Employee Growth & Development Program Update

Administrative & Finance Committee
July 25, 2019

Karla Sanchez, Engineering Technician II
Jim Fisher, Director of Operations and Maintenance
Today’s Presentation

- Program Origin
- Year 2 Program Activities
- Moving Forward
Program Origin

Employee Growth & Development Program

Creating a culture that fosters employee growth, provides unique work opportunities, and encourages employees to reach their full potential

San Diego County Water Authority
Year 2 Program Activities

- Group Discussions
- Cross-Training opportunities
- Clear paths on how to move throughout organization
- Learn about upper management career paths

Please select which of the following professional growth and development programs you are interested in this coming year. Select all that apply.

Answered: 61   Skipped: 3
Employees with specialized expertise facilitate group discussions on a variety of career-related issues.
Communicates all upcoming EGDP events and resources

Serves as a motivational letter to encourage employees to reach out of their comfort zone and work towards their goals
Moving Forward

- Consolidate into Human Resources
- New program coordinator
- Continue Group Discussions and Department Specific Presentations
- Role out ‘PALS’ program
- Continue writing workshop
San Diego County Water Authority

Period Ending June 30, 2019
Section 1 | Portfolio Objectives
Objectives

Consolidated Investment Objectives

The investment policies and practices of the Board of Directors and the Treasurer for the San Diego County Water Authority are based upon limitations placed on it by governing legislative bodies. These policies have three primary goals:

1. To assure compliance with all Federal, State and Local laws governing the investment of monies under the control of the Treasurer.
2. To protect the principal monies entrusted to this organization.
3. To generate the maximum amount of investment income within the parameters of this Annual Statement of Investment Policy.

These goals are enhanced by the following objectives in order of importance:
- Safety
- Liquidity
- Return on Investments
- Public Trust

Chandler Asset Management Performance Objective

The performance objective for the accounts is to achieve a rate of return over a market cycle that equals or exceeds the return on a market index of similar duration and sector allocation.

Strategy

In order to achieve these objectives, the portfolio invests in high quality fixed income securities consistent with the investment policy and California Government Code.
## Portfolio Characteristics

**SDCWATER Chandler**

<table>
<thead>
<tr>
<th></th>
<th>6/30/2019</th>
<th>2/28/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Benchmark</strong>*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Maturity (yrs)</td>
<td>2.65</td>
<td>2.17</td>
</tr>
<tr>
<td>Average Modified Duration</td>
<td>2.53</td>
<td>1.99</td>
</tr>
<tr>
<td>Average Purchase Yield</td>
<td>n/a</td>
<td>2.35%</td>
</tr>
<tr>
<td>Average Market Yield</td>
<td>1.78%</td>
<td>2.04%</td>
</tr>
<tr>
<td>Average Quality**</td>
<td>AAA</td>
<td>AA/Aa1</td>
</tr>
<tr>
<td><strong>Total Market Value</strong></td>
<td>216,207,372</td>
<td>113,630,573</td>
</tr>
</tbody>
</table>

*ICE BAML 1-5 Yr US Treasury/Agency Index

**Benchmark is a blended rating of S&P, Moody’s, and Fitch. Portfolio is S&P and Moody’s respectively.
Section 2 | Economic Update
U.S. nonfarm payrolls rose by 224,000 in June, well above the consensus forecast of 165,000. April and May payrolls were revised down by a total of just 11,000. On a trailing 3-month basis payrolls increased an average of 171,000, more than enough to absorb new entrants into the labor market. The unemployment rate ticked up to 3.7% in June from 3.6% in May as the participation rate also increased to 62.9% from 62.8%. A broader measure of unemployment called the U-6, which includes those who are marginally attached to the labor force and employed part time for economic reasons, also edged up to 7.2% in June from 7.1% in May. Wages rose 0.2% in June (slightly below expectations), following and upwardly revised 0.3% increase in May. On a year-over-year basis, wages were up 3.1% in June, versus up 3.2% in May.
The Consumer Price Index (CPI) was up just 1.6% year-over-year in June, versus up 1.8% year-over-year in May. Core CPI (CPI less food and energy) was up 2.1% year-over-year in June, versus up 2.0% year-over-year in May. The Personal Consumption Expenditures (PCE) index was up 1.5% year-over-year in May, versus up 1.6% year-over-year in April. Core PCE, which is the Fed’s primary inflation gauge, was up 1.6% year-over-year in May, unchanged from April, remaining below the Fed’s 2.0% inflation target.
The shape of the Treasury yield curve has changed significantly on a year-over-year basis. As of month-end in June, the 3-month T-bill yield was up nearly 18 basis points, the 2-Year Treasury yield was down 77 basis points, and the 10-Year Treasury yield was down nearly 86 basis points, year-over-year. The current shape of the yield curve implies that market participants are pricing-in multiple rate cuts. We believe the decline in long-term Treasury yields reflects a high level of market participants' nervousness about the outlook for global economic growth and a decline in global inflation expectations.
Section 3 | Portfolio Performance
Sector Distribution

SDCWATER Chandler

**June 30, 2019**
- US Treasury: 33.4%
- US Corporate: 22.5%
- Commercial Paper: 1.4%
- ABS: 4.0%
- Foreign Corporate: 2.3%
- Money Market Fund FI: 0.3%
- Agency: 32.3%
- Supranational: 3.8%

**February 28, 2018**
- US Treasury: 24.9%
- US Corporate: 29.8%
- Supranational: 5.1%
- Money Market Fund FI: 0.2%
- Agency: 40.0%

As of June 30, 2019
## Issuers

**SDCWINDOW Chandler – Account #10569**

<table>
<thead>
<tr>
<th>Issue Name</th>
<th>Investment Type</th>
<th>% Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government of United States</td>
<td>US Treasury</td>
<td>33.42%</td>
</tr>
<tr>
<td>Federal Home Loan Mortgage Corp</td>
<td>Agency</td>
<td>16.21%</td>
</tr>
<tr>
<td>Federal National Mortgage Association</td>
<td>Agency</td>
<td>9.13%</td>
</tr>
<tr>
<td>Federal Home Loan Bank</td>
<td>Agency</td>
<td>6.99%</td>
</tr>
<tr>
<td>Intl Bank Recon and Development</td>
<td>Supranational</td>
<td>1.89%</td>
</tr>
<tr>
<td>US Bancorp</td>
<td>US Corporate</td>
<td>1.86%</td>
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<tr>
<td>Honda ABS</td>
<td>ABS</td>
<td>1.63%</td>
</tr>
<tr>
<td>Toyota ABS</td>
<td>ABS</td>
<td>1.60%</td>
</tr>
<tr>
<td>Bank of America Corp</td>
<td>US Corporate</td>
<td>1.47%</td>
</tr>
<tr>
<td>Deere &amp; Company</td>
<td>US Corporate</td>
<td>1.45%</td>
</tr>
<tr>
<td>Bank of New York</td>
<td>US Corporate</td>
<td>1.44%</td>
</tr>
<tr>
<td>JP Morgan Chase &amp; Co</td>
<td>US Corporate</td>
<td>1.43%</td>
</tr>
<tr>
<td>PNC Financial Services Group</td>
<td>US Corporate</td>
<td>1.43%</td>
</tr>
<tr>
<td>Chubb Corporation</td>
<td>US Corporate</td>
<td>1.42%</td>
</tr>
<tr>
<td>Toyota Motor Corp</td>
<td>US Corporate</td>
<td>1.41%</td>
</tr>
<tr>
<td>Berkshire Hathaway</td>
<td>US Corporate</td>
<td>1.41%</td>
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<tr>
<td>MUFG Bank Ltd/NY</td>
<td>Commercial Paper</td>
<td>1.39%</td>
</tr>
<tr>
<td>HSBC Holdings PLC</td>
<td>Foreign Corporate</td>
<td>1.31%</td>
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<tr>
<td>Honda Motor Corporation</td>
<td>US Corporate</td>
<td>1.22%</td>
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<tr>
<td>Apple Inc</td>
<td>US Corporate</td>
<td>1.21%</td>
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<tr>
<td>Visa Inc</td>
<td>US Corporate</td>
<td>1.19%</td>
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<tr>
<td>Toronto Dominion Holdings</td>
<td>Foreign Corporate</td>
<td>0.99%</td>
</tr>
<tr>
<td>IBM Corp</td>
<td>US Corporate</td>
<td>0.96%</td>
</tr>
<tr>
<td>Charles Schwab Corp/The</td>
<td>US Corporate</td>
<td>0.95%</td>
</tr>
<tr>
<td>Eli Lilly &amp; Co</td>
<td>US Corporate</td>
<td>0.93%</td>
</tr>
<tr>
<td>International Finance Corp</td>
<td>Supranational</td>
<td>0.93%</td>
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<tr>
<td>Microsoft</td>
<td>US Corporate</td>
<td>0.93%</td>
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<tr>
<td>Inter-American Dev Bank</td>
<td>Supranational</td>
<td>0.93%</td>
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<tr>
<td>ChevronTexaco Corp</td>
<td>US Corporate</td>
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<tr>
<td>Procter &amp; Gamble Company</td>
<td>US Corporate</td>
<td>0.93%</td>
</tr>
<tr>
<td>John Deere ABS</td>
<td>ABS</td>
<td>0.75%</td>
</tr>
<tr>
<td>Blackrock Liquidity Funds T-Fund Portfolio</td>
<td>Money Market Fund FI</td>
<td>0.30%</td>
</tr>
</tbody>
</table>

**TOTAL** 100.00%
SDCWATER Chandler
Portfolio Compared to the Benchmark as of June 30, 2019

### Duration Distribution

<table>
<thead>
<tr>
<th></th>
<th>0 - 0.25</th>
<th>0.25 - 0.50</th>
<th>0.50 - 1</th>
<th>1 - 2</th>
<th>2 - 3</th>
<th>3 - 4</th>
<th>4 - 5</th>
<th>5+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio</td>
<td>2.6%</td>
<td>13.9%</td>
<td>30.8%</td>
<td>7.7%</td>
<td>6.8%</td>
<td>27.1%</td>
<td>11.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Benchmark*</td>
<td>0.3%</td>
<td>0.1%</td>
<td>1.8%</td>
<td>33.6%</td>
<td>27.8%</td>
<td>22.1%</td>
<td>14.3%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

*ICE BAML 1-5 Yr US Treasury/Agency Index
Duration Distribution

SDCWATER Chandler

June 30, 2019 vs. February 28, 2018

<table>
<thead>
<tr>
<th>Duration</th>
<th>06/30/19</th>
<th>02/28/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 0.25</td>
<td>2.6%</td>
<td>5.5%</td>
</tr>
<tr>
<td>0.25 - 0.50</td>
<td>13.9%</td>
<td>0.0%</td>
</tr>
<tr>
<td>0.50 - 1</td>
<td>30.8%</td>
<td>3.5%</td>
</tr>
<tr>
<td>1 - 2</td>
<td>7.7%</td>
<td>27.0%</td>
</tr>
<tr>
<td>2 - 3</td>
<td>6.8%</td>
<td>49.7%</td>
</tr>
<tr>
<td>3 - 4</td>
<td>27.1%</td>
<td>8.0%</td>
</tr>
<tr>
<td>4 - 5</td>
<td>11.1%</td>
<td>6.3%</td>
</tr>
<tr>
<td>5+</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>
Total rate of return: A measure of a portfolio’s performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.
### Review

<table>
<thead>
<tr>
<th>Market Value</th>
<th>12/31/17</th>
<th>02/28/18</th>
<th>06/30/18</th>
<th>12/31/18</th>
<th>06/30/19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>34,068,207</td>
<td>113,630,573</td>
<td>114,165,139</td>
<td>195,270,149</td>
<td>216,207,372</td>
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</table>

### Asset Allocation

<table>
<thead>
<tr>
<th>Category</th>
<th>12/31/17</th>
<th>02/28/18</th>
<th>06/30/18</th>
<th>12/31/18</th>
<th>06/30/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Treasury</td>
<td>0.0%</td>
<td>24.9%</td>
<td>26.1%</td>
<td>34.9%</td>
<td>33.4%</td>
</tr>
<tr>
<td>Agency</td>
<td>0.0%</td>
<td>40.0%</td>
<td>39.7%</td>
<td>29.1%</td>
<td>32.3%</td>
</tr>
<tr>
<td>US Corp</td>
<td>100.0%</td>
<td>29.8%</td>
<td>29.0%</td>
<td>22.9%</td>
<td>22.5%</td>
</tr>
<tr>
<td>ABS</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>3.1%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Supra</td>
<td>0.0%</td>
<td>5.1%</td>
<td>5.1%</td>
<td>5.1%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Foreign Corp</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>2.4%</td>
<td>2.3%</td>
</tr>
<tr>
<td>CP</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>1.0%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Neg CD</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>1.3%</td>
<td>0.0%</td>
</tr>
<tr>
<td>MMKT</td>
<td>0.0%</td>
<td>0.2%</td>
<td>0.1%</td>
<td>0.2%</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

### Duration

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>Portfolio</th>
<th>1-5 Year Benchmark</th>
<th>1-3 Year Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.75</td>
<td>2.10</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>2.04</td>
<td>2.55</td>
<td>1.76</td>
</tr>
<tr>
<td></td>
<td>2.25</td>
<td>2.54</td>
<td>1.79</td>
</tr>
<tr>
<td></td>
<td>1.99</td>
<td>2.53</td>
<td>1.80</td>
</tr>
</tbody>
</table>

- Chandler’s original mandate for the Authority was to manage an all corporate portfolio consistent with CA Gov't Code.
- In early 2018 Chandler was charged with developing a total return strategy for a larger portion of the Authority's assets.
- The Authority's portfolio has become more diversified over time as the Chandler team introduced additional asset classes into the allocation.
- A portion of the Authority's upcoming liquidity needs are embedded within the positioning of the portfolio leading to a duration shortfall versus the 1-5 year benchmark.
Pipeline 5 Relining Delivery Point to Sage Road
Notice of Completion

Engineering and Operations Committee
July 25, 2019

Gary Olvera
Senior Construction Manager
Project Overview
Northern Section

- Reline 1.9 miles of existing pipe
- Developed 6 access portals
- Coordinated with State, County, City, and Member Agencies
Project Overview
Southern Section

- Reline .4 miles existing pipe
- Developed 1 Access Portal
Project Savings and Value Engineering

- Deleted 2 portals for a savings: $108,642
Contract Summary

Original Contract Amount: $25,304,375

Change Orders: ($556,239.39)

Final Contract Amount: $24,748,135.61
Staff Recommendation

- Authorize the General Manager to accept the Pipeline 5 Relining Delivery Point to Sage Road project as complete, record the Notice of Completion, and release funds held in retention to J.F. Shea Construction, Inc. following expiration of the retention period.
Construction Contract for the San Diego 28 Flow Control Facility

Engineering and Operations Committee
July 25, 2019

Brent Fountain
Principal Engineer
August 2018 Bid Results

- Cost Estimate
  - $7M to $8M

- Two Bids Received
  - $13,724,000
  - $15,866,596

- Bidder Feedback
  - Construction Schedule
  - Materials
  - Facility Equipment
  - Labor Shortage
Packages

2019
- SD28 Flow Control
  - Vaults
  - Electrical
  - Valves
  - Piping

2020

2021
- Alvarado Hydroelectric
  - Turbine
  - Generator

2022
Bid Summary

Bid Range: $10.5 to $12.5 Million

<table>
<thead>
<tr>
<th>NO.</th>
<th>GENERAL CONTRACTOR</th>
<th>BID AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>J.F. Shea Construction, Inc.</td>
<td>$9,731,000</td>
</tr>
<tr>
<td>2</td>
<td>Kiewit Infrastructure West, Inc.</td>
<td>$10,447,000</td>
</tr>
<tr>
<td>3</td>
<td>Pacific Hydrotech</td>
<td>$10,903,000</td>
</tr>
<tr>
<td>4</td>
<td>Orion Construction Corp.</td>
<td>$11,784,500</td>
</tr>
</tbody>
</table>
Recommendation

- Authorize the General Manager to award a construction contract to J.F. Shea Construction, Inc. in the amount of $9,731,000 for the San Diego 28 Flow Control Facility project.
Bay-Delta Policy Update

Imported Water Committee
July 25, 2019

Amy Chen
Director of MWD Program
Bay-Delta Policy Principles

- 2009 State policy requires water agencies to reduce reliance on Delta exports

- WA Board adopted policy principles in 2012 and updated in 2018 to support WaterFix, conditioned upon proper allocation of project costs as supply charges by MWD
  - How MWD recovers Bay-Delta facility costs uniquely impacts Water Authority

- Governor Newsom Executive Order N-10-19
  - End to twin-tunnels (WaterFix)
  - Portfolio approach to water management, including a *single-tunnel* Bay-Delta project
### Bay-Delta Facility Cost Allocation

- Allocation of costs other than “conservation (supply)” would uniquely and disproportionately disadvantage Water Authority ratepayers.

<table>
<thead>
<tr>
<th>MWD Assigns WaterFix Costs To</th>
<th>Increase in Household Monthly Bills*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply</td>
<td>$0.53-$0.87</td>
</tr>
<tr>
<td>Transportation</td>
<td>$13.27-$21.07</td>
</tr>
<tr>
<td>Transportation, but 50% Recovered by RTS</td>
<td>$7.99-$12.69</td>
</tr>
</tbody>
</table>

* Analysis from April 2018: based on demand forecast reset; nominal $ based on MWD’s projected share of $10.8B (assumes no cost overruns), interest rates of 4% and 8%, single family household using 0.4 AF of Water Authority’s water annually.

- With a single tunnel, cost impacts would be reduced but the magnitude of difference would remain.

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*Our Region’s Trusted Water Leader*  
*San Diego County Water Authority*
Updated Policy Principles

- Support Gov. Newsom’s Executive Order
- Delete WaterFix references
- Support for a single tunnel Bay-Delta project is conditioned upon project costs being characterized as “Conservation,” or supply charges
- Support voluntary agreements that are fair to both projects and do not unfairly shift costs to SWP contractors
- Support independent oversight to monitor project implementation
Position Statement

- The Water Authority Board of Directors supports Governor Newsom’s Executive Order N-10-19, directing preparation of a water resilience portfolio approach that meets the needs of California’s communities, economy, and environment through the 21st century, including consideration of multi-benefit approaches that meet multiple needs at once, and a single-tunnel Bay-Delta project. Further, the Board directs staff to inform the Newsom Administration that its support for a single-tunnel Bay-Delta project is expressly conditioned upon the project costs being characterized by the Department of Water Resources (DWR) as conservation, or supply charges, as similar facilities historically have been defined in the Metropolitan Water District of Southern California’s State Water Project contract with DWR.
Recommendation

- Adopt the proposed update to the Water Authority’s 2018 Bay-Delta position statement and policy principles to support Governor Newsom’s portfolio approach to meet California’s water needs, including a single tunnel Bay-Delta project and integrated multi-benefit solutions
Regional Conveyance System Study
Professional Services Contract

Imported Water Committee
July 25, 2019

Kelly Rodgers, Director of the Colorado River Program
Background

- Have rights to canal lining water for 110 years, transfer water for up to 75 years
- Pay MWD to transport all QSA water
- Studied alternative conveyance for decades but looked at “single use”
- Engaging with Colorado River Work Group, Member Agency Managers, and Board on new study
New Study - Regional Approach

- Provide conveyance of QSA supplies to the San Diego Region in a cost effective manner

- Integrate multi-use, partnership, and funding opportunities
Professional Services Contract

- Black & Veatch Corporation
  - Two Phase Study
  - Total Contract Not-to-Exceed Amount - $1,890,000

- Competitive acquisition waiver
  - Save up to $300,000 and four to six months
  - Worked on studies spanning 1996 to 2017
  - Using same B&V team from two most recent studies

- Colorado River Work Group concurred
Three Proposed Alignments

Northern Alignment - Last Studied in 1996
- TOVWTP
- 3A

Southern Alignments - Last Studied in 2017
- SVR
- 3A
- 5A
- 5C
## Key Scope of Work Items

<table>
<thead>
<tr>
<th>Phase A</th>
<th>Phase B</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New</strong></td>
<td><strong>Phase B</strong></td>
</tr>
<tr>
<td>• Northern alignment</td>
<td>• Partnership structures</td>
</tr>
<tr>
<td>• Multi-use, partnerships &amp; funding</td>
<td>• Project delivery methods</td>
</tr>
<tr>
<td>• System integration</td>
<td>• Property Acquisition</td>
</tr>
<tr>
<td><strong>Refine/Update</strong></td>
<td><strong>Refine/Update</strong></td>
</tr>
<tr>
<td>• Demand forecast</td>
<td>• Demand forecast</td>
</tr>
<tr>
<td>• Treatment, blending &amp; brine disposal</td>
<td>• Multi-use, partnerships &amp; funding</td>
</tr>
<tr>
<td>• Permit &amp; environmental requirements</td>
<td>• Conveyance alignment &amp; tunneling</td>
</tr>
<tr>
<td>• Risk analysis</td>
<td>• Site layouts</td>
</tr>
<tr>
<td>• Cost &amp; economic analysis</td>
<td>• Geotechnical desktop study</td>
</tr>
<tr>
<td>• Initial screening of alternatives</td>
<td>• Risk analysis</td>
</tr>
<tr>
<td></td>
<td>• Cost &amp; economic analysis</td>
</tr>
<tr>
<td></td>
<td>• Final screening of alternatives</td>
</tr>
<tr>
<td><strong>Cost:</strong> $1,300,000</td>
<td><strong>Cost:</strong> $590,000</td>
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<tr>
<td><strong>Completion:</strong> 12 Months</td>
<td><strong>Completion:</strong> 12 Months</td>
</tr>
<tr>
<td><strong>Offramp:</strong> Go/No-Go to Phase B</td>
<td><strong>Offramp:</strong> Go/No-Go to next step</td>
</tr>
</tbody>
</table>
Other Support to Help Inform Study

- Legal counsel (Agreements and land use)
- Economist (External factors)
- Financial advisors (Funding strategy, credit rating, grants)

Water Authority Staff

Outside Services

Consultant Study

- UWMP/demand forecast
- Rate analysis
- Funding analysis
- Potential partnerships
- Funding opportunities
- Operational parameters
- Right-of-Way
- Stakeholder outreach

Phase A & B results
Staff Recommendation

- Authorize the General Manager to award a professional services contract to Black & Veatch Corporation to provide professional services to implement the Scope of Work for the Regional Conveyance System Study for a not-to-exceed amount of $1,890,000.
San Diego IRWM Plan Adoption

Water Planning and Environmental Committee
July 25, 2019

Mark Stadler
Principal Water Resources Specialist
Integrated Regional Water Management Planning

- An innovative way to increase reliable water supplies, improve water quality and protect natural resources
- Fosters cooperation and planning among public agencies and non-profit public interest organizations
- A mechanism through which region is eligible for state grant funding from voter-approved bond measures
San Diego IRWM Planning Region encompasses the 11 regional hydrologic units that flow to the Pacific Ocean.
IRWM Governance

Regional Water Management Group
- Required by state
- Formed in 2005
- Collaborative decision-making

Regional Advisory Committee
- Represents agencies & non-profits
- Input on key issues
IRWM Planning in San Diego Region

- San Diego IRWM Plan: foundation of IRWM activities in region
  - Establishes regional goals and objectives
- Plan developed by RWMG, supported by RAC
- IRWM Plan aligns with Water Authority’s mission and Urban Water Management Plan
- First edition published in 2007
- Comprehensive update released in 2013
2019 IRWM Plan Update

- Updates 2013 edition to improve information and comply with new DWR requirements
  - Climate change, flood management
- Incorporates information from Urban Water Management Plan, other plans and six public workshops
2019 IRWM Plan Update (cont.)

- Adds material to enhance plan
  - Stormwater Capture Feasibility Study
    - Opportunities to capture and reuse stormwater in region
  - Regional Water Needs Assessment
    - Focus on disadvantaged communities
- Maintains region’s eligibility to receive state grant funds
  - About $31 million pending from next 2 grant programs
2019 San Diego IRWM Plan Update Goals

- Improve reliability and sustainability of regional water supplies
- Protect and enhance water quality
- Protect and enhance our watersheds and natural resources
- Enhance resiliency to climate change for local water resources
- Promote and support sustainable integrated water resource management
Staff Recommendation

Adopt Resolution 2019-______ adopting the 2019 San Diego Integrated Regional Water Management Plan Update
Local Resources Program Agreement for the Santa Margarita River Conjunctive Use Project

Water Planning and Environmental Committee
July 25, 2019

Goldy Herbon
Senior Water Resources Specialist
Local Resources Program

- LRP is used to help meet local supply targets
- MWD financial incentive program
  - Established in 1981, last updated in 2014
  - $33.1M for 215,000 AF in 2018
- Funds new local water supply projects
- Target increased to 170,000 AF/Y in 2018
Fallbrook Public Utility District Project

Santa Margarita River Conjunctive Use Project

- Joint project with Marine Corps Base Camp Pendleton
- Improve and build facilities to capture surface runoff from SMR to recharge groundwater
- Treat and deliver groundwater to FPUD customers
Santa Margarita River Conjunctive Use Project

Construction Costs: $54.4M
Project Yield: 3,100 AF/Y
Application Process

Fallbrook submitted to Water Authority

Water Authority submitted application to MWD

MWD developed draft agreement

Agreement to be executed by MWD, Water Authority and Fallbrook
Next Steps

- July 23, 2019 - FPUD Board Approval
- July 25, 2019 - Water Authority Board Approval
- September 10, 2019 - MWD Board Approval (anticipated)

*Final cost numbers are still being analyzed by MWD for eligibility under the LRP Program; agreement will be executed upon completion*
Authorize the General Manager to execute a Local Resources Program agreement with the Metropolitan Water District of Southern California and Fallbrook Public Utility District for the Santa Margarita River Conjunctive Use Project.
Advocating for Accuracy and Efficiency in State Reporting Requirements

Water Planning and Environmental Committee
July 25, 2019

Elizabeth Lovsted, PE
Water Resources Manager
Overview

- Assembly Bill (AB) 1668 and Senate Bill (SB) 606 describe new requirements for water suppliers
  - Targets for water use efficiency
  - Updates to Urban Water Management Plans and Water Shortage Contingency Plans
  - Additional reporting and data collection

Equitable and reasonable implementation will require water agencies to work together with the state agencies to set standards and define requirements.
“This chapter requires the department and the board to solicit broad public participation from stakeholders and other interested persons in the development of the standards and the adoption of regulation pursuant to this chapter.”

AB1668, Section10609(b)(3)
**Agency Collaboration**

- **Participants:** Association of California Water Agencies’ (ACWA) Urban Water Use Efficiency Subcommittee and other stakeholders (i.e. WateReuse, CMUA)

- **Purpose:** Coordinate on the implementation of AB 1668 and Senate Bill SB 606 and other related matters
Workgroups

- Water Use Efficiency Subcommittee group meets every three to four months, or as needed; smaller technical workgroups meet on a regular basis

- Active workgroups include:
  - Outdoor Water Budget Development and Implementation
  - Water Loss Performance Standards
  - Water Use Studies (New)
  - Data Reporting
## Coordination with State Agency Workgroups

<table>
<thead>
<tr>
<th>State Agency Work Group</th>
<th>Water Agencies Coordination Workgroup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model Water Efficient Landscape Ordinance (Existing)</td>
<td>Outdoor Water Budget Development and Implementation</td>
</tr>
<tr>
<td>Landscape Area Measurements (Existing)</td>
<td>Water Loss Performance Standard</td>
</tr>
<tr>
<td>Wholesale Water Loss</td>
<td>Water Use Studies (New)</td>
</tr>
<tr>
<td>Water Use Studies</td>
<td>Water Use Efficiency Subcommittee</td>
</tr>
<tr>
<td>Standards, Methodologies and Performance Measures</td>
<td>Data Reporting</td>
</tr>
<tr>
<td>Urban Water Management Plan Guidebook</td>
<td></td>
</tr>
<tr>
<td>Annual Water Supply and Demand Assessment</td>
<td></td>
</tr>
<tr>
<td>Data Streamlining</td>
<td></td>
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</tbody>
</table>
Goal

“The state should identify opportunities for streamlined reporting, eliminate redundant submissions, and incentivize open access to data collected by urban and agricultural water suppliers.”

AB1668, Section 10609(c)(4)
Overlapping Processes

**AB 1668 and SB 606**
Path for setting and enforcement of water use efficiency targets.
Legislates revisions to the UWMPs and WSCPs.
Requires annual supply and demand reporting

**SB 555**
Path for establishing water loss standards.

**Electronic Annual Report**
Collects data on supply and demand, water loss, and other water planning areas.
Reporting and Data Collection Redundancy

- Electronic Annual Report
  - Water loss
  - Drought/shortage response
  - Conservation
  - Climate change
  - Water rates
- Annual Water Supply and Demand Assessment
- Monthly report relating to water production, water use, or water conservation
- Urban Water Management Plans
- Water Shortage Contingency Plans
Guiding Principles

1. Data collection efforts must be consistent with existing regulations that require streamlined and non-redundant reporting.

2. Any data requested should have a clear nexus to regulatory requirement and a clear use case.

3. Timing and frequency of data collection should consider data quality, resources required to report data, and immediate need for data.
Guiding Principles, cont.

4. To increase the accuracy of data collection and reporting, clear definitions and methodology should be provided.

5. Data collection efforts should allow for context.

6. Many water agencies are in a supply chain relationship and require collaboration on supply and demand data collection.
Proposed Monthly Reporting

- Monthly conservation reporting by urban water suppliers required during drought
  - Voluntary reporting since Fall 2017
- Request streamlining of reported data
  - Total monthly production only
- Additional information required only during shortage
Moving Forward

- Stakeholder coordination will continue as implementation moves forward
  - Open to new participants
- State agency lead workgroups forming
- Electronic Annual Report Input Forum, Fall 2019

Water Authority provides regular meeting summaries and updates during the monthly Member Agency State Regulatory Workgroup calls.
Update on Implementation of Senate Bill 606 and Assembly Bill 1668

Water Planning and Environmental Committee
July 25, 2019

Jeff Stephenson
Principal Water Resources Specialist
### Background

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
</tr>
</thead>
</table>
| May 2018   | • Governor Brown signed SB 606 and AB 1668  
• Provides for long-term improvements in water conservation and drought planning |
| Nov. 2018  | • California Department of Water Resources (DWR) and State Water Resources Control Board (SWRCB) released a “primer” of the legislation |
| April 2019 | • Water Planning and Environmental Committee updated on primary goals outlined in primer document                                    |
| May 2019   | • DWR/SWRCB hosted Urban Overview Meeting                                                                                             |
DWR/SWRCB Urban Overview Meeting

- Held on May 20, 2019 in Sacramento

- Reviewed legislation, discussed role of two existing stakeholder workgroups and formation of six new stakeholder workgroups

- Workgroups will provide input to state agencies during:
  - Development of standards and recommendations
  - Adoption of regulations

- 20-30 people per workgroup

- Applications for membership on new workgroups were submitted in June 2019
  - Water Authority staff applied for membership on each new stakeholder workgroups
Two Existing Stakeholder Workgroups

- Water Authority already represented on existing workgroups
  - Actively engaged in process

- Existing workgroups will **not** add new members

<table>
<thead>
<tr>
<th>Existing Workgroup</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model Water Efficient Landscape Ordinance</td>
<td>Recommend improvements to ordinance and advise on other topics of landscape water use efficiency</td>
</tr>
<tr>
<td>Landscape Area Measurement</td>
<td>Develop reliable method to estimate irrigable area using aerial imagery and machine learning and verify accuracy at parcel level</td>
</tr>
</tbody>
</table>
Six New Stakeholder Workgroups

- DWR plans to announce workgroup rosters in July 2019
  - Water Authority anticipates membership on all workgroups
  - All workgroup meetings will include public comment period

<table>
<thead>
<tr>
<th>New Workgroup</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale Water Loss</td>
<td>Evaluate and discuss merit of wholesale water loss reporting and assist with preparation of report to the Legislature through comments and technical input</td>
</tr>
<tr>
<td>Water Use Studies</td>
<td>Provide input on framing questions, study scopes, and results for indoor residential water use, commercial, industrial, and institutional performance measures, and variances</td>
</tr>
</tbody>
</table>
Six New Stakeholder Workgroups (continued)

<table>
<thead>
<tr>
<th>New Workgroup</th>
<th>Workgroup Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standards, Methodologies, and Performance Measures</td>
<td>Provide input on recommendations for outdoor residential efficiency standards, CII dedicated irrigation accounts, CII performance measures, etc.</td>
</tr>
<tr>
<td>Urban Water Management Plan Guidebook</td>
<td>Develop guidance and protocols to address new legislative requirements (e.g. water shortage contingency plan, etc.)</td>
</tr>
<tr>
<td>Annual Water Supply and Demand Assessment</td>
<td>Develop guidance for Water Supply and Demand Assessment/Report and web portal for online submittal</td>
</tr>
<tr>
<td>Data Streamlining</td>
<td>Develop guidance to make reporting efficient, accessible, and useful</td>
</tr>
</tbody>
</table>
Next Steps for Water Authority

- Participate on existing and new stakeholder workgroups
- Coordinate with ACWA, CMUA, member agencies, and water suppliers from throughout California to provide information and expertise to DWR and SWRCB
- Provide updates to member agency managers, community groups, trade organizations, etc.
- Continue to support member agency implementation efforts
Member Agency Highlights

- Nearly 5,000 bags distributed
- 14 member agencies participated
- Social media contest (260+ photos)
Jimbo’s ... Naturally!

- Shopping bag distribution events
- Social media support
- Prize donations
- Produce display cards
Specialty Produce

- In-store bag giveaways
- In-store video displays
- Social media support and contest prizes
- Water Academy alumni event
- Truck wraps
San Diego County Farm Bureau

- Farm-to-table event
- Social media support and prizes
- Information and education
- Video
Sacramento Update

Legislation and Public Outreach Committee
July 25, 2019

Glenn Farrel, Government Relations Manager
Legislature

- July 12: Summer recess began
- August 12: Summer recess concludes - Legislature reconvenes
- August 30: Fiscal committee deadline
- September 13: Last day of 2019 legislative session
- October 13: Last day for Governor to take final action on bills
Safe Drinking Water

- NO WATER TAX!

- Governor Newsom signed compromise package (SB 200) on July 24

- SB 200:
  - 5% GGRF continuous appropriation beginning 2020-21 for safe drinking water with a cap of $130 million - sunsets in 2030
  - General Fund backstop to fill Safe Drinking Water Fund should the 5% of GGRF be lower than $130 million beginning 2023-24
  - Sets up the Safe Drinking Water Program framework and Fund
Wildfire Prevention and Response - AB 1054

- Establishes the California Wildfire Safety Advisory Board
- Creates a fund to help wildfire victims
  - $21B - half paid by the IOUs and half paid by ratepayers through extension of existing $2.50 monthly fee on electricity bill
- In terms of fire prevention, the IOUs must allocate $5B to fire mitigation projects - “utility hardening”
  - The law specifically provides that the IOUs may not profit from spending on fire mitigation projects
- POUs must submit wildfire mitigation plans to the CWSAB every three years for review and comment
- Requires IOUs to obtain a safety certification - setting a standard for safe and responsible operation
  - “Prudent operator” standard may shift burden of proof to wildfire victims to demonstrate a utility acted unreasonably
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 and the Senate Veterans’ Affairs Committees on unanimous votes
  - Pending hearing in the Senate Appropriations Committee on August 12
Key Issues Remaining in 2019 Legislative Session

- Recycled water/potable reuse
  - AB 292 (Quirk)
  - AB 1180 (Friedman)

- Safe drinking water
  - AB 402 (Quirk)
  - SB 414 (Caballero)

- Pumped hydropower storage
  - Next Era Renewables 2.0

- Government regulation
  - AB 315 (C. Garcia)
  - AB 1184 (Gloria)
  - SB 1 (Atkins)
Integrated Outreach

Public Outreach and Conservation
July 25, 2019
Plan Objective

- Integrate Water Authority communication and outreach with the priorities and concerns of its member agencies, while continuing to build new alliances and relationships with community leaders and stakeholders
Priority #1
Enhance Member Agency Relationships

Increase Water Authority communication and information sharing with member agency Board members

Continued communication and connection with General Managers and Board members

Support member agency reps to Water Authority Board
Priority #2
Expand Community Connections

Enhance Water Academy alumni connections through sustained and regular outreach

Support community events in partnership with member agencies

Build new community relationships with diverse audiences
Priority #3
Expand media and social media

Feature member agencies on Water News Network content and in social media

Expand social media with additional content

Author regular updates for specialty and community news outlets
Priority #4
Strengthen Southern California relationships

Engage peer agencies on regional solutions

Increase involvement at ACWA, So Cal Water Committee and similar groups
Recommended Implementation

- Reorganize staff to focus on enhanced member agency engagement
- Secure and realign necessary resources to achieve prioritized outreach and alignment with member agency priorities.
- Revamp Brought to You by Water program to enhance member agency value
- Seek additional regional and statewide opportunities for involvement
Recommended Contracts to Support Integrated Outreach

- **RHR Austin Strategies**
  - Will facilitate regional outreach
  - New contract not to exceed $258,000

- **MPR+ Strategic Communications**
  - Will facilitate regional and statewide outreach
  - New contract not to exceed $144,000

- **M Strategic Communications**
  - Will facilitate Southern California outreach
  - Existing contract increase by $484,000

- **Total contracts not to exceed $886,000**
- **Remains within approved FY 2020/2021 budget**