate interest is responsible for maintaining that separate interest and any exclusive use common area appurtenant to the separate interest. Existing law also provides that a provision of any of the common interest development governing documents, including bylaws and operating rules, that govern the operation of a common interest development, is void and unenforceable if it prohibits – or includes conditions that have the effect of prohibiting – the use of low water-using plants as a group, or if it has the effect of prohibiting or restricting compliance with a local water-efficient landscape ordinance or water conservation measure.&lt;br&gt;AB 2104 would provide that governing documents include architectural or landscaping guidelines or policies and decisions by the board of directors applicable to a specific homeowner, and would apply these provisions to a prohibition on the replacement of existing turf with low water-using plants.&lt;br&gt;AB 2104 would take an important step by eliminating loopholes that would continue to have the effect of restricting common interest development residents from replacing existing turf with low water-using plants. Voluntary and mandatory rationing programs across the state would benefit from the provisions of AB 2104 that would help to improve opportunities for broader efficiency in outdoor irrigation.&lt;br&gt;<strong>Status:</strong>&lt;br&gt;Senate Committee on Transportation and Housing</td>
<td>Support (27-Feb-14)</td>
</tr>
<tr>
<td>AB 2282</td>
<td>Gatto</td>
<td><strong>Building Standards: Recycled Water Infrastructure</strong>&lt;br&gt;AB 2282, as amended on March 24, 2014, would require the Department of Housing and Community Development (HCD) and the BSC to complete three tasks:&lt;br&gt;• Conduct recycled water research&lt;br&gt;• Develop mandatory building standards for the installation of recycled water infrastructure for single-family and multifamily residential buildings for adoption during BSC’s code update after 2017&lt;br&gt;• Limit the mandate to install recycled water piping to only those areas within a local jurisdiction that have feasible and cost-efficient access to a water recycling facility or that have been identified by the local jurisdictions residing within a planned service area for the provision of recycled water for which a specific implementation timeline has been identified.</td>
<td>Support, if amended (24-Apr-14)</td>
</tr>
<tr>
<td>Bill Number</td>
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<td>SDCWA Position (Date of Board Action)</td>
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<tr>
<td>AB 2282</td>
<td>Nazarian</td>
<td>AB 2282 would facilitate the future use of recycled water by conducting research to assist in the development of new mandatory building standards for indoor and outdoor recycled water use in residential, commercial, and public buildings for consideration by the BSC. Local jurisdictions should retain the final discretion to determine feasibility and cost-efficiency based upon local conditions and needs. Retention of coordination of recycled water availability at the local level would help to improve implementation of AB 2282. AB 2282 should be amended to ensure that: • Mandatory standards should only apply to new structures and are not intended to require retrofit of existing facilities • Expertise of the WateReuse Research Foundation, AWWA, and other appropriate research organizations are consulted on research activities • Local jurisdictions – coordination between the local building authority and the recycled water purveyor – have the final discretion to determine feasibility and cost-efficiency based upon local conditions and needs</td>
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<tr>
<td>AB 2417</td>
<td>Nazarian</td>
<td><strong>California Environmental Quality Act: Exemption: Recycled Water Pipelines</strong> AB 2417, as amended on March 28, 2014, would exempt from CEQA a project for the construction and installation of a new pipeline or the maintenance, repair, restoration, reconditioning, relocation, replacement, removal, or demolition of an existing pipeline – not exceeding 8 miles in length – for the distribution of recycled water within a public street, highway, or right-of-way. Recycled water pipelines are already subjected to strict state health guidelines. Since water agencies would be required to follow the guidelines set forth in AB 2417, meet all state and local permit requirements, and meet state regulations for the proper installation of recycled water pipelines, the lengthy CEQA process becomes an unnecessary delay. However, the measure contains language that could be construed as imposing requirements on the use of public streets by the Water Authority and its member agencies that are not consistent with current statutory authority. Water Authority staff believes that the author’s intention is not to impose additional requirements, but merely to have agencies demonstrate that work will be done in accordance with existing laws and requirements, such as protection of the public through traffic control and street resurfacing. AB 2417 should be amended to ensure that the measure does not impose additional requirements, but merely provides that agencies demonstrate that work will be done in accordance with existing laws and requirements, such as protection of the public through traffic control and street resurfacing</td>
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<td><strong>Status:</strong> Assembly Appropriations Committee</td>
<td>Support and seek amendments (24-Apr-14)</td>
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</table>
## San Diego County Water Authority
### Summary of Current Positions on 2013-2014 Legislation
#### as of May 5, 2014

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</thead>
<tbody>
<tr>
<td>AB 2434</td>
<td>Gomez</td>
<td><strong>Income Taxes: Exclusion</strong></td>
<td>Support (24-Apr-14)</td>
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<tr>
<td></td>
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<td>The Personal Income Tax Law provides an exclusion from gross income for any amount received as a rebate from a local water agency or supplier for the purchase of a water conservation water closet, energy efficient clothes washers, and plumbing devices. The Corporation Tax Law provides exclusion from gross income for any rebate, voucher, or other financial incentive issued by the California Energy Commission, the Public Utility Commission, or a local publicly owned electric utility for any expense incurred by a taxpayer for the purchase or installation of a thermal system, solar system, wind energy device that produces electricity, or a fuel cell generating system. AB 2434 would amend both of these laws, and would provide an exclusion from gross income any amount received as a rebate, voucher, or other financial incentive issued by a local water or energy agency or supplier for expenses incurred to participate in a water or energy conservation program. AB 2434 would help to broaden the range of water efficiency or energy incentives that would be excluded from gross income, and would remove tax liabilities that could dilute the efficacy of these programs.</td>
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<tr>
<td>AB 2554</td>
<td>Rendon</td>
<td><strong>Clean, Safe, and Reliable Drinking Water Act of 2014</strong></td>
<td>Support, if amended (24-Apr-14)</td>
</tr>
<tr>
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<td></td>
<td>One of eleven water bond measures currently under consideration in the Legislature, AB 2554 would enact the Clean, Safe, and Reliable Drinking Water Act of 2014 and, if approved by the voters at the November 4, 2014 general election, would authorize the issuance of $8.5 billion in general obligation bonds to finance a variety of water projects. AB 2554 would provide an equitable share of funding for San Diego County based on the region’s taxpayers’ proportional contribution to repayment of the water bond.</td>
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**Status:**
- Assembly Committee on Revenue and Taxation (to Suspense File)
- Assembly Appropriations Committee
### AB 2636

<table>
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<tr>
<td>Gatto</td>
<td><strong>CalConserve Water Use Efficiency Revolving Fund</strong>&lt;br&gt;Existing law requires the achievement of a 20 percent reduction in urban per capita water use in California by December 31, 2020, and requires each urban retail water supplier to comply with that target. Existing law also requires agricultural water suppliers to implement efficient water management practices, including water measurement.&lt;br&gt;&lt;br&gt;AB 2636 would establish the CalConserve Water Use Efficiency Revolving Fund administered by the Department of Water Resources (DWR) and would continuously appropriate moneys in the fund to DWR for the purpose of water use efficiency projects. AB 2636 would require moneys in the fund to be used for purposes that include at-or-below market interest rate loans, and would permit DWR to enter into agreements with local government or investor-owned utilities that provide water or recycled water service to provide loans. AB 2636 is co-sponsored by the Metropolitan Water District of Southern California and the California Municipal Utilities Association. AB 2636 reflects a concept that was initially introduced and advanced by Assemblymember Gatto in AB 2011 during the 2012 legislative session, and again as AB 1349 during the 2013 legislative session. Both of those previous efforts failed passage in the Legislature. AB 2636 would take a measured approach to establishing a revolving loan fund for water use efficiency, and would provide that the following purposes would be eligible for loan funding:&lt;br&gt;• Reducing urban per capita water use&lt;br&gt;• Improving agricultural water use efficiency&lt;br&gt;• Increasing the use of recycled water&lt;br&gt;• Reducing greenhouse gas emissions through water efficiency improvements&lt;br&gt;&lt;br&gt;AB 2636 should be amended to provide a source of funding to capitalize the revolving loan fund. There are limited sources of funding to implement AB 2636, so it is unclear whether opportunities would be pursued in the context of water bond legislation. The staff will closely monitor to ensure that no statewide water user fee, charge, or tax is contemplated to finance the program.</td>
<td>Support and seek amendments&lt;br&gt;(27-Feb-14)</td>
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</table>

**Status:**<br>Assembly Appropriations Committee (to Suspense File)
### San Diego County Water Authority
### Summary of Current Positions on 2013-2014 Legislation
### as of May 5, 2014

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</table>
| **AB 2686** | Perea  | **Clean, Safe, and Reliable Water Supply Act of 2014**  
One of eleven water bond measures currently under consideration in the Legislature. AB 2686 would enact the Clean, Safe, and Reliable Drinking Water Supply Act of 2014 and, if approved by the voters at the November 4, 2014 general election, would authorize the issuance of $9.25 billion in general obligation bonds to finance a variety of water projects.  
AB 2686 would provide an equitable share of directly allocated funding for San Diego County based on the region’s taxpayers’ proportional contribution to repayment of the water bond.  
**Status:**  
Assembly Appropriations Committee | Support, if amended  
(27-Feb-14) |

| **SB 322** | Hueso  | **Water Recycling**  
SB 322 would require the Department of Public Health, in consultation with the State Water Resources Control Board, to investigate the feasibility of developing uniform water recycling criteria for potable reuse and provide a final report on that investigation to the Legislature by December 31, 2016.  
**Status:**  
Chapter 637, Statutes of 2013 | Sponsor  
(29-Nov-12)  
(modified 28-Feb-13) |
## San Diego County Water Authority
### Summary of Current Positions on 2013-2014 Legislation
#### as of May 5, 2014

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<tbody>
<tr>
<td>SB 425</td>
<td>DeSaulnier</td>
<td><strong>Public Works Peer Review Act of 2013</strong>&lt;br&gt;SB 425, when introduced, and when the Water Authority Board elected to watch this legislation, would have required any public works project valued at greater than $1 billion to establish a peer review group (PRG) responsible for reviewing: 1) project demand studies; 2) design and engineering models and estimates; and 3) construction, testing and inspection practices. The bill in its original form would have prohibited a PRG taking action until a charter was created and agreed upon by the project agency and the relevant legislative body, which could have lead to possible project delays.&lt;br&gt;&lt;br&gt;As amended May 7, 2013, SB 425 would allow, rather than require, a public agency to establish a specified peer review group and would require the administering agency, if a PRG is established, to draft a charter, published on the agency's Internet Web site, related to the duties of the PRG.&lt;br&gt;&lt;br&gt;SB 425 is duplicative of industry standard practices for large public works infrastructure projects. It is common to establish boards of senior consultants to advise and guide the project team with the design, construction and operation of large “megaprojects,” which are the subject of SB 425, and to dissect a project’s elements by a value engineering team to maximize the cost benefit. Value engineering is mandated for large Water Authority projects and boards of senior consultants were employed for the Olivenhain and San Vicente Dam projects. The use of boards of senior consultants and value engineering are recognized as “best practices” in public works and are often utilized on large complex projects. The peer review group as envisioned by this legislation attempts to combine these two industry-accepted practices into one and may not achieve the results anticipated.</td>
<td>Watch (28-Mar-13)</td>
</tr>
<tr>
<td>SB 436</td>
<td>Jackson</td>
<td><strong>Environmental Quality: Public Notice</strong>&lt;br&gt;&lt;br&gt;<strong>Status:</strong>&lt;br&gt;Bill was amended (9/6/2013) to subject matter no longer relevant to the Water Authority.</td>
<td>Oppose, unless amended (25-Apr-13)</td>
</tr>
</tbody>
</table>
## San Diego County Water Authority
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</table>
| SB 617      | Evans  | **Environmental Quality: Public Notice**
  Existing law defines “environment” and “significant effect on the environment” for the purpose of factual analysis. SB 617 would revise the definitions of “environment” and “significant effect on the environment” and require the lead agency to include in the Environmental Impact Report (EIR) a detailed statement on any significant effects that may result from locating development near, or attracting people to, existing or reasonably foreseeable natural hazards or adverse environmental conditions. In addition, SB 617 includes noticing provisions similar to those in both AB 380 (Dickinson) and SB 436 (Jackson), discussed above. The bill would authorize the Office of Planning and Research (OPR) to charge a $10 administrative fee per notice filed.

  The proposed definition revisions broaden the required analysis to include not only the effects of the project on the environment, but the effects of the environment on the project. This additional analysis provides another layer of complexity that increases uncertainty in assessing the range and magnitude of potential significant effects, thus making environmental documents more susceptible to legal challenges. In addition, for the same reasons listed under AB 380, if OPR is to be the designated repository for all notices, the bill should be amended to remove the requirement for a duplicative posting with the county clerk, and OPR should establish an Internet database where public agencies can directly upload the required notices.

**Status:**
Died in Senate (06-Feb-14)

| SB 750      | Wolk   | **Building Standards**
  SB 750, as amended on May 24, 2013, would require a water purveyor that provides water service to a newly constructed multiunit residential structure or newly constructed mixed-use residential and commercial structure that submits an application for a water connection after January 1, 2014, to require the installation of a water meter or submeter, to measure water supplied to each individual dwelling unit. SB 750 would also require the owner of the structure to ensure that a water submeter installed for measurement purposes complies with the laws and regulations governing installation, approval of meter type, maintenance, reading, billing, and testing of submeters. In addition, SB 750 would prohibit a landlord from charging tenants separately for water service in a property, unless submeters have been installed and the landlord has executed a rental agreement with the tenant, disclosing that the tenant will be billed for water separately from the rent and that the tenant will also be billed for a portion of any recurring fixed charge billed to the property by the water purveyor. SB 750 would authorize landlords to charge tenants a monthly administrative fee for the actual costs of reading the submeters and providing billing services up to a maximum of $4.00 per submetered tenant per month. Finally, SB 750 would exempt several types of structures from the requirements of the bill, including: low income housing, |

|            |        | Oppose (25-Apr-13) |
|            |        | Support, if amended (27-Jun-13) |
### San Diego County Water Authority
**Summary of Current Positions on 2013-2014 Legislation**  
as of May 5, 2014

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<tbody>
<tr>
<td><strong>SB 750</strong></td>
<td>Wolk</td>
<td>Safe Drinking Water, Water Quality, and Water Supply Act of 2014</td>
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<td><strong>(cont’d)</strong></td>
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<td>student dormitories, long-term healthcare facilities, time-share properties, residential care facilities, and structures greater than four stories in height where the plumbing configuration renders the installation of submeters infeasible. The Water Authority has long been a statewide leader in improving water use efficiency. SB 750 would make important advancements in this area by taking a significant step toward providing direct pricing signals to water consumers, including those residing within multifamily residential dwellings. However, there are two areas that require attention. Amendments sought by the Water Authority include: • Amend SB 750 to “grandfather” the City of San Diego’s submetering ordinance and not impose any additional or different obligations upon the City beyond those embodied in the existing ordinance. • Amend SB 750 to alleviate concerns over the potential for inadvertent “double-charging” by a water purveyor of connection fees and capacity charges upon a submetered customer. <strong>Status:</strong> Assembly Committee on Water, Parks and Wildlife</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th><strong>SB 848</strong></th>
<th>Wolk</th>
<th>Safe Drinking Water, Water Quality, and Water Supply Act of 2014</th>
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<tbody>
<tr>
<td></td>
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<td>One of eleven water bond measures currently under consideration in the Legislature, SB 848 would enact the Safe Drinking Water, Water Quality, and Water Supply Act of 2014 and, if approved by the voters at the November 4, 2014 general election, would authorize the issuance of $6.825 billion in general obligation bonds to finance a variety of water projects. SB 848 would not provide an equitable share of funding for San Diego County based on the region’s taxpayers’ proportional contribution to repayment of the water bond. <strong>Status:</strong> Senate Appropriations Committee</td>
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</table>
## San Diego County Water Authority
### Summary of Current Positions on 2013-2014 Legislation
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<tbody>
<tr>
<td>SB 927</td>
<td>Cannella</td>
<td><strong>Safe, Clean, and Reliable Drinking Water Supply Act of 2014</strong>&lt;br&gt;SB 927 would enact the Safe, Clean, and Reliable Drinking Water Supply Act of 2014 and, if approved by the voters at the November 4, 2014 general election, would authorize the issuance of $9.217 billion in general obligation bonds to finance a variety of water projects. SB 927 would represent an amendment of the existing November 2014 water bond, rather than a complete replacement of that bond measure with a new approach. SB 927 largely retains the same structure as the 2009 water bond, and the changes to the November 2014 water bond appear to narrowly focus on eliminating earmarked funding allocations.&lt;br&gt;SB 927 would appear to provide an equitable share of funding for San Diego County based on the region’s taxpayers’ proportional contribution to repayment of the water bond.</td>
<td>Support, if amended (27-Feb-14)</td>
</tr>
<tr>
<td>SB 992</td>
<td>Nielsen</td>
<td><strong>Maintenance of Exclusive Areas: Fines</strong>&lt;br&gt;Existing law, the Davis-Stirling Common Interest Development Act, sets forth the duties and responsibilities of a homeowners’ association, and provides that the association is responsible for maintaining, repairing, and replacing the common area, and the owner of each separate interest is responsible for maintaining that separate interest and any exclusive use common area appurtenant to the separate interest. Also under existing law, an association may impose a fine or assessment upon a separate interest owner for failure to maintain his or her property in accordance with the association rules for that common interest development. SB 992 would prohibit a common interest development association from imposing a fine or assessment on separate interest owners for yard maintenance issues related to under-watered plants and lawns during any period for which the Governor has declared a state of emergency due to drought. SB 992 would take an important step of providing a “time-out” on the enforcement of governing documents by homeowners’ associations and codes and ordinances by cities and counties for under-watered plants and lawns during an official declaration of state of emergency due to drought. Voluntary and mandatory rationing programs across the state would benefit from the protections that residents would be afforded under SB 992.&lt;br&gt;SB 992 should be amended to clarify what will happen when the drought has concluded, including provisions relating to the length of time residents would have to correct drought-related yard maintenance issues after the drought state of emergency is over, prior to the reinstatement of fine and penalty programs.</td>
<td>Support and seek amendments (27-Feb-14)</td>
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<tr>
<td>SB 1049</td>
<td>Pavley</td>
<td><strong>Integrated Regional Water Management Plans</strong>&lt;br&gt;Existing law authorizes a regional water management group to prepare an integrated regional water management (IRWM) plan for the implementation or operation of projects or programs relating to water supply, water quality, and related matters. SB 1049 would specifically include projects or programs that reduce energy used to acquire, transport, treat, or distribute water, as a regional project or program, thus making those projects eligible to be funded through IRWM funding opportunities. In addition, SB 1049 would require a regional water management group to include all water suppliers that are within the watershed area, the area over a groundwater basin or subbasin, or the area within a county’s boundaries. While existing law already authorizes a regional water management group to include more than three local agencies, there has been concern expressed within some regions of the state that the regional water management group will not allow new members to join, even if they qualify for membership and indicate a willingness to co-pay for the operations of the regional water management group. Rather than impose a “one size fits all” approach by mandating the structure of each regional water management group, SB 1049 should be amended to provide greater discretion to each IRWM region for determining the composition of their regional water management group and the structure of their organization. SB 1049 should be amended to provide that:&lt;br&gt;• Any water supplier within the boundaries of a regional water management group shall be eligible to become a member of the regional water management group if it commits to co-pay a proportionate share of the funding provided by regional water management group members for the operations of the region’s IRWM program.&lt;br&gt;• A regional water management group shall, to the extent feasible, form a public advisory committee that enables local agencies and non-profit organizations within the region water management group’s boundaries to review and make recommendations about the regional water management group’s planning and grant funding activities.</td>
<td>Support, if amended (27-Feb-14)</td>
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<tr>
<td>SB 1144</td>
<td>Galgiani</td>
<td><strong>Common Interest Developments: Local Governments: Yard Maintenance Fines: Drought</strong>&lt;br&gt;Existing law sets forth the duties and responsibilities of a homeowners’ association, and provides that the association is responsible for maintaining, repairing, and replacing the common area, and the owner of each separate interest is responsible for maintaining that separate interest and any exclusive use common area appurtenant to the separate interest. Also under existing law, an association may impose a fine or assessment upon a separate interest owner for failure to maintain his or her property in accordance with the association rules for that common interest development.</td>
<td>Support and seek amendments (27-Feb-14)</td>
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<tr>
<td>SB 1144 (cont.)</td>
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<td>SB 1144 would prohibit a common interest development association from imposing a fine or assessment on separate interest owners for yard maintenance issues related to under-watered plants and lawns during any period for which the Governor has declared a state of emergency due to drought. Additionally, SB 1144 would prohibit a city or county from imposing a fine or assessment on separate interest owners for yard maintenance issues related to under-watered plants and lawns during any period for which the Governor has declared a state of emergency due to drought. SB 1144 would take an important step of providing a “time-out” on the enforcement of governing documents by homeowners’ associations and codes and ordinances by cities and counties for under-watered plants and lawns during an official declaration of state of emergency due to drought. Voluntary and mandatory rationing programs across the state would benefit from the protections that residents would be afforded under SB 1144 in attempting to comply with rationing requests and mandates with respect to outdoor irrigation.</td>
<td>Support, if amended (24-Apr-14)</td>
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</table>

SB 1144 should be amended to clarify what will happen when the drought has concluded, including provisions relating to the length of time residents would have to correct drought-related yard maintenance issues after the drought state of emergency is over, prior to the reinstitution of fine and penalty programs.

**Status:**
Senate Committee on Transportation and Housing

<table>
<thead>
<tr>
<th>SB 1250</th>
<th>Hueso</th>
<th>Safe, Clean, and Reliable Drinking Water Supply Act of 2014</th>
<th>Support, if amended (24-Apr-14)</th>
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</table>

One of eleven water bond measures currently under consideration in the Legislature, SB 1250, as proposed to be amended, would enact the Safe, Clean, and Reliable Drinking Water Supply Act of 2014 and, if approved by the voters at the November 4, 2014 general election, would authorize the issuance of $9.45 billion in general obligation bonds to finance a variety of water projects.

SB 1250 would not provide an equitable share of funding for San Diego County based on the region’s taxpayers’ proportional contribution to repayment of the water bond, although it is important to note that the funding allocations embodied in Chapter 9 have not yet been fully developed in the measure.

**Status:**
Senate Committee on Natural Resources and Water
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<td>SB 1370</td>
<td>Galgiani</td>
<td><strong>Reliable Water Supply Bond Act of 2014</strong>&lt;br&gt;One of eleven water bond measures currently under consideration in the Legislature. SB 1370 would enact the Reliable Water Supply Act of 2014 and, if approved by the voters at the November 4, 2014 general election, would authorize the issuance of $5.1 billion in general obligation bonds to finance surface water storage projects.&lt;br&gt;&lt;br&gt;AB 1445 would not provide an equitable share of funding for San Diego County based on the region’s taxpayers’ proportional contribution to repayment of the water bond.</td>
<td>Oppose unless amended&lt;br&gt;(27-Feb-14)</td>
</tr>
<tr>
<td>SB 1420</td>
<td>Wolk</td>
<td><strong>Water Management: Urban Water Management Plans</strong>&lt;br&gt;Existing law, the Urban Water Management Planning Act, requires every public and private urban water supplier that directly or indirectly provides water for municipal purposes to prepare and adopt an urban water management plan. Existing law also requires an urban water management plan to quantify past and current water use and projected water use, identifying the uses among water use sectors, including commercial, agricultural, and industrial. Existing law also requires an urban water supplier to submit copies of its plan and copies of amendments or changes to the plan to certain entities, including the Department of Water Resources (DWR).&lt;br&gt;&lt;br&gt;SB 1420 would require an urban water management plan to quantify and report on distribution system water loss. Additionally, SB 1420 would authorize (and make voluntary in urban water management plans) water use projections to display and account for the water savings estimated to result from adopted codes, standards, ordinances, and transportation and land use plans. SB 1420 would also require the plan, or amendments to the plan, to be submitted electronically to DWR and include any standardized forms, tables, or displays specified by DWR.&lt;br&gt;&lt;br&gt;AB 1420 (Laird), which was enacted into law in 2007, required the Department of Water Resources (DWR), in consultation with the California Urban Water Conservation Council (CUWCC) to convene an independent technical panel (ITP) to provide information and recommendations to DWR and the Legislature on new water demand management measures, technologies, and approaches to improve water use efficiency in California. The ITP made available a public draft report in December 2013, and is scheduled to make a final report and recommendations to the Legislature in Spring 2014.&lt;br&gt;&lt;br&gt;The ITP public draft report issued in December 2013 included five specific consensus recommendations. The organizations involved in developing the consensus recommendations included the following:</td>
<td>Support&lt;br&gt;(27-Mar-14)</td>
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<tr>
<td>Bill Number</td>
<td>Author</td>
<td>Bill Title, Summary &amp; Status</td>
<td>SDCWA Position (Date of Board Action)</td>
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| SB 1420     |        | • San Diego County Water Authority  
             • Los Angeles Department of Water and Power  
             • Gardenworks, Inc.  
             • UC Davis, California Center for Urban Horticulture  
             • City of Sacramento  
             • Maddaus Water Management  
             • Natural Resources Defense Council |                      |

The five consensus recommendations contained in the ITP public draft report each would require legislative action to implement. The following are the five consensus recommendations approved by the ITP:

1. Amend the Urban Water Management Planning Act to simplify and update the demand management measure reporting requirements. This issue is contained in the Water Authority’s sponsored legislation, AB 2067 (Weber).
2. Require distribution system water loss reporting in urban water management plans. This issue is contained in SB 1420.
3. Authorize DWR to require electronic filing of urban water management plans, including standardized forms. This issue is contained in SB 1420.
4. Voluntary reporting on projected water savings from codes, standards, ordinances, and transportation and land use plans affecting an urban water supplier’s service area. This issue is contained in SB 1420.
5. Voluntary inclusion of energy intensity in urban water management plans. This recommendation is not included in any legislation, at this time.

SB 1420 would complement the Water Authority’s sponsored legislation – AB 2067 (Weber) – and would simplify and clarify the demand management measure reporting requirements in urban water management plans. In addition, SB 1420 would also update and streamline the reporting of distribution system water loss in urban water management plans and make reporting improvements that are reflective of the legislative, management, and technological changes that have occurred in recent years.

**Status:**
Senate Appropriations Committee
Legislation Under Review by the Water Authority as of May 5, 2014

CA AB 1

| AUTHOR: | Alejo [D] |
| TITLE: | Water Quality: Integrated Plan: Salinas Valley |
| FISCAL COMMITTEE: | yes |
| URGENCY CLAUSE: | yes |
| INTRODUCED: | 12/03/2012 |
| LAST AMEND: | 04/03/2013 |
| DISPOSITION: | Failed |
| LOCATION: | ASSEMBLY |
| SUMMARY: | Appropriates funds for use by the Greater Monterey County Regional Water Management Group, referred to as the management group, to develop the integrated plan to address the drinking water and wastewater needs of disadvantaged communities in the Salinas Valley whose waters have been affected by waste discharges. |
| STATUS: | 01/31/2014 Died pursuant to Art. IV, Sec. 10(c) of the Constitution. |
| | 02/03/2014 From Committee: Filed with the Chief Clerk pursuant to JR 56. |

CA AB 7

| AUTHOR: | Wieckowski [D] |
| TITLE: | Oil and Gas: Hydraulic Fracturing |
| FISCAL COMMITTEE: | yes |
| URGENCY CLAUSE: | no |
| INTRODUCED: | 12/03/2012 |
| LAST AMEND: | 06/10/2013 |
| DISPOSITION: | Failed |
| LOCATION: | ASSEMBLY |
| SUMMARY: | Requires the owner or operator of a well to file an application specifying additional information before commencing drilling and to provide to the State Oil and Gas Supervisor specific information relating to hydraulic fracturing as part of the well’s drilling history. Prohibits drilling until approval or denial of the application. Defines hydraulic fracturing and related fluids. Provides the procedures to be taken in determining that such information is a trade secret. Requires landowner notification. |
| STATUS: | 02/03/2014 Died on Inactive File. |

CA AB 21

| AUTHOR: | Alejo [D] |
| TITLE: | Safe Drinking Water Small Community Grant Fund |
| FISCAL COMMITTEE: | yes |
| URGENCY CLAUSE: | no |
| INTRODUCED: | 12/03/2012 |
| ENACTED: | 10/08/2013 |
| DISPOSITION: | Enacted |
| LOCATION: | Chaptered |
| CHAPTER: | 628 |
| SUMMARY: | Authorizes the assessment of a specified annual charge in lieu of interest on loans for water projects made pursuant to the Safe Drinking Water State Revolving Fund, and the deposit of that money into the Safe Drinking Water State Small Community Emergency Grant Fund and provides a monetary limit |
to the fund. Authorizes the expending of the money in the fund for grants for specified water projects that serve disadvantaged and severely disadvantaged communities. Limits the amount in the fund.

**STATUS:**

10/08/2013 Signed by GOVERNOR.
10/08/2013 Chaptered by Secretary of State. Chapter No. 628

**CA AB 26**

**AUTHOR:** Bonilla [D]
**TITLE:** Construction: Prevailing Wage/Mechanics Liens
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 12/03/2012
**LAST AMEND:** 03/18/2014
**DISPOSITION:** Pending
**LOCATION:** Senate Labor and Industrial Relations Committee

Revises the definition for construction to include postconstruction phases and cleanup work at the jobsite. Expands the definition of public works regarding the payment prevailing wages to include any task relating to the collecting or sorting of refuse or recyclable metals, such as copper, steel, and aluminum performed at a public works jobsite.

**STATUS:**

03/18/2014 From SENATE Committee on LABOR AND INDUSTRIAL RELATIONS with author’s amendments.
03/18/2014 In SENATE. Read second time and amended. Re-referred to Committee on LABOR AND INDUSTRIAL RELATIONS.

**CA AB 30**

**AUTHOR:** Perea [D]
**TITLE:** Water Quality
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 12/03/2012
**ENACTED:** 10/08/2013
**DISPOSITION:** Enacted
**LOCATION:** Chaptered
**CHAPTER:** 629

Amends the Porter-Cologne Water Quality Control Act to authorize the Water Resources Control Board to assess an annual charge in connection with any financial assistance under the Water Pollution Control Revolving Fund without a change unless the board makes a prescribed determination, at which time the board would replace the charge with an identical interest rate. Relates to deposits into the State Water Pollution Control Revolving Fund Small Community Grant Fund and expansion of grants from the fund.

**STATUS:**

10/08/2013 Signed by GOVERNOR.
10/08/2013 Chaptered by Secretary of State. Chapter No. 629

**CA AB 39**

**AUTHOR:** Skinner [D]
**TITLE:** Energy: Conservation: Financial Assistance
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 12/03/2012
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**STATUS:**
- **09/09/2013** Signed by GOVERNOR.
- **09/09/2013** Chaptered by Secretary of State. Chapter No. 258

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**STATUS:**
- **09/10/2013** In SENATE. Joint Rule 61(a)12 suspended.
- **09/10/2013** In SENATE. Joint Rule 62(a) suspended.
CA AB 69

**AUTHOR:** Perea [D]

**TITLE:** Groundwater: Drinking Water: Nitrate at Risk Fund

**FISCAL COMMITTEE:** yes

**URGENCY CLAUSE:** yes

**INTRODUCED:** 01/10/2013

**LAST AMEND:** 08/12/2013

**DISPOSITION:** Pending

**LOCATION:** Senate Agriculture Committee

**SUMMARY:** Establishes the Nitrate at Risk Fund to be administered by the State Department of Public Health for loans, principal forgiveness loans, or grants to certain water systems operating in a high-nitrate at-risk area for specified purposes. Requires fertilizer sellers to pay a materials charge for deposit in the Fund.

**STATUS:**

08/12/2013 From SENATE Committee on AGRICULTURE with author's amendments.

08/12/2013 In SENATE. Read second time and amended. Re-referred to Committee on AGRICULTURE.

CA AB 71

**AUTHOR:** Perez V [D]

**TITLE:** Salton Sea Restoration

**FISCAL COMMITTEE:** no

**URGENCY CLAUSE:** no

**INTRODUCED:** 01/10/2013

**ENACTED:** 09/28/2013

**DISPOSITION:** Enacted

**LOCATION:** Chaptered

**CHAPTER:** 402

**SUMMARY:** Requires the Secretary of the Natural Resources Agency to lead Salton Sea restoration efforts. Authorizes the Salton Sea Authority to lead a restoration funding and feasibility study. Requires the Secretary to seek input from the Authority with regard to Salton Sea restoration components.

**STATUS:**

09/28/2013 Chaptered by Secretary of State. Chapter No. 402

**NOTES:**

SDCWA Position: Support (5-23-13)

CA AB 72

**AUTHOR:** Holden [D]

**TITLE:** Municipal Water District: Board of Directors

**FISCAL COMMITTEE:** no

**URGENCY CLAUSE:** no

**INTRODUCED:** 01/10/2013

**ENACTED:** 06/17/2013

**DISPOSITION:** Enacted

**LOCATION:** Chaptered

**CHAPTER:** 8

**SUMMARY:** Requires the directors of a municipal water district, except directors elected at a district formation election, to take office on the first Friday in December succeeding their election.

**STATUS:**

06/17/2013 Signed by GOVERNOR.

06/17/2013 Chaptered by Secretary of State. Chapter No. 8
CA AB 115  
**AUTHOR:** Perea [D]  
**TITLE:** Safe Drinking Water State Revolving Fund  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 01/14/2013  
**ENACTED:** 10/08/2013  
**DISPOSITION:** Enacted  
**LOCATION:** Chaptered  
**CHAPTER:** 630  
**SUMMARY:** Relates to the state Safe Drinking Water Act. Authorizes a legal entity to apply for grant funding on behalf of one or more public water systems serving disadvantaged or severely disadvantaged communities if specified requirements are met, including having a signed agreement with each public water system for which it is applying for funding. Provides for transferring the statutory and regulatory authority for the California Safe Drinking Water Act from the Department of Public Health.  
**STATUS:** 10/08/2013 Signed by GOVERNOR.  
10/08/2013 Chaptered by Secretary of State. Chapter No. 630  
**NOTES:** SDCWA Position: Support (3-28-2013)

CA AB 118  
**AUTHOR:** Env Safety & Toxic Material Cmt  
**TITLE:** Safe Drinking Water State Revolving Fund  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 01/14/2013  
**ENACTED:** 10/08/2013  
**DISPOSITION:** Enacted  
**LOCATION:** Chaptered  
**CHAPTER:** 631  
**SUMMARY:** Limits loans and grants from the Safe Drinking Water State Revolving Fund for planning and preliminary engineering studies, project design, and construction costs to those incurred by community and not-for-profit public water systems. Specifies that certain water systems have no ability to repay a loan. Authorizes a loan applicant to receive up to the full cost of a project in the form of a loan, subject to specified conditions.  
**STATUS:** 10/08/2013 Signed by GOVERNOR.  
10/08/2013 Chaptered by Secretary of State. Chapter No. 631

CA AB 119  
**AUTHOR:** Env Safety & Toxic Material Cmt  
**TITLE:** Water Treatment Devices  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 01/14/2013  
**ENACTED:** 09/28/2013  
**DISPOSITION:** Enacted  
**LOCATION:** Chaptered  
**CHAPTER:** 403  
**SUMMARY:**
Revises the criteria and procedure for certification of water treatment devices for which a health and safety claim is made. Requires each manufacturer that offers for sale a water treatment device for which it makes such a claim to submit certain information, including the manufacturer's contact information, product identification information, and the specific contaminant claimed to be removed or reduced by the device. Requires a regulatory fee. Relates to labeling. Requires posting on a certain Web site.

**STATUS:**
09/28/2013 Chaptered by Secretary of State. Chapter No. 403

**CA AB 142**

**AUTHOR:** Water, Parks and Wildlife Cmt
**TITLE:** Water Resources: Infrastructure
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 01/17/2013
**LAST AMEND:** 05/06/2013
**DISPOSITION:** Failed
**LOCATION:** ASSEMBLY

Requires the Department of Water Resources to initiate and complete a comprehensive study of state and local water supply infrastructure needs and to provide a report to the Legislature that summarizes those findings.

**STATUS:**
01/31/2014 Died pursuant to Art. IV, Sec. 10(c) of the Constitution.
02/03/2014 From Committee: Filed with the Chief Clerk pursuant to JR 56.

**CA AB 145**

**AUTHOR:** Perea [D]
**TITLE:** State Water Resources Control Board: Drinking Water
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 01/18/2013
**LAST AMEND:** 06/18/2013
**DISPOSITION:** Pending
**LOCATION:** Senate Appropriations Committee

Transfers to the State Water Resources Control Board the various duties and responsibilities imposed on the State Department of Public Health by the State Safe Drinking Water Act and the Safe Drinking Water State Revolving Fund Law of 1997. Requires the State Environmental Protection Agency to prepare a project initiation document for the transfer of the state drinking water program from the State Department of Public Health to a Division of Drinking Water Quality.

**STATUS:**
08/30/2013 In SENATE Committee on APPROPRIATIONS: Held in committee.
NOTES: SDCWA Position: Oppose unless amended (3-28-2013)

**CA AB 147**

**AUTHOR:** Perez V [D]
**TITLE:** Realignment Omnibus Act of 2014
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 01/18/2013

Transfers to the State Water Resources Control Board the various duties and responsibilities imposed on the State Department of Public Health by the State Safe Drinking Water Act and the Safe Drinking Water State Revolving Fund Law of 1997. Requires the State Environmental Protection Agency to prepare a project initiation document for the transfer of the state drinking water program from the State Department of Public Health to a Division of Drinking Water Quality.

**STATUS:**
08/30/2013 In SENATE Committee on APPROPRIATIONS: Held in committee.
NOTES: SDCWA Position: Oppose unless amended (3-28-2013)
Requires that any person who is released from prison who has a prior conviction for a serious felony, a violent felony, and offense for which the person was sentenced pursuant to the 3-strikes law, a crime where a person is classified as a high-risk offender, or a crime where the person is required to undergo mental health treatment, be subject to parole supervision by the Department of Corrections and Rehabilitation and the court in the county of residence or in which an alleged violation occurred.

Amends existing law requires the Secretary of the Natural Resources Agency, in consultation and coordination with the Salton Sea Authority, to lead Salton Sea restoration efforts. Eliminates the requirement that the Secretary and the Legislature have final approval for any proposed restoration plan. Authorizes the Authority to lead a feasibility study. Prohibits a study or other activity from delaying the planning and implementation of ongoing and planned restoration projects.

Amends the Global Warming Solutions Act of 2006. Requires the State Air Resources Board to adopt a specified process for the review and consideration of new offset protocols for reducing greenhouse gases and, commencing in 2014 and continuing thereafter, use that process to review and consider new
offset protocols. Requires the board to adopt guidelines and incentives that prioritize the approval of specified offset protocols. Requires the board to submit a specified annual report to the Legislature.

**Status:**

- 01/31/2014: Died pursuant to Art. IV, Sec. 10(c) of the Constitution.
- 02/03/2014: From Committee: Filed with the Chief Clerk pursuant to JR 56.

### CA AB 160

**Author:** Alejo [D]

**Title:** Public Employees’ Pension Reform Act: Exceptions

**Fiscal Committee:** Yes

**Urgency Clause:** Yes

**Introduced:** 01/22/2013

**Last Amend:** 05/28/2013

**Disposition:** Failed

**Location:** ASSEMBLY

**Summary:**

Excepts from the Public Employees’ Pension Reform Act of 2013 certain multiemployer plans authorized under federal law and retirement plans for public employees whose collective bargaining rights are protected by a specified provision of federal law if a federal agency determines a conflict with federal law. Excludes from the definition of a supplemental defined benefit plan for purposes of a prohibition in the Act, a multiemployer plan, pursuant to a collective bargaining or similar agreement.

**Status:**

- 01/31/2014: Died pursuant to Art. IV, Sec. 10(c) of the Constitution.
- 02/03/2014: From Committee: Filed with the Chief Clerk pursuant to JR 56.

### CA AB 162

**Author:** Holden [D]

**Title:** Telecommunications: 911 Emergency Assistance

**Fiscal Committee:** Yes

**Urgency Clause:** No

**Introduced:** 01/23/2013

**Last Amend:** 05/09/2013

**Disposition:** Failed

**Location:** ASSEMBLY

**Summary:**

Makes legislative findings and declaration relating to the criticalness of maintaining signal strength and call reliability for 911 calls from cellular telephones. States the intent of the Legislature to subsequently amend this legislation to include provisions that would increase network capacity on existing wireless structures in order to serve the needs of safety personnel and the public of the state.

**Status:**

- 01/31/2014: Died pursuant to Art. IV, Sec. 10(c) of the Constitution.
- 02/03/2014: From Committee: Filed with the Chief Clerk pursuant to JR 56.

### CA AB 164

**Author:** Wieckowski [D]

**Title:** Infrastructure Financing

**Fiscal Committee:** No

**Urgency Clause:** No

- **Introduced:**
- **Last Amend:**
- **Disposition:**
- **Location:**
- **Summary:**
- **Status:**
Requires a lease agreement between a governmental agency undertaking an infrastructure project and a private entity to include performance bonds as security to ensure the completion of the construction of the facility and payment bonds to secure the payment of claims of laborers, mechanics, and materials suppliers employed on the work under contract.

Provides the time frame for destruction of an audio or video recording of an open and public meeting. Requires a local agency that collects a franchise fee from a state franchise holder that provides public, educational, and government access channels to televise the open and public meetings of its legislative body and planning commission, unless such is a financial hardship, then meetings would be broadcast via an audio-visual medium. Authorizes the use of franchise fees to implement such televising.

Amends the Ralph M. Brown Act that requires every agenda for a regular meeting or notice for a special meeting of a local legislative body to provide an opportunity for members of the public to address the legislative body on items being considered by the legislative body. Expands the authorization for a district attorney or interested party to seek a judicial determination that an action taken by a legislative body is null and void if the legislative body violates this requirement.
CA AB 218

AUTHOR: Dickinson [D]

TITLE: Employment Applications: Criminal History

FISCAL COMMITTEE: no

URGENCY CLAUSE: no

INTRODUCED: 02/04/2013

ENACTED: 10/10/2013

DISPOSITION: Enacted

LOCATION: Chaptered

CHAPTER: 699

SUMMARY: Prohibits a state or local agency from asking an applicant for employment to disclose information regarding a criminal conviction until the agency has determined the applicant meets the minimum employment qualifications for the position. Includes specified findings and declarations of the Legislature in support of this policy.

STATUS: 
10/10/2013 Signed by GOVERNOR.
10/10/2013 Chaptered by Secretary of State. Chapter No. 699

CA AB 229

AUTHOR: Perez J [D]

TITLE: Infrastructure and Revitalization Financing Districts

FISCAL COMMITTEE: yes

URGENCY CLAUSE: no

INTRODUCED: 02/04/2013

LAST AMEND: 08/12/2013

DISPOSITION: Pending

FILE: A-8

LOCATION: Assembly Inactive File

SUMMARY: Authorizes the creation by a city, county, city and county, and joint powers authority, of an infrastructure and revitalization financing district and the issuance of debt with voter approval. Authorizes the creation of a district and the issuance of debt. Authorizes a district to finance projects in redevelopment project areas and former redevelopment project areas and former military bases.

STATUS: 
09/11/2013 In ASSEMBLY. From Unfinished Business. To Inactive File.

CA AB 240

AUTHOR: Rendon [D]

TITLE: Mutual Water Companies

FISCAL COMMITTEE: yes

URGENCY CLAUSE: no

INTRODUCED: 02/05/2013

ENACTED: 10/08/2013

DISPOSITION: Enacted

LOCATION: Chaptered

CHAPTER: 633

SUMMARY: Relates to mutual water company board member training. Permits the board to record a notice of lien against a shareholder's property if the shareholder has not timely paid any rate, charge, or assessment arising from, or related to,
water services provided by the company. Enacts the Mutual Water Company Open Meeting Act. Requires budget adoption in an open meeting. Relates to mutual water company auditing contracts. Authorizes funding for certain entities for water quality projects for the City of Maywood.

**STATUS:**
10/08/2013 Signed by GOVERNOR.
10/08/2013 Chaptered by Secretary of State. Chapter No. 633

**CA AB 246**
**AUTHOR:** Bradford [D]
**TITLE:** Local Government: Open Meetings
**FISCAL COMMITTEE:** no
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/06/2013
**ENACTED:** 06/24/2013
**DISPOSITION:** Enacted
**LOCATION:** Chaptered
**CHAPTER:** 11

**SUMMARY:**
Authorizes, under the Ralph M. Brown Act, the legislative body of a local agency to hold closed sessions with the Governor, with regards to matters that pose a threat to the security of public buildings, a threat to the security of essential public services, or a threat to the public’s right of access to public services or public facilities. Makes various other technical nonsubstantive changes to the Ralph M. Brown Act.

**STATUS:**
06/24/2013 Signed by GOVERNOR.
06/24/2013 Chaptered by Secretary of State. Chapter No. 11

**CA AB 262**
**AUTHOR:** Waldron [R]
**TITLE:** Local Government: Organization
**FISCAL COMMITTEE:** no
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/07/2013
**DISPOSITION:** Failed
**LOCATION:** ASSEMBLY

**SUMMARY:**
Makes technical, nonsubstantive changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 that governs the procedures for the formation, change of organization, and reorganization of cities and special districts.

**STATUS:**
02/03/2014 Died at Desk.

**CA AB 279**
**AUTHOR:** Dickinson [D]
**TITLE:** Financial Affairs
**FISCAL COMMITTEE:** no
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/11/2013
**ENACTED:** 09/06/2013
**DISPOSITION:** Enacted
**LOCATION:** Chaptered
**CHAPTER:** 228
Amends existing law that prescribes the instruments in and criteria by which a local agency may invest and deposit its funds, including its surplus funds and authorizes such agency to invest in specified certificates of deposit. Removes the term certificates of deposit. Authorizes such agency to invest in specified deposits. Limits the amount of its funds that an agency may place with any one private sector entity or with one or more commercial banks, savings banks, savings and loans, or credit unions.

STATUS:
09/06/2013 Signed by GOVERNOR.
09/06/2013 Chaptered by Secretary of State. Chapter No. 228

CA AB 295

AUTHOR: Water, Parks and Wildlife Cmt
TITLE: Water: Water Supply: Infrastructure
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/11/2013
LAST AMEND: 05/06/2013
DISPOSITION: Failed
LOCATION: ASSEMBLY

SUMMARY:
Requires the State Water Resources Control Board and the Drinking Water and Environmental Management Division of the State Department of Public Health to initiate and complete a comprehensive study relating to the need for state funding for water projects and to provide a report to the Legislature summarizing those findings.

STATUS:
01/31/2014 Died pursuant to Art. IV, Sec. 10(c) of the Constitution.
02/03/2014 From Committee: Filed with the Chief Clerk pursuant to JR 56.

CA AB 378

AUTHOR: Hueso [D]
TITLE: Resources: Delta Research
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/14/2013
DISPOSITION: Failed
LOCATION: ASSEMBLY

SUMMARY:
Requires a person conducting Delta research whose research is funded, in whole or in part, by the state, to take specified actions with regard to the sharing of the primary data, samples, physical collections, and other supporting materials created or gathered in the course of that research. Authorizes the Delta Independent Science Board to adopt guidelines to provide adjustments to, and, where essential, exceptions from, these requirements.

STATUS:
01/31/2014 Died pursuant to Art. IV, Sec. 10(c) of the Constitution.
02/03/2014 From Committee: Filed with the Chief Clerk pursuant to JR 56.

CA AB 380

AUTHOR: Dickinson [D]
TITLE: California Environmental Quality Act: Notice
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no

SUMMARY:

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CA AB 407

INTRODUCED: 02/14/2013
LAST AMEND: 05/24/2013
DISPOSITION: Pending
LOCATION: Senate Environmental Quality Committee
SUMMARY: Amends the California Environmental Quality Act. Requires that notices regarding environmental impact reports filed by lead agencies need to be filed with the Office of Planning and Research and the county clerk and posted by the clerk for public review. Provides notice requirements for projects that are determined to be exempted from the Act.

STATUS: 06/13/2013
NOTES: To SENATE Committee on ENVIRONMENTAL QUALITY.
SDCWA Position: Oppose unless amended (4-25-13)

AUTHOR: Perez V [D]
TITLE: Renewable Energy Resources: Salton Sea
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/15/2013
LAST AMEND: 02/20/2014
DISPOSITION: Pending
LOCATION: Senate Energy, Utilities and Communications Committee
SUMMARY: Requires the State Energy Resources Conservation and Development Commission, in consultation with the Public Utilities Commission and the Independent System Operator, to convene a stakeholders group to identify impediments and recommended steps that should be taken to properly maintain, develop, integrate and transmit electricity generated by eligible renewable energy resources located in and around the Salton Sea Known Geothermal Resource Area and the Geysers Geothermal Field.

STATUS: 03/06/2014
Commentary: Re-referred to SENATE Committee on ENERGY, UTILITIES AND COMMUNICATIONS.

SDCWA Position: Support (4-24-14)

CA AB 409

AUTHOR: Quirk-Silva [D]
TITLE: Political Reform Act: Statements: Online Filing
FISCAL COMMITTEE: no
URGENCY CLAUSE: yes
INTRODUCED: 02/15/2013
ENACTED: 10/08/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 643
SUMMARY: Authorizes the Fair Political Practices Commission to develop and operate an online system for filing statements of economic interests meeting specified requirements. Provides that with certain exceptions, filers would be authorized to use the system to meet requirements under the Act.

STATUS: 10/08/2013
Signed by GOVERNOR.
10/08/2013
Chaptered by Secretary of State. Chapter No. 643
CA AB 416

AUTHOR: Gordon [D]
TITLE: Local Emission Reduction Program
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/15/2013
LAST AMEND: 04/04/2013
DISPOSITION: Failed
LOCATION: ASSEMBLY
SUMMARY: Creates the Local Emission Reduction Program and requires money to be available from the general fund for providing grants and other financial assistance to develop and implement greenhouse gas emissions reduction projects in the state, giving consideration to the ability of a project to create local job training and job creation benefits and achieve greenhouse gas emissions reduction. Provides the public entities that will be required to administer the program.
STATUS:
01/31/2014 Died pursuant to Art. IV, Sec. 10(c) of the Constitution.
02/03/2014 From Committee: Filed with the Chief Clerk pursuant to JR 56.

CA AB 426

AUTHOR: Salas [D]
TITLE: Water Transfers: Water Rights Decrees
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/15/2013
ENACTED: 10/08/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 634
SUMMARY: Amends existing law that provides that any water right determined under a court decree issued after a specified date, is transferable. Eliminates the requirement that a court decree be issued after a specified date.
STATUS:
10/08/2013 Signed by GOVERNOR.
10/08/2013 Chaptered by Secretary of State. Chapter No. 634

CA AB 515

AUTHOR: Dickinson [D]
TITLE: State Environmental Quality Act: Writ of Mandate
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/20/2013
LAST AMEND: 03/17/2014
DISPOSITION: Pending
LOCATION: Senate Environmental Quality Committee
SUMMARY: Amends the State Environmental Quality Act that requires a court, if it finds that a public agency has violated the requirements of the Act, to issue an order, in the form of a peremptory writ of mandate. Requires the writ to specify the time by which the public agency is to make an initial return of the writ containing specified information. Requires the court to issue a determination indicating
whether actions specified in the initial return and subsequent returns are adequate to comply with the writ.

STATUS:
03/17/2014 From SENATE Committee on ENVIRONMENTAL QUALITY with author's amendments.
03/17/2014 In SENATE. Read second time and amended. Re-referred to Committee on ENVIRONMENTAL QUALITY.

CA AB 519

AUTHOR: Logue [R]
TITLE: Unfair Competition
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/20/2013
LAST AMEND: 03/19/2013
DISPOSITION: Failed
LOCATION: ASSEMBLY

SUMMARY: Relates to unfair competition. Requires the court, prior to the imposition of any civil penalty, to consider all factors in mitigation of both the imposition and amount of any civil penalty.
STATUS:
01/31/2014 Died pursuant to Art. IV, Sec. 10(c) of the Constitution.
02/03/2014 From Committee: Filed with the Chief Clerk pursuant to JR 56.

CA AB 527

AUTHOR: Gaines B [R]
TITLE: Global Warming Solutions: Western Climate Initiative
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/20/2013
VETOED: 09/28/2013
DISPOSITION: Vetoed
LOCATION: Vetoed

SUMMARY: Amends existing law that exempts the Western Climate Initiative, Incorporated, and its appointees from the Bagley-Keene Open Meetings Act when performing their duties. Repeals that exemption.
STATUS:
09/28/2013 Vetoed by GOVERNOR.

CA AB 536

AUTHOR: Wagner [R]
TITLE: Contractors: Payments
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/20/2013
LAST AMEND: 01/06/2014
DISPOSITION: Failed
LOCATION: ASSEMBLY

SUMMARY: Amends existing law that allows specified persons to withhold from a contractor or subcontractor no more than a specified percentage of any disputed amount if there is a good faith dispute over the amount due on a contract payment. Excludes the amount of specified claims from being considered disputed
### CA AB 537

**AUTHOR:** Bonta [D]  
**TITLE:** Meyers-Milias-Brown Act: Impasse Procedures  
**FISCAL COMMITTEE:** no  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/20/2013  
**ENACTED:** 10/13/2013  
**DISPOSITION:** Enacted  
**LOCATION:** Chaptered  
**CHAPTER:** 785  

**SUMMARY:** Amends existing law requiring the governing body of a local public agency to meet and confer in good faith regarding wages, hours, and other terms and conditions of employment with representatives of a recognized employee organization. Requires that, if a certain tentative agreement is reached by parties, the governing body shall vote to accept or reject that agreement within a specified time period. Provides that a charge for failure to meet and confer in good faith shall not be barred in certain cases.

**STATUS:**  
01/31/2014 Died pursuant to Art. IV, Sec. 10(c) of the Constitution.  
02/03/2014 From Committee: Filed with the Chief Clerk pursuant to JR 56.

### CA AB 543

**AUTHOR:** Campos [D]  
**TITLE:** California Environmental Quality Act: Translation  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/20/2013  
**LAST AMEND:** 05/24/2013  
**DISPOSITION:** Pending  
**LOCATION:** Senate Environmental Quality Committee  

**SUMMARY:** Requires a lead agency to translate certain notices required by the California Environmental Quality Act and a summary of any negative declaration, mitigated negative declaration, or environmental impact report when a group of non-English-speaking people comprises at minimum percentage of the population within the lead agency's jurisdiction and the proposed project is to be located at or near an area where the group of non-English-speaking people comprises that same percentage of residents of the area.

**STATUS:**  
06/13/2013 Re-referred to SENATE Committee on ENVIRONMENTAL QUALITY.  
**NOTES:** SDCWA Position: Oppose (4-25-13)

### CA AB 550

**AUTHOR:** Brown [D]  
**TITLE:** Office of Small and Disabled Veteran Business  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/20/2013  
**LAST AMEND:** 04/16/2013
Requires the head of a state agency to ensure a state contracting program is administered in a manner that promotes small business participation. Requires the head of the agency to annually review small business participation levels and to develop a plan for increasing small business participation levels when levels are low. Requires the Department of General Services and the Office of the Small Business Advocate to serve as a resource to assist the heads of agencies identify contracting best practices.

STATUS:
01/31/2014 Died pursuant to Art. IV, Sec. 10(c) of the Constitution.
02/03/2014 From Committee: Filed with the Chief Clerk pursuant to JR 56.

CA AB 562

AUTHOR: Williams [D]
TITLE: Economic Development Subsidies: Local Agency Review
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/20/2013
ENACTED: 10/11/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 740
SUMMARY:
Relates to economic development activities by state and local agencies. Requires each defined local agency to provide information to the public before approving an economic development subsidy, and to hold hearings and report on those subsidies at specified intervals.

STATUS:
10/11/2013 Signed by GOVERNOR.
10/11/2013 Chaptered by Secretary of State. Chapter No. 740

CA AB 613

AUTHOR: Hueso [D]
TITLE: Water Reclamation
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/20/2013
DISPOSITION: Failed
LOCATION: ASSEMBLY
SUMMARY:
Makes technical, nonsubstantive changes to a provision of the Water Recycling Law that provides that a person recycling water or using recycled water in violation of specific provisions is guilty of a misdemeanor.

STATUS:
02/03/2014 Died at Desk.
NOTES: SDCWA Position: Sponsor (bill is now SB 322; author moved from Assembly to Senate)

CA AB 616

AUTHOR: Bocanegra [D]
TITLE: Local Public Employee Organizations: Dispute: Panels
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/20/2013  
LAST AMEND: 06/17/2013  
DISPOSITION: Pending  
LOCATION: Senate Appropriations Committee  
SUMMARY: 
Relates to local public employee organizations. Requires an organization request for a dispute to be in writing. Provides if either party disputes that a genuine impasse has been reached, the issue of whether the impasse exists may be submitted to the Public Employees Relations Board for resolution before the dispute is submitted to a factfinding panel. Authorizes each party to select a person to serve as its member of the factfinding panels.

STATUS: 08/30/2013  In SENATE Committee on APPROPRIATIONS: Held in committee.

CA AB 621  
AUTHOR: Wagner [R]  
TITLE: Local Government: Bonds  
FISCAL COMMITTEE: no  
URGENCY CLAUSE: no  
INTRODUCED: 02/20/2013  
LAST AMEND: 02/24/2014  
DISPOSITION: Pending  
LOCATION: Senate Governance and Finance Committee  
SUMMARY: 
Relates to local government bonds and investment firms. Prohibits a local agency from entering into a financial advisory, legal advisory, underwriting, or similar relationship with an individual or firm that provides or will provide bond campaign services to the bond campaign. Provides an exemption from that prohibition. Prohibits such a relationship with respect to the new issue of bonds requiring voter approval on or after a specified date. Defines certain terms for those purposes.

STATUS: 02/24/2014  From SENATE Committee on GOVERNANCE AND FINANCE with author's amendments.  
02/24/2014  In SENATE. Read second time and amended. Re-referred to Committee on GOVERNANCE AND FINANCE.

CA AB 649  
AUTHOR: Nazarian [D]  
TITLE: Oil and Gas: Hydraulic Fracturing  
FISCAL COMMITTEE: yes  
URGENCY CLAUSE: no  
INTRODUCED: 02/21/2013  
LAST AMEND: 05/08/2013  
DISPOSITION: Failed  
LOCATION: ASSEMBLY  
SUMMARY: 
Prohibits hydraulic fracturing, as well as the use of clean freshwater for purposes of hydraulic fracturing, on any oil or gas well, if the well is located within a specified distance of a home, public building, school, surface waters, underground source of drinking water, or any sensitive human or environmental resource from an aquifer, until the completion of a report and a determination that hydraulic fracturing can be conducted without a risk to the public health, welfare, environment, or the economy.
CA AB 669

AUTHOR: Stone [D]
TITLE: Oil and Gas: Drilling
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/21/2013
LAST AMEND: 05/24/2013
DISPOSITION: Failed
LOCATION: ASSEMBLY
SUMMARY:
Requires an oil or gas well operator prior to drilling to submit proof that the Regional Water Quality Control Board has approved the wastewater disposal for the well. Requires the State Oil and Gas Supervisor to include information on the origin and total amount of freshwater used in each county for the production of oil and gas production, the disposal of wastewater and well casing failures. Requires well operators to provide a copy of the hydraulic fracturing treatment permit to surface property owners.

STATUS:
02/03/2014 Died on Inactive File.

CA AB 687

AUTHOR: Hernandez R [D]
TITLE: Electricity
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/21/2013
LAST AMEND: 02/04/2014
DISPOSITION: Pending
LOCATION: Senate Appropriations Committee
SUMMARY:
Requires the Public Utilities Commission, when authorizing additional direct transactions for retail nonresidential end-use customers, to provide the highest priority to acquire electric services from other providers to entities treating and remediating groundwater that is identified as contaminated on a site listed as a Superfund site in a disadvantaged or severely disadvantaged community or a public drinking water system of such communities. Requires the treatment and remediation using certain moneys.

STATUS:
02/04/2014 From SENATE Committee on APPROPRIATIONS with author's amendments.
02/04/2014 In SENATE. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.

CA AB 696

AUTHOR: Mansoor [R]
TITLE: Public Employment: Pensions
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/21/2013
DISPOSITION: Failed
LOCATION: ASSEMBLY
SUMMARY:
Makes technical, nonsubstantive changes to provisions of the Public Employee's Pensions Reform Act of 2013, which provides that the Judges' Retirement System I and the Judges' Retirement System II are not required to adopt the defined benefit formula contained in certain other provisions.

STATUS:
02/03/2014 Died at Desk.

CA AB 709

AUTHOR: Nestande [R]
TITLE: Salton Sea Authority: Restoration Plan
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/21/2013
LAST AMEND: 04/11/2013
DISPOSITION: Failed
LOCATION: ASSEMBLY
SUMMARY:
Requires the Salton Sea Authority develop and submit a restoration plan to the Legislative Analyst for review. Requires the Analyst to complete its review by a specified date, and if the Analyst determines that the plan is financially feasible and that the authority is capable of implementing the plan, the bill would appropriate from the Salton Sea Restoration Fund any moneys received under Proposition 84 to the authority to implement the plan. Designates the authority as the lead agency for restoration.

STATUS:
01/31/2014 Died pursuant to Art. IV, Sec. 10(c) of the Constitution.
02/03/2014 From Committee: Filed with the Chief Clerk pursuant to JR 56.

CA AB 729

AUTHOR: Hernandez R [D]
TITLE: Evidentiary Privileges: Union Agent-Represented Worker
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/21/2013
VETOED: 10/11/2013
DISPOSITION: Vetoed
LOCATION: Vetoed
SUMMARY:
Provides a union agent and a represented employee or represented former employee have a privilege to refuse to disclose any confidential communication between the employee or former employee and the agent while the agent was acting in his or her representative capacity. Provides an exception. Provides the represented employee and the represented former employee also have a privilege to prevent another person from disclosure. Provides for a waiver. Exempts the privilege from criminal proceedings.

STATUS:
10/11/2013 Vetoed by GOVERNOR.

CA AB 749

AUTHOR: Gorell [R]
TITLE: Public-Private Partnerships
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/21/2013

Page 243 of 341
Amends existing law that authorizes the State Department of Transportation and regional transportation agencies to enter into comprehensive development lease agreements with public and private entities, or consortia of those entities, for certain transportation projects that may charge certain users tolls and user fees and calls those arrangements public-private partnerships. States the intent of the Legislature for a project developed under these provisions to have specified characteristics.

CA AB 756

AUTHOR: Melendez [R]
TITLE: Environmental Quality Act: Court Review: Public Works
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/21/2013
LAST AMEND: 04/11/2013
DISPOSITION: Failed
LOCATION: ASSEMBLY
SUMMARY: Applies the provisions of the California Environmental Quality Act and the Jobs and Economic Improvement Through Environmental Leadership Act of 2011 to a public works project, defined to mean an infrastructure project carried out by the city, county, special district, or state government or contracted out to a private entity by the special district or local or state government.
STATUS: 01/31/2014 Died pursuant to Art. IV, Sec. 10(c) of the Constitution. 02/03/2014 From Committee: Filed with the Chief Clerk pursuant to JR 56.

CA AB 762

AUTHOR: Patterson [R]
TITLE: Renewable Energy Resources: Hydroelectric Generation
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/21/2013
LAST AMEND: 04/11/2013
DISPOSITION: Failed
LOCATION: ASSEMBLY
SUMMARY: Revises the definition of an eligible renewable energy resource for the purposes of the Renewables Portfolio Standard Program to include a hydroelectric generation facility of any size if it meets certain requirements.
STATUS: 01/31/2014 Died pursuant to Art. IV, Sec. 10(c) of the Constitution. 02/03/2014 From Committee: Filed with the Chief Clerk pursuant to JR 56.

NOTES: SDCWA Position: Support (3-28-2013)

CA AB 763

AUTHOR: Buchanan [D]
<table>
<thead>
<tr>
<th>ACT 792</th>
<th>Mullin [D]</th>
</tr>
</thead>
<tbody>
<tr>
<td>TITLE:</td>
<td>Aquatic Invasive Plants: Control and Eradication</td>
</tr>
<tr>
<td>FISCAL COMMITTEE:</td>
<td>yes</td>
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<tr>
<td>URGENCY CLAUSE:</td>
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<tr>
<td>INTRODUCED:</td>
<td>02/21/2013</td>
</tr>
<tr>
<td>ENACTED:</td>
<td>09/23/2013</td>
</tr>
<tr>
<td>DISPOSITION:</td>
<td>Enacted</td>
</tr>
<tr>
<td>LOCATION:</td>
<td>Chaptered</td>
</tr>
<tr>
<td>CHAPTER:</td>
<td>330</td>
</tr>
<tr>
<td>SUMMARY:</td>
<td>Designates the Division of Boating and Waterways as the lead agency of the state for the purpose of cooperating with other state, local, and federal agencies in identifying, detecting, controlling, and administering programs to manage invasive aquatic plants in the Sacramento-San Joaquin Delta, its tributaries, and the Suisun Marsh. Requires risk assessment to specify if the aquatic plant is considered to be invasive.</td>
</tr>
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**STATUS:**

- 09/23/2013 To GOVERNOR.
- 09/23/2013 Signed by GOVERNOR.
- 09/23/2013 Chaptered by Secretary of State. Chapter No. 330
- SDCWA Position: Support (3-28-2013)

<table>
<thead>
<tr>
<th>ACT 793</th>
<th>Gray [D]</th>
</tr>
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<tbody>
<tr>
<td>TITLE:</td>
<td>Utility User Tax: Exemption: Distributed Generation</td>
</tr>
<tr>
<td>FISCAL COMMITTEE:</td>
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<tr>
<td>URGENCY CLAUSE:</td>
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<tr>
<td>INTRODUCED:</td>
<td>02/21/2013</td>
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<tr>
<td>LAST AMEND:</td>
<td>07/09/2013</td>
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<tr>
<td>DISPOSITION:</td>
<td>Pending</td>
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<tr>
<td>FILE:</td>
<td>A-23</td>
</tr>
<tr>
<td>LOCATION:</td>
<td>Senate Inactive File</td>
</tr>
<tr>
<td>SUMMARY:</td>
<td>Exempts from any utility user tax imposed by a local jurisdiction, the consumption of electricity generated by a clean energy resource for the use of a single customer or customer’s tenants.</td>
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</table>

**STATUS:**

- 10/04/2013 Signed by GOVERNOR.
- 10/04/2013 Chaptered by Secretary of State. Chapter No. 534

<table>
<thead>
<tr>
<th>ACT 794</th>
<th>Gray [D]</th>
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<tbody>
<tr>
<td>TITLE:</td>
<td>Renewable Energy: Public Utilities: Hydroelectric</td>
</tr>
<tr>
<td>FISCAL COMMITTEE:</td>
<td>no</td>
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<tr>
<td>URGENCY CLAUSE:</td>
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<td>INTRODUCED:</td>
<td>02/21/2013</td>
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<tr>
<td>FILE:</td>
<td>A-23</td>
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<tr>
<td>LOCATION:</td>
<td>Senate Inactive File</td>
</tr>
<tr>
<td>SUMMARY:</td>
<td>Provides that a local publicly owned electric utility is not required to procure additional eligible renewable energy resources in excess of specified levels, if it receives 50% or greater of its annual retail sales from its own hydroelectric generation meeting specified requirements.</td>
</tr>
</tbody>
</table>
CA AB 803

**AUTHOR:** Gomez [D]

**TITLE:** Water Recycling Act of 2013

**FISCAL COMMITTEE:** yes

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/21/2013

**ENACTED:** 10/08/2013

**DISPOSITION:** Enacted

**LOCATION:** Chaptered

**CHAPTER:** 635

**SUMMARY:**

Creates the Water Recycling Act of 2013. Authorizes compliance with effluent limitations and any other permit or waste discharge requirements for the release or discharge of advanced treated purified water that meets certain conditions. Requires certain notification prior to any discharge being allowed. Requires a cemetery supplied with disinfected tertiary recycled treated water that installs a hose bib in a public access area to post visible signage and labeling indicating that the water is nonpotable.

**STATUS:**

10/08/2013 Signed by GOVERNOR.

10/08/2013 Chaptered by Secretary of State. Chapter No. 635

**NOTES:**

SDCWA Position: Support (3-28-2013)

CA AB 822

**AUTHOR:** Hall [D]

**TITLE:** Local Government Retirement Plans

**FISCAL COMMITTEE:** no

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/21/2013

**VETOED:** 10/12/2013

**DISPOSITION:** Vetoed

**LOCATION:** Vetoed

**SUMMARY:**

Requires whenever a local ordinance or measure qualifies for the ballot proposing to alter, replace, or eliminate the retirement benefit plan of local entity employees, the governing body secure the services of an independent actuary for a statement or a summary of the statement of the impact of the measure upon costs of the retirement plan and to place the statement in the sample ballot. Requires a notice about obtaining a copy of the measure to be on the sample ballot. Applies to specified entities.

**STATUS:**

10/12/2013 Vetoed by GOVERNOR.

CA AB 823

**AUTHOR:** Eggman [D]

**TITLE:** Environment: State Farmland Protection Act

**FISCAL COMMITTEE:** yes

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/21/2013

**LAST AMEND:** 04/23/2013

**DISPOSITION:** Failed

**LOCATION:** ASSEMBLY
SUMMARY:
Enacts the Farmland Protection Act. Requires that a lead agency reviewing a development project require that all feasible mitigation of the identified significant environmental impacts associated with the conversion of agricultural lands be completed by the project applicant and to consider the permanent protection or replacement of such land as feasible mitigation for identified significant effects on the land caused by the project.

STATUS:
01/31/2014 Died pursuant to Art. IV, Sec. 10(c) of the Constitution.
02/03/2014 From Committee: Filed with the Chief Clerk pursuant to JR 56.

NOTES:
SDCWA Position: Oppose (4-25-13)

CA AB 850

AUTHOR: Nazarian [D]
TITLE: Public Capital Facilities: Water Quality
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/21/2013
ENACTED: 10/08/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 636
SUMMARY:
Authorizes specified joint powers authorities, upon application of a local agency that owns and operates a publicly owned utility, to issue rate reduction bonds for a utility project. Provides the bonds are secured by utility project property. Authorizes a utility project charge to finance such bonds. Requires a bond review for issue qualification. Requires application fees for bond review cost reimbursement. Requires the Pollution Control Financing Authority to establish procedures for expedited review.

STATUS:
10/08/2013 Signed by GOVERNOR.
10/08/2013 Chaptered by Secretary of State. Chapter No. 636

CA AB 931

AUTHOR: Gaines B [R]
TITLE: Public Employee Retirement: Health Benefits
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
LAST AMEND: 03/21/2013
DISPOSITION: Failed
LOCATION: ASSEMBLY
SUMMARY:
Relates to the Board of Administration of the Public Employees' Retirement System. Requires the board to establish a wellness program that provides financial incentives for participation. Requires the board to offer a high deductible health plan and a health savings account option to public employees and annuitants. Establish the Public Employees' Health Savings Fund for employees who elect the high deductible or health savings plan option.

STATUS:
01/31/2014 Died pursuant to Art. IV, Sec. 10(c) of the Constitution.
02/03/2014 From Committee: Filed with the Chief Clerk pursuant to JR 56.
CA AB 934

AUTHOR: Cooley [D]
TITLE: Local Agencies: Unclaimed Money
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
ENACTED: 10/01/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 457
SUMMARY: Requires a local agency to document that it has made a reasonable effort to locate and notify the victim to whom restitution is owed if, at the expiration of a specified time period, the agency elects to use restitution funds for victim services.
STATUS: 10/01/2013 Signed by GOVERNOR.
10/01/2013 Chaptered by Secretary of State. Chapter No. 457

CA AB 941

AUTHOR: Rendon [D]
TITLE: Controller: Reports
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
LAST AMEND: 04/23/2013
DISPOSITION: Failed
LOCATION: ASSEMBLY
SUMMARY: Amend existing law which requires the Controller to annually compile and publish reports of the financial transactions of each county, city and school district, or community redevelopment agency. Changes the definition of a special district subject to the reporting requirements of the Controller. Authorizes the Controller to perform certain audits or investigations. Raises certain forfeiture amounts for all local agencies. Doubles the fines for failure to submit a report for two consecutive years.
STATUS: 01/31/2014 Died pursuant to Art. IV, Sec. 10(c) of the Constitution.
02/03/2014 From Committee: Filed with the Chief Clerk pursuant to JR 56.

CA AB 953

AUTHOR: Ammiano [D]
TITLE: California Environmental Quality Act
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
DISPOSITION: Failed
LOCATION: ASSEMBLY
SUMMARY: Amends the California Environmental Quality Act, which defines environment and significant effect on the environment for certain purposes. Revises those definitions. Requires a lead agency to include in an environmental assessment report, a detailed statement on any effects that may result in the locating a proposed project near natural hazards or adverse environmental conditions.
CA AB 982

**STATUS:**
02/03/2014 Died on Inactive File.

**NOTES:**
SDCWA Position: Oppose (4-25-13)

**AUTHOR:**
Williams [D]

**TITLE:**
Oil and Gas: Hydraulic Fracturing

**FISCAL COMMITTEE:**
yes

**URGENCY CLAUSE:**
no

**INTRODUCED:**
02/22/2013

**LAST AMEND:**
05/07/2013

**DISPOSITION:**
Failed

**LOCATION:**
ASSEMBLY

**SUMMARY:**
Defines hydraulic fracturing. Requires any notice of intent to drill, rework, or deepen a well where hydraulic fracturing will occur to include a groundwater monitoring plan for review and approval by the appropriate regional water quality control board, which would contain specific information relating to groundwater, water quality, and the monitoring of wells and water quality. Requires any notice of intent to provide information regarding the amount and source of the water used during such operations.

**STATUS:**
01/31/2014 Died pursuant to Art. IV, Sec. 10(c) of the Constitution.
02/03/2014 From Committee: Filed with the Chief Clerk pursuant to JR 56.

CA AB 1035

**AUTHOR:**
Perez J [D]

**TITLE:**
Workers' Compensation: Firefighters/Peace Officers

**FISCAL COMMITTEE:**
no

**URGENCY CLAUSE:**
no

**INTRODUCED:**
02/22/2013

**LAST AMEND:**
04/22/2014

**DISPOSITION:**
To Governor

**LOCATION:**
To enrollment

**SUMMARY:**
Relates to workers' compensation and firefighters and peace officers. Extend the time period to commence proceedings to collect death benefits, if the proceedings are brought by, or on behalf of, a person who is a dependent on the date of death. Applies only to injuries causing death including cancer, tuberculosis, or a blood-borne infectious disease or certain skin infections. Prohibits the payment of death benefits under these provisions under specified circumstances.

**STATUS:**
05/01/2014 In ASSEMBLY. ASSEMBLY concurred in SENATE amendments. To enrollment. (72-1)

CA AB 1043

**AUTHOR:**
Chau [D]

**TITLE:**
Drinking Water, Quality, Flood, River Protection

**FISCAL COMMITTEE:**
yes

**URGENCY CLAUSE:**
no

**INTRODUCED:**
02/22/2013

**LAST AMEND:**
04/16/2013

**DISPOSITION:**
Pending

**LOCATION:**
Senate Natural Resources and Water Committee
SUMMARY:
Amends the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006. Eliminates the requirement to develop and adopt regulations and requires a grantee of certain initiative bond act funds to take specific actions to recover the costs of cleanup and to utilize those funds for certain groundwater contamination cleanup projects.

STATUS:
06/25/2013 In SENATE Committee on NATURAL RESOURCES AND WATER: Not heard.

CA AB 1078
AUTHOR: Quirk [D]
TITLE: Water: Water Recycling Technology
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
DISPOSITION: Failed
LOCATION: ASSEMBLY
SUMMARY:
States the intent of the Legislature to enact legislation to encourage the creation of new technologies to further the use of recycled water in the state.

STATUS:
02/03/2014 Died at Desk.

CA AB 1095
AUTHOR: Nestande [R]
TITLE: Junk Dealers and Recyclers: Nonferrous Materials
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
LAST AMEND: 03/14/2013
DISPOSITION: Failed
LOCATION: ASSEMBLY
SUMMARY:
Requires a junk dealer or recycler of nonferrous materials to provide payment for the materials by check only. Provides the procedures for such payment. Provides an exception from the check only requirement for providing proof of ownership and for providing a statement from a contractor if the materials are from a home during construction. Provides a crime for false documentation by a contractor. Requires the dealer or recycler to maintain documentation.

STATUS:
01/31/2014 Died pursuant to Art. IV, Sec. 10(c) of the Constitution.
02/03/2014 From Committee: Filed with the Chief Clerk pursuant to JR 56.

CA AB 1096
AUTHOR: Nestande [R]
TITLE: Specialized License Plates: Salton Sea
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
LAST AMEND: 05/02/2013
DISPOSITION: Pending
LOCATION: Senate Rules Committee
SUMMARY:
Authorizes the Department of Fish and Wildlife to apply to the Department of
Motor Vehicles to sponsor a special Salton Sea license plate program. Requires the Department of Motor Vehicles to issue the plates if the Department of Fish and Wildlife meets certain requirements. Requires the plates to bear a full-plate graphic design. Requires the payment of an additional fee for the plate. Requires the fee moneys to be deposited in the Salton Sea Restoration Account.

**STATUS:**

06/13/2013  To SENATE Committee on RULES.
NOTES: SDCWA Position: Support (5-23-13)

**CA AB 1140**

**AUTHOR:** Daly [D]
**TITLE:** Public Works: Prevailing Wages
**URGENCY CLAUSE:** yes
**INTRODUCED:** 02/22/2013
**VETOED:** 10/13/2013
**DISPOSITION:** Vetoed
**LOCATION:** Vetoed

States that if the Director of Industrial Relations determines, within a semiannual period, that there is a change in any prevailing rate of per diem wages in a locality, that determination applies to any public works. Authorizes any contractor, awarding body, or representative affected by a change in rates to file with the director a verified petition to review the determination of that rate. Requires the initiation of an investigation or hearing to make a final determination.

**STATUS:**

10/13/2013  Vetoed by GOVERNOR.

**CA AB 1149**

**AUTHOR:** Campos [D]
**TITLE:** Identity Theft: Local Agencies
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/22/2013
**ENACTED:** 09/27/2013
**DISPOSITION:** Enacted
**LOCATION:** Chaptered
**CHAPTER:** 395

Relates to disclosure of any breach of an agency security to any resident whose unencrypted personal information was acquired by an unauthorized person. Expands disclosure requirements to apply to a breach of computerized data that is owned or licensed by a local agency.

**STATUS:**

09/27/2013  Signed by GOVERNOR.
09/27/2013  Chaptered by Secretary of State. Chapter No. 395

**CA AB 1156**

**AUTHOR:** Perez V [D]
**TITLE:** Palo Verde Irrigation District Act
**URGENCY CLAUSE:** yes
**INTRODUCED:** 02/22/2013
**ENACTED:** 09/06/2013
**DISPOSITION:** Enacted
<table>
<thead>
<tr>
<th>LOCATION:</th>
<th>Chaptered</th>
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</thead>
<tbody>
<tr>
<td>CHAPTER:</td>
<td>245</td>
</tr>
<tr>
<td>SUMMARY:</td>
<td>Entitles a person, firm, or corporation that owns land to vote at the specified elections relating to the Palo Verde Irrigation District. Entitles each property owner to one vote for every one acre of land owned. Requires the district to hold a public hearing regarding these changed to the weighted voted system.</td>
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<tr>
<td>STATUS:</td>
<td>09/06/2013 Signed by GOVERNOR. 09/06/2013 Chaptered by Secretary of State. Chapter No. 245</td>
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</tbody>
</table>

**CA AB 1158**

| AUTHOR: | Waldron [R] |
| TITLE: | Vehicles: On-Street Parking for Electric Vehicles |
| FISCAL COMMITTEE: | no |
| URGENCY CLAUSE: | no |
| INTRODUCED: | 02/22/2013 |
| DISPOSITION: | Failed |
| LOCATION: | ASSEMBLY |
| SUMMARY: | Authorizes local authorities to adopt rules and regulations by ordinance or resolution regarding designating and enforcing on-street parking spaces for electric vehicles. |
| STATUS: | 01/31/2014 Died pursuant to Art. IV, Sec. 10(c) of the Constitution. 02/03/2014 From Committee: Filed with the Chief Clerk pursuant to JR 56. |

**CA AB 1175**

| AUTHOR: | Bocanegra [D] |
| TITLE: | Cooperative Agreements: Agricultural Inspectors |
| FISCAL COMMITTEE: | yes |
| URGENCY CLAUSE: | no |
| INTRODUCED: | 02/22/2013 |
| LAST AMEND: | 03/13/2014 |
| DISPOSITION: | Pending |
| LOCATION: | Senate Agriculture Committee |
| SUMMARY: | Prohibits the Secretary of Food and Agriculture to enter into cooperative agreements with county of the first class for agricultural inspector services unless not less than a unspecified percent of the agricultural inspector associates not afforded protections as permanent employees employed under the cooperative agreement between the Secretary and the county board of supervisors are afforded protections as permanent employees. |
| STATUS: | 03/19/2014 Re-referred to SENATE Committee on AGRICULTURE. |

**CA AB 1190**

| AUTHOR: | Bloom [D] |
| TITLE: | Hazardous Waste: Transportation |
| FISCAL COMMITTEE: | yes |
| URGENCY CLAUSE: | no |
| INTRODUCED: | 02/22/2013 |
| LAST AMEND: | 07/01/2013 |
| DISPOSITION: | Pending |
| LOCATION: | Senate Environmental Quality Committee |
SUMMARY:
Exempts from the hazardous waste manifesting requirements a public utility, local publicly owned utility, or municipal utility district with regard to certain hazardous waste that is collected and transported as specified, subject to notice requirements.

STATUS:
07/01/2013 From SENATE Committee on ENVIRONMENTAL QUALITY with author's amendments.
07/01/2013 In SENATE. Read second time and amended. Re-referred to Committee on ENVIRONMENTAL QUALITY.

CA AB 1200
AUTHOR: Levine [D]
TITLE: Recycled Water: Agricultural Irrigation Impoundments
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
VETOED: 10/07/2013
DISPOSITION: Vetoed
LOCATION: Vetoed
SUMMARY:
Permits the San Francisco Bay Regional Water Quality Board to authorize a voluntary pilot project for the purposes of investigating potential water quality impacts associated with maximizing the supplementation of agricultural irrigation impoundments with disinfected tertiary treated recycled water, if the board finds the project satisfies specified criteria. Requires the project to include a stakeholder advisory group. Authorizes a formula development for future waste discharge requirements.

STATUS:
10/07/2013 Vetoed by GOVERNOR.

CA AB 1212
AUTHOR: Levine [D]
TITLE: Public Contracts: Bids: Equal Materials or Service
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
DISPOSITION: Failed
LOCATION: ASSEMBLY
SUMMARY:
Prohibits certain bid specifications from requiring a bidder to provide submission of data substantiating a request for a substitution of an equal item prior to the bid or proposal deadline.

STATUS:
01/31/2014 Died pursuant to Art. IV, Sec. 10(c) of the Constitution.
02/03/2014 From Committee: Filed with the Chief Clerk pursuant to JR 56.

CA AB 1235
AUTHOR: Gordon [D]
TITLE: Local Agencies: Financial Management Training
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
VETOED: 10/07/2013
DISPOSITION: Vetoed
Requires a local agency official, in local agency service as of a specified date, except for an official whose term of office ends before a specified date, to receive training in financial management if the agency provides any type of compensation, salary, or stipend to, or reimburses the expenses of, a member of the legislative body. Makes such training applicable to charter cities, charter counties, and charter cities and counties. Requires standardized criteria.

CA AB 1248

Requires the Controller to develop internal control guidelines applicable to a local agency to prevent and detect financial errors and fraud. Requires the Controller to post the completed guidelines on the Controller's Internet Web site and update them, as he or she deems necessary.

CA AB 1249

Requires an integrated regional water management plan to include an explanation of how the plan addressed nitrate contamination, or an explanation of why the plan does not address such concentration, if an area within the boundaries of the plan has been identified as a nitrate high-risk area by the State Water Resources Control Board; requires the Board when selecting projects for funding to establish a preference for project that implement plans that address nitrate impacts.

CA AB 1258

Requires standardized criteria.
Requires the State Energy Resources Conservation and Development Commission to perform a technical analysis of the potential use of existing hydroelectric and pumped storage facilities to provide additional operational flexibility that could facilitate the integration of eligible renewable energy resources for the state’s electrical grid. Requires the commission to complete its analysis and include its analysis in an energy policy review.

STATUS:
01/31/2014 Died pursuant to Art. IV, Sec. 10(c) of the Constitution.
02/03/2014 From Committee: Filed with the Chief Clerk pursuant to JR 56.

NOTES:
SDCWA Position: Watch (3-28-2013)

CA AB 1259

AUTHOR: Olsen [R]
TITLE: Sacramento-San Joaquin Valley
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
ENACTED: 09/06/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 246
SUMMARY:
Relates to the Central Valley Flood Protection Plan. Prohibits a city or county within the Sacramento-San Joaquin Valley from approving specified permits that would result in specified construction located within a flood hazard zone, and is required to deny approval of a tentative map, or a parcel map for which a tentative map was not required, for a subdivision located within the flood hazard zone.

STATUS:
09/06/2013 Signed by GOVERNOR.
09/06/2013 Chaptered by Secretary of State. Chapter No. 246

CA AB 1301

AUTHOR: Bloom [D]
TITLE: Oil and Gas: Hydraulic Fracturing
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
LAST AMEND: 03/21/2013
DISPOSITION: Failed
LOCATION: ASSEMBLY
SUMMARY:
Prohibits hydraulic fracturing in oil and gas operations until the Legislature enacts subsequent legislation that determines whether and under what conditions hydraulic fracturing may be conducted while protecting the public health and safety and the natural resources of the state.

STATUS:
01/31/2014 Died pursuant to Art. IV, Sec. 10(c) of the Constitution.
02/03/2014 From Committee: Filed with the Chief Clerk pursuant to JR 56.

CA AB 1302

AUTHOR: Hagman [R]
TITLE: Sustainable Environmental Protection Act
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
LAST AMEND: 03/21/2013
DISPOSITION: Failed
LOCATION: Assembly Natural Resources Committee
SUMMARY: Enacts the Sustainable Environmental Protection Act. Specifies the environmental review required pursuant to the CEQA for projects related to specified environmental topic areas. Prohibits certain causes of action. Provides that the act would only apply if the lead agency or project applicant has agreed to provide to the public in a readily accessible electronic format an annual compliance report prepared pursuant to the mitigation monitoring and reporting program.
STATUS: 08/13/2013 From ASSEMBLY Committee on NATURAL RESOURCES without further action pursuant to JR 62(a).

CA AB 1317

AUTHOR: Frazier [D]
TITLE: State Government Operations
FISCAL COMMITTEE: no
URGENCY CLAUSE: yes
INTRODUCED: 02/22/2013
ENACTED: 09/26/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 352
SUMMARY: Reallocates certain duties of abolished state entities and officers to establish state entities and officers, including reallocating specified duties of the abolished Business, Transportation and Housing Agency and its Secretary to the created Transportation Agency and its Secretary and the duties of the abolished Commissioner of Corporations to the Commissioner of Business Oversight.
STATUS: 09/26/2013 Signed by GOVERNOR.
09/26/2013 Chaptered by Secretary of State. Chapter No. 352

CA AB 1323

AUTHOR: Mitchell [D]
TITLE: Oil and Gas: Hydraulic Fracturing
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
LAST AMEND: 05/28/2013
DISPOSITION: Failed
LOCATION: Assembly Third Reading File
SUMMARY: Defines hydraulic fracturing in oil and gas operations and prohibits such fracturing until the date that regulations adopted by the Division of Oil, Gas,
and Geothermal Resources regulating such fracturing take effect.

**STATUS:**
05/30/2013 In ASSEMBLY. Read third time. Failed to pass ASSEMBLY. (24-37)

**CA AB 1330**

**AUTHOR:** Perez J [D]
**TITLE:** Environmental Justice
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/22/2013
**LAST AMEND:** 09/06/2013
**DISPOSITION:** Pending
**FILE:** A-47
**LOCATION:** Senate Inactive File

**SUMMARY:**
Requires the Secretary for Environmental Protection to periodically revise and update the agencywide strategy to identify and address any additional gaps in existing programs, policies, or activities that may impede the achievement of environmental justice. Requires a publicly available database of ongoing enforcement cases and compliance histories of regulated entities. Relates to the state hazardous waste management system. Relates to hazardous waste source reduction; relates to low income communities.

**STATUS:**
09/12/2013 In SENATE. From third reading. To Inactive File.

**CA AB 1331**

**AUTHOR:** Rendon [D]
**TITLE:** Clean, Safe, and Reliable Drinking Water Act of 2014
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/22/2013
**LAST AMEND:** 04/21/2014
**DISPOSITION:** Pending
**COMMITTEE:** Senate Environmental Quality Committee
**HEARING:** 05/07/2014 9:30 am

**SUMMARY:**
Repeals the provisions that would create the Safe, Clean, and Reliable Drinking Water Supply Act of 2012. Enacts the Clean, Safe, and Reliable Drinking Water Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in a specified amount pursuant to the State General Obligation Bond Law to finance a clean and safe drinking water program.

**STATUS:**
04/21/2014 From SENATE Committee on ENVIRONMENTAL QUALITY with author's amendments.
04/21/2014 In SENATE. Read second time and amended. Re-referred to Committee on ENVIRONMENTAL QUALITY.

**Commentary:**
SDCWA Position: Oppose unless amended (2-27-14)

**CA AB 1336**

**AUTHOR:** Frazier [D]
**TITLE:** Prevailing Wages: Payroll Records
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/22/2013
ENACTED: 10/13/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 792
SUMMARY:
Relates to the deadline for filing a civil penalty assessment against a contractor or subcontractor for a violation under the public works provisions. Extends the deadline for filing an action regarding prevailing wages under a public works contract. Requires that any copy of a payroll record made available for inspection to be marked or obliterated only to prevent disclosure of an individual's social security number. Authorizes civil penalties only against the employer not paying the prevailing wage.

STATUS:
10/13/2013 Chaptered by Secretary of State. Chapter No. 792

CA AB 1349

AUTHOR: Gatto [D]
TITLE: CalConserve Water Use Efficiency Revolving Fund
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
DISPOSITION: Failed
LOCATION: ASSEMBLY
SUMMARY:
Establishes the CalConserve Water Use Efficiency Revolving Fund for the purpose of water use efficiency projects. Requires moneys in the fund to be used for purposes that include, but are not limited to, at-or-below market interest rate loans.

STATUS:
01/31/2014 Died pursuant to Art. IV, Sec. 10(c) of the Constitution.
02/03/2014 From Committee: Filed with the Chief Clerk pursuant to JR 56.

NOTES:
SDCWA Position: Support (3-28-2013)

CA AB 1365

AUTHOR: Perez J [D]
TITLE: State and Local Agency Reports: Legislative Counsel
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
ENACTED: 08/28/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 192
SUMMARY:
Requires the Legislative Council to make a list of agency reports available to the public by posting it on an Internet Web site. Authorizes state and local agencies to file certain reports with the Counsel electronically, with a hyperlink for report access. Removes the requirement to remove obsolete reports from the list of reports and that the list be provided to each member of the Legislature. Requires providing a hyperlink to each member whereby the list or report could be accessed.

STATUS:
08/28/2013 Signed by GOVERNOR.
08/28/2013 Chaptered by Secretary of State. Chapter No. 192
CA AB 1393

AUTHOR: Perea [D]
TITLE: Personal Income Tax: Exclusion: Mortgage Forgiveness
FISCAL COMMITTEE: yes
URGENCY CLAUSE: yes
INTRODUCED: 03/04/2013
LAST AMEND: 04/07/2014
DISPOSITION: Pending
LOCATION: Senate Governance and Finance Committee
SUMMARY: Amends the Personal Income Tax Law that provides for modified conformity to specified provisions of federal income tax law relating to the exclusion of the discharge of qualified principal residence indebtedness from an individual's income. Conforms to the federal extension. Makes a continuous appropriation to the Franchise Tax Board in amounts necessary to make payments to taxpayers who have included in income and paid tax on such indebtedness that was discharged.
STATUS: 04/22/2014 Re-referred to SENATE Committee on GOVERNANCE AND FINANCE.

CA AB 1427

AUTHOR: Local Government Cmt
TITLE: Cortese-Knox-Hertzberg Local Government Reorganization
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 04/01/2013
ENACTED: 08/12/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 87
SUMMARY: Amends the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 that defines an independent district or independent special district. Provides the definition excludes districts with specified membership. Relates to district members residing within the county of the district. Regards district annexation or reorganization to any city in Santa Clara County. Revises provisions regarding district merger elections. Relates to district formation protest hearings.
STATUS: 08/12/2013 Signed by GOVERNOR.
08/12/2013 Chaptered by Secretary of State. Chapter No. 87

CA AB 1434

AUTHOR: Yamada [D]
TITLE: Low-Income Water Rate Assistance Program
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 01/06/2014
LAST AMEND: 04/24/2014
DISPOSITION: Pending
LOCATION: Assembly Appropriations Committee
SUMMARY: Requires the Department of Community Services and Development to develop a plan for the funding and implementation of the Low-Income Water Rate
Assistance Program. Requires water service providers to provide water bill discounts and subsidies to eligible low-income residential water ratepayers who enroll in the program. Creates a related fund. Authorizes the Department to expend moneys deposited in the fund for purposes of the program and to submit a related report to the Legislature.

STATUS:
04/24/2014 In ASSEMBLY. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.

CA AB 1445

AUTHOR: Logue [R]
TITLE: Water Infrastructure Act of 2014
FISCAL COMMITTEE: yes
URGENCY CLAUSE: yes
INTRODUCED: 01/06/2014
LAST AMEND: 02/14/2014
DISPOSITION: Pending
LOCATION: Assembly Water, Parks and Wildlife Committee
SUMMARY:
Repeals the provisions that would create the Safe, Clean, and Reliable Drinking Water Supply Act of 2012. Enacts the State Water Infrastructure Act of 2014. Authorizes the issuance of bonds in a specified amount to finance a public benefit associated with water storage and water quality improvement projects.

STATUS:
02/14/2014 To ASSEMBLY Committee on WATER, PARKS AND WILDLIFE.
02/14/2014 From ASSEMBLY Committee on WATER, PARKS AND WILDLIFE with author's amendments.
02/14/2014 In ASSEMBLY. Read second time and amended. Re-referred to Committee on WATER, PARKS AND WILDLIFE.

Commentary:
SDCWA Position: Oppose unless amended (2-27-14)

CA AB 1636

AUTHOR: Brown [D]
TITLE: Water Conservation
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/10/2014
LAST AMEND: 04/21/2014
DISPOSITION: Pending
LOCATION: Assembly Local Government Committee
SUMMARY:
Prohibits a city or county, during a drought emergency declared by the Governor, from enforcing a law or ordinance requiring a resident to water his or her lawn. Provides that a requirement imposed by a governmental entity or a public utility to limit, restrict, or conserve water during a drought emergency declared by the Governor does not constitute a diminution of rent or value of a premise or property.

STATUS:
04/24/2014 Re-referred to ASSEMBLY Committee on LOCAL GOVERNMENT.

Commentary:
SDCWA Position: Support and seek amendments (4-24-14)
CA AB 1671  
**AUTHOR:** Frazier [D]  
**TITLE:** Sacramento-San Joaquin Delta: Water Conveyance System  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/12/2014  
**DISPOSITION:** Pending  
**LOCATION:** Assembly Water, Parks and Wildlife Committee  
**SUMMARY:** Prohibits the Department of Water Resources from constructing water facilities as part of a specified water conveyance system unless specifically authorized by the Legislature.  
**STATUS:** 04/08/2014 In ASSEMBLY Committee on WATER, PARKS AND WILDLIFE: Not heard.

CA AB 1674  
**AUTHOR:** Bigelow [R]  
**TITLE:** Vended Water  
**FISCAL COMMITTEE:** no  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/12/2014  
**LAST AMEND:** 03/28/2014  
**DISPOSITION:** Pending  
**LOCATION:** Assembly Environmental Safety and Toxic Materials Committee  
**SUMMARY:** Amends existing law that prescribed various quality and labeling standards for bottled water and vender water, including mineral water, and limits the levels of certain contaminants that may be contained in those water products. Exempts a water-vending machine from those requirements if the drinking water vended by the machine derives from a groundwater basis that does not exceed the maximum contaminant levels.  
**STATUS:** 03/28/2014 To ASSEMBLY Committee on ENVIRONMENTAL SAFETY AND TOXIC MATERIALS.  
03/28/2014 From ASSEMBLY Committee on ENVIRONMENTAL SAFETY AND TOXIC MATERIALS with author's amendments.  
03/28/2014 In ASSEMBLY. Read second time and amended. Re-referred to Committee on ENVIRONMENTAL SAFETY AND TOXIC MATERIALS.

CA AB 1705  
**AUTHOR:** Williams [D]  
**TITLE:** Public Contracts: Payment  
**FISCAL COMMITTEE:** no  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/13/2014  
**LAST AMEND:** 03/28/2014  
**DISPOSITION:** Pending  
**FILE:** 83  
**LOCATION:** Assembly Third Reading File  
**SUMMARY:** Amends existing law that authorizes the retention proceeds withheld from any payment by an awarding entity from the original contractor, by the original contractor from any subcontractor, and by a subcontractor from any.
subcontractor, to exceed a specified percentage on projects that are substantially complex. Requires that the bid documents include details explaining the basis for the finding in addition to the actual retention amount.

**STATUS:**
05/05/2014  In ASSEMBLY.  Read third time.  Passed ASSEMBLY.  *****To SENATE.

**CA AB 1731**

**AUTHOR:** Perea [D]
**TITLE:** Integrated Regional Water Management Plans: Funding
**FISCAL COMMITTEE:** no
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/14/2014
**DISPOSITION:** Pending
**LOCATION:** Senate Natural Resources and Water Committee

**SUMMARY:**
Requires, in each integrated regional water management region, that not less than a specified percentage of any funding for integrated regional water management planning purposes be used to facilitate and support the participation of disadvantaged communities in integrated regional water management planning and for projects that address critical water supply or water quality needs for disadvantaged communities.

**STATUS:**
04/10/2014  To SENATE Committees on NATURAL RESOURCES AND WATER and ENVIRONMENTAL QUALITY.

**Commentary:**
SDCWA Position: Oppose unless amended (3-27-14)

**CA AB 1739**

**AUTHOR:** Dickinson [D]
**TITLE:** Groundwater Basin Management: Sustainability
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/14/2014
**LAST AMEND:** 04/22/2014
**DISPOSITION:** Pending
**LOCATION:** Assembly Appropriations Committee

**SUMMARY:**
Amends existing law concerning groundwater management plans adopted by local agencies. Requires a sustainable groundwater management plan to be adopted for certain basins by any groundwater management agency. Prohibits the extraction of groundwater within a groundwater basin for new commercial, multifamily residential, or industrial development, except for the use of a single-family domestic well, unless the groundwater basin has a sustainable groundwater management plan.

**STATUS:**
04/29/2014  From ASSEMBLY Committee on WATER, PARKS AND WILDLIFE:  Do pass to Committee on APPROPRIATIONS. (9-5)

**CA AB 1799**

**AUTHOR:** Gordon [D]
**TITLE:** Land Use: Mitigation Lands
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/18/2014
Specifies, where a governmental entity or specified district is the transferee of property, that an endowment or other financial mechanism is not required if the entity or district provides evidence to the local or State agency that it possesses an investment-grade credit rating by a nationally recognized rating organization or other equivalent evidence of financial responsibility and enters into a contractual agreement enforcing mitigation requirements. Requires related reporting.

STATUS: 05/05/2014  In ASSEMBLY.  Read second time.  To third reading.

CA AB 1874

AUTHOR: Gonzalez [D]
TITLE: Integrated Regional Water Management Plans: Funding
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/19/2014
LAST AMEND: 04/23/2014
DISPOSITION: Pending
LOCATION: Assembly Appropriations Committee
SUMMARY: Requires the Department of Water Resources to develop a streamlined application process for certain regional water management groups. Requires, in order to get water management grant funds through the process, the group must file a streamlined application including specified information. Requires awarding funds according to a statutory formula and covers regions. Requires the group to provide a list of projects to be funded and the Department to award the funding within a specified time period.

STATUS: 04/29/2014  From ASSEMBLY Committee on WATER, PARKS AND WILDLIFE:  Do pass to Committee on APPROPRIATIONS. (15-0)

Commentary:
SDCWA Position: Sponsor

CA AB 1891

AUTHOR: Donnelly [R]
TITLE: Sales and Use Taxes: Water Desalination: Equipment
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/19/2014
LAST AMEND: 03/20/2014
DISPOSITION: Pending
COMMITTEE: Assembly Revenue and Taxation Committee
HEARING: 05/13/2014 1:30 pm
SUMMARY: Exempts from the sales and use tax laws the gross receipts from the sale in the State of, and the storage, use, or other consumption in the state of, any equipment purchased to be primarily used for water desalination.

STATUS: 04/21/2014  In ASSEMBLY Committee on REVENUE AND TAXATION: To
CA AB 1933

**AUTHOR:** Levine [D]
**TITLE:** Local Government: Investments
**FISCAL COMMITTEE:** no
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/19/2014
**LAST AMEND:** 04/24/2014
**DISPOSITION:** Pending
**LOCATION:** SENATE

Summary: Authorizes the legislative body of a local agency to also invest in United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by certain banks. Requires these investments to be rated AA or better and to not exceed 30% of the agency’s moneys that may be invested.

Status: 05/01/2014 In ASSEMBLY. Read third time. Passed ASSEMBLY. *****To SENATE. (75-0)

CA AB 1961

**AUTHOR:** Eggman [D]
**TITLE:** Land Use: Planning: Sustainable Farmland Strategy
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/19/2014
**LAST AMEND:** 04/22/2014
**DISPOSITION:** Pending
**LOCATION:** Assembly Appropriations Committee

Summary: Requires each county to develop a sustainable farmland strategy. Requires the sustainable farmland strategy to include, among other things, a map and inventory of all agriculturally zoned land within the county, a description of the goals, strategies, and related policies and ordinances, to retain agriculturally zoned land where practical and mitigate the lose of such land to other uses or zones.

Status: 04/30/2014 In ASSEMBLY Committee on APPROPRIATIONS: To Suspense File.

CA AB 1983

**AUTHOR:** Gray [D]
**TITLE:** Water Meters: Multiunit Structures
**FISCAL COMMITTEE:** no
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/19/2014
**DISPOSITION:** Pending
**LOCATION:** Assembly Housing and Community Development Committee

Summary: Authorizes the owner or operator of a building containing residential units to install equipment to determine or use an economic allocation methodology to approximate the quantity of water that is provided to the tenants and used in the common areas of that building and to charge tenants separately for water
and wastewater service based on usage as determined through the use of that equipment or allocation methodology if certain requirements are met.

**STATUS:**
03/03/2014 To ASSEMBLY Committees on HOUSING AND COMMUNITY DEVELOPMENT and WATER, PARKS AND WILDLIFE.

**Commentary:**
SDCWA Position: Support if amended (4-24-14)

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**CA AB 2023**

**AUTHOR:** Wagner [R]

**TITLE:** Eminent Domain: Compensation: Loss of Goodwill

**FISCAL COMMITTEE:** no

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/20/2014

**LAST AMEND:** 04/21/2014

**DISPOSITION:** Pending

**COMMITTEE:** Assembly Judiciary Committee

**HEARING:** 05/06/2014 8:30 am

**SUMMARY:**
Amends existing law that provides that an owner of property taken by eminent domain is entitled to compensation for loss of goodwill. Requires that an owner prove that goodwill existed before a taking. Provides that evidence of other elements would be presented to the trier of fact only if there is credible evidence that goodwill existed.

**STATUS:**
04/21/2014 From ASSEMBLY Committee on JUDICIARY with author's amendments.

04/21/2014 In ASSEMBLY. Read second time and amended. Re-referred to Committee on JUDICIARY.

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**CA AB 2040**

**AUTHOR:** Garcia [D]

**TITLE:** Public Official Compensation

**FISCAL COMMITTEE:** yes

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/20/2014

**DISPOSITION:** Pending

**LOCATION:** Assembly Appropriations Committee

**SUMMARY:**
Requires a local agency to report to the controller the annual compensation of its public officials, including, but not limited to, separately listing the name of each public official and his or her monthly salary.

**STATUS:**
04/30/2014 In ASSEMBLY Committee on APPROPRIATIONS: To Suspense File.

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**CA AB 2043**

**AUTHOR:** Bigelow [R]

**TITLE:** Safe Clean and Reliable Drinking Water Supply Act

**FISCAL COMMITTEE:** yes

**URGENCY CLAUSE:** yes

**INTRODUCED:** 02/20/2014

**DISPOSITION:** Pending

**LOCATION:** Assembly Appropriations Committee

**SUMMARY:**
Enacts the Safe, Clean, and Reliable Water Supply Act of 2014, which, if
adopted by votes, would authorize the issuance of bonds to finance a safe drinking water and water supply reliability program.

**STATUS:**

04/29/2014 From ASSEMBLY Committee on WATER, PARKS AND WILDLIFE: Do pass to Committee on APPROPRIATIONS. (11-0)

**Commentary:**

SDCWA Position: Support if amended (3-27-14)

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**CA AB 2067**

**AUTHOR:** Weber [D]

**TITLE:** Urban Water Management Plans

**FISCAL COMMITTEE:** yes

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/20/2014

**DISPOSITION:** Pending

**LOCATION:** SENATE

**SUMMARY:** Requires an urban retail water supplier and an urban wholesale water supplier to provide narratives describing the supplier's water demand management measures. Requires the narrative to address the nature and extent of each water demand management measure implemented to describe the water demand management measures that the supplier plans to implement.

**STATUS:**

04/24/2014 In ASSEMBLY. Read third time. Passed ASSEMBLY.

*****To SENATE. (75-0)

**Commentary:**

SDCWA Position: Sponsor

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**CA AB 2071**

**AUTHOR:** Levine [D]

**TITLE:** Recycled Water: Pasture Animals

**FISCAL COMMITTEE:** yes

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/20/2014

**LAST AMEND:** 04/21/2014

**DISPOSITION:** Pending

**LOCATION:** Assembly Appropriations Committee

**SUMMARY:** Requires the State Department of Public Health to determine if the use of disinfected tertiary treated recycled water for the purpose of providing water to pasture animals would be safe for public and animal health. Requires the establishment of statewide recycling criteria for the use of recycled water for such purposes. Prohibits the use of such water in the water supply for dairy animals that are currently producing dairy products for human consumption.

**STATUS:**

04/29/2014 From ASSEMBLY Committee on ENVIRONMENTAL SAFETY AND TOXIC MATERIALS: Do pass to Committee on APPROPRIATIONS. (7-0)

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**CA AB 2100**

**AUTHOR:** Campos [D]

**TITLE:** Common Interest Developments: Yard Maintenance: Drought

**FISCAL COMMITTEE:** no

**URGENCY CLAUSE:** no
INTRODUCED: 02/20/2014
LAST AMEND: 04/24/2014
DISPOSITION: Pending
LOCATION: SENATE
SUMMARY:
Prohibits a common interest development association from imposing a fine or assessment against a member of a separate interest for reducing or eliminating watering of vegetation or lawns during any period for which the Governor has declared a state of emergency, or a local government has declared a local emergency, due to drought.

STATUS:
05/01/2014 In ASSEMBLY. Read third time. Passed ASSEMBLY.

*****To SENATE. (74-1)

Commentary:
SDCWA Position: Support and seek amendments (3-27-14)

CA AB 2104

AUTHOR: Gonzalez [D]
TITLE: Common Interest Developments: Water Efficient Landscapes
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/20/2014
LAST AMEND: 04/01/2014
DISPOSITION: Pending
LOCATION: Senate Transportation and Housing Committee
SUMMARY:
Relates to the Davis-Stirling Common Interest Development Act. Provides that a provision of the governing documents or of the architectural or landscaping guidelines or policies shall be void and unenforceable if it prohibits, or includes conditions that have the effect of prohibiting, low water-using plants as a group or as a replacement of existing turf, or if the provisions have the effect of prohibiting or restricting compliance with local water conservation measures.

STATUS:
04/22/2014 To SENATE Committee on TRANSPORTATION AND HOUSING.

Commentary:
SDCWA Position: Support (3-27-14)

CA AB 2126

AUTHOR: Bonta [D]
TITLE: Meyers Milias Brown Act Mediation
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/20/2014
LAST AMEND: 03/26/2014
DISPOSITION: Pending
LOCATION: Assembly Appropriations Committee
SUMMARY:
Amends the Meyers-Milias-Brown Act which requires the governing body of a local public agency to meet and confer in good faith regarding wages, hours, and other terms and conditions of employment with representatives of a recognized employee organization. Permits either party to request mediation. Requires the parties to agree upon a mediator. Provides the labor-management differences that may be submitted to a fact finding panel. Limits the criteria that the factfinders would be required to consider.
CA AB 2156

AUTHOR: Achadjian [R]
TITLE: Local Agency Formation Commissions: Studies
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/20/2014
LAST AMEND: 03/24/2014
DISPOSITION: Pending
LOCATION: Senate Governance and Finance Committee

SUMMARY: Includes joint powers agencies and joint powers authorities among the entities from which a local agency formation commission is authorized to request land use information, studies, and plans, for purposes of conducting the studies. Includes such such agreements in the list of items the local agency formation commission may request in conducting those studies. Defines joint powers agency and joint powers authority for purposes of the Cortese-Know-Hertzberg Local Government Reorganization Act of 2000.

CA AB 2170

AUTHOR: Mullin [D]
TITLE: Joint powers Authorities: Common Powers
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/20/2014
DISPOSITION: Pending
LOCATION: SENATE

SUMMARY: Provides that parties involved in a joint powers authority agreement may exercise any power common to the contracting parties, including, but not limited to, the authority to levy a fee or tax.

CA AB 2193

AUTHOR: Gordon [D]
TITLE: Habitat Restoration and Enhancement Act
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/20/2014
LAST AMEND: 04/02/2014
DISPOSITION: Pending
LOCATION: Assembly Appropriations Committee

SUMMARY: Enacts the Habitat Restoration and Enhancement Act and related fund. Authorizes the Department of Fish and Wildlife to schedule fees for projects, based on the cost of a project, sufficient to recover all reasonable administrative and implementation costs but not to exceed fees adopted by the department for standard lake or streambed alteration agreements for projects of comparable cost.
CA AB 2269

**AUTHOR:** Bigelow [R]

**TITLE:** Integrated Regional Water Management Planning

**FISCAL COMMITTEE:** no

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/21/2014

**DISPOSITION:** Pending

**LOCATION:** ASSEMBLY

**SUMMARY:**

Makes a technical, nonsubstantive change to existing law that authorizes a regional water management group to prepare and adopt an integrated regional water management plan.

**STATUS:**

02/21/2014 INTRODUCED.

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CA AB 2282

**AUTHOR:** Gatto [D]

**TITLE:** Building Standards: Recycled Water Infrastructure

**FISCAL COMMITTEE:** yes

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/21/2014

**LAST AMEND:** 04/24/2014

**DISPOSITION:** Pending

**LOCATION:** Assembly Appropriations Committee

**SUMMARY:**

Requires the Department of Housing and Community Development to conduct research to assist in the development of and to propose adoption, amendment or repeal by the State Building Standards Commission of mandatory building standards for the installation of recycled water infrastructure for newly constructed single-family and multifamily residential buildings. Limits the mandate to install recycled water piping to certain areas within a local jurisdiction. Regards green building standards.

**STATUS:**

04/29/2014 From ASSEMBLY Committee on BUSINESS, PROFESSIONS & CONSUMER PROTECTION: Do pass to Committee on APPROPRIATIONS. (14-0)

**Commentary:**

SDCWA Position: Support if amended (4-24-14)

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CA AB 2338

**AUTHOR:** Wagner [R]

**TITLE:** Initiatives: Writ of Mandate

**FISCAL COMMITTEE:** no

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/21/2014

**DISPOSITION:** Pending

**LOCATION:** Assembly Judiciary Committee

**SUMMARY:**

Provides that if a local initiative measure has been certified by an elections official as having qualified for the ballot, a public agency is prohibited from bringing suit seeking a declaration of rights until after the election. Provides that, if the governing body of the jurisdiction in which the initiative measure will
be voted upon seeks to challenge the qualification or validity of the initiative
measure, it shall do so by seeking a writ of mandate or injunction.

STATUS:
04/29/2014 In ASSEMBLY Committee on JUDICIARY: Failed passage.

CA AB 2403

AUTHOR: Rendon [D]
TITLE: Local Government: Assessments, fees, and charges
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/21/2014
LAST AMEND: 04/10/2014
DISPOSITION: Pending
COMMITTEE: Assembly Local Government Committee
HEARING: 05/07/2014 1:30 pm
SUMMARY:
Provides that provisions of the California Constitution generally require that
assessments, fees, and charges be submitted to property owners for approval
or rejection after the provisions of written notice and the holding of a public
hearing. Modifies the definition of water to specifically include recycled water
and reclaimed stormwater intended for the provision of water service.

STATUS:
04/10/2014 From ASSEMBLY Committee on LOCAL GOVERNMENT with
author's amendments.
04/10/2014 In ASSEMBLY. Read second time and amended.
Re-referred to Committee on LOCAL GOVERNMENT.

CA AB 2417

AUTHOR: Nazarian [D]
TITLE: California Environmental Quality Act: Recycled Water
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/21/2014
LAST AMEND: 03/28/2014
DISPOSITION: Pending
LOCATION: Assembly Second Reading File
SUMMARY:
Amends the California Environmental Quality Act, which exempt specified
pipeline projects from certain requirements. Exempts from the Act a project for
the construction and installation of a new pipeline or the maintenance, repair,
restoration, reconditioning, relocation, replacement, removal, or demolition of
an existing pipeline, not exceeding a specified length, for the distribution of
recycled water within a public street, highway, or right-of-way. Requires the
filing of a notice of exemption.

STATUS:
04/28/2014 From ASSEMBLY Committee on NATURAL RESOURCES: Do
pass as amended to Committee on APPROPRIATIONS. (7-1)

Commentary:
SDCWA Position: Support and seek amendments (4-24-14)

CA AB 2420

AUTHOR: Nazarian [D]
TITLE: Well Stimulation Treatments: Local Prohibition
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/21/2014
CA AB 2434

AUTHOR: Gomez [D]
TITLE: Income Taxes: Exclusion
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/21/2014
DISPOSITION: Pending
COMMITTEE: Assembly Revenue and Taxation Committee
HEARING: 05/05/2014 1:30 pm
SUMMARY: Provides an exclusion from gross income any amount received as a rebate, voucher, or other financial incentive issued by a local water or energy agency or supplier for expenses incurred to participate in a water or energy conservation program.

STATUS: 03/10/2014 To ASSEMBLY Committee on REVENUE AND TAXATION.
Commentary: SDCWA Position: Support (4-24-14)

CA AB 2446

AUTHOR: Waldron [R]
TITLE: San Luis Rey Municipal Water District
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/21/2014
LAST AMEND: 04/28/2014
DISPOSITION: Pending
COMMITTEE: Assembly Local Government Committee
HEARING: 05/07/2014 1:30 pm
SUMMARY: Prohibits a standby assessment or availability charge levied for the San Luis Rey Municipal Water District from exceeding a specified amount per acre for land on which the charge is levied or a specified amount per year for a parcel less that a specified size. Requires the proceeds from the assessment or charge to be used for the purposes of management of local water supply and its quality.

STATUS: 04/28/2014 From ASSEMBLY Committee on LOCAL GOVERNMENT with author’s amendments.
04/28/2014 In ASSEMBLY. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT.

CA AB 2451

AUTHOR: Daly [D]
TITLE: Weights and Measures: Water Submeters
FISCAL COMMITTEE: yes

CA AB 2453

AUTHOR: Achadjian [R]
TITLE: Paso Robles Basin Water District
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/21/2014
LAST AMEND: 03/28/2014
DISPOSITION: Pending
COMMITTEE: Assembly Local Government Committee
HEARING: 05/07/2014 1:30 pm
SUMMARY:
Sets forth the composition of, and method of election by landowners and registered voters for, the board of directors for the Paso Robles Basin Water District, the boundaries of which shall be established and may be modified by the San Luis Obispo County Local Agency Formation Commission.

STATUS:
03/28/2014 To ASSEMBLY Committee on LOCAL GOVERNMENT.
03/28/2014 From ASSEMBLY Committee on LOCAL GOVERNMENT with author's amendments.
03/28/2014 In ASSEMBLY. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT.

CA AB 2454

AUTHOR: Quirk-Silva [D]
TITLE: Foster Youth: Nonminor Dependents
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/21/2014
LAST AMEND: 04/02/2014
DISPOSITION: Pending
FILE: 153
LOCATION: Assembly Consent Calendar - First Legislative Day
SUMMARY:
Authorizes a nonminor who has not attained a specified age to petition the court if the nonminor received public assistance after attaining a specified age and his or her former guardian or guardians or adoptive parent or parents fail to provide ongoing support, and the court determines that it is in the nonminor's
best interest for the court to assume dependency jurisdiction.

**STATUS:**
05/01/2014 In ASSEMBLY. Read second time. To Consent Calendar.

**CA AB 2463**

**AUTHOR:** Dickinson [D]
**TITLE:** Water: Plans
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/21/2014
**LAST AMEND:** 04/21/2014
**DISPOSITION:** Pending
**COMMITTEE:** Assembly Appropriations Committee
**HEARING:** 05/07/2014 9:00 am

**SUMMARY:** Requires the Department of Water Resources to partner with the Regional Water Authority, water suppliers in El Dorado, Placer, Sacramento, and Placer counties, and other interested agencies to develop a plan for investing in water supplies and other facilities in order to contribute to the reliability of water supplies for the Sacramento region's communities and environmental resources while also generating statewide benefits.

**STATUS:**
04/29/2014 From ASSEMBLY Committee on WATER, PARKS AND WILDLIFE: Do pass to Committee on APPROPRIATIONS. (10-5)

**CA AB 2492**

**AUTHOR:** Jones-Sawyer [D]
**TITLE:** Local Agencies: Meetings: Real Property Transaction
**FISCAL COMMITTEE:** no
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/21/2014
**DISPOSITION:** Pending
**COMMITTEE:** Assembly Local Government Committee
**HEARING:** 05/07/2014 1:30 pm

**SUMMARY:** Authorizes the legislative body of a local agency to grant authority to the negotiator regarding the price and terms of the purchase, sale, exchange, or lease.

**STATUS:**
03/13/2014 To ASSEMBLY Committee on LOCAL GOVERNMENT.

**CA AB 2554**

**AUTHOR:** Rendon [D]
**TITLE:** Clean, Safe, and Reliable Drinking Water Act of 2014
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/21/2014
**LAST AMEND:** 04/23/2014
**DISPOSITION:** Pending
**LOCATION:** Assembly Appropriations Committee

**SUMMARY:** Repeals the Safe, Clean, and Reliable Drinking Water Act of 2012 that would authorize the issuance of bonds to finance a safe drinking water and water supply reliability program via a bond act if passed by the voters at a statewide general election. Enacts the Clean, Safe, and Reliable Drinking Water Act of
2014 to authorize bonds in a specified amount to finance a clean, safe, and reliable drinking water program if passed by the voters at a statewide general election.

**STATUS:**

04/29/2014 From ASSEMBLY Committee on WATER, PARKS AND WILDLIFE: Do pass to Committee on APPROPRIATIONS. (10-3)

**Commentary:**

SDCWA Position: Support if amended (4-24-14)

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**CA AB 2619**

**AUTHOR:** Gaines B [R]

**TITLE:** Dams: Fish: Critically Dry Year

**FISCAL COMMITTEE:** yes

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/21/2014

**LAST AMEND:** 03/28/2014

**DISPOSITION:** Pending

**LOCATION:** Assembly Water, Parks and Wildlife Committee

**SUMMARY:**

Amends existing law which requires a dam owner to allow sufficient water to pass through a fishway or over, around, or through the dam and which authorizes the Department of Fish and Game to grant permission to the dam owner to allow sufficient water to pass through a culvert, waste gate, or over or around the dam, to keep in good condition any fish that may be planted or exist below the dam. Prohibits such provisions from applying during a critically dry year.

**STATUS:**

03/28/2014 To ASSEMBLY Committee on WATER, PARKS AND WILDLIFE.

03/28/2014 From ASSEMBLY Committee on WATER, PARKS AND WILDLIFE with author's amendments.

03/28/2014 In ASSEMBLY. Read second time and amended. Re-referred to Committee on WATER, PARKS AND WILDLIFE.

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**CA AB 2636**

**AUTHOR:** Gatto [D]

**TITLE:** CalConserve Water Use Efficiency Revolving Fund

**FISCAL COMMITTEE:** yes

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/21/2014

**LAST AMEND:** 03/18/2014

**DISPOSITION:** Pending

**LOCATION:** Assembly Appropriations Committee

**SUMMARY:**

Transfers to the CalConserve Water Use Efficiency Revolving Fund from the Costa-Machado Water Act of 2000 specified bond proceeds issued and available for agricultural water projects. Requires the Department of Water Resources to use these moneys for loans and grants to local agencies to acquire and construct agricultural water conservation projects consistent with the bond act.

**STATUS:**

04/09/2014 In ASSEMBLY Committee on APPROPRIATIONS: To Suspense File.

**Commentary:**

SDCWA Position: Support and seek amendments (3-27-14)
CA AB 2686  
**AUTHOR:** Perea [D]  
**TITLE:** Clean, Safe, and Reliable Water Supply Act of 2014  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** yes  
**INTRODUCED:** 02/21/2014  
**LAST AMEND:** 05/01/2014  
**DISPOSITION:** Pending  
**LOCATION:** Assembly Appropriations Committee  

Repeals the Safe, Clean, and Reliable Drinking Water Supply Act of 2012. Enacts the Clean, Safe, and Reliable Water Supply Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in an unspecified amount, to finance a clean, safe, and reliable water supply program. Provides for the submission of the bond act to the voters at a statewide general election.  

**STATUS:** 05/01/2014 In ASSEMBLY. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.  

**Commentary:**  
SDCWA Position: Support if amended (3-27-14)  

CA AB 2701  
**AUTHOR:** Gonzalez [D]  
**TITLE:** Groundwater Basins: Investigation and Report  
**FISCAL COMMITTEE:** no  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/21/2014  
**DISPOSITION:** Pending  
**LOCATION:** ASSEMBLY  

Makes a technical, nonsubstantive change to existing law that requires the Department of Water Resources, in conjunction with other public agencies, to conduct an investigation of the state's groundwater basins and to report its findings to the Governor and the Legislature.  

**STATUS:** 02/21/2014 INTRODUCED.  

CA AB 2727  
**AUTHOR:** Frazier [D]  
**TITLE:** Local Agency Employees as Court Witness  
**FISCAL COMMITTEE:** no  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/21/2014  
**DISPOSITION:** Pending  
**LOCATION:** Senate Judiciary Committee  

Amends existing law that requires a party who subpoenas an employee of a local agency to attend a civil action or proceeding as a witness in a matter regarding an event or transaction that the employee perceived or investigated. Increases the amount to be tendered with the subpoena for each day the employee is required to be in attendance at the proceeding.  

**STATUS:** 04/22/2014 To SENATE Committee on JUDICIARY.  

CA AB 2759  
**AUTHOR:** Water, Parks and Wildlife Cmt
Recasts provisions of existing law regarding water rights of streams flowing across state lines, the Truckee River, and interstate lakes. Provides, if the waters of an interstate body of water have been allocated with another state or Indian tribe by a compact, United States Supreme Court decree, or other appropriate method allocating interstate waters, the State Water Resources Control Board is required to exercise its authority in a manner consistent with the rights and responsibilities of the state.

Proposes an amendment to the Constitution to create an additional exception to the 1% limit for an ad valorem tax rate imposed by a city, county, city and county, or special district, to service bonded indebtedness incurred to fund specified public improvements and facilities, or buildings used primarily to provide sheriff, police, or fire protection services, that is approved by 55% of the voters of the city, county, city and county, or special district.

Urges the federal government, including the Department of Homeland Security and the General Services Administration, to fund necessary improvements at the San Ysidro, Calexico, and Otay Mesa Ports of Entry.
CA SB 4

AUTHOR: Pavley [D]
TITLE: Oil and Gas: Well Stimulation
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 12/03/2012
ENACTED: 09/20/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 313
SUMMARY: Requires an independent scientific study on well stimulation treatments, including acid well stimulation and hydraulic fracturing treatment. Requires a well operator to record all data on such treatments, and to apply for a permit prior to performing any treatments. Requires the fracturing to be completed by a specified date. Requires prior notification of stimulation. Requires disclosure the the treatment fluids. Requires public notice and direct reporting to a web site. Requires a water management plan.

STATUS:
09/20/2013 To GOVERNOR.
09/20/2013 Signed by GOVERNOR.
09/20/2013 Chaptered by Secretary of State. Chapter No. 313

CA SB 7

AUTHOR: Steinberg [D]
TITLE: Public Works: Charter Cities
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 12/03/2012
ENACTED: 10/13/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 794
SUMMARY: Prohibits a charter city from receiving or using state funding or financial assistance for a construction project if the city has a charter provision or ordinance that authorizes a contractor to not comply with prevailing wage provisions on any public works contract. Prohibits state funding assistance for such projects for a specified period. Authorizes such assistance for a city with an ordinance requiring prevailing wages. Provides a minimum contract threshold for such requirement.

STATUS:
10/13/2013 Chaptered by Secretary of State. Chapter No. 794

CA SB 13

AUTHOR: Beall [D]
TITLE: Public Employees' Retirement Benefits
FISCAL COMMITTEE: no
URGENCY CLAUSE: yes
INTRODUCED: 12/03/2012
ENACTED: 10/04/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 528
SUMMARY: Corrects an erroneous cross-reference in the Public Employees' Pension Reform
Act of 2013 regarding the Judges' Retirement System I and II defined benefit formula adoption. Amends the act regarding employer defined benefit formulas to new safety members. Relates to contribution rates for defined pension plans. Repeals provisions regarding disability retirements. Relates to state miscellaneous or industrial members service credit. Relates to public employee bargaining rights.

**STATUS:**
10/04/2013 Signed by GOVERNOR.
10/04/2013 Chaptered by Secretary of State. Chapter No. 528

**CA SB 24**

**AUTHOR:** Walters [R]
**TITLE:** Public Employees' Retirement: Benefit Plans
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 12/03/2012
**DISPOSITION:** Failed
**LOCATION:** SENATE

**SUMMARY:**
Authorizes a local agency public employer or public retirement system that offers a defined benefit pension plan to offer a benefit formula with a lower benefit factor at normal retirement age and that results in a lower normal cost than the benefit formulas that are currently required, for purposes of addressing a fiscal necessity.

**STATUS:**
02/03/2014 In SENATE. Returned to Secretary of Senate pursuant to Joint Rule 56.

**CA SB 33**

**AUTHOR:** Wolk [D]
**TITLE:** Infrastructure Financing Districts: Voter Approval
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 12/03/2012
**LAST AMEND:** 08/26/2013
**DISPOSITION:** Pending
**FILE:** A-13
**LOCATION:** Assembly Inactive File

**SUMMARY:**
Revises provisions governing infrastructure financing districts. Eliminates the requirement of voter approval for creation of the district and for bond issuance, and authorizes the legislative body to create the district subject to specified procedures. Authorizes the creation of such district subject to specified procedures. Authorizes a district to finance specified actions and project. Prohibits financing until a certain requirement is met. Prohibits assistance to a vehicle dealer or big box retailer.

**STATUS:**
09/11/2013 In ASSEMBLY. To Inactive File.

**CA SB 36**

**AUTHOR:** Hueso [D]
**TITLE:** Internet: Workers' Compensation Insurers: Data
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 12/04/2012
**VETOED:**

**STATUS:**
Requires the Department of Insurance to include on its Internet Web site a dedicated Internet Web page that includes workers' compensation data, statistics, and reports covering insurers. Requires the department to only use data already collected by the department or the Department of Industrial Relations. Authorizes the Department to provide on its Web site links to relevant information on other Internet Web sites.

STATUS:
10/13/2013 Vetoed by GOVERNOR.

CA SB 39

AUTHOR: De Leon [D]
TITLE: Local Agencies: Public Officers: Claims and Liability
FISCAL COMMITTEE: no
URGENCY CLAUSE: yes
INTRODUCED: 12/05/2012
ENACTED: 10/12/2013
DISPOSITION: Enacted
LOCATION: Chapter 775

SUMMARY:
Requires the forfeiture of a contractual, common law, constitutional, or statutory claim against a local public agency employer to retirement or pension rights or benefits by a local public officer who exercised discretionary authority and who was convicted of a felony for conduct arising out of, or in the performance of, his or her official duties.

STATUS:
10/12/2013 Chaptered by Secretary of State. Chapter No. 775

CA SB 40

AUTHOR: Pavley [D]
TITLE: Safe, Clean, and Reliable Drinking Water Supply Act
FISCAL COMMITTEE: yes
URGENCY CLAUSE: yes
INTRODUCED: 12/10/2012
LAST AMEND: 01/06/2014
DISPOSITION: Failed
LOCATION: SENATE

SUMMARY:
Changes the name of the Safe, Clean, and Reliable Drinking Water Supply Act of 2012 to the Safe, Clean, and Reliable Drinking Water Supply Act of 2014. Declares the intent of the Legislature to amend the act for the purpose of reducing and potentially refocusing the bond.

STATUS:
02/03/2014 In SENATE. Returned to Secretary of Senate pursuant to Joint Rule 56.

CA SB 42

AUTHOR: Wolk [D]
TITLE: Safe Drinking Water, Water Quality, Flood Protection
FISCAL COMMITTEE: yes
URGENCY CLAUSE: yes
INTRODUCED: 12/11/2012
LAST AMEND: 09/11/2013
**CA SB 96**

**AUTHOR:** Budget and Fiscal Review Cmt  
**TITLE:** Budget Act of 2013: Public Resources

**SUMMARY:** Relates to cigarette and tobacco tax funds for natural areas and ecological reserves, funds for managing state lands wildlife restoration, hazardous waste facilities fees, hazardous waste storage fees, school bus retrofit funding, fire emergency reporting, beverage container recycling centers, electricity charge for research and development, clean energy bonds and funding, carpet and paint stewardships, environmental education, electric grid security, utility violation fines, and hydroelectric power.

**STATUS:**  
09/26/2013 Signed by GOVERNOR.  
09/26/2013 Chaptered by Secretary of State. Chapter No. 356

**CA SB 123**

**AUTHOR:** Corbett [D]  
**TITLE:** Environmental and Land-Use Court

**SUMMARY:** Requires the Judicial Council to direct the creation of an environmental and land-use division within the Superior Courts selected by the Council to process civil proceedings brought pursuant to the California Environmental Quality Act or in specified subject areas, including air quality, biological resources, climate change, hazards and hazardous materials, land use planning, and water quality. Increases the fees for environmental license plates with revenue for the environmental and land use court.

**STATUS:**  
02/03/2014 In SENATE. Returned to Secretary of Senate pursuant to Joint Rule 56.

**CA SB 135**

**AUTHOR:** Padilla [D]
TITLE: Earthquake Early Warning System
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 01/28/2013
ENACTED: 09/24/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 342
SUMMARY:
Requires the Office of Emergency Services to develop a comprehensive statewide earthquake warning system in the state through a public-private partnership. Requires the system to include certain features, including the installation of field sensors. Requires an approval mechanism to review compliance with earthquake early warning standards. Requires identification of funding sources. Prohibits expenditure of General Fund funds to establish the system.

STATUS:
09/24/2013 Signed by GOVERNOR.
09/24/2013 Chaptered by Secretary of State. Chapter No. 342

CA SB 167
AUTHOR: Gaines T [R]
TITLE: California Environmental Quality Act
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/04/2013
DISPOSITION: Failed
LOCATION: SENATE
SUMMARY:
Makes technical, nonsubstantive changes to provisions of the California Environmental Quality Act that requires a lead agency to prepare an environmental impact report on a project that it proposes to carry out that may have a significant effect on the environment.

STATUS:
02/03/2014 In SENATE. Returned to Secretary of Senate pursuant to Joint Rule 56.

CA SB 171
AUTHOR: Hueso [D]
TITLE: Drainage: Coachella Valley County Water District
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/05/2013
ENACTED: 08/16/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 119
SUMMARY:
Specifies that the Coachella Valley Water District is authorized to raise funds by special assessment or by adopting prescribed property related fees and charges.

STATUS:
08/16/2013 Signed by GOVERNOR.
08/16/2013 Chaptered by Secretary of State. Chapter No. 119

CA SB 184
AUTHOR: Governance and Finance Cmt
Local Government: Omnibus Bill

FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/06/2013
ENACTED: 09/06/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 210
SUMMARY:

Relates to the procedures governing the offering of subdivided lands for sale or lease, the definition of family member and domestic partner under the Public Cemetery District Law, the provisions of law regarding the abuse of public office or position to include bribery of a Member of the Legislature, subdivision map provisions, facsimile signatures and the county recorder, historical property use contracts recording, the Baldwin Hill Conservancy, and the Ventura County Resource Conservation District.

STATUS:
09/06/2013 Signed by GOVERNOR.
09/06/2013 Chaptered by Secretary of State. Chapter No. 210

Beall [D]

CA SB 215

Title: Public Employee Benefits
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/11/2013
ENACTED: 10/12/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 778
SUMMARY:

Amends the Public Employees' Retirement System (PERS). Relates to reimbursing employing agency for paying employee board member that is attending PERS board meeting, investments, benefit payment reporting and the definition of employee. Relates to the approval process for a contracting agency to obtain a health benefit plan, the designation of a beneficiary, and the Highway Patrol Commissioner retirement age requirement. Authorizes recorded member account telephone communications regulations.

STATUS:
10/12/2013 Chaptered by Secretary of State. Chapter No. 778

Fuller [R]

CA SB 246

Title: Bighorn-Desert View Water Agency
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/12/2013
ENACTED: 09/24/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 343
SUMMARY:

Makes conforming changes related to the consolidated Bighorn-Desert View Water Agency District. Repeals provisions under which the consolidation was completed. Specifies procedures for the repayment of bonded indebtedness.
incurred prior to consolidation. Eliminates the misdemeanor for violations or ordinances. Makes a violation of certain regulations an infraction instead of a misdemeanor. Requires a budget. Relates to meetings and writings of public agencies and officials. Relates to posting limitations.

**STATUS:**
09/24/2013 Signed by GOVERNOR.
09/24/2013 Chaptered by Secretary of State. Chapter No. 343

**CA SB 322**

**AUTHOR:** Hueso [D]
**TITLE:** Water Recycling
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/19/2013
**ENACTED:** 10/08/2013
**DISPOSITION:** Enacted
**LOCATION:** Chaptered
**CHAPTER:** 637

**SUMMARY:** Requires the State Department of Public Health to investigate the feasibility of developing uniform water recycling criteria for direct potable reuse. Requires the department to convene a panel to establish regulatory criteria for such reuse. Requires the panel to include a limnologist. Requires convening of a related advisory group, task force, or other group. Authorizes the department to contract with a public university or other research institution. Authorizes acceptance of funds from nonstate sources.

**STATUS:**
10/08/2013 Signed by GOVERNOR.
10/08/2013 Chaptered by Secretary of State. Chapter No. 637

**NOTES:**
SDCWA Position: Sponsor (started in the Assembly as AB 613)

**CA SB 387**

**AUTHOR:** Wright [D]
**TITLE:** Coastal Resources: Once-Through Cooling
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/20/2013
**DISPOSITION:** Failed
**LOCATION:** SENATE

**SUMMARY:** Requires State Water Resources Control Board to authorize the process of once-through cooling on existing powerplant facilities to the extent allowable by federal laws, including any federal regulations adopted by the United States Environmental Protection Agency.

**STATUS:**
02/03/2014 In SENATE. Returned to Secretary of Senate pursuant to Joint Rule 56.

**CA SB 395**

**AUTHOR:** Jackson [D]
**TITLE:** Hazardous Waste: Wells
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/20/2013
**LAST AMEND:** 05/28/2013
Amends part of the Hazardous Waste Control Law that prohibits a person from discharging hazardous waste into an injection well unless certain conditions are met and imposes other requirements upon the operator of such well and defines injection for these purposes as excluding wells regulated by the Division of Oil and Gas. Deletes the exclusion of those regulated wells from the definition of injection well. Requires testing of the waste. Specifies that oil field waste does not include hazardous waste.

STATUS:
02/06/2014 In SENATE. Died on file pursuant to Joint Rule 56.
Requires the Department of Water Resources to conduct a statewide inventory of local regional water supply projects and post specified results of the inventory on the Department’s Internet Web site.

**STATUS:**
02/03/2014  In SENATE.  Returned to Secretary of Senate pursuant to Joint Rule 56.

**CA SB 474**
**AUTHOR:** Nielsen [R]
**TITLE:** Appropriation of Water: Sewerage Commission Oroville
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/21/2013
**DISPOSITION:** Failed
**LOCATION:** SENATE

Authorizes the Sewerage Commission Oroville to file an application for a permit to appropriate a specified amount of water that is based on the volume of treated wastewater that it discharges into the Feather River. Authorizes the State Water Resources Control Board to grant a permit to appropriate that treated wastewater upon terms and conditions determined by the Board. Requires the Board to comply with permit, approval, and review requirements and other laws applicable to the appropriation of water.

**STATUS:**
02/03/2014  In SENATE.  Returned to Secretary of Senate pursuant to Joint Rule 56.

**CA SB 481**
**AUTHOR:** Huff [R]
**TITLE:** California Public Employees Pension Reform Act of 2013
**FISCAL COMMITTEE:** no
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/21/2013
**DISPOSITION:** Failed
**LOCATION:** SENATE

Makes a nonsubstantive change to the California Public Employees' Pension Reform Act of 2013.

**STATUS:**
02/03/2014  In SENATE.  Returned to Secretary of Senate pursuant to Joint Rule 56.

**CA SB 489**
**AUTHOR:** Fuller [R]
**TITLE:** Water Corporations: Sewer System Corporations
**FISCAL COMMITTEE:** yes
**URGENCY CLAUSE:** no
**INTRODUCED:** 02/21/2013
**LAST AMEND:** 04/02/2013
**DISPOSITION:** Failed
**LOCATION:** SENATE

Page 285 of 341
SUMMARY:
Relates to water corporations and sewer system corporations. Authorizes the Public Utilities Commission to appoint, as an alternative to the appointment of a receiver, another water or sewer system corporation, or other qualified entity, to serve as the interim operator of the corporation providing inadequate service. Requires the commission to issue decisions and orders necessary for the interim entity to abate any danger to the public and to provide adequate service to the customers.

STATUS:
02/03/2014 In SENATE. Returned to Secretary of Senate pursuant to Joint Rule 56.

CA SB 497
AUTHOR: Walters [R]
TITLE: California Global Warming Solutions Act of 2006: Fees
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/21/2013
LAST AMEND: 04/15/2013
DISPOSITION: Failed
LOCATION: SENATE
SUMMARY:
Amends the California Global Warming Solutions Act of 2006. Requires the State Air Resources Board to freely allocate greenhouse emissions allowances to the California State University, University of California and private colleges and universities for purposes of any market-based compliance mechanism adopted by the board.

STATUS:
02/03/2014 In SENATE. Returned to Secretary of Senate pursuant to Joint Rule 56.

CA SB 548
AUTHOR: Roth [D]
TITLE: Public Utilities: Renewables Portfolio Standard
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
DISPOSITION: Failed
LOCATION: SENATE
SUMMARY:
Provides that for certain publicly owned electric utilities that provide electricity to retail end-use consumers, electricity products from eligible renewable energy resources may be used for compliance with the portfolio content requirements.

STATUS:
02/03/2014 In SENATE. Returned to Secretary of Senate pursuant to Joint Rule 56.

CA SB 553
AUTHOR: Yee [D]
TITLE: Local Government: Assessment: Elections Procedures
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
ENACTED: 09/06/2013
DISPOSITION: Enacted
LOCATION: Chaptered
SUMMARY: Relates to property assessments and fees. Requires, where a proposed fee or charge is submitted to the registered voters residing in the affected area for approval, a county elections official shall conduct that election. Requires specific procedures for submission of a proposed fee or charge for approval by a vote of the subject property owners. Provides for procedures regarding the form and tabulation of ballots.

STATUS:
09/06/2013 Signed by GOVERNOR.
09/06/2013 Chaptered by Secretary of State. Chapter No. 215

CA SB 556

AUTHOR: Corbett [D]
TITLE: Agency: Ostensible: Nongovernmental Entities
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
LAST AMEND: 09/04/2013
DISPOSITION: Pending
FILE: A-12
LOCATION: Assembly Inactive File
SUMMARY: Relates to third person contracts and ostensible agencies. Prohibits a person, firm, corporation, or association that is a nongovernmental entity and contracts to perform labor or services relating to public health or safety for a public entity from displaying on a vehicle or uniform a logo that reasonably could be interpreted as implying the labor or services are being performed by employees of a public agency, unless the vehicle and uniform displays a specified disclosure.
STATUS:
09/11/2013 In ASSEMBLY. To Inactive File.

CA SB 591

AUTHOR: Cannella [R]
TITLE: Renewable Energy: Utilities: Hydroelectric Enforcement
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
ENACTED: 10/03/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 520
SUMMARY: Amends the State Renewables Portfolio Standard Program. Provides that a local publicly owned electric utility is not required to procure additional eligible renewable energy resources in excess of specified levels, if it receives 50% or greater of its annual retail sales from its own hydroelectric generation meeting specified requirements.
STATUS:
10/03/2013 Signed by GOVERNOR.
10/03/2013 Chaptered by Secretary of State. Chapter No. 520

CA SB 608

AUTHOR: Wright [D]
TITLE: Adverse Possession: Public Entity Properties
CA SB 614

Author: Wolk [D]
Title: Irrigation Districts: Directors
Fiscal Committee: no
Urgency Clause: no
Introduced: 02/22/2013
Last Amend: 08/06/2013
Disposition: Pending
Location: Assembly Local Government Committee
Summary: Amends the Irrigation District Law. Eliminates the circumstances in which a director of the board of an irrigation district may be exempt from the landownership requirement. Applies provisions that require a director to be a voter of the district and a resident of the division represented to the director on the board of such district receiving a majority of its operating and nonoperating revenue from sources service other than irrigation water sales, standby or availability charges, or reported assessments.
Status: 08/06/2013 From ASSEMBLY Committee on LOCAL GOVERNMENT with author's amendments. 08/06/2013 In ASSEMBLY. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT.

CA SB 617

Author: Evans [D]
Title: California Environmental Quality Act
Fiscal Committee: yes
Urgency Clause: no
Introduced: 02/22/2013
Last Amend: 05/28/2013
Disposition: Failed
Location: SENATE
Summary: Amends various provisions of the California Environmental Quality Act. Requires that notices regarding environmental impact reports filed by lead agencies need to be filed with the Office of Planning and Research and the county clerk and posted by that clerk for public review. Provides additional duties regarding notices by the Office and the clerk. Requires a statement in the report regarding the placement of the project near natural hazards or adverse environment conditions. Repeals specified exemptions.
Status:
CA SB 620

02/06/2014
NOTES:
In SENATE. Died on file pursuant to Joint Rule 56.
SDCWA Position: Oppose (4-25-13)

AUTHOR: Wright [D]
TITLE: Water Replenishment Districts
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
ENACTED: 10/08/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 638
SUMMARY:
Amends the Water Replenishment District Act. Eliminates a requirement that a specified percentage of a district reserve fund be expended for water purchases. Provides that an operator of a water-producing facility is liable to a district for a specified financial penalty for failing to be registered with the district or to make specified reports. Requires a district to establish a budget advisory committee. Relates to the awarding of attorney's fees in related civil actions.

STATUS:
10/08/2013 Signed by GOVERNOR.
10/08/2013 Chaptered by Secretary of State. Chapter No. 638

CA SB 633

AUTHOR: Pavley [D]
TITLE: CEQA
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
LAST AMEND: 08/06/2013
DISPOSITION: Pending
LOCATION: Assembly Appropriations Committee
SUMMARY:
Amends the California Environmental Quality Act. Specifies, for purposes of new information exception to the prohibition on requiring a subsequent or supplement environmental impact report, that a specified exception applies if new information was not known and could not have been known by the lead or any responsible agency at the time the report was certified as complete. Authorizes the development of guidelines to exempt projects involving minor temporary uses of land and public gatherings.

STATUS:
08/06/2013 In ASSEMBLY. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.

CA SB 658

AUTHOR: Correa [D]
TITLE: Orange County Water District Act
FISCAL COMMITTEE: no
URGENCY CLAUSE: yes
INTRODUCED: 02/22/2013
LAST AMEND: 05/15/2013
DISPOSITION: Failed
LOCATION: SENATE
SUMMARY:
Relates to the Orange County Water District Act that requires the person
causing or threatening to cause the contamination or pollution to the surface or groundwaters of the district to be liable to the district for reasonable costs actually incurred in cleaning up or containing the contamination or pollution, abating the effects of the contamination or pollution, or taking other remedial action. Makes that person also liable for costs in investigating the contamination and pollution.

STATUS:
02/06/2014 In SENATE. Died on file pursuant to Joint Rule 56.

CA SB 726

AUTHOR: Lara [D]
TITLE: California Global Warming Solutions Act of 2006
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
ENACTED: 09/28/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 420
SUMMARY: Relates to greenhouse gases. Relates to the California Global Warming Solutions Act of 2006 and the use of market-based compliance mechanisms. Requires the State Air Resource Board to include information on all proposed expenditures and allocations of moneys to the Western Climate Initiative, Incorporated, in the Governor's Budget. Requires the Board to report on specified procurements. Requires compliance with open meetings and public records policies.

STATUS:
09/28/2013 Chaptered by Secretary of State. Chapter No. 420

CA SB 731

AUTHOR: Steinberg [D]
TITLE: Environment: California Environmental Quality Act
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
LAST AMEND: 09/09/2013
DISPOSITION: Pending
LOCATION: Assembly Second Reading File
SUMMARY: Relates to the State Environmental Quality Act. Provides that certain impacts of a residential, mixed-use, or employment center project within a transit priority area shall not be considered significant impacts. Requires guidelines for thresholds of significance for noise and transportation impacts to be made available. Requires preparation of environmental impact reports. Extends the tolling of time for judicial actions and mitigation measures. Relates to sustainable communities planning and grants.

STATUS:
09/11/2013 From ASSEMBLY Committee on LOCAL GOVERNMENT: Do pass as amended. (9-0)

CA SB 735

AUTHOR: Wolk [D]
TITLE: Sacramento-San Joaquin Delta Reform Act
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
Amends existing law that establishes the Delta Stewardship Council to create a Delta management plan. Authorizes prescribed local entities to enter into a memorandum of understanding or other written agreement with the council and the Department of Fish and Wildlife regarding multispecies conservation plans that describes how the parties would ensure that multispecies conservation plans that have been adopted or are under development are consistent with the Delta Plan.

CA SB 739

AUTHOR: Calderon R [D]
TITLE: Environmental Quality
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
DISPOSITION: Failed
LOCATION: SENATE
SUMMARY: Makes a technical, nonsubstantive change to the definition of local agency for the purposes of the California Environmental Quality Act.

CA SB 750

AUTHOR: Wolk [D]
TITLE: Building Standards: Water Meters: Multiunits
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
LAST AMEND: 08/08/2013
DISPOSITION: Pending
LOCATION: Assembly Water, Parks and Wildlife Committee
SUMMARY: Requires a water purveyor providing water service to new multiunit residential or mixed use structures to require water measurement to each unit and to permit measurement to be by water meters or submeters. Requires submeters to comply with existing laws and regulations. Prohibits purveyor fees for submeters installed by the owner. Imposes certain requirements on landlords in related to the submetered water service. Relates to separate charge notification to tenant. Authorizes damages for violations.

CA SB 751

AUTHOR: Yee [D]
<table>
<thead>
<tr>
<th>TITLE:</th>
<th>Meetings: Publication of Action Taken</th>
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<tbody>
<tr>
<td>FISCAL COMMITTEE:</td>
<td>yes</td>
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<tr>
<td>URGENCY CLAUSE:</td>
<td>no</td>
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<td>LOCATION:</td>
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<tr>
<td>CHAPTER:</td>
<td>257</td>
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<tr>
<td>SUMMARY:</td>
<td>Amends the Ralph M. Brown Act that requires all meetings of the legislative body of a local agency to be open and public and prohibits that body from taking action by secret ballot, whether preliminary or final. Requires that the legislative body of a local agency to publicly report any action taken and the vote or abstention of that action of each member present for the action.</td>
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CA SB 754

| AUTHOR:   | Evans [D]                                                   |
| TITLE:    | Environmental Quality Act                                  |
| FISCAL COMMITTEE: | yes                                                       |
| URGENCY CLAUSE: | no                                                        |
| INTRODUCED: | 02/22/2013                                                |
| LAST AMEND: | 05/06/2013                                                |
| DISPOSITION: | Failed                                                    |
| LOCATION:  | SENATE                                                    |
| SUMMARY:  | Amends the California Environmental Quality Act. Authorizes a person meeting specified requirements to bring an action or proceeding to enforce the implementation of the mitigation measures specified in a reporting and monitoring program if a project applicant fails to implement those measures. Prohibits a project proponent to contract for, direct or prepare the initial study, environmental impact report or negative declaration. Prohibits the use of a prior EIR for specified purposes. |
| STATUS:   | 02/03/2014 In SENATE. Returned to Secretary of Senate pursuant to Joint Rule 56. |

CA SB 765

| AUTHOR:   | Block [D]                                                  |
| TITLE:    | Public Employees: Collective Bargaining                    |
| FISCAL COMMITTEE: | no                                                        |
| URGENCY CLAUSE: | no                                                        |
| INTRODUCED: | 02/22/2013                                                |
| VETOED:    | 08/19/2013                                                |
| DISPOSITION: | Vetoed                                                    |
| LOCATION:  | Vetoed                                                    |
| SUMMARY:  | Permits a public school supervisory peace officer employee to join or participate in an employee organization and negotiating unit that is composed of nonsupervisory peace officers if the representation has been agreed to by the supervisory employee representative, the nonsupervisory peace officer representative, and the employer and the Public Employment Relations Board is so notified. |
CA SB 772

STATUS:
08/19/2013 Vetoed by GOVERNOR.

AUTHOR: Roth [D]
TITLE: County Water Company of Riverside: Liability
FISCAL COMMITTEE: yes
URGENCY CLAUSE: yes
INTRODUCED: 02/22/2013
LAST AMEND: 01/06/2014
DISPOSITION: Failed
LOCATION: SENATE
SUMMARY:
Relates to an exemption for the Elsinor Valley Municipal Water District and the Eastern Municipal Water District from liability for claims by past or existing County Water Company of Riverside concerning the operation and supply of water during an interim operation period for any good faith, reasonable effort using ordinary care to assume possession of, and to operate and supply water to the company's water system. Provides immunity for future customer claims.

STATUS:
02/03/2014 In SENATE. Returned to Secretary of Senate pursuant to Joint Rule 56.

CA SB 776

AUTHOR: Corbett [D]
TITLE: Public Works: Prevailing Wage Rates: Credits
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
ENACTED: 08/27/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 169
SUMMARY:
Makes changes to provisions specifying that certain employer payments are a credit against an obligation to pay the general prevailing rate of per diem wages, including certain benefits payments and payments to the Apprenticeship Council. Provides the conditions under which the employer may take credit for the payments. Prohibits credit from being granted for payments made to enforce laws related to public works if those payments are not required by a collective bargaining agreement.

STATUS:
08/27/2013 Signed by GOVERNOR.
08/27/2013 Chaptered by Secretary of State. Chapter No. 169

CA SB 783

AUTHOR: De Leon [D]
TITLE: Clean Water, Urban Parks, and Environmental Health Act
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/22/2013
DISPOSITION: Failed
LOCATION: SENATE
SUMMARY:
 Declares the intent of the Legislature to enact legislation that would improve the economy, the natural environment, and increase and improve access
opportunities to physical fitness, by enacting the California Clean Water, Safe Urban Parks, and Environmental Health Investment Act of 2014.

**STATUS:**
02/03/2014 In SENATE. Returned to Secretary of Senate pursuant to Joint Rule 56.

**CA SB 785**

**AUTHOR:** Wolk [D]

**TITLE:** Design-Build FISCAL COMMITTEE: yes

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/22/2013

**LAST AMEND:** 01/14/2014

**DISPOSITION:** Pending

**LOCATION:** ASSEMBLY

**SUMMARY:**
Repeals certain authorizations and enacts provisions that would authorize the Department of General Services, the Department of Corrections and Rehabilitation, and certain local agencies to use the design-build procurement process for specified public works. Authorizes the use of such process by the Marin Healthcare District when contracting for building and improvements construction to a hospital or health facility. Requires specified moneys to be deposited into the State Public Works Enforcement Fund.

**STATUS:**
01/27/2014 In SENATE. Read third time. Passed SENATE. *****To ASSEMBLY. (35-0)

**CA SB 787**

**AUTHOR:** Berryhill T [R]

**TITLE:** Environmental Quality: Sustainable Protection FISCAL COMMITTEE: yes

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/22/2013

**LAST AMEND:** 04/18/2013

**DISPOSITION:** Failed

**LOCATION:** SENATE

**SUMMARY:**
Enacts the Sustainable Environmental Protection Act. Specifies the environmental review required pursuant for projects related to specified environmental topical areas. Prohibits certain causes of action. Provides that the Act only applies if a lead agency or project applicant has agreed to provide to the public an annual compliance report.

**STATUS:**
02/03/2014 In SENATE. Returned to Secretary of Senate pursuant to Joint Rule 56.

**CA SB 805**

**AUTHOR:** De Leon [D]

**TITLE:** Water Corporations: Low-Income Rate Relief Program FISCAL COMMITTEE: no

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/22/2013

**DISPOSITION:** Failed

**LOCATION:** SENATE

**SUMMARY:**
Makes a technical, nonsubstantive change in provisions requiring the Public
Utilities Commission to implement programs to provide rate relief for low-income ratepayers of a water corporation and to provide appropriate incentives and capabilities to achieve water conservation goals.

STATUS:
02/03/2014 In SENATE. Returned to Secretary of Senate pursuant to Joint Rule 56.

CA SB 825

AUTHOR: Governance and Finance Cmt
TITLE: Government Finance
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 03/20/2013
ENACTED: 10/05/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER: 607
SUMMARY: Requires a public agency to accept a corporate check, cashier's check, money order, or other draft method for payment of designated obligations and to impose a charge for any type of returned check or other authorized payment method that is not honored. Requires a private property owner to notify the county assessor if certain events occur. Relates to the assessment of contiguous properties in multiple tax districts. Adds information regarding assessments to tax bills. Requires notification of seniors.

STATUS:
10/05/2013 Chaptered by Secretary of State. Chapter No. 607

CA SB 834

AUTHOR: Huff [R]
TITLE: Sustainable Environmental Protection Act
FISCAL COMMITTEE: yes
URGENCY CLAUSE: yes
INTRODUCED: 01/06/2014
LAST AMEND: 03/20/2014
DISPOSITION: Pending
LOCATION: Senate Environmental Quality Committee
SUMMARY: Enacts the Sustainable Environmental Protection Act. Specifies the environmental review of projects pursuant to the California Environmental Quality Act (CEQA) is required to consider only specified environmental topic areas. Provides this legislation would prohibit a judicial action or proceeding challenging an action taken place by a lead agency on the ground of noncompliance of specified CEQA procedures. Provides the conditions under which the Sustainable Environmental Protection Act applies.

STATUS:
03/26/2014 In SENATE Committee on ENVIRONMENTAL QUALITY: Not heard.

CA SB 848

AUTHOR: Wolk [D]
TITLE: Safe Drinking Water, Water Quality, and Water Supply
FISCAL COMMITTEE: yes
URGENCY CLAUSE: yes
INTRODUCED: 01/09/2014
LAST AMEND: 02/20/2014
Repeals the provisions of existing law that created the Safe, Clean, and Reliable Drinking Water Supply Act of 2012. Enacts the Safe Drinking Water, Water Quality, and Flood Protection Act of 2014 which would authorize the issuance of bonds pursuant to the State General Obligation Bond Law to finance a safe drinking water, water quality, and water supply program.

CA SB 927

Author: Cannella [R]
Title: Safe, Clean, and Reliable Drinking Water Supply Act
Fiscal Committee: Yes
Urgency Clause: Yes
Introduced: 01/29/2014
Disposition: Pending
Location: Senate Natural Resources and Water Committee
Summary: Renames the Safe, Clean, and Reliable Drinking Water Supply Act of 2012 as the Safe, Clean, and Reliable Drinking Water Supply Act of 2014 and makes conforming changes. Authorizes the issuance of bonds in a specified amount by reducing the amount available for projects related to drought relief and water supply reliability.
Status: 04/22/2014 In SENATE Committee on NATURAL RESOURCES AND WATER: Failed passage.
04/22/2014 In SENATE Committee on NATURAL RESOURCES AND WATER: Reconsideration granted.
Commentary:
SDCWA Position: Support if amended (2-27-14)

CA SB 992

Author: Nielsen [R]
Title: Common Interest Developments: Property and Maintenance
Fiscal Committee: No
Urgency Clause: Yes
Introduced: 02/12/2014
Last Amend: 03/25/2014
Disposition: Pending
Location: Assembly Housing and Community Development Committee
Summary: Prohibits a common interest development association from imposing a fine or assessment on separate interest owners for yard maintenance issues related to under-watered plants and lawns during any period for which the Governor has declared a state of emergency due to drought.
Status: 05/01/2014 To ASSEMBLY Committee on HOUSING AND COMMUNITY DEVELOPMENT.
Commentary:
SDCWA Position: Support and seek amendments (3-27-14)
CA SB 1036

AUTHOR: Pavley [D]
TITLE: Urban Water Management Plans
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/18/2014
LAST AMEND: 04/07/2014
DISPOSITION: Pending
COMMITTEE: Senate Appropriations Committee
HEARING: 05/12/2014 10:00 am
SUMMARY:

Authorizes an urban water supplier to include within an urban water management plan certain energy-related information, including, but not limited to, an estimate of the amount of energy used to extract or divert water supplies. Requires the Department of Water Resources to develop a methodology for the voluntary reporting of energy intensity of urban water systems and to include in the methodology in the guidance for the preparation of urban water management plans.

STATUS:
04/29/2014 From SENATE Committee on NATURAL RESOURCES AND WATER: Do pass to Committee on APPROPRIATIONS. (9-0)

CA SB 1049

AUTHOR: Pavley [D]
TITLE: Integrated Regional Water Management Plans
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/18/2014
LAST AMEND: 04/23/2014
DISPOSITION: Pending
COMMITTEE: Senate Appropriations Committee
HEARING: 05/05/2014 1:00 pm
SUMMARY:

Amends the Integrated Regional Water Management Planning Act. Includes projects or programs that reduce energy used to acquire, transport, treat, or distribute water, or that develop and and maintain computer models and analytic tools to model regional water management strategies as a regional project or program. Requires a regional water management group to include all water suppliers that are within a watershed area, the area over a groundwater basin or subbasin, or the area within a county’s boundaries.

STATUS:
04/23/2014 In SENATE. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.

Commentary:
SDCWA Position: Support if amended (3-27-14)

CA SB 1080

AUTHOR: Fuller [R]
TITLE: Safe, Clean, and Reliable Drinking Water Supply Act
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 02/19/2014
DISPOSITION: Pending
LOCATION: Senate Rules Committee
SUMMARY:
Relates to the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, which, if approved by the voters, would authorize the issuance of bonds in a specified amount. Declares the intent of the Legislature to enact legislation to reduce the bond amount.

**STATUS:**

02/27/2014 To SENATE Committee on RULES.

**CA SB 1086**

**AUTHOR:** De Leon [D]

**TITLE:** The Safe Neighborhood Parks, Rivers, & Coastal Bond Act

**FISCAL COMMITTEE:** yes

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/19/2014

**DISPOSITION:** Pending

**COMMITTEE:** Senate Appropriations Committee

**HEARING:** 05/05/2014 1:00 pm

**SUMMARY:**
Enacts the Safe Neighborhood Parks, Rivers, and Coastal Protection Bond Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in an unspecified amount pursuant to the State General Obligation Bond Law to finance a safe neighborhood parks, rivers, and coastal protection program.

**STATUS:**

04/24/2014 From SENATE Committee on GOVERNANCE AND FINANCE: Do pass to Committee on APPROPRIATIONS. (5-2)

**CA SB 1096**

**AUTHOR:** Jackson [D]

**TITLE:** State Coastal Commission: Appointments

**FISCAL COMMITTEE:** no

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/19/2014

**DISPOSITION:** Pending

**LOCATION:** ASSEMBLY

**SUMMARY:**
Repeals the provision of the California Coastal Act of 1976 which provides that the appointment, as a public member, to the Coastal Commission of any person who is not a locally elected official is not precluded by the act or any other law.

**STATUS:**

04/28/2014 In SENATE. Read third time. Passed SENATE. ****To ASSEMBLY. (36-0)

**CA SB 1120**

**AUTHOR:** Galgiani [D]

**TITLE:** Local Water Supply Programs or Projects: Funding

**FISCAL COMMITTEE:** yes

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/19/2014

**DISPOSITION:** Pending

**COMMITTEE:** Senate Appropriations Committee

**HEARING:** 05/05/2014 1:00 pm

**SUMMARY:**
Requires the Department of Water Resources to conduct a statewide inventory of local regional water supply projects and post specified results of the inventory on the department's Internet Web site.

**STATUS:**

04/22/2014 From SENATE Committee on NATURAL RESOURCES AND
CA SB 1121

**Author:** De Leon [D]

**Title:** State Green Bank Board

**Fiscal Committee:** yes

**Urgency Clause:** no

**Introduced:** 02/19/2014

**Last Amend:** 04/29/2014

**Disposition:** Pending

**Location:** Senate Rules Committee

**Summary:**
Establishes the State Green Bank Board. Specifies the Board’s membership. Provides the board would be responsible to evaluate the current State financial support for commercially viable clean energy projects and innovative energy technology projects; requires the Board to make specific recommendations relating to its duties in a report to the Legislature.

**Status:**
04/29/2014 In SENATE. Read second time and amended. Re-referred to Committee on RULES.

CA SB 1122

**Author:** Pavley [D]

**Title:** Sustainable Communities: Strategic Growth Council

**Fiscal Committee:** yes

**Urgency Clause:** no

**Introduced:** 02/19/2014

**Last Amend:** 05/05/2014

**Disposition:** Pending

**File:** 8

**Location:** Senate Second Reading File

**Summary:**
Requires the Strategic Growth Council to provide plan financial assistance to be funded from moneys from the Greenhouse Gas Reduction Fund. Requires the regional plan or other planning instrument to meet the requirements of an applicable sustainable communities strategy, alternative transportation plans, or other regional greenhouse gas emission reduction plans within a developed area. Relates to model systems. Authorizes grants for agricultural, natural resource, and open space land protection.

**Status:**
05/05/2014 In SENATE. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.

CA SB 1132

**Author:** Mitchell [D]

**Title:** Oil and Gas Well Stimulation Treatments

**Fiscal Committee:** yes

**Urgency Clause:** no

**Introduced:** 02/20/2014

**Last Amend:** 04/21/2014

**Disposition:** Pending

**Location:** Senate Second Reading File

**Summary:**
Requires a specified scientific study to be conducted to consider additional elements and evaluate potential direct, indirect and cumulative health and environmental effects of onshore and offshore well stimulation and well
stimulation treatment-related activities. Prohibits all well stimulation treatments until the Secretary of the Natural Resources Agency convenes a committee to review the scientific study, and that such stimulation will not contribute to the deterioration of environmental conditions.

**STATUS:**

04/30/2014 From SENATE Committee on ENVIRONMENTAL QUALITY: Do pass as amended to Committee on APPROPRIATIONS. (5-2)

**CA SB 1144**

**AUTHOR:** Galgiani [D]  
**TITLE:** Common Interest Developments  
**FISCAL COMMITTEE:** no  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/20/2014  
**DISPOSITION:** Pending  
**LOCATION:** Senate Transportation and Housing Committee

Prohibits an association from imposing a fine or assessment on separate interest owners for yard maintenance issues related to under watered plants and lawns during any period for which the governor has declared a state of emergency due to drought. Prohibits a city, county, or city and county from imposing a fine or assessment on separate interest owners for yard maintenance issues.

**STATUS:**

03/06/2014 To SENATE Committee on TRANSPORTATION AND HOUSING.

Commentary:

SDCWA Position: Support and seek amendments (3-27-14)

**CA SB 1168**

**AUTHOR:** Pavley [D]  
**TITLE:** Groundwater Management  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/20/2014  
**LAST AMEND:** 04/23/2014  
**DISPOSITION:** Pending  
**COMMITTEE:** Senate Appropriations Committee  
**HEARING:** 05/05/2014 1:00 pm

Enacts the Sustainable Groundwater Management Act. Authorizes unspecified entities to develop a defined sustainable groundwater management plan, to be developed and adopted to encompass an entire basin or subbasin in an unspecified manner, and according to an unspecified schedule. Authorizes the State to take action to cause such a plan to be developed, adopted, and implemented.

**STATUS:**

04/23/2014 In SENATE. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.

**CA SB 1250**

**AUTHOR:** Hueso [D]  
**TITLE:** Safe, Clean and Reliable Drinking Water Supply Act  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** yes  
**INTRODUCED:** 02/20/2014
Repeals the Safe, Clean and Reliable Drinking Water Supply Act of 2012 that would authorize the issuance of bonds to finance a safe drinking water and water supply reliability program. Enacts the Safe, Clean, and Reliable Drinking Water Supply Act of 2014, which, if adopted by voters would authorize the issuance of bonds in a specified amount to finance a safe drinking water and water supply program.

**Status:**
04/29/2014 In SENATE Committee on NATURAL RESOURCES AND WATER: Heard, remains in Committee.

**Commentary:**
SDCWA Position: Support if amended (4-24-14)

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Requires the Department of Water Resources to make investigations and to gather or cause to be gathered data for a proper review and study of the loss of storage capacity behind dams resulting from siltation. Requires the results of the study to be reflected in the update of the State Water Plan and provided to appropriate legislative committees. Requires adding the estimated loss of storage capacity due to siltation to the list of factors to be considered when updating the State’s water plan.

**Status:**
04/29/2014 From SENATE Committee on NATURAL RESOURCES AND WATER: Do pass to Committee on APPROPRIATIONS. (9-0)

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Requires the monthly statement to the State Oil and Gas Supervisor to include the source and amount of fluid or gas injected into each well, and the source and amount of water used to generate injected fluid or gas. Requires the statement to include additional information, including the treatment of water and the use of treated or recycled water in oil and gas field activities.
STATUS: 04/29/2014  From SENATE Committee on NATURAL RESOURCES AND WATER:  Do pass to Committee on APPROPRIATIONS. (8-0)

CA SB 1370

AUTHOR: Galgiani [D]
TITLE: Reliable Water Supply Bond Act of 2014
FISCAL COMMITTEE: yes
URGENCY CLAUSE: yes
INTRODUCED: 02/21/2014
LAST AMEND: 03/24/2014
DISPOSITION: Pending
LOCATION: Senate Natural Resources and Water Committee
SUMMARY:
STATUS: 04/08/2014  In SENATE Committee on NATURAL RESOURCES AND WATER:  Heard, remains in Committee.

Commentary:
SDCWA Position: Oppose unless amended (3-27-14)

CA SB 1410

AUTHOR: Wolk [D]
TITLE: Wildlife Management Areas: Payments
FISCAL COMMITTEE: yes
URGENCY CLAUSE: yes
INTRODUCED: 02/21/2014
LAST AMEND: 04/21/2014
DISPOSITION: Pending
COMMITTEE: Senate Appropriations Committee
HEARING: 05/05/2014 1:00 pm
SUMMARY:
Appropriates funds from the General Fund to the Department of Fish and Wildlife to make payments to counties for unpaid amounts under provisions of existing law. Appropriates funds annually from the General Fund to the Department to make payments to counties for under these provisions regarding wildlife management areas.
STATUS: 04/22/2014  From SENATE Committee on NATURAL RESOURCES AND WATER:  Do pass to Committee on APPROPRIATIONS. (9-0)

CA SB 1420

AUTHOR: Wolk [D]
TITLE: Urban Water Management Plans
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/21/2014
LAST AMEND: 04/21/2014
DISPOSITION: Pending
COMMITTEE: Senate Appropriations Committee
HEARING: 05/12/2014 10:00 am
SUMMARY:
Requires an urban water management plan to quantify and report on distribution system water loss. Authorizes water use projections to display and
account for the water savings estimated to result from adopted codes, standards, ordinances, or transportation and land use plans, when the information is available and applicable to the supplier. Requires the plan, or amendments to be submitted electronically to the Department of Water Resources and include department forms, tables, or displays.

**STATUS:**

04/29/2014 From SENATE Committee on NATURAL RESOURCES AND WATER: Do pass to Committee on APPROPRIATIONS. (9-0)

**Commentary:**

SDCWA Position: Support (3-27-14)

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**CA SB 1447**

**AUTHOR:** Fuller [R]

**TITLE:** Bay Delta Conservation Plan: Judicial Review

**FISCAL COMMITTEE:** no

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/21/2014

**DISPOSITION:** Pending

**LOCATION:** Senate Rules Committee

**SUMMARY:**

States the intent of the Legislature to enact legislation establishing judicial review procedures for the Bay Delta Conservation Plan.

**STATUS:**

03/13/2014 To SENATE Committee on RULES.

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**CA SB 1451**

**AUTHOR:** Hill [D]

**TITLE:** Environmental Quality: Judicial Review: Standing

**FISCAL COMMITTEE:** yes

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/21/2014

**LAST AMEND:** 04/21/2014

**DISPOSITION:** Pending

**COMMITTEE:** Senate Judiciary Committee

**HEARING:** 05/06/2014 1:30 pm

**SUMMARY:**

Relates to the California Environmental Quality Act. Requires that the alleged grounds for Act noncompliance shall have been presented to a public agency prior to the close of a public hearing on the project under certain conditions. Limits the standing of a person objecting to the project prior to the close of the hearing before the filing of notice of determination for which no public comment period was provided by the Act. Extends related preclusion provisions.

**STATUS:**

04/30/2014 From SENATE Committee on ENVIRONMENTAL QUALITY: Do pass to Committee on JUDICIARY. (4-1)

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**CA SCA 3**

**AUTHOR:** Leno [D]

**TITLE:** Public Information

**FISCAL COMMITTEE:** yes

**URGENCY CLAUSE:** no

**INTRODUCED:** 12/03/2012

**ENACTED:** 09/20/2013

**DISPOSITION:** Adopted

**LOCATION:** Chaptered

**CHAPTER:** 123
SUMMARY:
Proposes an amendment to the Constitution to require each local agency to comply with the State Public Records Act and the Brown Act and with any statutory enactment amended either act, enacting a successor act, or amending any successor act which contains findings demonstrating that the statutory enactment furthers the purposes of the people's right of access to information concerning the conduct of the people's business. Regards the subvention of funds.
STATUS:
09/20/2013 Chaptered by Secretary of State.
09/20/2013 Resolution Chapter No. 123

CA SCA 4

AUTHOR: Liu [D]
TITLE: Local Government Transportation Project: Voter Approval
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 12/03/2012
LAST AMEND: 08/28/2013
DISPOSITION: Pending
LOCATION: Senate Appropriations Committee
SUMMARY:
Proposes an amendment to the Constitution to provide the imposition, extension, or increase of a special tax by a local government for the purpose of providing funding for local transportation projects requires the approval of a related proposition that includes certain requirements. Prohibits the local government from expending any revenues derived from a special transportation tax approved by the voters at any time prior to the completion of a identified capital project funded by specified revenues.
STATUS:
08/29/2013 Re-referred to SENATE Committee on APPROPRIATIONS.

CA SCA 11

AUTHOR: Hancock [D]
TITLE: Local Government: Special Taxes: Voter Approval
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 01/25/2013
LAST AMEND: 05/21/2013
DISPOSITION: Pending
LOCATION: Senate Appropriations Committee
SUMMARY:
Proposes an amendment to the Constitution to condition the imposition, extension, or increase of a special tax by a local government upon the approval of 55% of the voters voting on the proposition, if the proposition proposing the tax contains specified requirements.
STATUS:
06/27/2013 Re-referred to SENATE Committee on APPROPRIATIONS.

Federal Legislation

US HR 267
RELATED: US S 545
SPONSOR: McMorris Rodger [R]
TITLE: Hydropower
INTRODUCED: 01/15/2013
ENACTED: 08/09/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER #: 113-23
SUMMARY:
Creates the Hydropower Regulatory Efficiency Act of 2013; relates to licensing of conduit hydroelectric power projects, promoting such projects, hydropower development at nonpowered dams and closed loop pumped storage projects, and a study of pumped storage and potential hydropower from conduits.
STATUS:
08/09/2013 Public Law No. 113-23

US HR 678
IDENTICAL: US S 306
RELATED: US HR 1963, US HRES 140
SPONSOR: Tipton [R]
TITLE: Hydropower Development and Rural Jobs Act
INTRODUCED: 02/13/2013
ENACTED: 08/09/2013
DISPOSITION: Enacted
LOCATION: Chaptered
CHAPTER #: 113-24
SUMMARY:
Creates the Bureau of Reclamation Small Conduit Hydropower Development and Rural Jobs Act; authorizes all Bureau of Reclamation conduit facilities for hydropower development under Federal Reclamation law; relates to the lease of power privilege to an irrigation district or water users association.
STATUS:
08/09/2013 Public Law No. 113-24

US HR 3964
SPONSOR: Valadao [R]
TITLE: Sacramento San Joaquin Valley Emergency Water Delivery
INTRODUCED: 01/29/2014
LAST AMEND: 02/05/2014
DISPOSITION: Pending
LOCATION: Senate General Orders
SUMMARY:
Relates to the Sacramento-San Joaquin Valley Emergency Water Delivery Act; addresses certain water-related concerns in the Sacramento-San Joaquin Valley; relates to a water reliability project, San Joaquin River restoration, repayment contracts and acceleration of repayment of construction costs, and Bay-Delta watershed water rights preservation and protection.
STATUS:
02/10/2014 In SENATE. Read second time. Placed on Legislative Calendar under General Orders.

US HR 4039
SPONSOR: Costa [D]
TITLE: Water Supplies and Disaster Assistance
INTRODUCED: 02/11/2014
DISPOSITION: Pending
LOCATION: House Energy and Commerce Committee
SUMMARY:
Directs the Secretary of the Interior, the Secretary of Commerce, and the Administrator of the Environmental Protection Agency to take actions to provide
additional water supplies and disaster assistance to the State of California due
to drought.

**STATUS:**

02/14/2014 In HOUSE Committee on ENERGY AND COMMERCE:
Referred to Subcommittee on ENVIRONMENT AND THE ECONOMY.

**US S 2016**

**SPONSOR:** Feinstein [D]

**TITLE:** California Emergency Drought Relief Act of 2014

**INTRODUCED:** 02/11/2014

**DISPOSITION:** Pending

**LOCATION:** Senate Energy and Natural Resources Committee

**SUMMARY:**
Relates to the California Emergency Drought Relief Act of 2014; directs the Secretary of the Interior, the Secretary of Commerce, and the Administrator of the Environmental Protection Agency to take actions to provide additional water supplies and disaster assistance to the State of California due to drought.

**STATUS:**

02/11/2014 INTRODUCED.

02/11/2014 In SENATE. Read second time.

02/11/2014 To SENATE Committee on ENERGY AND NATURAL RESOURCES.
May 14, 2014

Attention: Legislation, Conservation and Outreach Committee

Government Relations Update. (Information)

Discussion
This report is an update of the Water Authority’s government relations program.

Sponsored Legislation
At its November 2013 Board meeting, the Water Authority Board of Directors approved sponsorship of two legislative proposals for the 2014 legislative session. Both of the following sponsored measures were introduced in February 2014:

- **AB 1874** – authored by Assemblymember Lorena Gonzalez – would streamline the state’s administration of the integrated regional water management program
  - AB 1874 passed the Assembly Water, Parks, and Wildlife Committee on a 15-0 vote and has been referred to the Assembly Appropriations Committee for further consideration

- **AB 2067** – authored by Assemblymember Shirley Weber – would simplify and update the reporting requirements for demand management measures in urban water management plans
  - AB 2067 passed the Assembly Water, Parks, and Wildlife Committee on a 13-0 vote, passed the Assembly Appropriations Committee on a 17-0 vote, and passed off the Assembly Floor on a 75-0
  - AB 2067 is in the Senate and pending referral to a policy committee

Water Authority staff and legislative advocates are continuing to seek broad support for the Water Authority’s sponsored legislation from interests throughout the state.

Water Bond
SBX7-2 (Cogdill), the $11.14 billion water bond measure originally enacted in 2009, is currently on the November 4, 2014 ballot. Activity related to the water bond continues to proceed very rapidly during the 2014 legislative session. There are presently 11 water bond measures that are in consideration for the November 4, 2014 statewide general election ballot:
**Water Bond Measures**

<table>
<thead>
<tr>
<th>Bill</th>
<th>$</th>
<th>Water Authority Position</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB 1331 (Rendon)</td>
<td>$8.0 billion</td>
<td>Oppose Unless Amended</td>
<td>Senate Environmental Quality Committee</td>
</tr>
<tr>
<td>AB 1445 (Logue)</td>
<td>$5.8 billion</td>
<td>Oppose Unless Amended</td>
<td>Assembly Water, Parks, and Wildlife Committee</td>
</tr>
<tr>
<td>AB 2043 (Bigelow)</td>
<td>$7.935 billion</td>
<td>Support if Amended</td>
<td>Assembly Appropriations Committee</td>
</tr>
<tr>
<td>AB 2554 (Rendon)</td>
<td>$8.5 billion</td>
<td>Support if Amended</td>
<td>Assembly Appropriations Committee</td>
</tr>
<tr>
<td>AB 2686 (Perea)</td>
<td>$10.75 billion</td>
<td>Support if Amended</td>
<td>Assembly Appropriations Committee</td>
</tr>
<tr>
<td>SB 40 (Pavley)</td>
<td>Spot Bill</td>
<td>Watch</td>
<td>Senate Natural Resources and Water Committee</td>
</tr>
<tr>
<td>SB 848 (Wolk)</td>
<td>$6.825 billion</td>
<td>Oppose Unless Amended</td>
<td>Senate Appropriations Committee</td>
</tr>
<tr>
<td>SB 927 (Cannella)</td>
<td>$9.217 billion</td>
<td>Support if Amended</td>
<td>Senate Natural Resources and Water Committee</td>
</tr>
<tr>
<td>SB 1080 (Fuller)</td>
<td>Spot Bill</td>
<td>Watch</td>
<td>Senate Rules Committee</td>
</tr>
<tr>
<td>SB 1250 (Hueso)</td>
<td>$9.45 billion</td>
<td>Support if Amended</td>
<td>Senate Natural Resources and Water Committee</td>
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<tr>
<td>SB 1370 (Galgiani)</td>
<td>$6.26 billion</td>
<td>Oppose Unless Amended</td>
<td>Senate Natural Resources and Water Committee</td>
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</tbody>
</table>

Attachment 1 provides an “at-a-glance” overview comparison of the 11 water bond bills and SBX7-2.

AB 1331 (Rendon) has advanced the greatest distance in the legislative process. The Water Authority Board of Directors adopted an Oppose Unless Amended position on AB 1331 in February. Water Authority staff and legislative advocates have been actively advocating the Board’s approved position, proposed amendments, and water bond priorities.

Any water bond measure approved by the Legislature to replace SBX7-2 on the ballot would require a two-thirds vote in both houses of the Legislature. In addition, any measure to move the existing water bond from the November 2014 ballot to a future statewide ballot, would require a two-thirds vote in each house. At this time, even if the only modification to the measure is the change of ballot date, it would now require a two-thirds vote in each house because it would need to be enacted as an urgency measure to take effect immediately.

The Water Authority’s staff and legislative advocates continue to participate in discussions in any venue within which water bond discussions are occurring, on how the water bond should be restructured to advance the Water Authority’s priorities.
Lobbyist Activities
Steve Cruz of Gonzalez, Quintana & Hunter reports that he performed the following lobbying activities on behalf of the Water Authority over the past month:

- Provided strategic advice and information regarding the Water Authority’s legislative interests
- Worked with the Water Authority Government Relations Manager to secure support for the Water Authority’s two sponsored bills
- Coordinated with V. John White, Bob Giroux, and Water Authority staff on various legislative issues of importance to the Water Authority
- Conducted a series of advocacy briefings to streamline and expedite the award of drought relief grants funds to the San Diego region

Bob Giroux of Lang, Hansen, O’Malley & Miller reports that he performed the following lobbying activities on behalf of the Water Authority over the past month:

- Provided strategic advice and information regarding the Water Authority’s legislative interests
- Coordinated with V. John White, Steve Cruz, and Water Authority staff on various legislative issues of importance to the Water Authority
- Confferred with the Assembly Speaker and the Senate President pro tem regarding the Water Authority’s interests
- Continued to actively advance the Water Authority’s interests within the context of the drought relief legislative package, including pursuing opportunities to streamline and expedite the award of drought relief grants to the San Diego region

V. John White reports that he performed the following lobbying activities on behalf of the Water Authority over the past month:

- Provided strategic advice and information regarding the Water Authority’s legislative interests
- Coordinated with Bob Giroux, Steve Cruz, and Water Authority staff on various legislative issues of importance to the Water Authority
- Met with legislators and staff regarding Salton Sea mitigation planning and long term funding sources
• Met and discussed several Water Authority issues of interest with key environmental groups, including Sierra Club, Planning and Conservation League, and the California League of Conservation Voters

• Met and discussed the proposed San Vicente pumped hydro storage project with Water Authority staff and representatives and staff of the California Public Utilities Commission and the California Independent System Operator

**Washington, D.C.**
Ken Carpi of Carpi & Clay will provide a separate written report of the firm’s monthly activities in Washington, D.C.

Prepared by:  Glenn A. Farrel, Government Relations Manager
Reviewed by:  Dennis A. Cushman, Assistant General Manager

Attachment:  “At-A-Glance” Overview Comparison of Water Bond Legislation
### Water Bond Comparison At-A-Glance

**As of May 5, 2014**

<table>
<thead>
<tr>
<th>Funding Category</th>
<th>2014 Water Bond</th>
<th>AB 1331 (Rendon)</th>
<th>AB 1445 (Logue)</th>
<th>AB 2043 (Bigelow &amp; Conway)</th>
<th>AB 2554 (Rendon)</th>
<th>AB 2686 (Perea, Gray, Salas, &amp; Cannella)</th>
<th>SB 40 (Pavley)</th>
<th>SB 848 (Wolk)</th>
<th>SB 927 (Cannella &amp; Vidak)</th>
<th>SB 1080 (Fuller)</th>
<th>SB 1250 (Hueso)</th>
<th>SB 1370 (Galgiani)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Drought Relief</strong></td>
<td></td>
<td>$455 M (Variety of drought relief and safe drinking water projects)</td>
<td></td>
<td></td>
<td></td>
<td>$200 M (Variety of drought relief projects)</td>
<td>$90 M (Variety of drought relief projects)</td>
<td>$900 M (Disadvantaged community infrastructure; urgent actions; wastewater treatment)</td>
<td>$1.237 B (Groundwater protection - $400 M carve-out for disadvantaged community safe drinking water; variety of safe drinking water projects)</td>
<td>$2 B ($1 B – IRWM projects; $500 M for groundwater sustainability; $500 M for recycled water and advanced treatment projects)</td>
<td></td>
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</tr>
<tr>
<td><strong>Clean and Safe Drinking Water</strong></td>
<td>$1 B (Groundwater protection and water quality)</td>
<td>$1 B (Projects to improve water quality or provide clean or safe drinking water to Californians)</td>
<td>$995 M (Prevention &amp; reduction of groundwater contamination; wastewater treatment and Safe Drinking Water)</td>
<td>$1 B (Disadvantaged community infrastructure; urgent actions; wastewater treatment)</td>
<td>$1 B (Clean and Safe Drinking Water)</td>
<td>$900 M (Disadvantaged community infrastructure; urgent actions; wastewater treatment)</td>
<td>$2 B (IRWM funding; water recycling; water use efficiency)</td>
<td>$2.64 B (IRWM funding; water recycling; water use efficiency)</td>
<td>$2 B ($1 B – IRWM projects; $500 M for groundwater sustainability; $500 M for recycled water and advanced treatment projects)</td>
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<tr>
<td><strong>Regional Water Projects</strong></td>
<td>$2.65 B (IRWM funding; water recycling; water use efficiency)</td>
<td>$2.24 B ($1.19 B Regional water supply reliability by hydrologic region; $1.05 B Water recycling, conservation, &amp; efficiency)</td>
<td>$1.5 B (Regional water management for climate change)</td>
<td>$2 B (Local and regional projects – IRWM; $500M to water recycling and adv. treatment technologies; $250M to water conservation and $250M to stormwater management)</td>
<td>$2 B (IRWM funding and storm water management)</td>
<td>$2.25 B (Sacramento-San Joaquin Delta Sustainability)</td>
<td>$1.2 B (Funding for projects undertaken by Delta Conservancy and Delta levee projects – silent on co-equal goals)</td>
<td>$2.25 B (Delta sustainability and ecosystem restoration)</td>
<td>$2.25 B (Delta sustainability and ecosystem restoration)</td>
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<tr>
<td><strong>Delta Sustainability</strong></td>
<td>$2.25 B (Delta sustainability and ecosystem restoration)</td>
<td>$1 B (Delta sustainability, levees, and ecosystem restoration – silent on co-equal goals)</td>
<td>$1 B (Delta sustainability, levees, and ecosystem restoration – silent on co-equal goals)</td>
<td>$2.25 B (Sacramento-San Joaquin Delta Sustainability)</td>
<td>$1.5 B (Delta ecosystem restoration projects)</td>
<td>$1.2 B (Funding for projects undertaken by Delta Conservancy and Delta levee projects – silent on co-equal goals)</td>
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<tr>
<td><strong>Water Storage</strong></td>
<td></td>
<td>$3 B</td>
<td></td>
<td>$4.8 B</td>
<td>$3 B</td>
<td>$3 B</td>
<td>$1.025 B</td>
<td>$3 B</td>
<td></td>
<td></td>
<td>$6.26 B</td>
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<td></td>
<td></td>
<td>(Surface and groundwater storage - continuous appropriation. Broad definition of public benefits)</td>
<td></td>
<td>(Surface and groundwater storage - continuous appropriation. Broad definition of public benefits)</td>
<td>(Water storage for climate change - continuous appropriation. Broad definition of public benefits)</td>
<td>(Surface and groundwater storage - continuous appropriation - Broad definition of public benefits)</td>
<td></td>
<td>(Surface and groundwater storage - legislative appropriation. Narrow definition of public benefits)</td>
<td></td>
<td></td>
<td>(Surface and groundwater storage - continuous appropriation; Broad definition of public benefits)</td>
<td></td>
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<tr>
<td><strong>Protecting Rivers, Coasts, and Watersheds</strong></td>
<td>$1.785 B</td>
<td>$1.5 B</td>
<td></td>
<td>$1.5 B</td>
<td>$1.5 B</td>
<td>$1.7 B</td>
<td></td>
<td>$1.5 B</td>
<td></td>
<td></td>
<td>$1.3 B</td>
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<td></td>
<td>(Earmarked allocations throughout chapter)</td>
<td>(Funding state obligations, incl. QSA; conservancies; regional allocations)</td>
<td></td>
<td>(Funding state obligations, incl. QSA; conservancies; regional allocations)</td>
<td>(Funding state obligations, incl. QSA; protecting rivers, lakes, streams, coastal waters, &amp; watersheds)</td>
<td>(State obligations, incl. QSA - earmarked conservancy allocations. Multi-benefit watershed projects)</td>
<td></td>
<td>(Funding state obligations, incl. QSA; conservancies; regional allocations)</td>
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FORMAL BOARD OF DIRECTORS’ MEETING

The mission of the San Diego County Water Authority is to provide a safe and reliable supply of water to its member agencies serving the San Diego region.

May 22, 2014

3:00 p.m.

1. Call to Order.

2. Salute to the flag.

3. Roll call, determination of quorum.
   3-A Report on proxies received.

4. Additions to agenda. (Government code Sec. 54954.2(b)).

5. Approve the minutes of the Special meeting of the Engineering and Operations Committee of April 10, 2014 and the Formal Board of Directors’ meeting of April 24, 2014.

6. Opportunity for members of the public who wish to address the Board on matters within the Board’s jurisdiction.

7. PRESENTATIONS & PUBLIC HEARINGS
   7-A Padre Dam Municipal Water District Overview – Allen Carlisle, General Manager.
   7-C Recognition of Vivien Quiros, Human Resources Assistant, Employee of the 3rd Quarter.

8. REPORTS BY CHAIRS
   8-A Chairs report: Chair Wornham

   8-B Report by Committee Chairs
   Engineering and Operations Committee  Director Brady
   Administrative and Finance Committee  Director Saunders
   Water Planning Committee  Director Tu
   Imported Water Committee  Director Saxod
   Legislation, Conservation and Outreach Committee  Director Croucher
9. CONSENT CALENDAR

9-1. Professional services contracts for as-needed construction management and in-plant inspection support services.
Authorize the General Manager to award professional services contracts to Simon Wong Engineering for $4 million, Richard Brady and Associates for $2.5 million and Nolte Associates for $2.5 million for as-needed construction management support services to support Capital Improvement Program and Asset Management projects for five years. Authorize the General Manager to award a professional services contract to On-Site Technical Services, for as-needed in-plant and field inspection support services to support Capital Improvement Program and Asset Management projects, for an amount not-to-exceed $3 million, for three years.

9-2. Amendment to professional services contract with Pure Technologies US Inc. to provide Welded Steel Pipeline Nondestructive Testing services on Pipeline 3 from the Delivery Point to the Twin Oaks Valley Water Treatment Plant.
Authorize the General Manager to award an amendment to the professional services contract with Pure Technologies US Inc. in the amount of $1,077,000 to provide nondestructive testing services and condition assessment of Pipeline 3 from the Delivery Point to the Twin Oaks Valley Water Treatment Plant. This will increase the total contract amount to $2,196,000.

9-3. Treasurer’s report.
Note and file the monthly Treasurer’s report.

9-4. Resolution setting a Public Hearing date for the Water Authority’s proposed calendar year 2015 Rate and Charge increases.
Provide direction regarding TSAWR for calendar year 2015 rates and charges. Adopt Resolution Number 2014-___ setting the time and place for a public hearing on June 26, 2014, at or after 9:00 a.m., or as soon thereafter as may practically be heard, during the Administrative and Finance Committee meeting, to receive comments regarding proposed rates and charges to be effective January 1, 2015.

9-5. Resolution for the Final Mitigated Negative Declaration for the Pipelines 3, 4 and 5 Relining at San Luis Rey River; adopting a Mitigation Monitoring and Reporting Program; approving the project; and authorizing Filing of a Notice of Determination.
It is recommended the Board adopt Resolution No. 2014-___ that:
Finds that the project will not have a significant effect on the environment. Adopts the Final Mitigated Negative Declaration. Adopts the Mitigation Monitoring and Reporting Program. Approves the Project. Authorizes filing a Notice of Determination.
9- 6. **Authorize General Manager to enter into a Second Amendment that would extend the 2003 Agreement for Emergency Delivery of a Portion of the Mexican Treaty Waters to Tijuana for an additional five-year period.**

Authorize the General Manager to enter into a second amendment to the Agreement for Temporary Emergency Delivery of a Portion of the Mexican Treaty Waters of the Colorado River to the International Boundary in the Vicinity of Tijuana, Baja California, Mexico, and for Operation of Facilities in the United States in a form approved by General Counsel.

9- 7. **Report on potable reuse and consideration of approval of a resolution supporting the city of San Diego’s Pure Water San Diego program.**

Approve Resolution No. 2014-____ supporting the “Pure Water San Diego” program sponsored by the city of San Diego.

9- 8. **Resolution establishing preliminary informal terms and conditions for the Rainbow Municipal Water District’s proposed Campus Park West Annexation.**

Adopt Resolution No. 2014-____, establishing preliminary informal terms and conditions for the Rainbow Municipal Water District’s proposed Campus Park West Annexation, and requesting that Metropolitan Water District of Southern California grant conditional approval and give notice of intent to impose water standby charges.

9- 9. **Adopt positions on various state bills.**

1. Adopt a position of Oppose Unless Amended on AB 1434 (Yamada)
2. Adopt a position of Oppose Unless Amended on AB 1705 (Williams)
3. Adopt a position of Support if Amended on SB 1139 (Hueso)

9- 10. **Approve Expanded Water Authority Community Outreach, Civic Engagement and Governmental Relations Plan.**

To achieve the Water Authority’s strategic objectives in the General Manager’s Business Plan, effectively communicate the agency’s position on the Bay Delta Conservation Plan, and achieve objectives relating to the Water Authority’s MWD rate litigation, fiscal and water policy issues, staff recommends the Board approve additional resources necessary to meet the agency’s objectives in these critical areas.

10. **ACTION / DISCUSSION**

11. **CLOSED SESSION(S)**

11-A **CLOSED SESSION:**

Conference with Legal Counsel - Existing Litigation

Government Code §54956.9(d)(1)

San Diego Coastkeeper v SDCWA;

San Diego Superior Court Case Nos. 37-2014-00013216-CU-JR-CTL
11-B CLOSED SESSION:
Conference with Legal Counsel - Existing Litigation
Government Code §54956.9(d)(1) –
SDCWA v Metropolitan Water District of Southern California
Case Nos. CPF-10-510830 and CPF-12-512466
Government Code §54956.9(d)(4) - MWD Rates and Charges

12. Action following Closed Session

13. SPECIAL REPORTS
   13-A GENERAL MANAGER’S REPORT – Ms. Stapleton
   13-B GENERAL COUNSEL’S REPORT – Mr. Hentschke
   13-C SANDAG REPORT – Chair Wornham
       SANDAG Subcommittee: Borders/Regional Planning Committee –
       Director Saxod
   13-D AB 1234 Compliance Reports – Directors

14. OTHER COMMUNICATIONS

15. ADJOURNMENT

Doria F. Lore
Clerk of the Board

NOTE: The agendas for the Formal Board meeting and the meetings of the Standing Committees
held on the day of the regular Board meeting are considered a single agenda. All information or
possible action items on the agenda of committees or the Board may be deliberated by and become
subject to consideration and action by the Board.
CALL TO ORDER / ROLL CALL
Chair Brady called the Engineering and Operations Committee meeting to order at 1:33 p.m. Committee members present were Chair Brady, Vice Chairs Miller* and Pocklington, Directors Morrison*, Mudd*, Murtland, Olson, Tu, Verbeke, Watkins, and Wornham. Also present were Directors Arant, Evans, Hilliker, Hogan, Lewinger, Linden, Madaffer, Saunders, Saxod, Topolovac, Watton, Weston, Williams, and Wilson. At that time there was a quorum of the committee.

Staff present included Deputy General Managers Belock and Kerl, Deputy General Counsel Gallien, Director of Engineering Rose, Director of Operations and Maintenance Eaton, Engineering Manager Bousquet, Water Resources Manager Roy, Principal Engineer Rodgers. Also present were guest speakers Vice President/Associate Vice President of Black and Veatch Corporation Kevin Davis, City of San Diego Assistant Public Works Director Bob Mulvey, and City of San Diego Water Shed Manager Jeff Pasek.

* Vice Chair Miller arrived at 1:35 p.m., Director Mudd arrived at 1:36 p.m., and Director Morrison arrived at 1:49 p.m.

ADDITIONS TO AGENDA
There were no additions to the agenda.

PUBLIC COMMENT
There were no public comments.

CHAIR’S REPORT
Chair Brady welcomed Vice Chair Pocklington to his first meeting after being out for a few months.

DIRECTORS’ COMMENTS
There were no comments by Directors.

I. CONSENT CALENDAR
There were no items on the consent calendar.

II. ACTION/DISCUSSION
There were no Action/Discussion items.
III. INFORMATION

1. Presentation on the San Vicente Pumped Storage project update.

Mr. Bousquet gave a presentation on lessons learned on the Lake Hodges Pumped Storage project including different project evolution, power purchase agreement, lessons learned focus areas, project structure, processes, staffing, and five things to be done differently on future complex projects.

Ms. Roy gave a presentation regarding City Coordination including San Vicente Reservoir water storage and quality, and potable water reuse. Mr. Bob Mulvey, City of San Diego Assistant Public Works Director, continued the presentation focused on the City’s indirect potable reuse and reservoir augmentation projects, including background of the Point Loma National Pollutant Discharge Elimination System permit. Mr. Jeff Pasek, City of San Diego Water Shed Manager, presented information including the water purification demonstration project, purification process, pure water facilities plan, and the San Vicente Reservoir study. Mr. Mulvey completed the City’s portion of the presentation with approximate pure water schedule and project viability. Ms. Roy then concluded the presentation with development of potable water reuse regulatory criteria and next steps.

Mr. Belock gave a presentation regarding the current and future Water Authority/City Agreement, California Public Utilities Commission/California Independent System Operator (CAISO) coordinated planning, CAISO application process, and advantages to submitting in April 2015. Mr. Kevin Davis, Vice President/Associate Vice President of Black and Veatch Corporation presented information regarding project delivery methods including cost/revenue projections, key risks, power purchaser approach, partner(s) approach, no partner/design-build-operate approach, and major schedule drivers. Mr. Belock concluded the presentation reviewing the long-term schedule, near-term schedule, activities, and budget requirements.

There was lengthy discussion with several suggestions and requests for further information. Staff would research all suggestions and requests and return to the Board at a later date.

IV. CLOSED SESSION

There were no closed session items on the agenda.

IV. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Chair Brady adjourned the meeting at 3:24 p.m.

______________________________
Brian Brady, Chairman
MINUTES OF THE FORMAL BOARD OF DIRECTORS’ MEETING
APRIL 24, 2014

ADMINISTRATIVE AND FINANCE COMMITTEE
CALL TO ORDER / ROLL CALL
   Chair Saunders called the Administrative and Finance Committee meeting to order at 9:00 a.m. Committee members present was Chair Saunders, Vice Chairs Arant and Wight, Directors Gallo, Hogan, Lewinger, Sanford, Weston, Williams and Wilson. Committee members absent were Directors Gallo, Hilliker, Razak, Topolovac and Watton. Also present were Directors Barnum, Brady, Evans, Kern, Linden, Madaffer, Miller, Murtland, Saxod, Simpson, Steiner, Verbeke, and Wornham. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

   Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Financial Planning Manager Shank, Financial Resources Manager Celaya, Director of Water Resources Weinberg, Controller Greek, Acting Director of Administrative Services Brown, Human Resources Manager Crowsen and Senior Water Resources Specialist Bombardier. In addition, Stephen Spitz and Doug Montague were in attendance.

ADDITIONS TO AGENDA
   There were no additions to the agenda.

PUBLIC COMMENT
   There were five members of the public who requested to speak after Action/Discussion agenda item #2 was presented.

CHAIR’S REPORT
   There was no Chair’s Report.

DIRECTORS’ COMMENTS
   There were no Directors’ comments.

I. CONSENT CALENDAR
   1. Treasurer’s Report.
      Staff recommendation: Note and file the monthly Treasurer’s report.


   Vice Chair Arant moved the motions, Director Lewinger seconded, and both motions passed unanimously.
II. ACTION/DISCUSSION
1. Authorize the Issuance of Extendable Commercial Paper.
   Staff recommendation: Adopt Resolution 2014-____ authorizing the issuance and sale of short-term revenue certificates and authorizing and approving certain actions in connection therewith.

   Mr. Shank explained the purpose and background of the recommendation and identified the actions necessary to execute the extendable commercial paper notes.

   Vice Chair Wight moved to approve the staff recommendation, Vice Chair Arant seconded, and the motion passed unanimously.

2. Status of Special Agricultural Water Rate Program and summary of recent discussions with agricultural stakeholders.

   Mr. Bombardier provided background information on the Transitional Special Agricultural Water Rate (TSAWR) that included; past Board Actions from 2008 through 2012, TSAWR regional cost benefit for calendar year 2014, and a summary of discussions from the February 12, 2014 agriculture stakeholder’s meeting held at the Water Authority’s Escondido office.

   Chair Saunders called for the public speakers to come forward. Eric Larson and Julie Walker with the Farm Bureau, Tom Bellamore and Charley Walk with the California Avocado Commission, and Dwight Detter with Whole Foods Market all spoke in favor of extending the TSAWR.

   Vice Chair Wight made a motion to “direct staff to provide the proposed calendar year 2015 rates and charges at the May 22, 2014 Board meeting with and without the inclusion of the current Transitional Special Agricultural Water Rate. Additionally, to include in the future Board work on fiscal sustainability, which would take place later in 2014, an analysis of the TSAWR and consideration, along with other rate issues which were being evaluated”.

   Director Lewinger seconded Vice Chair Wight’s motion and the motion passed unanimously.

III. INFORMATION
The following items were noted and filed:
   1. Controller’s report;
   2. Board of Director’s first quarter 2014 expenses and attendance; and
   3. Board Calendar
IV. **CLOSED SESSION**
There were no closed session items.

V. **ADJOURNMENT**
There being no further business to come before the Administrative and Finance Committee, Chair Saunders adjourned the meeting at 9:45 a.m.

**IMPORTED WATER COMMITTEE**

**CALL TO ORDER / ROLL CALL**
Chair Saxod called the Imported Water Committee meeting to order at 9:50 a.m. Committee members present were Chair Saxod, Vice Chairs Muir* and Williams, Directors Arant, Evans, Hogan, Lewinger, Linden, Olson, Steiner, Wilson, and Wornham. Directors Croucher, Pocklington, Roberts and Watkins were absent. Also present were Directors Barnum, Gallo, Kern, Madaffer, Miller, Morrison, Murtland, Razak, Saunders, Simpson, Tu, Verbeke, Watton, and Weston. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present included General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of MWD Program Chen, Colorado River Program Director Denham, and others.

*Vice Chair Muir arrived at 10:00 a.m.

**ADDITIONS TO AGENDA**
There were no additions to the agenda.

**PUBLIC COMMENT**
There were no public comments.

**CHAIR’S REPORT**
Chair Saxod reported that rain and snow from February and March storms had enabled the Department of Water Resources to increase the State Water Project allocation from zero to five percent. She noted that this minimal increase in water supply also helps environmental habitat, farmers and communities, such as Palmdale and Antelope Valley-East Kern. In light of the increase in allocation, the board action item to assign the Water Authority’s capacity rights in calendar year 2014 Homer, LLC has been withdrawn – Homer had indicated that it would no longer need to use the Water Authority’s capacity rights in Antelope Valley Water Bank this year.

**DIRECTORS’ COMMENTS**
There were no comments by Directors.

I. **CONSENT CALENDAR**
There were no items on the consent calendar.
The agenda was taken out of order, with item II.I-B presented first.

II. ACTION/DISCUSSION

1. Metropolitan Water District Issues and Activities update.
   1-B Update on Metropolitan Water District’s 2014/15 and 2015/16 Budget and Rates and Charges.

   Ms. Chen provided an update on MWD’s adopted biennial budget for fiscal years 2015 and 2016 and the associated rates and charges for calendar years 2015 and 2016. She also discussed Water Authority’s concerns regarding MWD’s budget and rates.

   1-A Metropolitan Water District Delegates report.

   The Delegates reported on the discussions and actions taken at the recent MWD board meetings.


   Mr. Cushman presented the top findings from the Public Records Act lawsuit against Eastern Municipal Water District. Following the presentation, Directors asked questions and made comments.

3. Colorado River Program.
   3-A Colorado River Board representative’s report.

   Director Wilson reported on the discussions at the April Colorado River Board meeting.

   Staff recommendation: Authorize the General Manager to enter into an assignment agreement with Renewable Resources Group (dba Homer, LLC) to allow Homer, LLC, to use the Water Authority’s 5,000 acre-feet of recovery and return capacity in Semitropic-Rosamond Water Bank Authority’s Antelope Valley Water Bank groundwater conjunctive use program in calendar year 2014.

   This item was pulled from the agenda for the reason provided above in the Chair’s report.

III. INFORMATION

1. Presentation on Salton Sea Mitigation and Restoration update.

   Mr. Denham made a presentation on the current state of the Salton Sea and discussed the mitigation and restoration activities. Following the presentation, Directors asked questions and made comments.
The following information item was noted and filed:
2. Metropolitan Water District Program report.

Mr. Hentschke took the Committee into Closed Session at 11:28 a.m.

IV. CLOSED SESSION
1. CLOSED SESSION: Conference with Legal Counsel – Existing Litigation
   Government Code §54956.9(d)(1) – SDCWA v Metropolitan Water District of Southern California; Case Nos. CPF-10-510830 and CPF-12-512466

2. CLOSED SESSION: Conference with Legal Counsel – Existing Litigation
   Government Code §54956.9(a) – SDCWA v Eastern Municipal Water District; Riverside Superior Court Case No. RIC1300887

3. CLOSED SESSION: Conference with Legal Counsel – Initiation of Litigation
   Government Code §54956.9(d)(4) – One Case / MWD Rates and Charges

Mr. Hentschke brought the Committee out of Closed Session at 11:58 a.m. and reported that the committee unanimously authorized staff and special counsel to take all action necessary to initiate litigation regarding Metropolitan’s 2015 and 2016 rates and charges.

IV. ADJOURNMENT
There being no further business to come before the Imported Water Committee, Chair Saxod adjourned the meeting at 11:58 a.m.

ENGINEERING AND OPERATIONS COMMITTEE
CALL TO ORDER / ROLL CALL
Vice Chair Miller called the Engineering and Operations Committee meeting to order at 1:01 p.m. Committee members present were Vice Chairs Miller and Pocklington, Directors Barnum, Morrison, Mudd, Murtland, Olson, Simpson, Tu*, Verbeke, and Wornham and Representative Roberts. Chair Brady and Directors Razak and Watkins were absent. Also present were Directors Arant, Croucher, Evans, Gallo, Hilliker, Hogan, Kern, Lewinger, Linden, Madaffer, Muir, Sanford, Watton, Weston, Williams, and Wilson. At that time, there was a quorum of the Committee.

* Director Tu arrived at 1:05 pm.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Deputy General Counsel Gallien, Director of Operations and Maintenance Eaton, Director of Engineering Rose,
Engineering Manager Bousquet, Senior Engineer Henry, and Senior Water Resources Specialist Chadwick.

**ADDITIONS TO AGENDA**
There were no additions to the agenda.

**PUBLIC COMMENT**
There were no members of the public who wished to speak.

**CHAIR’S REPORT**
Vice Chair Miller announced that the Engineering and Operations Committee held a Special Meeting on April 10, 2014 at which staff presented information regarding Lessons Learned on the Lake Hodges project, the City of San Diego’s IPR project, and the San Vicente Pumped Storage project followed by a discussion period. He noted that staff would return to the Board at a later date with more information requested by the Committee and Board members.

**DIRECTORS’ COMMENTS**
There were no Directors’ comments.

**I. CONSENT CALENDAR**
1. Design services contract with ECORP Consulting, Inc. for Tijuana River Valley Wetland Mitigation project.
   Staff recommendation: Accept Amendment 1 in the amount of $20,000, and approve Amendment 2 in the amount of $238,000, to provide design services for the Tijuana River Valley Wetland Mitigation project, increasing the contract amount from $480,000 to $718,000.

   Mr. Belock noted that as the project was mitigating for only Carryover Storage, the rate category would be changed to Storage, not Transportation as stated in the Board memo.

   Vice Chair Pocklington moved, Director Mudd seconded, and the motion to pass staff’s recommendations passed unanimously.

**II. ACTION/DISCUSSION**
1. Carlsbad Desalination Project.
   Reimbursement agreement with Vallecitos Water District for new facilities related to future contract purchases of treated water from the Carlsbad Desalination Project.
   Staff recommendation:
   1) Authorize the General Manager to execute an agreement with Vallecitos Water District for reimbursable costs related to the design and construction of new facilities to accommodate future treated water purchases from the Carlsbad Desalination Project.
   2) Increase the FY 2014/2015 Capital Improvement Program appropriation and lifetime budget for the Carlsbad Desalination Project by $220,000 for
reimbursable costs related to future contract purchases of treated water from the Carlsbad Desalination Project.

Mr. Belock gave a presentation on the Vallecitos Water District direct connection to the Desalination Pipeline including the locations of the new Vallecitos 9 pipeline, the connection point, and the flow control facilities.

Director Tu moved, Director Murtland seconded, and the motion to pass staff’s recommendations passed unanimously.

III. INFORMATION

1. Advertisement for bids for the Pipelines 3, 4, and 5 Relining at the San Luis Rey River project.

This item was received and filed.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Vice Chair Miller adjourned the meeting at 1:09 p.m.

WATER PLANNING COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Tu called the Water Planning Committee Meeting to order at 1:11 p.m. Committee members present were Chair Tu, Vice Chairs Linden and Watton, Directors Kern, Madaffer, Miller, Murtland, Sanford, Simpson and Weston. Directors Brady, Saunders and Steiner were absent. Also present were Directors Arant, Barnum, Croucher, Evans, Gallo, Hilliker, Hogan, Lewinger, Mudd, Muir, Olson, Pocklington, Razak, Saxod, Verbeke, Williams, Wilson and Wornham and Representative Roberts. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Water Resources Director Weinberg, Water Resources Managers Purcell and Yamada, Senior Water Resources Specialist Tegio, and Water Resources Specialist Dobalian.

PUBLIC COMMENT

There were no requests for public comment received.

CHAIR’S REPORT

Chair Tu briefly reviewed the meeting agenda.
DIRECTORS’ COMMENTS
There were no comments made by Directors.

I. CONSENT CALENDAR
There were no items for the Consent Calendar.

II. ACTION/DISCUSSION
1. PUBLIC HEARING; Draft Mitigated Negative Declaration for the Pipelines 3, 4, and 5 Relining Project at San Luis Rey River.

Chair Tu opened the public hearing for the Draft Mitigated Negative Declaration for the Pipelines 3, 4, and 5 Relining Project at San Luis Rey River at 1:12 p.m. and called for public comment. She advised that written comments would be accepted until 5:00 p.m. April 24, 2014. There were no public comments. Mr. Tegio presented information on the project location, components, objectives, environmental impacts, administrative actions, and required actions and permits. Staff responded to comments and questions posed by Directors Gallo, Kern, Pocklington, and Arant.

With no further comments, Director Weston moved and Director Kern seconded a motion to close the public hearing at 1:14 p.m. The motion passed unanimously.

III. INFORMATION
1. Water supply and demand conditions.

Ms. Dobalian reported on the recent revision of the State Water Project Table A Allocation from zero to five percent. Her presentation also provided information on the northern Sierra precipitation index, state snowpack and reservoir conditions, Colorado River basin supply conditions, potable water use in the region and a temperature outlook through July 2014 that remains above average.

The following report was received and filed:

IV. CLOSED SESSION
There were no Closed Session items.

V. ADJOURNMENT
Chair Tu adjourned the meeting at 1:45 p.m.

LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE
CALL TO ORDER/ROLL CALL

Chair Croucher called the Legislation, Conservation and Outreach Committee to order at 1:52 p.m. Committee members present were Chair Croucher, Vice Chair Madaffer, Directors Barnum, Evans, Gallo, Hilliker, Kern, Mudd, Muir, Saxod, Verbeke and Wight. Committee members absent were Vice Chair Topolovac and Director Morrison. Other Board members
present were Directors Arant, Hogan, Lewinger, Miller, Murtland, Olson, Pocklington, Razak, Roberts, Sanford, Simpson, Steiner, Tu, Watton, Weston, Williams, Wilson and Wornham. At that time there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present were General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Public Outreach and Conservation Foster, Government Relations Manager Farrel and Public Affairs Representative Lee. Also present was legislative representative V. John White.

ADDITIONS TO AGENDA
There were no additions to the agenda.

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

CHAIR’S REPORT
Chair Croucher announced that the annual Science Fair winners would be recognized at Formal Board and that their exhibits were in the lobby for viewing. He also announced the first series of WaterSmart Landscape Makeover classes, which would begin in the end of April at locations around the county.

He reported that the last LCO pre-brief meeting was held at the San Diego Botanic Garden and that the Water Authority was a corporate sponsor of the Botanic Garden. He announced the Water Authority had recently received two prestigious awards, the Gold Quill Award of Merit from the International Association of Business Communications for the Water Authority’s 2012 Annual Report Microsite, themed “Water: Real Value”; and an Emmy Award for art direction for the Water Authority’s animated video promoting water reuse, called “It’s Perfectly Clear”.

DIRECTORS’ COMMENTS
There were no comments made by Directors.

I. CONSENT CALENDAR
1-C Adopt positions on various state bills.

Staff recommendation:
1. Adopt a position of Support on AB 407 (V.M. Perez)
2. Adopt a position of Support and Seek Amendments on AB 1636 (Brown)
3. Adopt a position of Support if Amended on AB 1983 (Gray)
4. Adopt a position of Support if Amended on AB 2282 (Gatto)
5. Adopt a position of Support and Seek Amendments on AB 2417 (Nazarian)
6. Adopt a position of Support on AB 2434 (Gomez)
7. Adopt a position of Support if Amended on AB 2554 (Rendon)
8. Adopt a position of Support if Amended on SB 1250 (Hueso)

Director Muir moved, Director Evans seconded, to adopt staff recommendation and the motion passed unanimously to adopt positions on various state bills.

II. ACTION/DISCUSSION

1-C Adopt positions on various state bills.

Staff recommendation:
1. Adopt a position of Support and Seek Amendments on AB 1891 (Donnelly)

Director Madaffer moved, Director Muir seconded, to adopt staff recommendation and the motion passed unanimously to adopt a position of Support and Seek Amendments on AB 1891 (Donnelly).

1. Legislative Issues.
   1-A Written report by Ken Carpi.
   1-B Report by V. John White Associates.

Mr. White provided a Sacramento update and announced that transition of leadership in both houses of the Legislature was under way, and that Toni Atkins was the new speaker for the Assembly.

1-C Approve proposed amendment to sponsored legislation – AB 2067 (Weber).

Staff recommendation: Approve proposed amendment to sponsored legislation – AB 2067 (Weber).

Director Kern moved, Director Mudd seconded, to adopt staff recommendation and the motion passed unanimously to approve proposed amendment to sponsored legislation – AB 2067 (Weber).


Mr. Lee provided a brief background on the public opinion poll and introduced Scott MacKay who provided a summary of poll responses.

III. INFORMATION

1. Drought response communications and outreach update.

Mr. Foster provided an update on the plans for campaign activities and materials for the summer. He presented the logo for the campaign and announced the campaign launch press conference being held at the San Vicente Dam Raise site on Tuesday, April 29, 2014.
The committee received and filed the following items:


IV. ADJOURNMENT

There being no further business to come before the Legislation, Conservation and Outreach Committee, Chair Croucher adjourned the meeting at 3:00 p.m.

FORMAL BOARD OF DIRECTORS’ MEETING OF APRIL 24, 2014

1. CALL TO ORDER Chair Wornham called the Formal Board of Directors’ meeting to order at 3:17 p.m.

2. SALUTE TO THE FLAG Director Barnum led the salute to the flag.

3. ROLL CALL, DETERMINATION OF QUORUM Secretary Hogan called the roll. Directors present were Arant, Barnum, Croucher, Evans, Gallo, Hilliker, Hogan, Kern, Lewinger, Madaffer, Miller, Mudd, Muir, Murtland, Olson, Pocklington, Sanford, Saunders, Saxod, Simpson, Steiner, Tu, Verbeke, Watton, Weston, Wight, Williams, Wilson, Wornham, and Representative Roberts. Directors absent were Brady, Linden(p), Morrison, Razak, Topolovac and Watkins.

3-A Report on proxies received. Director Verbeke was the proxy for Director Linden.

4. ADDITIONS TO AGENDA There were no additions to the agenda.

5. APPROVAL OF MINUTES Director Saxod moved, Director Lewinger seconded, and the motion carried at 93.38% of the vote to approve the minutes of the Special meeting of the Administrative and Finance Committee of March 20, 2014 and the Formal Board of Directors’ meeting of March 27, 2014.

6. OPPORTUNITY FOR MEMBERS OF THE PUBLIC WHO WISH TO ADDRESS THE BOARD ON MATTERS WITHIN THE BOARD’S JURISDICTION There were no members of the public that wished to speak.

7. PRESENTATIONS AND PUBLIC HEARINGS

7-A Presentation of Science Fair award winners.

Chair Wornham recognized the winners of the Science Fair. Public Affairs Supervisor Nenow introduced each of the winners to the Board, and they then provided a brief explanation of their projects and project findings.
7-B San Dieguito Water District Overview – Glenn Pruim, General Manager.

Mr. Pruim provided a presentation including the history of the district, customer base and demands, service area boundaries, water sales overview, water supply, and operated facilities. He briefly discussed the conservation efforts of the district, stating that the district was very close to reaching the conservation goal they set for 2020 of 160 gallons per capita per day. He continued his presentation with an overview of current projects underway, including projects related to recycled water. He concluded his presentation with an overview of the top issues facing the San Dieguito Water District including the impact of the drought on water supply, rising costs of water and balancing rates and charges to the customer, and retirement and succession planning efforts within the district.


Chair Wornham announced the appointment of Director Razak representing the city of San Diego and the reappointment of Directors Croucher and Watton.

8. REPORTS BY CHAIRS
8-A Chairs report: Chair Wornham announced to the Board that the Water Authority had received an Emmy Award for the recycled water video “It’s Perfectly Clear” and a Golden Quill Award for the 2012 Annual Report. He recognized Public Affairs Representative II Hubert for the Golden Quill Award, and Public Affairs Representative II Balben for the Emmy Award.

Chair Wornham reported that he would be hosting the Dedication of the San Vicente Dam Raise on July 16, 2014 at 10:00 a.m. He stated that he and Ms. Stapleton had completed the final member agency visit with the last visit being at the Rainbow MWD Board Meeting. He reported that he would be attending the Chambers Congressional luncheon along with Directors Arant, Brady, Saunders, Saxod, Tu, Watton and Wight on April 25, 2014. He stated the luncheon would provide an opportunity to communicate directly with federal representatives and share with them the Water Authority priorities and concerns. He also reported his attendance representing the Water Authority, along with Water Resources Director Weinberg, at a Cal State San Marcos class designed on raising the next generation of water leaders in our region. He announced he was in Sacramento for two days earlier in the month meeting with legislatures as part of a Groundwater Conference.

Chair Wornham concluded his report with a request for Director Sanford to update the Board on the proposed merger between Rainbow MWD and Fallbrook PUD.
Sanford replied stating that due to disagreements regarding Board Governance the JPA was terminated during April 2014. He added that subsequent to the JPA termination Fallbrook PUD had petitioned LAFCO for a reorganization of Rainbow MWD. He announced that further updates would be provided as the situation progressed.

8-B Report by Committee Chairs.
Administrative and Finance Committee. Director Saunders reviewed the meeting and the actions taken.
Imported Water Committee. Director Saxod stated reviewed the meeting and the actions taken.
Engineering and Operations Committee. Director Miller reviewed the meeting and the actions taken.
Water Planning Committee. Director Tu stated there was no reportable action.
Legislation, Conservation and Outreach Committee. Director Croucher reviewed the meeting and the actions taken.

9. CONSENT CALENDAR
Director Gallo moved, Director Arant seconded, and the motion carried at 93.38% of the vote to approve the consent calendar. Directors voting no or abstaining are listed under the item number.

9- 1. Treasurer’s report.
The Board noted and filed the monthly Treasurer’s report.


The Board adopted Resolution 2014-08 authorizing the issuance and sale of short-term revenue certificates and authorizing and approving certain actions in connection therewith.

This item was removed from the agenda, no action was taken.

9- 5. Design services contract with ECORP Consulting, Inc. for Tijuana River Valley Wetland Mitigation project.
The Board accepted Amendment 1 in the amount of $20,000, and approved Amendment 2 in the amount of $238,000, to provide design services for the Tijuana River Valley Wetland Mitigation project, increasing the contract amount from $480,000 to $718,000.
9- 6. Reimbursement agreement with Vallecitos Water District for new facilities related to future contract purchases of treated water from the Carlsbad Desalination Project. The Board authorized the General Manager to execute an agreement with Vallecitos Water District for reimbursable costs related to the design and construction of new facilities to accommodate future treated water purchases from the Carlsbad Desalination Project. The Board increased the FY 2014/2015 Capital Improvement Program appropriation and lifetime budget for the Carlsbad Desalination Project by $220,000 for reimbursable costs related to future contract purchases of treated water from the Carlsbad Desalination Project.

9- 7. The Board adopted positions on various state bills.
1. Adopt a position of Support on AB 407 (V.M. Perez)
2. Adopt a position of Support and Seek Amendments on AB 1636 (Brown)
3. Adopt a position of Support if Amended on AB 1983 (Gray)
4. Adopt a position of Support if Amended on AB 2282 (Gatto)
5. Adopt a position of Support and Seek Amendments on AB 2417 (Nazarian)
6. Adopt a position of Support on AB 2434 (Gomez)
7. Adopt a position of Support if Amended on AB 2554 (Rendon)
8. Adopt a position of Support if Amended on SB 1250 (Hueso)

9- 8. Adopted a position of Support and Seek Amendments on AB 1891 (Donnelly). The Board approved a position of Support and Seek Amendments on AB 1891 (Donnelly).


9-10. Status of Special Agricultural Water Rate Program and summary of recent discussions with agricultural stakeholders. The Board directed staff to provide the proposed 2015 rates at the May 22, 2014 meeting with and without the inclusion of the current Transitional Special Agricultural Water Rate (TSAWR) Program. Additionally, include in the future Board work on fiscal sustainability which would take place later this calendar year, an analysis of the TSAWR program and its consideration along with the other rate issues which are being evaluated.

9-11. ACTION FOLLOWING CLOSED SESSION:
Initiation of Litigation: Authorize staff and special counsel to take all actions necessary to initiate litigation regarding Metropolitan Water District 2015 and 2016 rates and charges.

10. ACTION/DISCUSSION
There were no action items.
11. **CLOSED SESSION(S)**
   Mr. Hentschke announced there was no need for Closed Session.

11-A **CLOSED SESSION:**
   Conference with Legal Counsel - Existing Litigation
   Government Code §54956.9(d)(1)
   SDCWA v Metropolitan Water District of Southern California;
   Case Nos. CPF-10-510830 and CPF-12-512466

11-B **CLOSED SESSION:**
   Conference with Legal Counsel - Existing Litigation
   Government Code §54956.9(d)(1) -
   SDCWA v Eastern Municipal Water District;
   Riverside Superior Court Case No. RIC1300887

11-C **CLOSED SESSION:**
   Conference with Legal Counsel - Initiation of Litigation
   Government Code §54956.9(d)(4) – One Case / MWD Rates and Charges

12. **ACTION FOLLOWING CLOSED SESSION**

13. **SPECIAL REPORTS**
   13-A GENERAL MANAGER’S REPORT – Ms. Stapleton reminded the Board that there would be no Special Board Meeting during May due to the ACWA Conference. She also reported that in March Engineering staff had provided a tour for MWD staff who were interested in using the technology that we used on the Relining Projects related to the pipeline integrity. She added that it was a benefit to the entire region when a technology that works can be shared with others.

   13-B GENERAL COUNSEL’S REPORT – Mr. Hentschke reported that during the March 27, 2014 Board Meeting the Board had authorized settlement of litigation in regards to the Lake Hodges Project. He announced that all compensation had been received related to the case and the Water Authority retained almost 8 million dollars of project monies from the 30 million dollar settlement.

   13-C SANDAG REPORT – Director Barnum reported on his attendance at the 2014 San Diego Regional Tribal Summit on April 11, 2014. He stated water was a topic at the summit with a focus on the lack of recycled water.

   SANDAG Subcommittee: Borders/Regional Planning Committee – No report was given.

   13-D AB 1234 Compliance Reports – No reports were given.
15. **ADJOURNMENT**
   The meeting was adjourned at 3:57 p.m.

Thomas V. Wornham, Chair         Michael T. Hogan, Secretary

Doria F. Lore, Clerk of the Board
DATE:    May 14, 2014
TO:      Board of Directors
FROM:    Daniel S. Hentschke, General Counsel
RE:      Credentials of Keith Lewinger
          Carlsbad Municipal Water District

Transmitted herewith is Resolution No. 1490 submitted by the Carlsbad Municipal Water District reappointing Keith Lewinger to the Water Authority’s Board of Directors. His term will expire on June 16, 2020.

The credentials furnished are sufficient for reappointment of Mr. Lewinger on the Water Authority Board.

[Signature]
Daniel S. Hentschke
General Counsel

dfl
Attachment
RESOLUTION NO. 1490

A RESOLUTION OF THE BOARD OF DIRECTORS OF CARLSBAD MUNICIPAL WATER DISTRICT (CMWD), REAPPOINTING ONE MEMBER TO REPRESENT THE CARLSBAD MUNICIPAL WATER DISTRICT AS A MEMBER OF THE SAN DIEGO COUNTY WATER AUTHORITY (SDCWA) BOARD

WHEREAS, on September 27, 2011 Keith Lewinger was appointed by the CMWD Board to represent the CMWD as a member of the SDCWA Board of Directors; and

WHEREAS, Mr. Lewinger's term expires on June 16, 2014; and

WHEREAS, under the terms of the County Water Authority Act, members of the Board of Directors hold office for a term of six years; and

WHEREAS, Mr. Lewinger's new appointment would end on June 16, 2020.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Carlsbad Municipal Water District, as follows:

1. That the above recitations are true and correct.

2. That the Board of Directors hereby reappoints Mr. Keith Lewinger to serve as representative of the Carlsbad Municipal Water District on the San Diego County Water Authority Board for a term to expire June 16, 2020.

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RECEIVED

MAY 14, 2014

CLERK OF THE BOARD
PASSED, APPROVED AND ADOPTED at a Special Meeting of the Board of Directors of the Carlsbad Municipal Water District of the City of Carlsbad on the 6th day of May, 2014, by the following vote to wit:

AYES: Board Members Hall, Packard, Wood, Schumacher and Blackburn.

NOES: None.

ABSENT: None.

MATT HALL, President

BARRBARA ENGLES, Secretary
May 14, 2014

Attention: Board of Directors

General Counsel’s Report – April/May 2014

Purpose
This report discusses certain legal matters receiving attention during the months of April/May 2014.

Significant Developments in Pending Litigation

MWD Rate Cases
On April 24, 2014, Judge Karnow issued a final Statement of Decision, which adopted the reasoning and conclusions of its earlier Tentative Statement of Decision. Specifically, the Court invalidated four MWD rates—the System Access Rate, the System Power Rate, the Water Stewardship Rate, and MWD’s wheeling rate—for calendar years 2011, 2012, 2013 and 2014. The Court held that each of those rates “violates Proposition 26 (2013-14 rates only), the Wheeling statute, Govt. Code §54999.7(a), and the common law.” The Court held that MWD’s rates were unlawful because they assign to MWD’s Transportation Rates the bulk of the costs associated with MWD’s acquisition of a water supply from the State Water Project, and because they treat all of MWD’s costs for conservation and local resource projects as “transportation costs.” The Statement of Decision also affirmed the Court's earlier determination that, while the record did not show that MWD's rates and charges are sufficient to account for dry-year peaking (or "contingency capacity," as the Court called it), the record was not sufficient to establish that some member agencies benefit at the expense of other member agencies including San Diego.

The Court has also called a Case Management Conference which, by agreement of the parties, is now set for May 22, 2014 at 10:30 a.m. At this CMC, we expect the Court to set a date for trial or hearing on the Water Authority’s remaining claims: two claims for breach of the Exchange Agreement (one in the 2010 case, one in the 2012 case), and a claim for declaratory relief that MWD has miscalculated the Water Authority’s preferential rights (in the 2010 case only). Following the second phase of trial, Judge Karnow will enter a final judgment, at which point both the Water Authority and MWD will be able to appeal any adverse rulings, including the Court’s prior summary judgment ruling against the Water Authority on the Rate Structure Integrity cause of action.

Eastern MWD Public Records Act Litigation
Eastern has paid the Water Authority’s attorney fees in full, in the amount of $95,808.26, and the matter is now concluded.

QSA Litigation
Respondents/Cross-appellants’ briefs on appeal have been filed. The Appellants/Cross-respondents’ reply briefs are due June 23, and the final Cross-appellants’ briefs are due in early August. Once briefing is completed, the court will set oral argument. The motion for fees and
costs was heard on March 4, 2014, by Honorable Kevin R. Culhane, judge of the Sacramento Superior Court. The Judge took all matters under submission, and should issue a final decision on the fees and costs motions before June 5. As previously reported, in the separate federal court action challenging NEPA compliance for the Federal QSA, oral argument of the appeal from the district court’s judgment rejecting all challenges to the Federal QSA was held the first week in December 2013 in the 9th Circuit Court of Appeal. A decision by the Court of Appeal is expected in the near future.

**CEQA Litigation**
In late April, Coastkeeper filed a lawsuit challenging the Water Authority’s CEQA compliance for the 2013 Master Plan Update and Climate Action Plan. A closed session to discuss the litigation is scheduled for May Water Planning Committee and Board meeting.

**Ethics Training**
The General Counsel will be holding ethics training for Water Authority and member agency officials on June 2 (9:00am – 11:00am) in the Kearny Mesa Library Conference Room. The training meets the requirements of AB 1234. AB 1234 requires Water Authority directors, member agency governing bodies, and other local legislative bodies to take two hours of ethics training every two years as a condition of receiving compensation or expense reimbursement. Reservations for this training can be made by contacting Audrey Kroeger in the General Counsel’s Office at 858-522-6792 or akroeger@sdcwa.org.

**Special Counsel Expenditures**
Funds approved for payments to special counsel during April/May 2014 from the General Counsel’s Operating Budget totaled $176,276.46 for work related to the Metropolitan rate dispute, enforcement of requests for public records and personnel issues. In addition, $1,425.00 was approved for payment from Finance’s Operating Budget for work related to bond counsel services. CIP expenditures during April/May 2014 were $109,386.20 for work related to the Olivenhain-Lake Hodges Pump Storage Project and Traylor-Shea Joint Venture.

Prepared by: Daniel S. Hentschke

Attachment: Special Counsel Expenditure Report
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<th>Project</th>
<th>Total $ Expended FYs 12 &amp; 13 (Fees &amp; Costs)</th>
<th>OP Budget Invoices Approved for Payment this Period</th>
<th>CIP Budget Invoices Approved for Payment this Period</th>
<th>Total $ Expended FYs 14 &amp; 15 (Fees &amp; Costs)</th>
<th>Budget Allocation FYs 14 &amp; 15 for Legal Services $12,724,000.00</th>
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<td>$0.00 (OP)</td>
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* Concluded matters or assignments.
1 These legal costs ($155,000 total) were reimbursed to the Water Authority by City of Los Angeles as part of the settlement in SDCWA v City of LADWP
2 These legal costs ($95,808.26 total) were reimbursed to the Water Authority by Eastern Municipal Water District as part of the settlement in SDCWA v EMWD
3 Not included in totals, these legal expenses related to QSA came out of Colorado River Program budget, not GC budget
4 Not included in totals, these legal expenses related to San Vicente came out of Engineering budget, not GC budget
5 Not included in totals, these legal expenses related to desalination came out of Water Resources budget, not GC budget
6 Not included in totals, these legal expenses related to personnel issues/labor negotiations came out of Human Resources budget, not GC budget
7 Not included in totals, these legal expenses related to bond counsel services came out of Finance budget, not GC budget
8 Not included in totals, these legal expenses related to copyright matters came out of Conservation budget, not GC budget
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<th>Special Counsel</th>
<th>Project</th>
<th>Total $ Expended FYs 12 &amp; 13 (Fees &amp; Costs)</th>
<th>OP Budget Invoices Approved for Payment this Period</th>
<th>CIP Budget Invoices Approved for Payment this Period</th>
<th>Total $ Expended FYs 14 &amp; 15 (Fees &amp; Costs)</th>
<th>Budget Allocation FYs 14 &amp; 15 for Legal Services</th>
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* Concluded matters or assignments.

1 These legal costs ($155,000 total) were reimbursed to the Water Authority by City of Los Angeles as part of the settlement in SDCWA v City of LADWP.