1. **CALL TO ORDER** Chair Madaffer called the Board of Directors’ meeting to order at 9:00 a.m.

Chair Madaffer welcomed the Board to the meeting and briefly discussed logistics of the meeting.

2. **ROLL CALL, DETERMINATION OF QUORUM**
   Clerk of the Board Nelson called the roll. Directors present virtually were Chair Madaffer, Vice Chair Croucher*, Secretary Guerin, and Directors Arant*, Ayala, Barnum, Boyle, Butkiewicz, Cate, Cherashore, Evans, Fong-Sakai, Hall, Hedberg, Heidemann, Heinrichs, Hilliker, Hogan, Katz, Kennedy, Lewinger, Martinez, Miller, Murland, Mosca, Preciado, Reeh, Rios, Saxod, Scalzitti*, Smith, Steiner, Udrys, Wilson, and Supervisor Desmond.

Directors absent were Bebee (p) and Simpson.

Staff present included General Manager Kerl, Deputy General Manager Denham, General Counsel Hattam, Director of Administrative Services Foster, Director of the Colorado River Program Rodgers, Director of Engineering Reed, Director of Finance Harris, Director of Government Relations Farrell, Director of Human Resources Kite, Director of MWD Program Chen, Director of Operations & Maintenance Fisher, Director of Public Affairs Vedder, Director of Water Resources Gage, Controller Woidzik, Rate & Debt Manager Rossum, and Clerk of the Board Nelson. Also present was Kevin Davies of Black & Veatch.

2-A **Report on proxies received.** Director Arant was the proxy for Director Bebee.

3. **ADDITIONS TO THE AGENDA**
   There were no additions to the agenda.

*Vice Chair Croucher and Director Arant arrived at 9:05 a.m.

4. **APPROVAL OF MINUTES**
   Director Cherashore moved, seconded by Director Mosca, and the motion carried at 96.5465% of the vote to approve the minutes of the Formal Board of Directors’ meeting of July 23, 2020. Ms. Nelson took a roll call vote.
*Director Scalzitti arrived at 9:07 a.m.

5. **PUBLIC COMMENT**

   Ms. Nelson reported that nine members of the public had requested to speak regarding the Regional Conveyance System Study Phase B. Each speaker was given three minutes to speak. Mr. Hattam announced that approximately 500 letters and emails had been received, in both opposition and support, regarding the study. He referred to the supplemental materials packet and the website link for the complete collection of letters, which would be part of the record.

   The following members of the public spoke in favor of RCSS Phase B:
   - Jack McGrory
   - Stefanie Benvenuto, San Diego Regional Chamber of Commerce

   The following members of the public spoke in opposition RCSS Phase B:
   - Enrico Farrell
   - Doug Gillingham
   - Andrew Meyer, Director of Conservation, San Diego Audubon Society
   - David Garmon, Tubb Canyon Desert Conservancy
   - Laura Walsh, Policy Coordinator, San Diego Chapter Surfrider Foundation
   - Matt O’Malley, San Diego Coastkeeper

   Following the conclusion of public comments, Chair Madaffer thanked everyone who participated and provided comments.

6. **REPORT BY CHAIR**

   Chair Madaffer reported that the Scripps Center for Western Weather and Water Extremes had launched the Water Affiliates Group, and the Water Authority was one of six founding water agencies state-wide of the group. The other founding partners were Sonoma Water, Orange County Water District, Yuba Water Agency, Turlock Irrigation District, and Irvine Ranch Water District. He stated the partnership with Scripps Institute of Oceanology underscored the commitment of the Water Authority to strategic science-based decision making. He congratulated all Staff involved in the partnership.

   He also followed up briefly on the Data Archival Invoicing System (DAIS) and stated that full testing of the web portal was underway and staff across member agencies were entering billing data in the system, with testing projected to be complete by the end of the month. He added that the system was due to go live in September 2020 and would make the previous billing software obsolete.
6.1 Nomination of Board Officers.

Chair Madaffer announced the nominations for Board Officers were received as follows: Vice-Chair Croucher for Chair, Secretary Guerin for Vice-Chair, and Directors Butkiewicz and Cate were both nominated for Secretary. After hearing no nominations from the floor, he announced the nominations were closed and the Board Officers would be selected at the September 24, 2020 Formal Board meeting.

7. **ACTION/DISCUSSION/PRESENTATION**

7.1 Reappointment of Christy Guerin, representing Olivenhain Municipal Water District. Term ending August 1, 2026.

Chair Madaffer announced the reappointment of Director Guerin.

7.2 Recognition of Litsa Tzotzolis, Public Affairs Representative I, Employee of the 4th Quarter.

Chair Madaffer and General Manager Kerl introduced Ms. Tzotzolis and congratulated her on being named the employee of the 4th quarter.

Chair Madaffer announced the agenda would be taken out of order.

7.6 Regional Conveyance System Study – Phase B.

**Staff recommendation:**
Adopt the General Manager’s recommendation to defer expenditure of Phase B funding and proceed as described in her August 24 letter.

Chair Madaffer announced the item and made a motion to move forward with the Regional Conveyance System Study Phase B, with no delay. Director Lewinger seconded the motion.

Chair Madaffer introduced Vice-Chair Croucher to present a report from the Colorado River Working Group. Vice-Chair Croucher referred to written materials provided in the board packet and stated that Staff, and Kevin Davis of Black & Veatch, would present on the item. He reviewed the members and purpose of the Colorado Rover Working Group, and reported on discussion at the last meeting, including the agreement with the staff recommendation for RCSS Phase B.

Mr. Denham began with an outline of the planned presentation and stated the purpose was to answer as many questions as possible and help to inform decisions. He stated the presentation would discuss key study-drivers, highlight Phase A results, discuss and respond to the member agencies managers consultant report, and would conclude with
further detail on staffs’ recommendation. He stated that the direction Staff had received
from the Board the prior year, with regards to phase A, was to focus on the technical
nature of project, namely the capital and O&M, followed by a high-level economic
analysis.

Mr. Denham reviewed some of the letters received in opposition, and in support, of the
study. He discussed the reasons behind the regional conveyance study including low cost
and reliability of QSA supplies, the conclusion of the initial term of IID conserved water
transfers in 2047, and the conclusion of the MWD exchange agreement in 2047. He
stated that decisions made in the mid 2020’s would serve as a proxy for the following 50
years, and a delay in the study would forgo significant options for the region. He
reviewed the current two-phase study and stated that Phase A had focused on engineering
and costs and introduced Mr. Davis of Black & Veatch to continue the presentation.

Mr. Davis reviewed maps and costs of regional conveyance system alternatives, and
identified possible energy saving opportunities and renewal energy partnership
opportunities. He provided an overview of Phase B funding, reviewed alternatives under
study, Phase A financial analysis, and Phase A key findings. He discussed the DLM&G
demand risk report and shared concerns including flawed demand management
projections and the exclusion of SANDAG growth projections for 2020-2040. He stated
QSA supplies were necessary to support local development due to the cost of the supply,
and it lowered the melded rate of untreated supplies and supported local supply
development. He added that in 2047 we would need 200 KAF of new supplies beyond
planned member agency projects, and reviewed projected costs associated with options
for additional local supplies.

Mr. Rossum continued with a review of the MAM consultant review of the Phase A
economic analysis and a detailed overview of the Water Authority’s response, including
economic assumptions reviewed by industry experts. He discussed annual increases in
MWD’s water rate by eras, the history of MWD untreated water rates, an analysis of
factors and drivers that could influence future rates, and key economic analysis
assumptions. He also reviewed feedback provided by the Member Agency Finance
Officer members and expressed his appreciation for the input.

Mr. Rossum continued the presentation with a review of Phase A preliminary economic
sensitivity analysis results. He provided an overview of MWD increases and stated that
an average increase of 4.5 percent for the transportation rate, and 5.1 percent average for
the 20-year Tier 1 full service, rates had far exceeded the inflation rate of 2.1 percent. He
reviewed RCS baseline assumptions, preliminary sensitivity analysis results, capital
sensitivity impacts on upfront costs, financing sensitivity, energy savings costs, treatment
costs overview, RCS baseline analysis vs MWD reliance. He reviewed Phase A economic
analysis key takeaways, strategies to mitigate short term rate impacts through Grants;
State and Federal funding and partnerships, and development of rate strategies.
Mr. Denham stressed the complexity of the issue and discussed possible next steps including stakeholder meetings and concluded with a review of the staff recommendation.

Directors asked questions and made comments and Staff responded.

Following comments by the Board, Chair Madaffer withdrew his motion, and provided further comment.

Chair Madaffer moved, seconded by Director Lewinger, and the motion carried at 98.495% of the vote to approve staffs’ recommendation. Ms. Nelson took a roll call vote.

Due to time constraints Chair Madaffer stated that presentations would not be provided on agenda items 7.3 and 7.5 and referred to written reports included in the board packet.

7.3 Detachment update.

*Director Reeh left the meeting at 12:24 p.m.

7.4 Fiscal Sustainability Task Force update.

Director Hilliker provided a brief update on the Fiscal Sustainability Task Force activities. He thanked the Board for the opportunity to serve as Chair of the Task Force, and thanked all members of the Task Force, including past Board member Mark Watton. He introduced Ms. Harris to review the committee accomplishments.

Ms. Harris reported the task force had met 11 times and stated significant committee accomplishments included the implementation of the permanent Special Agricultural Water Rate. She reviewed the topics covered by the work group, including a detailed review of the Long-Range Financing Plan. She stated that at the conclusion of the last meeting the Task Force had recommended continued work on fiscal sustainability issues.

Director Cate provided comments and made a motion to move forward with the Task Force. Director Steiner also made comments. General Counsel Hattam responded to the motion made by Director Cate, stating that the item was an information item and did not require an action or a motion to move forward. Director Steiner requested a formal action be brought back to the Board that would formalize the Task Force. Director Cate agreed with Director Steiner’s request and withdrew his motion.

Director Arant, Vice Chair Croucher, and Director Hogan made comments on the value of the task force.
7.7 Amendments to the San Diego County Water Authority Local Conflict of Interest Code.
Staff recommendations:
   a) Conduct the Public Hearing.
   b) Adopt Resolution No. 2020-16 approving amendments to the San Diego County Water Authority Local Conflict of Interest Code.

Mr. Hattam opened the Public Hearing at 12:39 p.m. and stated that no public comment had been received. Ms. Nelson added she had not received public comment on the item. Hearing no comments, Chair Madaffer closed the Public Hearing at 12:40 p.m.

Director Steiner moved, seconded by Director Lewinger, and the motion carried at 90.561% of the vote to approve staffs’ recommendation to adopt Resolution No. 2020-16 approving amendments to the San Diego County Water Authority Local Conflict of Interest Code. Ms. Nelson took a roll call vote.

7.8 Approve the Recommended Debt Management Activities to Defease Outstanding Debt.

Director Steiner moved, seconded by Director Murtland, and the motion carried at 94.003% of the vote to approve staffs’ recommendation to adopt Resolution No. 2020-17 authorizing defeasance of a portion of the outstanding 2005 Contract Payments, Series 2011A Bonds and Series 2011B Bonds in an aggregate principal amount not to exceed $30,000,000 in Calendar Year 2020. Ms. Nelson took a roll call vote.

7.9 Service contract with Electrical Reliability Services, Inc., for electrical preventative maintenance, inspection, testing and repair services.
Staff recommendation: Authorize the General Manager to execute the services contract with Electrical Reliability Services, Inc., for electrical preventative maintenance, inspection, testing and repair services for one year, with an option to extend the contract annually for an additional four years, for a total not-to-exceed amount of $3,205,000.

Director Fong-Sakai moved, seconded by Director Hilliker, and the motion carried at 97.978% of the vote to approve staffs’ recommendation. Ms. Nelson took a roll call vote.

*Director Kennedy left the meeting at 12:48 p.m.

Chair Madaffer introduced Director Smith to present an MWD Delegate report.
Director Smith addressed the Board on rate relief efforts at Metropolitan. He reported the MWD Board had been given direction to revisit the budget and look for further relief in rates, especially due to the COVID crisis. He urged member agency support in the effort for requests for rate relief from MWD.

Due to time constraints Chair Madaffer deferred items 7-10, 7-11, and 7-12 to the September 24, 2020 Formal Board meeting.

7.10 Asset Management Program Briefing.
7.11 Washington report.
7.12 Sacramento report.

8. CONSENT CALENDAR
Director Hilliker moved, seconded by Director Heinrichs, and the motion carried at 94.003% of the vote to approve the Consent Calendar. Ms. Nelson took a roll call vote. Directors voting no, or abstaining are listed under the item.

The Board noted and filed the Treasurer’s report.

8.2 Resolution establishing amount due from the City of San Diego for the In-Lieu Charge as a condition of providing water service for Fiscal Year 2021.
The Board adopted Resolution No. 2020-18 establishing an amount due of $2,570,931.78 from the City of San Diego for the In-Lieu charge for Fiscal Year 2021.

Secretary Guerin and Director Cate recused on 8.2. Item passed at 90.734%

8.3 Approve Capacity Fee Refund to JPI Real Estate Acquisition, LLC.
The Board authorized the General Manager to issue a capacity charges refund in the amount of $130,810 to JPI Real Estate Acquisition, LLC.

8.4 Amendment to agreement for professional services contract with Alliant Insurance Services, Inc., to provide Health Insurance Broker Services.
The Board authorized the General Manager to execute an amendment to the professional services agreement for health insurance services with Alliant Insurance Services, Inc., to increase the contract limit by an additional $87,000, maximum increasing from $281,000 to $368,000, and extending the term through December 31, 2021.

8.5 Amend Professional Services Contract with Studio West Landscape Architecture & Planning for WaterSmart Landscape Makeover Program.
The Board approved to amend the professional services contract with Studio West Landscape Architecture & Planning by $274,168 and two years for total contract funding not to exceed $805,143.
8.6 **Authorize WaterSMART Grant application to Bureau of Reclamation for a Water Conservation Project.**

The Board adopted Resolution No. 2020-19 authorizing and directing the General Manager to apply to the Bureau of Reclamation and to commit the Water Authority to the financial and legal obligations associated with the receipt of grant funds.

8.7 **Future Supply Actions Funding Program Agreements Update.**

The Board approved and reaffirmed Future Supply Actions (FSA) Funding Program Agreements with Metropolitan Water District of Southern California (MWD) for three San Diego region projects.

Director Wilson recused on 8.7. Item passed at 91.299%

8.8 **Adopt positions on various bills.**

The Board adopted a position of support on: the Border Water Quality Restoration and Protection Act (Vargas); S. 4129 (Wicker), S. 4308 (Sinema), and the Border Water Quality Restoration and Protection Act (Feinstein).

The following Information items were received and filed:

9. **INFORMATION**

9-A Report on Water Authority Memberships.
9-C Controller’s report on monthly financial statements.
9-D Board Calendar.
9-E Government Relations Update.
9-F Metropolitan Water District Delegates report.
9-G Colorado River Board Representative’s report.

10. **SPECIAL REPORTS**

10-A GENERAL MANAGER’S REPORT – Ms. Kerl stated she had nothing further to report.
10-B GENERAL COUNSEL’S REPORT – Mr. Hattam stated he had nothing further to report.
10-C SANDAG REPORT – Director Katz reported on discussion and action taken at the SANDAG meeting.
SANDAG Subcommittees: Borders Committee – Director Saxod reported on discussion and action taken at the SANDAG Borders committee meeting.
Regional Planning Committee – Director Heidemann reported on discussion and action taken at the Regional Planning Committee meeting.
10-D AB 1234 Compliance Reports – No reports were given.

11. **CLOSED SESSION(S)**

Mr. Hattam took the Committee into Closed Session at 12:59 p.m. on items 11-A, 11-B, and 11-C. He stated Closed Session would not be required for 11-D.
11-A Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
SDCWA v. Metropolitan Water District of Southern California; San Francisco
Superior Court Case Nos. CPF-10-510830; CPF-12-512466; CPF-14-514004; CPF-16-
515282; CPF-16-515391; CGC-17-563350; CPF-18-516389; California Court of
Appeal (1st District) Case Nos. A146901; A148266; A154325; California Supreme
Court Case Nos. S243500; and S251025

11-B Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Food & Water Watch and Center for Food Safety v. Metropolitan Water District of
Southern California and All Persons Interested in the Matter; Los Angeles Superior
Court Case No. BC 720692; California Court of Appeal (2nd District) Case No.
B297553

11-C Conference with Legal Counsel – Existing Litigation Government Code
§54956.9(d)(1)
Name of Case: California Department of Water Resources v. All Persons Interested
in the Matter; Sacramento Superior Court Case
No. 34-2020-00283112-CU-MC-GDS

11-D Conference with Legal Counsel – Anticipated Litigation Government Code
§54956.9(d)(2) One Case (claim available for public inspection pursuant to
Government Code §54957.5)

12. ACTION FOLLOWING CLOSED SESSION
Mr. Hattam brought the Board out of Closed Session at 1:37 p.m. and stated there was
nothing to report.

13. OTHER COMMUNICATIONS

14. ADJOURNMENT
There being no further business to come before the Board, Chair Madaffer adjourned the
meeting at 1:38 p.m.

Jim Madaffer, Chair

Christy Guerin, Secretary

Melinda Nelson, Clerk of the Board