Annual Statement of Investment Policy

Administrative and Finance Committee
November 21, 2019

Lisa Marie Harris
Director of Finance/Treasurer
Background

- It is the policy of the Board to review and approve the Annual Statement of Investment Policy (Policy) and to delegate the investment authority to the Treasurer on an annual basis.
- The Water Authority annually reviews, updates and adopts its Policy and submits a monthly Treasurer’s Report to the Board.
- On December 7, 2017, the Board approved the updated investment management strategy.
- On December 6, 2018, the Board approved the updated Annual Statement of Investment Policy for Calendar Year 2019.
Sector Diversification

Portfolio well diversified among asset classes.

October 31, 2019
- US Treasury: 31.9%
- US Corporate: 21.6%
- Agency: 32.8%
- Foreign Corporate: 2.9%
- Money Market Fund FI: 1.6%
- ABS: 4.3%
- Commercial Paper: 1.1%
- Supranational: 3.9%

October 31, 2018
- US Treasury: 27.0%
- US Corporate: 25.5%
- Agency: 36.4%
- Foreign Corporate: 2.4%
- Money Market Fund FI: 0.7%
- ABS: 1.3%
- Negotiable CD: 1.6%
- Supranational: 5.1%
The Annual Statement of Investment Policy for Calendar Year 2020 is updated to reflect current best practices and ensure consistency with California Government Code.

The maturity distribution of specific asset classes was increased to enable longer maturity investments to allow more optimal asset/liability management.

The Water Authority’s Policy remains moderately more conservative than California Government Code.
# Proposed Authorized Investments Summary

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Current San Diego County Water Authority Investment Policy</th>
<th>Proposed San Diego County Water Authority Investment Policy</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Maximum Maturity</td>
<td>Maximum % of Portfolio</td>
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<tr>
<td>Local Agency Investment Fund</td>
<td>Maximum permitted by program</td>
<td>Maximum permitted by program</td>
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<tr>
<td>Banker’s Acceptances</td>
<td>180 days</td>
<td>40%</td>
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<tr>
<td>US Treasury</td>
<td>5 years</td>
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<tr>
<td>Repurchase Agreement</td>
<td>1 year</td>
<td>20%</td>
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<tr>
<td>Non-Negotiable CD</td>
<td>5 years</td>
<td>30% all CDs</td>
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<tr>
<td>CDARS</td>
<td>5 years</td>
<td>30% all CDs</td>
</tr>
<tr>
<td>Negotiable CD</td>
<td>5 years</td>
<td>30% all CDs</td>
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<tr>
<td>Commercial Paper</td>
<td>270 days</td>
<td>25%</td>
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<tr>
<td>Corporate Medium Term Notes</td>
<td>5 years</td>
<td>30%</td>
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<tr>
<td>Municipal Bonds</td>
<td>5 years</td>
<td>30%</td>
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<tr>
<td>Federal Agency Obligations</td>
<td>5 years</td>
<td>None</td>
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<tr>
<td>Supranationals</td>
<td>5 years</td>
<td>10%</td>
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<tr>
<td>ABS, MBS, &amp; CMO²</td>
<td>5 years</td>
<td>20%</td>
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<tr>
<td>Mutual Funds</td>
<td>N/A</td>
<td>20%</td>
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<tr>
<td>Money Market Mutual Funds</td>
<td>N/A</td>
<td>20%</td>
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<tr>
<td>LGIP</td>
<td>N/A</td>
<td>25%</td>
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</table>
Staff Recommendation

- Adopt the Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for Calendar Year 2020.
Fiscal Sustainability Update

Administrative and Finance Committee
November 21, 2019

Frank Hilliker, Chair
Lisa Marie Harris, Director of Finance/Treasurer
# FSTF Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frank Hilliker, Chair</td>
<td>Lakeside Water District</td>
</tr>
<tr>
<td>Gary Arant, Vice Chair</td>
<td>Valley Center Municipal Water District</td>
</tr>
<tr>
<td>Chris Cate</td>
<td>City of San Diego</td>
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<tr>
<td>Mike Hogan</td>
<td>Santa Fe Irrigation District</td>
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<tr>
<td>Carlos Lugo</td>
<td>Helix Water District</td>
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<td>Kim Thorner</td>
<td>Olivenhain Municipal Water District</td>
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<td>Matt Vespi</td>
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<tr>
<td>Mark Watton</td>
<td>Otay Water District</td>
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<tr>
<td>Doug Wilson</td>
<td>Padre Dam Municipal Water District</td>
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Meeting #6 & #7 Summary of Topics Covered

- Review of SAWR Rate Design Alternatives
  - Demand Forecast Scenarios
  - Independent Cost of Service Review
  - Rate Design & Impact Evaluation
- Review of Provided Questions (CoS Report Review)
- Finalize SAWR Design Recommendation
- Future Rate Design and Cost Recovery Considerations
## Brought to You by Water: $1.8B Economic Value of Agriculture

<table>
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<tr>
<th>Category</th>
<th>Value</th>
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<tbody>
<tr>
<td>Eggs</td>
<td>$33,371,691</td>
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<tr>
<td>Other Cut Flower &amp; Bulbs</td>
<td>$39,126,857</td>
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<tr>
<td>Oranges</td>
<td>$43,063,782</td>
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<td>Tomatoes</td>
<td>$60,996,624</td>
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<tr>
<td>Lemons</td>
<td>$70,103,338</td>
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<td>Cactus &amp; Succulents</td>
<td>$104,045,836</td>
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<td>Avocados</td>
<td>$121,038,020</td>
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<tr>
<td>Bedding Plants &amp; Perennials</td>
<td>$259,749,390</td>
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<tr>
<td>Indoor Flowering and Foliage Plants</td>
<td>$329,527,905</td>
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<tr>
<td>Ornamental Trees &amp; Shrubs</td>
<td>$442,808,436</td>
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</table>

Source: 2018 Agriculture Crop and Livestock Report
FSTF SAWR
Framework Alternatives
Lisa Marie Harris, Director of Finance/Treasurer
Overview of Shortlisted CoS Alternatives

- Shortlisted Alternatives
  1. Farm Bureau Proposal
  2. Modified Supply Differential (Melded MWD + QSA)
  3. Include QSA Benefit Throughout (Include QSA, but exclude Desal)
  4. Use of Property Tax Revenue to Maintain Discount

- Carollo provided independent review and validation of each alternative and found that each alternative aligns with Cost of Service principles, California legal requirements, and Board Policies

- Each alternative provides a different greater or lesser level of service and corresponding rate differential.
Rate Scenario #1: Modified Farm Bureau (with MWD)

Proposal:
- Reflects Farm Bureau letter
- Creates permanent programs, removes “Transitional” from program title

Benefits:
- Evaluation of Supply Component to reflect 2025 UWMP Supply Portfolio

Challenges:
- Allocation of MWD water to a specific class/user

CY2020 Rate Impact:
- If MWD water is available, no Impact.
- While not forecasted, should MWD take be less than Ag demand, supply rate component would underfund
**Rate Scenario #2: Melded Supply Rate Differential**

**Proposal:**
- Revise methodology to reflect forecasted water supply portfolio
- SAWR Supply Rate based on Melded MWD + QSA Costs
  - Excludes Desal

**Benefits:**
- Reflects new supply conditions

**Challenges:**
- Inconsistent with existing SRC exemption (as SRC includes QSA)

**CY2020 Rate Impact:**
- SAWR Supply Rate increases to $841/AF vs $755/AF
  - $84/AF Differential vs $170
- Melded Supply Rate decreases by $9/AF (or 1%)
Rate Scenario #3: Include QSA Benefit Throughout

Proposal:
- Revise Methodology to reflect that Ag use benefits from MWD & QSA Supplies
- Ag receives no benefit from Desal

Benefits:
- Reflects new supply conditions
- Supply rate consistency

Challenges:
- Higher cost to Ag

CY2020 Rate Impact:
- SAWR Supply Rate increases to $841/AF vs $755/AF
  - $84/AF Differential vs $170
- Melded Supply Rate decreases by $9/AF (or 1%)
- Ag to pay lower SRC rate (QSA only) of $49/AF
  - Full SRC drops $5/AF to $99/AF
- Net Discount reduced from $455/AF to $315/AF
Rate Scenario #4: Maintained Supply Rate Differential

**Proposal:**
- Reflect forecasted water supply portfolio
- SAWR Supply Rate Differential Maintained based on MWD T1
  - Based on QSA Costs only
  - Excludes Desal
  - Demand dictate no MWD purchases

**Benefits:**
- Reflects new supply conditions

**Challenges:**
- Inconsistent with existing SRC exemption (as SRC includes QSA)

**CY2020 Rate Impact:**
- Maintain existing $170/AF Supply Differential
  - $4.2M=(Current $/AF-QSA Only)* SAWR AF
  - $4.2M funded by Non-Rate Revenue
  - Melded Supply Rate increases by $20/AF
    - ~$13/AF due to reallocation of offsetting revenue
    - ~$6/AF due to QSA allotment
FSTF SAWR Framework

Hybrid of #1 and #4
FSTF SAWR Framework

- If Board approved on November 21, TSAWR converts to a new SAWR Program effective January 1, 2021.

- Recommendation is for **Framework Only**
  - New SAWR Rate to be calculated during CY 2021 Rate Setting Process
    - SAWR Rate to be evaluated every year as part of COS process
  - Framework reflects reduced level of service and reliability,
  - Creates a permanent Special Agricultural Water Rate (SAWR)
  - New Framework provides greater flexibility and long-term rate predictability
    - Addresses continued shifts in the Water Authority’s supply portfolio
    - Direct property tax offset used as mitigating funds, if necessary
    - Review of Supply component conjunction with 2025 UWMP

- SAWR Program details and process to be defined in parallel
  - New Program to be open to all qualifying Agriculture customers
  - Staff will work with stakeholders to develop qualifying criteria and rules
SAWR Participants Pay:
- MWD Full-Service Tier 1 Untreated Supply Rate
  - Components are subject to change based on MWD rate updates
- Melded Treatment Rate
- Transportation Rate
- Customer Service Charge
- IAC

SAWR Participants Do Not Pay:
- Melded Supply Rate
  - Melding of MWD, QSA, and Desal
- Storage Charge
- Supply Reliability Charge
- Any additional costs collected through other rates and charges associated with the Regional Conveyance Project

Following adoption of SAWR Framework, staff will calculate SAWR actual rates annually as part of its annual Rate Setting Process.

While current demand forecasts do not necessitate its use, potential use of property tax will also be calculated and presented annually to the Board during the rate setting process.
FSTF SAWR Framework

- Framework mirrors existing CoS design
- Independently validated by Cost of Service Consultant
- Supported by the Farm Bureau

<table>
<thead>
<tr>
<th>Supply Rate Credit</th>
<th>Supply Reliability Charge Exemption</th>
<th>Storage Charge Exemption</th>
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<tbody>
<tr>
<td>Differential between SDCWA Melded Supply and MWD Tier 1</td>
<td>Excludes TSAWR deliveries from share of supply reliability charge</td>
<td>Excludes TSAWR deliveries from share of storage charge</td>
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<td>MWD Allocation Level and Duration</td>
<td>MWD Allocation Level and Duration (forgo Desal/QSA reliability)</td>
<td>ESP Event Cutback (twice the level of M&amp;I customers)</td>
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<td>No Access to Carryover Storage Supplies</td>
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Future SAWR Program Application & Implementation

Future Program Revisions

- Should new rate framework be adopted, modifications to existing TSAWR program will be made for a future SAWR program implementation
- Future SAWR program criteria development and implementation will occur outside of the FSTF process
- Staff will work with existing TSAWR users, member agencies, and other external stakeholders to:
  - Adopt more efficient, streamlined procedural and accounting processes
  - Open SAWR program to new applicants and define qualification criteria
  - Develop rules related to exiting and re-entering SAWR
Timing and Next Steps for SAWR Program

- **FSTF Recommends SAWR Framework**
  - Part of CY 2021 rate setting process
  - Feb-May 2020

- **SAWR Rate Calculation**
  - Draft and finalize new SAWR program guidelines first half 2020
  - Implement and initiate new sign-up in second half of 2020, going forward

- **Program Details**

- **SAWR Program effective Jan 1, 2021**
Proposed FSTF Schedule

Key Dates:
- November: SAWR Recommendation
- March: COS Kick-Off
- April: Draft Rates
- May: Final Rates
- June: Rate Adoptions
- January ‘21 Rate Implementation

Board Meeting

Open Friday

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Next Steps

- **Friday, January 3**
  - MWD Demand Management Allocation & Rate Forecast
  - Future Rate Design and Cost Recovery Considerations
  - Scenario Development and Impact Analysis

- **Future Topics to Include:**
  - Continued Discussion of Fixed Charge Guidance
  - Revenue & Rate Design Alternatives
  - Impacts of Roll-off and Potential Detachment
FSTF SAWR
Framework Recommendation

Frank Hilliker, Chair
Direct staff to develop a new and permanent Special Agricultural Water Rate (SAWR) program to succeed the Transitional Special Agricultural Water Rate (TSWAR) program.
Example Scenario: Calculation for Use of Property Tax

However unlikely, based on current forecasting, use of property tax provides a proactive, and legally defensible, mechanism to maintain a SAWR program under all Water Authority’s supply portfolios.

**Example Scenario (CY 2023)**

- During CY 2023 rate setting process, based on then current conditions, Water Resources forecasts SAWR demand of 40,000 AF. However, given the available local supply, MWD purchases are forecasted at 30,000 AF.
  - Supply/demand forecast occurs each year as part of normal rate setting.
- 10,000 AF of “QSA” supplies would be used to meet full SAWR demand.
  - (30,000 MWD + 10,000 of QSA)
- **Use of Property Tax = [10,000AF * QSA Cost] - [10,000AF * MWD Cost]**
  - Cost differential is funded by property tax revenue to maintain smooth and predictable SAWR program despite a forecasted supply constraint.
  - These funds are no longer available as a general use offsetting revenue.
Inverse Condemnation

Administrative and Finance Committee
November 21, 2019

Baldemar Troche
Administrative Services Manager
Part I: Legal Theory - What is Inverse Condemnation?

California Constitution

- Article 1, Section 19: “Private property may be taken or damaged for a public use and only when just compensation...has first been paid to...the owner.”

- A public use is any public improvement intended for community benefit. Water delivery systems are deemed public improvements. A public agency that damages property “for a public use,” owes the property owner compensation (damages).

Strict Liability

- A public agency is liable for property damage substantially caused by a public improvement, regardless of foreseeability or fault.

Public Policy

- Public improvement costs should be spread among those benefiting (taxpayers) rather than allocated to a single community member - the claimant or property owner.
Part I: Legal Theory - Narrow Defense Option

Causation / Substantial Cause-and-Effect

- Claimant must show public improvement was a substantial cause of damage.

- Public improvement is not deemed a substantial cause where damage would have occurred even if the public improvement operated perfectly.

- Even where an independent force (e.g., wildfire) contributes to the damage, liability exists if the injury occurred in substantial part because the public improvement failed to function as it was intended.

No Other Defenses

- Constitutionally protected right (no legislative or regulatory remedies).

- Tort immunities do not apply.

- Inverse condemnation is not a tort (unique specie of government liability).

- Recent Oroville decision presents pathway for additional defenses.
Part I: Legal Theory - Recoverable Damages

Present and Prospective Damages

- Cost of repairs
- Loss of use of real and personal property
- Lost profits and prospective profits
- Increased operating expenses

Claimant’s Attorney Fees, Expert Fees, and Other Litigation Costs

- Substantial exposure
- Encourages contingency cases
Part I: Legal Theory - Prevalent Exposures

Examples

- Installation of public improvement on private property
- Landslide, burst pipeline, or sewer backup
- Loss of or interference with access
- Interference with easements and rights-of-way
- Unreasonable interference with private property during construction of improvement
- Injury by noise, dust, vibration, or fumes
- Impairment of view
- Failure to protect (wildfire)
Part I: Legal Theory - Recent Inverse Condemnation Legal Precedent
City of Oroville v. Superior Court of Butte County Et Al. (August 15, 2019)

Key Findings from the California State Supreme Court

- In granting review, the Supreme Court recognized two competing interests that must be balanced when setting the limits of a public agency’s responsibility:
  1. distributing losses throughout the community; and
  2. impeding construction of public improvements due to liberal compensation

- “[A] court assessing inverse condemnation liability must find more than just a causal connection between the public improvement and the damage to private property. [D]amage to private property must be substantially caused by an inherent risk presented by the deliberate design, construction, or maintenance of the public improvement.”

- The court’s focus centered on inherent risks of the public improvement and substantial causation of the public improvement. Both factors must be weighed and “present for public agency to be liable.”
Key Findings from the California State Supreme Court (continued)

- Inherent risk assessment:
  Whether the inherent dangers of the public improvement as deliberately designed, constructed, or maintained materialized and were the cause of the property damage. There is no liability if damage is not connected to the public improvement’s inherent risks.

- Substantial causation assessment:
  Is there a link between the public improvement and the damage? Even when there are multiple causes, the damage “must be predominantly produced by [public] improvement.” Injury must be “inescapable or unavoidable consequence” of the public improvement. Decision allows courts to consider “plaintiff’s acts or omissions.”

- This decision recalibrates the adverse trend against public agencies but leaves unanswered many questions that ultimately require further legal precedent.
Part II: Cost Recovery - What Makes Inverse Condemnation Insurable?

**Inverse Condemnation**
- Unintended act *(conforms to the fortuity doctrine).*
- You are the inadvertent condemner and defendant.
- In contrast, eminent domain actions are uninsurable because you are acting as a deliberate condemner and initiating any resulting litigation. Similar correlation applies to adverse possession and dedicated use actions.

**Important Qualifier**
- Most insurers do not wittingly cover inverse condemnation due to its expansive legal theory, catastrophic loss potential, strict liability features, low causation bar, and attachment of plaintiff legal fees and related expenses.
- You must secure written affirmation from your insurer of inverse condemnation coverage.
- Silence is not acceptable, and coverage restrictions must be avoided.
Part II: Cost Recovery - What Policy Is Best Equipped to Cover Inverse Condemnation? Two Possibilities to Consider...

**General Liability**
- Torts (*e.g.*, negligence, dangerous condition, trespass, nuisance, etc.)
- Your coverage applies to property damage arising from your operations & employee negligence.

**Public Officials Liability**
- Wrongful acts arising from the powers, policies & decisions of your governing body.
- Your coverage applies to economic injury from wrongful acts.

**Good News**
- The Water Authority’s liability package covers both of the above.
Part II: Cost Recovery - What Is The Coverage Trigger For Inverse Condemnation?
As It Relates to Insurance...

**Refresher**

- Inverse condemnation is a constitutional violation of the federal and state takings clause. It is not a tort and has no linkage to your operations or employee negligence.

- Inverse condemnation is based on the powers, policies & decisions of your governing body as respects to the design, placement, construction, maintenance, and funding of your public improvement intended for community use.

- Water delivery systems are deemed public improvements.

**Wrongful Acts**

- Actual or alleged error, act, omission, neglect, misfeasance, nonfeasance, or breach of duty by your governing body in the discharge of their duties resulting directly but unexpectedly and unintentionally in monetary damages (*e.g.*, economic injury) to others.

- Inverse condemnation always ties back to wrongful acts of your governing body.
Part II: Cost Recovery - What Is The Coverage Trigger For Inverse Condemnation?
As It Relates to Insurance...

**Economic Injury**

- Damages are economic via the taking or damaging of private property without just compensation. It comprises diminution in value from physical or nonphysical injury to private property.

- Any resulting property damage is peripheral to an inverse condemnation action as it pertains to insurance policy interpretation.

- **Simplified Example:**

  Engineer designs bridge that collapses because of a design error. This loss will be treated as a professional error by the engineer and not as operational negligence by the firm. The claim will be paid under a professional liability policy, which is triggered on a wrongful act arising from a professional error resulting in economic injury. Property damage to the bridge is peripheral to the proximate cause of loss, which is design error.

- Inverse condemnation claims are treated the same way as the example above.
Part II: Cost Recovery - Answer To Question: ”Public Officials Liability is Best Equipped to Cover Inverse Condemnation.”

Public Officials Liability

- Aligns with the nature of inverse condemnation actions (covers wrongful acts of governing body).

- Damages are economic and based on the taking or damaging of private property without just compensation (damages are not related to property damage, as it pertains to insurance interpretation).

- Torts involving operations or employee negligence fall outside the scope of this policy and outside the scope of an inverse condemnation action.

Caveat Emptor

- Coverage is not automatically included. Silence is not acceptable. You must carefully structure your policy to ensure inverse condemnation coverage is affirmed in writing via endorsement.

- Excess liability insurers must affirm their intention to follow the fortunes of the underlying insurer as it relates to both coverage and adjustment of an inverse condemnation wrongful act where property damage results.
Part II: Cost Recovery - What Inverse Condemnation Restrictions Should be Avoided?

Less is More

- Inverse condemnation claims are inherently complex and comprise overlapping damages.
- Any limitation or restriction creates opportunities to disclaim coverage or reserve rights.
- Simplicity wins the day *(affirmation via endorsement, clarification of property damage exclusion, no restrictions, no sublimit, no sharing of limits, and no defense erosion)*.

Problem Areas

- Negligence or property damage only.
- Deliberate takings exclusion.
- Capping, sharing, or defense inside the limits.
- Claims made policies *(reporting, manifestation, and date of loss)*.
## Comparable Agencies and Liability Limits

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<th>Water Agency</th>
<th>Accumulated Liability Limit</th>
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<td>Alameda County Water District</td>
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<td>Zone 7 Water Agency</td>
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<td>Contra Costa Water District</td>
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<td>*Eastern Municipal Water District</td>
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<td>Los Angeles Department of Water and Power</td>
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<td>San Francisco Public Utilities Commission</td>
<td>Fully self-insured</td>
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<td>*Non CUWA agencies</td>
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Legislation

- SB 901
- The Coalition for Fire Protection & Accountability
Next Steps

- Legislation
  - Monitor proposed legislation related to inverse condemnation

- Market Business Insurance (liability, property & workers’ compensation)

- Commercial Carriers and Insurance Pools (e.g. CalMutuals JPRIMA, SDRMA, ACWA-JPIA, CSAC EIA, etc.)

- June 2020 - Purchase Business Insurance for Fiscal Year 2021
Treated Water Quality Update

Engineering & Operations Committee
November 21, 2019

Chris Castaing
O&M Manager
History

Historical Average Treated Flows
Treated Water Quality Challenges

Levels of Nitrification

- Low
- Moderate
- High
Mitigation measures

- Flushing
- Adjust treatment process
- Reduce detention time
- Online water quality
- Free chlorine transition
- Boost chlorine
Mission Trails Chlorine Injection System
SD11 FCF - Upstream Online Analyzers
Injection Pump System
Chemical Storage tank
Ventilation
Chemical Fill Station and Exterior Eye Wash
Electrical service upgrades
MTFRS Outlet - Downstream Online Analyzers
SCADA - Injection System

Mission Trails FRS Chemical System

SD11
- Nitrite: 0.01 mg/L
- Free Chlorine: 0.22 mg/L
- Total Chlorine: 2.68 mg/L
- Free Ammonia: 0.016 mg/L
- Total Ammonia: 0.626 mg/L
- pH: 0.13
- Conductivity: 630.00 μS/cm
- MonoChloramines: 3.08 mg/L
- Temperature: 19.37 °C

Solution
- Free Ammonia Ratio: 5.00
- Nitrite Oxidation Ratio: 10.00
- Titration Number: 240.00

MTFRS1
- Ratio: 4.84
- Free Chlorine: 0.19 mg/L
- Total Chlorine: 2.27 mg/L
- Free Ammonia: 0.027 mg/L
- Total Ammonia: 0.517 mg/L
- pH: 8.06
- Conductivity: 597.25 μS/cm
- MonoChloramines: 2.50 mg/L
- Temperature: 17.97 °C

Chemical Control
- Chlorine m/L Min Actual: 100.93
- Calculated: 100.20
- On
- Off

CL2 Tank Level: 162.28 Gal

Time Left Until Tank is Empty: 3 Days 13 Hours

Eye Wash Pump Pressure: 100.93 mL Min

Basin No 1 (East)
- HV1
- HV2
- HV3
- P1

Basin No 2 (West)
- HV4
- BV3
- BV4

Our Region’s Trusted Water Leader
San Diego County Water Authority
# SCADA - Water Quality

## Water Quality Overview

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chlorine</td>
<td>3.358 mg/L</td>
</tr>
<tr>
<td>Monochloramines</td>
<td>3.400 mg/L</td>
</tr>
<tr>
<td>Chlorine Ratio</td>
<td>5.206</td>
</tr>
<tr>
<td>pH</td>
<td>8.278</td>
</tr>
<tr>
<td>Temperature</td>
<td>68.350 °C</td>
</tr>
<tr>
<td>Free Ammonia</td>
<td>0.000 mg/L</td>
</tr>
<tr>
<td>Total Ammonia</td>
<td>0.057 mg/L</td>
</tr>
<tr>
<td>TOC</td>
<td>2.937 mg/L</td>
</tr>
<tr>
<td>Total Ammonia</td>
<td>6.723 mg/L</td>
</tr>
<tr>
<td>pH</td>
<td>6.252</td>
</tr>
<tr>
<td>TDS</td>
<td>8.644 mg/L</td>
</tr>
<tr>
<td>Fluoride</td>
<td>0.639 mg/L</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Facility</th>
<th>Chlorine</th>
<th>Monochloramines</th>
<th>Chlorine Ratio</th>
<th>pH</th>
<th>Temperature</th>
<th>Free Ammonia</th>
<th>Total Ammonia</th>
<th>TOC</th>
</tr>
</thead>
<tbody>
<tr>
<td>RID / CS6</td>
<td>3.398 mg/L</td>
<td>3.310 mg/L</td>
<td>5.073</td>
<td>65.983 °C</td>
<td>0.887 mg/L</td>
<td>0.828 mg/L</td>
<td>0.628 mg/L</td>
<td>2.837 mg/L</td>
</tr>
<tr>
<td>Area 13</td>
<td>Chlorine</td>
<td>Monochloramines</td>
<td>Chlorine Ratio</td>
<td>pH</td>
<td>Temperature</td>
<td>Free Ammonia</td>
<td>Total Ammonia</td>
<td>TOC</td>
</tr>
</tbody>
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### Water Product Water

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Chlorine</td>
<td>3.14 mg/L</td>
</tr>
<tr>
<td>Monochloramines</td>
<td>3.05 mg/L</td>
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<tr>
<td>Free Chlorine</td>
<td>0.00 mg/L</td>
</tr>
<tr>
<td>pH</td>
<td>6.47</td>
</tr>
<tr>
<td>Temperature</td>
<td>17.14 °C</td>
</tr>
<tr>
<td>Conductivity</td>
<td>3.05 ms/cm</td>
</tr>
<tr>
<td>TDS</td>
<td>6.64 NTU</td>
</tr>
<tr>
<td>Fluoride</td>
<td>0.72 mg/L</td>
</tr>
<tr>
<td>Sea Water</td>
<td>Total Chlorine</td>
</tr>
</tbody>
</table>

### Press Here

Generate Report

## Facility

<table>
<thead>
<tr>
<th>Facility</th>
<th>Regent Left (Day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PIF / AIF 74</td>
<td>20</td>
</tr>
<tr>
<td>PIF / AIF 43</td>
<td>20</td>
</tr>
<tr>
<td>PIF / AIF 2</td>
<td>4</td>
</tr>
<tr>
<td>REB</td>
<td>28</td>
</tr>
<tr>
<td>RE7</td>
<td>28</td>
</tr>
<tr>
<td>RE4</td>
<td>28</td>
</tr>
<tr>
<td>VCPS</td>
<td>5</td>
</tr>
<tr>
<td>VCP</td>
<td>5</td>
</tr>
<tr>
<td>CGS</td>
<td>0</td>
</tr>
<tr>
<td>C143</td>
<td>0</td>
</tr>
<tr>
<td>RAM</td>
<td>0</td>
</tr>
<tr>
<td>RE6</td>
<td>20</td>
</tr>
</tbody>
</table>

### Facility

<table>
<thead>
<tr>
<th>Facility</th>
<th>Regent Left (Day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SD11</td>
<td>2.78 mg/L</td>
</tr>
<tr>
<td>MTRFS / AIF</td>
<td>2.45 mg/L</td>
</tr>
<tr>
<td>Otay 12</td>
<td>1.54 mg/L</td>
</tr>
</tbody>
</table>
Water Quality Results and Benefits

- Initial Results:
  - Nitrites are being oxidized
  - Free ammonia is re-combining with added chlorine
  - Residual is being boosted

- Benefits:
  - Freshen up water in the southern portion resulted in reduced flushing
  - Maintain high quality water to member agencies
## Payback on Investment

<table>
<thead>
<tr>
<th>Project Cost</th>
<th>Projected Average Annual Savings</th>
<th>Payback</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.6M</td>
<td>$500k</td>
<td>3.2 yrs</td>
</tr>
</tbody>
</table>
Completion of Pipeline 4 Repair in Moosa Canyon

Engineering & Operations Committee
November 21, 2019

Neena Kuzmich
Engineering Manager
## Summary of Activities

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 2</td>
<td>Detected leak at Moosa Creek</td>
</tr>
<tr>
<td>August 7</td>
<td>Declared an emergency</td>
</tr>
<tr>
<td>September 9 - 16</td>
<td>Shutdown Pipeline 4 - Bulkhead installation</td>
</tr>
<tr>
<td>September 11 - 30</td>
<td>Installed temporary aqueduct pressure relief system</td>
</tr>
<tr>
<td>October 3 - 25</td>
<td>Installed carbon fiber material</td>
</tr>
<tr>
<td>November 4 - 10</td>
<td>Shutdown Pipeline 4 - Bulkhead removal/disconnect temporary aqueduct pressure relief system</td>
</tr>
<tr>
<td>November 10</td>
<td>Resumed normal operation of Pipeline 4</td>
</tr>
</tbody>
</table>
Bulkhead Removal
Contract Summary

Fibrwrap Construction Services, Inc.

- Original Contract Amount $871,342
- Change Order 1 $140,409
- Final Contract Amount $1,011,751
Contract Summary

J.F. Shea Construction, Inc.

- Original Contract Amount: $950,000
- Change Order 1: $200,000
- Final Contract Amount: $1,150,000
Staff recommendations

a. Accept the carbon fiber repair work as complete, record the notice of completion, and release all funds held in retention to Fibrwrap Construction Services, Inc., following expiration of the notice of completion period.

b. Ratify Change Order 1 to J.F. Shea Construction, Inc. for a not-to-exceed amount of $200,000 for the repair of Pipeline 4 in Moosa Canyon.

c. Authorize the General Manager to accept the emergency work as complete, record the notice of completion, and release all funds held in retention to J.F. Shea Construction, Inc., following expiration of the notice of completion period.
Bay-Delta Update

Imported Water Committee
November 21, 2019

Amy Chen
Director of the MWD Program
Water Authority’s Support for a Bay-Delta Fix

- State policy to reduce reliance on the Bay-Delta in meeting California’s future water supply needs
- Water Authority has a long history of supporting efforts to develop viable Bay-Delta solution
- July 2019: Updates Bay-Delta policy and supports Gov. Newsom’s Executive Order N-10-19, multi-benefit approaches and a single-tunnel Bay-Delta project
  - Conditioned upon tunnel project costs being characterized as supply charges to ensure San Diego ratepayers bear proportional share of the project costs
Update on Activities

- Water Resilience Portfolio
- Voluntary Agreements
- Bay-Delta single tunnel
- State Water Project contract amendment (tunnel cost allocation)
- CVP and SWP operations (biological opinions/incidental take permit)
Water Resilience Portfolio & Voluntary Agreements

- Water Resilience Portfolio
  - Draft recommendations to Governor in fall
  - Finalized by end of 2019

- Voluntary Agreements
  - VA parties expected to submit recommendations to State Board this fall (delayed)
  - VAs need further scientific and environmental review before implementation in 2021
Bay-Delta Tunnel Project

- Delta Conveyance Design and Construction Authority
  - Engineering design and preparation for project environmental review
  - Established Delta Stakeholder Engagement Committee
  - Funding from DWR & participants

- Delta Conveyance Finance Authority
  - Discussing changes to its joint powers agreement to adjust for changes in project definition
SWP Contract Amendment Negotiations

- WaterFix AIP withdrawn with single-tunnel directive
- Contract amendment to allocate costs and benefits of Bay-Delta single tunnel
  - Negotiations July - November 2019
- New Agreement in Principle:
  - Opt-in approach
  - Contracted Proportionate Share of costs/benefits
  - Paid use of excess capacity

“The capacity of the SWP share of a potential Delta Conveyance Project assumed for this AIP is 6,000 cubic feet per second.”

- Draft AIP November 15, 2019
Bay-Delta Tunnel Project

- Likely not supporting the AIP:
  - North-of-Delta Contractors
  - Tulare Lake Basin Water Storage District
  - Central Coast Water Authority
  - Dudley Ridge Water District
  - County of Kings
  - Empire West Side Irrigation District

- AIP Remaining Issues:
  - Contractors funding participation level
  - Supply, transportation, or combination?

- Next Steps:
  - Complete AIP participation table
  - Late 2019: Notice of Preparation for a project EIR
  - Late 2020: Draft EIR
  - CEQA and permitting to last 2-3 years
CVP/SWP Operations

CVP

- OCT 2018: Presidential Memorandum
- MAR 2019: Modeling/Analysis
- JULY 2019: Public Draft EIS
- AUG 2019: End of Comment Period
- SEP 2019: Respond to Comments
- DEC 2019: Final EIS
- JAN 2020: Record of Decision

FEB 2019: Final Biological Assessment
JULY 2019: Draft Biological Opinion
OCT 2019: Final Biological Opinion

CEQA

SWP

- APR 2019: NOP for EIR
- MAY 2019: Scoping Meeting
- NOV 2019: Draft EIR
- JAN 2020: End of Comment Period
- FEB 2020: Respond to Comments
- MAR 2020: Planned Final EIS
- APR 2020: Notice of Determination

DEC 2019: Current ITP Expires
MAR 2020: Potential New ITP Application
Remaining Issues

- New SWP incidental take permit in 2020
  - Consistent with BiOps?
  - Gap in SWP operations before new ITP
- Bay-Delta project costs and cost allocation
Agenda

- Study Scope
- Work Completed to Date
- Key Takeaways Thus Far
- Study Next Steps
- Timeline - Phase A
Two-Phase Study

- June - Board approved $3.9M CIP
  - Phased approach with offramps

- July - Board approved $1.9M Black & Veatch contract
  - Cost effective delivery of QSA supplies
  - Potential partnerships and funding
  - Technical analysis to help inform economic analysis
Three Alignments Under Study
# Scope by Phase

<table>
<thead>
<tr>
<th>Phase A</th>
<th>Phase B</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New</strong></td>
<td><strong>Partnership structures</strong></td>
</tr>
<tr>
<td>• Northern alignment</td>
<td>• Project delivery methods</td>
</tr>
<tr>
<td>• System integration</td>
<td>• Property Acquisition</td>
</tr>
<tr>
<td>• Multi-use, partnerships &amp; funding</td>
<td></td>
</tr>
<tr>
<td><strong>Refine/Update</strong></td>
<td></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>• All-In 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>• All-In 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>
</tr>
<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>

Cost: $1,300,000
Completion: 12 Months
Offramp: Go/No-Go to Phase B
Work Completed to Date

✓ Site Visits
  ✓ All American Canal
  ✓ Westside Main Canal
  ✓ Northern Alignment 3A

✓ Focused Workshops
  ✓ Partnerships
  ✓ RCS Operations
  ✓ Aqueduct Integration
  ✓ Treatment, Blending, Brine Management
    ❑ Power Supply
    ❑ Financial & Economic Analysis
    ❑ Screening Analysis & Preferred Alternative Selection
Key Takeaways

Several Partnership Opportunities Along Each Route

Limited New Facilities Needed for WA Aqueduct Integration

Capacity Considerations for AAC Integration

Steep Topography Favors Tunneling

No Fatal Technical Flaws Identified Thus Far
Key Takeaways

- **Untreated Water Demands**
  - 2045 Demand Scenario
  - Includes Local Supply Development Projects
  - Based on 2015 UWMP and 2018 Demand Reset
  - Will be Updated in Phase B to align with 2020 UWMP

- **MWD Untreated Water Supplies are Needed to Meet Demands in all Future Scenarios**
Study Next Steps

- Three remaining focused workshops
  - Environmental (3A)
  - Geotechnical (3A)
- All three alignments
  - Treatment Evaluation
  - Habitat Options
  - Pumped Storage Options
  - Electrical Supply
  - Risk Evaluation
  - Financial Analysis - All-In Costs (Capital and OM&R)
Financial and Economic Analysis Approach

- **Jan 2020**
  - B&V provides WA Staff Preliminary All-in Costs

- **Feb 2020**
  - Staff conducts economic analysis
  - A - Baseline analysis - no grant/partner funds
    1. WA builds
    2. P3
  - B - Sensitivity analysis - with range of grant/partner funds

- **Mar 2020**
  - B&V integrates preliminary economic results into alternatives analysis

- **Apr 2020**
  - Third-party independent review - economics (timing approximate)
Timeline - Phase A

Phase A

2019

- Jul, Aug, Sep, Oct, Nov, Dec

2020

- Jan, Feb, Mar, Apr, May, Jun

- NTP July 29

- Today

March 2020

- CRWG Meeting & Special IWC Workshop

April 2020

- CRWG Meeting

June 2020

- IWC Meeting
  - Board Action - Offramp
  - Go/No-Go to Phase B

May 2020

- Special IWC Workshop

MAM updates to coincide with CRWG and Board meetings
As-needed Environmental Consulting Professional Services Contract with Dudek

Water Planning and Environmental Committee
November 21, 2019

Mark Tegio
Senior Water Resources Specialist
As-needed Environmental Consultant

- Critical to executing key strategies and objectives of the Environmental Management Program

- As-needed/on-call consultant offers the most flexible, expeditious arrangement

- Multidisciplinary resources
  - Adjust to a changing workload
  - Available specialized expertise
Scope of Work

- As-Needed Services
  - Compliance documents
  - Technical studies
  - Field studies
  - Monitoring
  - Project support

- Project Management Services
  - Assist staff in RFP process
  - Contract management support
Selection Process

- RFP on The Network - July 15, 2019
- Four proposals (Dudek, ESA, Helix, and Horrocks)
- Understanding of the scope of work
- Technical and specialized qualifications
- Familiarity with similar projects
- Past performance
Dudek's good faith efforts verified

Seven subconsultants are small businesses

Included are Disabled Veteran, Disadvantaged, and Women-owned firms
Authorize execution of a professional services agreement with Dudek to provide As-needed Environmental Consulting Services for four years in an amount not to exceed $3,000,000.
As-needed Restoration Maintenance Professional Services Agreement with Helix Environmental Planning Inc.

Water Planning and Environmental Committee
November 21, 2019

Summer Adleberg
Principal Water Resources Specialist
Background

- Water Authority routine activities require restoration, maintenance, and monitoring of impacted native habitat

- This contract will support the Water Authority in meeting its permit obligations associated with:
  - NCCP/HCP
  - USACE
  - USFWS
  - CDFW
  - RWQCB
  - USFWS
Scope of Work

- General Habitat Restoration and Maintenance Services
- Preparation and Implementation of Maintenance Work Plans
- Preparation and Implementation of Habitat Restoration Designs and Work Plans
Selection Process

- RFP Posted August 7, 2019
- Pre-submittal Meeting held on August 15, 2019
- 4 Proposals were submitted from RECON, Helix, Wood, and HRS
- Interviews conducted on October 16, 2019
Helix’s good faith efforts were verified

Two sub-consultants were identified for the following disciplines:
  - Hydroseeding
  - SWPPP Preparation
  - Stormwater Monitoring Services

Firms have been identified as small business, women-owned, and minority-owned
Authorize execution of a professional service agreement with Helix Environmental Planning Inc. to provide As-needed Habitat Restoration Maintenance Services for five years in an amount not to exceed $1,400,000.
Update on Water Supply Conditions

Water Planning and Environmental Committee
November 21, 2019

Goldy Herbon
Senior Water Resources Specialist
Review of Water Year (WY) 2019

- WY 2019 = October 1 - September 30

- Defined as a “wet year” in terms of precipitation
  - Statewide snowpack on April 1 at 175 percent of average
Northern Sierra Precipitation 8-Station Index

Accumulated Precipitation (in)

WY 2020
4% of Normal
(November 20, 2019)

Source: Department of Water Resources
California Reservoir Storage

Lake Oroville

San Luis Reservoir
Lake Oroville Storage Volume - SWP

Capacity

55% of Capacity
91% of Average
(November 20, 2019)

Source: Department of Water Resources
Upper Colorado River Basin

As of Nov. 11, 2019:

- Precipitation 54% of normal
- Snow water equivalent 119% of normal
## Local Conditions

### Water Year 2020 Precipitation

<table>
<thead>
<tr>
<th>Station</th>
<th>Month To-Date November 1-21, 2019</th>
<th>Water Year To-Date Oct 1 - Nov 21, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>% Normal</td>
</tr>
<tr>
<td>Lindbergh Field</td>
<td>0.62 in.</td>
<td>103%</td>
</tr>
<tr>
<td>Ramona Airport</td>
<td>1.91 in.</td>
<td>232%</td>
</tr>
</tbody>
</table>

### Local Reservoir Storage:
- Total reservoir storage as of October 31 at 387,800 AF
- 54 percent of storage capacity\(^1\)

\(^1\) Accounts for DSOD restricted levels at Wohlford and Hodges Reservoir
Conclusions

- WY 2019 was a wet year
- WY 2020 too early to tell
- Continue to provide monthly updates
Update on Constituents of Emerging Concern: PFAS

Water Planning and Environmental Committee
November 21, 2019

Lesley Dobalian
Principal Water Resources Specialist
Agenda

- Background on PFAS
- Federal Activities
- State Activities
- Investigative Study in California
- What Does this Mean for our Region?
- Management Options
- Moving Forward
**Background: per- and polyfluoroalkyl substances**

- Large group of chemicals
  - Water, heat, and stain resistant
  - Firefighting and consumer products
  - PFOS and PFOA most studied

- Ubiquitous in environment

- Potential drinking water contamination
  - Sources leak into the environment
  - Persistent in environment

- Full range of human health impacts unknown
Federal Activities

- Drinking water lifetime health advisory
  - Information for states and water systems
  - Nonregulatory level to protect health
  - 70 ppt for PFOS/PFOA

- USEPA PFAS Action Plan
  - Approach to identify, understand, address, and prevent contamination
  - Includes public outreach

- Under evaluation
  - Maximum Contaminant Levels (MCLs)
  - Toxics Release Inventory Program
State Activities

- Notification levels for PFOS/PFOA
  - Lowered in August 2019
  - 6.5 ppt PFOS, 5.1 ppt PFOA

- Response levels for PFOS/PFOA
  - Equal to USEPA’s advisory level
  - 70 ppt for PFOS/PFOA

- MCLs under development

- Assembly Bill 756 (Garcia)

- PFAS Phased Investigative study
Three-Phase Investigative Study in California

- Gather information
  - Potential sources
  - Risks to drinking water
  - Multi-year effort

- Phase I
  - Orders issued Mar/April 2019
  - Airports, landfills, nearby wells

- Phase II and III
  - Orders underway
  - Manufacturing facilities, urban wildfire areas, wastewater treatment and pre-treatment plants
What Does this Mean for Our Region?

- Localized areas of impacts
- Contamination primarily groundwater related
- Some parts of state may be significantly affected
- Limited impacts anticipated in San Diego region
Management Options for PFAS Contamination

- Treatment technologies
  - Nanofiltration and reverse osmosis
  - Granular and powdered activated carbon
  - Ion exchange resins

- Change blending rates

- Remove wells from service
Moving Forward

- Track regulatory and legislative developments
  - Periodic updates to Board
  - Monthly Member Agency Regulatory update

- Collaborate with ACWA
  - Participating in ACWA workgroup
  - Attended PFAS Regulatory Summit
  - PFAS Communications and Education Toolkit
  - Upcoming session at ACWA on PFAS
Sacramento Update

Legislation and Public Outreach Committee
November 21, 2019

Ivy Ridderbusch, Legislative Analyst
Legislature

- The Legislature remains in Interim Recess, and is scheduled to return to begin the second year of its two-year 2019-2020 legislative session on January 6, 2020
Sponsored Legislation - SB 597 (Hueso)

- SB 597 is co-sponsored by the Water Authority and the City of San Diego

- SB 597 would create a path for procurement of energy storage services for the proposed San Vicente Energy Storage Facility

- SB 597 will need multiple affirmative votes by January 31 to remain alive and active in 2020
  - Senate Energy, Communications, and Utilities Committee
  - Senate Appropriations Committee
  - Senate Floor

- We will be pursuing a “NASCAR” coalition letter in support of SB 597 in coming weeks
Governor’s Actions on Power Shutoffs

- On October 25, Governor Newsom launched the Local Government Public Safety Power Shutoffs Resiliency Program
  - Intended to mitigate the impact on Californians by supporting continuing operations and efforts to protect public health, safety, and commerce

- $75 million in one-time General Fund appropriations will be used to support local government efforts
  - Each county will receive at least $150,000
  - Cities will compete for $8 million in grant funds, while certain cities will receive a fixed grant award
    - City of San Diego will receive a $500,000 grant award
  - Grant funding can be used to secure generators or other backup energy sources for essential facilities, emergency communications equipment, and developing and implementing PSPS plans
Governor’s Actions on Power Shutoffs

- On November 1, Governor Newsom announced efforts to fight wildfires, protect vulnerable Californians and to ensure that Californians have safe, affordable, reliable, and clean power
  - Emphasized enactment of AB 1054 (Holden) related to wildfire safety and executive compensation into law
  - Mentioned that the CPUC is opening an investigation into PG&E’s use of PSPS
  - Appointed Cabinet Secretary Ana Matosantos to serve as “Energy Czar”
Legislature’s Actions on Power Shutoffs

- On October 24, Senate President Pro Tem Atkins announced the creation of a PSPS working group involving the following Senators:
  - Senator Susan Rubio (Baldwin Park)
  - Mike McGuire (Healdsburg)
  - Bill Dodd (Napa)
  - Hannah-Beth Jackson (Santa Barbara)
  - Ben Hueso (San Diego)
  - Ben Allen (Santa Monica)
  - Henry Stern (Canoga Park)
  - Nancy Skinner (Berkeley)
  - Jerry Hill (San Mateo)
  - Scott Wiener (San Francisco)

- On November 18, Senator Ben Hueso convened an oversight hearing to begin investigating and reviewing options to address the current PSPS process.
Embracing the Future Together

Celebrating 75 Years with Our Member Agencies:

EMBRACING THE FUTURE TOGETHER

LETTER FROM THE BOARD OFFICERS AND GENERAL MANAGER

The 2019 fiscal year was a time to celebrate the remarkable history of the Water Authority and a time to cast a new vision for the future. For 75 years, the San Diego County Water Authority has played a pivotal role in our region’s development as an international hub for innovation, recreation, agriculture, trade and so much more.

VIEW 75 YEARS OF SERVICE TIMELINE
Proposed Sponsored Legislation for 2020

Legislation and Public Outreach Committee
November 21, 2019

Glenn Farrel
Government Relations Manager
Prior Board Action

- During 2019, the Water Authority sponsored/co-sponsored two bills in the State Legislature
  - AB 1588 (Gloria/Gray) - Military veteran transition to water/wastewater system operator occupations
  - SB 597 (Hueso) - Statutory path forward for advancement of proposed San Vicente Energy Storage Facility

- Final disposition of Water Authority sponsored bills during 2019
  - AB 1588 was signed into law
  - SB 597 was placed into print and teed-up for legislative action in 2020
2020 Recommended Bill Sponsorship: Proposal #1

- **Issues**
  - California currently lacks a roadmap to properly ensure integration of renewable energy and zero-carbon emission sources into the electrical grid by the statutory deadlines.
  - Bulk energy storage - like pumped hydropower storage projects - is necessary to facilitate grid reliability assurances and a major shift to renewable power.
  - There is no statutory or regulatory mechanism in place to jump-start the development of bulk energy storage projects, which require a long lead time to undertake.

- **Proposed legislative approach**
  - Continue to co-sponsor - with the City of San Diego - SB 597 (Hueso) to advance a path forward for the proposed San Vicente Energy Storage Facility.
  - SB 597 would help to create a path for consideration of additional bulk energy storage projects throughout the state.
2020 Recommended Bill Sponsorship: Proposal #2

- **Issues**
  - Three legislative resources/resiliency bond measures are in-play going into the 2020 state legislative session
  - One resources/resiliency bond measure is circulating for signature to qualify for the November 2020 general election ballot
  - There is a high likelihood that a resources bond will appear on the November 2020 ballot, and it may be the last until 2024/2026

- **Proposed legislative approach**
  - Engage member agencies to develop a comprehensive San Diego regional funding needs package
  - Ensure the San Diego legislative delegation is fully equipped to advance the region’s needs in any resources bond gaining momentum
  - Work with legislative leaders, committees, and the Administration to advance the full package of San Diego regional funding needs for inclusion in any resources bond
Issues

- The City of Escondido received a Proposition 1E grant award to assist with reconstruction of Wohlford Dam
- The grant award is nearing expiration and will need an extension to allow the City to apply the grant award to any Wohlford Dam project
- The Wohlford Dam project is now facing additional wetlands permitting issues and cost escalation, requiring consideration of a statutory or regulatory fix to address the permitting issues and additional state funding assistance

Proposed legislative approach

- Co-sponsor legislation with the City of Escondido to provide a multi-pronged partnership effort that seeks:
  - Statutory relief relative to extension of the Proposition 1E grant award and wetlands permitting issues
  - Funding assistance to ensure the City of Escondido can fully pursue either reconstruction or rehabilitation of Wohlford Dam
Staff Recommendation

- Approve sponsorship/co-sponsorship of legislative proposals #1 and #3 for the 2020 state legislative session

- Approve staff recommendation for active engagement in shaping any resources/resiliency bonds during the 2020 state legislative session to reflect the San Diego region’s funding needs
Legislative Policy Guidelines

Legislation and Public Outreach Committee
November 21, 2019

Glenn Farrel
Government Relations Manager
Legislative Policy Guidelines

- Annual update for 2020
- Legislative Policy Guidelines provide guidance on policy issues of importance and a framework to evaluate legislative and regulatory issues
- Staff presented DRAFT Legislative Policy Guidelines for discussion and input at the Board’s October 24 meeting
Proposed Substantive Content Changes to LPGs

- Based on Board input, the following reflect substantive changes to the Legislative Policy Guidelines from the October 24 version
  - Under Binational Issues, there is a proposed modification to delete an outdated LPG and update the LPGs in this section to reflect the Board’s policy guidance and direction relative to resolution of Tijuana sewage issues and regional water quality improvements
  - Under Imported Water Supply: Colorado River, there is a proposed modification to add new policy guidance regarding efforts to pursue and secure Lake Mead storage opportunities
Staff Recommendation

- Adopt proposed 2020 Legislative Policy Guidelines
POTENTIAL DETACHMENT OF RAINBOW/FALLBROOK :: -Voter Approval Issues-

Board of Directors Meeting
November 21, 2019

Special Counsel Claire Hervey Collins
Rainbow and Fallbrook have stated their intent to request to detach from Water Authority. Preliminary estimated net impact of $13 million per year on other member entities (2018 $).

San Diego LAFCO has jurisdiction to make initial detachment decisions, and approval is subject to either a protest proceeding (under the LAFCO Act) or a vote of the people (under the County Water Authority Act).

Two issues LAFCO may address related to the voters are 1. Whether a protest or an election should take place? and 2. Among which voters?
Overview of LAFCO Proceedings

1. Rainbow and Fallbrook adopt resolutions.
2. Rainbow and Fallbrook submit applications to LAFCO. - Starts the “Commission Proceedings”
3. LAFCO notifies all affected agencies and solicits public comments. LAFCO staff/consultants analyze proposal. This may take many months.
4. LAFCO staff makes recommendation to Commission.
5. LAFCO holds public hearing on proposal, may reject or approve subject to conditions.
6. If approved, goes to “Authority Proceedings” for protest or vote.
LAFCO Decisions

- San Diego LAFCO makes initial detachment decisions during Commission Proceedings.

- LAFCO has statutory authority to establish how Authority Proceedings are conducted:
  - Protest Proceeding (Part 4 of the LAFCO Act) vs. Popular Vote (Exemption from Part 4 of the LAFCO Act and proceed under the CWA Act)
  - Detaching Areas Only (CWA Act) vs. Larger Affected Electorate (Part 3 of the LAFCO Act)
The Water Authority released preliminary data showing that, with 2018 as an exemplar year, the detachment would have a $13M per year impact on the Authority’s budget, which would be paid by other ratepayers.

These potential effects are why we recommend that all member agencies of the Authority and their voters/ratepayers have the opportunity to participate in the LAFCO process.
At the October LAFCO meeting, during a discussion about where a vote of the “affected area” would be held, Commissioner Dianne Jacob stated “I could argue that the affected area is the entire County Water Authority are in all those other 22 agencies.”

Rainbow and Fallbrook letter yesterday fails to state that the quote in the letter was in the context of where the vote could possibly be held.

Fundamental fairness to ratepayers in all of the Water Authority’s service area should be a goal for all agencies involved in this process.
Process for Seeking an Election instead of Protest

- County Water Authority may request exemption from LAFCO from Part 4 of LAFCO Act and ask LAFCO for election under CWA Act instead of protest process.

- LAFCO law gives discretion to LAFCO to decide scope of electors. Rainbow/Fallbrook letter disputes that discretion. LAFCO may ultimately have to decide.

- Request to have an election (instead of protest) must be made by Water Authority within 10 days after notice from LAFCO of completed detachment applications.

- Rainbow and Fallbrook support an election in their service areas only. We suggest we ask LAFCO to allow all ratepayers to have a voice.
1976 Determination

- In 1976, under a different LAFCO law, the Water Authority was exempted from all LAFCO proceedings.

- Law changed in 2000. Now Water Authority subject to Parts 1-3 of LAFCO Act including the “Commission Proceedings” but allows agency to seek to exempt itself from Part 4 protest procedure and choose CWA Act.

- Rainbow and Fallbrook argue that 1976 determination under different law still governs. We disagree. We believe the 1976 event is no longer material due to fundamental change in law. However, making request to LAFCO protects against any uncertainty. All parties support an election.
Recommend that Board seek an exemption from Part 4 because:

a. It would allow voting under the County Water Authority Act in at least Fallbrook and Rainbow (and possibly in entire Authority service area)

b. Part 4 is generally waived. Because it is not a common process, it is unfamiliar to voters and unlikely to allow large electorate to weigh in. Elections are more familiar and the voters are more likely to participate in the process.
Recommendation

Approve Resolution in Board Packet authorizing:

(a) application to LAFCO to have any Authority Proceedings conducted by election under the County Water Authority Act if Fallbrook or Rainbow file LAFCO applications for detachment; and

(b) request that LAFCO condition detachment on vote of entire Water Authority service area.
General Manager Recruitment Work Group

- Jim Madaffer, Board Chair
- Gary Croucher, Board Vice Chair
- Christy Guerin, Board Secretary
- Jerry Butkiewicz, Chair, Legislation & Public Outreach Committee
- Tony Heinrichs, Chair, Water Planning & Environmental Committee
- Frank Hilliker, Chair, Administrative & Finance Committee
- Keith Lewinger, Chair, Imported Water Committee
- Marty Miller, Chair, Engineering & Operations Committee
- Ashley Kite, SDCWA Staff Liaison
Key Priorities

Openness / Transparency
- Open, Transparent Process with Clear Milestones and Timelines
- Input from the Full Board to the Work Group and Selected Consultant
- Regular Updates to the Full Board

Stakeholder Outreach and Input
- SDCWA Board of Directors / Member Agency General Managers
- Regional Business Associations, EDCs, Chambers of Commerce
- Environmental / Social Justice / Taxpayer / Ratepayer Groups
- SDCWA Executive Staff & Employee Representatives (Teamsters)
- Citizen Water Academy Graduates

Candidates with Experience in the Seven Colorado River Basin States
Key Information

Request for Proposals / Consultant Selection

- Work Group Kick-Off Meeting on March 14, 2019
- Request for Proposals Issued March 18, 2019
- 8 Proposals Received; 3 Firms Invited to Interview on April 30, 2019
- Avery & Associates Selected; Total Contract NTE $27,400
- Contract with Consultant Finalized May 15, 2019

Recruitment Summary

- Extensive Stakeholder Outreach
- Recruitment Opened July 19, 2019
- Nationwide Advertising
- 32 Applications Received by August 30, 2019 Closing Date
- 6 Candidates Presented to Work Group on September 17, 2019
- Community Panel Interviewed 6 Candidates on October 8, 2019
- 4 Candidates Recommended by Work Group to Continue Forward
- Full Board Interviewed 3 Candidates at Special Meeting on November 14, 2019
Recommendation

1. One year contract for General Manager Sandra L. Kerl, subject to renewal. $327,000 annual salary.

2. Standard executive benefits per Water Authority established policies with following exceptions: $5,000 per year deferred compensation; 80 hours merit leave this fiscal year only; $700 monthly car allowance.

3. Severance pay limited as required in Government Code section 53260.

Is there a motion to approve the above?