Chair Mark Muir, Secretary Gary Croucher, LPO Chair Christy Guerin, San Diego Gas & Electric COO Caroline Winn and General Manager Maureen Stapleton unveil the new exhibit sign at the Water Authority’s Sustainable Landscaping Demonstration Garden on September 28, 2017.
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 October 26, 2017 the afternoon session of Standing Committees may commence at the conclusion of the morning session and earlier than 1:00 p.m. Please see the meeting schedule. The meeting of 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. Items receiving substantive review by a standing committee are generally included on the Consent Calendar for action at the meeting of full Board. 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

OCTOBER 26, 2017

MORNING SESSION
Engineering & Operations Committee
Water Planning Committee
Imported Water Committee

9:00 a.m. to 12:00 p.m.
Estimated time: 55 minutes
Estimated time: 30 minutes
Estimated time: 1 hour 25 minutes

LUNCHEON FOR DIRECTORS

12:00 p.m. to 1:00 p.m.

AFTERNOON SESSION
Administrative & Finance Committee
Legislation & Public Outreach Committee

1:00 p.m. to 3:00 p.m.
Estimated time: 55 minutes
Estimated time: 55 minutes

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.
ENGINEERING AND OPERATIONS COMMITTEE

AGENDA FOR

OCTOBER 26, 2017

Tony Heinrichs – Chair  
Frank Hilliker – Vice Chair  
Marty Miller – Vice Chair  
Brian Boyle  
Brian Brady  
Jerry Butkiewicz  
Lois Fong-Sakai

Michael Hogan  
Ron Morrison  
Ken Olson  
Jose Preciado  
Tim Smith  
Ron Watkins

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-A Directors’ comments.

I. CONSENT CALENDAR

II. ACTION/DISCUSSION/PRESENTATION

1. Professional services contract with CH2M HILL Inc. for design of the Mission Trails Flow Regulatory Storage II and Flow Control Facility project.
   Staff recommendation: Authorize the General Manager to award a professional services contract to CH2M HILL, Inc., for a not-to-exceed amount of $1,870,629, to provide engineering services for the Mission Trails Flow Regulatory Structure II and Flow Control Facility project. (Action)

2. Services contract with Hydro Consulting and Maintenance Services, Inc., for specialized mechanical preventative and corrective maintenance, inspection, testing, and repair services for Lake Hodges Pumped Storage Hydroelectric Facility.
Staff recommendation: Authorize the General Manager to execute a services contract with Hydro Consulting and Maintenance Services, Inc., for specialized mechanical preventative and corrective maintenance, inspection, testing, and repair services through November 20, 2019, with an option to extend the contract for an additional two years, for a total not-to-exceed amount of $1,300,000. (Action)


III. INFORMATION

IV. CLOSED SESSION

1. Conference with Legal Counsel – Existing Litigation  Mark Hattam
   Government Code §54956.9(d)(1)
   Shimmick Construction Co., Inc./Obayashi Corp., joint venture v. San Diego County Water Authority, Riverside Superior Court
   Case No. RIC 1609196

V. ADJOURNMENT

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 (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.

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 (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.
October 18, 2017

Attention: Engineering and Operations Committee

Professional services contract with CH2M HILL Inc. for design of the Mission Trails Flow Regulatory Storage II and Flow Control Facility project (Action).

Staff recommendation
Authorize the General Manager to award a professional services contract to CH2M HILL, Inc., for a not-to-exceed amount of $1,870,629, to provide engineering services for the Mission Trails Flow Regulatory Structure II and Flow Control Facility project.

Alternative
Do not award the contract and direct staff to negotiate with another firm or solicit new proposals. This will result in additional staff costs and project delays.

Fiscal impact
Funds in the amount of $1,870,629 are available in the approved project budget and in the fiscal years 2018 and 2019 Capital Improvement Program appropriation. The rate category for this project is transportation.

Background
The Mission Trails Flow Regulatory Structure II and Flow Control Facility is a proposed set of improvements to the untreated water conveyance portions of the Second Aqueduct. These improvements will provide regulatory storage to improve the Water Authority’s ability to safely operate the aqueduct system and manage planned and unplanned flow changes to member agencies south of Mission Trails Regional Park. The project includes a proposed flow regulatory structure, the removal of eight aqueduct vent structures in Mission Trails Regional Park, and a pipeline connecting the structure to the Second Aqueduct. The project is located in the City of San Diego within Mission Trails Regional Park, south of State Route 52, and east of Interstate 15, as shown on Figure 1 – Area Map.

The Water Authority approved the original Mission Trails project as part of the 2002 Regional Water Facilities Master Plan; but in 2011, the Board deferred the project based on staff recommended CIP prioritization due to reduced water demands. In 2013, as part of the Regional Water Facilities Optimization and Master Plan Update, the Water Authority evaluated the timing and need for the FRS II improvements and recommended the project move forward to better manage untreated water flow changes south of Mission Trails Regional Park. The Master Plan Update included a new flow regulatory structure, a flow control valve structure, and connections to the previously completed Mission Trails Pipeline Tunnel. In 2016, a planning study re-evaluated the proposed FRS II and Flow Control Facility project, and downsized the flow regulatory structure from twelve million gallons to five million gallons based on an updated flow change forecast. The new flow regulatory structure will connect to the Mission Trails Pipeline Tunnel, allowing two miles of unlined prestressed concrete cylinder pipe parallel to the tunnel to be abandoned, see Figure 2 – Location Map. The project also includes the removal of eight remaining Elliot Vent structures within Mission Trails Regional Park. The Water Authority agreed to remove these vents through the
Good Neighbor Policy developed between the Water Authority and the Mission Trails Regional Park Task Force and Citizen’s Advisory Committee in 2006.

Previous Board Action: On June 25, 2015, the Board authorized the General Manager to award a professional services contract in an amount not-to-exceed $449,566 to CH2M to complete planning studies for the Mission Trails and ESP – North County Pump Station projects.

Discussion
This professional services contract will provide design, bidding, and construction support services. The project design elements include construction of a new five-million-gallon untreated flow regulatory structure, a new flow control facility, pipeline connections, and the removal of eight existing vent structures in Mission Trails Regional Park.

A request for proposals to provide engineering services for the project was advertised on August 9, 2017. On September 6, 2017, two firms submitted proposals: Kleinfelder Inc. and CH2M HILL Inc.

A panel of Water Authority staff interviewed both firms on September 19, 2017. The evaluation criteria considered the firm’s understanding of the scope of work, the design team’s technical and specialized qualifications, past performance on similar projects, and the ability to meet the schedule. Based on staff’s evaluation of the written proposals, presentations, and oral interviews, staff recommends CH2M HILL, Inc. as the most qualified firm to perform this work. CH2M HILL, Inc. demonstrated a thorough understanding of the project’s technical challenges, a proactive approach to working with community stakeholders, and the ability to perform the work at a fair and reasonable price.

Staff recommends the Board authorize the General Manager to award a professional services contract to CH2M HILL Inc., for a not-to-exceed amount of $1,870,629, to provide design and construction support services for the Mission Trails Flow Regulatory Structure II and Flow Control Facility project for a duration of three and one half years. The project is expected to advertise for construction bids in 2019.

The small business participation for this contract is 16 percent. The minority and women owned business participation is 9 percent. This information is provided for statistical purposes.

Prepared by: Michael Conner, Senior Engineer
Reviewed by: Jerry Reed, Director of Engineering
Approved by: Sandra L. Kerl, Deputy General Manager

Attachment:
Figure 1 – Area Map
Figure 2 – Location Map
MISSION TRAILS FLOW REGULATORY STRUCTURE II AND FLOW CONTROL FACILITY - AREA MAP

FIGURE 1

LEGEND
- Water Authority Pipeline

San Diego County Water Authority
CAPITAL IMPROVEMENT PROGRAM

PROJECT:

W:\GRAPHICS\C0601\Mission Trails Projects Area Map 5-2017.pdf

Page 9 of 205
October 18, 2017

Attention: Engineering and Operations Committee

Services contract with Hydro Consulting and Maintenance Services, Inc., for specialized mechanical preventative and corrective maintenance, inspection, testing, and repair services for Lake Hodges Pumped Storage Hydroelectric Facility. (Action)

Staff recommendation
Authorize the General Manager to execute a services contract with Hydro Consulting and Maintenance Services, Inc., for specialized mechanical preventative and corrective maintenance, inspection, testing, and repair services through November 20, 2019, with an option to extend the contract for an additional two years, for a total not-to-exceed amount of $1,300,000.

Alternative
Do not award the contract and direct staff to solicit new proposals for the work. This will result in significant delay of the preventative and/or corrective maintenance to the Lake Hodges Pumped Storage Hydroelectric Facility. Such delay could impact its reliability, result in lost revenues to the Water Authority, and violate terms of the Power Purchase Agreement with SDG&E.

Fiscal Impact
Funds in the amount of $520,000 are available for this contract through June 30, 2019 within the fiscal years 2018 and 2019 Operating Budget. Funds in the amount of $780,000 for the remaining contract term (if extended) will be requested in future budgets. Funds in the amount of $650,000 will be requested in the fiscal years 2020 and 2021 Operating Budget, and is contingent upon Board approval. Funds in the amount not-to-exceed $130,000 may be requested in the fiscal year 2022 Operating Budget, and is contingent upon Board approval. The rate categories for this contract are Storage and Customer Service.

Background
The Lake Hodges Pumped Storage Hydroelectric Facility (Facility) is a 40-megawatt pumped storage facility consisting of two pump turbine units rated at 20 megawatts each. The Facility began commercial operations in September 2012 with a 25-year Power Purchase Agreement between the Water Authority and SDG&E.

The operations and maintenance of the Facility are currently performed through contractual services. The primary contract, with ProTrans USA LLC (ProTrans), is set to expire on October 31, 2017. The Water Authority will allow this contract to expire and assume operations and maintenance responsibilities on November 1, 2017. ProTrans currently subcontracts for specialized mechanical maintenance services to supplement its staff at the Facility, and the Water Authority proposes to use the same approach for these services. The Facility’s operation and maintenance and specialized services are included in the Board approved fiscal years 2018 and 2019 Operating Budget.
Discussion

On August 9, 2017, a Request for Proposals was advertised with notification sent to 422 firms through the Network (the Water Authority’s collaborative online vendor registration system). In addition, due to the specialized nature of the work, and limited number of contractors/vendors available to perform this type of work in the region, direct outreach to 13 firms specializing in hydroelectric mechanical maintenance was conducted. The Request for Proposals included a two-year contract term, with an option to extend for an additional two years, to perform specialized mechanical preventative and corrective maintenance, inspection, testing, and repair services at the Facility. The contractor may also be requested to perform emergency mechanical maintenance service and repairs, or additional mechanical maintenance or repair work at other Water Authority facilities including pump stations and hydroelectric facilities.

On September 21, 2017, the Water Authority received one proposal, from Hydro Consulting and Maintenance Services, Inc. (HCMS), along with a “no bid” response from another vendor. HCMS is the current vendor providing specialized mechanical maintenance services at the Facility via the current contract with ProTrans. HCMS is a highly qualified firm with technical expertise, knowledge of the facility, an excellent safety record, and established past performance. In addition, the negotiated rates within HCMS’s proposal are competitive and comparable to other Water Authority service contracts, such as generator maintenance, welding, and electrical maintenance services.

Staff recommends the Board authorize the General Manager to execute a service contract with Hydro Consulting and Maintenance Services, Inc. for specialized mechanical preventative and corrective maintenance, inspection, testing, and repair services through November 20, 2019, with an option to extend the contract for an additional two years, for a total not-to-exceed amount of $1,300,000.

Due to the limited contracting opportunities for this type of service, SCOOP outreach requirements were not applicable.

Prepared by: Jesus M. Meda, Operations and Maintenance Manager
Reviewed by: James E. Fisher, Director of Operations and Maintenance
Approved by: Sandra L. Kerl, Deputy General Manager
October 18, 2017

Attention: Engineering and Operations Committee

CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Name of Case: Shimmick Construction Co., Inc./Obayashi Corp., joint venture
v. San Diego County Water Authority, Riverside Superior Court
Case No. RIC 1609196

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 October 26, 2017 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: Mark J. Hattam, General Counsel
WATER PLANNING COMMITTEE

AGENDA FOR

OCTOBER 26, 2017

David Cherashore – Chair
Brian Boyle – Vice Chair
Betty Evans – Vice Chair
Jimmy Ayala
David Barnum
Brian Brady
Kathleen Coates Hedberg

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. Professional services agreement with WSA Marketing to administer the Qualified Water Efficiency Landscape (QWEL) Program.
   Staff recommendation: Authorize the General Manager to award a three-year professional services contract with an option to renew for an additional two years to WSA Marketing for the administration of the QWEL program in an amount not to exceed $247,500. (Action)

2. Professional services agreement with Signature Control Systems, Inc., to administer the WaterSmart Landscape Efficiency Program.
   Staff recommendation: Authorize the General Manager to execute a three-year professional services agreement, with an option for a two-year extension, in an amount not to exceed $420,000 with Signature Control Systems, Inc., for program administration services related to the WaterSmart Landscape Efficiency Program. (Action)
3. **Professional Services Contract for the Crossover Pipeline Study.**
   
   Staff recommendation: Authorize the General Manager to award a professional services contract to Brown and Caldwell, in an amount not to exceed $215,162 to complete the Crossover Pipeline Study.
   
   (Action)

   Jeremy Crutchfield/
   Eric Rubalcava

II. **ACTION/DISCUSSION/PRESENTATION**

1. **Update on Statewide Mercury Control Program for Reservoirs.**
   
   (Presentation)

   Lesley Dobalian

III. **INFORMATION**

   
   Dana Friehauf

IV. **CLOSED SESSION**

V. **ADJOURNMENT**

   Melinda Nelson
   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 (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.
October 18, 2017

Attention: Water Planning Committee

Professional services agreement with WSA Marketing to administer the Qualified Water Efficiency Landscape (QWEL) Program. (Action)

Staff recommendation
Authorize the General Manager to award a three-year professional services contract with an option to renew for an additional two years to WSA Marketing for the administration of the QWEL program in an amount not to exceed $247,500.

Alternative
Do not authorize the contract and direct staff to solicit new proposals. This would likely delay the next round of QWEL trainings until the second quarter of calendar year 2018.

Fiscal impact
Implementation costs totaling $165,000 during the first two years of program operations will be covered by a Proposition 84 (Final Round) grant from the Department of Water Resources. Pending future Board approval, the remaining $82,500 in program costs would be covered by a combination of fiscal year 2020-2021 Public Outreach and Conservation Department operating budget or new grant funding, if available. The rate category is Customer Service.

Background
The QWEL program was created in 2006 by the Sonoma-Marin Saving Water Partnership (the Partnership), led by the Sonoma County Water Agency. The QWEL program is a locally operated training and certification program that provides landscape professionals with classroom and hands-on training on principles of proper plant selection, irrigation system design, maintenance, programming, operation and troubleshooting. In 2008, QWEL earned the U.S. Environmental Protection Agency (EPA) WaterSense Certified program label. The EPA has recognized the Partnership on several occasions as a WaterSense Partner of the Year for the development and implementation of the original QWEL program. In October 2017, the EPA awarded the Partnership its prestigious WaterSense Sustained Excellence Award for demonstrating an ongoing and high level of commitment to water use efficiency.

In 2015, the Water Authority became an EPA-authorized Professional Certifying Organization (enabling the administration of the QWEL program in its service area) and also became a member of the Partnership’s QWEL Program Advisory Committee. Initial funding to implement QWEL in Water Authority’s service area was authorized by the Board as part of the Water Authority’s extraordinary drought response outreach and conservation measures in 2015. A sole-source contract with WSA Marketing was procured based upon the firm’s extensive prior experience supporting landscape-related water conservation programs in the San Diego region. The scope of work for the administration of the 20-hour QWEL class series included event planning, logistics, marketing, venue selection, enrollment, registration, instructor selection and reporting. The Water Authority rolled out the first of its free-of-charge QWEL classes in January 2016.
Previous Board actions:
In September 2016, the Board authorized the General Manager to execute an amendment to the professional services contract with WSA Marketing for $100,000 in order to continue the administration of the QWEL program through June 2017.

In May 2015, the Board approved $1 million in additional resources, programs and actions for drought response outreach and water conservation, including up to $150,000 to launch the QWEL program.

Discussion
The QWEL program is a key training element in the Water Authority’s post-drought campaign to promote WaterSmart living. It continues to be a popular and effective regional resource which focuses on long-term water-use efficiency education for professional landscapers. QWEL classes are offered in English and Spanish in locations throughout the region. Beginning in fall 2017, both the Cuyamaca and Mira Costa community colleges incorporated the QWEL curriculum into the irrigation class offered by these schools’ horticulture programs.

More than 600 landscape professionals in the Water Authority’s service area have participated in the program since January 2016, including management, irrigation technicians, horticulturalists and maintenance personnel from 173 public and private agencies throughout the region. Overall, 79 percent of QWEL participants have successfully completed all the requirements and earned their QWEL certificate, which entails in-class training, conducting a landscape field audit and passing a written exam.

The most recent contract for the administration of the QWEL program ended on June 30, 2017. A Request for Proposals to identify a contractor to administer the next QWEL program cycle was advertised on August 23, 2017, and a pre-proposal meeting was held on August 30, 2017. Two written proposals were submitted on September 18, 2017. Both proposers were interviewed by a selection panel comprised of Water Authority and member agency staff. The selection criteria required the proposers to demonstrate their understanding of the scope of work, technical competence, experience with similar projects, past performance and fees relative to services provided. Based upon the application of the criteria to the evaluation of proposals and interviews, the panel selected WSA Marketing as the most qualified bidder to perform the work.

Based on program funding secured to date, this agreement will enable the delivery of 18 class series, four college-affiliated class series, and two continuing education events through November 2019. Program activity levels beyond November 2019 will be subject to the availability of future operational or grant funding.

Prepared by: Kyrsten Burr, Water Resources Specialist
Reviewed by: Carlos Michelon, Principal Water Resources Specialist
Reviewed by: Jason Foster, Director of Public Outreach and Conservation
Approved by: Dennis Cushman, Assistant General Manager
October 18, 2017

Attention: Water Planning Committee

Professional services agreement with Signature Control Systems, Inc., to administer the WaterSmart Landscape Efficiency Program. (Action)

Staff recommendation
Authorize the General Manager to execute a three-year professional services agreement, with an option for a two-year extension, in an amount not to exceed $420,000 with Signature Control Systems, Inc., for program administration services related to the WaterSmart Landscape Efficiency Program.

Alternatives
Do not authorize the agreement and direct staff to solicit new proposals.

Fiscal impact
The total program cost of $420,000 is funded by a $315,000 grant award from the California Department of Water Resources (Proposition 84 Round 3) and $105,000 in the Public Outreach and Conservation Department operating budget for fiscal years 2018-2019. The rate category is Customer Service.

Background
As part of a water-energy nexus partnership with San Diego Gas and Electric, the Water Authority has successfully completed two rounds of a pilot, performance-based irrigation management program. The first phase, entitled “Managed Landscapes Program” (MLP), emphasized irrigation control hardware and was implemented by a single irrigation management contractor during fiscal year 2009. The MLP achieved water savings averaging 36 percent. While the program was successful, its performance evaluation suggested improvements such as diversifying the pool of participating contractors.

During the second phase of this initiative, the Water Authority and SDG&E incorporated the recommended program modifications and ultimately engaged nine landscape maintenance contractors to implement the second generation of the program, which was re-branded as the “WaterSmart Landscape Efficiency Program” (WSLEP). Highlights from this phase included an emphasis on leak detection and repair, and the deployment of pressure regulators. Participating sites included 20 large multifamily, public and commercial sites, each typically about four acres in size. A performance evaluation of WSLEP showed participating contractors achieved an average 31 percent water savings (relative to a three-year water consumption baseline). While the WSLEP program attained its water savings target, the program evaluation process also highlighted opportunities for future program refinements.

A grant award from the California Department of Water Resources (Proposition 84, Round 3) has provided the Water Authority the necessary funding to implement another round of this pilot program (WSLEP II). While SDG&E has expressed a continued interest in the WSLEP pilot, it is not participating financially in the implementation of WSLEP II.
Discussion
Consistent with the Board’s current Water Use Efficiency Policy Principles, WSLEP II will promote the implementation of best management practices in support of a long-term landscape market transformation. WSLEP II will pilot the best available technology (hardware retrofits) and apply irrigation best practices (management to a water budget) across 20 sites throughout the Water Authority’s service area. The program objective is to attain a 20 percent reduction in water use (relative to a three-year baseline) without compromising the quality of participating landscapes. WSLEP II hardware retrofits may include flow-sensing enabled smart controllers, pressure regulators, leak detection and repair. The program will also deliver professional training and technical assistance to landscape maintenance staff. Participants will be eligible for a performance-based incentive, depending on actual results attained.

The program administrator’s implementation services will include project management, marketing and enrollment, technical training and as-needed technical support to participants, the development of site-specific retrofit plans, oversight and quality control of hardware retrofits, oversight of irrigation management, performance monitoring and reporting, hardware procurement administration, and the issuance of incentives to participants. The program will be managed to meet an aggressive implementation schedule tied to the grant award.

In August 2017, staff issued a Request for Proposals (RFP) for program administration services for the implementation of WSLEP II. The Water Authority received two proposals. A selection panel consisting of Water Authority and member agency staff evaluated the proposals based on criteria that included how the proposals addressed the scope of work, the technical competency of the contractor’s team, past performance on similar programs, organization and schedule, the adequacy of the irrigation technology specified, and proposed fees relative to the services being provided. The panel recommended Signature Control Systems, Inc., as the most qualified proposer to administer and implement the WSLEP II program.

Continued funding for the program beyond fiscal year 2019 would be determined based on the availability of external funding and future operating budgets.

Prepared by:  Jana Vierola, Water Resource Specialist  
Reviewed by:  Carlos Michelon, Principal Water Resources Specialist  
                Jason Foster, Director of Public Outreach and Conservation  
Approved by:  Dennis A. Cushman, Assistant General Manager
October 18, 2017

Attention: Water Planning Committee

Professional Services Contract for the Crossover Pipeline Study (Action)

Staff recommendation
Authorize the General Manager to award a professional services contract to Brown and Caldwell, in an amount not to exceed $215,162 to complete the Crossover Pipeline Study.

Alternatives
Do not authorize the contract, and direct staff to negotiate with other consultant(s) or solicit new proposals.

Fiscal Impact
There are sufficient funds to support the staff recommendation included in the approved Fiscal Years 2018 and 2019 Capital Improvement Program appropriation for the project. The rate category for this project is transportation.

Background
The Crossover Pipeline (7.5 miles of 66-inch Pre-stressed Concrete Cylinder Pipe (PCCP) built in the 1960s) connects the Water Authority’s First and Second Aqueduct’s untreated water system from the Rejection Tower on Pipeline 5 near the Twin Oaks Valley Water Treatment Plant (TOVWTP) to a Terminal Structure on the First Aqueduct at Hubbard Hill. The Crossover Pipeline is a critical Water Authority aqueduct system facility that conveys untreated water to multiple member agencies including the Cities of Escondido, Poway and San Diego, Ramona Municipal Water District, Vista Irrigation District, and Helix Water District.

Discussion
The Water Authority’s Asset Management Program has identified a section of the Crossover Pipeline, known as I-15 Crossing, to be in a deteriorated state that requires rehabilitation. See Figure 1. Typically, staff would re-line the deteriorated PCCP (approximately 9,550 feet) using steel liners. However, this rehabilitation requires an extended shutdown of the Crossover Pipeline that would halt untreated water deliveries to the member agencies listed above for an unacceptable period. Given these shutdown limitations, as well as the critical nature of this pipeline, a planning study was deemed necessary to evaluate alternative solutions to address both short-term service outage concerns as well as the long-term reliability of the entire Crossover Pipeline.

The Crossover Pipeline Study to be performed will evaluate rehabilitation and redundant service options for the Interstate 15 Crossing that would allow the Water Authority to meet member agency untreated water delivery needs. Water Authority staff will use the results of the study as a guide on how it should proceed with the Interstate 15 Crossing project and future rehabilitation of other sections of the Crossover Pipeline should it be necessary.
A Request for Proposals for planning services was emailed directly to engineering and water resources consulting firms via the Water Authority’s online vendor database on August 15, 2017. A pre-proposal meeting for the project was held at the Water Authority on August 22, 2017. Six potential prime firms and one sub-consultant attended the pre-proposal meeting. The firms that submitted proposals were: Michael Baker Inc. and Brown & Caldwell. Both firms were determined to be qualified to conduct the study. Based on an evaluation of written proposals and an interview process, Brown and Caldwell was selected as the best qualified to perform the required work. The final study is scheduled to be completed May of 2018.

Due to the limited subcontracting opportunities for this type of work, SCOOP requirements were not required, but encouraged. There is 35 percent Small Business participation for this project. This information is provided for statistical purposes.

Prepared by: Eric Rubalcava, Senior Water Resource Specialist
Reviewed by: Jeremy Crutchfield, Principal Engineer
Robert R. Yamada, Director of Water Resources
Approved by: Sandra L. Kerl, Deputy General Manager

Attachment: Figure 1 – Crossover Pipeline and I-15 Crossing Site Map
Attention: Water Planning Committee

Update on Statewide Mercury Control Program for Reservoirs (Presentation)

Purpose
To provide an update on the proposed Statewide Mercury Control Program for Reservoirs.

Background
In May 2016, the State Water Resources Control Board (State Board) adopted mercury water quality objectives for fish tissue to protect humans and wildlife that consume fish. The objectives apply statewide in inland surface waters wherever there is recreational and commercial fishing, including in San Diego County’s reservoirs. Mercury does not impair drinking water quality in California’s reservoirs. However, it can bioaccumulate in larger and longer-living species of fish, such as large-mouth bass, even at very low concentrations in the reservoir. High levels of mercury in fish can adversely affect a person’s health depending on age, gender, and consumption rate. Concurrent with the objectives, the State Board adopted an implementation program that identified permit requirements to reduce mercury in waterbodies. However, the State Board deferred development of an implementation plan for reservoirs, largely due to the uncontrollable nature of many of the mercury sources. Sources include historical mine operations, natural background, and atmospheric deposition. The State Board is now developing an implementation plan for the state’s reservoirs to meet the mercury fish tissue objectives.

To assess the extent of mercury bioaccumulation, the State Board conducted limited fish tissue sampling in the state’s reservoirs and lakes beginning in 2007, including in many of San Diego County’s reservoirs. The sampling showed that some of the larger fish species in the region’s reservoirs exceed the mercury objectives. Based on this data, the State Board staff has identified impaired reservoirs in the county as Hodges, El Capitan, Lake Jennings, and Sutherland. However, Hodges, listed in 2010, is the only reservoir currently on the Clean Water Act section 303(d) list of impaired reservoirs. Fish tissue sampling in reservoirs is ongoing, and State Board staff expect that other reservoirs will be listed as more data is collected. The main source of mercury in fish tissue in San Diego County is from atmospheric deposition.

Discussion
The State Board released an informal public draft of its proposed Statewide Mercury Control Program for Reservoirs in August 2017. It includes draft regulatory language and a draft Staff Report (draft Provisions) to be adopted as part of the state’s Water Quality Control Plan for Inland Surface Waters, Enclosed Bays, and Estuaries. The draft Provisions provide an implementation plan to reduce mercury concentration in reservoirs that state staff have determined are impaired, and to prevent additional reservoirs from becoming impaired. The Provisions require control actions for non-impaired (or non-assessed) reservoirs, and significantly more stringent requirements for impaired reservoirs. Dredge and fill activities located downstream of a mine and upstream of a reservoir would require a sediment characterization plan as part of permits. Impaired reservoirs would also include additional permit requirements and pilot testing.
The draft Staff Report identifies reservoir owners as the “responsible parties for reservoir water chemistry management”. It would require owners of impaired reservoirs to pay for and conduct pilot tests over a ten-year period (Phase 1). The pilot tests would evaluate methods to reduce mercury bioaccumulation in fish, ranging from fisheries management, to increasing oxygenation near the sediment bottom. Impaired reservoir owners would be required to convene and fund an independent technical review committee to review pilot test workplans. After Phase 1, the program would be reassessed by the State Board, and in Phase 2 reservoir owners would be required to implement management methods to reduce mercury in fish. Additional impaired reservoirs would be added to the program based on new monitoring.

The implementation program also contains recommendations to other state and federal agencies to help reduce mercury sources and exposure to humans. It recommends that the California Department of Fish and Wildlife coordinate with impaired reservoir owners to conduct pilot tests and implement fisheries management. It also recommends the California Air Resources Board and the U.S. Environmental Protection Agency develop programs to reduce mercury atmospheric deposition, and the Department of Public Health inform the public about the health risks of eating fish with high mercury concentrations.

Water Authority and member agency staff met on September 29th as part of an ad-hoc technical workgroup to discuss concerns with the draft Provisions, which include:

- It is not clear that the State Board has any regulatory authority to require reservoir owners to participate in pilot tests.
- Identifying reservoirs as impaired by the State Board staff, rather than by the Board through their formal public 303(d) water quality assessment process may result in inappropriate listings.
- The draft Provisions have significant long-term implications for all reservoir owners.

After the draft Provisions undergo the State’s peer review process, they will be released for formal public review in mid-2018. Although the State Board staff is not accepting written comments on the draft Provisions, they are holding workshops for reservoir owners and operators. Staff from the Water Authority and member agencies attended the first workshop, held in southern California on October 11, 2017. At the workshop, City of San Diego staff made a presentation on the hypolimnetic oxygenation system (HOS) being constructed and studied at Hodges Reservoir. The HOS is funded through the San Diego Integrated Regional Water Management Program and will provide multiple benefits which may include reduction of mercury uptake by fish. The HOS study will be included in the pilot program.

Finally, staff will continue to engage with the ad-hoc technical workgroup to develop recommendations, outreach to State Board staff and participate on a statewide committee on this issue through the Association of California Water Agencies.

Prepared by: Lesley Dobalian, Principal Water Resources Specialist
Reviewed by: Toby Roy, Water Resources Manager
Robert R. Yamada, Director of Water Resources
Approved by: Sandra L. Kerl, Deputy General Manager
October 18, 2017

Attention:    Water Planning Committee

Water Resources Report

Purpose
This report includes the following exhibits for September 2017:

- Rainfall totals for the month and for water year 2017 (WY 2017)
- Deliveries to Member Agencies (Exhibit A)
- Water Use by Member Agencies (Exhibit B)
- Potable M&I Water Use (Exhibit C)
- Storage Available to Member Agencies (Exhibit D)
- Firm Water Deliveries to Member Agencies (Exhibit E)
- Summary of Water Authority Member Agency Operations (Exhibit F)

## RAINFALL TOTALS (inches)

<table>
<thead>
<tr>
<th>Station</th>
<th>September 2017</th>
<th>2016-2017 WATER YEAR (October 2016 through September 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Normal</td>
</tr>
<tr>
<td>Lindbergh Field (N.O.A.A.)</td>
<td>0.08</td>
<td>0.15</td>
</tr>
<tr>
<td>Ramona Airport (N.O.A.A.)</td>
<td>0.05</td>
<td>0.29</td>
</tr>
<tr>
<td>Lake Cuyamaca (Helix W.D.)</td>
<td>0.78</td>
<td>0.74</td>
</tr>
<tr>
<td>Lake Henshaw (Vista I.D.)</td>
<td>0.05</td>
<td>0.55</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)

SEPTEMBER 2017

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlsbad M.W.D.</td>
<td>1,429.9</td>
<td>1,348.5</td>
<td>14,793.9</td>
<td>14,119.8</td>
</tr>
<tr>
<td>Del Mar, City of</td>
<td>92.4</td>
<td>97.6</td>
<td>937.4</td>
<td>936.9</td>
</tr>
<tr>
<td>Escondido, City of</td>
<td>1,877.0</td>
<td>1,962.1</td>
<td>15,159.1</td>
<td>18,863.3</td>
</tr>
<tr>
<td>Fallbrook P.U.D.</td>
<td>1,041.7</td>
<td>1,024.7</td>
<td>8,844.7</td>
<td>9,821.7</td>
</tr>
<tr>
<td>Helix W.D.</td>
<td>1,461.0</td>
<td>2,689.4</td>
<td>23,754.1</td>
<td>26,812.5</td>
</tr>
<tr>
<td>Lakeside W.D.</td>
<td>265.4</td>
<td>257.0</td>
<td>2,623.2</td>
<td>2,521.8</td>
</tr>
<tr>
<td>National City, City of ¹</td>
<td>91.6</td>
<td>447.0</td>
<td>2,989.3</td>
<td>2,613.0</td>
</tr>
<tr>
<td>Oceanside, City of</td>
<td>2,273.0</td>
<td>2,040.7</td>
<td>21,445.5</td>
<td>20,636.6</td>
</tr>
<tr>
<td>Olivenhain M.W.D.</td>
<td>1,908.9</td>
<td>1,807.9</td>
<td>17,569.9</td>
<td>17,195.8</td>
</tr>
<tr>
<td>Otay W.D.</td>
<td>2,722.3</td>
<td>2,589.7</td>
<td>27,197.6</td>
<td>26,604.4</td>
</tr>
<tr>
<td>Padre Dam M.W.D.</td>
<td>916.4</td>
<td>887.5</td>
<td>9,327.4</td>
<td>9,099.1</td>
</tr>
<tr>
<td>Pendleton Military Reservation</td>
<td>9.4</td>
<td>3.8</td>
<td>67.4</td>
<td>62.4</td>
</tr>
<tr>
<td>Poway, City of</td>
<td>989.0</td>
<td>430.1</td>
<td>8,562.8</td>
<td>8,689.7</td>
</tr>
<tr>
<td>Rainbow M.W.D.</td>
<td>1,773.9</td>
<td>1,944.2</td>
<td>16,460.1</td>
<td>18,102.8</td>
</tr>
<tr>
<td>Ramona M.W.D.</td>
<td>675.2</td>
<td>561.0</td>
<td>4,355.6</td>
<td>5,305.1</td>
</tr>
<tr>
<td>Rincon Del Diablo M.W.D.</td>
<td>532.4</td>
<td>517.3</td>
<td>5,003.7</td>
<td>4,991.6</td>
</tr>
<tr>
<td>San Diego, City of ¹</td>
<td>17,036.3</td>
<td>20,644.6</td>
<td>193,248.9</td>
<td>240,192.8</td>
</tr>
<tr>
<td>San Dieguito W.D.</td>
<td>194.9</td>
<td>496.8</td>
<td>3,188.8</td>
<td>4,105.4</td>
</tr>
<tr>
<td>Santa Fe I.D.</td>
<td>514.0</td>
<td>982.2</td>
<td>6,203.7</td>
<td>7,221.3</td>
</tr>
<tr>
<td>South Bay I.D. ¹</td>
<td>337.9</td>
<td>1,083.3</td>
<td>11,506.0</td>
<td>10,683.9</td>
</tr>
<tr>
<td>Vallecitos W.D.</td>
<td>1,525.4</td>
<td>1,397.7</td>
<td>14,630.4</td>
<td>13,775.7</td>
</tr>
<tr>
<td>Valley Center M.W.D.</td>
<td>2,364.3</td>
<td>2,246.7</td>
<td>19,957.4</td>
<td>21,084.6</td>
</tr>
<tr>
<td>Vista I.D.</td>
<td>501.2</td>
<td>1,487.1</td>
<td>13,936.5</td>
<td>15,417.3</td>
</tr>
<tr>
<td>Yuima M.W.D.</td>
<td>682.0</td>
<td>566.7</td>
<td>4,463.5</td>
<td>4,528.4</td>
</tr>
<tr>
<td>Deliveries To SDCWA Agencies</td>
<td>41,215.5</td>
<td>47,513.6</td>
<td>446,226.9</td>
<td>503,385.9</td>
</tr>
<tr>
<td>Less: Deliveries to SDCWA Storage ¹</td>
<td>1,931.3</td>
<td>4,121.1</td>
<td>40,118.8</td>
<td>79,146.1</td>
</tr>
<tr>
<td><strong>TOTAL MEMBER AGENCY DELIVERIES</strong></td>
<td><strong>39,284.2</strong></td>
<td><strong>43,392.5</strong></td>
<td><strong>406,108.1</strong></td>
<td><strong>424,239.8</strong></td>
</tr>
<tr>
<td>Deliveries to South Coast Water District</td>
<td>8.4</td>
<td>6.6</td>
<td>82.9</td>
<td>122.9</td>
</tr>
<tr>
<td>Deliveries From SDCWA Storage</td>
<td>-</td>
<td>-</td>
<td>33,213.8</td>
<td>11,423.8</td>
</tr>
</tbody>
</table>

¹ Member agency deliveries may include puts into Water Authority storage accounts. For September 2017, storage account deliveries totaled 207 AF to San Vicente Reservoir and 1,724 AF to Lower Otay Reservoir, respectively, through city of San Diego connections. September 2016 storage account deliveries totaled 4,010 AF and 111 AF to San Vicente and Lower Otay Reservoirs, respectively, through city of San Diego connections.

Generated:
10/13/17 1:53 PM

Page 26 of 205
### SEPTEMBER 2017

#### Water Authority Source

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlsbad M.W.D.</td>
<td>1,155.5</td>
<td>1,152.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,874.1</td>
<td>1,853.1</td>
</tr>
<tr>
<td>Del Mar, City of</td>
<td>92.4</td>
<td>97.6</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14.1</td>
<td>14.9</td>
<td>-</td>
<td>-</td>
<td>106.5</td>
<td>112.5</td>
</tr>
<tr>
<td>Escondido, City of</td>
<td>1,766.5</td>
<td>1,943.4</td>
<td>27.1</td>
<td>0.0</td>
<td>-</td>
<td>-</td>
<td>49.1</td>
<td>71.0</td>
<td>-</td>
<td>-</td>
<td>1,842.7</td>
<td>2,014.4</td>
</tr>
<tr>
<td>Fallbrook P.U.D.</td>
<td>963.3</td>
<td>1,021.3</td>
<td>-</td>
<td>-</td>
<td>7.8</td>
<td>7.7</td>
<td>74.5</td>
<td>76.6</td>
<td>-</td>
<td>-</td>
<td>1,045.6</td>
<td>1,105.6</td>
</tr>
<tr>
<td>Helix W.D.</td>
<td>1,461.1</td>
<td>2,709.2</td>
<td>1,229.6</td>
<td>11.8</td>
<td>9.5</td>
<td>10.4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,700.2</td>
<td>2,731.4</td>
</tr>
<tr>
<td>Lakeside W.D.</td>
<td>265.4</td>
<td>257.0</td>
<td>-</td>
<td>-</td>
<td>70.3</td>
<td>64.6</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>335.7</td>
<td>321.6</td>
</tr>
<tr>
<td>National City, City of 1</td>
<td>81.4</td>
<td>441.0</td>
<td>49.0</td>
<td>0.0</td>
<td>388.6</td>
<td>73.7</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>519.0</td>
<td>514.7</td>
</tr>
<tr>
<td>Oceanside, City of 1</td>
<td>2,273.0</td>
<td>2,040.7</td>
<td>-</td>
<td>-</td>
<td>85.8</td>
<td>208.1</td>
<td>13.6</td>
<td>17.4</td>
<td>-</td>
<td>-</td>
<td>2,372.4</td>
<td>2,266.2</td>
</tr>
<tr>
<td>Olivenhain M.W.D.</td>
<td>1,908.9</td>
<td>1,807.9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>345.0</td>
<td>344.3</td>
<td>-</td>
<td>-</td>
<td>2,253.9</td>
<td>2,152.2</td>
</tr>
<tr>
<td>Otay W.D.</td>
<td>2,722.3</td>
<td>2,589.7</td>
<td>1,021.3</td>
<td>11.8</td>
<td>-</td>
<td>-</td>
<td>479.9</td>
<td>504.4</td>
<td>-</td>
<td>-</td>
<td>3,202.2</td>
<td>3,094.1</td>
</tr>
<tr>
<td>Padre Dam M.W.D.</td>
<td>907.5</td>
<td>888.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>129.5</td>
<td>130.4</td>
<td>-</td>
<td>-</td>
<td>1,037.0</td>
<td>1,018.6</td>
</tr>
<tr>
<td>Pendleton M.C.B. 2</td>
<td>17.8</td>
<td>10.4</td>
<td>-</td>
<td>-</td>
<td>485.0</td>
<td>485.2</td>
<td>50.0</td>
<td>50.3</td>
<td>-</td>
<td>-</td>
<td>552.8</td>
<td>545.9</td>
</tr>
<tr>
<td>Poway, City of 3</td>
<td>1,015.8</td>
<td>924.3</td>
<td>0.2</td>
<td>3.0</td>
<td>-</td>
<td>-</td>
<td>65.0</td>
<td>62.2</td>
<td>-</td>
<td>-</td>
<td>1,081.0</td>
<td>989.5</td>
</tr>
<tr>
<td>Rainbow M.W.D.</td>
<td>1,935.9</td>
<td>1,922.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,935.9</td>
<td>1,922.2</td>
</tr>
<tr>
<td>Ramona M.W.D.</td>
<td>454.2</td>
<td>470.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>86.9</td>
<td>56.9</td>
<td>-</td>
<td>-</td>
<td>541.1</td>
<td>527.1</td>
</tr>
<tr>
<td>Rincon Del Diablo M.W.D.</td>
<td>532.4</td>
<td>517.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>310.9</td>
<td>326.3</td>
<td>-</td>
<td>-</td>
<td>843.3</td>
<td>843.6</td>
</tr>
<tr>
<td>San Diego, City of</td>
<td>14,208.4</td>
<td>15,340.6</td>
<td>1,308.9</td>
<td>0.6</td>
<td>57.4</td>
<td>0.0</td>
<td>775.0</td>
<td>765.1</td>
<td>-</td>
<td>-</td>
<td>16,349.7</td>
<td>16,106.3</td>
</tr>
<tr>
<td>San Dieguito W.D.</td>
<td>194.9</td>
<td>496.8</td>
<td>371.6</td>
<td>19.8</td>
<td>-</td>
<td>-</td>
<td>89.1</td>
<td>68.6</td>
<td>-</td>
<td>-</td>
<td>655.6</td>
<td>585.2</td>
</tr>
<tr>
<td>Santa Fe I.D.</td>
<td>514.0</td>
<td>982.2</td>
<td>499.4</td>
<td>26.5</td>
<td>-</td>
<td>-</td>
<td>59.4</td>
<td>50.8</td>
<td>-</td>
<td>-</td>
<td>1,072.8</td>
<td>1,059.5</td>
</tr>
<tr>
<td>South Bay I.D. 1</td>
<td>299.9</td>
<td>1,068.9</td>
<td>180.8</td>
<td>0.0</td>
<td>548.2</td>
<td>0.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,028.9</td>
<td>1,068.9</td>
</tr>
<tr>
<td>Vallecitos W.D.</td>
<td>1,208.6</td>
<td>1,117.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>291.6</td>
<td>291.6</td>
<td>1,500.2</td>
<td>1,408.9</td>
</tr>
<tr>
<td>Valley Center M.W.D.</td>
<td>2,364.3</td>
<td>2,246.7</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>30.0</td>
<td>28.1</td>
<td>-</td>
<td>-</td>
<td>2,394.3</td>
<td>2,274.8</td>
</tr>
<tr>
<td>Vista I.D.</td>
<td>501.2</td>
<td>1,487.1</td>
<td>1,185.1</td>
<td>183.7</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,686.3</td>
<td>1,670.8</td>
</tr>
<tr>
<td>Yuima M.W.D. 4</td>
<td>682.0</td>
<td>566.7</td>
<td>-</td>
<td>-</td>
<td>612.8</td>
<td>489.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,294.8</td>
<td>1,056.0</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>37,526.7</strong></td>
<td><strong>42,098.9</strong></td>
<td><strong>4,851.7</strong></td>
<td><strong>245.4</strong></td>
<td><strong>2,265.4</strong></td>
<td><strong>1,339.0</strong></td>
<td><strong>3,085.0</strong></td>
<td><strong>3,059.8</strong></td>
<td><strong>500.0</strong></td>
<td><strong>500.0</strong></td>
<td><strong>48,228.8</strong></td>
<td><strong>47,243.1</strong></td>
</tr>
<tr>
<td><strong>PERCENT CHANGE</strong></td>
<td>-11%</td>
<td>1877%</td>
<td>69%</td>
<td>1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2%</td>
<td></td>
</tr>
</tbody>
</table>
## SEPTEMBER 2017

<table>
<thead>
<tr>
<th>AGENCY</th>
<th>2017</th>
<th>2013</th>
<th>28 Months Ended September 2017</th>
<th>CY 2013 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlsbad M.W.D.</td>
<td>1,363.9</td>
<td>1,722.6</td>
<td>34,150.7</td>
<td>42,052.3</td>
</tr>
<tr>
<td>Del Mar, City of</td>
<td>92.4</td>
<td>81.1</td>
<td>2,243.4</td>
<td>2,730.7</td>
</tr>
<tr>
<td>Escondido, City of</td>
<td>1,515.7</td>
<td>2,116.2</td>
<td>38,643.3</td>
<td>51,720.7</td>
</tr>
<tr>
<td>Fallbrook P.U.D.</td>
<td>669.5</td>
<td>935.7</td>
<td>16,046.9</td>
<td>20,431.6</td>
</tr>
<tr>
<td>Helix W.D.</td>
<td>2,700.2</td>
<td>3,392.5</td>
<td>66,932.0</td>
<td>82,512.5</td>
</tr>
<tr>
<td>Lakeside W.D.</td>
<td>335.7</td>
<td>441.5</td>
<td>7,949.7</td>
<td>10,226.9</td>
</tr>
<tr>
<td>Oceanside, City of</td>
<td>2,323.8</td>
<td>2,836.4</td>
<td>54,245.2</td>
<td>68,104.7</td>
</tr>
<tr>
<td>Olivenheim M.W.D.</td>
<td>1,898.9</td>
<td>2,230.3</td>
<td>40,915.6</td>
<td>50,991.8</td>
</tr>
<tr>
<td>Otay W.D.</td>
<td>2,722.3</td>
<td>3,341.5</td>
<td>63,514.5</td>
<td>77,591.0</td>
</tr>
<tr>
<td>Padre Dam M.W.D.</td>
<td>892.1</td>
<td>1,181.3</td>
<td>21,301.7</td>
<td>27,252.7</td>
</tr>
<tr>
<td>Pendleton Military Reservation</td>
<td>502.8</td>
<td>704.3</td>
<td>13,735.7</td>
<td>18,709.1</td>
</tr>
<tr>
<td>Poway, City of</td>
<td>1,015.0</td>
<td>1,337.0</td>
<td>21,772.5</td>
<td>29,729.3</td>
</tr>
<tr>
<td>Rainbow M.W.D.</td>
<td>973.9</td>
<td>1,290.9</td>
<td>22,524.4</td>
<td>27,031.5</td>
</tr>
<tr>
<td>Ramona M.W.D.</td>
<td>348.5</td>
<td>535.0</td>
<td>8,171.9</td>
<td>11,695.0</td>
</tr>
<tr>
<td>Rincon Del Diablo M.W.D.</td>
<td>532.4</td>
<td>700.6</td>
<td>11,862.3</td>
<td>15,884.4</td>
</tr>
<tr>
<td>San Diego, City of</td>
<td>15,574.7</td>
<td>19,070.2</td>
<td>387,879.9</td>
<td>471,046.6</td>
</tr>
<tr>
<td>San Dieguito W.D.</td>
<td>566.5</td>
<td>650.1</td>
<td>12,937.3</td>
<td>15,721.6</td>
</tr>
<tr>
<td>Santa Fe I.D.</td>
<td>1,013.4</td>
<td>1,265.0</td>
<td>21,422.1</td>
<td>27,904.0</td>
</tr>
<tr>
<td>Sweetwater Authority</td>
<td>1,547.9</td>
<td>1,989.9</td>
<td>41,347.4</td>
<td>50,857.1</td>
</tr>
<tr>
<td>Vallecitos W.D.</td>
<td>1,404.2</td>
<td>1,724.7</td>
<td>31,458.4</td>
<td>38,944.1</td>
</tr>
<tr>
<td>Valley Center M.W.D.</td>
<td>816.8</td>
<td>1,068.9</td>
<td>17,383.5</td>
<td>22,676.0</td>
</tr>
<tr>
<td>Vista I.D.</td>
<td>1,686.3</td>
<td>1,997.3</td>
<td>39,600.0</td>
<td>46,652.5</td>
</tr>
<tr>
<td>Yuima M.W.D.</td>
<td>765.9</td>
<td>959.7</td>
<td>16,085.8</td>
<td>23,660.1</td>
</tr>
</tbody>
</table>

**TOTALS**: 41,262.8 51,572.7 992,124.2 1,234,126.2

**PERCENT CHANGE**: -20% -20%

---

**NOTES:**

1. SWRCB emergency regulation went into effect June 2015.
2. The 2013 baseline is utilized to be consistent with the May 2015 SWRCB emergency drought regulation, which was partially rescinded on April 26, 2017.
3. Excludes recycled water use and Transitional Special Agricultural Water Rate program deliveries. TSAWR deliveries are estimated for months where agencies have not reported.
4. Baseline includes January-December 2013 twice, and June-September 2013 three times, in order to establish a base period of 28 months.
### SEPTEMBER 2017

<table>
<thead>
<tr>
<th>Member Agency</th>
<th>Reservoir</th>
<th>Capacity</th>
<th>SEPT. 2017</th>
<th>% of Capacity</th>
<th>SEPT. 2016</th>
<th>% of Capacity</th>
<th>Change During Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlsbad M.W.D.</td>
<td>Maerkle</td>
<td>600</td>
<td>87</td>
<td>15%</td>
<td>68</td>
<td>11%</td>
<td>28</td>
</tr>
<tr>
<td>Escondido, City of</td>
<td>Dixon</td>
<td>2,606</td>
<td>2,495</td>
<td>96%</td>
<td>2,286</td>
<td>88%</td>
<td>(7)</td>
</tr>
<tr>
<td></td>
<td>Wohlford</td>
<td>6,506</td>
<td>2,264</td>
<td>35%</td>
<td>2,488</td>
<td>38%</td>
<td>(56)</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td>9,112</td>
<td>4,759</td>
<td>52%</td>
<td>4,774</td>
<td>52%</td>
<td>(63)</td>
</tr>
<tr>
<td>Fallbrook P.U.D.</td>
<td>Red Mountain</td>
<td>1,335</td>
<td>419</td>
<td>31%</td>
<td>461</td>
<td>35%</td>
<td>69</td>
</tr>
<tr>
<td>Helix W.D.</td>
<td>Cuyamaca</td>
<td>8,195</td>
<td>646</td>
<td>8%</td>
<td>551</td>
<td>7%</td>
<td>(50)</td>
</tr>
<tr>
<td></td>
<td>Jennings</td>
<td>9,790</td>
<td>7,848</td>
<td>80%</td>
<td>7,431</td>
<td>76%</td>
<td>6</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td>17,985</td>
<td>8,494</td>
<td>47%</td>
<td>7,982</td>
<td>44%</td>
<td>(44)</td>
</tr>
<tr>
<td>Poway, City of</td>
<td></td>
<td>3,330</td>
<td>2,399</td>
<td>72%</td>
<td>2,590</td>
<td>78%</td>
<td>(30)</td>
</tr>
<tr>
<td>Rainbow M.W.D.</td>
<td></td>
<td>465</td>
<td>285</td>
<td>61%</td>
<td>215</td>
<td>46%</td>
<td>(48)</td>
</tr>
<tr>
<td>Ramona M.W.D.</td>
<td></td>
<td>12,000</td>
<td>2,348</td>
<td>20%</td>
<td>2,524</td>
<td>21%</td>
<td>133</td>
</tr>
<tr>
<td>San Diego, City of</td>
<td>Barrett</td>
<td>34,806</td>
<td>12,340</td>
<td>35%</td>
<td>1,877</td>
<td>5%</td>
<td>(250)</td>
</tr>
<tr>
<td></td>
<td>El Capitan</td>
<td>112,807</td>
<td>40,259</td>
<td>36%</td>
<td>23,698</td>
<td>21%</td>
<td>(1,548)</td>
</tr>
<tr>
<td></td>
<td>Hodges</td>
<td>10,633</td>
<td>12,072</td>
<td>114%</td>
<td>3,222</td>
<td>30%</td>
<td>220</td>
</tr>
<tr>
<td></td>
<td>Lower Otay</td>
<td>47,067</td>
<td>35,871</td>
<td>76%</td>
<td>33,698</td>
<td>72%</td>
<td>(2,138)</td>
</tr>
<tr>
<td></td>
<td>Miramar</td>
<td>6,682</td>
<td>5,620</td>
<td>84%</td>
<td>5,452</td>
<td>82%</td>
<td>(14)</td>
</tr>
<tr>
<td></td>
<td>Morena</td>
<td>50,694</td>
<td>4,046</td>
<td>8%</td>
<td>1,109</td>
<td>2%</td>
<td>(62)</td>
</tr>
<tr>
<td></td>
<td>Murray</td>
<td>4,684</td>
<td>4,010</td>
<td>86%</td>
<td>4,044</td>
<td>86%</td>
<td>(119)</td>
</tr>
<tr>
<td></td>
<td>San Vicente</td>
<td>91,695</td>
<td>62,583</td>
<td>68%</td>
<td>44,359</td>
<td>48%</td>
<td>(268)</td>
</tr>
<tr>
<td></td>
<td>Sutherland</td>
<td>29,508</td>
<td>13,564</td>
<td>46%</td>
<td>2,159</td>
<td>7%</td>
<td>(179)</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td>388,576</td>
<td>190,364</td>
<td>49%</td>
<td>119,017</td>
<td>31%</td>
<td>(4,350)</td>
</tr>
<tr>
<td>San Diego WD/Santa Fe ID</td>
<td>San Diego</td>
<td>883</td>
<td>406</td>
<td>46%</td>
<td>415</td>
<td>47%</td>
<td>(236)</td>
</tr>
<tr>
<td></td>
<td>Sweetwater Authority</td>
<td>Loveland</td>
<td>25,400</td>
<td>13,907</td>
<td>55%</td>
<td>7,073</td>
<td>28%</td>
</tr>
<tr>
<td></td>
<td>Sweetwater</td>
<td>28,079</td>
<td>9,880</td>
<td>35%</td>
<td>2,876</td>
<td>10%</td>
<td>(231)</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td>53,479</td>
<td>23,787</td>
<td>44%</td>
<td>9,949</td>
<td>19%</td>
<td>(365)</td>
</tr>
<tr>
<td>Valley Center M.W.D.</td>
<td>Turner</td>
<td>1,612</td>
<td>1,238</td>
<td>77%</td>
<td>1,091</td>
<td>68%</td>
<td>(113)</td>
</tr>
<tr>
<td>Vista I.D.</td>
<td>Henshaw</td>
<td>51,774</td>
<td>5,265</td>
<td>10%</td>
<td>2,332</td>
<td>5%</td>
<td>(2,182)</td>
</tr>
<tr>
<td>MEMBER AGENCY TOTAL WATER IN STORAGE</td>
<td></td>
<td>541,151</td>
<td>239,850</td>
<td>44%</td>
<td>152,017</td>
<td>28%</td>
<td>(7,209)</td>
</tr>
<tr>
<td>Water Authority 4</td>
<td>Olivenhain</td>
<td>24,774</td>
<td>18,298</td>
<td>74%</td>
<td>19,385</td>
<td>74%</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>San Vicente - Comprised of:</td>
<td>157,663</td>
<td>128,179</td>
<td>47%</td>
<td>138,329</td>
<td>47%</td>
<td>(750)</td>
</tr>
<tr>
<td></td>
<td>Emergency</td>
<td>31,202</td>
<td>37,714</td>
<td>119%</td>
<td>(109)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Carryover</td>
<td>96,162</td>
<td>99,605</td>
<td>105%</td>
<td>(338)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Operating</td>
<td>814</td>
<td>1,010</td>
<td>207</td>
<td>(207)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hodges</td>
<td>20,000</td>
<td>5,699</td>
<td>28%</td>
<td>8,226</td>
<td>46%</td>
<td>(1,066)</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td>202,437</td>
<td>152,176</td>
<td>75%</td>
<td>1,659,940</td>
<td>82%</td>
<td>(563)</td>
</tr>
<tr>
<td>Water Authority Storage Accounts 5</td>
<td>El Capitan</td>
<td>8,863</td>
<td>2,553</td>
<td>16,499</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lower Otay</td>
<td>8,594</td>
<td>2,584</td>
<td>16,499</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sweetwater (Temporary)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td>11,447</td>
<td>2,553</td>
<td>16,499</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL WATER IN STORAGE</td>
<td></td>
<td>743,588</td>
<td>403,473</td>
<td>54%</td>
<td>320,510</td>
<td>43%</td>
<td>(6,152)</td>
</tr>
</tbody>
</table>

#### OTHER AGENCIES

<table>
<thead>
<tr>
<th>Member Agency</th>
<th>Reservoir</th>
<th>Capacity</th>
<th>SEPT. 2017</th>
<th>% of Capacity</th>
<th>SEPT. 2016</th>
<th>% of Capacity</th>
<th>Change During Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan Water District</td>
<td>Skinner</td>
<td>44,264</td>
<td>38,538</td>
<td>87%</td>
<td>39,677</td>
<td>90%</td>
<td>1,643</td>
</tr>
<tr>
<td></td>
<td>Diamond Valley</td>
<td>810,000</td>
<td>689,517</td>
<td>85%</td>
<td>538,650</td>
<td>67%</td>
<td>(12,825)</td>
</tr>
<tr>
<td>State Water Project</td>
<td>Oroville</td>
<td>3,537,577</td>
<td>1,331,591</td>
<td>38%</td>
<td>1,618,960</td>
<td>46%</td>
<td>(372,409)</td>
</tr>
<tr>
<td>TOTAL OTHER WATER IN STORAGE</td>
<td></td>
<td>4,391,841</td>
<td>2,059,646</td>
<td>47%</td>
<td>2,197,287</td>
<td>50%</td>
<td>(383,591)</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 Diego WD, and California American Mutual Water Co. (Cal-Am).
3 Includes allocated and unallocated water in Lake Henshaw.
4 Water Authority carryover, emergency and operating pools in San Vicente Reservoir were established in June 2015. City of San Diego presently states total capacity in San Vicente at 249,358 AF, with the Water Authority portion being 157,663 AF and the remaining capacity, 91,695 AF, allocable to the city. Figures for September 2017 include evaporation/seeage estimates.
5 No defined capacities for storage accounts in El Capitan, Lower Otay and Sweetwater Authority reservoirs. Figures for September 2017 include evaporation/seeage estimates.

---

**Page 29 of 205**
# Tier 1 Estimated Deliveries to Member Agencies

## Figures in acre-feet

### Calendar Year 2017 to Date (September)

<table>
<thead>
<tr>
<th>Member Agency</th>
<th>CY2017 Tier 1 Threshold ¹</th>
<th>CYTD Firm Deliveries ²</th>
<th>% of Tier 1 Threshold (Pre-QSA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlsbad M.W.D.</td>
<td>12,376.0</td>
<td>9,286.7</td>
<td>75.0%</td>
</tr>
<tr>
<td>Del Mar, City of</td>
<td>935.0</td>
<td>727.1</td>
<td>77.8%</td>
</tr>
<tr>
<td>Escondido, City of</td>
<td>17,859.0</td>
<td>10,326.2</td>
<td>57.8%</td>
</tr>
<tr>
<td>Fallbrook P.U.D.</td>
<td>10,325.0</td>
<td>6,777.9</td>
<td>65.6%</td>
</tr>
<tr>
<td>Helix W.D.</td>
<td>25,519.0</td>
<td>15,387.2</td>
<td>60.3%</td>
</tr>
<tr>
<td>Lakeside M.W.D.</td>
<td>3,168.0</td>
<td>2,018.0</td>
<td>63.7%</td>
</tr>
<tr>
<td>Oceanside, City of</td>
<td>19,383.0</td>
<td>16,343.6</td>
<td>84.3%</td>
</tr>
<tr>
<td>Olivenhain M.W.D.</td>
<td>13,071.0</td>
<td>13,472.9</td>
<td>103.1%</td>
</tr>
<tr>
<td>Otay W.D.</td>
<td>21,390.0</td>
<td>20,538.3</td>
<td>96.0%</td>
</tr>
<tr>
<td>Padre Dam M.W.D.</td>
<td>9,939.0</td>
<td>7,103.0</td>
<td>71.5%</td>
</tr>
<tr>
<td>Pendleton M.C.B./South Coast W.D.</td>
<td>758.0</td>
<td>103.8</td>
<td>13.7%</td>
</tr>
<tr>
<td>Poway, City of</td>
<td>9,348.0</td>
<td>5,840.6</td>
<td>62.5%</td>
</tr>
<tr>
<td>Rainbow M.W.D.</td>
<td>19,018.0</td>
<td>12,731.2</td>
<td>66.9%</td>
</tr>
<tr>
<td>Ramona M.W.D.</td>
<td>8,052.0</td>
<td>3,155.4</td>
<td>39.2%</td>
</tr>
<tr>
<td>Rincon Del Diablo M.W.D.</td>
<td>5,482.0</td>
<td>3,821.4</td>
<td>69.7%</td>
</tr>
<tr>
<td>San Diego, City of</td>
<td>144,555.0</td>
<td>111,960.3</td>
<td>77.5%</td>
</tr>
<tr>
<td>San Dieguito W.D.</td>
<td>3,116.0</td>
<td>2,029.1</td>
<td>65.1%</td>
</tr>
<tr>
<td>Santa Fe I.D.</td>
<td>5,226.0</td>
<td>4,202.1</td>
<td>80.4%</td>
</tr>
<tr>
<td>Sweetwater Authority</td>
<td>9,650.0</td>
<td>7,178.9</td>
<td>74.4%</td>
</tr>
<tr>
<td>Vallecitos W.D.</td>
<td>10,557.0</td>
<td>8,549.4</td>
<td>81.0%</td>
</tr>
<tr>
<td>Valley Center M.W.D.</td>
<td>29,774.0</td>
<td>15,293.9</td>
<td>51.4%</td>
</tr>
<tr>
<td>Vista I.D.</td>
<td>11,876.0</td>
<td>9,771.1</td>
<td>82.3%</td>
</tr>
<tr>
<td>Yuima M.W.D.</td>
<td>2,165.0</td>
<td>3,477.4</td>
<td>160.6%</td>
</tr>
</tbody>
</table>

**MEMBER AGENCY TOTALS**

|                                               | 393,542.0                  | 290,095.5               | 73.7%                           |

Less: QSA deliveries-calendar year 2017  
Deliveries to CWA storage-calendar year 2017 ³  
MWD Under-10% Flows-calendar year 2017  
Deliveries from CWA storage-calendar year 2017 ⁴  
Water Authority WPA desalination deliveries-calendar year 2017  

**Estimated Tier 1 deliveries calendar year to date⁵**

|                                               | 142,353.6                  | 36.2%                    |

**Invoiced Tier 1 deliveries calendar year to date⁶**

|                                               | 139,611.2                  | 35.5%                    |

---

¹ Tier 1 threshold is 60% of a member agency’s historic maximum year firm demand.  
² Carlsbad MWD and Vallecitos WD deliveries exclude local desalination supply transported via Water Authority system.  
³ Includes storage puts to San Vicente Reservoir, forced deliveries or deliveries to Olivenhain Reservoir.  
⁴ Includes sales from Water Authority storage accounts, including Olivenhain Reservoir.  
⁵ Estimated Tier 1 deliveries are based on member agency deliveries net of QSA deliveries, seawater desalination and storage puts/takes. Invoiced deliveries are as reported on Metropolitan’s invoice. Difference between Estimated and Invoiced Deliveries is explained by storage puts or takes of pre-deliveries in Twin Oaks Valley Water Treatment Plant (TOVWTP) or member agency treatment plants.
MONTHLY WATER RESOURCES REPORT
Summary of Water Authority Member Agency Operations

SEPTEMBER 2017

Member Agency Deliveries (AF)

- **September**: 39,284 AF (2017) vs. 43,393 AF (2016)
- **Previous 12 Months**: 406,108 AF (2017) vs. 424,240 AF (2016)

Member Agency Water Use

- **SEPTEMBER 2017**:
  - **Imported & Desal**: 78%
  - **Surface**: 10%
  - **Well & Brackish Recovery**: 5%
  - **Recycled & Local Desal**: 7%

- **Previous 12 Months**:
  - **Imported & Desal**: 82%
  - **Surface**: 8%
  - **Well & Brackish Recovery**: 4%
  - **Recycled & Local Desal**: 6%

Member Agency Storage (AF)

- **SEPTEMBER 2017**:
  - 239,850 AF (2017)
  - 152,017 AF (2016)

- **Trailing 12-Month Average**:
  - 223,590 AF (2017)
  - 161,398 AF (2016)
IMPORTED WATER COMMITTEE

AGENDA FOR

OCTOBER 26, 2017

Mark Weston – Chair
Lois Fong-Sakai – Vice Chair
Tom Kennedy – Vice Chair
David Barnum
Kristin Gaspar
Michael Hogan
Keith Lewinger
Jim Madaffer

Marty Miller
Jim Murtland
Ken Olson
Elsa Saxod
Joel Scalzitti
Fern Steiner
Doug Wilson

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/PRESENTATION

1. MWD issues and activities update.
   1-A Metropolitan Water District Delegates’ Report. MWD Delegates (Supplemental Materials) (Discussion)

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

III. INFORMATION

1. Metropolitan Water District Program Report. Amy Chen
IV. CLOSED SESSION

1. 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; CPF-12-512466; CPF-14-514004;
   CPF-16-515282; CPF-16-515391; A146901; A148266;
   BS169881; and CA Supreme Court Case No. S243500
   Mark Hattam

2. Conference with Legal Counsel – Existing Litigation
   Government Code §54956.9(d)(1)
   California Department of Water Resources v. All Persons
   Interested; Sacramento Superior Court Case No. 34-2017-
   00215965-CU-MC-GDS
   Mark Hattam

V. ADJOURNMENT

Melinda Nelson
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.
October 18, 2017

Attention: Imported Water Committee

Colorado River Board Representative’s report. (Discussion)

Purpose
The Colorado River Board (CRB) Representative’s report summarizes monthly activities of the Colorado River Board of California.

Discussion
This report covers activities from the October 11, 2017 CRB meeting in Ontario, California.

Agency Updates
The following CRB agencies provided updates:

- **Department of Water Resources (DWR)** – DWR gave a review of water year 2017, which ended on September 30. The water year ended up being the second wettest in history, with the first being in 1983. There has been a gradual warming in temperatures resulting in less snow since 1990, so even though the eight-station precipitation index was at a record 169 percent, it was not a record snow year.

- **Metropolitan Water District of Southern California (MWD)** – MWD stated they are using more water now due to hot summer temperatures but reservoirs remain full.

**Colorado River Basin Water Report**

Water year 2018 officially began on October 1. The U.S. Bureau of Reclamation (Reclamation) held the third and final consultation associated with the development of the 2018 Annual Operating Plan on September 13 in Las Vegas, Nevada. Based on results of the August 2017 24-Month Study, Lake Mead will operate under the Normal or ICS Surplus Condition, and up to 1.5 MAF may be scheduled for delivery to Mexico pursuant to the 1944 U.S./Mexico Water Treaty. Water supply and storage conditions as of the October 10, 2017⁴ Reclamation Weekly Water Supply Report are shown in Table 1.

<table>
<thead>
<tr>
<th>Conditions as of October 10</th>
<th>Volume (million acre-feet)</th>
<th>Percent of Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total System Storage</td>
<td>32.85</td>
<td>55%</td>
</tr>
<tr>
<td>Lake Powell</td>
<td>14.65</td>
<td>60%</td>
</tr>
<tr>
<td>Lake Mead</td>
<td>10.21</td>
<td>39%</td>
</tr>
<tr>
<td>Water Year 2018 Precipitation</td>
<td></td>
<td>121% of average</td>
</tr>
<tr>
<td>Forecasted Inflows to Lake Powell in Water Year 2017</td>
<td></td>
<td>110% of average</td>
</tr>
</tbody>
</table>

¹ These hydrologic conditions are updated from those reviewed at the CRB meeting.
Basin States and ICS
Representatives of the seven Basin States met September 26-27 in Santa Fe, New Mexico where they provided updates on plans to create Intentionally Created Surplus (ICS) quantities for 2018. Their goal is to retain storage in Lake Mead to the greatest extent possible. The Basin States’ September 18 letter to the Department of Interior (DOI) and Reclamation regarding the recommendation to approve MWD’s request to modify its 2017 ICS Creation Plan has been received. Representatives from DOI and Reclamation are expected to release a decision regarding the request in early October.

Drought Contingency Plan (DCP)
During the Basin States meeting, principals discussed the next steps associated with the drought contingency planning processes underway in both basins. DCP development has been on hold since late 2016 due to the finalization of Minute 323. Their goal is to execute the Basin States Agreement and implement the Lower Basin DCP no later than mid-2018.

Status of Minute 323
Minute 323 was formally executed on September 21 in Ciudad Juarez, Mexico. The minute term is effective through December 31, 2026. Reclamation will make original and electronic copies of the executed minute available to each of the signatories as soon as possible.

Salinity Control Program
The Colorado River Basin Salinity Control Work Group met in Farmington, New Mexico in September to finalize the 2017 Triennial Review. The review is expected to be approved at the Work Group’s October 23-26 meeting in Sacramento. Each of the state water quality agencies are anticipated to approve and adopt the Review’s water quality standards. Upon completion of the state approvals process, the final 2017 Review will be submitted to the US Environmental Protection Agency for its adoption. The program to date has controlled over 1.33 million tons of salt annually, and current program funding levels could allow for the control of up to 1.66 million tons annually by 2035.

Glen Canyon Dam Adaptive Management Program
The Adaptive Management Work Group’s charter was signed by the Secretary of the Interior, allowing the work group to continue operating after all Federal Advisory Committee Act groups were put on hold for review. The group met on September 20 in Tempe, Arizona to approve their Fiscal Year 18-20 Triennial Budget Work Plan, which will now go to the Secretary of Interior for approval.

Colorado River Authority Meeting
A meeting was called to order by the Colorado River Authority to approve funding for the Fall 2017 Salinity Control Forum meeting in Sacramento, as well as a proposed Oroville Dam tour. A total of $4,000 was approved for the Sacramento meeting and $25,000 for the Oroville Dam tour.

Prepared by: Kimberlyn Velasquez, Assistant Water Resources Specialist
Reviewed by: Doug Wilson, CRB Representative
October 18, 2017

Attention: Imported Water Committee

Metropolitan Water District Program Report (Information)

Purpose
This report summarizes activities of interest associated with the Metropolitan Water District of Southern California (MWD) and MWD Member Agencies.

Discussion
This section provides a summary of key issues at the October 9 and 10, 2017 meetings of the MWD Board of Directors. The MWD Board will meet next on November 13 and 14, 2017.

California WaterFix
The MWD Board approved a support position for California WaterFix and authorized MWD’s participation and funding of the project at its assumed 25.9 percent share of the overall project costs (or $4.3 billion of the $16.7 billion total capital costs, in 2017 dollars). The Board also authorized the General Manager to enter into the following agreements: two agreements related to the formation of two joint powers authorities (JPA) (Design and Contractation JPA and Financing JPA) and one agreement related to the implementation of an adaptive management plan for project operations. In addition, the Board adopted a resolution approving MWD’s financial participation in the project and authorizing the General Manager, through the Financing JPA, to enter into all agreements necessary to secure the financing for WaterFix, including the purchase of private placement bonds from the California Department of Water Resources and the issuance of public bonds by the Financing JPA.

MWD’s 25.9 percent participation is premised upon the assumption that the State Water Project contractors will pay 55 percent of the total project cost, with the remaining cost paid by the Central Valley Project (CVP) contractors. In September, Westlands Water District – the largest CVP agricultural contractor – voted to opt out of participation due to the project’s cost and uncertain supply benefits. Previously, Dr. David Sunding, in a 2015 draft economic analysis, identified a $3.9 billion1 funding gap for wildlife refuges and exchange contractors on the CVP side. In an email to the member agencies following Westlands’ action, MWD General Manager stated that “[t]he upcoming decision here at Metropolitan and at other agencies have always been intended to be a starting point for discussion…” For detail discussions that occurred at the MWD Board meeting regarding this item see “MWD Delegates Report” in this month’s Imported Water Committee supplemental materials packet. A comprehensive list of past Water

---

Authority board memos and presentations related to Bay-Delta issues and background on the proposed project are available on the Water Authority’s website.\(^2\)

**The MWD Committees and Board also:**
- Inducted new Director Barry Pressman (City of Beverly Hills);
- Approved amendments to the MWD Administrative code to conform to current law, practices and regulations;
- Expressed support, if amended, position for S.1272 (Feinstein, D-CA) - Drone Federalism Act of 2017;
- Heard oral reports on:
  - Year-end financial review;
  - External Investment Manager presentation by Reams Asset Management and Hillswick Asset Management;
  - Review of performance by External Investment Advisor;
  - Presentation by California Fish and Wildlife Director Charles Bonham on California EcoRestore and Bay-Delta Restoration Efforts;
  - Water Surplus and Drought Management update;
  - Update on Quagga Mussel Management Plan; and
  - Update on Conservation Program
- In closed session, received reports on:
  - The rate litigation; and
  - Report on Palo Verde Irrigation District v. Metropolitan Water District, Riverside County Superior Court, Case No. RIC1714672.

**MWD Member Agencies.**
*Municipal Water District of Orange County (MWDOC)*
During MWDOC’s October 4 Board Workshop with its MWD delegation, Director Barbre suggested that the MWDOC Board “consider a resolution urging [MWD] Chair Record to convene a negotiating committee between” MWD and the Water Authority to discuss the Water Authority’s “departure from MWD.” This comment came on the heels of the MWDOC Board sending a letter to Water Authority Chair Muir suggesting that the two agencies begin holding joint meetings “with a new spirit of cooperation.” Although not being opposed to that “olive branch,” Barbre later said MWD should “negotiate” with the Water Authority to establish a timeline, offering 10 years, for it to leave MWD if it doesn’t want to “participate” in MWD. Barbre described the Water Authority’s current MWD participation as “not productive.” Water Authority Chair Muir responded to MWDOC’s September letter on October 5.

Prepared by: Suki Chhokar, Assistant Management Analyst
Reviewed by: Amy Chen, Director of MWD Program
Approved by: Dennis A. Cushman, Assistant General Manager

---

\(^2\) Past Water Authority board memos and presentations related to the California WaterFix: [http://www.sdcwa.org/bay-delta-board-memos-presentations](http://www.sdcwa.org/bay-delta-board-memos-presentations)
October 18, 2017

Attention: Imported Water Committee

CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Name of Case: SDCWA v. Metropolitan Water District of Southern California;
   Case Nos. CPF-10-510830; CPF-12-512466; CPF-14-514004;
   CPF-16-515282; CPF-16-515391; A146901; A148266; BS169881; and
   CA Supreme Court Case No. S243500

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 October 26, 2017 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:  Mark J. Hattam, General Counsel
October 18, 2017

Attention: Imported Water Committee

CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Name of Case: California Department of Water Resources v. All Persons Interested;
Sacramento Superior Court Case No. 34-2017-00215965-CU-MC-GDS

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 October 26, 2017 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: Mark J. Hattam, General Counsel
ADMINISTRATIVE AND FINANCE COMMITTEE

AGENDA FOR

OCTOBER 26, 2017

Elsa Saxod – Chair
Gary Arant – Vice Chair
Doug Wilson – Vice Chair
Jimmy Ayala
David Cherashore
Gary Croucher
Ed Gallo

Christy Guerin
Matt Hall
Kathleen Coates Hedberg
Tony Heinrichs
Jim Murtland
John Simpson
Ron Watkins

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-A Directors’ comments.

I. CONSENT CALENDAR

   Staff recommendation: Note and file monthly Treasurer’s Report. (Action)

2. Establish 2018 Board meeting dates. (Presentation) Melinda Nelson
   Staff recommendation: Combine the November and December Board meeting dates to December 6, 2018 and approve the 2018 Board meeting dates calendar. (Action)

II. ACTION/DISCUSSION/PRESENTATION

   (Presentation)
2. **Approve the extension of the Bank of America liquidity facility supporting the Water Authority’s Commercial Paper Series 9.**
   
   **Staff recommendation:** Approve the extension of the Bank of America liquidity facility agreement and adopt Resolution 2017-____ authorizing the amendment of the Bank of America agreement.
   
   (Action) Lisa Marie Harris

**III. INFORMATION**


2. Board calendar.

**IV CLOSED SESSION**

1. Conference with Legal Counsel – Anticipated Litigation Mark Hattam
   
   Government Code §54956.9(d)(2)
   
   Significant Exposure – One Case

**V. ADJOURNMENT**

Melinda Nelson

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.
October 18, 2017

Attention: Administrative and Finance Committee

Monthly Treasurer’s Report on Investments and Cash Flow

Purpose
The purpose of the Treasurer’s Report is to provide monthly financial information to the Board of Directors.

Attached for review by the Administrative and Finance Committee and the Board of Directors is the Treasurer’s Report as of September 30, 2017. 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 December 8, 2016. In December of this year, the Board will review and adopt the amended Statement of Investment Policy for calendar year 2018. 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, 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.

Chandler Portfolio Summary: This one-page snapshot shows the Chandler Asset portfolio holdings including average duration, coupon, yield and ratings; account summary; top issuers; issuer allocation; maturity distribution; and the managed portfolio yield compared to the benchmark.

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. In September 2017, the Water Authority’s overall portfolio yield increased slightly from 1.39 percent to 1.41 percent and continues to exceed the investment benchmark of 1.02 percent.
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.

Lisa Marie Harris, Director of Finance/Treasurer
## PORTFOLIO PERCENTAGES

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Permitted By Board Policy</th>
<th>Portfolio Percentage</th>
<th>Book Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Agency Investment Fund (LAIF)</td>
<td>$65 Million</td>
<td>5.53%</td>
<td>$ 20,207,985</td>
</tr>
<tr>
<td>Banker's Acceptances</td>
<td>20%</td>
<td>0.00%</td>
<td>-</td>
</tr>
<tr>
<td>Treasury Securities</td>
<td>15% - Minimum</td>
<td>17.80%</td>
<td>65,040,352</td>
</tr>
<tr>
<td>Agency Securities</td>
<td>85%</td>
<td>47.42%</td>
<td>173,251,779</td>
</tr>
<tr>
<td>Supranational Securities</td>
<td>10%</td>
<td>0.00%</td>
<td>-</td>
</tr>
<tr>
<td>Repurchase Agreements</td>
<td>20%</td>
<td>0.00%</td>
<td>-</td>
</tr>
<tr>
<td>Reverse Repurchase Agreements</td>
<td>20%</td>
<td>0.00%</td>
<td>-</td>
</tr>
<tr>
<td>Placement Service Certificates of Deposit</td>
<td>15%</td>
<td>0.00%</td>
<td>-</td>
</tr>
<tr>
<td>Negotiable Certificates of Deposit</td>
<td>15%</td>
<td>0.00%</td>
<td>-</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>25%</td>
<td>8.81%</td>
<td>32,220,302</td>
</tr>
<tr>
<td>Medium Term Notes/Corporates*</td>
<td>30%</td>
<td>9.36%</td>
<td>34,189,203</td>
</tr>
<tr>
<td>Municipal Securities*</td>
<td>20%</td>
<td>0.00%</td>
<td>-</td>
</tr>
<tr>
<td>JPA Pools (CAMP)</td>
<td>25%</td>
<td>10.94%</td>
<td>39,969,421</td>
</tr>
<tr>
<td>Money Market Funds</td>
<td>15%</td>
<td>0.14%</td>
<td>504,412</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100.00%</td>
<td>$ 365,383,454</td>
</tr>
<tr>
<td>Accrued Interest (unavailable for investing)</td>
<td></td>
<td>-</td>
<td>219,234</td>
</tr>
<tr>
<td>Checking/Petty Cash/Available Funds (unavailable for investing)</td>
<td></td>
<td>-</td>
<td>4,148,598</td>
</tr>
<tr>
<td><strong>Subtotal for Pooled Funds:</strong></td>
<td></td>
<td>369,751,286</td>
<td></td>
</tr>
</tbody>
</table>

Debt Service Reserve (DSR) Funds Excluded from Portfolio Percentages:
- Trinity Plus - Reserve (GIC) - Series 1998A COPs

**Subtotal for Debt Service Reserve Funds (unavailable for CIP expenditures):**

Total Cash and Investments

### PORTFOLIO INFORMATION

<table>
<thead>
<tr>
<th></th>
<th>Pooled Funds ***</th>
<th>Debt Service Reserve</th>
<th>Total **</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio Yield to Maturity - 365 Days</td>
<td>1.27%</td>
<td>5.55%</td>
<td>1.41%</td>
</tr>
<tr>
<td>Average Term</td>
<td>818</td>
<td>1</td>
<td>791</td>
</tr>
<tr>
<td>Average Days to Maturity (730 Days Maximum)</td>
<td>399</td>
<td>1</td>
<td>386</td>
</tr>
</tbody>
</table>

* Investments are managed by an outside investment advisor.
** "The weighted average days to maturity of the total portfolio shall not exceed 730 days (two years) to maturity" per Water Authority Investment Policy.
*** Pooled Funds include Operating, Pay Go, RSF, Equipment and Stored Water funds.
Portfolio Characteristics as of September 30, 2017

**Pooled Funds**

### Asset Allocation

- **Commercial Paper**: 8.8%
- **JPA Pools (CAMP)**: 10.9%
- **LAIF**: 5.5%
- **Money Market**: 0.1%
- **Treasuries**: 17.8%
- **Agencies**: 47.5%
- **FNMA**: 12.5%
- **FHLB**: 15.7%
- **FFCB**: 2.4%

### Maturity Distribution

<table>
<thead>
<tr>
<th>Maturity Distribution</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-3 Month</td>
<td>$125</td>
</tr>
<tr>
<td>6-9 Month</td>
<td>$100</td>
</tr>
<tr>
<td>9-12 Month</td>
<td>$75</td>
</tr>
<tr>
<td>1-2 Year</td>
<td>$50</td>
</tr>
<tr>
<td>2-3 Year</td>
<td>$25</td>
</tr>
<tr>
<td>3-5 Year</td>
<td>$-</td>
</tr>
</tbody>
</table>

### Credit Quality

<table>
<thead>
<tr>
<th>Pooled Funds</th>
<th>% of Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Treasury (AAA/AA+)</td>
<td>17.8%</td>
</tr>
<tr>
<td>Agency (AAA/AA+)</td>
<td>47.4%</td>
</tr>
<tr>
<td>Other (AAA)*</td>
<td>12.7%</td>
</tr>
<tr>
<td>AA**</td>
<td>15.5%</td>
</tr>
<tr>
<td>A ***</td>
<td>1.1%</td>
</tr>
<tr>
<td>not rated ****</td>
<td>5.5%</td>
</tr>
<tr>
<td>100.0%</td>
<td></td>
</tr>
</tbody>
</table>

* Includes money market funds, JPA pools (CAMP) and medium term notes/corporates
** Includes commercial paper and medium-term notes/corporates
*** Includes medium-term notes/corporates; the Water Authority's Investment Policy does not permit investments with a rating below A-
**** Includes LAIF, which is part of the state investment pool, and is not rated

### U.S. Treasury Yield Curve

- **CWA Yield**
- **CWA Yield (Excluding Debt Service Reserve)**
- **2-Year U.S. Treasury Constant Maturity (Rolling 24-month Average)**

### Projected Cash Flows in Millions *

| Month End | Investment Maturities | Projected Receipts | Projected Disbursements | Reinvestment/ (Use) of Liquid Funds | Projected Cash & Investments |
|-----------|-----------------------|--------------------|-------------------------|-------------------------------------|----------------------------
| Sept 17   | 34.96                 | 68.81              | 91.16                   | 12.60                               | $369.75                    |
| Oct 17    | 4.00                  | 58.67              | 48.72                   | 13.94                               | 347.39                     |
| Nov 17    | 4.00                  | 56.09              | 53.89                   | 6.20                                | 357.34                     |
| Dec 17    | 4.00                  | 54.53              | 44.10                   | 14.43                               | 359.54                     |
| Jan 17    | 4.00                  | 45.45              | 40.05                   | 0.56                                | 368.53                     |
| Feb 18    | 2.00                  | 44.23              | 45.45                   | 0.78                                | 367.32                     |
| Mar 18    | 2.00                  |                    |                        |                                     |                            |

* Numbers may not foot due to rounding

### Market Notes

On September 20th the FOMC maintained the federal funds range of 100-125 basis points. The next meeting is November 1st.
<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>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH35</td>
<td>73</td>
<td>CAMP - OPERATING/POOLED</td>
<td>39,969,421.02</td>
<td>09/30/2017</td>
<td>39,969,421.02</td>
<td>39,969,421.02</td>
<td>39,969,421.02</td>
<td>1.140</td>
<td>AAA</td>
</tr>
<tr>
<td>CASH45</td>
<td>4004</td>
<td>CAMP - 2010B BONDS-BABS</td>
<td>0.00</td>
<td>09/30/2017</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.770</td>
<td>AAA</td>
</tr>
<tr>
<td>CASH43</td>
<td>4001</td>
<td>GOLDMAN - 2010B BONDS-BABS</td>
<td>0.00</td>
<td>09/30/2017</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.310</td>
<td>AAA</td>
</tr>
<tr>
<td>CASH11</td>
<td>0002</td>
<td>GOLDMAN - OPERATING/POOLED</td>
<td>504,421.35</td>
<td>09/30/2017</td>
<td>504,421.35</td>
<td>504,421.35</td>
<td>504,421.35</td>
<td>0.930</td>
<td>AAA</td>
</tr>
<tr>
<td>CASH13</td>
<td>72</td>
<td>LAIF - OPERATING</td>
<td>20,207,984.75</td>
<td>09/30/2017</td>
<td>20,207,984.75</td>
<td>20,207,984.75</td>
<td>20,207,984.75</td>
<td>1.120</td>
<td>1.120</td>
</tr>
<tr>
<td>CASH41</td>
<td>4002</td>
<td>LAIF - 2010B BONDS-BABS</td>
<td>0.00</td>
<td>09/30/2017</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.730</td>
<td>0.730</td>
</tr>
<tr>
<td>CASH17</td>
<td>204</td>
<td>TRINITY PLUS - 1998A</td>
<td>12,240,775.00</td>
<td>09/30/2017</td>
<td>12,240,775.00</td>
<td>12,240,775.00</td>
<td>12,240,775.00</td>
<td>5.550</td>
<td>AAA+</td>
</tr>
<tr>
<td>CASH33</td>
<td>208</td>
<td>US BANK MONEY MARKET FUND</td>
<td>0.00</td>
<td>09/30/2017</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.001</td>
<td>AAA</td>
</tr>
</tbody>
</table>

**Managed Pool Accounts**

Subtotal and Average 72,922,593.12 72,922,593.12 72,922,593.12 1.873 1

**Medium Term Notes**

Subtotal and Average 85,449,803.39 72,922,593.12 72,922,593.12 1.873 1

**Commercial Paper - Discount**

Subtotal and Average 34,203,563.61 34,140,233.11 34,203,563.61 1.768 769

---

**Portfolio CWA2**

Run Date: 10/03/2017 - 16:01

Page 47 of 205
# SDCWA - Fiscal Year 2018
## Portfolio Management
### Portfolio Details - Investments
#### September 30, 2017

<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 YTM 365</th>
<th>Days to Maturity</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>89233HA95</td>
<td>10201</td>
<td>TOYOTA MOTOR CREDIT CORP.</td>
<td>04/28/2017</td>
<td>4,000,000.00</td>
<td>3,962,168.89</td>
<td>3,962,168.89</td>
<td>1.330</td>
<td>AA-</td>
<td>1.375</td>
<td>100</td>
<td>01/09/2018</td>
</tr>
<tr>
<td>89233GXR2</td>
<td>10206</td>
<td>TOYOTA MOTOR CREDIT CORP.</td>
<td>06/28/2017</td>
<td>4,500,000.00</td>
<td>4,482,150.00</td>
<td>4,482,150.00</td>
<td>1.200</td>
<td>AA-</td>
<td>1.238</td>
<td>24</td>
<td>10/25/2017</td>
</tr>
</tbody>
</table>

**Subtotal and Average:**
- 36,680,796.25
- 32,500,000.00
- 32,220,302.49
- 32,220,302.50
- 1.416
- 111

## Commercial Paper - Discount

### Federal Agency - Coupon

- **3133EDX8A5**
  - 10138
  - FEDERAL FARM CREDIT BANK
  - 10/28/2014
  - 1,000,000.00
  - 1,000,050.00
  - 1,006,000.00
  - 1,150
  - AA+
  - 0.943
  - 9
  - 10/10/2017

- **3133IQB7**
  - 10139
  - FEDERAL FARM CREDIT BANK
  - 10/28/2014
  - 2,455,000.00
  - 2,455,932.90
  - 2,767,325.10
  - 5.300
  - AA+
  - 0.975
  - 24
  - 10/25/2017

### Portfolio Management

**SDCWA - Fiscal Year 2018**

**Portfolio CWA2**

**CC**

**Run Date:** 10/03/2017 - 16:01

**Page:** 2

**Page 48 of 205**
<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 YTM</th>
<th>Days to Maturity</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>3135G0R39</td>
<td>10213</td>
<td>FEDERAL NATION MORTAGE ASSOC.</td>
<td>08/17/2017</td>
<td>10,000,000.00</td>
<td>9,920,988.89</td>
<td>9,936,988.89</td>
<td>1.00</td>
<td>AA+</td>
<td>1.440</td>
<td>753</td>
<td>10/24/2019</td>
</tr>
</tbody>
</table>

Subtotal and Average

<table>
<thead>
<tr>
<th>Par Value</th>
<th>Market Value</th>
<th>Book Value</th>
<th>Stated Rate</th>
<th>S&amp;P YTM</th>
<th>Days to Maturity</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>160,774,035.28</td>
<td>172,245,000.00</td>
<td>172,319,848.97</td>
<td>173,456,651.39</td>
<td>1.225</td>
<td>447</td>
<td></td>
</tr>
</tbody>
</table>

<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>S&amp;P YTM</th>
<th>Days to Maturity</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>912828TW0</td>
<td>10115</td>
<td>UNITED STATES TREASURY</td>
<td>02/20/2014</td>
<td>5,000,000.00</td>
<td>4,998,635.00</td>
<td>4,956,250.00</td>
<td>0.750</td>
<td>AA+</td>
<td>0.992</td>
<td>30</td>
</tr>
<tr>
<td>912828UZJ1</td>
<td>10153</td>
<td>UNITED STATES TREASURY</td>
<td>04/15/2015</td>
<td>10,000,000.00</td>
<td>9,965,230.00</td>
<td>9,930,859.38</td>
<td>0.625</td>
<td>AA+</td>
<td>0.856</td>
<td>211</td>
</tr>
<tr>
<td>912828D23</td>
<td>10160</td>
<td>UNITED STATES TREASURY</td>
<td>09/29/2015</td>
<td>6,000,000.00</td>
<td>6,017,112.00</td>
<td>6,098,906.25</td>
<td>1.625</td>
<td>AA+</td>
<td>1.154</td>
<td>576</td>
</tr>
<tr>
<td>912828D23</td>
<td>10167</td>
<td>UNITED STATES TREASURY</td>
<td>11/23/2015</td>
<td>4,000,000.00</td>
<td>4,011,408.00</td>
<td>4,038,125.00</td>
<td>1.625</td>
<td>AA+</td>
<td>1.340</td>
<td>576</td>
</tr>
<tr>
<td>912828K58</td>
<td>10181</td>
<td>UNITED STATES TREASURY</td>
<td>04/21/2016</td>
<td>10,000,000.00</td>
<td>9,947,660.00</td>
<td>10,082,612.50</td>
<td>1.375</td>
<td>AA+</td>
<td>1.164</td>
<td>942</td>
</tr>
<tr>
<td>912828V5A</td>
<td>10190</td>
<td>UNITED STATES TREASURY</td>
<td>11/10/2016</td>
<td>5,000,000.00</td>
<td>4,943,360.00</td>
<td>4,993,750.00</td>
<td>1.125</td>
<td>AA+</td>
<td>1.162</td>
<td>942</td>
</tr>
<tr>
<td>912828Q52</td>
<td>10191</td>
<td>UNITED STATES TREASURY</td>
<td>11/10/2016</td>
<td>5,000,000.00</td>
<td>4,956,835.00</td>
<td>4,989,062.50</td>
<td>0.875</td>
<td>AA+</td>
<td>0.966</td>
<td>561</td>
</tr>
<tr>
<td>912828D23</td>
<td>10193</td>
<td>UNITED STATES TREASURY</td>
<td>12/28/2016</td>
<td>5,000,000.00</td>
<td>5,014,260.00</td>
<td>5,027,343.75</td>
<td>1.625</td>
<td>AA+</td>
<td>1.386</td>
<td>576</td>
</tr>
<tr>
<td>912828K58</td>
<td>10194</td>
<td>UNITED STATES TREASURY</td>
<td>12/28/2016</td>
<td>5,000,000.00</td>
<td>4,973,830.00</td>
<td>4,950,000.00</td>
<td>1.375</td>
<td>AA+</td>
<td>1.684</td>
<td>942</td>
</tr>
<tr>
<td>912828T83</td>
<td>10197</td>
<td>UNITED STATES TREASURY</td>
<td>03/30/2017</td>
<td>5,000,000.00</td>
<td>4,966,600.00</td>
<td>4,964,062.50</td>
<td>0.750</td>
<td>AA+</td>
<td>1.209</td>
<td>395</td>
</tr>
<tr>
<td>912828F62</td>
<td>10198</td>
<td>UNITED STATES TREASURY</td>
<td>03/30/2017</td>
<td>5,000,000.00</td>
<td>4,999,220.00</td>
<td>5,009,179.69</td>
<td>1.500</td>
<td>AA+</td>
<td>1.427</td>
<td>760</td>
</tr>
</tbody>
</table>

Subtotal and Average

<table>
<thead>
<tr>
<th>Par Value</th>
<th>Market Value</th>
<th>Book Value</th>
<th>Stated Rate</th>
<th>S&amp;P YTM</th>
<th>Days to Maturity</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>65,040,351.57</td>
<td>65,000,000.00</td>
<td>64,794,150.00</td>
<td>65,040,351.57</td>
<td>1.179</td>
<td>591</td>
<td></td>
</tr>
</tbody>
</table>

Total and Average

<table>
<thead>
<tr>
<th>Par Value</th>
<th>Market Value</th>
<th>Book Value</th>
<th>S&amp;P YTM</th>
<th>Days to Maturity</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>384,216,897.94</td>
<td>376,617,593.12</td>
<td>376,397,127.69</td>
<td>377,843,462.19</td>
<td>1.408</td>
<td>386</td>
</tr>
<tr>
<td>CUSIP</td>
<td>Investment #</td>
<td>Issuer</td>
<td>Average Balance</td>
<td>Purchase Date</td>
<td>Par Value</td>
</tr>
<tr>
<td>-------</td>
<td>--------------</td>
<td>--------</td>
<td>-----------------</td>
<td>---------------</td>
<td>-----------</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH01</td>
<td>48</td>
<td>PETTY CASH</td>
<td></td>
<td>07/01/2017</td>
<td>2,500.00</td>
</tr>
<tr>
<td>CASH02</td>
<td>1000</td>
<td>WELLS FARGO - OPERATING/POOLED</td>
<td>4,150,303.04</td>
<td>4,150,303.04</td>
<td>4,150,303.04</td>
</tr>
<tr>
<td>CASH03</td>
<td>1001</td>
<td>WELLS FARGO - PAYROLL ZBA</td>
<td>-4,204.67</td>
<td>-4,204.67</td>
<td>-4,204.67</td>
</tr>
<tr>
<td>CASH39</td>
<td>4000</td>
<td>WELLS FARGO - 2010B BONDS-BABS</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>07/01/2017</td>
<td>0.00</td>
</tr>
<tr>
<td>Average Balance</td>
<td></td>
<td></td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Cash and Investments: 384,216,897.94

Portfolio Details - Cash
September 30, 2017

SDCWA - Fiscal Year 2018
Portfolio Management
<table>
<thead>
<tr>
<th>Month</th>
<th>Year</th>
<th>Number of Securities</th>
<th>Total Invested</th>
<th>Yield to Maturity</th>
<th>Managed Pool Rate</th>
<th>Number of Investments Purchased</th>
<th>Number of Investments Redeemed</th>
<th>Average Term</th>
<th>Average Days to Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>September</td>
<td>2016</td>
<td>78</td>
<td>427,256,511.33</td>
<td>1.056</td>
<td>1.070</td>
<td>1.081</td>
<td>0</td>
<td>2</td>
<td>761</td>
</tr>
<tr>
<td>October</td>
<td>2016</td>
<td>72</td>
<td>363,573,712.37</td>
<td>1.117</td>
<td>1.132</td>
<td>1.219</td>
<td>0</td>
<td>6</td>
<td>769</td>
</tr>
<tr>
<td>November</td>
<td>2016</td>
<td>75</td>
<td>377,233,445.31</td>
<td>1.119</td>
<td>1.135</td>
<td>1.237</td>
<td>3</td>
<td>0</td>
<td>772</td>
</tr>
<tr>
<td>December</td>
<td>2016</td>
<td>77</td>
<td>366,279,521.27</td>
<td>1.172</td>
<td>1.189</td>
<td>1.455</td>
<td>2</td>
<td>0</td>
<td>823</td>
</tr>
<tr>
<td>January</td>
<td>2017</td>
<td>78</td>
<td>384,055,634.69</td>
<td>1.172</td>
<td>1.188</td>
<td>1.409</td>
<td>2</td>
<td>1</td>
<td>787</td>
</tr>
<tr>
<td>February</td>
<td>2017</td>
<td>77</td>
<td>395,798,305.13</td>
<td>1.159</td>
<td>1.175</td>
<td>1.323</td>
<td>0</td>
<td>1</td>
<td>761</td>
</tr>
<tr>
<td>March</td>
<td>2017</td>
<td>81</td>
<td>404,602,430.59</td>
<td>1.202</td>
<td>1.219</td>
<td>1.454</td>
<td>5</td>
<td>1</td>
<td>768</td>
</tr>
<tr>
<td>April</td>
<td>2017</td>
<td>68</td>
<td>340,922,757.33</td>
<td>1.283</td>
<td>1.300</td>
<td>1.500</td>
<td>2</td>
<td>15</td>
<td>713</td>
</tr>
<tr>
<td>May</td>
<td>2017</td>
<td>70</td>
<td>342,564,985.08</td>
<td>1.300</td>
<td>1.318</td>
<td>1.549</td>
<td>3</td>
<td>1</td>
<td>729</td>
</tr>
<tr>
<td>June</td>
<td>2017</td>
<td>75</td>
<td>347,798,134.11</td>
<td>1.340</td>
<td>1.358</td>
<td>1.717</td>
<td>5</td>
<td>0</td>
<td>756</td>
</tr>
<tr>
<td>July</td>
<td>2017</td>
<td>76</td>
<td>356,290,512.27</td>
<td>1.349</td>
<td>1.368</td>
<td>1.730</td>
<td>6</td>
<td>0</td>
<td>752</td>
</tr>
<tr>
<td>August</td>
<td>2017</td>
<td>79</td>
<td>366,235,679.75</td>
<td>1.372</td>
<td>1.391</td>
<td>1.816</td>
<td>4</td>
<td>1</td>
<td>768</td>
</tr>
<tr>
<td>September</td>
<td>2017</td>
<td>79</td>
<td>377,843,462.19</td>
<td>1.388</td>
<td>1.408</td>
<td>1.873</td>
<td>1</td>
<td>1</td>
<td>791</td>
</tr>
</tbody>
</table>

**Average**

<table>
<thead>
<tr>
<th>Month</th>
<th>Number of Securities</th>
<th>Total Invested</th>
<th>Yield to Maturity</th>
<th>Managed Pool Rate</th>
<th>Number of Investments Purchased</th>
<th>Number of Investments Redeemed</th>
<th>Average Term</th>
<th>Average Days to Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>76</td>
<td>373,111,930.11</td>
<td>1.233%</td>
<td>1.250%</td>
<td>1.489</td>
<td>3</td>
<td>2</td>
<td>765</td>
</tr>
</tbody>
</table>

**Portfolio CWA2**

Run Date: 10/03/2017 - 16:01
Page 51 of 205
October 18, 2017

Attention: Administrative and Finance Committee

Establish 2018 Board meeting dates. (Action)

Staff recommendation
Combine the November and December Board meeting dates to December 6, 2018 and approve the 2018 Board meeting dates calendar.

Alternative
The Board may choose alternative dates for the November and December 2018 regular Board meeting date(s).

Discussion
Section 2.00.080 of the Administrative Code (Recodified) establishes the fourth Thursday of each month as the regular Board meeting date. It also provides that the regular meeting date for November and December be determined by formal Board action annually.

Each calendar year the Board approves a calendar for Water Authority Board meeting dates. The approval for 2018 includes combining the November meeting date and the December meeting date to December 6, 2018 in order to accommodate the Thanksgiving holiday, the Association of California Water Agencies conference, the Colorado River Water Users Association conference, and the December holidays.

Prepared by: Melinda Nelson, Clerk of the Board
Approved by: Maureen Stapleton, General Manager

Attachment: 2018 Meeting dates calendar
<table>
<thead>
<tr>
<th>MONTH</th>
<th>SPECIAL BOARD MEETING</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2\textsuperscript{nd} Thursday, if needed, 1:30 p.m.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MONTH</th>
<th>BOARD MEETING</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4\textsuperscript{th} Thursday</td>
</tr>
<tr>
<td></td>
<td>9:00 a.m. Committees</td>
</tr>
<tr>
<td></td>
<td>3:00 p.m. Formal Board</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MONTH</th>
<th>SPECIAL BOARD MEETING</th>
<th>BOARD MEETING</th>
</tr>
</thead>
<tbody>
<tr>
<td>JANUARY</td>
<td>11</td>
<td>25</td>
</tr>
<tr>
<td>FEBRUARY</td>
<td>8</td>
<td>22</td>
</tr>
<tr>
<td>MARCH</td>
<td>8</td>
<td>22</td>
</tr>
<tr>
<td>APRIL</td>
<td>12</td>
<td>26</td>
</tr>
<tr>
<td>MAY</td>
<td>10</td>
<td>24</td>
</tr>
<tr>
<td>JUNE</td>
<td>14</td>
<td>28</td>
</tr>
<tr>
<td>JULY</td>
<td>12</td>
<td>26</td>
</tr>
<tr>
<td>AUGUST</td>
<td>9</td>
<td>23</td>
</tr>
<tr>
<td>SEPTEMBER</td>
<td>13</td>
<td>27</td>
</tr>
<tr>
<td>OCTOBER</td>
<td>11</td>
<td>25</td>
</tr>
<tr>
<td>NOVEMBER / DECEMBER</td>
<td>November 8</td>
<td>December 6</td>
</tr>
</tbody>
</table>

The combined meeting date for November and December is scheduled for December 6, 2018.
October 18, 2017

Attention: Administrative and Finance Committee


Purpose
This item provides and update on the annual performance of the 2017-2021 Business Plan.

Background
The Water Authority’s Business Plan describes the key focus areas, programs and program focus areas, management strategies, objectives, tactics, and key performance indicators necessary to carry out the policies and strategic direction set forth by the Board of Directors in support of its mission. The Business Plan is a rolling five-year plan and includes 10 programs that are categorized into three key focus areas – Water Supply, Water Facilities, and Business Services. Based on a five-year horizon, the plan is updated biennially in accordance with guiding principles and policies, related planning documents, and an analysis of current business trends. The Business Plan also provides a foundation for preparing the Water Authority’s two-year budget and ensures resources are aligned with the Board’s strategic direction.

Previous Board action: On August 25, 2016, the Board reviewed the final performance report on the 2014-2019 Business Plan goals. On October 27, 2016, the Board received and reviewed the 2017-2021 Business Plan.

Discussion
The 2017-2021 Business Plan contains 102 objectives, 24 of which are complete, 62 are on-track, 9 are not on track to be completed by the original target date, and 7 have been deleted or delayed due to factors outside of the Water Authority’s control.

Examples of objectives that have been completed include:
- Approval for the updated Water Shortage and Drought Response Plan.
- Member Agency supported Potable Reuse Coordination to provide comments on State Water Resources Control Board’s report.
- Completion of the Miramar Pump Station Rehabilitation project.
- Development of environmental awareness training on current California Environmental Quality Act and permitting requirements.
- Development of long-term strategic plan for anticipated bond transactions.
- Completion of a Cost of Service Study and approval of updated annexation fees and capacity charges.
- Development of organization mentoring program.
Various goals may be delayed due to regulatory actions, lack of available information, and higher priority projects taking precedence. Examples of objectives that are not on-track, or have been deleted or delayed include:

- Enhanced flexibility for annual IID transfer volumes.
- Submittal reviews of the Claude “Bud” Lewis Carlsbad Desalination Plant intake modifications design and construction.
- Completion of the ESP North County Pump Station project to provide treated water deliveries to portions of the North County service area during an emergency event.
- Completion of the Carlsbad 5 Flow Control Facility project to allow desalinated water delivery directly from the Carlsbad Desalination plant to the Carlsbad Municipal Water District.
- Implement a new or upgraded Water Billing software module.
- Development of an Operational IT Resource Deployment Plan with long-term IT objectives.

A presentation at the October 26, 2017, Administrative and Finance committee meeting will provide an overview of the 2017-2021 Business Plan status and where we are in meeting its individual objectives.


Prepared by: Jeremy Crutchfield, Principal Engineer  
Nathan Faber, Operations & Maintenance Manager  
Jeff Shoaf, Principal Engineer  
Liana Whyte, Budget & Analysis Manager

Reviewed by: Sandra L. Kerl, Deputy General Manager  
Approved by: Maureen A. Stapleton, General Manager

Attachments:

Attachment 1 – 2017-2021 Business Plan Performance Status Report
2017-2021 Business Plan

PERFORMANCE REPORT - October 1, 2016 through September 30, 2017

sdcwa.org/mission-vision-values-strategies

STATUS LEGEND

1. Objective was completed by the original target date.

2. Objective is on track to be completed by the original target date.

3. Objective is not on track to be completed by the original target date.

4. Objective is deleted or delayed due to a decision by the Water Authority Board.

5. Objective is deleted or delayed due to factors outside of the Water Authority's control.
<table>
<thead>
<tr>
<th>No.</th>
<th>Objective Description</th>
<th>Target Date</th>
<th>Revised Date</th>
<th>Status</th>
<th>Comments</th>
<th>Management Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Develop demonstration projects, through coordination with Imperial Irrigation District and other stakeholders that provide enhanced flexibility of annual transfer volumes and efficiency-based conservation targets.</td>
<td>Jun-2017</td>
<td>Jun-2019</td>
<td>3</td>
<td>Staff continues to explore supply flexibility opportunities with IID based on need. The target date for this item has been updated to June-2019 to allow for additional time to engage other interested parties.</td>
<td>D, H</td>
</tr>
<tr>
<td>2</td>
<td>Prepare a comprehensive financial analysis of the California WaterFix project cost allocation data to assess the project's cost-benefit to Water Authority ratepayers as compared to other water supply alternatives.</td>
<td>Dec-2017</td>
<td></td>
<td>2</td>
<td>Staff was anticipating additional information relating to cost allocation for the California WaterFix project to emerge in Summer 2017, which would allow further analysis by the Water Authority to determine a recommended policy position for Board’s consideration. MWD’s white papers released in late summer did not provide sufficient new data upon which to undertake a substantive financial analysis. Staff had previously presented potential book-ends financial analysis of the WaterFix project. MWD Board is expected to support WaterFix and authorize funding of up to 26% share of the project cost on October 10, 2017 without confirmation of other participants.</td>
<td>A, B, C</td>
</tr>
<tr>
<td>3</td>
<td>Perform a comprehensive, long-term analysis of the Exchange and Transfer Agreements to recommend extension or early termination options to the Water Authority Board.</td>
<td>Dec-2017</td>
<td></td>
<td>2</td>
<td>Staff presented to the board in July, August, and September of 2017. Analysis is complete and a board decision is scheduled for December 7, 2017.</td>
<td>G</td>
</tr>
<tr>
<td>4</td>
<td>Communicate the Water Authority’s perspectives on developing responsible mitigation and restoration plans for the Salton Sea to secure the support of the QSA parties, the Governor’s Office, elected officials, and opinion leaders.</td>
<td>Dec-2017</td>
<td></td>
<td>2</td>
<td>Staff worked with key stakeholders and the Governor’s office on proposed stipulated order which was presented to the State Water Resources Control Board in September 2017. The SWRCB is expected to take action by the end of 2017. Staff met with federal agencies in Washington, D.C. in September 2017.</td>
<td>G, H, J</td>
</tr>
<tr>
<td>5</td>
<td>Lead quarterly stakeholder briefings with the farming community and other Imperial Valley stakeholders to enhance relationships and exchange perspectives on efficiency-based water conservation and Salton Sea issues.</td>
<td>Dec-2017</td>
<td></td>
<td>2</td>
<td>Staff presented on the QSA to a civic group in the Valley; Attended and participated in Imperial Valley Farm Bureau, Vegetable Grower, and Water Conservation Advisory Board meetings; Met with the Salton Sea Task Force Outreach Committee; Helped organize and attended the State’s SSMP outreach presentations throughout Imperial and Riverside Counties; And is planning an Imperial Valley Outreach Tour for October 19.</td>
<td>E, F, H</td>
</tr>
<tr>
<td>6</td>
<td>Achieve final decision in MWD rate litigation through legal avenues and secure award of damages.</td>
<td>Dec-2017</td>
<td>Jun-2018</td>
<td>5</td>
<td>On June 21, 2017, the 1st District Court of Appeal ruled in favor of the Water Authority on nine out of 10 significant issues in the 2010 and 2012 SDCWA v. Metropolitan litigation. The one issue that the Court of Appeal ruled against the Water Authority related to MWD’s allocation of SWP costs. On July 31, 2017, the Water Authority filed a petition for review to the State Supreme Court. The Supreme Court declined the review on September 27, 2017.</td>
<td>I, J, K, L</td>
</tr>
<tr>
<td>7</td>
<td>Establish a Water Authority Intentionally Created Surplus account for temporary storage of Colorado River supplies in Lake Mead.</td>
<td>Jun-2019</td>
<td></td>
<td>2</td>
<td>Meetings and discussions with the Bureau of Reclamation and others regarding establishment of a Water Authority Intentionally Created Surplus account are ongoing.</td>
<td>D, H</td>
</tr>
<tr>
<td>8</td>
<td>Communicate the Water Authority’s perspectives on any project intended to serve as a Delta fix to secure the support of the San Diego business community, civic leaders, opinion leaders, and media for a Water Authority supported Bay-Delta solution.</td>
<td>Dec-2019</td>
<td></td>
<td>2</td>
<td>Staff reviewed and provided analysis to the Water Authority Board in late Summer and Fall relative to the information provided by MWD within the three white papers it released during Summer 2017. With new information regarding cost allocation and willingness (or lack thereof) of parties to participate in cost-sharing for the WaterFix project continually emerging, the Water Authority staff has been communicating regularly with San Diego business leaders, civic leaders, and opinion leaders regarding the lack of sufficient information available upon which the Water Authority Board could base a sound public policy position.</td>
<td>A, B</td>
</tr>
<tr>
<td></td>
<td>Obtain support from key stakeholders to encourage MWD to adopt a long-term finance plan.</td>
<td>Dec-2019</td>
<td>2</td>
<td>Staff participated in MWD’s Treatment Charge Workgroup, which concluded in February 2017. While staff provided detailed input, MWD did not provide the group with MWD’s rate model. Ultimately MWD staff recommended the adoption of a fixed treatment charge similar to the existing Capacity Charge and the Board adopted the recommended Policy Principles only (keeping treatment rate status quo). Board leadership has begun an extensive outreach effort, and together with MWD delegates and staff’s continued efforts, will continue to advocate for MWD to adopt policies and programs that are prudent and fiscally sustainable.</td>
<td>I, J, L</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Obtain San Diego business community, civic leaders, opinion leaders, and media opposition to a Bay-Delta solution that would require urban water ratepayers to underwrite or subsidize a new conveyance facility, including costs shifted from agricultural to urban water users.</td>
<td>Dec-2020</td>
<td>2</td>
<td>Staff has undertaken analysis of information available through the three MWD white papers regarding WaterFix released during Summer 2017. Staff is also communicating with the Water Authority Board regarding new information that continues to emerge regarding cost allocation and willingness of parties to engage in a cost-sharing arrangement for the WaterFix project. The Water Authority staff has been communicating regularly with San Diego business leaders, civic leaders, and opinion leaders regarding the lack of sufficient information available upon which the Water Authority Board could base a sound public policy position relative to the proposed Bay-Delta solution.</td>
<td>A, C</td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>Objective Description</td>
<td>Target Date</td>
<td>Revised Date</td>
<td>Status</td>
<td>Comments</td>
<td>Management Strategies</td>
</tr>
<tr>
<td>-----</td>
<td>--------------------------------------------------------------------------------------</td>
<td>-------------</td>
<td>--------------</td>
<td>--------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>1</td>
<td>Facilitate a member agency workgroup to develop tailored outreach assistance in support of member agency potable reuse projects.</td>
<td>Dec-2017</td>
<td></td>
<td></td>
<td>Staff convened Potable Reuse Coordinating Committee meetings and Outreach Subcommittee meetings which were integral in helping Water Authority staff develop a regional potable reuse microsite and update to the promotional video. Both updates were completed. Water Authority will continue to add relevant information to the microsite.</td>
<td>E</td>
</tr>
<tr>
<td>2</td>
<td>Facilitate a member agency workgroup to engage with the State Water Resources Control Board to provide coordinated regional comments on the proposed statewide Mercury Plan and the proposed state beneficial use categories.</td>
<td>Dec-2017</td>
<td></td>
<td></td>
<td>A member agency workgroup was convened, and the Water Authority submitted comments on the draft Mercury Plan released by the State Water Board in January 2017. The final Mercury Plan was adopted in May 2017. Staff will continue to meet with the workgroup to engage in the mercury reservoir program that the State is in the process of developing.</td>
<td>A, D</td>
</tr>
<tr>
<td>3</td>
<td>Lead a member agency workgroup to develop a strategy for permitting treatment plant residual discharges.</td>
<td>Dec-2017</td>
<td></td>
<td></td>
<td>Contract awarded to WQTS to facilitate a residual handling workgroup with participating member agencies. Objectives of this workgroup include researching regulatory precedence in the State and developing a course of action for potential positions taken by the San Diego Water Board. All costs will be split between the participating agencies.</td>
<td>A, B</td>
</tr>
<tr>
<td>4</td>
<td>Lead the member agency supported Potable Reuse Coordination Committee to develop and provide comments on (1) the State Water Resources Control Board's report to the legislature on the feasibility of adopting regulations for direct potable reuse and (2) proposed Surface Water Augmentation Regulations.</td>
<td>Mar-2018</td>
<td></td>
<td></td>
<td>Comments on the State Board's feasibility report for direct potable reuse were completed last reporting period. The Water Authority coordinated with the Potable Reuse Coordinating Committee and provided comments on Surface Water Augmentation Regulations on 9/12/2017.</td>
<td>B, C, E</td>
</tr>
<tr>
<td>5</td>
<td>Facilitate a member agency workgroup to provide coordinated regional comments on an update to the State Water Resources Control Board's Recycled Water Policy.</td>
<td>Jun-2018</td>
<td></td>
<td></td>
<td>Water Authority staff met in March 2017 with staff from the State Water Board to provide early feedback on revisions to the policy. Water Authority staff is part of a stakeholder advisory group and made a presentation in July 2017 to the state's science advisory panel on constituents of emerging concern in recycled water. The panel is developing recommendations for the state to consider in updating its policy. Staff anticipates a draft policy will be released in March 2018 and will work with the Recycled Water workgroup to develop coordinated regional comments.</td>
<td>A</td>
</tr>
<tr>
<td>6</td>
<td>Develop technical data comparing subsurface and open-ocean intake facility performance through the Camp Pendleton Desalination Intake Testing Program, and share results with stakeholders.</td>
<td>Sep-2018</td>
<td>Jul-2020</td>
<td>5</td>
<td>Staff resolved permitting issues with the San Diego Water Board and is now working to resolve permit environmental compliance issues with the State Land Commission. Due to continued permitting delays, the project has slipped another year and will look to initiate construction during the next available window, beginning October 2018.</td>
<td>D, H</td>
</tr>
<tr>
<td>7</td>
<td>Support Otay Water District efforts to authorize the construction, connection, operation, and maintenance of a United States and Mexico cross-border pipeline facility to import desalinated water from the proposed Rosarito desalination facility.</td>
<td>Oct-2018</td>
<td></td>
<td>2</td>
<td>Water Authority staff has been supportive of Otay's efforts to secure desalinated water. Otay has received its Presidential Permit for constructing a conveyance pipeline and has circulated a draft Environmental Impact Report for the pipeline project. Earliest delivery to Otay would be in 2024, which represents Phase II of the Rosarito Desalination Facility development.</td>
<td>A, H</td>
</tr>
<tr>
<td>8</td>
<td>Complete all submittal reviews within the Water Purchase Agreement required timeframe during oversight of the design, construction, and commissioning of the Claude &quot;Bud&quot; Lewis Carlsbad Desalination Plant's new intake and discharge facilities.</td>
<td>Dec-2018</td>
<td>Dec-2019</td>
<td>5</td>
<td>Poseidon has hired a 30 percent design consultant to develop bridging documents for the design build of the intake modifications. The bridging documents will be based on the alternative accepted by the San Diego Water Board as determined through the permitting process. A final decision by the San Diego Water Board is anticipated by Spring 2018, which represents a year-long delay in order to resolve interpretation issues regarding application of the recently adopted Ocean Plan Amendment for desalination intakes and discharges.</td>
<td>F, G</td>
</tr>
<tr>
<td>#</td>
<td>Task Description</td>
<td>Status</td>
<td>Notes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>------------------</td>
<td>--------</td>
<td>-------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Develop a Basin Plan amendment that supports potable reuse and reservoir operations in collaboration with member agencies and the San Diego Regional Water Quality Control Board.</td>
<td>Jul-2021</td>
<td>In collaboration with the member agencies, staff developed a draft proposal for a Basin Plan amendment that supports potable reuse and reservoir operations and presented it to the San Diego Regional Water Quality Control Board for feedback on December 9, 2016. Staff at the San Diego Water Board reviewed the proposal and provided preliminary feedback to the Water Authority. Additional discussion on the proposal and a plan to move forward is pending Regional Board staff availability.</td>
<td>A, B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>Objective Description</td>
<td>Target Date</td>
<td>Revised Date</td>
<td>Status</td>
<td>Comments</td>
<td>Management Strategies</td>
</tr>
<tr>
<td>-----</td>
<td>--------------------------------------------------------------------------------------</td>
<td>-------------</td>
<td>--------------</td>
<td>--------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>1</td>
<td>Obtain Board approval for the updated Water Shortage and Drought Response Plan reflecting lessons learned from previous shortage periods.</td>
<td>Apr-2017</td>
<td>Jul-2017</td>
<td>1</td>
<td>Document renamed to Water Shortage Contingency Plan and approved by the Board in August 2017.</td>
<td>E, F</td>
</tr>
<tr>
<td>2</td>
<td>Obtain Board approval for the revised 2008 Model Drought Response Conservation Ordinance to achieve consistency with the Water Shortage and Drought Response Plan update.</td>
<td>Apr-2017</td>
<td>Jul-2019</td>
<td>5</td>
<td>The State plans to initiate work in 2018 on regulations pertaining to water use restrictions, so revisions to the Model Drought Ordinance were postponed until the regulatory process is complete and state requirements are finalized.</td>
<td>E, F</td>
</tr>
<tr>
<td>3</td>
<td>Amend the Shortage Contingency Analysis contained in the 2015 Urban Water Management Plan to comply with updated state requirements and ensure consistency with the Water Shortage and Drought Response Plan update.</td>
<td>Dec-2018</td>
<td></td>
<td>2</td>
<td>Staff is monitoring legislative activity that would establish updated State requirements and will amend the Shortage Contingency Analysis as warranted.</td>
<td>E, D</td>
</tr>
<tr>
<td>4</td>
<td>Develop a centralized database covering five water-use efficiency programs to improve data management and performance reporting.</td>
<td>Dec-2018</td>
<td></td>
<td>2</td>
<td>Design and programming are complete for the third database module (for Field Services), launched in June 2017 and is in use by participating agencies for billing purposes. Other active database modules include the WaterSmart Landscape Makeover Series and the Sustainable Landscapes Program Incentives. Next up are the Turf Replacement Rebates (historical) and MWD So Cal WaterSmart incentives modules.</td>
<td>G, J</td>
</tr>
<tr>
<td>5</td>
<td>Obtain Board approval for the updated Integrated Regional Water Management Plan to comply with state requirements.</td>
<td>Jun-2019</td>
<td></td>
<td>2</td>
<td>Water Authority received a $250,000 planning grant from the Department of Water Resources to support the IRWM plan update. Work on the update began in September 2017.</td>
<td>A, D</td>
</tr>
<tr>
<td>6</td>
<td>Secure $2.5 million in external funding such as grant awards, utility funding, and in-kind contributions to support water-use efficiency programs.</td>
<td>Jun-2021</td>
<td></td>
<td>2</td>
<td>To date, the Water Authority has secured $356,210 from SDG&amp;E, Solana Center, Hans Doe, artificial turf discount program, plant fairs, Union Tribune Live WaterSmart partnership, and the Plumbing Association. Staff applied for a $30,000 Hans Doe grant in September for the Landscape Makeover Program to deploy on-line classes; and used existing agriculture efficiency grant funding to help secure for our member agencies an $800,000 federal grant to support a regional conservation program.</td>
<td>G, H, I, J</td>
</tr>
<tr>
<td>7</td>
<td>Update the Urban Water Management Plan to identify supplies necessary to meet future demands and comply with the planned revision of the Urban Water Management Plan Act.</td>
<td>Jun-2021</td>
<td></td>
<td>2</td>
<td>Work on this objective will begin in Fiscal Year 2019.</td>
<td>C, D</td>
</tr>
<tr>
<td>8</td>
<td>Secure the San Diego Region's allocated share of approximately $38 million in IRWM grant funding from Proposition 1 funds, administered by the Department of Water Resources.</td>
<td>Jun-2021</td>
<td></td>
<td>2</td>
<td>The San Diego IRWM Program has received the first two of four anticipated grants from DWR's Proposition 1 IRWM grant program: a planning grant in the amount of $250,000 and a Disadvantaged Community Involvement Grant in the amount of $5.3 million. San Diego expects to receive two more grants totaling approximately $33 million from the Prop 1 program.</td>
<td>A, B, D</td>
</tr>
<tr>
<td>No.</td>
<td>Objective Description</td>
<td>Target Date</td>
<td>Revised Date</td>
<td>Status</td>
<td>Comments</td>
<td>Management Strategies*</td>
</tr>
<tr>
<td>-----</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------------</td>
<td>--------------</td>
<td>--------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>1</td>
<td>Complete the Nob Hill Improvements project to avoid excessive hydraulic transient pressures within Pipelines 3 and 4, under certain operational flow scenarios involving the Rancho Peñasquitos Pressure Control/ Hydroelectric Facility and San Vicente Pump Station.</td>
<td>Apr-2017</td>
<td></td>
<td></td>
<td>Project complete.</td>
<td>E, G, H</td>
</tr>
<tr>
<td>2</td>
<td>Complete the planning process and development of preliminary member agency agreements for the ESP – North County Pump Station project to allow treated water deliveries to portions of the North County service area during an emergency event.</td>
<td>Jun-2017</td>
<td>Sep-2017</td>
<td></td>
<td>Final Planning Study was completed March 2017 and the project was transferred to Engineering in September 2017 once all member agency Principles of Understanding documents were completed (Fallbrook PUD, Rainbow MWD and Valley Center MWD/Yuima MWD). These documents outline the development and financial terms for the recommended project. The design effort for the Fallbrook and Rainbow components will commence once an agreement is reached on the proposed connection to Pipeline 4.</td>
<td>C, D</td>
</tr>
<tr>
<td>3</td>
<td>Complete the Miramar Pump Station Rehabilitation project to improve operations and reliability, and ensure the pump station remains fully operational after an emergency event.</td>
<td>Jun-2017</td>
<td></td>
<td></td>
<td>Project complete.</td>
<td>E, F, G, H</td>
</tr>
<tr>
<td>4</td>
<td>Obtain Board approval of contract amendments to the 2006 East County Regional Treated Water Improvement Program agreements, in cooperation with member agencies, which reflect the projected demand for treated water, provide water system flexibility and ensure full reimbursement of capital costs.</td>
<td>Jun-2017</td>
<td>Mar-2018</td>
<td></td>
<td>Work group, consisting of Water Authority and participating member agencies, has agreed upon the terms for concluding the East County Agreements. Staff has drafted replacement agreements that ensure financial resolution by 2028 and presented recommendations at the July 2017 Manager's Meeting. Draft agreements will be sent to participating member agencies in October 2017 for review and completion is anticipated by the revised target date of March 2018.</td>
<td>D, G</td>
</tr>
<tr>
<td>5</td>
<td>Obtain Board approval for Administrative Code additions for decommissioning of Service Connections to reduce risk and maintenance costs.</td>
<td>Dec-2017</td>
<td></td>
<td></td>
<td>Staff is currently evaluating alternative approaches to decommissioning service connections based on discussions with impacted member agencies. If necessary, staff plans to present proposed methodology at the October or November Member Agency General Managers Meeting and December Board meeting to obtain Board approval.</td>
<td>A</td>
</tr>
<tr>
<td>6</td>
<td>Develop a plan to evolve from standard preventative maintenance to agile predictive maintenance, using Asset Management data to revise maintenance schedules and practices in order to increase productivity and efficiency.</td>
<td>Jun-2018</td>
<td>Jan-2019</td>
<td></td>
<td>Due to staff retirement, staff resources have been reallocated and progress has been delayed 7 months. In April 2018, the team will identify and start to collect data from various sources in one central location. After the data has been collected the team will begin to analyze the data to support revised maintenance schedules.</td>
<td>A</td>
</tr>
<tr>
<td>7</td>
<td>Complete the San Diego 12 Flow Control Facility Rehabilitation project to improve operations and the reliable delivery of untreated water to the city of San Diego's Alvarado Water Treatment Plant.</td>
<td>Sep-2019</td>
<td></td>
<td></td>
<td>Mid-point design is scheduled to be completed by the end of October 2017.</td>
<td>A, C, E, F, G, H</td>
</tr>
<tr>
<td>8</td>
<td>Complete the Hauck Mesa Storage Reservoir and Pipeline Surge Protection project to provide operational flexibility on the First Aqueduct and long-term surge protection for the Valley Center Pipeline.</td>
<td>Dec-2019</td>
<td></td>
<td></td>
<td>Property acquisition is scheduled to be finalized in October 2017. Final design is expected to be completed in January 2018.</td>
<td>C, D, E, F, G, H</td>
</tr>
<tr>
<td>9</td>
<td>Complete the Carlsbad 5 Flow Control Facility project to allow desalinated water delivery directly from the Carlsbad Desalination Plant to the Carlsbad Municipal Water District.</td>
<td>Dec-2019</td>
<td>Dec-2020</td>
<td></td>
<td>Schedule is delayed due to conflicts with proposed land development and the need to identify a new location for the proposed flow control facility. Staff prepared an analysis of two alternate site locations requested by Carlsbad Municipal Water District and is awaiting a response. If Carlsbad decides to move forward, a new design and construction agreement will need to be approved by both the Carlsbad City Council and the Water Authority Board. This project is fully reimbursable by Carlsbad.</td>
<td>E, F, G, H</td>
</tr>
</tbody>
</table>

*See Appendix for detail*
<table>
<thead>
<tr>
<th></th>
<th>Objective</th>
<th>Date</th>
<th></th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Evaluate and utilize tools and technology which can be used for robotic pipeline inspections to reduce water discharge, labor costs, and risk of pipeline failures.</td>
<td>Jun-2020</td>
<td></td>
<td>The team is exploring options used in other industries (oil, gas, nuclear), which could be modified to meet the Water Authority's needs. In addition, the team is planning to test an in-house built tool consisting of a frame, cameras, and lights to inspect Pipeline 3 near the Sweetwater Reservoir. Long term, the team is reviewing the option to issue a Request for Proposals in June 2018 and test commercial options in the Winter of 2019.</td>
</tr>
<tr>
<td>11</td>
<td>Complete the Mission Trails Flow Regulatory Storage II/Lake Murray Control Valve project to mitigate existing operational risks and meet future untreated water demands for the central and south county service areas.</td>
<td>Jun-2021</td>
<td></td>
<td>Staff conducted interviews for design services in September 2017. A professional services contract is expected to be recommended for award at the October 2017 Board meeting.</td>
</tr>
<tr>
<td>12</td>
<td>Complete the ESP – North County Pump Station project to provide treated water deliveries to portions of the North County service area during an emergency event.</td>
<td>Jun-2021</td>
<td>Sep-2021</td>
<td>The project transitioned to Engineering in September 2017. Negotiations with the member agencies involved (Valley Center Municipal Water District, Yuima Municipal Water District, Fallbrook Public Utilities District, and Rainbow Municipal Water District) to develop funding agreements for the design and construction of the facilities in their respective districts will begin in October 2017. Work on the facilities within the Fallbrook and Rainbow districts is contingent upon approval of a new water connection to Pipeline 4; the design effort for these components will commence once an agreement on the proposed Pipeline 4 is obtained. See Objective 2 above.</td>
</tr>
<tr>
<td>13</td>
<td>Complete an additional 8 miles of priority pipeline relining, extending the service life of the identified segments of the aqueduct system.</td>
<td>Jun-2021</td>
<td></td>
<td>One mile of pipeline relining was completed in May 2017. A construction contract for an additional 4.3 miles of pipeline relining was awarded at the July 2017 Board meeting. The remaining segments are in the design phase.</td>
</tr>
<tr>
<td>No.</td>
<td>Objective Description</td>
<td>Target Date</td>
<td>Revised Date</td>
<td>Status</td>
</tr>
<tr>
<td>-----</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------------</td>
<td>--------------</td>
<td>--------</td>
</tr>
<tr>
<td>1</td>
<td>Develop a database and management plan to proactively track mitigation credit inventory at Water Authority sites in support of anticipated Water Authority needs, and allow for potential marketing of excess credits.</td>
<td>Jun-2017</td>
<td>Sep-2017</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Facilitate development of the Water Utility Climate Alliance 2017-2021 Strategic Plan and participate in resulting work plan initiatives to evaluate where climate change information is being used in member utility business decisions.</td>
<td>Dec-2017</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Develop an environmental awareness training program on current California Environmental Quality Act and permitting requirements, in collaboration with regulatory agency staff, and present it to 90 percent of targeted Engineering and Operations &amp; Maintenance staff.</td>
<td>Mar-2018</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Meet 2020 Climate Action Plan emission targets by using adaptive management strategies developed for further reduction of carbon emissions.</td>
<td>Dec-2019</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>Obtain Board approval for the updated Climate Action Plan to ensure conformity of greenhouse-gas inventory calculation with the Climate Registry's current General Reporting Protocol.</td>
<td>Dec-2019</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>Obtain partnerships on leading-edge climate science projects on adaptation, sustainability, and resiliency strategies, and evaluate opportunities to incorporate research findings into facility and supply planning processes.</td>
<td>Jun-2021</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>7</td>
<td>Develop a minimum of three acres of wetland mitigation at the San Luis Rey Kendall site for ability to mitigate impacts of near-term Capital Improvement Program projects.</td>
<td>Jun-2021</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>No.</td>
<td>Objective Description</td>
<td>Target Date</td>
<td>Revised Date</td>
<td>Status</td>
</tr>
<tr>
<td>-----</td>
<td>---------------------------------------------------------------------------------------</td>
<td>-------------</td>
<td>--------------</td>
<td>--------</td>
</tr>
<tr>
<td>1</td>
<td>Secure a business arrangement for the Rancho Peñasquitos Hydroelectric Facility to maximize the value of the energy generated at the facility.</td>
<td>Jan-2017</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Perform physical security assessments and develop improvement plans for critical facilities for continued water system protection against potential treats.</td>
<td>Jun-2017</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Complete installation of battery systems at Twin Oaks Valley Water Treatment Plant to reduce energy demand charges (1 megawatt).</td>
<td>Jun-2017</td>
<td>Nov-2017</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Implement the most effective option for future operations and maintenance of the Hodges Pump Storage facility.</td>
<td>Oct-2017</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>Acquire a distribution tariff from local electrical utility to allow delivery of wholesale energy to the Water Authority and member agency facilities.</td>
<td>Oct-2017</td>
<td>Jun-2018</td>
<td>3</td>
</tr>
<tr>
<td>6</td>
<td>Obtain Board approval and finalize a partnership agreement with the City of San Diego for the San Vicente Energy Storage Facility, Phase 3 work.</td>
<td>Dec-2017</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>Develop a new hire and refresher training program for emergency response staff to support emergency response requirements.</td>
<td>Dec-2017</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>Obtain Board approval of an updated energy management policy that addresses both procuring wholesale renewable energy and supplying self-generated energy to member agencies.</td>
<td>Jun-2018</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>9</td>
<td>Complete installation of 6 megawatts of floating solar at Olivenhain Reservoir to generate renewable energy and reduce energy costs.</td>
<td>Dec-2018</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>10</td>
<td>Perform an Escondido Facility Needs Assessment Study to determine if any changes to existing facilities are required for efficient function and operations.</td>
<td>Dec-2018</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>11</td>
<td>Formalize a field employee training program designed for new hires including training for common procedures.</td>
<td>Dec-2018</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>12</td>
<td>Complete replacement of the instrumentation communication network at Rancho Peñasquitos and San Vicente Pump Station to increase operational reliability of these facilities.</td>
<td>Dec-2019</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>No.</td>
<td>Objective Description</td>
<td>Target Date</td>
<td>Revised Date</td>
<td>Status</td>
</tr>
<tr>
<td>-----</td>
<td>----------------------</td>
<td>-------------</td>
<td>--------------</td>
<td>--------</td>
</tr>
<tr>
<td>1</td>
<td>Complete a social media marketing assessment and optimization plan to enhance outreach efforts.</td>
<td>Dec-2017</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Develop a long-term strategy, in conjunction with statewide stakeholders through the Association of California Water Agencies and WateReuse, for advancing a flexible approach to approving direct potable reuse projects in California.</td>
<td>Jun-2018</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Execute communications and outreach activities that result in at least 70 percent of the public viewing municipal water service as a &quot;good&quot; or &quot;excellent&quot; value through the public opinion poll.</td>
<td>Jun-2019</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>Execute communications and outreach that result in 3,000 customers participating in the WaterSmart Landscape Makeover Program via classes, workshops, and videos.</td>
<td>Jun-2019</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>Create a new Water Authority branding platform.</td>
<td>Jun-2019</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>Execute a minimum of three significant programs or events to commemorate the Water Authority's 75th Anniversary.</td>
<td>Dec-2019</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>7</td>
<td>Execute effective advocacy strategies to defeat all legislation that the Water Authority Board opposes each year.</td>
<td>Jun-2020</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>Achieve passage of one or more Water Authority sponsored bills annually.</td>
<td>Jun-2021</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>9</td>
<td>Participate with water supply stakeholders to support development of an amicus brief on the court proceedings for Waters of the United States.</td>
<td>Jun-2021</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>10</strong></td>
<td>Provide at least one briefing annually to each member of the San Diego state legislative delegation to enhance support for advancing and protecting the Water Authority's legislative interests.</td>
<td>June 2021</td>
<td>On four occasions in 2017, Board members and staff have scheduled dedicated briefings with members of the San Diego legislative delegation and the Administration (January 18, February 13-14, March 1, and June 8) relating to issues of interest to the Water Authority, its member agencies, and the San Diego region. Additionally, staff has briefed representatives of the San Diego legislative delegation on numerous occasions on a variety of issues during 2017.</td>
<td>A, B</td>
</tr>
</tbody>
</table>

| **11** | Increase awareness and understanding of the Water Authority's interests by providing at least one briefing annually to each member of the San Diego congressional delegation in Washington, D.C. and the San Diego district office. | June 2021 | In February 2017, Water Authority Board members traveled to Washington, D.C. to attend the ACWA Washington, D.C. conference. During that conference, Board members had opportunities for briefings with members of the San Diego congressional delegation. In June 2017, Water Authority Board members and staff traveled to Washington, D.C. to provide a series of briefings to representatives of the San Diego congressional delegation and Administration officials regarding Colorado River and Salton Sea restoration issues, Carlsbad desalination facility intake funding opportunities, and San Diego regional infrastructure investment. In September 2017, Board members and staff traveled to Washington, D.C. in conjunction with the San Diego Regional Chamber of Commerce, and participated in briefings with key legislative and Administration officials during that visit. | A, B |

| **12** | Strengthen relationships with state and federal legislators by conducting at least two legislative roundtable events at the Water Authority headquarters during each calendar year. | June 2021 | The Water Authority hosted a successful legislative roundtable event on August 7, 2017 with Assemblymember Lorena Gonzalez Fletcher, and staff is exploring opportunities for a congressional or state legislative roundtable prior to the conclusion of 2017. | A, B |

<p>| <strong>13</strong> | Engage in outreach efforts that result in at least 50 percent of Citizens Water Academy alumni engaging in at least one alumni activity through Fiscal Year 2021. | June 2021 | For the 2014-2017 classes the alumni engagement rate is 40%. Alumni from the Spring 2017 classes were added as part of this update. Alumni from the Summer 2017 class will be added to the engagement rate in the next update. | E, F |</p>
<table>
<thead>
<tr>
<th>No.</th>
<th>Objective Description</th>
<th>Target Date</th>
<th>Revised Date</th>
<th>Status</th>
<th>Comments</th>
<th>Management Strategies*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Develop a long-term strategic plan for the execution of anticipated bond transactions, including pipeline and the Claude &quot;Bud&quot; Lewis Carlsbad Desalination Plant bonds.</td>
<td>Jan-2017</td>
<td></td>
<td>1</td>
<td>A Refunding Alternative and Risk Analysis for financing options for the pipeline, intake, and plant bonds was completed in October 2016. In November 2016, a strategic plan of execution was determined for the financing of the intake and pipeline bonds. Staff is also evaluating the consideration of future refunding or Early Buy Out of plant bonds.</td>
<td>D, F, K</td>
</tr>
<tr>
<td>2</td>
<td>Complete the &quot;Agreed upon Procedures&quot; document for Desalination Billing &amp; Invoicing.</td>
<td>Mar-2017</td>
<td></td>
<td>1</td>
<td>The Desalination Billing and Invoicing agreed upon procedures report has been finalized. The billing models are also accompanied by a step-by-step procedural guide as well as a flowcharting visual of the various processes.</td>
<td>A, B, C</td>
</tr>
<tr>
<td>3</td>
<td>Complete a Cost of Service Study and obtain Board approval of updated annexation fees and capacity charges.</td>
<td>Jun-2017</td>
<td></td>
<td>1</td>
<td>Carollo Engineers, an independent Cost of Service Consultant, has completed their analysis and report. The report was included as an attachment to the Board action setting the CY 2018 rates and charges.</td>
<td>I, J, K</td>
</tr>
<tr>
<td>4</td>
<td>Compile a comprehensive listing of all Water Authority capital assets and establish procedures for year-end reconciliation.</td>
<td>Jun-2017</td>
<td></td>
<td>1</td>
<td>Review of capital assets with primary departments has been completed and changes to the capital assets have been updated in the General Ledger. Also a written procedure for capital asset annual review and reconciliation has been completed.</td>
<td>A</td>
</tr>
<tr>
<td>5</td>
<td>Develop a training program for the Financial Rate Model Program to increase staff knowledge of the rate and charge model.</td>
<td>Dec-2017</td>
<td>Apr-2018</td>
<td>3</td>
<td>A consultant has been hired to begin updates to the Financial Rate Model Program. The updates and the training program for staff will be completed along with Rates and Charges in Spring 2018.</td>
<td>A, J, K</td>
</tr>
<tr>
<td>6</td>
<td>Implement a new or upgraded Water Billing software module that syncs with historical data.</td>
<td>Dec-2017</td>
<td>Jun-2020</td>
<td>3</td>
<td>Original target date based just on completion of software evaluation for new billing system. Revised date reflects full implementation of new billing system and deployment of new database. Scope of work development commenced in September 2017 through an inter-departmental effort between Finance, I.T. and Water Resources staff. Project RFP is scheduled for release in November 2017.</td>
<td>A, C</td>
</tr>
<tr>
<td>7</td>
<td>Update budgeting processes to ensure efficiency and continued best practices in accordance with Government Finance Officers Association standards.</td>
<td>Jan-2018</td>
<td></td>
<td>2</td>
<td>Working with the departments to gather input and feedback regarding current budget processes. Lessons Learned meetings were held with department analysts, project controls, and department heads in July and August 2017. Lessons learned will be incorporated into updated processes.</td>
<td>A, C, H</td>
</tr>
<tr>
<td>8</td>
<td>Implement Other Post-Employment Benefits (OPEB), Government Accounting Standards Board (GASB) 74 and GASB 75 pronouncements, and develop a funding policy to ensure adequate resources exist to pay current and future retiree health benefits.</td>
<td>Jun-2018</td>
<td></td>
<td>2</td>
<td>The Finance Department is geared up to early adopt GASB Other Post Employment Benefits 74 &amp; 75 pronouncements effective for FY 2016-17 (one year earlier than required). There has been several meetings with the external auditor and actuary, and the WA has supplied requisite plan participant information, as well as developed required benefit Funding Policy points to ensure payment of this benefit. Eligibility requirements include five years of service with the Water Authority, attainment of age 55 when retiring, and formally filing for retirement with CalPERS to receive the limited monthly medical stipend benefit ($200 for retiree; $320 for retiree and spouse; or $160 for spouse in cases of retiree death) that last until age 65 when Medicare benefits start. This objective will be complete in December 2017.</td>
<td>C</td>
</tr>
<tr>
<td>9</td>
<td>Advocate Water Authority position through participation in two industry conferences per year via speaking engagements and achieve membership in industry committees and boards, such as California Society of Municipal Finance Officers, Government Finance Officers Association, and Bond Buyer.</td>
<td>Jun-2021</td>
<td></td>
<td>2</td>
<td>Finance industry committee participation for 2016 includes the Government Finance Officers Association Debt and Nomination Committees, and the American Water Works Association Rates and Charges Committee. Finance industry speaking engagements include the Women in Public Finance, California Society of Municipal Finance Officers, Bond Buyer, and the California Municipal Treasurer's Association.</td>
<td>E, K</td>
</tr>
<tr>
<td>No.</td>
<td>Objective Description</td>
<td>Target Date</td>
<td>Revised Date</td>
<td>Status</td>
<td>Comments</td>
<td></td>
</tr>
<tr>
<td>-----</td>
<td>----------------------</td>
<td>-------------</td>
<td>--------------</td>
<td>--------</td>
<td>----------</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Transition email, office applications, and the sdcwa.org website to cloud based platforms to maximize resilience against loss of service.</td>
<td>Aug-2017</td>
<td></td>
<td></td>
<td>Email, office applications, and the sdcwa.org website are now housed in the cloud. This objective was completed in November 2016.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Develop an Operational IT Resource Deployment Plan based on stakeholder input that provides a comprehensive view of long-term IT objectives.</td>
<td>Oct-2017</td>
<td></td>
<td></td>
<td>Development of this plan will begin in July 2017. Completion set for October 17, 2017. A draft Operational IT Resource Deployment plan is in development and will be completed on time. The Administrative Services and Operations and Maintenance departments are working jointly on this plan to provide a consistent representation of all information systems resources.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Automate three organization-wide business processes to increase ease of use and staff productivity.</td>
<td>Nov-2018</td>
<td></td>
<td></td>
<td>Completed. The three organization-wide business processes that were automated are the Business Plan tracking and reporting, the Innovation tracking and reporting, and the Human Resources training request process. The Information Technology program leveraged the ServiceNow software to complete each of these automations.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Implement Microsoft SharePoint content management system to provide next-generation intranet solution that enhances information sharing across the organization.</td>
<td>Mar-2019</td>
<td></td>
<td></td>
<td>Project is on track. The SharePoint Intranet team kicked off the process by attending an all day SharePoint training on April 24th. The team has met weekly since that time and they remain on track. IT staff members are working with department representatives to transition current content to SharePoint.</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Complete major upgrades to PeopleSoft Enterprise Resource Planning software, the Prima water billing system, and Asset Management applications to ensure future compatibility with changing regulations and requirements.</td>
<td>Oct-2019 Jun-2020</td>
<td></td>
<td></td>
<td>The Asset Management application update was completed in Summer 2016. The PeopleSoft upgrade was completed on schedule in June 2017. An outside consultant completed a Cost-Benefit and SWOT Analysis of the Prima Water Billing system in May 2017. Water Resources is currently reviewing the findings and determining the next steps on the Prima Water Billing System. IT is assisting the project manager with the necessary SOW language for an RFP.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Conduct an organization-wide cybersecurity review and complete the recommended technical enhancements to optimize the cybersecurity defense model (organizational team, strategies, policies, and funding).</td>
<td>Oct-2019</td>
<td></td>
<td></td>
<td>A comprehensive cyber security assessment was completed by a consultant in March 2017. IT Staff have completed several of the recommended technical enhancements and will continue to do so in the coming budget period as part of a new Information Technology Initiative that was adopted in the Fiscal Years 2018 and 2019 budget. O&amp;M and IT continue to coordinate on optimizing the cybersecurity defense model which is coordinated around meeting industry standard critical security controls.</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Implement wireless communication in the Escondido office, enhance the Maximo computer maintenance management system for use in the field, and implement a &quot;unified communication&quot; system (combined messaging, presence, phone, video conferencing, voicemail, and email) to expand organization-wide mobile computing capabilities.</td>
<td>Sep-2020</td>
<td></td>
<td></td>
<td>The installation of wireless communication in Escondido was not approved by the IT Policy Group. The enhancement of Maximo for use in the field will begin in fiscal year 2017. Implementation of the unified communication system will begin in fiscal year 2019 as we replace our phone and voicemail system.</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Develop comprehensive dashboard reporting systems for the Capital Improvement Program and the Business Plan, and Technology Initiatives to enhance transparency of organization-wide efforts.</td>
<td>Dec-2020</td>
<td></td>
<td></td>
<td>A Business Plan dashboard was completed December 2016. The dashboard is embedded in the ServiceNow application and is currently being used for tracking and reporting. Development for a dashboard to track IT Initiatives will be completed by April 2018. Engineering submitted an Information Technology Initiative for a CIP dashboard that was funded as part of the Fiscal Years 2018 and 2019 budget. The CIP dashboard is scheduled to be completed in June 2018.</td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>Objective Description</td>
<td>Target Date</td>
<td>Revised Date</td>
<td>Status</td>
<td>Comments</td>
<td>Management Strategies*</td>
</tr>
<tr>
<td>-----</td>
<td>---------------------------------------------------------------------------------------</td>
<td>-------------</td>
<td>--------------</td>
<td>--------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>1</td>
<td>Achieve and maintain an employee turnover rate of 6 percent or less annually (factoring out retirements) for employees meeting or exceeding overall performance standards.</td>
<td>Jun-2017</td>
<td></td>
<td>1</td>
<td>The employee turnover rate for Fiscal Year 2018 (through 10/5) is 2.5%. FY 2017: 2.14% FY 2016: 6.07% FY 2015: 3.3% This objective is ongoing and will be tracked through 2021.</td>
<td>E, G, H</td>
</tr>
<tr>
<td>2</td>
<td>Develop organization-wide mentoring program designed to empower early and mid-career professionals, increase diversity, attract high performing employees, and foster a culture of continuous learning and knowledge transfer.</td>
<td>Jun-2017</td>
<td></td>
<td>1</td>
<td>The &quot;Employee Development &amp; Growth Plan&quot; program guide was released in Feb, 2017. A Program Coordinator was named in May 2017.</td>
<td>E, H</td>
</tr>
<tr>
<td>3</td>
<td>Reduce the number of days lost due to workplace injury to 10 percent below industry standards by achieving 100 percent hazard identification and remediation.</td>
<td>Jun-2017</td>
<td></td>
<td>1</td>
<td>Hazard identification and remediation for Fiscal Year 2018 to date is 100 percent; For FY 18 to date, 1 workers compensation claim resulted in worker taking days off job. FY 18 (to date) Rate of Days Away=1.13 (State Target is Incident Rate of 2 Days Away). This objective is ongoing, and will be tracked through 2021.</td>
<td>A, B</td>
</tr>
<tr>
<td>4</td>
<td>Achieve 90 percent &quot;meets expectations&quot; or better rating from participating member agencies and other stakeholders of the San Diego Regional Water/Wastewater and Drought Internship Programs.</td>
<td>Aug-2017</td>
<td></td>
<td>2</td>
<td>Through completion of the 2016 - 2017 Regional Water/Wastewater Internship program (August 2016 to June 2017), 100 percent of the host agencies returned evaluations of the program at the &quot;meets expectations&quot; or better level. The 2017-2018 Internship is in its first quarter rotation.</td>
<td>F</td>
</tr>
<tr>
<td>5</td>
<td>Complete Water Authority training needs analysis model including a training and development web portal for employees.</td>
<td>Sep-2017</td>
<td></td>
<td>1</td>
<td>Staff compiled all training requirements and options for Water Authority positions for inclusion in the web portal. The training and development web portal was completed and presented to employees at the Quarterly in February, 2017, as well as in each Department staff meeting in March and April 2017.</td>
<td>E, H</td>
</tr>
<tr>
<td>6</td>
<td>Develop comprehensive quality-of-hire metrics such as new hire attrition, job performance, and employee engagement to ensure alignment with the Water Authority's mission and values.</td>
<td>Dec-2017</td>
<td></td>
<td>2</td>
<td>Staff is developing the metrics.</td>
<td>E</td>
</tr>
<tr>
<td>7</td>
<td>Develop metrics evaluating employee engagement to ensure employees are connected to the Water Authority's mission, vision and values.</td>
<td>Jun-2018</td>
<td></td>
<td>2</td>
<td>Research and development of metrics and programs is underway. Staff is on track to complete by the target deadline.</td>
<td>D</td>
</tr>
<tr>
<td>8</td>
<td>Produce a minimum of 15 communication videos per year providing updates on current projects, staff initiatives, and Water Authority updates.</td>
<td>Jun-2018</td>
<td></td>
<td>2</td>
<td>One Maureen Minute was produced in July 2017. Fifteen communication videos were produced in FY 2017: 9 Maureen Minutes, revised Vision Video for new employee orientation, 3 Live WaterSmart social media videos, and 2 potable reuse videos.</td>
<td>C, D</td>
</tr>
<tr>
<td>9</td>
<td>Achieve 56 percent internal promotions for qualified vacant positions meeting the Western Region American Water Works Association standard.</td>
<td>Sep-2018</td>
<td></td>
<td>2</td>
<td>The internal promotion rate target is per fiscal year. The internal promotion rate for FY18 (through 9/28) is 16.6%. Fiscal Year 2017 was 37.14 percent. Interviewing 101 and Career Management training sessions (Summer 2016) had 115 attendees. Additional career training and management is planned for Fall 2017.</td>
<td>C, E, G</td>
</tr>
<tr>
<td>10</td>
<td>Develop and implement Wellness Initiatives to improve health and wellness of employees; develop employee satisfaction survey regarding wellness; and achieve 20 percent increase in satisfaction from baseline results.</td>
<td>Jun-2019</td>
<td></td>
<td>2</td>
<td>The Wellness program is underway. An interest survey was sent to staff in early 2017 and fitness classes and lunch and learn topics were scheduled for the remainder of the Calendar Year. Staff will send another survey out toward the end of CY 2017 for any adjustments to classes/time/frequency.</td>
<td>B</td>
</tr>
<tr>
<td>11</td>
<td>Enroll over 150 Water Authority employees each fiscal year in the supervisory training provided by the Liebert Cassidy Whitmore Employee Relations Consortium. (Enrollment over the two-year fiscal period.)</td>
<td>Jun-2019</td>
<td></td>
<td>3</td>
<td>For FY 18 (to date), LCW trainings begin in October 2017. In Fiscal Year 2017, 65 employees attended supervisory training provided by Liebert Cassidy Whitmore. In Fiscal Years 2015 and 2016, 110 employees attended the supervisory training.</td>
<td>G, H</td>
</tr>
<tr>
<td>12</td>
<td>Ensure proper administration and documentation of the Affordable Care Act's excise tax on certain employer-sponsored health plans.</td>
<td>Jun-2020</td>
<td></td>
<td>2</td>
<td>Currently there is no update on the implementation date of the Affordable Care Act excise tax. Staff is kept current on any excise tax updates from the Federal government.</td>
<td>E</td>
</tr>
<tr>
<td>13</td>
<td>Develop a Water Authority Alumni Network and hold annual meetings with the Alumni group.</td>
<td>Jun-2021</td>
<td></td>
<td>2</td>
<td>Several members of the alumni have volunteered to participate in the mentorship program, and staff is currently planning for an event on November 15.</td>
<td>D</td>
</tr>
</tbody>
</table>
Appendix
Program Focus Areas and Management Strategies
(Business Plan Document Excerpt)

The following Appendix provides detail for the letter references found in the Management Strategies column of the report.
This page intentionally left blank
Program Focus Areas  Management Strategies

**BAY-DELTA**

A. Advocate Board policies regarding Bay-Delta issues, funding initiatives, and the California WaterFix to federal, state, local, and other stakeholders.

B. Influence the selection of a right-sized Bay-Delta conveyance project based on firm financial commitments by water contractors.

C. Ensure ratepayers are not burdened with California WaterFix costs without real, commensurate, and demonstrable water supply reliability benefits.

**COLORADO RIVER**

D. Develop alternative Quantification Settlement Agreement implementation strategies.

E. Safeguard Water Authority investments from outside influences.

F. Ensure completion of Quantification Settlement Agreement environmental mitigation milestones and Salton Sea activities.

G. Analyze and recommend options related to reducing the duration of the IID water transfer or extending the duration of the MWD exchange agreement.

H. Advance Water Authority Quantification Settlement Agreement policy through continuing dialogue with governing bodies, elected officials, and the public.

**METROPOLITAN WATER DISTRICT**

I. Support MWD Delegates in identifying and maintaining Water Authority strategic goals at MWD.

J. Influence policy decisions at MWD to ensure its long-term sustainability as an imported water supplier.

K. Ensure the Water Authority receives its fair share of investments at MWD.

L. Advocate for equity and transparency in MWD’s decision making process.
## Program Focus Areas

### Management Strategies

### Member Agency Supply

A. Improve regulatory flexibility and streamlining for local supplies.

B. Protect and improve source water quality for water supply in the San Diego region.

### Potable Reuse

C. Engage in regulatory and legislative processes to ensure regulatory pathways are available for approval of local potable reuse projects.

D. Assess and recognize the benefits of water quality improvements associated with new local supplies.

E. Encourage public support, implement public outreach, and offer technical assistance to support reuse and recycled water projects.

### Seawater Desalination

F. Ensure compliance with Claude “Bud” Lewis Carlsbad Desalination Plant Water Purchase Agreement.

G. Ensure continued operation of Claude “Bud” Lewis Carlsbad Desalination Plant and compliance with Ocean Plan Amendment.

H. Implement an adaptive management approach for future seawater desalination supplies.
Program Focus Areas  Management Strategies

**WATER MANAGEMENT PLANNING**

A. Implement an Integrated Regional Water Management Plan that reflects stakeholder consensus and complies with evolving state requirements.

B. Pursue funding for implementation of projects that achieve San Diego Integrated Regional Water Management Program goals.

C. Develop a regional Urban Water Management Plan that complies with evolving state requirements and ensures a reliable water supply for the San Diego region.

D. Update water management plans to maintain eligibility for state funding.

**WATER SHORTAGE AND DROUGHT RESPONSE MANAGEMENT**

E. Ensure planning documents are consistent and relevant to properly manage and respond to supply shortages.

F. Ensure that proposed drought response actions are appropriate, progressive, and may be reasonably implemented by the Water Authority and its member agencies.

**WATER USE EFFICIENCY**

G. Implement best-practices to manage and deliver water-use efficiency programs and services in a timely, convenient, and courteous manner.

H. Plan, develop, implement, or administer water efficiency programs and tools that meet the needs of member agencies and water users.

I. Support policies and actions that advance long-term water-use efficiency best practices, behaviors, and market transformations.

J. Leverage ratepayer investments by securing grants or other external funding sources and advocating for equitable benefits from MWD water-use efficiency programs.

K. Advocate for long term water use efficiency policies that benefit the San Diego region.
Program Focus Areas  Management Strategies

<table>
<thead>
<tr>
<th>ASSET MANAGEMENT</th>
<th>INFRASTRUCTURE PLANNING</th>
<th>NEW FACILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Ensure the prioritization, optimum maintenance, and rehabilitation of assets.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Pioneer technology to reduce risk and increase productivity and efficiency.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. Coordinate and align project scope and schedules within the Master Plan Update and the Asset Management Program to achieve the optimum balance between regional water reliability and cost.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D. Optimize use of existing treatment, storage, and conveyance facilities to meet projected member agency water demands.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E. Employ pioneering technology and best management practices for all CIP projects.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F. Develop business policies, practices, and procedures that are aligned with smaller contracts.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G. Collaborate with member agencies and other external stakeholders on the Capital Improvement Program.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H. Coordinate with internal functional groups and stakeholders to promote the efficient and most cost-effective delivery of projects.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Program Focus Areas**    Management Strategies

<table>
<thead>
<tr>
<th>CLIMATE CHANGE</th>
<th>ENVIRONMENTAL MANAGEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Implement cost-effective measures that reduce greenhouse-gas emissions to</td>
<td>D. Incorporate advance planning to ensure Water Authority</td>
</tr>
<tr>
<td>comply with emission targets contained in the Climate Action Plan.</td>
<td>compliance with environmental regulations.</td>
</tr>
<tr>
<td>B. Advance climate science research and mainstreaming adaptation strategies</td>
<td>E. Strengthen inter-departmental coordination of environmental</td>
</tr>
<tr>
<td>into business practices.</td>
<td>compliance.</td>
</tr>
<tr>
<td>C. Ensure resiliency of infrastructure and supplies in response to climate</td>
<td>F. Ensure sustainable mitigation is obtained in advance of</td>
</tr>
<tr>
<td>change impacts.</td>
<td>project needs.</td>
</tr>
</tbody>
</table>


### Program Focus Areas   Management Strategies

<table>
<thead>
<tr>
<th><strong>ENERGY INITIATIVES</strong></th>
<th><strong>FACILITIES SECURITY AND EMERGENCY RESPONSE</strong></th>
<th><strong>OPERATIONS AND MAINTENANCE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Leverage power market opportunities that maximize the value of existing energy facilities.</td>
<td>E. Provide necessary facilities, staffing, and funding to support security and emergency response requirements.</td>
<td>H. Continue development of well-trained and highly skilled staff.</td>
</tr>
<tr>
<td>B. Pursue new energy initiatives that reduce energy costs.</td>
<td>F. Comply with applicable state and federal regulations regarding security.</td>
<td>I. Maintain water system reliability and efficient operations through staff development and facility improvements.</td>
</tr>
<tr>
<td>C. Develop energy policies that support member agency needs.</td>
<td>G. Engage in water related security and emergency response issues at the local and national levels.</td>
<td>J. Enhance proactive maintenance practices.</td>
</tr>
<tr>
<td>D. Influence energy rule-making by engaging in legislative and regulatory processes.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Program Focus Areas**  Management Strategies

### GOVERNMENT RELATIONS OUTREACH

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A.</strong></td>
<td>Strengthen relationships with the San Diego local, state, and federal legislative delegations, other key legislators, legislative staff, and the state and federal administrations.</td>
</tr>
<tr>
<td><strong>B.</strong></td>
<td>Engage and influence relevant legislation, regulatory matters, and funding requests in the Legislature, Congress, and state and federal administrations.</td>
</tr>
<tr>
<td><strong>C.</strong></td>
<td>Sponsor and promote legislation that positively impacts the region and conveys San Diego’s role as a statewide water community leader.</td>
</tr>
</tbody>
</table>

### PUBLIC OUTREACH

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>D.</strong></td>
<td>Enhance public understanding and support for Water Authority and member agency strategies, policies, and programs</td>
</tr>
<tr>
<td><strong>E.</strong></td>
<td>Implement innovative and effective public outreach programs and tools that deliver Water Authority messages to key stakeholders.</td>
</tr>
<tr>
<td><strong>F.</strong></td>
<td>Promote greater public awareness of local water issues and wise water use by building relationships and partnerships with compatible organizations and institutions.</td>
</tr>
</tbody>
</table>

### REGULATORY POLICY SUPPORT

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>G.</strong></td>
<td>Maximize flexibility and sustainability in water supply development and management, water-use efficiency, and water quality protection.</td>
</tr>
<tr>
<td><strong>H.</strong></td>
<td>Foster collaborative relationships with regulatory agencies.</td>
</tr>
<tr>
<td><strong>I.</strong></td>
<td>Engage in policy and regulatory development under state and federal water, energy, and environmental laws.</td>
</tr>
<tr>
<td><strong>J.</strong></td>
<td>Inform and obtain feedback from Water Authority departments and member agencies on regulatory and permitting issues.</td>
</tr>
</tbody>
</table>
Business Services  FINANCIAL MANAGEMENT

Program Focus Areas  Management Strategies

ACCOUNTING

A. Provide relevant, accessible, and useable financial data and other key information.
B. Analyze revenue and expense trends proactively to anticipate early budget variances and formulate actions to ensure fiscal sustainability.
C. Assess industry best practices and new accounting standards for applicability to Water Authority financial operations.

DEBT AND INVESTMENT MANAGEMENT

D. Ensure Water Authority credit ratings through sound financial management.
E. Ensure strong financial industry presence for the Water Authority.
F. Strategically optimize the resources of the full bond team to execute future bond transactions successfully – resulting in good pricing, new investors including retail, and maintenance of strong ratings.
G. Optimize the capital financing mix to achieve the lowest cost of funds and minimize interest rate risk.

FINANCIAL PLANNING

H. Develop detailed cost projections for Capital Improvement Program projects and operations to develop long-term rate projections.
I. Analyze and recommend, as appropriate, the rate and charge goals of cost efficiency, predictable rates, and intergenerational equity.
J. Provide high level of service to member agencies while ensuring equitable rates and charges.
K. Ensure financial policies are aligned with the long-term fiscal sustainability of the Water Authority.
Program Focus Areas  Management Strategies

**CYBERSECURITY**

A. Provide backup and recovery capability to protect critical records for business continuity.

B. Provide a safe and secure computing environment.

C. Educate employees to be technically skilled, well informed, alert, and vigilant.

**IT INFRASTRUCTURE AND OPERATIONS**

D. Engage in comprehensive strategic planning and governance to align with business needs.

E. Maintain and replace critical hardware and network infrastructure to meet changing computing requirements.

F. Continually improve business processes by increasing automation, flexibility, ease of use, and mobility.

G. Promote a culture of innovation and continuous improvement and professional development.

**IT SERVICES AND APPLICATIONS**

H. Coordinate and prioritize projects to balance resources and manage interdependencies.

I. Upgrade, enhance, and support critical software applications to leverage new functionality, maintain compliance and compatibility, and improve productivity.

J. Provide a high level of customer service to increase day-to-day efficiency.

K. Promote timely and informed decision making through analytic, knowledge based technology.
**Program Focus Areas**  Management Strategies

<table>
<thead>
<tr>
<th>INJURY AND ILLNESS PREVENTION</th>
<th>INTERNAL COMMUNICATION</th>
<th>RECRUITMENT AND RETENTION</th>
<th>TRAINING AND DEVELOPMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Preserve employee safety and reduce work-related injuries through employee participation, hazard identification and remediation, training, and program evaluation.</td>
<td>C. Foster a workplace culture in which employee engagement and efficiency is optimized.</td>
<td>E. Implement a comprehensive approach to workforce recruitment, hiring, retention, and planning, resulting in an effective workforce to meet the Water Authority's current and future needs.</td>
<td>G. Strengthen leadership capability and capacity to encourage performance excellence and productivity.</td>
</tr>
<tr>
<td>B. Improve employee health and wellness through wellness initiatives.</td>
<td>D. Maintain open and effective communication with current and former employees.</td>
<td>F. Provide member agencies with support for recruitment and selection to address industry needs (e.g. Water/Wastewater and Drought Internship).</td>
<td>H. Provide staff training and development to increase knowledge and expertise.</td>
</tr>
</tbody>
</table>
October 18, 2017

Attention: Administrative and Finance Committee

Approve the extension of the Bank of America liquidity facility supporting the Water Authority’s Commercial Paper Series 9. (Action)

Staff recommendation
Approve the extension of the Bank of America liquidity facility agreement and adopt Resolution 2017-___ authorizing the amendment of the Bank of America agreement.

Alternative
The Board may choose not to approve the extension of the liquidity facility.

Fiscal impact
This action does not increase the amount nor extend the life of debt currently outstanding. Funds for the payment of Tax-Exempt Commercial Paper (TECP) and Bank of America’s liquidity facility are included in the multi-year budget for Fiscal Years 2018 and 2019. The Bank of America’s liquidity facility renewal rate slightly decreases the annual cost of the facility by $27,000. Fees related to this transaction are expected to be less than $20,000. The recommended action will impact the Customer Service, Storage, Supply, Treatment and Transportation rate categories and the Infrastructure Access Charge.

Background
As described in the Long-Range Financing Plan, the Water Authority funds its Capital Improvement Program (CIP) with a combination of long-term fixed-rate debt, variable-rate debt and available cash. As of June 30, 2017, outstanding debt consists of $1.592 billion in long-term debt (Certificates of Participation and Revenue Bonds), $345 million in variable-rate debt (Tax-Exempt Commercial Paper [TECP] and Extendable Commercial Paper [ECP]) and $87.7 million in subordinate medium-term notes.

Over the last several years, the Water Authority has worked diligently to take advantage of the historically low interest rate environment. Over the prior budget period, the Water Authority executed two long-term debt refundings that yielded a total savings of $78.3 million dollars in debt service on a present value basis. In addition, the short-term debt portfolio has been restructured over the past five years to take advantage of low short-term rates, lower TECP liquidity facility costs, and to introduce ECP to the debt portfolio. The Water Authority continues to actively manage its debt portfolio, which has resulted in a low cost of funds.

The Water Authority’s current TECP program is comprised of two series. Each TECP series is supported by a bank liquidity facility. The liquidity facility is a credit/liquidity enhancement and is required by rating agencies. The series are listed below along with the bank that supports it.

Series 8 – Bank of Tokyo ($110M)
Series 9 – Bank of America ($135M)
The dealers who place the TECP with investors are: Bank of America/Merrill Lynch, Citigroup, Goldman, Sachs & Co., JP Morgan, Morgan Stanley, LOOP Capital and RBC Capital. Dealer diversification limits the TECP program’s exposure to a single dealer and allows the Water Authority to better assess dealer performance.

Discussion
Staff is recommending the amendment/renewal of the Bank of America liquidity facility for three reasons:

1. The fees proposed by the bank are very competitive with the results of a survey of current market pricing;
2. Issuance costs are minimized since no significant changes to the agreement must be made; and
3. The bank supported TECP trades well, with a history of solid performance.

The recommendation maintains the current level of bank diversification and minimizes the impact any single institution can have on the program’s performance. A renewal for a two-year term keeps the maturity of the TECP facility’s spread out so that market risk is also diversified. The facility annual fee for this series will go from 40 basis points\(^1\) (bps) to 38 bps, which results in an annual decrease of $27,000. The cost associated with procuring and executing a new bank contract would be significant and are avoided through the extension. No change to the TECP dealers or allocations is recommended.

Attachment A is the resolution authorizing the amendment of the agreement to extend the expiration date to July 16, 2020 and adjust the fee. The liquidity fee change will be effective July 16, 2018 through the new contract expiration date.

Prepared by: Melody A. Parker, Management Analyst
Reviewed by: Lisa Marie Harris, Director of Finance
Approved by: Sandra L. Kerl, Deputy General Manager

Attachment A: Authorizing Resolution for the Extension of the Term of the Liquidity Agreement and Amendment of the Fee Agreement for Tax Exempt Commercial Paper Series 9

\(^1\) 100 basis points equals 1%
RESOLUTION NO. 2017-__

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY AUTHORIZING THE EXTENSION OF THE TERM OF A LIQUIDITY AGREEMENT AND THE AMENDMENT OF A FEE LETTER AND APPROVING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the San Diego County Water Authority, a county water authority duly organized and existing under and pursuant to the Constitution and laws of the State of California (the “Water Authority”), is authorized under provisions of the Constitution and laws of the State of California, and in accordance therewith, to incur indebtedness through the issuance of short-term revenue certificates; and

WHEREAS, the Board of Directors of the Water Authority (the “Board”) has previously authorized the issuance, from time to time, of $135,000,000 aggregate principal amount of San Diego County Water Authority Commercial Paper Notes, Series 9 (the “Series 9 Notes”); and

WHEREAS, to provide liquidity for the Series 9 Notes, the Water Authority has entered into a Revolving Credit and Term Loan Agreement with Bank of America, N.A. (the “Bank”) (the “Series 9 Liquidity Agreement”), and a Fee Letter with the Bank relating thereto (the “Fee Letter”); and

WHEREAS, the Board has determined that it is in the best interest of the Water Authority to provide for the amendment of the Series 9 Liquidity Agreement to extend the term of such agreement by two years; and

WHEREAS, there have been presented to this meeting and placed on file with the Executive Secretary of the Water Authority a form of First Amendment to Revolving Credit and Term Loan Agreement (the “Form of Series 9 Liquidity Agreement Amendment”) and a form of First Amendment to Fee Letter (the “Form of Fee Letter Amendment”), each between the Water Authority and the Bank;

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the amending of the Series 9 Liquidity Agreement and the Fee Letter do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Water Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided;

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

...
Section 1. **Findings.** The Water Authority hereby specifically finds and declares that the statement, findings and determinations of the Water Authority set forth in the preambles of the documents approved herein are true and correct, and that the foregoing recitals are true and correct and the Water Authority hereby so finds and determines.

Section 2. **Amendment of Series 9 Liquidity Agreement.** The Form of Series 9 Liquidity Agreement Amendment is hereby approved. The Chair or Vice Chair of the Board or the General Manager or Director of Finance/Treasurer of the Water Authority (the “Authorized Officers”) are hereby authorized and directed to execute and deliver an amendment to the Series 9 Liquidity Agreement in substantially such form, with any changes, additions and completions thereto as such Authorized Officer, with the concurrence of the General Counsel of the Water Authority, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. **Amendment of Fee Letter.** The Form of Fee Letter Amendment is hereby approved. The Authorized Officers are each hereby authorized and directed to execute and deliver an amendment to the Fee Letter in substantially such form, with any changes, additions and completions thereto as such Authorized Officer, with the concurrence of the General Counsel of the Water Authority, may require or approve, such approval to be exclusively evidenced by the execution and delivery thereof.

Section 4. **Amendment of the Offering Memorandum.** The General Manager of the Water Authority or the Director of Finance/Treasurer of the Water Authority is hereby authorized and directed to approve the distribution of an Offering Memorandum for the Series 9 Notes amended to reflect the extension of the term of the Series 9 Liquidity Agreement Amendment and with any other changes or additions thereto as such officer may require or approve.

Section 5. **Additional Authorization.** The Authorized Officers, and all officers, agents and employees of the Board or the Water Authority, are authorized and directed to do any and all things necessary, and to execute and deliver any and all certificates, requisitions, agreements, notices, consents, and other documents, which they may deem necessary or advisable in order to amend the Series 9 Liquidity Agreement and the Fee Letter and to effect the purposes of this Resolution, and any such actions previously taken by the aforementioned officers are hereby ratified, confirmed and approved.

Section 6. **Delegation of Authority.** The authority of the General Manager, Director of Finance/Treasurer, General Counsel and Clerk of the Board under this resolution may be delegated as provided in the Administrative Code of the Water Authority.
Section 7. **Effective Date.** The effective date of this Resolution shall be the
date of its adoption.

PASSED, APPROVED AND ADOPTED, this 26th day of October, 2017:

AYES: Unless noted below all Directors voted aye.

NOES:

ABSTAIN:

ABSENT:

____________________________________________
Mark Muir, Chair

ATTEST:

____________________________________________
Gary Croucher, Secretary

I, Melinda Nelson, Clerk of the Board of the San Diego County Water Authority,
certify that the vote shown above is correct and this Resolution No. 2017-______ was duly
adopted at the meeting of the Board of Directors on the date stated above.

____________________________________________
Melinda Nelson, Clerk
Clerk of the Board
October 18, 2017

Attention: Administrative and Finance Committee

Controller’s Report on Monthly Financial Reports. (Information)

Purpose
The purpose of the Controller’s Report is to provide monthly financial information to the Board of Directors.

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

1. Water Sales Volumes, in acre-feet
2. Water Sales Revenues, in millions
3. Water Purchases and Treatment Costs, in millions
4. Budget Status Report
5. Operating Departments Expenses, in millions
6. Schedule of Cash and Investments

The Budget Status Report (Attachment 4) compares actual revenues and expenses, on a budgetary basis, for the two-month period of July 1, 2017 through August 31, 2017, to the period-to-date adopted budget. Budgeted amounts for the two-month period are presented on a straight-line basis unless noted herein. Water sales and purchases are budgeted based on projected monthly volume in acre-feet. Period-to-date budgeted revenue categories were all adjusted to reflect the expected timing of receipt. In addition, certain period-to-date budgeted expense categories were adjusted for periodic items and include the following: debt service, QSA mitigation, annual insurance premiums, and contributions to the Six Agency Fund.

Net Water Sales Revenue¹
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, emergency storage, infrastructure access charge, and supply reliability. Cost of water includes payments to water suppliers such as Metropolitan Water District (MWD), Imperial Irrigation District (IID), and Poseidon Resources (Channelside) LP.

¹ All information regarding water sales volumes, revenues and costs are based on the Adopted Multi-Year Budget for Fiscal Years 2018 and 2019.
Net Water Sales Revenue for the two months ended August 31, 2017 was $30.4 million, trending $2.1 million or 7 percent higher than the period-to-date budgeted amount of $28.3 million. Detailed information relating to Net Water Sales Revenue is described below and shown on Attachments 1, 2, and 3.

Total acre-feet (AF) of water sold were budgeted to be 100,133 AF for the two months ended August 31, 2017. The actual water sales volume was 85,217 AF, trending 14,916 AF or 15 percent lower than budgeted (Attachment 1). Total Water Sales Revenue for the two months ended August 31, 2017 was $117.8 million, trending $18.1 million or 13 percent lower than the period-to-date budgeted amount of $135.9 million (Attachment 2).

Total Water Purchases and Treatment costs were budgeted at $107.6 million for the two months ended August 31, 2017. Actual costs were $87.4 million, trending $20.2 million or 19 percent lower than budgeted (Attachment 3). This cost category included $10.7 million for the 16,666 AF of water purchased from IID, and $13.8 million for MWD’s conveyance charges related to IID, Coachella Canal and All-American Canal water. Also reflected in actual costs were water purchases from Poseidon Resources (Channelside) LP of approximately $13.6 million for the two months ended August 31, 2017.

**Revenues and Other Income**
As shown in Attachment 4, total Revenues and Other Income were budgeted at $9.0 million for the two-month period ended August 31, 2017. Actual revenues were $14.0 million, trending $5.0 million higher than budgeted. The variance is explained in detail below.

Categories of revenues in which actual revenues were trending higher than the two-month period-to-date budget included the following: Grant Reimbursements, Investment Income, Other Income, Hydroelectric Revenue, Capacity Charges, and Property Taxes and In-Lieu Charges. Actual Grant Reimbursements revenue for Integrated Regional Water Management Program (IRWMP) Grants was $4.4 million more than budgeted due to the timing of reimbursements received. Actual Other Income was $0.6 million more than budgeted due to miscellaneous revenue reimbursements. Actual hydroelectric revenues were trending higher than the period-to-date budget by $0.2 million for the sale of hydroelectric power generated by Hodges Hydro and Rancho Hydro. Actual Investment Income, Capacity Charges, and Property Taxes and In-Lieu Charges were trending higher than budgeted by $0.3 million, $0.1 million, and $0.1 million, respectively, for the two months ended August 31, 2017.

Categories of revenues in which actual revenues were trending less than the two-month period-to-date budget included Contributions in Aid of Capital Improvement Program (CIAC) and Water Standby Availability Charges, which were lower by $0.3 million and $0.2 million, respectively.
Expenses
As shown in Attachment 4, total Expenses were budgeted at $31.3 million for the two-month period ended August 31, 2017. Actual expenses were $25.9 million, trending $5.4 million lower than budgeted. The variance is explained in detail as follows.

Overall Operating Department expenses shown in Attachment 5 were trending less than budgeted by $2.7 million for the two-month period ended August 31, 2017 due to the timing of expenses. Total actual Grant Expenses were $2.0 million below budget. The variance resulted from the lower-than-projected activity levels and the timing delay in expense recognition of pass-through IRWMP grants. Actual Equipment Replacement and Other Expenses were lower than budget by $0.4 million and $0.3 million, respectively, due to timing.

CIP Expenses
Attachment 4 shows that CIP Expenses were budgeted at $9.9 million for the two-month period ended August 31, 2017. Actual expenses were $3.8 million, trending $6.1 million lower than the period-to-date budgeted amount. The variance was primarily attributed to the timing of expenses. The accounts payable fiscal year-end process for accruing invoices related to services received as of June 30 were primarily processed during the month of July and posted to the Fiscal Year 2017 financial reports. Therefore, contractor services performed for the period ending July and August were invoiced to the Water Authority in the month following the period of performance and subsequently paid in September and October, respectively. For this reason, capital improvement program expenses and most other categories appear to be trending less than budget early in the fiscal year.

Cash and Investments
As of August 31, and July 31, 2017, the overall balance in the Water Authority’s cash and investments was $378.9 million and $369.2 million, respectively (Attachment 6). As of August 31, 2017, the cash and investments balance was approximately 56 percent unrestricted funds with the remaining 44 percent of funds restricted for specific purposes. To maximize investment returns, the Water Authority Treasurer pools the cash of the Pay As You Go Fund with total unrestricted funds. As of August 31, 2017, the Rate Stabilization Fund was funded at $135.2 million, approximately 97 percent of the maximum approved level of $139.9 million.

Prepared by: Jocelyn Matsuo, Senior Accountant
Reviewed by: Christopher W. Woidzik, Controller
Approved by: Lisa Marie Harris, Director of Finance/Treasurer

Attachments:
Attachment 1 – Water Sales Volumes
Attachment 2 – Water Sales Revenues
Attachment 3 – Water Purchases and Treatment Costs
Attachment 4 – Budget Status Report
Attachment 5 – Operating Departments Expenses
Attachment 6 – Schedule of Cash and Investments
*Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2018 and 2019.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>50,172</td>
<td>100,133</td>
<td>144,944</td>
<td>183,572</td>
<td>214,851</td>
<td>242,655</td>
<td>266,443</td>
<td>288,214</td>
<td>315,331</td>
<td>348,044</td>
<td>386,055</td>
<td>431,353</td>
</tr>
<tr>
<td>% Difference (b/a)</td>
<td>-17%</td>
<td>-15%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
</tr>
</tbody>
</table>

WATER SALES VOLUMES
Budget Versus Actual (in Acre-Feet)
for the 2 Months Ended August 31, 2017

*Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2018 and 2019.
*Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2018 and 2019.

**WATER SALES REVENUES**

Budget Versus Actual (in Millions $) for the 2 Months Ended August 31, 2017

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget  (a) Actual</td>
<td>$68.0</td>
<td>$135.9</td>
<td>$197.7</td>
<td>$253.0</td>
<td>$300.1</td>
<td>$343.5</td>
<td>$383.5</td>
<td>$421.3</td>
<td>$464.8</td>
<td>$514.8</td>
<td>$570.7</td>
<td>$635.1</td>
</tr>
<tr>
<td>Difference (b)</td>
<td>$(9.8)</td>
<td>$117.8</td>
<td>$197.7</td>
<td>$253.0</td>
<td>$300.1</td>
<td>$343.5</td>
<td>$383.5</td>
<td>$421.3</td>
<td>$464.8</td>
<td>$514.8</td>
<td>$570.7</td>
<td>$635.1</td>
</tr>
<tr>
<td>% Difference (b/a)</td>
<td>-14%</td>
<td>-13%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
</tr>
</tbody>
</table>

Fiscal Year 2018 Cumulative Water Sales (in Millions $)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget  (a) Actual</td>
<td>$100.0</td>
<td>$200.0</td>
<td>$300.0</td>
<td>$400.0</td>
<td>$500.0</td>
<td>$600.0</td>
<td>$700.0</td>
<td>$800.0</td>
<td>$900.0</td>
<td>$1000.0</td>
<td>$1500.0</td>
<td>$2000.0</td>
</tr>
</tbody>
</table>

*Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2018 and 2019.
*Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2018 and 2019.

**Fiscal Year 2018 Cumulative Cost of Water Purchases and Treatment (in Millions $)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Budget (a)</em> Actual</td>
<td>$53.9</td>
<td>$107.6</td>
<td>$155.6</td>
<td>$198.5</td>
<td>$233.8</td>
<td>$265.8</td>
<td>$296.6</td>
<td>$325.9</td>
<td>$359.4</td>
<td>$398.8</td>
<td>$443.1</td>
<td>$495.1</td>
</tr>
<tr>
<td>Difference (b) Actual</td>
<td>$(9.0)</td>
<td>$(20.2)</td>
<td>$(155.6)</td>
<td>$(198.5)</td>
<td>$(233.8)</td>
<td>$(265.8)</td>
<td>$(296.6)</td>
<td>$(325.9)</td>
<td>$(359.4)</td>
<td>$(398.8)</td>
<td>$(443.1)</td>
<td>$(495.1)</td>
</tr>
<tr>
<td>% Difference (b/a) Actual</td>
<td>-17%</td>
<td>-19%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
<td>-100%</td>
</tr>
</tbody>
</table>
San Diego County Water Authority  
Fiscal Year 2018 Budget Status Report  
For the 2 Months Ended August 31, 2017

<table>
<thead>
<tr>
<th>[A]</th>
<th>[B] = [A * 17%]</th>
<th>[C]</th>
<th>Revenues = [B + C]</th>
<th>Expenditures = [B - C]</th>
<th>[C / A]</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018 (2 months - 17%)</td>
<td></td>
<td></td>
<td>FY 2018 Adopted Budget</td>
<td>2 Months (17%) Period-to-Date Adopted Budget</td>
<td>2 Months Period-to-Date</td>
</tr>
</tbody>
</table>

### Net Water Sales Revenue
- Water Sales: $635,069,193
- Water Purchases & Treatment: 495,079,731
- Total Net Water Sales Revenue: 139,989,462

### Revenues and Other Income

#### Infrastructure Access Charges
- Adopted: 32,477,000
- Actual: 5,405,306
- Variance: (l) 5,302,094
- FY 2018: 16%

#### Property Taxes and In-Lieu Charges
- Adopted: 12,555,000
- Actual: 627,629
- Variance: (l) 726,991
- FY 2018: 6%

#### Investment Income
- Adopted: 5,175,000
- Actual: -
- Variance: (l) 262,988
- FY 2018: 5%

#### Hydroelectric Revenue
- Adopted: 3,535,000
- Actual: -
- Variance: (l) 764,100
- FY 2018: 22%

#### Grant Reimbursements
- Adopted: 15,470,000
- Actual: -
- Variance: (l) 4,427,735
- FY 2018: 16%

#### Build America Bonds Subsidy
- Adopted: 11,303,000
- Actual: -
- Variance: (l) 1,753,842
- FY 2018: 16%

#### Other Income
- Adopted: 489,000
- Actual: -
- Variance: (l) 587,329
- FY 2018: 120%

### Capital Contributions

#### Capacity Charges
- Adopted: 16,629,000
- Actual: -
- Variance: (l) 135,311
- FY 2018: 1%

#### Water Standby Availability Charges
- Adopted: 11,114,000
- Actual: -
- Variance: (l) 14,132
- FY 2018: 0%

#### Contributions in Aid of Capital Improvement Program (CIAC)
- Adopted: 1,570,000
- Actual: -
- Variance: (l) -261,626
- FY 2018: 0%

### Other Expenses
- Adopted: 500,000
- Actual: -
- Variance: (l) 587,329
- FY 2018: 120%

### Total Revenues and Other Income
- Adopted: 110,317,000
- Actual: 9,001,617
- Variance: (l) 13,974,453
- FY 2018: 13%

### Expenses

#### Debt Service
- Adopted: 138,577,000
- Actual: 16,816,847
- Variance: (l) -16,816,847
- FY 2018: 12%

#### QSA Mitigation
- Adopted: 10,165,000
- Actual: -
- Variance: (l) 1,850,000
- FY 2018: 18%

#### Equipment Replacement
- Adopted: 2,292,000
- Actual: 389,640
- Variance: (l) 23,575
- FY 2018: 366,065

#### Grant Expenses
- Adopted: 15,720,000
- Actual: 2,672,400
- Variance: (l) 635,016
- FY 2018: 4%

#### Other Expenses
- Adopted: 500,000
- Actual: 85,000
- Variance: (l) 245,566
- FY 2018: -49%

### Total Expenses
- Adopted: 218,624,917
- Actual: 31,299,654
- Variance: (l) 25,889,412
- FY 2018: 12%

### Net Revenues Before CIP
- Adopted: 31,681,545
- Actual: $ 18,445,901
- Variance: (l) 12,489,225
- FY 2018: 58%

### CIP Expenses
- Adopted: 58,323,000
- Actual: 18,445,901
- Variance: (l) 4,977,836
- FY 2018: 13%

### CIP Expenses by Funding Source
- Pay As You Go Fund: $3,772,748
  - Adopted: 58,323,000
  - Actual: 18,445,901
  - Variance: (l) 4,977,836
  - FY 2018: 13%

### Operating Departments Detail (see Attachment 5)

<table>
<thead>
<tr>
<th>Department</th>
<th>Adopted Budget</th>
<th>Actual to August 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Services</td>
<td>$5,843,546</td>
<td>$1,538,750</td>
</tr>
<tr>
<td>Colorado River Program</td>
<td>$1,669,583</td>
<td>$491,192</td>
</tr>
<tr>
<td>Engineering</td>
<td>$3,532,727</td>
<td>$600,564</td>
</tr>
<tr>
<td>Finance</td>
<td>$2,437,485</td>
<td>$414,372</td>
</tr>
<tr>
<td>General Counsel</td>
<td>$3,980,151</td>
<td>$591,626</td>
</tr>
<tr>
<td>General Manager &amp; Board of Directors</td>
<td>$4,877,034</td>
<td>$829,096</td>
</tr>
<tr>
<td>MWD Program</td>
<td>$2,238,155</td>
<td>$380,486</td>
</tr>
<tr>
<td>Operations &amp; Maintenance</td>
<td>$19,642,917</td>
<td>$3,339,296</td>
</tr>
<tr>
<td>Public Outreach and Conservation</td>
<td>$3,882,715</td>
<td>$660,062</td>
</tr>
<tr>
<td>Water Resources</td>
<td>$3,706,604</td>
<td>$640,323</td>
</tr>
<tr>
<td><strong>Total Operating Departments</strong></td>
<td><strong>$51,370,917</strong></td>
<td><strong>$9,485,767</strong></td>
</tr>
</tbody>
</table>

### Variance Analysis

<table>
<thead>
<tr>
<th>Category</th>
<th>Adopted</th>
<th>Actual</th>
<th>Variance</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$139,989,462</td>
<td>28,254,713</td>
<td>$111,734,749</td>
<td>80%</td>
</tr>
<tr>
<td>Net Revenues Before CIP</td>
<td>$31,681,545</td>
<td>$18,445,901</td>
<td>$13,235,644</td>
<td>41%</td>
</tr>
<tr>
<td>CIP Expenses</td>
<td>$58,323,000</td>
<td>$18,445,901</td>
<td>$39,877,100</td>
<td>69%</td>
</tr>
<tr>
<td><strong>Total Operating Departments</strong></td>
<td><strong>$51,370,917</strong></td>
<td><strong>$9,485,767</strong></td>
<td><strong>$41,885,150</strong></td>
<td><strong>81%</strong></td>
</tr>
</tbody>
</table>
Notes to the Budget Status Report:

a) Period-to-date budgeted amounts are 2/12ths (17%) of Fiscal Year 2018 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 $559,402 for Fiscal Year 2018 are received quarterly from the City of San Diego.
d) Investment income excludes unrealized gains/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 miscellaneous projects.
i) Bonds and Certificates of Participation debt service payments due semi-annually on November 1 and May 1. Pipeline Bonds, Series 2012 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.
j) The QSA mitigation payments includes: QSA JPA Fiscal Year 2018 contributions of $1,850,000 due July 2017 and $8,314,814 due December 2017; QSA JPA Fiscal Year 2019 contributions of $1,750,000 due July 2018 and $6,914,667 due December 2018.
k) Amounts include capital equipment purchases.
l) Period-to-date budgeted amounts adjusted based on items occurring on a periodic basis.
San Diego County Water Authority
Comparison of Adopted Budget and Period-to-Date Adopted Budget (17% Overall) to Actual Operating Expenses by Departments
For the 2 Months Ended August 31, 2017

Actual Operating Expenses to Adopted Budget in Percentages (%)
San Diego County Water Authority  
Schedule of Cash and Investments  
As of August 31, and July 31, 2017

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>August</th>
<th>July</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Fund</td>
<td>$74,509,329</td>
<td>$59,094,874</td>
<td>$83,337,000 (2)</td>
</tr>
<tr>
<td>Stored Water Fund</td>
<td>(4)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equipment Replacement Fund</td>
<td>895,433</td>
<td>992,739</td>
<td></td>
</tr>
<tr>
<td>Rate Stabilization Fund</td>
<td>135,160,400</td>
<td>135,112,443</td>
<td>$97,400,000 (3)</td>
</tr>
<tr>
<td>Total Unrestricted Funds (1)</td>
<td>56%</td>
<td>53%</td>
<td>195,200,056</td>
</tr>
<tr>
<td>Pay As You Go Fund (1)</td>
<td>145,811,511</td>
<td>148,790,860</td>
<td></td>
</tr>
<tr>
<td>CIP/Bond Construction Funds</td>
<td>-</td>
<td>2,665,424</td>
<td></td>
</tr>
<tr>
<td>Debt Service Reserve Funds</td>
<td>22,541,987</td>
<td>22,532,211</td>
<td></td>
</tr>
<tr>
<td>Total Restricted Funds (1)</td>
<td>44%</td>
<td>47%</td>
<td>173,988,495</td>
</tr>
<tr>
<td>Total Cash and Investments</td>
<td>$378,918,660</td>
<td>$369,188,551</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 is set to equal 45-days of operating expenses.

3. In 2006, the Board adopted the current policy governing the Rate Stabilization Fund (RSF) balances. The policy created a target and a maximum RSF balance. The RSF target balance is equal to the financial impact of 2.5 years of wet weather or mandatory drought regulations and the RSF maximum balance is set equal to the financial impact of 3.5 years of wet weather or mandatory drought regulations. The effect of the current policy is to create a target for fund balances that is tied to the real financial impacts/risks that the fund is designed to protect against. The current balance in this fund represents approximately 139% of the targeted value of $97,400,000 and 97% of the maximum balance of $139,900,000.

4. No cash balance is required in the Stored Water Fund (SWF) at this time. In December 2016, the Board directed the SWF to only hold a cash position if the cost to replace the 70,000 target acre feet of water is below the current value in the Fund. (The fund is comprised of water inventory and cash, if needed.)

---

### Discretionary Fund Balances

As of August 31, 2017

- **Operating Fund**
  - Balance
  - Target
  - Maximum

- **Rate Stabilization Fund**
  - Balance
  - Target
  - Maximum
NOVEMBER 2017

• 06 Legislative Roundtable – 9:30 to 11:30 a.m.
• 08 MWD Delegates meeting at 11:00 a.m.
• 09 Engineering & Operations Tour – Pipeline 3 Relining Project, La Mesa - 10:00 a.m. to Noon
• 09 Special Engineering and Operations Committee Meeting re: San Vicente Energy Storage Project Proposal at 1:30 p.m.
• 14 Audit Committee Meeting – 3:30 p.m.
• 23 No Formal Board Meeting

DECEMBER 2017

• 06 MWD Delegates meeting at 11:00 a.m.
• 07 Combined November & December Board Meeting Committees begin at 9:00 a.m. Formal Board meeting begins at 3:00 p.m.

JANUARY 2018

• 03 MWD Delegates meeting at 11:00 a.m.
• 11 State Required Ethics Training – 1:30 to 3:30 p.m.
• 25 Committees begin at 9:00 a.m. Formal Board meeting begins at 3:00 p.m.
October 18, 2017

Attention: Administrative and Finance Committee

CLOSED SESSION:
Conference with Legal Counsel – Anticipated Litigation
Government Code §54956.9(d)(2)
Significant Exposure – One Case

Purpose
This memorandum is to recommend a closed session, pursuant to Government Code §54956.9(d)(2), to discuss the above-referenced matter at the October 26, 2017 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: Mark J. Hattam, General Counsel
LEGISLATION AND PUBLIC OUTREACH COMMITTEE

AGENDA FOR

OCTOBER 26, 2017

Christy Guerin – Chair
Matt Hall – Vice Chair
Yen Tu – Vice Chair
Gary Arant
Jerry Butkiewicz
Gary Croucher
Betty Evans
Ed Gallo

Kristin Gaspar
Frank Hilliker
Jim Madaffer
Ron Morrison
Mark Muir
Joel Scalzitti
Fern Steiner

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/PRESENTATION

1. Legislative issues.

   1-A Washington report by Ken Carpi. (In person report) (Supplemental Materials)

   1-B Sacramento Report.

2. Draft Proposed 2018 Legislative Policy Guidelines. (Discussion)


4. Update on Education Program Activities. (Presentation)
III. INFORMATION

1. Government Relations Update. Glenn Farrel

2. Final Status Report on State Legislation and Legislative Positions. Glenn Farrel

IV. CLOSED SESSION

V. ADJOURNMENT

Melinda Nelson
Clerk of the Board

NOTE: This meeting is called as a Legislation and Public 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.
October 18, 2017

Attention: Legislation and Public Outreach Committee

Draft Proposed 2018 Legislative Policy Guidelines. (Discussion).

Purpose
This memo provides a preliminary identification of proposed 2018 Legislative Policy Guidelines.

Background
The Water Authority maintains a set of legislative policy guidelines to direct staff and legislative advocates on issues of importance to the Water Authority, its member agencies, and the San Diego region. The Board approved an original set of Legislative Policy Guidelines in December 1993. They are reviewed and updated annually. The guidelines provide a useful framework for staff and legislative advocates to evaluate the potential impact of state and federal legislation on the Water Authority and its member agencies. The guidelines also permit staff and the Water Authority’s legislative advocates to act in a timely fashion between Board meetings on issues that are consistent with the guidelines. Such actions are then reported to the Board during the next regular monthly Board meeting.

Staff and legislative advocates consult the guidelines to determine recommended positions on legislation and amendments. Irrespective of whether a staff recommended position on legislation meets, or fails to meet, the principles set forth in the guidelines, staff brings those recommendations before the Board for consideration of adopting a formal position in support or opposition, accordingly. Prior to each Board meeting, staff provides a written report on recommended positions, an analysis of each bill, and a discussion of the measure’s relevance to the Legislative Policy Guidelines and other Board policies.

Discussion
This report presents staff’s initial recommendations for the Board’s annual review, and seeks the Board’s recommendations for any additional modifications. Staff will incorporate feedback from the Board and any additional input received from member agencies, and bring the proposed 2018 Legislative Policy Guidelines to the Board for consideration of approval and adoption at its December 7, 2017 meeting.

During 2017, Water Authority staff committed to a member agency request to evaluate the possibility of reorganizing or restructuring the Legislative Policy Guidelines document to ensure it is user-friendly for external audiences and easier to search for relevant information. Over the past months, Water Authority staff engaged a working group of member agency representatives and the group collaborated on a proposed restructured/reorganized Legislative Policy Guidelines document. The Legislative Policy Guidelines working group was comprised of the following member agency representatives:
Legislation, Conservation and Outreach Committee  
October 18, 2017  
Page 2 of 2

- Gary Arant – Valley Center Municipal Water District  
- Alisa Nichols – Vista Irrigation District  
- Cathy Pieroni – City of San Diego  
- Water Authority staff

In addition to the working group effort focused on the reorganization of the Legislative Policy Guidelines document, Water Authority staff also solicited any proposed substantive modifications to the Guidelines from member agencies and from other Water Authority staff. Attachment 1 represents the proposed draft Legislative Policy Guidelines reflecting the new organizational structure of the document and proposed grammatical, clarifying, and substantive modifications. The areas of the draft 2018 Legislative Policy Guidelines with proposed substantive modifications include the following:

- Energy  
- Fiscal Policy and Rates  
- Jurisdictional Authority  
- Local Autonomy  
- Local Water Resources  
- State Administrative and Regulatory Agencies  
- Water Facilities and Facility Operations  
- Water Quality Issues  
- Water Use Efficiency

Staff requests that Board members provide suggested modifications to the 2018 Legislative Policy Guidelines to Glenn Farrel on or before November 10, 2017, by email to gfarrel@sdcwa.org.

Prepared by: Glenn A. Farrel, Government Relations Manager  
Ivy Ridderbusch, Assistant Management Analyst  
Approved by: Dennis A. Cushman, Assistant General Manager

Attachment 1: Draft Proposed 2018 Legislative Policy Guidelines
2018 Legislative Policy Guidelines

Purpose

The San Diego County Water Authority’s legislative policy guidelines reflect policy positions adopted by the Board of Directors through 2017. The guidelines provide direction to staff and the legislative advocates when they evaluate proposed legislation that may affect the Water Authority, its member agencies, or regional water management and use. Legislation that meets, or fails to meet, the principles set forth in the guidelines may be supported or opposed accordingly. The guidelines permit staff and the Water Authority’s legislative advocates to act in a timely fashion between Board meetings on issues that are clearly within the guidelines. Such actions are then reported to the Board during the next regular monthly Board meeting.

While the title of this document suggests these policy guidelines are applicable solely to state and federal legislative issues reviewed by the Water Authority, increasingly state and federal regulatory and administrative bodies are developing rules, guidelines, white papers, and regulations that can significantly affect the Water Authority and its member agencies. Water Authority staff, including the Water Authority’s legislative team, often utilize these Legislative Policy Guidelines to provide guidance on emerging and active regulatory and administrative issues.

Legislation that does not meet the principles set forth in the guidelines or that has potentially complicated or varied implications will not be acted upon by staff or the legislative advocates in between Board meetings and will instead be presented to the Board directly for guidance in advance of any position being taken.
### Policy Categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Binational Issues</td>
<td>4</td>
</tr>
<tr>
<td>Biological and Habitat Preservation</td>
<td>6</td>
</tr>
<tr>
<td>Energy</td>
<td>10</td>
</tr>
<tr>
<td>Financial Issues</td>
<td>15</td>
</tr>
<tr>
<td>A. Fiscal Policy and Water Rates</td>
<td>16</td>
</tr>
<tr>
<td>B. Water Bonds</td>
<td>20</td>
</tr>
<tr>
<td>Imported Water Issues</td>
<td>22</td>
</tr>
<tr>
<td>A. Bay-Delta</td>
<td>23</td>
</tr>
<tr>
<td>B. Metropolitan Water District Board of Directors</td>
<td>26</td>
</tr>
<tr>
<td>C. Water Supply</td>
<td>27</td>
</tr>
<tr>
<td>Jurisdictional Authority</td>
<td>30</td>
</tr>
<tr>
<td>Local Autonomy</td>
<td>31</td>
</tr>
<tr>
<td>Local Water Resources</td>
<td>33</td>
</tr>
<tr>
<td>Right of Way and Property</td>
<td>39</td>
</tr>
<tr>
<td>State Administrative and Regulatory Agencies</td>
<td>41</td>
</tr>
<tr>
<td>Water Facilities and Facility Operations</td>
<td>43</td>
</tr>
<tr>
<td>Water Planning</td>
<td>47</td>
</tr>
<tr>
<td>A. Climate Change</td>
<td>48</td>
</tr>
<tr>
<td>B. Integrated Regional Water Management Planning</td>
<td>50</td>
</tr>
<tr>
<td>C. Land Use and Water Management</td>
<td>52</td>
</tr>
<tr>
<td>Water Quality Issues</td>
<td>54</td>
</tr>
<tr>
<td>Water Use Efficiency</td>
<td>58</td>
</tr>
</tbody>
</table>
Binational Issues

Policy Category: Binational Issues
Binational Issues

The Water Authority generally supports initiatives that fund and encourage cooperative projects that serve the San Diego/Baja California area. The Water Authority opposes initiatives that take away local control over binational water supply and infrastructure projects.

The Water Authority’s policy principles support initiatives that:

1. Provide funding for development of Board-approved water supply and infrastructure projects to serve the San Diego/Baja California region while protecting local interests.

2. Encourage enhanced cooperation between entities in San Diego and Baja California in development of supply and infrastructure projects that will benefit the entire border region.

The Water Authority’s policy principles oppose initiatives that:

1. Would usurp local control over the financing and construction of water supply and infrastructure projects in the San Diego/Baja California region.
Biological and Habitat Preservation

Policy Category: Biological and Habitat Preservation
  Environmental & Conservation Planning
  Funding
  Species & Habitats
Biological and Habitat Preservation

The Water Authority generally supports the preservation of biological and habitat values through comprehensive approaches that provide the necessary regulatory certainty for long lead time water supply projects. The Water Authority also believes that water storage and conveyance facilities provide inherent long-term habitat values that should be recognized in the regulatory process.

The Water Authority supports regulatory exemption of emergency activities when the emergency threatens the continued delivery of safe and clean water. The Water Authority also supports efforts to provide state and federal funding for habitat conservation efforts in San Diego County, on the Salton Sea, Colorado River, and at the Bay-Delta.

The Water Authority generally opposes regulations that reduce or limit the use of existing water rights or supplies, restrict the development of future water supplies, or interfere with the operation, maintenance, or repair of existing water conveyance and storage facilities.

Environmental & Conservation Planning

The Water Authority’s policy principles support initiatives that:

1. Support development of comprehensive multi-species habitat conservation plans that anticipate and mitigate project development impacts while preserving representative ecosystems, rather than individual species.

2. Exempt operation, maintenance, and repair of water system facilities from endangered species and other habitat conservation regulations because they provide beneficial cyclical habitat values to declining species and foster biological diversity in California.

3. Provide environmental regulatory certainty for implementation of existing and proposed long-term water supply programs.

4. Consolidate wetlands regulations to alleviate multi-agency jurisdiction over the same environmental resource.

5. Streamline filing of CEQA notices of determination for multi-county water projects by making those notices available on the CEQAnet website through the Governor’s Office of Planning and Research.
Funding
The Water Authority’s policy principles support initiatives that:

1. Authorize federal and state funding to develop and implement regional or subregional conservation programs, including but not limited to property acquisition, revegetation programs, and watershed plans.

2. Provide state and/or federal funding for the restoration of the Salton Sea.

3. Provide federal and/or state funding to implement actions that address the ecological and water supply management issues of the Lower Colorado River from Lee’s Ferry to the southerly international border with Mexico.

4. Provide federal and/or state funding to implement actions that address the ecological and water supply management issues of the Sacramento-San Joaquin River Delta.

The Water Authority’s policy principles oppose initiatives that:

1. Provide for after-the-fact reduction in quantity or quality of a public water supply due to new restrictions on the operation or use of water supply facilities unless funding for alternate sources of water is provided.

2. Impose a “utility user fee” or “surcharge” on water for the purposes of financing open space/habitat preservation, restoration, or creation.

Species & Habitats
The Water Authority’s policy principles support initiatives that:

1. Incorporate an emergency exemption for “take” of a listed species listed under the state or federal Endangered Species Acts when necessary to mitigate or prevent loss of or damage to life, health, property, or essential public services.

2. Encourage species listings, critical habitat designation, and recovery plans developed pursuant to the state or federal Endangered Species Acts to be consistent with existing interstate compacts, tribal treaties, and other state and federal agreements.

3. Facilitate implementation of the Conserved Water Transfer Agreement with the Imperial Irrigation District and other Quantification Settlement Agreement programs with impacts or potential impacts to species and habitat along the lower Colorado River and at the Salton Sea.

4. Designate feral pigs as a noxious invasive animal species in the San Diego region, or authorizes actions, including eradication, to protect the region’s waters and natural landscapes from damage by feral pigs.
The Water Authority’s policy principles oppose initiatives that:

1. Impose endangered species or habitat conservation requirements that restrict the operation, maintenance, or repair of public water supply, conveyance, treatment, or storage facilities.
Energy

Policy Category:  Energy
Energy Costs
Energy Independence
Energy

Electricity for moving, treating and delivering water is a major cost to the Water Authority. Generally, the Water Authority supports initiatives that help to lower the cost of electricity. The Water Authority has some capacity to generate electricity and has acquired federal preferential power, so it and therefore supports legislation that helps it to utilize or market the electricity it produces and acquires. The Water Authority also supports actions related to energy creation that will reduce the overall cost of water. The Water Authority’s goal is to ensure that existing and planned facilities are built and operated in a manner that is environmentally sensitive, reliable, and energy efficient. This section outlines the Water Authority’s policies toward initiatives that affecting renewable energy, energy consumption, and efficiency and conservation related to existing or planned facilities.

The Water Authority generally supports initiatives that will facilitate the development of renewable and alternative energy sources. The Water Authority also supports initiatives that will provide funding for projects to increase energy efficiency, reliability, and reduce peak demands.

The Water Authority generally opposes legislation that would increase the cost of its power supply. The Water Authority also opposes initiatives that would interfere with its ability to produce electricity, buy or sell, and deliver electrical power or natural gas.

Energy Costs

The Water Authority’s policy principles support initiatives that:

1. Provide opportunities for reduced energy rates under tariff schedules for the Water Authority and its member agencies.

2. Provide protection to water agencies in San Diego County from energy rate increases and provides rate relief for member agencies.

3. Provide funding, including state and federal grants, for in-line hydro-electric, solar, wind, battery storage, biogas cogeneration, nanogrids, microgrids, and closed-loop pumped storage facilities and other renewable energy generation or storage technology as a means of reducing greenhouse gas emissions.

4. Promote funding for use of renewable energy in the operation of water agency facilities in San Diego County.

5. Prohibit investor-owned utilities from implementing rate changes that undercut the financial viability of renewable energy facilities obligated under long-term Power Purchase Agreements.

The Water Authority’s policy principles oppose initiatives that:
1. Adversely affect the cost of energy needed to operate MWD’s facilities, State Water Project facilities, or the facilities of the Water Authority and its member agencies.

2. Impose greenhouse gas reduction obligations on a public water agency for electricity purchased or produced for the sole purpose of operating its system.

Energy Independence
The Water Authority’s policy principles support initiatives that:

1. Provide greater flexibility in the utilization of Water Authority and its member agencies’ facilities for generation and acquisition of electrical and natural gas power.

2. Provide the Water Authority and its member agencies with greater flexibility in the licensing, permitting, interconnection, construction, and operation of its existing and potential in-line hydroelectric, solar, wind, battery, nanogrid, microgrid, and closed-loop pumped-storage projects, and other renewable energy generation or storage technology.

3. Make SWP power available for all water projects.

4. Promote the classification of electricity generated by in-line hydroelectric and closed-loop pumped storage facilities as a clean, environmentally sound, and renewable energy resource.

5. Promote the expansion of closed-loop pumped storage facilities to provide a clean and environmentally sound energy resource.

6. Promote the expansion of in-line hydroelectric energy recovery systems at treatment facility discharge systems.

7. Promote the production, purchase, delivery, and use of alternative sources of energy on a wholesale basis.

8. Facilitate the Water Authority’s opportunities to exercise the authorities granted by the County Water Authority Act, Section 45-5.1.

9. Promote large-scale (greater than 50 MW) pumped storage as counting toward energy storage procurement targets.

10. Provide clear statutory, regulatory, or administrative authority for the Water Authority to wheel acquired or produced power to itself, its member agencies, or entities with which the Water Authority is under contract for the purchase, treatment, transport, or production of water.
11. Recognize all grid services that energy storage provides, and supports fair compensation in the wholesale energy market for such services.

40.12. Provides timely, efficient, and cost effective interconnection of new energy resources such as solar, inline hydroelectric, pumped storage, and other renewable energy generation or storage technologies to the electric distribution and transmission grid.

The Water Authority's policy principles oppose initiatives that:

1. Adversely affect the ability of the Water Authority or its member agencies to own, operate, and/or construct work for supplying its member public agencies, or its own facilities with natural gas and electricity.

2. Impede the Water Authority’s or its members agencies’ ability to contract for, deliver, and use the purchase of natural gas and electricity from the United States, the State of California, and any other public agency or private entity and sell the gas and electricity to any public agency or private entity engaged in retail sales of electricity and gas.

3. Reduce the Water Authority or its member agencies’ ability to maintain high operational efficiency at all times.

4. Restrict the Water Authority or its member agencies’ ability to expand or improve infrastructure or facilities.

5. Restrict or cap future energy demands needed for possible expansion of recycled water, potable reuse, and desalination projects.

6. Adversely affect the Water Authority or its member agencies’ ability to expand cogeneration or polygeneration at planned or existing facilities.

7. Inhibit the scientific advancement of energy and water efficient/conserving technologies that may be implemented at Water Authority and member agency facilities.

8. Prevent the Water Authority and its member agencies from enhancing energy reliability and independence for their facilities.

9. Do not count or credit qualified renewable energy projects toward accomplishment and satisfaction of the California Renewables Portfolio Standard objectives.

10. Prohibit the Water Authority from wheeling – or securing statutory, regulatory, or administrative authority necessary to wheel – acquired or produced power to itself, its member agencies, or entities with which the Water Authority is under contract for the purchase, treatment, transport, or production of water.
Result in a lengthy, more complicated, or more costly interconnection of new energy resources, such as solar, inline hydroelectric, pumped storage, and other renewable energy generation or storage technologies to the electric distribution and transmission grid.
Financial Issues

Policy Category: Fiscal Policy and Water Rates
- Fees, Taxes, and Charges
- Financial Management
- Funding
- Rates

Policy Category: Water Bonds
Fiscal Policy and Water Rates

The Water Authority generally supports initiatives that improve the Water Authority’s ability to obtain cost-effective financing for the construction, operation, and maintenance of public facilities. The Water Authority supports initiatives that are consistent with the Board’s policy principles adopted in 2006, regarding user fees and statewide water infrastructure funds. The Water Authority supports initiatives that promote local control over water rates, but ensure that rate-making is undertaken pursuant to a clearly defined cost-of-service basis and foundation.

The Water Authority generally opposes unfunded federal or state mandates that are not accompanied by subventions. The Water Authority opposes initiatives that reallocate the Water Authority’s revenues or reserves to statewide purposes. The Water Authority opposes imposition by the state of a “public goods charge,” or excise tax on water for statewide purposes. The Water Authority opposes state-imposed user fees on water imposed by the state unless the fee is restricted to paying for specific projects and programs with identified costs and clearly identified benefits. The Water Authority opposes the imposition of a state water user fee to pay the interest or principal on a statewide water bond. The Water Authority opposes initiatives that would interfere with public agencies’ ability to set their own rates and manage their own finances.

Fees, Taxes & Charges

The Water Authority’s policy principles support initiatives that:

1. Are consistent with the policy principles adopted by the Board of Directors on February 23, 2006, regarding a proposed Water Resources Investment Fund.

The Water Authority’s policy principles oppose initiatives that:

1. Impose mandated costs or regulatory constraints on local governments without providing subventions to reimburse local governments for such costs.

2. Pre-empt the Water Authority’s or its member agencies’ ability to impose or change rates, charges, fees, or assessments.

3. Weaken the protections afforded the Water Authority or its member agencies under California’s Proposition 1A (November 2, 2004).

4. Impose a water user fee on water agencies or water users that does not provide a commensurate and directly linked benefit in the local area or region from which the water user fee is collected.

5. Impose a water user fee for statewide projects or programs, for which the projects or programs are not clearly defined, the beneficiaries identified, and the reasonable costs identified.
6. Impose a water user fee in order to create a state fund that can be used to finance undefined future projects and programs.

7. Allow the state to retain more than five percent of water user fees for administrative costs.

8. Do not restrict the use of water user fees to only the specific purposes for which they are imposed, without any possibility of diversion to meet other fiscal needs of the state.

9. Impose a “public goods charge” or “water tax” on public water agencies or their ratepayers.

10. Impose a fee on water users to repay the principal and interest on a statewide general obligation bond.

11. Establish regulatory or permit fees that lack a nexus to the costs of oversight.

12. Establish a broad-based user fee that does not support a specific program activity; any fee must provide a clear nexus to the benefit the fee would provide.

Financial Management
The Water Authority’s policy principles oppose initiatives that:

1. Are inconsistent with the Water Authority’s and its member agencies’ current investment policies and practices.

2. Make any unilateral reallocation of Water Authority or its member agencies’ revenues by the state unless the state takes compensatory measures to restore those funds.

3. Reduce the Water Authority’s or its member agencies’ revenues without giving the Water Authority and its member agencies a commensurate public benefit that is clearly identifiable and separate from a general statewide benefit.

4. Restructure the Water Authority’s or its member agencies’ responsibilities without also providing the commensurate restructuring of revenues.

5. Require the expenditure of Water Authority or member agency funds to accomplish federal water supply commitments such as may be required in national treaties.

6. Reduce or eliminate the tax-exempt status on municipal financings.
Funding
The Water Authority’s policy principles support initiatives that:

1. Require the federal and state governments to provide subvention to reimburse local governments for all mandated costs or regulatory actions.

2. Provide the Water Authority and its member agencies with additional forms of cost-effective financing for public facilities.

3. Revitalize the Title XVI federal funding program by converting new authorizations to a competitive grant program with congressional oversight while protecting existing Title XVI authorizations for the San Diego region.

4. Provide the Water Authority and its member agencies with grant funding for public facilities.

The Water Authority’s policy principles oppose initiatives that:

1. Impose additional administrative requirements and/or restrict the Water Authority’s or its member agencies’ ability to finance public facilities through the issuance of long-term debt.

2. Interfere with the responsibility of a region, operating under an Integrated Regional Water Management Plan, for setting priorities and generating projects to be paid from any IRWM accounts and grants.

3. Interfere with the control exercised by the San Diego funding subregion over the use and expenditure of any water user fee revenues that may be dedicated to the region.

Rates
The Water Authority’s policy principles support initiatives that:

1. Maintain the authority of water agencies to establish water rates locally, consistent with cost-of-service requirements of the law.

2. Maximize the ability of water agencies to design rate structures to meet local water supply goals and that conform to cost-of-service requirements of the law.

The Water Authority’s policy principles oppose initiatives that:

1. Impair 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.
2. Undermine or weaken cost-of-service rate-making requirements in existing law.

3. Impair the Water Authority's or its member agencies' ability to maintain reasonable reserve funds and obtain and retain reasonable rates of return on its reserve accounts.

4. Mandate a specific rate structure for retail water agencies.
**Water Bonds**

The Water Authority generally supports water bond legislation that provides an equitable share to the San Diego region, focuses on statewide priorities that achieve the coequal goals of improving water supply reliability and restoring ecosystems in the Delta. The Water Authority also supports bond legislation that ensures the grant application is not unduly burdensome and is open and transparent.

However, the Water Authority generally opposes water bond legislation that does not provide equitable funding for the San Diego region. The Water Authority also opposes water bond legislation that does not result in real improvements in water supply and water supply reliability and resolve statewide conflicts over water supply.

It shall be the Water Authority’s policy to support water bond legislation or an initiative that:

1. Provides an equitable share of funding to San Diego County, with major funding categories being divided by county and funded on a per-capita basis to ensure bond proceeds are distributed throughout the state in proportion to taxpayers’ payments on the bonds.

2. Focuses on statewide priorities, including restoration of fish and wildlife habitat, construction of an improved method of conveyance of water through or around the Delta that provides water supply reliability to Delta water users, promotion of greater regional and local self-sufficiency, surface storage, and promotion of water use efficiency.

3. Provides the states’ share of funding for projects that advance the achievement of the co-equal goals of water supply reliability and Delta ecosystem restoration.

4. Provides funding for water infrastructure that resolves conflicts in the state’s water system and provides long-term benefits to water supply, water supply reliability, water quality, and ecosystem restoration.

5. Defines the “San Diego sub-region” and “San Diego county watersheds” as “those portions of the westward-flowing watershed of the South Coast hydrologic region situated within the boundaries of San Diego County.”

6. Includes within IRWM funding money that a region may use over time to develop and refine its plan and to develop institutional structures necessary to establish and implement the plan.

7. Gives primary consideration to funding priorities established by local and regional entities through their IRWM planning process.

8. Ensures that the application process for funding is not unnecessarily burdensome and costly, with an emphasis on streamlining the process.
9. Limits state overhead to no more than five percent of bond funding amounts.

10. Places as much emphasis and provides at least as much funding for surface storage as for groundwater storage.

11. Funds emergency and carryover storage projects such as the San Vicente dam raise project.

12. Consolidates administration of all voter-approved water-related bond funding in one place, preserves existing expertise within the state bureaucracy to manage bond funding processes, and provides consistent application and evaluation of bond funding applications.

It shall be the Water Authority’s policy to oppose water bond legislation or an initiative that:

13. Does not provide an equitable share of funding to San Diego County, based on San Diego County taxpayers’ proportional contribution to repayment of the bond.

14. Does not provide funding for infrastructure that resolves statewide or regional conflicts over water supplies.

15. Does not provide funding that results in net increases in real water supply and water supply reliability.

16. Commits a significant portion of its funding to projects that do not result in net increases in real water supply or water supply reliability.
Imported Water Issues

Policy Category: Bay-Delta

Policy Category: Metropolitan Water District Board of Directors

Policy Category: Water Supply
- Colorado River
- State Water Project
- Water Transfers
Bay-Delta

Generally, the Water Authority has supported an implementable and affordable solution to the conflicts between water supply exports and Delta ecosystem protection. These long-standing Delta conflicts have made water supply less reliable. The Water Authority is also interested in ensuring that the solution to Delta conflicts be cost-effective, and that the water contractors who finance the solution be capable of financing and maintaining improvements to the Delta. The Water Authority supports Delta solution costs being shared equitably among beneficiaries of the improvements, and that MWD member agencies be required to make firm commitments to pay their share of MWD’s State Water Project contract obligations.

The Water Authority’s policy principles support initiatives that:

1. Require the Delta Stewardship Council or DWR to provide periodic analyses of the cost of proposed Delta improvements to the Legislature and the public.

2. Provide conveyance and storage facilities that are cost-effective for the San Diego region’s ratepayers, improve the reliability and quality of the San Diego region’s water supplies, and protect the Bay-Delta’s ecosystem.

3. Require water agencies and other entities that contract to pay the costs of improvements in the Delta to obtain take-or-pay contracts with their member agencies to pay the fixed costs of the improvements.

4. Implement a long-term, comprehensive solution for the Bay-Delta that:
   a) Achieves the co-equal goals of water supply reliability and environmental restoration embodied in the 2009 Delta bill package.
   b) Provides deliberative processes that are designed to ensure a meaningful dialogue with all stakeholders in order to reduce future conflicts and challenges to implementation of a Bay-Delta solution.
   c) Provides regulatory certainty and predictable supplies to help meet California’s water needs in the long-term.
   d) Provides a Bay-Delta solution that acknowledges, integrates and supports the development of water resources at the local level including water use efficiency, seawater and brackish water desalination, groundwater storage and conjunctive use, and recycled water including direct and indirect potable reuse.
   e) Improves the ability of water-users to divert water from the Delta during wet periods, when impacts on fish and ecosystem are lower and water quality is higher.
   f) Develops a statewide water transfer market that will improve water management.
   g) Improves coordination of Central Valley Project and State Water Project operations.
h) Restores the Bay-Delta ecosystem to a point where species listed under the state and federal Endangered Species Acts are no longer threatened or endangered, taking into account all factors that have degraded Bay-Delta habitat and wildlife.

i) Ensures a meaningful dialogue with all stakeholders and that ecosystem restoration issues are addressed in an open and transparent process.

j) Provides a Bay-Delta solution and facilities that are cost-effective when compared with other water supply development options for meeting Southern California’s water needs.

k) Identifies the total cost of any Bay-Delta solution before financing and funding decisions are made, which must include the cost of facilities, mitigation and required or negotiated ecosystem restoration.

l) Allocates costs of the Bay-Delta solution to stakeholders in proportion to benefits they receive.

m) Requires a firm commitment and funding stream by all parties to pay for the proportional benefits they will receive from a Bay-Delta solution, through take-or-pay contracts or the legal equivalent.

n) Conditions financial support on provisions allowing access to any water conveyance or storage facilities that are included in the Bay-Delta solution.

o) Uses public funds to support specific projects and actions with identified costs that protect and restore the environment and provide broad-based public benefits.

p) Provides “right-sized” facilities to match firm commitments to pay for the Bay-Delta solution.

q) Provides SWP contractors and their member agencies access to all SWP facilities to facilitate water transfers.

r) Continues state ownership and operation of the SWP as a public resource.

s) Improves efficiency and transparency of all SWP operations.

5. Authorize and appropriate the federal share of funding for the long-term Bay-Delta solution.

6. Provide the ongoing state share of funding for the long-term Bay-Delta solution.

7. Provide state funding for aquatic toxicity monitoring in the Bay-Delta. Such legislation should not place a surcharge on water supply exports nor should it substantively reduce funding for other measures that protect the environment and public health.

The Water Authority’s policy principles oppose initiatives that:

1. Impose water user fees to fund ecosystem restoration and other public purpose, non-water-supply improvements in the Delta that benefit the public at large.

2. Transfer operational control of the SWP or any of its facilities to MWD, the State Water Project Contractors, Central Valley Project Contractors, the State and
Federal Contractors Water Agency, any entity comprised of MWD or other water project contractors, or any other special interest group.
The Water Authority’s policy principles support initiatives that:

1. Return the Metropolitan Water District to its membership structure prior to the enactment of SB 1885 (Ayala) in 1998.
Water Supply

The Water Authority relies on imported water from the Sacramento-San Joaquin Delta and from the Colorado River for a significant portion of its water supply. This section details the Water Authority’s policies toward initiatives that affect the imported water supply. Policies specifically relating to the Sacramento-San Joaquin Delta are listed in the section entitled “Bay-Delta.”

The Water Authority supports funding and other incentives for ecosystem restoration and other improvements to the Colorado River that improve water supply and water supply reliability. The Water Authority also supports a robust and effective means of transferring water from one part of the state to another as needed, either year-by-year or longer term.

The Water Authority supports initiatives that require MWD to treat its member agencies equitably in proportion to their financial contributions. The Water Authority supports the protection of the Water Authority’s preferential rights at MWD, and supports initiatives requiring MWD to enter into contractual financial agreements with its member agencies, before it embarks on major capital investments, under which the member agencies would pay an equitable portion of MWD’s fixed costs of capital development and operations regardless of the amount of water the member agencies purchase in any particular year.

The Water Authority opposes iniatives that would transfer control of the State Water Project from the state to MWD, the State Water Contractors, the Central Valley Project Contractors, the State and Federal Water Contractors Authority, or to any entity comprised of MWD and other water contractors.

Colorado River

The Water Authority’s policy principles support initiatives that:

1. Support implementation and funding of the California Colorado River Water Use Plan, including the Lower Colorado River Multi-Species Conservation Program.

2. Provide funding for Colorado River salinity control projects and other water quality management efforts.

3. Provide for state and federal authorizations and appropriations of non-fee- based funds to implement Salton Sea mitigation and restoration solutions, consistent with its obligations under Chapters 611, 612, and 613 of the Statutes of 2003.

4. Revise the Quantification Settlement Agreement mitigation measures for the Salton Sea to limit the costs imposed on the funding parties to the amount committed in accordance with the QSA legislation.

The Water Authority’s policy principles oppose initiatives that:
1. Impose additional mitigation costs or obligations for the Salton Sea on the non-state parties to the Quantification Settlement Agreement.

**State Water Project**

**The Water Authority’s policy principles support initiatives that:**

1. Provide for development of a comprehensive state water plan that balances California’s competing water needs and results in a reliable and affordable supply of high-quality water for the San Diego region.

2. Amend the Metropolitan Water District Act to change voting allocation on its Board of Directors based on a member agency’s total financial contribution to MWD, and in a manner similar to the voting allocation method of the County Water Authority Act.

3. Provide an appropriate level of accountability and cost control over MWD spending.

4. Protect and safeguard the Water Authority’s Preferential Rights in the Metropolitan Water District Act.

5. Require MWD to refund or credit to its member agencies revenues collected from them that result in reserve balances greater than the maximum reserve levels established pursuant to state legislation.

6. Require MWD to enter into take-or-pay contracts with its member agencies to assure MWD’s long-term financial viability to pay for major capital investments, including the State Water Project, regardless of whether a member agency buys water from MWD in any particular year, before MWD commits to paying for its share of the costs of a Delta conveyance project.

**The Water Authority’s policy principles oppose initiatives that:**

1. Make urban water supplies less reliable or substantially increases the cost of imported water without also improving the reliability and/or quality of the water.

2. Revise the Central Valley Project Improvement Act to jeopardize the Act’s environmental integrity, compromise State Water Project supply reliability and/or limit the ability of urban agencies to transfer and/or bank CVP water for use both within and outside the CVP service area.

3. Transfer operational control of the State Water Project or any of its facilities to MWD, the State Water Project contractors, Central Valley Project contractors, the State and Federal Contractors Water Agency, any entity comprised of MWD or other water project contractors, or any other special interest group.
Water Transfers

The Water Authority’s policy principles support initiatives that:

1. Encourage and facilitate voluntary water transfers consistent with other Water Authority policies and agreements.

2. Provide appropriate protection or mitigation for the environment, groundwater basins, water-rights holders and third-party impacts within the district transferring water.

3. Create a water transfer clearinghouse that serves as a neutral information resource that focuses on the collection, assembly and dissemination of information on water transfers.

4. Streamline the permitting and approval process for implementing transfers that will improve water management consistent with other Water Authority policies and agreements.

5. Encourage efficient use of existing facilities to advance voluntary transfers of water consistent with other Water Authority policies and agreements.

6. Provide that any water transfer between users within counties, watersheds or other areas of origin shall be deemed not to operate to the injury of any use of water with a point of diversion that is not located within the same hydrologic area as the transferor of the water.

The Water Authority’s policy principles oppose initiatives that:

1. Adversely affect water management efforts by granting property rights status for the right to use or receive water and require compensation for federal actions that impact users of water from federal projects.

2. Create a water transfer clearinghouse that is anything other than a neutral information resource.

3. Increase regulatory or procedural impediments to water transfers at the local or state level.
Jurisdictional Authority

It shall be the Water Authority’s policy to refer all such legislation to the Board of Directors.
Local Autonomy

Policy Category:  Local Autonomy
Local Autonomy

The Water Authority generally opposes initiatives that interfere with the Water Authority’s Board of Directors’ ability to govern the Water Authority’s affairs or govern relations with its employees, or that would similarly impede the ability of the Water Authority’s member agencies to exercise local authority.

The Water Authority’s policy principles oppose initiatives that:

1. Diminish the power of the Water Authority Board of Directors to govern the Water Authority’s affairs.

2. Modify the committee or board voting structure or member agency board representation unless such changes have been expressly authorized by the Water Authority Board of Directors.

3. Diminish the power or rights of the Water Authority to govern relations with its employees.

3.4. Diminish the power or rights of the Water Authority’s member agency governing bodies to govern their own affairs.
Local Water Resources

Policy Category:  Local Water Resources
   Alternative Sources
   Desalination
   Drought Response
   Funding
   Water Recycling & Potable Reuse
Local Water Resources

In recent years, the Water Authority and its member agencies have made great progress in diversifying and improving the reliability of the region’s water supply and developing local water resources to reduce reliance on increasingly unreliable imported water supplies. This section details the Water Authority’s policies toward initiatives that affect local water resources.

Generally, the Water Authority supports initiatives that provide funding for the development of local water supplies. The Water Authority supports initiatives that fund, promote, or facilitate the development of groundwater, potable reuse, recycling, and seawater desalination facilities. The Water Authority supports initiatives that provide local agencies with regulatory flexibility with respect to local water supplies that may raise water quality concerns, such as recycled water, potable reuse, graywater, and storm water runoff.

The Water Authority supports initiatives that provide local decision-making authority for potable reuse, stormwater, conservation, recycling, seawater desalination, and other alternative sources of water. The Water Authority has been very active in shaping state laws that promote water conservation, both indoor and landscape.

The Water Authority generally opposes initiatives that impose unreasonable regulations on local water supplies, or that interfere with the authority of local agencies to regulate the discharge of contaminants into local water sources. The Water Authority opposes initiatives that restrict the ability of local water agencies to capture and manage stormwater runoff, or diminish the water rights of downstream water users through the capture or management of stormwater runoff upstream.

Alternative Sources
The Water Authority’s policy principles support initiatives that:

1. Facilitate and encourage the use of rainwater-capture systems (e.g. rain barrels and cisterns) and alternative water sources (e.g. air conditioner condensate) for use in irrigation.

2. Ensure that decision-making with regard to stormwater management and recapture is kept at the local or regional level through local water agencies, stormwater districts, cities, counties, and regional water management groups.

3. Recognize that stormwater management and recapture are important tools in a diversified water portfolio that can help to achieve improved water quality in local surface and groundwater supplies, augment surface and groundwater supplies for local water agencies, and promote landscape conservation from a water runoff perspective.

4. Promote and encourage the use of stormwater management to reduce pollutant
loading, increase local municipal water supplies, and improve water quality through low-impact development and watershed-based stormwater treatment systems.

5. Provide incentives for the local or regional use of stormwater management, nutrient management, and recapture.

6. Reduce or remove regulatory hurdles that hinder the use of stormwater management and recapture.

7. Encourage land use practices that promote efficient landscape design, groundwater recharge, and reduce runoff of pollutants into local water supplies.

The Water Authority’s policy principles oppose initiatives that:

1. Restrict the ability of the Water Authority or its member agencies to manage, store, or distribute water supplies through actions to manage or recapture stormwater.

2. Diminish the water rights or legal historical uses of downstream water users through actions to manage or recapture stormwater.

Desalination

The Water Authority’s policy principles support initiatives that:

1. Provide funding for seawater and brackish groundwater desalination studies and facilities, including concentrate disposal facilities.

2. Recognize and support the development of seawater desalination as a critical new water supply for the state and especially San Diego County.

3. Encourage seawater desalination facilities to co-locate with existing coastal power stations. Streamline permitting of desalination facilities.

4. Preserve and protect potential seawater desalination sites and existing coastal facilities including intake and discharge infrastructure that could be used or reused by a seawater desalination facility.

5. Ensure that desalination intake and discharge regulations are science-based, considering site-specific conditions and recognizing that not all technologies or mitigation strategies are feasible or cost-effective at every site.

Drought Response

The Water Authority’s policy principles support initiatives that:
1. Ensure the Water Authority and its member agencies receive the dry-year water supply benefits of its investment in local water supply sources.

2. Preserve the local water agency’s ability to establish local priorities for water resources planning decisions.

3. Allow local agencies to achieve compliance with emergency or non-emergency drought regulations or objectives through a combination of water conservation measures and development and implementation of local water supply sources that are not derived from the Delta.

4. Recognize local control in determining water use efficiency criteria, such as impact of recycled water salinity on irrigation use and efficiency for the application of non-potable recycled water.

5. Allow for local agencies to account for all water supplies available during droughts and other events when calculating the water supply shortage level.

The Water Authority’s policy principles oppose initiatives that:

1. Limit the local water agency’s ability to establish local priorities for water resources planning decisions.

2. Create stranded assets by establishing long-term demand management water use efficiency and water supply requirements that are inconsistent with the Urban Water Management Planning Act.

3. Disincentive or impede water agencies from making investments to maximize the potential for recycled water, potable reuse, desalination and other drought-resilient local water supplies.

Funding
The Water Authority’s policy principles support initiatives that:

1. Provide funding or other incentives for conservation, peak management programs, water recycling, potable reuse, groundwater recovery and recharge, surface water development and management projects, including reservoir management, source water protection and watershed planning studies and facilities that sustain long-term reliable water resources.

2. Provide financial incentives to assist in the disposal of concentrate, sludge, and other byproducts created in the water treatment process.

3. Provide for the interchangeability of funding for groundwater and surface water enhancements to best fit the hydrogeologic attributes of a particular region.
4. Authorize, promote, and provide incentives or credits for development of local drought-resilient water supply projects such as desalination, non-potable recycling and potable reuse projects.

5. Provide funding for potable reuse demonstration projects and studies.

Water Recycling & Potable Reuse

The Water Authority’s policy principles support initiatives that:

1. Recognize and support the development of potable reuse as a critical new water supply for the State and especially San Diego County.

2. Authorize and facilitate expanded use of local water resources including water recycling, potable reuse, graywater, and rainwater harvesting (e.g., cisterns and rain barrels), and brackish groundwater.

3. Authorize local governmental agencies to regulate the discharge of contaminants to the sewer collection system that may adversely affect water recycling and reuse.

4. Encourage dual plumbing in new development where non-potable recycled water is likely to be available to enable utilization of recycled water.

5. Encourage the use of recycled water in commercial, industrial, institutional, and residential settings.

6. Promote uniform regulatory interpretation of state recycled water system standards.

7. Support beneficial revisions to the California Plumbing Code that facilitate recycled water systems.

8. Streamline regulatory processes and requirements to encourage and support the development of potable reuse and non-potable reuse as a municipal water supply.

9. Define purified recycled water as a source of water supply, and not as a waste.

The Water Authority’s policy principles oppose initiatives that:

1. Limit the ability of local governmental agencies to regulate the discharge of contaminants to the sewer collection system that may adversely affect water recycling and reuse.
2. Establish unreasonable regulatory requirements or fees relative to the safe use of recycled water which may unreasonably impede or create a disincentive to its further development.

3. Mandate the reduction of wastewater discharges to the ocean absent inclusion of funding to offset the significant costs of implementation.
Right of Way and Property

Policy Category: Right of Way and Property
Right of Way and Property

The Water Authority generally supports initiatives that improve its ability to maintain and protect its property, rights of way, easements, pipelines, and other facilities. The Water Authority generally opposes initiatives that interfere with or increase the cost of obtaining, maintaining, and protecting property and rights of way.

The Water Authority’s policy principles support initiatives that:

1. Improve the Water Authority’s and its member agencies’ efforts to maintain and protect its property, rights of way, easements, pipelines, and related facilities and minimizes liability to the Water Authority.

2. Protect the Water Authority’s and its member agencies’ properties from restrictions when surrounding properties are incorporated into preservation areas.

The Water Authority’s policy principles oppose initiatives that:

1. Impair the Water Authority's or its member agencies' efforts to acquire property or property interests required for essential capital improvement projects or acquisition of property to meet pipeline water drain-down needs for existing facilities.

2. Increase the cost of property and right of way acquisition.

3. Restrict the Water Authority’s or its member agencies’ use of public rights of way or increase the cost of using public rights of way.

4. Restrict the transfer of property acquired for purposes of environmental mitigation or environmental mitigation credits to other public or private entities for long-term management.
State Administrative and Regulatory Agencies

Policy Category: State Administrative and Regulatory Agencies
State Administrative and Regulatory Agencies

In recent years, there has been considerable discussion of reorganizing the state government. One proposal that keeps recurring is the elimination of the Colorado River Board. The board is funded entirely by the California public agencies that take water from the river, and it is important because it serves as a liaison to other states and the federal government. The Water Authority generally supports initiatives that preserve the Colorado River Board.

The Water Authority supports initiatives that make the Regional Water Quality Control Boards more consistent in their application of state water quality laws. The Water Authority also supports initiatives that allow non-state water contractors to access the SWP system to convey transferred water.

The Water Authority generally opposes initiatives that would eliminate the Colorado River Board or the regional water quality control boards without creating other bodies that carry out their functions.

The Water Authority’s policy principles support initiatives that:

1. Preserve the California Colorado River Board.
2. Ensure the interests of the members of the California Colorado River Board continue to be addressed in any state government reorganization.
3. Ensure consistent application of the law by the State Water Resources Control Board and the nine Regional Water Quality Control boards.
4. Provide for continued certification by the state of urban water agency conservation efforts and achievements as reported to the CUWCC by signatories to the CUWCC Memorandum of Understanding.
5. Ensure that any reorganization of the State Water Project, including operations and management, preserves the ability for non-State Water Project contractors to access the facility for transportation of water to a non-State Water Project contractor.

The Water Authority’s policy principles oppose initiatives that:

1. Eliminate the California Colorado River Board without providing a comparable structure or forum that ensures the Water Authority’s interests in the Colorado River are preserved.
2. Eliminate the State Water Resources Control Board and/or the nine Regional Water Quality Control boards without ensuring that the functions and expertise of the boards is maintained in any reorganized entity.
Water Facility and Facility Operations

Policy Category: Water Facility and Facility Operations
- Construction
- Funding
- Water System Operations
Water Facilities and Facility Operations

The construction, maintenance, and operation of water facilities is an essential activity of the Water Authority. This section details the Water Authority’s policies toward initiatives that affecting water facilities and facility improvement.

Generally, the Water Authority supports initiatives that provide state and federal funding for water storage, watershed protection, treatment and delivery facilities, groundwater recharge, canal lining, and other water infrastructure development, security, maintenance, and rehabilitation. The Water Authority also supports initiatives that prevent the spread of dreissenid mussels and other non-native aquatic species. The Water Authority supports the protection of habitats and cultural resources connected with water facilities or water facility improvements.

The Water Authority generally opposes initiatives that restrict local control and discretion over water facilities and facility operations. The Water Authority also generally opposes initiatives that shift the risks of legal liability from contractors to public agencies. The Water Authority opposes initiatives that restrict the Water Authority from using its own employees on construction projects, and initiatives that interfere with public agencies’ ability to respond to emergencies that would disrupt water service.

Construction

The Water Authority’s policy principles support initiatives that:

1. Provide incentives that encourage contractors to recycle or reduce waste associated with the construction of water facilities.

The Water Authority’s policy principles oppose initiatives that:

1. Limit the Water Authority’s and/or its member agencies’ sole jurisdiction over the planning, design, routing, approval, construction, operation, or maintenance of water facilities.

2. Shift the risks of indemnity for damages and defense of claims from contractors to the Water Authority and/or its member agencies.

3. Impair the Water Authority’s and/or its member agencies’ ability to execute construction projects using its own employees.

4. Prohibit the use of alternative contract procurement methods that can be utilized in the construction of water facilities.

Funding

The Water Authority’s policy principles support initiatives that:
1. Fund or otherwise facilitate construction and/or maintenance of public water storage, watershed areas, and treatment and delivery facilities and facilitates maintenance and/or enhancement of groundwater recharge spreading areas and groundwater basin rehabilitation that benefit San Diego County.

2. Fund or otherwise facilitate the operation and maintenance of canal lining projects that enhance water supplies.

3. Provide funding for water infrastructure development, infrastructure security, and infrastructure rehabilitation and replacement projects that benefit San Diego County.

4. Fund enhancements to water treatment, recycling, and potable reuse facilities to meet increased regulations.

5. Fund improvements to water treatment facilities that allow greater use of State Water Project water.

6. Provide funding for the preservation of cultural resources affected by construction or operation of water conveyance and storage facilities.

7. Provide funding for habitat preservation programs that address impacts resulting from construction or operation of water system facilities.

8. Provide funding for projects that enhance security against terrorist acts or other criminal threats to water operations, facilities, or supplies.

9. Provide funding for the control, prevention, or eradication of non-indigenous aquatic species, including dreissenid mussels.

10. Provide incentives that encourage the optimization, expansion, and cooperative use of existing surface reservoirs.

11. Provide funding for projects that improve the security of the facilities and operations of the Water Authority and its member agencies.

12. Provide funding to water agencies for the voluntary retrofit of facilities for on-site generation of chlorine.

13. Permit the use of grant funding for projects implemented under public-private partnerships where the grant provides funding for a public benefit.

**Water System Operations**
The Water Authority’s policy principles support initiatives that:
1. Recognize water agencies as emergency responders in the event of a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent and mitigate the loss or impairment of life, health, property or essential public services due to natural disasters (e.g., wildfires, earthquakes), power outages as well as terrorist and other criminal activities.

2. Authorize state and federal wildlife agencies to provide assistance to local water agencies in the control, prevention, and eradication of non-indigenous aquatic species, including dreissenid mussels.

3. Exempt owners and operators of water supply facilities from criminal and civil liabilities associated with dreissenid mussel infestations if due diligence requirements are being met.

4. Require mandatory inspections of boats for evidence of potential dreissenid mussel infestation before allowing boat launching in reservoirs.

The Water Authority’s policy principles oppose initiatives that:

1. Impose or mandate recreational activities on drinking water reservoirs and reservoir property where such activities have been determined to be inappropriate by the reservoirs’ owners and operators.

2. Impair 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.

3. Restrict the Water Authority’s and/or its member agencies’ ability to respond swiftly and decisively to an emergency that threatens to disrupt water deliveries or restricts the draining of pipelines or other facilities in emergencies or for repairs or preventive maintenance.

4. Authorize state and federal wildlife agencies to control, prevent, or eradicate invasive species in a way that excessively interferes with the operations or water supplies of local water agencies.

5. Prohibit or in any way limit the ability of the Water Authority or its member agencies from making full beneficial use of any water, wastewater, or recycling facility and resource investments.
Water Planning

Policy Category: Climate Change
  Funding
  Local Planning

Policy Category: Integrated Regional Water Management Planning
  San Diego County IRWM
  Statewide IRWM
  Funding

Policy Category: Land Use and Water Management
  Local Conditions
  Use of Public Lands
  Water Supply Planning
Climate Change

The potential effects of climate change are an important concern in water management planning. The Water Authority generally supports initiatives that incorporate considerations of climate change into water management planning, as long as the climate change information is developed and provided by the state. The Water Authority also supports initiatives that allow water agencies to partner with energy providers to improve energy efficiency in the conveyance and use of water. The Water Authority supports initiatives that encourage innovation in developing responses to climate change, with maximum control at the local level.

The Water Authority generally opposes initiatives that do not allow local control over responses to climate change. The Water Authority also opposes initiatives that prohibit water agencies from entering into the carbon credits market.

Funding
The Water Authority's policy principles support initiatives that:

1. Incorporate state provided climate change information into statewide, regional, and local water management planning, and provides funding for projects that assist in adapting to effects of climate change on the state’s water supply.

2. Provide financial support to local projects designed to mitigate or adapt to potential negative impacts of climate change on water supply reliability.

3. Encourage water agencies to partner with energy providers to help fund water conservation and other programs that result in reduction of greenhouse gas emissions and/or provides opportunities and incentives for voluntary implementation of local water and renewable energy projects that directly or indirectly reduce greenhouse gas emissions.

4. Provide incentive, funding, and assistance to water agencies so that they can comply with AB 32 (2006) requirements, and updated statutory requirements imposed pursuant to SB 32 (2016) that even further increase greenhouse gas emission reduction targets by 2030.

5. Investigate and provide financial support to projects designed to mitigate potential negative impacts of climate change on water supply reliability.

The Water Authority’s policy principles oppose initiatives that:

3. Do not allow water agency participation in the carbon credits market.
Local Planning

The Water Authority’s policy principles support initiatives that:

1. Promote public-private partnerships, encourage innovation, and focus on quantifiable performance goals as opposed to top-down, “one size fits all” mandates.

2. Promote continued development and deployment of more sophisticated and integrated hydrological, water quality, and meteorological water monitoring for the purpose of assessing water supply conditions resulting from climate change.

3. Promote the coordination and integration of local, state and federal climate change policies and practices to the greatest extent feasible.

The Water Authority’s policy principles oppose initiatives that:

1. Require incorporation of climate change considerations into statewide, regional, and local water management planning unless climate change information is provided by the state.

2. Impose top-down, “one size fits all” climate change mandates that fail to account for hydrological, meteorological, economic, and social variation across the state and/or that fail to incorporate local and regional planning and implementation priorities and protocols.

3. Establish a “loading order” for the development of local water supplies based on embedded energy.
Integrated Regional Water Management Planning

The Water Authority, along with the City of San Diego and the County of San Diego, developed the San Diego Integrated Regional Water Management Plan. The Water Authority generally supports initiatives that provide equitable funding for IRWM plans, based on population, and that allow the regions to set their own priorities for funding. The Water Authority also supports initiatives that allow for binational funding for projects along the border.

The Water Authority generally opposes initiatives that establish state criteria and mandate for IRWM plans. The Water Authority also opposes initiatives that exclude or reduce participation by water agencies in local IRWM plans.

San Diego County IRWM

The Water Authority’s policy principles support initiatives that:

1. Define the “San Diego sub-region” and “San Diego county watersheds” as “those portions of the westward-flowing watersheds of the South Coast hydrologic region situated within the boundaries of San Diego County.”

2. Allow for creation of sub-area plans that enhance, but do not duplicate or replace, a larger recognized integrated regional water management plan.

3. Require the state to rely on the local process for selection and ranking of projects included in an approved integrated regional water management plan.

Statewide IRWM

The Water Authority’s policy principles support initiatives that:

1. Require the state agencies responsible for preparing the integrated regional water management grant program guidelines to conduct a comprehensive public outreach process that ensures stakeholders have an opportunity to provide adequate input on preparation of the guidelines and that the state agencies consider and respond to comments received through the outreach process.

2. Establish a task force to provide recommendations to the state on improving the integrated regional water management planning process in California.

3. Ensure discretion for Regional Water Management Groups to determine the composition and structure of their organization, rather than through the imposition of a “one size fits all” mandated structure applied statewide.

The Water Authority’s policy principles oppose initiatives that:

1. Mandate a specific composition and management structure of the regional water management group that oversees integrated regional water management
planning efforts within a region.

2. Preclude water wholesalers from serving on a regional water management group.

3. Dilute public water agency participation on the regional water management group.

**Funding**

*The Water Authority’s policy principles support initiatives that:*

1. Provide for population-based distribution of funds to ensure adequate distribution of grant funding throughout the state.

2. Provide for the use of state grant funds for binational projects where the projects benefit water supply or water quality in the San Diego region.

3. Improve and streamline the state’s reimbursement process to ensure timely remittance of IRWM funds.

4. Promote the ability of the Regional Water Management Group to more directly administer state grant funds specifically identified for IRWM Programs.

*The Water Authority’s policy principles oppose initiatives that:*

1. Establish funding criteria that limits local discretion in project selection.
Land Use and Water Management Planning

The Water Authority generally supports initiatives that coordinate land use planning with water management planning. The Water Authority also supports initiatives that protect flood plains and water recharge basins.

The Water Authority generally opposes initiatives that interfere with the Water Authority’s ability to forecast demand and plan for water management.

Local Conditions

The Water Authority’s policy principles support initiatives that:

1. Promote enhanced coordination and linkage of general plans and water management plans.

2. Recognize regional efforts to coordinate land use planning and water management planning in a manner consistent with the goals and objectives established by regional growth management strategies, affordable housing mandates, and local general plans.

3. Discourage piecemeal or uncoordinated land use and water management planning.

4. Require that projected population and other demographic factors utilized in forecasting future water demands in accordance with the Urban Water Management Planning Act and SB 610 and SB 221, be consistent with the regional growth management plans and general plans applicable to the territory within the service area of the supplier.

5. Provide funding for, or otherwise facilitate, development of groundwater management plans pursuant to AB 3030.

The Water Authority’s policy principles oppose initiatives that:

1. Restrict or limit the effectiveness of the Water Authority or its member agencies in its continuing efforts to meet its obligations under the Regional Comprehensive Plan and develop demand forecasts based on SANDAG regional growth forecasts and general plan use information.

Use of Public Lands

The Water Authority’s policy principles support initiatives that:

1. Allow and fund land exchanges between local public agencies and federal or state agencies when mutually beneficial to all agencies and enhances water resources for the region.

2. Designate public lands that are tributary to drinking source water reservoirs as
wilderness, habitat preserve, open space, or other protected status, provided such designation does not impede current or reasonable future use of those water resources.

3. Protect floodplains and lands over prime groundwater recharge zones for stormwater catchment and bioremediation.

The Water Authority’s policy principles oppose initiatives that:

1. Impose land use designations that preclude the use of such lands for public water infrastructure determined necessary to ensure a cost-effective, safe, and reliable water supply.

Water Supply Planning

The Water Authority’s policy principles support initiatives that:

1. Considers the multiple local variables and priorities that are associated with water supply planning and selection of water resources for implementation.

The Water Authority’s policy principles oppose initiatives that:

1. Restrict the Water Authority’s or its member agencies’ ability to utilize a demand forecasting methodology that is best suited for the region.

2. Require the use of specific evaluation criteria in water supply planning and selection of potential water supply projects that fail to take into account or conflict with existing local and regional planning policies and implementation priorities.

3. Impose mandates requiring specific water resources be developed by water agencies that fail to take into account local factors, such as water reliability, hydrologic and geographic characteristics, and the economic, political, public acceptance, and social environment, which can influence selection of resources and/or fail to take into account or conflict with existing local and regional planning policies and implementation priorities.
Water Quality Issues

Policy Category: Water Quality Issues
Contaminants
Funding
Source Water Protection
**Water Quality Issues**

Water quality is a major concern of the Water Authority. The Water Authority generally supports initiatives that assist in providing high-quality water to the San Diego region through cleanup and remediation of contaminants and protection of water sources.

The Water Authority generally opposes initiatives that regulate the conveyance, storage, and distribution of water supplies under the Clean Water Act.

**Contaminants**

**The Water Authority’s policy principles support initiatives that:**

1. Assure cost-effective remediation and cleanup of contaminants of concern that have impacted groundwater and surface water.

2. Incorporate sound scientific principles in adopting drinking water standards for drinking water contaminants.

3. Exempt the conveyance, storage, or release of water supplies from regulation as a discharge under the Clean Water Act and other water quality control laws.

4. Revise NPDES standards and procedures to facilitate inland discharge of recycled water.

5. Establish appropriate quality standards, testing procedures, and treatment processes for emerging contaminants.

6. Alter the definition of “lead free” to reduce the permissible amount of lead in fixtures, plumbing, and pipe fittings to be installed for the delivery of drinking water.

7. **Exempts purifies wastewater from regulation as a discharge under the Clean Water Act.**

**The Water Authority’s policy principles oppose initiatives that:**

1. Regulate the conveyance, storage, or release of water supplies as a discharge under the Clean Water Act and other water quality control laws.

2. **Make water suppliers financially and legally responsible for mitigation of pollution contamination by third parties.**

**Funding**

**The Water Authority’s policy principles support initiatives that:**
1. Provide the necessary funding for research on the occurrence, treatment, health effects, and environmental clean-up related to contamination of drinking water sources.

2. Implement and fund the San Diego Regional Water Quality Control Board’s triennial review of water quality standards.

3. Provide funding and support for Colorado River salinity control projects and other water quality management efforts.

**Source Water Protection**

The Water Authority’s policy principles support initiatives that:

1. Assist in achieving a year-round blend of imported water supplies that achieve Board-adopted water quality objectives from MWD that allows member agencies comply with drinking water standards and the region to maximize development of recycled water and reduce financial costs to the customer due to high levels of total dissolved solids in imported water supplies.

2. Provide for the protection of source water such as reservoirs and groundwater basins so that the waters can be beneficially used for consumptive purposes.

3. Appropriately protect drinking source water reservoirs as special-purpose, man-made water bodies different in character than natural waterways, rivers, lakes, and coastal waters, while allowing maximum flexibility for operations as part of a managed water supply system.

4. Exempt terminal reservoirs with no significant nexus to the watershed from regulation under the federal Clean Water Act.

5. Direct the state’s participation or assistance in water quality issues related to or threatening the Colorado River water source.

6. Provide for watershed planning, watershed signage, and actions to protect source water - including reservoirs - such as land acquisition around reservoirs, limited land use, and increased buffer areas.

7. Reduce the water quality impacts caused by runoff into local reservoirs using a watershed based approach.

8. **Streamline permitting of facilities constructed for the purpose of improving water quality.**

The Water Authority’s policy principles oppose initiatives that:

56
1. Contribute to the degradation of source water quality around reservoirs and groundwater basins.
Water Use Efficiency

Policy Category:  Water Use Efficiency
  Drought Response
  Fixtures
  Funding
  Irrigation
  Reporting
Water Use Efficiency

The Water Authority has been a statewide leader in sponsoring legislation to improve water use efficiency. The Water Authority championed statewide requirements for ultra-low-flow toilets, high-efficiency clothes washers, water meters, and sponsored legislation that created a statewide task force on outdoor landscape water use efficiency. The Water Authority’s legacy as a leader in advancing statewide water use efficiency initiatives has continued through today, as the Water Authority has sponsored legislation in recent years to improve demand management measure reporting in urban water management plans, allow for installation of synthetic grass in common interest developments, and require the state to undertake regular updates of the model water efficient landscape ordinance.

The Water Authority generally supports water saving measures, such as graywater use, rainwater capture, submetering, plumbing retrofits, and others. The Water Authority has supported implementation and coordination of Best Management Practices as defined by the California Urban Water Conservation Council and Demand Management Measures under the Urban Water Management Planning Act.

The Water Authority generally opposes statewide requirements for conservation-based water rates that override the rate-setting authority of local agencies. The Water Authority also opposes the promulgation of conservation practices or standards that override the authority of local agencies.

Drought Response

**The Water Authority’s policy principles support initiatives that:**

1. Create a process for development and implementation of emergency drought declarations and regulations that recognizes variations among communities, regions, and counties with respect to their abilities to withstand the impacts and effects of drought.

2. Recognize variations among communities, regions, and counties with respect to their abilities to withstand the impacts and effects of droughts, and ensure that any temporary or permanent statutory or regulatory direction for improving water use efficiency to meet statutory or regulatory goals or standards is focused on regional achievement of objectives rather than a one-size-fits-all approach.

**The Water Authority’s policy principles oppose initiatives that:**

1. Prescribe statewide mandatory urban and agricultural water conservation management practices, including, but not limited to, methods, measures, programs, budget allocation, and designation of staff dedicated to water conservation programs, that override the authority of the boards of directors of local water agencies to adopt management practices that are most appropriate for the specific needs of their water agencies.
2. Prescribe mandatory conservation-based rate structures that override the authority of the boards of directors of local water agencies to set rate structures according to the specific needs of the water agencies.

3. Mandate regulation of the CII Sector in a manner that is discriminatory, or sets unachievable Best Management Practices or compliance targets, or would otherwise impair economic activity or the viability of the CII sector.

4. Create a “one-size-fits-all” approach to emergency drought declarations and regulations that ignores variations among communities, regions, and counties with respect to their ability to withstand the impacts and effects of drought.

Fixtures
The Water Authority’s policy principles support initiatives that:

1. Encourage the use of graywater where it complies with local guidelines and regulations and is cost-effective.

2. Establish standards for the utilization of high-efficiency commercial coin-operated and residential clothes washers.

3. Require submetering connections to be built in new construction of multiple unit commercial or residential buildings.

4. Encourage plumbing fixture retrofit upon real property resale.

5. Restrict Property Owner Associations from forbidding retrofits of multiple unit facilities for the purpose of submetering, if feasible.

6. Ensure plumbing codes and standards that facilitate the installation and/or retrofit of water efficient devices.

The Water Authority’s policy principles oppose initiatives that:

1. Repeal cost-effective efficiency standards for water-using devices.

Funding
The Water Authority’s policy principles support initiatives that:

1. Provide loans and grants to fund incentives for water efficient devices, practices, and demonstration projects and studies.

2. Provide incentives, funding, and other assistance where needed to facilitate market transformation and gain wider implementation of water-efficient indoor and outdoor technologies and practices.
3. Provide incentives, funding, and assistance to water agencies so that they can meet the water demand management measure requirements in the Urban Water Management Planning Act.

4. Provide incentives, funding, and other assistance to facilitate water use efficiency partnerships with the energy efficiency sector.

5. Provide for federal tax exempt status for water use efficiency rebates, consistent with income tax treatment at the state level.

**Irrigation**

The Water Authority’s policy principles support initiatives that:

1. Encourage implementation of effective water management practices for urban landscape and agricultural irrigation.

2. Encourage stakeholders to implement statewide landscape water conservation standards and regulations.

3. Restrict Property Owner Associations from forbidding the use of California native plants, other low water use plants, or artificial turf in well-maintained landscapes.

**Reporting**

The Water Authority’s policy principles support initiatives that:

1. Further the statewide goal of a 20 percent reduction in per capita water use by 2020 as set forth in SBX7-7, enacted in November 2009, and preserve water agency discretion and options for achieving this objective, or any subsequent state mandated water use efficiency goals or standards.

2. Ensure accurate and meaningful reporting of implementation of water conservation measures.

3. Encourage reasonable tracking of water use and improved efficiency in the Commercial, Industrial, and Institutional (CII) sector.

4. Promote statewide implementation of foundational water use efficiency best management practices (BMPs) as defined by the California Urban Water Conservation Council (CUWCC) and demand management measures (DMMs) as defined in the Urban Water Management Planning Act.

5. Designate the CUWCC or other entity representing stakeholder interests as being responsible for developing a framework for determining water agency compliance with water conservation BMPs. This framework should promote water agency incentives for BMP compliance and avoid prescriptive regulations.
The Water Authority’s policy principles oppose initiatives that:

1. Mandate that water agencies include an embedded energy calculation for their water supply sources in the Urban Water Management Plan or any other water resource planning or master planning document.
Update on Education Program Activities (Presentation)

Purpose
This report is to update the Board on the Water Authority’s school education programs for 2017-2018.

Background
School education programs are designed to enhance knowledge of key water supply and water-use issues by students, teachers and the general public. The Water Authority has provided school education programs for more than 30 years, and member agencies consider related programs to be a key focus area of the region’s conservation outreach efforts.

San Diego County is home to more than 1,000 public and private schools serving more than 500,000 students in kindergarten through 12th grade. In partnership with other organizations, Water Authority staff has developed a variety of compelling and innovative resources to reach the largest number of teachers and students at the lowest possible cost. These resources include educational displays, assembly programs, printed and web-based materials, competitions, patch program materials, and school visits by the Splash Mobile Science Lab.

These programs are popular throughout the Water Authority’s service area because they help teachers meet instructional requirements, while educating students about the importance of water as a precious natural resource.

Discussion
The Water Authority’s operating budget for Fiscal Years 2018 and 2019 includes $50,700 to support education programs. The Water Authority also seeks grants to help offset the cost or expand the reach of these programs. To date, the Water Authority has secured $94,000 in Proposition 84 Final Round grant funds to support school education programs for Fiscal Years 2018 and 2019, bringing total education program spending to $144,700.

The following education programs and resources are offered across the Water Authority’s service area:

- **Assembly Programs** – Building Block Entertainment, Inc., is under contract to conduct assembly theater programs for public and private elementary schools in San Diego County for school years 2017-2018 and 2018-2019. These assembly programs are paid for by the Water Authority and are free to participating schools in the Water Authority’s service area. Historically, the company has offered one-person and two-person shows – *Waterology* and *H2O, Where Did You Go?* – that are geared to the size of the school population. The shows feature music and other entertaining techniques to engage children and help increase their knowledge about water conservation and other water-related matters. This year, staff
worked with Building Block to develop a new quiz show format program (*Hydro Game Show*) to complement the long-running musical theater programs and continue improving the Water Authority’s educational offerings. The Water Authority’s assembly program reached nearly 27,000 students and more than 1,000 teachers during Fiscal Year 2017.

- **Splash Science Mobile Lab** – The San Diego County Office of Education runs the program, which is a hands-on mobile science lab for elementary students. The Water Authority developed the program in the 1990s and continues to split the cost with member agencies for a pre-determined number of visits to schools within its service area each year.

- **Fleet Science Center display** – The Water Authority’s interactive exhibit in Balboa Park, in partnership with the City of San Diego Utilities Department and the Fleet Science Center, was updated in 2017 to highlight the region’s successful supply diversification strategy and how water is transported, stored, treated and distributed. The exhibit also includes information about desalination, potable reuse and water-use efficiency. As part of the renovations in 2017, the exhibit materials are now presented in English and Spanish. Water Authority staff continues to work with member agencies and Fleet staff to plan for additional exhibit upgrades. Overall, the Fleet Science Center averages about 400,000 visits annually.

- **Greater San Diego Science and Engineering Fair** – Each spring, thousands of students from around the county participate in this competition. The Water Authority participates by selecting the top water-related projects in the Junior (grades 7-8) and Senior (grades 9-12) divisions and presenting winning students with a plaque and scholarships at a following Board meeting. Top projects also are displayed in the lobby and posted to the Water Authority’s social media channels.

- **Curriculum Materials** – Thanks to a grant from the Hans and Margaret Doe Charitable Trust, the Water Authority offers two free water-related classroom posters and a workbook about water issues for elementary students.

- **Patch Program** – Participants in youth scouting groups can earn a water conservation patch by following guidelines designed to ensure engagement with water issues.

The Water Authority periodically reviews its educational offerings to determine potential improvements or curriculum changes necessary to keep pace with evolving educational standards, along with the ever-changing needs of students, teachers and member agencies. This fall, for example, the Water Authority is surveying all member agencies to assess educational offerings across the region and help spread the adoption of successful programs.
October 18, 2017

Attention: Legislation and Public Outreach Committee

Government Relations Update. (Information)

Purpose
This report is an update of the Water Authority’s government relations program.

Discussion

The Legislature
With the Legislature’s adjournment of the 2017 legislative session on September 15, 2017, the Governor had until October 15, 2017 to act on all measures sent to him during the final weeks of the 2017 legislative session. The Governor received 977 bills passed by the Legislature during 2017. Of those measures, the Governor signed 859 bills into law and vetoed 118 bills, reflecting a veto rate of 12 percent.

The 977 measures sent to the Governor during 2017 is relatively consistent with the number of bills sent to him over the previous years:

- 2011: 870 bills sent to Governor
- 2012: 996 bills sent to Governor
- 2013: 896 bills sent to Governor
- 2014: 1,074 bills sent to Governor
- 2015: 941 bills sent to Governor
- 2016: 1,059 bills sent to Governor

The following represents the Governor’s veto rate over the past seven years:

![Governor Brown Veto Rate Chart](chart.png)

- 2011: 14.4%
- 2012: 12.1%
- 2013: 10.7%
- 2014: 13.3%
- 2015: 14.1%
- 2016: 15.1%
- 2017: 12%
The Legislature is scheduled to reconvene on January 2, 2018 to begin the second year of the 2017-2018 two-year legislative session.

**Sponsored Legislation**

- AB 1323 (Weber) would create a stakeholder workgroup process through the Department of Water Resources for development of long-term water use efficiency standards. AB 1323 was held on the Senate Appropriations Committee suspense file, and is now a two-year bill.

- SB 701 (Hueso), on which the Water Authority is a partner with other stakeholders, including the Imperial Irrigation District, would authorize the issuance of a general obligation bond in the amount of $500 million to help fulfill the state’s funding obligations related to Salton Sea restoration. SB 701 was held on the Assembly Appropriations Committee suspense file, and is now a two-year bill.

**Water Authority’s 2017 Legislative Scorecard**

The following reflects an at-a-glance “scorecard” summary of the Water Authority position bills during the 2017 legislative session.

<table>
<thead>
<tr>
<th>Water Authority Board Position</th>
<th># of Bills</th>
<th>Amendments Taken?</th>
<th>Chaptered</th>
<th>Vetoed</th>
<th>Two-Year Bill</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sponsor/Co-Sponsor</strong></td>
<td>4</td>
<td>--</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td><strong>Support</strong></td>
<td>6</td>
<td>--</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td><strong>Support and Seek Amendments</strong></td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Support if Amended</strong></td>
<td>6</td>
<td>4</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td><strong>Oppose</strong></td>
<td>3</td>
<td>--</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td><strong>Oppose Unless Amended</strong></td>
<td>6</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>26</strong></td>
<td><strong>5</strong></td>
<td><strong>6</strong></td>
<td><strong>1</strong></td>
<td><strong>19</strong></td>
</tr>
</tbody>
</table>

**Solicitation of Legislative Proposals**

In anticipation of the upcoming 2018 state legislative session, Water Authority staff has begun the process of soliciting, evaluating, and analyzing legislative proposals for the Board’s consideration of bill sponsorship at the December 7, 2017 Board meeting. Between now and the December 7, 2017 Board meeting, staff will conduct a thorough analysis of each legislative proposal to evaluate whether any statutory changes may be necessary for the Board to consider sponsoring for the 2018 state legislative session. The following represents the schedule staff will use to analyze legislative proposals:
• October 17, 2017 – Reminder request at Member Agency Managers’ meeting for bill sponsorship ideas

• November 14, 2017 – Update to member agency managers

• December 7, 2017 – Board consideration of action to sponsor legislation for the 2018 legislative session

If Board members have any legislative proposals they would like staff to analyze and prepare for Board consideration in December, please submit your proposal as soon as possible to Glenn Farrel, Government Relations Manager, at gfarrel@sdcwa.org.

**Lobbyist Activities**

Steve Cruz of Gonzalez, Quintana, Hunter & Cruz 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.

• Participated in legislative and Administration briefings involving Water Authority sponsored and priority legislation.

• Represented the Water Authority in a variety of venues on Water Authority issues.

• Coordinated with Bob Giroux and Water Authority staff on various legislative issues of importance to the Water Authority.

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 Steve Cruz and Water Authority staff on various legislative issues of importance to the Water Authority, including the Salton Sea funding allocation in SB 5.

Audra Hartmann of Smith, Watts & Hartmann reports that she performed the following regulatory advocacy activities on behalf of the Water Authority over the past month:

• Coordinated meetings with SWRCB members and staff relative to the issue of the Carlsbad Desalination facility intake modifications.
• Participated in SWRCB meetings regarding emerging water quality issues of interest to the Water Authority.

• Provided strategic advice and information regarding the Water Authority’s regulatory interests.

• Coordinated with Water Authority staff on various regulatory issues of interest to the Water Authority.

**Washington, D.C.**
Ken Carpi of Carpi & Clay will provide an in-person report for the LPO Committee and will submit a separate written report of the firm’s monthly activities in Washington, D.C..

Prepared by:  Glenn A. Farrel, Government Relations Manager
Ivy Ridderbusch, Assistant Management Analyst
Approved by:  Dennis A. Cushman, Assistant General Manager
October 18, 2017

Attention: Legislation and Public Outreach Committee

Final Status Report on State Legislation and Legislative Positions. (Information)

Purpose
This report identifies the final disposition of legislative measures that were reviewed and considered for position by the Water Authority Board of Directors during the first year of the 2017-2018 two-year legislative session, and that were active in the Legislature during 2017, including the Governor’s final action on each measure, if applicable.

Discussion
The following represents an at-a-glance “scorecard” summary of the Water Authority position bills during the 2017 legislative session.

All measures will become effective on January 1, 2018.

<table>
<thead>
<tr>
<th>Water Authority Board Position</th>
<th># of Bills</th>
<th>Amendments Taken?</th>
<th>Chaptered</th>
<th>Vetoed</th>
<th>Two-Year Bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsor/Co-Sponsor</td>
<td>4</td>
<td>--</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Support</td>
<td>6</td>
<td>--</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Support and Seek Amendments</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Support if Amended</td>
<td>6</td>
<td>4</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Oppose</td>
<td>3</td>
<td>--</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Oppose Unless Amended</td>
<td>6</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>TOTAL</td>
<td>26</td>
<td>5</td>
<td>6</td>
<td>1</td>
<td>19</td>
</tr>
</tbody>
</table>

ASSEMBLY BILLS

AB 18 (Garcia) – CALIFORNIA CLEAN WATER, CLIMATE, COASTAL PROTECTION, AND OUTDOOR ACCESS FOR ALL ACT OF 2018
Status: 2-Year Bill
Water Authority Position: SUPPORT IF AMENDED

AB 18, as amended on August 30, 2017, would propose a $3.47 billion general obligation parks and resources bond measure for the June 5, 2018 statewide primary election. Among other funding provisions related to parks and resources projects, AB 18 would allocate $300 million to the Salton Sea Authority for capital outlay projects that provide air quality and habitat benefits.
and that implement the California Natural Resources Agency’s Salton Sea Management Program. With the Legislature’s passage of SB 5 (De Leon), which also included robust funding for Salton Sea restoration and implementation of the Salton Sea Management Program, it is unlikely that AB 18 will be further pursued in 2018.

**AB 196 (Bigelow) – GREENHOUSE GAS REDUCTION FUND: WATER SUPPLY AND WASTEWATER SYSTEMS**
Status: 2-Year Bill
Water Authority Position: SUPPORT IF AMENDED

AB 196, as amended on March 6, 2017, would authorize the use of cap-and-trade funds for electric pump efficiency, water and wastewater systems, pump and pump motor efficiency improvements, and drinking water transmission and distribution systems’ water loss, if the investment furthers the regulatory purposes of the California Global Warming Solutions Act.

The author accepted amendments proposed by the Water Authority to ensure statutory authority for use of cap-and-trade auction revenues to fund the unmet operations and maintenance needs of water treatment, supply, and distribution systems. The acceptance of the Water Authority’s amendments would allow the use of cap-and-trade funds within disadvantaged communities to help forego the need for a public goods charge on water to address those unmet funding needs.

**AB 554 (Cunningham) – DESALINATION: STATEWIDE GOAL**
Status: 2-Year Bill
Water Authority Position: SUPPORT

AB 554 would establish a goal to desalinate 300,000 acre-feet of drinking water per year by the year 2025 and 500,000 acre-feet of drinking water per year by the year 2030.

**AB 574 (Quirk) – POTABLE REUSE**
Status: Chapter 528, Statutes of 2017
Water Authority Position: SUPPORT

AB 574 clarifies the definition of “potable reuse” in statute and requires the State Water Resources Control Board, by December 31, 2023, to adopt uniform water recycling criteria for potable reuse through raw water augmentation.

**AB 798 (Garcia) – LOCAL GOVERNMENT: COUNTIES: CONSOLIDATION OF OFFICES**
Status: Chapter 383, Statutes of 2017
Water Authority Position: SUPPORT IF AMENDED NO POSITION

As originally considered by the Board, AB 798 would have required the Natural Resources Agency, on or before June 30, 2018, to undertake certain planning activities and to make an effort to secure adequate funding to accomplish a specified goal for the restoration of the Salton Sea.
The Water Authority proposed amendments to the original version of AB 798 to delete objectionable and inaccurate legislative findings associated with implementation of the QSA water transfers.

During the legislative session, AB 798 was substantially amended to completely remove the contents related to the Salton Sea, and instead allows Imperial County to convert the public administrator's office from an elected position to an appointed position and to consolidate the offices of public administrator and public guardian. As amended, the measure is no longer of interest to the Water Authority.

AB 869 (Rubio) – SUSTAINABLE WATER USE AND DEMAND REDUCTION: RECYCLED WATER
Status: 2-Year Bill
Water Authority Position: SUPPORT

AB 869, as amended on August 24, 2017, would require long-term standards for urban water conservation and water use to include a credit for recycled water and would prohibit an urban retail water supplier from being required to reduce the amount of recycled water it produces, sells, or distributes for beneficial potable or nonpotable uses during a period when water conservation measures are in effect.

AB 885 (Rubio) – PUPIL HEALTH: DRINKING WATER: LEAD
Status: 2-Year Bill
Water Authority Position: OPPOSE UNLESS AMENDED

AB 885, as amended on April 27, 2017, would require a community water system to test, on or before July 1, 2019, and every year thereafter, for the presence of lead at a sample of water outlets used for drinking or cooking at each school, defined to include a public elementary school, a public secondary school, a public preschool located on public school property, and a public day care facility located on public school property, constructed before January 1, 1993, within the boundaries of the community water system.

The Water Authority raised concerns and proposed amendments regarding previously-conducted sampling, the applicability of federal drinking water quality standards, newly launched state program for lead sampling and testing that has not been given time to work, and sampling frequency.

The author accepted some of the Water Authority’s proposed amendments but has not addressed enough of the Water Authority’s concerns to remove opposition at this time.

AB 968 (Rubio) – URBAN WATER USE: WATER EFFICIENCY
Status: 2-Year Bill
Water Authority Position: SUPPORT/CO-SPONSOR

AB 968, as amended on April 17, 2017, would require each urban retail water supplier to develop a water efficiency target for 2025 in its 2020 urban water management plan required to
be submitted by July 1, 2021, and to achieve that target. AB 968 would authorize an urban retail water supplier to adjust and update the water efficiency target when the supplier reports its compliance in achieving the water efficiency targets and its implementation of the identified performance measures in its 2025 urban water management plan required to be submitted by July 1, 2026. AB 968 would also require each urban retail water supplier to meet its adjusted 2025 water efficiency target by December 31, 2025.

**AB 1030 (Ting) – ENERGY STORAGE SYSTEMS**

**Status:** 2-Year Bill  
**Water Authority Position:** SUPPORT IF AMENDED

AB 1030, as amended on March 30, 2017, would establish four energy policy goals of the state with respect to energy storage and would require the California Public Utilities Commission, on behalf of electrical corporations – and require the governing board, on behalf of a local publicly owned electric utility – to undertake actions with respect to customer- and load-sited energy storage systems to achieve those energy policy goals, including a rebate program dedicated to energy storage that carves out a portion of funding for low-income customers and disadvantaged communities.

The Water Authority proposed amendments to include language that recognizes the important role that bulk energy storage plays in the achievement of the state’s energy storage policy goals. The author has not accepted the Water Authority’s proposed amendments at this time.

**AB 1041 (Levine) – TRANSPORTATION FUNDING: TRANSPORTATION IMPROVEMENT FEE**

**Status:** 2-Year Bill  
**Water Authority Position:** OPPOSE UNLESS AMENDED NO POSITION

As originally considered by the Board, AB 1041 would have required urban water suppliers to implement specific stages of action as identified in an urban water supplier’s Urban Water Management Plan, in response to water supply reductions.

The Water Authority proposed amendments to the original version of AB 1041 to provide that the urban water supplier – in addition to estimating water supplies available during the next five years – shall also include an estimation of the water demands over the next five years; and to remove the specifically prescribed six standard stages of water shortage action, and instead provide that, in determining the appropriate water shortage level, each urban water supplier should consider its own local conditions, water supplies, and demand reduction efforts in this analysis.

During the legislative session, AB 1041 was substantially amended to completely remove the contents related to urban water shortage contingency analyses, and instead creates The Road Repair and Accountability Act of 2017. As amended, the measure is no longer of interest to the Water Authority.
AB 1323 (Weber) – SUSTAINABLE WATER USE AND DEMAND REDUCTION: STAKEHOLDER WORKGROUP
Status: 2-Year Bill
Water Authority Position: SPONSOR

AB 1323, as amended on May 30, 2017, would require the Department of Water Resources to convene a stakeholder workgroup, with prescribed representatives invited to participate, no later than February 1, 2019. The bill would require the stakeholder workgroup to develop, evaluate, and recommend proposals for establishing new water use targets for urban water suppliers and to examine and report to the Governor and the Legislature by December 31, 2019. AB 1323 would also require all expenses for the stakeholder working group to be the responsibility of the nonstate agency stakeholders.

AB 1343 (Chen) – WATER CONSERVATION: SCHOOL DISTRICTS: GO LOW FLOW WATER CONSERVATION PARTNERSHIPS
Status: Chapter 90, Statutes of 2017
Water Authority Position: SUPPORT

AB 1343 authorizes the governing board of a school district to enter into a Go Low Flow Water Conservation Partnership with a public water system for purposes of reducing water use at schools, reducing stormwater and dry weather runoff at schools, reducing schoolsite water pollution, and establishing the basis for educational opportunities in water conservation. AB 1343 also authorizes a public water system to offer – as part of a partnership – a water rebate for a school that implements water-saving measures.

AB 1361 (Garcia) – MUNICIPAL WATER DISTRICTS: WATER SERVICE: INDIAN TRIBES
Status: Chapter 449, Statutes of 2017
Water Authority Position: SUPPORT

AB 1361 authorizes, upon the request of an Indian tribe and at the satisfaction of several conditions outlined within the text of the measure, a municipal water district to provide service of water at substantially the same terms applicable to the customers of the district to an Indian tribe’s lands that are not within the district’s boundaries.

AB 1587 (Levine) – INVASIVE SPECIES: DREISSENID MUSSELS
Status: 2-Year Bill
Water Authority Position: SUPPORT

AB 1587, as amended on June 29, 2017, would authorize the Division of Boating and Waterways (DBW) to award grants from funds generated from quagga and zebra mussel prevention infestation fees for implementation of dreissenid mussel infestation prevention plans and dreissenid mussel control programs.

AB 1587 would also impose a quagga and zebra mussel infestation prevention fee, in an amount to be determined by the DBW not to exceed a maximum annual amount of $50, on a nonresident
owner of a vessel to be paid by that owner before placing the vessel on the waterways of the state and would require the DBW to prescribe procedures for the collection and use of those fees. AB 1587 would also require that all revenues collected from the fee be deposited into the Harbors and Watercraft Revolving Fund and used for the dreissenid mussel control program.

AB 1654 (Rubio) – WATER CONSERVATION
Status: 2-Year Bill
Water Authority Position: SUPPORT/ CO-SPONSOR

AB 1654, as amended on July 12, 2017, would state the intent of the Legislature to enact legislation necessary to help make water conservation a California way of life. As originally considered by the Board, AB 1654 would have advanced the water community’s preferred approach to development of urban water shortage contingency plans.

AB 1667 (Friedman) – WATER MANAGEMENT PLANNING
Status: 2-Year Bill
Water Authority Position: OPPOSE

AB 1667, as amended on July 3, 2017, would require the State Water Resources Control Board (SWRCB), in consultation with the Department of Water Resources (DWR), to adopt long-term standards for urban water conservation and water use as well as performance measures for commercial, industrial, and institutional water use on or before May 20, 2021. AB 1667 would also grant the SWRCB the authority to enforce these standards through cease-and-desist orders and misdemeanor penalties up to $10,000.

In addition, AB 1667 would require an urban water supplier to calculate a water use target no later than July 1 of each calendar year and to submit an annual report to DWR.

AB 1668 (Friedman) – WATER MANAGEMENT PLANNING
Status: 2-Year Bill
Water Authority Position: OPPOSE UNLESS AMENDED

AB 1668, as amended on September 8, 2017, would require the State Water Resources Control Board, in coordination with the Department of Water Resources, to adopt long-term standards for the efficient use of water, as provided, and performance measures for commercial, industrial, and institutional water use on or before June 30, 2021.

The Water Authority has proposed amendments to ensure broad flexibility and local discretion for urban water suppliers and their governing bodies, and ensure that the measure is not overly prescriptive in its application. The author has not accepted the Water Authority’s proposed amendments at this time.
AB 1669 (Friedman) – URBAN WATER CONSERVATION STANDARDS AND USE REPORTING
Status: 2-Year Bill
Water Authority Position: OPPOSE

AB 1669, as amended on April 18, 2017, would require the State Water Resources Control Board (SWRCB), in consultation with the Department of Water Resources (DWR), to adopt long-term standards for urban water conservation and water use by May 20, 2021. AB 1669 would authorize the SWRCB, in consultation with DWR, to adopt interim standards for urban water conservation and water use by emergency regulation.

SB 5 (De Leon) – CALIFORNIA DROUGHT, WATER, PARKS, CLIMATE, COASTAL PROTECTION, AND OUTDOOR ACCESS FOR ALL ACT 2018
Status: Chapter 852, Statutes of 2017
Water Authority Position: SUPPORT IF AMENDED

SB 5 enacts the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018, and, if approved by the votes at the June 5, 2018 statewide primary election, would authorize the issuance of $4 billion in general obligation bonds to finance a variety of clean water, climate, and coastal protection projects.

The author accepted amendments proposed by the Water Authority to provide robust funding in the amount of $200 million for Salton Sea restoration.

SB 80 (Wieckowski) – CALIFORNIA ENVIRONMENTAL QUALITY ACT: NOTICES
Status: Vetoed
Water Authority Position: OPPOSE UNLESS AMENDED

SB 80 would have required the lead agency to post CEQA notices on the agency’s Internet Web site and would have required the lead agency to offer to provide those notices by email.

The Water Authority proposed amendments to improve public access to notices by giving local agencies the option to post notices on the state’s CEQAnet website (through the Office of Planning and Research) and with the County Clerk in the agency’s home county. The author accepted the Water Authority’s amendments.

In his veto message on SB 80, the Governor indicated that the current CEQA process is already very detailed and requires “an incredible amount of notice,” and for that reason he is “reluctant to add the additional requirements mandated by this bill.”
SB 100 (De Leon) – CALIFORNIA RENEWABLES PORTFOLIO STANDARD PROGRAM: EMISSIONS OF GREENHOUSE GASES
Status: 2-Year Bill
Water Authority Position: SUPPORT AND SEEK AMENDMENTS

SB 100, as amended on September 11, 2017, would revise state policy to provide that the goal of the California Renewables Portfolio Standards Program is to achieve the 50% renewable energy resources target by December 31, 2026, and to achieve a 60% target by December 31, 2030. Additionally, SB 100 would provide that it is the policy of the state that eligible renewable energy resources and zero-carbon resources supply 100 percent of retail sales of electricity to serve California end-use customers and all state agencies no later than December 31, 2045. The Water Authority has proposed amendments to clarify the eligibility of large hydropower facilities as renewable sources of power under the state’s Renewables Portfolio Standard Program to help meet the measure’s zero-carbon goals. The author has not accepted the Water Authority’s amendments.

SB 214 (Atkins) – SAN DIEGO RIVER CONSERVANCY
Status: Chapter 306, Statutes of 2017
Water Authority Position: SUPPORT

SB 214 specifies additional powers of the San Diego River Conservancy and increases the size of its governing board, to ensure that the Conservancy is provided with the same statutory powers and authorities as the state’s other existing conservancies.

SB 615 (Hueso) – SALTON SEA RESTORATION
Status: Chapter 859, Statutes of 2017
Water Authority Position: SUPPORT IF AMENDED

SB 615 makes a series of legislative findings regarding the Salton Sea, recognizes the State Water Resources Control Board’s exercise of its original jurisdiction with regard to Salton Sea restoration, and provides that certain barriers to separate saline from fresh water shall not be considered dams for the purposes of the state’s ongoing restoration work.

SB 623 (Monning) – WATER QUALITY: SAFE AND AFFORDABLE DRINKING WATER FUND
Status: 2-Year Bill
Water Authority Position: OPPOSE UNLESS AMENDED

SB 623, as amended on August 21, 2017, would establish the Safe and Affordable Drinking Water Fund in the State Treasury and would provide that moneys in the fund are continuously appropriated to the State Water Resources Control Board (SWRCB). SB 623 would also require the SWRCB to administer the fund to secure access to safe drinking water for all Californians, while also ensuring the long-term sustainability of drinking water service and infrastructure. Additionally, SB 623 would authorize the SWRCB to provide for the deposit into the fund of federal contributions, voluntary contributions, gifts, grants, bequests, and settlements from parties responsible for contamination of drinking water supplies.
The Water Authority proposed an amendment to remove any public goods charge or water user fee, and instead focus on funding opportunities through cap-and-trade auction revenues and state General Fund sources. The author has not accepted the Water Authority’s amendment.

**SB 701 (Hueso) – SALTON SEA OBLIGATIONS ACT OF 2018**
Status: 2-Year Bill
Water Authority Position: SPONSOR

SB 701, as amended on July 3, 2017, would enact the Salton Sea Obligations Act of 2018, which, if approved by the voters at the November 6, 2018 statewide general election, would authorize the issuance of general obligation bonds in the amount of $500 million to finance implementation of the Administration’s 10-year Salton Sea Management Program.

**BTB RN 17-12268 – URBAN WATER CONSERVATION STANDARDS AND USE REPORTING**
Status: 2-Year Budget Trailer Bill
Water Authority Position: OPPOSE

The proposed budget trailer bill (RN 17-12268) would require the State Water Resources Control Board (SWRCB), in consultation with the Department of Water Resources, to adopt long-term standards for urban water conservation and water use by May 20, 2021, and would authorize the SWRCB to adopt interim standards for urban water conservation and water use by emergency regulation.

**BTB RN 17-09926 – WATER MANAGEMENT PLANNING**
Status: 2-Year Budget Trailer Bill
Water Authority Position: OPPOSE UNLESS AMENDED

The proposed budget trailer bill (RN 17-09926) would make substantial changes to the Urban Water Management Plan (UWMP) process and would impose new obligations on urban water suppliers to meet new UWMP requirements including a restructuring of water shortage contingency plans.

The Water Authority has proposed amendments to ensure broad flexibility and local discretion for urban water suppliers and their governing bodies, and to ensure that the measure is not overly prescriptive in its application. The Water Authority’s amendments have not been accepted.

Prepared by: Glenn A. Farrel, Government Relations Manager
Ivy Ridderbusch, Assistant Management Analyst
Approved by: Dennis A. Cushman, Assistant General Manager
AGENDA

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.

OCTOBER 26, 2017

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 Imported Water Committee meeting of September 14, 2017 and the minutes of the Formal Board of Directors’ meeting of September 28, 2017.

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 Retirement of Director. Adopt Resolution honoring Halla Razak upon her retirement from the Board of Directors.

8. REPORTS BY CHAIRS

   8-A Chair’s Report: Chair Muir

   8-B Report by Committee Chairs
   Engineering and Operations Committee Director Heinrichs
   Water Planning Committee Director Cherashe
   Imported Water Committee Director Weston
   Administrative and Finance Committee Director Arant
   Legislation and Public Outreach Committee Director Guerin
CONSENT CALENDAR

9-1. **Professional services contract with CH2M HILL Inc. for design of the Mission Trails Flow Regulatory Storage II and Flow Control Facility project.**

Authorize the General Manager to award a professional services contract to CH2M HILL, Inc., for a not-to-exceed amount of $1,870,629, to provide engineering services for the Mission Trails Flow Regulatory Structure II and Flow Control Facility project.

9-2. **Services contract with Hydro Consulting and Maintenance Services, Inc., for specialized mechanical preventative and corrective maintenance, inspection, testing, and repair services for Lake Hodges Pumped Storage Hydroelectric Facility.**

Authorize the General Manager to execute a services contract with Hydro Consulting and Maintenance Services, Inc., for specialized mechanical preventative and corrective maintenance, inspection, testing, and repair services through November 20, 2019, with an option to extend the contract for an additional two years, for a total not-to-exceed amount of $1,300,000.

9-3. **Professional services agreement with WSA Marketing to administer the Qualified Water Efficiency Landscape (QWEL) Program.**

Authorize the General Manager to award a three-year professional services contract with an option to renew for an additional two years to WSA Marketing for the administration of the QWEL program in an amount not to exceed $247,500.

9-4. **Professional services agreement with Signature Control Systems, Inc., to administer the WaterSmart Landscape Efficiency Program.**

Authorize the General Manager to execute a three-year professional services agreement, with an option for a two-year extension, in an amount not to exceed $420,000 with Signature Control Systems, Inc., for program administration services related to the WaterSmart Landscape Efficiency Program.

9-5. **Professional Services Contract for the Crossover Pipeline Study.**

Authorize the General Manager to award a professional services contract to Brown and Caldwell, in an amount not to exceed $215,162 to complete the Crossover Pipeline Study.

9-6. **Monthly Treasurer’s Report on Investments and Cash Flow.**

Note and file monthly Treasurer’s Report.

9-7. **Establish 2018 Board meeting dates.**

Combine the November and December Board meeting dates to December 6, 2018 and approve the 2018 Board meeting dates calendar.

9-8. **Approve the extension of the Bank of America liquidity facility supporting the Water Authority’s Commercial Paper Series 9.**

Approve the extension of the Bank of America liquidity facility agreement and adopt Resolution 2017-___ authorizing the amendment of the Bank of America agreement.
10. **ACTION / DISCUSSION**

11. **SPECIAL REPORTS**
   11-A GENERAL MANAGER’S REPORT – Ms. Stapleton
   11-B GENERAL COUNSEL’S REPORT – Mr. Hattam
   11-C SANDAG REPORT – Chair Muir
      SANDAG Subcommittees: Borders Committee – Director Croucher
      Regional Planning Committee – Director Olson
   11-D AB 1234 Compliance Reports – Directors

12. **CLOSED SESSION(S)**
   12-A Conference with Legal Counsel – Existing Litigation
      Government Code §54956.9(d)(1)
      Shimmick Construction Co., Inc./Obayashi Corp., joint venture
      v. San Diego County Water Authority, Riverside Superior Court
      Case No. RIC 1609196
   12-B 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; CPF-12-512466; CPF-14-514004; CPF-16-515282; CPF-16-515391; A146901; A148266; BS169881; and CA Supreme Court Case No. S243500
   12-C Conference with Legal Counsel – Existing Litigation
      Government Code §54956.9(d)(1)
      California Department of Water Resources v. All Persons Interested; Sacramento Superior Court Case No. 34-2017-00215965-CU-MC-GDS
   12-D Conference with Legal Counsel – Anticipated Litigation
      Government Code §54956.9(d)(2)
      Significant Exposure – One Case

13. **ACTION FOLLOWING CLOSED SESSION**

14. **OTHER COMMUNICATIONS**

15. **ADJOURNMENT**

   Melinda Nelson
   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.
1. **Roll call – determination of quorum.**

   Chair Weston called the Imported Water Committee meeting to order at 1:35 p.m. Committee members present were Chair Weston, Vice Chairs Fong-Sakai and Kennedy, and Directors Miller, Scalzitti, Steiner and Wilson. Committee members absent were Directors Barnum, Hogan, Lewinger, Madaffer, Murtland, Olson, Saxod and Supervisor Gaspar. Also present were Directors Arant, Brady, Butkiewicz, Cherashore, Croucher, Evans, Guerin, Hedberg, Heinrichs, Hiliker, Morrison, Muir, Tu and Watkins. At the time of roll call, the Committee lacked one Member to form a quorum. At that time, there was a quorum of the Board.

   Staff present was General Manager Stapleton, Deputy General Manager Kerl, Assistant General Managers Cushman and Denham, and MWD Program Director Chen. In addition, Scott Slater of Brownstein Hyatt Schreck was present.

2. **Additions to the agenda.**

   There were no additions to the agenda.

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

   There were no members of the public who wished to speak.

4. **2017 Transfer and Exchange Agreement Decision: Alternative Conveyance and Basin States Impacts.**

   Chair Weston stated the objective of the Special Board Meeting was to be able to make a decision on the future duration of the Water Transfer Agreement with the Imperial Irrigation District (IID), and the Exchange Agreement with MWD. He stressed the decision would be made at the December 7, 2017 Imported Water Committee meeting. The decision would be to either extend the Exchange Agreement with MWD by 10 years to 2047, or reduce the Conserved Water Transfer Agreement with IID by 10 years to 2037.

   He announced Special Counsel Scott Slater would be acting for the General Counsel’s office.

   Mr. Denham provided an in-depth presentation that reviewed background on QSA agreements and 2017 decision as well as alternative Colorado River conveyance. He explained
the Imperial Valley pipeline alignment options, environmental conditions analyzed, and water quality. He described the Binational Aqueduct study, which was an option to potentially bring QSA water through Mexico to the San Diego region. He explained different alignments, costs of tunneling, and legal framework required for the Binational project.

The Board asked questions.

Ms. Mathews addressed the Board on Basin States issues, which included Colorado River hydrology and shortage projections; Lower Basin Drought Contingency Plan, Minute 323 (Mexican Treaty update), and impacts to the Water Authority.

Mr. Denham concluded with how the Basin States issues related back to QSA supplies. He explained how the Department of the Interior had represented that the Drought Contingency Plan (DCP) would not be an “official shortage” but rather a voluntary reduction, and how the DCP would impact the Salton Sea.

5. CLOSED SESSION
Mr. Slater took the Committee into Closed Session at 2:20 p.m.

5-A Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
State Water Resources Control Board Petition of Imperial Irrigation District for Modification of Revised Water Rights Order 2002-0013

5-B 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; CPF-12-512466; CPF-14-514004; CPF-16-515282; CPF-16-515391; A146901; A148266; BS169881; and CA Supreme Court Case No. S243500

Mr. Slater brought the committee out of Closed Session at 3:30 p.m. and stated there was no reportable action.

6. Adjournment.
There being no further business to come before the Imported Water Committee, Chair Weston adjourned the meeting at 3:30 p.m.
MINUTES OF THE FORMAL BOARD OF DIRECTORS’ MEETING  
SEPTEMBER 28, 2017

ENGINEERING AND OPERATIONS COMMITTEE  
CALL TO ORDER / ROLL CALL
Chair Heinrichs called the Engineering and Operations Committee meeting to order at 9:03 a.m. Committee members present were Chair Heinrichs, Vice Chairs Hilliker* and Miller, and Directors Boyle*, Brady, Fong-Sakai, Hogan, Simpson, Smith*, and Watkins. Committee members absent were Directors Butkiewicz, Morrison, Olson, Preciado, and Razak. Also present were Directors Arant, Ayala, Barnum, Cherashore, Guerin, Hall, Hedberg, Muir, Saxod, Scalzitti, Tu, Weston, and Wilson. At that time, there was not a quorum of the Committee and Director Weston was appointed as temporary committee member per Administrative Code section 2.00.060(f). The meeting was then conducted as a meeting of the Board; however only committee members participated in the vote.

Staff present was General Manager Stapleton, General Counsel Hattam, Deputy General Manager Kerl, Director of Operations and Maintenance Fisher, Energy Program Manager Rodgers, Senior Engineering Manager Bousquet, Right of Way Manager Kross, Senior Engineer Fountain, and Right of Way Supervisor Brierton.

ADDITIONS TO AGENDA
There were no additions to the agenda.

PUBLIC COMMENT
There were no members of the public who wished to speak.

DIRECTORS’ COMMENTS
There were no Directors’ comments.

CHAIR’S REPORT
Chair Heinrichs reported that the Asset Management program received the 2017 Special District Program Technology Innovation Award in the Western Region for its Pipeline Risk Visualization Initiative. Asset Management was also recognized by the American Water Works Association as one of 13 agencies in the country with leading business practices in Asset Management in a report titled “Leading Business Practices in Asset Management Case Study Report”.

Chair Heinrichs announced the 2017 Engineering and Operations Board Tour was scheduled for Thursday, November 9, 2017. The tour would visit the Pipeline 3 Relining project in La Mesa. He asked that Board Members complete and return RSVP forms by Friday, October 27, 2017.

I. CONSENT CALENDAR
There were no Consent Calendar items.
II. ACTION/DISCUSSION/PRESENTATION


Director Hogan provided an update on the San Vicente Energy Storage Task Force, including status of the two requests for proposal processes. He stated that Black & Veatch was selected as the Owner’s Representative and they would assist with review of the five full-service team proposals to shortlist for interviews. He reported the next Task Force meeting would take place October 11, 2017. He also stated the November 9, 2017 Special E&O Committee meeting would focus on the outcome of the RFP process, and a recommendation to enter negotiations with the selected full-service team would be presented at the December 2017 Engineering and Operations Committee meeting for consideration.

* Director Hilliker arrived at 9:08 a.m. and Director Smith arrived at 9:09 a.m.

2. San Diego 12 Flow Control Facility Repair Update.

Mr. Fountain presented an update on the San Diego 12 Flow Control Facility Repair project including project location, August 2016 failure, interim repairs, project phases, rehabilitation design, and schedule.

* Director Boyle arrived at 9:12 a.m.


Mr. Brierton presented an update on Right of Way Encroachment Enforcement including an explanation of what an easement was, types of encroachments, GIS, Administrative Code Chapter 7.00, examples of old encroachments and resolutions, remaining encroachments, and right of way management.


Prior to the presentation, Mr. Hattam requested Directors Croucher, Hedberg, Morrison, Preciado, Scalzitti, Smith, and Wilson to recuse themselves from participation or action on the item because they held office at one of the agencies involved with the agreements.

Mr. Fisher presented an update on the agreements for the management of water quality south of Mission Trails flow regulatory structure including background, purpose, tentative agreement terms with affected agencies, and alternative mitigation opportunities.

III. INFORMATION

There were no Information items.
IV. CLOSED SESSION
Mr. Hattam took the committee into Closed Session at 9:58 a.m.

1. Conference with Legal Counsel – Existing Litigation
   Government Code §54956.9(d)(1)
   Name of Case: Shimmick Construction Co., Inc./Obayashi Corp.,
   Joint Venture v. San Diego County Water Authority, Riverside
   Superior Court Case No. RIC 1609196

   Mr. Hattam brought the committee out of Closed Session at 10:03 a.m. and stated there
   was no reportable action.

V. ADJOURNMENT
   There being no further business to come before the Engineering and Operations
   Committee, Chair Heinrichs adjourned the meeting at 10:03 a.m.

WATER PLANNING COMMITTEE
CALL TO ORDER/ROLL CALL
   Chair Cherashore called the Water Planning Committee meeting to order at 10:15 a.m.
   Committee members present were Chair Cherashore, Vice Chair Boyle and Directors Ayala,
   Barnum, Brady, Hedberg, Kennedy*, Muir, Smith, Tu and Weston. Committee members absent
   were Vice Chair Evans and Directors Lewinger, Preciado and Razak. Also present were
   Directors Arant, Fong-Sakai, Gallo, Guerin, Hall, Heinrichs, Hogan, Miller, Murtland, Saxod,
   Scalzitti, Simpson, Steiner, Watkins and Wilson. 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 Hattam, Deputy General
   Manager Kerl, Director of Water Resources Yamada, Director of Public Outreach and
   Conservation Foster, Water Resources Manager Roy, Principal Water Resources Specialist
   Stephenson, Senior Public Affairs Representative Lee, and Senior Water Resources Specialist
   Chadwick.

ADDITIONS TO THE AGENDA
   There were no additions to the agenda.

PUBLIC COMMENT
   There were no members of the public who wished to speak.

CHAIR’S REPORT
   Chair Cherashore welcomed everyone in attendance. He mentioned that four Water
   Conservation Staff members were selected to present at the WaterSmart Innovations Conference
   in Las Vegas in October. The event is one of the premiere conferences on water efficiency in the
country, and their selections reflect the excellence and innovation of the programs they run, and is indicative of the Water Authority’s continuing leadership in promoting efficient water use.

DIRECTORS’ COMMENTS

There were no Directors’ comments.

I. CONSENT CALENDAR

   Staff recommendation: Authorize the General Manager to award two individual two-year professional services contracts, with options for two-year extensions, in the amount of $250,000 to A&N Technical Services, Inc., and $125,000 to Envirosmart Solutions Group, for a not-to-exceed total of $375,000 for as-needed planning and evaluation of water-use efficiency programs.

   Director Ayala moved, Director Barnum seconded and the motion to approve staffs’ recommendation passed unanimously.

II. ACTION/DISCUSSION/PRESENTATIONS

1. Authorization to market, sell or exchange excess mitigation credits at San Miguel Conservation Bank.
   Staff recommendation: Authorize the General Manager to market, sell or exchange up to 240 excess mitigation credits at San Miguel Conservation Bank and deposit sales proceeds in the CIP Mitigation Program to provide funding for future acquisition or development of mitigation sites or credits. Any credits shall be sold at fair market value and the revenue from such sale, less the brokerage fees/transactional costs, shall be greater than the Water Authority’s investment.

   Mr. Chadwick presented information on the San Miguel mitigation bank including credit details, refined assessment status and the 2017 market assessment. Staff responded to questions and comments posed by Directors.

   Director Ayala moved, Director Hedberg seconded, and the motion to approve staffs’ recommendation passed unanimously.

   * Director Kennedy arrived at 10:20 a.m.

2. Review of Water Authority Annexation Policies.
   Staff recommendation: Authorize the General Manager to make non-substantive updates to the Implementation Procedure for Annexation Policy #2 to ensure consistency with updates to supply and shortage contingency planning documents.
Mr. Stephenson presented an overview of the Annexation Policies and details of Policy #2 – Protection of Member Agency Supply Reliability. It was emphasized that as planning documents were updated, non-substantive revisions to procedures would be needed.

Director Ayala moved, Director Kennedy seconded, and the motion to approve staffs’ recommendation passed unanimously.

3. Update on potable reuse activities.

Ms. Roy provided an update on Potable Reuse Coordinating Committee (PRCC) activities including details on the goal of Surface Water Augmentation Regulations, PRCC engagement, and the next phase for regulations.

Mr. Lee provided information on regional coordination regarding potable reuse outreach including an overview of resources available on the new microsite and a brief video on potable reuse.

Staff responded to questions and comments posed by Directors.

III. INFORMATION
The following information 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 Water Planning Committee, Chair Cherashore adjourned the meeting at 10:53 a.m.

LEGISLATION AND PUBLIC OUTREACH COMMITTEE
CALL TO ORDER/ROLL CALL
Chair Guerin called the Legislation and Public Outreach Committee to order at 11:03 a.m. Committee members present were Chair Guerin, Vice Chairs Hall and Tu, and Directors Arant, Croucher, Gallo, Hilliker, Muir, Scalzitti, and Steiner. Committee members absent were Directors Butkiewicz, Evans, Madaffer, Morrison and Supervisor Gaspar. Also present were Directors Arant, Barnum, Boyle, Cherashore, Fong-Sakai, Hedberg, Heinrichs, Hogan, Kennedy, Miller, Murtland, Saxod, Simpson, Smith, Watkins, Weston and Wilson. 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 Hattam, Deputy General Manager Kerl, Assistant General Manager Cushman, Director of Public Outreach and Conservation Foster, Government Relations Manager Farrel, Water Resources Manager
Friehauf, Principal Water Resources Specialist Michelon, and Water Resources Specialist Vierola.

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
  Chair Guerin reported that Vice Chair Madaffer and LPO Vice Chair Tu participated in
  the San Diego Regional Chamber of Commerce advocacy trip to Washington D.C. in
  September to help convey key water issues.

  She requested help from the Board in getting a volunteer to assist with judging the
  upcoming ACWA Clair Hill Scholarship nominations and Vice Chair Tu volunteered.

I.  CONSENT CALENDAR
   There were no Consent Calendar items.

II.  ACTION/DISCUSSSION/PRESENTATION

  1.  Legislative issues.
      1-B  Sacramento Report.
          1.  Long-Term Water-Use Efficiency.

      Mr. Farrel and Ms. Friehauf provided an update on long-term water-use efficiency
      legislation and a Sacramento update, in which they provided information on SB 623 (Monning)
      regarding a public goods charge on water, SB 606 (Hertzberg/Skinner), AB 1668 (Friedman)
      regarding long-term water-use efficiency, and SB 5 (De Leon) the parks resources and water
      bond.

      Mr. Farrel provided an update on AB 746 (Gonzalez Fletcher) regarding lead testing in
      schools and stated it was currently on the Governor’s desk.

  2.  Sustainable Landscapes Demonstration Garden.

      Mr. Michelon and Ms. Vierola presented highlights of the Sustainable Landscaping
      Demonstration Garden project, a new community resource at the Water Authority’s
      headquarters.

Item II-3 was continued to the October 26, 2017 committee meeting.

III. INFORMATION
The following information items were received and filed:
1. Government Relations Update.
2. Quarterly report on Public Outreach and Conservation activities.

IV. ADJOURNMENT
There being no further business to come before the Legislation and Public Outreach Committee, Chair Guerin adjourned the meeting at 11:51 a.m. and the Board convened outside to see the unveiling of the Sustainable Landscaping Demonstration Garden sign located in front of the Water Authority headquarters.

IMPORTED WATER COMMITTEE
CALL TO ORDER / ROLL CALL
Chair Weston called the Imported Water Committee meeting to order at 1:00 p.m. Committee members present were Chair Weston, Vice Chairs Fong-Sakai and Kennedy, and Directors Barnum, Hogan, Miller, Murtland, Saxod, Scalzitti, Steiner, and Wilson. Committee members absent were Director Lewinger, Madaffer, Olson, and Supervisor Gaspar. Also present were Directors Arant, Boyle, Brady, Cherashore, Croucher, Gallo, Guerin, Hall, Hedberg, Heinrichs, Hilliker, Morrison, Muir, Preciado, Simpson, Smith, Tu, and Watkins. 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 Hattam, Deputy General Manager Kerl, Assistant General Manager Cushman, MWD Program Director Chen, QSA Outreach Coordinator Simon, and Senior Water Resources Specialist Mendelson-Goossen.

ADDITIONS TO AGENDA
Chair Weston announced there would be no Closed Session for item IV-3.

PUBLIC COMMENT
Tom Philp, Strategic Communications and Water Policy Advisor from Metropolitan Water District based out of Sacramento, made comments regarding the percentage of MWD water consumed locally from the State Water Project.

CHAIR’S REPORT
Chair Weston announced the biennial Colorado River Symposium would be held in Santa Fe, New Mexico September 27-29, 2017, and part of the planned proceedings include the official signing of binational Minute 323, which was the successor agreement to Minute 319. He stated that Assistant General Manager Denham would participate on a stakeholder panel during the symposium which focused on the Salton Sea.
He reported that two major California WaterFix headlines had recently posted. One was Zone 7 Water Agency had decided to participate in the project, and the other was Westlands Water District’s Board voted not to take part in the WaterFix. He asked the Board to watch for more headlines during October.

Chair Weston stated the Supreme Court had denied a petition by the Water Authority to review the rate case. He highlighted successes and positive results received by the Water Authority, and announced there would be further discussion during Closed Session.

DIRECTORS’ COMMENTS
There were no Directors’ comments.

I. CONSENT CALENDAR
There were no Consent Calendar items.

II. ACTION/DISCUSSION/PRESENTATION
1. MWD issues and activities update.
   1-A Metropolitan Water District Delegates’ Report.

   MWD Delegates Hogan, Steiner, and Saxod briefed the Board on the most recent MWD Board Committee meetings mentioning MWD’s ethics office and SB60, CA WaterFix Workshop, and Water Authority delegates’ position Minute 323.

   1-B Financial Review of Metropolitan Water District’s Mid-Term Biennial Budget.

   Ms. Mendelson-Goossens presented a review of MWD’s Mid-Term Biennial Budget. She reviewed MWD’s recent financial history, Fiscal Year 2017 results, Fiscal Year 2018 forecast, and explained the upcoming biennial budget and rate setting process.

   Board members asked questions.

2. Colorado River Program.
   2-A Colorado River Board Representative’s report.

   Director Wilson announced Minute 323 was executed at the Colorado River Symposium.

3. Quantification Settlement Agreement Outreach Program Update.

   Mr. Simon presented an update on the Imperial Valley Outreach Program and highlighted program goals, Imperial Valley’s perspective on the QSA then and now, and outreach efforts. He mentioned the Imperial-San Diego Currents Blog site, and Imperial Valley tours offered. He concluded with explaining evolving issues for outreach, having a multi-faceted approach, and next steps.
III. INFORMATION
The following information item was received and filed:
1. Metropolitan Water District Program Report.

At that time, Mr. Yamada provided a response to public speaker Tom Philp’s comments.

IV. CLOSED SESSION
Mr. Hattam took the Committee into Closed Session at 1:47 p.m.

1. 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; CPF-12-512466; CPF-14-514004;
   CPF-16-515282; CPF-16-515391; A146901; A148266;
   BS169881; and CA Supreme Court Case No. TEMP- JWSQ01PN

2. Conference with Legal Counsel – Existing Litigation
   Government Code §54956.9(d)(1)
   California Department of Water Resources v. All Persons Interested; Sacramento
   Superior Court Case No. 34-20107-000215965-CUI-MC-GDS

Mr. Hattam brought the committee out of Closed Session at 2:37 p.m. and stated there was no reportable action.

V. ADJOURNMENT
There being no further business to come before the Imported Water Committee, Chair Weston adjourned the meeting at 2:38 p.m.

ADMINISTRATIVE AND FINANCE COMMITTEE
CALL TO ORDER / ROLL CALL
Chair Saxod called the Administrative and Finance Committee meeting to order at 2:44 p.m. Committee members present were Chair Saxod, Vice Chair Arant, and Directors Ayala, Cherashore, Gallo, Guerin, Hedberg, Heinrichs, Murtland, Simpson and Watkins. Committee members absent were Vice Chair Wilson and Directors Croucher and Hall. Also present were Directors Barnum, Hilliker, Hogan, Fong-Sakai, Kennedy, Morrison, Preciado and Tu. 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 Hattam, Deputy General Manager Kerl, Director of Finance/Treasurer Harris, Interim Director of Administrative Services Troche, Budget and Analysis Manager Whyte, and Controller Woidzik.

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
Chair Saxod mentioned that the General Manager’s Adopted Multi-Year Budget for Fiscal Years 2018 and 2019 had been distributed to the Board by staff. The Budget was also available on the Water Authority’s website.

DIRECTORS’ COMMENTS
There were no Directors’ comments.

I. CONSENT CALENDAR
   Staff recommendation: Note and file the monthly Treasurer’s report.

2. Revised record retention schedule.
   Staff recommendation: Adopt Resolution No. 2017-16 to approve the revised record retention schedule and authorize the General Manager, in concurrence with General Counsel, to authorize the destruction of Water Authority records in accordance with the record retention schedule.

3. Resolution amending the titles of authorized officers and employees to invest monies in the Local Agency Investment Fund (LAIF).
   Staff recommendation: Adopt Resolution No. 2017-17 amending the titles of authorized officers and employees to invest monies in the Local Agency Investment Fund (LAIF).

4. Approve the selection of Carollo Engineers, LLC to provide financial rate modeling support.
   Staff recommendation: Authorize the General Manager to award a multi-year professional services contract to Carollo Engineers, LLC (Carollo) for a total base amount not-to-exceed $350,000 for the twenty-month period from October 1, 2017 to June 30, 2019. The contract has two one-year renewal options.

Director Ayala moved, Director Heinrichs seconded, and the motion to approve staffs’ recommendations passed unanimously.

II ACTION/DISCUSSION/PRESENTATION

Mr. Woidzik provided a presentation on the Controller’s Report as of June 2017 (Final/Unaudited).
Director Ayala commended the Finance department for their staff report. Director Guerin asked a question and Mr. Woidzik answered.

III. INFORMATION
The following items were received and filed:
1. Report on purchase orders and contracts for goods and services above $10,000.
2. Board Calendar.

V. CLOSED SESSION
Mr. Hattam took the committee into Closed Session at 3:00 p.m.

1. Conference with Legal Counsel – Anticipated Litigation
   Government Code §54956.9(d)(2)
   Significant Exposure – One Case

Mr. Hattam brought the committee out of Closed Session at 3:18 p.m. and stated there was no reportable action.

VI. ADJOURNMENT
There being no further business to come before the Administrative and Finance Committee, Chair Saxod adjourned the meeting at 3:19 p.m.

FORMAL BOARD OF DIRECTORS’ MEETING OF SEPTEMBER 28, 2017
1. CALL TO ORDER Chair Muir called the Formal Board of Directors’ meeting to order at 3:25 p.m.

2. SALUTE TO THE FLAG Director Barnum led the salute to the flag.

3. ROLL CALL, DETERMINATION OF QUORUM
Secretary Croucher called the roll. Directors present were Arant, Ayala, Barnum, Cherashore, Croucher, Fong-Sakai, Gallo, Guerin, Hall, Hedberg, Heinrichs, Hilliker, Hogan, Kennedy, Miller, Morrison, Muir, Murtland, Preciado, Saxod, Steiner, Tu, Watkins, Weston, and Wilson. Directors absent were Boyle, Brady, Butkiewicz, Evans, Lewinger (p), Madaffer, Olson, Razak, Scalzitti (p), Simpson, Smith (p), and Supervisor Gaspar.

3-A Report on proxies received. Director Hall was the proxy for Director Lewinger, Director Hedberg was the proxy for Director Scalzitti, and Director Croucher was the proxy for Director Smith.

4. ADDITIONS TO AGENDA
There were no additions to the agenda.
5. **APPROVAL OF MINUTES**
Director Saxod moved, Director Tu seconded, and the motion carried at 89.46% of the vote to approve the minutes of the Special Water Planning Committee meeting of August 10, 2017 and the minutes of the Formal Board of Directors’ meeting of August 24, 2017.

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 who wished to speak.

7. **PRESENTATIONS & PUBLIC HEARINGS**
7-A Presentation of Directors’ Service Certificates.

Chair Muir presented Directors’ Service Certificates to Directors Barnum, Boyle, Brady, Miller, and Weston for 5 years of service; Director Hilliker for 10 years of service; and Directors Lewinger and Tu for 15 years of service to the Water Authority Board of Directors.

* Director Morrison left at 3:32 p.m., prior to the Consent Calendar vote.

8. **REPORTS BY CHAIRS**
8-A Chairs report: Chair Muir reported on a tour attended by himself, Secretary Croucher, and local members of the California Special Districts Association. The tour visited sites including the Bud Lewis Carlsbad Desalination Plant, Lake Hodges Pumped Storage Facility, and Escondido Control and Emergency Operations Center. He stated the Desalination plant was placed back in service on Wednesday, September 20, 2017 following installation of 42 couplings.

Chair Muir announced he had appointed Director Smith to the Audit Committee to fill a vacancy.

* Directors Tu and Barnum left at 3:34 p.m., prior to the Consent Calendar vote.

8-B Report by Committee Chairs:
Engineering and Operations Committee. Director Heinrichs reviewed the meeting and stated that no action was taken.
Water Planning Committee. Director Cherashore reviewed the meeting and the action taken.
Legislation and Public Outreach Committee. Director Guerin reviewed the meeting and stated that no action was taken.
Imported Water Committee. Director Weston reviewed the meeting and stated that no action was taken.
Administrative and Finance Committee. Director Saxod reviewed the meeting and the action taken.
9. **CONSENT CALENDAR**
Director Kennedy moved, Director Heinrichs seconded, and the motion carried at 87.19% of the vote to approve the Consent Calendar. Directors voting no or abstaining are listed under the item.

9-1. Professional services contracts with A&N Technical Services, Inc., and Envirosmart Solutions Group for as-needed planning and evaluation of water-use efficiency programs.
The Board authorized the General Manager to award two individual two-year professional services contracts, with options for two-year extensions, in the amount of $250,000 to A&N Technical Services, Inc., and $125,000 to Envirosmart Solutions Group, for a not-to-exceed total of $375,000 for as-needed planning and evaluation of water-use efficiency programs.

9-2. Authorization to market, sell or exchange excess mitigation credits at San Miguel Conservation Bank.
The Board authorized the General Manager to market, sell or exchange up to 240 excess mitigation credits at San Miguel Conservation Bank and deposit sales proceeds in the CIP Mitigation Program to provide funding for future acquisition or development of mitigation sites or credits. Any credits shall be sold at fair market value and the revenue from such sale, less the brokerage fees/transactional costs, shall be greater than the Water Authority’s investment.

The Board authorized the General Manager to make non-substantive updates to the Implementation Procedure for Annexation Policy #2 to ensure consistency with updates to supply and shortage contingency planning documents.

The Board noted and filed the monthly Treasurer’s Report.

9-5. Revised record retention schedule.
The Board adopted Resolution No. 2017-16 to approve the revised record retention schedule and authorize the General Manager, in concurrence with General Counsel, to authorize the destruction of Water Authority records in accordance with the record retention schedule.

9-6. Resolution amending the titles of authorized officers and employees to invest monies in the Local Agency Investment Fund (LAIF).
The Board adopted Resolution No. 2017-17 amending the titles of authorized officers and employees to invest monies in the Local Agency Investment Fund (LAIF).
9- 7. Approve the selection of Carollo Engineers, LLC to provide financial rate modeling support.
The Board authorized the General Manager to award a multi-year professional services contract to Carollo Engineers, LLC (Carollo) for a total base amount not-to-exceed $350,000 for the twenty-month period from October 1, 2017 to June 30, 2019. The contract has two one-year renewal options.

10. **ACTION/DISCUSSION**

11. **SPECIAL REPORTS**

11-A GENERAL MANAGER’S REPORT – Ms. Stapleton had nothing further to report.

11-B GENERAL COUNSEL’S REPORT – Mr. Hattam had nothing further to report.

11-C SANDAG REPORT – No report was given.
SANDAG Subcommittees:
Borders Committee – No report was given.
Regional Planning Committee – Director Olson was absent. No report was given.

11-D AB 1234 Compliance Reports – No reports were given.

12. **CLOSED SESSION(S)**
Mr. Hattam announced there was no need for Closed Session.

12-A Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Name of Case: Shimmick Construction Co., Inc./Obayashi Corp., joint venture v. San Diego County Water Authority, Riverside Superior Court Case No. RIC 1609196

12-B Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Name of Case: SDCWA v. Metropolitan Water District of Southern California; Case Nos. CPF-10-510830; CPF-12-512466; CPF-14-514004; CPF-16-515282; CPF-16-515391; A146901; A148266; BS169881; and CA Supreme Court Case No. S243500
12-C Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
California Department of Water Resources v. All Persons Interested;
Sacramento Superior Court Case No. 34-2017-000215965-CU-MC-GDS

12-D Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
State Water Resources Control Board Petition of Imperial Irrigation
District for Modification of Revised Water Rights Order 2002-0013

12-E Conference with Legal Counsel – Anticipated Litigation
Government Code §54956.9(d)(2)
Significant Exposure – One Case

13. **ACTION FOLLOWING CLOSED SESSION**

14. **OTHER COMMUNICATIONS**

15. **ADJOURNMENT**
There being no further business to come before the Board, Chair Muir adjourned the meeting at 3:37 p.m.

_______________________________
Mark Muir, Chair                Gary Croucher, Secretary

_______________________________
Melinda Nelson, Clerk of the Board
RESOLUTION NO. 2017-_______

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN DIEGO COUNTY WATER AUTHORITY
HONORING HALLA RAZAK
UPON HER RETIREMENT FROM THE BOARD OF DIRECTORS

WHEREAS, Halla Razak served as a member of the Board of Directors of the San Diego County Water Authority, representing the City of San Diego, from March 20, 2014 to her retirement on September 27, 2017; and

WHEREAS, she served as Vice Chair on the Administrative and Finance Committee; and

WHEREAS, she served as a member on the Administrative and Finance Committee, Engineering and Operations Committee, and Water Planning Committee; and

WHEREAS, she served as a member on the Energy Task Force, and the Colorado River Task Force; and

WHEREAS, her contributions to the community extend beyond the activities with the San Diego County Water Authority; and

WHEREAS, her service, both public and private, has resulted in a benefit to all people of San Diego County.

NOW, THEREFORE, BE IT RESOLVED, that on behalf of its individual members, past and present, its staff, and the people of San Diego County, the Board of Directors offers its most sincere appreciation to Halla Razak for her dedicated service to the San Diego region.

PASSED, APPROVED, and ADOPTED this 26th day of October 2017.

Ayes:

Noes:

Abstain:

Absent:
I, Melinda Nelson, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2017- _____ was duly adopted at the meeting of the Board of Directors on the date stated above.
October 18, 2017

Attention:  Board of Directors

General Counsel’s Report – September/October 2017

Purpose
This report discusses certain meaningful legal matters receiving attention during the months of September/October 2017.

Significant Developments in Pending Litigation

MWD Rate Cases

2010/2012 Rate Cases:  On September 28, 2017, the California Supreme Court denied the Water Authority’s petition for review of the Court of Appeal’s June 21, 2017 Opinion and Order.  The Water Authority had petitioned for review on the one issue it lost at the Court of Appeal:  whether MWD may lawfully include State Water Project costs in its wheeling rate and the price charged to the Water Authority to transport water under the Exchange Agreement.  Denial of the petition for review means the Court of Appeal decision—including its analysis of the legality of MWD’s rates under the heightened standard of Proposition 26, and its holdings that MWD’s Water Stewardship Rate may not be charged as a transportation rate, MWD’s Rate Structure Integrity provision is unconstitutional, and MWD miscalculated the Water Authority’s preferential rights—is binding going forward.

The Court of Appeal remanded the case to the trial court for “recalculation of damages,” a redetermination of who the “prevailing party” is for purposes of awarding attorneys’ fees and costs and other actions consistent with the Court of Appeal decision.  We expect that proceedings will soon resume in the trial court.

2014 Rate Case:  The case filed on May 30, 2014 challenging MWD’s rates adopted in 2014 for 2015 and 2016 was transferred to San Francisco Superior Court, assigned to Judge Karnow, and remains stayed.

2016 Rate Case:  The case filed on April 13, 2016 challenging MWD’s rates adopted in 2016 for 2017 and 2018 was transferred to San Francisco Superior Court and, following MWD’s exercise of a peremptory challenge against Judge Karnow, assigned to Judge Mary Wiss, the other complex litigation judge in San Francisco.  The Water Authority, MWD, and the eight MWD member agencies who answered the 2016 complaint entered into a stipulation (1) allowing the Water Authority to amend the 2016 complaint to add claims under the Exchange Agreement and for monetary damages; and (2) staying the 2016 case pending the outcome of the appeal in the 2010 and 2012 cases.  On November 14, 2016, the Water Authority filed its amended complaint, and the 2016 case remains stayed.
2017 Rate Case: This case was filed on June 9, 2017, following MWD’s April 2017 approval of Readiness-to-Serve and Capacity Charges to be charged in 2018. After the MWD Board approved an amended RTS Charge for 2018 at its July 2017 Board meeting, the Water Authority, on July 18, 2017, filed an amended complaint challenging the amended RTS Charge. The 2017 complaint was answered by the City of Los Angeles, the City of Torrance, the Eastern Municipal Water District, Foothill Municipal Water District, Las Virgenes Municipal Water District, Municipal Water District of Orange County, Three Valleys Municipal Water District, West Basin Municipal Water District and Western Municipal Water District. By stipulation, MWD’s answer will not come due until after the case is transferred. The parties are in the process of finalizing a stipulation to transfer the case to San Francisco Superior Court.

Public Records Act Case: Now pending in San Francisco, this action is to obtain a copy of the "financial planning" rate model used by MWD in 2016 to allocate its costs and set its rates for calendar years 2017 and 2018. Discovery is complete and briefs are expected to be filed shortly. The matter is expected to be heard this year.

Shimmick/Obayashi Joint Venture v. San Diego County Water Authority

This large CIP construction case is now in trial (September 22, 2017), with a jury empaneled and witnesses testifying. The Plaintiff is currently putting on its case.

San Diegans for Open Government v. San Diego County Water Authority

This case was to have had our Demurrer heard in September, but Plaintiff’s counsel Corey Briggs had some form of medical emergency and the hearing was re-set for November 3.

Requests Pursuant to the Public Records Act Request

<table>
<thead>
<tr>
<th>Requestor</th>
<th>Documents Requested</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego Reader</td>
<td>Documentation regarding the San Diego Regional Economic Development Corp.</td>
</tr>
</tbody>
</table>

Prepared by: Mark J. Hattam, General Counsel

Attachment: Special Counsel Expenditure Report
## On-going Litigation

<table>
<thead>
<tr>
<th>Special Counsel</th>
<th>Project</th>
<th>Total $ Expended for Sept/Oct-17 (Fees &amp; Costs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allen Matkins</td>
<td>MWD Ethics Office Issues</td>
<td>Privileged 1</td>
</tr>
<tr>
<td>Aviles, Kelly A.</td>
<td>Enforcing Requests for Public Records</td>
<td>Privileged</td>
</tr>
<tr>
<td>Brownstein Hyatt Farber Schreck</td>
<td>QSA Litigation</td>
<td>Privileged</td>
</tr>
<tr>
<td></td>
<td>QSA Implementation</td>
<td>Privileged</td>
</tr>
<tr>
<td></td>
<td>MWD Rate Litigation</td>
<td>Privileged</td>
</tr>
<tr>
<td></td>
<td>Public Records Litigation</td>
<td>Privileged</td>
</tr>
<tr>
<td>California Appellate Law Group</td>
<td>Metropolitan Rates</td>
<td>Privileged</td>
</tr>
<tr>
<td>Colantuono Highsmith &amp; Whatley</td>
<td>Metropolitan Rates</td>
<td>Privileged</td>
</tr>
<tr>
<td>Daley &amp; Heft</td>
<td>Pipeline 3 Relining Project</td>
<td>Privileged</td>
</tr>
<tr>
<td></td>
<td>San Diego Office of Education Matter</td>
<td>Privileged</td>
</tr>
<tr>
<td>Hogan Lovells US LLP</td>
<td>Metropolitan Rates</td>
<td>Privileged</td>
</tr>
<tr>
<td>Keker Van Nest &amp; Peters</td>
<td>Metropolitan Rates</td>
<td>Privileged</td>
</tr>
<tr>
<td>Procopio Cory Hargreaves &amp; Savitch</td>
<td>Brown Act Case</td>
<td>Privileged</td>
</tr>
<tr>
<td></td>
<td>DWR Validation Matter</td>
<td>Privileged</td>
</tr>
<tr>
<td></td>
<td>San Vicente Dam Raise Project</td>
<td>Privileged</td>
</tr>
</tbody>
</table>

## Non-Litigation

<table>
<thead>
<tr>
<th>Special Counsel</th>
<th>Project</th>
<th>Total $ Expended for Sept/Oct-17 (Fees &amp; Costs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allen Matkins</td>
<td>San Vicente Real Property</td>
<td>$4,467.15 (CIP)</td>
</tr>
<tr>
<td>Daley &amp; Heft</td>
<td>Utility Line Drone Inspection</td>
<td>$7,617.50 (OP)</td>
</tr>
<tr>
<td>Pillsbury Winthrop Shaw Pittman LLP</td>
<td>Intellectual Property</td>
<td>$3,297.50 (OP)</td>
</tr>
<tr>
<td>Van Ness Feldman</td>
<td>San Vicente Water Storage Facility Project</td>
<td>$451.36 (CIP)</td>
</tr>
</tbody>
</table>

1 The California Supreme Court has held that the amounts of monthly legal bills for ongoing litigation have privileged status, as they may disclose litigation strategy. *Los Angeles County Bd. of Supervisors v. Superior Court*, (2016) 2 Cal. 5th 282, 286.