Amendments to MOU and Compensation Plans for Unrepresented Employees
Ratified - Tentative Agreement for Represented

- **Term**: 2 years

- **Wages**:  
  - Effective 14th Pay period (6/30/19) Using May San Diego CPI Less Medical: **CPI floor of 2%, Ceiling of 4% (CPI 3.87%)**  
  - Effective 14th Pay period (6/28/20) Using May San Diego CPI Less Medical: **CPI floor of 2%, Ceiling of 4%**

- **Right to Reopen in Second Year**  
  - 5.3.5 Overtime Exemption (impacts of FLSA audit)

- **Classification Review**  
  - Specified Positions will be reviewed with specified agencies no later than 9/2019, subject to meet and confer

- **Compensation Study**  
  - Meet and confer with Union no later than November 2020 to discuss survey agencies and methodology in advance of successor negotiations
Unrepresented Groups - Overview

- Unrepresented Employees
  - 15% of employees are unrepresented
  - Confidential Group (9) - e.g., Senior HR Analyst, Clerk of the Board, Executive Administrative Assistant
  - Senior Management Group (14) - e.g., Controller, O&M Manager, HR Manager, Government Relations Manager
  - Executive Group (9) - e.g., Department Directors, Assistant General Manager, Deputy General Manager
Proposed Compensation Plans (Unrepresented)

- Apply same CPI values (3.87% Year 1, 2-4% Year 2) to adjust the salary ranges for the unrepresented groups.

- Executive and Senior Management employees continue pay for performance program, in which pay is adjusted only for recognition of performance in meeting defined goals and standards.
  - Any increases based on performance are within the salary range for the classification.
  - If employee is at top of range, no adjustment is made.

- Compensation Study (2020) will include unrepresented positions as well.
## Financial Impact - Represented & Unrepresented

<table>
<thead>
<tr>
<th>YEAR</th>
<th>BASIS</th>
<th>Floor</th>
<th>Ceiling</th>
<th>May CPI</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>CPI</td>
<td>2.0%</td>
<td>4.0%</td>
<td>3.87%</td>
<td>$1,495,114</td>
</tr>
<tr>
<td></td>
<td>(Effective 6/30/19)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 2</td>
<td>CPI</td>
<td>2.0%</td>
<td>4.0%</td>
<td>Released</td>
<td>$1,358,532</td>
</tr>
<tr>
<td></td>
<td>(Effective 6/28/19)</td>
<td></td>
<td></td>
<td>June 2020</td>
<td>$2,183,195</td>
</tr>
</tbody>
</table>
General Manager’s Recommended Budget for Fiscal Years 2020 & 2021

Administrative & Finance Committee
June 27, 2019
FYs 2020 & 2021 Budget Development

- Board Input – January 2019
- Recommended Budget – May 2019
- A&F Committee Workshops June 11 & 13
  - Water Sales
  - Capital Improvement Program
  - Debt Service
  - Cyber and Facility Security
  - Equipment Replacement Fund
  - Grants
  - Enhanced Member Agency Engagement
  - Operating Departments
- Consideration of Budget Approval – June 27
Factors Impacting FYs 2020 & 2021
Overall Budget

- Water Supply and Demand
  - Water Sales, Purchases, and Treatment
  - Decrease in projected Water Sales
- Usage of Rate Stabilization Fund
- Capital Improvement Program
- Asset Management
FYs 2020 & 2021 Sources of Funds

- Water Sales: $1,306,919 (77%)
- Net Fund Withdraws: $143,581 (9%)
- Infrastructure Access Charges: $81,656 (5%)
- Capacity Charges: $33,220 (2%)
- Build America Bonds & Investment Income: $32,605 (2%)
- Property Taxes & In-Lieu Charges: $28,304 (2%)
- Water Standby Availability Charges: $22,221 (1%)
- All Other Revenue Sources: $39,060 (2%)

Total*: $1,687,566 (100%)

*Totals may not foot due to rounding.
FYs 2020 & 2021 Recommended Budget

- Water Purchases & Treatment: $1,083,174 (64%)
- Debt Service: $297,432 (18%)
- CIP Expenditures: $162,222 (10%)
- Operating Departments: $108,503 (6%)
- Equipment Replacement: $6,024 (<1%)
- Other & Grants: $30,211 (>1%)

Total: $1,687,566 (100%)

= 92% of TOTAL BUDGET
Staff Recommendation

- Staff recommends that the Board formally adopt the General Manager’s Recommended Budget for Fiscal Years 2020 and 2021.

- Approve adoption of Resolution No. 2019-___, a Resolution of the Board of Directors of the San Diego County Water Authority approving the General Manager’s Recommended Budget for Fiscal Years 2020 and 2021, for operations and capital improvements and appropriating $1,687,565,781 consistent with the approved budget.
Recommended Calendar Year 2020 Rates & Charges

Administrative and Finance Committee
June 27, 2019

Lisa Marie Harris, Director of Finance/Treasurer
Pierce Rossum, Rate & Debt Manager
CY 2020 Rate and Charge Drivers

- Water Sales Demand Forecast
  - 397,000 AF Deliveries, down 7% from CY 2019 forecast

- MWD Rate Adjustments
  - QSA Exchange Rate increase of 6.4%

- Ramp-up of IID deliveries (+32,500 AF)

- Increased CIP expenditures

- Carlsbad Temporary Intake Operation Costs
FY19 Water Sales Forecasted 10% Below Budget

FY19 Water Sales (AF) Actual to Budget Comparison on Cumulative Basis

For the Month of April 2019
- Monthly Actual: 26,110 AF
- Monthly Budget: 33,367 AF
- Monthly Actual vs. Budget: -21.7%

For the Month of May 2019
- Monthly Actual: 23,911 AF
- Monthly Budget: 39,212 AF
- Monthly Actual vs. Budget: -39.0%

Year-To-Date (April 2019)
- YTD Actual: 325,873 AF
- YTD Budget: 354,125 AF
- YTD Actual vs. Budget: -8.0%

Year-To-Date (May 2019)
- YTD Actual: 349,784 AF
- YTD Budget: 393,337 AF
- YTD Actual vs. Budget: -11.1%
Historical & Forecasted Water Sales

Revenue Impact:
- In 2008 $1/AF = $620,000
- In 2015, $1/AF = $500,000
- In 2019, $1/AF = $395,000
  - 56% increase ($1.56/AF) to generate 2008 levels ($620,000)
## MWD’s Rates and Charges

<table>
<thead>
<tr>
<th>recommended MWD</th>
<th>CY 2019</th>
<th>CY 2020</th>
<th>%Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1 Supply ($/AF)</td>
<td>$209</td>
<td>$208</td>
<td>(0.5)%</td>
</tr>
<tr>
<td>System Access</td>
<td>$326</td>
<td>$346</td>
<td>6.1%</td>
</tr>
<tr>
<td>Water Stewardship (N/A to QSA)</td>
<td>$69</td>
<td>$65</td>
<td>(5.8)%</td>
</tr>
<tr>
<td>System Power</td>
<td>$127</td>
<td>$136</td>
<td>7.1%</td>
</tr>
<tr>
<td>Treatment</td>
<td>$319</td>
<td>$323</td>
<td>1.3%</td>
</tr>
<tr>
<td>Tier 1 Untreated</td>
<td>$731</td>
<td>$755</td>
<td>3.3%</td>
</tr>
<tr>
<td>Tier 1 Treated</td>
<td>$1,050</td>
<td>$1,078</td>
<td>2.7%</td>
</tr>
<tr>
<td>Readiness-to-Serve ($M)</td>
<td>$133</td>
<td>$136</td>
<td>2.3%</td>
</tr>
<tr>
<td>Capacity Charge ($/cfs)</td>
<td>$8,600</td>
<td>$8,800</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

**Transportation**
- 4.8% ↑ on MWD supply
- 6.4% ↑ on QSA Supply
Ramp-up of IID Deliveries

IID & Canal Lining Deliveries 2003-2024

Deliveries:
- CY 2019 - 160,000 AF
- CY 2020 - 192,500 AF
- CY 2021 - 205,000 AF
- CY 2020 - 202,500 AF
- CY 2021+ 200,000 AF

IID Water Transfer
Canal Lining
Recommended Increases to IAC

Infrastructure Access Charge provides funding for at least 25% of the Authority’s fixed costs, when added to the standby availability charge and property tax revenues

- IAC to increase over two-year period *(CY 2020 & CY 2021)*
- Supports transition to PAYGO CIP
- Greater revenue stability affords ability to draw reserves and limit future increases
- Adjustment to IAC is revenue neutral, any reduction would be offset by corresponding rate increases
Ramp-Up achieves IAC Board policy target level

<table>
<thead>
<tr>
<th>CY 2019</th>
<th>CY 2020</th>
<th>CY 2021</th>
<th>CY 2022</th>
<th>CY 2023</th>
<th>CY 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excluding Full Annual Fixed Capital</td>
<td>As Proposed (2yr Ramp)</td>
<td>IF $3.01 IAC was Maintained</td>
<td>Board Policy (min)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Recommended CY 2020 Rates & Fixed Charges

<table>
<thead>
<tr>
<th></th>
<th>CYE 2019</th>
<th>CYE 2020</th>
<th>%Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Variable Rates ($/AF)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Melded M&amp;I Supply Rate</td>
<td>$909.00</td>
<td>$925.00</td>
<td>1.8%</td>
</tr>
<tr>
<td>Melded M&amp;I Treatment Rate</td>
<td>$276.00</td>
<td>$280.00</td>
<td>1.4%</td>
</tr>
<tr>
<td>Transportation</td>
<td>$120.00</td>
<td>$132.00</td>
<td>10.0%</td>
</tr>
<tr>
<td>Untreated SAWR¹</td>
<td>$731.00</td>
<td>$755.00</td>
<td>3.3%</td>
</tr>
<tr>
<td>Treated SAWR¹</td>
<td>$1,007.00</td>
<td>$1,035.00</td>
<td>2.8%</td>
</tr>
<tr>
<td><strong>Fixed Charges ($M)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Service</td>
<td>$25.60</td>
<td>$25.60</td>
<td>0.0%</td>
</tr>
<tr>
<td>Storage</td>
<td>$65.00</td>
<td>$65.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Supply Reliability</td>
<td>$30.20</td>
<td>$37.43</td>
<td>23.9%</td>
</tr>
<tr>
<td><strong>Other Charges</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure Access Charge ($/ME)²</td>
<td>$3.01</td>
<td>$3.66</td>
<td>21.6%</td>
</tr>
<tr>
<td>Standby Availability Charge ($)³</td>
<td>$10</td>
<td>$10</td>
<td>0.0%</td>
</tr>
<tr>
<td>System Capacity Charge ($/ME)²</td>
<td>$5,267</td>
<td>$5,301</td>
<td>0.6%</td>
</tr>
<tr>
<td>Treatment Capacity Charge ($/ME)²</td>
<td>$146</td>
<td>$147</td>
<td>0.6%</td>
</tr>
<tr>
<td>Annexation Application Fee ($)</td>
<td>$10,681</td>
<td>$10,749</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

1. Per current Board Policy, SAWR is set to end December 31, 2020.
2. ME means meter equivalent as defined in the resolution establishing the Infrastructure Access Charge.
3. Per parcel or acre, whichever is greater
4. Two year IAC ramp up. CY 2021 IAC forecasted at $4.43. In future years the IAC is forecasted to level.
## Recommended CY 2020 Cost of Water Breakdown

<table>
<thead>
<tr>
<th>Category</th>
<th>Approved CY 2019</th>
<th>Preliminary CY 2020</th>
<th>Δ $</th>
<th>%Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation *</td>
<td>$120.00</td>
<td>$132.00</td>
<td>$12.00</td>
<td>10.0%</td>
</tr>
<tr>
<td>Supply Reliability *</td>
<td>$80.00</td>
<td>$104.00</td>
<td>$24.00</td>
<td>30.0%</td>
</tr>
<tr>
<td>Storage *</td>
<td>$171.00</td>
<td>$181.00</td>
<td>$10.00</td>
<td>5.8%</td>
</tr>
<tr>
<td>Customer Service *</td>
<td>$61.00</td>
<td>$64.00</td>
<td>$3.00</td>
<td>4.9%</td>
</tr>
<tr>
<td>Melded M&amp;I Treatment Rate</td>
<td>$276.00</td>
<td>$280.00</td>
<td>$4.00</td>
<td>1.4%</td>
</tr>
<tr>
<td>Melded M&amp;I Supply Rate</td>
<td>$909.00</td>
<td>$925.00</td>
<td>$16.00</td>
<td>1.8%</td>
</tr>
<tr>
<td>Untreated Water Cost</td>
<td>$1,341.00</td>
<td>$1,406.00</td>
<td>$65.00</td>
<td>4.8%</td>
</tr>
<tr>
<td>Treated Water Cost</td>
<td>$1,617.00</td>
<td>$1,686.00</td>
<td>$69.00</td>
<td>4.3%</td>
</tr>
</tbody>
</table>
## Recommended CY 2020 Untreated Rates

### All-In Untreated Rate Guidance

<table>
<thead>
<tr>
<th>CYE</th>
<th>M&amp;I Untreated All-In Rate ($/AF)</th>
<th>Update Rate Guidance High - Untreated (2019) ($/AF)</th>
<th>Updated Rate Guidance Low - Untreated (2019) ($/AF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CYE2019</td>
<td>2.9% $1,291</td>
<td>6.9% $1,604</td>
<td>2.9% $1,341</td>
</tr>
<tr>
<td>CYE2020</td>
<td>5.0% $1,355</td>
<td>4.8% $1,406</td>
<td>4.8% $1,341</td>
</tr>
<tr>
<td>CYE2021</td>
<td>2.4% $1,423</td>
<td>2.6% $1,387</td>
<td>2.6% $1,341</td>
</tr>
<tr>
<td>CYE2022</td>
<td>1.4% $1,443</td>
<td>1.4% $1,387</td>
<td>1.4% $1,341</td>
</tr>
</tbody>
</table>

---

Our Region’s Trusted Water Leader
San Diego County Water Authority

[11]
Recommended CY 2020 Treated Rates

All-In Treated Rate Guidance

- CYE2019: M&I Treated All-In Rate ($/AF) $1,549, Rate Guidance High - Treated (2019) $1,617
- CYE2020: Rate Guidance Low - Treated (2019) $1,613
- CYE2021: Rate Guidance High - Treated (2019) $1,654
- CYE2022: Rate Guidance Low - Treated (2019) $1,692
- CYE2023: Rate Guidance High - Treated (2019) $1,716

Our Region’s Trusted Water Leader
San Diego County Water Authority
RSF provides smooth and predictable rates

- Mitigating upward rate and charge pressures
  - prolonged low water sales environment
  - Increasing MWD costs
  - IID ramp up
  - Cost of desalinated water
- Reflects updated RSF methodology and target
- Utilizing the RSF
  - Projected fiscal year draw of:
    - $22M in FY 2019
    - $38M in FY 2020
  - Rate smoothing forecasted into FY 2022
Financials assume **planned** draw of Reserves (PayGo & RSF), while maintaining sufficient Cash on Hand

**End-of-Year Reserve Balances**

<table>
<thead>
<tr>
<th></th>
<th>FYE 2019</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022</th>
<th>FYE 2023</th>
<th>FYE 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service Reserve Fund</td>
<td>$22.93</td>
<td>$23.21</td>
<td>$23.51</td>
<td>$23.83</td>
<td>$24.16</td>
<td>$24.49</td>
</tr>
<tr>
<td>Canal Maintenance Reserve</td>
<td>$-</td>
<td>$0.09</td>
<td>$0.29</td>
<td>$0.49</td>
<td>$0.71</td>
<td>$0.93</td>
</tr>
<tr>
<td>Equipment Replacement Fund</td>
<td>$0.93</td>
<td>$0.94</td>
<td>$0.95</td>
<td>$0.97</td>
<td>$0.98</td>
<td>$0.99</td>
</tr>
<tr>
<td>PAYGO Fund</td>
<td>$83.16</td>
<td>$28.19</td>
<td>$8.10</td>
<td>$6.20</td>
<td>$8.48</td>
<td>$8.78</td>
</tr>
<tr>
<td>Rate Stabilization Fund</td>
<td>$132.95</td>
<td>$96.59</td>
<td>$66.84</td>
<td>$56.75</td>
<td>$62.52</td>
<td>$79.37</td>
</tr>
<tr>
<td>Operating Fund</td>
<td>$94.81</td>
<td>$108.28</td>
<td>$116.45</td>
<td>$117.56</td>
<td>$122.45</td>
<td>$125.57</td>
</tr>
</tbody>
</table>
Today’s Actions

- Adopt Ordinance No. 2019-__ an ordinance of the Board of Directors of the San Diego County Water Authority setting rates and charges for the delivery and supply of water, use of facilities, and provision of services;
- Adopt Resolution No. 2019-__ a resolution of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge;
- Adopt Ordinance No. 2019-__ an ordinance of the Board of Directors of the San Diego County Water Authority amending and restating the System Capacity and Water Treatment Capacity Charges imposed by the Water Authority pursuant to Section 5.9 of the County Water Authority Act;
- Find the actions exempt from CEQA pursuant to Public Resources Code § 21080(b)(8) and authorize the General Manager to file a notice of exemption.
RSF Forecast reflects conservative assumptions

Forecasted balances to fall below target, with plans rebuild fund starting in FY 2023

- FYE 2019: $133
- FYE 2020: $97
- FYE 2021: $67
- FYE 2022: $57
- FYE 2023: $63
- FYE 2024: $79

* Forecasted draws as of May 2019
Aqueduct Operating Plan

Engineering and Operations Committee
June 27, 2019

Chris Castaing
Operations & Maintenance Manager
Aqueduct Operating Plan (AOP)

- Improve communication
- Coordinate operations
- Maximize regional resources
- Monthly Operating Heads meeting
Aqueduct Operating Plan

1. Water Supply/Conveyance (Treated and Untreated)
   - Untreated Water Distribution Priorities
2. Aqueduct Shutdowns
3. Member Agency Shutdowns
4. Energy Production/Consumption
5. Reservoir Operation/Coordination
6. Asset Management Activities
Treated Water Delivery FY2019

![Graph showing average monthly flow and percent treated water system capacity for FY2019. The graph includes two lines: one for FY 2019 AOP Projection and another for pipeline capacity (650 cfs). The x-axis represents months from July to June, and the y-axis represents average monthly flow (cfs) and percent treated water system capacity. The graph indicates fluctuations in flow and capacity throughout the year.](image-url)
Untreated Water Delivery FY2019

The graph shows the average monthly flow (cfs) and the percent untreated water system capacity from July to June for FY2019. The data indicates a decrease in flow from July to December and an increase from January to June. The pipeline capacity is set at 780 cfs.
Treated Water Projection FY 2020

Pipeline Capacity (650 cfs)

Average Monthly Flow (cfs)

Month | 0 | 65 | 130 | 195 | 260 | 325 | 390 | 455 | 520 | 585 | 650

July  | 65 | 65 | 65 | 65 | 65 | 0   | 0   | 0   | 0   | 0   |
August| 65 | 65 | 65 | 65 | 65 | 0   | 0   | 0   | 0   | 0   |
September| 65 | 65 | 65 | 65 | 65 | 0   | 0   | 0   | 0   | 0   |
October| 65 | 65 | 65 | 65 | 65 | 0   | 0   | 0   | 0   | 0   |
November| 65 | 65 | 65 | 65 | 65 | 0   | 0   | 0   | 0   | 0   |
December| 65 | 65 | 65 | 65 | 65 | 0   | 0   | 0   | 0   | 0   |
January| 65 | 65 | 65 | 65 | 65 | 0   | 0   | 0   | 0   | 0   |
February| 65 | 65 | 65 | 65 | 65 | 0   | 0   | 0   | 0   | 0   |
March| 65 | 65 | 65 | 65 | 65 | 0   | 0   | 0   | 0   | 0   |
April| 65 | 65 | 65 | 65 | 65 | 0   | 0   | 0   | 0   | 0   |
May| 65 | 65 | 65 | 65 | 65 | 0   | 0   | 0   | 0   | 0   |
June| 65 | 65 | 65 | 65 | 65 | 0   | 0   | 0   | 0   | 0   |

Percent Treated Water System Capacity

100%  90%  80%  70%  60%  50%  40%  30%  20%  10%  0%
Untreated Water Projection FY 2020

Average Monthly Flows (cfs)

<table>
<thead>
<tr>
<th>Month</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>546</td>
<td>624</td>
<td>546</td>
<td>468</td>
<td>390</td>
<td>312</td>
<td>234</td>
<td>156</td>
<td>78</td>
<td>108</td>
<td>144</td>
<td>180</td>
</tr>
</tbody>
</table>

Pipeline Capacity (780 cfs)

Percent Untreated Water System Capacity

- 100%
- 90%
- 80%
- 70%
- 60%
- 50%
- 40%
- 30%
- 20%
- 10%
- 0%
Untreated Distribution Priorities

June 1 – October 31
Summer Untreated Water Delivery Priority
1) Member Agency Treatment Plants
2) Water Authority Treatment Plants
3) Storage

Winter Untreated Water Delivery Priority
1) Member Agency Treatment Plants
2) Storage
3) Water Authority Treatment Plants
   November 1 – May 31
Member Agency Shutdowns

- 7/2019 – 12/2019
  Maerkle Reservoir Cover Replacement (Carlsbad)

- 11/2019 – 11/2019
  Annual Plant Shutdown (Oceanside)

- 7/2019 – 10/2019
  Lakeside Valve Station Rehab Project (City of San Diego)

Timeline:
July 1, 2019 to June 30, 2020
FY 2019 Energy Production

- **Rancho Peñasquitos**
  - Projected Revenue: $815,000

- **Lake Hodges Pump Storage**
  - Projected Revenue: $3,100,000
  - (Sources of Revenue: 80% availability/20% O&M variability payment)
FY 2020 Projected Energy Production

- Rancho Peñasquitos
  - Goal: $750,000

- Lake Hodges Pump Storage
  - Goal: $2,800,000 (based on availability charges)
Regional Usable Capacity
- 724,473 Acre Feet (AF)

June 1, 2019
- Usable Inventory
- 427,713 AF (59%)
Asset Management Activities

- Last Year Included:
  - Repurposed Helix 2 Flow Control Facility into Helix 8 Turnout Structure
  - First full year of O&M functions of the Lake Hodges Hydroelectric Pumped Storage Facility

- Pipeline Condition Assessment
  - Pipeline 1 and 2 (Treated)
  - Pipeline 4 Reline Project
  - Olivenhain Pipeline
Asset Management Activities

- Repaired and encased two joints on the La Mesa Sweetwater Extension pipeline

- Collaborative effort internally
  - Engineering
  - ROW
  - Water Resources
  - O&M
  - And Member Agencies
Asset Management Activities

Next Year:

- Condition assessment and visual inspection of Pipeline 3 and 4 treated between Del Dios siphon and Miramar Hill
- Replacement of two ultrasonic flow meters
- Enhance online water quality monitoring
Aqueduct Operating Plan - Future

- Operating Heads (monthly)
- FY 2021 AOP Schedule
  - Shutdown schedule to Operating Heads/MWD - January 2020
  - General Managers - June 2020
  - Board - June 2020
Energy Program Update

Engineering & Operations Committee
June 27, 2019

Gary Bousquet
Deputy Director of Engineering
Agenda

- 2013 Energy Management Policy
- Proposed 2019 Energy Management Policy
- San Vicente Energy Storage Facility - Cost Sharing Agreement with City of San Diego
## Energy Program - 2013 to Present

<p>| | |</p>
<table>
<thead>
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<tbody>
<tr>
<td>1</td>
<td>Implement 2013 Board Energy Management Policy</td>
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<tr>
<td>2</td>
<td>Reduce power costs, maximize use of existing water infrastructure and use of renewables</td>
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### Four Key Focus Areas:

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<tbody>
<tr>
<td>Existing Energy Facilities</td>
<td>New Energy Initiatives</td>
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<tr>
<td>Energy Procurement and Transmission</td>
<td>Regulatory Engagement</td>
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</tbody>
</table>
What has changed since 2013?

- Energy Market Transformation
  - SB100: The 100 Percent Clean Energy Act of 2018
  - SDG&E proposed to move out of generation
  - PG&E Bankruptcy
  - Community Choice Aggregation (CCA)

- Operation of Claude “Bud” Lewis Desalination Plant
Proposed 2019 Energy Management Policy

Policy Goals:

- Lower energy costs at Claude “Bud” Lewis Desalination Plant
- Continue progress on potential San Vicente Energy Storage Facility
- Use existing infrastructure to generate revenue to offset water rates
- Align with legislative activity driving California’s future energy market
Proposed 2019 Energy Management Policy

Six Focus Areas:

1. Energy Supplies
2. Existing System Operations
3. Energy Generation and Storage
4. Energy Efficient Equipment & Features
5. Collaborative Relationships
6. Government Relations
Proposed 2019 Energy Program - Focus Areas

1. Energy Supplies
2. Existing System Operations
3. Energy Generation and Storage
4. Energy Efficient Equipment & Features
5. Collaborative Relationships
6. Government Relations
Energy Supplies

San Diego Gas & Electric

Hoover Dam

Western Area Power Administration

Alternative Energy
Claude “Bud” Lewis Desalination Plant
Future Potential Energy Supplies

- Direct Access
  - Apply to lottery - June 2019
  - Notification - August 2019
  - Potential savings beginning - January 2021

- Rancho Peñasquitos Power Transfer
  - Renewable Energy Self-Generation Bill Credit Transfer (RES-BCT)

- Energy Technical Advisor
Proposed 2019 Energy Program - Focus Areas

1. Energy Supplies
2. Existing System Operations
3. Energy Generation and Storage
4. Energy Efficient Equipment & Features
5. Collaborative Relationships
6. Government Relations
Current Annual System Operations (FY18)

- **Aqueduct Facilities**
  - $74k
  - 292 MWh

- **Offices**
  - $331k
  - 1,634 MWh

- **Pump Stations**
  - $717k
  - 2,643 MWh

- **100MGD TOVWTP**
  - $1.2M
  - 6,028 MWh

- **50MGD Desal Plant**
  - $32M
  - 225,000 MWh
Adjust Operations to Minimize Costs

- Modify operations at existing facilities
  - Perform pump-runs during off-peak times

- Develop centralized energy generation and usage database system
Proposed 2019 Energy Program - Focus Areas

1. Energy Supplies
2. Existing System Operations
3. Energy Generation and Storage
4. Energy Efficient Equipment & Features
5. Collaborative Relationships
6. Government Relations
Existing Energy Generation
Lake Hodges Energy Storage Facility

Generates energy as water flows downhill from Olivenhain Reservoir to Lake Hodges

Helps the region meet peak power demand

40 MW storage capacity | 54,000 MWh/year energy

Estimated Annual Net Revenue
$1.5 M
Existing Energy Generation
Rancho Peñasquitos Hydroelectric Facility

Generates power as water flows through the aqueduct

4.5 MW of renewable energy capacity
21,000 MWh/year of renewable energy

Anticipated Annual Net Revenue
$900,000
Existing Energy Generation - Solar Facilities

- **Kearny Mesa Headquarters**
  - 600 MWh/year

- **Operations Center in Escondido**
  - 250 MWh/year

- **Twin Oaks Valley Water Treatment Plant**
  - 1,850 MWh/year

**Estimated Annual Savings**

$150,000
Existing Energy Storage
Twin Oaks Battery System
Future Energy Generation and Storage

Alvarado Hydroelectric Facility

Potential San Vicente Energy Storage Facility

Inline Hydro Feasibility Studies
Proposed 2019 Energy Program - Focus Areas

1. Energy Supplies
2. Existing System Operations
3. Energy Generation and Storage
4. Energy Efficient Equipment & Features
5. Collaborative Relationships
6. Government Relations
Energy Efficient Equipment & Features

- HVAC
- Pumps
- Lighting
- Windows
- Roofing
Proposed 2019 Energy Program - Focus Areas

1. Energy Supplies
2. Existing System Operations
3. Energy Generation and Storage
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6. Government Relations
Collaborative Relationships

Member Agencies
- System Operations
- Potential Joint Energy Procurement

Energy Suppliers
- Procurement
- Transmission & Distribution

Regulatory Agencies
- Compliance Requirements
- Current Opportunities
Proposed 2019 Energy Program - Focus Areas

1. Energy Supplies
2. Existing System Operations
3. Energy Generation and Storage
4. Energy Efficient Equipment & Features
5. Collaborative Relationships
6. Government Relations
Government Relations

- Monitor Regulatory Proceedings
  - CPUC Integrated Resource Plan
  - CAISO Transmission Planning Process

- Support Government Relations Program

- Monitor quickly evolving energy landscape
Future Energy Program Activities

- Pursue alternative energy supplies
- Secure off-take agreement legislation for the potential San Vicente Energy Storage Facility
- Incorporate energy saving attributes into existing facilities and future CIP projects
- Engage with legislators and regulatory agencies
Agenda

- 2013 Energy Management Policy
- Proposed 2019 Energy Management Policy
- San Vicente Energy Storage Facility - Cost Sharing Agreement with City of San Diego
San Vicente Energy Storage Facility

- City of San Diego/Water Authority Partnership
- December 2018: Term Sheet with Brookfield Renewables
- Valuation of pumped storage
- San Vicente Project Negotiations Work Group
# Phase 4 Cost Sharing Agreement with City

<table>
<thead>
<tr>
<th>Item</th>
<th>Total</th>
<th>WA Share</th>
<th>City Share</th>
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<tbody>
<tr>
<td>Phase 4</td>
<td>$1,827,000</td>
<td>$913,500</td>
<td>$913,500</td>
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## Phase 4 Scope of Work

- Project Development Agreement negotiations
- Professional/Legal support
- Attorney support for Federal Energy Regulatory Commission Preliminary Permit Updates
- State Water Resources Control Board fees
Current Budget Status

- Current Budget - $7 million
- Expended - $5.6 million
- 50 percent of non-labor/overhead costs are reimbursed by the City - Currently $1.8 million
Item 2b. 2019 Energy Management Policy
  ▪ Adopt the 2019 Energy Management Policy.

Item 2c. San Vicente Energy Storage Facility - Cost-Sharing Agreement with the City of San Diego
  ▪ Authorize the General Manager to enter into an Agreement with the City of San Diego for implementation of Phase 4 Work for the potential San Vicente Energy Storage Facility.
Sacramento Update

Legislation and Public Outreach Committee
June 27, 2019

Glenn Farrel, Government Relations Manager
Legislature

- July 12: Summer recess begins

- August 12: Summer recess concludes - Legislature reconvenes

- September 13: Last day of 2019 legislative session
On June 13, the Legislature approved a $215 billion state budget
- Two days ahead of the Constitutional deadline (June 15)
- Assembly: 60-15 vote
- Senate: 29-11 vote
- Governor has not yet signed

- Some trailer bills approved by the Legislature - several others remain to be drafted and considered

- $9.25M included for Atmospheric Rivers research and data collection

- Key element - Safe Drinking Water Compromise
NO WATER TAX!!
For next year, approves $100 million from the Greenhouse Gas Reduction Fund and $30 million from the General Fund for Safe Drinking Water
- Approves $3.4 million General Fund for SWRCB for administrative costs

For future years, approves trailer bill language to do the following:
- Specify a 5% GGRF continuous appropriation beginning 2020-21 for safe drinking water with a cap of $130 million
- Provide General Fund backstop to fill Safe Drinking Water Fund should the 5% of GGRF be lower than $130 million beginning 2023-24
- Set up the Safe Drinking Water Program framework and Fund
Administration’s Water Resiliency Portfolio

- June 13: Newsom Administration officially launched its Water Resiliency Portfolio Program
  - Had been originally announced in April 29 Executive Order
  - Initial focus of administering state agencies will be to listen and receive input from stakeholders through public meetings and listening sessions

- Administration also created a Water Resiliency Portfolio program website portal: [WaterResilience.ca.gov](http://WaterResilience.ca.gov)
  - Access to calendars of events
  - Contribute to state’s information gathering
Administration’s Wildfire Strike Force

- In the wake of catastrophic wildfires in Fall 2018, the Governor issued a Wildfire Strike Force Report in April that identified key areas of focus:
  - Catastrophic wildfire prevention and response
  - Mitigating climate change through clean energy policies
  - Fair allocation of catastrophic wildfire damages
  - A more effective CPUC with tools to manage a changing utility market
  - Holding PG&E accountable and building a utility that prioritizes safety
Administration’s Wildfire Strike Force

On June 21, Administration released a Strike Force progress report with recommended legislative package:

- Creation of new Wildfire Safety Division and Advisory Board at the CPUC
- Require IOUs to spend $3 billion on safety
- Establish a new Power Company Safety and Wildfire Accountability Standard that establishes a safety certification for IOUs
- Establish a Wildfire Recovery Fund to stabilize IOUs

The legislative package will NOT include:

- A proposal to reform strict liability for either electric or water agencies

What’s next?

- Administration expects to release legislative language within days
- Wants the Legislature to act on the bill package before Summer recess
Sponsored Legislation - AB 1588 (Gloria/Gray)

- AB 1588 is co-sponsored by the Water Authority and the Otay Water District
- AB 1588 is intended to address the lack of satisfactory crediting and equivalency standards for military veterans transitioning into civilian water and wastewater system operator occupations
- Passed the Senate Environmental Quality Committee on a unanimous vote
  - Pending hearing in the Senate Veterans’ Affairs Committee
Upcoming Activities

- July 15 - Legislative Roundtable event
  - Senator Brian Jones
  - 9:30 AM - 11:00 AM
  - Water Authority Board Room

- July 18 - Tour and lunch event
  - Natural Resources Secretary Wade Crowfoot
  - Department of Food/Agriculture Secretary Karen Ross
  - Water Resiliency Program Director Nancy Vogel