Final Report on the Administrative and Finance Committee Work Plan for Calendar Years 2019 & 2020

Water Authority Board Meeting
November 19, 2020

Frank Hilliker
Administration and Finance Committee Chair
Adopted Budget and Rates & Charges

• Approved FY 2020-2021 Adopted Budget & CY 2020 and 2021 rates and charges

• Approved midterm budget update with $44.5 million in savings

• Created Permanent Special Agricultural Water Rate

• Utilized $32 million in rate stabilization funds mitigating CY 2021 rate increases

* Items related to the 2019-2023 Business Plan
Adopted Financial Policies

- Approved comprehensive debt strategy that generated $67 million refunding savings and significant rate relief
- Financial Rate Model upgrade and Full Cost of Service *
- Established OPEB funding strategy & policy framework
- Approved annual statements of investment policy*  

* Items related to the 2019-2023 Business Plan
Cybersecurity, Insurance & Work Environment

- Reviewed cybersecurity initiatives*
- Authorized purchase of business insurance for FYs 2020 and 2021*
- Approved amendments to and extension of MOU with labor groups*
- Approved COVID-19 emergency resolution*

* Items related to the 2019-2023 Business Plan
Final Report on the Engineering and Operations Committee Work Plan for Calendar Years 2019 & 2020

Water Authority Board Meeting
November 19, 2020

Marty Miller
Engineering and Operations Committee Chair
CIP/Asset Management

- Pipeline 5 Relining Delivery Point to Sage Road*
- Vallecitos Water District 11/ Vista Irrigation District 12 Flow Control Facility*
- Lake Hodges Hydroelectric Facility Maintenance and Replacement Plan*

* Items related to the 2019-2023 Business Plan
System and Facility Security

- Implementation security improvements at critical facilities*

* Item related to the 2019-2023 Business Plan
Energy Program

- **Energy Management Policy Update**
  
- **Lake Hodges Hydroelectric Facility - Revenue**
  - FY19 - $3.3M
  - FY20 - $2.8M

- **Rancho Peñasquitos Hydroelectric Facility - Revenue**
  - FY19 - $820K
  - FY20 - $540K

* Item related to the 2019-2023 Business Plan

Water Authority Board Meeting
November 19, 2020

Keith Lewinger
Imported Water Committee Chair
Colorado River Program

- Water Supply Deliveries*
  - Regional Conveyance System Study Phase A completed in August 2020 and additional outreach conducted

- Basin States Policy Discussion*
  - Drought Contingency Plan implemented, and informal discussions began on new interim guidelines

- Supply Flexibility*
  - Efforts continued to obtain storage in Lake Mead

* Items related to the 2019-2023 Business Plan
Metropolitan Water District Program

- **MWD Rate Litigation***
  - Awarded $44.4M in the 2010 and 2012 cases
  - Obtained almost $500M in LRP funding for our member agencies
  - Dismissed parts of the litigation

- **Single-Tunnel Bay-Delta Project***
  - Conditionally supported the single-tunnel project

- **MWD’s Long-Term Fiscal Sustainability***
  - Supported efforts to obtain MWD rate relief following the impacts of COVID-19 pandemic

* Items related to the 2019-2023 Business Plan

Legislation and Public Outreach Committee
November 19, 2020

Chair Jerry Butkiewicz
Legislation

• Reviewed and considered positions on 57 legislative state and federal legislative measures that affected the Water Authority and/or its member agencies over the two-year legislative session.

• Sponsored six bills during the two legislative sessions.

• Participated in 5 trips to Sacramento and Washington, D.C., and held a series of in-district briefings with the San Diego legislative delegation.

• Held two roundtables for elected officials. A third is scheduled for December 10.
Public & Small Business Outreach and Public Opinion Polling

- Provided leadership and direction on the Water Authority’s outreach and education efforts, including specialized outreach to instill trust in the public water system.*

- Provided input and direction on Water Authority’s social media activities to engage member agencies and the community in water issues.

- Provided input on enhanced activities to engage member agencies.

- Provided input and heard the results of the Water Authority public opinion poll.*

- Continued to support activities to promote small business participation in Water Authority contacting opportunities.

*Items related to the 2019-2023 Business Plan, D, E, & F
Final Report on the
Water Planning & Environmental
Committee Work Plan for Calendar Years
2019 & 2020

Water Authority Board Meeting
November 19, 2020

Tony Heinrichs
Water Planning & Environmental Committee Chair
Water Management Planning

• Completed development, implementation, and launch of the new Data Archival and Invoicing System (DAIS) Oct. 2020*

• Integrated Regional Watershed Management (IRWM):
  ▪ Approved the 2019 San Diego IRWM Plan Update in July 2019*
  ▪ Approved an application for $14.4 million and seven projects for IRWM Prop 1, Round 1 in Sept. 2019*

* Items related to 2019-2023 Business Plan
Water Management Planning (cont’d)

• Held a Special Committee Workshop on preparation of the 2020 Urban Water Management Plan and preliminary Long-Range Demand Forecast on Nov. 12, 2020*

Water Use Efficiency

• Received a presentation on implementation of the MWD Member Agency Administered Program (MAAP) & expenditure of nearly $1 million dollars to fund local conservation programs in the San Diego region in Aug. 2020

* Items related to the 2019-2023 Business Plan
Facilities Planning

• Approved two contract supplements to the Carlsbad Desalination Water Purchase Agreement for the Intake Modifications and designated financial responsibilities in Aug. and Oct. 2019*

Local Water Supply Development

• Approved five draft agreements for local water supply project funding under Metropolitan’s Local Resources Program in 2019 & 2020* (Fallbrook PUD, City of Oceanside, City of San Diego, Padre Dam MWD, City of Escondido)

* Items related to the 2019-2023 Business Plan
Audit Committee Chair’s Report

Administrative and Finance Committee
November 19, 2020

Betty Evans, Audit Committee Chair
Annual Statement of Investment Policy

Administrative and Finance Committee
November 19, 2020

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 November 21, 2019, the Board approved the updated Annual Statement of Investment Policy for Calendar Year 2020.
Investment Strategy: Core & Liquid Portfolios

Portfolios well diversified among asset classes.

SDCWA Core Portfolio
$138,890,971
October 31, 2020

SDCWA Liquid Portfolio
$107,649,601
October 31, 2020
Investment Income & Performance

SDCWA
Year over Year Investment Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment Income (In Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2020</td>
<td>$11.8</td>
</tr>
<tr>
<td>FY 2019</td>
<td>$13.8</td>
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<tr>
<td>FY 2018</td>
<td>$4.3</td>
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</table>

SDCWA WATER Chandler
Year over Year Investment Returns
As of October 31, 2020

<table>
<thead>
<tr>
<th>Period</th>
<th>SDCWA WATER Chandler</th>
<th>ICE BAML 1-5 Yr US Treasury/Agency Index</th>
<th>ICE BAML 1-3 Yr US Treasury/Agency Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 months</td>
<td>4.7%</td>
<td>4.1%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Since Inception</td>
<td>4.1%</td>
<td>3.2%</td>
<td>3.9%</td>
</tr>
</tbody>
</table>

Source: SDCWA CAFR

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.
The Annual Statement of Investment Policy for Calendar Year 2021 is updated to reflect current best practices and ensure consistency with California Government Code.

Policy updated to clarify permitted securities and increase portfolio exposure on certain asset classes.

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

## Current San Diego County Water Authority Investment Policy

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Maximum Maturity</th>
<th>Maximum % of Portfolio</th>
<th>% Issuer</th>
<th>Minimum Rating Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Agency Investment Fund</td>
<td>Maximum permitted by program</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banker's Acceptances</td>
<td>180 days</td>
<td>40%</td>
<td>5%</td>
<td>A-1, A by one NRSRO</td>
</tr>
<tr>
<td>US Treasury</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>Repurchase Agreement</td>
<td>1 year</td>
<td>20%</td>
<td>None</td>
<td>A by one NRSRO</td>
</tr>
<tr>
<td>Non-Negotiable CD</td>
<td>5 years</td>
<td>30% all CDs</td>
<td>None</td>
<td>Limited to insured amount</td>
</tr>
<tr>
<td>CDARS</td>
<td>5 years</td>
<td>30% all CDs</td>
<td>None</td>
<td>N/A</td>
</tr>
<tr>
<td>Negotiable CD</td>
<td>5 years</td>
<td>30% all CDs</td>
<td>5%</td>
<td>A-1, A by one NRSRO</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>270 days</td>
<td>25%</td>
<td>5%</td>
<td>A-1, A by one NRSRO</td>
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<tr>
<td>Corporate Medium Term Notes</td>
<td>5 years</td>
<td>30%</td>
<td>5%</td>
<td>A by one NRSRO</td>
</tr>
<tr>
<td>Municipal Bonds</td>
<td>None</td>
<td>30%</td>
<td>5%</td>
<td>A by one NRSRO</td>
</tr>
<tr>
<td>Federal Agency Obligations</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Supranationals</td>
<td>5 years</td>
<td>15%</td>
<td>5%</td>
<td>AA by one NRSRO</td>
</tr>
<tr>
<td>ABS, MBS, &amp; CMO²</td>
<td>5 years</td>
<td>20%</td>
<td>5%</td>
<td>AA by one NRSRO</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>N/A</td>
<td>20%</td>
<td>10%</td>
<td>Highest by 2 NRSROs</td>
</tr>
<tr>
<td>Money Market Mutual Funds</td>
<td>N/A</td>
<td>20%</td>
<td>20%</td>
<td>Highest by 2 NRSROs</td>
</tr>
<tr>
<td>LGIP</td>
<td>N/A</td>
<td>25%</td>
<td>25%</td>
<td>AAA or higher by one NRSRO</td>
</tr>
</tbody>
</table>

## Proposed San Diego County Water Authority Investment Policy

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</tr>
<tr>
<td>Commercial Paper</td>
<td>270 days</td>
<td>30%</td>
<td>5%</td>
<td>A-1, A by one NRSRO if any long-term rating</td>
</tr>
<tr>
<td>Corporate Medium Term Notes</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 2021
Mission Trails Flow Regulatory Structure II and Flow Control Facility Change Orders to OHL USA, Inc.

Board of Directors
November 19, 2020

Aaron Trimm
Senior Engineer
**Change Orders**

- General Manager signature authority of $500,000.

- Staff executed one Change Order for $186,120.

- Authorize GM to execute a Change Order up to $500,000.

- Board approval reestablishes original GM signature authority.
Project Overview

existing Tunnel

4.88 MG Untreated Water Flow Regulatory Structure II

Existing Tunnel
North Tunnel Connection Pipe
Existing Pipe Lining
Change Order for New Pipe

- Procure 267 lineal feet of 92-inch diameter cement mortar line steel pipe

- Do not anticipate schedule impacts to project completion

- Not to exceed $500,000
Change Order Status

- Original Contract Amount: $28,382,746
- Change Order 1: $186,120
- Current Contract Amount: $28,568,866
- Pending Change Order: $500,000
Recommendation

- Accept staff executed change order 1 for a cost of $186,120; and authorize the General Manager to execute pending change order for up to $500,000 to procure new pipe for the north tunnel connection.
Regional Conveyance System Study
Phase B

Board of Directors Meeting
November 19, 2020

Dan Denham, Deputy General Manager
Kelly Rodgers, Director of the Colorado River Program
Kevin Davis, Black & Veatch Corporation
Overview

- Generational supply and conveyance decisions on horizon - long-term, regional planning is critical
- Need to study all alternatives to manage cost and risk uncertainty and support reliability - several offramps provide flexibility

Board-directed outreach process was critical to obtain feedback from member agencies and other stakeholders to inform this decision
Agenda

- Phase A Key Results
- Outreach Update
- Phase B Scope
- Staff Recommendation
Two-Phase Study

Board directed an incremental approach for studying options for delivery of QSA supplies

Phase A
- Focus on engineering and cost
- Offramp at end

Phase B
- Focus on economics and partnerships
- Offramp at end
Phase A - Engineering and Cost

Key Findings

- QSA water is needed
- 3A, 5A, 5C - technically viable
- 3A, 5A - economically competitive
- Can be integrated into Water Authority system
- Several potential partnerships
Outreach Over Last Three Months

- Water Authority Consultant Briefings
  (Note: Staff did not participate)
- Virtual Public Economic Session
  (Materials posted online)
- Virtual Borrego Community Forum
  (Materials posted online)
- Local Briefings/Outreach
  (Included SD Coastkeeper)
- Discussions with Member Agency Managers
- Imperial Valley Stakeholders
- Other Stakeholders
  (Included State and local orgs.)
# Key Feedback from Outreach

<table>
<thead>
<tr>
<th>Impacts to ratepayers</th>
<th>Funding opportunities</th>
<th>Potential partnership and shared benefits</th>
<th>Water rights, agreement, and capacity constraints</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water rate affordability for disadvantage communities</td>
<td>Stakeholder outreach and dialogue</td>
<td>Potential Impacts</td>
<td>Treatment costs</td>
</tr>
<tr>
<td>Additional local supply development opportunities - water reuse</td>
<td>Additional local supply development opportunities - stormwater</td>
<td>Sensitivities in Water Authority &amp; MWD demand forecasting</td>
<td></td>
</tr>
</tbody>
</table>

Several letters received - opposition, support, comments
1. Environmental Constraints Analysis

- Conduct environmental constraints analysis for future CEQA/NEPA process
- Desktop analyses major resource areas
  - Biological
  - Cultural
  - Tribal
  - Land use
  - Planning
- Discussions with Resource Agencies
Proposed Phase B Additions to Address Feedback

2. Treatment Analysis

- Study alternative cost-effective treatment that leverages potable reuse and desalination projects to re-open the blending option
  - Blending Opportunities with IPR
  - Water quality impacts
  - Impacts of increased TDS
  - Additional treatment requirements
  - Define needed facilities
  - Cost estimates and schedule
3. Local Supply Analysis - Water Reuse

- Assess new projects to augment existing and planned supplies
  - Potential supplies through 2045
    - Accessible wastewater and non-wastewater
    - IPR and NPR
  - Concept level definition through 2045
    - IPR/NPR
    - Ocean desal
    - Brackish groundwater desal
  - Concept level capital and OM&R costs
  - Concept level implementation schedule
4. Stormwater Capture Feasibility Study

- Assess new projects to augment existing and planned supplies
  - Goals and criteria workshop
  - Low flow diversion strategy
  - Statistical analysis of stormwater capture opportunities
  - Future study requirements
  - Summary document
5. Additional Demand Sensitivity Analysis

- Conduct additional Water Authority demand sensitivities following 2020 UWMP Update
  - Goals and criteria workshop
  - Probabilistic wet-year/dry-year analysis of project flows
  - Storage opportunities within Water Authority system
  - Impacts to cost estimates based on demand scenarios
  - Demand management strategy
### Cost of Proposed Phase B Additions

<table>
<thead>
<tr>
<th>Black &amp; Veatch Scope item</th>
<th>Staff Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Environmental Constraints</td>
<td>$105,000</td>
</tr>
<tr>
<td>2. Treatment Analysis</td>
<td>$116,000</td>
</tr>
<tr>
<td>3. Water Reuse/Local Supply Analysis</td>
<td>$276,000</td>
</tr>
<tr>
<td>4. Stormwater Capture Feasibility Study</td>
<td>$75,000</td>
</tr>
<tr>
<td>5. Additional Demand Sensitivity Analysis</td>
<td>$50,000</td>
</tr>
<tr>
<td><strong>Total Additional Cost</strong></td>
<td><strong>$622,000</strong></td>
</tr>
<tr>
<td>Phase A Savings (Water Authority Project Management/Study Support)</td>
<td>($170,000)</td>
</tr>
<tr>
<td><strong>Total Additional Budget Requirement</strong></td>
<td><strong>$452,000</strong></td>
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# Phase B Revised Scope and Budget

<table>
<thead>
<tr>
<th>Black &amp; Veatch</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Refine alternatives to update all-in cost estimates and select a preferred alternative</td>
<td>$200,000</td>
</tr>
<tr>
<td>• Update demands based on 2020 UWMP and determine system operations requirements</td>
<td>$95,000</td>
</tr>
<tr>
<td>• Perform quantitative risk assessment to determine potential cost and schedule impacts</td>
<td>$150,000</td>
</tr>
<tr>
<td>• Engage with partners, quantify costs and benefits, determine partnership structures and project delivery platforms</td>
<td>$145,000</td>
</tr>
<tr>
<td>• Additional scope items 1-5 to address outreach feedback</td>
<td>622,000</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Staff/Other Consultants</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Staff Study Support and Project Management</td>
<td>$510,000</td>
</tr>
<tr>
<td>• Legal Support and Reserves</td>
<td>$200,000</td>
</tr>
<tr>
<td>• Phase A Savings</td>
<td>($170,000)</td>
</tr>
</tbody>
</table>

| Total Phase B                                                                 | $1,752,000          |
# Total CIP Budget Summary

<table>
<thead>
<tr>
<th>Phase</th>
<th>Original</th>
<th>Revised</th>
<th>Difference</th>
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<tbody>
<tr>
<td>Phase A</td>
<td>$2,600,000</td>
<td>$2,600,000</td>
<td>$0</td>
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<tr>
<td>Phase B</td>
<td>$1,300,000</td>
<td>$1,752,000</td>
<td>($452,000)</td>
</tr>
<tr>
<td>Total</td>
<td>$3,900,000</td>
<td>$4,352,000</td>
<td>($452,000)</td>
</tr>
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</table>

- Net zero impact to the Capital Improvement Program lifetime budget
## Proposed Black & Veatch Amendment

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Contact Amount</td>
<td>$1,890,000</td>
</tr>
<tr>
<td>Amendment 1 (Extend contract term)</td>
<td>$0</td>
</tr>
<tr>
<td>Amendment 2 (Five scope additions)</td>
<td>$622,000</td>
</tr>
<tr>
<td><strong>Revised Contract Amount</strong></td>
<td><strong>$2,512,000</strong></td>
</tr>
</tbody>
</table>

- Phase B expected to take 15 to 18 months to complete
A. Transfer $452,000 within the Capital Improvement Program (CIP) Lifetime Budget from Pipeline 6 to the RCSS for an overall net zero impact to the CIP to address feedback received during the Board-directed three-month outreach process; and

B. Authorize the General Manager to execute Amendment 2 to the professional services contract with Black & Veatch Corporation (BV) for a period of 18 months, in the amount of $622,000, increasing the authorized cumulative contract amount from $1,890,000 to $2,512,000; and

C. Authorize staff to implement the revised Phase B scope of work for the RCSS.
MWD’s Regional Recycled Water Program Update

Board of Directors
November 19, 2020

Liz Mendelson-Goossens
Principal Water Resources Specialist
168,000 AFY for groundwater replenishment (4 basins)
- Capital cost: $3.4B*; O&M cost: $129M*/yr
- Unit cost: ~$1,826*/AF

* 2018 $
Policy Considerations

- Business model change
- Institutional arrangements
- Alignment with 2020 IRP
- Benefits assessment
- Cost allocation
MWD’s November 2020 Actions

1. Authorized the program’s $30.2M, 36-month planning effort
2. Amended agreement with National Water Research Institute
3. Amended agreement with Sanitation District No. 2
4. Postponed agreement with Southern Nevada Water Authority
Next Steps

Complete IRP
Cost of Service Study
Financial Plan

Nov. 2020
Authorized Planning Effort:
Technical Studies
Environmental Documentation
Public Outreach

= Board Action
Questions
Sacramento Update

Board of Directors
November 19, 2020

Glenn Farrel, Director of Government Relations
Legislature

- December 7: Legislature will convene to organize for 2021-22 legislative session

- Ongoing COVID impact
  - Continuing expectations regarding:
    - Minimizing quantities of bills
    - Limiting number of policy committee hearings
    - Remote access, advocacy, testimony
Election Results: California State Senate

2019-20 Legislative Session
- Democrats: 29
- Republicans: 11

2021-22 Legislative Session
- Democrats: 31
- Republicans: 9
## Election Results: San Diego Senate Delegation

<table>
<thead>
<tr>
<th>SENATE DISTRICT</th>
<th>DEMOCRAT</th>
<th>%VOTE</th>
<th>REPUBLICAN</th>
<th>%VOTE</th>
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</thead>
<tbody>
<tr>
<td>39</td>
<td>Toni Atkins (I)</td>
<td>66.2</td>
<td>Linda Blankenship</td>
<td>33.8</td>
</tr>
</tbody>
</table>

NOTE: Senator Ben Hueso ran unsuccessfully for San Diego County Board of Supervisors – District 1 – and will now remain in the State Senate (Term Limit date = 2022)

No change in composition of San Diego Senate delegation – 2 D; 2 R
Election Results: California State Assembly

2019-20 Legislative Session

- Democrats: 61
- Republicans: 1
- Independent: 1

2021-22 Legislative Session

- Democrats: 60
- Republicans: 19
- Independent: 1
## Election Results: San Diego Assembly Delegation

<table>
<thead>
<tr>
<th>ASSEMBLY DISTRICT</th>
<th>DEMOCRAT</th>
<th>%VOTE</th>
<th>REPUBLICAN</th>
<th>%VOTE</th>
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<tbody>
<tr>
<td>71</td>
<td>Liz Lavertu</td>
<td>40.8</td>
<td>Randy Voepel (I)</td>
<td>59.2</td>
</tr>
<tr>
<td>75</td>
<td>Karen Schwartz</td>
<td>47.1</td>
<td>Marie Waldron (I)</td>
<td>52.9</td>
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<tr>
<td>76</td>
<td>Tasha Boerner Horvath (I)</td>
<td>55.7</td>
<td>Melanie Burkholder</td>
<td>44.3</td>
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<tr>
<td>77</td>
<td>Brian Maienschein (I)</td>
<td>55.8</td>
<td>June Yang Cutter</td>
<td>44.2</td>
</tr>
<tr>
<td>78</td>
<td>Chris Ward</td>
<td>56.4</td>
<td>Sarah Davis (D)</td>
<td>43.6</td>
</tr>
<tr>
<td>79</td>
<td>Shirley Weber (I)</td>
<td>65.4</td>
<td>John Moore</td>
<td>34.6</td>
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<tr>
<td>80</td>
<td>Lorena Gonzalez (I)</td>
<td>71.5</td>
<td>John Vogel</td>
<td>28.5</td>
</tr>
</tbody>
</table>

No change in composition of San Diego Assembly delegation – 5 D; 2 R
Election Results: U.S. House of Representatives

2019-20 Congressional Session

Final composition of U.S. House of Representatives remains undetermined, at this time. 218 seats needed to gain control of House.

D: 219
R: 205
Undecided: 11
# Election Results: San Diego House Delegation

<table>
<thead>
<tr>
<th>HOUSE DISTRICT</th>
<th>DEMOCRAT</th>
<th>%VOTE</th>
<th>REPUBLICAN</th>
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<tbody>
<tr>
<td>49</td>
<td>Mike Levin (I)</td>
<td>56.5</td>
<td>Brian Maryott</td>
<td>43.5</td>
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<tr>
<td>50</td>
<td>Ammar Campa-Najjar</td>
<td>46.3</td>
<td>Darrell Issa</td>
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<td>51</td>
<td>Juan Vargas (I)</td>
<td>69.8</td>
<td>Juan Hidalgo</td>
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<tr>
<td>52</td>
<td>Scott Peters (I)</td>
<td>61.6</td>
<td>Jim Dehello</td>
<td>38.4</td>
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<tr>
<td>53</td>
<td>Sara Jacobs</td>
<td>59.5</td>
<td>Georgette Gomez (D)</td>
<td>40.5</td>
</tr>
</tbody>
</table>

No change in composition of San Diego House delegation – 4 D; 1 R
Election Results: U.S. Senate

2019-20 Congressional Session

53

47

Final composition of U.S. Senate remains undetermined, at this time. 51 seats needed to gain control of Senate.

D: 48
R: 50
Undecided: 2
## Ballot Measures & Propositions

<table>
<thead>
<tr>
<th>PROPOSITION</th>
<th>SUMMARY</th>
<th>%YES</th>
<th>%NO</th>
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<tbody>
<tr>
<td>15</td>
<td>Split roll property taxes on large business properties</td>
<td>48.1</td>
<td>51.9</td>
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<tr>
<td>16</td>
<td>Repeal constitutional prohibition on affirmative action programs</td>
<td>43.2</td>
<td>56.8</td>
</tr>
<tr>
<td>22</td>
<td>Change Employment Classification Rules for App-Based Transportation and Delivery Drivers</td>
<td>58.5</td>
<td>41.5</td>
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</tbody>
</table>
QUESTIONS?
2021 Legislative Policy Guidelines

Board of Directors
November 19, 2020

Glenn Farrel, Director of Government Relations
2021 Proposed Legislative Policy Guidelines

- Annual update for 2021
- Legislative Policy Guidelines provide guidance on policy issues of importance and a framework to evaluate legislative and regulatory issues
- Input solicited from Water Authority staff, Water Authority Board members, and member agencies
Proposed Substantive Content Changes to LPGs

- Energy - pumped hydropower storage policy guidance
- Financial Issues - post-COVID state and federal financial relief for water suppliers and water ratepayers
- Water Facilities and Facility Operations - asset management concepts
- Water Facilities and Facility Operations - public safety power shutoffs
- Water Facilities and Facility Operations - workforce development and military transition to water/wastewater treatment industries
Staff Recommendation

Adopt the proposed 2021 Legislative Policy Guidelines.
2021 Proposals for State Bill Sponsorship and Federal Priorities

Board of Directors
November 19, 2020

Glenn Farrel, Director of Government Relations
Prior Board Action

- During 2020, the Water Authority co-sponsored two bills in the State Legislature
  - SB 597 (Hueso) - Provide a statutory path for procurement of energy storage services at the proposed San Vicente Energy Storage Facility
  - SB 1386 (Moorlach) - Clarify existing law (and Proposition 218 compliance) regarding the imposition of fire-related water service charges across the customer base

- Final disposition of Water Authority sponsored bills during 2020
  - SB 597 failed passage in the Legislature
  - SB 1386 was signed into law
2021 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 - legislation to advance a path forward for the proposed San Vicente Energy Storage Facility.
  - Legislative efforts should be focused on shaping the CPUC long-lead time and diverse resources proceeding and procurement track.
2021 Recommended Bill Sponsorship: Proposal #2

▪ Issues
  ▪ Energy costs associated with water production, treatment, distribution, and transmission continue to significantly affect water rates throughout the San Diego region
  ▪ There are opportunities to pursue lower-cost energy options in the market to help mitigate energy costs passed through to water ratepayers
  ▪ There is insufficient statutory authority for the Water Authority to engage in an “Open Access” arrangement to pursue lower energy costs

▪ Proposed legislative approach
  ▪ Sponsor legislation to pursue Open Access participation opportunities for the Water Authority to improve its energy services portfolio and allow for the best potential for reducing energy costs for member agencies and water ratepayers
2021 Recommended Bill Sponsorship: Proposal #3

- **Issues**
  - Even with statutory authority to receive up to 50 percent of an IRWM grant award as an advanced payment (pursuant to Water Authority sponsored legislation in 2015), NGOs, disadvantaged communities, and tribes continue to face cashflow issues on IRWM projects.
  - Existing reimbursement models can often delay payment to entities that have an inability to cover cashflow shortages, resulting in a diminished ability to robustly participate in the IRWM program.

- **Proposed legislative approach**
  - Sponsor legislation - along lines of previous sponsorship effort, AB 2064 (Gloria), in 2018 that was vetoed by Governor Brown to provide an advance grant award for the remainder of the IRWM project grant under accountability and transparency conditions.
  - Pursue broad coalition support from NGOs, disadvantaged community organizations, environmental justice organizations, tribes, and other IRWM-participating water agencies, cities, and counties.
2021 Recommended Additional State Engagement

- Post-COVID financial relief for water suppliers and water ratepayers
  - Actively engage within State Legislature to ensure proper attention toward state-provided financial relief in any stand-alone legislation or budget-related actions
  - Work closely with member agencies to develop robust data set to frame education and advocacy efforts
  - Continue to actively engage in SWRCB efforts to ensure financial relief issues are properly framed for Administration

- Extension of existing Proposition 1E grant award for replacement of Wohlford Dam
  - Partner with the City of Escondido and its legislative team to pursue administrative or statutory extension of an existing Prop 1E grant award that is scheduled to expire
Proposed Federal Priorities - 2021

- Annually, an evaluation of the federal landscape is undertaken to determine proposed priorities for the coming calendar year.

- This is an implementation program to advance the Board’s policy objectives that have been established and embodied within the Legislative Policy Guidelines and that reflect contemporaneous activities in Washington, D.C.

- Staff looks for partnership opportunities to coordinate with Member Agencies on regional federal legislative interests and priorities.
### Federal Legislative Priorities

1. Protect the Water Authority’s **Colorado River water supplies**, advance opportunities for new water storage, and continue to regularly apprise members of the San Diego congressional delegation of developments regarding the Water Authority’s interests in the Colorado River, QSA implementation, Salton Sea restoration, and Lake Mead storage.

2. Continue **building relationships** for the Water Authority with key officials in the Administration, particularly within the U.S. Department of the Interior, Bureau of Reclamation, and the U.S. Environmental Protection Agency, as well as with members of the California congressional delegation and key appropriations and authorizing committees. Additionally, reach out to other key members of Congress from other states that may have similar interests to help strengthen coalition efforts.

3. Engage with the Administration to pursue **federal funding appropriations** for important regional water projects, recycled water, potable reuse, and desalination.

4. Closely monitor and engage, when appropriate, on issues relative to **federal infrastructure policy**, including promotion of financing and funding options that benefit the Water Authority and its member agencies.

5. Continue to inform the regional congressional delegation regarding the Water Authority’s **energy needs and contributions**, including progress on the Water Authority’s and City of San Diego’s San Vicente Energy Storage Project, and explore options for federal funding support or regulatory relief to reduce energy costs and improve energy efficiency for the Water Authority.

6. Communicate the interests of the Water Authority and its member agencies in promoting **potable reuse** as a major regional water supply initiative.

7. Actively engage with Congress, the San Diego congressional delegation, and the Administration to pursue **post-COVID financial relief** for water suppliers and water ratepayers.
Actions to Implement Board’s Policy Direction

- Actions identified to advocate the Water Authority’s interests in Washington
  - Close coordination with San Diego congressional delegation - regular program of education/information
  - Work with industry associations to build strong advocacy coalitions
  - Engage with congressional delegation and relevant legislators/staff to pursue Water Authority project-specific financial assistance
**Actions to Implement Board’s Policy Direction**

- More actions identified to advocate the Water Authority’s interests in Washington
  - Monitor legislative and regulatory actions to ensure prompt and timely receipt of information
- Identify opportunities for Water Authority’s direct advocacy - Board and management - with congressional delegation locally and in Washington

**Our Region’s Trusted Water Leader**

*San Diego County Water Authority*
Staff Recommendation

- Approve sponsorship/co-sponsorship of state legislative proposals #1, #2, and #3 for the 2021 state legislative session

- Adopt federal priorities for 2021
Current Federal Advocacy Services

- Water Authority has contracted with Carpi & Clay to provide federal advocacy services since 1984
  - Last competitive bid in 2008
- Maintaining a strong presence in Washington, D.C. is necessary to overcome challenges and pursue opportunities
- Carpi & Clay firm has a meritorious track record of engagement and complements and supplements the Water Authority’s government relations team by providing strong relationships within:
  - Congress
  - Federal Administration
  - Regulatory Agencies
## Federal Advocacy Services Contract Terms

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Carpi &amp; Clay</td>
<td>$11,024</td>
<td>$11,355</td>
<td>$11,696</td>
<td>$12,047</td>
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<tr>
<td>Total Annual</td>
<td>$139,788</td>
<td>$143,760</td>
<td>$147,852</td>
<td>$75,782*</td>
</tr>
<tr>
<td>(Inclusive of Reimbursable Expense Allowance)</td>
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</tr>
</tbody>
</table>

*Reflects 6-month retainer + half-year reimbursable expense allowance
Staff Recommendation

- Extend Carpi & Clay federal advocacy services contract for a period of six months, from January 1, 2021 through June 30, 2021

- Increase compensation under the Carpi & Clay contract by a 3 percent cost-of-living adjustment factor from $11,696/month to $12,047/month effective January 1, 2021 for a total compensable contract amount not to exceed $75,782 (inclusive of reimbursable expense allowance) over the contract term
ERA OF OPPORTUNITY
Innovation & Resilience in Challenging Times

LETTER FROM THE BOARD OFFICERS AND GENERAL MANAGER

Fiscal Year 2020 will go down as one for the ages. The emergence of a pandemic and the vengeance of the ensuing recession shaped our lives and our agency in profound ways. Through all the setbacks and challenges, we maintained our mission mindset by enhancing collaboration with our 24 member agencies and expanding our leadership in new ways.
COVID-19 RESPONSE

1. WATER AUTHORITY COORDINATES COVID-19 RESPONSE WITH MEMBER AGENCIES
2. NEW SAFETY MEASURES COMBAT PANDEMIC
3. 25,000 MASKS DISTRIBUTED TO SO. CAL. AGENCIES
4. REGION'S WATER AGENCIES JOIN EFFORTS TO FIGHT HUNGER
5. WATER AUTHORITY LEADS REGIONAL WATER QUALITY MESSAGING
6. AGENCY IMPROVES EFFICIENCY AND COLLABORATION
Update on Water Supply Conditions

Board of Directors Meeting
November 19, 2020

Goldy Herbon
Senior Water Resources Specialist
Review of Water Year (WY) 2020

- October 1, 2019 - September 30, 2020
- Dry in Northern California
  - Statewide snowpack on April 1 at 54% of average
- Wetter than normal in Southern California
  - Lindbergh Field rainfall at 131% of normal (13.6 inches)
Northern Sierra Precipitation 8-Station Index

Accumulated Precipitation (in)

Oct  Nov  Dec  Jan  Feb  Mar  Apr  May  Jun  Jul  Aug  Sep

- WY 2019
- WY 2020
- WY 2021

17% of Normal (November 16, 2020)

Source: Department of Water Resources
California Reservoir Storage (Nov. 15, 2020)

Lake Oroville

San Luis Reservoir
Lake Oroville Storage Volume

- 39% of Capacity
- 65% of Average (Nov. 15, 2020)

Source: Department of Water Resources
San Luis Reservoir Storage Volume

Source: Department of Water Resources

- WY 2019
- WY 2020
- WY 2021

45% of Capacity
80% of Average (Nov. 15, 2020)

Capacity

Million Acre-Feet

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

Source: Department of Water Resources
Upper Colorado River Basin

As of November 16, 2020:

- Precipitation 71% of normal
- Snow water equivalent 108% of normal
Local Conditions

<table>
<thead>
<tr>
<th>Water Year 2021 Precipitation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Station</strong></td>
</tr>
<tr>
<td>Lindbergh Field</td>
</tr>
<tr>
<td>Ramona Airport</td>
</tr>
</tbody>
</table>

- Local reservoir storage as of October 26, 2020:
  - 373,700 acre-feet
  - 52% of capacity

1 Accounts for DSOD restricted levels at Wohlford and Hodges Reservoir
Three-Month Temperature Outlook
Nov-Dec-Jan 2020-2021

Above-Normal Favored

Climate Prediction Center
Issued: 10/15/20
Three-Month Precipitation Outlook
Nov-Dec-Jan 2020-2021

Above-Normal Favored

Below-Normal Favored

Climate Prediction Center
Issued: 10/15/20
Conclusions

- WY 2020 had mixed results, with many records set for wet and dry conditions

- WY 2021 has shown a well-established La Niña climate pattern in place so far with a drier South expected

- Continue to provide monthly updates